

## **House Committee on Human Services**

### **Testimony of Heather B. Newcomb**

#### **Kitchen Operations Coordinator for Fresh Food, VT Works for Women**

#### **And former Reach Up Recipient**

Madam Chair and Members of the Committee:

Thank you for inviting testimony on H.790 (Act related to Reach Up Eligibility). For years I know that many discussions have been held to address the “benefits cliff” and the importance of addressing this issue so that as recipients transition from government assistance to self sufficiency they are supported rather than hindered during the process. I wish to share my story of transition so that you can directly see how this legislation would impact Vermont families and how it can help break the cycle of poverty.

I found myself in poverty after returning to Vermont and regaining custody of my son after receiving substance treatment from another state. Since I was not able to find employment within the 5 week time period due to childcare barriers I was placed at a local non-profit to complete my work requirement. After 4 months in that placement the organization was able to offer me a position due to a decrease in expenses which gave them the funds to pay my wage. That was September of 2005 and I was hired at \$9.00/hour. My cash benefits were terminated immediately. My rent subsidy decreased enormously (because wage income is calculated differently than income from assistance), and my food stamps also decreased significantly which for me was the most difficult change. My son and I had already grown accustomed to certain foods and brands that I was no longer able to afford because my minimal food stamp allowance needed to be supplemented with income from my employment. I quickly realized and I’m sure this is true for most families that my grocery budget was one of the few budget line items that weren’t “fixed” and I needed to “steal” from frequently to make ends meet. This

practice more often than not initiates the “lesson” of hunger to the children in these families. It also teaches our children that food is a “privilege” based on your economic “class”. The ONLY benefit that was unchanged was my health insurance for 3 years after my Reach Up grant closed. Which I was thankful for; especially once the deduction finally impacted my take home pay.

After six months of employment at ReSOURCE I was offered a raise because I was reliable, trustworthy, and committed to the mission. This raise would increase my monthly income by \$200 gross. Before I accepted I requested time to verify with my Reach Up case manager (RUCM) how my benefits would be affected because it was already a struggle for me to make ends meet from when I was first hired. I informed my RUCM of my raise offer and inquired about how my benefits would be affected so I could decide if I could “afford” to accept the raise or not. I left that meeting completely frustrated and feeling defeated once again for trying to “better” myself. The answer I received from my RUCM was “I can’t tell you that because until you file a Change Report and the Benefits Specialist enters it into the computer I can’t see that information”. I asked about it being a standard calculation but was informed that it isn’t because of all the different variables. So I accepted my raise and crossed my fingers that it would have a net result in the “black”, but I was defeated once again by a “program” that is supposed to support my progress. My \$200/month raise cost me \$260/month in benefits. At this point is when I really started thinking about others that had the goal of transition from poverty to self sufficiency and the majority of them didn’t have the advantage of being raised middle class like me. I couldn’t help thinking that because I grew up middle class and found myself in poverty due to a “situation” (rather than generational) and that I had a lot more “life skills” (very different from “survival skills”) than most and if I was having such difficulty then people without my perseverance and skill set would most definitely find quitting their job & returning to government assistance the more appealing option. I went to my supervisor at ReSOURCE at that point and requested to learn to work with the other Reach Up

participants so I could “prepare” them for the obstacles they will face. It took me another 3 years of raises and promotions until I was able to “regain” that \$260/month loss.

The majority of my 8 years at ReSOURCE was spent coordinating the Reach Up work experience group work site. In this role I worked with all the participants referred to ReSOURCE in order to fulfill the work requirement component for their eligibility. This role required me to work with multiple RUCMs and I was able to see the multiple inconsistencies of benefits to participants depending on how familiar their RUCM is with ALL the variables in the Reach Up rules as well as other “resources” available to some RUCMs and not others. For example; some RUCMs have access to VABIR job coach support (which allows a client to access a training offset “stipend”) if they are a VRRUCM (Voc-Rehab Reach Up) but clients not assigned to VR don’t have access to those extra funds. This was a difficult position for a State “subcontractor” as a group site to be in because the participants placed together compare benefits which often resulted in the lacking participant to then stop fulfilling their work requirement. Besides inconsistencies depending on how well a RUCM understands many variables some rules that might have been intended to support families in reality act as another barrier for them to navigate. A client that finds employment other than a community service placement will actually get a decrease in childcare subsidy so the result is they no longer have the full availability that allowed them to be hired in the first place so employment often isn’t maintained. With many recent changes to Reach Up that requires participants to “work” for their benefits a participant needs to dedicate so much energy and effort in to maintaining benefits that there is little time to dedicate towards progress in order to reach the goal of self sufficiency.

With the proposal of the income disregard my experience doesn’t have to be the “norm” and families can feel relief and joy for accepting employment rather than stress and panic over whether they can afford to accept a job offer. While I was working with clients completing their work

requirements at ReSOURCE, I frequently advised them to look for positions that paid a “stipend” rather than a wage (i.e. Americorps) because stipends don’t affect benefits the same way and it gave them a transition step that this legislation would provide for ALL participants. I believe this could impact the rate of recidivism if participants aren’t able to maintain the employment or if other supports are needed (i.e. childcare subsidy) to support the participant maintaining their employment. The transition off assistance once employment is gained will also support progress for the whole family. This part of the bill would directly impact a family’s ability to catch up on overdue expenses and possibly begin to stabilize finances that would include savings for emergencies that will undoubtedly come up in the future and would be unable to pay once they are living paycheck to paycheck when benefits get terminated. This legislation would give many families the “practice” time needed for this type of transition.

Since I was at ReSOURCE for 8 plus years I was able to open a retirement account & make routine contributions from bi-weekly pay. My employer also contributed from time to time as part of a bonus program. I found this savings to be a real source of pride because not only was I contributing to savings but also because it was an investment for my future which most people living in poverty rarely think about never mind “plan” for. My account grew to almost \$6,000 when unfortunately ReSOURCE didn’t receive renewal of a federal grant so my position was reduced to part time. Since I couldn’t afford that drastic of a cut I had no other alternative but to tender my resignation and look for fulltime employment. I was able to make ends meet between unemployment benefits and supplementing my expenses with savings from my “emergency” account and then a credit card hoping that I would soon find employment because this “plan” wasn’t sustainable for much longer than 3 months. When I reached the 2 month mark I decided to re-apply for government assistance to see if I qualified for any benefits to supplement my unemployment once my savings/credit was depleted. I was immediately denied due to the balance in my IRA. Since the letter I received only explained that my assets exceed program rule allowance; I requested a

meeting with a Benefits Specialist to inquire how best to proceed if my unemployment continued AND I no longer had funds to “bridge” the gap. I was advised that I would have to close my IRA accounts AND spend that money (tracking where I had spent it as I would need that documentation for when I re-applied). I received that information and it was if I had been punched in the stomach and got the wind knocked out of me because I just imagined this deep hole of financial instability I was going to have to re-enter if I didn’t find employment quickly. I was going to lose all the progress I had gained and start right back at the beginning. After composing myself so I wouldn’t break down into tears, I stated that I would incur not only penalties by closing the accounts but also a tax bill that would make this option absolutely foolish-but what other options did I have? She then explained to me that this program is for people that are desperate and have no options but the rules didn’t see me in that category. I contacted TIAA-CREF in order to close my accounts and out of the nearly \$6,000 I had built up; I only received just over \$4,000 because of penalties and tax withholdings. I immediately spent it ALL lowering the balance of the credit card I had been utilizing as the only “smart” choice I had in this absurd situation. With H.790 this component of Reach Up would no longer affect the progress that families gain while a parent is employed so when employment is resumed they can “pick up” where they left off planning for their future. To know that I now need to start all over again leaves me once again feeling defeated by a system that is supposedly in place to help families be financially secure.

Shortly after I closed my TIAA-CREF accounts I was blessed with an employment offer from Vermont Works for Women as the Kitchen Operations Coordinator for the Fresh Food training program. This position not only allows me to once again work with current participants receiving Reach Up so I can support their journey with my experience navigating the obstacles they will undoubtedly face during transition, but also the opportunity to re-establish my TIAA-CREF contributions. VWW partners with other agencies that I can refer participants to when support during transition is needed. These agencies routinely “fill the gap” the system

created one of which being the “benefit cliff” issue we are addressing today. The rules of Reach Up consistently send the wrong message to participants by “punishing” those that make progress towards self sufficiency and “rewarding” those that choose otherwise. For example, there is currently a 180 day rule that allows you to continue collecting benefits if DCF assumes custody of your child/ren but if you find a job there is an immediate negative consequence.

These new proposals would increase the successful transition of participants as well as prevent the rebound effect that is common if employment isn’t maintained but more importantly help establish some integrity to a system that has been lacking it for way too long. As a Vermonter who will not directly benefit from these changes I am nevertheless in full support of H.790 and I urge you to take action on this matter sooner instead of later. This will make a difference to those participants with a desire to be self sufficient and that’s why I needed to share today. Thank you for your time and consideration.

Sincerely,

Heather B. Newcomb