

Work Supports for People on Public Benefits

Assessing Vermont's Benefit Structure

- Define work supports
- Provide a brief history of the Benefit Cliff work in Vermont from the AHS perspective.
- Discuss changes made to work supports in Vermont.
- Provide a present day summary or conclusions.
- Provide context for a deeper and wider conversation about wage growth and how it affect benefits.

Goals for Today

Work supports should achieve three goals:

- It should provide adequate family resources.
- It should incentivize work.
- It should reward advancement in the workforce.

Effective Work Supports in Vermont

- Work Supports are a combination of public benefits, tax credits, and public or private insurance

The “benefits cliff” phenomenon can best be characterized as a benefits structure which results in a beneficiary who is receiving multiple economic benefits losing those benefits more rapidly than the rate of increased earnings. At its worst, the “benefits cliff” creates a huge disincentive to work.”

Work Supports in Vermont – An Analysis of State Policies Supporting Work

- National Center For Children in Poverty (NCCP) - 2009

- 3SquaresVT (formerly food stamps).
- Low Income Heating Emergency Assistance Program. (LIHEAP).
- TANF Cash Grants.
- Child Care Financial Assistance.
- Public Health Insurance.
- Federal and State Tax Credits.
- Lifeline Telephone Service Credit.

Benefits included in the NCCP Analysis

Benefits Not Included in NCCP Analysis:

- Section 8 Housing Vouchers.

The NCCP Report identified a series of recommendations aimed at reducing the benefits cliff and incentivizing work.

- Expanding 3SquaresVT eligibility
- Expanding the eligibility for Seasonal Fuel benefits
- Restructuring the child care financial assistance program to bring eligibility standards to the 2010 FPL level and to increase the benefit level to allow for access to 75% of higher quality child care.
- Increase the TANF Earned Income Disregard
- Restructure Vermont's Refundable Child Care Tax Credit
- Change the Child and Dependent Tax Credit
- Restructure Renters Rebate
- Continue to incentivize work through the Earned Income Tax Credit (EITC)
- Reforms to Health Insurance

Recommendations for Vermont

- 3SquaresVT eligibility to 185% of FPL and removed assets test for most households.
- In FY 2011, expanded eligibility of LIHEAP to 185% (from 125%) of FPL and expanded Crisis Fuel Assistance to 200% FPL (from 150%).
- Child Care Financial Assistance is at 2016 FPL with 90% participation at 100% FPL, but significantly lower as the income goes up.
- Added a 10% child care subsidy at 300% FPL with the 2016 million dollar allocation and increased infant rates.
- July, 2015 – expanded Reach Ahead eligibility to two years from one year so the family receives a full child care subsidy and a small nominal benefit (\$50 for first 12 months, \$5 for last 12 months.)
- July, 2015 – expanded the earned income disregard from \$200+25% to \$250+25%.
- Expanded health care coverage

Completed Changes
in Benefits since
2009

Review 2016 Agency of Human Services Benefit Package

- Vermont has slowly but steadily increased Work Supports.
- People are better off going to work at minimum wage than staying on Reach Up although they may still be struggling economically.
- Research shows that supplementing earnings encourages people to work and increases their income when they do (MDRC, 2004)
- People are better off if the minimum wage goes from \$10 to \$12.50 if they don't need child care.
- People are worse off if the minimum wage goes from \$10 to \$12.50 if they need child care and receive the subsidy to pay for it.
- Families that are between 100% and 300% FPL and need child care and the subsidy tend to lose ground as wages increase.
- The work disincentive is due do a decline in benefits but childcare is the biggest contributor to the slope as wages increase.

Summary