

Memorandum of Support A.8066A (Wright)/S.6259A (Benjamin)

The Schuyler Center urges the Legislature to pass, and the Governor to sign, A.8066A (Wright)/S.6259A (Benjamin), to amend the tax law and the administrative code of the City of New York to allow for the advance payment of the state and NYC earned income tax credit (EITC). Periodic EITC payments have been shown to improve working families' financial stability, diminish the stresses associated with financial insecurity, and help families avoid cycles of debt.¹

Across New York, more than 20%, or approximately 855,000 children live below the federal poverty threshold, (including approximately 253,000 children under age five), with that rate rising to nearly one in three among children of color.² Children under age five are most likely to experience poverty and are most vulnerable to the impacts of poverty. The consequences of poverty for young children include negative effects to physical and mental health, educational achievement, and diminished lifetime earnings. Many of our upstate cities have child poverty rates that hover around 50%.³ The vast majority of children living in poor families – 67% – have at least one employed parent.⁴

One proven way to help reduce child poverty and move low-income working families into economic stability is through refundable tax credits. The EITC (federal, state and city) targets low and middle-income working New Yorkers - particularly families with children - giving them an income boost to offset the costs of raising children that has been linked to significant short- and long-term improved outcomes for children and families. And, the credit encourages and rewards work because it phases in as family income increases.

This bill would make New York's EITC a more effective tool for helping working families make ends meet throughout the year by providing families the option of receiving the credit in quarterly payments, rather than in a lump sum at tax time. Specifically, this bill would allow families to receive 60% of their projected credit in three advanced payments. Then, the final payment at tax time would include any remaining credit not yet paid out – allowing a cushion at year's end to accommodate any shortages or overages. In short, this bill would allow EITC recipients to receive small, periodic payments to help meet expenses throughout the year, and a larger lump sum at tax time to enable them to make larger purchases or pay down significant bills.

As an organization dedicated to strengthening families, reducing child poverty, and improving child well-being, we urge passage of this law as an important first step toward expanding and strengthening New York's working family tax credits. Other working family tax credit bills we urge the Legislature and Governor to pass are A1222(Jaffee)/ S4633(Montgomery), which would expand NY's child tax credit to cover currently excluded children under age four – and double the credit for these young children; and A1055(Bronson)/ S4891(Parker), which would expand the EITC to cover currently excluded young childless adults under age 25. Together, this legislation would move many New York working families out of poverty and closer to economic stability.

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¹See Dylan Bellisle and David Marzahl. Restructuring the EITC: A Credit for the Modern Worker. Center for Economic Progress. 2015. <https://www.economicprogress.org/assets/files/Restructuring-the-EITC-A-Credit-for-the-Modern-Worker.pdf>

²See The State of New York's Children: Data Book. Schuyler Center for Analysis and Advocacy. January 2019. <https://www.scaany.org/wp-content/uploads/2019/01/State-of-NY-Children-Data-Book-2019.pdf>

³U.S. Census Bureau. (2017). Children characteristics: 2012-2017 American Community Survey 5-Year Estimates. <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>. (Buffalo - 47.2%, Rochester - 51.9%, Syracuse - 46.7%)

⁴See The State of New York's Children: Data Book. Schuyler Center for Analysis and Advocacy. January 2019. <https://www.scaany.org/wp-content/uploads/2019/01/State-of-NY-Children-Data-Book-2019.pdf>