



# Spotlight: California



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CalEITC was designed to increase incomes for low-income working people and families in California by supplementing the federal EITC. California was the 27th state in the country to adopt a state-level EITC and targeted the most vulnerable populations, particularly working families with children. Prior to the implementation of EITC in 2015, 21% of Californians lived below the poverty line, according to the California Poverty Measure. That number had dropped to 19% by 2016, due in part to the EITC's impact.

## Summary

CalEITC has grown the state program through increased access and outreach. California expanded eligibility requirements and provides targeted benefit assistance to increase uptake by eligible individuals.

### Expanding Eligibility

CalEITC was first offered in 2015 and subsequently expanded in 2017 to extend benefits to a greater number of working people and their families. The expansion means that working parents earning up to \$22,000 can now claim CalEITC; the income limit was previously capped at \$14,000 for working families.

### Expanding Uptake

Prior to expansion, about 360,000 families per year claimed the credit, but about 500,000 families might have been eligible. California directed state funds toward outreach to help close this gap. Of \$11.75 million of state-appropriated funds for state-EITC program implementation, \$2 million was set aside to increase awareness of the benefit and the free tax preparation assistance offered by nonprofit and community-based organizations. Statewide outreach efforts have used texting, social media, community events, and materials shared in multiple languages to support over 1 million families to claim more than \$4 billion in combined federal and state EITC credits between 2016 and 2018.

## Program Impact

Since 2015, CalEITC has already helped alleviate poverty across the state. Using the California Poverty Measure researchers found that the combined federal and state EITCs have helped lift 840,000 Californians out of poverty, including 376,000 children. These credits have lifted 275,600 out of deep poverty (defined as having income below half the federal poverty level), including 112,400 children. These investments recognize and uplift community resiliency and other existing community protective factors.

### Budget Researchers Look to CalEITC's Potential

"CalEITC has helped reduce the depths of poverty in the state," said Sara Kimberlin, Senior Policy Analyst with the California Budget and Policy Center.

"Initially, there was a debate about the best way to address growing poverty in California through a state EITC because policymakers worried about the cost," added Alissa Anderson, Senior Policy Analyst with the center. "Policymakers developed a credit structure to target the working families who need it the most and ensure they see a significant benefit. CalEITC provides the largest state-level EITC in the nation."



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