



Targeted direct payments are the simplest, most direct way to get cash into the economy

Cash is a popular solution to stimulate the economy and shorten the recession

FAMILIES NEED RELIEF TO MAKE ENDS MEET

Almost half of American households are in serious financial trouble. Though regular unemployment has been declining, a new wave of closures is [threatening](#) that progress, and long-term unemployment – those out of work for more than half a year – is [growing](#) as temporary layoffs are turning into [permanent job cuts](#). So [nearly half](#) of households report serious financial trouble during the pandemic, including running out of [savings](#), trouble affording [food](#), paying [utility](#) bills, and paying their [rent](#) or mortgage, and [60%](#) of those who have lost income are still making less than they were before the pandemic.

Voters across the political spectrum overwhelmingly support more checks. Exit polling data from November confirms that voters [broadly and strongly support](#) additional federal stimulus payments to help families during the COVID-19 crisis: **77% of voters** support another payment of \$1,200 to most Americans, including **70% of Independents & Republicans**. A clear majority (61%) also support regular relief payments until the crisis is over. In a head-to-head argument in October 2020, about 70% of swing-district voters said the federal government should [spend what it takes](#) right now to help Americans who are struggling, compared with about 20% who say the government should scale back support to reduce the national debt.

“There are times to worry about the growing government debt. This is not one of them.”

[Greg Mankiw](#)

CEA Chairman under President G.W. Bush

DIRECT CHECKS WILL BOOST THE ECONOMY AND SPEED THE RECOVERY

Conservative and progressive economists agree that robust stimulus is necessary and low-risk, and that austerity dragged out the recovery from the Great Recession. More than [125 economists](#) urged policymakers to “use all the tools at their disposal to revitalize the economy, including direct cash payments, which are one of the quickest, most equitable, and most effective ways to get families and the economy back on track.” In a [similar letter](#), conservative economists including **Henry Paulson Jr., Greg Mankiw, Glenn Hubbard, and Doug Holtz-Eakin** endorsed assistance to individuals and families, including enhanced benefits to households who need help with food and rent.

Fed Chairman [Jay Powell](#) has repeatedly made the point that, “Too little support would lead to a weak recovery, creating unnecessary hardship for households and businesses. Over time, household insolvencies and business bankruptcies would rise, harming the productive capacity of the economy, and holding back wage growth. By contrast, the risks of overdoing it seem, for now, to be smaller.”

If relief is big enough, it can shave years off this recession. Recent research from the [Brookings Institution suggests](#) that a \$2 trillion relief package, including a round of direct payments, would get GDP *briefly* back to pre-pandemic levels by late 2021, but that periodic checks (alongside other policies) would keep the economy strong through 2022. Without more relief, Brookings predicts: “[That return likely would not occur for perhaps as long as a decade.](#)” But, GDP growth isn’t shared equally across households, and low-wage workers could be left behind for years.

A TARGETED CASH PAYMENT COSTS LESS FOR MORE STIMULATIVE IMPACT

CARES Act payments made the most difference for low- and middle-income families. 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.

Stimulus checks boost small businesses. CARES Act checks directly increased small business revenue, especially in [rural areas](#) in the South. 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.

Of course, business owners benefit from this additional revenue, but they also see checks as a way to provide stability for their employees and their customers in the face of continuing uncertainty and increasing business restrictions for public health. [1,200 small businesses](#) across the country have signed a letter calling for recurring direct checks.

Checks have a strong return on investment. A direct cash payment (\$1,200 for adults and \$500 for dependents) targeted to those in the middle and working class, who the [data show](#) will spend it, would reach families earning up to \$100k, or 2/3 of households. It would cost \$166 billion, or about 60% of the CARES Act payment but with most of the same stimulus impacts. (Even \$1,200 for adults and \$1,200 for dependents would cost less than a round of CARES Act payments.) 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.

CHECKS ARE A PROVEN POLICY WITH BIPARTISAN SUPPORT

Checks have bipartisan and business support. The U.S. Chamber of Commerce recently [applauded](#) the Problem Solvers Caucus's [stimulus proposal](#) including two direct checks based on economic conditions.

Checks reduce red tape. Cash payments to households are one of the simplest, most direct ways to get money back into the economy without creating new government infrastructure. As the IRS showed, direct checks can be deposited in Americans' bank accounts in a matter of weeks, minimizing errors and unnecessary bureaucracy.

Targeted checks cost 60% of CARES Act payments, so multiple rounds are possible.

ALASKA: BY THE NUMBERS

- △ [\\$340 million](#) into Alaska's economy
- △ Helps [288,000 adults](#) and [150,000 children](#)
- △ [59% of families](#) get a check
- △ Average payment of [\\$1,570](#)
- △ Low-income families get a [14% income boost](#)

Alaska: Total benefit by income group (millions)

