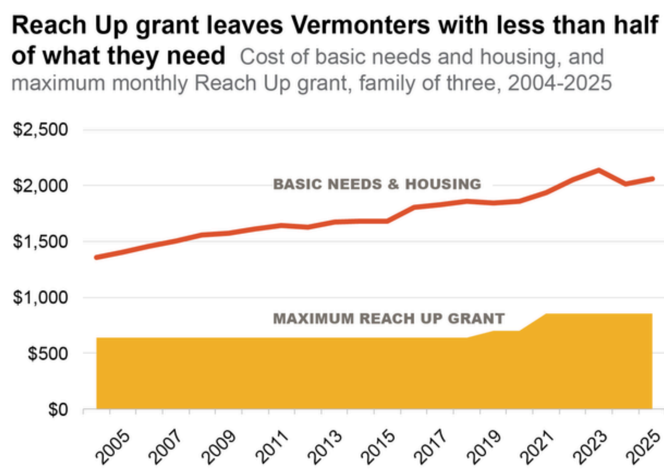
Voices for Vermont's Children

2026 Issue Brief: Reach Up

Reach Up is Vermont's income assistance program for very low-income families with children. The benefit has lost more than 20% of its value due to inflation since the last cost-of-living increase five years ago in 2021. It's overdue for an update.

Reach Up falls short in three important ways:

1. There is **no automatic adjustment for inflation**, and current calculations for non-housing essentials are based on 2019 figures.
2. The housing stipend is based on what families reported spending on housing 25 years ago (2001), rather than on an objective measure like current fair market rent.
3. These inadequate benefits are then subjected to an adjustment called the ratable reduction, which cuts the benefit in half.



Note: The Department for Children and Families bases the cost of housing on the median cost reported by Reach Up participants. This value fell in 2024, despite overall growth in median rent costs in Vermont between 2023 and 2024.

Data source: Vermont Department for Children and Families

Together, these policy choices translate into grants that provide less than 40% of what the Department for Children and Families has determined is a bare-bones budget. Parents, especially those who do not have subsidized housing (the majority of Reach Up households), are left continually scrambling to fill in the gaps.

The lasting impacts of childhood poverty are estimated to cost the equivalent of 5.4% of our economic output (GDP) - that translates to about $2 billion in Vermont.

voicesforvtkids.org/reachup
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Impact on Children & Youth

Every child in Vermont deserves food, housing, clothing and other resources essential for well-being. The Reach Up program provides income support when parents are unable to work, to provide for children's basic needs.

- Poverty increases the risk of worse economic and health outcomes across children's lifespan compared with more affluent peers. The more time children spend in poverty, the more likely they are to experience poverty as adults.
- Childhood poverty is associated with lower academic achievement, mental and physical health challenges, and decreased earnings across the lifespan.
- Without a housing voucher (or access to a public housing unit), families receiving Reach Up cannot afford fair market rent in any Vermont community, and are at high risk of homelessness. According to DCF, as of December 2025 only 37% of Reach Up households lived in subsidized housing.
- More than 100 Reach Up households have been sheltered in the General Assistance Program motel program each month this winter.
- Persistent poverty increases the likelihood of family separation and foster care system involvement, which is costly and traumatic.

"We have to make hard decisions about paying for food or something one of the kids need. We are barely scraping by and can't save anything because we will have our benefits decreased or lose them all together."

– Reach Up recipient

2026 Policy Goals

1 Take the first step to implement the actionable plan created by Act 49 in 2023 to eliminate the ratable reduction over 5 years. Lift the ratable reduction to 60% from the current 49.6%. (Estimated cost, $6 million.)

- The inflationary loss of benefit value means a smaller percentage of families in poverty qualify for the benefit each year. In 2023, only 57% of families living below the poverty line were *poor enough* to receive Reach Up, down from 80% in 1996.
- Level funding is one of the drivers of caseload reductions. The state then uses the caseload reductions as a justification for cutting program funding - creating a self-fulfilling feedback loop. A shrinking pool of eligible families trying to sustain employment are kicked off the program once they are earning about $1,500/month - not nearly enough to meet their family's basic needs. A benefit linked with the cost of living will enable a smoother transition from the program, and a higher likelihood of continued economic mobility.

2 Streamline Eligibility Determination, reduce barriers, and encourage asset-building by eliminating the asset limit and exempting lump sums. (Negligible budget impact, potential administrative cost savings)

- 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.
- Other safety net programs have already eliminated asset limits – including 3SquaresVT, Medicaid, fuel assistance – to eliminate the unnecessary bureaucratic burden/cost and in recognition that asset-building is a proven strategy to advance economic security.
- This policy change would have little to no impact on the state budget according to Joint Fiscal Office analysis. In fact, national studies suggest states could see administrative cost savings.

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