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**Testimony before the Human Services Committee
Public Hearing
February 27th, 2007
Room 2B
9.00 AM**

Good morning Senator Coleman, Representative Villano and members of the Human Services Committee. My name is Frank Sykes and I am the Legislative Analyst with the African-American Affairs Commission (AAAC), a non partisan state agency committed to advocating on behalf of African-Americans in the state, through policy analysis, research and information sharing.

Over the years the Commission has been a strong advocate for programs that move low-income families from poverty towards self-sufficiency. Today the Commission will like to add its voice in support of a state earned income tax credit for the working poor as raised in.

Senate Bill (SB) 146 – An act creating an earned income credit against personal income tax

And

House Bill (HB) 6649 – An act concerning a state earned income tax credit

It is reported that a tax credit can provide up to \$4,140 per year, based on family size and income. This is a substantial amount of money for families struggling to make ends meet. According to the Census Bureau data, the federal EITC lifts 4.7 million people out of poverty annually, including more than 2.7 million children. Currently 16 other states have a state income tax credit and have reported encouraging results.¹ Here in Connecticut asset poverty is defined as the lack of sufficient net worth to survive at the poverty level for three months without other support. Unfortunately this condition is more prevalent among minority families. In fact the asset poverty rate of minorities is almost four times that of white families. Also African-Americans have much lower homeownership rates and lower median incomes. Roughly only *38 percent* of African-Americans own their homes and the median income is in the range of \$35,104, much lower than the overall state average.²

The benefits to a working family are two-fold. Firstly state earned income tax credits combined with federal credits, increase the incentive for individuals to move from welfare to work, bringing more value to the work ethic an ideology that has been at the center of welfare reform policy. In Connecticut an estimated *(50) fifty percent* of African-American households are headed by a single parent³ and make up roughly *(31) thirty-one percent* of Connecticut's Jobs First Program participants.⁴ From these findings the benefits to these families are numerous. Secondly tax credits can be used as a savings vehicle for low -wage earners and along with individual development accounts and other self-help initiatives, working poor families will at least have a chance to improve their net worth. We urge the state legislature to finally support this initiative.

Thank you for the opportunity to testify.

¹ Center for Policy Alternatives, *Policy Brief on Earned Income Tax Credit*

² U.S. Census Bureau, *Median Household Income and Homeownership by Race and Ethnicity*

³ Kids Count, *U.S. Census Bureau, African-American Children, State Level Measures of Child Well-Being*

⁴ Connecticut Department of Social Services, *Report on TANF Recipients by Race and Ethnicity*