

September 2021

### The Child Tax Credit Provides Critical Support to Survivors of Domestic Violence

The one-year temporary expansion of the child tax credit (CTC), passed under the American Rescue Plan Act, has provided critical economic support for families and children. Already, it has shown concrete results:

- The expanded CTC provided crucial funds to help families meet their usual expenses -- food, rent, school supplies, child care, and other basic necessities.<sup>1</sup>
- Food insecurity declined from 11% to 8.4% after the first CTC payment and then to 7.7% after the second CTC payment.<sup>2</sup>
- Food insecurity for Latinx and Black families dropped even more -- from 15.7% to 10.1% for Latinx families and from 15.6% to 11.8% for Black families.<sup>3</sup>
- Housing insecurity and families experiencing depression or hopelessness also has declined.<sup>4</sup>
- The expanded CTC helped to lift millions of children out of poverty. The first CTC payment reached 59.3 million children and kept an estimated 3 million children from poverty in the month of July 2021<sup>5</sup> and the second CTC payment reached 61 million children.<sup>6</sup>

For families with children, the importance of the monthly CTC payments cannot be understated – it allows them to meet their families’ basic needs, reduces hunger, keeps families in their homes, and diminishes daily financial stress. For parents, typically mothers, and children experiencing domestic violence, this economic support could be life-saving. It offers needed economic security that may help to prevent domestic violence and it may allow survivors to leave abusive partners and meet the basic needs of their families. Futures Without Violence strongly supports making the CTC fully refundable and permanent and accessible to all children so that every child and family in the U.S. can be safe and can flourish.

# What Is the Expanded CTC

Enacted in 1997, the CTC was established to help families afford everyday expenses of raising children. It is a credit that parents/caregivers claim when they file their taxes. To help families with the economic challenges from COVID-19, the American Rescue Plan Act (ARPA) expanded eligibility, increased the amount of the tax credit, and allowed parents/caregivers to get half of their tax credit in *advanced cash benefits*.

- For each child 5 and under, eligible parents/caregivers receive \$3,600 total (or \$300 per month, from July to December 2021.)
- For each child 6-17 years old, eligible parents/caregivers receive \$3,000 total (or \$250 per month, from July to December 2021).
- The expanded CTC is *fully refundable* to all eligible families so that parents/caregivers who do not have employment or income are eligible can claim the tax credit. Full refundability is central to reducing poverty and improving the lives of children and families. The Urban Institute estimates that an expanded CTC, in a year not impacted by the COVID-19 pandemic, would lift 4.3 million children out of poverty. <sup>1</sup>

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## CTC Provides Economic Security for Survivors of Domestic Violence

*Safety and economic security are inextricably linked for survivors of domestic violence.*

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About one in four women experience intimate partner violence over their lifetime and reported some related impact.<sup>7</sup> People between the ages of 18-24 experience the highest rates of intimate partner violence.<sup>8</sup> A study from 2006 estimated that 15.5 million U.S. children lived in families in which intimate partner violence had occurred in the previous year.<sup>9</sup>

The Centers for Disease Control and Prevention (CDC) recognizes the important link between economic security and safe relationships and promotes strengthening economic supports for families to reduce Intimate Partner Violence (IPV).<sup>10</sup> (The term IPV includes physical violence, sexual violence, stalking, or psychological harm by a current or former partner or spouse.) The CDC specifically highlights the value of tax credits as a tool for preventing and reducing IPV in their most recent technical package because tax credits, like the CTC, can lift families out of poverty.<sup>11</sup>

Increased financial security also gives survivors of domestic violence more options for safety for themselves and their children, such as living independently from an abusive partner.

Unfortunately, all too often, survivors stay with their abusive partner because they do not have financial resources to support themselves and their children. In a 2012 survey, 74% of women reported that they stayed in an abusive relationship longer because of economic reasons.<sup>12</sup>

Tellingly, thirty-five percent of adults in the United States would not have enough money to cover a \$400 emergency expense.<sup>13</sup>

A permanent and fully refundable CTC, inclusive of immigrant children, would help survivors of domestic violence and abuse achieve safety, stability, and economic security. As noted above, it could help a survivor with children leave an abusive partner and address any emergent needs, including paying for rent, utilities, repairs on a car, and food or clothing. Strengthening economic stability for parents and children experiencing domestic violence, is associated with better outcomes for children. When parents and caregivers have the support to meet a child's basic needs such as safety, food, shelter, and medical care, and have financial security to get through emergencies, it can have a positive impact on a child's well-being.<sup>14</sup>

### **Economic Insecurity Impacts Survivors of Domestic Violence**

In a survey involving 164 survivors, three out of four survivors stayed with their partner longer or returned to them because of financial reasons. Among the list of specific financial factors that impacted their decision to stay, 83% said they did not have another place to live and 50% reported they would not be able to afford child care.<sup>1</sup>

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## **Policy Recommendations**

*A permanent, fully refundable child tax credit could help countless survivors and their families. Unfortunately, the current expanded CTC is only available for 1 year. It also excludes children who do not have Social Security numbers. In order for the credit to help survivors who need it most, we propose the following recommendations.*

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- **Make the CTC permanent and fully refundable without a minimum income limit.** We need a permanent and fully refundable CTC that is delivered monthly to ensure that families, especially mothers and children experiencing domestic violence, can achieve safety and economic security and pay for their monthly expenses and basic necessities. A

permanent and fully refundable CTC will dramatically reduce child poverty and improve child and family well-being.<sup>15</sup>

- **Ensure all children, including all immigrant children, are eligible to receive the child tax credit.** In 2017, through the 2017 Tax Cut and Jobs Act, children who do not have a Social Security number were excluded from eligibility for the child tax cut. It is critical that this change is reversed so that the child tax credit reaches all immigrant children who are otherwise eligible, many of whom live in families who provide essential services to our communities, have been excluded from other relief during the pandemic, and urgently need the CTC payments to support the needs of their families.
  
- **Provide financial support to local domestic violence programs so that they can assist survivors access the child tax credit.** Many families have already received the first and second CTC payments automatically because their family filed their tax returns in recent years. However, there are millions of families that do not know about the CTC or how to file a tax return to obtain the CTC. Domestic violence programs, with deep ties to the community they serve, are well positioned to support families who need assistance accessing the child tax credit and provide education to the community about what the child tax credit does. Technical assistance and resources are needed to support domestic violence advocates to do the critical work of educating and connecting survivors to the child tax credit.
  
- **Reduce the barriers for families when applying and receiving the CTC.** Resources will be needed to increase language access, make the process accessible through a mobile app, and providing community navigators/assisters, like domestic violence advocates, to provide hands-on support.<sup>16</sup>
  
- **Legislation should include hardship language and freedom from penalties for survivors in the event an abusive partner inappropriately claims the credit.** In circumstances of hardship, especially extreme financial hardship or domestic violence, a survivor should be able to receive retroactive payments of the CTC for the full number of months in which they were the primary caregiver, up to a maximum of 12 months. Additionally, a survivor should not be penalized if their abusive partner inappropriately claims the CTC.

<sup>1</sup> Perez-Lopez, D., (August 11, 2021). *Household Pulse Survey Collected Responses Just Before and Just After the Arrival of the First CTC Checks*. U.S. Census Bureau. Retrieved August 2021 from [Census Household Pulse Survey](#).

<sup>2</sup> Economic Security Project, (August 25, 2021). *New Census Data Shows Child Tax Credit is Key to Reducing Poverty for Families of Color*. Press released retrieved August 2021 from <https://www.economicsecurityproject.org/wp-content/uploads/2021/08/New-Census-Data-Shows-Child-Tax-Credit-is-Key-to-Reducing-Poverty-for-Families-of-Color.pdf>

<sup>3</sup> Ibid.

<sup>4</sup> Economic Security Project, (August 25, 2021). *New Census Data Shows Child Tax Credit is Key to Reducing Poverty for Families of Color*. Press released retrieved August 2021 from <https://www.economicsecurityproject.org/wp-content/uploads/2021/08/New-Census-Data-Shows-Child-Tax-Credit-is-Key-to-Reducing-Poverty-for-Families-of-Color.pdf>

<sup>5</sup> Parolin, Z., Collyer, S., Curran, M.A., Wimer, C. (August 2021). *Monthly Poverty Rates among Children after Expansion of the Child Tax Credit*. Poverty and Social Policy Brief. Center on Poverty and Social Policy, Columbia University. Vol. 5, no. 4. Retrieved August 2021 from <https://www.povertycenter.columbia.edu/news-internal/monthly-poverty-july-2021>

<sup>6</sup> Elliot, D. (August 27, 2021). *Brand New Data and Reports Show Impact of Expanded CTC: 'This Huge For Low-Income Families.'* Coalition For Human Needs. Retrieved August 2021 from <https://www.chn.org/voices/brand-new-data-and-reports-show-impact-of-expanded-ctc-this-is-huge-for-low-income-families/>

<sup>7</sup> Smith, S. G., Zhang, X., Basile, K.C., Merrick, M.T., Wang, J., Kresnow, M., Chen, J. (2018). *The National Intimate Partner and Sexual Violence Survey (NISVS): 2015 Data Brief—Updated Release*. Atlanta, GA: National Center for Injury Prevention and Control, Centers for Disease Control and Prevention. Retrieved August 2021 from <https://www.cdc.gov/violenceprevention/pdf/2015data-brief508.pdf>

<sup>8</sup> Truman, J., Morgan, R.E., (April 2014). *Nonfatal Domestic Violence, 2003-2012*. U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, Retrieved August 2021 from <https://bjs.ojp.gov/content/pub/pdf/ndv0312.pdf>

<sup>9</sup> Futures Without Violence, *The Facts on Children and Domestic Violence*, citing McDonald, Renee, Ernest N. Jouriles, Suhasini Ramisetty-Mikler, et al. 2006. *Estimating the Number of American Children Living in Partner Violent Families*. *Journal of Family Psychology* 20(1): 137-142. Retrieved August 2021 from [https://www.futureswithoutviolence.org/userfiles/file/Children\\_and\\_Families/Children.pdf](https://www.futureswithoutviolence.org/userfiles/file/Children_and_Families/Children.pdf)

<sup>10</sup> Niolon, P. H., Kearns, M., Dills, J., Rambo, K., Irving, S., Armstead, T., & Gilbert, L. (2017). *Preventing Intimate Partner Violence Across the Lifespan: A Technical Package of Programs, Policies, and Practices*. Atlanta, GA: National Center for Injury Prevention and Control, Centers for Disease Control and Prevention, at 33. Retrieved July 2021 from <https://www.cdc.gov/violenceprevention/pdf/ipv-technicalpackages.pdf>, citing Matjasko, J. L., Niolon, P. H., & Valle, L. A. (2013). The role of economic factors and economic support in preventing and escaping from intimate partner violence. *Journal of Policy Analysis and Management*, 32(1), 122-128.

<sup>11</sup> Ibid. at 33 and 34.

<sup>12</sup> Mary Kay Foundation (2012). *Truth About Abuse Survey Report*. Retrieved August 2021 from [http://content2.marykayintouch.com/public/PWS\\_US/PDFs/company/2012Survey.pdf](http://content2.marykayintouch.com/public/PWS_US/PDFs/company/2012Survey.pdf)

<sup>13</sup> Board of Governors of the Federal Reserve System (May 2019). *Report on the Economic Well-Being of U.S. Households in 2018*. Retrieved August 2021 from <https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm>

<sup>14</sup> Center on the Developing Child at Harvard University (2021). *Three Principles to Improve Outcomes for Children and Families, 2021 Update*. Retrieved August 2021 from <https://developingchild.harvard.edu/resources/three-early-childhood-development-principles-improve-child-family-outcomes/>

<sup>15</sup> Maag, E. (September 8, 2021 blog). *An Expanded Child Tax Credit Would Reduce Child Poverty to Below 10 Percent in Nearly All States*. Tax Policy Center at the Urban Institute & Brookings

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Institution. Retrieved September 2021 from [https://www.taxpolicycenter.org/taxvox/expanded-child-tax-credit-would-reduce-poverty-below-10-percent-nearly-all-states?utm\\_source=urban\\_EA&utm\\_medium=email&utm\\_campaign=CTC\\_Expansion\\_Products&utm\\_term=tpc&utm\\_content=researcher\\_sends](https://www.taxpolicycenter.org/taxvox/expanded-child-tax-credit-would-reduce-poverty-below-10-percent-nearly-all-states?utm_source=urban_EA&utm_medium=email&utm_campaign=CTC_Expansion_Products&utm_term=tpc&utm_content=researcher_sends)

<sup>16</sup> See Cox, K., Caines, R., Sherman, A., and Rosenbaum, D. (August 2021). *State and Local Tax Credit Outreach Needed to Help Lift Hardest-to-Reach Children Out of Poverty*. Center on Budget and Policy Priorities. Retrieved August 2021 from <https://www.cbpp.org/research/federal-tax/state-and-local-child-tax-credit-outreach-needed-to-help-lift-hardest-to-reach>