



# Oregon Kids' Credit

**A Lifeline for Hundreds of  
Thousands of Oregon Children**

**February 2023**

**We believe that all Oregonians deserve a real  
opportunity to thrive. This vision of an equitable  
Oregon won't be achieved by accident or by chance.**

**Good public policy is essential.**

# A lifeline for hundreds of thousands of Oregon children

By creating the Oregon Kids' Credit, the legislature can improve the economic well-being of the children and families struggling the most to get by. Parents across Oregon are struggling with the costs of housing, food, utilities, and other basic needs — a challenge made worse by rapid inflation. The most direct way to address this is to raise the incomes of Oregon families struggling to get by. Creating a refundable state child tax credit – the Oregon Kids' Credit – would be an effective and efficient way to deliver resources to the families in greatest need.

The Oregon Kids' Credit is targeted at those who need help most. Estimates show a tax credit of \$1,200 per child for Oregon families earning less than \$50,000 would lift up more than 200,000 children, and nearly 20,000 would be lifted out of poverty. Moreover, the Oregon Kids' Credit would disproportionately benefit Black, Indigenous, and Latino children, helping reduce racial and ethnic disparities. It would also disproportionately help children in rural areas, reducing geographic disparities.

## The Oregon Kids' Credit would deliver much needed cash to families

The tax code provides an established and efficient means of delivering cash-like assistance to families struggling to make ends meet. Targeted refundable tax credits in particular can be effective in helping families struggling to pay the bills, as they both lower a family's tax liability and return any remaining portion of the credit in the form of a tax refund.

The Oregon Kids' Credit (HB 3235) would establish a refundable Oregon child tax credit of \$1,200 per child age 17 and under. Tax filers who file jointly or as head of household would be eligible for the full credit if they earn up to \$40,000. Eligibility would gradually phase out by \$50,000. Any family who has eligible dependents, meets the income requirements, and files a tax return would be eligible for the Oregon Kids' Credit.

The Oregon Kids' Credit would deliver much needed resources to families struggling with the rising costs of raising children. For example, a two-parent household with three children making \$20,000 a year would be eligible for a \$3,600 tax credit. The Oregon Kids' Credit would represent an 18 percent increase in that family's annual income.



# Oregon Kids' Credit would lift up over 200,000 Oregon children

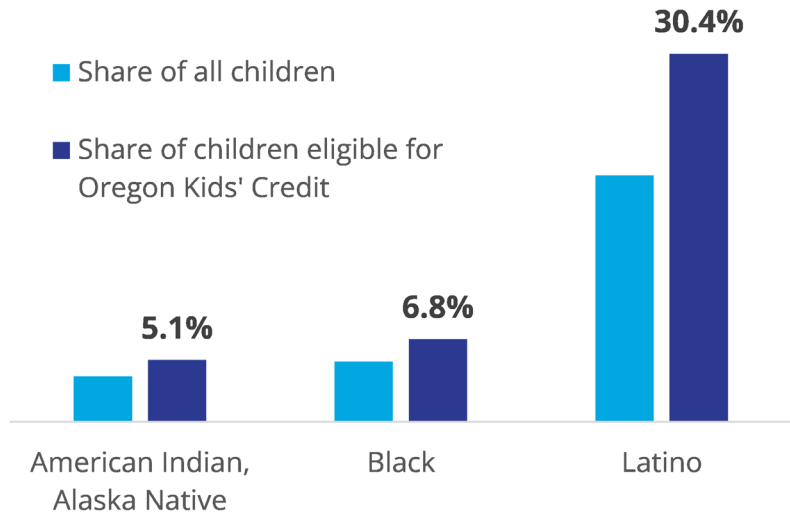
The need for the Oregon Kids' Credit is great. Before the pandemic, more than two in every five Oregon households lacked the resources necessary to make ends meet. Since then, families have faced increased economic uncertainty and rising costs of everyday essentials.

The Oregon Kids' Credit would lift up more than 200,000 Oregon children. Also, more than 200,000 adults would have additional resources in their household budgets to better afford housing, food, and other necessities. All told, the Oregon Kids' Credit would improve the economic well-being of more than half a million Oregonians. The credit would lift nearly 20,000 Oregon children out of poverty.

The Oregon Kids' Credit would also help reduce disparities by race and ethnicity. While children of all races and ethnicities stand to benefit from the Oregon Kids' Credit, it would disproportionately benefit Black, Indigenous, and Latino children. Oregon's legacy of exclusionary policies and racist structures means that families of color are more likely to struggle to make ends meet. In part, the Oregon Kids' Credit would help close that gap.

## Oregon Kids' Credit would disproportionately benefit Black, Indigenous, and Latino children

Share of all children under 18 and share of all children under 18 eligible for Oregon Kids' Credit by race and ethnicity



Source: OCPP analysis of American Community Survey data.



### How would the Oregon Kids' Credit help?

A **family of 5 earns \$20,000 a year**, meaning they are **struggling to afford the rising costs of raising kids**.

With the **Oregon Kids' Credit** they would receive an extra **\$3,600**.

That extra cash in their pockets is an **18% boost in their income**.

## The Oregon Kids' Credit would disproportionately benefit rural children

County	Estimated # of kids	Share of all children	Share of all children
	eligible for Oregon Kids' Credit	eligible for Oregon Kids' Credit	
Baker	1,450	0.5%	0.4%
Benton	6,760	2.3%	2.1%
Clackamas	19,330	6.7%	10.2%
Clatsop	2,720	0.9%	0.9%
Columbia	3,480	1.2%	1.1%
Coos	5,220	1.8%	1.3%
Crook	1,750	0.6%	0.6%
Curry	1,890	0.7%	0.5%
Deschutes	12,390	4.3%	4.5%
Douglas	10,280	3.6%	2.4%
Gilliam	140	0.0%	0.0%
Grant	510	0.2%	0.2%
Harney	810	0.3%	0.2%
Hood River	1,690	0.6%	0.6%
Jackson	17,810	6.2%	5.1%
Jefferson	1,730	0.6%	0.6%
Josephine	7,090	2.5%	1.8%
Klamath	7,490	2.6%	1.8%
Lake	880	0.3%	0.2%
Lane	27,730	9.6%	8.1%
Lincoln	3,330	1.2%	1.1%
Linn	9,130	3.2%	2.9%
Malheur	3,410	1.2%	0.8%
Marion	32,580	11.3%	9.8%
Morrow	860	0.3%	0.3%
Multnomah	50,190	17.4%	17.5%
Polk	6,250	2.2%	2.2%
Sherman	130	0.0%	0.0%
Tillamook	1,810	0.6%	0.6%
Umatilla	6,950	2.4%	2.1%
Union	2,280	0.8%	0.7%
Wallowa	640	0.2%	0.2%
Wasco	1,890	0.7%	0.7%
Washington	29,510	10.2%	15.7%
Wheeler	100	0.0%	0.0%
Yamhill	7,700	2.7%	2.7%

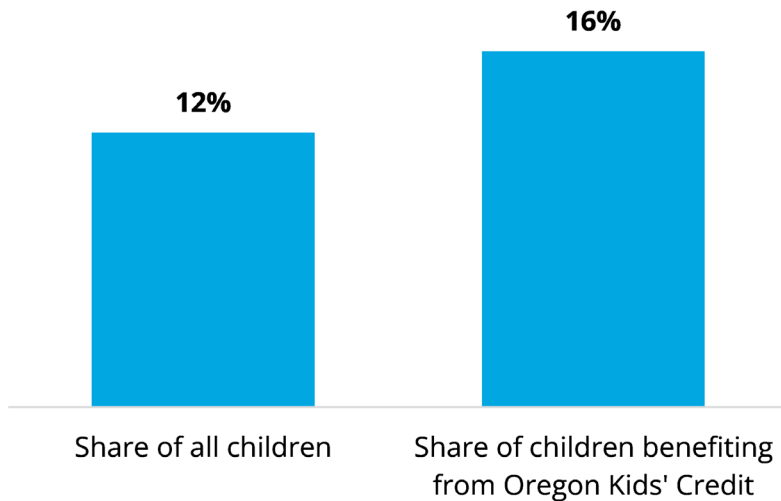
The Oregon Kids' Credit would deliver much needed additional resources to parents struggling to get by in every corner of our state. Children in all 36 counties stand to benefit.

The Oregon Kids' Credit would disproportionately benefit children living in rural Oregon. Oregon children living in rural counties make up about 12 percent of all Oregon children, yet are about 16 percent of all children eligible for the Oregon Kids' Credit.

Source: OCPP analysis of American Community Survey Public Use Microdata Survey (PUMS) data. Modeling of the Oregon Kids' Credit was provided to OCPP by the Center on Budget and Policy Priorities.

## Children living in rural Oregon are more likely to receive the Oregon Kids' Credit

Share of all children and children eligible for the Oregon Kids' Credit living in rural Oregon counties



**Source:** OCPP analysis of American Community Survey data. Rural counties are those defined as non-urban in Oregon's minimum wage law.

## Recent experience shows cash works

The benefits of refundable tax credits are well documented. In 2021, Congress temporarily expanded the federal Child Tax Credit as part of the American Rescue Plan. Congress made the credit larger and fully available to the lowest-income families. The result was historic. Thanks in large part to the expanded federal Child Tax Credit, child poverty nationally dropped by nearly half to its lowest rate on record. The gap in poverty experienced by Black, Indigenous, and other children of color and their white peers also narrowed nationwide.

The enhanced Child Tax Credit dollars went to pay for essentials, according to real-time data collected by the Census Bureau in 2021. Among Oregon families earning less than \$35,000 per year, 87 percent spent their expanded federal Child Tax Credit on basic needs such as food, clothing, shelter, or utilities.



Besides helping families make ends meet, extra cash has long-term benefits for children. Studies have found that delivering additional money to families with low incomes can have a wide range of positive impacts such as improved health outcomes for children and parents, and increased earnings of child beneficiaries when they reach adulthood. A 2022 National Bureau of Economic Research study estimated that making the expanded federal Child Tax Credit permanent would result in a return on investment of more than ten times.

Unfortunately, the historic expansion of the federal Child Tax Credit expired at the end of 2021. To date, Congress has failed to reinstate and make permanent the enhanced version of the credit. As a result, an estimated 192,000 Oregon children, and millions more nationwide, lost access to the full credit and have likely slipped back into poverty.

## 9 in 10 low-income Oregon families spent their expanded CTC funds on basic needs

Keeping food on the table



Clothes for growing kids

Rent and mortgage payments



Utility bills to keep the lights on

**Source:** CBPP analysis of U.S. Census Bureau Household Pulse Survey public use files for survey weeks 34-38.



## Oregon families need the Oregon Kids' Credit

Oregon families are struggling to get by, and the ability of parents to provide a safe and stable upbringing for their children is only made more difficult by the rising costs of living. Oregon lawmakers have an opportunity this year to lift up more than 200,000 Oregon children by enacting the Oregon Kids' Credit.

For a full list of citations, please read this report on our website [bit.ly/kids-credit-lifeline](https://bit.ly/kids-credit-lifeline)



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