

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

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## Introduction

The American Rescue Plan of 2021 was a US \$1.9 trillion stimulus bill passed by lawmakers to help families who suffered economic crisis during the pandemic. As part of the plan, qualifying families have been receiving monthly amounts of \$300 per child under six and \$250 per child older than six between July and December 2021.

In [our previous briefs](#) we have analyzed data on these cash payments and their impact on economic hardship faced by low-income families with babies (from birth to age three). We found that receipt of child tax credit (CTC) helped reduce income volatility, major financial strain, and material hardships among low-income Black and Latine families with babies.

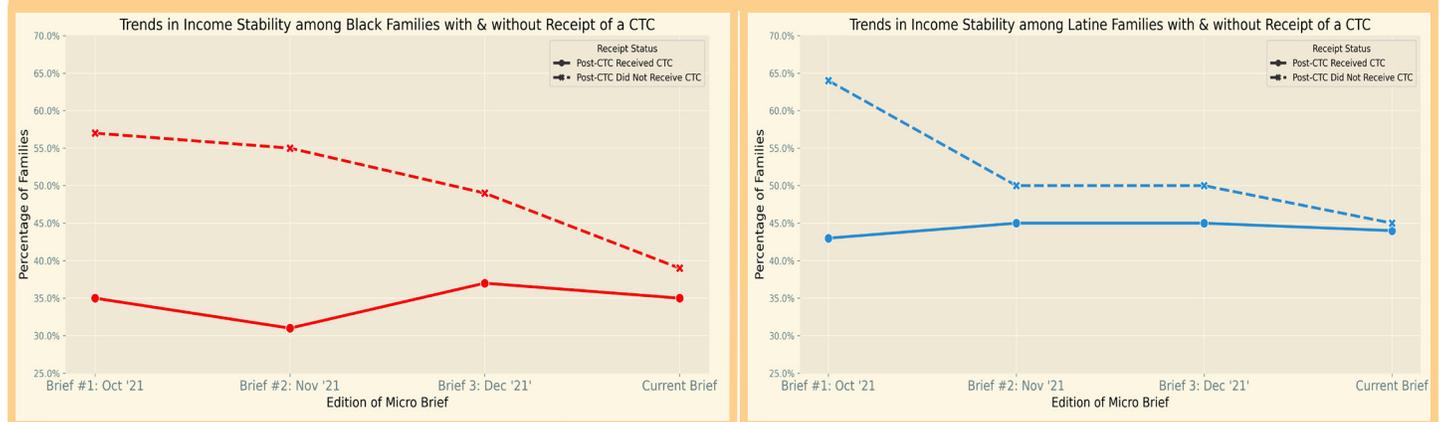


In this brief, we analyze data from July through December 2021 to assess how cash payments have impacted low-income Black and Latine families' income stability, financial problems and material hardships over time. We focus on the experiences of 440 low-income Black families with babies and 659 low-income Latine families with babies.

## I. Income Stability

Many people experienced income fluctuations during the pandemic as a result of layoffs or pay cuts. Low-income adults, especially Black adults, are particularly likely to say that they have experienced loss of income<sup>1</sup>. Receipt of child tax credits helped to reduce income instability throughout the second half of 2021. Roughly one third of low-income Black families who reported receipt of a CTC experienced a decrease in their income between July and December 2021. This proportion was relatively stable across this time period, dropping to 30% at the lowest and rising to 37% at its height. Among low-income Black families who did not receive a CTC during this time period, however, this proportion reached 57% at its height. Although this proportion decreased throughout the second half of 2021, the proportion of low-income Black families experiencing income instability was still higher among those who did not receive a CTC (39%) than among those who did (35%) at the end of December 2021.

Figures 1 & 2: Trends in Income Stability among Black & Latine Families with and without receipt of a Child Tax Credit

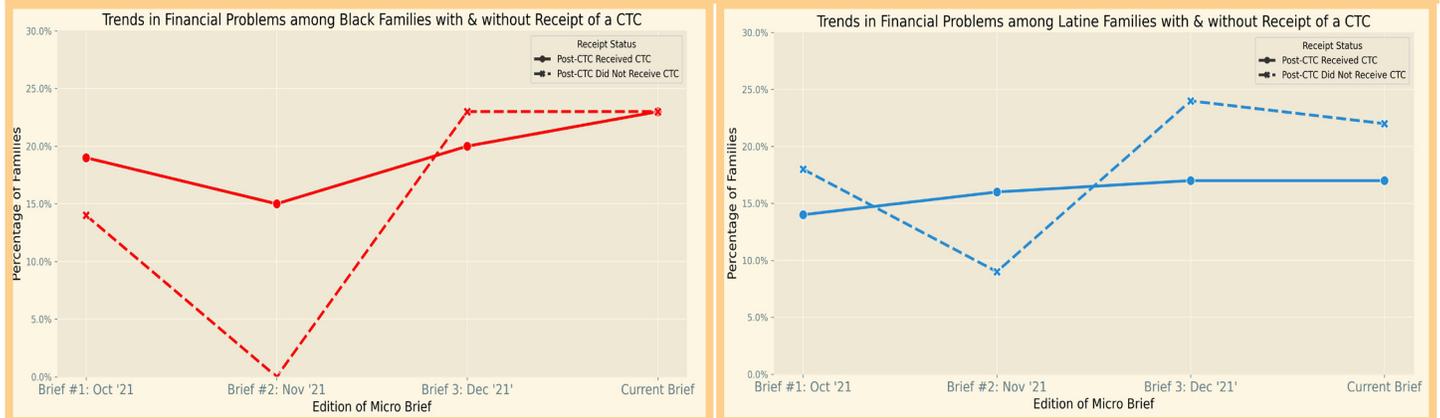


Similar trends emerged among low-income Latine families, in that receipt of a CTC helped to stabilize income over the second half of 2021. Among low-income Latine families who received a CTC, between 43-45% of families consistently reported experiencing income instability. Among low-income Latine families who did not receive a CTC, however, this proportion was much higher in July 2021 (64% of families reported income instability) before dropping down to more comparable levels by the end of December 2021 (45% reported income instability).

## II. Financial Problems

Many families reported facing serious financial problems during the pandemic including paying for health related expenses and childcare<sup>2</sup>. For many low-income Black and Latine families, these financial problems persisted even following receipt of CTC

Figures 3 & 4: Trends in Financial Problems among Black & Latine Families with and without receipt of a Child Tax Credit



payments. After the initial payments in July 2021, among low-income Black families, 19% and 14% of families who did and did not receive a CTC, respectively, reported experiencing major financial problems. This proportion rose among both groups of families and converged to 23% of families reporting major financial problems by the end of December 2021.

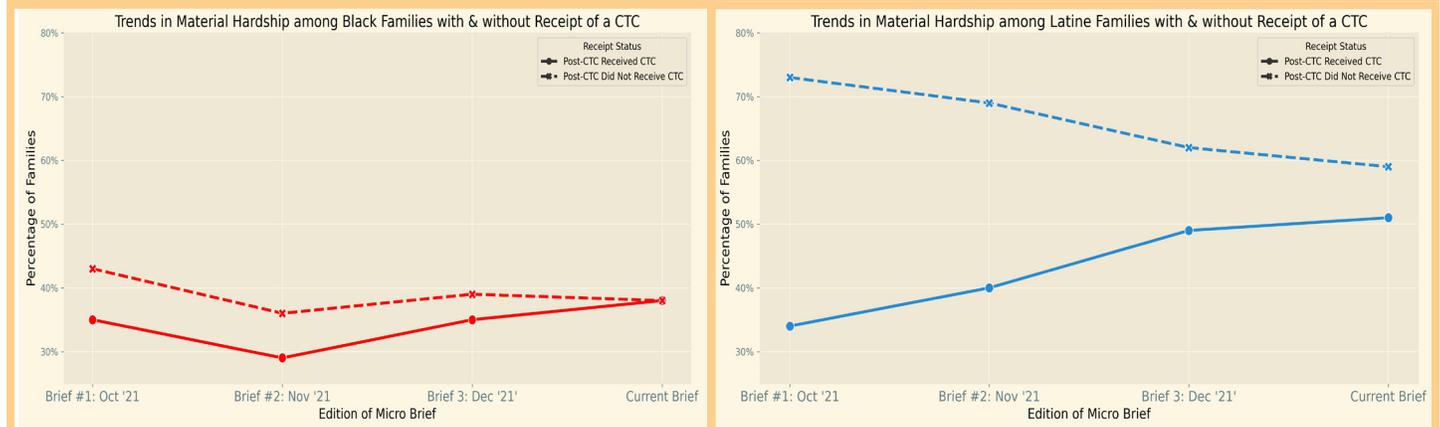
Many low-income Latine families continued to face financial problems. After initial payments in July 2021, smaller proportion of low-income Latine families who received a CTC reported having major financial problems (14%) than those who did not (18%). Over the second half of 2021, the percentage of families who reported facing major financial problems increased for those that did (17%) and did not receive a CTC (22%), although the proportion remained higher among those who did not receive a CTC.

***“My husband got a weekend job, to help with hole the tax credit will leave in our household. He will only be able to rest every 15th day on a Sunday.”***  
**-Concerned Latine Parent**

## III. Material Hardship

Families with lower income and those from racially and ethnically marginalized groups have experienced high levelsof material hardship during the COVID-19 pandemic<sup>3</sup>. Receipt of CTC payments lessened these hardships, including having difficulty paying

Figures 5 & 6: Trends in Material Hardship among Black & Latine Families with and without receipt of a Child Tax Credit



for basic needs such as housing, utilities, and child care, for the first few months of the CTC. Following receipt of a payment, lower proportions of low-income Black families (35%) reported material hardships than low-income Black families who did not report receipt (43%). However, by the end of December 2021, these proportions converged to 38%.

Among low-income Latine families, receipt of a CTC provided great relief. After receipt of initial CTC payments in July 2021, the proportion of low-income Latine families who received a payment and reported material hardships (34%) was smaller than half the proportion among those who did not receive a payment (72%). Although this difference lessened throughout the course of the CTC, still smaller proportions of families who received CTC payments reported material hardships (52%) than those who did not receive payments (58%).

***“The child tax credit I think won’t be a monthly option, which is a bad start to the year.”***

**-Latine parent**

## Conclusion

The Child Tax Credit payments have benefitted more than 61 million children and helped reduce child poverty<sup>4</sup>. The enhanced credit families received each month has lessened financial anxiety<sup>5</sup>, reduced hunger<sup>6</sup>, and encouraged parents to work<sup>7</sup>. These trends and the findings in this brief align with themes that emerged from focus group interviews conducted in January 2022 by the Equity Research Action Coalition. The virtual focus groups were conducted with Black and Latine families who received child tax credit payments in December 2022. Respondents from Latine families’ focus group shared their gratitude for the CTC, indicating that the money generally helped keep their families afloat. Black families found the resource helpful with unexpected bills and increases in cost of routine expenses. The CTC replaced lost income for those recovering from COVID-19 or who were out of work, and helped families pay more than the minimum amount on revolving lines of credit.

Work is ongoing to further unpack how the CTC has helped families, as well as to unpack why many families who seemingly qualify did not receive payments. This work may build on initial reports that many Latine families have been left out from receiving the child tax credit<sup>8</sup> and that some families have refrained from receiving the tax credit due to their concern on how it would impact their immigration and citizenship status.



Additionally, with the American Rescue Plan not renewed for 2022, it will be important to track how families will be affected by the absence of this support moving forward. It remains to be seen whether and how the progress of reducing child poverty may reverse and the extent of increased stress parents will face in making ends meet. Nonetheless, it has been projected that child poverty will rise again and around 9.9 million children will slip back into poverty. Further, it is estimated that poverty rates among under privileged children will be 8-9 percentage points higher than what would have been with credit expansion in place<sup>9</sup>. These projections, coupled with the findings in this series of briefs and focus groups, underscore that the CTC has been a very temporary relief for Black and Latine families, and that a longer-term solution centered on economic inclusion and upward mobility is necessary in order to support Black and Latine families with babies.

## 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 \$26,199.62. 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 \$30,454.88. Seventy-nine percent report that English is their primary language and 24% report being first-generation immigrants born outside of the United States.

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## Endnotes

- 1 Parker, K., Minkin, R. & Bennett, J. (2020). Economic Fallout from Covid 19 continues to hit lower income Americans the hardest. Pew Research Center.
- 2 Rura, N. (2020). Poll: 46% of U.S. households report facing serious financial problems during the coronavirus outbreak. Harvard School of Public Health Press.
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- 4 Leahy, P. (2022). Republican amnesia aside, the American Rescue Plan continues to help the American people. Roll Call.
- 5 Reinicke, C. (2021). The earliest child tax credit payments meant 3.3 million households with kids had enough to eat. CNBC.
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- 8 McCormack, J. (2021). Child tax credits a huge for many, but not all Latino families. Salud America.
- 9 Cox, K., Marr, C., Sherman, A., & Hingtgen, S. (2021). If Congress fails to act monthly child tax credit payments will stop, child poverty reductions will be lost. Center on Budget and Policy Priorities.