



Memorandum

To: House Human Services Committee

From: Michelle Fay, Executive Director, and Kate Bailey, Senior Policy Advocate

Date: 3/10/2026

Re: Testimony on H. 657 Draft 1.1

Voices for Vermont's Children was established in 1983 and promotes public policy that enhances the lives of children and youth in Vermont with a particular focus on family economic security.

Sec. 1: Removing Reach Up Asset Limit

Voices advocated for the full elimination of the limit when it was increased from \$2,000 to \$9,000 in 2017, and we appreciate the committee's reconsideration. Asset limits penalize saving, forcing families to spend down modest assets in order to qualify for essential benefits during periods of income instability. By discouraging savings, asset limits ensure that families remain one emergency away from deepening poverty, defeating the purpose of a program designed to promote economic mobility.

Specifically, asset limits create obstacles to:

- **Securing Reliable Transportation:** Purchasing or maintaining a reliable vehicle, often a prerequisite for stable employment in rural areas, is jeopardized by limits that prevent families from saving up for these major expenses. Particularly for families whose access to credit is limited to predatory lenders, paying in cash could prevent exorbitant interest charges. Transportation was identified as the top barrier preventing workforce entry and economic mobility in the [2025 Reach Up Evaluation Report](#), impacting 42% of Reach Up participants.
- **Saving for Housing:** Accumulating a security deposit, first month's rent, or a down payment—crucial steps toward stable housing—is made more difficult when an

asset limit forces families to keep their savings below a minimal threshold. Housing instability was named as a barrier to success by nearly a quarter of RU participants in 2025 (24%).

- **Investing in Education and Training:** Modest savings could be used for tuition, fees, tools, or other costs associated with job training or educational programs that lead to higher wages, but these limits prohibit the accumulation of such funds. (Note that savings in qualified child education savings accounts are currently excluded, but not savings outside those mechanisms that adult Reach Up participants may use for their own education and training.)

According to previous JFO analysis, this policy change should have little to no impact on the state budget. In 2017, when the asset limit was increased from \$2,000 to \$9,000 the [fiscal note](#) presented by the Joint Fiscal Office stated that DCF determined there would be negligible budget impact between lifting the limit and eliminating it altogether. The decision to settle at \$9,000 was ideological, not fiscal.

[National analysis](#) by the Pew Charitable Trusts suggests that states could see administrative cost savings by eliminating asset limits. Nine states have eliminated the asset limit for their TANF program: Alabama, Colorado, Hawaii, Illinois, Louisiana, Maryland, Massachusetts, and Ohio. Another 14 have higher limits than Vermont or exempt a broader range of assets. If it would be helpful I can share a chart with the asset limits for each state.

Aligning eligibility rules across benefit programs: Vermont has eliminated asset limits for other safety net programs (3SquaresVT, Medicaid, fuel assistance) to cut unnecessary administrative costs and support asset-building – a proven strategy to advance economic mobility. Voices appreciates that H.657 will align Reach Up with the same standard. It's worth noting that those benefit programs are also automatically adjusted for the cost of living, unlike Reach Up.

Impact of Lump Sum payments: In order to maximize the impact of eliminating asset limits, DCF should also revise how certain lump sum payments are treated when determining eligibility. Current Reach Up rules state that many types of lump sum payments– like an inheritance, one-time gift from a family member, or court settlement–will count as income and disqualify a household from Reach Up going forward. The disqualification period is calculated by taking the total income divided by the

household's need standard to determine the number of months that the household cannot get benefits. This policy forces households to liquidate resources that could be used toward housing, transportation, education, or other asset-building activities. Nationally, several states count lump sums as an asset rather than income (AL, CA, CT, FL, MI, NM, OR) and Voices recommends a similar change in Vermont.

Fixed benefit levels combined with fixed asset limits effectively reduce eligibility for Reach Up year over year thanks to inflation, which is felt more acutely in low-income households than in more affluent ones. This legislation offers a small change that could make a difference in those rare cases that the cap comes into play and improve the long-term prospects for economic mobility for the most disadvantaged Vermont children and families.

Sections 2 + 3: Social Security Benefits for Youth in Foster Care

Voices for Vermont's Children is in support of these sections and appreciates this overdue correction to Social Security beneficiaries. 28 States have either outlawed this practice or put partial reforms in place, and Vermont is one of nineteen states currently considering action.

Disabled foster youth and those who have lost a parent face compounded barriers to safety, security and wellbeing across their lifespan. They are overrepresented in the foster care system and less likely to experience permanency through reunification, adoption, or permanent custody.¹ An estimated 10-12% of children and youth in foster care are eligible to receive Social Security disability, survivor, or other benefits. Federal law requires these benefits be used in the child's best interest for unmet needs. Nationally, [40% of disabled young adults](#) who age out of foster care end up homeless within two years of exiting care.

¹ *Multiple analyses of the federal Adoption and Foster Care Reporting System have concluded that children with certain disabilities, including intellectual disability, vision/hearing loss, emotional disturbance, and physical disabilities have lower rates of permanency, are more likely to leave the foster care system by running away, aging out or being transferred to another system. They also found a higher incidence of death while in care for youth with certain disabilities. See [Children in Foster Care With Disabilities Face Significant Challenges](#), [Placement disruption of children with disabilities in foster care](#).*

For this subset of foster youth, SSI benefits can serve as a lifeline to cover housing, food, health care, and transportation when they transition from care.

In agreement with the Defender General and the Office of Child, Youth, and Family Advocate, we request Section 3. B. be struck as it's currently written because it still asks youth with Social Security benefits to pay for their care when other foster youth do not. And if Section 3.B is kept in, we agree with the request to stipulate shared decisionmaking and notification at the earliest possible opportunity– ideally at the initial point of eligibility and not after decisions have already been made.

The state's practice of applying to be the "representative payee" for disabled children in state custody and then keeping those funds is inconsistent with federal guidance and subverts the intended purpose of Social Security benefits. It is the opposite of equitable for the state to single out disabled youth and those who receive survivor benefits and charge them for the cost of custodial care simply because they can, without consent or notification. A young person who grew up in foster care summed it up well in a 2021 [NPR story](#) on this questionable practice: "It's really messed up to steal money from kids who grew up in foster care. We get out and we don't have anything or anybody. This is exactly what survivor benefits are for."

Given the historic lack of transparency around this practice, Voices is pleased to see that H. 657 includes annual accounting with oversight from multiple entities including the Office of Child, Youth and Family Advocate. Increasing foster youth's awareness of Social Security benefits and ensuring they transition from care with all the support and financial resources they are entitled to is just, equitable, and likely to improve outcomes for this population.

For more information:

- Voices recorded an informational [webinar](#) on this topic in April 2024 if you'd like to learn more and hear from national experts and lived-experience advocates.
- The [Children's Advocacy Institute](#) at the University of San Diego is a leading national resource on the topic.
- ["Preserving Foster Children's Federal Benefits"](#) Toolkit for State Legislators

Sec. 5: Unaccompanied Homeless Youth; Vital Event Certificates

Voices supports this section. I want to offer an additional suggested change to existing law §5017 (b)(2) for consistency in fee waivers for former foster youth.

Last year, [Act 66](#) established a DMV fee waiver (drivers license, non-driver identification, etc.) for individuals “under 23 years of age who [were] in the care and custody of the Commissioner for Children and Families pursuant to 33 V.S.A. § 4903(4) in Vermont after attaining **14** years of age. Existing law in §5017 (b)(2) sets a different age range for former foster youth seeking copies of vital documents, limiting it to those placed in foster care after attaining **16** years of age. I suggest aligning eligibility across state departments while you are amending the statute.

Remaining Sections

Voices is broadly supportive of the intent outlined in the remaining sections of the bill. We are interested in serving on the Pregnancy Surveillance Work Group. We will submit written follow-up testimony should we have anything else to add.