CONNECTICUT VOICES FOR CHILDREN

Low Income Supports and Family Economic Security: An Analysis of the Governor's Proposed FY 2010 Budget

February 4, 2009

Why Public Investment Is Important

Children living in economically insecure families risk growing up in poverty, the single most detrimental influence on a child's development. About one in ten Connecticut children live in families with incomes below the Federal Poverty Threshold ($21,834/year for a family of four with two children under 18). About one in four Connecticut children live in families with incomes below Connecticut's Self-Sufficiency Standard (the amount a working family needs in order to meet basic living expenses). Poverty, even taken apart from such factors as family structure and parents' education level, has particularly severe and long-term effects on children's cognitive development, school achievement, and health. Most importantly, child poverty perpetuates the poverty cycle by limiting children's chances to achieve economic self-sufficiency as adults.[1]

Rather than investing in the public structures that support struggling families through difficult economic times and put them on the path to self-sufficiency, between 1995 and 2005 Connecticut continuously *cut* funding for the programs that protect these families and contribute to a more robust state economy during economic downturns. The Governor's recommended budget for FY2010 will further cut supportive programs at a time when Connecticut's families and economy need them most. If the Governor's 2010 budget is approved, total state spending for the benefit of these families for cash assistance, child care, transportation assistance, housing assistance, energy assistance, safety net services, and similar programs (excluding HUSKY) will be *cut by about 40%* from 1995 levels, not even adjusting for inflation.

Families unable to get or hold a job face particular challenges. In 1995, the Temporary Family Assistance (TFA) grant for a family of four was $888/month (in 2008 inflation-adjusted dollars). In 2008 a TFA grant for a family of four was only approximately $689/month. That is, the cash grant that once brought a family to about 51% of the federal poverty level (FPL) now provides an income that is just 37% of the FPL. The FY10 budget defers Cost of Living Adjustment (COLA) increases over the next two years for TFA benefits, which would exacerbate the long-term erosion in benefits recipients have experienced for years. This assures that these children live in *deeper* poverty, a particularly high risk for their development.

Public Investment Over Time

Funding for Low Income Support Groups								
	FY 02 Actual in infl. adj. $2008 ($M)	FY 08 Actual ($M)	FY 09 Final Budget ($M)	FY 10 Current Services* ($M)	FY 10 (Gov's recom.) ($M)	Diff. Between Gov Recom. FY10 & FY10 Current Services $M and (%)	Diff. between Gov Recom. FY10 & FY09 Final Budget $M and (%)	Diff. between Gov Recom. FY10 and infl. adj. FY 02: $M and (%)
DSS Programs in Support of Family Economic Security[a]	$362.2	$276.9	$290.1	$307.9	$294.4	-$13.5 (-4.3%)	$4.3 (1.5%)	-$67.8 (-19%)

* FY 10 Current Services represents the funds in FY 10 that would be required to provide the same services (accounting for inflation, caseload changes, etc.) that are provided in the current fiscal year (FY09).

New Haven Office: 33 Whitney Ave. • New Haven CT 06510 • Phone: 203.498.4240 • Fax: 203.498.4242 | Web Site: www.ctkidslink.org
Hartford Office: 53 Oak St. Suite 15 • Hartford CT 06106 • Phone: 860.548.1661 • Fax: 860.548.1783 | E-mail: voices@ctkidslink.org

[a] These totals reflect DSS expenditures in support of very low income families raising children, including areas such as cash assistance, child care, transportation assistance, job training, housing assistance, energy assistance, and safety net services.[2] Note that health-related expenditures are *not* included here.

Budget and Policy Trends

Significant Disinvestment in Connecticut's Lowest Income Families. Since 2002, changes in the DSS budget have significantly affected Connecticut's most vulnerable populations. A series of funding cuts that started in that state deficit year added to the challenges for low-income families who were facing the brunt of a lingering recession, followed by an anemic recovery. Overall, spending on programs to assist Connecticut low-income families has declined from $362 million in FY02 (inflation-adjusted to 2008 dollars) to $277 million in FY08, a reduction of 23%.

In short, Connecticut has not done enough to prevent the 'welfare-poor' from becoming the 'working poor.' The number of families receiving cash assistance under Jobs First (Connecticut's family welfare system) has decreased dramatically, from 56,017 in June 1996 to 18,631 in December 2008. This drop in caseload is almost all in the time-limited, work-required caseload, which has gone from a high of over 39,000 in August 1997 to just 7,165 in December 2008, a reduction of 82%.[3] The imposition of strict new time limits and limits on the number of extensions caused many families to lose cash assistance before they became economically stable. Many families have been prevented from returning to the program. Yet, funds "saved" through reductions in cash assistance payments have *not* been re-directed to provide supports for these families, many of who are working in low-wage jobs. In fact, in federal fiscal year 2006 (FFY06) half of Connecticut's federal Temporary Assistance for Needy Families (TANF) grant was used to fund salaries, programs, and services within the Connecticut Department of Children and Families ($121.1 million for DCF, out of a net FFY 2006 TANF grant of $237.9 million). Previously, these funds had been used to provide cash assistance grants and other income supports to Connecticut's low-income families, helping them to *avoid* "neglect" allegations related to family poverty.

In 2004, Connecticut established the Child Poverty Council, charged with pursuing policies to cut child poverty by half by 2014. In 2004, the child poverty rate was 10.1%. In 2007, it was 10.6%. Clearly, significant strategic investments through DSS and other state agencies will be required to achieve that goal.

Governor's Proposed FY 10 Budget

The Governor's proposed cuts to public services that support family economic security and success come at precisely the wrong time and would repeat some of the damaging budget cuts which occurred during Connecticut's last economic downturn. The need for low-income supports has risen and will continue to rise as the current recession deepens, but the Governor's proposed budget would not even cover the funds needed to keep services at FY09 levels.

Budget Cuts:

- $2.5 million (33%) was cut from a newly created Community and Social Services Block Grant, where funds were reallocated from several programs, including funds from Community Services and all Teen Pregnancy Prevention (2.3 million) funds. Funds would be distributed from the grant according to a plan developed by regional planning organizations.
- $0.4 million (33%) was cut from a newly created Employment Services Block Grant, where all funds from the Employment Opportunities program ($1.2 million) and employment services within the Community Services account were reallocated. Funds would be distributed from the grant according to a plan developed by regional planning organizations.
- $2 million dollars for increased Energy Assistance, approved in the Governor's budget revisions last year, were not included in the 2010 budget.
- School Readiness, a program that received 5 million dollars in the Final FY09 budget, was cut by $1.7 million to $3.3 million in the Governors FY10 budget;

Budget Increases:

- Housing and Homelessness Services were increased by $1.3M, from $42.4M in FY09 to $43.8M in the Governor's FY10.
- Increase in Care4Kids funding of $10.8M, from $93.1M to $104.8M. Importantly, this increase still falls short of reversing budget cuts since FY02. The Governor's proposed budget revisions for FY10 fall short of FY02 levels by $17.7M (and by $39.6 million (-28%) compared with FY02 numbers inflation-adjusted to 2007 dollars).

The Bottom Line

The Budget released today by Governor Rell accelerates Connecticut's significant *disinvestment* in its most vulnerable families raising children at a time when they are hurting the most and when their participation in Connecticut's economy is most crucial to an economic recovery.

---

[1] Isaacs, Julia. "Economic Mobility of Families across Generations", Center on Children and Families, Brookings Institution. November, 2007. http://www.brookings.edu/~/media/Files/rc/papers/2007/11_generations_isaacs/11_generations_isaacs.pdf; see also "Economic Security", *Connecticut Voices for Children Special Report*, CT Voices For Children, March, 1998. http://info.med.yale.edu/chldstdy/CTvoices/kidslink/kidslink2/reports/publications.html.

[2] Specific line items include: Families in Crisis, Work Performance Bonus (026), Anti-Hunger Programs (028), State Food Stamp Supplement (031), School Age Child Care Programs/Day Care Projects (036), Temporary Assistance to Families (610), Temporary Family Assistance- TANF (611), Individual and Family Grant Program/Emergency Assistance (613), Safety Net Services (622), Employment Transportation (623), Transitionary Rental Assistance (626), Refunds of Child Support Collections (627), Energy Assistance (630), Child Care Services – TANF/CCDBG (641), Nutrition Assistance (644), Housing/Homeless Services (649), Housing/Homeless Services (715), Employment Opportunities (651), Child Day Care Centers (661), Child Day Care Centers (706), Shelter Srvs Victims Household Abuse (666), School Readiness (670), Community Services (672), Family Grants (690), Teen Pregnancy Prevention, Teenage Pregnancy Prevention Services (712).

[3] Connecticut Department of Social Services, Bureau of Assistance Programs.