



Supporting Virginia's Children & Families

SUPPORT: Virginia Child Tax Credit

SB 1378 (Aird); HB 2180 (Tran)

Virginia's families need support. Childcare is scarce and expensive; housing costs are rising faster than incomes. *Nearly 66% of Virginia families struggle to meet daily needs or pay an unexpected expense.*

- **Returning some money to a family's pockets — a one-time child tax credit** — can help meet daily needs, or offset emergency costs that can create long-term insecurity,

Child Tax Credits: they raise children out of poverty!

The 2021 expansion of the federal Child Tax Credit (fCTC) led to a historic reduction in child poverty. Child poverty fell immediately, and substantially, to 5.2%.

- **The expiration of the expanded fCTC in 2022 caused child poverty to more than double.** It is currently at 16% nationally.
- Virginia's child poverty rate is 13%: better than the national average, but still **more than twice the child poverty rate under the fCTC.**

Virginia's proposal:

This legislation would provide a one-time tax credit of \$300 to families with income under \$100,000, for each child under 13. This is not enough to lift *any* families out of poverty; but it can help reduce the income volatility that compromises family and child well-being.

- **The vCTC will help** families meet daily needs: food, diapers, rent, childcare.
 - For people already struggling, a flat tire or medical expense can spiral into loss of housing or employment, creating long-term insecurity.
 - Families can *choose* how to use their money to meet their unique needs — such as emergency expenses, or housing costs

The proposed vCTC would provide a small cushion against economic insecurity and income volatility, reducing harms and stabilizing families.

- **Studies show that implementing a state CTC results in fewer CPS reports** that may lead to foster care placement. Black children benefit most: experiencing the greatest reduction in reports.
- Virginia will save on foster care: **Virginia spends nearly \$1m per day on foster care.**

Families know best: More than half of families reported using the expanded fCTC for food, followed by one-third who used the money to pay bills.