

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

February 4, 2021

## Memorandum

**To:** Members, Committee on Financial Services  
**From:** FSC Majority Staff  
**Subject:** February 10, 2021 Full Committee Markup

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The full Committee will convene to mark up the following measure at 12:00 pm on Wednesday, February 10, 2021, and subsequent days if necessary, in a hybrid format in room 2128 of the Rayburn House Office Building as well as on the WebEx platform. This measure will be marked up pursuant to the reconciliation instructions contained within S.Con.Res.5, the Concurrent Resolution on the Budget for Fiscal Year 2021 (“Budget Resolution”). The Budget Resolution instructs the Committee on Financial Services to “submit changes in laws within its jurisdiction to increase the deficit by not more than \$75,000,000,000 for the period of fiscal years 2021 through 2030.” The Committee will mark up an Amendment in the Nature of a Substitute (ANS), which makes technical changes to the base text.

### Overview

As of February 4, 2021, the coronavirus disease 2019 (COVID-19) pandemic has caused more than 104 million infections and over 2.2 million deaths worldwide, with more than 26 million infections and 443,000 deaths in the United States alone.<sup>1</sup> The daily mortality rates for COVID-19 since mid-November 2020 make it the leading cause of death in the United States.<sup>2</sup> The COVID-19 pandemic has disproportionately affected low-income communities and people of color. For example, in substantially non-white counties that have a high rate of poverty, residents have a nine times greater chance of death from COVID-19 than in mostly white, similar-income counties.<sup>3</sup> COVID-19 has also taken a substantial economic toll. The national unemployment rate peaked at 14.7% in April 2020 when 20.5 million people in the United States lost their jobs.<sup>4</sup> The unemployment rate in the United States remains at 6.7%, significantly higher than the 3.5% pre-pandemic unemployment rate.<sup>5</sup> Real gross domestic product (GDP) for the third quarter of 2020 is 3.4% below the level of real GDP for the fourth quarter of 2019, the most recent quarter before the onset of the pandemic.<sup>6</sup>

On January 14, 2021, then-President-elect Joseph R. Biden announced the American Rescue Plan (the Plan), a \$1.9 trillion legislative proposal to address the health and economic impacts of the COVID-

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<sup>1</sup> [WHO Coronavirus Disease \(COVID-19\) Dashboard](#), World Health Organization (Last Accessed Feb. 5, 2021).

<sup>2</sup> Daily mortality rates for heart disease and cancer, which for decades have been the two leading causes of death, are approximately 1,700 and 1,600 deaths per day, respectively. Woolf, et al, [COVID-19 as the Leading Cause of Death in the United States](#), Journal of American Medical Association (Dec. 17, 2020).

<sup>3</sup> Adhikari et al., [Assessment of Community-Level Disparities in Coronavirus Disease 2019 \(COVID-19\) Infections and Deaths in Large US Metropolitan Areas](#) (July 28, 2020).

<sup>4</sup> [Unemployment rate jumps to 14.7 percent, the worst since the Great Depression](#), Washington Post (May 8, 2020).

<sup>5</sup> [Unemployment rate remains at 6.7%, employers cut 140,000 jobs last month](#), ABC News (Jan. 8, 2021).

<sup>6</sup> [Gross Domestic Product \(Third Estimate\), Corporate Profits \(Revised\), and GDP by Industry, Third Quarter 2020: Technical Note](#), U.S. Bureau of Economic Analysis (Dec. 22, 2020).

19 pandemic.<sup>7</sup> The Plan would provide relief to individuals, communities, and businesses, stimulate the economy, invest in health measures such as vaccination infrastructure, and provide \$9 billion to invest in cybersecurity infrastructure.<sup>8</sup> According to one estimate, in contrast to no additional fiscal support, the Plan would increase real GDP by roughly 4 percent at the end of 2021 and 2 percent at the end of 2022.<sup>9</sup>

The Budget Resolution provides instructions to the following 12 House Committees: Agriculture, Education and Labor, Energy and Commerce, Financial Services, Foreign Affairs, Natural Resources, Oversight and Reform, Science, Space and Technology, Small Business, Transportation and Infrastructure, Veterans Affairs, and Ways and Means. Each House Committee has been instructed in accordance with their jurisdiction to report legislation totaling in aggregate \$1.9 trillion consistent with specified budgetary target amounts no later than February 16, 2020. In addition to the Committee on Financial Services, reconciliation instructions were provided to the following Committees to submit changes in laws within their respective jurisdictions to increase the deficit by not more than the following amounts for the period of fiscal years 2021 through 2030:

- Committee on Agriculture - \$16,112,000,000
- Committee on Education and Labor - \$357,076,000,000
- Committee on Energy and Commerce - \$188,498,000,000
- Committee on Foreign Affairs - \$10,000,000,000
- Committee on Natural Resources - \$1,005,000,000
- Committee on Oversight and Reform - \$350,690,000,000
- Committee on Science, Space and Technology - \$750,000,000
- Committee on Small Business - \$50,000,000,000
- Committee on Transportation and Infrastructure - \$95,620,000,000
- Committee on Veterans' Affairs - \$17,000,000,000
- Committee on Ways and Means - \$940,718,000,000

Upon the conclusion of the markup, each Committee will report its recommendations to the House Committee on Budget. The Budget Committee will then combine all committees' recommendations and report them to the floor as a single budget reconciliation measure.

### **Financial Services Committee Instructions.**

The Budget Resolution instructs the Committee on Financial Services to “submit changes in laws within its jurisdiction to increase the deficit by not more than \$75,000,000,000 for the period of fiscal years 2021 through 2030.” The Committee Print to be considered at the markup would increase the deficit in the following ways:

*\$10 billion for Defense Production Act spending.* The United States continues to face shortages of key medical supplies and equipment to combat the COVID-19 Pandemic, demonstrating key gaps in the capacity of domestic manufacturing to fulfill U.S. public health needs. N95 masks are being reused over the objections of essential health workers<sup>10</sup> and critical gaps and vulnerabilities in medical and drug supply chains are complicating efforts to rapidly deploy vaccines, such as a lack of syringes with low dead space needles.<sup>11</sup> In addition, the emerging COVID-19 variants and future mutations may require

<sup>7</sup>[Joe Biden Unveils a \\$1.9 Trillion Plan to Stem the Virus and Steady the Economy](#), Time Magazine (Jan 14, 2021).

<sup>8</sup>[President-elect Biden Announces American Rescue Plan](#), Build Back Better (Jan. 2021).

<sup>9</sup>[The macroeconomic implications of Biden's \\$1.9 trillion fiscal package](#), Brookings Institution (Jan. 28, 2021).

<sup>10</sup>[Why N95 Masks Are Still In Short Supply In The U.S.](#), National Public Radio (Jan. 27, 2021).

<sup>11</sup> Reuters, [U.S. goal to squeeze more COVID shots from Pfizer vials hampered by syringe production](#) (Jan. 25, 2021).

significant additional changes in production lines or the cooperation of different corporations. The Committee's recommendations on reconciliation includes Sec. 4101, which provides \$10,000,000 to carry out the authorities of the Defense Production Act of 1950 (DPA). The DPA is an authority that allows the President to help increase domestic production of essential materials, including making purchase commitments, buying materials that are hard to acquire for industry, and help private sectors entities expand production lines to fulfill U.S. national security needs. These funds would be available, for example, to help boost domestic production of critical personal protective equipment, secure supply chain and increased capacity for vital vaccine production, and help onshore production of rapid COVID-19 tests.

*\$25 billion for Emergency Rental Assistance.* The economic impact of the coronavirus pandemic has taken a heavy toll on renters. More than 50% of renters lost income in the early part of the pandemic, and renters—particularly Black and Latinx renters—have been more likely to lose employment than homeowners.<sup>12</sup> According to the U.S. Census Bureau's Household Pulse Survey, 19% of renter households reported that they were not caught up on rent in December of 2020, with Black and Latinx renters more likely to be behind than White renters.<sup>13</sup> While Congress provided \$25 billion in emergency rent and utility assistance in December 2020, Moody's Analytics<sup>14</sup> unpaid rent, utilities, and additional fees.<sup>15</sup> Prior to imposition of the CDC eviction moratorium order, researchers predicted that between 29 and 40 million renters could be evicted by the end of 2020 due to financial instability.<sup>16</sup> While the CDC order has helped some families remain in their homes, it is only a half-solution, as people will still owe any back-rent they have accrued. The reconciliation package includes \$25 billion to provide assistance to renters, including assistance targeted to specific populations to ensure vulnerable families in all communities are able to access the relief they need.

- Section 4201. This section would provide \$19.05 billion in funding to the Department of Treasury for emergency rental and utility assistance that would be allocated to states, territories, counties, and cities to help stabilize renters during the coronavirus pandemic, and help rental property owners of all sizes continue to cover their costs.
- Section 4202. This section would provide \$5 billion for emergency Housing Choice Vouchers to transition people experiencing or at risk of homelessness, survivors of domestic violence, and victims of human trafficking to stable housing.
- Section 4203. This section would provide \$100 million to support unassisted households living in USDA-subsidized properties and who are struggling to pay rent during the coronavirus pandemic.
- Section 4204. This section would provide \$750 million to support the Indian Housing Block Grant program and the Indian Community Development Block Grant program to help Alaska Natives, Native Americans, and Native Hawaiians respond to pressing housing needs during the coronavirus pandemic.
- Section 4205. This section would authorize \$100 million in funding for NeighborWorks to support housing counseling services that help renters, people experiencing homelessness, people at risk of homelessness, and homeowners navigate their housing options and rights, including protections and resources provided through coronavirus relief legislation.

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<sup>12</sup> Alexander Hermann, [Using the Census Bureau's Household Pulse Survey to Assess the Economic Impacts of COVID-19 on America's Households](#), Joint Center for Housing Studies (July 2, 2020).

<sup>13</sup> [Measuring Household Experiences during the Coronavirus Pandemic](#), United States Census Bureau (Jan. 12, 2021).

<sup>14</sup> [Nearly 20% of renters in America are behind on their payments](#), CNBC (Jan. 25, 2021).

<sup>15</sup> Benfer et al., [The COVID-19 Eviction Crisis: an Estimated 30-40 Million People in America Are at Risk](#), The Aspen Institute (Aug. 7, 2020).

*\$5 billion for Homelessness Funding.* Even before the coronavirus pandemic, homelessness had reached crisis proportions in some parts of the country and more than a half a million people were already living in shelters, on streets, or other places not fit for human habitation. People experiencing homelessness are particularly vulnerable to the coronavirus because they are disproportionately likely to have underlying health conditions, and because they often do not have the means to follow CDC guidance around hand washing and social distancing, particularly because most emergency shelters provide congregate living facilities. People experiencing homelessness who contract the coronavirus<sup>16</sup> While the CARES Act provided \$4 billion in homeless assistance, experts estimate that at least \$5 billion in additional assistance is needed to help communities provide shelter that facilitates social distancing and supportive services. The Committee's recommendations on reconciliation include section 4206, which to enable state and local governments to finance supportive services, affordable housing, and the acquisition of non-congregate shelter (such as hotels), for the hundreds of thousands of people currently experiencing homelessness. Funding would be distributed through the HOME program formula.

*Homeowner Assistance Funding.* As mortgage interest rates hit historic lows and house prices continue to climb during COVID, national delinquency rates in May of 2020 reached the highest peak since August of 2014<sup>17</sup> According to the latest Census Bureau Pulse Survey data, over 8 million homeowners reported to be behind on their mortgage payments.<sup>18</sup> Homeowners of color are nearly three times as likely to be behind compared to their W<sup>19</sup><sup>20</sup><sup>21</sup> While CARES Act forbearances have provided temporary reprieve for many homeowners with federally-backed mortgages, some of the most vulnerable borrowers, especially those with non-federally-backed loans, have been unable to access mortgage relief and continue to struggle to make housing payments during the pandemic.

- **Section 4207.** This section would provide \$9.961 billion to states, territories, and tribes to address the ongoing needs of homeowners struggling to afford their housing due directly or indirectly to the impacts of the coronavirus pandemic by providing direct assistance with mortgage payments, property taxes, property insurance, utilities, and other housing related costs.
- **Section 4208.** This section would provide \$39 million for the Department of Agriculture (USDA) to continue providing Section 502 and 504 home loans, which help low- and very-low income borrowers purchase, repair, and rehabilitate housing in rural areas, while helping existing USDA borrowers who are struggling to afford their housing during the COVID-19 pandemic.

*\$10 billion for the State Small Business Credit Initiative.* As the economy recovered from the 2008 financial crisis and Great Recession,<sup>22</sup> States used the funds to establish or support loan participation programs, venture capital programs, collateral support programs, loan guarantee programs, and capital access programs.<sup>23</sup> During the pandemic<sup>23</sup> COVID-19<sup>24</sup> In particular, Black and other

<sup>16</sup> Dennis P. Culhane et al, [Estimated Emergency and Observational/Quarantine Capacity Need for the US Homeless Population Related to COVID-19 Exposure by County; Projected Hospitalizations, Intensive Care Units and Mortality](#) (March 27, 2020).

<sup>17</sup> Molly Boesel, [Overall Delinquency Rate Increases to Highest Level in More than Five Years](#), CoreLogic (Aug. 11, 2020).

<sup>18</sup> [Week 22 Household Pulse Survey](#), U.S. Census Bureau (Jan. 27, 2021).

<sup>19</sup> *Ibid.*

<sup>20</sup> Gary V. Engelhardt and Michael D. Eriksen, [Housing-Related Financial Distress During the Pandemic](#), Research Institute for Housing America (Sep. 17, 2020).

<sup>21</sup> Cherry et al., [Government and Private Household Debt Relief During COVID-19](#), National Bureau of Economic Research (Jan. 2021).

<sup>22</sup> Treasury, [Program Evaluation of the U.S. Department of Treasury State Small Business Credit Initiative](#), (Oct 2016).

<sup>23</sup> National Bureau of Economic Research, [The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses From the April 2020 Current Population Survey](#) (June 2020).

minority-owned businesses face severe distress, and have struggled to obtain access to the Paycheck Protection Program and other small business relief measures.<sup>25</sup>

- Subtitle C, Section 4301. The Committee Print would provide \$10 billion through a reauthorized SSBCI program to support up to \$100 billion in small business financing through state, territorial, and tribal government programs. This amount includes up to \$2.5 billion to support business enterprises owned and controlled by socially and economically disadvantaged individuals, including minority-owned businesses. The Committee Print would provide \$500 million for tribal government programs, and \$500 million to provide technical assistance to small businesses that need legal, accounting, financial and other kinds of advice in applying for small business support programs. Among other things, this bill would also require states and other jurisdictions to submit a plan on how it would expeditiously deliver funds to help small businesses respond to and recover from the pandemic, and a plan to encourage participation of minority depository institutions (MDIs) and community development financial institutions (CDFIs) in the program.

*\$15 billion to Support Workers in the Airline Industry.* The CARES Act, signed into law on March 27, 2020, established the Payroll Support Program (PSP), which provided \$32 billion in payroll support for workers employed by airlines, cargo air carriers, and contractors servicing air carriers at airports. The PSP expired on September 30, 2020, and had supported over \$28 billion in payroll support at the time of its expiration.<sup>26</sup> Through the Consolidated Appropriations Act of 2021, Congress approved the Payroll Support Program Extension (PSP2), which provided short-term relief to the same class of workers as PSP.<sup>27</sup> Airlines that accept PSP2 assistance cannot lay off workers until March 31, 2021.<sup>28</sup> According to some estimates, major U.S. airlines lost over \$35 billion in 2020, and although demand for air travel has increased in recent months, airlines do not expect to return to profitability until midway through 2021.<sup>29</sup> One airline executive warned that December’s “recall [of workers] will be temporary,” suggesting that airlines will proceed with layoffs if PSP2 is not extended.<sup>30</sup>

- Subtitle D, Section 4401. The Committee Print would provide \$15 billion to further extend the Payroll Support Program (PSP3) through September 30, 2021, to provide payroll support for airline workers and related contract workers. Specifically, PSP3 would provide \$14 billion to support workers of eligible air carriers, and \$1 billion would be available to support workers of eligible contractors.<sup>31 32 33</sup>

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<sup>25</sup> Brookings Metropolitan Policy Program, [New data shows small businesses in communities of color had unequal access to federal COVID-19 relief](#), (September 2020).

<sup>26</sup> CRS, [CARES Act Payroll Support to Air Carriers and Contractors](#), (Oct 22, 2020).

<sup>27</sup> Department of the Treasury, [Payroll Support Program Extension](#), (January 2021).

<sup>28</sup> Treasury, [Guidelines and Application Procedures for Payroll Support to Passenger Air Carriers and Contractors](#), (Dec. 29, 2020).

<sup>29</sup> CNBC, [U.S. airlines' 2020 losses expected to top \\$35 billion as pandemic threatens another difficult year](#) (Jan. 1, 2021).

<sup>30</sup> Id.