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Public Hearing Testimony before the
Connecticut General Assembly Banking Committee

Deb Polun, Executive Director
Connecticut Association for Community Action, Inc. (CAFCA)

*In support of HB 5315:
An Act Establishing a Financial Wellness Trust Fund and
Authorizing the Treasurer to Establish a Center for Financial Wellness*

March 10, 2022

Distinguished members of the Banking Committee:

Thank you for holding this public hearing to gather information from the public about the importance of various banking statutes and financial programs. The Connecticut Association for Community Action (CAFCA) is the state association that works with Connecticut's nine Community Action Agencies (CAAs), the state and federally designated anti-poverty agencies serving nearly 200,000 low- and moderate-income people in all 169 cities and towns across the state.

Our vision is a just and equitable world where socially and economically disadvantaged people thrive and realize their highest potential.

As the largest statewide safety net service provider, Connecticut's network of Community Action Agencies connects neighbors in need with resources that stabilize and improve lives and communities. These services and resources include, but are not limited to:

- Nutrition (SNAP, Meals on Wheels, Congregate Meals for older adults)
- Housing and shelter
- Asset development and financial literacy
- Energy and heating assistance
- Job training
- Early childhood care and education

Through a holistic, comprehensive, multigenerational approach, CAAs work with those in need to plan, achieve, and maintain a realistic path to short and long-term economic self-sufficiency and success.

I have attached a Profile of Services table to this testimony, which shows the services provided by Community Action Agencies in Connecticut. You can find your local Community Action Agency [here](#).

House Bill 5315

CAFCA supports this bill, which would authorize the Office of the State Treasurer to create and administer a trust fund to support community financial wellness programs statewide and establish a Center for Financial Wellness.

Research shows that within 6-12 months of completing a financial literacy program, consumers are more likely to have a checking account, budget wisely, save for retirement, and more. Many of Connecticut's Community Action Agencies offer asset development and financial literacy services and can attest to these outcomes firsthand.

Our network's financial literacy clients come from all ages and backgrounds, from older women who were married all their lives but are now divorced and need education about their finances, to young people who are just starting out. The one thing they all have in common is a lack of education on basic financial competencies.

Not knowing how to manage and save money can put people behind on their bills and lead to costly consumer credit behaviors. Low credit scores are tied to higher automobile insurance rates, difficulty renting apartments, and higher interest rates on credit cards and mortgages – leading to higher costs for the individuals who can least afford them. Misunderstanding these fundamentals is especially burdensome for individuals who were born into poverty and families who are living paycheck-to-paycheck and need to be intentional about how they spend their money.

Implementing more financial wellness programs across the state, like those at our Community Action Agencies, will help Connecticut's economically vulnerable populations increase their understanding of banking, budgeting, saving money, and building assets. This will help individuals and families move up the economic ladder, supporting economic growth at large.

We also know that in the coming years, financial literacy will be a requirement for many young adults born into poverty in Connecticut. We are grateful to Treasurer Wooden, this legislature, and the governor for supporting the creation of Baby Bonds last year, which will be transformative for low-income people in Connecticut. That legislation (PA 21-111) requires Baby Bond participants to complete a financial education course to receive their Baby Bonds once they are over the age of 18.

Establishing a Financial Wellness Center now will help lay the foundation for this important aspect of the Baby Bonds program – so that later, recipients can easily access their benefits to pay for higher education expenses, purchase a home, invest in a business, or save for retirement. This is a critical step toward ending cycles of intergenerational poverty.

We ask for your support. Thank you to all of you for your consideration of this important proposal, and, as always, for your service to our state. Please feel free to get in touch with any questions: Deb@cafca.org or 860-832-9438.

* Please see attachment

