



Cash is critical to building back better and ensuring a race-equitable recovery

Direct payments will help build a post-COVID future that lifts up, and doesn't leave out, families of color

Compared to white people, Black and Latinx families:

- △ **Had little cushion to withstand this financial crisis**, with 5-8 times less wealth than white people coming into the pandemic, and less ability to afford monthly bills if met with a \$400 emergency.
- △ **Are facing more hardship because of the pandemic**, and are nearly twice as likely as white people to face difficulty meeting basic needs as a result.
- △ **Have less access to COVID relief**, including unemployment insurance and small business help: only 12% of minority-owned businesses that applied to the SBA got the relief they applied for.
- △ **Benefit more from stimulus checks**, which are a disproportionately larger income boost for low-income people, and a low-barrier form of relief that Black and Latinx families are more likely to spend quickly.

SYSTEMIC RACISM IS TO BLAME FOR THE MOST UNEQUAL RECESSION IN HISTORY

The COVID pandemic and recession has put racial inequities into focus, harming people of color who already had far fewer resources to cushion the financial blow before the crisis began. The recession has compounded decades of growing hardship that families of color continue to endure because of racist policies and decisions. No single policy can right that wrong, but leaders must prioritize families of color who have been harmed the most and are most at risk of being left behind as time-limited aid runs out. Recurring cash payments to those who need them most are one essential policy to ensure that Americans' ability to get back on their feet isn't determined by race or ethnicity.

Recessions both magnify racial inequities and deepen them. The recovery from the Great Recession was [uneven](#), largely favoring Wall Street [at the expense](#) of Black and Latinx families and [wiping away](#) three decades of gains in household wealth. Before COVID hit, Black and Brown Americans had [5-8 times less wealth](#) than white families and were forced into financial precarity at [higher rates](#) because of [racist policies](#). Today, people of color continue to face significant barriers to economic security. It is under these lopsided circumstances that COVID struck and we were all forced to absorb the shock. Relief policies must respond to that reality.

By almost any measure, people of color have been hit hardest by this recession.

Black and Latinx households are having a difficult time meeting household expenses at almost [twice the rate](#) of white households. By September, a majority of Black, Latinx, and Native American adults had [used up all their savings](#), compared to just 1/3 of white adults. Black and Latinx households are experiencing higher levels of [food insecurity](#), COVID-related [mortality](#), and [business closures](#).

BUILDING BACK BETTER REQUIRES DEFINITIVE ACTION TO DISMANTLE RACIST POLICIES

Current COVID relief policies fall short of getting necessary relief to people of color. Those hit the hardest are also the least able to access COVID relief. Despite [higher levels of unemployment](#) and [slower job recovery](#), Black workers are [less likely](#) to get unemployment insurance, as [has been the case](#) since the UI program was enacted. Half of Black adults and 60% of Latinx adults have [lost job income](#) since the pandemic began, but are still less likely to receive unemployment insurance when they apply for it. [Women, particularly women of color, have lost 1 million more jobs than men during the recession, and women of color accounted for all job losses in the month of December.](#) At the same time, women have taken on the lion's share of significantly increased caregiving duties, yet support for caregivers, paid family leave, and other caregiver supports have been largely left out of COVID relief.

February 24, 2021

The same has been true for POC-owned small businesses trying to access relief. [Only 12% of minority-owned businesses](#) that applied to the Small Business Administration got the relief they applied for. By June, the number of Black and Latinx small business owners had already [fallen by 41% and 32%](#), respectively, compared to a 17% drop in white business owners.

CHECKS HELP ENSURE THAT THIS RECOVERY DOESN'T LEAVE FAMILIES OF COLOR BEHIND

Congress must enact race-conscious policies that turn the status quo on its head and prioritize the economic security of Black, Native, Latinx and other communities of color. Just as the last recovery was squelched and failed to fully reach many people of color, there is a real risk that time-limited aid runs out while macroeconomic indicators look strong and wealthier, mostly white families are flourishing, yet lower-income communities of color remain mired in recession.

As the crisis continues, Black and Latinx families still need cash to catch up and keep up.

Data show that Black and Latinx households needed checks and were more likely to spend them than white recipients. In June, [8 in 10](#) Black and Latinx households said they were spending their CARES Act checks on expenses, compared to two-thirds of white recipients. When the \$600 payments arrived nine months later, nearly [two-thirds of Black and Latinx recipients](#) had to use part of their checks to pay down debt, compared to 45% of white recipients. [White recipients were almost twice as likely as Black and Latinx families to be able to put their checks in savings, while a third of Black families](#) say a \$1,400 check will last them only a week or two. An equitable recovery means continuing aid until the recovery has reached everyone. We should keep checks coming and tie them to economic conditions in these hard-hit communities, e.g., to the Black unemployment rate.

Targeted, recurring payments prioritize people of color, who are hit the hardest:

- △ **Broad coverage.** 75% of Black and Latinx families would get a check.
- △ **Equitable impacts.** Two \$1,400 [targeted checks](#) would give Black families a 5.7% income boost and Latinx families a 6% boost, compared to 2.5% for white families.
- △ **Outsized benefits.** 41% of total benefits would go to families of color, who make up 33% of tax filers. Immigrants are included.

Cash does the most good for the most people who need it in uncertain times.

There is no one-size-fits-all solution for this recession. Americans, especially immigrants and people of color, face a variety of interrelated obstacles. Emergency money that lasts as long as it's needed gives people tools to solve their own problems.

Cash makes individuals and small businesses more resilient.

Recurring checks for families that need it most would help close the racial income gap, [one key driver](#) of the overall racial wealth gap, and a powerful complement to other asset-building and long-term racial equity policies like baby bonds. Increasing liquid assets also helps small businesses and [Black and Latinx families](#) manage income shocks.

Direct payments are a low-barrier form of relief

that, if implemented appropriately and directed to low-income families, could virtually eliminate the roadblocks to access found with other programs. The UI and PPP systems are locked behind several [layers](#) of red tape. While improvements [can and should be made](#) in future rounds of direct payments, especially to reach people with very low incomes and those who are unbanked, cash is a simple and easy-to-access form of relief for those who need it most.