



Testimony: Joint Legislative Public Hearing on the FY 2026 Executive Budget Proposal: Taxes

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February 27, 2025

Thank you to Majority Leader Stewart-Cousins, Senate Finance Committee and Chair Krueger, Speaker Heastie, Assembly Ways and Means Committee, and Chair Pretlow for this opportunity.

My name is Debipriya Chatterjee, and I serve as the Senior Economist at the Community Service Society of New York (CSS), an organization dedicated to improving the lives of low-income New Yorkers and championing a more equitable city. For 180 years, CSS has provided direct services, conducted rigorous research and policy analysis, and led strategic advocacy efforts to alleviate hardship and expand economic opportunity for our fellow New Yorkers.

My testimony today will focus on key reforms to refundable tax credits that can improve economic security for New Yorkers.

The first recommendation concerns the Empire State Child Credit (ESCC). As members of the New York [Can End Child Poverty coalition](#), CSS has been long advocated for strengthening this vital tax credit for households with children. After we [secured an expansion](#) of the credit to young children under age four in 2023,ⁱ we were heartened to see the Governor [propose greater expansion](#) of the credit in the FY2026 Executive Budget.ⁱⁱ

To ensure that the credit makes a serious dent in child poverty, we recommend the following reforms:

- (1) Eliminate the \$2,500 minimum income eligibility requirement.¹
- (2) Remove the phase-in structure of the credit, which excludes New York’s lowest income families from receiving the full credit amount. The current design, modeled after the “partially refundable” federal child tax credit, means low-income tax filers whose tax liability is lower than the credit amount receive only a fraction of it. For example, a family with one child must earn more than \$9,667 to receive the full credit amount of \$330.ⁱⁱⁱ
- (3) Eliminate the added penalty imposed on families with multiple children. The combination of the minimum income requirement and the partially refundable nature of the child tax credit disproportionately affects low-income families with multiple

¹ Families with incomes below \$2,500 get \$100 per qualifying child. Source : https://www.tax.ny.gov/pit/credits/empire_state_child_credit.htm

children. A family with three children needs to have more than \$23,000 in annual earnings to receive the full amount of \$330 per child credit.^{iv} Together, these punitive features of the ESCC—namely, the minimum income requirement and the phase-in—exclude an estimated 1 million children (27.2 percent) from receiving the full credit.^v Research shows that removing these barriers can lift millions of children out of poverty.^{vi} When the federal child tax credit was increased and made fully refundable in 2021, as part of the expanded benefits program to aid the recovery from the COVID-19 pandemic, child poverty was cut by a whopping 46 percent.^{vii}

- (4) Index the credit amount and the eligibility thresholds to inflation. The current maximum credit amount of \$330 per child was set in 2006; if adjusted for inflation, it would be \$528.65 in 2025.^{viii} Similarly, the phase-out threshold for joint married filers has remained at \$110,000 since the credit's inception, and it should be updated to ideally be over \$176,000.
- (5) Increase the credit amount to \$1,500 for all children under the age of 18 as recommended by the [Child Poverty Reduction Advisory Council's report](#)—a move that could reduce statewide poverty by 23 percent.^{ix} The expansion proposed in the Executive Budget—increasing the credit to \$1,000 for children under the age of 4 and \$500 for children aged four to 16 years—is far less than what is needed at the moment to reduce child poverty and excludes children aged 17 years old.
- (6) Finally, we need these expansions and reforms to be codified in the state's personal income tax code and not to expire after three years.

My second recommendation focuses on reforming the state's Earned Income Tax Credit (EITC), a proven, powerful anti-poverty tool. The state can improve economic security for thousands of New Yorkers by extending the credit to currently excluded populations^x:

- (1) Expand EITC to young adult workers aged 18-24 years old. CSS estimates that this expansion would cost the state an additional \$45 million and has the potential to benefit 440,000 working young adults. Most of these young adult workers are employed while also furthering their education and earning less than the \$17,640 annual income eligibility limit. For context, the federal poverty level for a single individual was \$14,580 in 2023 (the year for which we estimate the fiscal cost of the expansion).^{xi}
- (2) Expand EITC to older workers aged 65 and over. CSS estimates that it would cost the state an additional \$342 million to implement this expansion, potentially benefiting over 400,000 working seniors. Around 50 percent of these seniors are in households with children, and thus expanding the EITC to the working seniors would not only help them, but also help other family members, including children.

- (3) Expand EITC to ITIN filers. Under current federal eligibility rules, only tax payers with Social Security Numbers qualify for the EITC. This excludes certain immigrants who are authorized to work in the country and who pay taxes using an Individual Taxpayer Identification Number (ITIN). ITIN filers include undocumented workers, student visa holders, some family members of workers with employment visas, and certain survivors of domestic violence. CSS estimates that it would cost the state an additional \$77 million to implement this expansion, which has the potential to benefit 100,000 ITIN filers.^{xii} Given that these hard-working immigrants contribute to state revenues yet are ineligible to receive most public benefits, ending this baseless and unfair discrimination is imperative.

It is important to note that the Working Families Tax Credit ([S.2082 Gounardes/A.3474 Hevesi](#)) already incorporates several of these key reforms.

Before I conclude, I would like to share that CSS's statewide Annual Survey of Housing and Economic Security, conducted in the fall of 2024, provides valuable insights into the struggles households face across the state. Our survey shows that:

- Over one third of low-income households (with incomes up to 200 percent of the federal poverty level, FPL) have had to cut back on basic necessities, such as school supplies.
- Eighteen percent of low-income households—and 13 percent of moderate-income (200-300 percent FPL) could not afford transportation. In urban areas like New York City, this often meant being unable to afford public transit; in suburban areas, it meant struggling with car-related expenses.
- Eighteen percent of low-income households could not afford high-speed internet, limiting their ability to pursue education and job opportunities.
- Around 14 percent of respondents postponed medical procedures or did not refill prescriptions due to financial constraints.

In other words, far too many New Yorkers are on the brink of economic insecurity. While the Governor's attention to the pocketbooks of everyday New Yorkers is welcome, we believe that the one-time expenditure of \$3 billion in "inflation refunds" could be more effectively deployed to enact these important expansions to the ESCC and the state EITC. These reforms would not only alleviate current economic hardships but also promote long-term economic mobility, reducing future reliance on public assistance.

This budget is a chance to affirm our state's commitment to dignity, opportunity, and equity for all its residents.

Thank you again for allowing me to present this testimony. Please reach out to me at dchatterjee@cssny.org if you have any questions.

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- ⁱ CSS press release, “Some Consumer Wins in the State Budget, But No Relief for New Yorkers Facing Housing Insecurity, Inability to Access Health Care Because of their Immigration Status, and Reentry Barriers,” May 2, 2023. Link: <https://www.cssny.org/news/entry/some-consumer-wins-in-the-state-budget-but-no-relief-for-new-yorkers-facing>
- ⁱⁱ FY2026 NYS Executive Budget, “Your Family is My Fight,” Governor Kathy Hochul and Budget Director Blake G. Washington, pp. 37. Link: <https://www.budget.ny.gov/pubs/archive/fy26/ex/book/briefingbook.pdf>
- ⁱⁱⁱ Nabozny, Pete, “Explaining Governor Hochul’s Proposal to Expand the Empire State Child Credit,” The Children’s Agenda, January 9, 2025. Link: <https://www.budget.ny.gov/pubs/archive/fy26/ex/book/briefingbook.pdf>
- ^{iv} Ibid.
- ^v Center on Poverty and Social Policy. 2025. “Children left behind by the Child Tax Credit: by state and congressional district in the 119th Congress.” Link: <https://povertycenter.columbia.edu/publication/map-of-children-left-behind-by-the-child-tax-credit-2023>
- ^{vi} Davis, Aidan, Meg Wiehe, Sophie Collyer, David Harris, and Christopher Wimer. 2019. “The case for extending state-level child tax credits to those left out: A 50-state analysis.” Washington DC and New York: Institute for Taxation and Economic Policy and Center on Poverty and Social Policy. Link: <https://povertycenter.columbia.edu/publication/2019/the-case-for-extending-state-level-child-tax-credits-to-those-left-out>
- ^{vii} Burns, Kalee, Liana Fox, and Danielle Wilson, “Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020,” U.S. Census Bureau, America Counts: Stories, September 2022. Link: <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>
- ^{viii} Consumer Price Index for all Urban Consumers, accessed via the Bureau of Labor Statistics site. Link: https://www.bls.gov/data/inflation_calculator.htm
- ^{ix} “Child Poverty Reduction Advisory Council: 2024 Recommendations and Progress Report.” Link: <https://otda.ny.gov/news/meetings/CPRAC/2024-12-18/attachments/2024-12-18-CPRAC-2024-Recommendations-and-Progress-Report.pdf>
- ^x Chatterjee, Debipriya, “Make Work Pay Again: An Argument for Expanding the Earned Income Tax Credit,” Report, May 2022. Link: <https://www.cssny.org/publications/entry/make-work-pay-again-expanding-earned-income-tax-credit-eitc>
- ^{xi} U.S. Department of Health and Human Services. Link: <https://aspe.hhs.gov/sites/default/files/documents/1c92a9207f3ed5915ca020d58fe77696/detailed-guidelines-2023.pdf>
- ^{xii} Chatterjee, Debipriya, “Make Work Pay Again: An Argument for Expanding the Earned Income Tax Credit,” Report, May 2022. Link: <https://www.cssny.org/publications/entry/make-work-pay-again-expanding-earned-income-tax-credit-eitc>