



# SOCIAL SECURITY ADMINISTRATION'S GROWING INTEREST IN THE CHILD TAX CREDIT AND OTHER CHILD-DRIVEN INCOME SUPPORT PROGRAMS

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About 11 percent of children lived with a Social Security (SS) beneficiary in 2022. We use data from the March 2022 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) to assess distributional differences related to income and poverty, racial differences, and geographical differences among SS program beneficiaries with children due to receipt of several refundable tax credits and benefit programs in 2021, including the expanded monthly Child Tax Credit (CTC), Earned Income Tax Credit (EITC), Supplemental Nutrition Assistance Program (SNAP), and the Economic Impact Payment (EIP).

## **Participation in and Poverty Reductions from the CTC and Other Income Support Programs among SS Beneficiary Families**

This research has three key aims. First, we evaluate how participation in programs like CTC, EITC, SNAP, and EIP varies based on SS status. Additionally, we explore whether differences in public assistance participation among SS beneficiary Supplemental Poverty Measure (SPM) units with children depend on factors such as SS benefit type (retirement, SSI, disability, survivor, and auxiliary), location, race, gender of the SPM unit's head, and children's living arrangements (with or without parents; two-generational vs. multigenerational families).

Second, we investigate the poverty rate that results from excluding and including public assistance program benefits in the resources available to SPM units with children. We examine how SPM units' poverty rates change when accounting for the addition or subtraction of SS, CTC, EITC, SNAP, and EIP benefits from their available resources. To do so, we calculate effects on poverty, by excluding and including the benefit amounts in the SPM resources. We compare how these benefits affect poverty for SS and non-SS SPM units with children, as well as for SS beneficiary SPM units with different types of SS benefits.

Third, we conduct a simulation of the CTC eligibility rate and analyze its impact on poverty using three distinct eligibility rules: the current Tax Cuts and Jobs Act (TCJA); the 2021 American Rescue Plan Act (ARPA) CTC; and legislation that includes the complete refundability of the existing \$2,000 maximum CTC benefit, extended to families with incomes below \$35,000. We find that both the higher benefits under the ARPA CTC and the full refundability of CTC benefits with the current \$200 CTC provide meaningful poverty reduction for SS beneficiary families.

## **Grandparents Raising Grandchildren Experience High Poverty Rate**



Overall poverty reductions from income support programs are similar regardless of SS beneficiary status as well as among demographic and geographic subgroups within SS beneficiary families. However, living arrangements affect participation in the CTC and thus the poverty reductions from the program benefits. Children who live with a SS beneficiary are less likely to live with their parent relative to children who do not live with a SS beneficiary, 82 percent versus 95 percent respectively. Skipped generation, or grandparent-grandchild, SS beneficiary families face a high poverty rate, 14 percent, after accounting for all income support program benefits. They are less likely to receive the expanded, and they experience a smaller reduction in poverty relative to SS beneficiary families that include a parent.

## Expanding the CTC Leads to Large Poverty Reductions for SS Beneficiary Families

About 11 percent of children live in a unit with an SS beneficiary. These units receive benefits from SSA as well as public assistance targeted to children. These units tend to have lower income and earnings, and they are more likely to receive no wages or salary. On one hand, this limited income makes these units eligible for means-tested public assistance programs. On the other hand, the safety net has moved over time toward a greater amount of benefits administered through the tax system which these units may be less likely to file due to no or very low earnings level. We find that child related benefits provide meaningful income increases and poverty reductions in SS beneficiary families with children, especially the monthly refundable CTC expanded under ARPA in 2021. ARPA CTC reduced poverty in SS beneficiary families from 12 percent to 7 percent, a 42 percent reduction. The current CTC under the TCJA only reduces poverty in SS beneficiary families to 11 percent, an 8 percent reduction. We compare this poverty reduction to a proposed expansion of the current \$2000 per year to be fully refundable and available to zero and low earning taxpayers, and we find that this policy would reduce poverty to 9 percent, a 25 percent reduction, for SS beneficiary families.

## Implications

- Targeted and universal income support programs reduce poverty and provide important resources for raising children among SS beneficiary families.
- Skipped generations SS families face especially difficult economic circumstances even after accounting for income support program benefit receipt.
- Many SS beneficiary families receive zero or low earnings due to old age or disability which disqualifies them from receipt of the current CTC missing out on large potential reductions in poverty.

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