Who Has Received Advance Child Tax Credit Payments, and How Were the Payments Used?

Patterns by Race, Ethnicity, and Household Income in the July–September 2021 Household Pulse Survey

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The American Rescue Plan Act of 2021 (ARP) temporarily increased the child tax credit (CTC) from up to $2,000 per qualifying child ages 16 and under to up to $3,600 for children under age 6 and up to $3,000 for children ages 6 to 17. The ARP also made the credit fully refundable, so even families with very low incomes can receive the full credit. In addition, the law authorized the IRS to issue up to half of the CTC as an advance monthly payment beginning in July 2021. The IRS reports that nearly 61 million children received the payments in August 2021.[1] That constitutes a large share of the target population but falls short of the estimated number of children eligible for the credit (Cox et al. 2021; Golden and Michelmore 2020; Parolin, Collyer, et al. 2021).[2] Families who had not filed tax returns for 2019 or 2020 or had not claimed an economic impact payment in 2020 were at greatest risk of missing out on the credit. In most cases, these families have very low incomes and are not required to file a tax return.

Ensuring the expanded CTC reaches eligible families with the lowest incomes would maximize its potential to improve child and family well-being. One recent study found that the initial advance CTC payments were associated with a 25 percent reduction in food insufficiency among households with children and incomes below $35,000 (Parolin, Ananat, et al. 2021). Studies have also shown that households are using the initial payments to meet essential needs such as housing, utilities, and food, to save for emergencies, and to pay for children's expenses (Waxman, Gupta, and Gonzalez 2021).[3] Parents who have received the payments also report a greater sense of security and relief.[4] Even accounting for imperfect take-up among families who are not required to file taxes, permanently

expanding the CTC would reduce child poverty by more than 40 percent in a typical year, and that reduction would be larger still if all eligible families were to receive the credit (Acs and Werner 2021).

In this brief, we use nationally representative data from the US Census Bureau's Household Pulse Survey to examine receipt and use of the advance CTC payments among adults living with children under 18, including how these vary by race, ethnicity, and household income. As described below, receipt of the CTC appears to be underreported on the Pulse survey, which is often the case with receipt of public benefits reported in surveys. However, these data can be useful for assessing patterns by demographic and socioeconomic characteristics. Our analysis draws on data from a sample of nearly 82,000 participants in the Pulse survey that were collected between July 21 and September 13, 2021, just after the first and second monthly payments had been delivered (on July 15 and August 13). We use reweighting and imputation to address the effects of the survey's high break-off rate, in which many adults living with children stop participating in the survey before answering questions about the CTC and their household incomes (see the Data and Methods section for details). This approach allows us to produce representative estimates for adults with children based on the sample of people responding to the CTC questions, including those who did not report their incomes. We find the following:

- Among adults living with a child under 18 in the household, 57 percent reported receiving a CTC payment in the last four weeks.[5] Reported rates of receipt were lowest among Hispanic/Latinx adults (54 percent); non-Hispanic/Latinx adults who are American Indian/Alaska Native (AIAN), Native Hawaiian/Pacific Islander (NHPI), or more than one race (53 percent); and adults with household incomes below $25,000 (47 percent).[*]
- Across racial and ethnic groups, 44 to 54 percent of adults with incomes below $25,000 reported receiving an advance CTC payment. This rate is 7 to 18 percentage points lower than rates for adults in the same racial and ethnic group with incomes of $75,000 or more.
- About half of adults (51 percent) reported spending the credit on food. The next most common purchases included clothing (30 percent), utilities (29 percent), and schoolbooks and supplies (25 percent).
- Compared with adults with incomes of $75,000 or more, adults with incomes below $75,000 were more likely to spend the credit on food, clothing, utilities, schoolbooks and supplies, rent, and vehicle payments and were less likely to save the credit.
- Nearly 4 in 10 adults who received the credit (39 percent) reported using it mostly to pay off debt, 3 in 10 (30 percent) mostly spent it, and 3 in 10 (30 percent) mostly saved it.

[*] The US Census Bureau's Household Pulse Survey asks respondents if they are of Hispanic, Latino, or Spanish origin. In this brief, we use the term "Hispanic/Latinx" to reflect the different ways people self-identify. The terms "white," "Black," and "Asian" refer to adults who report a single race and do not identify as Hispanic/Latinx. The remaining group includes non-Hispanic/Latinx American Indian/Alaska Native adults, Native Hawaiian/Pacific Islander adults, and adults identifying as more than one race based on the categories included in the Pulse survey question about race. However, the Pulse public-use data prohibit us from disaggregating this group further.

- Groups who have less wealth and have faced disproportionate economic impacts during the pandemic, including Black and Hispanic/Latinx adults and people with lower incomes, were more likely than other groups to use the credit to pay off debt.
- Adults with incomes of $75,000 or more were the only group that was more likely to mostly save the credit than to either spend it or use it to pay off debt. However, the ability to save the credit among adults within this income group varied by race and ethnicity in ways that track with racial and ethnic wealth disparities.

These data indicate that advance CTC payments are helping households with children cover basic expenses and improve their financial circumstances. But the payments do not appear to be reaching eligible households equally, and households with the lowest incomes are most likely to be left out. Federal and state agencies, local officials, schools, and community organizations can support outreach and assistance to eligible households who have not received or claimed the credit (Cox et al. 2021). Federal policymakers and administrators have facilitated greater access to the credit by partnering with groups at all levels of government and community organizations to train trusted community members as navigators who can help people claim the CTC. The IRS has hosted free tax preparation days across the country to help increase awareness of the credit and sign people up for it. Federal agencies have also been performing outreach to Supplemental Security Income recipients, as part of back-to-school efforts, and through other federal programs that might have participants who are not filing federal tax returns.[6]

As Congress considers extending the ARP's changes to the CTC, it should also consider ways to lessen the administrative burden of claiming the credit for families with very low incomes. This could include requiring the Social Security Administration to include information on broad eligibility requirements for the CTC and how to sign up for it when sending out Social Security cards. The US Department of Education could also include information about the CTC with information about signing up for free and reduced-price school lunches. Increasing participation in the credit can maximize its potential to reduce poverty and hardship, advance equity, and improve child well-being.

Background: Key Changes to the Child Tax Credit under the American Rescue Plan Act

As mentioned above, before the ARP families eligible for the CTC could receive up to $2,000 per qualifying child ages 16 and under. The ARP made 17-year-olds eligible for the credit and temporarily increased maximum CTC amounts to $3,600 for children ages 5 and under and to $3,000 for children ages 6 to 17. These higher credit amounts begin to phase out at incomes of $112,500 for single parents filing taxes as the head of household and at $150,000 for married couples filing jointly, until they reach the previous value of $2,000 per child. The credit begins phasing down to zero at incomes of $200,000 for single head-of-household filers and $400,000 for married couples.

The CTC's previous design limited the amount families could receive as a refund and required families with low incomes to earn at least $2,500 during the year to become eligible for any credit. After that, the credit increased with additional earnings. Up to $1,400 per child could be received as a tax refund. The remainder of the credit could only be used to offset taxes. Consequently, more than one-third of children lived in families who did not receive the full value of the credit because they did not earn enough (Goldin and Michelmore 2020; Greenstein et al. 2018). The ARP temporarily made the CTC fully refundable so families with very low incomes are eligible to claim the full credit.

The ARP also shifted the CTC from a single annual payment families receive as part of any tax refund owed to an advance monthly payment. Before the ARP, people calculated their tax credits with their taxes owed when they filed their tax returns. Only people who filed a return could receive the credit. In contrast, beginning in July 2021, families could receive up to half of the CTC they would likely be eligible for as an advance payment. The IRS began sending advance payments on July 15 to people who had filed a 2019 or 2020 tax return or who had claimed an economic impact payment (stimulus check) through a special IRS web portal.[7] Other people eligible for the CTC needed to claim the credit via a new nonfiler portal to receive the advance payments.[8] Any credit a person is eligible for that is not delivered before they file a 2021 tax return can be claimed on their 2021 tax return, which can be filed starting in early 2022. Some people will have received payments in error. This can happen if a child has moved since the tax return on which the IRS based advance payments was filed. Provisions of the ARP protect families with incomes under $40,000 if single, $50,000 if filing as the head of household, or $60,000 if married from having to repay advance payments. Families with incomes between $40,000 and $80,000 if single, $50,000 and $100,000 if head of household, and $60,000 and $120,000 if married will be required to repay only a portion of advance payments delivered in error (CRS 2021).

Families with very low incomes are not required to file tax returns, though some do. Those who do not, nonfilers, are at risk of missing out on the advance CTC payments before December, when payments of the 2021 credit will stop. They could also miss out on the credit entirely when tax returns are due in early 2022, given the challenges the IRS faces identifying and reaching nonfilers (Augustine et al. 2021).

Results

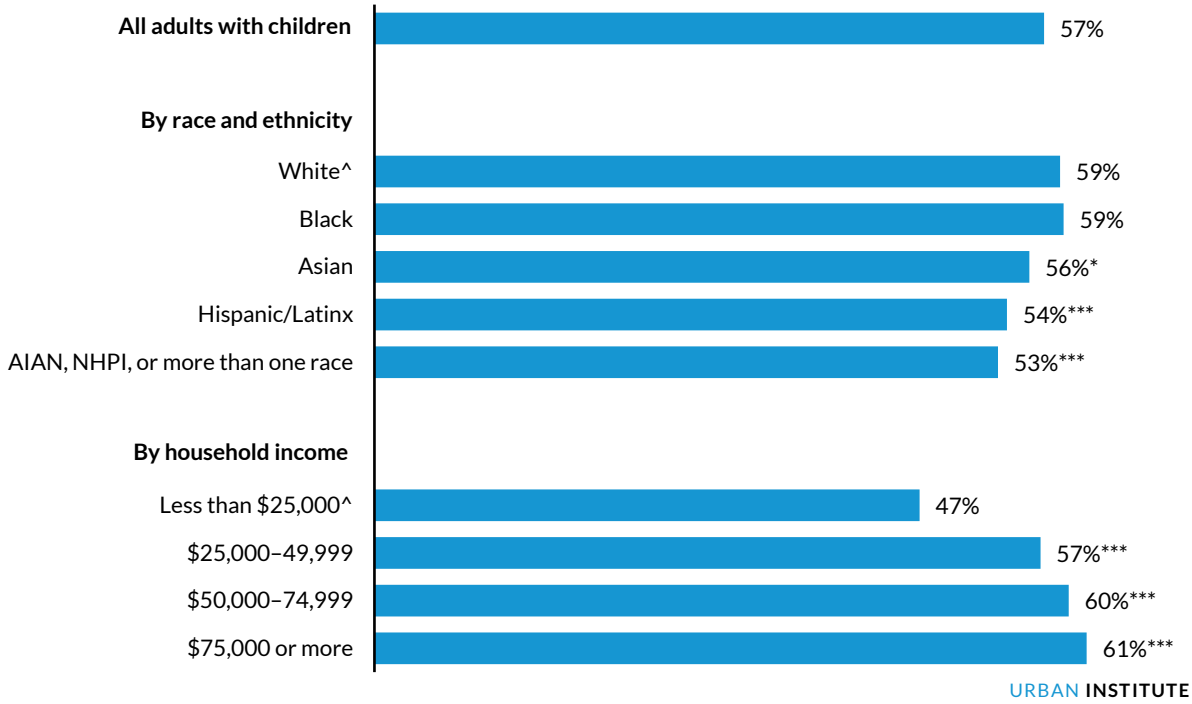
Among adults living with a child under 18 in the household, 57 percent reported receiving a CTC payment in the last four weeks. Reported rates of receipt were lowest among Hispanic/Latinx adults; adults who are AIAN, NHPI, or more than one race; and adults with household incomes below $25,000.

If the IRS had information on where a direct deposit could be sent, it delivered advance CTC payments on July 15 and August 13 via direct deposit.[9] Other households would have received paper checks in the mail several days later, though some payments took a few weeks to arrive. The first payments went out just four months after the ARP's passage. Nearly 6 in 10 adults (57 percent) living with children under 18 in the household reported that they or their household received an advance CTC payment in the last four weeks (figure 1). Black adults and white adults were most likely to report receiving the payments

(59 percent), followed by adults who are Asian (56 percent); Hispanic/Latinx (54 percent); and AIAN, NHPI, or more than one race (53 percent).[10]

FIGURE 1

Share of Adults Living in Households with Children under 18 Reporting Household Receipt of the Child Tax Credit, Overall and by Race and Ethnicity and Household Income, July–September 2021



Source: Household Pulse Survey, weeks 34–37 (July 21–September 13, 2021).
Notes: AIAN is American Indian/Alaska Native. NHPI is Native Hawaiian/Pacific Islander. Adults who are white; Black; Asian; or AIAN, NHPI, or more than one race do not identify as Hispanic/Latinx. Estimates represent the share of adults living with children under 18 who reported their households received a child tax credit payment in the last four weeks and reflect averages for the four pooled rounds of data.
*/**/*** Estimate differs from that for the reference group (^) at the 0.10/0.05/0.01 level, using two-tailed tests.

We find wide disparities in receipt of the payments by household income. Fewer than half of adults living with children in households with incomes below $25,000 (47 percent) reported receiving the payments. Many of these adults would not be required to file a federal income tax return because their incomes are below the filing threshold. In contrast, 57 percent of adults with household incomes between $25,000 and $50,000, 60 percent of those with incomes between $50,000 and $75,000, and 61 percent of those with incomes of $75,000 or more reported getting the payments.

We find similar patterns by race, ethnicity, and income when estimating the number of children in households receiving the payment.[11] Consistent with patterns for adults, rates of receipt were highest among children living with adults who are Black (67 percent) or white (65 percent), followed by children living with adults who are Asian (60 percent); Hispanic/Latinx (59 percent); and AIAN, NHPI, or more than one race (59 percent; data not shown).[12] Children in households with incomes below $25,000 were

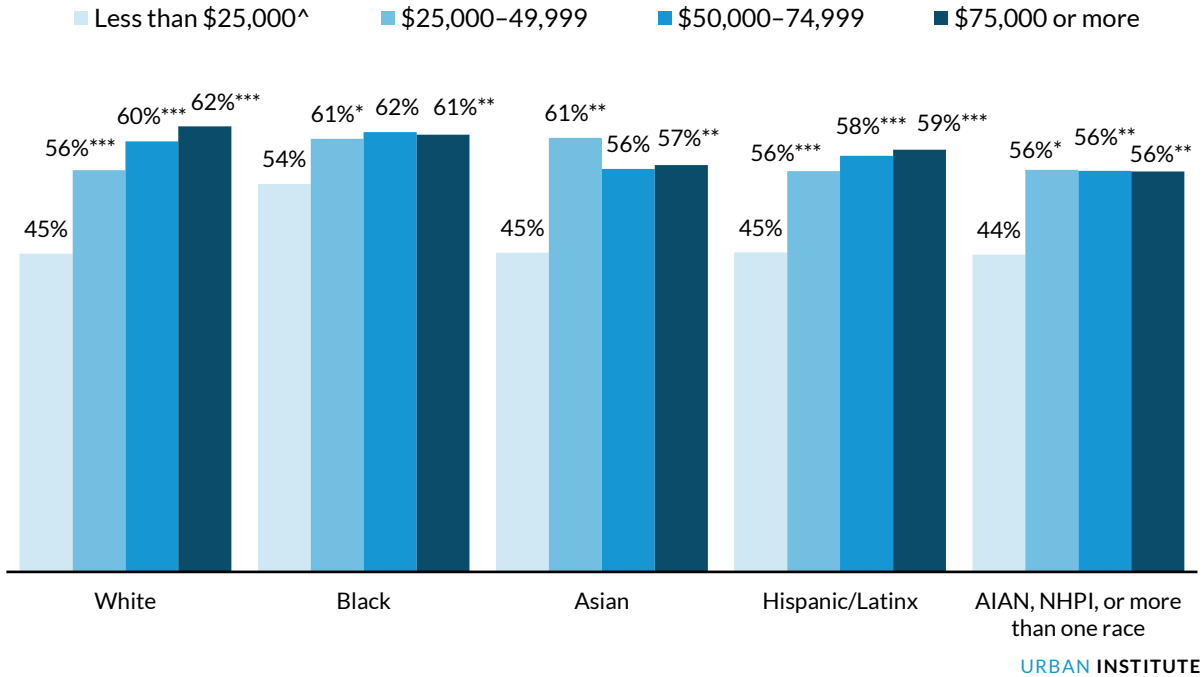
less likely than children in households with higher incomes to benefit from the payments (53 percent versus 64 to 66 percent; data not shown). Pulse survey estimates of the number of children in households receiving the CTC payments are notably lower than administrative totals. The IRS has reported that 59 million children received the payments in July and 61 million received them in August,[13] compared with an estimated average of 47 million children in late July through early September in the Pulse survey. As others have noted, this discrepancy may reflect errors in both data sources, and studies have found that transfer payments are frequently underreported in surveys (Meyer, Mok, and Sullivan 2009; Parolin, Ananat et al. 2021; Wheaton 2008). We discuss these issues further in the Data and Methods section.

Across racial and ethnic groups, 44 to 54 percent of adults with incomes below $25,000 reported receiving an advance CTC payment. This rate is 7 to 18 percentage points lower than the rates for adults in the same racial and ethnic group with incomes of $75,000 or more.

Receipt of the advance CTC payments increased with household income within each racial and ethnic group. For instance, white adults with incomes below $25,000 were about 18 percentage points less likely than white adults with incomes of $75,000 or more to report receiving the credit (45 versus 62 percent; figure 2).[14] We also find smaller but statistically significant gaps between these income groups among Black adults (7 percentage points); Asian adults (12 percentage points); adults who are AIAN, NHPI, or more than one race (12 percentage points); and Hispanic/Latinx adults (14 percentage points).

FIGURE 2

Share of Adults Living in Households with Children under 18 Reporting Household Receipt of the Child Tax Credit, by Household Income within Racial and Ethnic Groups, July–September 2021



Source: Household Pulse Survey, weeks 34–37 (July 21–September 13, 2021).

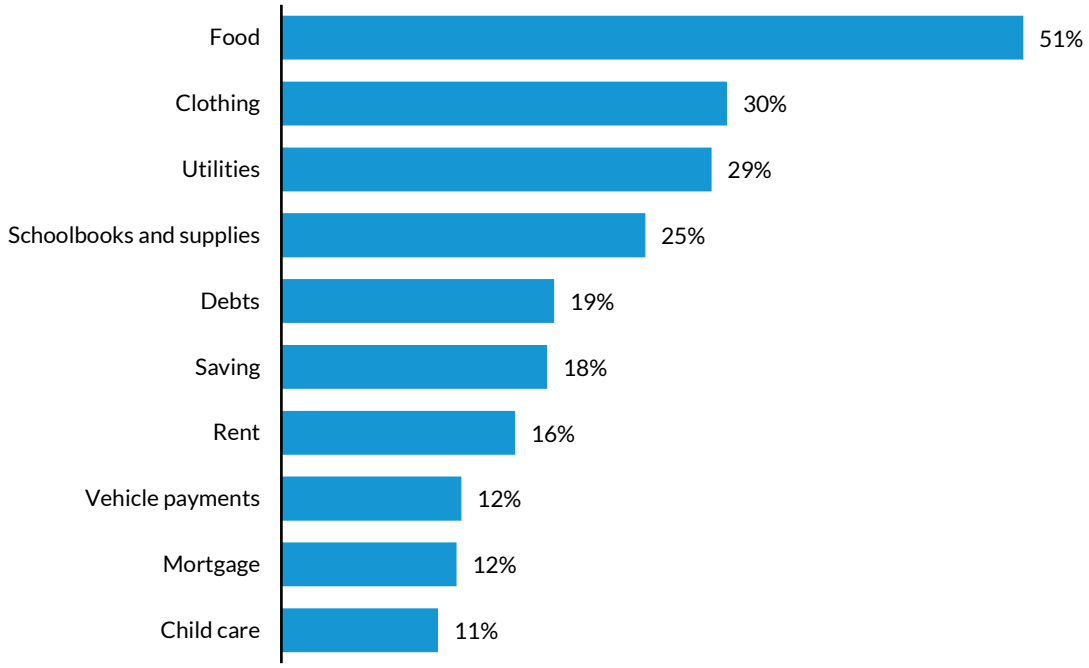
Notes: AIAN is American Indian/Alaska Native. NHPI is Native Hawaiian/Pacific Islander. Adults who are white; Black; Asian; or AIAN, NHPI, or more than one race do not identify as Hispanic/Latinx. Estimates represent the share of adults living with children under 18 who reported their households received a child tax credit payment in the last four weeks and reflect averages for the four pooled rounds of data.
*/**/*** Estimate differs from that for the reference group (^) at the 0.10/0.05/0.01 level, using two-tailed tests.

About half of adults reported spending the credit on food. The next most common purchases included clothing, utilities, and schoolbooks and supplies.

The most common purchases made with the credit included necessities such as food (51 percent), clothing (30 percent), and utility bills (29 percent) and children's expenses such as schoolbooks and supplies (25 percent; figure 3). Other common uses included paying debts; increasing savings; and paying the rent or mortgage, vehicle payments, and child care costs.

FIGURE 3

How Adults Spent the Child Tax Credit, among Those Living in Households with Children under 18 Who Reported Household Receipt of the Credit, July–September 2021



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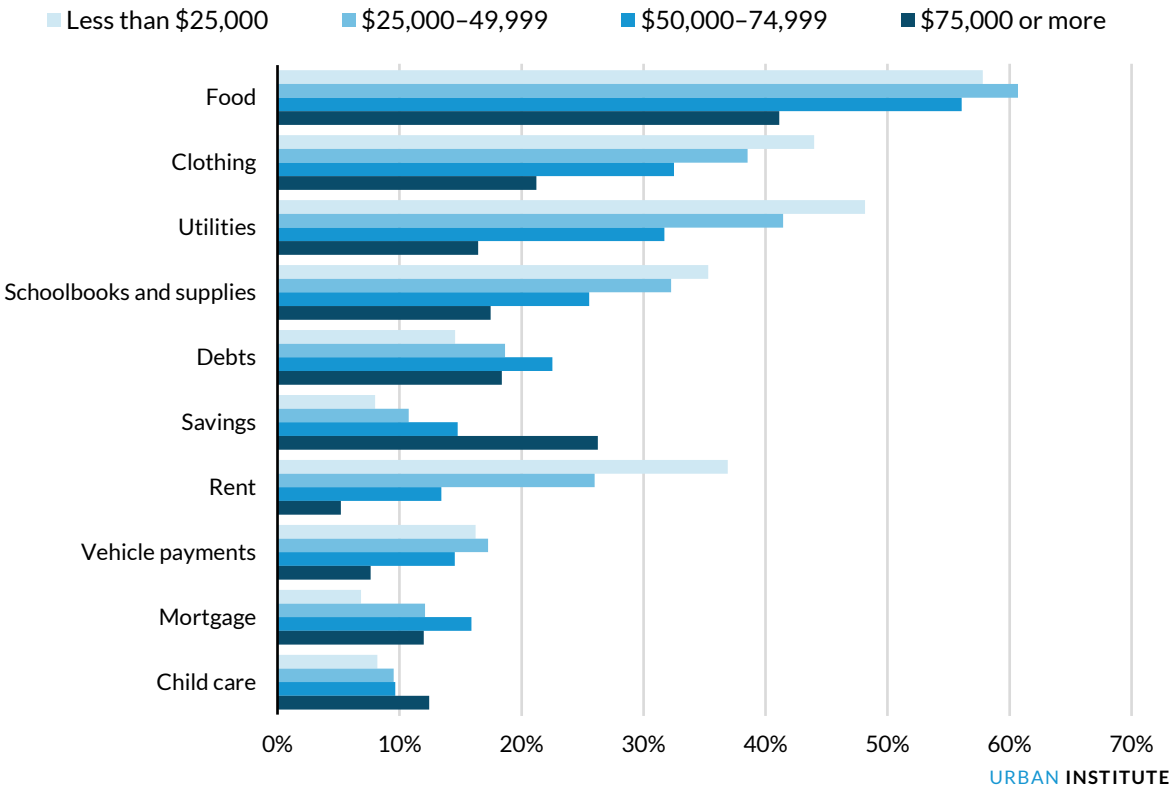
Source: Household Pulse Survey, weeks 34–37 (July 21–September 13, 2021).
Notes: Utilities include telecommunications (e.g., cable, internet, phone). Debts include credit card payments, student loans, or other debts. Estimates reflect averages for the four pooled rounds of data. Respondents could report using the tax credit on more than one of the options given. Estimates are not shown for the shares of adults who reported spending the tax credit on school tuition (5 percent), recreational goods (4 percent), afterschool programs (3 percent), transportation for school (3 percent), charitable donations or giving to family members (1 percent), tutoring (1 percent), and other uses (6 percent).

Compared with adults with incomes of $75,000 or more, adults with incomes below $75,000 were more likely to spend the credit on food, clothing, utilities, schoolbooks and supplies, rent, and vehicle

payments and were less likely to save it (figure 4). Forty-one percent of adults in households with incomes of $75,000 or more spent the credit on food, compared with 56 to 61 percent of adults in households with lower incomes. More than one-third (37 percent) of adults with incomes below $25,000 used the credit to pay rent, and nearly half (48 percent) used it to pay utility bills.

FIGURE 4

How Adults Spent the Child Tax Credit, among Those Living in Households with Children under 18 Who Reported Household Receipt of the Credit, by Household Income, July–September 2021



Source: Household Pulse Survey, weeks 34–37 (July 21–September 13, 2021).
Notes: Utilities include telecommunications (e.g., cable, internet, phone). Debts include credit card payments, student loans, or other debts. Estimates reflect averages for the four pooled rounds of data. Respondents could report using the tax credit on more than one of the options given. Estimates are not shown for the shares of adults who reported spending the tax credit on school tuition (5 percent), recreational goods (4 percent), afterschool programs (3 percent), transportation for school (3 percent), charitable donations or giving to family members (1 percent), tutoring (1 percent), and other uses (6 percent).

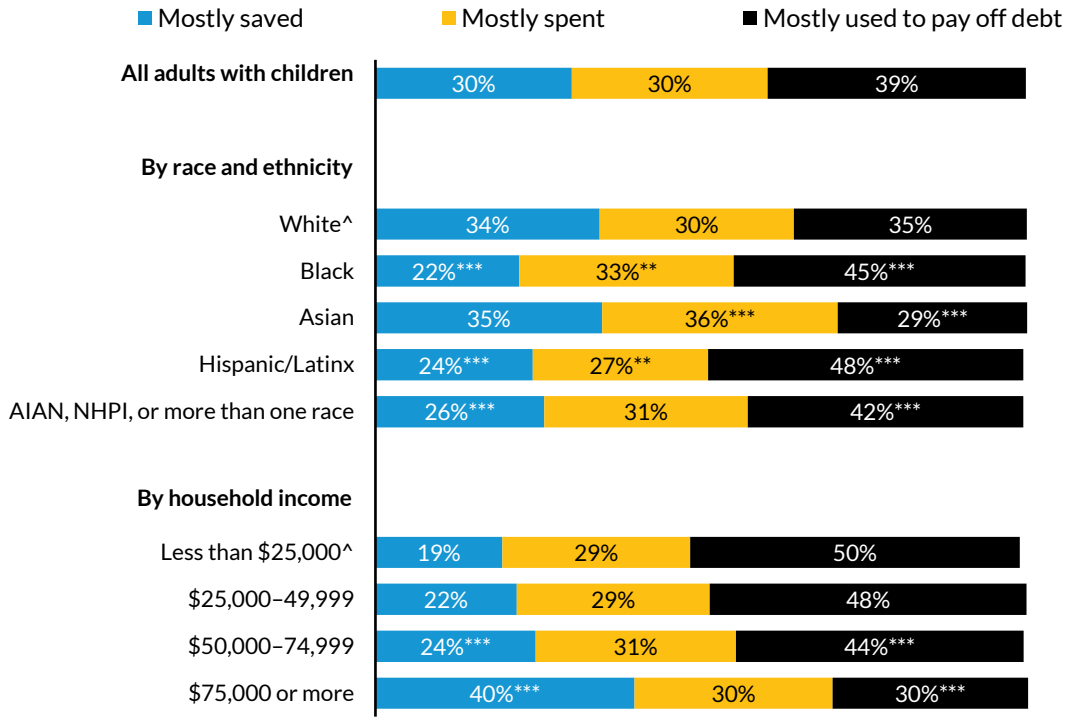
Nearly 4 in 10 adults who received the credit reported using it mostly to pay off debt, 3 in 10 mostly spent it, and 3 in 10 mostly saved it. Groups who have less wealth and have faced disproportionate economic impacts during the pandemic were more likely than other groups to use the credit to pay off debt.

In addition to asking respondents what they purchased with the advance CTC payments, the Pulse survey asks if respondents' households mostly used the payments for spending, saving, or paying off debt. Among adults living with children in the household who received an advance CTC payment, 39

percent reported they mostly paid off debt with the payment, 30 percent mostly spent it, and 30 percent mostly saved it (figure 5).[15] But the extent to which adults saved the money or used it to pay debt varied substantially by race, ethnicity, and income, which likely reflects persistent racial and ethnic wealth gaps and the disproportionate impacts of the pandemic. Studies have found the average wealth of white families is more than six times that of Black families and nearly five times that of Hispanic/Latinx families.[16] Black and Hispanic/Latinx adults are also more likely than white adults to be employed as essential workers and to have experienced negative economic effects from the pandemic recession (Dubay et al. 2020; Karpman, Zuckerman, and Kenney 2020).

FIGURE 5

Use of the Child Tax Credit among Adults Living in Households with Children under 18 Who Reported Household Receipt of the Credit, Overall and by Race and Ethnicity and Household Income, July–September 2021



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Source: Household Pulse Survey, weeks 34–37 (July 21–September 13, 2021).
Notes: AIAN is American Indian/Alaska Native. NHPI is Native Hawaiian/Pacific Islander. Adults who are white; Black; Asian; or AIAN, NHPI, or more than one race do not identify as Hispanic/Latinx. Estimates reflect averages for the four pooled rounds of data. Estimates are not shown for the 1 percent of adults who did not report how they used the credit.
*/**/*** Estimate differs from that for the reference group (^) at the 0.10/0.05/0.01 level, using two-tailed tests.

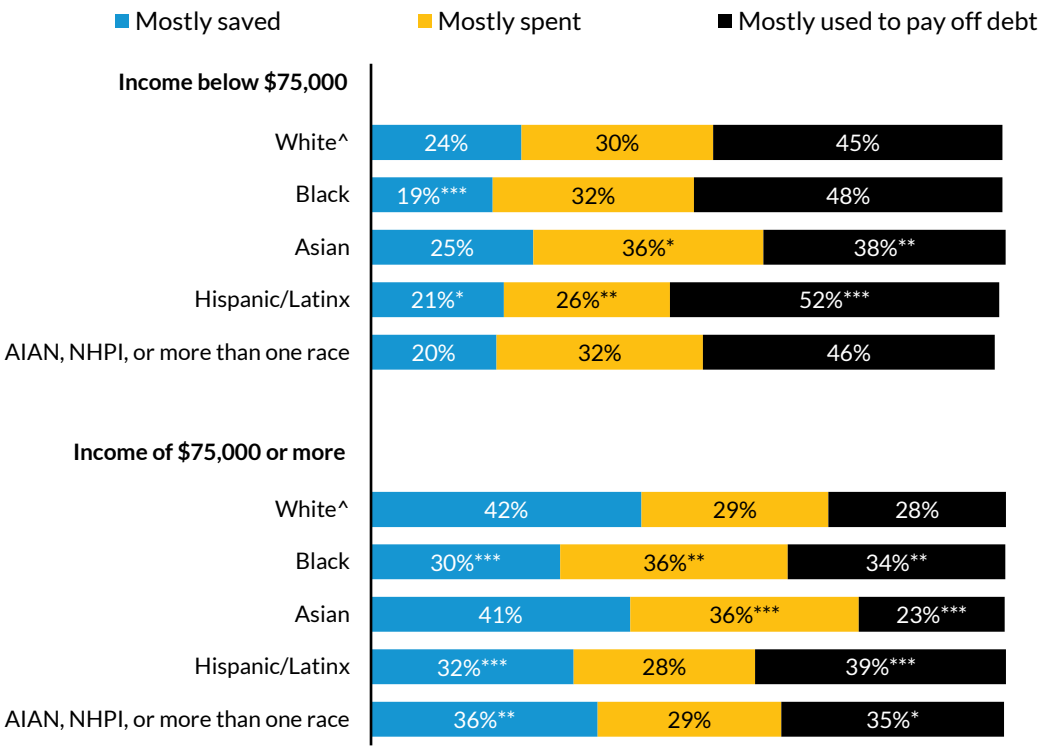
Given these differences in financial circumstances, Black and Hispanic/Latinx adults were more likely to report using the CTC mostly to pay off debt (45 and 48 percent) than were white adults (35 percent) and Asian adults (29 percent). Slightly more than one in three white adults and Asian adults

mostly saved the credit, compared with roughly one in four adults who are Black; Hispanic/Latinx; or AIAN, NHPI, or more than one race. We find similar variation by income; about half of adults with incomes below $25,000 (50 percent) or between $25,000 and $50,000 (48 percent) used the credit to pay off debt, compared with less than one-third (30 percent) of adults with incomes of $75,000 or more.

Adults with incomes of $75,000 or more were the only group who was more likely to mostly save the credit (40 percent) than to either spend it (30 percent) or use it to pay off debt (30 percent; figure 5). But even among people with incomes in this range, the likelihood that households would mostly save the credit varied according to long-standing racial and ethnic wealth disparities. Though 42 percent of white adults with incomes of at least $75,000 mostly saved the credit, only 30 percent of Black adults, 32 percent of Hispanic/Latinx adults, and 36 percent of adults who are AIAN, NHPI, or more than one race in the same income range reported primarily saving the credit (figure 6). Instead, more than one-third of Black adults (34 percent) and Hispanic/Latinx adults (39 percent) with such incomes used the credit to pay off debt. Though we observe similar patterns among adults with incomes below $75,000, differences by race and ethnicity were generally smaller in magnitude.

FIGURE 6

Use of the Child Tax Credit among Adults Living in Households with Children under 18 Who Reported Household Receipt of the Credit, by Race and Ethnicity within Household Income Groups, July–September 2021



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Source: Household Pulse Survey, weeks 34–37 (July 21–September 13, 2021).

Notes: AIAN is American Indian/Alaska Native. NHPI is Native Hawaiian/Pacific Islander. Adults who are white; Black; Asian; or AIAN, NHPI, or more than one race do not identify as Hispanic/Latinx. Estimates reflect averages for the four pooled rounds of data. Estimates are not shown for the 1 percent of adults who did not report how they used the credit.
*/**/*** Estimate differs from that for the reference group (^) at the 0.10/0.05/0.01 level, using two-tailed tests.

Discussion

The temporary expansion of the CTC under the ARP has increased income support for millions of households with children, including those with little or no earnings. Recipients are using the credit to pay for food, clothing, and other essential expenses and to improve their families' financial situations by paying off debt or increasing savings. But the advance CTC payments are not reaching many households likely eligible for them, and people with the lowest incomes report the lowest rates of receipt. Because many of these households are not required to file federal income tax returns, they are not only more likely to have missed the advance CTC payments, but they are at risk of not getting the CTC in early 2022 when people who are required to file tax returns begin to do so for 2021. Even after December, when the advance payments of the 2021 credit will stop, work to increase tax filing among very low–income families with children should continue so these families can get their full 2021 credits by filing tax returns in early 2022. Even if they are not required to file taxes, all families who received an advance payment should file a 2021 tax return to get the remainder of the credit they qualify for. In some cases, advance payments will have been made in error. Most families with low incomes will be protected from repaying the credit they have already received, and many families with moderate incomes will only need to repay a portion of credits received in error.

Differences by income and immigration status in receipt of the advance CTC payments may partially explain the racial and ethnic differences in receipt we observe. For instance, among those with incomes below $25,000 and between $25,000 and $50,000, adults who are Hispanic/Latinx or NHPI, AIAN, or more than one race had similar rates of receipt as white adults in those income groups. But because income was correlated with receipt and Hispanic/Latinx adults and adults who are NHPI, AIAN, or more than one race were more likely than white adults to have low incomes, their overall rates of receipt were lower than those of white adults. Another possible contributing factor is that immigrants are less likely to know about the CTC than adults born in the US,[17] and some adults who use individual taxpayer identification numbers to file taxes may not realize they qualify for the credit if their children have a Social Security number. The share of adults who are born outside the US or are noncitizens varies widely by race and ethnicity. For instance, data from other federal surveys show that among adults living with children, 33 percent of Hispanic/Latinx adults and 35 percent of Asian adults are not US citizens, compared with 2 percent of white adults and 6 percent of Black adults.[18]

Taxpayers with low incomes may face one or more barriers to claiming the credit, such as lack of internet access, computers, or email addresses; language barriers; unstable housing; disabilities; or confusion about how to provide the necessary information to the IRS (Cox et al. 2021). They may also receive less than the full benefit if they lack bank accounts into which the payments can be directly deposited and must instead incur check cashing fees to access a mailed paper check. Elected officials and workers in federal, state, and local government agencies, schools, and community organizations can

support outreach efforts to raise awareness of the CTC. Many families will need hands-on assistance to claim the credit. Volunteer income tax assistance sites and low-income taxpayer clinics could be instrumental in helping people who are unfamiliar with the tax system prepare accurate tax returns. As part of regular outreach efforts around tax filing time, these supports could also improve awareness of the CTC for families who have not received an advance payment.

Many community-based organizations have been working to increase awareness of the CTC and to increase tax filing for people at risk of not receiving the advance CTC or other tax benefits in the longer term. Recent IRS outreach efforts aimed at encouraging participation in the economic impact payments brought millions of people into the tax system (Robertson, Zucker, and Olson 2020).

As members of Congress debate whether to extend the temporary changes to the CTC authorized by the ARP, they have an opportunity to consider policy changes that would reduce the administrative burden for families with low incomes seeking to claim the credit. For example, taxpayers could certify their eligibility for the coming year on a tax return and trigger advance payments for the next year, which could reduce the risk of errant advance payments. The IRS could also be given access to other administrative data to reach out to eligible nonfilers. This could include children in families who report health insurance on behalf of a child but do not file a tax return. Earlier this year, the US Department of the Treasury released data that showed 2.3 million citizen children met these criteria (Treasury 2021). Critical to the success of any measure will be continuing the full refundability of the CTC. Even if they would find the advanced monthly payment of the credit useful, some people might avoid claiming it because they fear they may lose earnings and receive an erroneously large credit that they must at least partially repay. This was cited as a problem in previous efforts to deliver the earned income tax credit before tax filing (GAO 2007).

Data and Methods

In collaboration with other federal statistical agencies, the Census Bureau launched the Household Pulse Survey in April 2020 as an experimental data product to monitor the social and economic impacts of the COVID-19 pandemic on US households (Fields et al., forthcoming). The survey samples include housing units drawn from the Census Bureau's Master Address File and supplemented with email addresses and phone numbers from the bureau's Contact Frame that are linked to physical addresses. Sampled adults receive emails and text messages inviting them to take an online survey, which they can complete in English or Spanish.

The survey was initially fielded weekly during the first phase of data collection, before shifting to biweekly data collection in mid-2020 (though the Census Bureau still refers to data collection periods as "weeks"). Questions about receipt and use of the CTC were added to the survey in week 34 (July 21–August 2, 2021), just after the initial monthly CTC payments had begun (July 15) and before the second monthly payment was issued (August 13). In this study, we pool data for weeks 34 through 37 (July 21–September 13) for more precise estimates of CTC receipt and use by adults of different races, ethnicities, and income levels. The overall sample sizes for each of these data weeks range from 63,536

to 69,114, and the weighted response rates are between 6 and 6.5 percent.[19] These response rates are comparable with other probability-based internet surveys and random-digit-dial telephone surveys but much lower than the response rate for other federal surveys with different survey modes. The Census Bureau uses a multistage weighting procedure to produce representative estimates for adults ages 18 and older living in housing units at the national and state levels and in the 15 largest metropolitan statistical areas.[20]

A key challenge in using the Pulse survey public-use microdata is that the survey has a high break-off rate. In weeks 34 through 37, a weighted share of 25 percent of participants started the survey but did not complete the full questionnaire. Among adults living with children under 18 in their households, the weighted share who drop out of the survey before receiving the CTC questions is approximately 10 percent each week. The Pulse survey weights are designed to produce representative population estimates when applied to all participants, including those who do not complete the survey. However, adults who drop out of the survey before the CTC questions have different characteristics than adults who receive those questions. For instance, the former group is more likely to be younger, male, and single and to have lower educational attainment. Comparisons of CTC receipt and use by race, ethnicity, and income using the Pulse weights could be confounded by differences in the characteristics of adults in each group who responded to the CTC questions.

Adapting an approach used for another analysis (Gangopadhyaya, Karpman, and Aarons 2020), we address this issue by reweighting the sample of adults with children who received the CTC questions in each week to match the demographic characteristics of all adults with children in the sample, including those who dropped out of the survey before seeing the CTC questions. The weights for the sample of adults with children who received the CTC questions in weeks 34 through 37 are adjusted to equal the average sum of the Pulse weight for all adults with children for the same region, age group, educational attainment level, and racial and ethnic group across weeks in 2021.[21] We collapse categories as needed to avoid small cell sizes before applying this raking procedure.[22] Our final analytic sample includes 81,981 adults with children, 50,226 of whom reported they or their household received an advance CTC payment in the last four weeks.

The Pulse survey asks participants to report their total household income before taxes in 2020, and they can select from eight income ranges. But the question about household income appears at the end of the survey, and about one in four adults with children (and a weighted share of nearly one in three) stop the survey before answering this question. A small share sees the question but does not select a response. We use a regression-based multiple-imputation procedure to impute household income for adults in the analytic sample who dropped out of the survey before the income question or did not respond to it. Missing values are imputed based on the respondent's age, sex, race and ethnicity, educational attainment, marital status, homeownership status, and work status; the number and age of children in their household; the number of adults in their household; and their household size and region.

Our analysis focuses on the share of adults living with children who reported receiving an advance CTC payment based on responses to the following question: "In the last 4 weeks, did you or anyone in

your household receive a 'Child Tax Credit' payment, that is an advance payment from the expansion of the child tax credit as part of the Federal Government's 2021 American Rescue Plan?" Those who reported yes were then asked if they mostly spent the payment, mostly saved it, or mostly used it to pay off debt. The survey asked payment recipients what they and their households mostly spent the CTC payment on, and respondents could select 1 or more of 17 categories (e.g., food, clothing, child care). All estimates are presented as weekly averages for the pooled sample. Standard errors are calculated using Stata's multiple-imputation package; they account for sampling error, the variance in the weighting adjustments, and variation resulting from the imputation of missing income.[23]

This analysis has several limitations, including the exclusion of adults without internet access, adults who do not speak English or Spanish, and adults not living in housing units—groups among those most likely to face barriers to claiming the CTC. Other limitations include the survey's low response rate and high break-off rate. Survey weights mitigate but do not eliminate bias resulting from noncoverage and nonresponse (Peterson et al. 2021). Moreover, studies have found public benefits are often underreported or misreported in surveys (Davern et al. 2009; Meyer, Mok, and Sullivan 2009; Wheaton 2008), and comparing Pulse survey estimates with IRS administrative data suggests Pulse respondents significantly underreport receipt of the new advance CTC payments. Though analyses of some other surveys have found misreporting to be correlated with race, ethnicity, and income, mismeasurement varies based on the program, reference period, and survey mode, and little is known about measurement error in self-reporting of the new CTC payments in the Pulse survey (Bee and Mitchell 2017; Celhay, Meyer, and Mittag 2021; Krafft, Davis, and Tout 2015). Finally, interpreting survey responses about how the payments are used can be challenging. Though money is fungible, people engage in mental accounting practices in which they assign different purposes to specific sources of income, which can vary by household income levels and can be shaped by the labeling, delivery mechanism, and regularity of income inflows, such as child allowances and tax credits (Kooreman 2000; Sahm, Shapiro, and Slemrod 2012; Thaler 1990, 1999). But studies have found consistency between self-reported spending of tax credits in surveys and actual spending (Parker and Souleles 2019).

Notes

1 US Department of the Treasury, "Treasury and IRS Disburse Second Month of Advance Child Tax Credit Payments," news release, August 13, 2021, https://home.treasury.gov/news/press-releases/jy0322.

2 Matt Bruenig, "18% of Eligible Children Are Not Receiving the Monthly CTC Payments," People's Policy Project, September 28, 2021, https://www.peoplespolicyproject.org/2021/09/28/18-of-eligible-children-are-not-receiving-monthly-ctc-payments/.

3 "America's Families and the Child Tax Credit: Key Findings from National Survey, July 2021," National Women's Law Center, accessed October 21, 2021, https://nwlc.org/wp-content/uploads/2021/09/Memo-Summarizing-Key-Findings-from-Phase-1-IPSOS-Poll-9-9-21-1.pdf.

4 "The Child Tax Credit Is Bringing 'a Sense of Security and Relief' to Parents," Propel, October 1, 2021, https://www.joinpropel.com/ctc-in-depth-october.

[5] About 1 percent of adults living with children who received the CTC question did not select a yes or no answer. This share did not vary by race and ethnicity or income. We include those adults in the denominator for estimates of payment receipt.

[6] The White House, "Fact Sheet: Biden-Harris Administration Whole-of-Government Efforts to Ensure Child Tax Credit Reaches All Eligible Families," news release, September 15, 2021, https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/15/fact-sheet-biden-harris-administration-whole-of-government-effort-to-ensure-child-tax-credit-reaches-all-eligible-families/.

[7] The Treasury Department estimates that advance CTC payments were sent to 729,000 children because their families had used the IRS nonfiler portal to claim economic impact payments. See White House, "Fact Sheet: Biden-Harris Administration Whole-of-Government Efforts to Ensure Child Tax Credit Reaches All Eligible Families."

[8] The IRS initially established the nonfiler portal, which was enhanced by a partner organization in September 2021. See Code for America, "Code for America Launches Free Mobile-Friendly GetCTC Portal Available in English and Spanish," news release, September 1, 2021, https://www.codeforamerica.org/news/code-for-america-launches-free-mobile-friendly-getctc-portal-available-in-english-and-spanish/.

[9] The IRS also delivered or planned to deliver payments on September 15, October 15, and November 15, but they are outside this study's focus.

[10] We found small fluctuations in differences in receipt of the CTC payments by race and ethnicity across weeks 34 through 37 of the Household Pulse Survey. Take-up of the advance CTC payments will likely increase as more people become aware of them, and it will be important to monitor how these patterns continue changing.

[11] To assess receipt among children, we constructed a household weight by dividing the adult weight by the number of adults in the household and adjusted the total number of children across households to reflect Census Bureau population projections by race and ethnicity. According to those population projections, 74.1 million children live in the US in 2021. See "2017 National Population Projections Datasets: Projected Population by Single Year of Age, Sex, Race, and Hispanic Origin for the United States: 2016 to 2060, Main Series," US Census Bureau, last revised October 8, 2021, https://www.census.gov/data/datasets/2017/demo/popproj/2017-popproj.html.

[12] The higher share of children receiving the CTC payments relative to adults reflects that the average number of children in households receiving the payments is higher than the average number of children in households that did not receive the payments (2 versus 1.7).

[13] US Department of the Treasury, "Treasury and IRS Announce Families of Nearly 60 Million Children Receive $15 Billion in First Payments of Expanded and Newly Advanceable Child Tax Credit," news release, July 15, 2021, https://home.treasury.gov/news/press-releases/jy0274.

[14] The 18 percentage-point difference is a rounded value; the exact difference between the share of white adults with incomes below $25,000 and white adults with incomes of $75,000 or more reporting receiving the payments is 17.8 percentage points.

[15] About 1 percent of adults did not report how they used the advance CTC payment.

[16] "Nine Charts about Wealth Inequality in America (Updated)," Urban Institute, October 5, 2017, https://apps.urban.org/features/wealth-inequality-charts/.

[17] Elaine Maag and Laura Brugger, "Immigrant Parents Are Less Aware of Child Tax Credit Than US-Born Parents and More Likely to Plan to Use It to Invest in Education, Fill Gaps in Child Care and Health Care," *TaxVox*, October 7, 2021, https://www.taxpolicycenter.org/taxvox/immigrant-parents-are-less-aware-child-tax-credit-us-born-parents-and-more-likely-plan-use-it.

[18] These estimates are based on the authors' tabulations of public-use microdata from the 2019 American Community Survey.

[19] "Source of the Data and Accuracy of the Estimates for the Household Pulse Survey – Phase 3.2," US Census Bureau, accessed October 21, 2021, https://www2.census.gov/programs-surveys/demo/technical-documentation/hhp/Phase3-2_Source_and_Accuracy_Week%2034.pdf.

[20] The Pulse survey's person-level weights account for household nonresponse, coverage of housing units in the sampling frame, number of adults in the household, and independent demographic control totals in each state based on age, sex, race and ethnicity, and educational attainment.

[21] We reweight our sample based on the average sum of the weights in each group in weeks 22 through 35 (January 6 through August 16, 2021).

[22] We first categorize people ages 18 to 64 living with children into the following groups: age (18–39, 40–64), educational attainment level (high school degree or less, some college, bachelor's degree or higher), census region (Northeast, Midwest, South, West), and race and ethnicity (white; Black; Asian; Hispanic/Latinx; and AIAN, NHPI, or more than one race). Regional categories are collapsed for adults who are Black; Asian; and AIAN, NHPI, or more than one race to avoid small cells. Because relatively few adults ages 65 and older live with children under 18, we group them by race and ethnicity and educational attainment. We divide the sample of adults with children in the household who received the CTC questions into 96 groups based on these categories.

[23] Tests showed that using the Pulse survey replicate weights in our analyses leads to standard errors comparable with those obtained using standard procedures. The multiple-imputation approach then adds variation due to imputation into the standard calculation.

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