

For Immediate Release
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Coalition Encouraged by Governor's Support and Expansion of CalEITC

More Than 400,000 New Households Expected to be Eligible

The CalEITC Advocacy Coalition is pleased to see the Governor proposing support and continued expansion of the California's Earned Income Tax Credit to help working families. The California Earned Income Tax Credit (CalEITC) provides much-needed assistance to working families and individuals who are struggling to make ends meet. The Governor's Budget is a step in the right direction in meeting many of the coalition's goals, including increasing the credit for families with young children and expanding the income eligibility guidelines to reach more Californians. We look forward to working with the legislature to further strengthen the credit by ensuring that *all* working tax filers who meet the income eligibility are eligible for the credit, including working immigrant tax filers.

"We are grateful that our new governor recognizes the importance of the California Earned Income Tax Credit to our children and families," said Shimica Gaskins, executive director of Children's Defense Fund – CA. "In just three years, the tax credit has already lifted hundreds of thousands of working families out of poverty across the state and studies have shown the credit improves health outcomes by reducing stress, improving nutrition and even increasing academic performances for children. This proposal is expected to expand those positive outcomes to 400,000 new households. CDF-CA will continue to work with the governor and the legislature to ensure that the credit is maximized to benefit all working tax filers and the progress to end poverty continues."

The CalEITC tackles California's poverty crisis by reducing poverty among families and individuals. Research shows that the EITC promotes educational success, improves child and maternal health, boosts local economic growth and builds economic security in the long-run by increasing future earnings. The CalEITC was enacted in 2015 and expanded in 2017 to include self-employed workers and families with children with incomes up to \$22,300 per year. In 2018 it was extended to workers ages 18 to 24, and over 65, who were previously excluded from the credit, and to working families with children earning up to about \$25,000 annually. Currently families can receive a credit of up to \$2,879.

"Today the California Immigrant Policy Center (CIPC) commends Governor Newsom's commitment to expanding the California Earned Income Tax Credit, bringing us one step closer to an inclusive, prosperous and thriving California for all. At the same time, we call upon the Governor to ensure that all Californian tax filers, regardless of immigration status, have access to this opportunity. This is not only about supporting sensible legislation but more importantly about furthering effective policies that foster progress for all Californians. Investing in programs that foster increased economic opportunities are incredibly important at this time for all Californians, regardless of age, ethnicity, or immigration status. The EITC is a key tool to fight poverty and protect families struggling to make ends meet. We look forward to working with the legislature and the Governor to ensure all families have an opportunity to thrive," said Cynthia Buiza, Executive Director of the California Immigrant Policy Center

Many California households who file their taxes are not eligible for CalEITC because of their immigration status. Immigrants contribute about one third of the state's GDP and pay payroll and income taxes, but their contributions have not translated into equitable incomes. Per capita income for households headed by an undocumented immigrant is only \$16,100. In California, 1 in 6 children have at least one undocumented parent. Including these immigrant families will help tackle income inequality and ensure that California's economy works for *every* Californian.

Increased outreach efforts are also necessary to ensure that eligible workers and their families receive the state and federal EITCs and commend the Governor's proposal to include outreach funding for the credit. The vast majority of CalEITC eligible workers are not required to file taxes because they are below the required income threshold, yet these are the workers who need the credit the most. The majority of tax filers eligible for EITC go to paid tax preparers, and a continued investment in expanding free tax preparation services would ensure families keep all of their money, further maximizing the poverty fighting impact of the credit.

"We applaud the Governor's bold proposal to expand the California Earned Income Tax Credit and strengthen its impact in fighting poverty in particular for families with children. We know that one in three families in California struggle to meet basic living costs, according to United Ways of California's *Real Cost Measure report, Struggling to Stay Afloat*. The Earned Income Tax Credit (EITC) is the most effective tool we have for fighting poverty and helping working families and individuals move up the economic ladder, and it rewards and promotes work. We look forward to working with the legislature and the Governor to ensure all families, including immigrant tax filers and their families, also have access to this valuable credit." said Peter Manzo, President and CEO of United Ways of California.

The CalEITC Advocacy Coalition looks forward to working with the new Administration to ensure that all Californians are able to thrive in our state. The CalEITC Advocacy Coalition is composed of more than 20 organizations across the state who advocated to enact CalEITC and are working to improve the poverty-fighting impact of the credit.

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