



Smart policies for today's families.

March 2, 2015

Testimony in Support of HB 2068: Increasing the Earned Income Tax Credit
Submitted by Andrea Paluso, Family Forward

Thank you for the opportunity to provide testimony in support of HB 2068. **Family Forward supports increasing the Earned Income Tax Credit (EITC) for low-income families with young children.** We know that having a baby is a leading cause of poverty spells in this county (when income dips below basic living expenses). Low-income families especially struggle to make ends meet and the cost of childcare can often outpace their limited earnings. By focusing resources on families with children under three, we can increase economic stability and provide working parents with additional support at a critical time in a child's development.

Family Forward Oregon is committed to advancing policies that support families and help them succeed, both in the workplace and at home. Our mission is to create a family-friendly Oregon where all families can be economically secure and have the time they need to take care of each other. Today, too many families are forced to sacrifice one for the other. Family Forward supports policies that make economic stability and family caregiving more compatible.

Oregon currently provides a refundable state EITC tax credit equivalent to just 8% of the federal credit. Increasing the credit for families with children under three would make a significant difference at a critical developmental stage in a child's life. Low-income parents are often spending all of their available resources on childcare, just to continue working. Tax credits such as EITC can free up resources for childcare expenses and household expenses by decreasing the amount of taxes owed. Single mothers, especially those with low wages, are more likely to be employed and experience an increase in earnings when they receive EITC.

Maternal poverty rates are extremely high in our state- especially for women with young kids. In Oregon, there are 166,453 family households headed by women¹ and 34 percent of those families- that's 56,428 family households- are living on incomes

¹ U.S. Census Bureau. (2013). American Community Survey 1-Year Estimates 2012, Geographies: All States within United States and Puerto Rico, Table DP02: Selected Social Characteristics in the United States. Retrieved 27 February 2014, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_1YR_DP02&prodType=table (Calculation uses family households headed by females living in a household with family and no husband. A family household includes a householder, one or more people living in the same household who are related to the householder, and anyone else living in the same household.)



FAMILY FORWARD OREGON

Smart policies for today's families.

below the federal poverty line² - less than \$21,000/year for a family of three. When mothers live in poverty, kids live in poverty. And those rates are higher when we look at just women-led households with children under 5 – when work and family conflicts create the greatest amount of conflict and economic instability.

Many low-income parents can't afford to take time off from work to bond with their new children and are forced to return to work immediately. This is detrimental to a child's development and long-term learning potential. When returning to work, access to quality, affordable, childcare is too often not an option for moms and kids living on low-incomes. Affordability should not be the only consideration for parents in choosing a childcare provider, and yet it is for too many low-income families.

While the consequences of the lack of affordable, quality childcare for parents are often overlooked, the problems produced for their children are real and severe. **Children in higher quality early learning programs have better cognitive outcomes, including measurably better reading, math skills, language/vocabulary, and applied problem solving.³ These cognitive outcomes are particularly strong for low-income children.⁴** The early years are a unique period of development and early experiences form the foundation for future success. Ensuring high quality, affordable childcare is available to working families is crucial to maintaining an economically stable and competitive workforce now and in the future.

The EITC is an effective program to help families trying to work their way out of the safety net and will help reduce maternal and childhood poverty rates in Oregon. Family Forward supports HB 2068 and increasing the tax credit for families with young children.

² Ibid.

³ Clifford, R. M., Reszka, S. S., & Rossbach, H. G. (2010). Reliability and validity of the Early Childhood Environment Rating Scale.

⁴ Burchinal, P., Kainz, K., Cai, K., Tout, K., Zaslow, M., Martinez-Beck, I., & Rathgeb, C. (2009). Early Care and Education Quality and Child Outcomes.