



February 26, 2019

Chair Keny-Guyer, Vice Chairs Noble and Sanchez, and Members of the Committee:

On behalf of the American Association of University Women (AAUW) of OR, we respectfully request your support for House Bill HB 3028.

It is difficult to come up with a vehicle that can help individuals who are experiencing economic fragility that is more effective than EITC. Its benefits are immediate, but its positive impacts are significant and long lasting. It encourages work, while providing a much needed helping hand.

Women and women of color disproportionately work at lower paying jobs,¹ and this is a population that EITC seeks to assist. Women, for example, comprise less than half of the total workforce, but roughly 3 out of 5 workers in occupations with low pay. African American and Latino women comprise about twice as big a share of the low-wage workforce as they do of the workforce as a whole.² Women interested in maintaining their position in the workplace are also often faced with financial obstacles of childcare and transportation, or having to limit their hours to tend to personal and family matters. EITC provides much needed assistance in these areas.

Since its inception, EITC benefits have dramatically increased employment among single women with children and have moved more children from poverty than any other program. Its downstream impacts are considerable, including the generation of additional spending, improvements in the mental and physical health of mothers, a reduction in low birth weight among infants, and improvement in the performance of children on cognitive tests.³

EITC benefits also target veterans and military service members, and young and rural workers alike. By keeping people at work, EITC can increase the amount of Social Security retirement benefits, thereby reducing poverty among seniors.

It is also critically important to increase the Oregon's EITC percentage, particularly for those families with children under the age of 3. Research indicates that combining an increase in the minimum wage with an increase in EITC benefits is particularly helpful in boosting income, widening the path to the middle class and reducing the gap between high- and low-income

¹ The Gender Pay Gap by State: An Interactive Map, American Association of University Women, <https://www.aauw.org/resource/gender-pay-gap-by-state-and-congressional-district/>

² Erica Williams and Samantha Waxman, Earned Income Tax Credits and Minimum Wages Work Best Together, Center on Budget and Policy Priorities, February 7, 2018

³ Hilary W. Hoynes, A Revolution in Poverty Policy: The Earned Income Tax Credit and the Well-Being of American Families, Pathways, Summer 2014, pp. 23 – 27.

households.⁴ Oregon increased minimum wages in 2016 and so it is now time to take advantage of the multiplier effect inherent in these increases.

The recent Recession has hit low and middle wage workers with particular force. It is always challenging to make the climb up the ladder of success, but coupled with the shrinking of the middle class, achieving this goal is even more challenging, or as stated by Josh Lehner, an economist with the Oregon Office of Economic Analysis, “the lack of middle-wage jobs means some rungs of the ladder are missing.”⁵

Respectfully,

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⁴ Erica Williams and Samantha Waxman, cited above.

⁵ Luke Hammill & Mike Rogoway, Falling Behind by Staying in Place: Portland’s prosperity bypasses many, Oregonlive/The Oregonian, available at https://www.oregonlive.com/business/2016/09/amid_portlands_prosperity_some.html.