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Mainers Will Use Federal Economic Stimulus Payments To Pay Bills or Save for Future Difficulties

(Portland) – The latest Market Decisions “Maine Survey” suggests that it is unlikely that the Federal Economic Stimulus Payments now being received by many Maine citizens will lead to a burst of consumer spending.

The telephone poll of 404 Maine adults was conducted from April 16 to May 8, 2008.

“Federal Economic Stimulus Payments will largely be helping Mainers to catch up with basic living expenses,” said Curtis Mildner, president of Market Decisions. “Almost half of all Mainers (45%) will use the payments for necessities.”

“Energy costs appear to be absorbing the largest portion of the payments. Fully a third of households that earn less than \$60,000 per year will be using the checks to pay for energy costs (19% heating fuel, 9% gasoline and car repairs and 6% electric bills). Among those who earn more than \$60,000 per year, 18% will use the payment for these energy costs.”

“While some 24% said that they would spend the checks, much of this spending includes necessities. Only 17% mentioned that they would purchase a discretionary consumer item (home improvement 6%, furniture & appliances 5%, vacation 4% and clothes & jewelry 2%), when asked about specific uses.”

“A significant number of Mainers will save the check for a rainy day, in case of bad times or an emergency (19%), reflecting their continuing pessimism about energy costs and the economy,” commented Mildner.

Awareness of Payments High – But Many Unsure of Amounts

Some 97% of Mainers were aware that they may receive a Federal Economic Stimulus Payment.

Among those who were aware they may receive a check, one-third (34%) did not know the amount they would receive.

Mainers Split on Intentions for the Checks

Overall, 33% of Mainers say they will “save it,” 24% say they will “spend it,” 33% say they will “pay bills” and 10% don’t know what they will do with it.

Intentions to use the checks to pay bills are greater among those with middle incomes; 41% of households earning between \$30,000 and \$60,000 per year say they will use it to “pay bills.”

Bills and Necessities Dominate Specific Uses

When asked about specific uses, more than half of households (58%) earning less than \$60,000 per year will use the checks for everyday bills and necessities (heating fuel, gas & car repairs, food, mortgage, electricity, healthcare, taxes, loans, car payment, phone bills and childcare). Some 45% of all income groups will use the payments for these purposes.

Savings another Important Use

When asked about specific uses, some 19% of respondents say they will save the payments for bad times, a rainy day or an emergency. Another 3% said they will save the payment for retirement.

Each citizen may receive between \$300 and \$600 with an additional \$300 for eligible children. If you receive an economic stimulus payment check, what do you expect to do with it?

			Income					
			< \$30K		\$30K - \$60K		> \$60K	
	n	%	n	%	n	%	n	%
esp3 Save it	135	33%	39	29%	33	32%	51	37%
Spend it	96	24%	36	27%	22	22%	36	25%
Pay bills	133	33%	46	34%	41	41%	37	26%
DK-REF	39	10%	13	10%	5	5%	16	12%
Total	404	100%	134	100%	102	100%	140	100%

**IF SAVE: What specifically are you saving for? IF SPEND: What specifically will you buy?
IF PAY BILLS: What specific bills will you pay off?**

	Income							
			< \$30K		\$30K - \$60K		> \$60K	
	n	%	n	%	n	%	n	%
\$ESP3 Just to save/Rainy day/In case of bad times	74	18%	19	14%	18	18%	31	22%
An emergency Bills (non-specific)	3	1%	1	0%	1	1%	1	1%
Retirement/IRA/Investments	35	9%	11	8%	13	12%	10	7%
A trip/Vacation	11	3%	0	0%	2	2%	8	6%
College	16	4%	3	2%	4	4%	9	7%
Heating fuel	9	2%	1	0%	3	3%	4	3%
Home improvements, repairs/Gardening	65	16%	22	17%	22	22%	18	13%
Clothes/Jewelry	23	6%	5	3%	6	6%	12	9%
Car repairs/Gas	8	2%	7	5%	1	1%		
Wedding	26	6%	11	8%	11	10%	3	2%
Furniture/Appliances	5	1%	3	2%			3	2%
Donate	21	5%	9	7%	7	7%	4	3%
Food	3	1%	2	2%	2	2%	1	1%
Mortgage bills	10	2%	6	5%	1	1%	1	1%
Pay off credit card bills	11	3%	3	2%	4	4%	4	3%
Spend it (non-specific)	29	7%	8	6%	9	9%	10	7%
Electric bills	6	2%	1	0%	1	1%	4	3%
Healthcare/Medical bills	20	5%	12	9%	3	3%	4	3%
Pay off taxes	8	2%	2	2%	2	2%	4	3%
Pay off loans	9	2%	3	2%	5	5%	1	1%
Car payment	12	3%	2	1%	7	7%	2	1%
Phone bill	10	3%	3	3%	4	4%	2	1%
Child care	8	2%	7	6%	1	1%		
Other	5	1%	5	4%	1	1%		
DK-REF	32	8%	11	8%	7	7%	13	9%
Total	41	10%	14	10%	5	5%	16	12%
	404	100%	134	100%	102	100%	140	100%

Survey Methodology

These questions were posed to residents of Maine, 18 years of age and older, as part of Market Decisions' quarterly "Maine Survey." This survey has been ongoing since 1992 and provides a wide variety of proprietary consumer information for subscribers. Each quarter the survey also includes questions on current issues and the information from these surveys is released in the public interest.

The questions in this survey were fielded in the public interest and entirely at Market Decisions' expense. No organization, public or private, provided financial or other support for this research.

For this survey, a total of 404 Maine residents, 18 years of age and older, were interviewed from April 16 to May 8, 2008.

A survey of 404 Maine residents provides an overall statistical accuracy of +/- 5% at the 95% confidence level. This means that if the entire population of Maine residents age 18 and over were surveyed, we can expect results to be within 5% of the results of the 404-sample survey.

Market Decisions, based in Portland, Maine, is a full service custom research firm that has been serving Maine, New England and national clients since 1977.

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