

September 7, 2021

To: West Virginia Center on Budget and Policy
Re: The Child Tax Credit Keeps Families Afloat in WV

The expansion of the Child Tax Credit (CTC) is the most effective poverty-fighting effort the federal government has launched in a long time: it can end extreme poverty—and cut child poverty in [half](#). Every dollar helps families catch up on rent, utilities, food, pay down debt, and save for the future.

[SaverLife](#) works with more than 500,000 low-to moderate income families across the country to help them build and cultivate a savings habit, and ultimately foster long-term financial stability. Because of the tremendous impact the CTC is expected to have on families, and our direct connection to them, SaverLife closely observes households' experiences with the Child Tax Credit and how they use the funds.

Our recent research shows that hard-working families across the state of West Virginia face expensive costs of living and are using the recently expanded Child Tax Credit to make ends meet and invest in their children. Simply put, the CTC helps to keep families afloat. If recent expansions to the CTC were made permanent, data shows that families would use it toward a better life for themselves and their children.

Making ends meet is hard for many West Virginia families

Becky Dillon works hard as a customer service representative in Bluefield. She hasn't missed work during the pandemic: in 2020, upon lockdown, she switched from working in her office to working from home.

[The recently expanded Child Tax Credit] gives stress relief, because I can count on the extra money coming in, in case something should happen, or if I should need a few extra dollars toward the next bill —Becky, West Virginia

It wasn't an easy transition: she has had to shoulder many new expenses. She upgraded her broadband service to allow her to work from home and her 10-year old daughter to learn from home. Higher electricity costs (nearly \$300-\$400 monthly), more expensive monthly broadband bills, combined with [higher food costs](#), make it harder to make ends meet. She is not alone: Tiffanie, a West Virginia resident, had to

leave her job due to illness and dependent care, and has difficulty making ends meet; she relies on the CTC for support for her child.

The Child Tax Credit “eases the pain of the extra bills”

Becky has received two Child Tax Credit payments thus far. She uses the funds toward utility bills, including electricity and broadband, and groceries. She said the payments help her with “bills and stress” and “eases the pain of the extra bills.”

Nationwide, SaverLife’s household survey data¹ shows that 83% of families are using the CTC payments toward living expenses, such as utility bills, housing, and food. Because costs have increased during the pandemic, this financial assistance helps to directly offset these bills. Many families also recognize that a rainy day may be around the corner: 78% are saving a portion of their Child Tax Credit for emergencies.

Families use the Child Tax Credit to invest in their children

Most households are putting the CTC money toward their children. SaverLife’s household survey data² shows that three-quarters are spending a portion of the CTC funds on children’s clothes, while a majority are spending on after-school classes and other essentials.

Becky also saves a portion of her Child Tax Credit payment every month. She learned the importance of saving when she had to draw down her emergency fund during the pandemic. These payments help her build toward financial stability.

The expanded Child Tax Credit can help families build for their future—if they can count on the funds

SaverLife households know that the expansion to the Child Tax Credit payments is temporary, which influences their spending patterns: 89% of parents said they knew the Child Tax Credit payments were temporary, and 69% attest that knowing these are temporary impacts how they plan to use the money.

The [recently expanded Child Tax Credit] allows me to work a little less and spend quality time with my family. It has also freed up money to move to a bigger home.
—Cherie, West Virginia

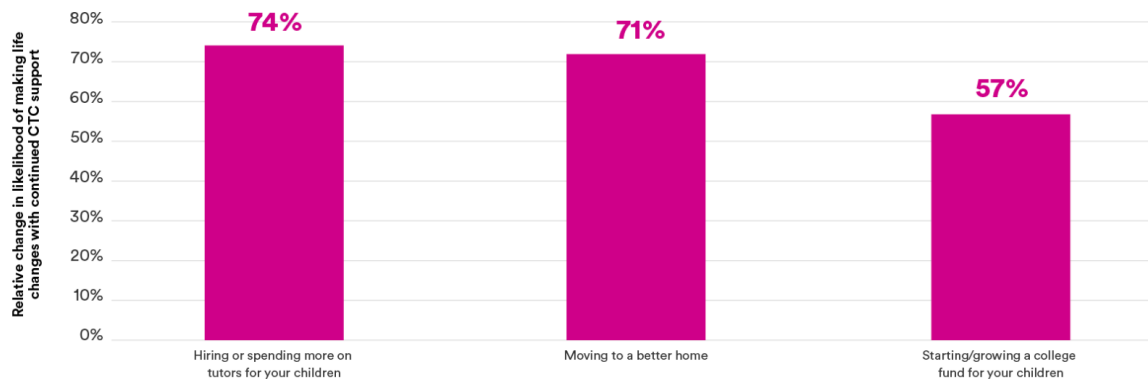
¹ Based on a poll of 600 SaverLife members with dependent children under the age of 18 conducted 8/19 - 8/29. These responses were limited to 322 respondents who indicated they have received the full payment they were expecting.

² Ibid.

If the recent enhancements to the Child Tax Credit were made permanent, low- to moderate- income households would use the funds to invest in their families and their future. Recent household survey³ data shows that, overwhelmingly, SaverLife families would make long term changes to build a base of financial security to weather future storms and to dream of a new life for their families (see chart below). Nearly three-quarters would spend on tutors for their children, 71% would move to a better home, and 57% would build a college fund for their children. Cherie would use the funds to spend more time with her family and move to a bigger home.

A Permanent **Child Tax Credit** Could Create Long-Term Economic Mobility

When asked, “If monthly Child Tax Credits were made permanent, I would be more likely to consider...” SaverLife members indicated they’d be much more likely to make changes that would dramatically influence long-term financial stability.



*Based on a poll of 600 SaverLife members who've indicated they have dependent children under the age of 18. Poll was taken from 8/19 - 8/29

Source:  SaverLife

We appreciate your consideration of these data and stories of West Virginia families and look forward to working together to increase economic stability and mobility in our communities.

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³ Ibid.