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STATE OF CONNECTICUT
OFFICE OF EARLY CHILDHOOD

Beth Bye
Commissioner

Statement Beth Bye, Commissioner
Office of Early Childhood
Human Services Committee Public Hearing
Tuesday, March 17, 2020

Good afternoon. My name is Beth Bye, Commissioner of Early Childhood. Thank you for providing me the opportunity to speak at today's Human Services Committee Public Hearing on SB 397: *An Act Promoting Employment Advancement and the Economy by Addressing the Benefits Cliff*.

The issue of benefits cliffs, the loss of partial or full work supports, such as child care and health care, from a modest increase in income, has arisen in numerous capacities for our agency. Particularly, OEC's role in the Governor's Workforce Council and state's 2Gen initiative.

The state's 2Gen initiative was a driving force behind this bill. The Office of Early Childhood (OEC) is the statutory lead coordinating agency for 2Gen in the executive branch and has been an active partner on the 2Gen Benefits Cliffs Work Group. The bipartisan, public-private work group has spent the past eight months gathering data and working to understand the interplay of different benefits and how they affect parents' ability to move into the workforce.

OEC is also an active partner in the federal 2Gen benefits cliffs work through the Administration for Children and Families' Whole Family Approach to Jobs public-private partnership across the six New England States and the Federal Reserve Bank. Our regional work on benefits cliffs led the National Conference of State Legislatures (NCSL), under the leadership of NCSL President Robin Vos (R-WI), to adopt a national resolution on benefits cliffs. Secretary Azar, President Trump's appointment to lead the U.S. Department of Health and Human Services, praised our work as one of the top accomplishments of his administration.

Both the state and regional work have indicated the need for better research to understand how cliffs impact workers and their families, businesses, and the economy. OEC supports the bill's primary intent – to promote employment advancement for families by better understanding benefits cliffs – but advises a limiting in the scope of the study and plan. We also advise changes in the reporting requirements and the addition of our sister agencies, DPH and DOH. We also cannot support the family cap change, as it was not included in the Governor's budget proposal.

While Connecticut is in the beginning stages of research and policy to address the cliff, OEC is in a unique position as an agency, thanks to an influx of additional federal dollars, in that we were able to take a specific step forward in addressing the cliff. In October 2019, OEC "smoothed" the cliff in our child care subsidy program, Care 4 Kids, to ensure that parents do not lose their child care subsidy when their income gradually increases.

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 increase in income. They 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 funding, the OEC increased income eligibility for parents at their 12-month redetermination from 50% to 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 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 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 childen.

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 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 workforce shortage.