



OFFICE OF  
STATE TREASURER  
DENISE L. NAPPIER

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# NEWS

**FOR IMMEDIATE RELEASE**  
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## **NAPPIER PROPOSES STATE PARTICIPATION IN PUBLIC-PRIVATE PARTNERSHIP TO HELP LOW-INCOME FAMILIES CLOSE PROSPERITY GAP**

### *Legislative Proposal Calls for State Clearinghouse, Financial Support to Join Private Sector and Community Organizations in Helping Families Build Assets*

State Treasurer Denise L. Nappier is urging Connecticut's state government to join the private sector in a statewide effort to provide low-income working families with new ways to save money and improve their knowledge of personal finance on the road to economic self-sufficiency.

The Nappier proposal, following through on the recommendations of a statewide task force she established, would for the first time permit the state to assist in the creation and funding of Individual Development Account (IDA) programs. IDAs are matched savings accounts which enable low income families to save for first-time home purchases, job training and education or business start-ups. An important element in IDA programs is financial literacy education provided to account-owners.

"We have an opportunity to take on a leadership role in forging a real public-private partnership to help close the prosperity gap in our state," Nappier said. "Connecticut should not only have the distinction of being the first state in our nation in terms of wealth, we should be the first state in our nation when it comes to providing opportunities for working poor families to achieve a share of that prosperity."

Concluding an 8-month study, the Task Force issued a final report in January that called for a partnership between the private sector, community organizations and government to expand IDA programs in Connecticut. A subcommittee of the 23-member panel is working with Nappier in proposing legislation which would:

- Provide state funds to match saver contributions and help defray administrative costs borne by local IDA service providers.
- Establish a statewide IDA information clearinghouse.
- Provide a tax credit for entities that offer programmatic or matching dollar contributions to an IDA.

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"This is an asset-building strategy that is all about opportunity. It's about making a real investment in people, and getting a good return that will make a difference in people's lives and in the life of our community," Nappier said.

The proposed legislation would provide that all IDA account holders must participate in a financial literacy education program. An earned income requirement and income criteria would be specified for individuals to qualify for an IDA in Connecticut. Matching contributions would be maintained in a separate account from participant savings until individual savings goals are attained.

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Since the Task Force completed its recommendations, the effort to increase IDA opportunities in Connecticut has begun to gain momentum. As part of the private sector effort, Fleet Bank Connecticut Chairman Eileen Kraus announced last month a \$400,000 commitment by the bank to support the establishment of IDA programs and accounts in Connecticut.

Nappier said she is continuing to work with Task Force members to encourage additional financial institutions and other businesses throughout Connecticut to become active participants in establishing or providing financial support for IDA programs. In addition, a coalition of members and other interested parties is working to apply for federal grant support under the Assets for Independence Act.

"IDAs teach working families how to build their assets and gain a foothold on the ladder of success," Nappier said. "For families living from paycheck to paycheck, an IDA program is one way to offer hope that hard work will bring results. It is the best investment we can make, and a clear demonstration of Connecticut's commitment to a long-term sustaining program to help our citizens help themselves," Nappier said.

The Fleet investment in Connecticut's IDA effort includes:

- \$100,000 for a pilot program in Hartford in conjunction with a community based organization to work with early stage small businesses in need of technical assistance, business training and access to capital,
- \$100,000 to support the community based organizations starting IDA programs, develop financial literacy components of their IDA programs and support the start-up of a state IDA clearinghouse,
- \$200,000 as part of a private sector match required as part of the federal grant application process.

In addition to the private sector funds and federal grant application, the Task Force is seeking \$400,000 in state funds. Currently, Connecticut has only a handful of IDA programs, involving community organizations in Stamford, Bridgeport and New Haven and local financial institutions. Twenty-seven states have already adopted some form of IDA legislation. The legislative recommendations were outlined in a 170-page report by the Task Force, which included representatives of community organizations, financial institutions, businesses, and government.

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