



To: Senate Committee on Health & Welfare

From: Michelle Fay, MPA

Date: April 14, 2022

Re: H. 424

In order to provide context for our testimony on H. 464, I'd like to start with a brief introduction of our work around Reach Up more generally, and the path that H.464 took to get here. Then I'll highlight the promising policy changes we enthusiastically support, and share our proposals to correct omissions in the bill which will undermine Reach Up's effectiveness in improving the lives of children.

Emerging awareness of the role of race, class, and gender in welfare policy

Social welfare programs like Reach Up are burdened with stigma, and rooted in prejudice against Black women and people who struggle to make ends meet. Participants are generally too busy trying to survive to get involved in advocacy efforts; and the majority of program beneficiaries are children. That's why we are here. Voices and our partners - particularly Vermont Legal Aid, along with Public Assets Institute, the Vermont Low Income Advocacy Council, Hunger Free Vermont, the Parent Child Center Network, and others - step into this advocacy space on their behalf. We strive to share both participants' lived experiences and the robust body of research around how to repair the harm caused by previous policy decisions as a state and nation. Allowing poverty to persist in our state is a policy choice. Several states are actively working to eliminate child poverty, and we want Vermont to join them.

To that end, we were delighted to find champions in the House to advance a bold vision for Reach Up in what started as H.672. This bill was evidence-driven and truly centered around meeting the needs of children. Several aspects of that bill evolved and were merged with H.464, but arguably the most important components, which addressed the insufficiency of the income support grants for families, did not survive the merge. As a reminder, **a primary mandate of the program is to improve the wellbeing of children by providing for their immediate basic needs, including food, housing and clothing.**

Positive steps forward in H.464

Voices supports the increased earned income disregard and child support pass through. We see these as supplemental measures that will help families transition off the program as they overcome barriers to employment. It's important to note that only 11% of adults in Reach Up work for wages, so the additional income will make a difference in a very limited number of families. We don't have data on the number of Reach Up families with an active child support

order, but there will always be cases with waivers due to intimate partner violence, so the only way to ensure that every family has sufficient resources is by adjusting the benefit levels.

Voices supports and appreciates the programmatic shift proposed by the Department for Children and Families in the bill. Economic Services has been engaged in a major shift, following research on the best approaches to support family economic security, and moving to a strengths-based, family stabilization practice. We have heard from recent participants that they appreciate it when Reach Up case managers honor their experience, and engage with them in ways that build trust and allow for vulnerability. Case managers have the power to make decisions that will impact families significantly. The goal-oriented approach proposed in H.464 lends itself to a supportive partnership between case managers and participants, and the expanded list of employment readiness activities that fulfill participation requirements are a much better match for the barriers faced by families than an inflexible work requirement.

A need for transparency and accountability

Culture change within systems is difficult, and we know that amending statute is only one step in the change process. Voices and our partners have suggested to DCF that the goals of the program would be served by the creation of an advisory group of stakeholders, including current or former participants, advocates, and community direct service providers, with whom Economic Services could consult as they develop rules, legislative proposals, and the five-year federal TANF plan. We hear stories that indicate inconsistencies in practice can mean kids and caregivers may have different supports available depending on the case manager they speak with. An advisory committee could troubleshoot these issues, review quarterly reports to monitor utilization trends, and advise on discretionary budget adjustments. We recommend that H. 464 be amended to create such an advisory committee, which could be modeled on the one formed for the [SNAP program](#). It's also worth noting that the [Advisory Council on Child Poverty and Strengthening Families \(Act 207, 2018\)](#) has not convened during this legislative biennium, or even had members appointed to serve by the House or Senate.

It's time to take decisive action to end child poverty

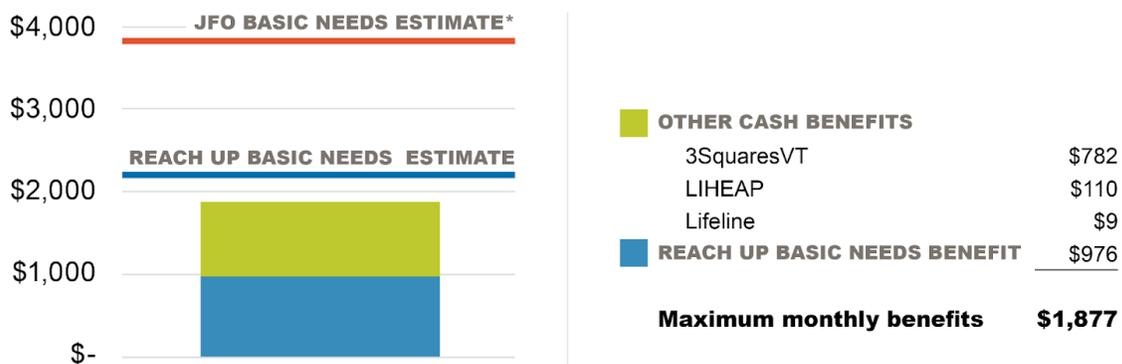
As mentioned above, the "other" Reach Up bill sought to achieve comprehensive modernization of the program, including setting a benefit level that meets the program's stated purpose to provide for children's basic needs. The vision in H.672 was ambitious and inspiring. Today I'm proposing a compromise that would establish a basic safety net for the children, youth and families who find themselves in extreme financial distress, and align financial support with the program modernization measures contained in H.464.

Currently, the benefit level is based on a subsistence budget established by DCF. Even though this budget is adjusted annually to reflect changes in cost of living, to my knowledge, none of the past three administrations has ever factored this into their budget proposals. The only adjustments to Reach Up benefits have been initiated by the legislature, including last year's increase, which brought grants up to half of the subsistence budget from 2019. In the past year, with skyrocketing inflation, the value of those grants has dropped substantially, but there is no proposal to correct this in the FY23 budget. We've heard several defenses of this, including

references to temporary federal program increases and one-time payments made possible by pandemic relief funds. These are not ongoing, systemic solutions. DCF sometimes circulates a table that tallies the value of all public programs, with the implication being that the total lifts people above poverty. You can't buy diapers with Dr. Dynasaur, or fill your gas tank with child care subsidies. And if you read the small print, DCF even acknowledges that benefits are inadequate to secure sustainable, safe housing. When you sift through all that noise and focus on basic needs, you will find that our income support programs keep people in poverty by design.

The following chart was generated by Public Assets Institute to illustrate the gaps between the need, as defined by DCF (subsistence) and JFO (moderate basic needs), and the combined value of public benefits that support basic needs.

Reach Up plus other cash benefits still fall short of basic needs Maximum monthly benefits, Reach Up basic needs and Joint Fiscal Office basic needs estimate, family of four, 2021



*Excludes health care, child care, rental and life insurance, and savings

Data sources: Department for Children and Families, Joint Fiscal Office, U.S. Department of Agriculture, Department of Public Service, and LIHEAP Clearinghouse
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Voices proposes that the legislature set benefit levels so that when combined with other public programs, families have enough support to meet their children's basic needs. Rather than revisiting this issue every year, the legislature should mirror New Hampshire's policy and set benefit levels at 60% of the federal poverty guidelines. When combined with SNAP/3SquaresVT, LIHEAP, and Lifeline, this benefit level would come fairly close to meeting a subsistence standard of living (the blue line on the chart above). This should be the absolute minimum we consider acceptable for children, and it should not be up for debate every year. Taking this approach would also remove the consideration of housing from Reach Up and

streamline benefit calculations. There has been little appetite for updating housing allowances, which are currently based on a nonstandard measure - an average of what participants reported spending on housing in 2001. The \$200-\$270/month that Reach Up participants receive for housing barely makes a scratch in the fair market rent for a two bedroom apartment, which range from \$781 in Essex County to \$1500 in Chittenden County. By shifting to the federal poverty guideline as the basis for benefit levels, DCF will no longer need to engage in a parallel process for determining need. Our proposed statutory language follows.

§ 1103 Eligibility and benefit levels

(a) 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. The Commissioner ~~may~~ shall fix by rule maximum amounts of financial assistance equal to 60 percent of the federal poverty guidelines, based upon the applicable household size and composition, as determined annually by the United States Department of Health and Human Services. ~~and act to ensure that the expenditures for the programs shall not exceed appropriations for them consistent with section 101 of this title. In no case shall the Department expend State funds in excess of the appropriations for the programs under this chapter.~~

Thank you for the opportunity to speak with you on behalf of the thousands of children and youth who depend upon Reach Up. I look forward to the day when we can focus our conversations on how to help kids thrive, not simply survive.