



Urban Institute – Microsimulation Modeling Update

Enacted Policies considered

Simulation 1: All permanent enacted policies from 2022/2023 and 2023/2024 modeled together (excluding the one-time tax credits in 2022/23 budget – see simulations 2 and 3)

Taxes

- Expansion of the Empire State Child Credit to children under 4 years old (2023/2024 Budget)

As a result, the Empire State Child Credit is now available to taxpayers with children ages 0 through 16. The rest of the ESCC (credit value, eligibility structure) remains the same: is equal to the greater of \$100 multiplied by the number of qualifying children, or 33 percent of the Federal Child Tax Credit (as it existed in 2017). In 2017 the federal credit was generally equal to \$1,000 per child and is phased out for families with incomes above a certain amount (\$110,000 MFJ, \$75,000 others)

Public Assistance

- Changing the disregard (for recipients only) from \$90 plus a percentage tied to the poverty guidelines – currently 55% of the remainder – to 50% of earned income (still indexed) plus \$150 of the remainder. Extending the disregard to PA households without children. Starting in June 2023, the disregard will increase from 50% to 62% (2022/2023 Budget)
- Elimination of gross income (185% of standard of need) and poverty level tests (needs to be accounted for in the earned income disregard estimates above). (2022/2023 Budget)
- Increase to PA asset limit policy: For PA applicant households, from \$2,000 to \$2,500; from \$3,000 to \$3,750 where any household member is age 60 or disabled; For all PA recipient households, from \$2,000 (or \$3,000 if a household member is age 60 or older) to \$10,000. (2022/2023 Budget)

Child Care

- Increase Income Eligibility to Federal Maximum: The FY 2024 Budget increased the income eligibility from 300 percent of the federal poverty level (or \$83,250 for a family of four) to 85 percent of the state median income (or \$93,200 for a family of four) for families who apply to receive child care subsidies, so that all families (including those newly applying and those already receiving subsidies) are subject to the same income thresholds for eligibility. This is the maximum income level allowed under Federal funding. Under this proposal, approximately 113,000 additional children would become newly eligible for child care assistance. (2023/2024 Budget)

- **Standardize Eligibility:** The FY 2024 Budget standardizes statewide eligibility for child care assistance as the local districts currently set their own eligibility criteria which creates inconsistent access across the State. As part of standardization, the budget reduces the co-payment cap from ten percent to one percent of family income. An estimated 10 percent of families in the child care program will see a reduction in child care costs because of the standardized benefits. (2023/2024 Budget)
- **Expedite Enrollment:** The FY 2024 Budget improves access to child care subsidies by streamlining the application process for those who are enrolled in Supplemental Nutrition Assistance Program (SNAP), the Home Energy Assistance Program (HEAP), Medicaid, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). An estimated 83,400 children who are currently enrolled in these programs would have an easier time receiving child care assistance with these changes. (2023/2024 Budget)
- **The Budget expands access to high quality child care** by increasing the child care market rate to include 80 percent of providers. This change, which was implemented via emergency regulation effective June 1, 2022, will broaden the child care options available to child care assistance families while also increasing reimbursements for child care providers. (2022/2023 Budget)
- **Supporting Pursuit of Education:** To further increase access to child care for students pursuing a higher education degree the Budget eliminated the requirement that, in addition to their schooling, an individual has to work 17.5 hours a week in order to be eligible for child care assistance. This change was implemented effective June 1, 2022. (2022/2023 Budget)

Simulation 2: All permanent policies in simulation 1 plus enacted 2022/2023 policy of one-time supplemental EITC of 30% of preexisting NYS credit and 5% of preexisting NYC credit)

Taxes
Application of a supplemental EITC of 30% of the pre-existing New York State EITC (currently 30% of the federal credit).
Application of an increase to the New York City EITC (currently 5% of the federal credit) to the schedule depicted in Figure 3 below.

Simulation 3: All permanent policies in simulation 1 plus enacted 2022/2023 policy of one-time increase to Empire State Child Credit

Taxes

Application of a supplemental child credit to the Empire State Child Credit according to the following schedule:

- Income under \$10,000 – 100% of the existing credit
- Income of \$10,000 to \$25,000 – 75% of the existing credit
- Income of \$25,000 to \$50,000 – 50% of the existing credit
- Income greater than \$50,000 – 25% of the existing credit

The Empire State Child Credit is available to taxpayers with children ages 4-16 and is equal to the greater of \$100 multiplied by the number of qualifying children, or 33 percent of the Federal Child Tax Credit (as it existed in 2017). In 2017 the federal credit was generally equal to \$1,000 per child and is phased out for families with incomes above a certain amount (\$110,000 MFJ, \$75,000 others)

Simulation 4: All enacted policies, including all permanent policies in simulation 1 plus *both* enacted 2022/2023 one-time policies (temporary increase to Empire State Child Credit, and supplemental EITC of 30% of preexisting NYS credit and 5% of preexisting NYC credit)

Enacted Policies expected to have poverty reduction impact where estimation process is still underway – not yet modeled:

Employment/Wages
• Minimum wage increase (2023/2024 Budget) ○ In 2024, will increase to \$16 in New York City, Long Island, and Westchester and \$15 elsewhere in the State ○ In 2025 and 2026, will increase by \$0.50 annually ○ Starting in 2027, will increase at a rate determined by changes in the Northeast Consumer Price Index for Urban Wage Earners and Clerical Workers (aka "Northeast CPI-W")

Enacted Policies expected to have poverty reduction impact where reliable estimate of poverty reduction was not available – not modeled:

Public Assistance
Disregards income for qualified work activities and training programs when calculating monthly benefit
One-time six-month disregard for earned income for New Yorkers who get jobs (2023/2024 Budget)
Ending the requirement for education to be combined with other activities after 12 months of post-secondary education
Child Care
Adjusting Income Eligibility Threshold: The Budget increases the income eligibility threshold for child care assistance to 300 percent of the federal poverty level (\$83,250 for a family of four), extending eligibility to more than half of young children in New York. This change becomes effective August 1, 2022.
Capping Family Contributions: Capping family co-pay contributions to no more than 10% of their annual income (prior to this, counties could set copays for families at their own discretion, with some counties charging parents as much as 30% of their annual income)
Addressing Child Care and Benefit Cliffs: Ensuring that families can receive 12-months of child care assistance even if their income exceeds the eligibility threshold during that period.
Employer-Supported Child Care Pilot Program: The FY 2024 Budget includes \$4.8 million to establish the New York State Employer-Supported Child Care pilot program. Participating employers, the State, and employees will split the cost of child care. Eligible families must be between 85 percent and 100 percent of the state median income. The pilot will operate in three separate regions of the State.
CUNY/SUNY Expansion: The Budget includes \$15.6 million (\$10.8 million SUNY, \$4.8 million CUNY) to expand childcare to all SUNY and CUNY campuses. Currently, 18 SUNY and eight CUNY campuses lack on-site childcare. Access to affordable childcare can be a major barrier for New Yorkers trying to pursue higher education or workforce development courses at State institutions.
Child Care Deserts: New York State has identified \$100M to address child care deserts by building and expanding licensed child care capacity to those areas of the state with the least supply. The purpose of increasing the number of available child care slots in New York State in those areas identified as areas of need.
Grants for Essential Worker Families: Providing \$163 million in child care grants to over 50,000 children of essential worker families.

