



### **Memorandum**

**To:** House Committee on Appropriations

**From:** Michelle Fay, Executive Director

**Date:** February 20, 2019

**Re:** FY20 Budget – Reach Up

Imagine you are a mother of two, recently separated from an abusive partner who interfered with your work so you have a spotty employment history, and ran up a lot of bad debt so you have terrible credit. You feel lucky that you have an apartment because you don't want to disrupt your kids' lives any more. You get help from the local domestic violence advocacy organization, and they encourage you to apply for Reach Up. You are eligible for the full family grant: \$640. That won't even cover your rent, never mind utilities, transportation, clothes, cleaning supplies, diapers for the baby, and the food that your 3SquaresVT benefit doesn't cover.

The “floor” for Vermont’s safety net programs should be at or above what is required for subsistence. Reach Up grants to families have not seen a cost of living increase in 15 years, and provide only about 35% of what’s needed to cover the most basic human needs. To allow families to fall beneath subsistence is not only an affront to human dignity, it undermines our collective wellbeing and prosperity as a state. This meager level of support makes it harder for the adults on the program to meet their self-sufficiency goals, because so much of their energy is directed toward just surviving. The stress of living in poverty also increases the likelihood that families will come in contact with the child protection system, as parents’ decision-making ability is undermined by the impact of scarcity (sometimes referred to as the bandwidth tax). Research shows that kids who grow up in a state of deprivation don't do as well as their peers in affluent families, and even small increases in family income can improve outcomes.

My ask today is simple: Reach Up should provide 100% of the basic needs budget calculated by DCF. I urge you to reject the administration’s proposal to scoop \$3.4 million dollars out of the Reach Up budget, including \$1.2 million of so-called “caseload savings.” As I testified during budget adjustment, there would be no caseload savings if we took action to recognize the inherent dignity of the families and children who depend on Reach Up to survive. Not only should you reinvest every penny, the program needs additional funds in recognition of a decade and a half of deferred investment. Vermont spends less of our federal TANF grant on basic assistance than the rest of the country, and has partially balanced this with state spending. The current budget proposal would cut state investments in Reach Up in half, leaving families worse off. There are several ways to stop this downward slide:

- True up of the base grant calculation using current basic needs figures
- Adjust the housing stipend calculation to reflect current market rates (based on 2001 now)
- Adjust the ratable reduction