Social and Economic Impact of the Child Tax Credit (CTC) on Maternal Mortality

In a June, 2021 report on the Child Tax Credit (CTC) and simple non-filer tools, we noted that the Biden Administration forecast the CTC would cut child poverty by half. Prior to the enactment of the CTC, economists predicted that it would have a significant impact on the U.S. economy. For the first time since July's CTC's implementation, we have data that can help determine the impact of the initiative on both consumer spending and household stability.

New research shows CTC's positive impact on U.S. social and economic activity. In an August 2021 report, the Niskanen Center forecast a $27 billion dollar increase, over the next 12 months, in consumer spending. Secondarily, they envisage this jump in spending will generate another $1.9 billion in revenue from state and local sales taxes.[1] Their forecast predicts an increase of 500,000 median wage level jobs. These are significant and positive impacts.

In addition to elevated consumer spending, CTC will have significant positive impacts on low-to-middle income families. CTC was developed under the American Rescue Plan to reduce child poverty and household financial stress during a time of crisis. It worked: Columbia University found that the first installment of the CTC lifted 3 million children out of poverty, resulting in a "25% cut in the monthly child poverty rate to 11.9% from 15.8%."[2] Further, the Administration reported a 23% decline in food insecurity and an increase in savings and rent stability.

Not only has the CTC increased consumer spending, household savings and food security, it has increased labor force participation. Niskanen found that a $1,000 increase in the average CTC is responsible for a 1.1 percentage point increase in labor force participation among single mothers. The researchers found that an increase in the CTC also leads to a "6.57 percentage point decrease in the use of day care centers and a 13.4 percentage point increase in the probability of children being looked after by relatives and other informal child care providers."[3

CTC and Maternal Health

The Child Tax Credit, designed to reduce child poverty in the United States, has an impact that extends well beyond its initial purpose, as noted by the Federal Reserve ("the Fed") during a webinar titled "The Fourth Trimester and Beyond: The Case for Broad Investments in Maternal and Child Health." The webinar detailed the impact of investments in maternal and child health.

Why would one of the most important federal agencies concern themselves with the health and wellbeing of infants and mothers? To put it simply, the Fed now recognizes that: *a healthy economy requires healthy people*. During the first panel discussion, Naureen Hassan noted that:

> *“When people's health is a cause of systemic racism and lack of quality care, it can lead to many problems, including having an effect on the economy.”*

A widely cited report issued by John Hopkins University noted that one in 500 people in the US have died from COVID-19.

Maternal Mortality

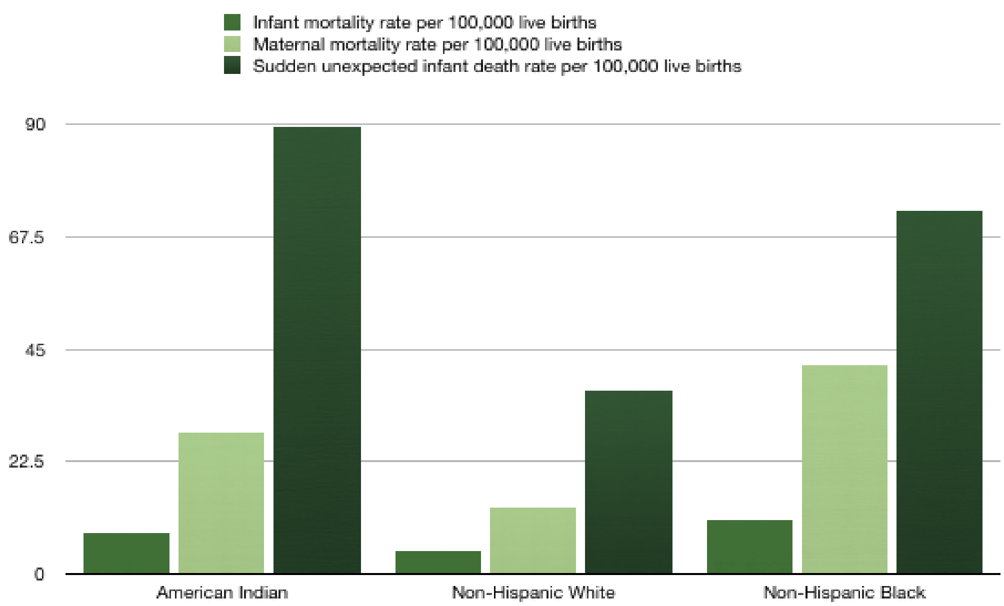
Prior to COVID, childbirth was the #1 reason people were admitted to hospitals in the United States.

Research shows that Black and Native Americans face the worst maternal health outcomes: they are 2-3% more likely to die in childbirth when compared to white women.

COVID-19 has revealed long-lasting vulnerabilities.

Infant and Maternal Health Data

Race/Ethnicity	Infant mortality rate per 100,000 live births	Maternal mortality rate per 100,000 live births	Sudden unexpected infant death rate per 100,000 live births
American Indian	8.2	28.3	89.5
Non-Hispanic White	4.6	13.4	36.7
Non-Hispanic Black	10.8	41.7	72.7



Maternal health outcomes fit squarely at the intersection of people's lives, their environments, and the systems they engage with when seeking support. When a mom leaves the hospital, the question becomes: *where is she going? Is she going to a building that is well-maintained? Is she* *food insecure? Does she have a responsible network around her? Is she going to work? Is there access to childcare?*

Maternal and infant mortality are strongly linked to an individual's social environment. The expert panelist speaking during the Fed's webinar brought attention to the fact that maternal and infant health goes beyond the birthing event. Healthcare has been historically individually focused. In order to improve a birthing individual's environment, solution-based frameworks will have to move to community-based solutions.

"It is not the strongest of the species that survives, nor the most intelligent; it is the one most adaptable to change." — Charles Darwin

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Social Determinants and Community Based Solutions

Ironically, the very social determinants of health contributing to poor infant and maternal health outcomes are a *direct* consequence of short-sighted planning that is, in turn, the result of structural and environmental racism. With this in mind, we anticipate that effective solutions won't come through well-promoted programs implemented by large institutions, but rather via innovative solutions created by those already adapting to survive amidst the hardships unjustly placed upon them. Notably, individuals living a financial precarious experience have less control over their environment and financial options. As a result, these individuals have no choice but to creatively adapt when seeking to meet basic needs. Thus, when considering social investing models directed at these problems and populations, we should utilize the tremendous innovation that has come through one's ability to adapt when placed in unanticipated circumstances.

By encouraging community-based solutions, financial institutions like the New York Federal Reserve Bank have the ability to re-imagine their participation in problem solving through an *investment-based framework*. Their participation should be focused, in a non-discriminatory, non-exclusionary manner, on entrepreneurial community members already implementing solutions to the problems they are trying to solve.

See: Creative Investment Research Sparks Conversation and Solutions for Black Maternal Mortality https://www.prlog.org/12880493-creative-investment-research-sparks-conversation-and-solutions-for-black-maternal-mortality.html

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Summary: CTC and Maternal Mortality

CTC's higher than expected positive impact reveals the strong positive impact of policies that implement effective, non-discriminatory direct channeling of resources to those who need it. Never before have we had the opportunity to measure the positive impact these policies have on women, specifically single black women, with more of them entering the labor force as a direct result of the CTC.

The success of this social policy deserves critical economic analysis. In order to reduce negative economic and social risks, financial institutions, specifically entities like the New York Fed, must reimagine what full participation in the economy means. It is our belief that, only then will we be able to refocus fiscal and monetary policy to lower the negative and damaging focus on short-term monetary gain in favor of increasing the social value and attractiveness of long-term investments in healthy people, and a truly healthy economy.

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[1] https://www.niskanencenter.org/report-measuring-the-child-tax-credits-economic-and-community-impact/
[2] https://www.cnbc.com/2021/08/25/child-tax-credit-lifted-3-million-kids-from-poverty-in-july.html
[3] https://www.niskanencenter.org/wp-content/uploads/2021/08/Measuring-the-Child-Tax-Credits-Economic-and-Community-Impact.pdf