



Targeted Direct Checks for a Faster, More Equitable Recovery

Cash for those who need it will promote racial equity, hasten the recovery, and reduce costs

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

The stunning economic crisis for those on the bottom of the economic ladder demands massive 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**, to ensure a strong economy by 2022;
- △ **Promote racially equitable outcomes**, with outsized benefits among Black and Latinx households;
- △ **Boost state and local economies** and revenues; and
- △ **Complement other relief programs** that fall short of getting help to all who need it.

TARGETED CHECKS FOR A RACIALLY EQUITABLE RECOVERY

Targeting credits to low- and middle-income households disproportionately benefits Black and Latinx families, including immigrant taxpayers. Black and Latinx households are having a difficult time meeting household expenses at almost twice the rate of white households. They are experiencing higher levels of food insecurity, COVID-related mortality, unemployment, and business closures, among many other measures. Both HEROES and CARES Act payments have outsized benefits for people of color, but tailoring the income thresholds to focus on the bottom half of incomes intensifies these impacts. Targeting payments would also provide a boost for the millions of low-income workers of color who lost jobs and income but for whom UI has expired.

Under this proposal, ¾ of Black and Latinx families would receive checks compared to 61% of white families. Each check would be a much larger share of income for families of color.

TARGETING DIRECT PAYMENTS TO FAMILIES THAT NEED IT CONCENTRATES THE BENEFITS AND REDUCES COST

Cash makes the greatest 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.

Targeting families that need the most help greatly reduces cost, making multiple rounds of checks possible. Congress and IRS now have the infrastructure to easily target payments and our proposal would ensure that all eligible families, especially the most vulnerable, receive their payments quickly. To amplify benefits and reduce cost, the same HEROES Act payments of \$1,200 for adults and dependents (of all ages) but aimed at families in the bottom 60% of the income spectrum cost only \$200 billion each, allowing two rounds of checks for a little more than the cost of each round of HEROES checks. This makes it easier for Congress to enact quarterly direct payments until the economy recovers.

We can send two checks for a little more than the cost of each HEROES check, to keep relief flowing. This proposal covers families up to \$100K, 2/3 of the population, but with 84% of the benefits going to people in the bottom 60% and disproportionate benefits to Black and Brown families.

	Income-targeted cash payments (per payment)		Mnuchin Dec. 2020 Proposal	HEROES Act cash payments	CARES Act cash payments
Credit amount (adults / dependents)	\$1,200 / \$1,200	\$1,200 / \$500	\$600/\$600	\$1,200 / \$1,200	\$1,200 / \$500
Income thresholds (single / married no kids / married with kids)¹	\$30,000 - \$40,000 \$40,000 - \$80,000 \$50,000 - \$100,000			\$75,000 - \$99,000 \$150,000 - \$198,000 \$150,000 - \$228,000	
Cost	\$207 billion	\$166 billion	\$169 billion	\$338 billion	\$266 billion
Average credit	\$1,990	\$1,600	\$1,180	\$2,290	\$1,660
Share of households eligible	65%		89%	92%	92%
Share to bottom 60% e.g. 84% of benefits go to the bottom 60% of households	84%		60%	58%	59%
Share of group that benefits e.g. 75% of Black HHs get a benefit	Black: 75% Latinx: 77% White: 61%	Not available	Not available	Not available	Not available
Income boost as % of income e.g. Black HHs get an avg. income boost of 2.4% <i>with each check</i>	Black: 2.4% Latinx: 2.6% White: 1.1%	Not available	Not available	Black: 3.6% Latinx: 3.9% White: 2%	Not available
Share of benefits to households of color	41%	Not available	Not available	34%	Not available

¹ For income-targeted, phase out is between incomes of: single (\$30k-\$40k); head of household or married with no dependents (\$40k-\$80k); married with dependents (\$50k-\$100k). Payments modeled here include dependents of all ages. Proposal would also include taxpayers with ITINs, who are not included in these estimates. HEROES Act income thresholds vary depending on credit amount, with credits phasing out at 5% after incomes of: single (\$75k); HOH (\$112.5k); married (\$150k). Modeling by ITEP.