



Memorandum

To: House Committees on Appropriations & Human Services

From: Michelle Fay, Executive Director

Date: January 10, 2018

Re: FY18 Budget Adjustment

Voices for Vermont's Children would like to draw the committee's attention to missed opportunities to address safety-net system shortcomings in the budget adjustment proposal. Specifically, savings have been booked in three areas that are universally understood to be underfunded and critical to children's health and wellbeing: Reach Up, the Vermont Rental Subsidy Program, and Child Care Financial Assistance.

Testimony from DCF staff points to limitations on eligibility for both the housing subsidy and CCFAP as the reason for unspent funds, and acknowledges that current policy is artificially limiting the demand for services. There remains a persistent, documented need for more access to affordable housing and child care. Savings derived from outdated policy should be directed to correcting or at least mitigating the problem. In the case of CCFAP, the logical and equitable place to direct the savings is to the special fund created by the legislature last year, so that additional resources are available to the child care programs serving the greatest number of subsidy-eligible children. And while the \$200k in "savings" from closing the VT Rental Subsidy program to new applicants were shifted to increase access to emergency housing, providing access to more permanent housing should be the goal, even if federal Section 8 vouchers are not available.

Reach Up

Reach Up's stated purposes include "to improve the well-being of children by providing for their immediate basic needs."¹ Yet current appropriations to the program provide *less than half of the income deemed necessary to meet basic needs by DCF – in 2004*. In fact, for a family of three, **the current maximum Reach Up grant of \$640/month is 35% of the 2016 basic needs calculation**. This cannot be allowed to continue. Yet as the economy has slowly recovered from the recession and Reach Up caseloads have decreased, opportunities to reinvest these caseload savings back into the program have been missed. Sometimes the savings are directed to other worthy programs, and sometimes, as was the case both last year and this year, they are used to offset accounting errors.

¹ Vermont State Statutes, Title 33, §1103

Reach Up does not garner the same attention as other budget items, but for the roughly 8,000 (as of Dec. 2016) children who depend on the program for basic needs, chronic underfunding has real consequences. This was further exacerbated by the legislature’s decision to deduct \$115/month from the benefits of families with an adult receiving disability benefits – **even though that adult is not counted in the family size calculation.**



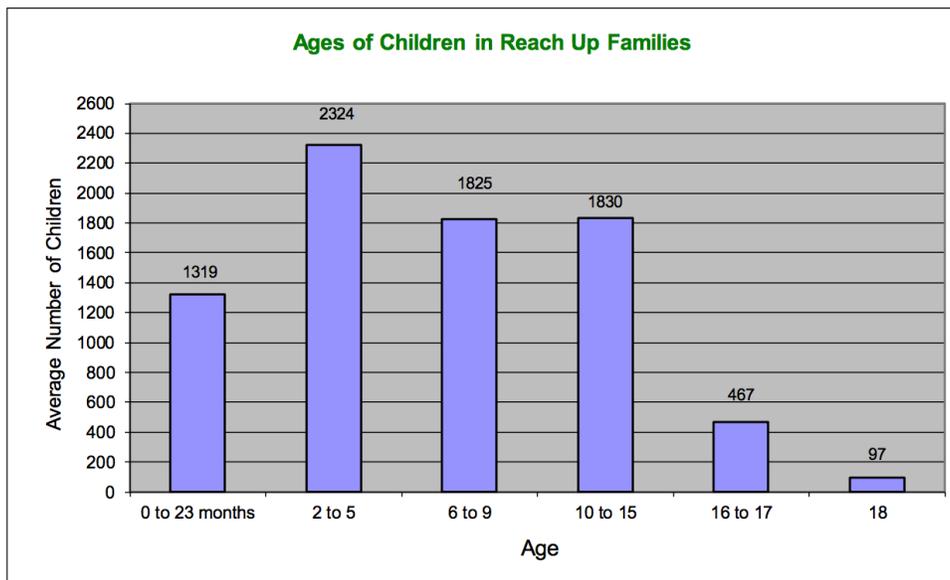
Reach Up for a Family of Three

Current Maximum Grant = \$640
 Maximum Grant if COLA applied = \$894
 Basic Needs Budget = \$1,804

Current grants cover only 35% of families' basic needs.

The bottom line is that Reach Up is failing to protect children from deprivation. While caseloads are down, the families that remain on the program for extended periods tend to be those with more complex barriers to employment, according to DCF staff.² What’s more, almost half of child recipients are age 5 or younger (see table below), a critically important developmental period. As the legislature continues to learn about the impacts of adverse child and family experiences on future health and wellbeing, it’s smart policy to ensure that the most vulnerable children in the state have their basic needs met.

Voices asks that beginning with FY18 budget adjustment, Reach Up caseload savings are reinvested into the program, increasing base grants by using more recent basic needs budget figures and/or increasing the “ratable reduction” calculation from the current level of 49.6% until it reaches 100%.



Source: 2016 DCF Reach Up Report

² Deputy Commissioner Sean Brown, in testimony to House Human Services 2/16/17