

To: House Revenue Committee
From: Dana Hepper, Children's Institute
Date: Tuesday, February 25, 2025
Re: HB 2958 - Earned Income Tax Credit

Chair Nathanson, Vice-Chairs Reschke and Walters, and Members of the Committee,

My name is Dana Hepper, and I am the Director of Policy & Advocacy at the Children's Institute. Our vision is to make Oregon the best place to be a kid. We strongly support HB 2958 to renew and strengthen the Earned Income Tax Credit (EITC). **I especially want to lift up the enhanced EITC for families with a 0-3 year old.**

Early childhood is the foundation for all future learning and life

experiences. Early experiences, good and bad, have a profound and lasting impact on brain development. During the first three years, more than 1 million neural connections form every second. The brain grows faster at this stage than at any other time of life. Half of Adverse Childhood Experiences (ACEs) occur by age 3. Experiencing 4 or more ACEs without treatment is correlated with challenges later in life, including substance abuse and behavioral health - exactly the crises our state is trying to address with expensive, late-stage strategies. Prevention and early intervention are critical in breaking this cycle. Strengthening economic support to families is a strategy [recommended by the CDC](#) to prevent ACEs.

Renewing and expanding the EITC, especially for children age 0-3, literally has the power to shape developing brains. Overwhelming research shows that poverty is highly (and obviously) correlated with material hardship, "including inadequate shelter and medical care, food insecurity, and a lack of

other essentials” ([NIH](#), 2018). These experiences during early childhood inhibit development.

Oregon has proven strategies to increase the resources available to families, ease family financial stress, reduce harm to children, and increase family well-being. These strategies include EITC (in HB 2958) and Child Tax Credit (in SB 964). HB 2958 makes important improvements to EITC to maximize the potential benefits on early childhood development, including:

- Allowing the EITC payments to come to families on a quarterly basis instead of only once a year.
- Increase the state credit available to 25% of the federal credit for families with a child under 3 years old.

If we believe all the research and people’s stories that early childhood experiences are foundational, we must choose children across policy areas – not just in education or health, but also in our tax code and economic policy. This is the right thing to do and it’s economically sound.

Strengthening Oregon’s Earned Income Tax Credit would be an effective and efficient way to deliver resources to families struggling to make ends meet.

Please support Oregon’s working families, and their young children, and advance HB 2958.