

Why new strategies for EITC?

Oregon has the lowest EITC participation rate in the United States with only 72.5% of those eligible claiming it.¹ By not claiming the EITC they are eligible for, Oregonians leave an estimated \$118 Million dollars (both Federal and State match) out of the Oregon economy.

Unfortunately, statewide outreach efforts to date have not significantly increased Oregon's participation rate. This is in part because Federal data sharing laws prevent the Department of Revenue from granting access to data that would help us know who is eligible but does not receive it.

Lastly, with the sunset of State EITC match, now is an opportune moment to consider new strategies to increase EITC participation.

Oregon has the lowest EITC participation rate in the US.

Because people of color are disproportionately represented among the eligible population, new strategies could increase incomes for populations of color in Oregon.

New strategies to consider

Potential Strategy	Potential Participation Increase	Discussion
<p>Automate payment to EITC eligible households</p> <p>Households who are eligible would have their payments calculated for them and sent.</p>	<p>80,000 households (31%) \$118,000,000 economic benefit</p>	<p>Proposed pilot to automate EITC payments similar to Oregon's "Kicker." The other closest example was a California pilot program called "Ready Return" which automated tax returns for more than one million California tax filers.²</p> <p>The "Kicker" has resulted in (2017) \$463M payments to Oregon households. The "Ready Return" pilot evaluation shows nearly 100% participant satisfaction with their automated tax return.</p>

¹<https://www.eitc.irs.gov/eitc-central/participation-rate/eitc-participation-rate-by-states>

²<https://www.ftb.ca.gov/readyreturn/ty04rrfinalreport.pdf>

New strategies to consider (cont.)

Potential Strategy	Potential Participation Increase	Discussion
<p>Incentivize eligible households to claim the credit by increasing State's EITC match rate.</p> <p>Using OR EITC reauthorization, increase match amount to 30% of the Federal credit.</p>	<p>6,500 households (2.5%) \$9,500,000 economic benefit</p>	<p>Proposals to increase the State's match of the Federal EITC could have the effect of incentivizing more EITC participation. 16 States offer refundable State EITC match rates higher than Oregon's.</p> <p>Research suggests that 2.5% participation increase can be expected among single mothers if the rate is higher than 10% match of Federal.</p>
<p>Inform eligible potentially households through focused media and outreach campaigns.</p> <p>Using data from DOR, implement new, targeted strategies through social media to increase awareness of eligible households</p>	<p>20,000 households (7.7%) \$30,000,000</p>	<p>Evaluations of municipal efforts such as those conducted in Chicago, New York, and Philadelphia indicated that awareness campaigns had an estimated average impact of 7.7% increase. It is unknown if the current participation rate reflects past awareness efforts.</p>