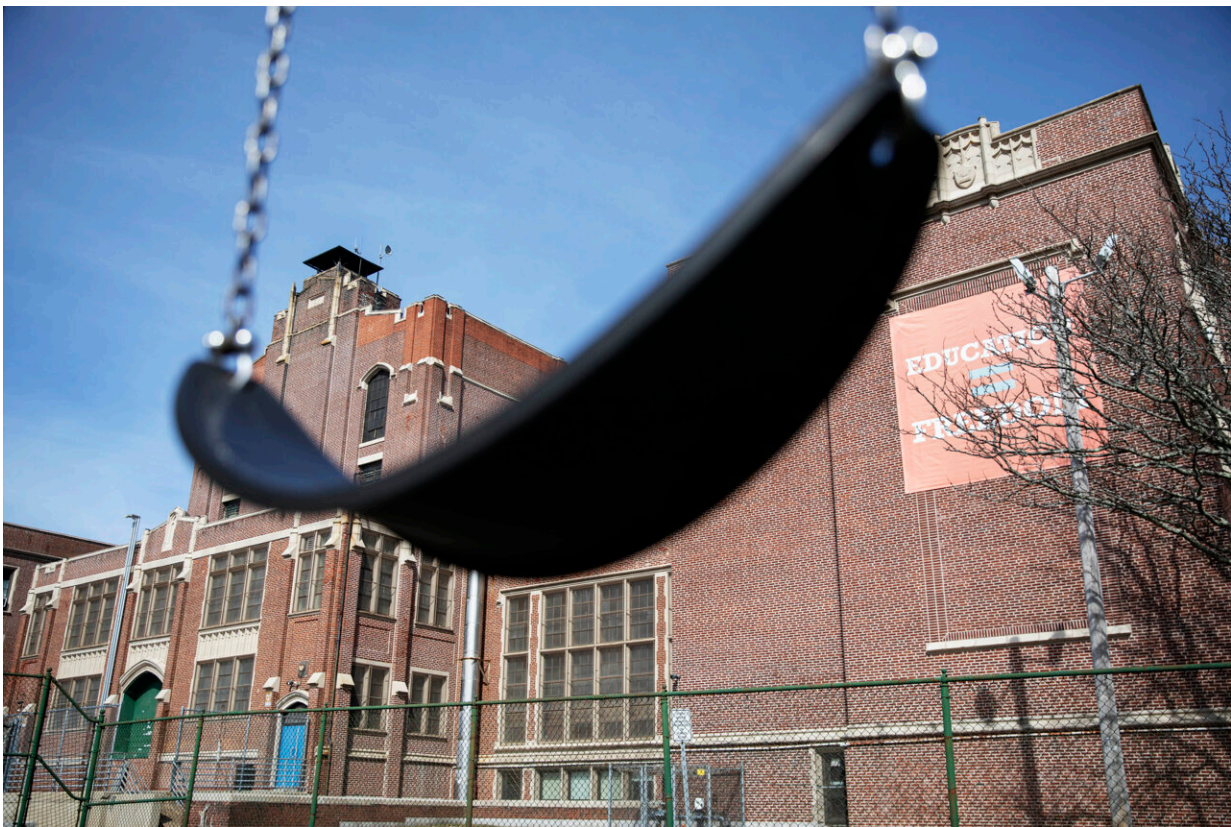


Study: Child poverty rising after tax credit expires

February 24 2022, by Ashraf Khalil



A swing sits empty on a playground outside in Providence, R.I., March 7, 2020. Columbia University's Center on Poverty and Social Policy estimates that the number of children in poverty grew by 3.7 million from December 2021 to January 2022, a 41% increase, just one month without the expanded child tax credit payments. Credit: AP Photo/David Goldman, File

The number of children in America living in poverty jumped dramatically after just one month without the expanded child tax credit payments, according to a new study. Advocates fear the lapse in payments could unravel what they say were landmark achievements in poverty reduction.

Columbia University's Center on Poverty and Social Policy [estimates](#) 3.7 million more children were living in poverty by January—a 41% increase from December, when families received their last check. The federal aid started last July but ended after President Joe Biden's Build Back Better bill stalled in the sharply divided Congress. Payments of up to \$300 per [child](#) were delivered directly to bank accounts on the 15th of each month, and last week marked the second missed deposit of the year.

The Columbia study, which combines annual U.S. Census data with information from the Census Bureau's monthly Current Population Survey bulletins, found that the monthly child poverty rate increased from 12.1% in December to 17% in January. That's the highest level since December 2020, when the U.S. was grappling with high unemployment and a resurgence of COVID-19. Black and Latino children experienced the highest percentage point increases in poverty—5.9% and 7.1% respectively.

Megan Curran, policy director for the Center on Poverty and Social Policy, said the sudden spike shows how quickly the payments became core to household financial stability for millions of families after only six months.

"It really had a huge impact right off the bat," Curran said. "We saw food insecurity drop almost immediately as soon as the payments started ... all of that progress that we made could now be lost."

Curran said the increase in children living in poverty could also partially reflect rising prices.

The new numbers represent a serious setback from the original goals of the child tax credit program, which ambitiously sought to cut nationwide child [poverty](#) in half. As part of Biden's \$1.9 trillion COVID-19 rescue package last year, the existing child tax credit program was massively reshaped, boosting the amount of the payments, greatly expanding the pool of eligible families and delivering the money in monthly installments designed to be incorporated into day-to-day household budgets.

The program extended payments of \$250-per-month for children ages 6 through 17 and \$300-per-month for those under 6 to most families in the country, at an annual cost of about \$120 billion. The goal was to put discretionary cash in the hands of parents along with the freedom to spend it as they saw fit month-to-month.

Republican lawmakers are generally unified in opposition to the expanded tax credit—describing it as excessive, inflationary and a disincentive to work. But when it was originally passed, many Democrats openly declared their intention to make the payments a permanent anchor of the American social safety net.

The goal for the Democratic-held Congress was to keep the program running, and fight about its future months from now, armed with data and millions of anecdotes about the tax credit's benefits.

Instead the 50-member Democratic bloc in the Senate collapsed from within, with West Virginia Sen. Joe Manchin holding out on his vote for weeks before finally refusing to endorse Biden's social spending package. Manchin cited his opposition to the child tax credit's massive price tag among his reservations with the bill.

Earlier this month, Manchin called negotiations on Biden's Build Back Better bill "dead."

Democratic New Mexico Sen. Martin Heinrich, one of the expanded child tax credit's strongest advocates, said Wednesday in a statement to The Associated Press that nearly all the children in his state benefited from the credit and that letting it expire was "a moral failure."

An informal [survey](#) conducted of families by the nonprofit advocacy group ParentsTogether Action found a similarly immediate impact to the lapsed child tax credit payments for respondents, with roughly [1 in 5 families surveyed](#) reporting they could no longer afford housing or enough food for their kids.

Allison Johnson, the organization's campaign director, said the child tax credit payments were designed so parents would "not have to make these really hard choices," she said.

The end to the deposits makes it nearly impossible for needy families, who may be struggling to pay down debt or cope with major expenses, to develop [financial stability](#) or momentum, Johnson said.

"This lack of clarity is super difficult for people. It makes them unable to plan for things," she said.

© 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Study: Child poverty rising after tax credit expires (2022, February 24) retrieved 27 June 2024 from <https://phys.org/news/2022-02-child-poverty-tax-credit-expires.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.