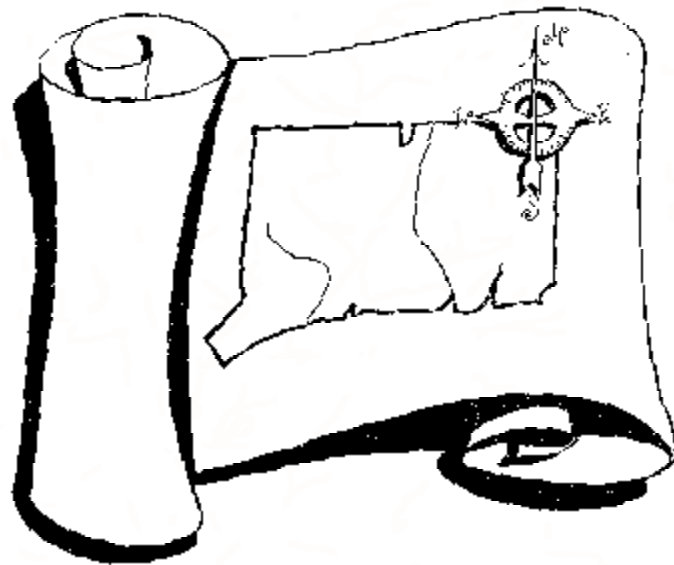

Wars against nations are fought to change maps;
wars against poverty are fought to map change.”

- *Muhammad Ali*

MAPPING CHANGE



A briefing book prepared by the
Connecticut Alliance for Basic Human Needs

December 2002

Connecticut Alliance for Basic Human Needs (CABHN)

CABHN is a statewide network of individuals, community groups,
service providers,
and religious organizations.

Formed in early 1992, **CABHN** supports and
promotes advocacy on welfare-related programs.



CABHN's goals are to encourage information sharing,
to share strategies, and to help advocates
maximize their energy and resources.



CABHN's work is coordinated by the
Legal Assistance Resource Center of Connecticut.

For more information about CABHN,
call (860) 278-5688, extension 12.

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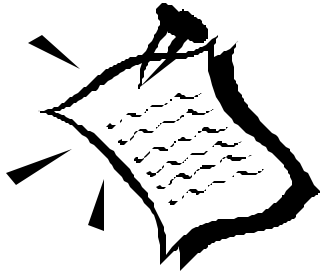
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- i Bridgeport Child Advocacy Coalition
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to the work of CABHN.*

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Overview

The purpose of this briefing book is to provide basic information about the needs of Connecticut's residents, the programs that have been created to meet these needs and the issues that we are confronting now and will confront in the coming years.

The context in which we discuss these issues has changed dramatically in the past two years. After a decade of tremendous prosperity, the economy has worsened and Connecticut, like most states, is facing large budget deficits, instead of growing revenues. Our response to these deficits will affect whether we are able to meet the needs of Connecticut's residents at a time when the needs are growing. Raising revenues will enable us to maintain some basic services; without additional revenues, essential state services will face drastic cuts.

While Connecticut continues to be a national leader in a number of areas with higher than average income and wages, a higher proportion of workers receiving employer- provided health benefits, higher educational achievement and minimum wage levels and comparatively low unemployment rates, these statistics hide the difficulties faced by lower-wage and low-income families and individuals living in the state.

For the poorest 40% of Connecticut's families, inflation-adjusted family income is less today than it was in the late 1980's. Only the wealthiest 40% of Connecticut's families saw significant real income gains in the 1990's.

Connecticut's wage levels do not enable lower-wage workers to meet their essential needs, as defined by the state's Self-Sufficiency Standard. Connecticut was one of only 8 states that had an increase in the proportion of workers holding more than one job between 1995 and 2000 and Connecticut's families headed by married couples are working many hours to support their families.

Over the past ten years, we have narrowed the basic support that we provide to families and children through changes in the federal-state welfare program, Temporary Family Assistance, and to individuals through cut-backs in the SAGA (State Administered General Assistance) and General Assistance programs.

While there had been some expansions in supports for poor working families, through expansions in government-funded health and child care, these programs are also now facing cuts. In the next two years, Connecticut must decide whether it is committed to ensuring that the basic needs of its residents are met. It is our hope that this briefing book will be a valuable resource as we make these crucial decisions.

If you would like additional information about the topics addressed in this document, contact the Legal Assistance Resource Center of Connecticut at (860) 278-5688. This briefing book is also available on the LARCC web site: www.larcc.org.

ECONOMIC SECURITY

Connecticut's Work Environment:
Wages, Benefits and the Path to Self-Sufficiency

Cash Assistance to Needy Families

General Assistance,
State Administered General Assistance,
Basic Needs Program

State Supplement for the Aged, Blind or Disabled

Unemployment Compensation

Child Support

Energy Assistance, Energy Deregulation

Food and Nutrition



Connecticut's Work Environment: Wages, Benefits and the Path to Self-Sufficiency

For some time now, Connecticut's economy has sat poised on the cusp of recovery, failing to make any impressive strides since hitting a low in December 2001. Although Connecticut's productivity (as measured by its Gross State Product (GSP) per capita) remains above the national GDP per capita, productivity growth slowed considerably in the 1990s.

Connecticut's state budget remains in crisis, with revenues far below anticipated. The revised 2003 budget, patched together with one-time revenues, failed to address the state's growing structural deficit that now threatens the long-term fiscal health of the state and has national bond raters anxious.

Payroll Employment

Jobs. Over the 1990s, Connecticut's employment growth lagged behind both national and regional averages. Connecticut's non-farm payroll employment had annualized growth of just 0.1% compared to 0.6% for the northeast and 1.8% for the nation.

Connecticut's recession began in July 2000, much earlier than the "official" start nationally in March 2001. The state experienced declines in payroll employment from 1,693,000 in 2000 to 1,682,000 in 2001, and a further decline in July 2002 to 1,673,700.

Changes in Types of Jobs Available. Continuing a long-standing trend, Connecticut had a shift over the 1990s in the types of jobs available – away from manufacturing jobs and toward service and trade jobs.

Connecticut's decline in manufacturing employment over the 1990s (1989-2001) was almost 3.5 times the national decline (and 6th greatest among all states). Between 1989 and 2001, Connecticut lost 105,500 manufacturing jobs.

Multiple Jobs. In 2001, 7% of Connecticut workers age 16 or older had more than one job. Connecticut was one of only 8 states that had an *increase* between 1995 and 2000 (our "boom" economic years) in the proportion of workers holding more than one job.

Hours Worked. Connecticut married couple families are close to "maxing" out in how many hours they can work. Total work hours for married couple families in the late 1990s (3,701) were very close to the 4,000-hour benchmark of full-time, full-year work for two people, leaving little room for further growth.

Employer-Provided Health Insurance. Between the 1970s and late 1990s, the proportion of Connecticut workers who worked more than half time, half year who were covered by an employer-provided health insurance plan declined by 12.7 percentage points - from 77.2% to 64.6%.

Despite this decline, the proportion of Connecticut workers who are covered remains higher than national and regional averages, and is third highest among all states.

Employer-Provided Pension Coverage. Employer-provided pension coverage declined in Connecticut from the late 1970s to the late 1980s (from 56.2% to 47.5%), then rebounded to 54.4% by the late 1990s.

Between the late 1980s and the late 1990s, Connecticut's **rate of increase in employer-provided coverage** outpaced growth in both the nation and region (6.9 percentage points versus 5.6 percentage points and 4.3 percentage points, respectively).

Unionization Rate. The proportion of Connecticut workers who are in unions has declined over time - from 19.7% in 1984 to 15.8% in 2001. The 4.4 percentage point decline in Connecticut's unionization rate between 1995 and 2001 was the greatest among all states.

Unemployment. Connecticut's increase in unemployment between 2000 and 2001 (1.0 percentage point) exceeded the increase in the region (0.9) and the nation (0.8). Despite this increase, Connecticut's unemployment rate has been among the lowest of all states. During 2001, only two states had a lower rate of unemployment than Connecticut's 3.3% rate (North Dakota at 2.8% and Nebraska at 3.1%).

Educational Attainment. Connecticut enjoys a high level of educational attainment, a critical advantage in this evolving global economy. Fewer Connecticut men and women have less than a high school education, and *more* have advanced degrees, than the men and women in other states in the region and in the nation.

Wage Trends. Since 1979, Connecticut's wage growth generally has outpaced wage growth in the region and nation. Connecticut's wages now exceed wages in both the region and the nation - again for low, median, and high wages.

During the 1980s, the hourly wages of Connecticut's low, median, and high-wage workers increased at similar rates (at about 1.7% per year on average). Over the 1980s, all workers benefitted equally. But, between 1979 and 2001, the increase in the real wages of Connecticut's low wage workers was less than half of the increase enjoyed by the state's median wage workers, and less than a quarter of the increase enjoyed by its high wage workers.

Per Capita Personal Income. Connecticut's per capita personal income in 2001 remained the highest in the nation at \$41,930 (\$11,659 more than the national average of \$30,271).

Median Household Income. Connecticut's median household income declined over the 1990s at a rate of 1.1% per year, falling from \$57,069 to \$50,374 (in 2000 dollars). Connecticut's rate of decline was the greatest in the country. Connecticut slipped from the highest in the nation in 1989 to third highest in 1999, and 5th highest in 2000.

Over the 1990s, Connecticut's advantage in the median income over the national average was eroded by almost \$10,000 to only \$8,223 (in 2000 dollars).

Family Economic Self-Sufficiency. Measured by Connecticut's Self-Sufficiency Standard, Connecticut's wages are inadequate for many families to meet their essential needs, as illustrated in the following table:

| 2001 CT Average Hourly Wages | |
|---|---------|
| Low-wage workers (20 th percentile) | \$ 9.82 |
| Median-wage workers (50 th percentile) | \$16.15 |
| High-wage workers (80 th percentile) | \$26.22 |

Source: EPI analysis of US Census Bureau Current Population Survey data

| CT Self-Sufficiency Standard for Family with One Infant & One School-Aged Child | | |
|--|---|--|
| Region | Two parent family: Average hourly wage needed for economic self-sufficiency for <u>each</u> working parent | Single parent family: Average hourly wage needed for self-sufficiency for single working parent |
| Middletown | \$10.01 | \$17.49 |
| Northeast | \$10.17 | \$17.81 |
| Waterbury | \$10.31 | \$18.10 |
| New Haven | \$10.36 | \$18.23 |
| Stamford-Norwalk | \$13.34 | \$24.26 |

Source: Pearce & Brooks, *The Self-Sufficiency Standard for Connecticut* (1999). Note: Hourly wage data is for 2001, while the Self-Sufficiency Standard report defines hourly wages necessary for self-sufficiency as of 1998. Accordingly, the "self-sufficiency" wages were adjusted for inflation using the CPI-U to allow a comparison in 2001 dollars.

Note: The preceding section is taken from Connecticut Voices for Children's report, *The State of Working Connecticut 2002*, available on the web at www.ctkidslink.org.

Overview of the Jobs First Employment Services Program

Welfare Reform Legislation

The Jobs First program, implemented January 1, 1996 by the Department of Social Services (DSS), consists of Temporary Family Assistance, a cash assistance program, Employment Services, assistance to help TFA recipients attain independence through employment, and Safety Net, services for certain families who lose cash assistance. The program, implemented pursuant to Public Act 95-194, was originally operated under a federal Research and Demonstration Waiver. On October 1, 1996, the program became the state's first welfare reform block grant program, under the federal Temporary Assistance for Needy Families program (TANF), authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

In order to encourage achievement of independence from welfare, the Jobs First program combines a strict time limit on receipt of cash assistance with generous incentives to go to work. The goal of the Employment Services Program is to help recipients obtain or retain employment as a means of gaining independence from welfare.

In 1997, the Connecticut General Assembly integrated Employment Services into the mainstream of the workforce development system. In Public Act 97-2, the General Assembly clarified the role of DSS as having responsibility for overall administration of the Employment Services Program, while charging the Department of Labor (DOL) with the responsibility for providing the services. These services could be provided directly by DOL or the Regional Workforce Investment Boards (RWIBs). The objectives of the new service delivery system were to reduce duplication of services, coordinate contracts, and maximize the use of federal funds.

During the 1998 Legislative Session, aspects of the service delivery model regarding assessment and the employability plan were incorporated into Public Act 98-169. This Act also provided a description of services to be provided by DOL, to include appropriate basic education and occupational skills training combined with subsidized and unsubsidized work experience or employment as deemed appropriate by the Department.

Program Goals

The goals of the Jobs First Employment Services Program are to:

- ' enable TFA participants, through employment, to become independent from cash assistance by the end of the 21-month time limit established by state law;
- ' enable TFA participants who become independent from cash assistance to remain employed and independent of TFA; and
- ' ensure that the federally established participation rates are met through employment of TFA participants and engagement in allowable TANF work activities deemed appropriate based on assessment of clients' needs.

Key Features of the Jobs First Employment Services Program

The Employment Services Program provides a variety of job readiness and job placement and retention services. However, the program services are tied very closely to the federal work activities in which mandatory clients must participate.

TANF Allowable Work Activities

- ! unsubsidized employment
- ! subsidized private sector employment
- ! subsidized public sector employment
- ! work experience
- ! on-the-job training
- ! job search and job readiness
- ! vocational education training
- ! community service
- ! child care for others doing community service
- ! job skills training directly related to employment
- ! education directly related to employment
- ! high school/GED completion

Balanced Work First Approach

In the Planning Guidance for the Employment Services Program for fiscal year 1999-2000, the Department of Labor (DOL) outlined the philosophy of the program and the allowable client activities. The general guidelines emphasize a balanced “work first” approach. A balanced “work first” approach recognizes that, for individuals who have been unsuccessful in securing employment through job search activities, additional activities which address the barriers to employment are necessary to meet program goals. Under the Balanced Work First approach, a range of services are provided including preparing for a job, finding a job, skills development, vocational education, adult basic education, substance abuse and behavioral health services, and domestic violence counseling. Program participants are required to go to work as soon as possible but may also enroll in additional training or education to increase their earning potential.

Case Management Policy

The Department of Labor contracts with the RWIBs to provide case management services to all TANF participants through local service providers. Case management ensures that participants make it through the Employment Services program from the beginning until the participant is no longer eligible. Case management follows participants across service providers and ensures that the participant is referred to the appropriate next activity when concluding a particular activity.

The case manager participates in the assessment at orientation when the participant enters the Employment Services program, develops an employment plan, arranges for and refers the participant to services, and tracks and monitors the participant as she/he progresses through the program. Case management is intended to result in more consistent application of the Employment Services rules, and especially in

referrals for sanction. It should also reduce the likelihood of participants getting lost in the program, and provide a single point of contact for the participant.

Case management is important because unlike most of the other workforce development programs, the TANF participant has not initiated the contact with the program. Rather, the participant is there because of the mandatory nature of the Employment Services when a person is receiving time-limited TFA. Case management is critical to the success of the participant in becoming and remaining independent of welfare, and also to the success of the state in meeting TANF participation rates.

Jobs First Employment Services Design Team

The Design Team was established in order to monitor the implementation of the Employment Services Program and to address issues of concern. The Design Team is comprised of three representatives each from the Department of Labor, Department of Social Services and the Regional Workforce Investment Boards. This entity is responsible for coming together to promote continuous improvement in the Employment Services Program and to initiate new policies to meet client needs. Since 1998, the Design Team has focused on the issues of client flow and the orientation process, sanctioning, case management, services for “recycling clients” and client barriers to employment.

Funding for Employment Services

The level of state funding for the Jobs First Employment Services provided to TANF recipients by the Department of Labor has decreased steadily since it was transferred to the Department of Labor. In fiscal year '99, nearly \$20 million (\$19,948,244) was appropriated to the DOL to provide these services. In FY '01, the appropriated amount of \$16.4 million was later reduced by \$2 million by rescissions and adjustments to \$14.4 million. In FY '03, the amount appropriated for Employment Services is \$15.2, but rescissions and adjustments are very likely to reduce that amount before the fiscal year ends.

Moreover, Connecticut had approximately \$23 million in federal Welfare-to-Work funds available beginning FY '98 through '01 to serve some of the Jobs First recipients with multiple barriers to employment; that federal funding program ended. The FY '03 budget also eliminated nearly \$3 million for the Community Employment Incentive Program that offered employment services to recipients of General Assistance and others with special needs.

Legislation Affecting Job Training

In the 1999 session, the Connecticut General Assembly enacted P.A. 99-195, An Act Concerning Education, Employment and Job Training Programs. The law was passed so that Connecticut could implement the new federal Workforce Investment Act (WIA), which replaces the Job Training Partnership Act (JTPA). The Workforce Investment Act became effective in Connecticut in July 2000. The statewide Connecticut Employment and Training Commission and the Regional Workforce Investment Boards govern

most of the activities carried out under WIA. Services provided under WIA are available to a broad range of workers and job seekers, including current and recent welfare recipients.

There are several provisions in PA 99-195 which are of particular importance to welfare recipients and low-wage or “under-employed” and “at-risk” workers.

Funding and Services for Workers & Job Seekers with Barriers to Employment

The Connecticut Employment and Training Commission (CETC) must make funding and services recommendations to the General Assembly by February 9, 2000, and annually thereafter, for the following:

- § Job-related vocational, literacy, language, or numerical skills training;
- § Programs serving under-employed and at-risk workers;
- § Programs serving individuals with barriers to full-time, stable employment including language, basic skills, and occupational literacy barriers;
- Vocational training using apprentice and pre-apprentice programs and customized job training programs designed to address at-risk workers and promote job retention and attainment of higher wage jobs;
- Special grants or contracts in each region for training programs that target workers who are difficult to serve, including individuals with limited literacy or numerical skills, without a high school diploma or GED, or for whom English is a second language.

New Definitions of “At-risk Worker” and “Underemployed Worker”

Section 1 of the law includes the following definitions:

Section 1. (1) "At-risk worker" means a worker who may lose employment due to factors including, but not limited to, an announced layoff, business shutdown or relocation, a new job skill requirement for which the worker is not trained, a change or reduction in wages, hours or benefits such that the worker must seek other employment in order to meet the self-sufficiency measurement calculated by the Office of Policy and Management pursuant to section 4-66e of the general statutes, or a change or reduction in available transportation such that the worker is forced to seek new employment.

Section 1. (10) "Underemployed worker" means a worker whose education and skill level limit such worker's earning capacity to an hourly wage below 100 percent of the self-sufficiency measurement calculated by the Office of Policy and Management pursuant to section 4-66e of the general statutes.

Workforce Investment Act Services

The Workforce Investment Act requires states to provide specific “core,” “intensive” and “training” services to participants. These services are provided through eight regional One Stop Centers and 11 satellite offices. Under the Workforce Investment Act, the One Stop is the cornerstone of the system and is intended to unify training, education and employment programs and to create a single, customer-friendly system in each community. Each One Stop is operated independently of the others, but all Centers include

a number of state and regional partners charged with providing services to job seekers and employers. PA 99-195 defines these required services as follows:

Core services must include, at least:

- a determination of whether an individual is eligible for WIA-funded services;
- outreach, intake, and orientation to available information and other services offered through the one-stop system;
- a uniform assessment method that determines skill levels, aptitudes, abilities, and support service needs and applies the self-sufficiency standard developed by the Office of Policy and Management;
- job search and placement help and career counseling if appropriate;
- information about: employment statistics, including what skills are needed to obtain available positions;
- training providers' performance, including what their programs cost and how well they perform (providers include eligible providers of adult, dislocated worker, and youth activities and vocational education activities that provide, among other programs, pre-apprentice and apprentice programs);
- how well each RWDB is meeting local performance measures and any other one-stop center performance information;
- available support services including child care and transportation;
- filing an unemployment compensation claim;
- help in establishing financial aid assistance for training and educational programs that are not funded by WIA, but are available through an RWDB;
- follow-up services for participants, including counseling about the workplace, for up to 12 months after an individual begins a job; and
- assistance in establishing eligibility for Welfare-to-Work activities.

Intensive Services may include:

- comprehensive and specialized assessments of an individual's skill level and service needs (assessments may include diagnostic testing, use of special education planning and placement teams, and in-depth interviewing and evaluation to identify employment barriers and appropriate employment goals);
- development of an individual employment plan;
- group counseling;
- individual counseling and career planning;
- case management; and
- short-term, prevocational services, including learning, communication, interviewing, punctuality, personal maintenance, and professional conduct skills development.

Training Services may include:

- training for nontraditional jobs;
- on-the-job training;

- programs combining workplace training with related instruction, which may include cooperative education programs, private-sector training, skill upgrading and retraining;
- entrepreneurial training;
- job readiness training;
- adult education;
- literacy activities; and
- customized job training with a commitment by an employer to employ a participant after he successfully completes training.

Voucher System for Training

The Workforce Investment Act requires that states implement a voucher system whereby individuals can use vouchers to obtain training services. PA 99-195 requires the CETC to establish a uniform voucher system which will be implemented by the Regional Workforce Investment Boards. This concept is also referred to as “Individual Training Accounts.”

Certification of Eligible Service Providers

WIA also requires the states to create a system for “certifying” which training and service providers are eligible to participate and received federal funds. In other words, participants will only be able to use vouchers for programs certified by the state, and only those certified programs would be eligible to receive contracts to provide training and other services with WIA funds. PA 99-195 requires the State Plan to include a system for identifying and certifying eligible providers. Connecticut’s eligible program listing is available on the Department of Labor website at www.ctdol.state.ct.us under WIA Approved Training Programs.

What Does the Research Tell Us About Welfare Recipients and the Workforce?

An August 1999 study by the Urban Institute examined data from the National Survey of American Families (Educational Testing Service, 2000). The study focused on approximately 1,300 former welfare recipients who had exited the rolls between 1995-1997. The study found that more than two-thirds of these welfare leavers had exited welfare because of increased earnings or a new job. A majority of this group was working full time. In addition, the jobs they found were similar to--or better than--jobs held by low-income women not on welfare. Most of these jobs were in service occupations or wholesale trade and retail.

The study also found that the average wage for people leaving welfare was only \$6.61 an hour. Even working full time, year round at this wage, the annual wage will be only \$13,748--just above the poverty line for a family of three. While low-income families who do not receive welfare generally earn about the same wages as those leaving welfare, the study found that they are more likely than those leaving welfare to have jobs with health insurance and enough money for basic necessities such as food and rent. By contrast, only 23% of those leaving welfare receive health insurance from their employers. More than one-third sometime run out of money for food and rent. It is not surprising then, that of the 2.1 million adults who left welfare between 1995-1997, 29% returned by 1997.

Data on Connecticut's Jobs First Employment Services participants also reflect these realities. Of the 8,648 time limited clients in the JFES system in September 2002: 89% were female; 58% were between 18 and 29 years of age; and 50% had not completed high school. Of these participants, 31% were currently employed with an average wage of \$8.09. Only 12% of the participants were in vocational education or occupational skills training and 11% were enrolled in basic education services.

In the *Final Report on Connecticut's Welfare Reform Initiative*, released in February, 2002 by the Manpower Research Demonstration Corporation (MDRC) on behalf of the state's Department of Social Services, the data show that Connecticut's cash assistance and high earnings disregard policy did, in fact, increase the income and rate of employment of TFA recipients compared to a control group receiving benefits under the old AFDC rules *during the time period in which people were still receiving assistance*. However, this advantage completely disappeared for people in years three and four of the study when cash assistance and other benefits were terminated. The study shows that the average tax adjusted annual income for welfare recipients under the "Jobs First" program was \$11,310 during years one and two, compared to the smaller average income of \$10,071 for the "AFDC control group" during that same period. However, by years three and four, the average tax-adjusted annual income of the two groups was virtually the same: \$10,978 for "Jobs First" and \$10,828 for the "AFDC control group." (MDRC Summary Report, p. 18).

These data demonstrate that Connecticut's earnings disregard policy does encourage welfare recipients to work and improves their family income, by combining earnings and cash assistance, for a limited period of time. However, there is no lasting effect in terms of increased skills or earning capacity based on job training or education after families reach the time limit of the Jobs First program. Moreover, the average earnings for *all* families, noted above, *leave them living deep in poverty whether they are working or receiving assistance*.

Recommendations

Education, Training & Jobs

A 2002 report by the Brookings Institute argued that findings from rigorous studies show that there is a clear role for skills-building activities. The key lesson is balance. Rigid "job search first" and rigid education or training first programs increase employment, but the former get people jobs sooner and at a lower cost and the latter do not ultimately get people better jobs at all. The most successful programs use a mixed strategy-where some people are urged to get a job quickly and others are offered work-focused, short-term education or training. The implication for welfare reform, according to the report, is that participation standards should retain their focus on work but avoid restrictions that discourage a mixed strategy.

// Make full use of federal TANF funds to increase opportunities for current welfare recipients and low wage workers to get the education and training they need to increase their earnings, and restore sufficient funding to the Employment Services Program to successfully do the job.

Like most states, Connecticut has dramatically decreased the welfare caseload and the number of people receiving cash assistance. Therefore, our state has the opportunity to use more of its TANF block grant on other programs and services for needy families. Some states have implemented creative new programs with federal TANF funds to assist very low wage workers to go to school while they are working and to receive assistance for child care and transportation. The federal TANF block grant was designed to give states the flexibility to innovate and create programs that would help families move out of poverty. Connecticut can use TANF funds to help workers participate in education and job training so they can earn enough to be economically self-sufficient.

// Implement a state-funded work study program to allow TFA recipients and other low wage workers to attend school or job training programs while they are working, as defined in PA 00-204.

In the 2000 legislative session, the General Assembly required the Department of Labor to design, in cooperation with the Department of Social Services, a program to provide state-funded work-study slots for people receiving temporary family assistance and other “needy persons” as defined by the TANF state plan (PA 00-204, Section 7). The program is intended to enable a participant’s family to be independent of welfare assistance within the 21-month time limit and to increase the participant’s ability to achieve economic self-sufficiency. The statute also requires the design to include appropriate childcare assistance.

Legislation was introduced in the 2002 legislative session and passed favorably by several committees before being sent to the Appropriations Committee where it was never brought up for a vote. Connecticut should appropriate funds to fully implement this program. TANF funds may be used for this purpose.

// Change state regulations to allow participation in education or job training to meet the work requirement under TANF

More than a dozen states now allow recipients to participate in education or job training program and count the hours of participation as “work.” Some states, such as Illinois and Maine, even use segregated state funds to assist such participants and “stop the clock” so that participants can complete educational programs that will enhance their employability.

Implementing such a policy in Connecticut will not only assist those welfare recipients who need education or training in order to earn enough to become economically self-sufficient-it will also help the state meet its federal work participation rates.

// Make greater investments in job retention services for clients who have participated in JFES education and training activities.

Job retention activities are critical after education and training to ensure placement and retention in employment rather than only quick attachment to the labor market. These services can help workers address workplace issues, manage childcare and transportation challenges, and make connections to further training opportunities to increase skill building and enhance career advancement.

// Increase funding for higher-wage, higher-skill training programs through community-based organizations, colleges, unions and other education and training providers.

Leveraging funding and programs available through the state's community college and university systems, including post-secondary degree programs, would enhance the education and training services available through the system. The JFES vocational education slots also should be increased to accommodate a larger number of clients as well as providing higher skill, higher wage training for those not ready for college courses. Special efforts should be made to encourage women to consider "nontraditional" career options in technology or the trades because these jobs offer higher wages and better benefits.

// Promote adult basic education and literacy services for those lacking a high school diploma or English proficiency.

With approximately 50% of the caseload functioning below a high school equivalency, the state must support literacy and basic skills training through adult education and community-based organizations. Additional funding may be necessary to provide these services to a large number of TANF clients as well as the general population traditionally served in these programs.

// Require counselors and providers to use the Connecticut Self-Sufficiency Standard, as calculated by the Office of Policy and Management, as a tool to help welfare recipients and job seekers choose the best training and employment options.

Pursuant to C.G.S. 4-66e, the Office of Policy and Management (OPM) calculated a Self-Sufficiency Measurement to ascertain the amount of income a family of a given size would need to meet their basic economic needs. The statute requires OPM to distribute the measurement to all state agencies that counsel individuals who are seeking education, training or employment to "assist and guide individuals...in establishing personal financial goals and estimating the amount of income such individuals may need to support their families." Increased use of the measurement will help job seekers and help the state's workforce development system target funds to programs that help people achieve economic self-sufficiency. PA 02-54 requires the self-sufficiency measurement to be updated by the Office of Workforce Competitiveness, within budgetary resources, on January 1, 2003 and every three years thereafter.

// Provide employment services for those who have transitioned off assistance to promote long term self-sufficiency, lifelong learning and viable career opportunities.

Many individuals who have made the move from welfare to work have done so by taking low-wage, entry-level jobs. To promote their continued economic self-sufficiency, the state should support career ladders for these individuals through access to higher education and training opportunities. This investment will promote long term independence from public assistance as well increasing the competitiveness of Connecticut's workforce.

// Invest in local community agencies that provide critical social services for families that are transitioning from welfare to work.

Those who remain on the caseload require intensive support services in order to obtain and retain employment. Because of the variety of employment barriers individuals face, case management providers must connect with community and state agencies to secure a range of services for clients. Formal agreements may be necessary with agencies that provide literacy, disability, mental health and substance abuse services in order to coordinate these services with clients' employment and training plans.

Cash Assistance to Needy Families

The Federal Temporary Assistance for Needy Families Block Grants

In 1935, a cash assistance program for poor families with children was adopted as part of the Social Security Act. The program, originally called the Aid to Dependent Children Program, became the Aid to Families with Dependent Children (AFDC) Program and continued until federal welfare reform was adopted in 1996. Under the AFDC program, the federal government established standards for state programs that provided assistance, notably cash grants, to families with children. States administered the program in accordance with federal guidelines and received matching funds from the federal government that paid for about half of the cost of the program.

In 1996, the Personal Responsibility and Work Opportunity Act (PRA) eliminated the AFDC program and replaced it with federal block grants to the states. AFDC provided states with unlimited matching funds to assist low income families provided the states followed federal rules. In contrast, Temporary Assistance for Needy Families (TANF) provides states with a capped amount of funds, but extensive flexibility to design their own programs.

The amount of a state's TANF block grant is based on the amount of federal funds that the state received for AFDC programs in federal fiscal year 1994. Because caseloads nationally have declined since 1994, most states receive more money under the block grants than they would have received under the old AFDC system. State allocations were fixed for the five years of the original TANF authorization, through September of 2002, unless the state grant was adjusted for a penalty or bonus. The original 5-year authorization for TANF expired on September 30, 2002. The program is now being run on the basis of a continuing resolution, which continued both funding levels and program requirements without changes.

To receive its full TANF grant, a state must meet a maintenance of effort (MOE) requirement. This means that a state must continue to spend at least 75% of the amount of state funds that were spent in federal fiscal year 1994 on TANF eligible families. (If the state does not meet the federal work requirements, the maintenance of effort requirement rises to 80% of previous expenditures - but Connecticut has consistently met the federal work requirements.)

A state is allowed to transfer a total of 30% of its TANF funds to the Social Services Block Grant (SSBG) and the Child Care Development Block Grant (CCDBG). The full 30% can be transferred to CCDBG. 10% of TANF funds can be transferred to SSBG. Since the TANF funds became available, Connecticut has transferred almost as much as is permitted to SSBG and has not transferred any TANF funds to CCDBG.

TANF funds cannot be used to provide what is defined in federal regulations as “assistance” to individual families for more than five years, although there is a provision which allows states to exempt 20% of the caseload from this limit. A state may use state funds to assist families who reach the five-year limit.

In federal regulations, “assistance” has a very specific meaning. Generally, “assistance” is cash or another form of payment which meets a family’s ongoing basic needs or child care, transportation or other support services for families who are not employed. A family cannot receive these forms of assistance, if they are paid for with federal funds, for longer than five years. In addition, the state must include a family receiving these forms of assistance, paid for with federal funds, in the state’s calculation of the percent of families meeting the federal work requirement.

TANF funds may also be used to provide help to families in ways that are not defined as “assistance.” These include child care, transportation and other support services to families who are employed; employment-related services; non-recurring, short-term benefits (limited to four months); subsidies to employers; refundable earned income tax credits; contributions to Individual Development Accounts (IDAs). These types of services do not trigger the federal five-year time limit for recipients and the state is not required to include the family in the state’s calculation of the percent of families meeting the federal work requirement.

Work Requirements

The PRA established percentage goals for work participation by “all families” and by “two-parent” families. States must require participants to work after they have received assistance for two years. In order to receive its full TANF block grant, a state must reach certain work participation levels in its welfare caseload. The percent of families in the caseload that must be working and the number of hours that must be worked each week increase each year. The chart below outlines the work participation requirements:

TANF Work Participation Requirements

| <i>Year</i> | <i>All Families</i> | <i>Hours</i> | <i>2-Parent Families</i> | <i>Hours</i> |
|-------------|---------------------|--------------|--------------------------|--------------|
| 1997 | 25% | 20 | 75% | 35 |
| 1998 | 30% | 20 | 75% | 35 |
| 1999 | 35% | 25 | 90% | 35 |
| 2000 | 40% | 30 | 90% | 35 |
| 2001 | 45% | 30 | 90% | 35 |
| 2002 | 50% | 30 | 90% | 35 |

Connecticut can reduce its required rate by a percent calculated based on the amount of caseload reduction over the past five years. In 2002, with the caseload reduction calculation, Connecticut’s work participation requirement was about 28% in the “all families” category. Since 2001, the state has removed two-parent

families from the federal work requirements by using only state funds to provide assistance to two-parent families.

Work Activities

An individual can be counted as “working” under the federal work participation requirements if she or he engages in activities specified in federal regulations. For the first 20 hours of required work, the activity must be:

- Subsidized or unsubsidized employment
- Work experience (workfare)
- On the job training
- Job search/job readiness activities
- Participation in community service programs
- Vocational education (with a life time limit of 12 months per person)
- Providing child care to someone who is doing community service

For a two-parent family, the above activities must constitute 30 hours of the required work participation.

Other activities which can meet the federal work requirements after the first 20 hours for an individual or the first 30 hours for members of a two-parent family are:

- Job skills training directly related to employment
- Education directly related to employment for participants without a high school diploma or the equivalent
- Secondary school or GED

(For parents under the age of 20, education directly related to employment for participants without a high school diploma or the equivalent and attendance at secondary school or GED classes count toward the first 20 hours of work for an individual and the first 30 hours of work for a two-parent family.)

In calculating the work participation rate, no more than a total of 30% of the individuals claimed as working can be engaged in vocational educational training or can be parents under the age of 20 who are engaged in school completion or in education directly related to employment.

Inability to Meet Work Requirement Due to Lack of Child Care

States are prohibited from penalizing recipients who do not work due to the lack of adequate or appropriate child care for children under age six. However, families who cannot comply due to a lack of child care are still subject to the five-year time limit.

Minor Parents

The federal law mandates that a single parent under 18 with a minor child in his/her care must live with a parent, legal guardian, or other adult relative or in an adult-supervised living arrangement. As a condition of eligibility, an unmarried minor parent who has a minor child at least 12 weeks old in her/his care and who has not completed high school, must obtain a high school diploma or participate in an alternative educational

or training program.

The Connecticut Family Welfare Program -Jobs First

Prior to the passage of the federal TANF law, states had utilized waivers to the federal AFDC program rules to implement welfare reform plans. Connecticut obtained such a waiver in 1994. Called “A Fair Chance,” the waiver simplified eligibility rules, imposed time limits in targeted regions and increased penalties for non-compliance. The waiver stressed a human resource model which supported education and training in order to achieve family self-sufficiency.

In 1995, Connecticut amended its waiver to adopt a labor attachment model that emphasized immediate employment. This program was called Jobs First. Support for education and training was virtually eliminated under the Jobs First program, and the amount of the welfare grant was reduced.

When the federal TANF law was enacted, states were given the option of continuing to operate under their waivers, even if there were provisions that were inconsistent with the new federal statute. Connecticut’s TANF plan, submitted in October of 1996, called for continuation of the Jobs First program. The waiver which authorized the Jobs First program expired on September 30, 2001. Minor changes in the state’s program were adopted in the 2001 legislative session to bring the state’s program into compliance with federal rules.

Jobs First has three components:

1. **Temporary Family Assistance** -- which provides basic income support to eligible families who comply with program rules;
2. **Employment Services** -- which assists TFA recipients in moving into employment; and
3. **Safety Net Services** -- which assists those who are not successfully making the transition to employment.

Originally, the entire Jobs First program was administered by the Department of Social Services. In 1998, responsibility for the implementation of the Employment Services portion of Jobs First was transferred from the Department of Social Services to the Department of Labor. The Department of Labor took on responsibility for working with TFA recipients who were required to meet the work requirements. This work is done in partnership with the eight Regional Workforce Investment Boards (formerly called Regional Workforce Development Boards).

In 1999, the Department of Labor adopted a modified labor attachment model, called the balanced “work first” approach. A balanced “work first” approach recognizes that, for individuals who have been unsuccessful in securing employment through job search activities, additional activities which address the barriers to employment are necessary to meet program goals. This approach calls for increased utilization of education and training and other services, while continuing to include job search as a central and important

work first activity.

Basic Provisions of Jobs First

- **Time Limit**

Cash benefits are limited to 21 months unless the family qualifies for an exemption or an extension.

Exemptions from the time limit are provided to families when:

- ! the parent or a family member is incapacitated;
- ! the parent is age 60 or older;
- ! the non-parent caretaker is not part of assistance unit;
- ! the parent is caring for a child who is not subject to the family cap rules (see p.20) and is under the age of one;
- ! the family is headed by a pregnant or post-partum woman who has a doctor's certificate indicating that she is unable to work;
- ! the caretaker is unemployable;
- ! the caretaker is a minor parent. As a condition of eligibility, an unmarried minor parent with a minor child at least 12 weeks old in her/his care and who has not completed high school, must obtain a high school diploma or participate in an alternative educational or training program.

Extensions:

Up to three six-month extensions of cash assistance are available after the initial 21 months of assistance if

- ! families are earning less than the cash assistance grant amount (plus \$90 work expense) despite good faith effort to follow rules; or
- ! families are unable to meet requirements due to circumstances beyond their control, regardless of past good faith efforts. This is a narrow exception which includes only domestic violence and natural disasters such as floods and fires.

NOTE: ! Extensions are not automatic. Recipients must apply.
! Extensions need not follow at the end of the 21 months; a family can apply for an extension later.

A fourth or further extension is available only if each of the adults in a family meets one of the following criteria:

- ! the adult cannot work because of domestic violence (or another reason beyond the adult's control, but this exception has generally been limited to natural disasters such as fires or floods);
- ! the adult has at least two substantiated barriers to employment, including but not limited to: lack of available child care or transportation, substance abuse or addiction, severe mental or physical health problems, a severe learning disability, domestic violence, a child with a serious physical or behavioral health problem, low literacy, or commitments to a Department of Children and Families (DCF) case plan which conflict with an employment services plan;

- ! the adult works at least 35 hours a week and earns less than the amount of the cash benefits that the family is eligible for (this affects large families); or
- ! the adult works less than 35 hours a week because of a disability or the need to care for a member of the family with a disability, provided the adult works as many hours as possible.

Virtually all families which are subject to time limits are limited to 60 months of assistance. Families which experience domestic violence are eligible for extensions beyond 60 months.

- **Income Eligibility**

To qualify for Jobs First, an applicant must be a parent (or a couple with a child), a single pregnant woman, or a non-parent caretaker relative who is living with a dependent child. A dependent child is defined as either a person under the age of 18 or a person under the age of 19 who has not completed high school or an equivalent vocational or technical program. For new applicants to qualify for monthly benefits, any income, less certain deductions for work, must be less than a minimum set by DSS for a household that size. This “minimum” is called the “needs standard,” and is significantly below the poverty level. (For example, in most of the state, the needs standard for a family of three is \$745 per month; the federal poverty level is \$1,251.)

For new applicants who pass this initial income test, and for families who have received assistance in one of four prior months, the family’s gross earned income is not counted until the family’s earned income reaches the federal poverty level. The first \$50 of monthly child support collected on behalf of the family is not counted in determining the family’s initial eligibility and level of benefits.

- **Earned Income Disregard**

Jobs First participants' earnings do not affect their eligibility for benefits until their gross earnings exceed the federal poverty level (FPL). Once the amount of earnings exceeds the FPL the family becomes ineligible for aid. For a typical family of three (parent and two children) the FPL is \$15,020 per year. Unearned income, such as social security benefits, is treated differently; in most cases, it is deducted dollar for dollar from the assistance grant.

- **Assets**

Jobs First changed what is counted as a family asset. A family receiving assistance is allowed to have \$3,000 in a savings account. If there is a college fund for a child, that money will not be taken into consideration in assessing a family’s assets. However, if that money is taken out of the account for something other than college expenses, the fund will be considered for purposes of determining eligibility.

The family may own a car as long as the family’s equity in the car does not exceed \$9,500. The family is not allowed to own real property unless it is their home, in which case DSS will obtain a lien against the home to ensure repayment of the assistance if the house is sold or otherwise transferred.

- **Benefits**

Possible benefits include cash assistance, child care, medical benefits, food stamps and rental assistance. The amount of cash assistance provided is determined by the number of people in the assistance unit, the amount of any other income, and the part of the state that the family lives in. For a family of three, \$543 is the basic monthly payment in most areas of the state. Families also receive child support payments if the State is collecting the support on behalf of the minor child. The support minus the first \$50 is deducted from the monthly grant.

People receiving cash assistance are automatically eligible for the Medicaid program which pays for most medical expenses. Child care assistance and medical benefits are available to the recipient while in the Jobs First program. Child care assistance and medical benefits may continue if the individual is working when the family loses cash assistance or becomes employed within six months after cash aid ends. Medical benefits may continue for two years and child care assistance may continue until the family income exceeds a certain level, currently 75% of the state median. A family no longer receiving cash assistance is required to pay a percentage of child care payments after finding employment. Families eligible for Jobs First are usually also eligible for food stamps and energy assistance.

- **Family Cap/Child Exclusion**

In 1995, the Legislature adopted a provision which cuts in half the amount of what was then the AFDC grant increase provided to mothers who become pregnant and have a child while receiving assistance. A form of this “child exclusion,” or “family cap,” which denies or limits a grant increase to families that have an additional child while on welfare, was adopted by many states. Under the Jobs First program, there continues to be a reduction in a family’s grant increase for mothers who become pregnant and have a child while receiving assistance.

- **Work Requirement**

Generally, someone who applies for assistance is expected to look for a job or maintain employment, unless the person is considered “exempt” from the work requirement (see Exemption discussion above). Required work activity is described in an individual employment plan which is developed once the participant is working with the Department of Labor and the Regional Workforce Investment Board. The plan almost always includes job search and employment requirements first but can include other activities such as job skills training, GED classes and other activities to enable the participant to obtain employment. Generally, the opportunity to get education and training is very limited. The goal of the program, and the individual plans, is to enable participants to become independent of welfare within 21 months and to enable participants to remain independent of welfare.

- **Sanctions**

Although DOL is now responsible for overseeing Jobs First participants’ work activity, DSS retains the authority to sanction participants for non-compliance with the program. If the person who is overseeing a participant’s compliance with the employment plan (this could be someone from DOL or a contractor with the Regional Workforce Investment Board) determines that the participant is not complying with the employment plan, that person can file a non-compliance report, which is referred to a DSS worker for action.

Sanctions are imposed on a family if it is determined that the participant, without good cause, has failed to cooperate with the requirements of the Employment Services program or has voluntarily quit a job, was fired for wilful misconduct, refused an offer of work, or reduced his or her hours.

The penalties are as follows:

- ! **First failure:** benefits are reduced by 25% for three months
- ! **Second failure:** benefits are reduced by 35% for three months
- ! **Third failure:** benefits are eliminated for three months. The family must reapply for benefits after three months and eligibility must be redetermined.

If a participant is found to have failed to comply with the requirements of the program without good cause, the family may be ineligible for an extension of benefits at the end of the 21-month time limit.

A family's benefits can be terminated if the adult in the family fails to attend appointments to set up an employment services plan. Benefits will be reinstated if the adult attends an appointment within 30 days.

• **Transportation/Child Care Allowance**

If a person is engaged in a self-directed job search or participating in irregular, short-term activity, the Jobs First program will pay \$55 per month for child care and \$9 per month to cover transportation costs. If special circumstances arise, or the family can show that the real costs are higher, there is some possibility of limited additional assistance. Child care payments are also available for working participants, those in ongoing training activities and those who leave assistance because they are working. (For more information about these programs, see the section on child care.)

• **Mandated Cooperation with Child Support Enforcement**

Jobs First applicants and recipients must provide the name and social security number or specific alternate information about the absent (non-custodial) parent of their children and cooperate in obtaining and enforcing child support orders unless the Department exempts the applicant or recipient from this requirement. Failure to cooperate results in complete ineligibility for the family.

In the following circumstances, the Jobs First applicant or recipient is exempted from the requirement that she or he cooperate in obtaining child support:

- ! the applicant or recipient is the victim of domestic violence and providing this information would make it harder for the person to escape the violence;
- ! the non-custodial parent lied about the information;
- ! the applicant or recipient has a mental impairment which makes it very hard for the person to remember or obtain information; or
- ! the applicant or recipient has another "good faith reason" for not being able to give the information.

- **Benefit Termination Interviews**

Benefit termination interviews, called exit interviews, are required for each family leaving assistance at the end of 21 months or the end of 60 months and at the end of each extension.

In these interviews, families are to be informed of benefits and services that may continue to be available, including food stamps, medical assistance, rental assistance, employment services, earned income tax credit and energy assistance.

- **Safety Net Services**

The Department of Social Services is required to provide special services to families who are either at risk of losing benefits or who are no longer receiving benefits and whose income is below the payment standard. DSS provides these services by contracting with the Connecticut Council of Family Service Agencies and INFOLINE for a program known as WorkSteps.

WorkSteps, the program name for the special services provided, has two components:

- 1. Individual Performance Contracts**

Families at risk of losing benefits include families who are not eligible for an extension because they have received two sanctions or because DSS has determined that they have not made a good faith effort to seek and maintain employment. These families are eligible for an Individual Performance Contract. This is essentially a second chance for families in the Jobs First program. The Connecticut Council of Family Service Agencies negotiates a performance contract with the family and provides intensive services to the family during the contract period. Families which successfully meet contract requirements qualify for six-month extensions, even if they have not completed the IPC by the end of the 21-month time limit.

- 2. Safety Net Services**

Families who are no longer eligible for benefits or are at risk of losing benefits, whose income is below the payment standard and who have at least one child under 18 at home can qualify for safety net services. The family is referred to the program from DSS. Services available to the family may include: assistance in obtaining food, shelter, clothing and employment; eviction prevention; and intensive case management. Assistance is available only in the form of vouchers or vendor payments; no cash assistance to the family is available. Safety Net participants provide us with data on the needs of and barriers faced by families who do not make the transition from welfare to work easily.

Trends

- ! The TFA caseload (the number of families receiving cash assistance through the family welfare program) has declined from more than 50,000 families in mid-1997 to 22,397 in August of 2002.
- ! The percentage of the caseload reporting earnings while receiving TFA, excluding those who are exempted from the work requirement, is falling after going up significantly at the beginning of the program. In June of 1997, 58% of the time-limited caseload reported earnings. In August of 2002,

30.9% of the time-limited caseload reported earnings.

- ! The percentage of the caseload qualifying for exemptions from work requirements is rising. In June 1997, 26% of the caseload was deemed to be exempt from the work requirement; now 56% is exempt.
- ! The percent of the time-limited caseload in six-month extensions has fallen since new, stricter criteria for qualifying for a fourth extension were implemented in October of 2001. In August, 2001, 36.3% of the time-limited caseload was in an extension, with 2,075 families in the fourth or higher extension. By August of 2002, 27.1% of the time-limited caseload was in an extension, with only 144 families in the fourth or higher extension.
- ! Average wages for working time-limited TFA recipients remain low. In August of 2002, the average wage was \$7.33 per hour and the average monthly earnings were \$750.

Recommendations

Cash Assistance to Needy Families

// Connecticut should take advantage of savings on cash assistance to fund services to people who face multiple barriers to employment or who are working but remain in poverty.

Connecticut's federal TANF allocation is \$267 million and our required maintenance of effort spending is \$184 million. As caseloads fall, Connecticut should take the opportunity to use funds not spent on cash assistance on other programs to assist needy families, including TFA participants, as they struggle to move into work and out of poverty. To date, Connecticut has not adopted innovative programs to address the needs of people with multiple barriers to employment or people who are working but whose families remain in poverty.

// Connecticut should identify barriers to employment faced by TFA participants early and provide support services to help families overcome those barriers.

Families who have continued to receive cash assistance, rather than moving to paid employment, frequently face severe and multiple barriers which prevent them from making the transition to employment. Early and thorough assessments of TFA recipients' training, education and service needs and development of a system to meet those needs while the family is still receiving TFA would assist families in making this transition. This early intervention would reduce the number of families who fall into crises after they leave TFA because they are inadequately prepared for the transition to the workplace or because they have unresolved issues that cause them to lose their jobs soon after leaving TFA cash assistance.

This early intervention becomes particularly important as Connecticut implements its new policy of stricter time limits and more families face the loss of cash assistance without adequate income from employment.

// Connecticut should use TANF funds to support work-study slots and needed support services for parents who enter post-secondary education or training programs which will enable parents to increase their earnings.

Many states have developed creative programs to provide support to needy parents (whether or not they are currently receiving cash assistance) who want to increase their earning potential. Mandated by the legislature, the Department of Labor designed a program which would provide work-study slots, along with needed child care and transportation assistance, so that working parents could get the skills they need to move their families out of poverty. The legislature should support the allocation of TANF block grant funds to support this program.

// Connecticut should support reauthorization of the federal TANF block grant, with level or increased funding levels for states' block grants and child care assistance and, a full five-year reauthorization of the transitional medical assistance (TMA) benefits and without burdensome and costly rules that will undermine states' abilities to help families move to greater independence.

The federal TANF legislation was scheduled to expire in September of 2002. Congress has continued the program through March of 2003 and is expected to debate a full reauthorization before then. Revisions to the TANF program were debated for most of the last session of Congress. Key issues in the debate were work requirements, what activities should constitute work and the amount of support for child care assistance and the promotion of marriage.

General Assistance, State Administered General Assistance, Basic Needs Program

Background

For more than 300 years, since Connecticut's Colonial Charter, Connecticut law provided for subsistence needs (food, clothing, shelter and medical care) for destitute residents under the General Assistance (GA) program. In recent years Connecticut has abandoned this "safety-net" approach. Now assistance is only provided to destitute persons who are unemployable, able to document disability greater than six months, or able to document both a disability of at least two months and a recent connection to the work force. Individuals unable to independently gather adequate disability documentation (e.g., many persons with mental illness, competency or literacy issues) will not be provided assistance through the GA program. Ironically, many such individuals would be eligible for federally funded Supplemental Security Income (SSI) benefits if they had assistance obtaining needed disability documentation. Connecticut is repaid for GA provided while a successful SSI application is pending.

The Department of Social Services now administers GA for all of Connecticut, except for Norwich, which continues to administer GA for its residents. The GA administered by DSS is called SAGA.(State Administered General Assistance).

Neither SAGA nor GA subsistence benefits are provided if disability is based solely on mental illness and/or addiction; such individuals may only access limited Basic Needs Program (BNP) vouchers through Department of Mental Health and Addiction Services (DMHAS) funded mental health or addiction treatment providers.

Shelter Issues

Lack of access to basic subsistence income often results in homelessness. In recent years there have been dramatic increases in homelessness and the numbers of needy individuals turned away from homeless shelters because of lack of available beds. Emergency shelters are increasingly expected to serve as permanent housing for many such individuals, though they are neither intended nor equipped for this purpose, and most shelters have short-term limits on how long an individual may remain. Persons with addiction and mental health problems often need emergency shelter while undergoing treatment; other housing generally is not available for those who are destitute but do not need inpatient treatment. Remaining in a stable location is essential to maintenance of treatment. Thus, lack of access to GA/SAGA cash assistance for this group contributes to their instability and treatment failure. This problem is exacerbated by the loss of non-emergency medical transportation (see below).

Relationship to Unemployment

Historically the number of people on GA was largely driven by unemployment rates. In a weak economy with jobs difficult to find, Connecticut's citizens relied on GA in increasing numbers; when the economy improved and jobs were available, GA rolls declined.

However, under the current GA/SAGA program, recipient rolls no longer directly relate to unemployment numbers because “employable” persons (including those with serious barriers preventing work) are not eligible for assistance, regardless of need, work history, exhaustion of unemployment compensation or a recessionary economy in which jobs are simply not available. Because food stamps are only available to “employable” persons without minor children for three months in a 36-month period (except in towns with high unemployment), many “employable” persons have no safety-net when they lose employment and have exhausted personal resources.

Eligibility

To qualify for GA/SAGA cash assistance, an individual must be destitute, with no more than \$250 in assets and unemployable or disabled.

GA/SAGA cash assistance is no longer available for individuals considered “employable,” even when they face barriers that preclude working. Additionally, GA/SAGA cash assistance is no longer available to individuals who are unable to adequately document disability, or even if a disability is adequately documented, are not able to demonstrate a recent connection to the work force. Distinctions in benefits are based on how an individual is categorized. Benefits are available to persons who fall into one of the three following categories:

- (1) “transitional” individuals served by DSS (or Norwich GA);
- (2) “unemployable” individuals served by DSS (or Norwich GA); or
- (3) eligible for the Basic Needs Program, served by DMHAS-funded treatment providers.

Transitional: *A recipient is categorized as “transitional” if she/he is:*

- ! prevented from working because of physical or mental problems expected to last at least six prospective months; or
- ! prevented from working because of physical or mental problems expected to last at least two months, but not more than six months, provided the disability is not solely based on an addiction and she/he:
 - È has a recent connection to the work force (ie, earned at least \$500 in each of three of the last five quarters, or, during the last six months, collected Unemployment Compensation or was financially eligible for Unemployment Compensation but did not collect for certain reasons);
 - È was institutionalized at least 45 days in each of three of the last five quarters;
 - È graduated from high school within six months of the month of the GA/SAGA application;
 - È cared for his/her child under age two in three of the last five quarters; or
 - È received GA/SAGA, Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI) or Aid to the Aged, Blind and Disabled/State Supplement (AABD) in three of the last five quarters

Unemployable: *A recipient is “unemployable” if she/he is:*

- ! prevented from working or participating in education and training because of physical or mental

problems expected to last at least six prospective months, documented to the satisfaction of DSS's private contractor.

- ! younger than 16 or older than 65;
- ! 55 or older, and worked less than six months in the past five years;
- ! needed at home to care for a child under two, or an incapacitated spouse or child;
- ! pending receipt of TFA or AABD, or notified of eligibility for SSI or other Social Security benefits, but not yet receiving such benefits;
- ! a full-time high school student in good standing;
- ! a VISTA volunteer.

Basic Needs Program (BNP): *An individual is categorized in the Basic Needs Program if he or she meets the criteria for "transitional" and is:*

- ! participating in Department of Mental Health and Addiction Services (DMHAS) -funded treatment,
- ! not receiving GA/SAGA cash assistance,
- ! a GA/SAGA medical assistance recipient, and prevented from working solely because of:
 - È an addiction; or
 - È a mental health problem without documentation that the problem is expected to last at least two months, or there is no recent connection to the job force as defined above in "transitional".

Immigrant Eligibility

GA/SAGA cash and medical assistance is available to immigrants lawfully admitted to the United States after August 22, 1996, after the immigrant has resided in Connecticut for six months, and provided they apply for assistance prior to June 30, 2003.

While there have been suggestions support should be available from an immigrant's sponsors, sometimes sponsors either become unable to provide assistance or refuse promised assistance. Even when an immigrant could file suit to force a sponsor to pay support, such an action would last too long to resolve immediate need. It would also require hiring an attorney to file suit, a difficult proposition for someone who is destitute. A successful suit could result in a judgment that is difficult to collect, again delaying receipt of needed support. The state could provide benefits without a residency requirement to otherwise eligible destitute individuals, and as a condition of receipt of such benefits, require that the recipient assign to the state his/her right to support. This resolution is utilized by the state when providing cash assistance under other programs where support might be available to offset assistance.

Benefits

The level of the cash benefits (or vouchers) available depends upon whether a person is classified as "transitional," "unemployable" or "eligible for the Basic Needs Program." An individual may not receive cash or vouchers through more than one category at any time. However, all three categories may receive GA/SAGA medical assistance (see below).

- **GA/SAGA Cash Assistance:**

GA/SAGA recipients who are classified as “**transitional**” receive total cash benefits of \$150/month (if they have no rent obligation or are in a shelter even if rent must be paid) or \$200/month (if they have to pay rent). Those determined “**unemployable**” are eligible to receive \$350 per month. Benefits are reduced by non-GA/SAGA income.

GA/SAGA cash assistance must be provided within 11 days after application, or four calendar days if there is an emergency need for food or medical care. Previously cash assistance was provided within five days of application. This policy may cause a dangerous delay in meeting an individual’s subsistence needs.

The law presumes an individual is “employable” until documentation of disability is provided. Thus, delays identifying medical providers who will accept SAGA medical payments, or delays by such providers in scheduling evaluations, treatment or providing documentation, can result in dangerous delays in accessing needed subsistence benefits. While the GA/SAGA medical program and Medicaid provide coverage for some evaluation and testing, determining what testing and evaluation is needed and where it can be obtained can be a complex process. It is in the fiscal interest of the state to document disabling conditions as this often results in moving the individual from state funding to federally funded programs (Social Security benefits), as well as laying the foundation for arranging appropriate treatment. There are some local organizations providing assistance to persons unable, due to disability or competency, to independently complete the application and redetermination process for GA/SAGA..

- **Basic Needs Program:**

While room and board payments may be made by DMHAS to licensed residential treatment facilities for destitute individuals with addictions in need of inpatient treatment, the only assistance available in the community to meet subsistence needs is the Basic Needs Program (BNP). The BNP program began on July 1, 1998 to replace subsistence GA/SAGA for persons whose sole disability was mental illness or addiction. The BNP provides limited vouchers (no cash) to meet basic needs on a temporary basis, and does not meet ongoing subsistence needs. BNP benefits are typically granted as one-time vouchers with additional help requiring a new application. In many situations, the vouchers may not be available in time to meet the emergency need because of the complexity of the process and because of the time frame in which they are supplied.

To access BNP, individuals must be receiving GA/SAGA medical assistance. BNP is not available when there is a pending application for GA/SAGA cash assistance or another state administered cash assistance program (though such applications can take months before there is an eligibility determination). Individuals with access to medical coverage from another source (e.g., through a former spouse) cannot participate in the BNP.

The BNP assumes charitable resources exist in the community to meet individual need with BNP supplementing for the gaps. Ironically, utilizing existing community resources may preclude access to needed assistance. For example, if the only available emergency shelter bed is located in a town away from available treatment, an individual who is unable to participate in treatment because of lack of transportation will suffer complete loss of access to BNP assistance. DMHAS providers act as “gatekeepers” in the BNP application process, so participation in treatment at a level satisfactory to the provider is essential to

accessing BNP assistance. Providers vary significantly around the state in the assistance they help their patients access. Potential applicants for BNP assistance are unlikely to know about available assistance unless informed by the treatment providers. There is no readily available listing of DMHAS treatment providers, limiting access to needed assistance and making it difficult for social service providers in the community to make referrals for needed BNP assistance.

There is a statutory requirement that regulations be adopted to implement the BNP, but DMHAS has not adopted such regulations. Thus DMHAS is able to adjust the BNP with no public oversight or scrutiny.

- **Medical Assistance:**

GA/SAGA cash assistance recipients are eligible for GA/SAGA medical coverage, also administered by DSS (except in Norwich which administers the program for its residents). Very low-income persons may qualify for GA/SAGA medical coverage even if they are not eligible for cash assistance.

The BNP program requires that an individual be a recipient of GA/SAGA medical coverage in order to access the BNP vouchers. DMHAS does not require that its treatment providers refer individuals to DSS (or Norwich for its residents) to apply for GA/SAGA medical coverage so they can access needed medical assistance or BNP vouchers.

- **Limitations in Critical Medical Services:**

Until 2001, SAGA/GA medical assistance provided comprehensive medical coverage, though payment rates were low. Since 2001, covered services have been substantially reduced. Some of the reductions implicate an individual's ability to remain or become self-sufficient, to function independently, or to obtain evaluations and documentation needed to prove eligibility for Social Security benefits.

- ! Non-emergency medical transportation was eliminated as a service in 2001. This transportation is critical to ensuring access to basic medical care for this destitute population. Particularly at risk are persons whose health conditions prevent them from accessing public transportation where available (unable to walk to a bus stop or ride a bus); those in rural areas where public transportation is not available).
- ! In January, 2003, the following services were eliminated:
 - ! Eye care, optometry and glasses.
 - ! Psychologists
 - ! Home health care
 - ! Podiatry care
 - ! Physical therapy
 - ! Chiropractic care
 - ! Natureopathic care

While coverage cuts relating to nonemergency medical transportation, eye care, home health care, podiatry, chiropractic and natureopathic care are mandated by statute, the balance of the eliminations are based on cuts in Medicaid coverage for adults effective January 1, 2003. However, the Department of Social Services has eliminated all coverage for these services to SAGA medical recipients, although only certain providers are eliminated in the Medicaid program. This is contrary to state SAGA medical statute's requirements.



Make the GA/SAGA and Basic Needs Program easier to access by:

- ! requiring up front assessments of all GA/SAGA applicants to identify disabling conditions;
- ! providing assistance in obtaining evaluations and documentation for such conditions, and where appropriate, assisting with applications for Social Security benefits; and
- ! publishing current lists of organizations funded to assist GA/SAGA applicants and recipients to obtain needed documentation, to facilitate referrals to such organizations.

Overwhelmingly, individuals eligible for GA/SAGA assistance are disabled. They must also be completely destitute to qualify for assistance. Some individuals have barriers that prevent them from accessing benefits unless they have assistance with application and redetermination requirements and obtaining needed documentation, particularly documentation of disability.



Ensure the GA/SAGA grant will meet the subsistence needs for destitute individuals by:

- ! ensuring all destitute persons with no other option can qualify for GA/SAGA benefits to meet subsistence needs. Note: eligibility for these benefits should include destitute immigrants, those who are mentally ill or suffering from addictions, and those who are employable but unable to locate a job. (Current policy allows benefits to be paid to a "protective payee" where appropriate.)
- ! restoring GA/SAGA benefits to subsistence levels and implementing measures to ensure reasonable housing costs are covered by the grant;
- ! broadening eligibility for emergency housing services for homeless GA/SAGA recipients to ensure no homeless GA/SAGA recipient must sleep in the street or other unsafe location;
- ! ensuring benefits are immediately available to a person in need so GA/SAGA can function as a safety-net;
- ! repealing the unconstitutional statutory residency requirement for immigrants to access GA/SAGA to ensure receipt of basic benefits when needed; and
- ! requiring that all aspects of GA, SAGA and the BNP program be guided by regulations which are properly adopted and approved by the legislature to ensure they comply with legislative intent.

Reductions in GA/SAGA benefits below subsistence level have contributed to increased evictions and demand for food assistance and emergency shelter (often the only affordable place to reside). Emergency shelters have become accepted as institutional housing for poor people, particularly those with mental health or addiction problems, though such shelters are ill-equipped to meet the needs of this population and inadequately funded. Access to food also has been threatened with the limits placed on receipt of food stamps by “employable” individuals without children. Charitable resources cannot meet subsistence needs adequately to provide an appropriate safety net.

// Redefine the term "employable" and provide adequate programs that would increase employability by:

- ! revising the definition of "employable" to reflect an individual's ability to be self-supporting in light of personal barriers and those resulting from the economy. The existence of barriers to employment should qualify individuals for subsistence level GA/SAGA benefits for as long as needed;
- ! increasing funding for job training, education and placement programs to assist individuals in overcoming barriers to employment.

The current definition of "employable" does not adequately address the numerous barriers to employment that many GA/SAGA recipients must overcome. Benefits are no longer available to anyone considered “employable”, even where language, homelessness, education, limited work history, lack of transportation, or an economic downturn create barriers effectively preventing an individual from being self-supporting and meeting subsistence needs. Persons with disabling conditions expected to last less than two prospective months (even where this follows a long period of disability prior to application) are treated as “employable”, as are persons whose previously disabling condition left them in need of retraining in order to become self-supporting.

// Ensure the Basic Needs Program meets actual needs of destitute individuals by:

- ! ensuring availability of ongoing subsistence benefits to all persons with a disabling condition preventing self-sufficiency;
- ! ensuring access to subsistence benefits to all destitute individuals, including those who do not participate in the GA/SAGA medical assistance program; and
- ! forming an advisory council charged with evaluating community resources available to meet subsistence needs and developing an effective system for supplementation to meet such subsistence needs.

Individuals whose disabling condition preventing self-sufficiency is mental illness or addiction need treatment and subsistence assistance to stabilize. The BNP program does not provide subsistence support and makes limited available assistance unnecessarily difficult to access. It also conditions available benefits on

participation in the GA/SAGA medical program, though some destitute individuals are ineligible for this medical program because they have other insurance coverage. Community resources simply are not adequate to meet need.

// Ensure adequate medical assistance is provided to destitute individuals with no other coverage by:

- ! reinstating nonemergency medical transportation;
- ! reinstating the comprehensive range of medical services allowing recipients to: maintain health and functioning, be self-sufficient where possible, avoid the need for emergency care and institutionalization; maintain a reasonably decent quality of life; and obtain evaluations and documentation to demonstrate eligibility for Social Security benefits for disabled persons; and
- ! ensuring destitute immigrants are eligible for coverage for needed care.

Recent cuts in GA/SAGA medical coverage create illusory savings and threaten the health status of the neediest segment of state residents. An effective medical assistance program would not only ensure access to basic medical care, but would ensure individuals were able to obtain documentation needed to prove eligibility for federally funded disability benefits.

State Supplement for the Aged, Blind or Disabled (AABD/State Supplement)

Background

The State Supplement (Aid to the Aged, Blind and Disabled or AABD) program is a state-funded and state-administered cash assistance program designed to supplement the income a person receives under the federal Supplemental Security Income (SSI) program, which provides basic financial aid to persons who do not qualify for Social Security. A person does not have to receive SSI to qualify for State Supplement benefits because s/he could be eligible by receiving a low Social Security benefit amount.

The State Supplement benefit amount varies from person to person. It is calculated by comparing an applicant's income to his or her expenses. These expenses include a shelter cost and a personal needs allowance -- both with monetary limits set by the Department of Social Services. The total amount of needs is compared to the applicant's "applied income," which is calculated by deducting a disregard from the monthly income amount.

UPDATE: This past session, for the first time since 1991, the Connecticut Legislature took action to increase the amount of financial assistance available to low income aged, blind, and disabled residents. Effective August 15, 2002, the personal needs allowance was increased by one-half of the January 2003 federal cost of living adjustment (COLA) in SSI and other Social Security benefits. The federal COLA increase is 1.4%; as a result, the State Supplement personal needs allowance will be increased by .7%.

What is the Cost of Living Adjustment (COLA)?

Each January, recipients of federal benefits including Supplemental Security Income (SSI) receive a COLA increase. In January 2003, SSI recipients will receive **\$552.00** – up from \$545.00 in 2002 and \$531.00 in 2001. (The 2003 COLA increase will be the smallest increase in some time.)

After the COLA was first enacted in 1974, many states used it to reduce State Supplement benefits. In 1976, the United States Congress enacted a law requiring a state “pass along” the annual SSI cost of living adjustment increase to all of its State Supplement recipients. The State Supplement unearned income disregard represents the cost of living increases in the SSI program which were *not* passed along to State Supplement recipients in the early years of the federal program.

Beginning in 1991, Connecticut stopped passing along the SSI COLA as it did not change the disregard each year. As a result, SSI recipients have received less in State Supplement benefits. For example:

An SSI recipient with a \$500 monthly rent, received a State Supplement benefit during 2002 which is \$15 less than the amount he/she received in 2001 and \$33 less than the amount received in 2000.

| Year: | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|---------------------------|-------------|-------------|-------------|
| State Supplement Benefit: | \$235.00 | \$217.00 | \$202.00 |

Under the new Connecticut law, the same person will receive **\$206.00** in State Supplement benefits for 2003. **This is \$11.00 more than s/he would have received in 2003 had the law not been changed.**

How will Connecticut’s new law change the amount of benefits a person receives?

State Supplement benefits are calculated using a two-step process, which compares a person’s income with his or her basis expenses. Income is determined by subtracting a “disregard,” which remains frozen; expenses are determined by adding a shelter figure to a “personal needs allowance.” This allowance is the amount that will be new in 2003. As a result, Connecticut residents who receive SSI or other benefits along with their State Supplement will have a little more income at their disposal.

Steps in determining the amount of benefits:

1. Determine Monthly Expenses:

First, determine an individual’s shelter amount, up to \$400.00, which is the maximum amount allowable. This shelter amount depends on the cost of rent or mortgage as well as a person’s living arrangement.

Next, determine a person’s personal needs. Up until this year, the amount credited for personal incidentals has been frozen at \$164.00 for those renting apartments or owing mortgages. (There are different personal needs amounts for those in other types of housing.) Under the new law, the 2003 amount will increase to \$175.00.

| | <u>2003</u> | <u>2002</u> |
|--|-----------------|----------------|
| Amount for shelter (maximum amount allowed): | \$400.00 | \$400.00 |
| Amount for personal incidentals | <u>+ 175.00</u> | <u>+164.00</u> |
| Allowable “monthly expenses” | \$575.00 | \$ 564.00 |

2. Determine Applied Income:

First, DSS determines the amount of income an individual receives. For a person earning SSI, that amount is fixed on an annual basis.

Next, the disregard is subtracted from the income amount; the result is “applied income.” Note: Since the COLA was frozen 11 years ago, the same disregard, \$183.00, has been used for those who own a home or rent an apartment.

| APPLIED INCOME: | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|----------------------------|-----------------|-----------------|-----------------|
| SSI Benefit Amount | \$ 552.00 | \$ 545.00 | \$ 531.00 |
| Subtract Income Disregard | <u>- 183.00</u> | <u>- 183.00</u> | <u>- 183.00</u> |
| Amount of “applied income” | \$ 369.00 | \$ 362.00 | \$348.00 |

3. Determine State Supplement Amount:

A person’s applied income is then compared to his or her monthly expenses.

| | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|------------------------------|-----------------|-----------------|-----------------|
| Allowable “monthly expenses” | \$ 575.00 | \$ 564.00 | \$ 564.00 |
| Subtract “applied income” | <u>- 369.00</u> | <u>- 362.00</u> | <u>- 348.00</u> |
| State Supplement Benefit | \$ 206.00 | \$ 202.00 | \$ 216.00 |

As the chart shows, if an individual’s shelter cost remained the same for the last three years, the amount of his/her State Supplement benefits had been decreasing. This was a problem since it is even more likely that a person’s rent would *increase* during this time, resulting in even less disposable income. **Given this year’s change in the law, State Supplement awards will increase. Although the increases do not match the COLA, they are small additions to individuals’ monthly budgets.**

Retroactive Benefits

Many State Supplement recipients receive Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits. Often, these individuals received State Administered General Assistance (SAGA) cash assistance while their Social Security applications were pending. There continues to be confusion as to how far back such individuals’ eligibility for State Supplement extends, once their application for Social Security benefits are granted. The Department of Social Services (DSS) issued a memorandum clarifying that an application for “Money Assistance” is considered to be an application for all of the DSS cash programs. The date when a person first applied for SAGA must later be treated as his/her State Supplement application date.

- //** **The state should continue to pass along the annual federal increases, using the full amount of the COLA, to ensure that the State Supplement payment meets peoples' needs.**

- //** **Advocates should continue to monitor the state's compliance with the federal Maintenance of Effort law.**

- //** **The state should consider extending eligibility for State Supplement to disabled children who are receiving Supplemental Security Income (SSI).**
Connecticut's eligibility rules apply only to disabled adult residents, despite the fact that many poor children with disabilities other than blindness live in terrible need.

- //** **The state should evaluate the feasibility and cost-effectiveness of federal administration of the State Supplement program.**
Federal administration of the program may be better for recipients and the state. Connecticut remains among a minority of states that determines its own eligibility for State Supplement, rather than have the federal government administer the program. Changing to federal administration of the program would require that the state use federal SSI eligibility criteria. This means that Connecticut would have to increase the current State Supplement asset limit of \$1600 to meet the current SSI asset limit of \$2000.

- //** **Advocates should continue to ensure that SAGA clients receive the retroactive State Supplement monies to which they are entitled, after they begin receiving Social Security benefits.**

Unemployment Compensation

Background

Unemployment Insurance, commonly referred to as unemployment compensation, is an insurance program administered by the Connecticut Department of Labor (DOL). Unemployment Compensation (UC) provides temporary, partial wage replacement for unemployed workers who are looking for work. It is considered the nation's leading automatic stabilizer during economic downturns. According to a recent study by the U.S. Department of Labor each dollar of UC benefits paid to unemployed workers increases the nation's gross domestic product (GDP) by \$2.15. (*Cited in National Employment Law Project UI Fact Sheet, November 23, 2002*)

The federal government defines the general outline of the program. The states set the benefit provisions, for example, eligibility criteria, level and duration of benefits, and prescribe the tax structure. The system is funded by a combination of federal and state unemployment insurance payroll taxes. The federal taxes pay for administration of the program, including Employment Services, which assists UC claimants in becoming re-employed. The state taxes pay for the weekly benefits. All state and federal taxes are deposited into the Unemployment Insurance Trust Fund which may only be used for the prescribed purposes of the program.

The Solvency Tax and the Unemployment Insurance Trust Fund

Most employers pay a state fund solvency tax and an experience rated (or charged rate) tax. The solvency rate is the same for all employers; the charged rate varies from employer to employer and depends on the number of former employees who collect unemployment benefits on the employer's account. These taxes are deposited into the Unemployment Insurance Trust Fund.

One of the purposes of the solvency tax is to build up reserves when the unemployment insurance trust fund dips below an established amount. A trigger mechanism is built into the system to replenish the fund if it goes below a certain level. In good economic times the charge rate adequately funds the reserve.

Within one year of the recession of the early 1990's, Connecticut had to borrow money from the federal government to pay unemployment claims. It was the first in the nation to deplete its trust fund. In 1993 the state enacted legislature to enable the reserve fund to grow with the economy. The 1993 law requires that the solvency fund contain a reserve of .8% of the preceding year's total wages paid to employees covered under the state unemployment compensation law. If the fund's reserve exceeds .8% on December 30 of a given year, state law requires that the Department of Labor Commissioner must set the fund solvency tax rate low enough to eliminate the "excess." The tax is capped at 1.4% (prior to January 1, 1999 the cap was 1.5%). On December 30, 1998, the Commissioner reduced the fund solvency tax from 1.5% to .1%. In 1999 the tax was reduced to zero. Since then the economy slowed, UC payouts increased, and in the

beginning of 2002 the solvency tax triggered on at a rate of 1.3% and is expected to move up to the maximum rate of 1.4% as of December 30, 2002.

Recent Developments

This year Congress took some steps to help unemployed workers in light of the downturn in the economy after September 11, 2001, and assist states in the administration of their UC programs. It authorized a 13-week federal extension of benefits (see below for further discussion under Time Limits) and released \$8 billion in accumulated federal payroll taxes (“Reed Act” funds) to the states to be used for administration and benefits. Connecticut’s share of the Reed Act monies was \$101 million. This legislation encouraged states to use the funds to expand eligibility for benefits, for example, by permitting claimants’ recent wages to be counted in determining eligibility for UC through instituting an “alternate base period” (ABP), and paying benefits to unemployed workers who are laid off and seek suitable and comparable part-time employment. (See below for discussion of CT’s recent enactment of an ABP). Ten states, including Vermont and New Hampshire passed legislation to increase benefits. The Connecticut legislature appropriated \$9 million of the Reed Act funds to be used by DOL for administration. The remaining \$92 million in Reed Act monies is added to the state’s UC trust fund and will be used to pay out benefits.

Eligibility

To be eligible for benefits, an applicant must meet a number of requirements: the person must meet an earnings test, the reason for the job separation must fall within statutorily prescribed criteria, and the person must be able to work and be available to accept full-time work. In addition, the applicant must not turn down offers of suitable employment, and must make a minimum of three contacts per week as part of a job search requirement.

Reasons for Disqualification

The following are reasons that disqualify an individual from receiving unemployment compensation under state law:

- **Voluntary Leaving.** Generally, a person who leaves suitable work voluntarily and without good cause attributable to the employer as defined by law will be ineligible to receive UC.

There are a few statutory exceptions that permit a person to voluntary leave a job for reasons that having nothing to do with the employer:

- 1) **Leaving to care for a seriously ill spouse, child, or parent**
- 2) **Leaving due to loss of non-personally owned transportation** when no reasonable alternative exists;
- 3) **Leaving due to domestic violence** in order to keep the person or his or her children safe provided the person has made reasonable efforts to maintain employment.

In addition, an individual who leaves work under the following statutory conditions may also be eligible:

- 1) While on layoff, accepts other employment and leaves that job to return to his or her former employer;
- 2) Leaves work which is outside the individual's regular apprenticeable trade to return to his or her regular trade;
- 3) Leaves work solely by reason of governmental statute or regulation;
- 4) Leaves part-time work to accept full-time work.

In each of these situations if the individual subsequently loses a job through no fault of his or her own, the individual may be eligible for benefits.

An employer's account will not be charged and therefore the employer's tax rate will not be affected if a person receives benefits based on any of these statutory exceptions to the voluntary quit provision. Instead the cost is spread among all employers and is paid out of pooled charges.

- **Discharge.** A person who is discharged by an employer for one of the following reasons, as specifically defined in state law, will be disqualified from receipt of benefits:

- 1) **Wilful misconduct**, defined as:

- a) **deliberate misconduct** in wilful disregard of the employer's interest; or
- b) **a single knowing violation** of a "reasonable and uniformly enforced rule or policy when reasonably applied and not resulting from incompetence"; or
- c) in the case of **absence from work**, three separate instances without good cause for the absence or without reasonable notice to the employer within an 18-month period.

- 2) **Felonious conduct**;

- 3) **Conduct constituting larceny** of property or service with a value of at least \$25.00, or stealing any amount of currency;

- 4) **Participating in an illegal strike**;

- 5) **Failing a state or federally mandated drug or alcohol test.**

To regain eligibility after disqualification for a quit or firing, the individual must return to work, earn at least 10 times his or her weekly benefit rate, and become unemployed through no fault of his or her own.

Benefits

- **Weekly Benefit.** The weekly benefit rate (WBR) varies from person to person. Connecticut's average weekly benefit is about 30% of the state's average weekly wage. 40 states have average weekly benefits that replace at least 35% of the average weekly wage; 25 states replace 35-45% of average weekly wages. See, *Grading Your State's Unemployment Insurance Program*, National Employment Law Project Unemployment Insurance Safety Net Conference, November 22-23, 2002. As of October 1, 2002, Connecticut's maximum benefit is \$ 411, the minimum remains fixed at \$15 per week.

Maximum rates are subject to change during October of every year. For all workers except those in the construction trades, the WBR is based on the average of the individual's wages earned in the two quarters with the highest of the base period earnings, divided by 26. (The WBR for construction workers is based on the single quarter with the highest earnings divided by 26). The regular base period is the first four of the last five completed calendar quarters preceding the quarter in which a claim is filed. Claimants cannot collect benefits unless they have earned at least 40 times their WBR in the base period. Beginning January 2003, claimants who don't have sufficient wages in the regular base period to meet the earnings test will instead be able to use wages from the last four completed calendar quarters. This is called the "alternate or alternative base period" (ABP). See, May 9 Sp.Sess., P.A. 02-7, § 69, eff. Aug. 15, 2002. Studies have shown that an ABP helps, in particular, very low-wage and seasonal workers to qualify sooner for benefits.

Example of Regular Base Period:

Ms. Smith is laid off from her job April 20. Her base period runs from January through December of the prior year (the **first four** completed calendar quarters prior to the quarter ending March 30th). Ms. Smith earned \$3,000 in the first and second quarters of her base period, \$4,000 in the third quarter, and \$5,000 in the fourth quarter for a total of \$15,000 in her base period. Her third and fourth quarters earnings are her two "high quarters." The average of her two high quarters is \$4,500 divided by 26 = \$173 -- her WBR. Since \$15,000 is more than 40 times her WBR in her base period ($\$173 \times 40 = \$6,920$), Ms. Smith is monetarily eligible for benefits.

Example of Alternate Base Period (ABP):

Ms. Smith was out of work due to an off-the-job injury from January until December 26, when she began a new job. Ms. Smith is laid off on April 20. She isn't eligible for UC using the regular base period. Her ABP runs from April of last year through March of this year (the **last four** completed calendar quarters prior to the quarter in which she applies.) Ms. Smith earned \$100 in the third quarter (ending December 31) and \$5,000 in the fourth quarter (ending March 31). Her third and fourth quarters earnings are her two "high quarters". The average of her two high quarters is \$ 2,550 divided by 26 = \$98 -- her WBR. Since \$5,100 is more than 40 times her WBR ($\$98 \times 40 = \$3,920$), Ms. Smith is monetarily eligible for benefits. Without the ABP Ms. Smith would have had to wait until July to qualify for benefits. If she has little or no savings and low prospects of immediately finding a job, the delay in receipt of benefits will prevent her paying for basic necessities, such as rent and food.

Partial benefits may be paid to a worker who lost a job, is working part-time, but is seeking full-time employment.

- **Dependency Allowance.** Claimants may also qualify for a weekly dependency allowance. In 1965 the dependency allowance was increased from \$4 to \$5 and in 1980 it was increased from \$5 to \$10. In 1999 the legislature increased the allowance from \$10 to \$15 per dependent limited to 100% of the claimant's weekly benefit rate. The number of dependents remains capped at five, so the maximum allowance is now \$75 per week.

- **Taxes on Benefits.** UC benefits are subject to state and federal income taxes. Claimants can voluntarily request that DOL withhold state and federal taxes from their weekly unemployment checks. UC benefits are subject to attachment for collection of child support obligations.

- **Time Limits.** UC benefits are paid for up to 26 weeks during an established 52 week benefit year. When the state unemployment statistics reach a certain level, federal extension benefits become available. These are referred to as Extended Benefits ("EB"). Funding for the EB program is split 50/50 between the federal government and the Unemployment Trust Fund and is governed by both federal and state law. EB benefits have not been available in many years because of the high "trigger" necessary to activate the extension. Instead, in each recent recession Congress has passed a temporary extension, (Temporary Extended Unemployment Compensation, or "TEUC"), which is federally funded. The current 13-week TEUC will end on December 28, 2002. Congress adjourned in November without authorizing another extension.

- **Other Benefits.** Low-income claimants may also qualify for Food Stamps, Energy Assistance, Temporary Family Assistance, State Administered General Assistance, General Assistance, or Medicaid, so long as they meet the applicable eligibility standards of the program.

Implications for Current and Former Welfare Recipients

During the last six years as a result of the welfare program's emphasis on rapid entry into the workforce and time limited assistance, as well as the booming economy, former welfare recipients entered the labor market, largely in low-wage, part-time positions, and often with irregular hours. With the current slow down in the economy, these individuals are at great risk of losing their newly found employment because of limited education, work skills and experience and because they are frequently at the mercy of unreliable transportation and tenuous child care arrangements. These individuals will no longer be able to turn to the welfare system for even short-term aid now that Connecticut has instituted a five-year lifetime limit. Nationally, former welfare recipients are expected to have jobless rates that are twice the national average. *Effects of Welfare Reform on Unemployment Insurance*, Wayne Vroman, New Federalism, Urban Institute, Series A, A-22, May 1998. Unfortunately, many will not qualify for Unemployment Compensation benefits, and those that do qualify can be eligible for as little as \$15 per week in Connecticut.

claims by telephone. For many years now Connecticut has used such a system for continuing claims, i.e., claims filed weekly after a claimant is granted benefits. The new system, which began in the summer of 2001 is called the “Tele-Benefits Line”. As a result of the new system, most of the staff in the local Department of Labor offices have been re-deployed to two call centers. 18 Local offices have been consolidated into 9 regional offices. The regional offices still handle first level adjudications of claims where the reason for the job separation is other than lack of work. However, delays in scheduling these first level adjudications have been reported, as well as a large increase in the number of telephone hearings . As of October, 2002 over 40% of the first level adjudications were conducted by telephone. The latter may be due in part to the increased distance many claimants need to travel to their nearest regional office.

Experience in other states that have implemented automated systems is that there may be a disconnect between the unemployment compensation system and access to employment services that are supposed to help newly unemployed workers regain jobs. Experience has also shown that while the impetus for implementation of telephone claim filing was cost savings, those savings generally have not been realized. *Evaluation of the Impact of Telephone Initial Claims Filing*, Occasional Paper 2003-03, U.S. Department of Labor Employment and Training Administration.

At a minimum, the legislature should require the Department of Labor to issue regularly scheduled reports to the Labor and Public Employees Committee. These reports should address unemployment matters such as

- ! the implementation of the initial telephone claim filing system and its effects—for example, on timeliness of payment, on the ability of those with limited English or other special needs populations to obtain benefits, and access to re-employment services;
- ! the consolidation of offices; and
- ! the increased use of telephone hearings.



Ensure that the state Unemployment Insurance Trust Fund is adequately funded so that in an economic slowdown employers are not required to pay increased taxes and laid off workers receive sufficient weekly benefits to pay for basic living expenses.

Child Support

Background

Child Support is even more important as an income supplement as families lose the security formerly afforded by public assistance. At the same time, policy makers must not expect that child support alone will lift families out of poverty. Differing studies have concluded that if *all* absent parents *paid the maximum possible* under applicable guidelines, poverty would be reduced between 5% and 20%.

The link between the need for public assistance and the lack of child support has long been recognized and incorporated in state and federal law. For as long as the state has provided for the needy (over 300 years) it has also turned to relatives to contribute to that support. The same principle was incorporated in the federal AFDC program in 1974, requiring an assignment of the child support obligation as a condition of receipt of public assistance. That obligation, under state statute, is an obligation of all parents to support their children whether the parents are married or not. The amount of the support obligation is determined in accordance with Connecticut's Child Support Guidelines.

The state has a duty under federal law to establish paternity, establish support and enforce child support obligations which are assigned to the State. This duty also extends to all former aid recipients and to any one else requesting the State's assistance in establishing or enforcing a support order.

The state's support enforcement system is housed primarily within two state agencies: the Department of Social Services and the Judicial Department, and staffed by 521 people. The division of responsibility (roughly defined) is that cases are with the Department of Social Services until a support order is established and they then become the responsibility of the Judicial Department. Other agencies including the Attorney General's Office and the State Police also play a role and payment processing has been contracted out to Fleet Bank.

For SFY 2001, the state administered a total of 196,207 child support cases. Total collections were \$202.9 million. Of this amount, \$32 million went to families that were currently receiving state assistance, \$45 million to families that never received assistance, and the rest to the state and to families that formerly received assistance. The total state expenditure for running the program was \$56,873,037.

Child Support Agency's Powers and Duties

Below is a summary of the child support agency's powers and duties in establishing paternity and support, and enforcing support.

Establishment:

- Administrative: seek voluntary acknowledgments and agreements (including hospital based paternity);
- Judicial: court orders when no voluntary agreement

Enforcement:

- wage withholding (mandatory and New Hire Registry allows better transfer of orders when there is a new employer)
- Property liens (by operation of law including against Unemployment Compensation, Worker's Compensation, lawsuit proceeds and retirement funds)
- Credit bureau reporting, liens on lottery winnings, intercept of state and federal tax refunds
- administrative offset of federal payments (including federal contracts, federal pensions, etc.)
- Contempt
- License revocation (driver's, occupational, hunting).
- Job search and training referral from magistrate court for those who are not working or are under-employed

Challenges Facing the Child Support Enforcement System

In August, 1998 the General Accounting Office issued a report reviewing the effectiveness of child support enforcement in Connecticut, West Virginia and Florida. These states were selected because they have among the shortest TANF time limits in the country. The study showed that only 20 to 30% of the families reaching the time limit had any child support collected for them in the year before reaching the time limit. Of these, most did not receive the full amount due. Most families leave assistance without even having a support order established. "Welfare Reform: Child Support an Uncertain Income Supplement for Families Leaving Welfare." United States General Accounting Office, August, 1998.

Thus, while recent legislation has maximized the resources available to the support enforcement system, the system is not collecting for the majority of TFA recipients. The collection rate in cases where the custodial parent receives TFA is only about 20%. There are many cases, estimated at about a third, in which the absent parent simply has no ability to pay. But there are also cases in which workers delay in matters such as acting on information, locating parents and implementing wage withholding orders, and families lose support as a result. Automation has improved certain functions, however, and cases are better tracked than they were formerly, but communication with client remains a big problem.

Program participants could help assist in their own cases if they were better informed of the system's existence, of what information is useful for enforcement, and if they were given a contact person at the state to provide updated information.

Administrative efficiency occasionally comes at the cost of fairness to the noncustodial parent. The child support magistrate system, a streamlined division of the superior court that handles support matters exclusively, handles a huge volume of cases. Most of the noncustodial parents who appear there are unrepresented and, as a result, relevant legal considerations are not always heard. (See discussion of the low-income obligor below.)

Encouraging Trends

Despite the low rate of collections for the caseload that receives public assistance, there has been significant improvement over the life of the program. In 1976, when the national structure was first implemented, 4% of custodial parents on assistance collected child support. In 1997, that percentage had risen to 18%, nationwide. While still a small percentage, this represents a 400% improvement, thought to be related to efforts around paternity establishment.

The amount of collections has also risen dramatically in the last seven years. Federal child support law has been evolving in the past ten years with concomitant changes in state law. States have been required to make changes in their IV-D systems, so that enforcement remedies, such as income withholding, are more streamlined. Partly as a result of such changes, national collection rates actually doubled between 1995 and 2000.

Federal changes in 1997 and 1998 altered the rules states must follow in distributing child support collections to favor the family more. When a family stops receiving public assistance, it is entitled to receive all payments for current child support but states formerly had leeway to collect arrears owing to the state once the current payment was satisfied in a given month. Now the law requires that families receive all current child support payments and all arrearages that have accrued since the family received public assistance before the state may collect its arrearage. As of October 2000, states are now required to pay families collections on arrearages that accrued before the family received assistance (called "temporarily assigned child support arrearages") before the state is paid on its arrearages. The one area where the state still has priority in distribution is in collection through the federal tax intercept program. But, even this may change, if pending federal legislation is approved.

Fatherhood Initiative and Employment and Training Programs for Fathers

The “fatherhood initiative,” begun in 1998 under the auspices of the Department of Social Services, continues. This is a program to promote “the positive involvement and interaction of fathers with their children,” with an emphasis on children who receive or did receive TFA support. The Commissioner of Social Services chairs a fatherhood council, comprised of members from all sectors of state government and the advocacy community, that has been reviewing existing programs and assisting in the development of a research and demonstration program. The initiative is meant to promote responsibility, but also implicitly recognizes that past policy has emphasized financial responsibility over all other aspects of parenting. The initiative is meant to strengthen the link between emotional and financial responsibility with support for parenting and job skills.

Three pilot projects have been launched and are now nearing conclusion in Cheshire, Bridgeport and Norwich. The Cheshire project targets 18 to 21 year old inmates incarcerated at the Manson Youth Correctional Institution and provides counseling and case management to prepare soon to be ex-offenders to act productively as family and community members. The Bridgeport project provides similar services with an additional emphasis on job training for clients referred through the alternative sanction program. And the Norwich program will take referrals through the support enforcement system to develop job readiness and promote the involvement of fathers with their children under five years of age. The pilots are being monitored to track steps taken toward supporting children both financially and emotionally. The final reports will issue this year.

A New Look at the “Low Income Obligor”

Child support payments no doubt help some families escape from poverty. But many of the noncustodial parents are themselves struggling in poverty. For example it is estimated that nationally, half of the fathers of children who receive public assistance have incomes below \$6000 per year. Irwin Garfinkel and Sarah McLanahan, *Fathers under Fire*, Russel Sage Foundation (New York, 1998.) There is a growing recognition that a substantial percentage of the fathers of low-income children have very limited ability to pay support. Some of the states measures for enforcing support fail to take this into account.

The early results from the pilots in Connecticut also bear this out. Half of the participants are currently unemployed, and most earned under \$10,000 in the past year.

The Office of Inspector General (OIG) of the Department of Health and Human Services issued a report in February, 2002, to evaluate the compliance rate for child support ordered against a group of low income men. Child Support for Children on TANF, Department of Health and Human Services, Office of Inspector General, February, 2002. (Available at <http://oig.hhs.gov>) This report found that 55% of non-custodial parents in the sample had income below the poverty level, and that the child support ordered represented 69% of the income of the sampled group. The report was a follow up on a previous report by the OIG, which had been critical of a number of practices used by the states in their child support enforcement programs. The earlier report had found that some of the states' efforts, taken in the name of aggressive enforcement, are ultimately ineffective and even counter-productive. For example, it found that "minimum orders", the practice of requiring a minimum order regardless of income, resulted in a significantly higher rate of non-compliance. In 36 % of the minimum order cases, as compared to 20% of the cases overall, there was no payment at all. The report recommends a new approach, "setting realistic support obligations and providing employment support with work requirements." The Establishment of Child Support Orders for Low Income Non-custodial Parents, Department of Health and Human Services, Office of Inspector General, July 2000, Executive Summary. (Full report available at www.dhhs.gov/oig/oei/reports/a478pdf.)

A Changing Role for the Child Support Enforcement System

As the number of welfare recipients declines, the child support enforcement caseload is increasingly comprised of families that do not receive cash assistance. The amount of collections that go to the state is declining accordingly. Moreover, distribution rules have changed so that families now receive collections that used to go to the state. In the past, child support enforcement could claim that it paid its own way in that the program generated more revenue for the state than it incurred in administrative expenses. This is less and less the case as caseload and distribution rules change. But it is important that states maintain their commitment to these programs, notwithstanding. Child support provides an essential income source for many struggling working families. Nationally, the percentage of families with never-married mothers who received child support increased nearly five fold (from 4% to 18%) in the twenty five years since the child support program has been in existence. While the percentage receiving support is still very low, this is dramatic improvement, owing to the support enforcement system, and in particular to the new hire directory, hospital based paternity establishment and income withholding. For those families who do receive support it can provide the needed cushion to assist the family out of poverty. A continuing commitment to child support enforcement is a necessary cornerstone in a viable strategy for supporting working families.

Legislative and Judicial Changes

The General Assembly passed legislation in 2001 authorizing the state to adjust arrearages owing the state, where doing so may contribute to the fathers's ability to be positively involved with his child and make regular support payments. The legislation addresses only the claim owing to the state; it in no way compromises the amount owing to the family. Many low income obligors are now subject to very high arrearage orders, that in some cases, were never based on ability to pay. The prospect of tens of thousands of dollars of debt that may never be satisfied, and could at any time subject the obligor to the threat of jail for contempt, deters the positive involvement of many fathers in the lives of their children. The

new law allows the state to compromise or forgive such debt in appropriate instances which will benefit the families of these fathers. A plan has been developed to implement this provision, with input from child support administrators, the Fatherhood Council and people from the pilot sites. This forward-thinking legislation advances principles endorsed by the National Governor's Association and the Federal Office of Child Support Enforcement, and helps keep Connecticut in the vanguard of the Fatherhood Initiative.

Connecticut also passed legislation in 2001 to limit the amount which private collection agencies can collect, when they contract with families to recover the child support they are owed. This important legislation, the first of its kind in the country, limits the amount private child support collection agencies can charge in Connecticut. Their customary charge is one third of the child support for the life of the order.

In 2002 the General Assembly passed a law authorizing support orders to continue for post high school educational support.

Upcoming Legislative Session

One area of focus for the upcoming session continues to be arrearages of low income obligors. Many low income obligors have tens of thousands of dollars in child support arrearages owing to the state. One ordinarily thinks of an "arrearage" arising when someone fails to make payments that they are capable of making. But, in most cases where the mother receives public assistance, there is an "arrearage" order established when the support order is first established, for the period of time before the case was brought into court. Current law requires that this arrearage be established on the basis of "ability to pay" when such information is available to the court. But in most instances the information is not available and the court instead assesses the amount of public assistance received by the family as the "arrearage." This creates an insurmountable debt that in many cases will simply never be paid. It is a hindrance in practical terms, impairing the obligor's credit rating permanently, and in psychological terms as well. Moreover, these debts continue on the State's ledger, marring its performance statistics. Parents are liable for the support of their children. But no one benefits from the present system which routinely assesses arrearages that will never be repaid.

A few improvements would include:

- ! requiring past support to be based on ability to pay in all cases.
- ! extending the time within which fathers can challenge arrearage findings and putting the onus on support enforcement to reopen in cases in which new evidence comes to its attention.
- ! requiring that notice of the court's finding include the basis on which the historical ability to pay was calculated.
- ! clarifying the law so that obligors have no support liability for past periods in which they were in high school, disabled or incarcerated.

Another area of concern remains the treatment of disabled support obligors. In 2001 the Connecticut

Supreme Court's ruled that SSI income is unreachable for child support. Marrocco v. Giardino, 767 A2d 720 (2001) Notwithstanding the ruling, some support magistrates continue to enter orders in cases where SSI is the sole source of income. In such cases, the magistrate system essentially attempts to second-guess the disability determination already reached by the Social Security administration. This is a function that the Social Security Administration is better equipped for. Unlike the Social Security Administration, the magistrate system has no system or criteria for evaluating different impairments and is not set up to assist the obligor in gathering the necessary documentation. The magistrates and the child support enforcement system should be required to defer to the SSI disability determination.

Summary of Highlights

- The Child Support Enforcement system establishes paternity, and child support orders and enforces support for all TFA recipients and for any member of the public who requests their services. It is federally mandated and partially federally funded.
- The role of child support enforcement is even more critical for struggling working families.
- There are about 520 people working for Connecticut's child support enforcement system. The system is divided between the Judicial Department and the Department of Social Services.
- For SFY 2001, the state collected a total of \$202.9 million in child support.
- Most TFA recipients do not receive any child support. But the percentage of never-married mothers who receive support has increased almost five-fold since the federal support enforcement system was set up 25 years ago.
- There is a growing recognition that helping non-custodial fathers to become employable and supporting them in developing relationships with their children is good social policy. Some enforcement policies have run counter to these interests and are being reexamined.
- The child support distribution rules are shifting to favor the payment of families before the recoument of state welfare costs.

Recommendations

Child Support



Improve the process for establishing child support arrearages that are owing to the state for more realistic, enforceable orders.

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Make the SSI disability determination binding as a finding of no ability to pay for all child support enforcement purposes.

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Require the Child Support Enforcement system to inform custodial parents regularly of the services available, the name of the assigned worker and how to contact the worker to update critical information.

Energy Assistance

Background

Until the early 1980's the state provided significant funding for energy assistance; as of 2002, all state funding for energy assistance has been withdrawn. Connecticut's move to complete reliance on federal funds for energy assistance severely limits energy assistance program flexibility, forces benefits to remain artificially low and well below need, and creates a risk the program will be shut down early if there is a colder than expected heating season.

The annual energy assistance program plan, prepared by the Department of Social Services (DSS) and approved by the legislative committees of cognizance (Energy & Technology, Human Services, Appropriations) has unpredictable benefit levels which may change during the heating season. The plan provides unprecedented authority to the administration to modify benefits throughout the heating season, with little policy guidance and no public notice of modifications. The lack of reliability in benefits impacts affordability of essential services and access to arrearage forgiveness programs.

In the early 1980's through 1992, energy assistance policy was developed in a collaborative process. The Governor's Energy Assistance Advisory Counsel (GEAAC) involved all interested parties to ensure policy was responsive to need. GEAAC reported to the governor and legislature. GEAAC was disbanded in 1992. In 2000, the Office of Policy and Management (OPM) formed a new GEAAC to deal with the looming oil crisis. Members are appointed by the administration; no members represent low-income energy assistance consumers.

Energy Assistance Related Programs

Connecticut Energy Assistance Program (CEAP)

CEAP provides limited assistance with winter heating bills for households at or below 150% of the federal poverty level (FPL) (e.g., income less than \$1108/month for a single person or \$1878/month for a family of 3), and households with income between 150% and 200% of the FPL (e.g., income less than \$1477/month for a single person or \$2503/month for a family of 3) if the household includes an elderly (60 or older) or disabled member. The latter category was formerly covered under the SAFA program (see below).

Community Action Agencies (CAAs) are funded through DSS to administer CEAP, as well as other energy

assistance programs (see below). Total annual benefits for the primary heat source during winter 2002-03 range between \$200 and \$535 -- less than winter 2001-02 and a sharp reduction from the benefits of \$600 to \$900 per year during the winter of 1990-91. Households with income below 150% of the FPL, with heat included in their rent, receive a nominal total benefit of \$60 to \$90; no equivalent benefit is available for CEAP recipients between 150% and 200% of the FPL. A one-time crisis assistance payment of \$200 is available to households heating with deliverable fuels (e.g., oil, propane, wood, coal or kerosene). An additional crisis benefit (so-called "safety-net") is also available for households relying on deliverable fuels, provided no other heated housing (including homeless shelter) is available. Households relying on utility service as their primary heat source cannot get crisis or "safety-net" assistance, regardless of need. Prior to the winter of 1991-92, crisis assistance was available as needed, regardless of heat source. With the elimination of secondary heat coverage, typically electricity, and without crisis assistance available to utility heated households, these households face increased risk of utility shut-offs in the spring based on an inability to afford basic service.

State Appropriated Fuel Assistance Program (SAFA)

SAFA provided limited assistance with winter heating bills to households between 150% and 200% of the FPL if the household included an elderly and disabled member. SAFA was state funded until 2002-03 winter when all state energy assistance funding was withdrawn, leaving this an unfunded statutory program. DSS has created a new CEAP category for those formerly covered by SAFA, but this effectively reduces federal funds available to meet energy needs of households with income below 150% of the FPL.

Contingency Heating Assistance Program (CHAP)

Late in the winter of 1999-2000 and for winter 2000-01, the state received federal contingency funds to assist in meeting skyrocketing heating expenses for low-income households. A modest benefit of \$200 for heating expenses was available to households with income up to 60% of state median income if the household was ineligible for CEAP or SAFA. It is unclear whether CHAP benefits will again be available. If they are, the income limit is again likely to be 60% of state median income (e.g., income less than \$2150/month for a single person or \$3474/month for a family of 3). If at any point oil costs more than \$1.33/gallon, an eligible needy family will have great difficulty getting an oil delivery through this program as total benefits will not cover the cost of 150 gallons, the minimum oil dealers deliver. Crisis and "safety-net" benefits are not available, nor is any benefit provided to households where heat is included in the rent, regardless of need.

Operation Fuel

State law creates a limited private funding mechanism to assist households with an energy or utility emergency, the voluntary "add-a-dollar" program collected through monthly utility bills. Funds are distributed through local volunteer fuel banks. Household income must be between 150% and 200% of poverty level, the same as the former SAFA program.

Weatherization Assistance

This program weatherizes dwellings occupied by households with income below 150% of the FPL, in order to reduce energy consumption. This program was previously funded with federal dollars supplemented by state funds, leveraging significant utility company contributions, but state funding has been completely withdrawn. The state requires landlords to contribute to the cost of weatherization as a condition of the tenant receiving assistance. In prior years, households with high energy consumption, identified through CEAP, were prioritized for receipt of weatherization assistance. Such coordination between CEAP and weatherization is no longer required by state policy. Unless a household has a member who is at least 60 years old, less than six years old, or disabled, it is unlikely that it will receive this weatherization assistance, regardless of need. Additional conservation assistance is now available as a result of electric industry deregulation (see below).

Arrearage Forgiveness Programs

Gas utilities are statutorily mandated to operate arrearage forgiveness programs for energy assistance recipients whose primary heat is gas. Arrearage forgiveness programs create payment incentives; the companies "forgive" debt in exchange for regular payments. The programs are operated pursuant to a plan the gas companies submit to the Connecticut Department of Public Utility Control (DPUC) for approval. Because the mandate to create arrearage forgiveness programs predates dramatically reduced and time-limited welfare and reduced energy assistance, the plans do not take into account changes preventing many low-income households from successfully participating. Additionally, when the state expanded eligibility for energy assistance with CHAP in winter 2000-01, it did so in a way that does not afford these needy households access to the arrearage forgiveness programs.

Winter Shut-Off Moratorium

The winter moratorium law protects low-income households from shut-offs of gas heating and electric service between November 1 and April 15. However, if a gas customer had service provided during the prior winter based on "hardship" status, and service is terminated in the summer, gas is only required to be reinstated on November 1 if a minimum payment (typically \$100) is made. Inadequate energy assistance often results in a household losing utility service in the spring or summer, a problem exacerbated when benefits for secondary heat were eliminated. Households with secondary heat expenses are typically among the poorest in the state, usually residing in rental housing where the primary heating system is failing. These are the households most in need of adequate energy assistance. Additionally, the moratorium offers no protection, regardless of the time of year, to households which need gas for non-heat purposes (e.g., cooking, hot water) or deliverable fuels (e.g., oil, propane, coal, wood) needed for any purpose.

Electric Industry Restructuring

Electric industry restructuring legislation passed in 1998. Restructuring allows for competition in electric generation services. In theory, customers will have two electric companies: a regulated distribution company (either Connecticut Light & Power (CL&P) or United Illuminating (UI)) that maintains the system for distribution of electricity (poles, lines, etc.), addresses outages, and handles metering, billing and shut-offs; and a competitive generation company providing power through the distribution system. In practice, most consumers continue to obtain electricity through CL&P or UI and do not have a separate contract with a generation company.

The electric industry restructuring law provides opportunities for the state to leverage energy assistance and develop electric rates and payment and conservation programs protecting access to affordable service. It also creates dangers threatening access to affordable service for those with low incomes, particularly individuals with competency or literacy limitations or disabling conditions, as they are least likely to be able to participate effectively in a competitive market and have the least financial clout to ensure access to affordable service is protected. The market and generation expenses are subject to manipulation outside the control of consumers as has happened in other states, most notably California. And residential consumers have added vulnerabilities to abusive business practices such as “slamming”(switching suppliers without customer permission).

It appears increasingly unlikely that residential consumers, particularly poor people, will benefit from reduced electric rates as a result of deregulation. Since the inception of electric deregulation in Connecticut, few generators have begun marketing to residential consumers. Studies indicate that few residential consumers are aware of deregulation, despite millions of ratepayer funds spent on an educational campaign overseen by the DPUC. Awareness is critical to participation in a competitive market. The standard offer, intended to lock in residential rates while the market developed, is set to expire at the end of 2003. Legislative action will be needed to protect electric rates for residential consumers at this expiration date. Since deregulation was supposed to reduce electricity costs to consumers, proposals that increase such expenses will need to be critically scrutinized as they will benefit private generators at the expense of affordability of this essential service.

While the law requires the state to aggregate its own electric expenses and allow low-income households access to its discounts (and analysis indicates that the addition of low-income households to this aggregated pool will result in lower rates for the state), the market is so undeveloped that such a pool has not yet been developed.

One aspect of deregulation has shown important promise for all customers, including low-income households: conservation. Effective conservation efforts have the potential of reducing bills, improving quality of life, addressing safety concerns, stabilizing the housing situations of low-income households, and improving affordable housing stock in the state. The electric companies annually develop conservation programs specific to the needs of the various classes

of customers, including low income residential customers. Historically residential customers generally and low-income specifically have not received a fair share of conservation expenditures relative to their contributions as ratepayers. The Energy Conservation Management Board (ECMB), created by the deregulation statute, advises the utilities regarding conservation expenditures and has agreed with the utilities to move toward parity. Some progress has been made in this direction.

Stable funding for conservation is critical to the success of such efforts as they generally require long-term planning. Deregulation conservation funds are collected directly from utility ratepayers, not through taxes. Nonetheless, during the June 2001 Special Session, the legislature approved the use of \$12 million of the restructuring conservation fund for addressing problems with state buildings where there were issues largely of air quality (not conservation). This allocation unexpectedly substantially reduced funding available for low-income conservation, as well as conservation efforts generally. To date only a portion of the funds have been committed to conservation work and the ECMB is seeking cost-effectiveness data regarding such work.

Recommendations Access to Essential Energy and Utility Service



Ensure sufficient energy assistance funding to safeguard the health and safety of low-income families by:

- ! restoring state funding for the SAFA program serving the elderly and disabled,
- ! increasing funding levels for energy assistance to ensure stable benefit levels, including coverage of secondary heat sources, and
- ! guaranteeing low-income households have access to necessary energy and utility services on a year-round basis.

Energy assistance-related funding has been reduced particularly by the withdrawal of state funding, and has been refocused so that it is now poorly targeted, ignoring actual expenses. As a result, assistance is inadequate to pay a reasonable portion of energy bills and many households in need of assistance do not receive it. More low-income households face utility shut-offs in the summer months, and must do without service in the winter if gas is used for non-heat purposes or they cannot afford minimum payments required to reconnect gas heating service. The shortage of funds also has threatened access of low-income households to needed fuel deliveries (e.g., oil) in the winter, particularly households receiving benefits under CHAP.



Improve affordability of necessary energy and utility services by:

- ! guaranteeing a reasonable energy assistance benefit level at the beginning of the heating season, providing clear guidance in the energy assistance program (CEAP) plan for adjustment of benefit levels, and requiring DSS to provide public notice of the availability of and changes in such benefits,
- ! renaming CHAP as a CEAP subcategory to ensure recipients have access to arrearage forgiveness programs,
- ! requiring electric companies to operate arrearage forgiveness programs equivalent to those currently required for gas customers,
- ! opening arrearage forgiveness programs to all households income eligible for energy assistance, regardless of whether the utility service is used for heating,
- ! re-regulating electric service or extending the “standard offer”,
- ! monitoring the Office of Policy and Management’s statutorily required efforts to develop an electricity purchasing pool for state expenses and consumers on subsistence benefit programs, and
- ! monitoring DPUC responsibilities for consumer protections in electric deregulation, including outreach, conservation, billing practices, fees for switching electric generation companies and other consumer protections.

The energy assistance plan allows DSS to adjust benefits without additional legislative approval during the heating season, and does not require DSS to provide public notice of such changes. Historically DSS has refused to provide such public notice. The lack of reliably available energy assistance limits a low income household’s ability to budget for the portion of bills it needs to pay. It also often results in required payments in the gas arrearage forgiveness program that are higher than they should be, and some families are not able to afford to participate. All low-income households should have access to creative arrearage forgiveness programs, including CHAP recipients, but this will require renaming CHAP so the gas arrearage forgiveness statute mandates recipient access. The gas arrearage forgiveness programs have been very successful in increasing affordability and payment of gas bills by low-income households. Connecticut should build on this success by expanding access to such programs for all low-income gas and *electric* utility customers.

Electric deregulation has created issues, the most immediate of which is the scheduled end (12/31/03) of residential rate protection through the “standard offer.” In the absence of development of a robust generation market, to avoid a serious crisis in access to electricity, electric rates for residential customers need to be re-regulated or the standard offer must be extended to allow time for the legislature to decide how best to proceed. If deregulation of the low-income electric customers continues, the state should immediately and aggressively develop a purchasing pool to reduce overall electric bills for both the state and low-income households.



Ensure representatives of recipients of energy assistance with expertise in such assistance are made full members of Governor’s Energy Assistance Advisory Board (GEAAC).

For in-depth understanding of the state’s energy assistance plan submitted to the legislature each year, the legislature should require GEAAC membership be expanded to ensure low income interests are represented. The legislature could then seek GEAAC membership analysis of the state’s energy assistance plan and obtain a broad perspective regarding the implications of the plan. This would require that the draft plan be made available a reasonable time period prior to presentation to the legislature. This has not been the practice in recent years.



Increase weatherization efforts and effectiveness to minimize the need for energy assistance by:

- ! requiring DSS to coordinate all energy and weatherization related assistance available to low income households (including energy assistance, home repair assistance available to cash assistance recipients to allow them to remain in home-owned property where cost effective, federal weatherization assistance and conservation assistance available as a result of electric deregulation) to ensure those at greatest risk are able to access an effective package of assistance,
- ! appropriating adequate funding for weatherization and targeting weatherization services to the neediest households with the highest level of energy consumption,
- ! removing the landlord contribution requirement to the provision of weatherization assistance,
- ! requiring that conservation funds collected from ratepayers under electric deregulation be used exclusively for conservation efforts overseen by the SNET Report: Energy Conservation Management Board (ECMB) and that low-income consumers receive a share of conservation efforts that reflects at least their contributions.

Weatherization conserves energy -- reducing energy and utility expenses for low-income families, improving affordable housing stock and stabilizing families and communities, and helping protect the environment. Increasing funding for conservation and coordination of such benefits could maximize their effectiveness. Thoughtful policies and targeting of weatherization could ensure the neediest households are assisted. DSS should also coordinate energy assistance benefits with other benefit programs it administers to make the system less complex for the intended beneficiaries and to avoid redundant administration where each program independently conducts application and redetermination processes. Lastly, Connecticut should protect conservation funding, ensuring rate-payer funded conservation programs are not viewed as alternative sources of money for the general fund.

Food and Nutrition

There is hunger in Connecticut and it is pervasive. Even though Connecticut consistently has one of the highest per capita incomes in the nation, 7.8% of Connecticut households, about 250,000 people, have trouble getting enough food to feed their families. While many working poor households experiencing hunger or food insecurity appear to survive on low incomes, they often rely on emergency food programs to eat and many times the food is not of high nutritional value.

Hunger in America 2001, a national survey conducted by America's Second Harvest, reveals how extensively Connecticut residents rely on emergency food assistance. In any given week in Connecticut, 31,710 people receive some type of emergency food assistance. That is one in every 107 people in the state. Only 0.7% of households in CT accessing the emergency food system are enrolled in Temporary Family Assistance (TFA) while 27% have at least one household member who is employed.

Effective policies are required to address the needs of hungry people in our state, and these policies must address the link between food insecurity and health related problems. A recent national report by the Center on Hunger and Poverty thoroughly documents the consequences of hunger and food insecurity for children. Overall, children who are food insecure have a greater incidence of hospitalizations, higher levels of aggression, increased need for mental health services and lower test scores in school. While no conclusive evidence has been presented on obesity, various reports suggest that access to low-cost, high fat foods rather than nutritious alternatives, low physical activity and yo-yoing between overeating when food supplies are good, and skipping meals when food is scarce are possible causes for the growing obesity epidemic among low-income households.

Recommendations

Food and Nutrition



Policies should be supported that ensure access to quality, affordable food to all people in Connecticut.



Support statewide obesity prevention campaigns, healthy eating and exercise initiatives, including school initiatives that teach children good nutrition and the value of exercise at an early age.



Support initiatives to bring locally grown foods to Farmer's Markets, schools and communities.



Support outreach initiatives to increase participation in federal nutrition programs such as the School Breakfast Program, Summer Food Programs and WIC that increase nutritional intake in participants.

Food Stamp Program

The federal Food Stamp Program is the nation's nutrition safety net, the cornerstone of food assistance programs for low-income Americans. It is an entitlement program, open to all who are eligible. Eligibility is based on gross income of no more than 130% of federal poverty for most households (currently \$23,532/year for a family of four).

The Department of Social Services (DSS) administers the Food Stamp Program. The federal government pays 100% of food stamp benefits, and the state is reimbursed for 50% of the administrative costs of the program. Participants are given an EBT card that works much like a debit card. The EBT card can be used in most grocery stores around the state to purchase various food items. Food stamps cannot be used to buy toiletries, alcohol, pet food, tobacco, or prepared meals. The federal government reimburses stores for EBT purchases, which brings money back into the community.

In fiscal year 2001, the Food Stamp Program served an average of 17.3 million people per month nationwide, with an average benefit of \$75 per person. More than half of all food stamp recipients are children. Since 2001 food stamp participation has been rising, due to increased outreach efforts and a downturn in the economy. In Connecticut between July 2001 and July 2002, there was a 9% increase in the number of people participating in the program. In July 2002, 171,299 people participated in the Food Stamp Program in CT.

Recent Changes

During the last session, the CT Legislature passed HB 5556 that raised the motor vehicle allowance from \$4650 to \$9500 for food stamp households, and provided a five-month transitional food stamp benefit for families leaving Temporary Family Assistance (TFA). The change in the motor vehicle allowance was instituted in July 2002. The Department of Social Services is still working on implementing the transitional benefit, which will be a vital safety net for families.

DSS has implemented six-month reporting for most food stamp households. Households only need to report more often than every 6 months if they move or their monthly gross income exceeds 130% of federal poverty for their household size. The Department of Social Services also recently shortened the food stamp application from 17 pages to 6 pages. The application is available on the Department of Social Services' web site.

Changes in the Food Stamp Program, through the passage of the Food Stamp Reauthorization Act of 2002, will have a positive affect on the program in Connecticut. Simplification of program rules and reporting requirements make the program easier to administer and access.

These are the mandatory changes in the Food Stamp Program:

1. Federal food stamp benefits for legal immigrants will be partially restored over the next year.
2. The standard deduction is increased and based on family size and inflation.
3. The asset limit for disabled households increased from \$2000 to \$3000.
4. The quality control system, that determines a states payment error rate, is refigured to be substantially less punitive. (In April 2002 CT was fined \$225,615 for errors made in FFY 2001 and additional fines will be levied for 2002.)

The following are options that the state may choose to implement:

1. Using a mandatory Standard Utility Allowance for all food stamp benefit calculations.
2. Aligning food stamp income and asset rules with TANF and Medicaid programs.
3. Counting paid child support as an exclusion rather than a deduction in the food stamp benefit calculation.
4. Creating a homeless shelter deduction of \$143.

Recommendations

Food Stamp Program



Ensure that DSS places increased emphasis on access to the Food Stamp Program by:

- ž Extending DSS office hours to some evenings to accommodate working clients.
- ž Out stationing DSS workers at food pantries, shelters and schools, especially in rural areas. *For example, if someone from Salisbury wanted to apply for food stamps it would take them 1 ½ hours to reach the Torrington office that services that region.*
- ž Focusing on eligibility services for potential applicants. *7 out of 10 people do not apply for food stamps because they don't think they are eligible.*
- ž Allowing over the phone eligibility interviews when a family has a hardship (elderly, disabled, working or lack of transportation) and is unable to come to the office.
- ž Ensuring that the Standard Utility Allowance is representative of the regions high utility costs. *All other states in the Northeast region have higher*

Standard Utility Allowances than CT.

- ž Providing clear, easy to read and understandable correspondence to participants regarding the Food Stamp Program.

Special Requirements for Single Adults without Children

In 1996 the federal government set strict limits on childless adults between the ages of 18 and 50 who are able to work. These adults are restricted to only **3** months of food stamp benefits in every **36**-month period unless they are working part-time or participating in employment training. Congress allowed states to request USDA waivers of this provision for areas that have unemployment rates of more than 10 percent, areas of insufficient job opportunities or regions the Department of Labor has designated Labor Surplus Areas (LSA). As of October 2002, Bridgeport, Hartford, Killingly and Voluntown were Labor Surplus Areas.

In addition, single, childless adults in Ansonia, East Hartford, Derby and New Britain are not subject to the time limit due to USDA sanctioned exemptions

Recommendations

Food Stamps for Single, Childless Adults

// The Administration should continue to renew its USDA food stamp waivers enabling able-bodied adults, in areas of high unemployment or insufficient job opportunities, to continue to receive food stamps if they cannot find work.

// DSS should continue to take advantage of unused USDA exemptions by offering them in towns that do not currently have waivers.

Legal Immigrant Eligibility for Food Stamps

Connecticut has its own state funded Food Stamp Program for legal immigrants. The state funded program is available to all legal immigrants that have lived in Connecticut for at least six months and meet food stamp eligibility requirements.

With the recent changes in the federal Food Stamp Program the responsibility for funding food stamps for legal immigrants will partially shift from the state to the federal government. However, the federal restoration of food stamp benefits for legal immigrants is not a full

restoration. There is a portion of the legal immigrant population who will not be eligible under federal guidelines. The state funded Food Stamp Program is still available to legal immigrants through FY 2002-03.

Time line of federal food stamp restorations for legal immigrants:

| Legal Immigrant Category | Effective Date |
|--|-----------------------|
| Receiving disability benefits (SSI, disability related Medicaid, or similar state benefits) | 10/01/02 |
| Other legal immigrants who have lived in the US for five years | 04/01/03 |
| Children under age 18 (no five-year waiting period) | 10/01/03 |

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| Recommendations | Food Stamps for Legal Immigrants |
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- // Ensure that there is a seamless transition in the provision of benefits when funding for food stamps shifts from the state to federal government.**

- // Continue state funding of the Food Stamp Program for legal immigrants not eligible under federal guidelines.**

- // Ensure that DSS applies the new rules of sponsor deeming to food stamp participants. Sponsor deeming only applies to legal immigrants with an “enforceable affidavit of support” (INS Form 1-864) and should only affect legal immigrants who entered the U.S. after Dec. 1997**

FOOD STAMP FACTS

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|--|--|
| <p>FACT: Food Stamps are needed by many people, half of whom are children.</p> | <p>Approximately 90,000 households in Connecticut use food stamps. More than half of these food stamp recipients are children. In fact, two thirds of food stamp recipients are children, elderly people, or people with disabilities. However, this program is very underutilized-nationally half of the individuals who are eligible for food stamps don't participate. There are many reasons for lack of participation, including: Misinformation or lack of information of eligibility requirements; The stigma of using food stamps; And the amount of paperwork.</p> |
| <p>FACT: Food Stamps are often insufficient to prevent hunger.</p> | <p>Although food stamps are often the only means that people have to buy food, the average allotment in Connecticut is \$0.88 per meal, per person. Some people, including about 25% of the elderly, receive only ten dollars of food stamps per month. In addition, people living in poor neighborhoods are often forced to pay higher prices for food (up to 30% higher) because of the lack of supermarkets offering quality food at competitive prices. Studies have shown that food stamp recipients consistently run out of food stamps before the month is over.</p> |
| <p>FACT: The majority of recipients use food stamps wisely.</p> | <p>USDA research shows that food stamp shoppers, compared to all other income groups, obtain more key nutrients for every dollar they spend on food. Research also shows food stamps shoppers purchase 20-50% less cakes, salty snacks and soft drinks than the general population. The Food Stamp Program increases the nutritional quality of children's diets by 20-40%.</p> |
| <p>FACT: Hard-working people in need use food stamps.</p> | <p>Food stamp rules require those who are employable to look for work or risk losing their benefits. A typical parent who leaves welfare and is employed works roughly 34 hours per week and earns about \$6.50 per hour. A family of three with such earnings would be eligible for almost \$150 in food stamps per month or \$1800 per year.</p> |
| <p>FACT: Food Stamp fraud has not shown to be a significant problem.</p> | <p>Fraud claims represent only 0.2% of total program benefits. There is no evidence that individual recipients play a significant role in food stamp trafficking schemes, as no trafficking is possible without the involvement of a retailer.</p> |

Child Nutrition Programs

The five federal programs that make up the Child Nutrition Act are the School Breakfast Program, the National School Lunch Program, the Summer Food Service Program, the Special Supplemental Nutrition Program for Woman, Infants and Children (WIC), and the Child and Adult Care food Program. Each of these programs is successful in getting nutritious food to children who need it. Many times participation in these programs constitutes the only food a child gets in his or her day. Study after study proves the effectiveness of these programs in attainment of greater health, learning ability and better behavior for those who participate in the programs.

School Lunch and Breakfast

The National School Lunch Program and the School Breakfast Program allow children whose families are income eligible to receive lunch and breakfast in school for a free or reduced price. The meals must meet specific nutritional requirements to qualify for federal funds. Program participation by schools and day care facilities is not required, so children only receive meals if they attend a participating facility.

Nationally, more than three out of four (77.6 percent) of the 97,147 schools that offered school lunch also offered school breakfast in the 2001-2002 school year, breaking the record for participation. In Connecticut, the numbers tell a different story. Of the 1,089 schools participating in the National School Lunch Program only 536, or 49.2 percent, participate in the School Breakfast Program, ranking Connecticut 49th of the 50 states and the District of Columbia. Connecticut is one of the few states that mandate a school district to serve breakfast if 80% of its students are eligible for free or reduced lunch.

- **Eligibility:**

Any child at a participating school may purchase a meal through the School Lunch or School Breakfast program. However, children whose families meet certain income criteria may receive free or reduced-price breakfast and lunches.

To receive a **free school meal:**

Family income must be at or below 130% of the federal poverty level
(currently \$23,532/year for a family of four)

To receive a **reduced-price meal:**

Family income must be at or below 185% of the federal poverty level
(\$33,485/year for a family of four).

Children whose families are receiving food stamps or TANF funds are automatically eligible for free meals.

Universal Free School Meals:

Through Provisions II and III, more commonly known as the *Universal Free School Meal Program*, a school can provide free meals to all students. Provisions II and III substantially reduce the amount of paperwork involved in the program resulting in cost savings. Under either provision a school only needs to collect student meal applications every four years. Currently Hartford, New Haven, and Bridgeport provide all students with free school meals, while New London provides free meals to elementary and middle school students.

Summer Food Service Program (SFSP)

The Summer Food Service program offers nutritious food to children when school's out. SFSP operates differently than the School Breakfast and Lunch Programs. Sponsors agree to provide meals at different sites throughout the state. A site may qualify as a summer food site either by geographic eligibility or by enrollment eligibility.

Geographic eligibility is defined as being located in a geographic area where at least half of the children qualify for free or reduced-price meals. These sites are "open" sites, where any child who comes can receive a free meal, with no need to show eligibility or proof of income.

Enrollment eligibility means that at least half of the children enrolled in a specific program come from families with incomes at or below 185% of the poverty level. These sites receive reimbursement for the meals served to children who are eligible for free and reduced price meals.

Increased enrollment in the Summer Food Service Program was a priority for the U.S. Department of Agriculture in 2002. Only about 24% of the children in Connecticut that are fed through the School Breakfast and Lunch Programs participate in the Summer Food Program. Seamless Summer Waivers make it easier for school districts to participate in the program.

Seamless Summer Waivers are granted only to school districts that participate in the National School Lunch Program (NSLP). Essentially the district opts to run the Summer Food Service Program as an extension of the NSLP thereby decreasing the administration of running two separate programs. While the NSLP reimbursement rates are lower than the SFSP the cost savings in administration makes this worthwhile for many schools.

Child and Adult Care Food Program:

This federal program provides funds for healthy meals and snacks to children and adults receiving day care in certain types of facilities. Such facilities include: licensed public and nonprofit childcare centers, head start

programs, after school care programs, family day care homes, nonresident adult day care facilities, and emergency shelters providing residential and food services to homeless families.

Other Child Nutrition Programs:

Special Milk Program- Only schools **not** participating in the School Breakfast or Lunch Programs are eligible to participate. To receive FREE milk through the Special Milk Program family income must be at or below 130% of federal poverty level.

After-School Snack Program -Under the Child Nutrition Act of 1996, the National School Lunch Program was expanded to provide cash reimbursements for snacks to children in certain after school settings. In order to participate, schools must (1) currently be participating in the National School Lunch Program and (2) be operating an after-school program that provides organized educational activities. Eligibility determination is similar to that of the Summer Food Program: a school is either area (50% of enrollment receives free or reduced price meals) or income (dependent on households income) eligible.

Applications and information about all child nutrition programs described above are available at the Connecticut State Department of Education website- www.state.ct.us/sde

WIC: Women, Infants and Children

WIC's mission is to safeguard the health of low-income women, infants, and children up to age 5 who are at nutritional risk by providing nutritious foods that supplement diets, information on healthy eating, and referrals to health care. The United States Department of Agriculture and the Connecticut Department of Public Health administer WIC. Every dollar spent on WIC saves about three dollars in future health care costs for the children and mothers it serves.

WIC is not an entitlement program. WIC receives block grants from the federal government to run the program, regardless of participation levels. As of Sept. 2002, funding levels for WIC nationwide were over \$4 billion with almost \$35 million coming to Connecticut.

Eligibility:

To be eligible for WIC a participant must meet all of the following requirements:

1. The participant must be pregnant, postpartum (up to six weeks after the birth of an infant or the end of pregnancy), breastfeeding an infant or a child under the age of five.
2. The participant's household income must be below 185% of the federal poverty level (\$33,485/year for a family of 4).
3. The participant must be determined to be a "nutritional risk" by a health professional who measures the participant's height and weight and takes a blood sample to check for anemia.
4. The participant must meet state residency requirements.

5. The participant mother must appear with her baby and/or children both at the time of initial application and at re-certification.

An individual is automatically eligible for WIC if:

- z Receiving food stamps, Medicaid, or Temporary Family Assistance (TANF); or
 - z Is a member of a family in which a pregnant women or infant receives Medicaid.
- **Benefits of WIC.** Numerous studies have shown that WIC participation
 - z Reduces fetal deaths and infant mortality.
 - z Reduces low birth weights and increases the duration of pregnancy.
 - z Significantly improves children's diets.

Child Nutrition Programs through the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1996 must be reauthorized federally by October 2003.

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| Recommendations | Child Nutrition Programs |
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- // **Expand participation in School Breakfast, especially in those towns with severe need (40% or more children receiving free or reduced school lunches).**
- // **Lower the mandated ceiling for school districts that must provide school breakfast from 80% to 60% of children who receive free or reduced school lunch.**
- // **The state must support ongoing outreach activities by community groups and state agencies to increase participation in all child nutrition programs, especially the Summer Food Program.**
- // **Improve food quality-due to the expanding obesity epidemic among young people in our country special emphasis should be placed on nutritious, healthy snacks and meals.**
- // **Support raising the eligibility level for a reduced price meal to 225% of the federal poverty level.**

State Supplemental Nutrition Assistance Program (SSNAP)

Monies from this program are used to purchase nutritious, high protein foods for distribution to soup

kitchens, emergency shelters and food pantries. Hundreds of agencies participate in the program and hundreds of thousands of citizens benefit from it.

Connecticut Food Bank holds this contract, which entails determining charities' eligibility, maintaining statistics on people served, ordering food and getting it distributed across the state. SSNAP foods supplement food bank donations from other sources, which often provide only limited protein.

The contract allows for purchase of food only. There is no administrative allowance. All SSNAP foods are purchased from Connecticut-based businesses, thus encouraging the state economy.

SSNAP began in 1988 as a totally state funded program. Since then more and more of the money has come from Federal block grants and less from the State.

Recommendations

State Supplemental Nutrition Assistance Program



The state should take a clear stand on working to eliminate hunger in Connecticut by increasing the amount of state money for SSNAP. At the same time maximum federal dollars should be sought to supplement local dollars.

Elderly Nutrition Programs

The Elderly Nutrition Programs, comprised of **Meals On Wheels and Congregate Meals**, provide quality food and nutrition for older adults so that they can live independently in their homes. Congregate Meals promotes good nutrition while helping to prevent isolation by encouraging the elderly to leave their homes, socialize with others, and have opportunities to access other services. For homebound elderly, Meals On Wheels provides one hot meal a day as well as daily social contact. These programs target seniors in greatest need, with special emphasis given to low-income elderly. Many of these seniors, particularly those who receive Meals On Wheels, rely on the program as their sole source of food and nutrition.

In Connecticut, according to 2000 census information:

- z There were 439,935 residents aged 65 and older, or 12.9 % of the total population.
- z 5.7% or 26,740 seniors live below the poverty level.

- z Up to 90 percent of Meals On Wheels participants live below the poverty line.
- z 59% of Meals On Wheels participants have three or more chronic illnesses and require special diets.

Benefits of the Elderly Nutrition Programs : Participants in these programs enjoy the following benefits:

- z Significantly greater intake of essential nutrients.
- z In Connecticut, Meals On Wheels provides approximately 40-50 percent of the participant’s daily nutrient intake.
- z It is estimated that for every \$1 spent on nutrition programs for the elderly, \$3.25 is saved in hospital costs.

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| Recommendation | Elderly Nutrition |
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// Maintain funding at least at current level to meet future need. In the fiscal year 2000-2001 budget, elderly nutrition programs received an unprecedented \$1 million in funding.

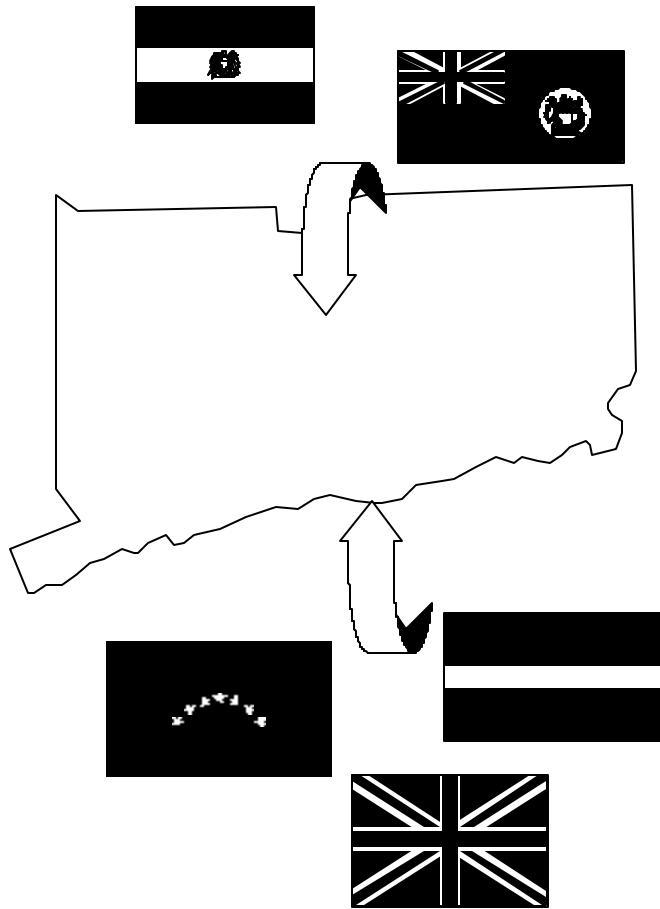
Community Food Security

Community food security is an emerging concept that addresses hunger, access to food, agriculture and environmental concerns through a comprehensive food systems approach. Community food security means, “that all persons may obtain a culturally acceptable, nutritionally adequate diet through local non-emergency sources at all times.” An important goal of food security, especially at the state level, is to link concerns such as environmental protection and preservation of local farming with urban-based concerns such as reducing hunger and expanding access to affordable food. The community issues of food availability, the quantity of and quality of that food, and the sustainability of that food production system are integral to establishing community food security.

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| Recommendation | Food Security |
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// The state should continue to fund and support the policy recommendations of the Connecticut Food Policy Council. The intent of the Council is to solve multiple food system issues within the state, especially the need for all people to have access to a safe, affordable food supply, by bringing state agency’s, advocates, farmers and others together.

IMMIGRANTS



Immigrants

FEDERAL DEVELOPMENTS

The provisions of the Personal Responsibility and Work Opportunity Act (PRA) of 1996 regarding benefits for immigrants were some of the most controversial in the statute. These restrictive measures applied to people who were already legally in the country and receiving assistance. The Balanced Budget Amendment of 1997 (BBA) made some changes to restore assistance. In addition, legislation passed late in the 1998 Session extends Supplemental Security Income and Medicaid for non-qualified aliens. The following is a brief summary.

Supplemental Security Income for Currently Qualified and Non-Qualified Recipients

The BBA authorized continued cash assistance for a fixed period of time for aged, blind and disabled immigrants through Supplemental Security Income (SSI). Derivative Medicaid benefits were also authorized for all legal immigrants who were receiving SSI on August 22, 1996, when the PRA was enacted. In addition, current recipients who meet the definition of "qualified" immigrants were guaranteed eligibility indefinitely.

Qualified immigrants include:

- ! Legal permanent residents (LPRs or green card holders);
- ! Refugees;
- ! Asylees;
- ! Persons granted withholding of deportation;
- ! Persons who have been paroled into the U.S. for at least a year; and
- ! Certain battered spouses or children who have been approved or have a petition pending for a visa under the Violence Against Women Act (VAWA)

Qualified Immigrants

The BBA provides SSI eligibility for all qualified immigrants who were lawfully residing in the country on August 22, 1996 even if they were not receiving assistance on that date. They will have access to SSI and derivative Medicaid benefits if they are needy and disabled at the time of application regardless of the date of application or the date of onset. Qualified immigrants who are over age 65 but not disabled will not be eligible for SSI unless they meet one of the other exceptions.

Non-Qualified Recipients

Under the BBA, current recipients who were not defined as qualified remained eligible for SSI for an

additional year, until September 30, 1998. However, in the last days of the U.S. Congress, legislation was passed (HR 4558) to extend indefinitely the SSI and Medicaid eligibility of approximately 12,000 nonqualified aliens who were receiving SSI on August 22, 1996. This bill removes the September 30, 1998 expiration date included in the BBA and permanently authorizes continuation of SSI and Medicaid for those recipients not coded by SSA as qualified "aliens" or U.S. citizens.

Extension of Exemption Period

The BBA extended the length of time that refugees would be exempt from the prohibition against receiving benefits from five to seven years, for the SSI and Medicaid programs only. As a result, refugees will be eligible for SSI and Medicaid for the first seven years after they enter the country. In addition, asylees and persons granted withholding of deportation will have access to those two programs for their first seven years after being granted such status. After the seven year exemption ends, refugees, asylees and persons granted withholding of deportation will continue to be eligible for assistance only if they qualify for one of the other exemptions, e.g., if they were receiving assistance in August of 1996. The Food Stamp refugee exemption remains at five years.

Cuban and Haitian Entrants Treated as Refugees

The BBA provides that Cuban and Haitian entrants will be considered qualified aliens, entitled to receive federal public benefits. They will be treated the same as refugees in those programs that deny or restrict access to qualified aliens. This means that they will be:

- T** eligible for SSI and Medicaid for the first seven years after gaining entrant status;
- T** eligible for Food Stamps, Temporary Assistance to Needy Families and Social Service Block Grant services, as well as all state public benefits during their first five years after gaining entrant status; and
- T** exempt from the five year bar on federal means-tested public benefits that applies to immigrants who entered the U.S. after August 22, 1996.

Amerasians Treated as Refugees

The BBA also provides that Amerasians shall be treated the same as refugees, and the same rules outlined for the Cuban and Haitian refugees will apply to them. Amerasians are children fathered by U.S. citizens in certain Southeast Asian countries during the years of the U.S. conflict there. They, and under certain circumstances their immediate relatives, are entitled to immigrate to the U.S. under special provisions of the Immigration and Nationality Act.

Eligibility for SSI and Medicaid Restored for Certain Native Americans

The BBA restores full SSI and Medicaid eligibility to North American Indians born in Canada and other

tribal members, born outside the U.S., who have long been recognized to have the right to enter and re-enter the United States.

Expanded Definition of Veteran

The BBA expands the veterans exception to disqualification for federal means-tested programs to include Filipino war veterans who fought under the U.S. command during World War II. It also includes a Congressional Statement that the Hmong and other Highland Lao veterans who fought on behalf of the U.S. armed forces during the Vietnam War should be considered veterans. Finally, the veterans exception will now include the unmarried surviving spouse of a veteran or active duty service person. Previously, the veterans exception did not cover surviving spouses even if the immigrant's spouse died in combat.

Clarifications for Victims of Domestic Violence

The BBA permits the parent of a battered child to obtain assistance under the same circumstances that would permit the child to do so. It also eliminates some red-tape for battered spouses and children attempting to demonstrate that they are qualified immigrants by permitting the agency providing the benefit to make certain determinations, rather than the Attorney General. The Attorney General issued guidelines on July 24, 1997 clarifying when domestic violence victims qualify for this exemption. It is expected that the substance of these guidelines will continue to apply under the BBA.

Sponsor Deeming

The PRA requires that the income of sponsors be deemed for purposes of federal benefit programs if the alien arrived in the U.S. on or after August 22, 1996 **and** the sponsor signed a revised Affidavit of Support form (required beginning December 19, 1997).

Emergency Medical Assistance, Immunizations and Communicable Disease Treatment for Undocumented Aliens

Under the PRA, non-qualified aliens ineligible for Medicaid continue to be eligible for emergency medical services, provided all other Medicaid eligibility requirements are satisfied. This includes undocumented aliens not eligible for state-funded medical assistance, as discussed below. The covered emergency services include all labor and delivery services. Undocumented aliens also are eligible for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases, whether or not such symptoms are caused by a communicable disease.

Food Stamps

For information on immigrants and food stamps, see the Food and Nutrition section in this book.

State Developments

After the federal welfare reform act (PRA) barred federal funding of benefits to legal immigrants, Connecticut adopted statutes to continue benefits with state funds. Public Act 97-2 (Special Session) included several provisions to assist immigrants who were affected by the benefit cuts enacted in the PRA but included sunset provisions ending these benefits in two years. Since then, the benefits have been extended each time the sunset date has been reached. In the last two years, the extensions were passed at the last possible moment in legislative special sessions. Eligibility provisions for benefits in Connecticut are outlined below:

State Administered General Assistance for Qualified Aliens

The statute, as amended, expands eligibility for State Administered General Assistance (SAGA) to include certain qualified aliens and other lawfully residing immigrants. Qualified aliens, as defined under the PRA, are eligible for SAGA, subject to certain limitations:

- ! Qualified aliens admitted into the country on or after August 22, 1996 and other lawfully residing immigrant aliens or persons who were “permanently residing under color of law” (PRUCOL) determined eligible for assistance prior to July 1, 1997, are eligible for assistance.

- ! Qualified aliens admitted into the country on or after August 22, 1996 and other lawfully residing immigrants or persons who were “permanently residing under color of law” (PRUCOL) not determined eligible for assistance prior to July 1, 1997, must establish state residency for six months to qualify for SAGA.

- ! Aliens eligible under this provision must pursue citizenship by all legal means unless they are unable to do so due to (1) medical problems, (2) language barriers, or (3) other reasons determined by the DSS commissioner.

- ! All qualified aliens or aliens lawfully residing in the state who are victims of domestic violence or who have mental retardation shall also be eligible for SAGA, notwithstanding the above limitations.

- ! No new applications for SAGA from qualified aliens, other lawfully residing immigrants or PRUCOLs will be accepted after June 30, 2003.

Temporary Family Assistance

Qualified aliens admitted into the country on or after August 22, 1996 and other lawfully residing immigrant aliens or persons who were “permanently residing under color of law” (PRUCOL) determined eligible for assistance before July 1, 1997, remain eligible for assistance.

Qualified aliens admitted into the country on or after August 22, 1996 and other lawfully residing immigrant aliens or persons who were “permanently residing under color of law” (PRUCOL) not determined eligible

for TFA prior to July 1, 1997, are eligible for TFA after establishing six months of state residency.

Qualified aliens must pursue citizenship by all legal means unless they are unable to do so due to (1) medical problems, (2) language barriers, or (3) other reasons determined by the DSS Commissioner.

All qualified aliens and other immigrants lawfully residing in the state who are victims of domestic violence or who have mental retardation are eligible for TFA, notwithstanding the above limitations.

No new applications for TFA from qualified aliens, other lawfully residing immigrants or PRUCOLs will be accepted after June 30, 2003.

Medicaid Eligibility

Qualified aliens admitted to the country before August 22, 1996 are eligible for Medicaid provided they meet other eligibility criteria. Qualified aliens admitted on or after August 22, 1996 are not eligible for Medicaid for five years after the date they were admitted except that such persons who are eligible for TFA or SSI are eligible for Medicaid immediately.

State-Funded Medical Assistance for Certain Immigrants

Qualified aliens admitted to the U.S. on or after August 22, 1996, and other lawfully residing immigrants or PRUCOLs are eligible for state-funded medical assistance with coverage comparable to Medicaid.

All qualified aliens and other immigrants lawfully residing in the state who are victims of domestic violence or who have mental retardation are eligible for state-funded medical assistance, notwithstanding the above limitations.

No new applications for state-funded medical assistance from qualified aliens, other lawfully residing immigrants or PRUCOLs will be accepted after June 30, 2003.

Home Care Eligibility for Immigrants

The state statute, as amended, expands the Connecticut Home Care for Elders Program by making persons admitted to the U.S. on or after August 22, 1996, and other legally residing residents or PRUCOLs determined eligible for the program prior to July 1, 1997, eligible for services. Immigrants who had not been determined eligible before July 1, 1997, are eligible for these services six months after establishing residency in the state.

All qualified immigrants or immigrants lawfully residing in the state who are victims of domestic violence or who have mental retardation are eligible for home care assistance, notwithstanding the above limitations.

No new applications for home care assistance from qualified aliens, other lawfully residing immigrants or PRUCOLs will be accepted after June 30, 2003.

Sponsor Deeming

The PRA does not require, but merely purports to authorize, sponsor deeming for state-funded benefit programs, for aliens arriving in the U.S. on or after August 22, 1996 for whom a revised Affidavit of Support has been signed. DSS is applying sponsor-deeming across-the-board to state and federal programs, notwithstanding the probable unconstitutionality of such deeming as applied to state programs.

Nursing Home Coverage for Undocumented Aliens

P.A. 98-239 (effective July 1, 1998) allows for some nursing home coverage for undocumented aliens. Section 7 of this act requires DSS to provide nursing home Medicaid coverage to certain undocumented aliens who have lived in Connecticut for at least five years, who have been admitted to an acute care or psychiatric hospital, and for whom services in a long-term care facility are an appropriate and cost-effective alternative. To be eligible for such coverage, the undocumented alien must be unable to return to the country of origin due to medical illness (including regulations barring re-entry because of illness or disability) or must have been permitted to remain in the United States based upon a decision by the Immigration and Naturalization Service (INS) not to proceed with deportation.

Recommendations

Immigrants

// **Keep applications open for state-funded immigrant benefits after June 30, 2003.**

Benefit programs for legal immigrants should remain open to new applications after June 30, 2003 so that individuals who are legally admitted to the U.S. can obtain necessary cash and medical assistance. Otherwise, individuals legally admitted into the U.S. will be denied essential assistance if they fall on hard times, even though they are obliged, like citizens, to pay all state and local taxes.

// **Eliminate the six-month durational residency for all state-funded benefit programs for non-citizens.**

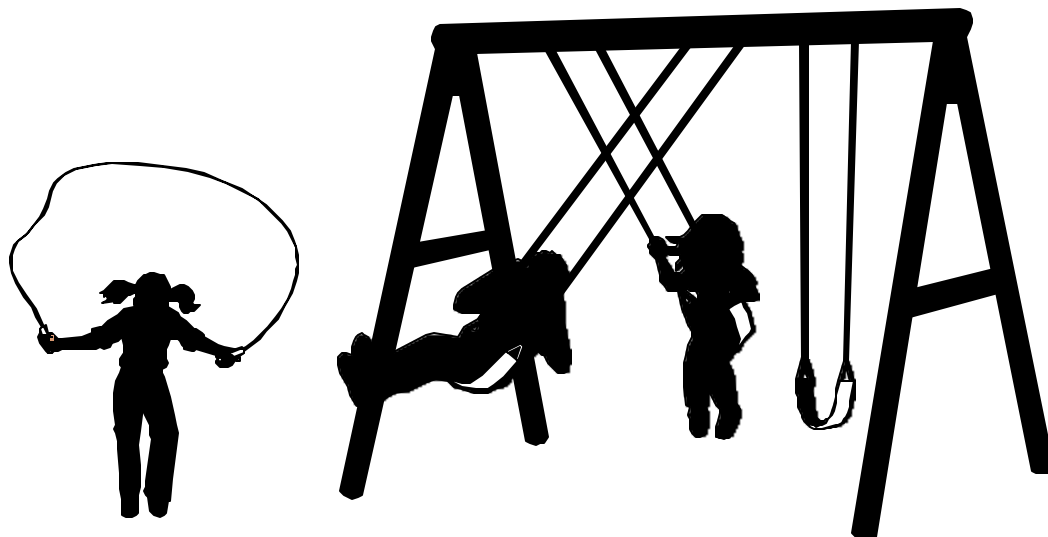
A six-month durational residency requirement is applied to most state-funded benefit programs for non-

citizens. This requirement is applied only to non-citizens. It is unwise and unfair policy because these non-citizens work and pay taxes just like citizens, and they should not be discriminated against when they fall on hard times. In addition, the durational residency requirements are unconstitutional, both because they penalize the right to interstate travel and because they explicitly discriminate on the basis of alienage, something that the United States Supreme Court and the Connecticut Supreme Court both ruled cannot be done by a state in the absence of a compelling state interest.

// Exercise the option of not requiring sponsor deeming under the state-funded benefit programs for persons legally admitted to the U.S.

DSS is applying sponsor-deeming to state-funded benefit programs, on the basis that this is required by the PRA. However, the PRA does not require that the income of sponsors be deemed for purposes of state benefit programs--it merely purports to authorize sponsor deeming for state-funded benefit programs. Moreover, the application of sponsor-deeming to state-funded benefit programs is probably unconstitutional.

***CHILD CARE
POLICIES & PROGRAMS***



Child Care Policies and Programs

The Importance of Child Care

The majority of Connecticut children, including tens of thousands of infants and toddlers, spend at least part of their week in child care. In 1995, the Legislative Program Review and Investigation Committee estimated that 246,000 children under the age of nine were in need of child care. With thousands of Connecticut families leaving welfare for the workforce, we suspect that number has increased. What type of care are these children receiving? Does it promote positive child development? Is the care reliable and safe? Is it affordable? Sadly, for many low-income families in Connecticut, the answer to many of these questions may be a resounding "no." Faced with severe child care shortages in the major cities, especially for infant and toddler care, too many parents are resorting to child care that may be jeopardizing their child's health and safety.

The repercussions of low-quality child care can be felt on many levels. Numerous studies have demonstrated that having dependable, high-quality child care has a positive impact on a parent's ability to find and maintain employment. Indeed, many Connecticut families who are struggling to comply with the work requirements under the state welfare program (known as Temporary Family Assistance, or TFA) have experienced child care problems. In addition, recent neurological research has shown conclusively that a nurturing and stimulating environment in the first few years of life is crucial to healthy brain development, and that the type of care received in the first three years can truly have a lifelong impact. Given the importance of quality child care, it is imperative that Connecticut takes immediate action to ensure that ALL children have access to safe, affordable, high-quality child care.

Child Care Cost and Availability

It is unclear exactly how many children are currently in need of child care, but if national trends hold true in Connecticut, at least 59% (or 162,200 children under the age of six) spend at least part of their week in child care. As of October 2000, the Department of Public Health reported that licensed programs (centers, family day care homes, and group homes) could serve just over 111,000 children ages birth through thirteen. Clearly, there are many more children in need of care than there are licensed spaces.

National child care experts believe that child care costs should absorb only 10% of family earnings. However, low-income families may spend as much as 25%, or higher, of their incomes on child care services. While government child care subsidies certainly help thousands of families to purchase child care, in order to be truly effective, these subsidies must be high enough to provide low-income families with real options. For families whose income is barely sufficient to meet basic needs such as food, housing, and clothing, significant expenditures for child care are simply not feasible. With more and more families leaving welfare and entering the workforce, it is more important than ever before that government and business

combine forces to increase the supply of regulated, quality, and affordable child care. This is the only way to insure that children's health and development are not jeopardized while their parents work.

Even if parents are able to locate licensed providers, the cost of high quality care may force many low-income families to choose unlicensed, unregulated care. Estimates from the Department of Social Services (DSS) indicate that over 70% of families who receive child care assistance through the Child Care Assistance Program (CCAP) are using unregulated child care. In addition, the lack of availability of care during nontraditional working hours remains a huge gap in services to low-income families.

Child Care Benefits Under the New Welfare System

Federal Welfare Changes

In 1996, federal child care funding for TFA, Title IV-A At Risk Child Care, the Dependent Care Block Grant, and the Child Care and Development Block Grant were combined into one funding source which is now entitled the Child Care and Development Fund. This combined funding includes money for subsidies to parents, grants to providers, and a limited number of dollars for quality improvements to the child care infrastructure and administration.

Several points should be noted about the federal child care program. First, no longer is there a federal guarantee that families on welfare or transitioning off of welfare are entitled to child care subsidies. Second, under the federal statute, parents with children under six years of age who are unable to locate safe and adequate child care may not be penalized by the state for failure to comply with TFA work requirements. In Connecticut, however, parents are still subject to the twenty-one month time limit for TFA.

Federal law does not require states to pay a subsidy amount based on the market rate of care (defined below). While Connecticut has completed a new market rate survey, there is currently no requirement that the Department of Social Services use this information to establish new subsidy rates.

State Child Care Programs

Care 4 Kids Child Care Assistance Program

New child care subsidy regulations took effect January 1, 2002. The four subsidy programs that the Department of Social Services (DSS) administered for low-income families (Child Care For Welfare Families in Employment Services, Work-Related Child Care, Transitional Child Care, and Child Care Certificate) were combined into one program called "Care 4 Kids." The new regulations include a number of changes. Key provisions are:

- ! Requiring all parents to pursue child support;
- ! Excluding child support payments from the income of both parents;
- ! Establishing priority groups for new applicants (starting with teenage parents, low-income working parents and working families who are at risk of welfare dependency);
- ! Creating more flexibility for applicants by allowing them fifteen days to submit missing information;
- ! Requiring all working families to pay a sliding fee between two and ten percent of income after exclusions;
- ! Providing increased financial support for children with special needs;
- ! Establishing a waiting list; and,
- ! Establishing payment rates based on a variety of factors, including: range of hours (rather than hourly), licensing status and accreditation of child care provider, age of child, and region in the state.

DSS also established new rates, which went into effect January 1, 2002, to reimburse child care providers who care for children who receive a child care subsidy. The new rates were based on a statewide market rate survey, which was conducted during the spring of 2001, of licensed child care providers who care for infants through school-age children. Licensed providers receive a higher reimbursement than unlicensed (kith and kin) providers, who receive 1/3 of minimum wage per child up to three children.

Care 4 Kids Closes to Priority Group

The Care 4 Kids Child Care Assistance Program closed on July 1, 2002 to new, non-TFA families earning less than 50% of the state median income. In July 2002 a federal TANF Bonus provided more than \$13 million to our state. Out of that \$13 million, \$4 million was appropriated to serve families needing child care who earn less than 50% of the state median income (\$34,735 for a family of 3). The \$4 million will be spent over two years.

\$4 million is not nearly enough to keep the program open. When the legislature closed Care 4 Kids on July 1, it estimated “saving” \$13.2 million per year. \$2 million per year is only a small fraction of what is needed to keep the program open. Because there was such high interest in the additional dollars going into Care 4 Kids, DSS saw a surge of new applications from eligible families and had to institute a new wait list almost immediately, beginning August 17, 2002.

Governor Rowland has also proposed eliminating eligibility to families transitioning off of TFA earning between 50-75% of state median income.

Administration of Care 4 Kids

Beginning January 1, 2002, Benova (now ACS) became responsible for processing applications and issuing invoices and payments to providers. ACS has a subcontract with the United Way of Connecticut to run a Call Center and outreach activities for Care 4 Kids. The United Way of Connecticut staffed five Care 4 Kids Community Liaisons, who successfully educated the public and communities about the program. ACS recently eliminated the Care 4 Kids Community Liaison position from the United Way of Connecticut budget.

Recommendations

Child Care Policies & Programs

// **Reopen Care 4 Kids to low-income working families**

The Care 4 Kids Child Care Assistance Program was closed to new families earning under 50% of state median income in July, 2002, despite a one-time infusion of \$4 million, and Governor Rowland has proposed changing eligibility to families transitioning off of TFA earning less than 75% of state median income. Even in our difficult budget climate, the General Assembly must provide the \$13 million to re-open the program and retain current eligibility levels, in order to ensure that parents can work while children receive quality care. Failure to do so could further harm the economy and reverse progress in bringing unemployed parents into the workforce. In addition, families with school-age children are becoming more reluctant to leave their children alone after school, but the cost for after-school child care can be an enormous burden on low-income families.

// **Monitor the implementation of Care 4 Kids to ensure that the new regulations and ACS fairly address the child care needs of all low-income families.**

While a wide range of advocates, child care providers, parents and DSS staff had an opportunity to provide input to the Department of Social Services before the regulations were rewritten, these interested parties need to continue to monitor the implementation of the regulations.

// **Ensure availability of affordable, high quality child care to parents who work non-traditional hours or for parents with infants and toddlers.**

Connecticut's previously strong economy resulted in the creation of new jobs in many areas of the State. However, many of these new jobs involve evening, night, and/or weekend hours, making child care arrangements very difficult to find. Parents who are transitioning from welfare to work may find it extremely hard, if not impossible, to meet the demands of the workplace and find safe and adequate child care. As a consequence, they may be forced to leave their job in order to care for their children, or use unsafe child care.

HEALTH CARE

Medicaid

HUSKY Program

Early and Periodic Screening, Diagnosis and Treatment

Dental Care

Medicaid Managed Care Health Services

Restrictions on Access to Services
under Medicaid, ConnPace and SAGA

Medicare

Other Health Care Assistance:
ConnPACE, ConnMAP, and
the Connecticut Home Care Program for Elders

Nursing Homes



Medicaid

Background

Medicaid (also called Title 19) is a state-administered health insurance program which pays medical expenses for many categories of low-income persons and certain persons with extremely high medical expenses. It is federally regulated, and operated by the State Department of Social Services (DSS) with a 50% federal match for state expenditures. Medicaid plays a critical role in the state's policy planning both because it is an important part of our health care system, and because its expenditure patterns have such a significant impact on the state budget. While Medicaid represents just over 20% of the state budget, over the last 10 years costs in the program have grown at roughly the same rate as the overall budget. This is despite significant medical inflation and enrollment increases in recent years. Medicaid consistently represents more than 60% of the DSS total budget - over 18 times the amount spent on state welfare for families (AFDC/TANF) .

The single most significant service influencing increased expenditures is long term care, like that provided in nursing homes.

Approximately one-half of all Medicaid expenses are spent on long term institutional

care, primarily for the elderly and persons with mental retardation. Although more than one-half of Medicaid recipients are under 18 years of age, only 16% of Medicaid expenditures go toward the care of this group. Access to care for Medicaid recipients has deteriorated significantly in recent years forcing legal advocates to file at least two lawsuits on behalf of consumers.

Medicaid rules applying to long-term care are extremely complex. Anyone needing advice in this area should not rely on this very general

Medicare vs Medicaid

In contrast to Medicaid, *Medicare* is a federally administered health insurance program available to the vast majority of persons who are over 65 or disabled. Unlike Medicaid, Medicare is available to all those receiving Social Security benefits who are over 65 or who have been receiving such benefits based on disability for two years, regardless of the amount of their income or assets. Also, unlike Medicaid, those covered by Medicare pay premiums and a portion of the costs of covered health care services. Medicare coverage is also much more limited than Medicaid. For example, there is no Medicare coverage for long-term nursing home care or prescription drugs. (*For additional information, see the Medicare section in this book*).

Sources: Office of State Comptroller, Centers for Medicare and Medicaid Services

Eligibility

In Connecticut, persons receiving TFA or State Supplement are automatically eligible for Medicaid; other low-income persons may be eligible depending on their income, assets, and circumstances. In some situations involving high medical bills, a household can "spend down" its income on medical expenses to a level at which they become eligible for Medicaid. Uninsured women diagnosed with breast or cervical cancer are eligible for full Medicaid coverage regardless of income for the course of their treatment. Women must be diagnosed through a Dept. of Public Health - certified testing program. Women can call INFOLINE to find a program near them.

Provisions for Pregnant Women and Children

As a result of federal and state changes in recent years, there are special provisions which authorize Medicaid coverage for pregnant women and children up to age 19. The Medicaid program for children is called HUSKY A. For pregnant women and children, the income limit is 185% of the federal poverty level with no asset limits. It is possible for pregnant women or children in a family to be eligible for Medicaid, though other household members are not.

Family Coverage

Under legislation passed during the 2000 session of the Connecticut General Assembly, parents and caretaker relatives of children eligible for HUSKY Part A in families with incomes up to 150% of the federal poverty level are eligible for the program. Currently, children in families with incomes up to 185% of the federal poverty level (\$28,231 annually for a family of three) are eligible for HUSKY Part A. Under this new legislation, some of their parents and caretaker relatives are eligible. There is no asset limit for the children or the parents and caretaker relatives.

Delinking Medicaid and TANF

Under a provision of the 1996 federal welfare reform law, states are required to separate or "delink" their cash assistance and Medicaid programs. States are required to provide Medicaid to any individual who would have been eligible for the program on July 16, 1996. In Connecticut, this means that families who lose their cash assistance should not automatically lose their Medicaid benefits.

Benefits

The federal Medicaid statute identifies services as either **mandated** or **optional** Medicaid benefits. Optional means that the *state* can choose whether or not to include them. Connecticut covers most, but not all, optional services for adults. Children (defined as recipients under 21 years of age) are entitled to all mandatory and optional services listed in the Medicaid statute, as well as other medical services available under various state programs which are found to be needed for a particular child. No amount or duration limitations may be applied to recipients under 21, regardless of any such requirements which might be applied to those over 21 years of age.

Covered benefits include care provided by doctors, dentists, hospitals and treatment facilities, including intermediate care facilities and skilled nursing facilities. Medicaid also covers prescription drugs, transportation for medical care and Medicare premiums. Except for payment of Medicare premiums, benefits can be provided retroactively for up to three months prior to the application date when the person is found eligible for Medicaid and was eligible during the retroactive period.

Managed Care in Connecticut

The Connecticut Department of Social Services (DSS) is operating a Medicaid managed care program for families and children. The Connecticut waiver is a "1915(b) freedom of choice waiver," not an 1115 waiver. A 1915(b) waiver allows the state to require recipients to enroll in managed care plans as long as there are at least two plans from which to choose. The current Medicaid managed care program has the following features:

Target Population. The target population for managed care is families and children. This includes families on cash assistance (TFA), people who "look like" cash assistance recipients even though they're not receiving cash, children up to the age of 19 with income below 185% of the federal poverty level, children in the care or custody of the Department of Children and Families, and eligible parents under family coverage.

Mandatory Enrollment. Enrollment in the managed care program is mandatory except for certain individuals who qualify for a temporary exemption. Those individuals who may qualify for an exemption include pregnant women in the third trimester of pregnancy whose health care provider is not in any health plan, persons with a terminal illness, persons scheduled for surgery, and persons under treatment whose health care provider is not in a plan and changing providers would be harmful.

Provider Payments. Health plans are paid on a monthly capitation basis, a flat fee for each enrolled recipient.

Enrollment. Enrollment is handled by an enrollment broker. The broker, ACS (formerly known as Benova), is responsible for explaining the managed care system to recipients and for helping them choose a managed care plan. Families that do not choose a managed care plan are automatically assigned to a plan on a rotating basis.

Quality Assurance. DSS hired a quality assurance contractor, the Connecticut Peer Review Organization, to monitor and measure the quality of care provided by the managed care plans.

Guaranteed Eligibility. Beginning July 1, 1998, DSS instituted guaranteed eligibility for individuals enrolled in Medicaid managed care. Guaranteed eligibility begins on the date a person's enrollment in Medicaid managed care becomes effective and lasts for six months. During that six-month period, the individual will remain eligible for services through the managed care plan regardless of any changes in circumstances that would make him or her ineligible for Medicaid benefits. An individual only gets one period of guaranteed eligibility.

Continuous Eligibility. Beginning July 1, 1998, DSS also instituted continuous eligibility for children up to age 19. Continuous eligibility lasts for 12 months and a new 12-month period will begin if the child is still eligible at redetermination. During the continuous eligibility period, the child will remain eligible for benefits unless he or she reaches age 19 or moves out of Connecticut.

The Medicaid Managed Care Council

The experiences of other states have demonstrated the need for careful planning of Medicaid managed care programs. To ensure careful planning of Connecticut's managed care program, the Connecticut General Assembly passed legislation in the 1994 Special Session which establishes a Medicaid Managed Care Council. The Council advises and monitors the Commissioner of Social Services on the planning and implementation of Medicaid managed care program. Members of the Council include the chairs and ranking members of the Human Services and Public Health Committees, Medicaid recipients, advocates, community providers, representatives from the insurance industry, from the Commission on Children and from the Departments of Social Services, Public Health and Addiction Services, and Mental Health. The Council meets on a monthly basis and has four working subcommittees: Behavioral Health, Consumer Access, Public Health, and Quality Assurance.

The Medicaid Managed Care Council is charged with making recommendations on a number of key issues. These issues include ensuring:

- ! access to care for enrollees as well as effective outreach and client education;

- ! available services are comparable to those already in the state Medicaid plan, including those guaranteed under Early & Periodic Screening, Diagnosis and Treatment (EPSDT);
- ! the sufficiency of the provider networks within the managed care plans;
- ! the sufficiency of capitated rates, provider payments, financing and staff resources to guarantee timely access to services;
- ! participation in managed care by existing community Medicaid providers;
- ! the linguistic and cultural competency of providers and other program facilitators;
- ! quality assurance;
- ! timely, accessible and effective client grievance procedures; and
- ! coordination of the Medicaid managed care plan with state and federal health care reform.

Recommendations

Medicaid

// Defend against increased costs to consumers, outright benefit cuts, increases in barriers to care and reductions in eligibility levels.

As the state budget moves further into deficits, medical cost inflation continues in double digits, and enrollment continues to grow, policymakers will look for options to reduce spending in the program. There is ample evidence that preventive care saves money. Increases in consumer costs (e.g. copayments, premiums), benefit cuts, increasing barriers to care (e.g. reductions in payments to Medicaid providers, reduced provider panels), eligibility reductions, and reductions in support services (e.g. language access, transportation) will have significant unintended and costly consequences.

// Ensure that any new program policy shifts, even those designed to expand coverage to new categories of the uninsured, do not have unintended consequences and do not erode care for current consumers.

One recent proposal, premium assistance, may have merit but proposals have been poorly designed, will be difficult to administer and could actually increase the number of CT residents without coverage. Other states with more mature programs have had very limited (or no) success with their premium assistance programs, either in expanding coverage or saving money.

Other potential policy proposals should receive the same scrutiny including the proposed dental and behavioral health carve-outs (administering those programs in a fee-for-service system with a company hired to administer only those benefits for the state) and ACHIEVE (a proposal to jointly purchase health

care services for Medicaid, SAGA and state employees). All these options have the potential to be very beneficial for clients, but also carry significant risk to both clients' health and the state budget if not extremely well designed. This means instituting a public process with sincere consumer input and including implementing and monitoring by an independent evaluator, with modifications in response to that input.

// Consider new options to operate Medicaid Managed Care.

The number of participating health plans has decreased significantly from the early days of the program. Due to the capacity limitations of the current plans, the state cannot afford to lose even one more plan. Consequently, the state has little leverage to force the plans to either control costs or improve performance. Most other states run at least a portion of their Medicaid program under Primary Care Case Management (PCCM). PCCM does not include HMOs, rather clients have an assigned (usually chosen) primary care provider who not only provides their primary and preventive care, but also coordinates all care, and is paid a small amount for that extra responsibility. Providers are not at financial risk for the services they provide, but are paid on a fee for service basis. PCCM saves states money (something CT cannot say under our HMO-based system), consumers choose it over HMOs, and states have an alternative to hold HMOs and providers accountable.

// Raise income eligibility to further expand parent coverage.

In addition, Connecticut could further expand parent coverage through a demonstration project. This expansion could include all the parents of children in HUSKY Part A by raising the income eligibility level for parents to 185 percent of the federal poverty level, beyond the 150 percent scheduled for January 1, 2001. Besides covering more parents, this would make children and their parents eligible at the same income level, reducing confusion and administrative barriers to coverage. Connecticut can also cover the uninsured parents of the children eligible for HUSKY Part B and cover pregnant women without other children in households with income up to 300 percent of the federal poverty level.

The HUSKY Program

Background

On October 29, 1997, both houses of the Connecticut General Assembly unanimously passed the “HUSKY and HUSKY Plus Act.” Governor Rowland signed the bill into law the next day. HUSKY makes health insurance available to all uninsured children in Connecticut, regardless of family income. The state is reimbursed 65 cents for every dollar spent on HUSKY.

Enrollment in HUSKY was relatively flat for many years, until the recent recession caused increases in the number of uninsured both in Connecticut and the United States.

Eligibility and Services

The HUSKY program has different parts--**HUSKY A**, **HUSKY B**, and **HUSKY Plus**. HUSKY A and B provide for children in both lower and higher income families. HUSKY Plus is a new coverage option for children who have intensive physical or behavioral health needs.

There is a single 4-page application for both HUSKY A and B. The application goes to ACS (formerly Benova), the enrollment broker and single point of entry for HUSKY. ACS determines eligibility for HUSKY B and refers children eligible for HUSKY A to the Department of Social Services. Once a child is found eligible for HUSKY benefits, eligibility continues for one year unless the child reaches age 19 or moves out of the state.

The Department of Social Services has implemented "presumptive eligibility" for children. Under presumptive eligibility, a child may become immediately eligible for the program pending final action on the application. Under federal law, health care providers and programs that determine eligibility for Head Start, child care, and WIC are eligible to become "qualified entities," that can grant presumptive eligibility for Medicaid (HUSKY A).

All children and youth in families with incomes at or below 185% of the federal poverty level are eligible for HUSKY A, the existing Medicaid expansion program for children. Uninsured children with family incomes above 185% of the federal poverty level enroll in HUSKY B. The number of people in the family and the total family income determine which HUSKY plan applies to that family. The following chart shows income guidelines for families from two to four members; families with more members can call 1-877-CT HUSKY for income guidelines.

The 2002/2003 HUSKY Family Income Chart*

| Income Level | Family of 2 | Family of 3 | Family of 4 | HUSKY Plan Features |
|--|---------------------------|---------------------------|---------------------------|--|
| At or below 150% Federal Poverty Level (FPL) | under \$17,910 | under \$22,530 | under \$27,150 | HUSKY Part A , totally free program. Full Medicaid benefit package with no premium or co-payments. Both parents and children are eligible |
| Over 150% but at or below 185% FPL | From \$17,910 to \$22,089 | From \$22,530 to \$27,787 | From \$27,150 to \$33,485 | HUSKY Part A , totally free program. Full Medicaid benefit package with no premium or co-payments Only children are eligible |
| Over 185%, but at or below 235% FPL | from \$20,089 to \$28,059 | from \$27,787 to \$35,297 | from \$33,485 to \$42,535 | HUSKY Part B , with no premiums, some co-payments. Eligible for HUSKY Plus. |
| Over 235%, but at or below 300% FPL | from \$28,059 to \$35,820 | from \$35,297 to \$45,060 | from \$42,535 to \$54,300 | HUSKY Part B , with monthly premium of \$30 for first child; maximum family premium of \$50; some co-payments. Eligible for HUSKY Plus. |
| Over 300% FPL | over \$ 35,820 | over \$45,060 | over \$54,300 | HUSKY Part B , with group premium rate; some co-payments. |

* Income guidelines will change each April 1st. Please note that there are certain family

situations which would allow adjustments to income levels which the HUSKY Infoline would help determine.

Services

Children in HUSKY A will receive the Medicaid Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit package. Children in HUSKY B receive a benefit package that includes a full range of preventive services, including dental services, without any co-payments. HUSKY B does include \$5 copayments for non-preventive visits and \$3 costs for generic drugs and \$6 for name brands. Many other services, including inpatient care, prescription drugs, and vision and hearing examinations, are also included in the HUSKY B package. The HUSKY Plus program is for children in HUSKY B who have intensive physical health or behavioral health needs.

Recommendations

HUSKY

- //** Align coverage for children and adults by increasing eligibility for parents and caretaker relatives at least to 300% of the federal poverty level.

- //** Make coverage for legal immigrants permanent. At the very least, extend eligibility beyond June 30, 2002.

- //** Extend eligibility for HUSKY to undocumented children who are uninsured.

***Early and Periodic Screening,
Diagnosis and Treatment (EPSDT)***

Background

The Early and Periodic Screening, Diagnosis, and Treatment program (EPSDT) is a part of the Medicaid program and provides for a comprehensive, preventive approach to the provision of health care to children. It is estimated that every dollar spent on preventive health care for children saves at least three dollars in health care costs. Consequently, EPSDT can play an important role in generating long-term savings. Every child receiving Medicaid, including those enrolled in managed care plans, is entitled to the services mandated by the EPSDT program.

In designing its Medicaid managed care program in 1995, the Department of Social Services (DSS) shifted responsibility for all EPSDT activities to the managed care plans participating in the initiative. These activities include outreach, assistance with transportation and appointment scheduling, informing, and case management. To ensure that the plans meet these critical responsibilities, the Connecticut General Assembly established the Children's Health Council and charged it with "monitoring and evaluating the existing children's health initiative, including compliance of the Medicaid managed care program with federal requirements under Medicaid's Early Periodic Screening, Diagnosis, and Treatment Program." The Council was also charged with "developing a coordinated health care delivery system in each of the State's regions," and "implementing outreach efforts in each region to ensure uniform statewide health care access for children."

Until February 2003, with the funds appropriated by the General Assembly, the Children's Health Council established the Connecticut Children's Health Project which, through a variety of activities,

including the Children's Health Infoline, informed families about EPSDT and assisted them in obtaining the services they need in the context of the Medicaid managed care program. The Connecticut Children's Health Project also intensively monitored eligibility and encounter data to identify and quantify problems, and propose solutions. *As of February 14, 2003, the state terminated its contract with and all state funding for the Children's Health Council.*

Required Services

The EPSDT program must provide medical screenings which, at a minimum, must include:

T A comprehensive health and developmental history including assessment of physical and mental health development and assessment of nutritional status.

T A comprehensive, unclothed physical exam.

T Appropriate immunizations according to age and health history.

T Laboratory tests (including lead blood level assessment appropriate for age/risk factors).

T Health education including anticipatory guidance.

T Vision, hearing, and dental screenings. Each of these screenings must be provided at intervals which meet reasonable standards of medical and dental practice.

Previously, the Connecticut Children's Health Project worked with health plans to identify children who are due for EPSDT screens, children who are late or overdue for screens, and children who have not had any health care visits in six months since enrollment. Connecticut reports each year on participation in the EPSDT program.

Participation Rates

The participation rates of children in the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program dropped in 2001. The latest HCFA-416 report on EPSDT participation also shows that Connecticut has still not reached the federally mandated 80% goal. Connecticut's data are as follows:

| EPSDT Program Participation | | | |
|------------------------------------|---------------------------|--------------------------------------|------------------------------------|
| <i>Federal Fiscal Year</i> | <i>Number of Eligible</i> | <i>Participant Ratio₁</i> | <i>Screening Ratio₂</i> |
| 1996 | 215,358 | 0.42 | 0.50 |
| 1997 | 212,939 | 0.54 | 0.61 |
| 1998 | 218,181 | 0.60 | 0.69 |
| 1999 | 222,146 | 0.51 | 0.65 |
| 2000 | 220,546 | 0.57 | 0.70 |
| 2001 | 244,083 | 0.54 | 0.69 |

Coordination of Services

States must coordinate EPSDT services with other state agencies that provide or administer health and vocational rehabilitation services, as well as with WIC programs and Maternal and Child Health programs. DSS has recognized the importance of this coordination with other services provided by community-based agencies such as WIC, Healthy Start, Healthy Families, and Head Start by requiring that the health plans have memorandums of understanding outlining how they will work with these programs.

Diagnosis/Treatment

The state must provide, either directly or by referral, whatever necessary health care, diagnostic services, treatment or other measures are necessary to "correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services whether or not such services are covered under the state (Medicaid) plan."

Outreach

States are required to:

- ! make sure that all Medicaid recipients have the opportunity to participate in EPSDT;
- ! effectively inform all Medicaid recipients under 21 of the EPSDT program;
- ! tell about the available services in clear and non-technical language;
- ! tell Medicaid recipients where and how to obtain the services;
- ! tell Medicaid recipients that necessary transportation and scheduling assistance are available upon request.

Dental Care

Access to dental care under Connecticut's Medicaid program has not improved since the last Mapping Change report and continues to be a significant problem. The lawsuit regarding Medicaid dental access problems filed against the Department of Social Services in June 2000 continues, with a trial anticipated in late 2003.

The state's HCFA-416 also reports on EPSDT **dental care utilization**. Connecticut's data are as follows:

| FEDERAL FISCAL YEAR | ELIGIBLE CHILDREN | CHILDREN WHO HAVE RECEIVED PREVENTIVE DENTAL SERVICES | | CHILDREN WHO HAVE RECEIVED TREATMENT DENTAL SERVICES * | |
|------------------------|----------------------|--|---------|--|---------|
| | | NUMBER | PERCENT | NUMBER | PERCENT |
| 1991 | 163,249 | 42,112 | 25.8 | | |
| 1992 | 166,521 | 44,349 | 26.6 | | |
| 1993 | 193,094 | 52,543 | 27.2 | | |
| 1994 | 204,165 | 57,680 | 28.2 | | |
| 1995 | 212,916 | 63,181 | 29.7 | | |
| 1996 | 215,358 | 52,249 | 24.3 | | |
| 1997 | 212,939 | 62,064 | 29.1 | | |
| 1998 | 218,181 | 54,025 | 24.7 | | |
| 1999 | 222,146 | 53,939 | 24.3 | 26,609 | 11.9 |
| 2000 | 220,546 | 51,269 | 23.2 | 29,862 | 13.5 |
| 2001 | 244,083 | 52,089 | 21.3 | 28,696 | 11.7 |

* Treatment services were reported separately beginning in 1999.

In May 2002 the Children's Health Council presented its fifth utilization study of children age 3 to 19 who were *continuously enrolled for one year* in the Medicaid managed care program, this one covering October 1, 2000 through September 30, 2001. Utilization stayed the same in 2000-2001 as the previous year, with just 35% of children receiving any preventive dental care, compared to 41% in the 1998-1999 year. Treatment rates also remained the same as the previous year— 20%, down from 23% in 1998-1999. Also of ongoing concern is that the study showed the same uneven access among those children who did receive services, i.e., the lowest rates of utilization were among older children age 12 to 19, African American children, and children residing in Fairfield, Middlesex and Tolland counties. Children's

Health Infoline data continued to show calls related to access to dental care are consistently among the top five reasons families call for assistance.

Participation of dental care providers in Medicaid managed care must be increased, yet changes to the Medicaid dental program being implemented by DSS in 2003 do not appear likely to remedy the serious problems Medicaid recipients have obtaining dental care, especially dental **treatment**. DSS plans to “carve out” dental services from the existing Medicaid managed care package, and contract with one administrative services organization (ASO), possibly in conjunction with the state employees’ dental plan, to “manage” dental care for all DSS-covered populations. The ASO would be responsible for administration of the program– credentialing of providers, verification of member eligibility, billing, etc., while DSS would be responsible for payment for services on a fee-for-service basis. However, DSS has indicated it is not addressing the problem of the extremely low reimbursement levels for dental care, which have been stagnant since 1993 for children’s services and since 1989 for adults’ services, and which even the “safety net” providers (including community health clinics and school-based health clinics) state are too low to sustain needed services. There is no evidence to suggest that such a “cosmetic” change to the administration of the program will attract providers willing to provide dental care to the more than 289,000 Medicaid managed care members (mostly families with children), the roughly 90,000 individuals (adults with disabilities and the low-income elderly) in the Medicaid fee-for-service program, and the approximately 47,000 persons on HUSKY B and State Administered General Assistance.

Recommendations

EPSDT



DSS needs to monitor, follow up, and charge those managed care organizations that fail to meet the participation rate. DSS must ensure that participating health plans understand the meaning of "medical necessity" and provide comprehensive coverage for identified medical problems under EPSDT. The definition of medical necessity under EPSDT is much broader than that used in most commercial health plans and includes services needed to maintain a child's functioning even if the child's condition is not likely to improve. This definition is particularly important for children with special needs, but also for any child with chronic health care needs.

In addition, the Department of Social Services has issued policy that requires that managed care plans to notify members when services are being denied, reduced, or terminated, in whole or in part, including the requirement of a ten-day notice prior to the reduction or termination of services. But, these requirements are not being adequately enforced by DSS.

DSS must enforce its policy requiring managed care plans to notify members in writing when services are being denied, reduced or terminated, in whole or in part, following an oral or written request for services of any type, including prescription drugs.



Access to and participation in dental care must be increased. The importance of oral health, and the difficulties faced by many of the nation’s families in achieving good oral health, were highlighted in 2000 in the first-ever U.S. Surgeon General’s report on Oral Health, which found “profound disparities that affect those without the knowledge or resources to achieve good oral care. Those who suffer the worst oral health include poor Americans, especially children and the elderly. Members of racial and ethnic groups also experience a disproportionate level of oral health problems.” The Surgeon General’s message that “oral health is integral to overall health” must be disseminated broadly in Connecticut in efforts which include:

- ! a major public health initiative comparable to that surrounding childhood immunization concerning the need for early and regular dental care throughout the life span
- ! educating and enabling health care providers, especially pediatricians, to inform and assist their patients in maximizing oral health awareness and practices
- ! increasing the availability of oral health care services to low-income families.

Medicaid Managed Care

Health Services

Since the inception of managed care for Medicaid clients, many newspaper articles and columns, as well as reports of consumer and medical provider organizations, have called attention to problems in accessing health services from Connecticut Medicaid managed care organizations (MCOs), particularly for children in the behavioral health, prescription drug and dental areas. While in some cases this inaccessibility has just resulted in cost-shifting to private providers and other state and local agencies, in other cases it has effectively barred access to treatment or continued treatment.

The MCOs are required under their contracts with the Department of Social Services (DSS) to provide a full range of health services to all Medicaid enrollees. The full range of health services includes:

- ! regular access to health screenings, with prescriptions and referrals to specialists for treatment of any medical or mental health conditions found as a result,
- ! short-term and long-term treatment,
- ! treatment for both acute and chronic conditions,
- ! treatment which is expected to bring any level of improvement,
- ! treatment which just maintains the individual at a particular level of functioning.
- ! In the case of the approximately 70% of enrollees who are under 21, there also can be no “coverage limitations”-- all services which are medically necessary must be provided.

Particular Problems Accessing Behavioral Health Services

There are several reasons for the particular problems around access to behavioral health services under Medicaid managed care.

- First, because the nature of the medical problem and the appropriate treatment is often somewhat subjective, the plans seem to believe that they have greater leeway to second-guess the medical providers, even if the providers have been involved in providing a very personal type of service for some time.
- Second, perhaps related to the first reason, the managed care organizations have all subcontracted the responsibility for paying for behavioral health services to other companies which specialize in such services. The result is that the company deciding whether or not to

approve a given request for behavioral health services has no direct accountability to DSS, which has contracted only with the managed care organizations themselves.

- Third, because of the nature of the medical problems, the consumer, or his or her parent or guardian, often lacks the ability to pursue a challenge to an erroneous denial of care, even if the consumer is aware that the denial is inappropriate.

Particular Problems Accessing Prescription Drugs

Three of the four MCOs use “formularies” or lists of drugs in deciding what prescription services to provide to Medicaid managed care enrollees. The MCO contracts however, do not allow them to exclude any FDA-approved prescription medications for children (70% of enrollees) and allow for only very narrow exclusions for enrollees over 21. Although there is a process for obtaining access to drugs not listed on their formulary, that process is cumbersome and enrollees are not informed of this option. As a result, enrollees and their doctors accept formulary drugs, even if these drugs are not the best choice. Additionally, the use of a formulary often results in the denial of any drugs at all to enrollees. This is in violation of federal regulations requiring prompt access to all covered Medicaid services as well as the MCOs’ contracts with DSS requiring 24-hour access to all covered drugs.

The MCOs have also failed to provide proper written notice to Medicaid enrollees when a prescribed drug is not provided because it is not on the formulary or required prior authorization has not been obtained.

They also fail to provide timely and adequate advance written notice when a drug that the individual has been receiving newly becomes subject to prior authorization and thus will no longer be available without the individual or his or her medical provider going through the prior authorization process. This creates particular problems for individuals who have finally been stabilized on a medication which is needed on a daily basis. The application of these prior authorization requirements to children in the custody of the Department of Children and Families is particularly problematic.

Ultimately, the responsibility for ensuring compliance with all aspects of the managed care organizations’ contracts with DSS -- substantive and procedural -- lies with DSS. In 1995, DSS entered into contracts for the provision of required services to Medicaid recipients. While it has contracted out the full responsibility for providing Medicaid recipients with all services DSS would have been responsible for under the fee-for-service system, it has failed to monitor compliance with these contracts.

As a matter of federal law, a state Medicaid agency’s decision to contract with a managed care organization in no way relieves it of its obligations to ensure that all medically necessary covered services,

including mental health services and prescription drugs, are promptly provided to Medicaid recipients. They must ensure that proper written notice is issued whenever a request for services is denied or terminated, either in whole or in part. DSS has been unwilling to take the required actions necessary to bring the MCOs into compliance with these requirements.

The Need to Pilot Alternatives to Medicaid Managed Care

As a result of the concerns about the quality of health care being provided to Connecticut's approximately 300,000 Medicaid recipients enrolled in MCOs, and in response to the MCO's repeated demands for additional money to stay in the Medicaid program, a bill passed in June 2000 required that DSS study alternatives to the current system. This study was specifically required to include the system of primary care case management (PCCM) being adopted by Medicaid agencies around the country for some or all of their Medicaid populations. *June 2000 Special Session (HB 5928, LCO No. 5463)*. DSS was required to compare the current system and alternatives, including PCCM and fee for service, and to "compare probable costs and quality under each system." **A report was produced, but the Department directed that the report focus on providing services under a PCCM model not for the current Medicaid managed care population but rather for SAGA recipients (whom the legislature has since required to be placed into a managed care system as well).**

The "Alternatives Coalition" is united in the belief that there are very serious problems with access to care under the current Medicaid managed care system. The group believes the system is actually costing state taxpayers more than the old fee-for-service system it replaced and that alternatives therefore should be seriously pursued at this time.

The Move to Managed Care for Children and Families on Medicaid

In 1995, DSS entered into contracts with Managed Care Organizations (MCOs) for the provision of required health services to children, parents of minor children, and children in the custody of DCF who are Medicaid recipients. It contracted out the full responsibility for providing these Medicaid recipients with all the services DSS would have itself been responsible for under the fee-for-service system. These Medicaid MCOs (then numbering 11) were, and still are, paid an all-inclusive capitated payment per member per month, to provide all of these services. This includes all required transportation to and from medically necessary appointments covered under Medicaid (in the case of those enrollees under 21, all medically necessary appointments without limitation, since there are no coverage limitations for this group).

The MCOs then subcontracted, and continue to subcontract, their responsibilities in various health care areas, including **behavioral health, home health, dental services and** medical transportation, to national for-profit specialized managed care companies. These companies generally are paid on a capitated basis as well, receiving from the MCO a small fraction of what the MCO is itself paid per member per month. This creates an incentive to deny access to the types of services which have been subcontracted. As a result of these pressures, the remaining four Medicaid MCOs have been the subject of many complaints about access to needed treatment. Complaints to DSS are generally referred back to the MCOs, DSS' position being that it is a matter to be worked between the member and the MCO.

Further Cut-Backs on Health Services for SAGA Recipients During the past session, the legislature has cut back even further on the essential health services covered under SAGA, eliminating home health services and physical therapy among other categories of services.

Recommendations

Medicaid Managed Care

// DSS should begin aggressive enforcement of its Managed Care Organization contracts.

This contract enforcement should particularly include DSS's application of the correct coverage standards and medical necessity definitions, and DSS's monitoring of the practices of all the managed care organization subcontractors.

// DSS must meet its obligations to ensure that:

! all medically necessary services covered under Medicaid are provided to Medicaid recipients without delay, and proper written notice is issued whenever a request for services is denied, reduced, or terminated, either in whole or in part, and regardless of whether the request is made orally or in writing.

DSS's decision to contract or subcontract in no way relieves it of its obligations to ensure that all medically necessary covered services are provided to Medicaid recipients and that proper written notice is issued whenever a request for services is denied, either in whole or in part.

// DSS should improve consumer education and outreach about the importance of, and

the entitlement to, both preventative care for every child under 21 and medically necessary treatment for any such child without any limitations.



DSS should initiate a pilot Primary Care Case Management (PCCM) project.

Any piloting by DSS of a system of PCCM should first be directed at the population currently enrolled in Medicaid MCOs, since this is the population for which the need to develop alternative delivery models is greatest, due to overall cost and health care access concerns. Piloting only for the State-Administered General Assistance (“SAGA”) population will allow no basis for evaluating the utility of such a model for the child and family population. As DSS’s own recent study of alternatives noted, “any PCCM model that targets the [SAGA population[s] will be complicated and the implementation costs are likely to be significantly higher.” In addition, DSS’s study noted that “[t]he easiest populations to target in a PCCM program would be the more traditional groups such as the TANF and AFDC [child and family] populations.”

Medical Transportation Services

Transportation to medical appointments is an essential service for individuals on state-funded health insurance programs who lack the resources for private transportation or the ability to drive. Since both the Medicaid and State-Administered General Assistance (SAGA) programs have very low income thresholds, lack of resources is the primary reason recipients under these programs are unable to get to medical appointments without outside assistance. Accordingly, for many years, the DSS paid medical transportation vendors directly for providing transportation to medical appointments for Medicaid and SAGA recipients. Eligibility depended only upon whether the treatment for which transportation was sought was medically necessary for the individual and covered under the applicable program. Unfortunately, three separate initiatives have served to severely restrict access to these needed transportation services. These initiatives were: (a) The move to managed care for child and families on Medicaid; (b) contracting out medical transportation services for Medicaid and SAGA recipients; and (c) the elimination of all non-emergency medical transportation services for SAGA recipients.



DSS should meet its obligations to ensure that transportation services are readily available to all clients to get to and from any medically necessary services covered under Medicaid.

This obligation applies regardless of whether the clients are enrolled in a Medicaid MCO or participate in the fee for service Medicaid program. It must also make sure proper written notice is issued whenever a request for services is denied, reduced, or terminated, either in whole or in part, and regardless of whether the request is made orally or in writing.



If problems with access persist, DSS should prohibit the MCOs with which it contracts from subcontracting with transportation managed care subcontractors on a capitated basis. Similarly, DSS's own direct contracts with transportation brokers on behalf of fee for service Medicaid clients should be changed to "administrative-services only" contracts.



The state legislature should repeal the action it took two years ago to eliminate coverage for non-emergency medical transportation for SAGA recipients.

Once restored, transportation services should be provided directly by DSS or by transportation brokers or MCO subcontractors paid on a non-capitated basis. In the meantime, DSS must accommodate disabled SAGA clients who are being denied access to medical services covered under the SAGA program for which non-disabled SAGA clients can gain access, by providing necessary transportation to these disabled individuals.

Medicare

Medicare is a federal health insurance program. Generally, anyone over 65 or disabled and eligible for Social Security or Railroad Retirement benefits is eligible for Medicare. Anyone eligible for Medicare can now choose to receive Medicare benefits under the Original Medicare Program or through a Medicare+Choice health plan.

The Original Medicare Program has two parts: *Part A* covers inpatient hospital care, skilled nursing facility care, hospice care, and some home health services. *Part B* covers a wide range of most frequently used health services, such as doctor visits and diagnostic testing.

The Medicare+Choice Program offers Medicare beneficiaries different types of health plans through which they can receive their Medicare benefits.

Currently, the Health Maintenance Organization (HMO) is the only Medicare+Choice plan available in Connecticut. Medicare+Choice plans must provide at least the same benefits that the Original Medicare Program provides. Beneficiaries enrolling in a Medicare+Choice plan must also have Medicare Part B coverage.

Benefit Limits

Medicare benefits are limited in many ways. Nursing home care, for example, is covered only if the patient was hospitalized for at least three days and if the patient requires daily skilled nursing or therapists care and coverage is limited to 100 days per illness. There is no coverage for long-term custodial care, most routine care, most medications and many medical services, supplies, and equipment. And, beneficiaries are responsible for payment of deductibles and co-payments for covered services as well as monthly premiums. Since Medicare offers limited coverage of all health care needs, beneficiaries can experience high out-of-pocket costs for health care services.

In contrast, Medicaid coverage is more expansive and Medicaid pays the entire cost of all covered services. The Medicaid program, however, is available only to those with very limited income and assets. For additional information, see the section in this book on Medicaid.

Medicare Savings Program

As required by federal Medicaid law, Connecticut offers a program to help pay the health care costs for lower-income individuals covered by Medicare who are not eligible for full Medicaid (Title 19) benefits. Benefits provided under this program are different, depending on a person's income. This program is available to those covered by Medicare who are retired (age 65 or older) as well as those who are disabled under age 65. In some cases, benefits can amount to several thousands dollars per year and eliminate the need to buy costly Medicare supplemental insurance coverage. The Medicare Savings Program is sometimes called the Medicare Cost-Sharing Program or the Medicare Buy-In Program..

Eligibility:

To be eligible, the person must be eligible for Medicare and have income and assets within the program's limits. There are three levels of income limits which provide different benefits. The names of the three programs are: The Qualified Medicare Beneficiary Program, The Specified Low Income Beneficiary Program, and the Additional Low Income Beneficiary Program.

Asset Limits:

For the Qualified Medicare Beneficiary Program and the Specified Low Income Medicare Beneficiary Program, the asset limits are \$4,000 for a single person and \$6,000 for a couple. Some assets are not counted, such as a home, car, burial account for up to \$5,400 each for spouses, and life insurance with a cash value of \$1,500 or less. The Additional Low Income Medicare Beneficiary program does not have an asset limit. However, this program may not continue due to federal funding constraints.

Income Limits:

In determining eligibility, the Medicare Part B premiums that are normally deducted from a Social Security check are counted as income.

Below are the income limits for April 1, 2002 - March 31, 2003. Income limits are increased each year on the first day of April. Social Security cost of living increases effective in January 2003 will not affect eligibility until April 2003. For purposes of determining eligibility during the first three months of 2003, the amount of Social Security income for December 2002 should be used.

Benefits:

The benefits available depend on income (see below).

" **Monthly income of \$922 (single) or \$1,361 (couple) or less:**

Those in this category are eligible for the Qualified Medicare Beneficiary (QMB) portion of the Medicare Savings Program. QMB provides the highest benefit level. Benefits will be at least \$704.40 per year. QMB pays the Part A and Part B premiums and all deductible and coinsurance amounts, including coinsurance and deductible amounts in Medicare managed care. Effective January 1, 2003; this includes:

- ! The Medicare Part B premium, \$58.70 per month.
- ! The Medicare Part A premium. Elderly or disabled individuals who do not qualify for Social Security or Railroad Retirement benefits can obtain Medicare Part A coverage by paying a premium for Part A. The Part A premium for 2003 is \$316 per month for 29 or fewer quarters and \$174.00 for 30 to 39 quarters.
- ! The Medicare Part A hospital deductible and coinsurance amounts. Any Medicare beneficiary who is hospitalized must pay a deductible for each spell of illness and coinsurance after the 60th day of hospitalization. For 2003, the deductible amount is \$840. The coinsurance for days 61 through 90 is \$210 per day and the coinsurance for the additional 60 lifetime reserve days is \$420 per day.
- ! The Medicare skilled nursing facility coinsurance. Medicare only covers the full cost of skilled nursing facility care for the first 20 days of a nursing facility stay. The patient must pay coinsurance for days 21 to 100. For 2003, the nursing facility coinsurance is \$105/day.
- ! The Medicare Part B deductible and coinsurance amounts. The annual Part B deductible is \$100. Medicare Part B pays only a portion of the cost of doctors' services, outpatient care, ambulance transportation, and some medical supplies and equipment. Medicare beneficiaries are required to pay coinsurance of 20% of the cost of these services.

Benefits under this part of the Medicare Savings Program duplicate most of the coverage available under Medigap insurance. Many of those eligible for this benefit save even more because they can cancel this expensive insurance.

" **Monthly income of \$1,069 (single) or \$1,560 (couple) or less:**

Those in this category are eligible for Connecticut to pay their Medicare Part B premium of \$58.70 per month.

“ **Monthly income of \$1,180.65 (single) or \$1,709.25 (couple) or less:**

In this category, the Medicare Savings Program pays a portion of the Medicare Part B premium.

Recommendations

Medicare Savings Program

Connecticut’s Medicare beneficiaries could receive millions in benefits under the portion of the Medicare Savings Program that pays some, or all, of the part B premium (\$704.40/year effective 1/1/03). These benefits are available under a federal block grant which requires no state funding. Since the federal government pays the full cost of benefits, the only state costs would be for administration, and half of the administrative costs would be covered by the federal government.

Low enrollment and lack of spending of available funds may cause CT seniors to lose more than \$2 million in available federal benefits.



Fight to keep federal funding for the Additional Low Income Medicare Beneficiary Program.



Expand enrollment. To expand enrollment, Connecticut should follow the lead of Alabama and New York and exercise the option of eliminating the asset limits for this program.



Review programs to identify eligible clients. DSS should review existing ConnPACE, ConnMAP, Connecticut Home Care Program for the Elderly (CHCPE) Medicaid “spend-down” and Food Stamp caseloads to identify clients who may be eligible for the Medicare Savings Program. Additionally DSS should automatically determine eligibility for the Medicare Savings Program for any person losing Medicaid coverage.



Exercise option to pay Medicare HMO premiums. DSS should also exercise its option under the higher benefit level program (Qualified Medicare Beneficiary) and pay premiums imposed by Medicare HMOs.

Other Health Care Assistance Programs

Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE)

The Connecticut Pharmaceutical Assistance Contract to the Elderly and Disabled (ConnPACE) Program is run by the Connecticut Department of Social Services (DSS). ConnPACE helps those who are 65 or over or disabled pay for prescription drugs, insulin and insulin syringes.

Income limits for ConnPACE as of January 2003, will be \$20,300 or less per year for a single person and \$27,500 or less per year for a couple. These are gross income limits and there is no provision for those with higher incomes, no matter how much they have to pay for medical expenses. For example, a couple with only \$28,000 in income is ineligible even if they have \$6,000 in drug and medical bills.

There is a \$25 annual registration fee for ConnPACE and a \$12 co-payment for each one-month prescription. However, for individuals who enroll after September 1, 2002, with annual incomes between \$15,900 and \$20,300, and for married couples with incomes between \$21,500 and \$27,500, in the calendar year 2003, the co-payment will be \$15.00 per prescription.

Public Act 00-2 (June 2000 Special Session) (the "DSS Implementer") included changes in the ConnPACE program. These changes are:

- ! requirement to substitute generic drugs that may be medically harmful, and
- ! imposition of a burdensome prior authorization system which will discourage physicians from pursuing approval for medications that their patients need, and
- ! a study of a possible ConnPACE Part B, i.e., a program under which the state would negotiate price reductions for the elder and disabled with incomes over the ConnPACE limits.

// Institute a “spend-down” provision.

For determining eligibility, there should be a “spend-down” provision so as to end the exclusion of those who are slightly over-income, but who have very high drug and medical costs.

// Put a cap on ConnPACE copayments.

The \$12 or \$15 per month per prescription copayment requirement for ConnPACE should be capped to protect those who must take numerous drugs. A \$60 cap on the monthly copayment would shield those with more than five prescriptions.

// Repeal legislation requiring generic drug substitution.

Doctors are best able to determine what drugs their patients need and when a generic medication would be less effective or harmful. While substitution of lower cost generic drugs should be encouraged when it is safe and effective for the patient, the provisions in last year’s legislation requiring mandatory substitution of generic drugs and imposing a burdensome pre-approval process for nongeneric and more expensive medications should be repealed.

// Enact ConnPACE Part B.

ConnPACE Part B should be enacted as soon as possible and made applicable to all seniors and persons with disabilities. This would provide immediate relief for those who do not have drug insurance until a federal Medicare drug benefit becomes available at the lowest administrative costs for the state. It should require pharmaceutical manufacturers to charge seniors and the disabled no more than the lowest prices that they charge the State, HMOs or private insurance.

The Connecticut Medicare Assignment Program (ConnMAP)

The ConnMAP assures eligible Medicare beneficiaries enrolled in the Original Medicare Program that doctors and other Medicare Part B health care providers will not charge the beneficiary more than the Medicare approved amount for Medicare Part B covered services. Medicare pays doctors and other health care providers 80% of Medicare's approved amount. ConnMAP enrollees are only responsible for the remaining 20% of Medicare's approved rate and the Medicare Part B deductible. (Some Medigap plans will cover these charges). Without ConnMAP, doctors and Part B health care providers who do not accept Medicare assignment can charge the beneficiary up to 115% of the Medicare approved rate for Part B covered services.

The income limits for ConnMAP as of January 1, 2003, are \$2,791.25 per month for a single person and \$3,781.25 per month for a couple. Those eligible for ConnPACE (which has lower income limits) also receive ConnMAP protection from excess charges.

For more information, call ConnMAP (1-800-443-9946).

The Connecticut Home Care Program for Elders (CHCPE)

Program History

The Connecticut Home Care Program for Elders is the State's program for home and community-based care for older persons (65 and older) in need of long-term care. The present program began in 1992 as a result of the merger of three major programs.

In 1955 the state began funding non-medical home care services which are a necessary complement to home health services in order to enable older persons to continue living in their own homes or with a relative. State funds were allocated to the Department of Public Welfare for services. Over the years this evolved into the Adult Services Program providing social work and a range of supportive services at home or in adult day care centers for incapacitated persons receiving public assistance.

In 1980 the state established the statewide Promotion of Independent Living (PIL) program which offered a wide range of home health and non-medical services arranged and coordinated by a nurse or social worker acting as the "case manager."

In the mid 1980s, the federal Medicaid program offered states opportunities for expanding home care under special options. These options allowed states to waive certain Medicaid rules including restrictive income limits and prohibitions against coverage for non-medical services. The rationale for creating these waivers was that individuals who would otherwise be institutionalized could be diverted from this costly option if services were available to support them at home. In addition to home health services already covered by Medicaid, a wide array of additional home care services were considered necessary to adequately support a frail elder in the community. The federal waiver option thus allowed states to receive federal matching funds (50% match in Connecticut) for services which had previously been paid primarily with state funds.

In 1985, following a successful demonstration project, new legislation directed the Department of Income Maintenance (DIM) to apply for the federal waiver to maximize federal reimbursement. But, the legislation also required the program to serve individuals who would not qualify for the waiver and whose services would thus be fully state funded. The program, then called the Long Term Care Preadmission Screening and Community Based Services Program, began statewide operation in 1987.

For a time these three separate programs were operated by three different state departments, but by the end of 1992 were consolidated into one and renamed the Connecticut Home Care Program for Elders. The program continued to have two components; one fully state funded; the other receiving matching funds under the federal waiver.

Program Organization

Under the Department of Social Services, the Connecticut Home Care Program for Elders operates under a three-tiered structure which enables individuals to receive home care services in amounts corresponding to their financial eligibility and functional dependence. The first two categories are funded primarily through a state appropriation with a small contribution from the federal Social Services Block Grant. Individuals in the third category qualify for reimbursement under the Medicaid program; therefore, costs for Category 3 are equally distributed between federal and state funds.

Cost limits for each program category are established so that individual care plans can increase in response to individual need. **As of January 1, 2003, the average monthly Medicaid cost in a nursing facility is \$4,067.92.** In practice most actual care plan costs are well under the limits for each category.

Category 1: This category is targeted to individuals who are at risk of hospitalization or nursing facility placement if preventive home care services are not provided. Since these are not individuals who would immediately need nursing home placement in the absence of the program, individual care

plan limits are set at 25% of the average Medicaid cost in a nursing facility. This means the care plan limit for 2003 would be \$1,016.98 (25% of \$4,067.92).

Category 2: This category targets individuals who are frail enough to require nursing facility care but who are either not actively considering it at the present time or who have resources which would prohibit them from qualifying for Medicaid upon admission to a nursing facility. Care plan limits for these individuals cannot exceed 50% of the average Medicaid cost in a nursing facility. This means the care plan limit for 2003 would be \$2,033.96 (50% of \$4,067.92).

Category 3: This category targets individuals who would otherwise require long term nursing home care funded by Medicaid. In order to assure cost effectiveness, individual care plan costs cannot exceed the average Medicaid cost in a nursing facility. This category is known as the Medicaid Waiver. The care plan limit would be the full \$4,067.92.

Financial Eligibility - State Funded (Categories 1 & 2)

For the state-funded portion of the program (Categories 1 & 2) an elderly person (age 65 or older) no longer has to have gross income below 300% of the Supplemental Security Income (SSI) payment amount. The General Assembly, in Public Act 00-2, made other positive changes, including the expansion of the list of services provided to include minor home modifications and assisted living services equivalent to those provided in state-funded congregate housing or in assisted-living pilots or demonstration projects, and eliminated the income limit for the state-funded programs. The state-funded programs, however, still have an asset limit, but it is higher than the Medicaid limit, even though it is not unlimited. For 2003, asset limits are \$18,132 for an individual and \$27,198 for a couple.

Financial Eligibility - Medicaid Waiver (Category 3)

The Medicaid (Category 3) portion of the program still has an income limit which is 300% of the SSI payment amounts; that is, \$1,656 per month in 2003. The financial eligibility difference is related to *assets*. The asset limit is also lower: for an unmarried applicant it is \$1,600, although a number of resources such as residence, car, burial reserve and \$1,500 face value of life insurance policy are exempt.

In addition, federal law dictates the treatment of assets for married couples when one spouse is institutionalized. If a spouse goes into a nursing home, it may be possible that assets could be protected to assist the spouse that remains in the community. The rules surrounding the treatment of assets are complicated. What follows is a brief explanation. As of January 1, 2003, a couple could protect assets from \$19,732 up to \$89,280 depending upon the couple's original assets, in addition to the \$1,600 that

the applicant could keep. If there are exceptional circumstances that cause significant financial duress, it may even be possible for the community spouse to keep more than the \$89,280. If both members of a couple require waiver services, each can only have assets of \$3,200 after exemptions.

Recommendations

CT Home Care Program for the Elderly

- // The state should amend its waiver to make medically needy individuals eligible for waiver services.**

Connecticut's Home and Community Based Services Waiver does not serve people whose nursing home care will be paid by Medicaid under the "Medically Needy" Program. This means that people who may be cared for at home for less than the cost of institutional care, must enter a nursing home to qualify for Medicaid.

- // The state should obtain a waiver for a fully funded program for home and community-based services for individuals under 65 years of age.**

Individuals under 65 years of age who would otherwise be institutionalized at greater state expense are not currently eligible for Home and Community Based Waiver services.

- // The state should provide the necessary care in the “most integrated setting appropriate to the needs of the applicant” as required in the Americans with Disabilities Act.**

The state is not complying with its requirements under the Americans with Disabilities Act.

HOUSING



Housing

Background

For low-income families living in Connecticut, housing costs far outstrip their ability to pay. Median area rents are higher than the entire Temporary Family Assistance (TFA) flat grant. For example, the Section 8 fair market rent for a two-bedroom apartment in the Hartford area (which is equal to the 40th percentile rent for the area) is \$813 per month including utilities. In contrast, the total TFA payment is only \$543 per month for a family of three. Families with incomes below poverty level (i.e., below about 25% of area median) find it extremely difficult both to meet housing expenses and to pay for other necessities, unless the rent is subsidized. The Department of Social Services estimates, however, that about two-thirds of TFA families receive no housing subsidy. In 1998, the Legislative Program Review and Investigations Committee reported that about 75% of Connecticut's poorest renter households (those with income of less than half the state median income) had a "housing problem" (defined as living in housing that is substandard, overcrowded, or unaffordable), which in most cases was related to unaffordability.

On average in Connecticut, a one wage-earner family would have to work 102 hours a week at the state minimum wage to be able to afford a 2-bedroom rental. Neither the increased percentage of welfare recipients holding part-time jobs nor recent reductions in welfare rolls has ameliorated this problem. To afford the 40th percentile two-bedroom apartment in Connecticut (i.e., to be paying no more than 30% of income for housing), a one wage-earner family would have to be working full time and earning at least \$17.03 per hour, about two and one-half times the minimum wage. That income (\$35,419 per year) is more than double the poverty level --. In lower Fairfield County, with its extraordinarily high rents, a minimum wage earner would have to work 173 hours per week -- more than 24 hours a day, seven days a week -- to afford a 40th percentile two-bedroom unit. Employment, particularly low-wage or part-time employment, does not eliminate the need for housing assistance.

The lack of affordable housing is the principal cause of homelessness in Connecticut. There has long been a serious mismatch between the income of the poor and the cost of unsubsidized housing. Landlords cannot rent apartments for \$200 per month including utilities, the amount which a family with annual income of \$8,000 can afford, nor for \$300 per month, the amount affordable to a family with an annual income of \$12,000 per year. In addition, after a period of relative rent stability during the early and middle 1990s, rents are now rising everywhere -- by as much as 15% per year in some towns. For very poor residents, the effects of increasing rents are compounded by changes in the welfare system, which have reduced TFA benefits to 1988 levels, imposed time limits, restricted general assistance for disabled people to \$350 per month, and cut unemployed but theoretically employable

adults off general assistance altogether. It is no wonder that, when the Department of Social Services opened the state Section 8 and Rental Assistance Program waiting lists for ten days in late 2001, more than 35,000 Connecticut households applied for rental assistance.

Indeed, changes in housing market affordability have presented problems even for the relatively small percentage of tenants with Section 8 or RAP rent subsidies. Connecticut's utilization rate for these subsidies has fallen, as tenants with subsidies have faced increasing difficulties in finding apartments. This threatens Connecticut's ability to keep the federal rent subsidies which it has, since HUD is now recapturing Section 8 vouchers from jurisdictions with low utilization rates. Barriers to usage of rent subsidies include high rents, inability of tenants to afford a security deposit, the substandard condition of many lower-cost apartments which results in the failure to pass the housing quality inspection, lack of transportation for housing search, and unlawful source-of-income discrimination. Numerous tenants have been forced to give up a housing subsidy because they could not find an apartment within the time allowed for their apartment search.

The use of homeless shelters continues to be heavy. Between October 2000 and September 2001, 16,513 people spent at least one night in a homeless shelter in Connecticut, including 1,520 families with 2,913 children. According to the Connecticut Coalition to End Homelessness, this number represents only a small portion of people who are homeless. Of those who entered emergency shelters during that period, a growing number are employed but homeless and a growing number are without any income whatsoever. Almost 20% of shelter occupants were employed, up from only 8% in 1992. At the same time, 49% had no source of income at all (14% higher than just two years ago), a result of the ongoing cuts to the general assistance program. The implementation of TFA time limits has put even greater pressure on families who are not able to afford housing. Emergency shelters cannot serve all those in need. A more effective approach is to expand housing support programs, including housing subsidies, transitional housing, and permanent housing with flexible support services. Without such expansion, there is a real danger that use of shelters will become a permanent way of life for the poor, rather than a short-term refuge for a once-in-a-lifetime emergency.

In the 1980s and 1990s, the inability of the poor to afford the rent created a housing crisis for landlords as well as tenants. As some families in desperation doubled up, landlords found themselves with increasing vacancies. Low-income tenants simply do not have enough money to pay the rent which landlords need to maintain their buildings. The result has been abandonment and demolition, with a disastrous impact on urban neighborhoods and on the tax base of our cities. This situation will remain severe as long as large numbers of families lack sufficient income to pay a reasonable rent.

In addition, with one important exception, the state continues to make little money available for low-

income housing development. The exception is the Community Mental Health Strategy Investment initiative, which includes \$25,000,000 to construct 300 additional units of supportive housing for persons with psychiatric or substance abuse disabilities. No new money for housing programs was bonded to the Department of Economic and Community Development for 2001-2002, and only \$10,000,000 in new bonding funds were approved for 2002-2003. The lack of such funding adversely impacts the ability of housing authorities to maintain public housing and of non-profit developers to produce housing for very low-income persons. Pressure also remains active for the demolition of public housing units, without sufficient funds being provided to replace them with units for an equal number of low-income households.

Connecticut is thus faced with a large shortage in the number of housing units which are affordable. More affordable housing can be provided in two ways. The most important is to make **existing** housing affordable by subsidizing its costs. The principal method to do this is through rental subsidies to the tenant. They allow low-income tenants to afford to live in housing which would otherwise be unaffordable to them. Direct rent subsidies or operating subsidies can also be given to a building owner in return for maintaining reduced rents in the building. The other way is by maintaining subsidized housing units which have exceptionally low rents (e.g., public housing) and by stimulating the production of additional housing units which will sell or rent at a low cost. Because of the large number of vacant buildings, especially in cities, production can be accomplished through rehabilitation, new construction, or a combination of the two. This requires the use of gap financing and subsidies to developers, usually in the form of grants, reduced-interest loans, mortgage guarantees, or operating subsidies. Such subsidies can go to non-profit developers, for-profit developers, or housing authorities.

Rental Assistance Programs

Background

Since 1985, the state has provided rental assistance to a limited number of low-income renters through the state-funded Rental Assistance Program. Rental assistance is the single most important means to make housing affordable for the poor. The Rental Assistance Program (RAP) was modeled on a similar Massachusetts program, which was also the model for the federal Section 8 Existing Housing program. Although there are significant differences in their administration and rules, RAP and Section 8 Existing are similar in concept. Each provides rent subsidies, paid directly to the landlord, in order to limit the percentage of the tenant's income that goes for shelter. In 1997, the state supplemented RAP with a transitional welfare-to-work rental assistance program known as the Transitional Rental Assistance Program (T-RAP) to provide rent subsidies for one year to working families which have just

left welfare. Incredibly, at a time when the need for rental assistance continues to rise, both of these programs have suffered severe cuts in recent years. The RAP program, which was budgeted at more than \$18 million per year in 1990, had by 2000 been reduced to \$14 million per year, an effective loss of more than 600 rent certificates. In 2002, as a cost-saving measure, the RAP budget was slashed by \$1.85 million and T-RAP, whose funding had previously dropped from \$5 million to \$3.4 million, was reduced to about \$1.3 million. Thus, nearly \$4 million was reduced from state rental assistance program funding in 2002 alone at the very time that the program was receiving 35,000 new applications for help.

Program Operation

In addition to RAP and T-RAP, the Department of Social Services also operates a portion of the federal Section 8 program¹. In fact, the state-administered portion of Section 8, which serves about 5,000 households, is more than twice as large as RAP and T-RAP combined. DSS contracts with an entity known as D'Amelia & Associates and a coalition of local housing authorities to administer all three programs.²

Both RAP and Section 8 are highly targeted to families which are most in need. RAP eligibility, for example, is limited to households with incomes below 50% of area median; but, because of the severity of the need at the lowest-income end of the scale, most families with RAP certificates have incomes below 25% of area median income (below about \$16,000 per year for a family of four in Hartford). RAP and Section 8 assist both working families and those receiving public assistance or disability income. It is important to recognize that they are housing programs, not welfare programs. The fact that a family is working does not eliminate the need for rental assistance.

In the early 1990s, RAP served about 2,500 households. Until emergency cuts imposed during the past year, however, its certificate authorization was at 2,151 households.³ Because the program did not take new applicants for about two years, its active caseload fell to below 1,600, although its current

¹Many local housing authorities also run their own Section 8 programs, which are funded directly by the federal Department of Housing and Urban Development (HUD).

²DSS also recently received federal TANF bonus funds, of which \$1 million per year for two years is being allocated to a rent subsidy program. That program, which will be operated by the same providers which administer the welfare Safety Net, will include some search assistance and other support. The federal funds expire after two years, however, and therefore do not provide the basis for a long-term rental assistance program.

³RAP used to have an elderly component for persons in state-assisted elderly public housing, but the elderly public housing component of RAP was transferred to the Department of Economic and Community Development (DECD) as a separate program. It currently serves about 1,300 senior and disabled households at a cost of about \$1.2 million per year. Seniors in private housing are eligible for the DSS RAP program, but the overwhelming majority of participants in the DSS program are families with children.

funding will support at least 1,800 certificates. The Section 8 Existing Housing program assists more than 15,000 families in Connecticut, of which about 5,000 vouchers are administered by DSS and the remainder by local housing authorities. However, even taken together, these two programs reach only a small percentage of potentially eligible low-income households. Both programs have long waiting lists which are often closed when it appears pointless to accept more applicants. At the end of 2001, DSS cut off its waiting list at 12,000, although more than 35,000 households applied. Its waiting list has been closed since December, 2001.

In the Section 8 program, the basic tenant share of rent is 30% of adjusted income, but it can be as high as 40% of income. RAP, which used to be a 30% program, has been a 40% program since a budget cut in 1995. The tenant pays his or her share to the landlord and RAP or Section 8 pays the balance on a monthly basis directly to the landlord. The program share of the rent thus does not pass through the hands of the tenant. HUD establishes fair market rent (FMR) limits, which control what apartments are eligible for inclusion in the programs.⁴ The Section 8 maximums, which are adjusted downward by about \$100 per month if utilities are not included in the rent, are set at the 40th percentile rent for the area (e.g., \$813 per month for a two-bedroom apartment in Hartford, \$849 in Waterbury, and \$905 in New Haven). Both Section 8 and RAP permit adjustments to be made in these maximums under certain circumstances; and, as a result, the permissible apartment rents covered by the programs are in some cases higher than the FMRs. For example, the state portion of the Section 8 program uses 110% of the FMRs in all towns, as is permitted by federal law. In contrast, the RAP program generally uses 100% of the FMRs but uses higher percentages in some suburban towns in which rent levels are significantly above the regional medians.

Program Impact

The RAP and Section 8 programs have proved to be enormously important because they serve a number of different purposes:

- ! **RAP & Section 8 programs make housing affordable for low-income families:** A TFA family of three, for example, with no source of income other than TFA, receives only \$543 per month in financial assistance. This is insufficient to pay for rent and utilities in a private apartment and to leave enough to feed and clothe a family.

- ! **RAP & Section 8 programs encourage residential stability:** The programs greatly

⁴In the RAP program, apartments must be priced within the FMR. In the Section 8 program, apartments may exceed the FMR, but only to the extent that the tenant's share of the rent does not exceed 40% of the tenant's adjusted income. This limits the maximum rent for a participating apartment, although that maximum will vary, depending upon the particular tenant's income.

reduce the likelihood of non-payment of rent and thus of eviction. This is particularly important to children in the family, since residential stability also promotes stable registration in school. It also avoids rent loss and eviction costs for the landlord.

- ! **RAP & Section 8 programs give low-income families a choice of where to live:** Certificates are "portable," i.e., they can be used in any community in the state. By giving low-income families the option of looking for housing in other neighborhoods or towns, the RAP and Section 8 programs promote racial and economic integration. It is illegal for a landlord to refuse to rent solely because the rent will be paid in part by the RAP or Section 8 program. Greater racial integration in housing will, as a matter of course, produce greater racial integration in the public schools.

- ! **RAP & Section 8 programs minimize landlord-tenant conflict:** By minimizing rent collection problems, RAP and Section 8 reduce the single greatest source of conflict between landlords and tenants.

- ! **RAP & Section 8 programs encourage housing preservation, housing maintenance, and neighborhood improvement:** By enabling low-income tenants to pay reasonable rents, RAP and Section 8 promote maintenance by landlords of decent, safe, and sanitary housing, discourage abandonment, result in more stable neighborhoods, and help preserve the residential property tax base in urban centers. An apartment cannot participate in RAP or Section 8 unless it complies with housing codes and other housing quality standards set by the program. Rent subsidies provide landlords with a cash flow which allows them to maintain the property.

- ! **Rental assistance programs are the most cost-effective type of housing assistance program:** It is far less expensive to subsidize rents in existing private housing than it is to construct new housing for low-income households. A RAP certificate costs the state about \$6,500 per year. Construction costs for low-income housing can approach \$100,000 per unit, and an operating subsidy may still be necessary to enable very low-income persons to live in housing built with state assistance.

- ! **RAP & Section 8 programs adapt to a family's changing circumstances:** Because the tenant pays a percentage of income towards the rent, RAP and Section 8 operate on a sliding scale basis. As the family's income rises, the dollar amount it contributes increases and the dollar amount contributed by the program is automatically reduced.



The state should restore the funding which was cut from the Rental Assistance Program (RAP) program in 2002-2003.

Expansion of the RAP program is the single most important action the state can take to increase the availability of affordable housing for the poor. As a cost-cutting measure to help balance the state's budget, the General Assembly in 2002 reduced the RAP budget by about \$1,850,000. This represents a cut of approximately 13% in the program budget and an elimination of RAP certificates for about 300 families. Because the waiting list in the RAP program had been frozen for two years, no family was actually cut off the program because of the budget reduction; but the program's capacity to serve the RAP waiting list has been largely eliminated. The first step toward meeting the housing needs of very low-income families is to restore the RAP program to its 2001-2002 authorized funding level of \$14,200,000.



The state should begin an incremental process to substantially increase funding for the RAP program so as to bring RAP funding to \$33 million per year by 2007.

A decade ago, the RAP program served more than 2,500 families and had a budget of over \$18 million per year. Since then, the need for rental assistance has increased, not decreased. The decade of the 1990s saw the decimation of urban neighborhoods in numerous cities as the economics of housing collapsed. Very low income tenants could not pay the level of rent needed to make buildings economically viable. Abandonment of multi-family housing became widespread. Cities, unable or unwilling to free up money to mothball or rehabilitate these buildings, ended up demolishing them, further tightening the housing market and contributing to the subsequent increases in rent.

The enormous need can most easily be illustrated by what happened when DSS opened the waiting list for RAP and the DSS-administered portion of the Section 8 program. The list had been closed for two years. More than 35,000 families applied in just ten days. During the 1980s, the state recognized the importance of meeting housing needs and used the RAP program for that purpose. It is time to return to that approach. The state should begin an incremental expansion of the RAP program on the following schedule:

FY 2003 -- Restore RAP to FY 2002 budget level

\$14,200,000

| | |
|--|--------------|
| FY 2004 -- Restore RAP to FY 1990 budget level | \$18,000,000 |
| FY 2005 -- Add incremental \$5 million to RAP budget | \$23,000,000 |
| FY 2006 -- Add incremental \$5 million to RAP budget | \$28,000,000 |
| FY 2007 -- Add incremental \$5 million to RAP budget | \$33,000,000 |

Indeed, assuming a 4% rate of inflation from 2003 through 2007, this proposal would represent no more than an inflation adjustment to the 1990 level of the program.⁵



The state should act aggressively to maximize the utilization rate for RAP certificates and Section 8 vouchers.

Recent changes in the housing market, particularly increases in rent levels, have sometimes made it difficult for RAP and Section 8 participants to find housing. A program participant who cannot find an apartment within a certain period of time loses the rent subsidy. The number of participants in this situation has been rising in recent years. There is a sad irony to the situation in which a family waits years for its name to be reached on a Section 8 waiting list and then must give the voucher back because no housing can be located within the parameters of the program. This has obvious negative consequences for the families affected, but it is now having consequences for the administering agencies as well. Agencies which do not maintain a utilization rate of at least 97% are no longer eligible to receive new vouchers; and new HUD rules will result in HUD's recapturing Section 8 voucher authority from those agencies. In Connecticut, the state-run portion of the program has a utilization rate of only about 85%; and only a few of Connecticut's housing authorities which administer their own Section 8 programs are maintaining a 97% utilization level.

There are, however, a number of ways to improve utilization. The most direct is search assistance to tenants, who can benefit from a variety of forms of help in finding an apartment. Effective linkage to DSS's Security Deposit Guarantee Program is another. DSS should also explore replicating programs found in some towns in Massachusetts, which provide a range of incentives to landlords who participate actively and maintain their apartments well. Assistance can be provided to test for housing discrimination based on source of income. Small amounts of money can go a long way toward increasing the likelihood that a tenant will be able to find and lease an apartment relatively quickly.

⁵The Consumer Price Index for rental housing for NY-NJ-CT-PA (1982-1984 = 100) was 147.1 in January, 1990, and 223.4 in July, 2002 (Source: U.S. Department of Labor, Bureau of Labor Statistics). Projecting a modest 4% annual increase, it would be 271.8 in July, 2007. Adjusted for inflation, the 1990 RAP budget would be the equivalent of \$33,259,000 in 2007 dollars.



The state should create special RAP pilot programs to help accomplish specific public policy goals.

While there are many ways in which RAP certificates can be targeted to meet special needs, two examples illustrate the way in which RAP can be used to help accomplish non-housing goals.

- **School choice:** For more than 30 years, the state has helped fund voluntary public school desegregation programs under which children from high minority-concentration city school districts can attend school in suburban school districts. The current version of this program is known as Open Choice. A decade ago, the Select Committee on Housing approved a bill under which a pool of new RAP certificates would be created for families with children in the interdistrict program (then called Project Concern) who want to live in the town in which their children are attending school. This proposal would have allowed them to become town residents and thereby free up places in Project Concern for others. The bill failed because no funding was made available to create RAP certificates for it. That proposal should be revived and adopted.
- **Home ownership subsidies:** Cities with very high percentages of rental occupancy have increasingly seen home ownership as a way of stabilizing neighborhoods. Just as RAP can help a very low-income family pay the rent, a RAP certificate could be used to help the same family pay a mortgage. Other programs (e.g., Rent Bank) are available to help meet mortgage, and not only rent-related, crises. The federal Section 8 program now has a home ownership component. The state should create a RAP home ownership pilot in which RAP certificates can be used to help very low-income families buy their own homes.

Recommendations

Temporary Rental Assistance Program



The state should expand eligibility for the Temporary Rental Assistance Program (T-RAP) so as to include households which leave Temporary Family Assistance (TFA) because of time limits and should restore the funding which was cut in 2002-2003.

At the time that T-RAP was created in 1997, Connecticut had not placed lifetime time limits on the receipt of TFA. The T-RAP statute was drafted to cover only those families which left TFA because their earnings from employment put them over the TFA eligibility limit. When lifetime time limits were imposed by the General Assembly in 2001, many legislators assumed that those losing TFA because of

time limits would be eligible for transitional rental assistance through T-RAP. Because of the narrow wording of the T-RAP statute, however, these families are not in fact eligible. The wording of the statute needs to be adjusted to incorporate this category of former welfare recipients, which did not exist at the time that T-RAP was created.

In addition, T-RAP funding should be restored to at least the 2001-2002 funding level of \$3.4 million. T-RAP was originally a \$5 million per year program. As the size of the welfare caseload fell, the number of families potentially eligible for T-RAP also fell. In 2000, the annual budget was reduced to \$3.6 million. Had the T-RAP statute been adjusted to incorporate families leaving welfare due to time limits, it is likely that the program would this year have used its full budget. Because of the continuing reduction of potential eligible families, however, T-RAP spending has continued to fall. In 2002, that reduced usage was reflected in the General Assembly's reduction of the T-RAP budget to about \$1.3 million, a \$2.1 million cut in funds available for housing assistance. Those funds should be restored in conjunction with the inclusion of time-limited families in the program.



The T-RAP transition period should be increased from one year to two years.

T-RAP was created to help families leaving TFA soften the abrupt drop in income resulting from the loss of their TFA benefits. The one-year transition period is so short, however, that it fails to recognize the reasonable needs of transitioning families and is itself a disincentive to their applying for the program. Transitional Medicaid benefits, in contrast, continue for two years after a family leaves TFA. Two years is a more reasonable duration for eligibility than is one year.

Homelessness and Supportive Housing

Background

Homelessness in Connecticut continues to rise. While the number of people sheltered has remained relatively stable because of the limited number of shelter beds, the number of people turned away from shelters because of lack of space has risen astronomically. In 1998, 8,556 persons were turned away. In 2001, 20,335 could not find shelter space, an increase of 137% in a three-year period. Indeed, the increase in turn-aways between 2000 and 2001 alone was 81%.

In 2001, the state took important initial steps to address a portion of the homelessness problem through the Supportive Housing PILOTS Initiative, for which \$25,000,000 in funding was provided. The funds

will create 650 additional units of supportive housing, of which 300 will be created through new construction. The remaining 350 units will rely on federal rent subsidies. Supportive housing is housing which combines rent subsidies with supportive services which help the occupants maintain themselves independently in housing. The PILOTS Initiative is for persons with substance abuse or mental health problems who are homeless or at risk of homelessness. The housing, however, need not be exclusively for such persons but may include a mixture of disabled and non-disabled occupants. The program is administered by the Department of Mental Health and Addiction Services.

The PILOTS program, however, will reach only a small portion of the homelessness problem. Other initiatives are needed as well.

Recommendation

Homelessness and Supportive Housing



The state should expand the Beyond Shelter program to add ten additional sites.

Beyond Shelter is a follow-up case management program for persons leaving homeless shelters and moving to private apartments. It prevents the recurrence of homelessness by providing coordinated follow-up services to former shelter occupants and to the landlords who provide them with permanent housing after they leave the shelter. The first three to six months are considered particularly crucial, because small problems, if left unresolved, can trigger a new cycle of homelessness. Services include tenant education; assistance with food, clothing, transportation, money management, and parenting; and support in securing mental health and substance abuse treatment services. Beyond Shelter thus fosters housing stability through early intervention by teaching tenants the skills they need to retain housing and by providing third-party intervention to resolve a wide range of problems.

At present, Beyond Shelter operates through emergency shelters in five towns - Thames River Family Program in Norwich, Norwalk Emergency Shelter, Salvation Army Shelter in Waterbury, Friendship Service Center in New Britain, and the Center for Women and Families in Bridgeport at a cost of \$50,000 per location. An additional appropriation of \$500,000 per year would permit expansion of Beyond Shelter to ten additional locations.

Public Housing

Background

Public housing authorities in Connecticut administer both state and federal public housing. These very low-cost units are an incredibly important housing resource, and their loss will impose great hardship on the families which live in them. The state's public housing for families was funded through the Moderate Rental Housing Program, a program which, notwithstanding the word "moderate" in its name, was always intended to serve both low and moderate income households. There are more than 5,000 units of Moderate Rental Housing in Connecticut, including such developments as Dutton Heights in Bristol, Armstrong Court in Greenwich, Westbrook Village in Hartford, Castle Heights in Seymour, and Meadowview Manor in Stratford. Their rents are very low, making them affordable to low income renters (e.g., a two-bedroom unit in Zbikowski Park in Bristol is \$240 per month; a two-bedroom unit in Mill Ridge in Danbury is \$285 per month). Unlike equivalent federal public housing, however, the state provides no operating subsidies. This puts enormous financial pressure on the local housing authorities which operate this housing, especially in urban centers in which Moderate Rental Housing serves a very low-income population.

Recommendations

Public Housing



The state should renew its commitment to family public housing by providing capital rehabilitation funding and operating subsidies for State Moderate Rental Housing.

Some housing authorities have responded to this pressure with proposals for demolition. That approach, which reduces the number of available units of housing for very low-income families, is exactly the wrong solution. The state needs to renew its commitment to State Moderate Rental Housing by supporting modernization and adequate maintenance. Modernization requires the funding of existing state housing rehabilitation programs to permit the making of capital improvements as needed. Adequate maintenance requires the use of operating subsidies to assure adequate revenue to each development. In reality, the state already provides operating subsidies in State Elderly Housing (through DECD's Rental Assistance Program) to allow housing authorities to keep the rent affordable for their lowest income senior tenants. The state should make the same commitment to family public housing.



There should be no demolition of public housing unless the units are replaced, on a one-for-one basis, with new units.

Public housing can also be modernized through demolition and reconstruction. The issue in such circumstances in reality is not demolition but replacement. Nearly every demolition proposal which has been put forth in recent years proposes replacement of demolished units with far fewer units. Indeed, even counting units replaced with Section 8 vouchers, rather than with actual dwelling units, the number of low-cost subsidies in the market after demolition is usually well below the original number of units in the development. In addition, replacement units which are actually constructed are often designed to serve a different demographic than the demographic of the families which occupied the units being demolished, i.e., relatively higher income households.

For example, a complex with 1,000 housing units may be reduced to 500 units by attrition, with vacated units boarded rather than rented. This, of course, accelerates attrition. Perhaps 150 of the remaining 500 households are relocated to other public housing and 350 receive Section 8 certificates with a promise to be allowed to return to the reconstructed units. The units are demolished and 200 new units are built on site. The housing authority, however, imposes higher income eligibility standards for these units; and it turns out that many of the families who had been promised a “right of return” are rejected as unqualified. At the end of this process, the 1,000 original “hard” units have been replaced with 200 “hard” units, most of which serve a higher income group than occupied the old units. There has been an addition of 350 “soft” subsidies. Even counting the soft subsidies, however, there are now 550 subsidized units where there once were 1,000. At some level, the existing tenants have been protected. The loser has been the waiting list -- the large number of very low-income tenants in the rest of the area’s housing market who will now have less of a chance than ever to find housing which they can afford.

The solution to this problem is to insist that demolished units be replaced one-for-one. Such replacement does not need to be on the same site. Many cities, for example, have vacant, boarded buildings which are suitable for rehabilitation. Similarly, there are often vacant lots available from prior individual building demolitions which can be used for in-fill construction. A one-for-one replacement plan can combine new on-site construction with off-site construction, off-site rehabilitation, and rental subsidies to create a package which does not decrease the number of subsidized housing units in the municipality’s housing market.

Fair Housing

Background

Connecticut's major metropolitan areas are among the most segregated in the country -- ranking first out of the 50 states in the degree of economic disparity and ninth in racial separation. Although Connecticut boasts the highest per capita income of any state, its central cities have among the highest child poverty rates in the nation (41.3% in Hartford, 32.6% in New Haven). These patterns have been reinforced by decades of public policy decisions concerning zoning, land use planning, siting of assisted housing, transportation, economic development, and tax structure.

Recent years have seen state statutory reforms to limit exclusionary practices and community-based initiatives to promote housing options. The Sheff v. O'Neill school desegregation lawsuit has further increased the focus on housing solutions to promote diverse communities, and the Educational Improvement Panel included housing proposals in its recommendations for implementing Sheff v. O'Neill. Growing attention to regionalism -- based on the recognition that the long-term fates of central city and suburbs are inextricably linked -- also calls forth the principle of region-wide responsibility for meeting affordable housing needs.

Recommendations

Fair Housing



The state should provide adequate funding to ensure mobility counseling, discrimination testing, and fair housing education.

Adequate funding, both to the Connecticut Commission on Human Rights and Opportunities (CHRO) and to independent non-profit organizations, should be provided to promote and enforce the right to housing choice. CHRO needs to have the resources necessary for the timely investigation of housing discrimination complaints and for effective enforcement. Non-profit organizations require state financial assistance to carry out housing opportunity programs, such as fair housing education, discrimination testing, and mobility counseling.



The legislature should establish a system of "fair share" housing obligations to assure that all towns will include a broad diversity of housing types and income levels.

Low and moderate income housing tends to be concentrated in certain parts of each region. Connecticut should establish a system of fair share housing obligations, including numerical goals for each municipality in meeting regional housing needs, strict timetables for making progress toward those goals, and both incentives and sanctions to achieve compliance. All housing goals should include housing for very low income families and not just for "low" income families, which under federal standards may have incomes as high as nearly \$55,000 per year. The New Jersey Fair Housing Act can serve as one model for such a legislative enactment.

Housing Development

Affordable Housing Appeals Procedure

Background

The Affordable Housing Appeals Procedure (C.G.S. 8-30g) was adopted in 1989 as the result of an extensive study by the Blue Ribbon Commission on Housing. The law is a critically important effort to promote the development of mixed income housing in the suburbs and to limit the adverse impact of exclusionary zoning; and it has been seen by many as a national model. The Blue Ribbon Commission confirmed what most already knew -- that the zoning ordinances of many towns make it extremely difficult to develop low-cost housing that is affordable to low- and moderate-income households. One- and two-acre zoning, for example, especially when combined with high land costs, effectively preclude low-cost ownership housing. Density regulations prevent the development of multi-family housing, either as rentals or as condominiums. C.G.S. 8-30g was designed to address some of these issues when there is an actual developer -- either non-profit or for-profit -- who is prepared to build new housing in the town. Because the act focuses on diversifying housing in suburban and outlying towns, it contains a formula excluding towns which already contain relatively large amounts of government-assisted or deed-restricted housing. The formula currently excludes 32 such towns from the act.

The core of the statute, which was based on a similar Massachusetts law, is a change in the burden of proof on zoning appeals in which a proposed housing development that meets certain statutorily-defined standards of affordability is rejected by a local zoning or planning commission. In such an appeal, the commission must show that substantial non-housing factors which it can lawfully consider (health, safety, open space, etc.) clearly outweigh the need for affordable housing and that the proposal cannot reasonably be modified to meet those concerns. The act contains a unique provision intended to promote compromises which permits the applicant to resubmit a revised application based upon the commission's articulation of reasons for rejecting the original proposal. The act applies to developments which are either (a) government assisted (e.g., with funding from HUD, CHFA, or DECD) or (b) deed-restricted. The deed-restriction requirements for a development to be eligible for the act have been increased over the 13 years of the statute so that they now require a much higher level of affordability than they did in 1989, when the act was adopted. The most significant changes were made in 2000, when P.A. 00-206 was adopted. In particular, an applicant cannot use the act unless at least 30% of the units are subject to affordability deed restrictions for a period of at least 40 years. At least 15% of the units (i.e., half of the deed-restricted units) must be priced so as to serve households with incomes below 60% of statewide median (i.e., so that their housing costs, including the

cost of utilities, will not exceed 30% of their income). The remaining restricted units must serve households below 80% of median income. In addition, prices for deed-restricted rental units may not exceed certain percentages of the HUD fair market rents.⁶ As a result, current law assures that any housing built under a post-2000 application will provide the town with a level of affordability not found in most of its existing housing.

Recommendation

Housing Development



The Affordable Housing Land Use Appeals Procedure should be protected against weakening amendments.

The Affordable Housing Land Use Appeals Procedure (C.G.S. §8-30g) is widely recognized as the state's most important housing development legislation in recent years for overcoming the effects of exclusionary zoning. Court decisions under the appeals statute have been balanced and even-handed: Valid concerns of municipalities have been upheld, while appropriate affordable housing developments have been allowed to move forward. Yet year after year legislative amendments have been filed to undercut the act, either by changing the burden of proof or by devising ways to exempt large numbers of towns from the act.

In 1999 the General Assembly created a Blue Ribbon Commission on Affordable Housing to review the statute; and in 2000 the legislature adopted P.A. 00-206, which made numerous important changes in the act. The two most significant are that

- (1) It enhanced the affordability requirements imposed on for-profit developers using the act, to assure that the units they produce will assist a relatively lower-income population, and
- (2) It made a moratorium on applications under the act available to towns in which a substantial amount of housing is built under the act.

⁶As of 2002, Connecticut's median income for a family of four was about \$70,000 per year. Thus, for a family below 60% of median (\$42,000 per year), an application would not be eligible to use the act unless it were priced so that the occupant would be paying no more than \$1,050 per month, including the cost of utilities. These numbers would be lower for a smaller-sized family. For a family below 80% of median (\$56,000 per year), the monthly housing cost, including utilities, could not exceed \$1,400. However, because deed-restricted units which are rental must also meet fair market rent requirements, for a zoning application filed after October 1, 2002, a 60% two-bedroom unit in the Bridgeport region (e.g., Trumbull or Easton) must rent for less than \$868 per month (\$1157 for an 80% unit) and an equivalent unit in the Hartford area (e.g., Simsbury or Avon) must rent for less than \$813 per month (\$1,084 for an 80% unit).

Now that these changes have been made, it is important that the Affordable Housing Land Use Appeals Procedure be protected against further efforts to weaken it. The General Assembly should allow the act to function as it is intended to function. Stated differently, it is time to leave the act alone.

State Funding for Housing Development

Background

Rental assistance programs permit low-income households to take advantage of the private housing market by making existing private housing affordable to them. Such “soft” subsidies cannot, however, be the only means of meeting the state’s low-income housing needs, because without an adequate supply of low-cost housing subsidy holders cannot find apartments in which to use the subsidies.

The state helps finance construction and substantial rehabilitation of low-income housing through the issuance of bonds for programs administered by the Department of Economic and Community Development (DECD). The money is made available to non-profit housing developers, housing authorities, and for-profit developers. In addition to conventional rental housing, state bonds have been used creatively to fund limited equity cooperatives, mutual housing associations, and other programs which combine elements of home ownership with elements of rental. The state has also bonded money to finance down payment loans to low-income, first-time homebuyers and emergency mortgage assistance to prevent homeowners from losing their homes through foreclosure. DECD construction funding may also be used in conjunction with funds from the Connecticut Housing Finance Authority or federal funds and tax credits.

During the late 1980s and into the early 1990s, the state bonded more than \$100 million per year for housing programs. In more recent years, annual new bonding authority has been reduced substantially; and, since 1997, bonding for housing has been virtually zero. For example, new bonding for housing in the DECD budget was only \$5 million per year in 1999 and 2000, zero in 2001, and \$10 million in 2002. In 2002, the legislature actually authorized the taking of \$85 million in CHFA reserves to help cover the state deficit and, to offset that loss to CHFA, transferred most of DECD’s housing portfolio to CHFA. The result is that DECD no longer has the off-budget revenue for housing development which it previously received from the repayment of its housing loans.

| | |
|------------------------|---------------------------------------|
| Recommendations | State Funding for Housing Development |
|------------------------|---------------------------------------|



The state should restore its annual bonding for housing to at least the \$50 million level, at which it was just a few years ago.

The near-total cutoff of state funding for the non-profit developers who produce limited equity coops, mutual housing, and a variety of creative programs makes it extremely difficult to develop housing for low-income households. Indeed, without governmental assistance, housing that is produced by the private market will necessarily be for households with incomes well above 30% of area median, preventing housing from reaching those poorer families with the greatest housing needs. Current levels of new bonding authority are not even remotely adequate to meet housing needs, whether through rehabilitation of existing structures or through new construction.

In addition, the constricted nature of state funding makes it difficult for the state to work with what is potentially the most important urban housing market, private landlords with existing buildings which need upgrading. State assistance can counterbalance the current economics of low-income housing, which has resulted in extensive abandonment in city cores. The result has been an expanded use of funds under the state Urban Act for demolition, when they could more effectively be used for rehabilitation.



The allocation for the Connecticut Housing Tax Credit Contribution Program (CHTCC) should be increased from \$5 million to \$10 million per year and business eligibility for the program should be expanded to include Chapter S and limited liability corporations.

As the state has decreased its bonding authorizations for housing, the use of tax credits has risen in importance as a means of lowering housing costs. The key program in Connecticut is the Connecticut Housing Tax Credit Contribution program (CHTCC), which is operated by CHFA. It is currently funded at \$5 million per year. Its purpose is to help produce low- and moderate-income housing developed by non-profit housing developers. The program is routinely oversubscribed with fundable proposals and must turn many away.

Ironically, while there are a surplus of housing development proposals, there has been an increasing difficulty in finding businesses to take the tax credits. It is likely that in 2002 as much as \$1.5 million of tax credits will not be used for approved projects because of the inability to find eligible corporations. This is in significant part a result of the declining portion of state revenues brought in by the corporation tax, which in turn has reduced the usability of tax credits for the large corporations which are eligible for this program. This problem should be addressed by opening the CHTCC to a wider range of businesses, and particularly to Chapter S and limited liability corporations, which are not presently

eligible.



The state should create and fund an appraisal gap financing program to promote the rehabilitation or new construction of buildings which will be sold to individual owners for home ownership.

In center cities, the cost of rehabilitation, especially of vacant buildings, often exceeds the price at which they can be resold. The need to close the "appraisal gap" between the cost of rehabilitating or constructing housing and the price which can be obtained for it on the market is especially important in center cities and low-income neighborhoods, where housing prices (and therefore appraised values) are low. For example, it may cost \$150,000 to renovate an abandoned three-family house which cannot be sold for more than \$100,000. As long as an appraisal gap exists, conventional lenders will not finance the property. The availability of gap financing permits a relatively small amount of public money to be used to leverage a far larger amount of private financing. When combined with home ownership programs, appraisal gap financing becomes a way to help cities expand their home ownership base. Hartford has developed such a program using money received under the Urban Act and from the Capital City Economic Development Authority. There is need, however, for a broader program..



The state should revise its priorities for the use of federal housing funds so as to give highest priority to housing which serves the lowest income households and non-elderly households, promotes racial and economic integration, includes supportive services, and is developed by non-profit sponsors.

At present, the largest source of support for housing rehabilitation and construction are federal subsidies administered by the state, including HOME, Community Development Block Grant (CDBG), and the Low Income Housing Tax Credit (LIHTC). The Department of Economic and Community Development adopts the Consolidated Plan for Housing and Community Development (ConPlan), which governs distribution of HOME and CDBG Small Cities Program funds. The Connecticut Housing Finance Authority adopts an Allocation Plan which directs the awards of the federal LIHTC.

The state needs to improve these governing documents and their implementation. In particular, when administering federal funds, the state should increase priority for housing serving lowest income households, housing serving non-elderly households, housing that promotes racial and economic integration, housing with supportive services, and housing developed by non-profit sponsors.



The state should restore operating support for non-profit developers, especially those in underserved areas, as this support is key to providing decent housing for low-income households.

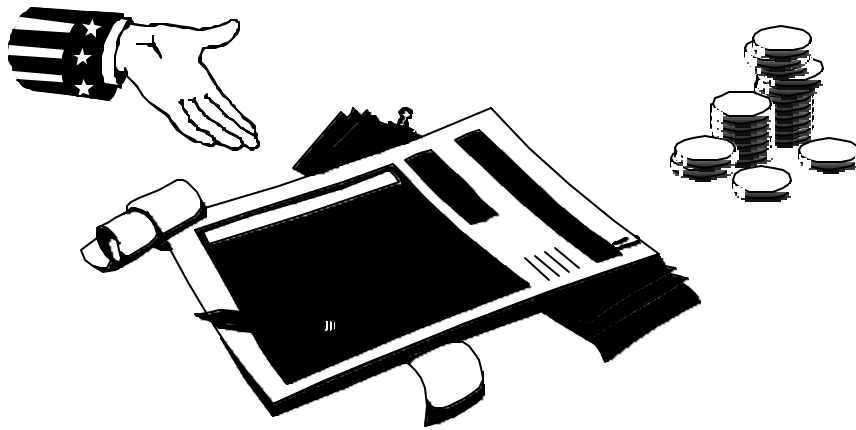
DECD is not sufficiently responsive to the needs of non-profit housing developers, which produce the bulk of the state's housing for low income people. The pipeline for housing applications needs to be fully reopened. In addition, state operating support for non-profit developers, which was provided in the late 1980's, should be revived.



The Department of Economic and Community Development should seek out and accept more input from non-profit housing developers and other community-based organizations. Specifically, DECD should act affirmatively to appoint the membership of the Housing Advisory Committee, bring it actively into the decision-making process, and be responsive to its recommendations.

DECD has allowed the Central Housing Committee, its principal advisory board, to fall into disuse. The membership of the Committee was revamped in 1994 and 1996, and its name was changed in 1996 to the Housing Advisory Committee. It has, however, not been functioning, in part because of lack of appointments and in part because an absence of commitment by DECD to share information with the Committee and to seek its input before acting.

TAX and BUDGET



Tax and Budget

As Connecticut confronts growing income inequality, the state faces difficult budget problems in 2003.

Like most other states, Connecticut has a serious budget problem for this year (State Fiscal Year 2002) and the coming biennium.

Unlike many other states, Connecticut's problem is was not caused by excessive spending. According to the *Connecticut Economy* magazine, Connecticut is the second most frugal state in the nation, using five relative measures of state and local government size.

Looking at state and local spending on the following services as a percentage of state personal income, in 2000, Connecticut ranked:

- *Lowest* among all states in spending on education (#50),
- Second lowest in spending on transportation and on total wages and salaries for state and local government employees (#49)
- Lower than all but two states in spending on housing and the environment (#48),
- Lower than all but four states in capital spending and
- In the bottom ten of all states in spending on public safety (#41) and on public welfare spending (cash assistance, Medicaid, etc.) (#40).

(Data are from the US Census Bureau's publication, *Government Finances, 1999-2000*, with states' rankings reported in J. McLynch and J. St. George, *Measuring Up: Taxes and Spending in Massachusetts* [Massachusetts Budget and Policy Center, 2003].)

Permanent erosion of Connecticut's tax base over the last decade, in reliance upon temporarily inflated income, caused a structural budget deficit. The inflated stock market of the late 1990's created a huge increase in reported capital gains income (from \$2.5 billion in 1994 to \$11.8 billion in 1999). With spending growth limited by the state spending cap, this resulted in multiple years of budget surpluses. In reliance on these high, but temporary, revenues, nearly \$2 billion in new permanent tax breaks affecting all of Connecticut's major taxes were enacted between 1997 and 2002.

The only effective remedies for Connecticut's budget problem are to restore our revenues in a way that apportions the responsibility for financing state services among Connecticut individuals and corporations appropriately, while keeping Connecticut competitive, and to carefully review spending.

Background

While much of Connecticut enjoyed unparalleled prosperity between the late 1980s and late 1990s, the strong economy did not lift all boats equally. Connecticut had the *greatest growth in income inequality* in the United States over the 1990s. The poorest 20% of families (by income) lost 19% of their real (inflation-adjusted) income, while the wealthiest 20% gained 21% in income. Those in the middle ranged from a modest gain of 8 % at the higher income levels, to a loss of 6%, at the lower income levels.

| Average Annual Income for CT Families: Late 1980s to Late 1990s (1997 \$) | | | |
|--|------------------------------|------------------------------|-------------------|
| Population Segment by Income | Avg. Income Late 80's | Avg. Income Late 90's | Change (%) |
| Bottom 20% | \$24,024 | \$19,351 | -19% |
| Next-to-bottom 20% | \$45,934 | \$43,266 | -6% |
| Middle 20% | \$65,127 | \$66,146 | +2% |
| Next-to-top 20% | \$87,391 | \$94,217 | +8% |
| Top 20% | \$149,558 | \$181,194 | +21% |

Large numbers of our *children also were left behind* during the economic boom of the 1990s. At the end of the decade, more than one in ten of CT's children still lived in poverty and nearly 25% qualified for free and reduced price meals at school (a more realistic measure of need than the federal poverty level). Hartford had the second highest child poverty rate among all cities in the nation with populations of more than 100,000, with 41% of Hartford children living in poverty - and that's when times were good.

After nine straight years of surplus, Connecticut faced a deficit for the last two fiscal years and is facing deficits in coming years. The General Fund "bottom line" shifted downward more than *\$1.8 billion* -- from a surplus of nearly \$600 million in State Fiscal Year (SFY) 01 to a deficit of \$1.27 billion in SFY 02.

Matters are getting a great deal worse. Despite measures taken to balance the SFY 2003 budget, including \$390 million in spending cuts, a deficit of \$650 million is now projected for SFY 2003.

Moody's Investors Service recently put a "negative" credit outlook on Connecticut, endangering our credit rating and the cost of borrowing funds. Moody's cited as factors:

- a) use of \$600 million in one-time revenues to "balance" this year's budget, leaving the state with a budget gap even if the economy recovers;
- b) total depletion of the Rainy Day Fund to cover last year's deficit;
- c) Connecticut's ranking as the most indebted state per capita and further borrowing to balance the FY 02 deficit; and
- d) Connecticut's large unfunded pension liabilities.

For next year's budget, SFY 2004, a \$1.5 billion deficit is projected.

The downturn in the economy has already resulted in reduced funding for existing essential services (such as child care subsidies for low-income working families that were cut last year) and has delayed implementation of crucial new programs. These include:

- S an 11% cut in funding to local health departments that are CT's "first responders" for public health emergencies;
- S cuts of 20% or more from Department of Public Health funding for healthy pregnancy programs, children's health initiatives and a young parents' program;
- S a 100% cut in DSS's anti-hunger programs;
- S a 94% cut in HUSKY outreach and data collection;
- S a \$11 million cut in "optional" services for adults receiving Medicaid (services like vision care and podiatry);
- S elimination of home health care, vision care and podiatry services for those receiving SAGA medical assistance; and
- S failure to adequately fund school readiness and other quality early care/early learning programs.

Connecticut was facing a structural budget deficit even before the downturn in the economy. Although the deficit last year (SFY '02) was caused in large part by an economic recession that resulted in General Fund revenues that were 9.5% (\$1.13 billion) *less* than the prior year's revenues, the state budget already had been projected to be in deficit in the near future.

Preferential tax breaks (exemptions, deductions, credits, and rate reductions), many of which were enacted over the prosperous 1990's when the General Fund had multi-million dollar surpluses, take nearly \$4 billion a year from Connecticut's revenue base.

In 2000, approximately two-thirds of Connecticut corporations were paying the state minimum corporate tax — just \$250 per year.

More than 40 of Connecticut's 95 largest companies paid *no state corporate tax at all in 1999*, and the total paid by those 95 largest companies was a mere \$51 million. Although the 1999 corporate tax rate was 7.5%, one of these 95 companies paid only 2.4% of its \$17,500,000 of taxable income in corporate income tax. Another major Connecticut corporation with taxable income of \$2,800,000 paid just 0.5%; and a third with *taxable income of \$124,000,000 paid no Connecticut corporate tax at all*. (This data is based on a report by the Connecticut General Assembly's Office of Fiscal Analysis that lists the 1999 total tax due by Connecticut's largest corporations [not individually identifiable] before tax credits, the credits applied and the tax after credits. The amount of taxable income for each corporation mentioned above was estimated by assuming that a 7.5% corporate income tax rate was applied to the taxable income to arrive at the total tax due before credits. Although changes to Connecticut's corporate tax in the 2002 legislative session will increase, somewhat, corporate tax revenues, the changes made will restore only 5.5% of the \$1.3 billion of corporate taxes cut in the 1990s.

During the 2003 legislative session, Connecticut's policymakers face the difficult task of balancing the budget for this year (SFY '03) and enacting a balanced budget for the next two years (the biennium). Budget balancing will be difficult, in part because state spending has been frugal, because nearly \$900 million in cuts already have been made, and because so much of the spending in our General Fund budget is either non-discretionary (e.g. payment on state debt, complying with federal court orders), or is for financial support to towns (e.g., education grants) which if reduced will only shift the burden to the local property tax, or for programs that have been already cut significantly.

Recommendations

Tax and Budget

Connecticut's current and future budgets cannot be balanced without increasing state tax revenues, aggressively claiming federal revenues, and wise spending of state dollars. The key issue is whether the burdens of this economic downturn, on both the tax and spending sides of the state budget, will be appropriately distributed among Connecticut's residents.

Specific proposals:



Adopt a more progressive personal income tax, with tax rates increasing on adjusted gross income over \$200,000



Repeal corporate subsidies that disadvantage small businesses and that do not bring benefits to the state that are commensurate with their cost.



Preserve reasonable gift, estate and inheritance taxes.



Increase federal funds coming to Connecticut.



Review spending decisions to ensure wise spending and strategic savings

(For more details on these specific proposals, see *The One Connecticut Budget: The Budget Plan to Fix CT's Fiscal Ship & Not Throw People Overboard*, prepared by CT Voices for Children and approved by *One Connecticut* on 12/12/02, available at CT Voices for Children's web site: www.ctkidslink.org)

Mapping Change

A briefing book prepared by

Connecticut Alliance of Basic Human Needs

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