MAKING ENDS MEET FOR WORKING FAMILIES AND INDIVIDUALS: THE CALIFORNIA EARNED INCOME TAX CREDIT (CALEITC)

The California Earned Income Tax Credit (CalEITC) is a refundable tax credit that boosts the incomes of families and individuals with low earnings from work, so they can better afford the basics. CalEITC helps mitigate California’s high cost of living for people who live in poverty. It is modeled off the Federal EITC, which researchers cite as one of the most effective tools for reducing poverty. Legislators on both sides of the aisle support the EITC because it promotes work and education, improves child and maternal health, and boosts local economic growth while building economic security.¹

Unfortunately, many people who work are excluded from the CalEITC, including people who use an Individual Taxpayer Identification Number (ITIN) to file their taxes and people who have a Social Security Number (SSN) but lose their DACA or TPS status. Even if one parent in the filing unit has an ITIN, the whole family misses out on the credit, including U.S. citizen children.

AB 1593 would remove the exclusion of immigrant filers for CalEITC, allowing those with federally assigned ITINs or SSNs to benefit from the credit

BUILDING A CALIFORNIA FOR ALL: CALIFORNIA’S WORKING IMMIGRANT FAMILIES

Immigrants are vital to California’s economy and communities. Immigrants contribute one third of California’s GDP, represent over a third of our workforce, and pay billions of dollars in state and local taxes.² ³

Unfortunately, in working families, poverty is more prevalent among children of immigrants. In California, 1 million children of immigrants in working families live in poverty, and the vast majority of these children are U.S. citizens.⁴ The poverty rate for children of immigrants in working families is more than twice the rate for other kids in working families (24% vs 11%).⁴ No child, family, or individual should have to live in poverty. Policymakers can help more Californians reach their potential by removing exclusions to our state’s best tools for fighting poverty.

AB 1593 would ensure that our state’s investments in fighting poverty work to fight poverty for every Californian

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Among Working Families, Children of Immigrants Are Far More Likely to Live in Poverty Than Other Children

Poverty Rate Based on Supplemental Poverty Measure, 2015–2017

Note: Working families are those with any earnings from work. Immigrant parents are those who were born outside of the US and US territories and were not born to US citizen parents.

Source: Budget Center analysis of US Census Bureau, Current Population Survey data

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⁵ Ibid.
Endnotes
5 Ibid.