

Submitted for Joint Legislative Budget Hearing: Taxes February 2025

Thank you for the opportunity to submit testimony on the 2025 New York State Executive Budget. EdTrust-New York is a statewide non-profit organization dedicated to educational equity. We work to attain educational justice through research, policy, and advocacy that results in students of color— particularly Black, Latinx and Native American students, and students from low-income backgrounds – achieving at high levels from early childhood through college completion.

Economic insecurity remains a pressing issue for many families across New York State, disproportionately affecting children and communities of color. According to United for ALICE data, 46% of all New York households are experiencing economic insecurity.¹ Families with young children and families of color face even greater challenges, with higher rates of poverty.

- Nearly one-in-five children in New York State experience poverty, and about 40% of New York children live in low-income households (defined as below 200% of the federal poverty level).
- Of all New York families under the poverty line, 19% are Black and 18% are Latinx (18%). Multi-racial families experience poverty at much higher rates than White households (9%),¹ the result of systemic and ongoing racism in housing, education, employment, and other social systems.

In early 2022, New York enacted landmark legislation, the [New York State Child Poverty Reduction Act](#), committing New York State to reduce child poverty by 50% within a decade. The Act had near-unanimous, bipartisan support from upstate and downstate, rural, urban, and suburban legislators and constituents. It is imperative that New York take meaningful steps this year to make good on its promise to New York children. One of those steps is expansion of tax credits for families.

Pandemic-era federal support confirmed that it is possible to quickly and sharply cut child poverty and boost family economic security. The temporary pandemic expansion of the Federal Child Tax Credit in 2021, for example, contributed to a 46% decline in child poverty nationwide by providing regular monthly payments to families.² Unfortunately, that expanded federal tax credit has since ended.

Refundable tax credits like the Earned Income Tax Credit (EITC) play an outsized role in reducing child poverty in New York, constituting the largest state tax credit low-income families receive. The EITC can encourage work because the credit amount rises as earnings rise to a maximum level and then phases out slowly as a worker's earnings increase. In tax year 2022, more than 931,149 New York State taxpayers with children filed



EITC claims. The maximum credit available to a family with two children was \$1,849, and the average credit for that composition of family, \$1,131.³

Summary of Recommendations

We urge New York State to strengthen and expand its refundable tax credits, similar to the federal enhanced child credit, in order to have the greatest impact on child poverty by:

- **Restructuring the ESCC and EITC to ensure that the highest credit goes to the lowest-income families.** The Executive Budget proposal eliminates the minimum income requirement and income phase-in, meaning that families earning below \$9,667, and who often have the greatest need, would be eligible to receive the full ESCC amount. We strongly support this part of the proposal.
- **Adjusting the ESCC to 1) be permanent and 2) include children aged 17.** In the Executive Budget, the proposal would sunset after three years. We urge the Legislature to make it permanent. The proposal also does not include 17-year-olds, although they are certainly no less expensive to care for than children 0-16. Much like the historic expansion to include children under age four several years ago, we ask that the age limit be increased.
- **Increasing the credit amount of the EITC to provide families with more meaningful support.** New York should expand the state EITC to include young adults without children (ages 18 through 24) who are currently ineligible for either the federal or state credit.
- **Making the EITC available to immigrant families who use an ITIN.** Experts estimate there are 107,000 children in households that do not qualify for EITC financial support solely because a parent files taxes using an Individual Tax Identification Number (ITIN).⁴ These families pay taxes and contribute to our economy, yet are often at higher risk of living in poverty due in part to the barriers to access critical programs such as this. We encourage New York State to adjust the current eligibility requirement for the EITC to include those with either a social security number or an ITIN.
- **Paying credits monthly or quarterly to smooth-out income and help families keep up with bills.** More frequent payments can provide substantial financial relief to families, particularly for regular expenses like groceries, housing costs, and other monthly bills.

All of the above recommendations are part of the proposed Working Families Tax Credit (WFTC), S.2082 Gounardes/A.3474 Hevesi, which would combine the state ESCC and EITC to create one streamlined tax credit.

The WFTC 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. It would eliminate the phase-ins currently in place for both credits to allow families with the lowest incomes to receive the full credit amount. It would also be available to immigrant tax-filers



with ITINs in the same manner as filers with Social Security Numbers (SSNs), which is currently the case with the ESCC, but not with the EITC. Finally, the State would pay out the WFTC in four increments throughout the year.

Utilize the \$3B in inflation refunds to implement these changes.

The Executive’s proposal to provide refunds to families is well-intentioned. Yet, the families who will receive the largest refund are those making between \$150,000 and \$300,000. These are not the people who need assistance the most. This funding could be better spent to implement the WFTC, expand the ESCC/EITC, promote awareness of the tax credit to families, and provide filing assistance for families who do not usually file taxes. Volunteer Income Tax Assistance (VITA) sites have a demonstrated history of supporting families throughout New York State to ensure that families are receiving all of the tax credits that they are entitled to.⁵ Additional funding to VITA sites could ensure that they can work with more families across New York State. This is especially needed in rural communities with greater geographic distances add additional barriers to accessing services.⁵

As New York advances its commitment under the Child Poverty Reduction Act to cut child poverty in half within a decade, we urge the Legislature and the Governor to center children and families. This includes prioritizing families and communities of the highest need.

Thank you for the opportunity to submit this testimony.

For additional information, please feel free to contact Jenn O’Connor, Director of Partnerships and Early Childhood, at EdTrust-New York at joconnor@edtrustny.org.

1 <https://www.unitedforalice.org/state-overview/new-york>

2 Senate Joint Economic Committee. (2021). *The expanded child tax credit dramatically reduced child poverty in 2021* [PDF].

<https://www.jec.senate.gov/public/cache/files/dd209a98-c23b-4b2e-8478-61a55ec2b647/the-expanded-child-tax-credit-dramatically-reduced-child-poverty-in-2021-final-1-.pdf>

3 Schuyler Center for Analysis and Advocacy. (2025). *Strong Refundable Tax Credits to End Child Poverty*.

4 Wiehe, M., & Gee, L.C. (2020). *Analysis: How the HEROES Act Would Reach ITIN Filers*. Institute on Taxation and Economic Policy.

5 <https://www.urban.org/sites/default/files/2023-04/Share-our-strength-new-york.pdf>

