



CORONAVIRUS RESPONSE

What is the COVID-19 Coronavirus and where can I learn more about it?

Coronaviruses are a group of viruses which lead to respiratory illnesses such as severe acute respiratory syndrome (SARS) and Middle East Respiratory Syndrome (MERS). [COVID-19 is considered a novel strain of coronavirus](#) because it was unknown to humans prior to the outbreak in Wuhan, China. It is characterized by high fever, cough, shortness of breath, and difficulty breathing.

The Centers for Disease Control and Prevention (CDC) is maintaining an up-to-date index of all data and recommendations regarding the Coronavirus outbreak: [CDC Coronavirus Index](#). The World Health Organization (WHO) produces a [daily report detailing the international situation](#).

What has been the federal government's response to COVID-19?

- **January 27:** President Trump formed the President's Coronavirus Task Force led by Secretary of Health and Human Services (HHS) Alex Azar with coordination responsibilities managed by the National Security Council
- **January 31:** One day after the WHO declared a global public health emergency, the United States placed restrictions on travel to China including routing air traffic from China through designated airports in the U.S
- **February 24:** President Trump requests emergency funding from Congress to reinforce the U.S. response to the outbreak
- **February 29:** President Trump suspends travel from Iran due to a quickly spreading outbreak with unknown transmission origin and issued the highest-level warning for travel to Italy and South Korea
- **March 3:** Vice President Pence announces the CDC will issue new guidance lifting all restrictions on Americans being tested for COVID-19
- **March 5:** Congress passes \$8.3 billion emergency funding package focused on providing necessary healthcare resources to combat the spread of the outbreak
- **March 11:** President Trump suspends travel from mainland Europe for non-U.S. citizens with few exceptions and directs HHS to ensure all healthcare providers have sufficient supply of and access to respirators
- **March 13:** President Trump declared a national emergency concerning the outbreak immediately freeing approximately \$50 billion in additional resources and removed regulatory burdens for states to authorize their own COVID-19 testing
- **March 14:** President Trump adds the United Kingdom and Ireland to the European travel restrictions
- **March 18:** A second bill designed to ensure negatively impacted workers receive the financial support necessary during the COVID-19 was signed into law. President Trump [invoked the Defense Production Act](#) to increase production of necessary supplies to combat COVID-19.

- **March 25:** A third bill designed to provide economic relief to businesses, employees, recently laid off people, hospitals, and state and local governments passed the Senate.
- **March 27:** This third bill, containing \$2 trillion in spending, was passed by the House and signed into law by President Trump.

Why are we responding to COVID-19 differently than the seasonal flu?

The primary reason governments around the world are acting quickly and forcefully (and perhaps unprecedentedly) is due to the initial mortality rates of COVID-19. As of March 16, COVID-19 has a mortality rate of **3.9% worldwide** compared to a **.06-.11% U.S. mortality rate** of the seasonal flu. If Italy, which has been hit hard, and China, where the disease originated, are excluded from the worldwide numbers, the mortality rate is 2.5%. However, infectious disease modelers believe these initial rates are skewed and **forecast a mortality rate range of 0.25-3%**. For historical perspective, the SARS outbreak in 2003 **killed approximately 800 people**.

As of March 26, the mortality rate in the U.S. is 1.4%.

What is the role of the federal government in confronting the coronavirus?

The **federal government's primary responsibility** is to assemble a whole-of-government approach to control and mitigate the introduction and spread of COVID-19. This entails organizing all levels of government and all areas of government in a cohesive manner directed toward the common goal. Because of the geographic size and population of the United States, decisions about **specific infection-control policies** such as "shelter in place," isolation, and quarantine orders are best left to state governors and local officials who, in consultation with public health professionals, have a more complete understanding of the situation and needs in their communities.

Preserving both life and liberty are two of the most foundational principles, and balancing those two goals is the challenge before our elected representatives.

What power do state and local governments have to enforce quarantines and closures of businesses, churches, and other private entities?

Local governments are a construction of and derive their authority from state governments, and are subject to the power of the elected state leaders. Statutes governing emergency powers of state governments **vary from state to state**, and state representatives are best able to answer questions regarding each state's laws and powers in emergency situations.

What economic impact can we expect and what policies should we anticipate from the U.S. government?

The U.S. economy was otherwise strong at the time of the outbreak and was experiencing record-low unemployment. However, the response to COVID-19 by our various levels of government could significantly impact our economic health. When we look to other countries, such as China, who have been dealing with the coronavirus outbreak we see a dramatic downturn in their economic activity.

The House has already passed one piece of legislation designed to mitigate the effects of the COVID-19 outbreak with the Senate to follow suit, and the House and Senate are expected to pass additional measures aimed squarely at offsetting negative economic impacts. This coronavirus has the potential to be damaging to our economy, and it is important for Congress to consider sound policies that will strengthen our nation's economy. Our recommendations can be found here.

Should we expect private sector companies to receive a bailout from the federal government?

Elected leaders in both parties are inclined to act quickly on an economic stimulus package that may contain bailouts for companies severely impacted by the downturn in demand for their services associated with COVID-19 travel restrictions and closures. Current stimulus package proposals range from \$750-850 billion, part of which will likely be the payroll tax cut proposed by the president. In addition, the Senate seems increasingly likely to attach a stimulus package to the House-passed bill dealing with paid leave and send the whole proposal back to the House for action.

Is a payroll tax cut a good and conservative way to stimulate economic growth?

In short, no. A payroll tax cut is a temporary stimulus measure designed to increase consumer spending and provide a boost to the economy. In the current situation, as the U.S. deals with massive disruptions to everyday life, there are better ways to ensure companies particularly impacted by the sudden drop in consumer demand, such as airlines and restaurants, receive the assistance necessary to stay afloat. In essence, all of these companies are experiencing or will experience a cash flow crisis.

As an alternative to directly bailing companies out or providing a payroll tax cut, in order to offset the drop in income, the U.S. government, which is already the largest purchaser of many services, could speed up its timeline for purchases by offering to purchase services now at a discounted rate and use the services later when needed.

The federal government could also make changes to the way businesses pay taxes in order to free up funds that businesses are budgeting for tax payments. Businesses should be able to estimate this year's losses given the assumption of several months of disruptions and carry that estimate back to last year's tax filings in order to receive a refund and a much needed injection of cash. For businesses that file quarterly taxes, the next filing deadline is April 15 and should be pushed back to the September 15 filing deadline, which would immediately free up dollars otherwise earmarked for the federal government.

What could be done to help retirees as they experience extreme volatility in the stock market?

As of March 17, the stock market has fallen about 31% over the past month and has been extraordinarily volatile from day to day. While investors who do not need access to their investments in the short term can look to history for comfort that the market will rebound, retirees who are required to withdraw cash now will be negatively affected. Federal law requires Americans ages 72 and older to take a minimum distribution from their retirement accounts based upon the account's value on December 31 of the previous year. This means a retiree with a \$1 million retirement account on December 31, 2019 would be required to withdraw approximately \$50,000 in 2020. However, if we applied the current market values to that account, the minimum distribution would be roughly \$12,000 more than they otherwise would have to withdraw. This translates into real losses over the long term as that money is no longer available to grow as the market rebounds. **The federal government should remove minimum distribution rules** so people are free to leave their money in the market longer or withdraw it based upon their individual needs.

Are there ways to help the service industry/restaurants/hourly workers that aren't a bailout?

After taking the necessary actions to deal with the spread of COVID-19 and protect the health of Americans, the next most important thing is to ensure Americans do not lose employment while they are quarantined or otherwise prohibited from working due to the virus. The single best way to help these individuals is to help keep them connected to their current employer. A conservative way to accomplish this goal is through an **epidemic tax credit**. A one-size fits all federal paid leave mandate fails to take into account unique needs of employees and businesses as it relates to their own specific circumstances such as their local government responding differently to the virus crisis. This type of tax credit would make it affordable for businesses to pay wages while a worker is unable to work or the business has lost revenue due to the crisis.

Should the decennial census be delayed?

No. The Census Bureau's operational plan calls for the majority of American households to self-respond via mail or internet. This type of enumeration should experience no setback due to COVID-19. However, the U.S. Census Bureau **announced a suspension of field work** associated with collection of information through April 1. The Constitution requires the decennial census. Attempts to cancel would raise serious constitutional questions.

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What about China and their disinformation campaign?

The origins of COVID-19 are clear. However, **China has attempted to cover up** its bungled response and secrecy by deflecting blame and accusing the United States of introducing this coronavirus to the world. This is a standard communist trick right out of their historical playbook. Disinformation campaigns such as this one must be met with forceful pushback from the State Department and every other facet of government. **China is attempting to cover up** its involvement in the spread of COVID-19. While our government focuses on fighting the public health consequences of the spread of the coronavirus, it must also fight the spread of lies about the U.S. and set the record straight repeatedly and forcefully.

How could this impact the primaries and November election?

Primary elections currently scheduled for the near term may certainly see some impact. However, **elections are managed by states**, and we may see varying impacts on elections as governors and other state leaders respond differently in different states. At this point, COVID-19's burden on the U.S. is expected to diminish substantially by November and will not likely impact the scheduled federal elections.