The American Rescue Plan (ARP) Act temporarily increases the value of the Child Tax Credit (CTC) and expands eligibility. Most notably, this expansion also includes a provision designed to turn the credit into a monthly payment. In a new analysis, AAF’s Director of Fiscal Policy Gordon Gray examines the changes to the CTC, outlines the safeguards against overpayment, and considers the potential administrative challenges for successful implementation.

An excerpt:

The ARP significantly expands the CTC, in terms of generosity and eligibility. The ARP would establish a new periodic federal payment for qualifying families, likely on a monthly basis, based on the value of a family’s estimated CTC benefit. This is not the first federal experiment with monthly checks based and tax credits. That recent experience with similar “advanceable” programs and agency commentary suggest there may be administrative challenges to establishing this program in a timely and effective manner.

Read the analysis.