



Memorandum

To: Advisory Council on Child Poverty and Strengthening Families

From: Michelle Fay, Executive Director

Date: September 26, 2019

Re: End Child Poverty Campaign

As Vermont's independent, multi-issue child policy research and advocacy organization, Voices for Vermont's Children is committed to advancing promising and proven strategies to help kids get to thrive. We are committed to solutions that prioritize equity and eliminate disparities for kids based on their race, gender, (dis)ability, or the community where they live.

The first decade of the Child Poverty Council saw important gains for kids and families – incremental increases in early childhood funding, the passage of paid sick days, the expansion of health benefits, and more. Yet too many Vermont kids and youth still live in under resourced families and communities, and our poverty rate has only fallen back to pre-recession levels this year, after languishing in the mid-teens for over a decade. New research from the National Academies of Sciences, Engineering and Medicine (NASEM) suggests that a coordinated, multi-faceted policy agenda is the solution to turning the tide on child poverty. You've heard an overview of this research from Cara Baldari of First Focus, with the attendant federal policy recommendations. But Vermont kids cannot wait for federal action. That's why Voices is building a policy agenda that's responsive to the reality for Vermont families, and that proposes investments to remove structural barriers to well-being that are tailored to our kids and our communities.

We are still early in the process, but want to share our current thinking with you, and explore how the council can partner in the effort. Other states are doing similar work; in California, a coalition of organizations worked together to pass historic investments in safety net and work support programs. Maine and Wisconsin have advanced bold agendas after years of damaging, short-sighted austerity. While the specific details of the proposals vary by state, there are similarities and themes that mirror the recommendations from the NASEM consensus study; namely a combination of work supports, means-tested benefits, and universal supports. We propose that Vermont take a careful look at where disparities exist, and target policy solutions to the most disadvantaged.

Work Supports

In Vermont, a single parent with two children outside of Chittenden County needs to earn \$32.19 per hour to cover basic costs of living without using any social programs; an annual salary of almost \$67,000. The figure for a two-earner household with two children is nearly \$85,000 – both are well above the median household income of \$58,000. Vermont is predominantly a service economy, and many of the jobs available are low-wage caregiving and tourism sector jobs. It's simply not realistic to suggest that low income Vermonters can easily work their way into self-sufficiency. As a result, we should acknowledge that work alone is not likely to eliminate deprivation in families. The NASEM report recommends a number of policies to leverage work earnings into an income package that can lift families out of poverty, including subsidized jobs, increases to the EITC, and increased minimum wage.

In Vermont, if we disaggregate poverty data we can assess specific populations where policy changes could help close gaps. For example, when you look at poverty rates by age cohort, young adults aged 18-24 experience poverty at higher rates than any other age. This demographic is also overrepresented in the minimum wage workforce, so an increase to the minimum wage would have an appropriately disproportionate impact on their economic wellbeing. Another policy intervention would be to lower the eligibility age for the state earned income tax credit (EITC) to 18, so that young workers - those most likely to be making low wages – could benefit from the anti-poverty program designed for people in their exact circumstance.

Means-Tested Benefits

This is the obvious domain for anti-poverty policy. Programs like TANF/Reach Up, housing subsidies, SNAP/3SquaresVT, and child care financial assistance direct resources to the families that need them most. Unfortunately, investments in these programs have been neglected to the point where the value of the benefit may not seem worth the bureaucratic hassle, control, and surveillance that accompany enrollment. Ultimately, we may decide that there are better ways to mitigate the failures of economic systems that leave so many families behind (see universal supports, below), but while we still use means-tested benefits to mitigate poverty, it behooves us to get the dosage and design right.

Voices has been advocating for many years that Reach Up basic assistance grants be increased to provide substantially more income support to Vermont’s most disadvantaged children. We are grateful for the modest increase that was included in last year’s budget, and clear that with benefits still well below the line for extreme poverty (50% poverty rate or less), we can’t be satisfied. We will continue to advocate for grants to be increased and indexed to inflation. We are also investigating the impact of passing child support payments from non-custodial parents to Reach Up participants and not counting that income in the eligibility determination. Currently Vermont only disregards the first \$50/month of child support, with the rest retained by the state to repay Reach Up. States like Colorado are taking a different approach, allowing most child support payments to pass through to the custodial parent. Not only does this help the family accrue assets that are critical to help transition out of poverty, they’ve found that child support collections increased overall and parental relationships improved. We think this is a promising practice, and are researching possibilities for Vermont.

In addition, given actions at the federal level to shrink eligibility for a number of means-tested benefits, Vermont should be ready to backfill programs to prevent worsening hardship. For example, the rule change currently under consideration to eliminate categorical eligibility for SNAP benefits is projected to cut \$7 million in nutrition support to low-income families. This would be devastating, especially to rural families with young children, for whom SNAP is a significant poverty-reduction tool.ⁱ

Universal Supports

As automation, globalization, and the rise of caregiving careers continue to stratify incomes, we must explore how to distribute resources fairly and in ways that support kids’ healthy development. Experiments with child allowances and basic income supplements are underway, based on positive evidence from previous (and ongoing, as in Alaska) cash transfer programs. In Mississippi, the Magnolia Mother’s Trust project is working with mothers in a supported housing program, with 15 women heads of household receiving \$1,000 per month for a year, no strings attached.ⁱⁱ In Stockton, California’s SEED program, 125 residents were selected randomly to receive \$500/month in guaranteed income for 18 months; again with no work requirements or other obligations.ⁱⁱⁱ The thinking behind these experiments is that 1) families know best how to direct their resources; and 2) living in constant scarcity forces

people to focus on the problems immediately before them, to the detriment of long-term planning and problem solving.

Canada is on course to cut their poverty rate in half in less than 10 years, largely due to the expansion of their child allowance in 2016. Rather than clinging to magical thinking that enough livable-wage, reliable jobs are going to appear to make work a consistent path from poverty, courageous leadership requires that we respond to the flawed, inequitable system we have and address disparity head-on.

This body has devoted significant time and energy to understanding and improving the state's response to the impact of toxic stress on kids. S.261/Act 204 from last session includes this statement of intent:

"The General Assembly supports a public health approach to address childhood adversity wherein interventions pertaining to socioeconomic determinants of health are employed in a manner that has the broadest societal reach and in which specialized interventions are directed to individuals with the most acute need."

We know that economic injustice and poverty are leading causes of toxic stress and increase the chance that families will come into contact with the child protection system, so how can we fail to act? If the detrimental impact to current and future generations isn't enough motivation, the cost of doing nothing – increased physical and mental health care costs, reduced productivity and earning potential – should be enough to spur us to action.

I have submitted some supplemental documents to expand on some of the ideas presented here as possible policy initiatives. As we've seen in other states and indeed here in VT, making meaningful progress on the goal of reducing child poverty requires substantial, sustained effort. With the elimination of the Governor's Pathways from Poverty council that used to meet year-round, we need a place to keep this work alive and to hold each other accountable. We'll be putting this coalition-of-coalitions together in the coming months, and would be delighted if we could establish a bridge between this council and the End Child Poverty workgroup. Voices is also interested in supporting legislators in launching a child/youth/family caucus to carry the work of this council and the workgroup into the statehouse. Please let me know if you would be interested in exploring this with me.

Finally, please mark your calendars for November 6th, the date of Voices' policy and advocacy conference. We'll be exploring the end child poverty campaign in greater detail, with excellent presenters (including Cara Baldari) from local and national organizations. Thank you for your time.

ⁱ Jessica Carson and Beth Mattingly. 2019. "The Poverty-Reducing Effect of Five Key Government Programs in Rural and Urban America." <https://carsey.unh.edu/publication/poverty-reducing-effect>

ⁱⁱ Learn more about Magnolia Mother's Trust at: <http://springboardto.org/index.php/blog/story/introducing-the-magnolia-mothers-trust>

ⁱⁱⁱ Learn more about SEED at: <https://www.stocktondemonstration.org/>