



Cal EITC Fact Sheet

What is the California Earned Income Tax Credit?

The California Earned Income Tax Credit (Cal EITC) is a cash back tax credit that puts money back into the pockets of California's working families and individuals. In 2015, Governor Jerry Brown and the Legislature established the Cal EITC to join 24 other states and the District of Columbia in adopting a state EITC to supplement the federal EITC.

In 2017:

- **381,558 low-income Californians** received the Cal EITC.
- **\$202,807,783 worth of Cal EITC money** was put back into the pockets of working Californians.
- The average amount received was \$532.

This year, the Cal EITC has been EXPANDED to cover 1.7 million families including:

- **ALL working people making \$22,300 or less** -- the equivalent of full-time minimum wage.
- **ALL self-employed workers making \$22,300 or below** – in prior years only W-2 workers were covered, excluding entrepreneurs and business owners, gig-economy workers, and a growing portion of our economy.

Why is the Cal EITC so important?

- The EITC is one of the most effective tools in America to lift families out of poverty.
- Last year, the Cal EITC put more than \$200 Million directly into the hands of nearly 400,000 working Californians.
- The Federal EITC delivers over \$7 Billion to low-income Californians every year.
- The EITC promotes work and fuels the economy. Every \$1 of EITC cash back tax refunds produce \$1.50-\$2.00 in economic activity, supporting not only the families of EITC recipients, but also their surrounding communities.
- The EITC expands financial security. Workers mainly use their credit to pay for necessities like groceries, transportation, medical expenses, rent and utilities. The tax refund can also help workers build saving and establish financial security.



- The EITC enjoys wide bipartisan support for encouraging work and continued employment.

Cal EITC and Schools

- Research shows children whose families receive a boost in income from EITC perform better in school and have better health.
- Elementary and middle-school students whose families receive larger refundable credits tend to have higher test scores in the year of the receipt.
- Young children in low-income families that benefit from expanded state or federal EITCs are more likely to go to college, research finds. Researchers attribute this to lasting academic gains from higher EITCs in middle school and earlier.
- Increased tax refunds also boost college attendance in making college more affordable for families with high school seniors.
- More income for a young child or student in a low-income family not only improves the child's immediate well-being but is associated with increased work and earnings in adulthood. Larger refund credits in particular are projected to lift future earnings significantly.
- **9 out of 10 Cal EITC dollars goes to recipients with school-aged children.** (Franchise Tax Board).
- In 2017, more than \$180 million of the total \$200 million, was given to parents.

Why is education and outreach necessary?

- Every year, California leaves \$2 Billion of unclaimed EITC money on the table.
- Research suggests outreach around state-level EITCs increase uptake of the Federal EITC.
- About one-third of the EITC eligible population turns over each year.
- Workers move into and out of eligibility based on changes in their marital, parental and financial status.
- Three out of five who receive the credit use it temporarily, typically for one or two years.
- You must claim the credit to receive it. Over 50,000 working people filed California taxes last year and failed to claim the credit.



- Many people who qualify for the credit and are eligible for up to \$6,000 fail to file their taxes because they make below the required income threshold.

You may be eligible for the Cal EITC if:

- You have earned income within certain limits (see chart below), AND
- You, your spouse, and any qualifying children each have a social security number (SSN), AND
- You do not use the “married/RDP filing separate” filing status, AND
- You lived in California for more than half the tax year.

Review the chart below to see if you may be eligible and how much you may qualify for when filing your 2017 tax return.

Number of Children	Maximum Income	CalEITC*	Federal EITC*
None	\$15,008	\$223	\$510
1	\$22,322	\$1,495	\$3,400
2	\$22,309	\$2,467	\$5,616
3 or more	\$22,302	\$2,775	\$6,318