



**Child Poverty Reduction
Advisory Council**

Child Poverty Reduction Advisory Council Employment/Wages Committee

Meeting 01 – June 23, 2023

Reminders – Administrative Items

- Meetings are being recorded and live streamed

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Welcome

Welcome

- **Committee Co-Chairs** – Remarks
 - Vanessa Threatte*, NYS Council on Children and Families
 - Shelly Callahan*, The Center (Mohawk Valley Resource Center for Refugees)

- **Committee Members** – Introductions
 - Name, where you are from, and overview of your organization
 - Experience with child poverty, employment and wages policies, what interests you about this Committee

Goals for Employment/Wages Committee Meeting

- Review procedural / organizational matters
- Recap of evidence-based research discussed by CPRAC
- Begin discussion of minimum wage and EITC reform options
- Outline next steps, goals

CPRAC

Employment/Wages Committee

Procedure and Organization

Recap – Child Poverty Reduction Act

- Declares poverty is a problem and a policy priority in NYS
- Creates the Child Poverty Reduction Advisory Council (CPRAC)
 - Sets out broad structure of Council, including statutory appointments
- Charges CPRAC with:
 - studying child poverty in NYS,
 - developing recommendations for reducing child poverty by 50% over 10 years
 - measuring and reporting on progress towards that goal

Recap – CPRAC

- **17 statutory members**
- Agreed on need for additional expertise, and greater experiential, geographic, and demographic diversity
- Additional members serve as “advisory experts” - not as voting members
- Advisory experts will participate in CPRAC mission via committee structure

Committees – Procedure and Organization

- **Employment/Wages Committee is one of five subject-area committees**
 1. Tax Policy, 2. Public Benefits, 3. Housing, 4. Employment/Wages, 5. Childhood
- Each committee will convene after the statutory members of CPRAC have met for orientation on each subject. Subjects covered so far include:
 - Tax Policy
 - Housing
 - Employment/Wages
- Based on these CPRAC orientations, evidence-based research, and comprehensive data analyses, committees will help develop specific recommendations in each policy area:
- Each committee will determine their form and function as a group, including schedule

Employment/Wages Committee – Organizational Goals

- **Governing policies and procedures:**
 - Open Meetings Law
 - Videoconferencing Policy
 - Committee convene independently of the larger body
- **Organizational questions to resolve:**
 - Recommendations due to larger CPRAC group when?*
 - In Person/Virtual/Hybrid
 - Cadence of Meetings, Length of Meetings
 - Adding agenda items
- *CPRAC report incorporating all subject-area recommendations to be released by end of 2023

Recap

Employment/Wages

Recap – CPRAC work to date

- **In meetings of CPRAC statutory members, we've begun exploring each key policy area**
 - To orient members, we presented research on anti-poverty proposals in each topic area
 - We also heard from Council members with lived experience in each topic area
 - For each topic area, we began discussing reform options to reduce child poverty
- **Through this process, our goal as a group has been to:**
 - Learn from leading scholars in the field
 - Learn from New Yorkers who've interacted with relevant policies
 - Establish shared foundation of facts: context, data, evidence, opportunities
- **CPRAC discussed Employment and Wages on May 17– with a focus on minimum wage and the EITC:**
 - Committee will build on facts established in CPRAC's orientation/exploration of these policies

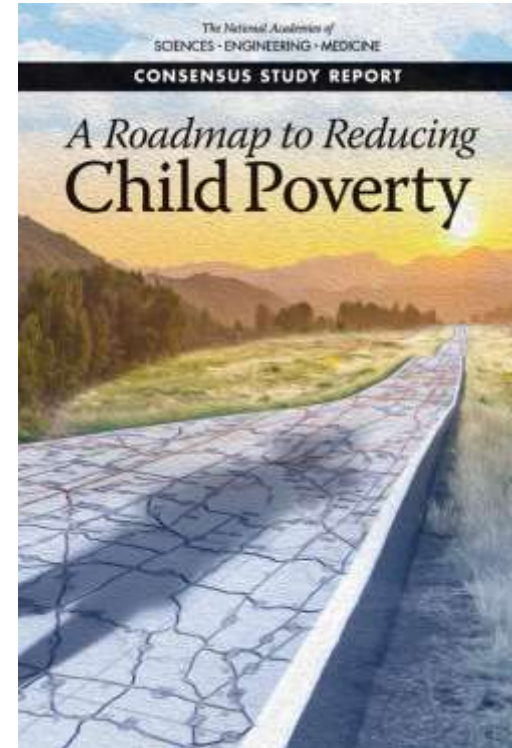
Recap – Poverty in New York

- CPRAC is using Supplemental Poverty Measure (SPM) as key metric
- As of 2019, 3 million+ New Yorkers (~16% of all New Yorkers) are living in poverty*
 - **745,000 New Yorkers under age 18 (~19% of all New Yorkers <18) live in poverty**
**At or below the 100% Supplemental Poverty Rate, using the ACS-based SPM*
- Based on available public data and internal analyses, rough snapshot of demographic breakdown of child poverty in New York (<100 percent ACS, <18 years old):
 - >18 percent of children in NY are living in poverty or nearly 1 in 5
 - Percent in poverty increases to 25 percent for black New Yorkers, 23 percent for Hispanic New Yorkers
 - Almost 3x as many white children in poverty outside of NYC as in NYC
 - ~60 percent of children in poverty live with at least one employed parent
 - ~60 percent of children in poverty live with only one parent
- Researchers at Urban Institute are developing updated comprehensive poverty data for NYS

Research Recap – National Academy of Sciences “Roadmap” on Employment Programs

- The NAS studied an employment program (WorkAdvance), which was not found to have any significant effect reducing child poverty in NY on its own
- One work policy proposal (see Option #1 below) achieved a less than 1 percent child poverty reduction in NY
- The other (see Option #2 below) actually increased child poverty in NY by ~0.4 percent

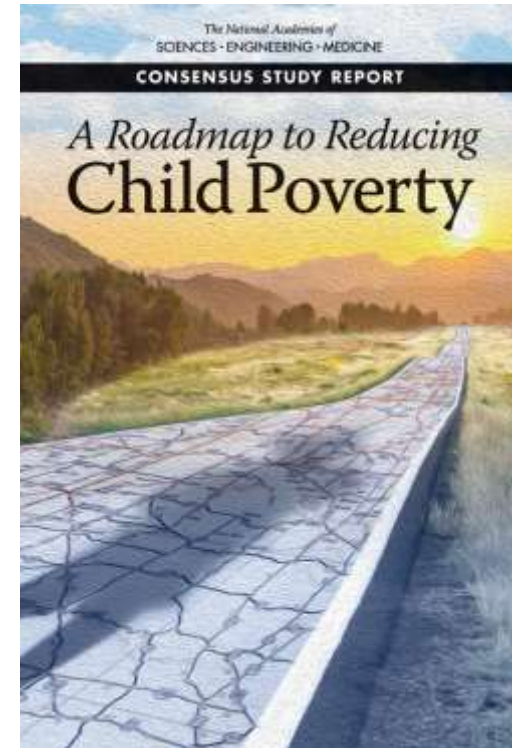
Package or Policy	Description	Percent change from 2015 Baseline 100% SPM
WorkAdvance Policy Option #1	All male heads of families with children and income below 200 percent of the poverty line would be eligible for WorkAdvance programing. Training slots would be created for 10 percent of eligible men.	0.4%
WorkAdvance Policy Option #2	All male heads of families with children and income below 200 percent of the poverty line would be eligible for WorkAdvance programing. Training slots would be created for 30 percent of eligible men.	-0.9%



Research Recap – National Academy of Sciences “Roadmap” on the EITC

- NAS’ “Roadmap” also explored two reform options for the employment-based credits, specifically the Earned Income Tax Credit, which would increase EITC payments (higher credit value) in different ways
- Increasing EITC payments by 40% (Option #2 below) was projected to reduce child poverty in NY by more than 18%

Package or Policy	Description	Percent change from 2015 Baseline 100% SPM
EITC Policy Option #1	Increase payments along the phase-in and flat portions of the EITC schedule	-9.9%
EITC Policy Option #2	Increase payments by 40 percent across the entire schedule, keeping the current range of the phase-out region	-18.4%



Recap – Employment/Wages Policies

- In CPRAC’s orientation on Employment/Wages, we explored research findings and real-world implementation data that show how different employment and wage policy options reduce poverty:
 - In 2019, NAS’ “Roadmap to Reducing Child Poverty” considered the effects of reforms to employment programs and employment-based credits (EITC) on child poverty and found that reforming employment programs had negligible or negative effects on child poverty, while increasing the EITC would reduce child poverty by more than 18%
 - We learned about wage and employment trends from Economic Policy Institute, who showed how racial disparities in employment and wages have persisted for decades and that those gaps have widened over time.
 - The NYS Department of Labor showed how the minimum wage has helped address gender wage gaps and outlined the recently-enacted plan to increase the minimum wage across New York State
 - Scholars from Georgetown and Niskanen Center shared research on the EITC, including its complicated history, positive effects over time, existing administrative burdens, and how it interacts with the minimum wage

Recap – Economic Policy Institute

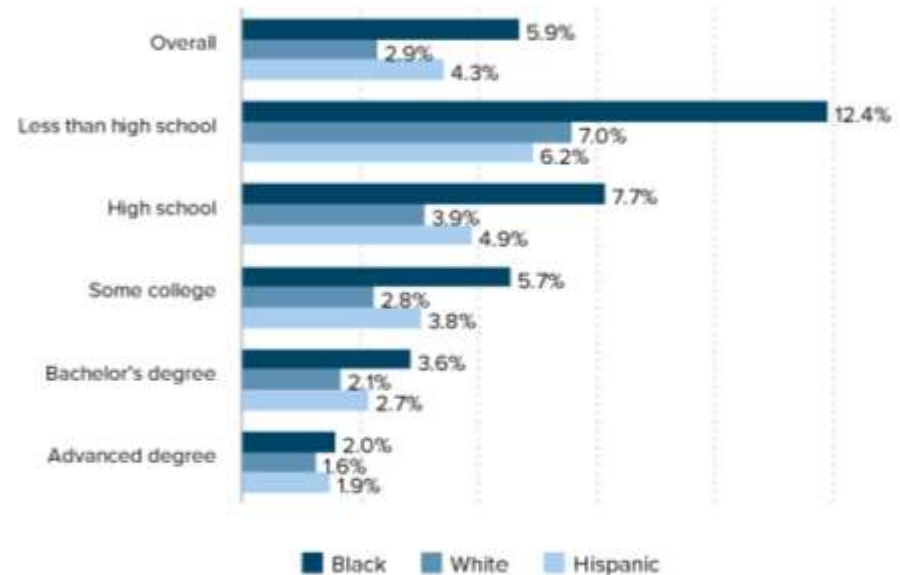
- **Dr. Valerie Wilson from the Economic Policy Institute discussed employment and wage trends over time, highlighting racial disparities and gaps**
 - Though employment rates have increased among all groups over time, Black and Hispanic workers experience persistently higher rates of unemployment than similarly educated white workers
 - Nationally and in New York, racial wage gaps between black-white workers and Hispanic-white workers are wider now than 40+ years ago, which is not associated with productivity – pointing to discrimination as a key factor
 - Women of color face dual impacts of race and gender wage gaps, with the highest gaps (lowest wages) of any groups
 - Before, during, and after pandemic, Black and Hispanic unemployment rates have remained high (and significantly higher than white employment, which rebounded post-pandemic)
 - In New York, while the lowest wage workers overall did experience strong wage growth since the pandemic, median wage growth among Black and Hispanic workers has been very limited over the past 30+ years

Recap – Economic Policy Institute

Dr. Valerie Wilson from Economic Policy Institute began her presentation by showing how Black workers are twice as likely to be unemployed compared to white workers, across most education levels – compared to less educated white workers. Hispanic workers also face higher rates of unemployment compared to similarly educated white workers

Black and Hispanic workers face higher rates of unemployment than similarly, and sometimes less educated, white workers

Unemployment rates by race and ethnicity and education, 2023

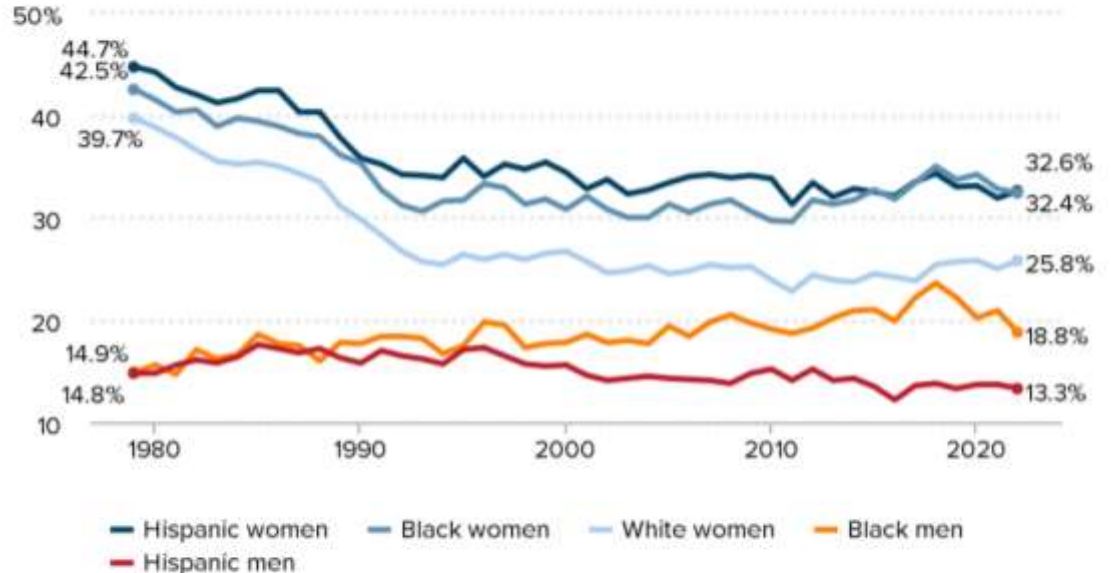


Recap – Economic Policy Institute

The intersection of race and gender imposes dual wage penalties on women of color

Regression-adjusted hourly wage gaps relative to white men, by race, ethnicity, and gender, 1979–2022

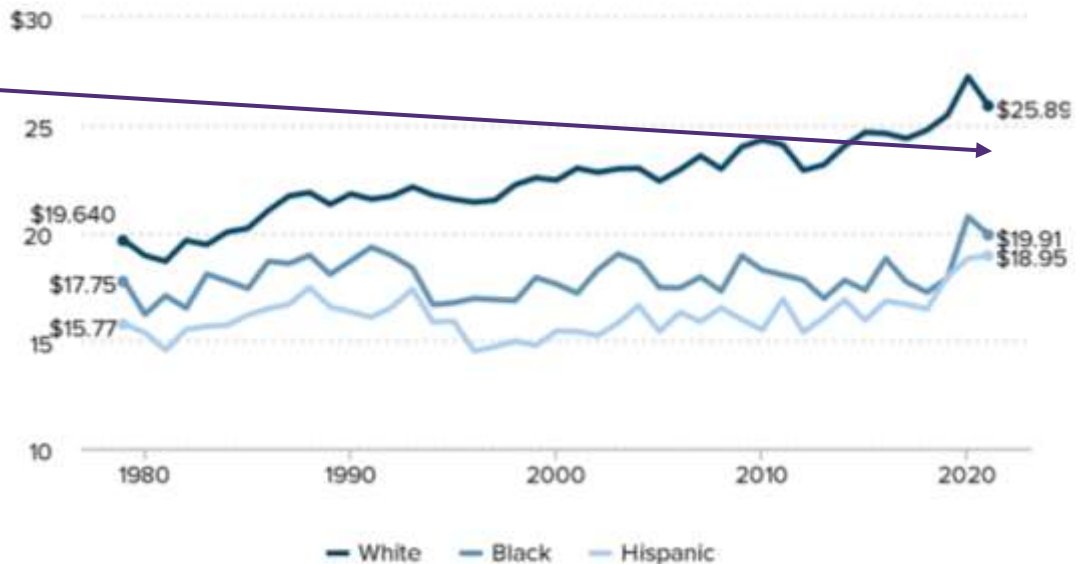
Dr. Wilson explained how women of color experience dual wage penalties because of their race and gender - showing that as a result Hispanic and Black women have the highest wage gaps (lowest wages) of any groups



Recap – Economic Policy Institute

Over the last 42 years, Black-white and Hispanic-white wage gaps have widened for the typical New York worker

New York median wage by race and ethnicity, 1979-2021



Dr. Wilson demonstrated that wage gaps by race and ethnicity have only gotten worse, widening significantly in recent decades

Recap – Economic Policy Institute

- **Dr. Wilson made clear that counteracting racial disparities in unemployment and wages requires intentional policy action:**
 - Raising wages for low-wage workers could help close racial and gender wage gaps, including through policies like minimum wage and paid leave
 - To prevent discriminatory outcomes, restructure institutions to focus on solidarity and equity, especially for low-wage workers, such as by forming unions
 - Data on pandemic-era policies has shown they were effective at supporting low-income working families and addressing some of the persistent gaps between groups
 - More generous and accessible tax credits, unemployment insurance, affordable & high-quality child care
 - Equity cannot be an afterthought - must be central to planning and strategy
 - Clearly and explicitly defined goal, with systems that can actually support achieving those goals, which requires confronting systemic racism and implicit biases

Recap – Minimum Wage

- A minimum wage is a legally mandated base pay for non-exempt hourly workers
- While the federal minimum wage has been \$7.25 since 2009, states and local municipalities can set their own minimum wage rates
- New York: multiple minimum wage increases between 2009 and 2023, phased in over time
 - As recently as 2014, NY's minimum wage was \$8
 - By 2019, increased to \$15 in NYC
 - By 2023, increased to almost \$15 in most of rest of State
 - Currently: \$15 in NYC, Nassau, Suffolk, and Westchester counties; \$14.20 in rest of state
- The recently passed FY2023-2024 State Budget increases the minimum wage

Recap – NYS Department of Labor

- **New York State Department of Labor shared key facts on the minimum wage in New York State, based on the work of their Division of Research and Statistics**
 - NY's ~\$15 minimum wage was already among the highest of any state in the U.S.
 - More than 1 million New Yorkers (12% of New York's ~9 million hourly workers) currently make less than \$16 in NYC/ \$15 rest of state
 - Disproportionate number of these workers are part time workers, women, people of color
 - Recent increases will make New York the national leader in minimum wage and help to address pay gaps/disparities

Recap – NYS Department of Labor

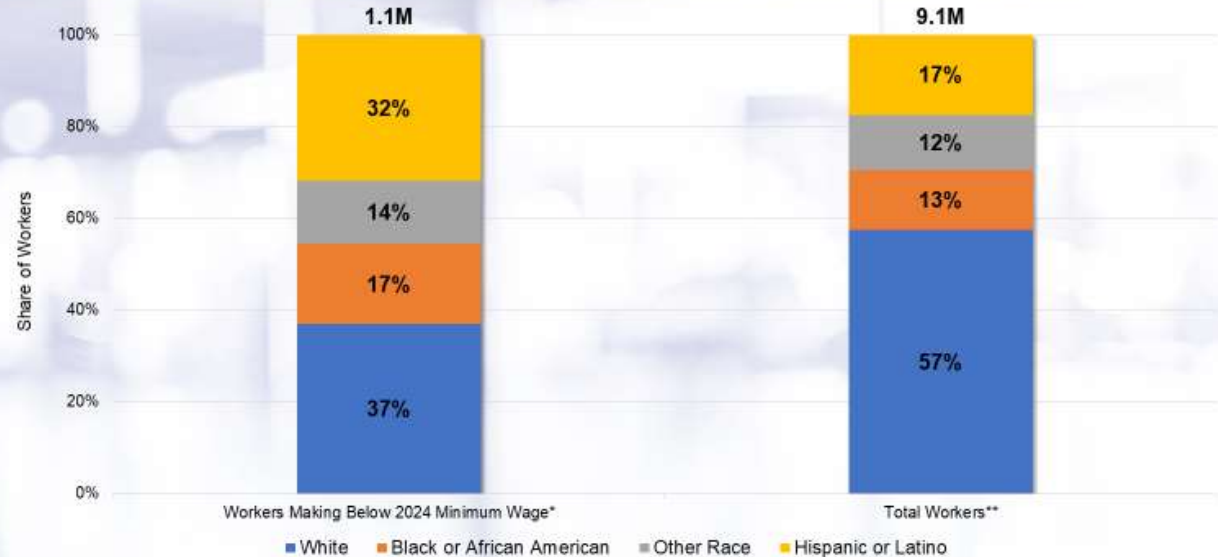
- **New York State Department of Labor explained how the recent minimum wage increase will work in phases based on region:**
 - Multi-year plan to increase minimum wage by ~\$2 statewide:
 - 2024: \$16 in NYC, Nassau, Suffolk, and Westchester counties; \$15 in rest of state
 - 2025 and 2016: additional \$0.50 increase statewide each year
 - Starting in 2027: NY's minimum wage will be indexed to inflation

Recap – Minimum Wage

NYS DOL shared more detailed data about the New Yorkers earning less than the 2024 minimum wage, including a breakdown of those low-wage workers by race/ethnicity

PEOPLE OF COLOR COMPRISE DISPROPORTIONATE SHARES OF THOSE EARNING BELOW 2024 MINIMUM WAGE*

TOTAL WORKERS & WORKERS MAKING LESS THAN 2024 MINIMUM WAGE BY RACE/ETHNICITY, NYS, 2022



*Hourly workers making less than the 2024 minimum wage include those making less than \$18.00 per hour in New York City, Long Island, and Westchester County and less than \$15.00 per hour in the remainder of state. Estimates are tabulated by the area in which a worker lives and wages are self-reported.

**Includes hourly and non-hourly workers

Source: January to December 2022 Current Population Survey data.

Recap – Earned Income Tax Credit

- EITC is a refundable tax credit that supplements workers' low wages
 - Can claim/receive credit if you have earnings below certain level, which provides an annual infusion of \$ that increase overall income
- Complicated history – created in the 1970s as alternative to President Nixon's Family Assistance Plan
 - EITC prioritizes/incentivizes work (originally devised by legislators who wanted to maintain structural racism in the labor market)
- Program has grown over the years, due to bipartisan support – now one of largest cash-transfer programs in the U.S., with many positive effects
 - Higher take-up rate (80%) when compared to the 30-60% take-up rate typical of means-tested programs

Recap – Earned Income Tax Credit

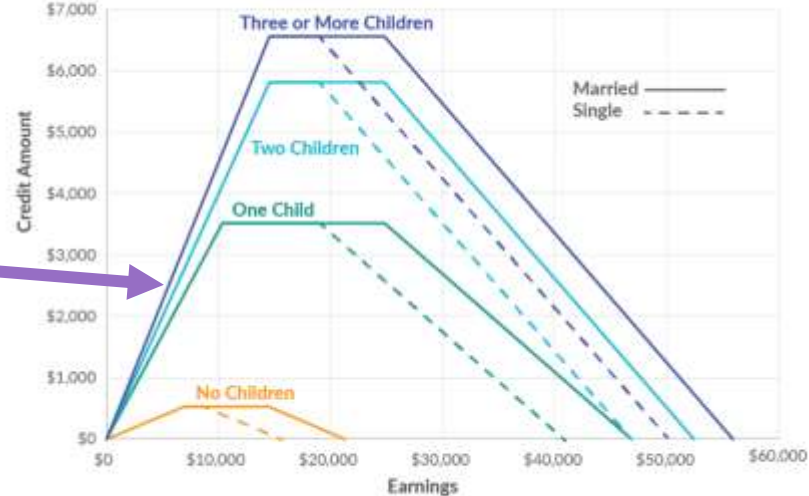
- In CPRAC’s orientation on Employment/Wages, we explored research findings and real-world implementation data that show the EITC can significantly reduce poverty:
 - According to the IRS, in TY2019, 1.6 million New Yorkers claimed the EITC (81.4% of taxpayers eligible) and received an average benefit of **\$2,330**, less than the national average (\$2,461)
 - While the take-up rate in NYS (81.4%) is higher than the national average take-up rate (80%), the average benefit amount in NYS (\$2,330) in 2019 was below the national average (\$2,461) and far lower than average amounts in Mississippi (**\$2,903**), Alabama (**\$2,812**), Louisiana (**\$2,873**), and Texas (**\$2,736**)
 - In 2019, NAS “Roadmap to Reduce Child Poverty” projected that increasing EITC payments would reduce child poverty in New York State by at least 9%

Research Recap – Georgetown University McCourt School of Public Policy

Dr. Pamela Herd from the McCourt School of Public Policy at Georgetown University explained how the EITC operates: as an individual earns more money from working, the credit they can receive increases up to a point, then plateaus before phasing out as income continues increasing – which is meant to incentivize work for people who are not working, encouraging an increase in earnings from \$0

The Phase-In and Phaseout of the EITC

Credit Amount by Marital Status and Number of Children



Source: AARP (2016), "2019 Tax Brackets," Tax Foundation, Nov. 20, 2018.

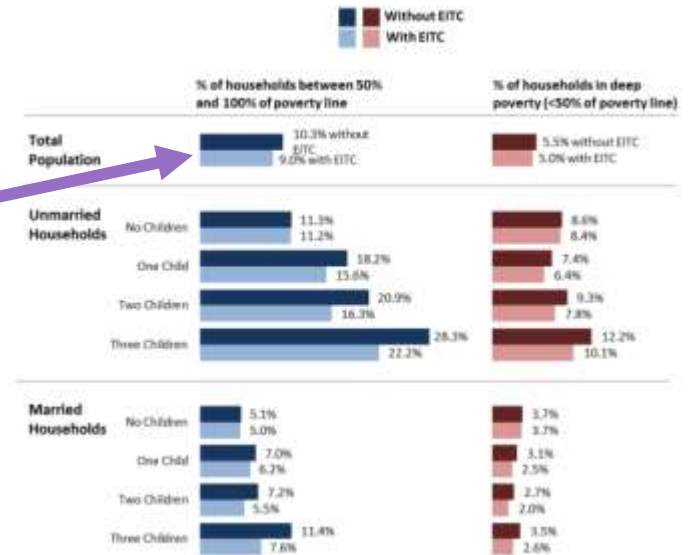
TAX FOUNDATION

@TaxFoundation

Research Recap – Georgetown University McCourt School of Public Policy

Dr. Herd explained that the EITC is effective at reducing poverty, citing Census data that showed the EITC lifted more than 5.6 million Americans, including over 3 million children, out of poverty in 2018 – and congressional analyses have shown the EITC reduced poverty by ~ 13%

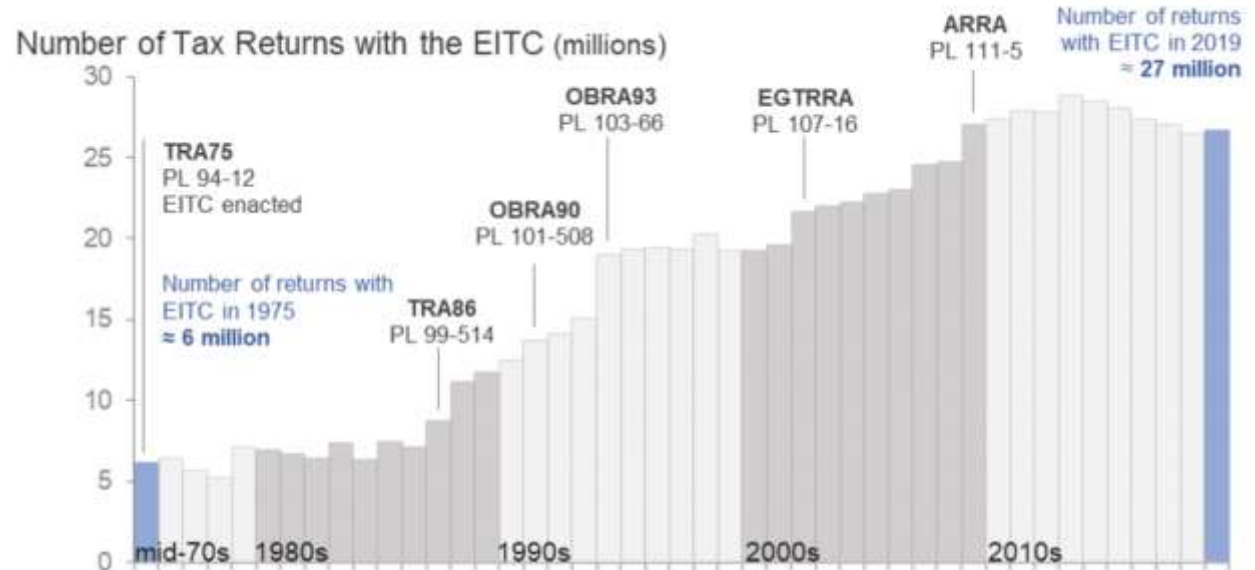
Figure 3. Estimated Effects of EITC on Households in Poverty and Deep Poverty, 2016



Source: CRS analysis of the 2017 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) which reflect 2016 data.

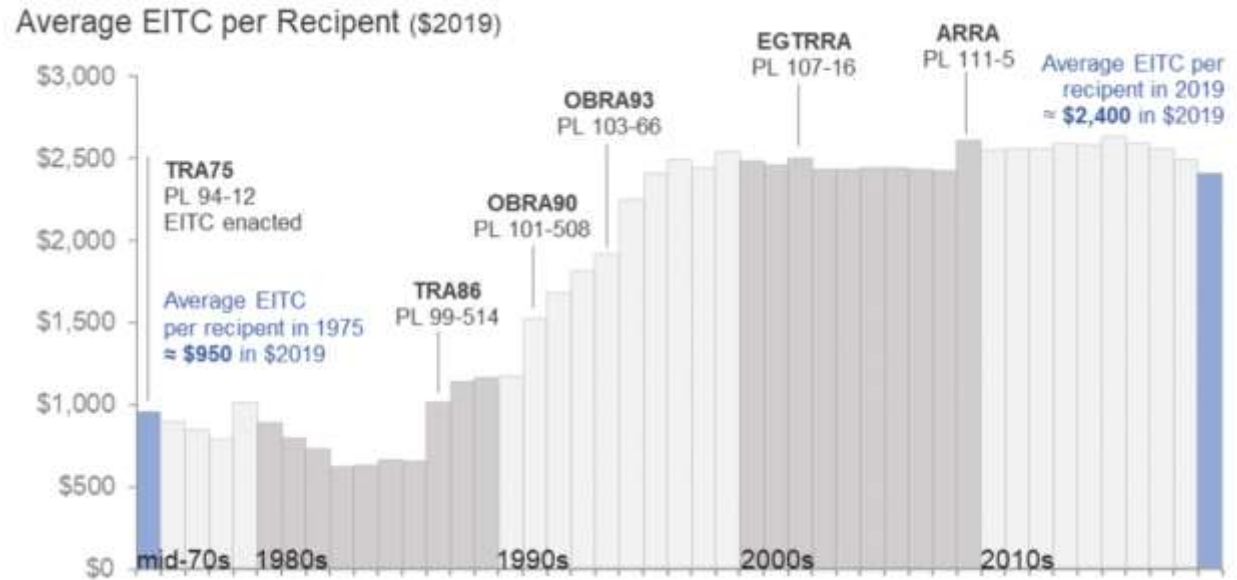
Research Recap – Georgetown University McCourt School of Public Policy

Dr. Herd outlined how the EITC has been expanded to reach more Americans since inception – due to broad support from Republicans, Democrats, businesses, employers, and the tax prep industry



Research Recap – Georgetown University McCourt School of Public Policy

Dr. Herd showed how the credit amount has changed over time – growing as the program was expanded in the 1980s and 90s, and leveling off by the 2000s and remaining at roughly the same level since then



Research Recap – Georgetown University McCourt School of Public Policy

- According to Dr. Herd, the way the program is currently structured presents challenges for applicants and existing recipients:
 - Confusing for eligible populations
 - Concealed within the tax system
 - Complicated design causes errors
 - Audits can be hard to navigate and overly punitive (40% of appealed audits found in favor of recipient)

Research Recap – Niskanen Center

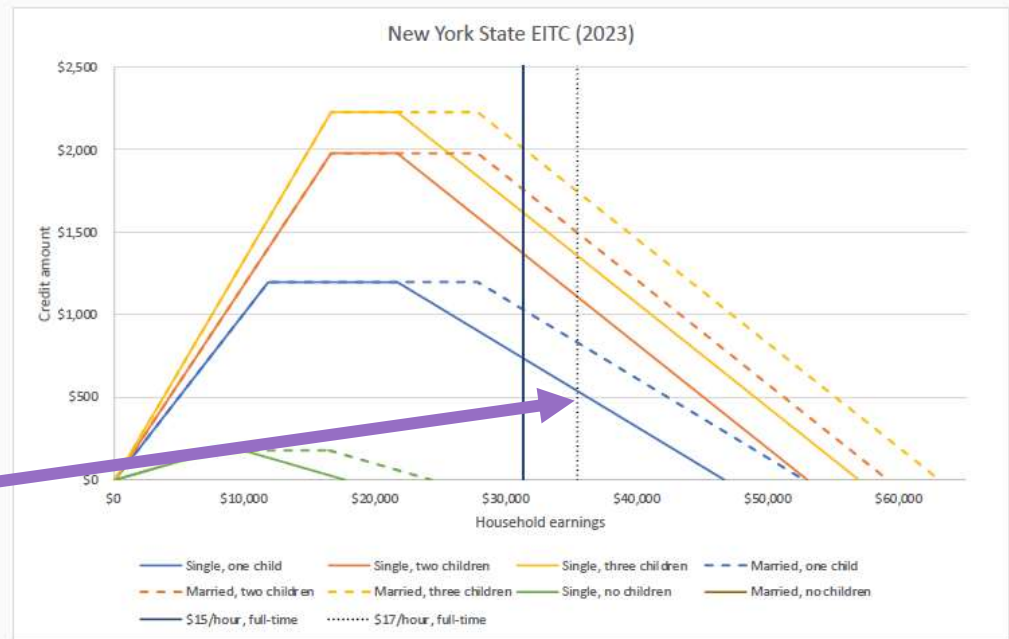
New York State EITC

Set at 30% of federal EITC

Maximum credit ranges from \$180 to \$2,229 depending on income and household size

Indexed for inflation

Dr. McCabe also showed how New York's EITC is based on/conditioned on the Federal credit, representing a percentage of that credit, with same structure – and similar interactions with New York's minimum wage



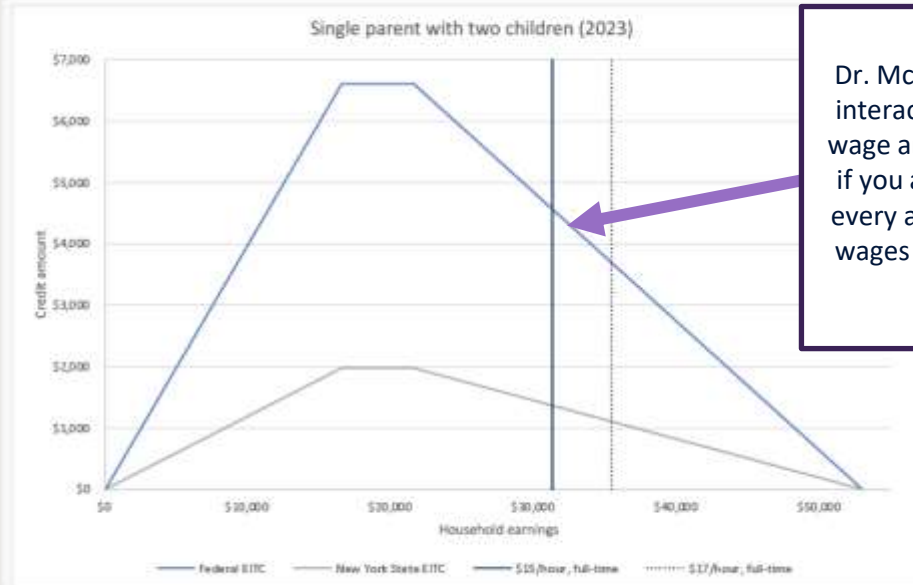
Research Recap – Niskanen Center

Layered impact

New York's \$15/hour minimum wage puts a full-time worker with children in the phaseout range for these programs.

Each additional dollar earned reduces benefits by:

- Federal EITC: 21.06%
- State EITC: 6.32%



Dr. McCabe then outlined how the interaction between the minimum wage and EITC affects New Yorkers: if you are earning minimum wage, every additional dollar you make in wages reduces the amount of EITC you can receive

Research Recap – Niskanen Center

Cumulative impact of rising wages

EITC phaseouts claw back 27.38% of every additional \$1 earned in this range.

- Functionally, value of \$2/hour increase reduced to \$1.45/hour.
 - This does not include other tax provisions (federal/state income taxes; NYC EITC), childcare programs (CDCTC; CDCC), or SNAP. Clawbacks would climb to 50%+ in this earnings range.

	\$15/hour, FT	\$17/hour, FT	\$ Change
Earnings	\$31,200	\$35,360	\$4,160
Federal CTC	\$4,000	\$4,000	\$0
State CTC	\$660	\$660	\$0
Federal EITC	\$4,574	\$3,698	(\$876)
State EITC	\$1,372	\$1,109	(\$263)
Total	\$41,806	\$44,827	\$3,021

Dr. McCabe explained that while you may get a raise in wages, the effect on your overall resources is less than it appears because of how these policies interact – in this example, instead of earning \$4,100 more dollars due to the wage increase, you only take home \$3,000 more dollars due to the decreased/lost EITC

Research Recap – EITC Reform Options

- **Dr. Pamela Herd (Georgetown University) and Dr. Joshua McCabe (Niskanen Center) presented several examples of reform options to consider for New York’s EITC that would help it reach and uplift more families in poverty:**
 - Make the EITC more accessible
 - Expand the EITC
 - Consider adjusting overall structure of EITC – shape of curve, phase-out, etc.
 - Consider how other tax credits, such as the Empire State Child Credit, avoid intersection with minimum wage – any lessons to draw in terms of program design, resource allocation, etc.

Recap – Lived Experience

- While the projected impacts of programs like these are very important, we also need to hear directly from New Yorkers that have experienced poverty and utilized related programs
- Often gaps between models that assume 100% uptake (and its associated impact), versus real-world implementation where programs may not reach all eligible families
- In addition to designing anti-poverty programs more effectively (via expansions, increases, etc.), must ensure that eligible families know that help is available - and know how to apply and enroll
- Recommendations must incorporate the perspectives of our Council members and other New Yorkers with lived experience

Recap – Lived Experience

- **CPRAC statutory members who've lived in poverty provided testimonials about their experiences with Child Tax Credits and related/similar benefits**
- Pamela Walcott (New York City):
 - Has not worked for many years (disability), but husband has maintained steady employment
 - Even working full time, employment income does not provide enough to cover basic needs
 - As a result, family relies on food, cash, and housing assistance, which were hard to obtain
 - Has not received EITC
- Candace Cabral (Rochester):
 - Currently works low-wage jobs, volunteers
 - Has spent many years juggling multiple jobs to have enough hours to earn enough for family
 - Multiple minimum-wage and low-wage jobs still not enough to cover basic needs
 - As a result, family relies on food, cash, and housing assistance, which were hard to obtain
 - Receives EITC

Discussion

Employment/Wages

Employment and Wages: Key Considerations

- **As recapped, there are several options to consider for reforming and strengthening employment and wage policy in New York State, especially to address racial disparities:**
 - Understand data on depth of disparities and severity of wage gaps when policy-making
 - Encourage policies that deliberately raise low-income households' resources
 - Includes wage and leave policies, cash transfers like credits and child care assistance
 - Consider making more proven-effective temporary pandemic-era policies permanent
 - Support formation of labor unions and policies that protect workers' rights (esp low-wage)
 - Restructure systems to confront systemic bias and center equity
 - Leadership, composition, workplace practices, decision-making, human resources

Earned Income Tax Credit: Key Reform Options

- As presented by CPRAC and recapped earlier, there are several options to consider for reforming New York's Earned Income Tax Credit (EITC):
 - Increasing the amount of the credit, as NYS credit amount is below national average
 - Making the EITC more accessible:
 - Draw on existing administrative data – auto enrollment?
 - Increased outreach to improve enrollment
 - Simplify the design, including application and audit process
 - Adjust overall structure of EITC to accommodate wage growth at lowest levels:
 - Modify phase-out to avoid intersection with minimum wage, encourage income-building

Employment/Wages Policies: Additional Considerations

- The following are key points for any recommendations to reform employment and wage policy in New York:
 - Inclusion of refugees, immigrants, non-citizens, etc.
 - Exemption of workers/sectors from minimum wage
 - Work requirements should be encouraging, not punitive – and reflect diversity of experience
 - Employment and wage gaps are a direct result of racism and discrimination

Employment/Wage Policies: Analyses, Data Needs

- **Renowned researchers at Urban Institute who helped develop NAS “Roadmap” are preparing comprehensive analysis of poverty in NYS, including microsimulation modeling**
 - Urban will assess: baseline (“before”), where NYS is now (as of the Enacted 2023 Budget), and the projected impacts of several different policies (individually and in combination)
 - Will begin to receive updated comprehensive data on 2019 baseline soon
 - Will begin to receive data on policy simulations, including EITC, in summer
- **Other data needs**
 - Department of Labor (DOL)?

Looking Ahead

Next Steps

Next Steps – Future Discussions

- **Other employment or wages policies to discuss:**
 - Are there other employment/wage policies or policy research we should be considering?

Next Steps – Looking Ahead at 2023

- Next Employment/Wages Committee meeting?
- Target date for developing recommendations?
 - CPRAC statutory members will compile report with recommendations in fall/winter
 - Goal of solidifying by August/September?

Closing

Closing

- **Committee Co-Chairs** – Remarks
Vanessa Threatte, NYS Council on Children and Families
Shelly Callahan, The Center (Mohawk Valley Resource Center for Refugees)

Questions? Comments? Feedback?

Thank you!