



State of Connecticut

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Testimony

Senator Len Fasano

Labor & Public Employees Committee

**S.B. No. 314 – An Act Concerning the Temporary Family Assistance Program and
Unemployment Compensation Benefits**

H.B. No. 5370 – An Act Increasing the Minimum Fair Wage

Senator Gomes, Representative Tercyak, Senator Hwang, Representative Rutigliano, thank you for the opportunity to testify before your Committee today. I would like to testify on two bills today, S.B. 314 and H.B. 5370.

S.B. 314 An Act Concerning the Temporary Family Assistance Program and Unemployment Compensation Benefits

I thank the Committee for raising this bill, which seeks to decrease unemployment by providing a ladder towards individual independence and opportunity. The goal of this legislation is to ease people's transition from unemployment back into the workforce and remove any perceived disincentives to securing a job for very low-income Connecticut families.

This proposal is part of a compilation of proposals I'm developing and hoping lawmakers will pursue this year to break the cycle of poverty in our state and strengthen our cities so that all people, no matter where they were born and no matter where they live, can embrace their right to opportunity in this great nation.

S.B. 314 seeks to reform the Temporary Family Assistance Program (TFA) and unemployment compensation benefits to ween families off of state support and make it easier for them to get back into the work force without immediately losing core services in the process.

TFA BENEFITS

First, this proposal would change the law to allow individuals currently receiving TFA benefits to continue to receive these benefits if they become employed but earn less than 150% of the federal poverty level. This is an increase from current law which only permits benefits if you make up to 100% of the federal poverty level.

The TFA program provides cash assistance, generally up to 21 months, to very low-income families with children. Unless exempt (for example, the caretaker relative is incapacitated), adults in the household

must participate in a work-related activity (work, job search, job search skills training) for the family to receive assistance.

Currently, an individual can get a job while receiving Temporary Family Assistance and still receive cash benefits up to the federal poverty level (FPL). Once the family's earned income reaches the FPL, the family becomes ineligible for assistance.

Since benefits are cut as soon as a family reaches the federal poverty level, there is somewhat of a disincentive to take a job while on Temporary Assistance for Needy Families (TANF). Often if a family does take a job, they could very easily end up with less money to support their family than if they were receiving the full complement of state assistance.

This proposal seeks to accelerate the entry into the workforce by increasing the amount that the family can receive when they do secure a job within the first 21 months while receiving TFA assistance from 100% of federal poverty level to 150% of federal poverty level. This additional payment would continue for a period of time as determined appropriate by the Committee. For a family of three this would mean that perhaps the single, working mother with two children would be allowed to receive assistance up to \$30,135 for the remainder of their 21 month period, instead of being cut off with wages of \$20,090.

This proposed legislation would also provide an increase in the benefit received equal to the difference between 150% of the federal poverty level and wages earned from employment obtained within the allotted 21 month benefit period (effectively providing that individual a wage equal to 150% of the federal poverty level).

UNEMPLOYMENT COMPENSATION

Second, this proposal also makes changes to unemployment compensation. Similar to the TFA benefit, this proposal allows those that are receiving unemployment compensation to get a full-time job and still receive from the state a subsidy payment that makes up the difference between the unemployment compensation and their job wages.

The difference between the unemployment compensation and new job wages would be used to calculate new benefit amount.

Due to federal regulations, the subsidized payment to the individual cannot come from the Unemployment Trust Fund so I am also proposing that we establish a new pot of money separate and distinct from unemployment compensation whereas the individual would receive the subsidized payment for the duration of the 26 week maximum entitlement unemployment compensation period.

TIMING OUT OF TFA

Third, for those individuals who time out of TFA benefits, this legislation would provide a one-time benefit for these individuals as a final effort to incentivize them to actively seek employment. Every month, an average of 156 clients stops receiving TFA due to time limits. That's 1,872 families a year losing benefits without making the income to support their family. This legislation would provide a one-time benefit in the amount of \$1,000 to incentivize that individual to try again to find a job. If an individual receiving benefits who was unable to secure employment within the 21 month benefit period

subsequently obtains employment within a 12 month period of time after the expiration of 21 month benefit period, they would be eligible to receive this benefit.

CARE FOR KIDS

Finally, I would also like to bring attention to an issue I recently discussed with Commissioner of Early Childhood Myra Jones-Taylor. I support our state engaging in a graduated phase-out under Care4Kids so that families are not immediately burdened with needing to find child care upon entering the workforce. This issue is closely tied to the issues this proposal seeks to address overall.

Currently, a family can receive child care subsidies until their income hits 50% of the state median income (SMI). This maximum income in our state is \$24,030 for a family of two and \$53,097 for a family of four. The federal government has recently enacted changes to the Child Care Development Block Grant (CCDBG). Connecticut has submitted modifications to our current Care4Kids program in order to comply with these changes.

Since the Office of Early Childhood has amended the state program to allow for a graduated phase out as now allowed by the federal government, new statutory language (according to the Federal Register) will allow families to continue to receive child care subsidies until their family income exceeds 85% of SMI which is \$61,379 for a family of two and \$90,264 for a family of four. This modification will alleviate the current problem of families being penalized by immediately assuming the significant cost of child care while they are attempting to make their families more financially secure with increased wages.

H.B. No. 5370 – An Act Increasing the Minimum Fair Wage

I would also like to share testimony on **H.B. No. 5370 – An Act Increasing the Minimum Fair Wage**. Raising the minimum wage is not the answer to our jobs problem. It is simply an effort that, while well intentioned, actually creates a false economy doomed for failure. A raise in the minimum wage is both short sighted and unrealistic. It is a zero sum game. As wages go up, costs go up. As costs go up, prices go up. As prices go up, then you need to raise the minimum wage again. It's a precarious cycle that ends up hurting people on fixed incomes, businesses, and those who are barely making it now who will discover it gets even harder to find a job. As it becomes more difficult to find a job, more people will require government assistance putting further strain on the system.

The reality is raising the minimum wage will not remove the barriers that make it difficult for so many people to find jobs in the first place. Raising the minimum wage is an attempt to mask an inability to take on the real challenges of our state that become magnified in our cities: bettering our education system and establishing a realistic path for students to get good paying jobs that match their skills right out of high school.

What we really need are reforms that will remove obstacles and empower people. We have to address education needs and reduce burdens for families and employers alike so that it becomes easier to create and find living-wage jobs.

Forcing businesses to raise their wages does nothing to help people access education or develop skills. It also does not help remove burdens on businesses that prevent them from growing new jobs.

To grow jobs, to promote skill-focused schooling, and to remove barriers to opportunity for the unemployed, we have to do much more than raise the minimum wage. We need to actively work in our cities and schools to supply students with the confidence and the tools they need to obtain a job after high school, with growth potential. A \$15 minimum wage is not the solution to our state's struggles. Significant changes in policy, better education, healthier economic development, and empowering individuals to succeed are the initiatives we should be focusing on.