

2019-2020 LEGISLATIVE PRIORITY

GOAL: STRENGTHEN NEW YORK'S WORKING FAMILY TAX CREDITS TO REDUCE CHILD POVERTY AND BOOST FAMILY ECONOMIC SECURITY



Why: More than 20% of New York children live in poverty, while 40% live in households with income below 200% of poverty.¹ Those percentages are significantly higher among children of color.

Poverty contributes to a host of long-term negative outcomes in all aspects of a child's life. A child's socioeconomic status is the strongest predictor of academic achievement² and poverty is linked to cognitive deficits in children that can manifest as early as nine months of age.³

Working family refundable tax credits are one important means of building family economic security and independence, and pulling families and children out of poverty. They are structured in a way that encourages work and makes low-wage pay checks stretch further.

Refundable state tax credits do not appear to be covered by the proposed federal public charge rule, which, if adopted, could cause as many as 2.1 million New Yorkers to withdraw from essential public supports, impacting the households of more than one-third of all New York children.⁴ These credits could be an important way to put more money in the pockets of hard-working immigrant families at a time when they stand to lose many other, critical, supports.

Supporting Policies and Initiatives:

- **Expand the state's child tax credit (Empire State Child Credit) to cover children under age four,** and double the credit for young children. Inexplicably, this credit – designed to offset the high cost of raising a child – does not cover children under age 4, precisely when children are most apt to live in poverty, and are most vulnerable to its devastating effects.
- **Expand and strengthen the state's EITC** by (1) increasing the percentage of the federal credit paid to families from 30% to 40%; and (2) expanding the credit for young adults without children (under age 25) who are currently ineligible for either the federal or state credit.
 - Young adults ages 18-24 are excluded from the federal and state EITC – at exactly the period in their lives when they are struggling to gain their footing in the workforce and build a nest egg for a future family. The poverty rate for young New York adults is 20%, far exceeding the 14% poverty rate for New York State overall.⁵
- **Double the amount of child care expenses creditable under the state's Child and Dependent Care Tax Credit** to better reflect the true cost of care and enable more middle-income families to afford high-quality child care.
 - Currently, the maximum amount of child care expenses a family can claim for one child in care is \$3,000 per year. This maximum does not even approach the cost of quality child care in New York; the average cost for infant care in a child care setting is \$15,000 per year. By doubling the maximum creditable amount to \$6,000 for one child, and \$12,000 for two or more children, a family could receive as much as \$2,310 (or \$4,620 for two or more children) at tax time.

¹ Kids Count Data Center: A Project of The Annie E. Casey Foundation. New York: Children below 200 percent poverty. (2017). <https://datacenter.kidscount.org/data/tables/47-children-below-200-percent-poverty?loc=34&loct=2#detailed/2/34/false/870,573,869,36,868,867,133,38,35,18/any/329,330>

² Spielberg, B., & Jared Bernstein. June 5, 2015. Inequality Matters. *The Atlantic*. Retrieved from <https://www.theatlantic.com/business/archive/2015/06/what-matters-inequality-or-opportunity/393272/>

³ Children's Defense Fund. 2015. Ending Child Poverty Now, p. 52. Retrieved from <http://www.childrensdefense.org/library/PovertyReport/EndingChildPovertyNow.html>

⁴ 37% of all children in NY – or 1,536,000 (out of 37% out of 4,180,559 total children) are either themselves foreign born, or reside with at least one foreign-born parent. Kids Count Data Center: A Project of The Annie E. Casey Foundation. New York: Children in Immigrant Families. (2017). <https://datacenter.kidscount.org/data/tables/115-children-in-immigrant-families#ranking/2/any/true/870/any/446>

⁵ Kids Count Data Center: A Project of The Annie E. Casey Foundation. New York: Population in poverty. (2017). <https://datacenter.kidscount.org/data/tables/51-persons-18-to-24-in-poverty?loc=1&loct=2#detailed/2/2-53/false/871,870,573,869,36,868,867,133,38,35/any/337,338>; <https://datacenter.kidscount.org/data/tables/52-population-in-poverty?loc=1&loct=2#detailed/2/2-53/false/871,870,573,869,36,868,867,133,38,35/any/339,340>
