
Estimated CARES Act Payments to Mississippi Households

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CARES Rules

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide resources in response to the COVID-19 virus. One component of the CARES Act is Economic Impact Payments (EIP), widely referred to as stimulus payments. The CARES Act allows for single individuals to receive up to \$1,200, married couples with no children to receive up to \$2,400, and all taxpayers that claim dependents age 17 and younger to get an additional \$500 per child. Payments are decreased as adjusted gross income (AGI) increases above \$75,000 for individuals and \$150,000 for married couples filing a joint return.

According to a study by Lending Tree, 91.5% of all Mississippi tax filers qualify for the full amount of EIP. Mississippi is the state with the highest percentage of households who qualify for a full EIP, while Massachusetts is the state with the lowest percentage of households who qualify for a full EIP (77.9% of tax filers) according to Lending Tree.

Using a combination of data from the Mississippi Department of Revenue and the US Census Bureau, we estimate the amount of EIP flowing directly to Mississippi households to be \$2.2 billion.

Mississippi's Population

Table 1 consists of 2018 tax filing data from the Mississippi Department of Revenue coupled with data from the Census Bureau. There are two very important pieces of information in this table that are provided by the Census Bureau. The first is the total number of households in Mississippi. The Mississippi Department of Revenue has information based solely on households who file income taxes. Census data additionally counts households with no income or too little to file income taxes. The second piece of information is the breakdown of household type by income for those with an AGI of less than \$75,000.

Notice that most of the population earning less than \$30,000 per year file as single. Overall, approximately 40% of Mississippi households file taxes as single according to the Mississippi Department of Revenue, while less than 40% of all households claim a dependent age 17 or younger. Approximately 6% of households either have no income or too little income to file taxes. We assume those households receive an average of \$1,500 in EIP. That assumes that most of those households would file single just as in the case of those with an AGI of less than \$30,000.

Mississippi Department of Revenue data suggests approximately 489,000 Mississippi residents live alone based on those individuals filing status of single. The Census data suggests that there are only 401,000 such households in Mississippi. This difference stems mostly from what the two organizations report and how they obtain that information. The Census Bureau gathers data via surveys. It asks individuals about their earnings as well as how many members belong to their household and total household income. The Mississippi Department of Revenue simply obtains the income its residents report and how many dependents each claims. There are several reasons the Mississippi Department of Revenue records more single households than the Census Bureau. First, most young adults who live with their parents file their income taxes as single which is recorded by Mississippi Department of Revenue, but report their household size as something larger than one when completing a Census survey. The same is true for unmarried couples living together and other adults who share a home such as an adult taking care of an aging parent. All these individuals might be recorded as single by the Mississippi Department of Revenue, but report larger household sizes in a survey. Since the goal of this paper is largely to discuss EIP and those payments are based on tax filings we will largely focus on information from the Mississippi Department of Revenue.

Percentage of Mississippi Households by Filing Status

| | Single | Married with no children (jointly or separately) | Married with children (jointly or separately) | Head of Household with Children | Other/Unknown | Total |
|-------------------------------------|--------|--|---|---------------------------------|---------------|---------|
| No Income/Too little income to file | | | | | 5.61% | 5.61% |
| Under 30K AGI | 24.05% | 5.99% | 3.26% | 4.36% | 0.22% | 37.88% |
| 30K up to 50K AGI | 9.09% | 3.93% | 3.36% | 3.40% | 0.09% | 19.87% |
| 50K up to 75K AGI | 5.41% | 4.47% | 3.60% | 3.90% | 0.06% | 17.44% |
| 75K up to 99K AGI | 0.95% | 1.85% | 2.53% | 2.13% | 0.02% | 7.47% |
| Over 99K AGI | 0.92% | 3.12% | 4.15% | 3.52% | 0.02% | 11.73% |
| Total | 40.41% | 19.35% | 16.90% | 17.32% | 0.41% | 100.00% |

Table 1

Funding by Household Type

Table 2 shows the total estimated payments by household type and Table 3 shows the average payment by household type. Households consisting of married individuals with children will get a slightly higher total amount than other household structures, around \$614 million, while those who are head of household with children stand to gain only about \$411 million. Most of the disparity between the married households with children and the head of household with children is the number of adults in the household. Married couples filing jointly have two adults that receive \$1,200 each plus \$500 for each child for a starting EIP of \$2,900, while those who file head of household have a starting EIP of \$1,700.

Total EIP to Mississippi Households by Filing Status

| | Single | Married with no children (jointly or separately) | Married with children (jointly or separately) | Head of Household with Children | Other/Unknown | Total |
|-------------------------------------|------------------|--|---|---------------------------------|------------------|--------------------|
| No Income/Too little income to file | | | | | \$102,150,000.00 | \$102,150,000.00 |
| Under 30K AGI | \$350,313,696.72 | \$161,244,508.16 | \$124,033,510.51 | \$101,253,669.31 | \$3,176,112.72 | \$740,021,497.42 |
| 30K up to 50K AGI | \$132,415,225.07 | \$109,419,994.00 | \$131,696,602.22 | \$80,912,506.18 | \$1,316,077.17 | \$455,760,404.65 |
| 50K up to 75K AGI | \$78,778,678.21 | \$127,231,827.60 | \$140,363,563.10 | \$92,001,464.24 | \$931,086.44 | \$439,306,619.60 |
| 75K up to 99K AGI | \$7,543,825.00 | \$53,471,177.86 | \$98,136,716.51 | \$52,630,385.10 | \$242,945.80 | \$212,025,050.27 |
| Over 99K AGI | \$ - | \$58,474,842.37 | \$119,860,207.66 | \$83,780,125.17 | \$214,277.86 | \$262,329,453.06 |
| | \$569,051,425.00 | \$509,842,350.00 | \$614,090,600.00 | \$410,578,150.00 | \$108,030,500.00 | \$2,211,593,025.00 |

Table 2

Average EIP to Mississippi Households by Filing Status

| | Single | Married with no children (jointly or separately) | Married with children (jointly or separately) | Head of Household with Children | Other/Unknown | Total |
|-------------------------------------|------------|--|---|---------------------------------|---------------|------------|
| No Income/Too little income to file | | | | | \$1,500.00 | \$1,500.00 |
| Under 30K AGI | \$1,200.00 | \$2,218.64 | \$3,134.09 | \$1,911.03 | \$1,200.00 | \$1,609.40 |
| 30K up to 50K AGI | \$1,200.00 | \$2,295.48 | \$3,224.46 | \$1,959.86 | \$1,200.00 | \$1,889.26 |
| 50K up to 75K AGI | \$1,200.00 | \$2,345.36 | \$3,212.61 | \$1,942.09 | \$1,200.00 | \$2,074.78 |
| 75K up to 99K AGI | \$657.15 | \$2,380.18 | \$3,196.61 | \$2,032.57 | \$1,229.78 | \$2,336.72 |
| Over 99K AGI | \$ - | \$1,543.88 | \$2,378.72 | \$1,961.34 | \$798.77 | \$1,842.49 |

Table 3

Households with Children

Table 3 suggests that approximately half of all EIP will go to Mississippi households with children. The number is likely much larger for a couple of reasons. First, there are over 19,000 residents that use the filing status "Married Filing

Separately" with no children. Second, it is likely that most non-custodial parents file their income taxes using the single status. Unmarried couples who live together may allow one parent to file head of household with children while the other files single. These likely scenarios suggest a larger number of households with children than indicated by the Department of Revenue filing data.

Receiving Payments

The IRS reports that as of April 17, 2020, \$1.4 billion have flowed into Mississippi via EIP. The remaining funds will be mailed in the coming weeks. Those receiving payments by mail include all households who did not provide the IRS with direct deposit information when filing their 2018 and/or 2019 income taxes. Those people fall into four main groups. The first group consists of households which did not earn enough to be required to file taxes in 2018. The second group consists of households which elected to receive a paper check when filing income taxes. The third group consists of households which owe income taxes. One reason workers owe federal income taxes when they file is that they worked multiple jobs. Working multiple jobs without understanding withholdings well enough to make appropriate adjustments generally causes taxpayers to owe income taxes at the end of the year instead of receiving a refund. The final group consists of households which filed taxes but used the banking information of a tax company instead of their own banking information. This is the case for any taxpayer that elects to receive an upfront loan from a tax company instead of waiting for a refund from the IRS. The IRS refund is then deposited with the tax company. Paper checks will take some time to distribute and to help those most in need, and the IRS has pledged to send paper checks to lower income households before higher income households.

Conclusion

The \$2.2 billion in EIP is a welcomed assistance to Mississippi residents. Many Mississippi residents are being furloughed or laid off due to Covid-19. The economy is slowly reopening, but the process will be long and Mississippi households will need additional support from the state and federal government.