Memorandum in Support

S.277-A (Gounardes) / A.4022-A (Hevesi)

The Schuyler Center for Analysis and Advocacy supports and respectfully urges passage of S.277-A/A.4022-A creating the New York State Working Families Tax Credit. The Schuyler Center for Analysis and Advocacy is a 150-year-old statewide, nonprofit organization dedicated to policy analysis and advocacy in support of public systems that meet the needs of disenfranchised populations and people living in poverty.

This bill combines and strengthens two existing refundable tax credits: the Empire State Child Tax Credit (ESCC) and state Earned Income Tax Credit (EITC), creating 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 from the WFTC would be greater, or equal to the total of the two credits. For the lowest income, and many immigrant New Yorkers, the credit amount would be greater under the WFTC.

The WFTC credit 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 credit plus ESCC credits for all children in the household including young children under age four, who currently are excluded from the ESCC. The WFTC will allow families with the lowest incomes to receive the highest credit amount by eliminating the phase-ins currently in place for both credits, and will 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.) The WFTC will 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 nationally by 46% to a record low of 5.2%. Since the federal CTC expansion ended in 2022, 3.7 million children around the nation have been plunged back into poverty.

With New York’s child poverty rate persistently higher than the national average, it is essential for New York to prioritize policies proven to reduce child poverty like the robust, targeted, fully refundable WFTC. It is estimated that the NYS WFTC will 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.

The Schuyler Center for Analysis and Advocacy urges the Legislature to pass S.277-A/A.4022-A.

February 24, 2023
Child Poverty Fell to Record Low 5.2% in 2021 (census.gov)

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

Throughout the last decade, New York’s rate of child poverty has exceeded that of 29 or more states every year.

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