



Families' Experiences with the Child Tax Credit

Advancing Tax Equity
through Administration
Reforms and Community
Partnerships

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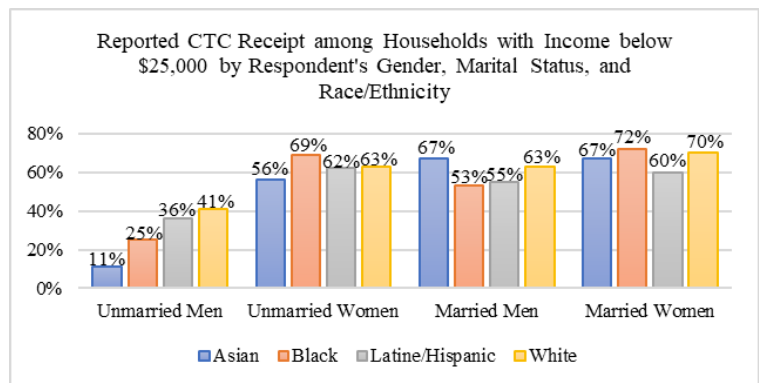
EXECUTIVE SUMMARY

In 2021, the American Rescue Plan Act temporarily expanded the Child Tax Credit (CTC) for one year by eliminating the wage earnings requirement for the credit and increasing the maximum credit amount from \$2,000 to \$3,600 per child and delivering up to half of the credit to families via monthly payments between July to December 2021. Many studies have documented how the expanded CTC and monthly payments significantly reduced income poverty and economic hardship. Yet, preliminary research indicates disparities in reported receipt, with the lowest income families, immigrant families, and Latine/Hispanic and Asian families being less likely to receive the payments relative to higher income, non-immigrant, and White and Black families.

This report draws on the U.S. Census Household Pulse survey to illustrate important diversity in reported CTC-receipt by race, gender, income, family structure, and marital status among households who would be potentially eligible for CTC. We also summarize findings from in-depth interviews and focus groups with parents/caregivers, outreach workers, community organization stakeholders, and tax preparers to provide additional context on how families experience the CTC payments, the confusions families had about the expanded CTC, and the challenges and successes of reaching “the hardest to reach”, immigrant families, and “non-nuclear” families.

Key Findings

- Unmarried men of all racial backgrounds were the least likely to report CTC payment receipt. Unmarried men are more likely to reside in households with multiple adults. Therefore, they may be unaware someone else in the household received the CTC. Interview data suggests that some families prefer mothers to claim children on their tax returns, resulting in the men not receiving the credit.
- Unmarried Asian men and women were the least likely to report receiving the CTC payments relative to unmarried men and women of other racial backgrounds. Within specific ethnic-racial groups, married and unmarried women were more likely to report receiving the CTC relative to men. One exception is that married Asian men were more likely than married Asian women to report receiving the CTC payments.
- There is vast diversity in reported receipt of the CTC among the lowest-income families. About the same percentage of low-income married and unmarried Black women reported receiving the CTC payments as all middle- and higher-income families. Conversely, less than 60% of married Black and Latino men, unmarried Asian women, and all unmarried men reported receiving the CTC payments. Unmarried Asian men were the least likely at 11%.
- Multi-generational and grandparent-led household living arrangements experience unique challenges in understanding their eligibility for the CTC. Grandparents often need additional information and are often concerned about the legality of claiming their grandchildren.
- While most parents/caregivers we spoke to had heard of the CTC, they described a diverse knowledge of the tax credit and the monthly payments. Some thought it was a new tax credit – like the stimulus payments – therefore, they were surprised and disappointed when their tax refund was smaller than expected. Others understood the payments they received were “an advance” but were still concerned about how receiving them may impact their tax refund.



EXECUTIVE SUMMARY

- Since an individual's tax refund is determined by their tax withholding during the year and the tax credits in which they are eligible, many people are not clear on which tax credits are most beneficial.
- Furthermore, the age eligibility for different tax credits (e.g., Earned Income Tax Credit vs. CTC) and the different maximum CTC amounts (e.g., \$3,600 vs. \$3,000) was a source of confusion.
- Parents with 18-year-old children were disappointed that they didn't receive the CTC payments despite their continued financial obligation to their child.
- Immigrant families, regardless of legal status, described a cautiousness with the CTC which manifested in taking extra precaution that their tax return was completed correctly and seeking additional information to make sure they were eligible. Most parents who are undocumented thought they were not eligible and would have to pay the money back, therefore they were cautious if and how they spent the CTC payments.
- Many low-income families face multiple hardships, and the CTC payments were not a high priority. On the ground, outreach by community organizations was crucial in reaching these families and helping them understand their eligibility and access the payments.
- Local community organizations were also key in helping undocumented families and traditional "non-filers" understand their eligibility and access the CTC payments. Volunteer Income Tax Assistance programs (VITA) are vital in assisting families in accessing the tax system and understanding their tax returns. Many parents/caregivers detailed how it was important to understand their tax returns as they had concerns about owing the IRS additional taxes or being penalized for something they didn't understand.

Recommendations

- The Expanded CTC and the monthly payments were an important lifeline for parents/caregivers, and all wanted the policy to return. However, they thought the policy could be simplified by making the credit the same amount for all children, including 18-year-old children.
- Also, the IRS could issue a letter that uses prior year information to estimate the taxpayer's future year tax refund if the taxpayer accepts the CTC payments or opts out.
- Letters to parents/caregivers that are undocumented could explicitly state they are eligible for the CTC – despite filing with an Individual Taxpayer Identification Number (ITIN).
- The IRS needs a dedicated helpline that is adequately staffed to answer taxpayer questions about new programs and eligibility requirements. State and local governments or philanthropic organizations could create or fund their own helplines to address the needs of their residents. Illinois's GetCTC Hotline provided crucial assistance to residents of Illinois and could be funded annually.
- Federal, State, and local governments can increase funding to community organizations involved in public outreach and offer specific grants to facilitate the creation of collaborations between agencies to ensure accurate information is shared broadly in multiple languages and across all communities. The federal government could increase Volunteer Income Tax Assistance (VITA) funding, and state and local governments could fund these programs as they bring millions of tax refund dollars into their local economies.
- Federal and State policymakers and administrators can explore ways to simplify tax return filing. This could include using currently available data to send pre-filled simple returns to non-filers, creating a simplified online "non-filer portal" for those not required to file a tax return, and/or allowing access to tax credits when people apply for other public benefits. Illinois has already piloted simplified filing and can expand the eligibility and reach of this initiative.

ABOUT THE AUTHORS

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ABOUT THE PROJECT FOR MIDDLE CLASS RENEWAL

The Project for Middle Class Renewal's mission is to investigate the working conditions of workers in today's economy and elevate public discourse on issues affecting workers with research, analysis and education in order to develop and propose public policies that will reduce poverty, provide forms of representation to all workers, prevent gender, race, and LGBTQ+ discrimination, create more stable forms of employment, and promote middle-class paying jobs. Each year, the Project publishes critical research studies and holds education forums on contemporary public policies and practices impacting labor and workplace issues. If you would like to partner with the Labor Education Program in supporting the work of the Project or have questions about the Project please contact Robert Bruno, Director of the Labor Education Program, at (312) 996-2491.

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INTRODUCTION

In 2021, the American Rescue Plan Act (ARPA) temporarily expanded the Child Tax Credit (CTC) for one year, eliminating the wage earnings requirement for the credit and increasing maximum credit amount to \$3,600 per child for children under 6 years old and \$3,000 per child for children between 6 to 17 years old. ARPA also directed the IRS to send monthly payments equaled up to half of a taxpayer's expected CTC from July to December of 2021. The IRS relied on 2019 or 2020 tax return data for taxpayers to determine their expected CTC-eligibility for the 2021 tax year. While research has documented how the expanded CTC and monthly payments significantly reduced income poverty and economic hardship (Hamilton et al., 2022; Parolin et al., 2021), preliminary research also suggest that the lowest income families were the least likely to receive the payments (Karpman et al., 2021; Pilkauskas & Michelmore, 2021).

The factors that help explain differences in CTC receipt are complex and nuanced. For example, eligible individuals who did not file a 2019 or 2020 tax return needed to apply to receive the CTC payments. To do so, they could access the IRS non-filing portal, and if they also reported a child for the stimulus payments, they may have received CTC payments (Internal Revenue Service, 2022; The White House, 2021). Furthermore, parents with shared custody arrangements and who alternate claiming children could have encountered situations in which the parent who planned to claim the child in 2021 did not receive the CTC payments as the other parent claimed the child in the previous year (i.e., 2020).

Families that primarily rely on various forms of unearned income (e.g., Social Security, Social Security Disability Insurance, retirement, etc.) often do not need to file a tax return, and therefore likely did not automatically receive the CTC payments – creating unique challenges for grandparents caring for grandchildren and individuals with disabilities (Social Security Administration, 2022; Waxman et al., 2021). Research has also cited that immigrant families may be less likely to receive the CTC given the limited availability of resources in different languages and the prevalence of mixed immigration status families (Godinez-Puig et al., 2022; Maag & Brugger, 2021). Importantly, researchers have noted how the rise in anti-immigrant sentiment, confusing eligibility requirements, and the implications of the “public charge” rule result in a chilling effect in which immigrant families avoid public benefit programs, regardless of their eligibility (Bernstein et al., 2021; García, 2019; Pedraza & Zhu, 2015).

There may also be family level factors that shape CTC-receipt linked to how children are cared for and claimed on tax returns. Federal tax law and administration generally makes normative assumptions about who cares for children, which shapes who is eligible for child-related tax benefits (e.g., CTC, Dependency Exemption¹). These laws have primarily centered the experiences of the nuclear family and single parent households in which children reside with their parents for the entire year throughout the duration of their childhood (Bellisle et al., 2021). Yet, family dynamics that center multi-generational family relations or result in children residing in different households during the year and across years may shape who ultimately claims a child for credit purposes. As Maag and colleagues (2016) note, “*tax benefits for any child will be limited to one adult or couple each year, even though several adults or couples may significantly support a child over the course of the year (p. 1).*” Ultimately, families whose experiences have been overlooked (e.g., multi-generational, very low-income) and others who have been excluded from tax benefits for children (e.g., undocumented families, Social Security and SSI recipients) appear to face the largest barriers to accessing and receiving the CTC.

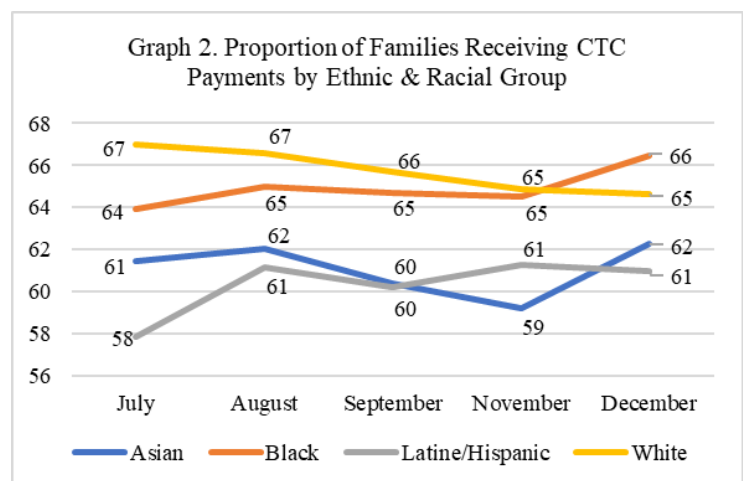
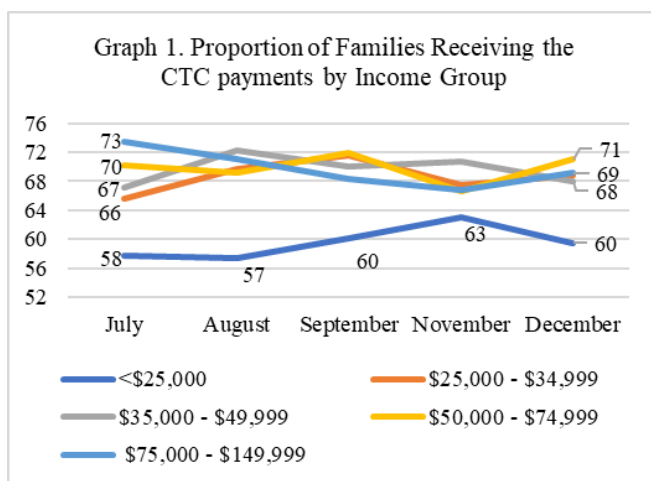
CHILD TAX CREDIT RECEIPT

BY INCOME, RACE, GENDER, AND MARITAL STATUS

The current report combines national survey data with interview and focus group data to show the various factors that may help explain variations in reported CTC-receipt and the importance of collecting and analyzing data that is cognizant of the intersectionality of race, class, gender, and family status. We document the lower rates of reported CTC-receipt among Latine² and Asian families and argue that centering the nuclear family in policy and analysis contributes to disparate experiences with CTC-receipt across all families. We suggest that for policies like the CTC and other child related tax benefits to have their intended effect and reach the families who would most benefit from them, policymakers and practitioners must center the experiences of those who are intentionally or unintentionally neglected when policies and programs are proposed and implemented.

We used data from the U.S. Census Pulse Survey (henceforth Pulse Survey) for the period between July and December 2021 to estimate the reported CTC-receipt among CTC eligible families. Our sample includes respondents under age 65 who reported annual household income below \$150,000 and at least one child under 18 years old in the household. We used survey provided household weights in most analyses to adjust for the sampling and data collection methods. Appendix A provides a more in-depth description of our constructed sample and methods of analysis.

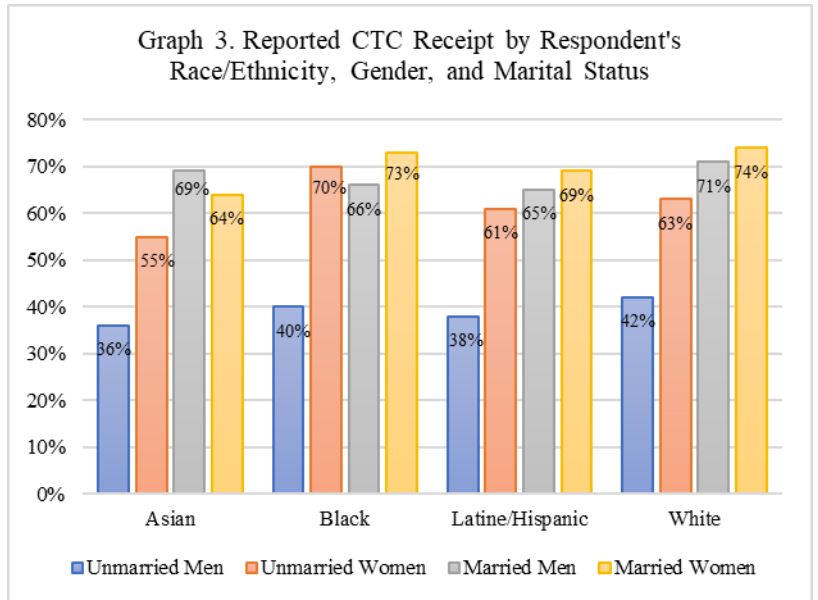
Our analysis of the Pulse Survey confirms previous research that the lowest income families were less likely to report receiving the CTC payments relative to middle- and higher-income families (see Graph 1). We also confirm that Latine and Asian families (see Graph 2) were less likely to report receiving the CTC payments relative to White and Black families.



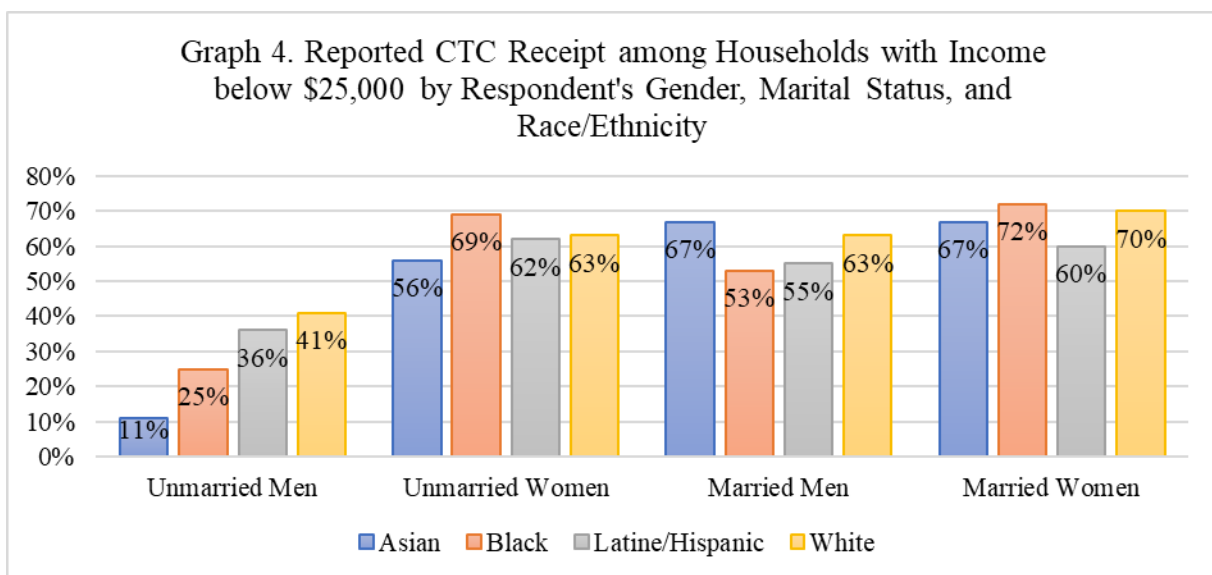
CHILD TAX CREDIT RECEIPT

BY INCOME, RACE, GENDER, AND MARITAL STATUS

Subgroup analyses reveal a more complicated picture, suggesting the need to examine heterogeneous experiences with the Child Tax Credit at the intersections of race, gender, marital status, and income. For example, less than half of unmarried men report receiving the CTC, with Asian men least likely at only 36% and White men the most likely at 42%. Furthermore, there is a 15-percentage point difference between reported receipt among unmarried Black women (70%) and unmarried Asian women (55%). Married women were the most likely to report receiving the CTC across all ethno-racial groups, except among Asians in which a slightly larger proportion of married Asian men (69%) reported receiving the CTC compared to married Asian women (64%) (See Graph 3).



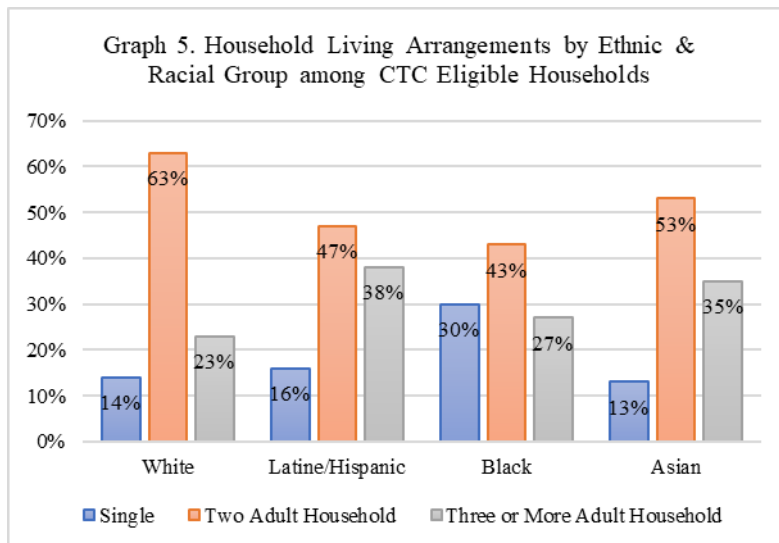
Examining CTC receipt by race and income further suggests varied experiences with the CTC. Among the lowest income households (< \$25,000), Black households were the most likely to report receiving the CTC (62%) and Asian households were the least likely (54%) (See Appendix B). Yet, the largest differences in reported receipt are found when examining by gender, marital status, race, and income – particularly among the lowest income households. Graph 4 shows that among households with income below \$25,000, unmarried Asian men were the least likely to report receiving the CTC (11%) and married Black women were the most likely (72%). These data also suggest that the lowest income unmarried Black women were about as likely as all married couples to report receiving the CTC (69% vs. 72%), while unmarried women of other ethnic and racial groups were less likely to receive CTC payments, particularly unmarried Asian women at 56%.



MULTI-GENERATIONAL FAMILIES AND CHILD TAX CREDIT RECEIPT

Multi-generational family structures and dynamics could shape differences in reported receipt by gender and marital status and across different ethnic and racial groups. The Pulse Survey did not collect information that can directly determine multi-generational family living arrangements, yet the survey does collect information about the number of adults living in a household. Therefore, households with 3 or more adults are likely to consist of multi-generational and extended family members.

Importantly, households with three or more adults were much less likely to report receiving the CTC (55%) compared to households with two adults (72%). Larger proportions of Latine (38%), Asian (35%), and Black (27%) households report residing in households with three or more adults compared to White households (23%) (See Graph 5). While it is likely that some of the reported differences in receipt among Latine and Asian families is given by larger proportions who are also immigrant, the larger proportion of Latine and Asian families residing in extended family households could also shape their experience of tax policy and determining their eligibility for child-related tax credits.



Challenges for Multi-generational, Extend family, and Grandparent-led Households

Guro (2018) notes how the varying definitions of “family” and “household” across different public programs can create unique challenges in determining eligibility for families structured around multi-generational and extended ties. Our qualitative data analysis supports the challenges inferred by the Pulse Survey and further suggests a close examination of non-nuclear family households’ access and usage of the CTC. Our interviews and focus groups were conducted in the Chicagoland by a team of five researchers. All names have been changed for the interviewee’s privacy and confidentiality. We detail our qualitative data collection and analysis in Appendix A.

One emerging theme from our interview data suggests multi-generational households, and households led by grandparents may encounter unique challenges in determining their eligibility for the CTC. For example, one interviewee, Karen³, described her multi-day effort to determine if she could claim her granddaughter. After trying to call the IRS multiple times, yet never speaking to anyone she decided to go to an IRS office in the Chicago downtown area.

“It was tricky, but I actually had to speak to someone downtown. I got an email address from a young lady and she said as long as she is my granddaughter and we can prove that she's been living here based on the majority of the year, then it should be fine. She if there was any discrepancies of problems, they probably would've withheld the entire return, until they audited and did their research.” ~ Karen, CTC-Recipient, Mother and Grandmother

MULTI-GENERATIONAL FAMILIES AND CHILD TAX CREDIT RECEIPT

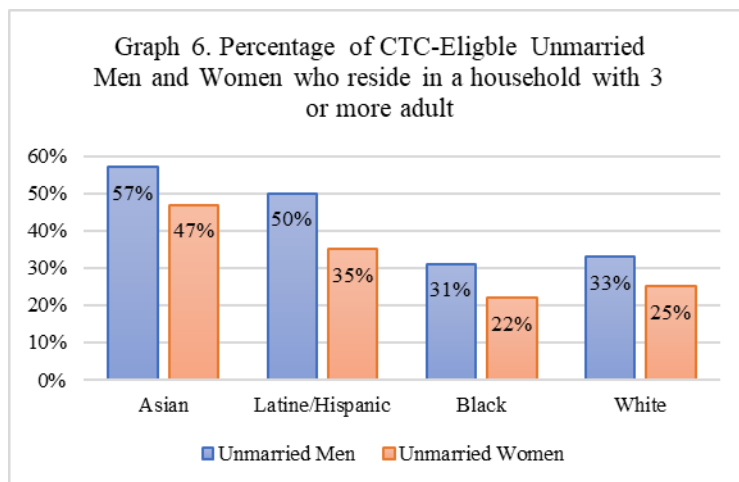
Despite the assurance from the IRS representative and the fact that she was legally able to claim her granddaughter, Karen was still concerned about the implications of claiming her granddaughter until she eventually received her tax refund. One stakeholder we spoke with also stated that some of the grandparents they spoke with were unaware of the CTC.

“We spoke to a few grandparents where their grandkids were living with them, and they didn't know that they were eligible for CTC. They were like, “Wow, that would've been really helpful for me if I knew,” because they're the primary caregivers for the child.” ~ Stakeholder at Non-Profit in Chicago

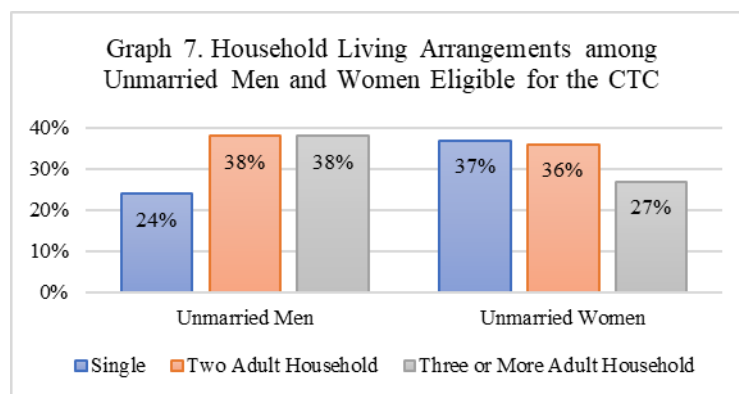
Such experiences point to the need for additional research into how families across different formations (e.g., multigenerational, co-parenting, foster parents, grandparent led household) experience the federal tax code and how the design of policies like the Child Tax Credit, could better support the well-being of all children, regardless of their living circumstances.

Unmarried Men and the Child Tax Credit

As reported earlier, unmarried men were disproportionately unlikely to report receiving the CTC payments. Unmarried men’s various household living arrangements may be a factor that contributes to their lower rates of reported CTC receipt. Over half (57%) of unmarried Asian men and 50% of unmarried Latino men report living in households with three or more adults. Conversely, 33% of White unmarried men and 31% of Black unmarried men live in households with three or more adults. Additionally, 47% of unmarried Asian women and 35% of unmarried Latina women live in households with three or more adults (See Graph 6).



Furthermore, it is much less likely for unmarried men to be living alone or single parents, compared to unmarried women. The Pulse Survey data also show that unmarried men are less likely than unmarried women to live in households in which there are no other adults (See Graph 7).



These estimates of reported CTC-receipt point to the need for additional research and creative data collection methods to understand how families experience policies like the CTC. While the Pulse Survey asks if anyone in the household received the CTC, it may be that the respondent simply did not know whether someone else in the household received it. Our qualitative interviews and focus

groups explore these experiences in more detail.

MULTI-GENERATIONAL FAMILIES

AND CHILD TAX CREDIT RECEIPT

groups with families, outreach workers, tax preparers, and various stakeholders supports this claim, as respondents described diverse knowledge about the CTC even among those who received the CTC payments. Families also vary in the extent to which they discuss financial and tax situations with their family members. Therefore, it is likely that many survey respondents who did not directly receive the CTC were unaware whether someone else received it in their household.

It may also be that a large portion of the unmarried men in the Pulse Survey reside with their child's other parent, and the child's other parent claims the child and the unmarried men are unaware of their receipt of the CTC. If they do not reside with the child's other parent, it may be that the other parent claims the child, especially if they share custody. Interview data support this suggestion, as most women stated that they believed whoever the child resided with most of the year should receive the child related credits – with a preference of mothers claiming the credits.

Still, it may be that some separated couples divide the various child related tax benefits. For example, the tax preparers we interviewed discussed how with some of their separated couples the father would claim the child dependent exemption or head of household status and the mother would claim the child for the CTC and EITC if eligible. Lastly, one tax preparer suggested that men may be less aware of the tax credits they receive, stating “*most men may be less conscious about what it is that they're actually getting.*” These various explanations for why reported CTC-receipt is considerably low among unmarried men points to the need for additional research.

KNOWLEDGE AND EXPERIENCE WITH THE CHILD TAX CREDIT

To gain further insight as to how families understood and experienced the CTC, we conducted a series of interviews with CTC-eligible parents and organizational stakeholders as well as focus groups with CTC-eligible parents, tax preparers, and public benefit outreach workers. Demographics of the parents we interviewed are available in Table 1, and additional information about our recruitment methods and the organizational stakeholders, tax preparers and public benefit outreach workers in available in Appendix A.

Table 1. Demographic Characteristics of Parents Interviewed

<i>Race/Ethnicity</i>	<i>N</i>	<i>Number of Children</i>	<i>N</i>
Black	18	1	18
Latine/ Hispanic	10	2	11
White	3	3 or more	4
Middle Eastern	1		
Multi-Racial	1	Annual Family Income	
		Less than \$10,000	2
Partnered Status		Between \$10,000 and \$20,000	11
Married	11	Between \$20,000 and \$40,000	11
Not Married, Lives with Partner	7	Above \$40,000	9
Not Married, Does not live with Partner	15		
		Immigrant	15

Several studies conducted in the fall of 2021 document that most parents (between 82 to 88%) had heard about the Child Tax Credit (Hamilton et al., 2022; National Women’s Law Center, 2021). While all the parents we interviewed had technically heard of the CTC, they described a diverse knowledge about the tax credit and the monthly payments. This diversity in knowledge appears to be driven by how they came to know about the CTC. Importantly, several study participants thought the CTC and the EITC were the same credit. Several other participants did not differentiate between the economic stimulus payments (EIPs) and the CTC payments or thought they were similar. For example, Andrea, a Black mother of one, detailed how she thought it an entirely new tax credit for children and a sort of continuation of the stimulus payment policy.

“I thought it was like the stimulus. I thought that because you automatically qualify for like \$3,000. It was additional money that we were getting periodically for that portion of six months versus waiting until the end to get it because we were going to get it regardless. With that, I said, ‘Oh, okay, they’re just going to give it to me now and I know I won’t get it [again] when I file my taxes.’ I feel like I had a choice to get it at the end or now, but I didn’t think it was like a loan or something like that. That was my comprehension of it.” ~ Andrea, Black mother of one child

The outreach workers, stakeholders, and tax preparers similarly described a diversity in knowledge about the CTC among the parents and caretakers with whom they worked. All of the outreach workers interviewed for this study discussed the initial challenges spreading the message about the CTC payments as there were several government programs providing support for families. For example, one worker mentioned how there were questions whether the program was real.

KNOWLEDGE AND EXPERIENCE WITH THE CHILD TAX CREDIT

It was more so, "Was this something that was real?" Around the time it was the pandemic, so [a lot of different programs], and extra money. Things were coming out, so it was just confusing. "Was this something that was real?" ~ Public Benefits Outreach Worker in Chicago

All of the outreach workers also mentioned that they received a lot of questions from parents about how the CTC payments related to the parents' tax refunds and if they would have to pay it back. Most of the outreach workers felt ill-equipped to answer questions about how the CTC payments would affect someone's tax refund as everyone's tax situation is different and they would refer them to the IRS website. Only one outreach worker who previously worked for the IRS was able to provide a little more assistance to clients in determining whether they would owe taxes if they received the payments.

“Everyone’s situation is different”: The Complexity of Tax Credits and Tax Refunds

The tax preparers we interviewed stated they believed that their average client was unfamiliar with the different tax credits they received and how their tax credits relate to their tax withholding during the year and their tax refund. Yet as tax professionals, they could help their clients understand the tax implications of receiving the CTC payments. One tax preparer mentioned the importance of checking in with one's tax advisor.

“I don't think many were that familiar with what they were actually getting. You get a letter that says you're entitled to this and quite naturally, you say, "Yes, give it to me." They didn't check with their tax advisor before they actually did it. In most cases, it didn't hurt them, but in some cases, I think it could lead to you having to pay taxes [at tax time], and because many people have a problem with withholding taxes, it's the credits that they get is what helps them.” ~ Tax Preparer in Chicago

Given that the processing of the client's tax return could be delayed if the CTC payments were not reported, the tax preparers mentioned how they stressed to their clients the importance of bringing in the letter from the IRS stating how much they received. They also stressed that since everyone's tax situation is different, it was sometimes difficult helping their clients understand why their tax refund amounts were different compared to others who they thought were in similar circumstances. For example, one tax preparer shared a story of twin sisters for whom she prepares taxes.

“I have a set twin sisters coming to me for years. One sister has two children - not even 10. The other sister has one child that is under 10 and their baby sister, which she claims, which is now 18. Guess what? Their credits are totally different. Neither one of them took the Child Tax Credit during the year. They had an issue because the one sister says, "We both make the same amount of money. We work at the same place. How is our refund so different?" I reply, 'let's talk about the ages of your children on your tax return.'” ~ Tax Preparer in Chicago

These age differences for the twin sisters' children resulted in one sister only receiving the CTC for one child, while the other sister received a CTC for both children. Furthermore, the sister with two children under 10 years old had one child under 6 years old and therefore she received different CTC amounts for each child.

KNOWLEDGE AND EXPERIENCE WITH THE CHILD TAX CREDIT

The exclusion of 18-year-old children from the CTC and the different CTC values for children under 6 relative to children between 6 and 17 years old, was a source of confusion for several parents with whom we spoke. Confusion among parents included statements like “you get a different amounts per child, depending on the age bracket”. For example, Sandra, a Latina mother of two, described how she did not like that there were different amounts for younger children relative to older children and thought in the future that should change.

“It needs to be more consistent. I believe children under five received more than children that were older than five years old. I feel maybe just have the same amount for all children than different numbers.” ~ Sandra, Latina Mother of two children

A few parents were also unaware and/or disappointed that 18-year-olds were not eligible and thought this didn’t make sense given they continued to financially support their 18-year-old children. For example, Sharon, a Black mother of two adult sons in their 20s and daughter who turned 18 in December of 2020 thought she was going to get the CTC payments for her daughter who was in her senior year of high school. Sharon was confused because she received the EITC for her daughter and when she was told the age eligibility for the CTC, she was disappointed because her daughter missed it by a few weeks.

“In her case because she had just turned 18 and they cut her off. It could be understandable if she would've turned 18 in the middle of the year, then I would understand it, but because it was the last month of the year, and two weeks before the next fiscal year and they cut her like that, that's not fair. I think they should have still given [the child tax credit] to her.” ~ Sharon, Black mother of three adult children

HOW PARENTS LEARNED ABOUT THE CHILD TAX CREDIT

Media sources were the primary outlet through which the parents interviewed first heard about the expanded CTC and monthly payment option. Furthermore, many parents followed the news coverage that discussed ARPA before it was passed and were therefore anticipating the payments before they began. For example, Kayla a Black mother of one child, discussed following the coverage while the law was debated through when families started getting the payments.

“I followed it on CNN. They were talking about it when it was a law. When they were debating it, the importance and like building up steam on why we need it. Then they follow the families afterward. That was cool. How families were using it.” ~ Kayla, Black mother of one child

Despite the news coverage, some parents were still skeptical. For some, it wasn't until they received the letter from the IRS notifying them about the payments or when they actually received the payments did they believe the program was real. Isabel, a Latina mother of three, described her relief when she received the letter after watching the various news segments about the proposed CTC expansion.

“I was happy to get that letter. It got me at ease. It made me think ‘Cool, look at this, I got this paper finally letting us know what's going to happen.’”

These accounts align with other research that suggests the importance of delivering information to eligible individuals through official government avenues to help families see that the program is legitimate and not a scam (Godinez-Puig et al., 2022).

The Unique Experiences of Immigrant Families

An emerging line of research examines how immigrant families experience different government programs and the importance of local contexts in shaping how families interact with public programs and the government generally. The various stakeholders we interviewed noted their concern about getting correct information to different immigrant communities and their efforts to do so. Godinez-Puig and colleagues (2022) note the importance of trusted messengers and partnerships with community-based organizations within immigrant communities in delivering accurate information, particularly for families with mixed immigration statuses among different family members.

All the immigrant parents we interviewed, regardless of legal status, described a cautiousness with the CTC which manifested in taking extra precaution that their tax return was completed correctly, seeking additional information to make sure they were eligible, and being cautious how they spent their money. For example, Amani, who is originally from Jordan, described how she and her husband sought out a new tax preparer because the person they routinely used worked very quickly and they were concerned he would make a mistake.

“We think the taxes are very sensitive here, so any error can get us in trouble.” Amani, Middle Eastern mother of one, Student Visa Holder

HOW PARENTS LEARNED ABOUT THE CHILD TAX CREDIT

Sofia, a DACA-recipient, described how she received the letter from the IRS notifying her about the CTC payments, but she didn't think she would receive it given her immigration status. It wasn't until a friend told her more about the CTC that she felt more confident about the prospect of receiving the payments.

"I got the [IRS] letter and I was like, "Oh, okay." But a lot of the times since I have a work permit, I'm always like, I'm not going to get that. But my friend was like, "No, you're going to get it because this is for your son. Regardless of your status or whatever, you would still get it for your son because he was born here."... It was more helpful her sharing information with me because I could ask her questions and since she's very knowledgeable on it." ~ Sofia, Latina mother of one, DACA-recipient

A few other parents who were undocumented and had eligible children, remained skeptical about the program and were cautious about how they spent the money, if at all, as they thought they would have to return or repay it. For example, Juana described this was how her and her husband approached the CTC payments.

"The truth is that since we don't qualify for a lot of things, I didn't ask for information about it. And with the fear that we would owe it back. If I spent it, I wouldn't have the money to pay it back. If I had felt free to spend it, I would have used it to catch up with the payments I was behind in like electricity, water, gas, and rent. That's what I would have used it for." ~ Juana, Latina mother of two, Undocumented

Reaching the Hardest to Reach

Several outreach workers and stakeholders described the challenges of reaching the 'hardest to reach.' Often these are people who could benefit the most from the CTC payment, yet they described multiple hardships which created so much stress for them that the CTC was the last thing on their mind.

We interviewed a couple of parents who documented such experiences and how they were not focused on applying for or receiving the CTC payments. For example, Deborah, a Black mother of a 12-year-old son and four adult aged children, described having health issues that put her at high risk for severe illness if she contracted COVID-19 and thus resulted in her reducing her hours at work. She experienced a period of housing instability and living at a hotel, and during 2021 one of her sons passed away. Between her concerns about her health due to the pandemic and the various hardships she encountered, she had not filed a tax return since 2019.

"In the last years, I wasn't on top of none of that. If they had something new, I wouldn't even know. I received that first \$1,200, nothing else. That was it. I don't know [they are still sending payments]. I'm missing that second \$1,200 and that \$600." ~ Deborah, Black mother of five

One stakeholder that was deeply involved in both organizing and executing outreach and enrollment efforts discussed the unique challenges of reaching those who do not file tax returns given that they don't work or are retired.

"A lot of times you'd have this conversation with somebody and they would say, 'I don't do taxes,' meaning I don't want to or I'm not allowed to. I think there was a lot of perception of, 'I don't work, I'm not allowed to do

HOW PARENTS LEARNED ABOUT THE CHILD TAX CREDIT

taxes. That's not something I can participate in.' We had to overcome this. 'Yes, I understand that and you're not somebody who's required to and normally you wouldn't even want to because there's really no benefit. Now there's something different and this is going to be meaningful. This is a meaningful sum of money. There was a lot of getting over that conceptual hurdle of 'But I don't do taxes'. Some people just had a hard time understanding that.' ~ Stakeholder from Non-profit involved in CTC Outreach and Enrollment

Furthermore, outreach workers and stakeholders also noted how some parents or caretakers who typically did not file tax returns mentioned their concerns or fears about engaging with the IRS and potential negative consequences (e.g., tax audit) that could arise from making a mistake.

"For a lot of people, their emotional response to tax filing was stress and worry about "If I do anything wrong is the IRS going to audit me? Is this going to cost me a bunch of money?" One of the grandparents that we spoke with, she said "If I wanted to file and if I wanted to claim my granddaughter, I feel like I'd have to lie on my taxes, or I might get my daughter in trouble. I just avoided it up until this point."

To reach the 'hard to reach' populations, required patience and taking the time to listen to each individual's concerns, helping them understand how the CTC payments worked, helping them understand taxes generally, and how the process worked overall.

Importance of Local Organizations

These experiences speak to the importance of local organizations that are deeply engaged with the community, trusted by the community, and are on the ground helping families understand their eligibility and complex systems like the tax system. Several parents discussed how local organizations helped them understand the expanded CTC and this helped put them at ease. Parents who were immigrants discussed the importance of these local organizations given that they did not grow up in the United States and were less familiar with the tax system. For example, one parent worked at a non-profit located in a predominately Latine community and discussed how when she first learned about the monthly CTC payments, she organized for someone from a non-profit in California to do a Zoom presentation about the program for residents engaged with their organization.

"I have a team of health promoters and we're responsible for looking for resources for the community. So, I saw that they were giving [out the CTC]. I invited someone to come talk about the Child Tax Credit and if the families wanted, we could help them. So, what my team and I did was share that information so that the families who were interested could fill out that application... we were able to go to the families who don't have access to technology, or don't know how to use a computer. They can come to us, and we can help them so they can apply for that early Child Tax Credit." ~ Lucia, Latina mother of two

Outreach workers and stakeholders highlighted the importance of the local, on the ground efforts to deliver information about the CTC and help families access the payments – particularly those who are stretched thin by the various issues they are managing in their lives.

"Most of the families we were trying to reach have a lot going on and [the CTC] was on the periphery of what they were trying to manage. They're not focusing on the latest news out of the White House. They're not catching those messages until someone stands in front of them and says, 'You need to pay attention to this right now. Even though you're taking your kid to childcare and you have a flat tire.'" It's the complexity of their lives that made it more challenging for the messages to break through." ~ Stakeholder from Non-profit involved in outreach

HOW PARENTS LEARNED ABOUT THE CHILD TAX CREDIT

Additionally, several parents mentioned how Volunteer Income Tax Assistance programs (VITA) were helpful to them in understanding their eligibility for the CTC in general and other tax benefits. For example, Isabel, who was previously mentioned in this report, detailed how she was concerned about owing money to the IRS, yet the assistance she received at *LadderUp*, a non-profit in Chicago that offers VITA services, gave her a sense of security.

“I was like, ‘Oh my God, what's going to happen when I do my taxes? I don't want to owe the IRS no money.’ The woman preparing my taxes replies, ‘No, you're fine. I'm going to break everything down for you so that you have a very clear understanding of how this works and how and why.’ And why was most important. I said, ‘Oh my goodness, thank you.’ This is why I do my taxes with Ladder Up every year for the past eight years because I understand my taxes-- and it was really important for me to understand, because I was really confused.” Isabel, Latina mother of three.

The various stakeholders we spoke with discussed the importance of coordination between different organizations to effectively share accurate information throughout communities, particularly since many community organizations did not have prior experience sharing information about the CTC or other tax related benefits. Yet, this was not without challenge due to the limited funding provided to their organizations to coordinate these efforts. These accounts illustrate the importance of various organizations involved in spreading information about the CTC to effectively spread the message to those who would stand to benefit the most from the expanded CTC.

CONCLUSION

ADDRESSING THE COMPLEX TERRAIN OF TAX POLICY

Our estimates from the Pulse Survey confirms prior research suggesting that lower income, Latine, and Asian families were less likely to report receiving the CTC payments. Our analysis also points to important differences by race/ethnicity, gender, marital status, family status, and income. These findings point to broader structural and familial factors that uniquely shape how families experienced the expanded CTC and the CTC payments.

Prior research suggests that Latine immigrant families may encounter unique challenges in determining their eligibility and accessing child related tax benefits (Thomson et al., 2020). Emerging research indicates the important role of trusted messengers in delivering the information about the CTC, access to easy to understand resources in multiple languages, and the need for policy change to address barriers to access (e.g, fear of public charge rule) (Godinez-Puig et al., 2022). Many immigrant families, regardless of country of origin, likely experience many of these challenges.

While previously referenced in other research, we want to emphasize how Asian families may experience unique challenges in navigating access to different government services and program. Importantly, Asians are the fastest-growing ethno-racial group in the U.S., and as a pan-ethnic group Asians represent a vast diversity of people from dozens of countries (Budiman & Ruiz, 2021b). Such diversity in national origin translates to dozens of different languages spoken, different immigration pathways, and distinct political histories and cultures (Asian Pacific Institute on Gender-Based Violence, 2017; Hanna & Batalova, 2021). While demographic data suggest that on average Asians families have higher household income and lower poverty rates compared to all U.S. households, there is considerable variation among specific Asian ethnic groups (Budiman & Ruiz, 2021a), highlighting the need for examining heterogeneity among different groups. For example, our analysis indicates that unmarried Asian men and women were less likely to report receiving the CTC relative to unmarried individuals of other ethnic and racial groups, suggesting they may have additional challenges accessing and/or understanding their eligibility for the credit or their family or household structure is not adequately represented.

Our analysis also suggests wide variations in reported receipt among the lowest income households. Among the lowest income households (< \$25,000), 60% or less of unmarried men of any ethnic and racial identity, unmarried Asian women, married Black and Latino men, and married Latina women reported receiving the CTC. Yet, low-income married Asian men and women, married White women, and married and unmarried Black women appear as likely as higher income households to receive the CTC. Identifying the factors that help explain these wide variations in reported receipt is an important area of research as it may point to the need for specific outreach strategies across different communities and populations that is cognizant of the intersectionality of race, class, gender, marital status and family status.

Our interview and focus group research suggests that nearly all the families we spoke with heard of the CTC, yet they had various understandings of it as a public policy and program eligibility. Given the various programs enacted by the federal and state governments over the course of the pandemic, some parents did not know the CTC payments were different from the economic stimulus payments and others were skeptical about the program until it was implemented, and even when they received their tax refund the following year. This research also suggests unique challenges for families that are often forgotten, excluded, or marginalized in the crafting of policy meant to provide economic support. These families include, but are not limited to, immigrant families (especially those who are undocumented), grandparent-led families, and low-income families with children transitioning to adulthood.

CONCLUSION

ADDRESSING THE COMPLEX TERRAIN OF TAX POLICY

Lastly, our research points to the critical role community organizations play spreading awareness about new programs like the CTC monthly payments, and helping families navigate determining their eligibility and accessing these programs. Community organizations are crucial in assisting the “hardest to reach” and those who are typically overlooked in the crafting of policy. We suggest this points to the need for policy and administration that centers family diversity and partnership with a broad array of organizations that can more effectively reach ethnic-minority communities as they have intimate knowledge of the cultural, linguistic and political factors that shape how the communities they serve interact with the government. These community organizations often run on inadequate budgets, therefore robust funding for their crucial work must be prioritized in the future. Funding for VITA programs should also be prioritized as they offer crucial access to the federal and state income tax systems that too complicated for many to navigate on their own. Federal and State policymakers and administrators should also explore avenues of simplifying tax return filing. For example, New America Chicago suggests that Illinois could expand its EITC simplified filing pilot, which refunded \$12 million to low-income taxpayers in Illinois over two years, to include things like a simple online “non-filer portal” for those who with no filing requirement or allowing access to state tax credits when people apply for other public benefits (Rangel & Dugan Adell, 2022). The federal government can look to these pilots as ways to expand access to federal tax credits, especially the Child Tax Credit if the monthly payments are offered again.

RECOMMENDATIONS

This report analyzed information from the U.S. Census Household Pulse survey and findings from in-depth interviews and focus groups with parents/caregivers, outreach workers, community organization stakeholders, and tax preparers to illustrate the accessibility of the CTC. Our findings suggest the following six (6) federal and state recommendations for ensuring that the CTC benefits the individuals it is meant to assist.

- The Expanded CTC and the monthly payments were an important lifeline for parents/caregivers, and all wanted the policy to return. To reduce confusion over eligibility, the policy could be simplified by making the credit the same amount for all children, including 18-year-old children.
- The IRS could issue a letter that uses prior year information to estimate the taxpayer's future year tax refund if the taxpayer accepts the CTC payments or opts out. The letter should explicitly stress that the estimate could change if the taxpayer's income substantially changes, they change their withholding allowances on their W-4. This communication would be an important educational opportunity to inform taxpayers on the implications of the CTC payments.
- Letters to parents/caregivers that are undocumented (i.e., file a tax return with an ITIN) could explicitly state they are eligible for the CTC – despite filing with an ITIN.
- The IRS needs a dedicated helpline that is adequately staffed to answer taxpayer questions about new programs and eligibility requirements. State and local governments or philanthropic organizations could create or fund their own helplines to address the needs of their residents. The Illinois's GetCTC Hotline provided crucial assistance to residents of Illinois and could be funded annually.
- Federal, State, and local governments can increase funding to community organizations involved in public outreach and offer specific grants to facilitate the creation of collaborations between agencies to ensure accurate information is shared broadly in multiple languages and across all communities. The federal government could increase VITA funding, and state and local governments could provide supplement funding to VITA programs as they bring millions of tax refund dollars into their local economies.
- Federal and State policymakers and administrators can explore ways to simplify tax return filing. This could include using currently available data to send pre-filled simple returns to non-filers, creating a simplified online “non-filer portal” for those not required to file a tax return, and/or allowing access to tax credits when people apply for other public benefits. Illinois has already piloted simplified filing in partnership with New American Chicago and can expand the eligibility and reach of this initiative.

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U.S. Census Pulse Survey Data Construction and Analysis

Using the Census Bureau Household Pulse Survey, we pool data for weeks 34 through 41 (surveyed between July 21st, 2021 – January 10th, 2022) to capture the period from the first monthly CTC payment and before tax time (N=518,729). Using these survey weeks, we create a ‘month’ variable that indicates households’ CTC receipt status during July (weeks 34 and 35), August (weeks 36 and 37), September (weeks 38 and 39), November (week 40), and December (week 41). To construct a study sample representative of households who would be potentially eligible for CTC, our sample consists of adult respondents who are below 65 years old and have a child (children) under 18 (N=205,597), following prior research (Shafer et al., 2022; Karpman et al., 2021). In addition, we restrict our focus to respondents with income below \$150,000 and without missing values in key variables, including CTC receipt status and marital status. For income variable, however, we create a separate category indicating respondents with missing values, considering that a relatively high portion of respondents did not report their income (26.4 percent of the final sample) and a prior study has also used this approach (Shafer et al., 2022). Also, in this report, we focus on White, Black, Latine/Hispanic, and Asian as our racial/ethnic categories, thereby removing respondents with other race/ethnicity. As a result, our final sample size consists of 107,352 respondents. In all analyses, we apply household survey base and replicate weights, except for race/ethnicity, where we use person level weights.

Interviews and Focus Groups Data Collection and Analysis

Data Collection

Interviews

We recruited CTC-eligible individuals to participate in an interview through direct contact, digital and listserv advertisements, and referrals. Direct contact included email, text message and in-person recruitment. To be eligible, participants must have had at least one child under 18 years old for whom they are the parent or caretaker of and income earnings under \$45,000 if they are not married and under \$60,000 if they are married. Participants from a prior research study examining family experiences with tax credits were contacted via email and text message and invited to participate. In-person recruitment occurred at several public schools and events at public parks. Recruitment flyers were shared on listservs, with community partners, and social media. Community Partners included YWCA of Metropolitan Chicago, Economic Security Illinois, and Ladder Up. Recruitment flyers included basic information about the study, eligibility, contact email and phone numbers for research staff, and a link to a google form for interested individuals to complete if they were interested in participating. Lastly, we invited participants to share the flyer and information with family and friends they thought may be interested in the study. Nearly all interviews occurred over Zoom and lasted an average of 50 minutes. The interviews were audio recorded and transcribed by a professional transcription service.

We recruited 4 “stakeholders” who were involved in work related to CTC outreach and enrollment to participate in an interview about their experiences involved in this work. Stakeholders were recruited through direct emails. One stakeholder represented a national organization that supports state and local efforts to expand participation in child-related tax benefits like the CTC and EITC. One stakeholder represented a local organization that provided technical support to community organizations conducting community outreach related to the CTC. Another stakeholder was a consultant with a coalition that did CTC outreach

APPENDIX A

and enrollment. The last stakeholder was involved in direct support with individual attempting to access their tax related benefits like the economic stimulus payments, CTC payments, and tax refunds generally. Each stakeholder was interviewed individually, and the interviews lasted about an hour. The interviews were audio recorded and transcribed by a professional transcription service.

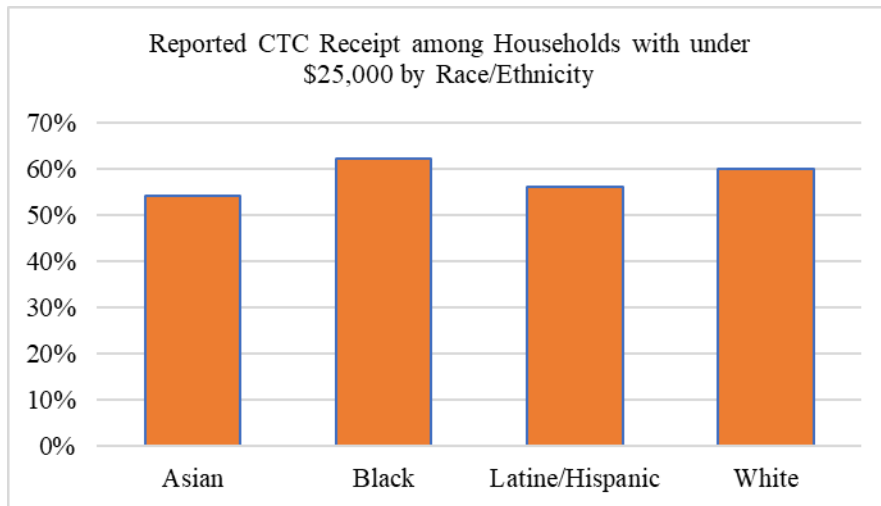
Focus Group Samples	
<i>Group</i>	<i>Number of Participants</i>
CTC-Eligible Individuals	5
Outreach Workers	6
Tax Preparers	3

Focus Groups

We recruited CTC-eligible individuals and outreach workers for the focus groups primarily through a partnership with the YWCA of Metropolitan Chicago, who promoted the focus groups flyers via email and in-person with staff, clients, and community partners. “Outreach workers” were defined as individuals who were involved in sharing information about the monthly CTC payments with potentially eligible individuals and/or involved in helping families access the payments through the IRS portal or by filing a tax return. We also shared the flyer for outreach workers focus group with Ladder Up, a non-profit organization in Chicago that offers free tax preparation. Interested individuals were invited to complete a google form, and we individual contacted participants to screen for eligibility. We held two focus groups for CTC-eligible individuals and two for outreach workers – one in-person and one over Zoom for each group. The focus groups lasted about an hour, were audio-recorded, and transcribed by a professional transcription service.

We recruited tax preparers for a focus group through direct contact. We conducted a google search for tax preparation businesses in the Chicagoland area, and directly contacted 40 businesses sharing with them a flyer about the study. We also sent letters and flyers to 25 businesses. We conducted one focus group over zoom. The focus group lasted about an hour, was audio-recorded, and transcribed by a professional transcription service.

APPENDIX B



ENDNOTES

1 A dependence exemption is the amount of income an individual can exclude from their taxable income when they claim a dependent on their tax return, which then reduces the amount of income taxes the individual pays. The dependence exemption is currently suspended from 2018 to 2025.

2 Pan-ethnic labels describing the U.S. population of people who trace their ancestry to Latin America continues to be highly debated. We use the gender-neutral term Latine to describe those within our study that the U.S. Census categorizes as Hispanic. When appropriate, we use the gendered terms Latina and Latino when referring exclusively to women and men respectively.

3 All names of parents/caregivers are pseudonyms to protect the individual's privacy.