VOICES FOR OHIO'S CHILDREN

Testimony on HB 166
Earned Income Tax Credit
Brandi Slaughter, Chief Executive Officer
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Chairman Greenspan, Ranking Member Skindell and members of the House Finance Subcommittee on Transportation. Thank you for the opportunity to provide testimony on House Bill 166, which creates the State Fiscal Year 2020-2021 Operating Budget. I am Brandi Slaughter and I serve as the Chief Executive Officer at Voices for Ohio's Children, a statewide, nonpartisan advocacy organization, focused on improving the well-being of children in our state.

One issue that is very important to Voices for Ohio's Children is supporting the stability of families. Children grow up in families. Having sufficient family income to meet basic needs is essential for children to thrive. The state earned income tax credit as a supplement to the federal earned income tax credit is an important component to making work pay.

In 1996 federal welfare reform was enacted. A policy decision was made to emphasize work and deemphasize cash assistance as the basic means of income support. Ohio followed suit by limiting the number of months that a family could receive cash assistance. Because of these policy choices, it is very important that the state support work, and the earned income tax credit is designed to do that.

Voices is pleased that the Ohio General Assembly made some improvements in the state earned income tax credit in HB 62, the transportation budget, in order to offset the impact of the increased gas tax on families with low incomes. Raising the Ohio EITC to 30% percent of the federal EITC and removing the income cap was a strong step in a positive direction. However, the lowest income workers are not seeing the benefit of the Ohio EITC because it is not refundable. That is, if a worker's tax liability does not exceed the EITC, the worker does not receive the extra money. Using an example from Policy Matters Ohio's 2017 brief, if the claimant has $100 in tax liability and the EITC is $120 then the remaining $20 of EITC is simply lost to the claimant. In a refundable state, the $20 would be returned as part of a tax refund. Only four states, including Ohio, make their credits nonrefundable. Even though the refundable tax credit would be small, perhaps a few hundred dollars for a year, for a family living in poverty this is major. It can purchase enough diapers for an infant for about three months. It can help catch up a utility bill, or purchase shoes for growing children. All of these essentials build family stability.

We thank you, Chairman Greenspan, for your interest in this matter, and I am happy to answer any questions.