Ability to Cover Expenses after a Loss of Income

West Virginia Social Survey Report

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Background

The COVID-19 pandemic has produced economic uncertainty and loss, as many individuals have become unemployed and businesses have closed.

The West Virginia Social Survey (WVSS) took place in March and April of 2020. This survey provides a baseline for assessing the financial security of residents at that time.

This report examines which West Virginians said they could make ends meet for three months if they were to lose their main source of income.

Highlights

- 43.8% of West Virginians said that they would not be able to cover three months of expenses if they lost their main source of income.

- About 25% of individuals in households with less than $25,000 in income say they could cover an extended loss of income.

- Only about 37% of West Virginians who were unemployed at the time of the WVSS said that they could cover expenses if they lost their main source of income, which likely would have been unemployment benefits.
Financial Security in WV

The West Virginia Social Survey (WVSS) asked residents, “If you were to lose your main source of income (e.g., job, government benefits, etc.), could you cover your expenses for three months by borrowing money, using savings, selling assets, or borrowing from family/friends?”

As seen in Figure 1, 43.8% of West Virginians said that they would not be able to make ends meet for three months if they lost their main source of income, while 56.2% said that they would be able to do so.

Differences by Income

As might be expected, West Virginians’ ability to cover three months of expenses during a loss of income is strongly related to household income.

Of those individuals with household incomes of $25,000 or less, less than 25% could cover three months of expenses.

This percentage increases to about half of households with incomes between $25,000 and $50,000.

Among individuals with household incomes above $75,000, about 80% say they could cover three months of expenses if they lost their main source of income.

Differences by Work Status

Related to individuals’ income, the WVSS shows that the ability of residents to cover expenses during a loss of income is related to their current employment situation.
Among those who are currently working full-time, 68.4% say they would be able to cover three months of expenses if they lost their main source of income.

Of those who are currently unemployed, however, only 37.1% say they could cover such expenses. This potentially highlights the importance of unemployment benefits for such individuals, as those benefits would have represented these individuals’ main source of income at the time of the WVSS.

**Differences by Age**

There are also significant differences in West Virginians’ ability to cover three months of expenses by age.

Almost two-thirds (62.6%) of individuals aged 18-24 say they could cover expenses during an extended loss of income. This could be due to many of these individuals still living with family and having relatively low expenses.

However, among those aged 25-29, only 34% of individuals say they could cover three months of expenses. This group may be more independent from family sources of support, have greater expenses, yet still have relatively low incomes.

Individuals in their 30s are among the most likely to say that they could cover their expenses during a loss of income (64.6%).

This percentage drops slightly among those in their 40s (57.4%) and drops again for those in their 50s (52.0%) before increasing steadily among those in their 60s (62.1%), 70s (64.1%), and those 80 or older (71.4%).

Data: 2020 West Virginia Social Survey
Summary
These findings from the WVSS highlight the fact that the ability of West Virginians to make ends meet at the beginning of the COVID-19 pandemic varied greatly.

Probably not surprisingly, individuals in lower income households were less likely to say that they could cover three months of expenses after a loss of income.

West Virginians in their late 20s also appear to have been particularly vulnerable to a loss of income, as well as state residents who were already unemployed.

Data Source
The WVSS is produced by the Survey Research Center at West Virginia University. The purpose of the WVSS is to gather information on the attitudes, concerns, and challenges facing WV residents.

The WVSS is a mail survey utilizing an address-based sample of nearly 5,000 households across the state.

The 2020 WVSS received nearly 1,900 responses for a response rate of 38.1% (American Association of Public Opinion Research Definition #3). Data are weighted to be representative of the West Virginia adult population.

Suggested Citation
Survey Research Center at West Virginia University.
Morgantown, West Virginia.