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Testimony on HB 5626: AAC The Earned Income Tax Credit
Finance, Revenue and Bonding
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On behalf of the National Association of Social Workers, CT Chapter representing 2900 members, we support HB 5626 as a means of considering valuable revisions to the Earned Income Tax Credit (EITC) program.

The bill directs the Department of Revenue Services to study if the EITC can be paid monthly instead of in a lump sum payment as is currently the practice. The bill would also study graduated payment that would allow recipients to remain eligible for the EITC upon small increases in pay and a schedule for monthly payments that would not reduce the person's monthly income.

A study on a pilot program in Chicago found that 90% of the recipients preferred the monthly payment system. Monthly payments have assisted recipients by reducing accumulated debt and reduced late payments leading to late fees. Fifty percent of those with monthly payments also reported less stress over money matters. For all of these reasons it makes sense to study if a monthly payment system should be adopted in Connecticut.

The Connecticut EITC is the most valued and effective anti-poverty program in the state. In Connecticut over 190,000 working families benefited from the EITC in 2014. The Federal EITC and Child Tax Credit lifted 69,000 people out of poverty in 2013. The EITC also encourages work amongst adults in households. Perhaps most importantly, EITC payments are being spent by its recipients, thus bolstering Connecticut's economy.

HB 5626 will allow the Department of Revenue Services to study and report to the Finance, Revenue and Bonding Committee if monthly payments and a graduated schedule will enhance for working families the benefits of the EITC. Data seems to indicate the answer will be yes. We encourage passage of HB 5626.