The Demographics of the Recipients of the First Economic Impact Payment

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Joint Work With
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Any opinions and conclusions expressed herein are those of the authors and do not represent the views of the U.S. Census Bureau. The Census Bureau has reviewed this data product for unauthorized disclosure of confidential information and has approved the disclosure avoidance practices applied to this release. DRB Approval Number(s): CBDRB-FY22-CES014-036, CBDRB-FY22-CES014-039, and CBDRB-FY23-CES014-011.

Introduction

- Today's presentation: How the Census Bureau has worked with IRS to combine data sources to better understand the people and businesses of the US and improve equity in tax administration
  - Case Study: The Demographics of EIP Recipients
- Roadmap:
  - Background
  - Demographics of EIP Recipients Project
  - Lessons Learned

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Background on EIP Project

- Equitable Data Working Group established as part of the EO 13985
  - One goal: better understanding how eligibility and receipt of the 2020 CARES Act Economic Impact Payments (EIP) varied by age, sex, and race/ethnicity
- Census Bureau has population microdata including demographic information as well as an established ingest and linkage infrastructure
- IRS has EIP microdata and detailed knowledge of EIP actuation

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Background on EIP Project (cont.)

- Census Bureau, Internal Revenue Service (IRS) and Treasury conducted a joint research project using a special extract of tax data on EIP receipt linked with Census Bureau-held demographic data
  - Data sharing agreement was authorized under 6103(n) as the research benefits both tax administration and the Census Bureau
- Link to working paper and associated tables: The Demographics of the Recipients of the First Economic Impact Payment (census.gov)

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Title 26 and Federal Tax Information

- Federal Tax Information held by the Internal Revenue Service is governed by Title 26 of the US Code
- Two important parts of Title 26:
  - Section 6103(j): “Upon request…[IRS] shall furnish such returns, or return information reflected thereon, to officers and employees of the Bureau of the Census…[for] structuring of censuses and national economic accounts and conducting related statistical activities”
  - Section 6103(n): “returns and return information may be disclosed to any person….to the extent necessary in connection with the processing, storage, transmission, and reproduction of such returns and return information, the programming, maintenance, repair, testing, and procurement of equipment, and the providing of other services, for **purposes of tax administration.”**
- The Census Bureau currently receives most FTI under 6103(j), but in certain circumstances, 6103(n) can provide a more nimble authority for data sharing if IRS and Census benefits are aligned

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Bottom Line Up Front

- EIP disbursements reached an extremely large fraction of eligible individuals (90%+)
- Limited differences in receipt or timing by race/ethnicity
  - Important to consider role of family structure or age-specific factors
- This collaboration is a proof of concept of expedited data sharing and collaboration on areas of joint interest to the Census Bureau, IRS, and Treasury

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Eligibility for EIP

CARES Act of 2020 authorized direct EIP of $1,200 per eligible adult, with eligibility defined by:

- U.S. Citizen or resident alien
- Cannot be claimed as a dependent
- Social Security Number (SSN) valid for employment
- Income under thresholds or in phaseout range
  - Threshold for full credit: $150,000 if married filing jointly; $112,500 if filing as head of household; $75,000 for other filing statuses
  - EIP phases out by $5 per $100 of income above the threshold
- Adults with dependent children receive an additional $500 per child

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Identifying Potentially Eligible Population

- Start with all non-deceased SSN holders born before 2003 in the Census Bureau Numident
- Link 1040 tax returns from tax years 2019 and 2018 by PIK
- For filers: use 2019 1040 information to estimate eligibility. If no 2019 information, use 2018 information
- For nonfilers:
  - Additionally link administrative records data from:
    - Social Security Administration (SSA) Payment History Update System (PHUS), Supplemental Security Record (SSR)
    - Housing and Urban Development Public and Indian Housing Information Center and Tenant Rental Assistance Certification System (HUD PIC-TRACS), and
    - IRS W-2 data
  - Simulate eligibility based on available income information, assuming single filing status (and no children)

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Data and Linkage Overview

- Census Bureau conducted initial EIP eligibility analysis in mid 2021
- IRS sent Census Bureau EIP receipt data in early 2022
- Census Bureau ingested and processed the file using the Person Identification Validation System (PVS) to assign anonymized linkage keys (PIKs)
- Research team, within the Census Bureau computing environment, linked eligibility and EIP files
- Two analytic universes–adult individuals and tax units

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Combined Eligibility/Receipt Data

- Population: individuals (tax units) eligible for or receiving EIPs
  - i.e., must be in Census's simulated eligibility file or EIP data
  - Assumes all recipients are eligible
- Demographic information linked via the Census Bureau composite Race/Ethnicity and Numident files via anonymized linkage keys (PIKs)
  - Among EIP recipients, approx. 97% of individuals are assigned a PIK and approx. 93% are linked to a race/ethnicity
    - The EIP file included sex/age info so very few recipients are missing sex or age
  - Everyone in the eligibility file has a PIK by construction

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Payments Went Out Quickly and the Rate of Receipt was High

- Approximately 209 million individuals received the first EIP out of 228 million estimated potentially eligible
- Older individuals were more likely to receive EIP overall, but younger individuals received their payments faster
- Payments went out faster to low- and middle-income tax units, as well as tax units with children

	Received first week	Received first six weeks	Recipients as a percentage of potentially eligible
Individuals	55%	95%	92%
Age <26	71%	94%	86%
Ages 26-60	62%	95%	92%
Age >60	38%	97%	94%
Female	57%	96%	93%
Male	54%	95%	91%
Tax units	54%	95%	
AGI <$30,000	67%	97%	
AGI $30,000-69,999	69%	96%	
AGI >=$70,000	57%	98%	
Nonfiler	2%	87%	
With children	77%	98%	
Without children	48%	94%	

Note: the statistics on individuals are derived from appendix table 1; the statistics on tax units by AGI are derived from appendix table 2; and the statistics on tax units by presence of children are derived from appendix table 3.

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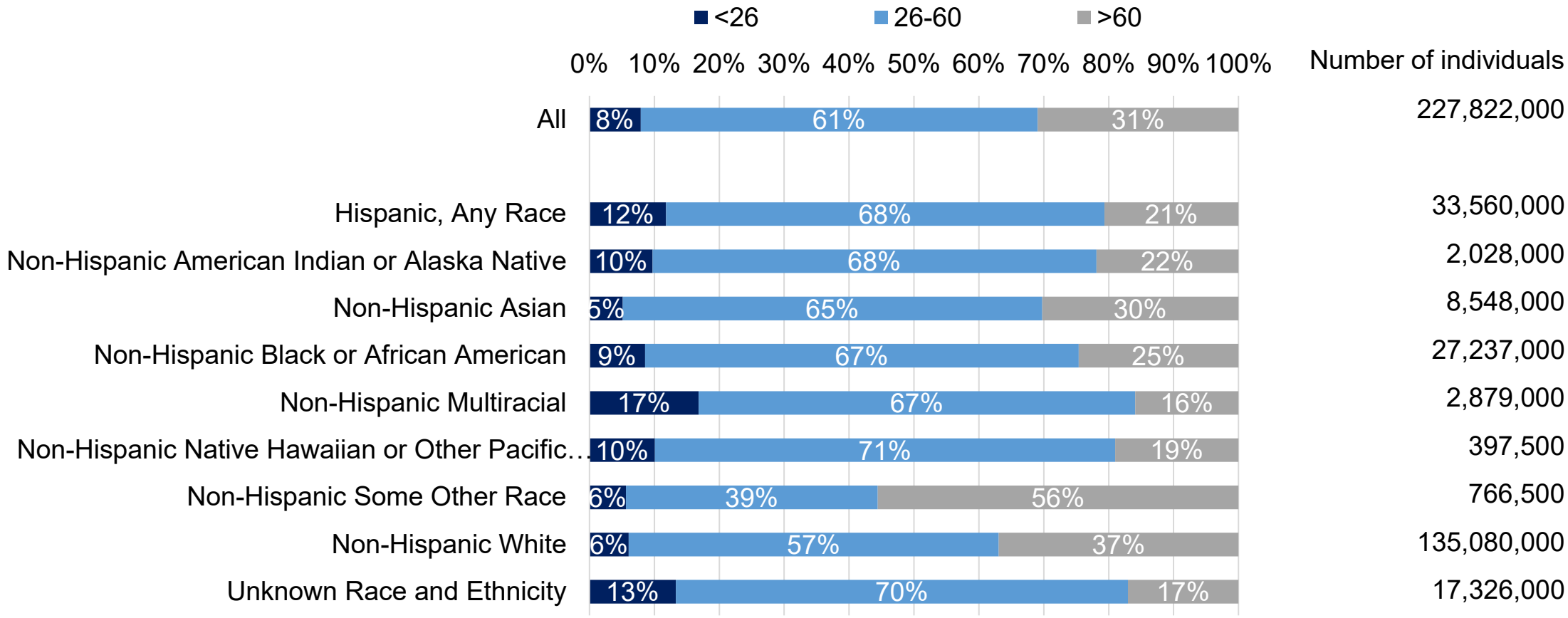
Distribution of Age Within Racial/Ethnic Subgroups



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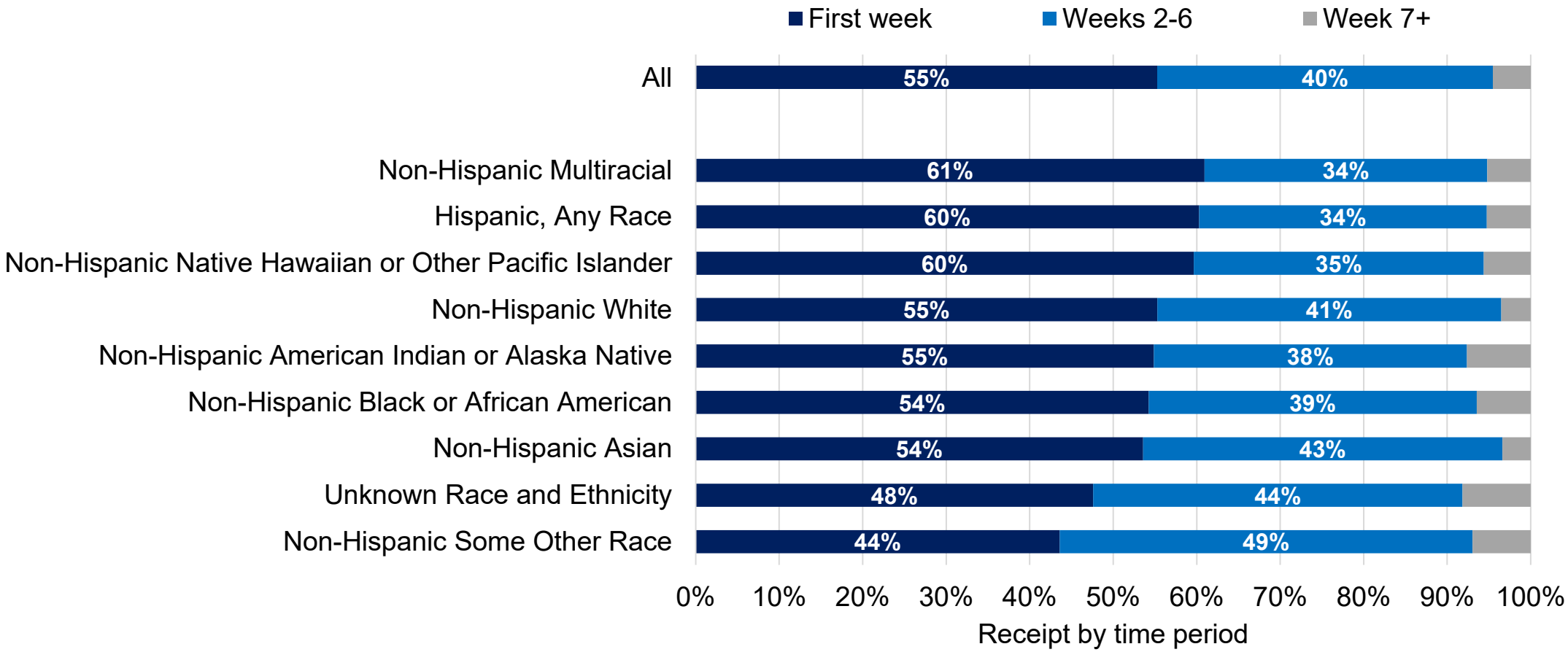
Timing of Receipt by Race/Ethnicity



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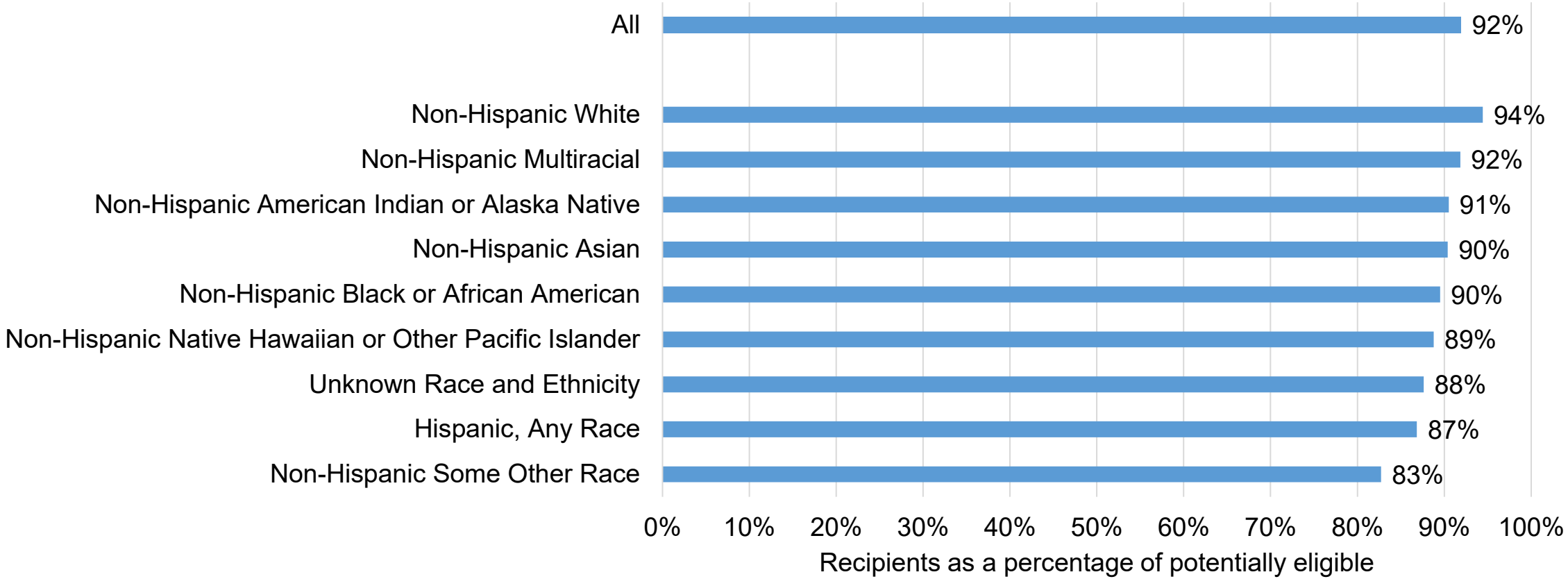
Recipients as a Percentage of the Potentially Eligible Population, by Race/Ethnicity



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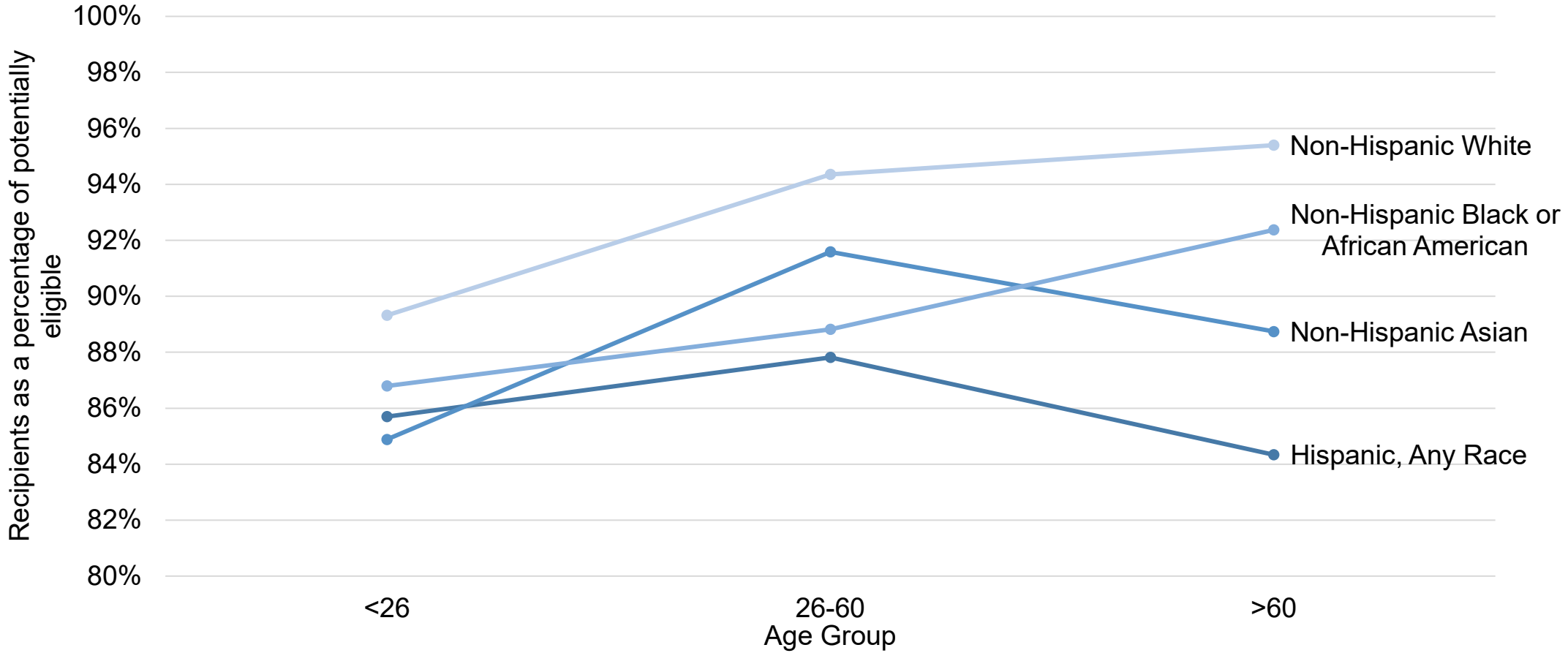
Recipients as a Proportion of the Potentially Eligible Population, by Race/Ethnicity and Age



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Implications and Lessons Learned

- Collaboration is a proof of concept of expedited data sharing and collaboration on areas of joint interest to the Census Bureau and IRS (and potentially other agencies)
  - Census Bureau data can be used to understand the population of eligible individuals who may or may not receive a benefit; this in turn can be used by agencies to improve program implementation
- When studying a program, incorporating input from agency personnel implementing the program improves the research process
- Provides a potential roadmap for future collaborations with IRS and other agencies

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Thanks!

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Additional Detail on Receipt by Age, AGI and Presence of Children

	Recipients	Received first week	Received first six weeks	Potentially eligible	Recipients as a percentage of potentially eligible
Individuals	209,469,000	55%	95%	227,822,000	92%
Age <26	15,514,400	71%	94%	17,965,000	86%
Ages 26-60	128,021,500	62%	95%	139,380,500	92%
Age >60	65,933,100	38%	97%	70,476,500	94%
Female	109,288,300	57%	96%	117,416,000	93%
Male	100,180,700	54%	95%	110,406,000	91%
Tax units	160,982,550	54%	95%		
AGI <$30,000	45,700,050	67%	97%		
AGI $30,000-69,999	52,689,200	69%	96%		
AGI >=$70,000	34,608,450	57%	98%		
Nonfiler	27,984,850	2%	87%		
With children	35,658,050	77%	98%		
Without children	125,324,200	48%	94%		

Note: the statistics on individuals are derived from appendix table 1; the statistics on tax units by AGI are derived from appendix table 2; and the statistics on tax units by presence of children are derived from appendix table 3.

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