

## Pathways from Poverty Council - Economic Security & Empowerment

The Economic Empowerment and Safety Net Committees combined into one committee over the summer and fall of 2014 for discussion purposes. They included health care issues as an added category under Economic Security (Safety Net).

For people who find themselves in economic turmoil, in danger of becoming homeless, cold or hungry, making low wages, and/or needing some temporary assistance for their families, the State must maintain a safety net, while addressing those needs that help people move out of poverty and transition to self-sufficiency. We must provide adequate funding and supports to assist those in need and to stabilize families in the short term, and put forth policies and invest in those programs that work to alleviate and end poverty for the long term.

### Economic Empowerment: Employment Opportunity, Policies & Supports

#### **Restore and Enhance Economic Opportunities for Low-Income Families.**

Invest in proven strategies for creating financial stability and building financial capability with four successful and underfunded, cost effective programs to address economic inequity. Increase investments in Micro Business, Individual Development Accounts, matched savings, financial coaching, credit repair and banking programs in order to create new jobs, build assets, and promote financial skills.

- **Increase funding for the Micro Business Development Program (MBDP).** Since 1989, MBDP provides free business technical assistance (training and counseling) to low-income Vermonters. The Vermont Community Action Agencies (CAAs) work in conjunction with many partners including social service agencies, State agencies, other business technical assistance providers and lenders, both alternative and traditional. In FY 13, 90 businesses were started and jobs created at the approximate cost of \$3,200 per business. Current base funding is \$300,000; the committee recommends a \$100,000 - \$200,000 increase.
- **Increase funding for Individual Development Accounts (IDAs).** IDAs are a matched savings and financial education program that helps low- to moderate-income Vermonters get ahead and improve their futures by creating financial assets. Backed by federal dollars, participants save to purchase a home, pay tuition for post-secondary education, or start a business. Since its start in 1997 the program has served over 1,335 individuals and families. Current base funding is \$135,500; the committee recommends a \$100,000 - \$200,000 increase.
- **Develop a Vermont Matched Savings Account Program (expanded IDA).** Create a matched savings program backed by State dollars for Vermonters with low-income to overcome barriers to poverty, coupled with financial coaching and classes. Examples of plans for saving: purchase or repair of a vehicle, paying down debt, maintaining dental health, establishing an emergency fund, and expenses that support employment or housing success, like tools or training. The committee recommends new base funding of \$100,000 - \$135,000.
- **Fund credit building and repair products.** To overcome poverty barriers, provide credit coaching for Vermonters with low-income to repair or build credit, repair or strengthen connections to financial institutions, and to provide access to and funding for

safe and affordable, secured credit cards and other credit-building products. The program can be targeted to Reach-Up Families. The committee recommends \$150,000 - \$200,000 to cover the cost of existing services and expand availability.

*It is recommended that funding from the Departments of Labor, Housing and Community Development, Corrections and Transportation be considered as sources for the above programs because of their connection to business creation and development.*

### **Increase investment in Vermont's Child Care Financial Assistance Program (CCFAP):**

- **Raise the base financial payment for all child care providers to 50% of the current market rate**, with the long-term goal of raising the base to 75% of the current year market rate.
- **Raise eligibility for CCFAP to 300% of the federal poverty level.** Families receiving payments from the Child Care Financial Assistance Program are subject to a benefit cliff that starts at 100% of the Federal Poverty Level (FPL) and ends with zero eligibility at 200% of the FPL.
- **Support incremental increases to meet these goals over time**, or implement other feasible measures to increase the affordability of childcare for Vermonters. Mandate that market and Federal Poverty Level guidelines used to determine payments and eligibility for CCFAP be adjusted annually and kept current.
- **Monitor the implementation of Act 166** (Pre-K) early education legislation.

### **Support successful employment policies that make “work pay” and help families seek and maintain employment:**

- **Pass Paid Sick Days Bill (H.187).** This legislation ensures that all workers in Vermont are able to take care of their own health and safety needs and those of their families by allowing employees to accrue a minimum number of paid hours annually so that workers can take paid time from work to address issues related to health care or safety for themselves or a family member without the loss of pay. H.187 has passed the House.
- **“Ban the Box” on employment applications.** This policy prohibits employers from asking job candidates if they have been convicted of a crime on the initial application. After that, employers are free to request the information at any time in the hiring process. Ban the box will provide more opportunities for employers to find qualified employees and give former offenders a second chance to get a foot in the door and make the most of employment opportunities.
- **Reduce or eliminate benefit cliffs, increase income disregards and asset limits.** For Reach Up families, the Poverty Council recommends adding an additional \$50 income disregard to encourage work, and raising the asset limit from \$2,000 to \$10,000 to encourage savings and self-sufficiency.
- **Expand the Earned Income Tax Credit (EITC).** The Earned Income Tax Credit is often described as one of the most effective anti-poverty tools available because it is a refundable tax credit that flows directly to working low-income citizens. In order to combat poverty and encourage employment, Vermont should expand the EITC from 32% of the federal tax credit to 40%, joining the District of Columbia for the most aggressive rate in the nation.

- **Work and Save Program.** Much like a pension, the State should encourage a discussion on developing a statewide work and save program as a proactive way to provide financial support to workers in their retirement. This could be a pathway out of poverty for future generations of Vermont seniors.
- **Improve workforce training efforts to address low-income community.** Increase existing workforce training and education resources to target the low-income population and explore previously successful partnership between the Vermont Department of Labor and Reach-Up on employment issues. Encourage full participation by all stakeholders and providers in federal grant opportunities, such as the Workforce Innovation and Opportunity Act (WIOA).

**Create and fund a comprehensive, large-scale study on transportation issues** for elders, those with disabilities, and the low-income population, to make improvements for all Vermonters. For many low-income Vermonters transportation is the linchpin by which they succeed or fail. While Reach Up has processes in place to assist some consumers, thousands more remain unemployed or underemployed for lack of transportation at great cost to the state. The study should include an examination of existing vehicle and ridership programs, public transportation, and current regulations relating to fines, fees and repairs, and policies that continue to be a transportation barrier for low-income Vermonters.

**Implement a uniform driver restoration policy statewide; repeal outdated infractions unrelated to driving or safety that may result in driver's license suspensions.** Implement "income sensitive" fines for Vermonters on public assistance; eliminate the license reinstatement fee; and create a high-risk insurance pool that drivers with suspended licenses can buy into so they can get back on the road safely, legally, affordably, and fully insured.

### **Economic Security: Stabilize Families & Maintain Safety Net Benefits**

**Increase Reach Up grants to meet a higher percentage of the Standard of Need.** To pull themselves out of deep poverty a family must have enough to meet basic needs. The current Reach Up grant meets only approximately 49% of the basic need standard. The program has nearly reached its goal of moving families off of the system as quickly as possible. What it has not done is keep pace with the needs of those Vermonters eligible and receiving benefits. Most recipients of Reach Up are children, whose families need enough cash income to buy essentials of life such as diapers, clothes, non-food grocery items, utilities, transportation, etc. **The Council continues to call for increasing the family needs budget by adjusting the "ratable reduction" to at least 55% of basic need and gradually increasing it to cover 100% of basic needs.**

**Repeal \$125 a month reduction in Reach Up benefit for families with a member receiving a disability benefit.** This FY 16 Reach Up benefit cut is a \$1.65 million dollar reduction affecting over 1,100 households. The family member with a disability receiving an SSI benefit was already excluded from the calculation that determines the Reach Up benefit amount. These families have additional expenses related to the disability. The reduction will destabilize families that are already economically burdened and reduce, if not eliminate any real possibility of being able to exit the program.

**Apply the 180-day extension of Reach-Up when a family loses custody of a child fairly and consistently.** The purpose of the rule is to allow for continued benefits while the families work toward reunification with their children. The rule needs to be applied uniformly across the state. Reach-Up benefits should be maintained when the court has made reunification the goal, or another goal has not been articulated. Implementing this recommendation may require a rule change.

#### **Resources for food security and warmth:**

- Increase the investment in the Weatherization Assistance Program to reduce the energy burden on low-income Vermonters. Low-income Weatherization was reduced by \$2 million in FY 16.
- Maintain and increase State dollars in the LIHEAP Fuel Assistance Program to cover the higher average cost of heating a home. In FY 16, the benefit accounted for less than 34% of the average home heating cost.
- Fully fund Crisis Fuel Assistance needs. Remove the one grant restriction instituted in FY 14 and allow two grants to cover emergency needs.
- Support a Universal Meal Program offering free lunch to all public school students.

**Pass licensed dental therapist legislation (S.20) to increase access to dental care for the low-income population.** It is difficult for many thousands of Vermonters to access the oral health care that they need. Access is especially problematic for Vermonters who are on public assistance because so few dentists will take Medicaid patients. Allowing licensed dental therapists to practice in Vermont will increase access to oral health care, especially in schools, nursing homes and other places in the community where it is easier to provide care. This reform comes at no cost to the Vermont taxpayer. S.20 has passed the Senate.

**Preserve property tax income sensitivity for low- and moderate-income tenants** by maintaining the Renter's Rebate at the current formula level.

### **Health & Well-Being of Vermonters**

#### **Medicaid, Mental Health and Physical Health**

- **The Medicaid Budget Gap** should be solved with a revenue solution and not by reducing services or restricting eligibility.
- **Maintain and adequately fund mental health**, drug and alcohol treatment programs, and provide supports and counseling for individuals and families in crisis.
- **Keep health care affordable for Medicaid recipients** and increase health care subsidies for former VHAP, and Catamount participants.