

2021 Child Tax Credit

Using CTC Data in Your Outreach Plan

November 18, 2021

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www.taxoutreach.org

Center on Budget and Policy Priorities

Nonpartisan research and policy institute

We pursue federal and state policies designed both to reduce poverty and inequality in equitable and effective ways.

www.cbpp.org

Get It Back Campaign

National effort to connect eligible people to tax benefits

Promote the Earned Income Tax Credit, the Child Tax Credit, free tax preparation, and other tax benefits

Work with a network of diverse partners

www.taxoutreach.org

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Today

Welcome

CTC 101

CTC National Survey Findings — Ashley Burnside, CLASP

Impact of CTC Payments — Claire Zippel, CBPP

Focus Groups on CTC — Deborah Stein, Partnership for America's Children

CTC Heat Maps — Richard Auxier, TPC

Q&A

Check-in Question

Please share your location and organization in the chat!



CTC Basics

- Under the American Rescue Plan, **almost every family can receive money from the Child Tax Credit**. This includes families:
 - That haven't filed a tax return
 - Without recent income
 - With a child with a social security number (SSN), even if the filer doesn't have an SSN
- Qualifying households will receive:
 - \$3,600 for each child under 6 years old
 - \$3,000 for each child between 6 and 17 years old
- Families can receive half of the payments in 2021 and the other half in 2022 after filing a tax return.
 - If they missed advance payments, they can get the full amount in 2022 by filing a tax return
- This expansion is currently for one year.



Ashley Burnside

CTC National Survey Findings and Implications for CTC Outreach

November 2021

National CTC Surveys Overview

July Survey

- Conducted the first two weeks of July prior to the distribution of advance monthly CTC payments
- 1,031 respondents weighted to yield nationally representative results for parents, with at least one child under 18, making under **\$150,000** in 2020.

October Survey

- Conducted the second and third weeks of October.
- 1,012 respondents weighted to yield nationally representative results for parents, with at least one child under 18, making under **\$75,000** in 2020.

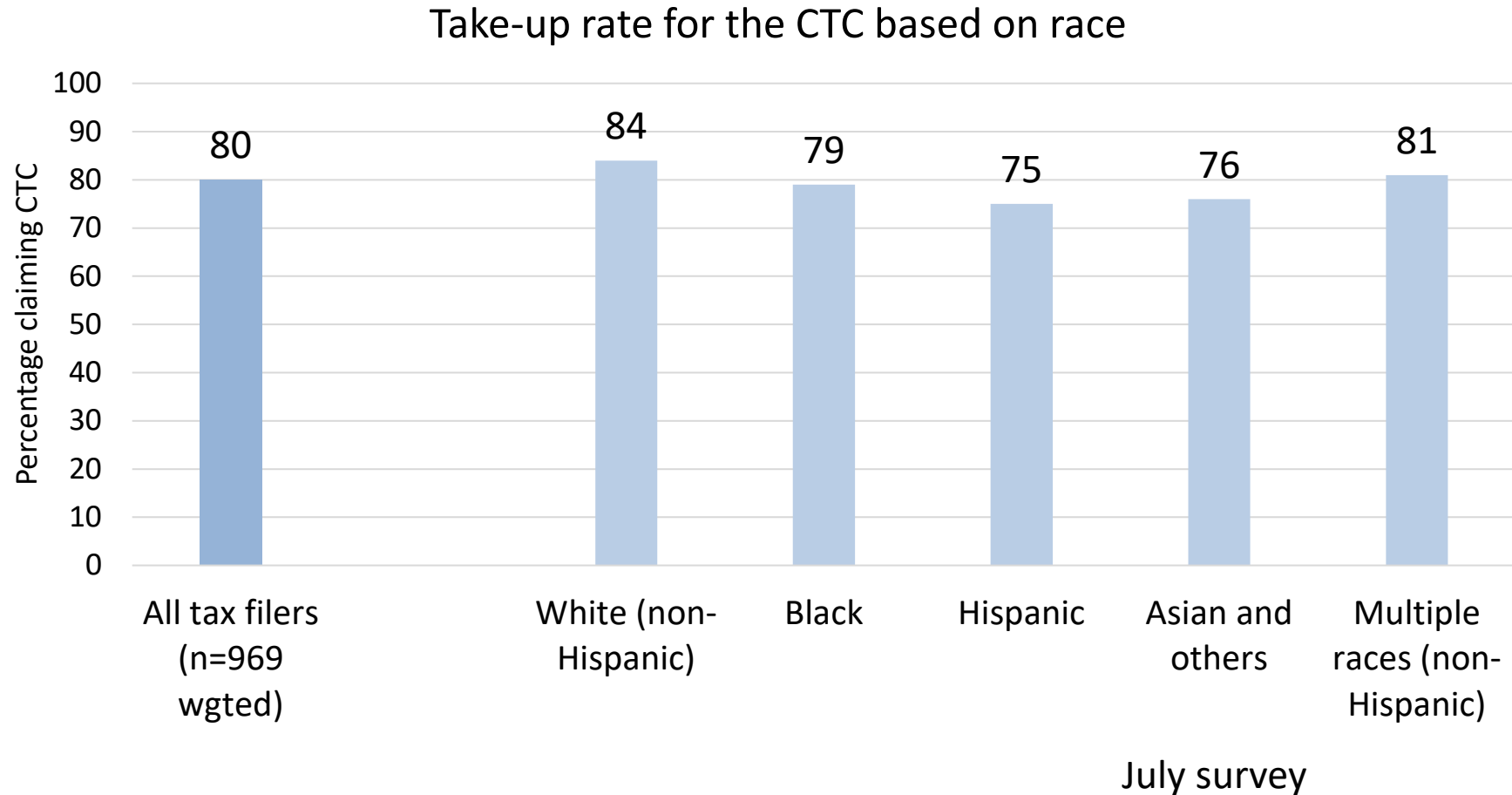
CLASP partnered with other organizations to conduct a survey of families eligible for the CTC. Ipsos administered the poll – respondents were drawn from their ‘KnowledgePanel.’ The confidence intervals equal about +/- 2 to 3.5 percentage points.

Hispanic Respondents and Respondents with Lower Educational Attainment Face Gaps

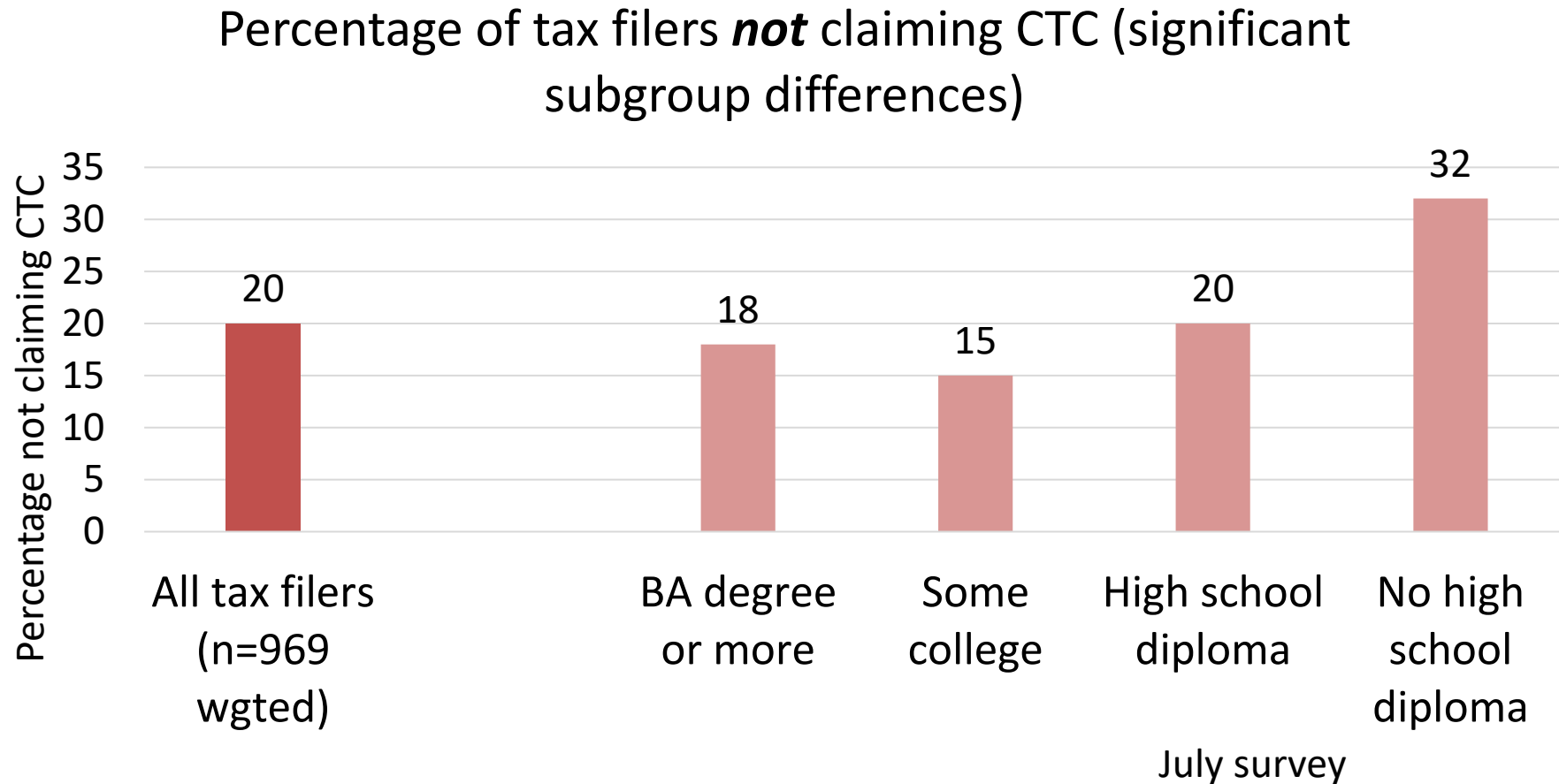
- Hispanic respondents were less likely to report filing for the CTC in 2019 or 2020, and to have received a stimulus payment.
- Respondents without a high school diploma or GED were less likely to have claimed the CTC and to be aware of the advance monthly payments.



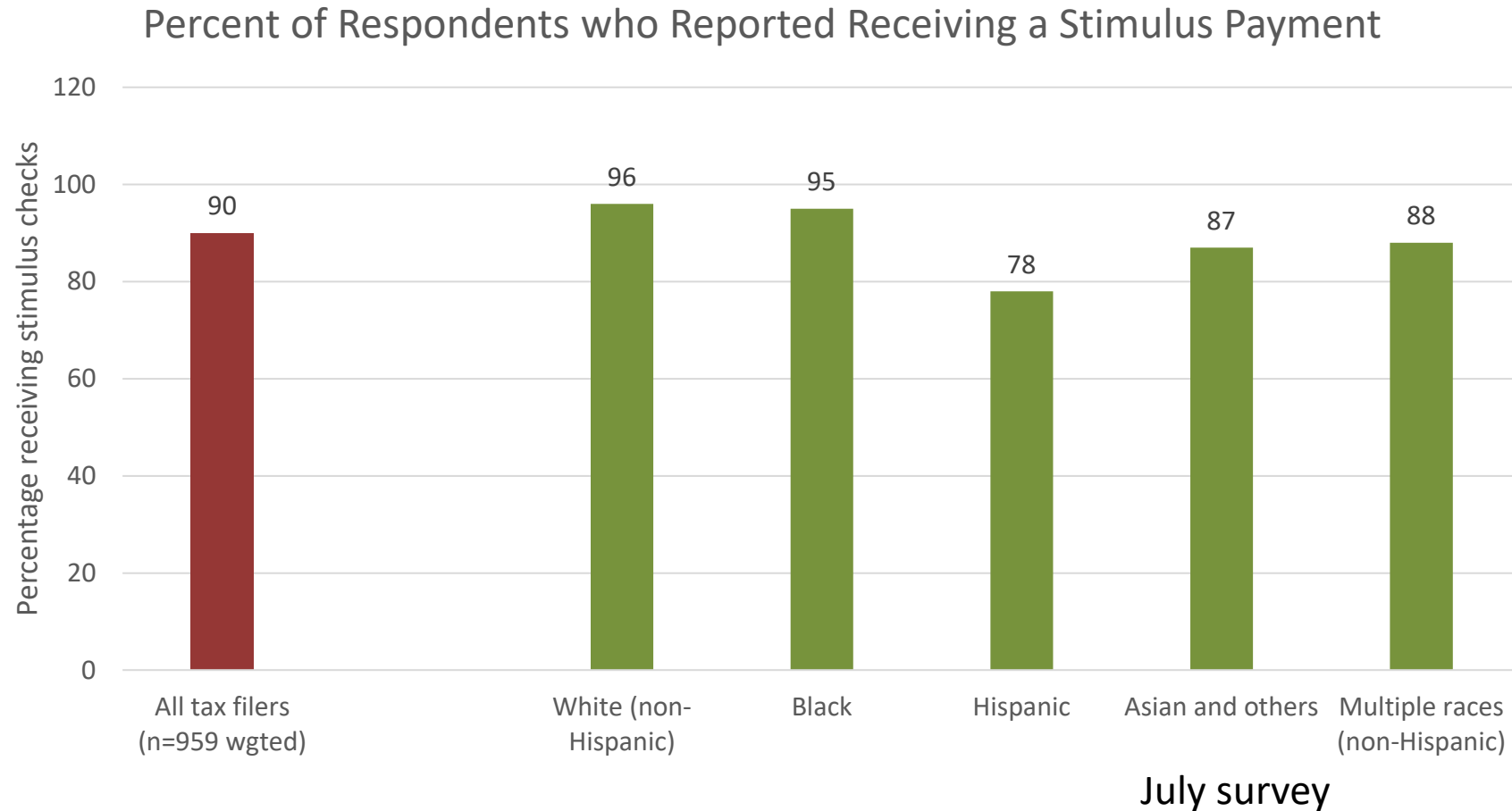
Four in Five Eligible Parents Filed for the CTC in either 2019 or 2020



One in Five Eligible Families Did *Not* Claim the CTC, Varying by Education Level

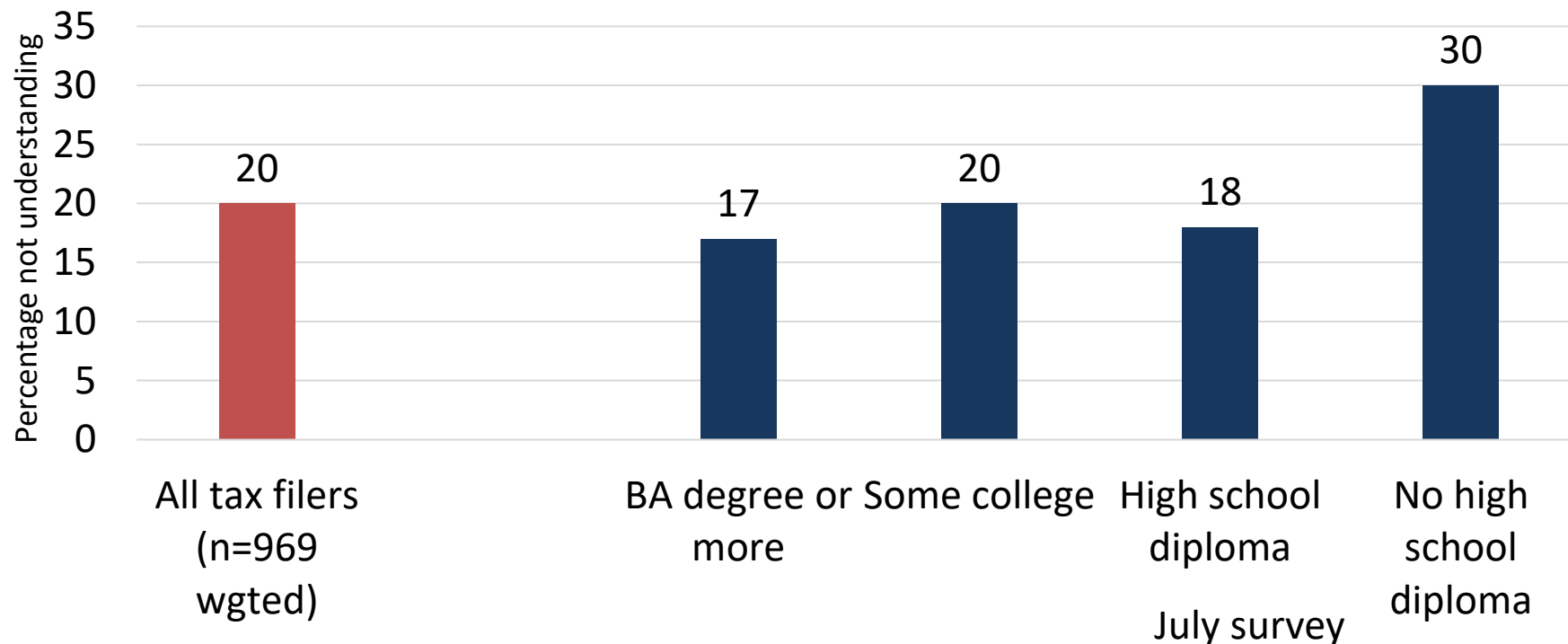


Nine in Ten Respondents Reported Receiving Stimulus Payments, Disparity for Hispanic Respondents

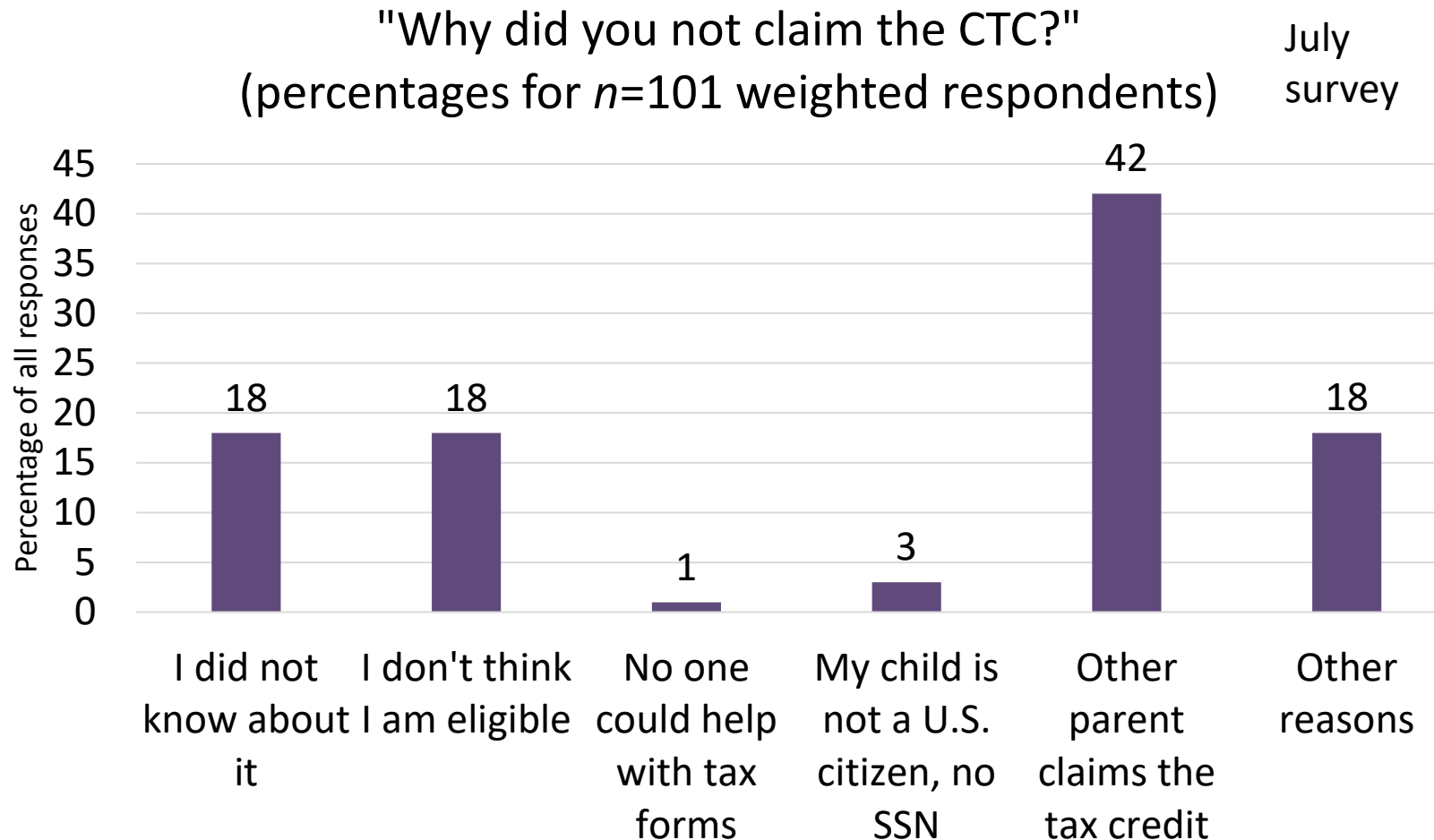


Awareness of Advance Monthly CTC Payments Lags for Respondents with Lower Educational Attainment

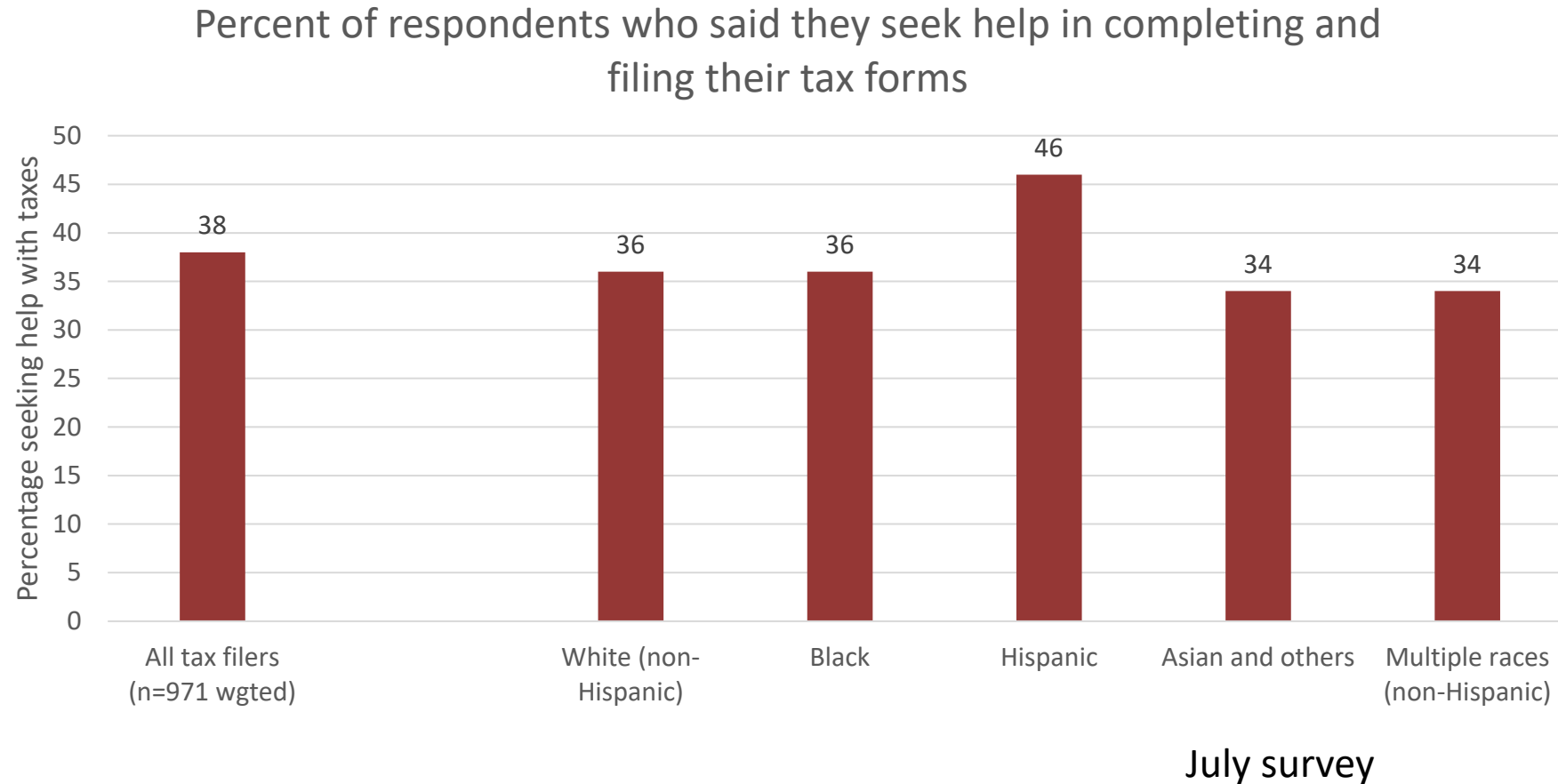
Percentage **not** aware “you can now receive up to \$300 each month from the Child Tax Credit” (significant differences by respondent’s education level)



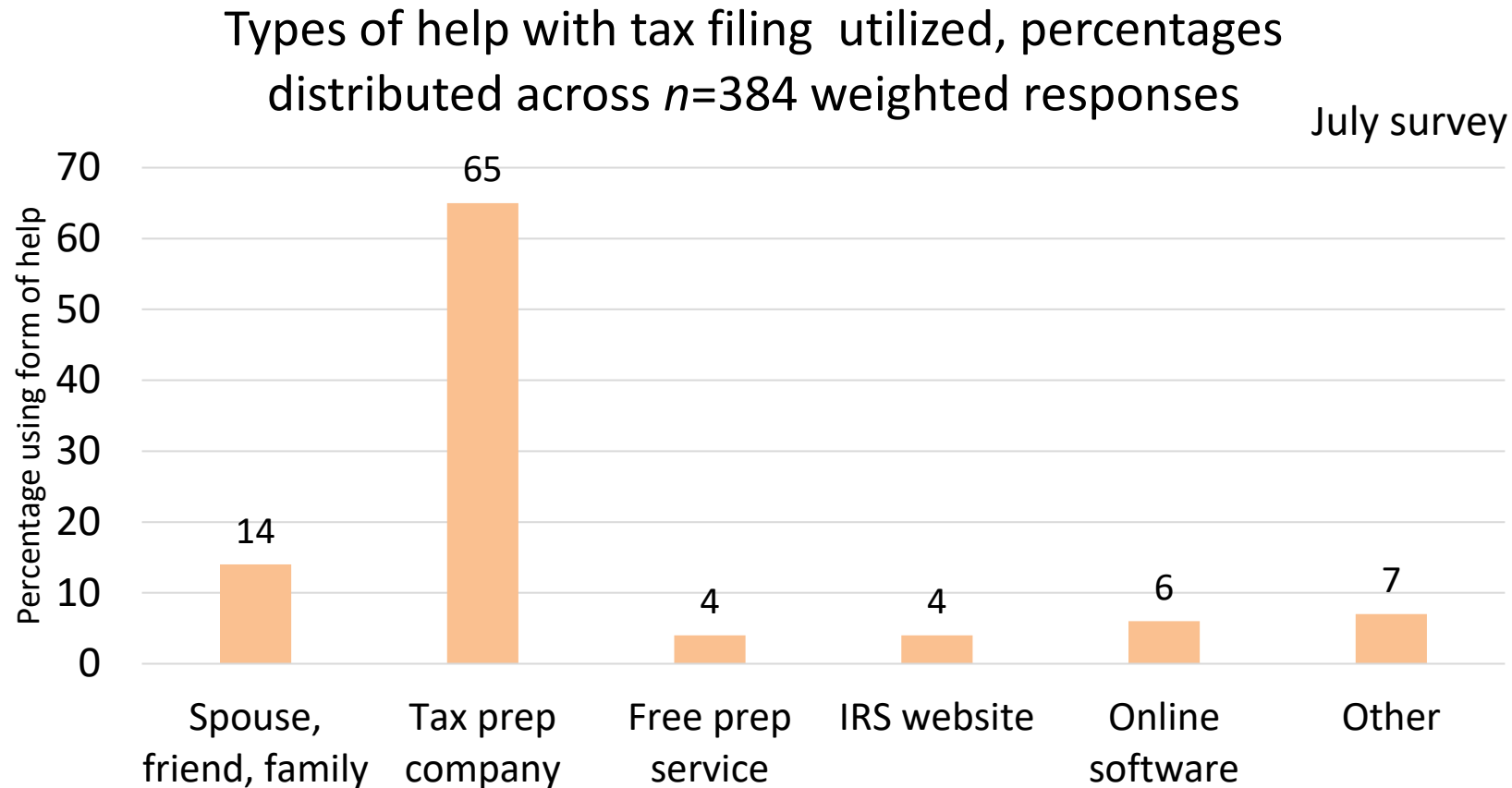
Reasons for Not Claiming the CTC



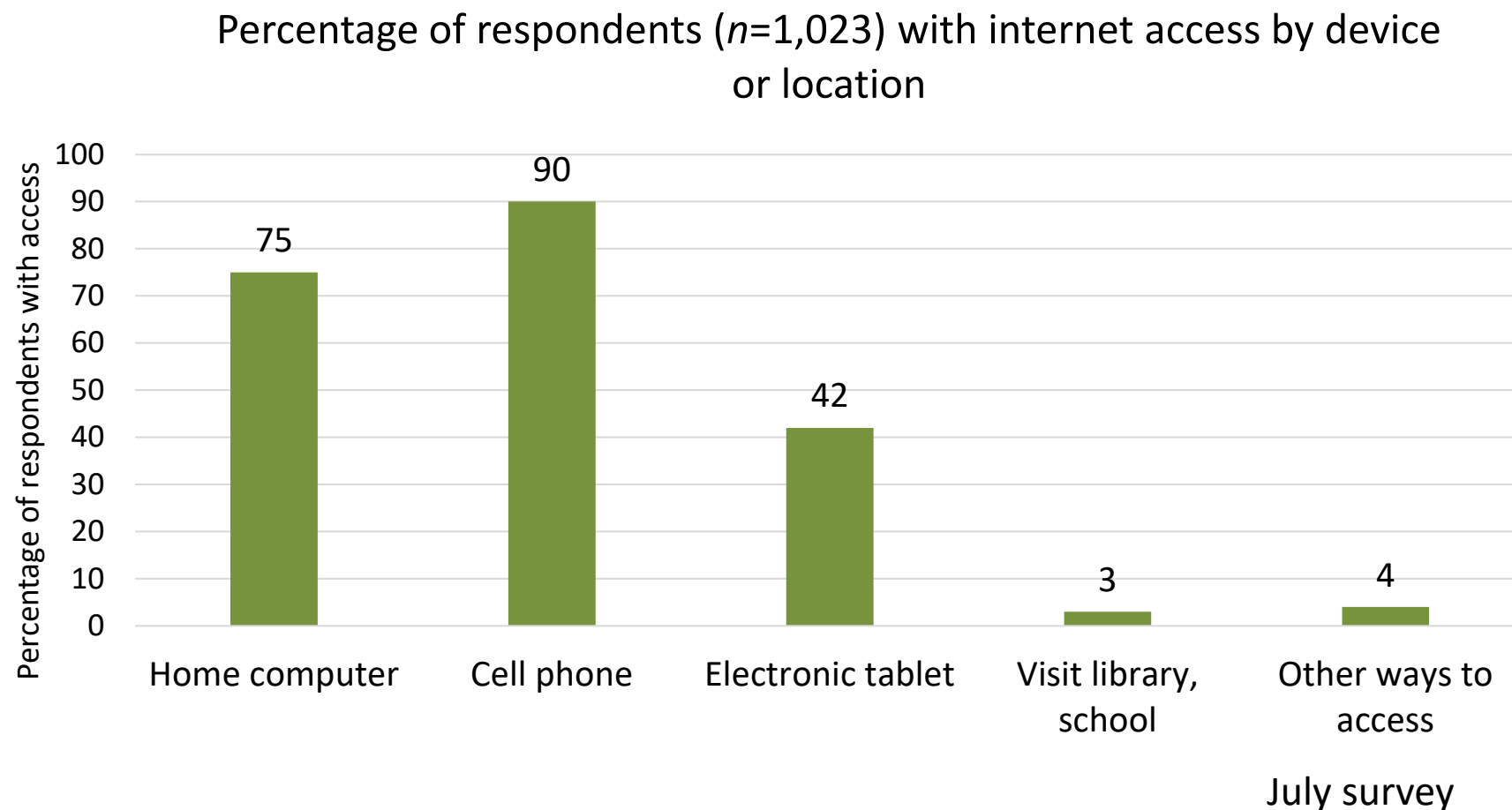
Nearly Two in Five Respondents Seek Help with Taxes, especially Hispanic Respondents



Respondents Rely Heavily on Tax Preparation Firms, Along with Other Sources of Help with Filing



Greater Access to Internet through Cell Phones



Key Takeaways from July CTC Survey



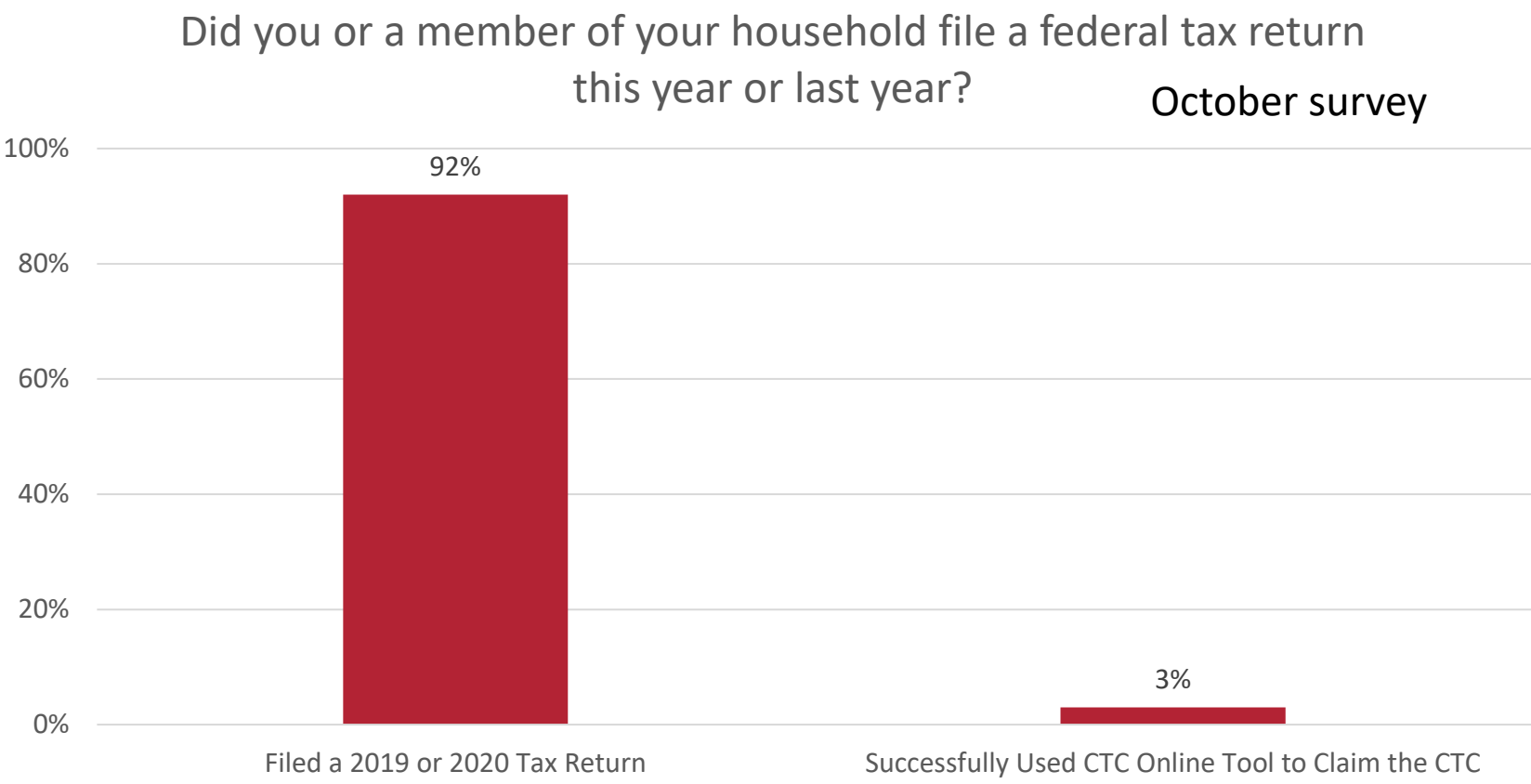
- Partnering with tax preparation companies and assistance agencies will be critical.
- Gaps in awareness and access to the CTC for certain populations.
- Having mobile-friendly tools is key.

Hispanic Respondents Face Gaps in Accessing the CTC

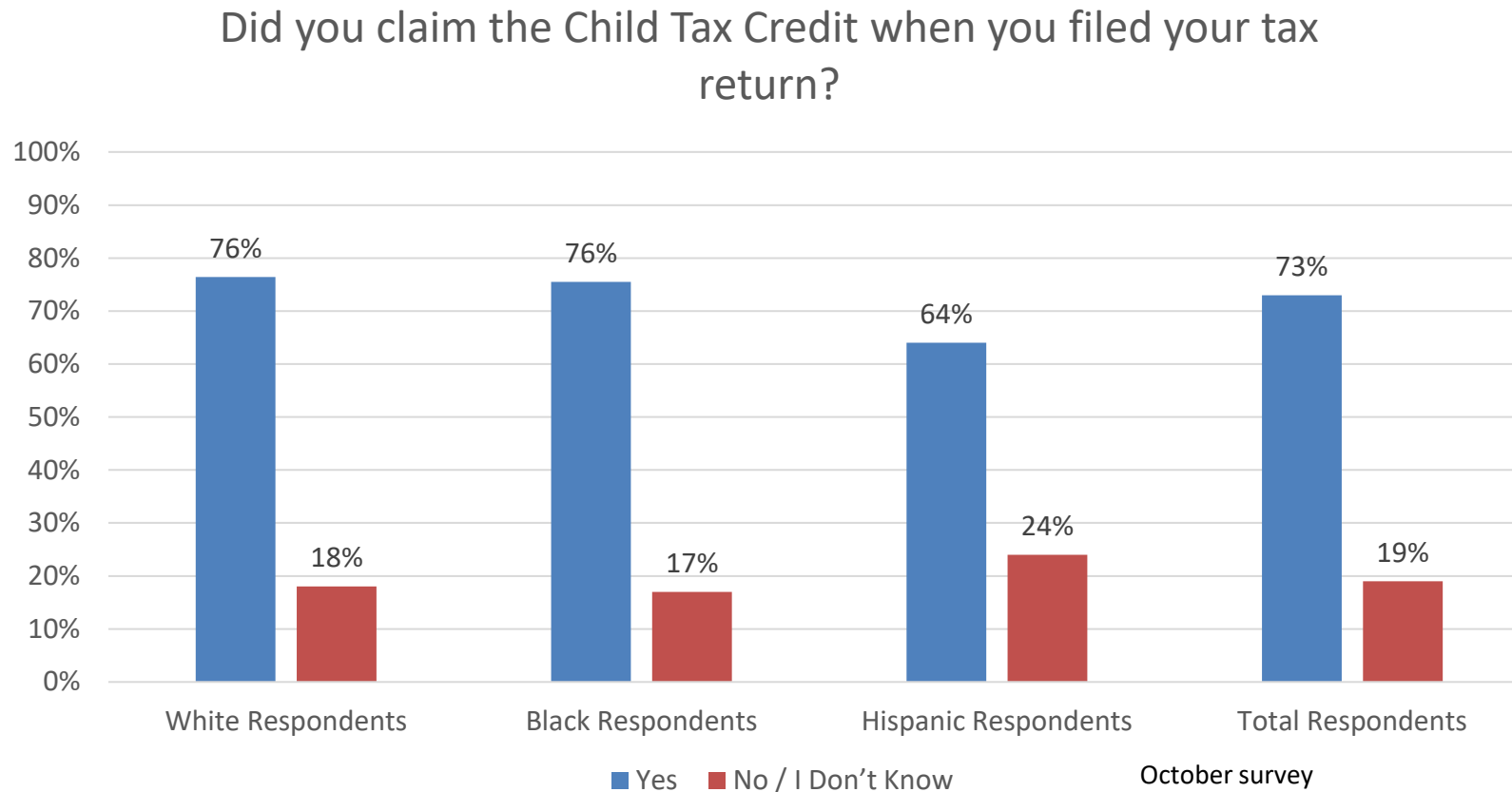
- In the October CTC survey, Hispanic respondents were less likely to report claiming the CTC on their tax return.
- Hispanic respondents were also less likely to report receiving the advance monthly CTC payments.



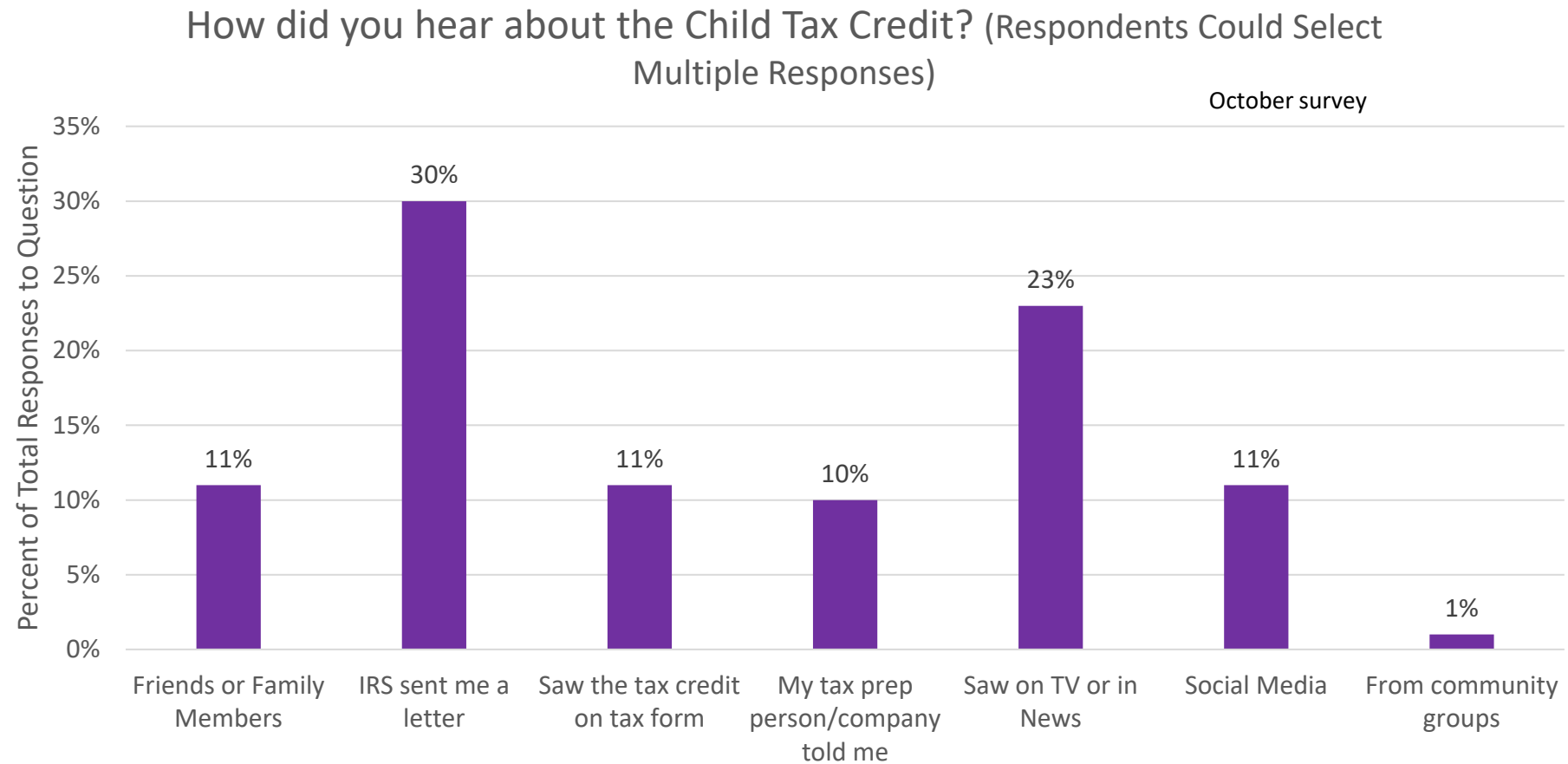
Percent of All Respondents Who Filed a Tax Return in 2019 or 2020



Percent of All Respondents Who Claimed CTC When Filing Tax Return



How Families who Filed for the CTC Learned About It



Letters from Government Agencies, TV and Social Media are all Key Outreach Methods



- 30% of respondents learned about CTC through letter from IRS – opportunity for local and state agencies to provide outreach on CTC.
- Social media was more common way respondents heard about CTC vs. in July (12% vs 6%)
- “Train the trainer” opportunities

Tax Filing Outreach Will be Critical

- Filing a 2021 tax return will be essential for everyone to get their CTC (either the other half or the full credit) and other tax credits
- It's critical that we notify families of their CTC eligibility and push back against misconceptions
- Some groups will need more support in filing a tax return – like mixed-immigration status families
- Confusion from respondents about why they aren't getting the CTC monthly payments



Thank You!

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CLASP
The Center for Law and Social Policy

Data on the Impact of Monthly Advanced Child Tax Credit Payments

Claire Zippel

November 18, 2021



Advanced CTC Payments By the Numbers

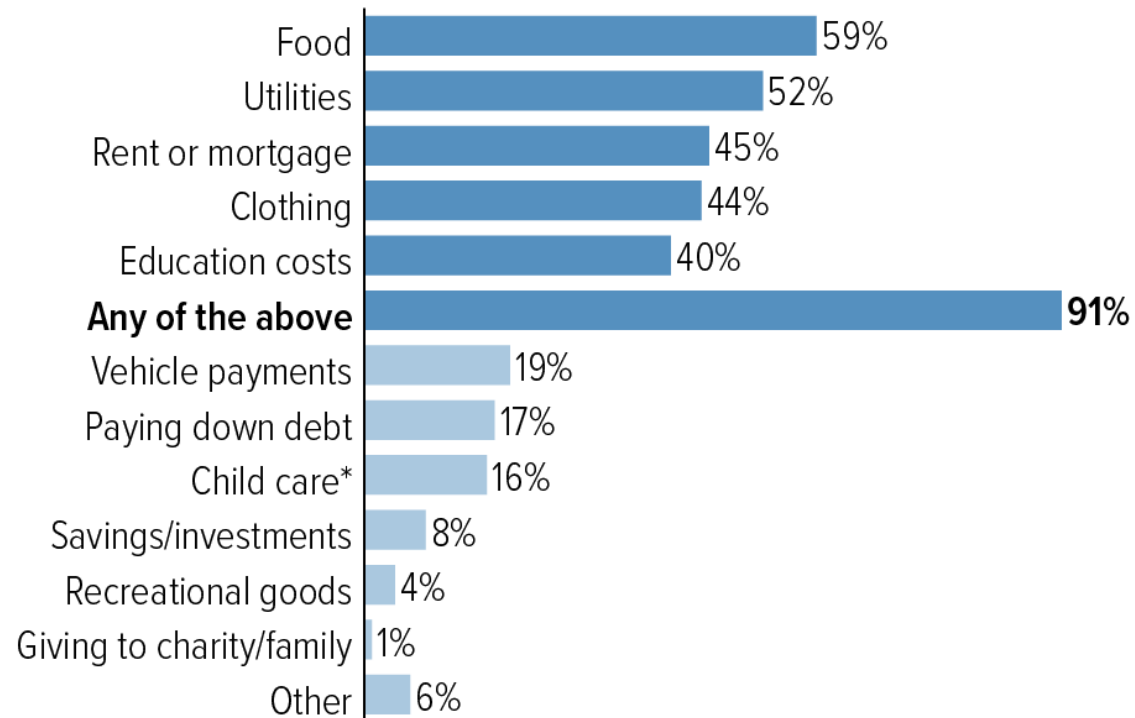
- **61 million children** reached by the fifth payment
- **\$77 billion** total payments disbursed since July
- **\$430** average payment

Early Signs of Success

- **Food insufficiency fell significantly** among families with children after monthly CTC payments began
- Families with low incomes largely spend their payments on:
 - **Household expenses:** Food, rent/mortgage, utilities, clothing, car payments, child care
 - **Investments in the future:** Education expenses, paying down debt

Families With Low Incomes Spend Expanded Child Tax Credit on Most Basic Needs, Education

Percent of households with incomes below \$35,000 who spent their credit payments on:



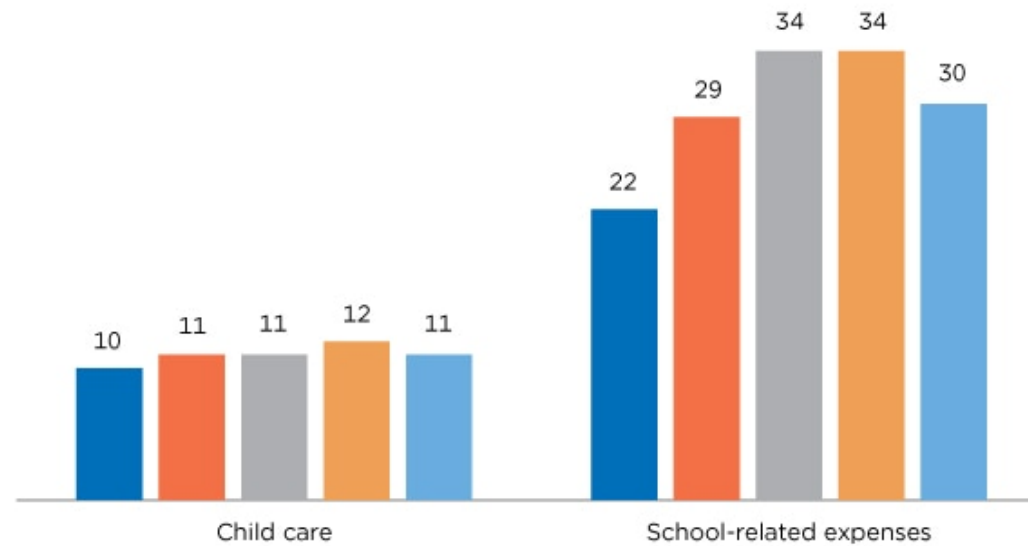
*Percent of households with child(ren) under age 5.

Note: Education costs include school books and supplies, school tuition, tutoring services, after-school programs, and transportation for school. Household income is in 2020. Figures are for households who reported receiving a Child Tax Credit payment in the last 30 days in data collected July 21–September 27, 2021.

Source: CBPP analysis of U.S. Census Bureau Household Pulse Survey public use files for survey weeks 34-38.

As School Began in 2021, Parents Spent CTC* On School-Related Expenses (In percent)

■ Late July ■ Early August ■ Late August ■ Early September ■ Late September



* Advance Child Tax Credit.

Source: U.S. Census Bureau, Household Pulse Survey, Weeks 34-38, Weighted Public-use data.

State Data on Advanced CTC Payments

- **Payments by month:** Treasury Department

<https://home.treasury.gov/policy-issues/tax-policy/office-of-tax-analysis#advancing>

Advance Child Tax Credit Payments Disbursed October 2021, by State^{1,2,3}

State	Total Number of Payments (000s)	Number of Qualifying Children (000s)	Total Payment Amount (\$000s)	Average Payment Amount (\$s)
All Returns, total	36,001	61,117	15,489,289	430
Alabama	560	930	239,626	428
Alaska	83	155	39,243	472
Arizona	794	1,388	354,873	447
Arkansas	348	599	154,292	443
California	4,271	7,090	1,777,178	416
Colorado	600	1,028	256,462	428
Connecticut	360	581	142,993	398
Delaware	106	176	44,990	423
District of Columbia	60	93	23,223	388

State Data on Advanced CTC Payments

- **Use of payments:** CBPP <https://www.cbpp.org/blog/9-in-10-families-with-low-incomes-are-using-child-tax-credits-to-pay-for-necessities-education>

Nationwide, Most Low-Income Households Are Using Monthly Child Tax Credit Payments to Pay for Basic Needs, Education

Share of households with incomes below \$35,000 who used their Child Tax Credit payment for:

State	Basic Needs (Food, Clothing, Rent, Mortgage, Utilities)	Basic Needs and/or Education Costs
U.S.	88%	91%
Alabama	91%	95%
Alaska	91%	93%
Arizona	90%	92%
Arkansas	95%	96%
California	87%	89%
Colorado	84%	86%

Sources

“Press Release: Treasury and IRS Disburse Fifth Month of Advance Child Tax Credit Payments,” U.S. Department of the Treasury, November 15, 2021, <https://home.treasury.gov/news/press-releases/jy0482>.

Advance Child Tax Credit Payments Disbursed each Month by State, Office of Tax Analysis, U.S. Department of the Treasury, <https://home.treasury.gov/policy-issues/tax-policy/office-of-tax-analysis#advancing>.

Daniel J. Perez-Lopez, “Economic Hardship Declined in Households With Children as Child Tax Credit Payments Arrived,” U.S. Census Bureau, August 11, 2021, <https://www.census.gov/library/stories/2021/08/economic-hardship-declined-in-households-with-children-as-child-tax-credit-payments-arrived.html>.

Zachary Parolin et al., “The Initial Effects of the Expanded Child Tax Credit on Material Hardship,” NBER working paper no. 29285, September 2021, <https://www.nber.org/papers/w29285>.

Claire Zippel, “After Child Tax Credit Payments Begin, Many More Families Have Enough to Eat,” CBPP, August 30, 2021, <https://www.cbpp.org/blog/after-child-tax-credit-payments-begin-many-more-families-have-enough-to-eat>.

Claire Zippel, “9 in 10 Families with Low Incomes Are Using Child Tax Credits to Pay for Necessities, Education,” CBPP, October 21, 2021, <https://www.cbpp.org/blog/9-in-10-families-with-low-incomes-are-using-child-tax-credits-to-pay-for-necessities-education>.

Daniel J. Perez-Lopez and Yerís Mayol-García, “Nearly a Third of Parents Spent Child Tax Credit on School Expenses,” U.S. Census Bureau, October 26, 2021, <https://www.census.gov/library/stories/2021/10/nearly-a-third-of-parents-spent-child-tax-credit-on-school-expenses.html>.

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Focus Groups with Non-Filers and Service Providers

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COALITION ON HUMAN NEEDS



PARTNERSHIP
FOR AMERICA'S
CHILDREN

State and local child advocates working
together for a better future

Goal: identify barriers to applying for the Child Tax Credit and messages that persuade families to file.

- Millions haven't claimed the credit despite significant value of the credit
- Informal summary of focus groups that Lake Research conducted with tax non-filers and service providers.
- Lake Research will produce a formal and more detailed analysis in December.

Non-filers

Participants:

- Didn't file 2020 or 2019 taxes AND
- Didn't claim economic stimulus payments

Many who filed didn't get their full credit—these focus groups don't address those problems

Eight Focus Groups

- In-person focus groups with non-filers:
 - families experiencing homelessness
 - white parents
- Online focus groups with non-filers:
 - Black parents
 - English-speaking Latinx parents
 - Mixed immigration status families
 - caregivers who are not the parents
- Online focus groups with service providers:
 - people who work in schools
 - people who provide financial and others supports

Its Important to Talk About the CTC Changes

Some people are not aware of the CTC at all

Many don't know it nearly doubled, or that they can claim more than 2 children

A lot of people believe they are not eligible because:

- they were not eligible for the old child tax credit
- don't work, receive Social Security or disability payments
- and/or don't file taxes

Two Big Barriers Across All Groups

- People are afraid they'll need to pay it back:
 - A combination of experience with other benefit programs, the term "advance" or "credit", and experiences with IRS repayment and penalties
 - Parents are managing on very small budgets: don't want to get and use the money, then end up on even smaller budgets if the IRS recoups the money
- People are afraid that if they didn't file in past years, they won't get the credit (credit will be used to pay old taxes)
 - They may also be afraid they will get in trouble for having failed to file.

Other Common Concerns

- Fear they will lose other benefits
- Belief they are not eligible because they get other benefits
- Some don't know how to file, or that they can get free help

Mixed Immigration Status Families

- Fear for selves and family; afraid to show their papers to a free tax preparer or call an 800 number
- Would go first to their immigration attorneys for CTC eligibility advice (consistent with our Census focus group findings)
 - Working with LatinoJustice to create resources for the immigration bar
- Even fully documented families have concerns about whether claiming CTC will affect their immigration status as a public charge
 - Including information in materials that it won't count as "public charge" could help but people are wary of future changes
- Resources need to make it clear that parents with ITINs can claim the credit if the kids have social security numbers, and how to get an ITIN

Non-Parental Caregivers

- Many of these individuals live in multi-generational homes with complex families
- Focus group participants identified many barriers that we heard in other non-filer groups
- It's probably worth including in materials that you don't have to be the legal guardian to claim the credit, but for most that isn't the barrier
- Most were not willing to claim the credit if the parent was claiming the child
 - want to support the parent so that they could get their lives in order and become the children's caregiver
 - the parent then uses the credit for the children
 - felt it was more important to keep the children with them where they are safe than to risk the parent taking the children back in order to get the CTC
 - A few expressed reservations about giving a large amount of money to parents who might not be good at managing money, perhaps because of a substance use disorder

Service Providers

- The most persuasive message to do outreach/engage colleagues was that they are a trusted provider and one of the few places families would learn about this opportunity
 - Messages about being able to help by referring people to experts and not needing to be an expert also useful
- Service providers have varying levels of comfort connecting families with the CTC:
 - Some, primarily teachers/child care providers, were uncomfortable talking about taxes because it seemed too personal
 - Even more uncomfortable talking to immigrant families about their eligibility; worried parents would stop sending kids
 - Note: We recommend posters and flyers directed at all families that included information about immigrant eligibility
- Those who connect families to benefits more comfortable providing information about taxes and immigration status
 - They could probably use materials that are more specific for immigrants

Messages That Work

“There are some protections in place so you won’t have to pay this money back even if there was a mistake or a change in your circumstances as long as your 2021 income is less than \$40,000 (\$60,000 for married couples or \$50,000 for heads of households).”

“You should file for the Child Tax Credit even if you think they might take the credit to pay off old tax debt, child support, or other debts. Your advance payments will not be reduced if you have overdue tax debt. However, when you file your 2021 tax return in 2022 to claim the other half of your CTC, your tax refund may be reduced to pay for any taxes you owe and other federal or state debts. Even if you do not get the second half of the CTC, it can help cover the debts owed and set you up to receive your full refund in future years.”

More Messaging Recommendations

- You can get this credit even if you don't pay taxes
- "You may be eligible now even if you were not eligible in past years" –
 - "you may be eligible even if you have no work income and receive Social Security or disability benefits."
- Say how much the annual benefit is, and that they can claim it for all children:
 - the monthly amount didn't seem like much to many people
 - they assumed they would only get the \$250/\$300 per month no matter when they claimed it
- Say it won't affect eligibility for federally funded benefit (list)--and that they can get it even if they get these benefits.
- Parents need information on how to claim the credit, and what information they need to provide
- Parents like the message that this credit gives parents more wiggle room or breathing room

Messages That Didn't Work

- Reducing poverty was a weak message
- Messages that a few thousand dollars would make children healthier, do better in school, graduate high school and college, and work and earn more as adults were unconvincing
 - Seen as overblown and overreaching
 - Parents believe what they teach children is what matters, not money

Where They Go For Information

- Best source of information was the IRS website
 - Link to specific pages in your materials
- Also trust government agency information
 - Outreach through state agencies that provide benefits a good outreach strategy

Questions?

- For our outreach information, sign up at
<https://bit.ly/3AV18uf>

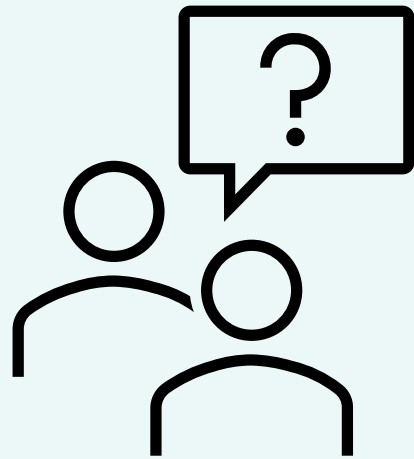
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Tax Policy Center

**Map: Where Are Families Most at Risk of Missing Out on
the Expanded Child Tax Credit?**

Q&A Session



Contact Info

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