



Helping Oregon Families in a Tough Economy

Financial stability is an increasingly elusive goal for many Oregon families. The current recession has driven up Oregon's unemployment rate dramatically over the past few months, driving many families into poverty. However, even for those who have retained employment, work is no longer a guarantee of reaching and maintaining economic success. The percentage of working poor families is on the rise. In Oregon, 30% of working families are low-income and nearly 40% of Oregon's children are in one of these low-income families, both of which are worse than the national averages.¹

Working poor families lack the earnings necessary to meet their basic needs. Wages have not kept up with the cost of essential expenses, such as health care, food and housing, forcing parents to make difficult choices, such as whether to buy food or pay the rent. We see evidence of this in Oregon's worsening hunger problem. After years of improvement, the federal Agriculture Department's new numbers put the hunger rate in our state at 5.5 percent, among the top five most

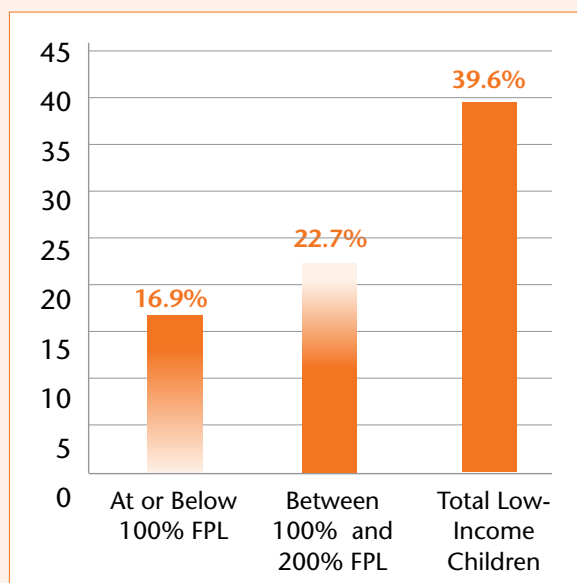


hungry states in the nation.² That means more than one in 20 Oregon households reported “very low” food security, meaning household members strayed from their normal eating patterns or ate less than usual because they were out of money for food.

Working poor families struggle under poverty conditions despite parents working long hours. According to recent analysis of census data, “Adults

What is Low-Income?

The federal poverty level (FPL) is extremely low – in 2007, \$20,650 for a family of four. Looking only at children below the FPL grossly understates families' financial challenges because the poverty thresholds as defined by the federal government are based on outdated assumptions about family budgets. The percentage of children living in low-income households (200 percent or double the federal poverty level) is a better indicator of the financial vulnerability that can propel children into extreme poverty and force them to experience hunger or homelessness. Moreover, studies have shown that a sound family budget, expenses and save a small amount every month for emergencies, is closer to 250 percent of the federal poverty level.



Source: 2007 American Community Survey

in low-income working families worked on average 2,552 hours per year in 2006, the equivalent of almost one-and-a-quarter full-time workers.”³

Children lose out when families experience financial instability. Growing up in poverty puts children at increased risk for a variety of negative outcomes. Children raised in poverty are more likely than other children to:

- Have limited or no access to adequate and preventive health care;
- Have chronic health problems, such as asthma and anemia;
- Die during childhood;
- Experience food insecurity and hunger;
- Have learning disabilities or developmental delays;
- Score lower on standardized tests;
- Repeat a grade;
- Drop out of school;
- Suffer from emotional and/or behavioral problems;
- Be poor as adults.⁴

Recent estimates are that, as a result of the economic downturn, an additional 2.6 to 3.3 million children across the country will fall into poverty, which will prove to be a significant long-term drag on the national economy. A recent report from First Focus, a national child advocacy organization, analyzes the costs of childhood

poverty, including its effects on lifetime earnings and health outcomes. This report shows that children who spend more than half of their childhood in poverty earn, on average, 39% less than the median income. Furthermore, a poor child loses approximately a quarter of a million dollars worth of “health quality” over the course of their lifetimes. The report concludes that,

“an addition of 3 million children to the ranks of the ‘poor,’ would mean an overall economic loss of at least \$1.7 trillion over the lifetime of these children. That amounts to a yearly loss of about



0.27% of GDP, or \$35 billion dollars per year.”⁵

There has been a good amount of attention around the financial stability of businesses and banks, but we have heard very little about measures to help families in these tough economic times. In this economic downturn, it is even more important that we work to keep children and families from slipping into the ranks of poverty. All Oregon children should have a chance to live up to their full potential regardless of where they begin. A financially stable family gives a child the best chance at a healthy, safe, and successful life. Implementing measures to help struggling families will help us build a better future for our children, and strengthen Oregon’s economy.

Families Need Help Affording Health Care Costs

Growing up healthy, both physically and mentally, is essential for a child’s success. Health needs that go unmet significantly impact a child’s well-being and reduce her or his ability to learn and grow into a productive adult. Access to health care is not only vital to a child’s health and well-being; it is an essential component of every family’s financial stability. The skyrocketing costs of health insurance and reductions in benefits create an increasing financial burden on employees and their families. This ever-increasing monetary drain makes it harder every year for families to make ends meet. And for those families who are uninsured, even a

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minor medical issue can create extreme financial turmoil, putting families in a financial situation from which they cannot recover. One recent survey showed that adults with unpaid medical bills faced dire financial problems: 29 percent were unable to pay for basic necessities like food, heat, or rent because of their bills; 39 percent used their savings to pay bills; and 30 percent took on credit card debt.⁶ In fact, medical debt is the leading cause of bankruptcy.⁷

Public investments in the last decade – the Oregon Health Plan and the State Children’s Health Insurance Program – helped to reduce children’s uninsurance rates. Unfortunately, the number of children without health insurance is on the rise again. In Oregon, 12.6 percent of children statewide had no health insurance on any given day during 2006, with some areas of the state experiencing child uninsurance rates as high as 19 percent (see map this page).⁸

The consequences of going without health coverage can have lifelong impacts. Children without health insurance are ten times more likely than insured children to miss out on needed medical care.⁹ They are more likely to suffer from earaches, sore throats and asthma – common childhood illnesses that force students to miss school and hamper educational success.¹⁰ They are also three times more likely to go without needed

prescriptions.¹¹ Missing medical treatment early on increases the likelihood of more serious and expensive health conditions in the future.

Nearly one in five children (18%) under the age of 18 has a special health care need because they either have or are at increased risk for a chronic condition and require services beyond that of the typical child.¹² Even though these children have increased health care needs, they still are about as likely as other children to be uninsured and to face the barriers to care caused by lack of insurance. Among children with special health needs, over 30% of uninsured children are unable to get needed care compared to 10% of insured children.¹³

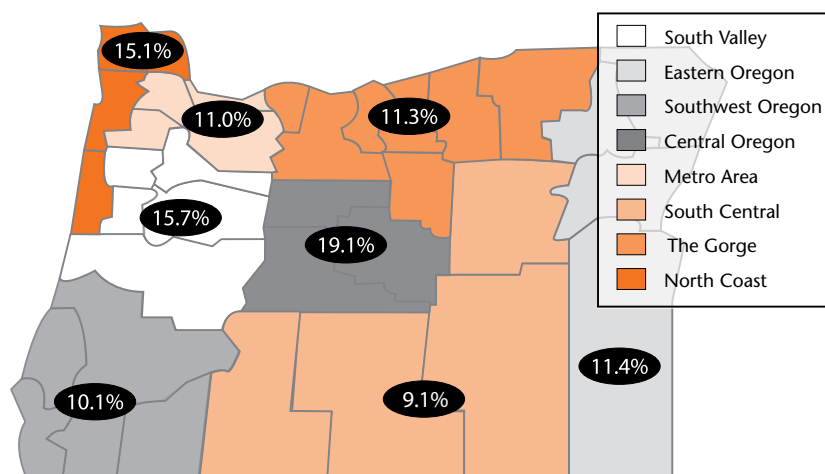
Even healthy children need regular check-ups, immunizations, dental, and vision care so they can stay healthy, but uninsured children are less likely to receive these types of preventive services. Children without insurance are eight times more likely to go without a regular source of care or receive preventive and primary medical care.¹⁴

A child’s health insurance helps to cushion families from the financial stress that can accompany injury or illness. The high cost of health insurance is a growing problem for most

Oregon families, but especially for those earning low wages. Too many families have no access to and can’t afford to pay for health coverage for their children, but a child without health insurance will put significant financial strain on a family. Medical debt is a rapidly growing problem in Oregon and across the country. Having health insurance reduces the risk of medical bankruptcy, which hurts both individuals and their creditors.¹⁵

Children without health insurance are ten times more likely than insured children to miss out on needed medical care

Uninsured Children by Region



Source: Oregon Population Survey, 2006, as reported by the Office for Oregon Health Policy Research

Covering Kids is Good for the Economy

The economy benefits when families have affordable health care options. Children with insurance miss fewer days from school, and because of this their parents also miss less time from work. Children who have access to health insurance are able to reach their full potential, and are less likely to have developmental delays that may impact their ability to learn.¹⁶ Studies indicate that improving the health of a child will improve their educational attainment and increase their earning potential by 10 to 30 percent.¹⁷ Investing in children's health yields many benefits, including improved development, improved school performance, and long-term savings in health care costs, all of which is good for kids and good for the overall economy.

Making sure all children have access to affordable, quality health care is more cost-effective for the health care system as a whole. Children who don't receive preventive or early health care are more likely to end up in emergency rooms or require more expensive treatments in the long run. Uninsured children are five times more likely to use the emergency room as a regular

source of care.¹⁸ Children who do not have a primary care physician (which is more common among the uninsured) are nine times more likely to be hospitalized for a preventable problem than other types of health problems.¹⁹ This results in increased costs to everyone because hospitals and insurers pass on these costs to the insured through higher premiums. One study shows that the average increase in family insurance premiums

to pay for the cost of the uninsured is currently estimated to be \$1,128 in Oregon, a rate 22 percent higher than the average increase for the nation.²⁰ It's estimated that by 2010 the average increase in family insurance premiums will be \$1,886, ballooning the total cost to over \$18,000 a year for the average Oregon family.²¹

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Health insurance in Oregon, as in the rest of the United States, has traditionally been job-based; however, as the unemployment rate rises, more and more Oregon families find themselves without health care coverage. Furthermore, the skyrocketing cost of providing health coverage has forced many employers to drop or drastically cut coverage for employees and their families. The percentage of all employers offering health insurance has fallen steadily since 2000, from 69% down to 60% in 2007. For small businesses (from three to nine workers), the percentage offering insurance has dropped even more — from 58% in 2001 to 45% in 2007.²²

As insurance premiums soar, often rising at several times the rate of inflation and far outpacing increases in wages, employees are required (but often unable) to pay a greater share of the costs. The average amount workers pay toward the premium for a typical family policy rose from \$129 a month in 1999 (about \$160 in today's dollars) to \$273 in 2007, a jump of 70% when adjusted for inflation.²³ This means fewer and fewer families are able to afford coverage even when it is offered through parents' employers.

Furthermore, expanding Oregon's health care programs will bring more federal matching dollars into the state at a time when Oregon sorely needs it. This injection of new money into the state would have a positive, measurable impact on the state economy by directly impacting health care service providers and generating activity in other sectors.²⁴

Families Need Access to Paid Family Leave

Because of significant changes in family life over the last few decades, more Oregon parents juggle work and family responsibilities than ever before. The ability to care for family members when necessary is critical to family well-being, particularly children. There are high costs to employers, children, and the whole economy when families struggle because workers are not provided with paid time for family leave. As a result, paid family leave — providing employees with paid time off from work to deal with family medical issues, such as the birth of a child or taking care of a sick family member — has become a critical issue for Oregon's economy. A new coalition has emerged linking families, workers, children and senior's advocates, and the faith community, all demanding "Time to Care for Oregon Families."

The ability of parents to stay home and care for new or ill children is essential to family well-being. Study after study shows that the first few weeks of life are especially important for children's healthy development. Newborn or newly adopted children need time with their parents. Given the importance of this time to child development, some basic level of time at home should be an option for all families — not a luxury available only to a few.

In 1993, the federal government passed the Family Medical Leave Act (FMLA), which provides employees with up to 12 weeks protected (but unpaid) time off for certain family or medical issues, such as the birth of a child or caretaking a sick family member. This requirement was limited to employers of 50 or more employees. Two years later, Oregon passed a more stringent version of the law, the 1995

Oregon Family Leave Act (OFLA), which made family leave a requirement for employers of 25 or more employees.

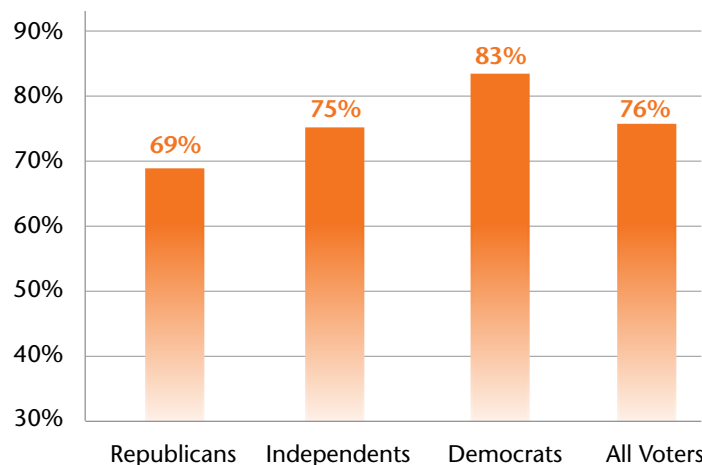
Unpaid family leave provides workers with job protection, but unfortunately most workers are unable to afford the time off. More than three in four (78%) FMLA eligible employees who needed but did not take FMLA leave report that they simply could not afford to take unpaid leave.²⁵ Half of all workers have no paid sick time. For low-income workers, who are least able to afford time off without pay, the situation is worse; almost three in four have no sick leave.

Research shows that paid leave policies are good for kids. According to the Harvard School of Public Health, the education and health of children improves when their parents are able to take paid leave. And a government study conducted in Canada found that extended time off for parents with newborns is associated with

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Support for Paid Family Leave Crosses Party Lines

Percentage of party members who say they "strongly favor" or "not so strongly favor" expanding the FMLA of offer paid family leave.



Source: Key Findings from Nationwide Polling on Paid Family and Medical Leave (Sept. 2007). National Partnership for Women and Families.

the successful social and cognitive development of children. Job protected paid leave has been shown to significantly decrease infant mortality, while unpaid and non job-protected leave has no significant effect. Furthermore, new mothers who are unable to take leave to care for their newborns are less likely to breastfeed their babies, the health benefits of which are well documented.

Paid family leave has many benefits for businesses and the economy, as well as children and families.

There are high costs to employers, working families, and the public when workers are not provided with paid family leave to care for a loved one. Paid family leave has many benefits for businesses and the economy, as well as children and families.

When employees who lack paid family leave are forced to choose between their families and their jobs, a choice which may result in job loss, employers accrue expensive turnover-related costs, including the costs of advertising for replacement workers, interviewing, orientation and training, and processing, as well as costs associated with losing employees' knowledge of both the firm and its customers.²⁶ The average cost of turnover is 25 percent of an employee's total compensation.²⁷ This figure can increase for certain professions and can be higher for lower income workers – the same workers who are least likely to have access to any paid leave. For example, turnover of retail workers

who earn \$7 an hour costs \$6,241, or 43 percent of their annual pay.²⁸ When workers are provided with paid family leave, employers are more likely to be able to retain workers, an important cost savings benefit.

Employees who receive paid leave have a variety of incentives to return to work including feeling responsible to finish projects and an allegiance to co-workers and the business. As people return to work, we grow the economy and increase the state's tax base. And employees who are given the opportunity to handle their family responsibilities are more focused and productive when they are at work.²⁹

Local economies and our entire state benefits from the financial stability that paid leave provides. Offering employees Paid Family Leave when welcoming a new child or caring for an ill family member means they can continue to pay the bills as they meet their family needs. Paid Family Leave helps families from defaulting on their mortgages and keeps food on their table. And paid leave reduces the demand for social services like food stamps and other public assistance, while encouraging employees to return to work.

States are beginning to recognize the benefit of paid family leave programs to families, businesses and the economy. In 2004, California became the first state in the country to create a comprehensive paid family leave benefits program. New Jersey will follow suit, with laws scheduled to go into effect in

2009. In both states, employees are provided with a maximum of six weeks of partial pay each year while taking time off from work to bond with a newborn baby, newly adopted or foster child, or to care for a seriously ill family member. A study of the California paid family leave program showed that businesses profit from lower turnover, reduced absenteeism, and higher productivity, and the state receives cost savings in reduced usage of food stamps, TANF, and public assistance.³⁰





Temporary Assistance to Needy Families (TANF) Helps Low-Income Families

The Temporary Assistance for Needy Families (TANF) program provides cash assistance and other supports to extremely low-income families with children. The program's goal is to reduce the number of families living in poverty, through employment and community resources. Many families in the TANF program receive help with needs such as employment, housing, child care, domestic violence and other factors that affect family stability. TANF is meant to aid the most vulnerable families while they strive to become self-sufficient. To qualify for the program, families must have very few assets and little or no income.

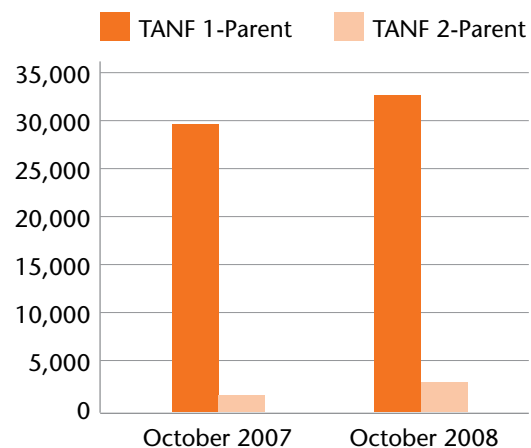
While cash assistance through TANF provides critical income support, these benefits alone do not lift families out of deep poverty. The current maximum monthly benefit for a family of three is \$528. Like the majority of states, Oregon recently increased its TANF benefit levels; however, the increase was not enough to keep pace with inflation. Oregon's 1991 benefit level (\$460 for a family of three) represented a larger percent of the poverty level than does the 2008 rate.³¹ According to the Oregon Center for Public Policy, in order to

restore the benefit to 1991 levels, Oregon would need to increase the amount to over \$690 for a family of three. At that level, the grant would still equal less than half (48 percent) of the poverty line.³²

As the economy worsens, more and more families are turning to TANF for help. Many of these families have never before sought public assistance, including more two parent families. In order to protect the well-being of children, Oregon must protect its

TANF program so that we may continue to provide necessary assistance to families who don't have sufficient financial resources to pay for even the most basic needs. Disincentives to marriage in TANF (such as denying benefits to two parent families) can discourage marriage or split apart low-income families,³³ which has negative consequences for the well-being of children.

Cash Assistance (TANF) for 1 and 2-Parent Families with Children



Source: Oregon Department of Human Services, the Division of Children, Adults and Families

Employment Related Day Care (ERDC) Keeps Low-Income Parents Working

Affordable, quality child care is crucial to the well-being of children, the economic stability of families and the productivity of businesses throughout the state. Child care helps children succeed in school and allows parents – who represent a large portion of the workforce – to work. Unfortunately, too many Oregon families struggle to afford child care.

Since 1994, rates across Oregon have dramatically increased for all ages and types of care. In certified child care centers, infant and toddler rates increased 59 percent.

As more and more parents have entered the work force, the cost of care, particularly for infants and young toddlers has risen significantly. Since 1994, rates across Oregon have dramatically increased for all ages and types of care. In certified child care centers, infant and toddler rates increased 59 percent.³⁴ Child care center costs for two children (one infant and one preschooler) average over \$18,000 annually, which is \$2,500 more than a single working parent

makes at minimum wage in a year.³⁵

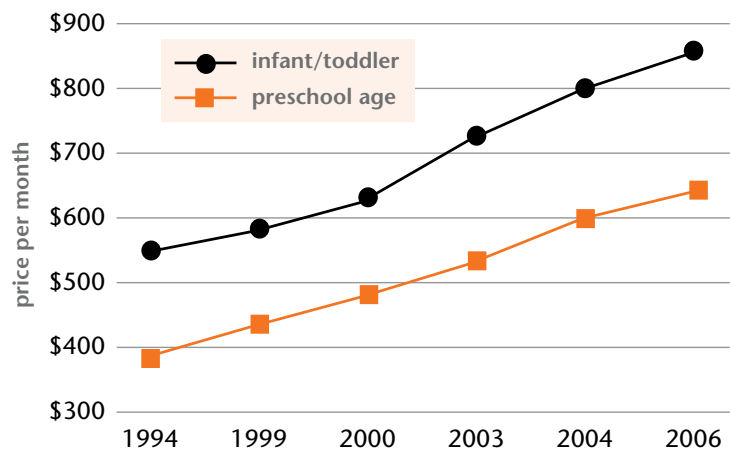
The US Department of Health and Human Services defines affordable child care as an expense that does not exceed ten percent of household income, a standard adopted by many states, including Oregon. Unfortunately for many low-income families in Oregon, the cost of child care exceeds this benchmark, making it difficult to meet other basic needs. Such financial pressure can mean parents are forced to settle for lower quality care, or leave their jobs and risk requiring state support to stay home with children.

Oregon provides crucial child care subsidies to very low-income

working families. Families whose income is less than 185% of the Federal Poverty Level (\$39,220 annually for a family of four) are eligible for Employment Related Day Care (ERDC) subsidies. The program pays for child care according to a survey of market rates by zip code. Parents pay a co-payment based on household income while the state pays the remaining share of an approved rate. In 2007, the Oregon State Legislature increased funding for the ERDC program which raised child care provider reimbursement rates, expanded eligibility for subsidies to 185% of FPL, and reduced family co-pays by 20%.³⁶

These improvements have helped to drastically strengthen ERDC. Prior to the changes made by the 2007 Legislature, Oregon’s ERDC reimbursement rates to childcare providers were the lowest in the country and Oregon ranked in the bottom ten with respect to parent co-pay and the maximum income limit. Consequently, low-income working families struggled to maintain the quality child care that is necessary for child well-being and family self-sufficiency. Protecting and further strengthening ERDC is critical for promoting the financial independence of low-income families. Studies show that families who do not have stable, good quality child care arrangements are more likely to return to TANF cash assistance programs.³⁷

Trends in Child Care Center Rates (75th percentile)



Source: Market Rate Surveys 1994, 1999, 2000, 2002, 2004, 2006.



Oregon's Tax System isn't Fair to Low-Income Families

Working poor families are also disadvantaged in the state's tax structure. Oregon's tax system places a larger economic burden on individuals compared to corporations and a larger burden on low- and middle-income tax payers compared to Oregon's wealthiest individuals. In addition, the revenue being collected fails to support the services needed to ensure the education, health and safety of Oregon's children, particularly in economic downturns.

Adding up all state and local taxes, Oregon's low-income families have an effective tax rate of 9.2 percent, compared to an effective rate of 7.8 percent paid by Oregon's wealthiest 1 percent of families. Families in the middle have an effective tax rate of 8.4 percent. When federal tax offsets are factored in, the differences are even more extreme.³⁸ Our tax system is upside-down, giving those with the most ability to pay, the smallest share of the tax burden.

Oregon families are picking up the slack for corporations who pay less of a share in corporate income taxes than they used to. Over the last generation, Oregon tax policies have shifted income taxes away from large multi-state corporations at the expense of Oregon families

and small businesses. In 2007-09, corporations will pay just 4.5 percent of Oregon's income taxes, while personal income taxpayers will pay 95.5 percent. This is a gross deviation from the 1973-75 budget cycle when corporations paid 18.5 percent of all income taxes.³⁹ The decline is primarily because Oregon has given corporations numerous tax breaks and because corporations are utilizing the Oregon's corporate minimum tax of \$10. Without tax reform, in the upcoming biennium corporations will be paying less than half of the income taxes they paid 30 years ago.⁴⁰

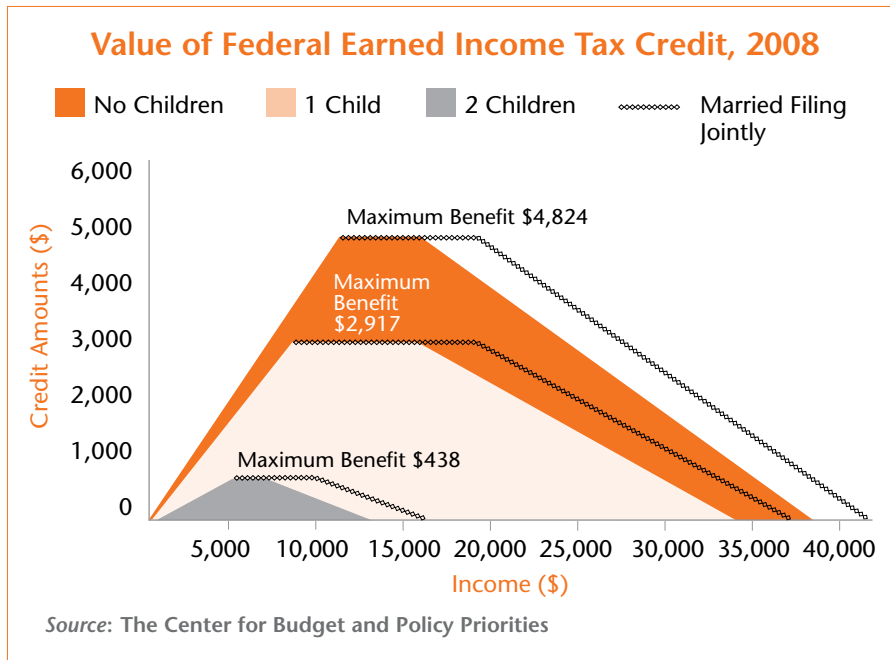
Reducing the burden on families and making corporations pay their

fair share makes good sense for the well-being of Oregon's children and economy. Reforms to the tax system should include:

Expanding the Earned Income Tax Credit (EITC): The EITC helps Oregon's low income children and their families by lessening a family's tax burden and allowing them to spend more of their own money. The EITC is a refundable income tax credit for working families, most with children. When the EITC exceeds the amount of taxes a family owes, it results in a tax refund for those who claim the credit, helping offset the other taxes that they pay. Congress enacted the EITC in 1975 to offset tax burdens and provide an incentive to work. Since then, the federal EITC has been the most successful anti-poverty program for America's working families, lifting over 2 million children above the poverty line every year.⁴¹

Since 1997, Oregon has supplemented the federal tax credit, currently providing EITC on Oregon income taxes equal to 6% of the federal EITC. Oregon has one of the lowest levels for an EITC state, utilizing only 6% of the 18% maximum.⁴² Increasing the Oregon EITC to 18 percent of the federal credit would

Our tax system is upside-down, giving those with the most ability to pay the smallest share of the tax burden.



But utilizing the minimum tax does not mean that these companies are failing. Some profitable companies take advantage of a number of tax loopholes to reduce their tax liability to zero. In addition, all S-corporations pay the \$10 minimum tax. (S-Corporations typically do not pay any income taxes. Instead, the corporation's income or losses are divided

make our tax system fairer, help Oregon's lowest-income families and improve the economy in local communities. The expansion would directly benefit over 200,000 households (1 in 7) in Oregon, with a majority of the relief going to families with children. It would help offset the tax burden on low-income families who pay more of their income in taxes than the wealthiest 1% of families. And it would eliminate income taxes on families below the poverty line with one or more children, bringing Oregon in line with the majority of states that do not impose income taxes on these families. Plus, most EITC refunded dollars will be spent in Oregon helping boost local economies. Since the families receiving the EITC spend most of their money to pay bills, such as rent or utilities, and to buy basic necessities, such as groceries or gas, most of the expanded Earned Income Tax Credit money would circulate through communities across Oregon.⁴³ Since the EITC is only available to families who work, it acts as an effective incentive for parents to participate in the workforce.⁴⁴

Increasing the Corporate Minimum Tax:

When Oregon corporations claim no income tax liability, they are assigned the Corporate Minimum Tax of \$10, an amount that has not been increased since 1931.

among and passed through to its shareholders. The shareholders must then report the income or loss on their own individual income tax returns.) These corporations avoid paying corporate income taxes at all, and thus only pay Oregon's Corporate Minimum. In 2000, 316 S-corporations reported more than \$1 million in Oregon taxable income. Five S-corporations reported Oregon taxable income of more than \$25 million.⁴⁵ Yet all these companies paid the \$10 Corporate Minimum Tax. To highlight the inequity in our current system, an Oregon family of four with poverty level income paid about \$238 in income taxes last year, yet two-thirds of corporations operating in Oregon, including corporations with substantial profits, paid just \$10 each.⁴⁶

Today, Oregon's businesses are under-taxed compared with their counterparts in other states.⁴⁷ That means that state revenue from businesses has failed to grow with the rising costs of providing state services or even the cost of processing corporate tax forms. Oregon businesses benefit from the services provided by Oregon taxes (like roads, schools, and human services), yet Oregon families are saddled with the majority of the burden. Recognizing this inequity, many businesses have come out in support of increasing the Corporate Minimum Tax. ■

What Can Oregon Do?

Like the rest of the nation, Oregon's economy is in recession, causing many parents to lose their jobs, their health benefits and their ability to provide for their families' basic needs. State legislators must act to help Oregon's vulnerable families through these troubling times. To improve the well being of low-income children across the state, Oregon needs a multifaceted approach. First, we must continue to protect and strengthen the existing programs that help the lowest-income families become more financially secure. These programs, like OHP, TANF, and ERDC, don't just help Oregon's most vulnerable families, but bring in millions of federal matching dollars to the state economy. These dollars are more important than ever to help Oregon's economy grow. In addition to protecting these important programs, we must pursue innovative but achievable new initiatives, like Paid Family Leave. Lastly, Oregon must undertake real tax reform in order to reduce the tax burden on low-income working families and create more reliable, stable state revenue that will be sufficient to meet the needs of families in crisis during economic downturns.

Over the past few months, headline after headline has made one thing clear: low-income families need help now more than ever. Legislators must act to help families spiraling into poverty because of the recession. The following are recommendations that would help protect Oregon's children during this economic crisis, as well as strengthen the state's overall economy.

An Economic Relief Package for Oregon's Working Families

Expand Health Care Coverage for Families: More and more Oregon children are without health insurance, which means they don't get the health care they need when they need it and families with already tight budgets struggle to afford skyrocketing costs. Oregon should

increase outreach to enroll all currently eligible children into existing health care programs, as well as expand these programs to provide coverage options for working families that provide comprehensive benefits with affordable and predictable cost-sharing. This expansion will have the added benefit of increasing the federal matching dollars brought into the state economy, which will stimulate much-needed job growth.

Protect the Temporary Assistance to Need Families (TANF) Program: TANF provides cash assistance and other supports to extremely low-income families with children. As the economy worsens, more and more families are turning to TANF for help. Many of these families have never before sought public assistance, including more two parent families. In order to protect the well-being of children, Oregon must protect its TANF program in order to provide necessary assistance to families who don't have sufficient financial resources to pay for even the most basic needs.



Protect Employment Related Daycare (ERDC):

Affordable, quality child care is crucial to the well-being of children, the economic stability of families and the productivity of businesses throughout the state. Child care helps children succeed in school and allows parents – who represent a large portion of the workforce – to work. Unfortunately, too many Oregon families struggle to afford child care. ERDC is critical for promoting the financial independence of low-income families at a time when families need more help than ever to stay in the workforce.

Pass Paid Family Leave: For many workers, the birth of a child or an illness in the family forces them into a cycle of economic distress – just at a time when it is most difficult to weather financial hardship. Now more than ever, employees need the supports necessary to remain productive members of the workforce through times of family need. Oregon should follow California and New Jersey’s lead and develop an insurance-based, employee-funded paid family leave program.

Build a Fairer, Stronger Tax System

Working poor families are disadvantaged in the state’s tax structure. Oregon’s tax system places a larger economic burden on individuals compared to corporations and a larger burden on low- and

middle-income tax payers compared to Oregon’s wealthiest individuals. In addition, the revenue being collected fails to support the services needed to ensure the education, health and safety of Oregon’s children, particularly in economic downturns. State lawmakers must have the courage to undertake real revenue reform this session. Changes to the tax structure should also include the following:

Increase the Corporate Minimum: Oregon’s businesses are under-taxed compared with their counterparts in other states. That means the amount has failed to grow with the rising costs of providing state services or even the cost of processing corporate tax forms. Oregon businesses benefit from the services provided by Oregon taxes (like roads, schools, and human services), yet Oregon families are saddled with the majority of the burden.

Expand the Oregon Earned Income Tax Credit:

By expanding the Oregon Earned Income Tax Credit and making our tax system fairer, we can help Oregon’s lowest-income children and their families and improve the economy in local communities. This expansion would directly benefit over 200,000 households (1 in 7) in Oregon, with a majority of the relief going to families with children. It would help offset the tax burden on low-income families who pay more of their income in taxes than the wealthiest 1% of families. And it would eliminate income taxes on families below the poverty line with one or more children, bringing Oregon in line with the majority of states that do not impose income taxes on these families. ■



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