

Benefit Cliff Mitigation in VERMONT

THE SPARK

A combination of legislative interest, advocacy efforts, and the recognition of the challenges faced by families transitioning from public assistance to self-sufficiency sparked Vermont’s focus on tackling the cliff effect. The initial push came from the realization that families were often worse off financially when they started earning more due to the abrupt loss of their benefits. This issue was highlighted by constituents and business owners who reported that employees were declining raises to avoid losing childcare subsidies. Additionally, Vermont’s commitment to protecting its most vulnerable populations and enhancing workforce participation provided a strong foundation for these initiatives.

INITIATIVES

Reach Ahead Program

The Reach Ahead Program is designed to provide transitional support to families exiting the Reach Up program, Vermont’s TANF program due to employment income. Provides a monthly food benefit to families as they transition off cash assistance. In addition to a monthly food benefit, they receive monthly case management or career coaching and access to support services that can help maintain employment.

Vermont tested a new approach to this program in their Reach Ahead Pilot Program, which was designed to provide transitional support to families exiting the Reach Up program, Vermont’s TANF program due to employment income. This pilot aimed to help mitigate the benefit cliff by providing work support payments for continued employment and increased food benefits as families transitioned off cash assistance. The program was proposed by the Reach Up Team, and received legislative approval to use Vermont’s maintenance of effort (MOE) funds. The Reach Ahead Pilot Program was from 7/1/23-6/30/25. Vermont will be returning to their pre-pilot Reach Ahead program on 7/1/25.

Coaching Framework

Vermont’s shift towards a coaching framework within the Reach Up program marked a significant cultural change for the agency. The coaching approach focuses on supporting families in setting and achieving their goals, rather than strictly enforcing work participation rates. This initiative involved extensive training for case managers and the adoption of tools like the Goal Plan Do Review Revise (GPDRR) framework. The coaching model aims to empower families, improve executive functioning skills, and ultimately lead to greater self-sufficiency.

Child Care Financial Assistance Program Expansion

In June 2023, Vermont passed Act 76, a landmark child care bill that dramatically increased the income eligibility guidelines for the Child Care Financial Assistance Program. The cap was raised from 350% to 575% of the Federal Poverty Level (FPL), allowing more families to qualify for child care subsidies. This expansion was driven by advocacy efforts from organizations like Let’s Grow Kids and supported by a payroll tax implemented to fund the increased eligibility. Act 76 played a significant role in mitigating benefit cliffs in Vermont by provisions for continuity of care, ensuring families experiencing temporary changes in employment and education status could continue receiving child care assistance for a specified period. In addition, by raising the income eligibility cap from 350% to 575% of the Federal Poverty Level (FPL), Act 76 helped prevent families from losing childcare assistance abruptly as their income increased, thereby smoothing the transition and reducing the financial shock associated with earning more.

Reach Ahead Pilot Program	
Food Benefits	\$100/mo. for first 12 months
	\$50/mo. for remaining 12 months
Support Services	Assistance with job-related expenses (e.g., car repairs, work clothes, work supplies, child care)
Case Management	Case management and/or career coaching to support employment and employment-related goals

Reach Ahead Pilot Program Work Support Payment Schedule:

\$750 after 6 months PE

\$1000 after 12 months PE

\$1000 after 18 months PE

\$1000 after/at 24 months PE

PE = program enrollment

VT Lesson Learned

Vermont has approached benefit cliff mitigation with long-term outcomes in mind. Funding expanded child care subsidies with a payroll tax and piloting an expanded Reach Ahead program from July 2023 through June 2025.

FINER DETAILS

Funding

The Reach Ahead Pilot Program was funded through maintenance of effort (MOE) funds, which includes TANF and state funding. Vermont allocated \$2 million in MOE for the Reach Ahead Pilot program, this funding will end 6/30/2025. Vermont will returned to pre-Pilot Reach Ahead rules and benefit levels on 7/1/25. The Childcare Financial Assistance Program expansion under Act 76 was funded through a payroll tax, where employers contribute 0.44% of payroll, with the option to pass 0.11% to employees. This innovative funding mechanism ensured sustainable support for expanded child care subsidies.

Key Collaborators

Several key collaborators played crucial roles in advancing these initiatives. Erin Oalican led the Reach Ahead Pilot Program, working closely with the Vermont legislature and the Governor's office. The coaching framework was developed with support from Mathematica and Dr. Nicole, who provided training and tools to case managers. The Childcare Financial Assistance Program expansion was championed by Let's Grow Kids, an advocacy organization, and supported by Building Bright Futures, which helped coordinate efforts across various stakeholders. Additionally, Vermont's Department of Labor, Community College of Vermont, and other local agencies were integral in implementing and supporting these initiatives.

TIMELINE

Below is a timeline of how this work developed in Vermont over time:

