



July 17, 2020

The Honorable Mitch McConnell
United States Senate Majority Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Marco Rubio
United States Senate
284 Russell Senate Office Building
Washington, DC 20510

The Honorable Susan Collins
United States Senate
413 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators,

We commend the Senate for considering new legislation that will continue the federal government's fight against COVID-19 and spur American businesses to reopen safely. The U.S. is moving in the right direction as it gradually and carefully returns to normal operations. Small businesses, which have been hard hit by lockdowns, are poised to come back stronger than ever. Lawmakers should help them do so by focusing their economic initiatives on creating and keeping jobs on Main Street America.

As representatives of small businesses, we urge you to establish incentives for local businesses to hire new employees. Congress has generously paid for a variety of urgent needs during the pandemic. None is more important at this stage of the recovery than to let Main Street businesses know, in a tangible way, that the federal government supports them. The creation of this incentive is an excellent way to wean Americans off unemployment payments and reduce the crushing cost of that program on taxpayers.

To that end, we recommend that the Senate let extended unemployment benefits lapse and start a new program called Employment Assurance. We envision it as a \$300 employer tax credit for each new employee hired over the next few months plus a \$300-back-to-work bonus paid directly to each new employee. Businesses with 100 employees or fewer would be eligible for the credits. New employees at businesses of any size should be eligible for this bonus.

Everyone wins with such a program. Millions of people will go back to work as more and more businesses reopen. We know how to do this safely. Wearing face coverings, staying six feet apart when possible and diligent handwashing prevent the spread of the virus. We can flatten the fear by doing these things. And then we should take the next step and encourage Americans to drop their unemployment benefits and go back to work. A new Employment Assurance incentive payment would achieve this goal.



Small businesses deserve this program. They have been hit hardest by the pandemic lockdowns. Millions of them are on the verge of closing forever and that's a potential disaster. Locally-owned small businesses are the drivers of the U.S. economy. For many years, they have created the most jobs in America. That can and should happen again. Lawmakers should have that as a goal of their legislating.

Employment Assurance should substitute for Unemployment Insurance. Federal unemployment benefits of \$600 a week have helped millions of Americans. But the payments have been so large that they have dissuaded people from going back to work. Many could make more money by being unemployed than employed. That is untenable for an economy with as much promise as ours. The financial incentives must be reversed. Rather than paying people not to work, the federal government should pay a modest bonus to encourage them to go back to work. Americans will be happier with jobs, and the economy will get a significant boost along the way.

The federal government can also save money by swapping unemployment benefits for less costly and more effective Employment Assurance. People will not be left in the lurch by the change. Quite the contrary. Federal policy will push them toward fulfilling and sustainable new jobs rather than condemn them to staying at home over the long term – a genuine win-win.

As an added incentive to get people back to work, the Senate should consider a targeted payroll tax holiday for businesses with 100 employees or fewer. The temporary benefit would put thousands of dollars back in the pockets of ordinary workers and create more demand for goods and services, boosting the now-lagging economy. The cut also would efficiently cover almost all small businesses, dividing the assistance evenly between employers and employees. Self-employed individuals would be helped even more because they would keep the full 15.3 percent payroll tax during the holiday period. Besides allowing millions of Americans to keep more of what they earn, a payroll tax holiday would create between 2 million and 3 million new jobs by year-end. Minorities would benefit most from the change, economists say.

The Senate needs to act quickly to sustain the progress that's already been made against the COVID-19-induced recession. But lawmakers shouldn't move so rapidly that they forget the need to establish the correct financial incentives. Americans should be encouraged to go back to work with the help of a new Employment Assurance hiring-bonus program for small businesses. This should substitute for unemployment benefits, which incentivize workers to stay home. A payroll tax holiday for small businesses would also help to restart the nation's lagging economic engine.

Thank you for considering our views.

Sincerely,

Alfredo Ortiz
President and CEO
Job Creators Network

John Motta
Chairman
Coalition of Franchisee Associations