

Tax Credits to Help Families Make Ends Meet

The Promise

Robust tax relief for New York’s families, especially those earning the lowest incomes, is among the most effective and equitable ways for New York State to fulfill its commitment to reduce child poverty and support family economic security.

The Challenge

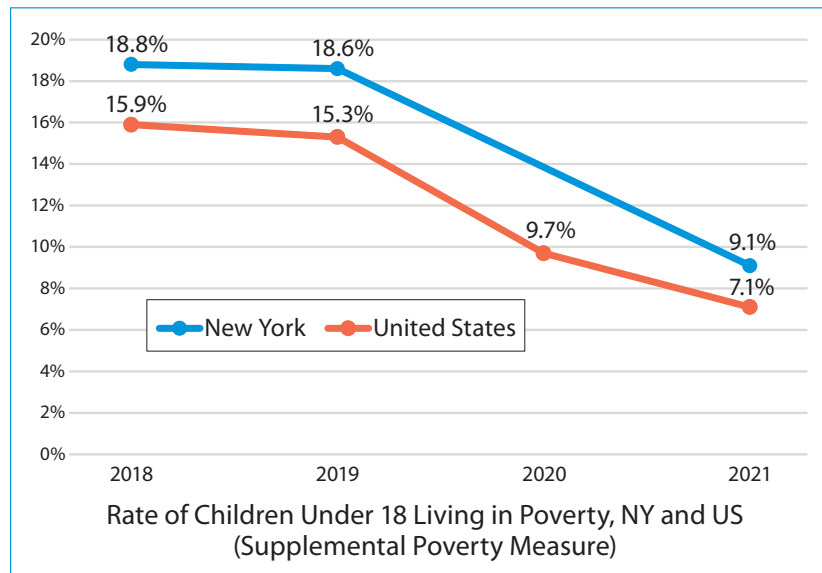
Faced with stubbornly high inflation and record high food costs, families across New York State are struggling to make ends meet.¹ At the same time, COVID-19 pandemic relief initiatives have been rolled back, including expanded SNAP benefits, school meals, and enhanced child tax credits. For more than a decade, New York’s child poverty rates have been among the highest in the nation.

What We Know

New York families need relief. Meaningful, refundable tax credits for families can provide that relief, enabling families to meet immediate needs and deliver long-term benefits. Extensive research shows that cash and near-cash benefits (such as tax credits) improve children’s health and educational outcomes, increase future earnings, and decrease costs in the realms of health care, child protection, and criminal justice.²

We now have powerful evidence confirming the effectiveness of child tax credits from the 2021 pandemic expansion of the federal Child Tax Credit. That expansion—which increased the credit, particularly for low-income families, and paid it out monthly—dramatically and quickly cut child poverty nearly in half nationally and in New York State. Congress allowed the expanded federal child tax credit to expire, ending that relief for families. As a result, in 2022, nearly all but the wealthiest New York families with children paid more in taxes; many of the state’s lowest income families received no federal or state child tax credit.

The Temporary Expansion of the Federal Child Tax Credit and Other Pandemic Supports Caused Child Poverty Rates to Plummet in New York and the Nation³







The U.S. Census Bureau measures poverty two ways. The Supplemental Poverty Measure is considered by many experts to be more accurate and comprehensive because it takes into account family resources and expenses not included in the official measure, geographic variation, and the value of in-kind benefits like nutritional assistance (SNAP), subsidized housing, home energy assistance, refundable tax credits. In contrast, the official poverty measure looks solely at income, without regard to other incoming resources.⁴

Source: U.S. Census Bureau. State by Age SPM Rates: 2009-2019, and 2021. American Community Survey, ACS 1-year estimates.





New York State has two refundable tax credits for families: the state Earned Income Tax Credit (EITC) and the Empire State Child Credit. The current structure of both excludes the lowest income families from receiving the maximum credit through their use of an income-based phase-in which results in those most in need of financial support receiving the smallest credit, or none at all. Further, New York’s EITC excludes immigrant taxpayers who file using an Individual Taxpayer Identification Number (ITIN) rather than a Social Security Number.

NYS Empire State Child Credit, 2021

-  **1,294,855**
Total claims
-  **\$421**
Average credit for family
-  **\$330**
Maximum credit per child
-  Families living in extreme poverty **excluded from receiving the full credit**

Source: NYS Department of Taxation and Finance. Empire State Child Credit Study by Filing Status.

NYS Earned Income Tax Credit, 2021

-  **865,844**
Total claims, 1 or more qualifying children
-  **\$980**
Average credit family / 2 children
-  **\$1,794**
Maximum credit family / 2 children
-  Young, childless adults 18-24, New Yorkers living in extreme poverty, and many otherwise eligible immigrant New Yorkers **excluded entirely from credit**

Source: NYS Department of Taxation and Finance. Earned Income Tax Credit (EITC) Claims by Credit Type and Size of Earned Income.

Policy Solutions

To make New York more affordable for all families, and fulfill the State’s child poverty reduction commitments, the State must act this year to expand and strengthen its tax credits for families.

New York State’s design of tax relief for families limits their power to reduce child poverty and entirely excludes many children whose families are unfairly burdened with taxes and in the most dire need of economic support.

Providing tax relief for low-income families is a matter of equity. Financial hardship disproportionately impacts children and families of color. In fact, Black children in New York State are more than twice as likely to live in poverty as their white peers.⁵ New York can and must strengthen its tax relief for families by:

- ▶ Ensuring the maximum state child tax credit reaches the lowest-income New Yorkers and increasing the credit amount to meaningfully impact family budgets; and
- ▶ Strengthening the EITC so all working New Yorkers may access the credit, including those filing with an ITIN.

Lived Experience: Child Tax Credits



With the Child Credit, I could shop for my family every two weeks, instead of having to plan everything around once a month, which was much less flexibility. Over time, I have been able to depend less and less on community services. I have been able to plan more and be more consistent. That makes me feel more sufficient and independent and also makes my kids feel that way, because it is true.

—Candace Cabral, parent advocate and member of the Child Poverty Reduction Advisory Council, on the impact of the expanded federal Child Tax Credit

¹ United States Government Accountability Office. (2023). *Food Prices: Information on Trends, Factors, and Federal Roles*.

² National Academies of Sciences, Engineering, and Medicine. (2019). *A Roadmap to Reducing Child Poverty*. Washington, DC: The National Academies Press.

³ Collyer, S., Hardy, B., Wimer, C., & Wilson, D. (2023). *State-Level Poverty Impacts of the Child Tax Credit in 2021*. Poverty and Social Policy Fact Sheet.

⁴ U.S. Census Bureau. (2022). *Measuring America: How the U.S. Census Bureau Measures Poverty*.

⁵ Schuyler Center computations based on U.S. Census Bureau’s American Community Survey, ACS 5-Year Estimates Detailed Tables, Table B17001B. For all sources and computations, go to <https://bit.ly/NYSchildren>