



To: Vermont House Commerce Committee
From: Sue Minter, Capstone Community Action on behalf of Vermont Community Action Programs (VCAP)
Date: February 19, 2021
RE: VCAP Micro Business Development Program and the EMBRACE COVID Response Stimulus Initiative

Thank you for believing in Vermont's smallest businesses. Your support for the Micro Business Development Program creates jobs, increases income, and becomes a bridge from poverty to financial independence.

Since 1988, Vermont's five Community Action Agencies (CAAs) have included Micro Business Development Programs (MBDPs). Our MBDPs have successfully supported low and moderate income Vermonters with a dream of entrepreneurship. **Our MBDP program differs from the more traditional economic development and business supports because it directly addresses economic disparity and inequality.**

Our business clients are low-income (80% of median income or lower) and often need individualized intensive counseling to turn their dream into a reality. While they come to us with a strong and viable vision, many lack savings or access to capital, due to limited banking relationships and poor or no credit history, making it difficult to launch a business. Moreover, our clients may face additional barriers to success such as physical and mental health disabilities, housing and transportation insecurity, and lack of education and training. Due to myriad barriers, **our entrepreneurs are often passed over by other small business counseling programs, that are suited to better educated, better resourced individuals. Moreover, these businesses have not been able to access the federal economic stimulus payments and programs.**

In 2020, the VT Legislature supported the CAAs to create a unique COVID-19 recovery grant program for these businesses, called EMBRACE (Economic Micro Business Recovery Assistance for Covid-19 Epidemic), which provided technical assistance and \$2.1 million in direct grants to micro businesses between August and December 2020.

The Micro Business Development Program is funded by DCF's Office of Economic Opportunity. Our base funding has been level funded for over a decade, while the costs of administering the programs have risen steadily. We were grateful to receive additional one-time appropriations

of \$100,000 in FY18, FY19, and FY20 as recommended by the Commerce Committee and funding through our EMBRACE program to maintain current staffing levels for FY21.

- **For FY22, we are requesting an additional \$200,000 be added to our base funding to support robust, fully staffed programs at all five of the Community Action Agencies: CVOEO, Capstone, BROCC, NEKCA, and SEVCA.**
- **In addition, we are seeking \$2,000,000 to provide additional EMBRACE grants to small businesses effected by COVID-19 during the next 6 – 12 months.**

You can find more about the work of MBDP here: <https://mbdp.org> and the Community Action Agencies, including the Micro Business Development Programs, here: [Community Action Partnership Report 2020](#). You will also find a brief report on FY20 outcomes attached.

You can learn more about the EMBRACE Program and the businesses who benefited from it here: [EMBRACE Program Report and Testimonials](#). You will also find a brief outcomes report attached.

The time has never been more urgent to invest in anti-poverty and economic stimulus programs.

Thank you so much for your consideration of the important work of the Vermont Community Action Partnership.

Sue Minter

BROCC Community Action TOM DONAHUE tdonahue@brocc.org

Capstone Community Action SUE MINTER sminter@capstonevt.org

Champlain Valley Office of Economic Opportunity PAUL DRAGON pdragon@cvoeo.org

Northeast Kingdom Community Action JENNA O'FARRELL jofarrell@nekcavt.org

Southeastern Vermont Community Action STEVE GELLER sgeller@sevca.org