

How Six Months of Advance CTC Payments Dramatically Reduced Childhood Poverty and Improved Family Finances

- 1. Advance CTC payments led to a historic reduction in childhood poverty, even amid the pandemic and resulting economic crisis.**
 - **Key stat:** Advance CTC payments reduced childhood poverty by [about 30%](#), keeping 3.7 million children out of poverty in December 2021. [More than 80%](#) of that poverty reduction came from making the credit fully refundable for families with little or no income.
- 2. Food was consistently the top category for CTC spending.**
 - **Key stat:** Following the very first round of advance CTC payments in July, there were sizable declines in financial hardship and food insufficiency: The share of households with children who reported they sometimes or often did not have enough to eat dropped 24%. This followed a steep rise in food hardship at the beginning of the pandemic.
- 3. Advance CTC payments helped families [meet their household needs](#) in real time.**
 - **Key stat:** According to Census Bureau data from the Household Pulse Survey conducted between December 29 and January 10, 66% of families spent their CTC payment on food, 38% spent it on internet and other utilities, 35% spent it on mortgage/rent and 34% spent it on clothing.
 - **Key stat:** Leading up to the start of the 2021-2022 school year, an [increasing share](#) of parents spent CTC payments on school-related expenses: 34% in late August and early September, up from 22% in late July.
 - **Key stat:** Consistently, over 10% of CTC recipients reported spending their CTC payments on child care. The number was even higher for families with only children under age 5: One in five used the CTC to help pay for child care in late July, and one in four did so in August and September.
- 4. Parents continued to work while receiving advance CTC payments.**
 - **Key stat:** There was found to be [no difference in employment trends](#) between parents and non-parents, who would not be eligible for the CTC, before and after advance CTC payments were distributed in the first three months, and analysis of CTC recipients and those who were eligible for the CTC but did not receive it also found that CTC recipients tended to be employed at higher rates than non-recipients.
- 5. The CTC is estimated to [provide \\$8](#) in social and economic benefits for every [\\$1](#) of investment.**
 - **Key stat:** Analysis estimated that the CTC expansion would 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.
- 6. 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.**
 - **Key stat:** An extra \$3,000 in a family's annual income when a child is younger than age 5 leads to [19% higher future earnings](#).
 - **Key stat:** Investments in early childhood show that increasing family incomes has tangible outcomes for children, including [higher test scores](#), [higher graduation rates](#) for high school and college, [improved health outcomes](#), [lower rates of incarceration](#) and [reduced need](#) for future income support.
- 7. Pandemic-induced [supply and demand fluctuations](#), compounded with decades of disinvestment in supply chains, caused price spikes. The advance CTC payments were a critical lifeline for families throughout this strong, but uncertain, recovery.**
 - **Key stat:** The CTC helped bolster household incomes in communities across the country. More than 61 million children from over [36 million](#) families received a total of nearly \$93 billion in advance Child Tax Credit payments in 2021. The average advance CTC payment per household was \$444 in December 2021.