SUMMARY
Assembly Bill 24 establishes the Targeted Child Tax Credit to provide a fundamental, holistic level of support for families living in poverty with children.

BACKGROUND
California’s existing social safety net programs have shown substantiated, causal impacts to meeting the basic needs of struggling families and promoting self-sufficiency.

Nutrition programs, like CalFresh, address food insecurity which helps mitigate childhood developmental delays\(^1\) and improves a child’s ability to focus and learn at school\(^2\). Medi-Cal is vital in preventing negative outcomes resulting from a lack of resources associated with poverty, like high infant mortality rates, low immunization rates and other physical and mental health problems that extend into adulthood\(^3\). Programs like CalWORKs, the CalEITC and SSI give the means to purchase basic needs while also encouraging work to offer a pathway out of poverty and build the necessary capabilities of parents to overcome adversity. Without this suite of programs that contribute to our state’s social safety net, the poverty rate in California would jump from an estimated 21.8 percent to 34.4 percent, further exacerbating the myriad of negative effects associated with poverty.

Despite the success of our state’s social safety net and California’s position as the fifth largest economy in the world, California suffers from the highest rates of childhood poverty in the nation.

According to the U.S. Census Bureau’s Supplemental Poverty Measure, which accounts for the high cost-of-living in the state 1.9 million, or one-in-five, children live in poverty. Of those, 450,000 children live in deep poverty, defined as households with incomes under 50% of the federal poverty level, an annual income of $12,550 for a family of four.

ASSEMBLY BILL 24
AB 24 establishes the Targeted Child Tax Credit (TCTC) to further support families and children living in deep poverty by accounting for the basic necessities of a family when issuing a credit.

The TCTC issues credits based on income thresholds calculated by subtracting family expenses, like out-of-pocket medical, childcare and work-related commuting expenses with rental prices from the surrounding area, from gross resources, like wages and support through social safety net programs, to get a better picture of a family’s actual, on-hand resources.

By taking greater account of the real cost-of-living that California families face, the TCTC provides resources which more accurately incorporate the support needed for families living in poverty.

SUPPORT
GRACE (Co-sponsor)
Western Center on Law and Poverty (Co-sponsor)

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3 Ibid.