

COMMUNICATIONS AROUND THE U.S. EMERGENCY RELIEF PACKAGE

THE \$2+ TRILLION CORONAVIRUS LEGISLATION HAS PASSED THE SENATE AND HOUSE ACTION IS EXPECTED MOMENTARILY.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) is more than twice the size of both President Barack Obama's 2009 Recovery Act and President George W. Bush's Wall Street rescue in 2008. It is nearly 25 times the size of the hurricane disaster bill Congress passed in 2017.

Despite its size, congressional leaders said this is only an emergency relief measure and Congress is already signaling the need for additional response packages that would focus on economic stimulus measures. But the legislation comes just in time as unemployment claims have skyrocketed to the highest level ever this week.

The bill includes at least \$500 billion in grants and loans to struggling industries, cities and states. While the U.S. Treasury Department will provide funds to businesses, the legislation mandates public reporting of all transactions, the appointment of a Treasury Inspector General and establishment of a bipartisan congressional accountability committee to oversee how the money is spent. Other key provisions include aid for small business, state and local governments, healthcare system support, and direct money to individuals and families.

HERE IS A CHECKLIST OF WHAT CEOs AND SENIOR EXECUTIVES SHOULD CONSIDER WHEN COMMUNICATING ACROSS THEIR ENTERPRISE AND PUBLICLY ABOUT THE CARES ACT:

- + **EMPLOYEE COMMUNICATIONS, FIRST.** Businesses need to be prepared to clearly communicate with employees and their families how they will implement stimulus relief and tie it closely to the organization's values and purpose. Additionally, it will be important to set employee expectations for returning to offices and factories as the country transitions from shutdown to recovery. Employees and their families will look to the corporate leadership for clear direction and regular updates on what to do.
- + **EXPECT GREATER SCRUTINY AND HEIGHTENED EXPECTATIONS FROM EXTERNAL STAKEHOLDERS.** Businesses and industries that benefit from the economic stimulus package should expect greater public scrutiny from employees, investors, customers, suppliers, shareholders, advocacy groups, media and local communities. Companies should demonstrate a high level of corporate responsibility in support of employees' health, wellness and safety, and exercise transparency around employee job security.

- + **CONGRESS WILL BE WATCHING HOW COMPANIES ACT.** Congress has rushed the stimulus bill into law without hearings, mark-up sessions or committee votes. However, in the weeks and months ahead, Congress will be closely monitoring how companies implement the stimulus bill's many provisions. Once Congress is able to reconvene, hearings will be scheduled, and CEOs may be called to testify. If the 2008 Great Recession and the accompanying "bailout" serve as a playbook, companies should anticipate that their actions will be scrutinized as Washington searches for accountability and transparency. Companies should consider assigning a senior executive or its government relations team to analyze how the company is utilizing the stimulus package with an eye to how those decisions will be perceived externally.
- + **CEOs WILL BE EXPECTED TO EXHIBIT CORPORATE VALUES.** This is a time to be sensitive to how CEO actions – especially the perks of their positions – may be interpreted by others. Some CEOs and executives have already decided to forego salary or bonuses to demonstrate an understanding of the unprecedented crisis the nation is facing.
- + **STRENGTHEN ESG INITIATIVES.** This is a time for companies to step up and live their ESG commitments, underscoring the S -- Social. This should include ramping up corporate giving and CSR initiatives in local communities where companies do business to accelerate recovery. These are difficult times for the vast majority of businesses who are facing real decisions about the size of their workforce with declining economic activity. To the extent feasible, explore ways to engage your employees in these efforts, so they can be contributing to recovery efforts where they live and work. Companies should benchmark their initiatives against industry peers and companies of similar size.
- + **TRANSPARENCY MATTERS, NOW MORE THAN EVER.** The stimulus package is evidence of the importance policymakers place on transparency and accountability in government and business. Disagreements over the bill were focused on how to ensure that companies would focus the aid on impacted employees to save jobs, support local community recovery and American competitiveness. Companies should be prepared to focus proactive communications around how they are achieving these core objectives. For companies who receive assistance under the stimulus bill, implementation mistakes may happen. It will be important to anticipate and get ahead of disclosing issues or actions that stem from the stimulus bill. Policymakers do not like to be surprised.
- + **THE DEBATE OVER CAPITALISM, INCOME INEQUALITY AND ACCESS TO HEALTHCARE WILL CONTINUE.** The pandemic is playing out amidst a national election. As significant layoffs continue, we can expect a renewed and heightened political debate on inequity, including issues such as minimum wage, employment security, employer-sponsored healthcare, the cost of healthcare, and CEO pay and benefits. The stimulus bill underscores the belief by some that capitalism remains imperfect and can contribute but not solve a crisis of this magnitude. Arguments will be advanced that government needs to play a greater role in managing and regulating the private sector. This is a time when companies and CEOs need to reinforce the ability of America's economic model to drive innovation and respond to social and economic problems.
- + **BE AWARE OF EXTERNAL PERCEPTIONS.** Sentiments and attitudes experience dramatic shifts during times of uncertainty. Companies should be sensitive to the external conversations about their brand and how they are responding to the crisis. Real-time information and analytics can shape effective external communications and ensure that executives have the right messaging and tone at a time when the stakes are high for everyone.
- + **PREPARE CAREFULLY FOR A Q1 EARNINGS SEASON THAT IS WITHOUT PRECEDENT.** As CEOs and CFOs prepare to release Q1 corporate earnings statements and host earnings calls beginning in April, they should be prepared for questions from shareholders, analysts and media as to how the stimulus package may impact their business. Statements made by executives may be interpreted very differently within the context of the current crisis.