



# Money for the people who need it: Emergency Money to the People

*As Californians deal with the coronavirus outbreak and resulting economic insecurity, we must provide immediate financial support to families living in poverty and those pushed to the brink. Emergency Money to the People would provide much needed cash to low-income households earning up to \$30,000 using the CalEITC structure – quickly helping to stabilize families at risk in this crisis and boost the economy.*

## RESPONDING TO A CRISIS

Californians are preparing for disruptions to their daily lives as the coronavirus spreads across communities, and low-income people who have little or no savings to fall back on will be hardest hit. For people already struggling, the oncoming recession could be disastrous.

**Public health first.** Right now, the state should act to address the public health crisis and stop the worst devastation of the coronavirus by making sure that people have enough paid **sick leave**, paid **family leave**, access to **testing** and **health care** to keep themselves, their families and their communities safe.

**Economic health next.** The state should then swiftly and boldly address the immediate and lasting economic impacts of this crisis. For people already struggling, the oncoming disruptions could be disastrous. Infusing cash into low-income households, based on CalEITC, is one strategic and straightforward way to provide critical support to households suffering from lost jobs and cut hours. This should be considered as part of a package of proposals including expanded unemployment insurance, housing assistance/homelessness prevention, and the expansion of existing safety net programs like CalFresh, CalWORKs and Medi-Cal. **Emergency Money to the People is an essential component** of the state's response to ensure that families can weather this economic storm.

## WHY WE NEED EMERGENCY MONEY TO THE PEOPLE, BUILT ON CALEITC

To meet the moment, any economic stimulus measures must be targeted to help the low-income people facing the biggest economic disruption, deliver quick relief, and maximize the economic boost. **Emergency Money to the People uses the existing CalEITC structure – a proven, practical, and powerful mechanism** – and delivers its benefits to the lowest earners, targeting dollars most effectively while reducing inequality, stimulating the economy, and counterbalancing recessionary impacts that hit people of color the hardest.

## **EMERGENCY MONEY TO THE PEOPLE: POLICY OPTIONS**

CalEITC already operates to get cash in the hands of the lowest-wage workers, and because of last year's expansions, it is on track to provide refundable tax credits to 3 million households. Using that framework, and the fact that many households have already filed 2019 taxes or will do so in the coming weeks, we propose three options that build on this sturdy framework:

### **OPTION 1: AN ADDITIONAL 2019 CALEITC CREDIT**

- Anyone who received a 2019 CalEITC credit would receive an additional credit for the same amount.
- This option repeats the CalEITC feature that provides greater support for households with children. The maximum credit for households with three or more children is almost \$3,000 and about \$240 for households without children.

### **OPTION 2: AN ADDITIONAL, MODIFIED 2019 CALEITC CREDIT**

- Anyone who received a 2019 CalEITC credit would receive a second credit, with the following modifications:
  - Maximum credit set at \$2,000 (could range up to \$2,500)
  - Minimum credit set at \$100 (could range up to \$200)
  - Note: Maximum and minimum levels could be adjusted based on up-to-date claim numbers to achieve the best balance of credit size and total cost.
- This option provides slightly greater support for households without children (relative to the standard CalEITC), who are largely left out of other cash supports like the federal EITC.

### **OPTION 3: FLAT CREDIT FOR ALL CALEITC RECIPIENTS**

- Anyone who received a 2019 CalEITC credit would receive another \$200 credit per person -- so a household with four people would receive an additional \$800.
- This option provides larger credits for childless workers (relative to the standard CalEITC) while maintaining some proportionality for larger households.

### **IN ALL THREE CASES, EXTEND CALEITC AND YCTC TO ITIN FILERS**

- Immigrant workers will be some of the hardest households hit, and will be unable to receive many other federal and state supports.
- The state should immediately extend CalEITC and YCTC eligibility to ITIN filers, and allow claims based on 2019 earnings.

All three options are designed to cost no more than \$1 billion.

Revenue options include the Special Fund for Economic Uncertainties (the SFEU is currently valued at \$1.6B), which could be spent in an emergency, or included as part of the 2020-2021 budget.