

United States Senate
WASHINGTON, DC 20510

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Jerome H. Powell
Chair
Board of Governors of the Federal Reserve
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Secretary Mnuchin and Chairman Powell:

Our economy remains in the grip of the COVID-19 pandemic with a new wave threatening to reap an even greater human and economic toll in the weeks to come. At this time of grave danger to the American people, it is important that the Federal Reserve and Department of the Treasury utilize their monetary policy tools to address the pandemic's impact on our economy. Most important, you should use your authorities to extend the Main Street Lending Program (MSLP) and the Municipal Liquidity Facility (MLF) and clarify the use of authority to make new loans after December 31, 2020. The current December 31 end date for these facilities would come too early to allow these facilities to be fully effective.

This past May, Chairman Powell said that these tools will only be put away when the crisis ends.^[1] This crisis is far from ending. Data from Johns Hopkins University indicates that new cases in the U.S. are at a record high.^[2] Johns Hopkins data also found that on November 13 alone there were 180,000 new cases reported.^[3]

These numbers are alarming and not just because of the public health implications. If we have learned nothing else from these past nine months, we know that the economy will not be fully restored until we have solved this public health crisis. While we have seen our financial markets rebound, most Americans are not benefiting from this limited recovery. Small businesses, particularly retailers, bars, music venues, transportation companies, and restaurants, continue to be hard hit. The economic impacts are not being felt just by small businesses. State and local

^[1] Jerome H. Powell, Current Economic Issue (2020).

https://www.federalreserve.gov/news_events/speech/powell20200513a.htm

^[2] Johns Hopkins University & Medicine, New Cases of COVID-19 In World Countries (Nov. 16, 2020).

<https://coronavirus.jhu.edu/data/new-cases>

^[3] John Lyons, U.S. Coronavirus Cases Near 180,000, Wall Street Journal, 2020.

<https://www.wsj.com/livecoverage/covid-2020-11-13/card/VgmXoS5WSWh4ImBIBikQ>

governments have also been hard hit by the pandemic. Moody's Analytics estimates that state and local governments will see budget shortfalls of as much as \$650 billion over the next two years.^[4] These business closures and budget shortfalls have led to job losses. The Bureau of Labor and Statistics' most recent report found that the number of permanent job losses totaled 3.7 million in October, which is 2.4 million higher than in February. More troubling, the number of long-term unemployed increased by 1.2 million to 3.6 million accounting for 32.5 percent of the total unemployed.^[5]

As Americans lose their jobs, many are now unable to afford their most basic expenses. In 2019, the Federal Reserve estimated that 40% of Americans would find it difficult to come up with \$400 for an unexpected expense.^[6] Americans are facing these unexpected emergencies now. Between September and October, 2.3 million more Americans said that it was "very difficult" to pay their usual household expenses.^[7] And, the National Council of State Housing Agencies recently released a report that found that, by January 2021, American renters will owe up to \$34 billion in back rent.^[8]

While Congress works to pass another fiscal relief package, it is urgent you take action now on this issue. We are less than seven weeks away from the expiration of these facilities. Moreover, the Federal Reserve and U.S. banks will stop accepting applications prior to the deadline. According to the Federal Reserve's October statement, the MLF will cease accepting notices of interest for loans at 30 days before the expiration of the facility.^[9] That means that entities only have three weeks left to access this facility. Thank you again for your consideration of this very important matter.

Sincerely,



Chris Van Hollen
United States Senator



Benjamin L. Cardin
United States Senator

^[4] Dan White et al., U.S. State and Local Government Shortfall Update, Moody's Analytics, Sept. 21, 2020.

<https://www.economy.com/economicview/analysis/381262?status=1>

^[5] Employment Situation Summary, bls.gov (2020), <https://www.bls.gov/news.release/empsit.nr0.htm> (last visited Nov 16, 2020).

^[6] Board of Governors of the Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2018 - May 2019, 2019.

<https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm>

^[7] U.S. Census Bureau, Household Pulse Survey Data Tables, 2020.

<https://www.census.gov/programs-surveys/household-pulse-survey/data.html>

^[8] Neil Steinkamp, Analysis of Current and Expected Rental Shortfall and Potential Evictions in the U.S., 5 (2020).
https://www.ncsha.org/wp-content/uploads/Analysis-of-Current-and-Expected-Rental-Shortfall-and-Potential-Evictions-in-the-US_Stout_FINAL.pdf

^[9] Federal Reserve Bank of New York, FAQs: Municipal Liquidity Facility, 2020.

<https://www.newyorkfed.org/markets/municipal-liquidity-facility/municipal-liquidity-facility-faq>