



Testimony of Juan Diaz

Policy and Advocacy Associate Citizens' Committee for Children of New York

Submitted to the Senate Finance, Assembly Ways and Means and Assembly Real Property Taxation Committees

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Since 1945, Citizens' Committee for Children of New York has served as an independent, multi-issue child advocacy organization dedicated to ensuring that every New York child is healthy, housed, educated, and safe. CCC does not accept or receive public resources, supply direct services, or represent a sector or workforce. We document the facts, engage, and mobilize New Yorkers, and advocate for policy, budget, and legislative solutions that improve child and family well-being.

Thank you Chair Krueger, Chair Weinstein, Chair Williams, and all the members of the Senate Finance, Assembly Ways and Means, and Assembly Real Property Taxation Committees for holding today's joint hearing on taxes and for allowing us the opportunity to respond to the proposed FY2023-24 Executive Budget.

For the last three years, Covid-19 has worsened the ongoing economic instability and suffering of low-income families with children throughout New York State. With slow economic recovery affected by a 40-year high inflation rate and a cost of living significantly higher than the national average,ⁱ too many families across the state are struggling, with families of color facing the greatest economic insecurity. [CCC's Child & Family Well-being in New York State Index](#) revealed that close to 746,000 children in the state live in households with incomes below the federal poverty level. Said another way, in 22 counties, more than 20% of children live in households below the poverty level.

The enactment of the Child Poverty Reduction Act and the designation of the State Child Poverty Reduction Advisory Council (CPRAC), with the goal to reduce poverty statewide by half over the next decade, were positive steps toward mitigating child poverty in New York State. During its first meeting, the CPRAC discussed important anti-poverty measures, including reforming the New York State Earned Income Tax and Empire State Child Credits. CCC was deeply disappointed to see that the FY23-24 Executive Budget did not include these critical proposals.

Multiple studies have concluded that tax-based credit refunds have significant positive effects on low-income families' overall well-being. These types of programs supply an ongoing source of income to parents, helping them both meet immediate needs and plan for others while making them more financially stable on a day-to-day basis. These programs also pay long-term dividends by improving infant and maternal health outcomes while boosting the educational, health, and income potential of future generations. Study after study reveals that families that receive tax-based credits use them for essential needs such as food, rent, and utility bills and school supplies.ⁱⁱ

Deepening and expanding the state's tax credits available to families will provide New York State families with ongoing financial support and a pathway to economic mobility.

CCC urges state leaders to take the following actions in the FY24 Budget:

- **Permanently deepen and further expand the State Earned Income Tax Credit (EITC).** The State FY24 Budget should build on the deepening of the EITC in the FY23 Budget by permanently increasing the percentage of the federal credit paid to families from 30% to 45%, and by adjusting filing requirements so all immigrant tax-filers can access the credit. The EITC is a tax-based credit

that has been shown to incentivize employment, improve mental health and higher education in children and accelerate the growth of local economies where EITC recipients live.ⁱⁱⁱ By permanently deepening the credit, New York can help combat child poverty and support more families on a pathway to more secure employment and economic opportunity.

- **Expand the Empire State Child Credit to ensure that households with children under 4 years of age are eligible, that credits are greatest for lowest income households, and that all immigrants filing taxes with an ITIN # receive the full tax credit.** In 2021, The Federal Child Tax Credit helped reduce child poverty by nearly in half, confirming that tax-based credits can quickly and sharply cut child poverty and boost low-income families' economic security.^{iv} Currently, households with young children under 4 are not eligible to receive Empire State Child Tax Credit, yet they are at higher risk of poverty and face greater risk of socio-economic disadvantages.^v New York must better support families with young children, as well as immigrant households who have historically been excluded from critical tax benefits and social supports.

Additionally, research shows that state earned income tax credits work best when coupled with enhancements to the minimum wage. A recent report from the Center of Budget and Policy Priorities found that enhancing the minimum wage and the EITC increased vulnerable heads of family income and supported their path out of poverty.^{vi} The same report highlights that lifting the incomes of minimum wage workers would help the State's economy with increased contributions to personal income taxes and increased disposable income to spend in local communities.

Therefore, we believe that enhancing the minimum wage is a key strategy to maximizing the impact of tax credits such as EITC and the state's Empire State Child Credit.

CCC and advocate organizations statewide welcomed the Governor's proposal to index the minimum wage to reflect inflation, but we have serious concerns regarding the limitations of the proposal. We believe the minimum wage could be best enhanced through the following proposals:

- **A7503 (Joyner)/S3062 (Ramos)**, which would secure wage increases for almost 2.9 million workers throughout the state. The proposed Raise Up New York legislation would raise the minimum wage and then index annual statewide increases to inflation and labor productivity. This legislation would increase the minimum wage for New York City and Nassau, Westchester, and Suffolk counties to \$21.25 through 2026, and then increase the minimum wage annually by nominal labor productivity. The minimum wage for the rest of the state would reach \$20.00 an hour in 2026 before catching up to NYC and the suburban counties in 2027.^{vii}
- **A2244 (Gonzalez Rojas)/S808 (Biaggi)** to end the sub-minimum wage for tip-based workers. Over 250,000 restaurant and bar workers were excluded from minimum wage reform and would receive help from this legislation. Restaurant workers in New York State are predominantly heads of household from minority populations.^{viii}

Thank you for the opportunity to testify, and for your commitment to leverage tax and wage policies to combat longstanding socio-economic challenges faced by children and families and to ensure the SFY'24 budget promotes an equitable recovery.

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- ⁱ NYS highest inflation rate in 40 years. Retrieved from:
https://www.nysenate.gov/sites/default/files/pressrelease/attachment/take_back_ny_providing_taxpayers_families_and_businesses_relief_from_record_inflation_1.pdf
- ⁱⁱ State Child Tax Credits and Child Poverty: A 50-State Analysis. Retrieved from: <https://itep.org/state-child-tax-credits-and-child-poverty-50-state-analysis/>
- ⁱⁱⁱ EITC benefits for children and the economy. Retrieved from: https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/Make_Work_Pay_V8.pdf
- ^{iv} CTC in 2021 reduced child poverty by nearly half. Retrieved from: <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>
- ^v Disparities in Housing, Health Care, Child Care, and Economic Security Affect Babies for Life. Retrieved from: <https://www.americanprogress.org/article/disparities-in-housing-health-care-child-care-and-economic-security-affect-babies-for-life/>
- ^{vi} State Earned Income Tax Credits and Minimum Wages Work Best Together. Retrieved from: <https://www.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits-and-minimum-wages-work-best-together>
- ^{vii} Proposed NYS Legislation to Expand Minimum Wage for 2.9 million Workers. Retrieved from: <https://www.epi.org/blog/proposed-new-york-state-minimum-wage-increases-would-lift-wages-for-more-than-2-million-workers-through-2026-minimum-wages-would-range-by-region-from-16-35-to-21-25-per-hour-by-2026/>
- ^{viii} NY State tipped workers left out of minimum wage increase. Retrieved from: <https://ny.eater.com/2020/1/3/21046813/new-york-tipped-minimum-wage-andrew-cuomo-waiters-pay-2020>