

# CASH STIMULUS MUST BE A PART OF WASHINGTON STATE'S RECOVERY

Federal stimulus payments to millions of households were an important first step in addressing the economic fallout of COVID-19. A similarly structured state Recovery Rebate for households with low incomes is a smart way to get cash into the pockets of people who need it most, while also providing a much-needed infusion of cash into local economies. This Recovery Rebate would also fill critical gaps in federal relief efforts by ensuring Individual Tax Identification Number (ITIN) filers – an important group of taxpayers that includes undocumented immigrants – can also access support for themselves and their families.

## A Recovery Rebate stabilizes communities and supports small businesses for a faster economic recovery



**Equitable impacts:** A cash stimulus targeted to households with low incomes would ensure benefits are directed to those households most harmed by our regressive tax code, longstanding racist policies and practices (such as redlining and employment discrimination), and the current economic and public health crises. Including ITIN tax filers also ensures undocumented immigrants and mixed-status families get the support needed to meet their basic needs.



**Faster economic recovery:** We can speed up the state's economic and small business recovery by investing directly in communities now. Flexible cash payments to people with low incomes infuse \$1.50 to \$2 into local economies for every dollar a recipient receives.<sup>1</sup> For example, low-income households that received federal stimulus checks in spring of 2020 spent half of their payments on necessities within 10 days of receipt.<sup>2</sup>



**Healthy communities:** Cash promotes health and well-being. People have better physical and mental health outcomes when they are not worrying about putting food on the table or having a safe place to live.



**Flexibility to make decisions:** Individuals and families can use the additional income to pay for necessities not covered by public benefits – essential expenses like the technology necessary for a child to attend classes online, or car repairs for a family in rural Washington to access medical care miles away.

# State cash stimulus payments complement existing public support structures

A cash stimulus bolsters existing supports people may receive from the unemployment insurance system or from critical programs like WorkFirst/Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP). A Recovery Rebate would fill gaps in existing structures and expand state support to important taxpayers like ITIN filers.

## THE RECOVERY REBATE FILLS SOME OF THE GAPS IN PUBLIC ASSISTANCE

Public support programs	Unemployment insurance	Recovery Rebate stimulus
<ul style="list-style-type: none"> <li>✓ Important anti-poverty programs with benefits focused primarily to people in deep poverty</li> <li>✗ Potential public charge implications for accessing these benefits<sup>3</sup></li> <li>✗ Undocumented immigrants largely excluded</li> </ul>	<ul style="list-style-type: none"> <li>✓ Necessary relief for people who have lost work</li> <li>✓ Temporarily includes contracted workers due to public health crisis</li> <li>✗ Undocumented immigrants excluded, despite paying into unemployment insurance system</li> </ul>	<ul style="list-style-type: none"> <li>✓ Automatic tax credit</li> <li>✓ Fills eligibility and benefit gaps of existing programs</li> <li>✓ Available to ITIN filers, which include many undocumented immigrants</li> <li>✓ Not included in public charge determination</li> </ul>



**These support systems work best together to provide stability to households with low incomes and to boost our state's economy**

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1. A. Avalos & S. Alley. The economic impact of the Earned Income Tax Credit (EITC) in California. California Journal of Politics and Policy 2010;2(1): <https://escholarship.org/uc/item/2jj0s1dn#page-1>
2. S. R. Baker, R. A. Farrokhnia, S. Meyer, M. Pagel, & C. Yannelis. Income, Liquidity, and the Consumption Response to the 2020 Economic Stimulus Payments, National Bureau of Economic Research Working Paper No. 27097, May 2020: <https://www.nber.org/papers/w27097>
3. The "public charge" rule is a component of federal immigration policy. The Trump administration introduced harmful changes to the rule that penalize non-citizens for accessing basic benefits. For more information on public charge, see <https://www.ilrc.org/public-charge>