

**Open Letter to the Joint Fiscal Committee  
from the Vermont Reach Up and Food Security Coalitions:**

**Provide Direct Relief to Struggling Vermonters  
with Unspent Coronavirus Relief Funds**

October 22, 2020

Dear Members of the Joint Fiscal Committee:

**Thank you for your work throughout the pandemic** to address the evolving needs of people in Vermont who are facing uncertainty, loss of employment, and increased household demands during this time. We are grateful for the ways that the legislature has appropriated CARES Act funding to support low-income people in Vermont, through funding to support housing, access to food, and more.

However, the truth is that **many of the lowest-income households in Vermont that were already living in deep poverty prior to the pandemic have been largely left out of state and federal relief efforts.**

Many have not been able to access the federal \$1,200 per adult and \$500 per child Economic Impact Payments distributed earlier in the year, did not benefit from enhanced unemployment benefits, and have not received the monthly supplement to their 3SquaresVT benefits that many other participants are receiving (see Addendum for more details). These households are experiencing increased financial and household stress, along with most people in Vermont, but are not able to access the support available to so many of us.

**We propose that any Coronavirus Relief Fund (CRF) dollars unspent by December 20 be reallocated as one-time cash assistance to the families with children on Reach Up.**

- This reallocation would be quick and logistically easy, and could be accomplished in a matter of days by issuing paper checks to each Reach Up household.
- It would directly benefit Vermont children in deep poverty, who have been impacted by the economic and social impacts of the pandemic.
- It would support a group that has not yet seen direct assistance.

Reach Up is Vermont's financial safety net program for families living in poverty. With benefits capped at 34% of a very basic subsistence budget, in non-pandemic times, Reach Up families are perpetually on the verge of crisis – at risk of eviction, loss of their transportation, utility shutoff, and so forth. The public health and economic crisis presented by COVID-19 has only made matters worse.

Despite this, **for the most part, Vermont's Reach Up families have been shut out of federal COVID-19 response bills.** Similarly, Vermont's emergency response programs have not directed financial assistance to the poorest families, other than those currently at risk of eviction or currently experiencing

homelessness. We appreciate the additional \$2 million allocated to low-income Vermonters in H.965, Sec. 15 and the \$85 million allocated to the housing needs of low-income and homeless Vermonters, including \$25 million for rental arrears, but we urge the legislature to invest additional resources in meeting the needs of children and families in the deepest poverty in the state: Reach Up households.

**Allocating remaining CRF dollars to Reach Up households would provide meaningful direct assistance to approximately 4,000 households with children.** At this point, it is unclear how much funding will remain available in mid-December. We recommend allocating up to \$10 million to this fund.

**If there is more than \$10 million left, we would instead recommend that the funding be allocated as cash payments to 3SquaresVT households.** All Reach Up households are also 3SquaresVT participants, so these families would still receive the direct payment, but it would also be spread out to more households, approximately 38,469 households (as of July 2020), while still providing each household with a meaningful amount of assistance.

We thank you for your consideration of this proposal and urge you to support the Vermonters most in need with remaining CRF dollars. We are available to speak with the Committee at any time.

Sincerely,

#### **Reach Up Coalition**

Disability Rights Vermont ● Hunger Free Vermont ● Public Assets Institute ● Vermont Affordable Housing Coalition ● Vermont Early Childhood Advocacy Alliance ● Vermont Legal Aid ● Vermont Low Income Advocacy Council ● Vermont Network Against Domestic and Sexual Violence ● Vermont Parent Child Center Network ● Voices for Vermont's Children

#### **Food Security Coalition**

Hunger Free Vermont ● Shelburne Farms ● NOFA-VT ● Vermont FEED ● Vermont Foodbank

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## **Addendum**

### **1. How were the poorest Vermonters left out of federal stimulus programs?**

The initiatives in the federal relief packages – economic impact payments, extra SNAP benefits (3SquaresVT), and Pandemic Unemployment Compensation – were largely unavailable or inaccessible to families on Reach Up.

- Reach Up families have had a harder time accessing the \$1200 per adult and \$500 per child Economic Impact Payments that provided relief to many other Vermonters. Tax non-filers, like

Reach Up families with no earned income, had to use a special online portal to get the stimulus payment. Many of our Reach Up families lack internet access as it is unaffordable to them.

- Vermont obtained a federal waiver to provide emergency SNAP (3SquaresVT) benefits during the pandemic, increasing the benefits for 3SquaresVT recipients to the maximum amount for their family size. But because SNAP allotments are based on household income, the poorest families – like Reach Up families – were already receiving the maximum amount or close to the maximum amount. As a result, these households received little to no extra benefits from this waiver. At the same time, this year the United States has experienced the highest rates of food inflation increases since 2008, meaning these families are facing higher grocery bills without receiving additional support.
- There were also significant shortcomings in the federal Pandemic EBT program, which made payments to families of children that had been getting free school meals, to assist them while schools were closed. The payments were based on the federal reimbursement rate for a school meal, not what families would pay at stores to replace the meals students would have accessed at school. This left families in deep poverty running short at the checkout line. Second, the program excluded younger children who were getting meals at child care and pre-kindergarten settings. Finally, this program provided payments only for the days that school was closed; it did not provide support for the summer months when food insecurity among children is historically highest.
- Additional unemployment compensation through the Pandemic Unemployment Compensation program has provided an additional \$600 per week in benefits, allowing some low-income earners to exit poverty. But many Reach Up families were not eligible for this extra benefit. Employed Reach Up participants often work in “essential worker” roles, where they were never able to stay home to stay safe, so they never received PUC. Instead, they retained their minimum wage jobs, keeping our economy going, and remained in deep poverty. Some Vermont Reach Up families are unable to work due to medical barriers (677 households), and were thus also excluded from the extra PUC benefits.

## **2. What about Vermont’s programs funded by CRF funds?**

As with the federal programs, some families receiving Reach Up may obtain benefits from state CRF funded programs, but it is likely that most Reach Up families will be left out. Few Reach Up families are homeowners, and they are thereby excluded from the Mortgage Assistance Program. Families at risk of homelessness due to unpaid rent may benefit from the Rental Housing Stabilization Program, but only if their landlords agree to participate, and they are likely to be at risk of homelessness again once RHSP expires in December. Assistance with utility bills is only available to families that can show they suffered COVID-related reduction in income, which is not the case for many Reach Up families.

**3. Cash payments to families in deep poverty are necessary expenditures incurred due to the public health emergency, and are thus allowable under the CARES Act.**

The CARES Act allows funding for expenditures incurred due to the public health emergency. This includes second-order effects of the emergency, including provision of economic support to those suffering economic losses. These allowable expenses include medical and protective supplies, including sanitizer, disinfectant, and face masks – all extra costs that Reach Up families cannot afford.

For a mother with a medical deferment from work, with two children, and no other income, the monthly Reach Up benefit is \$700 – to cover rent, utilities, transportation, and everything else that can't be paid for with 3SquaresVT. It is not enough to live, much less live safely during a pandemic. With children “going” to school virtually and healthcare offered via telehealth, having internet access has become even more essential for families. With a maximum monthly benefit for a family of three at only \$700, Reach Up families cannot afford internet service and keep up on other bills, even though it has become essential to maintaining their children’s educational opportunities.

As noted earlier, families in deep poverty often have seen little to no increase in their 3SquaresVT benefits, and their food costs from children being home from school and the rising cost of food in grocery stores often have increased more than their extra Pandemic EBT benefits. This is an economic cost that their limited budgets cannot withstand.

Finally, because of the meager level of support provided by Reach Up, many of these families are perpetually on the verge of losing their housing, having their utilities shut-off, or having their vehicles fail inspection. To stay safe, Vermonters need to stay housed, and preventing homelessness is an authorized CRF expense.

Other states have concluded that additional cash payment to families on Reach Up is a necessary and allowable expense to confront the public health crisis of COVID-19. Vermont would not be alone should the legislature authorize this expenditure. States providing extra cash benefits to TANF recipients during the public health crisis include the following: Alabama, Colorado, Illinois, North Carolina, Oklahoma, West Virginia, and Rhode Island.

Maximum Reach Up Grant - 2020		
Family Size	Outside Chittenden County	Chittenden County
1	\$489	\$513
2	\$581	\$606
3	\$700	\$725
4	\$798	\$823

**4. Providing one-time cash benefits to Reach Up families is an administratively feasible way to rapidly expend funds rather than return money to the United States Treasury.**

Pursuant to Section 3 of H. 966, any monies appropriated from the Coronavirus Relief Fund that are not expended by December 20, 2020, are subject to reallocation. Section 5001(a) of the CARES Act provides that CRF monies that have not been used to cover costs incurred by December 30, 2020, must be returned to the Department of the Treasury. Vermont should expend this federal funding in the state, and use it to benefit Vermont children and families in deep poverty rather than sending it back to the Treasury.

The Economic Services Division (ESD) of the Department for Children and Families has the capacity to rapidly spend any amount allocated to it by providing one-time payments to families directly to families.

The most equitable and administratively feasible distribution of funds would be based on the number of children in the Reach Up household, with the exact payment amount to be determined later, when it is clear how much CRF funding has not been expended. It seems likely that the system could be sufficiently nimble to adjust the amount of the payment in December, responding to whatever expenditure needs present themselves, while the more labor intensive effort of the programming to schedule payments through the system could be done in advance.