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Repeal the Reach Up “Disability” Tax

Reach Up is Vermont’s temporary cash assistance (or “TANF”) program. It provides less than half of a family’s “basic needs”. Families receiving Reach Up benefits are living below the federal poverty level while trying to meet the basic needs of themselves and their children: food, shelter, and clothing. The average Reach Up benefit for a family of 3 is \$640. Benefits are limited to 60 months.

In order to qualify for benefits, **participating adults must meet work requirements** (generally 20 hours for a single parent; 40 hours for a couple). According to annual Reach Up reports, about 40-50% of Vermont adults are meeting work requirements. Others have temporary deferments or modifications of work requirements (for example to care for an infant or disabled family member) or are sanctioned for failing to meet them. Sanctions range from \$75 to \$150.

Last year, the Administration proposed and the legislature **passed a reduction of \$125 monthly (or \$1,500 annually)** to Reach Up benefits for those households with a parent in receipt of Supplemental Security Income (SSI). This is a “tax” on the poorest parents with disabilities. At the time the reduction was justified by the Administration as staving off other cuts within the Reach Up program as a result of the budget shortfall: “Given the state’s tremendous budget pressures, the governor and Legislature decided this change would impact vulnerable families less than an across-the-board cut to benefits for all families,” according to Commissioner Schatz.¹

Now, however, the Administration reports **more than \$4 million in caseload reduction savings within the Reach Up program** with caseloads projected to continue dropping for the foreseeable future.² This information was not available to lawmakers last year when this policy was adopted. In light of this new information we ask you to act immediately to help stabilize Reach Up families by restoring funding for the program using caseload reduction savings and repealing the new income formula.

¹ Available at: <http://vtdigger.org/2015/07/19/state-notifies-reach-up-recipients-of-125-a-month-reduction-in-benefits/>

² Memorandum and Exhibits from DCF Commissioner Ken Schatz to Rep. Mitzi Johnson re: Budget Adjustment (Dec. 14, 2015). Available at: http://www.leg.state.vt.us/jfo/appropriations/fy_2016/FY2016%20BAA/DCF%20FY2016%20BAA%20Exhibits%2012-15-15.pdf

Parents in receipt of SSI are, by definition, unable to work.³ As a consequence they have limited or no opportunities to make up for that shortfall in their monthly budgets. As a result, the incidence of child poverty and the negative impacts on housing and other basic necessities are likely to increase.

Facts about Reach Up and the benefit cut:

- Affects **860 Vermont families** with children and a disabled parent
- **“Taxes” disabled households by reducing the Reach Up benefits by \$1,500 per year**
- Drives already destitute families with children **deeper into poverty**
- Under current law the SSI beneficiary is *excluded* from the Reach Up household.⁴ So, their grants have already been reduced; and
- Grants for remaining household members are calculated to meet just **49.6% of a recipient’s basic needs**; and
- Grant amounts have not been adjusted to meet the needs of Reach Up families – or even for inflation in several years.

Reach Up Households Struggle with Affordable Housing:

Only 5% of Vermont households are living in subsidized rental housing. Among low-income renters only 32% receive some form of subsidy – leaving **2/3 of all low-income renters without any housing assistance at all.**⁵ So, it should come as no surprise that many low-income households are often at risk of losing their housing periodically. That is especially true of the very lowest income households – those receiving Reach Up assistance. A recent Reach Up work group report⁶ commissioned by the Vermont legislature in 2013 found the following:

- Almost one in five (17%) identified housing as a primary barrier to employment;
- 34% of participants had no stable, permanent, independent living situation (everything from facing eviction to couch surfing);
- **43% had experienced homelessness while on Reach Up**, and
- Reach Up families are highly transient reporting that all respondents had moved at least 1 to 4 times over the last two years – an astonishing **19% of Reach Up respondents moved 3 to 4 times in the last 2 years.**
- 80% of Vermont Rental Subsidy recipients are Reach Up participants

³ <https://www.ssa.gov/ssi/text-eligibility-ussi.htm>

⁴ So, for example, if the total number of household members is 3 and one family member receives SSI, the household receives a Reach Up grant for 2.

⁵ Available at: http://www.vhfa.org/sites/default/files/documents/Vermont_Housing_Profile_0.pdf

⁶ Available at: <http://governor.vermont.gov/sites/governor/files/RU%20Work%20Group%20Leg%20Report%20Nov.%202013.pdf>

Families with SSI and Reach Up Benefits Impact on 2 Families 2015 - 2016

