



For Immediate Release
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Waters Releases Extended Statement for the Record on the CARES Act

Statement Spells Out Congressional Intent to Trump Administration

WASHINGTON, D.C. - Today, **Congresswoman Maxine Waters (D-CA)**, Chairwoman of the House Committee on Financial Services, released an extended statement for the record on H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The statement provides guidance to the Trump Administration on congressional intent behind the law, and serves to fill out the congressional record in the absence of Committee consideration of the legislation.

“I am pleased that this legislation includes important provisions that Democrats fought for to support individuals, families, workers, small businesses and communities, and support the bill’s passage,” **said Chairwoman Waters in the statement.** “But, the legislation is far from sufficient to fully support our nation through this crisis.”

Read below for the full extended statement:

Madame Speaker, it is absolutely critical for Congress to take action to provide relief and assistance to the millions of people across the nation who are struggling in the midst of this national public health and economic emergency. I rise today to support the Senate Amendment to H.R. 748, now referred to as the Coronavirus Aid, Relief, and Economic Security Act or CARES Act, and to address several key issues. The legislation before us takes important steps to support consumers, renters, homeowners and people experiencing homelessness, to address the shortage of key medical supplies and equipment, to assist small businesses and local, territory and state governments, and to ensure that any federal aid to corporations has conditions and independent oversight. While it is clear that Congress must continue to take action to respond to and address this crisis, the passage of this bill is much needed for families and communities in the United States.

Protecting Consumers, Homeowners, Renters, and People Experiencing Homelessness

The first draft of the Senate Republican bill failed to include important relief for consumers, homeowners, renters, and people experiencing homelessness. Thankfully, after I, and other Democrats spoke out about the lack of homeless assistance in the first package for Coronavirus relief, this bill now includes \$4 billion for homeless assistance. There are over half a million people experiencing

homelessness in America and the limited accommodation they have access to is often in emergency shelter facilities that have several beds in a single room. These cramped facilities are prime conditions for the spread of a virus, and people experiencing homelessness are also more vulnerable in that they often have limited access to health care services. Congress expects that the Department of Housing and Urban Development (HUD) will prioritize this vulnerable population in delivering assistance.

This bill also includes a temporary moratorium on eviction filings for renters who are living in properties with federal backing or subsidies, as well as targeted rent relief for federally assisted renters. I continue to have concerns about other renters, particularly lower income renters who will not benefit from these provisions. The House bill, H.R. 6379, the Take Responsibility for Workers and Families Act, provided a \$100 billion emergency rental assistance fund to help renters in paying their rent and utilities. Congress needs to provide such assistance in a future package.

Homeowners with federally backed loans will also get relief under this bill through a foreclosure moratorium and mortgage forbearance. Multifamily rental property owners with federally backed mortgages will also receive forbearance. I continue to have concerns about homeowners and rental property owners with mortgages that do not have federal backing and therefore will be excluded from this relief. I'm also concerned that the bill provides no funding for rural housing programs.

Congress expects financial institutions, mortgage servicers, and landlords to ensure they are in compliance with the law and promptly provide clear and accessible notices to tenants and homeowners about their eligibility for relief under the law.

While mortgage servicers have expressed concerns that they will not be eligible to access a Federal Reserve facility to ensure that businesses have access to financing, I believe that H.R. 748 is clear that mortgage servicers, like other businesses, are eligible for this financing. Indeed, the Federal Reserve already has sufficient authority to create a facility to ensure that mortgage servicers have liquidity. H.R. 748 builds on those authorities to ensure the Federal Reserve is responsive to this crisis and its actions complement other provisions in the bill, so Congress expects the Fed will act promptly to establish and implement this facility. Congress also expects that the Secretaries of Treasury and HUD, as well as the Director of the Federal Housing Finance Agency will use their robust authorities provided in the legislation and current law to ensure that the time periods allotted for foreclosure moratorium and forbearance are long enough to provide sufficient relief. We do not want homeowners to be forced to resume making payments when the worst economic impacts of the crisis have yet to subside.

This bill also includes \$4 billion in Community Development Block Grant funding to provide states and localities with flexible funding to address various community needs associated with COVID-19, including the provision of mobile health clinics. There is also \$10 million to ensure that elderly households living in HUD-assisted housing have access to service coordinators and \$2.5 million for fair housing enforcement and education. Congress has seen that in the aftermath of disasters, federal relief funding has often been spent in ways that discriminate against minorities and other protected classes of people. These additional funds are provided to focus the Federal response on ensuring that the funding in this bill is spent in ways that are not discriminatory.

Democrats pushed to ensure the bill helps struggling student loan borrowers. The final bill pauses payments and suspends debt collection on most federal student loans until September 30th. It

prohibits garnishment, tax seizure, benefits reduction, and interest accrual on most federal student loans, allowing borrowers to remain current for credit reporting and loan forgiveness program purposes. However, the bill does not provide similar relief for private student loan borrowers. It also does not provide any forgiveness of student loan debt. H.R. 6379 provided payment relief, debt forgiveness, and student loan forgiveness for federal and private student loan borrowers. Debt forgiveness and parity for private student loan borrowers should be addressed in any subsequent bill.

Providing Essential Supplies to the American People

I also believe we need to ensure that all Americans have access to the medical supplies they need. The bill includes \$1,000,000,000 in additional funding for the Defense Production Act (DPA). The DPA provides emergency authority to prioritize contracts for essential materials, allocate scarce items to key industries, and provide incentives to companies to change production lines to provide items that are in need. In times of crisis, this authority ensures that U.S. production fulfills the crucial needs of the moment.

We are in such a crisis where this authority is needed. There are countless reports of shortages of personal protection equipment, such as masks and gowns, and other life-saving items, such as ventilators. As we begin to ramp up critical diagnostic testing for larger and larger parts of our population, our medical personnel are facing shortages of this critical equipment. Without additional supplies, we cannot safely protect our frontline medical professionals so that they can administer the very tests that can make a key difference in combatting this deadly virus.

Congress is providing the increase of funding to carry out the Defense Production Act with the understanding that these funds are to be used to help expand our domestic productive capacity for critically needed medical supplies or equipment, to purchase such supplies or equipment where necessary and to address other needs that directly relate to meeting the emergency medical needs arising directly from the COVID-19 pandemic. The Administration should use the funding provided in the bill to increase domestic productive capacity for such supplies and equipment by, for example, expanding a company's manufacturing capability through the purchase, retrofit, or installation of equipment; developing a producer's ability to be able to surge production as needed; making purchasing agreements to ensure that a company's manufacturing capacity will be economically sustainable; and/or making various financial instruments available (such as direct investments, loans, and loan guarantees) to enable any of these uses. If there are other critical needs that come out of this crisis where DPA funding would be necessary, the Committee on Financial Services, which has jurisdiction over this authority, should be consulted prior to entering into any commitment to grants, loans, or purchases using this funding.

As the Chairwoman of the Committee with jurisdiction over the Defense Production Act, I will be reviewing both FEMA and HHS's efforts to use the authorities of the Defense Production Act, and I will be closely examining how this new \$1,000,000,000 is going to be used to ensure the health and safety of people living in the United States.

Supporting State, Territory, and Local Governments

States, territories, and municipalities are on the frontlines of responding to this pandemic. Hospitals are already experiencing severe supply shortages, and there aren't enough hospital beds or health care

workers to get patients suffering from this virus what they need. It is absolutely critical that we support our local governments as they respond to the crisis and other unanticipated expenses -- especially in the face of sharply rising interest rates on municipal bonds and declining local government sales tax revenue. In addition to \$150 billion in grants to states and cities in this bill, H.R. 748 authorizes the Treasury Department to provide financing to a Federal Reserve facility that would support states and municipal government financing, including through the purchase of longer dated maturity bonds. The bill also instructs the Treasury Secretary to endeavor to lend through the Federal Reserve's facility to states and cities to help them meet the huge needs they will see in the months ahead. Given how urgent the needs are, Congress expects this program to be stood up quickly, and for the support that it provides for state and local borrowing to be robust, including through the direct purchase of new debt issuances and long-dated municipal securities.

Supporting Community Banks, Credit Unions, Small Businesses, and Minority-Owned Businesses

The small businesses in this country form the backbone of our nation's economy. This bill provides major funding to ensure small businesses are able to continue to serve their local communities during these difficult times. The final bill includes loan forgiveness to small businesses for expenses related to utilities, rent, interest on mortgages, and payroll, which should help struggling small businesses have access to funds to cover their immediate costs. There are also funds available that Treasury and the Federal Reserve can and should immediately deploy to support small businesses, and we will be examining closely how these provisions are implemented.

The financial crisis of 2008 left millions of Americans stretched financially, especially women, minorities, and diverse-owned businesses. Unfortunately, many of them are still recovering from the last crisis and will be vulnerable to any negative impacts as a result of the COVID-19 pandemic. I am pleased that this legislation includes \$10 million for the Minority Business Development Administration. MBDA will be able to direct funding to its minority business development centers, which provide local support directly to minority businesses within the communities they serve. These funds should be quickly deployed. Congress should be mindful that \$10 million is only a down payment, and more funding is needed for grants and other assistance to provide access to capital for minority businesses to ensure they do not continue to be left out and further behind.

Community banks and credit unions are playing a vital role as we endure and eventually move past this pandemic. This bill reauthorizes the Transaction Account Guarantee (TAG) Program, a successful financial crisis era program established to maintain confidence in our nation's banking system, including minority depository institutions (MDIs), community banks, and credit unions. The bill gives the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) authority to guarantee that noninterest-bearing customer accounts, along with the debt owned by depository institutions is covered even beyond the current \$250,000 limit.

Fortunately, there are a few limited deregulatory proposals included in the bill. Deregulation is not the answer to this crisis. Congress will be overseeing the financial regulators in the weeks and months to come to ensure that they do not advance harmful rollbacks that will harm consumers during this time of national crisis. Financial regulators should focus all of their energy on the current crisis. They should immediately suspend any rulemaking or other efforts that have nothing to do with this crisis.

Conditions on and Oversight of Federal Aid to Corporations

The \$500 billion Congress is authorizing for the Treasury Department and the Federal Reserve to prudently extend emergency assistance directly and indirectly to corporations, non-profits, states, territories, and municipalities in this turbulent moment for our economy must be used to protect workers, families, and the national economy. These funds should not be used to line the pockets of corporate executives or arrange for a taxpayer-funded slush fund that enriches President Trump or his family.

That is why this bill expressly prohibits the President, members of the President's Cabinet, and Members of Congress and their families from receiving any of these funds. The bill also expressly limits executive compensation and bonuses for corporations receiving assistance, and requires certain businesses receiving aid to uphold their collective bargaining agreements, maintain their workforce to at least 90% of what it was before the pandemic, and preserve worker pay and benefits. Furthermore, the bill prohibits companies receiving federal aid from engaging in stock buybacks and issuing dividends until taxpayers are fully paid back.

However, the bill allows the Treasury Secretary to waive some of these conditions if the Secretary deems it in the federal government's interests. This waiver is overly broad and thus should only be used in the most exceptional cases. The bill requires the Secretary to make himself available to testify before the House Financial Services Committee if he decides to exercise this waiver authority. Companies should not ask for waivers simply because they are available. It is the expectation of Congress that every business receiving government assistance fully complies with all of the aforementioned conditions. There is no reason that a business receiving taxpayer aid should focus on anything other than supporting and retaining its workforce. Furthermore, a business receiving taxpayer funds should not be engaging in stock buybacks or issuing dividends, and its CEO should go beyond the bill's conditions and restrain excessive compensation practices.

Furthermore, the final bill includes a number of oversight and transparency measures to ensure the program is administered fairly and that the use of these emergency funds truly helps workers and all communities. Specifically, the bill requires public reporting of transactions in plain language on Treasury's website within 72 hours. The bill also requires weekly and monthly reports by Treasury to Congress summarizing new transactions and outstanding obligations. The Federal Reserve must, similar to reporting requirements for emergency lending mandated in the Dodd-Frank Wall Street Reform and Consumer Protection Act, also submit weekly and monthly reports to Congress on any new facility they stand up as well as outstanding loans or financial assistance provided by the Fed. The Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System will be required to testify before the House Financial Services Committee every single quarter regarding how the Treasury Department and the Federal Reserve System are implementing the law.

Moreover, the bill creates a Special Inspector General for Pandemic Recovery to combat waste, fraud and abuse and scrutinize every dollar spent in the administration of this \$500 billion Treasury program. Therefore, the Secretary must prioritize the establishment of this Inspector General and have it open its doors as soon as possible. The Senate should confirm a qualified nominee for Inspector General quickly. Because the bill does not use an existing Inspector General, such as the Special Inspector General for TARP in H.R. 6379, there will be little executive branch oversight of these funds until the IG is up and running.

Lastly, the bill creates a Congressional Oversight Commission, authorized to hold hearings, gather evidence, and publish monthly reports until 2025. The bill also authorizes the Government Accountability Office to provide an annual oversight report to Congress. Additionally, the bill creates a Pandemic Response Accountability Committee within the Council of the Inspectors General on Integrity and Efficiency to ensure government-wide oversight through a number of Inspectors General to scrutinize the use of all Federal funds intended to address the Coronavirus pandemic.

Since taxpayers are footing the bill, all Americans deserve to examine any and all information related to the administration, disbursement and utilization of these funds. Therefore, I fully expect Treasury and the Federal Reserve to comply with the bill's transparency requirements and fully cooperate with these oversight entities, as well as the oversight conducted by Congress, including the Committee on Financial Services. Furthermore, I expect the oversight authorities established by the bill to immediately make Congress aware of any potential misuse of funds, conflicts of interest, or criminal or civil violations and refer any such matters, as appropriate, to the Department of Justice.

Conclusion

I am pleased that this legislation includes important provisions that Democrats fought for to support individuals, families, workers, small businesses and communities, and support the bill's passage. But, the legislation is far from sufficient to fully support our nation through this crisis. And so, I will be voting "yes" on the bill, and urge my colleagues to immediately begin working on additional legislation to help American families to endure and overcome this pandemic.

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