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Connecticut Association  
for Community Action

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Public Hearing Testimony before the  
Connecticut General Assembly Finance, Revenue, and Bonding Committee

Deb Polun, Executive Director  
Connecticut Association for Community Action, Inc. (CAFCA)

### ***In support of HB 5403: An Act Establishing a Child Tax Credit Against the Personal Income Tax***

March 15, 2022

Distinguished members of the Finance, Revenue, and Bonding Committee:

Thank you for holding this public hearing to gather information from the public about Connecticut tax policies and proposals. The Connecticut Association for Community Action (CAFCA) is the state association that works with Connecticut's nine Community Action Agencies (CAAs), the state and federally designated anti-poverty agencies serving nearly 200,000 low- and moderate-income people in all 169 cities and towns across the state.

***Our vision is a just and equitable world where socially and economically disadvantaged people thrive and reach their highest potential.***

As the largest statewide safety net service provider, Connecticut's network of Community Action Agencies connects neighbors in need with resources that stabilize and improve lives and communities. These services and resources include, but are not limited to:

- Nutrition (SNAP, Meals on Wheels, Congregate Meals for older adults)
- Housing and shelter
- Asset development and financial literacy
- Income tax assistance
- Energy and heating assistance
- Job training
- Early childhood care and education

Through a holistic, comprehensive, multigenerational approach, CAAs work with those in need to plan, achieve, and maintain a realistic path to short and long-term economic self-sufficiency and success.

I have attached a Profile of Services table to this testimony, which shows the services provided by Community Action Agencies in Connecticut. You can find your local Community Action Agency [here](#).

### *House Bill 5403*

CAFCA supports this proposal, which would have direct positive impacts for low- and moderate-income people across Connecticut, as well as on our state's economy.

Connecticut is one of the only states that does not adjust income tax for family size or child care expenses. Yet, we know the high costs of raising a family in our state. This session, we have an opportunity to make things a little bit easier for parents and caregivers by creating a state Child Tax Credit.

This credit would put more money in families' pockets, allowing them to buy food, clothing, and other necessities; more easily pay their rent, mortgage, or child care costs; and pay down debt. Approximately 600,000 children in Connecticut would benefit from this credit, including virtually all of the 100,000 children statewide who live in poverty, as well as kids in moderate-income families who also could use help with rising costs.

Child tax credits are an incredibly effective tool to reduce poverty. This isn't a guess or a prediction: we know this because the American Rescue Plan Act expanded the federal child tax credit last year, temporarily lifting Connecticut children out of poverty. In addition to improving the "now," long-term studies show that lifting low-income families' income when a child is young is associated with better health, more schooling, more hours worked, and higher earnings in adulthood.

Unfortunately, Congress let the enhanced credit expire. Now that the credit has ended, experts estimate that poverty rates have risen again.

With a large budget surplus, Connecticut has the opportunity this year to provide both increases to programs/providers and tax cuts. Many of the tax cuts proposed this session focus on the middle class, including an increase in the property tax credit and a reduction in the car tax. These are popular proposals that certainly will help people.

However, we ask you instead to commit to principles of equity, and to direct the tax relief and additional funds to those who need the most assistance. Specifically, we ask you to support our kids and families by bringing Connecticut on-board with other states and establishing a state Child Tax Credit. We also support the enhanced EITC and have testified in support of those proposals.

We ask for your support of this proposal, to help your constituents in need.

Thank you to all of you for your consideration of this important proposal, and, as always, for your service to our state. Please feel free to get in touch with any questions: [deb@cafca.org](mailto:deb@cafca.org) or 860-832-9438.

\* Please see attachment

