Emergency Money to the People

Immediate relief, lasting support: Policy Summary

March 2020

We are in the middle of the most important race of our lifetimes: between a vaccine to end this crisis and the next Great Depression. Congress has done its part to fund necessary research to accelerate a vaccine, and now it must do everything it can to slow down and stave off the greatest economic calamity in a century. The scale of this problem demands:

**A BIG RESPONSE.** As Treasury Secretary Mnuchin warned, the unemployment rate is on the verge of skyrocketing to as high as 20 percent. Sending one-time $1,000 checks is not enough. Such relief does little for the one-in-five Americans who stand to lose all their income. And the markets are demanding more, too: the White House proposed $1 trillion in relief payments on March 17, and the next day the S&P opened 4 percent lower. Enormous measures are needed to solve this enormous crisis.

**LASTING SUPPORT.** As public health experts, including those behind the influential Imperial College study, have said: there is no chance that this disruption will end in just a few weeks or a couple of months. Congress needs to take bold action that will provide lasting relief until the economy recovers. If the measures it takes do not last, members of Congress will need to return to DC and hole up in a crowded Capitol to extend them. There are very real public health justifications for providing ongoing, lasting support now in order to ensure the health and safety of all -- including those in government.

**IMMEDIATE TARGETED RELIEF.** We need to help families who are struggling the most, who need the biggest stimulus, fast. The IRS does not have the capacity to send checks to all Americans at the same time; based on prior stimulus efforts, we know that the IRS can only send about 9 million checks each week. If Jeff Bezos gets a check before his employees do, the federal economic response will have failed and politicians will need to explain why.

As Congress considers immediate measures to protect Americans from a potential recession, Emergency Money to the People would deliver big, lasting, immediate and targeted help to those who need it most, and continue payments until the economy recovers.

While cash is the most important weapon we have to fight this crisis, the government should use other legislative and administrative tools as essential complements to the effort, including:

- Distribute cash *immediately* through SNAP benefits cards and Social Security/SSI/VA benefits.
- Full paid leave for every person who is sick or caring for a loved one, as long as they need it.
- Support to state governments, allowing them to plug holes in essential services.
- Immediate help to small businesses through no-interest loans to support payroll and rent.
- Halt evictions, foreclosures, and utility shutoffs.
- Hospital and health care capacity.
- A substantial boost in emergency unemployment insurance benefits.
POLICY SUMMARY

Immediate payments: $2,000 per person (adults and children)
- Married: phases out between $100,000 and $140,000.
- Single: phases out between $60,000 and $80,000.
- Child payment is for children eligible for the Child Tax Credit.
- Based on 2019 income. No phase-in. Includes all tax filers (both SSN and ITIN).

Ongoing support: Additional payments of $1,500 per person in 3 months then $1,000 per person in 6 months and continuing quarterly until the economy recovers
- 3 & 6 months later, continuing if the employment rate is below 60%, or until unemployment falls to within 0.5 percentage points of levels from Dec. 2019–Feb. 2020.¹

EXAMPLES
- Single no children, $50K income: $2,000 now, then $1,000 quarterly
- Single 1 child, $35K income: $4,000 now, then $2,000 quarterly
- Married no children, $100K income: $4,000 now, then $2,000 quarterly
- Married 1 child, $75K income: $6,000 now then, $3,000 quarterly

¹ Under the latest proposal from Sens. Bennet, Booker, and Brown, all payments after the initial payment, and their amounts, are conditioned on an Economic Turmoil Designation or high unemployment.
POLICY DETAILS

CASH PAYMENTS RIGHT NOW FOR THE MAJORITY OF AMERICAN HOUSEHOLDS
Guarantee immediate payments of $2,000 for each person for families earning up to $100,000.
Congress should provide immediate cash payments, based on 2019 tax returns, to low- and middle-income families, who are struggling with the coronavirus outbreak and resulting economic toll and need direct financial support. Both adults and children will receive $2,000 each, phased out for higher-income taxpayers as follows.

- For married filers, payments to households earning up to $100,000, with amounts phasing out until $140,000 of income.
- For single filers, payments to households earning up $60,000, with amounts phasing out until $80,000 of income.
- Children under 18 receive the child payment if they were eligible for the 2019 Child Tax Credit, except that filers of any age (and their spouses) who claim dependents are instead eligible for the adult payment.
- None of these payments will count toward eligibility asset limits for other benefit programs, such as SSI, SNAP, LIHEAP, or TANF.

Automatically and immediately distribute payments.
The best available information indicates that the U.S. Treasury can begin administering these payments almost immediately for the 68 million households who have already filed their 2019 tax returns, and Social Security, SSI, and Veteran Benefits beneficiaries can begin receiving payments through those channels immediately.

The IRS already has all of the information to calculate and distribute payments to all taxpayers who have filed their 2019 tax returns (those who have filed with Social Security Numbers and Individual Tax ID Numbers). Congress should direct the IRS to do so automatically and immediately.

Create a simple online form for the newly eligible who cannot be automatically identified.
In order to make Emergency Money to the People easy to claim for those who did not file taxes in 2019, Congress should require the IRS to create an extremely short and simple form for filers without dependents, which could be filled out on paper or online, that would act as an amended or original tax year 2019 return for the purposes of receiving this payment.

QUARTERLY PAYMENTS UNTIL THE ECONOMY RECOVERS
Guarantee an additional payment of $1,500 per person, then $1,000 per person, to continue quarterly until the economy recovers.
Congress should guarantee additional payments of $1,500 and $1,000 per person 3 and 6 months after the initial payment, then additional quarterly payments of $1,000 per person until the economy recovers.
The same income limits and phase-outs apply to quarterly payments as to immediate checks.

- These payments will continue if the employment rate (the proportion of the over-16 population that is working) is below 60% until it rises above that threshold, or until unemployment falls to within 0.5 percentage points of levels from Dec. 2019–Feb. 2020. In spring 2021, IRS will automatically adjust eligibility for continued quarterly payments based on 2020 tax returns.

Periodic payment of Emergency Money to the People will quickly provide funds to Americans when they need it, and also ensure a stable source of support for working- and middle-class Americans who will feel substantial effects from this crisis for a longer period than those who are better off. Smaller periodic payments will also incentivize recipients to spend, rather than save, their payments – increasing its stimulative effects.

**Identify automatic economic conditions for restarting quarterly payments if economic conditions worsen.**

Emergency Money to the People payments should also automatically restart when economic conditions worsen in the future, creating an automatic stabilizer to fight future recessions.

- Quarterly payments should automatically resume based on the Sahm Rule, which signals the start of a recession when the 3-month average unemployment rate dips under 0.5 percentage points below the lowest point in the past year.

**Boost uptake through partnerships with federal and state agencies.**

Congress should require state agencies administering federal programs – like Medicaid and SNAP – to engage in similar outreach, targeting those with zero or close-to-zero income in 2019.