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Testimony before the Human Services Committee on SB 843 (opposing Sec. 41 and supporting Sec. 43) and supporting HB 6526, AAC Activities of the Council that Monitors the Temporary Family Assistance Program and Employment Services

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.

We oppose Sec. 41 of SB 843 would suspend the scheduled Cost of Living Adjustment in the Temporary Family Assistance program. 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 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, including COLA increases.

The Governor projects a $5 million increase in cash assistance in the coming year without a COLA. Including a 5% COLA would mean an $11 million increase in cash assistance, of which the federal government would pay as much as $8.8 million - for a net gain of $2.2 million.

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.

We support the provisions of HB 6526, which would streamline the work of the existing TANF Council and provide a structure for developing recommendations from Connecticut on the upcoming federal debate on TANF reauthorization. One of the most helpful functions of the TANF Council has been to provide access to information on the TFA and Jobs First caseloads. Sec. 1(c) of this bill requires quarterly written reports rather than relying on sporadic reports at the Council meetings. The information required on the Jobs First Employment Services program is currently reported in the Department of Labor's At-A-Squint report. The information on the TFA caseload was for the most part reported in the past in the Department of Social Services' TFA Program Summary Report. Publication of this report was discontinued in 2002.

One important but missing element in the list of items to be reported on the TFA caseload is the number of families exempt from time limits and the reasons for these exemptions.

The task assigned to the TANF Council in Sec. 1(e) seems completely appropriate and **members of the Welfare Working Group would be eager to help in organizing the needed informational forums.** The September 1 deadline seems somewhat optimistic.

Finally, we welcome and support Sec. 43 of SB 843, which implements 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.

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