

# May the (EITC) Force Be With You

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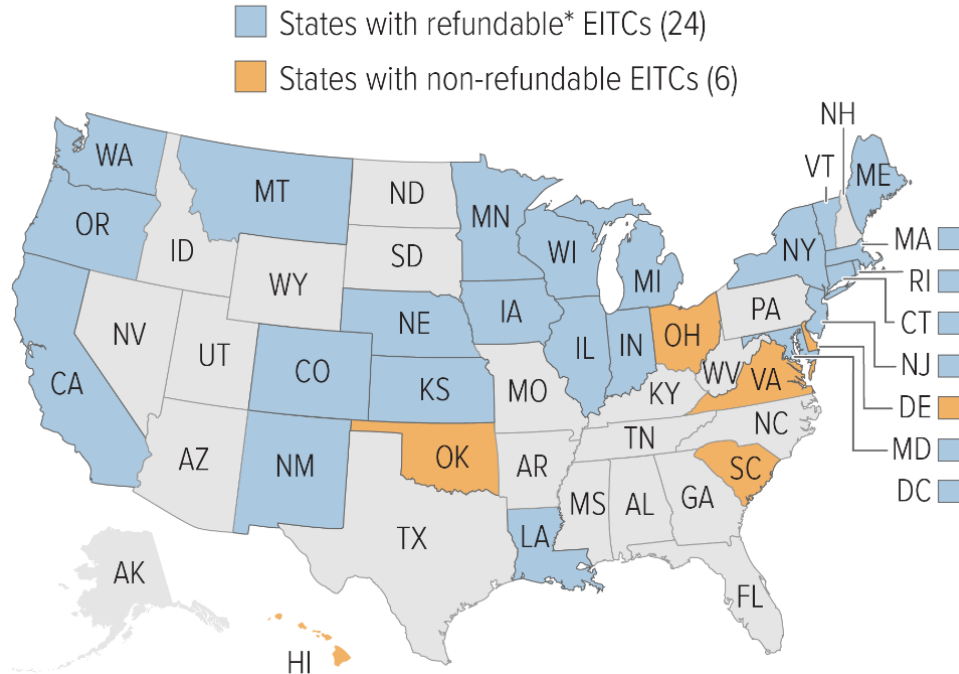
Erica Williams, Center on Budget and Policy Priorities

November 17, 2017



# Momentum in the States Continues

## Twenty-nine States and DC Have Enacted EITCs, 2017



\*Refundable EITCs give working households the full value of the credit they earn even if it exceeds their income tax liability.

Source: CBPP analysis

# Equity Implications

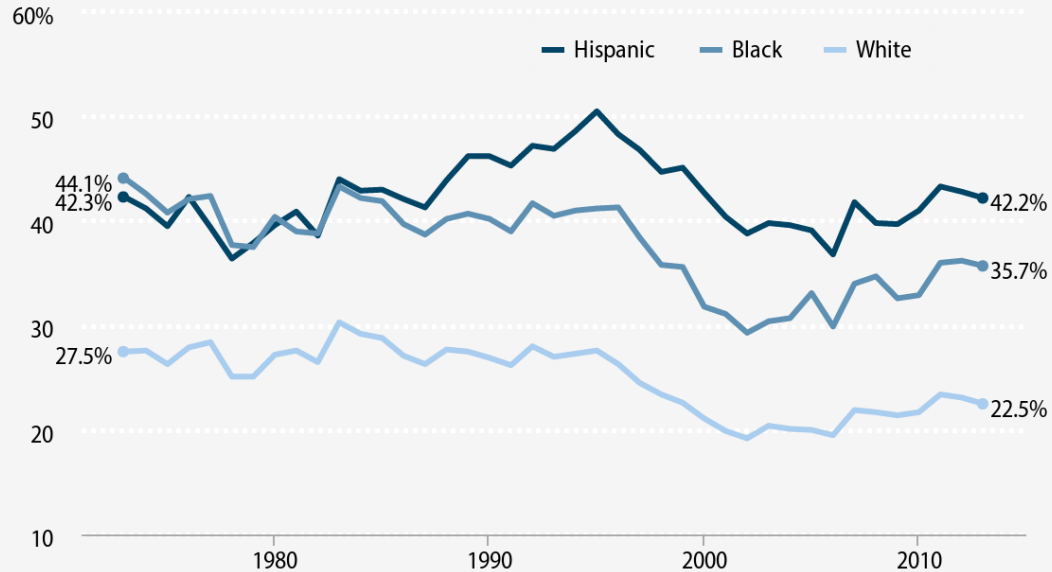


Source: NWLC calculations based on IPUMS-CPS (2014). Figures are for employed workers. The low-wage workforce is defined here as occupations with median wages of \$10.50 or less per hour based on BLS, Occupational Employment Statistics.

 NATIONAL  
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[www.nwlc.org](http://www.nwlc.org)

# Equity Implications

**Share of workers earning poverty-level wages, by race and ethnicity, 1973-2013**



**Note:** The poverty-level hourly wage in 2013 was \$11.45.

**Source:** EPI analysis of Current Population Survey Outgoing Rotation Group microdata

# Long-Term Payoffs



Improved infant  
& maternal health



Increased work & earnings  
in the next generation



Greater college  
enrollment



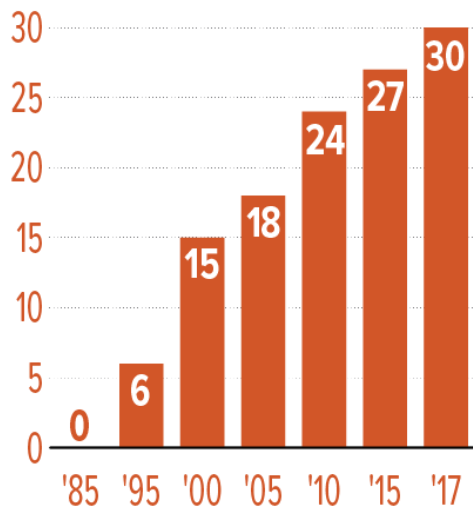
Better school  
performance



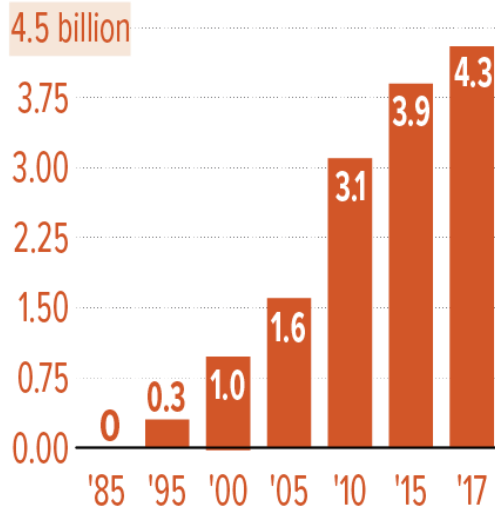
Social Security  
retirement

# Number of States with EITCs on the Rise

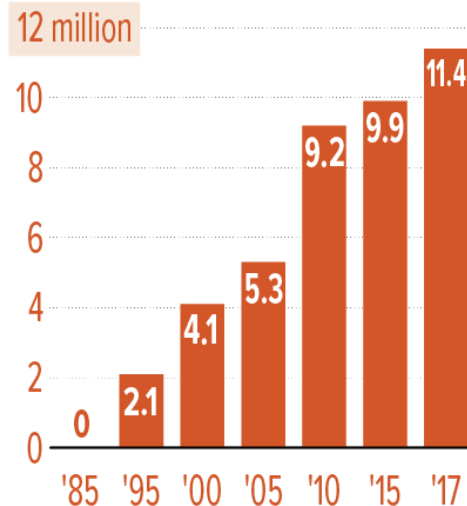
## State EITCs



## EITC Dollars Distributed

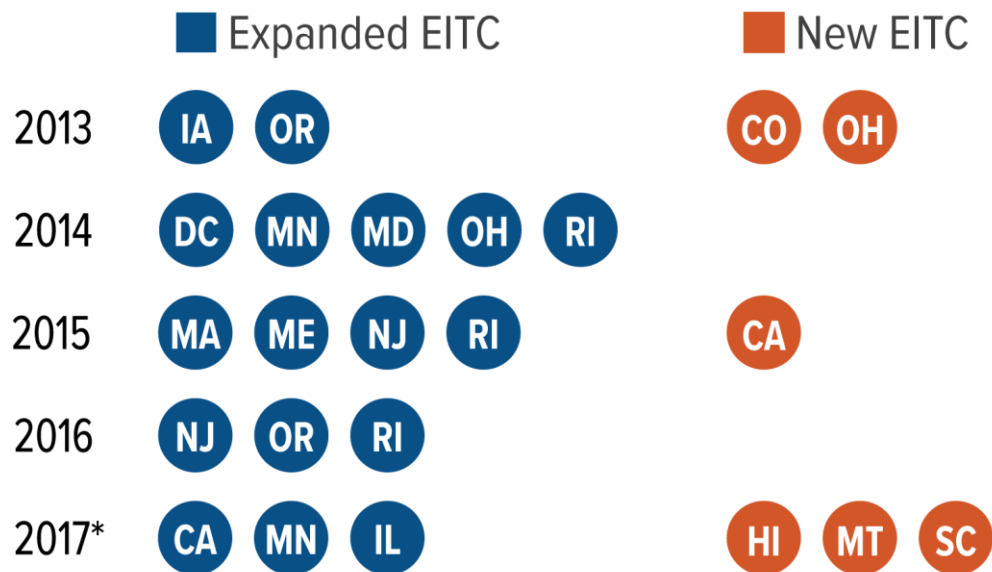


## Households Reached



Source: CBPP estimates based on federal IRS and state data.

# Big Gains in last Several Years



2017:

**15% increase** in  
households reached



California Budget  
& Policy Center

# Expanding the CalEITC: Key Factors for Success

SARA KIMBERLIN, SENIOR POLICY ANALYST

STATE PRIORITIES PARTNERSHIP

IMPACT 2017 STATE POLICY CONFERENCE

WASHINGTON, DC, NOVEMBER 17, 2017

[calbudgetcenter.org](http://calbudgetcenter.org)



## Key Themes

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California's state EITC was expanded in 2017, after being established only two years earlier. How did this happen?

- Unified ask by advocates
- Alignment with legislative champions
- Data showing impact
- Diverse base of support

# Background: Establishing the CalEITC





# Establishing the CalEITC: Role of California Budget & Policy Center

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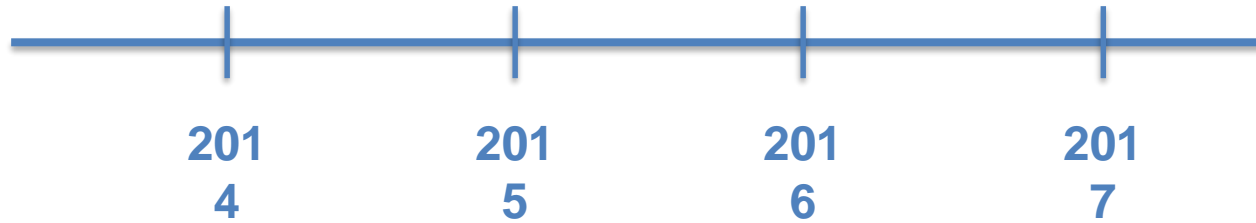
- Laid the groundwork by explaining the benefits of an EITC.
- Suggested specific potential state EITC models.
- Supported legislators and advocates with analyses of benefits for eligible households and county-by-county impact.

**“The Budget Center has been the leading organization making the case for the EITC in California for years. Its continued advancement of this issue provided the platform that made it possible.”**

~ Frank Mecca, Executive Director, County Welfare Directors Association



EXPANSION



# Key Factors in Expansion: Unified Ask by Advocates





## CalEITC Advocacy Coalition

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- Convened shortly after CalEITC established, with support from California Budget & Policy Center.
- Budget Center presented coalition with descriptions and analyses of potential CalEITC expansion options.
- Coalition agreed on two expansion goals: include self-employed and extend income limit to full-time minimum-wage salary.

## Key Factors in Expansion: Alignment With Legislative Champions



## CalEITC Legislative Champions

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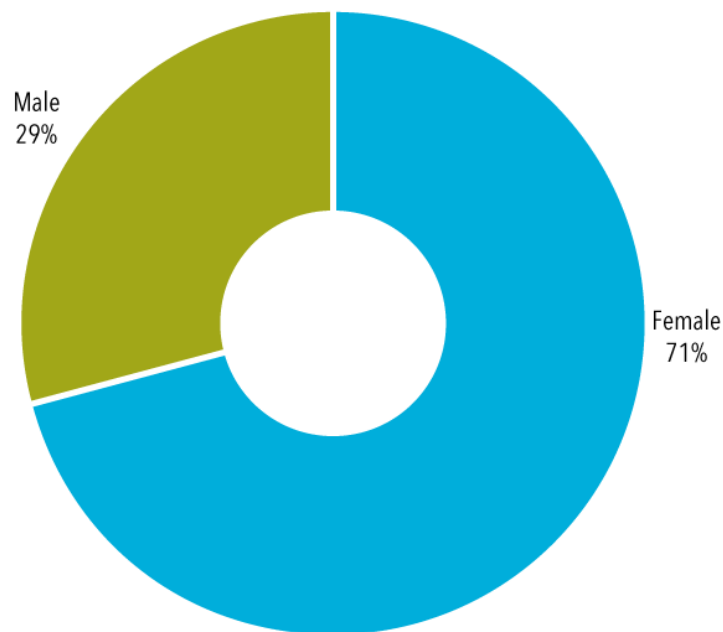
- Staff - Budget Director to Assembly Speaker
- Elected - Chair of Assembly Budget Committee

# Key Factors in Expansion: Data Showing Impact



## Women Make Up 7 in 10 Tax Filers With Children Eligible for the CalEITC

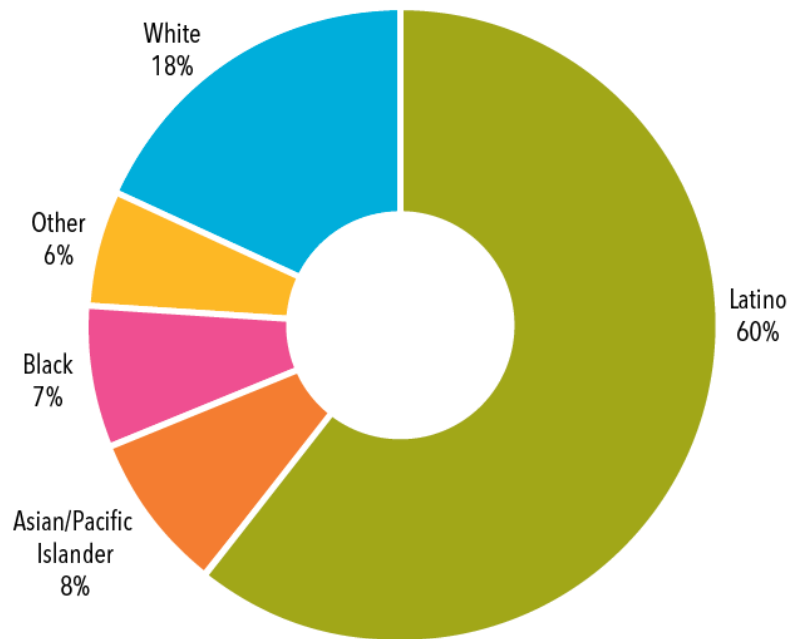
Among Individuals With Children, Gender of Those Likely Eligible for the CalEITC, 2015



Note: Analysis uses an income tax simulation model developed for the California Poverty Measure, a joint project of the Stanford Center on Poverty & Inequality and the Public Policy Institute of California.  
Source: Budget Center analysis of US Census Bureau, American Community Survey data

# Four in Five Children Benefiting From the CalEITC Are People of Color

Race/Ethnicity of Children Likely Eligible to Benefit From the CalEITC, 2015



Note: Analysis uses an income tax simulation model developed for the California Poverty Measure, a joint project of the Stanford Center on Poverty & Inequality and the Public Policy Institute of California. Latino includes individuals of any race reporting Hispanic ethnicity. Percentages do not sum to 100 due to rounding.

Source: Budget Center analysis of US Census Bureau, American Community Survey data

## Key Factors in Expansion: Diverse Base of Support



May 9, 2017

The Honorable Holly J. Mitchell  
Chair, Budget and Fiscal Review Committee  
California State Senate  
Sacramento, CA 95814

The Honorable Phil Ting  
Chair, Budget Committee  
California State Assembly  
Sacramento, CA 95814

**RE: Strengthening and Expanding the California Earned Income Tax Credit (CalEITC)**

Dear Senator Mitchell and Assemblymember Ting:

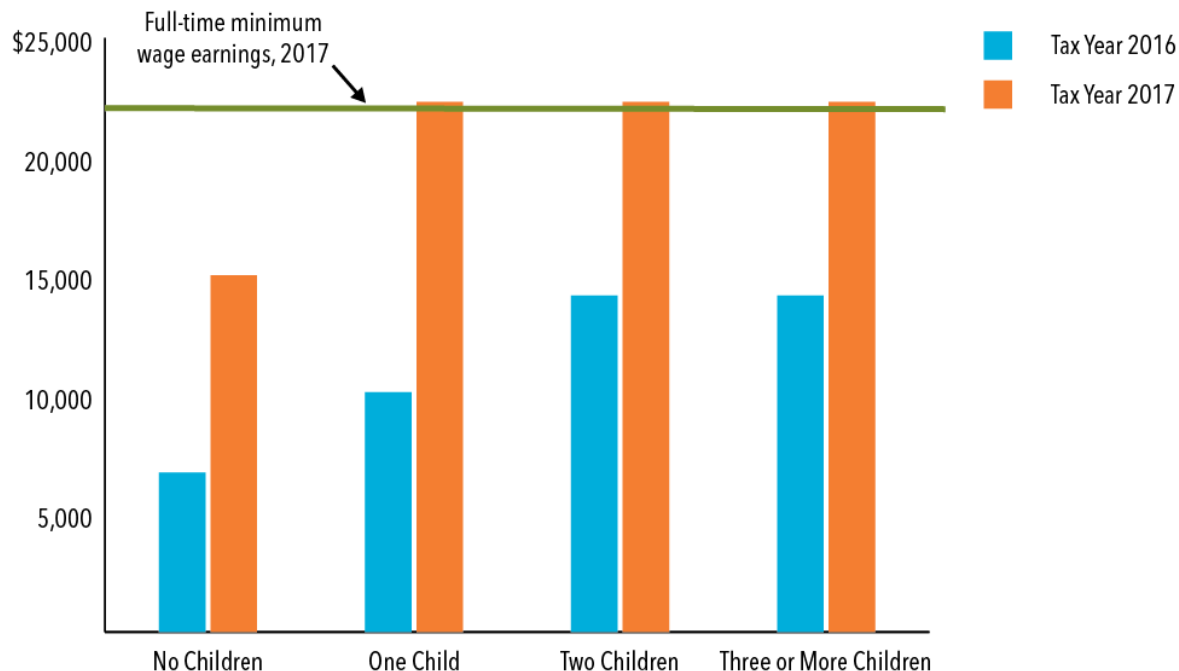
Our organizations write to strongly support the California Earned Income Tax Credit (CalEITC) and urge you to strengthen and expand the credit in the 2017-18 state budget to provide an income boost to more working families living in poverty by: 1) investing in outreach and free tax

# Expansion Adopted!



# Single Parents Working Full-Time at the Minimum Wage Will Become Eligible for the CalEITC for Tax Year 2017

Total CalEITC Income Limits by Number of Qualifying Children

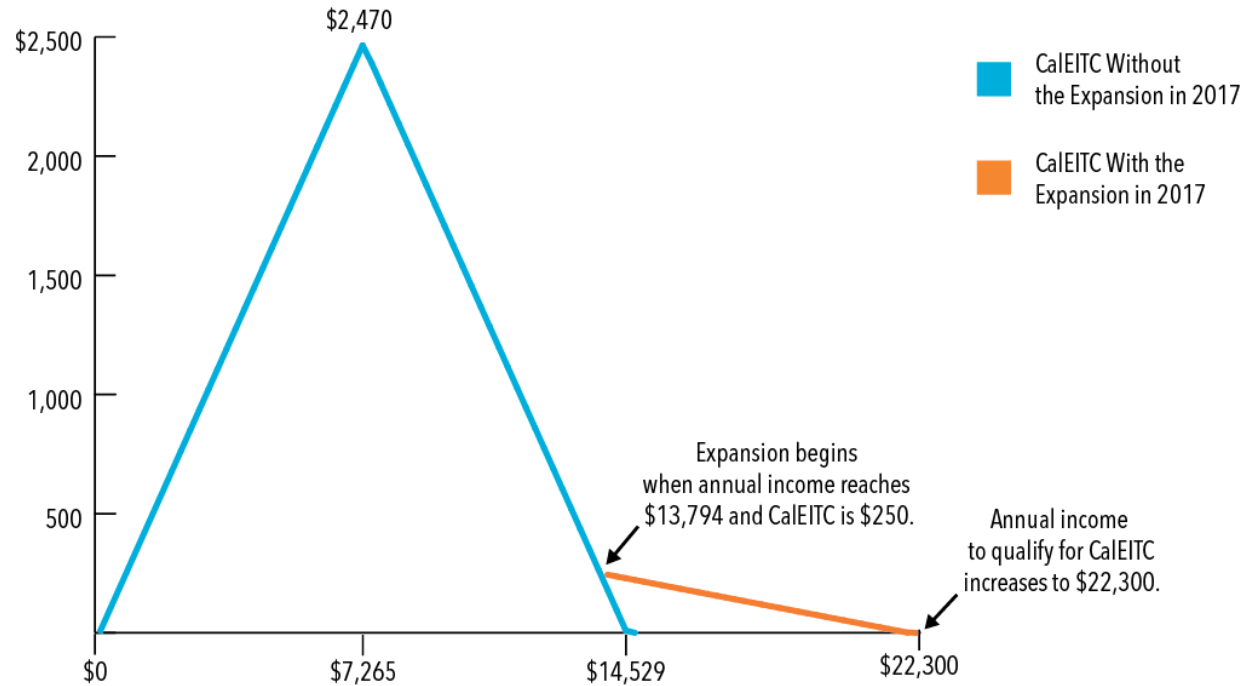


Note: Minimum wage earnings reflect the \$10.50 per hour state minimum wage for workers at large businesses that took effect on January 1, 2017.

Source: California Budget & Policy Center analysis of Section 17052 of the California Revenue and Taxation Code

# The Income Limit to Qualify for the CalEITC Will Increase to \$22,300 for Parents

## Estimated CalEITC for Workers With Two Qualifying Children by Annual Family Tax Year 2017



Source: California Budget & Policy Center analysis of Section 17052 of the California Revenue and Taxation Code



# The Bottom Line

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- Key factors enabling advocates to succeed in achieving expansion of the CalEITC included:
  - Coordinated advocacy strategy
  - Strong legislative relationships
  - Effective use of data
  - Diverse base of support
- Expansion will mean more resources for California's lower-income working families – particularly benefiting children of color and women.



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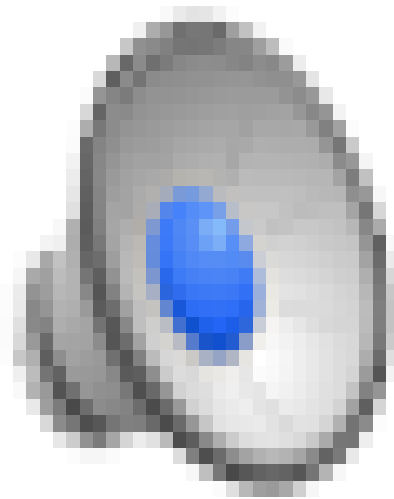
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# Focusing on Montana's Working Families



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