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Testimony before the Human Services Committee on
SB 275, AAC Work Incentives
for Persons Who Receive Temporary Family Assistance and
HB 5439, AAC the Elimination of Asset Limits
in Certain Public Assistance Programs

by Jane McNichol, Public Policy Advocate
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Good afternoon. I am Jane McNichol, Public Policy Advocate for the Legal Assistance Resource Center of Connecticut, the policy advocacy branch of the legal services network in the state. We represent the interests of very-low income residents of the state.

I am here today to comment on and support two bills that are designed to make the family welfare system in Connecticut, Temporary Family Assistance, work better.

SB 275, An Act Concerning Work Incentives for Persons Who Receive Temporary Family Assistance, proposes various ideas to encourage parents whose families are receiving TFA cash assistance and who are required to meet work requirements to get jobs. We endorse the goal of redesigning the family welfare system to help parents to get and keep jobs that will enable them to support their families.

Two things of note:

- When welfare reform was adopted 20 years ago, most of the families receiving cash assistance included parents deemed able to work and required to meet work requirements. In the past 20 years, the number of families receiving cash assistance has fallen from 56,000 to about 14,000 now. And, **in a major change, the majority of those 14,000 families are exempt from work requirements**. 5,426 families are subject to work requirements while 8,702 are not.

- **Historically, parents in families receiving cash assistance generally get jobs when there are jobs available that meet their skills and qualifications.** In a robust economy, it is not necessary to design incentives to work – and in a faltering economy, work incentives may be ineffective because the problem is not lack of incentives but lack of jobs.

It does seem important, however, to ensure that Connecticut's welfare system does not create disincentives to work. We believe that the cliff that parents in families receiving TFA face after receiving cash assistance for 21 months creates both a disincentive to work and a serious hardship for families.

As the system works now, when a family is receiving cash assistance and the parent gets a job within the first 21 months of receiving cash assistance, the parent can earn up to 100% of the federal poverty level without losing cash assistance.

However, at 21 months, the family will lose all benefits if the parent's earned income exceeds the amount of the family's cash benefit plus $90, an allowance for work expenses.

The most extreme example of this is as follows:

> Jane, a mother with two children, receives $597/month in cash assistance, the standard in most of the state. If Jane gets a job and is earning $700 at month 20 of receipt of TFA, the family's total income is $1,297. At month 21, when the family's case is reviewed to see if the family is eligible for an extension of cash benefits, the family will lose ALL cash assistance. This is because Jane's earned income of $700 per month is more than $687, the family's $597 in cash assistance plus the $90 allowance for work expenses. **In month 22, the family's income plummets from $1,297 to $700 per month.**

This is not an unrealistic example. According to the Department of Labor's publication, At-A-Squint, in January, the average wage of parents in the Jobs First Employment Services program was $10.23/hour. A person working 16 hours per week would earn $700 a month.

We propose a step-down in benefits for working families after 21 months, rather than this abrupt cliff. The attached language provides for a continuation of benefits at two-thirds the family's previous benefit level for six months and one-third of the family's benefit level for the next six months.

I urge you to consider this proposal as an alternative to the work incentives proposed in SB 275.

HB 5439 proposes the elimination of asset limits in the state's cash assistance programs, TFA, State Administered General Assistance and State Supplement. The elimination of asset limits in states' family welfare programs is a common sense proposal that has been adopted by Virginia, Ohio, Illinois, Alabama, Colorado, Hawaii, Louisiana and Maryland.

The experience of those states shows us two things:

- **The asset limit is not what is keeping people from accessing cash assistance**. Case loads in these states did not increase to any noticeable extent. People accessing these really minimal cash assistance programs either never had or have largely used up their assets before turning to the state for assistance.

- **Eliminating asset tests saves the state significant time in processing applications.** Along with other states, Connecticut needs to streamline its benefit applications system. Having applicants and case workers track down and verify information about assets for people who generally do not have significant assets is a waste of everyone's time and of the state's money. This part of the application process also delays getting needed cash assistance to impoverished residents of the state.

Imposing and monitoring the assets of individuals, and particularly families, receiving cash assistance also helps to assure that people cannot move securely out of poverty. If families are barred from accumulating cash reserves while they are receiving cash assistance, they will have no safety net, other than state assistance, if they leave cash assistance and then hit an economic bump in their road to financial security.

I urge support of HB 5439.

Thank you for your work on these issues.

Reduce income cliffs for working TFA recipients

CGS 17b-112 -

(c) (1) A family who is subject to time-limited benefits may petition the Commissioner of Social Services for six-month extensions of such benefits. The commissioner shall grant not more than two extensions under this subsection to such family who has made a good faith effort to comply with the requirements of the program and despite such effort has a total family income at a level below the payment standard, or has encountered circumstances preventing employment including, but not limited to: (A) Domestic violence or physical harm to such family's children; or (B) other circumstances beyond such family's control. The commissioner shall disregard ninety dollars of earned income in determining applicable family income. The commissioner may grant a subsequent six-month extension if each adult in the family meets one or more of the following criteria: (i) The adult is precluded from engaging in employment activities due to domestic violence or another reason beyond the adult's control; (ii) the adult has two or more substantiated barriers to employment including, but not limited to, the lack of available child care, substance abuse or addiction, severe mental or physical health problems, one or more severe learning disabilities, domestic violence or a child who has a serious physical or behavioral health problem; (iii) the adult is working thirty-five or more hours per week, is earning at least the minimum wage and continues to earn less than the family's temporary family assistance payment standard; or (iv) the adult is employed and works less than thirty-five hours per week due to (i) a documented medical impairment that limits the adult's hours of employment, provided the adult works the maximum number of hours that the medical condition permits, or (ii) the need to care for a disabled member of the adult's household, provided the adult works the maximum number of hours the adult's caregiving responsibilities permit. Families receiving temporary family assistance shall be notified by the department of the right to petition for such extensions.

(NEW) (2) In addition to any extension available pursuant to subsection (1) to a family who is subject to time-limited benefits, the Commissioner shall grant two six month extensions to a family in which the caretaker relative has made a good faith effort to comply with the requirements of the program, has become employed while receiving cash assistance and applies for the extension available under this subsection at the end of the family's initial 21 months of assistance or a six-month extension granted under subsection (1), when the family has a total family income at or above the payment standard but less than the federal poverty level. The commissioner shall disregard ninety dollars of earned income in determining applicable family income. The benefit available to such family shall be limited to an amount equal to two-thirds of the benefit available to a family in such circumstances with total family income at a level below the payment standard for the first six month extension and one-third of the benefit available to a family in such circumstances with total family income at a level below the payment standard for the second six month extension.

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