

Study: Expanded child tax credits did not reduce employment

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An [analysis of Census Pulse Survey data](#) from the Social Policy Institute (SPI) at Washington University in St. Louis shows that the expanded Child Tax Credit (CTC) did not cause an exit from the labor force.

"The research indicates that providing parents with financial support for their children is not leading them to forgo [employment](#) income altogether," wrote the authors of the report, "Expanded Child Tax Credit Payments Have Not Reduced Employment," published with Appalachian State University.

The authors, Stephen Roll, research assistant professor at Washington University's Brown School and SPI; Yung Chun, data analyst at SPI; and Leah Hamilton of Appalachian State University, examined data from the Census Household Pulse to compare employment trends among parents and nonparents before and after the CTC payments began.

"There is no evidence within the Census Household Pulse data—a large, high-quality, nationally representative data source—that CTC payments are leading people to leave the workforce," the authors wrote.

Data for this study were analyzed in December when CTC payments were still going out.

"Our analyses also found no significant differences in employment for low-income, middle-income or high-income families receiving the CTC. We also see no evidence that the CTC is increasing the proportion of parents who are staying home with their children rather than working."

The authors do find some evidence that the CTC changed certain workplace dynamics.

"Interestingly, the rates of parents reporting they were unemployed because they had to care for children substantially decreased after the CTC began (from 26.0% to 19.9%)," Roll said. "This shift was more pronounced in low- and middle-income groups than in the highest income group."

Additionally, the researchers find that families making \$50,000 or less a year in income actually saw their "self-employment rate increase by 2.9 percentage points following the CTC payments." They note that "if this trend continues, it could indicate that the CTC is encouraging [low-income](#) households to pursue self-employment to make ends meet."

They acknowledge that they only have data for three months of CTC payments and it's possible that results may change over time.

"However, our results appear consistent with the bulk of the evidence concerning the CTC and employment, including a recent study from the Center on Poverty and Social Policy that used both Current Population Survey and Census Household Pulse data to demonstrate that CTC payments have not led to employment declines."

Approximately 60 million American children living in 35 million households received monthly payments through December 2021 from the federal government as part of the temporary CTC expansion. This credit provided families with \$3,600 for every child in the household under the age of six and \$3,000 for every child between the ages of six and 17.

If this credit is made permanent, it is projected to cut child poverty in half, the authors wrote.

More information: Expanded Child Tax Credit Payments Have Not Reduced Employment: Evidence from Census Data.

[humanityforward.com/wp-content ... oyment-012620221.pdf](https://humanityforward.com/wp-content/uploads/2021/12/employment-012620221.pdf)

Provided by Washington University in St. Louis

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