



- Compared with their peers, children living in poverty, especially young children, are more likely to have cognitive, behavioral, and socioemotional difficulties.<sup>1</sup>
- Supplemental income as a means to improve mental health and wellbeing is comparable to antidepressants or cognitive behavioral therapy, especially when targeted to individuals in poverty.<sup>2</sup>
- More than 1 in 2 young adults (age 18-25) reported having difficulty meeting household expenses. This outlook continues to decline over time.<sup>3</sup>
- Suicide is the third leading cause of death for young people ages 15-24.<sup>4</sup>

## The Impact of Income Supports on Mental Health

### Background

U.S. Census Bureau annually estimates income and poverty rates to determine the number of families that do not have enough resources for basic needs such as food, housing, and utilities. In 2023, this data indicated that nearly 14% of U.S. children (about 10 million) lived in poverty—a 3% increase from 2022 and a 163% increase from 2021. Young adult poverty (ages 18-25) increased to about 15% in 2022, the highest since 2017. Studies on economic mobility show the more time a person lives in poverty as a child, the more time they spend in poverty as an adult and the less economic mobility they experience.

### Effects on Health

Poverty is associated with chronically higher psychosocial stress levels and is a risk factor for poor mental health and brain development in childhood and adolescence. While high socioeconomic deprivation is tied to poor mental health and cognitive performance, higher family income correlates to higher scores on assessments for self-regulation, social-emotional processing and relates to more expansive brain structure in childhood and adolescence. Among children experiencing poverty who need mental health care, less than 15% receive services, and even fewer complete treatment. Barriers to mental health care for children and their caregivers are myriad and include workforce shortages, insurance coverage limitations, financial burden, structural capacity limitations, and cultural and linguistic barriers.

### Impactful Policies and Programs

Policies that promote economic security, such as guaranteed income or tax credits, are boosting mental health while helping families meet their basic needs. Some policymakers have expressed concerns about how the resources may be used and research shows that families are using tax credits to cover things such as child care, housing, and food. In one study direct payments translated to economic security and improved mental health, especially in children and young adults. Cash payments in a 2024 study resulted in fewer emergency room visits and hospitalizations for behavioral health issues. Cash payments cannot substitute for care but do help stabilize households and are a protective factor to prevent mental decline.

1. Federal Interagency Forum on Child and Family Statistics. (2023) America's Children: Key National Indicators of Well-Being: Child Poverty and Income Distribution.

2. Thompson, Rachel M. (2023) How do income changes impact on mental health and wellbeing for working-age adults? A systematic review and meta-analysis.

3. Center for Law and Social Policy (2023) Youth Data Portrait.

4. Centers for Disease Control and Prevention. (2024) Web-based Injury Statistics Query and Reporting System: Leading Cause of Death.

Expanding the Earned Income Tax Credit to young adults and the Child Tax Credit to families with lower income led to temporary increases in housing and food security in 2021, but permanent credits are needed to end cycles of housing and food insecurity and realize again the gains lost when these credits expired. MHA's recent Policy Institute panel on Economic Security further discusses income supports.

## Recommendation

**MHA recommends permanently expanding and giving flexibility to the Child Tax Credit and Earned Income Tax Credit – identical to the expansion and flexibility given to these tax credits in 2021. We also encourage states to permanently renew or establish their own similar state tax credits as many states have done.**

**MHA recommends expanding direct cash assistance programs, including the Temporary Assistance for Needy Families (TANF), to serve individuals who are new mothers and transitional age youth. We encourage policies around cash assistance programs to promote self-determination, trust, and reducing harm through broad eligibility standards that are not punitive for justice-involvement or substance use, and that promote connections to needed mental health care services and supports.**

## About Mental Health America

Mental Health America is the nation's leading community-based nonprofit dedicated to addressing the needs of those living with mental illness and promoting the overall mental health of all. Our work is informed, designed, and led by the lived experience of those most affected. To learn more, visit <https://mhanational.org/policy-issues>.

