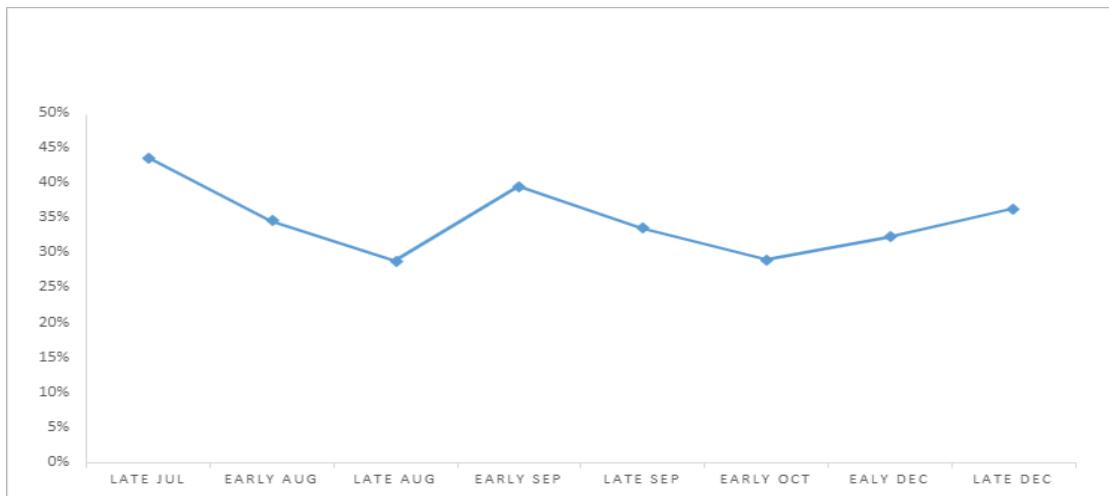


Learning from the Expanded Child Tax Credit: Moving Forward in Maine

On December 15th, 2021, the final round of payments for the expanded Child Tax Credit (eCTC) went out to more than [36 million families](#) across the United States. This iteration of the Child Tax Credit program [expanded eligibility](#). An innovative example of direct cash payments, initial research demonstrates that this expansion was an extremely [effective policy](#) measure. Experts credit the eCTC with reducing [child poverty by more than 35 percent nationally](#). Researchers found that payments led to a [25 percent decline in food insufficiency](#) among low-income households with children. A national [review](#) of the financial transactions of low-income families in 2021 found increased spending on items like groceries, education, and health care as well as a reduction in overdraft fees. Further, [initial research](#) has found that the expansion did not have negative short-term employment effects. Previous studies have found that expansion of direct earned income tax payments [reduces domestic violence rates](#).

Figure 1. Percentage of Maine Residents with Children Not Receiving Advance eCTC Payments 2021



Source: U.S. Census Bureau, [Household Pulse Survey Data Tables](#), Weeks 34-41

In Maine, [131,000 eCTC payments](#) were received from July-December 2021 out of 216,000 qualifying children (60.6%) according to the US Department of the Treasury. At its highest, 45 percent of qualifying Maine residents did not receive the expanded Child Tax Credit

payment to which they were entitled, according to the Household Pulse Survey.¹ **Figure 1** reports the percentage of individuals with children in Maine who did not receive an advance payment in 2021.² While the full amount of the tax credit can be received when filing a federal income tax return, **the percentage of people who did not get the benefit of a monthly payment to help ease their financial burdens during the latter half of 2021 never dropped below 30 percent.** Since disbursements of the eCTC were based on 2019 and 2020 federal income tax return, there are as many as **3,712 children in Maine who are eligible for the payments but did not receive** them due to not being claimed on recent tax returns. Consistent with national data, in Maine respondents reported using the eCTC on essential needs.

WHO FACED BARRIERS ACCESSING THE ECTC?

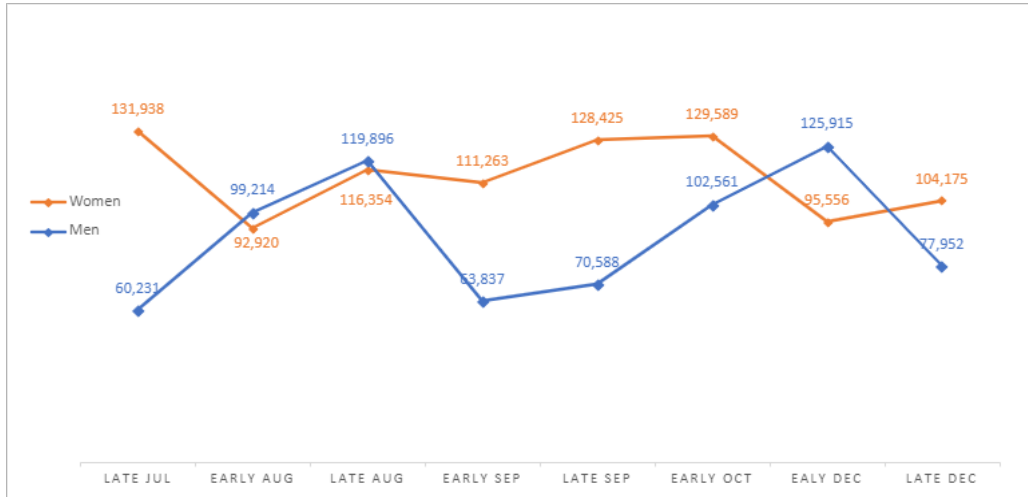
- According to analysis from the [Maine Center for Economic Policy](#), low-income households in Maine were least likely to receive an eCTC payment.
- **Non-white families were also less likely to receive the payments** in Maine.
- **Married parents were significantly more likely to report receiving an eCTC payment when compared to single parents** (60 percent versus 49 percent of Maine families).
- Nationally, the [Urban Institute](#) found that those most at risk of missing out on the expanded CTC are **families with lower incomes, unmarried adults, and people who are nonwhite or Hispanic.**
- Many [low-income families are not required](#) to file their taxes. Families that are less likely to file tax returns are [less likely to receive](#) the eCTC.
- [Focus groups](#) have revealed that many immigrant communities with citizen children **do not think they are eligible** for the eCTC.
- More research is needed to evaluate how [government trust, distribution methods, eligibility requirements, financial literacy](#) and other factors impact the uptake of direct federal payments. [Community outreach](#) is critical in effective implementation.
- **More specific data on the racial and ethnic breakdown of recipients** is needed to further understand the impact of the eCTC in Maine.³

¹ Receipt of the eCTC appears to be underreported on the Household Pulse Survey, which is often the case with public benefits reported in surveys (Small et al 2022). The Household Pulse Survey is an experimental data source with large standard errors.

² The experimental [Household Pulse Survey](#), run by the US Census Bureau, is designed to quickly and efficiently deploy data collected on how people's lives have been impacted by the coronavirus pandemic. The Household Pulse Survey asks respondents if someone in the household received a Child Tax Credit payment in the last four weeks.

³Demographic data from the HPS have small sample sizes and [large standard errors](#) in many cases to accurately report. Additionally, the HPS-the only of the moment quantitative data on the use of the eCTC-did not include Indigenous or Native American populations as a discrete group of respondents. Instead, Indigenous populations were classified as "mixed-race" or "other."

Figure 2: Total Number of Maine Women and Men Who Received Advance eCTC Payments in 2021



Source: U.S. Census Bureau, [Household Pulse Survey Data Tables](#), Weeks 34-41

Policy Discussion

While the eCTC was an innovative policy tool, its incomplete uptake and [uneven distribution](#), highlights the need for further action. Administering social support policies through the federal [tax infrastructure](#) is an [imperfect policy](#) solution, replicating existing access bureaucratic issues with taxes. The federal eCTC excluded many economically vulnerable people, including [undocumented families](#), [people without young children](#), and those [disconnected from the tax system](#). National trends indicate that people experiencing [domestic violence](#), immigrant communities, the [un or underbanked](#), and families experiencing [houselessness or housing instability](#), faced additional logistical barriers accessing the eCTC.

CONCLUSION

Initial evidence on the eCTC indicates that direct economic payment programs can have a significant impact on poverty for families with children. However, this federal-level experiment in direct economic payments had several limitations. **In Maine, only about 60% of qualifying children received eCTC payments and low-income, immigrant and single-parent families were least likely to receive payments.** Policy makers and funders must iterate on this innovative yet incomplete model moving forward. Other state or community-level models of direct economic payments to Maine residents might be explored, particularly in the face of federal inaction on the continuation of the eCTC.

This rapid research brief was made possible by an innovative partnership between the Institute for Women’s Policy Research and the Women’s Funding Network.