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STATE OF CONNECTICUT

OFFICE OF EARLY CHILDHOOD



Beth Bye
Commissioner

Statement Beth Bye, Commissioner Office of Early Childhood Informational Forum Regarding Benefit Cliffs Thursday, March 30, 2020

Good morning. My name is Beth Bye, Commissioner of Early Childhood. Thank you for providing me the opportunity to speak at today's Informational Forum addressing benefit cliffs. Today, I will speak to one administrative solution that the OEC has launched to smooth the benefit cliff to ensure that parents do not lose their child care subsidy when their income gradually increases.

In 2015, Connecticut became the first state in the nation to enact a 2Gen (Two Generation) initiative in statute. In 2017, the OEC was designated in statute as the lead coordinating agency for 2Gen in the executive branch. In 2018, a Statewide 2Gen Coordinator position was developed, now based out of the Office of Early Childhood.

Our agency embraces the statutory charge to be family-centered in our pursuit of optimal health, safety and learning outcomes for young children. A two-generation approach recognizes that the health and economic well-being of the caregiver is critical to the well-being and success of the child. At its core, our agency embodies this approach to serve the entire family unit.

In 2019, legislation charged the Office of Policy and Management with developing an interagency 2Gen Plan that involves core state agencies that intersect with families: Office of Early Childhood, Department of Labor, Department of Social Services, Department of Housing, Department of Children and Families, State Department of Education, Connecticut State Colleges and Universities, and others.

The OEC has served as an engaged state agency partner during the development and now the implementation of the OPM 2Gen Plan. We have also been an active thought partner in the 2Gen Benefits Cliff work group, working alongside state agencies, nonprofits, parents, and members of the public.

The OEC has taken a very significant step forward to address the benefit cliff that has been in place in the Care 4 Kids child care subsidy program. For many years, parents abruptly lost their

entire Care 4 Kids child care subsidy when they became income ineligible – over 50% of the State Median Income (SMI) - due to a promotion or a modest wage increase. Families ended up much worse financially because they now had to pay the full cost of child care. We have heard many stories of parents who refused to take a pay raise in order to keep their Care 4 Kids child care subsidy. The Care 4 Kids rules actually impeded a parent from moving up the economic ladder.

With new federal requirements and funding, the OEC has increased income eligibility for parents at their 12-month redetermination from less than 50% to less than 65% of SMI. Rather than losing child care, families whose income exceeds 50% of SMI but is under 65% of SMI will remain enrolled in the Care 4 Kids program. The family fee is adjusted based on the family's increased income and size.

This is a significant policy shift in the Care 4 Kids program that smooths the benefits cliff and provides an incentive for families to strive for a better financial situation. We launched this change in October 2019. We have engaged researchers at the the University of Connecticut School of Social Work to monitor the effect of smoothing the benefit cliff. This evaluation will provide insight into the extent that this policy shift improves the lives of both parents and children.

Mitigating the effect of benefits cliffs has become a top priority for regional and national partners - we are heartened that we were able to use federal CCDF dollars to implement this significant policy change. We are proud to play a part in smoothing the Care 4 Kids cliff effect and will share the findings of our evaluation to better inform policy makers moving forward.

In closing, we look forward to continuing to be a thought partner as Connecticut continues to invest time and energy into researching and identifying ways to address the cliff effect, especially in light of the minimum wage change.