



**March 7, 2011 Public Hearing Testimony before the  
Connecticut General Assembly Finance, Revenue and Bonding Committee**

**Governor's Bill No. 1007: AN ACT CONCERNING THE GOVERNOR'S  
RECOMMENDATIONS ON REVENUE**

Distinguished Chairpersons, Vice-Chairpersons, Ranking Members, and Members:

My name is Edith Pollock Karsky. I am the Executive Director of the Connecticut Association for Community Action (CAFCA), which is the state association of Connecticut's twelve Community Action Agencies. CAAs are the local organizations designated by the state and federal governments as their official partners in helping families avoid financial crisis, and equipping them through comprehensive case management to regain their financial footing if poverty does strike. We administer benefit programs to more than 300,000 people annually, empowering families and strengthening communities in every Connecticut city and town.

Thank you for this opportunity to testify in support of the proposal of a refundable state Earned Income Tax Credit (state EITC) in Governor's Bill No. 1007: AN ACT CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON REVENUE, and in overall support of a balanced, equitable approach to getting Connecticut on a more productive, sustainable fiscal track.

CAAs are held to high standards of accountability through the federal government's Results Oriented Management and Accountability (ROMA) system, so we share the General Assembly's commitment to pursuing results-based initiatives. The federal EITC has been shown to reduce childhood poverty by nearly 25%: more than any government program. A state EITC will help shape a sustainable economic recovery by giving low- and moderate-income people the chance to build better lives through work.

A few points on why a state EITC makes sense for Connecticut, especially at this time of uphill economic recovery.

- EITCs encourage work. When we, as a state, encourage people to pursue education, stay in the workforce, and so on, we must ensure that our public policies are aligned with this intention. This is a responsible approach, socially and fiscally, to make work pay.
- State EITCs helps compensate for less progressive aspects of our overall tax structure.
- State EITCs are administratively feasible, as they piggyback on the federal EITC.
- A system exists to help families make good use of their Tax Day opportunities. Through free tax preparation, financial counseling, and asset-building programs, CAAs help families arrive at wise financial decisions. From paying down debt to avoiding eviction or foreclosure, to pursuing education, families have a chance to reach higher.
- Connecticut is the only New England state with an income tax, but not a state EITC.
- Investment in establishing a state EITC is an investment in Connecticut's future.

In sum, it is time to establish a state EITC: a long overdue measure of fiscal responsibility and social justice. We are grateful to Governor Malloy and many legislators for pushing this exciting initiative, which will work for Connecticut's families *and* economy. Again, thank you.