

Child Poverty in New York State



Children's Defense Fund

New York State's Children are Struggling: Almost 1 in 5 children (865,102) in the state live in poverty, with an annual income below \$16,600 for a family of three.

Unfortunately, New York has the greatest income gap in the nation between its wealthiest and its poorest residents.

| Race/Ethnicity | Total Children | Poor Children | Percent Poor |
|-----------------|----------------|---------------|--------------|
| All Children | 4,453,562 | 865,102 | 19.4% |
| White Children | 2,412,321 | 260,502 | 10.7% |
| Black Children | 728,517 | 245,690 | 33.7% |
| Latino Children | 905,320 | 302,151 | 33.3% |
| Asian Children | 274,129 | 53,512 | 19.5% |

Why Poverty matters

Every year a child spends growing up in poverty will cost an estimated \$11,800 in lost future productivity over his or her working life. Poor children are:

- 1.6 times as likely as children living above poverty to suffer death in infancy;
- 2.7 times as likely as children living above poverty to lack a regular source of health care;
- 2 times as likely as children living above poverty to repeat a grade;
- 3.5 times as likely as children living above poverty to drop out of school; and
- Half as likely to finish a four-year college.

The vast majority of these children live in working families. More than half (57%) of New York's children under age six live in families where both their parents work. As employers scale back health and other benefits that in the past provided their workers' families with support beyond their paycheck, an increasing number of low-income families are unable to meet their children's basic needs, much less put aside savings for a better future.

Despite the need, programs designed to support low-income families are being underutilized. More than \$1 billion in federal funding is being lost to families and local communities in New York State.

Earned Income Tax Credit (EITC)

The Earned Income Tax Credit (EITC) can be worth thousands of dollars to low-income workers, yet many are not claiming the credit when they file their taxes. New Yorkers are losing out on \$312 million every year in EITC refunds. For families that do receive the EITC in New York, 73 percent find it necessary to use paid tax preparers, paying over \$173 million in fees. One in five EITC filers in the state receive Refund Anticipation Loans (RALs) - extremely short-term, high-interest loans borrowed against their expected refunds. These loans are unnecessary and potentially risky; New York families lost almost \$34 million to RALs fees and interest in 2004.

Food Stamps

The Food Stamp Program ensures low-income families access to a more nutritious diet and does more to alleviate hunger and malnutrition than any other program. In New York, 1.7 million individuals received Food Stamps in 2005, representing only sixty-six percent of all eligible New Yorkers. The remaining one-third of eligible New Yorkers are losing out on almost \$700 million in federal benefits each year.

Health Insurance

New York's public health insurance programs keep families healthy and working and provide the only opportunity for millions of New Yorkers to have health insurance. Despite the gains made in recent years, 384,000 children in New York are uninsured, even though nearly 70 percent are eligible for public coverage. The majority of these children live in working families that do not have access to employer-sponsored coverage.

Child Nutrition

Child nutrition programs like the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), School Breakfast Program, School Lunch Program, Summer Food Service Program and the Child and Adult Care Food Program ensure

that children have daily access to the healthy, nutritious meals they need in order to thrive and perform well in school. Despite evidence that shows that good nutrition is critical for healthy child development, these programs are all under utilized and thousands of New York's children are going hungry.

Low Participation Rates Hurt Both Families and Communities

Increased participation in these programs brings new resources from the federal government into local economies. Full participation in the EITC and food stamps alone would bring well over a billion dollars in federal funding to families and their communities throughout the state.

- For every additional 1,000 people who file for the EITC, an extra \$2 million in federal and state funds would flow into a community a year.
- For every additional 1,000 households enrolled into the Food Stamp program, a county will receive approximately \$1.4 million in federal funds a year.
- For tens of thousands of working families, these supports are the difference between surviving and falling over the edge.

Give New York's Children a Fair Start in Life. Recommendations

We can do better. There are ways to increase utilization of these supports for families.

- Educate families about the availability of tax credits, public health insurance, food stamps and federal child nutrition programs.
- Simplify and streamline enrollment and renewal procedures.
- Invest in accessible community-based enrollment opportunities.
- Coordinate public benefit programs to increase enrollment and retention.
- Invest in the development of local community tax coalitions which can operate Volunteer Income Tax Assistance (VITA) sites.