



Testimony for Legislative Budget Hearing on Taxes: February 9, 2023

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

The Rochester-Monroe Anti-Poverty Initiative (RMAPI), a multi-sector community collaborative focused on reducing poverty and supporting upward economic mobility for individuals and families. RMAPI has developed a list of policy priorities for 2023 with actions aimed at addressing the root causes of poverty and supporting upward economic mobility for individuals and families. These policy priorities were developed after months of meetings with local experts, community and government leaders, representatives from non-profit agencies, and people directly impacted by poverty to determine which actions would be most effective and are most needed to address poverty.

Expanded and improved tax credits for families have been part of RMAPI's Policy Agendas for many years. Every year, we hear from community members that they need more cash assistance. They need money that can be used to meet their needs, without rules and restrictions about how and when and where it is spent. If we want to reduce poverty, we must increase income – and tax credits do just that.

Summary of Recommendations

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
- Notably, the Working Families Tax Credit, described below, does all of the above.

We know that tax credits are effective at reducing poverty.

The expanded Child Tax Credit moved 3.7 children out of poverty, with a particular impact on Black and Hispanic children. Increasing children's inadequate family incomes with an expanded Child Tax Credit and reducing poverty over the long term means better lifetime health, improved educational attainment, and higher earnings and better economic circumstances.

Evidence from the expanded Child Tax Credit also tells us what families used the money for – housing, utilities, clothing and other essential items for children, food – including buying more fruit and ingredients for balanced meals, saving for emergencies, and paying off debt. Child Tax Credit payments helped families better manage higher prices due to inflation. Knowing the payments were arriving monthly allowed families to budget over the course of the year, pay off credit card debt, and become more financially stable and secure. Families receiving the Child Tax Credit saw significant declines in

eviction. Families could manage emergency expenses. They could pay for child care, education expenses, extracurricular activities, and tutoring – in other words, families could make investments in their children’s long-term educational outcomes.

RMAPI is based in Rochester, NY – a city with one of the highest rates of poverty in the country and, in particular, one of the highest rates of child poverty – nearly 50% of children in Rochester live in poverty

For children, poverty can mean unstable housing, frequent moves, inadequate nutrition, and high levels of family stress. Research – from the National Academies of Science and others – tells us that poverty and its related challenges have been linked with lower reading and math scores, more emotional and behavioral problems, lower earnings in adulthood, higher likelihood of being arrested, and poorer health in adulthood. Poverty, particularly childhood poverty, has long-lasting impacts individuals, families, and communities. Its causes are deep-rooted and addressing poverty requires disrupting systems and structures that have been in place for generations. This is hard, complicated work, that takes a long time to see results.


New York has Committed to Cutting Child Poverty in Half; Tax Policy has a Large Role to Play to Meet this Commitment

In early 2022 New York enacted landmark legislation, the [New York State Child Poverty Reduction Act](#), committing New York State to cutting child poverty in half in a decade. The Act had near-unanimous, bipartisan support from upstate and downstate, rural, urban, and suburban legislators and constituents. It is imperative that New York take meaningful steps this year to make good on its promise to New York children.

Cash transfers via tax credits can have big poverty-reduction impacts.ⁱ With no serious federal proposals on the horizon to provide economic support to struggling families, it is up to New York State to lead.

RMAPI urges New York State to prioritize tax credits – particularly those that benefit families and low-wage workers – in upcoming budget negotiations.

Thank you,
Aqua Y. Porter
Executive Director



ⁱ Center on Poverty and Social Policy, Columbia University, Reforming the Empire State Child Credit to Reduce Child Poverty in New York State, presentation at the Child Poverty Reduction Advisory Council, January 2023. Found at: <https://otda.ny.gov/news/meetings/attachments/2023-01-12-CPRAC-Reforming-Child-Credit.pdf>
