

Legal Assistance Resource Center

◆ of Connecticut, Inc. ◆

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Testimony before the Appropriations Committee on the Department of Social Services Budget

by Jane McNichol, Executive Director
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Good evening. 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.

I am here to address two issues related to the Jobs First/Temporary Family Assistance (TFA) program, the cash assistance portion of Connecticut's family welfare program.

Attached to my testimony is a summary of the state's family welfare program and of how Connecticut has spent federal TANF funds and required state spending (Maintenance of Effort or MOE funds).

We welcome and support the Governor's proposal to pass through an additional \$50 to families receiving both cash assistance and child support. This proposal takes advantage of new federal rules, adopted as part of the 2006 Deficit Reduction Act, which reduce the amount of reimbursement required by the federal government. The federal government made this change to encourage states to pass more of the child support it collects on to families receiving cash assistance. Connecticut should accept this incentive from the federal government. Passing more money onto families both encourages non-custodial parents to pay child support and increases the income of struggling families.

We are concerned about the proposal to suspend, once again, the Cost of Living Adjustment (COLA) in TFA and other benefit programs.

There are three important reasons to provide a COLA to TFA participants.

- 1. Benefit levels are extremely low.** Before 2007, cash assistance levels in the TFA program had not been increased for at least 15 years. Even with two COLAs in 2007 and 2008, a family of three in most of the state receives only **\$576 a month** in cash assistance benefits. COLAs really do make a difference. From 1995 to 2007, the cash assistance amount for a family of three in most of the state was \$543 a month. As a result of the two COLAs, these

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families now receive almost \$400 more a year.

2. **Cash assistance to low-income people provides an economic stimulus.** The additional \$24 million in cash assistance grants paid to very low-income people over the next two years will be spent and will go into the local economy.
3. **The federal government will probably pay for most of the cost of the COLA** through two TANF Contingency Funds which are newly available to Connecticut. For the last 12 years, Connecticut's TANF block grant has been frozen at \$267 million, with some occasional and small bonus funds available.

- **In October of 2008, for the first time, Connecticut qualified for funds under the existing TANF Contingency Fund** as a result of increases in our SNAP (food stamp) caseload. If our SNAP caseload remains high and we can show sufficient state Maintenance of Effort spending, we could qualify to receive up to \$50 million (20% of our TANF block grant) in additional TANF funds from the federal government.

- Probably more importantly, **in the federal stimulus package, a new Emergency Contingency Fund was established.** This fund will pay for 80% of a state's TANF costs related to **increased expenditures for basic cash assistance**, non-recurrent one-time payments and employment subsidies, up to 50% of the state's family assistance grant amount.

There are undoubtedly details to be worked out in this new program, but it appears that if our TFA cash assistance caseload is rising, as it is, we will qualify for this additional federal money. Once we meet the qualifying threshold, the 80% match is available for all increases in spending on cash assistance.

The amount a state is eligible for from these two contingency funds combined is 50% of the state's family assistance amount over the two year period the emergency fund is available - probably about \$133 million in Connecticut.

Before making cuts in desperately needed assistance programs, we should carefully explore the new resources available from the federal government and design our programs to maximize federal funds and support for needy families.

Thank you for your attention and for your work on this issue.

FACTS about

Connecticut's Family Welfare Program and TANF Spending

Connecticut's family welfare system, Jobs First, has three major components:

- **Temporary Family Assistance (TFA)** is the financial resource available to families. Families can be exempted from the work requirements but, if not exempt, adults must seek employment and families receive 21 months of cash assistance, plus limited 6-month extensions.
- **The Jobs First Employment Service program (JFES)** provides support to families moving from welfare to work. This program is run by the Department of Labor (DOL) in conjunction with Department of Social Services (DSS).
- **The Safety Net program provides special services, but no cash assistance** to families at risk of losing benefits or which have lost benefits. This program is administered by the Connecticut Council of Family Service Agencies.

Temporary Assistance to Needy Families (TANF) is a federal block grant which is used to fund parts of the Jobs First program and an increasing variety of other state programs. TANF funds are designed to be used to provide assistance to needy families while promoting job preparation, work, and marriage. To receive federal TANF funds, the state must comply with federal program rules and must "maintain its effort" by spending 75% or 80% of the amount of state funds for TANF activities which it was spending in 1994.

Connecticut receives **\$267 million from the federal government** in the TANF block grant. Connecticut's required MOE spending is **\$196 million in state funds**. This makes a **total of \$463 million**.

Connecticut has recently qualified as a "**needy state**" based on SNAP (food stamp) enrollment. This may entitle us to some additional funds from the federal TANF contingency fund. Last year, **Connecticut failed to meet the work participation rate** required by the federal government in the TANF program. This could result in a **penalty of up to \$13 million** of Connecticut's TANF allocation in future years.

State spending of TANF and MOE funds (detailed on the chart on the back of this page) has changed dramatically since the block grant was first available in 1997:

- **Spending on cash assistance has fallen substantially** from \$325.6 million in 1997 to \$106.8 million in 2007.
- **Spending on job training and support has risen** from \$12.1 million in 1997 to \$21.7 million in 2007.
- **Spending on "Other" programs**, including Department of Children and Family programs and State Department of Education programs, **has risen dramatically** from nothing in 1997 to \$163.5 million in 2007. Spending on "**Out of Wedlock Pregnancy Prevention**" and "**Two-Parent Family Formation**" accounted for \$86.2 million in 2007 (up from \$0 in 1997).

COMBINED TANF AND MOE SPENDING - FFY 1997 - 2007
(in millions of dollars)

	1997	1999	2001	2003	2005	2007
Transfer to SSBG	5.9	24.1	26.7	26.7	26.7	26.2
Cash Assistance	320.6	202.0	158.4	124.4	125.7	106.8
Child Care*	75.5	115.0	96.1	38.3	12.5	32.6
Other Services					0.3	0.1
Assistance - Prior Law			6.4	1.6	2.2	2.5
Other Work Act/Education (Higher Ed scholarships)			.4	16.8	7.7	1.1
GoodNewsGar; DOL Serv; WTW				1.6	1.2	0.3
Employment Services/ IPC	12.1	16.0	16.1	15.1	15.8	21.7
Transportation/Safety Net			5.1	5.3	4.8	4.0
Diversion						
Rental Assistance				1.8	2.3	
Energy						
Medicaid for Non-Citizens			5.0	8.3	8.6	
Prevention of Pregnancy*	0	0	21.4	38.9	66.4	76.2
2 - Parent Family Formation*	0	0	0	18.1	7.7	10.0
Prior Law*			13.0	15.9	15.5	18.7
Administration	37.3	37.0	37.0	21.5	28.6	34.3
Information Technology	2.5	1.0	1.7	0.8	0.7	0.9
Family Supportive Housing (DCF)					0.9	
Other*	0	55.0	65.4	126.4	156.6	163.5
Total	453.9	450.1	452.7	461.5	484.2	498.9