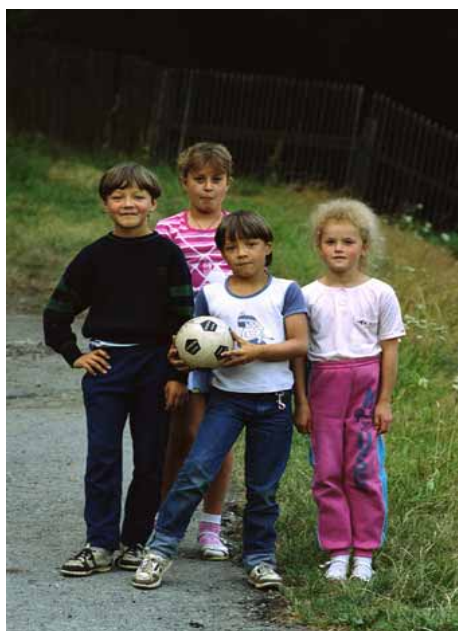


Annual Report to the Governor  
and the  
General Assembly  
on

# Vermont's Reach Up Program



January 31, 2008

**Submitted by:**

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## Table of Contents

	Page
• Highlights of 2007	3
• Section 1—Barriers	4
• Section 2—Participant Outcomes	7
• Section 3—Food Stamp Program Participation for Those Leaving Reach Up	10
• Section 4—Health Care Program Enrollment for Those Leaving Reach Up	11
• Section 5—Work Participation Rates and the Caseload Reduction Credit	12
• Section 6—Basic Needs, Housing Allowances, and Maximum Grants	13

This report is submitted pursuant to 33 V.S.A § 1134 (a), which requires that, by January 31 of each year, the department report to the governor and the general assembly on the department's progress during the past year in implementing the Reach Up program and achieving the goals in 33 V.S.A. § 1102. 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, 2006, through September 30, 2007. Data in Sections 4 and 5 (Reach Up leavers' participation in food stamps and Medicaid) are for the 2007 state fiscal year.

Pursuant to 33 V.S.A § 1134 (d), the Economic Services Division (ESD) submitted a report on cumulative months of Reach Up families' receipt of TANF-funded financial assistance to the House Committee on Human Services, the Senate Committee on Health and Welfare, and House and Senate Committees on Appropriations. The report, titled Status Report on the TANF Five-year Time Limit, is available upon request. In summary, the projections in that report are based on the available data. According to that data and the projections, the number of families that will qualify for the hardship exemption from the 60-month limit on receipt of TANF-funded assistance will not exceed the allowable 20 percent of the caseload for the time periods covered in the report. In addition, for those same time periods the projections show that general funds appropriated in the Reach Up program are sufficient to fund the grants of the sanctioned families that have exceeded the 60-month TANF limit and do not qualify for the exemption.

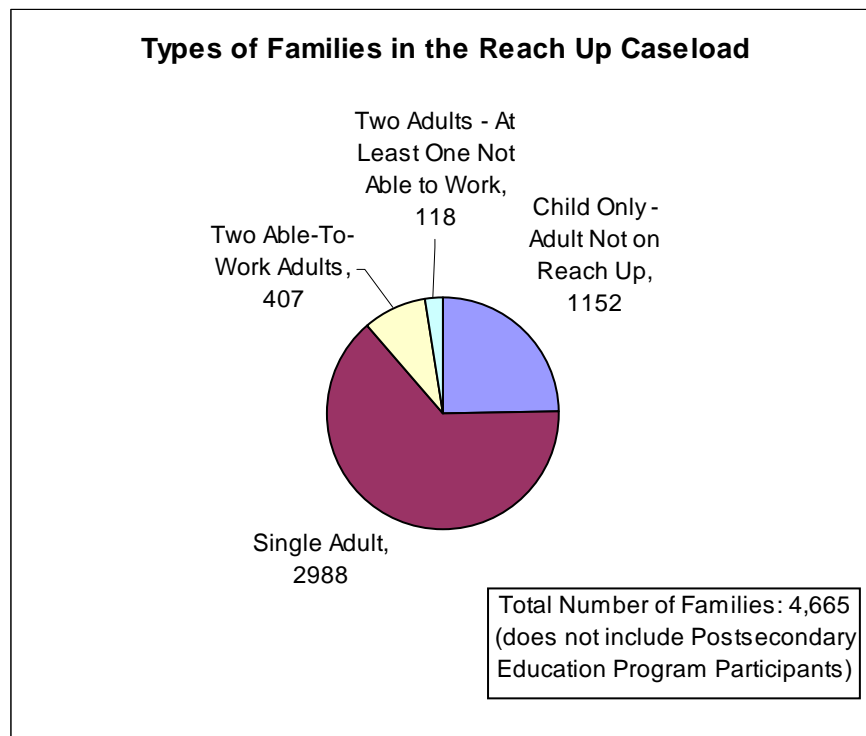
## Highlights of 2007

- In September 2007, the Administration for Children and Families (ACF) of the U.S. Department of Health and Human Services (HHS) approved Vermont's amended Work Verification and Documentation Plan. Vermont submitted its original plan as required by the Deficit Reduction Act of 2005 (DRA) in September 2006. In October 2007, the plan was implemented with programming changes in place to allow staff to enter Reach Up participants' verified hours in work activities in a prior month. A central office Verification and Documentation Team began visiting district offices in June 2007 to monitor compliance with the plan.
- ESD is on schedule for adopting rules effective April 1, 2008 as required by Act 30, An Act Relating to Moving Families out of Poverty. Act 30 established the Reach First Program, changed the Postsecondary Education Program by replacing the fixed annual stipend with monthly fluctuating financial assistance calculated using Reach Up financial assistance rules, changed Separate State Programs to Solely State-Funded Programs, and increased the Reach Up earned income disregard and resource limits.
- Vermont was one of eight states selected for audit of its TANF program by the Office of Inspector General (OIG) of the federal Department of Health and Human Services (HHS). HHS plans to use the audit results to establish a national error rate for the TANF program. The OIG is expected to release the final report in March.

## 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

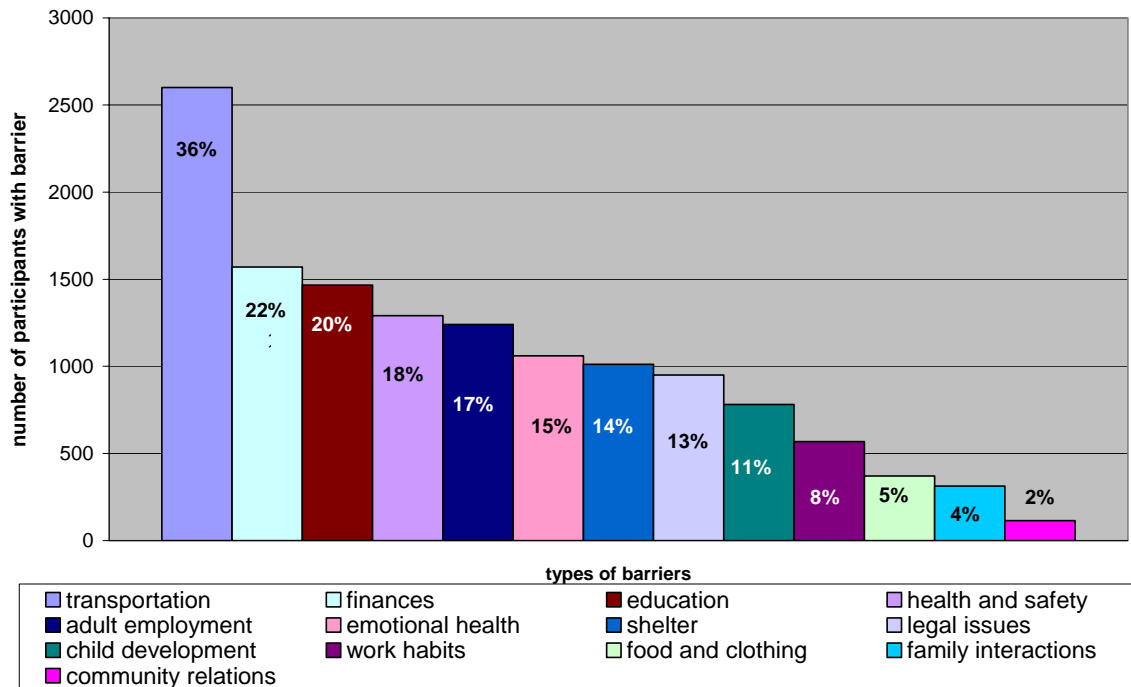
Charts in this section illustrate the types of families and number of adults participating in the Reach Up program, the number of participants with barriers, ages of children in Reach Up families, and the number of participants with deferments from the work requirement. The figures are the average monthly numbers for the period October 2006 through September 2007.



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

Family Type	Average Number of Adults Participating in Reach Up Each Month (does not include Postsecondary Education Program participants)
Child only (child's parent or caretaker is not on Reach Up)	0
Single adult	2,988
Two able-to-work adults	814
Two adults, at least one not able to work	236
<b>Total Adults</b>	<b>4,038</b>

**Reach Up Participants with Barriers**

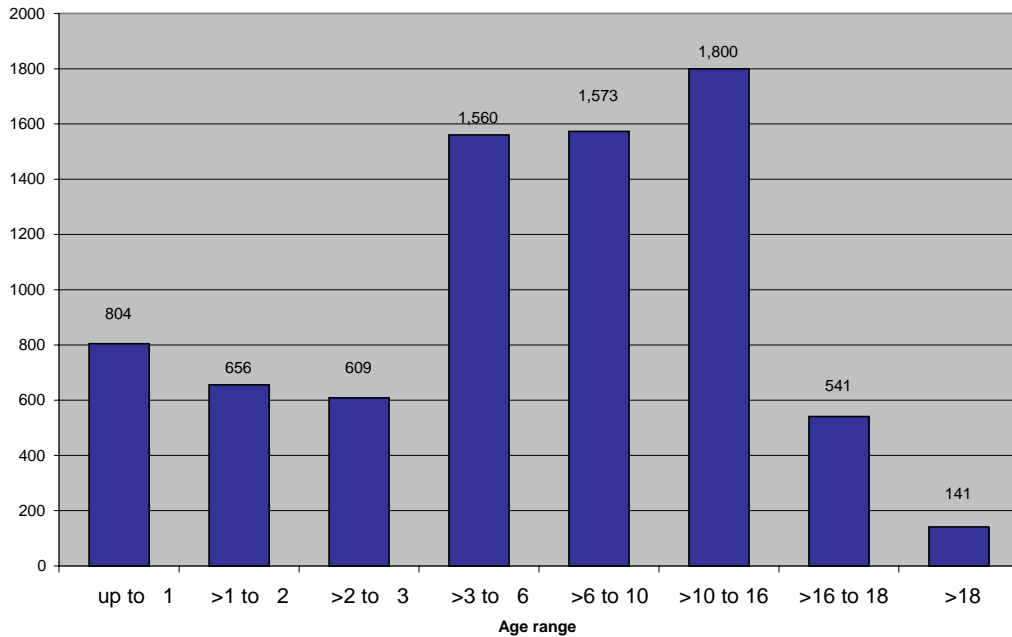


The above chart illustrates the percentage of Reach Up participants assessed as having these barriers. During the period October 2006 through September 2007, case managers assessed 7,216 participants and found 16,481 barriers, an average of 2.3 barriers per participant.

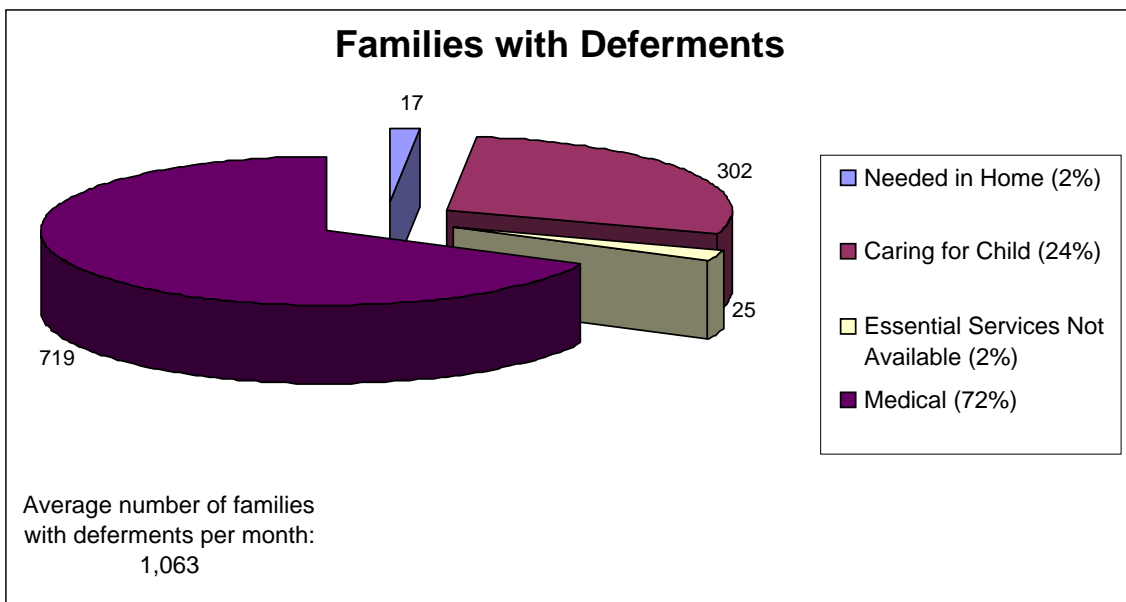
ESD, with the help of community resources and organizations, works with participants to get them the transportation they need. Case managers help participants to obtain licenses, registration, insurance, and vehicle repairs. Reach Up supports community-based organizations that provide participants with on-demand transportation services, reliable vehicles, and help toward gaining or repairing 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 employability 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 in Reach Up Families



The above chart illustrates the ages of a monthly average of 7,685 children who received assistance from October 2006 through September 2007. Around 27 percent are under age 3, 20 percent are between the age of 3 and 6, and 53 percent are over 6. The deferment chart below illustrates that an average of 302 participants per month received a deferment from the work requirement to care for a child under the age of 2.



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. Consistent with the department's strength-based approach to case management, case managers modify the number of work requirement hours, rather than defer the work requirement, for participants who are able to work part time. Figures in the chart above represent the deferment status of the primary earning adult.

## Section 2 Participant Outcomes, Including:

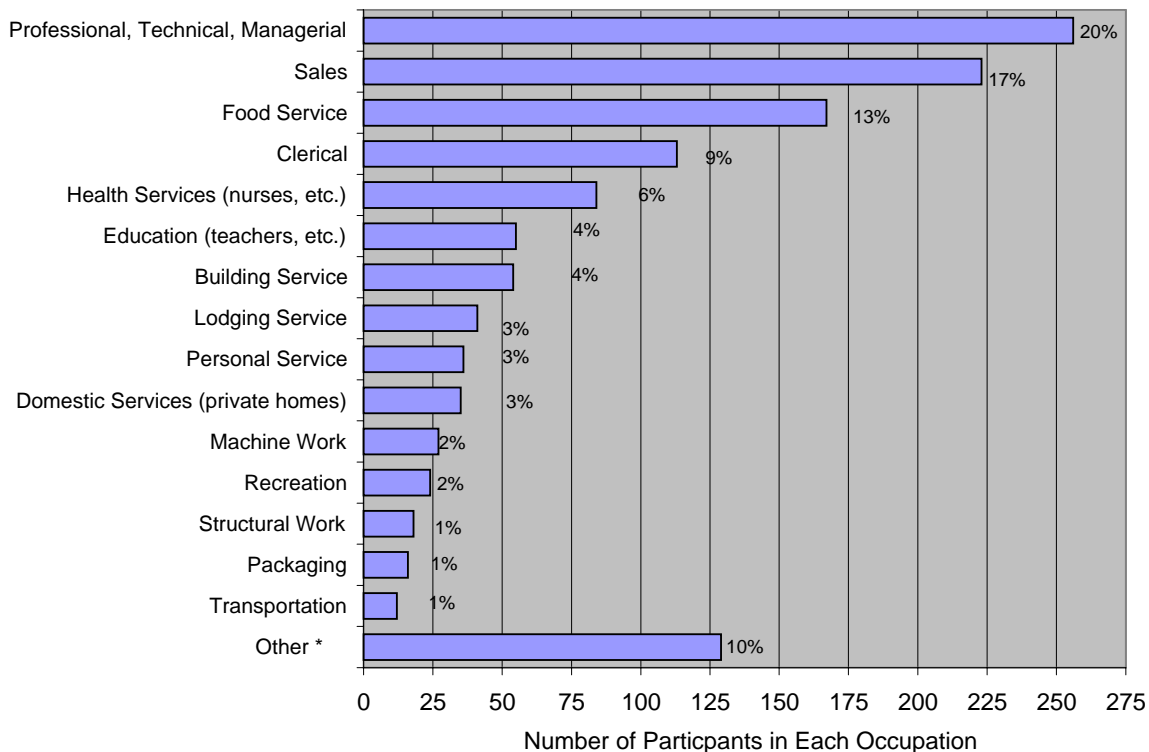
- the number of persons employed, by occupation, industry and wage;
- types of subsidized and unsubsidized jobs secured by participants;
- outcomes for children; and
- the number of participating families involved in training programs.

Charts in this section illustrate monthly averages of Reach Up participants' work by occupations, industries, and wages based on data from October 2006 through September 2007. It does not include the Postsecondary Education program. 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 320 participants per month who were not job ready engaged in training and education placements.

### Families Combine Welfare with Work

The chart below illustrates occupations of an average of 1,288 participants who combined welfare with work each month.

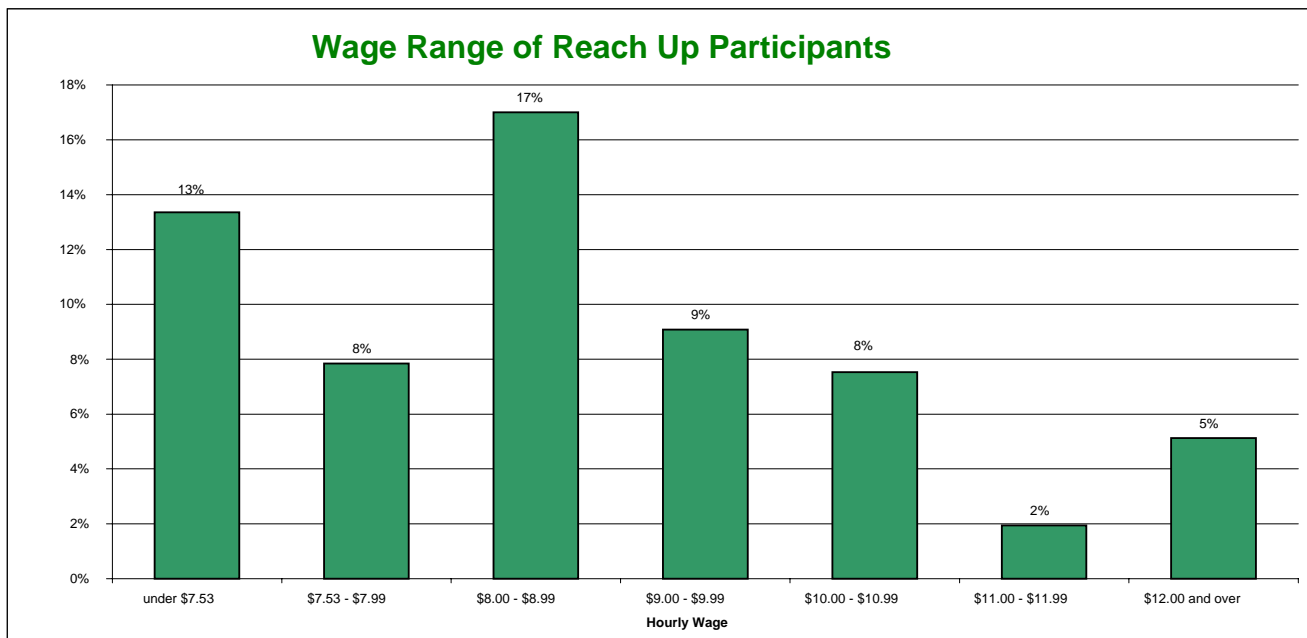
**Reach Up Participants Employed by Occupation  
 October 2006-September 2007**



### Reach Up Participants Employed by Industry October 2006-September 2007

Industry	Percentage in each Industry	Average number of participants per month
Construction	50%	648
Transportation & Public Utilities	13%	171
Services	7%	93
Manufacturing	4%	47
Wholesale Trade	3%	38
Finance/Insurance/Real Estate	2%	31
Agric/Forestry/Fishing/Mining	1%	14
Retail Trade	1%	10
Government	1%	8
Other*	18%	229
<b>Total Participants Employed</b>		<b>1,288</b>

*\*The "Other" category in the charts above and on the previous page includes participants whose jobs do not fit into a specified category, those who are in supported work placements and not earning a wage, and those in occupations not otherwise listed that employ less than 1 percent of the participants.*



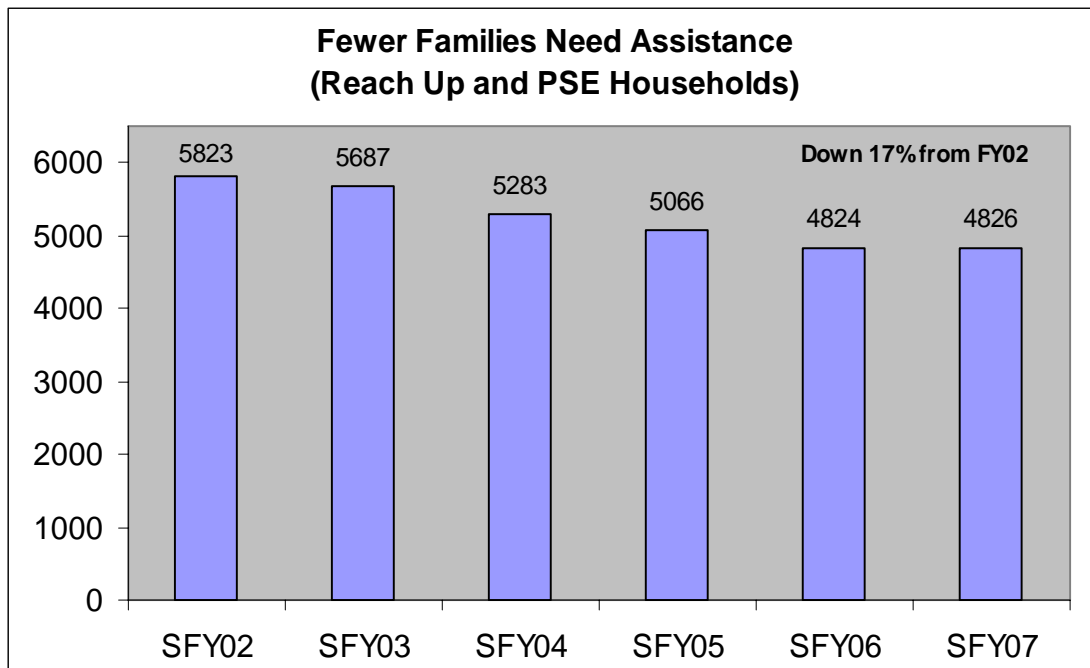
The above chart illustrates the percentage of employed Reach Up participants in each wage range. It does not include newly employed and self-employed adults whose earnings have yet to be verified and adults in supported work placements who are not earning wages. Participants starting self employment may have net income equivalent to less than \$7.53 per hour, Vermont's minimum wage in 2007.

## 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 320 participants engaged in vocational education, job skills training, and school attendance each month from October 2006 through September 2007. 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.

## 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. 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. The following chart illustrates families’ success in moving to financial independence. Data represented in the chart is the average monthly number of families for each state fiscal year.



### Section 3

#### 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 SFY2007. An average of 3,304 individuals left Reach Up each quarter, and an average of 2,628 (80 percent) of them were still off Reach Up four months later. When they left Reach Up, 82 percent of them received food stamps, and four months later 55 percent still received food stamps.

#### Reach Up Leavers' Participation in Food Stamps State Fiscal Year 2007

	Quarter Ending Sep '06	Quarter Ending Dec '06	Quarter Ending Mar '07	Quarter Ending Jun 07
1. Total number of individuals who left Reach Up	3,650	3,381	2,720	3,463
2. Those in #1 who were not receiving RU in the 4th month after leaving RU	2,897 (79%)	2,742 (81%)	2,162 (79%)	2,709 (78%)
3. Those in #2 who were enrolled in food stamps at the time of leaving RU	2,400 (83%)	2,271 (83%)	1,778 (82%)	2,168 (80%)
4. Those in #3 who were also enrolled in food stamps in the 4th month after leaving RU	1,257 (52%)	1,346 (59%)	961 (54%)	1,205 (56%)

## Section 4

### 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 \$31,764 and their children remain eligible for Dr. Dynasaur until the family's income tops \$51,510 (or higher, if the family pays for child care).

#### Reach Up Leavers' Participation in Medicaid and Dr. Dynasaur State Fiscal Year 2007

	Quarter Ending Sep '06	Quarter Ending Dec '06	Quarter Ending Mar '06	Quarter Ending Jun '06
1. Total number of individuals who left Reach Up	3,650	3,381	2,720	3,463
2. Those in #1 who were not receiving RU in the 4th month after leaving RU	2,897 (79%)	2,742 (81%)	2,162 (79%)	2,709 (78%)
3. Those in #2 who were enrolled in medical assistance at the time of leaving RU	2,869 (99%)	2,637 (99%)	2,089 (97%)	2,513 (93%)
4. Those in #3 who were also enrolled in medical assistance in the 4th month after leaving RU	2,205 (77%)	2,002 (76%)	1,643 (79%)	1,958 (78%)

## Section 5

### Work Participation Rates and the Caseload Reduction Credit

States submit data on all TANF recipients quarterly to the U.S. Department of Health and Human Services Administration for Children and Families (ACF). ACF computes each state's monthly work participation rates for two categories—all families and families with two parents who are both able to work—and averages the rates for all 12 months to calculate a state's overall work participation rate for the federal fiscal year. States are required to meet a 50 percent all-family rate and a 90 percent two-parent family rate.

Section 407(b)(3) of the Social Security Act, as amended by the Deficit Reduction Act of 2005 (DRA), provides for an adjustment to a state's work participation rate for a fiscal year based on declines in the state's caseload the prior federal fiscal year. This adjustment to the work participation rate the state must meet is called the state's caseload reduction credit (CRC). The CRC gives a state credit based on the actual reduction in the caseload between the statutory base year and the comparison year. The DRA changed the base year of the calculation from 1995 to 2005. Because caseloads decreased more in the years after 1995 than they have since 2005, Vermont's CRCs are lower than they had been before the DRA changes.

The chart below illustrates Vermont's estimated participation rates as calculated but not yet finalized by ACF. The caseload reduction credit section shows the credit as calculated under a recently approved ACF method and the method submitted by Vermont but not yet approved by ACF.

#### TANF Work Participation Rates FFY07

Calculated by ACF

	All Families	2-Parent Families
1 <sup>st</sup> quarter	22.3	32.0
2 <sup>nd</sup> quarter	22.8	31.3
3 <sup>rd</sup> quarter	23.6	33.2
4 <sup>th</sup> quarter	20.7	29.9
Average	22.4	31.6

#### Caseload Reduction Credit (CRC)

	All Families	2-Parent Families
ACF method	17.6	19.4
VT's proposed method	31.3	32.7

Applying ACF's CRC method to the participation rates results in a 40 percent all families rate and a 51 percent two-parent families rate. Applying Vermont's proposed CRC method to the participation rates results in a 53.7 percent all families rate and a 64.3 percent two-parent families rate.

## Section 6

### Basic Needs, Housing Allowances, and Maximum Grants

#### Basic Needs and Housing Allowances

The department calculates a basic needs standard that includes certain requirements considered basic to all individuals. These needs include food, shelter, clothing, fuel, utilities, personal incidentals, chore services, and special needs. This standard of combined basic needs increases according to household size, from \$475 for a household of one to \$1,769 for a household of eight. Each year the department puts the basic needs standards and housing allowances through a computer program that recalculates them based on changes in the consumer price index (CPI) and housing costs reported by families participating in the Reach Up program living inside and outside Chittenden County. The revised needs standards and housing allowances are run through a simulation of the Reach Up population to estimate the fiscal impact of making cost of living adjustments. The simulation is run against the amount budgeted for Reach Up to determine the percentage of total needs the department can pay with existing funds. The department currently pays 49.6 percent of total needs.

The charts below illustrate the current basic needs for families of one to four members, basic needs if adjusted in December 2007 for the cost-of-living increase, current housing costs, and housing costs if adjusted.

Family Size	Current Basic Needs (3/1/04 to present))	Basic needs adjusted for annual cost-of-living increase (12/1/07)
1	\$475	\$518
2	\$680	\$742
3	\$891	\$975
4	\$1,064	\$1,165

Housing Allowances	Current Housing Allowance (10/1/01 to present)	Adjusted housing allowance to annual median cost (12/1/07)
Chittenden County	\$450	\$525
Outside Chittenden County	\$400	\$500

#### Current Maximum Grants

The chart below illustrates maximum grants for families of one to four members. Grants in Chittenden County are higher due to the history of higher shelter costs and the higher housing allowance for that area. All families with out-of-pocket shelter costs in excess of the maximum allowances may receive up to \$45 more in their grant as a special needs housing allowance.

Family Size	Outside Chittenden County	Chittenden County
1	\$434	\$458
2	\$535	\$560
3	\$640	\$665
4	\$726	\$750