

Congress's Next Steps on COVID-19 Response

The COVID-19 global pandemic has altered the nature of day-to-day American life and caused a severe economic disruption that is poised to turn into a full-blown recession. The federal government has begun to respond, but we are still in the early days of what will be an ongoing effort that will involve multiple iterations. In an effort to move from reaction to relief and ultimately recovery, Congress is likely to pass multiple bills in the weeks ahead as we work through multiple stages of COVID-19 response.

What's Happened - Stage 1: Emergency Response

Goal: Immediate support to combat COVID-19 spread, pursue medical remedies, and support health care infrastructure.

Action: Supplemental appropriations of \$8.3 billion to develop vaccines, therapeutics, diagnostics, and health system preparedness.

What's Happened - Stage 2: Assisting Affected Individuals and Families

Goal: Relief for affected individuals, families, and workers.

Action: Families First Coronavirus Response Act – Refundable tax credit for two weeks of paid sick leave, refundable tax credit for 10 weeks of paid family medical leave, emergency grants for unemployment insurance, and nutrition assistance waivers.

What's Happening Now - Stage 3: Aiding Critical Industries and Stimulating the Economy

Goal: Stimulating the economy and combating dramatic economic disruption.

Action: Targeted health, business, and individual relief.

- CARES Act – Expanded financing for small business, including payroll support, and for other businesses that need loans, \$1,200 per individual payments, refundable payroll tax credit, business tax relief, retirement withdrawals, emergency credit for air carriers, student relief and loan deferments, expanded access to testing, vaccines, and medical equipment, funding for public health infrastructure, providers, and supplies, increased and expanded unemployment and short-time assistance, housing cost relief, funding to states, and relief oversight.
- Additional action possible to help struggling sectors and individuals until normalcy returns. Breadth and depth of impacted industries make final composition of aid unclear.

What's Next - Stage 4 and Beyond: Economic Reset

Goal: Reboot the economy and resume long-term growth. Contours of future steps remain unclear due to divergent proposals from parties, but rebuilding country's infrastructure likely to be central.

Action: Investments and reforms that reflect new realities.

- President Trump/Republicans might look next to:
 - Widespread regulatory reform for key economic sectors;
 - An infrastructure plan that pulls government and the private sector together to improve transportation and other core infrastructure needs;
 - Extended corporate tax relief;
 - Extended tax relief to spur new investment; and
 - Flexibility around labor and reporting requirements for employers.
- Democrats might look next to:
 - An infrastructure plan that prioritizes direct government spending in areas ranging from roads, transit, high-speed rail, and new mobility to schools, hospitals, to broadband build out;
 - Significant government investment in clean energy technology and deployment to fundamentally change how Americans access energy;
 - Government-driven changes to the employee/employer relationship that fundamentally reset the rules on wages, leave and sick benefits, executive compensation, and stock buybacks; and
 - Increased federal action and spending on health care, housing, education, and childcare affordability.
- Markets and Main Street might look next to:
 - Favorable conditions, stability, and direct household relief;
 - A clear willingness by Congress to overspend rather than under-spend, and continued signs that Stim 3 is not the last we see from Congress;
 - A pervasive sense of urgency to pass stimulus rather than wasting time on political and policy squabbles;
 - Continued Fed responsiveness to ensure market liquidity and limit contagion in the credit markets;
 - Permanent removal/suspension of the debt ceiling;
 - Reduction/elimination of most tariffs;
 - Eventually a large (\$500 billion at least) infrastructure package as long as money remains cheap;
 - Limited/responsible regulation in response to the crisis; and
 - Increased incentives to move supply chains back to the U.S.