

ADVANCE CHILD TAX CREDIT

Supported Families Experiencing Economic Shocks



Summary of Findings: A new study from Boston University School of Public Health and Children's HealthWatch found the 2021 advance Child Tax Credit payments reduced food insufficiency, especially for families experiencing economic shocks like those of missed work due to illness furlough, or job loss.

THE ADVANCE CHILD TAX CREDIT

The 2021 American Rescue Plan Act significantly expanded the federal Child Tax Credit by increasing the credit amount, making it available to families with no or little income, and disbursing the benefit in advance or monthly payments. This temporary expansion provided families with up to \$300 per child over six months, from July – December of 2021.

National data found that families used the monthly payment to purchase food, clothing, school supplies, and to pay bills.^{1,2} The additional funds also have been credited with cutting child poverty in half and reduced food insufficiency by 26%.³ Children's HealthWatch research demonstrated that the funds also supported family health – compared to those who did not receive the advance payments, parents who received them were more likely to be in good health.⁴ These families were also more likely to catch up on rent and maintain stable housing.^{5,6}

When Congress failed to extend the expanded

Child Tax Credit, its subsequent expiration in early 2022 led to increased food insufficiency, child poverty, and material hardship.⁴ Food insufficiency puts children at risk of poor mental and physical health and makes it difficult for them to achieve in school and form relationships with family, friends, and other important adults, like teachers.



Health or Employment-related Economic Shock – Missed work due to COVID-19 or another illness, or a COVID-19-related employer closure, layoff, or furlough.



Food Insufficiency – sometimes or often not having enough to eat in the last seven days; a known risk for child and adult health. Food insufficiency represents a severe end of the food insecurity spectrum.



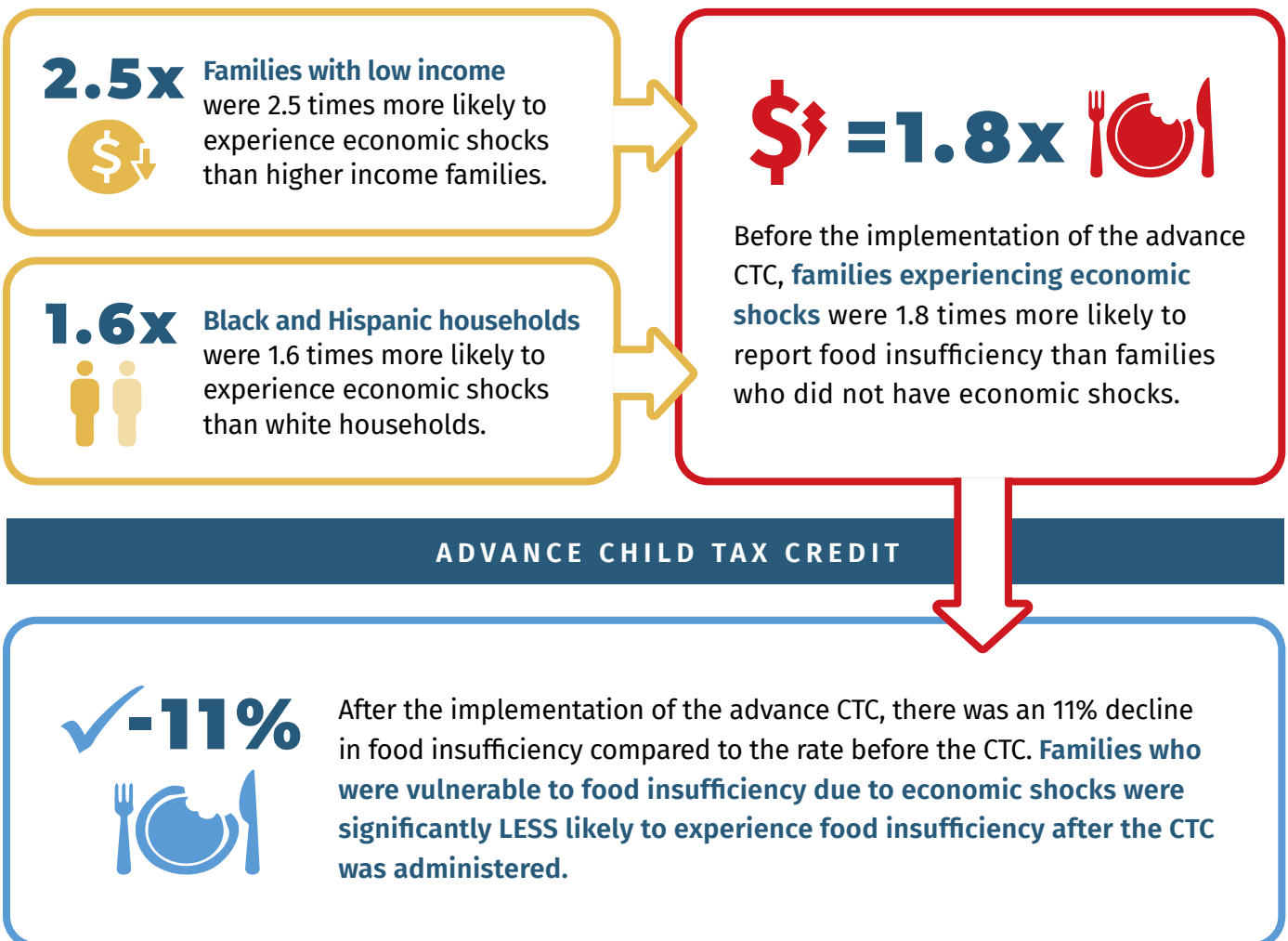
ECONOMIC SHOCKS

Unexpected health or employment-related economic shocks, such as missed work, may cause families to lose wages. As a result, they may experience material hardships, including food insufficiency. Many families in the U.S. live paycheck-to-paycheck, making them vulnerable to the impact of any lost wages. During COVID-19, low-income, Black, and Hispanic families were most likely to miss work due to illness, and least likely to have paid sick leave, due to discrimination and structural racism which have driven disparities in job type, income, and wealth.

New Research

Using Census Household Pulse Survey respondent data from January 2021-July 2022, we evaluated the association between the advance Child Tax Credit payments and food insufficiency among families with children experiencing health- or employment-related economic shocks.⁷ The study focused on families with low incomes who were more likely to be at risk for food insufficiency. The study found that families with low incomes with economic shocks had a higher prevalence of food insufficiency compared to low-income families without economic shocks. The advance Child Tax

Evidence Shows the CTC Has Significant Impact for Low Income Families with Children



Credit was associated with **greater reductions in food insufficiency** among families with children experiencing economic shocks compared to those not experiencing economic shocks.⁸

THE ADVANCE CHILD TAX CREDIT PROTECTS FAMILIES WITH CHILDREN

The advance Child Tax Credit was pivotal in keeping families fed, housed, and healthy during the pandemic. The monthly payments allowed families to meet their basic needs and reduced hardships

for the entire household. **Expanding upon previous research, this study finds that the payments were especially impactful for families facing missed hours at work or a loss of work due to health issues or employer layoffs.**⁸ The payments helped families to keep food on their table at a time of crisis.

Making a monthly advance Child Tax Credit permanent and available to all families — including those with little or no earnings — could support resilience to economic shocks during disease outbreaks, climate disasters, and recessions.

POLICY RECOMMENDATIONS

Research has shown that the advance Child Tax Credit helped families with their health and well-being. As we advocate for this policy, we also must keep in mind ensuring it is accessible and equitably distributed. Previous research from Children’s HealthWatch showed large disparities in who was able to benefit from the expanded Child Tax Credit. To not only support families who can access the Child Tax Credit but all those eligible, we recommend the following:

- 1. Pass a permanent, expanded, and inclusive advance Child Tax Credit** that ensures all children — regardless of immigration status and without requirements for earned income — are eligible for monthly payments that improve family health and well-being.

- 2. Invest in effective, culturally appropriate outreach and enrollment efforts** that focus on community-driven solutions for increasing awareness of and access to the Child Tax Credit.
- 3. Reduce structural barriers to the Child Tax Credit** by creating a permanent, accessible simplified tax-filing platform available in multiple languages, that is consistently evaluated and improved to promote equitable access to the Child Tax Credit — particularly for marginalized families.
- 4. Implement automatic stabilizers across policies** that ensure programs and income supports are able to rapidly respond to economic downturns and pass regulatory measures for corporations and other highly profitable entities to reduce rising inflation that directly impacts the costs of basic needs.



This policy brief is based on data from the following article: McCann NC, Dean LT, Bovell-Ammon A, Ettinger de Cuba S, Green T, Shafer PR, Raifman J. Association between the Child Tax Credit advance payments and food insufficiency in US households experiencing health- or employment-related economic shocks. *Health Affairs Scholar*. 2024; qxae011. doi.org/10.1093/haschl/qxae011

Endnotes

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Authors Nicole McCann, MPH, Stephanie Ettinger de Cuba, PhD, MPH, Kate Scully, JD, Charlotte Bruce, MPH, and Paul Shafer, PhD

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For further information contact Kate Scully, Director of Policy and Communications, kate.scully@bmc.org.



Boston Medical Center
801 Albany Street, Third Floor
Boston, MA 02119
617.414.6366
info@childrenshealthwatch.org

BU School of Public Health

Boston University School of Public Health
715 Albany Street
Boston, MA, 02118
(617)-358-3301
sph@bu.edu