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Estimates of Advance Child Tax Credit Distribution by Congressional District for 2021, Arkansas

The expansion of the Child Tax Credit (CTC), included in the American Rescue Plan, is one of the largest-ever single-year tax cuts for families with children. It dramatically increased the value of the CTC from \$2,000 per child to up to \$3,600 per child under six and \$3,000 per child six and older, putting money in the pockets of low- and middle-income families to pay for household expenses like food, rent, utilities and child care.

As part of the expansion, half of the CTC is being distributed in advance via monthly payments, helping families meet their financial needs in real time. Beginning in July, qualifying families began receiving monthly checks, and because the CTC was made fully refundable, previously ineligible low-income families can receive the full credit. The House-passed Build Back Better Act extends the expanded CTC for another year.

Congressional District Data

The table below shows the Joint Economic Committee's estimates, by congressional district, of the cumulative total payment amount in 2021 and the total number of payments and number of eligible children receiving the benefit at year's end. Advance CTC payments began on July 15 and were authorized to continue each month through the end of the year. The estimates are based on data available through November 15. For example, in Arkansas's 1st Congressional District families received a total of \$222.6 million in 2021 and 83,000 payments went to 145,000 eligible children last month.

District	Number of Qualifying Children (Nov)	Number of Payments (Nov)	Cumulative Total Payments (in millions, July-Dec)
01	145,000	83,000	\$222.6
02	150,000	90,000	\$228.9
03	171,000	96,000	\$261.8
04	136,000	80,000	\$208.5

Note: Number of qualifying children and payments is based on latest available Treasury data from November. Cumulative congressional district estimates are calculated using monthly state-level Treasury data available as of November 15, apportioned using 2020 ACS and 2018 IRS SOI data and rounded.

Economic Impact of Advance CTC Payments

- The expanded CTC is expected to reduce childhood poverty by over 40%, lifting nearly 4 million children out of poverty. More than 80% of that poverty reduction comes from making the credit fully refundable for families with little or no income.
- Advance CTC payments have provided an immediate boost to family finances. They have precipitated significant declines in the share of households with children reporting financial hardship and food insufficiency.
- Families are using the advance CTC payments to meet the needs of their households in real time. According to the latest Census Bureau data, 56% of families spent their CTC payment on food, 33% spent it on internet and other utilities, 30% spent it on mortgage/rent, 30% spent it on clothing and 11% spent it on child care.
- Over the long term, research has found that an extra \$3,000 in a family's annual income when a child is younger than five leads to 19% higher future earnings, and a growing body of academic research finds that public investments in children yield significant long-term returns with economy-wide benefits, as healthier, more educated kids grow up to be more productive workers with higher earnings. This, in turn, also generates higher future revenues.