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P U B L I C   P O L I C Y   R E S E A R C H   &   A N A L Y S I S

October 31, 2021

Ms. Karolyn W. Long
Process and Performance Manager, Economic Services Division
Vermont Department for Children and Families

Subject: **Forecast of Reach Up and Reach Ahead Caseloads**

Dear Karolyn:

Since April 2020, many Vermont families, especially those with low incomes, have been affected by unprecedented forces. These include a decline in earnings resulting from the COVID-19 pandemic and the ensuing state and federal COVID-19 relief measures to mitigate the pandemic's impact.

Until the pandemic, the number of families entering and exiting the Reach Up program has been closely correlated with the statewide unemployment rate. However, this relationship changed when federal and state governments responded to the pandemic with major policy interventions to help stabilize household income. In recent months the official Vermont unemployment rate has shifted away from representing the portion of Vermont's labor force that is out of work in a manner consistent with pre-pandemic years. For these reasons, this forecast of the Reach Up and Reach Ahead caseloads presents two scenarios, one of which assumes an independence of the caseload from the unemployment rate.

The uniqueness of current conditions that affect the Reach Up and Reach Ahead caseloads highlights the need for frequent updating of this forecast. In September 2021, several [pandemic unemployment policies expired](#) and entries to the Reach Up program jumped to their highest level so far this year. There is much to learn about how low income families are affected by ending pandemic policies, new policies brought online, the current job market and the availability of COVID-19 vaccines for school aged children. Each update of the forecast benefits from the most recent months of experience in these unprecedented times.

Scenario 1: The caseload with policies mitigating the impact of the pandemic

After increasing suddenly in April 2020 after the pandemic began, the number of families in the Reach Up program declined, despite job losses and other hardships created by the pandemic. This is due largely to state and federal policies that mitigated economic hardship from the pandemic.

In Scenario 1 of this forecast, government policies mitigating the impact of the pandemic on the Reach Up caseload are expected to continue in some form throughout the forecast period. Furthermore, since there is less correlation between the official unemployment rate and the Reach Up caseload

during months when these mitigating policies were in place (May 2020-September 2021), this scenario assumes a continuation of this independence.

Assuming that mitigating pandemic policies continue to affect the number of families in the Reach Up program, we forecast an average monthly caseload of 3,083 in SFY 2022 and 3,029 in SFY 2023. Under this scenario, we forecast an average monthly Reach Ahead caseload of 193 in SFY 2022 and 172 in SFY 2023.

Scenario 2: The caseload without mitigating pandemic policies

Although mitigating government policies may remain in place in some form throughout the forecast period, Scenario 2 estimates the size of the caseload if these policies had not been implemented. It assumes a continuation of the long-standing correlation between the number of families entering and exiting Reach Up and the portion of Vermonters out of work.

Some mitigating policy interventions in 2020 rendered the official unemployment rate a less accurate indicator of the portion of Vermont's labor force that was out of work than it has been in the past. This is due to largely to the official definition of the labor force and the removal of job search requirements for Vermont unemployment benefits. In addition, many people left jobs temporarily during the pandemic to care for family members who would otherwise be cared for in group settings.

In order to create an indicator of unemployed Vermonters that is consistent during both pre- and post-pandemic months, we adjusted the actual and forecasted unemployment rates used in the model for May 2020 to December 2021. Since April 2020 was likely the last month in which the Vermont labor force was accurately estimated, this forecast assumes that the Vermont labor force remained relatively stable in 2020 and 2021. With these adjustments, we estimate an average monthly unemployment rate of 9.8% for 2020 and 8.4% for 2021. These rates are higher than published rates because they are adjusted to be consistent with the unemployment rate measure prior to the pandemic. For 2022 and 2023, these projections use the unemployment rates forecast in Vermont's July 2021 Economic Review and State Revenue Update.

If current mitigating pandemic policies are removed, the monthly caseload in SFY 2023 would likely be 5,656 for the Reach Up program and 457 for the Reach Ahead program.
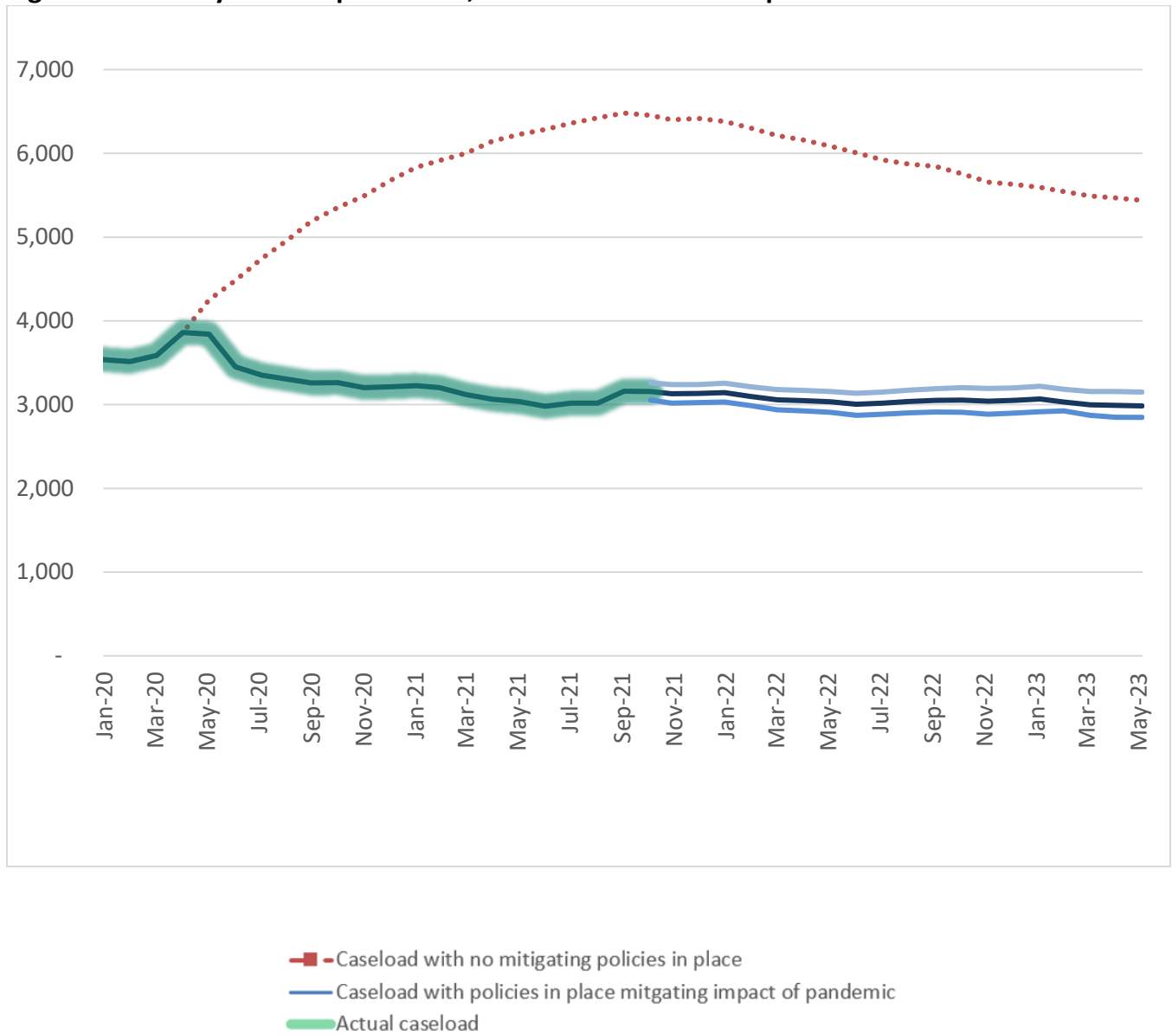
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In addition to the methodology described above, these forecasts are based on caseload data from July 1984 through September 2021 and on historical seasonally-adjusted Vermont monthly unemployment rates from the Vermont Department of Labor. Please do not hesitate to contact me with any questions about this letter or related issues.

Sincerely,

Leslie Black-Plumeau

Figure 1: Monthly Reach Up caseload, historical and forecast periods

Legend:
- Caseload with no mitigating policies in place
- Caseload with policies in place mitigating impact of pandemic
- Actual caseload

Figure 2: Reach Up caseload forecast, October 2021 through June 2023

	Caseload with policies in place mitigating impact of pandemic*			Caseload if no mitigating policies were in place
	Low end of forecast range	Midpoint	High end of forecast range	
Oct-21	3,055	3,157	3,260	6,455
Nov-21	3,019	3,129	3,238	6,402
Dec-21	3,024	3,132	3,240	6,418
Jan-22	3,031	3,143	3,255	6,381
Feb-22	2,989	3,098	3,212	6,302
Mar-22	2,938	3,058	3,178	6,211
Apr-22	2,925	3,047	3,168	6,161
May-22	2,910	3,034	3,158	6,086
Jun-22	2,872	3,003	3,135	6,007
Jul-22	2,885	3,018	3,150	5,921
Aug-22	2,900	3,036	3,172	5,872
Oct-22	2,910	3,050	3,190	5,845
Nov-22	2,909	3,055	3,201	5,757
Dec-22	2,886	3,039	3,193	5,658
Jan-23	2,900	3,049	3,199	5,631
Feb-23	2,914	3,067	3,220	5,593
Mar-23	2,924	3,029	3,184	5,544
Apr-23	2,872	2,997	3,157	5,490
May-23	2,848	2,992	3,155	5,468
Jun-23	2,847	2,985	3,150	5,439
SFY 2022	2,973	3,083	3,205	**Not applicable**
SFY 2023	2,890	3,029	3,179	**5,656**

Range based on 99% confidence interval.