

United Way of Columbia-Willamette
Testimony in Support of SB398



House Committee on Business and Labor

Chair Holvey
Vice Chair Bynum
Vice-Chair Barreto

Chairs and Committee members, thank you for your time today. United Way works across all sectors within our community to break the cycle of childhood poverty in our region. We are dedicated to this cause because we know it pays long-term dividends for our children, their families, and our economy.

The federal Earned Income Tax Credit is the most effective poverty reduction program available to our residents. Multiple studies have shown that the **EITC lifts over half the children whose families receive the credit out of poverty**.^{1,2} Our largest self-sufficiency program and most effective anti-poverty tool is critically underutilized in Oregon. **More than 1 in 4 people eligible for the credit are not claiming it.**³

The United Way supports SB 398 because it helps educate tax payers about this important credit simply and directly. Families who are poor, despite steady work, make up over 72% of all Oregon Families.⁴ In Oregon, 45% of school children live in low income households.⁵ Last year, we helped over 10,000 families claim these tax credits that put cash in their pockets for food, rent, and other basic needs so their kids could focus on school. We believe we can work to Improve lives, strengthen communities and advance equity by mobilizing the caring power of people across our state.

Thank you for your attention.

Keith Thomajan, President & CEO

¹ 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

² Hungerford, T. L., & Thiess, R. (2013s, September 25). The Earned Income Tax Credit and the Child Tax Credit History, Purpose, Goals, and Effectiveness (Rep. No. Report | Budget, Taxes, and Public Investment). Retrieved November 30, 2015, from Economic Policy Institute website: <http://www.epi.org/publication/ib370-earned-income-tax-credit-and-the-child-tax-credit-history-purpose-goals-and-effectiveness/>

³ Oregon Center for Public Policy. "Oregon's Low EITC Participation Leaves Over \$100 Million Unclaimed." EITC Fact Sheet. January 24, 2017. Accessed February 17, 2017. http://www.ocpp.org/media/uploads/pdf/2017/02/fs20170124-eitc-participation_fnl.pdf.

⁴ United Way Columbia-Willamette (2017) http://www.unitedway-pdx.org/freethefuture/?utm_source=website&utm_medium=external%20website&utm_content=homepage%20feature&utm_campaign=digital%20report%202016

⁵ Oregon Department of Education. *Oregon Statewide Report Card 2014-2015*. Retrieved <http://www.ode.state.or.us/data/annreportcard/rptcard2015.pdf>. p32