

CAHS

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2007 STATE LEGISLATIVE AGENDA

The **Connecticut Association for Human Services (CAHS)** is a statewide organization that works to reduce poverty, strengthen families, and reconnect communities through advocacy supported by outreach, research, and education.

CAHS supports public policies that help **move families from poverty to economic success**. By investing in basic needs, asset building, work supports and training, early care and education, universal health care, and equitable tax policy, Connecticut will build strong families, healthy communities, a vibrant workforce, and a thriving economy.

IN THE 2007 LEGISLATIVE SESSION, CAHS WILL TAKE THE LEAD TO:

- ◆ **Create a State Earned Income Tax Credit (EITC) to help move hard-working families out of poverty.**
- ◆ **Restore funding to Care 4 Kids to meet the needs of working families under federal eligible guidelines and support quality center- and family-based care.**

CAHS ALSO SUPPORTS EFFORTS TO:

- ◆ **Provide quality early care and education to Connecticut's children** through equitable funding for each of the state's publicly funded preschool programs.
- ◆ **Ensure Connecticut's children and adults receive adequate health care** by removing barriers to the HUSKY and SAGA Medical programs.
- ◆ **Support families moving from welfare to work** by addressing their barriers upfront and providing the resources they need to participate successfully in the workforce.
- ◆ **Prepare people for work and careers** by increasing funding for education and job training programs and for need-based financial aid for higher education.
- ◆ **Food and Nutrition.**
- ◆ **Create a state tax system** that is reliable, equitable, and accountable.

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For information about Care 4 Kids: Helene Figueroa, 951-2212, ext. 229.*

A State Earned Income Tax Credit (EITC) For Connecticut: Help Hard-Working Families Become Self-Sufficient

A state EITC provides tax relief to hard-working, low-income families, helping them close the gap between what they earn and what they need to make ends meet. A state EITC, piggybacking on the federal EITC, would return millions of dollars to families who put the money back into the local economy. In 2003, 168,000 Connecticut households in every urban, suburban, and rural community claimed the federal EITC, bringing back \$263 million to low-wage earners.

Eighteen states and the District of Columbia have enacted state EITCs, including almost all Northeastern states. **It's time for Connecticut to follow their lead and help our working families by enacting a state EITC.**

Why should Connecticut enact a state EITC?

The EITC can make a significant difference for hard-working families. The National Center for Children in Poverty found that the federal EITC reduces child poverty for young children by nearly 25 percent – more than any other government program. A state EITC builds on the benefits of the federal EITC. A state EITC relieves the regressive nature of sales and property taxes, and makes the state tax system more equitable.

The EITC has a long history of bi-partisan support. Enacted in 1975 under President Ford, the EITC is supported by policy makers on both sides of the aisle. President Reagan called the EITC “the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress.” State EITCs have been enacted under both Democratic and Republican governors.

A state EITC stimulates the local economy and provides a vehicle to build assets. Working families use the EITC refund to pay off debt, finance transportation to work, invest in education, and buy basic necessities. Working families can save the EITC refund as a first step to build assets and financial security.

How would a state EITC work?

The beauty of a state EITC is its simplicity, because it piggybacks on the federal EITC. A 20% state EITC would provide working families with a refund equal to one-fifth of the federal EITC return., even if they don't owe state income taxes.

Who would benefit from a state EITC in Connecticut?

Working families with incomes up to \$37,263 qualify for the federal EITC, which would be the same threshold for a Connecticut EITC. Working families with incomes between \$11,500 and \$16,000 benefit the most. About 10 percent of Connecticut tax filers claim the federal EITC. The average federal credit is \$1,565; the average credit under a 20% state EITC would be \$313.

How much would a 20% state EITC cost the State of Connecticut?

A 20% state EITC would cost about \$50 million annually, minus any state taxes paid on purchases made with the refund. A state EITC is treated as a tax expenditure, not an appropriation; therefore, it would fall outside of the spending cap.

Restore Funding to Care 4 Kids Child Care Subsidies

Restore \$10 million to Care 4 Kids to meet the needs of working families eligible under federal guidelines and support quality center- and family-based care.

Funding for Connecticut's child-care subsidy program has been reduced by 47 percent since 2002. The number of children benefiting from this program has declined sharply – from a high of 28,174 in 2002 to 15,269 in 2004.

The Care 4 Kids child-care subsidy program was established as a work support for moderate- and low-income families who need help paying for care for their infants, toddlers, preschoolers and school-age children while parents are at work or in school or training.

Although the state has seen hefty waiting lists in the past, the current Care 4 Kids caseload would seem to indicate that the funding supply is keeping pace with demand. Nothing could be further from the truth. It is not the lack of demand that has driven the reduction of this line item. Several policy and regulatory changes, designed specifically to keep the number of families served within the state budget allocation, have affected the Care 4 Kids participation rates.

1. Under federal regulations, a state may designate any family earning up to 85% of the State Median Income (SMI) as eligible for a federally funded child care subsidy. Connecticut's eligibility threshold has fluctuated over the last decade and is currently set at 50% of SMI for new families, rather than the federal recommendation of 85%. Families playing by the rules, but living at the edge of poverty are shut out of the program at this time. **Restore eligibility limits to 75% SMI.**
2. The State is required by federal law to conduct a biennial market rate survey to ensure that "payment rates for the provision of child care services are sufficient to provide access to child care services for eligible families that are comparable to those provided to families that do not receive these funds." The recommendation is to reimburse child care providers at the 75th percentile of current market rate. Connecticut sets its reimbursement rate at the 60th percentile of the market rate surveyed in the year 2000. This clearly undermines parental choice. **Mandate automatic changes to Care 4 Kids reimbursement rates at the 75th percentile of the biennial market rate survey.**

Rhode Island, with one-third of Connecticut's population and similar demographics, serves about 14,000 children through its state child-care subsidy program. The numbers served in Rhode Island strongly indicate that Connecticut is failing to provide much needed child-care support to poor working families by keeping demand artificially low and denying children from lower-income families access to quality child care – that which is safe, reliable, educational, and nurturing.

CAHS SUPPORTS EFFORTS TO:

Ensure Connecticut's Children And Adults Receive Adequate Health Care

- ◆ Repeal the premiums and copays for HUSKY A parents with incomes between 100-150 percent of the federal poverty level.
- ◆ Restore continuous eligibility under HUSKY for children.
- ◆ Simplify proof of income for new HUSKY applications and renewals.
- ◆ Restore non-emergency medical transportation to State-Administered General Assistance (SAGA) clients, and remove language that caps SAGA funding to hospitals and community health centers.

Support Families Moving from Welfare to Work

- ◆ Fund an education and training pilot for Jobs First Employment Services participants that addresses barriers to employment through assessment and intensive basic skills training.
- ◆ Extend Safety Net services to families who have followed the rules, but have been cut off Temporary Family Assistance (TFA) because they have reached their time limit.
- ◆ Institute a TFA exemption for working families with significant medical impairments.
- ◆ Eliminate the TFA "family cap" provision.
- ◆ Revise TFA criteria to allow extensions up to 60 months for qualifying families.

Prepare People for Work and Careers

- ◆ Increase funding for Adult Basic Education and English for Speakers of Other Languages (ESOL) programs.
- ◆ Improve access to higher education for low-income and part-time students and workers by providing adequate need-based financial aid including those enrolled in non-credit, workforce development classes.
- ◆ Expand the state's incumbent worker education efforts for low-skill, low-wage workers.

Ensure That Connecticut Citizens Have Access To Proper Nutrition

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