How are Iowa families using their Child Tax Credit payments?

Evidence from Census Data

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The temporary expansion of the Child Tax Credit (CTC) is projected to cut American child poverty by more than half. The CTC expansion provides families with $3,600 for every child in the household under the age of six, and $3,000 for every child between the ages of six and 17. The vast majority of U.S. families with children are eligible for the CTC.

In this brief, we use data from the Census Household Pulse survey to examine how a representative sample of CTC-eligible Iowa families making less than $150,000 a year report using their CTC payments. This survey was administered between July 21st and August 16th, covering the period in which the first two CTC payments were deposited in families’ bank accounts.

Key Finding 1: Almost two-thirds of eligible IA families received the CTC.

Key Finding 2: 39% of IA families reported mostly using their CTC to pay down debt, 35% mostly saved their CTC, and 26% mostly spent it.

Key Finding 3: The most common uses of the CTC payments among IA families were purchasing food for their family (44%), managing bills (37%), and paying the rent/mortgage (27%).

Key Finding 4: Eligible IA families experienced higher rates of overall food security after CTC payments went out.
Key Finding 5: Middle-income IA families were most likely to receive CTC payments (71%), followed by high-income (65%) and low-income (54%) families.

Key Finding 6: Low-income IA families were much more likely to use their CTC to mostly pay off debt, while middle-income families were more likely to mostly spend the CTC and high-income families were most likely to save it.