Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

We write to request that the next COVID relief package corrects the imbalance in the proposed $916 billion framework by increasing funding to provide for at least six months of unemployment insurance (UI) in addition to direct cash payments, to ensure that meaningful relief reaches Americans who need it most. This type of direct assistance has proven to be critical to lifting people out of poverty and have been among the most effective programs to address the economic fallout of the COVID-19 pandemic.

Most strikingly, initial research into the impact of the Coronavirus, Aid, Relief and Economic Security (CARES) Act shows an overwhelming advantage to each dollar spent on UI. While the CARES Act committed only about half of the $510 billion it included for the Payment Protection Program (PPP), increasing UI had a far greater and more equitable impact on the U.S. economic recovery than PPP did. Meanwhile, research has found business tax breaks such as those for so-called loss carrybacks, unfortunately included in the CARES Act, to be among the least effective stimulus measures.

Expanded UI benefits had an enormous impact in alleviating poverty, increasing food security, replacing income, and raising aggregate spending levels that are crucial for stimulating the economy. For every dollar that was spent on UI in the CARES Act, 73 cents were spent. Evidence also shows that not only were there no declines in employment among workers receiving enhanced UI benefits, but that enhanced UI beneficiaries looked for work more intensively than those whose UI benefits expired.

Unfortunately, PPP had far less of a targeted impact due to the inefficiencies of the program. The top 1% of borrowers accounted for more than 25% of the total loans. Rather than targeting small businesses, 600 firms received the maximum loans of $10 million. To better target relief towards small businesses in the next COVID relief package, we recommend capping PPP loans at $500,000 for any qualifying business and eliminating barriers that prevent small businesses from accessing assistance.

Additionally, we know that direct cash payments provide real economic support for individuals and families, and they put this money right back into the economy. Studies on the impact of the CARES Economic Impact Payments showed that within the first 10 days, households spent an average of 29 cents from every dollar received, and that the majority of their spending went towards paying for basic necessities, such as food, rent, and bills. This was especially the case for low-
income individuals and households. A relief package should include direct payments of at least $2,000 for all working individuals and families.

Enhanced UI benefits and direct payments are a crucial part of any COVID relief package, and should be included alongside housing and homelessness assistance, expanded SNAP benefits, and increased funding for state and local aid. All pandemic UI benefits and bonus payments for all UI beneficiaries should be fully funded for at a minimum of six months.

The next COVID relief package should build on the successes rather than repeat the shortcoming of the CARES Act. Accordingly, we strongly encourage increased investment into enhanced UI and direct payments, while capping PPP loans to target relief toward small businesses.

Thank you for your consideration.

Sincerely,

Pramila Jayapal
Member of Congress

Ro Khanna
Member of Congress

Katie Porter
Member of Congress

Jamie Raskin
Member of Congress

Mark Takano
Member of Congress

Ilhan Omar
Member of Congress

Deb Haaland
Member of Congress

Jesús G. “Chuy” García
Member of Congress

Donald Norcross
Member of Congress

Barbara Lee
Member of Congress

Adriano Espaillat
Member of Congress

Joe Neguse
Member of Congress

Rashida Tlaib
Member of Congress

Jan Schakowsky
Member of Congress

Andy Levin
Member of Congress

Lloyd Doggett
Member of Congress

Bonnie Watson Coleman
Member of Congress