

**New York State Joint Public Hearing on 2022 Executive Budget,  
Session on Taxes,  
February 16, 2022**

**Written Testimony,  
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My name is Hirokazu Yoshikawa, and I am a developmental and community psychologist and professor at New York University. I also co-direct the Global TIES for Children Center at NYU. I study the impacts of programs and policies for child and youth development in the areas of education, immigration, and poverty reduction. For the past thirty years, I have focused most of my research on supports for early childhood development. I conduct research in the United States as well as globally in Latin America, South Asia, and the Middle East.

**The Role of Poverty in Early Childhood Development**

Early childhood – the period spanning prenatal development through the preschool years – is the portion of the lifespan in which physical, cognitive, and social-emotional development is the most rapid. **Evidence from neuroscience, economics, and developmental science suggests that the early years are also the period in which children are the most sensitive to environmental influence. Considering investments in children’s early learning and development is therefore important from both human development and public policy perspectives.**

In this testimony, I summarize research of the past several decades on why income support and poverty reduction may be particularly important during the early childhood period. I then turn to the circumstances of the New York State Child Tax Credit (CTC), which currently excludes families with children under 4 years of age from receipt of the credit. **The weight of the science suggests strongly that this group should not only be included in the receipt of the NYS CTC, but that early childhood should be a period when the amount of the CTC is supplemented, relative to the amount provided to households with older children.**

Starting in the late 1960’s, the United States began fielding a series of national longitudinal studies that gathered regular data from households and their children, tracking both socioeconomic factors such as household income, employment, and education as well as child and youth educational, learning, and behavioral outcomes.<sup>1</sup> Over the last decades some of these studies have been long-term in nature, allowing the ability to estimate the associations of income

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experienced by children at different stages of their development with their later educational attainment, earnings, and health and behavioral outcomes. These important national studies have shown, in work by my colleagues Greg Duncan, Kathleen Ziol-Guest, Ariel Kalil, and others, **that the associations of income poverty with later adult health, earning and attainment are stronger when experienced in early childhood (the first 5 years of life) than when experienced later during the primary-school years or adolescence.**<sup>2</sup>

Studies of in-kind safety-net programs in the United States support these findings. Hilary Hoynes and colleagues, for example, found that lifelong benefits of exposure to the Food Stamps program in areas of reduced health risk (obesity, diabetes, high blood pressure and heart disease) and increased self-sufficiency (employment, earnings, income and educational attainment) were stronger when exposure to Food Stamps occurred in the early childhood years. They also found a linear relationship such that within the early childhood period, the earlier the exposure to Food Stamps began, the larger the lifelong positive impacts.<sup>3</sup>

A recent National Academy of Sciences committee produced the 2019 report **A Roadmap to Reducing Childhood Poverty**. They summarized the evidence base on poverty and child development by stating, “The committee concludes from this review that **the weight of the causal evidence does indeed indicate that income poverty itself causes negative child outcomes, especially when poverty occurs in early childhood or persists throughout a large portion of childhood.**”<sup>4</sup>

### **The Federal Child Tax Credit and New York’s Empire State Child Tax Credit**

The federal Child Tax Credit, instituted in the 1997 Taxpayer Relief Act, provided \$400 per child under the age of 17. It was a completely non-refundable tax credit for most of its history, thus excluding children in the poorest households from receipt. As part of the Tax Cuts and Jobs Act of 2017, the federal Child Tax Credit was increased from a maximum of \$1,000 per child to \$2,000 per child. The Act also made the refundable amount of the credit (the amount that a household that does not make enough earning to pay federal taxes) up to \$1,400 per child.

With the American Rescue Plan, the Biden Administration increased the amount of the federal Child Tax Credit temporarily to \$3,600 per child under 6 and \$3,000 per child up to age 17. Note that the amount of the credit per young child under 6 is larger than the amount for older children. In addition, the tax credit was provided in monthly payments during the second half of 2021. This expansion ended at the end of 2021. The Center on Poverty and Social Policy at Columbia University estimated that the expansion, during its period of implementation, cut the U.S. child poverty rate by 40 percent.<sup>5</sup>

Seven states supplement the federal Child Tax Credit with their own Child Tax Credit. These include New York’s refundable Empire State Tax Credit. It provides for the greater of two options: a) 33% of the federal CTC or b) \$100 per child who qualifies for the federal CTC.<sup>6</sup> However, it excludes children under the age of 4 from qualifying for the supplemental state credit.

## **Rationale to Extend the Empire State Child Tax Credit to children under the age of 4**

In New York State, as of 2019 18% of children lived in poverty. This rate was much higher for children of color, including Black, Latinx, and Asian American children from certain ethnic groups (e.g. Southeast Asian and Pacific Islander).<sup>7</sup> As the voluminous research evidence reviewed above indicates, reducing poverty during early childhood may be particularly powerful in enhancing later adult outcomes, relative to reducing it later during childhood and adolescence. An additional rationale comes from the fact that child rearing costs are simply higher during the early childhood period than at later points in development. This is why economic hardship tends to be higher for households with young children. Infant and toddler care during the first 1,000 days, for example, is more expensive than child care later during development, and on average exceed 20% of household income in low-income families.<sup>8</sup> In New York State, child care costs for infants and toddlers average \$15,394 per year, and the state ranks 6<sup>th</sup> in child care costs nationally.<sup>9</sup> In addition, costly, recurring household expenses specific to infancy such as diapers are not covered by safety-net programs such as WIC.<sup>10</sup> Income poverty is also higher among young children because parents of younger children are on average younger themselves and therefore earlier in their work and earnings careers.

As Prof. Kimberly Noble of Columbia University testifies elsewhere during today's legislative session, recent findings from the Baby's First Years study evaluated the impacts of monthly cash provided to low-income mothers during the first 12 months of their children's lives. The authors (Sonya Troller-Renfree, Noble, and other colleagues) find evidence of increased fast-paced brain activity among infants in the high-cash group, who received \$333 per month distributed on debit cards, relative to the low-cash group, who received \$20 per month.<sup>11</sup> Although certain aspects of this study differ from the mechanism of the federal and NYS tax credits (it is provided monthly on debit cards; it only pertains to one child per participating family), the finding of increased fast-paced child brain activity further bolsters the argument that direct poverty reduction in the first years of life may positively impact children's development.

## **Conclusion**

**In line with the federal expansion of the Child Tax Credit and following the findings of the National Academy of Sciences Committee on Child Poverty, research supports both providing the Child Tax Credit to children under the age of 4 as well as providing a larger credit amount for children under the age of 6 than for older children.** It is striking that New York State takes exactly the opposite approach by excluding young children from the Empire State Tax Credit. This approach is counter to what the research summarized here implies, which is to supplement transfers to households with children for those raising young children.<sup>12</sup>

## Endnotes

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<sup>1</sup> For example, the Panel Study of Income Dynamics.

<sup>2</sup> Kalil, A., Duncan, G. J., & Ziol-Guest, K. M. (2016). Early childhood poverty: Short and long-run consequences over the lifespan. In M.J. Shanahana, J.T. Mortimer, & M.K. Johnson (Eds.), *Handbook of the life course* (pp. 341-354). Springer.

<sup>3</sup> Hoynes, H., Schanzenbach, D. W., & Almond, D. (2016). Long-run impacts of childhood access to the safety net. *American Economic Review*, 106(4), 903-34.

<sup>4</sup> Duncan, G.J., LeMenestrel, S., Board on Children, Youth and Families, and Committee on National Statistics (2019). *A roadmap to reducing child poverty*, p. 3-8. National Academies of Sciences, Engineering and Medicine.

<sup>5</sup> Parolin, Z., Collyer, S., Curran, M., & Wimer, C. (2021). *Monthly poverty rates among children after the expansion of the Child Tax Credit* (No. 20412). Center on Poverty and Social Policy, Columbia University.

<sup>6</sup> National Conference of State Legislatures (2022). Child Tax Credit overview. Downloaded February 12, 2022 from <https://www.ncsl.org/research/human-services/child-tax-credit-overview.aspx>

<sup>7</sup> Schuyler Center (2021), *New York State child poverty facts*. Downloaded February 12, 2022 from [https://scaany.org/wp-content/uploads/2021/02/NYS-Child-Poverty-Facts\\_Feb2021.pdf](https://scaany.org/wp-content/uploads/2021/02/NYS-Child-Poverty-Facts_Feb2021.pdf)

<sup>8</sup> Chaudry, A., Morrissey, T., Weiland, C., & Yoshikawa, H. (2021). *Cradle to kindergarten: A new plan to combat inequality*. Russell Sage Foundation.

<sup>9</sup> Economic Policy Institute (2021). The cost of child care in New York. Downloaded February 12, 2022 from <https://www.epi.org/child-care-costs-in-the-united-states/#/NY>

<sup>10</sup> Although then-Governor Cuomo announced a proposal for a statewide diaper bank in 2021, this proposal has yet to be implemented.

<sup>11</sup> Troller-Renfree, S. V., Costanzo, M. A., Duncan, G. J., Magnuson, K., Gennetian, L. A., Yoshikawa, H., ... & Noble, K. G. (2022). The impact of a poverty reduction intervention on infant brain activity. *Proceedings of the National Academy of Sciences*, 119(5). Downloaded February 12, 2022 at <https://www.pnas.org/content/pnas/119/5/e2115649119.full.pdf>

<sup>12</sup> Shaefer, H. L., Collyer, S., Duncan, G., Edin, K., Garfinkel, I., Harris, D., ... & Yoshikawa, H. (2018). A universal child allowance: a plan to reduce poverty and income instability among children in the United States. *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 4(2), 22-42.