

## Macro Roundup Article

**Headline:** [Employment and Labor Supply Responses to the Child Tax Credit Expansion: Theory and Evidence](#)

**Article Link:** <https://www.nber.org/papers/w32552>

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**Tweet:** The 2021 Child Tax Credit (CTC) expansion increased government benefits to low-income families but reduced employment only among mothers with relatively low levels of education. @dwschanz @MichaelRStrain

**Summary:** The American Rescue Plan Act of 2021 made several temporary changes to the Child Tax Credit (CTC). The 2021 Child Tax Credit (CTC) expansion increased government benefits to families, and especially to families with the lowest incomes. Our review of available [pre-existing] research suggests that employment within broadly defined demographic groups was not reduced by the 2021 CTC changes. However, we present evidence that employment was reduced among mothers with relatively low levels of education — the demographic group that was most affected by the CTC expansion. Table 1, column 3 [shows] the analysis for a sample of women with low levels of education, who are more likely to have incomes in the ranges impacted by the changes in incentives described above. Among women with some college or less, the estimated treatment effects are both independently and jointly small and negative and not statistically significant. Column 4 further restricts the sample to women with low levels of education who are also unmarried. The treatment effect is negative and statistically significant and implies a 4.5 percentage-point reduction in employment during the advance CTC payments. We interpret these new findings as additional evidence that there is little to no detectable short-term negative impact of the advance CTC payments on employment broadly defined in August to December 2021. At the same time, among the demographic groups most likely to be affected by the advance CTC, we do see some evidence of employment reductions

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**Primary Topic:** Unemployment/Participation

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