



# RENEW & RAISE

O R E G O N

To: Joint Committee on Student Success  
From: EITC Renew and Raise Coalition  
Date: April 18, 2019  
Re: The Earned Income Tax Credit maximizes investments in student success

Co-Chairs Smith Warner and Roblan, and members of the committee:

Oregon's communities share a core value — we want our children to succeed. Our coalition members support improving student outcomes through targeted educational investments. We urge the committee to maximize its investment in classrooms by also strengthening a tool with a proven track record of boosting student achievement and outcomes — the Earned Income Tax Credit (EITC).

The EITC is one of the most effective tools to broadly expand economic opportunity. The EITC changes lives by providing a refundable tax credit to modest-wage working households — resources that boost household income for 370,000 Oregon children facing barriers to educational success.

EITC recipients use the refund to invest in and envision a better future: purchasing or repairing a car to get to work or school, going to school for career training, paying off debt, or saving for a house. Because of its effectiveness, the credit has long enjoyed bipartisan support — both in Congress and in the Oregon Legislature.

## **The EITC helps children succeed. Research shows the EITC:**

- **Improves birth outcomes.** A \$1,000 increase in EITC is linked to a 7% reduction in low birth weights for households led by single mothers with high school education or less.
- **Strengthens educational achievement.** Research suggests that even relatively small increases in income help children in cash-strapped families do better in school. An increase of \$1,000 in tax credit raises a child's math and reading test scores, and the boost was larger for children from lower-income households.
- **Increases college enrollment.** The EITC has been found to encourage low-income students to enroll in college. EITC resources also go to help students with living expenses, enabling them to stay in college.
- **Boosts incomes later in life.** Children who live in households receiving the EITC earn more as adults. Specifically, a \$3,000 yearly tax benefit results in 17% higher earnings when the child becomes an adult.
- **Addresses disparities.** Despite a parent's work effort, many jobs simply don't pay enough to afford basic necessities today. Economic instability falls

particularly hard on communities of color. For example, Latinx, African American, and Asian children living in poverty are more likely to have a parent who works full time. These economic disparities can have lasting impacts on children's educational outcomes, health, and future earnings.

We urge the committee to maximize its investments by shoring up conditions outside the classroom for student success by renewing and raising Oregon's effective Earned Income Tax Credit in 2019.

Contact: Janet Bauer, Oregon Center for Public Policy, [jbauer@ocpp.org](mailto:jbauer@ocpp.org).

*Renew and Raise Oregon is a coalition of over 50 organizations including businesses, labor unions, nonprofits, culturally-specific organizations, community action agencies, and faith-based groups with a common goal of renewing and raising Oregon's EITC in 2019.*