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“It helped us more than I could have imagined”: How the 2021 Expanded Child Tax Credit Supported Families Raising Children with Disabilities



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Executive Summary

The 2021 expanded Child Tax Credit (CTC) provided temporary enhancements to the existing CTC for the tax years 2021 and 2022. Under the expanded credit, families with children under the age of 18 were eligible to receive a credit of up to \$3,000 per child (\$3,600 for children under the age of 6). In addition, half the credit was paid out on a monthly basis rather than as a one-time payment at tax time. This provision was designed to provide more immediate financial support to families with children during the COVID-19 pandemic. However, it also supported families who were at higher risk of financial strain, such as those raising children with disabilities.

In this report, we use a nationally representative survey of US families to explore the impacts of the CTC on families raising children with disabilities. This survey was administered immediately before the first CTC payments went out and immediately after the payments ended. We find that, compared to other families, families caring for children with disabilities were:

- More likely to report an array of hardships before the monthly CTC payments started, including difficulty paying bills, skipping needed medical care due to lack of money, evictions, difficulty affording child essentials, and food insecurity.
- More likely to report receiving the CTC.
- More likely to use the monthly CTC on routine expenses, more and better quality food, healthcare expenses, and moving or improving their home.
- Less likely to use the CTC payments for childcare expenses.
- More likely to agree that the CTC helped support their family financially, afford routine expenses, housing, and tutoring.

We also examine how patterns in CTC usage differed based on families' race/ethnicity and household income. We find that:

- Non-white families raising children with disabilities were more likely to report using the CTC to pay down debt, afford better food, start or grow a college fund, and send their children to different schools than white families raising children with disabilities.
- Low-income (earning \$50,000 or less annually) families raising children with disabilities were more likely to report using the CTC for routine expenses and purchasing more food than higher-income families but were less likely to report using the CTC for childcare expenses, college funds, or sending their children to different schools.

Prior research suggests that families raising children with disabilities face higher financial risks due to higher health-care costs, higher routine expenses, and the loss of employment income due to the higher levels of care required by the children. Our findings indicate that these families used the CTC to address their healthcare costs and routine expenses, though we find less evidence that these families used the CTC to access child care or related services. This may be because obtaining childcare outside of the home for a child with a disability is complicated and involves multiple factors, including the risks of COVID-19 at the time. As policymakers debate what future child tax credit policy may look like, the impact on the needs of families raising children with disabilities is critical to consider.

Introduction

Financial hardship is common among families raising children with disabilities,¹ regardless of insurance status, income level, or the complexity of the child's condition (Dworetzky et al., 2017). Children with disabilities can have a wide range of conditions including chronic illnesses, emotional or behavioral health needs, and functional limitations. Nationally, 19.5% of children have a disability, representing 14.1 million children (Child and Adolescent Health Measurement Initiative, 2021).²

Families raising children with disabilities are more likely to live in poverty, which in turn exposes them to higher risk of adverse health outcomes (Parish et al., 2006). According to 2020-2021 data, 14.3% of families raising children with disabilities reported difficulty paying their child's medical bills, compared to 6.8% of families without children with disabilities (Child and Adolescent Health Measurement Initiative, 2021). Research specifically demonstrates that children with disabilities are more likely to experience household food insecurity (70% v. 56%) than their peers without a disability (Sonik et al., 2020; Rose-Jacobs et al., 2016), and they experience greater reductions in health status when exposed to food insufficiency (Sonik et al., 2020). Further, families raising children with disabilities who do not receive Supplemental Security Income (SSI) report higher rates of housing instability, including being behind on their rent or mortgage, moving twice or more in the past year, or experiencing homelessness in the child's lifetime (Rose-Jacobs et al., 2019). Having a child with an early-life disability is also associated with substantially higher levels of unsecured debt (i.e., debt that is not linked to an asset or investment, such as credit card or medical debt) that remain elevated throughout the lifespan (Houle et al., 2017).

Families raising children with disabilities face increased risks of financial hardship through three primary pathways: higher healthcare costs, higher routine expenses, and loss of employment income (Dworetzky et al., 2017).

1. Families encounter higher health care costs due to equipment, medications, or other medical treatments that insurance or other government programs do not often cover; services that have limits on the amount or duration covered; and elevated co-payments and co-insurance associated with more frequent provider visits (Parish et al., 2006; Stabile et al., 2012).
2. Routine expenses such as housing, utilities, food, and childcare can often cost more for families caring for children with disabilities. These expenses can include home modifications, increased electricity costs to keep equipment in operation, specified diets or dietary supplements, transportation costs, or specialized daycare or after-school care (Parish et al., 2006; Comeau et al. 2009).
3. Lastly, parents and guardians raising children with disabilities often cut back hours or leave work entirely due to their child's needs. For example, a child's need for frequent medical visits and prolonged periods of absence from school or daycare often pose barriers to consistent employment and career advancement (Parish et al., 2006; Stabile et al., 2012). According to 2020-2021 data from the National Survey of Children's Health, 17.1% of families raising children with disabilities indicated that they had left a job, taken a leave of absence, or cut down the hours worked because of their child's health conditions, compared to 3.9% of families without a child with a disability (Child and Adolescent Health Measurement Initiative, 2021). Lost earnings due to forgone family employment are estimated at \$18,000 per year for each affected household (Foster et al., 2021).

Given the increased risk of poverty, food insecurity, housing instability and debt faced by families raising children with disabilities, the cash infusion offered by the expanded Child Tax Credit payments may have presented an opportunity for these families to meet their expense burdens while investing in their child's wellbeing. In this study, we examine how families raising children with disabilities used the CTC and how these families perceived the impact of the CTC on their lives.

1 For the purposes of this report, a disability is defined as a parent-reported "physical or mental impairment (including an emotional or learning problem) that can be medically identified."

2 This report references data from the National Survey of Children's Health, which uses the designation "children with special health care needs (CSHCN)." CSHCN are defined as "children who have or are at increased risk for chronic physical, developmental, behavioral, or emotional conditions. They also require health and related services of a type or amount beyond that required by children generally." For the purposes of this report, disability is used in place of special health care needs when referencing data from the National Survey of Children's Health.

Specifically, we will investigate the following questions:

1. How many families raising children with disabilities received the CTC, and how did they report using the payments?
2. How did families raising children with disabilities perceive the impacts of the CTC on their lives?
3. How did the receipt, usage, and perceived impacts of the CTC payments differ for families with children with disabilities compared to families without children with disabilities?
4. Within families with children with disabilities, are there differences in usage of the expanded CTC based on key household characteristics like race/ethnicity and income?

To examine these questions, we draw on a novel two-wave survey of Child Tax Credit recipients, administered immediately before the first CTC payments arrived in July 2021, and immediately after the payments ended in December 2021. This survey collected a wide variety of data concerning family well-being, CTC usage patterns, and families' experience with the CTC, as well as open-ended responses on how the CTC affected families' lives. This data allows us to conduct an in-depth investigation into the role the CTC played in supporting families raising children with disabilities.³

Child Tax Credit Background

The Taxpayer Relief Act of 1997 included a small provision known as the Child Tax Credit (CTC), which gave families \$400 per child under the age of 17, increasing to \$500 in 1998 (P.L. 105-34). Except for a limited number of families with at least three children, the credit was generally nonrefundable, which meant that for most people, it could only be used to reduce their taxes. Once household income reached \$75,000 for single people and \$110,000 for married couples, the credit started to phase off. Middle-class families received most of the credit, while relatively few low-income households saw any benefit (Hamilton et al., 2021). The credit was raised to \$1,000 per child under the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) and made refundable for families with incomes of at least \$10,000. The Tax Cuts and Jobs Act of 2020 doubled the credit to \$2,000 per child under the age of 17 and reduced the income qualification for refundability to \$2,500, with a maximum refund of \$1,400. Additionally, the credit's income threshold was also raised to \$200,000 for single people and \$400,000 for married couples (IRS, 2021).

Federal COVID-19 relief efforts in the early months of 2021 temporarily expanded the CTC in several ways (Taylor, 2021). For single parents earning less than \$112,500 and married couples making under \$150,000, the expansion increased the credit's maximum value (\$3,000 for school-age children and \$3,600 for children under six). For those above the earnings threshold, the credit slowly decreased to its previous level of \$2,000 per child. Temporary changes in 2021 also removed the minimum income criterion for refundability. As a result, even households with no income were eligible for the full credit. Further, families with seventeen-year-olds became temporarily eligible for the CTC. Finally, from July to December 2021, most families received regular monthly payments totaling 50% of their expected credit (IRS, 2021).

These temporary changes were of significant interest to researchers, policy experts, and the public as the first nearly universal child allowance in US history, with The New York Times describing it as a "guaranteed income for families" (DeParle, 2021). A November 2022 report from Columbia University (Curran, 2022) summarizes the existent research on the expansion. Firstly, as much as 90% of eligible families received the credit, but very low-income and Latinx families appear to have experienced the greatest barriers to receipt (Bovell-Ammon et al., 2022; Pilkauskas & Micheltore, 2021). However, low and moderate-income families who received the credit saw significant improvements in their income and savings and decreases in debt and payday loan use during the monthly credit period (Hamilton et al., 2022). The rate of US child poverty dropped by 46% and immediately rose again after the credit ended in January 2022 (US Census Bureau, 2022). Multiple studies found that families overwhelmingly spent the credit on food, housing, and necessities, without reducing their employment (Zippel, 2021; Roll et al., 2021; Ananat et al., 2021). Finally, several studies have argued the temporary credit made important advances in closing racial inequality gaps (Curran, 2022).

3 The full reports examining the results of this survey can be found [here](#) and [here](#).

Methods

The current study draws on a novel, two-wave probability-based panel survey of more than 1,700 CTC recipients to understand the credit's impact on families. This sample was recruited from the NORC/Amerispeak survey panel. The first wave was administered in July 2021, immediately before the first CTC payments went out; the second wave was administered in late December 2021, and early January 2022, immediately after the final payments went out. The analysis in this report draws primarily on the second wave of the survey, as that survey captured dynamics related to households' actual usage and perceptions of the CTC.

The second wave of the survey recruited 1,469 respondents who were (1) eligible to receive the CTC, and (2) had a household income below \$150,000, as this is the level at which the credit began to fade out for married households. The use of probability-based sampling in this survey allows us to apply sample weights to ensure our survey sample is nationally representative of the CTC-eligible US population below this income threshold.

For the current analysis, we divide the sample of CTC recipients into two groups. The first group is families raising children with disabilities. We identify this group through the use of two survey questions. The first question asks:

"Does anyone in your household have a disability? By "disability," we mean a physical or mental impairment (including an emotional or learning problem) that can be medically identified."

If respondents selected "yes" to this question, they were then asked if the person in the household was an adult, a child, or if there were both adults and children in the household with disabilities. If they selected either "child" or "adult and child," they were coded as being in a household with a child with a disability—the target population for this analysis. If they indicated that there was no one in the household with a disability, or that the person with a disability was an adult, they were coded as not having a child with a disability in the household—the reference group for this analysis.

In total, there were 219 CTC-eligible respondents who had children with disabilities in their household (15%) and 1,208 respondents who did not. Most analyses in this study examine CTC dynamics among households that received the CTC, of whom 198 had a child with a disability and 1,054 did not. Table 1 highlights some characteristics of these groups, collected in Wave 1 of the survey (immediately before the first CTC payments arrived). A little more than half (54%) of respondents with children with disabilities in the household were white, 22% had a bachelor's degree or higher, 50% had three or more children, and 75% were employed full-time. On average, these respondents were 39 years old and reported an annual income of \$49,323 in 2021. Table 1 also indicates that households with children who have disabilities tended to have lower educational attainment, higher numbers of children, and lower incomes than those without children with disabilities; they were also more likely to report an "other" employment status which included those who were full-time caregivers, homemakers, disabled and unable to work, and retired.

The analyses in this study are descriptive in nature, and examine differences in financial circumstances, CTC takeup and usage, and CTC perceptions between households with children who have disabilities and households with children who do not have disabilities. Significant differences between these two groups are assessed using basic statistical tests (e.g., t-tests, F-tests).

In addition, we also investigate differences in study outcomes across subgroups defined by household income and the race/ethnicity of the respondent. For the income subgroup, we examine differences between lower-income (making \$50,000 or less) and higher-income (making more than \$50,000) families raising children with disabilities. For the race/ethnicity subgroup, we examine differences between white and non-white families raising children with disabilities. Ideally, we would include more granularity in these income and race/ethnicity groupings, but sample size limitations prevent us from doing so.

Table 1. Household Characteristics, by Child Disability

	No child w/ disability (%)	Child w/ disability (%)	Overall (%)	F-stat/t-stat
Disability status	85.54	15.46	100.00	
White	52.49	53.52	52.65	0.07
Non-white	47.51	46.48	47.35	
Educ., HS or less	40.51	49.63	41.92	2.75*
Educ., Some college	28.26	28.35	28.28	
Educ., Bachelor's degree	19.89	15.15	19.16	
Educ., Grad school	11.34	6.87	10.65	
Children, 1	25.13	14.83	23.54	3.77*
Children, 2	34.00	35.53	34.24	
Children, 3	40.57	49.64	41.98	
Emp., FT	79.18	75.13	78.54	5.87**
Emp., PT	4.06	5.12	4.23	
Emp., unemployed/ furloughed	13.25	9.78	12.71	
Emp., Other	3.51	9.97	4.52	
Age	38.87	39.34	38.95	0.57
Income	\$67,810.86	\$49,323.15	\$64,973.95	3.44**
Observations	1,025-1,058	191-197	1,216-1,251	

Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

For categorical variables, F-stats refer to differences in the response distribution across all categories of a given variables.

"Other" employment category includes those who are full-time caregivers, homemakers, disabled and unable to work, and retired.

Data collected in Wave 1 of the CTC Survey, administered immediately prior to the first CTC payment.

Findings

In this section, we first compare the financial lives of families raising children with disabilities to other families through the lens of their experiences with different forms of hardship. Next, we examine rates of CTC receipt among these families, and how they reported using the credit. Then we explore how these households reported that the CTC impacted various aspects of their financial lives and their children's educational and care needs. Finally, we examine many of these dynamics based on families' racial/ethnic minority status and their income.

Section 1. Child Disability and the Experience of Hardship

The survey asked a wide array of questions about households' experience of different forms of hardship, ranging from general expense difficulties to eviction. Table 2 provides an overview of families' hardship experiences at the time of the first wave of the survey, which was administered immediately before the first CTC payments went out. In general, we observe that families raising children with disabilities tended to have higher rates of hardship across nine of the ten hardship measures we examined. These differences were statistically significantly different in terms of bill pay difficulties, utility payment difficulties, evictions, forgone medical care due to cost, and difficulty affording essential child expenses. Over half of families raising children with disabilities experienced bill pay difficulty (69%) and difficulty affording child expenses (55%), compared to 58% and 35% of other families, respectively. Further, over half of families raising children with disabilities had issues covering essential child expenses (55%) compared to 35% of other families.

Beyond difficulties with bill payments, we also see that families raising children with disabilities were much more likely to forgo doctor visits due to cost compared to other families (26% vs. 19%). Finally, nearly 6% of families raising children with disabilities experienced eviction (which we defined as being forced to move by a landlord or bank when they did not want to), while just under 2% of other families reported eviction experience.

Table 2. Hardship Experiences Prior to CTC Payments, by Child Disability

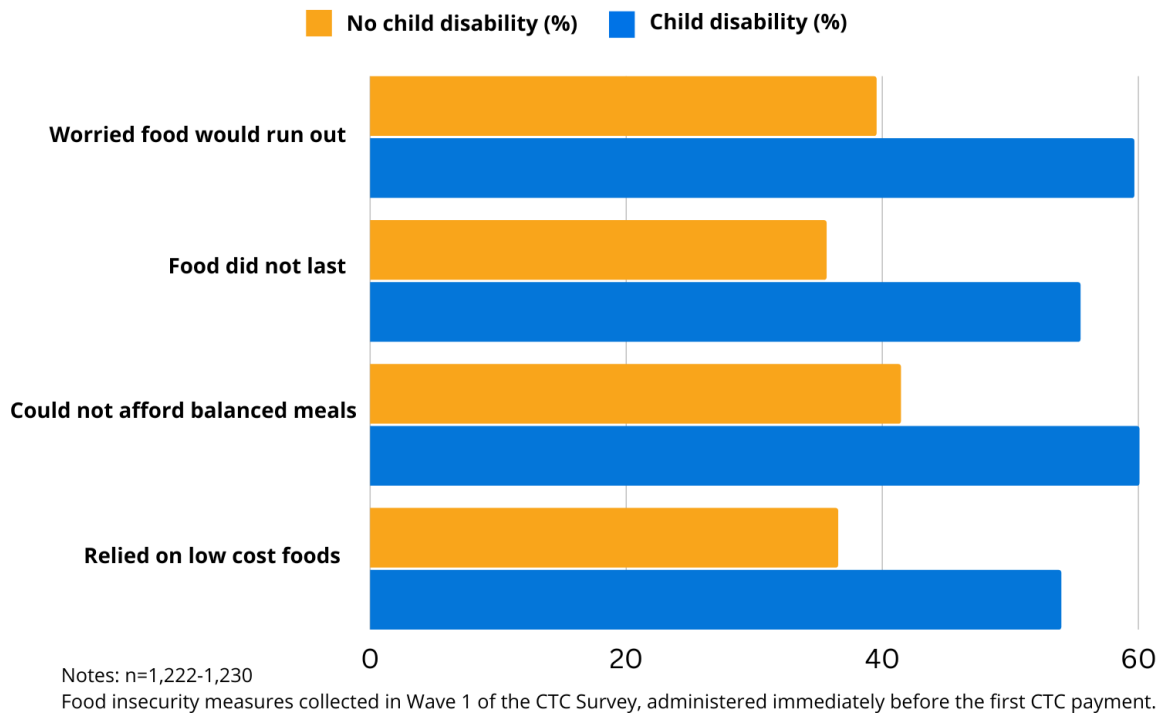
	No child w/ disability (%)	Child w/ disability (%)	Overall (%)	F-stat/t-stat
Bill pay difficulty	57.69	68.57	59.39	7.98**
Did not pay full rent/ mortgage	20.33	23.23	20.78	0.82
Did not pay full utility amount	25.80	35.71	27.35	8.07**
Utilities were shut off	8.78	6.47	8.42	1.12
Phone service was disconnected	13.93	16.01	14.25	0.58
Could not see doctor	18.65	26.03	19.80	5.60*
Evicted by landlord or bank	1.92	5.70	2.49	9.46**
Difficulty affording child expenses	35.19	55.45	38.25	27.99***
Difficulty affording child medical care	21.03	26.05	21.80	2.35
Difficulty affording child school supplies	23.77	27.00	24.27	0.91
Observations	1,034-1,054	186-193	1,224-1,242	

Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Hardship measures collected in Wave 1 of the CTC Survey, administered immediately prior to the first CTC payment.

Beyond these hardship measures, we also examine food insecurity among families raising children with disabilities immediately before the first CTC payments arrived. Our food insecurity measures were based on the USDA's food insecurity scale (USDA Economic Research Service, 2012), and captured food insecurity experience over the prior six months. We observe that families raising children with disabilities had much higher rates of food insecurity than households without children with disabilities; all of which were statistically significant ($p < 0.001$). In particular, over half of families raising children with disabilities reported difficulties with each of the four measures of food insecurity. Strikingly, 60% of households with children with disabilities reported both that they could not afford balanced meals and that they worried the food they had would run out and they could not afford to purchase more. By contrast, 40-41% of households without children with disabilities reported these same concerns. Additionally, 55% of households with children with disabilities reported that the food they had did not last and they could not afford to purchase more, and 54% said they had to rely on a few types of low-cost foods to feed their families.

Figure 1: Food Insecurity Prior to CTC Payments by Child Disability



Section 2. CTC Receipt and Usage

Given that an array of studies have established that the expanded CTC led to lower rates of food insecurity and economic hardship among eligible households, it is likely that the CTC helped families of children with disabilities manage their higher risks of these adverse experiences (Hamilton et al., 2022; Parolin and Curran, 2021; Perez-Lopez, 2021). Encouragingly, Figure 2 shows that families raising children with disabilities reported having received the CTC at a higher rate (84%) compared to other families (74%), and this difference was significant at the $p < 0.01$ level. Our survey also asked expanded CTC recipients how they used their payments, and Table 3 illustrates the differences in usage between households with and without children with disabilities.

Figure 2: CTC Receipt by Child Disability

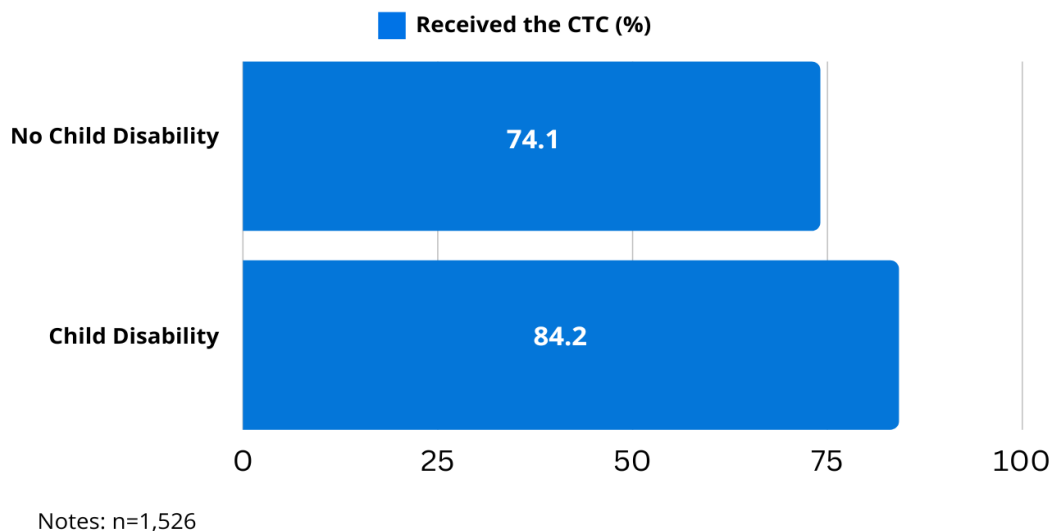


Table 3. CTC Usage by Child Disability

	No child w/ disability (%)	Child w/ disability (%)	Difference	F-stat
Routine expenses	70.13	82.94	12.81	13.02***
Essential items	56.91	65.20	8.29	4.51*
More food	56.61	70.60	13.99	13.12***
Emergency savings	47.25	45.18	-2.07	0.28
Debt payments	39.08	47.63	8.55	4.86*
Better food	34.59	49.60	15.01	15.45***
Child's activities	27.40	25.66	-1.74	0.24
Childcare expenses	24.64	15.02	-9.62	8.36**
Health expenses	24.38	32.99	8.61	6.14*
More time with child	22.77	23.60	0.83	0.06
Gifts/entertainment	20.82	27.30	6.48	3.93*
Start/grow college fund	19.73	15.90	-3.83	1.51
Moving/improving home	19.52	28.30	8.78	7.48*
Work less/change jobs	9.27	7.73	-1.54	0.46
Send child to different school	5.67	5.98	0.31	0.03
Tutors for child	5.09	8.29	3.20	3.06
Observations	1,030-1,044	185-191		

Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Regardless of disability status, most families used the CTC for routine expenses such as housing, food, utilities, and essential items for their children and purchasing more food for their families. However, we see that families raising children with disabilities were significantly more likely to use their payments for these expenses by differences of about 8 to 14 percentage points. Indeed, we see that the biggest differences in CTC usage were in terms of food expenditures, as families raising children with disabilities were 14 percentage points more likely to use the CTC to purchase more food and 15 percentage points more likely to use the credit to purchase better food. In our open-ended responses, one parent of a child with a disability explained that, “The payments assisted my family in keeping their bellies full of food that otherwise would not have been available as well as paying for the electricity and heating bills” and another stated that “It helped when we ran out of money for food.”

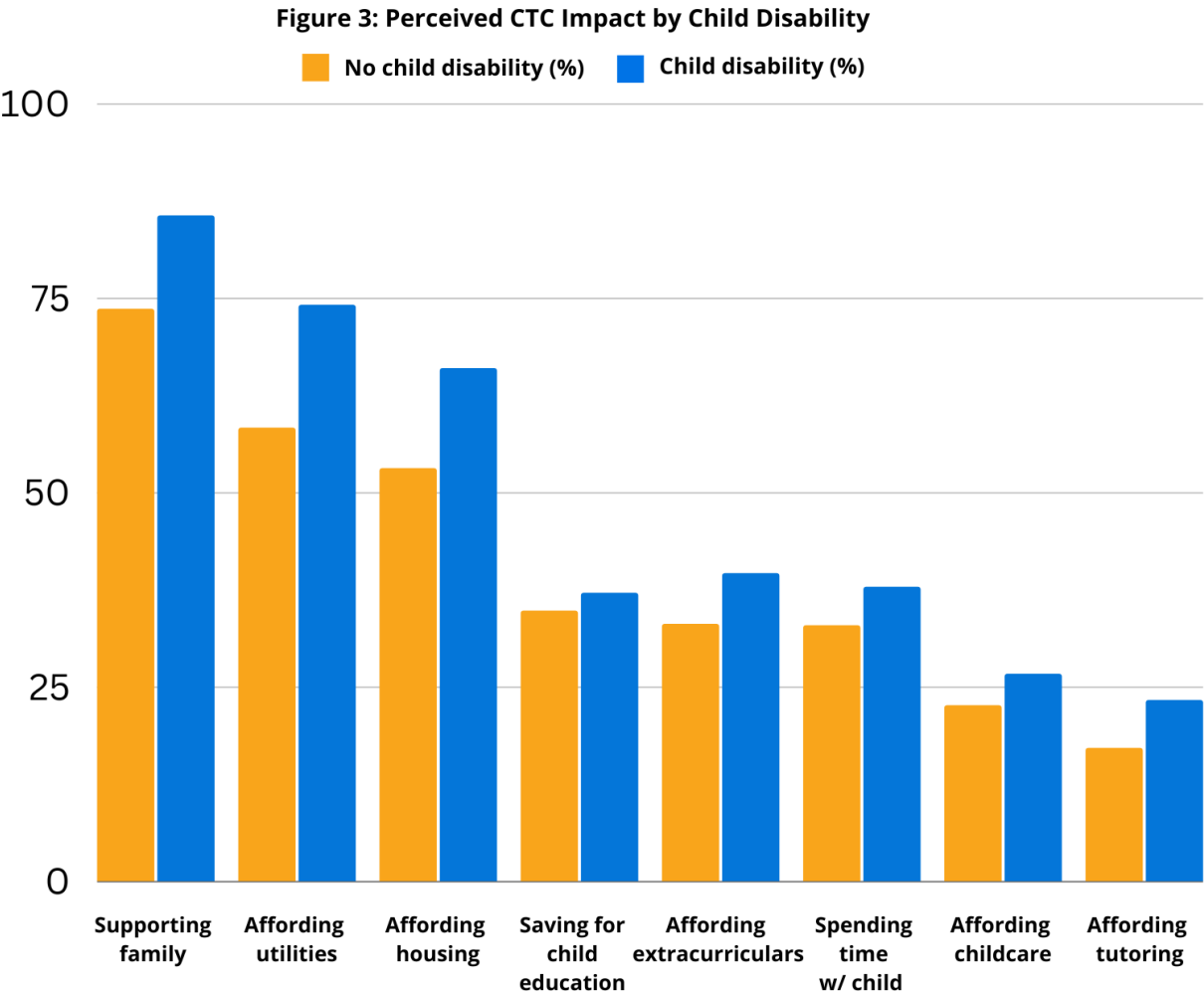
The CTC also appeared to particularly help families raising children with disabilities pay down debt; 48% of these families reported using the payments to pay down debt compared to 39% of other families. One parent stated that “I was able to pay off a personal loan in a total of 17 months instead of the loan term of 8 years.” Additionally, we observed that families raising children with disabilities were more likely to report using the funds to move/improve their homes and pay for healthcare expenses. These expenditures may be of particular importance to these families, as children with disabilities may have higher healthcare needs or require adjustments to living spaces to make their homes more safe, comfortable, or accessible. Another parent shared that “We have had many unexpected expenses that affect our children directly, i.e., issues with our house that needed immediate attention (flooding) and our family vehicle breaking beyond repair and we needed to buy a new one. The child tax credit has made the car payments manageable and we have not been as strapped for money as expected.” This comment points to another potential benefit of the CTC for families raising children with disabilities. Reliable transportation can be especially important for these families as their children typically require more healthcare appointments than other children their age. Indeed, 11 of the 219 families raising children with disabilities in the current study specifically mentioned vehicle repairs, affording

gas, or an improved vehicle in our open-ended responses.

Interestingly, we see that families raising children with disabilities had a lower rate of using payments for childcare expenses (15%) compared to other families (25%). This finding is interesting and could be reflective of several dynamics. For example, families raising children with disabilities may have more (and more urgent) expense needs in general, so are less likely to spend money on additional child care than on covering existing bills or food expenses. Alternately, these families may have specialized childcare needs and are therefore less likely to change their childcare expenditures than families who do not have these requirements.

Section 3. Perceived Impact of the CTC

Beyond specific usages of the CTC, we also measured respondents’ perceptions of the CTC’s impact on their lives. To do this, we asked for their level of agreement with an array of statements such as “The Child Tax Credit payments made things easier financially for me and my family,” “The Child Tax Credit payments allowed me to save more for my child(ren)’s future education,” and so on. Figure 3 reports differences in the level of agreement between families raising children with disabilities and those not raising children with disabilities. Across all these measures, households with children with disabilities reported greater impacts than those without children with disabilities. In particular, among households without children with disabilities, 74% said the CTC helped them support their family financially, 58% said it helped them afford utilities, and 53% reported it helped with housing costs. These shares were much greater among households with children with disabilities, with 86% reporting that the CTC helped support their family, 74% that it



Notes: n=1,240-1,246

helped them afford utilities, and 66% that it helped them afford housing, all of which were significantly different at the $p<0.001$ level. One parent explained that “It [the CTC] took some of the financial burden off. Allowed me to pay for my child to have things and do things that I otherwise could not afford as a single parent.” Another said, “It helped us more than I could have imagined. It helped us pay bills, pay for vehicle repairs, and get my son’s braces that he has needed for years.” Nearly a quarter (23%) of families raising children with disabilities were also more likely to say that the CTC helped them afford tutoring, which was significantly greater than the 17% of other families who reported this ($p<0.05$).

Section 4. CTC Usage and Perceived Impacts, by Race and Income

We are also interested in the extent to which the expanded CTC affected the lives of families raising children with disabilities who identify as racial/ethnic minorities and those who have relatively low incomes. First, we compare CTC usage patterns between white and non-white families of children with disabilities (we opted to use a binary measure of race/ethnicity due to sample size constraints). Non-white families raising children with disabilities tended to use the CTC more for debt payments, purchasing better food for their families, and child investment expenses. In particular, non-white families raising children with disabilities were about 15 percentage points more likely to use the CTC for debt payments ($p<0.05$) and 24 percentage points more likely to use the payments for better food ($p<0.01$) compared to white families raising children with disabilities. Non-white families were 16 percentage points more likely to use the credit to start or grow a college fund for their child ($p<0.01$) and ten percentage points more likely to send their child to a different school ($p<0.01$) compared to white families. Interestingly, while zero percent of white families raising children with disabilities reported using the CTC for tutoring, 19 percent of non-white parents said they used the funds for tutoring ($p<0.001$). Finally, non-white families raising children with disabilities were roughly half as likely to report using CTC funds for gifts or entertainment purposes as white families ($p<0.05$).

Table 4. CTC Usage by Race, among Families of Children with Disabilities

	White (%)	Non-white (%)	Difference	F-stat
Routine expenses	85.22	80.35	-4.87	0.79
More food	65.69	76.22	10.53	2.59
Essential items	61.72	69.20	7.48	1.17
Emergency savings	43.54	47.09	3.55	0.24
Debt payments	40.77	55.23	14.46	4.07*
Better food	38.26	62.14	23.88	11.52**
Gifts/entertainment	34.51	18.77	-15.74	6.14*
Health expenses	31.24	34.96	3.72	0.29
Moving/improving home	29.08	27.41	-1.67	0.07
Child’s activities	26.24	25.00	-1.24	0.04
More time with child	21.71	25.78	4.07	0.44
Childcare expenses	13.77	16.51	2.74	0.28
Start/grow college fund	8.73	24.45	15.72	9.22**
Work less/change jobs	4.71	11.39	6.68	3.00
Send child to different school	1.35	11.32	9.97	8.75**
Tutors for child	0.00	18.68	18.68	24.16***
Observations	101-106	85-92		

Notes: * $p<0.05$; ** $p<0.01$; *** $p<0.001$

Similarly, we examined differences in CTC usage among families of children with disabilities based on their annual income. For this analysis, we define lower-income households as those making \$50,000 or less, and higher-income households as those making more than \$50,000. Lower-income families of children with disabilities were more likely than their higher-income counterparts to report using the CTC for routine uses and purchasing more food for their families. For example, 92% of lower-income households with children with disabilities used the CTC for routine items compared to just 68% of higher-income households ($p<0.001$). Further, 80% of lower-income households used the CTC to purchase more food for their families compared to 54% of higher-income households ($p<0.001$).

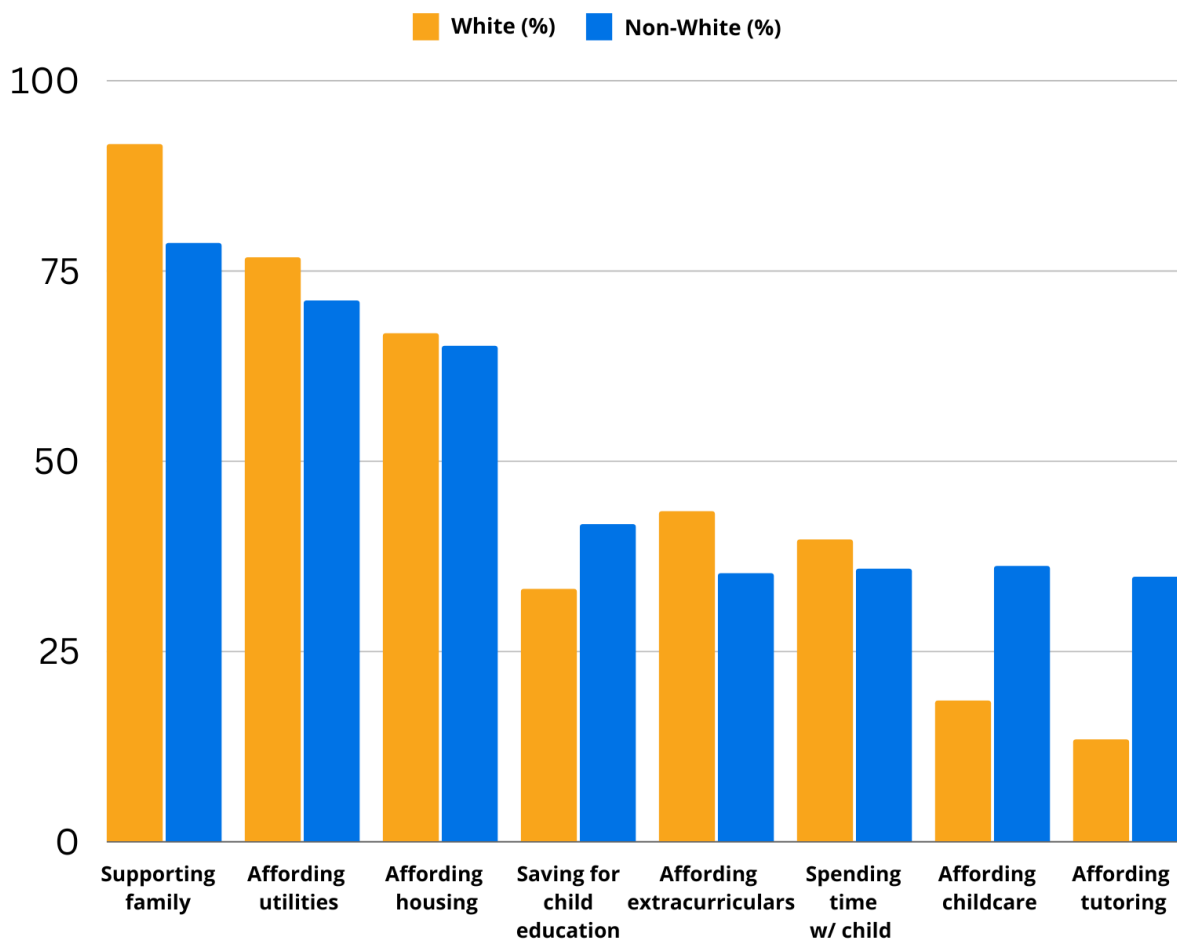
Table 5. CTC Usage by Income, among Families of Children with Disabilities

	Income above \$50,000 (%)	Income \$50,000 or below (%)	Difference	F-stat
Routine expenses	68.07	91.92	23.85	19.05***
Essential items	56.66	69.06	12.40	2.95
More food	54.26	79.50	25.24	14.34***
Emergency savings	47.01	40.57	-6.44	0.75
Debt payments	40.29	49.10	8.81	1.39
Better food	40.29	52.5	12.21	2.65
Child's activities	21.96	24.51	2.55	0.16
Gifts/entertainment	18.89	28.48	9.59	2.17
Childcare expenses	18.41	8.48	-9.93	4.08*
Health expenses	26.97	32.41	5.44	0.61
Moving/improving home	21.51	29.07	7.56	1.30
Start/grow college fund	22.31	7.58	-14.73	8.70**
More time with child	13.00	26.39	13.39	4.82*
Work less/change jobs	6.80	3.99	-2.81	0.72
Send child to different school	7.15	1.14	-6.01	4.85*
Tutors for child	6.83	5.09	-1.74	0.25
Observations	111-117	71-74		

Notes: * $p<0.05$; ** $p<0.01$; *** $p<0.001$

We also observe that lower-income families of children with disabilities used the CTC for childcare and child investments at a lower rate than higher-income families. For example, lower-income families of children with disabilities were ten percentage points less likely to use the CTC for childcare expenses ($p<0.05$), 15 percentage points less likely to start or grow a college fund for their child ($p<0.01$), and six percentage points less likely to send their child to a different school ($p<0.05$) compared to higher-income households. At the same time, low-income families were 13 percentage points more likely to report that the CTC funds helped them spend more time with their children ($p<0.05$).

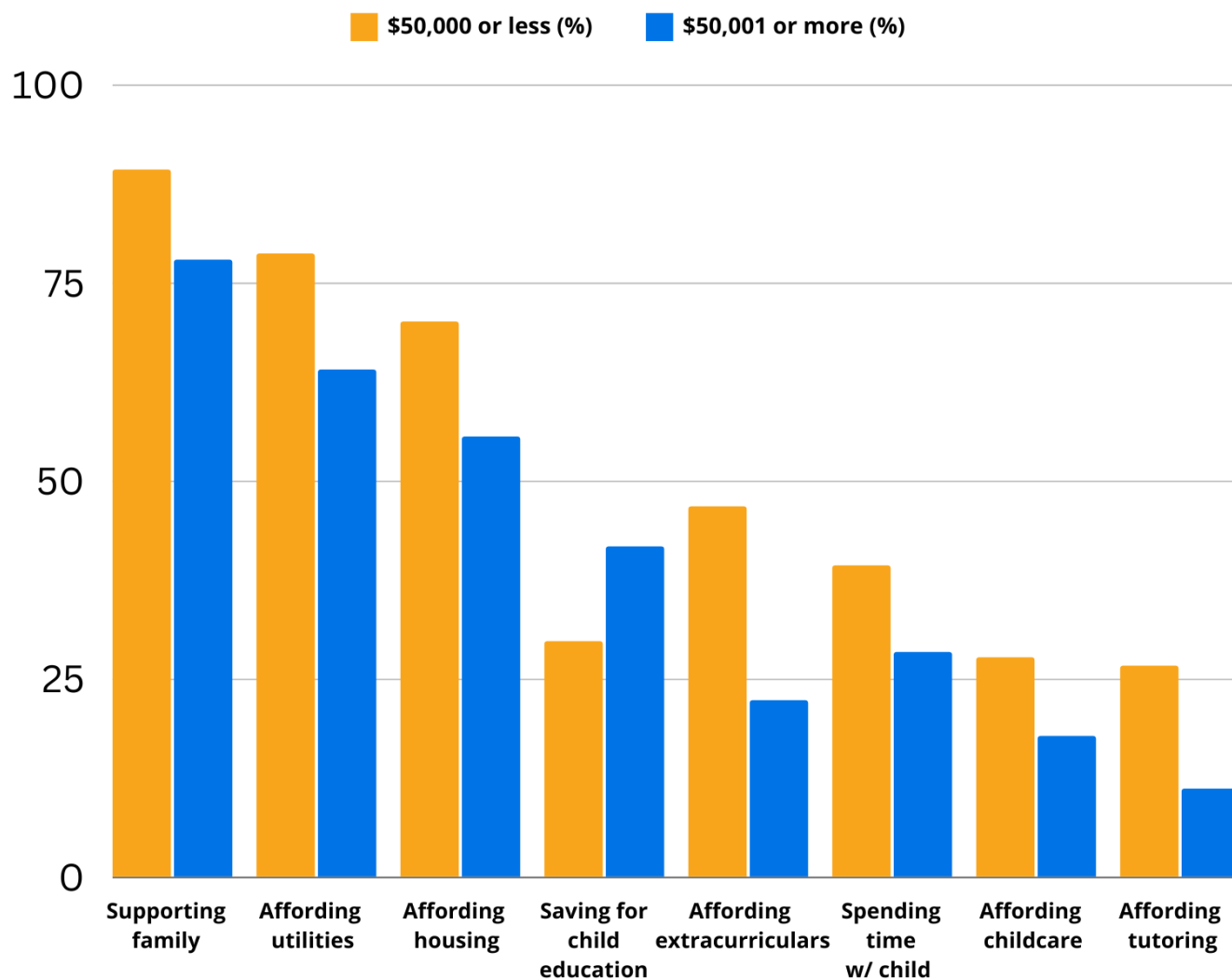
Figure 4: Perceived CTC Impact by Race Among Families of Children with Disabilities



Notes: n=194-196

Finally, we examine how the perceptions of the CTC's impact differed for families raising children with disabilities based on their race and income. In Figure 4, we see that white families had higher rates of feeling that the CTC allowed them to support their family than their non-white counterparts ($p < 0.01$). On the other hand, we see that a greater share of non-white households reported that the CTC helped them to afford childcare (36%) and tutoring (35%) compared to just 19% and 13% of white households, respectively ($p < 0.01$).

Figure 5: Perceived CTC Impact by Income Among Families of Children with Disabilities



Notes: n=188-190

When examining these perceived impacts among lower- and higher-income households with children with disabilities, we see that higher shares of lower-income households reported that the CTC helped them support their family (89%), afford utilities (79%), and afford housing (70%) compared to higher income families ($p < 0.05$). Although relatively few lower-income families reported that the CTC helped them save for their child's education compared to higher-income families, lower-income families were more likely to agree that the CTC helped them afford extracurricular activities for their child (47% vs. 22%; $p < 0.001$) and afford tutoring (27% vs. 11%; $p < 0.05$).

Discussion and Policy Implications

Though research has documented the dramatic poverty reductions associated with the CTC expansion in the U.S. population as a whole (e.g., US Census Bureau, 2022), less attention has been paid to the CTC's effects on families raising children with disabilities. However, understanding how these families used and benefited from the credit is important because they often face higher risks of financial hardship due to the array of household expenses, health needs, and care requirements for their children. These expenses and care needs may differ widely from one child to the next. For example, a child with a learning disability may benefit from specialized but costly tutoring, while a child with a physical disability may need housing or transportation modifications to improve their quality of life. One of the potential benefits of the expanded CTC for these families was that the funds could be used for any purpose, and eligibility was near-universal. This meant that families of children with disabilities could use the funds to meet their children's and their household's unique needs. Indeed, we find that families raising children with disabilities used the CTC funds in ways that differed from families without children with disabilities and they reported greater impacts of the CTC on their financial lives compared to other families.

Prior research shows that families raising children with disabilities face higher financial risks through three pathways: higher healthcare costs, higher routine expenses, and the loss of employment income due in part to the higher levels of care required by the children (Dworetzky et al., 2017). Our findings indicate that these families used the CTC to address their healthcare costs and routine expenses, though we find less evidence that these families used the CTC to access child care or related services in order to work more. However, several factors could explain this finding. For example, families raising children with disabilities may have faced unique employment challenges, such as the need to care for their child's medical needs at home, which were exacerbated by pandemic-related shortages of in-home nursing care. In addition, families raising children with disabilities may have increased difficulty in finding safe and affordable child care appropriate for children with disabilities or may face challenges in changing jobs (or work hours) due to fear of losing health insurance or earning more than the Medicaid eligibility threshold. Further, the increased routine expenses and health care costs faced by families raising children with disabilities may have meant that they did not have any CTC funds left over to pay for childcare.

In addition, our findings indicate that the CTC funds allowed families of color raising children with disabilities to invest in their child's future. While white and non-white families used the CTC funds for routine and healthcare expenses at similar rates, non-white families raising children with disabilities disproportionately used the CTC to pay for tutoring, start or grow a college fund for their child, and send their child to a different school at higher rates than white families. This suggests that the expanded CTC presented an opportunity to promote equity for children with disabilities and their families, particularly families of color.

Currently, the status of the CTC expansion remains uncertain as Congress debates whether, and in what form, the CTC expansion will continue. At the heart of this debate is the presence of earnings requirements to receive the full credit. In the current CTC, 19 million children under age 17 receive less than the full credit because their parents earn too little to qualify, or they do not earn income through wage work (Marr et al., 2022). These earnings requirements are particularly relevant for families raising children with disabilities, as these parents often cut back hours or leave work entirely due to their child's needs, making them unable to qualify for the full credit.

These findings provide important contributions to the ongoing national discussion on the CTC. Existing work on the CTC has not examined the use or impact of the funds on families raising children with disabilities, despite constituting nearly 20% of children in the United States. As policymakers debate the future of the Expanded Child Tax Credit, the unique experiences and needs of families raising children with disabilities are critical to consider.

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