



New York State Community Action Association
www.nyscommunityaction.org · 518-690-0491
2 Charles Boulevard, Guilderland, NY 12084

February 9, 2023

Thank you for the opportunity to submit testimony on the 2023-24 New York State Executive Budget.

The New York State Community Action Association, Inc. (NYSCAA) is the membership association for the 47 Community Actions Agencies (CAA) in the state. NYSCAA strengthens the capacity of the Community Action network to address the causes and conditions of poverty. CAAs are federally designated as the frontline resource for people living in poverty, providing direct services and support for education, employment, and family support services for low-income families. In addition to providing direct services, CAAs are leaders in promoting community economic development through community partnerships and inter-agency collaborations.

In the 2023-24 budget, we urge New York to strengthen and expand its refundable tax credits in much the same way as the federal child tax credit was enhanced during the pandemic to have the greatest impact on child poverty by:

- Including a robust State child credit for children under age four, a group currently excluded from New York's Empire State Child Credit (ESCC);
- Restructuring the ESCC and NYS Earned Income Tax Credit (EITC) so the highest credit goes to the lowest-income families, by ending regressive minimum income requirements and phase-ins;
- Increasing the credit amount of the ESCC and EITC to provide families meaningful support;
- Making the EITC available to as many immigrant families as possible; the ESCC already includes children in immigrant families; and
- Paying credits monthly or quarterly to smooth-out income and help families keep up with bills.

There are more than four million children residing in New York State. Nearly one-in-five are experiencing poverty and about 40% live in low-income (below 200% of the federal poverty level) families, who struggle to make ends meet. Children in Black, Hispanic/Latino, and multi-racial families experience poverty at much higher rates than non-Hispanic white children, the result of systemic and ongoing racism in housing, education, employment, and other systems. Evidence shows a lack of economic resources for families compromises children's ability to grow and achieve adult success, hurting them and society.

One of the key learnings of the last three years is that government policy can make a real and immediate difference in the lives of children and families who are struggling to make ends meet. Pandemic-era federal supports confirmed that it is possible to quickly and sharply cut child poverty and boost family 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 credit amount

As noted above, the impacts of the temporary expansion of the federal child tax credit in 2021 as a form of pandemic relief confirmed the immense effectiveness of refundable tax credits for 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, has ended. For many of New York's poorest families, the end of the expanded credit means they will receive no federal or state child tax credit for 2022. For nearly all New York families, they will receive significantly smaller tax credits this year than last. It is, therefore critical that New York strengthen its child tax credit, especially for the state's poorest and youngest children, through the following actions 1. Ending the State's long-time exclusion of babies and toddlers from New York's child tax credit; 2. Making the credit available at the highest credit amount for those families with the lowest (including no) income; 3. Increasing the credit to provide meaningful support for families, and 4. Ensuring the credit continues to be available to as many immigrant families as possible.

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. The EITC also plays an outsized role in reducing child poverty in New York, constituting the largest state tax credit low-income families receive. In tax year 2020, more than 1,240,000 New York State taxpayers filed EITC claims. The average credit for a family with two children was \$964. Excluded from the state and federal EITC, however, are young and childless adults ages 18 through 24, even though they experience poverty at rates higher than most adults. Also excluded are many immigrant tax-filers.

New York should expand and strengthen the state EITC by (1) permanently increasing the percentage of the federal credit paid to families from 30% to 45%; (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 more hard-working immigrant New Yorkers can file for the state EITC.

A recovery that centers children, families, and communities

As New York implements the Child Poverty Reduction Act's commitment to halving child poverty in a decade, and turns the corner to pandemic recovery, we urge the Legislature and the Governor to pass a 2023-24 Budget that centers children and families; 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.

Sincerely,

Jacqueline Orr

Jacqueline Orr
CEO