

Are Black and Latine Families with Babies Feeling Relief from the Child Tax Credit?

Equity Coalition Rescue Plan Microbrief Series 21-003 | December 2021

By Iheoma U. Iruka^a, Dharini Bathia^a, Milton Suggs^a, and Jacqueline Sims^b

^aUniversity of North Carolina at Chapel Hill, ^bBoston University

Introduction

This is the third brief in the series that aims to assess the impact of the Child Tax Credit (CTC) on economic hardships faced by American families with infants and toddlers (also referred to as babies in this series). The CTC aims to lift families with children out of poverty through monthly cash transfers of \$250 or \$300 per child and an annual child tax credit of \$3,600 per child under the age of six and \$3,000 per child under the age of 17 for tax filers up to a certain income cut off.



In our [second brief](#), we found that receipt of a child tax credit helped reduce income volatility, major financial strain, and material hardships among low-income Black and Latine families with babies. In this brief, we report the experiences of a larger sample of low-income families who have received a child tax credit through mid-October 2021.

This brief focuses on the experiences of 437 low-income Black families with babies, 659 low-income Latine families with babies, and 2,383 low-income non-Black and non-Latine families with babies (referred to as “Other families”). The inclusion of non-Black and non-Latine Other families helps to contextualize the experiences of Black and Latine families including whether they disproportionately benefit from receiving payments.

We use the term “Black” as a pan-ethnic description of anyone having any ancestral heritage from Africa. This includes individuals who identify as African American—those who were primarily born in America and are descendants of enslaved Africans—as well as those living in America who identify as Black African or Afro-Caribbean. “Black” also includes those who reported being Black alone or in combination with one or more races or ethnicities in their responses to the U.S. Census, such as Afro-Latine.

Consistent with experts in the field, we use Latine to refer to individuals whose cultural background originated in Latin America. While Latinx is being used as a gender-inclusive term to refer to people with Latin American backgrounds, Spanish-speakers find that Latinx is unpronounceable in Spanish. Therefore, we have opted to use the gender-inclusive term Latine, commonly used throughout Spanish-speaking Latin American.

I. Income Stability

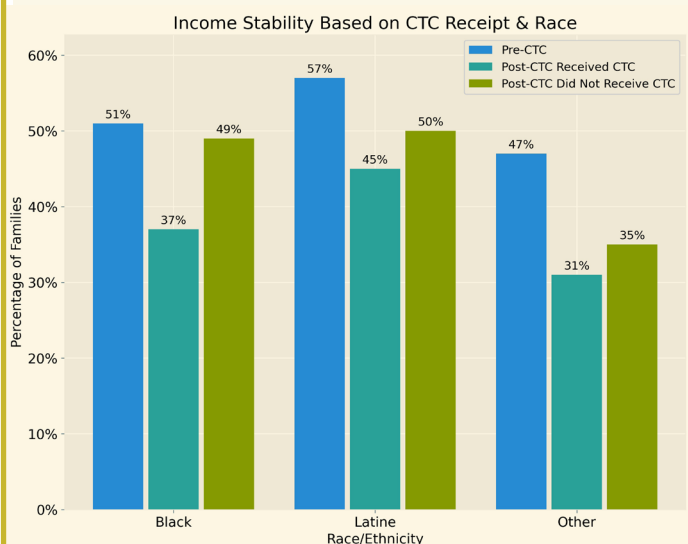
The CTC aims to decrease income volatility among low-income Black and Latine families. Many families have reported experiencing fluctuations in their income as a result of the pandemic. Before their potential receipt of a child tax credit, 51% of Black families, 57% percent of Latine families and 47% of Other families reported experiencing income instability (or a decrease in their family income; see Figure 1). After receiving the Child Tax Credit, these numbers



dropped. Among those who reported receiving a CTC, fewer families experienced income instability; 37% of Black families, 45% of Latine families and 31% of Other families reported a decrease in their income. Among those low-income families who did not receive the CTC, decreases

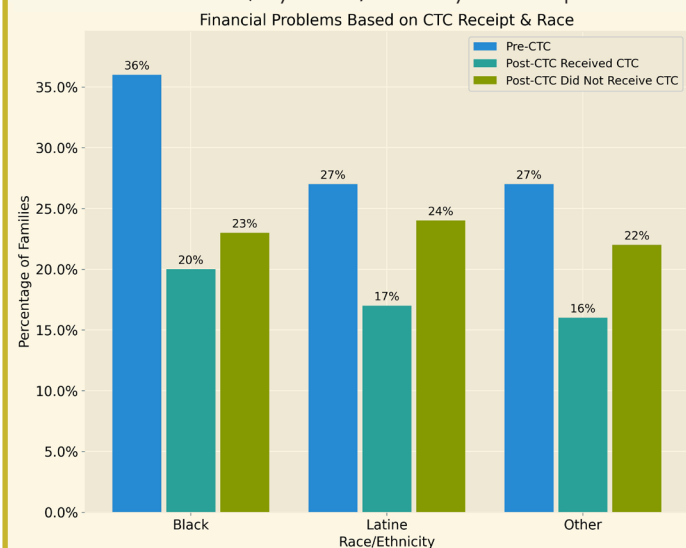
were less notable: 49% of Black families, 50% of Latine families and 35% of Other families experienced income instability.

Figure 1. Income instability Before & After Receipt of a Child Tax Credit, by Race/Ethnicity & Receipt Status



Note: Percent of parents who reported their income decreased prior to and after the potential receipt of child tax credits.

Figure 2. Major Financial Problems Before & After Receipt of a Child Tax Credit, by Race/Ethnicity & Receipt Status



Note: Percent of parents who reported major financial problems prior to and after their potential receipt of child tax credits.

II. Financial Problems

Families in the U.S. continue to experience the economic consequences of the pandemic. Low-income Black and Latine families are either experiencing debt or putting off paying their bills to cover lost wages.³ Before receiving the CTC, 36% of Black families, 27% of Latine families and 27% of Other families experienced financial problems (see Figure 2). After receiving a CTC, these proportions dropped notably to 20% of Black families, 17% of Latine families and 16% of Other families. Families who have not received a CTC were more likely to report financial problems. Twenty-three percent of Black families, 24% of Latine families and 22% of Other families reported not having received a CTC and experiencing financial difficulties.



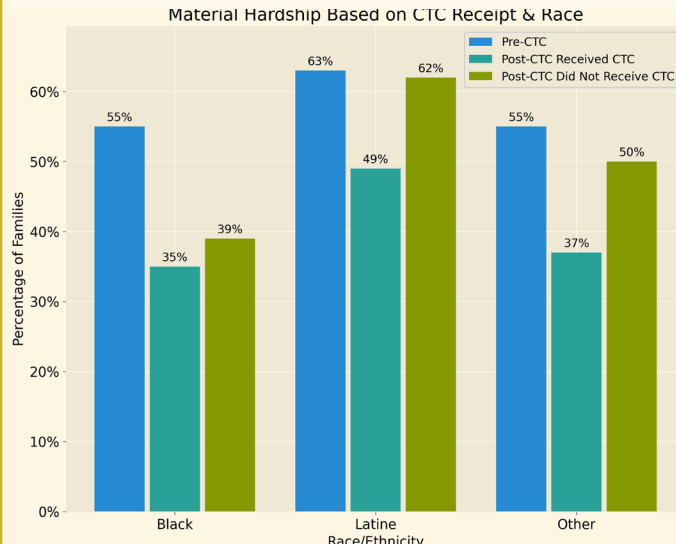
III. Material Hardships

The pandemic has exacerbated material hardship for low-income and minority families. As a result of unemployment, furloughs or reduced hours of work, families are struggling to pay for necessities like housing, food or medical care.⁴ Over half of low-income Black families (55%), Latine families (63%) and Other families (55%) experienced material hardship prior to their potential receipt of a Child Tax Credit (see Figure 3). The Child Tax Credit has provided some relief to families

3) [A year into the pandemic, long-term financial impact weighs heavily on many Americans | Pew Research Center](#)

4) [Study: Covid-19 pandemic exacerbated hardships for low-income minority families. | American Academy of Pediatrics News.](#)

Figure 1. Material Hardships Before & After Receipt of a Child Tax Credit, by Race/Ethnicity & Receipt Status



Note: Percent of parents who reported having difficulty paying for at least one basic need prior to and after their potential receipt of child tax credits.

struggling to meet their needs, as fewer families reported experiencing material hardship after receiving a CTC. Proportions of Black families (35%) Latine families (49%), and Other families (37%) experiencing material hardship were much smaller among those who reported receipt of a CTC. Among those who did not receive a CTC, however, these decreases were less notable: 39% of Black families, 62% of Latine families and 50% of Other families reported experiencing material hardship.

Conclusion

The Child Tax Credit has had a positive impact on low-income families as is evident from this analysis. Low-income households with children are spending the CTC on most basic needs like food, clothing, rent, mortgage and utility bills.³ This report also suggests that many low-income families continue to suffer from economic hardship especially those that haven't received the CTC. As the pandemic and various mutations of

the virus pose a threat to families, the CTC will provide much relief to low-income families. This additional income will help parents' meet their families' needs and reduce significant amount of stress.

Future briefs in this series will continue to track how Black and Latine families with babies are experiencing these direct payments, and whether they feel they are providing the relief needed for them and their children to thrive.

Methodology

This series of briefs draws on data from the Rapid Assessment of Pandemic Impact on Development-Early Childhood (RAPID-EC). RAPID-EC is an ongoing national survey of households with children ages 5 and under, designed to gather valuable information on the needs and wellbeing of families during the COVID-19 pandemic.

Families who identified as "Black/African American" are referred to as Black in this brief; those who identified as "Hispanic, Latinx, or Spanish" are referred to as Latine in this brief. Low-income families are defined as families with incomes less than 200% of the federal poverty threshold. The average household income for low-income Black families with babies in this brief was \$26,207. Ten percent also identify themselves as Latine, nearly all (98%) report that English is their primary language, and 5% report being first-generation immigrants born outside of the United States. Among low-income Latine families with babies in this brief, the average household income was \$30,321. Seventy-eight percent report that English is their primary language and 24% report being first-generation immigrants born outside of the United States. For Other low-income families with babies in this brief, the average household income was \$30,726. Nearly all (99%) report that English is their primary language, and 3% report being first-generation immigrants born outside of the United States.



Suggested Citation: Iruka, I. U., Bathia, D., Suggs, M., & Sims, J. (December 2021). Are Black and Latine Families with Babies Feeling Relief from the Child Tax Credit? Equity Coalition Rescue Plan Microbrief Series 21-003. Chapel Hill, NC: Equity Research Action Coalition, Frank Porter Graham Child Development Institute, The University of North Carolina at Chapel Hill.

3) [9 in 10 families with low incomes are using Child Tax Credits to pay for necessities, education.](#) | Center on Budget and Policy Priorities.