

Expanded Child Tax Credit as an Anti-Poverty & Child Welfare Prevention Strategy



Children's Defense Fund and Chapin Hall are collaborating to advance evidence-based, actionable strategies to strengthen child and family well-being—like a permanent, expanded Child Tax Credit (CTC).

The Problem

In 2023, 11 million children—15.3% of all U.S. children—lived in poverty. Poverty negatively impacts healthy child development and can have wide-ranging consequences, particularly for young children. Experiencing economic scarcity in early childhood can disrupt healthy brain development and compromise the foundation for long-term learning, behavior, health, and productivity.

Poverty is also a driver of referrals to child protective services and involvement with the child welfare system (Casanueva et al, 2024; Kim & Drake, 2023). Research demonstrates that policies that boost family income—including tax credits—are associated with long-term benefits for children and their families and are protective against child welfare involvement (Barr et al, 2022; Rittenhouse, 2023).

The Promise

The expanded CTC is a critical policy choice to address the persistent problem of child poverty in the United States. To mitigate economic hardship during the COVID-19 pandemic, the [American Rescue Plan Act of 2021](#) included a groundbreaking provision for an expanded CTC that increased the credit amount, expanded eligibility, and provided half of the credit amount in six monthly advance payments directly to families.

The expanded CTC was one of the most effective poverty-reduction tools in decades. Child poverty declined by nearly half in 2021, lifting almost 3 million children out of poverty and giving them the opportunity to thrive (Burns & Fox, 2023). A robust body of research shows that the expanded CTC stabilized household finances, eased hunger, and improved family well-being, especially for those most in need (Collyer et al, 2023; Hamilton et al, 2022).

Following the expiration of the expanded CTC, the child poverty rate more than doubled in 2022. Food insufficiency among households with children increased by an estimated 25%, and parents who had previously received the monthly payments reported facing increased financial stress and difficulty meeting monthly expenses (Bovell-Ammon et al, 2022; Burnside et al, 2023).



The expanded Child Tax Credit was a lifeline for my family during the pandemic. It allowed us to keep up with rent and ensure our children had enough to eat."

— Raegen Selden, via ABC News,
Parent Advisory Board Member,
Automatic Benefit for
Children Coalition

The expanded CTC also appeared to have a protective effect against child maltreatment. The payments were associated with an immediate, almost 14%, decrease in calls to the national child abuse hotline. When the payments ended, hotline calls rose again, particularly for neglect (Merrill-Francis et al, 2024).

The Path Forward

The evidence makes clear that enacting a permanently expanded CTC is an evidence-based and cost-effective policy that would improve child and family well-being. It could reduce child poverty by an estimated 40% (Acs & Werner, 2021), mitigate hunger, and provide financial security. By reducing material hardship and promoting family economic stability, the expanded CTC would likely also reduce child maltreatment and child welfare system involvement.

This policy option would benefit all of us. It would lead to long-term cost savings through a wide range of benefits to society, including:

- increased future earnings for children
- improved parent and child health and longevity
- decreased infant mortality
- reduced health care costs
- avoided expenditures on child protective services, and
- reduced criminal legal system costs

For these reasons, it is estimated that the expanded CTC's benefits would be worth more than 15 times the annual program costs (Garfinkel et al, 2024).

The powerful impact of the expanded CTC makes clear that poverty is a policy choice, and we have solutions to significantly decrease and even end child poverty.

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For complete references, please see the notes in the full report here:

<https://tinyurl.com/3hvyabmc>

