



March 22, 2023

Dear Chair Wiklund and Members of the Senate Health and Human Services Committee,

Minnesota Community Action Partnership writes in support of the expansion of the Family Assets for Independence in Minnesota (FAIM) program included in the Governor's revised Department of Human Services, SF 2966.

Minnesota's Community Action Agencies provide services and programs for people with low incomes in all 87 counties including: energy assistance, weatherization, food assistance, Head Start, services for older adults, housing programs, and more. A cornerstone of Community Action is helping people move out of poverty; and we know asset building programs like FAIM are one of the most successful ways to help families move out of poverty in the long-term.

FAIM is a three-to-one matched savings program that helps eligible Minnesotans save towards buying a home, starting or expanding a small business, pursuing additional educational opportunities, or purchasing a car. FAIM provides participants with financial coaching and required financial literacy trainings. The return on investment of the FAIM program are staggeringly high, and research shows over 50% of participants no longer rely on public assistance after leaving the program. We know FAIM works, but the program is underfunded and only serves about 35 to 40 people statewide per year.

The Governor's proposal includes key provisions to expand the FAIM program, outlined below:

- **Adds \$4 million in FY '24- '25 and \$5 million per year in the next biennium.** At the increased funding level, FAIM will reach between 400-500 people per year across the state.
- **Increases the maximum state match from \$6,000 to \$12,000,** which will allow more participants to save for homeownership as housing prices rise across the state.
- **Adds Tribal Nations and nonprofit organizations as eligible FAIM providers.**

One difference we want to highlight between the Governor's proposal and SF 1517, the bill to expand FAIM, is SF 1517 increases funding for FAIM by \$5 million annually immediately starting in FY '24.

We urge you include additional funding for FAIM and the changes to the program outlined in this letter in the Health and Human Services Omnibus Budget. Thank you for your time. Please do not hesitate to reach out with any questions.

Sincerely,

Annie Shapiro
Advocacy Director, MinnCAP