

NEWS from the
Connecticut
Department of Labor

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James P. Butler, Commissioner

For Immediate Release

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**Labor Department, Office of the Treasurer Announce
\$400,000 “Assets for Independence” IDA Grant Award**

WETHERSFIELD, Nov. 27 – Labor Commissioner James P. Butler and State Treasurer Denise L. Nappier have announced that Connecticut will receive a \$400,000 federal grant for an Assets for Independence Demonstration Project. The United States Department of Health and Human Services awarded the grant. The Labor Department and the Connecticut Association for Community Action (CAFCA) will use the grant to establish Individual Development Account (IDA) programs at community action agencies.

The \$400,000 federal grant will be combined with \$400,000 in non-federal matching funds for the five-year demonstration project to bring 180 new IDA opportunities to Temporary Assistance for Needy Families (TANF) recipients and other low-income families. The project allows families to save money from earnings for first home purchase, business capitalization, or post-secondary education -- assets that lead to financial independence. Savings of up to \$2,000 per individual and \$4,000 per family will be matched at a rate of two dollars to every dollar saved. People completing the programs will have up to \$6,000 to purchase assets.

“The Labor Department is very pleased to have this opportunity,” Butler said. “Our agency’s mission is to protect and promote the interests of Connecticut workers, and Individual Development Accounts are a way for working low-income families to become and stay economically self-sufficient through earnings and savings.”

“IDAs teach working families how to build their assets and gain a foothold on the ladder of success,” said Nappier. The Treasurer convened a statewide Task Force on IDAs in 1999 and was a leading advocate for the statewide IDA initiative that the legislature approved earlier this year. “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 the community.”

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Butler attributed the strength of the grant application to teamwork between the Department of Labor, the Treasurer's Office, banks, community-based organizations, Consumer Credit Counseling Service of Southern New England, Connecticut Housing Finance Authority, and the state Departments of Social Services and Higher Education. "Teamwork, our Agency's \$125,000 contribution to this project, and substantial contributions from banks made it possible for us to submit a winning grant application," he said.

Nappier noted that Fleet Bank and First Union National Bank committed \$200,000 and \$75,000 respectively to the federal demonstration project. Fleet, First Union, Dime Savings, New Haven Savings and Webster Bank will provide financial services and resources for the project.

The grant will be implemented by the Community Action Agency of Greater New Haven, Community Renewal Team in the Hartford area, New Opportunities for Waterbury, the Thames Valley Council for Community Action and CTE of the Greater Stamford Area.

CTE presently operates a similar IDA program with other federal grant money. As a recognized authority on IDA programs, CTE will provide technical assistance, economic literacy curriculum training and supplemental material, and data collection for the programs to be provided under this new grant. "IDAs are a promising new way to fight poverty by helping our low-income families build assets and reach their dreams," said CTE President E. Phillip McKain. "Already, account holders are generating more income, taxes, jobs, and businesses. As they become stakeholders, they take a longer-term view of their prospects and plans – and these lessons are passed on to their children."

CAFCA President Paul C. Puzzo said CAFCA and the member agencies that will implement the project are very excited about this opportunity to work with the Department of Labor, the Treasurer's Office, and the area banks that are contributing money and resources. "The country will be looking to Connecticut for best practices in assisting low-income people to build assets and hope for the future. We realize that in addition to earned income, asset acquisition and education are needed for financial stability, increased earning power and self-sufficiency for families. IDAs will help these families take that first step on the road to economic security."