America’s Families and the Child Tax Credit: Results from a National Survey of Eligible Parents

The expanded Child Tax Credit (CTC) provides monthly advance payments to eligible families with kids and is anticipated to reduce child poverty by nearly 40% in 2021. The CTC expansions will have even greater poverty reducing impacts for Black children. Parents can spend their advance CTC payments on necessities, like food and bills, which may be especially needed as other forms of federal pandemic relief expire.

Research shows that when families have more income from refundable tax credits, children have better educational, health, and economic outcomes into adulthood. Parents also experience less stress about their finances when they can rely on sufficient income. The boost in spending from the CTC payments will also help local economies.

But children, families, and communities will not experience these positive impacts unless families know about the advance CTC payments and are able to access them. To gauge parents’ awareness of the newly expanded CTC, and how families plan to use their tax refunds this year, a group of anti-poverty and child policy organizations conducted a national survey of eligible parents before the advance CTC payments were first distributed on July 15. These survey results also offer a baseline marker of parents’ tax-filing behavior and claims of the CTC in previous years.

Under the American Rescue Plan (ARP), lawmakers temporarily expanded the CTC to reach more families, increase its value, and provide monthly benefits to parents. The law increased the maximum value of the CTC to $3,600 per child for children ages 0-5, and to $3,000 per child for children ages 6-17, in 2021. The law allowed half of the 2021 CTC amount to be paid to families monthly between July and December to help parents and guardians make ends meet throughout the year, rather than just at tax time. It also made the CTC fully refundable, meaning that the lowest-income families are now eligible for the maximum credit. This change will benefit Black and Hispanic children, who were more likely to be denied the full CTC under prior law because their parents earned too little.

These changes will only be in effect for tax year 2021 unless Congress acts. While families can still sign up for the advance CTC payments and receive them before the end of the year, time is of the essence. Lawmakers and community organizations should do everything that they can to provide outreach to families this year about their eligibility for advance CTC payments and how to access them. Early reports indicate that the advance CTC
payments have helped families pay down debt, pay bills, and pay for necessities like food and rent.\(^5\) Research shows that monthly child poverty rates have dropped dramatically this year because of the expanded CTC,\(^6\) but those rates will return to previous levels unless Congress extends the program or makes it permanent. The Biden administration and Congress should extend the ARP’s expansions to the CTC, including keeping the CTC fully refundable.

The national survey of 1,031 eligible families with children ages 0-17 living at home was conducted by IPSOS, the international polling firm, with technical guidance from researchers at the University of California, Berkeley, during the first two weeks of July, immediately before the IRS distributed the first round of advance CTC payments. The margin of error equals 2.0 to 3.5 percentage points. The organizations plan to conduct a second national survey in September to learn about respondents’ experience accessing the advance CTC payments.

A LARGE MAJORITY OF FAMILIES BENEFIT FROM THE CTC

Eligible parents will automatically get the advance CTC payments if they filed a tax return in tax years 2019 or 2020, or if they used the IRS portal to access Economic Impact Payments (known as “stimulus payments”).\(^7\) According to the national survey, 4 in 5 eligible parents claimed the CTC in 2019 or 2020. Equal shares of low-income and upper middle-class families – some 80% – claimed the CTC in tax years 2019 or 2020, as seen in Figure 1.

Note that these rates of claiming the credit were calculated after taking into account that five percent of all respondents did not file a federal tax return in either 2019 or 2020. Four percent of respondents also reported not claiming the CTC because the child’s other parent claimed the child.

Parents also reported high rates of awareness of the new advance CTC payments. When the survey asked whether respondents knew that “you can now receive up to $300 each month from the government’s Child Tax Credit,” 4 in 5 respondents were aware, with similar levels of awareness among low-income and middle-income families. Given that the advance payments had not yet started at the time of the survey, this is a notable level of awareness. However, it’s important to note that taxpayers with lower levels of educational attainment (those who have no high school degree or GED) were less aware of the advance CTC. This high level of awareness of the advance CTC payments was reported, despite how recently the changes were legislated under the ARP.

The take-up rates of the CTC in 2019 and 2020 appear high relative to the historical utilization rate of the Earned Income Tax Credit (EITC), which is claimed by about 78% of eligible taxpayers, according to the IRS
These findings are also similar to June survey results showing that 82% of respondents had some awareness of the CTC, and more recent results from the University of Oregon. That said, particular groups of families remain at risk of being left out of the advance CTC payments.

CERTAIN GROUPS AT RISK OF MISSING OUT ON ADVANCE CTC PAYMENTS

Hispanic families reported claiming the CTC in 2019 or 2020 at a significantly lower rate (75%), compared with their white counterparts (84%). Hispanic respondents were also less likely to have received a stimulus payment last year (78%) compared to white respondents (96%). This means that these families may not have automatically received the expanded, advance CTC. These findings point to the urgent need for robust outreach strategies to better inform Hispanic families about how to claim the CTC, including the advance CTC payments. Community organizations, tax preparation services, and state governments and agencies should make concerted efforts to reach Hispanic families. The survey found no significant disparities among Black or Asian respondents in tax filing behavior, claiming the CTC, or awareness of the advance CTC payments, relative to white taxpayers.

The survey also found lower take-up rates of the CTC for respondents with lower educational attainment (those who have not received a high school diploma or GED). Figure 2 shows that fully 85% of respondents with at least some college completed said they had claimed the CTC. This compares to just 68% of parents with less than a high school diploma or GED claiming the CTC.

Similarly, just 70% of respondents without a high school diploma were aware that “you can now receive up to $300 each month from the government’s Child Tax Credit.” In contrast, 83% of parents who had attained a bachelor’s degree or more education reported awareness. This is another population that should be considered in CTC outreach efforts in the coming months.
REACHING ALL ELIGIBLE FAMILIES ABOUT THE EXPANDED CTC

The survey asked respondents how they learned about the CTC when they claimed it in 2019 or 2020. Over half of all parents, 52%, said they learned about the credit from tax forms. Another 22% heard about it on television or news media; 18% said they learned about the CTC from friends or family members (Figure 3). Only 6% said they learned about the credit from social media, and under 2% said they heard about it from community groups. These findings confirm that television and news media remain important tools in CTC outreach. In addition, providing trainings focused on helping people tell their family, friends, and neighbors about the monthly payments and how to sign up will be critical to ensure that even more community members are aware of, and claim, the expanded CTC. Moreover, based on the large share of people who learned about the CTC on tax forms, it is essential that people working on advance CTC outreach inform low-income families with children that they should file a tax return in 2022, even if they normally do not do so.

Work remains to increase families’ awareness of how to access the advance CTC payments. The IRS and Code for America have developed a non-filer, mobile-friendly portal[1] where parents and guardians who neither filed a tax return, nor used the stimulus-payment IRS portal, can claim the advance CTC monthly payments. This portal can be a critical tool in helping the hardest-to-reach and lowest-income families access the payments. Nearly half the respondents (48%) said that they were aware that advance monthly payments could be obtained via the IRS website. Note that a greater share of lower-income families tended to be aware of the portal compared to middle-class households, which is promising given that lower-income families may benefit the most from the CTC payments but may not be required to file a tax return because their incomes are too low.

We also learned that 2 in 5 parents seek help completing their tax forms, a rate that’s statistically equal across income groups. Yet, rates among Hispanic respondents were much higher, with nearly half of Hispanic respondents saying that they ask for help with their taxes. And among families seeking assistance, most pay a tax preparation company (about 65%). Another 14% requested help from a spouse or partner, family member, or friend. These findings may also inform outreach strategies.

Access to the internet was near-universal among respondents. A cell phone, however, was the most common method of access, reported by 90% of respondents. In comparison, only three-quarters of respondents reported they have a home computer that they can use to access the internet. This is especially noteworthy because the IRS non-filer portal is not mobile-accessible and the IRS has begun directing people to use the portal developed by Code for America. Going forward, the IRS should have its own tax tools that are mobile-friendly.

![Figure 3: "How did you hear about the Child Tax Credit?" (percentages distributed across n=794 weighted responses)](image-url)
Most respondents expected to receive cash back from the IRS this year. We asked parents how they planned to use their tax refunds. Each respondent listed three ways they planned to spend or save the funds. Our research colleagues at UC Berkeley grouped these responses into seventeen categories. And then, these responses were split between families with annual incomes of $50,000 or less and families with annual incomes above $100,000, as shown in Figure 4. The researchers also analyzed the findings based on the race of the respondents (Black, Hispanic, or white), as shown in Figure 5.

Twenty-seven percent of respondents, across income and racial groups, said they would use the funds to pay bills and everyday household expenses. Higher-income families were more likely to report they will save or invest their refund (20%), compared with parents with low incomes (13%). Higher-income parents also were likelier to say they planned to spend their refunds on recreation or vacation activities (11%) compared to parents with low incomes (4%). Black and Hispanic parents were likelier to report planning to spend their refunds on paying bills (31% and 28%) compared to white parents (17%). And white parents were likelier to say they would spend the payments on saving and investments and on their home or home repairs and improvements, compared to Black and Hispanic parents.
Given that over a quarter of parents, across income levels and racial categories, reported that they plan to spend their refunds on bills and living expenses like utilities, the findings support the need for extending the CTC expansions beyond 2021. These are recurring and necessary expenses that parents will continue to face, both during the slow and uneven economic recovery and in the future. And since lower-income parents are more likely to report that they will spend their refunds on necessities, compared to higher-income families, it is particularly essential that lawmakers make the full refundability of the CTC permanent. Making the credit fully refundable, along with continuing advance monthly payments, will ensure that families with the lowest incomes and Black and brown families have access to much-needed resources on a monthly basis. This will support families’ financial stability and ability to meet basic needs like food and shelter, which will have long-term positive impacts for their children.

Research demonstrates that refunds from the EITC – a refundable tax credit targeted towards workers and working families with lower incomes – often go toward car repairs, rent, and small appliances, items that backstop the household or allow parents reliable transportation to jobs. Whether households will spend their advance CTC payments in similar ways, is a key empirical question going forward.

**CONCLUSION: MAKING SURE ELIGIBLE FAMILIES BENEFIT FROM THE CTC IN 2021 AND BEYOND**

Overall, the survey results showed a widespread awareness of the CTC. Knowledge of the newly expanded tax credit was high among respondents with both low and moderate incomes during the period right before the first advance CTC payments were distributed to parents. Considerable work remains to reach those families who remain unaware of or unable to claim the CTC – who are more likely to be Hispanic or have relatively low levels of educational attainment. Future research should examine informal channels of communication, a more effective IRS portal, and community- and neighborhood-level aid in claiming the CTC.
In addition, the findings showed that respondents plan to use their refunds to pay bills and household expenses – which speaks to the need to extend the expanded CTC including the increased credit amount and, especially, full refundability. Under prior law, if a parent earned too little in income, they were only eligible for a partial CTC payment or no payment. Estimates from the Center on Poverty and Social Policy have found that one-third of all children were left out of the full CTC due to their parents earning too little, with even higher rates for Black (53%) and Hispanic (50%) children. Making the CTC fully refundable on a permanent basis will disproportionately benefit Black and Hispanic children.

As families receive this unprecedented means of family support for the rest of 2021, future research should also investigate how the payments have improved financial security, well-being, or everyday environments for parents and their children.

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This survey was conducted during the first two weeks of July 2021, by IPSOS, the national polling firm. Differences between demographic subgroups are reported when statistically significant (p<.05 or stronger). The survey was designed and commissioned by a network of child and anti poverty policy groups, including Children’s Defense Fund, Center for the Study of Social Policy (CSSP), Center for Law and Social Policy (CLASP), National Women’s Law Center (NWLC), Prosperity Now, and the Urban Institute-Brookings Institution Tax Policy Center. Technical assistance was provided by researchers at the University of California, Berkeley. Much appreciation to Shruti Bathia and Asami Takagi for their essential research assistance. Special thanks to the Heising-Simons Foundation for their financial support of this project.


The first survey conducted of likely voters, not CTC-eligible families, was conducted in late May 2021, by Data for Progress. Data for Progress Report, https://www.filesforprogress.org/datasets/2021/6/dfp_groundwork_ctc.pdf. A second poll, run in June on a large non-random sample of CTC-eligible parents by the University of Oregon’s RAPID-Early Childhood survey, found that 82% of tax filers expected to receive the CTC. University of Oregon, Center for Translational Neuroscience, Rapid-EC Survey, Parents’ Expectations about the Child Tax Credit (Aug. 2021), https://static1.squarespace.com/static/5e7cf2f62c45d3a32f3ec6d65f8e4/1601015318382/c825c241297aafba/1628180819468/ctc_factsheet_aug2021.pdf.

Over half (55%) of Hispanic respondents had only attained a high school diploma or less education, compared with 37% of white and 41% of Black respondents.
