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## MEMORANDUM

**To:** House Appropriations Committee  
**CC:** House Human Services Committee  
**From:** Michelle Fay, Executive Director  
**Date:** 1/14/26  
**Re:** Reach Up Budget Adjustment

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Thank you for the opportunity to speak on behalf of the more than 6,000 Vermont children who depend on Reach Up for their basic survival needs. Each year, the administration puts forth a budget that keeps the Reach Up benefit for the most disadvantaged families below what is considered “deep poverty,” or 50% of the federal poverty level. Reach Up grants are currently based on a subsistence budget from 2019, then cut in half. Housing stipends bear no relation to actual housing costs – they are based on what Reach Up participants reported spending on housing in 2001, cut in half. **Despite significant reductions in overall child poverty, there are more Vermont children in extreme poverty today than prior to welfare reform in 1996; an estimated 4,000 children.**<sup>i</sup>

Reach Up’s essential purpose is to ensure that children’s basic needs are met when their caregivers don’t have sufficient income. Vermont law (33 V.S.A. § 1103) directs the Department for Children and Families to “as far as funds are available...provide...a reasonable subsistence compatible with decency and health,” and to “fix by rule maximum amounts of financial assistance and act to ensure that the expenditures for the programs shall not exceed appropriations.” The legislature appropriated \$36.5 million to Reach Up in FY26, slightly less than what was appropriated in each of the prior three years. The Department could comply with the law, and bring the benefit level closer to meeting a reasonable subsistence, by adjusting the maximum Reach Up grants by rule to align with the appropriation. Instead, year after year, they make policy via the budget adjustment by doing the opposite, and redirecting funds appropriated for Reach Up to some other purpose.

The Joint Fiscal Office’s report<sup>ii</sup> on 5-year Growth and Appropriations from 2021-2026 paints a clear picture: the AHS budget grew by 6.5% during the period, with increases of 30% for the Office of Economic Opportunity, 23% for the Child Development Division, and 6.6% for correctional services. In stark contrast, Reach Up’s budget grew by a scant 0.3%, with no increases to beneficiaries outside of the now-ended Reach Ahead pilot.

It is no coincidence that 113 Reach Up families were housed in the GA motel program last month, at significant cost and impact on child wellbeing.<sup>iii</sup> Unknown numbers of families are in even more

precarious settings. DCF reported 275 families were on a waitlist for a car last year<sup>iv</sup> to overcome one of the top barriers to securing employment. **We cannot expect to reduce the numbers of children in extreme poverty while our policies relegate them there by design.**

The Center on Budget Policies and Priorities analyzed the impact of frozen Reach Up benefits as the cost-of-living soars for low-income families. In 2023, only 57% of families living at or below the federal poverty level were receiving Reach Up benefits, down from 80% in 1996.<sup>v</sup> **Caseload reductions are driven in part by stagnant benefits, creating a negative feedback loop.** When the grant doesn't keep up with the cost of living, even a small amount of earned income can bump families off the program, well before they achieve economic security. That contradicts Reach Up's statutory purpose.

The budget is our most powerful statement of values and policy priorities as a state. Permitting this annual mid-year exercise of balancing the DCF budget on the backs of the most economically marginalized children is a harmful policy. We need a new precedent. Voices for Vermont's Children requests that you **require funds appropriated for Reach Up to be used within the program, until the statutory purpose is achieved.** The advocacy community and impacted families stand ready to support DCF in determining the best use, and in modeling a more humane and effective benefit structure moving forward.

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<sup>i</sup> *Children in extreme poverty* | KIDS COUNT Data Center. (2024). KIDS COUNT Data Center. <https://datacenter.aecf.org/data/tables/45-children-in-extreme-poverty>

<sup>ii</sup> 5-Year Growth and Appropriations, 2021-2026. (2025) Joint Fiscal Office of the Vermont Legislature. [https://ljfo.vermont.gov/custom\\_reports/5yr/2026\\_Conf\\_BigBill%20-%202025-11-21/default.php#id2-21](https://ljfo.vermont.gov/custom_reports/5yr/2026_Conf_BigBill%20-%202025-11-21/default.php#id2-21)

<sup>iii</sup> *Monthly Housing Report*. (Dec. 2025). Vermont Department for Children and Families. <https://legislature.vermont.gov/assets/Legislative-Reports/Act.27-Monthly-Housing-Report-12.31.2025.pdf>

<sup>iv</sup> *Evaluation of Reach Up*. (2025) Vermont Department for Children and Families. <https://legislature.vermont.gov/assets/Legislative-Reports/Evaluation-Reach-Up-Report-01.31.2025.pdf>

<sup>v</sup> *TANF Cash Assistance Should Reach Many More Families in Vermont to Lessen Hardship*. (2024). Center on Budget and Policy Priorities. [https://www.cbpp.org/sites/default/files/atoms/files/tanf\\_trends\\_vt.pdf](https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_vt.pdf)