



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Sen. Kitchel, Chair Senate Appropriations Committee
From: Stephanie Barrett
Date: May 2, 2014
Subject: H.790 - Senate Appropriations Amendment (substitute 5/2/2015)

The Senate Appropriations Committee amendment has two cost components

Asset Limit Change – January 1, 2015 (mid-year FY15)

Sec. 1 - amends 33 V.S.A. § 1103 (c) (5) increasing the liquid asset limitation from \$2,000, to \$5,000 effective January 1, 2015. This has an estimated annualized cost of \$138,000 and an approximate FY15 cost of \$60,000 to \$70,000.

Sec. 6 - amends 33 V.S.A. § 1204 (a) (1) reducing the Reach Ahead 0 to 6 month benefit from \$100 to \$50 effective January 1, 2015. This has an estimated annualized savings of \$150,000 and an approximately savings in FY15 of \$60,000 to \$75,000.

Sec. 7 allows the \$100 to continue for Reach Ahead beneficiaries who are in the midst of their first six months of Reach Ahead on January 1, 2015.

Reach Ahead Extension and Enhanced Child Care Subsidy - July 1, 2015 (FY16)

Effective July 1, 2015 (FY16), if caseload reductions and subsequent savings in Reach Up are adequate, the Reach Ahead program is extended for an additional 12 months with a \$25 per month benefit and an enhanced child care subsidy up to 100% of the current subsidy level authorized for the additional 12 months. The enhanced child care could be extended beyond the 12 months if existing appropriations can accommodate.

The annualized cost estimate ranges from \$130,000 to \$150,000 for the Reach Ahead extension \$25 per month benefit. This includes the existing clients and anticipated new clients in the Reach Ahead program.

The annualized cost estimate for the enhanced child care services has a mid-range estimate of \$560,000 with an upper limit of \$930,000. The range is broad because the cost is dependent on many variables:

- A - number of children,
- B - age of children: infant through school age,
- C - type of childcare: STAR level of licensed or registered providers, and
- D - type of service: full, part time or extended care.

The combined Reach Ahead extension and enhanced child care subsidy cost has a mid-range cost estimate of \$700,000 with an upper limit of \$1,080,000. Caseload savings will need equal estimated program cost in FY16 for the program to go forward.

Earnings and Net Income: Single Parent With One Child

(Based on 2013 Current Law, Sources: Vermont Joint Fiscal Office, Deb Brighton Analysis)

