# Colorado Family Affordability Tax Credit Year One Evaluation Report


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The authors of this report are listed in alphabetical order. This approach underscores our commitment to collaboration and equality, recognizing that each contributor's role is essential to producing this work. The authors are grateful to the Gary Community Foundation for their support of this research.


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## Executive Summary

The Colorado Family Affordability Tax Credit (FATC) is one of the most expansive and generous state-level child tax credits currently in effect in the United States. Implemented beginning with tax year 2024, the FATC provides a refundable, per-child credit to families with children under age 17, with benefits that vary by child age and phase out gradually as income rises. Designed to reach families with low and moderate incomes (including those with little or no state income tax liability), the FATC represents a central component of Colorado's strategy to reduce child poverty and improve family economic stability.

This report presents findings from Year One of a three-year, mixed-methods evaluation of the FATC conducted by the Family Economic Policy Lab at Appalachian State University and the Center for Social Development at Washington University in St. Louis, in partnership with Gary Community Ventures, the Colorado Children's Campaign, Child Trends, and a coalition of community stakeholders. Drawing on population-level administrative data, a statewide survey of FATC-eligible families, and in-depth qualitative interviews with recipients, the evaluation examines early implementation, awareness and uptake, uses of the credit, and perceived impacts on family well-being. Future reports will include expanded data sources (Appendix C) and longitudinal analyses to better understand the impacts of the FATC over time.

**Eligible Families**

Using data from the Census Bureau's American Community Survey (ACS), we estimate that nearly half of Colorado families with children ages 0–16 (43.9%) are eligible for the Family Affordability Tax Credit. Eligibility for the FATC is more widespread than for other state tax credits, including the Colorado Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC), and overlaps substantially with them. FATC-eligible families are disproportionately concentrated in lower-income areas, have higher poverty rates, and are more likely to be families of color.

**Child Poverty Impacts**

Simulations using ACS data indicate that Colorado's state tax credits meaningfully reduce both family and child poverty. When considered in isolation, the Family Affordability Tax Credit (FATC) is associated with a reduction in child poverty of approximately 20 percent relative to baseline estimates. The largest poverty reductions occur when the FATC is combined with the state Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), lowering child poverty by roughly 37 percent and family poverty by nearly one-third compared to baseline levels.

**Awareness, Uptake, and Access**

Despite its reach, awareness of the FATC during its first year of implementation was limited. Survey data indicate that only 11.6 percent of eligible families knew about the credit prior to filing their taxes, while over one-third learned about it during the filing process. Approximately two-thirds of eligible filers reported receiving the credit, while the remaining third either did not receive it or were unsure whether they did. The most commonly cited reason for non-receipt was lack of awareness, rather than ineligibility or administrative difficulty.

Qualitative interviews help clarify this gap. Recipients generally described the process of claiming the FATC as manageable and straightforward, regardless of whether they filed independently, used commercial tax preparation services, or accessed free assistance such as VITA sites. Taken together, survey and interview findings suggest that barriers to receipt were driven primarily by information gaps rather than administrative complexity.

**Use of the FATC**

Families reported using the FATC intentionally and prioritizing the immediate and long term needs of their families. Survey data show that the most common uses of the credit were for essential expenses such as housing, utilities, food, and clothing, as well as for children's needs, covering school supplies, uniforms, extracurricular activities, and modest family outings. Interviews reinforced these patterns, with families describing paying down overdue bills, catching up on rent, making necessary household or vehicle repairs, and taking care of their children's needs.

**Feedback on Credit Design**

Families expressed strong positive views of the FATC relative to other assistance programs, describing it as easier to access, more flexible, and better aligned with their needs. Survey and interview participants offered nuanced feedback on payment timing, with no clear majority on whether the credit should be delivered as an annual lump sum or in monthly installments. Instead, families weighed trade-offs between flexibility, planning, and ongoing financial needs, highlighting the importance of design choices that recognize diverse household circumstances.

## Background

Colorado has a lower child poverty rate than the national average, yet a substantial number of children continue to experience economic hardship. In 2023, approximately 10.9% of Colorado children—about 130,000 children—lived in families with incomes below the federal poverty level, a rate that has remained largely stable in recent years. Poverty is unevenly distributed across the state, with higher rates in rural counties and among children of color, particularly Hispanic children and children of two or more races, who are more than twice as likely to live in poverty as White children.[1] However, this number does not capture the full picture of Colorado children living in financial precarity. Under the Census Bureau's Supplemental Poverty Measure (SPM), which adjusts for housing costs, taxes, and noncash benefits, 10.3% of Colorado households were estimated to live in poverty, compared to 8.1% under the official federal poverty measure.[2]

Against this backdrop of persistent child poverty and economic insecurity, Colorado enacted the Family Affordability Tax Credit (FATC) as part of a broader effort to strengthen income supports for families with children. Implemented beginning in tax year 2024, the FATC provides a refundable, per-child tax credit to families with children under age 17, with credit amounts that vary by the child's age and phase out gradually as family income rises. The credit is designed to reach families with low and moderate incomes, including those with little or no tax liability, and is indexed to inflation to preserve its value over time.[3]

In a rapidly expanding landscape of state-level child tax credits,[4] Colorado's FATC stands out for both its design and scale. Recent comparative analyses of refundable state child tax credits indicate that credits are most likely to reduce child poverty when they combine four features: broad age eligibility, full refundability, wide income coverage, and relatively high per-child benefit amounts.[5] Among existing state policies, Colorado's credit is among the few that incorporate all four of these elements simultaneously. As a result, simulations suggest that Colorado's design has the potential to reach a large share of children living in poverty and to

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[1] Colorado Children's Campaign. (2025). *KIDS COUNT in Colorado!* https://coloradokids.org/kids-count-in-colorado/

[2] Shrider, E., & Bijou, C. (2025). *Poverty in the United States: 2024* (Nos. P60-287). US Census Bureau. https://www2.census.gov/library/publications/2025/demo/p60-287.pdf

[3] Colorado Department of Revenue. (2025). *Income Tax Topics: Family Affordability Tax Credit*. https://tax.colorado.gov/sites/tax/files/documents/ITT_Family_Affordability_Tax_Credit_Mar_2025.pdf

[4] National Conference of State Legislatures. (2026). *Child Tax Credit Overview*. hamong the few that incorporatettps://www.ncsl.org/human-services/child-tax-credit-overview

[5] Vinh, R., Wilson, D., Collyer, S., Curran, M., & Wimer, C. (2025). *Assessing the Potential Impacts of Refundable State Child Tax Credit Designs on Child Poverty | Center on Poverty and Social Policy*. Columbia University Center on Poverty and Social Policy. https://povertycenter.columbia.edu/publication/2025/refundable-state-child-tax-credit-designs

generate larger average income gains for low-income families than most other state credits currently in place.[6]

In addition, Colorado's approach reflects a distinctive policy context. The FATC operates alongside a refundable state Child Tax Credit for younger children and is funded only when state economic growth is sufficient to fund the credit. The authorizing legislation[7] also anticipates periodic legislative review of the credit, with explicit attention to its aggregate value over time and its role in reducing child poverty. These features underscore the importance of examining the FATC's early implementation and impacts as part of Colorado's ongoing policy deliberations.

## Research Design

In partnership with Gary Community Ventures and a coalition of community and advocacy groups, this evaluation examines how the FATC is operating in practice and how it is associated with family well-being, financial security, and economic mobility across Colorado. As states increasingly look to tax-based approaches to address child poverty and affordability challenges, evidence from Colorado provides an important opportunity to inform ongoing policy discussions.

This evaluation is a three-year, mixed-methods study designed to generate actionable evidence on the FATC's early implementation and longer-term impacts. The study integrates multiple sources of administrative and survey data with longitudinal qualitative interviews to assess changes in financial outcomes, child poverty, and family well-being, while also examining how impacts may differ across communities and demographic groups. Throughout the evaluation, quantitative analyses are complemented by qualitative data that capture families' lived experiences, providing context for observed patterns and illuminating the mechanisms through which the credit may affect household decision-making and stability.

A central feature of the evaluation is its emphasis on collaboration and community engagement. The research team works closely with a family advisory board, community-based organizations, advocacy partners, and other stakeholders to inform study design, interpretation, and dissemination. This approach is intended to ensure that findings are methodologically rigorous while remaining grounded in the experiences and priorities of Colorado families.

### *Data Sources*

**American Community Survey (ACS).** The American Community Survey (ACS), a publicly available, annually updated dataset, is used to estimate the number and demographics of recipient families and examine changes in child poverty and family poverty rates. Using ACS

[6] ibid
[7] H.B. 24-1311, 74th Gen. Assemb., 2d Reg. Sess. (Colo. 2024). https://leg.colorado.gov/bills/hb24-1311

microdata, the evaluation estimates poverty outcomes under different tax credit scenarios and compares Colorado's trends to those in other states. Analyses apply a difference-in-differences approach and include subgroup analyses by income, race, ethnicity, and household characteristics. These analyses provide population-level context for understanding how the FATC interacts with existing state tax credits and how poverty impacts may differ across groups. Future reports will include data from the Colorado Department of Revenue to provide more precise data on recipients.

**Credit Bureau Data (Equifax).** Equifax data will be used to examine changes in financial well-being among FATC-eligible families following the introduction of the credit. In this report, we draw on Equifax data to examine the credit and debt characteristics of FATC-eligible families. Because Equifax data does not allow us to identify FATC-eligible families directly, we develop a proxy measure of FATC eligibility based on geographic regions (i.e., ZIP codes). To develop this proxy measure, we use American Community Survey (ACS) data to calculate average FATC eligibility rates at the Public Use Microdata Areas (PUMAs) level and group PUMAs into quartiles based on their eligibility rates. We then compare credit outcomes for families residing in ZIP codes that fall within these PUMAs.

**Survey Data.** In addition to administrative data, the evaluation includes primary survey data collected from FATC-eligible families. Survey methods and results are described in detail in the Year One Data Collection section.

**Qualitative Longitudinal Cohort Study.** To capture families' lived experiences, the evaluation includes a longitudinal qualitative cohort study of FATC recipient families. Interviews focus on household economic conditions, caregiving responsibilities, employment, tax filing experiences, uses of the FATC, and perceived impacts on stress and family well-being. Interview methods and results are described in detail in the Year One Data Collection section.

### ***Stakeholder Collaboration***

Stakeholder engagement informs the FATC evaluation to support both research quality and relevance to Colorado families. The study incorporates input from families, community organizations, advocacy partners, and policy experts at key stages of the research process. In partnership with Gary Community Ventures, the research team convened a Stakeholder Advisory Board composed of Colorado families affected by the FATC and organizational and policy experts in child and family economic policy at the state and national level. The advisory board met in June 2025 to provide input on research design and data collection priorities, and again in December 2025 to review early findings and identify areas for refinement in subsequent phases of the evaluation.

***Year One Data Collection***

Year One of the FATC evaluation focused on understanding families' awareness, uptake, and experiences during the first year of implementation. Data collection occurred between August and October 2025 and included both a cross-sectional survey and in-depth qualitative interviews. Together, these data sources provided complementary perspectives on how families experienced the FATC during its initial rollout.

**Surveys.** The Year One survey was disseminated to Colorado families eligible for the FATC through two primary channels: members of the Colorado Design Insight Group[8] and families connected to organizations in the FATC coalition. The survey was available in both English and Spanish. Data were collected between August and October 2025. A total of 259 respondents completed the survey. Participants received a $30 incentive for their time. Survey data were analyzed by the Center for Social Development at Washington University in St. Louis (WUSTL).

The survey captured information on awareness of the FATC, receipt of the credit, use of funds, perceived impacts on family well-being, and interest in additional supports related to financial stability, tax filing, and economic mobility. Findings from the survey are weighted to improve the representation of eligible families in Colorado. See Appendix B for more information on our weighting methodology.

**Qualitative Interviews.** To deepen our understanding of families' lived experiences, Year One also included in-depth qualitative interviews with FATC recipients. Interview participants were recruited from survey respondents who indicated interest in a follow-up interview. A total of 28 interviews were conducted in October 2025. Interviews were conducted either by phone or in person, depending on the participant's preference and availability. Interviews were conducted in English or with Spanish interpretation as needed. Participants received a $40 incentive.

Interview guides explored household economic conditions, employment and caregiving responsibilities, experiences with tax filing and credit receipt, uses of the FATC, perceived impacts on stress and family well-being, and perspectives on how the credit could be improved. Interview transcripts were analyzed via Colaizzi's phenomenological method[9] by the Family Economic Policy Lab (FEPL) research team. Themes presented in this report reflect recurring

[8] *Colorado Design Insight Group*. (n.d.). Retrieved January 27, 2026, from https://www.cdig.org/
[9] Morrow, R., Rodriguez, A., & King, N. (2015). Colaizzi's descriptive phenomenological method. *The Psychologist*, *28*(8), Article 8.

patterns across interviews and are illustrated with participant quotations to center family perspectives.

## Findings

### *Eligible Families*

**Demographic characteristics.** Table A1 presents summary statistics for tax units with children ages 0–16, comparing those eligible for the FATC to those not eligible. Eligible tax units have significantly lower mean adjusted gross incomes ($44,697.70 vs. $214,953.56) and higher poverty rates (18.04% vs. 0.00%) than ineligible units. They are also substantially less likely to be married (48.77% vs. 90.03%) and are headed by younger individuals (average age 38.89 vs. 42.30). Regarding family composition, the eligible group has slightly fewer children ages 6–16 (1.14 vs. 1.17) and slightly more children under age 6 (0.63 vs. 0.61), with these differences being statistically significant due to the large sample size. Panel C indicates that eligible families receive an average FATC credit of $2,861.96. In terms of race and ethnicity, the eligible population has a greater proportion of Hispanic (35.90% vs. 13.17%) and Black (7.57% vs. 2.70%) households and a smaller share of White households (57.84% vs. 79.32%). All differences in income, demographics, and race are statistically significant at the $p < 0.001$ level. These estimates are derived from the 2023 IPUMS American Community Survey (ACS), aggregated at the tax unit head level and weighted using person weights (PERWT).

**Baseline Credit Dynamics (Equifax).** Table A2 presents baseline credit dynamics using individual-level Equifax data from January 2024. Since we cannot directly identify FATC-eligible individuals from Equifax data, we instead compare credit profiles across regions grouped into four quartiles based on PUMA-level average eligibility rates. Across the four quartiles, we document a clear, often monotonic, association between PUMA-level eligibility rates and credit health in a sample of 461,966 individuals. In Panel A, average Vantage 4.0 credit scores decline steadily as eligibility increases, falling from 738.56 in Q1 (low FATC eligibility regions) to 695.77 in Q4 (high eligibility regions), with intermediate quartiles following the same downward trajectory (Q2: 726.11; Q3: 713.06). Panel B shows corresponding shifts in credit access: although the number of auto trades remains relatively stable across quartiles, mortgage ownership decreases sharply from 39.20% in Q1 to 27.43% in Q4, and the number of revolving trades falls from 3.57 to 3.12. Panel C highlights a progressive deterioration in credit distress, with the likelihood of 30-day delinquency rising from 7.46% in Q1 to 8.27% in Q2, 9.04% in Q3, and 10.70% in Q4. A similar pattern emerges for unpaid collections, which increase from 3.32% in low-eligibility areas to 6.51% in high-eligibility areas; all Q4–Q1 differences are statistically significant at the 1% level.

***Child Poverty Impact Estimates***

Table 1 summarizes the distribution of Colorado families with children aged 0–16 by the type of state tax credit they are eligible for. Out of the total weighted sample, 48.49% of families are eligible for the Family Affordability Tax Credit (FATC), 20.27% for the Child Tax Credit (CTC), and 25.39% for the Earned Income Tax Credit (EITC). Overlaps in eligibility show that 11.60% of families qualify for both the CTC and EITC, with that same percentage qualifying for all three credits combined. The distribution among children follows a nearly identical pattern: 48.43% of children reside in FATC-eligible families, 23.06% in CTC-eligible families, and 26.64% in EITC-eligible families. Notably, 13.98% of children live in households that qualify for the full trifecta of credits.

**Table 1: Summary of Families and Children by State Tax Credit Type**

| Credit Type | # Families | % of Families | # Children | % of Children |
|---|---|---|---|---|
| FATC (0-16) | 331,381 | 48.49 | 586,999 | 48.43 |
| CTC (0-16) | 138,544 | 20.27 | 279,557 | 23.06 |
| EITC (0-16) | 173,496 | 25.39 | 322,954 | 26.64 |
| EITC (any) | 434,931 | | | |
| CTC+EITC (0-16) | 79,279 | 11.60 | 169,495 | 13.98 |
| CTC+EITC+FATC (0-16) | 79,279 | 11.60 | 169,495 | 13.98 |

*Note*: We limit the sample to Colorado households with children ages 0–16. For the EITC analysis, we additionally report total counts of eligible families and children. All estimates are weighted using ACS person weights, with the IPUMS ACS–assigned tax unit as the unit of analysis.

Table 2 shows predicted poverty levels for Colorado households with children aged 0–16 under various tax credit scenarios. The analysis is conducted at the family-unit level and uses a modified Official Poverty Measure (OPM). Under this approach, family-unit gross income is first reduced by a pro-rated effective tax rate and then augmented by aggregated tax credits, which leads to slightly higher baseline poverty estimates than the standard OPM based on gross income alone. Using the Baseline (income inferred from ACS), we estimate that 9.88% of families and 11.63% of children live below the federal poverty line. Introducing the state CTC slightly nudges these figures down to 9.63% for families and 11.38% for children, representing a modest 2.17% reduction in child poverty. The state EITC has a more pronounced effect, lowering child poverty to 10.92% (a 6.14% reduction). When combined, the EITC and CTC reduce child poverty by 9.84%. However, the FATC alone proves significantly more impactful, dropping the child poverty rate to 9.30%, which marks a 20.01% reduction from the baseline. The most dramatic results occur when all three credits are applied: family poverty drops to 6.69% and child poverty falls to 7.31%. This comprehensive approach yields a 37.14% total reduction in child poverty, suggesting that layering these credits is the most effective strategy for bolstering family economic stability in Colorado.

**Table 2: Predicted Poverty Levels, by Combinations of Colorado Tax Credits**

| Poverty Measures | # Families in Poverty | % of Families in Poverty | # Children in Poverty | % of Children in Poverty | Child Poverty Reduction (%) |
|---|---|---|---|---|---|
| Baseline (Income Inferred) | 70,290 | 9.88 | 141,794 | 11.63 | 0 |
| Baseline+CTC | 68,525 | 9.63 | 138,715 | 11.38 | 2.17 |
| Baseline+EITC | 65,570 | 9.22 | 133,089 | 10.92 | 6.14 |
| Baseline+FATC | 58,008 | 8.15 | 113,422 | 9.30 | 20.01 |
| Baseline+EITC+CTC | 62,976 | 8.85 | 127,845 | 10.49 | 9.84 |
| Baseline+All three | 47,567 | 6.69 | 89,129 | 7.31 | 37.14 |

*Note*: We restrict the sample to Colorado households with children aged 0 to 16. Both counts and percentages are weighted using ACS person weights, with IPUMS family unit as the unit of analysis. Some households qualify for more than one tax credit.

### *Survey and Interview Findings*

**Awareness, Uptake, and Access to the FATC.** Survey findings indicate that awareness of the FATC was limited before tax filing (Figure 1). Only 11.6 percent of eligible filers reported knowing about the FATC before they filed their taxes. For many families, awareness emerged only during the filing process itself: 35.8 percent reported learning about the credit while preparing their taxes, while the remaining respondents were still unaware of the FATC at the time they completed the survey. Consistent with these low levels of awareness, just under two-thirds of eligible filers (65.5 percent) reported receiving the credit (Figure 2). Among the remaining 34.5 percent, respondents either reported not receiving the FATC or were unsure whether they had received it. The most commonly cited reason for non-receipt was lack of awareness, suggesting that for a substantial share of eligible families, uncertainty about the credit, rather than ineligibility or administrative difficulty, ultimately determined whether it was received (or known to be received).

**Figure 1:** *Did you know about Colorado's Family Affordability Tax Credit (FATC)?* (n=181)

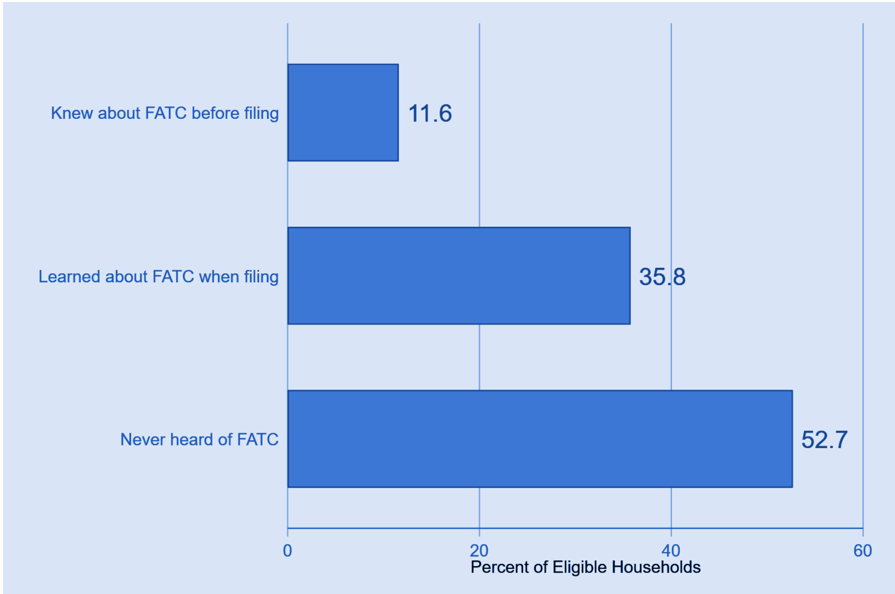
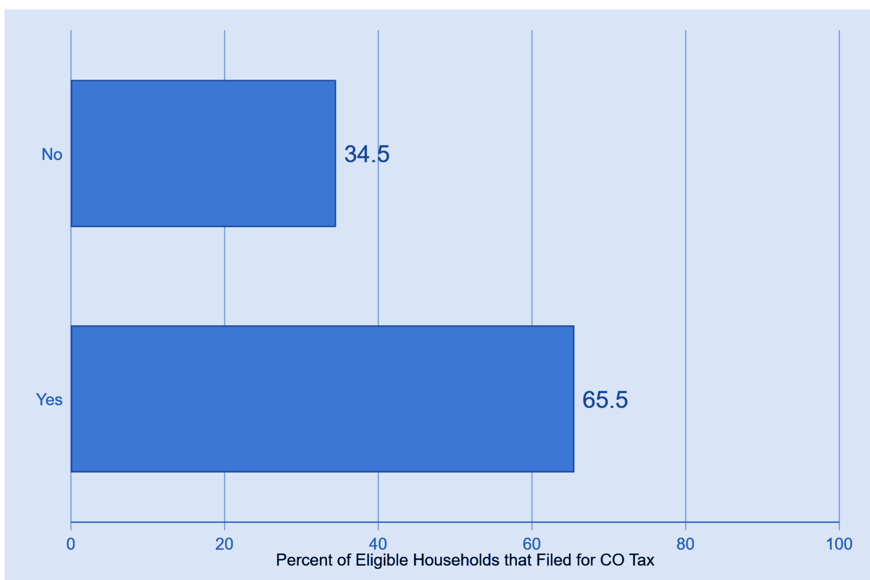



**Figure 2:** *Did you receive the Colorado Family Affordability Tax Credit (FATC) when you filed your taxes this year?* (n=100)




*Note: sample only includes those who were FATC-eligible and filed Colorado taxes.*

Taken together, survey and interview findings suggest that barriers to receiving the FATC may be less about administrative complexity than about awareness. In qualitative interviews, participants generally described the process of claiming the FATC as straightforward and usually automatic.

Several emphasized that they did not experience difficulty navigating the credit during tax filing, with one participant noting, *"I never feel it's that difficult to get."* While experiences varied, participants rarely described administrative barriers to claiming the credit.

Participants relied on a range of tax preparation methods. Many used commercial tax preparation platforms or free services, including Cash App, TurboTax, H&R Block, and Volunteer Income Tax Assistance (VITA) sites. While these services were often described as convenient, some participants noted trade-offs in terms of costs and fees associated with refund advances. One participant explained,

> *"I usually go through Jackson Hewitt. It's fine, but I think they overcharge. I mainly use a company like that because you can get an advance. If you've been filing with them consistently, they'll advance you like $1,500 or $2,000 based on your pay stubs. Then in January, when you bring in your W-2s and officially file, you can be eligible for another advance—sometimes up to like $6,000—depending on how much you're getting."*

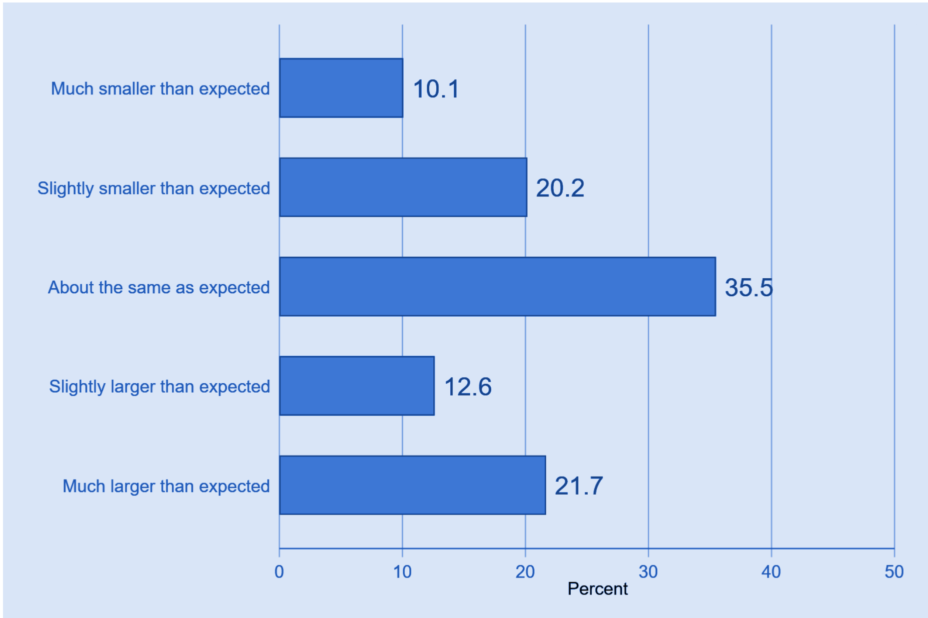
A few relied on informal supports, such as family members, or completed their taxes independently. Across these approaches, participants largely reported being able to claim the credit without difficulty.

***Refund Variability.*** Interview participants described substantial variation in the size of their tax refunds, which often reflected the inclusion of the FATC alongside federal and state income tax refunds. For many, the total refund amount was larger than anticipated and came as a surprise. One recent Colorado resident explained, *"When I moved here I had no clue what it was, and when I saw my refund I was like, holy crap."* Another participant shared, *"I had to go look it up because I was just so confused,"* adding that *"it was the biggest I've ever gotten."*

Others reported receiving refunds that were similar to, or smaller than, what they had expected. One participant said that *"it was less than what I should have,"* and noted that *"to be honest, it's been a little bit difficult — there wasn't too much of a difference."* In some cases, participants attributed smaller refunds to changes in income. As one explained, *"I ended up in a different tax bracket because I started making a little bit more money,"* which reduced the size of their refund.

We observed similar variation in refund amounts among survey respondents (Figure 3). Just under one-third found their refund to be smaller than expected, another third found it about the same as expected, and the final third received a payment larger than expected.

**Figure 3:** *How did your Colorado state tax refund compare to what you expected?* (n=169)




***Immigrant Experiences.*** Throughout the interviews, participants described how their migration histories, legal statuses, and fears about future immigration outcomes shaped both their financial stability and their willingness to engage with programs such as the FATC. Many were refugees or recent arrivals—*"we are refugees… we came here five years ago,"* or *"we are Ukrainian refugees… we came… in 2022"*—and spoke about the challenges of navigating work, language, and credentialing in the U.S. Participants frequently described fear and uncertainty about how receiving benefits might affect their immigration status. Several described widespread uncertainty in their communities about *"ITIN number and Social Security numbers"* and whether accepting the credit *"can hurt you… when you want to move ahead… with your legal status."* Immigrant families reported that some *"opt to [not] receive the benefits because they don't know if that won't affect them in the future for their legal… status situation."*

Participants also described heightened anxiety due to shifting immigration policies, detentions, and the emotional toll of asylum processes—*"the main change was this switch in immigration policy and… it added some stress,"* and *"some people in our community were taken to detention even when they seemed to have stable immigration status."* For some, this meant preparing guardianship documents for their children "*just in case*." These uncertainties, intertwined with the financial strains of work permits and legal consultations, made families feel they *"cannot build the strategy properly."* Despite this, many expressed determination to build stable futures and gratitude for support such as the FATC that helps them *"[m]ake [the] best of that"* as they navigate complex systems.

**Financial Hardship.** Outside of their experiences with the FATC, interview participants described daily life as a constant negotiation of limited resources, rising prices, and unstable income. Many expressed exhaustion at how difficult it was to keep their households afloat. One participant captured this resigned normalization of struggle: *"We're always stressed, but I thought that was part of adulting."* Even careful budgeting often fell short. Participants discussed juggling bills, credit card debt, and the lack of financial buffers. Two parents described this as *"keeping my head above water, basically,"* and *"always budgeting… in my brain."* Rising costs of living deepened the strain: *"Things have definitely gone up tremendously. So it's been a little rougher every year than usual."* Another noted, *"It's just like utilities and everything is a lot more expensive."* For some, even subsidized housing offered limited relief: *"I'm in subsidized housing… and I still can't make it work, so it's, it's real rough out here."*

Hardship was intensified for many by personal crises, trauma, and instability. One participant recounted, *"Two years ago, my husband was suicidal…[the police threw] him in jail and broke his ribs,"* in the midst of a mental health crisis. Another shared, *"My five-year-old… was attacked by four dogs… hospitalized for almost two months."* A separate family described receiving a devastating diagnosis: *"The day before I got laid off of work, my [adult] daughter told me that she was diagnosed with cancer."* One family experiencing housing insecurity explained, *"They decided to sell our unit, so we ended up having to suddenly move."*

Health, disability, and caregiving also added ongoing strain. One parent said, *"My little one has disability,"* while another explained, *"My children are medically complex."* One mother described the labor of helping her children recover from a traumatic event: "*It's a lot of driving around, making sure that everybody's mental health is getting better."* Others were navigating co-parenting or unstable relationships: *"Sometimes we're on good terms, sometimes we're not,"* and "*my ex boyfriend… kicked us out… and never spoke to [my children] again."*

***Employment.*** Many participants explained that job loss, inconsistent hours, health limitations, credentialing hurdles, and caregiving demands shape their current financial circumstances. Several had recently lost their jobs or been unable to secure stable employment despite ongoing efforts. One explained, *"We've been unemployed for two years,"* while another shared, *"We lost jobs, and we couldn't find anything after that."* Others were displaced when employers downsized or restructured: *"They kind of phased out my job…But didn't offer me to go somewhere else in the company."*

Even when employed, work was often fragmented and pieced together across multiple roles or gigs. Participants described holding *"three part-time jobs,"* or doing "*freelance*" work such as *"photography," "selling jewelry,"* and *"teaching line dance."* Several emphasized relying on irregular work schedules, including one who said they were *"working flex jobs, like substituting and things."*

Educational and professional qualifications did not consistently translate into stability. One participant with accounting training reported, *"I have had no luck for the past year to find a job."* Another, an international medical professional, described being caught between mismatched credentials and costly licensing requirements: *"For even starting positions, they say, 'oh, you are overqualified'... and when I applied to a senior position, they said 'you don't have the experience.'"* The same participant explained the financial barriers to re-credentialing in the United States: *"Each year [of a two-year program] costs $90,000."*

Participants also described how health conditions, disability, and caregiving responsibilities constrained the types of work they could do and the hours they could sustain. One participant noted, *"I wish I could work full-time, but I can't afford to put my daughter in daycare full-time because it's just me."* Another parent who worked from home described using breaks to meet children's needs: "*I use my breaks to make sure the baby eats."* Caregivers of medically complex children describe nonstop schedules filled with essential therapies—"*physical therapy, occupational therapy, feeding therapy, intensive feeding therapy,*" and "*music therapy for my little one…*"—as well as unpredictable emergencies, such as "*he had a seizure at school… I have to always be keeping track of him.*" Others care for elderly relatives simultaneously, sharing that burdens "*become not just the senior citizens' burdens, but…a whole family's burdens.*" Daily routines reflect constant motion and exhaustion: "*our days are absolutely busy, running around hectic,*" "*it's really busy all the time,*" and "*we're so constantly moving.*"

Amid these demands, many participants described trying to improve long-term prospects through schooling or career transitions—*"finishing my degree"* and *"I'm in college as well"*—while also noting the short-term tradeoffs. As one explained, *"With going back to school, they had to drop me down to a substitute, and unfortunately, being a substitute doesn't pay bills."*

For some, precarious employment reflected a longer trajectory of sustained effort without meaningful advancement. One participant said, *"I feel like we've just been working so hard the last few years and not really getting anywhere."* Another described selling plasma while *"seeking employment."* One summed up this reality simply: *"We're just trying to survive."*

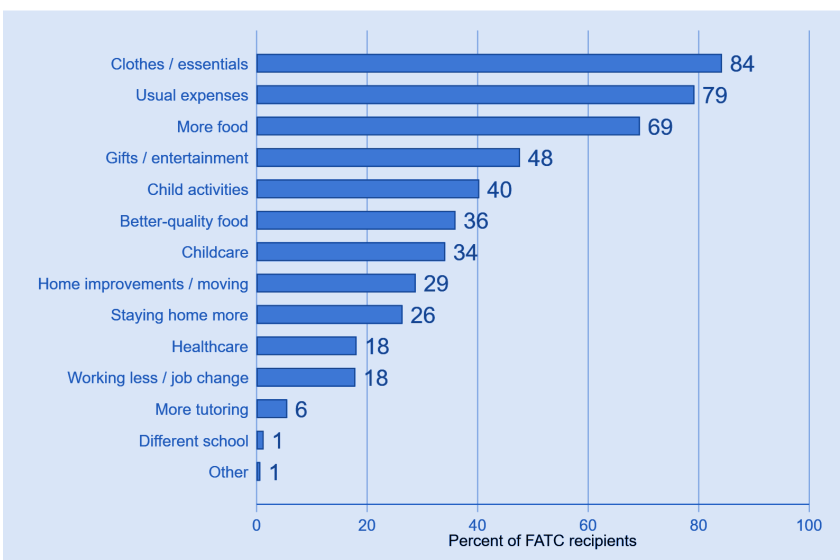
***Savings.*** Due to their financial precarity, many participants reported living with extremely limited or fragile emergency savings, leaving them exposed to unexpected financial shocks. Because savings were scarce, many relied heavily on credit. When asked how they usually handled sudden expenses, participants repeatedly said, "*Credit cards,*" or "*Usually I'll just use my credit card."* One added, *"I have a credit card… which got me in debt."* Others turned to buy-now-pay-later apps such as Klarna: *"I have used some of those apps… those have helped a lot."* Borrowing from family was another common fallback, though often used reluctantly or sparingly. Participants shared statements such as *"Sometimes I have to reach out to family,"* and *"I might ask my mom to borrow it."*

Some had no clear plan beyond hoping for the best. One reported, *"I'm literally just… hoping and praying that no big emergencies come about."* Another said simply, "*We just hope they don't happen. We don't have money for that,"* and "*Honestly, I put it in the stack of the billion things I owe and start somewhere when I can."* Participants who managed to save—even briefly—often found themselves using those savings immediately. One said, *"I did save money, but I ended up having to use it to supplement."*

**Use of the FATC Funds.** Across interviews, FATC recipients described using their tax credit refunds in careful, intentional, and family-centered ways to address both immediate financial strain and their aspirations for improved stability. A dominant theme was the prioritization of bills, necessities, and housing security. Many explicitly stated that *"we got to pay the bills first and diapers and all that stuff,"* with others emphasizing the need to *"pay down my debt for sure,"* manage credit card debt, or cover overdue balances: *"Usually it's gone by March because I'm paying off stuff I'm behind on."* Several participants described using refunds to get ahead on essential expenses—*"I use that money to at least pay a couple of months of rent."* Others paid toward high outstanding expenses, such as *"lawyer fees," "big, big bills,"* or future emergencies: *"The funds that we're getting…you gotta save it for something that might come up."* Savings—though often limited—was still a common goal, with participants reporting they *"saved a little,"* set money aside *"for [a] rainy day,"* or saved for their children.

Survey findings align closely with these interview accounts, indicating that families most commonly used the FATC to meet immediate and child-related needs (Figure 4). By far, the most frequently reported uses of the credit were for essential expenses such as housing, utilities, food, and clothing, as well as for children's needs, including gifts, activities, and entertainment.

**Figure 4:** *Usage of the tax refund among FATC recipients* (n=73)

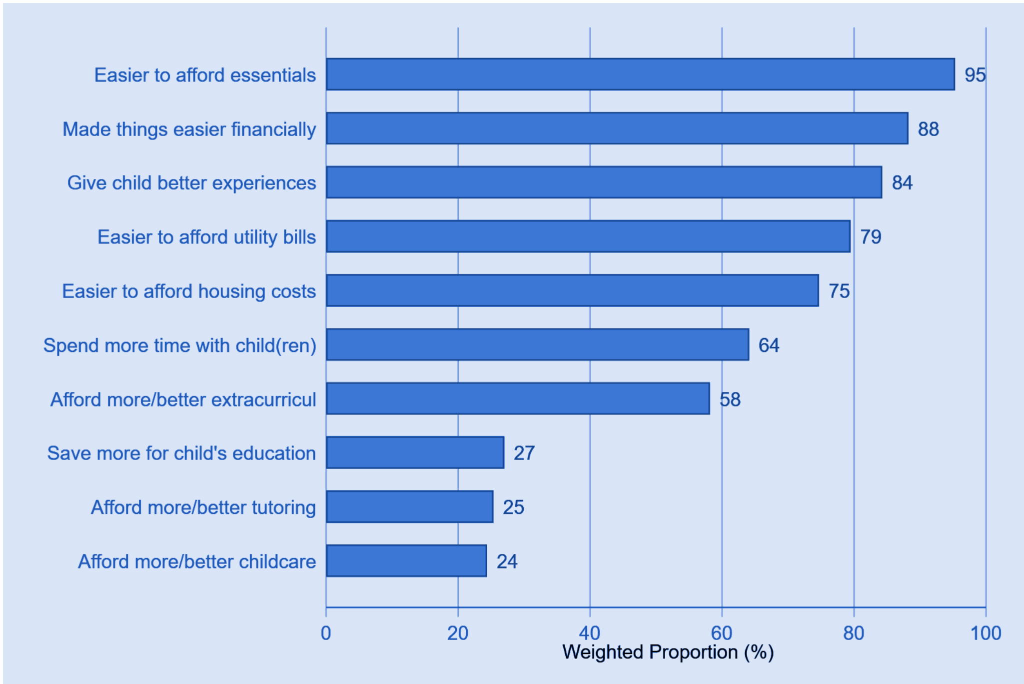


Similarly, in interviews, many families reported using part of their refunds to purchase household essentials, food, clothing, and necessary repairs. Participants described stocking up—*"toilet paper, paper towels, shampoo, conditioner… laundry detergent,"*—and purchasing items they typically go without: *"usually I don't buy myself clothes, the kids and stuff, so I was able to do that and get more of what we needed."* Refunds also supported critical household or vehicle repairs: *"It was more towards a repair to replace something…last year we had to get our furnace,"* and *"I was able to get a car."* For many, these purchases allowed them to *"organize stuff accordingly"* and move through the year with less frequent crisis management.

Interview participants also reported that a significant portion of spending was dedicated to children's needs, enrichment, and family experiences. Parents described using refunds for *"kid activities," "uniforms for the year," "extracurricular activities for my kids,"* and clothing: *"Any money saved for my son, I use it for clothing."* Family outings—often otherwise inaccessible—were repeatedly mentioned: *"we did take them to the zoo," "visit the aquarium… ice cream shop,"* and *"take the family on a trip."* Some shared the emotional significance of providing joy during financially constrained times: *"I've always been low income…so I told myself when I got older, taxes would be like Christmas for my kids,"* and *"It was our daughter's birthday…We were able to get a gift for her, what she wanted."* Larger travel plans also appeared, including *"plane tickets to go… to… his dad's"* or *"a trip planned to go out of country as a family."* These opportunities were seen as both rewarding and restorative: participants described the credits as something that *"helps relieve stress"* and offers an opportunity to *"get away from all the different things we have to deal with in life."*

**Impacts on Family Well-being.** Survey findings suggest that the ways families used the FATC translated into meaningful improvements in day-to-day financial stability. Many respondents reported that receipt of the credit made it easier to manage household finances, including paying for housing and utilities and affording food and other essentials (Figure 5). Interview participants similarly described the FATC as a critical relief in lives defined by financial strain. They repeatedly emphasized that the credit did not erase hardship, but it *"definitely decreases the stress"* and "*knocked it down a bit."* For many caregivers, the most important impact was simply being able to stay housed and keep the lights on: "*just being able to pay the power bill and the rent and keeping us inside of a house and not, you know, living in our car."* Another summed up the experience by saying, *"It literally was a breath of fresh air. Sometimes it's choosing between bills and groceries, and so that just gave me some wiggle room."*

**Figure 5.** *FATC's impact on recipients' lives* (n=73)



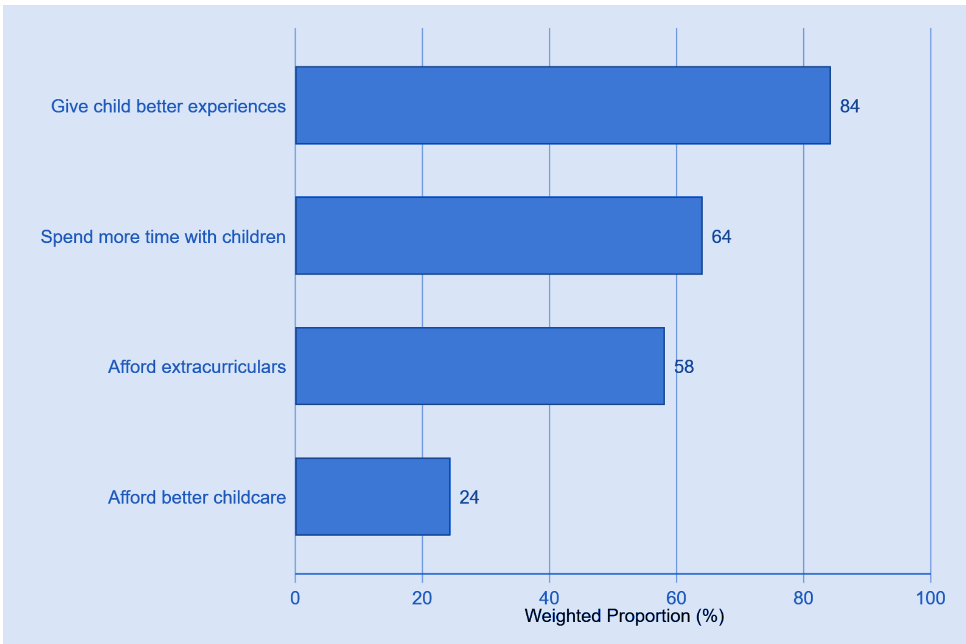

This reduction in stress was reflected in shifts in mood, mental health, and day-to-day coping. One caregiver reflected, "M*y mood was a lot better. So if I'm stressed out, I'm in a hustle mode where my brain doesn't focus on anything, but how am I going to keep the lights on or keep the water on?"* Another shared, "*It kept me able to engage still with my children, even though I was having this issue. It kept me motivated so that I can figure my way out of this. So it wasn't like rock bottom."* Many participants framed the credit as "*a blessing*," "*a godsend*," and "*a huge help,*" acknowledging how hard they were already working. One put it this way: *"I work my butt off all year long, and it's so nice that there is a tax credit that kind of recognizes that as well."* Another added,

> *"I didn't know I needed this tax credit, but, like, it really made the difference… It's a very necessary, useful, and helpful credit… The single parents that don't make much money, that are spending most of their income on rent, it's just very, very helpful and necessary, actually."*

For these families, the FATC was "*more than a dollar amount,"* but *"a peace of mind in a way that is unexplainable,"* giving them *"a bit more hope this year"* and allowing them to feel *"a little bit more stable."*

**Impacts on Children's Well-being.** Most survey respondents reported that FATC helped them spend more time with children, afford better childcare and extracurricular activities, and give children better experiences (See Figure 6).

**Figure 6.** *FATC's impact on parents' relationship with children* (n=73)




Likewise, interview participants repeatedly linked their own financial stress and relief to their children's well-being, describing hardship as something that children both felt directly and absorbed indirectly through the emotional climate at home. Parents saw stable housing and basic security as foundational: "*the fact that we have a roof over our heads, I think, is good for the kids in their feeling of safety and being able to concentrate on school.*" Several noted that when stress was high, it showed up in family conflict: *"Less stress also equals less bickering and fighting between me and my husband. We hate having the kids see. It's not healthy for them."* Even when parents tried to shield their children, they recognized that kids picked up on worry and tension. One caregiver said, *"I try not to pass on my anxiety to her at all, but I know I can't completely shield her from it."* Another reflected, "*They can tell when you're not okay… they pick up on that energy. I would never want my energy to cause them stress or feel unsafe."*

At the same time, parents saw clear changes in their children when financial pressure eased following receipt of the FATC. Many described their kids as *"Happier now. They sleep better."* One parent put it succinctly: *"If I'm relaxed and my own cup is full, I can fill theirs. So it is a ripple effect for sure."* The FATC also expanded what was possible for children in concrete ways—activities, schooling, clothing, and shared experiences. Parents used funds so kids could *"play the sports they wanted to play and do the activities they wanted to do," "go to the mountains and things that cost gas and stuff, like go fishing,"* or have *"a little Buc-ee's shopping spree."* One caregiver explained,

> *"It allows me to spend more time with him, give him more attention, you know, rather than on the computer filling out applications or researching ways to make money from home in between jobs and stuff, and read a book with him or spend some time playing on his little jungle gym or in the ball pit or anything."*

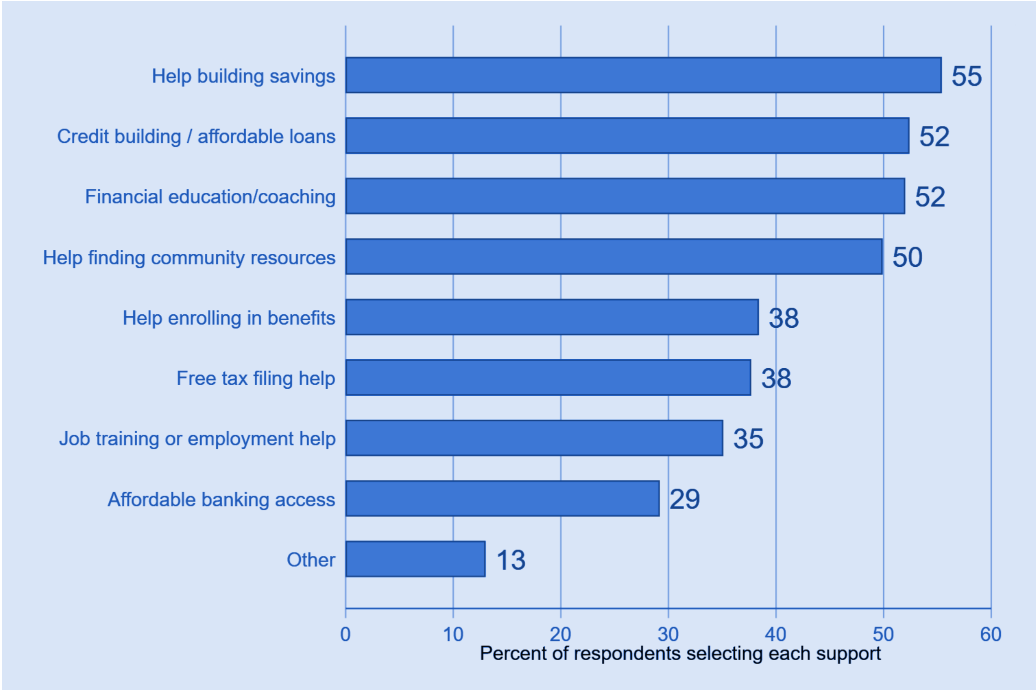
For school-age children, the credit often meant being properly equipped for extracurriculars and sometimes accessing different educational environments. A parent described how, *"This year was a little bit different because usually I don't buy us as many clothes. So I was able to do that and get more of what we needed. I was able to get school supplies and stuff like that for the kids."* One used the funds to change schools: *"I was able to switch my child's school to a school where I couldn't otherwise afford it. I used a portion of it to pay tuition. My daughter's excited to move to a school where she's getting more experiences."*

Parents also discussed what it meant for children to experience moments of joy and normalcy amid hardship. They reported that "*even in small ways, like going out and we had Chick Fil A, which, you know, we can't always eat out,"* was meaningful, explaining that *"those small things mean so much," "giving parents a chance to focus on the kids for a while instead of just surviving."* One mother reflected,

> *"You don't have to spend a lot of money. Just be there, and that's what I did. We went for like a weekend, and they just loved it. They just loved to be away for a moment, and so I just stayed engaged. I was able to be there for them, not just in the physical, but consciously."*

**Looking Forward.** Survey findings indicate that many families are looking beyond short-term relief and are interested in supports that could help them build longer-term financial stability. Respondents commonly expressed interest in assistance with building savings, improving credit, accessing financial education, and connecting to community resources (See Figure 7).

**Figure 7:** *Financial supports for respondents* (n=245)




Across interviews, participants similarly articulated hopes for improved housing, financial security, and career advancement, often framed against the instability of current economic conditions. One parent explained, *"We do want to get a car… a bigger place… buy our own place to live, but… the housing [market]… It's not good now."* Others echoed similar concerns about uncertainty, describing how supports like the FATC offered temporary relief while still navigating broader precarity: *"It sucks…even though I'm working really hard all year… tax credits like this get me excited to have more money to survive… It's good to have a lifeline. But I wish that it wasn't like this."*

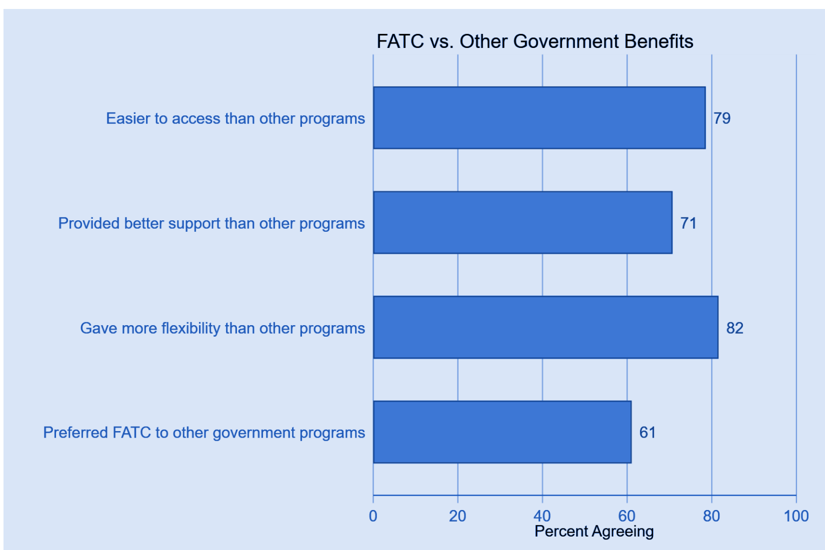
At the same time, recipients consistently described using the stability provided by their refund to pursue personal growth and improve well-being. As one participant shared, *"It changed my surroundings… It made me want to be better… I'm in college… it made me change everything,"* while another explained that the support allowed them to engage in therapy and build healthier routines because *"it put me in my mental therapy, it made me want to seek help…it made me be like, okay, you don't have to be so like that, because you're okay."* For many, mental health improvements were directly tied to feeling financially buffered: *"[The FATC] kept me motivated… It allowed me to not dwell in it."*

Participants also emphasized future-oriented aspirations rooted in building stability for themselves and their families. These aspirations ranged from educational and career goals—*"I* *really want to get a work-at-home nursing job and my husband…he's in school right now because he's trying to get a better job,"*—to major milestones such as homeownership. Participants described housing stability as a longer-term process that included improving credit, saving tax refunds, and planning multi-year timelines for down payments: "*I gave myself… three to four years… using portions of my credit on my taxes towards a down payment on the house."* Housing goals also included moves to safer or larger living spaces to better meet family needs: *"I would like to move to a bigger spot… my son wants his own space."*

Participants described the tax credit as a catalyst that made these goals feel attainable, stating, *"It gave me a renewed sense of thinking… this money is for an emergency or to the end game goal, which is my own house, my own everything,"* and *"it helped me continue toward my goals."* Overall, the interviews reflect a strong collective drive toward securing stable futures with the FATC support serving as both a practical resource and a psychological foundation for growth.

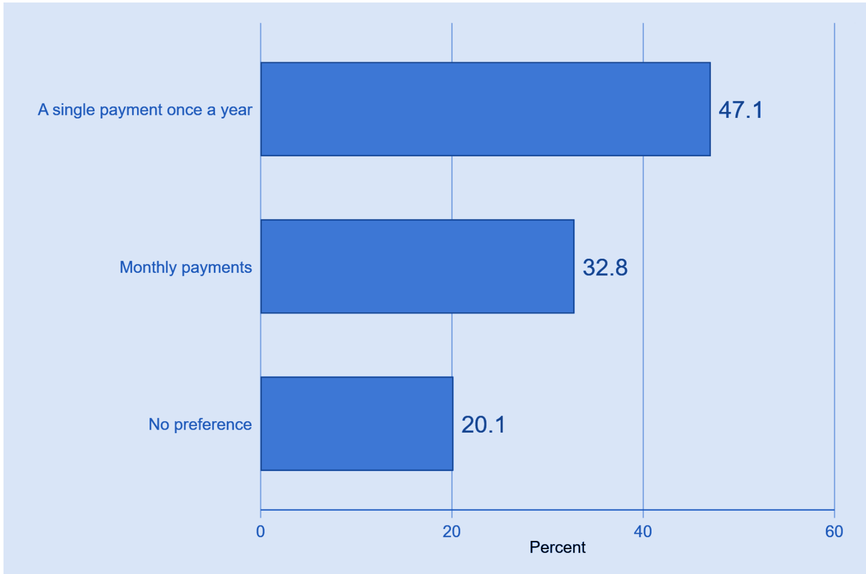
**FATC Feedback.** Survey respondents expressed strong positive views of the FATC relative to other forms of assistance. Many recipients agreed that the FATC was easier to access, more flexible, and better aligned with their needs than other support programs (See Figure 8).

**Fig 8:** *Comparing FATC to other government benefits* (n=72)




***Split opinion on lump/monthly payment.*** When we asked survey respondents whether they would prefer to receive the FATC as an annual lump-sum payment or in monthly installments, similar to the 2021 Federal Child Tax Credit expansion, nearly half preferred the annual lump-sum payment, one-third preferred monthly installments, and 20 percent had no preference (Figure 9).

**Figure 9:** *Preferred FATC Payment Frequency* (n=75)




Interview participants were similarly divided, often weighing financial stability against flexibility. Several respondents emphasized that both options had value depending on their financial situation. One participant captured this ambivalence plainly: *"Monthly seems better… but… the one big lump sum is nice too. So I don't really know how to answer. Both of them are correct."* Others similarly described their preference between options to be *"50/50"* or noted, *"either way is good with me because I feel like there's pros and cons for both."*

Some participants favored the annual lump sum because it enabled planning, saving, and making larger purchases. People described liking the ability to "*organize myself and plan ahead,*" or that "*it gets put to better use when it's all cumulative, and then I can just do what I need.*" Several felt the lump sum offered more intentional use, saying *"if you're getting it every month, you're spending it,"* while a single payment helps avoid spending on day-to-day needs and enables *"bigger"* or more strategic expenses, like debt repayment or deposits. Some also expressed concern that monthly payments could create dependency: *"I would be depending on it…what if it doesn't come?"* A few believed an annual payment "*holds families accountable throughout the year.*"

Others preferred monthly support because it would help them meet ongoing needs and reduce financial strain. One participant described it as the difference between "*an unpaid bill or a paid bill*," and others noted that *"stuff happens daily."* Monthly payments were linked to improved "*quality of life*" by providing more consistent financial support for groceries, children's activities, and utility payments. One participant said it would allow families to avoid *"struggling, struggling, struggling"* between income cycles. Some also emphasized that monthly payments encourage better money management because smaller amounts are less likely to be spent quickly: *"If it's broken down, people will manage it better."*

Several participants expressed conditional or uncertain preferences. For example, one person said a lump sum is helpful for big purchases, *"moving apartment(s)… a deposit,"* while monthly payments help with sports fees or recurring bills. Others liked monthly payments but acknowledged they might "*rely on it a lot,*" or felt that receiving it in increments works only because someone helps them "*portion*" it. Some simply said *"no difference."* Overall, participants showed no clear consensus; instead, they weighed immediate needs against long-term planning, with many seeing clear trade-offs among stability, flexibility, and personal money management in how the credit is delivered.

***Appreciation for Colorado.*** Participants consistently emphasized gratitude for both the FATC and the broader policy environment in Colorado. Many described the credit as *"very helpful… having kids and their expenses… you know, it helps,"* with several noting that it provided stability, savings, and a sense of dignity. One participant shared that the FATC *"helped me tremendously… it helped me to save… to budget correctly… and when the rainy day came, it was right there."* Others contrasted their experiences in Colorado with those in previous states. One participant, who had never received a child tax credit before moving from Nebraska, recalled thinking *"holy crap"* when they saw their refund.

Participants often expressed broader appreciation for Colorado's policies and values. Some felt that the state's laws were *"really with the people in mind"* and that the FATC showed that legislators were actively considering the high cost of living rather than dismissing it. Another said, *"Even though I'm grasping for straws sometimes, I do feel like Colorado offsets that. The legislators actually take that into consideration instead of just continuing on...instead of just saying 'it is what it is.'"* Several described the credit as central to keeping their heads above water: *"If I didn't have it, I wouldn't have been able to stay afloat."* Others connected this to a sense of possibility and belonging, saying the credit *"gave me hope that I could reach what the average person gets here."* Many expressed a desire for the credit to continue, with remarks like *"I hope they keep it… I like it how it is,"* and encouraged wider awareness to communicate its impact, noting *"it needs to get put out to as many people so, so they can know the importance of it and how much people actually need it."*

## Conclusion

Findings from the first year of the Colorado FATC evaluation indicate that the FATC is reaching a broad population of families with children and contributing meaningfully to reductions in child poverty and financial strain. Administrative data simulations suggest that the credit plays a substantial role in lowering both family and child poverty, particularly when combined with other state tax credits such as the Colorado Child Tax Credit and the Earned Income Tax Credit. These results underscore the importance of the FATC as part of a layered income support system rather than as a stand-alone intervention.

At the household level, survey and interview findings suggest that families primarily used the FATC to meet essential needs, stabilize housing, manage debt, and support their children. These spending patterns reflect careful financial decision-making amid ongoing economic precarity. Families consistently described prioritizing basic expenses and children's needs, using the credit to reduce short-term financial crises rather than to increase discretionary consumption, which is consistent with research from the 2021 federal Child Tax Credit expansion.[10]

Beyond material uses, the FATC appears to have supported improvements in perceived financial manageability and reduced stress for many families. Survey respondents commonly reported that the credit made it easier to pay for housing, utilities, and food, while interview participants emphasized the emotional and psychological relief associated with this increased stability. Parents frequently connected reduced financial stress to improved family functioning, which in turn is consistently linked to improved behavioral and educational outcomes for children.[11,12,13]

Looking forward, families consistently described aspirations for greater long-term stability, including goals related to housing, education, career advancement, and financial security. Survey and interview findings indicate strong interest in complementary supports such as savings, credit-building, financial education, and connections to community resources. These findings suggest that while the FATC provides meaningful short-term stabilization, families view it as a foundation for longer-term economic security.

Findings from this first year point to important implementation considerations. Awareness of the FATC was limited before tax filing, and a lack of information was the most common reason

[10] Hamilton, L., Roll, S., Despard, M., Maag, E., Chun, Y., Brugger, L., & Grinstein-Weiss, M. (2022). *The impacts of the 2021 expanded child tax credit on family employment, nutrition, and financial well-being*. Brookings Institution.
https://www.brookings.edu/research/the-impacts-of-the-2021-expanded-child-tax-credit-on-family-employment-nutrition-and-financial-well-being/

[11] Bono, K. E., Sy, S. R., & Kopp, C. B. (2016). School readiness among low-income black children: Family characteristics, parenting, and social support. *Early Child Development and Care*, *186*(3), 419–435. https://doi.org/10.1080/03004430.2015.1039528

[12] Jackson, A. P., Choi, J.-K., & Franke, T. M. (2009). Poor Single Mothers with Young Children: Mastery, Relations with Nonresident Fathers, and Child Outcomes. *Social Work Research*, *33*(2), 95–106. https://doi.org/10.1093/swr/33.2.95

[13] Connell, C. M., & Prinz, R. J. (2002). The Impact of Childcare and Parent–Child Interactions on School Readiness and Social Skills Development for Low-Income African American Children. *Journal of School Psychology*, *40*(2), 177–193. https://doi.org/10.1016/S0022-4405(02)00090-0

families did not report receiving the credit or were unsure whether they had. In contrast, families who did engage with the credit generally described the filing process as manageable and straightforward, suggesting that barriers to uptake were driven more by information gaps than by administrative complexity.

Overall, the first year of evidence indicates that the Colorado Family Affordability Tax Credit is functioning as intended: reaching a large share of families with children, reducing child poverty, and supporting household stability in a way that families experience as accessible, flexible, and responsive to their needs. Ongoing evaluation will be critical to understanding how these early impacts evolve and how the FATC fits within Colorado's broader efforts to promote family economic security. In future reports, published as data is available, we intend to include additional administrative data sources (Appendix C) to support ongoing policy decision making both in Colorado and other states seeking to improve supports for children and families.

# Appendix A: Tables

**Table A1: Summary Statistics, by FATC Eligibility (ACS, 2023)**

| | Eligible | Not Eligible | Diff (Elig - Not) | p-value |
|---|---|---|---|---|
| **Panel A: Income and Demographics** | | | | |
| Average age of household head | 38.89 | 42.30 | -3.41 | 0.000*** |
| Mean household AGI ($) | $44,697.70 | $214,953.56 | -$170,255.86 | 0.000*** |
| Median household AGI ($) | $45,000.00 | $165,000.00 | -$120,000.00 | - |
| Percent moved out of state (%) | 7.72 | 4.73 | 2.99 | 0.000*** |
| Poverty rate (%) | 18.04 | 0.00 | 18.04 | 0.000*** |
| Share married (%) | 48.77 | 90.03 | -41.26 | 0.000*** |
| | | | | |
| **Panel B: Family Composition** | | | | |
| Avg. number of kids age 6–16 | 1.14 | 1.17 | -0.03 | 0.000*** |
| Avg. number of kids under 6 | 0.63 | 0.61 | 0.02 | 0.000*** |
| | | | | |
| **Panel C: FATC Credit** | | | | |
| Average FATC credit amount ($) | $2,861.96 | - | - | - |
| | | | | |
| **Panel D: Race and Ethnicity** | | | | |
| Share Black (%) | 7.57 | 2.70 | 4.88 | 0.000*** |
| Share Hispanic (%) | 35.90 | 13.17 | 22.74 | 0.000*** |
| Share White (%) | 57.84 | 79.32 | -21.48 | 0.000*** |
| | | | | |
| Number of Families with Kids (0-16) | 331,381 | 352,054 | - | - |

*Notes:* Estimates are derived from microdata from the 2023 IPUMS American Community Survey (ACS). All values are aggregated at the household head level and weighted using the ACS person weight (i.e., PERWT). Significance, * p<0.1, ** p<0.05, *** p<0.001.

**Table A2: Summary on Baseline Credit Dynamics (Equifax, 2024 Jan)**

| | Q1 (Low) | Q2 | Q3 | Q4 (High) | Q4 - Q1 | P-value |
|---|---|---|---|---|---|---|
| **Panel A: Credit Score** | | | | | | |
| Vantage 4.0 | 738.56 | 726.11 | 713.06 | 695.77 | -42.80 | 0.000*** |
| | | | | | | |
| **Panel B: Credit Access** | | | | | | |
| Number of Auto Trades | 0.61 | 0.61 | 0.62 | 0.62 | 0.02 | 0.000*** |
| Number of Installment Trades | 2.18 | 2.18 | 2.01 | 2.09 | -0.09 | 0.000*** |
| Number of Revolving Trades | 3.57 | 3.33 | 3.13 | 3.12 | -0.46 | 0.000*** |
| Has Student Loan | 17.45% | 18.11% | 15.67% | 17.00% | -0.45% | 0.016** |
| Has Mortgage | 39.20% | 34.23% | 31.40% | 27.43% | -11.77% | 0.000*** |
| | | | | | | |
| **Panel C: Credit Distress** | | | | | | |
| Has 30 Day Past-Due Delinq. | 7.46% | 8.27% | 9.04% | 10.70% | 3.23% | 0.000*** |
| Has 60 Day Past-Due Delinq. | 4.38% | 5.00% | 5.63% | 6.81% | 2.43% | 0.000*** |
| Has 90 Day Past-Due Delinq. | 3.28% | 3.81% | 4.27% | 5.33% | 2.05% | 0.000*** |
| Has Unpaid Collection | 3.32% | 4.22% | 5.00% | 6.51% | 3.20% | 0.000*** |
| Bankruptcy Flag | 0.12% | 0.12% | 0.10% | 0.16% | 0.04% | 0.050* |
| | | | | | | |
| Avg Eligibility Rate | 22.13% | 42.33% | 54.14% | 78.97% | 56.84% | |
| Number of Individuals | 170,864 | 136,542 | 99,806 | 54,754 | | |

*Notes:* High- to low-eligibility regions are defined based on quartiles of PUMA-level FATC eligibility rate. To ensure reliability, we restrict the sample to PUMAs with at least 1,000 eligible families. EQX does not include household identifiers, so all outcomes are based on individual-level records.

# Appendix B: Methodological Notes

***Child Poverty Impact Estimates***

The analysis utilizes 2023 IPUMS ACS microdata, restricted to Colorado residents and migrants within the household population. For tax credit modeling, we relied on "ADJGINC"—the Census Bureau's estimate of Adjusted Gross Income (AGI)—to determine tax unit resources. Filing status was determined by marital status, and "tax year ages" were constructed to accurately reflect eligibility for the tax year.

Simulations for Colorado's state-level credits were performed at the tax unit level. The Family Affordability Tax Credit (FATC) was modeled using schedules differentiated by filing status and child age (under 6 vs. 6–16), while the Child Tax Credit (CTC) was applied only to children under 6. The Colorado Earned Income Tax Credit (EITC) was calculated as 50% of the federal EITC reported in the survey. These simulations yielded both dollar amounts and eligibility indicators for each tax unit.

To assess poverty impact, all tax liabilities and credits were aggregated to the family unit level. We applied prorated tax obligations using effective federal and state tax rates differentiated by filing status. For each family, this estimated tax liability was subtracted from the total family income (FTOTINC) to obtain an after-tax baseline. Poverty status was then determined by comparing this baseline, augmented by the various credit combinations, against the 2023 Census official poverty thresholds, which vary by family size and the number of children.

Finally, the analysis was restricted to families with at least one child under 17. Survey person weights (PERWT) were applied throughout to generate weighted counts and poverty rates, ensuring the results are representative of the broader Colorado population in this demographic.

***Survey Weighting***

**Target Population & Data Sources**
Survey Data (Sample): FATC Survey 2025 (n = 249).
Benchmark Data (Population): American Community Survey (ACS) 2024, 1-Year Estimates IMPUS microdata

*Universe Restriction:*
To ensure **common support**, the ACS benchmark was restricted to Colorado households matching the specific profile of the FATC sample:

- Households with at least one own child present.
- Respondent age > 18.
- Household Income < 250% of the Federal Poverty Line (FPL).
- Group quarters (institutionalized populations) excluded.

**Methodology: Generalized Boosted Models (GBM)**
We utilized Propensity Score Weighting via Generalized Boosted Models (GBM) (using the TWANG package). GBM was selected over logistic regression for its ability to automatically handle non-linearities and interactions without manual specification.

*Covariates*: The model balanced the sample on Household Income (6 bins), Race/Ethnicity (5 categories), Employment Status (3 categories), Homeownership, Number of Children, and Nativity (US Born vs. Foreign Born).

*Sampling Weights*: ACS person weights (PERWT) were incorporated to ensure the benchmark reflected the true population distribution of Colorado.

**Covariate Balance Results**
The matching procedure proved highly effective, virtually eliminating bias across all dimensions. Overall Fit: The maximum Standardized Effect Size (Max ES) across all covariates was reduced from 0.98 (Unweighted) to 0.12 (Weighted). The mean bias was reduced to 0.03.

*Key Impacts:*
- Nativity: The survey's slight overrepresentation of US-born respondents (69.5%) was corrected to match the population (67.8%).
- Income: The massive overrepresentation of the lowest income bracket (<$10k) in the survey sample was reduced from 35.1% to 8.8%, aligning with the population (8.2%).
- Race: White respondents were upweighted from 22% to 43% to reflect the state's demographics.
- Effective Sample Size: The weighting process yielded an Effective Sample Size of 110.2, reflecting the trade-off between representativeness and statistical power.

Table B1. Summary Tabulation Raw, Weighted, and % Difference Reduction

| | **ACS Mean (Target)** | **Survey (Raw)** | **Survey (Weighted)** | **Difference (Raw-Target)** | **Difference (Weighted-Target)** |
|---|---|---|---|---|---|
| **Panel A: Household Income (*proportion*)** | | | | | |
| less than/ equal to 10,000 | .082 | .351 | .088 | .269 | .006 |
| 10,000 to 25,000 | .114 | .181 | .119 | .068 | .005 |
| 25,000 to 50,000 | .331 | .210 | .320 | -.121 | -.011 |
| 50,000 to 75,000 | .316 | .173 | .315 | -.142 | .000 |
| 75,000 to 100,000 | .125 | .065 | .129 | -.060 | .004 |
| greater than 100,000 | .033 | .020 | .030 | -.013 | -.003 |
| | | | | | |
| **Panel B: Race / Ethnicity (*proportion*)** | | | | | |
| White | .434 | .221 | .431 | -.213 | -.002 |
| Black | .064 | .209 | .051 | .145 | -.013 |
| Asian | .037 | .064 | .061 | .027 | .024 |
| Hispanic | .410 | .482 | .416 | .071 | .005 |
| Other | .055 | .024 | .041 | -.031 | -.014 |
| | | | | | |
| **Panel C: Employment Status (*proportion*)** | | | | | |
| Employed | .605 | .643 | .595 | .037 | -.011 |
| Unemployed | .052 | .169 | .060 | .116 | .007 |
| Not in Labor Force (NILF) | .342 | .189 | .345 | -.153 | .003 |
| | | | | | |
| **Panel D: Demographics (*counts/ indicator*)** | | | | | |
| Number of Kids | 2.077 | 2.092 | 2.211 | .015 | .133 |
| Born in US | .695 | .678 | .688 | -.017 | -.006 |
| Homeowner | .502 | .221 | .359 | -.281 | -.143 |

# Appendix C: Pending Data Sources

This appendix highlights the datasets we anticipate using in upcoming studies of FATC's impact on Colorado families.

**State Tax Data (if available).** Where feasible, the evaluation will incorporate state tax data in collaboration with state partners. These analyses explore utlization rates and how the FATC interacts with other tax credits, such as the Colorado Child Tax Credit and the Earned Income Tax Credit, and examine barriers and facilitators to claiming the FATC. We expect this data to be available in early 2026, with a report available in mid-2026.

**Point-of-Interest Spending and Mobility Data.** To examine broader patterns of economic activity, the evaluation will use aggregated point-of-interest (POI) spending and mobility data from Advan Research and SafeGraph. Advan weekly patterns data provide anonymized, aggregated information on visits to POIs, including visit counts, dwell times, and inferred home locations of visitors. Advan neighborhood patterns data summarizes monthly movement between Census Block Groups. SafeGraph spending data provides aggregated information on debit and credit card transactions at POIs, including transaction volumes and amounts. These data are used to examine changes in spending and mobility patterns during tax refund periods, particularly in areas with higher concentrations of FATC-eligible households. Difference-in-differences approaches compare trends before and after refund periods across regions with varying eligibility levels.

**Annual Survey of Public Employment and Payroll (ASPEP).** The Annual Survey of Public Employment and Payroll will provide information on state and local government employment and payroll by function, including public welfare and social insurance administration. These data are used to explore whether the FATC is associated with changes in government workload, measured through shifts in employment levels and payrolls over time.