



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

3/25/2022

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### **H.464 – An act relating to miscellaneous changes to the Reach Up program**

*As passed by the House*

<https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0464/H-0464%20As%20Passed%20by%20the%20House%20Unofficial.pdf>

#### **Bill Summary**

The bill makes several changes to the Reach Up program.<sup>1</sup> Reach Up is Vermont's Temporary Assistance to Needy Families (TANF) program, and provides cash assistance, coaching, and support services to families with very low income. These incomes are generally below 43% of the Federal Poverty Level.<sup>2</sup> The bill would appropriate \$500,000 from the General Fund to the Department for Children and Families (DCF) in FY 2023 to make the necessary improvements to the departments information technology (IT) systems to effectuate the changes required in the bill. The programmatic changes in the bill would not take effect until January 1, 2024.

Sec. 1 would raise the age from 19 to 22 years of age for dependent children who are full-time students in secondary school for purposes of determining eligibility and benefit levels. This change is estimated to have a fiscal impact of approximately \$43,080 annualized. This section would have an effective date of January 1, 2024.

Sec. 2 would make changes to the program's eligibility and benefit levels by raising the unsubsidized job earned income disregard from \$250.00 per month to \$350.00 per month. It is estimated this could affect as many as 325 households and is estimated to have a fiscal impact of between \$185,000 to \$215,000 annually. This section would have an effective date of January 1, 2024.

Sec. 3 would increase the amount of child support that is passed through to families on Reach Up. Currently, Reach Up beneficiaries forgo their rights to get their full child support to the State, unless the child support amount is higher than their Reach Up grant. This helps DCF pay for the Reach Up program. Each month, beneficiaries receive their Reach Up grants, plus \$50.00 of any child support that their ex-partner pays to the State. The bill would increase the pass-through from \$50.00 per month to \$100.00 per month. This change would increase the amount families receive and decrease the amount of child support the state would retain. This is estimated to have fiscal impact of approximately \$186,285

<sup>1</sup> <https://dcf.vermont.gov/benefits/reachup>

<sup>2</sup> 43% of the Federal Poverty Level (FPL) is an annual income of \$5,844 for an individual and \$11,933 for a family of four in 2022.

annualized. This section would have an effective date of January 1, 2024. It should be noted that this is countable income and could reduce Low Income Home Energy Assistance Program (LIHEAP) and 3SquareVT benefits to these families. As such this could impact other aspects of DCF’s budget.

Sec. 8 strikes language in 33 V.S.A. § 1114 which would eliminate the medical review team process related to deferrals, modifications, and referrals. The Governor’s recommended FY 2023 budget proposal also included this along with a savings of \$130,000.<sup>3</sup> However, the bill’s effective date for this section is January 1, 2024, whereas the Administration’s proposal would take effect July 1, 2023. This change in effective date means that there DCF would a \$130,000 increase in the budget relative to the Governor’s proposal that would have to be accounted for in the FY 2023 budget. Half of the estimated savings would be realized in FY 2024.

Sec. 11 would appropriate \$500,000 from the General Fund to DCF in FY 2023 to make the necessary improvements to DCF’s IT systems to effectuate the changes required in Secs. 1 through 3.

## Fiscal Summary

### REACH UP CHANGES IN SH.464

#### FY 2023 Fiscal Impacts

Sec.	Description	Estimated Fiscal impact	Notes
8	Postponing elimination of medical review team	\$130,000	Gov. Rec included this reduction in Sec. B.316. This sec. would postpone savings until FY 2024
11	DCF IT Systems Improvements related to Secs. 1 - 3	\$500,000	One-time appropriation
<b>TOTAL FY 2023 IMPACT =</b>		<b>\$630,000</b>	

#### Est. FY 2024 Fiscal Impacts

1	Raising the age of dependent children who are full-time students from 19 to 22.	\$21,540	<i>Effective Jan. 1, 2024.</i> Preliminary Est. = \$43,080 annualized
2	Increasing the monthly unsubsidized earn income disregard from \$250 to \$350.	\$92,500 to \$107,500	<i>Effective Jan. 1, 2024.</i> Preliminary Est. = \$185,000 to \$215,000 annualized
3	Increasing monthly child support pass-through payments from \$50 to \$100.	\$93,143	<i>Effective Jan. 1, 2024.</i> Preliminary Est. = \$186,285 annualized
8	Elimination of medical review team	(\$65,000)	Would save \$130,000 annualized. See Sec. 8 comment above
<b>Est. Fiscal Impact - Jan. 1, 2024 Start</b>		<b>\$142,183 to \$157,183</b>	Est. Fiscal Impact of Secs. 1, 2, & 3 only
<b>Est. Fiscal Impact - Annualized</b>		<b>\$285,365 to \$314,365</b>	Annualized = \$414,365 to \$444,365

<sup>3</sup> Sec. B.316:

<https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Appropriations/FY%202023%20State%20Budget/4.%20Human%20Services/W~Sean%20Brown,%20Commissioner,%20Department%20for%20Children%20and%20Families~FY23%20Budget~DCF%20FY23%20Budget%20Ups%20and%20Downs~1-26-2022.pdf>