



Testimony to Committee on Business and Economic Development Council of the District of Columbia

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Good morning Mr. Chairperson and members of the Committee on Business and Economic Development. My name is Joseph Leitmann-Santa Cruz and I am the Acting Executive Director of the DC-based non-profit organization Capital Area Asset Builders (CAAB).

CAAB is a 23-year old non-profit organization with a mission to create opportunities for low- and moderate-income individuals in the greater DC region to build financial security, savings, and wealth for the future.

In the District of Columbia, CAAB offers free financial education and matched savings programs and manages three educational campaigns: the DC Earned Income Tax Credit Campaign, DC Saves Campaign and DC Ahorra y Prospera (DC Saves and Prospers) Campaign.

Today it is my honor to provide testimony before this Committee re the partnerships CAAB has with the Department of Insurance, Securities and Banking.

CAAB's Partnership with DISB

The District of Columbia has the highest rate of residents in the Washington metro region not having a banking relationship. Almost 8% of District residents are unbanked: don't have a checking or savings account. Moreover, over 21% of District residents are underbanked: have a bank account but still use check-cashing or payday loans. On average, a DC resident who is unbanked wastes \$800 per year in alternative financial services. This means that millions of dollars could be saved by our low- and moderate-income communities by being banked.

CAAB partners with DISB to link District of Columbia residents with information, resources and tools to access banking services, learn how to create and manage a budget, save and achieve financial wellness. We very much appreciate the great work done by DISB's Bank on DC Program.

CAAB appreciates the support we receive from DISB for our DC Saves Campaign. The DC Saves Campaign encourages District residents to be banked, create an emergency savings fund, save for retirement and save for college.



CAAB has also partnered with DISB through the DC EITC Campaign. DISB has been an instrumental partner in ensuring all EITC-eligible Washingtonians are aware of this effective anti-poverty public tool. The EITC lifts approximately 10,000 DC families out of poverty every year and keeps them out of poverty.

In 2018, over 50,000 low-income working District residents received over \$175 million in the EITC at the federal and DC levels. However, more work still needs to be done to ensure all eligible District residents know about the EITC and claim it. It is estimated that as many as 20,000 lower-wage DC residents—primarily residents of Wards 4, 5, 7 and 8—are still not claiming the EITC thus not receiving about \$40 million in federal tax credits.

Since we are in the middle of the 2019 tax season, we are kindly requesting that you work with us to ensure all of your constituents are aware of the economic power of the EITC and are aware of the high quality, trusted and free tax preparation services available to them in all 8 wards and online.

We would like to recognize Commissioner Taylor's leadership, the hard work by DISB's senior team, and the key role DISB plays in informing, educating and empowering DC residents on personal financial matters.

Thank you for the opportunity to provide my testimony and I look forward to answering any questions you may have.

I hope you have a great day.