

TESTIMONY OF:

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Testimony for the Joint Fiscal Committees

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On behalf of the Rochester-Monroe Anti-Poverty Initiative (RMAPI), we would like to thank you for the opportunity to testify on the 2025-26 New York State Executive Budget regarding the critical role that tax credits play in alleviating poverty and enabling upward mobility.

RMAPI is a multi-sector community collaborative with a goal to break the cycle of poverty by shifting power to enable upward mobility for all families. Our work requires us to remain in close contact with members of our community, understanding their concerns and raising their voices to address their barriers to upward mobility.

We have consistently heard from community members the importance of child tax credits, especially in helping establish stability that can become the basis of upward mobility.

Our community has told us:

- “Wages alone are not enough, especially for one-income households.”
- “We need to find a way to increase benefits for all families.”

We also know that too many families in our community still struggle with basic needs. The total poverty rate in the City of Rochester is 26.6% while the child poverty rate is 40.8%. But even those well above the poverty rate continue to face financial hardships. In a poll of parents in Monroe County¹, these parents were asked about challenges they are facing. For those with annual household incomes under \$100,000:

- 61% said they are rationing food until next paycheck
- 66% said they are having a hard time affording rent or mortgage
- 56% said they are having a hard time affording insurance that covers mental health care
- 64% said they are having to work instead of attending child’s activities

RMAPI’s Policy Agenda has set a goal to ensure that households have sufficient income to meet their needs through living wages, gradual transitions off of public benefits, and opportunities for savings and wealth generation. A key component of this goal is strengthening tax credits for low-income families including the federal- and state-level child tax credits and the earned income tax credit.

RMAPI Budget Recommendations

Through the 2025-26 budget, New York State has the opportunity to take many meaningful steps to reduce poverty and enable upward mobility. This includes the strengthening and expansion of New York’s child tax credit by increasing the credit amount, making it more inclusive, and targeting the largest credit to the lowest-income New Yorkers.

In order to deliver the greatest tax savings and enable upward mobility for the greatest number of families in our state, we recommend the following policies and programs.

¹ The Children’s Agenda. “Family Voices: Growing Hardships and the Impact of Family Financial Stress.” (<https://thechildrensagenda.org/wp-content/uploads/2023/12/Monroe-County-Parent-Poll-December-2023.pdf>)

Expanding the Empire State Child Credit

New York's Empire State Child Credit, introduced in 2006, has significant inherent flaws that have limited its effectiveness in reducing poverty, particularly for Black and Latino children and families². By restricting tax credit support for both the poorest households, as well as those with moderate incomes, families statewide have struggled to meet basic needs.

RMAPI supports the Governor's proposal to increase the amount to \$1,000 for children under the age of 4, \$500 for children ages 4-16, and eliminating the phase-in. While we believe that the full recommendation from the state's Child Poverty Reduction Advisory Council – which would increase the credit to \$1,500 per child per year for all children ages 0-18 – has the potential for a greater impact, we believe the Governor's proposal represents a meaningful step toward achieving the goal established by the Child Poverty Reduction Act and a building block for future efforts.

According to Columbia University's Center on Poverty and Social Policy, the Governor's proposal to expand the Empire State Child Credit could reduce child poverty by 8.2% when fully implemented and will provide relief to more than 1.6 million families across New York State³. Estimates from the Institute on Taxation and Economic Policy show nearly all (95%) of the benefit will go to families making less than \$157,200 each year.

Working Families Tax Credit (A03474/S02082)

This bill establishes a New York State Working Families Tax Credit to provide financial support to families with qualifying children, with gradually increasing credit amounts over several years and a sliding reduction based on income.

The credit would start at \$550 per qualifying child in the first year and increase to \$1,600 per qualifying child through age 17 in the fifth year and beyond, with annual adjustments for inflation. Starting in the fourth year, the credit will be prepaid quarterly, with estimated payments made during the tax year and a final adjustment after year-end. The bill also modifies existing tax law provisions related to exemptions and ensures that the credit is treated similarly to the federal Earned Income Tax Credit for purposes of determining eligibility for other benefits.

EITC for Youth Workers (A04948/ S04103)

This bill would provide an earned income tax credit to youth workers, increase the standard deduction for individuals ages 18-24, and provide for the deduction of student loan interest. This is an important step that would provide direct relief to youth workers, alleviating pressure from their families and directly addressing the state's high rates of child poverty.

Child and Dependent Care Tax Credit (A02674/ S05261)

This would amend Personal Income Tax Law to increase the maximum amount of child and dependent care costs that are subject to the child and dependent care tax credit.

Child care costs remain unsustainably high for too many families in our state. According to the United States Department of Labor, annual average child care prices for one child in New York in 2023 were about \$12,000 for home-based care, \$17,476 for toddler center-based care, and \$20,459 for infant center-based care⁴. Prices in New York were consistently among the five most expensive states for these and the other types of care.

² The Children's Agenda. "Explaining Governor Hochul's Proposal to Expand the Empire State Child Credit."

³ Office of New York State Gov. Kathy Hochul. "Money In Your Pockets: Governor Hochul Proposes Sweeping Expansion of the Child Tax Credit to Deliver Up to \$1,000 Per Child" (<https://www.governor.ny.gov/news/money-your-pockets-governor-hochul-proposes-sweeping-expansion-child-tax-credit-deliver-1000>)

⁴ Office of the New York State Comptroller. "Child Care in NY Challenged by Staff Shortages, High Prices and Too Few Slots." ([https://www.osc.ny.gov/press/releases/2025/02/child-care-ny-challenged-staff-shortages-high-prices-and-too-few-slots#:~:text=Child%20Care%20Prices%20and%20Subsidies,average%20received%20subsidized%20child%20care.\)](https://www.osc.ny.gov/press/releases/2025/02/child-care-ny-challenged-staff-shortages-high-prices-and-too-few-slots#:~:text=Child%20Care%20Prices%20and%20Subsidies,average%20received%20subsidized%20child%20care.))

Direct cash support including the Baby Bucks Allowance (A1597/S2132) and/or the Governor's proposed New York State Birth Allowance for the Beginning Year (BABY Benefit)

Direct cash support is one of the most effective ways to address poverty and support upward mobility. These types of policies can have both immediate and long-term impacts for those experiencing poverty. We believe the New York State budget is a critical tool in increasing income and providing cash support. While improvements to the Empire State Child Tax Credit and the creation of the Working Families Tax Credit would both achieve this goal, we also support efforts to broaden access to Guaranteed Basic Income (GBI). This includes creating a GBI for parents of infants (Baby Bucks Allowance) and funding the expansion of successful GBI pilots throughout New York State.

The Baby Bucks Allowance would provide income to eligible participants for the last three months of pregnancy and the first 18 months of the life and excludes income received from this allowance for purposes of Supplemental Nutrition Assistance Program eligibility.

The Birth Allowance for Beginning Year (BABY) Benefit, which would provide pregnant New Yorkers who receive public assistance with \$1,200 upon the birth of their child. Eligible mothers would also receive \$100 per month throughout the course of their pregnancies, bringing the total benefit to \$2,100, assuming a typical nine-month pregnancy.

These would provide critical support to families already struggling to cover basic necessities, particularly in the face of rising inflation. The cost of childcare, which already consumes a disproportionate portion of income for many families, rose 41% during the COVID-19 pandemic and the total cost of raising a child through high school has risen to more than \$300,000 – an increase of \$26,000 from just five years ago⁵.

Imposing a progressive income tax structure for high income taxpayers (A01281/S01622)

This bill would establish a more progressive income tax structure for high-income taxpayers in New York State by implementing a series of new tax brackets with increasingly higher rates for different income levels. Specifically, the bill modifies the existing tax law to create additional tax brackets for individuals with incomes ranging from \$500,000 to over \$20 million, with tax rates progressively increasing from 7.5% to 24% as income levels rise. The changes will take effect for taxable years beginning after 2025, replacing the previous tax structure that had fewer and less steep tax rate increases for high-income earners.

The changes aim to create a more graduated tax system where higher-income taxpayers pay a larger percentage of their income in taxes, potentially increasing state revenue and addressing income inequality.

I. Conclusion

RMAPI urges state leaders to take decisive action to provide relief to struggling families by embracing tax credits. We have seen the transformative effects these can have, especially after the federal Child Tax Credit expansion in 2021 reduced child poverty in the United States by nearly half, marking the largest reduction of poverty in the history of our nation. This effort helped to lift close to 2.1 million children out of poverty, but these gains were swiftly lost when the credits were allowed to expire.

Every year children spend in poverty is dangerous and expensive. The toxic stress of early poverty stunts children's development, creating opportunity gaps that can last a lifetime and harm the nation's economy. Poor children are more likely to have poor academic achievement, drop out of high school and later become unemployed, experience economic hardship and be involved in the criminal

⁵ New York State Senate Bill S2132
([https://www.nysenate.gov/legislation/bills/2025/S2132#:~:text=2025%2DS2132%20\(ACTIVE\)%20%2D%20Summary,supplemental%20nutrition%20assistance%20program%20eligibility.](https://www.nysenate.gov/legislation/bills/2025/S2132#:~:text=2025%2DS2132%20(ACTIVE)%20%2D%20Summary,supplemental%20nutrition%20assistance%20program%20eligibility.))

justice system⁶. Children who experience poverty are also more likely to be poor at age 30 than children who never experience poverty.

As a state, we cannot afford to wait while thousands of families continue to struggle to pay for basic needs. We urge the New York State Senate and Assembly to prioritize the expansion and strengthening of tax credits. By doing so, New York can set a national example for how to meaningfully combat poverty and ensure that all families have opportunities for upward mobility.

⁶ Annie E. Casey Foundation. "2024 KIDS COUNT Data Book." ([https://www.aecf.org/resources/2024-kids-count-data-book#:~:text=Nationally%2C%2016%25%20of%20children%20\(,success%20in%20school%20and%20beyond.\)](https://www.aecf.org/resources/2024-kids-count-data-book#:~:text=Nationally%2C%2016%25%20of%20children%20(,success%20in%20school%20and%20beyond.)))