

With more than 23% of New York children living in households with incomes less than the federal poverty line, and because child poverty leads to numerous negative outcomes for children in the areas of academic achievement, physical and emotional health and well-being, it is critical to prioritize family economic security. The following policies in the Executive Budget or pending before the Legislature, if enacted together and fully funded, could substantially strengthen family economic security, and lessen child poverty.

## Increase the State's Earned Income Tax Credit

Assembly Bill 9179 would increase the EITC from its current 30% to 35% of the federal benefit over the course of two years. The benefits for families would be more substantial and lasting with an increase to 40%.

### New York Families Would Benefit from an Increased EITC

- Currently, the New York State Earned Income Tax Credit (EITC) is a 30% refundable credit which reduces the tax burden on low- and moderate-income workers, supplements wages, and provides a genuine incentive for working. It is structured to encourage work by phasing out slowly as a worker's salary increases, and to provide the most generous refunds to low-wage workers with children.<sup>i</sup>
- According to a 2015 Urban Institute Study, an increase in the State EITC from its current 30% of the federal EITC to 40%, and an increase to the New York City EITC from its current 5% to 10%, would result in a 3% decrease in individuals living in poverty, and a 7% decrease in children living in poverty.<sup>ii</sup>

## Increase the Minimum Wage to \$15 an Hour and Allocate Adequate Funds to Cover the Wage Increase for Workers Employed by Non-profit Organizations with Public Contracts

The Governor's Budget proposes raising the State minimum wage to \$15 an hour. The Budget does not provide funding for non-profits with State contracts that provide essential services to some of the State's most vulnerable residents, including children, seniors, and people with special needs.

### All New Yorkers Would Benefit from a Funded Wage Hike

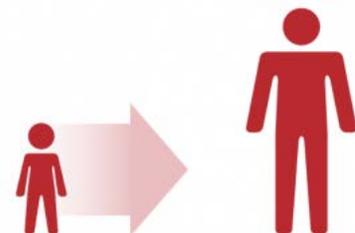
- At the State's current minimum wage of \$9.00 per hour, a person working full-time and year-round (40 hours per week, 52 weeks) earns \$18,720 (gross, before deductions and Earned Income Tax Credit). At this rate, if the worker supports two children, the family would be living below the 2016 federal poverty level (\$20,160 for a family of three).<sup>iii</sup>
- A 2015 study by the Urban Institute predicted that an increase in the minimum wage to \$15 an hour would result in an 18% decline in poverty among New York City residents overall, and a 19% decline in poverty for New York City children, even assuming the wage hike would lead to a loss of 30,000 jobs.<sup>iv</sup>

### Higher Earned Income Tax Credit or Other Income for Poor Children Expected to Boost Work and Earnings Later in Life

\$3,000 annual increase in income to poor children before age 6 associated with increase in work hours when they become adults

**+\$3,000**  
a year

**+135**  
working hours  
a year



For each \$3,000 a year in added income that children in a poor family receive before age 6...

...their working hours rise by 135 hours a year between ages 25 and 37, and their annual earnings rise by 17%.\*

Source: Greg J. Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, "Early-Childhood Poverty and Adult Attainment, Behavior, and Health," *Child Development*, January/February 2010, pp. 306-325

- Most economic data on previous minimum wage hikes show that they have had minimal or no impact on jobs.<sup>v</sup>
- An investment in funds to cover a raise for human services workers will pay off financially, by reducing employee turnover costs, and in human terms, by improving services for vulnerable New Yorkers who depend on skilled and reliable human services workers to heal, grow and thrive.

## Enact a Strong Paid Family Leave Program

The Governor’s Budget proposes that all employees of private employers would be entitled to take up to 12 weeks of paid leave to bond with a new child, care for a seriously ill family member, or address issues arising from a family member’s military service. After a phase-in period of three years, eligible workers would be able to recoup two-thirds of their weekly salary up to half of the State average weekly wage.<sup>vi</sup> The wage replacement would be paid entirely by minimal employee contributions.<sup>vii</sup>

### New York Families and Employers Would Benefit from Paid Family Leave

- More than six million New York workers—many of whom are low-wage workers—cannot take time off to bond with a new child or care for a seriously ill family member without risking their jobs or financial stability.<sup>viii</sup>
- Research shows that paid family leave improves the economic security of families because mothers of newborns are less likely to drop out of the workforce. It has also been associated with improved outcomes in the health and well-being of newborns, as well as the mental and physical health of new mothers.<sup>ix</sup>
- Paid family leave also benefits employers by building employee loyalty, and reducing turnover and absenteeism.<sup>x</sup>

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<sup>i</sup> Russel Sykes and E.J. McMahon, *Making Work Pay: How New York State’s EITC Boosts Incomes for Low-Wage Earners* (Empire Center Issue Brief, February 2016), p. 2, available at: <http://www.empirecenter.org/publications/making-work-pay-in-new-york/>

<sup>ii</sup> Linda Giannarelli et. al, *How Much Could Policy Changes Reduce Poverty in New York City?* (Research Report of the Urban Institute, 2015), pp. 18-19, available at: <http://www.urban.org/research/publication/how-much-could-policy-changes-reduce-poverty-new-york-city>

<sup>iii</sup> Federal Register, Annual Update of HHS Poverty Guidelines, available at: <https://www.federalregister.gov/articles/2016/01/25/2016-01450/annual-update-of-the-hhs-poverty-guidelines#t-1>

<sup>iv</sup> Linda Giannarelli et. al, pp. 20-23.

<sup>v</sup> See blog interview with author Paul Wolfson, available at: <http://jaredbernsteinblog.com/what-does-the-minimum-wage-do-an-interview-with-authoreconomist-paul-wolfson/> (discussing the book: Dale Belman and Paul Wolfson, *What Does the Minimum Wage Do?* (2014).

<sup>vi</sup> New York State Department of Labor, NYS Average Weekly Wage, available at: [https://www.labor.ny.gov/stats/avg\\_wkly\\_wage.shtm](https://www.labor.ny.gov/stats/avg_wkly_wage.shtm).

<sup>vii</sup> The only critical element that is missing from the Governor’s amended proposal is an increase the State’s TDI Cap to be commensurate with the cap for paid family leave.

<sup>viii</sup> Amy Traub and Robert Hiltonsmith, *Lagging on Leave: While Businesses Fall Short, New York State Can Become a Leader on Paid Family Leave* (Demos 2016), available at: <http://www.demos.org/sites/default/files/publications/Paid%20Family%20Leave%20in%20NY.pdf>

<sup>ix</sup> Ann Bartel, PHD, et. al, *California’s Paid Family Leave Law: Lessons from the First Decade* (June 23, 2014), pp. 8-9 available at: <http://www.dol.gov/asp/evaluation/reports/PaidLeaveDeliverable.pdf>.

<sup>x</sup> Id. at 7.