# Research Roundup:

# What do we know about the expanded Child Tax Credit?

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# What do we know about the expanded Child Tax Credit?

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## Research Roundup of the Expanded Child Tax Credit: The First 6 Months

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### Executive Summary

As of December 2021, the expanded Child Tax Credit has delivered six monthly payments, reaching over 61 million children in more than 36 million households nationwide. A continuous stream of new research has tracked the impact of these payments. A challenge for policymakers and fellow researchers alike has been how best to understand the key findings emerging from this regularly evolving evidence base.

This research roundup compiles what we know so far about families' awareness of the new program, who has received it, how families are using it, and how it is impacting their lives. It pulls from a large set of publicly available sources, from the US Census Household Pulse to surveys, focus groups, and other data held about families with children as conducted by polling firms, research organizations, service providers, banking and finance companies, and more. The evidence is reviewed and organized across eight central themes: access; income; poverty; spending; food; financial stress; employment; and equity.

New research is released regularly and this paper will be updated in future months. Findings reflect information available through mid-December 2021 and reflect the immediately evident impacts of the expanded Child Tax Credit; it is likely that longer-term impacts of this policy change on children and their families, particularly if the expansion is continued as proposed through the current Build Back Better legislation, will also be seen over time.

### Key Findings

- **The expanded Child Tax Credit has reached the overwhelming majority of children, but outreach to newly-eligible families with low incomes should still continue**
- **Monthly payments are buffering family incomes amidst the continuing COVID-19 crisis**
- **Monthly payments are reducing child poverty**
- **Families are spending the Child Tax Credit on food and other basic needs**
- **Monthly payments are reducing food insufficiency**
- **Monthly payments may be reducing financial stress and other hardships**
- **There is no evidence that indicates the monthly payments are reducing employment**
- **The expanded Child Tax Credit matters for racial equity**

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# Impact of the Expanded Child Tax Credit

| ACCESS | INCOME | POVERTY | SPENDING |
|---|---|---|---|
| Reached over 61 million children, but outreach needed to newly-eligible children in low income families | Buffered family incomes amidst continuing pandemic & uncertain economy | Significantly reduced child poverty (by approx. 30%) during the six months it was in place | Families spent it on basic household needs – most common item: food |

| HUNGER | STRESS | EMPLOYMENT | EQUITY |
|---|---|---|---|
| Reduced food insecurity, particularly among families with lower incomes | Reduced financial stress and material hardship. | No evidence of reductions in parental work | Children of color stand to benefit the most |

## Findings

By September 2021, checking account balances of families with low incomes were 70% higher (approx $1,000) than pre-pandemic

(JPMorgan Chase)

The most common way families spent the Child Tax Credit was on food. This was true for families with incomes up to $150,000 & for families with incomes less than $35,000

(Social Policy Institute & Center on Budget & Policy Priorities)

The initial Child Tax Credit payments reduced food hardship by 25%

(Center on Poverty and Social Policy)

# Child Tax Credit Effects on Child Poverty

The fifth Child Tax Credit payment kept

**3.8 million children**

from poverty in November.

The CTC's anti-poverty effects have grown by

**800,000 children**

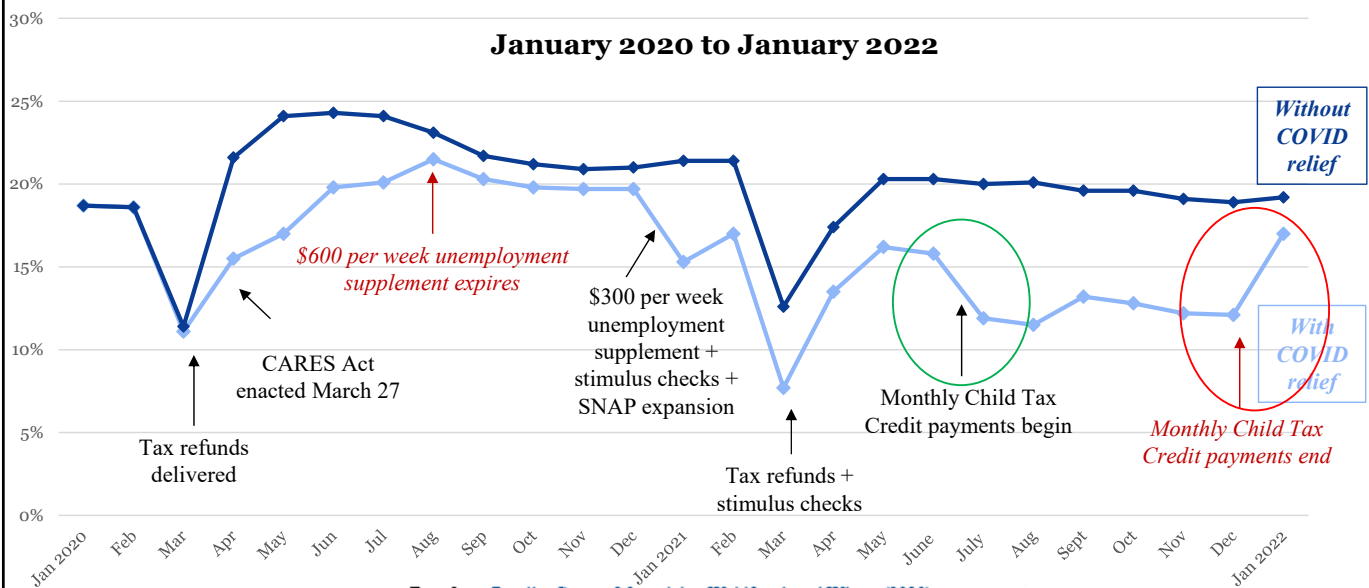since the first payment, which kept 3 million children from poverty in July.

Due to the Child Tax Credit, monthly child poverty rates have dropped.

**15.9%**
JUNE 2021
(pre-CTC)

**12.2%**
NOV. 2021

*\*3.7 million children kept out of poverty in December 2021 with a December child poverty rate of 12.1%*

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# Monthly Child Poverty During COVID-19

### January 2020 to January 2022



*Without COVID relief*

*With COVID relief*

$600 per week unemployment supplement expires

CARES Act enacted March 27

Tax refunds delivered

$300 per week unemployment supplement + stimulus checks + SNAP expansion

Tax refunds + stimulus checks

Monthly Child Tax Credit payments begin

Monthly Child Tax Credit payments end

**Based on:** Parolin, Curran, Matsudaira, Waldfogel, and Wimer (2020)
Access all results at: https://www.povertycenter.columbia.edu/forecasting-monthly-poverty-data

# Thank you

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