

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Human Services to which was referred House Bill
3 No. 326 entitled “An act relating to eligibility and calculation of grant or
4 subsidy amount for Reach Up, Reach Ahead, and the Child Care Services
5 Program” respectfully reports that it has considered the same and recommends
6 that the bill be amended by striking out all after the enacting clause and
7 inserting in lieu thereof the following:

8 * * * Findings * * *

9 Sec. 1. FINDINGS

10 The General Assembly finds that:

11 (1) benefit cliffs, which occur when a family’s loss of economic benefits
12 outpaces the rate at which its earnings increase, have a detrimental impact on
13 Vermont families;

14 (2) according to the 2016 article “Do Limits on Family Assets Affect
15 Participation in, Costs of TANF?” by the Pew Charitable Trusts, raising or
16 eliminating asset limits within the Temporary Assistance for Needy Families
17 program (TANF) does not affect the number of monthly applicants to the
18 program;

19 (3) according to the 2016 article “Low TANF Asset Limits Show No
20 Cost or Caseload Benefits for State Programs” by the Pew Charitable Trusts,

1 states experience a decrease in administrative costs when they raise or
2 eliminate TANF asset tests;

3 (4) according to a 2014 article entitled “Relationships Between College
4 Savings and Enrollment, Graduation, and Student Loan Debt,” by the Center
5 for Social Development, children in families that have few or no assets have
6 lower academic achievement scores, high school graduation rates, college
7 enrollment rates, and college graduation rates than children in families with
8 assets; and

9 (5) school-designated savings are more effective than basic savings in
10 influencing college outcomes.

11 * * * Reach Up * * *

12 Sec. 2. 33 V.S.A. § 1103 is amended to read:

13 § 1103. ELIGIBILITY AND BENEFIT LEVELS

14 * * *

15 (c) The Commissioner shall adopt rules for the determination of eligibility
16 for the Reach Up program and benefit levels for all participating families that
17 include the following provisions:

18 * * *

19 ~~(5)(A) The value of assets accumulated from the earnings of adults and~~
20 ~~children in participating families and from any federal or Vermont earned~~
21 ~~income tax credit shall be excluded for purposes of determining continuing~~

1 ~~eligibility for the Reach Up program.~~ The asset limitation shall be ~~\$2,000.00~~
2 \$9,000.00 for participating families for the purposes of determining initial and
3 continuing eligibility for the Reach Up program, and the following savings
4 accounts shall not be considered in the calculation for determining the asset
5 limitation:

6 (i) a retirement account, such an individual retirement
7 arrangement (IRA), a defined contribution plan qualified under 26 U.S.C.
8 § 401(k), or any similar account as defined in 26 U.S.C. § 408; and

9 (ii) a qualified child education savings account, such as the
10 Vermont Higher Education Investment Plan, established in 16 V.S.A. § 2877,
11 or any similar plan qualified under 26 U.S.C. § 529.

12 (B) The value of assets accumulated from the earnings of adults and
13 children in participating families and from any federal or Vermont earned
14 income tax credit shall be excluded for purposes of determining continuing
15 eligibility for the Reach Up program.

16 * * *

17 * * * Child Care Financial Assistance Program * * *

18 Sec. 3. 33 V.S.A. § 3512 is amended to read:

19 § 3512. CHILD CARE FINANCIAL ASSISTANCE PROGRAM;

20 ELIGIBILITY

1 (a)(1) ~~A~~ The Child Care Services Financial Assistance Program is
2 established to subsidize, to the extent that funds permit, the costs of child care
3 for families that need child care services in order to obtain employment, to
4 retain employment, or to obtain training leading to employment. Families
5 seeking employment shall not be entitled to participate in the Program for a
6 period in excess of one month, unless that period is extended by the
7 Commissioner.

8 (2) The subsidy authorized by this subsection shall be on a sliding scale
9 basis. The scale shall be established by the Commissioner, by rule, and shall
10 bear a reasonable relationship to income and family size. The lower limit of
11 the fee scale shall include families whose gross income is up to and including
12 100 percent of the federal poverty guidelines. The upper income limit of the
13 fee scale shall be neither less than 200 percent of the federal poverty guidelines
14 nor more than 100 percent of the State median income, adjusted for the size of
15 the family. The scale shall be structured so that it encourages employment.

16 (3) Earnings deposited in a qualified child education savings account,
17 such as the Vermont Higher Education Investment Plan, established in 16
18 V.S.A. § 2877, or any similar plan qualified under 26 U.S.C. § 529, shall be
19 disregarded in determining the amount of a family's income for the purpose of
20 determining continuing eligibility.

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* * * Effective Date * * *

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

and that after passage the title of the bill be amended to read: “An act relating to encouraging savings by participants in Reach Up and the Child Care Financial Assistance Program”

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE