

Extending Culturally Specific, Culturally Responsive, and Rural Taxpayer Outreach Would Greatly Boost Take-Up of Federal Benefits for Low-Income Families

The Earned Income Tax Credit (EITC) is one of the most effective programs to help families transition from poverty to self-sufficiency. The Bill would enable culturally specific, culturally responsive, and rural community-based organizations to better assist their clients in filing tax returns and receiving needed benefits that too often go unclaimed.

Potential for Significant Return

The Bill enables culturally specific, culturally responsive and rural service organizations to help low-income clients become aware of benefits, navigate the system, and file returns. With \$4 million short session legislative funding to the Oregon Department of Human Services Self Sufficiency Program, the Bill would help eligible Oregonians capture up to \$73 million in available federal benefits.

The Challenge

On a local level, Oregon has persistently ranked near the bottom of U.S. states in access to the Earned Income Tax Credit (EITC). In recognition of this problem, Governor Brown has made it a priority to modernize and improve EITC access and take-up rates. Research from her recent [EITC participation workgroup](#) shows that barriers around geography, language, and trust limits Oregonians' ability to file their tax returns. Now with the impact of Covid-19 on family job security and income, the need is even greater to overcome these barriers. It's imperative that Oregon execute a strategy to improve tax filing for both EITC access and other tax credits that are available to low-income families.

Improving access to these federal monies has the potential to cut Oregon child poverty in half – but only if Oregonians have the support to file their taxes and access these funds.

The Opportunity

If Oregon were to increase its EITC take-up rate from its current 73.1 percent to the national average of 78.6 percent, low-income families would have access to \$27 million in EITC funds and \$5 million in Child Tax Credit (CTC) Funds annually. This initial investment will offer a much-needed boost to our current tax support system, but more work is needed to refine the delivery system and explore other policies that enhance access and uptake of the EITC and CTC. If we are to achieve our goal of an 85 percent take up rate, low-income Oregonians would have access to up to \$73 million in EITC and CTC benefits annually.

The Strategy

The current network for culturally specific, culturally responsive, and rural providers is under resourced and in need of expansion. There are well-established providers as well as emerging providers that offer inclusive and effective tax services that need support. A sustainable grant funding program that increases the capacity of these providers is imperative to maximize the EITC take-up rate and improve access to other tax credits and payments available to low-income families. The proposed Bill will help strengthen the current tax support network and provide new opportunities for tax providers and navigation partners to reach Oregon's most vulnerable families. Specifically, it will:

- Strengthen the current network of culturally specific, culturally responsive, and rural providers
- Fund new infrastructure through capacity grants in geographically diverse communities to deliver tax preparation and tax navigation services to expand access to benefits
- Significantly improve recruitment and retention of qualified tax preparers, both volunteer and paid
- Strengthen the technology and training systems for delivering tax preparation
- Strengthen taxpayer outreach, education, and connection to communities by culturally specific, culturally responsive and rural partners

Budget Allocation Estimates for \$4M Investment

A \$4M investment to OHDS Self-Sufficiency in the 2022 Legislative Short Session would shore up our current tax support network and build new culturally specific, culturally responsive, and rural services across the state.

Shore Up Infrastructure & Administer Program (\$15%)

- Grants to culturally specific, culturally responsive, and rural providers to shore up infrastructure and provide ongoing support for sustainability
- Recruit and retain tax navigation and tax prep volunteers and other support staff
- Provide training tools for tax navigation and tax preparation to volunteers and support staff to reduce barriers (i.e., language, access to computers) for people needing these services
- Governance support through ODHS Self-Sufficiency Program to include goals, accountability, and other reporting measures

Build New Infrastructure Through Flexible Funding Options (60%)

- Grants to culturally specific, culturally responsive, and rural organizations to build tax navigation and support infrastructure across the state, including regional hubs of support
- Flexible funding will enable new models of tax navigation, preparation and other programs and services that reduce barriers to filing (e.g., paid tax preparers)
- Funding can explore incentive options and other ways to grow tax filings for eligible non-filers

Tribal Government Tax Support (15%)

- Invest in Tribal Government tax support and navigation services
- Flexible funding to address unique needs of tribal populations

Technical Assistance for New Infrastructure (10%)

- Statewide technical assistance and case management support for onboarding, hiring, and retaining volunteers or other support workers
- Training management system of support for tax navigation and preparation
- Best practice review of other state systems and current Oregon providers

