



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Rep. O'Brien, Rep. Trieber, and Rep. Krowinski
From: Stephanie Barrett
Date: March 13, 2014
Subject: Request for Review of Fiscal Estimates for H.790

Costs

There are two component pieces with cost implications in H.790 for Reach Up

1) An increase in the asset test to \$5,000 from the current level of \$2,000. The agency estimate is \$138,000 annually based on experience of cases closed and denied because of the asset test and average cost per case.

2) An increase in the level of disregarded income to \$300 per month and 50% of remaining monthly unsubsidized earnings from the current levels of \$200 and 25%. The agency estimate is \$1,198,140 based on the existing 735 family caseload with unsubsidized earnings.

Offsets

1) The current version of the bill contains one offset which reduces the initial 6 months of food assistance grant for Reach Ahead recipient to \$50 per month from the current level of \$100 per month for the first 6 months. The Reach Ahead benefit remains at \$50 per month for the entire twelve month program. This program saving based on current Reach Ahead caseload is \$150,000 per year.

2) The current version of the bill does not include another offset, however in order to have the program remain fiscally neutral across the board reduction in Reach Up benefits is contemplated. Such an offset would exclude the 'child-only' cases and the Reach First and Reach Ahead programs would not be impacted. At current enrollment 4,793 families would be have their RU benefit impacted by an estimated -\$20.50 to -\$21.00 per per month. This in turn will be offset by a modest \$3-\$4 per month increase in monthly 3Squares benefit. The department will require rulemaking authority to calculate and applied this offsetting adjustment. The department anticipates calculating the value of this offset annually and applied across the board so the same impact would be applied to each family regardless of current need and benefit calculation. A scaled adjustment might be an option in the future when new IT systems are in place.