



Creating Economic Opportunity for Families through Tax Credits and Cash Benefits

The Promise

All children should grow up free from the stress of poverty. Robust tax relief for New York’s families is among the most effective and equitable ways for the State to fulfill its commitment to reduce child poverty and build economic opportunity for all families. Cash benefits for families—particularly for those welcoming a new child—provide flexible support when their need is greatest.

The Challenge

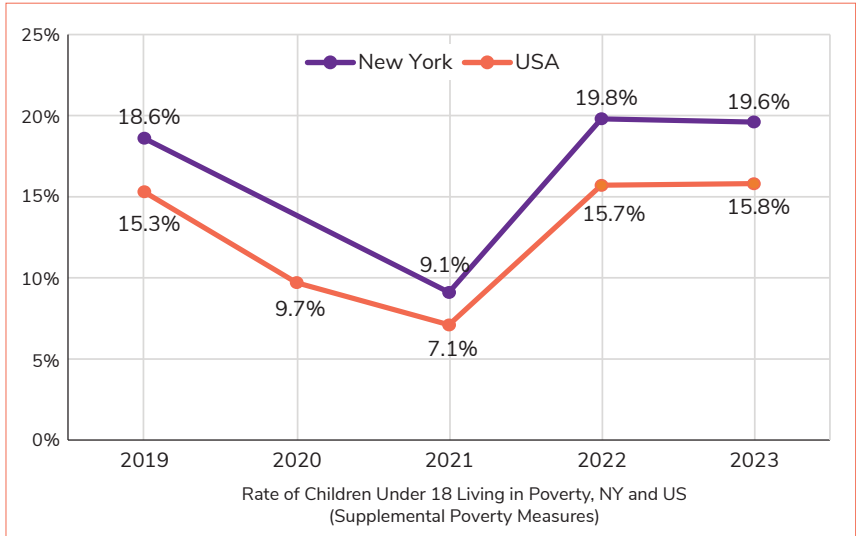
For far too long, too many families across New York State have faced economic hardship. New York’s child poverty rates have been among the highest in the nation for nearly a decade; families across the state struggle to afford essentials like housing and food.

What We Know

Research shows that cash and near-cash benefits (such as refundable tax credits) improve families’ economic stability, child development, and parent and child health.¹

In fact, when the Federal Child Tax Credit was temporarily expanded in 2021 in response to the Covid-19 crisis, child poverty rates dropped dramatically, both nationally and in New York State.² Congress allowed the expanded Federal Child Tax Credit to expire, ending that relief for families. One year later, child poverty rates nationally and in New York State surpassed pre-pandemic levels; two years later, they remained essentially unchanged.

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



Source: U.S. Census Bureau. (2025). State by Age SPM Rates: 2009-2019, and 2021 to 2023. American Community Survey, ACS 1-year estimates.
Source: U.S. Census Bureau. (2021). The Supplemental Poverty Measure: 2020.

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, and tax credits. In contrast, the official poverty measure looks solely at income, without regard to other incoming resources, or varied costs.

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

Additional, reliable income helps families meet household needs. Surveys conducted during the pandemic-era expansion of the Federal Child Tax Credit found that the most common ways families used the additional funds were for food, child care, school-related expenses, and to pay down debt.³

Progress Made

New York State expanded its Empire State Child Credit in the State 2025-26 Budget, increasing the amount and eliminating the income phase-in that had previously excluded New Yorkers with very low incomes from receiving the full credit. This expansion was recommended by the Child Poverty Reduction Advisory Council, the body convened in 2021 to guide the state to achieve its statutory commitment to cut child poverty in half by 2031, and built upon an expansion implemented in tax year (TY) 2023 to include children under age 4 in the credit. **In tax year (TY) 2023, 1,451,132 Empire State Child Credit claims were filed; 2,429,901 children received the credit; the average credit amount for a family with two children was \$572.**⁴

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The increase in my family's child tax credit will help me afford the things my children need throughout the year: child care during a school break, winter coats, or helping put food on the table without sacrificing the mortgage payment.

—Parent, *Schenectady*

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Also in the State 2025-26 Budget, New York State established a new BABY Benefit to provide a one-time \$1,800 payment to Public Assistance recipients at the birth of a child.

New York is building a stronger, more effective child tax credit that directs the full credit to families with the fewest resources

Then: TY 2022 Empire State Child Credit

Eligible ages: children ages 4-16 years
(Excluded: children under age 4, age 17)⁵

Income phase-in resulted in lowest income households being excluded from receiving full credit⁶

Maximum credit:
\$330
per child per year⁷

Now: TY 2025 (& beyond) Empire State Child Credit

Eligible ages: children ages 0-16 years old as of Tax Year (TY) 2023
(Still excluded: children age 17)⁸

With the income phase-in removed, families with very low incomes will be eligible for maximum credit amount as of TY 2025⁹

Maximum credit: \$1,000 per child per year for children 0-3 as of TY 2025	\$500 per child per year for children 4-16 as of TY 2026 ¹⁰
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State Policy Solutions

To continue making progress toward its child poverty reduction goal, New York can and must strengthen tax relief and expand cash benefits for families by:

- ▶ Increasing the maximum Empire State Child Credit amount to \$1,500 per child per year for children under 18, as recommended by the Child Poverty Reduction Advisory Council, to meaningfully impact family budgets and reduce child poverty;
- ▶ Indexing the credit to inflation so families receive the full value of the credit over time;
- ▶ Investing in free tax preparation assistance and public awareness campaigns to ensure families receive all tax credits to which they are entitled; and
- ▶ Exploring expansions of the new BABY Benefit and other cash benefits to provide more support to families facing affordability challenges.

¹ Early Learning Nation. (2025). Cash Transfers: [A Proven Strategy to Improve Outcomes for Children and Families](#).

² Wilson, D., Collyer, S., Hardy, B., & Wimer, C. (2023). [State-Level Poverty Impacts of the Child Tax Credit in 2021](#).

³ Educational Alliance and United Neighborhood Houses. (2022). [Settlement House American Rescue Plan Impact Study: Wave 1 Report](#).

⁴ New York State Department of Taxation and Finance. (2025). [Empire State Child Credit Study by Filing Status: Beginning 2017](#).

⁵ New York State Department of Taxation and Finance. (2023). [Instructions for Form IT-213 Claim for Empire State Child Credit](#).

⁶ The Children's Agenda. (2025). [Explaining Governor Hochul's Proposal to Expand the Empire State Child Credit](#).

⁷ Governor Kathy Hochul. (2024). [Governor Hochul Announces Checks are on the Way to New Yorkers Receiving Child Tax Credit Payments](#).

⁸ New York State Department of Taxation and Finance. (2025). [Empire State child credit](#).

⁹ New York State Department of Taxation and Finance. (2025). [Empire State child credit](#).

¹⁰ Governor Kathy Hochul. (2025). [Money In Your Pockets: Governor Hochul Proposes Sweeping Expansion of the Child Tax Credit to Deliver Up to \\$1,000 Per Child](#).