



Tom Chamberlain, *President*  
Barbara Byrd, *Secretary-Treasurer*

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TO: Chair Kuny-Guyer  
Vice-Chair Sanchez  
Vice-Chair Noble  
Members of the House Committee on Human Services and Housing

FR: Lindsey Franklin, Legislative Staff, Oregon AFL-CIO  
RE: Support for HB 3028-2

My name is Lindsey Franklin, representing the over 300,000 working Oregonians of the Oregon AFL-CIO. We consider ourselves a voice for all workers in the legislative process. Thank you for the opportunity to testify in support of HB HB 3028.

At a time with a booming economy in Oregon, many low wage workers are being left behind and can't afford the basic necessities. Oregon's Earned Income Tax Credit (EITC) provides a safety net for many of our lowest earning workers. As the current credit is set to expire in 2020, this gives the legislature an opportunity to improve the credit for working families who are struggling across this state as well as put Oregon on par with other states.

The reach of this credit goes beyond the scope of an individual and their family but positively impacts communities and the state as a whole<sup>1</sup>. This credit leads to a decreased reliance on public assistance<sup>2</sup> and rural communities reap the benefits at a disproportionately higher rate.<sup>3</sup>

The credit currently affects 900,000 Oregonians, including 40% of Oregon's children. We know that this credit can help communities increase school performance including graduation and college attendance rates<sup>4</sup>. By expanding the credit to all qualifying tax filers, it makes the credit

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<sup>1</sup> Oregon Department of Revenue data for 2016 tax year

<sup>2</sup> A \$1,000 increase in the maximum federal EITC results in a \$350 increase in the average EITC credit and reduction of \$127.80 in state welfare costs in states that have ever had a state EITC. Op. Cit., Jacob E. Bastian, Maggie R. Jones, 2018, pp. 17, 42

<sup>3</sup> Rural Oregon legislative districts are defined as those not containing a Metropolitan Statistical Area, which include House Districts 1, 4, 5, 10, 17, 23, 53, 55, 56, 57, 58, 59, and 60. OCPP analysis of IRS and Tax Policy Center data, available at <https://www.ocpp.org/media/uploads/pdf/2019/02/20190216-EITC-House-fnl.pdf>.

<sup>4</sup> "An increase in the maximum EITC of \$1,000 .... significantly increases math achievement by about 0.072 nationally normed standard deviations[,] .... also increases the probability of graduating high school or receiving a GED at age 19 by about 2.1 percentage points and increases the probability of completing one or more years of college by age 19 by about 1.4 percentage points. Michelle Maxfield, The Effects of the Earned income Tax Credit on Child Achievement and Long-term Educational Attainment, Michigan State University Job Market Paper, November 14, 2013, available at <https://msu.edu/~maxfiel7/20131114%20Maxfield%20EITC%20Child%20Education.pdf>. Also, Dayannand S. Manoli, Nicholas Turner, Cash-on-hand and College Enrollment: Evidence From Population Tax Data and Policy Nonlinearities, NBER Working Paper No. 19836, January 2014, available at <https://www.nber.org/papers/w19836.pdf>. Also, Jacob Bastian, Katherine Michelmore, The Long-Term Impact of the Earned Income Tax Credit on Children's Education and Employment Outcomes, Journal of Labor Economics, 2018, Vol. 36, No. 4, available at [https://drive.google.com/file/d/0B4jTC3zaouX\\_WI9RaU95cHJpZE0/view](https://drive.google.com/file/d/0B4jTC3zaouX_WI9RaU95cHJpZE0/view).



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more equitable and will expand the reach to more hardworking but low-earning workers and their families.

In your efforts to encourage an economy that works for all Oregonians, including the lowest earners in our state, we believe that HB 3028 is an important component in addressing income inequality across our state.

Thank you again for the opportunity to testify in support of HB 3028.