To: Members of the Senate Health and Welfare Committee

From: Lila Shapero, Voices for Vermont's Children

Re: H. 790

Date: April 4, 2014

On behalf of Voices for Vermont Children, I appreciate the opportunity to augment my oral testimony of April 1, 2014 regarding H. 790.

Based on 2012 statistics, 15.5% of all Vermont children live in poverty and 21% of Vermont children under six years old live in poverty. *Kids Count in Vermont Health Report*, December 2013. Helping lift children out of poverty can only be done by helping lift their families out of poverty.

The Reach Up program has been characterized as a work first program. But, the current earned income disregards do not help a family make a successful transition off Reach Up. Instead, the current earned income disregards may lead to families to cycle off and on benefits or act as a disincentive to work. Given the sixty-month lifetime limit on Reach Up benefits, changing the earned income disregard to ameliorate the current benefit cliff is imperative.

The benefit cliff places families in positions where they are worse off working than on benefits. Deb Brighton's report, *Benefit Cliffs and Work Incentives*, depicts the impacts on a range of benefit programs including child care subsidies and 3SquaresVT (food stamps).

To help Reach Up families, we support the changes to how the earned income disregard is calculated. We do not support funding those changes through grant reductions of Reach Up recipients[1], a group that includes recipients who are unable to work due to barriers or are currently deferred from working.

Reach Up recipients receive approximately 49.6% of the standard of need, an amount that is insufficient by definition. The current Reach Up grant for a three person family is $640 per month. Seeking a further reduction of $16 to $20 per month further depletes that family's efforts to provide for their basic needs.

We ask the committee to consider adopting the amendment suggested by Christopher Curtis of Vermont Legal Aid. We ask that you consider the use of savings through caseload reductions to fund the changes to the earned income disregard. As the Department for Children and Families reaps savings from families

---

[1] There are a few exemptions such as the child only grants.

exiting the Reach Up program due to work, those savings should be plowed back into funding the earned income disregards.

We support the change to the limits for nonexempt resources from $2,000 to $5,000. Under current rules, families cannot build financial resources that can help them meet emergency needs or deal with expenses that help a transition into the workforce such as reliable transportation, work clothing, afterschool care or weekend care for children, etc.

On April 1, 2014, committee members had concerns and questions regarding the child care subsidy or the Child Care Financial Assistance Program (CCFAP) administered by the Child Development Division of the Department for Children and Families. I am setting out some information and I am available if you want more information. I hope this helps clarify how CCFAP works.

The Child Care Financial Assistance Program (CCFAP) includes child care subsidies for families who meet eligibility criteria. When families qualify for a subsidy, the State pays the subsidy amount to the child care program. The financial eligibility criteria use the 2013 Federal Poverty Level (FPL).

A family whose gross income is 100% of the FPL will receive a 100% subsidy from the state meaning the State will pay the full subsidy directly to the child care program. At present, a family of three whose gross income is no more than $1,628 per month will receive a 100% child care subsidy. A family of three with one wage-earner making minimum wage falls in this category. Families whose gross income is below 200% of the FPL qualify for a child care subsidy but the percentage of the subsidy decreases as the income approaches 200% of the FPL. For a family of three, the upper income limit is $3,255 per month leading to a 10% subsidy.

Each child care program sets its own rates. The child care program can ask the family for a co-pay of the monthly rate not covered by the child care subsidy.

The State uses a tiered payment schedule to the child care programs depending on the number of STARS the program has. In terms of the base amount, the State is using 2008 market rate to determine rates. Programs with 4 or 5 STARS receive greater than 75% of the 2008 market rates. *Child Care Assistance Policies: At a Pivot Point*, National Women's Law Center (2013) (available at www.nwlc.org).

The disconnect is between using 2013 data to determine a family's eligibility and using 2008 data to determine payment amounts to the child care programs.

Thank you for your consideration.
Lila Shapero
Voices for Vermont's Children
Cell: (802) 338-7284