



*Give New Yorkers a **Bridge to Opportunity**
and **Outcomes ST**atewide*

The Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

February 7, 2020

Dear Governor Cuomo:

Thank you for elevating the issue of child poverty in your State of the State and Budget addresses, and for including two strong proposals to reduce poverty in New York by strengthening two of New York's working family tax credits -- the Earned Income Tax Credit (EITC) and Empire State Child Credit (ESCC). Both already help thousands of working New Yorkers move out of poverty and into economic security; both will be even more effective if the Executive proposals are enacted.

Specifically, the Executive Budget proposes to allow the Tax Department to compute and issue unclaimed EITC refunds when it discovers taxpayers are eligible. The Executive Budget also proposes to begin to rectify a longstanding failure to cover children under age four in its child tax credit by allowing parents with an income under \$50,000 to claim the ESCCC for their children under 4 years old. The undersigned human services organizations, children's advocates, child and family serving organizations, faith and labor leaders welcome these proposals as steps toward creating a more equitable tax system that better reflects New York's progressive values. However, **we respectfully urge you to further strengthen the EITC and ESCC in the 30-day Amendments —they can and should be more fair, inclusive and impactful.**

Too many working New Yorkers still struggle to stay afloat, despite the recent increases to our state's rising minimum wage. In rural counties, to be self-sufficient a single adult needs to earn approximately \$20,000 annually and a family of four needs to earn approximately \$62,000 annually. In urban areas, a single adult needs to earn approximately \$30,000 annually and a family of four needs to earn nearly \$75,000 annually.^[1] Unfortunately, many working New Yorkers fall short of these economic goals and see costs rise faster than their paychecks.

To strengthen our communities and local economies, working people need their pay checks to stretch further. Robust working family tax credits can do that, rewarding New Yorkers for hard work with economic security and stability. They also can play a strong role in reducing child and family poverty.

At present, our state EITC is coupled with the federal income tax credit, which means that many working New Yorkers who need the income boost are excluded from claiming the credit. Additionally, the federal EITC is modeled on the much lower federal minimum wage of \$7.25/hour. Decoupling from the federal credit and modeling our state EITC on our higher minimum wage would appropriately include more struggling workers

and working families. It would also ensure the state EITC continues to function as it was intended: to encourage work by phasing out slowly as earnings rise above the minimum wage. Enhancing EITC eligibility is a sound economic investment as **the EITC is proven to expand economic security, support work, fuel the economy, increase children’s educational performance and attainment, and improve health outcomes.**^[ii]

Your proposal to expand the ESCC to cover children under age four from low-income families represents an important improvement to the state’s child tax credit.. This expansion is critical because New York children are more likely to live in poverty than in 31 other states.^[iii] And New York’s high rate of child poverty is not new. For more than a decade, the percentage of New York children living in poverty has exceeded 19. Further, the younger the New York child, the more likely the child is to live in poverty. More than 23% of New York children under the age of five live below the federal poverty level—at exactly the time in their development when they are most vulnerable to poverty’s impacts.^[iv] **A robust child tax credit or child allowance has been identified as one of the most effective strategies for tackling child poverty.**^[v]

Therefore, we urge you to include the following proposals in the Fiscal 2021 Budget:

Strengthen the New York State EITC by decoupling it from the federal income tax credit, which will:

- Allow young childless adults ages 18-24 to claim the state credit so they receive workforce support at a critical juncture in their working lives;
- Benefit filers with Individual Taxpayer Identification Numbers (ITINs) by creating filing eligibility and establishing parity with the Empire State child credit, and;
- Reduce poverty, prevent economic backsliding, and provide greater community economic stability by allowing New York State to model our EITC on the \$15 minimum wage.

Strengthen and expand the ESCC by:

- Expanding it to cover young children under age four on the same terms as families with older children, and increase the maximum to \$1,000 so that our young children are provided extra resources when they need them most;
- Fully phasing-in the credit at \$1 of income to cover those families and children living in deep poverty; and
- Expanding the existing credit to up to \$500 for children 4-17.

We believe the proposed improvements to the EITC and ESCC support your “Making Progress Happen” agenda and fully align with your progressive vision for the state.

Sincerely,

On behalf of the BOOST Steering Committee

Brenda Episcopo, President and Chief Executive Officer, United Way of New York State

Mary Shaheen, Vice-President, United Way of New York State

Dede Hill, Director of Policy, Schuyler Center

Pete Nabozny, Director of Policy, The Children's Agenda

Ron Deutsch, Executive Director, Fiscal Policy Institute

Cara Long Corra, Senior Policy Analyst, Fiscal Policy Institute

Partners in Support

Adirondack Foundation - Birth to Three Alliance

Allegany County United Way

Catholic Charities of Chemung/Schuyler counties

Catholic Family Center

Center for Children’s Initiatives

Chenango United Way
Children's Defense Fund - New York
Chinese American Planning Council
Church Women United in New York State
Citizen Action of New York
Coalition for the Homeless
Council of Family and Child Caring Agencies
District Council 37
FPWA
MercyFirst
Metro NY Health Care for All
Neighborhood Trust Financial Partners
NYS AAP
Opportunities for Otsego, Inc.
RMAPI
Teaching Improves Performance
The Financial Clinic
United Way for Cortland County
United Way of Buffalo & Erie County
United Way of Greater Oswego County
United Way of Greater Rochester
United Way of Long Island
United Way of New York City
United Way of Southern Chautauqua County
United Way of the Dutchess-Orange Region
United Way of the Greater Capital Region
United Way of the Valley and Greater Utica Area, Inc.
United Way of Westchester & Putnam
WHEDco

Cc:

Melissa DeRosa, Secretary to the Governor
Kumiki Gibson, Counsel to the Governor
Robert Mujica, Director of the Budget
Kerri Neifeld, Assistant Secretary for Human Services

^[1] United Way. *ALICE: A Study of Financial Hardship in New York*, 2018, <https://www.unitedforalice.org/new-york>

^[2] Center on Budget and Policy Priorities. *5 Ways the EITC Benefits Families, Communities, and the Country*, 2017. <https://www.cbpp.org/blog/5-ways-the-eitc-benefits-families-communities-and-the-country>

^[3] Children in poverty (100 percent poverty) in the United States. 2018. Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2018 American Community Survey. <https://datacenter.kidscount.org/data/tables/43-children-in-poverty?loc=1&loct=2#ranking/2/any/true/37/any/322>

^[4] The State of New York Babies. *State of Babies Yearbook 2019*. Created by: *Zero to Three, Child Trends, and Think Babies*. https://stateofbabies.org/data/#/New_York

^[5] Consensus Study Report: A Roadmap to Reducing Child Poverty. *National Academies of Sciences, Engineering, and Medicine*. February 2019. https://sites.nationalacademies.org/DBASSE/BCYF/Reducing_Child_Poverty/index.htm pp. 158-164.