



breadfortheworld
HAVE FAITH. END HUNGER.

Permanently Expand the Child Tax Credit to Reduce Child Hunger

As part of the \$1.9 trillion American Rescue Plan, Congress passed and President Biden signed a one-year expansion of the Child Tax Credit (CTC), making the credit available to all low-income families with children. This temporary expansion, which lapsed December 31, 2021, reduced hunger and poverty among our nation's children more than any other single policy has ever done.

Before the expansion, an estimated 27 million children under age 17 lived in families—many with working parents—who did not qualify for the full CTC because they did not have sufficient taxable income.¹ These are families in which food insecurity and hunger are widespread.

Young children are more vulnerable than any other group to the damaging impacts of hunger,² even for short periods. At the same time, families with young children are more likely to face hunger than those with older children.³ This is why additional monthly resources are especially important for young children.

All children benefited from CTC expansion, but children from groups that have disproportionately high hunger rates benefited most. The Columbia Center on Poverty and Social Policy projected that poverty among Black children would be reduced by 52 percent, among Latino children by 45 percent, among Native American children by 62 percent, among Asian American and Pacific Islander children by 37 percent, and among white children by 39 percent.⁴



August de Richelieu/Pexels

CTC expansion may have had the largest impact for families in rural areas, where child poverty rates are highest. The additional resources also stretch further in areas where wages and living costs such as housing are lower than in metropolitan areas.

Expanding the CTC permanently would do more to reduce hunger and poverty among our nation's children than any single policy has in decades.

Providing the credit monthly, rather than in a lump sum when families file their taxes, makes the CTC more effective in preventing hunger. Frequently, low-income households run short of grocery money on a cyclical basis—for example, in the days before workers receive their next paycheck. Participating in the Supplemental Nutrition Assistance Program (SNAP) helps reduce hunger but does not solve this problem,

because SNAP benefits are too low. According to USDA, most households have used their monthly allotment by the second to third week of the month.⁵ Monthly CTC payments

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MAJOR COMPONENTS OF THE CTC EXPANSION:

- Increases the benefit from \$2,000 per year to \$3,600 for children up to age 6 and to \$3,000 for children 6-17.
- Delivers monthly installments of \$300 for each younger child and \$250 for each older child.
- Equally available to all families starting at \$0 income through middle-income status.

help ensure that families can put food on the table every day of the month.

The additional resources smooth out fluctuations in monthly incomes and make it possible for families to be more independent and rely less on food banks and other charitable services, underscoring the dignity of providing food for themselves.

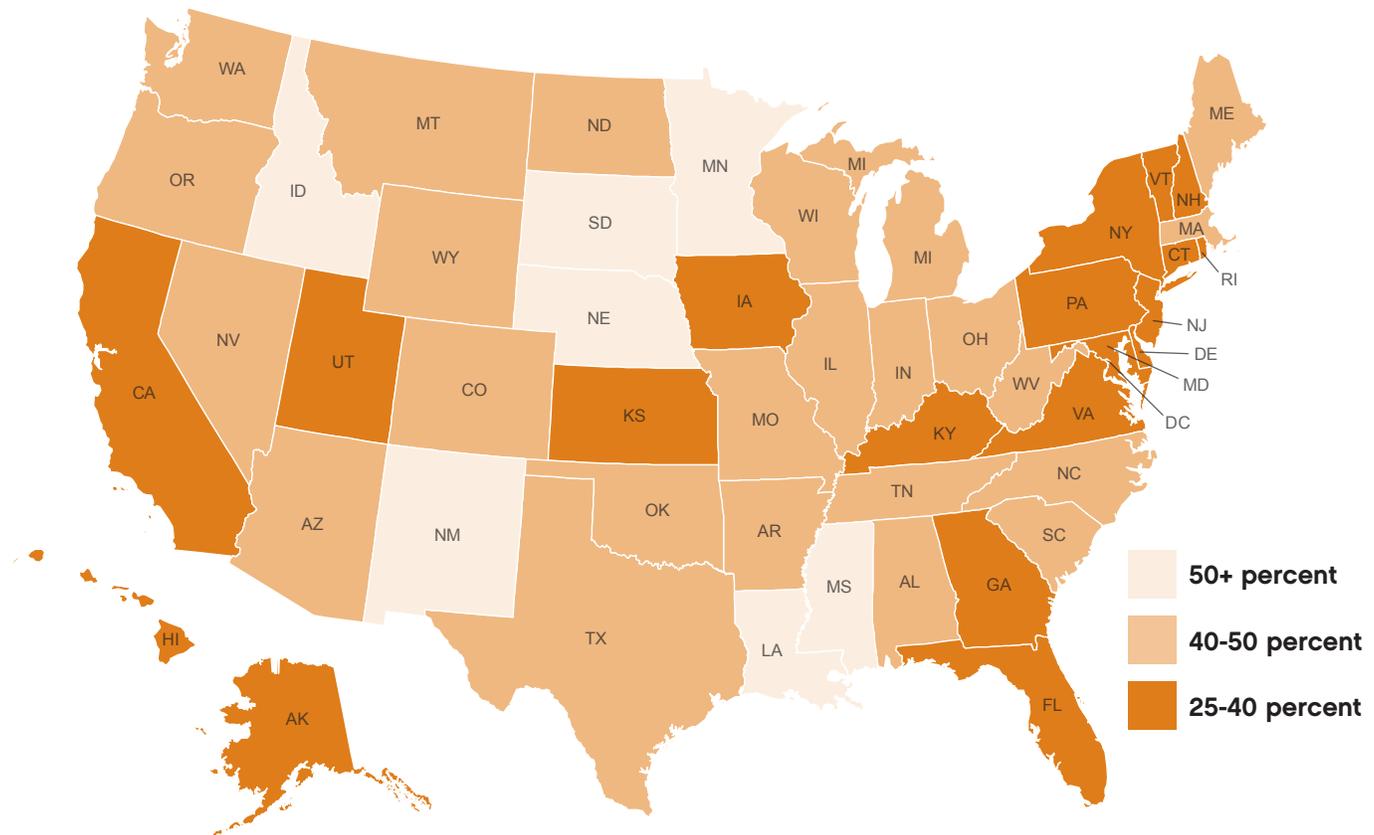
In 2019, the National Academies of Sciences prepared models of the impact of various policy reforms on poverty among children. A CTC expansion had a larger impact on reducing child poverty than any other policy or combination of policies studied.⁶

A permanent CTC expansion not only contributes to

better life prospects for the most vulnerable children in the country but also offers a good return on investment. In a very practical sense, the United States cannot afford *not* to reduce poverty among children, because every year, child poverty costs the economy between \$800 billion and \$1.1 trillion.⁷ The costs come in lower productivity, higher healthcare costs, and the need to spend more on social services such as public safety, assistance for people who are homeless, incarceration, and care for survivors of child abuse.

The temporary CTC expansion has had a significant impact, but it ended in a few short months. We must work to make the expansion permanent and available to all children, including those living in poverty and those in immigrant families with taxpayer ID numbers.

Estimated Percentage Reduction in Child Poverty



Source: Based on analysis by the Center on Poverty and Social Policy, Columbia University, 2021. "A Poverty Reduction Analysis of the American Family Act." *Poverty and Social Policy Fact Sheet*. <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/600f2123fdfa730101a4426a/1611604260458/Poverty-Reduction-Analysis-American-Family-Act-CPSP-2020.pdf>

Endnotes:

- 1 <https://www.mobilitypartnership.org/improving-child-tax-credit-very-low-income-families>
- 2 <https://srcd.onlinelibrary.wiley.com/doi/full/10.1111/cdev.12764>
- 3 <https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/key-statistics-graphics.aspx#verylo>
- 4 <https://cssp.org/2021/02/one-path-to-a-child-allowance-reforming-the-child-tax-credit/>
- 5 <https://www.cbpp.org/research/food-assistance/more-adequate-snap-benefits-would-help-millions-of-participants-better>
- 6 <https://www.nap.edu/child-poverty/highlights.html>
- 7 Ibid.