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Testimony regarding H.B. 5439, concerning asset limits in certain public assistance programs

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Good evening Senator Moore, Representative Abercrombie and members of the Human Services Committee. My name is Roger Senserrich, and I am the Policy Director at the Connecticut Association for Human Services (CAHS). CAHS is a statewide nonprofit agency that works to reduce poverty and promote economic success through both policy and program work.

I am here to express our support to HB.5439, a bill that would introduce some significant and necessary changes to the Temporary Family Assistance program (TFA) and other cash assistance programs.

As you know, TFA is the state program that provides cash assistance to very low-income families, Connecticut's implementation of the federal Temporary Assistance for Needy Families (TANF) program. TFA benefits are usually time-limited to 21 months, with some limited exemptions. There are approximately 15,000 households currently receiving TFA in Connecticut; to remain in the program, participants must comply with work requirements or be actively looking for a job.

States have considerable leeway when implementing TANF. Federal rules allow them to determine a wide range of eligibility and enrollment rules, from lifetime time limit policies to asset limits and recovery provisions. Connecticut's version of the program is very restrictive compared to other states¹. Our state, for instance, has the shortest lifetime time limit of any state; the vast majority allow the federal maximum of 60 months, while Connecticut limits recipients to 21. Connecticut's income guidelines to apply for the program (families below the federal poverty level) are below those of other states like Massachusetts, Mississippi or Florida (185 per cent of federal poverty). Contrary to other states like Colorado, Louisiana or Maryland, Connecticut imposes a \$3,000 asset limit on recipients, preventing them from saving money.

HB. 5439 eliminates the asset limit for TFA, the state supplement program, the state-administered general assistance program and the supplemental nutrition assistance program. This is a very positive change that would help families and children in need to become self-sufficient, and is part of a series of TFA reform bills both in this and other committees to make the program a better tool to help families climb out of poverty.

The capacity to build assets and save money is crucial for families to become economically resilient and self-sufficient. Having access to savings provides families with crucial tools to respond to emergencies, unforeseen

¹ <http://www.urban.org/publications/412973.html>

changes or necessary expenditures in transportation or housing. Having funds available for a car repair, a security deposit for a rental apartment or a doctor visit can be enough to make or break the finances of a low income family. Current law prevents TFA recipients from building assets: the \$3,000 limit forces families to spend down their assets if they want to keep receiving their benefits, reducing their ability to respond to crisis and become financially stable once they exit.

This is especially onerous as being able to build wealth is a crucial component to guarantee and promote social mobility; wealth differentials are at the root of the persistence of racial inequality both in Connecticut and across the country^{2 3}. The median household net worth for non-Hispanic White households nationwide was \$141,900 in 2013, compared to \$11,000 for African-American or \$13,700 for Hispanic families⁴. In 2010, more than two thirds of TANF adult recipients in Connecticut were either Hispanic or African-American⁵. Asset limit restrictions are a roadblock to reverse this gap.

In addition to creating opportunity for TFA families seeking to build a path out of poverty, eliminating asset limits makes fiscal sense. 11 of the 51 questions on the Department of Social Services 'application for benefits are focused on asset limits. Each of these questions has to be verified by the case worker in a slow, time consuming process that slows down the process, but does not significantly reduced the case load. Denials for being over the asset limit account for significantly less than one percent of the total, but workers are forced to gather and verify the information anyway, even if the vast majority of applicants are under the limit.

As of today, eight states have eliminated asset limits on the TFA/TANF programs. The results have been positive⁶: in Colorado, eliminating the asset test resulted in 90 minutes in staff time savings per case. Virginia estimated that the administrative savings outweighed the increased spending in benefits 3-to-1. Louisiana has not seen an increase in its case load since it approved the reform in 2007. Oklahoma estimates \$1 million in savings after eliminating asset tests in the Medicaid program. We believe that Connecticut could realize similar savings with this policy change, both in TANF and the other two programs covered by the bill SAGA and state supplement.

Allow me finish with a brief note regarding TFA. The program, as currently structured, is not adequately serving the needs of children and families in Connecticut. Although the number and percentage of children living in poverty in the state has increased since 2003, the number of children receiving TFA assistance has dropped roughly by half.

H.B. 5439 is one of several bill introduced this session that seek to introduce fixes on this program. S.B. 275, also raised by this committee, and S.B. 314, at Labor, enable families receiving assistance to continue receiving benefits if they become employed and their salary does not exceed 150% of the Federal Poverty Level. S.B. 112, currently at the Education Committee, enables TFA parents to receive child care subsidies while attending higher

² <https://www.newamerica.org/economic-growth/savings-responsibility-and-opportunity-in-america/>

³ <https://www.stlouisfed.org/publications/bridges/winter-20102011/seven-surprising-findings-from-the-assetbuilding-field>

⁴ <http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>

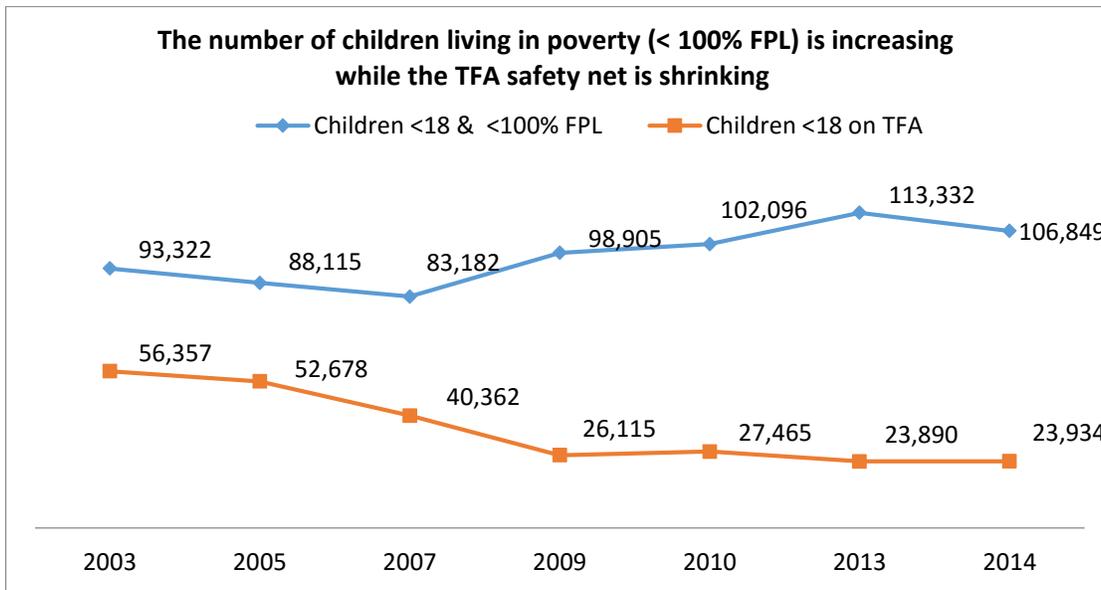
⁵ http://www.acf.hhs.gov/sites/default/files/ofa/appendix_ys_final.pdf

⁶ <https://www.americanprogress.org/issues/poverty/report/2014/09/10/96754/asset-limits-are-a-barrier-to-economic-security-and-mobility/>

education programs, enabling them to invest on themselves to further their employment and career prospects to climb out of poverty.

Combined, these bills amount to significant reforms that would make TFA a more effective, targeted program, truly capable of helping Connecticut's families become self-sufficient. We urge you to look at this program's needs as a whole, along the needs of the families it serves, to create strategies that develop it into a tool that truly promotes family economic success.

Thanks for your time.



Source: American Community Survey – using IPUMS.