



Targeted Direct Checks for a Faster, More Sustained Recovery

Cash for those who need it will promote consumer activity, hasten the recovery, and reduce costs

RECURRING DIRECT PAYMENTS ARE AN ESSENTIAL PART OF A QUICK AND SUSTAINED RECOVERY

The stunning economic crisis for those on the bottom of the economic ladder demands substantial relief to those who need it most. Cash payments are a proven tool that can:

- △ **Help families meet basic needs**, like rent, food, and utilities;
- △ **Shorten the recession** and ensure a sustained recovery;
- △ **Concentrate benefits among working families** who are most likely to drive the economic recovery;
- △ **Boost state and local economies** and revenues; and
- △ **Complement other relief programs** that fall short of getting help to all who need it.

A TARGETED CASH PAYMENT COSTS LESS FOR MORE STIMULATIVE IMPACT

Targeting payments to low- and middle-income households concentrates investments in the families who are most likely to spend the money and spur their local economies. Because of high income thresholds, [92%](#) of American households were eligible for a check under the CARES Act – including very high-income families who simply saved the money instead of spending it to stimulate the economy. By contrast, families with the least [spent](#) the direct payments [quickly](#), and most spent them on [food, rent, and utilities](#). Those with the least spent [more than 40%](#) of their stimulus within the first month.

Checks have a strong return on investment, especially for small businesses. CARES Act checks directly increased small business revenue, especially in [rural areas](#) in the South. The data show that the stimulus checks drove a sharp 25% increase in spending in low-income households, with a similar 18% increase in [small business revenue](#) in nearby areas. That is why the U.S. Chamber of Commerce recently [applauded](#) the Problem Solvers Caucus's [stimulus proposal](#) including two direct checks based on economic conditions.

Targeting families that need the most help greatly reduces cost, making multiple rounds of checks possible. The same \$1200 direct cash payment (increased to \$1,200 for dependents of all ages) but aimed at families in the bottom 60% of the income spectrum, who the [data show](#) will spend it, would reach families earning up to \$100k, or 2/3 of households. It would cost only \$207 billion each, much less than the cost of the CARES Act payment but with most of the same stimulus impacts. That makes it possible to do multiple rounds of checks, to boost consumer spending and local economies, bringing unemployment down and putting the economy securely on a stronger path.

We can send another direct check to families that need it for \$207 billion, much less than the cost of the CARES Act checks. This proposal covers families up to \$100K, the 2/3 of the population that most needs relief and will spend the money and boost the economy.

Comparing the Numbers: Targeted Direct Payments vs. Earlier Payments

	Income-targeted cash payments (per payment)	CARES Act cash payments	HEROES Act cash payments
Credit amount¹ (adults / dependents)	\$1,200 / \$1,200	\$1,200 / \$500	\$1,200 / \$1,200
Income thresholds (single / married no kids / married with kids) ²	\$30,000 - \$40,000 \$40,000 - \$80,000 \$50,000 - \$100,000	\$75,000 - \$99,000 \$150,000 - \$198,000 \$150,000 - \$228,000	\$75,000 - \$99,000 \$150,000 - \$198,000 \$150,000 - \$270,000
Cost per payment	\$207 billion	\$266 billion	\$338 billion
Average credit	\$1,990	\$1,660	\$2,290
Share of households eligible	65%	92%	92%
Share to bottom 60% Income below \$65k E.g., 84% of benefits go to the bottom 60% of households	84%	59%	58%
Share to bottom 80% Income below \$111k E.g., 97% of benefits go to the bottom 80% of households	97%	83%	82%
Adults and children helped (adults / children)	145 million / 64 million	211 million / 85 million	213 million / 87 million
Adults and children in the bottom 60% of households helped	110 million / 47 million	121 million / 47 million	121 million / 47 million

¹ Using the CARES Act payment levels of \$1200 adults and \$500 for dependents of all ages, with these income-targeted thresholds up to \$100K, costs \$166 billion.

² For income-targeted cash, payments phase out between incomes of: single (\$30,000 - \$40,000); head of household or married with no dependents (\$40,000 - \$80,000); married with dependents (\$50,000 - \$100,000). The payments modeled here include dependents of all ages. CARES/HEROES Act maximum income thresholds vary depending on credit amount, with credits phasing out at 5% after incomes of: single (\$75,000); head of household (\$112,500); married (\$150,000). Max. income is shown here for a family of five. Modeling by ITEP (Institute for Taxation and Economic Policy).