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Testimony before the Human Services Committee
in support of RB 5907

by Jane McNichol, Executive Director
March 11, 2008

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, we have monitored the federal TANF program and the state's family welfare program and its impact on low-income families with children in the state.

We strongly support RB 5907, which incorporates four common sense changes to the state's family welfare program, Temporary Family Assistance. The Temporary Family Assistance Program has been the state's cash assistance program since 1996. Last year, the Legislative Program Review and Investigation Committee conducted a comprehensive review of the program and its impact on families. Some changes were adopted last year in response to the LPRI report.

Section 1 of RB 5907 includes another important proposal from the LPRI report - addressing the income cliffs faced by families moving from welfare to work. Under the current system, if the parent in a family of three receiving TFA goes to work and earns more than $650 a month ($7,800 in annual income), the family loses all cash assistance at the end of 21 months or the end of a six-month extension period.

The panel of experts convened by the Child Poverty and Prevention Council identified 13 areas that they thought would be most important in moving toward the Council's goal of reducing child poverty by half by 2014. One of these areas was "Avoiding Abrupt Benefit Changes". The panel recommended that "Connecticut welfare programs should be amended so that parents receiving welfare benefits, especially Temporary Assistance for Needy Families [the federal funding source for TFA], food stamps, Medicaid, and housing, do not face abrupt loss of benefits."

The proposed Work Transition program would provide families in which the parent has moved into the workforce with a one-year transition with reduced cash assistance. The cost of the program would be approximately $2 million in the first year of implementation and $3 million when fully implemented. As you can see from the attached information, the cost of cash assistance has fallen dramatically over the past 11 years - from $320 million in FFY 1997 to $107 million in FFY 2007. The Governor's budget projects a drop of another $1.9 million in the coming year.

It is time to reinvest some of this money in families which are doing exactly what we ask of them - moving from welfare to work. **Easing this transition will help children by stabilizing their**

living situation and may help the state by adding families which meet the federal work requirements to the family welfare rolls.

Sec. 2(b) of RB 5907 brings our TFA program in line with federal and state policy that encourages and supports people with disabilities moving into the workforce. Under current rules, a parent whose work effort is limited by a disability can be exempted from the state work requirements and time limits if s/he is determined to be "incapacitated".

But the definition of "incapacity" is very strict. If a parent works for as little as an hour a week, the family will not qualify for exemption from time limits. This discourages parents with disabilities from attempting to work. An ultimately unsuccessful attempt to re-enter the work force will result in the loss of benefits for the entire family for at least some time. Parents who want to work but know that they will not be able to earn more than their family would receive from TFA cash assistance are discouraged from working even a limited number of hours.

Sec. 2(b) corrects this perverse incentive by exempting *from time limits only* families in which the parent is working as much as their disabilities allow. Parents would still be subject to a requirement that they work as much as possible and engage in other work-related activities as defined in an approved employment plan.

Sec. 2(c) of RB 5907 acknowledges that the parents in families which are homelessness or under the threat of homelessness will have trouble getting employment. Adding "homelessness or risk of homelessness" to the enumerated barriers which should be considered when determining whether a family is eligible for an extension of cash assistance makes an essentially technical change to the statute - but will make a real difference in the lives of families and children. Having continued cash assistance available will enable some families to stave off eviction and the disruption to employment and education caused by eviction. For a family which is homeless, cash assistance may be a key to gaining housing.

Finally, Sec. 2(d) takes advantage of changes in federal law to increase the amount of child support passed through to families at minimal cost to the state. Federal reimbursement requirements from child support for families receiving cash assistance are changing on October 1, 2008. Under current rules, the state must pay the federal government 50% of any child support collected by the state for families receiving cash assistance. The state currently passes $50 of any child support on to the families and keeps what remains to reimburse the state for TFA costs.

Under the new federal program, the federal government is waiving reimbursement for the first $100 of child support that is passed through to a family with one child and the first $200 of child support that is passed through to a family with more than one child. **Connecticut can increase its pass through to all families to $100 without any additional cost to the state. The Governor has proposed that the state do this**. For a small cost ($25 per family per month), the state could increase the pass $150 through to families with more than one child.

These changes are small and inexpensive to the state; they are of great importance to the families which receive cash assistance.

It is important to keep in mind that we receive $267 million annually from the federal government in the TANF block grant and are required to spend at least $184 million in state funds on TANF-related programs. Over the past eleven years, we have moved increasing amounts of this $451 million out of cash assistance and into programs that were previously supported by other funding sources.

The key numbers are:

Spending on "Basic (Cash) Assistance" has dropped from $320 million in 1997 to $107 million in 2007.

Spending on "Other" has risen from $0 in 1997 to $170 million in 2007. "Other" includes: DCF Case Management Services and Investigations (a total of $76 million) and SDE School Readiness ($54 million).

A chart with more details of the state's TANF/MOE spending for the years from 1997 through 2005 is attached.

Thank you for your attention to this important issue.

HOW DOES CONNECTICUT USE ITS TANF/MOE FUNDS? (11/06)

Combined TANF/MOE Spending - FFY 1997 - 2005 (in millions)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
SSBG	5.9	23.8	24.1	24.4	26.7	26.7	26.7	26.7	26.7
Cash Assistance	**320.6**	**255.2**	**202.0**	**166.1**	**158.4**	**130.4**	**124.4**	**126.6**	**125.7**
Other Services				4.4					0.3
Child Care*	75.5	121.6	115.0	119.1	96.1	56.8	38.3	13.0	12.5
Assistance/Prior Law					6.4	3.6	1.6	2.2	2.2
DOL Jobs Services/Educ/									0.0
Safety Net IPC	12.1	8.8	16.0	18.6	16.1	17.3	15.1	15.8	15.8
Other Work Act/Educ					0.4	0.5	16.2	15.8	6.5
Work Activities							0.6	1.8	1.2
Safety Net		2.7			2.5	4.4	2.9	0.8	1.5
Good News Garage							0.5	0.2	0.3
DOL Services							0.6	0.9	0.0
Welfare to Work							0.5	1.1	0.9
Transportation				2.8	2.6	3.2	2.4	2.4	3.3
Rental Assistance		1.5				3.7	1.8	5.1	2.3
Diversion				0.1					0.0
Energy		2.0							0.0
Medicaid for Non-Citizens					5.0	8.7	8.3	7.1	8.6
Teen Preg		1.6		1.2			see below		
Prevention of Out of Wedlock Preg					**21.4**	**28.0**	**38.9**	**53.7**	**66.4**
2-Parent Family Formation						16.6	18.1	16.5	7.7
Prior Law*				12.4	13.0	14.3	15.9	13.9	15.5
Admin	37.3	36.6	37.0	36.8	37.0	28.0	21.5	25.9	28.6
Infor Tech	2.5	5.4	1.0	2.1	1.7	1.2	0.8	0.9	0.7
Family Supportive Hsg (DCF)									0.9
Other*			**55.0**	**72.3**	**65.4**	**130.4**	**126.4**	**131.3**	**156.6**
Subtotal	453.9	459.2	450.1	460.3	452.7	473.8	461.5	461.7	484.2
Unliquidated Oblig						0.2			
Total					452.7	474.0			

*For details, see attached

OTHER includes:

	1999	2000	2001	2002	2003	2004	2005
Teen Pregnancy Prevention	0.7			different line			
Faith Based Initiatives							0.1
Family Violence Prevention				0.3			
Outreach Services				5.6	2.1	3.2	3.8
SDE School Readiness				34.1	32.9	27.5	44.4
SDE Adult Education		1.1	0.7	0.4	0.8		0.5
SDE Family Resource Centers		2.4	1.6			0.6	
SDE Priority School Districts		16.3					
DCF Case Management Services	28.8	35.3	32.2	44.8	40.1	35.7	40.2
DCF Substance Abuse Screening	0.6	1.0	0.3	0.6	0.5	0.8	0.5
DCF Trtm't/Prev/Child Abuse	3.9	3.4	3.4	4.3	4.1	4.9	3.6
DCF Family Preservation Services	3.4	2.7	3.2	3.4	3.3	4.0	3.0
DCF Substance Abuse Services	1.0	1.5	0.7	0.8	0.8	0.9	0.4
DCF Local Systems of Care			0.3	0.6	0.4	0.5	0.2
DCF Community Emergency Services			0.1	0.1	0.1	0.1	0.1
DCF Family Violence Services			0.3	0.3	0.3	0.3	0.2
DCF Early Childhood Development			1.8	2.5	0.4	0.5	0.2
DCF Support for Recovering Families				0.6	2.6	2.2	4.1
DCF Child Guidance Clinics						3.6	
DCF Family Support Teams							4.5
DMHAS Substance Abuse Grants				0.3	0.2	0.1	
DMHAS Mental Health Grants				0.9	0.9	0.7	
DMHAS Managed Service System				0.3	0.3	0.2	
DCF Investigations				24.5	27.2	29.7	32.8
DCF Intensive In-home Services					3.7	6.9	5.5
CHEFA Loans to Day Care Centers		1.4	2.0	2.3			
Certificate Eligibility Development				6.8			0.6
CCMIS (Maximus Contract for CCCP)		7.3	7.6		4.8	4.7	4.1
DCF Individualized Family Support					0.1	0.1	0.1
DMR Family Support					0.3	1.0	
DMR Respite Centers					0.3	0.1	0.4
DMR Respite Grants					0.4		0.4
Judicial Alternative Incarceration						0.9	2.3
Judicial Multi-Systemic Therapy						1.7	3.7
Judicial Court-Based Juvenile Assessments						0.3	0.7
Unspecified MOE (Other)	18.0						
TOTAL*	56.4	72.4	54.2	133.5	126.6	131.2	156.4

In some cases, notably 2001, total does not match the total on the summary reports because the spending reports to the federal government were revised and no revision of the more detailed report to the Legislature was prepared.

	2001	2002	2003	2004	2005
PRIOR LAW includes:					
DCF Case Management Services	3.1	7.4	10.2	8.4	9.0
DCF Family Preservation	1.2	1.3	1.2	0.8	0.8
DCF EA Foster Care & Res. Treatment	6.6	4.6	4.5	4.6	3.7
DCF Foster Care "Non-Claimable Balance"					2.0
TOTAL	10.9	13.3	15.9	13.8	15.5
PREVENTION OF OUT OF WEDLOCK PREGNANCIES includes:					
Teen Pregnancy Prevention		0.1			
Teen Pregnancy	1.0	1.1	1.1	2.1	2.1
SDE Priority School Districts	7.4	6.9	7.5	13.5	18.1
SDE Priority School Districts ESH	2.5	3.1	3.0	2.5	3.8
SDE Youth Services Bureau	2.2	2.9	2.7	3.1	2.9
SDE Transitional School Districts	0.8	0.2			
SDE Interdistrict Coop Grant	0.9	0.6	0.4	0.9	0.3
SDE Young Parents Program	0.2	0.2	0.2	0.2	0.2
SDE Family Resource Centers		6.0	4.3	4.8	7.1
SDE Safe Learning Grant			0.2		
OPM LEAP	2.3	1.8	0.7	0.9	0.5
OPM Neighborhood Youth Centers	2.0	0.9	1.0		
OPM Grants to Boys and Girls Clubs	0.7	0.2	0.1		
OPM Children and Youth Development	0.2	0.1			
OPM Truancy Prevention	0.6	0.2			
OPM Governor's Prevention Partnership	0.5	0.1			
DPH Paternity Registry	0.2	0.2			
DPH Pregnancy Healthline			0.1		
DCF Early Childhood Development			2.1	1.9	1.0
DCF Extended Day Treatment				5.5	3.9
DMHAS Special Population			2.7	6.7	17.1
DMHAS Grants for Substance Abuse		0.4	0.3	0.2	
DMHAS Governor's Partnership		0.3	0.1	0.1	
DSS Family Planning			0.1	0.2	
Judicial IOM				0.9	
Judicial Counseling Services			1.1	0.7	0.9
Judicial Truancy Services			0.3	0.2	0.2
Judicial STARS			0.5	0.5	0.5
Judicial JSRC			2.5	0.8	
Judicial Juv Justice Center			2.6	2.7	3.0
Judicial Alt Detention Program			2.9	3.2	2.6
Judicial Community Detention Program			2.2	2.0	2.0
TOTAL	21.5	25.3	38.7	53.6	66.2

CHILD CARE includes:					
Employed Services Child Care	2.8	6.9	10.1	1.3	0.6
Work Related Child Care	13.8	8.2			
Child Care Certificate Program	16.7	11.5	12.6	3.1	2.0
Transitional Child Care	26.9	30.1		8.5	10.0
SDE School Readiness	35.5		15.7		
Child Day Care					
TOTAL	95.7	56.7	38.4	12.9	12.6
2-PARENT FAMILY FORMATION includes:					
Fatherhood Initiative		0.6	0.6	0.5	0.3
DOC Education and Training		6.8	9.7	9.0	4.1
DOC Addiction Services for Non-Custodial Parents		4.5	7.5	6.7	2.8
DMHAS Problem Gambling			0.3	0.3	0.4
TOTAL		11.9	18.1	16.5	7.6

FACTS about TFA Exemption for Working Parents with Disabilities

Working parents with disabilities are discouraged from seeking employment under the current TFA cash assistance time limits.

Connecticut's family welfare program has very strict time limits - families are generally limited to 21 months of cash assistance with the possibility of two six-month extensions, for a total of 33 months of assistance. In limited cases, a family may qualify for continued extensions for up to five years. Families in which the parents are incapacitated are exempt from these strict time limits and from the work requirements in the program.

But the definition of "incapacity" is very strict. If a parent works for as little as an hour a week, the family will not qualify for exemption from time limits. This discourages parents with disabilities from attempting to work. An ultimately unsuccessful attempt to re-enter the work force will result in the loss of benefits for the entire family for at least some time. Parents who want to work but know that they will not be able to earn more than their family would receive from TFA cash assistance are discouraged from working even a limited number of hours.

Most state and federal policies are designed to support and encourage the employment of people with disabilities.

Connecticut has adopted a generous "Ticket to Work" program to extend Medicaid coverage to working people with disabilities so that high medical costs and lack of health care coverage in the workplace do not discourage people with disabilities from working.

The federal government's definition of disability for purposes of qualifying for income assistance under Supplemental Security Income (SSI) or Social Security Disability (SSD) acknowledges that many people with disabilities do work. Under the federal definition of disability, a person is eligible for assistance if, because of his/her disability, s/he cannot engage in "*substantial* gainful employment". A person can earn up to $940 a month and still qualify for assistance under SSI or SSD.

Working parents with disabilities should be exempt from TFA time limits if they work as much as their impairments allow.

TFA policy can be fixed easily. Families in which the parent's ability to work is limited by a disability could be exempted from the time limits in the TFA program. Parents could still be subject to a requirement that they work as much as their impairments allow and engage in other work-related activities as defined in an approved employment plan.

Parents who want to work and are working as much as possible should not risk losing needed cash assistance for their families by demonstrating their ability to engage in work for a small amount of time a week.

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FACTS about Increasing Child Support For TFA Families

Under new federal rules effective in October of this year (2008), families receiving TFA cash assistance can receive more child support payments at almost no cost to the state.

How the system works now:
When families apply for cash assistance under the Temporary Family Assistance (TFA) program, they give (assign) the State their right to child support paid by a non-custodial parent. The State collects the required child support from the non-custodial parent and is required to send 50% of these collections to the federal government to repay the federal contribution to family welfare costs.

Connecticut, like most other states, passes $50 through to the family to supplement the family's TFA benefit and keeps the balance (up to the amount of the family's TFA benefit) to reimburse the State for its share of family welfare costs.

As of October 1, 2008, the federal government will require less reimbursement from the states:
Federal law was changed recently to offer an incentive and subsidy for states to increase the pass-through to families. After October 1, the federal government will not require any reimbursement from the states on the first $100 paid in child support for a family with one child and on the first $200 for a family with two or more children if the money is passed through to the family. If the State increases the amount passed through to families by $50, it will not be required to pay the federal government the $50 in reimbursement previously required. If the State passes through more than $50 for families with more than one child, the State and the federal government essentially split the cost of the additional pass through.

Under the new rules, at almost no cost to the state, Connecticut can increase the amount that it passes through to families to $100 per month. For a small investment, which will be matched by the federal government, the State can do better for families with more than one child.
An example of how this works:

	Parent Pays	Family Share	Federal Share	State Share
Current System	$400	$50	$200 (50%)	$150
New System family w/ one or more children	$400	$100	$150 50% of $300 ($400 - $150)	$125
family w/ more than one child	$400	$150	$125 50% of $250 ($400 - $150)	$125

Increasing the pass through to $100 for all families is included in the Governor's budget proposal. The Governor's budget projects a small cost ($650,000) in reduced revenue for implementing this important change for families.

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FACTS about Homelessness as a Barrier to Employment

Homelessness and risk of homelessness should be explicitly identified as barriers to employment for participants in the Temporary Family Assistance (TFA) cash assistance program to help families maintain or access housing.

Identifying "homeless and risk of homelessness" as barriers to employment will help families maintain or access needed income.
TFA recipients with two "barriers to work" can get additional extensions of cash assistance under present rules. TFA rules limit families to 21 months of cash assistance, and then two six-month extensions if earnings remain low. For families with barriers to work, though, further extensions (up to a total of 60 months) can be granted. Currently lack of child care, substance abuse, severe health issues of a parent or family member, domestic violence or a learning disability are listed as barriers in the statute.

Cash assistance can help families preserve existing housing.
Loss of housing is typically triggered by loss of a job or other income source. Finding work can take time, but many landlords cannot afford to wait and so commence eviction actions. These cases can be settled, and tenancies restored, in many cases, if the family has an ongoing source of income, and can make repayment arrangements. An ongoing income source is also typically a prerequisite to qualify for other homelessness-prevention programs such as back-rent or security deposit payments. Thus TFA eligibility can help leverage additional funds to restore or maintain housing.

Adding homelessness or risk of homelessness as a stated barrier can help avert other more costly expenditures that result from loss of housing.
Loss of housing is very disruptive to family stability. In addition to the social costs—potential impact on health, education and community ties—there are economic costs that ultimately are born by the taxpayer. See, The National Alliance to End Homelessness, "Family Homelessness in Our Nation and Community" http://www.hoopsforthehomeless.org/docs/hoopspaper2005.pdf. Intervention by the Department of Children and Families may be necessary when families lose their housing. Assisting families earlier, before they become homeless, can help avoid these costs.

Like the barriers currently listed in the law, housing instability is an impediment to work.
Without a stable address, every aspect of job readiness is impacted. Dressing, grooming, getting children safely to school or child care and transportation are all more difficult without a home. Defending an eviction action and searching for alternative living arrangements are time-consuming activities that limit a parent's availability for work.

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FACTS about Eliminating Cliffs in the TFA Program

Working families face drastic income cliffs in the TFA (Temporary Family Assistance) Program.

A family in which the parent moves into the workforce can suffer a sudden drop in income when TFA cash assistance is ended. Under the current rules, after receiving cash assistance for 21 months, or at the end of any six month extension, a family in which the parent is earning as much as the family is receiving in benefits (plus $90 which is disregarded in recognition of work expenses) loses all cash assistance. In practice, for a family of three in most of the state, a parent working 20 hours a week at minimum wage will make the family income too high to qualify for an extension of cash assistance. A family in which the parent earns over 100% of the federal poverty level also loses all cash assistance. The Legislative Program Review and Investigations Committee found that families which leave cash assistance with jobs often cannot maintain employment. One of the Committee's recommendations is to continue cash assistance at a reduced level for a limited amount of time.

Eliminating the cliffs in the TFA program could help the state meet the new federal TANF work requirements.

In Connecticut, a parent with two children on welfare working 20 hours a week at minimum wage will be ineligible for continued cash assistance. But if that parent combines 20 hours a week of work with 10 hours a week of approved education or training, the family will be meeting the federal work requirements. By providing a limited income supplement, Connecticut will support the family in its transition and add a family meeting the work participation rates to its caseload.

How would this program work?

When a family reaches the end of the first 21 months of cash assistance or the end of the first or second six-month extension and is earning more than the cash benefit amount, the family would receive a transition benefit equal to 2/3 of the cash assistance the family had been receiving for six months and then would receive a transition benefit equal to 1/3 of the family's cash assistance for the next six months, instead of losing all cash assistance.

What would this change cost?

Our estimates are that this change would cost about $2 million in the first year of implementation and about $3 million a year when fully implemented.

See the back of this sheet for an example of how this would affect a typical family of three on TFA.

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How the TFA cash assistance program works now

An eligible family of three receives $560 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 $658 a month in income and receive $560 in cash assistance for a monthly income of $1,218.

At 21 months, this family will lose all cash assistance because the mother's earnings are above $650 ($560, the amount of cash assistance the family is eligible for, plus the $90 work expense disregard). The family's income will drop from $1,218 to $658 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 changed program would work

After receiving cash assistance of $560 a month for 21 months, the family in the example above would be eligible for reduced but continued benefits.

For the first six months, the family would receive $375 a month in an income supplement payment. The family income would be $1,025 ($650 in earned income plus $375 in cash assistance). For the second six months after leaving TFA, the family would receive $190 a month in supplemental income. The family income would be $840 ($650 in earned income plus $190 cash assistance). If the mother's hours or wages had risen, the family's income would be more.