



Michelle Fay: Testimony in support of UI dependent benefits in S.10  
March 24, 2021

One of Voices' primary policy objectives is to eliminate poverty and replace it with economic security for every child. There are multiple ways to achieve this, but neither Vermont's low-wage economy nor our neglected safety net are meeting the needs of our kids and families.

- Vermont's average annual private sector [wage](#) of \$48,420 (2019) places us 38<sup>th</sup> out of the 50 states plus DC and PR, and fifth out of the six New England states.
- In contrast, Vermont [ranks](#) 12<sup>th</sup> highest for cost of living.
- Low wages + high cost of living = economic hardship for many working families.
- [30% of Vermont's kids](#) live in families with low incomes, that is 200% of the federal poverty level or below.

Employment is not a guaranteed path to economic stability. And when families turn to the safety net to fill in the gaps, they will not find adequate support to prevent hardship. As a state we have failed to index our basic assistance programs to the cost of living, so even receiving the maximum benefits available leaves families in a precarious position. Material deprivation and instability are bad for kids in both the long and short term; and what's bad for kids is costly – in both moral and economic terms – for society and the state as a whole. We know, for example, that kids who experience periods of impoverishment have worse outcomes when it comes to physical and mental health, cognitive development, school achievement and emotional well-being. They score lower on academic tests, complete fewer years of education, and work and earn less as adults.

The economic impact of the pandemic has hit caregivers – who are primarily women – and their children hardest. The US Census Bureau's [Pulse survey](#) provides useful data about how households are faring during the pandemic. Particularly relevant to this discussion are the data showing that households with children are having more difficulty paying for usual expenses than those without children. Vermont survey responses for the week ending March 1<sup>st</sup> showed that nearly a third (32%) of households with children found it *somewhat* or *very* difficult to pay usual expenses, compared to 25% of households without children. Respondents were also asked what income sources they'd used to cover regular expenses over the past week. More than two thirds of those who reported using unemployment benefits reported experiencing difficulty covering regular expenses. One third reported that they'd found it *somewhat* or *very* difficult.

**Household Spending Table 1. Difficulty Paying Usual Household Expenses in the Last 7 Days, by Select Characteristics: Vermont**

Source: U.S. Census Bureau Household Pulse Survey, Week 25.

Note: These data are experimental. Users should take caution using estimates based on subpopulations of the data – sample sizes may be small and the standard errors may be large.\*\*

Total Population 18 Years and Older

| Select characteristics                                                  | Total   | Difficulty paying for usual household expenses during the coronavirus pandemic |                    |                    |                |                |
|-------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------|--------------------|--------------------|----------------|----------------|
|                                                                         |         | Not at all difficult                                                           | A little difficult | Somewhat difficult | Very difficult | Did not report |
| <b>Total</b>                                                            | 485,485 | 229,686                                                                        | 103,697            | 74,881             | 58,477         | 18,744         |
| <b>Presence of children under 18 years old</b>                          |         |                                                                                |                    |                    |                |                |
| Children in household                                                   | 162,372 | 70,689                                                                         | 30,565             | 26,020             | 26,575         | 8,524          |
| No children                                                             | 323,113 | 158,997                                                                        | 73,132             | 48,861             | 31,902         | 10,220         |
| <b>Used in the last 7 days to meet spending needs*</b>                  |         |                                                                                |                    |                    |                |                |
| Regular income sources like those used before the pandemic              | 341,027 | 202,478                                                                        | 67,593             | 42,985             | 26,001         | 1,969          |
| Credit cards or loans                                                   | 103,647 | 29,893                                                                         | 33,338             | 25,039             | 15,377         | -              |
| Money from savings or selling assets                                    | 92,754  | 21,236                                                                         | 23,427             | 31,006             | 17,086         | -              |
| Borrowing from friends or family                                        | 28,056  | -                                                                              | 4,244              | 7,148              | 16,665         | -              |
| Unemployment insurance (UI) benefit payments                            | 61,007  | 19,245                                                                         | 21,535             | 13,350             | 6,877          | -              |
| Stimulus (economic impact) payment                                      | 109,674 | 28,875                                                                         | 30,316             | 29,709             | 20,445         | 329            |
| Money saved from deferred or forgiven payments (to meet spending needs) | 9,629   | 790                                                                            | 3,520              | 3,890              | 1,429          | -              |
| Supplemental Nutrition Assistance Program (SNAP)                        | 19,162  | 1,088                                                                          | 443                | 1,682              | 15,949         | -              |
| Did not report                                                          | 55,737  | 14,572                                                                         | 5,482              | 9,061              | 9,847          | 16,775         |

The good news is that even small [increases in family income](#) can improve outcomes. What’s more, we know from studies of cash transfer programs that helping people meet their basic needs actually helps them plan for the future and improve their economic mobility. It’s not the demotivating crutch I read about in testimony from business groups.

As a state we talk about resilience a fair amount, and too often it’s used as a frame to shift systemic failures onto children and families. Resilience cannot be created from thin air. Vermont’s employers can be part of the solution by paying livable wages, providing paid leave and contributing their fair share to social insurance programs. At the very least they could stop recycling long-debunked racist tropes about unemployment and other public benefits.

The proposal to extend dependent benefits to UI recipients is a wise investment in the current and future wellbeing of Vermonters. I thank the committee for your work on enhancing unemployment benefits to reflect the realities of parents and caregivers and to give our kids the best chance at emerging from this challenging time with their futures still bright.