CASH ASSISTANCE FOR FAMILIES WITH YOUNG CHILDREN





WHAT IS CASH ASSISTANCE?

Cash assistance is a type of program that provides cash benefits to people who meet the criteria for the program. In the U.S., there have been many cash assistance programs created to support expecting parents and parents with young children. Childcare expenses are high, and a family's income is often reduced right before and after their child is born because parents have to take time off of work. Cash assistance programs aim to give parents the tools they need to provide for their children and for themselves.



WHAT MAKES CASH ASSISTANCE DIFFERENT FROM OTHER PROGRAMS?



Unlike other supplemental income programs-such as SNAPS-cash assistance programs do not limit how the money provided is used. Parents are trusted to use the money in a way that best suits the needs of their family. No strings attached. However, eligibility for cash assistance is still restricted.

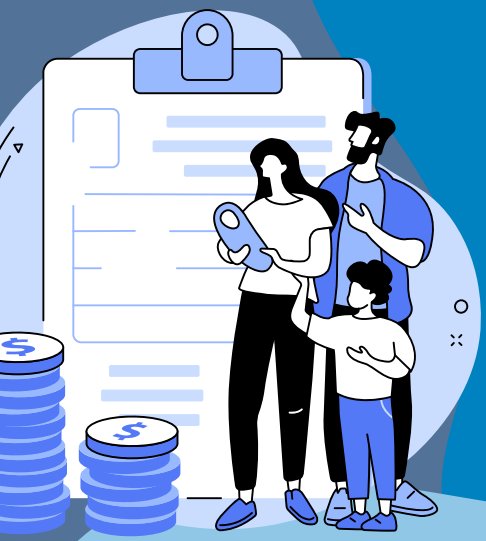
HOW HAS CASH ASSISTANCE HELPED FAMILIES?



AT A NATIONAL LEVEL...

THE PROGRAM

The Child Tax Credit, while not traditionally a cash assistance program, directly reduces the income tax owed by parents with children under the age of 17 by $2000 per child. In 2021, expansions to the Child Tax Credit increased the amount of credit for parents from $2000 per child to $3600 per child under 6 and $3000 per child aged 6-17. The credit was available to families with low or no earnings, and half of it could be paid out monthly through the year rather than all of it coming during tax filing season, so it functioned like cash assistance. The expansion was not renewed in 2022.



THE IMPACT

During the duration of the expansion to the program, the child poverty rate was cut in half. When the expansion was not renewed, child poverty rates rose back to their former levels. In their research on potential long-term impacts of permanently expanding the Child Tax Credit, the Urban Institute found that receiving tax benefits earlier in a child's life reduced the amount of reports to CPS for maltreatment (failing to provide adequate food, shelter, clothing, etc.) and reduced the amount of time that children spent in Foster Care.

AT A LOCAL LEVEL...



In 2024, lawmakers approved of the launch of the Rx Kids program in Flint, Michigan. This program provides one time cash assistance of $1500 to expecting mothers, and $6000 of assistance through $500 cash benefits every month during the first year of the child's life. 41% of people live below the poverty line in Flint, so the program has great potential to positively impact the lives of Flint families. Since the start of the program, eviction levels for families with young children have dropped, mothers in the program have shown improved mental health, and families have reported that it is easier for them to afford housing. The program hopes to expand to other communities in Michigan as well.





SOURCES + MORE INFO:

- Urban Institute: *Cash Assistance and Child Well-Being: Research and Policy Partnerships That Improve Children's Lives:* https://www.urban.org/events/cash-assistance-and-child-well-being-research-and-policy-partnerships-improve-childrens
- U.S. News: *The Solution to Child Poverty Is Simple: Give Mothers Cash:* https://www.usnews.com/news/healthiest-communities/articles/2024-10-31/the-solution-to-child-poverty-is-simple-give-mothers-cash
- Detroit Free Press: *Moms are getting cash each month to ease financial troubles. Does it work?: https://www.freep.com/story/news/local/michigan/2024/12/08/how-cash-in-hand-cash-for-moms-guranteed-income-flint-michigan-jackson-mississippi/76500141007/*

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