

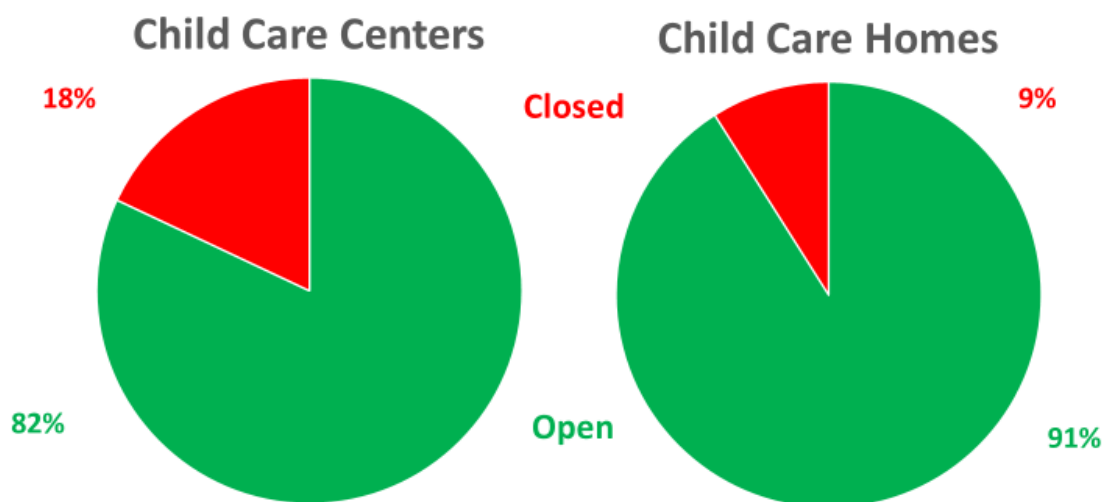
CED Public Policy Watch

9.25.2020

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1. NUMBERS OF THE WEEK: 18 PERCENT OF CHILD CARE CENTERS, 9 PERCENT OF CHILD CARE HOMES CLOSED

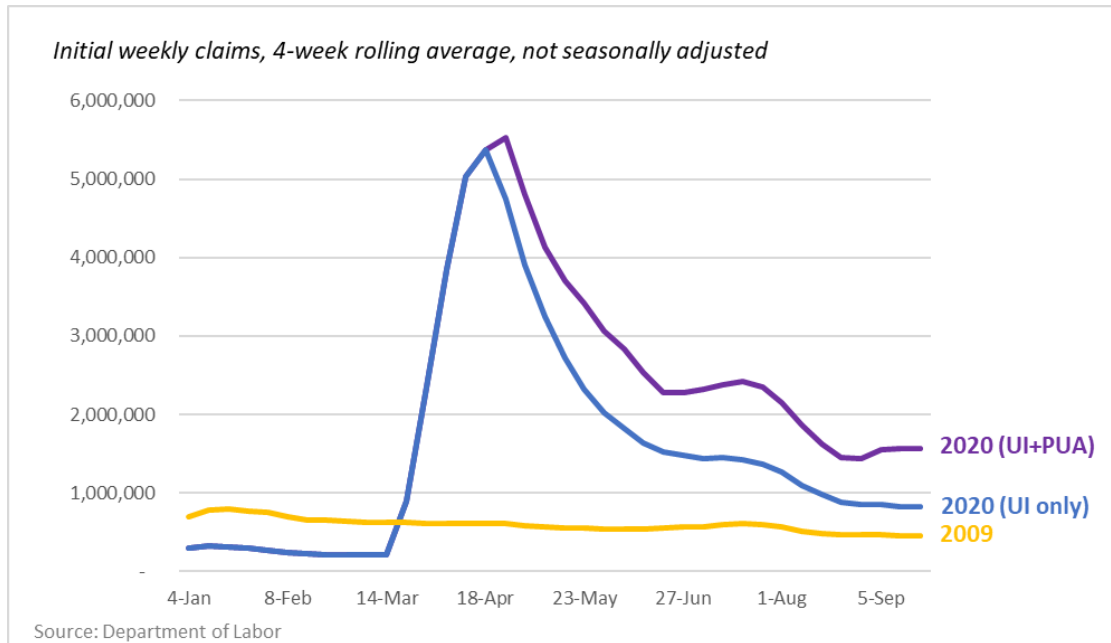


Prior to the pandemic, more than [15 million children](#) under 6 lived in households with both parents working. Because child care is largely a private-pay industry, many programs have closed due to high unemployment, anxiety about COVID exposure, school closures, and a fragile business model where parent fees represent operating revenue. A [nationwide survey](#) from July shows that 18 percent of child care centers and 9 percent of family child care homes have closed. Of those programs that are open, most are struggling to meet operating costs given low enrollment and higher costs related to COVID health and safety precautions.

High-quality early learning settings are critical to the cognitive and social development of children under 5. In the first few years of a child's life, more than 1 million new neural connections form every second, laying the foundation for future social, emotional, cognitive and physical development. And access to child care is essential to the labor force participation of parents. About [53.9 percent of children](#) birth to age 5 in the U.S. were in non-parental care for at least 10 hours every week prior to COVID-19 closures. The most recent [Census Bureau weekly household pulse survey](#) shows that nearly 7 million parents are not working due to child care or school closure. According to a [recent national survey](#), 1 in 4 parents cannot return to work in person without child care and 44 percent of parents with kids under age 5 say a lack of child care is a barrier to their remote or in-person work.

2. NEW CLAIMS FOR UNEMPLOYMENT ASSISTANCE CONTINUE AT HISTORICALLY HIGH LEVELS

After declining for much of April, May, June, and July, new initial [claims](#) for unemployment assistance have remained steady over much of August and September following the expiration of enhanced benefit payments. There has been an average of 840,000 new weekly applications for traditional Unemployment Insurance (UI) benefits over the past seven weeks. Prior to the COVID-19 pandemic, new applications for UI benefits had only exceeded 800,000 in a week once (in January of 2009, at the height of the financial crisis). Pandemic Unemployment Assistance (PUA), a new program established in the CARES Act to cover unemployed workers not eligible for traditional UI, has received an average of 650,000 weekly applications over the same seven-week period. California, which has been dealing with challenges in their unemployment program related to fraudulent claims, announced a two-week [“pause”](#) in accepting new applications for unemployment assistance at the end of September. California has typically been receiving hundreds of thousands of new claims applications per week during the pandemic.



The number of workers receiving traditional UI benefits declined to 12.3 million, the lowest level since March, in the week ending September 12. As the unemployment rate has declined, the US has seen a steady decline in UI recipients since May. However, future declines in UI receipt are likely to at least partially reflect an increasing number of long-term UI recipients transitioning to Pandemic Emergency Unemployment Compensation (PEUC)—a CARES Act program that provides an additional 13 weeks of unemployment assistance to workers who have exhausted their (in most states, 26 weeks of) UI benefits. An additional 11.5 million Americans were estimated to be receiving PUA benefits in the week ending September 5, though that number may be overstated due to data issues. The estimated number of PUA recipients declined by 3 million from the week prior owing entirely to a change in California’s reported number of recipients.

3. ENHANCED UNEMPLOYMENT BENEFITS FROM “LOST WAGES ASSISTANCE” PROGRAM NEAR END

Following Congressional deadlock on a successor to the \$600 per week enhanced unemployment benefit that reached its sunset in late July, the Trump Administration launched a new Lost Wages Assistance (LWA) program through executive action, repurposing \$44 billion in FEMA disaster recovery funds for states to provide an additional \$300 per week for up to 6 weeks to eligible unemployed workers. One million unemployed workers are estimated to be receiving regular state benefits that are too small to allow those workers to qualify for LWA payments. Since the program was announced in early August, 39 states have been [approved](#) to begin providing LWA benefit, with at least 21 having started to make payments (of which nine have completed payments). Eight states are currently awaiting approval but, with available funds running low, there is some question as to whether all remaining states will receive six weeks’ worth of payments.

4. BIPARTISAN HOUSE CAUCUS RELEASES COMPROMISE COVID-19 PACKAGE

The co-chairs of the bi-partisan Problem Solvers Caucus in the House, Congressman Tom Reed (R-NY) and Congressman Josh Gottheimer (R-NJ) joined Lori Murray for a [CED webcast](#) on Thursday to discuss their [compromise proposal](#) for follow-on COVID-19 relief and stimulus aid and CED's [2020 Solutions Briefs Election Compendium](#), published this September. The bipartisan bill calls for a \$1.5 trillion dollar compromise funding bill for new COVID-19 relief stimulus which bridges the divide on the most contentious issues, including: aid to small businesses, schools, cities and states; unemployment benefits; and funding for election security. CED Trustees Shideh Bina, Insigniam, Byron Boston, Dynex Capital and Tom McInerney, Genworth, joined the discussion providing a perspective from business underscoring the need for bipartisan leadership and action on the central issues addressed in the proposal.

While the Problem Solvers compromise was first rejected by Speaker Pelosi, House Democrats following the caucus' action, began readying a new, scaled-down package of coronavirus aid, but Republicans said the [chances of a deal before Election Day remained slim](#). House Speaker Nancy Pelosi (D., Calif.) is aiming for a price tag of around \$2.4 trillion, which is smaller than the \$3.5 trillion bill the House passed in May but still larger than what Republicans said they will support. Speaker Pelosi wants the legislation to include another round of direct checks for Americans, an extension to the popular Paycheck Protection Program, and money for states and local governments that have been hit hard by the pandemic.

5. STATE AND LOCAL REVENUES PERFORMING BETTER THAN EXPECTED SO FAR

There are increasing [indications](#) that the hit to state and local revenues has been less than predicted at the beginning of the COVID-19 crisis. Some theories for why revenues are performing better than expectations so far include the stronger-than-typical Federal stimulus in the spring propping up consumption (and sales taxes), and employment losses that have been more concentrated among the lowest-income workers compared to past recessions. Despite revenues that beat expectations, recent [analysis](#) suggests that the ultimate hit to state and local revenues over the 2020-2022 fiscal years could still be in the \$500 billion range. However, the uncertainty of the path of the COVID-19 pandemic, the future trajectory of the economic recovery and the Federal policy response make forecasting state and local revenues difficult. The hits to state and local revenues in economic downturns are often delayed until long after the start of the downturn.

6. FEDERAL GOVERNMENT APPROPRIATIONS

A high priority for just about everyone is avoiding a federal government shutdown in the new fiscal year that begins on October 1. After several false starts, there appears to be an [agreement](#) to fund the federal agencies using a continuing resolution (CR) that will run through December 11 – which is presumed to fall in a lame-duck congressional session after the election. The last obstacle was cleared when the House leadership and the White House agreed to include both assistance for farmers (to offset the ill effects of the ongoing trade conflicts) and nutrition aid for schoolchildren. At the same time, however, there is much less visible progress on an extension and renewal of pandemic relief. The House and the Senate are far apart in the topline numbers in their bills, and even though the President

has generally endorsed the compromise figure in the proposal of the bipartisan House Problem Solvers caucus, action has been minimal, especially after the passing of Supreme Court Justice Ruth Bader Ginsburg with the resultant political conflict over filling that seat. Perhaps a glimmer of hope comes from late news [reports](#) of revived talks on recovery legislation.

7. SAFETY CONCERNS AT WORK

Since 2013, the Federal Reserve has conducted an annual Survey of Household Economics and Decisionmaking (SHED), which measures household well-being and identifies risks thereto. This month, it released a [supplement](#) to this year's survey. One question related to workers' perceptions of the adequacy of the safety safeguards by their employers. A striking finding was a significant variation in the responses according to the race of the employee. Among white employees, 16 percent responded that their employers were *not* taking adequate precautions. Among black employees, 27 percent believed precautions were inadequate; among Hispanics, 23 percent expressed concern.

8. VACCINE DEVELOPMENTS

The development of a COVID-19 vaccine is moving at an extraordinary pace, enormously faster than in any past episode. In all likelihood, there will be a vaccine in record time. Still, there are signs of concern. One warning is that the willingness of Americans at large – regardless of political party affiliation – to take a new vaccine is [declining](#). In one recent poll, only 39 percent (43 percent of Democrats, 33 percent of Republicans) said that they would get a first-generation COVID-19 vaccine as soon as it is available. This resistance appears to be far in excess of negative sentiment on vaccines in general, which only five years ago appeared to be [fading](#). Clearly, if people are not comfortable taking a COVID-19 vaccine, there will be much less prospect of achieving societal immunity so that life can return to normal.

In part to assuage this public skepticism, vaccine developers have taken extraordinary steps. Two weeks ago, the chief executives of nine pharmaceutical firms jointly [pledged](#) to seek regulatory approval of their vaccines only “after demonstrating safety and efficacy through a Phase 3 clinical study that is designed and conducted to meet requirements of expert regulatory authorities such as FDA.” (Some questioned whether this pledge required actually completing a Phase 3 trial.) And this week, the CEOs of two of the front-running developers, Moderna and Pfizer, [revealed](#) the designs of their Phase 3 studies – an unprecedented step toward transparency and public trust.

On the public side, the Food and Drug Administration (FDA) reportedly has [formulated](#) new guidance for emergency authorization of a vaccine. The Phase 3 trials are designed to verify both the safety and the efficacy of a vaccine. Each of those assurances requires time for the human body to manifest both any reactions to the vaccine, and protection (and its inverse in the placebo group in the trial, a lack of protection) from the disease. Reactions and protection simply take time to manifest themselves. In this rapid push toward a vaccine, the FDA would require a minimum of two months to show the absence of reactions, and would require at least five serious infections in the placebo group, before it would authorize emergency use.

The motivation with respect to infections in the placebo group is to prevent the deployment of a vaccine that might not yield protection but rather a false sense of security under which unprotected people would expose themselves to the disease. The motivation with respect to reactions might seem obvious, but the immediacy of the risk is easily forgotten. For example, in the 1950s, a prescription drug called Thalidomide was made generally available in Europe, but one young FDA employee [refused](#) to provide authorization in the United States, and faced considerable recrimination. Thalidomide was subsequently found to cause serious birth defects if administered to pregnant women. Similarly, the swine flu vaccine in 1976 was found to induce a small increase in [Guillain-Barré](#) syndrome. If millions or even billions of persons will take a new vaccine, caution in avoiding the incidence of such reactions, even in relatively low percentage instances, is called for.

Meanwhile, a new, fourth vaccine has entered Phase 3 trials. Johnson & Johnson division Janssen Pharmaceutical Companies trails the other vaccines in time, but has potentially important [advantages](#). First, it can be administered in a single injection, whereas the other vaccines in Phase 3 trials all require a follow-on booster shot about 28 days after the initial injection. And second, the J&J vaccine, although it would be shipped frozen, could be stored in conventional refrigeration for up to three months. The other vaccines now in trials must be frozen or kept at ultracold temperatures until shortly before use, making transportation, storage and administration complicated.

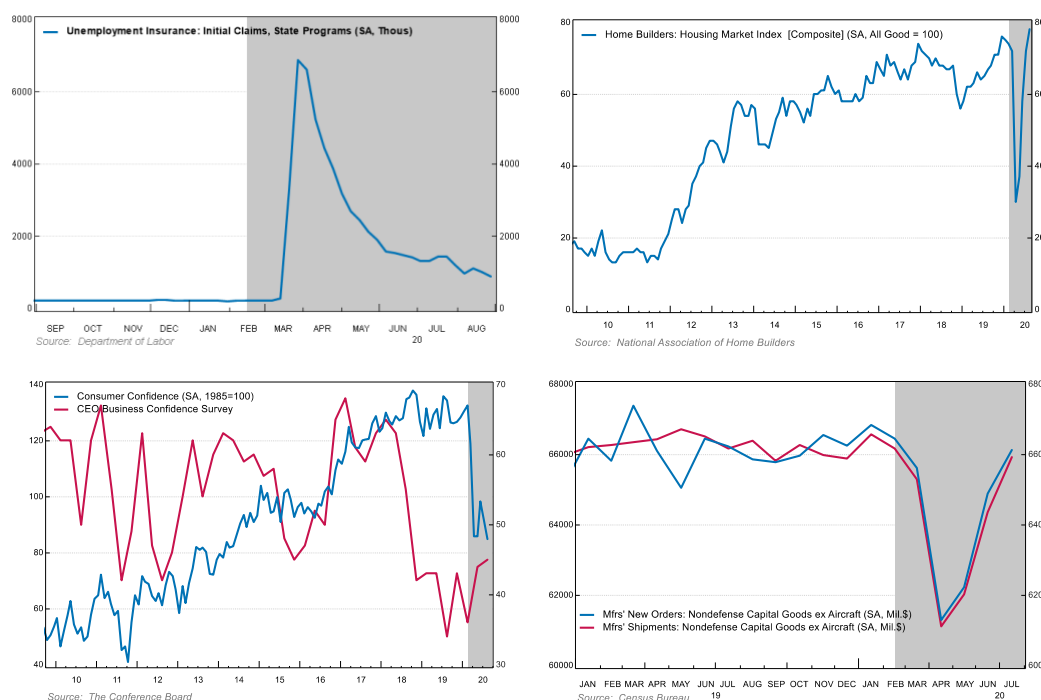
9. PRESIDENT PLEDGES TO SEND 33 MILLION MEDICARE BENEFICIARIES PRESCRIPTION DRUG DISCOUNT CARDS

President Trump laid out his health-care vision on Thursday, pledging to send 33 million Medicare beneficiaries [discount-cards to help pay for the cost of prescription drugs](#). A White House official said the cost of the cards—which would likely stretch into the billions of dollars—would come from savings made from a Medicare waiver program and would also be offset by a drug-pricing program, though that program hasn't yet launched. Mr. Trump also signed two executive orders—one provides insurance protections for Americans with pre-existing conditions and the other directs work on legislation to protect patients from surprise medical bills.

According to WSJ, the actions are part of a White House effort to ramp up Mr. Trump's speeches and actions on health care as polls show it is a top issue for voters, according to people familiar with the planning.

10. TCB: GREEN SHOOTS IN THE ECONOMY

Green shoots emerging in some parts of the economy, but the recovery is still limited and far from universal



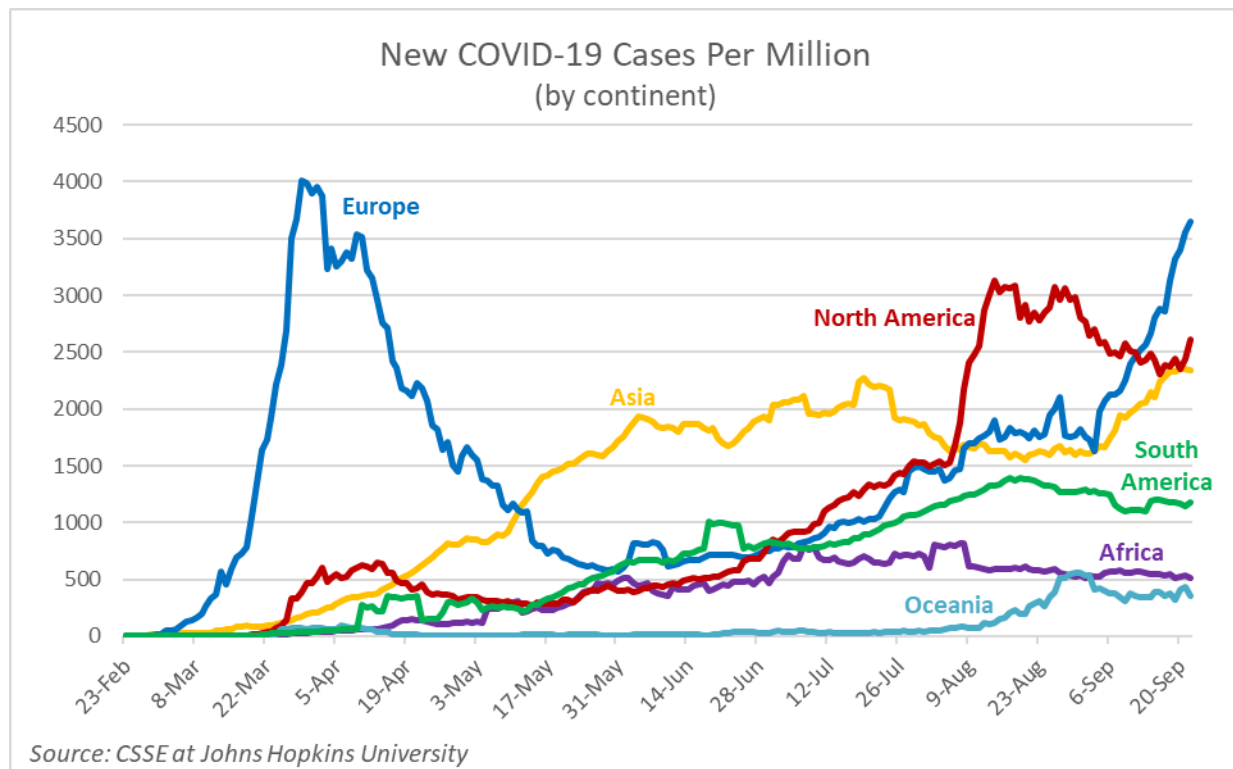
11. GLOBAL SPOTLIGHT ON REOPENING

Africa – Egypt + update on South Africa

As of September, the continent of Africa¹ has more than 1,000,000 total [confirmed](#) coronavirus cases and a total of above 200,000 related deaths. While some African countries are still seeing a [rise](#) in the number of daily new cases, the total number of daily confirmed COVID-19 cases for the continent has been declining. [According](#) to the Africa Centres for Disease Control, there was a fall in the average number of weekly new cases by about ten percent. However, there are [concerns](#) that the true scale of the pandemic is still unknown because of a lack of testing capacity and strategy, as well as due to data issues. For instance, Kenya, after modifying its testing strategy to focus on higher-risk groups only, has begun to show a drop in case numbers since about August. Ethiopia, on the other hand, has seen a steady rise in the number of cases since mid-June after boosting testing (the country reached one

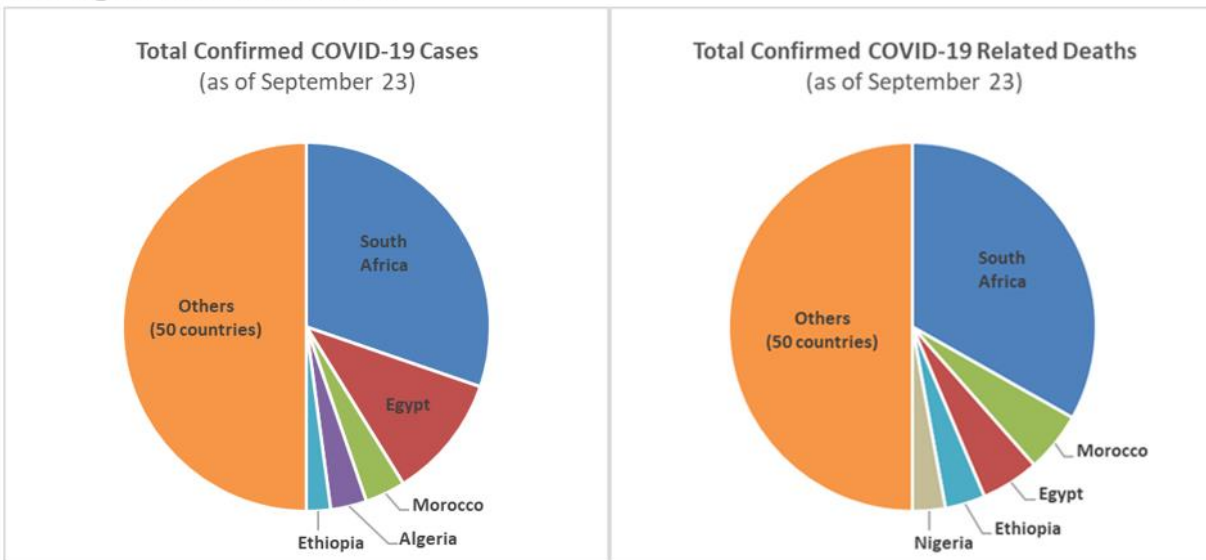
¹ Includes countries: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Western Sahara, Zambia, and Zimbabwe.

million tests early September.) Morocco, Tunisia, Namibia, Mozambique, and [Libya](#) have also been experiencing an increase in the number of cases, while Ghana, Nigeria, and Senegal (among others) are seeing a decline.



The death rate per capita among African countries has on average been [lower](#) than those reported by the rest of the world, in spite of inadequate health infrastructures in many of these countries. According to the World Health Organization, this occurrence could be explained to some extent by the relatively younger population in Africa, where more than 60 percent of the population is under the age of twenty-five (COVID-19 seems to have a higher mortality rate for older age groups) as well as lower rates of health issues such as obesity and type 2 diabetes.

Among African Countries..



Source: CSSE at Johns Hopkins University

In terms of total confirmed cases, as of 23 September, Egypt has the second highest number of cases and third highest number of related deaths among African countries; however, new cases in the country have begun dropping. The first case of the virus in Egypt (also the first case in Africa) was [confirmed](#) on 14 February at Cairo International Airport, eventually leading the country to temporarily [suspend](#) air travel from 19 March. The country was [suspected](#) of hiding the [true spread](#) of the COVID-19 virus after multiple cases in other countries were associated with travel to Egypt in late February and early March. Further, the Egyptian government faced [criticism](#) on its management of the virus due to its choice of using antibody tests rather than the globally used PCR swab tests to check for the coronavirus – it was mandated for healthcare workers to get antibody tests at the end of each shift, while PCR tests were only permitted if they tested positive. It was observed that the practice of using antibody tests (against the advice of the WHO) may have facilitated largescale spread of the virus. [Simulations](#) by the MRC Centre for Global Infectious Disease Analysis at Imperial College London indicate that as of early September, the reproduction number (R_t) for the COVID-19 virus was around 1.0 with a 95% confidence interval.

[South Africa](#) began to further [ease](#) restrictions that had been put into place to help curb the spread of the COVID-19 virus – the overnight curfew was reduced, limits on social gatherings were eased, and restrictions on the sale of alcohol lessened. However, the rules on social distancing and the wearing of masks are said to remain. The country, while having confirmed the highest number of coronavirus cases in Africa, has seen far lower infection and death rates than initially estimated. The reason for this is still not established and is speculated to be due to a younger population, early strict lockdowns, provision of oxygen supplies, the mandating of masks, possible impacts of warmer temperatures, exposure and hence immunity to other coronaviruses, etc. According to [reports](#), South Africa has very advanced flu monitoring surveillance programs as it records more than 10,000 deaths from influenza every year. While such labs record more than 1,000 flu cases (among 4,000 people screened at random) in most years, they have reported only one case of the flu virus this year.

Update: [Sweden](#)

Sweden's COVID-19 related death rate per capita was among the highest in the world (half of the country's deaths were recorded in elderly care homes) in the early months ([May](#)) of the pandemic. The country has so far imposed only a few "soft" lockdown rules relative to the rest of the world, and has instead only issued official recommendations and [subscribed](#) to the concept of herd immunity. In recent times, Sweden has been seeing lower number of deaths compared to its high numbers in April, leading to [discussions](#) about the success or failure of the herd immunity approach. According to experts, however, this decline could be due to Sweden's prolonged ban on large gatherings, official guidance asking people to practice social distancing, encouraging working from home, the movement of people out of crowded cities during the summer vacation period, improved safety measures in nursing homes, and so on. A recent rise in the number of cases, however, has led to [concerns](#) about a resurgence due to the [easing](#) of restrictions – leading to the government issuing [warnings](#) of stricter measures to curb the spread of the virus if needed.