



## **Expanded Child Tax Credit Will Inject More Than \$18.6 Billion Into Local Economies Each Month**

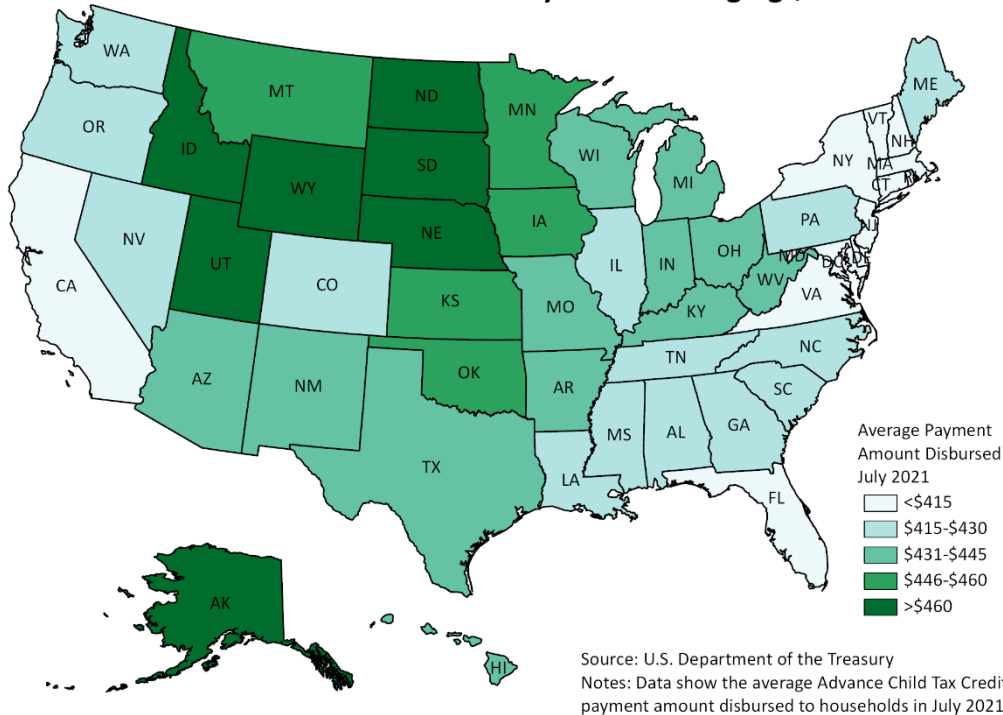
*The expanded Child Tax Credit helped over 59 million children and gave eligible families an average of \$423 in July 2021*

In July 2021, monthly payments from the newly expanded Child Tax Credit (CTC) started hitting families' bank accounts. The American Rescue Plan (ARP) dramatically increased the value of the CTC, from \$2,000 per child to up to \$3,600 per child under six and \$3,000 per child six and older. The ARP also expanded the CTC so that it is now fully refundable and previously ineligible low-income families will receive the full credit. Half of the expanded CTC will be distributed via monthly payments, helping families meet their financial needs in real time. The first round of monthly payments distributed nearly [\\$15 billion](#) to families across the United States, averaging \$423 per qualifying family and reaching more than 59 million children.

*The local economic impact of the monthly expanded CTC is likely to exceed \$18.6 billion each month*

The Treasury Department released [information](#) on how much money went to each state, which allows us to estimate the impact of the newly expanded CTC on local economies. Using an [estimated](#) multiplier of 1.25 — or how much additional spending each \$1 in CTC payments will generate, as people use their funds to buy goods and services that in turn generate income for other people and businesses — implies that the expanded CTC will generate more than \$18.6 billion in spending in local economies each month. This increased economic activity is a boon to local businesses, creating jobs in communities across the United States.

**The Families of More Than 59 Million Qualifying Children Received Advance Child Tax Credit Payments Averaging \$423**



***The expanded Child Tax Credit is expected to cut child poverty in half, leading to big long-term benefits for families and communities***

The expanded CTC is expected to cut childhood poverty in half, which research shows will have long-term benefits for families and communities. For example, [research](#) has found that an extra \$3,000 in a family’s annual income when a child is younger than five leads to 19% higher future earnings. Other research on investments in early childhood finds that increasing family incomes has tangible outcomes for children, including [higher test scores](#) and high school and college [graduation rates](#), improved [health outcomes](#), lower rates of [incarceration](#) and [reduced](#) need for future income support. Overall, a growing body of academic research finds that public investments in children yield [significant](#) long-term returns with economy-wide benefits, as healthier, more-educated kids grow up to be more productive workers with higher earnings, which in turn generates higher future revenues.

In a review of the academic literature on childhood poverty, the nonpartisan National Academies of Sciences, Engineering and Medicine [found](#) that childhood poverty costs the U.S. economy between \$800 billion and \$1.1 trillion in lost economic output annually. By cutting the childhood poverty rate in half, the expanded CTC will boost both families’ current incomes and children’s future earnings, and, in turn, the economy’s future economic potential.

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Advance Child Tax Credit Payments Disbursed July 2021				
State	Number of Qualifying Children (Thousands)	Total Payment Amount (Thousands)	Average Payment Amount (\$)	Total Payment Immediate Fiscal Impact (Thousands)
Alabama	913	\$234,232	\$422	\$292,790
Alaska	155	\$39,088	\$468	\$48,860
Arizona	1,356	\$344,278	\$440	\$430,348
Arkansas	585	\$150,288	\$437	\$187,860
California	6,564	\$1,621,878	\$406	\$2,027,348
Colorado	992	\$244,566	\$420	\$305,708
Connecticut	566	\$137,474	\$391	\$171,843
Delaware	169	\$42,628	\$413	\$53,285
District of Columbia	90	\$21,812	\$376	\$27,265
Florida	3,600	\$915,551	\$403	\$1,144,439
Georgia	2,054	\$520,295	\$418	\$650,369
Hawaii	257	\$65,027	\$431	\$81,284
Idaho	393	\$99,665	\$487	\$124,581
Illinois	2,200	\$547,169	\$418	\$683,961
Indiana	1,306	\$333,251	\$445	\$416,564
Iowa	618	\$156,942	\$458	\$196,178
Kansas	568	\$143,650	\$456	\$179,563
Kentucky	851	\$218,408	\$436	\$273,010
Louisiana	896	\$229,406	\$417	\$286,758
Maine	215	\$54,404	\$415	\$68,005
Maryland	1,072	\$262,332	\$401	\$327,915
Massachusetts	1,060	\$253,118	\$385	\$316,398
Michigan	1,775	\$449,403	\$438	\$561,754
Minnesota	1,090	\$270,372	\$449	\$337,965
Mississippi	595	\$153,666	\$417	\$192,083
Missouri	1,152	\$293,116	\$444	\$366,395
Montana	198	\$50,426	\$457	\$63,033
Nebraska	404	\$102,279	\$464	\$127,849
Nevada	560	\$143,317	\$425	\$179,146
New Hampshire	216	\$53,017	\$399	\$66,271
New Jersey	1,550	\$373,155	\$394	\$466,444
New Mexico	383	\$98,379	\$434	\$122,974
New York	3,227	\$802,249	\$407	\$1,002,811
North Carolina	1,881	\$476,025	\$415	\$595,031
North Dakota	154	\$38,920	\$463	\$48,650
Ohio	2,169	\$550,840	\$436	\$688,550
Oklahoma	782	\$200,574	\$450	\$250,718
Oregon	692	\$173,227	\$425	\$216,534
Pennsylvania	2,217	\$554,813	\$423	\$693,516
Rhode Island	173	\$43,277	\$399	\$54,096
South Carolina	945	\$241,176	\$422	\$301,470
South Dakota	184	\$46,868	\$477	\$58,585
Tennessee	1,260	\$321,591	\$428	\$401,989
Texas	5,937	\$1,499,988	\$434	\$1,874,985
Utah	780	\$196,032	\$515	\$245,040
Vermont	98	\$24,767	\$410	\$30,959
Virginia	1,533	\$377,455	\$412	\$471,819
Washington	1,322	\$325,617	\$423	\$407,021
West Virginia	301	\$77,419	\$431	\$96,774
Wisconsin	1,041	\$262,789	\$443	\$328,486
Wyoming	114	\$28,971	\$464	\$36,214
Other areas	85	\$21,701	\$481	\$27,126
<b>United States</b>	<b>59,301</b>	<b>\$14,886,893</b>	<b>\$423</b>	<b>\$18,608,616</b>

Source: U.S. Department of the Treasury, JEC Democratic staff calculations, Bernard Yaros, Jr. and Mark Zandi ("The Biden Fiscal Rescue Package: Light on the Horizon," 2021)

Notes: "Total Payment Immediate Fiscal Impact" is calculated using an assumed multiplier of 1.25 on federal spending on the Child Tax Credit at the state level from Yaros and Zandi (2021).