



CAFCA
Connecticut Association
for Community Action

Board of Directors

Peter DeBiasi
Access Community
Action Agency, Inc.

Dr. Monette Ferguson
Alliance for Community
Empowerment, Inc.
(formerly ABCD)

Amos Smith
Community Action
Agency of New Haven,
Inc. (CAANH)

Michelle James
Community Action
Agency of Western CT,
Inc. (CAAWC)

Lena Rodriguez
Community Renewal
Team, Inc. (CRT)

Dr. Marlo Greponne
Human Resources Agency
of New Britain, Inc.
(HRA)

William Rybczyk
New Opportunities, Inc.
(NOI)

David Morgan
TEAM, Inc.

Deborah Monahan
Thames Valley Council
for Community Action,
Inc. (TVCCA)

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

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

Supporting
Senate Bill 771: An Act Establishing a Refundable Child Tax Credit

February 27, 2023

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

Thank you for holding this public hearing today. 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 providing a wide variety of services to nearly 200,000 low- and moderate-income people in all 169 cities and towns across the state. I have included more information about Community Action Agencies at the end of this testimony.

Senate Bill 771: An Act Establishing a Refundable Child Tax Credit
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 permanent refundable 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. Additionally, over 238,000 families applied for last year's state child tax rebate, helping them pay utility bills, rent, for summer camp, and more.

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, and Connecticut's child tax rebate was for one year only. Now that the credit has ended, experts estimate that poverty rates have risen again.

With a budget surplus this year, policymakers are considering both increases to programs/providers and tax cuts. Many of the tax cuts proposed this session focus on the middle class, popular proposals that certainly will help people across our state.

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.

Respectfully, we also recommend:

- ☞ The Child Tax Credit should be built into the income tax filing process, removing the need for families to apply separately for the program.
- ☞ An education campaign should alert families to look for this benefit on their income tax return.

Thank you all for your consideration of this important proposal, which would help your neediest constituents – 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.

More about Community Action Agencies

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 (inc. SNAP outreach, Meals on Wheels, and Congregate meals)
- Housing and shelter
- Asset development and financial literacy
- Energy and heating assistance
- Job training
- Early childhood care and education

