

Oregon Business Council Poverty Task Force Testimony in Support of SB 398



I would like to thank Senator Steiner-Hayward for inviting us to testify today. My name is Beverly Stein. I am a Senior Fellow at the National Policy Consensus Center at Portland State University and staff the Oregon Business Council Poverty Task Force. We are pleased to come before the committee today in support of SB 398. Providing notification of potential eligibility for the EITC could make a big difference for many Oregon workers. Over 881,000 Oregonians live in households eligible for the Earned Income Tax Credit, nearly 400,000 are children. Over 25% of EITC eligible workers are not claiming the credit. We can help Oregonians overcome sizable barriers by both increasing awareness and decreasing the complexity of claiming the credit with this bill.

The EITC is a powerful tool that reduces poverty, stimulates local economies, and provides a multitude of socio-economic benefits for Oregonians and their children. The \$580 million federal dollars brought into our state by the EITC significantly impacts working families' health and well-being. Here are some examples:

- On average, children experience a 26% reduction in poverty levels. Children of color whose parents receive the EITC experience a 30% reduction in poverty.¹
- Studies at Harvard reveal the EITC has multiple positive impacts on children's achievement --- both academically and socially. This impact increases the earlier in life the child's family receives the credit.²
- EITC has shown to relieve stress and mental health related issues, especially for single mothers.³ Sixty percent of EITC claims go to single filers with children.⁴
- Pregnant women who receive the EITC are less likely to have low birth weights and later developmental problems that can be a result of low-birth weight.⁵

With all these benefits, why would we settle for \$580 million when there is \$710 million on the table? The \$130 million federal dollars that Oregonians are leaving unclaimed is the symptom of multiple issues. Lack of knowledge about the availability of the EITC, especially for people who don't think they need to file a tax return because they make so little money, is one reason people are not taking advantage of the credit. This bill is a simple way to address this problem. Thank you to the committee for your time today.

¹ Children First for Oregon. (2015, March 11). How a Retirement Program Fights Child Poverty. Retrieved November 30, 2015, from http://www.cffo.org/?data_center=how-a-retirement-program-fights-child-poverty

² Duncan, G., Kalil, A., Magnuson, K., & Murnane, R. (2014, March 28). *Two policies to boost school readiness* (Rep.). Retrieved November 30, 2015, from Innovating to End Urban Poverty University of California, Irvine, University of Chicago, University of Wisconsin, Harvard University website: <https://socialinnovation.usc.edu/files/2014/03/Duncan-Two-Policies-to-Boost-School-Readiness.pdf>

³ Gassman-Pines, A. and Hill, Z. (2013), How Social Safety Net Programs Affect Family Economic Well-Being, Family Functioning, and Children's Development. *Child Development Perspectives*, 7: 172–181. doi: 10.1111/cdep.12037

⁴ Hoynes, H., & Patel, A. J. (2015). Effective Policy for Reducing Inequality? The Earned Income Tax Credit and the Distribution of Income. *National Bureau of Economic Research, No. 21340*(July). doi:10.3386/w21340