

Missouri Economy Indicators

Transfer Payments to Individuals

VOL. 2, ISSUE 12, 19 JULY 2021

Transfers refer to payments that governments make to individuals for reasons other than performing a service or providing a product. Transfer payment examples include Social Security, Medicare, Medicaid, unemployment, welfare and veterans' benefits.

Before the COVID-19 pandemic, transfers to Missouri residents from governments accounted for 19.3% of personal income — up from 14.4% in 2001. In first-quarter 2021, this figure was near 30% due to pandemic-related payment programs. Transfer payments supported consumer spending during the pandemic and will wind down, but they remain an important part of personal income that impacts businesses and communities.

Transfer payments account for one-fifth of personal income in Missouri

Transfer payments from governments to individuals contributed 19.3% of Missouri personal income in 2019. Personal income also captures unearned income (19% of 2019 personal income) and earned income (61% of 2019 personal income).

- *Unearned income* includes rental income, interest payments and dividends.
- *Earned income* includes wage and salary income.

The majority of transfer payments to Missouri residents came through two programs supporting older adults: Social Security and Medicare (see chart to the right).

Transfers to Individuals from Governments as a Share of Personal Income (2019)

	U.S.	Missouri
Gov't transfer payments as a % of total personal income	16.5%	19.3%
<i>Selected components as a share of personal income</i>		
<i>Retirement and disability benefits (Social Security)</i>	5.7%	7.3%
<i>Medical benefits</i>	7.7%	8.8%
Medicare benefits	4.2%	5.1%
Medicaid and similar	3.4%	3.6%
Military medical benefits	0.1%	0.1%
<i>Income maintenance benefits</i>	1.4%	1.4%
Supplemental Security Income (SSI)	0.3%	0.3%
Earned Income Tax Credit (EITC)	0.4%	0.4%
Supplemental Nutrition Assistance Program (SNAP)	0.3%	0.3%
*Other income maintenance benefits	0.5%	0.3%
<i>Unemployment insurance compensation</i>	0.2%	0.1%
<i>Veterans' benefits</i>	0.7%	0.9%
<i>Education and training assistance</i>	0.4%	0.4%
<i>Other transfer receipts of individuals from governments</i>	0.3%	0.4%

Source: MU Extension Exceed chart using data from BEA LAPI (CA35)

*Other income maintenance benefits include general assistance such as the Temporary Assistance for Needy Families program; supplemental nutrition for Women, Infants and Children; refugee assistance; foster home care and adoption assistance; additional child tax credit; and energy assistance.

Older Adults Receive Majority of Transfer Payments in 2019

More than one-third of transfer payments to Missouri residents in 2019 were Social Security benefits, which benefit older adults. More than 25% of payments to Missouri residents were for Medicare, which provides medical benefits to older adults. These two programs accounted for almost two-thirds (63.5%) of government transfers to Missouri residents — slightly higher than the U.S. average (59.4%) because of Missouri's higher share of residents who are 65 or older.

Transfers paid to younger Missourians made up a smaller percent of Missouri's personal income. For example, SNAP payments — formerly known as food stamps — accounted for 0.32% of Missouri personal income in 2019 (0.29% of U.S.). The earned income tax credit (EITC) — a payment that benefits low-income households, particularly those with children — accounted for 0.43% of Missouri personal income in 2019 (0.37% for the U.S.)

Generally, income maintenance, which includes SNAP, EITC and Supplementary Security Income plus other income maintenance benefits, represented a relatively small share of transfer payments — 1.4% of Missouri personal income (1.45% of U.S.). The latter category accounted for 0.33% of Missouri personal income relative to 0.47% for the U.S. The category includes, for example, the Temporary Assistance for Needy Families program colloquially known as “welfare”; the supplementary nutrition program for Women, Infants and Children; refugee assistance; foster home care and adoption assistance; and energy assistance.

Unemployment insurance represented 0.1% of personal income in 2019. Veterans' benefits represented 0.9% of personal income in 2019 — about 20% above the U.S. average.

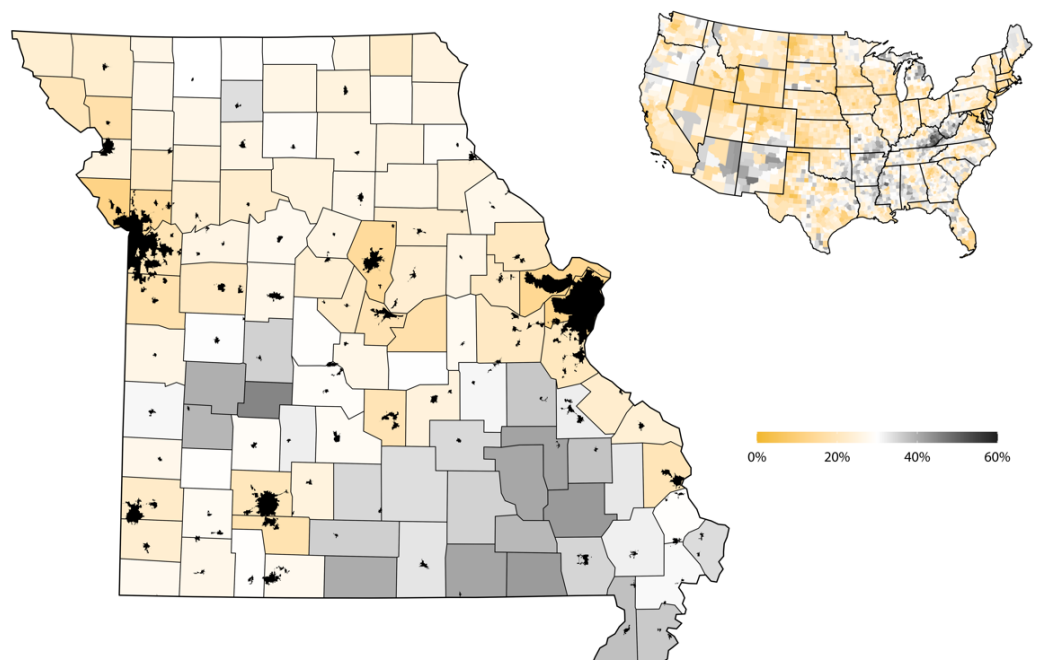
Transfer Payments as a Share of Income Are Lowest in Metro Areas

Transfer payments' share of personal income in 2019 ranged widely across the state. Platte County had the lowest share, 11.9% of personal income from transfers, and Hickory County had the highest at 45.1%. The share was highest in the Ozarks and the area west of the Lake of the Ozarks. The state's metro areas featured the lowest dependence on transfer payments.

In 2019, transfer payments averaged \$9,385 per capita in Missouri. As a share of personal income, transfer payments generally increased from 2001 to 2019. Only Scotland County and the city of St. Louis had a lower share in 2019 than in 2001.

In the U.S., 11 counties had more than half of their income coming from transfer payments in 2019. Nine of those 11 were in Kentucky. Other areas of the U.S. with relatively higher shares include regions with persistent poverty rates, American Indian reservations and Appalachia.

**Percent of Personal Income from Transfers,
Missouri and U.S. Counties, 2019**



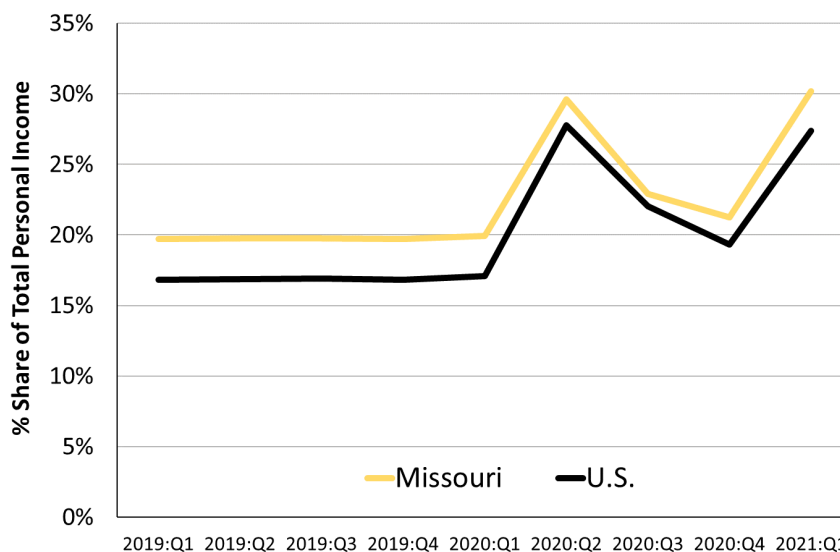
Source: MU Extension Exceed map using data from U.S. Bureau of Economic Analysis, 2019.

Transfers During COVID-19 Have Spiked, Driven by Federal Stimulus

Before the COVID-19 pandemic, transfers as a share of personal income were steady. In second-quarter 2020, the rate spiked to 29.6% in Missouri (27.8% in U.S.) after the first round of coronavirus relief passed in March 2020.

The rate spiked again in first-quarter 2021 as the government disbursed additional coronavirus relief. Transfers as a share of personal income are likely to remain elevated through at least fourth-quarter 2021.

Transfers as a Share of Personal Income, 2019-21



Source: MU Extension Exceed graphic using data from U.S. Bureau of Economic Analysis, 2019-21. Graph uses personal current transfer receipts as details for current transfer receipts from governments to individuals were unavailable.

Transfer Payment Considerations for Businesses and Regions

- For businesses in areas relatively dependent on transfer payments, they should consider that a contraction in consumer spending may occur when stimulus and recovery payments contract.
- In rural areas, transfer payments can be a significant portion of personal income, especially for areas with large older adult populations. These transfer payments flow to health care providers and other businesses in the region.
- Areas with a high share of older adults should monitor any proposed policy changes that affect transfers.

Additional Resources

- Find detailed transfer payment information for your Missouri county [by clicking here](#)
- Find your local social security office or use their online services [by clicking here](#)

All Missouri Economy Indicators briefs in this series are available at tinyurl.com/ExceedEconomyIndicators

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The Missouri SBDC is funded in part through a Cooperative Agreement with the U.S. Small Business Administration and is a University of Missouri Extension partner. All opinions, conclusions, and/or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the SBA.



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