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Testimony Regarding S.B. 314, An Act Concerning the Temporary Assistance Program and Unemployment Compensation Benefits

Good Afternoon Senator Gomes, Representative Tercyak and Respected Members of the Labor and Public Employees Committee,

My name is Erica Dean and I am a Policy Analyst 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 work at the Capitol and program work in low-income communities.

We strongly believe that the government should not hold people back from working towards self-sufficiency and this bill is a step in the right direction. First, it seeks to promote economic stability by allowing low-income families to avoid drastic financial cliffs. Second, it incentivizes unemployed individuals to rejoin the workforce, even if the salary is low, through the utilization of unemployment benefits.

- **Section 1g:**

CAHS supports the proposed change in which a family receiving assistance under TANF will continue to receive assistance, during their 21-month period of eligibility, if a member becomes employed and their accumulation of benefits and salary does not exceed 150% of the federal poverty level.

As families begin to transition away from TANF and move towards self-sufficiency, their continued success depends, in part, on their access to benefits. Without receiving this extra support, because of income changes, working family members will be forced to deal with a financial cliff. In contrast, raising the TANF eligibility to 150% of the poverty level (a difference of \$12,000 in Connecticut) would provide incentives for families to seek raises or work longer hours, knowing that their benefits will remain steady. This encourages economic success among low-income households without having to worry about abrupt losses in financial supports.

- **Section 2:**

CAHS also supports this proposed addition which we believe encourages those receiving unemployment to benefit from accepting a lower-paying full-time employment position. While the official unemployment rate has been decreasing, the percentage of people working (the employment rate), is still one of the lowest in three decades¹. Research shows that on average, experienced and skilled full-time workers who are forced to start over find themselves earning, at minimum, 10% less than what they had previously earned. Workers with more

¹ Casseiman, B. (2015, February 3). Unemployment has changed. Unemployment benefits haven't. *FiveThirtyEight*. Retrieved from: <http://fivethirtyeight.com/features/unemployment-has-changed-unemployment-benefits-havent/>.

than 20 years of experience face wages that are nearly 25% less than their prior salaries². Additionally, individuals who have are long-term unemployed are more likely to stay unemployed. This means that incentivizing workers to take a new job, even at a lower pay rate, sooner than later is critical to ensuring that they can continue to support themselves and their families in the future³. While households in Connecticut continue to experience extended durations of unemployment at serious financial risk, our state should pass this bill so that those being offered lower-income full-time positions will not find themselves or their families in a financial crisis for wanting to re-join the workforce.

² Parsons, D.O. (2014). Job displacement insurance: An Overview. *Institute for the Study of Labor, Discussion Paper No. 8223*. Retrieved from: <http://ftp.iza.org/dp8223.pdf>.

³ Krueger, A.B., Cramer, J., & Cho, D. (2014). Are the long-term unemployed on the margins of the labor market? *Brookings Papers on Economic Inactivity*, 229 – 280. Retrieved from: http://www.brookings.edu/~media/Projects/BPEA/Spring%202014/2014a_Krueger.pdf.