

# ACTION ALERT: Repeal Welfare Liens in CT

## The Issue:

Connecticut individuals and families in need are encouraged to seek support from the state through the Department of Social Services (DSS). Residents are offered what appears to be genuine recovery support. Unfortunately, unlike almost all other states, Connecticut treats cash assistance and some medical assistance as a debt to be repaid. This debt is called a welfare lien.

Connecticut is one of only two states that aggressively collects welfare debt through an expansive and arguably immoral practice of placing liens on nearly all of a recipient's future assets. The state collects on welfare liens:

- When a current or former recipient of assistance sells or refinances their home,
- When a recipient receives a legal settlement (for example, for back wages, worker's compensation, an accident, or even a civil rights case),
- When a grieving family member receives any inheritance, or
- When an ailing elder dies and attempts to leave any inheritance to his/her heirs.

Welfare liens remain with the recipient for life. They keep people in poverty, and they contribute to intergenerational poverty and the racial wealth gap by preventing families from ever building family wealth, or even a cushion. This is wrong! Recognizing this injustice after a landmark national study in 1973, over 30 states have repealed or restricted welfare liens, because evidence shows that welfare liens are bad policy and unfairly punish people for ever having been poor. The time has come for Connecticut, as one of the wealthiest states in the nation with the greatest income disparity, to do the same.

## The Action:

Working with GHIAA, Speaker of the House Matt Ritter has introduced a bill to repeal welfare liens. Your voice is needed to fix this bad policy. **Contact your state representative and ask them to support HB: 6416 An Act Concerning the Removal of Liens on the Property of Public Assistance Beneficiaries.**

**Welfare liens transform state services into a poverty tax.** Welfare liens undermine recipients' efforts to achieve stability and self-sufficiency. A repeal of welfare liens is needed to ensure that:

1. People in need of assistance are genuinely supported and no longer face future obstacles because they once received state assistance or state medical insurance,
2. Connecticut law furthers the mission of DSS by encouraging families' long-term stability and self-sufficiency (rather than placing a financial burden on anyone who has ever needed help), and
3. State programs are transparent and effectively further the state's public policy goals

As compelling as the need for change is, repeal WILL NOT be easy. Potential skeptics may cite the loss of revenue, which amounts to about \$18 million per year. However, GHIAA believes that the cost to Connecticut of NOT repealing the statute is much greater, in terms of the economic and social costs of perpetuating poverty.

## **Potential Talking Points:**

### **Liens and Loans**

Welfare liens act like a surprise poverty tax. Just when families have begun to improve their financial condition, they are pulled back down by welfare liens issued by the state. Every other state in America (except New York) has repealed or restricted policies that treat public assistance as a debt. The state budget should not be balanced on the back of our most vulnerable community members.

- Since 1973, over 30 states repealed or restricted their welfare lien laws.
- According to the fiscal note on welfare liens, CT recovers \$18 million a year from former welfare recipients, adding another unnecessary barrier to breaking the cycle of poverty.
- CT's Annual Budget is \$17 billion. Welfare liens account for 0.1% of CT's budget.
- Subsidies to middle-class residents, corporations and others, such as for solar panel installation, which are much greater in annual amount, favor wealthier residents and do not require repayment.

### **Impact on Homeownership**

Available data from New York—the only other state that expansively collects welfare debt-- suggests that welfare liens discourage homeownership and negatively impact:

- Divorced women who received the home as the only asset in their divorce
- Elderly individuals and their families seeking to sell the family home
- Homeowners seeking to avoid foreclosure through loan modifications
- Homeowners seeking to refinance, obtain home equity loans, or sell their home to purchase a new one

### **Transparency, Efficiency and Effectiveness**

The welfare lien program lacks transparency, both to recipients and to the public, and reflects an antiquated, punitive system that is out of step with our current understanding that poverty is not a personal or a moral failure.

- Even as far back as the enactment of Connecticut's current welfare lien system (1969), critics called out the lack of advanced notice of the lien/loan terms and the lack of transparency on the terms of repayment.
- Since that time, information about paying back assistance has been buried in the fine print of the application and in obscure locations on the DSS web site. Unlike traditional mortgages there is no easy way to track accruing debt or make early repayment.
- Recipients also may have no real choice but to take on welfare debt since their family's basic needs and their healthcare may depend on it.

### **Who to Contact:**

Calls and emails are needed to your local legislators. Find your legislator at [cga.ct.gov](http://cga.ct.gov). If your legislator is on the Finance ([see members](#)) or Health and Human Services Committee ([see members](#)), it's even more important that you reach out to them and urge them to support repealing welfare liens and vote it favorably out of committee.

## **Sample Outline for Letter to your Senator and Representative**

(Contact information for your representative/senator at [cga.ct.gov](http://cga.ct.gov).)

### ***Dear Senator/Representative***

1. Introduce yourself and state that your congregation is a member of the Greater Hartford Interfaith Action Alliance (GHIAA).
2. Say that you are writing in support of repealing welfare liens ([HB 6416](#) and [Senate Bill 873](#)).
3. Share why you support this bill. Feel free to draw from talking points above and connect them to your own lived experience and personal values.

**Use your own words – form letters do not influence legislators!**

4. Sign it with your name, home address, and phone number.

Name

Home Address

Phone Number