



Memorandum

To: Senator Claire Ayer, Chair; Senate Committee on Health and Human Services

From: Michelle Fay, Executive Director

Date: March 29, 2018

Re: FY18 Budget Memo

Thank you for the opportunity to testify about the proposed budget's likely impact on children and youth. Voices was a member of the Child Poverty Council, and we endorse all of the recommendations outlined in the council's report to the legislature. Today I'd like to focus on two areas of the budget we believe are especially critical in meeting the needs of Vermont children.

Expanded Learning Opportunities Fund

We support an investment in the Expanded Learning Opportunities (ELO) Special Fund so that Vermont can expand access to afterschool and summer learning programs, particularly in underserved areas of the State and in communities with a high percentage of low-income students. Currently, nearly 22,000 children and youth in Vermont need access to afterschool and summer learning programs. I know you've had comprehensive testimony regarding the original budget request for \$2.5 million, and I understand that there is an amended request for \$300,000. This keystone investment will give the state access to a Fellow from the national STEM Education Coalition to help launch the ELO Special Fund grant program and address the capacity issues raised by the Agency of Education. Voices strongly supports this appropriation request.

Reach Up

As the committee knows, current Reach Up cash assistance grants have not had a cost of living adjustment since 2004. The program falls far short of covering even a subsistence income for its child and family participants. Even combined with Three Squares nutrition benefits, participants fall far below the poverty level.¹ Our safety net programs fail to provide vulnerable families with the bare minimum they need to survive while they address barriers to employment and economic security. In the most recent Reach Up report from DCF, 44% of participants experienced financial barriers to employment (severe debt problems, poor or no budgeting skills, bankruptcy, etc.). The inability to address financial barriers makes it even harder for Reach Up participants to secure employment and leave the program. Vermont's lack of investment in basic assistance is handicapping families from moving toward economic self-sufficiency, and subjecting children to extended periods of material deprivation, itself an adverse childhood experience.

Family systems are interconnected. Living in poverty places inordinate stress on families, which increases the likelihood that they will come in contact with the child protection system. Over the past several years, as Vermont came out of the recession, Reach Up caseloads dropped substantially. (from 6019 in 2013 to 4078 in 2017, a 32% decline). These caseload reductions presented a budget-neutral opportunity to make long overdue cost-of-living adjustments to the benefit. Instead, the savings were swept up into other DCF programs – including Family Services. The opioid epidemic drove much of the growth in child protection caseload, which makes sense as substance use has long been the top cause for reports to DCF/FS. But what is sometimes overlooked is that “financial stress” as a reason for filing a

report actually had a much higher rate of growth (272%) between 2010 and 2016. Deputy Commissioner Shea recently shared that the overwhelming majority of children in DCF custody are from families living well below the poverty level. There is no question that pressures on the child protection system demanded significantly more funding. But without a comprehensive approach to child and family well-being, including assuring that families are able to meet their basic needs, we will simply be pushing our most vulnerable children off one caseload on to another.

It's worth noting that our neighbors in New York and New Hampshire are doing better. In fact, TANF grants in New Hampshire are 60% higher than in Vermont, as of last July when the NH legislature indexed cash assistance grants to 60% of the federal poverty level. If we are truly committed to protecting the most vulnerable, we need to increase Reach Up grants to Vermont's families living in deep poverty. Voices would like to see a concrete plan for increasing Reach Up basic assistance grants incrementally until they meet 100% of the current basic need standard. When caseload reductions or administrative savings are realized, they should be returned to the program for the purpose of increasing basic assistance. And if these budget neutral opportunities don't arise, Vermont should summon the will to do the right thing for our most vulnerable children.

I know that the chances of getting an increase in this year's Reach Up budget are slim. But Voices supports a transparency measure that costs nothing and will help to clarify just how inadequate the program's outdated cash assistance formula is, as an important first step. When DCF makes their annual presentation to legislators, they reference a "ratable reduction" of 49.6%. This is ostensibly what portion of a basic needs budget is covered by the Reach Up grant. But this figure is based on 2004 basic needs, so continuing to use it is disingenuous at best. In 2018, cash assistance grants only meet 39.5% of current basic needs calculations. The budget passed by the House contains language that would require DCF to calculate and report the effective ratable reduction each year:

Sec. E.323 REACH UP; RATABLE REDUCTION REPORT

(a) The Commissioner shall submit a report as part of the fiscal year 2020 budget testimony to the House and Senate Committees on Appropriations, the House Committee on Human Services, and the Senate Committee on Health and Welfare regarding the most current basic needs standard and the effective ratable reduction in the Reach Up program. The report shall include this information for fiscal year 2020 as well as for the prior four fiscal years. This report is for informational purposes and is not intended to change the current rule.

Voices is not concerned with the 4-year look-back, and understands that the ratable reduction is officially set by rulemaking. Our request is that DCF be required to reference the de facto or effective ratable reduction, based on current basic needs standards, in their annual reports made to the legislature.

ⁱ Iffe Floyd, "TANF Cash Benefits Have Fallen by More Than 20 Percent in Most States and Continue to Erode," Center on Budget and Policy Priorities, October 2017. <https://www.cbpp.org/sites/default/files/atoms/files/10-30-14tanf.pdf>