

The Effect of the Expanded Child Tax Credit on Child and Family Well-being: Evidence from New York City




Jill Gandhi
Postdoctoral Research Scientist

With Sophie Collyer, Irwin Garfinkel, Schuyler Ross, Jane Waldfogel, & Christopher Wimer



Policy Context: The Expanded Child Tax Credit under the American Rescue Plan

Three key changes:

-  **Expanded** eligibility to include those with moderate, low, or no earnings previously left out
-  **Increased** annual benefit levels to a maximum of \$3,000 per child aged 6 to 17 and \$3,600 per child under age 6
-  **Delivered** payments on a monthly, rather than annual, basis between July and December 2021—reaching more than *61 million children* in over 36 million households



The potential effects of the expanded CTC

- The monthly CTC payments moved millions of children out of poverty in the months that payments were made (Parolin et al., 2021).
- The monthly payments also had the potential to improve the well-being of families and children in other domains:
 - material hardship
 - the need to use emergency food assistance
 - parents' mental health
 - ability to make child-related investments
 - parents' employment

Data and Methods



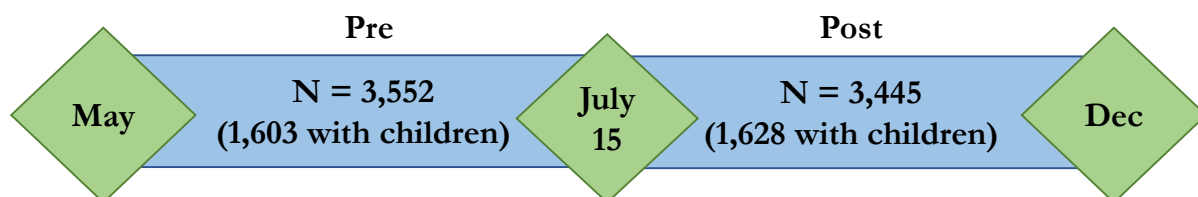
Poverty Tracker

- Longitudinal study with surveys every three months

Early Childhood Poverty Tracker (ECPT)

- A parallel longitudinal study of families with young children (3-7 years old during expanded CTC payments)

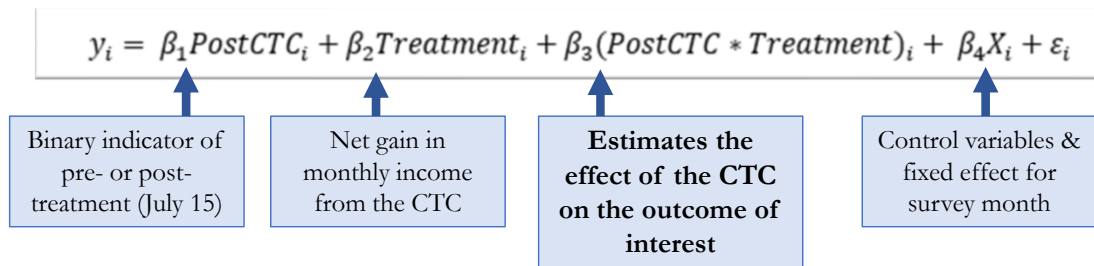
Both provide critical information on poverty, material hardships, psychological distress, and other factors related to well-being.



Data and Methods: Estimating effects

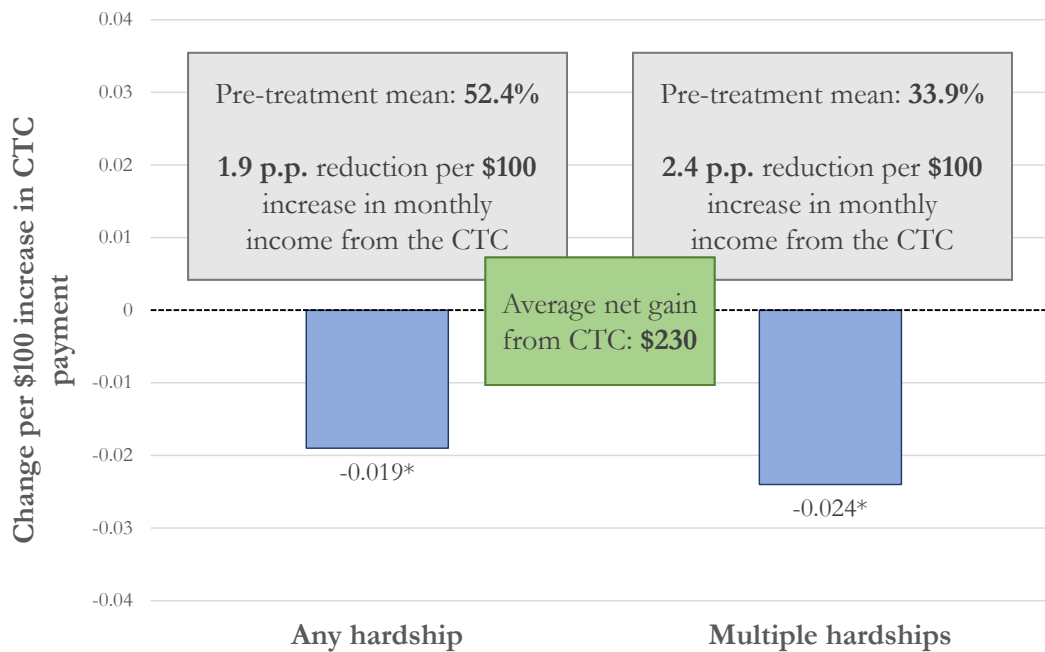
With each \$100 increase in monthly income from the CTC, how did outcomes change for families with children?

- Employed a **difference-in-differences** framework (Parolin et al., 2021).

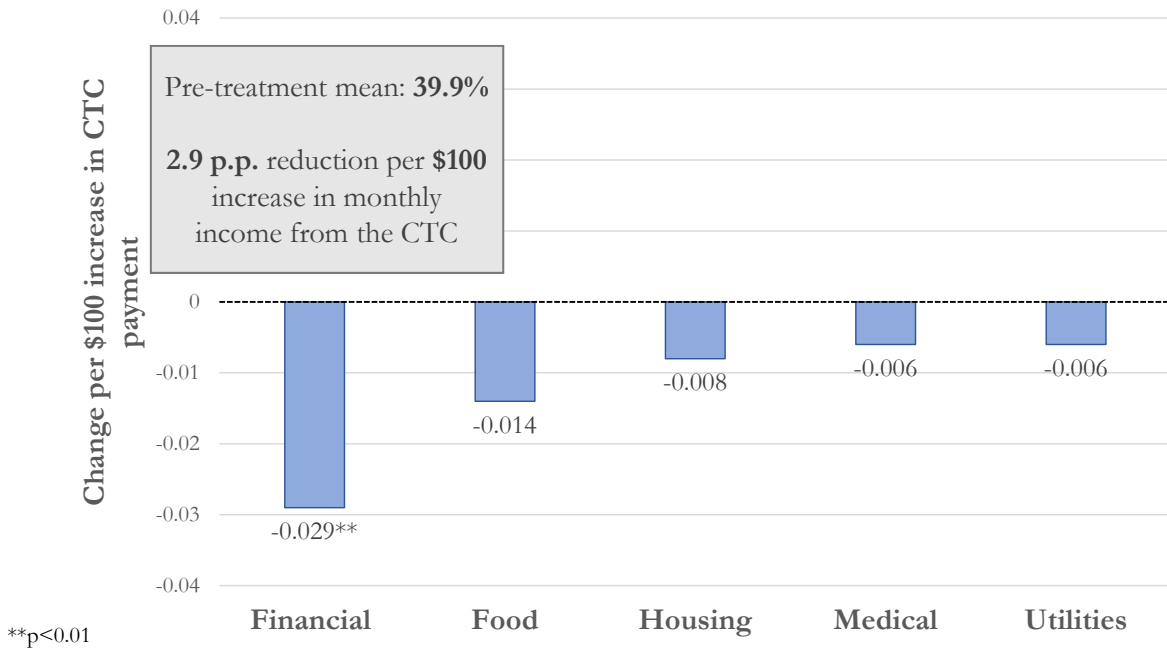


- Presenting **intent-to-treat** results of our outcomes, using **continuous treatment** for the **full sample of New Yorkers**.

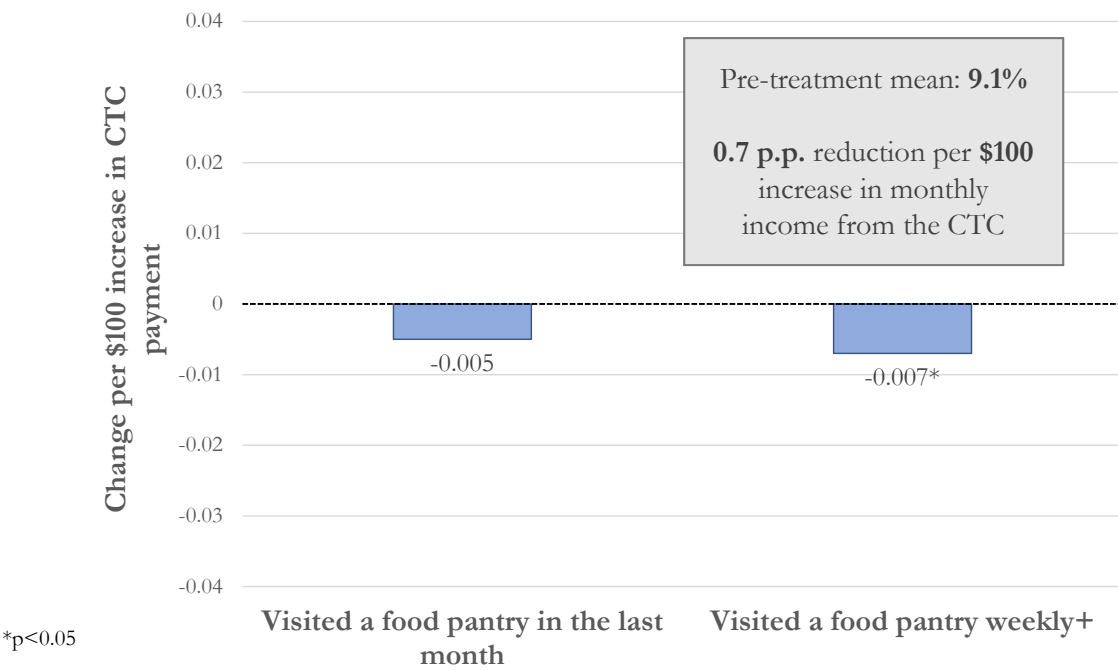
Results: Material hardships (across 5 total)



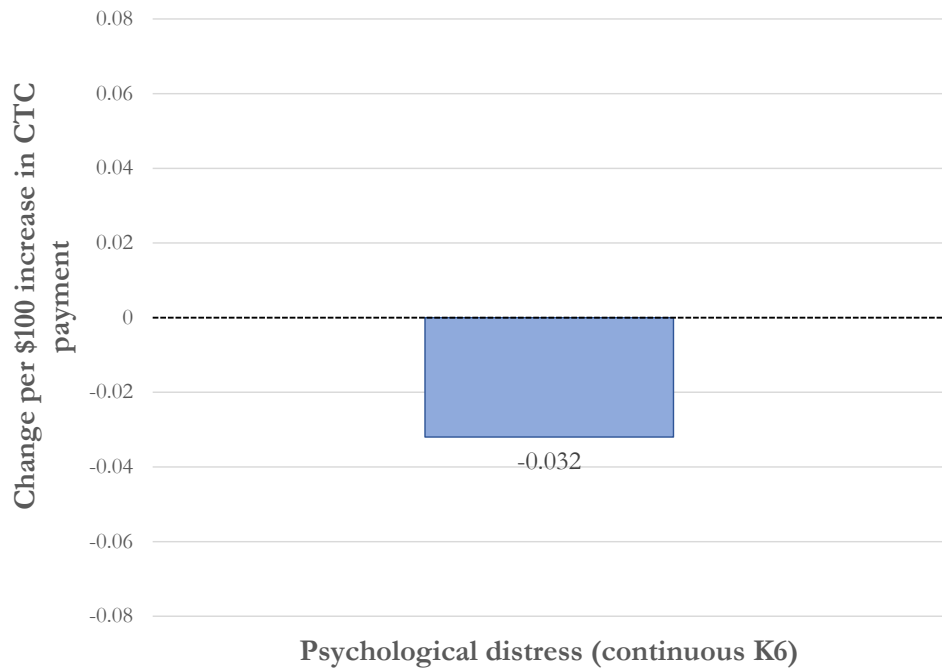
Results: Material hardship



Results: Use of food pantries

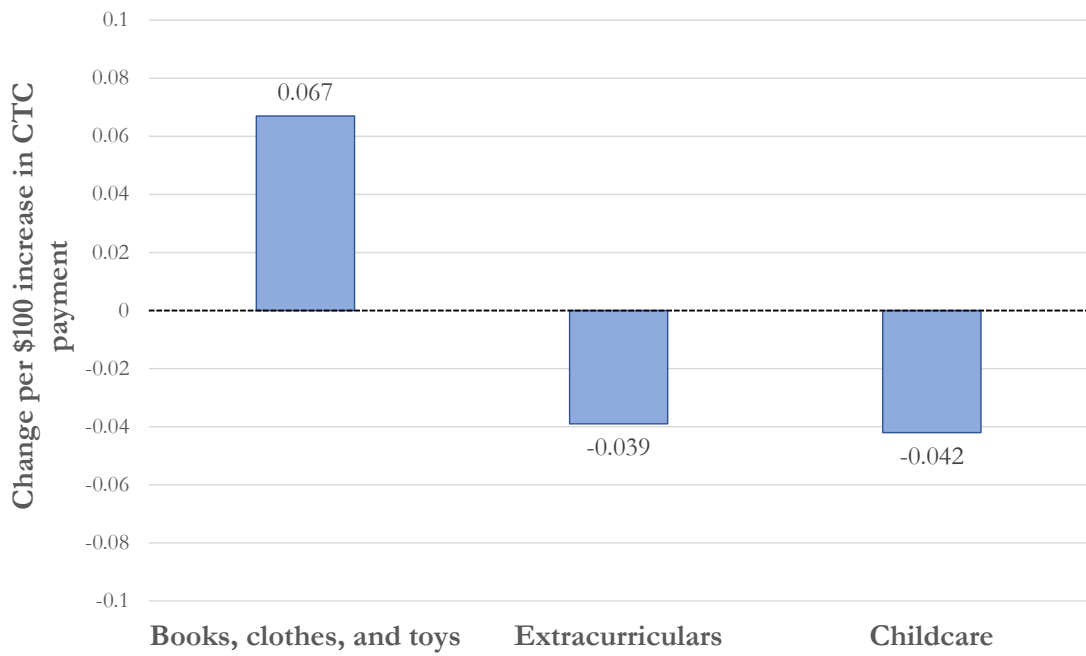


Results: Mental health



Continuous K6
range: 0-24

Results: Child-related spending



Results: Labor force participation



Summary

Material hardship	
Financial hardship	↓
Food hardship	↓
Housing hardship	↓
Medical hardship	↓
Utilities hardship	↓
Any hardship	↓
Multiple hardships	↓
Use of food pantries	
Used a food pantry in last 30 days	↓
Used a food pantry weekly+	↓

Mental health	
Psychological distress	↓
Child-related expenditures	
Childcare	↓
Extracurriculars	↓
Books, clothes, and toys	↑
Employment	
Current employment status	⊘
Hours worked last week	↑

Thank you!