



**US House of Representatives, Ways and Means Committee  
Human Resources Subcommittee  
“State TANF Spending and its Impact on Work Requirements”  
May 17, 2012**

**Testimony of Mr. Peter J. Palermino  
TANF Administrator, Bureau of Assistance Programs  
Connecticut Department of Social Services**

Chairman Davis, Ranking Member Doggett, distinguished members of this committee, my name is Peter Palermino and I am the TANF Administrator for the State of Connecticut. The TANF program is operated through the Connecticut Department of Social Services. I am here on behalf of the state of Connecticut, the National Association of State TANF Administrators and the American Public Human Services Association. I am pleased to be here to discuss the ongoing partnership between the Federal government and the states in the ongoing effort to support low income or no income families to attain self-sufficiency. I expect that today’s hearing will move us forward in an open discussion on how states such as Connecticut are faring in their efforts to help families with complicated needs, how our state is implementing strategies to help families through strategic investment of our state TANF Maintenance of Effort (MOE) dollars, and possible options for improving this system based on our experience and the experiences of other states across the country.

The flexibility that the TANF Block Grant provides states in designing programs and utilizing state and federal funds is essential to meet the differing needs of state populations and economic variables while achieving the four TANF purposes. We urge you to maintain this flexibility and continue to honor the provisions that exist in the TANF regulations.

In 1996, Connecticut's TANF program expanded beyond the Aid to Families with Dependent Children (AFDC) population, to serve a broader, more diverse population of families with incomes less than 75% of the State Median Income. This means that TANF not only includes the Temporary Family Assistance-Cash Assistance and Employment Services clients, but families and children with goals and needs to attain and maintain employment. Other programs supported by TANF and MOE funds include work programs, job training and education, youth training and education programs, child care and transportation programs that help families get to and stay at work. Connecticut is currently serving 17,500 families with direct cash assistance each month (down from 2005 when we served over 24,000 families) and several thousands more families to attain and maintain self-sufficiency. Connecticut has a time limit of 21 months with up to two 6-months extensions for mandatory recipients. While the state provision limits the time that work-eligible recipients have to complete training and/or job related activities, Connecticut is able to coordinate programs and services with additional TANF programs to provide essential supports to families to help maintain self-sufficiency as they transition from cash assistance.

In October of 2007, Connecticut moved the Two-Parent cash assistance cases to a Solely State Funded (SSF) program. This is a state commitment to provide the employment services equal to TANF, with funds that are above and beyond state MOE and Excess MOE. Our 2007 decision, similar to other states, was eventually recognized in a September 2011 statement by Chairman Davis: "...current welfare rules create marriage penalties by expecting a greater share of married parents to be working, and for more hours. States have responded by in effect opting out of such requirements altogether."

TANF MOE, in Connecticut has been very consistent over several years in the diverse programs that are MOE funded. The Excess MOE is an extension of those funds, and demonstrates the additional commitment of funding by the state to these TANF directed

programs. Each year the TANF Annual Maintenance of Effort Report (Form ACF-204) provides a platform to showcase the financial commitment of state dollars and highlight the number of families served by these programs. Connecticut has exceeded its MOE requirement for several years and expects to continue to do so. In part this allows for fluctuations in client eligibility and associated quarterly spending by multiple programs. It ensures enough qualifying MOE.

We believe that the Work Participation Rate, as the sole measure for the TANF program's performance, is limiting. While initially useful in the 1990's and up until the Deficit Reduction Act in 2005, the Work Participation Rate has become an ever narrowing measurement of process over real results leading to today's system which overemphasizes the process of TANF engagement, is less of a reflection of state work and goals for their TANF block grants, and that is providing a data and accountability tool that is growing less informative and useful to the federal government as time goes by. At this point, WPR is more a measurement of how "busy" state TANF agencies and their clients are as opposed to a means of measuring whether programs are making genuine strides in helping families with their federal and state TANF dollars. While this measure provides insight into the process of engagement in TANF work activities, Connecticut's TANF program, as well as other states, includes an array of programs and services that support families in becoming self-sufficient. The measures of success for these families are seen in measures outside the parameters of the Work Participation Rate, yet still lead to self-sufficiency.

The Caseload Reduction Credit and application of Excess MOE is a thoughtful provision for states. The Excess MOE provision allows a buffer from the raw Work Participation Rate of cash assistance clients fully engaged in countable work activities. Excess MOE acknowledges states with credit for the Work Participation Rate for spending additional state funds to meet the purposes of TANF. It creates an

opportunity to explore new program designs for improved job retention and to extend TANF opportunities and study the impacts on families that access the supports services and non-cash assistance programs. In Connecticut, the Excess MOE has provided a buffer of 6% to 7% toward WPR since 2010, and has also allowed Connecticut to take risks in adjusting our TANF Jobs First Employment Services program design and delivery. For example, it allows time to study the impacts, determine success, continue with the modified program or return to the former program design if we begin to view dips in the monthly rate. The Excess MOE is also used as a leveraging tool for states during budget decisions as it demonstrates the commitment of the federal government for continued investment of state dollars to serve low-income families and meet the goals and intent of TANF. It provides a means of finding ways to maximize the efficiency of the TANF dollar when state revenues and federal funding are being carefully allocated.

Since October of 2010, Connecticut's monthly Work Participation Rate has exceeded 50% without before factoring in Caseload Reduction Credit or Excess MOE credit. However, because the rate is dependent on so many factors including families' access to jobs, education, transportation and other supports, we are pleased to know that the states' additional investment in Excess MOE may assist us if our rate begins to drop.

In Connecticut, we are moving forward with contextualized education and job training courses in manufacturing, health care and other fields to more fully support clients in obtaining jobs, completing their high school diploma and maintain career paths with the skills and tools that address business and employer needs. We are also redesigning levels of case management to address the differing needs of clients from the hardest to serve to those that are more recently unemployed or have exhausted the maximum unemployment compensation. The state's unemployment rate dropped below 8% in February of this year and as of this week will impact over 9,000 people who have reached the

maximum of 73 weeks of unemployment, and will no longer collect benefits. Some of these unemployed persons will access TANF Cash Assistance and TANF support programs as their assets are depleted in this still struggling economy.

In the recent past, Connecticut, like many states, extended its programming using the TANF Emergency Contingency Funds, with reimbursement funding for several quarters. We targeted our efforts predominantly for Subsidized Employment and Non-Recurrent Short-Term Benefits. Our TANF Caseload had not increased significantly so a smaller amount of ECF funding qualified as Cash Assistance reimbursement. Connecticut used the opportunity provided by TANF ECF to leverage additional funds and resources to serve TANF eligible families throughout the state. Private foundation funding and third party programs were integral to the expansion of TANF services for the ECF program during the past few years. We were able to reach approximately 36,000 families from July to September 2010.

State human services agencies, including Connecticut, implore Congress to use TANF Reauthorization as a vehicle for either redesigning TANF's performance measures or bolstering the current structure in a way that is fair for states, informative for federal partners, and transparent in a way that allows for ongoing discussion and improvement.

Current TANF program features, such as the Excess Maintenance of Effort (XMOE) and the Caseload Credit Reduction, should continue for states. Destabilizing these features when states are forced with increasingly difficult budgetary decisions will further complicate an already difficult task.

Connecticut, like many states, was hit hard by a national recession that resulted in instability in the job and housing markets. State TANF agencies continue to work towards helping families with complicated needs prepare for life in the workplace and transition from assistance to employment; this is the primary goal of all state TANF agencies. Yet

with the ongoing difficulty in placing traditional TANF clients in what jobs are available in the current economy, compounded with the new clients many are seeing come in having exhausted their Unemployment Insurance or other means of unemployment support, the need for relief in the form of the caseload reduction credit is quite real.

I believe that Congress, the Department of Health and Human Services, and the states, all desire similar results from the TANF program; the same results that were set out in 1996 with Welfare Reform; to move extremely low income or no income families from a position of requiring ongoing state and federal financial assistance and onto a self-sustaining and stable path based upon employment and earnings.

I hope that this testimony has been informative to this Committee. I look forward to any questions you may have.