



# VERMONT LEGISLATIVE Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

## Fiscal Note

4/14/2022

Nolan Langweil

### **H.464 – An act relating to miscellaneous changes to the Reach Up program**

*Senate Health and Welfare Proposal of Amendment*

#### **As passed by the House**

<https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0464/H-0464%20As%20Passed%20by%20the%20House%20Unofficial.pdf>

#### **Senate Health and Welfare Proposal of Amendment**

<https://legislature.vermont.gov/Documents/2022/WorkGroups/Senate%20Health%20and%20Welfare/Bills/H.464/Drafts,%20Amendments,%20and%20Legal%20Documents/H.464~Katie%20McLinn~%20Draft%201.1,%204-13-2022%20Proposed%20Amendment~4-14-2022.pdf>

#### **Bill Summary**

The bill makes several changes to the Reach Up program.<sup>1</sup> Reach Up is Vermont's Temporary Assistance to Needy Families (TANF) program, and provides cash assistance, coaching, and support services to families with very low income. These incomes are generally below 43% of the Federal Poverty Level.<sup>2</sup> The bill would appropriate \$500,000 from the General Fund to the Department for Children and Families (DCF) in FY 2023 to make the necessary improvements to the departments information technology (IT) systems to effectuate the changes required in the bill. The Senate Health and Welfare Proposal of Amendment would also save \$130,000 in FY 2023 from the elimination of the medical review team process related to deferrals, modification, and referrals. The other programmatic changes in the bill would not take effect until January 1, 2024.

Sec. 1 would raise the age from 19 to 22 years of age for dependent children who are full-time students in secondary school for purposes of determining eligibility and benefit levels. This change is estimated to have a fiscal impact of approximately \$43,080 annualized. This section would have an effective date of January 1, 2024.

Sec. 2 would make changes to the program's eligibility and benefit levels by raising the unsubsidized job earned income disregard from \$250.00 per month to \$350.00 per month. It is estimated this could affect as many as 325 households and is estimated to have a fiscal impact of between \$185,000 to \$215,000 annually. This section would have an effective date of January 1, 2024.

<sup>1</sup> <https://dcf.vermont.gov/benefits/reachup>

<sup>2</sup> 43% of the Federal Poverty Level (FPL) is an annual income of \$5,844 for an individual and \$11,933 for a family of four in 2022.

Sec. 3 would increase the amount of child support that is passed through to families on Reach Up. Currently, Reach Up beneficiaries forgo their rights to get their full child support to the State, unless the child support amount is higher than their Reach Up grant. This helps DCF pay for the Reach Up program. Each month, beneficiaries receive their Reach Up grants, plus \$50.00 of any child support that their ex-partner pays to the State. The bill would increase the pass-through from \$50.00 per month to \$100.00 per month. This change would increase the amount families receive and decrease the amount of child support the state would retain. This is estimated to have fiscal impact of approximately \$186,285 annualized. This section would have an effective date of January 1, 2024. It should be noted that this is countable income and could reduce Low Income Home Energy Assistance Program (LIHEAP) and 3SquareVT benefits to these families. As such this could impact other aspects of DCF’s budget.

Sec 8. would allow for the elimination of the medical review team process related to deferrals, modifications, and referral. The Governor’s recommended FY 2023 budget included this along with \$130,000 in savings. The House-passed version of this bill postponed the elimination of Medical review team until January 1, 2024. The Senate Health and Welfare proposal of amendment would move the effective date back to July 1, 2022. This change would result in a savings of \$130,000 in FY 2023 to DCF.

Sec. 11 would appropriate \$500,000 from the General Fund to DCF in FY 2023 to make the necessary improvements to DCF’s IT systems to effectuate the changes required in Secs. 1 through 3.

## Fiscal Summary

### REACH UP CHANGES IN SH.464

#### FY 2023 Fiscal Impacts

Sec.	Description	Estimated Fiscal impact		Notes
		As passed the House	SHW Amendment	
8	Postponing elimination of medical review team	\$130,000	<del>\$130,000</del>	Gov. Rec included this reduction in Sec. B.316 of Gov. Rec. House-passed bill would postpone savings until FY 2024. SHW amendment change the savings back to FY 2023.
11	DCF IT Systems Improvements related to Secs. 1 - 3	\$500,000	\$500,000	<b>One-time appropriation</b>
<b>TOTAL FY 2023 IMPACT =</b>		<b>\$630,000</b>	<b>\$500,000</b>	

#### Est. FY 2024 Fiscal Impacts

1	Raising the age of dependent children who are full-time students from 19 to 22.	\$21,540	\$21,540	<b>Effective Jan. 1, 2024.</b> Preliminary Est. = \$43,080 annualized
2	Increasing the monthly unsubsidized earn income disregard from \$250 to \$350.	\$92,500 to \$107,500	\$92,500 to \$107,501	<b>Effective Jan. 1, 2024.</b> Preliminary Est. = \$185,000 to \$215,000 annualized
3	Increasing monthly child support pass-through payments from \$50 to \$100.	\$93,143	\$93,143	<b>Effective Jan. 1, 2024.</b> Preliminary Est. = \$186,285 annualized
8	Elimination of medical review team	<del>(\$65,000)</del>	<del>(\$65,000)</del>	Savings would accrue in FY 2023 under SHW amendment.
<b>Est. Fiscal Impact - Jan. 1, 2024 Start</b>		<b>\$142,183 to \$157,183</b>	<b>\$207,183 to \$222,183</b>	
<b>Est. Fiscal Impact - Annualized</b>		<b>\$285,365 to \$314,365</b>	<b>\$414,365 to \$444,365</b>	