

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

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 was distributed in advance via monthly payments, helping families meet their financial needs in real time. From July through December, qualifying families received monthly checks, and because the CTC was made fully refundable, previously ineligible low-income families could receive the full credit. The House-passed Build Back Better Act extends the expanded CTC for another year, but for the payments to continue, the extension must first pass the Senate and then be signed into law by President Biden.

### State Data

In December, the average advance CTC payment per household in Alabama was \$441. Since the advance payments began in July, the CTC has delivered a total of \$1.4 billion to more than 562,000 households in Alabama.

### 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 December 15. For example, in Alabama’s 1st Congressional District families received a total of \$211.4 million in 2021 and 78,000 payments went to 137,000 eligible children this month.

| District | Number of Qualifying Children (Dec) | Number of Payments (Dec) | Total Payments (in millions, Dec) | Cumulative Total Payments (in millions, July-Dec) |
|----------|-------------------------------------|--------------------------|-----------------------------------|---|
| 01       | 137,000                             | 78,000                   | \$36.4                            | \$211.4   |
| 02       | 132,000                             | 78,000                   | \$35.1                            | \$203.7   |
| 03       | 136,000                             | 84,000                   | \$36.1                            | \$209.6   |
| 04       | 138,000                             | 80,000                   | \$36.5                            | \$211.7   |

| District | Number of Qualifying Children (Dec) | Number of Payments (Dec) | Total Payments (in millions, Dec) | Cumulative Total Payments (in millions, July-Dec) |
|----------|-------------------------------------|--------------------------|-----------------------------------|---|
| 05       | 137,000                             | 83,000                   | \$36.3                            | \$210.6   |
| 06       | 131,000                             | 84,000                   | \$34.8                            | \$201.9   |
| 07       | 123,000                             | 76,000                   | \$32.5                            | \$188.8   |

Note: Number of qualifying children and payments is based on latest available Treasury data from December. Cumulative congressional district estimates are calculated using monthly state-level Treasury data available as of December 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 over 4 million children out of poverty. [More than 80%](#) of that poverty reduction comes from making the credit fully refundable to include families with little or no income.
- Families are using the advance CTC payments to meet the needs of their households in real time. Food has consistently been the top category for CTC spending, and the payments have precipitated [significant declines](#) in the share of households with children reporting financial hardship and food insufficiency. 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.
- The benefits from the expanded CTC are economy wide: For every \$1 invested, it generates an estimated [\\$8 in social and economic benefits](#). The CTC expansion is also [projected](#) to boost consumer spending by \$27 billion, generate \$1.9 billion in revenues from state and local sales taxes and support over 500,000 full-time jobs.
- [27 million more children](#) who were previously receiving only a partial credit or none at all, including about half of Black and Hispanic children and half of children in rural communities, are now eligible to receive the full credit.
- To mark six months of advance CTC payments, the JEC released a [review](#) of the evidence showing the economic benefits for 61 million children, 36 million families and the overall economy.