

United States Congress
Washington DC, 20510

May 11, 2020

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

Dear Speaker Pelosi:

Thank you for your tireless work to craft another relief package in response to the needs of Americans suffering from the novel coronavirus (COVID-19) pandemic. As Democratic members concerned with the fiscal health of our nation, we view automatic stabilizers as essential to providing relief to individuals and families and an important tool to revive the economy. The enhanced benefits we've provided would continue for the duration of the downturn and then trigger off if certain economic conditions are met. This addresses concerns shared by leading economists and former Obama Administration officials that Congress could cut stimulus prematurely. Because CBO projections indicate a steep unemployment rate continuing through next year, we can help ensure a more robust recovery with greater certainty by including automatic stabilizers that could run through the end of 2021. We urge you to include automatic stabilizers in the next relief package to help individuals who need it most.

Over 20 million Americans lost their jobs in the month of April. On Friday, the Department of Labor published the unemployment rate at 14.7 percent, the highest since the Great Depression. The Congressional Budget Office (CBO) projects the unemployment rate will be 9.5 percent in the fourth quarter of 2021; the highest jobless rate during the last recession was 10 percent. The coronavirus has taken a toll on our economy and Congress needs to respond aggressively to prevent further damage.

The best recession-fighting tools are existing countercyclical programs like Unemployment Insurance (UI), the Federal Medicaid Assistance Program (FMAP), and Supplemental Nutrition Assistance Program (SNAP). Enhancing these programs as long as unemployment remains elevated would provide targeted relief to individuals and states. If a state's economy continues to suffer, the federal government will provide additional resources until a state's labor market is healthy. FMAP, in particular, will help buoy state budgets and keep people insured. In uncertain times, Congress can provide predictability to get our economy back on track by tying continued relief to economic triggers.

Automatic stabilizers, which keep aid on when it is needed but turn off when it isn't, are fiscally responsible. The beauty of automatic stabilizers is that the economy tells us when to start

backing off of additional stimulus. We appreciate that the uncertainty around how long the aid will run raises concerns around the total cost of open-ended automatic stabilizers. To address these concerns, we could build in a sunset for the trigger-related expansions so that, by the end of next year if economic conditions do not automatically trigger off our assistance, it would end automatically (absent further congressional action). As you know, during the last recession, Congress extended emergency unemployment benefits over 10 times, but as the weak labor market dragged on, it was hard to get Congress to act and the headwinds for extensions could be even stronger this time.

The coronavirus pandemic has uprooted the lives of many Americans, and our country will feel the impacts of the damage for years. Congress should not make the same mistakes again. Nearly all economists agree: Congress needs to go big to save our economy. We have the opportunity now to show how Democrats can lead the way and appreciate your inclusion of our recommendations.

Sincerely,

Scott H. Peters
Member of Congress

Abigail D. Spanberger
Member of Congress

Colin Allred
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Ed Case
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