



# The Child Tax Credit & Family Economic Security

## *Findings from the Center for the Study of Social Policy's Survey of Families with Children*

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As a nation, we envision communities where families thrive with homes, careers, education, and health that allow each member to live full lives. The Child Tax Credit (CTC), expanded as part of the American Rescue Plan Act of 2021, provided a glimpse of a more equitable future where economic support policies align with the needs of families. From July through December of 2021, most families with children received a more generous CTC in monthly installments. Research over the last year has consistently shown that the 2021 CTC helped families meet their basic needs, reduce debt, and afford activities and materials to support their children's learning and well-being.<sup>1</sup> In the course of doing so, it promoted the health and well-being of families and dramatically reduced child poverty—lifting an estimated 2.9 million children above the poverty line in 2021, according to the Census Bureau, including 1.2 million Hispanic children, 820,000 White children, 716,000 Black children, and 110,000 Asian children.<sup>2</sup>

To better understand the impact of the expanded CTC on Black, Latinx, and other families of color, and whether it was effectively redressing longstanding and interrelated racial and economic inequities, in the winter of 2021-2022 the Center for the Study of Social Policy (CSSP) conducted a survey in partnership with community-based organization in four states—Arizona, Michigan, Mississippi, and North Carolina. The survey was

### **Additional Findings from CSSP's Research with Families on the Expanded CTC**

To learn more about the impact of the CTC on families and communities, CSSP also conducted 45 semi-structured interviews with parents and caregivers of color. The interviews affirmed the findings from the survey summarized in this brief, and provided rich accounts of how the CTC was affecting families' daily lives and supporting both caregivers and children. The findings from those interviews are summarized in three state-specific briefs:

- [A 'Godsend': How Temporary Investments in the Child Tax Credit and Child Care Impacted Michigan Families](#) (March 2022)
- ['We Don't Have that in Mississippi: How Temporary Expansions of the Child Tax Credit & Child Care Demonstrate the Importance of Federal Investments & Oversight](#) (June 2022)
- [Where Do We Go From Here? How Temporary Investments in the Child Tax Credit & Child Care Impacted North Carolina Families, and the Road Ahead](#) (July 2022)



designed to reach larger numbers of families with low and moderate incomes and families of color—especially Black families, as they have experienced chronically-high rates of poverty and economic insecurity due to historical and present-day racism that has fostered discrimination and segregation, flayed the social safety net, and undercut Black economic liberation and self-determination.

This brief summarizes the findings from CSSP's survey, which complements previously published qualitative analysis of the impact of the expanded CTC on families and communities (see textbox). The results of the survey show the expanded CTC was effective at stabilizing families economically, reducing financial and overall stress, and promoting direct investments in children for stronger futures. The survey also asked parents and caregivers how a permanent cash benefit would impact their families, and how they would like it to be structured. The findings suggest how powerful a child allowance, or a guaranteed income for families with children, can be as a policy solution to alleviate poverty and economic insecurity and promote economic well-being—especially for Black families and families with low incomes, for whom the effects of the expanded CTC on daily life were especially pronounced.

## Methodology

CSSP's survey was fielded in four states—Arizona, Michigan, Mississippi, and North Carolina—in December of 2021 and January of 2022. The states were selected because they are each states in which families with children could benefit from additional income support. Each state has a high child poverty rate, falls in the bottom half of states according to the Kids Count Child Well-Being Rankings, and has limited existing income supports.<sup>3</sup> Temporary Assistance for Needy Families (TANF), the primary cash assistance program for families with children predating the CTC expansion, serves few families living in poverty in these states, and benefit levels are among the lowest in the country.<sup>4</sup>

CSSP partnered with state and community-based organizations who serve primarily low-to-moderate income families and families of color to field the survey in these states, with the intention of reaching families who may be difficult to reach with traditional survey methods. In Arizona, we partnered with Arizona Association for the Education of Young Children (AzAEYC) and Arizona Early Childhood Education Association (AECEA), who fielded the survey in December 2021. In Michigan, we partnered with Great Start Collaborative of Kent County and United Way of Southeastern Michigan, who fielded the survey in January 2022. In Mississippi, we partnered with Boss Lady Economic Planning and Workforce Development, Springboard to Opportunities, and Mississippi Head Start Association, who fielded the survey in December of 2021 and January of 2022. In North Carolina, we partnered with

the North Carolina Partnership for Children, who fielded the survey in December of 2021 and January 2022. These trusted community partners circulated a SurveyMonkey link in English and Spanish to families through their networks—via direct outreach by service providers, internal email list serves, and internal texting networks. Families were compensated for participating.

This analysis was conducted on survey responses from a total of 1,930 families, each of whom had at least one child under the age of 18 living with them. The vast majority of responses came from the four states where our partners conducted outreach, but we also received responses from parents and caregivers in other states. Overall, three-fourths of responses (76%) came from families in Michigan (529), Arizona (467), Mississippi (270), and North Carolina (214). Nearly two-thirds (64%) of respondents identified as a person of color with the plurality identifying as Black: 45 percent of respondents identified as Black, 35 percent as White, 10 percent as Latinx/Hispanic, 5 percent as Native American, and 2 percent as Asian American. A significant majority of respondents had low or moderate incomes. While U.S. median household income in 2021 was just over \$70,000, 69 percent of survey respondents had a household income under \$50,000 a year, and 29 percent had a household income under \$25,000 a year.<sup>5</sup>

## What We Learned: The Expanded Child Tax Credit

CSSP's survey of families with children offers insights into who received the expanded CTC, how they used it, and how it affected their daily lives. The survey found:

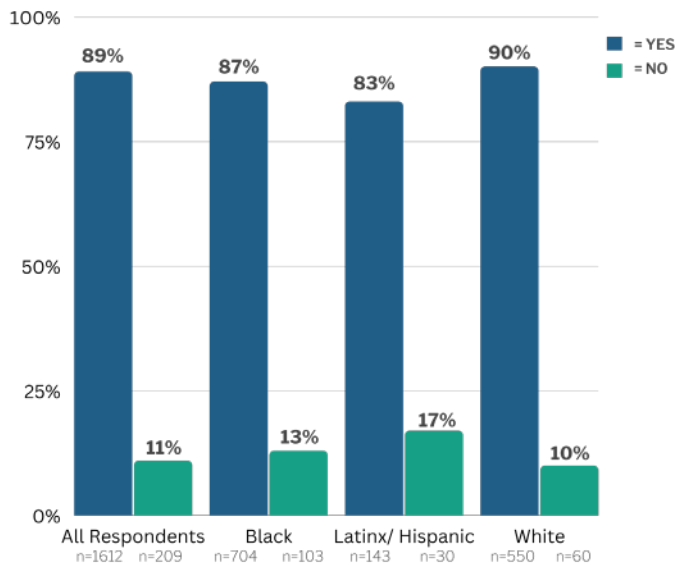
**Most families received the expanded CTC, though some reported delays and other difficulties.** Overall, 89 percent of respondents received at least one CTC payment between August and December of 2021. Consistent with other surveys, CSSP's survey found that Latinx/Hispanic respondents and respondents with incomes under \$25,000 were less likely to have received payments, at 83 percent and 84 percent respectively.

While most respondents did not report any difficulties receiving the payments, nearly 1 in 4 families (24 percent) said they received the wrong amount and 16 percent said one or more payments were late. There were not significant differences in the share of families experiencing difficulties receiving payments across race or income.

See Figures 1 & 2 on page 3 of this brief. All figures are also available in larger sizes at the end of this brief, beginning on page 6.



Figure 1. Did you receive any monthly Child Tax Credit payments in July, August, September, October, November, or December of 2021?, by Race/ Ethnicity



**The expanded CTC helped families cover essentials and maintain economic stability.** In the context of the COVID-19 pandemic, the CTC was a stabilizing support, protecting against disruptions in income as parents were laid off and child care centers closed. Consistent with other surveys, CSSP's survey found families overwhelmingly used the CTC to meet their basic needs.<sup>6</sup>

According to CSSP's survey, the top three uses of the CTC were food and groceries (48 percent), rent or mortgage (36 percent), and phone, internet, and utilities (35 percent). Black families and families with incomes under \$25,000 were significantly more likely to spend the CTC on food, housing, and utilities: 54 percent of Black families and 49 percent of low-income families spent the CTC on food and groceries, 41 percent of Black families and 45 percent of

Figure 3. Top Three Uses of the CTC

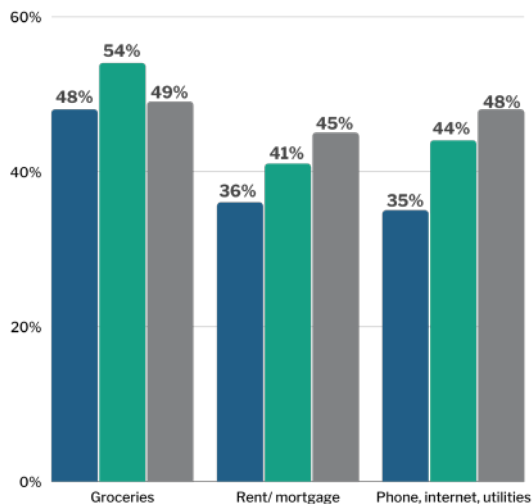
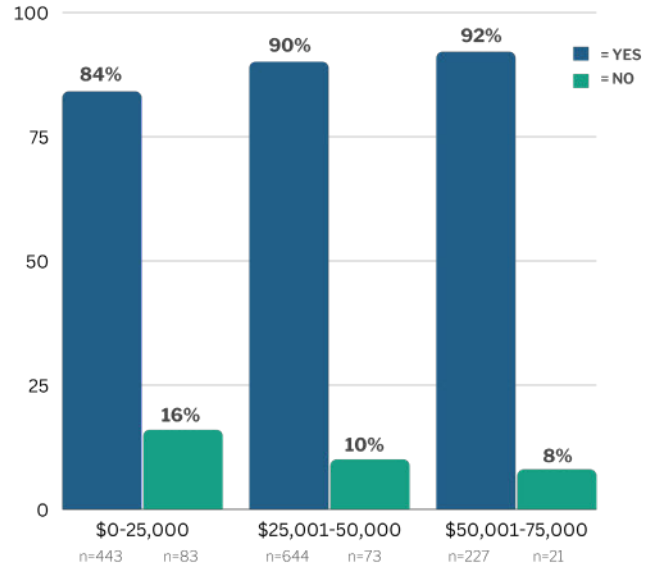


Figure 2. Did you receive any monthly Child Tax Credit payments in July, August, September, October, November, or December of 2021?, by Income



low-income families spent the CTC on rent or mortgage, and 44 percent of Black families and 48 percent of low-income families spent the CTC on phone, internet, and utilities. Other uses on concrete needs included shoes and clothing (26 percent), car or transportation expenses (21 percent) and health care (19 percent).

These uses had a direct effect on quality of life, as overall, 34 percent of respondents said that the CTC allowed them to buy more or higher quality food and 28 percent reported that it allowed them to secure stable housing. Families with incomes under \$25,000 were even more likely to report these improvements in quality of life, with 63 percent saying it allowed them to buy more or higher quality food, and 71 percent saying it allowed them to secure stable housing. Consistently having the means to meet these concrete needs sets a foundation for additional investments that promote health and well-being.

**The expanded CTC promoted direct investments in children.** Quality early childhood education, enrichment activities, and access to stimulating resources can all support children's healthy development and well-being.<sup>7</sup> In our survey, families spent the CTC on education and enrichment for their children in line with such needs. These investments included child care and day care (34 percent), after-school activities and lessons (21 percent), other school-related costs (27 percent), and toys or gifts for your children (22 percent).

**The expanded CTC promoted savings and investment for long-term economic security.** Additionally, as seen in other surveys, some families were able to begin improving overall financial wellness in ways that promotes longer term economic security. About 12 percent of families



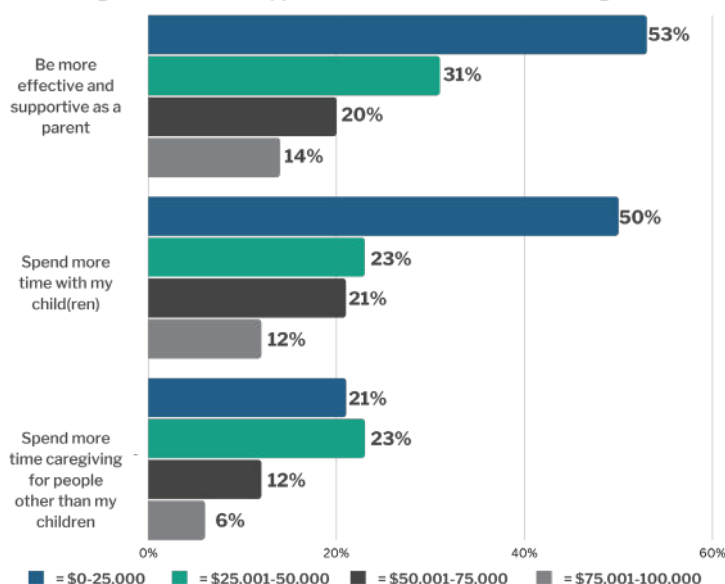
in our survey used the CTC to pay down credit card or other debts, 11 percent used it to save for emergencies, 6 percent used it to save for education, and 3 percent used it for other investments or savings. Here, there is potential for an expanded CTC to support longer term financial well-being.

**The expanded CTC significantly reduced stress and improved well-being.** When asked how the CTC affected daily life, the top response overall was that it helped reduce my financial stress, with 41 percent of respondents indicating as much. In addition, 16 percent said it helped reduce my stress or anxiety overall and 17 percent said it helped reduce the stress of my children. Families with incomes under \$25,000 were even more likely to report reductions in stress, with 93 percent saying it helped reduce my financial stress, 62 percent saying it helped reduce my stress or anxiety overall and 49 percent saying it helped reduce the stress of my children. The ability of regular cash payments to reduce stress is important, as poverty-induced stress threatens the health and well-being of caregivers, and may negatively impact child development.<sup>8</sup>

**The expanded CTC supported parents in their role as caregivers.** The CTC also freed up parents to spend valuable time with their children and build on family relationships. Overall, 27 percent of respondents indicated that the CTC allowed them “to be more effective and supportive as a parent,” and 23 percent said that it allowed them to spend more time with my children. A smaller but not insignificant share (15 percent) said it allowed them to spend more time caregiving for people other than their children, such as spouses, parents, and other extended family and fictive kin. Families with low incomes were more likely to respond that the CTC supported them as



Figure 4. The CTC Supported Parents in their Role as Caregivers

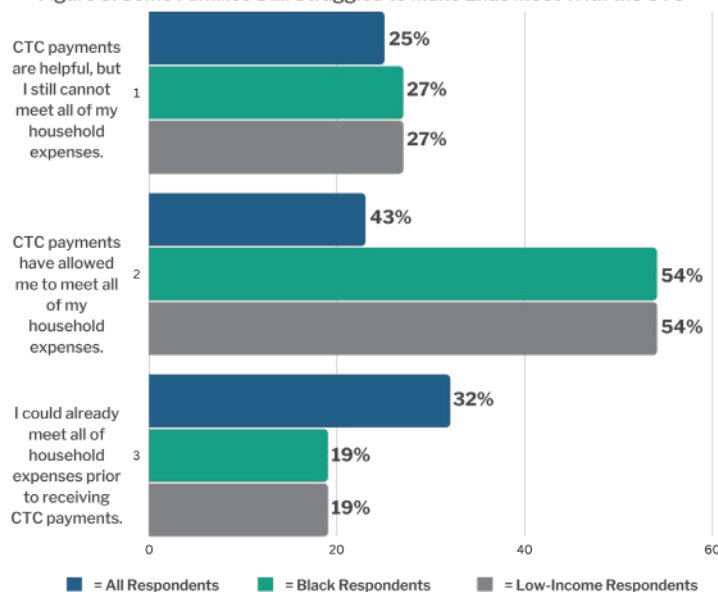


caregivers, with 53 percent saying it allowed them to be more effective and supportive as a parent, 50 percent saying it allowed them to spend more time with their children, and 21 percent saying it allowed them to spend more time caregiving for people other than their children. Supporting parents in their role as caregivers, work that is chronically undervalued and unsupported, is an important outcome of the CTC expansion.

**Despite the very real benefits of the expanded CTC, some families still struggled financially.** Even with the expansion of the CTC, however, some families still struggled to make ends meet. Administrative challenges and lack of access to free financial services may have limited the impact of the CTC for some families. For example, 22 percent of respondents reported that cashing their CTC checks reduced the amount they were able to spend. Overall, one out of four recipients said the CTC was helpful but they still could not meet all of their household expenses. A larger share of Black families and families with low incomes said it was helpful, but they still could not meet all their expenses, at 29 percent and 32 percent respectively.



Figure 5. Some Families Still Struggled to Make Ends Meet With the CTC



## What We Learned: A Future Child Allowance

The survey data clearly indicate the need for a permanent cash benefit for families with children. When parents and caregivers were asked what they would like to see in a future child allowance, they reported:

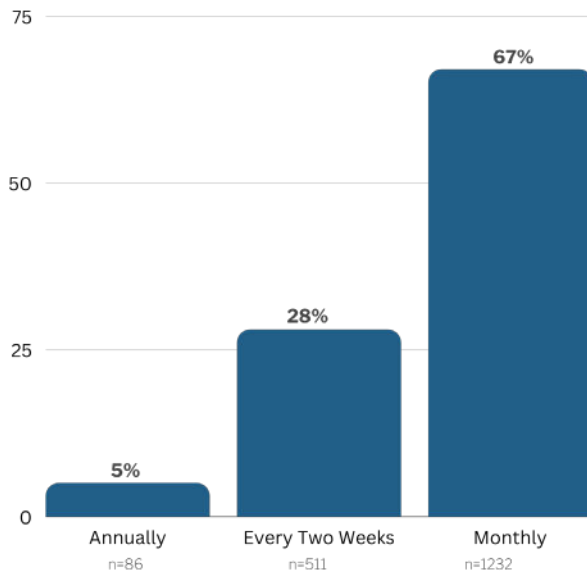
**A permanent cash benefit should be delivered regularly—at least monthly.** When families were asked how often they would like to receive a permanent cash payment for their children, respondents overwhelmingly preferred a monthly payment structure, while a smaller but still significant share would prefer payments even more frequently—every two weeks. Only 5 percent indicated



they would like the benefit delivered once a year. This aligns with findings from CSSP’s interviews with parents and caregivers, who noted that regular payments helped them better budget as expenses arise. With consistent and reliable income support, families have greater capacity to meet immediate expenses and plan for future financial goals.



Figure 6. If you were to receive a permanent cash payment for each of your children, how often would you like to receive it?



**A more generous cash benefit could do even more to promote the economic security and well-being of families.** When families were asked how much they would need from a permanent cash benefit for it to be most helpful with household expenses, the majority indicated that it should be more generous than the 2021 CTC. Overall, the median amount families indicated they needed to meet their household expenses was \$500 per month per child.

When families were asked an open-ended question about how a benefit set at this level would affect their “economic or financial security and health and well-being,” their responses indicated that the impact would be similar to the expanded CTC, but farther reaching. The most common response was that a permanent benefit would reduce stress. As one parent wrote, “It would help me not have as many panic attacks about not being able to provide like I need to for my children!” Parents often noted that the reduction in stress would improve their health overall, and also improve their parenting and relationships with others. As one parent wrote, “it would allow me to be healthier while alleviating some of my stress; therefore be more attentive and supportive to my children.” Another echoed this sentiment, explaining that a permanent benefit would provide “a better foundation for my children and decrease stress to be the parent I need to be.” It would even, some parents noted, increase happiness. As one parent explained, “I would feel less

stressed out about paying bills which would make me a very happy mommy.” Another observed, “I won’t be under as much pressure. Extra time with the kids. The child’s quality of life will improve. We will feel happy.”

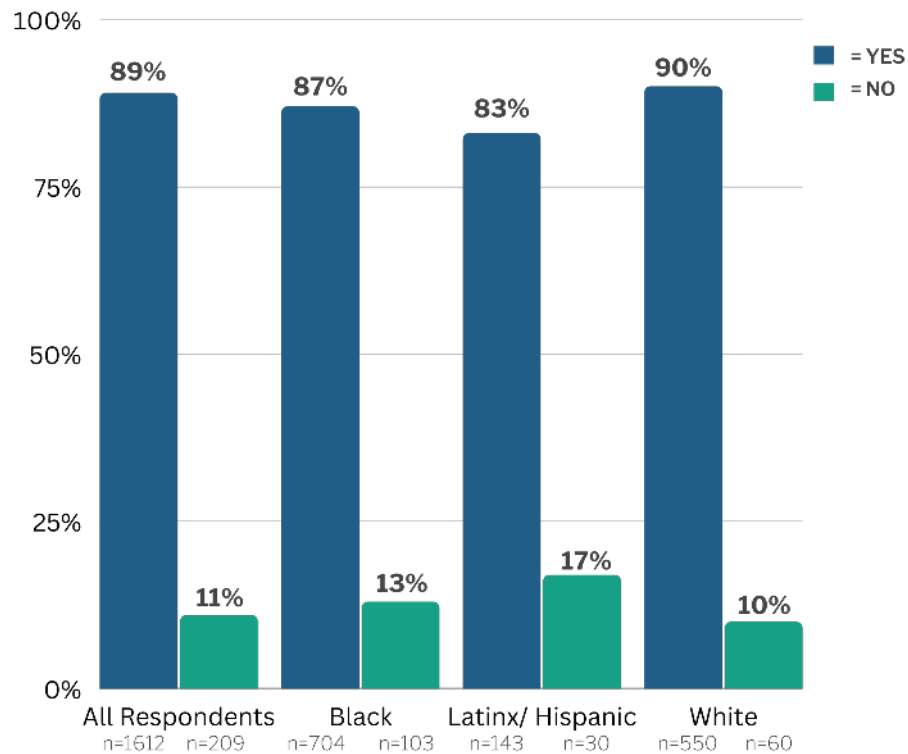
Behind stress-reduction, the most common responses to the open-ended question noted how it would allow families to keep up on their bills and meet particular expenses. Many parents and caregivers highlighted how a permanent benefit would help them buy healthier food, or pay for housing, transportation, clothing, and health care. Indeed, health was a more prominent theme in these responses than in the earlier survey questions about the CTC, with parents noting how a permanent child benefit would allow them “to go to the doctor’s for check ups and/or emergency care” and “buy medicines and things I need for my children.” Other parents and caregivers noted how a permanent child benefit would help them pay for child care, extracurricular activities for their children, therapy for children with special needs, and family outings. As one parent explained, “it would make my children’s lives more comfortable to be able to get them shoes, winter gear, or extracurricular activities like martial arts or music lessons.” Debt was another prominent theme, with parents and caregivers noting how a permanent cash payment would allow them to pay down their credit card debt or school loans, which in turn would reduce their stress. In the end, the whole family would benefit. As one parent explained, “I would be able to come closer to provide a living for my children, with healthy foods, education, and some type of life, rather than going in debt paycheck to paycheck and hardly getting by each month.”

## Where Do We Go From Here...?

The expanded CTC was a critical support for families with children, helping families meet their basic needs, enabling direct investments in children, and supporting parents in their caregiving roles. By increasing access to concrete supports and social connections, it promoted the healthy growth and development of children and families.<sup>9</sup> This was particularly true for Black families and families with lower incomes, who benefited significantly from the credit, and were more likely to need support meeting basic needs due to chronic disinvestment and the role systemic racism has played shaping supports and systems. A permanent child allowance, the survey made clear, could do even more. Whether delivered through the tax system or another federal agency, a permanent guaranteed income for families with children would promote health and well-being and ensure that parents and caregivers could meet their children’s needs and provide the opportunities and experiences they envisioned for their children. The benefits, ultimately, would have the potential to reverberate through society as a whole, advancing racial and economic justice and setting up all children fulfill their potential.



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**Figure 2. Did you receive any monthly Child Tax Credit payments in July, August, September, October, November, or December of 2021?, by Income**

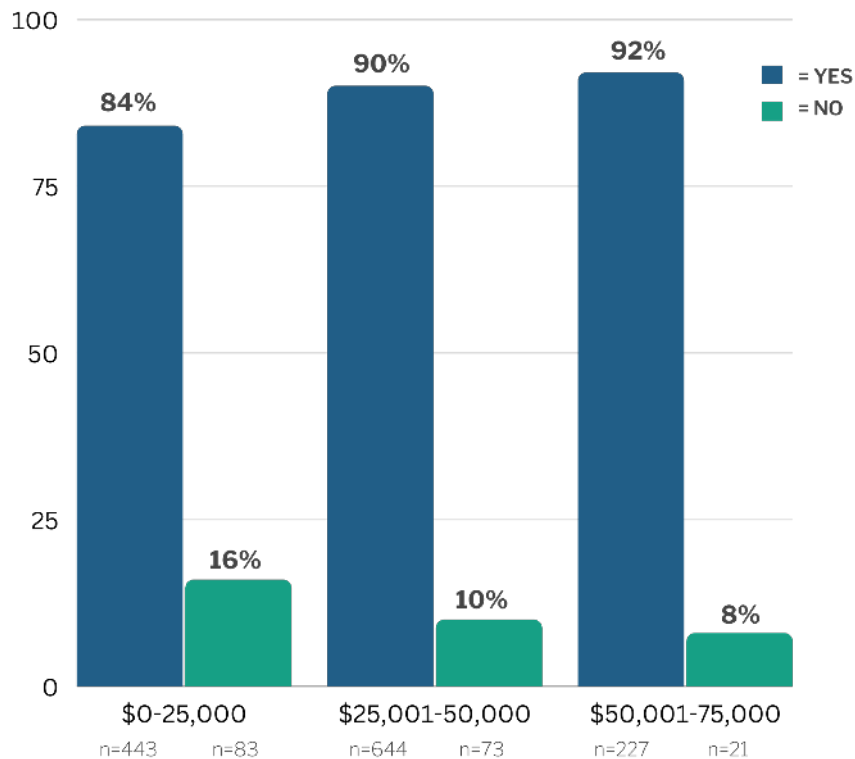


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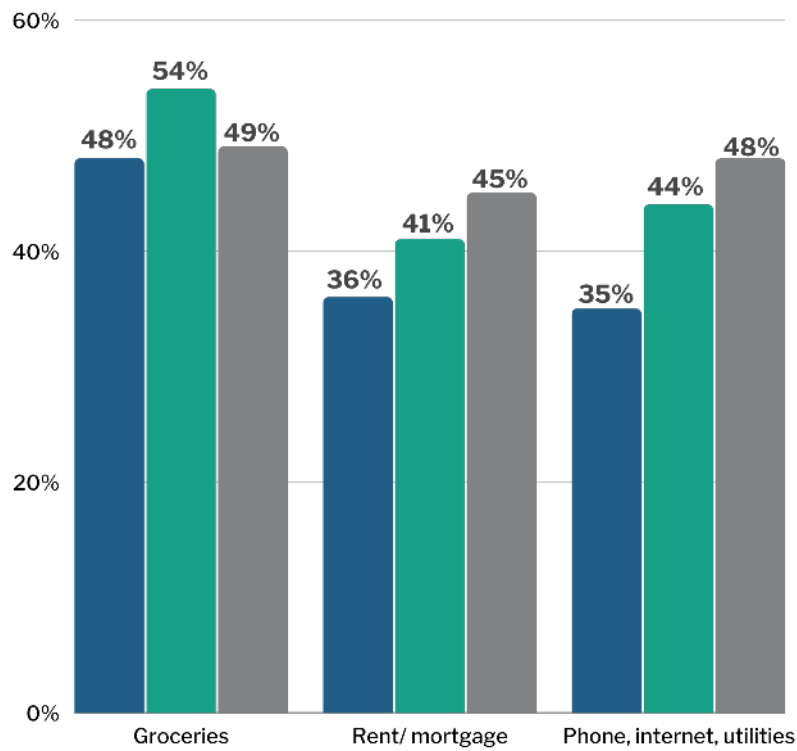
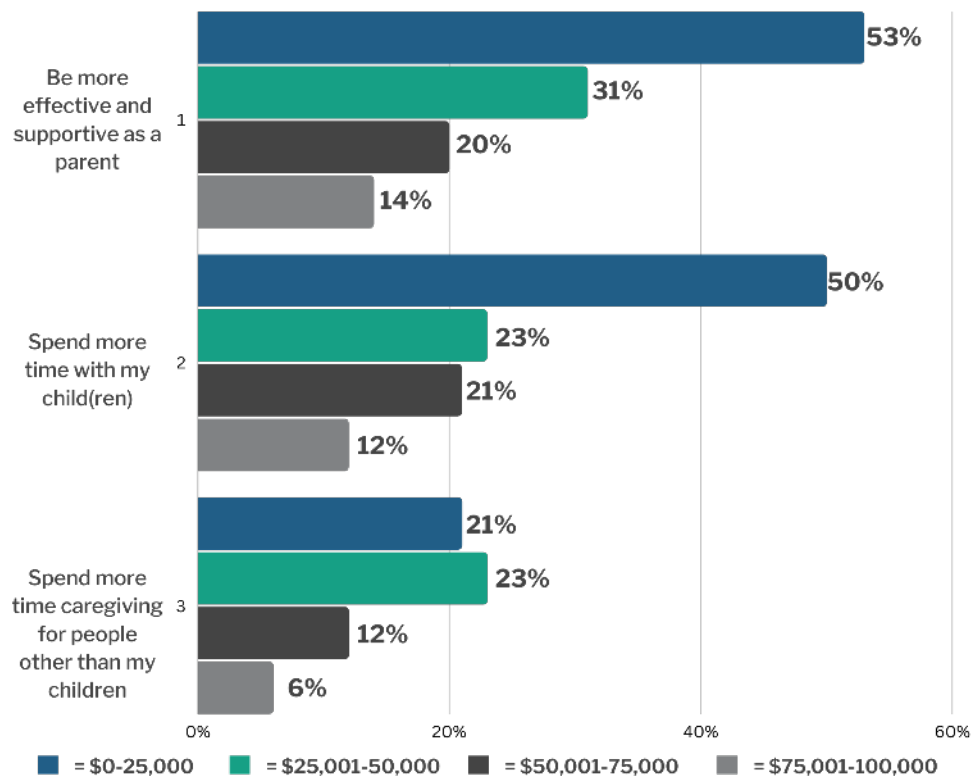
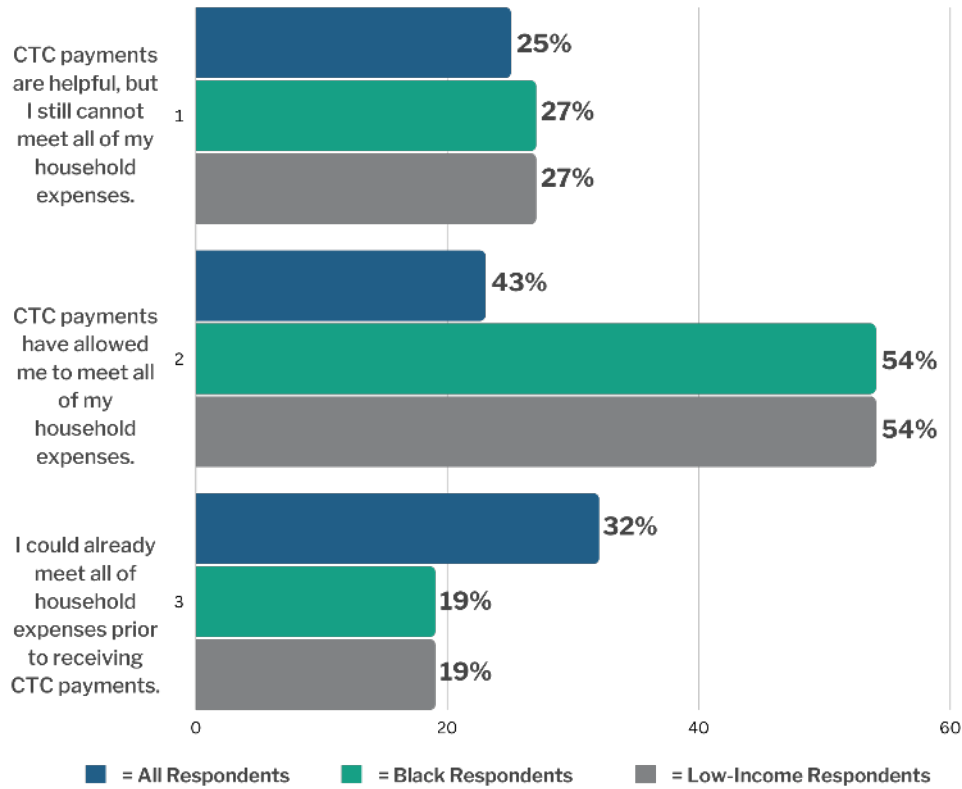


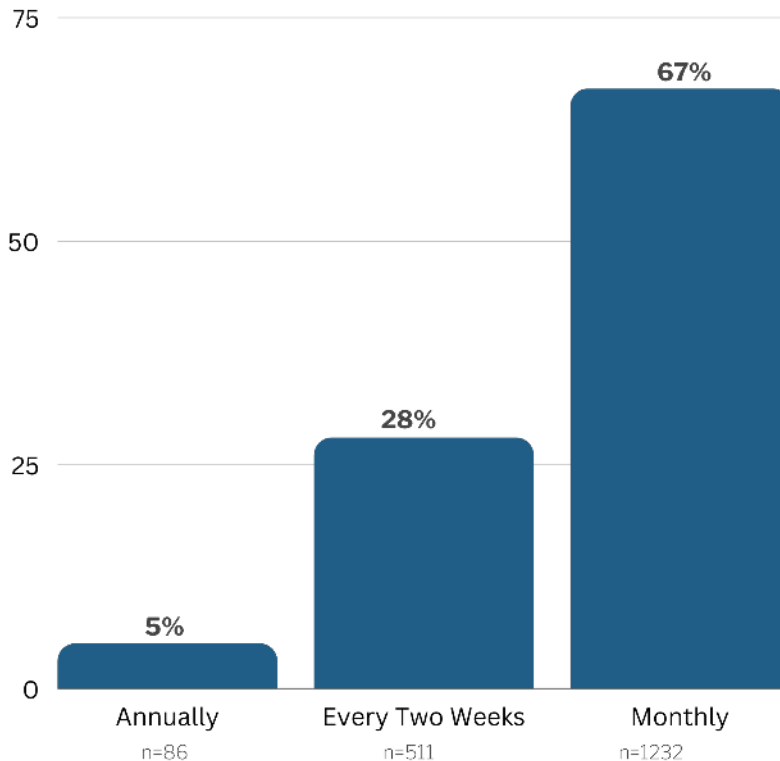
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**Figure 5. Some Families Still Struggled to Make Ends Meet With the CTC**



**Figure 6. If you were to receive a permanent cash payment for each of your children, how often would you like to receive it?**





## Acknowledgments

This work would not have been possible without the partnership of state and local organizations who fielded this survey. We are deeply grateful to Arizona Association for the Education of Young Children (AzAEYC) and Arizona Early Childhood Education Association (AECEA); Great Start Collaborative of Kent County and United Way of Southeastern Michigan; Boss Lady Economic Planning and Workforce Development, Springboard to Opportunities, and Mississippi Head Start Association; and the North Carolina Partnership for Children. Thanks also to colleagues at CSSP who reviewed drafts and provided guidance and support, including Ellie Kaverman, Megan Martin, and Jessica Pika.

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## Endnotes

- <sup>1</sup> On the impact of the CTC see for example Hamilton, Leah et al. “The impacts of the 2021 expanded child tax credit on family employment, nutrition, and financial well-being.” Brookings Institutions, April 13, 2022. Available at: <https://www.brookings.edu/research/the-impacts-of-the-2021-expanded-child-tax-credit-on-family-employment-nutrition-and-financial-well-being/>. Burnside, Ashley. “Key Findings from the National Child Tax Credit Survey: CTC Monthly Payments Are Helping Improve Family Well-Being.” Center for Law and Social Policy, November 17, 2021. Available at: <https://www.brookings.edu/research/the-impacts-of-the-2021-expanded-child-tax-credit-on-family-employment-nutrition-and-financial-well-being/>. Golden, Elaine. “2021 Advance Child Tax Credit: Reach, Payment Methods, Costs to Recipients, and Uses.” Financial Health Network, June 28, 2022. Available at: <https://finhealthnetwork.org/research/2021-advance-child-tax-credit/>. Shafer, Paul R. et al. “Association of the Implementation of Child Tax Credit Advance Payments With Food Insufficiency in US Households.” JAMA Network Open, January 13, 2022. Available at: <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2788110>.
- <sup>2</sup> Burns et al. “Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020.” The Census Bureau, September 13, 2022. <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>.
- <sup>3</sup> See U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE), Under Age 18 in Poverty, Available at: [https://www.census.gov/data-tools/demo/saipe/#/?s\\_measures=u18](https://www.census.gov/data-tools/demo/saipe/#/?s_measures=u18). Annie E. Casey Foundation. “2022 Kids Count Data Book, State Rankings on Overall Child Well-Being.” Available at: <https://www.aecf.org/interactive/databook>.
- <sup>4</sup> On access to TANF and benefit levels, see Shrivastava, Aditi and Gina Azito Thompson. “Cash Assistance Should Reach Millions More Families to Lessen Hardship.” Center on Budget and Policy Priorities, February 18, 2022. Available at: <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen>. Safawi, Ali and Cindy Reyes. “States Must Continue Recent Momentum to Further Improve TANF Benefit Levels.” Center on Budget and Policy Priorities, December 2, 2021. Available at: <https://www.cbpp.org/research/family-income-support/states-must-continue-recent-momentum-to-further-improve-tanf-benefit>.
- <sup>5</sup> Semega, Jessica and Melissa Kollar. “Income in the United States: 2021.” U.S. Census Bureau, September 13, 2022. Available at: <https://www.census.gov/library/publications/2022/demo/p60-276.html>.
- <sup>6</sup> See Burnside, “Key Findings from the National Child Tax Credit Survey” and Hamilton et al “The impacts of the 2021 expanded child tax credit.”
- <sup>7</sup> Duncan, Greg et al. “Investing in Early Childhood Development in Preschool and at Home.” NBER Working Paper 22985, September 2022. Available at: <https://www.nber.org/papers/w29985>.
- <sup>8</sup> See generally, “A Roadmap to Reducing Child Poverty.” National Academy of Sciences, 2019, Chapter 3, available at: <https://nap.nationalacademies.org/read/25246/chapter/5#67>. See also Dijkstra-Kersten, S., Biesheuvel-Leliefeld, K., van der Wouden, J., Penninx, B., & van Marwijk, H. (2015). Associations of financial strain and income with depressive and anxiety disorders. J Epidemiol Community Health. 69(7):660-5. doi: 10.1136/jech-2014-205088. Ellwood-Lowe, M., Foushee, R., & Srinivasan, M. (2022). What causes the word gap? Financial concerns may systematically suppress child-directed speech. Dev Sci., 25(1):e13151. doi: 10.1111/desc.13151.
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