

Note: This letter was released on April 28, 2020. On May 19, 2020, the Paycheck Guarantee Act proposal was formally introduced as H.R. 6918, the Paycheck Recovery Act of 2020.

April 28, 2020

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 support of the Paycheck Guarantee Act, a proposal from Congresswoman Pramila Jayapal to prevent mass layoffs and protect workers and employers throughout the COVID-19 pandemic and the recovery.

We strongly encourage you to include the Paycheck Guarantee Act in the upcoming CARES 2 COVID-19 relief package.

In just the last five weeks, more than 26 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 An estimated 35 million who rely on employer-provided health insurance could lose it because of mass layoffs caused by COVID-19.² Mass unemployment would dramatically slow down economic recovery by forcing businesses to rehire and retrain workers when they are finally able to reopen, and still many will never be able to recover. But mass unemployment isn't inevitable — many other nations have kept workers employed and insured, and we can too.

Representative Jayapal's 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.³ 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. In addition to Representative Jayapal's proposal, Senators Sanders, Warner, Jones, and Blumenthal proposed similar legislation last week.

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-coronavirus-slams-economy>.

² Health Mgmt., *Covid-19 Impact on Medicaid, Marketplace, and the Uninsured, by State* (2020), <https://www.healthmanagement.com/wp-content/uploads/HMA-Estimates-of-COVID-Impact-on-Coverage-public-versi-on-for-April-3-830-CT.pdf>.

³ KFF, *Health Insurance Coverage of the Total Population* (2018).

Congress has passed three COVID-19 relief packages, as well an emergency interim package providing more funding for programs financed by the CARES Act. These relief packages provide valuable down payments to protect working families — but they are far from sufficient in the face of a global pandemic, skyrocketing layoffs, and an economy in freefall. The latest package, passed April 23, 2020, will not go far enough to keep workers secure and with a steady paycheck.

Keeping people in their jobs would help address the severely unequal impact of this crisis on our society. Low-income people, particularly people of color, have been hit hard and are disproportionately likely to die of COVID-19. Women and workers of color are losing their jobs fastest,⁴ and are over-represented in the industries facing harsh layoffs, including service and retail industries. Worse still, America’s persistent wealth gaps mean that families of color have fewer resources to fall back on in the crisis — even before the pandemic, the typical Black family working full-time had “less wealth than the typical white family whose head of household is unemployed.”⁵

A paycheck guarantee is already working to stop mass layoffs across the globe, including in Denmark, the United Kingdom, France, Germany, and Australia. In Germany, for example, hundreds of thousands of employers have claimed payroll benefits from the government.⁶ 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.⁷ The program is also widely credited for Germany’s swift recovery from the 2008 financial crisis. By contrast, unemployment in the United States may rise nearly thirty percent this year if we do not take further action to prevent mass layoffs and protect workers and employers throughout the COVID-19 pandemic and the recovery.

Mass unemployment is a choice that we don’t have to make. We urge you to include the Paycheck Guarantee Act in the next **COVID-19** relief package to keep people safe and employed during this pandemic.

Sincerely,

Community Change

People's Action

350.org

A Better Balance

All-Options

American Arab Anti Discrimination Committee

⁴ Alexandra Kalev, Research: U.S. Unemployment Rising Faster for Women and People of Color, Harvard. Bus. Rev. (2020), <https://hbr.org/2020/04/research-u-s-unemployment-rising-faster-for-women-and-people-of-color>.

⁵ Janelle Jones, Econ. Policy Inst., The Racial Wealth Gap (2017), <https://www.epi.org/blog/the-racial-wealth-gap-how-african-americans-have-been-shortchanged-out-of-the-materials-to-build-wealth/>.

⁶ 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.

⁷ *Id.*

American Family Voices
American Federation of Government Employees
American Muslim Health Professionals
American-Arab Anti-Discrimination Committee (ADC)
Asian Pacific American Labor Alliance, AFL-CIO
Association of Flight Attendants-CWA, AFL-CIO
Beacon Hill Huddle
Bend the Arc: Jewish Action
Caring Across Generations
Center for Economic and Policy Research
Center for Popular Democracy
Chinese-American Planning Council
Church World Service
Coalition on Human Needs
Common Defense
Communications Workers of America
Community Catalyst
Congregation of Our Lady of the Good Shepherd, US Provinces
Dattani Creamery Inc
Democracy for America
Disability Rights Education & Defense Fund (DREDF)
Disciples Refugee and Immigration Ministries
Dream Corps
Economic Policy Institute
Equal Rights Advocates
Equality Labs
Equality North Carolina
Family Values @ Work
Friends of the Earth
Greenpeace USA
Greenpeace USA

HerStory Ensemble
Hispanic Federation
Hmong American Partnership
Hmong National Development
In Our Own Voice: National Black Women's Reproductive Justice
Agenda
In the Public Interest
Indiana Institute for Working Families
Indivisible
Indivisible Bellingham
Indivisible Bothell
Indivisible Camano Collaborative
Indivisible Eastside (WA)
Indivisible Illinois
Indivisible Kirkland
Indivisible Plus: Washington
Indivisible Puyallup
Indivisible Tacoma
Indivisible Valley
Indivisible Vashon
Indivisible Washington's 8th District
Indivisible Whidbey
Japanese American Citizens League
Justice for Migrant Women
Justice for Muslims collective
Labor Resource Center, UMass Boston
Laotian American National Alliance
Legal Aid at Work
Local Progress
Lower Columbia Indivisible
MoveOn
Muslim Caucus of America

Muslim Public Affairs Council (MPAC)
NAKASEC
NAPAFASA
National Advocacy Center of the Sisters of the Good Shepherd
National Center for Transgender Equality
National Center for Transgender Equality
National Coalition for Asian Pacific American Community
Development
National Coalition for the Homeless
National Domestic Workers Alliance
National Education Association
National Education Association
National Employment Law Project
National Equality Action Team
National Federation of Filipino American Associations
National Human Services Assembly
National Immigration Law Center
NETWORK Lobby for Catholic Social Justice
NextGen America
North Okanogan Indivisible
OCA - Asian Pacific American Advocates
Olympia Indivisible
Omidyar Network
OneAmerica
Our Revolution
Pax Christi USA
Platform
Poligon Education Fund
Presente.org
Progressive Democrats of America
Public Advocacy for Kids (PAK)
Rebuild The Dream

Resist 45 Bremerton
RESULTS DC
Seattle Indivisible
Service Employees International Union
Service Employees International Union
Shriver Center on Poverty Law
Sierra Club
Snohomish County Indivisible
Southeast Asia Resource Action Center
Strycker's Bay Neighborhood Council'
Sunrise Movement
T'ruah: The Rabbinic Call for Human Rights
Tax March
UNITE HERE
United We Dream
Washington State Indivisible Podcast
We All Rise
Women & Girls Foundation
Women's Law Project
Women's March

CC: The Honorable Richard Neal, Chairman of the Ways and Means Committee
The Honorable Ron Wyden, Ranking Member of Senate Committee on Finance