



Memorandum in Support of S.277A / A.4022A: The Working Families Tax Credit

An Act to amend the tax law, in relation to a New York State Working Families Tax Credit

February 17, 2023

The Children's Defense Fund – New York (CDF-NY) strongly supports and respectfully urges passage of *S. 277A* (Gounardes) / *A.4022A* (Hevesi), which would combine and strengthen the Empire State Child Credit (ESCC) and State Earned Income Tax Credit (EITC) to create one more inclusive and generous Working Families Tax Credit (WFTC). For individual New Yorkers and families currently eligible for the ESCC, EITC, or both, the combined credit they would receive through the WFTC would either be greater or equal to the total of the two individual credits. For the lowest income New Yorkers and many immigrant New Yorkers, their credit amount would be significantly greater under the WFTC.

The WFTC builds upon the strengths of New York's ESCC and EITC and corrects their shortcomings. Eligible families with children would receive a WFTC equal to or greater than the current EITC plus the ESCC for all children in the household including young children under the age of four. The WFTC would also allow New York families with the lowest incomes to receive the highest credit amount by eliminating the phase-ins currently in place for both credits. It would also be available to immigrant tax-filers with Individual Tax Identification Numbers (ITINs) in the same manner as filers with Social Security Numbers (SSNs), which 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.

The WFTC is structured to have greater poverty-reduction impact than existing credits, adopting characteristics of the temporary pandemic expansion of the federal Child Tax Credit in 2021, an expansion that contributed to reducing child poverty nationwide by 46 percent. Since the federal CTC expansion ended in 2022, 3.7 million nationwide have been plunged back into poverty.¹

Child poverty is an urgent and preventable moral crisis in New York State that continues to do tremendous harm to New York's most marginalized children, families and communities. Every year, through inaction, our legislators continue to allow hundreds of thousands of New York children to experience poverty, at devastating costs. A higher percentage of children live in poverty in New York than in 34 other states. Prior to the start of the COVID-19 pandemic, one in five New York children lived in poverty – that's nearly 792,000 children. 23 percent of New York children under the age of five live in poverty – at exactly the

¹ Center on Poverty & Social Policy at Columbia University. 3.7 million more children in poverty in Jan 2022 without monthly Child Tax Credit. [December Child Tax Credit kept 3.7 million children from poverty — Columbia University Center on Poverty and Social Policy.](#)

period in their development when they are most vulnerable to its devastating impacts. New York's 15th Congressional District, located in the Bronx, carries the highest child poverty rate of any of our nation's congressional districts. Syracuse carries the highest child poverty rate in the nation among cities with at least 100,000 people (48.4 percent), with Buffalo and Rochester also ranking within the top ten list of large U.S. cities with the highest child poverty rates. Racial disparities are pervasive in our State's immoral child poverty crisis, with Black and Latinx children more than twice as likely as white children to live in poverty in New York. In three out of every four of our State's counties, both Black and Latinx children are more likely to live in poverty than white children, and Black and Latinx children in Manhattan are 10 to 13 times more likely to live in poverty than white children. Asian Americans have the highest poverty rates in New York City, with Asian children 5 times more likely to live in poverty than white children in Manhattan.²

It is essential for New York legislators to prioritize policies to reduce child poverty like the robust, targeted, fully refundable WFTC. It is estimated that the WFTC will result in a 13.4 percent reduction in children under the age of 18 living in poverty, with a 19.6 percent reduction for those under 18 living in deep poverty.³ New York must act with urgency to enact the WFTC. The Children's Defense Fund – New York therefore firmly supports passage of *S. 277A* (Gounardes) / *A.4022A* (Hevesi).

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The Children's Defense Fund-New York (CDF-NY) has a unique approach to improving conditions for children, combining research, public education, policy development, direct services, and advocacy. A recognized authority in the endeavor to protect New York children and strengthen their families, CDF-NY serves as a resource and partner for children, families, communities and organizations throughout New York State.

² U.S. Census Bureau, American Community Survey 5-Year Detailed Estimates. To view CDF-NY's county data profiles, please visit <https://cdfny.org/county-profiles/>.

³ Analysis conducted by the Columbia University Center on Poverty & Social Policy