

Sending Unconditional Payments to People Overcoming Resistances to Triumph (SUPPORT) Act

One-Page Summary

Rep. Ilhan Omar (D-MN)

If this global pandemic has taught us anything, it's that so many of our neighbors, communities and businesses are vulnerable. Even well before this economic and health crisis devastated the United States, almost half of all U.S. households were only a surprise medical bill or missed rent payment away from financial ruin. The silver lining during COVID-19 has been that the federal government and local governments are recognizing the urgency and efficacy in delivering direct resources to struggling Americans. Under a Republican and a Democratic administration, Congress authorized over \$800 billion in survival checks to millions of Americans, including those with no earned income. These relief payments actually reduced poverty and bolstered our economy through increased consumer expenditures during one of the worst recessions in recent history. Local policymakers across the country are also realizing the potential of cash assistance in improving the lives of our most disenfranchised and disinvested populations. From Stockton, CA to St. Paul, MN to Cambridge MA, we're starting to see the positive results of guaranteed income pilots nationwide. Many people end up using this cash assistance to purchase basic necessities, find more stable employment, and pay off consumer debts. It's time for Congress to lift up our communities by simply putting money back into people's pockets.

The Sending Unconditional Payments to People Overcoming Resistances to Triumph (SUPPORT) Act would be a crucial step in making guaranteed income a local and national priority. The bill would establish a new office in the Treasury Department to manage and coordinate guaranteed income policies on the federal level. The Office of Guaranteed Income Programs, under the supervision of the Treasury Secretary, would be responsible for overseeing a \$2.5 billion grant program to fund local income pilots organized by local governments and community development financial institutions. After reviewing the findings, results, and best practices of these pilots, the federal government would have to implement a national guaranteed income program. This national program would follow these baseline requirements:

- Establish a Guaranteed Income Tax Credit to pay U.S. residents over the age of 18 at least up to \$1,200 per month and child dependents up to half that amount per month
 - Phaseouts will start at adjusted gross income (AGI) above \$75,000 for single filing taxpayers, at AGI above \$150,000 for jointly filing taxpayers, and at AGI above \$112,500 for heads of households
 - Payments will be gradually scaled down at a rate of \$5 of credit for every \$100
- Build up an integrated FedAccounts and Postal Banking system for eligible unbanked, underbanked, and individuals experiencing housing instability to receive payments

Poverty is a policy choice that could be eradicated through direct investments in income policy proposals. Other countries, from South Africa to Brazil to Finland, have already tried or begun to initiate cash transfer programs and pilots. The United States could be the next world leader in improving its people's economic security & well-being by initiating this guaranteed income plan.

SUPPORT Act

Section-by-Section

Short Title

- Sending Unconditional Payments to People Overcoming Resistance to Triumph Act, or the SUPPORT Act of 2021

Office of Guaranteed Income Programs

- Treasury will establish the Office of Guaranteed Income Programs (OGIP) to be responsible for assisting in the coordination and implementation of a grant program to fund local guaranteed income pilots (Title I) and a national guaranteed income program to send monthly cash payments to low- to middle-income individuals (Title II)
- To build up this brand-new office and successfully execute its duties, the Treasury Secretary will work with a wide range of federal agencies to give this office the data access and authority it needs to oversee guaranteed income programming on the federal level
- The Secretary of Treasury will appoint a Director to head OGIP, who will also be responsible for appointing 10 members to the National Economic Advisory Council (NEAC) under this new office
- NEAC will offer feedback to Treasury on guaranteed income programs, and the council will be composed of the Director and a representative each from nonprofit civil rights groups, organized labor, academic research, community organizations, community development financial institutions, and people receiving this cash assistance
- The Director, with NEAC, will report annually to Congress on recommendations relating to income policies and regulations of the Office of Guaranteed Income Programs

TITLE I – LOCAL GUARANTEED INCOME PILOTS

Income Pilots

- The Secretary of the Treasury, with the Director of OGIP, will establish a 5-year grant program to support local guaranteed income pilots
- Grants will be made to the only eligible entities of local governments and community development financial institutions (CDFIs) to cover all the costs of delivering cash assistance to any resident in each given area
 - Cash payments cannot be less than \$50 per individual
 - Payments must be made on a recurring basis – bi-weekly, monthly, or quarterly
- Treasury Secretary and OGIP Director cannot select less than 500 eligible entities for the program, giving grant priority to local governments that have never established a cash payments pilot or carried out such pilots in low-income areas, CDFIs that are minority-owned or serving low-income areas, or local governments and CDFIs whose pilots are testing universality by not explicitly targeting such cash payments
- The cash payments made under these pilots to individuals will not be taken into account as income to affect eligibility for other federal assistance (e.g. SNAP, TANF, etc.)

- Treasury Secretary and OGIP can select up to 3 external partners to assist them with the design, administration, and evaluation of the grant program
 - Such partners will be primarily responsible for collecting and recording the data from eligible entities and individuals of the pilots
- The external partners must have a track record of study or implementing cash-transfers, executing mixed-methods experiments, holding ethical research designs
 - Cannot be a politically active/campaigning 501(c)(3) org.
- Treasury Secretary, OGIP Director, and external partner(s) will form a taskforce to study the results of the guaranteed income pilots via information gathering of the demographic data of recipients and evaluative evidence-based analysis of the economic impacts of pilots
 - The taskforce will publish an interim report of this grant program no more than 2 years after the initial cash payments are made
 - Reporting should include the number of eligible individuals receiving this cash assistance, disaggregated by race and ethnicity, gender, disability status, income and assets, housing status, family composition, employment type, and ZIP code
 - The taskforce will finalize a final report of this grant program no more than 1 year after it has ended
 - Reporting will include analysis on the financial outcomes, health and economic well-being of the recipients of this assistance, comparing potential benefits to the costs of poverty, income volatility and other worse outcomes without such assistance
 - As much non-sensitive data as possible from both of these reports will be made publicly available in a quick manner
- Treasury Secretary with the OGIP Director will be able to issue any rules and guidance necessary to carry out this bill, including the compliance and reporting requirements
- Definitions for ‘federal poverty line’, ‘low-income geographic area’, ‘persistent poverty country’, ‘unit of general local government’, ‘community development financial institution’, ‘minority-owned’, ‘minority’
- \$500 million shall be appropriated for each fiscal year of 2023 through 2027
 - In total: \$2.5 billion authorized for the entire program

TITLE II – NATIONAL GUARANTEED INCOME PROGRAM

Establishment of the Guaranteed Income Tax Credit

- This new tax credit will have a maximum amount of \$14,400 per year (\$1,200 per month) for each eligible single-adult household OR \$28,800 per year (\$2,400 per month) for each eligible two-adult household
 - Dependent children under the age of 18 will be eligible for a maximum half amount – i.e., \$7,200 per year (\$600 per month)
- No phase-ins for payments, meaning no one needs earned income to receive the credit

- Single filing adults with adjusted gross income (AGI) of \$0 to \$75,000, while jointly filing adults with incomes of \$0 to \$150,000, will be eligible for the maximum amount
 - After these maximum thresholds, payments will be gradually phased out at rate of \$5 for every \$100 of additional income, phasing out completely at \$100,000 (single) AGI, \$200,000 (joint) AGI, and \$150,000 (Head of Household) AGI
 - To provide an example of this formula with dependents, a married joint filing couple with 2 children would phaseout completely around \$220,000
 - Since this phaseout structure mirrors the [CARES Act](#), there is no dependent cap
- Payments will be automatically adjusted for inflation (i.e., cost-of-living adjustments)
- An eligible individual for purposes under this bill will be a person who is 18 years or older, who has resided in the United States more than a year and half, who didn't receive exemptions/deductions as a dependent, and didn't claim tax benefits from living abroad
 - Nonresident individuals will not be eligible for payments unless they are treated as a resident of the United States for taxable purposes
- There will be identification requirements of at least an individual taxpayer identification number (ITIN) or the ITIN of an individual's spouse
- Treasury Secretary will have no more than 1 year after sending the first round of payments to make regularly advanced payments of this credit each month and notify eligible individuals of the availability of recurring payments
- These payments will not count as income to affect eligibility of other Federal assistance
- To make sure such payments will be refunded and dispersed in a timely manner, the Treasury Secretary shall use tax return information and alternative information from any relevant Federal and state agencies
 - Sharing and coordination of recipient data will be allowed among the Treasury Secretary and OGIP Director with the Departments of HUD, HHS, Veteran Affairs, Agriculture, the IRS and the SSA, and other federal agencies for the purposes of building databases for delivering payments eligible individuals
- Payments should be sent first via electronic direct deposit and online payment systems and then through other means such as mailed paper checks and stored value cards (e.g. DirectExpress)
 - The next section establishes public banking and online/digital infrastructure, but only gradually over five years, so the aforementioned traditional delivery mechanisms will be prioritized for sending such payments initially
- Monthly payments will be made not more than a year after full enactment in 2027
- Payments will be protected from interest fees, federal debt reductions/offsets, and garnishment from financial institutions
- Territories and insular possessions will be eligible for this cash payment program, similar to the structure of the CARES Act economic impact payments (EIPs)
- IRS will be responsible for holding a public awareness campaign, similar to CARES
- The Treasury Secretary with the OGIP Director will be able to issue regulations and guidance to carry out this bill to ensure there are not duplicative payments to taxpayers
- Added technical amendments to have this new credit conform with the tax code

- *This section will take into full effective on January 1, 2028*, giving Treasury some more time to construct and organize this program after the end of Title I

TITLE III – CREATION OF FEDACCOUNTS

Integration of FedAccounts with Postal Banks

- Definitions for ‘digital dollars’, ‘FedAccount’, ‘Pass-Through FedAccount’, ‘Member Bank’, ‘Postal Retail Facility’
- Federal Reserve banks will be authorized to establish FedAccounts (i.e., an online, no-fee personal bank account) for opting individuals receiving guaranteed income tax credit payments or interested in holding checking/savings accounts
 - FedAccounts will not be subject to any account fees, such as overdraft fees, minimum or maximum balances, or exuberant interest rates
 - FedAccounts will have access to a wide array of traditional financial services including debit card issuance, online account access, automatic bill pay, mobile banking, and customer service
- FedAccounts will be provided in conjunction with the establishment of integrated physical locations at Postal Banks/ATMs
- FedAccounts will center consumer protections by protecting account holders against fraud and other security breaches, not closing accounts only based off of profitability concerns, and following privacy, Bank Secrecy Act, and other regulations promulgated by the Federal Reserve to offer adequate services in comparison to the private sector
- Member banks, State nonmember banks, and credit unions will be required to offer pass-through FedAccounts with the same quality and access of services as FedAccounts through Federal Reserve banks
 - Postal banks and member banks with assets under \$10 billion will be reimbursed quarterly for operational costs of providing FedAccounts
- *This section will take be required to take into effective no later than January 1, 2027*, giving Treasury and the Federal Reserve some time to offer and promote FedAccounts
- There will be annual reporting by the Comptroller General, in consultation with the Treasury and OGIP, to inform Congress on the demographics, account type/use, and number of participants using FedAccounts & Postal banking services