

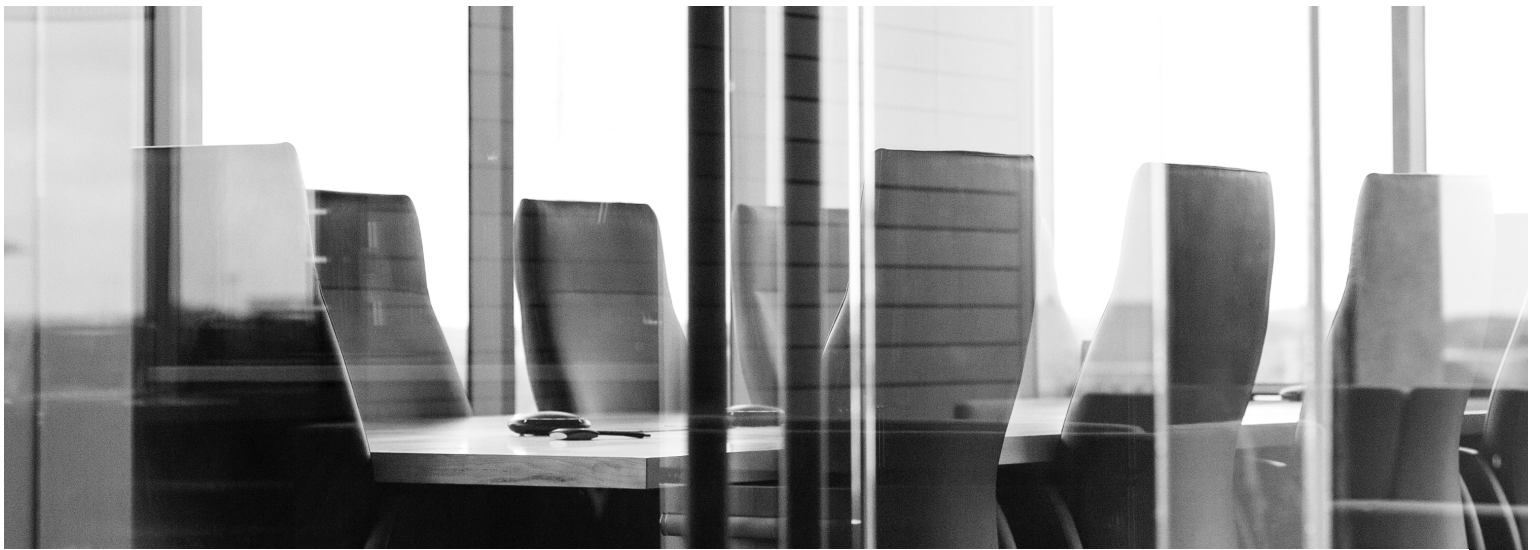


Getting America Back to Work

A Landscape Analysis
July 28, 2020



1025 F Street NW | 9th Floor | Washington, DC 20004
3 Columbus Circle | New York City | NY, 10019
P 202.337.0808 | info@gpg.com | www.gpg.com



Changing Narratives, Reversed Decisions

In a July 21 press briefing, President Donald Trump said the coronavirus pandemic will likely “get worse before it gets better” and encouraged Americans to wear masks, marking a notable shift in tone from an Administration that has largely downplayed the virus.

Indeed, the pandemic continues to ravage certain states in the country – particularly in the South and the West – with many reinstating past restrictions or closures on indoor dining, bars, and entertainment venues. In some, like New Mexico and Colorado, restaurant and bar associations have responded with legal action, suing governors over claims that they are being unfairly targeted and suffering disproportionate economic impact.

As always, uncertainty abounds.

Republican and Democratic leadership are negotiating the final details of a new coronavirus relief package that may see unemployment benefits decreased for millions of Americans. Major companies, continuing to grapple with setting a date for office returns, face tough decisions on the best new technologies to use to ensure safety while not infringing on employee privacy. Changing understandings of the virus itself – like whether it can be transmitted through the air or the effectiveness of temperature checks – will certainly impact how and when businesses choose to open.



Government

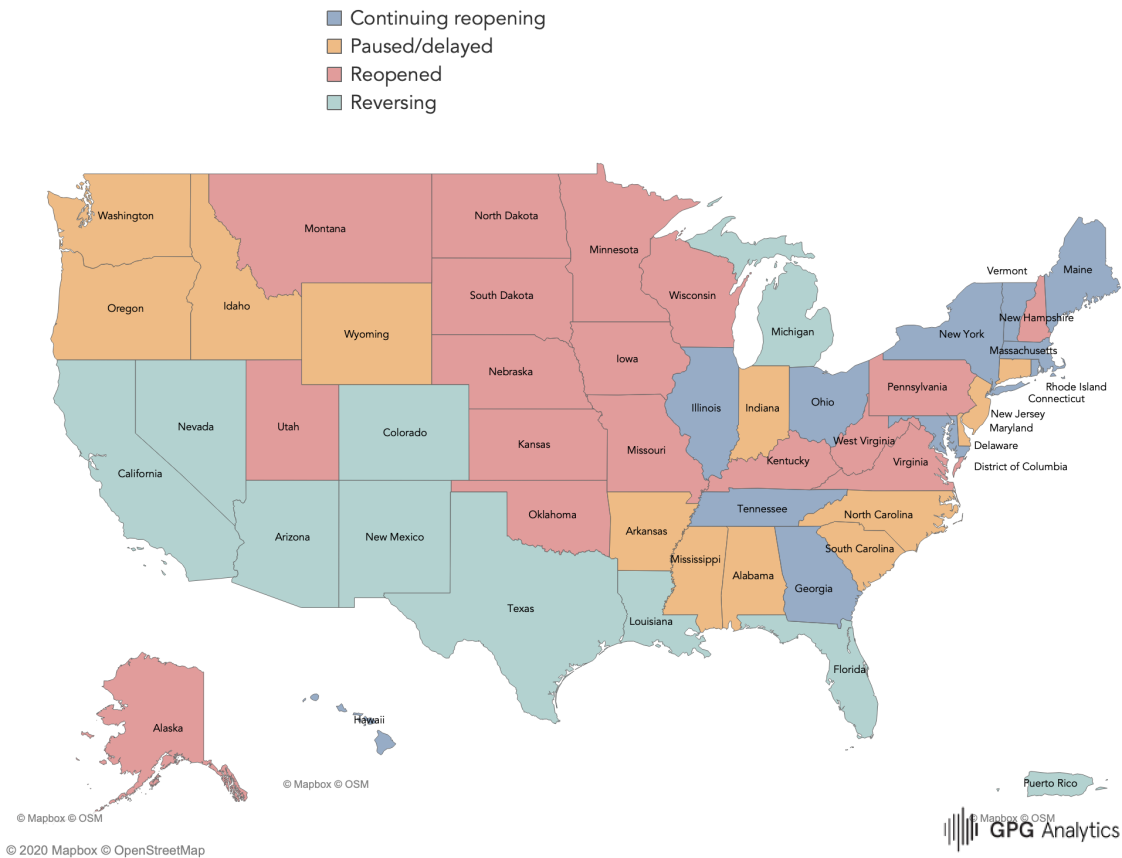
In recent weeks, governors in states facing surging numbers of COVID-19 cases have acted – sometimes swiftly, sometimes with reticence – to reimpose closures on businesses that opened too soon.

Meanwhile, the debate over whether small businesses with political connections or wealthy owners should accept aid through the Paycheck Protection Program (PPP) comes as Congress aims to pass another relief package before breaking again in August.



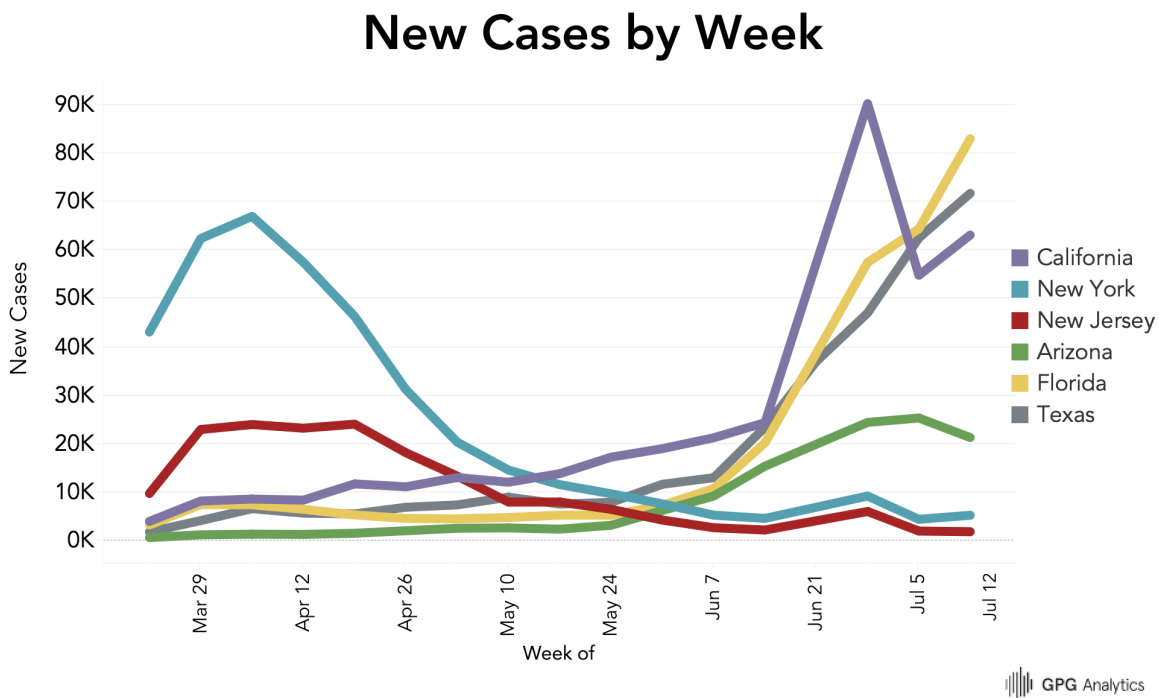
State of the States

As states rushed to reopen their economies, cases continued to soar in parts of the country, with new hotspots emerging in places like Arizona, Florida, California, and Texas. Several states are now reinstating restrictions, reversing decisions, or delaying reopening plans in an attempt to quell COVID-19 spread.



State of the States

While states in the Northeast, battered by the virus in April and May, have seen a significant drop in cases, hospitalizations and new cases continue to reach all-time highs in many states in the South and West. On July 13, Florida reported more new COVID-19 cases than all of Europe combined for the day. As of July 14, Los Angeles County alone had more confirmed coronavirus cases than all of Canada.



Reconsidering Reopenings

Amid the uptick in new cases, White House advisor Dr. Anthony Fauci [warned](#) that “any state having a serious problem [...] should seriously look at shutting down.” His comments came as several states began reversing previous reopening decisions, including:

Arizona

- Governor Doug Ducey (R) [announced](#) July 23 that Arizona would extend a June order suspending operations of bars, gyms, movie theaters, and waterparks indefinitely.
- Cases have recently [plateaued](#) in the state but are not low enough to consider reopening bars.

California

- After a phased reopening across counties in May and June, cases in California spiked dramatically. On July 13, Governor Gavin Newsom (D) ordered the closure of indoor dining and entertainment and bars in most counties.
- California has also [created a watchlist](#) for counties that pass certain rates of hospitalization, hospital capacity, and disease transmission.
- Counties that remain on the list for three days are required to close indoor operations for venues like gyms, hair salons, and places of worship.
- Los Angeles Mayor Eric Garcetti (D) [warned](#) that the city may be “on the brink” of issuing another stay-at-home order as cases increase in the city.

Colorado

- Governor Jared Polis (D) [shut down](#) bars and nightclubs on July 1, less than two weeks after they had reopened.
- A league representing over 200 bars and restaurants in the state is suing Polis and the Colorado Department of Public Health to block a separate order, which stops restaurants from selling alcohol after 10:00 pm.

Florida

- On June 26, Governor Ron DeSantis (R) [closed bars](#) again statewide. Florida [reported](#) over 10,000 infections for five days in a row during the week of July 13.
- Officials in Miami-Dade County – which now has more than 95,000 confirmed cases – [issued](#) an emergency order effective July 8 re-closing gyms, party venues, and any form of restaurant dining.

Louisiana

- Effective July 13, Governor John Bel Edwards (D) re-closed bars across the state until [at least](#) August 7. Edwards [said](#) the state had linked “at least 36 outbreaks, impacting at least 405 people” to bars.
- Louisiana was ranked [first in the country](#) for COVID-19 cases per capita as of July 23.

New Mexico

- Governor Michelle Lujan Grisham (D) [reinstated](#) the closure of indoor dining and breweries on July 13.
- The New Mexico Restaurant Association subsequently sued the governor. A District Court Judge issued an order allowing restaurants to reopen indoor dining for at least 10 days that was swiftly [shot down](#) by the state Supreme Court.

Texas

- Bars in Texas were [closed again](#) statewide on June 26 by Governor Greg Abbott (R). The governor also suspended elective surgeries in four counties to save hospital beds for COVID-19 patients.

SPOTLIGHT:

Virginia's Workplace Safety Standards

On July 15, Virginia became the first state in the country to establish statewide workplace coronavirus safety standards, drafted by Governor Ralph Northam (D).

The protocols – which will be in place for six months – were [approved](#) by a Virginia Safety and Health Codes Board vote. The plan includes a variety of mandates for businesses, including:

- Requirement of social distancing measures.
- Regular cleanings of high-contact surfaces.
- Ten-day isolation or two consecutive negative tests for employees who are known or suspected to be positive for the virus.
- Notification within 24 hours for employees when a coworker tests positive.

Business groups have [expressed concern](#) that the rules are an “overreach that will add unfair burdens on businesses already struggling with the virus’s economic fallout,” while labor groups like Virginia AFL-CIO have celebrated the move.

The Occupational Safety and Health Administration (OSHA) continues to receive widespread criticism for its failure to enact a nationwide emergency standard for U.S. workplaces.

“In the face of federal inaction, Virginia has stepped up to protect workers from COVID-19. [...]

Keeping Virginians safe at work is not only a critical part of stopping the spread of this virus, it’s key to our economic recovery and it’s the right thing to do.”

Gov. Ralph Northam (D-VA)

What do Kanye West, Madeleine Albright, and Jared Kushner have in common?

They are all victims of “PPP shaming” as a result of accepting U.S. government assistance to fund their respective enterprises.

This backlash originated on July 6, when the Small Business Administration [disclosed](#) the organizations that have received over \$150,000 in loans as part of the Paycheck Protection Program. The distribution of aid to major chains with private-equity investors has rekindled questions about whether large companies and those with political connections should accept the money. Amid calls for greater transparency from policymakers and the press, organizations must consider whether such financial help is worth the reputational risk.

These developments came as Congress returned from an extended Fourth of July recess before breaking again for August. The top legislative priority in this short window is passing another relief package.

On July 27, Senate Republicans unveiled their proposal – titled the Health, Economic Assistance, Liability Protection, and Schools (HEALS) Act – which has White House support and includes:

- Enhanced unemployment benefits of \$200 for the next two months until states can provide a 70 percent wage replacement;
- \$105 billion for schools, including roughly \$70 billion for K-12, with half earmarked for schools that open in-person;
- Widespread liability insurance, including for restaurants, hotels, hospitals, universities, and school districts;
- \$25 billion for coronavirus testing;
- Stimulus checks, which would be distributed under the same guidelines as included in the CARES Act, meaning Americans who make \$75,000 or less would receive the full \$1,200 benefit; and,
- An extension of the Paycheck Protection Program for small businesses with 300 or fewer employees that show a revenue loss of 50 percent.

Negotiations among Republican and Democratic leadership will begin immediately. Democrats are sure to object to portions of the proposal, including the decreased unemployment benefits. On July 26, House Speaker Nancy Pelosi (D-CA) declined to say whether Democrats would accept an amount lower than \$600 per week. She has also expressed concern over the liability protections included in the proposal, warning that the protections may remove the onus from companies to ensure that workers do not contract the coronavirus while they are on the job and thus place workers at risk.

The total price tag for the proposal is estimated to be around \$1 trillion – much lower than the House-passed HEROES Act, which included almost \$3 trillion.



Private Sector

Some of the largest companies in the United States remain hesitant to fully reopen their offices – across industries, businesses have tentatively set start dates in September or into next year, with returns largely on a voluntary basis.

As employers consider a safe return for their workforce, including how they will “virus-proof” their offices, technology and software companies have scrambled to promote their tracing technologies as best-in-class.



To Return or Not to Return?

In June, senior executives across various industries said they expected employees to be back in the office in September at reduced levels. In July, the director of the Centers for Disease Control and Prevention (CDC) warned that the fall and winter may be some of “the most difficult times [...] in American public health.”

A June [survey](#) of the CNBC Technology Executive Council found that, while 74 percent of executives holding senior technology positions at firms across various industries say at least half of their company’s employees are currently working remotely, more than half (52%) expect the majority of employees to return to the office sometime in September.

CNBC also surveyed its Global CFO Council, 34 percent of whom “said they expect that less than a quarter of their workforce will still be working remotely as of September.”

However, as recently as July 14, Robert Redfield, the director of the Centers for Disease Control and Prevention (CDC), [warned](#) that “the fall and the winter of 2020 and 2021 are going to be probably [some] of the most difficult times [the country has] experienced in American public health” in a webinar with the Journal of the American Medical Association.

Today, most major companies in the United States have extended the option to work from home through at least September, if not into 2021 – and many say they will continue to assess their plans based on CDC guidance.

- In a move impacting 200,000 employees, Google [pushed back](#) the opening of most offices in the U.S., U.K., and beyond until at least July 2021, making it “the first major U.S. corporation to formalize such an extended timetable [...] [and] sure to pressure other technology giants that have slated staff to return as soon as January.”
- In updates to investors during the week of July 12, major Wall Street banks [reported](#) large percentages of their employees still working remotely. JPMorgan said 80 percent of its workforce is still working from home, with larger percentages at Bank of America (85 percent) and Morgan Stanley (90 percent). Only Goldman Sachs [appears](#) to have “an aggressive approach to bringing its traders back,” with a small group of employees having already returned to the New York office.
- While some of its U.S. offices are open, an email sent to New York Times employees [said](#) that “no employee will be required to return before January [2021] if they do not feel comfortable doing so.”
- KPMG [will not open](#) any of its 100 plus U.S. offices – which account for roughly 35,000 of its employees worldwide – until after Labor Day at the earliest.

52%

of executives holding senior technology positions at firms across various industries expect most employees to return to the office in September

[CNBC Technology Executive Council survey, June 2020](#)

A FINE LINE:

The Modified Workspace & Privacy Concerns

As employers begin making plans to return to the office, American workers have expressed concern about going in. Companies across industries are seizing the moment to offer new and existing services designed to promote safe workplaces in the age of coronavirus.

In a [survey](#) of 1,100 U.S. workers by PwC, 70 percent of respondents said there are factors that would “prevent them from returning to the office or work site if their employer asked them to return,” with just over half citing the fear of getting sick as their top worry.

A recent [New York Times](#) article calls “virus-proofing” the office a multibillion-dollar opportunity. Tracing technologies have emerged at the forefront of new-normal considerations for offices, with a variety of companies jumping in the ring to present their products:

- **PwC** has developed an automatic contact tracing app for employers called [Check-In](#) that uses “Bluetooth signals, WiFi, GPS, and other data to track where employees go around the office, who they come into contact with, and for how long.”
- **CLEAR**'s [Health Pass](#) system would use facial recognition to identify employees and enable them to complete a real-time health survey and upload their lab results/link to their test provider before they are admitted into a building.
- **Microshare** offers tracing through [Bluetooth beacons](#) beyond smartphones like wristbands, badges, and keyrings that record and store data about their whereabouts and proximity to one another.

- **Kastle Systems** has designed [KastleSafeSpaces](#), an integrated safety plan for offices returning to work, which includes offerings like:
 - An app that will automatically open entrance doors for people eligible to come to the office, with a priority fast-lane for employees who have filled out a health screening questionnaire ahead of time and restricted access for those who are known to be sick.
 - AI-driven cameras counting the number of people in a space and sending notifications to create more social distancing.

At the same time, respondents in the PwC survey expressed concern over tracing tools including phone apps or wearable devices tracking their location, a reality that may present a challenge for employers, who will have to walk a fine line between emphasizing the importance of tracing in preventing the spread of the virus and ensuring employee privacy.

Public Health

As COVID-19 continues to rip across the United States, knowledge of the virus, how it spreads, how to detect its presence, and how it impacts the body continues to evolve.

The implications of new findings regarding prevention from public health leaders will be critical in informing how and when nonessential businesses choose to reopen.



Evolving Science

Understandings of the science behind prevention tactics as simple as masks and as complicated as immunity have evolved throughout the pandemic. Here's the latest on several ongoing COVID-19 debates.

Masks: The United States was slow to adopt mask use, despite early evidence that covering one's mouth and nose prevents the spread of COVID-19.

- That evidence is now made even stronger by several case studies described in a [report published by the Centers for Disease Control \(CDC\)](#), including one which credits mask wearing with preventing a potential COVID-19 super-spreading event at a Missouri hair salon.
- Two hairstylists later found to be infected with the virus interacted with 139 clients and six co-workers, but due to safety measures put in place at the salon, including mandatory mask use, the stylists did not pass the virus to any of their contacts.
- With virus cases on the rise, more than half of American states have now issued mask requirements. Still, some Republican leaders [continue to argue](#) that mask requirements are an affront to personal liberty, and clashes over their use are emerging across many southern states.

Temperature Checks: Many organizations and companies, including airlines, are considering temperature checks as a means for preventing further spread of COVID-19.

- However, many experts, including the Centers for Disease Control and Prevention (CDC), argue that fever screenings are an [ineffective detection strategy](#), as they will miss asymptomatic individuals, pre-symptomatic individuals, and those who have symptoms other than a fever.
- In addition, contactless temperatures, most often used to identify the presence of fevers, have been shown to be [unreliable](#).

Immunity: The earliest data for Moderna's COVID-19 vaccine show [promising results](#) – volunteers who received the vaccine produced a dramatic immune response, demonstrating higher average antibody levels than patients who have recovered from the virus.

- Many questions remain about what level of antibodies confers immunity to the novel coronavirus and how long immunity might last. New research suggests immunity may be short-lived.
- Scientists from King's College London [published a study](#) showing that antibody responses to the virus peak three weeks after symptoms begins but can begin declining after just two months.
- Last month, a study published in [Nature Medicine](#) suggested that coronavirus antibodies may only last between two to three months. The WHO has also stated that patients who recover may be able to contract the virus [a second time](#).

Self-Isolation: On July 21, the CDC – which previously recommended patients who had tested positive for COVID-19 isolate until they received two negative results – [changed their stance](#) to recommend positive individuals isolate for 10 days after symptoms begin and 24 hours after their fever has broken.

- In its reasoning, the CDC said studies have shown evidence “that recovered patients will continue to ‘shed’ viral RNA for up to three months, but none have shown those patients can transmit the virus to others.”
- The CDC maintains its 14-day quarantine recommendation for individuals who have been in contact with an infected person but don't have a confirmed infection.

Airborne Transmission of COVID-19

Whether the novel coronavirus can linger in the air and infect people as they inhale is an important question – and the answer will likely shape the way that many businesses choose to reopen.

On July 10, in the wake of mounting scientific evidence of airborne transmission of COVID-19, the World Health Organization (WHO) [reconsidered its guidance](#) to note that SARS-CoV-2, the virus that causes COVID-19, can, in crowded and unventilated spaces, spread through the air. Airborne transmission occurs when a person coughs or sneezes, expelling tiny aerosol particles that remain suspended in the air, infecting people nearby.

The implications of labeling COVID-19 as an “airborne” infection are significant. If it is confirmed that airborne transmission plays a role in spreading the virus, business, hospitals, schools, and other organizations will need to make [big adjustments](#) as people return to work. This could include the need for masks in all settings, including high-filtration respirators for healthcare workers; ventilation systems in most buildings; and ultraviolet lights to kill viral particles floating indoors.

That said, experts believe that the coronavirus is most infectious when people are gathered together in enclosed places. As scientists continue to conduct research, many scientists – including [a group of researchers from Clarkson University](#) – recommend that “while staying six feet from other people reduces exposure, it might not be sufficient in all situations, [such as in enclosed, poorly ventilated rooms.](#)”