Bridgeport Child Advocacy Coalition

Mobilizing for Children

Testimony
Appropriations Committee Public Hearing
Department of Social Services
Friday, February 22, 2013

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The Bridgeport Child Advocacy Coalition (BCAC) appreciates that the state budget proposed by Governor Malloy for 2013-2015 maintains the Earned- Income Tax Credit (EITC), as well as eligibility and benefits for children, pregnant women and most parents on HUSKY A. EITC helps low-income families reach self-sufficiency. HUSKY A enables low-income children and their parents to access medical, dental and behavioral health care.

However, we do have some serious concerns about the impact of proposed changes to the EITC and HUSKY.

Maintain State Earned-Income Tax Credit at 30%

The proposed state budget temporarily reduces the state earned-income tax credit from 30% to 25% until 2015. An estimated 180,000 families will lose approximately $100 each year if this change is approved.

According to an analysis by Connecticut Voices and the Connecticut Association for Human Services, the state earned-income tax credit (EITC) has been a huge success. In Bridgeport, alone, over 15,700 households, with an average yearly income of $18,000, claimed the state EITC in 2011. These families received an average of $689.

The EITC is the most effective policy to lift low-income working families out of poverty and help them reach self-sufficiency. The EITC has proven to both encourage people to work and at the same time stimulate the economy. EITC returns are used to pay off bills, purchase basic needs, cover transportation costs to get to work, or take a college class. In 2012, $109.2 million was claimed statewide. This money is put back into the state's economy, with the greatest impact in low-income neighborhoods that really need the economic boost.

Cutting the EITC credit from 30% to 25% will effectively raise taxes on the lowest-income working families in our state. Although it is temporary, the cut will be devastating to those who can least afford it.

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Maintain Current HUSKY Benefits

Parents on HUSKY

The proposed budget eliminates HUSKY coverage for parents earning 133-185% of federal poverty ($25,399 - $35,317 for a family of three) as of January 1, 2014. These parents are expected to get coverage through the new health insurance exchange that should be functioning by January 2014.

Health insurance premiums and co-pays, even with subsidies, are estimated to be over $6,000 a year. The cost of insurance will be out of reach for many of these parents.

There are potentially 20,000-30,000 working parents that fall into this income category across the state. A large number of them will likely forgo health insurance for themselves because of that cost. Lacking health coverage, many will delay needed medical care until there is a crisis. The cost to the state could be much higher when these individuals end up in the emergency room.

HUSKY B

The proposed budget includes a $12.7 million cut to HUSKY B, Connecticut's Children's Health Insurance Program. Approximately 15,000 children are enrolled in HUSKY B statewide. The budget does not explain how coverage will change as a result of the cuts. Therefore, we are concerned that covered services and benefits will be reduced, jeopardizing children's health care.

The Appropriations Committee has a difficult job ahead. We know that budget cuts will need to be made. However, we urge you not to make cuts that will compromise the health and well-being of our children and their families.

We urge you to maintain the EITC at 30%. We also urge you to maintain HUSKY coverage for parents earning up to 185% of federal poverty and maintain current benefits and services for children on HUSKY B.

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