

2015 Legislature Acted on Poverty Reduction

The Legislature took a number of important steps in the 2015 session to help lift more Oregonians out of poverty. The Oregon Business Council Poverty Reduction Task Force partnered to achieve these gains with the key advocacy organizations that have traditionally led the charge on each of these issues. Here's a summary of what was accomplished:

TANF Reinvestment

Oregon's Temporary Assistance for Needy Families (TANF) program provides very poor families with monthly cash payments and other support as parents search for work and build self-sufficiency. However, the program also included a sharp benefits cliff that causes clients to lose their entire benefit once they begin working as little as 16 hours/week at minimum wage. The GRB included, and the OBC Poverty Reduction Task Force supported, a TANF redesign and reinvestment proposal that responded to a 2014 audit of the program. Savings created by declining caseloads would be reinvested to help families increase their earnings and move off of TANF. This \$30M investment proposal, which reworked income limits to strengthen work incentives and increased flexibility for local investments to better meet the needs of clients, was fully supported by the legislature.

Employer Related Day Care

Employment Related Daycare (ERDC) supports about 8,000 low-income working families in accessing higher quality care for their children through tiered reimbursement that lowers the family co-pay at higher levels of quality. The Governor's Budget proposed an additional \$55 million investment, with a 21% increase in cases and better integration of subsidies. The legislature approved a \$45M increase.

Child Care Tax Credits

In order to work, families need quality, affordable and accessible child care. Oregon operates two highly related tax credits designed to offset the costs of childcare for low- and middle-income families: the federal Child and Dependent Care Credit and the Oregon Working Families Childcare Credit. The legislature consolidated the two credits and created the Working Families Child and Dependent Care Credit (AKA the "Kenny-Guyer Plan," named after Representative Alyssa Kenny-Guyer who led the charge). The legislature invested \$30M for the tax credit in 2015-2017 and \$60M for future biennia. The credit builds off the existing federal credit, so the federal government bears the auditing cost, saving the state up to \$1 million biennially. This was a major victory for working families and for the OBC Poverty Reduction Task Force agenda.

Individual Development Accounts

The GRB, the Task Force and its partners recommended extending the sunset on the Oregon IDA 75% Tax Credit. The Oregon Individual Development Account (IDA Initiative, one of the largest IDA programs in the nation, provides matched savings accounts that incentivize saving for specific types of assets. Participants receive financial training, make a savings plan, and save monthly, with a 3:1 match once they meet their savings goal. Oregon's program has five asset categories: microenterprise, education, homeownership, employment-related equipment or assistive technology, and home renovation. The program is funded through donations that were eligible for 75% tax credit; the credit was scheduled to sunset at the end of 2014. The legislature extended the program through 2022 and added seven new savings categories. The legislature maintained the \$7.5M cap on state expenditures for the credit, lowered the tax credit level to a maximum of 70%, and allowed for the tax credit to be sold at auction.

Agree on a Definition of Poverty and Measures for Oregon

The Federal Poverty Level is a widely used measure of pre-tax cash income but is antiquated in terms of defining what families need for a decent life. The OBC Poverty Reduction Task Force recommended creation of a State Task Force to create more meaningful measures of economic and social success to guide state policymaking. The bill creating the Task Force advanced to the Joint Ways and Means Committee but never came to the floor for a vote.

Invest in Community-Led Projects to Increase Prosperity in High Poverty Areas

Through its grant from the NW Area Foundation, the OBC Poverty Task Force has been engaged in three on-the-ground projects in communities across the state to help reduce poverty. These projects include the Malheur Poverty to Prosperity initiative, providing low-income teens with career and technical education programs that allow them to graduate high school with a diploma and a career certificate; working with Southern Oregon Success to help make low-income students college-ready; and literacy project with the Klamath Tribes and community of Chiloquin. These efforts built off of what have been successful efforts to address complex problems at a community scale including Regional Solutions, Coordinated Care Organizations, Early Learning Hubs, and Regional Achievement Collaboratives. The GRB included a \$25M investment to accelerate community-based problem solving by creating a “Center for Community Innovation” and a “Community Leverage Fund” to support communities in implementing projects. The legislature did not advance this proposal.