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To: Interested Parties
From: LaDonna Pavetti, Vice President, Family Income Support
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Subject: Improving Reach Up to Help Children and Their Parents
Avoid Long-term Negative Consequences

Reach Up provides a lifeline for about 3,000 families every month who have no or very limited resources, but there is substantial room for improvement. In recent years, Reach Up has served about 49 families for every 100 families with incomes below the federal poverty line, down from 80 families for every 100 in 1996 when Vermont received its first TANF block grant. The cash grant for a family of three in Chittenden County is \$725; for the rest of the state, it is \$700, less than 40 percent of the federal poverty line for a family of three. While families would face extreme hardship without those resources, grants are far below the state's inflation-adjusted basic needs standard of \$1278, leaving families with incomes far below what they need to avoid hardship.

Today, I am going to present information on three topics: (1) what we know about the impact of hardship and racism on children's growth and development; (2) the positive long-term impact of providing additional cash assistance to families; and (3) improvements to Reach Up that would help Reach Up children and their families avoid long-term negative consequences.

Hardship and Racism Contribute to Long-Term Negative Consequences for Children

The pandemic has created significant stress and challenges for many people, but it has been especially hard on families who were already struggling to make ends meet before the pandemic hit. Black, Indigenous and People of Color (BIPOC) have been especially hard hit, reflecting years of racism, disinvestment in BIPOC communities and greater health challenges which result from multiple factors including adversity in childhood.

According to recent data from the Census Household Pulse Survey, 12,000 adults living with children in Vermont reported the children were not eating enough because they could not afford enough food. This represents nine percent of adults living with children in the state.¹ A recent analysis of national survey data conducted by the Social Policy Institute at Washington University in St. Louis found that TANF (Reach Up in Vermont) recipients were evicted at significantly higher rates than non-recipients, even when accounting for differences in demographics, income, assets,

¹ [Tracking the COVID-19 Recession's Effects on Food, Housing, and Employment Hardships | Center on Budget and Policy Priorities \(cbpp.org\)](https://www.cbpp.org/2020/11/17-tracking-the-covid-19-recession-s-effects-on-food-housing-and-employment-hardships)

recent job loss, and how many months behind they are in rental payments.² In their sample of renters, half of those receiving TANF were evicted as compared to only 1.5% of renters not receiving TANF. These and other studies find significantly higher levels of hardship and stress among Black, Latinx, and single-parent households and in households with a child with a disability.

According to Professor Philip Fischer, Chair of the Department of Psychology at the University of Oregon, who has been surveying families from across the country with young children every two weeks since last April, we should all be alarmed by these statistics. As they have followed families over time, researchers have learned that if you want to know how children are faring, you can work backward by first assessing how their parents are doing.³ How parents are doing is very closely tied to whether they are able to meet their basic needs. If parents report not having enough money to put food on the table or to pay their rent or utilities, that often is followed by increased levels of parental stress, anxiety, depression, and loneliness. That is then followed by parents reporting greater concerns about their children, including greater stress, more acting out, and more fussiness.

These findings matter because the experiences that children have lived through with the pandemic have created a perfect storm for what we refer to as toxic stress — high levels of stress that have significant and long-term consequences. But, for families with the lowest incomes including those receiving Reach Up and Reach Ahead benefits, these conditions were already evident prior to the pandemic and won't go away when the pandemic ends. When children experience high levels of chronic stress, parents can mitigate the long-term negative consequences by providing a protective environment. But, when parents' ability to do that is compromised because they are unable to meet their basic needs and are experiencing high levels of stress and anxiety themselves, there is a high risk that the stress children are experiencing will overload their systems and have a long-term impact on their brain and biologic development.

In fact, a large body of research links hardships such as inability to afford adequate food or housing to worse child outcomes. Loss of housing often causes families with few resources to move into crowded housing with family or friends, to different communities that require their children to change schools, or, for those with the fewest resources, to experience homelessness. Children who live in crowded homes or move frequently have been found to score lower on reading tests, complete less schooling, have difficulty concentrating in school, and experience learning gaps.

Studies link food insecurity among children with reduced intake of some key nutrients, health problems such as iron deficiency (which is linked with long-term neurological damage), and both behavioral and mental health issues. These problems, in turn, can lower children's test scores, their likelihood of graduating from high school, and their earnings in adulthood.

The long-term health consequences of adversity are significant – and costly. Children experiencing significant adversity in childhood are at increased risk of many chronic conditions, including heart disease, diabetes, depression, arthritis, gastrointestinal disorders, autoimmune diseases, multiple types of cancer, and dementia, among many others.⁴ And, a growing body of evidence from both

² [Cash assistance \(TANF\) recipients suffer the brunt of evictions despite the moratorium | Social Policy Institute | Washington University in St. Louis \(wustl.edu\)](#)

³ [Children in Distress Due to Increased Hardship: An Interview With Dr. Philip A. Fisher | Center on Budget and Policy Priorities \(cbpp.org\)](#)

⁴ [Health and Learning Are Deeply Interconnected in the Body: An Action Guide for Policymakers \(netdna-ssl.com\)](#)

the biological and social sciences connects higher incidence of these health conditions to racism and discrimination.⁵

Evidence Shows that Cash Matters

The good news is that we know that providing people with the cash assistance they need to meet their basic needs can help alleviate hardship among families in the short-term and improve children's educational and health outcomes in the long-term, setting them up for future economic success. Evidence links more assistance with healthier birthweights, lower maternal stress (measured by reduced stress hormone levels in the bloodstream), better childhood nutrition, higher school enrollment, higher reading and math test scores, higher high school graduation rates, higher rates of college entry, and other benefits. Particularly compelling evidence comes from a series of cross-program comparisons of several anti-poverty and "welfare-to-work" pilot programs in the United States and Canada in the 1990s. When programs provided more generous income assistance, the comparisons consistently showed better academic performance among young children starting school.⁶

Vermont's Reach Up program provides families with children with cash assistance to meet their basic needs, but the benefits fall short of what families need and have lost significant value since Vermont first received its TANF block grant almost 25 years ago. Vermont's monthly grant for a family of three, \$725 in Chittenden County and \$700 in the rest of the state, provides families with income equivalent to just 39 percent of the federal poverty line and is 29 percent lower in real value than the grant was in 1996. The loss of value is even greater when you consider the relationship to the cost of housing. In 1996, the cash grant for a family of three outside of Chittenden County was equivalent to 94 percent of the fair market rent for a two-bedroom apartment; today it is equivalent to just 58 percent of the fair market rent. The situation is even worse in Chittenden County where the current Reach Up Grant covers just 46 percent of the fair market rent for a two-bedroom apartment.

Prior to the start of the pandemic, The Minnesota Department of Human Services conducted a study to better understand the circumstances of families with incomes below 50 percent of the federal poverty line that found high levels of hardship similar to what the COVID-19 surveys have found.⁷ The study findings are directly applicable to Reach Up families in Vermont. Parents in deep poverty reported skipping meals to ensure their children had enough to eat. They struggled getting to jobs or critical appointments because they did not have reliable access to transportation. People described the many barriers they faced trying to meet their own and their children's needs. Some described how living in deep poverty made it very difficult to engage in healthy behaviors. Most reported experiencing a near-constant worry about how they might afford basic necessities. Some reported that this worry resulted in sleeplessness, inability to focus and other symptoms that not only were hard on them physically and emotionally, but also made moving out of poverty that much more difficult.

⁵ [How Racism Can Affect Child Development - Center on the Developing Child at Harvard University](#)

⁶ [Bolstering Family Income Is Essential to Helping Children Emerge Successfully From the Current Crisis | Center on Budget and Policy Priorities \(cbpp.org\)](#)

⁷ [Improving the health of people living in deep poverty \(mn.gov\)](#)

These words from a family interviewed for the study aptly describes what life likely is like for many Reach Up families who struggle to make ends meet:

“I still struggle on a monthly basis, rent, utilities and phone. We don’t have TV or internet, because that’s an extra bill we can’t afford. We use phone providers that take minute cards because it’s the cheapest, not fancy Verizon. With having to travel 20 miles either way to go to whatever town you need to go to for a small errand, like getting milk, that’s gas money. We get our necessities, what the kids need, have a little bit extra money to put gas in the van so I can go out and do job searching and stay on this program. By the time the third... week gets in, we’re broke again...”

To lessen the long-term negative consequences of not having enough resources to make ends meet on children in the short and the long-term, several states have made a commitment to increase or have increased their TANF grants to ensure that families with children are lifted out of deep poverty. For example, New Hampshire’s TANF benefit is set to 60 percent of the federal poverty level, currently \$1086 for a family of three. The benefit automatically increases every year to keep pace with inflation and to make sure that it remains at 60 percent of the federal poverty line. If Vermont raised it’s benefits to that level, the purchasing power of the grant would be just about the same as it was in 1996 and would move families closer to being able to afford rent, but would still leave families short of meeting their basic needs.

The resources allocated to Vermont through the American Rescue Plan Act (ARPA) provide the state with an opportunity to begin to provide families with the resources that will move them closer to meeting their basic needs. Vermont could follow Governor Hogan of Maryland’s lead by providing additional resources to Reach Up participants for an extended period. Maryland began providing an extra \$100 to every individual on TANF in January and will continue to provide those benefits through December. Vermont could improve upon Maryland’s plan by increasing the Reach Up grant permanently using ARPA funds while they are available and then continuing them with TANF funds.

Now also is a time to take a step back to consider how Reach Up employment and supportive services could be expanded to help more Reach Up families meet their personal and family goals. Reach Up participants are likely to find it difficult to return to the jobs they previously held. It is also time to implement innovative education and training programs that will help Reach Up participants prepare for quality, in-demand jobs that pay higher wages, offer greater stability and provide benefits that make it easier to combine work and caring for children. This can be done by implementing evidence-based education and training programs for in-demand jobs, creating a subsidized employment program or ensuring that recipients who want to complete a longer-term training program can do so while receiving Reach Up benefits. Policies that recognize the difficulty of finding employment during hard economic times such as foregoing sanctions for not complying with work requirements and time limits should remain in place until the pandemic ends.