



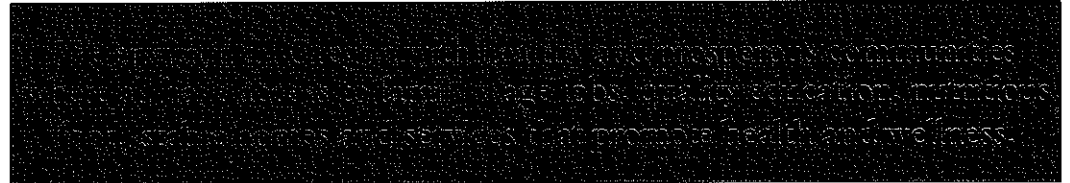
Creating opportunities for
all Oregonians to prosper

MEASURE: SB 349
EXHIBIT: I
Senate Finance and Revenue 76th Session

SB 349

DATE: 03-11-2011 PAGES: 7
SUBMITTED BY: JANET BYRD

March 11, 2011
Senate Finance and Revenue



**Oregon Thrives Steering
Committee Membership**

CAUSA

Children First for Oregon

Community Action
Partnership of Oregon

Ecumenical Ministries
of Oregon

NAYA Family Center

Neighborhood Partnerships

Oregon Center for
Public Policy

Oregon Food Bank

Partners for a Hunger
Free Oregon

Urban League of Oregon

March 10, 2011

Members of Senate Finance and Revenue
900 Court Street, NE, Room 453
Salem, OR 97301

Dear Chair Burdick, Vice-Chair Morse, and Members of the Committee:

I am writing to you today on behalf of Oregon Thrives to urge you to support SB 349. SB 349 would increase the Oregon Earned Income Tax Credit, or EITC. We are alarmed that more than one in four Oregonians are asset poor, meaning they could not survive at the poverty level for three months if their income was interrupted due to the loss of a job or a medical emergency. Because families often use EITC to build their economic assets and pay off debts, SB 349 will help low and moderate income families in our state build financial security and increase their long-term social mobility.

Oregon Thrives is a coalition convened by the Community Action Partnership of Oregon (CAPO) and composed of organizations and agencies working together to create a thriving Oregon, acknowledging that the decisions we make today will shape our state for years to come. If we want an Oregon that offers opportunity for all its citizens, we must come together to create that future now.

Oregon Thrives uses an Assets and Opportunity framework to develop our legislative agenda, which is based on a national model from the Corporation For Enterprise Development (CFED). This framework encourages a look across systems, agencies, and individual organizations to identify policies that promise real impact in our communities, because we believe we are all in this together.

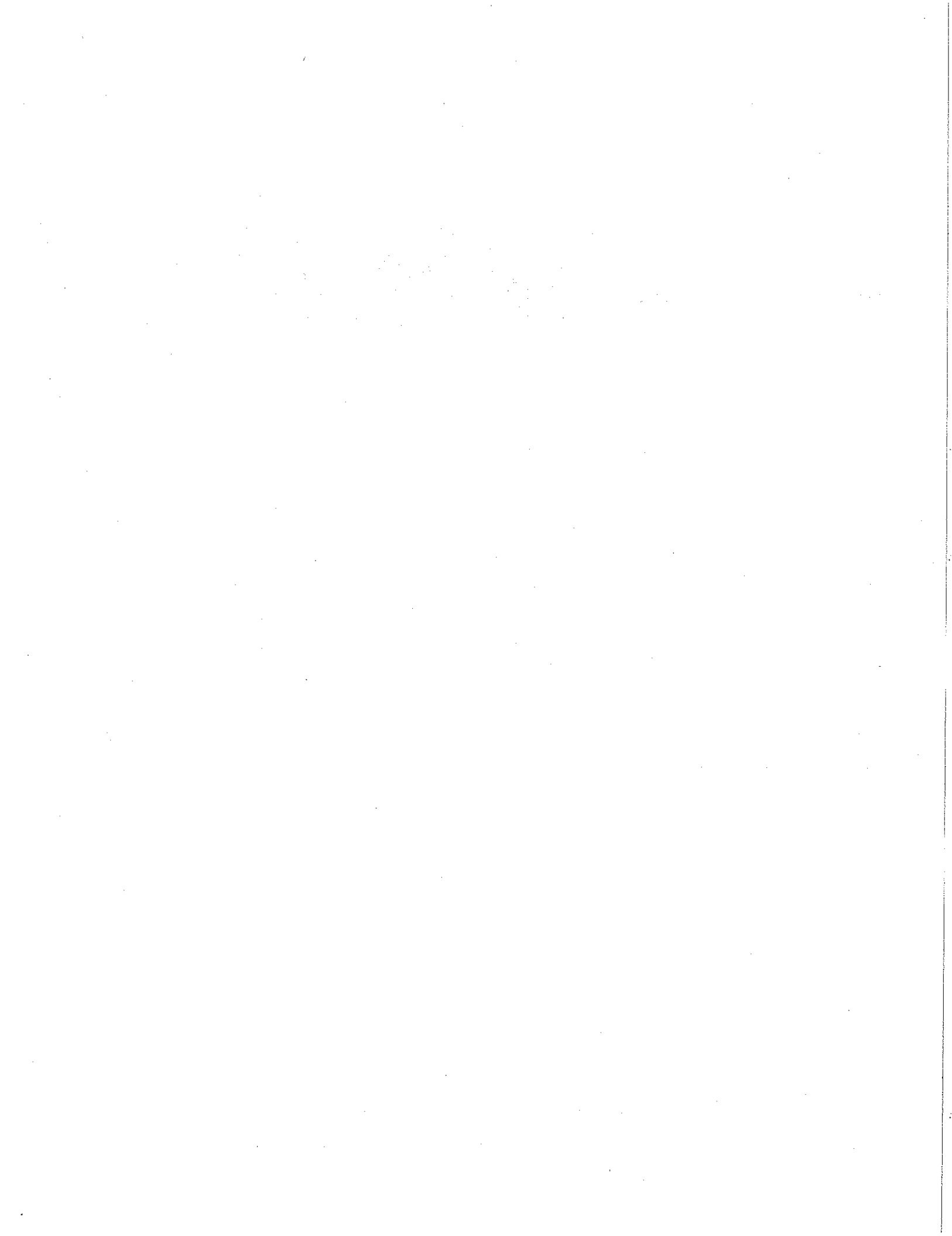
We urge you to support SB 349. Thank you for your time and consideration.

Thank you,

Janet Byrd
On behalf of Oregon Thrives

Oregon Thrives is a coalition convened by the Community Action Partnership of Oregon (CAPO) comprising organizations and agencies working together to create healthy and prosperous communities where all have access to family wage jobs, quality education, nutritious food, stable homes and services that promote health and wellness.

For more information, contact NW Public Affairs at 503.968.7161



Neighborhood Partnerships

Creating opportunity for low-income people

1020 SW Taylor, Suite 680 503 226.3001 *tel*
Portland, Oregon 97205 503 226.3027 *fax*

Senate Finance and Revenue Testimony on SB 349 -- March 11, 2011

My name is Janet Byrd. I am the Executive Director of Neighborhood Partnerships, a statewide non-profit organization that works to create opportunities for low income Oregonians to build stability and financial security.

Thank you for the chance to speak with you today in support of SB 349. I'm here today on behalf of Neighborhood Partnerships as well as two coalitions in which we take a leadership role – the Housing Alliance and Oregon Thrives. Neighborhood Partnerships and the two coalitions have long taken the view that we can't think about community needs in isolated issue headings, but that we need to work across systems and programs to create unified approaches to helping individuals, families, and communities meet their full potential.

With that view, we wholeheartedly support the Earned Income Tax Credit expansion represented in SB 349. It is a tool that will help hard working families in Oregon afford their rent, put food on their tables, pay down debt or make a one-time purchase like car tires, or even put a little bit away in an emergency fund. We all benefit when families in our communities can get ahead through hard work and when they can reduce their financial stress. When residents stay stable in their homes, kids stay in the same classroom over the school year and focus on school work while parents can more easily focus on family goals.

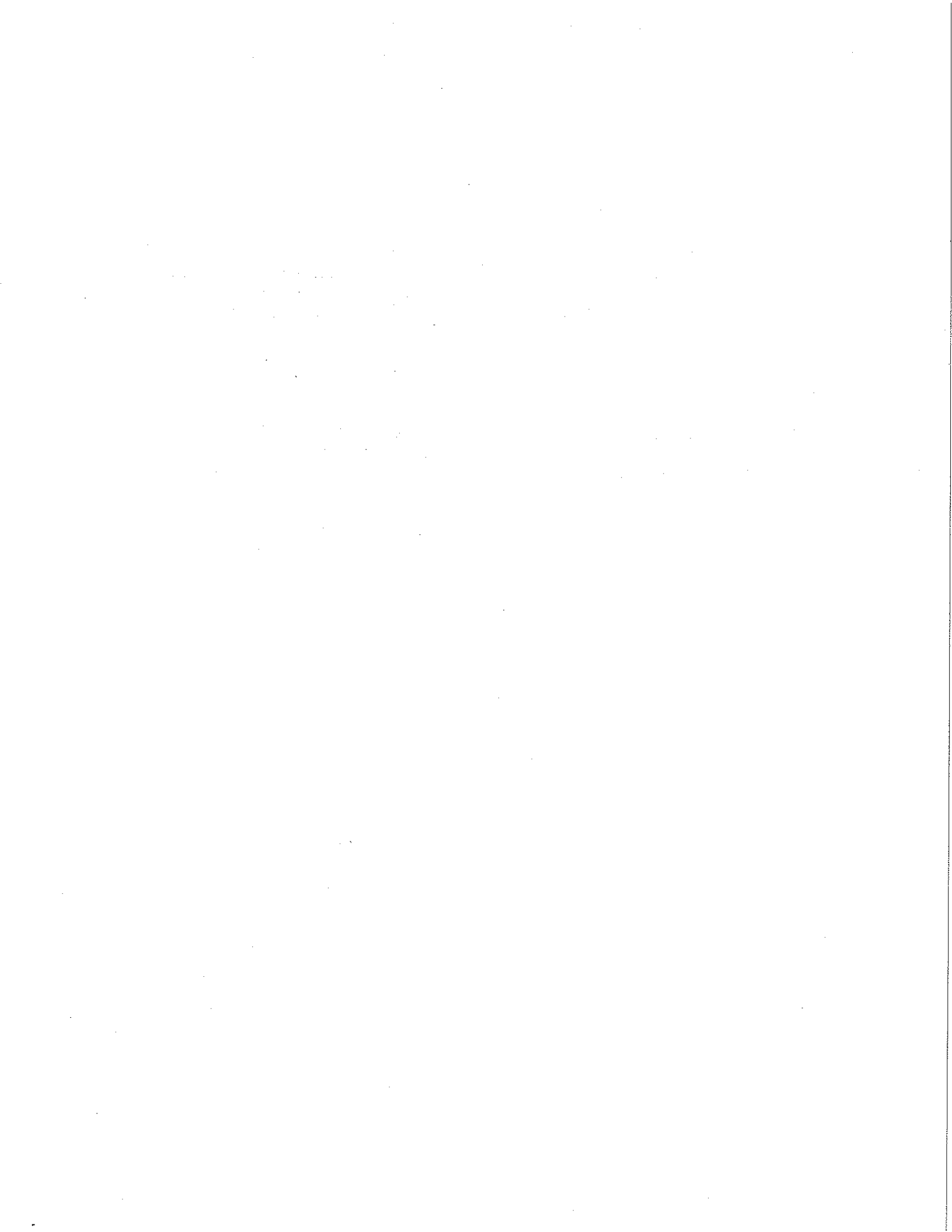
Neighborhood Partnerships was a partner with a national organization, Corporation for Enterprise Development, in their most recent Assets and Opportunities Scorecard. The Scorecard looks across the country at a set of indicators of economic well being, and makes recommendations for state policy action in twelve areas. A priority policy is the adoption of a robust Earned Income Tax Credit at the state level. To help low and moderate-income workers afford food and other needs, one of CFED's top policy recommendations is to increase the value of Oregon's Earned Income Tax Credit.

CFED finds that:

Expanding the EITC in Oregon will reduce asset poverty. The *Scorecard* reports that 25% of Oregonians are asset poor, meaning they could not survive at the poverty level for three months if their income was interrupted due to the loss of a job or a medical emergency. Studies show that families often use EITC to build their economic assets and pay off debts. Escaping asset poverty will help low and moderate income families in our state build financial security and increase their long-term social mobility.

Expanding the EITC here in Oregon will lift additional families out of poverty and boost living standards. Expanding our state's EITC will combat poverty and economic hardship among working families with children. Its expansion will reduce the poverty gap for many working families.

In summary, expanding Oregon's EITC will benefit households in all corners of our state and put money back into Oregon communities. I urge your support of this important legislation.



STATE PROFILE: OREGON

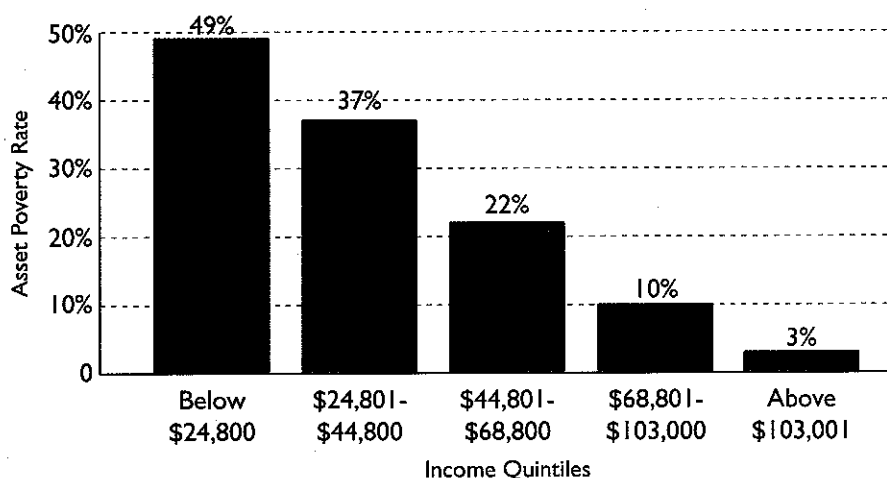


expanding economic opportunity

2009-2010 ASSETS & OPPORTUNITY SCORECARD

The data for Oregon reveal marked disparities in asset ownership among its residents, many of whom face significant barriers to economic security. A state's asset poverty rate is one indicator of economic security. A household is asset poor if it lacks the resources to subsist at the poverty level for three months if it loses its source of income. Even middle-income families face asset poverty. In Oregon, 22% of those earning \$44,801-\$68,800 are asset poor.

ASSET POVERTY BY INCOME IN OREGON



WHAT OREGON CAN DO

- **EXPAND THE REFUNDABLE EARNED INCOME TAX CREDIT:** To help low-wage workers afford food and other needs, Oregon should increase the value of the Oregon credit to 18% of the federal credit.
- **REMOVE REMAINING ASSET LIMITS FOR PUBLIC BENEFITS:** To encourage savings and employment, Oregon should remove restrictive asset limits in public benefit programs.
- **PROMOTE AND PRESERVE HOMEOWNERSHIP:** To increase homeownership rates and prevent foreclosures, Oregon should ensure access to foreclosure prevention services and safe, affordable mortgage products.

"Oregon has made progress in key areas – food, housing, payday lending, kids health care. But working families are losing ground in these hard times. We can and must do more."

– Janet Byrd, Executive Director, Neighborhood Partnerships

ABOUT THE SCORECARD

The 2009-2010 *Assets & Opportunity Scorecard* is a comprehensive look at wealth, poverty and the financial security of families. It assesses the 50 states and the District of Columbia on 92 outcome and policy measures, which describe how well residents are faring and what states can do to help residents build and protect assets. These measures are grouped into six issue areas: Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care, Education and Community Investment & Accountability Policies. All data is collected from the latest available data sources and compiled by CFED.

Source: Estimations by Beacon Economics based on 2007 ACS and 2004 SIPP, Wave 6.

For a complete description of all 2009-2010 *Assets & Opportunity Scorecard* measures and sources, including how the grades and ratings were assigned, go to <http://scorecard.cfed.org>.

OREGON

OVERALL OUTCOME GRADE: C

The *Scorecard's* 58 outcome measures are ranked best to worst; #1 is the most desirable, #51 is the least desirable. Grades are given on a curve: 10 states get A's, 10 get B's, 16 get C's, 10 get D's and 5 get F's. Grades for each issue area are calculated by averaging the ranks of measures within the issue area. The overall grade is calculated by adding together the average score from each issue area and ranking those scores.

FINANCIAL ASSETS & INCOME

OUTCOME GRADE: C

Are there widespread opportunities for wealth creation and protection, particularly for low-income residents?

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Net Worth	23	\$87,045	\$88,803
Net Worth by Race	11	5.0 ^	6.1 ^
Net Worth by Income	28	86.2 ^	44.9 ^
Net Worth by Gender	6	1.2 ^	1.2 ^
Asset Poverty Rate	43	26.2%	22.5%
Asset Poverty by Race	4	1.8 ^	2.3 ^
Asset Poverty by Gender	2	1.1 ^	1.2 ^
Extreme Asset Poverty Rate	42	16.5%	14.3%
Income Poverty Rate	30	12.6%	12.3%
Unbanked Households	12	18.9%	26.8%
Bankruptcy Rate (per 1,000 people)	31	2.4	2.7
Median Credit Card Debt	27	\$2,892	\$2,960
Median Installment Debt	36	\$15,395	\$14,887

BUSINESSES & JOBS

OUTCOME GRADE: B

Is the opportunity to grow a business or get a job that pays a sufficient wage with benefits available to all those who choose to pursue it?

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Small Business Ownership Rate	20	17.8%	17.7%
Private Loans to Small Business	11	\$2,331	\$2,116
Microenterprise Ownership Rate	22	16.3%	16.5%
Women's Business Ownership Rate	9	5.0%	4.4%
Minority Business Ownership Rate	24	3.9%	4.9%
Women Owned Business Value	40	\$120,225	\$144,969
Minority Owned Business Value	8	\$207,242	\$162,824
Employee Ownership (per 1,000 firms)	29	1.2	1.4
Business Creation Rate (per 1,000 workers)	13	11.7	9.6
Employment Growth	18	0.4%	-0.5%
Annual Unemployment Rate	39	6.4%	5.8%
Low-Wage Jobs	10	14.8%	22.2%
Average Annual Pay	45	\$34,226	\$44,458
Retirement Plan Participation	20	50.9%	47.4%
Employers Offering Health Insurance	20	56.4%	55.8%

^ This is a ratio of disparity that measures the difference in outcomes between two populations by: race (white and minority), income (high- and low-income groups), or gender (male and female). A ratio of 1 indicates perfect equality; the higher the ratio, the greater the inequality.

HOUSING & HOMEOWNERSHIP**OUTCOME GRADE: C**

Is the opportunity to purchase and maintain a home available to all those who choose to pursue it?

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Homeownership Rate	46	61.2%	64.2%
Homeownership by Race	15	1.4 ^	1.5 ^
Homeownership by Income	42	3.3 ^	2.7 ^
Homeownership by Gender	14	1.1 ^	1.2 ^
Foreclosure Rate	7	1.3%	3.0%
High-Cost Mortgage Loans	5	12.7%	17.5%
Mortgage Debt as % of Home Value	7	61.9%	76.9%
Affordability of Homes	32	4.1 #	3.5 #
Housing Cost Burden: Homeowners	43	40.8%	37.5%
Housing Cost Burden: Renters	34	45.1%	45.6%

HEALTH CARE**OUTCOME GRADE: D**

Is there broad access to health insurance as protection against income interruption and asset depletion from medical bills?

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Uninsured Rate	41	19.7%	17.2%
Uninsured by Race	30	2.1 ^	2.2 ^
Uninsured by Income	24	3.5 ^	3.6 ^
Uninsured by Gender	46	1.3 ^	1.0 ^
Uninsured Low-Income Children	38	19.4%	18.3%
Uninsured Low-Income Parents	37	38.8%	37.2%
Employees Insured by Employer	35	59.6%	60.9%
Employee Share of Premium	43	28.0%	25.0%
Out-of-Pocket Medical Expenses	17	18.4%	19.0%

EDUCATION**OUTCOME GRADE: B**

Do residents have access to the education and training they need to get ahead?

OUTCOME MEASURE	RANKING	State Data	U.S. Data
(among the 50 states plus DC)			
Head Start Coverage	20	25.8%	20.3%
Math Proficiency: 8th Grade	20	34.8%	31.0%
Reading Proficiency: 8th Grade	17	34.0%	29.2%
High School Degree	27	89.7%	87.6%
Two-Year College Degree	12	63.8%	58.7%
Four-Year College Degree	19	30.7%	29.9%
Four-Year Degree by Race	20	1.4 ^	1.5 ^
Four-Year Degree by Income	7	3.3 ^	5.0 ^
Four-Year Degree by Gender	14	1.0 ^	1.0 ^
Average College Graduate Debt	28	\$19,849	\$20,098
College Graduates with Debt	38	66.5%	59.0%

^ This is a ratio of disparity that measures the difference in outcomes between two populations by: race (white and minority), income (high- and low-income groups), or gender (male and female). A ratio of 1 indicates perfect equality; the higher the ratio, the greater the inequality.





This is a ratio of median home value compared to annual median family income, e.g., a ratio of 4 means housing values are 4 times higher than income.

POLICY RATINGS

The *Scorecard* includes 34 policy measures: 12 priority policies and 22 additional policies. For policy priorities, states are assessed against criteria for what constitutes a strong policy. These policies provide a comprehensive view of what states can do to help residents build and protect assets. Policy priority data are current as of June 30, 2009; additional policy data are drawn from the latest published reports, usually 2007-2008.

-  Very strong policy
-  Strong policy, but some room for improvement
-  Some policy, but much room for improvement
-  Minimal policy in place
-  No policy in place


FINANCIAL ASSETS & INCOME**Policy Priorities**

-  State IDA Program Support
-  State Earned Income Tax Credit
-  Lifting Asset Limits in Public Benefit Programs
-  Payday Lending Protections

Additional Policies

State Minimum Wage ... \$8.40/hr; Indexed to inflation
 Income Tax Threshold ... \$15,000
 Financial Education in Schools ... Included in curriculum standards; Standards required to be implemented; Testing required; Not all criteria met




BUSINESSES & JOBS**Policy Priorities**

-  State Microenterprise Support

Additional Policies

Workers' Compensation Coverage ... 98.3% of workers covered
 Unemployment Benefit Level ... 39.4% of average weekly wage
 Unemployment Benefit Eligibility ... Benefits for compelling family reasons; Has self employment assistance program; Not all criteria met
 Family Leave Benefits ... Expanded employer threshold; Expanded definition of family; Not all criteria met
 Incentives for Employee Ownership ... WIA funds support feasibility studies; Direct state assistance; Not all criteria met


HOUSING & HOMEOWNERSHIP**Policy Priorities**

-  Predatory Mortgage Lending Protections
-  Housing Trust Fund
-  First-time Homebuyer Assistance

Additional Policies

Affordable Rental Housing Preservation ... 35.5% of LIHTC for preservation
 Property Tax Relief ... Circuit breaker only for elderly renters; Tax deferment
 Foreclosure Protections ... Protects pre-foreclosure rights; Protects against rescue scams; Not all criteria met
 Resident Ownership of Manufactured Housing Communities ... 10 days closure notice; Opportunity to purchase; Broadly applicable; Tax incentive to sell to homeowners




HEALTH CARE**Policy Priorities**

-  Access to Health Insurance

Additional Policies

Insuring High-Risk Individuals ... Has high risk pool
 COBRA Coverage of Small-Business Employees ... COBRA expansion for 6 months

EDUCATION**Policy Priorities**

-  Early Childhood Education
-  Access to Quality K-12 Education
-  College Savings Incentives

Additional Policies

Postsecondary Education Financial Aid ... \$253.88 per undergraduate student
 State-Funded Head Start ... \$42,500,000 in supplemental funds
 WIA-Funded Workforce Training ... 34.3% of participants received training
 TANF-Funded Workforce Training ... 5.31% of funds spent on training

COMMUNITY INVESTMENT & ACCOUNTABILITY POLICIES**Additional Policies**

State Support for CDFIs ... No
 Impact Analysis of Tax Law Changes ... Yes, multiple models

Community Investment for State-Chartered Banks ... No
 Tax Expenditure Transparency ... Biennial report online; Covers major taxes



Member Organizations

1000 Friends
CASA of Oregon
Central City Concern
City of Ashland
City of Beaverton
City of Corvallis
City of Eugene
City of Gresham
City of Portland
City of Tigard
Clackamas Community Land Trust
Clackamas County
Clackamas Housing Action Network
Coalition for a Livable Future
Community Action Partnership of Oregon
Community Action Team, Inc.
Community Alliance of Tenants
Community Housing Fund
Community Partners for Affordable Housing
Ecumenical Ministries of Oregon
Enterprise Community Partners, Inc.
Habitat for Humanity of Oregon
Homeless Families Coalition
Housing Advocacy Group of Washington Co.
Housing Development Center
Impact Northwest
Interfaith Committee on Homelessness
Lane County Legal Aid and Advocacy Center
League of Women Voters of Oregon
Lincoln County
Manufactured Home Owners of Oregon, Inc.
Metro
Multnomah County
NAYA Family Center
NeahCasa
Neighborhood Economic Development Corp.
Neighborhood Partnerships
Network for Oregon Affordable Housing
Northwest Community Land Trust Coalition
Northwest Housing Alternatives
Oregon Action
Oregon Council on Developmental Disabilities
Oregon Coalition on Housing & Homelessness
Oregon Food Bank
Oregon Housing Authorities
Oregon Opportunity Network
Partners for a Hunger-Free Oregon
Portland Community Reinvestment Initiatives, Inc.
Portland State Univ., Student Legal & Mediation Services
Proud Ground
REACH CDC
Rogue Valley CDC
Rose CDC
Rural Community Assistance Corp.
St. Vincent DePaul of Lane County
Shelter Care
Sisters Of The Road
Umpqua CDC
Washington County
Willamette Neighborhood Housing Services

Earned Income Tax Credit SB 349

The Housing Alliance believes that we all do better when everyone has access to opportunity and a pathway out of poverty. Unfortunately, opportunity is missing for many low- and moderate-income working families in Oregon struggling to make ends meet.

Too many hardworking parents don't earn enough to pay rent and put food on the table for their children. Nearly half of renters can't afford a two bedroom apartment at market rents. At the same time, Oregon's working poor and near-poor families pay some of the nation's highest state income taxes. Other taxes and fees in Oregon's revenue system can also hit low-income families hardest.

Our communities are better when we can provide access to opportunity and help hardworking families save money and build assets. The Earned Income Tax Credit (EITC) is one of the most effective wage support programs for low- and middle-income families. It reduces the taxes paid by hardworking families and allows families to lower debt or start saving for the future. Oregon should expand this opportunity for hardworking families.

A state EITC is the most targeted way to improve the tax system for working families with children, but Oregon's EITC is too small for the task at hand. Set at 6 percent of the federal EITC, Oregon's EITC is one of the lowest among states offering EITCs. Low-income working families in Oregon pay significantly higher taxes on their income compared to residents of other states.

The Housing Alliance is asking your support of SB 349, which will gradually increase the state EITC from its current 6 percent of the federal credit to 18 percent. This will:

- ◆ Cut taxes for one in seven Oregon households, targeting help to low-income working families with children.
- ◆ Boost the earnings of the average EITC household by about \$215 a year. For a family of four living at the poverty line (an income of about \$22,000), it would mean approximately \$587 extra income each year.
- ◆ Benefit over 220,000 households from all corners of Oregon.
- ◆ Inject state tax dollars into communities throughout Oregon. EITC dollars are spent quickly and locally.

Public Affairs Office
Marie Nelson, Area Hagerdon
PO Box 12945 • Salem, OR 97309
(503) 363-7084

www.oregonhousingalliance.org

