



**Child Poverty Reduction
Advisory Council**

Child Poverty Reduction Advisory Council Tax Policy Committee

Meeting 03 – March 14, 2024

Reminders – Administrative Items

- Meetings are being recorded and live streamed

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Overview

Overview

- **Committee Co-Chairs**

Marie Cannon, Erie County Department of Social Services

Kristin Dence, NYS Department of Taxation and Finance

Kate Breslin, Schuyler Center for Advocacy and Analysis

Pete Nabozny, The Children's Agenda

Goals – Tax Policy Committee Meeting

- Recap work to date, including policies identified for modeling
- Hear from expert about child tax credit news as of 2024
- Review poverty-reduction estimates from Urban Institute
- Determine policy priorities based on poverty-reduction data

Recap

Tax Policy Committee

Recap – Tax Policy Committee

- **The goals of CPRAC's Tax Policy Committee are to help develop consensus around specific ideas for potential tax policy reform that would help achieve significant reduction in New York's child poverty rate. This includes:**
 - Discussing and developing specific policy ideas and proposed interventions
 - Obtaining data on the relative child poverty-reduction effects of those ideas, where possible
 - Using that data to help prioritize ideas and policies for recommendation
 - Reporting the committee's recommendations to the statutory members of CPRAC
- **In our first and second Tax Policy Committee meeting, we:**
 - Discussed ideas for potential tax policy reform, focusing on proposals related to the Earned Income Tax Credit and Child Tax Credit, which evidence shows have significant poverty reduction effects
 - Developed list of specific EITC and CTC proposals to be modeled by Urban Institute

Recap – Tax Policy Committee

- Discussion to date focused on a few key policies, such as the Earned Income Tax Credit and the Child Tax Credit, which data shows have significant poverty-reduction effects
 - For each of those policies, the committees discussed potential reform in four key areas:
 - value of credits (how much),
 - eligibility for credits (who receives),
 - accessibility of credits (how they are accessed on the client side), and
 - administration of credits (how they are implemented on the government side)
 - Identified specific policy proposals related to these areas for Urban Institute to model

Child Tax Credit

Updates

Child Tax Credit – Updates

- Based on the work of CPRAC to date, including committee discussions and evidence reviewed on the important effect of various policies on child poverty:
 - Child Tax Credits, including Empire State Child Credit, are key tools to achieve goals of the Council
 - Several proposals under consideration by Tax Policy Committee
 - In this context, important to monitor Child Tax Credit advancements in other States, at Federal level

Child Tax Credit – Updates

- **Children's Research and Education Institute / David Harris**
 - Review key State- and Federal-level CTC updates
 - Highlight examples of different recent credit models
 - Discuss pregnancy/birth grant approach for future consideration
- Q & A to follow

Child Tax Credit – Updates

- **Key takeaways:**
 - Other states and countries have implemented Child Tax Credits that New York can look to as it considers reforms (including State examples: New Jersey, Vermont, and Minnesota; and international examples: Canada and Republic of Korea)
 - Pregnancy/birth grant approach targets funds for significant impact

Discussion

Urban Institute data

Data Modeling – Overview and Status

- Urban Institute is preparing comprehensive analysis of poverty in NYS and modeling the effects of various policies:
 - Baseline (“before,” based on 2019 data) – posted online
 - Effects of recently enacted policies – posted online
 - Projected impacts of policy proposals (individually and in combination) – received and posted Tax data

Proposals Modeled – Earned Income Tax Credit

- **Specific EITC proposals identified by the Committee:**
 - Increase percentage applied to the federal EITC for households with children to determine the state EITC from the 30% to 50% and 100%
 - Reduce minimum age of persons eligible to receive the federal EITC for households without children to 21
 - Expand state EITC to cover persons using an Individual Taxpayer Identification Number (ITIN)

Proposals Modeled – Child Tax Credit

- **Specific CTC proposals identified by the Committee:**
 - Decouple Empire State Child Credit from federal credit
 - Eliminate the wage phase-in (make fully refundable)
 - Assess effects of max credit of \$500, \$1500, and \$3000
 - Assess enhanced \$500 additional credit for younger children
 - Assess effects of *only* enhancing credit for younger children
 - Same phaseout as the pre-2017 federal Child Tax Credit

Modeling Overview – Data Workbooks

- 0. Policies Overview:** comparative view of all proposed policies and key metrics
- 1. SPM Summary:** highlights of proposed policies poverty reduction effects
- 2. Poverty_Individuals...:** poverty reduction effects by individuals by income level, age, and location
- 3. Individuals_Race:** poverty reduction effects by individuals by income level, age, and race
- 4. Poverty_Families...:** poverty reduction effects by families by income level, family composition, and location
- 5. Household Resources:** number of households that experience resource changes, including average net resource change
- 7. Program Summary:** includes estimated effect of proposed policies on costs of existing programs
- 8. Costs:** summary of estimated cost

Modeling Overview – Context

- Data does not include estimated administrative costs
- Estimates do not contemplate feasibility
- Cost estimates reflect how much would be spent purely on the credit if the change was fully implemented
- Data does not yet include “employment effects”
- Microsimulation model is based on multiple sources of data, including administrative data provided by the State and publicly-available statistical and survey data
- All numbers are estimates and must remain rounded

Modeling Overview – EITC Simulations

- **Six EITC simulations** – see related Excel data workbooks

Sim #	Proposed Policy	Baseline Child Poverty* ("Before")	Estimated Child Poverty ("After")	Child Poverty Reduction Effect (%)	Baseline Cost (\$millions)	Additional Annual Cost (\$millions)
1	Increasing the State EITC to 50 Percent of the Federal Share	13.1%	12.5%	-4.2%	\$ 620	\$427
2	Increasing the State EITC to 50 Percent of the Federal Share, plus ITIN	13.1%	12.3%	-6.0%	\$ 620	\$560
3	Increasing the State EITC to 100 Percent of the Federal Share	13.1%	11.4%	-12.5%	\$ 620	\$1,498
4	Increasing the State EITC to 100 Percent of the Federal Share, plus ITIN	13.1%	10.9%	-16.4%	\$ 620	\$1,765
5	Reducing the Current State Childless EITC Minimum Age to 21	13.1%	13.1%	0.0%	\$ 620	\$8
6	Expanding the Current State EITC to Filers with Individual Taxpayer Identification Number (ITIN)	13.1%	12.9%	-0.9%	\$ 620	\$79

Modeling Overview – CTC Simulations

- Nine CTC simulations – see related Excel data workbooks

Sim #	Proposed Policy	Baseline Child Poverty* ("Before")	Estimated Child Poverty ("After")	Child Poverty Reduction Effect (%)	Baseline Cost (\$millions)	Additional Annual Cost (\$millions)
1	CTC fully refundable for max amount per child	13.1%	12.8%	-2.3%	\$738	\$107
2	Children with ITIN fully eligible	13.1%	13.1%	0.0%	\$738	\$6
3	Max CTC increased to \$500 for children 0-17, fully refundable	13.1%	12.3%	-6.0%	\$738	\$487
4	Max CTC \$500 for children 6-17, \$1000 for children 0-5, fully refundable	13.1%	11.8%	-9.7%	\$738	\$937
5	Max CTC \$1500 for children 0-17, fully refundable	13.1%	10.0%	-23.2%	\$738	\$3,228
6	Max CTC \$1500 for children 6-17, \$2000 for children 0-5, fully refundable	13.1%	9.7%	-25.5%	\$738	\$3,722
7	Max CTC \$3000 for children 0-17, fully refundable	13.1%	7.3%	-43.9%	\$738	\$7,769
8	Max CTC \$330 for children 6-17, \$500 for children 0-5, fully refundable	13.1%	12.7%	-2.9%	\$738	\$205
9	Max CTC \$330 for children 6-17, \$1000 for children 0-5, fully refundable	13.1%	12.2%	-6.5%	\$738	\$653

Goal – Develop Data-Based Priorities/Rankings

- Rank EITC proposals in priority order
- Rank CTC proposals in priority order
- Data points to consider:
 - Child poverty reduction effect (ages 0-17, ages 0-4)
 - Effects by race/ethnicity
 - # of households with more resources as a result
 - Estimated cost of proposed credit

Looking Ahead

Next Steps

Next Steps – CPRAC Tax Policy Committee

- **CPRAC Tax Policy Committee will report priorities/rankings to CPRAC statutory members**
 - Next meeting of statutory members – tentatively June 6
 - Committee co-chairs will report out to the full CPRAC statutory members
 - All committee members invited to attend

Next Steps – CPRAC Overall

- **Additional committees to reconvene in coming months**
 - Public Benefits, Housing
- Statutory members will next meet in June to hear from these committees on priority proposals identified based on the data
- Goal: to develop policy packages for additional analysis by Urban Institute in July on cumulative poverty reduction effects, accounting for policy interactions
 - Statutory members will develop recommendations for policy packages that would achieve the 50% poverty reduction goal

Next Steps – 2024

Target Month	Goal*
March, April, May	• Tax Policy Committee reconvenes to review data, develop priorities/rankings based on data • Public Benefits Committee reconvenes to review data, develop priorities/rankings based on data • Housing Committee reconvenes to review data, develop priorities/rankings based on data • Formal public hearing in NYC, on accessibility and availability of public benefits
June	• Committees report data-based priorities/rankings back to statutory members • Statutory members develop initial policy packages for modeling • Request State Agencies prepare rough cost estimates of policies within packages by August
July	• UI assesses cumulative effects of combinations of policies
August	• Statutory members review data on cumulative effects of combinations of policies
September	• Second formal public hearing, taking packages with data to the public • Statutory members finalize initial recommendations based on data, public input
October	• Formalize initial recommendations via a report and vote to issue
November	• Draft progress report
December	• Vote to issue progress report

Closing

Closing

Questions? Comments? Feedback?

Thank you!