

I would like to echo the appreciation to Senator Moore, Representatives Porter and Abercrombie and Commissioner Bye and the Human Services, Children, and Labor Committees for this opportunity to shine a spotlight on this important issue. I'm Amy Peltier Initiative Director for East Hartford CONNects, East Hartford's Working Cities Initiative, part of the community development work that the Boston Federal Reserve Bank helps to administer and support in CT. As a result of our connection to the BFRB, Jerome Powell Chair of the Federal Reserve came to visit our Initiative in East Hartford last November. It was an extraordinary occasion to host the Chair and Federal Reserve team in our humble community space at Silver Lane Elementary School. While I sat and shared lunch with Chair Powell, we chatted over many things, including on *his* inquiry – the benefits cliff. He asked me if the “effects” of the cliff were as real here in a wealthier, more urban region, as they were in the sprawling and more rural Western communities where he knew there was an impact. I assured him – the effects are very real. As our day goes on and we hear more testimony, there will be no denying that. There's no denying this is a national issue.

For the past seven months our Working Group on benefit cliffs has conducted a rigorous process of research and review collaborating with virtually every stakeholder needed to inform this process. These stakeholders evaluated our overall state options to address the cliffs, including studying and mapping points when benefits decline, increasing asset development, and fostering systems change.

When we began this work, we first analyzed existing research and calculators for benefits cliffs, but it quickly became evident that we did not have sufficient analysis, particularly focused on CT. We developed a crucial partnership with the Governor's Office and OPM, who did some preliminary national data analysis, then worked with the School and State Finance Project who developed, at no cost, a white paper AND a visualization tool that details eligibility levels for key public benefit programs for various family types. The National Center for Child Poverty used this white paper to create an extensive excel on CT benefits and income, that we converted into a set of graphs used to illustrate key points where families “fall off the cliff.” Additionally, we conducted a 50-state scan of benefits cliffs policies. I'd like to draw your attention to the handouts being shared identifying these key cliffs.

After what was a complete evolution of probably the most up to date data gathered on the cliffs in CT – our working group of stakeholders were able to identify some policy solutions that might work in CT. Acknowledging a tight legislative timeline and state budgetary limits, stakeholders put each policy option through a matrix of feasibility, cost, short vs. long term AND focus of action – either legislative or administrative. We identified benefits cliffs policy options that were low-cost or budget neutral and short term. I'd like to briefly share our top two with you now:

First – a small scale, revenue neutral legislative change to consider in the short-term is to either increase or eliminate TANF asset limits. Asset limits cap the value of family or individual assets in order to remain eligible for a support program (SNAP, Medicaid and some housing programs likewise have asset limits). Here in CT the TANF asset limit is \$3,000 (exempting vehicles as long as the vehicle's worth is less than \$9500 or it's used to transport a disabled family member). In states that have eliminated TANF asset limits, research has shown there was not an increase in caseloads and that states actually saw a cost savings in operational costs of reviewing and recertifying applications. This would affect ~200 families in CT, creating a savings cushion and maintenance of some family financial resources. It is also estimated to save approximately 15,000 hours of staff time annually that would have been dedicated to administrative processing paperwork. 8 states have entirely eliminated TANF asset limits. State of VA saw a net savings of around \$200K with their elimination of asset limits. IL estimates the elimination will save them a million dollars annually. Our research shows states that have *raised* asset limits (as

opposed to eliminating them) from low (\$2500 or less) to moderate (\$3,000 to 9,000) likewise saw a decrease in their administrative costs.

A final note on this recommendation – an entirely separate and independent 2Gen Advisory Board Working Group dedicated to workforce reforms similarly arrived at this recommendation when looking at barriers limiting families as they attempted to connect with employment & opportunity.

A second small scale, minimal cost legislative change to consider in the short-term would be to repeal the Family Cap in TANF. This is a restriction that limits benefits to families who give birth while already receiving benefits. The intent behind the limit is to dissuade recipients from having additional children – and assumes stereotypes about women living in poverty. Research has shown the cap has been ineffective in meeting this intent, with adverse consequences for families. In MA children subject to the rule had been found to be at increased risk for homelessness, food insecurity and increased hospitalization. They are the most recent state to have repealed the Cap. CT, with its partial family cap, remains one of only 13 states that maintains the Cap.

Longer-term changes to consider that have cost associations include income disregards in TANF and other programs, asset development through IDAs and escrow accounts, adjusting the rates for Care4Kids, increasing the earned income tax credit and piloting a benefits cliff calculator for workers.

All of these recommendations are common sense solutions which would provide children and caregivers with stability and economic opportunity and contribute to CT's growth and productivity overall. We look forward to continuing to collaborate with stakeholders in this room and around the state on these efforts that invest in families and offer a path out of deep poverty and away from the systems that have traditionally kept them there.