

March 20, 2020

Leader McConnell Introduces the Coronavirus, Aid, Relief, and Economic Security Act (CARES)

CARES ACT INTRODUCED IN SENATE

Leader McConnell is expected to speak on floor around 2:00 this afternoon. At 3:00 pm, the Senate will proceed to a roll call vote on the motion to invoke cloture on the motion to proceed to the \$1.8 trillion H.R.748 (the vehicle for CARES). It is unclear whether there are sufficient votes to move to cloture at that time because of concerns of Democrats over the bill. There also appear to be errors in some of the language. The appropriation title is linked [here](#). Speaker Pelosi told reporters: "We will be introducing our own bill and hopefully it will be compatible" with what's happening on the Senate side. She spoke after meeting with Mnuchin, McConnell, Schumer, and House Minority Leader Kevin McCarthy (R-Calif.) at mid-day Sunday.

Senators and the White House appear to have reached tentative agreements on key points such as a plan to distribute \$1,000 in direct tax rebates, a \$250 billion expansion of unemployment insurance, a payroll tax holiday for small businesses, and the Office of Management and Budget's request for \$46 billion in emergency funding for coronavirus response and preparedness.

They have also reached a deal on a \$350 billion rescue package for small businesses that will feature federally guaranteed loans that will be fully refundable for employers who keep workers on payroll through the health crisis.

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The interlocking nature of the negotiations means that no part of the sprawling bill is finalized until administration officials and senators agree to all of its parts.

The final deal will include a “big number” to shore up state budgets.

The legislation will dramatically increase funding from the original proposal from \$208 billion to \$425 billion to provide loans to distressed industries such as U.S. passenger airlines, air cargo carriers, hotel chains and energy companies. Secretary Mnuchin had pushed for \$500 billion.

Other items that remain unresolved are relief for student loans, where Democrats have proposed having the Department of Education make the payments on federal student loans for the duration of the coronavirus crisis. Republicans propose deferring the payments.

White House Legislative Affairs Director Eric Ueland said on the Sunday talk shows that Senate Health, Education, Labor and Pensions Committee Chairman Lamar Alexander (R-Tenn.) would unveil “additional proposals” on student loans Sunday that have the president’s support.

The Senate GOP plan also gives the secretary of Labor expanded authority to exempt businesses with fewer than 50 employees from paid sick leave benefits and creates caps for how much employers would pay under the sick leave proposal, a measure that was met with Democratic objection.

More analysis to come.

STATE ACTIONS

- New York Governor Cuomo orders all employers to keep workers at home, except essential services; bans gatherings of any size but does not consider this to be a shelter in place order.
- California orders nonessential workers to stay at home, utilizing the federal CISA list of essential industries.
- Pennsylvania orders all workers stay at home except essential employees.
- Indiana has delayed it’s May 5th Primary to June 2nd over concerns of Coronavirus.
- Illinois issued an executive order keeping all workers at home except for essential industries.

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SPECIAL NOTE: States have begun to take action to order "non-essential" employees to stay home. There was initial confusion as to what industries were essential and each state began defining it differently, as is their responsibility. The Department of Homeland Security through CISA has issued guidelines as to what is essential critical industries here. At least California linked its order to the CISA guidelines. As you can imagine there is great confusion as each state turns to shelter at home as to what industries can stay open so work is being done by MBS staff to ensure language covering essential industries are part of the proclamation. In addition, at the federal level each day, new directives are coming out and there is a discussion going on regarding whether to declare a federal shelter at home for "nonessential" workers shutting down business. This a very fluid situation that we are watching and advising clients. Please contact our MBS team if we can be of assistance.

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