



**NATIONAL
WOMEN'S
LAW CENTER**

An Expanded, Advance Child Tax Credit Would Benefit Parents With Young Children

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Refundable tax credits have proven antipoverty effects

- Poverty reduction
- Improved health outcomes for mothers *and* children
- Improved educational outcomes for children
- Increased future employment outcomes for children

Refundable tax credits increase equity and progressivity of the federal tax code

- Federal income tax rates increase as income increases, but progressivity of tax code is undermined by loopholes and tax cuts for wealthy.
- Federal refundable tax credits benefit families with low incomes, women & people of color (who are overrepresented in lower income brackets).
- This increases economic, racial and gender equity in the tax code.

Families with young children face financial stress

- Parents with young children may be starting out in their careers
 - Lower incomes & more hour/job volatility
 - In 2020, younger workers were more likely to temporarily stop working or to lose a job or business
 - Fewer savings in case of emergencies
- Other costs for young workers: student loans or housing
- Increased costs of raising very young children (e.g., diapers)
- Children under 5 experience higher poverty rates than older children

Expanded federal CTC for 2021

- CTC amount increased from \$2,000 per child under age 17
 - \$3,600 per child under age 6
 - \$3,000 per child 6-17
- Full refundability
- Advance payments from July-Dec. 2021
 - Half of CTC amount
 - \$250/\$300 per month per child

Evidence shows benefits of expanded federal CTC over the past 6 months

- Poverty reduction: CTC monthly payments reduced child poverty by 30% in December 2021
- Alleviated material hardship: the vast majority of low-income families spent some or all of their monthly payments on necessities
 - Food
 - Housing
 - Help with household expenses and bills
- Reduced financial stress: in a national poll, nearly 70 percent of families receiving monthly payments said the payments made them less stressed about money.

Families are stressed by loss of advance federal payments

- Use of CTC payments for necessities means families will do without
 - Some families are already reporting cutting back on healthy food and leaving bills unpaid
- Other COVID relief has expired
- Omicron surge

“For us people that live in poverty, life is so expensive.... Rent is expensive, getting to work is expensive.... It’s all so expensive when you are not making enough money.”

–Lydia Coe, mother of two

For More Information

- Amy Matsui, amatsui@nwlc.org
- <https://nwlc.org/resources/permanently-expanded-refundable-tax-credits-will-support-an-equitable-economic-recovery/>
- <https://www.clasp.org/publications/report/brief/key-findings-national-child-tax-credit-survey-ctc-monthly-payments-are>
- <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/61c499b72338bb0fb7012b6b/1640274362155/Child-Tax-Credit-Research-Roundup-CPSP-2021.pdf>
- <https://www.cbpp.org/blog/with-monthly-payments-stalled-congress-needs-to-act>
- <https://www.washingtonpost.com/business/2022/01/14/child-tax-credit-lapse-january/>
- <https://www.gallup.com/workplace/358385/younger-workers-worse.aspx>