

# Initial Results from the New York Noncustodial Parent EITC

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Nationwide, the child poverty rate is high. In 2008, 43.5 percent of children living in single-mother-headed households were poor.<sup>1</sup> These families could benefit from more economic and social support from the fathers of these children. Despite the role that fathers could play, the fight against child poverty has centered on single mothers. This strategy has left out low-income fathers who do not have custody of their children but pay child support. They can be just as vulnerable to economic hardship as single mothers, yet they do not have access to the same government supports. Extending the benefits that single mothers receive to noncustodial fathers might allow them to contribute more fully to their children's financial and emotional needs and reduce child poverty.

In that spirit, New York enacted an earned income tax credit (EITC) program for noncustodial parents (parents who do not have physical custody of at least one of their children), becoming the first state in the country to enact this type of tax credit. The credit is available to low-income noncustodial parents who pay their full child support and meet other requirements. It is designed to encourage work and child support payments and to keep noncustodial parents from falling into poverty.

The New York agencies responsible for putting the new tax credit into effect faced relatively few hurdles, despite having only six months to complete implementation. The take-up rate, however, was lower than anticipated. In 2006, 5,280 noncustodial parents received the noncustodial parent (NCP) EITC, costing about \$2 million. Less than 25 percent of those eligible for the credit received it. Three factors contributed to the low participation rate: many noncustodial parents were not eligible for the credit; others took the

New York State EITC instead, making them ineligible for the noncustodial parent EITC; and many may not have known to apply.

In this brief, we discuss the program's design, adoption, and initial results. We also offer recommendations for improving the implementation and take-up of a noncustodial parent EITC.

## Federal and New York State EITCs

We begin with a description of the federal and New York State EITCs to provide some background. The federal EITC is one of the largest antipoverty programs in the country, providing \$43 billion in benefits to 8 million low-income working families with children and \$1 billion in benefits to 5 million low-income workers without children in 2006.<sup>2</sup> The federal EITC's primary goals are to supplement the income of low-income workers and provide an incentive to work. A key feature of the credit is that it is refundable, so if the amount of the credit exceeds the amount of taxes owed, the taxpayer gets a refund.

Federal EITC eligibility depends upon a taxpayer's income and filing status, among other requirements. The size of the credit depends on the number of "qualifying" children a taxpayer has. A qualifying child resides with the taxpayer for more than half the year and is under age 19, or a full-time student under age 24, or a permanently and totally disabled child of any age. The child must also be the child or a sibling of the taxpayer, or a descendent of the taxpayer's child or sibling. For workers without qualifying children, a childless EITC is available for those between 25 and 64 years old. The federal EITC structure can be broken up into three phases. Initially, the credit goes up with a taxpayer's



income until it plateaus. Then, it is fixed as the taxpayers' income continues to increase. Finally, the credit goes down as the taxpayer's income increases until it phases out.

New York, like 23 other states, has a state EITC.<sup>3</sup> In 2006, the New York State (NYS) EITC was 30 percent of the federal EITC (less any state household credit used). Like the federal EITC, the NYS EITC is refundable for state residents. To receive the New York State EITC, filers must claim the federal EITC and meet other eligibility criteria. In 2006, the federal and state EITCs combined could be as much as \$536 for taxpayers who did not have a qualifying child. With one qualifying child, the credits could total as much as \$3,571. With two or more qualifying children, the credits could total as much as \$5,896.

### Provisions of the New York Noncustodial Parent EITC

New York's noncustodial parent EITC is also a refundable tax credit. It is available to individuals who meet the following eligibility criteria during the tax year. The person must

1. be a full-year resident of New York State;
2. be 18 years old or older at the end of the tax year;
3. be a parent of a child who did not reside with him or her in the tax year and who was under 18 at the end of the tax year;
4. provide the names, relationships, and dates of birth of up to two children who meet criteria #3;<sup>4</sup>
5. have a current child support order payable through the New York child support collection unit for at least half of the year;<sup>5</sup>
6. have paid all the child support he or she owes for the tax year;
7. have federal adjusted gross income and total earned income below the maximum income level for the noncustodial parent EITC (\$32,001 in 2006);
8. have a Social Security number that allows him or her to work or that is valid for federal earned income tax purposes (the person's spouse must also meet this requirement if filing a joint return);
9. have a federal filing status that is not married filing separately;
10. not file federal forms related to foreign earned income;
11. have less than \$2,800 in investment income; and
12. have total earned income that is positive.

The amount of the credit can be determined in two different ways, with the taxpayer receiving whichever amount is greater. The credit is equal to either

- 20 percent of the federal EITC that would be allowed if the noncustodial child met the definition of a qualifying child, computed as if the taxpayer had one qualifying child and without the benefit of the joint return phase-out amount; or
- 2.5 times the federal EITC that would be allowed if the taxpayer had no qualifying children.

Figure 1 shows the tax credit amounts for single filers for the noncustodial parent and New York State EITCs. Because the NCP EITC is based on the higher of two calculations from the federal EITC, its structure differs from other EITCs. In 2006, the NCP EITC increased with income until it reached its maximum amount of \$1,030. The credit remained at this level while income was between \$5,350 and \$6,750. It declined to \$549 once income reached \$9,250. It remained at \$549 until income reached \$14,850. Then the credit continued to phase out as income increased to the maximum income level of \$32,000.

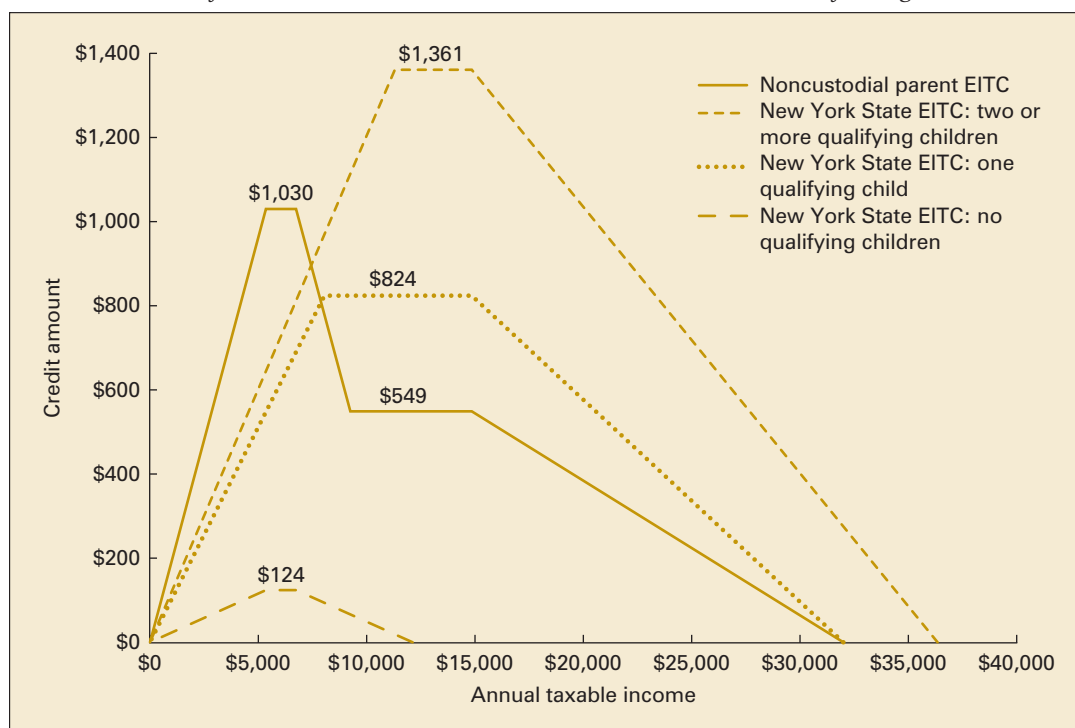
Noncustodial parents cannot claim both the NCP EITC and another New York State EITC. If a noncustodial parent claims the federal EITC, then he or she is instructed to calculate the NCP EITC and New York State EITC amounts and select the higher of the two credits.

As figure 1 shows, noncustodial parents who have qualifying children and claim a federal child-based EITC may be better off claiming the New York State EITC than the NCP EITC, depending on their income level. For example, for noncustodial parents with one qualifying child and income greater than \$7,850, the New York State EITC is larger than the NCP EITC. On the other hand, noncustodial parents who do not have qualifying children or have earned income less than \$7,850 are always better off claiming the NCP EITC.

### An Example of Federal and New York Taxes and Credits

How do federal and New York taxes and credits affect families' income and poverty status? Consider the examples of a custodial parent, a noncustodial parent, and a married couple, all of whom live in New York, work full time at the minimum wage,

FIGURE 1. Value of the Noncustodial Parent EITC and the New York State EITC for Single Filers, 2006



Source: Authors' calculations based on instructions for 2006 New York tax returns.

and have two children between the ages of 4 and 16.<sup>6</sup> The custodial parent and the married couple have custody of their children, while the noncustodial parent lives alone. In 2006, the minimum wage in New York was \$6.75. If these parents worked full time (2,080 hours), they would have each earned \$14,040 that year. That amounts to 86 percent of the poverty threshold for the custodial parent (a family of three), 134 percent of the poverty threshold for the noncustodial parent (a family of one), and 129 percent of the poverty threshold for the married couple (\$28,080 for a family of four).

As table 1 shows, federal and New York taxes and credits raise the incomes of the custodial parent and married couple and decrease the income of the noncustodial parent. While payroll taxes reduce everyone's income, the noncustodial parent is the only one who has to pay federal income taxes. Both the custodial parent and the married couple are eligible for the federal EITC and refundable child tax credits, which increase their incomes. The noncustodial parent and the married couple are subject to the New York income tax, but the married couple's income tax is offset by the refundable New York EITC and Empire State child credits. Thus, only the noncustodial parent ends up owing taxes to the state of New York in this example.

After federal and New York taxes and credits are taken into account, the income level of the custodial parent has gone up from 86 to 120 percent of the poverty threshold for a family of three. Similarly, the income level of the married family has risen from 129 to 140 percent of the poverty threshold for a family of four. The noncustodial parent, however, has experienced a drop in income, from 134 to 116 percent of the poverty threshold for a family of one.

So far, we haven't taken into account child support paid or received in our example. Using 2006 case-level data from the Office of Temporary and Disability Assistance (OTDA), we found 349 noncustodial parents who fit our example. These parents were eligible for the NCP EITC, had two children and one order of child support, and had reported incomes between \$14,000 and \$15,000. These noncustodial parents paid a median of 19.5 percent of their income in child support. Using this figure, we estimate that a noncustodial parent earning \$14,040 would have paid approximately \$2,738 in child support in 2006.<sup>7</sup>

Going back to our example, adding \$2,738 in child support to the custodial parent's income and subtracting it from the noncustodial parent's income results in a major income boost for the custodial parent and a major income drop for the noncustodial parent. After taking child support

TABLE 1. Impact of Federal and New York Taxes and Child Support on the Income and Poverty Status of Specific Families, 2006

	Custodial parent (lives with two children)	Noncustodial parent (lives alone)	Married parents (live with two children)
Earnings (minimum wage = \$6.75)	\$14,040	\$14,040	\$28,080
% of poverty threshold	86%	134%	129%
Federal and New York (NY) taxes and credits			
Payroll tax	-\$1,074	-\$1,074	-\$2,148
Federal income tax (before refundable credits)	\$0	-\$559	\$0
Federal refundable child tax credit	\$411	\$0	\$1,542
Federal EITC	\$4,536	\$0	\$2,163
NY income tax (before refundable credits)	\$0	-\$217	-\$408
NY Empire State child credit	\$200	\$0	\$667
NY EITC	\$1,299	\$0	\$614
Income after taxes and credits	\$19,412	\$12,190	\$30,510
% of poverty threshold	120%	116%	140%
Child support received and paid	\$2,738	-\$2,738	0
Income after child support	\$22,150	\$9,452	\$30,510
% of poverty threshold	136%	90%	140%
Noncustodial parent EITC	\$0	\$549	\$0
<b>Final income</b>	<b>\$22,150</b>	<b>\$10,001</b>	<b>\$30,510</b>
% of poverty threshold	136%	95%	140%

Source: Author's calculations using 2006 New York and federal income tax returns.  
 Note: All parents work full time at the minimum wage and have two children age 4 to 17.

into account, the custodial parent's family income is now 136 percent of the poverty threshold for a family of three and the noncustodial parent's income is 90 percent of the poverty threshold for a single person. In other words, a noncustodial parent who works a minimum-wage job and pays his taxes and child support can end up living in poverty.

Because the noncustodial parent in this example paid child support in full during the year, he is eligible for the New York noncustodial parent EITC. In 2006, his tax credit would have been \$549, boosting his income level to 95 percent of the poverty threshold for a single person. In our example, the noncustodial parent still lives in poverty after receiving the NCP EITC, but his income is somewhat higher.

### How the New York NCP EITC Is Administered

By January 15 of each year, OTDA is required by law to provide the New York Department of Taxation and Finance (DTF) a list of noncustodial parents who meet the child support eligibil-

ity criteria for the NCP EITC (that is, they meet eligibility criteria 2, 3, 5, and 6). For identification purposes, the list includes those parents' Social Security numbers. Only noncustodial parents whose names appear on this list are considered child support-eligible for the tax credit by DTF. Once the list is received by DTF, it is added to the DTF computer system and used to automatically check eligibility.

To claim the tax credit, a noncustodial parent must file a New York State income tax return and fill out the IT-209 form, "Claim for Noncustodial Parent New York State Earned Income Credit." When DTF receives the tax return, it checks the filer's name and Social Security number against the list of eligible noncustodial parents provided by OTDA. If they match, DTF checks the IT-209 claim form for other eligibility requirements and then processes the credit.

If the noncustodial parent does not meet the eligibility requirements, DTF sends the parent a letter explaining why he or she is ineligible. Noncustodial parents can appeal this decision through a review process established as part of the 2006 law. If the noncustodial parent was



not on the list provided by OTDA, then he or she has the right to review his or her child support qualifications.

In 2006, 188 noncustodial parents filed an appeal of their NCP EITC denial. Most parents (136 parents or 72 percent) won their appeals and received the tax credit. According to OTDA, some noncustodial parents may have been originally denied because payments remitted from employers in 2006 were not received until January 2007, after OTDA had submitted its list of eligible noncustodial parents to DTF. Fifty-two appeals were denied because child support payments had been made directly to the custodial parent rather than a support collection unit, noncustodial parents had arrears-only orders, or payments had not been made in full for all active support orders during the tax year.

### Implementing the New York NCP EITC

The New York Department of Taxation and Finance and the Office of Temporary and Disability Assistance were responsible for setting up the tax credit. According to our interviews, the main challenges they faced were the short time frame under which staff had to work and the inability to share confidential information with one another. The noncustodial EITC was enacted in June 2006 and was expected to be up and running for the 2006 tax year. The two offices had less than six months to fully implement the tax credit. State administrators at both agencies strongly recommended that other states considering an NCP EITC allow at least one year to put the program into place.

The two agencies began by working out a memorandum of understanding to exchange data. Since both departments are under strict legal requirements regarding confidentiality, navigating this process was challenging, but ultimately, they were able to agree.

OTDA had to develop, test, and implement a method for identifying noncustodial parents who are eligible for the tax credit based on the law's child support eligibility criteria. Agency staff wrote complex programming code to determine child support eligibility when a noncustodial parent has more than one current support order within one or more local child support offices or states. It was a challenge for OTDA to complete this process by the program's first deadline on January 15, 2007, but the office has had an easier time getting the list together for DTF since then. OTDA also developed procedures and forms for

the appeals process and outreach materials to notify potentially eligible noncustodial parents of the new credit.

When asked about the quality of the data they use to verify child support eligibility, OTDA staff noted the agency's considerable experience with data management and data matching, which is dependent on maintaining an accurate database. OTDA spent years developing its child support program database in the 1980s. The primary challenge at the time was integrating case-level data from the many local child support offices into a single statewide system. The system has been fully operational for years and, as with all state child support enforcement programs, the reliability of OTDA's data is independently monitored by federal audits. The federal government requires states to record their obligations and collections on statewide automated systems. Those amounts are federally audited and regularly reported to the federal government.

DTF also played a major role in setting up the new tax credit. The department had to create the IT-209 claim form and write the instructions. It also had to design, test, and fully implement modifications to its data systems to accommodate the new credit. To set up DTF's part of the appeals process, the department worked closely with OTDA. The department deals with policy changes regularly, so the NCP EITC implementation was nothing new. The time constraints did make the initial setup extremely challenging, but now that the tax form has been created and the changes are in place, the process has been much smoother.

### Outreach Efforts

In 2006 and 2007, OTDA and DTF launched public outreach campaigns to spread the word about the new tax credit. Both agencies posted information about the noncustodial parent EITC on their web sites. In 2007, DTF introduced the tax credit under its "What's New" feature. OTDA, meanwhile, mailed letters to all noncustodial parents with current support orders, telling them that they may be eligible for the new tax credit for the 2006 tax year. OTDA also mailed information to New York State Volunteer Income Tax Assistance sites and New York State Head Start programs.

In addition, OTDA created an EITC poster and flyers and distributed them to the fatherhood programs participating in the Strengthening Families Through Stronger Fathers Initiative. The NCP EITC was mentioned in all presentations and trainings given in conjunction with the

OTDA Fatherhood Initiative and included in the Initiative's brochure. In 2007, OTDA ran a radio advertisement in New York City. The agency also included notice about the NCP EITC in its regular mailings to noncustodial parents that list their child support payments for the year.

After 2007, outreach efforts were scaled back. OTDA still features the NCP EITC on its web site. It sends letters to all noncustodial parents with current support orders, informing them of the tax credit. The agency also continues to publicize the NCP EITC through posters and flyers distributed at fatherhood events held across the state.

### Public Response to NCP EITC

The public response to the new tax credit was positive and generated relatively few complaints, according to OTDA and DTF. The most common complaint, however, was about the requirement that noncustodial parents provide the Social Security numbers (SSNs) of the nonresident children for whom they were claiming the credit. Some noncustodial parents cannot access their children's SSNs. Although local child support offices have the SSNs of dependent children receiving child support services, OTDA determined that it could only release this information to noncustodial parents for child support purposes and not for tax purposes. Family courts, where child support orders are established, do not require children's SSNs to establish a court order. And the Social Security Administration only provides SSNs at the time of application. Thus, noncustodial parents do not have an easy way to get their children's Social Security numbers when the custodial parent is unwilling to provide the information.

Children's Social Security numbers, however, are not a statutory requirement, and DTF does not use the numbers to process the claim. Instead, the numbers are required to prevent fraud. Since all other state EITC forms require parents to include the SSNs of their resident children as a way to reduce fraud, DTF thought it appropriate to do the same for the noncustodial parent EITC. However, this precaution may be unnecessary since OTDA already verifies that the noncustodial parent has a child for whom he or she is paying child support. Moreover, OTDA does not give DTF the children's Social Security numbers. DTF relies solely on the noncustodial parent's Social Security number and name for a match, not the children's SSNs.

In 2008, DTF dropped the requirement that noncustodial parents provide their children's

Social Security numbers. The department was concerned that the requirement was a barrier for some parents. Credit claims were higher in 2008 (6,439 claims) than in previous years (5,233 claims in 2007 and 5,280 claims in 2006), but this increase may be due to other factors.

Some noncustodial parents also took issue with the eligibility requirement that they pay child support specifically through the state child support program. OTDA staff received several letters from noncustodial parents who had paid all their child support, though not through the state program, and felt they ought to qualify for the tax credit. OTDA, however, can only verify child support paid through the state program, so the requirement stayed.

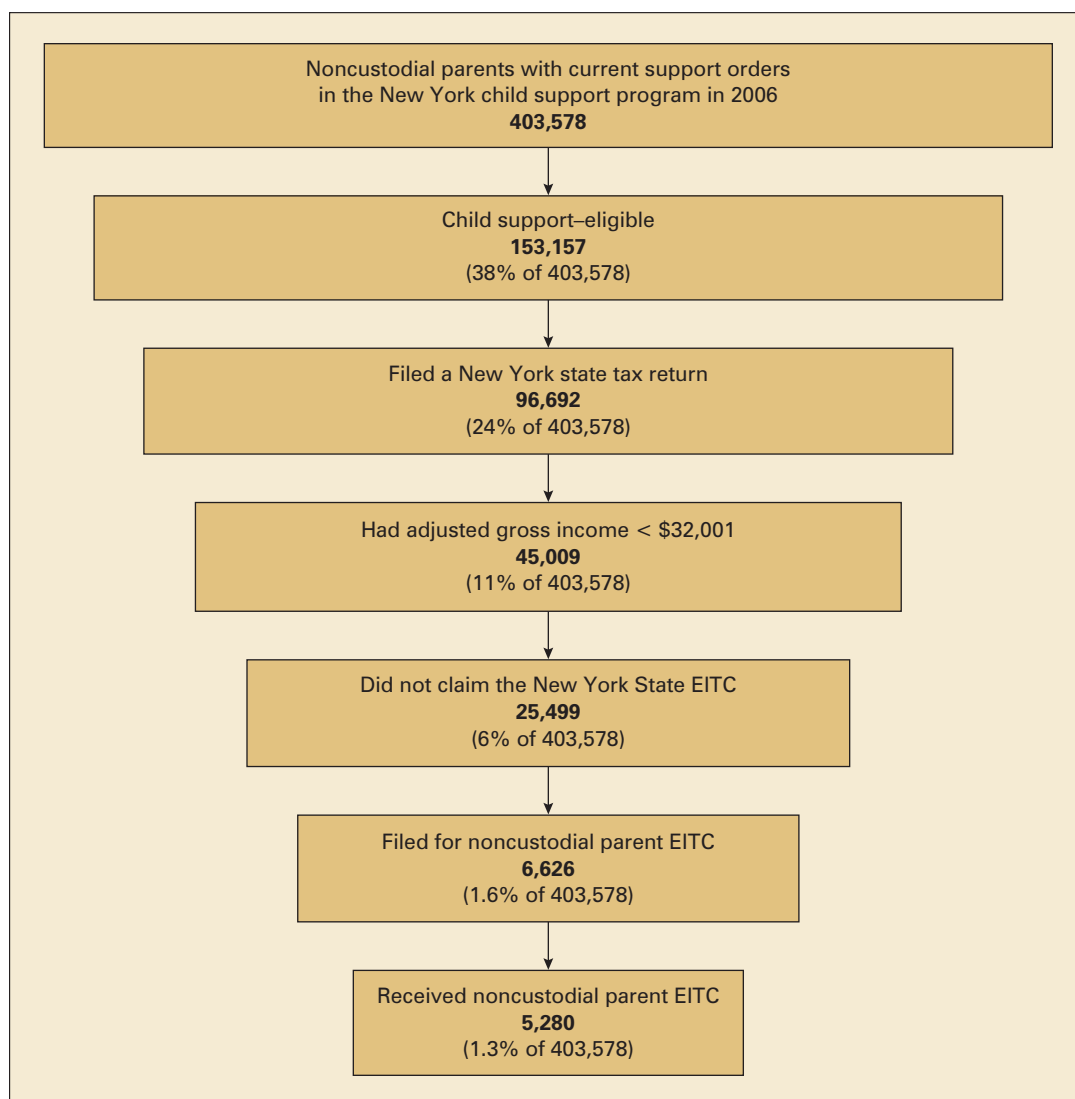
Although taxpayers voiced few concerns about the new credit, DTF noted that any addition to the tax code makes it more complicated, and therefore places an extra burden on taxpayers. "The language on tax forms and corresponding instructions are complicated," one DTF staff member said, "and probably tough for most noncustodial parents to understand."

### Initial Outcomes from the NCP EITC

In tax year 2006, New York started with a sizeable pool of potential applicants for the tax credit, but that number was whittled down considerably by the eligibility requirements. Although requiring noncustodial parents to pay their full current support during the tax year significantly reduced the number of parents eligible for the tax credit, many other eligibility requirements also sharply reduced the eligible population (figure 2).

**Did the parent meet the child support requirements?** Of the 403,578 noncustodial parents who owed current support through the state system,<sup>8</sup> about 38 percent (153,157 parents) were considered child support-eligible for the NCP EITC. As noted earlier, to be considered child support-eligible for the tax credit, noncustodial parents have to have a minor child for whom current support is owed, have a current child support order payable through a New York Support Collection Unit for at least half the year, and have paid current support in full for each current support order. All three of these criteria reduced the number of noncustodial parents eligible for the NCP EITC. Many noncustodial parents no longer have a minor child and thus are not eligible for the NCP EITC, while others have had an order for less than half the year.

FIGURE 2. Noncustodial Parent (NCP) EITC Outcomes, 2006



Source: New York Office of Temporary and Disability Assistance.

Note: The number of noncustodial parents who did not claim the NYS EITC is estimated using case-level data the Urban Institute received from OTDA.

Nonetheless, the requirement that noncustodial parents must pay the full amount of their current support for the tax year is the most restrictive of the child support eligibility criteria. In New York, only about half the noncustodial parents who owe current support pay enough throughout the year to cover their support orders.

**Did the parent file a New York State tax return?** Of the 153,157 noncustodial parents who were found child support-eligible, 96,692 filed a New York State tax return. This may seem low, but many noncustodial parents who pay child support to the state are not residents of New York or do not have income from New York. Some may not have to file a federal income tax return. This depends upon their filing status, age,

and the amount and type of income they have. In 2006, most single filers did not have to file a federal income tax return if they were under 65 years old and their income was below \$8,450. Nonetheless, many of them probably did to receive a tax refund for taxes paid.

**Did the parent meet the income requirement?** Of the 96,692 noncustodial parents who were found child support-eligible for the NCP EITC and who had filed a New York State tax return, 45,009 parents met the income eligibility requirement—meaning they had adjusted gross income below \$32,001. This requirement shrinks the pool of potential applicants to 11 percent of noncustodial parents who owed child support through the state.

**Did the parent file for the New York State EITC?** Of the 45,009 noncustodial parents eligible for the tax credit, 19,510 are estimated to have claimed the regular New York State EITC,<sup>9</sup> making them ineligible to claim a second EITC. That leaves 25,499 noncustodial parents eligible for the NCP EITC, or 6 percent of all noncustodial parents with current support orders in the New York child support program.

In the end, 6,626 noncustodial parents claimed the NCP EITC, or 1.6 percent of all noncustodial parents who owed current child support through the state. These parents were child support–eligible, filed a New York State tax return, had income below \$32,001, and did not claim the New York State EITC. Of this group, 5,280 noncustodial parents actually received the NCP EITC.

Applicants that did not get the tax credit were either deemed eligible for the higher New York State EITC and given that one instead (1,080 applicants) or denied for other reasons (266 applicants). Subtracting those two groups of denied applicants from the pool of 25,499 eligibles gives us an updated pool of 24,153 parents eligible for the tax credit. Using 24,153 as a base, we estimate a participation rate of 22 percent, which is considerably lower than participation rates estimated for the federal EITC. The Government Accountability Office (2001) estimates that 86 percent of those eligible for the qualifying child EITC and 43 percent of those eligible for the childless EITC claim the credit.

The average NCP EITC tax credit was \$392 for tax year 2006, costing just over \$2 million.<sup>10</sup> Noncustodial parents who were eligible for the NCP EITC but took the New York State EITC instead received an average of \$576, costing just over \$14 million. These results show the impact of restricting noncustodial parents to just one earned income tax credit. If noncustodial parents had been allowed to claim both the New York State and the noncustodial parent EITC, the final NCP EITC cost would have been much higher. Although the cost would be higher, one could argue that low-income noncustodial parents who support two families should be eligible for both credits.

## Recommendations

The lessons learned from New York State's early experience with the NCP EITC points the way for improvements in their program and guidance for other states that might be considering an NCP EITC.

First, OTDA should consider taking additional steps to increase the number of noncustodial parents who claim the NCP EITC. To encourage participation, OTDA may want to consider sending additional mailings to noncustodial parents. Currently, OTDA sends letters in September to all noncustodial parents informing them of the NCP EITC. The OTDA may want to consider the following:

- Sending letters in November of the tax year to noncustodial parents who are close to paying their full current support order(s). The letter could explain that if they pay their orders in full then they may be eligible for the NCP EITC.
- Sending letters in January following the tax year to noncustodial parents who are determined child support–eligible for the NCP EITC, informing them of this finding and telling them that they may be eligible for the tax credit.

In addition, OTDA and DTF may want to consider stepping up their outreach efforts. OTDA and DTF could provide training to Volunteer Income Tax Assistance sites and other tax preparers about the NCP EITC. They may want to place posters about the NCP EITC in prominent places, such as the New York subway system. They may want to place radio and TV advertisements. Considerable outreach regarding the regular EITC is conducted every year in New York. OTDA and DTF could benefit from meeting with the organizations responsible for these efforts and developing outreach strategies with them to promote the NCP EITC.

Other states considering an NCP EITC are advised to allow at least one year to implement it. Although New York implemented its NCP EITC in six months, both agencies responsible for its implementation recommended a longer implementation period. Based on New York's experience, it is also advisable to make it explicit in the statute that the agencies responsible for administering the tax credit may share confidential data. States are also encouraged to simplify the NCP EITC tax form and not include unnecessary requirements, such as the Social Security numbers of the children, since the child support program will be verifying the child support eligibility criteria. Finally, in recognition of the higher costs of supporting two families, other states may want to consider creating a higher tax credit if noncustodial parents are eligible for both the child-



qualifying EITC and the NCP EITC rather than limiting parents to one credit.

The New York NCP EITC sunsets in 2013 unless the New York legislature extends it. Although the tax credit didn't reach as many people as expected, it is needed and costs little to provide.

## Notes

1. U.S. Census Bureau, "Related Children under 18 by Householder's Work Experience and Family Structure," [http://www.census.gov/hhes/www/cpstables/032009/pov/new21\\_100\\_01.htm](http://www.census.gov/hhes/www/cpstables/032009/pov/new21_100_01.htm).
2. Internal Revenue Service, "Table 2.5 Returns with Earned Income Credit, by Size of Adjusted Gross Income, Tax Year 2006," <http://www.irs.gov/pub/irs-soi/06in25ic.xls>.
3. For more information about the New York State and New York City EITCs in 2006 and a list of other states that have a state EITC, see New York State Department of Taxation and Finance, Office of Tax Policy Analysis, March 2009, "Earned Income Tax Credit: Analysis for Credits Claimed in 2006."
4. The New York NCP EITC tax form (IT-209) asks for the Social Security numbers of the children who do not live with the parent, but the instructions for 2008 say that the Social Security numbers are not required. Thus, we did not list the Social Security number of the children as a requirement. This is a change in instructions for IT-209, which we discuss further in the section about administering the NCP EITC.
5. Because the Department of Taxation and Finance requires a Social Security number to match child support-eligible noncustodial parents to their tax records, the Office of Temporary and Disability Assistance only transfers the names of noncustodial parents who meet all child support eligibility criteria and have a Social Security number in the New York child support database.
6. We assume the children are between the ages of 4 and 16 so the custodial parent and married couple will be eligible for the federal child tax credit and the New York Empire State child tax credit. To be eligible for the federal child tax credit, children must be under 17 years old; for the New York Empire State child tax credit, children must be at least 4 years old and less than 17 years old. For simplicity, we also assume that the parents live outside New York City and thus are not eligible for the New York City EITC and child credits.
7. Some child support that these noncustodial parents paid may have been retained by the government, but in our example we assume all the child support is distributed to the custodial parent. In general, over 90 percent of child support collected by the child support program is distributed to custodial parents.
8. This number is generated by the Urban Institute from case-level data from OTDA. Individuals had a current support order or were identified as being child support-eligible for the NCP EITC.
9. We must estimate this number because DTF did not provide the precise figure. DTF did indicate that 23,365 noncustodial parents were child support-eligible for the NCP EITC, filed a NYS tax return, and claimed the regular NYS EITC in 2006. However, not all these individuals were income-eligible for the NCP EITC. The maximum income allowed under the NYS EITC in 2006 was \$38,345, not \$32,000. Using case-level data from OTDA, we find that 59,086 noncustodial parents with a current support order were child support-eligible for the NCP EITC, had a New York address, and had AGI or reported wage information below \$38,348 (the maximum income limit for the NYS EITC in 2006). Of those, 83.5 percent had incomes below \$32,001. Thus, we assumed that 83.5 percent of the 23,365 noncustodial parents who were child support-eligible for the NCP EITC and received the NYS EITC had incomes below \$32,001, or 19,510 noncustodial parents.
10. These numbers differ slightly from the New York Department of Taxation and Finance's numbers in "Earned Income Tax Credit: Analysis for Credits Claimed in 2006" because they reflect final counts after all appeals were resolved.

## Reference

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## About the Author

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The Urban Institute is evaluating the New York State Strengthening Families Through Stronger Fathers Initiative, of which the noncustodial parent EITC is a part, for the New York State Office of Temporary and Disability Assistance (OTDA). This brief draws from a report to OTDA called “New York Noncustodial Parent EITC: Implementation and First-Year Findings.”

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