Expanded Child Tax Credit Improves Adult Mental Health
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Background

In response to financial hardship during the COVID-19 pandemic, Congress temporarily expanded the Child Tax Credit (CTC) to $3,600 per child from July - December 2021 (up from $2000 per child). The expansion also allowed families to receive the CTC through automatic monthly payments rather than in one lump sum after taxes had been filed.

Using data from the Census Bureau’s Household Pulse Survey, UCSF researchers looked at the effects of the expanded CTC on the mental health of low-income adults with children and members of racial/ethnic minority groups.

Findings: The Expanded CTC Improved Adult Mental Health

- Fewer Symptoms of Anxiety and Depression
  People with low income reported fewer symptoms of anxiety and depression after the CTC expansion. Notably, anxiety symptoms were reduced by 13.3 percent from baseline.

- Biggest Benefits to Racial and Ethnic Minority Groups
  The mental health benefits were largest among adults of Black, Hispanic, and other (non-Asian) racial and ethnic minority backgrounds.

- Positive Changes in Short Time Frame
  Anxiety symptoms decreased within a month after the monthly CTC payments began. Depressive symptoms were reduced a few months later.

Policy Implications

The expanded CTC expired in December 2021 and was not renewed by Congress. This study’s findings are important for federal and state legislators as they consider making the expanded CTC and other similar tax credits permanent to support economically disadvantaged families.

References:

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