



**OBC POVERTY TASKFORCE
STATEMENT ON THE EXPANSION OF THE EARNED INCOME TAX CREDIT**

The Oregon Business Council's Poverty Taskforce has been charged with identifying actions that would support the business community's goal of reducing the poverty rate to below 10 percent by 2020. Poverty reduction of that magnitude requires a range of initiatives that stretch across education, work force development, job creation, and safety net reform.

A critical and expanding component of the U.S. safety net is the federal Earned Income Tax Credit (EITC) and Oregon's supplement to it. In 2013, the EITC provided \$600 million in credits to 279,000 low and middle-wage workers. It is widely recognized as a tool that encourages work, boosts health, and even improves school outcomes. University of California's Hilary Hoynes considers the EITC "one of the most successful labor market innovations in U.S. history."

Oregon's supplemental EITC equals 8% of the federal EITC and is refundable. The legislature should incorporate recommendations of leading poverty experts—Harvard University's Richard Murnane and University of California-Irvine's Greg Duncan— and increase the credit for families with children under age 6 (for example, a 16% Oregon credit for families with children ages 0-2 and 12% for families with children ages 3-5). Research shows poverty rates and childcare costs are higher for families with pre-school aged children.

The taskforce will also work with Oregon's Congressional delegation on EITC reform at the federal level.