
To: Chair Keny-Guyer and House Committee on Human Services & Housing

From: Mary Li, Director
The MIL (Multnomah Idea Lab)

Date: March 25, 2019

RE: Statement of Support for HB 3028

Dear Chair Keny-Guyer and the members of the House Committee on Human Services & Housing,

I respectfully submit the following written testimony in support of HB 3028, which proposes to increase the match of state funding to the federal Earned Income Tax Credit (EITC) from 8% to 12% for all workers, and from 11% to 18% for workers with children aged 0-2 years, and to 15% for workers with children aged 3-5 years.

We recognize that poverty despite work is the rule, not the exception. Further, poverty disproportionately disadvantages families and children of color.

The EITC is one of the most sensible aspects of our tax code to address this problem. It is a tax credit for working people with low incomes, and a few thousand dollars allows them to stay current on bills or to afford a car repair so they can get to work. EITC is especially important in Multnomah County where the highest number of EITC recipients, and families of color, live. When working people can keep up basic spending, it boosts families, communities, and our economy.

We know this because in 2016 and 2017, the Department of County Human Services (DCHS) partnered with the nonprofit organization, CASH Oregon, to learn what EITC recipients did with their returns. Survey results of EITC spending in Multnomah County (See Table 1, p.2) indicated that people used EITC to pay basic expenses, cut debt, and save.

Working parents in Multnomah county pay an estimated average cost of \$1,400 per month on childcare¹. Interviews and surveys from the aforementioned survey indicated that EITC recipient's costs are rising much faster than their wages. These realities, plus the fact that housing and transportation have also increased dramatically since the last time the Legislature considered the State's EITC match for all eligible filers in 2014, are cause for a change.

¹ Peirce, D. (2017). The Self-Sufficiency Standard for Oregon. University of Washington. 2017.

With EITC, recipients can use their money to invest in the best strategy for their situation to get out of poverty. EITC dollars are also spent back in our communities, boosting local businesses and laying a foundation for future economic growth.

Thank you for your time and attention to the common sense, high-impact HB 3028.

Respectfully Submitted,

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Table 1.

How EITC returns were spent (N=153)	
Category	Percentage
Credit card loan repayment	12%
Student loans	3%
Car loans	5%
New car, car repairs	10%
Housing (rent, utilities, down payment)	20%
Children (activities, child support, clothing, child care, etc.)	6%
Savings	17%
College (classes, grad school, etc.)	8%
Medical Bills	5%
Travel	9%
General debt reduction	10%
Charity, donations	1%
Living expenses (e.g. food)	18%