

Congress of the United States House of Representatives Washington, DC 20515

July 9, 2020

The Honorable Donald J. Trump President of the United States The White House 1600 Pennsylvania Ave. NW Washington, DC 20500

Dear Mr. President,

We write to express our strong support of extending the critical Federal Pandemic Unemployment Compensation (FPUC) supplement to unemployment benefits. These benefits are critical to continuing to support hardworking American families impacted by coronavirus.

Throughout the pandemic so far, over 130,000 Americans have lost their lives and over 14 million Americans are still out of work, even as we begin to safely reopen our economy. For 16 weeks in a row, the number of U.S. workers applying for unemployment benefits for the first time has been over one million. According the U.S. Bureau of Labor Statistics, the country's unemployment rate stands at 11.1 percent— far above 3.6 percent in January 2020, before the coronavirus spread within the U.S. To put this into perspective, over 5 million Americans who had jobs when you took office are unemployed today.

The coronavirus pandemic—and the subsequent health and economic crisis it created—is far from over. While the *CARES Act* extended unemployment insurance by providing an additional \$600 weekly federal unemployment benefit for those who lost their job due to the coronavirus pandemic, the expanded benefit currently expires at the end of July. The nonpartisan Congressional Budget Office (CBO) expects the unemployment rate to remain around 10 percent through the end of 2021. Thus, Americans will continue to need extended unemployment benefits to weather the pandemic.

During a recent House Budget Committee hearing on the economic impacts of the coronavirus, former CBO Director Doug Elmendorf said, "I think the worst thing you could do is let these benefits expire at the end of next month." While the U.S. House of Representatives has acted with the passage of *The Heroes Act* to extend unemployment insurance through January 31, 2021, the U.S. Senate has so far failed to act.

First and foremost, extended unemployment insurance benefits have helped American workers. Millions of workers who lost their job or were furloughed due to the global public health crisis, because of FPUC, were able to continue paying rent, putting food on the table and covering health care expenses. The <u>Joint Economic Committee</u> (JEC) found that during the pandemic, unemployed workers receiving unemployment benefits were more likely to be able to afford unexpected emergency expenses and groceries, compared to those not receiving benefits.

FPUC also helps businesses and stimulates the overall economy. The JEC estimated that extended unemployment benefits supported as many as 2.8 million jobs and reduced the unemployment by as much as 1.8 percent. The <u>CBO</u> estimated that extending FPUC through January 31, 2021, would result in greater consumer spending, helping to directly support businesses as they continue to reopen. Thus, extending unemployment benefits is critical to stimulating the economy during this economic crisis.

Some Republicans have made allegations that unemployment benefits disincentivize work. Working Americans are not choosing unemployment benefits over returning to work. Rather, they are choosing to keep themselves and their families safe. In a <u>June Gallup poll</u>, nearly half of workers reported they were afraid to return to work, for fear of being exposed to COVID-19. Additionally, the June jobs report debunks the Republican myth that unemployment benefits disincentivize work. Since April, employment has risen sharply in many industries Republicans claim compete with extended unemployment insurance benefits, such as the restaurant, construction and retail industries. This demonstrates that Americans choose to return to work when businesses reopen and jobs become available again. Furthermore, a recent study from the <u>Federal Reserve Bank of Chicago</u> found that those collecting unemployment insurance benefits work harder on their job search and receive better job offers than those who are not collecting benefits. The truth is that our economy is still is crisis, with permanent job losses continuing to increase and employment numbers nowhere near pre-coronavirus levels.

While the nation as a whole is suffering, certain populations are being hit harder than others. The unemployment rate for people of color remains higher than the national rate. The unemployment rates for the African American, Hispanic or Latino and Asian populations, respectively, are 15.4, 14.5 and 13.8 percent. Furthermore, the <u>CBO</u> issued a report illustrating the harmful effects ending FPUC will have, particularly on communities of color. Our nation is currently reckoning with deep-rooted racial injustices. These injustices are the reason communities of color disproportionately feel the health and economic effects of this pandemic and must be addressed.

Therefore, it is essential that we extend FPUC before it ends at the end of July. Cutting off enhanced unemployment benefits while the economy is still in crisis would ignore the millions of Americans who are still suffering. We hope that you will support this measure in the weeks ahead.

Sincerely,

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CC: The Honorable Nancy Pelosi, Speaker of the House, U.S. House of Representatives The Honorable Kevin McCarthy, Minority Leader, U.S. House of Representatives The Honorable Mitch McConnell, Majority Leader, U.S. Senate The Honorable Charles E. Schumer, Minority Leader, U.S. Senate