

Expanded Child Tax Credit Payments Supported Families Raising Children with Disabilities

Evidence from a Nationally
Representative Survey

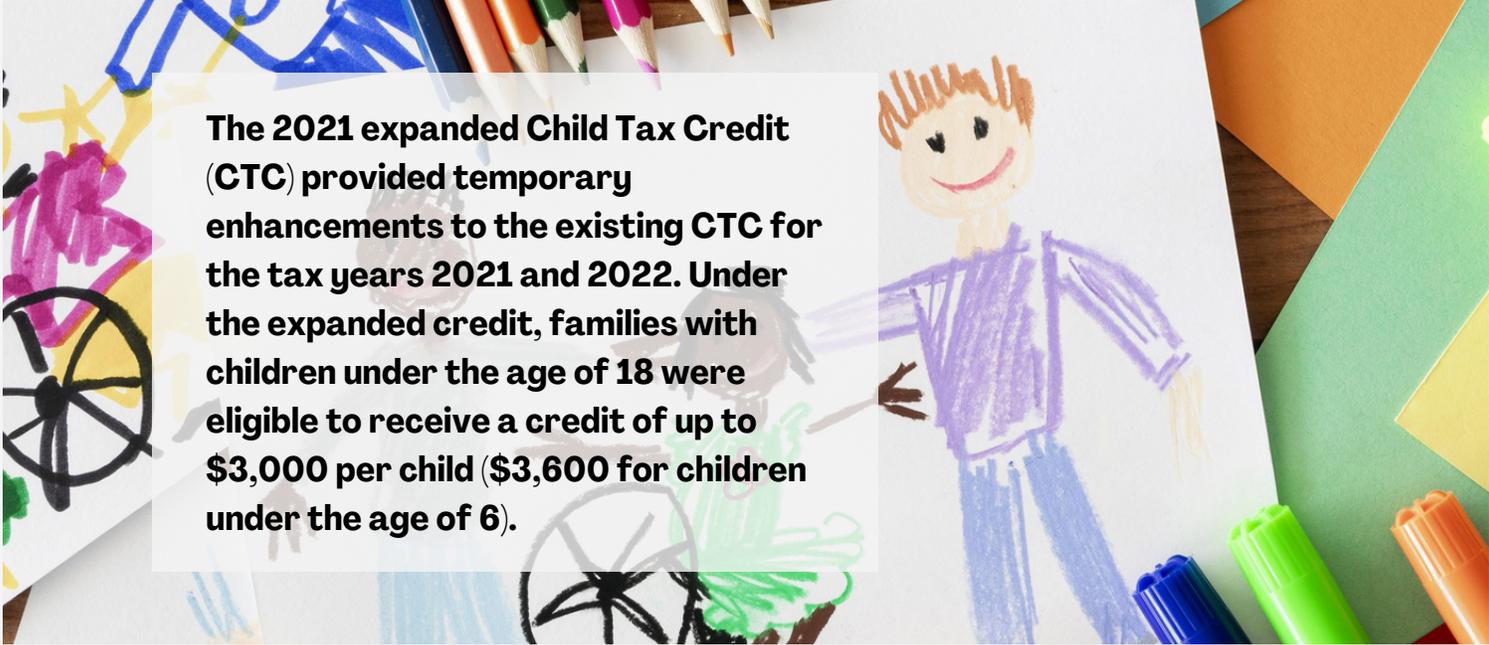


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Introduction



The 2021 expanded Child Tax Credit (CTC) provided temporary enhancements to the existing CTC for the tax years 2021 and 2022. Under the expanded credit, families with children under the age of 18 were eligible to receive a credit of up to \$3,000 per child (\$3,600 for children under the age of 6).

In addition, half the credit was paid out on a monthly basis rather than as a one-time payment at tax time. This provision was designed to provide more immediate financial support to families with children during the COVID-19 pandemic. However, it also supported families who were at higher risk of financial strain, such as those raising children with disabilities.¹

Nationally, 19.5% of children have a disability, representing 14.1 million children. Prior research suggests that families raising children with disabilities face higher financial risks due to higher healthcare costs, higher routine expenses, and loss of employment income due to the higher levels of care required by their children. The cash infusion offered by the expanded Child Tax Credit payments may have presented an opportunity for these families to meet their expense burdens while investing in their child's wellbeing. In this research brief, we summarize findings from a [study](#) on the impact of the CTC on families raising children with disabilities using a nationally representative survey of US families. This two-wave survey, developed by the Social Policy Institute, Appalachian State University and NORC/Amerispeak, was sent to respondents immediately before the first CTC payments went out and immediately after the payments ended. For more details on the survey, see our reports [here](#) and [here](#).

¹ In this brief, disability is defined as a parent-reported "physical or mental impairment (including an emotional or learning problem) that can be medically identified." Please refer to the full study for more details.

Key Findings

Prior to receiving the expanded Child Tax Credit, families raising children with disabilities faced higher rates of material hardships and financial risks.

Compared to families without children with disabilities, families raising children with disabilities experienced statistically significantly higher rates of:



Bill Payment Difficulties

57.7% v. 68.6%



Utility payment difficulties

25.8% v. 35.7%



Evictions

1.9% v. 5.7%



Forgone medical care due to cost

18.7% v. 26.0%



Difficulty affording essential child expenses

35.2% v. 55.5%



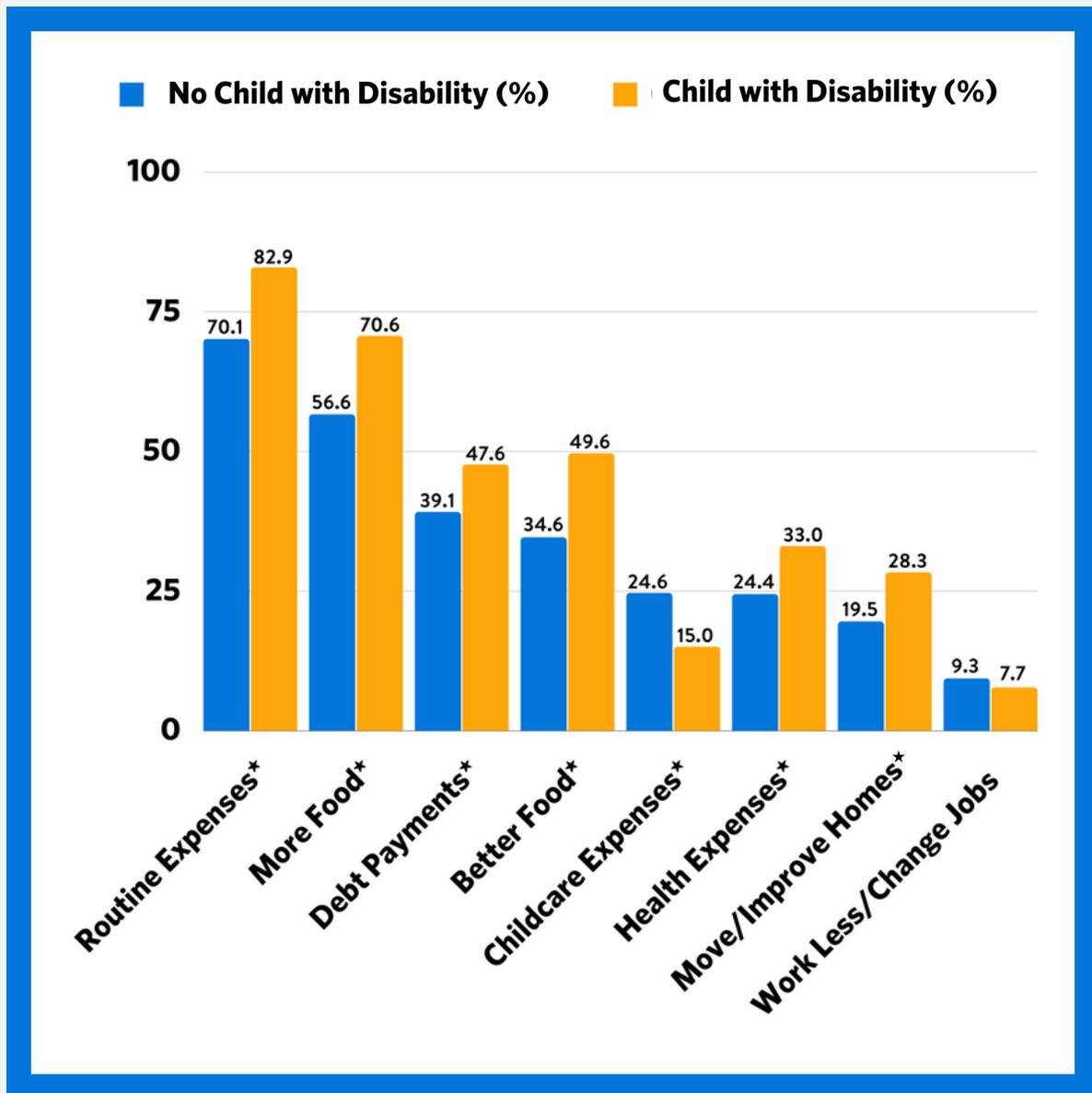
Fear of running out of food

39.5% v. 59.6%

Given that an array of studies have established that the expanded CTC led to lower rates of food insecurity and economic hardship among eligible households, it is likely that the CTC helped families of children with disabilities manage their higher risks of these adverse experiences. Encouragingly, we observe that families raising children with disabilities reported having received the CTC at a significantly higher rate (84%) compared to other families (74%).

Regardless of disability status, most families used the CTC for routine expenses such as housing and utilities, essential items for their children, and purchasing more or better food for their families. However, we see that families raising children with disabilities were significantly more likely to use their payments for these expenses by differences of 8 to 14 percentage points.

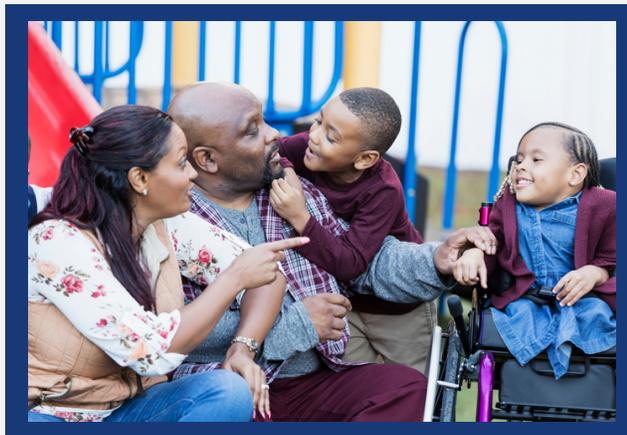
CTC Usage by Child Disability



Note: *p<0.05

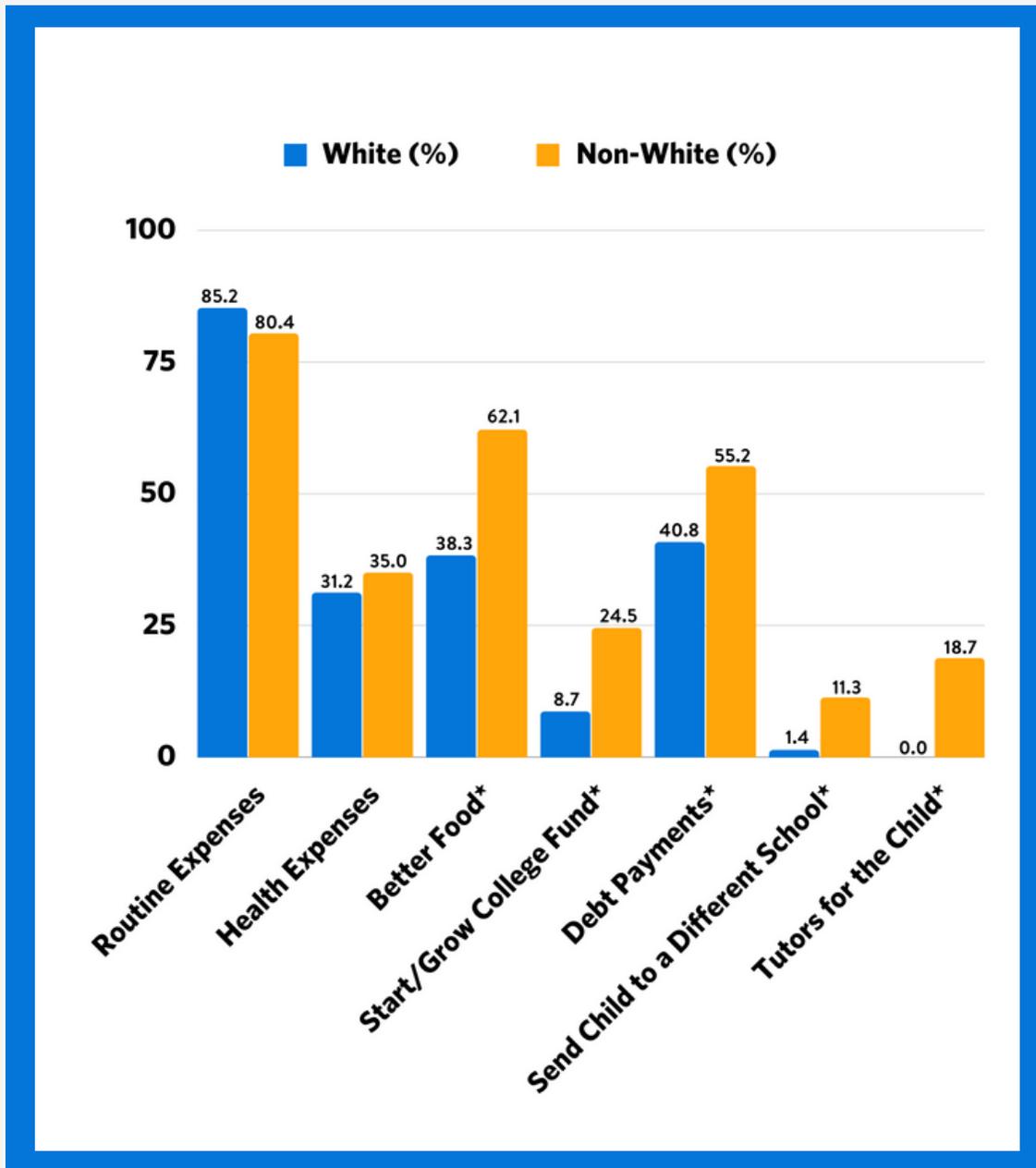
The CTC also appeared to particularly help families raising children with disabilities pay down debt, as 48% of these families reported using the payments to pay down debt compared to 39% of other families. Families raising children with disabilities were also significantly more likely to report using the funds to move/improve their homes and pay for healthcare expenses. These expenditures may be of particular importance to these families, as children with disabilities may have higher healthcare needs or require adjustments to make their homes more safe, comfortable, or accessible.

Interestingly, we see that families raising children with disabilities had a significantly lower rate of using payments for childcare expenses (15%) compared to other families (25%). This finding could be reflective of several dynamics. For example, families raising children with disabilities may have more (and more urgent) expense needs in general, so are less likely to spend money on additional child care than on covering existing bills or food expenses. Alternately, these families may have specialized childcare needs and are therefore less likely to change their childcare expenditures than families without these requirements.



Finally, we examined the extent to which the expanded CTC affected the lives of families raising children with disabilities who identify as racial/ethnic minorities and those who have relatively low incomes (see the report for full results). Our findings indicate that the CTC funds allowed families of color raising children with disabilities to invest in their child's future. While white and non-white families used the CTC funds for routine and healthcare expenses at similar rates, non-white families raising children with disabilities were significantly more likely to use the CTC to pay for tutoring, start or grow a college fund for their child, and send their child to a different school than white families. Lower-income (defined here as households making \$50,000 or less annually) families of children with disabilities were more likely than their higher-income counterparts to report using the CTC for routine uses and purchasing more food for their families.

CTC Usage by Race Among Families Raising Children with Disabilities



Note: * $p < 0.05$

Beyond specific usages of the CTC, we also measured respondents' perceptions of the CTC's impact on their lives. Across all measures, families raising children with disabilities reported greater impacts than other families. In particular, families raising children with disabilities were significantly more likely to report that the CTC helped them support their family financially, afford utilities, and cover housing costs than households without children with disabilities.

Conclusion

Families raising children with disabilities are a diverse population with a diverse array of financial needs. One of the potential benefits of the expanded CTC for these families was that the funds could be used for any purpose, and eligibility was near-universal. This meant that families of children with disabilities could use the funds to meet their children's and their household's unique needs. Indeed, we find that families raising children with disabilities used the CTC funds in ways that differed from families without children with disabilities and they reported greater impacts of the CTC on their financial lives compared to other families.

Currently, the status of the CTC expansion remains uncertain as Congress debates whether, and in what form, the CTC expansion will continue. At the heart of this debate is the presence of earnings requirements to receive the full credit.

In the current CTC, 19 million children under age 17 receive less than the full credit because their parents earn too little to qualify, or they do not work at all. These earnings requirements are particularly relevant for families raising children with disabilities, as these parents often cut back hours or leave work entirely due to their child's needs, making them unable to qualify for the full credit. Research and debate over CTC expansion often overlooks the needs and experiences of families raising children with disabilities, despite constituting nearly 20% of children in the United States. As policymakers debate the future of the Expanded Child Tax Credit, the unique experiences and needs of families raising children with disabilities are critical to consider.

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