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Key Findings from National Child Tax Credit Survey

CTC Monthly Payments Are Helping Improve Family Well-Being

CLASP
The Center for Law and Social Policy

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Overview

Parents reported that the monthly Child Tax Credit (CTC) advance payments have reduced financial stress, helped them to afford necessities and, for about one-quarter of respondents receiving monthly payments, work more hours outside of the home, according to a new national survey. The survey also found that, as of October when the survey was conducted, about two-thirds of parents with incomes below \$75,000 reported receiving monthly CTC payments, though there are gaps in CTC receipt among certain demographic groups, including Hispanic respondents. The survey of a nationally representative sample of eligible families asked parents questions about (1) tax filing behavior, (2) receipt of the monthly CTC payments, (3) how the monthly payments have impacted their family, and (4) how families are hearing about the CTC.

Lawmakers expanded the CTC under the American Rescue Plan, which provides families with a payment of up to \$300 per month per child ages 0-5 and up to \$250 per month per child ages 6-17. The package made the CTC available to families monthly from July through December 2021 in advance of filing a 2021 tax return. Eligible families who were known to the IRS received the monthly payments automatically, although they could opt out and choose to receive the full credit when they file their 2021 taxes.

The American Rescue Plan also allowed families with little to no earnings to access the full credit for the first time. This will especially benefit Black and Hispanic children, who were more likely to be denied the full CTC under prior law due to their families earning too little.¹ Families of color, particularly Black and Hispanic families, have been disproportionately impacted by socio-economic burdens and barriers, especially during the COVID-19 public health crisis.

The national survey of 1,012 eligible families with children ages 0-17 living at home was conducted by Ipsos, an international polling firm, with technical guidance from researchers at the University of California, Berkeley. The survey was distributed in the second and third weeks of October, after most eligible families had received up to three rounds of monthly CTC advance payments.

Survey respondents are weighted statistically to yield a nationally representative sample of parents with incomes less than \$75,000, capturing a group where the vast majority of parents qualify for the CTC's highest benefit level. Top-line averages, before detailing differences among subgroups, reflect a margin of error equaling 2 to 3.5 percentage points.

The survey was designed in consultation with colleagues at the Children's Defense Fund, the Center for the Study of Social Policy (CSSP), the Center for Law and Social Policy (CLASP), National Women's Law Center (NWLC), Prosperity Now, and the Urban Institute-Brookings Institution Tax Policy Center.

The October survey findings pertain to families with earnings under \$75,000, yielding a more textured understanding of the impact of the CTC for families with low and moderate incomes. Note that, in 2020, median household income for family households was \$86,372.² The

organizations conducted a prior survey in early July, before CTC distributions to families had begun, which included families making below \$150,000 (the highest income for the expanded CTC before it begins to phase out.)³ Note that we only report subgroup differences below, based on demographics such as race or family income, when they are statistically significant at $p < 0.05$ or better.

In an upcoming report, we will summarize the remaining findings from the October CTC survey on (1) CTC outreach, (2) the delivery of CTC payments, and (3) the receipt of other tax credits. The organizations also plan on conducting a third survey in 2022.

Family Tax Filing Behavior and Receipt of Monthly CTC Payments:

Families are eligible to receive up to \$300 per month per child ages 0-5 and up to \$250 per month per child ages 6-17 under the temporary expansions to the CTC.⁴ Families have automatically received the CTC monthly payments in 2021 if they appear to be eligible for the credit, and either filed a tax return in either 2019 or 2020 or used the Economic Impact Payment (“stimulus payment”) online portal last year. Families that did not automatically receive the CTC can use a non-filer portal to file a simplified return (before November 15, 2021) and get the monthly CTC payments. The survey asked parents about their tax filing behavior and whether they were receiving monthly payments.

Filing federal tax returns. Over 90 percent of all parents (92 percent) reported that they or a member of their household filed a tax return this year or last year. This is consistent with earlier survey findings, where 95 percent of respondents overall, and 92 percent of respondents with incomes under \$75,000, reported filing a tax return.⁵

Claiming the CTC. Nearly four out of five (77 percent) of all respondents claimed the CTC. Among those who did not claim the CTC, the most commonly reported reason was not believing they were eligible. Among those filing taxes, Hispanic respondents were less likely to have claimed the CTC on their tax return (64 percent among tax filers), compared with white and Black respondents (76 percent among tax filers), at a statistical significance of $p < 0.06$.

Respondents with no high school diploma or GED were less likely to have claimed the CTC on their tax return (63 percent among tax filers), compared with respondents with at least some college or a two-year associate’s degree (85 percent among tax filers).

This is consistent with findings from our first national CTC survey, where we also found that Hispanic respondents claimed the CTC at lower rates in 2019 and 2020 (and also reported receiving stimulus payments at lower rates).⁶ In our first national survey, we also found that respondents with lower educational attainment claimed the CTC at lower rates in 2019 and 2020.⁷

Receipt of CTC monthly payments. A majority of all respondents – 66 percent – reported receiving the monthly CTC payments. Hispanic respondents (61 percent) were less likely to report

receiving the monthly CTC payments, compared to white respondents (67 percent). Black respondents were also less likely to report receiving them (62 percent), but this did not reach statistical significance. Of those respondents who claimed the CTC on their tax return, 78 percent reported receiving the monthly CTC payments.

Of those who claimed the CTC on a tax return or used the non-filer portal, about 15 percent reported that they expect to receive a single CTC refund in their tax return in 2022 (rather than monthly payments). Four percent of those who claimed the CTC on their tax return or used the portal expected to receive a monthly CTC payment but had not yet received it. Four percent did not expect a cash refund or monthly payments from the CTC.

Modest differences in CTC monthly payments. Families earning between \$50,000 to \$75,000 reported receiving higher monthly payments on average, \$520 per month, compared with families earning between \$25,000 and \$50,000 (an average of \$449 in monthly payments). Hispanic and white parents reported receiving somewhat higher payments at \$505 and \$483 per month, respectively – compared with monthly payments reported by Black parents (an average of \$436). Yet, when taking into account the number of children under 18 for which CTC refunds are granted, racial differences no longer appear.

According to the IRS, about 36 million families received monthly payments in October.⁸

How Families Are Planning to Spend their CTC Payments:

The survey asked parents how they would use their advance CTC payments or their CTC refund. Respondents could select as many options as applied to them from a list of fourteen and could also write in their own answer. (See the Appendix for all response options.)

How families will spend their CTC refund or payment. The most common way that respondents reported planning to use their CTC refund or monthly payments was towards paying bills, food and groceries, paying their rent or mortgage, buying clothing and shoes, and paying down credit cards or other debt.

The next most common spending options that families reported planning to use their CTC refund or monthly payments towards include saving or investing the money, meeting the costs of school or college, covering car expenses, covering child care costs, and towards after-school activities or lessons.

We compared how respondents reported planning to use their CTC refund or monthly payment based on family income, comparing the answers of respondents making less than \$50,000, to those of respondents making \$50,000 to \$74,999. Both income groups reported planning to spend their CTC funds in largely the same ways. For both income groups, the most common way respondents reported planning to use it was towards bills, food and groceries, and help in paying their rent or mortgage.

These findings are consistent with other research showing that the advance CTC payments have helped families afford essentials like food, rent and basic household expenses.⁹¹⁰¹¹ The U.S. Census Bureau's Household Pulse Survey found that fewer households with children experienced food insufficiency after the introduction of CTC payments, in addition to fewer respondents reporting difficulty in paying for their weekly expenses more generally.¹² The Household Pulse Survey also found that parents reported spending their monthly payments towards school-related expenses in August and September as school began, and parents with young children spent it towards child care.¹³

These results match the findings from our previous survey. Our first CTC national survey in July of over 1,000 families asked respondents to write in three ways they planned to use their CTC and found that respondents were most likely to report planning to spend their expected tax refund on bills and everyday household expenses.¹⁴

How the CTC Monthly Payments Impact Family Well-Being:

The survey asked several general questions about how the CTC monthly payments have affected the well-being of parents and families.

Whether CTC monthly payments ease financial stress. Respondents were asked whether the monthly payments affected their levels of financial stress. Respondents could select one of three response options: that the CTC monthly payments made them feel a lot less stressed about money, that they made them feel a little less stressed about money, or that the monthly payments did not make them feel less stressed about money. Understanding how the CTC monthly payments impact economic stress levels is important since reducing economic stress can contribute to better health outcomes, family well-being, and robust environments for children.

Nearly 70 percent of respondents who reported getting the monthly payments said the payments made them a lot or a little less stressed about money. An even higher percentage of respondents with incomes between \$10,000 and \$24,999 (76 percent) reported less financial stress as a result of the payments, but this was not statistically significant. (Note that we excluded respondents who reported not receiving the monthly payments from the calculations.)

In addition, the survey asked respondents to share if the monthly CTC payments had altered their daily lives in specific domains. The question provided six options (allowing respondents to choose more than one option) and a text box where people could input any other way the payments had impacted their lives. (See the Appendix for all response options.)

The statement "The additional money has reduced my financial stress overall" constituted nearly two-fifths (38 percent) of total responses. Nearly two-fifths (37 percent) of Black respondents who answered the question agreed with the statement, as did 40 percent of white respondents.

These findings are consistent with other survey data as well as reports from families receiving the monthly payments.¹⁵

Additional ways the monthly CTC payments help families. As mentioned above, we provided respondents with a list of options indicating how the additional money from the CTC payments may have altered their daily lives. Respondents could select as many options as applied to them and could fill in their own response. (See the Appendix for all response options.) Only families who reported receiving the monthly payments answered the question.

Respondents reported that the additional money from the CTC has allowed them to pay for toys, gifts, or activities for their children, and has allowed them to buy more or higher quality food. Some respondents reported that the additional money from the CTC has improved their relationships with their spouse, friends or family.

How CTC monthly payments impact paid work. We asked respondents whether the CTC monthly payments have made it easier for them to engage in paid work or to work more hours. About one-quarter of all respondents who received monthly payments agreed. Black respondents were twice as likely to say the monthly payments have made it easier for them to engage in work or work more, compared to white respondents (42 percent vs. 20 percent.)

Respondents with incomes of \$49,999 or less were more likely to say that the monthly payments made it easier for them to work (32 percent), compared to respondents earning over \$50,000 (20 percent). Respondents with some college education or an associate's degree (29 percent) and those with a bachelor's degree or higher (35 percent) also were more likely to say the monthly payments made it easier for them to work, and these findings were statistically significant at $p < 0.06$. (Note that we excluded respondents who reported not receiving the monthly payments from the calculations.)

Tax credits and perceptions of the government. Respondents were asked whether the CTC, as well as the Earned Income Tax Credit (EITC) and the Child and Dependent Care Tax Credit (CDCTC), made them feel like the government cares about their family's health and well-being. Nearly half (46 percent) of all respondents who reported receiving at least one of these tax credits reported that it made them feel like the government cares about their family. Over half of Hispanic (62 percent) and Black (51 percent) respondents who have received one of these credits reported this, compared to 33 percent of white respondents.

How Families Are Hearing about the CTC:

Ongoing outreach about the monthly CTC payments and the importance of filing a 2021 tax return in order to receive the full CTC will be crucial to ensure that all eligible families claim the CTC this year, including traditional outreach methods such as formal letters from government agencies or telephone calls. To inform outreach efforts, respondents were asked how they heard about the CTC. Respondents could select as many options as applied to them from a list of fourteen possibilities. (See the Appendix for all response options.)

How respondents are hearing about the CTC. The most common way that respondents reported hearing about the CTC was through receiving a letter from the IRS (30 percent of respondents to the question). The other most common ways that respondents reported were through TV and news media (23 percent), and social media (e.g., Facebook, Twitter, Instagram, TikTok; 11 percent).

In our previous national CTC survey conducted in July, respondents said that the most common way they heard about the CTC, prior to the monthly payments being distributed, was through their tax form and the TV or news media, with very few respondents saying that they had heard about the CTC through social media.¹⁶

Respondents also frequently reported simply seeing the CTC on their tax form, or learning about the credit from friends or family members, and from their tax preparation person or company telling them. Hearing about the CTC from community groups and institutions, such as health clinics, libraries, or churches and places of worship, were much less common ways that respondents heard about the CTC.

Appendix:

Our design team worked with Ipsos staff to draw a national sample of parents that, when properly weighted, represents the nation's parents earning under \$75,000 with at least one child under 18 years of age and residing in the respondent's household. Respondents were mothers, fathers, or guardians of the child for whom the family qualifies for the CTC. The resulting sample of (weighted) respondents displayed these demographic features:

- **Annual income.** Respondents earning less than \$10,000 annually represent 7% of the sample; 15% earned between \$10,000-\$24,999; 38% earned between \$25,000-\$49,999; and 40% earned between \$50,000-\$74,999.
- **Race and ethnicity.** Ipsos offers several racial or ethnic categories, including Black (non-Hispanic) respondents, comprising 16% of all respondents; 30% identified as Hispanic; 45% as white (non-Hispanic); 6% as "other" (including Asian-Americans); and 2% of respondents reported being multiracial.
- **Educational attainment.** Of all respondents, 19% had not completed high school or received a GED; 32% had attained a high school diploma or GED; 33% had attained some college or an associate's degree; 16%, bachelor's degree or additional years of college.
- **Gender.** Female respondents made up 60% of all respondents. Male respondents made up 40% of all respondents.

Survey Questions:

Q51. *Are you the parent of a child 0-17 years of age living in your household?*

Yes

No

Q1. *Did you or a member of your household file a federal tax return this year or last year?*

Yes

No

Don't Know

Q1.1 *Did you claim the Child Tax Credit when you filed your tax return?*

Yes

No

Don't Know

Q2. Did you successfully claim the Child Tax Credit this year by applying for it using an online CTC tool?

- Yes
- No
- Don't Know

Q2.5 Have you received any monthly Child Tax Credit payments in July, August, or September?

- Yes
- No
- Don't Know

Q2.6 Did you know that you can apply online to claim the monthly Child Tax Credit payments?

- Yes
- No
- Don't Know

Q1.2 After claiming the Child Tax Credit, what refunds or payments have you received? Please mark one response.

- I am receiving monthly payments.*
- I expect a single refund to come in next year's tax return (2022)*
- I do not expect any cash refunds or payments.*
- I expected to receive a monthly payment but have not received it yet.*

Q1.3 [Number box] About how much was your most recent monthly payment?

\$_____ [Range: 0-5,000]

Q1.4 How did you receive your most recent monthly payment?

- A check in the mail*
- Direct deposit into my bank account*
- Payment onto a debit card*

Q1.5 Do you prefer receiving monthly payments, rather than a one-time single refund?

- Yes, I prefer monthly payments*
- No, I prefer a single refund*
- Don't know*

Q1.6 How will you use your Child Tax Credit (CTC) refund or monthly payments? You may check more

than one response.

Pay bills
 Pay down credit cards or other debt
 Cover car expenses
 Save or invest money
 Make home improvements
 Cover child care
 Help to pay rent or mortgage
 Shop for clothing, shoes
 Costs of school or college
 Recreation, vacation
 After-school activities, lessons
 Food and groceries
 Move to different housing
 Helping out family or friends
 Other (please write-in): [Text box]

Q1.7 How did you hear about the Child Tax Credit? You may check more than one response.

Friends or family members.
 IRS sent me a letter
 Saw the tax credit on tax form.
 My tax preparation person or company told me.
 Health clinic.
 Local library.
 Grocery or retail store.
 Local social service office.
 Saw on TV or in the news.
 Heard about it at my church or place of worship.
 From community groups.
 Child care provider or center.
 From child's school.
 Social media (e.g., Facebook, Twitter, Instagram, TikTok.)

Q1.8 Have the Child Tax Credit monthly payments made it easier for you to engage in paid work or work more hours?

Yes
 No
 Don't Know

Q1.9 Which statement best matches how you feel about the monthly payments. Please check just one response.

I feel A LOT less stressed about money.

I feel A LITTLE less stressed about money.

Monthly payments DO NOT make me feel less stressed about money.

Q1.10 Do you feel the additional money from the Child Tax Credit has altered your daily life in any of the following ways? You may check more than one response.

The additional money...

Has allowed me to buy more or higher quality food.

Improved my relationships with spouse, friends, or family.

Freed-up time that I can spend with my child(ren).

Helps me pursue my own education or training

Allows me to buy toys, gifts, or activities for my child(ren).

Has reduced my financial stress overall

Other use of additional money: [Text box]

Q1.11 Why did you NOT claim the Child Tax Credit?

I did not know about it.

I don't think I am eligible.

No one could help me fill-out tax forms.

I was not raising a child in 2020.

My child is not a U.S. citizen and does not have a Social Security Number.

I worry that I might have to pay-back this money to the government

Other reason. Please fill-in reason: [Text box]

Q1.12 Did your child's (or children's) other parent or caregiver claim the Child Tax Credit?

Yes

No

Don't Know

Q1.13 [Text box] Why are you not receiving monthly payments?

Please fill in: [Text box]

Q2.1 How did you learn about applying for the Child Tax Credit online? You may check more than one response.

From friends or family members.

IRS sent me a letter.

Saw on TV or in the news.

Heard about it at my church or place of worship.

From community groups, child care provider, or school.

Social media (e.g., Facebook, Twitter, Instagram, TikTok).

Another source of information: [Text box]

Q2.2 Have you experienced difficulties applying for the Child Tax Credit online?

Yes

No

Don't Know

Q2.3 What difficulties have you experienced with applying for the Child Tax Credit online? You may check more than one response.

It is unclear how to use the portal

I couldn't find someone to help me with the portal

Worried about submitting personal information online

The portal was not available in my preferred language

I could not use the portal on my cell phone

The instructions on the portal were confusing

My claim was rejected

Other reason:

Q2.4 Did you ask someone in your community for help in trying to apply for the Child Tax Credit online?

Yes

No

Don't Know

Q3. Did you receive a stimulus payment in the past year?

Yes

No

Don't Know

Q4. The Earned Income Tax Credit (EITC) is a refundable credit for workers with low and moderate incomes. When you filed your tax return this year or last year, did you claim the EITC?

Yes

No

Don't Know

Q4.1 Why did you NOT claim the EITC?

I did not know about it.

I did not think I was eligible

I did not have a child living with me for at least 6 months in 2020.

I do not have a social security number.

My child is not a U.S. citizen and does not have a Social Security Number.

Other reason. Please fill-in: [Text box]

Q5. The Child and Dependent Care Tax Credit helps families with their out-of-pocket child care expenses. When you filed your tax return this year or last year, did you claim the Child and Dependent Care Tax Credit?

Yes

No

Q5.1 Why did you NOT claim the Child and Dependent Care Tax Credit?

I did not know about it.

I did not keep track of my child care expenses.

I did not owe federal income taxes.

I did not think I was eligible

I did not pay any child care expenses that year.

Other reason. Please fill-in: [Text box]

Q6. Do these tax credits or payments make you feel that the government cares about your family's health and well-being?

Yes

No

Don't Know

Q7. How many children are you raising between 0 and 5 years of age?

0 children

1 child

2 children

3 children

4 children

5 children

More than 5 children

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Endnotes

- ¹ Sophie Collyer, David Harris & Christopher Wimer, Center on Poverty and Social Policy at Columbia University, “Left Behind: The One-Third of Children in Families Who Earn Too Little to Get the Full Tax Credit,” May 14, 2019, <https://www.povertycenter.columbia.edu/news-internal/leftoutofctc>.
- ² U.S. Census Bureau, Income and Poverty in the United States (Sept. 14, 2021), <https://www.census.gov/library/publications/2021/demo/p60-273.html>.
- ³ “America’s Families and the Child Tax Credit: Results from a National Survey of Eligible Parents,” Center for Law and Social Policy (CLASP), October 4, 2021, <https://www.clasp.org/publications/report/brief/america-s-families-and-child-tax-credit-results-national-survey-eligible>.
- ⁴ Families who did not receive payments starting in July will receive higher average subsequent monthly payments (totaling half of the annual benefit) through December 15.
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- ¹⁵ See, e.g., Carmen Reinicke, CNBC, Just one child tax credit payment reduced financial anxiety for 56% of parents (Aug. 19, 2021), <https://www.cnbc.com/2021/08/19/one-child-tax-credit-payment-cut-financial-anxiety-for-56-percent-of-families.html>; Tiffanie Drayton, Vox, “I can’t tell you how relieved I was:” Parents describe what the child tax credit means to them (Jul. 21, 2021), <https://www.vox.com/first-person/22585804/child-tax-credit-parents-spend-money>.

¹⁶ “America’s Families and the Child Tax Credit: Results from a National Survey of Eligible Parents,” Center for Law and Social Policy (CLASP), October 4, 2021, <https://www.clasp.org/publications/report/brief/america-s-families-and-child-tax-credit-results-national-survey-eligible>.