

Consumer Expenditure Survey Results on the 2008 Economic Stimulus Payments (Tax Rebates)

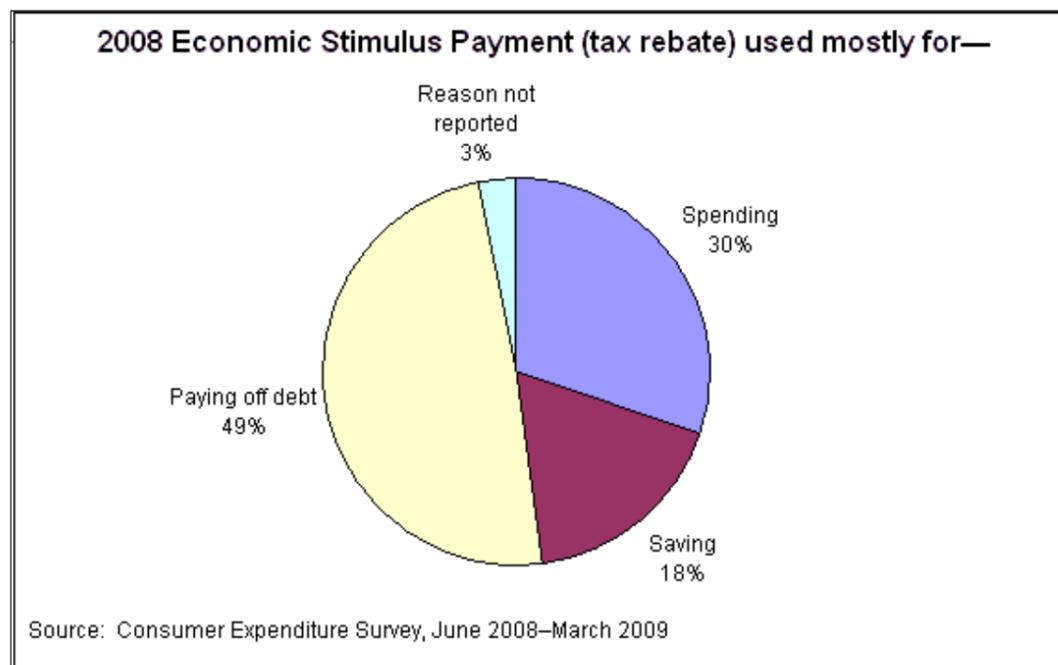
In May 2008, the Internal Revenue Service (IRS) started mailing Economic Stimulus Payments (also called tax rebates) to an estimated 130 million income tax filers.¹ In order to examine the impact of these payments, special questions were included in the Interview component of the Consumer Expenditure Survey from June 2008 through March 2009 to collect information on the amount of payment received, form in which it was received (electronic funds transfer or check), and how it was used (mostly for spending, saving, or paying off debt). This report contains the first analysis of these data.

Those who were eligible for the payments received up to:

- \$600 for individual filers;
- \$1,200 for married couples filing jointly;
- \$300 per qualifying child (i.e., children younger than 18 years old in 2007).

These payments decreased with income once the threshold value (\$75,000 for individuals, and \$150,000 for married couples filing jointly) was passed. However, the exact level of income at which payments were entirely phased out depended both on income and number of qualifying children for eligible filers.²

Use of the rebate



Nearly half (49 percent) of recipients reported using the rebate mostly to pay off debt. Most other recipients reported either mostly spending the rebate (30 percent), or mostly saving the rebate (18 percent). The small remainder of those asked (3 percent) did not report this information (Chart). Although there is some variation, this pattern also generally holds true across income groups (Table 1).

Consumer units with at least one parent and qualifying child were about two to two-and-one-half times more likely to use the rebate to pay off debt than they were to spend it. However, single parents were much less likely to save the rebate than husband and wife families with children. Comparable consumer units without children (husband and wife only or single person 18 or older) were similar to each other in their propensities to allocate these funds: Less than one-third spent the rebate; less than one-fourth saved it; and most of the rest (well under one-half of the total) used it to pay off debt (Table 2).

Interestingly, in general, there was little difference in the average amount of the rebate received for those who mostly spent (\$926) or saved (\$936) it (Table 3). However, those who used it mostly to pay off debt had substantially larger rebates on average (\$995) than the others.

Amounts received

The amount of the stimulus payment reported varied as expected with demographic characteristics (Table 2). For example, consumer units with qualifying children received more on average (\$1,432 for married couples, and \$872 for single parents) than their counterparts without children (\$979 for married couples, and \$508 for single persons 18 years or older). The average generally rises with income, from under \$600 for those with less than \$20,000 to a peak of \$1,227 for those in the \$70,000 and over range, consistent with the pattern for number of earners in the consumer unit (Table 1).

Methods of receipt

The most popular method of receiving the stimulus payment was clearly by check (Table 1):

- Two-thirds (67 percent) of all respondents reporting receipt of at least one rebate reported receiving at least one payment by check;
- Less than half (45 percent) reported receiving at least one rebate by electronic funds transfer (EFT);
- A small number of respondents (2 percent) did not know, or refused to report, the method of receipt of the payment.

However, the relationship varies with income (Table 1):

- The percentage of recipients reporting receipt by check peaks at more than three-fourths of those in the \$10,000 to \$19,999 range, and falls to less than two-thirds of those with incomes of at least \$50,000;
- Conversely, less than one-third of recipients with incomes under \$20,000 report receipt by EFT, while more than one-half of those with incomes of at least \$50,000 report receipt by EFT;

- The percentage for which no information is available is small (between 1 and 3 percent) for all income groups.

Number of rebates received

Most rebate reporters report receipt of one rebate (Table 4). However:

- Nearly 1 in 9 rebate reporters (i.e., 11 percent) report receipt of two or more rebates;
- The maximum number of rebates reported for any consumer unit is six;
- The average size of each rebate is larger for consumer units receiving a single rebate than for those receiving multiple rebates. This is evident because, on average, consumer units receiving one rebate received \$910, while consumer units receiving two or more rebates received \$1,352. Therefore, the average rebate for those receiving two or more is less than \$676 (i.e., less than \$1,352/2).

The data

More than 27,500 interviews occurred during the collection period (June 2008 through March 2009). However, only half (about 13,800) were unique consumer units (see www.bls.gov/cex/csxfags.htm, question 3, for definition), because some were visited more than once. Of these, over 5,600 provided information on receipt of the payment, and over 5,300 provided information on use of the payment. (See tables for precise figures.)

For researcher use, the 2008 Public Use topcoded Microdata files (available October 2009) contain more detailed information on consumer units and their expenditures, income, and other demographics.

Standard tables for 2008, which include information on the rebate amounts, were released on October 6, 2009. They are available online at www.bls.gov/cex/tables.htm. For more information, contact the CE program [by e-mail](mailto:ce@bls.gov) or call (202) 691-6900.

Technical notes

Data collection. In the usual course of the Interview Survey, an address is visited once per quarter for five consecutive quarters. For the Economic Stimulus Payments, the data regarding amount received and method of payment were collected the first time in which the consumer unit was interviewed between June 2008 and March 2009. In the next completed interview, respondents were asked how they mostly used the funds. When the first interview during the collection period was also the fifth interview for the consumer unit, both sets of questions were asked during the same interview. Nonetheless, there is not always information available regarding both receipt and use. For example, a respondent may provide receipt information in one interview, and then may not be available for any subsequent interview, or may not know or may refuse to provide information about the use of the rebate. In such cases, no information on use of the payment was obtained. In cases where receipt, but no value, of the payment was reported in the first eligible interview, a value based on other available information, such as family composition, was imputed during data processing.

Weighting. The data in this report have not been weighted to reflect the population.

¹ "Facts about the Economic Stimulus Payments," <https://www.irs.gov/uac/facts-about-the-2008-stimulus-payments>, FS-2008-15, February 2008, last reviewed or updated: 12 Dec 2008 (December 12, 2008), visited 8/24/09.

² For more information regarding eligibility for and amounts due from these payments, see "Economic Stimulus Payment Q&As: Eligibility," www.irs.gov/newsroom/article/0,,id=179181,00.html, initially updated July 16, 2008; last reviewed or updated: 12 Dec 2008 (December 12, 2008), visited 8/24/09.

Table 1. Average amount, method of receipt, and use of tax rebate, by income before taxes, Consumer Expenditure Survey, June 2008 – March 2009

Item	All consumer units	Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 and more
Sample size	13,803	1,232	1,788	1,678	1,400	1,258	2,033	4,414
Income before taxes (rounded to nearest \$100)	\$63,200	\$3,800	\$14,800	\$24,800	\$34,500	\$44,600	\$59,100	\$130,200
Average number in consumer unit:								
Persons	2.5	1.6	1.8	2.1	2.3	2.5	2.7	3.1
Children under 18	0.6	0.4	0.4	0.5	0.6	0.7	0.7	0.9
Earners	1.3	0.5	0.6	0.8	1.1	1.3	1.6	1.9
Rebate information:								
Average amount received (recipients only)	\$958	\$599	\$571	\$709	\$821	\$932	\$1,056	\$1,227
Percent distribution:								
Received at least one rebate	40.9	20.7	34.5	42.4	43.1	47.3	48.0	43.0
Rebate reporters only								
Receiving at least one rebate by: ⁽¹⁾								
Check	67.1	72.9	78.6	72.9	70.0	69.1	64.5	60.0
EFT	44.5	32.2	25.9	33.6	35.2	43.0	50.9	56.4

Footnotes:

⁽¹⁾ Values add to more than 100 percent because multiple rebate reporters can receive rebates in different formats. For example, a consumer unit receiving one rebate by check and one rebate by EFT is included in both categories.

Item	All consumer units	Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 and more
No information available	2.0	3.1	1.6	2.4	2.2	1.2	2.5	1.7
Asked how rebate was used:	94.7	94.5	93.8	92.5	94.9	94.1	95.1	95.8
If asked how rebate was used:								
Rebate was used mostly for:								
Spending	30.2	31.5	32.1	31.0	28.7	28.6	28.5	31.1
Saving	17.6	15.8	16.6	19.6	16.1	15.9	15.6	19.5
Paying off debt	49.1	49.4	49.2	45.9	51.0	53.6	52.2	46.6
No information reported	3.0	3.3	2.1	3.5	4.2	2.0	3.7	2.8

Footnotes:

(1) Values add to more than 100 percent because multiple rebate reporters can receive rebates in different formats. For example, a consumer unit receiving one rebate by check and one rebate by EFT is included in both categories.

Table 2. Average amount, method of receipt, and use of tax rebate, by composition of consumer unit, Consumer Expenditure Survey, June 2008 – March 2009

Item	All consumer units	Husband and wife, at least one qualifying child	Single parent, at least one qualifying child	Husband and wife only	Single person, 18 years or older (1)	All other consumer units
Sample size	13,803	2,817	845	2,943	4,094	3,104
Income before taxes (rounded to nearest \$100)	\$63,200	\$94,300	\$35,600	\$75,900	\$32,400	\$71,000
Average number in consumer unit:						
Persons	2.5	4.1	3.0	2.0	1.0	3.3
Children under 18	0.6	2.0	1.8	0.0	0.0	0.6
Earners	1.3	1.8	1.0	1.2	0.6	1.9
Rebate information:						
Average amount received (recipients only)	\$958	\$1,432	\$872	\$979	\$508	\$967
Percent distribution:						
Received at least one rebate	40.9	45.1	36.4	46.3	33.5	43.2
Percent distribution: Rebate reporters only						
Received at least one rebate by: (2)						
Check	67.1	53.6	67.9	69.1	62.9	81.9
EFT	44.5	59.4	36.0	39.3	37.2	45.1
No information available	2.0	1.7	1.9	1.8	2.3	2.2
Asked how rebate was used:	94.7	94.2	90.6	96.8	93.4	95.4
If asked how rebate was used:						
Rebate was used mostly for:						
Spending	30.2	28.7	26.9	31.9	31.9	29.0
Saving	17.6	15.0	6.1	23.3	21.4	13.0

Footnotes:

(1) For this table, single persons 18 years and older are assumed to qualify for the rebate. However, information on tax status is not available in the data examined. Therefore, some of these persons may be claimed as dependents on another tax return, and, as such, are ineligible.

(2) Values add to more than 100 percent because multiple rebate reporters can receive rebates in different formats. For example, a consumer unit receiving one rebate by check and one rebate by EFT is included in both categories.

Item	All consumer units	Husband and wife, at least one qualifying child	Single parent, at least one qualifying child	Husband and wife only	Single person, 18 years or older (1)	All other consumer units
Paying off debt	49.1	53.8	65.2	41.7	43.6	54.4
No information reported	3.0	2.5	1.8	3.1	3.2	3.6

Footnotes:

(1) For this table, single persons 18 years and older are assumed to qualify for the rebate. However, information on tax status is not available in the data examined. Therefore, some of these persons may be claimed as dependents on another tax return, and, as such, are ineligible.

(2) Values add to more than 100 percent because multiple rebate reporters can receive rebates in different formats. For example, a consumer unit receiving one rebate by check and one rebate by EFT is included in both categories.

Table 3. Average amount, method of receipt, and use of tax rebate, by use of rebate, Consumer Expenditure Survey, June 2008 – March 2009

Item	All Reporters Asked About Rebate Use	Rebate used mostly for spending	Rebate used mostly for saving	Rebate used mostly for paying off debt	Rebate use asked, but not reported
Sample size	5,353	1,618	944	2,628	163
Percent of total sample	100.0	30.2	17.6	49.1	3.0
Income before taxes (rounded to nearest \$100)	\$62,700	\$64,000	\$65,900	\$60,300	\$70,000
Average number in consumer unit:					
Persons	2.6	2.5	2.3	2.8	2.5
Children under 18	0.7	0.6	0.4	0.8	0.5
Earners	1.4	1.3	1.2	1.5	1.4
Rebate information:					
Average amount received	\$962	\$926	\$936	\$995	\$925
Percent distribution:					
Received at least one rebate by: (1)					
Check	67.6	68.9	67.7	66.8	65.6
EFT	44.3	42.8	41.8	46.7	35.6
No information available	2.0	1.3	1.3	1.5	20.2

Footnotes:

(1) Values add to more than 100 percent because multiple rebate reporters can receive rebates in different formats. For example, a consumer unit receiving one rebate by check and one rebate by EFT is included in both categories.

Table 4. Average amount, method of receipt, and use of tax rebate, by number of rebates reported, Consumer Expenditure Survey, June 2008 – March 2009

Item	All consumer units	No rebate reported	At least one rebate reported
Sample size	13,803	8,151	5,652
Income before taxes (rounded to nearest \$100)	\$63,200	\$64,000	\$62,100
Average number in consumer unit:			
Persons	2.5	2.4	2.6
Children under 18	0.6	0.6	0.7
Earners	1.3	1.2	1.4
Rebate information:			
Number reported			
Minimum	0	0	1
Maximum	6	0	6
Average	0.5	0.0	1.1
Average amount received	\$392	\$0	\$958
By those receiving one rebate	\$910	N/A	\$910

Footnotes:

(1) Values add to more than 100 percent because multiple rebate reporters can receive rebates in different formats. For example, a consumer unit receiving one rebate by check and one rebate by EFT is included in both categories.

Item	All consumer units	No rebate reported	At least one rebate reported
By those receiving two or more rebates	\$1,352	N/A	\$1,352
Percent distribution:			
Received one rebate	36.5	0.0	89.0
Received two or more rebates	4.5	0.0	11.0
Received at least one rebate by: <u>(1)</u>			
Check	67.1	0.0	67.0
EFT	44.5	0.0	44.5
No information available	2.0	0.0	2.0
Asked how rebate was used:	38.8	0.0	94.7
If asked how rebate was used:			
Rebate was used mostly for:			
Spending	30.2	0.0	30.2
Saving	17.6	0.0	17.6
Paying off debt	49.1	0.0	49.1
No information reported	3.0	0.0	3.0

Footnotes:

(1) Values add to more than 100 percent because multiple rebate reporters can receive rebates in different formats. For example, a consumer unit receiving one rebate by check and one rebate by EFT is included in both categories.

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