Jaclyn Willner received her J.D. from Yale Law School and is a former member of its Legislative Advocacy Clinic.
# Table of Contents

GLOSSARY ..................................................................................................................................................... 3

INTRODUCTION ............................................................................................................................................... 5

BACKGROUND ................................................................................................................................................. 7  
  Legislative Changes to the Minimum Wage Will Reduce Wage Disparities .............................................. 7  
  The Federal Poverty Threshold is not an Adequate Measure for Benefit Program Eligibility............... 8  
  Steps Taken Thus Far to Mitigate the Impact of Benefits Cliffs ................................................................. 8

BENEFITS CLIFFS: SMALL MINIMUM WAGE INCREASES CAN LEAD TO SIGNIFICANT REDUCTIONS IN BENEFITS, ERODING FAMILY ECONOMIC SECURITY .................................................. 10  
  Impact Over Time for Two Hypothetical Families ....................................................................................... 10  
  Rising Incomes and Rising Costs for a Single-Parent with Two Children ................................................. 10  
  Summary of Benefits Cutoffs for a Single-Parent with Two Children ....................................................... 13  
  Rising Incomes and Rising Costs for a Two-Parent Family with Two Children ........................................ 15  
  Summary of Benefits Cutoffs for a Two-Parent Family with Two Children ............................................. 18  
  Total Family Costs and Potential Impact of Lost Benefits for a Two-Parent, Two-Child Family .............. 20

POLICY RECOMMENDATIONS ........................................................................................................................... 21  
  Help Parents Smoothly Transition Out of Benefits Programs .................................................................. 21  
  Increase Access to Affordable Healthcare for Parents and Children ....................................................... 22  
  Improve Access to Affordable Child Care Assistance ............................................................................. 23  
  Expand SNAP Eligibility to Improve Food Security ................................................................................. 24  
  Redress Connecticut’s Regressive Tax System to Improve Family Economic Security ............................ 24

CONCLUSION ......................................................................................................................................................... 26

ACKNOWLEDGEMENTS ..................................................................................................................................... 27

REFERENCES.................................................................................................................................................... 28
Glossary

**Area Median Income (AMI)**, defined as the midpoint of an area’s income distribution (with half the families earning more and half less than the median), is a measure used to determine housing program eligibility.

**Benefits Cliffs** refers to a situation in which an increase in family income leads to an abrupt decrease in the funding received from a public benefit program or in access to the public benefit entirely. In some cases, the loss of funds from a benefit program may exceed a family’s earning increase, which worsens a family’s economic security.

**Care 4 Kids** is Connecticut’s child care subsidy program that helps to lower child care expenses for low- to moderate-income families. It is a flexible voucher that can help parents access child care in convenient locations and outside of the typical workday.

**Earned Income Tax Credit (EITC)** is a refundable tax credit available at the federal and state level for low- and moderate-income working families. It has been shown to greatly reduce poverty for working families.

**Federal Poverty Level (FPL, or Guidelines)** is an income measure issued every year by the US Department of Health and Human Services as a way to set financial eligibility criteria for public benefits programs. It is a simplified version of the Federal Poverty Threshold.

**Federal Poverty Threshold** is the Census Bureau’s measure of poverty for statistical purposes. It was developed over 50 years ago and set at three times the cost of a 1963 minimum food diet, adjusted for family size (at the time, about 1/3 of income). Though updated each year, the measure is the same for 48 of the 50 states (i.e., it not adjusted for differences in cost of living).

**Full-Time Employment** is defined in this report as 40 work hours per week for 50 weeks a year.

**Gross income** is the sum of all forms of earnings and income before deductions, taxes, or expenses.

**Governor’s Workforce Council** was created by Connecticut Governor Ned Lamont in 2019. It is comprised of leaders in business, education, non-profits, and government, and they are tasked with improving Connecticut’s education-to-workforce ecosystem and pipeline.

**Healthcare Out-of-Pocket** costs are not reimbursed by insurance. They may include deductibles, coinsurance, and copayments for covered services. They may also include the costs of services that are not covered and the costs of care outside of an individual’s insurance network.

**Healthcare Premium** refers to the amount an individual pays for health insurance every month regardless of whether one has accessed care that month.

**Housing Choice Voucher Program (HCVP, or Section 8)**, is a federal program assisting very low-income families to afford housing in the private market. Local Public Housing Agencies administer vouchers to families who can choose any housing that meets the requirements of the program. The state-funded Rental Assistance Program (RAP) provides similar assistance.

**HUSKY Health** is Connecticut’s Medicaid and Children’s Health Insurance Program (CHIP). HUSKY A is part of Medicaid and covers children, their parents, and pregnant women. HUSKY B (or CHIP) provides health care coverage for all children under age 19 whose family income exceeds HUSKY A limits and provides intensive case management services for children with special health care needs, with some or no cost-sharing depending on the family’s income level.

**Minimum Wage** is the lowest wage permitted by law. The lowest wage for covered nonexempt employees
currently allowed by federal law is $7.25 per hour. The lowest wage for covered nonexempt employees currently allowed by Connecticut law is $12.00 per hour. This state minimum wage will rise by $1.00 yearly until it hits $15.00 on June 1, 2023, after which it will be indexed to the employment cost index.

**Project-Based Section 8** rental assistance can be used by eligible individuals to live within specific communities/apartments.

**Public Benefits Programs** provide either cash (or voucher) assistance or in-kind benefits to eligible individuals through a government agency.

**Self-Sufficiency Standard** is a budget-based estimate of the true cost of living, developed by the University of Washington’s Center for Women’s Welfare. This measure varies by local and regional geographical location.

**Supplemental Nutrition Assistance Program (SNAP)** is a federal nutrition assistance program that provides eligible individuals with a debit card that can be used to purchase food and plants and seeds to grow food.

**Temporary Assistance for Needy Families (TANF)** is a federal grant program that provides funds to states to spend on a variety of services and supports including: income assistance, child care, education and job training, tax credits, child welfare services, and other services. TANF funds are use the Temporary Family Assistance (TFA) program provides time-limited cash assistance to recipients of Jobs First.
INTRODUCTION

Connecticut’s recent battles over the minimum wage increase spotlighted stories of low-wage workers for whom a higher minimum wage could provide more stability and open doors for upward mobility. Many of these workers were parents who, without a living wage, struggled to support their families, despite aid from federal and state benefits. In 2019, the state heard from parents like Yvonne Rodriguez—a fast food restaurant employee and mother of four, who had to rely on family members to watch her children, yet still found it difficult to cover her bills and provide for her kids1—and Tatisha Banks, a preschool teacher’s aide and single mother of two young boys, who expressed her hope to become a teacher and reach the middle class.2

As stated by Pastor AJ Johnson, Senior Pastor of the Urban Hope Refugee Church in Hartford, in his public testimony to the Connecticut General Assembly regarding raising the minimum wage, “Too many people are forced to get by on too little. Families need a raise. By increasing the minimum wage to $15 an hour, [Connecticut] families will not be living in luxury; rather, it will be an important first step on the path towards a middle-class life for many in our state.”3 Indeed, the purpose of raising the minimum wage is to increase the purchasing power of low-wage workers and so as to ensure that families who are working full-time have increased economic security.

Supporting family economic security can be achieved through, among other things, a combination of public policies securing fair wages and public programs to help meet families’ basic needs. The systems governing these policies are complex and operate under interacting rules created by multiple agencies. While existing state and federal programs help support parents who are currently in or are entering the workforce, these programs need to be more responsive to the evolving landscape of low-wage work and the needs of the low-wage workers they seek to serve. One critical area of concern is that of “benefits cliffs.” These occur when an increase in income leads to ineligibility for, or an abrupt decrease in, public benefits on which the family relies. When the loss in public benefits exceeds the increase in the family’s income – i.e., the family is financially worse off—it undercuts their ability to attain self-sufficiency, and may disincentivize work.

The result of these cliffs is felt across the community: individuals and families may lose more in disposable income and safety nets than they gain by taking a job or receiving a raise, while businesses often end up “perpetually recruiting, hiring and training for the same entry-level positions,” overall stifling economic growth.4 Even where benefits taper off, the rate at which the benefits decrease may still disproportionately increase the financial burden on the family. This impacts racial, ethnic and gender equity as well since people of color and women make up a large fraction of low-wage workers and therefore are disproportionally impacted by benefits cliffs.

Studies have shown that benefits programs significantly reduce the child poverty rate and improve childhood health and wellbeing.5 Unfortunately, families with children are likely to face additional harms from benefits cliffs and improperly adjusted benefits drop-off points. The challenge benefits cliffs pose to upward mobility further prevents children growing up in low-income families from being able to profit from the positive developmental and educational opportunities experienced by children growing up in middle- and upper-income families.6 The increases in minimum wage—which are sorely needed to provide an income to pay for necessities and redress wage gap inequities—will place low-wage workers at a different income starting point with regards to benefits and benefits cliffs, making it more costly for families to access some of these benefits—or preventing them from doing so entirely.

This report analyzes where the increases in minimum wage may have unintended effects on some families’ receipt of some benefits, including the Supplemental Nutrition Assistance Program (SNAP), Care 4 Kids childcare assistance, Section 8 housing programs, and healthcare through HUSKY health (Connecticut’s
Medicaid and CHIP programs) and the health insurance marketplace. The included programs represent only a small subset of public benefits that a family may utilize, so policymakers should strive to consider the entire array of Connecticut’s public benefit programs beyond those mentioned here, such as the Rental Assistance Program, Multifamily Tax Subsidy Projects, Free and Reduced Price Lunch, Temporary Assistance for Needy Families, Low Income Home Energy Assistance Program, and others. Cliffs can hinder families with children from gaining economic stability and mobility, despite increases in their income.

In addition, this report explores potential policy solutions that are meant to decrease the impact of the minimum wage increases on these cliff effects and to ensure that increases in the minimum wage help to meet its goal of increasing families’ purchasing power and economic stability. Although this report does not analyze every possible cliff, our models help to show potential impacts on families when public benefit programs do not coordinate policies guiding phase-outs; the models underscore the importance of policymakers and state agencies working together to ensure the holistic effect of benefit phase-outs coupled with fair wages help families achieve economic security.
BACKGROUND

Legislative Changes to the Minimum Wage Will Reduce Wage Disparities

In 2019, Governor Ned Lamont signed into law Public Act 19-4, An Act Increasing the Minimum Fair Wage. The law requires an increase in Connecticut’s minimum wage that will be rolled out through 2023, from the first minimum wage increase to $11.00 an hour in October of 2019 to $15.00 an hour by June of 2023. These minimum wage increases and their impact on gross monthly income are displayed in Table 1, with “full-time” being defined in the chart and throughout the report as 40 hours per week for 50 weeks a year.

Table 1. Impact of Connecticut’s rising minimum wage on the gross annual and monthly incomes of full-time working adults

<table>
<thead>
<tr>
<th>Wage implementation date</th>
<th>Minimum wage (hourly)</th>
<th>Gross annual income for one adult working full-time</th>
<th>Gross monthly income for one adult working full-time</th>
<th>Gross monthly income for two adults working full-time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to Oct. 1, 2019</td>
<td>$10.10</td>
<td>$20,200.00</td>
<td>$1,683.33</td>
<td>$3,366.66</td>
</tr>
<tr>
<td>Oct. 1, 2019</td>
<td>$11.00</td>
<td>$22,000.00</td>
<td>$1,833.33</td>
<td>$3,666.66</td>
</tr>
<tr>
<td>Sept. 1, 2020</td>
<td>$12.00</td>
<td>$24,000.00</td>
<td>$2,000.00</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Aug. 1, 2021</td>
<td>$13.00</td>
<td>$26,000.00</td>
<td>$2,166.67</td>
<td>$4,333.34</td>
</tr>
<tr>
<td>July 1, 2022</td>
<td>$14.00</td>
<td>$28,000.00</td>
<td>$2,333.33</td>
<td>$4,666.66</td>
</tr>
<tr>
<td>June 1, 2023</td>
<td>$15.00</td>
<td>$30,000.00</td>
<td>$2,500.00</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

The minimum wage increases will result in higher wages for more than half a million workers by 2024, as estimated by the Connecticut Department of Labor and Connecticut Voices for Children. This policy change will have meaningful and long-term positive effects for the 510,000 impacted low-wage workers across the state by increasing their net income, decreasing the poverty rate, and reducing or slowing the growth of income disparities in the state. Looking across the Connecticut workforce, 44 percent of Black workers and 54 percent of Latinx workers will be positively impacted by these minimum wage increases through 2024. This will help redress racial and ethnic wage inequities that have hindered economic security for countless workers.

Since nearly 300,000 of the half-million impacted workers will be women, this also will improve the gender wage gap. The wage gaps between women and men and between women of color and white men persist. Looking at 2018 data, women in Connecticut were paid $0.84 cents for every dollar paid to men. For women of color, the wage gap is more of a chasm. Black women were paid $0.57 cents while Latina women were paid $0.48 cents for every dollar paid to white men.

Parents in the workforce also benefit from the minimum wage increases, with 46 percent and 16 percent of single and married working parents respectively getting wage increases by 2024. This is significant because of the high costs of raising children, including child care, housing, and healthcare costs. Unfortunately, for
many low-wage working parents depending on public benefits to assist them with those high costs, small increases in wages can lead to steep benefits cliffs that can result in financial setbacks. Working parents in Connecticut have revealed in focus groups that they have had to restrict their work hours or decline raises to avoid costly benefits cliffs (for child care, housing, and health insurance benefits in particular).12

**The Federal Poverty Threshold is not an Adequate Measure for Benefit Program Eligibility**

Part of the problem with benefits programs is that the federal poverty threshold, used to assess the need for financial assistance, sets the poverty bar too low. The poverty measure was developed over 50 years ago and was solely based on a typical American family’s minimum food budget. Since families at that time spent about a third of their income on food, that food budget amount multiplied by three was determined to equate to a family’s basic needs and set the threshold for the poverty line.13 Since then, non-food costs – including the child care costs incurred as increasing numbers of women entered the labor market – have become much larger fractions of family budgets. As a result, this antiquated formula no longer accurately measures the minimum income a family needs to make ends meet.

A more accurate measure is the Self-Sufficiency Standard, a budget-based estimate of the true cost of living, developed by the Center for Women’s Welfare and provided to the Connecticut Office of the Comptroller and Office of Health Strategy.14 This measure takes into account not only the cost of food but also the rising costs of housing, child care, health care, transportation, and other necessary expenses. It also takes into account a family’s tax burdens and its tax credit benefits. The Self-Sufficiency Standard is also more accurate because it is adjusted for local and regional cost-of-living differences whereas the federal poverty measure is the same for 48 of the 50 states.15 In Connecticut, some costs, like housing and child care, can make up a large percentage of a family’s budget and vary widely within the state.

For example, the 2020 Self-Sufficiency Standard estimates that a family with one adult, one preschooler, and one school-aged child would need a yearly income of $62,742 in Hartford (289 percent FPL), $67,380 in New Haven (310 percent FPL), and $101,539 in Stamford (467 percent FPL) to adequately make ends meet.16 A single adult with no children would need less than half of that income to be self-sufficient and would not have to depend on public benefits. In short, the Self-Sufficiency Standard better reflects the true living costs that people face and underscores the high costs of raising children. As minimum wages increase to better reflect the actual income workers and families need to meet their basic needs, attention must be paid to the poverty measures used and the income eligibility thresholds set in allocating public benefits, and the way benefits might decline gradually as wages increase to better mitigate unintended consequences like benefits cliffs and to encourage continued work.

**Steps Taken Thus Far to Mitigate the Impact of Benefits Cliffs**

Connecticut legislators, state agencies, and other stakeholders have expressed awareness that benefits should be adjusted, in light of the minimum wage increases, to remain effective and mitigate benefits cliffs.17 In its 2020 testimony before the Appropriations Committee, the Connecticut Association for Human Services highlighted some of the negative impacts of benefits cliffs and provided an analysis of how the minimum wage increase might affect certain family makeups with low-wage workers.18 This report builds upon these highlights. This past fall, the Governor’s Workforce Council released its 2020 Workforce Strategic Plan that includes policy recommendations to reduce the adverse effects of benefits cliffs.19 This plan recommends developing and implementing a Benefits Cliffs Personal Financial Calculator to help state caseworkers, counselors, analysts, and workers better understand and mitigate the financial impacts of benefits cliffs. Other
policies recommended by the Council include extending the benefit phase outs for SNAP, TANF, Medicaid, and housing subsidies; increasing the state Earned Income Tax Credit (EITC) for target populations; using “earned income disregards” to reduce the negative effects of benefit cliffs; and increasing asset limits for benefits programs like SNAP and TANF to promote savings.

To date, Connecticut has taken *some* steps to reduce the impact of lost or decreased benefits. For example, the state has expanded Supplemental Nutritional Assistance Program (SNAP) eligibility through Temporary Assistance for Needy Families (TANF), providing “broad based categorical eligibility” alongside 41 other states. It also does not apply asset limits for most benefits, allowing families to build up their own safety net, when possible.²⁰

Additionally, like twenty-eight states and the District of Columbia, Connecticut offers a refundable state Earned Income Tax Credit (EITC). As earned income increases, this tax credit increases in value to a plateau and then gradually phases out. It incentivizes work, has long enjoyed bipartisan support, and currently is equal to 23 percent of the federal EITC. For a family with two qualifying children, the credit in 2020 was available if Earned Income and Adjusted Gross Income were each less than $47,440 (single filer) or $53,330 (married/joint filers).²¹ Connecticut also provides limited maintenance of benefits for families as they begin to make more money. For example, Transitional Medical Assistance (TMA) allows parents with earned income exceeding the income limits for HUSKY A (Connecticut’s Medicaid program for children, parents, and pregnant women) to continue to receive the same coverage for up to 12 months, as long as a child under 19 is in the household.²² Similarly, Care 4 Kids (Connecticut’s program providing child care subsidies to low- to moderate-income families) sets a higher income limit for reauthorization of eligibility for, or remaining in, the program than the income limit for initially entering the program.²³

Even so, the availability and application of these and other benefits are being affected by the minimum wage increases and the state needs to take additional action to mitigate harmful benefits cliffs. To showcase where these effects are currently felt, the report considers state-administered benefits pertaining to food assistance (SNAP), healthcare (HUSKY Health), child care (Care 4 Kids), and housing (focusing on the Housing Choice Voucher Program [HCVP] and Project-Based Section 8 apartments).²⁴
BENEFITS CLIFFS: SMALL MINIMUM WAGE INCREASES CAN LEAD TO SIGNIFICANT REDUCTIONS IN BENEFITS, ERODING FAMILY ECONOMIC SECURITY

Impact Over Time for Two Hypothetical Families

To illustrate the effects of the minimum wage increases, this report walks through the impact over time on two hypothetical families as their earnings change.25 First, it follows Isabelle, the single mother of a one-year-old and three-year-old, working 40 hours a week at minimum wage as a retail salesperson and living in public housing in Hartford. Second, it follows Mia and Joshua, a New Haven couple with a three-year-old son and a ten-year-old daughter living in a 3-bedroom Section 8 apartment. Mia and Joshua both work full-time at minimum wage, as a food preparation worker and a home health aide. All four of Isabelle, Mia, and Joshua’s children attend local licensed child care centers.

The impacts of the minimum wage over time on these hypothetical families are displayed in this section. These impacts are updated as of July, 2020.26 As such, they should be utilized as an estimate, because eligibility changes have occurred since that time. Tables 2 and 4 display the additional funds the two hypothetical families would need to pay for child care, food, housing, and healthcare to compensate for the reductions in their benefits triggered by their wage increases. Tables 3 and 5 display the percentage of their income these families would be forced pay towards child care, food, housing, and healthcare over time as their incomes increase and their benefits decrease.

Rising Incomes and Rising Costs for a Single-Parent with Two Children

When comparing October 2019 to June 2023, when the last of the minimum wage increases occurs, Isabelle would earn an additional $667 a month. To compensate for the loss of public benefits as her income rises, she would have to spend $27 more on child care, $142 more on food, and $192 more on housing per month than before her minimum wage increases (Table 2). Her monthly SNAP food benefits, for example, would decrease drastically by 2023. To compensate, her food costs would increase from $368 a month to $509 a month.27 In all, she would need to spend $361 a month (or 54 percent) of her $667 a month wage increase to offset her benefits reductions in food, child care and housing assistance. In short, she would enjoy a net gain of only $306 a month in income to increase her family’s economic security and living standards (Figure 1). This amount risks being further undercut by inflation.
Table 2. The yearly impact of increases in minimum wage on family income and costs for child care, food, housing, and healthcare for a single parent with one infant and one pre-school child and full-time minimum wage employment

<table>
<thead>
<tr>
<th>Wage increase date</th>
<th>Minimum wage (hourly)</th>
<th>Gross monthly income</th>
<th>Child care costs</th>
<th>Food costs</th>
<th>Housing costs</th>
<th>Healthcare costs (premium only)</th>
<th>Healthcare costs (premium and out-of-pocket)</th>
<th>Total Costs (assuming minimum healthcare costs)</th>
<th>Total Costs (assuming maximum healthcare costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 1, 2019</td>
<td>$11.00</td>
<td>$1,833.33</td>
<td>$73.33</td>
<td>$367.90</td>
<td>$504.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$945.23</td>
<td>$945.23</td>
</tr>
<tr>
<td>Sept. 1, 2020</td>
<td>$12.00</td>
<td>$2,000.00</td>
<td>$80.00</td>
<td>$405.90</td>
<td>$552.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,037.90</td>
<td>$1,037.90</td>
</tr>
<tr>
<td>Aug. 1, 2021</td>
<td>$13.00</td>
<td>$2,166.67</td>
<td>$86.67</td>
<td>$443.90</td>
<td>$600.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,130.57</td>
<td>$1,130.57</td>
</tr>
<tr>
<td>July 1, 2022</td>
<td>$14.00</td>
<td>$2,333.33</td>
<td>$93.33</td>
<td>$481.90</td>
<td>$648.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,223.23</td>
<td>$1,223.23</td>
</tr>
<tr>
<td>June 1, 2023</td>
<td>$15.00</td>
<td>$2,500.00</td>
<td>$100.00</td>
<td>$509.90</td>
<td>$696.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,305.90</td>
<td>$1,305.90</td>
</tr>
<tr>
<td>Changes in income and costs from 2019 to 2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$667</td>
<td>$27</td>
<td>$142</td>
<td>$192</td>
<td>$0</td>
<td>$0</td>
<td>$361</td>
<td>$361</td>
<td></td>
</tr>
<tr>
<td>Income left to increase economic security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$306 assuming minimum healthcare costs</td>
<td>$306 assuming maximum healthcare costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Green text indicates family income. Orange text indicates family expenses.
Figure 1. The overall interaction of wage increases and benefit losses for a single parent with two young children working full-time at minimum wage

![Diagram of wage increases and benefit losses](image_url)

Note: Green text indicates family income. Orange text indicates family expenses.

Looking at housing over that time period, the percentage of Isabelle’s income—adjusted for her children and necessary child care expenses—that go towards her two-bedroom apartment stays fairly constant at nearly 30 percent since her benefits get cut as her wages increase. And overall, the percentages of her income that she will have spent on child care, food, housing, and healthcare stay relatively stable over the 4-year period (Table 3). Workers receiving raises, however, should be able to reduce the fraction of their income spent on necessities like food, housing, and healthcare so they can use that additional income to save for emergencies, pay for enrichment educational programs, or buy a car, for example.
While Isabel would see a decrease in public benefits that significantly reduces the positive financial impact of her minimum wage increases, she would not face a steep cliff in her benefits resulting from loss in eligibility. This is in part because she and her children would continue to receive full medical coverage under HUSKY A and the family would not incur any expensive healthcare costs. This is not only beneficial for the family’s financial health but also for their overall health as they would be less likely to defer or avoid needed treatments due to costs. Additionally, since total reductions in her benefits do not exceed her increase in income, her financial situation would improve somewhat over time -- but slower than if benefits reductions were better mitigated.

**Summary of Benefits Cutoffs for a Single-Parent with Two Children**

The figures below summarize the impact of the minimum wage increases on current benefits cutoffs. Figure 2 reflects the change in benefits the single-parent family would receive through SNAP, Care 4 Kids, and Project-Based or HCV Section 8, using applicable income limits. The vertical dotted lines indicate the monthly income of a single parent working full-time at a minimum wage job at each wage increase. Healthcare costs were not included on this chart since the values of these benefits largely depend on healthcare consumption and the related copayments or coinsurance. Because Isabelle and her children continue to qualify for HUSKY A even after the minimum wage is raised to $15/hour, Isabelle will not incur additional out-of-pocket or co-sharing costs that our hypothetical two-parent family will incur. Figure 3 reflects the maximum income that this family would need to spend to maintain the amount of benefits that a comparable family earning $0 would receive.

<table>
<thead>
<tr>
<th>Wage increase date</th>
<th>Minimum wage (hourly)</th>
<th>Gross monthly income</th>
<th>Child care costs</th>
<th>Food costs</th>
<th>Housing costs</th>
<th>Healthcare costs (premium only)</th>
<th>Healthcare costs (premium and out-of-pocket)</th>
<th>Total (Minimum healthcare costs)</th>
<th>Total (Maximum healthcare costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 1, 2019</td>
<td>$11.00</td>
<td>$1,833.33</td>
<td>4.00%</td>
<td>20.07%</td>
<td>28.15%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>51.56%</td>
<td>51.56%</td>
</tr>
<tr>
<td>Sept. 1, 2020</td>
<td>$12.00</td>
<td>$2,000.00</td>
<td>4.00%</td>
<td>20.30%</td>
<td>28.20%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>52.50%</td>
<td>52.50%</td>
</tr>
<tr>
<td>Aug. 1, 2021</td>
<td>$13.00</td>
<td>$2,166.67</td>
<td>4.00%</td>
<td>20.49%</td>
<td>28.25%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>52.73%</td>
<td>52.73%</td>
</tr>
<tr>
<td>July 1, 2022</td>
<td>$14.00</td>
<td>$2,333.33</td>
<td>4.00%</td>
<td>20.65%</td>
<td>28.29%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>52.94%</td>
<td>52.94%</td>
</tr>
<tr>
<td>June 1, 2023</td>
<td>$15.00</td>
<td>$2,500.00</td>
<td>4.00%</td>
<td>20.40%</td>
<td>27.72%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>52.24%</td>
<td>52.24%</td>
</tr>
</tbody>
</table>
Figure 2. Changes in maximum benefits received for one parent with an infant and a preschooler working full-time at minimum wage

![Graph showing changes in maximum benefits](image)

- 2019 (Oct. 1): $11/hr
- 2020 (Sept. 1): $12/hr
- 2021 (Aug. 1): $13/hr
- 2022 (July 1): $14/hr
- 2023 (June 1): $15/hr

Figure 3. Out-of-pocket income spent to meet the family’s new costs associated with its loss of benefits as minimum wage increases for a single parent with one infant and one preschooler, parent working full-time at minimum wage

![Graph showing out-of-pocket expenses](image)

- 2019 (Oct. 1): $11/hr
- 2020 (Sept. 1): $12/hr
- 2021 (Aug. 1): $13/hr
- 2022 (July 1): $14/hr
- 2023 (June 1): $15/hr
### Rising Incomes and Rising Costs for a Two-Parent Family with Two Children

The situation differs for our hypothetical two-parent family. From October 2019 to June 2023, Mia and Joshua combined would earn an additional $1,333 a month. As with Isabelle, they would have to spend a large fraction of their new wage increases to compensate for lost public benefits. By the end of that four-year time span, they would need to spend at least $722 a month (or 54 percent) of those wage increases to offset the benefits reductions in child care, housing, and healthcare assistance. Every month, they would have to spend $180 more on child care, $346 more on housing, and a minimum of $196 more on healthcare than before those minimum wage increases (Table 4).

Table 4. Increases in monthly family income and costs for child care, food, housing, and healthcare for two parents with one preschool and one school-age child, both parents working full-time at minimum wage.

<table>
<thead>
<tr>
<th>Wage increase date</th>
<th>Minimum wage (hourly)</th>
<th>Gross monthly income</th>
<th>Child care</th>
<th>Food</th>
<th>Housing</th>
<th>Healthcare costs (premium only)</th>
<th>Healthcare costs (premium and out-of-pocket)</th>
<th>Total (Minimum healthcare costs)</th>
<th>Total (Maximum healthcare costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 1, 2019</td>
<td>$11.00</td>
<td>$3,666.67</td>
<td>$220.00</td>
<td>$646.00</td>
<td>$1,010.00</td>
<td>$185.42</td>
<td>$602.09</td>
<td>$2,061.42</td>
<td>$2,478.09</td>
</tr>
<tr>
<td>Sept. 1, 2020</td>
<td>$12.00</td>
<td>$4,000.00</td>
<td>$240.00</td>
<td>$646.00</td>
<td>$1,104.00</td>
<td>$231.25</td>
<td>$647.92</td>
<td>$2,221.25</td>
<td>$2,637.92</td>
</tr>
<tr>
<td>Aug. 1, 2021</td>
<td>$13.00</td>
<td>$4,333.33</td>
<td>$346.67</td>
<td>$646.00</td>
<td>$1,172.00</td>
<td>$281.95</td>
<td>$698.62</td>
<td>$2,446.62</td>
<td>$2,863.28</td>
</tr>
<tr>
<td>July 1, 2022</td>
<td>$14.00</td>
<td>$4,666.67</td>
<td>$373.33</td>
<td>$646.00</td>
<td>$1,264.00</td>
<td>$330.05</td>
<td>$1,646.72</td>
<td>$2,613.38</td>
<td>$3,930.05</td>
</tr>
<tr>
<td>June 1, 2023</td>
<td>$15.00</td>
<td>$5,000.00</td>
<td>$400.00</td>
<td>$646.00</td>
<td>$1,356.00</td>
<td>$380.95</td>
<td>$1,714.28</td>
<td>$2,782.95</td>
<td>$4,116.28</td>
</tr>
<tr>
<td>Change from 2019 to 2023</td>
<td>$1,333</td>
<td>$180</td>
<td>$0</td>
<td>$346</td>
<td>$196</td>
<td>$1,112</td>
<td>$722</td>
<td>$1,638</td>
<td></td>
</tr>
</tbody>
</table>

Note: Green text indicates family income. Orange text indicates family expenses. Parenthesis around numbers indicate a deficit.

Overall, 54 percent of the wage increases would be lost to compensate for lowered benefits and they would only gain $611 a month in “new” income that could be used to increase their family’s economic security or their living standards (Figure 4). This scenario assumes that they only pay for healthcare insurance premiums and incur no other healthcare costs (minimum healthcare costs scenario). Most families end up paying out-of-pocket expenses for healthcare services so a maximum healthcare cost scenario is discussed below.
The changes in their healthcare benefits are complex and burdensome when it comes to out-of-pocket costs and cost-sharing. Through the first two minimum wage increases in 2019 and 2020, their children would still receive full medical coverage under HUSKY A, but Mia and Joshua would be above the income limit to receive HUSKY A coverage themselves, even though they would have qualified at the minimum wage prior to the 2019 minimum increase. Based on their income, they would still receive a tax credit for health insurance purchased on the marketplace, and a silver-level healthcare plan would be subject to cost-sharing—capping their maximum out-of-pocket expenses at $5,400 per year. Their monthly premium for a silver-level plan, after their tax credit, would rise to around $230 by 2020.

Starting with the 2022 minimum wage increase though, Mia and Joshua’s children would no longer qualify for healthcare coverage under HUSKY A. Instead, their children would be eligible for coverage under the first band of HUSKY B, which requires no premium payment but does require copayments, with a maximum family contribution of 5 percent of the family’s income (or $2,800 in 2022). Mia and Joshua would also need to pay around $330 for their own monthly healthcare premium. By 2022, Mia and Joshua’s combined income will exceed 200 percent of the 2021 federal poverty level (FPL), increasing their cost-sharing cap from $5,400 per year to $13,000 per year. Furthermore, this increase in salary makes Mia and Joshua unable to receive the federal and state EITC any longer, a loss of $344 from the year prior. In short, this $1/hour raise for Mia and Joshua – a $4,000 increase in the family’s gross income – could cause the family to lose up to $8721 during the year if they reach their healthcare cap. This cliff, created at 200 percent of the FPL, is a staggering benefit cliff and could put the family into debt.

By 2023, the parents still have the 5 percent copayment requirement that goes towards their children’s healthcare under HUSKY B, band 1 (now $3,000 per year). When comparing their healthcare costs from 2019 to 2023, assuming a maximum healthcare costs scenario, they would have to spend $1,112 more per month on healthcare than before the minimum wage increases and this family would lose money if their healthcare costs reached the cap (Figure 5). This same effect is not seen for a one-parent, three-person family like Isabelle’s, because of the continued availability of HUSKY A coverage. Continued coverage is especially crucial during a public health crisis, like the COVID-19 pandemic. For the duration of this public health emergency, the State has automatically extended HUSKY health coverage to pre-existing beneficiaries that want coverage. For parents who are not eligible for HUSKY coverage or health insurance through their employers, low-cost,
high-quality cost-sharing options can be the difference between parents seeking care when experiencing acute symptoms and not getting critical medical help. When parents to seek medical care, affordable cost-sharing options can ensure that families do not incur debt.

Figure 5. The overall interaction of wage increases and benefit losses (maximum healthcare costs scenario) for a family with two parents and two children, both parents working full-time at minimum wage

In addition, the family would have to deal with other significant benefit reductions over that four-year period. Due to gradual benefits reductions in child care assistance, their income contribution towards child care under Care 4 Kids utilizing 2020 income eligibility guidelines would almost double and the share of their family income spent on child care co-payments would rise from six percent in 2019 to eight percent in 2021. If either parent works even a few more hours per month (22 more hours in a year), this family risks their child care co-payments rising to 10 percent of their budget, which would place an enormous strain on their family. In the face of increased costs, some parents may need to resort to having their children stay with relatives, neighbors, or attend unlicensed child care centers, which can often result in lower-quality care and education. Since Care 4 Kids income requirements differ depending on whether one is applying for the first time for the benefit, is already receiving the benefit, or seeking reauthorization of the benefit, the minimum wage increase would affect similarly-situated families differently depending on when they first seek child care assistance. A family like Mia and Joshua’s that did not yet receive child care support through Care 4 Kids (e.g., tried to enroll their first child after the minimum wage rises to $15/hour and worked a few hours overtime, earning just $328 more in a year) would be ineligible for first-time application to the Care 4 Kids program. As a result, the price of child care for that family might exceed the potential income from a second parent taking a low-wage job.

Looking at housing, the percentage of their incomes spent on housing would remain approximately the same—at 30 percent of their gross income for a three-bedroom apartment. The standard measure for housing affordability is 30 percent of a family’s budget so their housing burden, even with some continued housing benefits, is right at the cusp of unaffordability. If a family like Mia and Joshua’s did not already receive housing benefits, they might also have a much harder time finding subsidized housing. Housing programs, including but not limited to the HCV Program and project-based housing, have income limits based off of area median incomes (AMI), which may change in light of the minimum wage increases. The judgement of the recent lawsuit Open Communities alliance v. Carson, which re-instates the Small Area Fair Market Rule promoting greater opportunity in housing choice for low-income minority families and greater residential integration, will make affording housing in high-AMI zip codes more achievable for individuals receiving housing benefits. The need to mitigate benefits cliffs related to issues of housing is still relevant, however, particularly for individuals not eligible to receive housing benefits. After the 2021 wage increase, a four-
person family like Mia and Joshua’s would be above the 50 percent AMI and would no longer be eligible for the HCV Program. Other subsidized housing would also be limited once their income exceeded 50 percent AMI. Without housing assistance, based on the fair market rent for 3-bedroom housing in New Haven, their cost of housing would equal nearly 40 percent their gross income.

Since the family was not receiving food benefits in 2019, this family’s food costs would remain stagnant (Table 4). The percentage of their income spent on food would decrease slightly—from 18 percent in 2019 to 13 percent by 2023—as would be expected for a family earning more take-home pay (Table 5).

**Table 5.** Percentage of monthly income paid for child care, food, housing, and healthcare for two parents with one preschool and one school-aged child, both parents working full-time at minimum wage

<table>
<thead>
<tr>
<th>Wage increase date</th>
<th>Minimum wage (hourly)</th>
<th>Gross monthly income</th>
<th>Child care costs</th>
<th>Food costs</th>
<th>Housing costs</th>
<th>Healthcare costs (premium only)</th>
<th>Healthcare costs (premium and out-of-pocket)</th>
<th>Total (Minimum healthcare costs)</th>
<th>Total (Maximum healthcare costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 1, 2019</td>
<td>$11.00</td>
<td>$3,666.67</td>
<td>6.00%</td>
<td>17.62%</td>
<td>27.55%</td>
<td>5.06%</td>
<td>16.42%</td>
<td>56.22%</td>
<td>67.58%</td>
</tr>
<tr>
<td>Sept. 1, 2020</td>
<td>$12.00</td>
<td>$4,000.00</td>
<td>6.00%</td>
<td>16.15%</td>
<td>27.60%</td>
<td>5.78%</td>
<td>16.20%</td>
<td>55.53%</td>
<td>65.95%</td>
</tr>
<tr>
<td>Aug. 1, 2021</td>
<td>$13.00</td>
<td>$4,333.33</td>
<td>8.00%</td>
<td>14.91%</td>
<td>27.05%</td>
<td>6.51%</td>
<td>16.12%</td>
<td>56.46%</td>
<td>66.08%</td>
</tr>
<tr>
<td>July 1, 2022</td>
<td>$14.00</td>
<td>$4,666.67</td>
<td>8.00%</td>
<td>13.84%</td>
<td>27.09%</td>
<td>7.07%</td>
<td>35.29%</td>
<td>56.00%</td>
<td>84.22%</td>
</tr>
<tr>
<td>June 1, 2023</td>
<td>$15.00</td>
<td>$5,000.00</td>
<td>8.00%</td>
<td>12.92%</td>
<td>27.12%</td>
<td>7.62%</td>
<td>34.29%</td>
<td>55.66%</td>
<td>82.33%</td>
</tr>
</tbody>
</table>

**Summary of Benefits Cutoffs for a Two-Parent Family with Two Children**

The figures below summarize the impact of the minimum wage increases on current benefits cutoffs. Figure 3 reflects the change in benefits the two-parent family would receive through SNAP, Care 4 Kids, Project-Based Section 8, and the HCV Program, using applicable income limits. The vertical dotted lines indicate the monthly income of a family with both parents working full-time minimum wage jobs at each wage increase. Figure 6 reflects the maximum income that this family would need to spend to maintain the amount of benefits that a comparable family earning $0 would receive. Healthcare costs were not included in this chart since the values of these benefits largely depend on healthcare consumption and the related copayments or coinsurance. The cost of healthcare in Figure 7, which is a graph depicting the out-of-pocket costs this family must spend to replace lost benefits at different income levels, reflects the maximum premiums plus out-of-pocket expenses from the relevant HUSKY and/or marketplace healthcare plans.
Figure 6. Changes in maximum benefits received for two parents with a preschooler and school-age child, both parents working full-time at minimum wage

Figure 7. Out-of-pocket income spent to meet costs associated with loss of benefits as minimum wage increases for two parents with one preschooler and one school-age child, both parents working full-time at minimum wage
**Total Family Costs and Potential Impact of Lost Benefits for a Two-Parent, Two-Child Family**

When taking into account the Self-Sufficiency Standard numbers for the real costs of housing, child care, and food without benefits, the importance of maintaining benefits for low-wage workers is further highlighted: total costs of living can approach or even exceed the family’s income.\(^{44}\) Table 6 indicates the total costs in percentage of the family’s income for a family like Mia and Joshua’s, including where the family might lose the above referenced benefits. Cells in which total costs to the family exceed, or nearly exceed, monthly income are shaded.

<table>
<thead>
<tr>
<th>Costs, considering minimum health care costs</th>
<th>Costs, considering maximum health care costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs with Current Benefits</td>
<td>Costs Without Housing Benefits</td>
</tr>
<tr>
<td>Oct. 1, 2019</td>
<td>77.11%</td>
</tr>
<tr>
<td>Sept. 1, 2020</td>
<td>76.68%</td>
</tr>
<tr>
<td>Aug. 1, 2021</td>
<td>74.14%</td>
</tr>
<tr>
<td>July 1, 2022</td>
<td>72.42%</td>
</tr>
<tr>
<td>June 1, 2023</td>
<td>72.98%</td>
</tr>
</tbody>
</table>

*Note. Light orange shading indicates that total costs nearly exceed family income. Dark orange shading indicates that total costs exceed family income.*

Table 6 showcases the importance of public benefits to provide this hypothetical family with a chance to make ends meet and even potentially save for emergencies. The increases in income from upcoming minimum wage raises would not be enough to offset increased costs if a family is not eligible for child care assistance (for example, if applying to Care 4 Kids as first time applicants but earning above 50 percent SMI), loses housing assistance, or incurs expensive out-of-pocket health care costs due to high health care cost-sharing caps.

Even when costs of living do not exceed the family’s income, a family that must spend nearly all of its income on living expenses is unable to respond to, and to sufficiently save for, emergency expenses. As explained above, maximum healthcare costs were averaged across the year based on maximum out-of-pocket expenses, but a single significant healthcare event could require a substantial payment all at once. Without the ability to build savings, a family could be devastated by a severe health issue and other emergencies—including fire, flood, loss of one’s vehicle, or sudden loss of employment. A family’s ability to establish a rainy-day fund is integral to their ability to escape poverty, to remain in the workforce, and to survive when more widespread emergencies—like the current COVID-19 pandemic—present obstacles to the local, state, and national government’s ability to swiftly respond to heightened demands on unemployment and other benefits systems.
POLICY RECOMMENDATIONS

The policy recommendations listed below are focused on changes to the current benefits system and other interconnected policies to ensure that families with minimum wage workers can continue to access crucial public benefits until they can smoothly transition out of them without significant financial repercussions. Some of these policy recommendations, including expanding phase-outs for benefits programs and increasing the EITC for target populations, are supported by the Governor’s Workforce Council. We do not include housing recommendations due to the fact that the housing programs included within this report have income thresholds and benefits regulated at the federal level; however, the Department of Housing and Urban Development should review their policies and make adjustments to mitigate any and all adverse effects.

Help Parents Smoothly Transition Out of Benefits Programs

- Align eligibility levels and implement more gradual phase-outs for benefits

Targeted policies that can increase the short- and long-term financial security of families using public benefits include implementing more gradual phase-outs for benefits programs like TANF, SNAP, Care 4 Kids, Medicaid and housing assistance; increasing asset limits; aligning eligibility rules across programs; and adding a transition year. In particular, combining the creation of gradual phase-outs for all programs with aligning eligibility rules could allow Connecticut to ensure that the full combination of benefits a family is eligible to receive would not drop off faster than a family’s increases in income. In short, considering program phase-outs holistically is the only way to ensure that a $1 raise does not lead to more than a $1 decrease in a family’s costs, and ideally a decrease that is far less than that.

These policies incentivize work, promote savings, and reduce complexity for staff and beneficiaries while yielding a strong two-generational impact, especially in families with young children that can become more financially resilient over time. Policy recommendations below include specific examples of these types of targeted policy changes for benefits programs, like Care 4 Kids, SNAP, and Medicaid.

- Increase time for reporting requirements and/or loss of benefits

Currently, Connecticut requires a family receiving financial assistance report changes in income that may impact family eligibility within 10 days for HUSKY Health, SNAP, Section 8 programs, and Care 4 Kids. Families who have purchased health insurance through the Health Insurance Marketplace must report changes in income within 30 days.

Connecticut should follow the lead of other states, like Vermont and New Hampshire, in disregarding the time at which it requires increases in income to be reported and/or when someone loses benefits as the result of an income increase. For example, to ease TANF transitions, Vermont does not include the first $250 income earned per month in benefit calculations. For anything above $250, Vermont disregards 50 percent of the balance of monthly earnings. Vermont also disregards from benefit calculations certain other payments that may impact apparent monthly income such as insurance payments and income tax refunds and credits. New Hampshire disregards 50 percent of income when computing TANF benefits, and Governor Sununu has proposed exempting the first six months of income from any new income received from employment when determining eligibility for the New Hampshire Family Assistance Program.

Building income disregards into Connecticut’s public benefit programs when calculating benefits and/or redetermining benefits would be more mindful of short-term employment, provide safety despite unstable and unpredictable work schedules, and allow Connecticut to continue providing necessary supports in the case that a family faces unexpected expenses. Furthermore, these programs extend to families an amount of time during which families can save all or some of their increased income and build a financial cushion...
Increase Access to Affordable Healthcare for Parents and Children

• Raise HUSKY A income eligibility for parents and caregivers back to 201 percent FPL

In 2015, Connecticut reduced HUSKY income eligibility for parents and caregivers from 201 percent to 155 percent FPL. In the most recent budget, the limit for parents was slightly restored to 160 percent FPL, effective as of October 1, 2019. While this is a start, Connecticut should restore eligibility for parental HUSKY A to 201 percent FPL. A parent’s ability to afford health insurance is not only important to a parent, but is vital to their children’s development, since insurance can enable a parent to seek necessary healthcare for themselves without falling behind on rent or other expenses integral to a child’s home life and a family’s security, and can impact a parent’s mental health.

Further, expansion of Medicaid may have positive spillover effects on children’s rates of coverage and children’s use of preventative services. Aligning eligibility limits would eliminate any confusion about which family members have health insurance and would increase the number of healthy, insured parents in the state. It would also allow parents who fall within the expansion and can obtain health insurance through HUSKY A rather than the health insurance exchange to avoid reconciling advance premium tax credits on their federal income tax returns, and therefore avoid the risk of losing tax refunds or owing tax debts in the case where they received excess subsidies during the year.

Alternatively, Connecticut could take an approach similar to continuous enrollment for Medicaid and to New Hampshire Governor Sununu’s proposal, which would allow benefits programs to maintain reporting requirements while still allowing individuals to obtain benefits for a six- to twelve-month period after enrollment despite these changes to eligibility requirements. Connecticut Voices for Children advocates that creating continuous eligibility for benefits programs best allows families to save money from their increased earnings in support of building savings, which helps increase family economic security.

Increase Access to Affordable Healthcare for Parents and Children

• Raise HUSKY A income eligibility for parents and caregivers back to 201 percent FPL

In 2015, Connecticut reduced HUSKY income eligibility for parents and caregivers from 201 percent to 155 percent FPL. In the most recent budget, the limit for parents was slightly restored to 160 percent FPL, effective as of October 1, 2019. While this is a start, Connecticut should restore eligibility for parental HUSKY A to 201 percent FPL. A parent’s ability to afford health insurance is not only important to a parent, but is vital to their children’s development, since insurance can enable a parent to seek necessary healthcare for themselves without falling behind on rent or other expenses integral to a child’s home life and a family’s security, and can impact a parent’s mental health.

Further, expansion of Medicaid may have positive spillover effects on children’s rates of coverage and children’s use of preventative services. Aligning eligibility limits would eliminate any confusion about which family members have health insurance and would increase the number of healthy, insured parents in the state. It would also allow parents who fall within the expansion and can obtain health insurance through HUSKY A rather than the health insurance exchange to avoid reconciling advance premium tax credits on their federal income tax returns, and therefore avoid the risk of losing tax refunds or owing tax debts in the case where they received excess subsidies during the year.

Additionally, despite the cost of expanding HUSKY A, studies suggest that Connecticut might actually realize savings from the expansion. One study, examining ten states that expanded their Medicaid programs between 2014 through 2017, found that states could employ a variety of means to offset costs of expanding Medicaid, with the net cost to states sometimes even being negative. Expansion allows states to save on other state-funded health programs, including treatment of substance use disorders and to reduce spending on uncompensated care for individuals who otherwise would be uninsured and likely to delay care due to expense. The ongoing COVID-19 crisis highlights the potential high costs of uncompensated care, as well as importance of facilitating access to treatment and ensuring that low-wage workers—including essential workers—do not delay or try to forgo treatment due to concerns about high deductibles or other costs of care.
• **Restore and Expand Continuous Enrollment for HUSKY**

Connecticut should restore and expand continuous eligibility for the HUSKY program, regardless of changes in income, household size, or other factors that could impact eligibility. While Connecticut does redeterminations and requests verification documents for HUSKY only at the end of a 12-month enrollment period, it does require that enrollees report changes in income as they occur. In recognition of families’ fluctuations in income and employment, Connecticut should make it more feasible for families working on their family’s economic security to have 12 months of continuous enrollment regardless of income changes they incur. Coverage gaps resulting in discontinuity of care increase emergency room use, raise health care costs for hospitals and the community, and lead to worse patient outcomes. As of 2019, 24 states have continuous eligibility for children in Medicaid, 26 states have continuous eligibility for children in CHIP, and two states have continuous eligibility for both parents and expansion adults.

**Improve Access to Affordable Early Child Care Assistance**

- **Increase eligibility and reduce co-payments for Care 4 Kids**

Connecticut should raise Care 4 Kids income eligibility for new applicants (currently 50 percent of the State Median Income) closer to the redetermination rate of 65 percent (and adjust the redetermination rate accordingly) so that families of four with two full-time working parents earning near the minimum wage are able to receive the benefit, since the added cost of early child care could make it untenable for a second parent to take a full-time job with pay near the minimum wage after the final wage increase. Without the assistance of Care 4 Kids, the cost of child care for two children—especially when at least one child is an infant—can nearly equal one parent’s gross income, strongly disincentivizing work. Since child care co-payments can strain family budgets, Connecticut should also set its limit for family child care co-payments to seven percent of household income, which is the benchmark recommended by the federal Office of Child Care, under the Administration on Children and Families of the U.S. Department of Health and Human Services.

- **Expand access to Care 4 Kids**

Early child care assistance helps low-income parents focus on their work while their children are in safe learning environments, but that state system was already strained even before the COVID-19 crisis. Connecticut Voices for Children released a child care report last spring highlighting that the state has the fifth-most expensive child care in the nation, an estimated deficit of 50,000 infant/toddler child care slots, and child care providers who are struggling to stay economically viable. The ongoing public health crisis has made this situation worse, despite the state declaring child care an essential service and providing some financial incentives to stay open. The report lists additional short-term steps the state can take for the duration of this crisis, including moving to presumptive Care 4 Kids eligibility for essential workers and replacing private paying fees to ensure that child care businesses can stay afloat now and for the duration of the economic recovery.

To reach more parents in need of assistance, the state could also expand eligibility to include parents enrolled in educational pathways, and cover parents who are unemployed and looking for work. Keeping or finding a job during economic downturns, including during this public health crisis, has been difficult for countless low-income parents, through no fault of their own. Since the pandemic started, parents with children under 18 have been more likely to experience unemployment or a loss of income than adults with no children in their households. In Connecticut, an estimated 53 percent of all parents with children in their household have had a household member lose employment income since the COVID-19 crisis started.
The COVID-19 situation emphasizes further the potential harm in not raising Care 4 Kids eligibility: if a recession (as the result of a pandemic or otherwise) leads to high rates of unemployment, parents who were in the labor force may be unable to return to work due to the high cost of child care, slowing the economy’s ability to recover. Even outside of these conditions, the inequitable treatment of minimum wage workers—with some able to receive child care support and others ineligible—could serve as a barrier to both parents in two-parent households entering the work force. Since there is the possibility of increases in child care costs as a result of the minimum wage raises as well, the availability of child care assistance is likely to become an even more central factor in work-related decisions for families with low-wage workers.

- **Offer universal access to early child care**

Looking at long-term policy recommendations, the state needs to work towards offering universal access to affordable, high-quality child care. With universally available child care, low-income families who are least able to bear the high cost of child care would be able to increase their economic security. The State already provides K-12 public education but has only recently started to discuss whether the high returns on investments that quality early childhood programs bring warrant creating a universally available pre-kindergarten and early child care programs. Providing universal access to affordable child care would remove harmful benefit cliffs for that program while decreasing poverty, reducing racial and gender inequities, improving short- and long-term outcomes for children, and promoting economic growth.

**Expand SNAP Eligibility to Improve Food Security**

- **Raise gross income limits for SNAP**

Connecticut might also consider raising the gross income limit for SNAP to 200 percent FPL, which is the limit in 17 states (though for one of these states, the rate is limited to households with dependent care expenses). After tax credits, the National Academy of Sciences, Engineering, and Medicine found that SNAP had the largest impact on reducing child poverty. However, this is not likely to affect many households, since the net income limit is relatively low and most families would not qualify for certain SNAP deductions, such as those for elderly and disabled individuals, which would allow them to reach the higher gross limit.

**Redress Connecticut’s Regressive Tax System to Improve Family Economic Security**

- **Raise the State EITC**

The value of Connecticut’s current EITC is below that of at least ten other states and, as discussed above, two parents working minimum wage with two children may not be able to qualify for the EITC as of the July 1, 2022 minimum wage increase. To ensure that the EITC continues to be an incentive for labor force participation and a powerful tool to boost the incomes of working parents, Connecticut should minimally restore the value of the state EITC to 30 percent of the federal EITC (i.e., its value when first enacted), and preferably to 50 percent of the federal credit.

- **Create a State Child Tax Credit**

Connecticut should also consider creating a state Child Tax Credit, a refundable tax credit available to workers with dependent children under age 17. Connecticut is currently one of the only states with a personal income tax that does not have a child tax credit, deduction, and/or exemption to ease the financial burden of raising children.
The state could create a CTC that mirrors the federal credit or a CTC that is fully refundable and has no phase-in, as introduced by Connecticut Voices for Children in December of 2020, to ensure lower and middle-income families have access to the credit. Looking at neighboring states, New York offers a refundable CTC, the Empire State Child Credit, which offers the greater of: (1) 33 percent of the federal CTC, or (2) $100 multiplied by the number of qualifying children, to individuals with up to $75,000 adjusted gross income (AGI) and to married joint filers with up to $110,000 AGI.

These tax credits can also help redress Connecticut’s regressive tax system and turn benefits cliffs into more bearable slopes. Additionally, research suggests that increasing the EITC and creating a CTC could help improve the academic performance of children in families receiving the tax credits, make them more likely to attend college, and increase their likely adult earnings. The positive, stabilizing impact of these tax credits could be magnified by allowing claimants to claim advanced credits quarterly.

As noted earlier in this report, Governor Lamont’s Workforce Council supports increasing the state EITC and other “revenue-neutral changes” as part of its plan to “incentivize work and career progression while eliminating benefits cliffs.” The solutions outlined by the Governor’s Workforce Council, as well as the solutions proposed within this report, are strategies that can be enacted now to help families achieve economic security, decrease the need for costly interventions long-term, and contribute to economic growth within the state. Implementing these strategies, however, may involve initial costs. For more information about the tax credits discussed and fair revenue options that could help offset the costs of implementing policies intended to eliminate benefits cliffs, readers should consult Connecticut Voices for Children’s report, *Advancing Economic Justice Through Tax Reform.*
CONCLUSION

Connecticut’s commitment to raising the minimum wage can improve the lives and economic mobility of families across the state. But increases in the minimum wage should not result in minimum wage workers having to use so much of their modest increase in earnings to compensate for losing governmental financial supports that help them meet their essential needs. Over time, these hard-working families should be able to save money that can provide some cushion against sudden income loss and help them invest in educational opportunities, career-advancement opportunities, and wealth-building. This report has demonstrated that ensuring continued access to public benefits is a critical and urgent component of minimum wage policy.

Connecticut began its incremental changes to the minimum wage in 2019. As of September 1, 2020, minimum-wage workers earn $12 per hour, and employees working full-time at minimum wage are beginning to see changes in both income and expenses. Our hypothetical two-parent, two-child family with both parents working full-time at minimum wage already must pay $100/month more for early child care, $70/month more housing, and $46.63/month more for health insurance to offset cuts in benefits they had been receiving. By 2022, their out-of-pocket expenses for healthcare is predicted to rise so drastically that this family risks owing more than what they earn, negating the positive impacts of increasing their wages.

Legislators must be mindful of and responsive to the impact these wage increases will have on families’ ability to continue to access the benefits that also help support these goals, and the stability and well-being of Connecticut’s families and children. Similarly to the issue of liens on the property of individuals accessing public benefits and their families, also known as “poverty taxes,” benefits cliffs are an important issue that perpetuates intergenerational racial inequities. Smoothing benefits cliffs so that families not only do not face debt but can save increased earnings will help families build the wealth they need to live self-sufficiently and provide children with the opportunities they need to reach their full potential. By holistically coordinating aids to Connecticut’s low-wage workers and creating smooth and gradual declines in eligibility, we can maximize the needed benefit from raising the minimum wage.
ACKNOWLEDGEMENTS

This report was written in partnership with the Yale Law School Legislative Advocacy Clinic, supervised by Professor J. L. Pottenger, Jr., the Nathan Baker Clinical Professor of Law at Yale Law School. We thank the clinical lecturers in this clinic, including Ellen Scalettar, J.D., Senior Fellow for Fiscal Policy at Connecticut Voices for Children, and Shelley Geballe, J.D., M.P.H., Distinguished Senior Fellow at Connecticut Voices for Children. Additionally, we would also like to thank the Melville Charitable Trust for their support.
REFERENCES


9. Ibid.


15. Ibid.


24 These programs were selected based on their utilization. Between the two rental voucher programs, Housing Choice Vouchers and the Rental Assistance Program, the former currently supports more units of housing, with almost 15,000 vouchers being used in Connecticut in 2018. Office of Fiscal Analysis, Connecticut General Assembly. *Connecticut State Budget FY 20 and FY 21.* https://www.cga.ct.gov/ofa/Documents/year/BB/2020BB-20191022_FY%2020%20and%20FY%2021%20Connecticut%20Budget.pdf.


As of December 2019, there were 474,015 active recipients of HUSKY A and 20,627 active recipients of HUSKY B.


A significant portion of the HUSKY A recipients are children.


As of October 2018, 14,947 children were receiving child care through Care 4 Kids, with almost 8,000 of those children receiving care at licensed, regulated centers.


25 All calculations are based on 2019 or 2020 income limits and benefit amounts. Some cutoffs may change over time due to changes in local or national median income.
additional benefits. This report does not discuss those families.

26 To the best of our ability, these calculations are up-to-date as of October 1, 2020. It should be noted, however, that the Department of Social Services made additional updates to SNAP on October 1 and again on February 18. We were unable to incorporate these recent SNAP changes within our report.

Further information can be found here: https://portal.ct.gov/DSS/SNAP/Supplemental-Nutrition-Assistance-Program---SNAP

27 SNAP benefits take into account standard deduction, earned income deduction, and dependent care deduction. Food expenditures are based on maximum SNAP benefits for a three-person family.


28 Self-sufficiency estimates suggest that food would cost an additional $20 ($529 total) per month, based on family makeup and location.


29 Two-bedroom housing. Calculations take into account Section 8’s income adjustments for dependents and childcare expenses.

30 These charts generally use the same assumptions and calculations as those used above for the hypothetical families. However, they take each benefit separately, so no deductions are made for child care expenses in calculating adjusted or net income for housing or SNAP calculations.

31 As discussed above, Care 4 Kids has different income limits for initial eligibility, recertification, and between certifications. The charts use the limit for recertification. Additionally, although the income limits for the Section 8 housing programs are used in the charts, as discussed above, a family may be able to remain in subsidized housing or continue to receive a rental voucher after surpassing the income limit.

32 Food expenditures are based on maximum SNAP benefits for a four-person family. Self-sufficiency estimates suggest that food would cost an additional $111 ($767 total) per month, based on family makeup and location.

33 Three-bedroom housing. Calculations take into account Section 8’s income adjustments for dependents and child care expenses.

34 The Health Insurance Marketplace developed under the Affordable Care Act includes four categories of plans, named for metal categories. The Bronze plan includes the lowest monthly premium costs and the highest costs for care. The Platinum plan includes the highest monthly premium costs and the lowest costs for care. The Silver plan falls in the middle, including moderate monthly premium costs and moderate costs for care. It is the plan insurance-holders must use if they qualify for cost-sharing reductions. Additional information can be found at: www.accesshealthct.com

35 Text posted by the Connecticut Department of Social Services: “Connecticut HUSKY Health has made the following changes in coverage, related to COVID-19: Extended coverage for Medicaid/HUSKY health clients: Medical assistance benefits will be continued for the duration of the federally-declared public health emergency (PHE). The federal government most recently announced a 90 day extension of the PHE through April 20, 2021. Beneficiaries should continue to respond to Departmental requests to renew benefits and provide information to ensure that coverage is maintained for as long as legally authorized.” Retrieved on February 15, 2021 from: https://portal.ct.gov/HUSKY/Special-information-and-resources-for-HUSKY-Health-members-about-coronavirus


37 Exceeding the income limit for various rental assistance programs does not necessarily terminate continued participation in the program.

State of Connecticut, Department of Housing. The Plan (Draft) for Administration of the U.S. Department of Housing and Urban


40 Project-Based Section 8 housing is typically available for those with income at or under 50% of the state AMI.


A limited number are available for those with “low income,” or incomes up to 80% AMI.

Department of Housing and Urban Development. Renewal of Section 8 Project-Based Rental Assistance. https://www.hud.gov/hudprograms/rs8pbra.

Some public housing may also be available for families making up to 80% AMI.


For Multifamily Tax Subsidy Projects, “either 20% of the units must be rented to families with incomes at or below 50% of local area median income, or 40% of units must be rented to families with incomes at or below 60% of median income. This effectively means that families must have income at either 50% or 60% of AMI in order to live in rent-restricted units.”


By the July 1, 2022 minimum wage increase, a two-parent, two-child family where both parents work full-time at minimum wage, the family would be above the current 60% AMI as well.

41 Fair Market Rent would be about $1775 for this family. If the family paid this amount in 2019, it would equal almost 50 percent of their income. By the 2023 wage increase, the rent would equal roughly 35 percent of their income.


42 These charts generally use the same assumptions and calculations as those used above for the hypothetical families. However, they take each benefit separately, so no deductions are made for child care expenses in calculating adjusted or net income for housing or SNAP calculations.

43 As discussed above, Care 4 Kids has different income limits for initial eligibility, recertification, and between certifications. The charts use the limit for recertification. Additionally, although the income limits for the Section 8 housing programs are used in the charts, as discussed above, a family may be able to remain in subsidized housing or continue to receive a rental voucher after surpassing the income limit.


45 Costs are drawn from the Self-Sufficiency Standard for a family of this size, makeup, and location. It estimates monthly costs of $818 for food, $126 for transportation, and $468 for miscellaneous expenses. For the calculation of costs for a family that did not have housing benefits, the Self-Sufficiency Standard, $1185, was used for cost of housing. Notably, this figure is lower than the fair market rent used to calculate some of the housing programs.
The Self-Sufficiency Standard also estimates $614 for healthcare using a silver plan for all family members, but as the children in this family would still receive some coverage under HUSKY B, we did not use this estimate in the calculations.


For a complete review of TANF policies including different types of income disregards enacted across all 50 states, see the Urban Institute Welfare Rules Database: https://wrd.urban.org/wrd/tables.cfm


Beginning in 2014, the Affordable Care Act provided states with the authority to expand Medicaid eligibility to people under the age of 65 with incomes below 133 percent FPL. The report cited examined ten states that expanded their eligibility, although the exact populations included in the expansions differ state-by-state. Ward, B. (2020, May 5). *The Impact on Medicaid Expansion on States’ Budgets*. The Commonwealth Fund. https://www.commonwealthfund.org/publications/issue-briefs/2020/may/impact-medicaid-expansion-states-budgets.


Further information on income guidelines for new Care 4 Kids applicants: https://www.ctcare4kids.com/income-guidelines-for-new-applications/


32


For more information on allowable deductions in the SNAP program, see: https://www.fns.usda.gov/snap/recipient/eligibility#:~:text=What%20deductions%20are%20allowed%20in,%20Hawaii%2C%20and%20Guam).

Connecticut’s refundable EITC is currently set at 23% of the federal EITC. Maryland, Ohio, New York, Massachusetts, Vermont, New Jersey, District of Columbia, South Carolina, and Minnesota have state EITCs that ranged in 2019 from between 28% to roughly 45% of the federal EITC. California’s EITC is 85% of the federal EITC, but is subject to a smaller range of eligible income. South Carolina’s (nonrefundable) credit is also set to increase each year, slated to go up to 125% for tax year 2023 and later.


