



Testimony  
Human Services Committee  
Department of Social Services  
Tuesday, February 26, 2013

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*Robin Lamott Sparks, Senior Director of Policy and Research*  
*Bridgeport Child Advocacy Coalition*

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*Executive Director*

The Bridgeport Child Advocacy Coalition (BCAC) supports maintaining the State Earned-Income Tax Credit (EITC) at 30%. We also support expanding Medicaid coverage to single adults earning up to 133% of federal poverty. We strongly oppose eliminating HUSKY coverage for parents earning between 133-185% of federal poverty.

**Maintain State Earned-Income Tax Credit at 30%**

EITC helps low-income families reach self-sufficiency. 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 for the 2011 tax year. 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 is money that will be 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.

**Maintain Current HUSKY Benefits for 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 is expected to 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. It is likely that a large number will 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.

### **Expand HUSKY for Single Adults**

In 2010, Connecticut became one of the first states in the country to take advantage of the federal Affordable Care Act by expanding Medicaid to individuals with incomes under 56% of the federal poverty level. The Governor is now proposing to extend Medicaid coverage to 133% of federal poverty. We strongly support this recommendation.

Many of the individuals in this income bracket currently lack health coverage. Under the Affordable Care Act, the federal government will reimburse the state 100% of the costs of expanding Medicaid to low-income adults beginning January 2014. As a result of federal reimbursement, it is estimated that the state will save hundreds of millions of dollars by expanding Medicaid coverage.

During these very difficult times, it makes sense in terms of economics and the health and well-being of our residents for the state to take full advantage of this opportunity. We urge your support of expanding Medicaid to individuals earning up to 133% of federal poverty.