

Statement by Rosa Rada, Connecticut 2Gen Coordinator
Joint Informational Forum on Benefit Cliffs
Thursday, January 30, 2020

Thank you to the Human Services, Children, Labor, Public Health, and Appropriations Committees for this opportunity to lay the context for today's joint informational forum on benefits cliffs.

My name is Rosa Rada, 2Gen Coordinator for the State of Connecticut. I work with the three branches of government, public and private partners, and families to develop 2Gen solutions. 2Gen is a holistic approach to supporting families. 2Gen puts the whole family, both children and parents, on a path to economic stability and well-being.

A central focus of our state's 2Gen work is connecting families in need to living wage jobs with the necessary supports. It is through these workforce efforts, and in the context of a significant worker shortage and a minimum wage change, that the issue of benefits cliffs rose as a priority.

Benefits cliffs are the loss of partial or full work supports, such as child care and health care, from a modest increase in income. These cliffs exist across numerous adult and child systems in Connecticut and serve as an impediment to family economic mobility.

When parents with low-incomes try to get ahead and provide for their families by going to work or by accepting a wage increase, they find that some of the benefits that have supported their families will be reduced or lost. The specific cliff for each family depends on the particular set of benefits a family is receiving, including food, child care, and health care.

The overall impact of benefits cliffs is a disincentive to work. When the loss of benefits outpaces a wage increase, many families make an informed decision to halt their wage and career progression to ensure they are providing for their family. This effectively creates an anchor into, rather than a ladder out of poverty.

Simultaneously, the cliff effect shrinks the available labor pool. Employers are finding that their employees are refusing wage and position advances, and that some job applicants are turning down positions, in both cases to prevent losing critical benefits. Government loses potential tax revenue from wages while continuing to provide critical financial support to families. Benefits cliffs limit opportunity for families and businesses, and impact government bottom lines.

Mitigating the effect of benefits cliffs has become a top priority for regional and national partners. Connecticut is participating in a New England effort led by the Administration for Children and Families Region 1, through which all six states have been working to develop solutions to alleviating the cliff effect. Momentum is building across the region to address the cliffs and work is underway, including studies by states on the interplay of benefits in creating cliffs and partnering with employers to bridge the workforce gap with families in need of well-paying jobs.

A publication by the National Conference on State Legislatures (NCSL) of our work in New England helped NCSL's Executive Committee, the governing body of the conference, in choosing benefits cliffs as one of its top priorities for this year. That publication is available here today, and offers a range of policy changes that can mitigate the cliffs.

Last March, we held a 2Gen forum on benefits cliffs, where leaders from our sister states in Minnesota and Massachusetts came to speak on their work in alleviating the cliff effect. It became clear that we needed to form a diverse coalition in Connecticut tasked with developing solutions.

We formed the 2Gen Benefits Cliffs Working Group, a bipartisan, public-private, cross-sector team that includes members of the Governor's Office, legislators, key state agencies, researchers, nonprofit providers, advocates and, most importantly, parents with lived experience of the cliff effect. A top national consultant on benefits cliffs and a researcher from the Federal Reserve Bank of Boston have been engaged in an advisory capacity. The group's work is highlighted in Connecticut's 2Gen Interagency Plan, developed by the Office of Policy and Management (OPM).

The group conducted extensive data collection and is working to understand the interplay of different benefits and how they affect parents' ability to move into the workforce. We are very grateful for the Governor's Office, OPM, and state agencies for their partnership in this work – their investment in the data collection process contributed to Connecticut collecting more data on this issue than any other state.

The group is also exploring short-term, low-cost policy options for this legislative session and longer-term options for following years. Amy Peltier, Chair of the 2Gen Benefits Cliffs Working Group, will share early findings from the data collected and the potential policy options.

We need all voices to create the right solutions for business, workers and their families. Bridging the gap that benefits cliffs create for parents seeking to move into high-demand jobs while supporting their families – who are also the backbone of our future workforce – will require everyone to contribute their ideas, experience, and resources. Solving benefits cliffs is one important part of the puzzle to continued economic growth for all in our state.