

Informing Child Tax Credit Outreach:

A portrait of parents with likely eligible children and very low incomes

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In July 2021, roughly 35 million families with 60 million children began receiving monthly Child Tax Credit (CTC) payments from the IRS of up to \$300 per month per child.ⁱ Our past [analyses](#) have found that these payments will likely be a very important driver of poverty reduction among children as measured by the Supplemental Poverty Measure. Critical to this projected poverty reduction is ensuring that eligible families receive the Child Tax Credit payments to which they are newly entitled. The families least likely to receive the new monthly credit payments automatically are those who have not historically filed taxes and did not sign-up to receive stimulus payments.

In this short memo, we use 2018 survey data from the Census to describe the parentsⁱⁱ of children who appear eligible for the CTC and have very low incomes. While this data cannot be used to determine the current tax-filing status of this group of parents—who have no reported earnings and incomes below the level required to file taxes—it may offer insights into a critical population for outreach to potential “non-filers” (i.e. parents that may not currently be slated to receive expanded CTC benefits for their children unless they take additional action).ⁱⁱⁱ Our national profile of this group of parents shows that (see Table 1):

1. **9 in 10 likely live in cities or suburbs,^{iv} but outreach is useful everywhere.** 90% likely live in a metro area – a city or a suburb – and 10% live in a non-metro area. However, this varies substantially across states, with 91% of parents living in rural areas of Vermont (the highest share nationally). These parents and families likely live in every community.
2. **3 in 4 likely receive benefits like Medicaid and SNAP, but this varies by state.** While 74% are covered by Medicaid or receive SNAP or cash assistance benefits, this varies from a low of 46% in Wyoming to a high of 92% in Washington D.C.
3. **1 in 4 likely do not speak English at home.** Roughly 76% speak English at home, but fully 19% speak Spanish at home, and the remaining 5% speak a language other than English or Spanish at home.
4. **1 in 2 are likely Black or Latino.** 26% are Black (non-Latino), 24% are Latino, and 43% are White (non-Latino).
5. **8 in 10 are likely single.** 78% are single and 22% are married.
6. **1 in 10 are likely seniors.** About 10% are over age 65.

State-level data, as well as data for the 10 metro areas nationwide with the highest count of parents with very low incomes, are provided in supplemental tables alongside this memo. **These national statistics vary significantly across states and metro areas, and they describe 2018, thus as a guide for outreach efforts, these findings will be most useful when paired with the local expertise of those on-the-ground leading these efforts.**

As an example, Kentucky, New Mexico, and Georgia reflect these differences (see Table 2). More of these parents in New Mexico are covered by Medicaid compared to those in Georgia (78% vs 53%). Roughly half of those in New Mexico speak a language other than English at home, compared to 3% in Kentucky. In Georgia, roughly half (48%) of parents in this group are Black (non-Latino) and 40% are White (non-Latino), but in Kentucky, 85% of these parents are White (non-Latino). In New Mexico, 17% of these parents are American Indian or Alaska Natives. And those in Kentucky and New Mexico are much more likely to be in non-metro areas.

**Table 1: Lowest-income parents and guardians with CTC-eligible children:
US population (national)**

<i>Benefit receipt</i>		<i>Race/ethnicity</i>	
Medicaid	62%	American Indian or Alaska Native	2%
SNAP (Food Stamps)	55%	Asian-American and Pacific Islander	3%
Cash Assistance	13%	Black (non-Latino)	26%
Any of the above benefits	74%	Latino	24%
<i>Language spoken at home</i>		Multiracial or another race	3%
English	76%	White (non-Latino)	43%
Spanish	19%	<i>Age of parent/caregiver</i>	
Another language	5%	Parent/caregiver 65 y.o. +	10%
<i>Marital status</i>		<i>Metro/non-metro area residence</i>	
Single	78%	In a non-metro area	10%
Married	22%		

Table 2: Examples of Variation by State

	Georgia	Kentucky	New Mexico
<i>Benefit receipt</i>			
Medicaid	53%	71%	78%
SNAP (Food Stamps)	55%	54%	63%
Cash Assistance	6%	11%	10%
Any of the above benefits	70%	77%	85%
<i>Language spoken at home</i>			
English	92%	97%	49%
Spanish	6%	1%	38%
Another language	2%	3%	13%
<i>Race/ethnicity</i>			
American Indian or Alaska Natives	1%	0%	17%
AAPI	1%	1%	0%
Black, non-Latino	48%	12%	0%
Latino	7%	2%	65%
Multiracial or another rate	3%	0%	2%
White, non-Latino	40%	85%	16%
<i>Metro/non-metro area residence</i>			
In a non-metro area	5%	39%	17%

*Numbers referenced in text are highlighted.

Note: Due to rounding, some totals may not correspond with the sum of the separate figures.

Appendix A. Methods

This analysis relies on data from 2018 American Community Survey (ACS) data^v to describe the population of parents with a total income (including income from sources other than earnings) that exempts them from filing income taxes, and who have no earned income. However, when comparing the results presented here to those with alternative definitions (e.g. with more earned income), they are largely similar.

Note that our summary statistics only look at the lowest-income parents, and this may not describe all parents who would benefit from outreach. For example, another group of parents important in outreach efforts will likely be Individual Taxpayer Identification Number (ITIN)-eligible parents with qualifying children who have SSNs valid for work. Many ITIN-eligible parents have earned income and are thus not among the *lowest* income parents, but they may have not filed taxes because they do not have an ITIN or out of fears related to filing.^{vi} In addition, the lowest income parents whom we identify likely include some of those who have received the Economic Impact Payments (i.e., stimulus payments) for themselves and their children, and thus would already be enrolled to receive the new monthly CTC payments.

We used the ACS dataset for this analysis because it includes rich information on demographic characteristics and is representative at the state and metro-area level. Below, we describe the steps taken to identify the lowest income parents with children potentially eligible for the CTC in the data.

1) Matching citizen children under age 18 to their parents or caregivers and creating tax units

The ACS data published by IPUMS includes pointer variables that can be used to link children to their parents, and a variable that identifies citizenship status. We begin by creating tax units that include potential tax filers and their dependents by matching children who were born in the US, the US territories, and those who are naturalized citizens^{vii} to their parent(s). If the child lives with both of their parents and their parents are married,^{viii} then both parents are part of the tax unit. The same rule applies if the child(ren) live(s) with one of their parents and a step-parent (i.e., their parent's spouse). If they live with both parents but their parents are not married, they are linked to the higher earning parent as that parent has an incentive to claim the child for tax purposes.

For those children who do not live with either of their parents, we assume that they are claimed as a dependent for tax purposes by the highest earner in their family.^{ix} If they do not live with family members, we assume they are claimed by the highest earner in the household.

Importantly, a tax unit that can claim the CTC is not necessarily the same as a family. For example, a family could contain multiple tax units. The data provided in this memo describes potential filers (parents and guardians) in tax units with CTC-eligible children. In contrast, poverty is measured among families (or “resource units”), not tax units.

2) Defining the population of low-income parents

As described above, this data describes parents with CTC-eligible dependents who have no earned income and a total taxable income (which includes income from sources other than earnings) that exempts them from filing income taxes. We identify this group by finding the total amount of earned income for each tax unit and their total taxable income that is reported in the ACS (the sum of earned income, social security benefits, retirement income, investment income, unemployment insurance, and alimony).^x We then use this proxy measure for potential non-filing status and our information of dependent citizen children in the tax units to produce our results.

ⁱ Learn more at: <https://home.treasury.gov/news/press-releases/Treasury-and-IRS-Announce-Families-of-Nearly-60-Million-Children-Receive-%2415-Billion-Dollars-in-First-Payments-of-Expanded-and-Newly-Advanceable-Child-Tax-Credit>.

ⁱⁱ In this memo, “parents” refers to both parents and legal guardians.

ⁱⁱⁱ The Census Bureau has a history of developing proxies for tax filing status and estimating tax liabilities in the CPS. And while the Census’ Tax Model does not produce results that perfectly match administrative records, analyses of the number of returns associated with low-income families according to their model find that they are in the same range as administrative totals. Wheaton and Stevens (2016) finds that 12.6 million tax units with Adjusted Gross Incomes below \$20,000 filed taxes in 2012. The Census tax model for that year estimates that there were 13.5 million tax units with less than \$20,000 in AGI that filed taxes in 2012. The model undercounts the number of filers with AGIs below \$10,000, but overcounts the numbers of filers with earnings between \$10,000 and \$20,000. Data from the Internal Revenue Service can also be used to estimate the number of non-filers in the country but this data does not tell us much about the demographic characteristics of this population. This type of analysis was performed to inform Economic Impact Payment outreach efforts. See Murphy (2021), access [here](#).

^{iv} By this, we mean metropolitan statistical areas (MSAs) as defined by the Census.

^v We use the ACS because it is representative at the state level. Data retrieved from IPUMS USA, University of Minnesota, www.ipums.org.

^{vi} We are also unable to identify individuals with earnings who have not filed taxes.

^{vii} Children in this category make up roughly 97.5% of children in the weighted ACS data. The reliability of this data has been questioned, thus our results may include some parents with a child or children ineligible for the CTC (though this group may also have citizen children for whom they are eligible). Some have argued that the citizenship data in the ACS underestimates the size of the non-citizen population when compared to administrative records because the information is reported incorrectly. It has also been found that administrative records might miss some naturalizations and/or are not up-to-date, thus cannot be held as a perfect benchmark. Learn more in Brown et al. (2018). Access [here](#).

^{viii} We only match married couples as cohabiting couples are not able to file taxes jointly.

^{ix} Defined as individuals related by birth, marriage, or adoption.

^x Because some of these income sources are aggregated in the data with other sources that are not taxable (specifically, alimony and unemployment insurance are combined with child support and Veterans disability payments, and the latter two are not taxable), we may slightly overestimate the amount of taxable income associated with each tax unit.