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## Memorandum

To: Senate Committee on Health & Welfare

From: Kate Bailey, Senior Policy Advocate

Date: 4/17/2026

Re: Testimony on H. 657

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I am Kate Bailey, Senior Policy Advocate at Voices for Vermont's Children. Voices 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.

Voices broadly supports H.657 and encourages the Senate to support the passage in its entirety. You have many experts providing testimony this morning, so I will focus our testimony on the portions of the bill that build financial security for low income families and children. Specifically, I'll provide an overview on Section 1, the elimination of Reach Up's asset limit.

### Who does Reach Up serve?

Reach Up (or TANF) cash assistance serves very low income families. 70% of beneficiaries are children in Vermont. The maximum allowed monthly benefit for a household of three is \$856 outside of Chittenden County and \$880 within the county, which is less than 40% of the Federal Poverty Level.

The Administration has suggested that people could get Reach Up during short stints between employment. Reach Up already has a number of rules which encourage or require people to exhaust other sources of support first, including unemployment insurance benefits. And if a teacher or seasonal employee does not have these supports available, and struggle to meet their children's basic needs, we should encourage them to access all available resources.

## **Large inheritances are counted as income**

The state's testimony also suggests that a family whose financial situation had changed to the degree that they were no longer experiencing "genuine financial hardship" might remain enrolled in Reach Up if asset limits are removed. This does not withstand reasonable scrutiny. Reach Up program rules span 92 pages, laying out a wide array of eligibility conditions that require annual verification, interim reports, and regular contact with case managers to track progress on a family development plan. Participants are subject to significant oversight and control. This is not a condition that people choose if they have other options. If the department is truly concerned with program integrity, it should propose a budget that meets the statutory requirement to provide for the immediate basic needs of children, rather than limiting benefits to a fraction of what's needed to survive and penalizing families when they seek to make up the difference.

Nationally, According to data from the Administrations for Children and Families at the U.S. Department of Health and Human Services from 2020, only 11.5 percent of TANF families had cash resources (including cash on hand, bank accounts, and certificates of deposit). Of those families, the average cash amount was just \$329. This policy change may impact just a small number of families, but it will help those families navigate towards sustainable economic security and prevent disruption of basic needs like food and housing that kids count on.

## **Why make this change?**

Research from the National Center for Children in Poverty has shown that states' policies for cash assistance can have important protective effects on outcomes related to child well-being. State TANF policies that expand access to cash assistance are associated with decreases in foster care placements and child abuse and neglect.

The data tells us that eliminating the asset limit is fiscally responsible for families and for state governments by streamlining an overly complicated eligibility process with complex rules to follow.

In Virginia, they found that the state spent approximately \$127,200 more on benefits for 40 newly eligible families with elimination but had an estimated cost savings of approximately \$323,050 in staff time, resulting in a net savings of \$195,850. States that have eliminated asset limits have found that the resulting administrative cost savings significantly outweigh any increase in the number of families receiving benefits.

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.)

### **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.

### How much would this cost?

According to previous JFO analysis in 2017, this policy change should have little to no impact on the state budget. When the asset limit was increased from \$2,000 to \$9,000 the [fiscal note](#) presented at that time 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.

[The JFO now estimates](#) it “could be as much as \$140,000 in FY27.” Considering the federal attacks on anti-poverty initiatives and [the House budget already cutting Reach Up by \\$3.4 million in FY27](#), passing H.657 is the least we can do for family and youth economic security.

### Administrative Savings

The asset tests aren’t just a burden on families. Asset tests incur unnecessary administrative costs to state agencies that administer Reach Up. The JFO analysis does not include the potential savings.

[National analysis](#) by the Pew Charitable Trusts suggests that states 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.

[The Center for Law and Social Policy](#) researched how eliminating the asset limit has impacted enrollment in other states. Ohio was the first state to eliminate its TANF in 1997. Since then, the state has not seen an increase in the number of families receiving assistance correlated with this change.

From a cost perspective, raising asset limits is less desirable than eliminating the limits altogether, as there would still be administrative costs involved with individualized eligibility determinations and verification and there would still be a harmful stigma on savings among TANF recipients.

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 6,000 most disadvantaged Vermont children on this program.

### Sections 3: Social Security Benefits for Youth in Foster Care

Voices for Vermont's Children is in support of this section 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.<sup>1</sup> 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. For this subset of foster youth, federal benefits can serve as a lifeline to cover housing, food, health care, and transportation when they transition from care. .

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.

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<sup>1</sup> *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](#).*

- 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

### **Sections 16: Prenatal Engagement and Family Support Working Group**

Voices is named as a member of this working group. We believe a working group is a compromised solution to a practice of surveillance and control of pregnant people during an incredibly vulnerable time. We are willing to be a part of the committee, and will work with other stakeholders to provide practical and ethical alternatives. Thank you for including us in this portion of the bill.