

## MEMORANDUM

**TO:** Senate Democrats

**FROM:** Leader Schumer

**DATE:** March 17, 2020

**RE:** Emergency Appropriations and Policy Concepts to Respond to the COVID-19 Public Health and Economic Crises

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It has become clear that the country is in the middle of a public health and economic emergency. Public health experts are warning that the U.S. is woefully unprepared to treat our citizens impacted by the virus. Schools are closing and essential health care workers are struggling to find child care. Economists are now forecasting a global recession the likes of which we have not seen since the 2008 Great Recession. Several industries are in serious trouble and are being forced to consider furloughing or laying off workers, and some suggest that they may have to file for bankruptcy. These circumstances present conditions which could leave tens of millions of families without school, work, or steady income.

**The following menu of Emergency Appropriations and Policy responses was developed in conjunction with Senate Committees of jurisdiction.** This is not a complete list of what should be included in a third COVID-19 bill. We believe \$750 billion, distributed across many of the following programs, is necessary.

These responses can be divided into three parts:

- First, we need a **massive funding injection of emergency appropriations to target** programs designed to support a pandemic response and blunt the harmful effects of the coronavirus on Americans' livelihoods.
- Second, we need to **support the social safety net** designed to help the working class of America during economic downturns.
- Third, we need **essential policy changes** to further ensure hard-working Americans don't fall through the cracks into financial ruin due to no fault of their own.

### **\$400 Billion Emergency “Surge” Appropriations**

- 1. Public Health, Medical Supplies, and Treatment Capacity Surge funding:** Hospitals and front line first responders are sounding the alarms that they lack the equipment and resources they need. Some experts predict as many as 1.9 million ICU admissions from the coronavirus outbreak over the next few months, swamping existing facilities. There are only about 100,000 ICU beds across the U.S. health system. There is also a major dearth of masks, respirators and ventilators, the breathing devices needed for many responders and patients as a matter of life and death. Gloves and other basic supplies are also in short supply. Congress should consider the following:

- a. A massive new investment program to cover non-reimbursable costs incurred by state and local governments and facilities, and a new program to address cash-flow issues that result from managing COVID-19.
- b. Strengthening the health care workforce through an expansion of the National Disaster Medical System, the Medicare Reserve Corps and Commissioned Corps/Ready Reserve.
- c. A major investment, including in the Strategic National Stockpile, to address a shortage of supplies and devices, including federal medical stations.
- d. A major investment in the Public Health Emergency fund to procure all vaccines needed during the crisis.
- e. A program that guarantees every patient will be able to afford COVID-19 treatment
- f. A major new investment in CDC and state and local health departments, including public health labs.
- g. A comprehensive and expanded investment to address unmet mental health needs during this crisis.

**2. Flexible State and Local Aid:** Federal funding for the CDBG and ICDBG programs and disaster relief through the Economic Development Administration's Economic Adjustment Assistance program, like we provide after natural disasters, can help local communities manage and recover from the crisis. Small businesses are telling us they need direct relief to keep their companies afloat. CDBG for the coronavirus will put funding into the hands of Governors, Tribal Leaders, Mayors and county officials to help mitigate the local economic crisis, build infrastructure and address other needs. EDA disaster assistance will capitalize local funds to provide support to businesses of all sizes, help rebuild impacted industries such as tourism or manufacturing supply chains, invest in infrastructure, and support other locally-identified priorities for economic recovery.

- a. This funding stream would need to be tailored by Congress specifically for these unique purposes and provide certain flexibilities and waivers built in (like we did post-9/11) so that it can be targeted and disbursed **quickly** to meet local needs.
- b. We should also look at FIRE grants to help first responders buy equipment and support their operations.

**3. Small Business Rescue Package:** Many small businesses, especially restaurants and other service providers, report that they do not have cash flow and have little in reserves. They will be in need of a very generous lifeline or else many will not survive. Ideas include:

- a. There are bipartisan, 4 corners negotiations happening to streamline the SBA's disaster lending program as well as waivers of costs and fees associated with more traditional SBA loans. Those provisions should be considered.

- b. A robust Temporary Liquidity Facility should be considered as a mechanism to provide small and medium-sized business with access to low-interest loans through existing banking channels but with terms that provide borrowers with the greatest flexibility and access.
            - a. Senator Warner is working on a concept.
4. **Education and Child Care:** With schools closed, millions of working families do not have child care for their children. Health care workers in particular need immediate, steady child care so they can perform their jobs during the emergency. The total shutdown of many university systems has created hardships for many students and teachers. Students and teachers of K-12 institutions and colleges are telling us they do not have enough resources to teach and learn remotely over the Internet. The total shutdown of many colleges has also created hardship for many students, faculty, and support staff.
  - a. **Child Care Providers, Schools, and Institutions of Higher Education:** a large injection of federal funding is needed to help keep facilities safe for children and students and to ramp up child care services in heavily impacted regions. This includes support for coordination of preparedness and response efforts with public health departments, and other relevant agencies; training and professional development for staff of schools, child care centers, and institutions of higher education; as well as resources for the purchase of cleaning supplies and materials for distance learning. Access to child care must also be prioritized. Funding for the Child Care Development Block Grant (CCDBG) must be substantially increased to ensure child care providers have the resources they need to address their own workforce needs and deal with increased access needs for working families. In addition, new emergency funding to ensure access for children of public health professionals and other medical personnel must be provided.
  - b. **College students at impacted institutions** should receive support for basic needs such as housing, food, and child care through emergency grant aid, and college students impacted by COVID-19 should be protected from the loss of Pell Grants and other financial aid, or repaying student loans for an uncompleted term, if they have to stay home or take a break from school.
  - c. **Funding for McKinney Vento** should be increased to support the needs of students experiencing homelessness who often rely on schools that are now closed for vital services.
    - i. **Senator Murray**, along with **Chairman Bobby Scott**, have introduced legislation to address many of these issues.
  - d. **Distance education capacity grants** for under-resourced HBCUs, Tribal Colleges, and MSIs that need to quickly switch to online education formats but struggle with the digital divide.
5. **Public Transportation Relief:** Amtrak has ended some Northeast Corridor service and is contemplating shutting down the long distance services entirely. They are signaling a need

for nearly \$1 billion to steady their finances. Municipal transit is suffering large losses from telework and quarantine, and will need at least \$12.875 billion to weather the crisis.

- a. **Federal Transit Administration formula assistance and Amtrak Operating Assistance:** we propose supplemental funding to public transportation agencies and Amtrak to support ongoing efforts to limit the risk of coronavirus transmission on buses and trains and to prevent reductions in transit and passenger services and workforce reductions that healthcare workers and the general public rely on as fare revenue and other funding sources that support transit agencies and Amtrak decline during the coronavirus crisis. Strong labor protections should also be included.
6. **Senior Citizens:** Protecting one of the populations most at-risk from the virus, seniors, is critical and time-sensitive. These proposals respond to guidance issued by the Centers for Disease Control and Prevention (CDC) that older adults should ‘stay at home as much as possible.’ Proposals include:
    - a. Additional funding and relief for states for home and community-based services and providers under Medicaid.
    - b. Increased access to care at home during the public health emergency.
    - c. Expanding and strengthening the home health care workforce.
    - d. Increased appropriations for Older Americans Act programs like Meals on Wheels and Aging and Disability Resource Centers, along with temporarily waiving some restrictive requirements in those programs to facilitate in-home access to services.
    - e. Improved access to prescription medications.
  7. **Housing:** Demands on public and rental housing managers are drastic, requiring direct rental assistance for individuals and resources for public housing agencies. Individuals may need mortgage assistance as well.
    - a. **Emergency Rental Assistance:** Individuals struggling to pay rent and utility payments would be eligible for rental and eviction prevention assistance.
    - b. **Emergency Mortgage Assistance:** For borrowers whose incomes have not rebounded or who are behind on payments and cannot catch up at the end of the forbearance, we also propose additional mortgage payment assistance, reinstatement assistance, housing counseling, and legal assistance.
    - c. **Supplemental Support for Federal Housing:** Provide supplemental financial assistance directly to housing authorities, housing assistance providers, and homelessness service organizations to ensure resident safety and maintain housing in the face of declining resident incomes and assist vulnerable people experiencing homelessness. Funding would be provided through existing programs directly to housing providers for extraordinary costs for preventing and mitigation the spread of the infection; any costs associated with isolating infected individuals; service coordination to connect to outside health, nutrition and other services; providing for any extraordinary needs in the event of quarantine or widespread outbreak.

- 8. Infrastructure Resilience:** There is a great need for resilient infrastructure that is localized and resilient for this crisis and the next one. This would include:
- a. Broadband build-out to assist those Americans working and conducting their personal business from home, individuals seeking telemedicine, and students learning remotely. This funding could be coupled with an emergency injection into the Universal Service Fund and cap increases provided to the E-Rate, Lifeline and the Rural Health Care programs. In order to address those students, including university-level, without devices, we propose a new program modeled after the Department of Education's E2T2 ed-tech program.
  - b. Distributed, sustainable energy systems (wind, solar, renewables, microgrids, energy storage, etc.) to ensure the power stays on and avoid supply chain disruptions.
  - c. Rebuilding crumbling water infrastructure to ensure supplies during the crisis, ensuring safe drinking water for all.
  - d. Investing public housing to improve facilities to ensure that those most susceptible to dangerous health conditions are safe as well as providing shelters to accommodate the growing number of homeless that may be uniquely vulnerable to such an outbreak.
- 9. Bridging the Funding Gap for Tribal governments:** In addition to included additional resources in the previous proposals, we also suggest infusing additional funds to these vital and flexible tribal programs:
- a. The Indian Health Service is chronically underfunded and understaffed and additional funds are needed for direct medical care, including expanded support for Purchase/Referred Care and Urban Indian organizations; health education and community support services; data collection and surveillance; and investments to immediately upgrade the Service's telehealth capabilities and improve its Electronic Health Record system.
  - b. Additional funds to the HUD Office of Native American Programs with additional funds to the Indian Housing Block Grant for emergency funding for TDHEs grappling with the COVID-19 epidemic and to the Indian Community Development Block grant to provide additional resources for temporary housing and sanitation.
  - c. Additional funds to the Food Distribution for Indian Reservations and additional flexibilities for tribal FDPIR programs to use funds to increase capacity with additional participants expected due to economic and quarantine effects.
  - d. Additional resources to support Native communities through the Bureau of Indian Affairs and Bureau of Indian Education so tribes have the resources and flexibility to respond to each of their unique situations. Funds are needed to support education and

wrap-around services for students in the wake of school closures, including investments in distance learning and broadband; address public safety and emergency response functions; expand social services programs to strengthen the safety net for tribal communities; and mitigate the consequences of economic slowdown on businesses and families.

- e. Special considerations within FCC and USDA programs to help better bridge the gap in available, reliable Internet connectivity in Indian Country. With schools potentially implementing tele-education and the increase need for telemedicine as physicians are required to focus on COVID-19 response, immediate and flexible funding is needed by tribes to ensure none of their citizens are left behind. Tribal Colleges/Universities should also be eligible for USDA funds as other land grant universities are provided resources.

### **\$350 Billion to Boost the Social Safety Net and Get Money and Help to People**

- Automatic economic stabilizers are crucial for the medium and long-term health of the economy and to fight a prolonged recession.
- We may also need to consider ways to provide robust stimulus, potentially, like of direct payments to help individuals and families as well as the broader U.S. economy recover.

#### ***Economic Stabilizers***

1. **Unemployment Insurance:** we need to make a massive investment in UI as well as critical reforms to make lasting change. The UI program could become a long-term lifeline for millions of workers during this crisis.
  - a. *Increasing Benefit Size* – Just like we did in 2009, we should add a significant increase in total benefits to each check.
  - b. *Waiving Waiting Weeks* – Many states require claimants wait a week between applying and receiving a benefit. Getting rid of the waiting week would put money in people’s pockets sooner. The House bill encourages states to waive waiting weeks if unemployment rises, but we should do more by providing federal incentives for states to eliminate waiting weeks now.
  - c. *Expand Work Sharing Programs* – Work sharing programs allow employers to reduce hours for multiple employees rather than laying off employees. Work sharing is widely considered to be a good way to reduce layoffs. Several states currently have work sharing programs through UI, but these programs should be expanded and programs should be set up in all states. Our proposal will provide federal funding for such programs.

- d. *One-Time Extension of Benefits* – An additional 13 weeks of federally-funded unemployment insurance benefits should immediately be made available.
  - e. *Fixing Extended Benefits Triggers* – Between 2008 and 2010, Congress repeatedly had to pass legislation extending the program. Our proposal would set up a trigger system so that more weeks of unemployment compensation will become automatically available as the unemployment rate rises.
- **Increase SNAP Benefits, Lift SNAP Barriers:** Much like during the Great Recession, increasing SNAP benefits will serve the dual purpose of helping families to put food on the table and providing an efficient boost to the economy. Because most SNAP participants spend SNAP dollars soon after receiving them, providing a 15% increase to the maximum benefit will provide an immediate infusion of funds into local communities. Time limits that prevent access should also be lifted for the duration of the economic downturn.
  - **Medicaid:** Additional FMAP increase based on unemployment rates that triggers and increases based on unemployment rates.
  - **Student Loans:** To provide immediate relief to federal student loan borrowers, Congress should authorize the U.S. Department of Education (“Department”) to make monthly student loan payments on behalf of borrowers. Congress should provide direct assistance to student loan borrowers because the last economic crisis hit student loan borrowers particularly hard, many of whom never fully recovered financially.

### **Urgent Policy Matters for the Next COVID-19 Legislation**

1. **Immediate Loan Payment Forbearance for ALL Federally-backed Mortgages & Moratoriums on Evictions and Foreclosures:** As the stability of the economy quickly deteriorates and broad scale sequesters are required, there will be a great need to let people keep as much of their money as possible. Minimizing individuals’ outflows will help to reduce the likelihood that further financial assistance will be necessary as the crisis persists. The Congress has the power to suspend the payments of federally backed loans, particularly millions of mortgages.
  - a. Congress should enact **payment forbearance for six months** on federally insured or guaranteed mortgages. Any forbearance plan should allow for individuals, FHA mortgages, and mortgages backed by the GSEs, as well as USDA, VA, and public and Indian housing program loans to all have the flexibility they need to make loan payments without incurring additional fees, compounding interest or negative incidents reflected in their credit scores.
  - b. We should also ensure that individuals are not forced out of their homes by instituting moratoriums on evictions and foreclosures.

2. **“Workers First” Concepts for Industry Rescue Packages:** Workers must receive the majority of the benefits of any federal aid package designed to rescue failing companies or industries. Businesses must also comply with strict requirements on any aid given, especially keeping workers in their jobs. This is not an exclusive list, but here are some examples:

- a. Mandatory paid sick leave and \$15 minimum wage for all direct employees, employees of contractors, and independent contractors providing direct labor.
- b. Worker safety protections in industries where workers come into contact with the virus.
- c. Protect collective bargaining contracts and workers in any bankruptcy proceedings.
- d. Restrict executive compensation, prohibit stock buybacks, and require profit-sharing agreements.
- e. Prohibit anti-worker policies and require annual certification of compliance with labor laws.
- f. Require other cost-cutting measures before companies layoff or furlough workers.
- g. Adopt policies that ensure any future introduction of technology and automation is done with coordination and training of workers.
- h. Require neutrality in labor organizing as a condition of grants. No taxpayer funds may be used for union avoidance.
- i. Clawbacks of rescue aid if workers don’t benefit.

3. **Protect Workers on the Job from COVID-19**

- a. We must provide strong safety protections for all workers responding to and impacted by COVID-19 regardless of size of employer, status as an independent contractor, or whether you are a private or public sector employee.

4. **Expand Unemployment Insurance:** The recently-passed House Coronavirus-2 supplemental included immediate UI benefit provisions, which are a good start. There is more we can do.

- a. The *Pandemic Unemployment Assistance Act* would create a temporary unemployment compensation program to provide benefits to individuals who are unable to work because of coronavirus. Modeled on the Disaster Unemployment Assistance program, the *Pandemic Unemployment Assistance Act* is tailored to help those affected by this public health emergency.
- b. While many of the workers who would be covered by Pandemic Unemployment Assistance will now instead be covered by the paid sick leave authorized in the House Coronavirus-2 package, the *Pandemic Unemployment Assistance Act* would extend benefits to groups of workers left out of paid sick leave. This includes those who work for employers with more than 500 employees and workers who become unemployed because of coronavirus.
- c. Pandemic Unemployment Assistance will be crucial to making sure that all sick people get the recovery time they need and don’t go back to work when they may pose a health risk to others. It also gives people who are especially at risk from



coronavirus the ability to stay home and protect themselves without sacrificing their income. The program will be especially beneficial for self-employed workers and workers without sufficient work history to qualify for regular unemployment insurance.

- d. Workers who would qualify for this benefit include:
  - Individuals who are sick or who have been exposed to coronavirus;
  - Individuals who must care for someone who is sick with coronavirus;
  - Individuals who cannot reach their place of work because of a quarantine;
  - Individuals who need to self-quarantine to protect themselves from coronavirus;
  - Individuals who must care for a child because of a school closure.
- e. Benefits and administrative costs associated with this program will be federally funded through the federal unemployment insurance trust funds. The program will be administered by state unemployment offices, and federal funding will be provided for states to ensure that their application processes allow individuals to apply either online or by phone. The program would end six months after the end of the public health emergency.
- f. We also have to make sure that workers who are not traditionally covered by unemployment insurance—such as self-employed and part-time workers and those with irregular work histories—are not left behind.

**5. Utilizing the Defense Department:** The Department of Defense – where possible – should assist civilian authorities with constructing facilities, the provision equipment and supplies, and any other response efforts where the risk to military personnel and families is low. Further, the Air Force should be prepared to provide aviation logistics support to medical personnel and associated equipment in support of areas designated as hot zones. The Defense Threat Reduction Agency must be prepared to assist the CDC and HHS with personnel and other support as needed. The Secretary of Defense should quickly determine whether the Department’s depots, logistics centers, and manufacturing institutes are able to speed the production of critical parts for ventilators, masks, tests, and other urgently needed medical equipment and supplies. And, finally, the Secretary of Defense must identify a Joint Task Force commander to ensure unity of command in response to this public health crisis.

**6. Improving response to COVID-19 in Indian Country:** recently-passed supplementals have provided essential funds to tribes and tribal health organizations, but additional policy changes are needed to improve public health response and preparedness in Indian Country.

- a. Provide Indian Health Services programs access to the CDC Public Health Emergency Preparedness grants.

- b. Include Indian Health programs as eligible entities for the Strategic National Stockpile to ensure Indian Health programs have direct access to protective gear and medical supplies.
  - c. Provide 100% FMAP reimbursement for Urban Indian Health Organizations.
  - d. Authorize all Indian Health Care Providers in all states to bill Medicaid for all services authorized under Medicaid and the Indian Health Care Improvement Act provided to IHS-eligible individuals.
  - e. Authorize the Native Behavioral Health Access Improvement act.
  - f. Ensure all Small Business Administration economic response activities include Tribal 8(a) programs.
- 7. Credit Reporting Protections:** Provide an immediate 120-day moratorium on all negative credit reporting for all consumers and allow consumers suffering continued economic hardship to request a nine-month (270-day) extension of that moratorium. Consumers would also have access to free credit reports and credit scores for up to a year after the outbreak. We would also provide these protections to consumers during any future declared major disaster or emergency.
- 8. Remote Learning:** Require the FCC to waive existing E-Rate rules to allow schools to issue Wi-Fi hotspots or devices to students who lack internet access at home.
- 9. Buy America requirements:** where applicable, we should consider strong Buy America language to make sure equipment and supplies are made with U.S. labor – instead of relying on foreign supply chains.