



Options for Emergency Lump-Sum Cash Payments in Response to Coronavirus: Budgetary and Distributional Analysis

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<https://budgetmodel.wharton.upenn.edu/estimates/2020/3/19/options-emergency-lump-sum-cash-payments-coronavirus>

Summary: We present budgetary and distributional estimates for three potential versions of the lump-sum payment that President Trump announced earlier today. All three options increase the after-tax income of low income households the most. However, higher-income households have more children on average and would receive larger cash payments unless additional adjustments are made.

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Table 1. Distribution of Net Benefits

Option 1: Non-taxable payments

Income group	Average benefit	Percent change in after tax income	Share of benefit	Share of federal taxes paid	
				Under current law	Under the proposal
Bottom quintile	\$1,180	39.2%	20.0%	0.0%	-2.1%
Second quintile	\$1,505	6.6%	19.6%	2.3%	0.5%
Middle quintile	\$1,595	3.7%	20.0%	10.2%	9.2%
Fourth quintile	\$1,895	2.5%	20.6%	19.1%	19.0%
80-90%	\$2,250	1.9%	10.0%	15.0%	15.5%
90-95%	\$2,355	1.4%	4.9%	10.9%	11.6%
95-99%	\$2,345	0.8%	3.9%	16.4%	17.7%
99-99.9%	\$2,375	0.3%	0.9%	12.7%	14.0%
Top 0.1%	\$2,310	0.0%	0.1%	13.0%	14.4%

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability. Federal taxes included are individual income, payroll, and corporate income taxes.



Table 1. Distribution of Net Benefits

Option 2: Taxable payments

Income group	Average benefit	Percent change in after tax income	Share of benefit	Share of federal taxes paid	
				Under current law	Under the proposal
Bottom quintile	\$1,175	39.1%	23.2%	0.1%	-2.0%
Second quintile	\$1,355	5.9%	20.2%	2.3%	0.7%
Middle quintile	\$1,350	3.2%	19.2%	10.2%	9.4%
Fourth quintile	\$1,585	2.1%	20.2%	19.1%	19.1%
80-90%	\$1,740	1.4%	9.1%	14.9%	15.5%
90-95%	\$1,795	1.1%	4.0%	11.0%	11.6%
95-99%	\$1,680	0.6%	3.0%	16.3%	17.5%
99-99.9%	\$1,520	0.2%	1.0%	12.7%	13.8%
Top 0.1%	\$1,495	0.0%	0.0%	13.0%	14.2%

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability. Federal taxes included are individual income, payroll, and corporate income taxes.



Table 1. Distribution of Net Benefits

Option 3: Non-taxable payments with phaseout

Income group	Average benefit	Percent change in after tax income Share of benefit		Share of federal taxes paid	
				Under current law	Under the proposal
Bottom quintile	\$1,180	39.2%	23.2%	0.1%	-2.0%
Second quintile	\$1,505	6.6%	22.7%	2.3%	0.5%
Middle quintile	\$1,595	3.7%	23.2%	10.3%	9.1%
Fourth quintile	\$1,690	2.2%	21.2%	19.1%	18.9%
80-90%	\$1,760	1.5%	9.1%	15.0%	15.5%
90-95%	\$235	0.1%	0.6%	11.0%	11.9%
95-99%	\$5	0.0%	0.0%	16.3%	17.8%
99-99.9%	\$0	0.0%	0.0%	12.7%	13.9%
Top 0.1%	\$0	0.0%	0.0%	13.0%	14.2%

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability. Federal taxes included are individual income, payroll, and corporate income taxes.