



# Recurring cash through CTC and checks strengthens the recovery for all

*CTC and direct checks combined will have drastic positive impacts for families most in need of help*

**Monthly Child Tax Credit (CTC) and direct checks are critical components of an equitable recovery:**

- △ **Monthly CTC and checks drastically cut poverty, providing an income floor for kids.** According to the [Urban Institute analysis](#) of the American Rescue Plan, checks cut poverty the most, and checks and the monthly CTC are the two strongest child poverty fighters.
- △ **Monthly cash makes the recovery more race-equitable.** Both checks and CTC have outsized impacts for Black and Latinx families.
- △ **Monthly cash tailors the recovery to those most in need.** Under the ARP, checks and CTC give the lowest-income households a [30% income boost](#), compared to less than 1% for households above \$250,000.

## IN THE MOST UNEQUAL RECESSION IN HISTORY, EQUITY IN RECOVERY MUST BE THE MINIMUM

**This recession has had drastically unequal impacts on Americans based on their race, ethnicity, gender, income, and family makeup.** The critical work ahead of us is ensuring that the recovery is not the most unequal in history. 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](#), and are experiencing higher levels of [food insecurity](#), COVID-related [mortality](#), and [business closures](#). [Women](#), especially women of color, have been forced out of the paid labor force at higher rates, carrying the lion's share of essential caregiving, especially as child care and schools have closed. Though jobs have largely bounced back for higher-wage workers, low-income workers have experienced [greater job loss](#) and [much weaker](#) job recovery [across industries](#). Individuals and all types of families are experiencing unique challenges that COVID relief hasn't completely addressed.

To ensure a full, fast, and equitable recovery, Congress must prioritize policies that are both targeted to those who need the most help, and flexible enough to meet the various barriers that millions of Americans are still struggling to overcome. Cash through expanded, monthly CTC and direct payments are an essential part of a true and full recovery.

## CASH PROVIDES FLEXIBLE RELIEF THAT REACHES MORE PEOPLE WHO NEED HELP

**Cash does the most good for the most people in uncertain times.** A year into this crisis confirms there is no one-size-fits-all solution. Americans face a variety of interrelated obstacles, but cash relief that lasts as long as it's needed gives people tools to solve their own problems. At a time when millions of Americans have been forced out of the workforce through no fault of their own, unrestricted cash – even to those without income – recognizes the importance of helping all families across the myriad challenges Americans are facing.

**Monthly checks ensure that people who experience income volatility can get help as they need it.** Even before the pandemic, [too many families](#) were struggling to stay afloat, and the pandemic created a financial shock that left many without recourse as bills come due every month. Making cash payments monthly smooths income volatility – destabilizing swings in income month to month – which [disproportionately affects](#) Black, Latinx and families with low incomes. [The recent Stockton Economic Empowerment Demonstration \(SEED\)](#) showed that consistent direct cash assistance resulted in improved physical and mental health, more and better full-time employment, and increased financial stability. The consistency of monthly support makes it possible for people to get a foothold and move forward.

**Cash support without conditions recognizes the unmet need among unpaid caregivers and very low-income families.** This recession has reshaped our workforce, especially for those who have had to give up paid work to care for family members. It has never been clearer that we need to recognize caregiving as the valuable and essential work it is, and the CTC acknowledges that by providing a generous credit for parents at all income levels. Direct checks reach additional family caregivers, including those who care for older teenagers and adult dependents. When it's time to go back to paid work, the [data show](#) that cash policies help people to get more and better full-time work.

## CHECKS AND CHILD TAX CREDIT WORK BEST TOGETHER

### Direct cash through monthly CTC and stimulus checks:

- △ Covers all Americans except the very wealthiest;
- △ Drastically cuts poverty among children and adults;
- △ Reduces racial inequities;
- △ Narrows income inequality; and
- △ Gets help to all types of households.

**Monthly cash provides relief that is broad enough to reach more who need help and targeted at those who need it most.** Even though those at the very bottom have suffered the [most harm](#) because of this recession, millions in the middle class have lost jobs, health care, child care, and income. In the ARP, the benefits of checks and CTC are roughly [evenly distributed](#) among low- and middle-income households.

**Cash has outsized benefits for people of color.** Recessions both magnify and deepen racial inequities. The recovery from the Great Recession was [uneven](#), favoring Wall Street [at the expense](#) of families of color and leaving Latinx and Black Americans with [5-8 times less wealth](#) than white families. But we can get it right this time: [Checks](#) and [CTC](#) would both provide disproportionately larger income boosts for Black, Latinx, and other people of color.

**Together, checks and CTC in the ARP increase incomes among the lowest-income households by 30%.** Those hit the hardest by COVID were those who had the least to begin with – lower-income households with little to no savings to fall back on. At the end of last year, low- and middle-income households were less than [half as likely](#) to have had their incomes recover compared to wealthier households. [Checks and CTC together would provide a 30% income boost this year to the neediest families.](#)

**Checks and CTC together ensure that Americans without kids don't fall through the cracks.** Families with children face enormous unique challenges during this crisis, but it's a mistake to assume that individuals who aren't raising children at home are not in need of help. In fact, [43%](#) of households eligible for CARES Act checks were single people without kids in the home. While much of the focus has rightly been on children's wellbeing, individuals without kids are historically the only group [taxed into poverty](#) and largely left out of our strongest anti-poverty programs. The ARP rightly triples the Earned Income Tax Credit (EITC) for these [17 million](#) workers, and direct payments complement the CTC by getting help to all those in need – both with kids and without.

**Monthly cash keeps people from having to rely on credit cards and payday loans.** Families that struggle with income volatility are [much more likely](#) to turn to credit-based financial services like payday loans to get by. [Seven in 10](#) payday loan borrowers use them to cover regular monthly expenses like rent and utilities. The [data show](#) that as relief ran out in the summer, with boosted spending [leveling off after two months](#), families had to rely more on credit cards and loans just to meet basic needs – because one-time checks run out. Ensuring that help comes monthly will keep families away from debt traps like payday loans and high-interest credit cards.

Source of spending to meet basic needs

