# House of Representatives

General Assembly

**File No. 517**

***January Session, 2025***

Substitute House Bill No. 7104

*House of Representatives, April 3, 2025*

The Committee on Human Services reported through REP. GILCHREST of the 18th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING PROGRAMS TO MITIGATE THE BENEFITS CLIFF.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (d) of section 17b-112 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(d) (1) Under said program, no family shall be eligible that has total gross earnings exceeding the federal poverty level, however, in the calculation of the benefit amount for eligible families and previously eligible families that become ineligible temporarily because of receipt of workers' compensation benefits by a family member who subsequently returns to work immediately after the period of receipt of such benefits, earned income shall be disregarded up to the federal poverty level. On and after October 1, 2023, the commissioner shall not deny a family assistance under said program on the basis of such family's assets unless such assets exceed six thousand dollars. Except when determining eligibility for a six-month extension of benefits pursuant to subsection

(c) of this section, the commissioner shall disregard the first fifty dollars per month of income attributable to current child support that a family receives in determining eligibility and benefit levels for temporary family assistance. Any current child support in excess of fifty dollars per month collected by the department on behalf of an eligible child shall be considered in determining eligibility but shall not be considered when calculating benefits and shall be taken as reimbursement for assistance paid under this section, except that when the current child support collected exceeds the family's monthly award of temporary family assistance benefits plus fifty dollars, the current child support shall be paid to the family and shall be considered when calculating benefits.

(2) Notwithstanding the provisions of subdivision (1) of this subsection, on and after January 1, 2024, in the first month in which a family's total gross earnings exceed one hundred per cent of the federal poverty level and for a period not to exceed six consecutive months, the department shall disregard, for purposes of eligibility, a family's total gross earnings in an amount not to exceed two hundred thirty per cent of the federal poverty level. If a family's total gross earnings are an amount between one hundred seventy-one per cent and two hundred thirty per cent of the federal poverty level, the department shall reduce the household's benefit by twenty per cent for the months in which earnings are between one hundred seventy-one per cent and two hundred thirty per cent of the federal poverty level.

<u>(3) Notwithstanding the provisions of subdivision (1) of this subsection, the commissioner shall disregard any financial assistance received by a family member to the extent the commissioner determines that such financial assistance was provided to the family member as part of such family member's participation in a pilot program that has developed a plan to study and evaluate the impact and potential benefits of direct cash transfers. Such disregard shall be applied for the length of time the family member participates in such program or twenty-four cumulative months, subject to reauthorization by the commissioner for a period of time not to exceed sixty cumulative months. Any pilot program subject to the provisions of this subdivision</u>

shall have received approval from the Department of Social Services to conduct such pilot program based on the department's ability to receive required waivers authorizing such income disregards in applicable federal and state benefits programs. The department shall request waivers authorizing such income disregards from all federal, state and local agencies as necessary. The department shall maintain a listing of approved pilot programs for use by the public and department staff when determining continuing eligibility of participants in existing benefits programs. Before approving a pilot program, the department shall review such program for long-term sustainability and ability to meet the pilot program's programmatic and fiscal goals. The department shall require an approved pilot program to (A) inform potential participants, in writing in advance of participation in the pilot program, of the potential impact of their participation on their current and future eligibility for federal and state benefits, and (B) include contact information in such written document to allow such participants to obtain additional information or guidance on the impact of pilot program participation on their eligibility for such benefits.

(4) Notwithstanding the provisions of subdivision (1) of this subsection, the commissioner shall disregard from an income eligibility determination any stipend received by a family member as part of such family member's participation in a job training program approved by the commissioner, including, but not limited to, payments from programs offered by or through the Office of Workforce Strategy established pursuant to section 4-124w, the Bureau of Rehabilitation Services within the Department of Aging and Disability Services or a private not-for-profit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time. Such disregard shall be applied for the length of time the family member participates in such program, not to exceed thirty-six cumulative months.

Sec. 2. (*Effective from passage*) (a) For purposes of this section, "benefits cliff" means the loss or decrease of public assistance program benefits when a beneficiary's income exceeds eligibility thresholds. The Commissioners of Social Services and Early Childhood, in consultation with the Department of Housing, the Labor Department, the Office of Workforce Strategy, established pursuant to section 4-124w of the general statutes, and the two-generational initiative, established pursuant to section 17b-112*l* of the general statutes, shall, within available appropriations, establish a pilot program to implement the recommendations of the report concerning benefits cliffs that was submitted to the General Assembly in accordance with the provisions of special act 24-8.

(b) In developing the pilot program, the commissioners shall convene and solicit input from professionals with expertise in the fields of universal basic income, including, but not limited to, (1) professionals from other jurisdictions who have worked on the implementation of similar pilot programs, and (2) professionals who have expertise in economics, housing, child welfare, labor, workforce development, social services administration or legal representation issues concerning low-income recipients of state and federal public benefits.

(c) The Commissioners of Social Services and Early Childhood may seek any waiver from federal law deemed necessary to implement such pilot program and may pursue funding for such pilot program from any governmental or nongovernmental source.

(d) Not later than December 1, 2025, and annually thereafter until the pilot program is completed, the Commissioners of Social Services and Early Childhood shall file a report, in accordance with the provisions of section 11-4a of the general statutes, with the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, education, housing, human services and labor on the development of any pilot program authorized pursuant to this section.

| This act shall take effect as follows and shall amend the following sections: |
|---|

| | | |
|---|---|---|
| Section 1 | *July 1, 2025* | 17b-112(d) |
| Sec. 2 | *from passage* | New section |

***Statement of Legislative Commissioners:***

In Section 1(d)(3), "up to sixty cumulative months" was changed to "for a period of time not to exceed sixty cumulative months" for clarity, in Section 2(a), "produced in accordance with special act 24-8" was changed to "submitted to the General Assembly in accordance with the provisions of special act 24-8" for accuracy and in Section (2)(b), "pilots" was changed to "pilot programs" and subdivision designators and "professionals who" were inserted, for clarity.

***HS*** *Joint Favorable Subst.*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## OFA Fiscal Note

### State Impact:

| Agency Affected | Fund-Effect | FY 26 $ | FY 27 $ |
|---|---|---|---|
| Social Services, Dept.; Office of Early Childhood | GF - Cost | See Below | See Below |

Note: GF=General Fund

***Municipal Impact:*** None

### Explanation

**Section 1** requires the Department of Social Services (DSS) to disregard certain income for purposes of eligibility for the Temporary Family Assistance (TFA) program. The bill requires DSS to disregard financial assistance associated with a family member's participation in (1) an approved pilot program that has developed a plan to study and evaluate the impact and potential benefits of direct cash transfers, and (2) a job training program approved by DSS. This income is disregarded during a client's participation in the program or up to 60 months under the pilot or 36 cumulative months under the job training program. To the extent this income would have otherwise impacted benefit amounts or eligibility for program participants, DSS will incur related TFA costs. For context, the average TFA cost per case is approximately $730 per month.

**Section 2** results in a cost to DSS and the Office of Early Childhood (OEC) related to establishing a benefits cliff pilot program. The program must implement the recommendations of the benefits cliff study report required by Special Act 24-8.

The benefits of cliff pilot cost analysis provides a framework through which different design parameters can be analyzed. The study presents three pilot models to assist 200 families, resulting in costs from between $3 million and $7 million over a three or four-year period. The study suggests the stable benefit pilot design as the best fit to maximize family supports. This is anticipated to result in annual costs of approximately $1.4 million, $1.7 million, $1.9 million, and $1.7 million if continued in year four. Approximately 62% of annual costs reflect benefit payments with the remaining funds used to support operation costs. Actual costs depend on the final pilot design, related federal funding and timeframe in which it is operational.

### *The Out Years*

The annualized ongoing fiscal impact identified above would continue into the future subject to the structure of and benefits provided under the pilot program.

**OLR Bill Analysis**
**sHB 7104**

***AN ACT CONCERNING PROGRAMS TO MITIGATE THE BENEFITS CLIFF.***

## SUMMARY

This bill requires the Department of Social Services (DSS) commissioner, when determining Temporary Family Assistance (TFA) eligibility, to disregard any financial assistance a family member receives from participating in a DSS-approved pilot program that has a developed plan to study and evaluate the impact of direct cash transfers. Under the bill, this disregard applies for as long as the family member participates in the pilot program, up to 60 months, but is subject to DSS reauthorization every 24 months. The bill establishes the conditions under which DSS may approve these pilot programs.

The bill also requires the DSS commissioner, when determining TFA eligibility, to disregard from income any stipend a family member receives from participating in a DSS-approved job training program, such as those offered by the Office of Workforce Strategy (OWS), the Department of Aging and Disability Services' Bureau of Rehabilitative Services, or a tax-exempt nonprofit. Under the bill, this disregard applies for as long as the family member participates in the training program, up to 36 months.

Lastly, legislation passed last session directed the Two-Generational Initiative, in consultation with DSS, the Department of Housing (DOH), and OWS, to study and recommend strategies to mitigate "benefits cliffs" (beneficiaries losing or receiving less in public assistance program benefits when their income exceeds eligibility thresholds) and support public assistance program beneficiaries' economic mobility. This bill requires the DSS and Office of Early Childhood (OEC) commissioners, within available appropriations, to establish a pilot program

implementing the study's benefits cliff recommendations and annually report on the program's development to the General Assembly.

EFFECTIVE DATE: July 1, 2025, except the pilot program provision is effective upon passage.

## INCOME DISREGARD FOR DSS-APPROVED PILOT PROGRAMS

The bill limits the pilot programs DSS may approve for the income disregard to those for which it can receive required waivers authorizing the disregard for federal and state benefits programs. Under the bill, DSS must request these waivers from all necessary federal, state, and local agencies and keep a publicly available list of approved programs.

Before approving a program, DSS must review the pilot program's long-term sustainability and its ability to meet programmatic and fiscal goals. It must require approved pilot programs to (1) inform potential participants in writing about how participating may impact their federal and state benefit eligibility now and in the future and (2) include contact information for participants to get additional information or guidance on those impacts.

## BENEFITS CLIFF PILOT PROGRAM

When developing the pilot program implementing the Two-Generational Initiative's report recommendations, the bill requires the DSS and OEC commissioners to (1) consult with the labor department, DOH, and OWS, and (2) get input from professionals with expertise in universal basic income. This includes those (1) from other areas who have worked on implementing similar pilot programs and (2) with expertise in economics, housing, child welfare, labor, workforce development, social services administration, or legal representation for low-income state and federal benefits recipients.

The commissioners may seek any waivers needed to implement the pilot program and pursue public or private funding for the program. Beginning by December 1, 2025, they must report annually on the program's development for as long as it is running to the Appropriations, Education, Housing, Human Services, and Labor and

Public Employees committees.

## COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

| | | | | |
|---|---|---|---|---|
| Yea | 17 | Nay | 5 | (03/18/2025) |