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2014 Legislative Recap

Each legislative session the Connecticut Association for Human Services (CAHS) supports programs and policies that help move children and families from poverty to financial stability. As the 2014 legislative calendar draws to a close, CAHS has reviewed the bills proposed since February and asked, **"How well did our legislature meet the needs of Connecticut's low-income families?"** Overall this past session has been one that has been good for both our youngest children and their parents – with an increase to the minimum wage, a partial restoration of the Earned Income Tax Credit, and a major expansion of state-subsidized early education programs. <u>We have categorized each proposal as "the good", "the bad" and "the unclear".</u>

<u>The Good</u>

- **Connecticut First State to Raise the Minimum Wage to $10.10.**
  Public Act 14-1 increases the state's minimum wage to $10.10 by 2017. This increase will directly help 140,000 workers, many of whom are women leading single parent families, move out of poverty. A higher minimum wages means greater financial stability for vulnerable parents and children, reduced need for government safety net programs, and higher earnings for students who are working to pay for college.

- **Budget Agreement Restores CT's Earned Income Tax Credit (EITC) to 27.5% of the federal EITC.**
  In 2012, Connecticut implemented a state EITC equal to 30% of the federal EITC. This was reduced in the last legislative session to 25% of the federal EITC for 2014. Despite late session concerns about the budget and available resources, the legislature restored the EITC to 27.5% for 2015, as called for in the biennial budget. Research shows that the EITC is one of the most effective anti-poverty programs that are directly targeted to low-income working families.

- **Full Establishment of the Office of Early Childhood.**
  Governor Malloy created the Office of Early Childhood by Executive Order in 2013, to help ensure a strong and effective system of care and education for young children. Previously personnel and programs that made up the state's early care and education "non-system" were scattered across five agencies – creating confusion and inconsistency. The legislature brought much needed stability by enacting HB 5562, which puts the Office of Early Childhood in law.

- **State Moving Closer to Universal Pre-K Access.**
  The legislature passed two bills that contain provisions intended to expand access to preschool experience for the state's low-income children. The budget funds over 1,000 new school readiness seats for children in our state's neediest cities and towns. Senate Bill 25, also known as *Smart Start*, will allow school districts to apply for seed money to renovate classrooms and employ teachers to open pre-K classrooms, with preference given to towns that provide seats for typically unserved children.

- **Additional Funding for Remedial Education in State Higher Education Institutions.**
  Significant resources (more than $10 million) were added to the budget to improve remedial education in Connecticut. A significant percentage of these funds will be dedicated to linking the adult education and community college system, as well as providing additional assistance to those students that require the most remedial support.

- **Increased Funding for Both the Care4Kids Child Care Subsidy Program and Early Education Providers – key investments to ensure our children are in high quality early care settings.**
  The budget increases funding for School Readiness, Care 4 Kids, and other essential childcare subsidy programs serving our youngest children. These funding increases will give our state's providers a much needed raise, and for some the first raise they have seen in 13 years. We know, however, that reimbursement rates for our early care settings are still below what is necessary for programs to provide the best possible care and attract and retain high quality teachers.

- **Creation of the CHET Baby Scholars Program.**
  The Governor proposed, and the legislature created, a new program that provides $100 to families of Connecticut children who open a 529 college savings account within a year of a child's birth, with a match of up to $150 over the next several years. This program will help foster an expectation that children will attend college. CAHS does have concerns that this opt-in program, versus an opt-out, may not reach some of our neediest families who fail to learn about this savings possibility.

- **New "Go Back to Get Ahead" Program to Help Students Return to School to Complete their Degrees.**
  The plan allows any Connecticut resident who has not been enrolled in college for at least 18 months to return and complete their degree. For each three-credit course a student pays for; their next course will be paid for by the state (up to a maximum of three courses).

- **Connecticut First State in Nation to Include a Two-Generation Learning Initiative in Legislation.**
  Implementer language requires the Connecticut Commission on Children to develop a two-generation learning plan that will address intergenerational barriers to school readiness and workforce readiness. The plan, which is due on or before December 1, 2014, will include two generation strategies that promote economic success for low-income families with a focus on with high-quality early childhood education, intensified workforce training and targeted education, coupled with related support services.

- **Funding for a Comprehensive Review of State and Local Taxes**.
  A review of our state and local tax code reveals that Connecticut's lowest-income residents are paying a far greater percentage of their income in taxes than their wealthier neighbors. The legislature's budget implementer bill requires the seating of a panel of experts to review both the state and local tax structure based on a number of criteria, including tax equity, and charges the group with coming up with recommendations by January 1, 2015.

- **A Plan to Provide Financial Literacy Training for the State's Young Adults.**
  In 2013, Champlain College's Center for Financial Literacy gave Connecticut an "F" in its annual financial literacy assessment. This was attributed to CT's failure to mandate financial education as a requirement for high school graduation, a measure which 17 other states have implemented. The adopted language requires several state agencies to coordinate and develop a plan for incorporating a financial information curriculum in both a student's senior year, and for college freshman at the state's public universities. Research shows even limited access to financial education makes a significant difference in young adult behavior related to debt and spending.

The Bad

- **Senate Fails to Pass Legislation Tackling the Issue of Chronic Absence.** Both national and state-level research demonstrates that when children miss more than 10% of the school year, regardless of the reason, they fall behind and almost never catch up. Legislation that would define the problem of chronic absence, and provide school resources to help families with frequently absent children, was never called by the Senate after passing the House, 93-44.

- **"Pay It Forward" College Payment Study Does Not Garner Enough Support.** A bill that would have the state study the feasibility of having students attend public universities for free, in exchange for a portion of future earnings, failed to be voted on the Senate before the close of session.

The Unclear

- **A Shaky Budget.**
  After the legislature unveiled their budget on Saturday, critics expressed concerns with some of the measures used to balance it. Particularly troubling was a $75 million line item that relied on the collection of back taxes, with few details about how this funding would be recovered. While we applaud the legislature for its support for low-income families in this budget, it is equally important that we are honest about the state's finances to ensure the CT is able to continue funding our safety net programs for years to come.

- **Remedial Education Reform Delayed.**
  Connecticut approved an ambitious reform for remedial education in 2012. For the past two years, the Board of Regents has worked with state universities and community colleges to implement the changes. As some institutions have struggled to meet the fall 2014 deadline to fully roll out the reform, the legislature has decided to give the option to community colleges to delay its implementation until 2015. This may postpone some much needed changes in the system, but the legislation opens the door for those colleges that are ready to roll out the reform.

- **Department of Children and Families Does Not Have All of Its Young Children Enrolled in Preschool.**
  At the beginning of the session advocates supported a bill that would require DCF, statutory parent of some of the state's most vulnerable young people, to place all of their 3- and 4-year-old children in a high quality preschool setting. A large fiscal note resulted in the bill language being changed to requirement that the Department track if and where their children are attending preschool, and also requires the agency to work closely with the new Office of Early Childhood to implement better early education policies. CAHS believes that each of these young children, when it's in the child's best interest, should be receiving developmentally appropriate educational experiences and we hope these policies help this happen.

- **The Legislature will *Only* Study, Not Create, a Public Retirement Account.**
  After the idea of **c**reating a publically supported retirement account and board stirred up controversy, the legislature has decided to instead study the idea and will report out a plan to implement by January 1, 2016. While the planning takes place, over 600,000 of Connecticut's residents will continue to rely solely on their Social Security account in their retirement years.