

# PARENTS' EXPECTATIONS ABOUT THE CHILD TAX CREDIT (CTC)

In previous fact sheets, we reported information about overdue debt and unpaid bills, as well as how families with young children spent pandemic financial relief in 2020.

Our data showed large increases in the amount of overdue debt and unpaid bills during the pandemic, and that families were largely using stimulus payments to pay for basic needs and other necessities.

As American families begin to receive Child Tax Credit (CTC) payments, estimates are that it could reduce child poverty rates by 45%, with some of the biggest impacts on Black and Latinx households.

As Child Tax Credit (CTC) payments begin to be distributed to American families, we listened to their opinions about it.

**"[The Child Tax Credit] will help with regular expenses, as I will be on maternity leave and not paid for a full 12 weeks."**  
Parent in Ohio



designbysoapbox.com

In our national RAPID-EC survey, we asked parents with at least one child age 5 or under about their understanding of and ability to access CTC payments, whether they expected

to receive the payments, and how they were planning to use this new source of income. In this fact sheet, we report on how parents answered these questions.

---

## FAMILIES WITH YOUNG CHILDREN HAVE BEEN BURDENED WITH DEBT AND UNPAID BILLS

Our previous findings showed that American families with young children have been burdened with rising debt and unpaid bills during the pandemic and have been using pandemic stimulus and unemployment largely to pay for basic needs and other necessities:

- As of June 2021, approximately one in four families with young children in our RAPID-EC survey

reported having overdue debt or unpaid bills during the pandemic. These numbers were even higher for Black (35%) and Latinx (34%) families, as well as lower-income households\* (46%). Relatedly, a high proportion of families reported using the pandemic financial relief to pay for basic needs like food and housing (62%) and other household essentials like diapers and cleaning supplies (75%).

---

**“My kids would be able to get dental care [with this credit]. We could catch up on what we are behind on, and hopefully stay on top of what we need.”**

Parent in Texas

---

\*We define lower income as pre-pandemic income of 200% of the federal poverty level (FPL) or below

---

## 82% OF FAMILIES EXPECTED TO RECEIVE THE CHILD TAX CREDIT PAYMENTS BASED ON FILING A TAX RETURN IN THE PAST TWO YEARS

In order to receive the Child Tax Credit payments, families needed to either have filed a 2019 or 2020 tax return or enter their information to the IRS portal. Our data show that 82% of families expected to receive the Child Tax Credit payments based on filing a tax return in the past two years, and only 2% of families expect to receive the payments because of entering information to the IRS portal.

- These numbers are consistent with national IRS data for all families with children regarding the first CTC payment in mid-July 2021, which indicated 59.3 million children, or 81% of the total population of children under 18 years old in the United States, lived in households that received the payment.

---

**“[The credit] would help with food expenses. We make too much for food stamps but not enough to live.”**

Parent in Arizona

---

## WE OBSERVED DIFFERENCES IN WHO EXPECTS TO RECEIVE CTC PAYMENTS BASED ON RACE/ETHNICITY AND INCOME LEVEL

Similar to 2020 pandemic financial relief, we observed differences in who expects to receive CTC payments based on race/ethnicity and income level.

- More White families (86%) expect to receive the child credit payments than Black (80%) or Latinx (79%) families.

- More middle-income families expect to receive the Child Tax Credit, than lower- and higher-income families\*.

---

\* We define lower income as pre-pandemic income 200% or more below federal poverty level (FPL) Middle-income as between 200%-400% of FPL; Higher-income as 400% or more above FPL

---

## MOST FAMILIES PLAN TO SPEND THE PAYMENTS ON BASIC NEEDS, HOUSEHOLD NECESSITIES, OR PAYING OFF DEBT

We asked families how they plan to spend the Child Tax Credit payments.

Overall, about half of households (48%) report that they plan to spend most or all of the payments on basic needs, household necessities, or paying off debt and overdue bills. Additionally, 23% of households plan to put some of the payments in savings.

- More Black (57%) and Latinx (57%) families plan to spend most or all of the Child Tax Credit payments on basic needs, household essentials, and unpaid debt/bills than White families (46%).
- The percentage of families who plan to spend most or all of the Child Tax Credit payments on basic needs, household essentials, and unpaid debt/bills is the highest among lower-income families (57%), followed by middle- (44%) and higher-income (32%) households.

---

**“[With the credit] we will buy more fresh fruits and vegetables and have enough money to buy some proper fitting clothes for the family.”**  
Parent in Colorado

---

## HIGH LEVELS OF FINANCIAL UNCERTAINTY CAUSE INCREASED EMOTIONAL DISTRESS AMONG BOTH PARENTS AND CHILDREN

One issue that our data have shown is particularly important to household well-being is the stability and predictability of finances.

When families have high levels of uncertainty in their ability to pay for basic needs, we observed increased emotional distress among both parents and children. Because the CTC is paid monthly, it has the potential to increase financial stability, which could have associated benefits in family, parent, and child well-being. As CTC payments unfold across time, this is a topic we will be following in our survey.

Related to this issue, monitoring parents' expectations about the permanency of these payments is a way to examine whether they are anticipating increased financial stability. We asked parents whether they believe monthly CTC payments are temporary, potentially permanent, or permanent. We found that 65% of parents believe that the Child Tax Credit is temporary, 29% believe that it is potentially permanent, and 6% believe the Child Tax Credit is permanent.

- The percentage of parents who believe that the Child Tax Credit payments are temporary is highest among Latinx parents (80%), followed by White (63%), and Black (53%) parents. A higher percentage of White (31%) and Black (32%) parents believe it is potentially permanent compared to Latinx parents (16%). More Black households (15%) than White (6%) and Latinx (5%) families believe that the Child Tax Credit is permanent for parents of children under 18 years old.
- A higher percentage of parents in lower-income households (69%) believe that the Child Tax Credit is temporary compared to those of middle-income (63%) and higher-income (62%) households. There was no statistical difference between income groups in terms of whether parents thought the Child Tax Credit potentially permanent or permanent.

---

**“I’m not exaggerating when I say that [the Child Tax Credit] will totally change our way of life. We will have much less financial stress. We will be able to pay all our bills on time and not need to juggle.”**

Parent in California

---

**“I’ve been putting a lot of expenses, including groceries and utilities on a credit card. The credit should help make ends meet.”**

Parent in Arkansas

---

**“[The credit] would allow us some breathing room financially. We will be able to manage our household responsibilities more.”**

Parent in Georgia

# ABOUT THE RAPID-EC PROJECT

RAPID-EC is under the Direction of Philip Fisher, PhD, Director of the Center for Translational Neuroscience at the University of Oregon

The RAPID-EC project is an early childhood family well-being survey designed to gather essential information in a continuous manner regarding the needs, health promoting behaviors, and well-being of children and their families during the COVID-19 outbreak and recovery in the United States. The survey focuses on better understanding child development (and parents' concerns about development over time), caregiver mental health and well-being, and caregiver needs and utilization of resources.

RAPID-EC collects data from 1,000 caregivers in all 50 states twice per month. The survey collects snapshots of data across time with the ability to assess trends longitudinally.

Twice per month, the team posts analyses of survey findings, including policy recommendations and resources for additional reading.

1,000+

surveyed  
bi-weekly

69

surveys

10,000

unique  
households

50

US states

