



Partners for a
Hunger-Free Oregon

Ending hunger before it begins.

To: Senate Committee on Workforce
From: Matt Newell-Ching, Public Affairs Director
Subject: Support SB 398 to strengthen Oregon's EITC participation rate
Date: March 8, 2017

We envision an Oregon that is hunger-free, healthy and thriving—where everyone has access to affordable, nutritious and culturally-appropriate food.

The Earned Income Tax Credit (EITC) helps make that a vision a reality for many working families in Oregon. It is one of the most successful anti-poverty programs in the United States. **Along with the Child Tax Credit, the EITC lifts 129,000 Oregon households out of poverty every year.** It supports work by providing tax credits on a sliding scale based on income and the size of the household.

The long-term benefits of the EITC are well-documented. Kids who are in families that receive EITC perform better on tests. This leads to higher earnings and employment rates when kids become adults. **One study showed that each dollar invested in EITC results in a child's future earnings increasing by more than one dollar.**

For an individual family, the EITC is most often used to help with life's essentials, such as a home repair, a security deposit for a safer apartment, fixing a car that is used to get to work, or to help pay for classes to secure a higher-paying job. It also reduces toxic stress in households, which is a social determinant of health for families and kids.

For families that currently receive the EITC, this is good news. The bad news is that **Oregon's EITC participation rate is the third-lowest in the nation, at 74 percent¹.** That means about 88,000 working families in Oregon failed to claim the credit. A conservative estimate puts the loss to Oregon at \$130 million in unclaimed credits left on the table.

SB 398 is a good start to fixing this. It would connect working Oregonians who may be eligible with information about EITC as well as free tax preparation sites.

In addition, we would like to explore other ideas that could lead to a higher participation rate, such as how state agencies that administer means-tested programs can play a role in notifying clients of potential eligibility.

¹ *Oregon's Low EITC Participation Leaves over \$100 million unclaimed*; Oregon Center for Public Policy, January 24, 2017. <http://www.ocpp.org/2017/01/24/fs20170124-oregon-eitc-participation-use-rate/>