

Strong Relationships and Targeted Messages: Enacting a Last-Minute CalEITC Expansion for ITIN Filers



Background

In September 2020, Governor Gavin Newsom signed legislation to expand [California's](#) Earned Income Tax Credit (CalEITC) to all filers using Individual Taxpayer Identification Numbers (ITINs). The change came less than two months after California expanded its state EITC to ITIN filers with children under the age of six in June, making California the second state to expand the credit to all ITIN filers after Colorado did so in July. The expansion came at a time when the COVID-19 pandemic was hitting immigrants—who are often front-line and essential workers with unstable income—particularly hard. The California Budget & Policy Center estimated the expansion will benefit between 500,000 and 700,000 Californians.

California adopted its state EITC in 2015. Since then the credit has been expanded to include self-employed workers, workers ages 18-24 and over 65 without dependent children, and those working full-time at California's minimum wage. But ITIN filers have been left off of these previous expansions with Governor Newsom's budget director citing cost as the reason for the exclusion.

However, despite the pressing financial concerns of the pandemic, the first expansion to ITIN filers with children under the age of six was passed on June 18, 2020 and the second expansion was signed on September 18, 2020. Newsom cited the pandemic as the reason behind the decision, but the expansion was built on a three-year effort by the California EITC Advocacy Coalition.

Campaign Structure and Strategy

The [California EITC Advocacy Coalition](#) is comprised of 60 organizations with the California Immigrant Policy Center taking the lead along with the United Ways of California, the Children's Defense Fund California, and the

California Budget and Policy Center. The Budget Center does not engage in direct advocacy, but rather provides key data and analysis to enhance the coalition's efforts.

In the first year of the campaign, the Senate proposed the bill with the credit expansion, but the Assembly did not. In the second year, both chambers proposed the bill, but it fell apart when negotiating with the governor. In the final year, 2020, the full proposal was whittled down and what was signed into law was a much smaller version of the policy.

"The focus on young children was based on money," said Alissa Anderson, senior policy analyst at the California Budget and Policy Center.

Because of the July 15, 2020 extension for personal income tax filing, the coalition did not have a clear sense of the state's revenue. After floating the idea of the full expansion in June to a key budget staffer in the senate, the coalition understood it was extremely unlikely because the state would need to save money for next year which would likely have even worse revenue outcomes.

In August, the coalition was surprised to learn that the fully expanded ITIN inclusion was on the table for Governor Newsom to sign. Despite the summer's earlier disappointment with the smaller version of the bill, the coalition's efforts paid off when state revenues turned out better than expected after the extended July 15th personal income tax filing deadline.

"We had planted the seed," Anderson said. She noted that she believed it helped that the expansion was relatively low cost and that the cost estimates her team sent to budget staff showed that those costs would almost certainly go up next year. They had made their case that the window of opportunity would close for years if they did not push it through now.

Additionally, the Latino caucus helped to push forward the full expansion after both houses proposed a \$100 billion economic stimulus plan that included the full ITIN inclusion as one of many priorities. While the plan was obviously too expensive, the Latino caucus argued that one piece of their plan—the credit expansion—was possible to do right now—and would make a major difference for Californians. With both houses finally making the full CalEITC expansion a top priority, Governor Newsom signed the bill.

In his official statement, Newsom said, “Expanding the CalEITC will provide a critical boost to undocumented and mixed-status families across the state, stimulate the economy and make us all stronger in the face of economic uncertainty.”

A few aspects of the years-long campaign helped pave the way for the full expansion:

Good relationships with key budget staff. The main champion of the legislation was budget staffer Chris Woods, who is the budget director for the Senate Pro Tempore, Toni Atkins. A champion from the very beginning of the campaign in 2015, Woods often sought guidance and cost/benefit estimates from the California Budget and Policy Center.

On the assembly side, the coalition found a champion in Genevieve Morales, who staffs the budget subcommittee where CalEITC policy goes through. The budget director and other staffers had not made the legislation a top priority, but Morales worked to push them on this issue, according to Anderson.

To gain additional support, the California Budget and Policy Center created [legislative district fact sheets](#) that estimated the local economic impact from including ITIN filers in the credits. These were aimed at moderate Democrats who were more likely to be compelled by seeing how much money would flow into their community rather than the equity argument. Advocates took these sheets, which were tailored to every legislative district, to meetings with legislators.

New report published last fall. In November 2019, the California Budget and Policy Center published a new report that provided new analyses, which helped shift the debate. The report, [Five Reasons Why California Should Extend the CalEITC and Young Child Tax Credit to Immigrant Families and Communities](#), highlighted new messages, including ones that particularly targeted the governor. For example, they noted that the Young Child Tax Credit in California is more restrictive than the federal Child Tax Credit, even after the Trump administration’s



Tax Credits and Job Act made many immigrants ineligible for the federal credit. This message was meant to appeal to Governor Newsom’s positioning himself in opposition of President Trump’s policies.

Gained support of the Latino caucus. By framing the policy as a racist one, the coalition was able to get the Latino caucus on board. A [blog post](#) by Anderson outlined the history of how the California EITC came to exclude ITIN filers. Federal policymakers made this decision in 1996 as part of anti-immigrant policies—and California adopted that same policy. This was compelling for the Latino caucus. A presentation for the caucus’ spring retreat where they decide on policy priorities helped convince them to make the ITIN expansion one of those priorities.

Data Hit



California Budget & Policy Center

JUNE 2020 | BY SARA KIMBERLIN AND KRISTIN SCHUMACHER

About 2 in 3 Immigrant Workers Excluded From the CalEITC Are COVID-19 Essential Workers
Among Workers Excluded From the CalEITC, Estimated Share in Essential Workforce = 65%



Note: Essential worker is defined based on the April 20, 2020 "Essential Worker" list published by the State Public Health Officer, with the additional amendment in addition with the USC Berkeley Labor Center. Referring to the share of immigrant workers who would be eligible to claim the CalEITC if they were permitted to use individual taxpayer identification numbers (ITINs) as well as Social Security Numbers when claiming the credit.

California workers who file taxes using Individual Taxpayer Identification Numbers (ITINs) are currently excluded from the CalEITC, the state's refundable tax credit for working individuals and families with low incomes.

The majority of these excluded immigrant workers – an estimated 2 in 3 of those who could be eligible for the CalEITC – perform jobs considered "essential" during the COVID-19 crisis. Many work in jobs vital to our food supply. An estimated 1 in 4 (24%) work in the farm industry, and an estimated 1 in 6 (18%) work in restaurants, in the occupations involved in preparing food for take-out or delivery. An estimated 1 in 11 (9%) work in grocery stores or grocery wholesale.

California has officially recognized that the jobs these workers do are "essential" to the community and economy. Ending the inequitable exclusion of these Californians from the CalEITC would respect their long-standing essential contributions to the state.

CALIFORNIA BUDGET & POLICY CENTER
calbudgetcenter.org

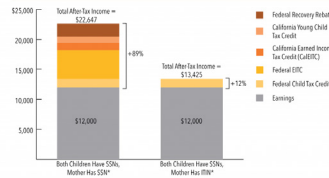
Data Hit



California Budget & Policy Center

APRIL 2020 | BY ALISSA ANDERSON

Exclusion of Many Immigrants and Their Children From Federal Recovery Rebates Makes Tax System More Unjust
Two Children Whose Mother Works Part-Time at California's Minimum Wage in 2019



* SSN=Social Security Number valid for work, ITIN=Individual Taxpayer Identification Number
Note: Analysis assumes both children have SSNs. "After-tax income" means income after filing taxes. These families do not save any state or federal income tax so they receive the full value of the refundable tax credits they qualify for as tax refunds.
Source: Budget Center analysis of CARES Act, PL 116-136 (2019), Section 17052 of the California Revenue and Taxation Code and Section 32 of Title 26 of the Internal Revenue Code.

Support for this Data Hit was provided by First 5 California.

Federal COVID-19 response efforts include measures that will help people struggling financially. These include cash payments called "recovery rebates" that will help many pay for basic needs.

Millions of Californians are excluded from federal recovery rebates. To qualify for the rebates, generally all family members must have SSNs. Immigrants who file taxes with ITINs – as well as their children, many of whom are US citizens – will be denied these payments.

This exclusion will make our inequitable tax system more unjust for many immigrants and their children. A parent who is a part-time minimum wage worker with a SSN could see her income rise by 8% after filing taxes, while an identical worker with an ITIN would see just a 12% increase.

California could help immigrants shut out of federal recovery efforts by creating a state-provided recovery rebate for ITIN filers as well as a wage replacement fund for immigrants who don't qualify for unemployment insurance.

CALIFORNIA BUDGET & POLICY CENTER
calbudgetcenter.org

COVID-19's effect on undocumented immigrants. While the pandemic created many challenges to passing this legislation, it also provided an opportunity to point out how undocumented immigrants were one of the hardest hit groups, financially, and they were [excluded from all federal income relief](#) on top of existing exclusions. The Budget Center also created [resources](#) that showed two out of every three Californians excluded from the EITC were essential workers.

"California needs to recognize the value they're providing to the state," Anderson said. "The least they can do is make our tax code more fair."

Key Messages Used

- Inclusive tax credits would benefit more Californians.** Immigrants are vital to California's workforce. Half of all Californian workers are immigrants or children of immigrants. Extending the credits to workers who file taxes with an ITIN would improve economic security for people who are engaged in important, but low-paid – and often unstable – work, and would be an investment in their children, who will be part of the future workforce California needs to maintain a strong economy.
- Inclusive tax credits would recognize that immigrants are tax filers.** It is estimated that undocumented immigrants alone contribute over \$3 billion annually to California's state and local tax system, including by paying personal income taxes using ITINs. People with ITINs are eligible for other tax benefits; allowing ITIN tax filers to benefit from the CalEITC and YCTC would bring these credits in alignment with other tax benefits.

- Inclusive tax credits could help increase economic stability for children growing up in poverty.** Among working families, children of immigrants are more than twice as likely to live in poverty as other children in working families. Economic instability can have lasting, harmful effects on children. Refundable income tax credits are key public investments that not only reduce economic insecurity, but also help children succeed long term.
- California's Young Child Tax Credit excludes more immigrant families than the federal Child Tax Credit.** Parents with ITINs can currently claim the federal CTC for any child who has an SSN that is valid for work. In contrast, the Young Child Tax Credit is not available to any children whose parents have ITINs, even if the children are US-born citizens with SSNs. This makes California's credit more restrictive than the federal credit. In fact, an estimated 90% of the children under age 6 who are excluded from California's Young Child Tax Credit are eligible for the federal CTC.
- Children whose parents have the same earnings experience huge disparities in after-tax income due to tax credit exclusions.** A mother who files with a SSN that is valid for work, and who made \$12,000 in 2019, would bring home an after-tax income of \$20,000 because they qualify for a range of tax credits. In contrast, if a mother with the same income filed her taxes with an ITIN, the family's after-tax income would be just \$13,000.

— PARTNERS

California Immigrant Policy Center

United Ways of California

Children's Defense Fund California

Alameda County Community Foodbank

ACLU California

Alameda County Community Food Bank

Asian Americans Advancing Justice

Asian Pacific Environmental Network

Bay Area Regional Health Inequities Initiative

California Catholic Conference

California Interfaith Coalition

California Association of Food Banks

CAIR California

California Partnership

Catholic Charities of the Diocese of Stockton

California County of Welfare Rights Organizations

California Employment Lawyers Association

California Food and Farming Network

California Food Policy Advocates

California Industrial Areas Foundation

California Labor Federation

California Nurses Association

California Pan-Ethnic Health Network

California Reinvestment Coalition

California Welfare Directors Association

California Women's Law Center

Childcare Law Center

Coalition for Humane Immigrant Rights (CHIRLA)

Courage California

Dolores Huerta Foundation

Drug Policy Alliance

End Child Poverty CA/The GRACE Institute

Ella Baker Center for Human Rights

Economic Security Project Action

Equal Rights Advocates

First 5 Association of California

Friends Committee on Legislation of California

FREE SF

GLIDE

Greenlining Institute

Golden State Opportunity Foundation

Inland Coalition for Immigrant Justice

John Burton Advocates for Youth

Jewish Public Affairs Committee of California

Justice in Aging

Latino Coalition for a Healthy California

Long Beach Immigrant Rights Coalition

Leadership Counsel for Justice and Accountability

Legal Aid at Work

Lutheran Office of Public Affairs California

National Association of Social Workers

National Council of Jewish Women -
California Policy Advocacy Network

NextGen California

PICO California

Pomona Economic Opportunity Center

San Diego Immigrant Rights Coalition

SEIU California

Silicon Valley Community Foundation

Stronger CA Advocates Network

TODEC Legal Center

UDW AFSCME Local 3930

Voices for Progress

Western Center on Law and Poverty

Young Invincibles