



Advocacy Alert

OREGON FOOD BANK
OREGON HUNGER RELIEF TASK FORCE

January 2001
Volume 7 Issue 3



take five

(actions that take five minutes or less)

Action #1: Call State Senate President Gene Derfler (503-986-1600) and Speaker of the House Mark Simmons (503-986-1200) to voice your opposition to cuts in the Employment Related Day Care Program (ERDC).

Message: ERDC is crucial to helping families stay employed. See lead story for more details.

Action #2: Find out what's happening with the DHS reorganization (see p. 2) by checking out the DHS Reorganization Home Page: <http://www.hr.state.or.us/dhrinfo/future/reorg.html>. The site is updated regularly, and you can email your comments from the site.

Legislative Yellow Pages

State Legislative Information
effective January 8, 2001

1-800-332-2313 (outside Salem)
(503) 986-1187 (in Salem)

Governor Kitzhaber
(503) 378-3111

Federal Legislative Contacts
Rep. Wu (District 1)
(503) 326-2901

Rep. Walden (District 2)
(541) 776-4646

Rep. Blumenauer (District 3)
(503) 231-2300

Rep. DeFazio (District 4)
(541) 465-6732

Rep. Hooley (District 5)
(503) 588-9100

Senator Smith
(503) 326-3386

Senator Wyden
(503) 326-7525

Governor's budget will hurt working poor families

On December 1st, Governor Kitzhaber released his budget for the 2001-03 biennium. His budget is the framework that will guide state legislators when they convene in early January. Faced with an estimated \$900 million budget deficit, the Governor faced many difficult choices in trying to keep state services at their current levels (see the December *Advocacy Alert*).

The Governor has said his priorities are K-12 education and the Oregon Health Plan. Other priorities include a new \$66 million Oregon Children's Plan, a sustainable rural Oregon, and a plan for salmon and watersheds.

Because much of human services outside of the Oregon

Health Plan were not on the Governor's list of priorities, the Department of Human Services (DHS) faces severe cuts, primarily in the Adult and Family Services (AFS) Division, which oversees the state's main poverty-relief programs. Cuts to the AFS budget include the following:

- Reducing the JOBS Program by 36%. This includes eliminating job retention payments, support service payments, and other support to help working families keep their jobs and avoid homelessness.
- Reducing the Employment Related Day Care (ERDC) program by raising client co-pays, lowering the income eligibility limit, and lowering the maximum age

for child care assistance from age 13 to age 12.

- Reducing Temporary Assistance to Needy Families (TANF) cash assistance grants to families by an average of \$5 per month. There would be no inflationary adjustments for cash grants.
- Not providing inflationary increases to providers in the JOBS and ERDC programs.
- Eliminating the JOBS Plus Program (JOBS Plus shifts recipients' cash benefits and food stamps to private employers who agree to hire them for six-week training placements).

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Oregon needs refundable Working Family Child Care Tax Credit

Making the Working Family Child Care Tax Credit refundable is a top legislative priority for the Oregon Food Bank statewide network and the Oregon Hunger Relief Task Force during the 2001 session.

Created in 1997 to provide tax relief to low-income working families who pay for child care in order to continue working, the benefits of the WFCC Tax Credit are unduly limited because the credit is not refundable. The time has come to remove this barrier.

How does it work?

For tax year 2000, the WFCC Tax Credit provides a credit equal to 40% of total child care costs for families

with incomes up to 150% of the federal poverty line (\$21,225/year for a family of three). The credit phases out for taxpayers over 200% of poverty. The 1999 legislature expanded access to the credit starting in tax year 2001 by making the credit available to families with incomes up to 200% of poverty (\$28,300/year for a family of three) and phasing out the credit for families over 250% of poverty.

Why make it refundable?

For many working poor families the WFCC Tax Credit provides limited or no tax relief because they do not incur enough tax liability to take full advantage of the

credit. In other words, if a family's tax liability is \$250 but their child care for the year costs \$5000, the family can only receive a credit equal to 5% of their annual child care costs.

As its income increases, a family will receive a greater share of its child care costs as a credit. Under current law the benefit is less for those with less ability to pay for child care. For example, a family earning \$14.50 per hour will receive fifteen times the tax relief that a family earning minimum wage will receive. By making the WFCC Tax Credit refundable, families making the least amount of money can benefit from the credit too.

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Changes at DHS

In late October, Department of Human Services (DHS) director Gary Weeks announced that the department would be reorganized, with a plan to be presented to the legislature by the end of January. The goal of the reorganization is to "create a single, unified agency, helping clients and communities achieve better outcomes through integration, collaboration and sharing of responsibility" (DHS website).

On December 15th, Sandie Hoback, Administrator of Adult and Family Services (AFS), resigned her post to pursue a consulting career. Her position will not be filled until after the DHS reorganization. For the next six months, deputy administrator Jim Neely will serve as acting administrator of AFS.

Advocates must closely watch the DHS reorganization to ensure that people receive the services they need without more barriers being erected.

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Budget cuts *continued from page 1*

- Reducing central office and case management staff by 124 positions (AFS will attempt to deal with these cuts through vacancies and attrition).

If the Governor's budget recommendation for AFS is accepted, programs that support working poor families will take the biggest hit.

The Governor proposes that AFS's workforce partners take over the role of providing job retention and wage enhancement services. However, community colleges and other nonprofits contracting with the state to help people find work are not used to paying for rent, utilities, car repairs and other expenses now provided by AFS support services and job retention payments.

The proposed cuts to ERDC reverse changes implemented in March. The income standard for the program will drop to 160% of poverty (from 185%). The co-pay schedule will revert to its former "stair-step" model, and clients will pay a greater share of their child care costs during their first two months after finding employment. Also, children over the age of 12 will no longer be eligible for day-care subsidies.

There are a number of factors the legislature will need to consider during budget deliberations, such as what to do with the tobacco settlement money (estimated to be close to \$300 million by the end of 2003). The Oregon Health Plan is also in jeopardy due to rising costs of prescription drugs.

Policy makers are hoping the March and May revenue forecasts will signal increased income so there will be money to offset some of the cuts currently in the budget. This assumes the economy doesn't slow down any more than it has. Cuts to human services will need to be balanced against cuts to other state services. Even within DHS, cuts in ERDC and TANF will need to be balanced against cuts to the Oregon Health Plan, etc.

State legislators must decide whether to accept the provisions in the Governor's budget or amend them. In addition, DHS is going through a massive reorganization effort that may completely change how services are currently arranged and delivered (see sidebar). All those interested in state human services need to communicate with their state legislators about these cuts.

WFCC tax credit *continued from page 1*

Why is this important?

Child care is expensive and a large part of low-income families' budgets. A Children's Defense Fund study found that in Oregon the cost of child care for a 4-year-old averages about \$4500 per year (the cost would be higher for an infant). This is about 17 percent of the annual income of a two-parent family working full time at minimum wage.

Non-poor families, on average, spend 7 percent of their income on child care.

Furthermore, not only would a refundable WFCC Tax Credit provide more money for people to pay for basic living expenses, it might also improve the quality of child care for low-income children by providing an incentive and a means for families to spend more to access higher-quality child care.

Food Stamp News

Congress fails to restore food stamps to all legal immigrants

Congress adjourned in December without passing a portion of the Hunger Relief Act that would have restored food stamps to all legal immigrants. Advocates had hoped the provision would be included in final budget negotiations. Oregon currently has no state-only food stamp program for legal immigrant families who are not covered under the current federal program. A study recently published in the *American Journal of Public Health* found that low-income legal immigrants are twice as likely as other low-income families to be hungry.

New food stamp rules create some confusion

As reported last month, food stamps are now available to more Oregonians as a result of new rules that went into effect December 1, 2000. Households at or below 185% of poverty can qualify for at least \$10 worth of food stamps per month. Assets such as cars and bank accounts will no longer be counted. If you have questions about the new rules, contact Nancy Weed, Food Stamp Outreach Coordinator at 503-998-6194 or nancyjweed@aol.com.

Even shorter food stamp application on the way

A four-page food stamp application (two pages, front and back) has been tested in East Portland and Hood River/The Dalles. Reviews have been good, and in response to client and worker feedback, a shorter, two-page application (one page, front and back) will be tested this month. The tentative roll-out date for the two-page application statewide is early spring.

The Advocacy Alert is published jointly by the Oregon Food Bank (OFB) Advocacy Department and the Oregon Hunger Relief Task Force (OHRTF).

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