

Rebuilding Main Street Act

U.S. Senators Chris Van Hollen, Jeff Merkley, and Chris Murphy

Employers and workers across the country are reeling from the widespread economic shutdown brought on by the COVID-19 pandemic. The relief programs passed by Congress are helping, but large segments of the workforce and businesses have not benefitted from these programs. A recent Federal Reserve Bank of New York study found that some of the areas hardest hit by the pandemic received fewer loans from the Paycheck Protection Program (PPP) than areas that have been less hard hit.¹ In addition to much needed changes to the PPP, Congress needs to enact policy that will create a comprehensive and flexible program that reaches all hard hit employers.

The Rebuilding Main Street Act would allow employers to share their payroll costs with the federal government and receive a grant for a portion of their other costs to weather the storm and reopen when it is safe to do so.

The cornerstone of the program is Work Sharing – an existing program already supported by the CARES Act that still has far too much untapped potential. In states with Work Sharing programs, participating employers avoid layoffs by instead reducing the hours of their employees, and those employees receive a pro-rated Unemployment Insurance benefit to compensate for the lost wages. Under the CARES Act, benefits paid by Work Sharing programs are fully federally funded through the end of 2020, and those benefits are also increased by \$600 per week like other unemployment benefits through July 31, 2020.

Despite the CARES Act, Work Sharing has not been widely adopted by employers and many states have not even established Work Sharing programs. Hard hit businesses and nonprofits need more than payroll support to weather the storm and reopen – such as assistance with rent and debt service – and PPP penalizes recipients for reducing their payrolls through Work Sharing.

¹ Haoyang Liu and Desi Volker, “Where Have the Paycheck Protection Loans Gone So Far?” Liberty Street Economics, May 6, 2020. <https://libertystreeteconomics.newyorkfed.org/2020/05/where-have-the-paycheck-protection-loans-gone-so-far.html>

The Rebuilding Main Street Act would:

- Provide a **Rebuilding Main Street Grant** to hard-hit employers who do not fully layoff any workers by utilizing Work Sharing, including employers who bring previously laid off workers back on the payroll using Work Sharing. This grant would cover up to 50% of the employer's fixed costs and expenses necessary to reopen and reconfigure their businesses, with a cap of \$300,000 per employer.
 - The grant would be paid quarterly to cover 50% of eligible costs incurred in the current calendar quarter for businesses and nonprofits with reductions in gross receipts of 50% or more relative to the same quarter last year (or the first quarter of 2020 for new businesses).
 - The percentage of eligible costs covered by the grant would be reduced by 2% for every percentage point that the employer's reduction in gross receipts is less than 50%. This means the grant phases out completely for businesses with reductions in gross receipts of 25% or less.
 - Quarterly payments would continue as long as the employer continues to use Work Sharing and qualifies based on quarterly reductions in gross receipts, until the \$300,000 maximum is paid.
 - Rather than being "first come, first serve," any hard hit employer that qualifies can receive this grant.
 - In addition to fixed costs and covering expenses related to reopening a business, funds could also be used to ensure businesses can adapt to our new normal so that they can meet safety standards; including retrofitting spaces, and purchasing PPE and safety equipment.
 - Grants would be made by the Treasury Department and not third parties.
 - Provide necessary transparency to ensure the dollars are being properly distributed by requiring the collection and timely release of data on grantees including size of business, demographics of the principal owners, and geographic location of the grantee.
- Prevent reductions in loan forgiveness for employers who receive a PPP loan that would otherwise occur due to payroll reductions that are undertaken under a Work Sharing plan.
 - Expenses paid with proceeds from a PPP loan will not be eligible for reimbursement from the Rebuilding Main Street Grant.
- Increase the federal limit on hour reductions that may be done under a Work Sharing agreement from 60% to 80% through December 31, 2020.
 - This enables increased payroll support during the current crisis.
 - The minimum hour reduction to qualify for Work Sharing would remain 10%.
- Employers would continue to provide health and retirement benefits, as required by federal Work Sharing law.
- Work in tandem with the Employee Retention Credit established in the CARES Act to further support payrolls and health care benefits for hard-hit employers.
- Allow governors to establish provisional work sharing programs by executive action in states without a formal Work Sharing program, if legal under state law, and provide full federal funding for benefits paid under these provisional work sharing programs.

- This would increase the 50% federal funding that the CARES Act already provides for these provisional programs established by agreement between the state and the U.S. Department of Labor.
- Protect workers' paychecks by extending Federal Pandemic Unemployment Compensation to increase unemployment benefits – including Work Sharing benefits – by \$600 per week through December 31, 2020.
 - All workers make more money from working reduced hours and receiving a Work Sharing unemployment benefit than they would receive from only unemployment benefits. Workers would continue to receive extra \$600/week when returning to work under Work Sharing, and their paycheck would exceed the reduction in regular unemployment benefits.
- Support participating employers by prohibiting increases in UI taxes or reimbursement costs due to Work Sharing benefits paid through December 31, 2020, since these benefits are fully federally funded.
- Create a federal portal (workshare.gov) for employers to learn more about the program and easily locate the Work Sharing program in their state.
- Provide \$100 million in administrative funding for states to establish, improve, and promote their Work Sharing programs, doubling the \$100 million in the CARES Act for this purpose.
 - These grants would help states streamline and automate processing of Work Sharing applications and weekly certifications to expand capacity and simplify participation for employers and employees.
 - States could use the grants to hire personnel to coordinate Work Sharing programs and act as a point of contact for employers, which would also prevent diversion of resources for processing of other unemployment claims.
 - Grants would fund outreach to employers to overcome the lack of awareness of Work Sharing that is among the primary barriers to participation.
 - States with permanent Work Sharing programs would get larger grants, but funds would also be available to states establishing temporary work sharing programs via executive agreements between the state and the U.S. Department of Labor.
 - States would also qualify for larger grants by agreeing to streamline Work Sharing program rules, such as allowing employers to provide weekly eligibility certifications on behalf of their employees, repealing restrictions that some states have against using Work Sharing to bring employees back from layoff, and relaxing limitations on Work Sharing hour reductions that are more stringent than federal rules.