



How the Child Tax Credit was spent in Maine

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Child Tax Credit (CTC) payments have helped many families stay in their homes, access child care, and purchase food during the pandemic. The payments were especially helpful for households with low income with children, who often spent it on household necessities. This report examines which Maine families received CTC payments in 2021 and how they benefitted.

Under the American Rescue Plan of 2021, advance payments of up to half the 2021 CTC were sent to eligible taxpayers on a monthly basis. It was the first time the credit was delivered monthly. Generally, qualifying households received up to \$300 a month for children up to age 6 and \$250 for those ages 6 through 17, from July through December 2021.

Household Pulse Survey data is used to better understand which Maine households received CTC payments and how they used them. The Household Pulse Surveys have been designed and disseminated by the US Census Bureau in collaboration with multiple federal agencies.¹ They started in April 2020 and have been collected and distributed every two weeks throughout the entire country, focusing on real-time data on the social and economic effects of the COVID-19 pandemic.²

¹ The Household Pulse Surveys have been undertaken by the Census Bureau in partnership with Bureau of Labor Statistics (BLS), Bureau of Transportation Statistics (BTS), Centers for Disease Control and Prevention (CDC), Consumer Financial Protection Bureau (CFPB), Department of Defense (DOD), Energy Information Administration (EIA), Department of Health and Human Services (HHS/ASPE), Department of Housing and Urban Development (HUD), Maternal and Child Health Bureau (MCHB), National Center for Education Statistics (NCES), National Center for Health Statistics (NCHS), National Institute for Occupational Safety and Health (NIOSH), USDA Economic Research Service (ERS), The White House Council of Economic Advisers (CEA), and The White House Domestic Policy Council (DPC).

² The approach for the Household Pulse Survey is different from other surveys conducted by the Census Bureau: it is designed to be a short-turnaround instrument that provides valuable data to aid in the pandemic recovery. The Census Bureau is fielding the Household Pulse Survey as a part of the agency's Experimental Data Series; as such, data products may not meet some of the Census Bureau's statistical quality standards. Data are subject to suppression based on overall response and disclosure avoidance thresholds.

From July to December 2021, Household Pulse Surveys asked respondents nationwide to indicate whether they received CTC payments:

“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? Please report ‘yes’ if you received the payment as a paper check or as a direct deposit.”

Within Maine, and across the six weeks during which the question was asked, 62.4 percent of households with children indicated they received the payments. While this was higher than the national average (57.7 percent), it was slightly lower than in neighboring states: for instance, 64.5 percent of households with children in Vermont received the payments and 63.2 percent in New Hampshire.

Figure 1. Households with children who received Child Tax Credit payments, by state



Aggregated over respondents from weeks 34-40, sample limited to households with children.
Source: Author’s analysis of survey-weighted Household Pulse Survey data • Created with Datawrapper

Receipt of the CTC appears to be underreported on the Household Pulse Survey, which is often the case with public benefits reported in surveys (Davern et al. 2009, Celhay et al. 2021). Researchers comparing Household Pulse estimates with Internal Revenue Service (IRS) administrative data suggest that Pulse respondents underreport receipt of CTC payments (Karpman et al. 2021). However, these data are still useful for assessing patterns by demographic and socioeconomic characteristics.

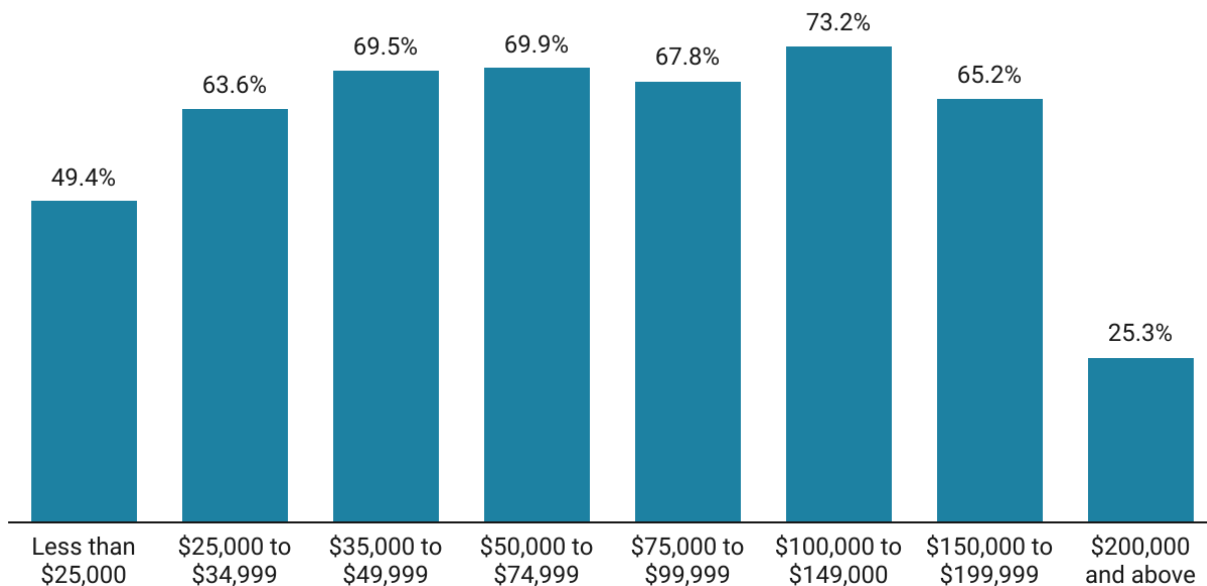
The highest-income households in Maine — those earning \$200,000 or more — were among the least likely to have reported receiving the payments. Because CTC payments began phasing out for households with high income, this finding is consistent with the program design. Households with income exceeding \$400,000

(married filing jointly) or \$200,000 (other filing statuses) were docked \$50 per each \$1,000 over the threshold, which began to disqualify many of the highest earners from the credit altogether.

But households with low income with children in Maine who stood to gain the most from this program also were among the least likely to have reported receiving the credit. **Among Pulse Survey respondents with household incomes less than \$25,000 and children in the household, just 49.4 percent reported they had received payments.** This result is consistent with national-level findings on CTC receipt (Karpman et al. 2021).

Why did so few of Maine’s households with the lowest income receive the credit? Many households with low income do not file taxes, and receipt of the payments required either the filing of 2019 or 2020 taxes or claiming an economic impact payment through the IRS’s non-filer tool. It is likely that while many of these households qualified, they did not access they payments through tax filing or through the IRS tool.

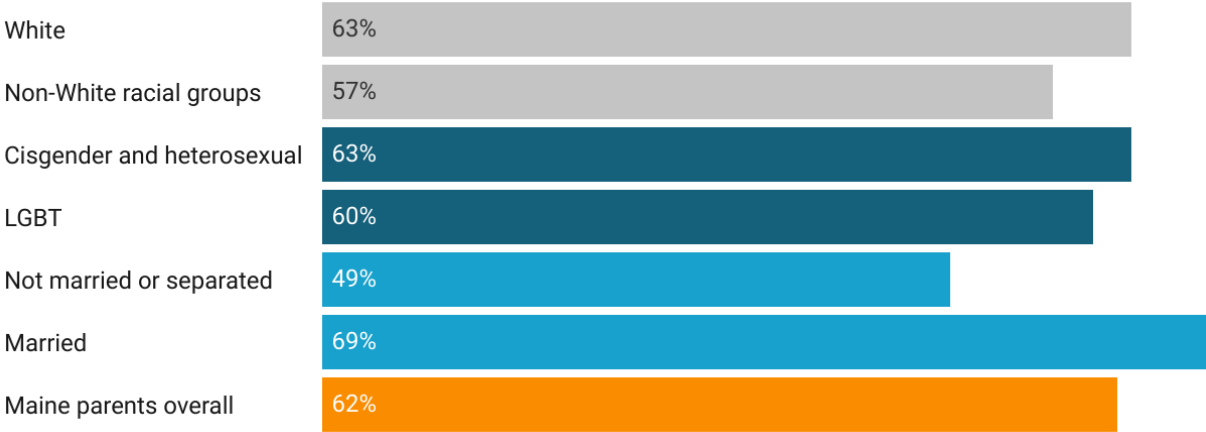
Figure 2. Maine households who received Child Tax Credit payments, by income



Aggregated over respondents from weeks 34-40, sample limited to Maine households with children
Source: Author’s analysis of survey-weighted Household Pulse Survey data • Created with Datawrapper

Married parents in Maine were substantially more likely to have received the monthly payments than single parents (see Figure 3): 69 percent of married parents received the payments compared to just 49 percent of single parents. White parents were slightly more likely to have received the monthly payments than non-white Maine parents, and cisgender heterosexual parents were also slightly more likely to have received the payments than LGBT parents.

Figure 3. Maine households who received Child Tax Credit payments, by special group



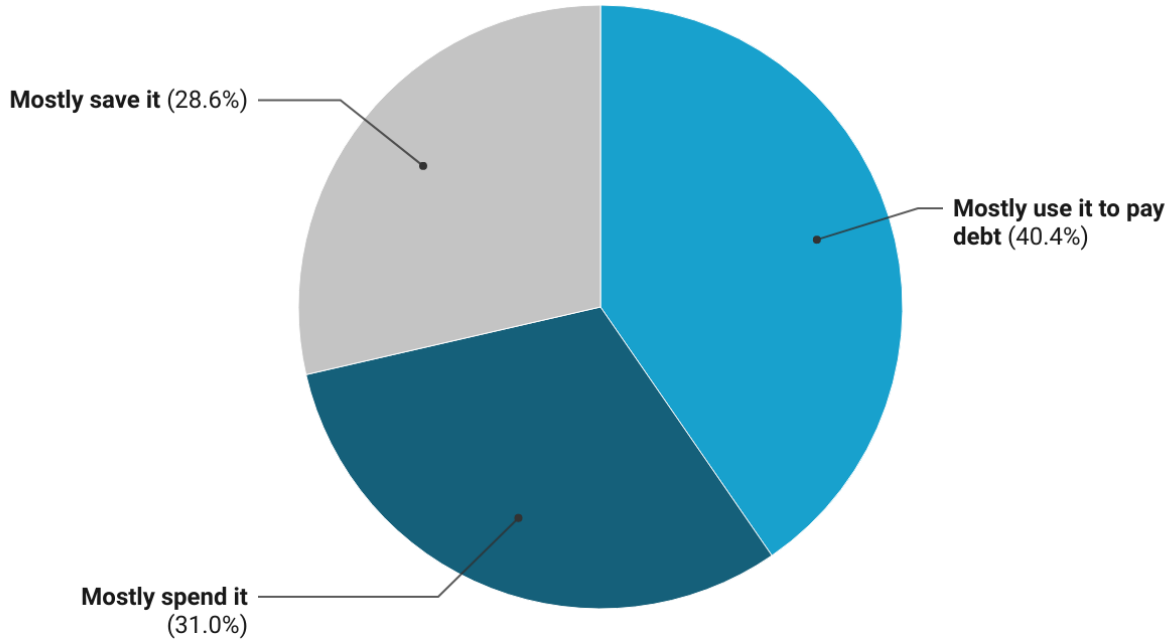
Aggregated over respondents from weeks 34-40, sample limited to Maine households with children
Source: Author’s analysis of survey-weighted Household Pulse Survey data • Created with Datawrapper

Among people who indicated they received the payments, Household Pulse Surveys asked how they were used. This came in the form of two questions. The first question asked:

“Thinking about your use of the payments from the Child Tax Credit did you mostly spend it, mostly save it, or mostly use it to pay off debt.”

Respondents were directed to select just one of the three choices. Among Maine respondents who received the payments, 40.4 percent indicated they mostly used it to pay off debt, 31.0 percent selected ‘mostly spent it’ and 28.6 percent selected ‘mostly saved it’. Many parents relied on credit cards and other forms of credit to finance their expenses during economic hardships of the pandemic, so it is not unusual that so many parents used monthly CTC payments to catch up on debt.

Figure 4. Thinking about your use of the payments from the Child Tax Credit, did you...

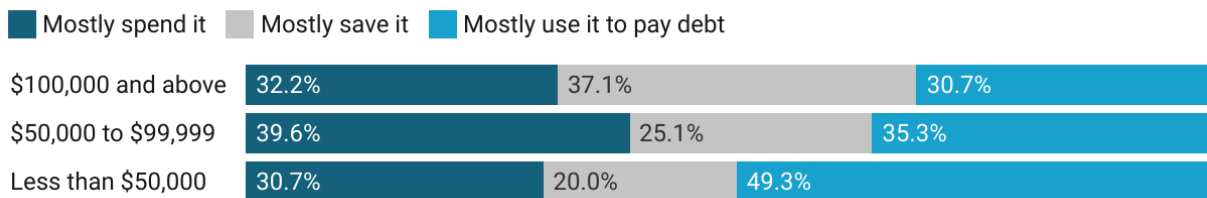


Aggregated over respondents from weeks 34-40, sample limited to Maine households that indicated receipt of Child Tax Credit payments

Source: Author's analysis of survey-weighted Household Pulse Survey data • Created with Datawrapper

Maine households with low income were more likely to have indicated they mostly used payments toward debts (see Figure 5). Mainers with low income were also less likely to have been able to save payments: just 20 percent of households with income less than \$50,000 indicated they mostly saved CTC payments. Similarly, 16.5 percent of Maine respondents with disabilities indicated mostly saving payments.

Figure 5. Thinking about your use of the payments from the Child Tax Credit, did you...



Aggregated over respondents from weeks 34-40, sample limited to Maine households that indicated receipt of Child Tax Credit payments

Source: Author's analysis of survey-weighted Household Pulse Survey data • Created with Datawrapper

The second question allowed for more nuanced answers:

“Thinking about your use of the payments from the Child Tax Credit, did you:” and allowed respondents to select one or more of the following options:

- Food (groceries, eating out, takeout)
- Clothing (clothing, accessories, shoes)
- Child care (formal facility, paying family, or caregiver directly)
- School books and supplies
- School tuition
- Tutoring services
- After school programs (other than tutoring and child care)
- Recreational goods (sports and fitness equipment, bicycles, toys, games)
- Rent
- Mortgage
- Utilities and telecommunications (natural gas, electricity, cable, internet, cellphone)
- Vehicle payments (scheduled or monthly)
- Paying down credit card, student loans, or other debts
- Charitable donations or giving to family members
- Savings or investment

All in all, the data suggest these payments were used to cover essentials. Among Maine respondents, food was the most selected response: 32.2 percent of Mainers who received CTC payments spent at least some of the money on food. Other common uses for the Child Tax Credit payments were utilities and telecommunication (18.6 percent), clothing (14.6 percent), and savings or investments (14.1 percent). The least common responses were charitable donations (0.4 percent), tutoring services (0.4 percent), and school tuition (2.4 percent). Just 2.7 percent of Maine respondents indicated they spent CTC payments on recreation.

Households with low income in Maine were less likely to be able to save or invest CTC payments. Just 7.3 percent of households earning less than \$50,000 per year indicated they saved some of the money compared to 15.2 percent of households with incomes between \$50,000 and \$100,000 and 16.7 percent of households with incomes of \$100,000 or more. Households with low income were also much more likely to have spent CTC payments on food, utilities, clothing, rent, and school books and supplies compared to those with higher incomes (see Figure 6). By contrast, households with higher income were more likely to have been able to spend payments on child care, after school programs, and school tuition.

Figure 6. Use of Child Tax Credit by income

	Maine households overall	Income less than \$50,000	Income \$50,000 to \$100,000	Income \$100,000 or more
Food (groceries, eating out, take out)	32.2%	34.9%	34.0%	24.5%
Utilities and telecommunications (natural gas, electricity, cable, internet, cellphone)	18.6%	28.0%	18.8%	9.2%
Clothing (clothing, accessories, shoes)	14.6%	18.5%	14.4%	9.2%
Savings or investments	14.1%	7.3%	15.2%	16.7%
Paying down credit card, student loans, or other debts	12.7%	12.4%	12.8%	11.7%
Mortgage	10.1%	6.5%	12.8%	10.3%
Childcare (formal facility, paying family or caregiver directly)	9.4%	6.5%	9.5%	12.3%
School books and supplies	9.0%	12.0%	7.6%	4.7%
Vehicle payments (scheduled or monthly)	8.8%	9.8%	8.4%	5.8%
Rent	6.2%	14.2%	3.8%	0.3%
Other	4.2%	2.5%	4.6%	4.5%
Recreational goods (sports and fitness equipment, bicycles, toys, games)	2.7%	2.9%	2.4%	2.8%
After school programs (other than tutoring and childcare)	2.5%	1.1%	2.2%	3.3%
School tuition	2.4%	0.7%	2.4%	3.9%
Tutoring services	0.4%	0.4%	0.5%	0.3%
Charitable donations or giving to family members	0.4%	0.0%	0.5%	0.6%

Aggregated over respondents from weeks 34-40, sample limited to Maine households that indicated receipt of Child Tax Credit payments

Source: Author's analysis of survey-weighted Household Pulse Survey data • Created with Datawrapper

Households with young children were substantially more likely to have spent CTC payments on child care compared to those with school-aged children. Among households with children under age 5, 28.9 percent indicated they had spent some of the money on child care.

Conclusion

While it is clear CTC payments were helpful for all families, they were especially helpful for households with low income to meet basic needs.

As legislators across the state and country consider implementing CTC payments on a more regular basis, these data should be illustrative of the assistance they provide to families but also the burdens in obtaining the benefits, particularly those already facing economic challenges. CTC payments helped many Maine families stay in their homes and purchase food, especially when faced with difficult choices between child care and paid work. However, that many of the households with the lowest income did not have access to the payments needs to be addressed if advance Child Tax Credits payments are considered again in the future, either at the federal or state level.

About the author

Originally from Maine, Dr. Sarah Small is a postdoctoral researcher at the Center for Women and Work at Rutgers University and will be an assistant professor of economics at the University of Utah in the fall. She holds a PhD in Economics from Colorado State University and was recently a visiting scholar at Duke University. Contact Dr. Small at sarah.small@rutgers.edu.