**CED Public Policy Watch**

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1. **NUMBER OF THE WEEK: 31.9 PERCENT – INCREASE IN THE WEEKLY NUMBER OF NEW UNEMPLOYMENT INSURANCE CLAIMS**

Initial claims for state Unemployment Insurance benefits in the week ending December 5 increased by 228,982, or 31.9 percent. (Given the extraordinary circumstances of the pandemic, seasonal adjustment is likely to distort rather than to clarify labor market developments. However, even with seasonal adjustment, claims increased by a very large 137,000.) In recent weeks, improvement in the labor market had stalled; now, the rising number of new claims strongly indicates that the course of the labor market has reversed altogether. This is confirmed by a 533,336 (more than 10 percent) increase in the number of people receiving Unemployment Insurance under regular state programs, although that figure is available only with an additional one-week lag, thus covering the week ending November 28. (Again, the seasonally adjusted increase is a smaller 230,000, but is substantial none the less.) The number of continuing claims under all programs, including the special federal programs created under the CARES Act, is available with only an additional one-week lag, and in the week ending November 21, those total claims declined by 1,120,049, to 19,043,429.

The magnitude of these increases overrides the measurement problems confronting these programs, and the expirations of extended durations of unemployment benefits that will occur at month’s end without legislative action do not bode well for the many job losers during this pandemic.
2. **PANDEMIC WORSENS WORRingly**

The pace of COVID-19 infections continues to accelerate; the number of people hospitalized is at rising record levels; and deaths from the virus have exceeded 3,000 in one day.
US DAILY CASES. 7-DAY AVERAGE LINE

US CURRENTLY HOSPITALIZED WITH COVID-19

Note: Florida began reporting this figure on July 10.
If the number of cumulative deaths does not today, it will almost surely tomorrow exceed the number of US combat deaths in World War II, all within one single calendar year. The number of hospitalizations when followed down to the local level reveals hospitals at or beyond their capacity and medical personnel beyond theirs. In reaction, states including Pennsylvania and Virginia have imposed new restrictions on businesses and households to stem the spread of the virus.

3. VACCINE NEWS

**Pfizer-BioNTech.** However, a Food & Drug Administration (FDA) expert panel has voted to approve an Emergency Use Authorization (EUA) for the Pfizer-BioNTech vaccine. Full FDA approval is expected within at most a few days, at which time shipments will begin from Pfizer’s three US manufacturing facilities. The Centers for Disease Control (CDC) have recommended that the vaccine be administered first to nursing home residents and personnel, and to other front-line health care workers, through the administration and management of the state governments.

However, there has been some confusion as to the availability of the Pfizer vaccine. The United States government purchased 100 million doses (enough for 50 million people at two required doses per person). The government had a purchase option for 500 million additional doses, which would have extended the coverage to virtually the entire US population. But the federal government apparently chose not to exercise that option. The initial shipment of the vaccine, which requires unusual super-cold storage is expected to total 6.4 million doses. The administrative decision has been to vaccinate only 3.2 million people with a first dose, holding back the remaining 3.2 million doses for the second injection for those same 3.2 million persons. Pfizer expects to have more doses before the end of the year, and to ramp up production next year; but given purchase commitments that it has received from other countries, it may be June or July before the firm can deliver vaccine to the United States beyond the already purchased 100 million doses.
**Moderna.** Another FDA expert panel will consider the Moderna application for an EUA next week. The Moderna vaccine also requires two doses, but its storage temperature requirements are at levels that are more common along pharmaceutical supply chains. The United States has acquired another 100 million doses of the Moderna vaccine.

**AstraZeneca.** The federal government has purchased 300 million doses of the AstraZeneca-University of Oxford vaccine. It is cheaper and its storage demands are limited to normal refrigeration. However, publication of Phase 3 test data has left some unanswered questions. Among them are the suitability of the vaccine for persons over age 55, and the most effective dosage. The AstraZeneca vaccine has been demonstrated to be 70 percent effective, compared to about 95 percent for the Pfizer and Moderna vaccines; but the manufacturers have stressed limited results suggesting (without full statistical validity) that test participants who mistakenly were given a half dose followed by a full second dose enjoyed 90 percent effectiveness. That greater effectiveness has not been proven or explained. In general, the administration of the AstraZeneca vaccine in the Phase 3 trial involved so much variation of the size and timing of doses that more test results are likely to be needed, and they will not be available until January or February. Given the limited availability of Pfizer and Moderna vaccines, it appears likely that the United States will need the AstraZeneca vaccine to achieve sufficient supply for the entire population willing to be vaccinated.

### 4. NEWS FROM CAPITOL HILL

The Congress gave up struggling to fund the various federal agencies by the prior December 11 deadline, and so moved the goalposts to December 18 (which is well across the stadium parking lot, given that the fiscal year began on October 1). The most widely cited sticking point was acceptance of an earlier apparent agreement to designate a significant part of the funding for veterans’ health care as an “emergency,” which would exempt it from the limit set in a prior two-year budget deal and so leave more money to spend on other things. Also cited by some is the partially completed border wall program. But in addition, truth be told, the government’s appropriations taken in one swallow are just big and complicated, and there is just a great deal of work to do.

But then the situation took a downward turn from ground level. Senator Bernie Sanders (D-VT) objected to continuing the appropriations by unanimous consent, saying that “...tens of millions of working-class Americans are facing economic devastation... They have no income, they face eviction, they can't afford to go to the doctor, and many are unable to adequately feed their kids," and so demanded a cash payment of "$1,200 for every working-class adult and $500 for each of their children." (Ironically, such a payment would go to families who had suffered no harm whatsoever, which would soak up resources that could go, through Unemployment Compensation, to replace more of the much larger income losses of families who actually had lost jobs and incomes.) But Senator Sanders was not alone in objecting to unanimous consent for the bill; Senator Rand Paul (R-KY) wants to use the continuing resolution as leverage to remove a provision from another bill, the National Defense Authorization Act, that would prevent the President from withdrawing troops from Afghanistan without congressional approval. Because Senators have already returned home, it appears likely that there will be an ignominious government shutdown, but for only a weekend, when the real-world consequences will be limited. The Senate can take an actual vote on Monday to reopen the government.
Meanwhile, the path to a coronavirus relief bill continues to oscillate from apparent success toward abject failure. At this split second, there are seemingly irreconcilable differences among the White House, which wants flat-dollar recovery payments, business liability protection, no aid to state and local governments, and no increased unemployment compensation payments (but some increased duration of payments), and a bipartisan group plus the Democratic House, that want increased unemployment compensation but no flat recovery payments, business liability protection, and aid to state and local governments; while a Republican Senate has shifted its wishes from dropping both business liability protection and aid to state and local governments, to perhaps merely wanting to go along with the White House. And all the while, the worsening Unemployment Compensation claims numbers suggest that the economy and the labor market are running out of breath. That economic pain may force an agreement, but the postponed appropriations deadline probably means that coronavirus relief will take longer too.

5. INDIVIDUAL RETIREMENT ACCOUNT PROVISION IN THE CARES ACT

A new CED policy brief explains a perhaps little known provision in the CARES Act, which like many others will expire at the end of this year. This provision allows households to meet current cash needs by tapping their balances in individual retirement accounts (IRAs) without the penalty normally imposed, and then to replace the money and thereby restore their retirement savings if they are able to do so at a later date. The brief also discusses an alternative of involving conversions to Roth IRAs.

6. FOCUS ON REOPENING: RHODE ISLAND

National data show that the average number of cases per 100,000 people is currently rising in most of the United States. The Centers for Disease Control and Prevention (CDC) reports that the state of Rhode Island currently (in the last seven days) recorded an average daily COVID-19 case rate of 123.8 per 100,000 people. According to Covid Act Now, a consortium of scientists and researchers, this is the highest per capita infection rate in the United States, and according to Dr. Eric Topol, Professor of Molecular Medicine at the Scripps Research Institute, the highest number in any geographic entity in the world.
The Governor of Rhode Island, Gina Raimondo, had announced at the beginning of the Fall that fewer than 2 percent of the state’s COVID-19 tests were coming back positive, and that public schools would reopen for in-person learning in early September. However, since that time, Rhode Island has been seeing a surge in new COVID-19 cases and hospitalizations. The New York Times reports that “…at least 1,232 new cases and 14 new deaths were reported in the state on Wednesday,” and that “…over the past week, there has been an average of 1,328 cases per day, an increase of 45 percent from the average two weeks earlier.” Rhode Island’s hospitals are currently seeing the largest number of COVID-19 patients hospitalized (466 as of December 10) since the beginning of the pandemic, leading the state to open two field hospitals to accommodate COVID-19 patients.

Due to this continued rise in cases, Governor Raimondo imposed a (now extended) two-week “pause” on the economy – limiting in-person dining in restaurants, closing recreational facilities, and restricting gatherings to single households. Schools in the state have begun moving to remote learning; however, Governor Raimondo has encouraged elementary and middle schools to remain open as long as possible. In addition, to help tackle the rising need for healthcare workers, the state’s Department of Health is currently issuing temporary licenses to health care workers who are still completing their training programs, and looking to retired and unemployed health care workers to volunteer to help in hospitals. Officials announced that the Pfizer vaccine could soon arrive in Rhode Island and would be administered as early next week.

On what caused this increase in new cases, public health experts have listed the high population density and high levels of poverty in the state’s cities (especially in cities with large Latino communities) and a large number of family gatherings. In addition, a large concentration of college students and the state’s high level of testing have also been considered as factors contributing to the surge in new reported
cases (although more testing cannot explain the increase in hospitalizations). Additionally, due to the onset of winter, it is thought that people have spent time indoors, with lesser vigilance about handwashing and using face masks, likely amplifying the second wave of infections.