

# Legal Assistance Resource Center

## ◆ of Connecticut, Inc. ◆

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### **Testimony before the Appropriations Committee on the Department of Labor 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 the **Jobs First Employment Services and TANF Job Reorganization** lines in the Department of Labor budget. These two lines, which the Governor appropriately proposes to combine in the biennial budget, provide funding for the services and job supports for families in Connecticut's family welfare program which are striving to move from welfare to work.

The \$23 million in these lines provides assessment, case management, assistance in preparing for and finding a job, vocational education, adult basic education, subsidized employment and other support services. This is far from a perfect system for adults with severe barriers to employment. It has always been underfunded and the strict time limits in our family welfare system make resolving serious barriers to employment difficult. These barriers are only getting higher as the economy worsens and more people, with better work histories and greater skills, enter the job market.

**The Governor's budget proposes cutting \$3.5 million a year from these combined line items.** The savings are supposed result from the re-bidding of contracts for the provision of services. If there are \$3.5 million in savings to be gained, there is still no reason to cut this line item. Parents in families receiving cash assistance will need more help and more subsidized employment in this tighter job market.

We should re-invest any savings in this line item and should consider increasing this line item for two reasons:

- **There is more need.** For the first time in years, cash assistance caseloads are rising. We can anticipate that the number of parents seeking help from Jobs First Employment Services will also rise. Jobs are scarcer and competition for those jobs is tighter. We need to increase, not decrease, resources for those with the most difficulty in getting jobs. In particular, we should look at increasing subsidized employment opportunities. As the Connecticut Conservation Corps is designed, parents who are receiving cash assistance and  
(over)

looking for work should be first in line for that employment.

- **The federal government is offering funds for programs in this area.** 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 federal TANF Contingency Fund.** If we can show adequate state spending on related items, we may qualify to receive up to \$50 million (20% of our TANF block grant) in additional TANF funds from the federal government. Spending in the JFES program counts as part of the qualifying state spending. Before cutting these funds, we should examine carefully whether we risk forgoing additional federal TANF funds from the Contingency Fund.

- **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. While there are undoubtedly details to be worked out in this new program, it would appear that if re-bidding in fact saved \$3.5 million and that money was put into a subsidized job program for JFES participants, Connecticut would be eligible to recover 80% of these expenditures from the federal government.

Before cutting funding from a program that will be needed more in the coming two years, **you should explore the new revenues available through these two contingency funds** to ensure that we are accessing federal funds newly available to Connecticut.

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

**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
<b>Cash Assistance</b>	<b>320.6</b>	202.0	158.4	124.4	125.7	<b>106.8</b>
<b>Child Care*</b>	<b>75.5</b>	115.0	96.1	38.3	12.5	<b>32.6</b>
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
<b>Employment Services/ IPC</b>	<b>12.1</b>	16.0	16.1	15.1	15.8	<b>21.7</b>
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	
<b>Prevention of Pregnancy*</b>	<b>0</b>	0	21.4	38.9	66.4	<b>76.2</b>
<b>2 - Parent Family Formation*</b>	<b>0</b>	0	0	18.1	7.7	<b>10.0</b>
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	
<b>Other*</b>	<b>0</b>	55.0	65.4	126.4	156.6	<b>163.5</b>
<b>Total</b>	<b>453.9</b>	<b>450.1</b>	<b>452.7</b>	<b>461.5</b>	<b>484.2</b>	<b>498.9</b>

# FACTS about Connecticut's Family Welfare Program and TANF Spending

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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).