

# MAPPING CHANGE 2000 SUMMARY

*prepared by the Connecticut Alliance for Basic Human Needs*

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**Note:** for ease of reference, the sections in this book are separated by color as shown above.

## Introduction

*Mapping Change*, a briefing book produced annually by the Connecticut Alliance for Basic Human Needs (CABHN), provides background information about state programs which affect poor people, outlines issues which will affect those programs and makes recommendations for changes to those programs.

The summary, which is available for the first time this year, contains an overview of Connecticut's economy and state fiscal condition and highlights proposals contained in the full *Mapping Change* which are likely to be discussed in the coming legislative session. We hope that this shorter version will be a useful and accessible reference for legislators.

*Note:* For ease of reference, we have separated the major sections by color, with the color of the section indicated on the front cover.

Legislators will also receive a copy of the complete updated *Mapping Change*. In addition, the full *Mapping Change* is available on the website of the Legal Assistance Resource Center of Connecticut ([www.larcc.org](http://www.larcc.org)). If you would like additional information about the topics addressed in this briefing book or would like the complete update, contact the Legal Assistance Resource Center of Connecticut at (860) 278-5688.

## Overview

There is, increasingly, a contrast between the growing prosperity of some Connecticut residents and the struggles of too many others to escape poverty and achieve economic security. Governor Rowland took note of this contrast in his State of the State address on January 3, 2001, when he said: "While most of the people of our state enjoy the riches of this strong economy, there are still many who have not had the same opportunity to share the prosperity."

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We all agree one of the fundamental roles of government is to offer help to those whose struggles in life are greater than our own.

*Governor Rowland, January 3, 2001*

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At the same time, he recognized the obligation of the state to respond to the needs of people in the state who are not sharing in our prosperity: "...[W]e all agree one of the fundamental roles of government is to offer help to those whose struggles in life are greater than our own. Families in poverty. Children without parents. Adults without jobs. The sick, the addicted, the hungry....At a time of record employment, with the projected budget surplus nearing \$500 million, there is an extra burden on government to provide help where it is needed most."

But in the recent past, state policy has often failed to apply growing state resources to the needs of poor residents. At a time of general prosperity and the resulting increase in state revenues, we

continue to tightly limit the assistance that we give to families and individuals in need.

**Some illustrations of the surprising contrasts in Connecticut:**

- ! The unemployment rate is at record low levels (2.3% in June)--but less well-educated workers face greater challenges in finding work. For example, the unemployment rate for men aged 18-35 with less than a high school education was 17.2% in 1997 - 1999.
- ! Connecticut's median family income is very high. For a family of four, the median income was \$75,534 in 1998 - but the state's poverty rate grew during the 1990s from 3.5% in 1987-88 to 9.1% in 1997-8. Connecticut's child poverty rate (11.8% in 1998) is also higher than it was in 1989 (7%).
- ! In the last decade, the incomes of the wealthiest 40% of Connecticut families increased - but the income of the poorest 20% of Connecticut families fell by 26%.
- ! The state has had surpluses of over \$400 million in the past three years and is anticipating a similar surplus in the coming year - but state programs, including many programs which help people, face budget cuts.
- ! These cuts are attributed to the limits imposed by the spending cap adopted in 1992 - but the state has exceeded the spending cap for each of the last three years to fund projects agreed on by the Governor and the legislature.
- ! The number of families receiving cash assistance through the Temporary Family Assistance program has fallen dramatically - from over 50,000 in 1996 to about 25,000 now. Families have moved from welfare to work. As a result, Connecticut spends about \$150 million less on cash assistance now than we did in 1997 - but our investment in employment support services for these working families remains at about \$18 million.

These brief statistics just begin to illustrate the policy choices that we will confront in the coming year. We hope that this summary of *Mapping Change* will suggest steps that we can take to share the prosperity enjoyed by many Connecticut residents among all our residents.

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# Tax and Budget

## ***Connecticut Has Significant Wealth But Is Growing Apart Economically***

† **High income and wages.** Since 1986, Connecticut has ranked first in the nation in per capita income. Connecticut's per capita income in 1999 was \$39,167, still highest in the nation and 37% more than the national average. Connecticut also ranked first in the nation in 1998 in median household income for a family of four at \$75,534 (in 1998 dollars), 35% more than the national average. [CT Voices for Children, *State of Working Connecticut 2000*].

Connecticut was also tops in the nation in 1999 in hourly wages for low (20%), median, and high (80%) wage workers. [CT Voices for Children, *State of Working Connecticut 2000*] These higher-than-average wages help to offset the state's also higher than average cost of living (estimated at 6<sup>th</sup> highest in the nation, about 13% more than the national average). [Congressional Quarterly, *State Fact Finder 2000*, Table B-8]

† **Connecticut's growing income divide.** Though wages in Connecticut over the 1980s grew about 15% for low, median, and high wage workers alike, in the 1990s the economic expansion failed to "lift all ships" equally. Rather, between 1989 and 1999, the real (inflation-adjusted) wages of the state's low-wage workers fell by 5.2%, while the wages of the median and high wage workers increased (by 6.5% and 10.1%, respectively).

Also, from the late 1980s to the late 1990s, all but the top 40% of Connecticut families *lost* real income, as the following table shows:

<b>Average Annual Income for CT Families: Late 1980s to Late 1990s (1997 \$)</b>			
	<b>1988-90</b>	<b>1996-98</b>	<b>Change (%)</b>
Bottom 20%	\$23,775	\$17,615	-\$6,160 (-26%)
Next-to-bottom 20%	\$45,458	\$37,953	-\$7,505 (-17%)
Middle 20%	\$64,453	\$61,461	-\$2,992 (-5%)
Next-to-top 20%	\$86,486	\$87,309	\$ 823 (1%)
Top 20%	\$148,011	\$174,149	\$26,140 (18%)

Source: Economic Policy Institute/Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends* (2000). This report is based on before-tax income data for families (two or more related individuals living together) from the United States Census Bureau's March Current Population Survey public use files. All figures are expressed in 1997 dollars and were adjusted for

inflation. The report compares “pooled” data from 1996-1998 to pooled data from the late 1980s. Pooling data increases sample size, and thereby the precision of the data.

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## ***Connecticut’s Economic Capacity Is Sufficient to Meet the Needs of All of Its Citizens***

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† **Connecticut’s governmental sector is modest and relies relatively little on federal support.** Connecticut ranks 46<sup>th</sup> among states in state and local general government expenditures as a percentage of personal income; only four states spend a smaller percentage of total state personal income on state and local government. [Congressional Quarterly, *State Fact Finder 2000*, Table G-6]

† **Connecticut taxes are not unduly burdensome.** Connecticut ranks fifth *lowest* among states in state and local “own source” revenue as a proportion of personal income, with 14.6% of personal income going to state and local own-source general revenue, compared to 16.2% as a national average. [Congressional Quarterly, *State Fact Finder 2000*, Table G-3]

**State taxes.** In 1997, Connecticut ranked 23<sup>rd</sup> highest in the nation in total state tax collections as a percentage of personal income, with 7.14% of an individual’s income, on average, going to pay Connecticut state taxes. Connecticut’s overall state tax burden was less than the burden in 22 other states. [Economic Report of the Governor, 1999-2001 Biennium].

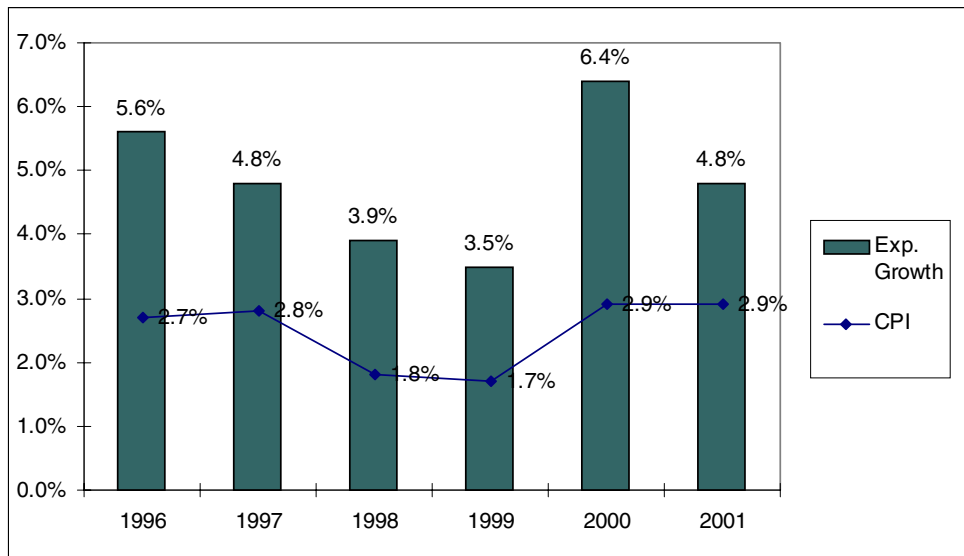
**Combined local and state taxes.** Connecticut’s combined tax burden - including local as well as state taxes - was, in 1996, \$145.59 per \$1,000 of income. This placed Connecticut #6 in the nation; only five states had less of a combined state/local tax burden. [CBIA, 2000; US Census, 1996 data] The national average was \$207.08 in state and local taxes per \$1,000 of income.

**Heavy reliance on the property tax.** Connecticut relies to a greater extent than many other states on the property tax. Its property tax (in 1996) was 41.6% of the total revenue collected from property, income and sales taxes; only 11 states relied more on the property tax among these three (including states such as New Hampshire that have no income tax at all). By comparison, Connecticut’s sales tax in 1996 contributed 35% to this three-tax revenue total while its income tax contributed 23.3%. Only 13 states relied *less* than Connecticut on the personal income tax. [Congressional Quarterly, *State Fact Finder 2000*, Tables F-8, F-11, F-15]

† **Connecticut is enjoying multi-year budget surpluses.** One predictable outcome of the nation’s strong economy is healthy state finances. [NCSL, *State Tax & Budget News*, 18(9), 1999]

**Higher-than-expected revenues.** Connecticut’s strong economy has resulted in much higher-than-anticipated tax revenues over the last five years -- a total of nearly \$2.8 billion more revenue than budgeted for FY 96 through FY 00. In FY 98, for example, General Fund revenues were nearly \$800 million over budget, in FY 99 \$624.4 million higher, and in FY 00, about \$568 million above original budget act estimates. In FY 98 and FY 99, the vast majority of these additional revenues came from the state income tax (58% and 67% of additional revenues respectively). In FY 00, 46% of the higher-than-anticipated revenues came from the income tax. [OPM

Presentation to Governor’s Council on Economic Competitiveness and Technology, October 2000, hereinafter OPM Gov’s Council Presentation] These higher-than-expected revenues have occurred even though nearly \$2 billion in tax cuts have been phased in over about the same period, including \$712 million in reductions in the income tax, \$497 million in reductions to the corporation tax, \$190 million in cuts to the hospital tax, \$190 million in cuts to the gas tax, and \$158 million in cuts to the inheritance tax.



*State expenditures have exceeded inflation and budgeted amounts. Over at least the past six years, state spending has exceeded the rate of*

inflation (as measured by the Consumer Price Index) [OPM Governor’s Council Presentation, October 2000]. The following chart, showing growth in state expenditures as compared the rate of inflation, illustrates this:

† **Despite increased spending, exceptionally strong revenue growth has resulted in multi-year General Fund surpluses.** In part because of the exceptionally strong revenue growth noted above and, in part in recent years, because spending has been limited by the state spending cap, Connecticut has enjoyed General Fund surpluses for the last several years.

Review of the uses of these surplus funds shows lack of a cohesive spending plan that uses these surplus funds strategically to meet Connecticut's pressing needs for public investment.

**Projected FY 2000-01 surplus.** As of November 2000, the Office of Policy and Management (OPM) and the Comptroller's Office were again projecting a General Fund surplus for FY 2001 (\$389.5 million and \$379.8 million, respectively) and a Transportation Fund surplus of \$119.1 million. These surplus estimates are about \$204 million more than OPM and the Comptroller had projected in October.

These very significant surpluses are anticipated *despite* spending well in excess of budget expectations (a net of \$133.8 million more). The surplus results from revenues for FY 01 that are expected to exceed the budgeted amount by \$513 million (*despite* new and phased-in tax reductions of about \$225 million in this fiscal year alone). [Comptroller's Monthly Letter to the Governor, November 2000]

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## ***The State Spending Cap***

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***The state spending cap is restricting necessary public investments at this time of economic prosperity and encouraging some unwise budgeting practices.***

† **The state spending cap.** Connecticut's spending cap was adopted in the early 1990s as part of the compromise that led to the adoption of the state personal income tax. The growth in state spending in the years immediately preceding the cap's adoption was nearly 11%. This rate of growth, coupled with declining revenues as Connecticut entered a recession, resulted in the need to increase taxes and cut expenditures. The cap was intended as assurance that the state would not again allow spending to so greatly exceed growth in the state's economy.

Connecticut's constitutional limitation on spending, ratified by the Connecticut electorate by a 4 to 1 margin, is being implemented also under the terms of the 1991 spending cap statute (Conn. Gen. Stat. 2-33a). The cap restricts the growth in general budgeted expenditures to the five-year average growth rate of state personal income (now about 5.5%) or the inflation rate, whichever is greater. Further, the cap can only be exceeded if the Governor declares an emergency or the existence of "extraordinary circumstances" and three-fifths of both houses of the General Assembly concur.

The cap covers not only the General Fund, but also the Special Transportation Fund, the Mashantucket Pequot and Mohegan Fund and seven other separate Funds. Excluded from the cap are expenditures for payment of bonds and debt, certain grants to distressed municipalities, and expenditures for the implementation of federal mandates or court orders (but only for the first fiscal year in which such expenditures are authorized).

Connecticut's spending cap is considered one of the two or three most restrictive in the nation, since it covers a larger proportion of state spending than most other states (about 80% of CT general budgeted expenditures), uses a five-year average of personal income growth (which is more restrictive than shorter-year averages in times of economic growth), and requires action by two branches of government for an override.

Though growth in state spending is less now than it was just prior to the cap's adoption (a 4.8% average over the period 1995-2000, compared to nearly 12% between 1987-1991), the cap has been exceeded in each of the last three years and has encouraged some imprudent budgeting practices.

† **Exceeding the cap.** In FY 97-98, the cap was for the first time exceeded to expend the state's surplus funds (in prior years, state appropriations remained well enough below the cap to allow surplus funds to be spent).

Consequently, as required by the cap, Governor Rowland issued a Declaration of "extraordinary circumstances" (citing the multiple years of budget surplus and the Budget Reserve Fund at 5% of General Fund appropriations, among other things) that stated that it "is prudent to expend certain state resources to avoid the issuance of debt as well as fund several projects which are primarily one-time in nature." The legislature approved the expenditure of surplus funds by the requisite 3/5<sup>th</sup> vote, though these expenditures placed state spending over the cap by \$194 million in FY 98.

By the same process, the spending cap was overridden again in FY 99 by nearly \$526 million, and again in FY 00 by \$496.3 million. [Connecticut State Budget 1999-2001; The Comptroller's Report, 2000; TFA, *Year-End Analysis of the FY 00 General Fund and Transportation Fund Budgets*, October 2000]

† **Unwise budget practices encouraged by the spending cap.**

***Increased reliance on borrowing.*** One of the perhaps unintended consequences of the spending cap is that it encourages an increase in state indebtedness. Because debt service is *not* subject to the cap, expenditures paid for with bond funds avoid the constitutional spending limit.

If all of these bond funds were spent on infrastructure or other assets benefitting future generations of taxpayers, then these additions to debt might be fully warranted. The State Comptroller estimates, however, that of the \$1.008 billion in new debt issued by the state in FY 1999, only \$454 million (45%) was for such purposes and the balance of \$554 million (55%) was used to fund "ongoing state operating expenses." [*The Comptroller's Report*, January 2000]

This incentive to “charge” expenditures to the state’s “credit card” to avoid the spending cap has resulted in a more than doubling of bonded debt per capita over the past decade, growing to \$2,857 by the end of FY 99. Connecticut now leads the nation in state tax-supported debt per capita. [*The Comptroller’s Report*, January 2000]

***Use of state tax expenditures to provide financial assistance to businesses.*** The spending cap also encourages the use of tax expenditures to provide financial benefits to businesses, since “tax expenditures” are not subject to the spending cap. Tax expenditures are credits, exemptions, exclusions or reductions in a statewide tax that reduce the state’s revenue and can only be amended or repealed by a change in state law. In one respect, Connecticut’s tax expenditures represent the state’s highest “spending” priorities - since the funds are never collected, they cannot be spent for something else.

***Untapped federal funds.*** Because Connecticut counts all the money spent on federally reimbursed programs (and not just the state share) as expenditures subject to the cap, the cap limits Connecticut’s ability to take advantage of funding made available by the federal government.

Connecticut is, for example, now foregoing full utilization of the federal SCHIP funding (for health insurance for low-income children) even though the federal funds “cover” 65% of the program cost (and Connecticut pays only 35%). Connecticut is not taking full advantage of these federal funds because *all* of the funds are subject to the cap and full utilization would place the state over the cap.

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## ***How Long Will Connecticut's Current Prosperity Continue?***

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The window of opportunity to narrow the income and opportunity gap in Connecticut may be beginning to close.

Overall revenue growth for the current fiscal year is about 5.2%, down slightly from last fiscal year’s 5.6% increase. Connecticut’s economy, like the national economy, is beginning to show a trend of slower growth. “State job additions are running 22% below last year at this time, hourly wage gains are at a ten-year low, new housing permits are experiencing double digit declines, and the stock market is volatile.” [Comptroller’s Letter to the Governor, November 2000]

Though the economy appears to be slowing, the growth in state spending is increasing once again. Though spending growth was as low as 3.9% in FY98 and 3.5% in FY99, growth in FY 00 was 6.4% (nearly double the growth in the preceding year). Growth in state spending in FY 01 is projected to be as high as 6%-6.5% (4.8% growth in appropriated funds, plus anticipated deficiency appropriations).

Driving this acceleration in state spending are escalating health care costs, which are beginning to crowd out other expenditures. They include \$20 million in needed new spending on the ConnPACE and Medicaid programs because of insurers eliminating their Medicare Risk lines, pharmacy expenditures increasing at 15-20% per year (with total state pharmacy expenditures in FY 01 projected to be \$475 million), and additional needed expenditures to address the current crisis in mental health care for children and adults. [OPM Gov's Council Presentation, October 2000] Connecticut already ranks 4<sup>th</sup> highest in the nation in state and local Medicaid spending as a percentage of general expenditures (in FY 97), with 12.3% of expenditures going to Medicaid alone. [NCSL, *State Tax and Budget News*, July 2000]

These trends are worrisome. If state expenditures continue to accelerate, while income remains stable or falls, the state will begin again facing deficits. Because Connecticut relies more than nearly all other states on capital gains income tax revenue, the state is also particularly vulnerable to stock market corrections or other declines in capital gains. [NCSL, *State Budget and Tax News*, July 2000] And as health care and debt service costs climb, spending for other essential services necessarily constricts.

This demonstrates the importance not only of spending our current surplus dollars extremely wisely, but also the need to re-examine the state spending cap and make necessary adjustments to reduce the disincentives to seek additional federal funds and the incentives to avoid the cap through budgetary decisions with detrimental long-term consequences.

*Recommendations:*

## **Education, Training & Jobs**

**%00** **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.**

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 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.

**%00** **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. Connecticut should appropriate funds to fully implement this program. TANF funds may be used for this purpose.

**%00** **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.

**%  
00** **Develop education and training programs which meet the needs of participants, including post-secondary education and on-the-job basic skills programs.**

An Educational Testing Service (ETS) study using National Adult Literacy Survey (NALS) data, determined that: 32% of women on welfare have superior, advanced, or competent skills similar to people with some college education. With 200 hours of targeted education and training (equivalent of one semester of full-time course work), competent, skilled women could move up to the advanced or superior skill levels, where jobs pay \$30,000 a year or more. The study also found that 37% of women on welfare have basic skills similar to high school graduates in the lower half of their class. These women have the skills to get a job, but generally lack the skills to advance in their careers or obtain jobs that provide additional training. With 200 hours of targeted education and training, recipients with basic skills could move up to the competent skill levels, where jobs pay \$20,000-30,000 a year.

However, 31% of women on welfare have minimal skills, similar to those of high school dropouts. Boosting their skills to the basic level where jobs pay between \$15,000-20,000 per year would require as much as 900 hours of education and training, or more than two years of full-time course work. Connecticut's employment and training system must take this information into account in designing programs to serve current and former welfare recipients.

**%  
00** **Use the Connecticut Self-Sufficiency Measurement to assist welfare recipients and other low-wage workers in designing employment plans, and to assist policy-makers in creating programs and goals under TANF and the Workforce Investment Act that help workers achieve economic self-sufficiency.**

PA 99-195, the statute implementing the federal Workforce Investment Act in Connecticut, defines an "under-employed worker" as a person who lacks the skills and preparation to earn a wage equal to the Self-Sufficiency Measurement, and requires the Connecticut Employment and Training Commission (CETC) to make annual recommendations regarding training services specifically to assist "under-employed" and "at-risk" workers. The CETC and the Department of Labor should coordinate efforts and funds to assist such workers with education, job training including incumbent worker training, child care and transportation assistance, and they should use the Connecticut Self-Sufficiency Measurement, developed by the Office of Policy and Management pursuant to PA 98-169, as a benchmark for effectiveness.

*Recommendations:*

## **Cash Assistance to Needy Families**

**%** Connecticut should continue to provide cash assistance to families in extensions and families who are exempt from the work requirement after the Temporary Family Assistance (TFA) waiver ends.

The Connecticut Jobs First waiver will end in September of 2001. The end of the waiver will require only minor changes in the program to bring it into compliance with federal law. Among the issues that Connecticut will confront:

1. Under the federal rules, families are limited to five years of TANF-funded assistance. Under Connecticut's waiver, families who are eligible for and receive multiple extensions could receive assistance for more than five years. When the waiver expires, state funds should be used to fund benefits to eligible families in extensions after five years.
2. When the waiver expires, federal funds can only be used to provide cash assistance for 20% of the caseload exempted from the federal work requirements and time limits. Connecticut can exempt more than 20% of the caseload and provide assistance if state funds are used. However, this may not be an immediate issue. About 47% of the caseload is currently exempt from the work requirements and time limits, but the majority of these exempt cases are child-only cases (no adult receives assistance). Child-only cases are not subject to the federal work requirements or time limits under federal law. Only about 18% of the caseload which falls under the federal time limits and work requirements is exempted under the waiver.

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

Connecticut is one of the few states in the country which has spent virtually all of its federal TANF allocation. Connecticut is also meeting its maintenance of effort (MOE) spending requirement. The state has been meeting these spending requirements in part by transferring about \$24 million a year to the Social Services Block Grant (SSBG) account and spending substantial amounts on cash assistance and child care. As the caseload falls, there is less need to spend TANF and MOE funds on cash assistance.

Connecticut's federal TANF allocation is \$267 million and our required MOE spending is \$185 million. As caseloads fall and as less money is transferred to SSBG, the state should take the opportunity to use funds not spent on cash assistance or transferred to SSBG on programs to assist needy families, including TFA participants, as they struggle to move into work and out of poverty. To date, the state has not adopted innovative programs to address the needs of people

with multiple barriers to employment or people who are working but who remain in poverty.

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

Increasingly, people who have lost TFA eligibility for life are finding themselves in need of assistance. As these numbers grow, the state will have to consider how to respond to these families and children in need. The Safety Net program, which is supposed to meet these needs, may not be designed to respond to the numbers who may become eligible for its services.

One response is 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. This 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.

**% Connecticut should use TANF funds to support work-study slots and needed support services for parents who enter post-secondary education or training programs enabling them to get jobs which will move their families out of poverty.**

Currently, the Connecticut family welfare program makes it very difficult for participants to pursue training and education while part of Jobs First. Equally important, many parents who are not receiving TFA cash assistance are earning less than the federal poverty level at their jobs. 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. In 2000, the Legislature required that the Department of Labor, in conjunction with the Department of Social Services, design a program of 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. This program will be presented to the Legislature in January 2001. 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 increased protections to ensure that federal TANF funds are not used to displace state dollars funding services for needy families.**

The federal TANF legislation expires in the summer of 2002. This will be an opportunity to look at the program nationally. There is concern that the TANF funds will be cut or eliminated because caseloads have fallen dramatically around the country and there are questions about how states are spending the TANF funds. In prior years, many states left large amounts of their TANF funds unspent and it was thought that Congress would view this as evidence that the funds were not needed by the states. Now, more TANF funds are being spent but there is concern that states are using the money to fund services previously funded with state dollars.

*Recommendations:*

## **General Assistance, State Administered General Assistance & the Basic Needs Program**

### **% 00** **Make the General Assistance, State Administered General Assistance, and Basic Needs Programs easier to access by:**

- ! 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 General Assistance/State Administered General Assistance (GA/SAGA) applicants and recipients 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.

### **% 00** **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 that effectively prevent 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.

00%

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

- ! ensuring availability of subsistence benefits to all persons with a disabling condition that prevents 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. 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 are not adequate to meet need.

*Recommendations:*

## **State Supplement** for the **Aged, Blind or Disabled**

**%** The state should pass along the annual federal Social Security or SSI increases, rather than cut the state supplement payment.

The combination of reduced disregards and a ten-year freeze in benefits has had a devastating impact on the ability of State Supplement recipients to pay for their basic living expenses.

**%** 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 is among a minority of states that determines its own eligibility for State Supplement, rather than have the federal government administer the program. However, changing to federal administration of the program would require that the state use federal SSI eligibility criteria.

## How State Supplement Arithmetic Works:

*First*, the Department of Social Services (DSS) determines the amount of income an individual receives. For a person earning SSI, that amount is fixed on an annual basis. The SSI amount was \$500 in 1999, \$512 in 2000, and will be \$530 in 2001.

*Next*, the disregard is subtracted from the income amount. Since the COLA was frozen, the same disregard (\$183) has been subtracted from a person's income, year after year:

1999:	\$500.00	2000:	\$512.00	2001:	\$530.00
	<u>- 183.00</u>		<u>- 183.00</u>		<u>- 183.00</u>
	\$317.00		\$329.00		\$347.00

The result is called the "applied income." A person's applied income is then compared to his or her expenses.

If an SSI recipient has \$500 in rent to pay each month, he or she is determined to have monthly expenses totaling \$564. That is because the State Supplement calculation only allows use of a maximum rental amount of up to \$400; the calculation also takes into account a set figure (\$164) to cover the cost of personal incidentals:

Expenses:	\$ 400.00 Rent
	<u>+ 164.00</u> Personal incidentals
	\$ 564.00

For such a person, his/her State Supplement benefit decreases every year, because an increasingly larger "applied income" amount is subtracted from his/her benefit income. As a result, a person who received a State Supplement award totaling \$247 in 1999, will only receive \$217 next year:

1999:	\$564.00	2000:	\$564.00	2001:	\$564.00
	<u>-317.00</u>		<u>- 329.00</u>		<u>- 347.00</u>
	\$247.00		\$235.00		\$217.00

If an individual has rent which has remained the same for each of these three years, the amount of his/her State Supplement award would steadily decrease. It is even more likely that he or she would have experienced rental increases during this same period. As a result, the cap on his/her expense figure would result in even less disposable income.

***In sum***, the federal government gives SSI recipients an annual COLA increase to cover the effects of inflation, but the State of Connecticut does not recognize this benefit increase as a simple cost of living adjustment. In turn, Connecticut penalizes these same recipients by reducing their State Supplement benefit. The sad consequence of Connecticut's policy leaves SSI recipients with actually less money in their pockets after a federal increase in benefits.

*Recommendations:*

## **Unemployment Compensation**

### **% /100** The State should count recent wages when determining monetary eligibility for unemployment compensation.

The Connecticut system only counts wages in the base period in determining whether a claimant is financially eligible for benefits. The base period is the first four of the last five completed calendar quarters preceding the quarter in which the claim has been filed. The most recent wages, those earned in the current (filing quarter) and in the preceding quarter (lag quarter) are not counted.

This system has a particularly severe impact on current or former recipients of welfare because their most recent wages are probably their highest. Under this system, claimants may have to wait up to six months to qualify for unemployment, or if eligible they may only receive a very low benefit amount, so low they may still qualify for welfare assistance. In turn, persons denied UC benefits then use up months of time-limited welfare to pay for their families' necessities. If these unemployed workers have already exhausted the lifetime limit for state assistance, they risk homelessness.

There is recognition at the national level that inherent problems in the UC system need to be addressed. The national proposal calls for use of more recent wages so new workforce entrants could be eligible for UC.

If Connecticut counted recent wages from the lag and filing quarters as other states do - including all the other New England states, these negative consequences can be prevented. A national proposal by a group of business, labor, state and federal officials would require states such as Connecticut to use wage information from the lag quarter in computing UC eligibility, and recognizes that states such as Connecticut already have the technology available to access the necessary information with little difficulty. Connecticut need not wait for national legislation in order to institute this sensible reform now.

### **% /100** The State should make part-time workers eligible for benefits if they lose their jobs through no fault of their own.

Generally under current law, only those who are able to work full-time and are seeking full-time employment may collect unemployment benefits. There is now general recognition that a large percentage of the work force works part-time year round for a variety of reasons, including the need to care for children or disabled family members, or due to the worker's own disability.

Connecticut should pay benefits to otherwise eligible unemployed workers who qualify on the

basis of part-time work and seek suitable and similar part-time work.

**% The Department of Labor should provide certified language interpreters at Fact Findings and Appeals Referee Hearings and translate important notices and materials into Spanish and other languages.**

In order to bring Connecticut into compliance with the President's recent Title VI Executive Order, and in line with at least a dozen states that mandate interpreter and/or translation services in their unemployment compensation programs, this state should enact legislation requiring the provision of certified interpreter and translation services to limited English proficiency populations.

**% The legislature should monitor implementation of the Tele-Benefits Claim Line to ensure that claimants receive Unemployment Compensation benefits in a timely manner and continue to have access to re-employment services.**

Connecticut, like many other states, is in the process of converting to a centralized automated system for taking initial 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 is called the "Tele-Benefits Line" and its implementation date has been pushed back to some time in 2001. The legislature should require the Department of Labor to issue regularly scheduled reports to the Legislature's committee of cognizance concerning unemployment matter, regarding 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 on access to re-employment services.

**% Adequately fund the Unemployment Compensation Trust Fund now to ensure its solvency without burdening employers with increased taxes when they can least afford them.**

Connecticut like other states has a history of building up insufficient reserves in its unemployment trust fund to meet the rising benefit pay-outs required during a protracted recession, such as this state suffered in the early 1990's. The state borrowed heavily from the federal government in order for the state to pay unemployment compensation claims. In 1993 the state legislature dealt with the debt by increasing employer taxes, lowering claimants' weekly benefits, and authorizing up to \$1 billion in state bonds to pay off the federal loans.

Now, when the economy is good and unemployment is low, is the time to fix this problem by "forward funding" the trust fund. "Forward funding" means that there must be sufficient funds in reserve so that employers will not be subjected to surcharge taxes during a recession. By setting the reserve at 1.6% of total wages paid to covered employees (rather than the current .8%) we can prepare the fund for a recession and bring Connecticut into compliance with the federal

government's revised recommendation for adequate reserves.

*Recommendations:*

## Child Support

**%  
00** Forgive child support arrearages that are owing to the state in *specified* situations to promote positive parental involvement and consistent payment of current support to the family.

There is a growing recognition that helping non-custodial fathers become employable and supporting them in developing relationships with their children is good social policy. Some enforcement policies have run counter to these interests. One area to explore is the forgiveness of state arrearages in situations such as the family reuniting. There are a number of pending proposals that encourage states to forgive arrearages owed to the state in various circumstances. In fact, the Director of the Federal Office of Child Support Enforcement issued a memorandum to the states. While this is not presently mandated, federal law does permit states to adopt such a policy. Many low income obligors are now subject to very high arrearage orders, which 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 subject the obligor to the threat of jail for contempt, deters the positive involvement of many fathers in the lives of their children. To compromise or forgive such debt in appropriate instances would benefit the families.

**%  
00** Make the SSI (Supplemental Security Income) disability determination binding as a finding of no ability to pay for all child support enforcement purposes.

Legislation to protect SSI recipients from having any child support obligation is needed. SSI recipients have been determined by the Social Security Administration to be disabled and indigent (with no earnings record to qualify for Social Security Disability benefits.) State law does not permit this subsistence level income to be counted under the child support guidelines, and federal law protects the income from all creditors, but SSI recipients have nevertheless been ordered to make payments in magistrate court. The problem is that the magistrate system essentially attempts to second-guess the disability determination, even though it has no expertise in the medical determination of disability 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.

**%** 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.

TFA recipients need to be informed at critical intervals, as their TFA clock runs down, of the status of their support case and the importance of updating information about the non-custodial parent to assist in establishing and pursuing support.

*Recommendations:*

## **Energy Assistance**

### **%00! Ensure sufficient energy assistance funding which could safeguard the health and safety of low-income families by:**

- ! increasing funding levels for energy assistance to ensure stable benefit levels, including coverage of secondary heat sources, and
- ! guaranteeing that low-income households have access to necessary energy and utility services on a year-round basis.

Energy assistance-related funding has been reduced and refocused. As a result, assistance is inadequate to pay a reasonable portion of energy bills and many households in need of assistance have not received 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. And the shortage of funds has threatened the access of low-income households to needed fuel deliveries in the winter, particularly households receiving benefits under the Contingency Heating Assistance Program.

### **%00! Increase weatherization efforts and effectiveness by:**

- ! removing the landlord contribution requirement to the provision of weatherization;
- ! appropriating adequate funding for weatherization and targeting weatherization services to the neediest households with the highest level of energy consumption.
- ! prioritizing weatherization assistance to low-income households and designing a program that supplements existing weatherization assistance through conservation resources developed through electricity deregulation.

Weatherization conserves energy -- which reduces energy and utility expenses for low-income families, improves affordable housing stock, and helps protect the environment.

### **%00! Increase access to creative incentive payment programs by:**

- ! requiring the gas arrearage forgiveness programs to take into account the changes in welfare, energy and weatherization assistance that reduce access to these creative payment incentive programs. *(For example, reduce required monthly to an affordable level where welfare benefits are reduced or lost by a household.)*
- ! requiring the Department of Social Services to ensure that expansions in the state's energy assistance programs result in expanded access of low-income households to the gas arrearage forgiveness programs.

Gas arrearage forgiveness programs were mandated prior to the dramatic changes and cuts in welfare, energy and weatherization assistance resulting in diminished effectiveness of the programs. And, the state plan for expending additional federal funds for energy assistance does not protect access of all gas heating recipients to the arrearage forgiveness programs.

## **% % % %** Reinstatement collaborative efforts to oversee developments in energy assistance and policy.

For a decade the Governor's Energy Assistance Advisory Council (GEAAC) oversaw policy development in energy assistance. It consisted of representatives of the state, energy assistance administrators, the utilities and oil industry, INFOLINE, Operation Fuel, and low-income consumers. The group developed a collaborative process, leveraging significant contributions from the utility companies, and monitored the energy assistance program, leading to innovative developments including arrearage forgiveness programs. GEAAC, or an equivalent, should be reinstated in light of the dramatic changes in the utility industry with restructuring, and in energy, weatherization and welfare assistance.

## **% % % %** Ensure the availability of affordable electric service in light of the electric industry restructuring by:

- ! carefully monitoring DPUC efforts relating to outreach, conservation and weatherization, billing practices, fees for switching generation companies and other consumer protections. (These will be critical for ensuring that deregulation of the electric industry does not result in harm to low-income residential consumers. Unforeseen effects of deregulation will also require monitoring.)
- ! carefully monitoring the Office of Policy and Management's efforts to develop a purchasing pool for consumers on subsistence benefit programs. An effective purchasing pool, creatively leveraging resources such as energy assistance, will be critical in the long-term for ensuring affordability of necessary electric service.

*Recommendations:*

## Food and Nutrition

**%** **Educate the public.** The Administration and community advocates must educate the public to the escalating incidence of hunger and build public support to maintain the availability of food resources for the increasing number of low-income people.

**%** **Make policy changes.** Policy must allow the development of more responsive programs to insure access to sufficient quantities of quality, affordable food for all residents.

### Food Stamps:

**%** **Ensure that DSS addresses declining food stamp participation rates in the state by:**

- ! Conducting a public awareness campaign to allay misinformation;
- ! Separating TFA termination and food stamp recertification;
- ! Shortening the food stamp application (*use of new CT 6-p. app. expected in 2001*);
- ! Conducting regularly scheduled caseworker regulation and diversity training;
- ! Extending DSS office hours to some evenings and weekends to accommodate working clients;
- ! Outstationing eligibility workers to facilitate access for urban and rural clients;
- ! Scheduling quarterly reporting of income;
- ! Reporting change in earnings at the \$100 level rather than at \$25.

### ***Food Stamps for Single, Able-Bodied Adults:***

**%** **Extend food stamp benefits to single individuals between the ages of 18 to 50 years, who are unable to secure employment.**

**%** **Renew USDA food stamp waivers.** This will enable able-bodied adults in areas of high unemployment or insufficient job opportunities, to continue to receive food stamps if they cannot find work.

**%** **Continue the 3-month food stamp exemption.** DSS should continue to exempt from the three-month food stamp limit 15 percent of the single, able-bodied adults who do not currently reside in a waiver area.

**%00** Make efforts to contact potentially eligible individuals residing in waiver areas to let them know of their eligibility.

### ***Food Stamps for Immigrants:***

**%00** Connecticut should continue to fund the state food stamp program in the following budget years for all of those individuals who still do not qualify for food stamps under the new federal guidelines. Monies saved through federal restorations should be redirected to other programs that specifically benefit legal immigrants.

### **Child and Adult Nutrition Programs:**

**%00** Encourage participation by sponsors. Connecticut should encourage sponsors to participate in these programs by supplementing reimbursements to sponsoring agencies in an effort to remedy the effect of federal cuts to sponsor reimbursement rates.

### **State Supplemental Nutrition Assistance Program:**

**%00** Increase funding for the State Supplemental Nutrition Assistance Program. While SSNAP does not provide a long-term solution to hunger, it meets people's very urgent and immediate need for food.

### **Elderly Nutrition Programs:**

**%00** Maintain funding at least at current level to meet future need. In the fiscal year 2000-2001 budget, elderly nutrition programs received \$1 million in funding. However, the funds used to pay for these programs came out of the budget surplus, and thus are considered a "one time expenditure." It is essential that this level of funding be maintained to meet the growing need.

### **Food Security:**

**%00** Continue to fund the Food Policy Council. The state should continue to fund the Food Policy Council and recognize the achievements of this entity, which places Connecticut at the forefront of the national food security movement.

*Recommendations:*

## **Electronic Benefit Transfer**

**% Vendors should be encouraged to accept alternate payment options when faced with technical problems.**

Even if the card is damaged, or there are technical problems with the EBT system, stores have ways to accept food stamp purchases. Although this is not mandatory, stores can fill out paper vouchers with the client information to make the food stamp sale. Vendors should be encouraged to do this for their customers if they are not already doing so.

**% EBT users should have the same consumer protections that are afforded the general population when accessing electronic banking options.**

Some stores continue to take advantage of EBT clients by overcharging for services. EBT clients can get cash from their cash accounts at grocery stores, which is one way to avoid paying ATM fees. Some stores are overcharging for this service. If the store accepts ATM or credit cards, it might require a minimum purchase to give cash back. The store must treat EBT clients the same as other debit card users and cannot charge EBT users more than that minimum. Also, if the store does not accept ATM cards (and many Mom and Pop stores do not), they cannot charge the EBT user at all. It is illegal to charge to use food stamps. Additionally, EBT users should be afforded the same protections that other electronic banking customers receive regarding liability issues and account statements.

**% Increase use of thorough, consistent, hands-on training for both recipients and retailers.**

Proper training is needed on the use of EBT cards for populations with special needs and first time users. The state needs to insure that sufficient training and materials are available to each of these groups when they begin to use this new system. Vendors should also maintain training on EBT usage for their employees and ensure that new staff have this information.

## **% 00** Ensure that available food resources are used.

The state needs to respond to the ongoing problem of nontraditional vendors who formerly accepted food stamps (such as farmers markets and congregate meal programs) being able to continue to accept food stamp business. This will mean piloting programs that use innovative approaches to EBT usage and sufficient DSS funding and support for these methods. One of the most logical approaches may be for the state to assume minimal liability for any non-EBT transactions that are made against an individual account without sufficient funds. The state would have the advantage of being able to deduct the amount covered from an individual account the next time benefits are issued. This is a particularly attractive solution for farmers markets where each transaction is nominal.

## **% 00** The state should work with the banking community to ensure that the system is responsive to the low-income community by:

- ! Entering into formal agreements with the banking community to insure that additional banking fees are not imposed on EBT users.
- ! Negotiating with the banking community to insure that ATM machines and therefore EBT accounts, are in easily and safely accessible areas for low-income consumers in both rural and urban areas.
- ! Ensuring that DSS examines their EBT contract with Citibank to determine whether terms such as the 85¢ fee for monthly transactions in excess of four, should be renegotiated. These fees could potentially have a significant impact on the already limited funds that benefit recipients depend on. They should also commit to increasing access to ATM and POS machines in areas that are safe and are easily accessible by public transportation.

## **% 00** Provide trainings on basic banking skills for EBT recipients.

Information and training on basic banking skills should be routinely offered by DSS to new users. Many EBT users have never had the experience of handling their own banking accounts and may run into budgeting difficulties without this basic information.

*Recommendations:*

## Immigrants

**%  
00** Eliminate the sunset provision so that essential assistance to legal aliens will not end on July 1, 2001.

The July 1st sunset provision should be eliminated for all benefit programs so that individuals that are legally admitted to the U.S. can obtain necessary cash and medical assistance, avoiding discrimination against such individuals working to become U.S. citizens. Essential assistance to legal aliens will be terminated on July 1, 2001.

Barring further state legislative action, state-funded cash and medical assistance to qualified aliens who arrived in the U.S. on or after August 22, 1996 will terminate by operation of state statute on July 1, 2001. This means that individuals legally admitted into the U.S. by the INS will be denied essential assistance if they fall on hard times, even though they are obligated, like citizens, to pay all state and local taxes.

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

A six-month durational residency requirement is applied to all of the 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. There is no such state interest involved here.

**%  
00** 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.

*Recommendations:*

## **Child Care Policies & Programs**

**%  
00** **Ensure availability of affordable, quality child care to parents that work non-traditional hours or for parents with infants and toddlers.**

- ! If Connecticut is going to continue to emphasize “work first” for all TFA recipients, then the government, business and non-profit sectors should come together to address the child care needs of those who work non-traditional hours.
  
- ! In addition, the State should consider incentives that help programs defray the high cost of providing infant/toddler care. Reimbursement rates should be increased to more accurately reflect the true cost of infant and toddler care

Connecticut's strong economy has 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 either be forced to leave their job to care for their children or to keep their job, but use unsafe child care.

**%  
00** **Get the Governor’s approval to increase the subsidy that DSS provides to low-income families so that it reflects the results of the new market rate survey.**

It is recognized that good quality child care is costly. All of the components that make up high quality care, such as low teacher-child ratios and low staff turnover, are expensive. While the State currently subsidizes child care for thousands of families, the level of support being offered may not be sufficient to purchase licensed care. The State of Connecticut currently bases the level of child care subsidies on a 1991 market rate survey. DSS requested, and the Legislature approved, to increase subsidy rates to reflect the current market rate survey to take effect in January 2001. However, the Governor just rescinded that appropriation. Since child care providers cannot lower their fees and still maintain their staff, their only option is to ask parents to increase their contributions. When parents are unable to do this, they may be forced to place their child in a setting that could potentially jeopardize the child’s health and well-being.

**%** **Complete an accurate assessment of the need for child care assistance.** DSS should use a well-maintained waiting list, to assess the demand for child care assistance, determine how this demand is distributed geographically throughout the state, and determine the type of care needed (i.e., infant/toddler care, preschool, etc.).

Information from the waiting list could help to educate legislators, DSS and advocates in trying to meet the needs of low-income working families and to support the thousands of TFA families who are now entering the workforce. Unlike other states, Connecticut has not maintained a waiting list. Consequently, we know very little about how many families need assistance and what type of child care is needed. The draft Uniform Child Care Regulations call for the creation of a waiting list, but allows for the commissioner to close it at her discretion.

**%** **Provide ongoing oversight of the Child Care Assistance Program which is administered by Maximus, Inc.**

Given the millions of dollars that Maximus receives from the State of Connecticut, the company needs to be held accountable for its performance. Maximus should streamline the application and payment processes to prevent the loss of child care assistance to needy families, and to make sure that providers receive timely payments.

**%** **Monitor the implementation of the Uniform Child Care Subsidy Program to ensure that the regulations 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 changes to the regulations as they are finalized. They must also carefully monitor the implementation of the regulations. The content of the regulations will determine which low-income families will receive child care assistance. It is expected that these regulations could significantly change the manner in which child care subsidies are distributed in Connecticut.

*Recommendations:*

## Medicaid

### **% 00** Expand the availability of health insurance for adults in low-income families.

With the enactment of the HUSKY program, Connecticut makes health insurance available to all uninsured children. On July 31, 2000, the Health Care Financing Administration (HCFA) issued a letter that gives the states new flexibility to establish demonstration projects to expand coverage and improve enrollment under the authority of section 1115 of the Social Security Act. Connecticut meets the preconditions for obtaining such a waiver. The HCFA letter sets forth a number of potential demonstration projects:

- ! Coverage for parents of children eligible for Medicaid or State Children's Health Insurance Program (SCHIP);
- ! Coverage for pregnant women with family income above current Medicaid eligibility levels;
- ! Projects to promote enrollment of children eligible for benefits under other income-based benefit programs, such as the free and reduced price school lunch program;
- ! Supplemental benefits such as respite care that go beyond those already provided under Medicaid or SCHIP.

### **% 00** Take advantage of federally matched funds by including parent expansion in a demonstration project.

Recognizing that some states, such as Connecticut, have already begun expanding eligibility for parents of children in their Medicaid and SCHIP programs, the HCFA guidelines allow states to request the use of SCHIP funds for parent expansions implemented on or before March 31, 2000. Thus, Connecticut can include its parent expansion, scheduled for implementation on January 1, 2001, in a demonstration project and receive SCHIP funds as federal match for expenditures to cover the newly eligible parents.

### **% 00** 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. Under the new federal guidance, Connecticut can also now 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.

**%** **Expand waiver home care services by eliminating the income cap and including those under age 65.**

Home care services are not being provided to all who need it (for example, those under 65 and those over income). Home care services are a cost-effective alternative to nursing facility placement and generally more desirable for most persons and their families. According to DSS data, families provide much of the home care services, significantly lowering the Medicaid costs.

### **The HUSKY Program:**

**%** **Take advantage of federally matched funds to design a new initiative to increase enrollment in HUSKY.**

States that have been most successful in enrolling uninsured children in their State Children's Health Insurance Program (SCHIP) and Medicaid programs have used strategies that take the enrollment process out of the state agency's offices and into the community. These states have also been more successful in getting working parents to understand that their children are eligible for these programs. In addition, recent studies show that many children who are eligible but not enrolled in Medicaid or SCHIP, participate in other programs such as the school lunch program. Strategies designed to allow for simultaneous enrollment in these programs could improve participation. With the new demonstration project authority given states by HCFA, Connecticut could design new initiatives to take advantage of these successful outreach practices.

## Early and Periodic Screening, Diagnosis and Treatment:

**%** DSS needs to monitor, follow up, and charge those managed care organizations that fail to meet the participation rate in the EPSDT program.

The participation rate is not yet at the federally mandated 80% rate, plus some of the screenings that are done may not be complete screenings. DSS has informed the managed care organizations that they may be subject to financial penalties if they do not meet the required participation rate. DSS needs to monitor and follow up on those that fail.

**%** DSS must ensure that participating health plans understand the meaning of "medical necessity" and provide comprehensive coverage for identified medical problems under EPSDT. 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.

The definition of medical necessity under EPSDT is much broader than that used in most commercial health plans. This definition is particularly important for children with special needs, but also for any child with chronic health care needs.

Both the Medicaid Managed Care Council and the Children's Health Council have focused on problems encountered by children with special needs, particularly those with mental health needs and those in the care or custody of the Department of Children and Families. As the Medicaid managed care program has developed, it has been necessary to make sure that the participating health plans understand that the definition of medical necessity under EPSDT is much broader than that used in most commercial health plans and that it includes services needed to maintain a child's functioning even if the child's condition is not likely to improve.

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.

### **Dental Care:**

**%** Increase access to and participation in dental care.

Access to dental care has not improved since the last *Mapping Change* report and continues to be a significant problem, resulting in a lawsuit filed against the Department of Social Services in

June 2000. The Children's Health Council repeated its utilization study of children age 3 to 19 who were continuously enrolled in the Medicaid managed care program from July 1998 through June, 1999. Utilization did show an increase, but less than half (41%) of the children received a preventive dental visit and only 23 percent received a treatment service. Of further concern is that the study showed uneven access among those children who did receive services, i.e., the lowest rates of utilization were among older children age 15 to 19, African American children, and children residing in Fairfield and Tolland counties. Children's Health Infoline data continue to show calls related to access to dental care are consistently among the top five reasons families call for assistance.

## **%** Increase participation of dentists in Medicaid managed care.

The Departments of Social Service and Public Health, participating health plans, the Connecticut State Dental Association, the Connecticut Society of Pediatric Dentists and the Children's Health Council should collaborate to develop policies aimed at improving the number and distribution of dentists who offer services to families enrolled in Medicaid managed care. These efforts should include:

- ! Intensive provider recruitment efforts in targeted geographic areas
- ! Use of dental provider sites readily accessible to adolescents
- ! Evaluation of the effect of requiring health plans to assign primary dental providers to members;
- ! Monitoring of network capacity and willingness of dentists to provide services; and
- ! Increasing dental services fees to levels which cover at least the provider's cost.

## **%** Increase awareness of the importance of oral health services and how to obtain these services among low-income families.

The lack of awareness of the importance of oral health among many of the *nation's* families was recently highlighted 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.

*Recommendations:*

## **Medicaid Managed Care Health Services**

**%** 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 are provided to Medicaid recipients**, 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.

The decision to contract or subcontract **in no way relieves it of its obligations to ensure that all medically necessary 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.

**%** Ensure that DSS study alternatives to the current Medicaid Managed Care system as required by legislation during the June 2000 Special Session (HB 5928, LCO No. 5463). This study should include:

- ! Seeking out the views of providers and clients from around the state who must participate in the current HMO-run program.
- ! Conducting public hearings with knowledgeable primary care providers who have significant Medicaid managed care caseloads
- ! Obtaining input from the providers and clients to understand what the problems are with the current system and to examine potential alternative models for delivering health care to the Medicaid population.
- ! Examining carefully the true total costs of the current system, in relation to the costs of the old fee-for-service system, and the potential costs of moving to a system of primary care case management, as many other states are doing or have already done. The full range of expenditures should be recognized, including tax credits, expenditures for behavioral health services for children in the custody of

the Department of Children and Families, and expenditures by other state and local agencies.

*Recommendations:*

## **Restrictions on Access to Services**

**under Medicaid, ConnPace & State Administered General Assistance**

**%** **Repeal the prior authorization requirements and generic substitution requirement.**  
The legislature should:

- (1) repeal the new authorization for prior authorization for all prescription drugs with an initial cost of \$500 for a 30-day supply or for which an early refill is sought,
- (2) repeal the new requirement of prior authorization for any name brand drugs which have generic substitutes, and
- (3) repeal the new requirement that pharmacists substitute with such generics unless the prescriber writes an essay with each new prescription detailing the reason(s) why such substitution is inappropriate and the pharmacist obtains prior approval.

Lack of prompt access to medications will result in unnecessary, expensive treatment in hospital settings, thus consuming the savings that are expected to result.

*Recommendations:*

# Medicare

Connecticut's Medicare beneficiaries could receive a total of \$2,942,000 in benefits under the portion of the Medicare Savings Program that pays some, or all of, the part B premium (\$600/year). These benefits are available under a federal block grant which requires no state funding. However, despite the outreach efforts of DSS, less than 1,000 individuals are enrolled and they will only receive approximately \$350,000 in benefits. Because enrollment is low and any funds not expended by the end of the year must revert to the federal government, Connecticut's seniors will lose nearly \$2.6 million in available federal benefits in 2000. 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. The state could realize \$156,000 in sales tax income on the additional \$2.6 million.

Low enrollment and lack of spending of available funds may cause CT seniors to lose almost \$2.6 million in available federal benefits.

## Medicare Recommendations include:

**% 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 (QMB) and pay premiums imposed by Medicare HMOs.

*Recommendations:*

## **Other Health Care Assistance Programs**

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

**%** **Increase income limits for ConnPACE.** Income limits for the ConnPACE program should be expanded and tied to federal SSI benefit levels. We would suggest that the income limits be set a 300% of SSI standards which are used in other DSS programs: \$1536 per month for a single person for 2000.

**%** **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 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 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 Home Care Program for Elders:

**%** 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.

*Recommendations:*

## **Nursing Home Care**

**%** Ensure that nursing home residents are provided quality care by:  
**%** **! increasing nurse and nurse aide staffing ratios to the minimum ratios recommended by the National Citizens Coalition for Nursing Home Reform.** Connecticut's average nursing staff hours per resident day is the second lowest in New England.

**%** **Ensure that nursing home residents are adequately protected in the event of a nursing home closure or bankruptcy. This protection must include sufficient time to find alternative living arrangements and time and resources to conduct appropriate discharge planning.**

The humane relocation of residents could be addressed through the requirement that nursing homes that are closing develop relocation plans, based on requirements set by the Office of the Long Term Care Ombudsman. Other states have such relocation plans, which typically include independent specialist teams placed in charge of relocation, independent medical reviews of residents' needs, and counseling and assistance for residents and their families. The goal of such a program is to prevent the great harm that "transfer trauma" can cause.

*Recommendations:*

# Housing

**%** **Expand the Rental Assistance Program:** The provision of portable rent subsidies to low-income families is the single most important way to make housing affordable to those who are very poor. The Rental Assistance Program (RAP) makes the private market work both for low-income renters and for the landlords who rent to them. The flexibility of the RAP program allows it to impact positively in numerous ways -- helping low-income households pay the rent, preventing abandonment, improving the quality of urban housing, protecting the municipal tax base, and bringing racial and economic diversity to the suburbs.

- ! **Update suburban fair market rents (FMRs) to make RAP usable in the suburbs.** After ten years in which RAP FMRs were frozen, DSS has now raised RAP FMR's so that they are 90% of the FMRs in the DSS-administered portion of the Section 8 program. They need to be made fully comparable.
- ! **Substantially increase the number of RAP certificates:** The program should add at least 1,000 new certificates per year for the each of the next two years.
- ! **Enhance the program to include support services for those who need them:** A portion of the new RAP certificates should be directed to those with special needs for support services, and the related case management costs should be included in the funding of those certificates.

**%** **Modify the Security Deposit Guarantee Program:** This program, which is part of the Eviction Prevention Program, was changed last year from cash deposits to security deposit guarantees. In practice, some landlords will not accept such guarantees at all, and many will not accept them unless they are for two months' rent. The program needs to be adjusted so as to restore it as an effective program for families in crisis that keeps them out of homeless shelters or helps them move into permanent housing quickly.

**%** **Expand state funding for rehabilitation and construction of housing for low-income families:** The state bonding budget, which once provided \$100 million per year for low- and moderate-income housing, now provides only \$5 million per year.

- ! **Create a housing trust fund:** A housing trust fund should be created out of the state's budget surplus. Once in place, it can be used to leverage private dollars to

generate investment in low- and moderate-income housing.

! **Establish a window replacement program for older urban buildings:** Old buildings in center cities are often filled with lead paint, which can be a hazard to young children. However, the cost of abatement is high, and the occupants of housing with high levels of lead are often low-income families with limited capacity to pay rent. A window replacement program (perhaps as a 50-50 match with the property owner) can significantly reduce exposure to lead dust (much of which comes from window friction surfaces) at a relatively low cost, while producing energy conservation as a positive side effect.

! **Reinvest in the rehabilitation and modernization of the State Moderate Rental Housing stock:** Housing authorities operate more than 5,000 units of family public housing, but much of it needs to be upgraded. Unlike federal public housing, it is not subsidized on an on-going basis. The state needs to recommit to its public housing residents by providing capital funds for modernization and rehabilitation and some operating subsidy (as it does to some extent in State Elderly Housing) for its maintenance.

**%** **Protect the Affordable Housing Appeals Procedure (C.G.S. 8-30g):** This zoning law, which is key to bringing newly-constructed affordable housing to suburban areas, went through a major amendment in 2000 as the result of the recommendations of the Blue Ribbon Commission on Affordable Housing. The principal changes assure that deed-restricted housing built under the act will better serve a low- and moderate-income population and provide a three-year moratorium to towns in which the act produces a substantial amount of new housing. The revised law should now be allowed to work.