

# Consumer Response to the Economic Impact Payments and Life in the Time of COVID-19

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# Outline

- **Setting the stage**
- **Federal Statistical System response**
  - Household Pulse Survey
  - Design
  - Results
- **Comparison to other surveys**
- **Result highlights**
- **Next steps**



# COVID-19 Pandemic: U.S. Part of Worldwide Pandemic

- **December 31, 2019:** WHO informed of outbreak of a cluster of “pneumonia of unknown cause” in Wuhan
- **January 20, 2020:** First American case of COVID-19 was reported
- **January 31, 2020:** President declared the U.S. outbreak a public health emergency, flight restrictions
- **February 2020:** First known American deaths in February, but not known to be caused by COVID-19 until **April**
- **March 13, 2020:** President declared a national emergency
- **March 27, 2020:** Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by the President
- **December 21, 2020:** Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act passed by Congress and signed into law by the President



# Economic Impact Payments (EIP)

- **First round of payments included in CARES Act**
  - \$1,200 to individuals with AGI less than \$75,000 and \$2,400 to couples filing jointly with AGI less than \$150,000
  - Dependents under the age of 17 qualify for an additional \$500 per dependent
  - Direct deposits began on April 15<sup>th</sup> and paper checks began on April 20<sup>th</sup>
- **Second round of payments included in the CRRSA Act**
  - \$600 to individuals with AGI less than \$75,000 and \$1,200 to couples filing jointly with AGI less than \$150,000
  - Dependents under the age of 17 qualify for an additional \$600 per dependent
  - Direct deposits began on Dec 29<sup>th</sup> and paper checks began on Dec 30<sup>th</sup>
- **Payments were phased out at a rate of \$5 for every \$100 of AGI over the threshold**



# Household Pulse Survey

## Background and Results



# Use of EIP (HPS Q15)

- **Phase 1: 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 (food, clothing, shelter, etc.) → Received
  - Mostly to pay off debt (car loans, student loans, credit cards) → Received
  - Mostly add to savings → Received
  - Did not or do not expect to receive the stimulus, payment → No Received
- **Phase 3: In the last 7 days, if you or anyone in your household received a “stimulus payment,” that is a coronavirus related Economic Impact Payment from the Federal Government, did you...**
  - Mostly spending → Received
  - Mostly save it → Received
  - Mostly use it to pay off debt → Received
  - Not applicable. I did not receive a stimulus payment → Not Received



# Use of EIP (HPS Q19)

- **Phase 1/3:** What did, or will, you and your household spend the “stimulus payment” on?
  - Food (groceries, eating out, take out) → Spending
  - Clothing (clothing, accessories, shoes) → Spending
  - Household supplies and person care products → Spending
  - Household items (TV, electronics, furniture, appliances) → Spending
  - Recreational goods (sports/fitness equipment, bicycles, toys, games) → Spending
  - Rent → Spending/Housing
  - Mortgage (scheduled or monthly) → Debt/Housing
  - Utilities and telecom (natural gas, electricity, cable, internet, cellphone) → Spending
  - Vehicle payments (scheduled or monthly) → Debt
  - Paying down credit card, student loans, or other debts → Debt
  - Charitable donations or giving to family members → Spending
  - Savings or investments → Savings
  - Other → Spending

*Note: Asked only to respondents who reported receiving or expecting to receive a stimulus payment in Q15 and grouping is NOT mutually exclusive.*



# Financial Difficulty (HPS Q19a)

- **Phase 2/3:** In the last 7 days, how difficult has it been for your household to pay for usual household expenses, including but not limited to food, rent or mortgages, car payments, medical expenses, student loans, and so on?
  - Not at all difficult
  - A little difficult
  - Somewhat difficult
  - Very difficult





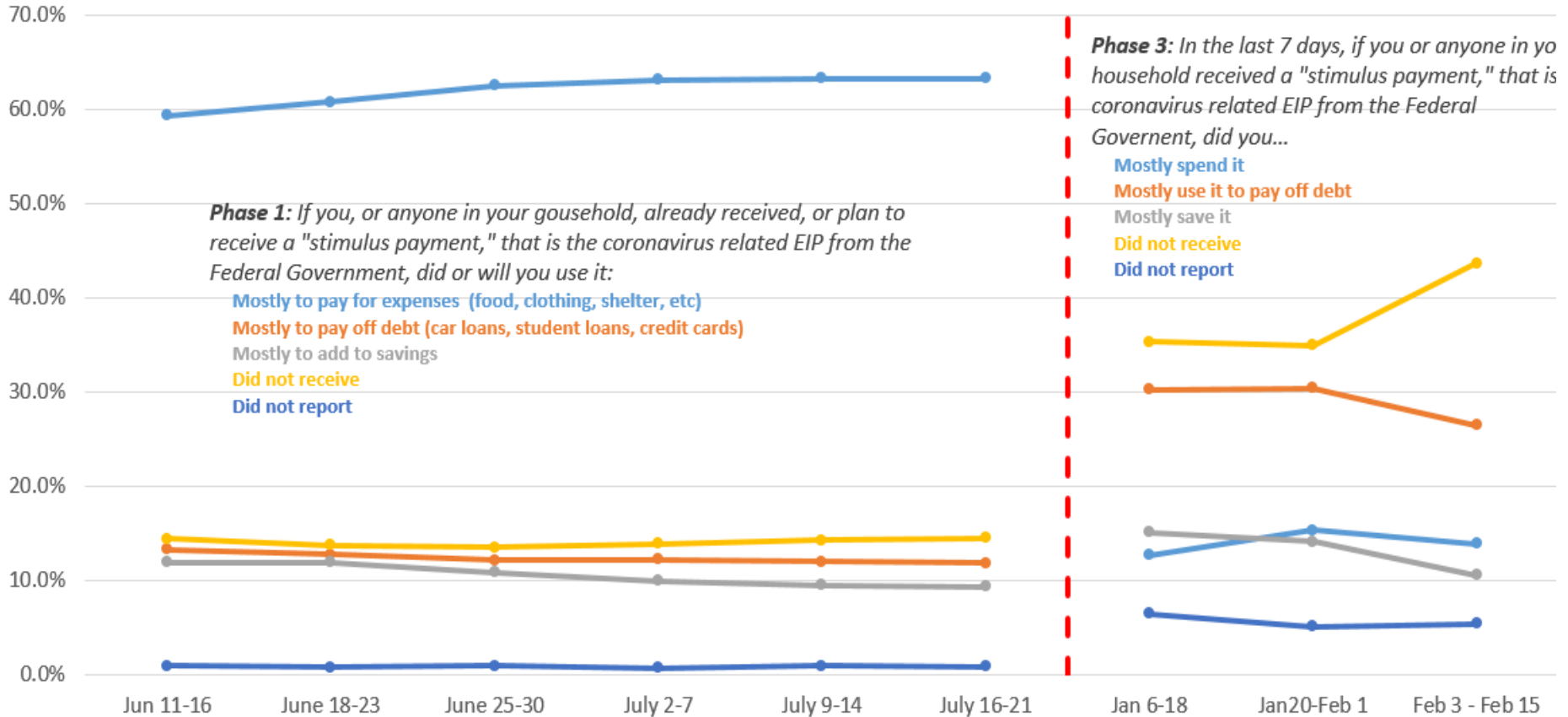
# Change in Consumer Behavior (HPS Q19b)

- **Phase 2/3:** In the last 7 days, which of the following changes have you or your household made to your spending or shopping?
  - Made more purchases online (opposed to in store) → Protective
  - Made more purchases by curbside pick-up (opposed to in store) → Protective
  - More purchases in store (opposed to online or curbside pick-up) → Relaxing
  - Increased use of credit cards or smartphone apps (opposed to cash) → Protective
  - Increased use of cash → Relaxing
  - Avoided eating at restaurants → Protective
  - Resumed eating at restaurants → Relaxing
  - Canceled or postponed in-person medical or dental appointments → Protective
  - Attended in-person medical or dental appointments → Relaxing
  - Canceled or postponed housekeeping or caregiving services → Protective
  - Resumed or started new housekeeping or caregiving services → Relaxing
  - Did not make any changes to spending or shopping behavior

*Note: Grouping is NOT mutually exclusive.*

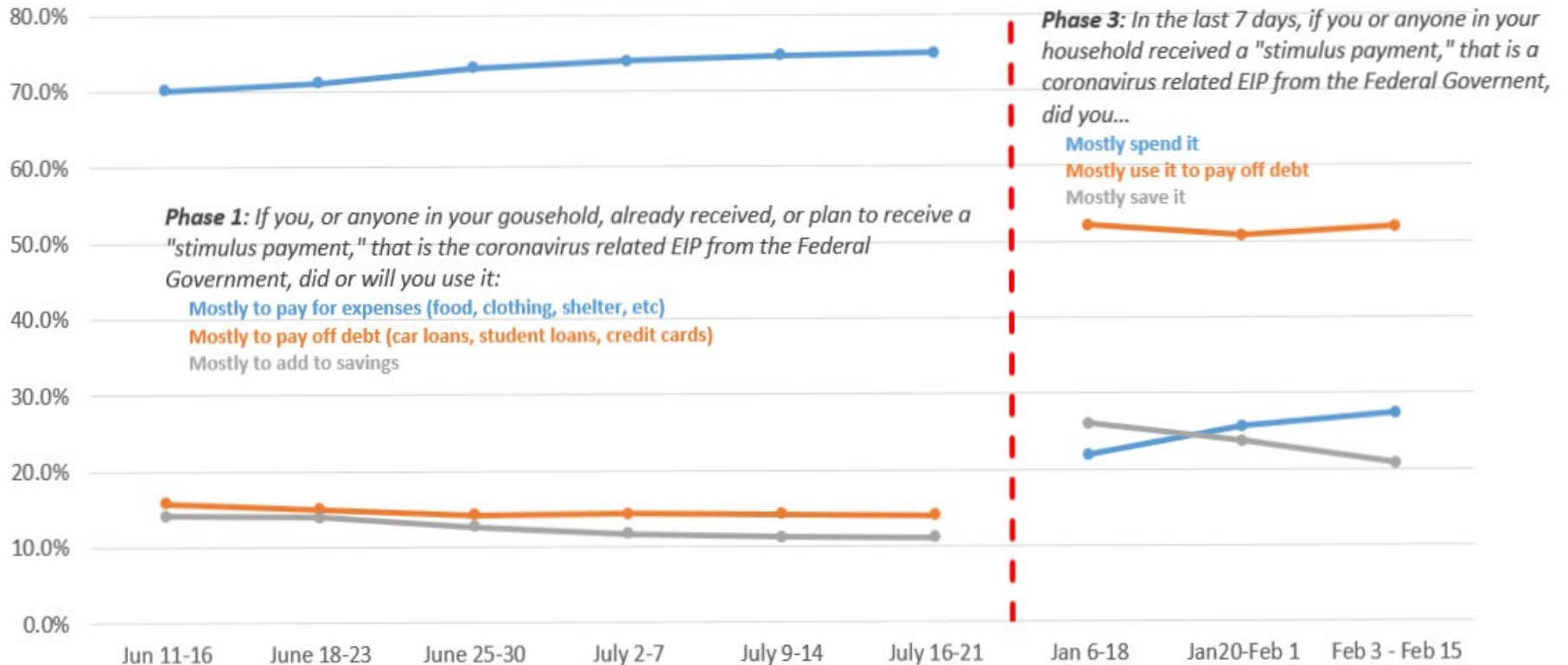


# Use of EIP (HPS Q15)

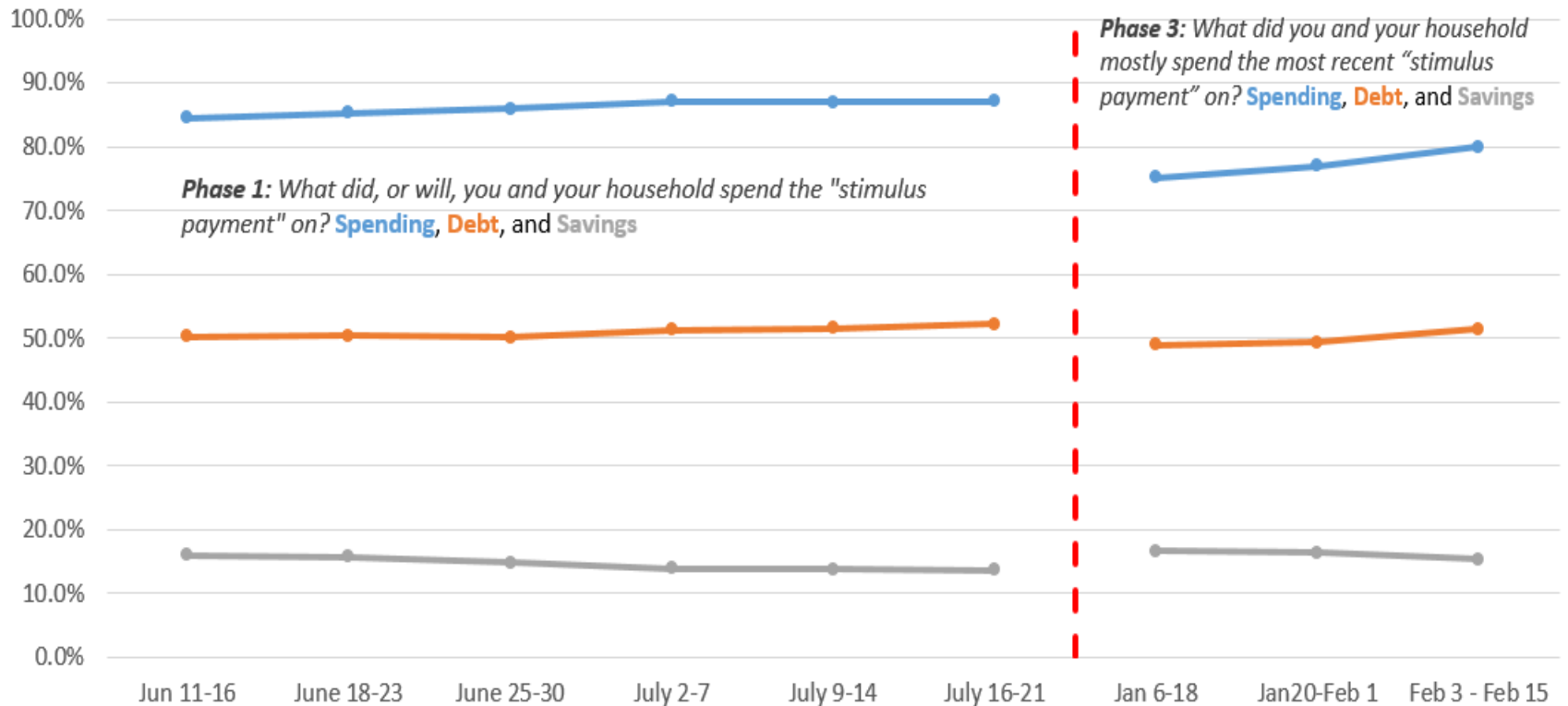


# Use of EIP (HPS Q15)

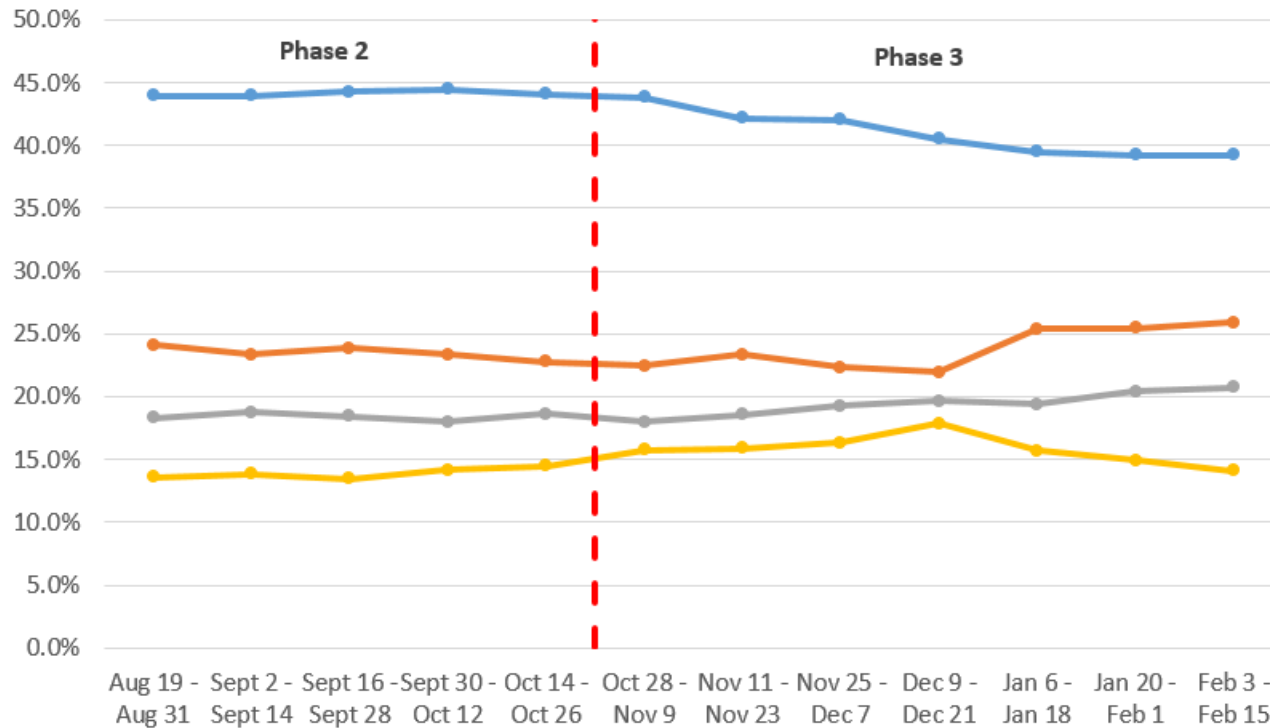
sans did not receive and did not answer



# Use of EIP (HPS Q19) for Respondents Who Reported Receipt in Q15



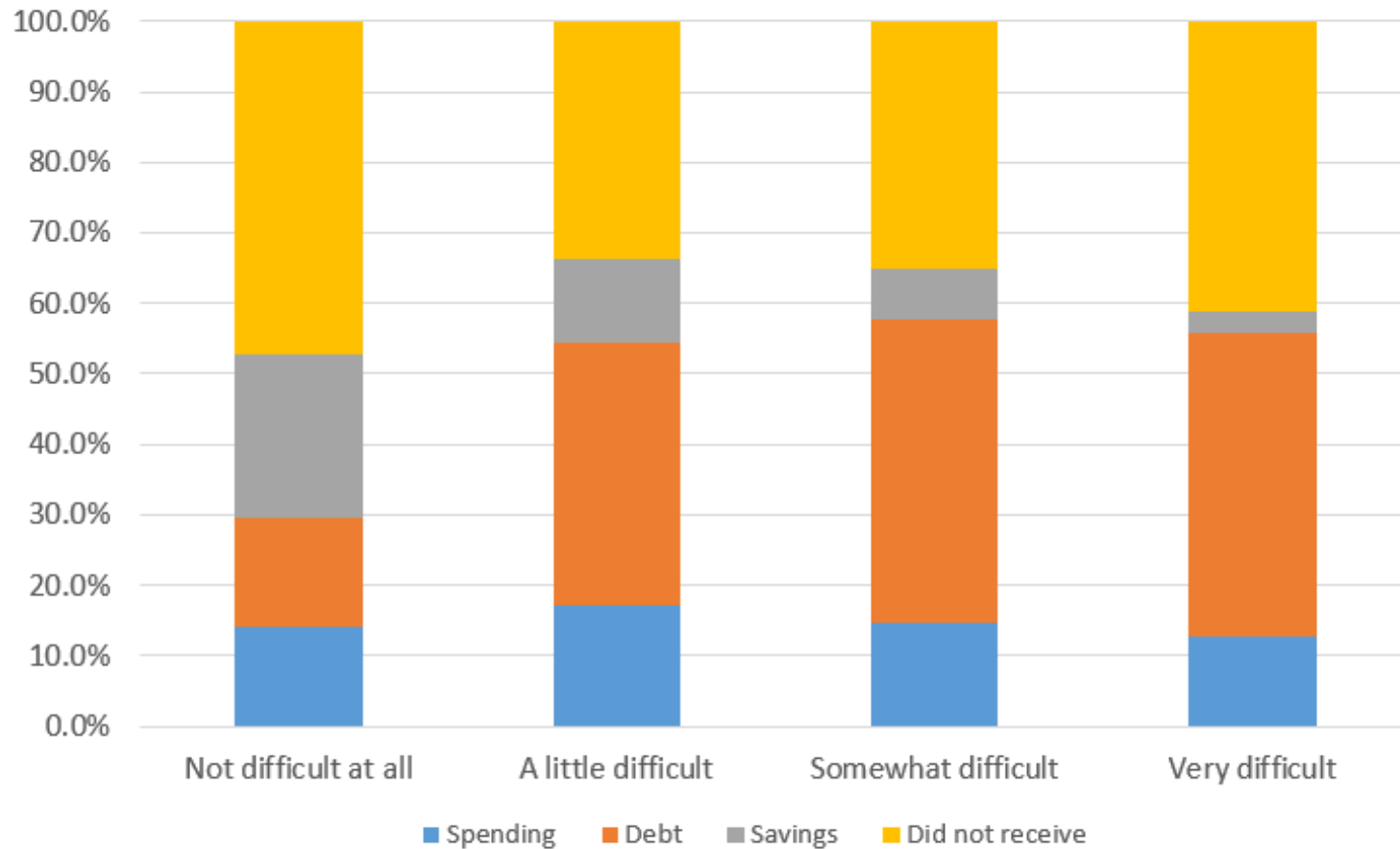
# Financial Difficulty (HPS 19a)



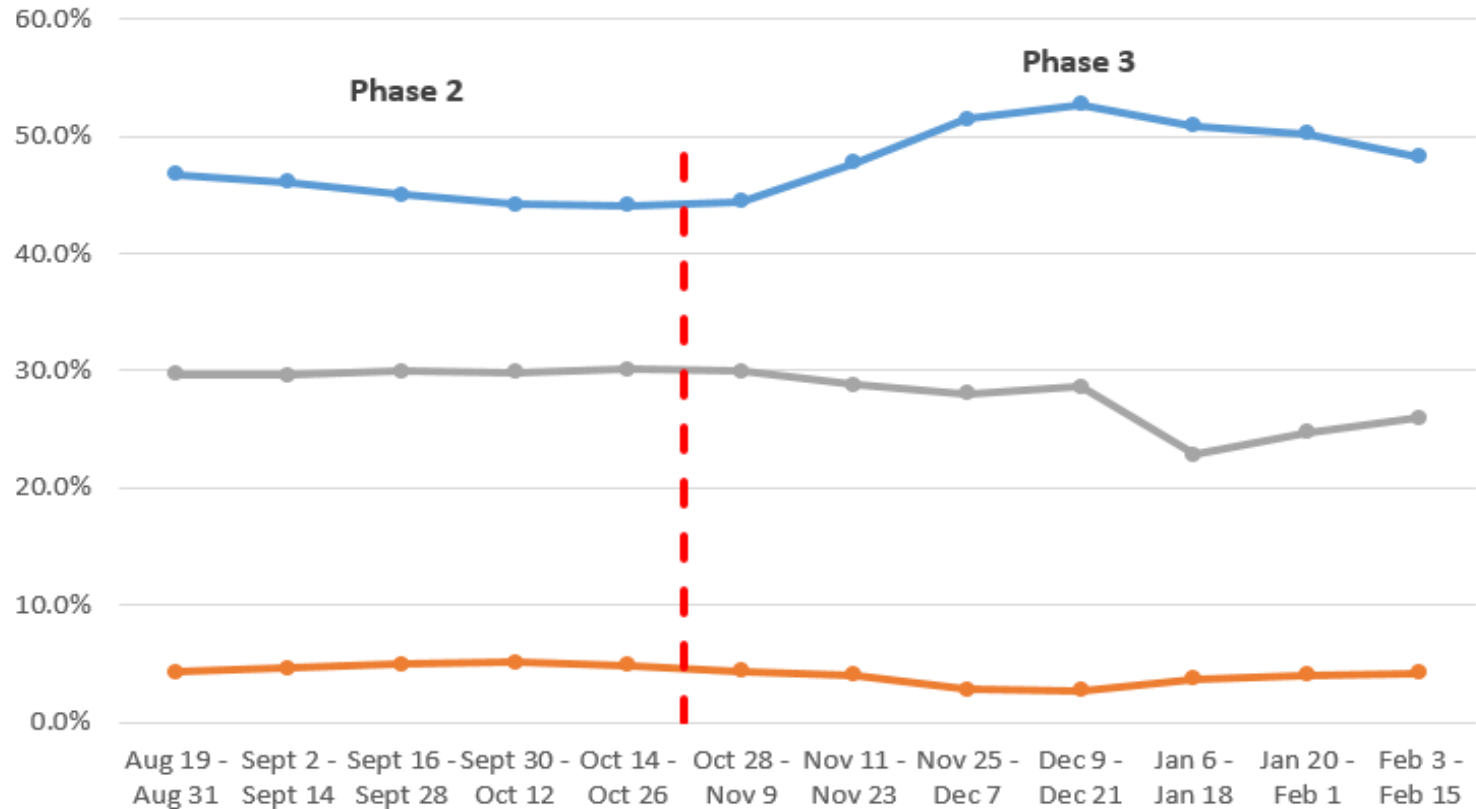
*Question:* In the last 7 days, how difficult has it been for your household to pay for usual household expenses, including but not limited to food, rent or mortgage, car payments, medical expenses, student loans, and so on? **Not at all difficult**, **A little difficult**, **Somewhat difficult**, and **Very difficult**



# Phase 3 EIP Use (Q15) by Financial Difficulty (HPS 19a)



# Change in Consumer Behavior (HPS Q19b)



*Question:* In the last 7 days, which of the following changes have you or your household made to your spending or shopping?

**Protective Only**, **Relaxing Only**, and **Both**



# Receipt of EIP Marginal Effects – Phase 1 Only

Dependent Variable (EIP = Yes/No)	(1)	(2)	(3)	(4)	(5)
<i>Generation (Ref = Millennial)</i>					
Gen X (1965 - 1980)	-0.0128***	-0.0128***	-0.0128***	-0.0128***	-0.0126***
Baby Boomer (1946 - 1964)	-0.0101***	-0.0104***	-0.0101***	-0.0103**	-0.00693
Silent Generation (1928 - 1945)	-0.0467***	-0.0478***	-0.0467***	-0.0478***	-0.0399***
<i>Income (Ref = Less than \$25k)</i>					
\$25,000 - \$34,999	0.0311***	0.0313***	0.0321***	0.0313***	0.0325***
\$35,000 - \$49,999	0.0332***	0.0330***	0.0332***	0.0330***	0.0345***
\$50,000 - \$74,999	0.0316***	0.0314***	0.0316***	0.0314***	0.0333***
\$75,000 - \$99,999	0.0114*	0.0116*	0.0114*	0.0117*	0.0147**
\$100,000 - \$149,999	-0.0464***	-0.0466***	-0.0464***	-0.0465***	-0.0417***
\$150,000 - \$199,999	-0.1860***	-0.1860***	-0.1860***	-0.1850***	-0.1770***
\$200,000 and above	-0.6220***	-0.6220***	-0.6220***	-0.6220***	-0.6110***
COVID-19 Cases per 100k			-0.0000	-0.0000	
State FE	Yes		Yes		
MSA FE		Yes		Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes
N	474,685	474,685	474,685	474,685	474,318

\*p-value < 0.1    \*\*p-value < 0.05    \*\*\*p-value < 0.01





# Receipt of EIP Marginal Effects – Phase 1 Only

Dependent Variable (EIP = Yes/No)	(1)	(2)	(3)	(4)	(5)
<i>Number of Kids (Ref = 0)</i>					
1	0.0133***	0.0137***	0.0133***	0.0137***	0.0134***
2	0.00795	0.00818	0.00801	0.00818	0.00853*
3	0.00983	0.00961	0.00995	0.00962	0.00961
4	0.0148	0.0144	0.0148	0.0144	0.0149
<i>Education (Ref = Graduate Degree)</i>					
Less than HS	-0.0304***	-0.0310***	-0.0304***	-0.0310***	-0.0311***
HS or some college	0.0156***	0.0154***	0.0156***	0.0154***	0.0151***
Associates or B.A.	0.0213***	0.0212***	0.0212***	0.0211***	0.0210***
<i>Race (Ref = White, non-Hispanic)</i>					
Black, non-Hispanic	-0.00538	-0.00525	-0.00542	-0.00510	-0.00393
Asian, non-Hispanic	-0.0324***	-0.0324***	-0.0324***	-0.0314***	-0.0317***
Hispanic	-0.0465***	-0.0481***	-0.0465***	-0.0469***	-0.0483***
Other, non-Hispanic	-0.0109	-0.0119	-0.0109	-0.0120	-0.0128*
State FE	Yes		Yes		
MSA FE		Yes		Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes
N	474,685	474,685	474,685	474,685	474,318

\*p-value < 0.1    \*\*p-value < 0.05    \*\*\*p-value < 0.01



# Receipt of EIP Marginal Effects – Phase 1 Only

Dependent Variable (EIP = Yes/No)	(1)	(2)	(3)	(4)	(5)
<i>Tenure (Ref = Owner w/o Mortgage)</i>					
Owner w/ Mortgage	0.0421***	0.0413***	0.0421***	0.0413***	0.0390***
Renter	0.0138***	0.0133**	0.0137***	0.0132**	0.0106*
Renter, no pay	-0.00634	-0.00789	-0.00649	-0.00795	-0.0103
<i>Marital Status (Ref = Single)</i>					
Married or Widowed	0.0401***	0.0401***	0.0401***	0.0401***	0.0411***
Divorced or Separated	0.0180***	0.0173***	0.0180***	0.0173***	0.0170***
Female	0.0127***	0.0125***	0.0127***	0.0125***	0.00933***
Depression					0.0032
Anxiety					0.0250***
State FE	Yes		Yes		
MSA FE		Yes		Yes	Yes
Week FE	Yes	Yes	Yes	Yes	Yes
N	474,685	474,685	474,685	474,685	474,318

\*p-value < 0.1    \*\*p-value < 0.05    \*\*\*p-value < 0.01



# HPS Compared to Other Surveys



# Other Surveys: Similar Questions but Different Approaches

- **Research questions**
  - Who received stimulus checks?
  - How were the stimulus checks used – to spend, pay down debt, or save?
- **Independent data collection efforts produced results with noticeable differences possibly driven by differences in**
  - Field period (e.g., early, mid, late pandemic)
  - Sample size/sampling error
  - Nonresponse bias and/or selection effects (e.g., low response rates)
  - Question wording (e.g., “increase” vs. simply “spend”)
  - Recall period (e.g., last week, last month, etc.)



# Comparison Surveys

- **Philadelphia Federal Reserve Consumer Finance Institute COVID-19 Survey of Consumers (Philly Fed)**
- **Nielsen Homescan Panel (Nielsen)**
- **University of Michigan Survey of Consumers (Michigan)**
- **University of Southern California Center for Economic and Social Research – Understanding America Study Coronavirus Tracking Survey (USC)**



# Survey Protocol Differences

Survey	Field Period	Avg Sample Size Per Wave	Recall Period	Response Rate
HPS Phase 1	June, July 2020*	91,000	Since April 13, 2020	3.0%
HPS Phase 2	Jan, Feb 2021*	75,000	Previous 7 days	7.1%
Philly Fed	May, June, July 2020	3,400	Since April 13, 2020	TBD
Nielsen	July 2020	11,000	TBD	25.0%
Michigan	May, June 2020	500*	Since April 13, 2020	TBD
USC	Apr 2020 – Feb 2021	7,500	Past Month	77.0%-86.0%

\* Phase 1 was fielded from April to July 2020, but questions about the EIP were not added until Week 7 (June). Phase 3 began Oct 2020, but questions about the EIP were not included until Week 22 (Jan).

\*\* Results for Michigan are pooled across the two waves, so sample is 1,000

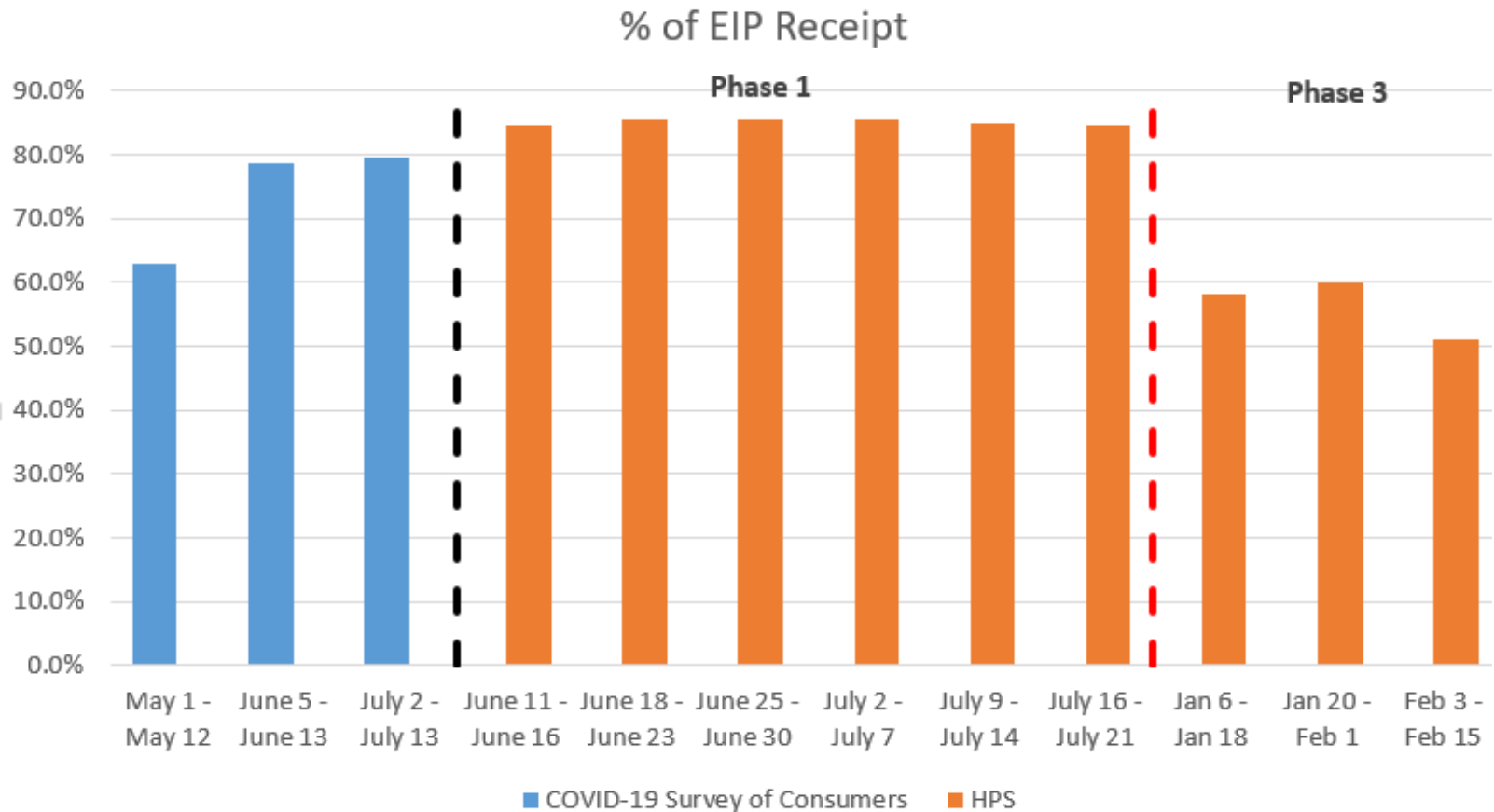


# Question Wording and Philly Fed

- The Treasury Department began to send stimulus payments on April 13 to qualifying recipients. **Have you received** your stimulus payment?
  - Yes – I received the payment through direct deposit. → Received
  - Yes – I received a paper check. → Received
  - No – I expect to receive a payment at a later date. → Received
  - No – I'm not sure whether I qualify for a stimulus payment → Not Received
  - No – I know I do not qualify for a stimulus payment. → Not Received



# Question Wording and Philly Fed



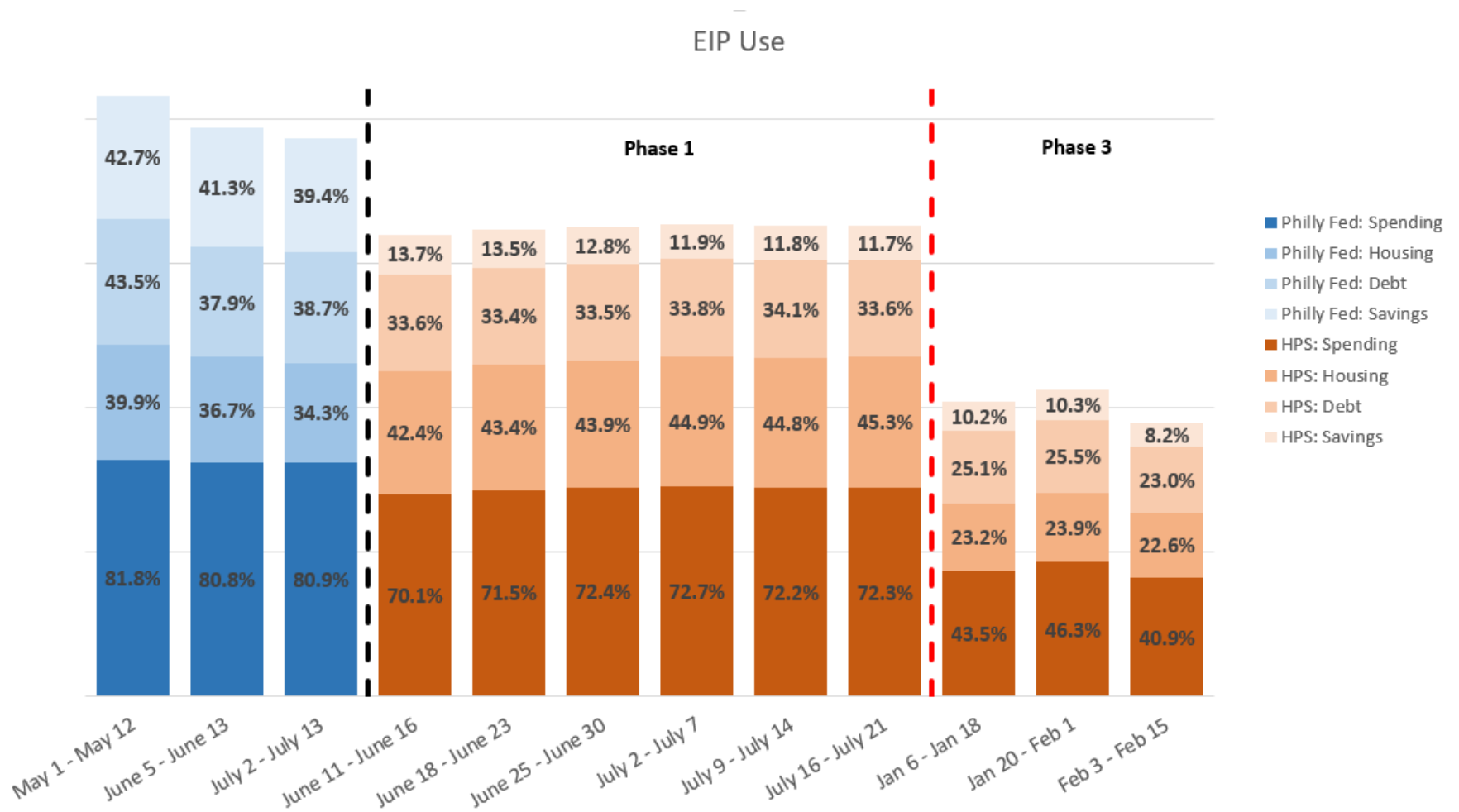


# Question Wording and Philly Fed

- You indicated that you have received your stimulus payment. If you plan to use the funds for a specific purpose, please select the option(s) below that best describe how you have used or plan to use them.
  - I have no specific plans for the stimulus money.
  - Housing Payments (Mortgage or Rent) → Housing
  - Debt Payments (Credit Card, Personal Loan, Student Loan, etc.) → Debt
  - Utility Bills (Power, Water, etc.) → Spending
  - Essential Purchases (Food, health care supplies, etc.) → Spending
  - General Purchases → Spending
  - Withdraw Cash from Accounts to Have on Hand → Spending
  - Transferred to Savings → Savings



# Question Wording and Philly Fed

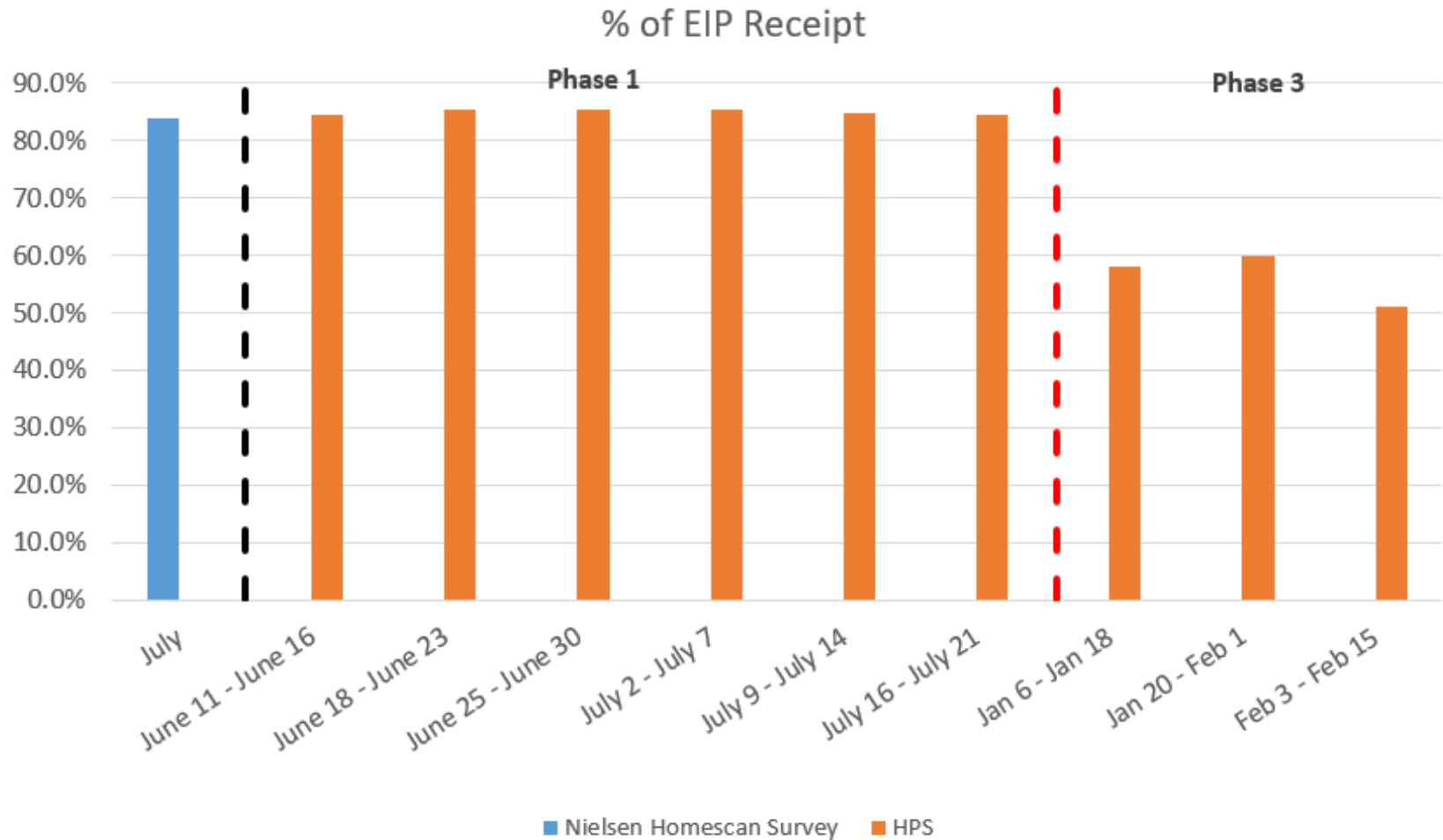


# Question Wording and Nielsen

- In response to the COVID-19 crisis, the congress approved a \$2 trillion package to stimulate the economy, including one-time \$1,200 check per person (plus another \$500 per child) to persons with annual income less than \$75,000. Couples who file jointly and made less than \$150,000 will get a one-time \$2,400 check (plus another \$500 per child). The Federal government calls it an Economic Impact Payment. **Did you receive** a payment from the Federal Government?
  - Yes, I received it as a check by mail. → Received
  - Yes, I received it as a direct deposit into my bank account. → Received
  - No, but I expect to receive it (my payment is scheduled, my payment is delayed, went to a wrong account/address, etc.) → Received
  - No (my household is not qualified, I don't have the right paperwork, etc.) → Not Received
  - Not sure, don't know → Not Received



# Question Wording and Nielsen



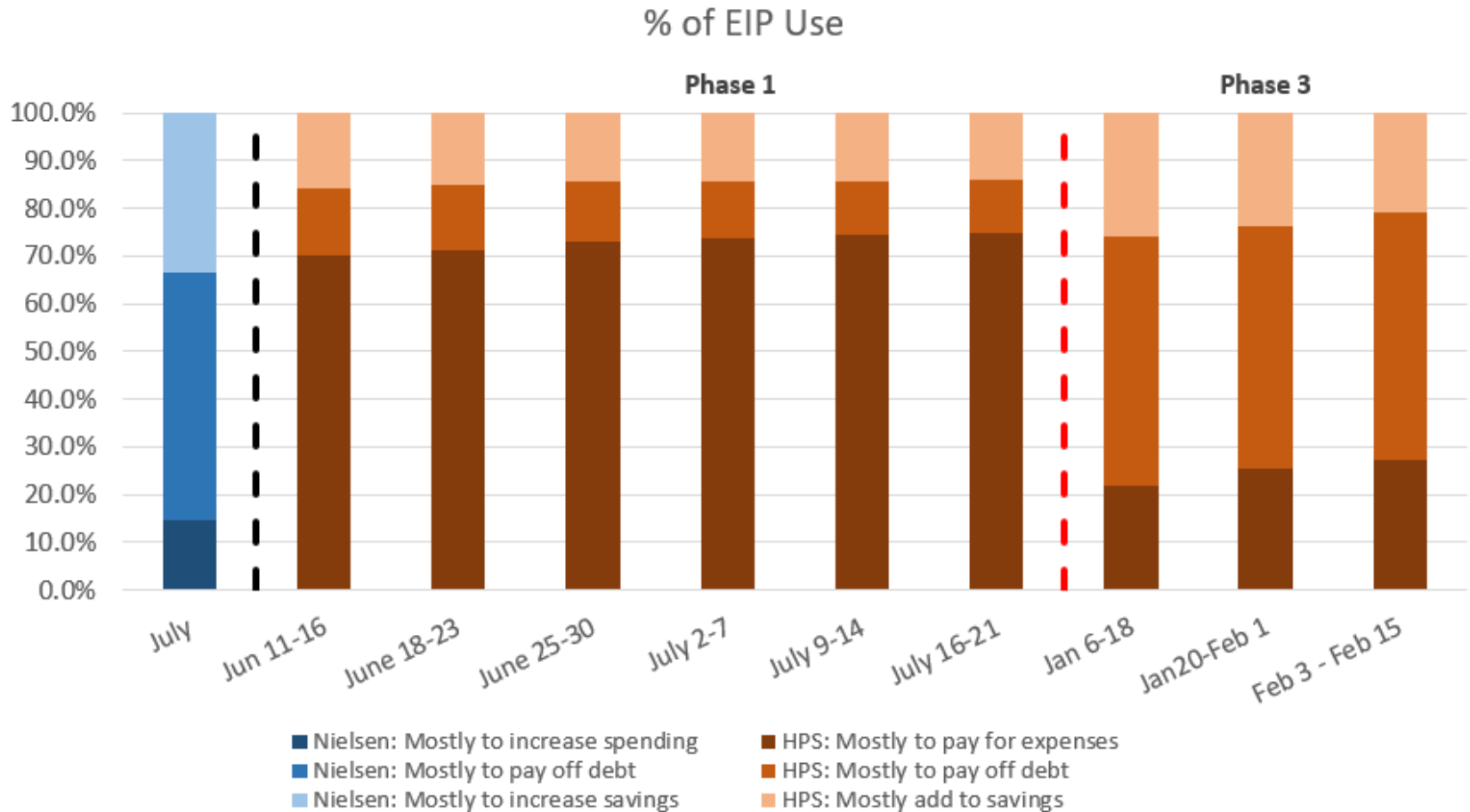
# Question Wording and Nielsen

- How did you use the payment from the Federal government?
  - Mostly to increase spending
  - Mostly to increase savings
  - Mostly to pay off debt

Note: Question was asked to respondents who indicated they received or expected to receive a payment.



# Question Wording and Nielsen

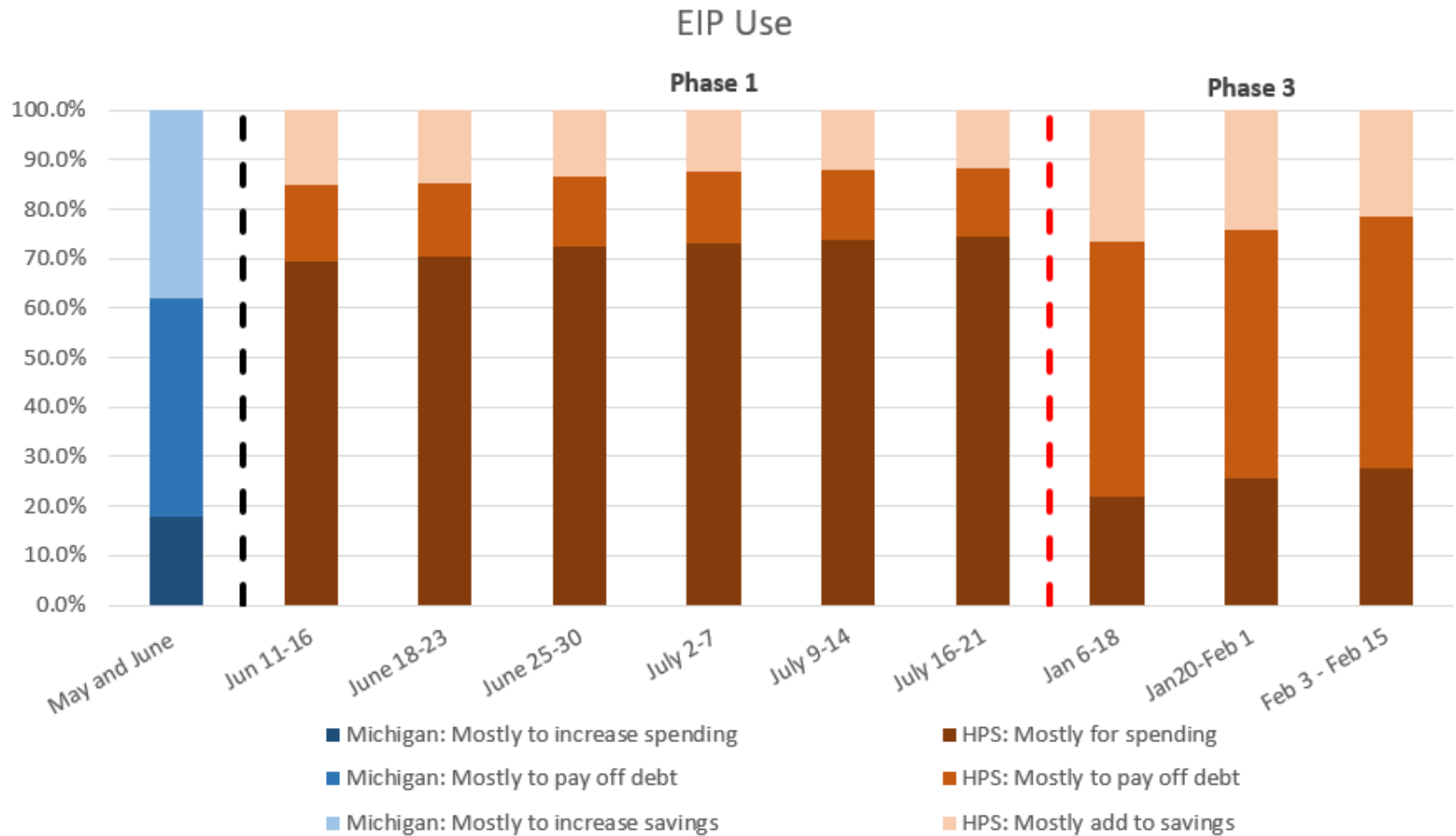


# Question Wording and Michigan

- Because of the coronavirus crisis, most families will receive a rebate of twelve hundred dollars for individuals, twenty-four hundred dollars for couples, and five hundred dollars for each child. **Have you (or your family living there) received** this rebate?
  - Yes
  - No
  - Do not know
  - Expect to
- We want to understand how the rebate will change decisions you would have made without the additional money. Thinking about your (family's) financial situation this year, will the rebate lead you mostly to increase spending, mostly to increase savings, or mostly to pay off debt?
  - Increase spending
  - Increase savings
  - Pay off debt



# Question Wording and Michigan



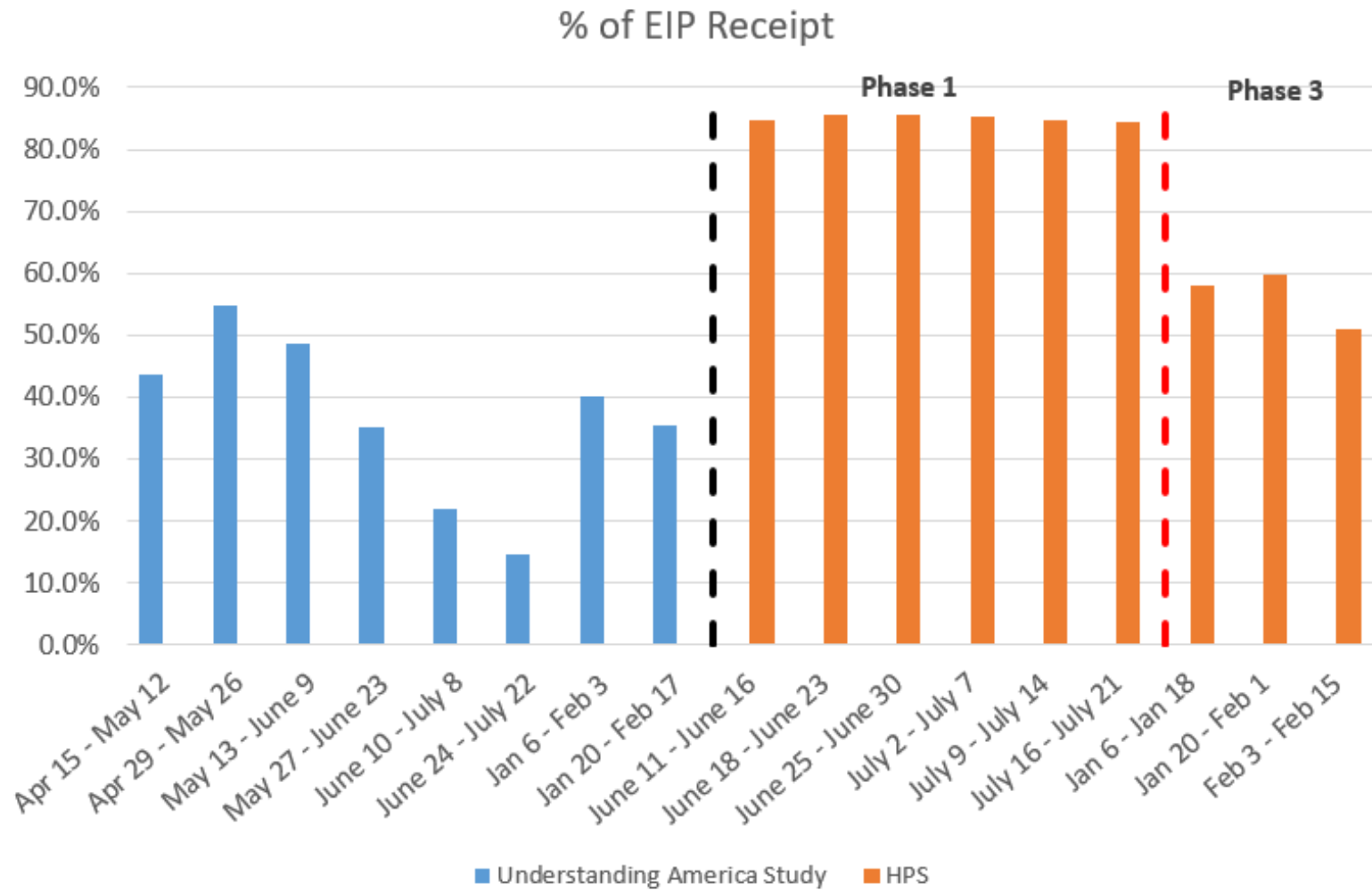


# Question Wording and USC

- **In the past month, did you or anyone in your household receive the following government benefit? Economic stimulus funds (option among a randomly ordered list of benefits)**
  - Yes
  - No
  - Unsure



# Question Wording and Nielsen



# Conclusion

## ■ Household Pulse Survey

- The change in reference period of Q15 between Phase 1 and Phase 3 accounts for a significant proportion of the difference in results
- Statistical analysis shows those who received a stimulus payment are in line with our expectations
  - High income households are less likely to receive an EIP
  - Households with children are more likely to receive an EIP
  - No difference in probability of receipt across states or MSAs

## ■ Comparison to other surveys

- Results can vary greatly between surveys
- Question wording and reference period have a significant impact on how respondents answer questions
- After account for the differences in working and reference period the HPS shows results that are similar to other surveys



# Future Work

- Statistical analysis of...
  - how the EIP was used accounting for other measures of hardship that were asked about in the HPS
  - financial difficulty question (HPS Q19a)
  - change in consumer behavior (HPS Q19b)
- Comparison to other surveys
  - Results can vary greatly between surveys
  - Question wording and reference period have a significant impact on how respondents answer questions
  - After account for the differences in working and reference period the HPS shows results that are similar to other surveys



# Contact Information

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