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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 772: An Act Increasing the Applicable Percentage
of the Earned Income 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 772: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit

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. According to the IRS, about 270,000 people in Connecticut received the federal EITC for 2021, bringing in just under \$500 million to people in 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 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. We also support establishing a permanent refundable child tax credit and have testified in support of those proposals.

Increasing the EITC made sense a few months ago when Connecticut had extra funds – and it continues to make sense moving forward. Expanding the EITC from 30.5% to 40% 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.

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

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.

Below is a Profile of Services table to this testimony, which shows the services provided by Community Action Agencies in Connecticut.

Services Provided by Connecticut’s Community Action Agencies

	ACCESS	ALLIANCE	CAANH	CAAWC	CRT	HRA	NOI	TEAM	TVCCA
Financial Literacy & Asset Development									
Individual Development Accounts					X	X			X
Financial Counseling	X	X	X	X	X	X	X	X	X
Free Income Tax Preparation		X	X	X	X	X	X	X	X
Child Care & Youth Development									
CT Child Day Care & School Readiness		X		X	X	X	X	X	X
Head Start		X				X		X	X

