

VERMONT DEPARTMENT OF TAXES

ACT 34 AND ACT 51 REPORT ON DATA-SHARING OPPORTUNITIES FOR MAXIMIZING ELIGIBILITY FOR PUBLIC BENEFIT PROGRAMS

Act 34 Report to the Senate Committee on Agriculture, Senate Committee on Education, House Committee on Agriculture and Forestry, and House Committee On Education

Act 51 Report to Senate Committee on Finance and the House Committee on Ways and Means

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Executive Summary

Acts 34 (H.79) and 51 (H.514) of 2019 instructed the Department of Taxes to conduct an evaluation of the possibility of sharing state income data with other state agencies in an effort to “maximize the eligibility” of Vermonters for public benefit programs. Act 34¹ directed the Department’s attention specifically to the National School Lunch Program (NSLP²), whereas Act 51³ focused more generally on the full menu of public benefit programs administered by Vermont state agencies.

This report begins by documenting the various income requirements of many major benefit programs offered through the State. Here we emphasize that the income requirements for these programs are very heterogeneous. As we explain, each of these programs are administered separately through either entitlement or block-grant-based programs and therefore have earnings parameters that cannot be easily compared. For this report’s purposes this is important because it has implications for how federal requirements interact with state requirements in order to qualify beneficiaries for eligibility in different programs.

To provide a more specific example, the following section provides a case study on the headwinds working against sharing Earned Income Tax Credit (EITC) data with the NSLP. Here we explain that the use of EITC data for direct certification faces serious barriers concerning data timeliness and availability. This case study serves to illustrate the general limitations that any data-sharing effort led by a tax department would face with any other state-administered benefit program. Most significantly, this case study illustrates the key issue of the timeline mismatch between the Department of Taxes and typical benefit program income requirements: Tax department data is a *snapshot* of income from a previous year and nearly all benefit programs require that income be reported on a *rolling* basis.

Ultimately, we conclude that sharing of tax data is not a viable path to maximizing benefit enrollment, and the Department of Taxes defers to our colleagues at the Agency of Education (AOE) and Agency of Human Services (AHS) to comment on the potential for any additional opportunities that would maximize eligibility for NSLP and other benefits programs.

¹See Act 34, Section 6: <https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT034/ACT034%20As%20Enacted.pdf>

²For simplicity, this report uses “NSLP” to refer to the combined services of the National School Lunch Program, National School Breakfast Program, Summer Foods Service Program, Fresh Fruit and Vegetable Program, and the Special Milk Program. These programs essentially function as a single program, and “NSLP” is conventionally used to refer to the full suite.

³See Act 51 section 15: <https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT051/ACT051%20As%20Enacted.pdf>

The Mandate: Act 34 and Act 51

Act 34 can be seen as a subset of Act 51. Act 51 provides a general mandate to evaluate opportunities for the Department of Taxes to share its data with public benefit programs. Act 34 provides a directive specifically to consider the possibility of sharing Earned Income Tax Credit (EITC) data for the purpose of maximizing eligibility of children for free and reduced-price meals. The full texts of Acts 34 and 51 are provided in [Appendix A](#).

The Tax Department Mandate

Act 34 (H. 79) – Sec. 6

Sec. 6. NATIONAL SCHOOL LUNCH PROGRAM; FREE AND REDUCED LUNCH; INCREASED QUALIFIED PARTICIPANTS

(a) Determine "...whether existing tax data...including earned income tax credit data, can be used...to directly certify families... under the National School Lunch Program"

(B) increase enrollment in State and federal assistance programs that

Act 51 (H.514) – Sec. 15

Sec. 15. TAX DATA ANALYSIS

(a) The Department of Taxes, with the cooperation of other executive agencies, shall analyze how existing federal and State tax data could be used to identify opportunities for State executive agencies to maximize the eligibility of Vermonters for federal and State programs.

(2) any current restrictions on the use of federal and State tax data in the context of... require... taxpaye...

"identify...any changes to current law or to current data practices that would be required to maximize the benefit to the Vermont beneficiary..."

An Inventory of Public Benefit Programs and Funding Types

Nearly all public benefit programs available in the United States are administered by state agencies. Exceptions to this are the “Social Security” programs that are administered as entitlement programs on the federal level. These programs include Social Security (for retired citizens), Social Security Disability Insurance (SSDI⁴), and Supplemental Security Income (SSI⁵).

Table 1 shows seven of the major public benefit programs available through state-administered agencies:

1. Medicaid
2. National School Lunch Program (NSLP)
3. Supplemental Nutrition Assistance Program (SNAP)
4. Supplemental Nutrition Program for Women, Infants, Children (WIC)
5. Low Income Home Energy Assistance Program (LIHEAP)
6. Temporary Assistance to Needy Families (TANF)
7. Housing Assistance⁶

An important distinction to make when discussing public benefits is between **entitlement**-based programs and **block-grant**-based programs⁷. Entitlement programs like Medicaid, SNAP, and NSLP often have federally set eligibility requirements to provide for categorical eligibility regardless of the geographic location of a claimant. Often, as with Medicaid, entitlement programs have some form of “matched” funding, where the federal government agrees to supplement a portion of state-directed spending⁸. In contrast, block-grant programs like WIC, LIHEAP, TANF, and Housing Assistance are provided directly to states in specific amounts. Block grants are fixed pots of money which states can often allocate with additional discretion.

The distinction between entitlement and block-grant programs is important because it has significant implications for how benefits are administered. In general, the income criteria for entitlement programs are low and the benefits themselves are modest—this helps the federal government/state serve the most vulnerable citizens without incentivizing others to artificially or unnecessarily depress their earnings to qualify. While block grants are restricted, the flexibility of administration means at least that states may be able to exercise some local discretion to ration those funds to the populations that need them most. In practice, this can mean 1) increasing benefit amounts, 2) raising income limits such that more claimants can qualify, and 3) redirecting funds to a different purpose or program altogether to help other claimant populations.

⁴SSDI is for citizens who once worked but became disabled.

⁵SSI is for low income disabled or elderly citizens who do not qualify for SSDI.

⁶Some of these programs are known by different names in Vermont. SNAP is “3SquaresVT” and TANF is “Reach Up.” See more details on these programs in Table 1. Appendix B lists other, Vermont-specific programs.

⁷From here forward, we refer to these as “entitlement programs” or “entitlements” and “block-grant programs” or “block grants.” For more on the distinction between entitlements, block grants, and nuances on the perennial debate on benefit-funding structures, see Mashaw, J., & Calsyn, D. (1996) “Block Grants, Entitlements, and Federalism: A Conceptual Map of Contested Terrain,” *Yale Law & Policy Review* 14 (2). Retrieved from <http://www.jstor.org/stable/40239467>

⁸See <https://khn.org/news/block-grants-medicaid-faq/>

This is important because entitlement programs may provide eligibility via the local establishment of block-grant eligibility. The case study in this report on the connection between EITC, TANF, SNAP, and NSLP discusses this at length. In short, Vermont has made use of the discretion available as part of a block-grant program for TANF to enroll beneficiaries in SNAP, which automatically enrolls households in NSLP. The “broad-based categorical eligibility” provision of TANF makes it possible for states to qualify beneficiaries for SNAP even if they are over SNAP’s typical income guidelines.

The distinction between entitlement and block-grant programs is also important because it helps explain why there is so much heterogeneity in what is considered as “income” for any given program. Federal entitlement programs like SSDI, for example, have a simple income limit of not more than \$1,220 in gross earned income from any given claimant⁹. In contrast, the state TANF applications frequently solicits claimants to record earned income from several different categories, unearned income (public assistance/alimony/investments), assets (including bank statements, retirement funds, and stocks/bonds), child care payments, drug testing forms, and the income of other members of the household¹⁰.

This “income heterogeneity” problem is one of the most significant challenges faced by AHS in their efforts to enroll vulnerable Vermonters in benefit programs. The fact that state and federal budgets can change from year to year means that programs themselves may be forced to redefine their conception of “income” in order to ration benefits within the government’s means.

In sum, the distinction between entitlement programs and block-grant programs helps explain the heterogeneity of what qualifies as “income” for program eligibility purposes. Although it would be much easier to administer benefits if a simple figure such as AGI were used to determine eligibility, separate program requirements and funding stipulations have created a variety of metrics for “income” that cannot be easily compared.

⁹This is the 2019 limit. See <https://www.ssa.gov/planners/disability/qualify.html>

¹⁰See, for example, TANF applications for Texas at <https://yourtexasbenefits.hhsc.texas.gov/programs/tanf/families> Missouri <https://mydss.mo.gov/temporary-assistance> and New Hampshire <https://www.maine.gov/dhhs/ofi/public-assistance/pdf/GeneralApp-080117.pdf>

Table 1: Inventory of Federal Public Benefit Programs

Federal Program/ Vermont Program	State of Vermont Agency/Dept Administering Program	Notes	Income Parameters	Funding Type
Medicaid	Agency of Human Services—Dept. of Vermont Health Access	By far the largest public benefit program in the state. Includes a large number of subprograms.	Income eligibility varies, depending on the other eligibility criteria an individual may be eligible under. Application page instructs users to gather “Employer and income information, a complete copy of most recent tax returns...pay stubs or W-2 forms.” In practice, those earning more may be eligible for a limited period of time.	Entitlement
Supplemental Assistance for Needy Families (SNAP)/ 3SquaresVT	Agency of Human Services—Dept. for Children and Families	Being qualified for 3SquaresVT (which happens at 130% of the federal poverty line) serves as qualification for many other benefits programs.	Online application solicits applicant for “total household income for this month” and asks extensive follow up questions about the value of cash, checking and savings accounts; monthly rent or mortgage; monthly utilities; other earned income (including self-employment income); and unearned income (e.g. child support). If working, employers are solicited for proof of an employee’s earnings. Other sources explicitly state that SNAP recipients must be below 130% of the FPL. In practice, however, income requirements can be greater because of the TANF “categorical eligibility” provision.	Entitlement
National School Lunch Program (NSLP)	Agency of Education	Also known as “Free and Reduced Price Lunch.” Includes Breakfast, After-School Snacks & Supper, Summer Food Program, Child and Adult Care Food Program	Free and Reduced Price Breakfast/Lunch: Free meals are for families below 130% of the FPL. Reduced meals are 185% of FPL. Application asks for all income of all members of household and includes earnings from work; public assistance/child support/alimony; and pension/retirement/all other income. Those receiving 3SquaresVT or Reach Up benefits can be enrolled without entering income. Free and Reduced Price meals for the Child and Adult Food Care Program: Free meals are for families below 126% of FPL. Reduced meals are for families below 180% of FPL. Summer Food Program: for those below 180% of FPL.	Entitlement
Low Income Home Energy Program (LIHEAP)/Fuel Assistance	Agency of Human Services—Dept. for Children and Families	Helps pay for heating fuel	Application is the same as for 3SquaresVT, but income requirements are not explicitly specified.	Block Grant
Temporary Assistance for Needy Families (TANF)/ “Reach” Programs	Agency of Human Services—Dept. for Children and Families	Vermont TANF State Plan Renewal application indicates that TANF funds Reach Up, Reach First, Reach Ahead, Emergency Assistance, and Earned Income Credit.	Application is the same as for 3SquaresVT, but income requirements are not explicitly specified.	Block Grant
Housing Assistance	Vermont State Housing Authority (VSHA)	Includes Section 8 Housing Choice Voucher Program (HCVP), “Project-Based Voucher,” and “Moderate Rehabilitation” programs	Income requirements are not explicitly specified. Full Application solicits applicant for “...four weeks of current and consecutive original paystubs, payroll summary reports, SSA benefit verification letters, child support payment stubs, welfare benefit letters and/or printouts, self-employment tax statements, or unemployment benefits notices...”	Block Grant
Special Supplemental Food Program for Women, Infants and Children (WIC)	Agency of Human Services—Department of Health	This is often referred to as “welfare” on the federal level.	Applicants who are on Medicaid, receiving 3SquaresVT or Reach-Up are automatically qualified. The application process entails an appointment during which a staff member will “document your income” as part of an in-person interview. Pregnant women, new mothers, infants, and children up to age 5 may enroll in WIC if their household income is less than \$893 per week for a family of four. Dads, grandparents, and foster parents may apply for children who are in their care.	Block Grant

Case Study: The Potential for Sharing EITC Data with NSLP

In Vermont, given that participation in EITC is considered as a component for eligibility in the SNAP, and SNAP is used for direct certification in NSLP, a question has arisen about the possibility of using EITC as a form of certification for NSLP. Is it possible for the Department of Taxes to directly provide information about EITC to schools such that more students could be enrolled in the NSLP program?

To answer this question, this section of the report compares the income qualifications for SNAP, EITC, and NSLP. We discuss the limitations that the Department faces in sharing its data in general and with the EITC specifically. We explain that the use of EITC data for direct certification faces serious barriers concerning data timeliness and availability.

Background on NSLP and SNAP

The NSLP provides two methods for students to become certified to receive free and reduced priced meals:

- 1) Household Application—through an application submitted by claimants to the Local Education Agency (LEA) documenting all sources of family income. Students in families below 130% of the Federal Poverty Limit (FPL) are qualified for free meals while those between 130-185% of the FPL are qualified for reduced price meals.
- 2) Direct Certification—through participation in SNAP, Temporary Assistance to Needy Families (TANF), or Food Distribution Program on Indian Reservations (FDPIR) or being identified as homeless, foster care, runaway, or migrants by their LEA¹¹. Direct certification relies on the process of “matching” whereby state or local agencies cross reference eligibility information sources with student enrollments to determine who is eligible for NSLP¹².

SNAP is by far the most common method by which students are directly certified for the NSLP¹³. As such, initiatives to increase enrollment in SNAP can directly result in increased eligibility for free and reduced-price lunches.

The SNAP eligibility web page shown on the next page indicates that “You may be eligible for 3SquaresVT if ... You have children and get the Vermont Earned Income Credit.” However, on its own, having received EITC is not sufficient for earning SNAP benefits in Vermont. Would-be SNAP claimants still need to fill out an online application that asks about current income sources. The exact eligibility criteria for 3SquaresVT depends on a large number of factors.

¹¹See https://fns-prod.azureedge.net/sites/default/files/NSLPDirectCertification2013_Summary.pdf

¹²See <https://fns-prod.azureedge.net/sites/default/files/ops/NSLPDirectCertificationStatePractices-Summary.pdf>

¹³See page 23 at <https://fns-prod.azureedge.net/sites/default/files/ops/NSLPDirectCertification2015.pdf>

3SQUARESVT

Eat healthy with a little help from 3SquaresVT!

3SquaresVT can help you stretch your food budget so you can put three healthy meals on your table every day.

If you are age 60 or over, [click here](#) to go to a page specifically for you!

Who is eligible?

You may be eligible for 3SquaresVT if:

- Your gross household income is equal to or less than 185% of the federal poverty level (FPL) – regardless of the resources you own.
- Your gross household income is over 185% of FPL but your household includes someone age 60+ or with a disability. We will consider the resources you own (e.g., bank accounts and vehicles) with some exceptions (e.g., your home and certain retirement accounts).
- **You have children and get the Vermont Earned Income Tax Credit.**

The best way to find out if you're eligible is to apply.



3SquaresVT

<https://dcf.vermont.gov/benefits/3SquaresVT>

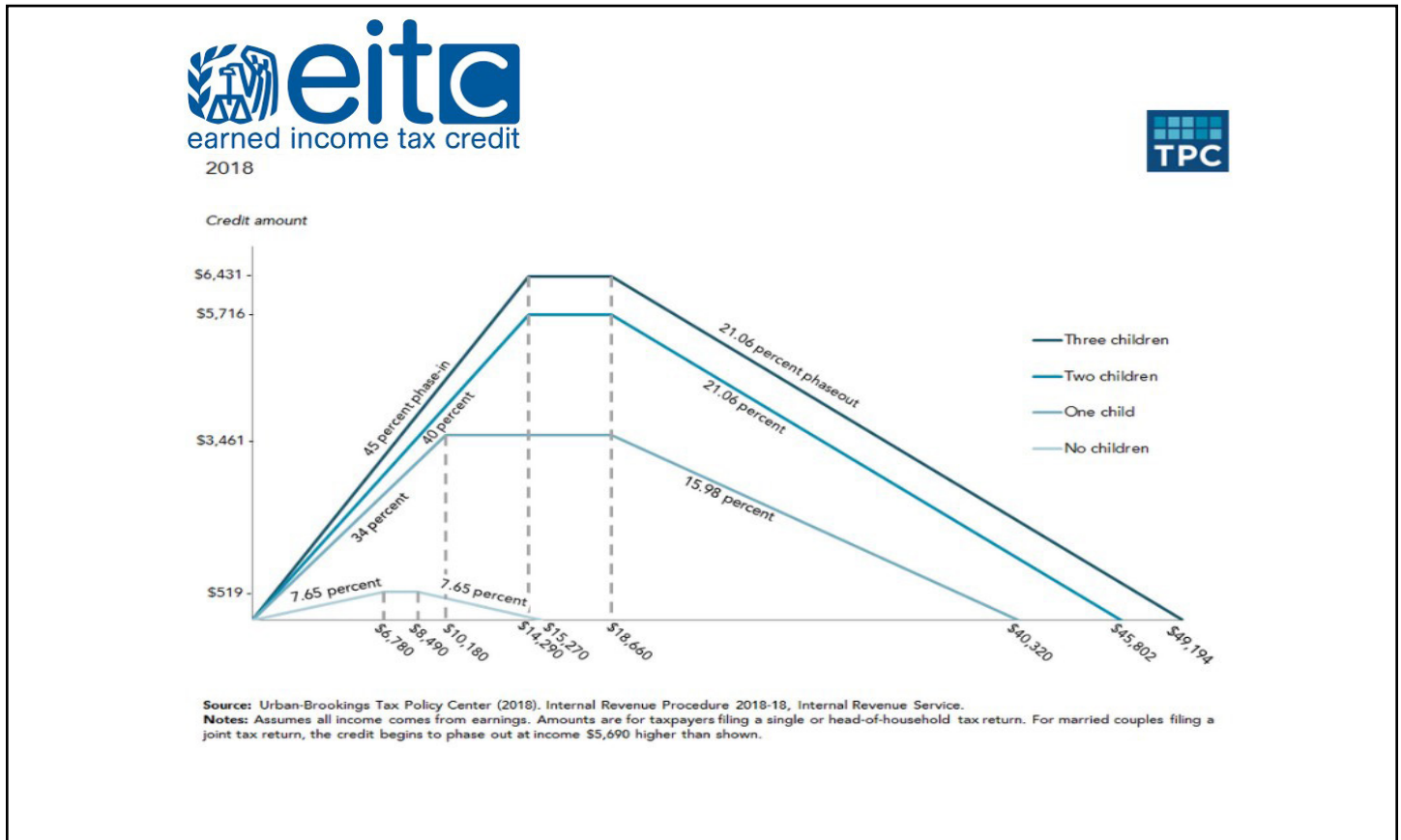
Vermont Earned Income Credit

<https://tax.vermont.gov/individuals/income-tax-returns/tax-credits#veic>

Income Requirements for EITC

The EITC is one of the largest tax relief programs. It is designed primarily to support working families with children¹⁴. The federal credit is offered in amounts up to \$6,431 depending on a household’s income and size. On top of this federal EITC, Vermont offers its own EITC, which is 36% of the federal amount.

The chart below from the Tax Policy Center illustrates the federal credit amounts (y-axis) for different earnings levels (x-axis) for single/head of household filers.



¹⁴Families or individuals without qualifying children receive substantially fewer benefits. See <https://www.taxpolicycenter.org/briefing-book/what-earned-income-tax-credit>

The table below¹⁵ shows that because of the graduated structure of the earned income credit program, families may be entitled to some credit even if they are earning above 180% of the federal poverty level.

Qualifying Children Claimed	Single Filers		Married Joint Filers	
	EITC Income Limits	% of FPL	EITC Income Limits	% of FPL
Zero	\$15,270	122%	\$20,950	124%
One	\$40,320	238%	\$46,010	216%
Two	\$45,802	215%	\$51,492	200%
Three or More	\$49,194	191%	\$54,884	182%

Note: The “Single Filers” Category also applies to the “Head of Household” and “Qualifying Widow(er)” filing statuses. We assume here that the EITC claimant is a single adult for the sake of comparison because the FPL is computed based on the number of people in the family including children and adult dependents.

¹⁵EITC Income Limit Sources: <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/do-i-qualify-for-earned-income-tax-credit-eitc> ; Federal Poverty Limit Source: <https://aspe.hhs.gov/poverty-guidelines>; Percentages calculated by Department of Taxes.

Income Requirements for SNAP

Posted guidelines for SNAP eligibility indicate that applicants must be earning a gross income of less than 130% of the FPL and a net income of less than 100% of the FPL¹⁶. SNAP eligibility requirements also prohibit benefits for individuals with assets over certain limits. Guidelines indicate that a household must have bank funds of less than \$2,250 to be eligible. Other “resources” including cars may be counted as part of these asset limits if they are, for example, used for non-income-producing purposes.

SNAP also considers the income and assets of all family members. For the purposes of this analysis it is important to note that there are no state or federal tax forms that collect the same data solicited by SNAP in its standard application.

The 3SquaresVT web page indicates that income levels up to 185% of the FLP can qualify claimants for benefits regardless of their assets/resources¹⁷. Other sources indicate that the categorical eligibility provision can lead to eligibility extension for those earning up to 200% of FPL¹⁸.



¹⁶A large number of deductions can be made from gross income to compute the eligible net income. These deductions include: a standard deduction of up to \$170, a deduction of 20% on earned income, a dependent care deduction, a medical expense deduction, and various deductions for qualifying home expenses. See <https://www.fns.usda.gov/snap/recipient/eligibility>

¹⁷See the 3SquaresVT web page eligibility requirements screen shot on page 2 of this document.

¹⁸See Summary section of <https://fas.org/sgp/crs/misc/R42054.pdf>

Income Requirements for NSLP

When considering indirect certification, the NSLP provides free meals to students in households with incomes below 130% of the FPL and reduced price meals to children in households earning between 130-185% of the FPL¹⁹. Household income includes all income from all members of the family before deductions.

As mentioned previously, households can be directly certified for NSLP if they participate in SNAP, TANF, or FDPIR²⁰ or if they are identified by their LEA as homeless, foster care, runaway, or migrants.

SNAP is by far the most common method by which students are directly certified in the NSLP²¹. States have been required to directly certify children in SNAP households since 2008²². The Healthy Hunger-Free Kids Act of 2010 required that all NSLP participating districts directly certify more than 95% of children in SNAP households for NSLP²³.



In effect, then, most students in households receiving SNAP or TANF will be directly certified – the solicitation for a household’s SNAP or TANF case number on the NSLP application is a backstop measure in case a student’s family needs services and enrolls in one of these programs in between direct certification “matching” procedures (mandatorily conducted at least three times per year²⁴) or on the off chance that an error has been made in the direct certification process.

¹⁹See <https://www.ers.usda.gov/topics/food-nutrition-assistance/child-nutrition-programs/national-school-lunch-program.aspx>

²⁰FDPIR: Food Distribution Program on Indian Reservations

²¹See page 23 of <https://fns-prod.azureedge.net/sites/default/files/ops/NSLPDirectCertification2015.pdf>

²²This was mandated in the Child Nutrition and WIC Reauthorization act of 2004. See <https://fns-prod.azureedge.net/sites/default/files/ops/NSLPDirectCertificationImprovement.pdf>

²³This requirement was imposed by Healthy, Hunger-Free Kids Act of 2010 and was in effect as of school year 2013-2014. See <https://fns-prod.azureedge.net/sites/default/files/ops/NSLPDirectCertification2015.pdf>

²⁴See page 3 of <http://frac.org/wp-content/uploads/direct-cert-improves-low-income-school-meal-access.pdf>

2018 - 2019 Application for Free and Reduced Price School Meals - VT Agency of Education

App #

Complete one application per household. Please use a pen (not a pencil).

STEP 1 List ALL Household Members who are infants, children, and students up to and including grade 12 (if more spaces are required for additional names, attach another sheet of paper)

Definition of Household Member: "Anyone who is living with you and shares income and expenses, even if not related." Children in Foster care and children who meet the definition of Homeless Migrant or Runaway are eligible for free meals. Read How to Apply for Free and Reduced Price School Meals for more information.

Child's First Name	MI	Child's Last Name	School Name	Grade	Student?		Foster Child	Homeless Migrant Runaway
					Yes	No		
					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2 Do any Household Members (including you) currently participate in one or more of the following assistance programs: **3SquaresVT or Reach-Up?**

If NO > Complete STEP 3. If YES > Write a case number here then go to STEP 4 (Do not complete STEP 3)

Case Number: _____

STEP 3 Report Income for ALL Household Members (Skip this step if you answered 'Yes' to STEP 2 and provided a Case Number)

Please read How to Apply for Free and Reduced Price School Meals for more information. The Sources of Income for Children section will help you with the Child Income question. The Sources of Income for Adults section will help you with the All Adult Household Members section.

A. Child Income Sometimes children in the household earn income. Please include the TOTAL income earned by all Children listed in STEP 1 here, if applicable. See back for more information.

B. All Adult Household Members (including yourself) List all Household Members not listed in STEP 1 (including yourself) even if they do not receive income. For each Household Member listed, if they do receive income, report total for source in whole dollars only. If they do not receive income from any source, write '0'. If you enter '0' or leave any fields blank, you are certifying (promising) that there is no income to report.

Name Adult Household Members (First & Last)	Earnings from Work	Public Assistance/ Child Support/ Alimony				Pensions/Retirement/ All Other Income			
		Weekly	Bi-Weekly	2x Month	Monthly	Weekly	Bi-Weekly	2x Month	Monthly
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Total Household Members (Children and Adults)

Last Four Digits of Social Security Number (SSN) of Primary Wager Earner or Other Adult Household Member

Check if no SSN

Summarizing Income Requirements Across EITC, SNAP, and NSLP

The information in the previous sections indicates that the income requirements for EITC, SNAP, and NSLP are not one-to-one:

- EITC benefits are graduated and depend on household income, filing type, and the number of children in the household. These benefits can be extended to households earning more than 200% of the FPL.
- Full SNAP benefits are available to those with few assets/resources, gross earnings below 130% of FPL, and net income below 100% of FPL. In practice, however, they benefits can be available to households with earnings up to 200% of FLP regardless of assets because of the "categorically eligibility" provision.
- Direct certification for NSLP depends heavily on SNAP. Otherwise, free meals are available to students in households with less than 130% of FPL and reduced price meals are available to those at less than 185% of FPL.

While SNAP is a direct certification source for NSLP, EITC on its own does not provide sufficient information to qualify households for SNAP and as such cannot be considered a sufficient data source to qualify households for NSLP.

The following section provides additional information on the practical and legal limitations of sharing EITC data to the AOE.

EITC and the Practical and Legal Limitations of Data Sharing

The Vermont Department of Taxes has access to both federal and State tax data. This section clarifies the restrictions that limit the Department's ability to share these data.

Internally, the Department uses its access to federal tax data for auditing, compliance validation, policy analysis, and research. These data are protected under the [Internal Revenue Code § 6103](#) and cannot be shared outside of the Department without changes to federal statute.

State-level data are protected under the General Provisions of State Taxation and Finance: [32 V.S.A. § 3102](#). Currently, the only way that state-level data can be shared is if a taxpayer explicitly authorizes the release of tax information to a recipient via [Form 8821](#). Any sharing of Vermont tax data would require changes to 32 V.S.A. § 3102. In theory, if the legislature amended 32 V.S.A. § 3102, it could be possible to share data with the AOE (or another state agency). However, there would be several practical issues with this.

The first and most significant issue has to do with the timeliness of the data. State data is a **full-year income snapshot**, while NSLP and all of the other public benefit programs in Table 1 operate on a **rolling basis** using most recent earnings. The Tax Department has no ability to access citizens' "real time" earnings. Given the large number of late tax filers and compliance checks, final tax data for many taxpayers is not available until at least the July following a given tax year. For all of the other direct certification methods, NSLP requires that data be obtained during the school year in which benefits are being given²⁵. As such, the use of EITC data would be highly inconsistent with existing NSLP program guidelines.

The second issue—closely related to the timeliness issue—has to do with the extensive review required for EITC data. As one of the largest public benefit programs—on both the federal and state scales—EITC requires extensive review for a large number of taxpayers. This review requires more time and department resources and may need to become even more thorough if EITC were to be used for determining benefits for other programs.

The third issue has to do with data consistency and availability. If the NSLP requires all of the fields that currently exist on the income portion of the NSLP application, then the issue is that the EITC data collected is currently inconsistent with the NSLP requirements. NSLP requires information income sources for all members of the household (including children) and solicits applicants for three different income sources for all adults in the household²⁶. These data are not collected in the state's current tax forms.

These major headwinds to sharing tax data are pictured graphically in the "Data Sharing Gauntlet" figure on the following page.

The issues outlined in the "Gauntlet" figure can be applied to tax data sharing more generally beyond the EITC. The most significant issue for any data sharing initiative would remain the fact that tax data cannot be provided on any type of real-time basis.

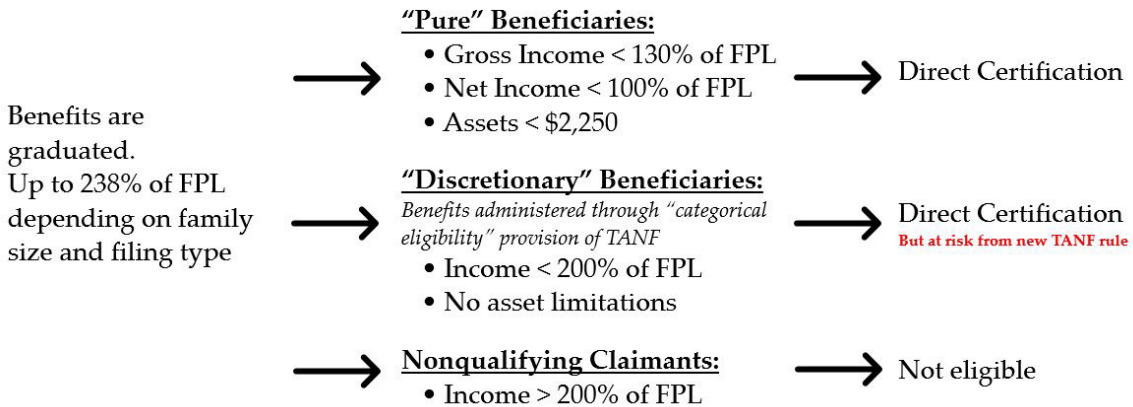
²⁵See memo SP 51-2014: <https://fns-prod.azureedge.net/sites/default/files/cn/SP51-2014os.pdf>. "LEAs may consider the effective date of eligibility for free school meal or milk benefits to be the date of the automated data matching file ... which first identifies the student as eligible for direct certification... To be used for this purpose, the data file must have been generated and received by the LEA in the current school year."

²⁶As shown on the Free and Reduced Price Meals Application, income is considered in terms of 1) earnings from work, 2) public assistance payments/child support/alimony, and 3) pensions/retirement/all other income.

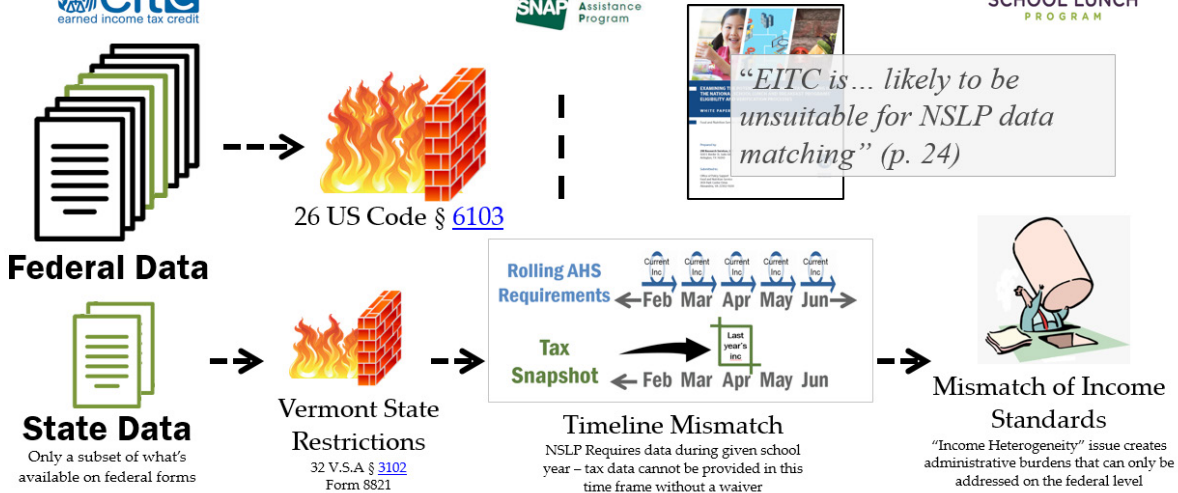
Apparent Potential...



Apparent Potential... Is Not What It Seems



The Data Sharing Gauntlet



Conclusion

The hurdles faced by the Vermont Department of Taxes in sharing its data are most significantly presented by federal regulations. However, in its efforts to collect data for this report, the Department of Taxes held a number of productive meetings with both the Agency of Education and Agency of Human Services. For instance, representatives from AHS indicate that the agency already has access to IRS tax data for purposes of determining eligibility for Medicaid, which is another reason that expanded data sharing may not be as valuable as initially believed.

Further, as part of its research efforts to compile this report, the Department of Taxes also informally solicited the Interstate Federation of Tax Administrators for data-sharing opportunities that states might share with internal agencies. We received responses from only four states (Michigan, Maine, Maryland, and Idaho)—and all these tax administrators reported sharing no data. This lent credence to the observation that it is difficult and potentially impractical for states to share their tax data.

As we have described, different benefit programs can consider “income” in a variety of ways, both in the types of income considered (e.g., wage income, unearned income, income of other household members) and in the timeline of how recent reports of income must be in order to qualify a claimant for benefits. We have referred to these as the “income heterogeneity” and the “timeline mismatch” issues. In addition, tax data is a snapshot in time of annual income, and many benefit programs rely on real-time or rolling income reporting. Any effort to expand enrollment based on data shared by the Department of Taxes would invariably face many roadblocks.

Appendices

Appendix A: Full Text of Act 34 and Act 51 Mandates

Act 34 (H.79)

Sec. 6. NATIONAL SCHOOL LUNCH PROGRAM; FREE AND REDUCED LUNCH; INCREASED QUALIFIED PARTICIPANTS

(a) It is the goal of the General Assembly that the State attempt to identify as many families as possible in the State who are qualified to receive free and reduced lunches under the National School Lunch Program.

(b)(1) The Department of Taxes shall consult with the Agency of Education and the Department for Children and Families regarding whether existing tax data in the possession of the Department, including earned income tax credit data, can be used to:

(A) maximize enrollment in State and federal assistance programs;

and

(B) increase enrollment in State and federal assistance programs that may be used to directly certify families in the State as qualified to receive free and reduced lunches under the National School Lunch Program.

(2) If the Department of Taxes determines that tax data may be used to directly certify families as qualified to receive free and reduced lunches, the Agency of Education shall apply to the U.S. Department of Agriculture for a waiver to use the relevant tax data to directly certify qualified families in the State.

(3) On or before January 15, 2020, the Department of Taxes shall submit to the Senate Committees on Agriculture and on Education and the House Committees on Agriculture and Forestry and on Education a report regarding the status of State efforts under subdivision (1) of this subsection to directly certify families as qualified to receive free and reduced lunches.

Act 51 (H.514)

Sec. 15. TAX DATA ANALYSIS

(a) The Department of Taxes, with the cooperation of other executive agencies, shall analyze how existing federal and State tax data could be used to identify opportunities for State executive agencies to maximize the eligibility of Vermonters for federal and State programs. For each opportunity, the Department shall identify:

(1) how existing tax data could be used to streamline eligibility criteria and application processes;

(2) any current restrictions on the use of federal and State tax data in the context of the opportunity; and

(3) any changes to current law or to current data practices that would be required to maximize the benefit to the Vermont beneficiary while ensuring taxpayer confidentiality.

(b) The Department of Taxes shall submit its analysis in the form of a report to the Senate Committee on Finance and the House Committee on Ways and Means no later than December 1, 2019.

Appendix B: Vermont-Specific Benefit Programs

Vermont Program Name	State of Vermont Agency/Dept Administering Program	Notes	Income Parameters
Essential Person ¹	AHS-DCF	Pays for live-in care/nursing.	Income parameters are not posted for the Essential Person program, but the application is the same as for the 3SquaresVT.
Post-secondary Education Program ¹	AHS-DCF	Helps parents earn 2- and 4-year college degrees.	Families must have incomes under 150% of the federal poverty level.
Emergency/General Assistance ¹	AHS-DCF	Helps individuals and families meet emergency needs like housing, medical, burial costs, fuel.	No income parameters available. Applicants are instructed to apply in person at a local district office.
Crisis Fuel	AHS-DCF	Helps recipients pay for heating fuel during a crisis.	Household income must be less than 200% of FLP. Application happens in person only. Website encourages prospective applicants to “call the agency first, so that they can tell you what documents and information you will need to bring.”
Energy Assistance	AHS-DCF	Programs are available through both Green Mountain Power and Vermont Gas.	Green Mountain Power customers must have a “total gross monthly household income at or below 150% of the federal poverty level.” Vermont Gas customers must have “a gross monthly household income at or below 185% of the federal poverty level.” In both cases this is the combined income for all members of the household. Application (which is nearly identical for both companies) includes questions on income from wages, SSI, pensions, unemployment benefits, interest and dividends, business income, etc. This program is distinct from LIHEAP—applicants for Energy Assistance are encouraged to apply directly to Green Mountain Power and Vermont Gas.
Various medical care and Medicaid-related programs	AHS-DHVA	See “Medical Programs” in Appendix C	Income parameters vary from program to program.

Note: The programs above were all the benefits publically posted on a State of Vermont Agency website but not apparently part of a Federal public benefit program. As such, no "Entitlement" or "Block-grant" funding distinction is included as in Table 1. May be part of TANF or a separate program—documentation in the state's TANF renewal seems inconsistent with information on Department of Children and Families Benefits page. See <https://dcf.vermont.gov/sites/dcf/files/ESD/Report/TANF-Renewal-2015-2018.pdf>

Appendix B is continued on the next page.

Appendix B: Vermont-Specific Benefit Programs (continued)

Vermont Program Name	State of Vermont Agency/Dept Administering Program	Notes	Income Parameters
Individual Career Advancement Network (ICAN)	AHS - DCF	Employment and training program. Provides assistance with job searching, interviewing, connecting with employers who are hiring.	Available to anyone who qualifies for 3SquaresVT.
Farm to Family	AHS - DCF	Provides coupons to buy local food from participating farmers' markets.	Households must be at or below 185% of FPL. Applicants are instructed to apply in person at local community action agency.
Child Care Financial Assistance Program (CCFAP)	AHS - DCF	Directly pays childcare providers to help eligible families pay for childcare.	Eligibility for this program is based on "gross monthly income." Most generous benefits (100%) are for families earning 95% of FPL and below. Benefits stop when families are earning just less than 300% of FPL.
Vermont Spay Neuter Incentive Program (VSNIP)	AHS - DCF	Helps paying for spay and neutering.	Total gross income must be below 185% of FPL. Applicant is solicited for income from wages, SSI, pensions, unemployment, interest and dividends, alimony, etc. See application for more information.
Weatherization Program	AHS - DCF	Helps lower-income residents – particularly older Vermonters, people with disabilities, and families with children – to save fuel and money by improving the energy efficiency of their homes.	Household income must be at or below 80% of median income (median income is determined on the basis of the county where you live). Applicants must receive SSI and already be receiving fuel assistance. Applications are submitted to one of 6 "weatherization partners" specific to 6 distinct geographic areas in the state. Applications to separate weatherization partners are nearly identical, and all ask about earned and unearned income of the applicant and family members. If applicable, applicant is solicited for social security benefits statement, most recent federal tax return, unemployment benefits statement, an employment income verification form, and the most recent IRS schedule C.
You First	AHS-DOH	Financial support for qualifying recipients to pay for breast, cervical and heart health screenings.	Solicits applicant for "Total household income before taxes" and the "total number of people who live on this income."
Children with Special Health Needs	AHS-DOH	Provides a "variety of services and supports based on your child's and family's needs."	Program page encourages visitors to "Just call us, we'll figure it out." No income parameters of any kind are mentioned, although this is listed on the "Other Programs" page of the Green Mountain Care webpage.

Note: The programs above were all the benefits publically posted on a State of Vermont Agency website but not apparently part of a Federal public benefit program. As such, no "Entitlement" or "Block-grant" funding distinction is included as in Table 1. May be part of TANF or a separate program—documentation in the state's TANF renewal seems inconsistent with information on Department of Children and Families Benefits page. See <https://dcf.vermont.gov/sites/dcf/files/ESD/Report/TANF-Renewal-2015-2018.pdf>