



The Connecticut Association for Human Services
110 Bartholomew Avenue · Suite 4030
Hartford, Connecticut 06106
www.cahs.org

Luis Caban, President
James P. Horan, Executive Director

**Testimony before the Finance Committee Re. SB 843, An Act Concerning Revenue Items to
Implement the Governor's Budget**

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Submitted by Liz Dupont-Diehl, Policy Director, Connecticut Association for Human Services
ldupont-diehl@cahs.org, (203) 667-5956

Good afternoon, Senator Fonfara and Representative Widlitz, and members of the committee. My name is Liz Dupont-Diehl and I am the Policy Director for the Connecticut Association for Human Services. CAHS seeks to end poverty and empower all families to build a secure economic future. CAHS was a leading advocate in the battle to establish Connecticut's Earned Income Tax Credit, and we were joined by dozens of others individuals and organizations, many of whom have signed on in support of our testimony today.

We respectfully oppose any cuts to the EITC, no matter how small, on the grounds that it is an extremely effective anti-poverty program, incentive to work, and economic stimulant – all of which our state badly needs.

In its first year, Connecticut's EITC helped one in eight households, in every town in the state, returning an average of \$600 to 180,000 families. All of these were working and their incomes averaged just below \$18,000 per year.

Let's do the math and see what cutting the EITC means. A single parent earning \$18,000 per year – that's about what a full-time, minimum wage worker makes at \$8.25 per hour, year-round – has only \$1,500 each month to pay for basics such as housing, food, clothes, transportation and medical expenses. This family runs a deficit, unable to pay basic bills, let alone build credit, buy a home or get ahead.

Yet despite such limited means, this family actually pays a larger percentage of its income in taxes than higher income families. A recent report by the Institute on Taxation and Economic Policy shows that families in Connecticut making less than \$24,000 a year pay 11% of their income in state and local taxes, or more than \$1

out of every \$10 they earn, while households that make more than \$1.2 million each year—the top 1 percent—pay just 5%, or \$1 in \$20.

A family of three living on \$18,000 each year is already living in poverty and should not be paying a larger share of its income in taxes than higher income households.

CAHS reported last month that the number of working poor families in Connecticut – that is, earning 200% or less of poverty, or \$45,622 for a family of four, and who can use the EITC— rose 5% since 2007. Now, 21% of our 389,000 **working** families are low-income. Our report also found that 61% of low-income families have a high housing burden- paying more than 33% of their income on rent – and that this rise in low-income working families is increasingly affecting children.

The EITC is perhaps the most studied, tested, debated and analyzed policy in our arsenal of tools to help families succeed and build a secure future for themselves, and a productive future workforce for us all. The results are overwhelmingly clear that it has a positive impact immediately on family health and the economy, and for years in almost every arena; health, education, earnings, etc. It works and it's perhaps the best investment we can make.

Connecticut is heading down a dangerous road in which 21% of working families don't earn enough to provide the basics. Our state deficit is driven in part by the large number of extremely poor people needing state health insurance and other benefits. Cutting the EITC pulls the rug out from under hardworking families who are already struggling against impossible odds.

Thank you for the opportunity to testify and I welcome any question.

**SUPPORTERS OF CAHS's TESTIMONY ON BEHALF OF
CONNECTICUT's EITC**

A Better Way Foundation	EASTCONN
All Our Kin, Inc.	End Hunger CT!
Bridgeport Child Advocacy Coalition	Family Centered Services of Connecticut, Inc.
Career Resources Inc.	Greater Bridgeport Community Enterprises
Christian Community Action Inc.	Greater Hartford Interfaith Coalition for Equity and Justice
Bill Cibes	Greater Hartford Legal Aid (GHLA)
Civic Trust Public Lobbying Co.	Legal Assistance Resource Center of Connecticut (LARCC)
Collaborative Center for Justice	Middlesex Coalition for Children
Commission on Children	Mothers for Justice
Community Partners in Action	New Financial Life, Inc.
Connecticut Alliance for Basic Human Needs (CABHN)	Permanent Commission on the Status of Women
Connecticut Association for Community Action (CAFCA)	Planned Parenthood of Southern New England
Connecticut Association of Nonprofits	Riverfront Children's Center
Connecticut Center for a New Economy	r'Kids Family Center
Connecticut Coalition Against Domestic Violence	RYASAP
Connecticut Early Childhood Alliance	Spanish Speaking Center of New Britain
Connecticut Parent Power	STRIDE Program/Quinnebaug Valley Community College
Connecticut Public Health Association	TEAM Inc.
Connecticut Voices for Children	Torrington Child Care Center
Connecticut Women's Education and Legal Fund (CWEALF)	United Way of Connecticut
Christopher Corcoran	Vecidos Unidos
Council 4 AFSCME	Wallingford Community Day Care Center, Inc.