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2020

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RESEARCH

AMERICANS SUPPORT A GENEROUS CHILD BENEFIT TIED TO WORK

A Survey on the Expanded Child Tax Credit

September 2021

EXECUTIVE SUMMARY

The American Recovery Plan (ARP) passed by Congress and signed by President Joe Biden in March expanded the Child Tax Credit for one year, making it larger, payable monthly, and available to all families regardless of work. As Congress begins deliberations on the proposed \$3.5 trillion budget package, one key question is whether to extend this expansion.

Some policymakers and analysts have argued that the COVID-19 pandemic fundamentally reshuffled the nation's attitudes toward unconditional cash payments from the government, while others believe that the American people see a sharp distinction between appropriate responses to an unprecedented crisis and appropriate long-term programs. Recent polls have indicated the latter, showing that voters support the one-year expansion of the Child Tax Credit but not a permanent expansion. American Compass partnered with YouGov to explore those attitudes further, surveying 2,000 registered voters in August 2021. The survey methodology is detailed below.

We found that the COVID-19 pandemic has not shifted fundamental American attitudes toward government support and the importance of work, and that policymakers attempting to turn COVID-19 policies into permanent reforms are misjudging the nation they lead.

- Only 28% of respondents support the Child Tax Credit's permanent expansion and prefer making it available to families with no one in the household working.
- Only 33% of respondents say that "if sending money to families raises their total income above the poverty line, the government is doing a good job reducing child poverty," compared with 56% who say that "the government should provide benefits to help ease the hardship facing low-income families, but reducing poverty means getting families to the point where they can support themselves."

At the same time, Americans do appear broadly enthusiastic about a larger and more generous Child Tax Credit than existed prior to the ARP expansion, suggesting a significant opportunity for bipartisan cooperation on a permanent, expanded credit that maintains a connection to work.

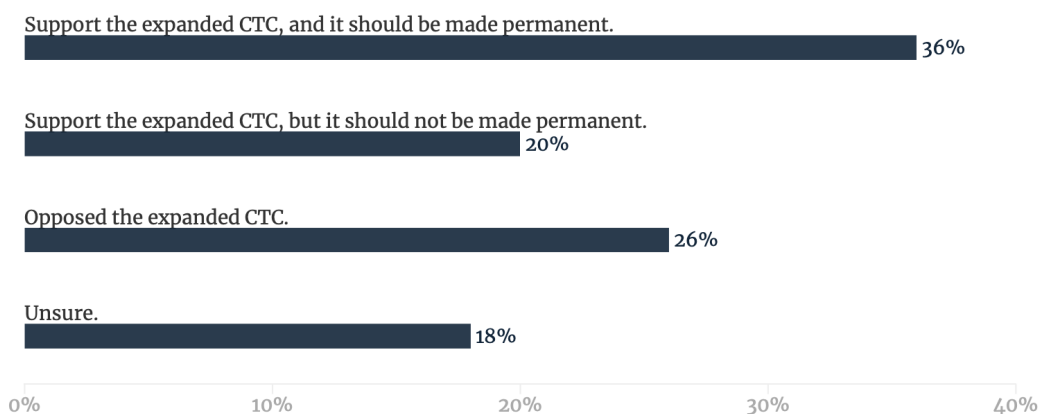
- Net support is high for making permanent the credit's expanded size (+23) and monthly payment mechanism (+38).
- While most respondents prefer a framework less generous than unconditional cash for all families, most (including most Republicans) also support something more generous than a benefit limited to the value of taxes paid. An "income match" limiting benefit size to a household's prior year's earnings was especially popular with Independents and the working class.

I. SUPPORT FOR A PERMANENT CREDIT

We began the survey by asking, "Which is closest to your view of the expanded Child Tax Credit?" More than half of respondents (56%) said they support the expanded credit as compared to 26% who oppose it and 18% who are unsure. However, that support includes one group (36%) who say it should be made permanent and another (20%) who support it for this year but do not believe it should be permanent. Thus, while support for the one-year expansion leads opposition by 56% to 26%, support for a permanent expansion lags behind opposition by 36% to 46%.

FIGURE 1. Which Is Closest to Your View of the Expanded Child Tax Credit?

Registered voters

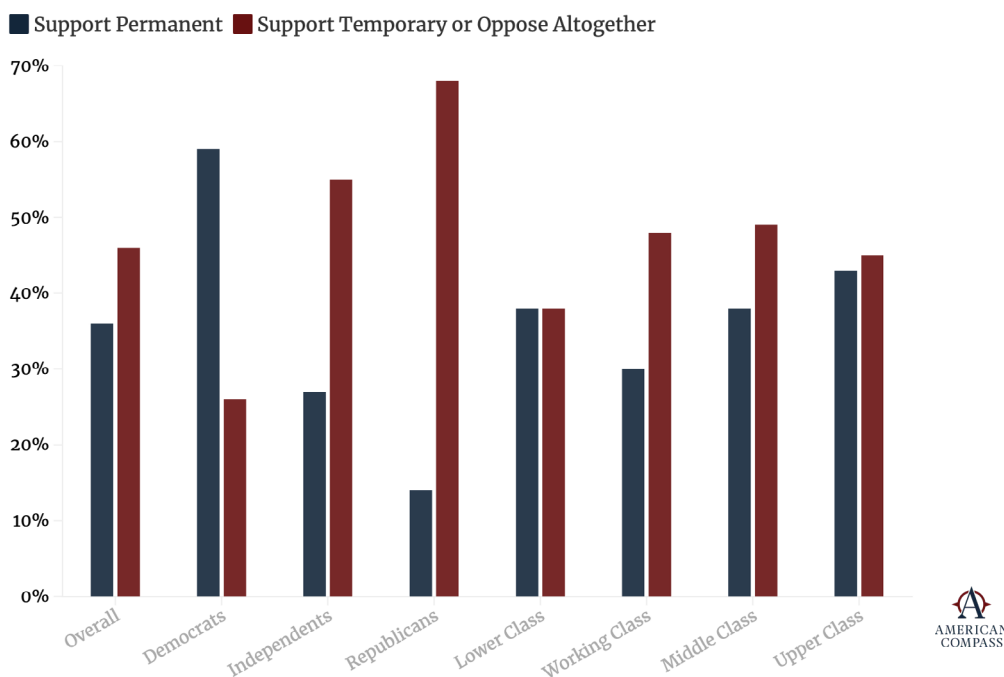


Source: American Compass CTC Survey (2021) · N = 2,000

This same pattern of support for the one-year expansion but opposition to a permanent expansion holds across classes and with both Independents and Republicans. Only Democrats support making the expansion permanent.

FIGURE 2. Which Is Closest to Your View of the Expanded Child Tax Credit?

Registered voters, by party and class



Source: American Compass CTC Survey (2021) · N = 2,000

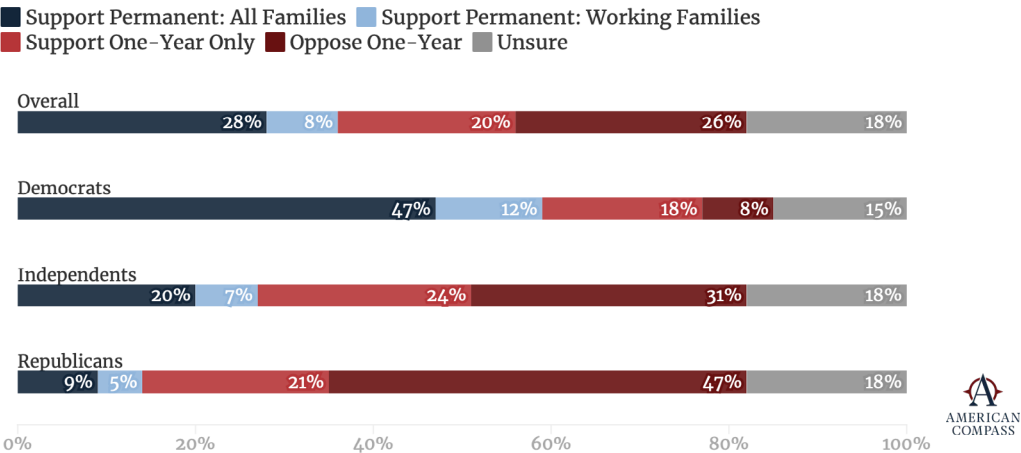
Among respondents who indicated support for a permanent expansion, we asked a follow-up question: “Some people have proposed making the expanded Child Tax Credit permanent, but limiting it to families with someone working. Which would you prefer?” Unsurprisingly, within the group supporting a permanent expansion, most preferred “a permanent tax credit for all families, regardless of whether they work to earn money” (69%) over “a permanent tax credit, but only for families that have at least one adult working” (23%); 8% were unsure.

However, with a permanent expansion already unpopular, removing those in favor who would prefer such an expansion be available only to working families leaves very little support for a permanent, unconditional credit: 28% overall and 47% among Democrats.

White, college-educated Democrats are the only group for whom support exceeds 50%.

FIGURE 3. Who Supports a Permanent CTC Expansion Available to All Families Regardless of Work?

Registered voters, by party



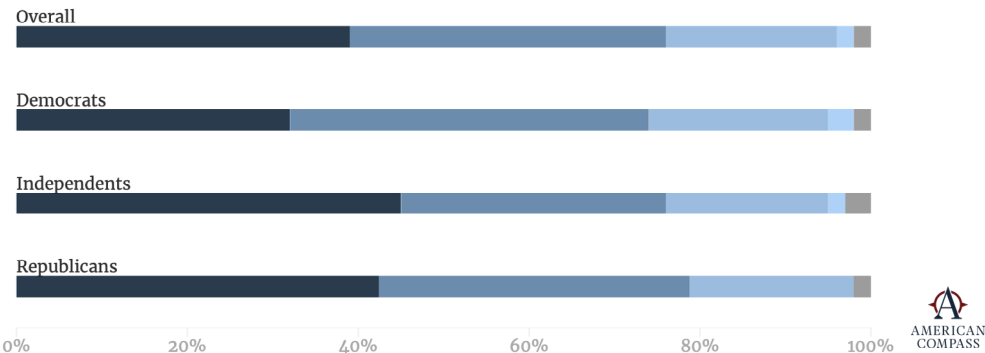
Source: American Compass CTC Survey (2021) · N = 2,000

Note: For respondents supporting a permanent expansion, wording of follow-up question was, “Some people have proposed making the expanded Child Tax Credit permanent, but limiting it to families with someone working. Which would you prefer?” Options were, “A permanent tax credit for all families, regardless of whether they work to earn money,” “A permanent tax credit, but only for families that have at least one adult working,” and “Unsure.” Respondents who support the permanent expansion but are unsure whether they prefer it for all families or only those with a working adult are included with those supporting it for all families.

For respondents who support the one-year expansion but oppose a permanent expansion, we asked the follow-up question: “What is the main reason that you support the expanded Child Tax Credit this year but do not support making it permanent?” Most respondents selected either that “it is a good response to the COVID-19 pandemic, but it could lead to more dependence on government if it becomes permanent” (39%) or “it is a good response to the COVID-19 pandemic, but we cannot afford to make it permanent” (37%). Fewer chose “it is a good policy experiment, but we need more evidence before deciding whether to make it permanent” (20%), “Other” (2%), or “Unsure” (2%). These responses did not vary dramatically by political party.

FIGURE 4. Why Have a Temporary CTC Expansion But Not a Permanent One?
Registered voters, by party, who say, “I support the expanded Child Tax Credit for this year, but it should not be made permanent.”

■ Could Lead to Dependence ■ We Cannot Afford It ■ Need More Evidence ■ Other ■ Unsure



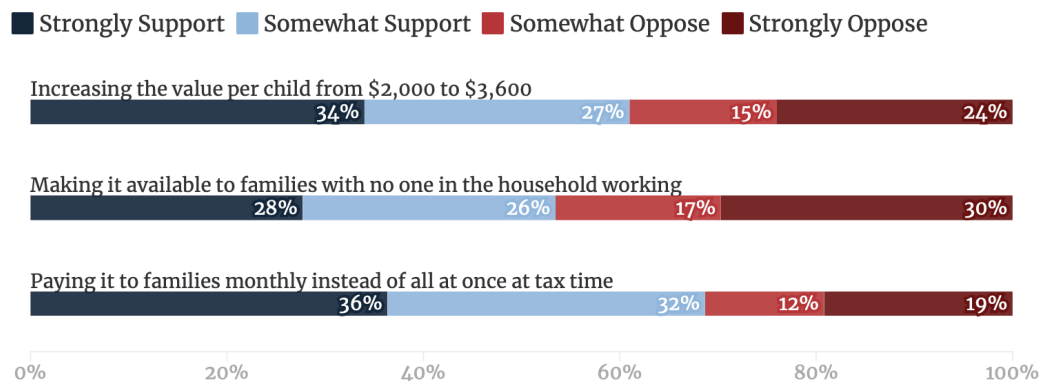
Source: American Compass CTC Survey (2021) · N = 380
Option wording: “It is a good response to the Covid-19 pandemic, but it could lead to more dependence on government if it becomes permanent,” “It is a good response to the Covid-19 pandemic, but we cannot afford to make it permanent,” and “It is a good policy experiment, but we need more evidence before deciding whether to make it permanent.”

II. SUPPORT FOR ELEMENTS OF THE CREDIT

Next, we asked respondents to evaluate each element of the expansion independently, explaining, “Policymakers could choose to make some parts of the expanded Child Tax Credit permanent but not other parts,” and then asking, “Thinking separately about each part of the expanded Child Tax Credit, how would you feel about making it permanent?”

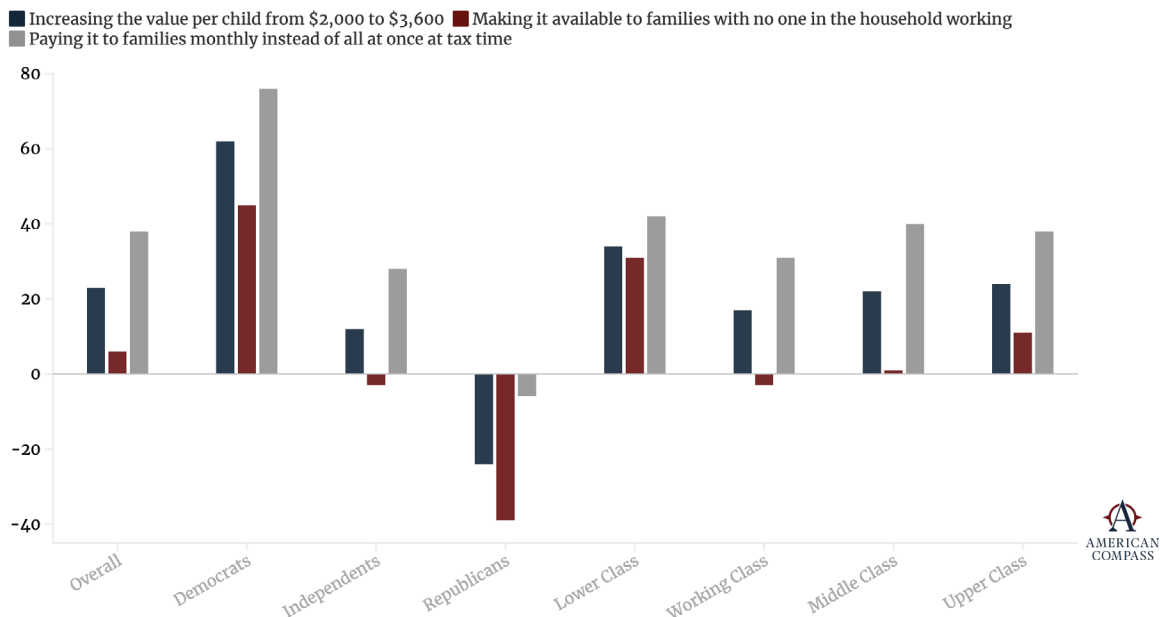
The expansion’s most popular element was “paying it to families monthly instead of all at once at tax time” (net support +38), followed by “increasing the value per child from \$2,000 to \$3,600” (+23), followed by “making it available to families with no one in the household working” (+6).

FIGURE 5. Support for Elements of CTC Expansion
Registered voters



This same order held across all classes and parties. Democrats gave positive ratings to all three and Republicans gave negative ratings to all three; Independents were negative on making it available to families with no one working, as were working-class respondents.

FIGURE 6. Support for Elements of CTC Expansion
Net support; registered voters, by party and class



III. APPROACHES TO ELIGIBILITY

Next, we asked respondents to consider different options for determining eligibility and the size of a permanent, expanded Child Tax Credit. We presented a hypothetical family, noting that “under the current expanded Child Tax Credit, any family with two children would receive \$7,200,” and asked, “thinking about your ideal policy for a permanent Child Tax Credit, how would you want a family’s income to affect the size of the benefit that a family with two children would receive?”

Respondents were given three choices, referred to here (though not in the survey itself) as “Unconditional,” “Income Match,” and “Nonrefundable Credit.”

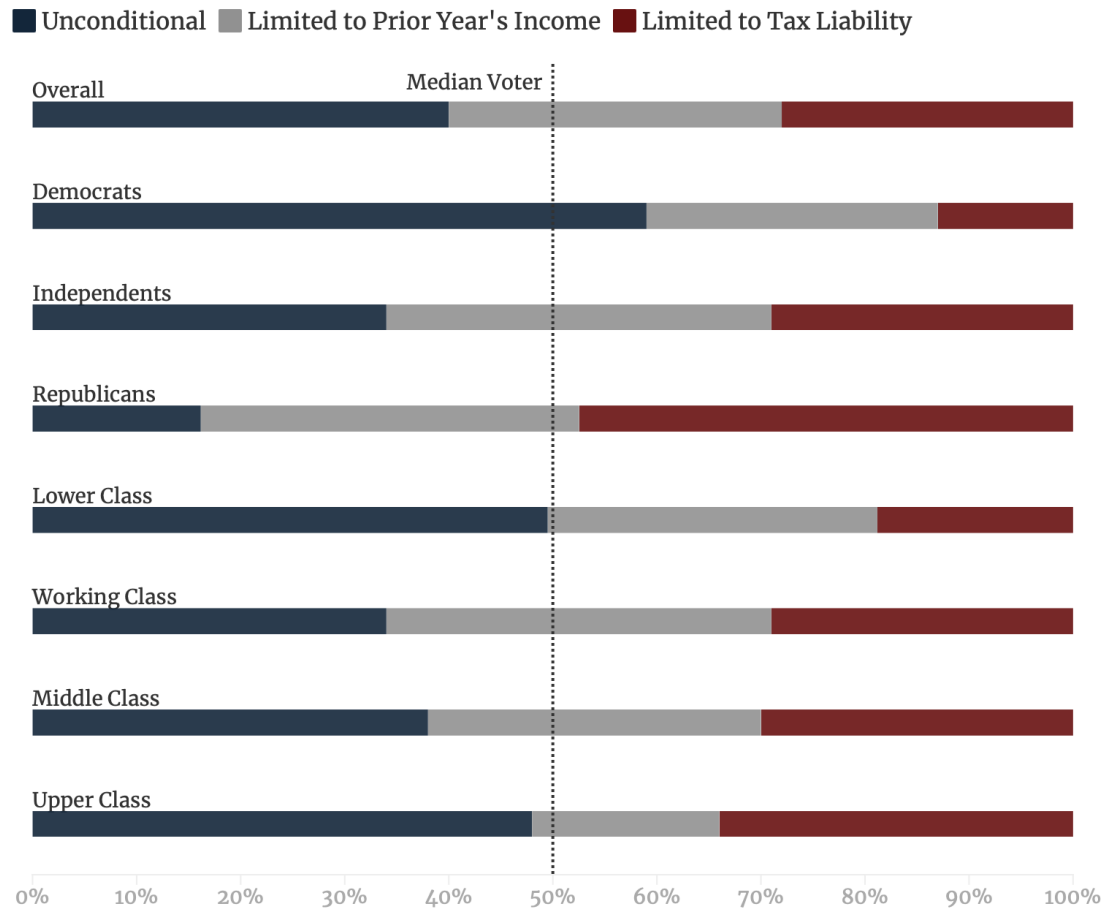
The “Unconditional” option was chosen by 40% of respondents. (Wording: “All families should receive the full benefit, regardless of whether they have earned income or paid taxes. So a family that only earned \$2,500 last year would receive the full \$7,200 credit.”)

The “Income Match” option was chosen by 32% of respondents. (Wording: “Families should be limited to receiving a benefit equal in size to what they earn themselves. So a family would have to earn at least \$7,200 (a part-time, minimum wage job) to receive the full \$7,200 credit. A family that had only earned \$2,500 last year would receive a \$2,500 credit.”)

The “Nonrefundable Credit” option was chosen by 28% of respondents. (Wording: “Families should be limited to receiving a benefit equal in size to what they pay in taxes. So a family would have to earn about \$40,000 and owe \$7,200 in taxes to receive the full \$7,200 credit. A family that had only earned \$2,500 last year would receive no credit.”)

“Income Match” was the median voter’s choice overall, across classes, and with Independents and Republicans. Most voters want something more generous than the pre-expansion nonrefundable credit. Most also want something less generous than the expanded, unconditional credit.

FIGURE 7. Preferred Approach to Child-Benefit Eligibility
Registered voters, by party and class



Source: American Compass CTC Survey (2021) · N = 2,000
Option wording: "All families should receive the full benefit, regardless of whether they have earned income or paid taxes. So a family that only earned \$2,500 last year would receive the full \$7,200 credit," "Families should be limited to receiving a benefit equal in size to what they earn themselves. So a family would have to earn at least \$7,200 (a part-time, minimum wage job) to receive the full \$7,200 credit. A family that had only earned \$2,500 last year would receive a \$2,500 credit," "Families should be limited to receiving a benefit equal in size to what they pay in taxes. So a family would have to earn about \$40,000 and owe \$7,200 in taxes to receive the full \$7,200 credit. A family that had only earned \$2,500 last year would receive no credit."

IV. POVERTY REDUCTION STRATEGIES

Finally, we asked respondents to evaluate the claim of expansion proponents that the expanded credit reduces poverty. We explained, "Some politicians have argued that the expanded Child Tax Credit will 'reduce child poverty by 50%' by sending money to families that earn very little or no income of their own, so that the combination of their earned income and the government benefit will be higher than the official poverty line," and asked, "Which is closest to your view?"

33% of respondents chose the option that, "if sending money to families raises their total income above the poverty line, the government is doing a good job reducing child poverty."

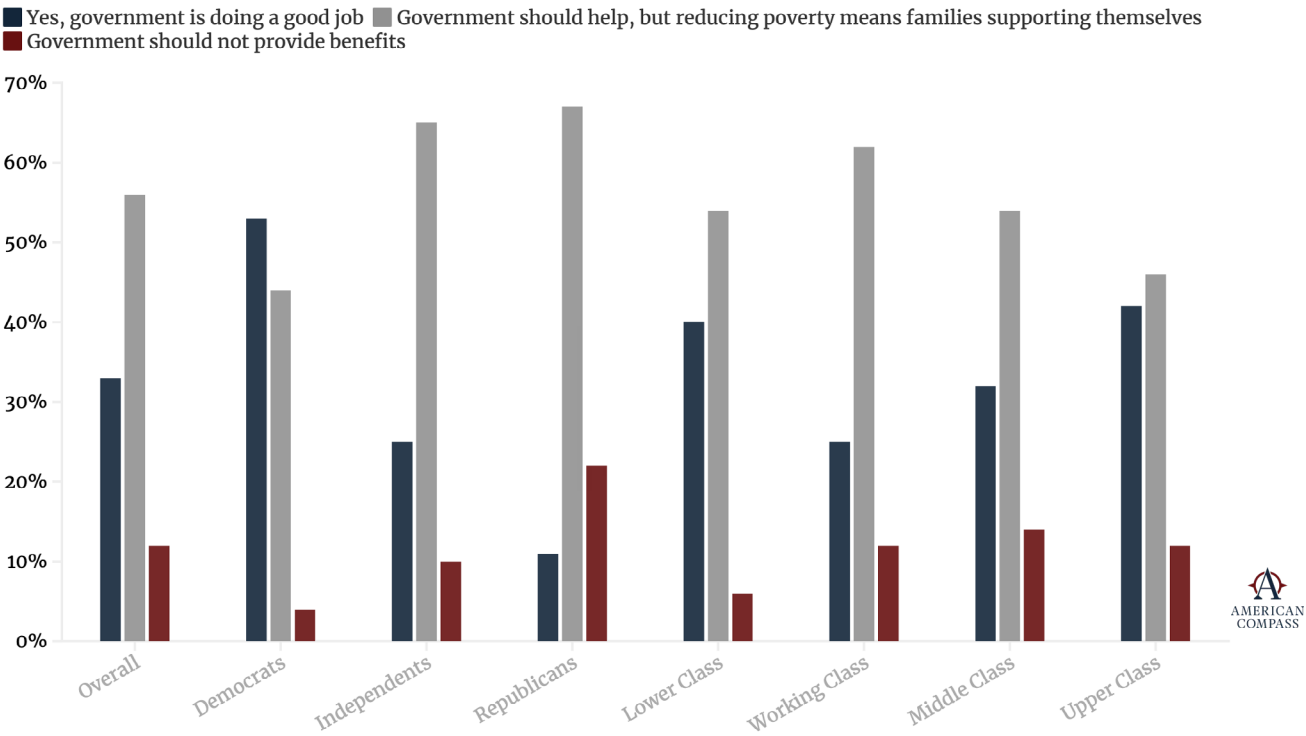
56% of respondents chose the option that, “the government should provide benefits to help ease the hardship facing low-income families, but reducing poverty means getting families to the point where they can support themselves.”

12% of respondents chose the option that, “the government should not provide benefits to low-income families.”

Similar results held across classes and for both Independents and Republicans, with Democrats narrowly preferring the first option (53%) to the second (44%). Among both Independents and Republicans, and across working-class voters, more than 60% chose the view that “reducing poverty means getting families to the point where they can support themselves.”

FIGURE 8. Does the Expanded Child Tax Credit “Reduce Child Poverty by 50%”?

Registered voters, by party and class



Source: American Compass CTC Survey (2021) · N = 2,000
Option wording: “If sending money to families raises their total income above the poverty line, the government is doing a good job reducing child poverty,” “The government should provide benefits to help ease the hardship facing low-income families, but reducing poverty means getting families to the point where they can support themselves,” “The government should not provide benefits to low-income families.”

ABOUT THE DATA

The American Compass CTC Survey was conducted by YouGov between August 10 and 13, 2021, with a representative sample of 2,000 registered voters. YouGov interviewed 2,121 registered voters who were then matched down to a sample of 2,000 to produce the final dataset. The respondents were matched to a sampling frame on gender, age, race, and education. The frame was constructed by stratified sampling from the full Current Population Survey, November 2020 Voting and Registration Supplement sample with selection within strata by weighted sampling with replacements.

The matched cases were weighted to the sampling frame using propensity scores. The matched cases and the frame were combined and a logistic regression was estimated for inclusion in the frame. The propensity score function included age, gender, race/ethnicity, years of education, and region. The propensity scores were grouped into deciles of the estimated propensity score in the frame and post-stratified according to these deciles.

The weights were then post-stratified on 2016 and 2020 presidential vote choice, and a four-way stratification of gender, age (four categories), race (four categories), and education (four categories) to produce the final weight.

Respondents were given this overview of the Child Tax Credit:

As you may know, the Child Tax Credit is a policy that reduces the taxes paid by families with children. In 2020, a family could save as much as \$2,000 on their taxes for every child in their household.

The American Recovery Plan passed by Congress and signed by President Joe Biden in March expanded the Child Tax Credit for one year, making three key changes:

- First, the value of the credit increases to \$3,600 per child.*
- Second, the credit is no longer limited to the amount that a family would have paid in taxes. All families can receive the full amount, regardless of whether they have anyone working, earning money, or paying taxes.*
- Third, the credit is paid every month, so a family can receive \$300 per child per month instead of waiting until tax time to receive the credit all at once.*

Some politicians supported these changes while others opposed them. Now, some argue that these changes should be permanent, while others say that after this year we should go back to the old policy. The following questions ask your opinion of the policy, whether you think it should become permanent, and which other policies you might prefer.

In analysis of the results, “Class” is defined by education and income:

- “Lower” (N=358): less than a four-year degree and household income below \$30K; or did not report household income and do not have a high-school diploma.
- “Working” (N=608): less than a four-year degree and household income \$30K–\$80K; or did not report household income and have either a high-school diploma or some college but no degree.
- “Middle” (N=770): four-year degree or more and household income \$30K–\$80K; or household income \$80K–\$150K; or did not report household income and have a 2-year or 4-year college degree.
- “Upper” (N=181): household income above \$150K; or did not report household income and have a post-graduate degree.

Respondents with a four-year college degree or more but household income below \$30K are excluded from analyses using the “Class” variable.



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