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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 SB 383: An Act Increasing the Applicable
Percentage of the Earned Income Tax Credit*

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](#).

Senate Bill 383

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

As this Committee well knows, the Earned Income Tax Credit (EITC) is a refundable state income tax credit for low- to moderate-income working individuals and families. Currently, about 186,000 people in Connecticut receive the EITC, and they come from all 169 cities and towns. Every member of this Committee has constituents who receive the EITC.

The EITC bolsters the economic security of low-income working families and individuals. According to the Center on Budget & Policy Priorities, if the EITC were treated like earnings, it would have been the ***single most effective antipoverty program*** for working-age people, lifting about 5.6 million people out of poverty in 2018, including 3 million children.

Study after study has shown the effectiveness of the EITC in helping families meet immediate and future needs. They use it on necessary expenses, such as food, rent, clothing, car repairs, and sometimes additional training to improve their job prospects. 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.

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 direct the tax relief and additional funds to those who need the most assistance.

Increasing the EITC made sense a few months ago when Connecticut had extra funds – and it continues to make sense for the 2022 tax year and beyond. Expanding the EITC from 30.5% to 41.5% will put money in the pockets of those who need it most. It will also help to strengthen Connecticut's economic present and future, by allowing those families to spend money on needed products and services.

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 or 860-832-9438.

* Please see attachment

