

## **CED PUBLIC POLICY WATCH**

**JULY 10, 2020**

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#### **1. MNUCHIN EXPECTS STIMULUS BILL END OF JULY**

In an interview with CNBC on Thursday, Treasury Secretary Mnuchin said the administration [supports a second round](#) of economic impact payments to households, an extension of enhanced unemployment benefits for furloughed workers and a “much, much more targeted” version of the Paycheck Protection Program of forgivable loans for small businesses. He expects it to be completed on a bipartisan basis between the 20<sup>th</sup> of July and the end of the month.

On unemployment insurance, Mnuchin said, “We knew there was a problem with the enhanced unemployment in that [in] certain cases, people were paid more than they made in their jobs,” adding that he hoped to cap the next round of benefits at 100% of a worker’s original income. He also indicated that Mr. Mnuchin indicated that the next round of extra benefits might be aimed at workers in industries hardest hit by the coronavirus pandemic and resulting lockdowns.

#### **2. NEARLY 33 MILLION AMERICANS RECEIVED UNEMPLOYMENT BENEFITS IN MID-JUNE**

New Department of Labor [data](#) showed that during the week of June 20, the number of Americans receiving some form of unemployment benefits increased to its highest level of the pandemic to date—nearly 33 million recipients—driven by increases in the number of workers receiving Pandemic Unemployment Assistance (PUA) benefits.

New unemployment benefit claims in the week of July 4 held steady with previous weeks, marking 16 straight weeks of historically high claims. Roughly 2.4 million Americans filed new Unemployment

Insurance (UI) or PUA claims in the week entering July. State benefit systems and data reporting issues continue to suggest that initial claims are overstated but the consistently elevated level of new claims points to the likelihood of many new workers entering unemployment.

This week, the Bureau of Labor Statistics also released [data](#) from its Job Openings and Labor Turnover Survey (JOLTS) for May showing additional evidence that employment and economic activity began to rebound in that month. After more than 19 million layoffs were reported across March and April, there were fewer than 2 million layoffs reported in May, consistent with pre-pandemic monthly averages over the past decade. By comparison, monthly layoffs peaked at 2.7 million during the Great Recession. However, even with an increase from lows in March and April, the rate of job openings remained well below the levels of the previous two years.

### **3. PAYCHECK PROTECTION PROGRAM LOAN RECIPIENTS DISCLOSED**

On Monday, the Treasury Department and Small Business Administration released [data](#) on the recipients of Paycheck Protection Program (PPP) loans. To date, approximately 4.9 million PPP loans have been originated with an average size of \$100,000. Treasury estimates that businesses receiving PPP loans employ roughly 80 percent of all small business employees. Apparent [errors](#) in the data released, including listing recipients who claim not to have applied for loans, made initial analysis difficult. Business names were withheld for loan recipients of less than \$150,000.

The [WSJ also reported](#) this weeks that the major banks that were conduits for the loans may receive billions in fees.

### **4. TRUMP ADMINISTRATION PUSHING SCHOOLS TO FULLY REOPEN FOR IN-PERSON INSTRUCTION**

The Vice President announced that the CDC would revise its guidance to schools on safely re-opening after the President indicated that he believed the existing guidance was “very tough & expensive.” The President had earlier [tweeted](#) that the federal government “may cut off funding” to schools that do not open full-time for in-person instruction in the fall. New CDC guidance documents are expected next week, but CDC Director Dr. Robert Redfield characterized these as “additional reference documents to aid communities in trying to open K-through-12s...just to provide additional information to help schools be able to use the guidance we put forward.”

On Monday, Florida [issued](#) an emergency order requiring all public schools to open for “at least five days” per week for in-person instruction. On Wednesday, New York City [released](#) plans for its public school re-opening that would limit classroom attendance to no more than three days a week. New York

City's plans will be subject to guidance from New York state that could further limit in-person instruction. New York state decisions on school re-opening are expected the first week in August.

The Department of Homeland Security [announced](#) plans to deport any foreign college students attending US institutions whose classroom instruction is entirely virtual in the fall semester if they do not transfer to an eligible institution providing in-person instruction. The announcement, consistent with existing rules aimed at preventing foreigners from using online-only program enrollment as a backdoor means of access to US residency, was widely viewed as a form of Administration pressure on colleges to open for in-person instruction or risk losing foreign tuition dollars. MIT and Harvard, which had announced plans for on-campus residency but virtual class offerings in the fall, have sued for an injunction.

[Science Magazine](#) issued a new report this week with examples of school openings world-wide. Among the report's findings is that along with "a combination of keeping student groups small and requiring masks and some social distancing," opening safely includes assessing other factors such as how prevalent the coronavirus spread is in any given community, which is what impacts the likelihood of it rapidly spreading from a classroom to a home, and vice versa.

## **5. RECORD INCREASES IN NEW COVID-19 CASES STILL WIDESPREAD ACROSS MANY STATES**

This week, the US [crossed](#) the three million confirmed cases milestone. Nearly half (24) of the states reported more cases in the seven days prior to July 8 than in any other seven-day stretch of the pandemic. It took the US about three months (to April 28) to reach one million cases; another 44 days (to June 11) to hit two million; and now 26 days to reach the three million mark. The seven-day average of COVID-19 deaths showed signs of recent increase after mostly steadily declining since mid-April. Because of the large increase in identified cases since mid-June—the seven-day average of new cases has more than doubled since June 20—a lagged increase in deaths has been expected.

After suggesting on Wednesday that states experiencing surges in COVID-19 cases and dangerous rises in hospitalizations should "seriously look at shutting down," Dr. Anthony Fauci walked back his comments on Thursday, instead [recommending](#) that such states "pause re-opening" and institute better measures to control crowds, increase mask wearing, and improve physical distancing.

On Monday, Governor Ned Lamont [announced](#) that Connecticut would indefinitely pause further re-opening measures based on the experience of other states, despite hospitalizations falling to their lowest level in the state since late March. By one [count](#), Connecticut is the 21<sup>st</sup> state to announce a pause in re-opening plans over the past several weeks.

Governor Murphy [announced](#) a statewide mask ordinance on Wednesday for individuals who are outside and unable to practice social distancing. The order makes New Jersey the [24<sup>th</sup>](#) state to adopt some form of statewide mask mandate.

The New York Times also released [an interactive graphic](#) showing how COVID-19 cases have risen since states have reopened. According to the NYTimes analysis, Florida and South Carolina were among the first to open up and are now among the states leading the current surge. In contrast, the states that bore the brunt of cases in March and April but were slower to reopen have seen significant decreases in reported cases since. The N.Y. Times visualized the percent change in average daily cases since states reopened (7-day rolling average):

- **Florida:** up 1,393%
- **S.C.:** up 999%
- **Arizona:** up 858%
- **Texas:** up 680%
- **Georgia:** up 245%
- **New York:** down 52%

[The WSJ analyzed](#) the “patchwork” of reopening policies across the states, reporting that: “The federal government has handed off many decisions over reopening to states, which have been the primary drivers behind moves with the most impact on the virus’s spread. States, in turn, have often given responsibility for many decisions to counties, cities and businesses, resulting in a dizzying mix of rules and guidelines that can differ widely.”

#### **6. VACCINES UPDATE: Operation Warp Speed Awards \$2 Billion: for Vaccine Candidate and for Potential Antibody Cocktail.**

“Operation Warp Speed,” the federal government’s COVID-19 vaccine program, [awarded \\$2 billion this week to two companies](#). Novavax received \$1.2 billion to fund clinical studies of its experimental coronavirus vaccine and establish large-scale manufacturing of doses. With the funding, Novavax said it would deliver 100 million doses of its vaccine for use in the U.S., possibly by the end of this year.

[Regeneron Pharmaceuticals](#) said it has received a \$450 million federal contract to manufacture thousands of doses of its experimental Covid-19 treatment that the government will distribute at no cost to the public if the drug is authorized for use by regulators.

Both contracts are funded through the Department of Health and Human Services' (HHS) Biomedical Advanced Research and Development Authority (BARDA) and the Department of Defense.

## 7. NYTIMES ANALYSIS OF CDC DATA DEMONSTRATES RACIAL INEQUITY OF COVID-19

[New federal data — made available after The New York Times](#) sued the Centers for Disease Control and Prevention — reveals a clearer and more complete picture: Black and Latino people have been disproportionately affected by the coronavirus in a widespread manner that spans the country, and that they have been three times as likely to become infected as their white neighbors, and nearly twice as likely to die from the virus.

## 8. JCS CHAIRMAN SUPPORTS REVIEW OF MILITARY BASES NAMES

In testimony before the House Armed Services Committee, Joint Chiefs Chairman General Mike Milley condemned the Confederate leaders as traitors and called for a commission to “take a hard look at the bases, the statues, the names, all of this stuff, to see if we can have a rational, mature discussion.”

[Milley testified](#), “The American Civil War ... was an act of treason at the time against the Union, against the Stars and Stripes, against the U.S. Constitution — and those officers turned their backs on their oath...Now, some have a different view of that. Some think it's heritage. Others think it's hate.” He continued, “The way we should do it matters as much as that we should do it...So we need to have, I've recommended, a commission of folks to take a hard look at the bases, the statues, the names, all of this stuff, to see if we can have a rational, mature discussion.”

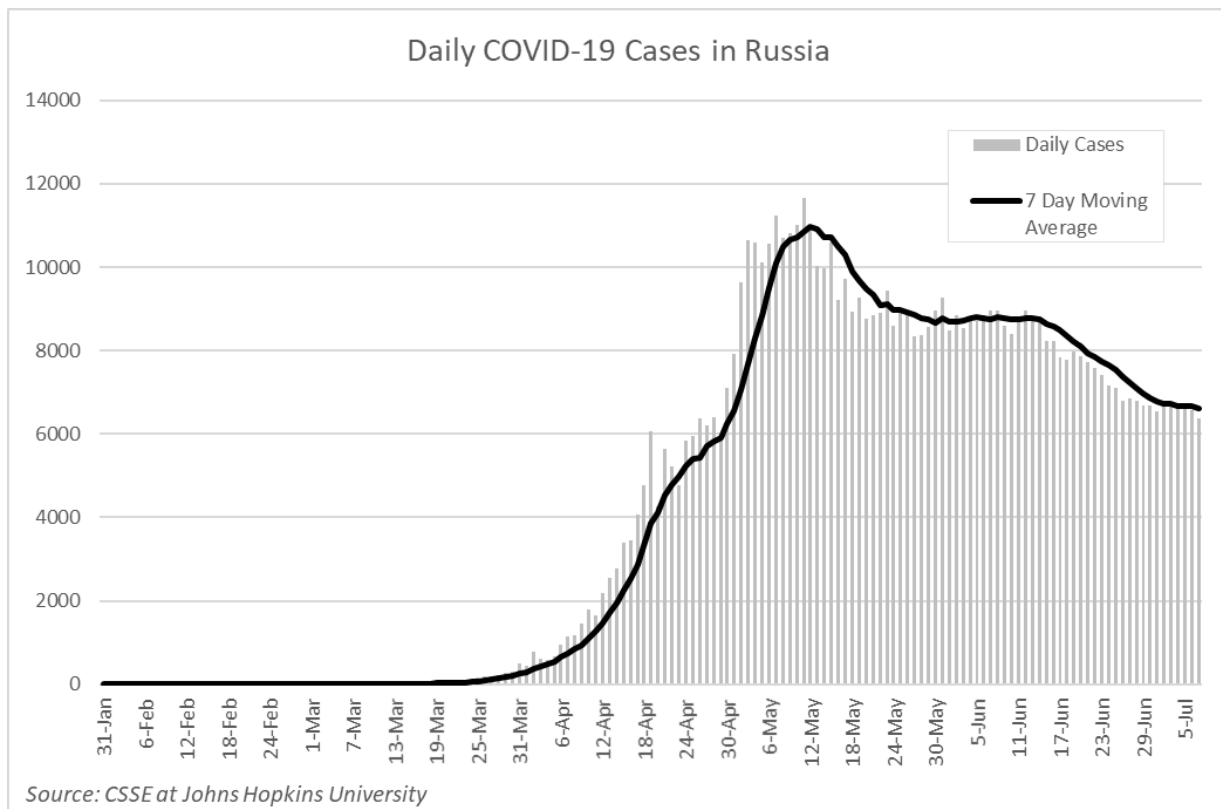
## 9. BIDEN ANNOUNCES HIS ECONOMIC PLAN TO “BUILD BACK AMERICA”

Joe Biden unveiled his economic plan for America, calling it the most aggressive government investment in the U.S. economy since World War II. As reported in [Axios and the AP](#), **Biden called for** a \$400 billion, four-year increase in government purchasing of U.S.-based goods and services, plus \$300 billion in new research and development in U.S. technology firms.

- **He proposed** tightening current “Buy American” laws that are intended to benefit U.S. firms but that government agencies can circumvent.
- **The procurement overhaul** is based on ideas Biden has discussed with Sen. Elizabeth Warren, who offered similar proposals during the Democratic primary. Those moves would create 5 million new jobs, Biden said.

## 10. SPOTLIGHT ON REOPENING: RUSSIA

As of 8 July, [official statistics](#) show that Russia has carried out over 21.7 million tests, and has 700,792 confirmed cases of COVID-19 plus a death toll of 10,667. The country is currently the fourth highest in terms of the total number of coronavirus cases in the world (the United States, Brazil, and India take the first, second, and third places respectively).



Reports by local media indicate that Russia's first case of the virus was [recorded](#) at the end of January, a day after Russia imposed [restrictions](#) on its border with China (due to accounts of the spread of the novel coronavirus in Wuhan). While passenger trains to and from China were suspended, Russia did not immediately ban all air travel. In the beginning of February, the Mayor of Moscow, Sergei Sobyenin, [announced](#) that all travelers from China (entry was banned for Chinese nationals) would be tested for the coronavirus at the airport and expected to self-quarantine for a period of two weeks (monitored via automated facial recognition technologies).

Subsequent cases of the coronavirus were confirmed in March via travelers returning from Italy, following which additional [measures](#) to help curb the spread of the virus were rolled out – events were

[postponed](#) or cancelled, schools were shut down, a “non-working period” was declared, and visas for foreign nationals (except for certain groups) were suspended. Additionally, Russia [banned](#) the export of medical PPEs like masks, gloves, etc. on a temporary basis. By April, almost all of Russia’s federal subjects saw the enforcement of strict lockdowns, which started being [eased](#) in the beginning of June.

According to government officials, at the start of April, Rospotrebnadzor (Russia’s Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing) [carried out](#) COVID-19 testing on more than 20,000 samples per day, and Russia had a daily production capacity of 100,000 test systems. However, medical experts have [questioned](#) Russia’s official statistics – in the 2019 Global Health Security Index, Russia was [ranked](#) 116 (out of 195 countries) for “detecting” pandemics.

There has been [skepticism](#) on Russia's low official mortality rate – authorities have been [suspected](#) of under-reporting the numbers to try to minimize the perceived scale of the pandemic. While Russia has credited the low virus death rates to mass testing, the tests carried out seem to have [identified](#) many false negatives. Russia’s Health Ministry has now begun to [modify](#) its reporting of COVID-19 related death rates by also including deaths thought to be linked to the virus even if the patient has tested negative or if the “precise” cause of death was some other illness or condition. Russia has also been [criticized](#) for spreading [disinformation](#) on the coronavirus.

Russia has announced that the pandemic has led to a [loss](#) of about one billion RUB daily due to its decreased trade with China, while the tourism and aviation industries have seen a [loss](#) of about 27 billion RUB and a [loss](#) of 1.7 billion RUB (and counting) respectively. In early March, Russia [rejected](#) the Organization of the Petroleum Exporting Countries (OPEC) decision to cut oil production, [leading](#) to an oil price war with Saudi Arabia which [contributed](#) to the global stock market crash.

To combat the effects of the coronavirus, the country had [announced](#) plans for a recovery package, with President Vladimir Putin [declaring](#) a rise in the income tax for the rich ahead of the vote on reforms regarding his rule. An [article](#) by the New York Times suggests that Russia may be better positioned than many other economies in dealing with the economic shocks due to the pandemic. Russia’s ample financial reserves and debt-free companies, as well as its self-sufficiency in agriculture, have resulted from years of economic isolation due to the sanctions imposed by the EU and the United States. For that reason, Russia could be better equipped for interruptions of global trade caused by the pandemic.

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