

# **IMPROVING THE ODDS FOR KIDS**

**Vermont Child Poverty Council**

**January 29, 2009**

## Acknowledgments

The members of the Child Poverty Council acknowledge the Vermont citizens who came to the public forums to talk about their lives and their own families. It is a very brave act to share experiences with poverty in this type of public forum, and we thank them for that. We would also like to thank the providers and other interested parties who came to the forums, especially those who spoke on the panels.

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Notes from the forums:  
<http://www.leg.state.vt.us/minutes/minutes2.cfm#2007ChildPoverty>

General Information about the Child Poverty Council (including electronic copies of the report and appendices):  
<http://www.leg.state.vt.us/workgroups/ChildPoverty/>

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*NOTE: Copies of the appendices are available from the legislative council on request.  
Please call (802) 828-2231.*

## I. The Lives of Children in Poverty

### I. Testimony from a 16-year-old girl:

*“I was in second grade around Christmas time. My class was gathering food as a homework assignment for families that didn’t have a whole lot of money for Christmas dinners. I went home and grabbed a can of corn and brought it in feeling so good that I was helping a family in need. I couldn’t understand not being able to have Christmas dinner ... So, I went into school with my can of corn and put it in the box. My class colored the box to look like a present and we talked about how bad it must suck to have other people buy your food for you.... That night when I went home, the box was sitting on my kitchen table.... [I was a] little girl in second grade, and I felt like a dirt bag.*

*“Living in poverty affects your attitude on things. Being in high school and not having the money to have the coolest clothes and a car really sets you apart from people who are well off. As a student in high school, I can tell you as a fact, kids whose families have a lot of money get As. Most kids who are stuck being poor get lower grades. It changes your view on the world, giving you the idea that I’m not going anywhere in life anyways, why bother?”*

One-third of Vermont children are growing up in low income families. One in every eight is living below the poverty line. The odds are stacked against them. And when we lose the potential talents of a generation, it comes at a cost to Vermont.

More and more families with children are showing up at homeless shelters and food shelves, looking for the basic necessities of life. For these children, poor nutrition and instability are the norm. Their families are in crisis, or are living on the brink of crisis, one day away from disaster. Living in poverty means struggling to make ends meet over a sustained period of time. (See Appendix 1 for more information on characteristics of Vermont families who are living in poverty, which is below 100 percent of the federal poverty line, and those who are low income, which is below 200 percent of the federal poverty line.)

Poverty makes it harder for Vermont families to pay for goods and services—from smoke detectors to eyeglasses to quality child care and afterschool activities—that help children grow up safely and successfully. Poverty also strains and disrupts families’ lives and children’s development. Low income families move more frequently, disrupting education and connections as children move from school to school.

Low income families are largely out of sight. They are often not part of the mainstream of Vermont life. They are families who care deeply about the needs of their children, but are often distracted by the challenges of day-to-day life. They do not have the luxury to pursue our cherished Vermont values of community and quality of life. They concentrate on simply surviving.

For these families, the American Dream is a cruel joke.

The Land of Opportunity does not exist for a vast majority of low income families. All too often even those families with two working parents do not earn enough to get ahead. And we know that children who come from poor households do not get the same opportunities to succeed as other children have.

In many ways, Vermont is no different from the rest of the country. Poverty is a growing problem, and more and more middle class families are slipping into dire circumstances, with little hope of getting back on their feet. The current economic decline suggests even more difficulties for Vermont's low and middle income families. Recent events add to the urgency of the problem that the Council is addressing.

Growing up in poverty creates huge disadvantages for a child—now and in the future. Children who grow up in poverty are more likely to experience poor nutrition, diminished brain development, worse health, and reduced school performance.

Children in poverty are twice as likely to be held back a grade, they are hospitalized more than higher income children, and they are more frequently poisoned by lead paint.

In addition, low income children are almost 10 times more likely to be hungry than other children.

As a result, in their later years, these children are disproportionately found in the statistics of social failure: drop-outs, teen pregnancies, juvenile delinquency, and incarceration. And for all too many, the cycle begins anew as adults. (See Appendix 2 for a summary of the national research on the effects of poverty on children.)

Moreover, families with insufficient income often face difficult trade-offs, such as whether to pay for food or heat in the winter. The choice of food or fuel explains why low income families tend to spend less on food during an unusually cold winter and why low income children have low levels of essential vitamins in their bloodstreams.

When Vermont's children grow up in families without necessary resources, they do not have opportunities to succeed; a significant portion of these children fails to reach their full potential. This imposes huge costs on them, on Vermont, and on the nation as a whole.

The social costs of poverty can be measured in terms of lost productivity, increased health care costs, greater special education expenses, and higher governmental program

expenditures. But these calculations do not take into account the emotional costs to children who are hungry, do not have the toys or clothes that other children have, or are singled out at school as “free lunch kids.” The numbers do not take into account the stigma of being poor. And stigma hurts.

Vermont’s children, however, do better than children in other states. We have created public policies that make Vermont a better place for low income children to grow, learn, and live. It is not an accident that children are better off here—it is because policy-makers have made a commitment to improving the lives of children. This commitment can be seen in Vermont’s low income tax credit for working families, our child care system, and other programs that support low income families. (See Appendix 3 for more information about Vermont’s programs to support low income families.)

It is clear that both federal and state policies can make a difference when society makes a commitment to helping families. However, as well as we are doing, the current fragile situation of Vermont’s kids suggests that we need to do more.

## **II. Vermont Child Poverty Council**

The Vermont Child Poverty Council was created by Act 68 of the 2007 session of the General Assembly. (See Appendix 4.) Its mission is to “examine child poverty in Vermont and to make recommendations to the Governor and General Assembly on methods of improving the financial stability and well-being of children.”

The Council was created because the General Assembly recognized that child poverty continues to exist and is actually getting worse. We as a state have addressed the importance of individual responsibility through welfare reform, among other policies, but we have not fully addressed the societal structures and economic forces that create and perpetuate poverty.

The Council’s task is, in part, to take a comprehensive look at these structural issues to determine what we can do to alleviate the financial pressures on families and to create an environment in which families can succeed.

The Council was charged with developing a “ten-year plan to reduce the number of children living in poverty in the state by at least 50%.” (See Appendix 5 for a list of Council members.)

The Council held a public forum in each of the 14 Vermont counties. The Council recognized at its first organizational meeting that to achieve its ultimate goal of poverty reduction, public and media attention on the issues surrounding poverty was needed. A better understanding of the realities of Vermonters who struggle to make ends meet was seen as a necessary prelude to fostering and sustaining political will. The 14 public

forums were an opportunity to raise the awareness of child poverty and its impacts on Vermont's children, as well as a chance to listen to Vermonters.

Community forums were held from October 1, 2007, to November 20, 2007 (Appendix 6) to hear from low income families, service providers, and community members. Each meeting included a panel discussion and then roundtable conversations which enabled participation by every attendee. Questions were posed (Appendix 7), and all responses were recorded. The Council heard from more than 600 Vermonters. (Notes from the forums are posted to the General Assembly's website at <http://www.leg.state.vt.us/minutes/minutes2.cfm#2007ChildPoverty> and available from Rosalind Daniels, Legislative Council, 802-828-2231.)

**Twelve themes** emerged from the forums:

1. **Vermont is experiencing the same growing income inequalities as is the nation as a whole.** The Council heard many stories of people slipping from middle class status to living lives in poverty or on the edge. Those already living in poverty are suffering even more.
2. **There are many reasons why families are living in poverty.** Many low income parents grew up in poverty themselves. Some slip from a middle class life because of job loss, divorce or separation, or leaving an abusive relationship. Many others lost what they had due to addictions from alcohol, drugs, or gambling. Still others are children raising children. Each of these factors then complicates a family's ability to succeed in the workforce, get an education, or take advantage of training programs. These factors make it more likely that children in these families will also struggle to succeed.
3. **Vermonters want to work.** They are looking for more employment opportunities and better jobs. As Vermont competes in a global economy, workers are looking for the state to improve its job creation efforts.
4. **There are gaping holes in the safety net.** Survival for poor and low income families is becoming more tenuous because the federal safety net has been dramatically underfunded. There is a serious lack of affordable housing in Vermont, and federal programs have not kept up with the high costs of housing. Together with the challenges of feeding families and heating homes, many Vermont families are forced to choose between "heat or eat."
5. **Family supports for low-wage workers are critical.** Many workers need support from government-funded child care, transportation, and health care programs. However, the situation is even more dire for low-wage workers. Absent this support, the lowest wage workers, including those who have been welfare recipients, literally cannot get to the job.

6. **Most children have access to health care coverage but do not always get needed services.** All low income children are eligible for health care coverage through Medicaid and Dr. Dynasaur, but not all are enrolled. As health care costs rise every year, more families find increased premiums, co-pays, and other costs unaffordable. An additional problem is that an increasing number of health care providers are not accepting families with Medicaid and Dr. Dynasaur, making access to services problematic.
7. **Working families receiving assistance are still struggling to make ends meet and are too often falling farther behind.** Families receiving government-funded supports are eligible up to a certain income, but not at one dollar more. As families earn additional income, they often find that their increased earnings lead to a significant reduction in benefits. This is a perverse disincentive for work. When workers get a raise or an increase in hours, too often that means the end of help with child care or other family supports. Those working hard to get ahead lose assistance, and sometimes the family loses stability (such as child care or housing help) because of work. In many cases, a raise can actually leave families worse off, despite increased earnings.
8. **It is nearly impossible to build assets for unexpected life events.** Savings make access to assistance impossible in most programs. That is because even a few assets, such as a small savings account, may make a family ineligible for some government programs. Without savings, low income families are an illness or a major car breakdown away from economic disaster.
9. **Working parents are often stuck in dead-end jobs, with little hope for advancement.** They are looking for the chance to gain more education and to improve their work skills, but find that challenges such as child care and transportation hinder their ability to take advantage of available opportunities.
10. **Educational opportunities are key.** Parents were universally emphatic in their hopes that their children would receive a good education, and they saw this as a prerequisite for a better life. They acknowledged their own struggles in school and saw better experiences as critical for the success of their own children.
11. **Community supports are often making all the difference in the lives of low income Vermont children.** Struggling families can overcome many problems with the assistance of neighbors and local organizations. Parent-child centers, community action agencies, mentors, houses of worship, and teen centers are all contributing to providing more opportunities for Vermont's children.
12. **Stigma hurts.** Over and over, the Council heard stories of children suffering from the stigma of being poor. Children know that they are different when they are "free and reduced lunch" kids. They feel humiliated when they do not have the same clothes as others. They often cannot or choose not to participate in

sports and other school activities because they do not have the money needed. They are feeling the effects of the “blame the poor” social mentality that has replaced the “war on poverty.”

### **III. Poverty Reduction Goals and Measures**

Cutting child poverty in half by 2017—the goal set by the Vermont legislature—will not be an easy task. In the past, however, enlightened public policies have succeeded in significantly cutting the poverty rate here in Vermont, nationally, and in Europe. While Vermont has made progress, we can accomplish much more.

Setting a 10-year goal serves to establish a shared, simple vision that focuses on building solutions across communities and government agencies. The goal is also a tool that allows for periodic measurement of the state’s progress—providing a way to sustain efforts over a long period of time and a way to determine when adjustments, renewed efforts, or new ideas are needed. The goal both sets a vision and is a management tool. This shared vision should help sustain the search for successful strategies that will help Vermont families over time. (See Appendix 8 for more information on why a 10-year plan is important.)

In addition, the Council’s goal of reducing child poverty in Vermont by 50% in 10 years presents a challenge in definition: How should “poverty” be measured? How will we know if we are reducing the number of children living in poverty?

The most often cited measure of poverty in the United States is 100% of the Federal Poverty Level (FPL), a governmental calculation. The poverty measures were originally set in the 1960s, and have only been updated for inflation since then. Because the measure is too low, the Council has set a goal to reduce the number of children in families living at 200% of the FPL.

Using federal poverty as a measure is flawed, because it reflects only pre-tax cash income. The measure does not count some income, such as the earned income tax credit, and does not adjust for child care and other work expenses that families face. (See Appendix 9 for income levels for various family sizes.)

Many in and outside government recognize that this measure is seriously flawed, and in 1995, the National Academy of Sciences recommended an alternative measure which more accurately accounts for income and expenses. Because of this, the Council is uncomfortable relying on the current official FPL. (We also recognize that whatever measure we use, if a family’s income rises slightly, from 98% to 102% of the FPL, that family will no longer be living “in poverty.” But if, at the same time, that family sees a decrease in benefits, the family will have fewer total resources and therefore will be worse off than before.)

The Council is looking to organizations such as the National Center for Children in Poverty at Columbia University, the Urban Institute in Washington, DC, and others for guidance in developing a definition of family poverty that reflects the complexities of the measurement as well as a more accurate description of family well-being.

Regardless of what income measure is used, income alone is not the only important measure of how a child is doing. A child's health, family stability, and educational success are all indicators of the child's well-being.

Absent a better definition, the Council will use the FPL to assess the goal, but will continue to explore a series of objective measures that, when taken together, will reflect the health and welfare of children. In the interim, the Council will look at measures of child well-being, in addition to the number of children at 100% and 200% of FPL, to ensure the state is moving in the right direction.

Possible measures could include the following:

1. Number of children living in families at 50%, 100%, and 200% of the FPL or an alternative NAS-type measure when one is available.
2. Number of children living in families paying more than 30% of their cash income for housing and related expenses.
3. Levels of child care subsidies relative to market rates for providers.
4. Number of children "ready to learn" when they enter kindergarten.
5. Disparities in standardized test scores between children eligible for free and reduced lunches and their peers who are not.

## **IV. Ten-year Strategy for Reducing Child Poverty in Vermont**

The Council takes as its mission the need to focus on addressing immediate conditions while simultaneously developing a long-range strategy to improve the odds for children to grow up to be healthy, educated, and successful adults. We see this as primarily an effort to give all of Vermont's children similar opportunities as they start in life, go through school, and enter the working world of adulthood.

Although poverty persists through good economic times as well as bad, clearly a strong economy with high paying jobs reduces the numbers living in dire circumstances. Vermont must find better job creation strategies and greater opportunities for education and training as a prerequisite to improving the lives of low income families. Recent history in Vermont sees a loss of higher paying manufacturing jobs. New jobs tend to be in the lower paying service sector.

The Council is emphatic that our national economic structure always leaves many behind, including those with low wage jobs—the working poor. While economic development is critical, we need to go beyond job creation to address those issues that afflict our society even in boom times. Vermont needs to provide support to families so that they can continue to work and actually get ahead.

The strategies that follow were developed by the Council as a result of the forums and its deliberative process. They are long-range solutions that require systemic changes in family supports, early child care, education, and job training. The strategies call for sustained commitments on the part of families, communities, schools, and state government. They will necessitate partnerships among the public sector, the private sector, and nonprofit organizations. Many will require legislative action and additional resources.

These strategies are not an exhaustive list. The Council received many recommendations from its members and other interested parties. (A complete list can be seen in Appendix 10.)

The Council recognizes the challenges presented by the current economic crisis facing our nation and state. These challenges will make it more difficult—and at the same time more urgent—to meet our goals. Even with the budget difficulties we now face, the Council is clear that we remain committed to pursuing aggressively our mission of reducing child poverty.

The Council acknowledges, and emphasizes, that hard as we may try, we in Vermont cannot fully resolve the problem of child poverty with the current fiscal policies of the federal government. Growing income inequalities, tax policies, and spending priorities are all stacked against our limited resources in Vermont. While we do better than most states through high-quality programs that have been recognized nationally, we can do more. Income inequality is a national problem requiring the active involvement of the federal government in creating economic and tax policies which ensure low income families can make ends meet and provide a secure safety net when times are rough.

The Council also recognizes that its recommendations for long-range solutions do not feed, house, or care for children today. As two young mothers said: “It is fine to talk about education and job training, but we don’t know where our families will be sleeping tomorrow night and we don’t know how we will feed our children.” Survival comes first.

Therefore, our first strategy is about simple survival. The long-term strategies that come after meeting basic needs, we believe, will improve the odds for children to live better lives.

## V. Mending the Safety Net

Low income families—and their children—are experiencing increasing difficulties in meeting basic needs. Wages at the low end of the employment spectrum are stagnant. The minimum wage has not kept up with inflation. Assistance for housing, heating, food, and other needs is subject to level funding—at best—by government at both the state and federal levels.

The safety net, designed to keep families from slipping into abject poverty, has been severely compromised by years of federal underfunding and neglect.

### Homelessness

#### The Problem

More families are finding themselves homeless due to a lack of affordable housing, substandard rental units, and increases in the cost of living. In 2007, about 3,500 Vermonters found refuge in homeless shelters, and they are the lucky ones—most Vermont shelters have waiting lists. As a measure of how difficult it has become to find affordable housing, the average length of shelter stays more than doubled between 2000 and 2007. In 2008, a one-day census in shelters found 2,249 Vermonters who had no place of their own to stay. Of these, one-half were families, including 503 children. (For more information on affordable housing, see the Housing section later in this report and Appendix 11.)

Parents and children in shelters are living with a level of uncertainty that most Vermonters will never know. Children especially find the lack of stability emotionally draining. Their education suffers as well as they move from school to school.

#### The Goal

Families should have safe and stable housing. When families encounter unexpected financial difficulties, assistance should be available to help maintain their housing. When families do become homeless, they should not be left without a safe and warm place to stay at night and should have assistance to find permanent housing.

#### Recommendations

1. State government will provide sufficient funding for the Emergency Shelter Grant Program, General Assistance/Emergency Assistance, and other safety net programs.
2. State government will provide sufficient funding for supportive and transitional housing for low income families with special needs, including

long-term commitments to fund the support services necessary for their success.

3. The Council, the Governor, and the General Assembly will communicate with the Congressional delegation, the President, and other appropriate federal officials the necessity of ensuring that there is full funding for low income housing assistance programs and public housing.

## **Energy**

### The Problem

Energy prices soared over the spring, summer, and into the fall. The costs of gas for the car, home heating fuel, cooking fuel, and electricity—as well as consumer goods and plastics—all increased. These cost increases affected everyone, but low income families were the hardest hit. Fortunately, costs have recently come down.

Despite prices falling recently, no single component of a low income family's budget has increased more dramatically over the last five years than the cost of home heating, whether by oil, propane, or electricity. For example, the cost of fuel oil almost tripled in the five years prior to this year. (For more information about energy costs, see Appendix 12.)

When a family cannot make ends meet, higher energy costs result in families choosing among necessities. As evidence of this, children living in poverty have a lower caloric intake during the winter months.

### The Goal

Low income families should be able to heat their homes, keep the lights on, and get to work or the doctor without foregoing food or other necessities.

### Recommendations

1. State government will prioritize energy affordability issues and continue to strive to find long-term affordable energy strategies.
2. The Council, the Governor, and the General Assembly will communicate with the Congressional delegation, the President, and other appropriate federal officials the necessity of ensuring that there is sufficient funding for energy affordability programs, especially the Low Income Home Energy Assistance Program (LIHEAP).
3. The General Assembly will examine the state's eligibility standards for LIHEAP due to the growing number of families who are unable to afford heat.

## Food and Nutrition

### The Problem

The effects of hunger on children can be devastating and lifelong. Long before hunger's effects are severe enough to be detected, they can have negative impacts on children. Children experiencing even intermittent hunger have more health problems than other children. Chronic under-nutrition can affect a child's growth, development, and ability to learn. Problems such as stunted growth, anemia, and weakened resistance to illness are all related.

Over time, hunger and poor nutrition have adverse impacts on attention span, brain development, and cognitive abilities, leading to developmental and behavioral problems. By the time a child reaches kindergarten age, those issues can be irreversible.

Over 14% of Vermont children under the age of 18 live in households facing food insecurity, meaning that more than 19,000 children are at risk of hunger and malnutrition. More and more families with children are showing up at emergency food shelves, and those programs are facing their own shortages. (See Appendix 13 for additional information about childhood hunger.)

### The Goal

No Vermont child should be hungry or undernourished.

### Recommendations

1. The Commissioner of the Department of Education will continue its efforts to ensure that every school has a free and reduced-price breakfast and lunch program available to low income children.
2. State government will assist efforts by schools and communities to embrace the challenge of continuing meals programs through summers and school vacations.
3. The Commissioner of the Department of Education will assist eligible child care programs, especially those accepting child care subsidies from the Department for Children and Families, to participate in the Child Care Meals Program.
4. The Commissioner of the Department for Children and Families will work with the General Assembly to maximize state options and waivers available in the federal nutrition programs, such as Food Stamps, the child and adult care meals programs, and others to increase the number of families who are eligible to participate in the programs. The Department will also work with the General Assembly to ensure that eligible families are aware of and enrolled in these nutrition programs.

5. The Commissioner of the Department for Children and Families will streamline the application process to ensure that families can easily access nutrition programs.
6. The Council, the Governor, and the General Assembly will advocate for changes at the federal level that will assist in increasing participation and benefits for families.

## **VI. Education**

### **The Problem**

Early learning experiences are crucial to our children’s healthy development, as young brains are wired at an early age from their experiences both at home and in other settings. Children growing up in poverty are less likely to receive the nutrition and early experiences needed for optimal brain development in the preschool years. Those children are less likely to be prepared to start kindergarten. Standardized test scores show that low income children lag behind their peers in the earliest years of schooling, and that those disparities in test scores only grow as the children move through their K–12 years. Children who fall behind in the early grades are more likely to be high school drop-outs.

As described in the Next Generation Commission’s report, “Linking Earning to Learning” (available at <http://www.leg.state.vt.us/reports/>), Vermont will face a shortage of college-educated and skilled workers by 2012. Between now and 2012, most of the fastest growing jobs in Vermont will require postsecondary education or training beyond high school. To make matters worse, most of the jobs in decline during this time now require a high school diploma or on-the-job training. Less than a high school diploma will not prepare students for the 21<sup>st</sup> century workforce in this state.

Failure to graduate from high school is associated with many adverse life outcomes, including increased risk of incarceration, homelessness, and health problems, as well as higher rates of accessing public assistance. It is therefore critical that the state direct resources strategically to increase the chances of success for children living in poverty.

Helping children who are not achieving the same educational results as their peers is a challenge that most schools simply cannot meet through better curriculum and teacher training. It is necessary to provide supports to families and children living in poverty outside the school in an attempt to reduce some of the pressures facing low income families. With improved support for low income families, children are more likely to have their cognitive and emotional needs met at home, and will be better able to learn at school.

Children who arrive at school hungry, showing symptoms of stressful home environments, needing dental or other medical care, or without parental support and

involvement present problems that are beyond the capacity of our schools to remedy on their own. The broader community must play a role in helping these children.

### The Goal

Every Vermont child will have the opportunity to achieve his or her maximum potential through high-quality, nurturing learning experiences starting at birth and through a high-quality education system from pre-K through higher education. All Vermonters will have at least a high school diploma.

### Recommendations

1. The State of Vermont will set a goal of eliminating both the disparities in test scores and high school graduation rates between low income children and their peers.
2. The Commissioner of the Department of Education will identify best practices for closing the achievement gap and build on the successes of many Vermont schools that are working to meet the needs of low income students.
3. The Commissioner of the Department for Children and Families and the Commissioner of the Department of Health will report to the Council and the General Assembly on whether existing programs targeted at school readiness are reaching all eligible families, especially those with children from birth to age three.
4. Expand capacity to assure access to high-quality pre-K services and Head Start and Early Head Start programs.
5. The Commissioner of the Department of Education and the Secretary of the Agency of Human Services will agree to a formal protocol to deploy teams to work with schools and their communities to develop action plans that address the disparities of test scores between students eligible for free and reduced lunches and students who are not. Top priority will be given to those schools identified as being “in need of improvement.”
6. The State of Vermont must recognize in its public policies that schools and educators are not solely responsible for the successful education of Vermont’s children. The effects of chronic poverty and other social problems will be addressed through strong partnerships among families, schools, communities, and state social service agencies.
7. The Commissioner of the Department of Education and the Secretary of the Agency of Human Services will develop models for the integration of family services into Vermont’s schools to provide the supports that children who are performing at lower levels need to catch up to their higher performing peers. The

models will be promoted to school boards, superintendents, principals, teachers, and community groups.

8. Capacity in afterschool programs will be expanded to assure access.

## **VII. Getting Ahead Through Employment**

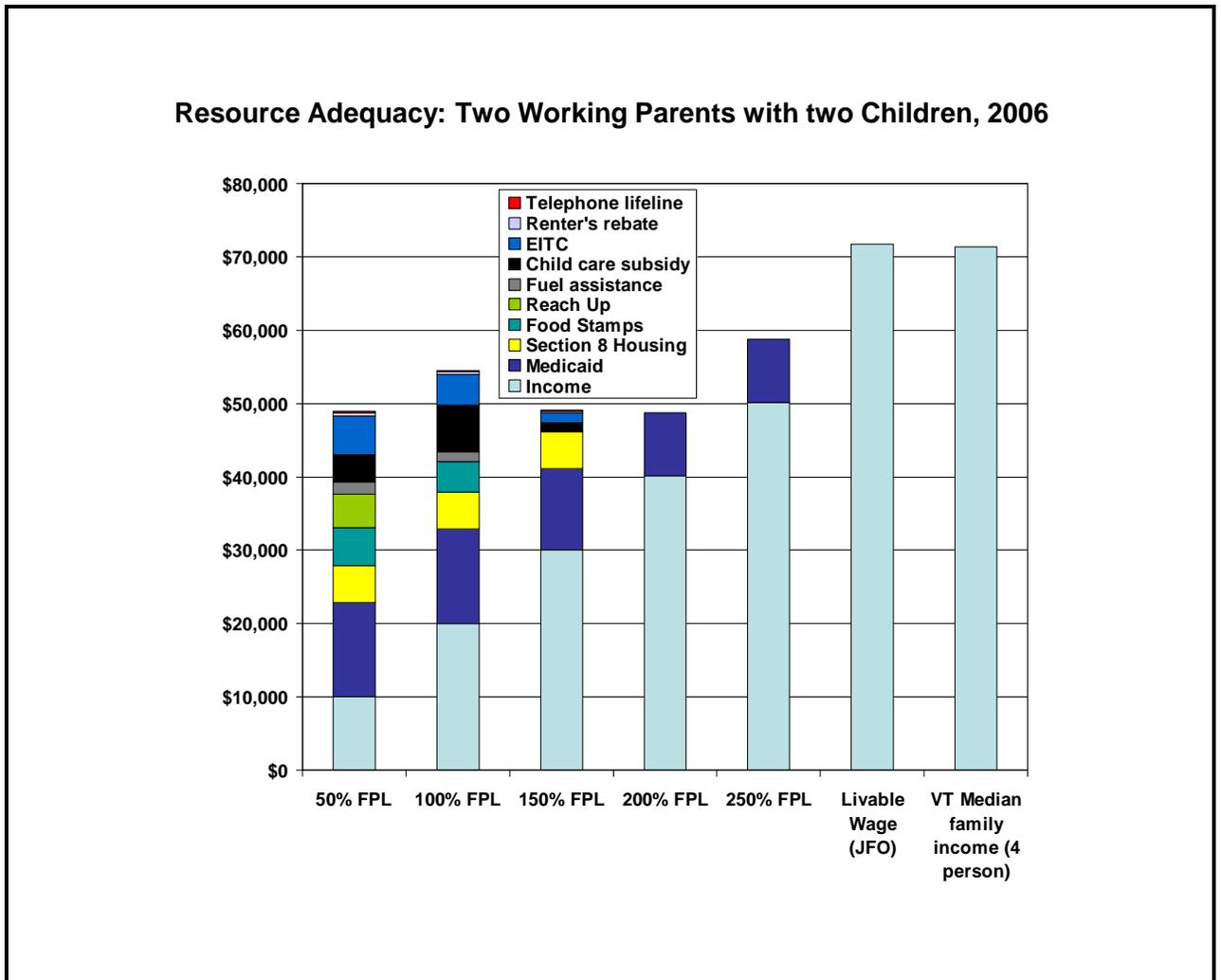
### **Benefit Cliffs**

#### The Problem

Low income Vermonters working to climb out of poverty routinely encounter a perverse disincentive: the more they earn, the less they have to support their families.

Eligibility rules in food, health care, child care, housing, and other family support programs lead to a “cliff” effect—a family is eligible for a benefit up to a specified income level, and one dollar more is disqualifying. The chart on the following page illustrates how, for families with income between 100% and 250% of the federal poverty, the more they earn, the fewer resources are available to that family. (Source for the chart: Vermont Department for Children and Families.)

Similar eligibility rules also apply to family assets with the same effects. The financial assets that middle income families can use to weather a large car repair bill or a job loss are not available to low income families; if they try to save and build assets, they are at risk of losing their benefits.



The results are that working parents see significant negative consequences as they try to get ahead. A hard-earned 50 cents an hour pay raise too often results in a loss of family supports far exceeding the financial gain in the paycheck.

The Council heard many stories of parents cutting back on their work hours or declining a raise or even quitting a job so as not to jeopardize their children's health and security. They were making not just a rational economic decision but also a responsible parenting decision. Yet this decision was often accompanied by discouragement and despair, because it meant they remained in poverty and dependent on government support.

#### The Goal

Family supports—both state and federal—should be restructured so as to encourage a rational economic progression from reliance on benefits to financial self-sufficiency. Such a restructuring will ensure that working families are supported in work and that they have the usual financial incentives to advance in their jobs and in their earnings.

Families will also have the usual incentives to build the financial assets needed to achieve economic stability and to weather a financial crisis.

### Recommendations

1. The Commissioner of the Department for Children and Families (DCF) will contract for an analysis of Vermont's benefit programs and their interaction with federal benefit programs to identify the cliffs facing working Vermont parents.
2. The Commissioner of DCF will collaborate with the Commissioner of the Department of Taxes to determine whether changes in tax incentives for low income families could be complementary with benefit programs.
3. Informed by the results of that analysis, the Commissioner of the DCF will develop a proposal to adjust Vermont's benefit programs to end benefit cliffs and move to benefit "step-downs" so as to eliminate economic disincentives for wage advancement.
4. At the same time, the Commissioner of the DCF will develop a proposal for presentation to the next federal administration to have Vermont serve as a demonstration project for adjustment of federal benefit programs to end benefit cliffs and move to benefit step-downs. The goal of the demonstration project will be to determine if, over time, step-downs are an effective alternative to cliffs to help move working parents out of poverty and keep them out of poverty.

## **Career and Workforce Development**

### The Problem

Low income Vermonters have only limited access to career development, microbusiness, and job training programs. Their needs are varied: many have not finished high school, others need better job skills, while some are working but lack the skills needed for advancement. Their school-age children often have limited aspirations and career guidance.

A new opportunity has developed in Vermont with the passage of the "Next Generation" legislation in 2007. The initiative established and funded a variety of workforce development and education programs to help Vermont's next generation succeed in the workforce. Programs are targeted at expanding opportunities for students and enhancing the skills of Vermont's workforce to enable workers to obtain higher paying jobs with Vermont employers.

The programs provide new opportunities for adults and children living in poverty to obtain the education and training needed to build their personal skill assets and enhance their employability at livable wage or better jobs.

Vermont's microbusiness programs provide families who wish to start a business the ability to create their own economic opportunities. These programs, while small, offer some families a different path for economic opportunity.

### The Goal

Low income Vermont families should have the same access as all other Vermonters to training for available higher wage jobs and the opportunity to become small business owners. The resources provided in the Next Generation program and the existing microbusiness programs should be used as tools for state agencies, partner organizations, and schools to help build ladders out of poverty.

### Recommendations

1. The Commissioner of the Department for Children and Families and the Commissioner of the Department of Labor will establish clearly defined connections between Reach Up participants and Next Generation funding. This effort will include recruiting Reach Up participants to enroll in Next Generation-funded training programs, working with employers to develop training programs targeted at Reach Up participants, and developing the necessary pretraining programs to enable participants to have the greatest opportunity for successful job training.
2. The Commissioner of the Department of Labor and the Commissioner of the Department for Children and Families will develop and administer the necessary support and wrap-around services to enhance participation and success in education and training programs.
3. The Commissioner of the Department for Children and Families and the Commissioner of the Department of Labor will continue to place appropriate Reach Up and other low income youth in Next Generation-sponsored career exploration and alternative education programs.
4. The General Assembly will explore expansion of existing microbusiness programs.

## **Career Pathways**

### The Problem

Low income Vermonters frequently find themselves stuck in employment situations that offer few opportunities for advancement and a livable wage.

### The Goal

Specific career pathways will be developed in high growth employment sectors through targeted use of job training programs. Demand for skilled workers in many sectors is well documented and therefore presents the greatest opportunity for stable employment and wage gains. Pathways will include necessary support services to enable low income Vermonters to gain access to and obtain the greatest return on their investment of time in education and training programs. Whenever possible, opportunities will be structured to enable Vermonters to participate while working.

### Recommendations

1. The Commissioner of the Department of Labor and the Commissioner of the Department of Education will develop pilot programs for career pathways, possibly in the health care and construction trades sectors.
2. The Commissioners will look to models in other states for guidance. Specifically, the Commissioners will study efforts including Carreres en Salud, the successful nursing program developed by the Instituto Del Progreso Latino, Association House of Chicago, Humboldt Park Vocational Education Center (HPVEC) of Wilbur Wright College, and the National Council of La Raza (NCLR) in Chicago, Illinois.

## **Rural Economic Development**

### The Problem

Vermont's rural nature can present challenges for creating higher wage jobs in some areas of the state. Low income Vermonters in rural communities typically must commute great distances to find stable, higher wage jobs that currently exist in more urban areas of the state. The higher cost of housing in more urban areas and reliable, convenient transportation are additional challenges that contribute to the problem. Ready access to higher wage jobs in rural communities would be the ideal solution. However, many employers with higher wage jobs need and seek the infrastructure available in more urban areas of the state. Microbusiness and asset building programs, such as individual development accounts, present another opportunity for economic development in rural areas.

### The Goal

Rural communities will have the infrastructure to attract higher wage jobs, and families living in rural communities will be able to pursue the opportunities available in urban areas.

## Recommendations

1. State government will improve and expand existing economic development programs specifically designed to meet the unique needs of rural Vermont.
2. The Council will include state agency and community partners who specialize in rural economic development in pursuing the shared goal of creating infrastructure, developing innovative job creation programs, and ensuring supports for families seeking employment or creating a small business.

## VIII. Economic Stability

### Housing

#### The Problem

For families living in poverty, home ownership is unattainable. The median purchase price for a home in Vermont increased 101% from 1996 to 2007. Conditions in the rental market are equally troubling. In the same period of 1996 to 2007, fair market rent in Vermont increased 49%. Today, over 16,000 low income Vermont families with children are paying more than 30% of their income for housing costs (rent or mortgage, heat, utilities, taxes, and insurance), a significant increase in the last ten years. (See Appendix 11 for more information on safe and affordable housing.)

Federal housing assistance has been dramatically reduced in the last 30 years. Adjusted for inflation, the budget of the federal Department of Housing and Urban Development has decreased by two-thirds since 1978.

Rental properties today are more likely to be substandard with over 25% of low income families living in those units. These units are expensive to heat, have more safety problems, and are more likely to expose children to health and safety hazards, including lead-based paint.

The energy costs of maintaining an apartment or home are also an important aspect of affordability. These issues were addressed in more detail in the energy section earlier in this report.

#### The Goal

No Vermont family should pay more than 30% of its income for housing costs, including rent or mortgage, heat, utilities, taxes, and insurance. Vastly increased numbers of affordable housing units are needed, as well as a renewed federal commitment to housing assistance for low income families. Rental units must meet at least minimum standards of health, safety, and affordability.

## Recommendations

1. The General Assembly's work on housing will continue to focus on increasing the supply of safe and affordable housing and improving the energy efficiency of low income homes and rental units.
2. State government will restore full funding for the Housing and Conservation Board Trust Fund, a nationally recognized program that has made significant increases in the stock of affordable housing.
3. State government will provide a fair and consistent housing code enforcement system to bring substandard housing up to code, enforce lead paint eradication, and ensure the existing housing supply does not become unsafe over time.

## Health

### The Problem

Poor and low income children are less healthy than their higher income peers in Vermont despite our high number of insured children. The high cost of health insurance and medical bills are one cause of families moving into poverty. For example, medical bills are a primary reason that families file for bankruptcy. In addition, when parents lose their jobs, they will often lose health care coverage for the family and themselves. Families without health insurance are much less likely to get preventive and primary care, resulting in more severe health problems. Children are more likely to receive needed health care if their parents are also insured.

In addition, some health care providers will not accept Medicaid or Dr. Dynasaur, which causes access problems, especially to dental care. This results in many poor and low income children receiving care only when a health problem becomes serious. In addition, poor and low income infants have a higher mortality rate than higher income infants. Social factors such as the educational level of the parent, where the child resides, whether the family's housing is free of toxins, and whether the family can afford proper nutrition all contribute as well. Prevention of health problems and promoting healthy lifestyles are necessary to ensure that all of Vermont's children grow into healthy adults.

### The Goal

Children and families should have access to quality physical and mental health care that supports and sustains their well-being. All children should be healthy regardless of income level. All pregnant women should have access to prenatal care.

## Recommendations

1. State government will continue its efforts to ensure universal access to high-quality, affordable physical, dental, and mental health care, and to promote healthy communities.
2. The Office of Vermont Health Access and the Department of Health will prioritize children's access to quality physical, dental, and mental health care with an emphasis on hard-to-access services.
3. State government will determine why uninsured children remain uninsured and propose a plan to reach universal coverage of children and pregnant women.
4. The Department of Health will continue to focus on prevention programs which improve the social and physical environments of children in order to enhance their health and cognitive, behavioral, and physical development.

## Child Care for Working Families

### The Problem

A major challenge to employment for low income families, especially single parents, is the lack of access to affordable, high quality child care. Too often, parents either choose not to take a job or, more likely, are forced to settle for less-than-adequate situations, because they have to pay half or more of their take-home pay for quality child care. They may not be able to take a better-paying job because they will lose more in child care subsidy than they would earn in additional wages. For the children, this means they often do not have access to the quality early learning experiences that are so important for their development.

Families working part-time, odd hours, late shifts, or two jobs are having difficulty finding child care outside the traditional 9 to 5 workday. Many child care providers do not accommodate nontraditional hours or part-time placements, so families are faced with a lack of options for their children. Similarly, families with infants also have difficulty finding child care slots—even if they have 9 to 5 jobs—because there are not enough providers with openings for infants.

Over the last ten years, subsidies that help make child care affordable for low income working parents have not kept pace with child care costs in Vermont. Subsidy rates have not kept up with inflation, and eligibility guidelines are currently based on a 1999 standard of living, making each subsidy payment significantly lower than current eligibility guidelines would direct. This is keeping many parents out of the workforce or resulting in the placement of their children in child care settings that are unsatisfactory to both parents and children. (See Appendix 14 for additional information about Vermont's child care program.)

## The Goal

Working families have access to high-quality child care without paying more than 10% of household income.

## Recommendations

1. The General Assembly will invest in the child care subsidy program in these three ways:
  - a. Increase eligibility guidelines incrementally to match the current cost of living.
  - b. Increase subsidy rates incrementally so that they provide parents access to 75% of the child care offered in their area (as per federal standards).
  - c. Adjust eligibility guidelines and subsidy rates annually to keep pace with inflation.
  
2. The Department for Children and Families will make recommendations on:
  - a. How to increase the availability of child care for parents working alternative hours and weekends.
  - b. How to increase access to quality care for underserved populations such as infants and toddlers, afterschool children, and children with special needs.
  - c. How to improve the quality of child care available to all children.

## Transportation

### The Problem

In Vermont, low income families often have trouble accessing employment opportunities, services, and health care because they cannot afford to own a car, operate a car, or keep a car in good repair. For low income families, especially in rural communities, the nearest employers or services are not within walking distance of home, and there is no easy access to public transportation. In addition, the most common problem for families trying to move from welfare to work is transportation.

Compounding the problem, as energy prices have increased, keeping a car on the road has become even more difficult for low income families. While the price of gasoline has gone through wild fluctuations, the trend has clearly been upward.

Thirty-six percent of families in Vermont's Reach Up program require some form of transportation assistance, including payment for public transportation, access to low-cost vehicles, help developing or repairing credit histories in order to get a car loan, and financial supports to operate and maintain their vehicles. Employers also recognize that transportation is a problem for their workforce—a survey of Vermont-based employers showed 49 percent said transportation has affected employee absenteeism, tardiness, or early departures.

The good news is that Vermont's current programs which increase car ownership bring many benefits to low income families. Families receiving cars from the Good News Garage Program have increased earnings by about \$220/month. As a result, transportation support from the state decreased by approximately \$157/month per family, and a majority of the families were able to obtain and keep a job, or increase their hours at their job, because they had a car.

### The Goal

Ensure that low income parents in Vermont have access to safe, reliable transportation, which is necessary for a variety of vital life functions such as being able to work, participating in job training, getting to school, accessing child care, securing safe and affordable housing, seeking medical services, and engaging in community life.

### Recommendations

1. State government will expand (and renew funding for) existing individual development account programs to allow for savings related to car purchases, as well as evaluate current programs that provide transportation-related assistance to low income Vermonters. The state should explore the need for additional resources and program expansion, such as revolving loan funds, in light of community needs.
2. State government will continue its efforts to increase the availability of public transportation, especially in our rural areas.
3. State government will work with localities to review existing public transportation systems and explore potential changes to public services in order to increase the access of low income parents to employment opportunities, child care, and other resources.

## **IX. Strengthening Families and Communities**

### The Problem

Children need strong families in order to thrive. State efforts to reduce the harmful effects of poverty must first be aimed at helping families succeed. However, the Council recognizes that not all families are strong enough to raise their children successfully. Some parents struggle with domestic violence, addiction, divorce, or being teen parents.

Therefore, solving the problems of poverty requires a community investment. Children without strong adult relationships are more likely to fail. A lack of family supports, including extended family resources, more often occurs in low income families—leaving children without a strong network of adults to provide stability and resources for them.

Government alone cannot break the cycle of poverty. Connections between families and community are a way to prevent family crises from occurring when families are unable to provide supports themselves. State government, local government, schools, religious institutions, and community organizations must provide the supports for children when necessary.

### The Goal

Children and families will have support when needed from not only state government, but also local government, schools, religious institutions, and community organizations.

### Recommendations

1. State government will continue to support prevention programs designed to help families before they are in crisis.
2. State government will support nonprofit community organizations working to strengthen families such as the community action programs, parent-child center network, the teen parent education programs, and others.
3. State government will bring the community together to share and develop best practices at the community level.

## **X. Moving Forward: Next Steps**

The Council's mission is to reduce child poverty in Vermont over the next ten years. This can be achieved in part by developing strategies and advocating implementation of those strategies, and, in part, by helping to focus public attention on the problems facing children growing up in poverty. There is obviously much to do in order to achieve these goals. This is a daunting task, but one to which Vermont is committed in the long term.

The 10-year strategy just outlined can, if implemented, reduce child poverty and its harmful effects on children. In the next year, the actions the Council will take include:

1. Articulate specific goals and benchmarks that can be measured and evaluated over time in order to ensure that mid-course corrections can be made if the ideas and policies being tested should be improved over time.
2. Follow through on its recommendations with state agencies and legislative committees and develop a short-term agenda to advance its recommendations. The agenda will include recommendations for the General Assembly, the executive branch, schools, communities, and nonprofit organizations, including identifying best practices.

3. Request updates from agencies on the progress toward the goals and measures that will be publically available.
4. Explore state tax policies and their impacts on low income families, including the state earned income tax credit, renters rebate, a refundable child tax credit, and other current policies. The Council will request the tax department to analyze the take-up rates for the state earned income tax credit and renters rebate.
5. Broadly distribute this report to the public, media, and opinion leaders.
6. Develop a web site for this report and as a focus for public discussion of child poverty.
7. Identify and involve constituencies that were not well represented in the Council's public forum process, with an emphasis on business leaders, religious leaders, educators, and community leaders.
8. Regularly evaluate the goals and progress toward the goals to ensure that the goals remain dynamic and responsive to progress and current needs by issuing an annual progress report each January.
9. Sponsor conferences for legislators, state officials, and the public to broaden the discussion in each of this report's areas of strategic emphasis.
10. Provide a forum to explore new strategies to address the causes of poverty and create opportunities to test these strategies.
11. Act as an advocate for the interests of Vermont children living in poverty.

# **APPENDICES**

## **IMPROVING THE ODDS FOR KIDS**

**Vermont Child Poverty Council**

**January 29, 2009**

## Appendix 1

### *Child Poverty in Vermont: What the Data Show*

According to the official U.S. Census Bureau definition of poverty, there were 17,000 poor children in Vermont in 2006. Of Vermont's children, 7,000 were extremely poor—living with incomes of less than one-half the poverty line. Vermont's child poverty rate—13 percent is considerably better than the national average for the United States. For the country as a whole, 18 percent of children are poor, and Vermont ranks 12th lowest in its child poverty rate. While Vermont is doing well compared with many states, it can, and should, do better.

Just counting the number of poor children understates the number of families struggling to make ends meet. The official federal poverty line is low—\$16,079 for a family of three, and \$20,614 for a family of four in 2006. The official definition was established in the 1960s, and has only been updated since then to reflect inflation. Across the state, the amount that families need to feed, clothe, shelter, and educate their children is often far greater than the poverty line—people often consider families with incomes below twice the poverty line to be “low-income” or “economically insecure.” The Commission's work and its recommendations will seek to address both child poverty and family economic security. Nearly one-third of Vermont's children are living in economically insecure families.

#### Child Poverty Rates

	<b>200% FPL</b>	<b>100% FPL</b>	<b>50% FPL</b>
<b>Number of children under age 18</b>	42,000	17,000	7,000
<b>Percentage of children</b>	32%	13%	6%

American Community Survey, 2006.

Who are Vermont's poor families with children? The data show that:

**Most poor families in Vermont include someone who worked for some or all of the year. Many of those who are not working either have disabilities or are in school.**

- Most (73 percent) of poor families with children include someone who worked at least one week of the year. Almost one-half (47 percent) of poor families with children include someone who worked more than one-half of the year (more than 26 weeks).
- About one-fourth (23 percent) of poor family heads have a work-limiting disability. About one-fourth (23 percent) of poor family heads were in school or college in 2006 (there may be an

exaggeration in this figure due to small sample size). The 2005 data show 11% of families in poverty were in school.

- Among poor families in which the head is neither in school nor has a disability, two-thirds (67 percent) include someone who worked more than one-half of the year.

**Families with less education are more likely to be poor, and families in which a parent is in school are poorest of all.**

Among Vermont’s families with children:

- 34 percent of families headed by a high school dropout are poor.
- 12 percent of those headed by a high school graduate with no other degree are poor.
- 5 percent of those headed by someone with at least a two-year college degree are poor.

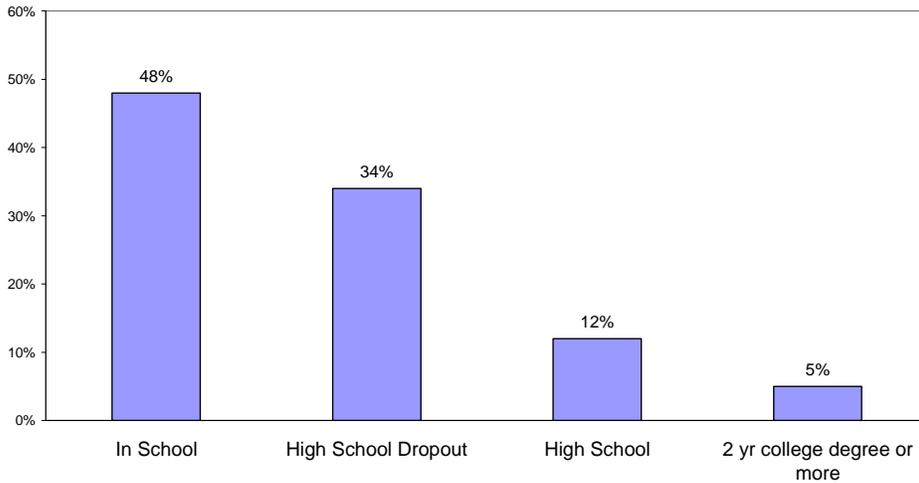
Among families headed by a student attending school, nearly half—48 percent are poor.

**Most poor parents have completed high school, but the great majority do not have a postsecondary degree.**

While parents without a high school diploma have higher poverty rates, most poor parents have at least a high school diploma. Among Vermont’s poor families with children:

- 23 percent of heads of household are still in school or college
- 13 percent never finished high school
- 47 percent have only a high school diploma
- 17 percent have at least a two-year college degree

**Percent Poor, Among Vermont Families with Children, by Education of Head of Household**



(CBPP analysis of 2006 American Community Survey)

**Most poor children in Vermont are in single-parent families.**

More than three of four poor families with children in Vermont are single-parent families. Female-headed families with children in Vermont have a 33% poverty rate, compared with a 4% poverty rate for married-couple families with children.

**A small share of poor children in Vermont are children of immigrants.**

Only about 500 children in poverty and roughly 1,200 children below 200 percent of poverty line live with foreign-born parents in Vermont.

## Appendix 2

### *What the Research Shows*

Child poverty matters because growing up in poverty puts a child at a disadvantage—now and in the future. Children who grow up in poverty tend to experience reduced school performance, worse health, and other negative outcomes.<sup>1</sup> Poor children are twice as likely to be held back a grade and more than twice as likely to not finish high school.<sup>2</sup> Children in poverty are hospitalized more than higher-income children and are more likely to be poisoned by lead paint.<sup>3</sup> In addition, children who live in poverty are almost 10 times as likely to be hungry as non-poor children.<sup>4</sup>

Poverty makes it harder for Vermont families to pay for goods and services—from smoke detectors to eyeglasses to quality child care and afterschool activities—that help their children grow up safely and successfully. Poverty may also strain or disrupt families' lives and children's development: for example, by forcing families to move frequently (which can disrupt children's education when they must change schools).

Moreover, families with insufficient income and resources often face difficult trade-offs, such as whether to pay for food or heat in the winter. The trade-off between paying for food and for heat explains why studies have found that low-income families tend to spend less on food after unusually cold winter months and why these poor children have a lower caloric intake during these months.<sup>5</sup>

When Vermont's children grow up in families without necessary resources, some portion of these children fails to reach their full potential. This imposes costs on them, on Vermont, and on the nation as a whole. In a recent national study for the Center for American Progress,<sup>6</sup> a team of economists at the University of Chicago, Georgetown University, and Northwestern University estimated that the costs to the U.S. of permitting children to grow up in circumstances associated with poverty total about *\$500 billion per year nationwide, or the equivalent of nearly 4 percent of gross domestic product*. The economists estimated that the costs were approximately evenly divided between reduced productivity and economic output, increased crime costs, and increased health-related costs. If costs associated with child poverty total \$500 billion nationwide, Vermont's share is an estimated \$650 million.<sup>7</sup>

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<sup>1</sup> Duncan and Brooks-Gunn article in 1997, [www.futureofchildren.org/usr\\_doc/vol7no2ART4.pdf](http://www.futureofchildren.org/usr_doc/vol7no2ART4.pdf). Moreover, a study from the National Bureau of Economic Research finds that the health of poor children relative to that of richer children worsens with age, both in the U.S. and in Canada where health insurance is universally available.

<sup>2</sup> Duncan and Brooks-Gunn, Table 1.

<sup>3</sup> Duncan and Brooks-Gunn, Table 1.

<sup>4</sup> Duncan and Brooks-Gunn, Table 1.

<sup>5</sup> [www.nber.org/papers/9004](http://www.nber.org/papers/9004)

<sup>6</sup> [www.americanprogress.org/issues/2007/01/poverty\\_report.html](http://www.americanprogress.org/issues/2007/01/poverty_report.html)

<sup>7</sup> The estimate of Vermont's share was made by pro rating \$500 billion by the state's share of poor children in 2006.

Of course, the non-financial costs of living in poverty are not measurable in numerical terms, and the above figures do not take into account the emotional costs to children of being hungry, of not having the toys or clothes that other children have, or of being singled out at school as a “free lunch” kid. In other words, the numbers do not show the human face and challenges of being poor.

## **Appendix 3**

### ***Vermont's Key Safety Net and Anti-Poverty Programs***

#### *Direct Financial Assistance Programs*

Vermont provides direct financial assistance (cash payments and tax breaks) to low income-qualified residents via the following programs:

- **Reach Up.** Reach Up is the state Temporary Assistance for Needy Families Program (TANF). It provides income assistance for families with children along with case management services to assist parents to find employment or, in some cases, to pursue postsecondary education. This program is currently available only to very low income families, with families becoming ineligible at approximately the poverty level. Families may not have assets over \$1,000.00, although certain assets—such as up to one vehicle per adult—are excluded. Currently, there are *approximately 3,000 families* on Reach Up.
- **Reach First.** Reach First will begin serving families in 2009. It is a program for families who need very short-term assistance, which may cover a period between jobs instead of Reach Up. The financial eligibility is the same as that for Reach Up.
- **EIC.** In Vermont, low-income families can receive a state Earned Income Credit (EIC) in addition to the federal EIC. For the 2006 tax year, the Vermont state EIC provided an additional 32% above the federal EIC for those who were eligible. This tax credit is also refundable, which means it will first be used to lower any state income tax owed and, if the credit is larger than what is owed, a refund is issued. Vermont's EIC is one of the most generous credits in the country. The EIC is one of the nation's—and Vermont's—most successful anti-poverty programs and raises many families' incomes above the poverty level.
- **Child Tax Credits.** Vermont offers two child and dependent care tax credits. Families with incomes under a certain level may file for a refundable credit up to a maximum of \$1,005 a year for two or more qualifying children. This refundable credit is calculated as 50% of the federal credit. Vermont's maximum benefit is the second highest in the northeast.<sup>8</sup> In addition, any family may file for a nonrefundable credit of 24% of the federal credit to offset tax liability.

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<sup>8</sup> National Center for Children in Poverty. New York's maximum credit is higher at \$2,310/year for 2 or more qualifying children. CT, NH, NJ, and PA do not offer a credit.

*Anti-Hunger Programs***The state also offers the following food programs to low income residents:**

- **Food Stamps.** Families with income under approximately 130% of poverty may be eligible for Food Stamps—a program which provides funds that can only be used to purchase food.
- **School Lunch Program.** Low income-eligible children can qualify for free or reduced priced meals at schools. Similar programs are offered at child care locations and at certain sites during the summer months.
- **WIC.** The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) offers food items such as milk, juice, cereal, and other basic commodities to pregnant women, infants, and young children.
- **CSFP.** The Commodity Supplemental Food Program provides commodities for families with children who become ineligible for WIC when the children turn five. This program is available for a year.
- **Reach Ahead.** Reach Ahead will begin serving families in 2008. It provides supplemental food assistance to low income working families who are leaving the Reach Up program. Eligibility lasts for up to one year.<sup>9</sup>

*Fuel Assistance and Energy Affordability***Vermont provides the following energy assistance programs for low income families trying to stay warm:**

- **Seasonal Fuel Assistance Program.** Low income Vermonters up to 125% of poverty may be able to access funds to pay for heating fuel through the state's Seasonal Fuel Assistance program, which is administered through regional community action agencies. This program typically provides direct payments to fuel vendors for delivery of home heating fuel. In SFY 2007, approximately 21,568 households received these benefits.<sup>10</sup>
- **Crisis Fuel Program.** The Crisis Fuel Program provides after-hour emergency assistance for home heating fuel purchases. Families under 150% of poverty are eligible.

Vermont does not provide financial assistance for energy bills that are not used for heat, such as electricity for lighting or propane for cooking.

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<sup>9</sup> This program will be extended to families eligible for Food Stamps in 2009.

<sup>10</sup> Data from Maria Belliveau, Vermont Joint Fiscal Office.

*Housing***The following programs help to address the critical housing needs of Vermont's low income families:**

- **Vermont Housing and Conservation Board.** With moneys received from the state of Vermont as well as federal sources, VHCB funds affordable housing of various types, from single-family homeownership to mobile home parks to multi-family rental apartments, to transitional housing for formerly homeless individuals to shelters for battered women and others who find themselves suddenly homeless.
- **HOME.** Administered by VHCB on behalf of the state of Vermont, HOME is a federal program designed to provide housing to low income households. Funds can be used for a wide range of activities that build, buy, and/or rehabilitate affordable housing units for rent or homeownership.
- **Federal and State Affordable Housing Tax Credits.** Over the last 20 years, housing credits have produced most of Vermont's affordable rental housing by offering tax credits to those who invest in affordable rental housing in exchange for meeting certain affordability requirements. Since the program's inception in 1987, housing credits have made possible the construction and rehabilitation of thousands of apartments targeted at households earning no more than 60 percent of the median income.
- **Section 8.** Section 8 provides rental assistance to help qualifying families live in the housing of their choice. Participants receive vouchers for a fixed sum that can be accepted by landlords within their community. There is also a project-based component of the program in which certain properties have the Section 8 subsidies attached to them. Eligible families must apply to live in the designated properties.
- **Public Housing.** Public housing is operated by local public housing authorities who develop, own, and manage projects for lower income individuals and families. Households are eligible if they earn less than 80% of the area median income. These housing projects are publicly owned, and tenants who live in them pay approximately 30 percent of their adjusted income for rent, and the public assistance covers the rest of the cost.
- **McKinney-Vento Program.** The federal government offers services for homeless families through the McKinney-Vento program. Services provided include supportive housing and emergency shelter grants.
- **Emergency Shelter Grant Program.** The Vermont Office of Economic Opportunity supports housing assistance programs and emergency homeless shelters and services throughout the state.
- **Emergency/General Assistance.** Administered by the Economic Services Division of the Vermont Department for Children and Families, the Emergency/General Assistance Program helps individuals and families with their emergency basic needs, including housing (e.g., back rent, temporary housing, security deposit), utilities, food, and burial costs.

### *Child Care*

Vermont offers a child care subsidy program, administered by the Agency of Human Services, which provides financial assistance to low and middle income families for purchasing child care. The financial assistance is in the form of a subsidy paid to approved child care programs on behalf of eligible families. Income eligibility guidelines for the child care subsidy program are based on the 2000 federal poverty guidelines and state median income.

### *Health Care*

**In its efforts to ensure that all children receive health care, Vermont offers the following programs:**

- **Medicaid.** Medicaid is a federal program that provides health care to families living in poverty.
- **Dr. Dynasaur.** Dr. Dynasaur is Vermont's SCHIP program and it provides health insurance to low income children under the age of 18.
- **Vermont Health Access Plan (VHAP).** VHAP is the state's affordable health insurance plan with a sliding scale premium to ensure that all Vermonters have access to affordable insurance.
- **Healthy Kids Initiative.** Vermont has begun to focus resources on preventive medicine, e.g., efforts to prevent childhood obesity through promoting healthy eating and exercise.
- **Catamount Health and Catamount Health Assistance.** Catamount Health is a private insurance product available from MVP and Blue Cross Blue Shield. It is subsidized for families with earnings under 300% of the federal poverty guideline.

### *Employee Pay and Benefits*

**Vermont offers the following programs and initiatives that advance the efforts of low income working parents:**

- **Minimum Wage.** Vermont has the second highest minimum wage in the region. As of January 1, 2009, Vermont's minimum wage is \$8.06 an hour for salaried employees and \$3.90 for tipped employees. As provided in statute, both the minimum wage and the tipped minimum wage are adjusted annually and tied to the consumer price index or set at 5%, whichever is less.
- **Family and Medical Leave.** Federal and Vermont laws require employers over a certain size to provide 12 weeks of *unpaid* family and medical leave in a 12-month period to employees who

work at least 30 hours a week for at least one year.<sup>11</sup> Although six states require some form of paid leave, Vermont does not.<sup>12</sup>

### *Economic Development*

**The state has been advancing a variety of economic development initiatives that should have a positive impact on low income families, including the following:**

- **VEDA.** The Vermont Economic Development Authority (VEDA) is designed to encourage and support industry and small businesses. Under VEDA, low income families may benefit from increased employment and small business development opportunities. Benefits include low cost capital to local development corporations for the purchase of land for industry and small businesses, expansion or renovation of buildings for new or existing businesses, low cost capital to assist farmers and milk producers, and aid to existing businesses to prevent layoffs or expand workforces.
- **Vermont Sustainable Jobs Fund.** The state's Sustainable Jobs Fund is similar to VEDA but applies to businesses within the value-added and natural-resource-based economic sectors. It provides targeted, early stage funding and technical assistance to encourage growth and expansion within these industries.
- **VEPC.** New jobs for low income families may be created through the Vermont Economic Progress Council (VEPC). The objective of the program is to create new full-time employment opportunities that increase income, reduce unemployment, and reduce facility vacancy rates. Funding preferences are given to projects that enhance economic activity in areas of the state with the highest levels of unemployment and the lowest levels of economic activity.
- **Job Start.** The Job Start program provides assistance in the development of business plans and administers a microenterprise loan program for low income applicants. The maximum loan amount in this program is \$25,000.00.

### *Education*

**Educational opportunities can be invaluable to low income children, youth, and parents. The following Vermont programs should be highlighted:**

- **Next Generation Initiative.** In 2007, the state legislature passed the Next Generation Initiative in order to encourage Vermont's "Next Generation" to remain in Vermont as part of our

<sup>11</sup> For specific information, see <http://www.dol.gov/esa/programs/whd/state/fmla/vt.htm>

<sup>12</sup> National Center for Children and Poverty, [http://www.nccp.org/profiles/extended\\_28.html](http://www.nccp.org/profiles/extended_28.html)

workforce. The initiative includes a number of workforce development programs that could be beneficial to low income youth as well as parents seeking to continue their education.

Opportunities include high school and college student access to internships with Vermont employers, career exploration and development activities for students in grades 7-12, and drop-out prevention programs and alternatives.

- **Vocational Education.** Vocational education offered through Vermont's high schools and community colleges are a resource to low income families seeking to develop new skills to improve their incomes.
- **Higher Education.** The state's public colleges and universities can also be a resource for low income youth and low income parents seeking to find better ways to provide for their families.
- **Career Awareness, Mentoring, and Job Shadowing Programs.** Successful career awareness, mentoring, and job shadowing programs are in place for elementary and middle school students in Vermont. Unfortunately, not all students have access to these programs, which occur mostly in Chittenden County or in isolated pockets throughout the state and which enjoy limited funding.
- **Building Bright Futures.** This program will establish an integrated, accessible early childhood system of services, including child care, health, and education.

#### *Community Agencies*

There is a network of agencies in most Vermont counties serving low income families and families in crisis. This network includes homeless shelters, domestic violence programs and shelters, public housing authorities, community land trusts and other nonprofit affordable housing developers, community action programs, legal services providers, and parent-child centers, among other organizations. Many of these agencies receive some funding from the state, as well as from other sources, to provide services to Vermonters and to help Vermonters to access services provided by state government. These organizations are vital to the success of Vermont's anti-poverty efforts. Their professionals work with low income Vermonters daily and see the struggles of those in poverty.

## Appendix 4

### *NO. 68. An act relating to child poverty in Vermont.*

(S.177)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. VERMONT CHILD POVERTY COUNCIL

(a) The Vermont child poverty council is created to examine child poverty in Vermont and to make recommendations to the governor and general assembly on methods of improving the financial stability and well-being of children. The council shall develop a ten-year plan to reduce the number of children living in poverty in the state by at least 50 percent.

(b)(1) The council shall consist of the following members or their designees:

(A) the president pro tempore of the senate;

(B) the speaker of the house of representatives;

(C) the chair of the senate committee on health and welfare;

(D) the chair of the house committee on human services;

(E) the chair of the senate committee on education;

(F) the chair of the house committee on education;

(G) the commissioners of the departments for children and families; of health; of education; and of labor; and

(H) one representative each from Voices for Vermont's Children, the Vermont low income advocacy council, Vermont Legal Aid, and the Vermont superintendents' association.

(2) The council, at its first meeting, shall elect one of the legislative members as chair or two legislative members as cochairs. The legislative council and the joint fiscal office shall provide staff support to the council.

(3) The council shall meet up to six times while the general assembly is not in session to perform its functions under this section. In addition, during the 2007 legislative interim, the council shall hold 14 public hearings as required under subsection (d) of this section.

(c) The plan shall contain:

(1) an identification and analysis of the occurrence of poverty in the state;

(2) an analysis of the long-term effects of child poverty on children, their families, and their communities;

(3) an analysis of costs of child poverty to municipalities and the state;

(4) an inventory of state-wide public and private programs that address child poverty;

(5) the percentage of the target population served by such programs and the current state funding levels, if any, for such programs;

(6) an identification and analysis of any deficiencies or inefficiencies of such programs; and

(7) procedures and priorities for implementing strategies and biannual benchmarks to achieve at least a 50 percent reduction in child poverty in the state by June 30, 2017. Such procedures, priorities, and benchmarks shall include improving or adequately funding:

(A) workforce training and placement to promote career progression, for parents of children living in poverty;

(B) educational opportunities, including higher education opportunities, and advancement for such parents and children, including, but not limited to, pre-literacy, literacy, and family literacy programs;

(C) affordable housing for such parents and children;

(D) early care and education programs for such children and their families;

(E) after-school programs and mentoring programs for such children and their families;

(F) affordable health care access for such parents and children, including access to mental health services and family planning;

(G) treatment programs and services, including substance abuse programs and services, for such parents and children;

(H) accessible childhood nutrition programs; and

(I) the Reach-Up program and other public benefit programs through the agency of human services serving low income families.

(d) In developing the working plan, the council shall first consult with experts, with parents of children living in poverty, and with providers of services to children and families living in poverty. The council shall hold one public hearing in each of the 14 counties.

(e) Funds from private and public sources may be accepted and utilized by the council to develop and implement the plan and provisions of this section. Legislative members of the committee shall be entitled to compensation and reimbursement for expenses under section 406 of Title 2. All other members not receiving compensation for service on the committee from another source are entitled to compensation under section 1010 of Title 32.

(f) Not later than January 1, 2008, the council shall submit the working plan to the house committees on appropriations and human services and the senate committees on appropriations and health and welfare. On January 1, 2009, and annually thereafter, until January 1, 2018, the council shall report to these committees on yearly progress toward benchmarks, updates to the plan, and recommendations for budgetary and policy changes in order to accomplish the goals of this act

(g) The council shall cease to exist on June 30, 2018.

Approved: June 5, 2007

## **Appendix 5**

### ***Vermont Child Poverty Council 2007-2008 Membership***

**Members:**

- Rep. Ann Pugh, Co-Chair, S. Burlington
- Sen. Douglas Racine, Co-Chair, Chittenden County
- Rep. Janet Ancel, Calais, Marshfield, Plainfield
- Sen. Harold Giard, Addison County
- Sen. M. Jane Kitchel, Caledonia County
- Rep. Carolyn Partridge, Athens, Brookline, Grafton, Rockingham, Westminster, Windham
- Donna Bister, Department of Health
- Richard Cate, Commissioner, Department of Education
  - replaced by Bill Talbott, Acting Commissioner
- Steve Dale, Commissioner, Department for Children and Families
- Carlen Finn, Voices for Vermont's Children
- Jeff Francis, Executive Director, Vermont Superintendents' Association
- Karen Lafayette, Vermont Low Income Advocacy Council
- Patricia Moulton Powden, Commissioner, Department of Labor
- Karen Richards, Director, Poverty Law Project, Vermont Legal Aid

**Appendix 6*****Vermont Child Poverty Council  
Public Forums Held in October and November, 2007***

<b>COUNTY</b>	<b>TOWN PLACE</b>	<b>DATE</b>	<b>TIME</b>
ADDISON	MIDDLEBURY Mary Hogan School, Gym	11/15/075	8 p.m.
BENNINGTON	BENNINGTON Molly Stark School, Cafeteria	11/05/075	8 p.m.
CALEDONIA St. Johnsbury School, Cafeteria	ST. JOHNSBURY	11/20/075	8 p.m.
CHITTENDEN	BURLINGTON Edmunds School, Cafeteria	10/22/076	9 p.m.
ESSEX	ISLAND POND Brighton Elementary School, Cafeteria	11/01/075	8 p.m.
FRANKLIN	ST. ALBANS St. Albans City School, Cafeteria	10/29/075	8 p.m.
GRAND ISLE	ALBURGH Alburgh Community Education Center, Cafeteria	10/23/075	8 p.m.
LAMOILLE	MORRISVILLE Morristown Elementary School, Library	11/13/075	8 p.m.
ORANGE	RANDOLPH Randolph Elementary School, Cafeteria	11/06/076	9 p.m.
ORLEANS	NEWPORT Newport City Elementary School, Cafeteria	10/25/075	8 p.m.
RUTLAND	RUTLAND Rutland Middle School, Cafeteria	11/19/075	8 p.m.
WASHINGTON	BARRE Spaulding High School Cafeteria	10/01/075	8 p.m.
WINDHAM	BELLOWS FALLS Bellows Falls Central School, Cafeteria	10/30/075	8 p.m.
WINDSOR	WINDSOR Windsor Educational K-12, 210 Room	10/02/075	8 p.m.

## **Appendix 7**

### *Vermont Child Poverty Council*

#### *Public Forum Questions for Discussion 14 Public Forums in 14 Counties October and November, 2007*

#### **Questions for Panel Discussion:**

- 1. What do you think are the biggest challenges facing Vermonters in poverty today?**
- 2. From your experience and perspective, what works?**
- 3. What is your vision for Vermont, without children living in poverty?**

#### **Questions for Round Table Discussion:**

- 1. What circumstances put Vermonters in poverty and what barriers keep them there?**
- 2. What do you think would help Vermonters move out of poverty?**
- 3. What is your vision for Vermont, without children living in poverty?**
- 4. What other thoughts, ideas, questions, or suggestions would you like to share with the Council?**

## Appendix 8

### *Why A 10-Year Plan?*<sup>13</sup>

Cutting poverty in half by 2017—the goal set by the Vermont legislature—is not an easy or inexpensive task for a small state to accomplish. Policy-makers, the public, community organizations, professionals, and state agency officials will all need to work hard, stay focused, and pitch in to achieve this target—even over 10 years. We as a state must be willing to see poverty as a problem that we must fix—and then make the hard choices needed to fix it.

#### *How do we know what to do?*

There are successful interventions and programs which have been shown to lift children out of poverty and improve significantly the school performance and positive social behavior of young children. A variety of nonmonetary services, such as high quality early education, have been shown to have powerful positive impacts on such child outcomes as greater school completion, reduced crime, increased employment earnings, and greater likelihood of home ownership decades later.<sup>14</sup> In addition, researchers have estimated that every \$1,000 of added income raises low income young children’s academic achievement by six percent of a standard deviation—equivalent to about one IQ point.<sup>15</sup>

#### *Why set a specific target?*

Notably, the target itself serves as an important tool in achieving poverty reduction. This is because the target is:

- ❑ **Shared.** The target establishes a shared vision about child poverty—to cut child poverty in half. This is a shared acknowledgement that the persistence of child poverty deserves a solution and gives the vision shared urgency and priority.
- ❑ **Simple.** The target is straightforward and simple to understand. This simplicity is strength. The target’s simplicity means the vision can be readily grasped not just by the policy-makers who created it but also by the agency officials who implement it, the media that cover it, and the public who want something done about child poverty in Vermont.

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<sup>13</sup> Thanks to Jodie Levin-Epstein and the Center on Law and Social Policy for allowing the Council to use excerpts from Levin-Epstein and Gorzalany, *Seizing the Moment*, available at: [http://www.clasp.org/publications/clasp\\_report\\_0414.pdf](http://www.clasp.org/publications/clasp_report_0414.pdf)

<sup>14</sup> Anti-poverty programs, welfare-to-work programs, and programs that strongly supplement the incomes of low income families tend to improve the academic standing of these families’ young children, relative to comparable children assigned at random to a control group. One program that set out to reduce poverty in Milwaukee, WI (by offering wage supplements, child care, health insurance, and temporary employment if needed) boosted young children’s academic achievement by an amount equivalent to one-half of the average national achievement gap between black and white kindergartners. Source: Communication between Arloc Sheman, CBPP and Greg Duncan, Northwestern University.

<sup>15</sup> [www.mdrc.org/publications/407/full.pdf](http://www.mdrc.org/publications/407/full.pdf);  
[www.northwestern.edu/ipr/publications/papers/2004/duncan/1doesmoneymatter.pdf](http://www.northwestern.edu/ipr/publications/papers/2004/duncan/1doesmoneymatter.pdf)

- ❑ **Silo-busting.** The “shared and simple” target fosters interagency cooperation and the breakdown of program “silos.” This happens because the target is not directed at a single program; instead, the target challenges all of government to consider what more can be done to reduce child poverty.
- ❑ **Solution-building.** The target provides a shared vision; it does not delineate how it should be accomplished. Finding solutions, funding for the solutions, and policy adaptations over time require thoughtful deliberations and an articulated interest in revisiting the problem and solutions. With the target, if a policy proposal is rejected, it becomes incumbent on those who have rejected it to generate another of equal anticipated benefit. The benefit of the target is that it should propel.

*How do we make progress over such a long period of time?*

The goal is a valuable tool for measuring the state’s progress, but if it is left inside the toolbox, it loses its value. Periodic progress reports are key to determine whether the state will meet the goal. It is possible that the goal will be missed; neither policy leaders nor the public should shy away from this fact. But there is value in determining when a mid-course correction is needed, when a policy or program is not working, or some better policy idea becomes evident. Goals set a vision but they are also a management tool that informs when adjustments are needed. This shared vision should help sustain the search for successful strategies that will help Vermont families.

## Appendix 9

### *2009 Federal Poverty Level Guidelines*

In the spring of each year, the federal government releases an official income level for poverty called the Federal Poverty Income Guidelines (often referred to as the Federal Poverty Level). Eligibility and benefit levels of many low income assistance programs are based on these guidelines.

Family Size	Yearly/ Monthly Income for 100% FPL	Yearly/ Monthly Income for 150% FPL	Yearly/ Monthly Income for 185% FPL	Yearly/ Monthly Income for 200% FPL	Yearly/ Monthly Income for 300% FPL
1	\$10,872/ \$906	\$16,308/ \$1,359	\$20,113/ \$1,676	\$21,744/ \$1,812	\$32,616/ \$2,718
2	\$14,640/ \$1,220	\$21,948/ \$1,829	\$27,072/ \$2,256	\$29,268/ \$2,439	\$43,896/ \$3,658
3	\$18,396/ \$1,533	\$27,588/ \$2,299	\$34,033/ \$2,836	\$36,780/ \$3,065	\$55,176/ \$4,598
4	\$21,152/ \$1,846	\$33,228/ \$2,769	\$40,981/ \$3,415	\$44,304/ \$3,692	\$66,456/ \$5,538
5	\$25,920/ \$2,160	\$38,868/ \$3,239	\$47,940/ \$3,995	\$51,828/ \$4,319	\$77,736/ \$6,478
6	\$29,676/ \$2,473	\$44,508/ \$3,709	\$54,901/ \$4,575	\$59,340/ \$4,945	\$89,016/ \$7,418

## Appendix 10

### *Additional Suggestions by Topic*

#### **Safety Net**

- Increase Reach Up benefits to 100% of basic needs by eliminating the “ratable reduction” over time (increase ratable reduction from approximately 50% to 75% for FY2010)
- Base Reach Up benefit on 2007 basic needs standards
- Lift financial cap on extended Temporary Housing Benefits and raise Back Rent program funding
- Streamline and simplify access to public benefit programs, reduce unnecessary paperwork, engage in cross program reviews to reduce benefit “cliffs” and provide better access for working families (after hours, on-line)
- Restore funding to teen parent centers
- Eliminate cliffs that reduce access to work support programs when families receive slight increases in income or unexpected lump sum payments
- Increase Reach Up financial assistance to a level that provides sufficient income to afford basic necessities (housing, utilities, non-food items)
- Reform the Reach Up sanctions process so families are not penalized for missing meetings or not calling as a result of personal crises as this does not support the mission of Vermont’s Reach-Up program
- Provide more flexibility and discretion to case managers before sanctioning families in order to preserve benefits while maintaining accountability

#### **Jobs, Benefits, and Supports for Working Families**

- Raise the minimum wage to \$8.40 per hour and maintain it at a level that is equal to or greater than 50% of the average state wage
- Strengthen family leave policies to protect low-wage hourly workers who need to take time off to care for sick children, attend school meetings, or care for a disabled child or spouse
- Supplement Unemployment Insurance (UI) with a dependent’s allowance
- Increase UI benefits rates to one-half of lost wages
- Increase the earned income disregard so families receiving Reach Up can keep more of the money they earn while still receiving financial assistance
- Provide an additional \$5 million to the child care subsidy program for all families below 200% of Federal Poverty Guidelines for SFY 2010, and commit to increase gradually the income eligibility for child care subsidies to use the current year’s federal poverty guideline over the next 10 years and then index the eligibility guideline annually

- Gradually increase the child care subsidy payment rates to the weekly average market rate for registered and licensed child care centers or to the 75<sup>th</sup> percentile of the market rate as recommended by the federal Child Care Bureau
- Support the paid leave House bill previously introduced that mandates paid sick days for Vermont employees
- Enact legislation prohibiting discrimination against people with criminal records unless the crime is directly related to the job being sought (i.e. bank does not have to hire embezzler as a bank teller, etc.)
- Expand the state's earned income tax credit (EITC)
- Provide a state child tax credit that is refundable regardless of whether there is tax liability
- Ensure that families receiving the state's EITC receive information about and can easily enroll in the free and reduced breakfast and lunch program

### **Housing, Utilities, and Energy**

- Enact legislation requiring the Department of Public Safety to put its enforcement activities on-line so that consumers have access to information concerning code violations in a particular property and landlords who regularly fail to comply with health and safety codes
- Enforce lead paint regulations and provide money and other incentives for landlords to safely de-lead
- Enact legislation prohibiting a prospective landlord from disqualifying a tenant for bad credit unless the bad credit is directly related to housing (i.e., rent or utilities)
- Enact legislation prohibiting a prospective landlord from discriminating against someone with a criminal history unless it can be shown that the person is a current danger to other tenants
- Create an exemption to Vermont's Accord and Satisfaction statute for security deposits made pursuant to the Residential Rental Agreements Act
- Enact legislation implementing a targeted home energy (electric) affordability program for low income families and ensure that climate change initiatives take into account the economic effects on low income families and individuals
- Enact legislation mandating inclusionary zoning for any new housing development in the state and target a set percentage of units to those at or below 200% of poverty
- Fund enforcement efforts aimed at ending widespread practices of discriminating against families with children in violation of state and federal fair housing laws
- Couple new housing development with transportation, job creation, and access to services
- Fund a state housing choice voucher program that provides additional housing subsidies for families with children
- Provide more resources and flexibility to keep families in housing, avoiding the costs of homelessness

- Increase the capacity for community services organizations to better help families stay in their housing, such as creating a flexible short-term disability program or a housing contingency fund, funding for rental housing retention programs, or increasing funding for emergency shelters
- Maintain the integrity of the weatherization trust fund for the purpose of weatherization services for low income Vermonters
- Expand the renter's rebate program and ensuring that eligible Vermonters have access to the program
- Establish a residential rental energy efficiency program, which would require and create incentives for landlords to increase energy efficiency in rental units
- Monitor the pilot program that created a low income electric subsidy program to determine if this program should be expanded
- Ensure that climate change legislation takes into consideration low income Vermonters' affordability needs
- Expand the weatherization program and make these services available through grants and no-cost loans to households up to 300% of FPL

#### **Asset Development**

- Review and implement any recommendations from the Asset Building Study so that asset limitations are uniform and to the extent possible eliminated completely so that families can build assets
- Encourage families to save for a home, postsecondary education, small business development, retirement, and transportation through expansion of the individual development accounts and by providing state matching funds

#### **Child Support**

- Ensure that child support is paid directly to families to the fullest extent provided for under federal law and reduce the assignment of child support to the state

#### **Food and Nutrition**

- Expand outreach for the food stamp program and promote improved eligibility practices that take into account the needs of working families
- Reintroduce and pass H.333 (2008), which would provide free breakfast to approximately 7,500 children living in families between 130% and 185% of poverty
- Require all Vermont schools that act as public schools to offer the federal school breakfast and lunch program with the exception of those schools that do not have a kitchen
- Ensure that all Vermont schools work to increase participation in the program by eliminating stigmatization
- Assist child care centers in providing child care food program by encouraging centers that accept the child care subsidy to use the child care meals program

- Re-introduce and pass H.439 (2008) which provides funds to pay for the start up costs of initiating the child care meals program for up to 20 child care centers each year
- Recommend that Building Bright Futures promotes the inclusion of child care meals in all quality child care settings in Vermont
- Work with the Vermont Campaign to End Childhood Hunger to address summer meal access for low income children
- Implement Reach Ahead food assistance on the current timetable
- Build community- and faith-based efforts to fund food banks and food shelves
- Reform food stamp overpayment penalties by implementing rules forgiving most or all penalties for food stamp overpayments resulting from agency error (not beneficiary error or fraud)
- Advocate for changes to nutrition programs at federal level through the Farm Bill reauthorization process and through demonstration and pilot projects
- Streamline program management at the state level
- Improve coordination among state nutrition programs
- Improve technology to facilitate electronic application and recertification
- Provide incentives to schools, organizations, and communities that increase program participation
- Require and support the Economic Services Division of the Department for Children and Families to make full use of all federal options and waivers that would streamline the application and recertification process for families eligible for food stamps
- Use every avenue to link the food stamp program to other benefits, including automatic outreach to all recipients of Vermont's earned income tax credit and to all participants in the free school meals program
- Expand the pilot that would provide farmers' markets with the ability to accept food stamps
- Eliminate sales of à la carte and vended foods in elementary and middle schools during the school day
- Explore benefits of moving administration of the school commodities program from the Agency of Human Services to the Vermont Department of Education Child Nutrition Programs
- Streamline and reduce stigma in applying for free/reduced price school meals through increased use of existing programs and development of an on-line application
- Support and advocate for Vermont's inclusion in the Summer Food Rural Expansion Act (S.1755 and H.2968)
- Fund the Healthy Diets, Healthy Communities Initiative that would place an expanded food and nutrition education program educator in every county in the state for a cost of \$325,000
- Create year-round school lunch programs so low income families have access to affordable, nutritious food year-round

### **Education**

- Identify best practices that address achievement gap and high school graduation among low income students

- Provide grants to school districts for innovative programs that will increase the graduation rates of low income children and “market” successful strategies to other schools
- Provide financial or other incentives to school districts that increase graduation rates of low income and at-risk teens
- Require educators to take continuing education courses that concentrate on teaching methods that will better meet the unique needs of low income students
- Provide additional funding for pregnant and parenting teen programs
- Increase the number of grant-based scholarships available in the state college system
- Increase access to the post-secondary education (PSE) program to assist low income single parents in going to college
- Expand early education programs to broaden access to them
- Mandate pre-kindergarten and kindergarten for all children
- Supplement the Head Start program so that it is available to all eligible families
- Increase access to vocational/technical programs for low income students (e.g., in Washington County, only 60 voc/tech slots are available: 180 students are on a waiting list, and those with the best academic performance are given preference)
- Provide incentives for low income students to graduate and go on to college by promising full scholarships in 7<sup>th</sup>–8<sup>th</sup> grades to low income students who graduate
- Create appropriate training programs for Reach Up participants by having the Department of Labor and the Department for Children and Families work with employers
- Develop necessary pre-training programs to enable participants to have the greatest opportunity for success in a training program
- Monitor the success of the pilot employment program with COTS to determine if this model should be expanded statewide
- Include business partners in child poverty initiatives in order to “invest” them in finding solutions that meet the needs of low income Vermonters and employers
- Support existing programs that seek to enhance broadband access and other telecommunications infrastructure to attract new business and increase electronic access to programs

### **Transportation**

- Provide tax or other incentives to Vermonters who donate cars to programs such as Good News Garage that make low-cost vehicles available for low income families
- Study how to enhance and expand programs providing reliable and affordable automobiles to low income Vermonters
- Expand existing individual development accounts to allow for savings for vehicles
- Evaluate current programs that provide financing for a variety of expenses associated with car ownership (e.g., taxes, registration, insurance, license) and explore the need for additional resources and program expenses

- Engage the faith community and other businesses in donating gas cards for low income Vermonters
- Support and expand the current public transportation systems
- Establish a revolving loan program for low income families to purchase vehicles from the Good News Garage and similar programs
- Study how to transform the public transportation system from the current locally funded program to a statewide, integrated program
- Review state policies to ensure that vehicle ownership does not hinder family participation in programs providing supports to low income families

### **Consumer Protection**

- Enact legislation that prohibits refund anticipation loans (loans through which a tax preparer provides an instant refund at exorbitant rates and fees;
- Continue to fight to keep payday loan establishments out of our state
- Enact legislation to curb unscrupulous and predatory lending practices (i.e., limit the amount of interest a company can charge a consumer for goods to a certain percentage over the actual cost of the item)
- Enact legislation prohibiting the provision of mortgages to people who by any reasonable financial analysis cannot afford the payments

### **Health Care**

- Maintain income eligibility for health care programs at 300% of poverty
- Improve access to health insurance of low income adults through VHAP and Catamount Health
- Develop community-based medical homes for children and youth that include physical, dental, and mental health care
  - Pilot unique programs in at least three regions and/or with particular populations such as children in custody
  - Consider Molly Stark school model and medical home model developed by VCHIP-Vermont Children's Health Improvement Program at UVM
- Continue to seek a waiver from the federal government that will allow federal financial participation for families at 300% of poverty in Catamount Health and if unsuccessful, maintain funding with state dollars
- Study ways to cover the remaining 5% of Vermont's children who do not have health care coverage and seek to eliminate any barriers
- Simplify the application processes and ensure that families ineligible for one program are automatically assessed for other available programs
- Ensure that there is a seamless transition from one state program to the other when a family's income changes
- Examine and eliminate where possible income "cliffs" that affect eligibility and or ensure referral to another appropriate program

- Provide higher annual dental caps for people on Medicaid and fund partial and full dentures
- Increase premium assistance to families at or below 300% of poverty in Catamount Health if the premiums are a barrier to securing coverage and further reduce premiums for the other programs to further increase enrollment
- Provide coverage for medically necessary surgeries in the Vermont Health Access (VHAP) program

## Appendix 11

### *Ensuring Safe and Affordable Housing*

Vermont has experienced growing prosperity in the last 25 years. One significant measure of this prosperity has been the increased value and cost of real estate, which has not been shared equitably in the housing market. At the same time, Vermont had one of the tightest rental housing markets in the nation in 2007 with a vacancy rate of 4.9%. Vermont's homeownership vacancy rate of 1% was the lowest in the nation.<sup>16</sup>

#### **Affordability**

The median purchase price for a home rose to \$201,000 in Vermont in 2007, a 101% increase from 1996. A Vermont household needs an annual income of \$65,000 to purchase that home and 65 percent of households in the state have incomes below that figure. For families living in poverty—or \$17,600 for a family of three—home-ownership is unattainable. Vermont's median household income of \$51,622<sup>17</sup>—about 293% of poverty for a family of three—is sufficient to purchase a home that costs \$158,000 or less.<sup>18</sup>

Conditions in the rental market are equally troubling. In 2000, the most recent year data is available, renters comprise 29% of total Vermont households, or 72,800 units.<sup>19</sup> The fair market rent in 2008 was \$836, a 49% increase from 1996. A household needs to earn \$16.07 per hour or \$33,342 annually to support this rent. This means that a family of 3 must be at 189% of poverty before its income is sufficient to rent a unit at the fair market rate. At least 66 percent of Vermont's non-farm employees work in occupations with median wages below that figure.<sup>20</sup>

According to the National Low Income Housing Coalition, in Vermont 16,330 low income families with children are paying more than 30% of their income for housing—which is considered an unaffordable amount. Among those families, 9,164 households use more than 50% of their income for housing. In single-parent households with one child, 72% did not earn enough to meet basic needs and this figure rises to 82% in single-parent households with two children.<sup>21</sup>

When families find housing unaffordable, many become homeless. Vermont's January 2008 Point in Time Survey of Homeless Vermonters indicated that 503 children in families and 131 individual children were without permanent housing. In 2007, about 3,500 Vermonters had to rely on shelters for

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<sup>16</sup> Vermont Housing Awareness Campaign, *Between a Rock and a Hard Place: Housing and Wages in Vermont*. March 2008 p. 1. [www.housingawareness.org/facts.htm](http://www.housingawareness.org/facts.htm).

<sup>17</sup> U.S. Census Bureau. Current Population Survey three-year average median income estimates for years 2004 to 2006, the most recent data available. [www.census.gov/hhes/www/income/income06/statemhi3.html](http://www.census.gov/hhes/www/income/income06/statemhi3.html).

<sup>18</sup> Vermont Housing Awareness Campaign, *Between a Rock and a Hard Place: Housing and Wages in Vermont*. March 2008 p. 1.

<sup>19</sup> National Low Income Housing Coalition, *Initial Assessment of 2005 American Community Survey (Research Note #06-04)*. October 2006 pp 5-6.

<sup>20</sup> Vermont Housing Awareness Campaign, *Between a Rock and a Hard Place: Housing and Wages in Vermont*. 2008 Update p. 1

<sup>21</sup> Mulvaney-Stanak, Emma, *New Release of the Vermont Job Gap Study, Phase 8: Nickel and Dimed, Poverty and Livable Wage Jobs*, 2003. <http://www.vtlivablewage.org/jobgapstudy.html>

housing.<sup>22</sup> The lack of affordable housing has resulted in an increase in the time homeless Vermonters live in shelters. Last year, the average length of stay grew to 33 days, more than double the length of stay in 2000.<sup>23</sup> Families facing eviction and homelessness currently may receive assistance through the General Assistance Program or the Back Rent Program. These programs generally run out of funding before the end of the fiscal year and are provided on a first-come, first-served basis. Not all families qualify for assistance through these programs.

### **Affordable Housing**

For families living in poverty or near poverty, the only affordable option is subsidized housing, which usually means that the family's rent is limited to 30% of its income. In 1982, federal policy in support of affordable housing was significantly changed. While housing programs received some increases in the 1990s, over the last five years, resources for housing development have been flat and in some cases have declined. Combined with the increased cost of development and rehabilitation, the result is reduced development activity in the state. Section 8 vouchers supporting the lowest income Vermonters have barely increased (0.5%) over the last five years, and "McKinney" homeless grants have decreased since FY '03. Since 1978, the federal Housing and Urban Development budget has declined by 66 percent, adjusted for inflation.

In addition, affordable housing tends to be farther and farther away from employment. National studies indicate that, on average, low income families use 57% of income for housing and transportation expenses. Given Vermont's rural nature and its limited public transit system, it is likely that Vermont families living in poverty are more challenged by the debilitating costs of transportation and housing than nationwide averages indicate.

Vermont has made successful efforts, through the Vermont Housing and Conservation Board, to expand access to affordable housing, preserve existing housing, and develop supportive housing. However, this program was underfunded by over \$30 million over the past seven years. Solving the problem of affordability may also require action on the federal level to ensure adequate funding for Section 8 and other rental subsidies. In addition, some states have begun state-funded or TANF-funded rental subsidy programs.

### **Condition of Rental Housing**

Of the 33,000 lower income rental households in Vermont, more than 27% reside in substandard units.<sup>24</sup> The draft of Vermont's 2005–2010 Consolidated Plan indicates that Vermont has some of the oldest housing stock in the country, with 70 percent built prior to 1978 (when lead paint was banned) and therefore likely to contain lead paint. Vermont has had a disproportionately high fire death rate based on population at different times over the past two decades.<sup>25</sup>

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<sup>22</sup> Hoffer, Doug, Vermont Housing Awareness Campaign, *Between a Rock and a Hard Place: Housing and Wages in Vermont*. March 2008 p. 10.

<sup>23</sup> Vermont Housing Awareness Campaign, *Between a Rock and a Hard Place: Housing and Wages in Vermont*. March 2008 p. 10.

<sup>24</sup> Public Act 47, '3 (1999). [www.leg.state.vt.us/DOCS/2000/ACTS/ACT047.HTM](http://www.leg.state.vt.us/DOCS/2000/ACTS/ACT047.HTM)

<sup>25</sup> Vermont Department of Public Safety, *2005 Fire Marshall's Report*. [www.dps.state.vt.us/fire/2005firemarshalsreport.pdf](http://www.dps.state.vt.us/fire/2005firemarshalsreport.pdf)

**Effects on Children**

Homelessness, lack of affordable housing, and poor housing conditions negatively affect children's ability to be successful as adults. Without stable and safe housing, children may change schools frequently or may not be ready to learn in school. In addition, lead paint is also the number one contributing factor to learning problems in children. The presence of lead paint and the costs of abatement will lead some landlords to discriminate against families with small children.<sup>26</sup>

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<sup>26</sup> Analysis of Impediments to Fair Housing Choice in the State of Vermont (1996) finding that landlords not in compliance with lead abatement standards may be hesitant to rent to families with children. p.43.  
[www.dhca.state.vt.us/Housing/ConPlan/index.htm](http://www.dhca.state.vt.us/Housing/ConPlan/index.htm)

## Appendix 12

### *Energy*<sup>27</sup>

#### *Home Energy*

Vermont has the highest energy affordability gap in the United States.<sup>28</sup> Average home energy bills exceeded affordable energy bill amounts by \$3333 per household.<sup>29</sup> In addition, for households in deep poverty, average home energy bills are 112.9% of household income.<sup>30</sup> Approximately 65% of a household's energy costs are for home heating.<sup>31</sup>

No single component of a low income family's budget has increased more dramatically over the last five years than the cost of home heating. The cost of 800 gallons of #2 fuel oil (the average Vermont household consumption) rose from \$968 in December 2002 to \$2,888 in October 2008,<sup>32</sup> an increase of 198%. For households in poverty, home heating costs exceed 23% of income, compared to 3–7% for median income Vermont families. The chart below shows the rise in home heating fuel costs by fuel source from 2005 to 2007.<sup>33</sup>

Fuel	2005 Price	2006 Price	2007 Price
Natural gas heating (ccf)	\$1.118	\$1.292	\$1.443
Electric heating (kWh)	\$0.129	\$0.134	\$0.140
Propane heating (gallon)	\$1.799	\$2.100	\$2.201
Fuel Oil heating (gallon)	\$1.743	\$2.277	\$2.580
Electric cooling (kWh)	\$0.132	\$0.137	\$0.141

<sup>27</sup> The statistics and information contained in this appendix are from various sources, including: the Affordable Housing Coalition, the Alliance To Save Energy [http://www.ase.org/extensions/state\\_facts/fact\\_sheets/VT.pdf](http://www.ase.org/extensions/state_facts/fact_sheets/VT.pdf); the Public Service Department <http://publicservice.vermont.gov/pub/vt-fuel-price-report.html>; Public Assets Institute <http://www.publicassets.org/PAI-IB0802.pdf>; the U.S. Department of Energy [http://www.eia.doe.gov/oil\\_gas/petroleum/info\\_glance/petroleum.html](http://www.eia.doe.gov/oil_gas/petroleum/info_glance/petroleum.html); and the Vermont Earth Institute <http://www.vtearthinstitute.org/transportation.html>. These sources have additional information about energy affordability and transportation costs.

<sup>28</sup> Fisher, Sheenan and Colton, Public Finance and General Economics, On the Brink 2007: The Home Energy Affordability Gap (April 2008).

<sup>29</sup> Ibid.

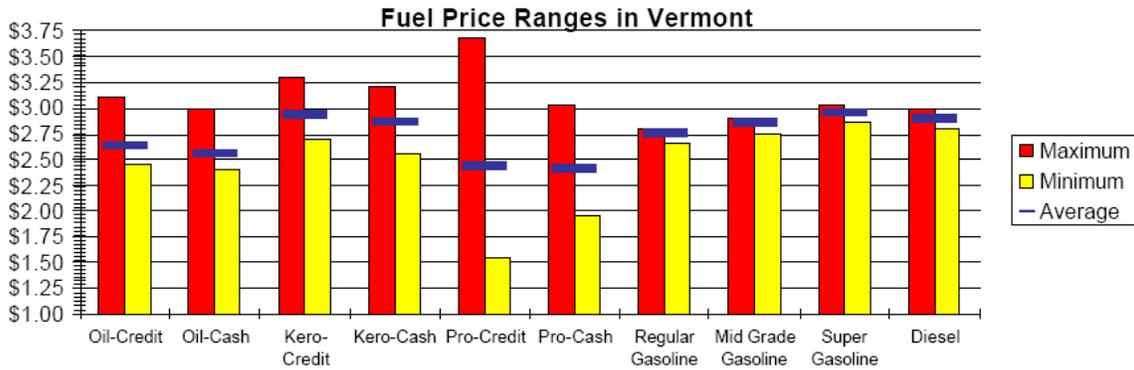
<sup>30</sup> Ibid.

<sup>31</sup> Alliance To Save Energy [http://www.ase.org/extensions/state\\_facts/fact\\_sheets/VT.pdf](http://www.ase.org/extensions/state_facts/fact_sheets/VT.pdf)

<sup>32</sup> Based on price of \$3.61 per gallon, "Weekly Heating Oil and Propane Prices," Energy Information Administration of the U.S. Department of Energy.

<sup>33</sup> Fisher et al. Op. Cit.

In addition, the price of fuel ranges depending on the type and the credit arrangement. The chart<sup>34</sup> below from April 2007 shows the range in price by type of fuel and includes home heating fuels, gasoline, and diesel.



*Affordability*

As discussed earlier, Vermont has several home heating affordability programs, but these programs do not meet the need. A new pilot program has recently been developed to create an electric affordability program through Vermont’s Public Service Board. The board may set a low income electric rate for Vermonters whose income is at or below 150% of the federal poverty guideline. This presents an opportunity for Vermont advocates and utilities to create an electric bill assistance program for low income families and elders who are unable to afford their electric needs. Under a current pilot program at Green Mountain Power Company, the second largest investor-owned utility in Vermont, low income customers in its service territory are eligible for a 25% discount on their electric bills and subject to more stringent disconnection rules. This pilot program will expire in 2010.

In addition, long-term energy strategies do not necessarily take into consideration economic justice issues, and this will result in increased energy costs without increased funding for ensuring energy is affordable for low income families. For example, efforts to curb global warming do not usually consider how revenue generated from a cap and trade system could be used, in part, to ensure affordability as well as to ensure energy efficiency.

<sup>34</sup> <http://publicservice.vermont.gov/pub/vt-fuel-price-report.html>

## Appendix 13

### *Access to Nutritious Food for Vermont Children*<sup>35</sup>

Any effort to support families in poverty and help them move to more secure financial footing must begin with ensuring that their most basic daily needs are met. In Vermont, 19,000 children under age 18 live in households with “low food security,” defined by the USDA as “lack of access to enough food to fully meet basic needs at all times due to lack of financial resources.”<sup>36</sup> These households are frequently forced to fill bellies with cheap, filling foods of little nutritional value or to skip meals altogether in order to pay for housing, utilities, and transportation. A number of federally funded nutrition programs that could bring in millions of dollars in food assistance to hungry Vermonters are currently underused in Vermont. This appendix briefly reviews the impact of hunger on children in poverty and describes the federal nutrition programs and current opportunities.

#### **Impact of Hunger**

The hunger and inadequate nutrition faced by almost one in six Vermont children have immediate and potentially lifelong detrimental effects. Lack of adequate good quality food affects a child’s health, growth, learning, and development. Long before hunger’s effects are severe enough to be detected, it can negatively impact children. Children experiencing even intermittent hunger have more health problems than children who never experience hunger. Chronic under-nutrition can affect children’s growth, learning, and development. It can cause a variety of problems such as stunted growth, anemia, headaches, and weakened resistance to illness. It can adversely impact brain and cognitive development, impair attention span, and cause developmental and behavioral problems.

Hunger and food insecurity<sup>37</sup> are serious challenges facing Vermont families. Over 14 percent of children under the age of 18 live in food-insecure households. Another 4.3 percent of Vermont households are food insecure with hunger.<sup>38</sup> Historically an outcome of poverty, hunger and food insecurity also plague Vermont’s growing number of low income<sup>39</sup> families. In Vermont, 33 percent of children live in low income families,<sup>40</sup> many of whom are not eligible for needed assistance such as food stamp benefits<sup>41</sup> or who struggle to cover the reduced-price school meal costs. Across Vermont, more and more families with

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<sup>35</sup> Most of the information in this appendix was provided by the Campaign to End Childhood Hunger.

<sup>36</sup> “Household Food Security in the United States, 2006” [www.ers.usda.gov](http://www.ers.usda.gov)

<sup>37</sup> Food Insecurity: Adults in households determined to be food insecure are so limited in resources that they are running out of food, reducing the quality of food their family eats, feeding their children unbalanced diets, or skipping meals so their children can eat. In Vermont, 9.5 percent of all households are food insecure.

<sup>38</sup> Food Insecurity with Hunger: Households that are classified as food insecure with hunger are those in which adults have decreased the quality and quantity of food they consume because of lack of money to the point where they are quite likely to be hungry on a frequent basis, or in which children’s intake has been reduced due to lack of family financial resources, to the point that children are likely to be hungry on a regular basis and adults’ food intake is severely reduced.

<sup>39</sup> Low income is defined as income below 200% of the federal poverty threshold.

<sup>40</sup> 2007 KIDS COUNT Data Book, Annie E. Casey Foundation, pg 150.

<sup>41</sup> To qualify for Food Stamp benefits, a family must have a gross income below 130% of poverty.

children require emergency food shelf assistance.<sup>42</sup> These data indicate just how difficult it is for many poor and low income families in Vermont to meet their most basic needs.

In addition, without regular access to the fresh fruits, vegetables, lean meats, and whole grains that form the basis of a healthy diet, children do not learn to make these foods part of their lifelong eating habits, resulting in higher rates of chronic disease later in life. Hunger hampers a family's efforts to achieve economic stability: 1) studies show that infants and children in hungry households are sick more often, resulting in lost days at work, school, or in job training programs for parents; 2) adults in hungry households suffer higher rates of illnesses such as depression, infections, and migraines, which affect the ability to participate successfully in work and training programs.

### **Federal Nutrition Programs**

While families in poverty struggle to feed their children, Vermont is not currently making full use of an array of federal nutrition assistance programs that can alleviate hunger, provide critical support to families working their way to economic self-sufficiency, and bring millions of federal dollars into our economy. Because assistance from these programs does not show up as household income, it does not cause families to lose eligibility for other means-based assistance programs that help with successful transition to full-time employment.

When fully used, the federal nutrition assistance programs will:

- Provide hungry children with up to two nutritious meals and a snack on the days they attend school, child care, or summer programs
- Provide low income households with greater purchasing power to obtain nutritious foods
- Improve children's academic performance and behavior, increasing their ability to participate in educational opportunities that will allow them to break the cycle of poverty
- Improve children's health and school attendance, increasing parents' ability to participate in employment or training opportunities
- Improve the health and well-being of adults, improving their ability to succeed in work and/or training programs
- Stimulate the local economy with food purchases and employment in food service programs
- Have little or no cost to the state or local governments

There are five federally funded nutrition programs that, if fully implemented in our communities, could provide millions of additional nutritious meals to Vermont children in poverty each year. However, in spite of the assistance these programs offer, many families experience difficulties obtaining and retaining benefits due to time-consuming and burdensome application, verification, and renewal processes; inadequate outreach efforts; or service delivery that inadvertently creates barriers to participation.

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<sup>42</sup> Between 2003 and 2005, the number of children benefiting from emergency food shelves each month increased from 9,451 to 11,347 (Agency of Human Services, Department for Children and Families).

**Food Stamp Program**

Each month, the food stamp program provides benefits to 53,000 Vermonters in need. Over 80% of these benefits go to households with children. Studies show that low income children living in households that receive food stamps eat healthier food, perform better in school, are less likely to be overweight, and experience fewer cases of abuse and neglect. Not only do food stamps help families stay healthy and active, they also support Vermont's economy. The food stamp program brought over \$54 million into the state in 2007, generating \$99 million in economic activity to support our local businesses and farmers.

**Child and Adult Care Food Programs**

Diets of infants and young children are deteriorating while rates of childhood obesity are rising. Children from low income households are especially vulnerable to poor nutrition with the resulting devastating and possibly lifelong effects on development, psychological and emotional health, and academic achievement. The Child and Adult Care Food Program (CACFP) provides nutritious meals in child care, improving children's diets and helping young children learn healthy eating habits. Despite its documented benefits, this program is available in only 20% of Vermont child care centers and in fewer than one-half of child care homes. Vermont ranks 49<sup>th</sup> among the states in licensed child care center participation and 41<sup>st</sup> in family home provider participation.

**School Meal Program**

School meals are a critical source of nutrition for children in Vermont, improving children's diets and health, as well as reducing rates of obesity and diabetes. School meals reduce hunger, increase the quality of the food that children and their families eat at home, and improve students' behavior and academic performance. Schools that include food and nutrition in their curriculum and then complement classroom information with offerings in the cafeteria help teach students important lessons about nutrition that help them form lifelong healthy eating habits.

**Summer Food Program**

The summer food service program (SFSP) provides free meals, often in conjunction with enrichment programming, to low income children during the summer months when school is closed. SFSP is an important nutrition resource for working families who depend on free or reduced price school meals during the academic year to provide consistent, nutritious meals. During the summer months, family food budgets are stretched, and often families need to rely on cheap, high-calorie food with low nutritional value. SFSP is an important tool in the prevention of childhood obesity. Recent research suggests that children gain BMI (body mass index) twice as fast during the summer months than during the school year.<sup>43</sup> For many children, weight gain during the summer months is a direct result of lack of consistent nutritious meals and affordable, enriching activities. Currently fewer than one out of four children who receive free or reduced price meals during the school year have access to summer meals, and where it is offered, this program is typically available for only part of the summer.

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<sup>43</sup> Von Hippel, et al. *American Journal of Public Health*, 97(4) 2007.

**Nutrition Education**

The University of Vermont Extension Service's Expanded Food and Nutrition Education Program (EFNEP) works in communities to provide nutrition, budgeting, and cooking education to low-income parents and pregnant women through home visits and classes. They also work to increase access to various nutrition assistance programs, such as food stamps, WIC, and school meals. The program has been effective in improving participant health and nutrition: studies in Virginia and Iowa showed that for every \$1 spent on EFNEP, over \$10 is saved in future health care costs. A Tennessee study showed that for every \$1 spent of EFNEP, \$2.48 is saved in food expenses.

Only six of Vermont's 14 counties have an EFNEP educator. These six individuals travel long distances to cover several counties and can only provide services to fill the most extreme needs. Low income individuals and families in rural communities in Vermont are becoming increasingly isolated by the lack of public transportation and the consolidation of public services into the major population centers. In addition, Vermonters' low wage jobs are increasingly without benefits that provide paid time off to travel to appointments or classes.

## **Appendix 14**

### ***Vermont's Child Care System: Facts***

A key component to ensuring children's opportunities is providing quality child care and education. Quality child care and early education are vital to child development, and national studies consistently show that public investment in early childhood development provides children with better futures and outcomes in life. For example, every \$1.00 spent on quality early childhood services saves in later education, criminal justice, welfare, foster care, and other social services costs because those children grow into adults who are able to support themselves and their families.

Quality child care is necessary for families to provide a safe environment while at work and ensures that children are ready for school and enhances their development. Vermont, as most states, does not have a comprehensive system of child care and early education. Parents must find appropriate child care that they can afford, which is becoming increasingly difficult as child care costs rise.

Among Vermont working families who paid for child care in 2006, 27% of low-earning working families, compared with only one percent of higher-earning families, spent more than one-fifth of their earnings on child care.<sup>44</sup> National experts recommend that families spend no more than 10 percent of household income on child care in order to ensure that other basic needs are met. For a Vermont family of four with two working parents making the median household income and two preschool-age children, the cost of child care in a licensed center-based program is \$16,120.00. This represents 22 percent of the family's household budget in 2007.

Vermont offers a child care subsidy program, administered by the department for children and families, which provides financial assistance to low and middle income families for purchasing child care. The financial assistance is in the form of a subsidy paid to approved child care programs on behalf of eligible families. Income eligibility guidelines for the child care subsidy program are based on the 1999 federal poverty guidelines and state median income. This means that families who are not currently eligible for the program would be eligible for financial assistance if the eligibility guidelines were based on current federal poverty and state median income standards.

In 2006, a family earning \$28,000.00 with a four-year-old child in full-time child care has a shortfall of \$130.00–\$200.00 each month, even with a subsidy. Today, a family of four earning less than \$3,115.00 a month would be eligible for the child care subsidy. In 1999, this amount was approximately 225% of poverty – today it is 181% of poverty. If the eligibility guidelines for the subsidy program were set using current federal poverty guidelines and state median income, a family of four earning less than \$4,529.00

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<sup>44</sup> The data in this section are from the Department for Children and Families, Child Development Division.

would be eligible for the subsidy. These figures illustrate how the subsidy program has fallen behind over time.

In addition, the amount of the subsidy is insufficient to ensure that parents can afford quality child care. For a single parent earning \$13,500.00 a year, with two preschool age children, the cost of child care in a registered home provider is \$13,000.00. This is 96 percent of the household budget if there were no state subsidy. Child care costs after being reduced by the maximum child care subsidy available would still leave a co-pay of \$3,713.00 or 27.5% percent of this parent's budget.

According to the Vermont Department for Children and Families (DCF), there is a significant gap between the current state child care subsidy rates and the prevailing market rates for care for all types of care and all age groups.<sup>45</sup> The average weekly state child care subsidy rates are \$21.40 a week less than the average statewide weekly market rates for registered family home child care and are \$20.77 a week less than the statewide average weekly market rates for care at licensed child care centers. This discrepancy results in co-payments for families that are receiving the full subsidy benefit, including families eligible for Reach Up. These co-payments are cost prohibitive for many families.

The federal Child Care Bureau has established a standard for states to consider when setting their child care subsidy rates at the 75th percentile of market rates. The purpose of the standard is to ensure eligible families access to most of the care in a community without prohibitive co-payments. The discrepancy between the state's current weekly subsidy rates compared to the statewide average market rates at the 75th percentile is even greater. The average weekly state subsidy rates are \$32.66 a week less than the statewide average weekly market rate at the 75th percentile for registered family home child care and \$31.07 a week less than the statewide average weekly market rate at the 75th percentile for licensed child care centers. While there have been small incremental increases in funding for the child care subsidy program to increase rates by 1–2 percent a year for the past four years, it has not been sufficient to establish the state subsidy rates at a level that ensures access to care for eligible families.

In addition, Vermont's child care subsidies have the highest cost to families and the lowest eligibility limits when compared to other New England states. This is illustrated in the following chart:

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<sup>45</sup> See 2008 Child Care Legislative Report from the Vermont Child Care Advisory Board, Child Care Affordability graph, page 3 available at [http://www.vermontccab.org/pdf/ccab\\_leg\\_rept\\_08.pdf](http://www.vermontccab.org/pdf/ccab_leg_rept_08.pdf)

CCDF Subsidies Copyright 2007 NCCP			
	<i>Income eligibility criteria</i>	<i>Cost to family</i>	<i>Number of recipients</i>
	<b>Earnings limit for 1-parent family of 3 (2007)[1]</b>	<b>Co-pay as % income, fam of 3, 150% FPL, 1 child in care (2007)[8]</b>	<b>Number of recipients (children) (FY 2005)[11]</b>
Connecticut	\$37,514/year	6%	9,600 children
Maine	\$47,200/year	10%	5,300 children
Massachusetts	\$34,680/year	9%	34,900 children
New Hampshire	\$31,548/year	<1%	7,100 children
New Jersey	\$33,200/year	7%	37,400 children
New York	\$33,200/year[2]	12% [9]	127,600 children
Pennsylvania	\$33,200/year	8%	72,600 children
Rhode Island	\$37,350/year[3]	7% [10]	5,200 children
<b>Vermont</b>	<b>\$31,032/year</b>	<b>15%</b>	<b>6,100 children</b>

In summary, despite Vermont's child care subsidy program, working families who need help paying for child care are not eligible for assistance or get far less than they would be eligible for if the income guidelines were updated. As a result, the ability of some parents to enter the workforce or to select quality, state-regulated care for their children is undermined. Child care providers are more and more reluctant to accept children on subsidy because the subsidy rates lag so far behind market rates; and families who have to make up the difference between what the state pays and what providers charge often fall behind in co-payments. This results in providers having to absorb losses until they can no longer afford to do so, at which point children end up with disruptions in care while parents struggle to find lower cost care or are forced to stop working.

#### NOTES AND SOURCES For CCDF Table

1. Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed*, National Women's Law Center, September 2007.
2. New York City has a higher income limit than the rest of the state.
3. In March 2007, the income limit was increased to \$38,663 to adjust for the 2007 federal poverty level.
4. Karen Schulman, Helen Blank, and Danielle Ewen, *A Fragile Foundation: State Child Care Assistance Policies*, Children's Defense Fund, 2001.
5. Rhode Island uses state funds to serve children up to age 16.
6. States were asked to report state reimbursement rates and the 75th percentile of market rates for their state's most populous city, county, or region. Data reflect basic provider payment rates (higher rates may be available for particular types of care). Rates are considered below the 75th percentile if they are based on an out-dated market rate survey (more than 2 years old). Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed*, National Women's Law Center, September 2007.

7. The state planned to implement new rates effective July 2007.
8. If the state calculates co-payments based on the cost of care, figure reflects the co-payment for a 4-year-old in licensed, nonaccredited center care at the maximum state payment rate. Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed*, National Women's Law Center, September 2007.
9. Co-payments vary by locality based on a state-specified range. This figure reflects the maximum amount possible within that range.
10. As of March 1, 2007, the monthly co-payment was \$85 per month, \$1,020 per year, and 4 percent of income.
11. Data reflect the average monthly number served through CCDF (i.e., figures reported by states have been "adjusted" by the Child Care Bureau to reflect the number funded through CCDF only, including through TANF funds transferred into CCDF). Many states provide additional child care subsidies outside CCDF, through, for example, direct TANF child care spending. U.S. Department of Health and Human Services, Child Care Bureau, Preliminary estimates "Average Monthly Number of Families and Children Served (FFY 2005)" (ACF-800 and ACF-801 data), 2006, [http://www.acf.hhs.gov/programs/ccb/data/ccdf\\_data/05acf800/table1.htm](http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/table1.htm) (accessed September 25, 2007).
12. Note that subsidy eligibility criteria and application policies and procedures vary significantly between states. Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2007: Some Steps Forward, More Progress Needed*, National Women's Law Center, September 2007.