

**Annual Report to the Governor  
and the  
General Assembly  
on**

**Vermont's Reach Up Program**



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## Mission Statement

Our mission is to help Vermonters find a path to a better life. To this end, we take on many roles: employment coach, health insurance provider, crisis manager, career planner, champion of families, and promoter of human potential. Most importantly, we are Vermonters helping Vermonters.

## Highlights of 2005

In 2005, the U.S. Department of Health and Human Services awarded Vermont High Performance bonuses of \$1,118,678 for efforts to improve job placement, job retention, and earnings gains, child care affordability and accessibility, and family formation and stability. Vermont was 5th in the nation in the “success in the workforce” category, up from 10th for 2003.

With the assistance of an independent contractor, the Economic Services Division (ESD) completed a leavers study of Reach Up and Postsecondary Education Program (PSE) families who left either program in 2003. For purposes of this study, a participant had to be off assistance for at least two consecutive months to be considered as a leaver. Of the PSE leavers, 93 percent stayed off assistance for at least one year and 65 percent of Reach Up leavers remained off assistance for at least one year. PSE leavers with earnings in all four quarters after leaving PSE earned an average annual income of \$19,257; Reach Up leavers with earnings in all four quarters after leaving Reach Up earned an average annual income of \$17,330.

At the invitation of the federal government, Vermont joined other states in receiving new hire information about TANF recipients from the National Directory of New Hires (NDNH). The NDNH provides employment information on employers based out of state and federal employment that may not otherwise be available through traditional state verification sources. This new hire data is expected to enhance ESD’s ability to verify new hires of TANF participants in Reach Up.

ESD is engaged in an intensive professional development program through the State University of New York at Albany. This program is designed for case managers and supervisors and supports their ability to promote a strength-based, solution-focused system for Reach Up.

Vermont has continued to meet all of its federal work participation rate requirements, successfully moving families toward self-sufficiency and preserving our federal funds.

ESD revised its Reach Up orientation and employability assessment processes. These enhanced processes support a strength-based system through which families gain a greater understanding of their skills, their fit within their local labor markets, and how education and training may improve their employment opportunities.

ESD and the Department of Education are collaborating on a plan to ensure continued funding for approved Teen Education Programs using state education funds. This collaboration arose because Federal regulators confirmed a prohibition on the use of Temporary Assistance for Needy Families (TANF) funds for educational purposes that are the responsibility of the state.

ESD began a formal review and evaluation of programs that receive funding to provide services to Reach Up families. The first phase of the evaluation reviewed teen parent education, on-demand transportation, and a transitional housing program. The second phase, planned for SFY06, will evaluate housing, supported worksite, and donated wheels programs. A final phase is anticipated for SFY07.

## TANF Reauthorization

On December 21, 2005, Congress passed budget reconciliation legislation that reauthorized the Temporary Assistance for Needy Families (TANF) for five years. Congress had been debating

changes to TANF since 2002 when the program first came up for reauthorization. During the past three years, Congress has continued TANF without changes through a series of legislative extensions. Initially both houses approached TANF reauthorization in stand-alone bills. When Congress took up budget reconciliation toward the end of this year, the House included a modified version of its TANF bill in its budget reconciliation bill. The Senate's budget reconciliation bill did not include any TANF provisions.

The budget reconciliation conference committee issued its recommendations in the conference agreement on December 19, 2005, and the House passed it with a vote of 212 to 206. This agreement included TANF reauthorization, though the provisions differ from the House's original bill. The Senate passed the bill on December 21 by a 51-to-50 vote.

Because the TANF reauthorization legislation passed as this report was going to print its overall effects were still being analyzed; however, some impacts are clear. This legislation requires states to meet much higher work participation rates in 2007 or face fiscal penalties. According to the Congressional Budget Office, states can be expected to try to meet the requirements by applying a combination of approaches including funding more activities, imposing tighter up-front requirements, and adopting stricter sanctioning policies. Though it is expected that states may need to create additional work placements for participants, they must do so with a level-funded TANF block grant.

The legislation, in effect, increases the work participation rates, particularly for two-parent families. Under current law, states are required to meet a 90 percent work participation rate for two-parent families. Vermont has been able to meet this requirement due to receipt of a significant caseload reduction credit applied against the rate. The credit was based upon the state's reduction in its caseload since 1995. The bill changes the caseload reduction credit calculation by using 2005 instead of 1995 as the base year from which to determine the reduction. This will significantly reduce the credit.

The new law restricts states' flexibility to set policies in state-funded programs, undoing a basic tenet of the 1996 welfare law. In Vermont, this change may jeopardize the sustainability of the postsecondary education program and other separate state programs as part of Vermont's TANF program. In addition, the legislation applies the work participation rate to families in separate state programs as well as those receiving TANF assistance. These changes that are likely to affect Vermont's ability to meet its participation rates go into effect in federal fiscal year 2007. To avoid fiscal penalties, Vermont must immediately evaluate its options under the new law and determine ways to increase Reach Up participants', especially two-parent families', participation in countable work activities.

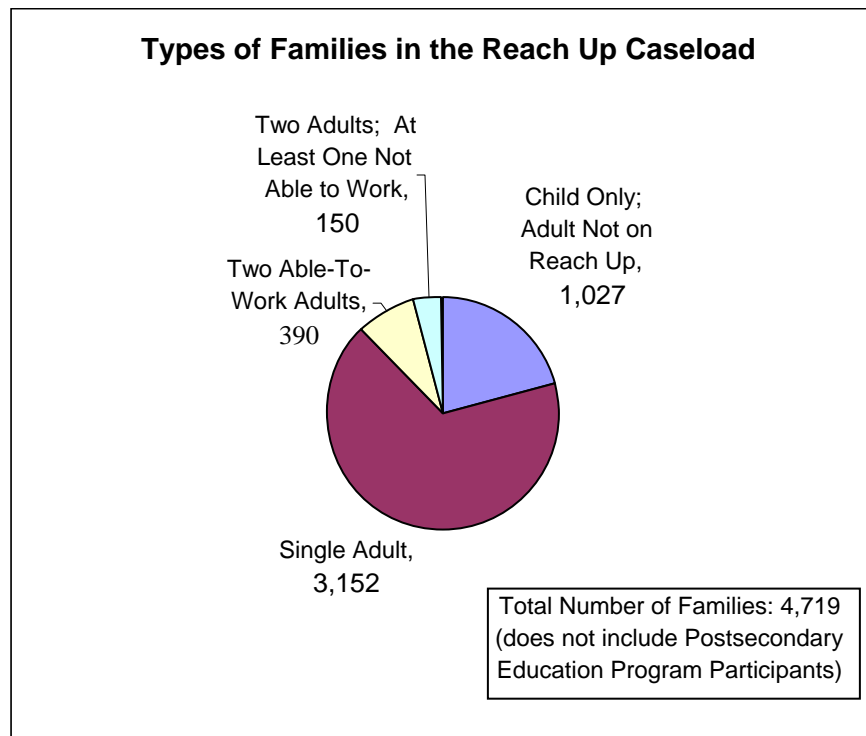
This report is submitted pursuant to 33 V.S.A § 1134 (a). The following sections in this report correspond to the numerical paragraphs under subsection 1134 (a). Most data in this report are for the period October 1, 2004, through September 30, 2005. Information in Sections 4 and 5 (Reach Up leavers' participation in food stamps and Medicaid) is for the 2005 state fiscal year.

Pursuant to 33 V.S.A § 1134 (d), the ESD submitted a report on cumulative months of families' receipt of Reach Up to the House and Senate Committees on Health and Welfare and Appropriations. The report, titled Status Report on the TANF Five-year Time Limit, is available upon request.

**Section 1**

**Types of Barriers Facing Reach Up Families Seeking Economic Self-Sufficiency, Number of Families with Each Type of Barrier, and Frequency of Occurrence of Each Type of Barrier**

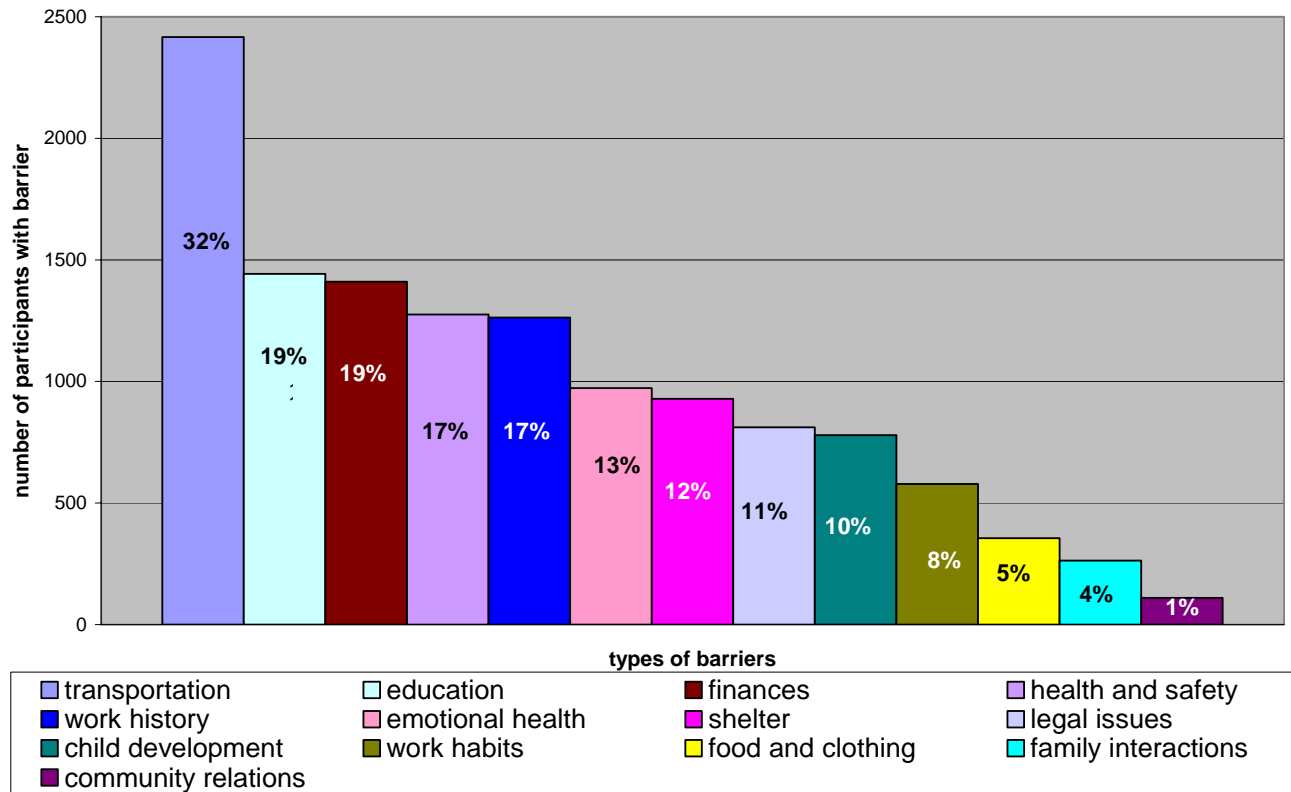
Charts in this section illustrate the types of families and number of adults participating in the Reach Up program, the number of participants with barriers, ages of children in Reach Up families, and the number of participants with deferments from the work requirement. The figures are the average monthly numbers for the period October 2004 through September 2005.



**Average Number of Adults Participating in Reach Up Program**

<b>Family Type</b>	<b>Average Number of Adults Participating in Reach Up Each Month</b> (does not include Postsecondary Education Program participants)
Child only (child's parent or caretaker is not on Reach Up)	0
Single adult	3,152
Two able-to-work adults	780
Two adults, at least one not able to work	300
<b>Total Adults</b>	<b>4,232</b>

### Reach Up Participants with Barriers

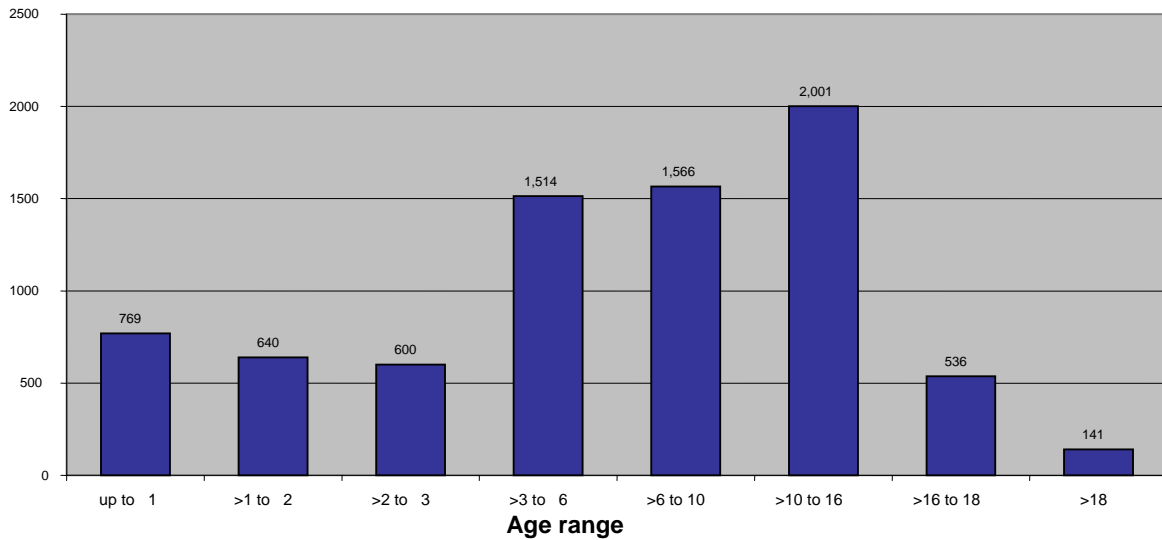


The above chart illustrates the percentage of Reach Up participants assessed as having these barriers. During the period October 2004 through September 2005, case managers assessed 7,486 participants and found 12,604 barriers, an average of 1.7 barriers per participant.

ESD, with the help of community resources and organizations, works with participants to get them the transportation they need. Case managers help participants to obtain licenses, registration, insurance, and vehicle repairs. Reach Up supports community-based organizations that provide on-demand transportation services, reliable vehicles for program participants, and help to participants to gain or repair credit so they are able to purchase vehicles. Case managers encourage and assist participants to explore alternative transportation options such as public transportation, car pooling, ride sharing, and relocation.

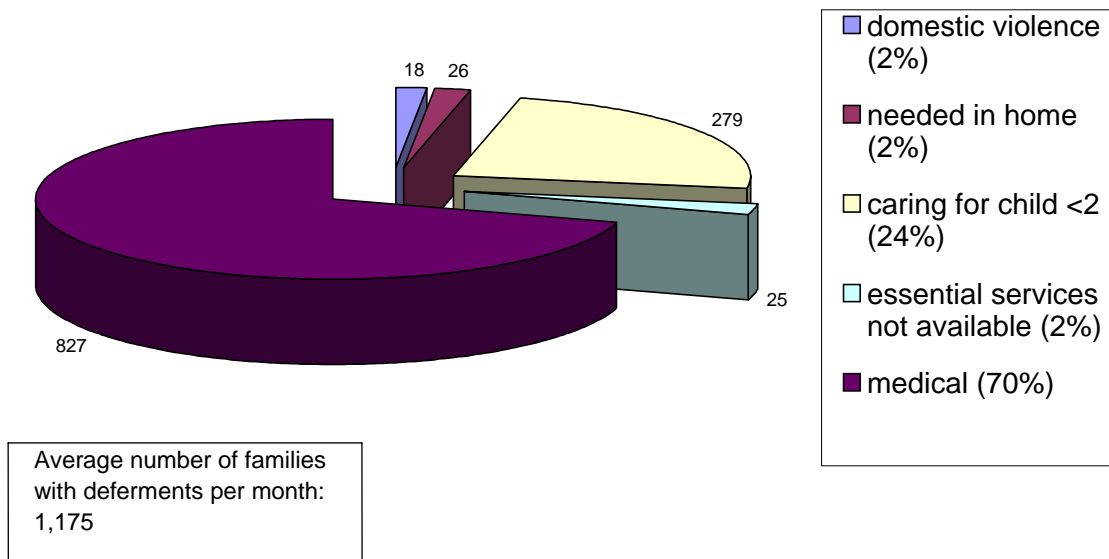
ESD continues to work closely with Vermont Adult Learning (VAL) to enhance the new Making It Work Program (MIW). This program offers adults the opportunity to gain both life and job-readiness skills. Through its continuing partnership with Vermont Department of Labor (VDOL) and VAL, ESD ensures that all Reach Up participants receive a thorough and timely assessment. These assessments help participants define realistic employment goals, develop clear career paths, and identify the steps needed to gain and retain employment in their field of interest. Based on the assessment results, participants may be enrolled into one or more of five components including problem-solving, money management, and job-readiness skills. As needed, participants may also be referred to services related to living and job skills. MIW operates statewide through a grant to VAL which subcontracts with local providers.

### Ages of Children Participating in Reach Up



An average of 7,767 children per month received assistance from October 2004 through September 2005. The above chart illustrates the ages of these children. Around 26 percent are under age 3, 19 percent are between the age of 3 and 6, and approximately 55 percent are over 6. The deferment chart below illustrates that an average of 279 participants per month receive a deferment from the work requirement to care for a child under the age of 2.

### Families with Deferments



A deferment is a temporary postponement of the full work requirement. A deferred participant must have a family development plan with an employment goal and participate in activities, including work activities that lead to the achievement of the employment goal. Figures represent the deferment status of the primary earning adult.

## Section 2 Participant Outcomes, Including Specific Information Relating to:

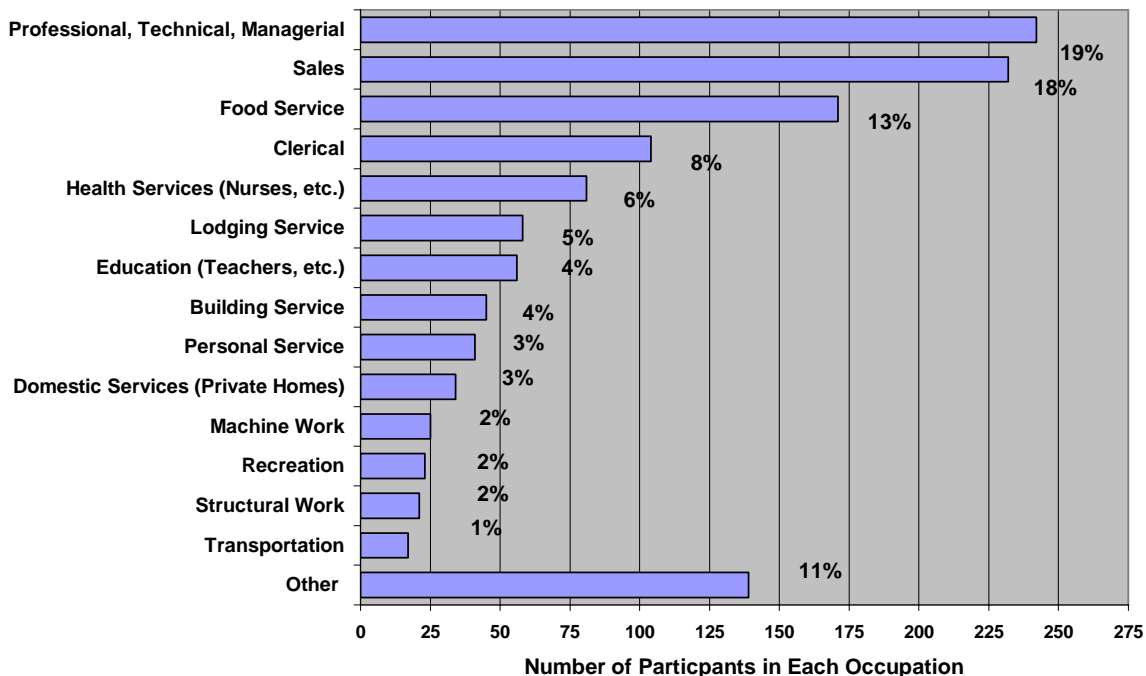
**the number of persons employed, by occupation, industry and wage;  
 the types of subsidized and unsubsidized jobs secured by participants;  
 any available information about outcomes for children who have participated in the Reach Up program, including objective indicators of improved conditions; and  
 the number of participating families involved in training programs.**

Charts in this section illustrate Reach Up participants' work by occupations, industries, and wages. In addition, one chart illustrates the number of families that moved off assistance and achieved better outcomes for their children under the Reach Up program. Information about outcomes for children is also represented in Section 1 by the low number of related barriers and the high number of parents requesting deferments to take care of children. An average of 353 participants per month who were not job ready engaged in training and education placements. Information presented in this section represents a monthly average based on data from October 2004 through September 2005. It does not include the Postsecondary Education program.

### Families Combine Welfare with Work

The chart below illustrates occupations of an average of 1,290 participants who combined welfare with work each month. The "Other" category includes participants whose jobs do not fit into a specific category, those who are in supported work placements and not earning a wage, and those in occupations not otherwise listed and that employ less than 1% of the participants.

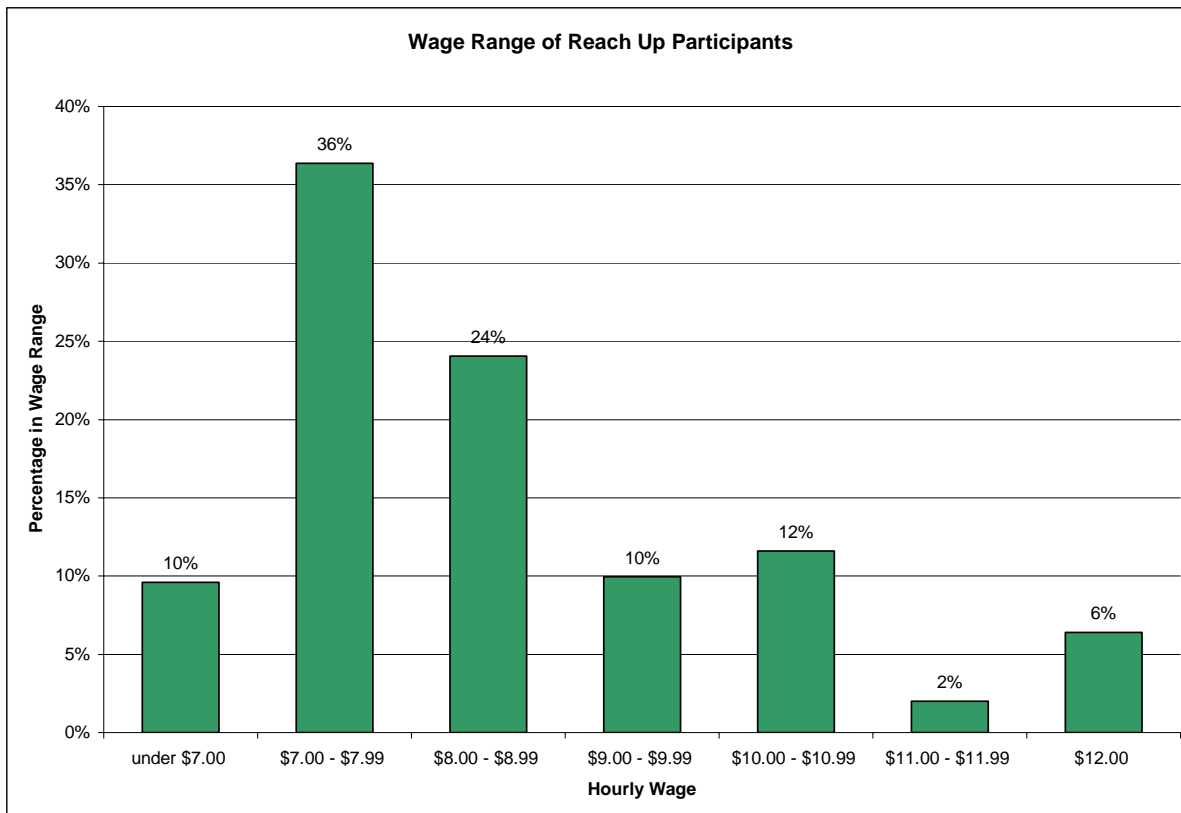
**Reach Up Participants Employed by Occupation  
 October 2004-September 2005**



### Reach Up Participants Employed by Industry October 2004-September 2005

Industry	Percentage in Each Industry	Average Number of Participants per month
Services	49%	633
Retail Trade	13%	169
Transportation & Public Utilities	10%	123
Manufacturing	3%	35
Construction	2%	32
Government	2%	31
Agric/Forestry/Fishing/Mining	1%	17
Wholesale Trade	1%	9
Finance/Insurance/Real Estate	1%	9
Other*	18%	233
<b>Total Participants Employed</b>		<b>1,290</b>

*\*The "Other" category includes participants whose jobs do not fit into a specified category and those who are in supported work placements and not earning a wage.*



The above chart does not include newly employed and self-employed adults whose earnings have yet to be verified and adults in supported work placements who are not earning wages. Participants starting self employment may have net income equivalent to less than \$7.00 per hour.

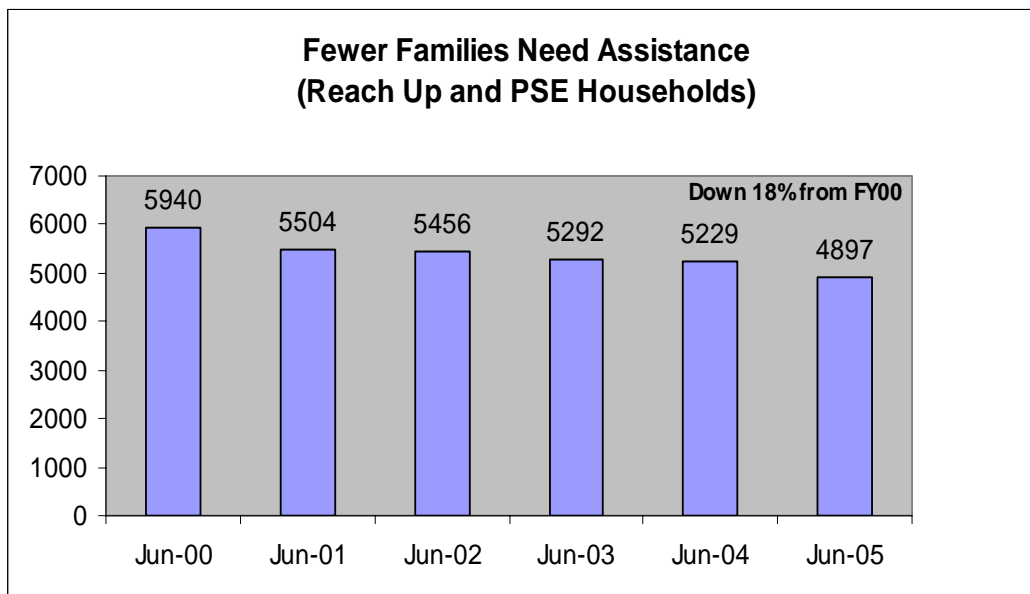
## Adults Participate in Training and Education Programs

Participants who are not job ready are supported in short-term work, training, and education placements. Participants who need work experience may be placed in supported placements where they do not earn wages; these participants are included in the “unknown” categories in the occupation, industry, and wage tables above. An average of 353 participants engaged in vocational education, job skills training, and school attendance each month from October 2004 through September 2005. Participants have been placed in training sites with municipalities, schools, community action agencies, senior meals sites, local housing authorities, parent-child centers, University of Vermont, YMCA, and the Salvation Army. Duties included office work, maintenance, cleaning, and other services.

During SFY06, ESD expects to launch several pilots in collaboration with the Vocational Rehabilitation Division to create better job development and placement services for adults with disabilities attributable to mental health diagnoses.

## Families Move from Welfare to Work

When Vermont began the Reach Up program and came into full compliance with TANF on July 1, 2001, there were 5,500 families on assistance. At the end of June 2005, fewer than 5,000 families were participating in Reach Up and the Postsecondary Education Program (PSE). An indicator of Reach Up’s success in moving families toward self-sufficiency and achieving better outcomes for their children is the number of families who have left the program as a result of increased income. Between September 1, 2004, and August 31, 2005, 1,687 families have ended their reliance on Reach Up for this reason. The following chart illustrates families’ success in moving to financial independence.



## Section 3

### Case Management System and the Training of Case Managers

ESD provides comprehensive case management services to all families receiving Reach Up financial assistance. Case management begins as soon as a family is found eligible for financial assistance and continues until the family is no longer eligible for case management services. An appropriate level of case management may continue for up to six months after a Reach Up family is no longer eligible for financial assistance because of employment.

Case managers have three primary functions: to complete in-depth assessments, negotiate the family development plan, and provide ongoing support and assistance.

Case managers gather information about each family member and determine whether 13 particular areas of family life, as illustrated in the Barriers chart on page 6, support, interfere with, or have no impact on the family's efforts to achieve economic self-sufficiency.

Based on initial and ongoing assessment results, case managers work with the adults in the Reach Up family to identify realistic employment goals. Once employment goals are set, case managers work with families to plan activities and services in support of the adults' efforts to achieve their goals. The family development plan (FDP) details the activities a family will complete and the support services the family needs to participate in FDP activities. The FDP functions as a working contract between ESD and the family.

Case managers have ongoing contact with families to monitor progress in the FDP activities. As needed, case managers work with families to change or modify plans, identify additional resources or activities, and initiate or support problem-solving efforts.

To meet the diverse needs of Reach Up participants, ESD provides case management services through its 12 district offices, the Vermont Department of Labor (VDOL), Vocational Rehabilitation (VR) offices, 15 Parent Child Centers (PCCs), and colleges where Postsecondary Education (PSE) program participants are enrolled. In general, ESD case managers provide services to single parents in the application, pre-work-ready, and work-ready phases. VDOL case managers provide services to two-parent households when both parents are able to work and single parents in the employment phase. VR provides case management services to participants referred to and participating in rehabilitation services. Parent Child Centers provide case management services to minor and young parents, and PSE case managers provide services to participants enrolled in two- or four-year degree programs.

Entry-level requirements for case managers vary from organization to organization. ESD's in-house case managers must have at least a bachelor's degree or equivalent in an appropriate field of study and related experience before they begin providing these services. External contractors set their own entry-level standards and ESD relies on their hiring practices to ensure that case managers have the requisite skills.

Ongoing training for case managers includes basic and advanced interviewing; Reach Up services; domestic violence; substance abuse; best practices related to programs, regulations, and

implementation; eligibility and service components of ESD's computer system; and overview of ESD programs.

In the fall of 2004, ESD, in cooperation with the Professional Development Program at the State University of New York at Albany, launched an intensive professional development program for case managers and supervisors. This program affords case managers and supervisors an opportunity to build skills and competencies in working with families from a strength-based and solution-focused perspective. The program is being evaluated for college credit at the under-graduate and graduate levels.

As part of a quality assurance and continuous improvement effort, ESD conducts random audits of participant files. The audits review both case documentation and casework practice. Findings are used to determine areas in which case managers may require additional training or coaching and areas that form the basis for periodic 'Best Practices' reports.

During 2005, a work group comprised of staff from central and district offices facilitated two statewide sessions to introduce key staff to the new Reach Up Orientation. The Vermont Department of Labor (VDOL) and Vermont Adult Learning/Making it Work (VAL/MIW) presented a session to introduce and develop strategies to implement the enhanced employability assessment. In addition, a team of Vocational Rehabilitation (VR), VDOL, and ESD staff focused on improving the partnership in which VR workers train VDOL or ESD case managers to properly prepare the participants they plan to refer to VR so they will be ready for their work with a specialized VR case manager.

**Section 4**

**Food Stamp Participation of Households  
Who Have Left Reach Up During the Last Fiscal Year**

The chart illustrates food stamp participation for individuals who left Reach Up in SFY 2005. For example, during the quarter ending June 30, 2005, 3,789 individuals left Reach Up and 79 percent of those leavers were still off assistance four months later. Around 66 percent of the 3,789 Reach Up leavers received food stamps in their last month on Reach Up. Four months later, 35 percent of those leavers received food stamps.

**Reach Up Leavers' Participation in Food Stamps  
State Fiscal Year 2005**

	<b>Quarter Ending Sep '04</b>	<b>Quarter Ending Dec '04</b>	<b>Quarter Ending Mar '05</b>	<b>Quarter Ending Jun '05</b>
1. Total number of individuals who left Reach Up	4,090	4,096	3,320	3,789
2. Those in #1 who were not receiving RU in the 4th month after leaving RU	3,304 (81%)	3,251 (79%)	2,698 (81%)	3,010 (79%)
3. Those in #2 who were enrolled in food stamps at the time of leaving RU	2,762 (84%)	2,726 (84%)	2,267 (84%)	2,506 (83%)
4. Those in #3 who were also enrolled in food stamps in the 4th month after leaving RU	1,404 (51%)	1,379 (51%)	1,142 (50%)	1,329 (53%)

## Section 5

### Health Care Program Enrollment of Individuals Who Have Left Reach Up During the Last Fiscal Year

Our state is a leader in providing health care assistance to children and families. While a family of three loses eligibility for Reach Up when their income reaches approximately \$12,000 a year, the adults will be eligible for transitional Medicaid until their annual income reaches \$29,600 and their children remain eligible for Dr. Dynasaur until the family's income tops \$48,100 (or higher, if the family pays for child care).

#### Reach Up Leavers' Participation in Medicaid and Dr. Dynasaur State Fiscal Year 2005

	Quarter Ending Sep '04	Quarter Ending Dec '04	Quarter Ending Mar '05	Quarter Ending Jun '05
1. Total number of individuals who left Reach Up	4,090	4,096	3,320	3,789
2. Those in #1 who were not receiving RU in the 4th month after leaving RU	3,304 (81%)	3,251 (79%)	2,698 (81%)	3,010 (79%)
3. Those in #2 who were enrolled in medical assistance at the time of leaving RU	3,269 (99%)	3,218 (99%)	2,680 (99%)	2,967 (99%)
4. Those in #3 who were also enrolled in medical assistance in the 4th month after leaving RU	2,665 (82%)	2,602 (81%)	2,060 (77%)	2,346 (79%)