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Testimony before the Human Services Committee
in support of RB 1361 -
An Act Concerning Administration of the Temporary Family Assistance Program

by Jane McNichol, Executive Director
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I am Jane McNichol, Executive Director of the Legal Assistance Resource Center of Connecticut, the advocacy and support center for legal services programs in the state. We represent the interests of very-low income residents of the state. LARCC also convenes the Welfare Working Group, a group of about 25 advocates on welfare issues. Since 1996, the Welfare Working Group has monitored the federal TANF program and the state's family welfare program and its impact on low-income families with children in the state. A copy of the Welfare Working Group's priority recommendations is attached to my testimony. All the policy proposals from the Welfare Working Group, as opposed to issues that are solely budget issues, are included in RB 1371.

Connecticut should adopt changes in the Temporary Family Assistance program this year because:

The Legislative Program Review and Investigations Committee recently completed a study of this program, which has been operating for ten years, and made thoughtful suggestions of needed changes. Many of their proposals are very similar to the proposals in RB 1371. One important part of the report included an analysis of what happens to families after they leave cash assistance. The study found that even families which leave cash assistance with employment lose jobs very quickly and face severe hardships.

The federal Deficit Reduction Act of 2005, adopted in February of 2006, requires that the state meet more ambitious federal work participation requirements. The new rates will mean that Connecticut must substantially increase the number of parents meeting the federal work requirements or face financial penalties.

The needed increase - from about 3,000 parents meeting the requirements to about 5,000 - does not seem large. But Connecticut is a state which has emphasized work since the adoption of its AFDC waiver program in 1996. In the past eleven years, we have struggled to reach the level of work participation that we have now. Doubling that level in a year will take extraordinary measures.

Section 3 - Work Transition Program

The Work Transition Program in Section 3 would **assist families moving from welfare to work and help the state meet the new work participation requirements**. Under this program, families who are leaving TFA cash assistance, are engaged in activities which meet the federal work requirements, but remain poor would receive continued but reduced cash benefits for up to a year. The LPRI study identified as a major problem in the state's family welfare system the "cliffs" in cash income faced by families moving from welfare to work. Under Connecticut's system, after receiving cash assistance for 21 months, or at the end of any six month extension of cash assistance, a family which is earning as much as it is receiving in benefits (plus $90 which is disregarded in recognition of work expenses) loses all cash assistance. Attached to my testimony is a summary of other states' work assistance provisions. Below is an example of how this would change the TFA program and the lives of families.

How the TFA cash assistance program works now

A family of three receives $543 in TFA cash assistance in most of the state. During the first 21 months that the family is receiving assistance, earned income up to 100% of the federal poverty level is disregarded in calculating eligibility. A mother with two children could work 20 hours a week at the minimum wage, earn $650 a month in income and receive $543 in cash assistance for a monthly income of $1,193.

At 21 months, this family will lose all cash assistance because the mother's earnings are above $633 ($543, the amount of cash assistance the family is eligible for, plus the $90 work expense disregard). The family's income will drop from $1,193 to $650 a month - if the mother is able to maintain employment. The LPRI study found that many families are not able to maintain employment.

How the Work Transition Program would work

After receiving cash assistance of $543 a month for 21 months, the family in the example above would be eligible for reduced but continued benefits if the mother combined 20 hours a week of paid employment with 10 hours a week of approved education or training or if the mother increased her hours to 30 per week.

For the first six months, the family would receive $364 a month in an income supplement payment. The family income would be $1,014 ($650 in earned income plus $364 in Work Transition cash assistance). For the second six months after leaving TFA, the family would receive $179 a month in supplemental income. The family income would be $829 ($650 in earned income plus $179 in Work Transition cash assistance). If the mother's hours or wages had risen, the family's income would be more.

The state would be able to count this family towards fulfilling its TANF work participation rate.

Section 1 - 10% increase in cash assistance benefits.

This increase is a first step to bringing the cash assistance grants up to a more reasonable level. Every year since 1992, the mandate to provide a cost of living adjustment (COLA) to people receiving cash assistance through TFA, SAGA and State Supplemental Program for the Aged, Blind and Disabled has been deleted as the budget is developed. According to the LPRI study, if the family welfare grant had kept pace with inflation since 1991, the cash assistance for a **family of three would be $859 a month, instead of $543**. The Program Review and Investigations Study suggests raising the benefit amount to the "standard of need", about a 35% increase. A COLA increase would be less than 10%. The proposal to increase the assistance to families by 10%, the first increase in at least 16 years, is an achievable middle ground between these two proposals.

~~**Section 2 - Exemption for Working Parents with Disabilities**~~

Section 2 adds a new exemption from the very short TFA time limits for people with disabilities who work a very limited number of hours. Under current TFA cash assistance rules, the family of a parent who is "incapacitated" is exempt from both work requirements and time limits. But the definition of "incapacity" is very strict. If a TFA recipient works at all (even an hour a week), the parent is not considered incapacitated and the family cannot be exempt. A more rational exemption policy, and one that would encourage people with disabilities to work as much as possible without putting needed cash assistance at risk, would create an exemption from time limits for families in which the parent's ability to work is limited by a disability. The parent would still be required to work as much as possible but would not have to apply for extensions every six months and would not lose assistance at 60 months.

Section 4 - Expand the Safety Net to families who lose cash assistance because of time limits

The Safety Net Program provides non-cash, vouchered assistance for basic needs such as rent and food, along with intensive case management, to families who lose cash assistance and do not have employment. Currently, the program is open only to families which are sanctioned off cash assistance. Families which lose cash assistance because they reach time limits, even though they have not been sanctioned, are not eligible for these vital benefits. This bizarre state policy should be changed.

State Initiatives to Provide Income Supplements to Working Families

	Status	Who qualifies	Benefit	Links or other information
Arkansas	Implemented July 2006	Families leaving TANF and working at least 24 hours per week and under FPL	$204 a month for up to 24 months	Work Pays program limited to 3,000 families. Manual sections at http://www.arkansas.gov/dhhs/webpolicy/TEA%20Policy/TEA10000htmLorie.htm
				State law Arkansas Code 20.76.444 available at http://www.arkleg.state.ar.us/
Kentucky	Implemented April 2003	Available to families under 200% FPL leaving TANF due to earnings and with a work expense	Up to $130/month for 9 months	Currently a non-assistance benefit but discussion within agency on redesigning; http://manuals.chfs.ky.gov/dcbs_manuals/DFS/voliii/voliiims3850.doc
Michigan	Law passed; implemented in 19 counties, rest by April 2007	Families leaving TANF due to earnings and meeting federal work participation guidelines	$10 per month for 6 months	http://www.milhs.org/Media/EDocs/FactSheetDec2006WelfareReform.pdf
Nebraska	Pending bill	Families leaving TANF with income under 185% FPL and working	20% of the TANF benefit amount each month for 5 months	LB 351 amending RRSN 43-512 (5)(b)(i) http://uniweb.legislature.ne.gov/FloorDocs/Current/PDF/Intro/LB351.pdf
New Jersey	Implemented Supplemental Work	TANF families under 250% FPL working at least 20 hours per week who still qualify for TANF but	$200 per month for up to 24 months	Benefit provided is non-assistance; has not had high utilization rates. Brochure:

	Support April 2001	choose to exit and receive SWS instead of TANF; must have been on TANF for 6 months and employed for at least 4.		http://www.state.nj.us/humanservices/dfd/SWS_English.pdf State plan description at pp. 29-30. http://www.state.nj.us/humanservices/dfd/final_TANF StatePlan2006-2008.pdf
New Mexico	Bill pending with implementation date no later than 7/08	Families leaving TANF, currently (and recently) working 30 hours per week, under 150% FPL	Agency to set amount; for up to 18 months	Section 5 amending 27-2B-7 NMSA at pp.22-25: http://legis.state.nm.us/Sessions/07%20Regular/bills/senate/SB0408.pdf
North Dakota	Agency considering	Possibly families with children who are working and receiving child care or food stamp (and not receiving TANF or diversion assistance)	No detail	TANF state plan has placeholder language indicating that the state may provide a subsidy to these groups
Oregon	Agency proposal now a pending bill, HB 2180	Employed persons leaving TANF under 250% FPL	$150/mo for 12 months	Bill at http://www.leg.state.or.us/07reg/measpdf/hb2100.dir/hb2180.intro.pdf
Virginia	Implemented 10/1/06 by rule; bill pending	Employed families leaving TANF and working at least 30 hours per week. (Rule also says under 200% FPL)	$50/month for 12 months	Uses state MOE funds. Pending bill: http://leg1.state.va.us/cgi-bin/legp504.exe?071+ful+SB1133; Rule: http://legis.state.va.us/codecomm/register/vol22/iss26/e22v4035.doc

Washington	Governor's budget proposal	Employed families leaving TANF and working at least 30 hours per week	$100 per month for 6 months	http://www.ofm.wa.gov/budget07/recsum/300060.pdf

Center on Budget and Policy Priorities
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