



# NERCANEWS

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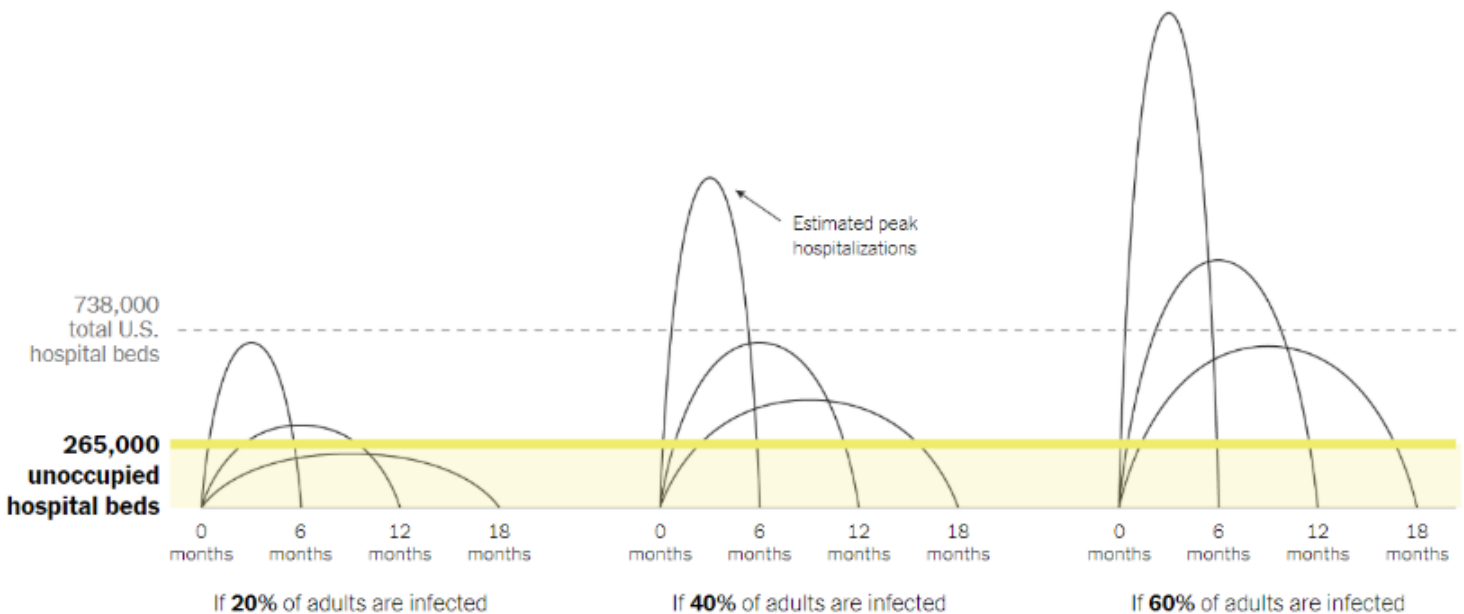
March 2020

## CORONAVIRUS/COVID-19 PANDEMIC UPDATE

Covid-19 the disease caused by the Novel Coronavirus has changed life as we know it across the northeast. Many construction sites are unrecognizable as municipalities struggle to deal with local epidemics. Contractors are being asked to limit crew sizes to maintain social distancing and provide new levels of hygiene to limit the transmission of germs.

The threat of the coronavirus cannot be overstated. It is about ten times as infectious than the seasonal flu and with a much higher rate of fatality. Studies suggest that the rate of fatalities are about 2% in most cases but reached as high as 12% in China once the hospital system was overwhelmed. It is for this reason that the US government has begun following other countries in enacting strict quarantine procedures and shutting down public gatherings and local businesses. The graph below from a Harvard study shows that demand can quickly overcome the capacity of hospitals in the US if quarantine and social distancing are not enacted and strictly observed. The so called “flatten the curve” movement is trying to slow the rate of infection to keep it manageable for the healthcare industry.

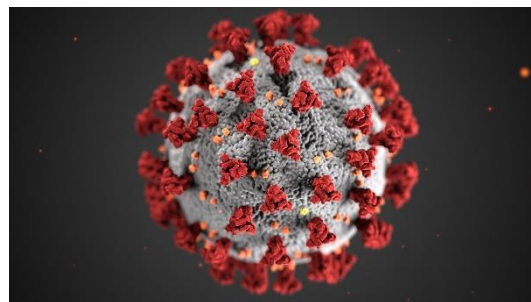
**If coronavirus spreads quickly, many hospitals could become overwhelmed.**



Source: Harvard Global Health Institute estimates of hospital bed capacity and Covid-19 infections

Despite witnessing the restrictive measures enacted across Asia and Europe, it is safe to say that few Americans understood the economic catastrophe that would come with the arrival of the coronavirus from overseas. Efforts to quarantine cases that could be tied to an original source quickly failed and community transmission has been occurring even beyond what testing has shown.

Community transmission refers to the diagnosis of a case of Covid-19 without knowing how it was contracted. Experts agree that without strict government action, community transmission will lead to exponential infection rates and overwhelm hospitals in the densely populated northeast. Initially, voluntary self-quarantining and social distancing were suggested for about a 3-5 days, but it quickly became obvious that government mandated closure of businesses and public



areas were the only effective way of slowing transmission of the virus. These restrictions have been enacted at a local and state level, with the federal government supporting limitations on the size of public gatherings and other state actions.

Here's a list of state and local actions taken to date:

- [Connecticut](#): Governor's closes schools and all non-essential businesses to close but exempts construction.
- [Maine](#): Governor ordered restaurants and schools closed.
- [Massachusetts](#): Construction in Boston, Cambridge, Somerville, and Watertown halted. Governor ordered all non-essential businesses closed but exempts construction. Ban on gatherings of over 10 people.
- [New Hampshire](#): Governor bans gatherings of over 50 people and schools closed.
- [New Jersey](#): Governor bans gatherings of over 50 people and closes businesses but exempts construction.
- [New York](#): Governor has closed all schools and public spaces. Construction exempted as an essential service.
- [Pennsylvania](#): Governor closes schools and non-essential businesses but exempts construction.
- [Vermont](#): Governor closes schools and non-essential businesses. Construction only allowed if necessary, to support the Covid-19 response and on critical infrastructure.

Even with major action taken at the state level, local jurisdictions have argued that it is not enough. The City of Boston had all construction stopped by Mayor Martin Walsh in order to assess safety protocols and try to determine if there was a safe way to continue building. New York City is weighing these same concerns. These decisions come despite state decrees exempting the construction industry from shutdown and causes some tension between municipal and state leaders trying to find a path through the epidemic.

At the Federal level, national leaders have presented some best practices to guide state actions during the crisis but haven't declared any national stop work orders. Instead, Congress and the Trump Administration have moved swiftly to pass legislation aimed at shoring up the economy during this tumultuous period.

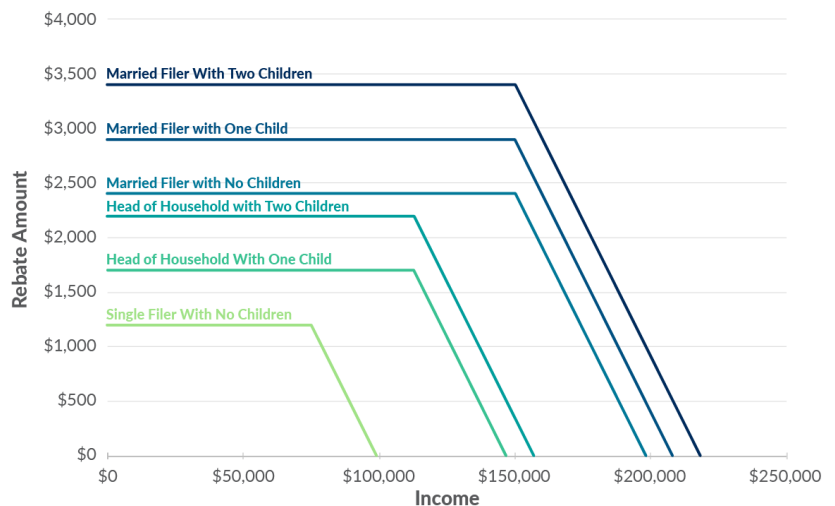
First, Democrats and the Trump Administration agreed on a package of benefits which would provide Emergency Paid Leave to those affected by the coronavirus pandemic as well as expanding access to the existing federal Family Medical Leave Act (FMLA). HR 6201 the Families First Coronavirus Response Act (FFCRA), which passed the House 363-40, would do the following:

- Expand safety net programs like SNAP and WIC
- Provides state funding for various Covid-19 related costs including \$500 million for unemployment insurance programs in states with a 10% spike in unemployment
- Provides Emergency Paid Sick Leave to all employees
  - Employers with less than 500 must pay two weeks of regular wages to employees who self-quarantine
- Provide 12 weeks of leave at 2/3 of wages under FMLA to anyone who must take care of a child whose school is closed due to coronavirus
- Establish payroll tax credits for the costs incurred by employers for paid leave
  - Caps credit at \$511/day for employees on medical leave and \$200/day for those on family leave

Next, Senate Republicans, House Democrats, and the Trump Administration agreed to a \$2 trillion stimulus bill. The Coronavirus Aid, Relief, and Economic Security (CARES) Act passed unanimously in the Senate and includes refundable tax credits for most Americans, expanded unemployment insurance, \$350 billion for small business loans, assistance for healthcare providers and state governments, and various business tax credits. This historic stimulus package is much larger than what was passed during the Great Recession. It is notable for its direct relief to Americans. The graph to the right exhibits the amount and limit for each tax filing status with married filers up to \$150,000 receiving \$2,500-3,500; heads of households up to \$125,000 receiving \$1,750-\$2,250; and single filers up to \$75,000 receiving \$1,250.

**Proposed Relief Rebate in the CARES Act**

*Proposed Individual Economic Relief Rebate By Filing Status*



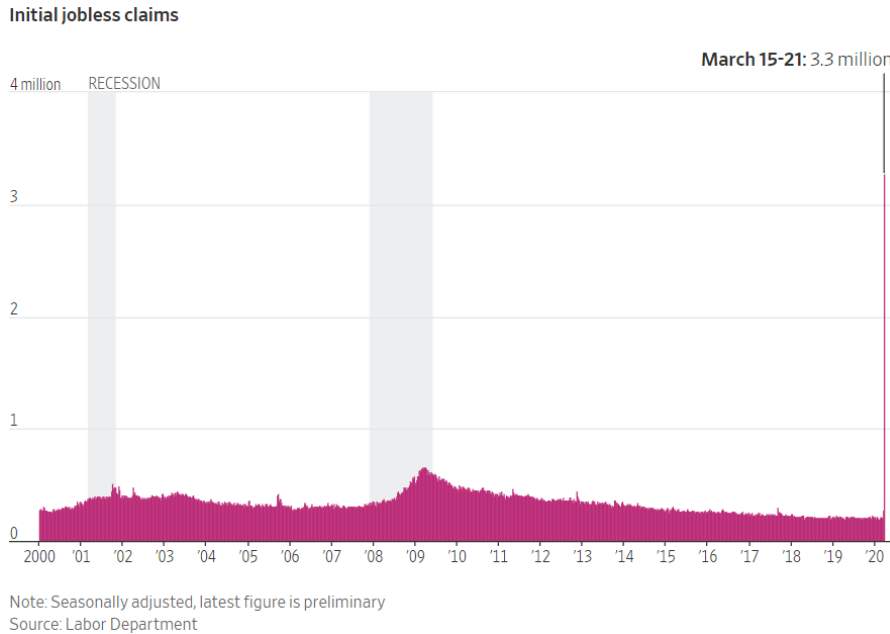
Source: "Coronavirus Aid, Relief, and Economic Security Act"

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For business owners this will be one of the greatest tests of economic resiliency since World War II. For those who try to continue business they will have to contend with an unstable labor supply, volatile materials prices, and an unpredictable economy. Recognizing the difficulty ahead, the Federal government is providing disaster assistance loans through the [Small Business Administration](#). Under the Paycheck Protection Program small employers would receive 8 weeks of cash-flow assistance through 100% federally guaranteed loans to small if they maintain their payroll during this emergency. If they do, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven, which would help workers to remain employed and affected small businesses and our economy to recover quickly from this crisis. In addition, it

would be retroactive to February 15, 2020, to help bring workers who may have already been laid off back onto payrolls.



Already the numbers have been staggering. 3.28 million people filed for unemployment in the month of March. This is 500% higher than the previous high in unemployment filings. Without major interventions, experts are predicting that the unemployment could top 20% which is where it was during the Great Depression.

We all hope that the recent and future actions of local, state, and federal officials can stave off those predictions. For now, businesses continue to try and work where they can, but many have laid off their

workforce and are looking for guidance on how to weather this storm. NERCA would be happy to help any of our members and readers to understand the impact that the FFRCA and CARES Act may have on their businesses. Please feel free to reach out to us

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#### SIDE NOTE:

NERCA was sorry to postpone the 94th Annual Convention & Trade Show. It was an agonizing decision early this month however in retrospect we are thankful to our President Bradley Sontz, our other Association Officers, our Executive Committee, and our Board of Directors for making the right call and prioritizing safety above all else. In addition, the Association staff appreciates everyone's support and understanding during this time.

Once life is back to normal and we have a chance to reschedule, we hope that everyone will join us for our much-anticipated return!

