



**Memorandum**

**To:** Senate Committee on Health & Welfare  
**From:** Michelle Fay, Executive Director  
**Date:** April 18, 2019  
**Re:** FY20 Budget – Reach Up

Imagine you are a tightrope walker, tiptoeing precariously above the floor of the circus tent, juggling a bunch of things. Now imagine that the safety net that is supposed to catch you if something goes wrong is inexplicably buried several feet below the concrete floor. That’s the Reach Up program for children and caregivers trying to survive at the margins of our economy today.

The “floor” for Vermont’s safety net programs should be at or above what is required for a safe, dignified, healthy existence. Reach Up cash grants to families haven’t had a cost of living adjustment since at least 2004, and provide only about 35% of what’s needed to cover the most basic human needs. 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 following charts juxtapose budget lines from the Joint Fiscal Office’s Basic Needs Budget (which is not what Reach Up grants are based on, but represents a realistic family budget) with the maximum Reach Up grant for a parent with 2 children. I offer this as a thought experiment for you, but this is the reality facing families in the program. What sorts of choices are we pushing people towards? How are children impacted?

	Full Work Deferment		Working 10 hrs/wk		Working 20 hrs/wk	
Max Reach Up Grant including housing allowance, full work deferral	\$640		\$480		\$132	
Gross Wages @ 10.78/hr			\$464		\$927	
<b>Total cash income:</b>	<b>\$640</b>		<b>\$944</b>		<b>\$1,059</b>	
Expenses*	JFO	Your Budget	JFO	Your Budget	JFO	Your Budget
Food (after applying \$400 3Squares benefit)	323		323		323	
Housing (incl utilities)	955		955		955	
Transportation	483		483		483	
Clothing & Household expenses	280		280		280	
Personal Expenses (diapers, shampoo, menstrual products)	182		182		182	
Telecommunications	101		101		101	
FICA/Medicaid	0		36		71	
<b>Monthly Total:</b>	<b>2324</b>		<b>2360</b>		<b>2395</b>	

*\*From JFO 2019 Livable Wage budget calculations for an adult with 2 children. Assumes Medicaid for health care, full child care subsidy (or no child care) no rental or life insurance, dental limited to Medicaid coverage*

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). This committee spent significant time learning about and crafting policy responses to toxic stress. S.261/Act 204's intent 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."*

And the Reach Up statute contains this statement of purpose:

*"Financial assistance shall be given for the benefit of a dependent child to the relative or caretaker with whom the child is living, unless otherwise provided. The amount of financial assistance to which an eligible person is entitled shall be determined with due regard to the income, resources, and maintenance available to that person and, as far as funds are available, shall provide that person a reasonable subsistence compatible with decency and health"*

It's clear that the current Reach Up program budget is not aligned with either of these statutory goals. As budget pressures from other areas of the budget increase – notably in the area of child protection, the primary prevention program to stave off material deprivation is withering on the vine. This approach will be expensive for Vermont. Research shows that kids who grow up in a state of deprivation don't do as well as their peers from affluent families in the areas of health, educational attainment, and future earnings. Even small increases in family income can improve outcomes.

As the value of Reach Up cash assistance declines, the program is serving a smaller share of Vermont families living in poverty. In 2006, 79% of families in poverty were served by Reach Up. In 2017, that number fell to 55%. This means that a significant portion of the caseload decline is not a good-news story of people moving out of poverty, but rather the consequence of a safety net program whose benefits are not worth the program requirements, loss of dignity, and stigma. What's more, as the minimum wage has increased but benefits have not, the number of hours a participant can work and remain on the program has shrunk. So while a program goal is to transition participants smoothly and sustainably to self-sufficiency, the cash benefit ends by the time a participant is working 25 hrs/week at minimum wage. That's less than the work requirement for the program, and well short of a sustainable transition to self-sufficiency. This misalignment of the program resources with program goals creates a perverse incentive that serves neither the state's nor participants' interests.

Reach Up should provide 100% of the basic needs budget calculated by DCF. Nearly \$16 million has been shifted from Reach Up in the past 5 years. Restoring even one million of this could increase the average family support grant by \$25/month – not a tremendous amount of money, but enough to buy a box of diapers, or a tank of gas. Enough to make a difference. Or, \$1 million amount would cover the elimination of the \$115/month penalty assessed on families that include a disabled adult on SSI. We know that poverty is both a cause and consequence of living with a disability. People with disabilities experience poverty at much higher rates than those without. This penalty exacerbates inequity and should be repealed.