

**Testimony for the Joint Fiscal Committees
SFY 2023-24 Executive Budget
Taxes Budget Hearing
February 9, 2023**

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

The Children's Agenda is a children's policy and advocacy organization located in Rochester, NY. Our work focuses on improving the well-being of children prenatally through young adulthood. Through analysis, advocacy, and collaboration with partners locally and statewide, we support the implementation of programs and policies that address the serious challenges facing children and families.

The Children's Agenda partners with many groups around the state to improve the well-being of children in our community and throughout New York State. Our staff are also appointees to state advisory bodies related to child and family well-being, including the Child Poverty Reduction Advisory Council (Pete Nabozny) and the Child Care Availability Task Force (Larry Marx).

Background and Overview

In her State of the State and Executive Budget addresses, Gov. Hochul rightly focused many of her remarks to New Yorkers on the importance of increasing "affordability." That's important, since the cost of food, housing and other basic living expenses rose by 7.7% in the Rochester area last year. Low-income families with children have been hit with the double-whammy of rising costs and sinking supports, thanks to Congress' failure to extend various pandemic relief measures once they terminate this year, including help affording food (SNAP), health care (Medicaid), and boosting income (the expanded Child Tax Credit).

Columbia University reports that high quality research consistently shows that extra cash such as the Empire State Child Credit provides "increase children's health, education, and future earnings and decrease health, child protection, and criminal justice costs. The value to society that flows from these impacts is equal to over nine times the annual costs.¹"

Unfortunately, the Executive Budget proposal included no strengthening of this important tax credit for families with children, instead prioritizing a significant expansion in the state's ill-advised film tax credit.

¹ <https://www.povertycenter.columbia.edu/publication/202021/child-allowance/cost-benefit-analysis-new-york-city#:~:text=Expanding%20the%20Empire%20State%20Tax,billion%20in%20benefits%20to%20society.>

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. Specifically, we recommend the legislature and Governor -

- Include a robust State child credit for children under age four, a group currently excluded from New York's Empire State Child Credit (ESCC)
- Ensure that the lowest-income families receive the highest credit by ending regressive minimum income requirements and phase-ins
- Increase the credit amount to provide families meaningful financial support
- Make the credit available to as many immigrant families as possible and
- If feasible, distribute the credit quarterly to smooth-out income and help families keep up with bills.

Child Poverty is a Choice

The child poverty levels seen in New York are unacceptable for a state consistently ranked among those with the highest per capita income and GDP. In 2020, just prior to the onset of the COVID-19 pandemic, 700,000 (18%) of all New York children lived in poverty, with that percentage a full 10 points higher for Black children, and 7 points higher for Latino children². These conditions are inextricably intertwined with the systemic and ongoing racism in housing, education, employment, and other systems.

Nearly one in five New York children live in poverty, and that rate approaches one in three among children of color and in some under-resourced communities. New York is home to a number of communities and cities that have the highest rates of child poverty in the nation. In Syracuse and Rochester, 48% of children live in poverty; 42% in Buffalo, 37% in the Bronx, and 33% in Schenectady.

For Black children, the chance of living in poverty in these communities often exceeds 50%: 58% in Syracuse, 57% in Rochester, 55% in Buffalo and 52% in Schenectady; in the Bronx, Black child poverty exceeds 38%. So, too, Latino children in these communities experience poverty at rates far disproportionate to their percentage of the population: 52% in Buffalo, 49% in Rochester, 47% in Syracuse, 47% in Schenectady, and 42% in the Bronx.

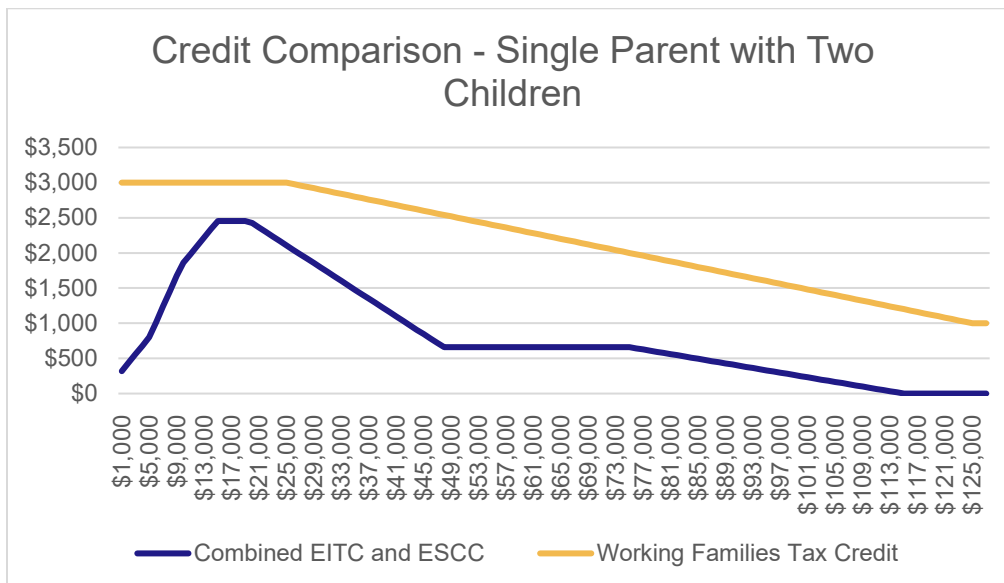
One key lesson of the last three years is that government policy can make a real and immediate difference in the lives of children and families who are struggling to make ends meet. Pandemic-era federal supports confirmed that it is possible to quickly and sharply cut child poverty and boost family economic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

² See <https://raisingnewyork.org/reopeningstronger/>

example was the temporary pandemic expansion of the Federal Child Tax Credit in 2021, which contributed to a 46% decline in child poverty nationwide.³

Enact the Working Families Tax Credit (WFTC)

The Working Families Tax Credit (A4022/S277) proposed by Senator Gounardes and Assemblymember Hevesi is an innovative approach to strengthening economic security for families with children throughout New York State. The bill combines the best elements of the state's Earned Income Tax Credit (EITC) and Empire State Child Credit (ESCC), corrects their shortcomings, and creates a streamlined and strengthened credit for every child in New York State. Families would receive between \$500 and \$1,500 per dependent child, and unlike under current law, families with the lowest incomes would be eligible for the maximum credit. At every income level, every family with dependent children would receive a larger credit under this proposed framework than they would from the sum of the ESCC and EITC under existing law.



The WFTC would also be available to immigrant tax-filers with Individual Tax Identification Numbers (ITIN) in the same manner as filers with Social Security Numbers (SSNs). (This is currently the case with the ESCC, but not with the EITC.) Finally, the WFTC would be paid out in four increments throughout the year, helping families avoid debt in anticipation of tax filing season.

It is estimated that the WFTC would result in a 13.4% reduction in children under the age of 18 living in poverty, with a 19.6% reduction for those under 18 living in deep poverty.⁴ This would be a landmark reduction in child poverty in New York State, and

³ <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>

⁴ Analysis conducted by the Center on Poverty & Social Policy at Columbia University

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would create greater economic security for hundreds of thousands of families with children across the state. New York should enact the Working Families Tax Credit through the budget process this year.

Thank you. We appreciate the opportunity to submit testimony for your consideration as you develop the 2023-24 state budget.

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