

CED PUBLIC POLICY WATCH
AUGUST 14, 2020

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1. UNEMPLOYMENT CLAIMS CONTINUE RAPID DECLINE, REMAIN HISTORICALLY ELEVATED

New weekly claims for Federal unemployment benefits for the week ending August 8 continued a rapid recent [decline](#), including a near-halving of new applications for Pandemic Unemployment Assistance compared to two weeks earlier. While up to 28.2 million Americans were still estimated to be receiving federal unemployment benefits in the week ending July 25, that represents the lowest number of recipients estimated since the first week of May. By comparison, 1.7 million Americans were receiving unemployment benefits at the end of July 2019.

2. DECLINE IN NEW CONFIRMED COVID-19 CASES HAS PLATEAUED, DEATHS HOLD STEADY

After peaking in the second half of July, and declining sharply in the first week of August, the seven day average of new COVID-19 cases nationwide has remained largely [steady](#) over the past week (roughly 54,000 new cases each day). Illinois and Hawaii were two of the only states to show significant increases in their seven-day average of new daily cases over the past two weeks. The US has averaged roughly 1,000 deaths per day attributed to COVID-19 over the past two weeks, with estimates of over 165,000 COVID-19 related deaths to date.

3. NO FURTHER NEGOTIATIONS ON NEXT COVID-19 RELIEF PACKAGE THIS WEEK

Since last Friday, no additional [negotiations](#) between Congressional leadership and/or the White House have been reported.

Senate Majority Leader Mitch McConnell announced yesterday that The Senate is officially adjourned through Labor Day despite not coming to an agreement on its next coronavirus stimulus package. McConnell said that if some kind of deal is reached while the Senate is on recess, members will return to Washington, D.C. for a vote. Until then, there will only be brief [pro forma sessions](#), allowing the Senate

to fulfill its constitutional responsibility to meet while not allowing President Donald Trump to make any recess appointments.

The House had already left Washington for all of August pending a deal on pandemic relief. The parties' 2020 political conventions will consume their attention over the next two weeks. If they return next month without an agreement, lawmakers will have to consider coronavirus aid while trying to avoid a government shutdown by Sept. 30.

House Speaker Nancy Pelosi has said she will not restart discussions until Republicans increase their aid offer by \$1 trillion, a step the White House and congressional Republicans does not want to take.

4. TRUMP ADMINISTRATION EXECUTIVE ACTIONS REQUIRE FURTHER CLARIFICATION

When no deal on a next package of COVID-19 aid was reached, the President [announced](#) four executive actions (three guidance memos and one executive order) on Saturday intended to provide some measure of economic relief or spur further negotiations.

- **Student loans** – The President issued a [memorandum](#) directing the Department of Education to [extend](#) the suspension of required payments of Federal student loans and accrual of interest originally enacted by Congress through the end of September as part of the CARES Act until January 2021. While the President's authority to extend the suspension of payments and interest is not completely clear, it is not expected to be challenged in court even if Congress does not take further action before the end of September.
- **Payroll tax deferral** – The Treasury Secretary has been [directed](#) to defer payroll tax collection for workers who make less than \$104,000 between September and December. The Treasury can delay collection but an act of Congress would be required to "forgive" the deferred taxes, creating concerns that employers or employees will be on the hook for a large tax payment at the end of the year. Official guidance from Treasury to employers is expected soon. On Wednesday, the President also announced his [intention](#) to seek an apparently permanent termination of the payroll tax after re-election.
- **Enhanced unemployment benefit** – A [memorandum](#) from the President [directed](#) that roughly \$44 billion in FEMA Disaster Relief Fund monies be available to the states to establish a new \$300 weekly unemployment payment based on the Disaster Unemployment Assistance program to replace the recently expired \$600 Federal Pandemic Unemployment Compensation benefit for unemployed workers receiving a Federal unemployment benefit of at least \$100 a week. There are several potential hurdles to providing the benefits quickly—including questions around legal authority for the new program, state administrative costs in establishing the new program, difficulty in adjusting state systems—that are complicated by uncertainty over the program's rules and how long the FEMA money would last (potentially no

more than 5-6 weeks if most states participate). Further clarification on the program's rules and operations are expected and most states have signaled that they are waiting for further guidance.

- **Eviction support** – Having signaled support for Congress to extend the federal eviction moratorium put in place by the CARES Act that expired in July, the President signed an executive [order directing](#) HHS to explore whether banning residential evictions could be justified on public health grounds and for the Treasury Department and the Department of Housing and Urban Development to identify funding that could possibly be used towards easing eviction risk.

5. MOST LARGE SCHOOL DISTRICTS PLAN TO OPEN WITH ONLINE-ONLY LEARNING

With the start of the new school year beginning in some parts of the country, one [analysis](#) found that 32 of the 40 largest school districts were planning to open with online only instruction.

New York, once the center of the U.S. outbreak, [reported a 0.78 percent positive rate](#) of infection on Sunday, its lowest since the start of the pandemic and New York Governor Andrew [Cuomo cleared schools to reopen](#) in light of the low infection rates, although school districts get to make the final decision on in-person learning.

New York City is one of the few large city school districts that has [announced](#) intentions to begin the school year offering an online/in-person hybrid model—where rotating groups of students would attend classes in-person a few days a week—to interested families. Of the roughly one million families with children in New York City schools, roughly 264,000 families (among 395,000 respondents to the preference survey) have indicated that they will [opt](#) for fully remote learning. Given New York City's size and low transmission rate, a lot of school districts are looking to New York City's experience to guide plans for transitioning towards more in-person instruction later this fall.

6. COVID-19 AND CHILDREN

A CDC [report](#) has documented a substantial propagation of the virus among both children and adults at an overnight camp in Georgia in June. After an orientation for 138 trainees and 120 staff members, who were subsequently joined by 363 campers and three senior staff, a teenage staff member developed symptoms. Of the 597 Georgia residents in total, testing revealed 260 positive results. Infections occurred in a higher percentage of six to ten year olds than any other age group, and in higher percentages of those who remained in the camp the longest.

Also, in another new CDC report with data from 40 state health departments, New York City, and Washington, D.C. has found that nearly 600 American children and youth under the age of 20-years-old have contracted Multisystem Inflammatory Syndrome. The [new report](#) found that those infected were

disproportionately Hispanic or Latino (40 percent) or Black (33 percent), compared to white children (13 percent).

7. RUSSIA BEGINS ADMINISTERING ITS VACCINE

Russia's equivalent of the US Food and Drug Administration (FDA) has granted approval to that nation's first (and the world's first) coronavirus [vaccine](#). As of this date, it appears that the vaccine has gone through what the FDA would consider to be a quite limited version of a combined Phase 1 and Phase 2 trial. Russia announced that it would begin a Phase 3 trial simultaneously with administering the vaccine to the public, but the apparent size of the Phase 3 trial is also quite attenuated by US standards. And at this date, the findings of the Phase 1-Phase 2 trial have not yet been publicly released for peer review. US FDA experience [indicates](#) that a non-trivial number of drugs that appeared promising at the Phase 2 level subsequently have failed at Phase 3 – for efficacy, safety, or both. (In fact, nine out of ten drugs that are tested in humans are never submitted for approval, indicating that the percentage of drugs that are developed that actually achieve approval and use is very low.) In the US model, populations for the Phase 3 trial are very large to provide evidence of problems that may materialize in only a small number of cases – because, in the instance of vaccines, so many people may receive them that only a small percentage of ill effects could harm a large number of people. All of which indicates that the ultimate effect of Russia's vaccine, on the basis of the limited information that we have, is highly unpredictable.

8. WORLD UPDATES

[Germany](#) (see previous updates [here](#) & [here](#))

Germany [reported](#) the highest daily number of new COVID-19 cases in more than three months on 13 August – around 1,226 cases. Officials have cited people returning from holidays in other countries, family gatherings and consumption of alcohol as some of the reasons for a rise in the daily number of cases. The German government had begun [adopting](#) a new approach of selective lockdowns to help curb the spread of the pandemic – meaning that an outbreak would lead to the containment of local areas rather than entire administrative zones. Staggered reopening of schools [began](#) in the country, with more than two million children going back to school in Germany's most populous state, North Rhine-Westphalia. The state has imposed the strictest rules among the country's sixteen states, asking all students above elementary school age to always wear masks, even inside classrooms.

[India](#)

[Research](#) conducted by the Tata Institute of Fundamental Research, authorities in the city of Mumbai (India's financial capital and the worst-hit by COVID-19) and other medical institutions found that about 57 percent of people living in the city's slums (where social distancing is not possible) tested positive for coronavirus antibodies. The study raised questions over the level of testing in India and brought forth the [possibility](#) of "herd immunity" – with some arguing that the population in question may be approaching herd immunity without a vaccine, and others saying that it was too early to make definite statements due to the possibility of the tests yielding false positives. India has currently [crossed](#) two

million cases of the coronavirus, with new cases emerging in rural areas. Many states and cities had started [imposing](#) short local lockdowns to help curb the spread of the virus, heightening concerns about the pandemic's economic impact. The pandemic has also caused disruptions to India's mid-day meals, the world's largest school lunch program, putting about 115 million children at the risk of [malnutrition](#).

[Japan](#)

Japan, while initially successful in containing the COVID-19 outbreak, has begun to see a new aggressive coronavirus outbreak nationwide. An upward trend in the daily number of cases recorded in the capital city of Tokyo has sparked fears of an imminent [second wave](#) of the pandemic. Critics of the "tourism promotion" [initiative](#) by the Japanese government have cited the program as one of the main reasons for the resurgence in coronavirus cases. Due to the impact of the coronavirus on its tourism sector (the government has banned most foreign travelers), Japanese authorities had initiated the promotion program by offering incentives and subsidies to encourage domestic travel during the summer.

[New Zealand](#) (See previous update [here](#))

After more than a hundred days of no new COVID-19 infections reported, New Zealand [recorded](#) more than ten locally transmitted cases, leading to an elevated alert level of 3 in Auckland (closing most non-essential businesses) and an alert level of 2 in the rest of the country. Prime Minister Jacinda Ardern had previously [announced](#) plans to impose localized lockdowns if faced with a resurgence of the coronavirus. The country has persisted in keeping its borders closed to international travelers, apart from a few exceptions.

[Russia](#)

President Vladimir Putin [announced](#) the approval of a coronavirus vaccine, Sputnik-V, claiming it to be the world's first against the coronavirus pandemic. [Concerns](#) have been raised over the lack of essential "Phase 3" trials and the lack of data on its safety and effectiveness. (See report above in this document.)

[Sweden](#) (see previous update [here](#))

Data [published](#) by Sweden's Public Health Agency show that only about 10 percent of the population in the country's worst hit area have developed antibodies, implying that a large portion of the population still remains susceptible to COVID-19. Despite Sweden's mortality rate per one million being higher than that of the United States, Prime Minister Stefan Lofven had [stressed](#) that he stood firmly behind the country's [controversial](#) strategy of 'herd immunization' in dealing with the pandemic. While Sweden's state epidemiologist, Anders Tegnell, [accepted](#) that masks may prove advisable, the country has so far only recommended their use rather than making masks mandatory, even in public spaces.

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