New Census Data Shows Families Spent First Child Tax Credit Payments on Basic Needs

More than 35 million families received $423 on average, spending it on food, utilities, clothing and other basic expenses

WASHINGTON, DC -- Today, new data from the most recent Census Household Pulse survey shows that families spent the first monthly payments from the expanded Child Tax Credit largely on food, clothes, school supplies and other basic household expenses. The first round of tax credits have already reduced hunger among families with kids, as well as helped families pay down debt and boost their savings.

“The data clearly shows that the expanded Child Tax Credit payments are making it easier for parents to provide and care for their families,” said Natalie Foster, Co-Chair of Economic Security Project. “The tax credit is helping all families succeed, from working families struggling with basic needs like food, rent, and bills, to middle-class families that need help with childcare costs and college savings. Poverty is a policy choice and Congress must choose to make the expanded Child Tax Credit permanent. It is proving to be an essential tool for building an inclusive and equitable economy.”

Data from the Treasury Department shows that the July 15 payments were sent to approximately 35 million families. Families received an average payment of $423.

The next round of payments will be sent to families on Friday, August 13, and will continue monthly until December, unless extended. The remaining second half of the credit will be a lump sum paid out during the next tax season.

Census Household Pulse data illustrates benefits of the first expanded Child Tax Credit payment:

- **Families mostly spent the Child Tax Credit on basic needs.** The monthly CTC payment served as much-needed support for American families, helping supplement monthly incomes for 35 million households to more easily afford basic necessities. Specifically, the top categories families spent the payment on was food, utilities, clothing, school supplies, paying down debt, and boosting savings.

- **Families used the Child Tax Credit to establish financial stability by starting or boosting their savings.** In addition to spending the payment on basic necessities including school supplies, many families used the Child Tax
Credit to save for a rainy day. In the weeks prior to the first CTC payment (June 23 to July 5), 18.8% of families planned to mostly direct the checks to their savings. After receiving the CTC payments (July 21 to August 2), 32% of families used the payment to mostly save.

- **Families used the Child Tax Credit to continue paying down debt.** Our stimulus payment analysis showed that throughout the COVID recession, families with the most financial insecurity have had to increasingly rely on credit cards and borrowing to meet basic needs. In previous weeks, 53.5% used the stimulus payments to pay down debt. The data from the week immediately following Child Tax Credit shows a similar pattern with 40% using the payment to pay down debt.

- **Child Tax Credit payments helped families with kids meet household expenses.** In the weeks immediately preceding the July 15 CTC payments (June 23 to July 5), 53% of families with children were having difficulty meeting usual expenses. In the weeks immediately following receiving the CTC payments (July 21 to August 2), that share dropped to 51%.

- **Child Tax Credit payments reduced hunger among families with kids.** Compared to the period immediately before receiving the monthly credit, food scarcity among families with children dropped in the weeks after families received the money, from 11% to 8%. The share of families with kids earning less than $50,000 who didn't have enough to eat dropped from 26% to 18.5%; for Latinx families with kids, it dropped from 15.7% to 9.9%.

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*The Economic Security Project challenges the current status quo by catalyzing ideas that build economic power for all Americans. We pick our fights based on our analysis of where a little push could turn an idea from a trend into an intervention that improves the lives of Americans. Our work as a convener, funder, and campaigner includes research to provide the intellectual foundation for our ideas, advocacy to move them forward, and culture change efforts to shift the way we imagine and talk about our economy. We currently focus our efforts on advancing a guaranteed income that would provide an income floor for all Americans, winning recurring direct stimulus checks through the end of this economic crisis, and anti-monopoly action to rein in the unprecedented concentration of economic power.*