



Written Testimony of Lisa P. Sementilli, Deputy Director

In Support of:

S.B. 1008 -- An Act Authorizing Bonds of the State for Capital Improvements And Other Purposes; and

S.B. 1007 – An Act Concerning the Governor’s Recommendation on Revenues.

RE: A State Earned Income Tax Credit and Supportive Housing

Before the Finance, Revenue and Bonding Committee

March 7, 2011

Senator Daily, Representative Widlitz and members of the Finance Committee, thank you for considering my testimony. Gov. Malloy has proposed \$50 million in each year of the biennium to create affordable housing along with additional fund for rehabilitation which will create 150 new units of supportive housing for those who are homeless. **Supportive housing is the most effective and proven tool to eradicate chronic homelessness** (for those with episodes of long duration or repeat experiences). It reduces the use of costly institutional services such as emergency department use, inpatient hospitalization and prison.

In addition, **supportive housing stimulates the economy**. For every dollar spent in housing construction, an additional \$10-12 in economic stimulus ripples through our economy.

The Connecticut Coalition to End Homelessness (CCEH) has long supported such efforts and applauds the Governor’s commitment and leadership to ending homelessness through the creation of supportive housing, and **we ask that you endorse the proposal and pass SB 1008**.

It was only last year that the Board of the CCEH began taking a position on state revenues and provisions to promote economic security among the lowest-income families, such as the EITC.

EITC is an effective anti-poverty tool. Fewer people in poverty mean fewer people who become homeless. According to our newly published *Portraits of Homelessness in Connecticut*, Connecticut’s emergency shelters have exceeded 100% capacity for well over a year. Almost 15,000 individuals used our emergency and transitional housing programs last year.

A state EITC will make Connecticut’s state tax system more equitable and assist those at the bottom of the income scale with high housing costs. According to the Institute on Taxation and Economic Policy, workers at the bottom earning less than \$26,000 annually paid *more than twice the rate*

(income, sales, excise, property) than the top 1% of workers earning more than \$1.3 million annually. A state EITC would provide relief for the state’s lowest earners and some balance for the inequity.

Like supportive housing, a 30% refundable State EITC would put dollars back into the local economy. Estimates are that about \$108 million would go back to low-wage workers, who would spend on food, clothing, home and car repairs, and *rent*. Connecticut has the fifth highest cost of living in U. S. and 80% of poor households in Connecticut are severely housing cost-burdened (pay more than 50% of their income on rent). *This represents almost 64,000 households.* A state EITC would go a long way to helping with this housing cost burden.

In Connecticut and the nation, homeless families typically have incomes under 50% of the poverty level. Data on income sources for homeless individuals are limited. However, for those who did provide income information upon entrance into shelter during FFY 2010, about half had no financial resources and about a quarter had employment income. Research has shown that 85 percent of the benefits of the federal EITC go to families living at less than twice the poverty level. Again EITC would help to reduce the number of families forced to seek shelter by stabilizing income.

CCEH strongly urges your support for a state EITC – a long overdue policy to help eradicate poverty and homelessness in Connecticut.

Top Income Sources of CT Emergency Shelter Users FFY 2010		
No Financial Resources	3879	45%
SSI/SSDI	1374	29%
Earned/Employed Income	1036	22%
SAGA (DSS)	931	20%
Unemployment Insurance	499	11%
TANF	307	6%
Child Support	111	2%
<i>Source: CT HMIS 2010</i>		
Note: Client could choose more than one income source		