

4.29.20

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi and Leader Schumer:

We write in strong support of the Paycheck Guarantee Act proposed by Congresswoman Pramila Jayapal and to request its inclusion in the upcoming CARES 2 package.

More than 4 million businesses have attempted to access the Paycheck Protection Program and Economic Injury Disaster Loans, but many small businesses — especially minority- and women-owned small businesses — have been unable to access the support they desperately need through these programs. PPP could have been designed and implemented to keep our small businesses economy intact and workers connected to their employers. However, in just the last three weeks, more than 16.8 million Americans have filed for unemployment insurance. A Federal Reserve official warned that unemployment may rise as high as 30% in the coming months — more than 5% higher than during the peak of the Great Depression.¹

Thanks to your leadership, workers who lose their jobs have access to generous and critically needed unemployment insurance benefits. But workers would be better off if they never lose their jobs in the first place — and small businesses would have the support and certainty they need to be able to weather this storm. Instead, most small businesses are having to weigh whether they will need to close their doors for good. Our economy will continue to suffer enormously as a result. Mass unemployment will inevitably slow down economic recovery by forcing businesses that were able to survive to take on the additional cost of rehiring and retraining workers.

The Paycheck Guarantee Act would create a simple, administrable system to prevent mass layoffs and keep businesses solvent until they can safely reopen. Under this program, the federal government will provide direct grants to cover up to 100% of base payroll costs for businesses for three months (up to an equivalent of an annual salary for \$100,000 per worker). Companies would maintain 100% of base payroll and benefits and would be further incentivized to rehire workers who were laid off or furloughed during the pandemic. Keeping workers attached to their jobs will speed recovery while protecting healthcare benefits for the nearly 160 million Americans who receive health insurance coverage through an employer.² To help businesses that are in freefall, the Paycheck Guarantee Act also includes immediate grants to businesses to cover other necessary fixed costs, like rent, utilities, and maintenance.

A paycheck guarantee is already working to stop mass layoffs in other nations, including Denmark, the United Kingdom, France, Germany, and Australia. In Germany, for example, hundreds of thousands of

¹ Andrew Soergel, *Fed Official Warns of 30% Unemployment*, U.S. News (Mar. 23, 2020), <https://www.usnews.com/news/economy/articles/2020-03-23/fed-official-unemployment-could-hit-30-as-coronaviruss-slams-economy>.

² KFF, *Health Insurance Coverage of the Total Population* (2018).

employers have claimed payroll benefits from the government.³ As a result, in Germany, unemployment is expected to rise somewhere between just 0.2 to 0.5 percentage points — peaking at 5.9 percent before declining again.⁴ The program is widely credited for the country’s swift recovery from the 2008 financial crisis.

The decimation of our small business economy and resulting mass unemployment is a choice that we don’t have to make. We urge you to quickly advance a paycheck guarantee program to keep businesses afloat and people employed during this pandemic.

Sincerely,

National Small Business Organizations

African American Health Alliance
Americans for Financial Reform
American Independent Business Alliance
American Family Voices
Center for Disability Rights
Institute for Local Self-Reliance
Main Street Alliance
National Association of Real Estate Brokers (NAREB)
Opportunity Fund
Small Business Majority
The Black upStart

State & Regional

Business for a Better Portland
California Reinvestment Coalition
Cambridge Local First
Dane Buy Local
Earth Odyssey
Empire Justice Center
Hampton Roads Business OutReach
Local First Utah
Louisville Independent Business Alliance
Lowcountry Local First
Main Street Alliance of Oregon
Main Street Alliance of Vermont
Main Street Alliance of Washington
Main Street Alliance of New Jersey
Main Street Alliance of Minnesota

³ Michael Birnbaum, *How Europe Manages to Keep a Lid on Coronavirus Unemployment While it Spikes in the U.S.*, Wash. Post (Apr. 11, 2020), https://www.washingtonpost.com/world/europe/how-europe-manages-to-keep-a-lid-on-coronavirus-unemployment-while-it-spikes-in-the-us/2020/04/11/29b23c90-7b4f-11ea-a311-adb1344719a9_story.html.

⁴ *Id.*

Portland Buy Local
Richmond LGBTQ Chamber
StayLocal
The Local Crowd Monadnock
ThinkLocal First DC