



Strong Refundable Tax Credits to End Child Poverty

The Promise

All New York children should grow up free from the stress of poverty. Robust tax relief for New York's families, especially those earning the lowest incomes, is among the most effective and equitable ways for the State to fulfill its commitment to reduce child poverty and support economic security for all families.

The Challenge

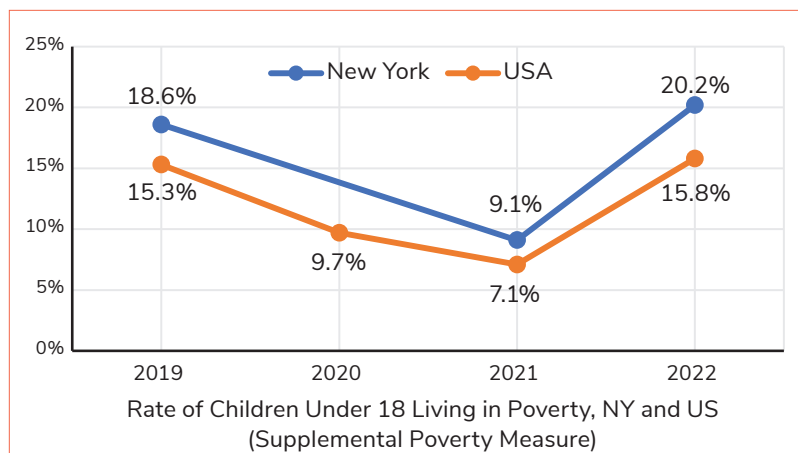
Across New York State, too many families are struggling to make ends meet, facing high food and housing costs.¹ New York's child poverty rates have been among the highest in the nation for nearly a decade, and have increased this year over last year—nearly three years into a statutory commitment to cut child poverty in half in a decade.

What We Know

New York families need relief. Meaningful, refundable tax credits for families can help provide that relief. Tax credits enable families to meet immediate needs and deliver long-term benefits. 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

Powerful evidence confirms the effectiveness of child tax credits: the 2021 pandemic expansion of the federal Child Tax Credit—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.³ Congress allowed the expanded federal child tax credit to expire, ending that relief for families. Just one year later, child poverty rates nationally and in New York State surpassed pre-pandemic levels.

The end of pandemic-era supports, including expansions of the Federal Child Tax Credit, has led child poverty rates to resurge and surpass pre-pandemic rates



Source: U.S. Census Bureau. State by Age SPM Rates: 2009-2019, and 2021 to 2022. American Community Survey, ACS 1-year estimates.

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 food assistance, subsidized housing, tax credits. In contrast, the official poverty measure looks solely at income, without regard to other incoming resources.

Source: U.S. Census Bureau. (2022).

Additional, reliable income helps families meet household needs. Surveys conducted during the temporary expansion of the federal child tax credit found that the most common uses families made of the additional funds were for food, child care, school-related expenses, and to pay down debt.⁴

New York Empire State Child Credit, 2022*

1,256,130

Total claims

\$566

Average credit family/
2 children

\$330

Maximum credit per child

X

Families living in extreme poverty **excluded from receiving the full credit**

New York Earned Income Tax Credit, 2022**

931,149

Total claims, 1 or more qualifying children

\$1,131

Average credit family/
2 children

\$1,849

Maximum credit family/
2 children

X

Childless adults 18-24, New Yorkers living in extreme poverty, and many otherwise eligible immigrant New Yorkers **excluded from credit**

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. Both credits incorporate an income-based phase-in that means that those most in need of financial support receive 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.

In August 2024, eligible families across the state received a one-time supplemental payment of up to \$330 per child through the Empire State Child Credit.⁵ A permanent increase in the credit would go even further in bolstering family budgets at a time when many struggle to make ends meet.

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

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

The 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.

The minimum income and phase-in structures of New York State's tax credits for families limit their power to reduce child poverty. Many children whose families could most benefit from economic support are only eligible for the smallest credit.

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.

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This year's supplemental [Empire State Child] credit helps. [The start of the school year] can be difficult for many families as we've just paid for weeks of summer camp that cost as much per week as an entire month of afterschool care, sometimes working fewer hours because camp hours are usually 9-4, and facing the cost of things for school is difficult. We are buying sneakers to replace the ones worn out from last school year, backpacks that are shredded from a full school year.

—Parent, *Schenectady*

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¹ U.S. Government Accountability Office. (2023). *Food Prices: Information on Trends, Factors, and Federal Roles*; NYS Comptroller's Office. (2024). *DiNapoli: Housing Cost Burdens for New Yorkers Among Nation's Highest*.

² National Academies of Sciences, Engineering, and Medicine. (2019). *A Roadmap to Reducing Child Poverty*. Washington, DC: The National Academies Press. Chapter 3.

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 Educational Alliance and United Neighborhood Houses. (2022). *Settlement House American Rescue Plan Impact Study: Wave 1 Report*

⁵ NYS Office of the Governor. (2024). *Governor Hochul Announces Checks are on the Way to New Yorkers Receiving Child Tax Credit Payments*.

*For all sources and computations, go to <https://scaany.org/sonyc-sources-2025/>