

Financial Services Committee Majority Staff Analysis of Senate Republican “Coronavirus Aid, Relief, and Economic Security Act”

The centerpiece of this bill is a long list of tax breaks and corporate bailouts with few conditions.

- This bill provides a TARP-like \$150 billion bailout for an undefined list of corporations, plus a \$58 billion bailout of the airline industry (in addition to a fuel tax holiday).
- While the bill provides these corporations loans or guarantees of an unlimited duration, it includes just a two-year restriction to increase an executive’s total compensation or obtain a severance that is worth double their pay in 2019.
- There are no restrictions on layoffs, stock buybacks or dividend payouts, and there are no protections for workers including sick paid leave.
- In addition, the bill repeals a prohibition from the 2008 financial crisis for Treasury to utilize the Exchange Stabilization Fund (ESF) to bailout money market funds.
- Unlike TARP, there is no Special Inspector General or Congressional Oversight Panel scrutinizing how Treasury utilizes its discretion running these programs, nor how airlines and other corporations are utilizing funds provided by taxpayers.

There is no meaningful support for working families whose lives have been upended, nor any material help for states, territories, or municipalities on the front line of the crisis.

- The bill provides a meager, *one-time* check of up to \$1,200 for adults and \$500 for each child. Given it is unclear how long this crisis will last, it is important to help Americans and the economy by providing sustained support of \$2,000 *per month* for each adult and \$1,000 *per month* for each child *as long as the crisis lasts* to provide families with the ability to purchase necessities like food and medicines.
- Furthermore, the bill is void of protections for working families.
 - The bill provides **no moratorium on foreclosures or evictions**, nor any investment or support in housing.
 - The bill provides **no temporary suspension of payments** on mortgages, other forms of credit, or rents.
 - The bill provides **no prohibition of adverse credit reporting** for consumers during the crisis, and **no moratorium on debt collection**.
- This bill provides **no funding to house those persons experiencing homelessness**, who are at a heightened risk of contracting the virus.
- Additionally, even though they are leading the fight against the coronavirus, this package includes **no financing assistance for states, territories, and local governments**, such as through Federal Reserve purchases of municipal bonds or increased Community Development Block Grant funding.

Congress must do much more for not only working families, students, vulnerable populations and small businesses, including women-owned and minority-owned businesses.

- The Senate bill guarantees a suspension of federal student loan payments for just three months (Secretary DeVos could extend it three more months), however student borrowers should be reassured that regardless where they borrow their student loan from, no monthly payments would be required for the duration of the crisis. Furthermore, the bill does not provide material debt forgiveness, such as \$10,000 for all student borrowers,

which would help the economy by easing their path towards starting a business or buying a home.

- The Senate bill provides \$300 billion to small businesses, including guaranteed loans that will be forgiven for those who maintain their payroll, though the program is subject to caps subject to caps that may restrain the program's effectiveness. The bill expands 7(a) loans to be used for payroll support, including paid sick leave and mortgage payments. However, there is no reauthorization of the proven State Small Business Credit Initiative (SSBCI), no emergency supplemental to the Community Development Financial Institutions (CDFI) Fund to support small businesses as there was in the 2009 Recovery Act, and no suspension of small business lease payments for the duration of the crisis.
- The bill does not include enough funding for grants focused on helping minority businesses recover from this crisis. There is no assistance for minority depository institutions (MDIs). The bill includes only \$10 million in grants for Minority Business Development Agency's Minority Business Centers to offer counseling, training, and technical assistance. Although it waives the non-federal match requirement for Women's Business Center, it only does so for a period of three months with no accommodation for the potential longer-term impacts of the crisis.