

# VLIAC Vermont Low Income Advocacy Council

*“Celebrating 45 years of representing the interest of low income Vermonters”*

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Senate Health and Welfare Committee, April 12, 2019

**Testimony on H.326** An act relating to encouraging savings by participants in Reach Up and the Child Care Financial Assistance Program

The Vermont Low Income Advocacy Council is supportive of those policies and programs that encourage savings and income growth but still allow low income folks to take advantage of key benefits that help support their employment and stabilize their families.

We support efforts to address the benefit cliff issues, as families build assets and plan for their future.

H.326 addresses a number of these issues.

VLIAC has long supported the elimination or increase of the Reach-Up asset limit. Families that need temporary assistance also need the ability to cover a number of situations that threaten their housing, health and employment. Stabilizing their families by acquiring some financial reserves will allow them to move out of Reach-Up sooner.

Increasing the asset limit and disregarding savings in retirement and college saving accounts in the asset limit and the ongoing calculation of eligibility is a policy that makes sense.

One of the key benefits and one necessary to support employment is the Child Care Financial Assistance Program. Disregarding earnings deposited in a qualified child savings account will be beneficial to recipients and encourage savings and educational aspirations.

One of the income disregards - not in this legislation - but one that should be considered by the State and the Legislature is the reversal of the policy implemented a year and a half ago to deduct \$115 a month from the Reach-Up benefit if a parent in that family has a disability and receives a Supplemental Security Income payment (SSI) to support that individual.

The current Reach- Up benefit covers only 49.6% of basic needs to begin with, and the person who receives the SSI benefit related to his or her disability is not counted in the Reach-Up calculation. So a family of three receives a Reach-Up benefit for 2 people, and the parent with the disability receives SSI. There are additional cost related to a person living with a disability, not covered by health insurance including expenses for special food, transportation and other.

The policy implemented in the FY 2016 Budget reduces the amount of \$115.00 a month from the families financial assistance grant if a parent receives SSI. It excludes SSI benefits received by a child. The cost to the family is \$1,380 a year, a substantial amount for any family to cover.

The 2016 Governor's Pathways from Poverty Advisory Council recommended 3 items related to Reach –Up:

### **Reach-Up**

- **Repeal the reduction of \$115 a month in Reach Up benefit** for families who have a member receiving a disability benefit to help stabilize these families in need and not penalize them for funding they receive to support their disability needs.
- **Increase the Asset Limits to \$5,000 -10,000 or eliminate.**
- **Increase Reach Up grants** to meet a higher percentage of the Standard of Need by adjusting the “ratable reduction” to at least 55% of basic needs and gradually increase.

VLIAC support these recommendations above and the policies adopted in H.326

Thank you for your consideration.

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