



General Assembly

February Session, 2026

**Substitute Bill No. 5540**



**AN ACT CONCERNING THE MITIGATION OF BENEFITS CLIFFS.**

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

1 Section 1. Section 17b-112 of the 2026 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2026*):

4 (a) The Department of Social Services shall administer a temporary  
5 family assistance program under which cash assistance shall be  
6 provided to eligible families in accordance with the temporary  
7 assistance for needy families program, established pursuant to the  
8 Personal Responsibility and Work Opportunity Reconciliation Act of  
9 1996. The Commissioner of Social Services may operate portions of the  
10 temporary family assistance program as a solely state-funded program,  
11 separate from the federal temporary assistance for needy families  
12 program, if the commissioner determines that doing so will enable the  
13 state to avoid fiscal penalties under the temporary assistance for needy  
14 families program. Families receiving assistance under the solely state-  
15 funded portion of the temporary family assistance program shall be  
16 subject to the same conditions of eligibility as those receiving assistance  
17 under the federal temporary assistance for needy families program.  
18 Under the temporary family assistance program, benefits shall be  
19 provided to a family for not longer than thirty-six months, except as  
20 provided in subsections (b) and (c) of this section. For the purpose of

21 calculating said thirty-six-month time limit, months of assistance  
22 received on and after January 1, 1996, pursuant to time limits under the  
23 aid to families with dependent children program, shall be included. For  
24 purposes of this section, "family" means one or more individuals who  
25 apply for or receive assistance together under the temporary family  
26 assistance program. If the commissioner determines that federal law  
27 allows individuals not otherwise in an eligible covered group for the  
28 temporary family assistance program to become covered, such family  
29 may also, at the discretion of the commissioner, be composed of (1) a  
30 pregnant woman, or (2) a parent, both parents or other caretaker relative  
31 and at least one child who is under the age of eighteen, or who is under  
32 the age of nineteen and a full-time student in a secondary school or its  
33 equivalent. A caretaker relative shall be related to the child or children  
34 by blood, marriage or adoption or shall be the legal guardian of such a  
35 child or pursuing legal proceedings necessary to achieve guardianship.  
36 If the commissioner elects to allow state eligibility consistent with any  
37 change in federal law, the commissioner may administratively transfer  
38 any qualifying family cases under the cash assistance portion of the  
39 state-administered general assistance program to the temporary family  
40 assistance program without regard to usual eligibility and enrollment  
41 procedures. If such families become an ineligible coverage group under  
42 the federal law, the commissioner shall administratively transfer such  
43 families back to the cash assistance portion of the state-administered  
44 general assistance program without regard to usual eligibility and  
45 enrollment procedures to the degree that such families are eligible for  
46 the state program.

47 (b) The Commissioner of Social Services shall exempt a family from  
48 such time-limited benefits for circumstances including, but not limited  
49 to: (1) A family with a needy caretaker relative who is incapacitated or  
50 of an advanced age, as defined by the commissioner, if there is no other  
51 nonexempt caretaker relative in the household; (2) a family with a needy  
52 caretaker relative who is needed in the home because of the incapacity  
53 of another member of the household, if there is no other nonexempt  
54 caretaker relative in the household; (3) a family with a caretaker relative

55 who is not legally responsible for the dependent children in the  
56 household if such relative's needs are not considered in calculating the  
57 amount of the benefit and there is no other nonexempt caretaker relative  
58 in the household; (4) a family with a caretaker relative caring for a child  
59 who is under one year of age if there is no other nonexempt caretaker  
60 relative in the household; (5) a family with a pregnant or postpartum  
61 caretaker relative if a physician has indicated that such relative is unable  
62 to work and there is no other nonexempt caretaker relative in the  
63 household; (6) a family with a caretaker relative determined by the  
64 commissioner to be unemployable and there is no other nonexempt  
65 caretaker relative in the household; and (7) minor parents attending and  
66 satisfactorily completing high school or high school equivalency  
67 programs.

68 (c) A family who is subject to time-limited benefits may petition the  
69 Commissioner of Social Services for six-month extensions of such  
70 benefits. The commissioner shall grant not more than two extensions to  
71 such family who has made a good faith effort to comply with the  
72 requirements of the program and despite such effort has a total family  
73 income below one hundred per cent of the federal poverty level, or has  
74 encountered circumstances preventing employment including, but not  
75 limited to: (1) Domestic violence or physical harm to such family's  
76 children; or (2) other circumstances beyond such family's control. The  
77 commissioner shall disregard ninety dollars of earned income in  
78 determining applicable family income. The commissioner may grant a  
79 subsequent six-month extension if each adult in the family meets one or  
80 more of the following criteria: (A) The adult is precluded from engaging  
81 in employment activities due to domestic violence or another reason  
82 beyond the adult's control; (B) the adult has two or more substantiated  
83 barriers to employment including, but not limited to, the lack of  
84 available child care, substance abuse or addiction, severe mental or  
85 physical health problems, one or more severe learning disabilities,  
86 domestic violence or a child who has a serious physical or behavioral  
87 health problem; or (C) the adult is employed and works less than thirty-  
88 five hours per week due to (i) a documented medical impairment that

89 limits the adult's hours of employment, provided the adult works the  
90 maximum number of hours that the medical condition permits, or (ii)  
91 the need to care for a disabled member of the adult's household,  
92 provided the adult works the maximum number of hours the adult's  
93 caregiving responsibilities permit. Families receiving temporary family  
94 assistance shall be notified by the department of the right to petition for  
95 such extensions. Notwithstanding the provisions of this section, the  
96 commissioner shall not provide benefits under the state's temporary  
97 family assistance program to a family that is subject to the thirty-six-  
98 month benefit limit and has received benefits beginning on or after  
99 October 1, 1996, if such benefits result in that family's receiving more  
100 than sixty months of time-limited benefits unless that family  
101 experiences domestic violence, as defined in Section 402(a)(7)(B), P.L.  
102 104-193. For the purpose of calculating said sixty-month limit: (I) A  
103 month shall count toward the limit if the family receives assistance for  
104 any day of the month, provided any months of temporary family  
105 assistance received during the public health emergency declared by  
106 Governor Ned Lamont related to the COVID-19 pandemic shall not be  
107 included, and (II) a month in which a family receives temporary  
108 assistance for needy families benefits that are issued from a jurisdiction  
109 other than Connecticut shall count toward the limit.

110 (d) (1) Under said program, no family shall be eligible that has total  
111 gross earnings exceeding the federal poverty level, however, in the  
112 calculation of the benefit amount for eligible families and previously  
113 eligible families that become ineligible temporarily because of receipt of  
114 workers' compensation benefits by a family member who subsequently  
115 returns to work immediately after the period of receipt of such benefits,  
116 earned income shall be disregarded up to the federal poverty level.  
117 When calculating the earnings of a family with income from self-  
118 employment, the commissioner shall apply a standard deduction  
119 equivalent to fifty-one per cent of the total monthly income derived  
120 from such self-employment, provided the family verifies at least one  
121 allowable expense directly related to earning such income. A family  
122 may instead deduct all allowable monthly expenses directly related to

123 the self-employment earnings if such expenses are verified and, in the  
124 aggregate, exceed the amount of the standard deduction. On and after  
125 October 1, 2023, the commissioner shall not deny a family assistance  
126 under said program on the basis of such family's assets unless such  
127 assets exceed six thousand dollars. On and after July 1, 2027, the  
128 commissioner shall not deny a family assistance under said program on  
129 the basis of such family's assets. Except when determining eligibility for  
130 a six-month extension of benefits pursuant to subsection (c) of this  
131 section, the commissioner shall disregard the first fifty dollars per  
132 month of income attributable to current child support that a family  
133 receives in determining eligibility and benefit levels for temporary  
134 family assistance. Any current child support in excess of fifty dollars per  
135 month collected by the department on behalf of an eligible child shall be  
136 considered in determining eligibility but shall not be considered when  
137 calculating benefits and shall be taken as reimbursement for assistance  
138 paid under this section, except that when the current child support  
139 collected exceeds the family's monthly award of temporary family  
140 assistance benefits plus fifty dollars, the current child support shall be  
141 paid to the family and shall be considered when calculating benefits.  
142 The commissioner shall refer any family who reports to the department  
143 that such family has begun new employment or has increased  
144 employment hours at a current employer to the child care subsidy  
145 program established pursuant to section 17b-749.

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

157 two hundred thirty per cent of the federal poverty level.

158 (B) On and after July 1, 2027, the commissioner shall grant a family  
159 whose total gross earnings exceed one hundred per cent of the federal  
160 poverty level one hundred per cent of previous benefits as a transitional  
161 benefit. On and after the first six months of such transitional benefit, the  
162 Commissioner of Social Services shall gradually decrease such  
163 transitional benefit to zero dollars over the next six months on a  
164 schedule to be determined by the commissioner. Within available  
165 appropriations, the commissioner shall grant a labor force retention  
166 bonus of five thousand dollars to any family that transitions out of the  
167 program due to income that exceeds the eligibility standard after twelve  
168 months of such transitional benefit. Any family receiving such  
169 transitional benefit shall receive a referral to a Jobs First employment  
170 services case manager to determine whether there are workforce  
171 developmental services that may benefit any member of such family. A  
172 transitional benefit received under this subdivision shall be disregarded  
173 for purposes of a family's eligibility for benefits under the supplemental  
174 nutrition assistance program.

175 (3) Notwithstanding the provisions of subdivision (1) of this  
176 subsection, the commissioner shall disregard any financial assistance  
177 received by a family member to the extent the commissioner determines  
178 that such financial assistance was provided to the family member as part  
179 of such family member's participation in a pilot program that has  
180 developed a plan to study and evaluate the impact and potential  
181 benefits of direct cash transfers. Such disregard shall be applied for the  
182 length of time the family member participates in such program, not to  
183 exceed thirty-six cumulative months. Any pilot program subject to the  
184 provisions of this subdivision shall have received approval from the  
185 Department of Social Services to conduct such pilot program based on  
186 the department's ability to receive required waivers authorizing such  
187 income disregards in applicable federal and state benefits programs.  
188 The department shall request waivers authorizing such income  
189 disregards from all federal, state and local agencies as necessary. The  
190 department shall maintain a listing of approved pilot programs for use

191 by the public and department staff when determining continuing  
192 eligibility of participants in existing benefits programs. The department  
193 shall require an approved pilot program to (A) inform potential  
194 participants, in writing in advance of participation in the pilot program,  
195 of the potential impact of their participation on their current and future  
196 eligibility for federal and state benefits, and (B) include contact  
197 information in such written document to allow such participants to  
198 obtain additional information or guidance on the impact of pilot  
199 program participation on their eligibility for such benefits.

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

214 (e) A family receiving assistance under said program shall cooperate  
215 with child support enforcement, under title IV-D of the Social Security  
216 Act. A family shall be ineligible for benefits for failure to cooperate with  
217 child support enforcement.

218 (f) A family leaving assistance at the end of (1) said thirty-six-month  
219 time limit, or (2) the sixty-month limit shall have an interview for the  
220 purpose of being informed of services that may continue to be available  
221 to such family, including employment services available through the  
222 Labor Department. Such interview shall include (A) a determination of  
223 benefits available to the family provided by the Department of Social

224 Services; and (B) a determination of whether such family is eligible for  
225 supplemental nutrition assistance or Medicaid. Information and  
226 referrals shall be made to such a family for services and benefits  
227 including, but not limited to, the earned income tax credit, rental  
228 subsidies, emergency housing, employment services, child care  
229 subsidies pursuant to section 17b-749 and energy assistance.

230 (g) Notwithstanding section 17b-104, commencing on July 1, 2023, the  
231 Commissioner of Social Services shall provide an annual cost-of-living  
232 adjustment in temporary family assistance benefits equal to the most  
233 recent percentage increase in the consumer price index for urban  
234 consumers whenever funds appropriated for temporary family  
235 assistance lapse at the close of any fiscal year and such adjustment has  
236 not otherwise been included in the budget for the assistance program,  
237 provided the increase would not create a budget deficiency in  
238 succeeding years. The commissioner shall provide a prorated benefit  
239 increase from such available lapsed funds in any fiscal year when such  
240 funds are not sufficient to cover a cost-of-living adjustment in  
241 accordance with this subsection.

242 (h) An applicant or recipient of temporary family assistance who is  
243 adversely affected by a decision of the Commissioner of Social Services  
244 may request and shall be provided a hearing in accordance with section  
245 17b-60.

246 Sec. 2. Section 17b-105a of the general statutes is amended by adding  
247 subsection (e) as follows (*Effective July 1, 2026*):

248 (NEW) (e) For purposes of income eligibility for the supplemental  
249 nutrition assistance program, the commissioner shall disregard a  
250 transitional benefit received on and after July 1, 2027, by a family under  
251 the temporary family assistance program established pursuant to  
252 section 17b-112, as amended by this act.

253 Sec. 3. (*Effective July 1, 2026*) (a) As used in this section, (1) "benefits  
254 cliffs" means the loss or reduction of public assistance due to an increase  
255 in employment income, and (2) "public assistance" means programs

256 including, but not limited to, temporary family assistance, supplemental  
257 nutrition assistance or housing assistance. Within available  
258 appropriations, the Department of Social Services and the Office of  
259 Early Childhood, in consultation with the Labor Department, the  
260 Department of Housing, the Office of Workforce Strategy and the two-  
261 generational initiative established pursuant to section 17b-112l of the  
262 general statutes, shall enter into a public-private partnership to establish  
263 a two-year pilot program to mitigate benefits cliffs for two hundred  
264 households receiving public assistance.

265 (b) The pilot program established pursuant to subsection (a) of this  
266 section shall be designed and evaluated in accordance with the  
267 recommendations of a report that was produced pursuant to special act  
268 24-8. Not later than January 1, 2027, and annually thereafter until the  
269 pilot program concludes, the Commissioners of Social Services and  
270 Early Childhood shall file a report, in accordance with the provisions of  
271 section 11-4a of the general statutes, on the status of the pilot program  
272 with the joint standing committees of the General Assembly having  
273 cognizance of matters relating to education, human services, labor and  
274 housing. The report shall include, but need not be limited to: (1) The  
275 number of households enrolled in the pilot program, (2) transitional  
276 assistance such households have received or will receive to avert  
277 benefits cliffs, (3) the impact on the state economy of pilot program  
278 enrollees retaining employment while in the pilot program, and (4)  
279 resources needed to sustain the pilot program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2026	17b-112
Sec. 2	July 1, 2026	17b-105a(e)
Sec. 3	July 1, 2026	New section

**Statement of Legislative Commissioners:**

In Section 1(d)(1), brackets around existing statutory language were deleted and "On and after July 1, 2027, the commissioner shall not deny a family assistance under said program on the basis of such family's

assets." was inserted, for accuracy; in Section 1(d)(2), brackets around existing statutory language were deleted, subparagraph designators "(A)" and "(B)" were inserted and new language was moved to new subparagraph (B), for accuracy; and in Section 2, the effective date was changed and "on and after July 1, 2027," was inserted, for clarity.

**HS**            *Joint Favorable Subst. -LCO*