



California Budget  
& Policy Center

# The CalEITC and Federal EITC: Providing Greater Financial Security for Workers and a Stronger Future for Children

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CalEITC STAKEHOLDER WEBINAR

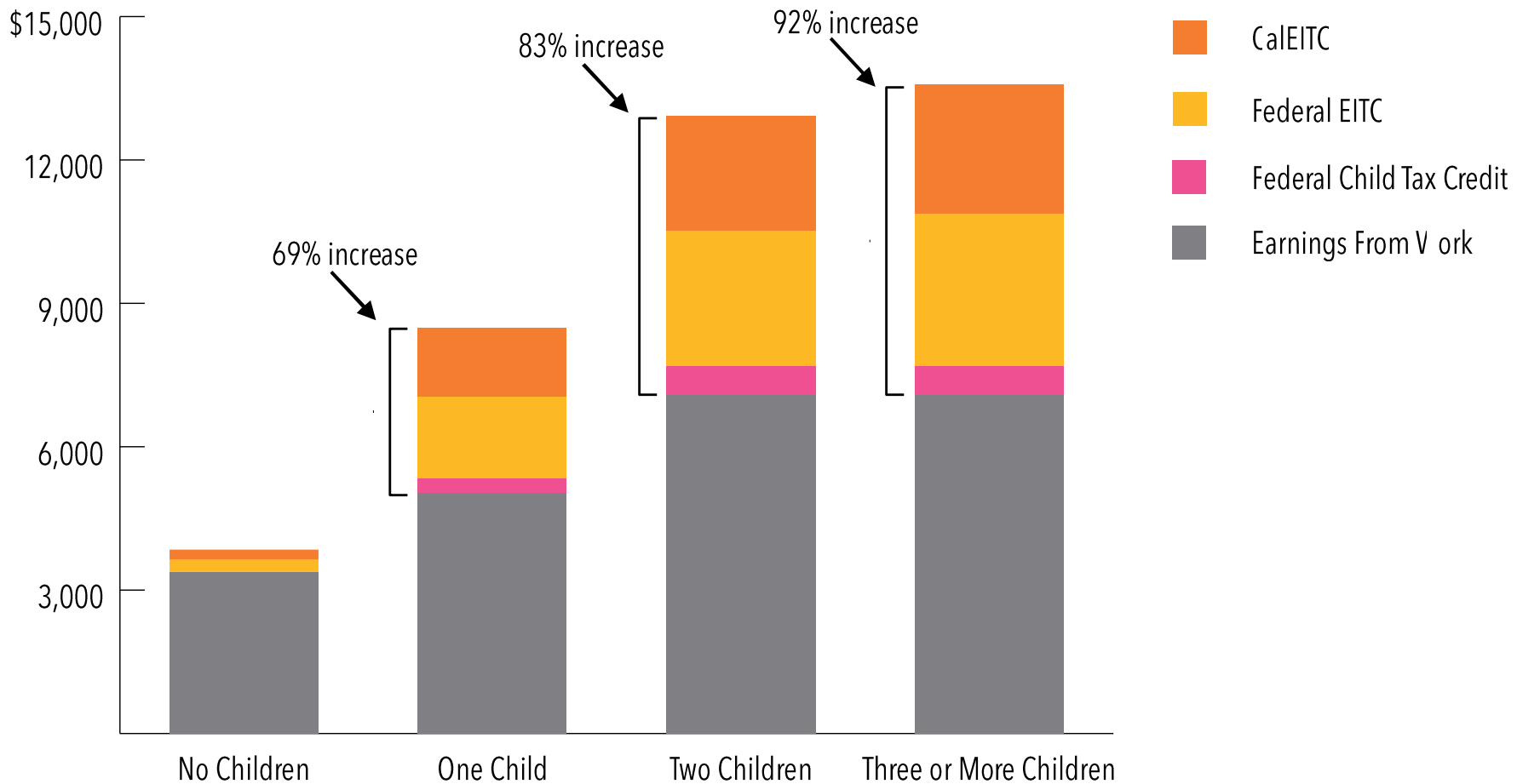
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**The California Earned Income Tax Credit (CalEITC) helps move working families toward greater financial security.**



# The CalEITC, Together With Federal Credits, Significantly Boosts the Incomes of Working Families With Children

## Increase in Income From Tax Credits for Workers Qualifying for the Maximum CalEITC, 2016



Source: Budget Center analysis of the California and federal Earned Income Tax Credits (EITCs) and the federal Child Tax Credit



# **The CalEITC can enhance the benefits of the federal EITC.**



# The Federal EITC Has a Decades-Long Track Record of Success

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The federal EITC:

- **Reduces poverty:** Together with the Child Tax Credit, it lifts more children out of poverty than any other policy.
- **Encourages work:** The expansion of the federal EITC in the 1990s boosted employment among single mothers more than any other factor.
- **Benefits families and children:** The credit has been linked to improved health for mothers and babies as well as to better educational attainment for young children.

Note: For a summary of research on the federal EITC, see Chuck Marr et al., *EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds* (Center on Budget and Policy Priorities: Updated October 1, 2015).



# Boosting Low-Income Families' Incomes Can Improve Children's Life Chances

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For each **\$3,000 a year** in added income that children in low-income families received before age 6...

...their **annual earnings** between ages 25 and 37 **increased by 17%.**

# The CalEITC is an investment in California's future.

State policymakers should gradually expand the credit so that more working families in poverty can benefit.



# Raising awareness of the CalEITC is key to its success.

Efforts to promote the credit must be ongoing.

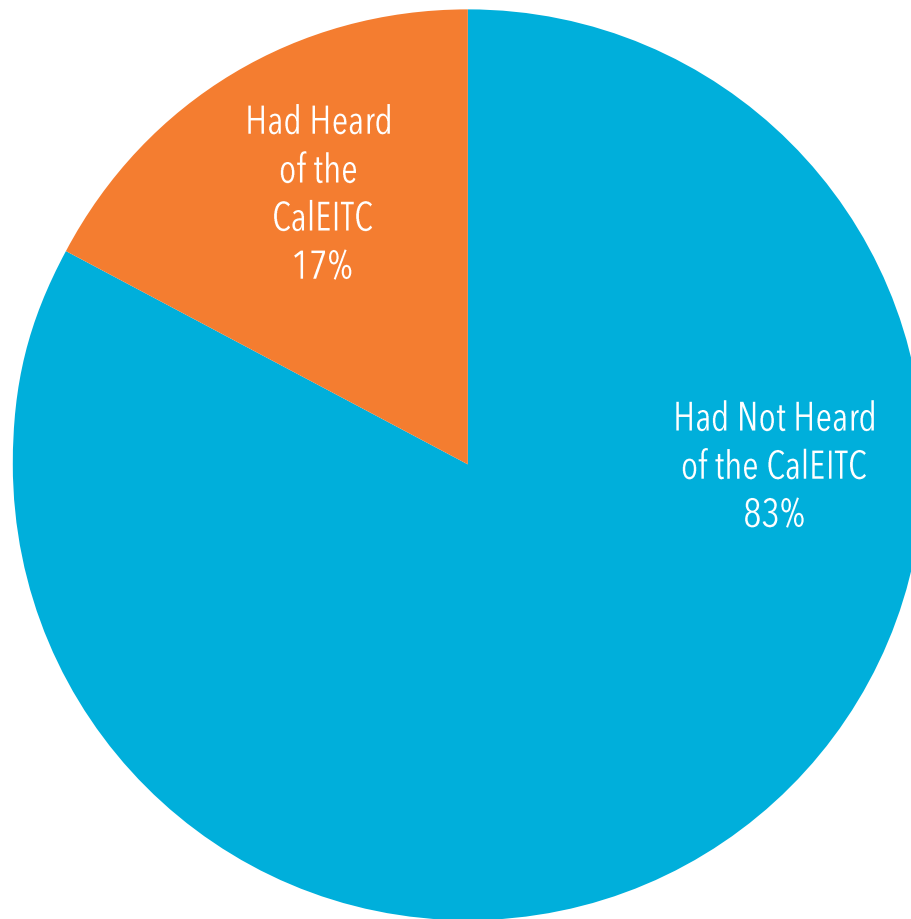




# Very Few County Human Services Clients Who Were Likely Eligible for the CalEITC Had Heard of It

Survey Respondents Who Were Likely Eligible for the CalEITC = 329

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Note: Results are preliminary; final results are forthcoming. Only 279 of the 329 respondents who were likely eligible for the CalEITC reported whether they had heard of the credit.  
Source: California Budget & Policy Center



# Promoting the CalEITC provides an opportunity to increase *federal* EITC claims.

About 1 in 4 Californians who are eligible for the federal EITC miss out on it each year.



# Promoting the CalEITC and federal EITC is more important than ever.

Maximizing federal tax credit claims could help reduce the harm inflicted on low-income families by expected federal policy changes.





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