Federal Reserve Takes Additional Actions to Provide up to $2.3 Trillion in Loans to Support the Economy

The Federal Reserve just released details on a program through the CARES Act intended to improve liquidity for firms with more than 500 employees. The Main Street Lending Program will enhance support for small and mid-sized businesses that were in good financial standing before the crisis by offering 4-year loans to companies employing up to 10,000 workers or with revenues of less than $2.5 billion. Principal and interest payments will be deferred for one year. Eligible banks may originate new
Main Street loans or use Main Street loans to increase the size of existing loans to businesses. Banks will retain a 5 percent share, selling the remaining 95 percent to the Main Street facility, which will purchase up to $600 billion of loans. Firms seeking Main Street loans must commit to make reasonable efforts to maintain payroll and retain workers. Borrowers must also follow compensation, stock repurchase, and dividend restrictions that apply to direct loan programs under the CARES Act. Firms that have taken advantage of the PPP may also take out Main Street loans.

More information on this program can be accessed HERE. The site also includes information on support for state and local governments to improve liquidity, which is an issue of concern we’ve heard from members.

**Treasury Department Released Q&A Guidance on the Paycheck Protection Act**

The Treasury Department released Q&A guidance earlier this week on the Paycheck Protection Act and made further updates which were just released. To see the Frequently Asked Questions on Paycheck Protection Loans, click HERE.

**Engineering Influence Podcast Series on COVID-19**

The ACEC Engineering Influence Podcast recently posted 3 new podcasts on the coronavirus. The first podcast features ACEC Board Chair Mitch Simpler. He discusses the new world our industry finds itself in with COVID-19 and how the engineering industry is adapting to meet the challenges ahead. To listen to the podcast, click HERE.

The second podcast features Sean Goldwasser, Vice President and Chief Operations Officer for Black & Veatch’s Water Business in North America. He discusses how the firm is adapting to the challenges of conducting business in the age of COVID-19. Click HERE to listen to the podcast.

The third podcast features Steve Hall, ACEC Senior Vice President Advocacy, and Katharine Motley, ACEC Vice President Tax and Regulatory Affairs. They discuss the Treasury and the Federal Reserve announcing a new lending program for small and mid-sized businesses; as well as the Treasury Department releasing Q&A guidance on the Paycheck Protection Act along with further updates. To listen to the podcast, click HERE.

**Missouri Legislature Passes Supplemental Budget with Billions in COVID-19 Funding**

The Missouri General Assembly has passed a historic $6 billion supplemental budget bill to fund the state through the end of the fiscal year and help the state fight COVID-19. The budget includes $5.6 billion in federal funding to help supplant projected decreases in General Revenue and ensure no essential services are cut. The state is still awaiting guidance from the federal government on how some of the funding can be used, but the executive and legislative branches are hoping for broad guidance to allow for flexibility in spending. The House and Senate swiftly passed the supplemental budget and Governor Parson signed the bill today. Lawmakers also passed the federal reimbursement allowance (FRA) reauthorization bill (HB 2456), which extends our vital health care funding mechanism for one year.
Drinking Water & Wastewater Facilities - Travel Authorization Template Available

Ensuring that drinking water and wastewater services are fully operational is critical to containing COVID-19 and protecting Americans from other public health risks. Handwashing and cleaning depend on providing safe and reliable drinking water and effective treatment of wastewater. EPA is providing a template for state, localities, drinking water and wastewater utilities to use to provide documentation to essential workers. The template is available HERE.

In addition, you may also be interested in reading a copy of the March 27, 2020 letter that EPA Administrator, Andrew Wheeler, sent a letter to Governors in all 50 states, territories, and Washington, DC. In it, he requests that water and wastewater workers, as well as the manufacturers and suppliers who provide vital services and materials to the water sector, be considered essential workers and businesses by state authorities when enacting restrictions to curb the spread of COVID-19. To see the letter to the U.S. Governors, click HERE. If you have questions or need assistance, the following resources are available:

- Search for available operators and their contact information by geographical location online using the MDNR’s Operator Certification Information System. If you need to reach out to a neighboring system for support, you can use this website to search for drinking water systems and find contact information.
- Contact your local Department Regional Office to report staffing concerns. Map with contact information here: https://dnr.mo.gov/regions/.
- Contact Missouri Rural Water Association at 573-657-5533 or moruralwater.org (operator assistance and on-line training for certification renewal).
- CDC has developed a webpage specifically addressing questions and answers COVID-19 and water and wastewater. This guidance can be found HERE.

For information on what to do in the event noncompliance or delayed compliance during the present crisis is unavoidable, please follow the link below or you can visit our main Department web page and click on the purple box titled “COVID-19 Regulatory Relief Information.”


The Missouri Department of Natural Resources thanks you for your work as water and wastewater professionals. You are keeping our friends, families, and communities safe during the COVID-19 pandemic by providing critical drinking water and wastewater services.

Macro-Economic Update: Week Ending April 4, 2020

March Marks Beginning of Labor Market Collapse

Total payroll employment fell by 701,000 in March, reported the Department of Labor’s Bureau of Labor Statistics (BLS) in their monthly report released on April 3, 2020. This was the largest monthly decline since March 2009, which was the worst month for job losses during the Great Recession. BLS estimates that 459,000 of the losses were in the leisure and hospitality sectors, with other notable declines in the health care and social assistance, professional and business services, retail trade, and construction sectors. The unemployment rate rose to 4.4 percent from 3.5 percent in February. This is the largest one-month increase unemployment since January 1975 noted the Wall Street Journal.
Forecasting firm Oxford Economics projects that by May the U.S. will have a 16 percent unemployment rate (27.9 million jobs lost), which would erase all the jobs gained since 2010.

**Understanding the “Shapes” Economic Recoveries**
Economists are discussing, with some forecasting, what “shape” the recovery will take. Most agree that it is unprecedented that the fate of an economic recovery largely lies in the hands of a global society conforming to social distancing in order to keep a virus from spreading. The resulting “shape” of the recovery will be most influenced by the “shape” of the spread of COVID-19. Earlier in March many thought a V-shaped recovery was likely; however, this week more are predicting that the COVID-19 recovery will take a traditional U-shape, or even a “Nike Swoosh” shape. The most pessimistic of forecasters think the more atypical recovery shapes - such as an L, W, or a more mangled shape that resembles foreign alphabet letters - are not out of the realm of possibility. Let’s look at what would constitute the shape of each recovery, which was discussed in detail in Bloomberg’s “V, L or ‘Nike Swoosh’? Economists Debate Shape of Global Recovery” (April 1, 2020):

**V-Shaped:**
- Virus clears up in the Americas and Europe in April or May
- Pent-up consumer and spending demand feeds recovery
- Fiscal and monetary stimulus was quickly and successfully deployed
- Unemployment recedes
- There is a return to pre-crisis economic levels by early 2021

**U-Shaped (the shape of the Great Recession recovery):**
- Virus doesn’t recede until June
- Consumers are spending cautiously
- Stimulus measures lacked the impact many hoped for
- Unemployment lingers, giving all a lack of confidence
- An upward trend of recovery doesn’t begin until 2021 and lasts several years

“Nike Swoosh”-Shaped (also referred to as “Hockey Stick-Shaped”):
- The virus winds down slowly over 2020
- Spending gradually resumes, but many are cautious
- Some are dealing with too much debt
- Unemployment improves, but may be impeded by a mismatch between skills and job openings
- Recovery to 2019 levels takes about two years

**L-Shaped:**
- Virus is still spreading into the second half of 2020
- Consumers have sharply cut back on spending and are staying home
- Debts are a concern for businesses and individuals, and a credit crunch develops
- Further government stimulus is needed
- Continued high unemployment
- The upward trend of recovery does not begin for years

**W-Shaped:**
- Spread of the virus declines—along with social distancing measures—but then returns in the third or fourth quarter of 2020
- Restrictions are re-imposed
- Economic recovery is reversed into another sharp downturn
- A recovery timeline is highly uncertain

by Erin McLaughlin, ACEC Vice President Private Market Resources
Risk & Liability Considerations for Coronavirus Related Services

During this time of crisis, you and your firm want to help. We understand. Many engineering and environmental firms are being asked by their clients about issues related to the COVID-19 crisis. From consulting services such as gap assessment, protocol development, or oversight of coronavirus disinfection contractors to physical disinfection services, private businesses and government entities need help dealing with the crisis. Should your firm step in? Before moving ahead, a key question to answer is whether your firm would be insured if you provide COVID-19 related services? The ACEC Business Insurance Trust (BIT) and EPIC did the research for you. They gathered the information you need to make informed decisions regarding the risk and liability considerations if your firm engages in coronavirus related services. To see the recently published Greyling Brief, click HERE.

Also, EPIC posted new on demand webinars this week. Click below to open the two pre-recorded on demand webinars.

Free PSMJ Webinar on Benchmarking in an Era of Uncertainty

During normal economic times, architecture and engineering (A/E) firms run on key performance indicators (KPIs). These are the early indicators of trouble and the benchmarks for success. The Great Recession taught us that closely monitoring these indicators is even more important during turbulent economic times.

Join PSMJ’s Jenifer Navard, as she takes you through the financial and operational KPIs that drive success in top-performing A/E firms – what to measure, when to worry, and how to steer clear of trouble. These easy-to-measure (and difficult to manipulate) metrics cover growth, overhead, labor utilization, profitability, and more. In fact, the 13 KPIs covered in this webinar are the metrics that determine PSMJ’s Circle of Excellence every year. Members of the Circle of Excellence represent the top 20% of participants in PSMJ’s A/E Financial Performance Benchmark Survey based on these 13 metrics. In this engaging webinar, you learn:

- The financial and operational KPIs you need to be measuring during normal times and during the current era of uncertainty.
- The right (and wrong) ways to benchmark your firm’s performance.
- How to turn benchmarking data into strategic action to get ahead of potential problems.
- KPI and industry trends that will impact your firm.
- And much more!

To download this FREE webinar from PSMJ, click HERE.
Also, providing further insight on how the A/E/C industry in North America will be affected by the COVID-19 crisis, PSMJ Founder and CEO Frank A. Stasiowski, FAIA, recently appeared on the nationally syndicated business radio program The John Batchelor Show. Stasiowski laid out his predictions for near-term A/E/C challenges and opportunities. His interview may be streamed on-demand by clicking HERE.

Results of Latest ACEC COVID-19 Business Impact Survey

The results are in from the latest ACEC COVID-19 Business Impact Survey sent to members. Included in the results is an executive summary that highlights not only important significant results but also calls out differences in these results by firm size. A few summary bullets are listed below. To see the complete results of the survey, click HERE.

- Firms feel the federal stimulus package will have a positive impact (74% up from 51%).
- 72% of firms have already applied for the Small Business Administration (SBA) Payroll Protection Program (PPP). Another 14% plan to apply.
- 65% feel the U.S. economy will be worse in 30 days compared to today, but this represents a decline from 81% from week 3.
- Looking out 6 months, nearly 50% of firms feel the economy will improve while more than one-third think it will be worse. Sentiment about the firms’ finances and cash flow follow the same trend.
- Firms report they have taken various actions to shore up their finances (68% up from 58%). Freezing non-essential purchases and implementing hiring freezes top the list.
- Firms are increasingly providing emergency paid leave (44% up from 34%).
- Increase in the percentage of firms (63% up from 45% in Week 3) reporting delays in RFPs/RFQs or Awards due to COVID-19.
- Increase in the percentage of firms (76% up from 70% in Week 3) reporting project delays or cancellations due to COVID-19.