

Food Insecurity and the Child Tax Credit

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Food Insecurity is on the Rise among U.S. Households with Children

Context

- Food insecurity puts people at risk for many poor physical and mental health outcomes.
- Food insecurity stayed stable during much of the COVID-19 pandemic but rose significantly from 2021-2022 among U.S. households with children.
- Many federal supports were offered during the COVID-19 pandemic. These included expansions in food assistance programs like SNAP, as well as other supports like the expanded Child Tax Credit. However, these supports were temporary.
- SNAP benefits were reduced for many households after February 2023, when pandemic-era Emergency Allotments ended.
- As federal relief measures end, states are taking action to support those at risk of food insecurity. For example, many states, including the majority of states in the region, have passed their own expanded Child Tax Credits.

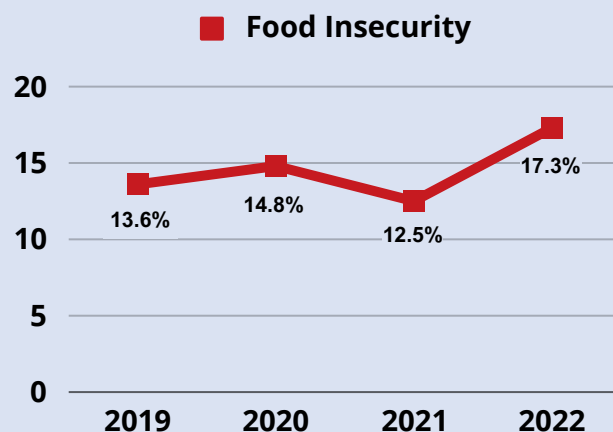


Figure 1. Rates of Food Insecurity Among Households with Children

In 2022, our research team interviewed 40 low-wage working families with children living in two U.S. cities. We asked them how an array of federal economic supports offered during COVID-19 affected them. Sixty percent of participants reported food insecurity. This is what we heard from participants.

+ Flexible benefits, like the Child Tax Credit, help people spend according to their needs, while programs like SNAP are more restrictive

People need things outside of food and rental assistance.... Pampers, wipes, laundry detergent, you know...When we're stressing so much about the biggest things, those are the smaller things that kind of just...I guess get lost in the creases of things.

Child Tax Credits (CTCs) can lift households out of poverty and reduce food insecurity

The Child Tax Credit was also a great blessing... Because we [had been] homeless, we had no beds, no nothing, no blankets...So, because of that, we used a lot of our Child Tax Credit money to purchase new things for the house.

Extra food stamps definitely...work when it comes to food....But what about the roof over our heads and the shoes on our feet and the clothes on our back? That costs money, not food stamps.

Why Tax Credits Help: What We Heard

- **Households make spending tradeoffs.** Families facing food insecurity frequently make tradeoffs between food, housing, and other expenses. Benefits like tax credits allow people the flexibility to manage these competing expenses.
- **Food assistance benefits like SNAP only go so far.** The specific income and eligibility requirements of SNAP means that not everyone qualifies for assistance. The application and recertification process also pose challenges. Additionally, it does not even cover all food expenses. Benefits like tax credits can help fill these gaps.

Over the last several years the Connecticut General Assembly has tried but failed to pass a permanent Child Tax Credit, making Connecticut one of the only states in the region without this benefit





The end of pandemic-era benefits poses challenges to households' economic stability

The End of Benefits: What We Heard

- **The discontinuation of multiple benefits is a challenge.** Participants relied on a patchwork of different supports for food, housing, and other expenses throughout the pandemic. However, it was often unclear how long supports would be available for. Changing benefit amounts made it difficult for people to manage their budgets.
- **Inflation added to this challenge.** Participants noted that the discontinuation of the pandemic-era benefits was particularly difficult when combined with the rising costs of food and other necessities due to inflation.

So [I] kind of felt like there should have been a more permanent plan in place to uplift people.

They put resources up for a few months in the beginning. But once they started taking all of them away, a lot of people were finding themselves in a lot-in trouble.

They were holding our hand along the way, and then pushed us down the hill, when they were done helping....And I feel like that was very traumatic for a lot of people. So I feel like there should have been something in place to gradually...transition that process.



Procedures for accessing benefits should be simplified

Accessing Benefits: What We Heard

- **Participants face numerous barriers in accessing benefits.** Participants noted burdensome administrative processes for accessing many benefits. At times, administrative delays and errors led them to miss out on benefits.
- **Automatic processes facilitate benefit receipt.** The federal monthly Child Tax Credit was administered automatically and partially in advance to those who had filed taxes in the previous year. This, as well as direct deposit processes, made it easier to access.
- **Participants lacked support for navigating policy and program changes during the pandemic.** Participants learned about new benefits haphazardly. There was little systematic support for people to learn about new benefits they might be eligible for.

I feel like I did not have all the answers. I feel like I really did not have all the information.

I think the information... You need to be specific. It needs to be spot on. We don't have time for guessing games when it comes to everyone's livelihood.

There was a lot of misinformation being thrown around and you basically had to... do your own research to see what is true and what's not... It was like they were having programs, but weren't telling people that there were programs in place to help.

Key Takeaways

- As COVID-19 era supports end, states must consider how they can maintain a safety net for those at risk of food insecurity.
- Flexible benefits like the Child Tax Credit can help those at a high risk of food insecurity fill gaps in their budget.
- Such benefits can have greater reach and impact if they have broad eligibility and are administered through automatic processes.

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