Tax Credits and Low-Income Californians

October 3, 2022
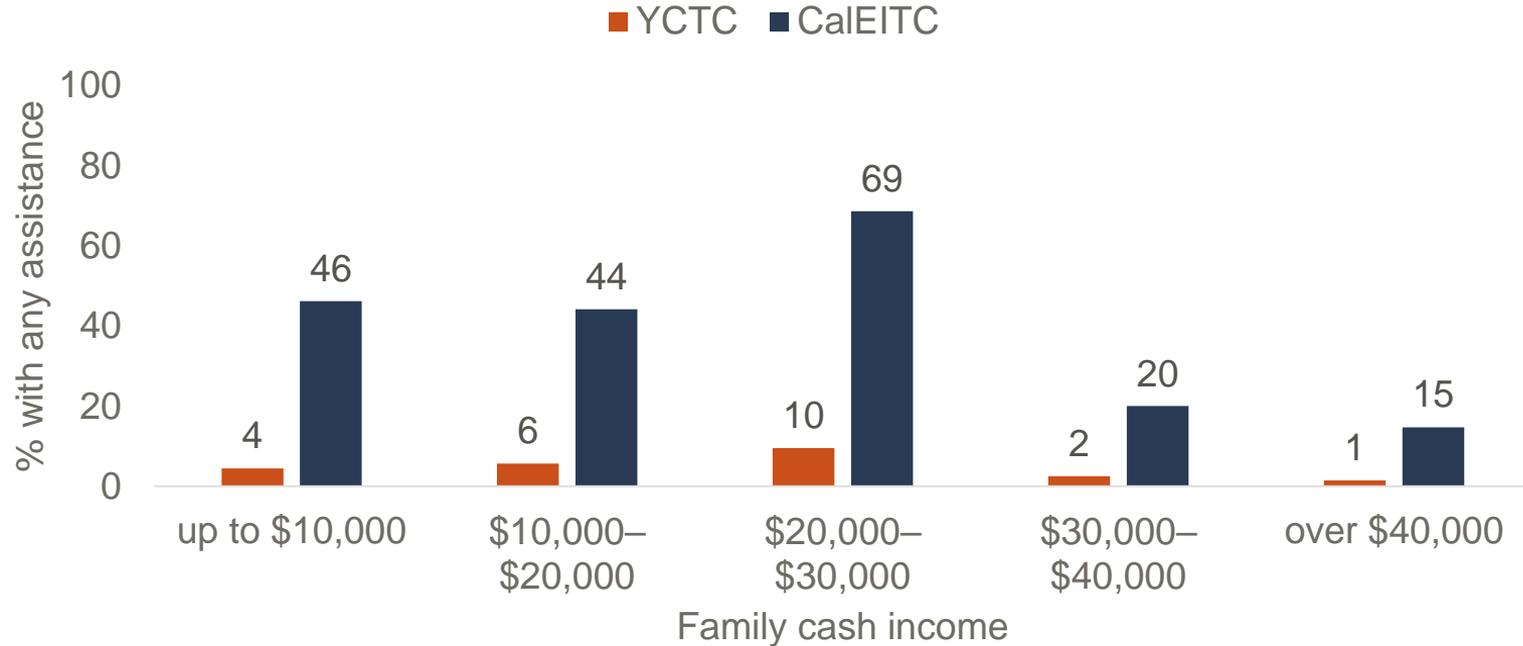
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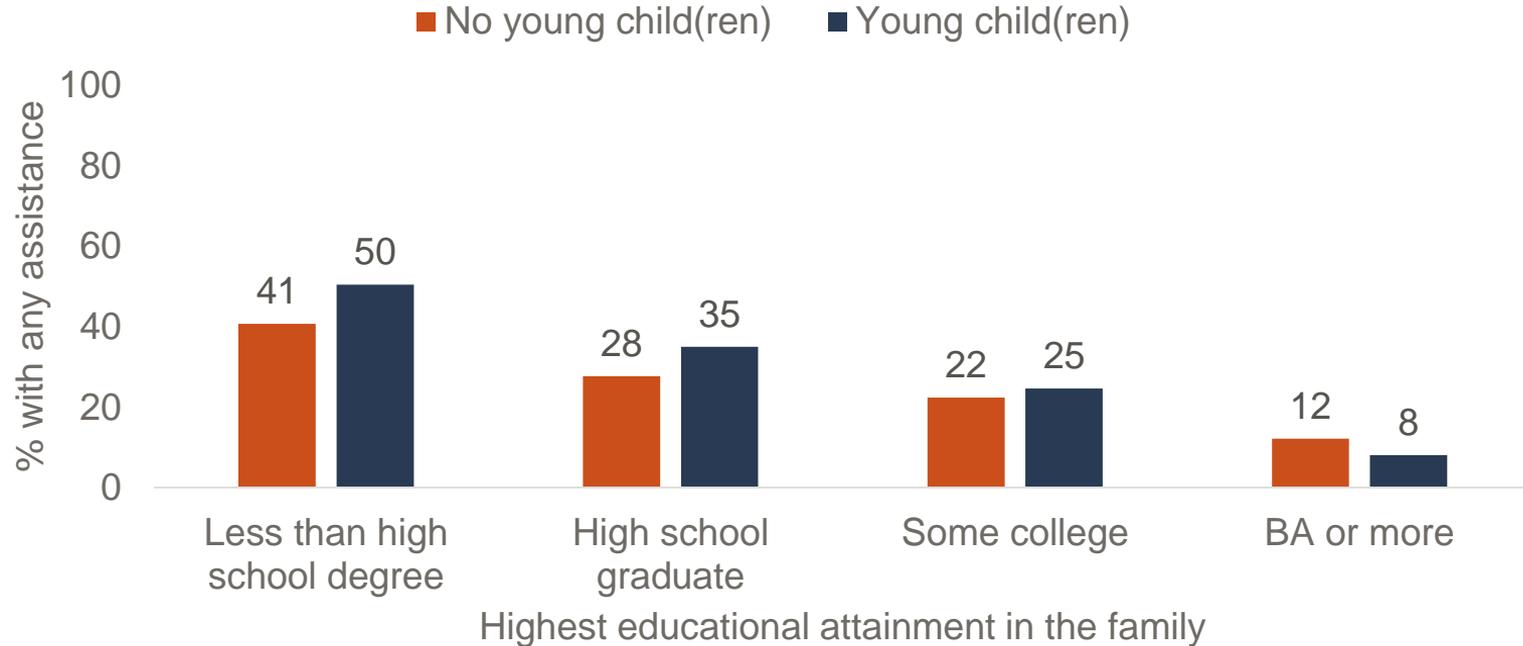# California tax credits assist large shares of low-income families

Source: California Poverty Measure.

Assistance is notably higher for Californians with less education

■ No young child(ren) ■ Young child(ren)

% with any assistance

	Less than high school degree	High school graduate	Some college	BA or more
No young child(ren)	41	28	22	12
Young child(ren)	50	35	25	8

Highest educational attainment in the family

Families with the lowest incomes see a sizable boost
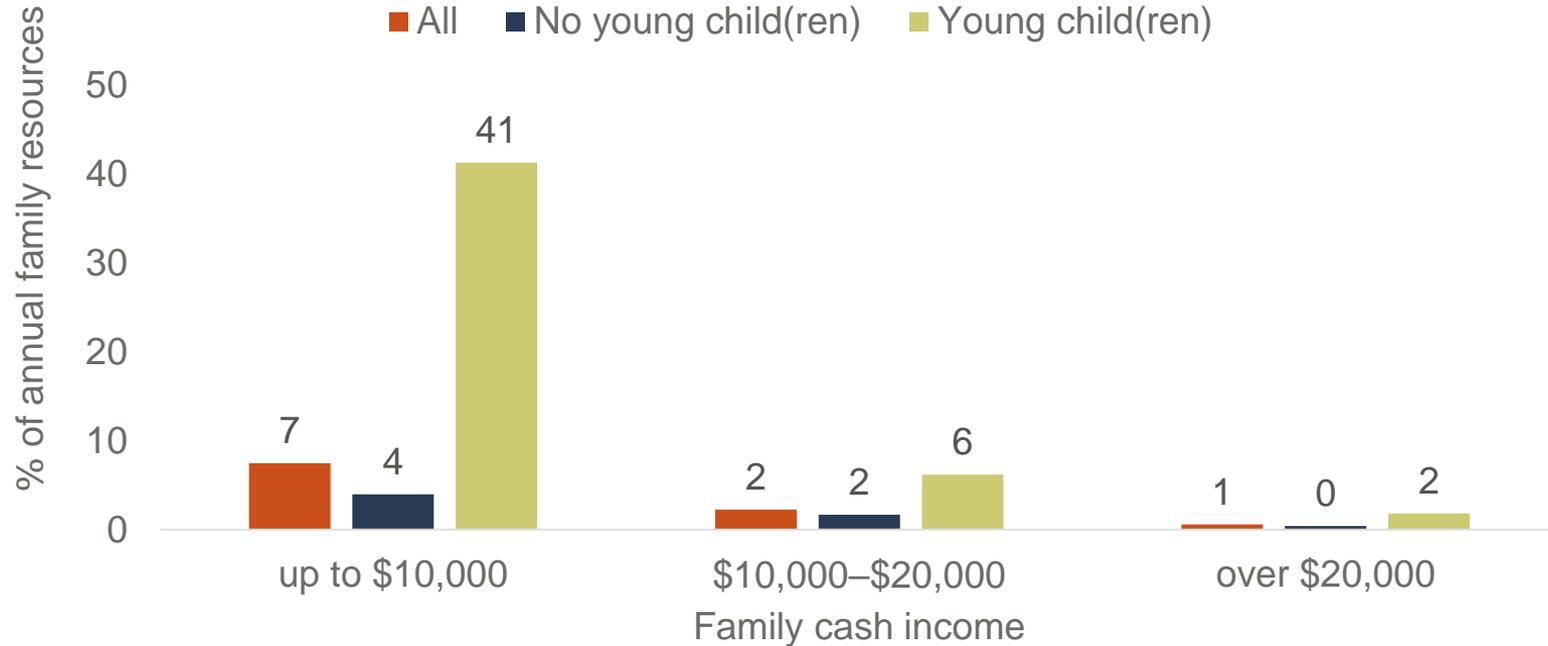
Source: California Poverty Measure.

To increase take-up, must overcome different types of barriers

	Mindset	Learning	Action
Non-filers	Trust that credits are real, no adverse consequences of filing	Understand filing is necessary and advantageous	File forms
Filers		Understand they did not claim the credit(s)	Amend return

Strategies

- Improve knowledge about who is and is not filing
  - Identify characteristics those who always, sometimes, and never file
  - Understand characteristics of those more likely to miss the credit, even though they file
  - Link tax records to other state or county sources to improve knowledge about non-filers

- Build additional partnerships with trusted messengers
  - For families with children, this could include WIC and public schools
  - Consider how to engage with paid preparers

- Take steps towards opt-out instead of opt-in

Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.