



# Who Did Not Get the Economic Impact Payments by Mid-to-Late May, and Why?

## Findings from the May 14–27 Coronavirus Tracking Survey

*Janet Holtzblatt and Michael Karpman*

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided most US households with one-time economic impact payments (also referred to as recovery rebates or stimulus payments) to mitigate the negative economic effects of the COVID-19 pandemic. The Internal Revenue Service (IRS) sent these payments out between April 10 and June 3 to all 159 million people for whom it had the necessary information on file.<sup>1</sup> Millions of people will eventually receive their payments after they file their 2019 or 2020 income tax returns or take other actions to provide the IRS with up-to-date information on where to send the money. But some experts estimate that 12 million eligible people who are not required to file income tax returns were at risk of not getting the payments—in many cases, because they have difficulty applying for the payment or are not aware that they are even eligible to receive it (Marr et al. 2020).

In this brief, we estimate the share of adults ages 18 to 64 who reported their families received the economic impact payments as of mid-to-late May 2020; examine disparities in payment receipt by income, race/ethnicity, and family citizenship status; and assess potential reasons for nonreceipt. Our analysis draws on data from the first wave of the Urban Institute's Coronavirus Tracking Survey, a nationally representative survey of nonelderly adults conducted May 14 through 27, 2020. We find the following:

- Nearly 7 in 10 adults (69.7 percent) reported that their families received the economic impact payments as of mid-to-late May 2020, but there were significant disparities by income, race/ethnicity, and family citizenship status in payment receipt. Only 58.6 percent of adults

with incomes at or below the federal poverty level (FPL) stated that they received the payments, compared with 77.5 percent of other potentially eligible adults with incomes between 100 and 600 percent of FPL. Nearly three-quarters (73.7 percent) of non-Hispanic white adults reported receiving the payment, compared with 68.6 percent of non-Hispanic Black adults and 63.7 percent of Hispanic adults. Only 54.1 percent of Hispanic adults in families with noncitizens reported receiving the payment.

- Among those not reporting payment receipt and who were most likely to be eligible based on income (i.e., with incomes below 600 percent of FPL), 38 percent did not file an income tax return for 2018 or 2019 and were not receiving Social Security benefits, meaning they would likely need to provide information through the IRS web portal to receive the payment.<sup>2</sup> Among adults with incomes at or below 100 percent of FPL, nearly half (47 percent) would likely need to take this extra step because they neither filed an income tax return nor received Social Security benefits.
- Taking the extra step of applying through the IRS web portal required internet access. But one in five potentially eligible nonrecipients who neither filed an income tax return nor received Social Security benefits reported having no internet access at home.
- Six in 10 nonrecipients with incomes below 600 percent of FPL had bank accounts, which could facilitate more timely payment receipt through direct deposits from the Treasury Department. But less than half (45.4 percent) of nonrecipients living in poverty had bank accounts.
- Nearly one-quarter (24.3 percent) of nonrecipients with incomes below 600 percent of FPL—and nearly one-third (32.9 percent) of nonrecipients with incomes at or below 100 percent of FPL—neither filed an income tax return nor received Social Security benefits and lacked a bank account, suggesting these nonrecipients face multiple obstacles to receiving timely payments.

The IRS distributed economic impact payments to most eligible people rapidly this spring, including many people who typically do not file income tax returns and have little or no contact with the agency. The IRS and other organizations are attempting to reach others who have not yet received the payments, both by increasing awareness of the economic impact payments and by helping them complete the online forms.

Can payments be made even more rapidly to people outside the tax system during the next economic downturn? One approach would be to channel assistance through the government agencies with whom eligible people have the most contact. The IRS could channel assistance to people who file tax returns, and other agencies (e.g., those that administer Medicaid and food assistance programs) could do so for nonfilers. But developing a multipronged approach to providing cash payments during downturns and other temporary crises requires a long-term investment in an infrastructure that can facilitate the flow of information between the IRS and federal and state government agencies. This approach, moreover, still would not provide an avenue for reaching people with little or no connection to government agencies. They neither file tax returns nor receive Medicaid, Supplemental Nutrition Assistance Program (SNAP) benefits, or other types of government assistance.

## Background

The CARES Act authorizes the IRS to make “economic impact payments” of up to \$1,200 to most adults (up to \$2,400 for married couples filing income tax returns jointly).<sup>3</sup> The payments increase by up to \$500 for each qualifying child younger than 17. The payments begin to phase out at a rate of 5 percent of the amount that adjusted gross income exceeds \$75,000 if single, \$112,500 if a head of household (e.g., unmarried with a child), or \$150,000 if married and filing a joint tax return. A person without a qualifying child is not eligible for any payment if their income is greater than \$99,000; for a married couple without children, the cutoff is \$198,000. Those levels rise with the number of qualifying children.

The payments are refundable, meaning that eligible people can receive the full amount even if they do not owe any individual income taxes. And unlike the earned income tax credit or the refundable portion of the child tax credit, people are eligible for the payment even if they do not have any earnings.

To qualify for the payment, people must meet certain citizenship and dependency tests. Although green card holders are generally eligible for the payment, other immigrants who do not have a valid Social Security number—meaning they are not authorized to work in the United States—and “nonresident aliens” are ineligible.<sup>4</sup> US citizens are not eligible if their spouse is an unauthorized immigrant, unless one spouse is in the US military or if they choose to file an income tax return separately from their spouse. People older than 16 who can be claimed as a dependent on someone else’s tax return are also ineligible for the \$1,200 payment: those ineligible individuals include children who are 17 or 18, full-time students younger than 24, and other adult dependents.

An advantage of using the tax system to make cash payments is that the IRS has access to more information about most people’s incomes, bank accounts, and addresses than any other government agency. But the IRS generally does not have comparable information about people who do not file income tax returns. Other features of the tax system, described below, can delay payments to both filers and nonfilers who are adversely affected by the pandemic and recession.

### Delay of Payments to Filers

Because the individual income tax is based on annual income, the IRS does not observe changes in people’s circumstances as they occur. Thus, the IRS will not know until 2021 if someone’s income dropped precipitously in 2020.

The CARES Act requires the IRS to make advance payments as rapidly as possible after enactment. Those advance payments are based on the information contained in taxpayers’ 2019 income tax returns, or, if their tax returns had not been filed or processed by the time the IRS determined the amount, on their 2018 tax returns. Basing the advance payments on previously filed tax returns has another advantage: filers can receive the payment automatically without taking any additional action. Moreover, the payment can be directly deposited into their bank account, ensuring faster delivery than would occur if checks had to be processed and mailed.

This approach, however, does not guarantee quick payment delivery to everyone who filed a tax return for income earned in 2018 or 2019. For example, people who appeared ineligible for the advance payments because their income was too high, but who experience a large enough loss in income during 2020 to become eligible for the payment, will not receive the money until they file their 2020 income tax return in 2021. On the flip side, the advance payments may go to people whose economic situations improve in 2020 by enough to make them ineligible for the payment, but the CARES Act does not require them to repay any excess amount.

Moreover, direct deposits of economic impact payments are made automatically only to individuals who received a refund for the 2018 or 2019 tax year that had been sent to their bank account. But in 2019, 28 percent of taxpayers did not receive a refund when they filed their 2018 income tax return, and another 13 percent were sent checks instead of having their refund deposited into their bank account.<sup>5</sup>

Eligible people who would not receive direct deposits automatically have two options. They could wait for a mailed paper check, or they could give the IRS their bank account information by going to the IRS website and using the Get My Payment portal.<sup>6</sup> The Treasury Department initially warned it could take up to 20 weeks to deliver all the checks, giving people incentives to use the portal to enter their bank account information. The portal to provide bank account information was placed in service less than three weeks after the enactment of the CARES Act, but the rollout was not smooth, and glitches in the new system led to further delays. Then, on May 8, the IRS announced a deadline for provision of the bank information—with only five days' notice.

Even for people who could expect direct deposits, economic impact payments were sometimes delayed. For example, delays occurred if filers' bank accounts had closed since their last income tax return had been filed. If the payment was sent to a closed account, the bank was supposed to send the money back to the Treasury Department, and a check would instead be mailed to the taxpayer.

Before the first payments were issued, some analysts warned that many payments would be sent to closed accounts—in particular, temporary accounts that tax preparers had established when they completed their clients' 2018 and 2019 income tax returns.<sup>7</sup> Those accounts were created when preparers issued refund anticipation checks (i.e., net of payments of the preparers' fees) or extended refund anticipation loans (i.e., loans against tax refunds) to their clients. The 2018 and 2019 refunds were sent to those temporary accounts, and the preparer subtracted the amount owed to them before disbursing the remaining refund to the taxpayer and closing the account. Direct deposits of the economic impact payments were sometimes sent to those now-closed accounts. In such situations, filers could not give the IRS the correct bank account information and had to wait for the check to be mailed.

Efforts to speed up payments sometimes backfired. In mid-May, the Treasury Department sent prepaid debit cards to 4 million people who were waiting for checks. But the cards were sent through a private vendor, and the envelopes did not indicate that the enclosure came from the Treasury Department. Instead, the return address was "Money Network Cardholder Services," and many recipients assumed it was junk mail and threw out the debit card.

Another reason some people have been surprised that they did not receive an economic impact payment, or the full amount they expected, is that either the Treasury Department or the bank held it back. Under the CARES Act, payments can be reduced if the taxpayer owes child support. In addition, some banks—unless prohibited by state or local law—used the payments to offset amounts overdrawn by the account holder or to transfer the payments to a third party in response to a garnishment order.

The pandemic also led to delays. By April, the IRS had shut down all its service centers and sent most of its employees home to work remotely. Certain tasks, though, could not be done from home, and those included opening mail and processing paper tax returns (including many that had been received before the shutdown). As a result, the economic impact payments were delayed for many people who did not file their 2019 tax return electronically and who had not received a direct deposit of overwithheld taxes or a refundable tax credit based on their 2018 return. The affected filers will not get their economic impact payments until their paper returns for 2019 are processed, but as of June 1, 2020, employees in only three states (Kentucky, Texas, and Utah) were required to return to IRS facilities.

## Delay of Payments to Nonfilers

Getting the advance payment to people who did not file income tax returns for 2018 or 2019 is probably the IRS's biggest challenge. That challenge will persist—and perhaps intensify—next year when nonfilers who have not yet received the payment will be able to receive the economic impact payment only if they file a tax return for 2020.

People are not required to file an income tax return if their income in 2019 was under \$12,200 (if single) or \$24,400 (if married filing jointly). Those thresholds were slightly higher for people 65 and older. Even so, many very low-income people still file an income tax return, generally to receive a refund of income taxes that were withheld by their employer during the year or to claim a refundable tax credit such as the earned income tax credit. But that still leaves a sizable number of people who do not file—including people who do not work and thus are not eligible for the earned income tax credit or the refundable portion of the child tax credit (the “additional child tax credit”).

The CARES Act addresses this challenge to some extent. Because the IRS already receives benefit information (Form 1099s) from the Social Security Administration and Railroad Retirement Board every year, the IRS could identify recipients of Social Security and Railroad Retirement Social Security Equivalent benefits and determine which ones did not file income tax returns and automatically sent the economic impact payment. In mid-April, the IRS obtained comparable data about beneficiaries of Supplemental Security Income (SSI) and veterans compensation and pension benefits and was able to repeat the process for beneficiaries of those two programs.

Still, the IRS lacked sufficient information to send advance payments automatically to other nonfilers—an estimated 12 million people, according to the Center on Budget and Policy Priorities (Marr et al. 2020). Those with access to a computer can apply for the advance payment on the IRS

website until October 15, 2020, and receive the payment by the end of the year.<sup>8</sup> Otherwise, they will be required to file an income tax return in 2021 to claim the economic impact payment.

Even some nonfilers who received automatic payments (or their family members) were required to use the portal to get their full advance payment. The data from the Social Security Administration and Veterans Administration do not identify spouses and children who do not receive those benefits. Social Security and Railroad Retirement beneficiaries had until April 22 to input that information; for SSI and VA beneficiaries, that deadline was May 5. If they missed those deadlines, they must file an income tax return next year to receive the additional economic impact payments for their spouses and children.

## Timeline of Payments

The CARES Act was signed into law on March 27, 2020. Within two weeks, the first economic impact payments were issued. By June 3, the IRS had processed 159 million payments, totaling \$267 billion.<sup>9</sup> Those payments went to every person for whom the agency had information about their income, address, and (for direct deposits) bank accounts, including at least 4 million people who used the nonfiler portal to apply for the economic impact payments because they did not receive Social Security and Railroad Retirement Social Security Equivalent benefits, SSI, or veterans compensation and pension benefits (Ways and Means 2020).

The timing of payments depended on the type of information available to the IRS during this period.

- April 10: The Treasury Department began transmitting direct deposits of economic impact payments to people who had filed a 2019 income tax return (or 2018 if not available) and had refunds from those tax years directly deposited into their bank accounts.
- April 17: The Treasury Department mailed the first round of paper checks to people who had filed a 2019 tax return (or 2018 if not available) but did not have refunds directly deposited into their bank accounts. Checks were sent to people based on their adjusted gross income, with low-income people receiving their payments first.
- April 24: The Treasury Department started transmitting direct deposits of payments to the bank accounts of people who had gone to the IRS website and provided their bank account information to the IRS or who had not filed a tax return but received Social Security or Railroad Retirement Social Security Equivalent benefits.
- May 8: Payments began to people who received SSI or veterans compensation and pension benefits.
- May 15: The Treasury Department mailed the first round of prepaid debit cards.

Estimates of the number of economic impact payments that had not been received as of early June vary widely. The Treasury Department and the IRS initially estimated that 171 million payments would be issued, which suggests that an additional 12 million payments had not been issued as of early June.

But the Democratic staff of the House Ways and Means Committee estimates that over 30 million payments had not been paid by the beginning of June (Ways and Means 2020).

## Study Design

This brief draws on data from the first wave of the Coronavirus Tracking Survey, a nationally representative survey of nonelderly adults designed to assess the impact of the COVID-19 pandemic on adults and their families and how those impacts change over time (further details on the survey can be found at the end of this brief). We estimate the share of adults ages 18 to 64 who reported their families received the economic impact payments as of mid-to-late May, overall and by family income, race/ethnicity, and family citizenship status.<sup>10</sup> The survey was fielded May 14 through 27, 2020, and about 93 percent of respondents completed the survey between May 14 and May 20. As of May 22, the Treasury Department reported that 151 million payments, worth \$257 billion, had been issued to people living in the United States.<sup>11</sup>

We focus on the adults who did not report that they received the payment as of the survey date. We further narrow that group to those with family incomes below 600 percent of FPL, which is \$76,560 for a single adult and \$157,200 for a family of four in 2020. Because the payments phase out beginning at \$75,000 for single adults without dependents and \$150,000 for married couples filing jointly, this sample restriction excludes adults who are likely ineligible for the payments based on their income, though it also excludes some eligible people in the payment's phaseout range. Respondents were not asked about other criteria that determine eligibility for the economic impact payment, including whether respondents or their spouses were not authorized to work in the United States or if they could be claimed as a dependent on someone else's income tax return.

The nonrecipients were asked several questions about characteristics associated with payment timing; specifically, if they or their families had filed an income tax return for 2018 or 2019, if they had a bank account, and if they received a tax refund that was directly deposited into their bank account. Nonfilers who received Social Security benefits were also asked if their benefits were directly deposited into bank accounts. The survey was finalized before the IRS announced that automatic payments would also be sent to people who received SSI or certain veterans' benefits. People who did not report payment receipt were not asked about their participation in those programs.

## Results

*Nearly 7 in 10 adults reported that their families received the economic impact payment as of mid-to-late May 2020, but there were significant disparities by income, race/ethnicity, and family citizenship status in payment receipt.*

Overall, 69.7 percent of nonelderly adults reported receiving the economic impact payment (figure 1); 27.0 percent reported not receiving the payment, 3.0 percent did not know if they received the payment, and 0.3 percent did not answer the question (data not shown). We found differences in receipt

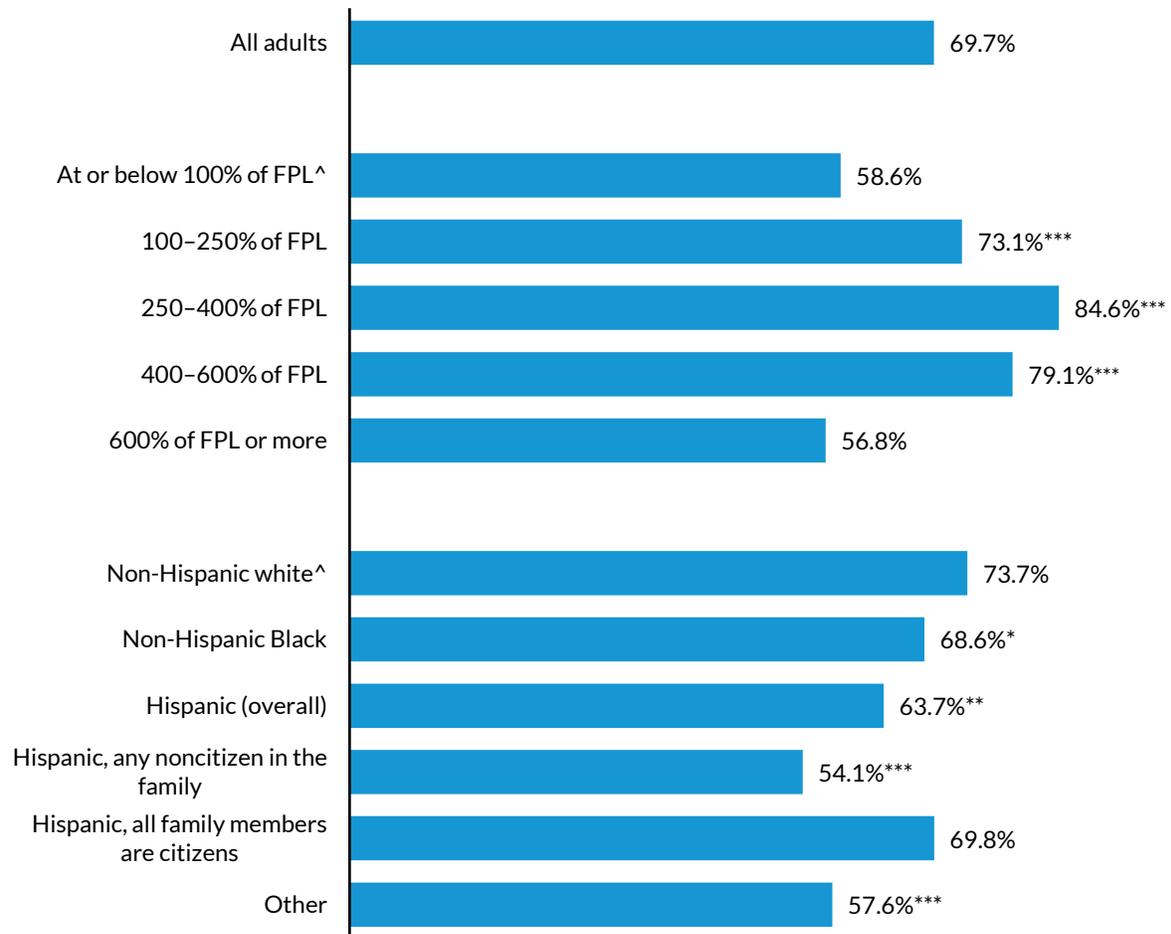
by family income, race/ethnicity, and family citizenship status that could reflect differences in eligibility, differences in whose information is on file with the IRS for processing, and differences in how quickly payments could be made.

Just under 6 in 10 adults (58.6 percent) with incomes at or below 100 percent of FPL reported receiving the payment. This share jumps significantly as income rises to between 100 and 600 percent of FPL (77.5 percent; data not shown), before sinking to 56.8 percent among adults with incomes at or above 600 percent of FPL. Many high-income adults who did not receive the payment may have been ineligible because their income was above the phaseout thresholds.

Non-Hispanic white adults were about 5 percentage points more likely to receive the payment than non-Hispanic Black adults (73.7 percent versus 68.6 percent) and 10 percentage points more likely to receive the payment than Hispanic adults (73.7 percent versus 63.7 percent). Differences in receipt between non-Hispanic white and Hispanic adults can largely be attributed to the lower share of Hispanic adults in families with noncitizens who received the payment (54.1 percent). Some of these adults may have been ineligible if they or their spouse were undocumented or were not qualifying residents. Among non-Hispanic adults who were neither white nor Black or were more than one race, 57.6 percent received the payment. Adults in this group were also disproportionately high income, suggesting many were ineligible.

FIGURE 1

Share of Adults Ages 18 to 64 Reporting They or Their Families Received Economic Impact Payments, Overall and by Family Income, Race/Ethnicity, and Family Citizenship Status, May 2020



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**Source:** Urban Institute Coronavirus Tracking Survey, wave 1. The survey was conducted May 14 through 27, 2020, and 93.1 percent of respondents completed the survey by May 20.

**Notes:** FPL is federal poverty level. Other includes non-Hispanic adults who are not Black or white or are more than one race.

\*/\*\*/\*\*\* Estimate differs significantly from the reference group (^) at the 0.10/0.05/0.01 level, using two-tailed tests.

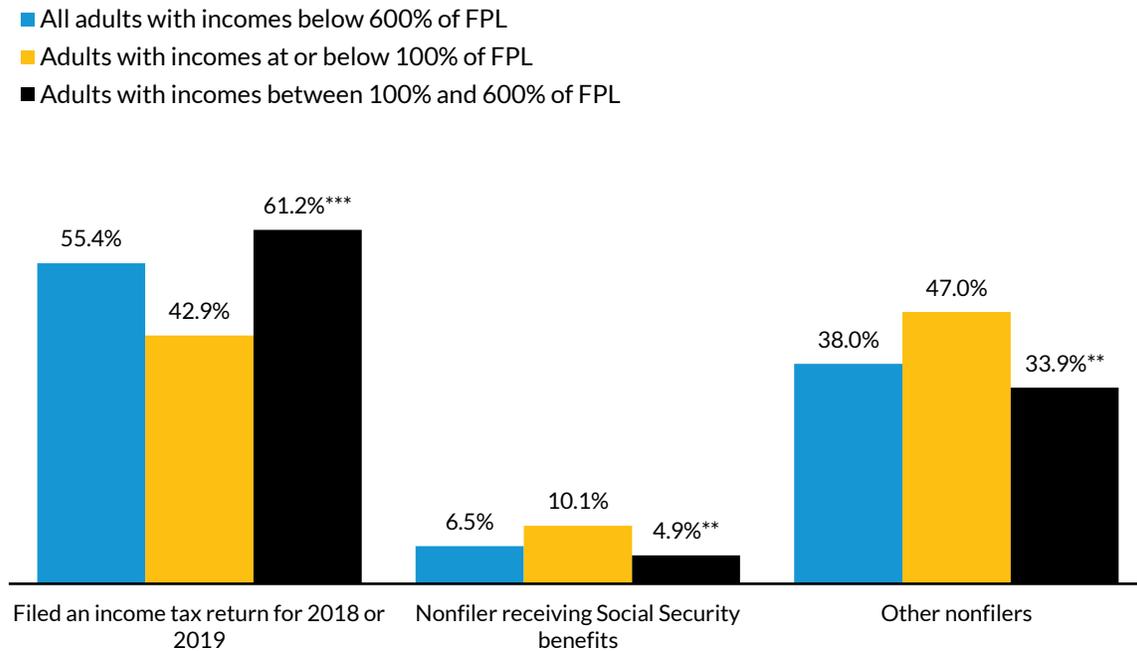
*Among those not reporting payment receipt and who were most likely to be eligible based on income (i.e., with incomes below 600 percent of FPL), 38 percent did not file an income tax return for 2018 or 2019 and were not receiving Social Security benefits, meaning they would likely need to provide information through the IRS web portal to receive the payment. Among adults with incomes at or below 100 percent of FPL, nearly half would likely need to take this extra step to receive the payment.*

Nonrecipients who did not file a tax return for 2018 or 2019 and were not receiving Social Security benefits were unlikely to receive the economic impact payments unless they submitted the necessary information through the IRS web portal for nonfilers. Among nonrecipients with incomes below 600

percent of FPL, who were most likely to be eligible for the payment based on their income, 55.4 percent filed a tax return for at least one of the past two tax years, and 6.5 percent did not file a return but received Social Security benefits (figure 2). Some people in this category, however, may have been ineligible for the payment because they could be claimed as a dependent or because they or their spouse were unauthorized to work in the United States.

The remaining 38.0 percent of nonrecipients with incomes below 600 percent of FPL would most likely need to provide additional information to the IRS to receive the payment. Nearly one-half (47.0 percent) of potentially eligible nonrecipients with incomes at or below 100 percent of FPL would need to take this step, compared with just over one-third (33.9 percent) of adults with incomes between 100 and 600 percent of FPL. Many of the nonrecipients with incomes at or below 100 percent of FPL may not have filed a tax return because their incomes were below the tax filing threshold. The federal poverty level in 2020 is \$12,760 for a single adult and \$26,200 for a family of four. The tax filing threshold for 2019 returns is \$12,200 for a single adult and \$24,400 for a married couple filing jointly.

**FIGURE 2**  
**Family Tax Filing Status and Social Security Receipt among Adults with Incomes below 600 Percent of FPL Who Did Not Receive Economic Impact Payments, May 2020**



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**Source:** Urban Institute Coronavirus Tracking Survey, wave 1. The survey was conducted May 14 through 27, 2020, and 93.1 percent of respondents completed the survey by May 20.

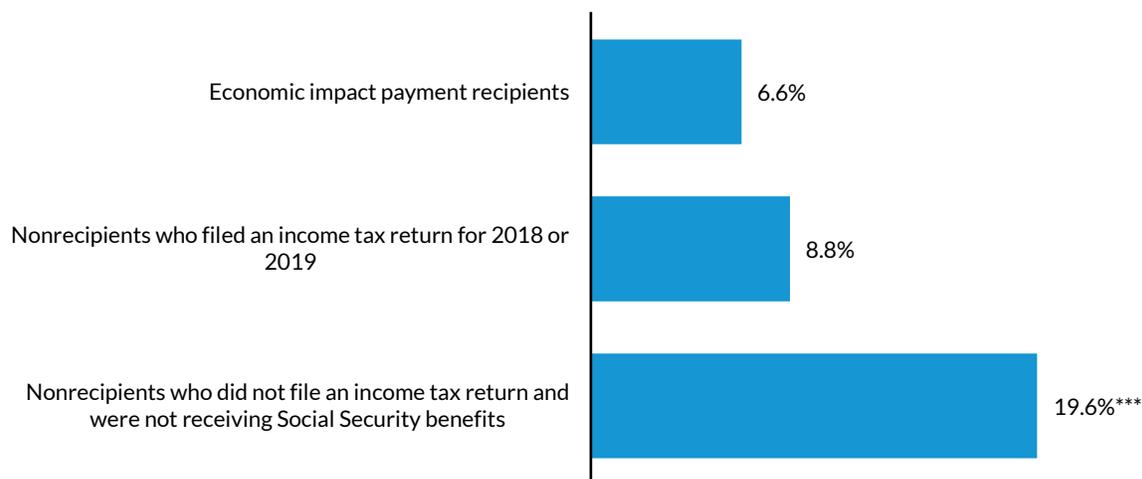
**Notes:** FPL is federal poverty level.

\*\*/\*\* Estimate differs significantly from adults with incomes at or below 100 percent of FPL at the 0.05/0.01 level, using two-tailed tests.

Taking the extra step of applying through the IRS web portal required internet access. But one in five potentially eligible nonrecipients who neither filed an income tax return nor received Social Security benefits reported having no internet access at home.

Lack of internet access could be a barrier to submitting information to the IRS. Among the nonrecipients with incomes below 600 percent of FPL who neither filed an income tax return nor received Social Security benefits, one in five (19.6 percent) did not have internet access at home (figure 3).<sup>12</sup> This was more than twice the share without internet access (6.6 percent) among economic impact payment recipients with incomes below 600 percent of FPL and about double the share without internet access (8.8 percent) among nonrecipients with incomes below 600 percent of FPL who filed a tax return.

**FIGURE 3**  
**Share of Adults with Family Incomes below 600 Percent of FPL Who Do Not Have Internet Access at Home, by Receipt of Economic Impact Payments and Family Tax Filing Status, May 2020**



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**Source:** Urban Institute Coronavirus Tracking Survey, wave 1. The survey was conducted May 14 through 27, 2020, and 93.1 percent of respondents completed the survey by May 20.

**Notes:** FPL is federal poverty level. Estimates are not shown for nonfilers who reported receiving Social Security benefits because of insufficient sample size.

\*\*\* Estimate differs significantly from economic impact payment recipients at the 0.01 level, using two-tailed tests.

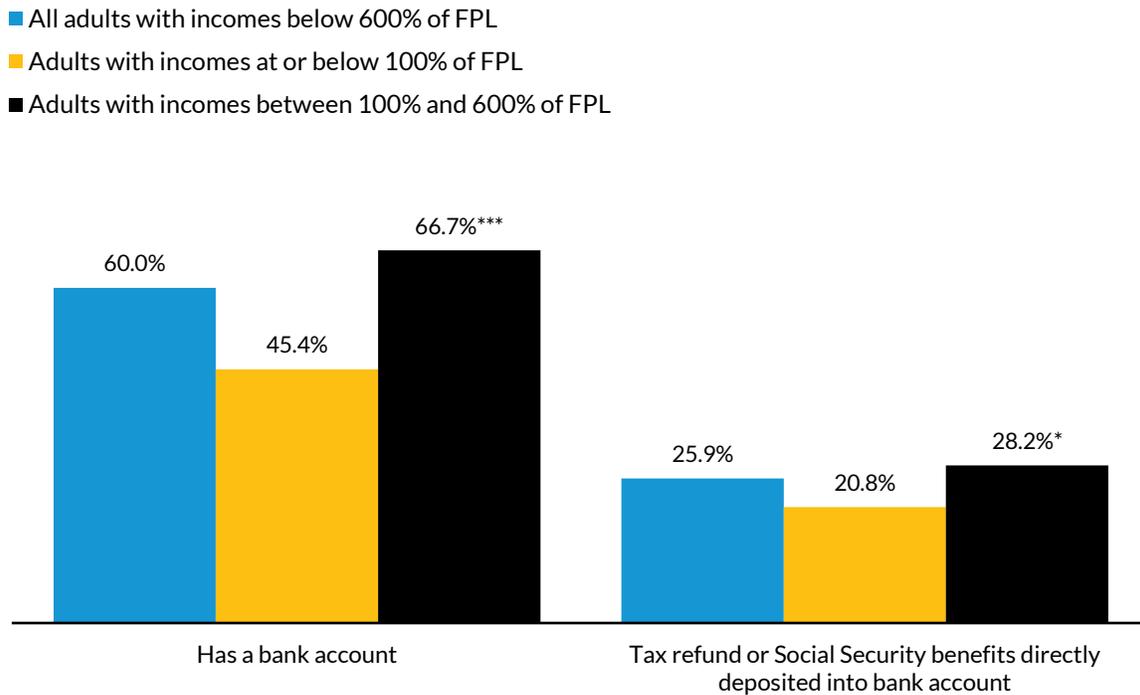
*Six in 10 nonrecipients with incomes below 600 percent of FPL had bank accounts, which could facilitate more timely payment receipt. But less than half of nonrecipients living in poverty had bank accounts.*

Potentially eligible nonrecipients could receive the payment more rapidly if they gave the IRS their bank account information. But only 60 percent of the nonrecipients with incomes below 600 percent of FPL reported that they or a family member had a checking, savings, or money market account, and

adults with incomes at or below 100 percent of FPL were less likely to have bank accounts than adults with incomes between 100 and 600 percent of FPL (45.4 percent versus 66.7 percent; figure 4).

About one-quarter (25.9 percent) of nonrecipients with incomes below 600 percent of FPL had 2018 or 2019 income tax refunds or Social Security benefits directly deposited into a bank account, which, if they were eligible for the advance economic impact payment, would have increased their chances of having received their payment before being surveyed. But for some adults in this group, the tax refunds may have initially been deposited in now-closed temporary accounts because of their use of refund anticipation loans or refund anticipation checks. If so, the bank would have sent the payment back to the IRS, and the agency would mail them a check or prepaid debit card.

**FIGURE 4**  
**Use of Bank Accounts and Direct Deposit among Adults with Family Incomes below 600 Percent of FPL Who Did Not Receive Economic Impact Payments, May 2020**



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**Source:** Urban Institute Coronavirus Tracking Survey, wave 1. The survey was conducted May 14 through 27, 2020, and 93.1 percent of respondents completed the survey by May 20.

**Notes:** FPL is federal poverty level.

\*/\*\* Estimate differs significantly from adults with incomes at or below 100 percent of FPL at the 0.10/0.01 level, using two-tailed tests.

*Nearly one-quarter of nonrecipients with incomes below 600 percent of FPL—and nearly one-third of nonrecipients with incomes at or below 100 percent of FPL—neither filed an income tax return nor received*

*Social Security benefits and lacked a bank account, suggesting these nonrecipients faced multiple obstacles to receiving timely payments.*

Potentially eligible nonrecipients who filed an income tax return for 2018 or 2019 and had a bank account either got their payment deposited into their account automatically or could provide their bank account information to the IRS through its Get My Payment portal before May 13 and receive the payment through direct deposit. Just over 4 in 10 (42.1 percent) nonrecipients with incomes below 600 percent of FPL were in this position (table 1). Adults with incomes between 100 and 600 percent of FPL were more than twice as likely as those with incomes at or below 100 percent of FPL to have both filed a tax return and had a bank account (50.4 percent versus 24.0 percent).

In contrast, 24.3 percent of nonrecipients with incomes below 600 percent of FPL did not file an income tax return, were not receiving Social Security, and did not have a bank account. To get the payment, these adults would have had to provide information through the IRS's nonfiler portal and then wait to receive the payment by mail. Nearly one-third (32.9 percent) of nonrecipients with incomes at or below 100 percent of FPL were in this situation, compared with one-fifth (20.4 percent) of nonrecipients with incomes between 100 and 600 percent of FPL.

**TABLE 1**

**Family Tax Filing Status, Social Security Receipt, and Use of Bank Accounts among Adults with Family Incomes below 600 Percent of FPL Who Did Not Receive Economic Impact Payments, May 2020**

	All nonrecipients with incomes...		
	Below 600% of FPL	At or below 100% of FPL	Between 100% and 600% of FPL
<b>Has a bank account</b>			
Filed an income tax return for 2018 or 2019	42.1%	24.0%	50.4%***
Nonfiler receiving Social Security	4.2%	7.3%	2.7%***
Other nonfiler	13.7%	14.1%	13.6%
<b>Does not have a bank account</b>			
Filed an income tax return for 2018 or 2019	13.4%	19.0%	10.8%*
Nonfiler receiving Social Security	2.3%	2.8%	2.1%
Other nonfiler	24.3%	32.9%	20.4%**
Sample size	851	278	573

**Source:** Urban Institute Coronavirus Tracking Survey, wave 1. The survey was conducted May 14 through 27, 2020, and 93.1 percent of respondents completed the survey by May 20.

**Notes:** FPL is federal poverty level.

\*/\*\*/\*\* Estimate differs significantly from adults with incomes at or below 100 percent of FPL at the 0.10/0.05/0.01 level, using two-tailed tests.

## Discussion

In many regards, the rollout of the economic impact payments this spring was a success. Most families received a payment within two months of the legislation being enacted. Similar efforts in the past—the tax rate reduction credits in 2001, the advance child tax credit in 2003, and the economic stimulus

payments in 2008—took several months before the first payments were made. This success is remarkable given the significant cutbacks in the IRS's resources in the past decade, the timing that coincided with the IRS's busiest season, and the closure of all IRS service centers and Taxpayer Assistance Centers in March.

Still, we found that 30 percent of adults younger than 65 reported that their families had not received payments or did not know if their families received the payments by mid-to-late May. Moreover, there were significant disparities in nonreceipt: adults were less likely to receive the payments if they had family incomes below 100 percent of FPL or if they were Black or Hispanic, and particularly if they were Hispanic and in families with noncitizens.

In some cases, respondents might have been ineligible for reasons we cannot discern from the survey. They could be claimed as a dependent on someone else's income tax return, or they are not authorized to work in the United States. In May, the House of Representatives passed the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, which would take into account all dependents, regardless of age, in payment computation and extend eligibility for the economic impact payment to people who lack authorization to work in the United States.

The survey could not identify a potentially large group of people who will be eligible for the payment based on their circumstances in 2020 but who appeared to be ineligible based on their 2018 or 2019 income tax returns. They include people whose incomes would have been too high to be eligible for advance payments but who lost their jobs because of the pandemic and will qualify based on their 2020 income. This group will have to wait until they file their 2020 tax return next year to receive their payment.

For others, the three biggest barriers, however, were related to challenges that do not have simple solutions and, to a large extent, reflect systemic problems as well as the uniqueness of a pandemic.

The survey found that a large share of people who had not received payments by the end of May were unbanked. People without bank accounts had to wait until the Treasury Department issued checks, a process that started later than direct deposits and which was further slowed by cutbacks in paper processing. Heavier reliance on prepaid debit cards could facilitate payments to unbanked people, but the cards should be clearly identified as coming from the Treasury Department so recipients would not think they were junk mail and throw them out, as some did in May.<sup>13</sup> Steps could be taken to lift the restrictions typically imposed by private companies that issue prepaid vendors, such as those imposed by the private vendor that was contracted by the Treasury Department to dispense the cards containing the advance economic impact payments. Those restrictions included limits on the amounts that could be withdrawn from prepaid debit cards and fees imposed on those withdrawals, when cashing the cards at banks or from ATMs that were outside the company's network.<sup>14</sup>

Another barrier was the reliance on the internet to provide information about the payments—both so the IRS could transmit information to potential recipients and so potential recipients could contact the IRS. The rush to roll out the payments probably contributed to software problems early on with the various electronic portals the IRS established to enable payments to people who did not file an income

tax return or provide bank account information. But many nonrecipients faced an additional barrier. Among the adults in our sample with incomes below 600 percent of FPL who did not receive economic impact payments and neither filed a tax return nor received Social Security benefits, one in five did not have internet access at home.

The pandemic accentuated the lack of computer and internet access. The pandemic led to closures of many places where free computers and other forms of assistance were available—including public libraries, IRS Taxpayer Assistance Centers, and volunteer income tax assistance sites. Moreover, there were no alternative methods to apply for the advance economic impact payment other than through the internet. The closures also meant that the IRS could not open mail and faced a large backlog when its facilities began reopening in phases, starting in June. A long-term strategy would require investment to set up secure phone lines, where people could call and input their information.<sup>15</sup>

The biggest challenge, however, is reaching people who do not file income tax returns and thus have little or no contact with the IRS. In some cases, they may not even have known about the economic impact payments or that they were eligible for them. Among adults with incomes at or below 100 percent of FPL who did not report receipt, 7 percent responded they did not know if they received a payment, possibly indicating lack of awareness of the cash payment (data not shown). In contrast, 3 percent of adults with incomes between 100 and 250 percent of FPL and less than 1 percent of adults with incomes at or above 600 percent of FPL responded they did not know if they had received the payment.

The CARES Act required the Treasury Department to conduct a public awareness campaign to inform people—especially nonfilers—about the availability of the economic impact payment. Although some outreach posters and publications were available in May, the IRS did not announce a broader effort until early June, saying it would conduct an outreach and education program with partner groups that serve people experiencing homelessness, underserved communities, households with limited English proficiency, and other groups.

One conduit for reaching the nonfilers is through state agencies that administer SNAP and Medicaid. The Center on Budget and Policy Priorities estimates that 75 percent of eligible nonfilers who did not receive automatic payments are eligible for SNAP or Medicaid (Marr et al. 2020). Outreach efforts through community organizations will probably be needed to reach the remaining nonfilers—largely very low-income childless adults and people experiencing homelessness.

In the long term, the federal government and state agencies could implement a two-pronged approach to delivering stimulus payments—similar to the economic impact payments—rapidly to people both in and out of the income tax system. Rather than relying solely on the IRS, payments to nonfilers could be channeled through the state agencies that administer SNAP and Medicaid. To avoid duplicate payments from the IRS and state agencies, the IRS and state agencies would be required to share information about tax filers and program beneficiaries. Although there are precedents for data exchange between the IRS and state agencies, such a partnership may require changes to federal- and state-level disclosure laws and investments in new infrastructure. Another challenge would be to

coordinate eligibility rules across the tax system and SNAP and Medicaid—in particular, the tax code and those programs use different definitions of households, dependent family members, and income. This approach still does not address the challenge of reaching people who do not have to file income tax returns and who do not receive cash or in-kind benefits from other government agencies.

## Data and Methods

This brief draws on data from the first wave of the Urban Institute’s Coronavirus Tracking Survey, a nationally representative, internet-based survey of nonelderly adults designed to assess the impact of the COVID-19 pandemic on adults and their families and how those impacts change over time. A total of 4,352 adults ages 18 to 64 participated in the first wave, which was fielded May 14 through 27, 2020, with 93.1 percent of respondents completing the survey between May 14 and 20. The respondents were sampled from the 9,032 adults who participated in the most recent round of the Urban Institute’s Health Reform Monitoring Survey (HRMS), which was fielded March 25 through April 10, 2020. The HRMS sample is drawn from Ipsos’s KnowledgePanel, the nation’s largest probability-based online panel. The panel is recruited from an address-based sampling frame covering 97 percent of US households and includes households with and without internet access. Participants can take the survey in English or Spanish.

The tracking survey includes an oversample of non-Hispanic Black and Hispanic HRMS participants. Survey weights adjust for unequal selection probabilities and are poststratified to the characteristics of the national nonelderly adult population based on benchmarks from the Current Population Survey and American Community Survey. The margin of sampling error, including the design effect, for the full sample of adults in the first wave of the tracking survey is plus or minus 1.9 percentage points for a 50 percent statistic at the 95 percent confidence level. The second wave of the tracking survey will be fielded in the summer of 2020. Additional information about the March/April 2020 HRMS and the questionnaires for the HRMS and first wave of the Coronavirus Tracking Survey can be found at <https://hrms.urban.org>.

## Notes

- <sup>1</sup> US Department of the Treasury, “Treasury, IRS Announce Delivery of 159 Million Economic Impact Payments,” news release, June 3, 2020, <https://home.treasury.gov/news/press-releases/sm1025>.
- <sup>2</sup> The IRS also sent payments automatically to recipients of Supplemental Security Income (SSI), VA compensation and pension benefits, and Railroad Retirement Social Security Equivalent benefits. We did not ask survey respondents whether they or their families are currently receiving these benefits. But a majority of those who reported in the March/April 2020 Health Reform Monitoring Survey that they or someone in their families received SSI in the past year also reported in the May survey that their families were currently receiving Social Security benefits, likely because the Social Security Administration administers the SSI program. According to the Government Accountability Office, the number of other recipients of government benefits who were issued automatic payments through May 22 were relatively small: 408,873 VA recipients and 60,137 railroad retirees were sent economic impact payments without taking any action. See Ways and Means (2020).

- <sup>3</sup> In the CARES Act, these payments were named “recovery rebates,” whereas they are often referred to as “stimulus payments” in the media. The Treasury Department and Internal Revenue Service adopted the name “economic impact payments” soon after enactment.
- <sup>4</sup> Under the tax code, “nonresident aliens” are not US citizens and either do not have green cards or do not reside in the United States for a specified period.
- <sup>5</sup> Internal Revenue Service, “Filing Season Statistics for Week Ending December 27, 2019,” news release, January 16, 2020, <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-december-27-2019>.
- <sup>6</sup> “Coronavirus Tax Relief and Economic Impact Payments,” Internal Revenue Service, last updated May 4, 2020, <https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments>.
- <sup>7</sup> Aaron Klein, “70 Million People Can’t Afford to Wait for Their Stimulus Funds to Come in a Paper Check,” Brookings Institution, March 31, 2020, <https://www.brookings.edu/opinions/70-million-people-cant-afford-to-wait-months-for-their-stimulus-to-come-in-a-paper-check/>.
- <sup>8</sup> “Non-Filers: Enter Payment Info Here,” Internal Revenue Service, June 28, 2020, <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>.
- <sup>9</sup> US Department of the Treasury, “Treasury, IRS Announce Delivery.”
- <sup>10</sup> Family income is based on total income (including means-tested transfers) before taxes and other deductions reported for the past year in the March/April 2020 Health Reform Monitoring Survey, from which respondents to the May 2020 Coronavirus Tracking Survey are sampled. The family is defined as the respondent, their spouse or partner (if applicable), and any of their children or stepchildren younger than 19 who are living with them. Respondents select the income range that best describes their family’s total income over the past year. These income ranges correspond to percentages of the federal poverty level based on the size of the respondent’s family. These definitions of the family unit and family income differ from tax units and adjusted gross income used to determine eligibility for the economic impact payments.
- <sup>11</sup> Internal Revenue Service, “Treasury, IRS Release Latest State-by-State Economic Impact Payment Figures for May 22, 2020,” news release, May 22, 2020, <https://www.irs.gov/newsroom/treasury-irs-release-latest-state-by-state-economic-impact-payment-figures-for-may-22-2020>.
- <sup>12</sup> The Coronavirus Tracking Survey sample is drawn from the KnowledgePanel, a probability-based panel that includes households with and without internet access at home. Panel members who do not have internet access receive web-enabled devices and free internet access to facilitate their participation because all KnowledgePanel surveys are completed online. Recruitment of panel members without internet access—who, disproportionately, have low incomes—helps ensure the panel is representative of the national population.
- <sup>13</sup> In July 2020, the Treasury Department sent reminder letters to people who had received the economic impact payments through prepaid debit cards but had not yet activated the card. Both the envelope and the insert showed the Treasury logo. “Economic Impact Payment Information Center,” Internal Revenue Service, accessed July 10, 2020, <https://www.irs.gov/coronavirus/economic-impact-payment-information-center>.
- <sup>14</sup> “Economic Impact Payment Card Program Fee Schedule,” Money Network, accessed July 7, 2020, <https://www.eipcard.com/fee-schedule/>.
- <sup>15</sup> Elaine Maag, “The IRS Could Speed Up Coronavirus Rebates by Opening Secure Phone Lines,” *TaxVox* (blog), Urban-Brookings Tax Policy Center, April 28, 2020, <https://www.taxpolicycenter.org/taxvox/irs-could-speed-coronavirus-rebates-opening-secure-phone-lines>.

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## About the Authors

**Janet Holtzblatt** is a senior fellow at the Urban-Brookings Tax Policy Center. She has conducted research on a broad range of tax policy issues, with emphasis on the tax treatment of families and workers, health reform, the administration of the tax code, and tax simplification. Before joining the Tax Policy Center, Holtzblatt was the unit chief for tax policy studies in the Tax Analysis Division of the Congressional Budget Office. Before that, she was deputy director of the Individual Taxation Division in the US Treasury Office of Tax Analysis and a senior analyst on the Senate Budget Committee. She earned her bachelor's degree in economics and history from the University of Illinois and a doctoral degree in economics from the University of Wisconsin.

**Michael Karpman** is a senior research associate in the Health Policy Center at the Urban Institute. His work focuses on the implications of the Affordable Care Act, including quantitative analysis related to health insurance coverage, access to and affordability of health care, use of health care services, and health status. His work includes overseeing and analyzing data from the Urban Institute's Health Reform Monitoring Survey and Well-Being and Basic Needs Survey. Before joining Urban in 2013, Karpman was a senior associate at the National League of Cities Institute for Youth, Education, and Families. He received his MPP from Georgetown University.

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500 L'Enfant Plaza SW  
Washington, DC 20024

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