Michelle Fay: Testimony in support of UI dependent benefits in S.10
March 24, 2021

One of Voices’ primary policy objectives is to eliminate poverty and replace it with economic security for every child. There are multiple ways to achieve this, but neither Vermont’s low-wage economy nor our neglected safety net are meeting the needs of our kids and families.

- Vermont’s average annual private sector wage of $48,420 (2019) places us 38th out of the 50 states plus DC and PR, and fifth out of the six New England states.
- In contrast, Vermont ranks 12th highest for cost of living.
- Low wages + high cost of living = economic hardship for many working families.
- 30% of Vermont’s kids live in families with low incomes, that is 200% of the federal poverty level or below.

Employment is not a guaranteed path to economic stability. And when families turn to the safety net to fill in the gaps, they will not find adequate support to prevent hardship. As a state we have failed to index our basic assistance programs to the cost of living, so even receiving the maximum benefits available leaves families in a precarious position. Material deprivation and instability are bad for kids in both the long and short term; and what’s bad for kids is costly – in both moral and economic terms – for society and the state as a whole. We know, for example, that kids who experience periods of impoverishment have worse outcomes when it comes to physical and mental health, cognitive development, school achievement and emotional well-being. They score lower on academic tests, complete fewer years of education, and work and earn less as adults.

The economic impact of the pandemic has hit caregivers – who are primarily women – and their children hardest. The US Census Bureau’s Pulse survey provides useful data about how households are faring during the pandemic. Particularly relevant to this discussion are the data showing that households with children are having more difficulty paying for usual expenses than those without children. Vermont survey responses for the week ending March 1st showed that nearly a third (32%) of households with children found it somewhat or very difficult to pay usual expenses, compared to 25% of households without children. Respondents were also asked what income sources they’d used to cover regular expenses over the past week. More than two thirds of those who reported using unemployment benefits reported experiencing difficulty covering regular expenses. One third reported that they’d found it somewhat or very difficult.
The good news is that even small increases in family income can improve outcomes. What’s more, we know from studies of cash transfer programs that helping people meet their basic needs actually helps them plan for the future and improve their economic mobility. It’s not the demotivating crutch I read about in testimony from business groups.

As a state we talk about resilience a fair amount, and too often it’s used as a frame to shift systemic failures onto children and families. Resilience cannot be created from thin air. Vermont’s employers can be part of the solution by paying livable wages, providing paid leave and contributing their fair share to social insurance programs. At the very least they could stop recycling long-debunked racist tropes about unemployment and other public benefits.

The proposal to extend dependent benefits to UI recipients is a wise investment in the current and future wellbeing of Vermonters. I thank the committee for your work on enhancing unemployment benefits to reflect the realities of parents and caregivers and to give our kids the best chance at emerging from this challenging time with their futures still bright.