



ITS AMERICA'S COVID-19 RESPONSE REPORT: WASHINGTON'S RESPONSE TO THE CORONAVIRUS

April 9, 2020

The coronavirus pandemic is wreaking unprecedented havoc around the nation: 6.6 million initial unemployment claims, 700,000 jobs lost in the March jobs report, more than 368,449 confirmed coronavirus cases, and 10,959 dead (as of April 7). The United States is facing an unprecedented threat in COVID-19. Every sector is being tested, including healthcare, first responders, transportation, technology, the service industry, and state and local governments. In Washington DC, with the economy deteriorating faster than expected and concerns that the Coronavirus Aid, Relief, and Economic Security (CARES) Act is having only a limited effect, President Trump and Congress are pivoting to a fourth round of assistance to get the nation through the public health emergency.

What matters most now is how the country responds. ITS America will provide timely updates to our members on Washington's response to the COVID-19 public health emergency and continue to reach out to you to understand your needs and advocate for your priorities. We will continue to work with the Washington transportation community to ensure emergency assistance is available for our sector. This crisis is affecting all aspects of our membership, so we want to make sure our policy expertise, resources, and relationships in Washington, DC are working for you. Finally, we will continue to work on our core priorities through this crisis, including preserving the 5.9 GHz for transportation safety communications, reauthorization of the FAST Act, automated vehicle legislation, and Mobility on Demand (MOD). The following is a summary of ITS America's April 1 webinar entitled: *"COVID-19's Impact on Transportation and the Federal Response."*

Transportation, businesses large and small, higher education, cities, and states are asking Washington for billions of dollars in emergency assistance to withstand the crippling effects of COVID-19. In three weeks in March, Congress passed three major bills to address the pandemic. President Trump signed the Phase 1 package, the Coronavirus Supplemental Bill, on March 6. It bill provides \$8.3 billion for health agencies, testing, and small business loan subsidies, including \$2.2 billion for the Centers for Disease Control, \$950 million to help states and local governments prevent and combat the spread of COVID-19, \$3 billion for vaccine research, and \$1 billion for medical supplies and health care preparedness. President Trump signed the Phase 2 package, the Families First Coronavirus Response Act, on March 14. It provides \$100 billion for employers offering employees paid sick leave, for increases to unemployment benefits, and for food assistance. It also includes a refundable tax credit for sick leave for self-employed individuals.

President Trump signed the Phase 3 package on March 27. The Coronavirus Aid, Relief, and Economic Security (CARES) Act included \$2 trillion in assistance to transportation, small and large businesses, states, and direct assistance checks to households. The balance of this summary will cover Phase 3 and an increasingly like Phase 4 bill.

In summary, Phase 3 provided \$25 billion in grants for public transit at up to 100% federal share, \$500 billion for large and mid-size businesses, states, and municipalities, \$350 billion for small businesses, unemployment assistance for the gig and freelance economy workers, \$14 billion for higher education, and \$150 billion to states to support the public health response.



COVID-19 Response Legislation: Public Transit Assistance

Phase 3 provides \$25 billion in grants for public transit agencies at up to 100% federal share. Transit agencies will receive approximately \$13.9 billion under the Urbanized Area Formula Grants, which will make funding available to urbanized areas and states for capital and operating assistance (50,000 or more in population). Approximately \$1.8 billion will go to agencies under the Rural Area Formula Grants, which will make funding available to states to support transit in rural areas. Approximately \$7.6 billion will be available under the State of Good Repair program, which will provide grants to high-intensity fixed guideway and bus systems, essentially the old "railmod" systems like the New York MTA. Finally, approximately \$1.7 billion will be available under the Growing States and High-Density States Formula Program. America Public Transportation Association (APTA) asked for \$16 billion for public transit agencies; ITS America supported this request.

COVID-19 Response Legislation: Business, State, Local Government Assistance

Phase 3 includes \$500 billion from the Treasury's Exchange Stabilization Fund for loans, loan guarantees, and other investments to large and mid-size businesses, states, and municipalities, including \$454 billion to businesses, states, and municipalities. It also includes \$17 billion for businesses critical to maintaining national security. The bill provides \$29 billion for passenger air carriers and \$4 billion for cargo air carriers. The U.S. Chamber of Commerce, Alliance for Automotive Innovation, and Motor & Equipment Manufacturers Association asked for loans and loan guarantees to large employers, medium-size manufacturers, and small businesses; ITS America supported this request.

COVID-19 Response Legislation: Small Business Assistance

The CARES Act provides \$350 billion in zero-fee loans of up to \$10 million through a new Paycheck Protection Program for small businesses (500 or fewer employees). If the small business maintains payroll and salary levels, then the portion of the loan used for covered payroll costs, interest on mortgage obligations, rent, and utilities will be forgiven. Also, the bill includes \$10 billion for immediate grants (within three days) of up to \$10,000 for small businesses to maintain payroll, paid sick leave, and to service debt relief, and it includes \$17 billion for small business debt relief. The U.S. Chamber of Commerce, Alliance for Automotive Innovation, and Motor & Equipment Manufacturers Association asked for loans and loan guarantees to large employers, medium-size manufacturers, and small businesses; ITS America supported this request.

(Note: Venture capital-backed small businesses appeared to be eligible for the small business assistance in the COVID-19 Phase 3 bill; however, Small Business Administration's "affiliation rules" are creating a challenge. The rules, as written, could be interpreted to mean small businesses backed by venture capital firms would be added together to determine a total number of "employees," even though they are separate companies. Since venture capital firms often invest in companies of varying sizes, that aggregate total would almost always exceed 500. Congress and the Department of the Treasury are aware of this issue and are looking for ways to address this in the next COVID-19 response legislation.)



COVID-19 Response Legislation: Gig & Freelance Economy Unemployment Assistance

The CARES Act is a significant temporary expansion of the unemployment insurance program. It makes history by creating a new Pandemic Unemployment Insurance Program for gig and freelance economy workers and will also give jobless workers larger unemployment checks over a more extended period.

COVID-19 Response Legislation: Higher Education Assistance

Phase 3 provides \$30 billion in emergency education funding, including \$14 billion for higher education. The American Council on Education asked for \$60 billion for universities facing severe cash flow problems and those hit hard financially, including for student housing and technology for digital learning costs; ITS America supported this request.

COVID-19 Response Legislation: Assistance to States and Localities

The CARES Act provided \$150 billion for a new Coronavirus Relief Fund for states, local and tribal governments for public health emergency costs. Distribution is based on population. No state will receive less than \$1.25 billion for the fiscal year 2020. 45% of a state's funds are set aside for local governments of areas with populations that exceed 500,000. Cities did not receive direct assistance. The National Governors Association requested \$150 billion to states to address the urgent health and safety needs. The United States Conference of Mayors asked for \$250 billion to bolster city services and economies.

COVID-19 Response Legislation: Assistance to State Departments of Transportation

The CARES Act did not include the American Association of State Highway Officials' (AASHTO) \$16.7 billion request for emergency funding for state departments of transportation. The Association of State Budget Officers estimated that states collected \$111 billion in highway-related revenues, including motor fuel taxes in FY 2019. AASHTO's initial projection estimates up to a 10% decline in highway-related revenues for FY 2020 and FY 2021. Therefore, AASHTO requested \$16.7 billion in federal funding support to state DOTs through the Federal-aid Highway formula program at 100 % federal share.

COVID-19 Impacts to MOD Ecosystem - Mobility on Demand Alliance

Mobility on Demand services have been on the front line of response during COVID-19. Deemed essential services in some areas of the country, shut down in others, partnering with transit, cities, and other agencies, MOD services have been part of the discussion as a new transportation partner in the COVID-19 response. The MOD Alliance has been reviewing and assessing potential responses such as small business support, exploring the eligibility of MOD partnerships and services for federal funds, and examining the rules of applicability (Buy America, accessibility, labor, employee testing, etc.). Focus will continue for future packages as part of reauthorization and how MOD services are part of economic response.



COVID-19 Response Legislation: Phase 4

Policymakers and economists are assessing whether the COVID-19 bills did enough to take care of companies, workers, and families through the end of the public health emergency or if the crisis requires additional federal assistance. The three bills were calculated to get the American economy and workers through about eight weeks of the public health emergency. The question shaping a potential Phase 4 bill revolves around whether the economy largely reopens by late May or if the crisis continues, extending the need to stay in place. A more protracted public health emergency might require, at a minimum, renewal of the same assistance. A more significant debate is the question of what the federal government's response will be if the economy reopens by late May.

(Note: Congress is moving quickly on a new COVID-19 response bill, which will likely look a lot like Phase 3, including urgent assistance for workers and the unemployed, businesses, states, and localities. It could also include emergency assistance for COVID-19 public health emergency-specific transportation needs.)

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