

U.S. Senator Gary Peters / Kelley Cawthorne Client Meeting

Monday, July 13th, 12:00 p.m.

U.S. Senator Gary Peters:

- A big part of what I have been focused on over these past few months is my relation to one of the committees I serve on, Homeland Security and Government Affairs, where I am the ranking member and top democrat.
 - o I oversee the Department of Homeland Security, which includes FEMA, and they have been coordinating the federal response to the COVID crisis.
 - o This has been an intense few months and it is continuing to be intense. It was intense initially as Michigan was a hot spot during the time when we were first responding to the crisis.
 - o We did not have an adequate supply of PPE, testing supplies, and basic equipment like respirators. It was a time when we were working aggressively to get that for the state of Michigan, but now we must continue to do that. It is not over.
 - o As we are opening the economy, we want to make sure people stay safe and have the resources they need. Therefore, we need to continue to work on the supply chain.
 - o The supply chain is something that I have worked on and will continue to focus on. I identified our supply chain as a problem last year. I did a report in the Homeland Security Committee, because I saw drug shortages that happen across our country as a Homeland Security issue. Many of the drugs we count on are not made in the United States. They are from foreign entities, so access to supplies is uncertain and could cause real problems. In fact when I rolled out the report, which identified some challenges we had been having at a local hospital, they talked about a group that meets every week to discuss which drugs would be in short supply that week. That should not be happening in the United States. Part of the reason for this is that 80% of all precursors or critical chemicals needed to make most of the drugs that we use are made overseas or mostly in China. That includes PPE, masks, and cotton swabs we use for testing. We need to take this production back, look at this as a national security issue, and bring it back to the United States. In that report, I said when there is a pandemic the United States is going to be in a very bad situation. Little did I know just a few months later, here we are in a pandemic.
 - o This is also related to the work I do on the Armed Services Committee and making sure we have an industrial base, which is important to us in Michigan. We must maintain our industrial base because it contributes to national security. The example I use is the Navy example to show how important it is for us to have the capabilities to make stuff in our country. We do not buy U.S. Navy warships from China. We make sure we have Navy shipyards in America that can make our warships. That is why we have a great marine on the border of the U.P. and



KELLEY CAWTHORNE

SHAPING CHANGE

Wisconsin making Navy ships and Michiganders make up half of the workforce. That is a shipyard in America with highly skilled Michigan workers that make the warships for the Navy. That includes military equipment production for the Midwest also.

- I am going to be working aggressively to continue to take back that production, which is great for Michigan. I do not think you can be a great country unless you can produce and manufacture things. That is also why I introduced a National Institute of Manufacturing, which we can talk about later.

Q1: Like every state, we have been dealing with some budget issues. Last week a supplemental was passed trying to spend some of the federal funding we received, but a common question that comes up is the concern with the lack of flexibility with the federal funds Michigan is receiving. Can you comment on that? I know there is a push to have more flexibility with the funding the state is receiving from CARES.

A: Well there is, Jim. My concern with the CARES Act is that you need to make sure that the local governments and state governments have the resources they need to get through this, but you also need the flexibility to spend it in a way that helps them manage that. We are going to be taking up legislation soon (I hope), related to another COVID response at the end of this month. The House passed their version, the HEROES Act, a while ago and it is a substantial piece of legislation providing a great deal of assistance for local governments, hospitals, small businesses, and families across the county. I was hoping we would have taken this up a whole lot sooner. I have been aggressively pushing for it, as many of us have. We know that the economy continues to need help and we hear that from economists regardless of what their political bias may be. They have all said that we need to be putting money into the system to get through this. Our chair of the Federal Reserve has been very outspoken, saying that if you wait to address this the problem becomes bigger and harder to solve. We need to make sure we are continuing to provide those resources. That will be coming up at the end of this month, I think. We are amid a National Defense Authorization, which is always a must-pass piece of legislation out of Congress. We are all back in our home states this week, but next week we will be back in Washington and hopefully we can accomplish that. This is certainly high on my agenda and we realize there needs to be more flexibility. This is not a red-state blue-state problem, this is a state and local government problem. We need to provide the assistance that is necessary and understand that budgets have just collapsed. When you think about Michigan, over 20% of the workforce is on unemployment right now. Those are massive numbers to have on unemployment and hurts budgets when governments still must provide services as well. The flexibility is something that we will have to provide and hopefully we can get that done.

Q2: As far as the next stimulus package, some of our health care clients were asking what would be in there for hospitals? Is there a good chance that the Medicare advancement payment loan forgiveness option would be included?

A: We are working to try and make that happen. I have had those conversations, and we are working aggressively to make that happen.



Q3: They also had a question on the already appropriated stimulus dollars to hospitals. There is still roughly \$75 billion to be sent out to systems and providers. Do you have any comments on that Senator?

A: I have been highlighting that issue. I did a report in Homeland Security and Government Affairs. In Government Affairs, we are the top oversight committee for the Senate. Most of the oversight language that was put in the CARES Act to provide additional tools to Inspector Generals and the General Accountability Offices was language I wrote after working with the Republican Chair in a bipartisan way. We were able to put oversight language in the Act so know exactly how this money will be spent. We want to make sure it is not being wasted or used inappropriately. We just did a study which identified those numbers from your question, and we appropriated this money back in March and still a little over 40% of that money has not been sent out to health care providers. That is unacceptable. A big part of why that money was appropriated was to make sure our health care professionals could maintain employment, and so hospitals could have the resources they need to maintain people on the payroll. Last I seen, there are about 10,000 folks who have been furloughed or laid off. If that money had been sent out, we would not be in this situation. We are raising that alarm; we are pushing the administration as aggressively as we can. The administration really has no good reason as to why they have not sent that money out, but we are going to keep putting pressure on them. We will also raise public awareness to put more pressure on them, because health care providers are still hurting. Business is not coming back as quickly as anyone would like, we still must get people more comfortable with getting back into health care facilities and make sure they are taking care of their needs. In the meantime, we need to get that money out. I think we are going to need more. The argument will be that they still have money available, but the need is still there.

Q3: What are your thoughts on the upcoming school year? What are you hearing in D.C.? How do you feel it is going to look and what should we expect?

A: I just hope that decision is related to public health and how we do this safely. We need to listen to health experts. I am afraid that this is becoming a political issue, but it should not be. This is a public health issue. So much of what we are dealing with during this crisis, things that should just be public health related like wearing a mask, has become a political issue rather than a public health issue. I would hope something as important as going back to school and the health and well-being of students would be viewed as a public health issue. We need to make sure they have the resources they need and can go back safely. I am dismayed when I hear that the Secretary of Education is going to try and withhold money from school districts. I am not sure what she is talking about. Federal involvement is not that great as you know, but it is important for special needs students and children at risk. I would hope that folks will not use politics and those most vulnerable as leverage. We need to be thinking about public health.

Q4: We have some property management clients, and there has been an on-going issue with continuing the extension of eviction moratoriums. No one wants to see people evicted from their residence or their property, but there has been concern about continuing the extension of these. Why not just get the process moving and provide funding for these individuals if there is that much of a problem? Do you have any comments on that?



A: Well, there is no question that it is a big concern that many folks may not be able to make their rent or mortgage payments, particularly if things like the unemployment are not extended or if jobs do not return. That is going to put many families in a very bad situation. We all know many American families live paycheck-to-paycheck, and if they miss a paycheck they are in serious trouble. It is difficult to make the payments necessary to keep their home without a job. Part of the HEROES Act that passed out of the House recognizes this problem and creates a fund for rental help. It would provide rent resources and give states money to help keep people in their homes. There is also legislation, which I am a co-sponsor of, related to that in the Senate. I am hoping we can get aspects of this legislation into the next Senate package, if not all of it. Also, I am on legislation to help people with mortgage payments as well because we certainly do not want a housing crisis. It is all related to the extension of unemployment, and the additional amount available to folks is set to expire at the end of this month. As I mentioned earlier, we are going back to session next week, and it is likely the Republican Senate will approve something different than the Democratic House which will make it take more time. It is a cliff we are headed towards that I am very worried about, and we need to address it directly.

Q5: I was just going to ask you about the federal unemployment benefits being extended, because it would have to be done next week to avoid a gap.

A: We want folks back to work as quickly and safely as possible, but there must be jobs to go back to. We are starting to see some of that happening which is great. We must remember this is a public health and economic crisis and we need to deal with both at the same time. However, it is a public health crisis first and foremost. Until we deal with that, it is difficult to fix the economic side of things. It takes more than opening a business for the economy to recover. It also takes customers going to that business and spending money, and it also requires customers to have money in their pocket that they can spend. All of those are clearly interrelated, but we must deal with the public health crisis first.

Q6: As you mentioned, as businesses start and continue to reopen, how are the feds dealing with the issue of PPE? And with these businesses opening and having additional need for PPE?

A: We are continually focusing on getting more PPE that is necessary for both employees and customers. When it comes to masks and cloth masks, those are not as great as wearing a N-95 or something like that but it is sufficient for what you need to be out in the community. We want to make sure that we have adequate supplies as cases start to increase across the county. Our public health officials also warn us that there is potential for another surge in the fall. We need to make sure we are prepared for that if it occurs. That goes back to what I was saying about supply chains, we need to strengthen the supply chains to make sure we are producing more. I have been pushing the Trump Administration to use the Defense Production Act more effectively, which is a tool we can use to acquire more supplies. It is a bill that came out of the Korean War, and it allows the Federal Government to go to a company and tell them they need to start making masks. It is not charity; they get paid well for it and get a contract. The Federal Government will need to be the customer in the short run, but we will also need to refill the national stockpile. Our stockpile was insufficient to deal with this crisis, so we need to make sure we restock and increase our supplies.



KELLEY CAWTHORNE

SHAPING CHANGE

Q7: Once a vaccine is developed, is there any idea how long it would take to vaccinate the public?

A: Well, if we do not start preparing now, it will take a lot longer. We have appropriated substantial money from Congress to have manufacturers starting to build the production facilities they are going to need. First you must develop and test the vaccine, and once you have a promising vaccine the tests take time. You must make sure the vaccine is safe and must prove its effectiveness, right now the requirement is that it must be at least 50% effective. I hope it is a whole lot more than that though. Then once you get all that, now you must have hundreds of millions of doses available which would take a long time. If you waited to build production facilities until the vaccine is ready early next year, you would be adding even more months on-top of that. So, as we speak, companies are receiving money to develop production facilities even before there is a vaccine. The other issue we must work on is who gets the vaccine and when, so how do we prioritize the vaccines. We want to make sure they are available to vulnerable populations and health care workers.

Q8: If funding from the HEROES Act does get approved this month, how long would it take to be received in Michigan?

A: Well it would hopefully be sent out fairly quickly. The money from the CARES Act went out quickly, so that would be our expectation. However, it still must go through the Senate. Those bills passed quickly because of the urgent need and bipartisan support, but that is not the case with the HEROES Act. That would slow it down. However, when it passes the Senate; the money should be going out quickly.

