

TEENAGE and YOUNG ADULT DEPENDENTS LEFT OUT of CASH PAYMENTS in the COVID-19 CRISIS

Of the 10 million 17- to 24-year-olds excluded in the CARES Act, most are high school and college students

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The COVID-19 pandemic has rapidly escalated into a nationwide economic crisis that could result in a rise in poverty. Recent legislative packages, including the Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security (CARES) Act are rolling out critical resources for households in the form of paid family leave, unemployment insurance expansions, and a one-time emergency cash payment.

While the extent of their impact is not yet known, this assistance will undoubtedly mitigate some of the hardship families currently face. This will only be true, though, for those who receive it.

Key changes to eligibility and benefits criteria have strengthened these income supports and increased access to families. The changes have been particularly important for families whose type of employment (e.g., self-employed, part-time, independent contractors), work history, or level of earnings traditionally excluded them from leave programs, unemployment insurance, or income-based tax benefits. The recent expansions, however, still leave many individuals and families uncovered—and therefore unsupported amidst the COVID-19 economic crisis.

Key Findings

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides for a one-time emergency cash payment to households below a certain income threshold. The maximum payment is valued at \$1,200 per adult and \$500 per child aged 16 and under.

Thirty million income-eligible individuals are left out of the payment altogether. This is the result of restrictions that exclude dependents aged 17 and over who are still claimed by their families for tax purposes and all members of immigrant families (even if they hold US citizenship or green-cards) where at least one adult files their federal taxes with an Individual Taxpayer Identification Number (ITIN).

- One-third (10 million) of all those excluded are 17- to 24-year-old dependents, almost all of whom are high school or college students.
- Half of all those aged 17 to 24 who are left out are in families with younger children.
- Excluded teenagers and young adults are also in families more likely to have incomes below the poverty line and are less likely themselves to be able to access other forms of immediate income support, including unemployment insurance.

On May 15, 2020, the US House of Representatives passed the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act; among other things, this would extend the CARES Act cash relief to most of those originally excluded and include them in a new round of payments. Until the US Senate takes up this or a similar legislative fix, the 30 million individuals originally left out of the CARES payment remain without this emergency cash support.



The COVID-19 emergency cash payment—also referred to as the cash stimulus payment or recovery rebate—is the policy response most able to reach the broadest set of households. This includes those with no and low earned income, but the structure of the payment currently excludes a set of individuals and families who are otherwise income-eligible. Those left out are older teenagers and young adults, as well as older individuals with health issues or disabilities, claimed as dependents for tax purposes. In addition, immigrants who file taxes with an Individual Taxpayer Identification Number (ITIN),¹ are ineligible for the cash payment, as are all of their family members, regardless of US citizenship or green-card status. Taken all together, these exclusions leave 30 million individuals uncovered by the federal government’s primary vehicle for delivering family income support in the COVID-19 emergency. (*Learn more about all those left out on page 4.*)

On May 15, 2020, the US House of Representatives passed a new COVID-19 relief package, the [Health and Economic Recovery Omnibus Emergency Solutions \(HEROES\) Act](#). Among other things, this bill would extend the CARES Act emergency cash payment to all dependents, regardless of age, and to immigrant families currently excluded.² It would also deliver a second round of payments, at a rate of \$1,200 per individual, available to immigrant families³ and dependents regardless of age, up to a maximum of three dependents per family. The US Senate has not yet taken up this proposal. Until further legislative action is taken, the 30 million individuals originally left out of the CARES Act cash payment remain without this support.

This brief takes up the issue of the teenagers and young adults left out of the CARES Act emergency cash payment. The COVID-19 crisis is exacting a dual toll on this population, with their education severely disrupted and employment opportunities—both present and future—lost. Young adult unemployment has already reached [32 percent](#).⁴ Pre-COVID-19, young adults were already in a precarious financial position. Compared to other population groups, they are the only group to [see their poverty rise over the last 50 years](#). Today, they are more likely to be [living with](#), and [financially supported by](#), their families [than in the past](#) and remain less likely to have independent access to safety net programs. This combination of factors means that young adults are more likely to be dependents and less likely to have recourse to other avenues of financial support, placing the economic security of themselves and their families at heightened risk during the COVID-19 crisis and necessitating their inclusion in emergency cash relief. The following analysis identifies the size and characteristics of the 17- to 24-year-old population currently left out of the CARES Act emergency cash payment, the states most impacted by this exclusion, and how older teenagers and young adults might be included in future legislation.

The CARES Act Emergency Cash Payment

Enacted in late March, the CARES Act provides for a one-time emergency cash payment to households below a certain income threshold. Structured as an advance refundable tax credit and based on families’ most recent tax return, the payment is available at a rate of \$1,200 per eligible adult and \$500 per eligible child. The full amount is available for those with an adjusted gross income up to \$75,000 for single filers, up to \$112,500 for those who file as heads of household,

¹ This exclusion does not apply to foreign-born residents with a Social Security Number.

² The HEROES Act would extend the CARES Act payment and new round of stimulus cash payments to adult ITIN-holders, but would still leave children who do not have Social Security Numbers without access to a payment.

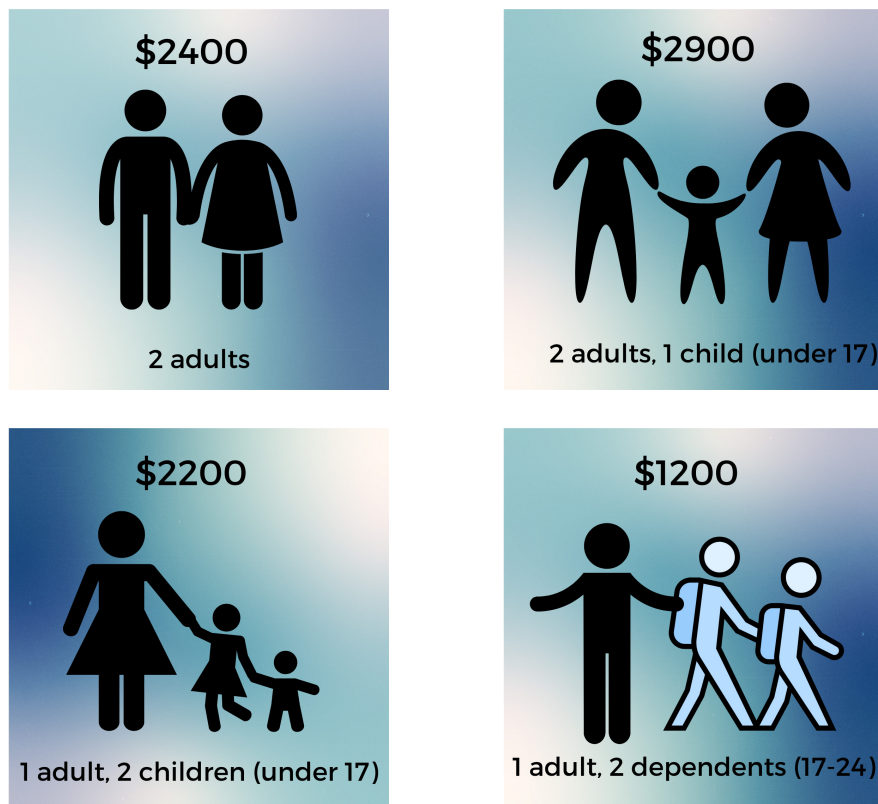
³ *Ibid.*

⁴ In April 2019, the seasonally adjusted unemployment rate of the total civilian population was 3.6 percent; for young adults aged 18 to 24, it was 12.9 percent. In April 2020, amidst the COVID-19 crisis, the seasonally adjusted employment rate of the total population was 14.7 percent; for young adults aged 18 to 24, it was 31.9 percent.

or up to \$150,000 for joint filers. The payment then phases out at a rate of five percent, offering a partial amount to some households with incomes above these thresholds, before phasing out completely.

Eligible adults are those who meet the income thresholds and are not claimed as a dependent by anyone else. Eligible children are those aged 16 and under. This leaves a gap in coverage for those aged 17 and over who are still claimed as dependents by other family members. Under the CARES Act, these individuals—regardless of their family income—are not eligible to receive any payment. This exclusion affects older teenagers and young adults aged 17 to 24 (including college students who have been forced to evacuate their college campuses and may have also lost school-related employment) and older dependents (such as adults with medical issues that preclude them from working or living on their own).

Figure 1. The Structure of the CARES Act Cash Payment Disadvantages Families with Dependents



As seen in Figure 1 the structure of the emergency payment works to the disadvantage of families with children and, in particular, those with dependents over the age of 16. At the maximum, a family of two adults with no children receives more than a single parent with two children under age 16 (\$2,400 versus \$2,200). If a single parent instead had two children aged 17 and 18 years old, they would receive a maximum benefit of just \$1,200.

The Teenagers & Young Adults Left Out

The exclusion of dependents over the age of 16 results in 10 million 17- to 24-year-olds left out of the full emergency cash payment.

The racial and ethnic composition of the teenagers and young adults excluded from the CARES Act payment is similar to the teenage and young adult population as a whole, though Black and Hispanic youth are slightly overrepresented among those left out. Of those aged 17 to 24 ineligible to receive the payment, 49 percent identify as White, 26 percent as Hispanic, 15 percent as Black, and 10 percent as other racial and ethnic categories (including Asian, Native American, and multiracial).

Even in a regular economy, teenagers and young adults were more likely to live below the poverty line compared to the general population. The teenagers and young adults excluded from the CARES Act payment have a similarly high rate of poverty (close to 16 percent) as do all teenagers and young adults aged 17 to 24 (17 percent)—remaining well above the poverty rate of the general US population (13 percent).⁵

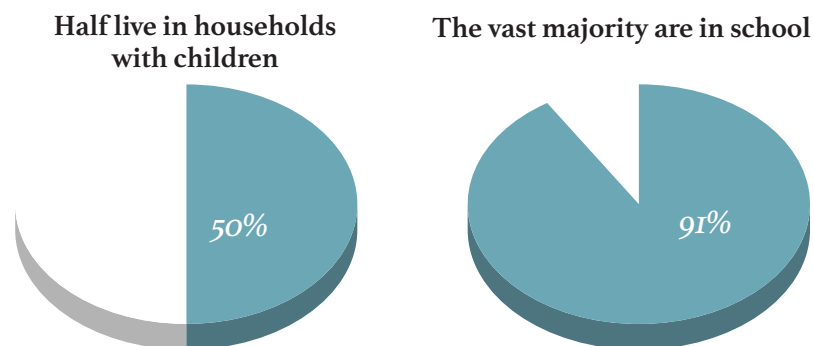
Half of all 17- to 24-year-olds left out live in homes with children under the age of 17 present (Figure 2). Excluding older teenagers and young adult family members from the payment places additional strain on all children in the household, as any emergency cash resources received by these families must be stretched further than designed. More than half of the young adults left out—5.4 million of the 10 million—are either aged 17 or 18 years old. More than 90 percent of the entire young adult population left out of the CARES Act emergency cash payment are students: 4.5 million (45 percent) are in high school and 4.6 million (46 percent) are in college.

17- to 24-Year-Olds Are Not the Only Ones Left Out

The CARES Act restrictions on dependents aged 17 and over and immigrant families result in a total of 30 million individuals left out of the emergency cash payment:

- **One half—approximately 15 million—are members of immigrant families** where at least one adult files federal taxes with an Individual Taxpayer Identification Number (ITIN). Within this group, the [Migration Policy Institute](#) finds 9.9 million are undocumented individuals, 3.7 million are children who are US citizens or green-card holders, and 1.7 million are adult spouses who are US citizens or green-card holders. Excluded immigrant families can be found nationwide, with the largest impacts felt in [California](#) (4.3 million individuals left out), [Texas](#) (2.4 million), [New York](#) (1.2 million), [Florida](#) (721,000), and [New Jersey](#) (686,000).
- **One half—approximately 15 million—are dependents aged 17 and over.** The [Center on Budget and Policy Priorities](#) identifies 5 million older adult dependents excluded from the payment. Many are elderly individuals on modest incomes claimed by their family members for tax purposes, but the restriction also leaves out adults of all ages with serious health issues or disabilities. **Ten million are the 17- to 24-year old dependents** described in detail here.

Figure 2. Characteristics of the 17- to 24-Year-Old Dependents Left Out



⁵ The SPM poverty rate for all dependents aged 17 to 24 is 12%; for those left out of the CARES Act, it is 16% and for 17- to 24-year olds who are not dependents (living independently), it is 22%. Taken all together, the poverty rate of all 17- to 24-year olds, regardless of dependency status, is 17%.

In addition to supporting immediate family needs such as housing, food, or health care, a \$500 emergency cash payment for these currently excluded dependents could be used for educational expenses. For example, it could be put towards technology necessary to complete the school year, summer classes, or preparations for potential online instruction in the fall. (See [Appendix A](#) for a table with more details describing characteristics of the 17- to 24-year-olds left out.)

Access to the emergency cash payment is particularly important for teenagers and young adults because they are not eligible for many other forms of immediate income support. One-third of this population was employed when the pandemic broke out and may be able to access temporarily expanded unemployment insurance benefits. The remaining two-thirds were not working in the labor market and the emergency payment is the only COVID-19-related income support potentially available.

Due to their age, older teenagers and young adults also face limited access to the family tax benefits many households rely on in normal times: the Child Tax Credit and the Earned Income Tax Credit. Together, these family tax credits [kept 9 million people from poverty](#) in 2018 and reduced the severity of poverty for millions more. The child age eligibility for the maximum \$2,000 Child Tax Credit is capped at 16 years old; however, those aged 17 to 24 who are still claimed as dependents are eligible for just a \$500 non-refundable credit (which primarily benefits more affluent families). The child age eligibility for the Earned Income Tax Credit is capped at 18, unless the child is in full-time education (at which point it extends to age 23). Families with teenage and young adult dependents who do receive these tax credits typically receive them just once a year, at tax time; as a result, the credits do not help families meet either monthly bills or other unexpected expenses during crises.

How to Include Left Out Dependents in the COVID-19 Emergency Cash Payment Legislation has been proposed in both the US House of Representatives and US Senate to extend the CARES Act emergency cash payments to dependents currently left out. The [All Dependent Children Count Act](#), introduced by Rep. Angie Craig (MN-2) with bipartisan support, would extend the \$500 payment to dependents up to age 24. This could provide support to the 10 million teenagers and young adults currently left out. The [All Dependents Count Act](#) proposed by Senator Tina Smith (MN) would extend the \$500 payment to all dependents regardless of age. If enacted, this could reach the approximate 15 million excluded dependents (teenagers, young adults, and older adults).

As noted, the [HEROES Act](#), passed in mid-May by the US House of Representatives, would also remove the age cap on dependent eligibility for the CARES Act payment, making it available to all dependents regardless of age. It would also extend the payment to immigrant families; specifically, the legislation would make the cash relief available to adults who hold an ITIN (thereby also removing the original exclusion of US citizen and green-card spouses and children), but it would still leave children who do not have Social Security Numbers without access. It would also deliver a second round of payments at a rate of \$1,200 per individual, making the payments of equal value for adults and children. This new payment would be available to immigrant families and dependents regardless of age, up to a maximum of three dependents per family. Capping the number of dependents who can access the new emergency cash payment, however, works to the disadvantage of [larger families who are already at higher risk of poverty and less well-supported than smaller families](#).

If these or similar legislative fixes are enacted for the CARES Act cash payment, or if an additional round of emergency cash payments is allocated, removing the age limit on dependent eligibility and avoiding a cap on the number of family members who can receive a payment would ensure support for all dependents, regardless of age.

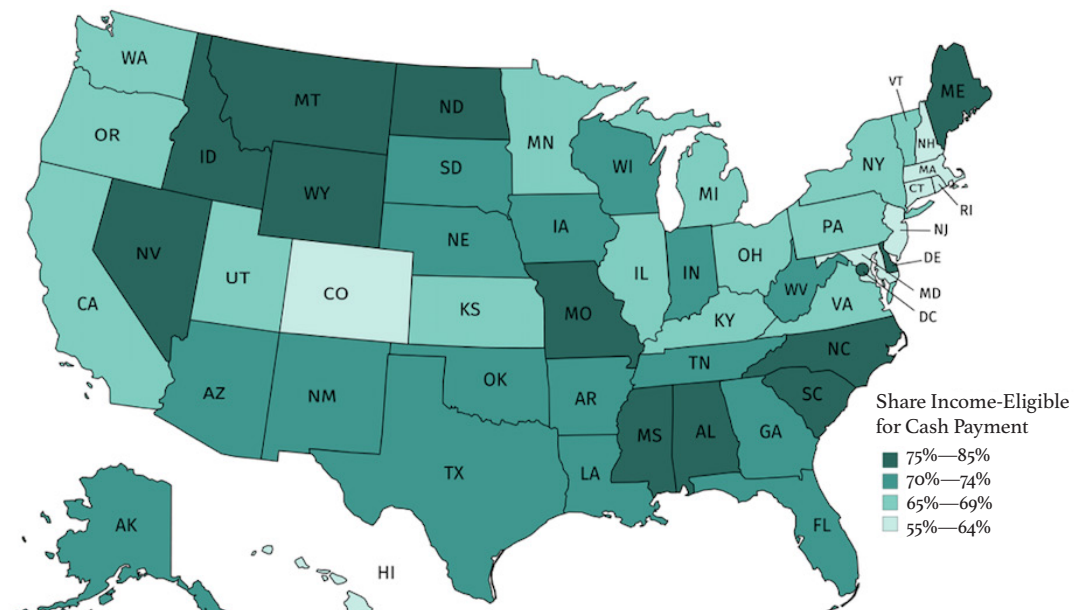
State-by-State Impacts of Including 17- to 24-Year-Old Dependents in Cash Relief

The number of teenagers and young adults left out of the CARES Act emergency cash payment are, unsurprisingly, greatest in the most populous states. The ten states with the largest numbers left out are: California (1.4 million), Texas (1 million), New York (680,000), Florida (651,000), Illinois (482,000), Pennsylvania (448,000), Ohio (376,000), New Jersey (350,000), Georgia (349,000), and Michigan (339,000). (See Appendix B for a full list of the number of 17- to 24-year-olds left out by state). These states would see the largest number of teenagers and young adults receiving a \$500 emergency cash payment if the CARES Act is extended to this group.

These are not necessarily the states that would see the greatest proportion of their 17- to 24-year old dependents included in a cash payment if the legislation is fixed, however. Under the structure of the CARES Act payment, families must have income below a certain threshold to be eligible. Thus states where a greater proportion of teens and young adults are poor or low income have a greater proportion of young adults who stand to gain if they were included in the cash payments. The state with the largest proportion of their teenage and young adult dependent population not currently receiving the payment is Mississippi, one of the poorest states in the nation. If the CARES Act is amended, 84% of their dependents aged 17 to 24 would receive \$500 in emergency cash relief. Following Mississippi, the states that would see the highest rates of receipt are: North Dakota (80%), South Carolina (79%), Wyoming (79%), Nevada (77%), Missouri (76%), Maine (76%), Delaware (76%), North Carolina (75%), Montana (75%), Alabama (75%), Idaho (75%), and the District of Columbia (75%). (See Appendix C for a table of the proportion of young adult dependents left out by state.) Figure 3 maps the proportion of 17- to 24-year old dependents, by state, who would receive a \$500 cash payment if the CARES Act is amended to include them.

In all parts of the country, young adults are more likely to be financially supported by their families today than in the past— the result driven by the increasing necessity of obtaining a college degree to ensure financial stability, the decline of well-paying “unskilled” and semi-skilled jobs, the cost of health insurance, changing marriage and fertility patterns, and other factors. As a result, young adults are more likely to be dependents and less likely to have recourse to other avenues of financial support, necessitating their inclusion in emergency cash relief.

Figure 3. Proportion of 17- to 24-Year-Old Dependents Income-Eligible for Emergency Cash Payment, by State



Note: Map shows the percent of 17- to 24-year-old dependents in the state income-eligible for the emergency cash payment who would receive it if the CARES Act is amended to include them.

Conclusion

Projections from the Center on Poverty and Social Policy indicate that COVID-19-related unemployment could see US poverty rates rise to the highest levels in half a century. The CARES Act emergency cash payment has the potential to benefit the broadest set of households, but the structure of the payment currently excludes a set of individuals and families who are otherwise income-eligible: older teenagers and young adults, older individuals with health issues or disabilities, and immigrant families. Taken all together, these exclusions leave 30 million individuals uncovered by the federal government's primary vehicle for delivering family income support in the COVID-19 emergency.

One-third of all those left out are the 10 million older teenagers and young adults—almost all of whom are high school or college students—still claimed as dependents by their families for tax purposes. Compared to the general population, these excluded teenagers and young adults are more likely to live in families with incomes below the poverty line. They are also more likely to be unable to access other forms of immediate income support such as unemployment insurance. Many are in families where younger children are also present. Congress can take steps to include all those who are currently excluded from COVID-19 emergency relief by removing the age restriction on dependent eligibility, as well as the restrictions impacting immigrant families, for the CARES Act emergency cash payment and any future emergency cash support.

Methodological Notes

This analysis draws on a one-year (2019) and a three-year (2017-2019) sample of the Current Population Survey Annual Social and Economic Supplement (ASEC) accessed through IPUMS-CPS (Flood, S., King, M., Rodgers, R., Ruggles, S., & Warren, J. Robert. (2018) Integrated Public Use Microdata Series, Current Population Survey: Version 6.0 [dataset]. Minneapolis, MN: IPUMS, 2018. <https://doi.org/10.18128/Do30.V6.0>). The 2019 sample is used to produce the national estimates and the 2017-2019 sample is used to produce the state estimates. The 2017-2019 sample is inflation-adjusted to 2019 dollars. The Tax Cuts and Jobs Act 2017 (TCJA) tax policy is applied to all sample years, using TAXSIM Version 27. Our estimates include non-filers.

Acknowledgements

This brief is made possible with the support of The JPB Foundation and the Annie E. Casey Foundation. We are grateful for feedback from Irwin Garfinkel, Robert Paul Hartley, Sonia Huq, Neeraj Kaushal, Jongseoung Lee, Jordan Matsudaira, Zachary Parolin, Laurel Sariscsany, Jane Waldfogel, and Christopher Wimer. All errors and assertions in this brief, however, are our own.

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Appendix A

Table A1: Characteristics of 17- to 24-year-olds left out of COVID-19 emergency cash payment (nationally)

		Number left out	
Total Left Out		10 million	
SPM Poverty Rate		15.6%	
Age	17:	2.8 million	(28.4%)
	18:	2.6 million	(25.7%)
	19:	1.4 million	(13.5%)
	20:	1.2 million	(11.9%)
	21:	913,000	(9.1%)
	22:	669,000	(6.7%)
	23:	403,000	(4.0%)
	24:	63,000	(0.6%)
Race/Ethnicity	White, NH	49%	
	Black, NH	15%	
	Hispanic	26%	
	Other	10%	
Education status	In high school	45%	
	In college (f/t)	40%	
	In college (p/t)	6%	
	Not in school	9%	
Size of SPM family unit	2 people	8%	
	3 people	24%	
	4 people	32%	
	5 people	21%	
	6+ people	16%	
Number of children<17 present in the home	0 children	50%	
	1 child	29%	
	2 children	14%	
	3+ children	7%	
Employment	In work	34%	
	Not in work	66%	
Health status	Has a disability that limits/prevents work	5%	

Appendix B

Table B1: What number of young adults aged 17 to 24 are left out of the COVID-19 emergency cash payment, by state?

(figures are rounded to the nearest thousand.)

Ordered by: Number of young adults left out			
California	1,372,000	Mississippi	125,000
Texas	1,043,000	Connecticut	120,000
New York	680,000	Oklahoma	114,000
Florida	651,000	Oregon	101,000
Illinois	482,000	Iowa	97,000
Pennsylvania	448,000	Nevada	95,000
Ohio	376,000	Utah	92,000
New Jersey	350,000	Kansas	86,000
Georgia	349,000	Arkansas	77,000
Michigan	339,000	New Mexico	64,000
North Carolina	325,000	Nebraska	61,000
Virginia	251,000	West Virginia	57,000
Indiana	241,000	Idaho	49,000
Arizona	215,000	Maine	48,000
Washington	210,000	New Hampshire	45,000
Massachusetts	208,000	Rhode Island	35,000
Missouri	189,000	Delaware	34,000
Wisconsin	189,000	Hawaii	33,000
South Carolina	180,000	South Dakota	28,000
Tennessee	174,000	Montana	25,000
Maryland	172,000	Alaska	22,000
Minnesota	164,000	North Dakota	22,000
Alabama	163,000	Vermont	20,000
Louisiana	148,000	Wyoming	18,000
Kentucky	130,000	District of Columbia	16,000
Colorado	127,000		

Table B2: What number of young adults aged 17 to 24 are left out of the COVID-19 emergency cash payment, by state?

(figures are rounded to the nearest thousand.)

Ordered by: State, <i>alphabetically</i>			
Alabama	163,000	Montana	25,000
Alaska	22,000	Nebraska	61,000
Arizona	215,000	Nevada	95,000
Arkansas	77,000	New Hampshire	45,000
California	1,372,000	New Jersey	350,000
Colorado	127,000	New Mexico	64,000
Connecticut	120,000	New York	680,000
Delaware	34,000	North Carolina	325,000
District of Columbia	16,000	North Dakota	22,000
Florida	651,000	Ohio	376,000
Georgia	349,000	Oklahoma	114,000
Hawaii	33,000	Oregon	101,000
Idaho	49,000	Pennsylvania	448,000
Illinois	482,000	Rhode Island	35,000
Indiana	241,000	South Carolina	180,000
Iowa	97,000	South Dakota	28,000
Kansas	86,000	Tennessee	174,000
Kentucky	130,000	Texas	1,043,000
Louisiana	148,000	Utah	92,000
Maine	48,000	Vermont	20,000
Maryland	172,000	Virginia	251,000
Massachusetts	208,000	Washington	210,000
Michigan	339,000	West Virginia	57,000
Minnesota	164,000	Wisconsin	189,000
Mississippi	125,000	Wyoming	18,000
Missouri	189,000		

Appendix C

Table C1: What percent of young adults aged 17 to 24 are left out of the COVID-19 emergency cash payment, by state? (percent calculated as proportion of 17- to 24-year-olds left out of all 17- to 24-year-old dependents in each state; figures are rounded to the nearest thousand)

Ordered by: Percent of 17 to 24 year-olds left out			
Mississippi	84%	Tennessee	71%
North Dakota	80%	Nebraska	71%
South Carolina	79%	Arizona	70%
Wyoming	79%	Vermont	69%
Nevada	77%	Pennsylvania	69%
Missouri	76%	Michigan	68%
Maine	76%	Illinois	68%
Delaware	76%	Kansas	68%
North Carolina	75%	Kentucky	68%
Montana	75%	California	67%
Alabama	75%	New York	67%
Idaho	75%	Ohio	67%
DC	75%	Minnesota	66%
Louisiana	74%	Oregon	66%
Florida	74%	Utah	65%
West Virginia	74%	Virginia	65%
New Mexico	74%	Washington	65%
Wisconsin	74%	Connecticut	64%
South Dakota	73%	Hawaii	63%
Georgia	73%	Maryland	61%
Indiana	73%	Massachusetts	61%
Texas	72%	Rhode Island	61%
Alaska	72%	New Hampshire	61%
Iowa	72%	Colorado	59%
Oklahoma	72%	New Jersey	59%
Arkansas	71%		

Table C2: What percent of young adults aged 17 to 24 are left out of the COVID-19 emergency cash payment, by state? *(percent calculated as proportion of 17- to 24-year-olds left out of all 17- to 24-year-old dependents in each state; figures are rounded to the nearest thousand)*

Ordered by: State, alphabetically			
Alabama	75%	Montana	75%
Alaska	72%	Nebraska	71%
Arizona	70%	Nevada	77%
Arkansas	71%	New Hampshire	61%
California	67%	New Jersey	59%
Colorado	59%	New Mexico	74%
Connecticut	64%	New York	67%
Delaware	76%	North Carolina	75%
District of Columbia	75%	North Dakota	80%
Florida	74%	Ohio	67%
Georgia	73%	Oklahoma	72%
Hawaii	63%	Oregon	66%
Idaho	75%	Pennsylvania	69%
Illinois	68%	Rhode Island	61%
Indiana	73%	South Carolina	79%
Iowa	72%	South Dakota	73%
Kansas	68%	Tennessee	71%
Kentucky	68%	Texas	72%
Louisiana	74%	Utah	65%
Maine	76%	Vermont	69%
Maryland	61%	Virginia	65%
Massachusetts	61%	Washington	65%
Michigan	68%	West Virginia	74%
Minnesota	66%	Wisconsin	74%
Mississippi	84%	Wyoming	79%
Missouri	76%		