April 28, 2020

The Honorable Nancy Pelosi
Speaker of the House
Washington DC 20515

Dear Speaker Pelosi:

In just five weeks, 26 million Americans filed for unemployment benefits as a result of the novel coronavirus outbreak. The CBO recently forecast an 11.4 percent average unemployment rate for 2020 and a 10.1 percent average unemployment rate for 2021. The policy choices we make now will impact how many people lose their jobs or remain jobless in the coming months. And without a viable vaccine in the immediate future, the federal government can enact programs that encourage people to stay home by allowing them to continue to receive a paycheck while providing assistance to keep businesses intact so that they are ready to open when social distancing protocols are eased. For this reason, we, the undersigned, urge Congress to pass the Paycheck Guarantee Act.

The Paycheck Guarantee Act, proposed by Congresswoman Pramila Jayapal, would provide grants to businesses to cover up to 100 percent of payroll for employee wage replacement up to $100,000 for three months. The grants would be retroactive to the beginning of the pandemic to allow businesses to rehire employees who had been laid off. Importantly, workers would keep their employer-provided benefits, including health care. States and cities as well as independent contractors and gig workers would be eligible for the grants. The grants would also cover business expenses like rent and utilities to ensure that they can re-open when conditions improve. The grants would be delivered through existing payroll infrastructure to get the funds out of the door and to employers and working people quickly and efficiently. The grants would continue every three months until the Bureau of Economic Analysis’ nominal personal consumption expenditures (PCE) estimates register two consecutive months that are at least 95% as high as the three-month average level between December 2019 and February 2020. In addition to Representative Jayapal’s proposal, Senators Sanders, Warner, Jones, and Blumenthal proposed similar legislation last week.

The CARES Act did provide needed relief, but as a policy response, it does not meet the scale of the COVID-19 crisis. The interim package passed on April 23 provides additional funding for the PPP small business loan program, but this too fails to adequately address the fallout from the pandemic. The Paycheck Guarantee Act does much more to prevent mass layoffs, keep businesses intact and facilitate a faster recovery. Congress should move swiftly to pass the Paycheck Guarantee Act.

Sincerely,

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