



**Testimony for the Joint Fiscal Committees  
SFY 2022-23 Executive Budget  
Taxes Budget Hearing  
February 16, 2022**

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The Schuyler Center thanks the chairs and members of the respective committees for the opportunity to submit testimony on the 2022-23 New York State Executive Budget. The Schuyler Center is a 150-year-old statewide, nonprofit organization dedicated to policy analysis and advocacy in support of public systems that meet the needs of disenfranchised populations and people living in poverty.

Schuyler Center leads and participates in several coalitions focused on children and families, including Raising New York; the Child Welfare Coalition; CHAMPS (Children Need Amazing Parents); the Empire State Campaign for Child Care; Winning Beginning New York; Ready for Kindergarten, Ready for College; Fostering Youth Success Alliance; Raise the Age; Medicaid Matters New York; and a statewide workgroup on maternal, infant, and early childhood home visiting, which brings together State agencies, providers and advocates to strengthen coordination between and access to important whole-family interventions.

In 2022, the Schuyler Center celebrates the 150th anniversary of our founding by Louisa Lee Schuyler. Today, our work remains grounded in her ideals of compassion, advocacy, leadership, and partnership.

Our priorities this year, as in the past, prioritize reducing child poverty; strengthening families before they experience crises or trauma; and preventing families from enduring hardships like ill-health, child welfare involvement, or encounters with juvenile justice. Another over-arching priority: ensuring comprehensive and strategic investment in our youngest New Yorkers, ages 0 to 3, when their brains and bodies are most rapidly developing, with impacts that can last a lifetime.

**Tax policy can play a critical role in achieving a just and equitable recovery for all New Yorkers, but only if we act boldly, and put children, families, the New Yorkers and communities hit hardest by the pandemic, intentionally at the center of our efforts.**

2021 marked the second pandemic year; a year in which New Yorkers fell into a strained “new normal” that for many children – particularly our youngest – is all they have known or remember.

2021 also featured important wins for New York children and families. In December 2021, the Governor signed the New York State enacted the **Child Poverty Reduction Act, committing the State to reducing child poverty by 50% in the coming decade with attention to racial equity.**

The law creates an expectation of public accounting for progress over time and assessment of budget actions with regard to their impacts on child poverty. In this first year since enactment, we ask policymakers to systematically evaluate each and every budget decision for its impact on child poverty. We also look forward to the Child Poverty Reduction Advisory Council being convened without delay, and acting swiftly to set New York on track to dramatically reducing child poverty, starting this year.

Also in 2021: federal pandemic stimulus payments and expanded refundable tax credits brought attention to the many benefits modest income transfers can bring to low-income families, especially those with young children, including improved physical, emotional and behavioral health, higher educational attainment and increased future earnings.<sup>1,2,3</sup> These pandemic relief programs also demonstrated how **effective refundable child tax credits can be in fighting child poverty**. The American Rescue Plan's temporary expansion of the federal child tax credit is expected to temporarily cut the nation's child poverty by 45%.<sup>4</sup>

In 2022, we urge New York to implement the following tax reforms proven to reduce child poverty, and move families toward economic security.

**Expand the Empire State Child Credit to cover New York's youngest children (under age four) and children facing deep poverty, and increase the maximum available credit.**

As noted above, the impacts of the temporary (ARPA) expansion of the federal child tax credit in 2021 as a form of pandemic relief confirmed how effective refundable tax credits can be in reducing child poverty and its many negative and lasting impacts, particularly if targeted to reach the poorest and youngest. Unfortunately, the expanded federal tax credit, which brought regular monthly payments to families for the second half of 2021, is not slated to continue. For many of New York's poorest families, the end of the expanded credit may mean they lost their credit altogether. It is therefore even more critical that New York strengthen its child tax credit, especially for the state's poorest and youngest children.

This loss of the federal credit will be felt even more sharply by New York families with young children because New York's child tax credit, the Empire State Child Credit, has always excluded children under the age of four from eligibility for the credit. It is time for New York to end this illogical and harmful exclusion of the very group of children most likely to live in poverty, and most sharply impacted by poverty's impacts, and to otherwise strengthen its credit. Specifically New York should:

1. Make the credit newly available to lower-income families with babies and toddlers (age 0-3 years) and raise the maximum credit amount for young children (age 0-3) to \$1,000.
2. Make the credit newly available to lower-income families with 17-year-olds.
3. Raise the maximum credit amount for currently covered older children (4 to 16) to \$500 (for ages 4 to 17).
4. Make the full credit amount available to the lowest-income families, ending the exclusion of families with income less than \$3,000, and ending the gradual phase-in for the lowest income families.

Eligible “lower-income” tax-filers for purposes of this credit should continue to mean families with an income at or less than \$110,000 for a joint tax return, \$75,000 for a single tax return and \$55,000 for a married individual filing a separate tax return, with a gradual phase out.

### **Background about the Empire State Child Credit**

Enacted in 2006, New York State’s Empire State Child Credit provides eligible families up to \$330 annually per “qualified” child (children ages 4-16). The credit begins to phase in at \$3,000 of income and phases out after the current income limit threshold. Nearly 1.4 million families received the credit for tax year 2019 at an average credit of \$447. The estimated cost of the ESCC, in the form of a reduction of All Funds revenue, was \$612 million in 2019.<sup>5</sup>

The FY2021 New York State Executive Budget proposal – released before the pandemic hit New York - included extending eligibility to children under age four in families with a state adjusted gross income of \$50,000 or less. This expansion was projected to provide an average benefit of nearly \$400 to almost 400,000 families and cost \$157 million annually beginning in FY 2023.

### **Background about the federal ARPA’s enhancements to the federal Child Tax Credit**

For tax year 2021, ARPA expanded the federal Child Tax Credit:

1. Increased the federal Child Tax Credit from \$2,000/child to \$3,000 per child over age six.
2. Increased the federal Child Tax Credit from \$2,000/child to \$3,600 per child six and under.
3. Made 17-year-olds eligible for the federal Child Tax Credit.
4. Eliminated the lower income threshold (\$2,500) and phase-in, making the lowest income children eligible for the maximum credit.
5. Without federal action, for tax year 2022, the lowest income families and those with 17-year-olds will lose their Child Tax Credit altogether; other families will receive a smaller credit.

### **Important Note About Immigrant Eligibility**

The federal Child Tax Credit excludes children who do not have a social security number. In New York State, this is an estimated [72,000](#) children, with more than [9,000 under the age of five](#). New York State’s child tax credit does not exclude these children, except for those under age four.

**We urge New York to expand the Empire State Child Credit to end its illogical exclusion of our youngest children, and its 17-year-old youth, and those children living in deep poverty. These actions would put New York on track to turning the tide on child poverty.**

### **Expand New York’s Earned Income Tax Credit to Cover Young Childless Adults and Immigrant New Yorkers and Increase the Credit Amount**

Refundable tax credits like the Earned Income Tax Credit (EITC) can encourage work because the credit amount rises as earnings rise to a maximum level, and then phases out slowly as a worker’s earnings increase. Young and childless adults ages 18 through 24 currently do not qualify for the federal or New York State EITC even though they experience poverty at rates

higher than most adults.<sup>6</sup> The pandemic has had a particularly detrimental impact on young adult engagement in the workforce, with this age group experiencing unemployment at rates dramatically outpacing that of other age groups, with Black and Asian American/Pacific Islander men hit particularly hard.<sup>7</sup> Exclusion of this age group from the EITC exacerbates the risk of them of becoming disconnected with the labor force because members of this age group that work in low-wage positions are taxed into poverty under the federal tax code.<sup>8</sup>

Eighteen percent (276,000) of young adults ages 18 through 24 lived below the poverty level, far exceeding the 13% poverty rate for all New Yorkers, in 2019, before the pandemic.<sup>9</sup> Part of this group includes the state's foster youth who age out of foster care, a group of young adults that experience homelessness, food insecurity, and unemployment at higher rates than their peers. In addition, many of New York's teens 16 through 18 in 2019 were disconnected both from school and the workforce, making them more likely to live in poverty as young adults. Six percent of New Yorkers ages 16 through 18 (58,000) are neither in school nor working.<sup>10</sup>

**Notably, ARPA, temporarily (for 2021) nearly tripled the maximum credit for single, childless EITC recipients, and expanded it to reach young adults,** reducing the minimum age from 25 to 19 for most workers. For students who are attending school at least part-time, the age limit is temporarily reduced from 25 to 24. And for former foster children and youth who are homeless, the minimum age is temporarily reduced from 25 to 18.<sup>11</sup>

Currently, the New York State EITC is 30% of the federal credit and is fully refundable. Like the federal credit, New York's EITC excludes childless working adults ages 18 through 24. It also excludes many otherwise eligible immigrant New Yorkers. In tax year 2019, 1,483,377 New York State taxpayers filed EITC claims. The average credit for a family with two children was \$1,079.<sup>12</sup>

*New York should expand and strengthen the state EITC by (1) increasing the percentage of the federal credit paid to families from 30% to 40%; (2) expanding the credit for young adults without children (ages 18 through 24) who are currently ineligible for either the federal or state credit; and (3) adjusting filing requirements so that more hard-working immigrant New Yorkers can file for the state EITC.*

## **A RECOVERY THAT CENTERS ALL NEW YORK CHILDREN AND FAMILIES**

As New York implements the Child Poverty Reduction Act, committing to halving child poverty in a decade, and turns the corner to pandemic recovery, we urge the Legislature and the Governor to pass a 2022-23 Budget that centers our children; prioritizes communities hit hardest by the pandemic; and uses this moment of rebuilding as an opportunity to build back the systems upon which children and families and all New Yorkers rely to be aligned, coordinated, well-resourced, and anti-racist.

Thank you. We appreciate the opportunity to submit testimony and look forward to continuing to work with you to build a strong New York.

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<sup>1</sup> Garfinkel, I., Harris, D., Waldfogel, J., & Wimer, C. (2016). Doing More For Our Children: Modeling a Universal Child Allowance or More Generous Child Tax Credit. The Century Foundation.

[tcf.org/content/report/doing-more-for-our-children/](http://tcf.org/content/report/doing-more-for-our-children/)

<sup>2</sup> White, G.B. (2015). Income Makes a Big Difference for Kids. The Atlantic.

[www.theatlantic.com/business/archive/2015/09/income-inequality-poverty-children/407512/](http://www.theatlantic.com/business/archive/2015/09/income-inequality-poverty-children/407512/)

<sup>3</sup> Bruner, C., & Johnson, K. (2018, March) Federal Spending Prenatal to Three: Developing a Public Response to Improving Developmental Trajectories and Preventing Inequities Center for the Study of Social Policy. [www.cssp.org/publications/documents/Federal-Spending-Prenatal-to-Three.pdf](http://www.cssp.org/publications/documents/Federal-Spending-Prenatal-to-Three.pdf), p. 12.

<sup>4</sup> <https://www.brookings.edu/blog/up-front/2021/03/11/new-child-tax-credit-could-slash-poverty-now-and-boost-social-mobility-later/>

<sup>5</sup> New York State Department of Finance and Taxation. Data for 2019 tax year. On file at the Schuyler Center.

<sup>6</sup> National Kids Count. 2020. Population in poverty in New York.

<https://datacenter.kidscount.org/data/tables/51-persons-18-to-24-in-poverty?loc=1&loct=2#detailed/2/34/false/1729,37,871,870,573,869,36,868,867,133/any/337,338;>

<https://datacenter.kidscount.org/data/tables/52-population-in-poverty?loc=1&loct=2#detailed/2/34/false/1729,37,871,870,573,869,36,868,867,133/any/339,340>

<sup>7</sup> Elise Gould and Melat Kassa. Young Workers Hit Hard by the COVID-19 Economy: Workers Ages 16-24 Face High Unemployment and an Uncertain Future. Economic Policy Institute. October 14, 2020

<https://www.epi.org/publication/young-workers-covid-recession/>

<sup>8</sup> Elaine Maag. July 2018. Who Benefits from Expanding the EITC or CTC? *The Urban Institute*.

[https://www.urban.org/sites/default/files/publication/98829/who-benefits-from-expanding-the-eitc-or-ctc\\_understanding-the-intersection-of-the-eitc\\_0.pdf](https://www.urban.org/sites/default/files/publication/98829/who-benefits-from-expanding-the-eitc-or-ctc_understanding-the-intersection-of-the-eitc_0.pdf)

<sup>9</sup> National Kids Count. 2020. Population in poverty in New York.

<https://datacenter.kidscount.org/data/tables/51-persons-18-to-24-in-poverty?loc=1&loct=2#detailed/2/34/false/1729,37,871,870,573,869,36,868,867,133/any/337,338;>

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<sup>10</sup> National Kids Count. 2020. Teens ages 16 to 19 not attending school and not working in New York.

<https://datacenter.kidscount.org/data/tables/7261-teens-ages-16-to-19-not-attending-school-and-not-working?loc=1&loct=2#detailed/2/34/false/1729,37,871,870,573,869,36,868,867,133/any/14311,14312>

<sup>11</sup> Congressional Research Service. 2021. The “Childless” EITC: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)

<https://crsreports.congress.gov/product/pdf/IN/IN11610>

<sup>12</sup> Schuyler Center for Analysis and Advocacy. 2022. The State of New York’s Children. Data Book:

January 2022. <https://scaany.org/wp-content/uploads/2022/01/SONYC-Data-Book-2022.pdf>.