



**Testimony submitted to the Joint Fiscal Committees
on the SFY 2025-2026 Executive Budget
Human Services Budget Hearing
February 12, 2025**

Thank you for the opportunity to submit testimony on the FY 2026 New York State Executive Budget. The [New York State Cash Alliance](#) is an advocacy coalition to advance guaranteed income (GI) and cash-related policy in New York. Formed in 2024, we are a growing coalition of community organizers, social, health care, and legal services providers, activists, artists, cash beneficiaries, and advocates who understand the power of cash to address economic inequities and are pushing forward legislation that would create a guaranteed income program in New York.

The Executive Budget includes several proposals to expand direct cash support for New Yorkers, including expanded tax credits and a “BABY” benefit to assist parents during pregnancy. The FY26 Executive Budget also proposed allocating \$3 billion in surplus money to a nonrefundable “Inflation Refund” tax credit. These payments recognize that New Yorkers are capable of making the right financial decisions for themselves and their families— but only affords this dignity to those in the middle class. The New York State Cash Alliance applauds the Governor’s acknowledgment of the economic stress New Yorkers face, particularly amidst continuing high inflation, and the Governor’s embrace of direct cash support as a strategy to fight poverty and promote family well-being.

We urge the Legislature to channel the proposed allocation of \$3 billion for Inflation Refund Payments toward strategies that would target lower-income New Yorkers who are struggling most. These payments could be restructured to better serve low-income New Yorkers by making the credit refundable, increasing the amount of the credit by targeting it to families under 200% of the poverty line or by providing the maximum benefit only to the lowest income New Yorkers, and increasing the frequency of the payments to quarterly or monthly.

This funding could also be used to fund any of the other legislative proposals for unrestricted cash that the Cash Alliance supports.

As champions of guaranteed income, we believe deeply in ensuring that every New Yorker has a baseline of support in life. Yet moving toward that goal requires prioritizing those most in need.

Recommendations in this testimony – including investing in direct cash transfers, raising public assistance benefit levels while reducing conditions on assistance, and expanding tax credits – would dramatically improve the material conditions of New Yorkers’ lives.

Specifically, we urge the legislature to pass the seven pieces of legislation in our policy platform to tackle the state’s cost of living crisis.

1. The Working Families Tax Credit (A.3474 Hevesi / S.2082 Gounardes)

New Yorkers are struggling with our high cost of living: The costs of housing, child care, utilities, and basic living needs have put many New Yorkers into financial crisis. By making some changes to our tax code, we can give economically burdened workers and families cash to pay for what they need – food, rent, utilities, child care, and more.

The Empire State Child Credit (ESCC) is an evidence-based intervention to reduce poverty and help families afford the high cost of living in New York State. The now-expired expansion of the federal Child Tax Credit reduced child poverty in the United States by 50%.¹ The Governor’s own Child Poverty Reduction Advisory Council (CPRAC) has estimated that expansions to child tax credits could reduce child poverty in New York State by 23%.²

The Cash Alliance commends the legislature on recent expansions to this credit, including making the credit accessible to families with children under four-years-old and the FY25 \$350 million supplemental payment to the ESCC.

The Executive Budget for FY26 proposes directing \$825 million to expand the Child Tax Credit over two years, crediting eligible parents \$1,000 for kids under 4-years-old and \$500 for kids ages 4-16. While this is an admirable acknowledgement of the astronomical cost of early childhood care and of the high rates of early childhood homelessness in particular, this measure does not go far enough. New York State is home to half of the top six cities in the United States with the highest child poverty rates. In Rochester, Buffalo, and Syracuse, one in two children live in poverty. New York City isn’t far behind, with nearly one in four children living in poverty.

Instead, the NYS Cash Alliance urges the legislature to build on this proposal by passing the Working Families Tax Credit, sponsored by Senator Gounardes and Assemblymember Hevesi. This bill combines and strengthens two existing refundable tax credits: the Empire State Child Credit (ESCC) and State Earned Income Tax Credit (EITC), creating one more inclusive and generous Working Families Tax Credit (WFTC). For individual New Yorkers and families currently eligible for the ESCC, EITC, or both, the combined credit they would receive from the WFTC would be greater, or equal to the total of the two credits. For the lowest income, and many immigrant New Yorkers, the credit amount would be greater

¹ [Child Tax Credit | Center on Poverty and Social Policy](#)

² [State Council Issues Child Poverty Recommendations | New York Focus](#)

under the WFTC. The expanded and fully refundable WFTC would provide up to \$1,822 per child once fully implemented and would help New Yorkers pay for health care, housing, food, transportation, and other basic necessities.

2. Baby Bucks (A.1597 Clark / S.2132 Ramos)

This year's Executive Budget directs \$8.5 million to the BABY Benefit, the nation's first publicly funded baby allowance program. This is a significant step in giving unrestricted cash to pregnant and parenting people. Research has continuously shown cash to be an effective intervention to support maternal and child health and outcomes. For example, NYS Cash Alliance member the Bridge Project, the nation's largest direct cash program for mothers and babies working in New York and five other states – makes clear that supporting new parents and their babies for sustained periods over the first few years of a baby's life improves maternal and infant health and housing stability.³

However, the BABY Benefit is only accessible to families receiving cash assistance. While we are encouraged by the Governor's BABY Benefit proposal, we urge both houses to prioritize more robust cash support during the perinatal period by including the Baby Bucks Allowance (A.1597 Clark / S.2132 Ramos)—formerly known as MILC—in their one-house budget response.

More specifically, the NYS Cash Alliance urges the state legislature to invest \$247 million in the “Baby Bucks Allowance” to ensure that all pregnant people and parents of children ages 0-3 experiencing poverty can seek the relief they need. This legislation would offer monthly cash support of up to \$1,000 to 15,000 new moms and their babies across the state in the areas with the highest childhood poverty rates. Baby Bucks extends support during the prenatal and postnatal periods, helping to stabilize families during a critical period. The Baby Bucks Allowance is a new and innovative approach to lift children out of poverty, improve maternal health outcomes, and strengthen the state's overall economy.

3. Cash Assistance Reform Package

New York's cash assistance programs no longer function as they were meant to. Intended to keep New Yorkers out of deep poverty, they instead keep them in it. Despite New York's high rates of poverty, cash assistance levels have not been adjusted in over a decade. In their current form, cash assistance benefits levels and eligibility thresholds are too low—keeping families at 41% of the federal poverty line⁴—and regulations around how the money can be spent are too restrictive; regulations require that more than half of the cash assistance New Yorkers receive must be spent on utilities and rent.⁵ The only flexible cash that families have is \$336 per month for a family of three—or about \$10 per day. This leaves families struggling to afford essentials like housing, food, toiletries and healthcare. Research is clear that families

³ [Introduction-to-The-Bridge-Project-2024.pdf](#)

⁴ [CBPP: Increases in TANF Cash Benefit Levels are Critical to Help Families Meet Rising Costs](#)

⁵ [18 CRR-NY 381.3](#)

turn to cash assistance in times of deep hardship and emergency.⁶ Over 600,000 New Yorkers receive cash assistance, and they deserve better.

These low benefit levels worsen for New Yorkers residing in shelters that serve three meals a day. The majority of shelter residents receive the full basic needs grant, the same as other cash assistance recipients, but the residents of shelters that serve meals receive only \$1.50 per day for their basic needs.⁷ These benefit levels have not been adjusted since 1997.

Furthermore, to qualify for cash assistance in New York, families must hit rock bottom. A family of three cannot make more than \$9,468 per year (or \$789 per month) when applying, which is below the federal definition of “deep poverty.”⁸ This low limit leaves many families— those making \$15,000 per year, for example—without relief from the cash benefits system. While ‘living in poverty’ by all measures, they can’t access cash support.

New York’s disinvestment in cash assistance likely contributes to the state’s high rate of child welfare investigations and to unnecessary family trauma because of state intervention. Dozens of studies on the effects of economic policies on child welfare involvement finds that policies that protect against economic hardships, shocks and setbacks reduce investigations, maltreatment and family separation.⁹ Though New York state law is clear that financial inability to provide is not neglect, in practice, reports often align closely with the consequences of living in poverty.¹⁰ Research shows that material hardship is associated with child welfare involvement beyond caregiver psychological distress and parenting factors,¹¹ and the association of individual factors (such as substance abuse or mental health) with maltreatment is reduced after accounting for poverty, meaning poverty alone is a driving factor.¹² Increases in cash assistance, in particular, are associated with reduced child welfare involvement.¹³

The cash assistance system needs urgent reform. The NYS Cash Alliance recommends the state legislature pass three bills to reform cash assistance and help the poorest New Yorkers— these proposals are also supported by the Governor’s CPRAC. **These include increasing the benefit by 100% (A.106 Rosenthal / S.1127 Persaud), establishing parity for homeless recipients (A.108 Rosenthal / S.113 Cleare), and eliminating the resource cap and allowing applicants for cash assistance to get the benefit of earned income disregards to better enable low income families to exit cash assistance can prepared to cope with future economic setback (A.4352 Rosenthal).**

4. Reentry Assistance Reform (A.193 Gibbs/S.4078 Parker)

⁶ [FPWA: Rewriting the Story: Lived experiences of New Yorkers receiving cash assistance](#)

⁷ [Letter to Governor Hochul Regarding Crucial Need for Increases in Cash Assistance](#)

⁸ [Public Benefits in New York: OTDA Programs, Reforms, and More.](#)

⁹ [Chapin Hall: Child and Family Well-being System: Economic & Concrete Supports as a Core Component](#)

¹⁰ [New York State Child Abuse, Maltreatment, and Neglect](#)

¹¹ [The effect of material hardship on child protective service involvement](#)

¹² [Child maltreatment entrenched by poverty: How financial need is linked to poorer outcomes in family preservation](#)

¹³ [Access to TANF has been shown to reduce child welfare involvement](#)

Scarcity and incarceration are inextricably linked. Conviction history decreases opportunities in the formal economy, and in a struggle to meet basic needs, people are more likely to recidivate. Currently, the 9,000 individuals returning from New York's prisons each year receive only \$200 in "gate money" as they transition back to their communities. It's no surprise, therefore, that around 50% of returning New Yorkers end up reincarcerated within three years, placing New York among the states with the highest recidivism rates in the nation.

Direct cash transfers, however, present an opportunity to disrupt this pattern. The Equity and Transformation pilot— which gave \$500/month to previously incarcerated individuals in Chicago— found that participants paid down debts, saved money, and continued to search for employment despite barriers. The average rate of homelessness among participants decreased 11 percentage points between the first to last surveys. Lastly, the majority of participants had no interactions with police that led to arrest, booking, conviction, or incarceration.

The Returning Citizens Stimulus (RCS) was a New York state pilot, administered by NYS Cash Alliance member Center for Employment Opportunities, during the pandemic to help New Yorkers at the point of reentry. The initiative provided three cash payments to over 1,700 formerly incarcerated New Yorkers distributing a total of over \$4.34M in New York State. In a third-party evaluation by MDRC, recipients reported using this cash to meet basic needs, such as covering food and rent, all while preparing themselves to find permanent employment.

At present, the Executive Budget contains no language nor allocates any funds to help New Yorkers re-entering their communities from prison. **To assist people at this critical juncture, the NYS Cash Alliance urges the state legislature to pass the Reentry Assistance Bill (A.193 Gibbs/S. 4078 Parker).** This legislation establishes a \$25 million fund to cover the essential costs that eligible individuals are expected to bear upon release, ensuring stability during the critical period of their reentry. This bill will provide eligible individuals with a minimum of \$2,550, paid in monthly increments of \$425 over the course of 6 months, empowering individuals to address fundamental needs.

5. Child and Wellbeing Fund (A.63 Hevesi)

Research shows that everyday surroundings offer significant advantages to children even if their family is struggling. Yet decades of redlining and racist disinvestment have resulted in vastly inequitable neighborhood conditions. The Child and Family Wellbeing Fund is a chance to combine cash support with community support to ensure that all New York children live within neighborhoods with the resources and services they need.

The Child and Family Wellbeing Fund legislation (A.63 Hevesi) would support children's growth and development by investing resources for five years in 10 communities that have been historically disenfranchised and targeted for government intervention through the child protective services (CPS)/child welfare system. Many families who live in communities that have been disenfranchised and targeted by CPS are in survival mode, with limited trusted options for support. In fact, many state-funded

resources available in communities are staffed by mandated reporters whose presence makes many families uncomfortable due to the implicit threat of child welfare involvement. The majority of reports to the state child abuse hotline are made not for abuse, but for symptoms of poverty (i.e., homelessness, lack of transportation to school, inability to obtain medical care, lack of food and other basic needs, etc.). Parents earning low incomes are disproportionately reported to CPS for experiencing domestic violence or struggling with substance use, despite these situations impacting families regardless of socioeconomic status.

This legislation, sponsored by Assemblymember Hevesi, would invest \$30 million in state dollars in local community-based organizations to provide families with basic necessities, and support formal and informal social structures that serve as enmeshed family and community protective factors, including material supports, direct cash transfers, mutual aid, doulas/maternal health, activities for children, and peer support groups.

Conclusion

The overwhelming evidence from guaranteed income demonstrations across the U.S., including New York, show that unconditional cash helps people to work, advance economically, and plan for the future; builds strong and resilient families; supports people providing care to loved ones during times of crisis; and strengthens community ties. There are more than 100 pilot programs operating across 35 states in the US, with nearly 60,000 people receiving unconditional cash. Government leaders from across the political spectrum are embracing guaranteed income as a critical part of public policy to promote economic mobility, support family integrity, and move people out of homelessness.

Right here in New York, programs are operating in Hudson, Mount Vernon, Buffalo, Rochester, New York City, and Ulster County. These homegrown guaranteed income pilots are showing that unrestricted cash benefits a wide range of people in diverse communities and geographies.

The NYS Cash Alliance believes that New Yorkers are smart, capable, and deserving of policy that honors their dignity and agency— regardless of their socioeconomic status. Our platform moves New York State toward racial, economic, and gender justice, and improves the material conditions of New Yorkers. As low-income, black and brown, immigrant, queer, homeless, children, youth, and adults come under attack under the new federal administration, New Yorkers need the state legislature to pass a budget that protects and invests in them.

Thank you for considering our testimony. Please reach out to the nys.cash.alliance@gmail.com if you have any questions.

The New York State Cash Alliance