

TO: House Committee on Rules
FROM: Matt Newell-Ching, Public Policy Manager
RE: **Support for HB 4157: Direct Cost-of-Living Support for our Communities**
DATE: February 17, 2022



Chair Smith Warner, Vice-Chairs Breese-Iverson and Fahey, and members of the committee,

Oregon Food Bank centers people with lived experiences of hunger in everything we do. Put simply, it's hard to think of a more effective way to center the needs of families facing hardship is to deliver direct cash assistance. That's what HB 4157 does. It provides direct one-time cost-of-living support payments of \$600 per filer to Oregonians who claimed the Earned Income Tax Credit (EITC) in 2020 - many of whom face challenges affording food.

These payments are in recognition that as we emerge from the pandemic, Oregonians face challenges keeping up with the cost of living. We appreciate the work that has been done with the Department of Revenue to ensure these payments can be delivered by July of this year.

Direct Cash Assistance Leads to Better Outcomes for Kids and Families

We believe families experiencing hardship are in the best position to determine the biggest needs for their families, which is why it's not surprising that emerging research paints a clear picture that **direct cash support is good for families and communities**. The benefits are consistent and far-reaching: significant improvements in areas including the ability to pay bills, save and plan for the future, afford food, and improved mental and physical health.

Below are a few examples of how direct cash assistance supports families and communities:

- **The Advance Child Tax Credit significantly helped families afford food**
When the federal advance Child Tax Credit (CTC) became available in monthly direct payments to families in July 2021, we saw a **26% decrease in the number of families reporting "food insufficiency."**¹ Sadly, the advance monthly CTC expired in December at the federal level - a blow to families in Oregon and nationwide. While we hope Congress renews this policy, we in Oregon have the ability to act now to support families.
- **The Earned Income Tax Credit: Over 4 decades of proven success**
Decades of research show significant positive outcomes for households who participate in the Earned Income Tax Credit relating to health, success in school, future earnings for kids, and economic mobility². The EITC supports households with low incomes with a

¹ Shafer, Gutiérrez, Ettinger de Cuba, JAMA Open Network, 2022. Association of the Implementation of Child Tax Credit Advance Payments With Food Insufficiency in US Households. <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2788110>

² Center for Law and Social Policy (CLASP), 2017. Research Shows Long-Lasting Benefits of EITC. <https://www.clasp.org/sites/default/files/publications/2017/10/Research%20shows%20long-lasting%20benefits%20of%20EITC.pdf>

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refundable tax credit. It's worth noting that Oregonians are eligible both for the federal credit as well as a state credit, though many states such as Kansas, Maryland, and New Jersey have higher state credits than Oregon³. In addition to passing HB 4157, Oregon should consider raising its state EITC percentage in future years.

- **Demonstration Projects Providing Direct Cash Assistance Consistently Show Success**
Emerging research consistently shows that unconditional cash assistance improves quality of life and outcomes for families, kids, and communities. Moreover, these programs do not deter work - quite the opposite. Many cities and states have launched pilot programs showing that when families have the resources to pay bills and plan for the future, everybody benefits.
 - A two-year project in Stockton, California provided \$500/month to 125 residents for two years. After just one year, results showed that “full-time employment among them had increased, and depression and anxiety had decreased.”⁴
 - A recent 1-year pilot provided \$1,000/month with 20 participants in the Magnolia Mother’s Trust in Jackson, Mississippi for one year. Participants reported an increased ability to pay bills, afford food, and save for emergencies.⁵

In addition to HB 4157, Oregon Food Bank supports cost of living support to filers with Individual Taxpayer Identification Numbers (ITINs) as a separate budget appropriation. Recall that legislature overwhelmingly supported ending the ITIN exclusion for EITC as part of HB 2433 in 2021, including unanimous support in the Oregon House. However, since the cost of living payments in HB 4157 use filings from tax year 2020, this separate appropriation is necessary to ensure equitable issuance of this support consistent with current law.

We believe it is not enough to simply return to normal. Normal wasn’t working for too many of us. Even as this wave of the pandemic begins to subside, we know families face challenges and anxiety, including worries about affording basics like food. The cost of living support provided in HB 4157 offers meaningful support to families at a time when the need is still critical. **Oregon Food Bank requests support for HB 4157.**

³ Waxman, Legendre, Center on Budget and Policy Priorities, 2021. States Can Adopt or Expand Earned Income Tax Credits to Build Equitable, Inclusive Communities and Economies. <https://www.cbpp.org/research/state-budget-and-tax/states-can-adopt-or-expand-earned-income-tax-credits-to-build>

⁴ Bendix, Business Insider, 2021.. A California city gave some residents \$500 per month. After a year, the group wound up with more full-time jobs and less depression.

<https://www.businessinsider.com/stockton-basic-income-experiment-success-employment-wellbeing-2021-3>

⁵ Springboard to Opportunities 2020 Evaluation Report:

<https://springboardto.org/wp-content/uploads/2021/05/MMT-2.0-Evaluation-Two-Pager.pdf>

