



DCF ESD

Health Care Oversight Committee Testimony

Reach Up, Reach Ahead, and 3SquaresVT

November 20, 2014

Reach Up- Earned Income Disregard



- Earned income is defined as “all wages, salary (cash or in-kind), commissions or profit from activities in which the individual is engaged as an employee or a self-employed person.”
- The current earned income disregard is the first \$200 and 25% of the remainder each month.
- Act 198 requires a new disregard as of July 1, 2015. This new disregard is the first **\$250** and 25% of the remainder each month.
- The estimated annual cost of increasing the earned income disregard is approximately \$239,100 and will affect approximately 683 families with earned income.

Reach Ahead-Child Care Services Subsidy



- Families receiving financial assistance through Reach First, Reach Up, Reach Ahead and Post Secondary Education may be eligible for the Child Care Financial Assistance Program (CCFAP).
- The Department provides authorization for the child care subsidy in these cases.
- Act 198 authorizes the child care subsidy be extended for Reach Ahead eligible families for an additional 12 months, totaling 24 months of possible assistance with child care subsidy.

Reach Ahead-Child Care Services Subsidy Analysis

- 1,141 children left the Reach Up program in SFY 2013. Of those 1,141 children, 152 were not eligible for any of the additional services needed to gain access to the CCFAP program.
- The 152 children no longer eligible for CCFAP included 20 infants, 10 toddlers, 50 preschool-aged children, and 72 school-aged children.
- The additional projected cost is \$1,164,887 assuming a 5 star licensed child care center for the above children(i.e. highest cost to the department).

Reach Ahead - Extended Food Benefit



Act 198 authorizes the Reach Ahead food benefit be extended from 12 to 24 months. This reduces the overall benefit from **\$900 over 12 months** (the first 6 months at \$100; the next 6 months at \$50) to **\$660 over 24 months** (the first 12 months at \$50; the next 12 at \$5).

- The overall benefit structure change will yield approximately \$123,000 in savings.

Substantial Improvement with the 3SquaresVT Payment Error Rate (PER)



- Over the last several years the 3SquaresVT program has been under federal sanction for being over the allowable threshold for it's PER.
- ESD finished FFY13 at 9.66% which is above the federal threshold of 6%.
- This resulted in a \$549,198 financial sanction which is currently under appeal.
- During FFY14, ESD has instituted many initiatives to reduce its PER.
- 11 months into FFY14, ESD's current PER is 2.72%.
- The last month of FFY 14 is currently being reviewed and ESD does not anticipate much change in the final rate for the year.
- ***At this point Vermont is the most improved State in the Nation and it is anticipated Vermont will receive a federal performance bonus for FFY14.***

ABAWDs

Able-bodied Adults Without Dependents



- ABAWDs are allowed three months of 3SquaresVT benefits in a 36-month period.
To get benefits beyond this period they must:
 - Work or participate in approved work activities at least 20 hours a week (an average of 80 hours per month); or
 - Volunteer at a non-profit at least 22 hours a month.
- Individuals are exempt from mandatory work requirements if they are:
 - Under 18;
 - Age 50 or older;
 - Pregnant;
 - Needed in the home to care for a child or disabled individual;
 - Medically certified to be physically or mentally unfit for employment; or
 - Already exempt from the work requirements of the Food and Nutrition Act of 2008.

ABAWDs, Continued

- States may request a waiver each year to exempt Vermonters from ABAWD work requirements in areas with high unemployment rates (above 10%) or with insufficient jobs. Currently, seven Vermont towns are exempt.
- States also have authority to exempt up to 15% of their monthly ABAWD caseload from work requirements.
- For example: If the caseload in August is 5,000, the exemption is 750.
1 exemption = 1 month of extended eligibility for 1 non-exempt ABAWD
- States can bank their unused exemptions to use at a later date.
- Non-exempt ABAWDs who exhaust their three months of benefits and do not comply with work requirements lose their benefits for the remainder of the 36-month time period. Eligibility can be regained by meeting the work requirements for 30 days, after which eligibility continues as long as the requirements are being met.

Loss of ABAWD Waiver

- FNS suspended ABAWD rules from April 2009 through the end of September 2012 because of the recession. This was authorized by the American Recovery and Reinvestment Act (ARRA) of 2009. In August of 2012, we were informed that Vermont no longer had a waiver and had to implement the ABAWD work requirements starting October 1, 2012.
- We were still hopeful that the waiver would be extended for another year because of the economy and indications from the USDA. However, we received official notice from the USDA confirming that we did not get the waiver on August 2, 2013 (*about 10 months later*).
- Implementing the requirements involved significant work including IT programming, staff training, and rewriting rules.
- Starting in October 2012, ESD decided to use the 34,266 exemptions banked to exempt ABAWDs from the work requirements until IT changes could be made. The exemptions were projected to last at least until October 2013 but ran out in the middle of August 2013. ESD issued monthly benefits to approximately 4,600 ABAWDs who were not eligible from mid-August 2013 through the end of January 2014.
- Vermont implemented programing on a universal 36-month fixed clock starting on November 1, 2013 to address this issue.

ABAWD Sanction

- On September 3, 2014, FNS issued a letter to DCF indicating that Vermont had overspent its allotted number of exemptions available to ABAWDs, who would have otherwise been required to meet ABAWD work rules during FFY 2013.
- Vermont was allotted 34,266 exemptions and utilized 45,341. Federal regulations allow States to apply ABAWD exemptions earned in the immediately following year to make up overspending in the prior year. In this case, Vermont was only able to apply 7,440 exemptions allotted in FFY 2014 to the overspent exemptions in FFY 2013, resulting in a total of 3,635 overused exemptions and a potential fine equal to \$676,110.
- FNS Northeast Regional Office (NERO) indicated there is a degree of flexibility in developing a reinvestment plan. Good cause reasons may be taken into consideration when determining the final amount of the claim and how it is to be invested.
- ESD submitted a proposed reinvestment plan to FNS on October 31, 2014, and we are still awaiting a response.