

## **CED PUBLIC POLICY WATCH**

**AUGUST 21, 2020**

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#### **1. NATIONWIDE NEW CASES OF COVID-19 CONTINUE AUGUST DECLINE**

The seven-day average of new daily COVID-19 cases has declined to roughly 47,000 per day, down by more than a quarter from July peaks and equivalent to the levels experienced in early July. An [analysis](#) of recent cases suggest that only nine states with relatively limited outbreaks are seeing significantly more new cases than two weeks prior, whereas cases continue to decline in many of the populous states—like Arizona, Florida, and Texas—that saw large outbreaks in July. Daily deaths from COVID-19 has remained steady in August at roughly 1,000 per day. Given the lag between new cases and deaths, the rate of deaths is expected to decline in the weeks ahead.

#### **2. COVID-19 NEGOTIATIONS STILL ON PAUSE AS BOTH SIDES CONTEMPLATE REVISED OFFERS**

After seemingly being unable to muster even 50 votes within their caucus for a \$1 trillion relief package offer initially favored by leadership, Republican Senators are trying to come to terms of agreement for a “skinny” proposal expected to be closer to half that size. [Reportedly](#), the new proposal would include \$300 in additional weekly federal unemployment insurance benefits through Dec. 27 (halving a \$600 weekly payment (FPUC) that expired in late July), liability protections for businesses and hospitals, as well as some additional funding for health providers, schools, and the postal service. However, it was still not clear that most Republicans in the Senate would affirmatively vote for such a bill.

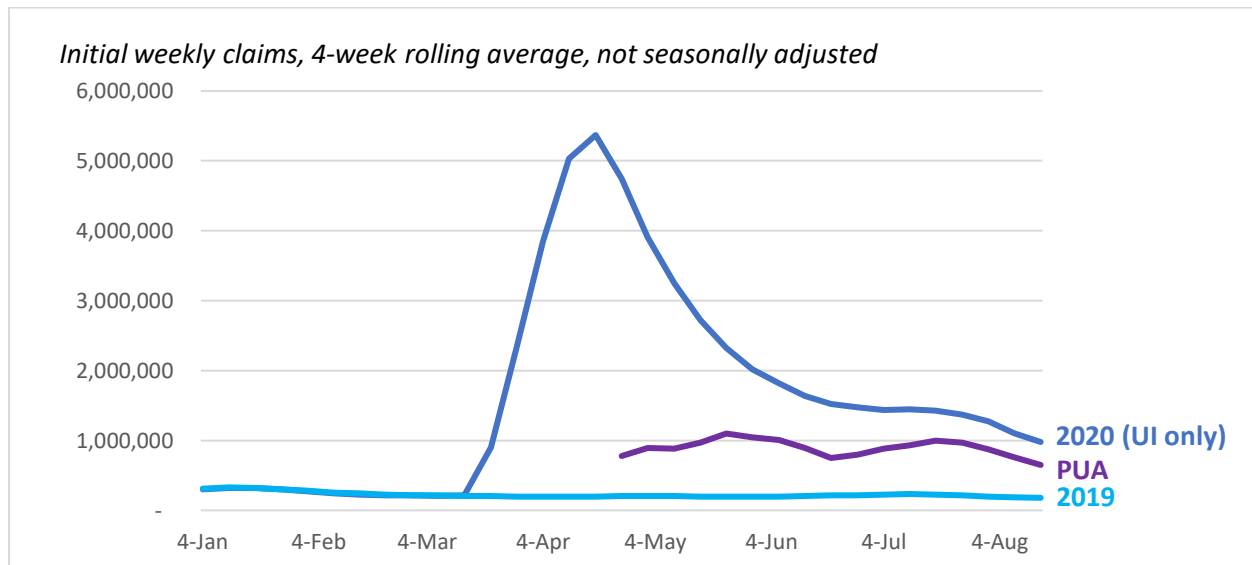
Speaker Pelosi [signaled](#) that Democratic leadership would potentially be willing to cut their over \$3 trillion proposal in half for a shorter-term deal lasting into January. Over one hundred Democratic House members have [signed](#) on to stand-alone legislation that would extend the FPUC enhanced unemployment benefit at a maximum of \$600 per week but would shrink with improved economic conditions, signaling a willingness to move key pieces of the Democratic relief proposal piecemeal.

### 3. HOUSE SCHEDULED TO RETURN FOR SHORT LEGISLATIVE SESSION ON POSTAL SERVICE

House Democrats are expected to briefly return from recess this [weekend](#) to vote on a revised, stand-alone bill focused on the Post Office. The bill [includes](#) \$25 billion in additional USPS funding, would prohibit operational changes undertaken by the postal service in 2020 that may be degrading services, and would require the USPS to treat all mail in ballots as first class mail (some states and localities send ballots under slower, mass mail categories of postage in an attempt to save money). The Senate is not expected to take up the House bill though Republican Senate leadership has signaled support for additional USPS funding as part of broader COVID-19 negotiations. Senator Collins has called for the Senate to take up a bipartisan bill for additional USPS funding that she cosponsored with Senator Feinstein. The House Oversight Committee has [announced](#) an emergency hearing on the Postal Service for Monday.

### 4. AFTER 5 MONTHS, UNEMPLOYMENT CLAIMS REMAIN HISTORICALLY ELEVATED

After several weeks of decline, new weekly [claims](#) for federal unemployment benefits remained stable in mid-August, marking twenty-two straight weeks of historically high claims. There were more than five times as many new initial claims for Unemployment Insurance (UI) benefits the week ending August 15, compared with the same period a year earlier and the level of new claims for UI benefits remains comparable (slightly below) to the highest number of weekly claims received in the aftermath of the Great Recession. Following three weeks of rapid decline, new Pandemic Unemployment Assistance (PUA) claims increased week-over-week.



In the first week after expiration of the extra \$600 Federal Pandemic Unemployment Compensation (FPUC) benefit, upwards of 28 million Americans were estimated to be receiving significantly reduced federal unemployment benefits (“continuing claims”). Fewer than 7 million Americans were ever simultaneously receiving unemployment benefits during the last economic downturn.

## 5. IMPLEMENTATION OF COVID-19 RELIEF EXECUTIVE ACTIONS HAS BEGUN

### *Lost wage assistance*

While most states continue to review their options, the Department of Labor [announced](#) an agreement to send federal funds to the first batch of states (Arizona, Colorado, Iowa, Missouri, Louisiana, New Mexico, and Utah) planning to administer the \$300 per week Federal lost-wage assistance grant the President announced last week. A handful of states, including Maryland, Pennsylvania, and Tennessee have also affirmatively [announced](#) their intention to participate. Arizona announced that it would be the first state to begin issuing [payments](#) to individuals, starting as early as this week.

The Trump Administration announced that states would not be required to provide the 1:3 match to draw on federal disaster relief funds as had initially been indicated in the President's memo, though they may still be on the hook for the costs of administering the program. The National Governors Association [released](#) a statement concerned about the "significant administrative burdens and costs" associated with the unemployment relief and calling on Congress to reach a negotiated solution that would obviate the need for such a program.

### *Payroll tax collection deferral*

Although the Administration issued a guidance memo directing the IRS to defer collection of the payroll tax through December, a series of industry groups [announced](#) their intention not to defer payroll tax withholding over concerns that the resolution of the delay may prove unworkable. If Congress does not commit to eventual forgiveness of deferred taxes, businesses or employees could be on the hook for a large one-time payroll tax payment.

### *Eviction moratorium*

Following the Trump Administration's executive order exploring an extension of the Federal eviction and foreclosure moratorium that expired in July, the US Department of Housing and Urban Development [announced](#) that homeowners with single-family mortgages insured by the Federal Housing Administration would be protected from foreclosure through the end of the year. The HUD announcement covers roughly 8 million homes. By comparison, the previous congressionally-enacted Federal moratorium covered roughly half of all renter or owner occupied homes in the country.

## 6. HIGH PROFILE CHALLENGES EMERGE FOR COLLEGES ATTEMPTING IN-PERSON INSTRUCTION

As students begin returning to college towns and campuses in large numbers, signs of outbreaks of COVID-19 among students and staff are being closely reported. After significant [outbreaks](#), Notre Dame suspended in person classes for two weeks and UNC-Chapel Hill switched to fully remote learning for the semester after the first week of classes. More than 100 students have also [tested](#) positive at Iowa State University and the University of Kentucky. Michigan State has announced plans to switch to fully remote learning in advance of the fall semester based on outbreaks at other colleges. Many public health officials are concerned that if colleges begin meeting in person but later send students home, that could help spread COVID-19 not just in the college communities but also to parts of the country not currently experiencing outbreaks.

## 7. SALIVADIRECT PROTOVOL GAINS EMERGENCY APPROVAL

The FDA [approved](#) the emergency use of a Yale University-developed “SalivaDirect” COVID-19 diagnostic test protocol, a new method of processing saliva samples to quickly test for the virus that does not require special swabs or collection devices or a separate nucleic acid extraction step. Yale has committed to providing the protocol for the test to any interested labs willing to follow Yale’s instructions for use, which should allow labs to quickly begin processing SalivaDirect tests rapidly and at low cost. Yale estimates that the cost of the common reagents the test require cost less than \$5 per test.

Saliva-based testing has been used extensively in other countries and are generally considered to be cheaper, safer, and less invasive than swab-based testing. The FDA has [approved](#) other saliva-based tests earlier in the pandemic, including one developed at Rutgers in May, but they have proven less [reliable](#) and more challenging to process than the new Yale method and have not seen widespread use in the US to date.

## 8. TESTING OF SOME NEW COVID TREATMENTS ENCOUNTERS CHALLENGES

Reportedly, progress developing lab-engineered antibody treatments for COVID-19 has been set [back](#), in part due to challenges getting the quick test results needed to evaluate effectiveness, moving the anticipated timeline for trial results from the summer to the fall. Additionally, FDA’s emergency approval of the use of plasma treatments based on the blood of COVID-19 survivors is on [hold](#) pending additional data review. The Mayo Clinic, which is leading the studying of the experimental treatment, has expanded availability in ways that have made a clinical trial-type finding difficult and has cast doubt on the conclusiveness of the apparently positive results.

## 9. NEW YORK CITY CONTINUES PROGRESS AGAINST COVID BUT SCHOOL OPENING LOOMS

New York state has marked nearly two [weeks](#) of positive test rates below one percent, suggesting that COVID-19 transmission, relative to testing volume, is very low. Governor Cuomo also announced that New York City’s [museums](#) and [fitness centers](#) could open beginning on 24 August with stipulations on reduced capacities and other safety measures.

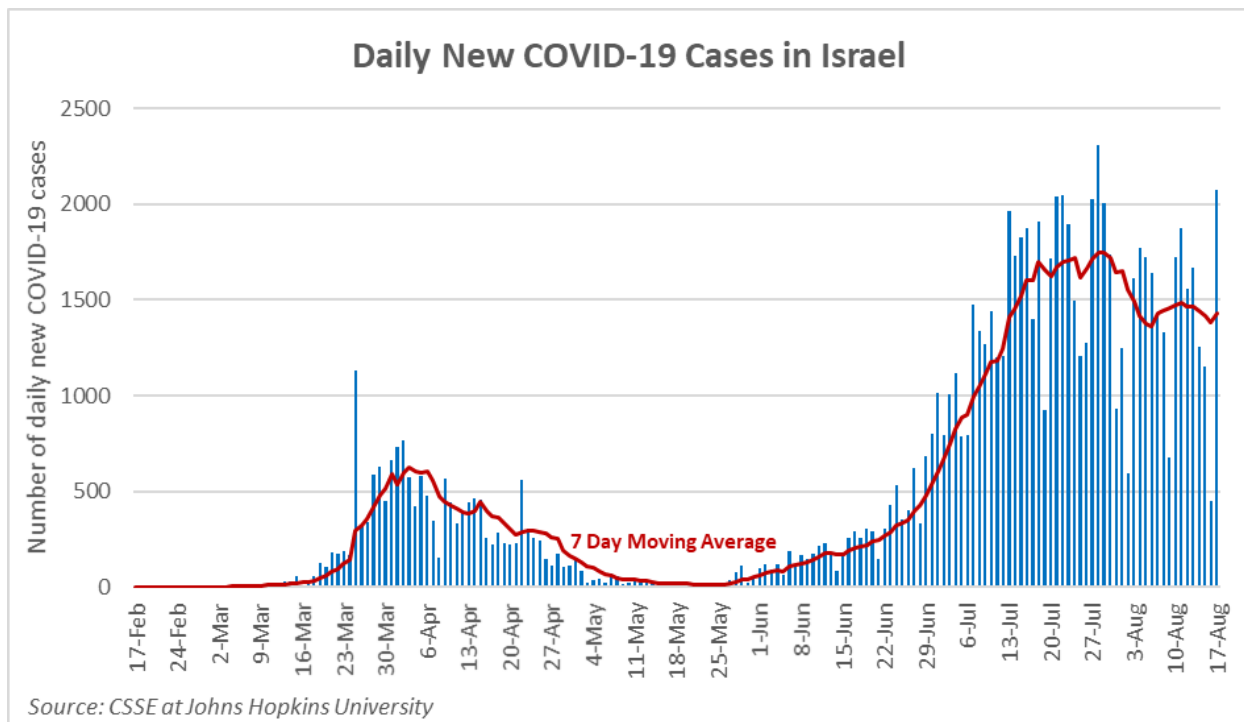
Despite low infection rates, with a hybrid in-person/remote learning plan for the approaching September 10 opening of schools, New York City’s public-school teachers’ union has [threatened](#) lawsuits or even an illegal strike if their demands for additional safety measures and testing—including universal entrance testing at the start of the school year for any person entering a school facility—are not met. Principals at 41 Manhattan schools also [sent](#) a letter to the Mayor requesting a delay in the start of the school year. In the past week, an [additional](#) 40,000 students have opted to start the year with fully remote learning (families that didn’t reply to an initial survey were automatically placed into hybrid-learning with the option to subsequently switch to remote learning). The city is also starting the school year facing significant budget pressures, which have begun to show in [rumors](#) of upcoming cuts to city services and personnel, including plans to lay-off 400 EMTs.

## 10. AUSTRALIA MAKES PLANS TO OFFER FREE COVID-19 VACCINE

Australian Prime Minister Scott Morrison [announced](#) that the country had secured a deal with the pharmaceutical company AstraZeneca, allowing it access to a promising coronavirus vaccine jointly being developed by the company and Oxford University. He said that Australia would be able to offer free vaccines to its entire population, adding that the dose would likely be “as mandatory as possible.”

## 11. SPOTLIGHT ON REOPENING: ISRAEL

According to official [figures](#), Israel has recorded over 96,000 coronavirus cases and 700 related deaths as of 18 August, with a pace of new daily cases in July and August that place it among the world’s fastest growing number of new COVID-19 cases per capita. Since the beginning of March, the Israeli government had enforced varying levels of lockdowns to help curb the spread of COVID-19. By May, the country had gradually begun to ease its lockdowns – [reopening](#) businesses and schools. However, Israel saw a marked [increase](#) in the number of new cases starting in June, thought to be linked to the reopening of schools with insufficient public health precautions and relaxed restrictions on mass gatherings, leading to a second wave and re-imposed restrictions.



Israel confirmed its [first](#) case of the novel coronavirus towards the end of February, leading to the establishment of a two week [self-quarantine](#) rule for travelers returning from “at-risk” countries. By mid-March, the country [introduced](#) social distancing measures to help limit the spread of the virus. For

instance, gatherings were initially restricted to a maximum of ten people with a 6 feet distance between attendees, but further limited to no more than two unrelated people. Educational institutions and nonessential businesses were closed. Soon after, Israeli Prime Minister Benjamin Netanyahu [declared](#) a national state of emergency making the prevailing restrictions legally enforceable and levying fines on any violations. People were asked to stay at home except when going outside for necessities, and individuals were [instructed](#) to wear masks in public. In addition, the country [authorized](#) cellphone data tracking to help retrace the movements of infected individuals and identify people whom they may have had contact with.

In order to ease the pandemic's adverse economic [impacts](#), Israel initially [approved](#) a broad economic stimulus package of about NIS 80 billion (equivalent to six percent of GDP) in March. Further, Israel's social security agency, Bituah Leumi, [deposited](#) a roughly \$150 (USD) payment to families with children, seniors, and public benefit recipients. By mid-June, another stimulus bill was approved to help combat unemployment by incentivizing businesses with a roughly \$2,200 (USD) payment for each laid-off worker re-hired.

Israel began a gradual [easing](#) of lockdown restrictions on movement and gathering at the beginning of May, with a plan to lift all remaining restrictions by mid-June if COVID-19 caseloads remained [low](#). Schools also began a phased [reopening](#) and limitations on the number of students in classes were lifted. The requirement that students above grade 3 wear masks in schools was temporarily [lifted](#) due to a severe heat wave in the region. However, within two weeks many schools began [shutting down](#) again after reports of coronavirus cases among staff members and students began emerging. Studies [conducted](#) have suggested that the rapid reopening of schools with lax public health restrictions was a significant contributor to subsequent rise in new infections. While Israel's COVID-19 related death rate has stayed relatively low, perhaps due to Israel's young-on-average population, many hospitals are [reported](#) as at full capacity, leading healthcare experts to [fear](#) that healthcare systems would be overwhelmed if Israel were to re-open schools again soon.