

# CONGRESS MUST PROVIDE REAL AID TO PEOPLE IN THE NEXT STIMULUS PACKAGE

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# EXECUTIVE SUMMARY

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Congress has the ability to provide comprehensive aid to households in the next stimulus package.

At its core, the new legislation must provide recurring, inclusive, and long-term relief for individuals and families. This relief must not end at an arbitrary date by which Congress wishes the coronavirus will magically disappear. It must give people money and money equivalents for their necessary expenses, not offer them what amounts to more credit by pushing off the due date for their debts. And it must provide ways for parents to take care of their children while they work. The next federal stimulus legislation should include, at a minimum, the following:

- ▶ Automatic stabilizers that base the expiration of relief measures on metrics, such as unemployment rates, not specified dates;
- ▶ Recurring and sufficient monthly payments to cover necessary expenses;
- ▶ Continued unemployment insurance;
- ▶ Cessation of mortgage and rent payments;
- ▶ Cessation of student loan payments and cancelation of debt;
- ▶ Allowance for a recipient's Earned Income Tax Credit (EITC) to be based on their prior year's income;
- ▶ Prohibition of debt collection and wage garnishment;
- ▶ Comprehensive child care support; and
- ▶ Support for people experiencing homelessness.

# INTRODUCTION

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As the United States logs record highs in COVID-19 cases and hospitalizations, the economy remains in a tailspin. The economic fallout likely will worsen as states pause reopening plans and contemplate returning to the restrictions of this past spring. As many of the Coronavirus Aid, Relief, and Economic Security (CARES) Act's provisions expire, the window is closing for Congress to stave off long-term economic effects of the crisis.

Although the CARES Act provided needed relief to households with relief rebates and pauses on some debts, such as mortgages and student loans, the Act's implementation and scope proved to be too little, too late for many people. To receive the relief rebate checks quickly, people had to have bank accounts. But communities of color and lower-income households—people who were more likely to need the money quickly—are more likely to be unbanked or underbanked. Debt collectors could seize stimulus checks out of people's bank accounts. Millions of Americans still worried they would be kicked out of their homes because the mortgage forbearance and eviction moratorium only applied to federally-related mortgages and federal housing programs, leaving out one-third of homeowners and more than two-thirds of renters. And as the moratoria expire, millions more face renewed worries about how they will pay the accumulated debts that the CARES Act merely halted.

Individual well-being is integral to America's well-being. As the country navigates this extraordinary health crisis, people should not have to worry that they will end up on the streets due to eviction

or foreclosure, or that they will not have enough money for food and utilities, or that they will have to choose between their jobs and taking care of their children. Helping those who are most vulnerable to the crisis will have lasting positive effects. Insufficient support will lead to poverty and homelessness, costs that society will have to bear. Leaving people unable to take care of themselves and their families also will make it harder to contain the virus and extend the health crisis. Providing true aid to individuals and families will shorten overall recovery time and mitigate the economic loss.

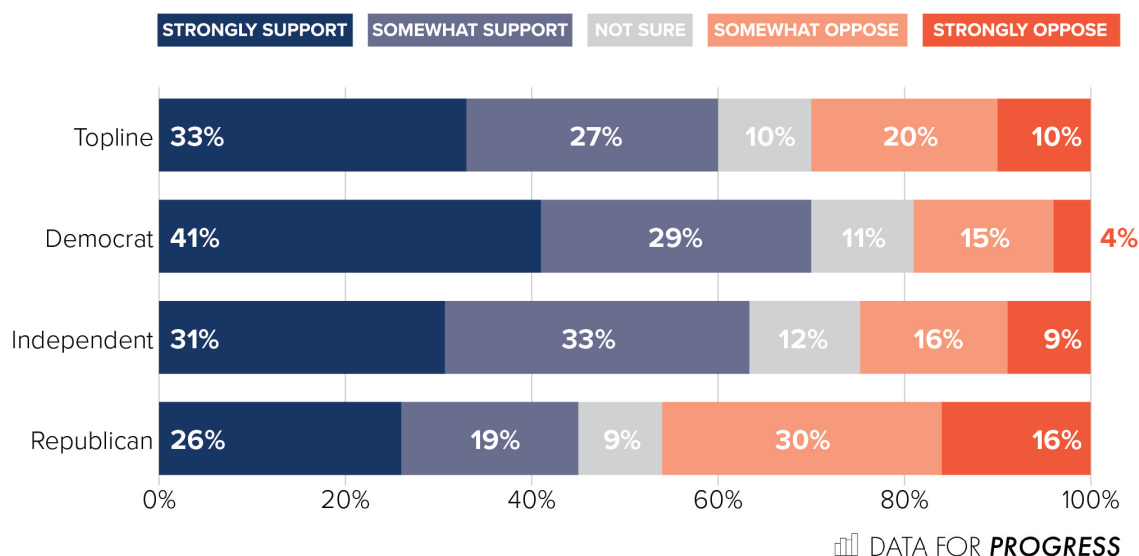
Congress must pass comprehensive legislation to provide recurring, inclusive, and long-term relief. The new legislation must provide ongoing payments to individuals and families that will cover necessary expenses, support workers and parents, and ensure that the most vulnerable people remain safe and sheltered. Instead of specifying an arbitrary end date, the relief must be set to continue until key recovery metrics have been reached.

## Automatic Stabilizers

Payments and other relief must continue until the crisis ends, which is at the vagaries of the coronavirus and Americans' commitment to stemming the virus's spread through mask wearing and social distancing. No matter how much it would like to, Congress cannot set or predict the end of the health crisis and its effects on the economy. Instead, the federal stimulus legislation must include automatic stabilizers, which set the expiration of relief measures on recovery metrics, such as unemployment rates.

Polling by Data for Progress and the Justice Collaborative Institute shows broad bipartisan support for tying the end of relief to economic indicators. A full third of likely voters strongly support the inclusion of automatic stabilizers, and another quarter of likely votes somewhat support their inclusion. In comparison, only 30% of likely voters either somewhat oppose (20%) or strongly oppose (10%) their inclusion.

**Do you support or oppose including automatic stabilizers within relief legislation, which means that payments will continue until economic conditions change, not based on a specified end date?**



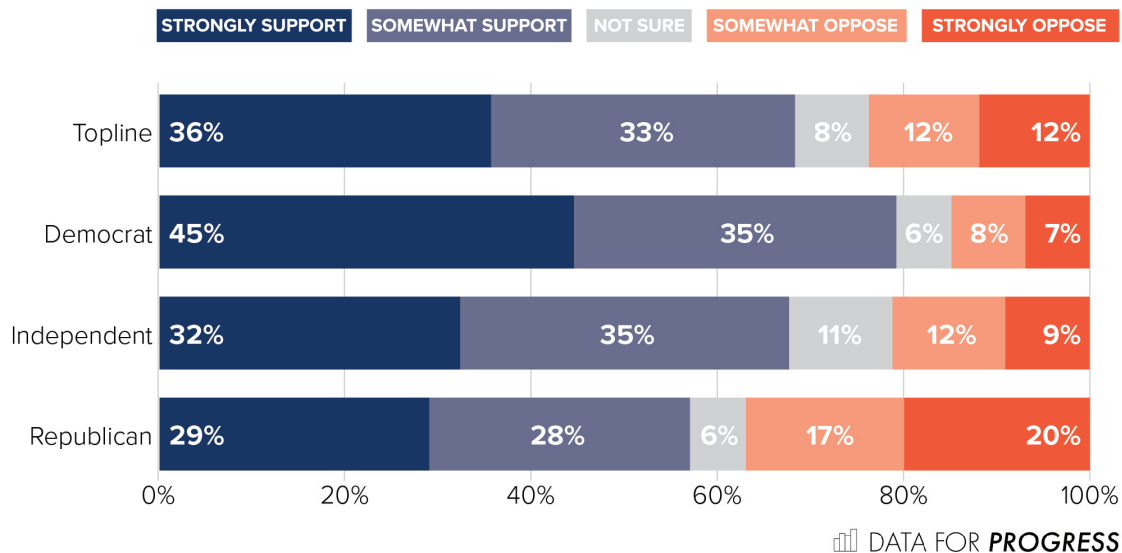
## Recurring and Sufficient Payment Amounts to Cover Necessities

Coronavirus's devastation is worse than seemed possible at the beginning of March. The public health crisis continues unabated. Unemployment is still rising. There is little chance that the economic recovery will be swift. American households will need support for many months, likely into 2021, while the economy stabilizes. The one-time relief rebate payment model of the CARES Act will do little to help already struggling

families through the coming months. Instead, Congress must provide recurring payments to families while the country weathers the pandemic's storm.

Polling by Data for Progress and The Justice Collaborative Institute shows broad bipartisan support for recurring relief. Almost 70% of likely voters either strongly supported (36%) or somewhat supported (33%) recurring payments until the crisis is over, as compared to one-quarter of likely voters who somewhat opposed (12%) or strongly opposed (12%) such recurring payments.

**Instead of one-time payments of \$1,200, do you support or oppose the federal government issuing payments that are recurring until the crisis is over?**



These polling results make sense in light of the financial situation in which many Americans entered the pandemic. Three-quarters of workers live paycheck-to-paycheck. Likewise, a Pew Research Center study from April showed that about half of all adults and less than a quarter of lower-income households had savings to cover three months of expenses. As the government prepared to send out CARES Act relief rebates, the Federal Reserve Bank of Saint Louis calculated that the relief checks would last four weeks for low-income households and a maximum of eight weeks for higher earners. Now, for those households that had some savings, their three months of cushion likely is gone. Additional stimulus payments will last an even shorter time given people's depleted savings.

Likewise, given that many people have depleted what little savings they may have had prior to the pandemic, relief must provide people sufficient money to take care of themselves and their families. People will need to make mortgage and rent payments. They will have to remain current on auto loans and student debt. They also will need to pay for childcare and healthcare. And they will need to find funds to cover everyday expenses, such as food, electricity, water, gas, and medicine. Recurring payments, in the same or greater amount to the CARES Act's relief rebates, will help people with everyday expenses and unexpected emergencies.

These payments should be easily and quickly accessed, such as delivery through clearly-labeled prepaid debit cards distributed, in part, at post offices or other central locations. They also should cover families' non-child dependents. And regardless of how the payments are delivered, Congress must guarantee that they are exempt from garnishment by creditors and debt collectors, as provided for in a recently-passed Senate bill.

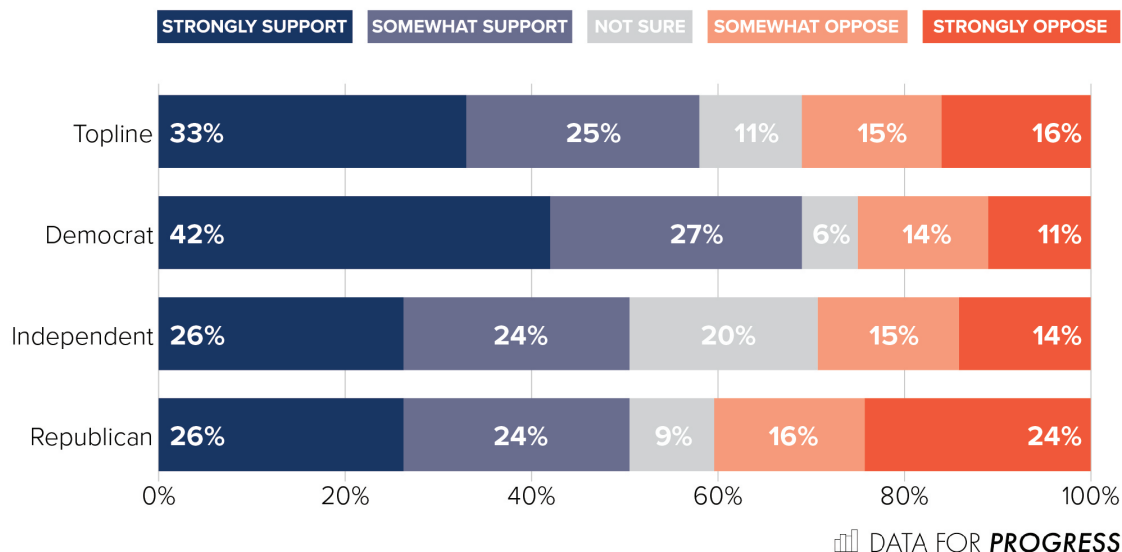
## Continued Unemployment Benefits

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These payments, however, must be combined with other measures to ensure that people can remain financially afloat and safe in their homes during the crisis. To the degree that monthly payments are supplemental and not intended to fully replace wages, the roughly one in five workers who are now collecting unemployment benefits must receive adequate payments to cover lost earnings. The CARES Act's additional \$600 unemployment benefit—a critical safety net for approximately 29 million people—will expire at the end of July. Millions of Americans will remain unemployed in the coming months. Additional benefits will be crucial to buffering the financial blow to these households and the overall economy. Options for extending unemployment benefits include re-upping the extra \$600 or other boosts to the state's baseline unemployment benefits. Regardless of their exact amount, unemployment benefits must be sufficient to allow people to stay at home and take care of their families as the country fights to contain the pandemic's outbreak.

Polling by Data for Progress shows bipartisan support for continuing the additional \$600 weekly unemployment payments through the end of the pandemic. Fifty-eight percent of likely voters support this measure, while only 31% oppose it.

## Do you support or oppose extending the provision to give unemployed workers an additional \$600 per week through the end of the pandemic?



## Cessation of Mortgage and Rent Payments

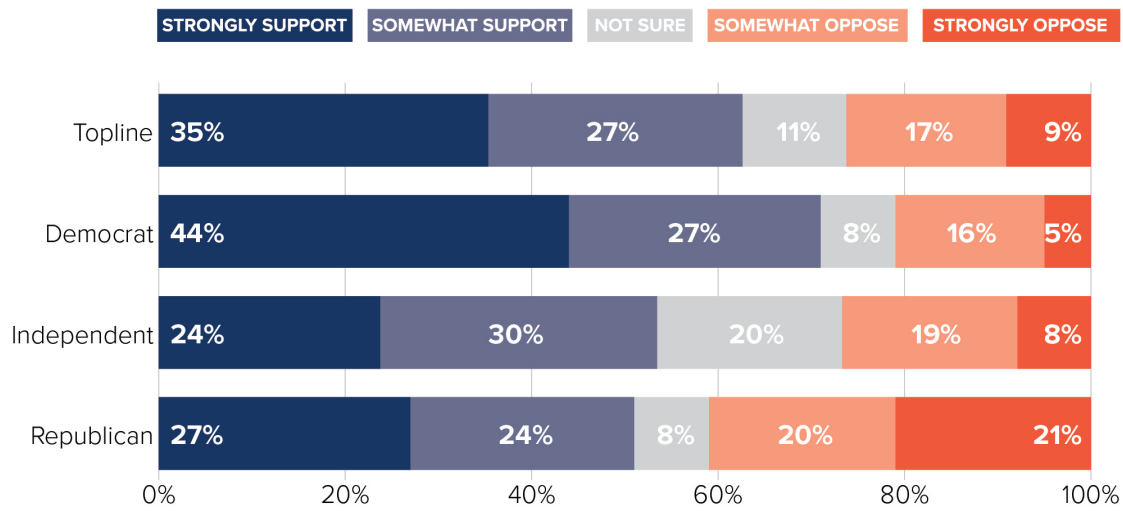
For many people, their biggest monthly expense is the mortgage or rental payment. It also is one of their most important expenses. Now more than ever, having a roof over one's head is critical to combating the spread of coronavirus. With the mortgage forbearance and eviction moratorium ending, the mistake of the CARES Act's tactic of simply pushing off people's payments has come to light. Currently, nearly 14 million Americans—one in five renters—are behind on rental payments and could be evicted over the coming months. According to a Census Bureau survey, a similar 22% of households indicated that they will not be able to make their next mortgage or rent payment.

There are two leading proposals to help people with mortgage and rent payments. First, the recurring relief payments distributed to households could include added funds, calibrated to mortgage and rental rates in a household's geographic area, designed to cover mortgage and rent payments. Second, Congress could include provisions within a

stimulus package that compensate mortgage lenders and landlords to cover people's mortgage and rent payments. This approach perhaps is more desirable because it is tailored to households' circumstances and because it will allow people to rest easy that they will not become homeless during this extraordinary health crisis.

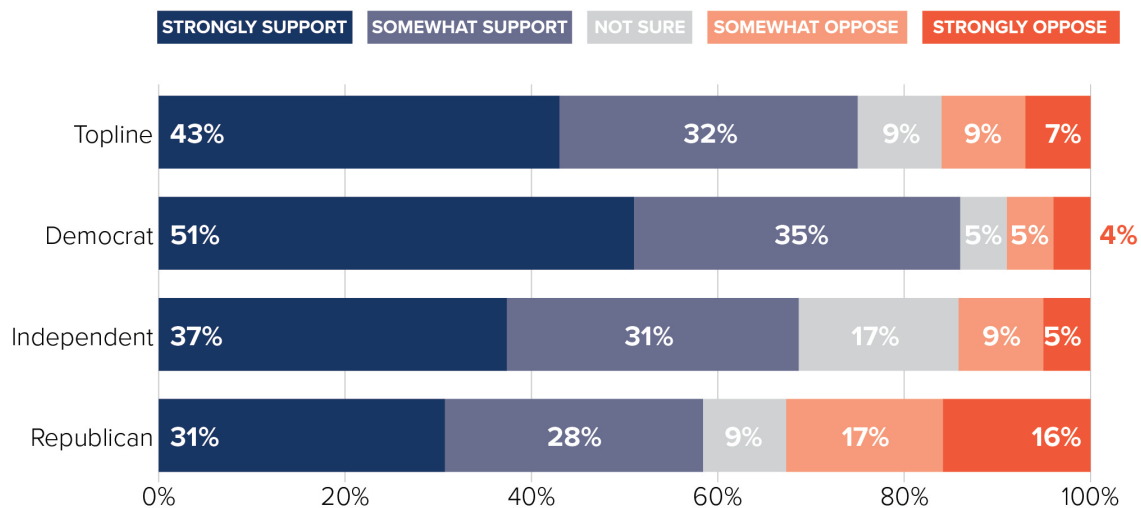
There is substantial public support for cessation of mortgage and rent payments. For example, based on polling by Data for Progress, a majority of likely voters support forgiving rent during the coronavirus emergency and their city or state governments compensating landlords for lost rent. Thirty-five percent strongly support and another 27% somewhat support such compensation, while 17% somewhat oppose and only 9% strongly oppose such a provision. Likewise, 75% of polled likely votes either strongly support (43%) or somewhat support (32%) the federal government setting aside funds to support cities and states in their effort to compensate landlords.

**Do you support or oppose forgiving all rent during the coronavirus emergency, with city and state governments compensating landlords for lost rent?**



DATA FOR **PROGRESS**

**Do you support or oppose the federal government setting aside funds to help cities and states compensate landlords and lenders in order to forgive rent and mortgages?**

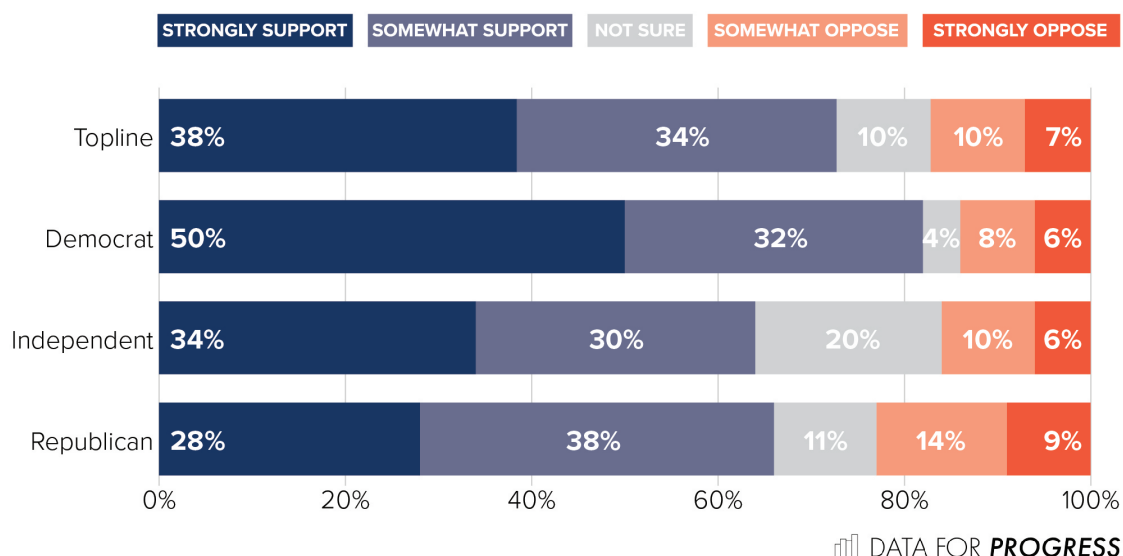


DATA FOR **PROGRESS**

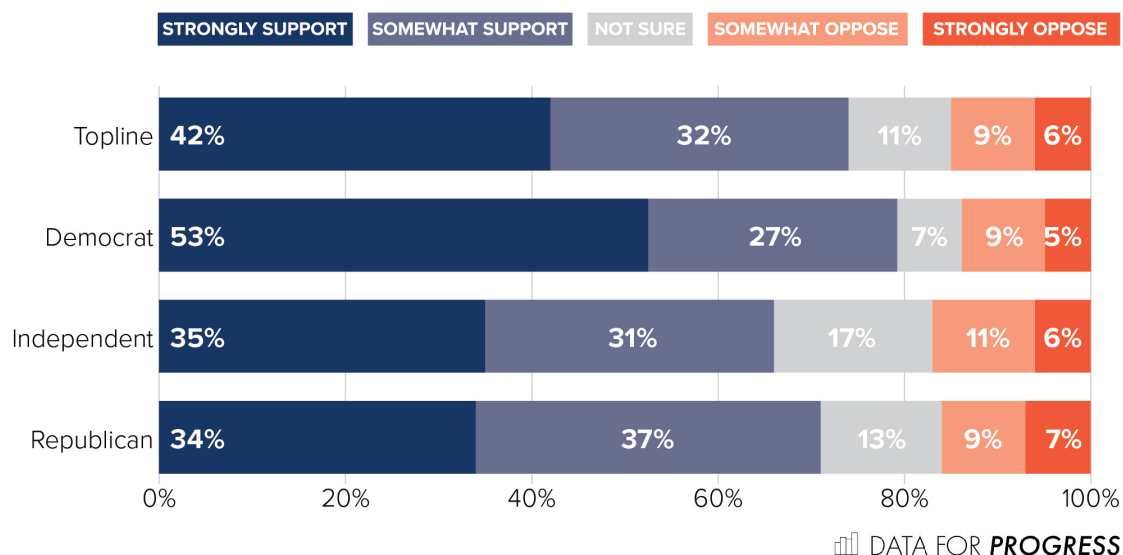
Similarly, 72% of likely voters support federal assistance to cover rent and utilities, with 38% strongly supporting and 35% somewhat supporting this measure, with only 17% somewhat (10%) or strongly (7%) opposed. And

74% of polled voters strongly (42%) or somewhat (32%) support a federal moratorium on evictions, foreclosures, and utility shutoffs, with only 15% somewhat (9%) or strongly (6%) opposed.

### Do you support or oppose a future stimulus plan that includes assistance to cover rent and utilities?



### Do you support or oppose extending the federal moratorium on evictions, foreclosures, and utility shutoffs?



## Student Debt Cessation and Cancellation

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In addition to mortgage and rent, millions of Americans must worry about paying student loans. As with mortgage and rent payments, cessation of student debt payments is a key element of comprehensive relief to 40 million Americans. Perhaps the soundest way to address student loans' threat to economic recovery is for the federal government to cover student loan payments for the duration of the emergency (pegged to automatic stabilizers, as discussed above) and to cancel at least some portion of student loan debt, as Senators Schumer, Murray, Brown, and Warren proposed in March.

## Basing Earned Income Tax Credit (EITC) on Prior Year's Income

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The EITC is one of the largest antipoverty programs in the country. Families rely on the EITC to pay off debt and current bills, like rent. The EITC is designed to encourage work and is available only to taxpayers with earnings from work. Because the credits are tied to earnings (up to a threshold), families forced to work less because of COVID will receive smaller credits than they have in the past. The loss of their anticipated credit amount will be financially devastating for many taxpayers. But there is a relatively easy fix. Section 204(c) of the Taxpayer Certainty and Disaster Relief Tax Act of 2019 (part of the Further Consolidated Appropriations Act) provides that a person living in a presidentially-declared disaster area, with respect to a disaster that occurred in 2018 or 2019, can elect to calculate her EITC based on her earned income of the previous year, rather than that of the disaster year. The election of the previous year's income is optional, as in some cases a family will receive a larger credit on a disaster year. While a pandemic

is not the type of disaster Section 204(c) was originally intended for, all Congress needs to do is extend the time limit on the legislation as every state is now a presidentially-declared pandemic disaster area.

## Prohibition on Debt Collection and Wage Garnishment

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Prior to the coronavirus's emergence, 68 million Americans had debt in collection. Those debts did not go away when the coronavirus emerged. Instead, they continued to worry families as people lost jobs and faced reduced hours. A stimulus package enacted by Congress will not be as effective as possible if these households continue to worry about past due debts. For the remainder of the health and economic emergency, Congress must include a prohibition on debt collection. The legislation in which to place such a prohibition already exists—the Fair Debt Collection Practices Act (FDCPA) and the Federal Wage Garnishment Law, Consumer Credit Protection Act's Title III (CCPA). Congress simply needs to amend the FDCPA to declare that any collection of debt by a debt collector is an unfair practice, and amend the Federal Wage Garnishment Law to provide that none of an individual's earnings may be garnished, both until stabilizing metrics are reached.

## Comprehensive Child Care to Support Workers

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Although people likely will continue to lose their jobs or see their hours cut back while the country deals with the health crisis, America also needs people to remain at work. As daycares and schools remain closed, women in particular are shouldering an incredible burden in trying to care for children and keep up with their jobs. The country's health and economic recovery

depends on ensuring accessible child care so that people do not have to drop out of the workforce unnecessarily. Child care support will prevent the long-term financial repercussions that accompany dropping out of the labor market, even for a year or so, which studies show places people on a lower earnings trajectory for the rest of their lives. The Bureau of Labor Statistics estimates that both parents work in two-thirds of households. And most of America's 13.6 million single parents also work. Millions of American workers will benefit long-term from having accessible child care today.

Legislation for this already exists and is on its way to enactment. Senators Murray, Smith, Warren, Casey and Gillibrand recently introduced the "Child Care Is Essential Act," which allocates \$50 billion to child care providers in the form of disaster relief funds. On Wednesday, July 29, the House passed the Act on a bipartisan basis. As Sen. Elizabeth Warren said when discussing this legislation, treating child care providers like essential infrastructure is crucial to keep children safe and workers on the job.

## Support for People Experiencing Homelessness

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Finally, the above recommendations focus almost exclusively on providing needed comprehensive support for individuals and families who own homes and currently rent. But there are more than a half million people currently experiencing homelessness across the country. As a population, they are more vulnerable to contracting and becoming seriously ill with COVID-19. Any relief package designed to provide true aid to people must include funds targeted to shelters and other community organizations that provide help to people experiencing homelessness so that they too can remain safe and sheltered.

## CONCLUSION

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Instead of handing out one-time incentives and creating a system of exploding credit extensions to struggling individuals and families, while prioritizing monetary relief for large businesses, in the next stimulus package, Congress must put people first. All of the elements necessary to keep everyone safe in their homes and able to work, as needed, are possible. Congress simply must put them all together in the next stimulus package. Spending money to help people now will prevent an even more devastating and prolonged economic fallout from the crisis.

## METHODOLOGY

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From 7/24/2020 to 7/25/2020 Data for Progress conducted a survey of 1,318 likely voters nationally using web respondents. The sample was weighted to be representative of likely voters by age, gender, education, race, and voting history. The survey was conducted in English. The margin of error is +/- 2.7 percent

From 7/2/2020 to 7/3/2020 Data for Progress conducted a survey of 819 likely voters a selection of states ('MN','WI','MI','PA','TX','ME','NH','NC','GA','FL','AZ','IA','MT','NM','CO','KS','AL','KY') using web panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, race, and voting history. The survey was conducted in English. The margin of error is +/- 3.3 percent

From 7/2/2020 to 7/4/2020 Data for Progress conducted a survey of 892 likely voters in forty large metro areas using web panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, race, and voting history. The survey was conducted in English. The margin of error is +/- 3.3 percent.