

## White House expresses support for making immediate cash payments to Americans as part of coronavirus stimulus package

Treasury Secretary Steven Mnuchin: 'We're looking at sending checks to Americans immediately.'

By **Erica Werner**, **Jeff Stein** and **Mike DeBonis**

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The Trump administration expressed support on Tuesday for sending direct cash payments to Americans in the next two weeks as part of a massive economic stimulus package that is taking shape in Washington, something the White House hopes could stanch the economic free fall caused by the [coronavirus](#).

“We’re looking at sending checks to Americans immediately,” Treasury Secretary Steve Mnuchin said Tuesday. “And I mean now, in the next two weeks.”

The cash payment idea, which originated in Congress, is part of a roughly \$1 trillion stimulus plan that the White House is trying to push into law as soon as possible. It could become one of the largest federal emergency fiscal packages ever assembled.

In addition to direct cash payments, the White House wants the legislation to include support for businesses, aid for the airline industry, and a range of other measures. To further try and stabilize the economy, the Treasury Department and Federal Reserve took a step Tuesday to make it easier for companies to borrow money, while the White House gave more flexibility to taxpayers to delay payments they owe next month for an addition 90 days.

But the White House's support of the cash payment idea, which has won backing from Democrats and some Republicans in Congress, shows how fast talks are evolving.

President Trump had initially demanded that Congress temporarily eliminate the payroll tax to give households access to more money, but he said Tuesday that such a move would take too long to implement and that action needed to be taken more quickly.

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"Payroll tax is one way, but it does come over a period of months, many months," Trump said Tuesday, speaking at a briefing of the administration's coronavirus task force. "And we want to do something much faster than that. So I think we have ways of getting money out pretty quickly and very accurately."

Some lawmakers, including Sen. Mitt Romney (R-Utah) have discussed direct cash payments of \$1,000 to Americans, something the lawmaker discussed with Mnuchin Monday night.

“That’s one of the ideas we like,” Mnuchin said Tuesday, without endorsing a specific dollar amount. He suggested there should be an income cut-off on the cash payments and that high-income households might not be eligible.

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“I think it’s clear we don’t need to send people who make a million dollars a year checks,” Mnuchin said.

Mnuchin discussed details of the White House’s emerging fiscal plan on Tuesday with Senate Republicans. Democrats and many Republicans have mostly rebuffed the White House’s call to cut taxes, as many believed the money might not benefit people who needed access to it immediately. The White House’s new \$1 trillion plan looks to effectively flood the economy with cash, officials said, and roughly \$50 billion of it would go towards helping the airline industry, which is reeling from cancellations.

The talks have taken on more urgency as the economy has shown signs of careening into recession. The Dow Jones industrial average fell almost 3,000 points on Monday but showed some rebound Tuesday as the task force briefing was under way.

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“We’re going big,” Trump said of the overall package, which would require congressional approval. “I think we want to get it done. And have a big infusion as opposed to going through little meetings every every couple of days. We don’t want to do it that way. We want to go big.”

Trump said the airline industry in particular needed help. “This is not their fault. .... So we have to help them during the short term,” Trump said.

The \$1 trillion package would come in addition to another \$100 billion-plus package passed by the House that aims to provide paid sick leave, unemployment insurance and other benefits for impacted workers. That legislation is awaiting action in the Senate where some Senate Republicans have raised concerns over the structure of the paid sick leave benefit and how it’s financed.

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Sen. John Cornyn (R-Texas) said there was growing support for simply passing the House bill and making any needed changes in the larger stimulus package now taking shape.

“I’m not sure we have the luxury of time,” Cornyn said. He said the administration’s pivot away from a payroll tax holiday to direct cash payments would help speed negotiations on the new package.

“There were a lot of mixed feelings about the payroll tax holiday,” Cornyn said, although he stopped short of endorsing the cash payment plan outright. ”I want to hear the details. I’m just not for throwing money at people. I would want to make sure we’re not throwing a lot of money at people who don’t need the money and focus on wage workers, people who work for tips who through no fault of their own don’t have a job anymore.”

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There is emerging tension between the White House’s approach and the bills Democrats are trying to advance. White House officials are leaning hard into the idea of tax cuts and industry assistance, while Democrats have said their proposals are focused more on helping workers, health care providers, schools, and senior citizens.

Mnuchin would like to see the new package pass the Senate by the end of the week, he told senators Monday evening in a meeting at the Capitol.

Speaking on the Senate floor Tuesday, Senate Majority Leader Mitch McConnell (R-Ky.) said he anticipated “urgent talks” later Tuesday with Mnuchin on the emerging package, which McConnell said should provide direct aid to workers and families, help for the economy overall and in particular small businesses, and more assistance for the public health system and medical personnel.

“It’s my intention that the Senate will not adjourn until we have passed significant and bold new steps above and beyond what the House has passed to help our strong nation and our strong underlying economy weather this storm,” McConnell said.

It’s unclear how warmly the design of the White House’s proposal will be received. While Senate Republicans were meeting with Mnuchin on Tuesday, Senate Democrats were gathering on a conference call to discuss their strategy. Senate Minority Leader Charles E. Schumer (D., N.Y.) is expected to outline his \$750 billion proposal and contrast it with the White House’s approach. Schumer’s offering would expand unemployment insurance, provide money for schools, public transportation, expand Medicaid funding, expand more investments in health care, provide loan assistance, and halt evictions and foreclosures, among other things.

“We need big, bold immediate federal action to deal with the crisis,” Schumer said Monday.

Democrats have complained that the White House’s push so far has relied on seeking tax cuts and industry bailouts.

Trump has for several weeks pushed Congress to cut or eliminate the payroll tax, which is paid by employees and employers and funds Social Security and Medicare benefits. Many Democrats have complained that such a tax cut would not necessarily directly benefit people who have lost jobs because of the coronavirus crisis.

On Tuesday, Trump began to show signs of distancing himself from the idea, suggesting that such a change would take too long to deliver needed funds to Americans.

Instead, the White House is now endorsing the plan of sending direct payments to Americans, though it's unclear what scale they are looking to endorse.

Two Senate Republicans, Romney and Tom Cotton of Arkansas, have backed this approach in recent days. The idea of direct cash payments has also gained traction in liberal circles, with former Obama administration economist Jason Furman lobbying congressional Democrats to adopt similar proposals.

"I think it is terrific President Trump has come around to the idea that Americans should get checks. They shouldn't have to go to a workplace to get it," said Jason Furman, an Obama administration economist who has been pushing the idea with congressional Democrats. "This should be a commonsense, bipartisan idea ... I hope it becomes law by the end of the week."

As recently as Tuesday morning, top White House economic advisers were internally divided over whether the payroll tax cut or the direct cash payments were better suited for confronting the crisis, according to one person in communication with the administration. Some White House officials have begun defending the move as a way to shore up the social safety net that should be coupled with a payroll tax cut to stimulate economic growth.

"There's been a big debate among the key economic policy makers over there that's still ongoing," the person said.

The attempt to inject a massive amount of money into the economy is reminiscent of the bailouts and stimulus steps Congress took during the economic crisis more than a decade ago. This time around, with everyday life in America screeching to a halt, the intervention may need to be faster and even more extreme. In 2008, Congress passed a \$700 billion package, called the Troubled Asset Relief Program, to try and rescue the financial system.

The package the White House is pursuing now would be bigger, not adjusted for inflation, but it would include things like tax cuts that the 2008 program lacked.

Still, the economic fallout from the current crisis only appears to be gaining momentum. Many schools have closed around the country, and the federal government told Americans on Monday to limit gatherings of more than 10 people. President Trump warned a recession could be on the horizon.

"I think the only comparison to this is World War II, in the sense of it being not only in our country but just a global situation where everyone is pulling out all the stops to do the best we can to protect individuals, protect families and communities," said Sen. John Boozman (R-Ark.)

The massive package now under consideration would be the third step Congress has taken as it moves rapidly to address aspects of the pandemic.

Earlier this month, Congress approved \$8.3 billion in emergency spending for public health programs, and last week the House passed a package with paid sick leave, unemployment insurance, money for food stamps, free coronavirus testing and more.

The initial package that recently passed the House mandated that businesses with fewer than 500 employees provide paid sick days and paid family medical leave to their workers. The legislation also included a federal tax credit to compensate firms for the new and potentially expensive benefit.

Over the weekend, however, lawmakers were inundated by complaints from small businesses who said they could be driven out of business before the new federal tax credit kicks in. The tax credit could take months to reach companies, and the required benefits saddle firms with an additional cost at the same time many are getting crushed by the wider economic downturn caused by coronavirus.

As a result, late Monday night the House approved additional changes limiting the scope of the required new sick leave benefits. For instance, the House made it easier for employers to exempt emergency workers and other health care businesses from the new rules, and also capped the amount firms are required to pay out, according to Vicki Shabo, a policy expert at New America, a left-leaning think-tank.



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