

Testimony Supporting:

H.B. 7240, An Act Implementing the Recommendations of the Legislative Program Review and Investigations Committee Concerning the State's Welfare Reform Initiative

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Program Review and Investigations Committee Public Hearing

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Dear Senator Meyer, Representative Wasserman, and Members of the Program Review and Investigations Committee:

Sharon Langer is a Senior Policy Fellow, and Mary Glassman is Director of Legislative Affairs with Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well being of Connecticut's children, youth and families. We submit this written testimony on behalf of the sister lobbying organization – Advocates for Connecticut's Children and Youth (ACCY), a statewide, independent, citizen-based organization dedicated to speaking up for children, youth and families.

We strongly support H.B.7240, *An Act Implementing the Recommendations of the Legislative Program Review and Investigations Committee Concerning the State's Welfare Reform Initiative* and commend the Committee for recognizing the need to improve the Temporary Family Assistance (TFA) program, which serves our poorest children and families. Now that we have crossed the 10 year threshold of our "welfare reform" program, it is well past time that the monthly benefits are increased and adjustments are made to help our most vulnerable families keep a roof over their heads and obtain the promise of economic well-being through needed temporary income, child care, and other critical supports.

We have the following specific comments and recommendations concerning this proposed legislation:

1. Sec. 1 (c). We applaud the Committee for raising the monthly cash benefit and more importantly mandating that the Commissioner of Social Services update the methodology for determining the "standard of need" by taking into account the "actual" costs (including inflation) for basic needs, including child care, shelter, fuel, food, transportation, . . .". The TFA benefit has not been raised since 1991. Currently, the monthly TFA benefit remains at \$543 for a family of three in most of the state – approximately 38% of the federal poverty level (FPL). The current "standard of need" is only 52% of the FPL – neither amount is adequate and doesn't approach the more realistic

and higher “self-sufficiency standard” which is pegged to what it actually costs to live in Connecticut.¹

2. Sec. 2. (a). We agree that the Commissioner should be able to operate “portions of the temporary family assistance program as a solely state-funded program, in order to “avoid fiscal penalties” under the federal TANF program. The federal government through its regulations has put the TANF program in a straight jacket, making it more difficult for states to tailor their programs to the needs of this hard-to-serve population.
3. Sec. 2. (b). We **oppose** the Committee’s proposal to reduce the one-year exemption from employment services for parents caring for a child under age one to six months. While it is true that many parents of young children work during the first year of their child’s life, removal of the exemption could have deleterious affect on family well-being. Currently, these mothers are able to experiment with working without fear that they will be penalized if the job doesn’t work out. Mothers of our youngest children need flexibility and peace of mind - not rigid requirements at this point in their child’s life – even it might help the state meet rigid work participation rules. This change may lead to the unintended consequence of having fewer new mothers going to work. This is a rule that is not broken and shouldn’t be fixed by reducing the exemption period from one year to six months.
4. Sec. 2. (d). We support providing a work transition benefit but for one year rather than a six-month period for families whose earnings put them over the income standard. Currently, families are permitted to earn up to the federal poverty level and retain their TFA benefits. Instead of losing the entire TFA benefit when earnings go one dollar over the poverty level, this legislation provides for a gradual step-down in benefits. However, we suggest that the legislation be modified to allow for the first benefit reduction (to 2/3 of the TFA grant) to continue for six months, and the second benefit reduction (to 1/3 of the TFA grant) for an additional six months for several reasons. First, TFA re-determinations are done every six months – not at three-month intervals as this legislation suggests. Secondly, a year of gradually reduced benefits assists the state in meeting its federal TANF work participation (for instance by allowing families to combine 20 hours of work with 10 hours of education or training), and assists vulnerable families in meeting basic living expenses over a more realistic period of time.
5. Sec. 2. (d). We support restoring the child support “disregard” to \$100 per month from \$50 per month. In this way, the child support disregard would be aligned with the disregard in the HUSKY program. The disregard acts as an incentive to TFA (and HUSKY) families to cooperate with obtaining child support from the non-custodial parent by disregarding a portion of the amount of child support collected by the state in calculating the monthly TFA benefit. Under the federal Deficit Reduction Act, states were given increased flexibility to pass through more of the child support collected directly to families on welfare.
6. Sec. 2 (e). We support providing a step-down benefit for families who use up their 21 months of TFA but are earning less than the federal poverty level. For the reasons set forth in paragraph 4 above, we urge the Committee to revise this section to allow for two six-month periods of reduced benefits rather two three-month periods.

¹ CGS, Sec. 4-66e; See, *The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut*, (Dec. 2005), available at www.cga.ct.gov/PCSW/publications/FESS%20Executive%20Summary.pdf

7. Sec. 3. (a). We support opening up the Safety Net program to more families. Currently, the Safety Net program is limited to families who have been sanctioned off the TFA program. The proposed legislation would wisely allow the Safety Net program, which provides intensive case management and in-kind assistance to meet basic needs, to other vulnerable families who also face significant barriers but have not been penalized through the sanction process.
8. Sec. 5. We support the creation of a state earned income tax credit (EITC) thus going beyond the bill's proposal to require the study of adopting an EITC. As the Committee's staff report noted, "[a]ll New England states have a state EITC program except for New Hampshire and Connecticut. New Hampshire has no income tax." In total, 19 states and the District of Columbia have enacted a state EITC to supplement the federal EITC. If the state is serious about reducing child poverty by half in the next seven years, it needs to combine known and successful strategies for reducing poverty. At the federal level, the EITC has been lauded by Democrats and Republicans alike as an effective measure to reduce child poverty. *The federal EITC helps more children escape poverty than any other single federal program.* Our children can't wait for another study. The time has come to enact a state EITC as recommended by the state Child Poverty Council.
9. We would urge the Committee to include additional support of TANF funds for child care assistance. The number of families who will be required to participate in federally-defined work activities is expected to increase by 3,000, according to the Committee's report, thus doubling the number of families needing child care.

Rather than use TANF funds for prevention services, such as child care assistance, Connecticut is diverting a significant proportion of its federal TANF funds (55% in FFY 2007) to meet needs in the CT Department of Children and Families, an agency that is there to help families in crisis. Such vulnerable families are, essentially, forced into crisis before help is provided. As a result, TANF funds have become a significant part of DCF's budget (more than 18% of total spending in SFY 07).

Thank you for this opportunity to testify in favor of many of the provisions of this important bill (H.B. 7240) concerning our state's welfare program, Temporary Family Assistance.