

Families and individuals are working hard but face numerous challenges outside their control, such as inadequate wages, inequitable economic growth, and lack of access to affordable housing, health care, sufficient disability benefits, and other needed support systems. These obstacles — often driven and exacerbated by systemic racial and other inequities — can increase rates of hunger. As effective as the federal nutrition programs are, they cannot end hunger alone. Additional strong federal investments are needed to address these and other root causes of hunger.

The Child Tax Credit (CTC) expansion included in the American Rescue Plan is such an investment. It has bolstered efforts to address hunger and its root causes — most notably poverty — by providing a lifeline for families with children to put food on the table; pay housing expenses, debts, and child care; and supplement lost wages due to the pandemic.

Poverty as a Driver of Hunger

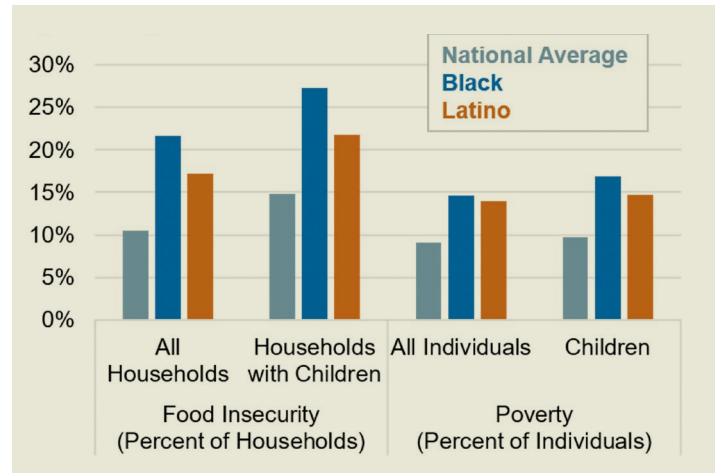
Anti-hunger advocates know that ending hunger requires addressing its root causes. Two key drivers of food insecurity are poverty and systemic inequities, which have driven rates overall and have resulted in higher rates of poverty and hunger for certain groups of people, including Black, Latinx,¹ and Native American households.²

As shown in Figure 1, families with children face higher rates of poverty and food insecurity compared to all households, especially Black and Latinx households with children.

The Child Tax Credit

The Child Tax Credit (CTC), established in 1997, is a partially-refundable tax credit available to families with children under the age of 17 who meet certain eligibility requirements.³ The CTC has a long history of reducing poverty by

Figure 1: Disparities in Rates of Food Insecurity and Poverty in 2020



Note: Nationally-representative data are not available for Native American households.

Sources: Food insecurity data is from: Coleman-Jensen, A., Rabbitt, M.P., Gregory, C.A., & Singh, A. (2021). *Household Food Security in the United States in 2020*. ERR-298. Available at: <https://www.ers.usda.gov/publications/pub-details/?pubid=102075>. Poverty is measured using the Supplemental Poverty Measure and is sourced from Fox, L. & Burns, K. (2021). *The Supplemental Poverty Measure: 2020*. P60-275. Available at: <https://www.census.gov/library/publications/2021/demo/p60-275.html> as well as Burns, K., Wilson, D., & Fox, L. (2021). "Two Rounds of Stimulus Payments Lifted 11.7 Million People Out of Poverty During the Pandemic in 2020." Available at: <https://www.census.gov/library/stories/2021/09/who-was-lifted-out-of-poverty-by-stimulus-payments.html>.

supplementing the earnings of families with children who receive the credit.

However, the traditional CTC has some flaws. It requires families to earn at least \$2,500 per year to receive any benefit.⁴ This requirement excludes children and families with the fewest resources, and disproportionately excludes Black, Latinx, and rural families⁵ Because the credit is only partially-refundable and phases in as incomes rise,

¹ Coleman-Jensen, A., Rabbitt, M.P., Gregory, C.A., & Singh, A. (2021). Household Food Security in the United States in 2020. ERR-298. Available at: <https://www.ers.usda.gov/publications/pub-details/?pubid=102075>. Accessed on February 8, 2022.

² The Native American Agriculture Fund, Food Research & Action Center, and Indigenous Food and Agriculture Initiative (2021). *Reimagining Hunger in Times of Crisis: Insights from Case Examples and a Survey of Native Communities' Food Access During COVID-19*. Available at: <https://frac.org/research/resource-library/reimagining-hunger-in-times-of-crisis-insights-from-case-examples-and-a-survey-of-native-communities-food-access-during-covid-19>. Accessed on February 8, 2022.

³ LaJoie, T. (2020). *The Child Tax Credit: Primer*. Available at: <https://taxfoundation.org/child-tax-credit/>. Accessed on February 8, 2022.

⁴ Pathak, A. (2021). "Making CTC and EITC Expansions Permanent Would Reduce Poverty and Grow the Economy." Available at: <https://www.americanprogress.org/article/making-ctc-eitc-expansions-permanent-reduce-poverty-grow-economy/>. Accessed on February 8, 2022.

⁵ *Ibid.*

many low-income families do not receive the full amount.⁶ Additionally, not all children are eligible for the CTC. The Tax Cuts and Jobs Act of 2017 went against decades of tax policy by requiring children to have a social security number in order to qualify for the CTC, making the CTC no longer available to children with Individual Taxpayer Identification Numbers (ITINs). This change meant an estimated 1 million children became ineligible for the credit.⁷

Background on the American Rescue Plan's Expanded Child Tax Credit

In 2021, the American Rescue Plan expanded the CTC in key ways that dramatically bolstered the policy's ability to address racial disparities and root causes of hunger — namely poverty — and to target benefits to families with children at greatest risk of not only poverty, but also hunger. The CTC's effectiveness was bolstered by four significant changes.

Key Changes

- 1. Increase the tax credit amount that could be claimed per child from \$2,000 to \$3,600 for children under age 6 and \$3,000 for children ages 6–17,** with individuals who make up to \$75,000 per year (\$112,500 for heads of household and \$150,000 for those married filing jointly) eligible for the full expanded CTC. The expanded CTC decreased by \$50 per \$1,000 in income above these limits.
- 2. Expand eligibility so that families could claim the credit for children who are 17 years old.** Under the traditional CTC, the credit was only available for children under age 17.
- 3. Make the CTC fully refundable, so the lowest income families receive the full benefit.** Under the traditional CTC, only \$1,400 was refundable, and tax filers had to have earned income of at least \$2,500 in order to receive any refund.
- 4. Provide advance payments for half of the CTC.** The expanded CTC was paid in two parts: half as an advance made in six monthly payments, and the rest when claimed on a 2021 tax return. Previously, the CTC was only available when claimed on a tax return.

For more details on the CTC visit: [U.S. Government website about the CTC.](#)

This investment, however, was only a down payment. The monthly CTC payments expired in December 2021 and federal government action is needed to reinstate the expanded CTC and to make it more inclusive moving forward. (Families can still access the 2021 CTC when filing their 2021 taxes.)

Key Reasons for Anti-Hunger Stakeholders to Advocate for an Expanded and Inclusive CTC

Research has already begun to show how the expanded CTC in the American Rescue Plan has been successful in multiple ways, including:

- **Reducing child poverty by nearly 30 percent and showing promise in addressing racial inequities.** Multiple studies are tracking the impact of the CTC on reducing poverty. According to the Center on Poverty and Social Policy (CPSP) at Columbia University, the sixth monthly CTC payment in December 2021 reached 61.2 million children, keeping 3.7 million children out of poverty, and reducing monthly child poverty close to 30 percent on its own.⁸

Figure 2: Impact of the Child Tax Credit on Reducing Child Poverty in December 2021

Children (by race or ethnicity)	Percent Reduction in Child Poverty	Number of Children Moved out of Poverty
All children	-29.4%	3,720,000
White children	-33.3%	1,370,000
Black children	-25.3%	737,000
Latino children	-30.0%	1,356,000
Asian children	-23.9%	163,000

Note: These data reflect only the impact of the Child Tax Credit on child poverty. The reduction in child poverty does not reflect the impact of other COVID-19 relief programs.

Source: Center on Poverty & Social Policy at Columbia University. (2022). Sixth Child Tax Credit Payment Kept 3.7 Million Children Out of Poverty in December. Available at: <https://www.povertycenter.columbia.edu/publication/monthly-poverty-december-2021>

The CTC is showing promise in addressing the disproportionate rates of Black and Latinx children in poverty. According to the CPSP, the percentage of Black and Latinx children kept out of poverty has been increasing since August 2021 (reduction in poverty among Black children went from 21 percent in July to 25 percent

⁶ Haider, A. & Hendricks, G. (2021). "Now Is the Time to Permanently Expand the Child Tax Credit and Earned Income Tax Credit." Available at: <https://www.americanprogress.org/article/now-time-permanently-expand-child-tax-credit-earned-income-tax-credit/>. Accessed on February 8, 2022.

⁷ Prosperity Now. (2021). One Million Children Should Not Be Left Out of the Child Tax Credit. Available at: <https://prosperitynow.org/blog/one-million-children-should-not-be-left-out-child-tax-credit>. Accessed on February 3, 2022.

⁸ Center on Poverty & Social Policy at Columbia University. (2022). Sixth Child Tax Credit Payment Kept 3.7 Million Children Out of Poverty in December. Available at: <https://www.povertycenter.columbia.edu/publication/monthly-poverty-december-2021>. Accessed on February 3, 2022.

in December, reduction in poverty among Latinx children went from 25 percent in July to 30 percent in December.) However, there is still work needed to reach additional families. Many Black and Latinx families still have not accessed the CTC. Families that have missed out of their 2021 monthly payments will be able to file a return in 2022 and receive their entire 2021 CTC.⁹

■ **Reducing food insufficiency by 26 percent among households with children.** According to research published in JAMA in early 2022, food insufficiency — the Census Household Pulse Survey measure of sometimes or often not having enough to eat — was reduced by

approximately 26 percent in households with children eligible to receive the CTC.¹⁰ This study controlled for household characteristics and the timing of the payments, which means it can be more definitively said that the CTC caused lower rates of food insufficiency (rather than was simply correlated with lower food insufficiency). Similar research from Columbia University found that the CTC caused a reduction in food insufficiency by 26 percent among CTC-eligible households with incomes below \$35,000 a year. The reduction in food insufficiency was greatest among Latinx households.¹¹ (See this [report](#) for information on defining food insufficiency and food insecurity.)

Figure 3: Receipt of the Child Tax Credit Coincided with Reductions in Households Reporting Food Insufficiency in Most States

State	Food Insufficiency Pre-CTC	Food Insufficiency Post-CTC	Percentage point difference	State	Food Insufficiency Pre-CTC	Food Insufficiency Post-CTC	Percentage point difference
National	12.9%	10.5%	-2.4%*	Missouri	12.4%	9.1%	-3.2%
Alabama	18.4%	13.8%	-4.6%	Montana	10.2%	9.2%	-0.9%
Alaska	11.6%	10.0%	-1.5%	Nebraska	11.2%	9.1%	-2.1%
Arizona	11.5%	8.7%	-2.8%	Nevada	14.4%	10.6%	-3.8%
Arkansas	16.7%	12.6%	-4.0%	New Hampshire	8.2%	8.0%	-0.2%
California	13.3%	11.5%	-1.8%	New Jersey	12.4%	9.4%	-2.9%
Colorado	7.1%	7.8%	0.7%	New Mexico	15.2%	10.2%	-4.9%
Connecticut	11.3%	9.1%	-2.2%	New York	15.9%	10.7%	-5.2%*
Delaware	8.5%	12.4%	3.9%	North Carolina	13.8%	9.9%	-3.8%
DC	15.7%	13.9%	-1.8%	North Dakota	9.3%	12.0%	2.7%
Florida	15.2%	12.3%	-3.0%	Ohio	13.8%	9.0%	-4.8%*
Georgia	15.4%	12.7%	-2.7%	Oklahoma	14.0%	13.3%	-0.7%
Hawaii	11.6%	9.5%	-2.0%	Oregon	11.2%	7.3%	-3.9%*
Idaho	12.4%	8.4%	-4.0%	Pennsylvania	9.7%	9.6%	-0.1%
Illinois	10.7%	10.7%	0.1%	Rhode Island	11.7%	12.1%	0.4%
Indiana	10.8%	10.7%	-0.1%	South Carolina	17.3%	12.6%	-4.8%
Iowa	11.0%	8.9%	-2.1%	South Dakota	9.9%	9.6%	-0.3%
Kansas	10.6%	9.3%	-1.3%	Tennessee	12.5%	10.9%	-1.6%
Kentucky	11.9%	10.4%	-1.5%	Texas	15.0%	12.0%	-3.0%
Louisiana	19.9%	15.6%	-4.3%	Utah	7.1%	6.2%	-0.9%
Maine	10.6%	5.2%	-5.5%*	Vermont	11.1%	6.2%	-4.9%
Maryland	13.9%	11.9%	-2.0%	Virginia	10.8%	7.0%	-3.9%
Massachusetts	8.4%	8.1%	-0.3%	Washington	9.9%	7.0%	-2.8%
Michigan	11.4%	10.7%	-0.7%	West Virginia	14.0%	8.6%	-5.5%
Minnesota	6.4%	6.9%	0.6%	Wisconsin	7.6%	6.9%	-0.7%
Mississippi	18.4%	18.1%	-0.4%	Wyoming	12.0%	9.9%	-2.1%

*The percentage point difference is statistically significant at $p < 0.05$

Note: Analysis by the Social Policy Institute at Washington University in St. Louis. Data is from the Census Household Pulse Survey. Food insufficiency rates are calculated among all households with children, regardless of income. The pre-CTC period combines data from Weeks 30-33 (May 12 - July 5, 2021) and the post-CTC period combines data from Weeks 34-40 (July 21 - October 11 and December 1-13, 2021). Household survey weights were used to generate representative samples.

⁹ *Ibid.*

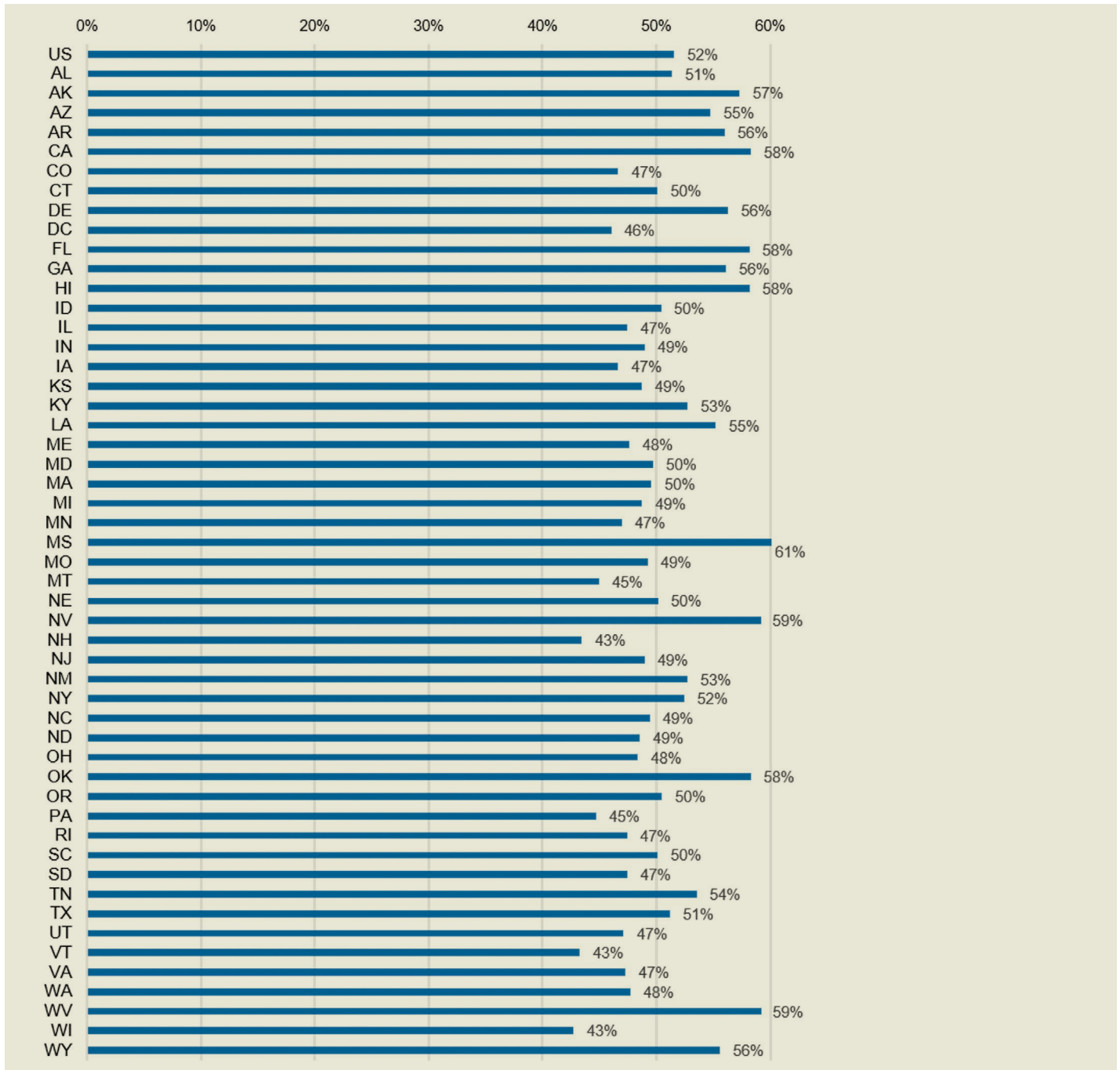
¹⁰ Shafer, P. R., Gutierrez, K. M., Ettinger de Cuba, S., Bovell-Ammon, A., & Raifman, J. (2022). *Association of the Implementation of Child Tax Credit Advance Payments With Food Insufficiency in US Households*. Available at: https://childrenshealthwatch.org/wp-content/uploads/shafer_2022_oi_211202_1641586727.69679.pdf. Accessed on February 1, 2022.

¹¹ Parolin, Z., Ananat, E., Collyer, S., Curran, M. & Wimer, C. (2021). *The Initial Effects of the Expanded Child Tax Credit on Material Hardship*. Available at: <https://www.povertycenter.columbia.edu/publication/2021/expanded-child-tax-credit-on-material-hardship>. Accessed on February 8, 2022.

Additionally, families have used CTC funds to purchase food and other basic needs. Across all income levels, buying food was the most common use of the American Rescue Plan's CTC payments.¹² As shown in Figure 4 below,

nationally 52 percent of families reported using payments to buy food, with state percentages ranging from 43 percent (New Hampshire, Wisconsin, Vermont) to 61 percent (Mississippi).

Figure 4: Percent of CTC recipients who spent part of their CTC payment on food



Note: FRAC analysis using the Census Household Pulse Survey. Data was combined across all 6 data collection periods during Pulse Phase 3.2 (July 21 - October 11) to ensure sufficient sample size across states. Households with children who reported receipt of the CTC were included, regardless of income level. Household weights were used to obtain representative samples.

¹² Karpman, M., Maag, E., Kenney, G., & Wissoker, D. (2021). *Who Has Received Advance Child Tax Credit Payments, and How Were the Payments Used?* Available at: <https://www.taxpolicycenter.org/publications/who-has-received-advance-child-tax-credit-payments-and-how-were-payments-used/full>. Accessed on February 8, 2022.

According to multiple reports,^{13,14} among families with low incomes the percentage of families spending the CTC on food is even higher. For example, the Center on Budget and Policy Priorities found 59 percent of households with incomes below \$35,000 per year spent their CTC payment on food.¹⁵

These important effects are likely not even the full extent of the potential for the CTC to address poverty and hunger. Based on research by the Urban Institute, “the payments do not appear to be reaching eligible households equally, and households with the lowest incomes are most likely to be left out.”¹⁶ Families with children, who have not received the advance monthly CTC payments, will be able to access CTC benefits when they file their tax returns by April 18, 2022.

Action is Needed

Making the expanded CTC changes permanent, more inclusive, and ensuring the benefits reach all eligible families is critical to reducing poverty and food insecurity for children.

The urgency for action on the CTC is underscored by new research from CPSP. Due to the loss of the monthly CTC payments, the number of children in poverty increased by 41% (3.7 million additional children), from 8.9 million children in December 2021 to 12.6 million children in January 2022. Poverty increased for children across racial and ethnic groups, with an increase of: 26.9% among Asian children; 30.4% among Black children; 42.5% among Latinx children; and 52.3% among White children.¹⁷

Anti-hunger advocates can take action now to:

- **Ensure that all eligible families with children access the expanded CTC:** Not all eligible families, particularly those with the lowest incomes, have claimed the expanded CTC. More work is needed to ensure that all eligible families can access the 2021 CTC expansion when filing their 2021 taxes.

- **Urge Congress to pass an expanded and more inclusive CTC:** The expanded CTC needs to be reinstated permanently. Eligibility also needs to be returned to children with Individual Taxpayer Identification Numbers (ITINs). While the American Rescue Plan (ARP) included critical improvements to the CTC, it fell short with the CTC not being made available to children with ITINs. A fix to this exclusion was included in the Build Back Better legislation that passed the House of Representatives in November 2021 but has stalled in the Senate.

The 2021 expanded CTC is proving to be a critical tool in substantially cutting food insufficiency and poverty for households with children. Reinstating this essential expansion and making it more inclusive is of paramount importance to our nation’s ability to end childhood hunger and address the racial inequities in who goes hungry in America.

This primer was written by FRAC’s Alexandra Ashbrook, Director, Root Causes and Specific Populations; Susan Beaudoin, Manager, Root Causes and Specific Populations; and Allison Lacko, Senior Nutrition Policy and Research Analyst, with assistance from intern, Chelsi Rhoades.

FRAC would like to thank Emma Mehrabi, Director of Poverty Policy, Children’s Defense Fund, and Elisa Minoff, Senior Policy Analyst, Center for the Study of Social Policy for their review. FRAC also wishes to acknowledge the following researchers from the Social Policy Institute at Washington University in St. Louis for their insights and analysis of the Pulse data: Laura Brugger, Yung Chun, Leah Hamilton, Katie Kristensen, and Stephen Roll.

¹³ *Ibid.*

¹⁴ Center on Budget and Policy Priorities. (2022). “Policymakers Should Craft Compromise Build Back Better Package.” Available at: <https://www.cbpp.org/research/poverty-and-inequality/policymakers-should-craft-compromise-build-back-better-package>. Accessed on February 10, 2022.

¹⁵ *Ibid.*

¹⁶ Karpman, M., Maag, E., Kenney, G., & Wissoker, D. (2021). *Who Has Received Advance Child Tax Credit Payments, and How Were the Payments Used?* Available at: <https://www.taxpolicycenter.org/publications/who-has-received-advance-child-tax-credit-payments-and-how-were-payments-used/full>. Accessed on February 8, 2022.

¹⁷ Center on Poverty & Social Policy at Columbia University. (2022). *Absence of Monthly Child Tax Credit Leads to 3.7 Million More Children in Poverty in January 2022*. Available at: <https://www.povertycenter.columbia.edu/news-internal/monthly-poverty-january-2022>. Accessed on February 18, 2022.