



FOR IMMEDIATE RELEASE

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CalEITC Coalition Praises Targeted Cash Relief in FY 22-23 State Budget, Urges Permanent Tax Credit Expansions for Low-Income Families Moving Forward

Advocates and experts support the final budget deal reached by the Legislature and Governor and call for expanded tax credits and direct cash assistance for low-income families in future budget years.

(Sacramento, CA) - The CalEITC Coalition applauds Legislative Leaders for holding the line in negotiations with the Governor on targeted investments for Californians struggling with rising costs, tiered by income level and the number of dependents in the household. We thank state leaders for providing \$350 per taxpayer earning up to \$75,000 (or up to \$150,000 for joint filers), plus an additional \$350 if they have at least one dependent for up to \$1,050 per household as part of a tiered, one-time relief package. We strongly support this effort to help low- and middle-income families deal with increased costs of basic needs like food and gas. This investment will provide much-needed financial relief and will ensure our state's abundant resources are distributed more equitably.

We also commend the Governor and Legislature for increases to CalWORKs (cash assistance for low income families with children) and SSI/SSP (cash assistance for low income older adults, blind, and disabled Californians) grants, which will benefit the most vulnerable Californians. The budget agreement also includes a number of modest, but critical, ongoing investments championed by the CalEITC Coalition:

- Expanding the Young Child Tax Credit income threshold to \$0. This is a first step towards establishing a child allowance in recognition of unpaid caregiver work;
- Creating a Foster Youth Tax Credit to provide a \$1,000 credit to young adults who were in the foster care system;
- Increasing funding for Free Tax Preparation, Outreach, and Education to \$20 million annually for two years and \$10 million ongoing; This will provide funding to support free tax preparation services and Volunteer Income Tax Assistance (VITA) programs so Californians can access the credits they are due;
- Ensuring tax credits to reduce poverty reach Californians in need and are not intercepted by government agencies.

These are strong measures that will make measurable differences in household budgets in the coming years and we praise this progress.

However, relying too heavily on one-time investments or modest ongoing investments won't lead to the economic security and stability many Californians need. According to PPIC, [more Californians are likely to fall into poverty](#) this year than during the most tumultuous months of the pandemic, precisely because of bold pandemic-related investments, such as federal stimulus payments and the expanded federal Child Tax Credit (CTC), were allowed to expire. Even before the pandemic devastated many families' finances, California had the highest poverty rate of the 50 states when accounting for living costs; and now with the cost of food, rent, and other essentials spiking, [more than half of California households](#) with incomes under \$50,000 report struggling to pay basic expenses.

The CalEITC Coalition has raised alarms about 1.7 million children falling back into deep poverty in 2022 after the expiration of the federal Child Tax Credit. Our Coalition, along with Legislative champions, put forward solutions that would have provided additional cash relief to our most vulnerable households. Unfortunately, the final budget agreement *excludes* the following CalEITC Coalition's priorities:

- Expanding the Young Child Tax Credit (YCTC) to \$2,000 on a per dependent basis, which would have benefitted nearly 2 million low-income children and dependents;
- Establishing a CalEITC Minimum Credit of \$255, which would have increased cash support for approximately 3.3 million Californians, including 400,000 families with children in the home.

While these data-driven proposals were not included in the final budget deal, we will continue to push for expansions of tax credits that target families based on income and household size. We call on the Governor and Legislature to enact recommendations from anti-poverty experts and Californians who have experienced poverty first hand, highlighted at the [recent hearing](#) of the Assembly Select Committee on Poverty & Economic Inclusion. The CalEITC Coalition is clear about the path the state must take via substantial policy change to end poverty in the Golden State. We must prioritize direct investments into household budgets and eliminate system barriers steeped in racist, misogynistic, and ableist beliefs.

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The [CalEITC Coalition](#) was formed in 2015 and is composed of over 60 policy advocates, immigrant rights, low-income service providers, labor representatives, and community-based and faith-based organizations. The CalEITC Coalition is dedicated to achieving long-term transformative change by pushing for policies that reduce poverty and serve our most vulnerable communities.