



# Focus on Prices and Spending

## Consumer Expenditure Survey



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### Current Price Topics

## How Consumers Used the 2009 Economic Recovery Payments of \$250

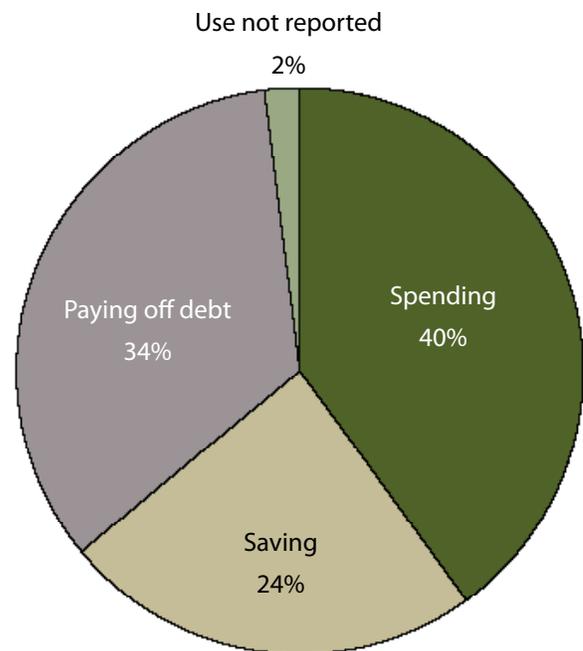
In 2009, the Social Security Administration administered the delivery of one-time economic recovery payments of \$250 for most recipients of Social Security, Railroad Retirement, Supplemental Security Income, and Veterans' Benefits.<sup>1</sup> Individuals who qualified for or received any of these benefits anytime from November 2008 through January 2009 were eligible to receive this one-time economic recovery payment. The payments were sent by the Department of Treasury during May 2009.<sup>2</sup> To examine the impact of these payments, staff of the U.S. Bureau of Labor Statistics (BLS) included special questions in the Interview component of the Consumer Expenditure Survey from July through September 2009. These questions were designed to collect information on whether the payment was received, and how it was used—whether the money was used mostly for spending, mostly for saving, or mostly for paying off debt. This report contains the first analysis of these data by staff of BLS.

In the text that follows, consumer units<sup>3</sup> that include at least one member who received a

payment are referred to as recipient consumer units, and members who received a payment are recipients.

On average, recipient consumer units received a total of \$331 in payments. Two-fifths of recipients within these consumer units reported using the payment mostly for spending. About one-fourth reported mostly saving the payment, and about one-third reported using the payment primarily to pay off debt. The remaining 2 percent either did not know or refused to report how they mostly used the payment. (See chart 1.)

**Chart 1. How recipients mostly used their 2009 economic recovery payment**



SOURCE: U.S. Bureau of Labor Statistics

*Distinction from the Economic Stimulus Payments of 2008.* It is important to note that economic recovery payments were part of a series of economic stimulus methods employed during the late 2000s to counteract the developing recession. For example, in 2008, the Internal Revenue Service sent out a number of economic stimulus payments, also known as tax rebates. Although similar in name to the economic recovery payments described in this report, the Economic Stimulus Payments of 2008 were separate and distinct. (The Consumer Expenditure Survey program also collected information on the tax rebates when they were distributed. A report is available at <http://www.bls.gov/cex/taxrebate.htm>.)

*Recipient income.* As shown in table 1, recipient consumer units received averages of

- More than \$41,000 in total income before taxes
- More than \$15,500 in Social Security and Railroad Retirement payments (a component of total income before taxes)
- More than \$800 in Supplemental Security Income (another component of total income before taxes).

In general, recipient consumer units had lower income on average (\$41,160) than nonrecipient consumer units (\$71,365).<sup>4</sup>

*Characteristics of recipients.* The data (table 1) show the following:

- More than 27 million consumer units included at least one member for whom receipt of the payment was reported. In total, this amounted to more than 36 million persons.<sup>5</sup>
- Most recipients (70 percent) were at least 66 years old at the time of the interview. However, nearly 1 in 5 recipients (19 percent) was under age 62, the age at which most persons became eligible for Social Security retirement benefits in 2009. About 11 percent were between the ages of 62 and 65.
- The majority of recipients were either retired (63 percent) or not working for some other reason, such as illness, disability, or taking care of home or family (20 percent).<sup>6</sup> However, a substantial proportion—more than 1 in 6 recipients (17 percent)—was either self-employed (2 percent) or working for someone else (15 percent).

In addition, for recipient consumer units of 2 to 9 members (the maximum size observed for recipient consumer units), the number of recipients ranged from 1 to 6, averaging 1.3 recipients per recipient consumer unit. Table 2 shows that, as is to be expected, the percentage of recipient consumer units in

**Table 1.** Characteristics of consumer units by recipients of economic recovery payments and nonrecipients, 2009

Characteristic of consumer units	Total recipients	Nonrecipients
Consumer units interviewed (sample size)	1,625	5,369
Consumer units represented (in thousands)	27,321	93,570
Recipients per unit	1.3	0.0
<b>Income</b>		
Income	\$41,160	\$71,365
Wages and salaries	14,929	63,663
Self-employment	1,049	2,842
Social Security	15,553	1,074
Private and government retirement	6,151	1,469
Interest, dividends, rental income, other property income	1,910	941
Unemployment	149	379
Workers' compensation and veterans' benefits	110	80
Public assistance and food stamps	159	159
Supplemental Security Income	835	109
Regular contributions for support	191	481
Other income	126	168
<b>Individual members:</b>		
Total (sample size)	2,158	15,479
Total represented (in thousands)	36,196	265,493
<b>Percent distribution for individual recipients:</b>		
<b>Age</b>		
Under 62	18.8	<sup>1</sup> 93.5
62 to 65	10.9	2.9
66 to 74	35.4	1.8
75 to 84	26.4	1.3
85 and older	8.5	0.5
<b>Occupation<sup>2</sup></b>		
Retired	62.9	4.9
Other not working <sup>2</sup>	<sup>1</sup> 20.5	22.3
Self-employed	2.0	4.2
Work for someone else	14.6	68.6

<sup>1</sup> First decimal rounds up to 0.5 level; therefore, this value rounds down at the integer level.

<sup>2</sup> Only members at least 14 years old are asked about occupation. Figures here are percentages for members 14 years and older.

**Table 2.** Consumer units receiving at least one economic recovery payment, 2009

Family size	Percent receiving payments:	
	One payment only	One payment per member
1	100	100
2	44	56
3	63	9
4	68	2
5 to 9	75	0

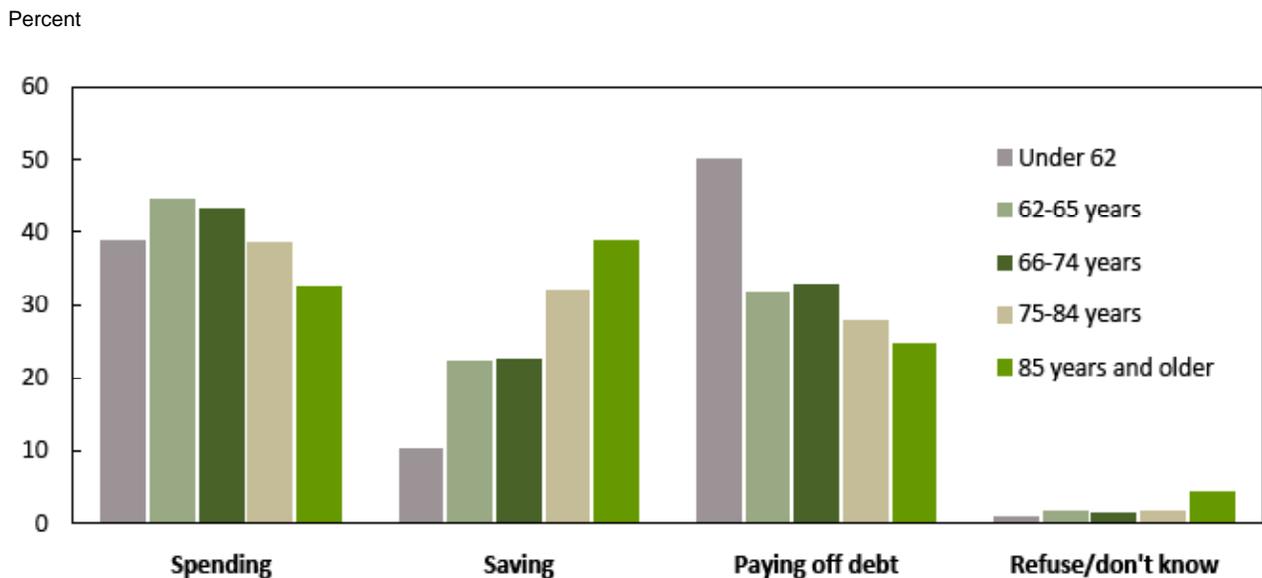
which each member received the payment decreased rapidly as increasingly larger recipient consumer units were analyzed.

*Additional findings by demographic.* The data in table 3 reveal differences in use associated with the demographic characteristics of the recipients.

*Age of recipient.* The age classifications for

this study are under age 62, age 62 to 65, age 66 to 74, age 75 to 84, and age 85 and over. These groups are selected both to conform to Social Security benefit standards and to account for expected differences in use of the payments for recipients in different stages of life. That is, in 2009, the minimum age at which a person could start to receive retirement benefits from Social Security was 62 years, and the minimum age to receive full retirement benefits was 66 years. The older groups are chosen to show differences for those who are one to two decades into full retirement benefit eligibility and those who are two or more decades into full retirement benefit eligibility; that is, persons who were at least 75 years old in 2009 would have been eligible to receive full retirement benefits at age 65.<sup>7</sup>

**Chart 2.** Percent reporting use of economic recovery payment, by age



SOURCE: U.S. Bureau of Labor Statistics

As shown in chart 2:

- Exactly half—50 percent—of recipients under age 62 used the payment to pay off debt. For those 62 or older, the proportion that used the payment for paying off debt ranged from one-fourth (25 percent) for those age 85 and older, to almost one-third (33 percent) for those age 66 to 74 years. Within those age ranges, about 32 percent for those age 62 to 65 and 28 percent for those age 75 to 84 used the payment to pay off debt.
- The percentage reporting saving the payment increased with age: Exactly 1 in 10 of the youngest group saved the payment, compared with almost 22 to 23 percent of those age 62 to 74, and 32 percent of those age 75 to 84, and 39 percent of those 85 and older.
- The oldest group was the least likely to spend the payment (33 percent), followed by recipients age 75 to 84 years and under age 62 (39 percent each). The other groups (62 to 65 and 66 to 74 years old) were similar to each other—43 to 44 percent reported mostly spending the payment.
- Small proportions of each age group either did not know or refused to report how they mostly used the payment (1 percent to 4 percent); the values for each group are included in the tables for reference, but because of the small amounts they are not discussed further in this report.

*Race and Hispanic origin.* As examined in this report, race and ethnicity are made up of the following groups: Blacks, Whites, Hispanics, and non-Hispanics. Although standard published tables from the Consumer Expenditure Survey include data for Asians and others,<sup>8</sup> the group is, by definition, heterogeneous, so although the results are included in table 3 for reference, they are not discussed here. The following are highlights of the data by race and ethnic origin:

- For Whites, 41 percent reported using the payment mostly for spending, 26 percent mostly for saving, and 32 percent mostly for paying off debt.
- For Blacks, 34 percent reported mostly spending, 13 percent reported mostly saving, and 51 percent reported mostly paying off debt.
- Hispanics (37 percent) were less likely than non-Hispanics (41 percent) to have reported mostly spending the payment.
- Hispanics (48 percent) were much more likely to use the payment mostly for paying off debt than they were to use it mostly for spending, and a smaller proportion (33 percent) of non-Hispanics used the payment to pay off debt. This meant that Hispanics were about half as likely (12 percent) as non-Hispanics (25 percent) to use the payment mostly for saving.

**Table 3. Use of the economic recovery payments, by demographic characteristics of individual recipients, 2009**

Characteristic	Payment used mostly for—			
	Spending	Saving	Paying off debt	Use not reported
<b>Percent distribution:</b>				
All recipients	40.4	24.1	33.9	1.7
<b>Age</b>				
Under 62	38.8	10.3	50.0	1.0
62 to 65	<sup>1</sup> 44.5	22.2	31.8	1.6
66 to 74	43.1	22.7	32.8	1.4
75 to 84	38.6	31.9	27.8	1.7
85 and older	32.6	38.7	24.6	4.2
<b>Race and Hispanic origin</b>				
<b>Race</b>				
White	40.7	25.8	31.9	1.6
Black	34.3	12.7	50.7	2.4
Asian and others	49.3	16.7	32.8	1.2
<b>Hispanic origin<sup>2</sup></b>				
Hispanic	36.5	12.1	48.2	3.2
Not Hispanic	40.6	24.8	33.0	1.6
<b>Income before taxes</b>				
Less than \$10,000	40.6	12.9	<sup>1</sup> 45.5	1.0
\$10,000 to 19,999	37.0	20.6	41.2	1.2
\$20,000 to 29,999	44.1	19.2	34.7	2.1
\$30,000 to 39,999	38.8	25.6	<sup>1</sup> 34.5	1.1
\$40,000 to 49,999	43.5	23.9	28.3	4.2
\$50,000 to 69,999	35.5	33.7	29.9	0.8
\$70,000 and over	43.4	30.7	24.2	1.7
<b>Marital status</b>				
Single men	39.4	24.9	34.0	1.8
Single women	37.4	24.9	35.3	12.5
Married couples <sup>3</sup>	43.0	29.1	26.2	1.7

<sup>1</sup> First decimal rounds up to 0.5 level; therefore, this value rounds down at the integer level.

<sup>2</sup> Hispanics may be of any race.

<sup>3</sup> Includes consumer units consisting of a husband and wife only, in which each spouse reported the same use for the payment.

*Income.* The percent reporting use of the payment mostly to pay off debt generally declined as income increased, ranging from 45 percent of those with less than \$10,000 in total income before taxes to 24 percent of those with at least \$70,000 in total income before taxes. However, for other levels of income, spending or saving patterns were not obvious.

*Marital status.* The types of marital status included single women, single men, and married couples. For simplicity, the sample analyzed for the latter group is restricted to consumer units consisting only of a husband and wife, both of whom received the payment and used it in the same way.<sup>9</sup>

There were differences in how single persons and married couples used the payments, but there was not much difference between single men and single women:

- Twenty-five percent of single persons of either sex mostly saved the payment, with single men only a little more likely to spend than single women (39 percent versus 37 percent, respectively), and a little less likely to pay off debt (34 percent versus 35 percent).
- In contrast, married couples were the most likely to spend it, with 43 percent respond-

ing that they did so. Although they were more likely than singles to save the payment (29 versus 25 percent), only 1 in 4 of these couples (26 percent) used the payment mostly to pay off debt, compared with more than 1 in 3 (34 to 35 percent) for singles.

*Summary of findings.* In 2009, most recipients of the economic recovery payments (\$250 per recipient) were at least 66 years old, and most were also retired. However, a substantial proportion was under age 62, and many recipients were working.

The most frequently reported use of the payments was for spending (40 percent), followed by paying off debt (34 percent), and saving (24 percent). However, there were variations observed by demographic characteristic, wherein some groups used their payments differently on average than others. For example, half of recipients under age 62 used their payments mostly for paying off debt, with spending being the second most frequently reported use for this group. The older the recipient group, the more likely the recipients were to save their payments. Blacks and Hispanics followed a similar pattern to younger recipients, while Whites were much less likely to report paying off debt than they were to report spending the payment.

## Technical notes

*The data.* Nearly 7,000 consumer units were interviewed from July through September 2009. Of these, 1,625 consumer units included at least one member who had received an economic recovery payment. The full sample (6,994 consumer units) included 17,637 members. Within these consumer units, respondents were asked about receipt of the payment for a total of 2,785 members. Respondents reported that 2,158 had received the payment; 487 had not received the payment; and 140 members did not give a definite answer (either the respondent did not know or refused to say whether the member had received the payment).

When weighted, the total sample (6,994) represents almost 121 million consumer units, of which over 27 million included at least one member who had reported receipt of an economic recovery payment. The members for whom receipt of the payment is reported (2,158) represent more than 36 million recipients in the total U.S. population.

The results analyzed in this report are based on reported economic recovery payment receipts.

For researcher use, the 2009 Consumer Expenditure Survey public use microdata files (released October 5, 2010) contain more

detailed information on consumer units and their expenditures, income, and other demographics.

*Eligibility for receipt of payment.* Most recipients of Social Security, Supplemental Security Income, Railroad Retirement Income, or Veterans benefits were eligible for receipt of the payment, as long as they were eligible to receive these benefits between November 2008 and January 2009.<sup>10</sup> Ineligible recipients included

- Anyone living outside of the United States or its territories
- Individuals who no longer are lawfully present in the United States
- Individuals whose benefits have been suspended under the law for giving false or misleading statements
- Social Security beneficiaries who are minor children (except children receiving Supplemental Security Income payments)
- Supplemental Security Income beneficiaries who receive benefits at a reduced rate of \$30 because they live in a medical treatment facility (such as a nursing home or hospital) and Medicaid pays over 50 percent of the cost of their care

- Individuals only entitled to Medicare and not to Social Security or SSI benefits
- Prisoners, fugitive felons, and probation and parole violators.<sup>11</sup>

*Data collection.* Participants interviewed between July and September 2009 were asked about receipt and, if applicable, use of the \$250 economic recovery payment. The questions were as follows:<sup>12</sup>

In May or June 2009, did you receive a one-time stimulus payment of \$250? (Yes or no.) If yes:

Did the \$250 stimulus payment lead you mostly to increase spending, mostly to increase savings, or mostly to pay off debt?

These questions were asked only of members for whom receipt of income from Social Security, Railroad Retirement, or the Supplemental Security Income program was reported. If the respondent was not sure whether a member received income from one of those sources, the questions regarding receipt and use of the economic recovery payment were not asked.

Although most recipients of Veterans Benefits were eligible to receive the economic recovery payment, information for this source of income is collected in the Interview Survey for the consumer unit as a whole rather than for individual members. In addition, when collected, these benefits are combined with other sources of income, such as workers' compensation. Because the questions about economic recovery payments were asked for individual members, some recipients may not have been asked about these payments. In addition, because the respondent for the consumer unit is not always the person who received the payment, it is possible that the respondent did not know that one or more members of the consumer unit had received an economic recovery payment. These factors contribute to the difference between the number of payments estimated to have been received (36 million) and the number reported by the Social Security Administration (52 million).<sup>13</sup>

Questions? Please contact Geoffrey Paulin with the Consumer Expenditure Survey program at [Paulin.Geoffrey@bls.gov](mailto:Paulin.Geoffrey@bls.gov) or (202) 691-5132. 

## Notes

<sup>1</sup> For more information on categories of recipients covered in this one-time payment, see *One-Time Economic Recovery Payment*, Social Security Administration publication No. 05–10519, April 2009, question 1, on the Internet at, <http://www.ssa.gov/pubs/10519.html#1>, visited November 9, 2010.

<sup>2</sup> For more information on how payments were received, see *One-Time Economic Recovery Payment*, question 2, on the Internet at <http://www.ssa.gov/pubs/10519.html#2>, visited November 9, 2010.

<sup>3</sup> Consumer units include families, single persons living alone or sharing a household with others but who are financially independent, or two or more persons living together who share expenses. See [www.bls.gov/cex/csxfaqs.htm](http://www.bls.gov/cex/csxfaqs.htm), question 3 for more information (visited November 17, 2010).

<sup>4</sup> Nonrecipients include those who were not asked the receipt questions as well as those who were asked but responded that they did not receive the payment, and those who were asked but did not know or refused to answer.

<sup>5</sup> However, according to the Social Security Administration, over 52 million eligible recipients had been identified by May 2009. ([http://www.ssa.gov/recovery/Report\\_Plan/ERPPlan-AdministrativeExpenses.pdf](http://www.ssa.gov/recovery/Report_Plan/ERPPlan-AdministrativeExpenses.pdf), p. 8, visited January 19, 2011). See technical notes for an explanation of the difference.

<sup>6</sup> The full list of reasons for not working includes unable to find work (unemployed); working without pay; ill, disabled, or unable to work; taking care of home/family; going to school; doing something else; and member not coded.

<sup>7</sup> This is because 65 years was the minimum age for full retirement benefit eligibility until 2002; by 2007, the minimum age was still 65 years and 10 months. It changed to 66 years in 2009, and will remain there until 2021. Nevertheless, minimum eligible age for Medicare benefits remained at 65 years in 2009. See <http://www.ssa.gov/retire2/agereduction.htm> for more information (visited November 30, 2010).

<sup>8</sup> Other races include Native Hawaiian or other Pacific Islander, American Indian or Alaska Native, and persons reporting more than one race.

<sup>9</sup> The total sample included 1,535 husband and wife only consumer units, of which 574 were recipient consumer units. Both spouses were recipients in 378 of these consumer units. In 335 of these cases, both spouses also reported the same use for the economic recovery payment: 330 where both reported mostly spending, saving, or paying off debt; and 5 where specific use was not known or refused. When weighted, the sample analyzed (335 consumer units) represented almost 5.6 million consumer units nationally.

<sup>10</sup> For more information, see *One-Time Economic Recovery Payment*, question 1, on the Internet at <http://www.ssa.gov/pubs/10519.html#1>, visited November 9, 2010.

<sup>11</sup> See *One-Time Economic Recovery Payment*, question 9, on the Internet at <http://www.ssa.gov/pubs/10519.html#9>, visited November 9, 2010.

<sup>12</sup> 2009 Consumer Expenditure Interview Survey Public Use Microdata User's Documentation October 5, 2010, p. 5 (<http://www.bls.gov/cex/2009/csxintvw.pdf>, visited January 19, 2011).

<sup>13</sup> Approximate number distributed as of May 2009. ([http://www.ssa.gov/recovery/Report\\_Plan/ERPPlan-AdministrativeExpenses.pdf](http://www.ssa.gov/recovery/Report_Plan/ERPPlan-AdministrativeExpenses.pdf), p. 8, visited January 19, 2011).