BEYOND THE NUMBERS

BLS

August 2020 | Vol. 9 / No. 10

PRICES AND SPENDING

errata

Receipt and use of stimulus payments in the time of the Covid-19 pandemic

Receipt and use of stimulus payments in the time of the Covid-19 pandemic

By Thesia I. Garner, Adam Safir, and Jake Schild

Measuring the social, health, and economic impact of the coronavirus pandemic, along with policy efforts to address those effects, is of critical national importance. Responding to this need, the Bureau of Labor Statistics (BLS) is one of several federal agencies that developed questions for the rapid response Household Pulse Survey (HPS). The HPS is a collaboration between the U.S. Census Bureau, BLS, the Department of Housing and Urban

Development, the National Center for Education Statistics, the National Center for Health Statistics, and the United States Department of Agriculture's Economic Research Service. BLS contributed questions related to the receipt and use of Economic Impact Payments (EIP), as well as sources of income being used to meet spending needs during the pandemic. In this article we refer to the EIPs as stimulus payments, as they are commonly termed in the literature. The HPS items complement stimulus-related questions that BLS included in the June 2020 administration of the Consumer Expenditure Quarterly (CEQ) Interview Survey, with data collection continuing through December 2020. The 2020 CEQ public use files, when released in 2021, will provide data users with the ability to assess the impact of the stimulus payment at a microdata, or household, level.

The Internal Revenue Service (IRS) distributed stimulus payments as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020. Under the CARES Act, American households received stimulus payments of up to $1,200 per adult for individuals whose income was less than $99,000 (or $198,000 for joint filers) and $500 per child under 17 years old or up to $3,400 for a family of four.[1] Based on a June 3 press release from the U.S. Department of the Treasury and the IRS, 159 million stimulus payments were distributed since the act was passed with a total value of more than $267 billion. Payments have been sent to all eligible Americans for whom the IRS has the necessary information to make a payment. These totals do not include the payments to households located in U.S. territories. Also, not all individuals who are eligible have received their payments, and not all individuals living in the U.S. are eligible for stimulus payments.[2]

This **Beyond the Numbers** is a first look at results from the stimulus payments questions, including information on changes in spending patterns due to the stimulus payments as well as shelter-in-place and lockdown orders.

Key findings

- Of all respondents to the HPS in week 7, 84 percent reported that they received or they expect to receive a stimulus payment.
- Of those who received or expected to receive a payment, the largest percentage indicated that they would use the stimulus payment to mostly pay for expenses.
- Of those who received or expected to receive a stimulus check, 66 percent reported using at least a portion of it for food.
- Compared with other generational groups, Generation X was slightly more likely to use the stimulus for expenses (74 percent of respondents in this group). The Silent generation reported that they were more likely to save the stimulus payment (25 percent) than were respondents born in other generations.[3]
- Respondents most frequently reported using "regular" income (i.e., their usual sources of income) to meet their spending needs (e.g. food, shelter, utilities, household items, paying off debt, etc.) "in the past 7 days" (70 percent), followed by the stimulus payment (26 percent).
- Of the 48 percent of respondents reporting a loss of income since March 13, the majority (81 percent) reported using their stimulus payment mostly for expenses, as opposed to paying off debt or adding to savings, as might be expected. The resources they used to meet their spending needs were more diverse than those not reporting a loss of income.

- Of respondents who reported not working for pay, 55 percent cited one of the following reasons for why they were not working: because they were sick themselves or a member of their household was sick, they were caring for someone else, they experienced a job loss or drop in hours worked, or they were concerned with getting COVID-19. These respondents were more likely to use the stimulus payment to meet expenses compared to the 45 percent of respondents who cited not working because they were retired or did not want to work.

About the Household Pulse Survey

The HPS experimental data system was designed to rapidly provide timely information regarding the impact of the coronavirus pandemic in the United States. Administered by the U.S. Census Bureau, the probability-based HPS consists of a 20-minute online questionnaire. The HPS was designed to collect information on a weekly basis for 12 weeks, with the first week being April 23–May 5 and the last being July 16–21. Although most questions have been asked each week since the beginning of the HPS, the questions related to the stimulus payment were not introduced until week 7, with data collected June 11–16, but continued to be asked through the twelfth week.

The following analysis is based on the responses to BLS questions related to stimulus payments from the first week, when these questions were introduced into the HPS. For week 7 of the questionnaire, 1,172,900 invitations to participate were sent by email and text message to respondents. A total of 73,472 respondents 18 years of age and older completed the week 7 questionnaire. The HPS sample design is nationally representative, with population weights that have been adjusted to known control totals for number of adults, education, sex, age, ethnicity, and race. Additional information on representativeness and potential for nonresponse bias is available in the Census Bureau document Source of the Data and Accuracy of the Estimates for the 2020 Household Pulse Survey. Access to the public use data and additional results, as well as technical documentation, are available on the Census Bureau HPS website.

Stimulus-related questions

In week 7, Household Pulse Survey respondents answered three questions related to consumer spending:

- Ask **question 1** of all respondents

If you, or anyone in your household, already received, or plan to receive a “stimulus payment,” that is the coronavirus related Economic Impact Payment from the Federal Government, did or will you use it mostly to pay for expenses, mostly to pay off debt, or mostly to add to savings?

- Ask **question 2** only if question 1 response was one of the following: mostly to pay for expenses, mostly to pay off debt, or mostly to add to savings.

What did, or will, you and your household spend the “stimulus payment” on? Respondents were given a list of choices (see analysis section for these) including spending for select categories of goods and services, as well as to pay off debt, contribute to others, or save.

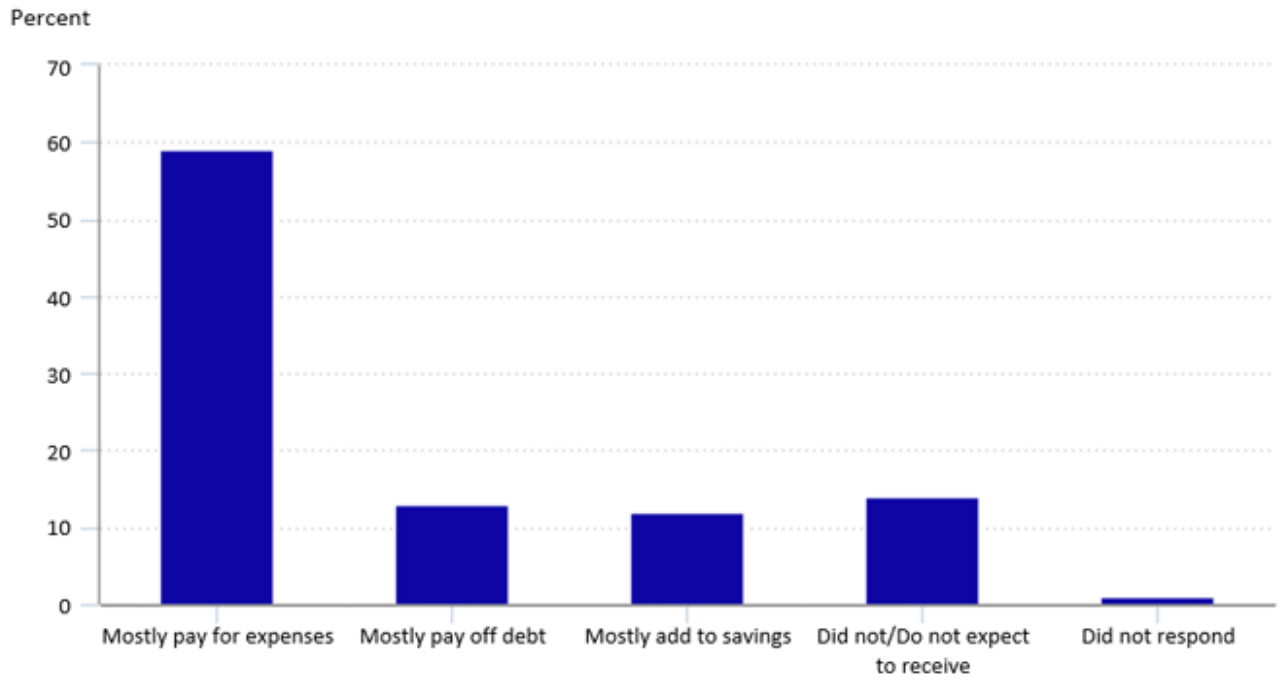
- Ask **question 3** of all respondents

Thinking about your experience in the last 7 days, which of the following did you use (or do you expect to use) to meet your spending needs? The choices included regular income, withdrawals from savings, use of debt (e.g. credit cards, loans, etc.), stimulus payments, unemployment benefits, money not spent from deferred or forgiven payments, and other options.

Stimulus payment use

The first stimulus payment question in the questionnaire seeks to find out how respondents spent their payment. Chart 1 presents all respondent answers to the first question. Of all respondents, 84 percent received or expected to receive a stimulus payment. The majority of respondents (59 percent) indicated that they would use the stimulus payment to mostly pay for expenses, followed by 13 percent for debt, and 12 percent for savings.

Chart 1. How respondents used or planned to use their stimulus payments, June 11–June 16, 2020



Hover over chart to view data.
Note: Percentages add to 99, rather than 100, due to rounding.
Source: U.S. Census Bureau, Household Pulse Survey.

HPS results regarding receipt of stimulus are in line with findings from the COVID-19 Survey of Consumers (CSC), sponsored by the Consumer Finance Institute (CFI) at the Federal Reserve Bank of Philadelphia.[4] Thus far, questions related to receipt and use of the stimulus have been asked in two waves of the CSC: wave 2 administered May 1–12, and wave 3 administered June 5–16. In response to the question about whether or not someone had received a stimulus payment, 63.5 percent of CSC respondents reported having received a stimulus payment in wave 2, and 78.6 percent in wave 3. An additional 16.6 percent in wave 2 and 4.3 percent in wave 3

reported expecting to receive the stimulus payment at a later date. The 80.1 percent for wave 2 and 82.9 percent for wave 3 CSC respondents reporting receipt or expected receipt of a stimulus payment is close to the 84 percent reporting receipt or expecting to receive a payment in the week 7 HPS (administered June 11–16).

However, HPS results regarding stimulus use contrast with the results of the 2008 Consumer Expenditure Surveys regarding the use of the 2008 stimulus payment in which 49 percent of consumer units used or planned to use the stimulus payment that year to pay off debt, followed by 30 percent for spending, and 18 percent for saving.[5]

The difference in the use of the stimulus payments—more for spending in 2020 and more to pay down debt in 2008—is understandable when viewed in the context of starkly different economic and employment situations.[6] In 2008, the recession was driven by a collapse of the housing bubble, while in 2020, the recession was related to the coronavirus lockdown. The collapse of the housing bubble meant individuals were holding mortgage debt that could not be paid off by simply selling their home. The money from the stimulus check was viewed by many as a means to pay off some of this debt.[7] In contrast, the coronavirus lockdowns led to individuals losing their job and primary source of income. Many individuals saw the money from the stimulus check as replacement of this lost income, and thus, used it to pay for expenses, such as food, that would typically be bought using their regular income. Additionally, the 2008 unemployment rate hovered between 5 percent (in the earlier part of the year) and 7 percent (in December). In contrast, the unemployment rates in 2020 rose to almost 15 percent in April, fell to around 13 percent in May, and then to 11 percent in June. While the unemployment rate has declined in the 2 months following its April high, the 2020 unemployment rate has remained higher than the 2008 unemployment rate, which has led to a greater need for respondents to use the stimulus payment for routine expenses.[8] Other reasons for differences between the 2020 HPS and 2008 CE estimates include differences in sample weighting. For example, while the HPS data are weighted at the state level to be representative of adults aged 18 and over, the CE data are weighted to be representative of all consumer units at the national level.

Spending of stimulus payment by category

For question 2 of the HPS, respondents could select as many categories of spending as they liked. As seen in table 1, the largest percentage of respondents reported either spending or expecting to spend the stimulus payment on food (66 percent), followed by utilities and telecommunications (50 percent), and household supplies and personal care (47 percent).

Table 1. Categories of consumer spending by respondents who received or expected to receive a stimulus payment, June 11–June 16, 2020

Expenditure category	Percent
Food	66
Utilities and telecommunications	50
HH supp and personal care	47
Rent	28
Paying down debt	25
Vehicle payments	23
Mortgage	23
Clothing	17
Savings or investment	16
Other	7

See footnotes at end of table.

Table 1. Categories of consumer spending by respondents who received or expected to receive a stimulus payment, June 11–June 16, 2020

Expenditure category	Percent
Household items	7
Donations or giving to family/friends	6
Recreational goods	3

Note: Percentages do not add to 100 because respondents were allowed to select more than one spending category when answering this question.
Source: U.S. Census Bureau, Household Pulse Survey.

Sources of income to meet spending needs

In question 3, respondents were asked about which financial resources they used in the last 7 days to meet their spending needs. Respondents were given a list of seven possible income sources and were asked to indicate all (more than one could be selected) sources of income that were used to meet their spending needs in the last 7 days. As seen in table 2, the majority of respondents identified regular income sources as the resources used to meet their spending needs (70 percent) followed by the stimulus payment (26 percent), credit cards or loans (23 percent), and savings or selling assets (22 percent).

Table 2. Types of financial resources used to meet spending needs in the past 7 days

Financial resources	Percent
Regular income sources	70
Credit cards or loans	23
Savings or selling assets	22
Borrowing from friends or family	11
Unemployment insurance payments	13
Stimulus payment	26
Money saved from deferred or forgiven payments	5

Note: Percentages do not add to 100 because respondents were allowed to select more than one financial resource when answering this question.
The reference period for this question depends on the date the respondent was interviewed. For example, respondents interviewed on June 11 will have a past 7 day reference period of June 5–10, while respondents interviewed on June 16 will have a past 7 day reference period of June 10–16.
Source: U.S. Census Bureau, Household Pulse Survey.

Stimulus payment use by income and other demographic characteristics

Chart 2 identifies whether a respondent's household received or expected to receive a stimulus payment and its expected use by household gross income. In line with the CARES Act guidelines, respondents with household incomes $200,000 or greater were most likely not to receive the payments (70 percent).[9] In the lowest income group, 88 percent reported receiving or expecting to receive a payment. Of these respondents, 77 percent reported using the payment for expenses. The rate of respondents reporting that they did not receive or did not expect to receive a payment was higher for incomes below $25,000 than for incomes between $25,000 and $99,000. The increase in this percentage is likely due to higher rates of respondents not expecting to receive a stimulus payment rather than simply not receiving a payment. Analysis of the third wave of the CFI COVID-19 Survey of Consumers revealed respondents with lower incomes were more likely to be unaware of the CARES Act relief programs.[10] Additionally, there was confusion around the extra steps non-filers needed to take in order to

receive a stimulus check.[11] Both of these reasons could be contributing to the increase in reporting "did not receive or do not expect to receive" a stimulus payment for incomes below $25,000.

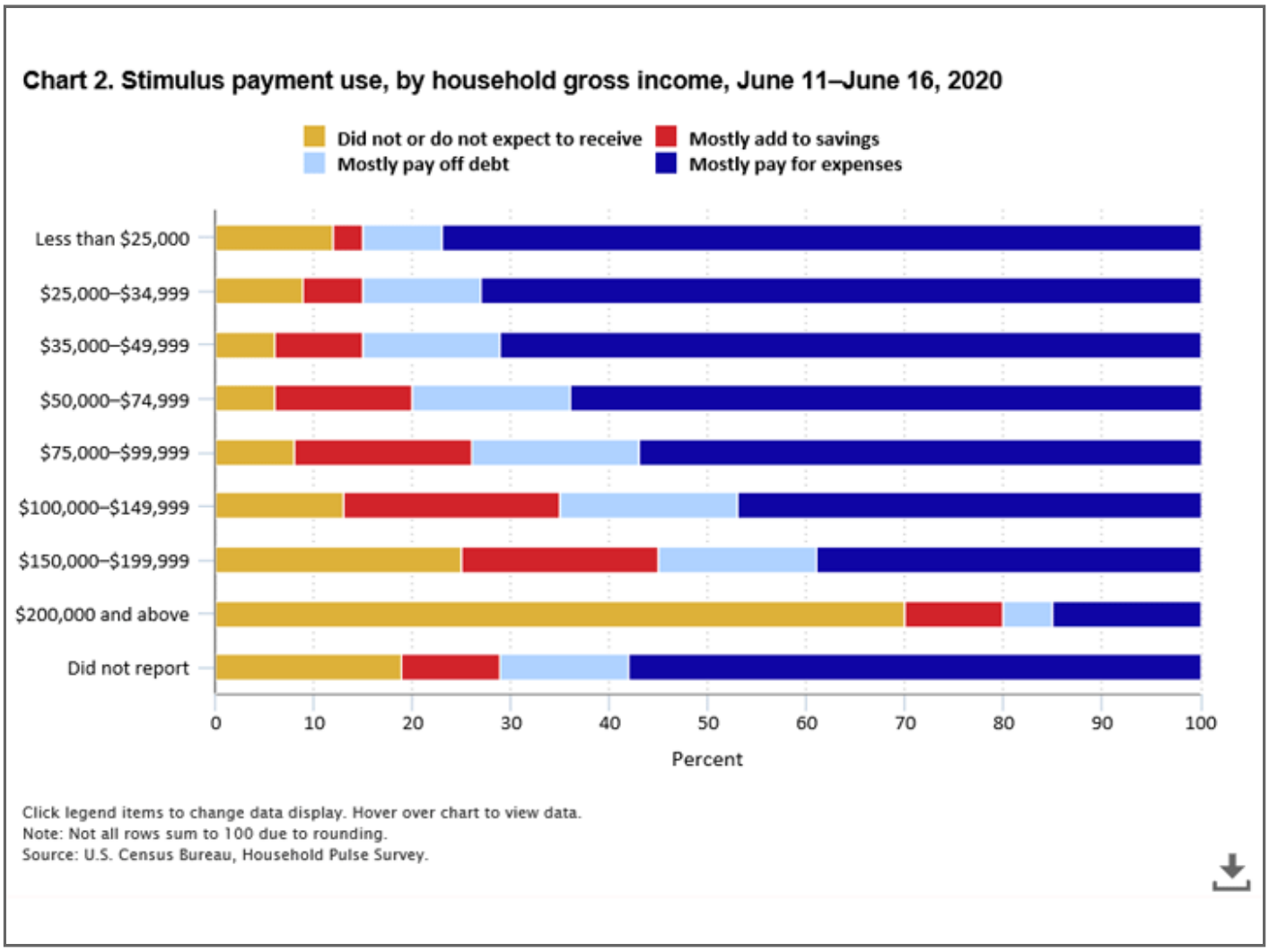


Chart 3 reports how respondents used or expected to use their stimulus check by race. Non-Hispanic Blacks were most likely to report using the stimulus payment mostly for expenses (83 percent) and non-Hispanic Whites were least likely to report doing so (65 percent). Hispanics and Asians landed between these two, with 78 percent and 74 percent using the stimulus check mostly for expenses, respectively. These results are in line with ethnic minorities experiencing higher rates of unemployment, and therefore, needing the stimulus check to replace regular sources of income.

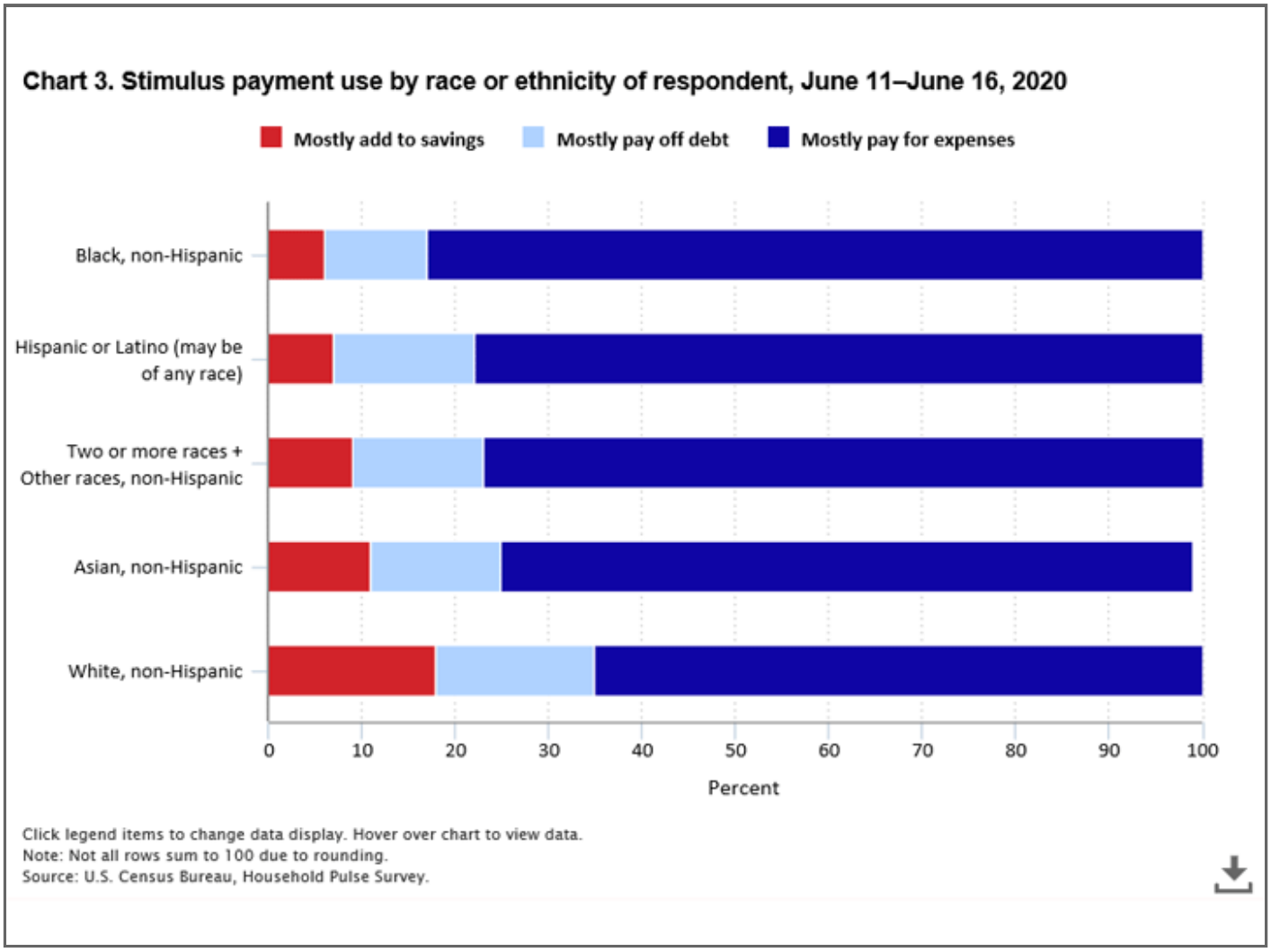


Chart 4 reports how respondents used or expected to use their stimulus check by educational attainment. Respondents with less than a high school education report the highest rate of using the stimulus check to mostly pay for expenses (82 percent). As a respondent's educational attainment increases, the rate of reporting to use the stimulus check to mostly pay for expenses decreases, with respondents attaining a graduate degree reporting the lowest rate (56 percent). Along with the increasing rate of using the stimulus check to mostly pay for expenses, the unemployment rate increases as the level of educational attainment decreases. This result further supports the theory that higher rates of unemployment have led to an increase in need for money to pay for expenses.

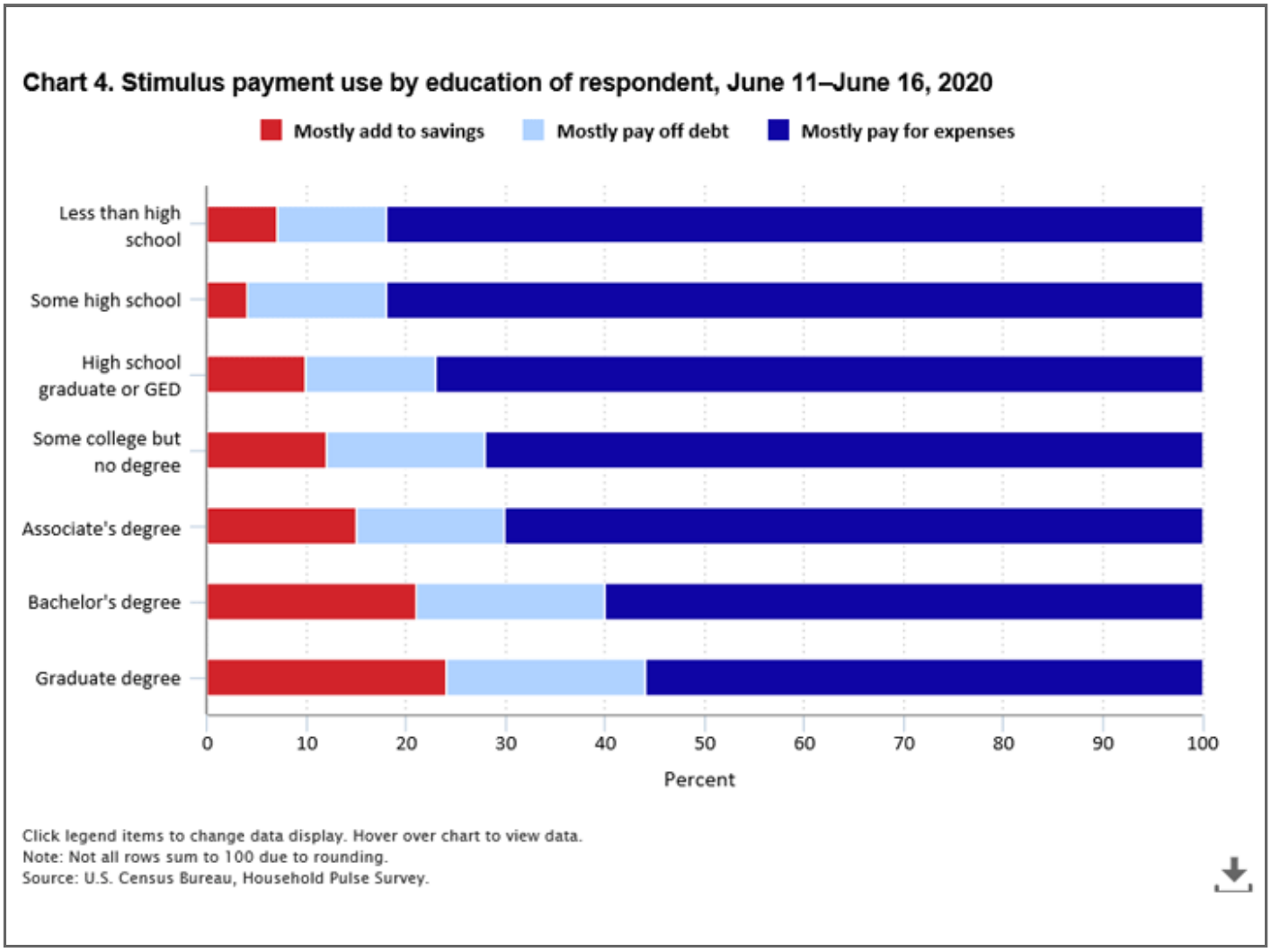


Chart 5 reports how respondents used or expect to use their stimulus check by number of children in the household. Respondents with three or more children report the highest rate of using the stimulus check to mostly pay for expenses (79 percent). Households with fewer children report a lower rate of using the stimulus to mostly pay for expenses, with households having no children reporting the lowest rate (67 percent).

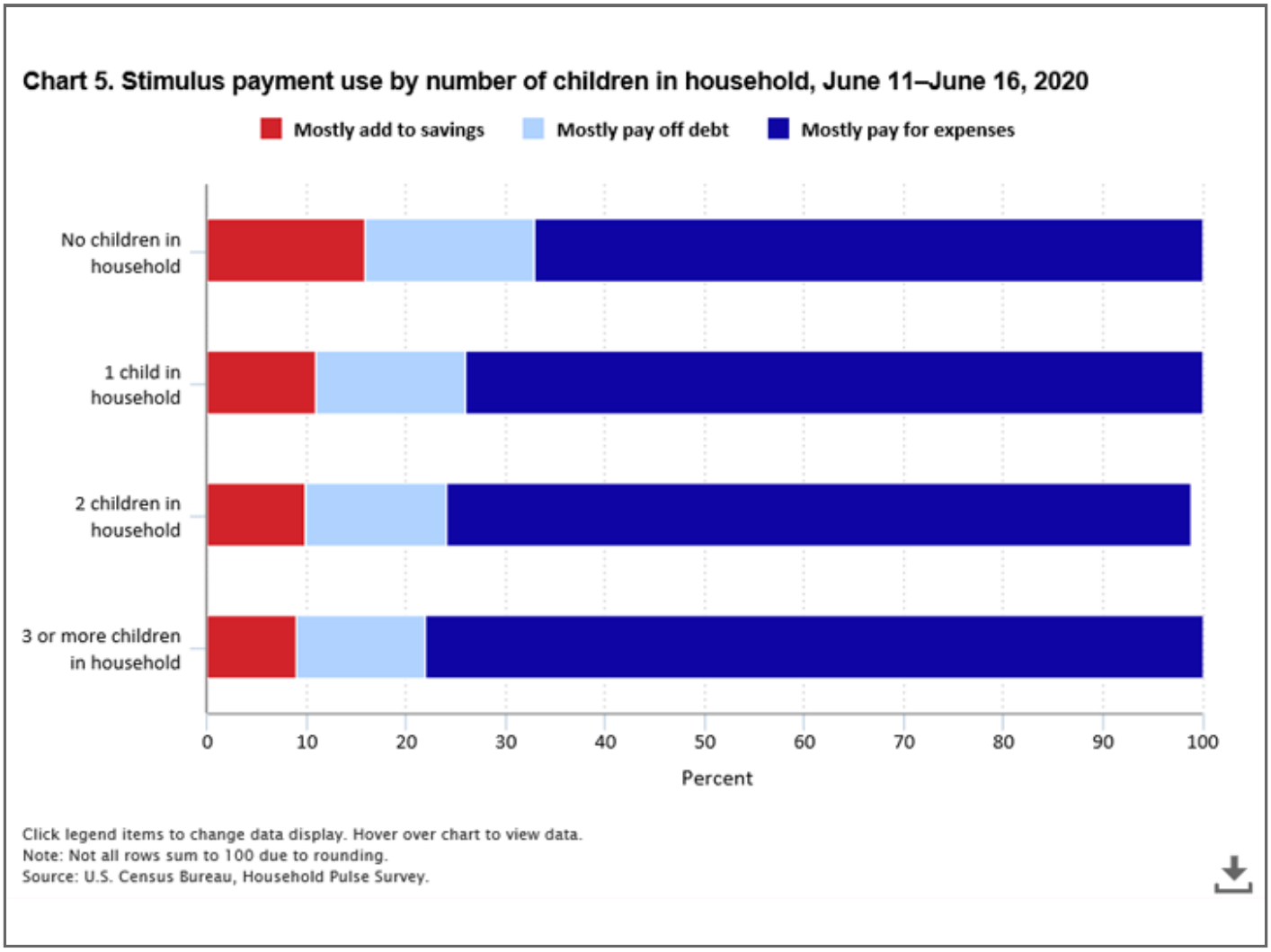
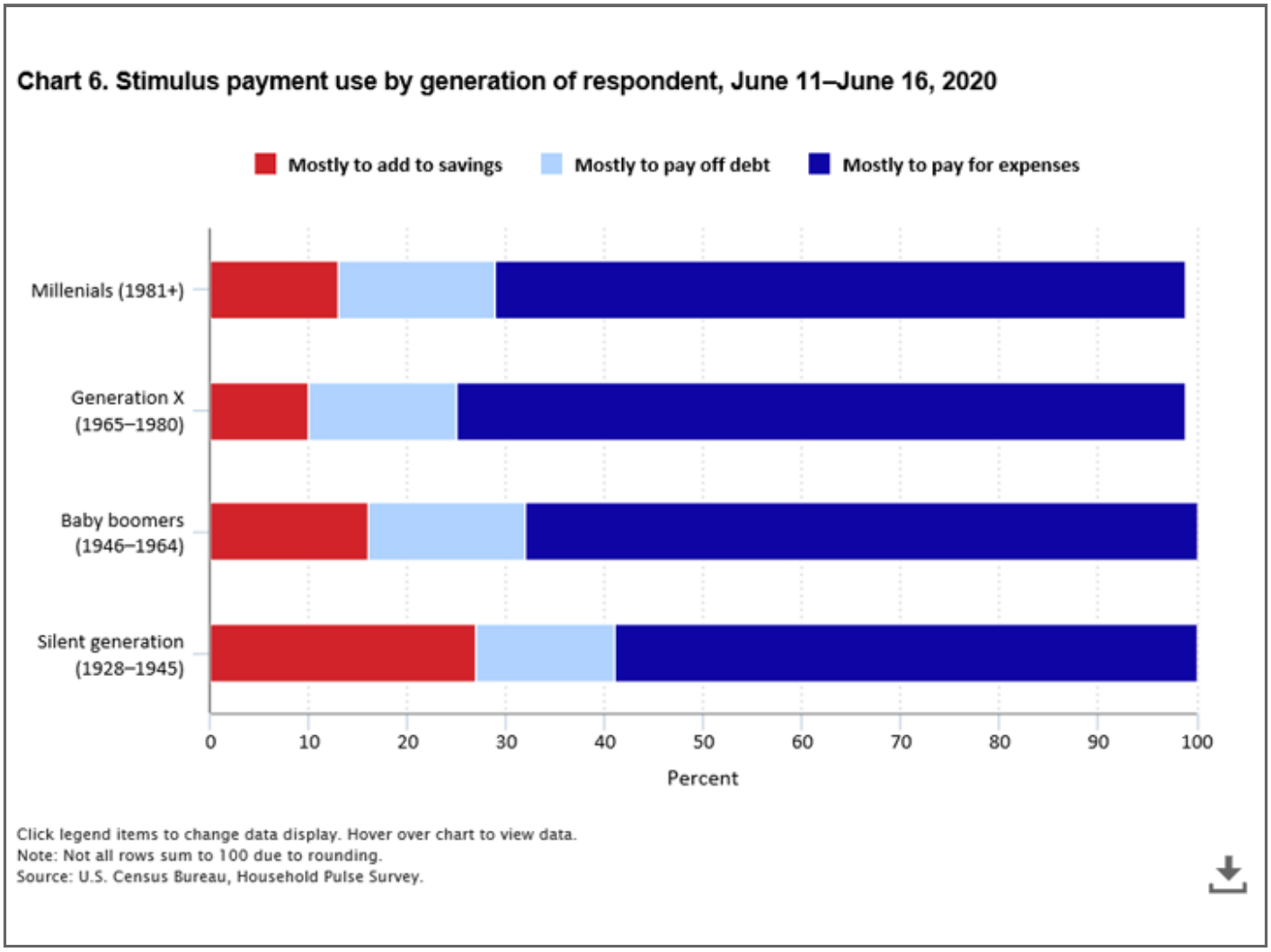


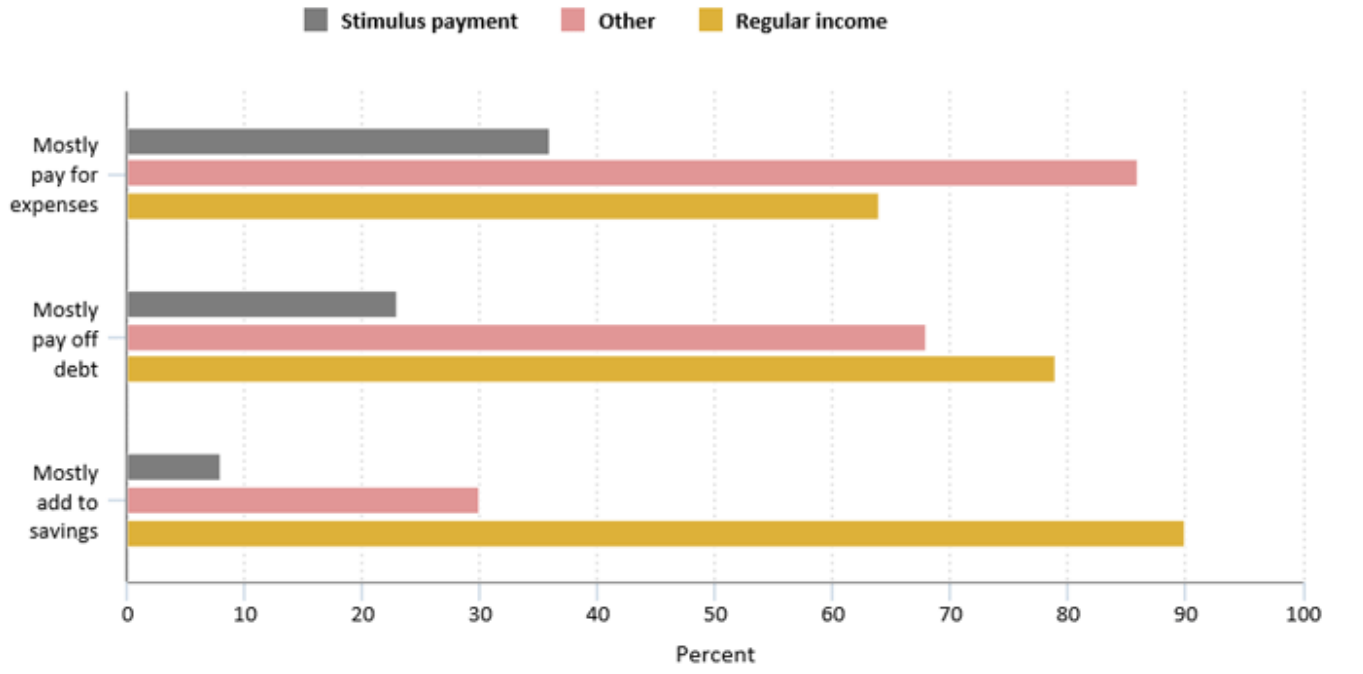
Chart 6 shows stimulus payment use also differs by generation, with generation defined according to the respondent's birth year. Compared with other generation groups, Generation X is slightly more likely to use the stimulus to pay for expenses (74 percent), while the Silent generation is much more likely to use it to add to savings (27 percent). This is understandable, given that those in the Silent generation (in 2020, age 75 to 92) are less likely to be financially affected by the rise in unemployment during the coronavirus pandemic, while Generation X (in 2020, age 40 to 55), are more likely to be financially affected by the loss of work-related income.



Financial resources to meet spending needs by use of stimulus payment

Individuals who reported using the stimulus payment either to mostly pay off debt (79 percent) or mostly add to savings (90 percent) were more likely to have indicated that they were using regular sources of income to meet their spending needs in the previous 7 days. (See chart 7.) In contrast, of those who reported using the stimulus check to mostly pay for expenses, 64 percent reported using regular income sources to meet their spending needs. Further analysis of the data suggests that individuals who did not use or did not expect to use regular income sources to meet their previous 7-day spending needs were more likely to use the stimulus payment for expenses.

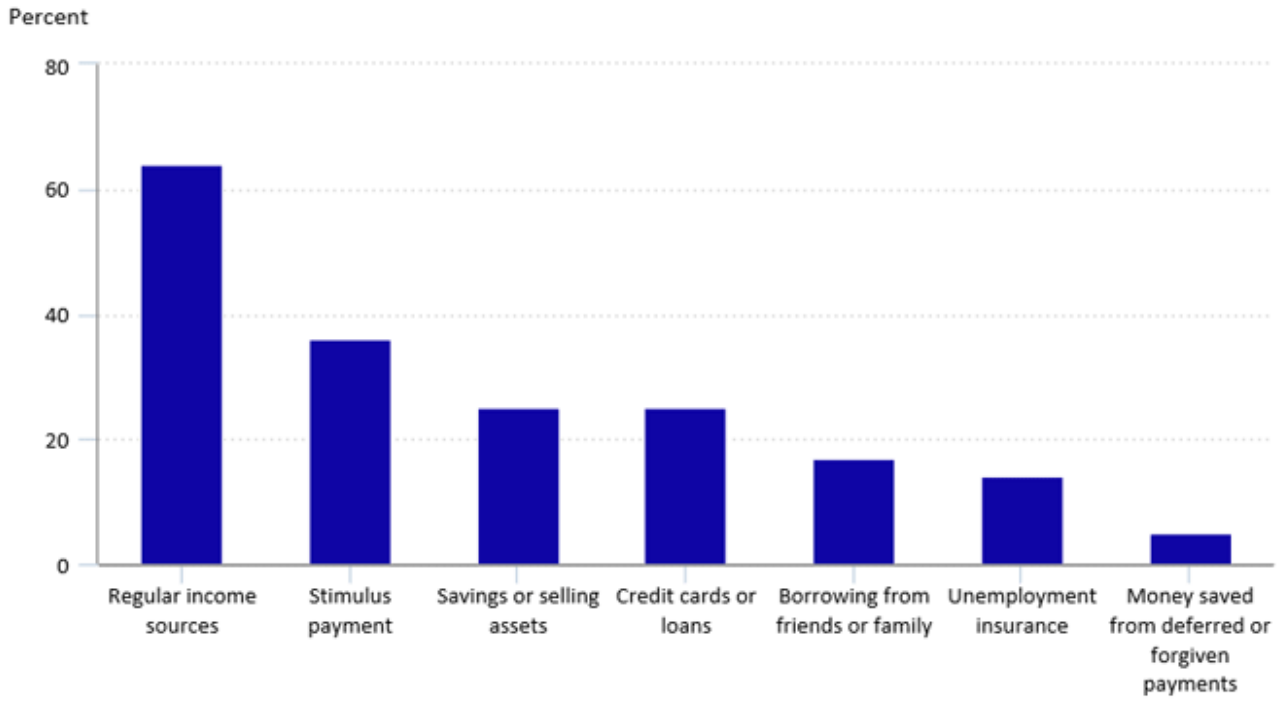
Chart 7. Financial resources used to meet spending needs by stimulus payment use, June 11–June 16, 2020



Click legend items to change data display. Hover over chart to view data.
Note: Percentages do not add to 100 because respondents were allowed to select more than one financial resource when answering this question.
Source: U.S. Census Bureau, Household Pulse Survey.

Chart 8 breaks down the results of Chart 7 for respondents who reported using the stimulus to mostly pay for expenses into each of the financial resource options listed in the survey. Although the majority of respondents reported using regular sources of income to meet their spending needs (64 percent), 36 percent reported using the stimulus payment to meet their needs, followed by withdrawals from savings or selling assets (25 percent) and taking on more debt (25 percent).

Chart 8. Financial resources used to meet previous 7-day spending needs by respondents who used their stimulus check mostly for expenses, June 11–June 16, 2020

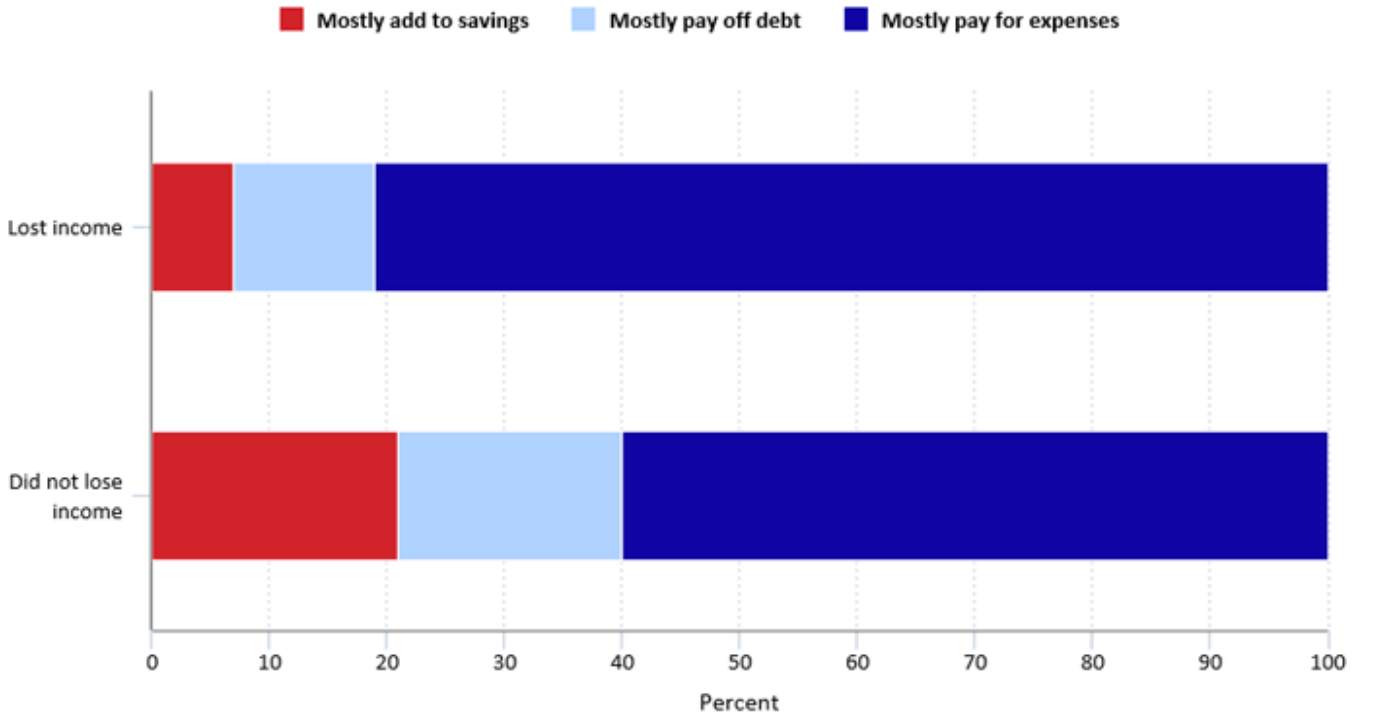


Hover over chart to view data.
Note: Percentages do not add to 100 because respondents were allowed to select more than one financial resource when answering this question.
Source: U.S. Census Bureau, Household Pulse Survey.

Stimulus payment related to loss of income or employment

As shown in chart 9, respondents or household members who experienced a loss of income since March 13 were more likely to use the stimulus payment mostly for expenses as opposed to respondents whose households did not experience such a loss.

Chart 9. Stimulus payment use by respondents who did or did not experience income loss, June 11–June 16, 2020

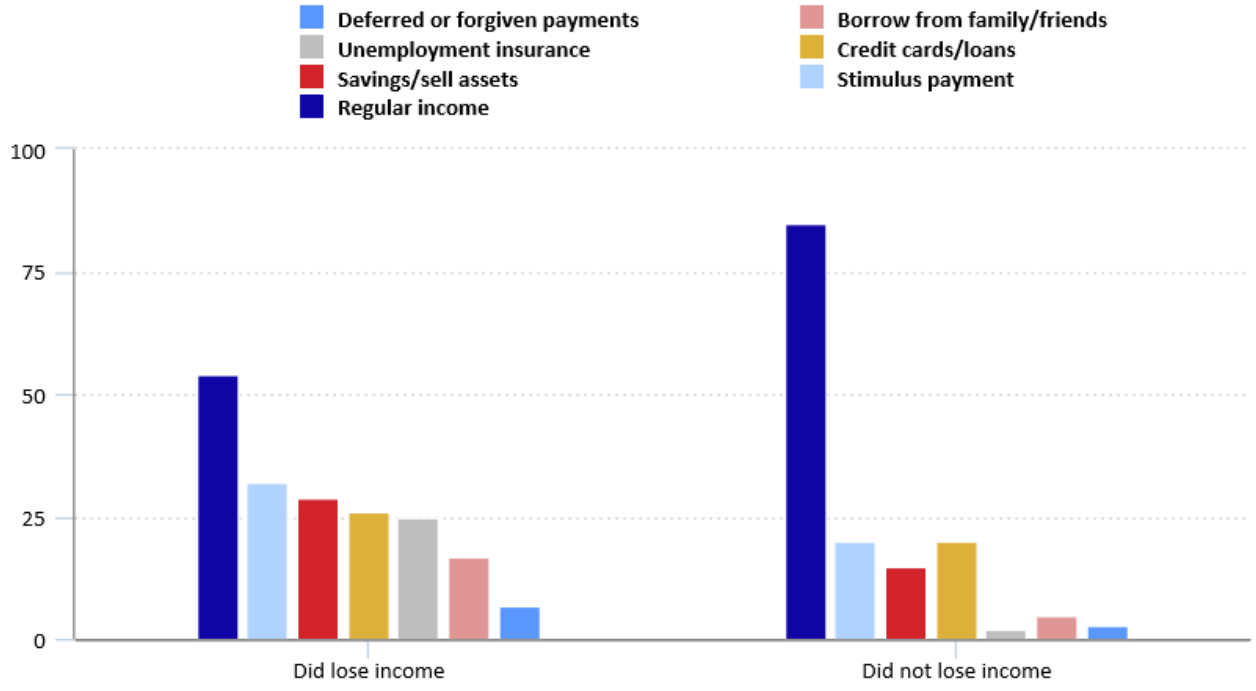


Click legend items to change data display. Hover over chart to view data.
Source: U.S. Census Bureau, Household Pulse Survey.

Respondents who reported that they or a household member experienced a loss of income since March 13 also reported using a greater diversity of resources to meet the spending needs of the household than those who had no loss of income. Respondents who experienced a loss of income reported greater usage of their stimulus payment to meet their spending needs, along with withdrawing of savings or selling assets, credit cards or loans, unemployment benefits, and borrowing from family and/or friends than those who had no loss.

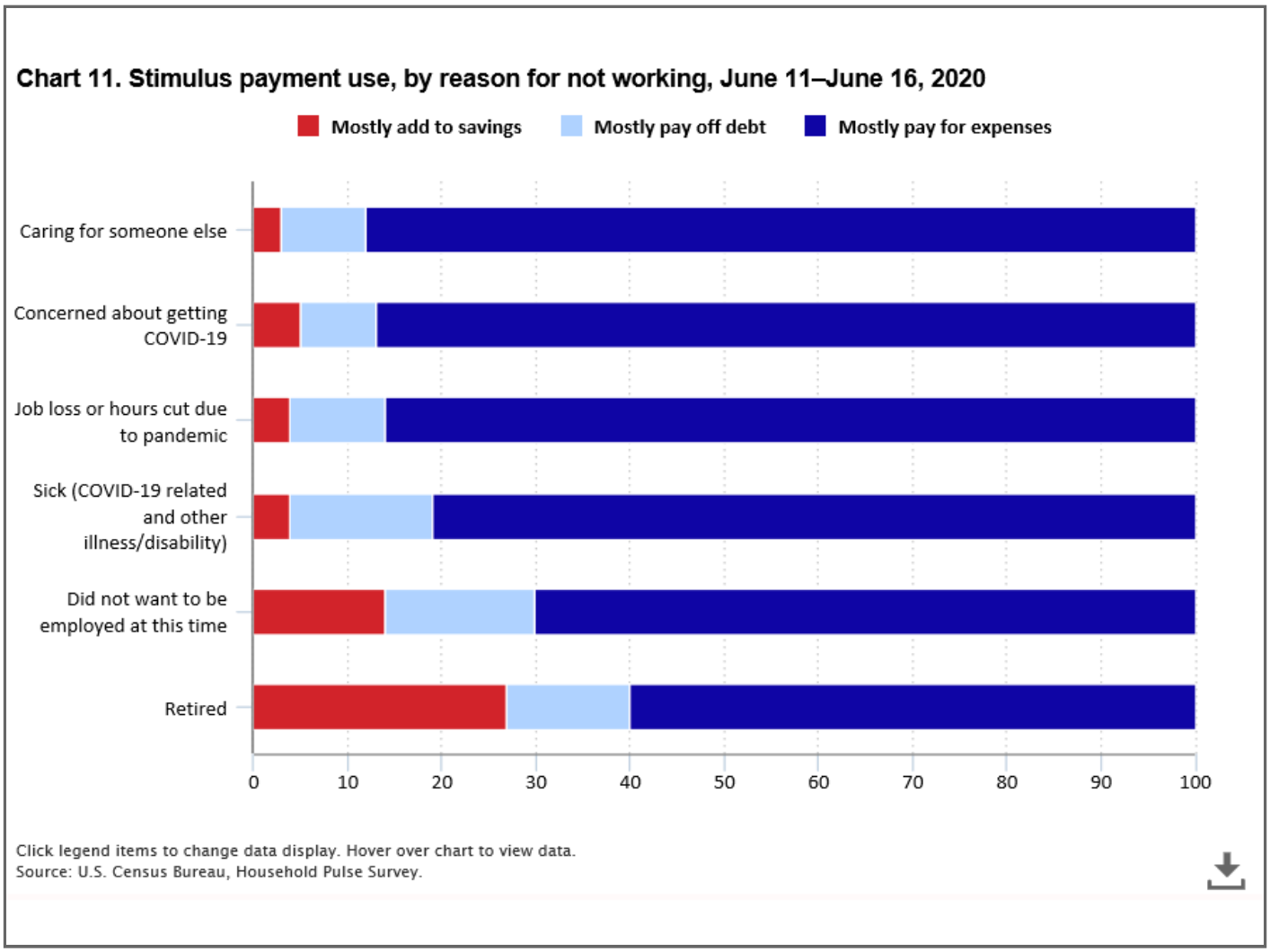
As chart 10 shows, 32 percent of respondents who experienced a loss of income used the stimulus payment to meet their spending needs, compared with 20 percent of respondents who had no loss. Respondents who experienced a loss of income also reported higher rates of withdrawing savings or selling assets, using credits cards or loans, using unemployment benefits, and borrowing from family and/or friends to meet their spending needs than those who experienced no loss of income.

Chart 10. Financial resources used to meet spending needs by loss of income of a household member, June 11–June 16, 2020



Click legend items to change data display. Hover over chart to view data.
Note: Percentages within loss of income status categories do not add to 100 because respondents were allowed to select more than one financial resource when answering this question.
Source: U.S. Census Bureau, Household Pulse Survey.

Stimulus payments were most often used or expected to be used for spending when respondents reported a health concern. (See chart 11.) For example, 88 percent of those caring for someone else reported using the stimulus payment in this way, while 87 percent of those with concerns about getting Covid-19 reported this use.



Summary

In this first look at results from consumer spending questions in the HPS, we find that a majority of respondents who have received or expect to receive a stimulus check, either used or plan to use the stimulus payment to mostly pay for expenses, particularly food purchases. For the respondents who experienced a loss of income since March 13, or who were sick or caring for someone else, the stimulus payment helped them meet their expenses. We also find that respondents in Generation X were more likely to use the stimulus for expenses, whereas older respondents, such as those in the Silent generation, were more likely to save the stimulus payment. BLS intends to release a more detailed analysis of stimulus-related spending later this year.

This **Beyond the Numbers** article was prepared by Thesia Garner, Jake Schild, and Adam Safir, economists in the Office of Prices and Living Conditions, U.S. Bureau of Labor Statistics. Telephone: 202-691-6900. Contact the Consumer Expenditure program directly by completing the form at https://data.bls.gov/cgi-bin/forms/cex?/cex/csxcont.htm.

RELATED ARTICLES

The impact of the COVID-19 pandemic on food price indexes and data collection

Geographic impact of COVID-19 in BLS surveys by industry

Demographics, earnings, and family characteristics of workers in sectors initially affected by COVID-19 shutdowns

How many workers are employed in sectors directly affected by COVID-19 shutdowns, where do they work, and how much do they earn?

NOTES

[1] For more information about the CARES Act policy, see "The CARES Act Provides Assistance to Workers and their Families," U.S. Department of Treasury, https://home.treasury.gov/policy-issues/cares/assistance-for-american-workers-and-families

[2] For more information about the distribution of and qualifications for the stimulus payment, see "Economic Impact Payment Information Center," Internal Revenue Service, https://www.irs.gov/coronavirus/economic-impact-payment-information-center

[3] Individuals born between 1928 and 1945 are part of the Silent generation. Those born between 1946 and 1964 are part of the Baby boom generation. Generation X consists of anyone born between 1965 and 1980, and anyone born after 1980 is considered part of the Millennial generation.

[4] The CSC question asked: "Treasury Department began to send stimulus payments on April 13 to qualifying recipients. Have you received your stimulus payment yet?" For more information about the COVID-19 Survey of Consumers, see the "CFI COBID-19 Survey of Consumers – Wave 2 Updates, Impact by Race/Ethnicity, and Early Use of Economic Impact Payments," Federal Reserve Bank of Philadelphia, https://www.philadelphiafed.org/-/media/covid/cfi/cfi-covid-19-survey-of-consumers-wave2-updates.pdf ; for Wave 3 Updates, see "CFI COVID-19 Survey of Consumers — Wave 3 Reveals Improvements, But Not For Everyone," Federal Reserve Bank of Philadelphia, https://www.phil.frb.org/-/media/covid/cfi/cfi-covid-19-survey-of-consumers-wave3-updates.pdf .

[5] A consumer unit (CU) consists of either: (1) all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements; (2) a person living alone or sharing a household with others or living as a roomer in a private home or lodging house or in permanent living quarters in a hotel or motel, but who is financially independent; or (3) two or more persons living together who use their income to make joint expenditure decisions

[6] For further discussion about the employment situation during the 2020 COVID-19 pandemic, see "CFI COVID-19 Survey of Consumers — Wave 3 Reveals Improvements, But Not For Everyone," Federal Reserve Bank of Philadelphia, https://www.phil.frb.org/-/media/covid/cfi/cfi-covid-19-survey-of-consumers-wave3-updates.pdf . Additional discussion can also be found in the report on wave two, "CFI COBID-19 Survey of Consumers – Wave 2 Updates, Impact by Race/Ethnicity, and Early Use of Economic Impact Payments" (https://www.philadelphiafed.org/-/media/covid/cfi/cfi-covid-19-survey-of-consumers-wave2-updates.pdf), as well as the report on wave one, "CFI COVID-19 Survey of Consumers – An Assessment of the Financial Health and Stability of U.S. Consumers" (https://www.philadelphiafed.org/-/media/covid/cfi/cfi-covid-19-survey-of-consumers.pdf).

[7] See "Consumer Spending and the Economic Stimulus Payments of 2008" by Jonathan Parker et al (2013) for more details about how the 2008 stimulus payments impacted consumer spending, https://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.103.6.2530

[8] Unemployment rates were collected using the Bureau of Labor Statistics' one screen data search tool. A complete monthly report of the unemployment rate can be found via https://data.bls.gov/timeseries/LNS14000000?years_option=all_years .

[9] According to the IRS EIP guidelines, couples filing jointly will receive an EIP of $2,400 ($1,200 per individual) if their income is $150,000 or less. For every $100 in income over $150,000 their EIP will be reduced by $5. Based on this payment reduction schedule, the EIP for couples filing jointly with incomes at $198,000 will have been reduced to $0. However, the income threshold at which the EIP is equal to zero will increase if the couple has any qualifying children. The amount of $500 is added to the maximum EIP that can be received for each qualifying child. For example, assume a couple, who files jointly, has one qualifying child. If the couple has an income of $150,000 or less then their EIP will be $2,900, the standard $2,400 EIP plus $500 for the qualifying child. The same payment reduction schedule ($5 for every $100 in income over $150,000) is applied to couples with qualifying children as to couples with no children. Therefore, a couple who makes $198,000 will see their payment reduced by $2,400, which means they will still receive an EIP of $500 ($2,900–$2,400). It is not until the couple makes $208,000 will their EIP be $0. For two children, the zero payment threshold occurs at $218,000, for three children it occurs at $228,000, and for four children at $238,000. The additional payment for children explains why 30 percent of respondents with income over $200,000 still report receiving an EIP.

[10] See "CFI COVID-19 Survey of Consumers — Wave 3 Reveals Improvements, But Not For Everyone," Federal Reserve Bank of Philadelphia for more details about the analysis, https://www.phil.frb.org/-/media/covid/cfi/cfi-covid-19-survey-of-consumers-wave3-updates.pdf .

[11] See Washington Post article, "A timeline of IRS stimulus payment glitches," for more discussion about the confusion surrounding the distribution of the stimulus payments, https://www.washingtonpost.com/business/2020/05/04/timeline-irs-stimulus-payment-glitches/ .

SUGGESTED CITATION

Thesia I. Garner, Adam Safir, and Jake Schild, "Receipt and use of stimulus payments in the time of the Covid-19 pandemic," *Beyond the Numbers: Prices and Spending*, vol. 9, no. 10 (U.S. Bureau of Labor Statistics, August 2020), https://www.bls.gov/opub/btn/volume-9/receipt-and-use-of-stimulus-payments-in-the-time-of-the-covid-19-pandemic.htm