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POLITICS

U.S. Seeks to Send Checks to Americans as Part of Stimulus Package

Coronavirus-driven economic slowdown prompts \$1 trillion stimulus proposal, including effort to get money into consumers' pockets

By Andrew Restuccia, Andrew Duehren and Lindsay Wise

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WASHINGTON—The Trump administration backed a plan to send checks directly to Americans as part of a \$1 trillion stimulus package to help households and businesses, a dramatic step designed to cushion the impact of the sudden economic slowdown triggered by the coronavirus pandemic.

Treasury Secretary Steven Mnuchin pitched Senate Republicans on a stimulus package that would include an initial \$250 billion for direct payments, according to administration officials and lawmakers, part of a wide-ranging fiscal and monetary effort. One of the officials said the administration would push for additional direct payments beyond the \$250 billion in the coming weeks, if needed.

“It is a big number. We’ve put a proposal on the table that would inject a trillion dollars into the economy,” Mr. Mnuchin told reporters at the Capitol.

The stock market rallied Tuesday, with the Dow Jones Industrial Average rising 5.2%, rebounding from a 13% drop a day earlier. The steps outlined by the Trump administration followed similar efforts in Europe, where France and other countries pledged tens of billions of euros in immediate aid for businesses and employees.

All of government stepped up its response. The Federal Reserve said it would start making loans to American corporations, relaunching a financial-crisis-era commercial-paper tool to help calm short-term debt markets. The Pentagon said it would provide up to five million

respirator masks to safeguard front-line responders, while the Treasury Department said it wouldn't penalize late tax payments by many Americans.

The details of the administration's \$1 trillion proposal are still being finalized and the top-line figure could change, officials said. The administration anticipates spending as much as \$500 billion on direct cash payments across two \$250 billion tranches, the first of which officials hope to deliver quickly. The package also includes roughly \$50 billion in assistance for the airline industry, which has been hit hard by the outbreak, and up to \$500 billion to boost small businesses and for other needs.

Mr. Mnuchin told Republican senators on Tuesday that the administration hopes to send the first batch of checks to the public by the end of April. He added that the payments, which could initially amount to about two weeks of pay, would be means-tested to ensure they don't advantage the wealthy, according to people familiar with his comments.

Mr. Mnuchin told GOP senators that the unemployment rate, which was at 3.5% in February, could potentially climb as high as 20% absent any intervention by policy makers to safeguard the U.S. economy.

High-Speed Trains, International Flights: How the Coronavirus Spread



Treasury spokeswoman Monica Crowley said Mr. Mnuchin in the meeting “used several mathematical examples for illustrative purposes, but he never implied this would be the case.” Moves by the Fed and the planned stimulus package mean a 20% jobless rate is unlikely, she said.

Any spending proposals will need to clear Congress, which has been working to rush through legislation amid the crisis. House Speaker Nancy Pelosi (D., Calif.) believes that cash assistance, as well as several other measures targeted at those in need, should be considered as part of the negotiations, according to a spokesman. Senate Republicans were split on the cash assistance idea, with some endorsing it as others said they have reservations.

“I think the debate is about what is the right way to do it. Is it a direct check? Is it through the unemployment system? And, you know, that’s sort of the challenge ahead on that piece of it,” said Sen. Marco Rubio (R., Fla.).

Administration officials and lawmakers are still discussing which income brackets would receive the payments. One official said millionaires and billionaires would be excluded and the administration currently estimates that the amount per adult would exceed \$1,000.

The total size of the proposed stimulus package far outstrips the \$787 billion stimulus package passed in 2009 in the midst of the financial crisis. As the number of confirmed cases in the U.S. climbs, Congress has raced to pass legislation stemming the public health and economic consequences, dividing their work into sets.

In phase one, Congress passed and President Trump signed into law an \$8.3 billion bill funding vaccine development and prevention efforts. Lawmakers are almost finished with the second phase of legislation, with a bill focused on workers pending before the Senate following some late changes made Monday to scale back a paid-leave expansion. Lawmakers are now charting out the third phase of their response.

“We want to make sure Americans get money in their pockets quickly and small-business owners have access to funds,” Mr. Mnuchin said. He also cited the needs of hotels and airlines.

Mrs. Pelosi, who spoke with Mr. Mnuchin Tuesday, outlined her requests for the third stimulus package in a statement, as Mr. Mnuchin met with Senate Republicans.

Among other measures, Mrs. Pelosi called for making long-term leave available to workers grappling with the virus and expanding refundable tax credits to self-employed workers. Some of these items were in the original bill pitched by House Democrats last week but were scaled back in the legislation that eventually passed the House.

After the meeting with Mr. Mnuchin, Senate Majority Leader Mitch McConnell (R., Ky.) said the chamber would move to vote on the phase-two House bill as soon as possible, and immediately launch broader stimulus negotiations. Senate Republicans who had concerns about the House bill said that the Tuesday meeting with Mr. Mnuchin had resolved some of their concerns.

“My counsel is to gag and vote for it anyway,” Mr. McConnell said to Republicans who are voicing opposition to the bill, which is estimated to cost more than \$100 billion.

Mr. McConnell reiterated that the Senate wouldn’t leave town without passing the broader stimulus bill, though he didn’t give more details on the timeline.

“We’re going to move here in warp speed for the Senate, which almost never does anything quickly,” he said.

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Senate Democrats have proposed their own \$750 billion package for the third phase of the response.

“And I would say to my Republican colleagues: We want to work with you, you will have different ideas, but our ideas must be contained in a package,” said Senate Minority Leader Chuck Schumer (D., N.Y.), whose plan includes a moratorium on evictions and foreclosures.

Mr. Mnuchin discussed the outline of the administration’s latest stimulus measure with Senate Republicans at the Capitol on Monday night, and detailed the plan more fully during the broader meeting of Senate Republicans on Tuesday.

Officials had originally said they planned to propose an \$850 billion stimulus package, but the White House official said the overall stimulus figure increased to \$1 trillion after budget officials reviewed the numbers.

Mr. Mnuchin has said the administration would seek additional funds for emergency loans administered through the Small Business Administration, and is considering deferring quarterly tax payments to help small firms conserve cash.

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The House has left Washington for a recess, leaving much of the legislative lifting to Senate Republicans as the Capitol has closed to the public and many staffers are working from home amid the outbreak. Republican leadership and the administration hope to move a bill through the Senate quickly, perhaps as soon as the end of this week, and some lawmakers are preparing to spend the weekend in Washington.

Lawmakers also face new health concerns. Two Colorado lawmakers said Tuesday they would self-quarantine. In separate statements, Sen. Cory Gardner, a Republican, and Rep. Jason Crow, a Democrat, both said they interacted with a constituent who tested positive for Covid-19. It's not clear if they interacted with the same person. Earlier in the day, Mr. Gardner attended a lunch with other Republican senators.

Sen. John Thune (R., S.D.), the No. 2 Senate Republican, said that direct cash assistance to Americans is more popular among the GOP than attempting to pass a payroll tax-cut. Any legislation in the Senate, to reach the necessary 60 votes, will require bipartisan support to pass and move to the Democratic-controlled House.

"There is a high level of interest among our members in that idea," Mr. Thune said of direct cash assistance. "Seems to me it might be an area where there's some common ground with the Democrats as well."

Separate from the fiscal stimulus package Mr. Mnuchin is pitching, the White House also plans to ask Congress to approve an additional emergency funding bill to provide federal agencies with more resources to combat the virus, according to a senior administration official. The official said the administration hadn't yet decided on the size of the request, but said it would be more than the \$8.3 billion emergency funding bill approved earlier this month.

The measure would provide additional resources for agencies facing increased demands due to the epidemic, such as increased health-care costs for the Department of Veterans Affairs and new measures at the Department of Education that would defer interest payments for student-loan borrowers.

CORONAVIRUS PACKAGES

Congress is working on various pieces of legislation related to coronavirus. Here is a rundown of what has been completed, and what lies ahead.

- **Phase 1: Completed**
- Congress passed and President Trump signed into law an **\$8.3 billion bill** that funds vaccine development and provides money to state and local governments to assist with prevention efforts.
- **Phase 2: Near Completion**
- The House passed last week and the Senate is **expected to soon take up a bill** that expands unemployment insurance, offers paid sick leave to workers, and mandates that testing for the virus be free. Mr. Trump has endorsed and is expected to sign the package. A nonpartisan committee estimates that the tax credit provisions of the bill cost nearly \$105 billion.
- **Phase 3 and beyond: Proposals**
- The Trump administration is **eyeing a stimulus package** worth roughly \$1 trillion and Senate Democrats are floating a \$750 billion proposal. While Democrats favor an additional expansion of unemployment insurance and placing a moratorium on foreclosures and evictions, the Trump administration is eyeing suspending the payroll tax and offering relief to certain industries. Other ideas in the mix on both sides of the aisle are providing capital relief to small businesses and giving Americans direct cash assistance. Lawmakers have said the next steps could come in a series of future legislative packages.

—*Kate Davidson and Natalie Andrews contributed to this article.*

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