

# Child tax credits provided significant relief to families experiencing economic shocks during COVID, study finds

February 21 2024

---



Credit: Unsplash/CC0 Public Domain

As a proposal to reinstate expanded Child Tax Credits (CTC) in the United States awaits a vote in the Senate, a new study led by Boston

University School of Public Health (BUSPH) researchers reveals that the now-expired 2021 CTC expansion benefited families experiencing financial setbacks due to health or employment challenges spurred by the COVID-19 pandemic.

[Published](#) in the journal *Health Affairs Scholar*, the study found that monthly advance payments included in the 2021 CTC expansion enabled all families with [children](#) to afford enough food, but it particularly benefited families with children who experienced economic shocks—defined as missed work due to illness, furloughs, or job loss—during the pandemic.

These advance payments, which provided an extra \$250–\$300 per month to the majority of American households with children from July 2021 to December 2021, reduced food insufficiency by 11% in families with children experiencing these economic shocks, compared to families who didn't experience the shocks and families without children, the new findings show.

Low-income, Black, and Hispanic families reaped the greatest benefits, as these groups were most likely to miss work during the pandemic and least likely to earn paid sick leave.

In addition to the monthly cash benefits, the CTC expansion also broadened eligibility to households with low or no income and provided larger credits to families with younger children, under the American Rescue Plan that Congress passed in 2021. Even though the expansion lifted nearly 3 million children out of poverty and reduced food insufficiency by [26%](#) among all US households with children, Congress failed to extend the legislation at the end of 2021, and the benefits returned to its narrower, pre-pandemic structure in early 2022.

Advocates for the legislation hope the new bill, which is part of a [\\$78](#)

[billion tax proposal](#) that recently received bipartisan House support, will restore economic relief to families struggling financially.

The new study is among the first to evaluate how the impact of the advance CTC payments varied among families based on the health and employment challenges they experienced as a result of the pandemic.

The researchers hope these data can inform and strengthen the new legislation as it gains momentum. It is a scaled-back version of the prior bill, restoring eligibility for some [low-income](#) households, but excluding the lowest-income families and omitting the crucial monthly advance payments.

"Without including the key benefits of monthly payments and eligibility for the lowest-income households, the current proposal falls short of the 2021 expansion," says study lead and corresponding author Nicole McCann, a Ph.D. candidate studying health services and [policy research](#) at BUSPH.

"Fully reinstating the 2021 benefits could create greater long-term resilience to hardship in future crises, like disease outbreaks, climate disasters, and recessions."

However, she says, "the current proposal is 'still an important step in the right direction,' as the Center on Budget and Policy Priorities estimates it would benefit 16 million children and lift 400,000 out of poverty this year, if passed."

For the study, McCann and colleagues utilized nationally representative survey data to examine the association between the advance CTC monthly payments and food insufficiency among households with children—more than 1.1 million Americans in total—experiencing work absences due to health- or employment-related issues from January 2021

to July 2022.

Food insufficiency (versus food insecurity) is defined by a single measurement to assess the amount and quality of food in households in the last seven days, while [food insecurity](#) is determined by a more comprehensive set of factors developed by the United States Department of Agriculture.

Families who earned less than \$35,000 per year were 150% more likely to experience these economic shocks than higher-income families during this time of the pandemic, while Black and Hispanic households were 68 and 55% more likely to experience them, respectively, than White households. Consequently, after Congress failed to renew the CTC, these shocks were linked to an 80% increase in food insufficiency.

These results not only show that certain racial and ethnic groups were affected differently by the pandemic and the protective role of the advance CTC, but also why we see those differences, says study co-author Dr. Stephanie Ettinger de Cuba, research associate professor of health law, policy & management at BUSPH.

"Black and Hispanic families were most likely to have lost jobs or gotten sick during the pandemic and, therefore, experienced the income loss that drives food insufficiency and related poor health outcomes. The advance CTC provided a buffer from those effects allowing these families to have enough food during times of severe financial strain."

Furthermore, the long-term benefits of a permanently restored CTC expansion would extend beyond food affordability and other day-to-day necessities, says study co-author Dr. Paul Shafer, assistant professor of health law, policy & management at BUSPH.

"There is emerging evidence that the CTC advance payments also had

positive effects on parents' mental [health](#), strengthening the case for revisiting this policy as a way to reduce economic precarity and help families thrive," he says.

The study was also coauthored by researchers at BUSPH, Johns Hopkins Bloomberg School of Public Health, Boston Medical Center, and the University of Wisconsin-Madison.

**More information:** Nicole C McCann et al, Association between Child Tax Credit advance payments and food insufficiency in households experiencing economic shocks, *Health Affairs Scholar* (2024). [DOI: 10.1093/haschl/qxae011](https://doi.org/10.1093/haschl/qxae011)

Provided by Boston University

Citation: Child tax credits provided significant relief to families experiencing economic shocks during COVID, study finds (2024, February 21) retrieved 14 May 2024 from <https://medicalxpress.com/news/2024-02-child-tax-credits-significant-relief.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--