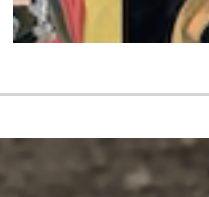
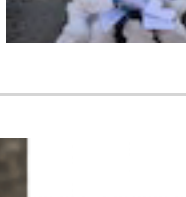


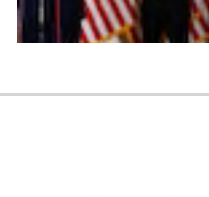
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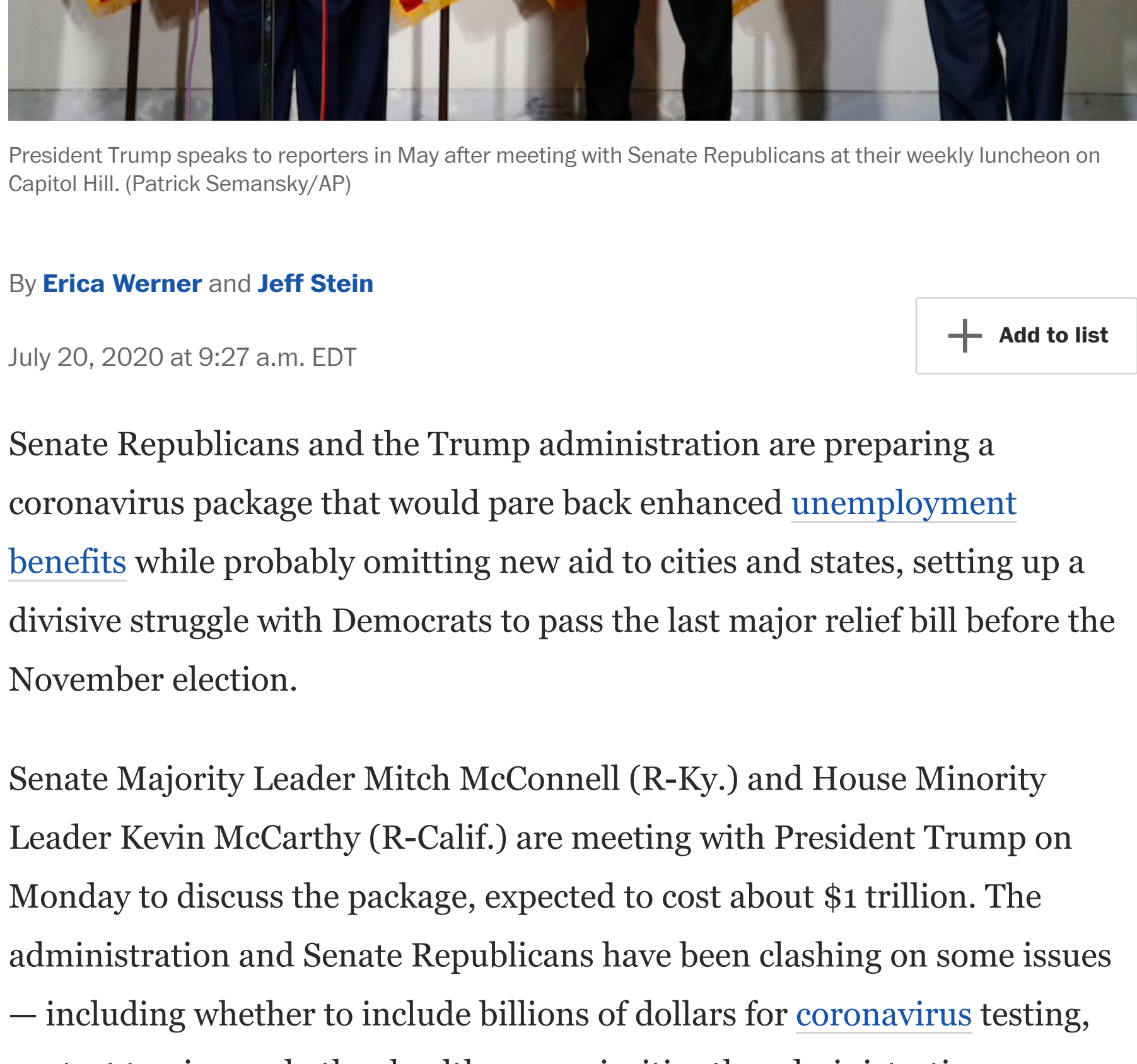
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Economic Policy

Senate GOP coronavirus bill leaves out many priorities for Democrats and Republicans, but talks have just begun

McConnell, McCarthy to meet with Trump on Monday morning as Congress starts three-week legislative sprint



President Trump speaks to reporters in May after meeting with Senate Republicans at their weekly luncheon on Capitol Hill. (Patrick Semansky/AP)

By Erica Werner and Jeff Stein

July 20, 2020 at 9:27 a.m. EDT

Add to list

Senate Republicans and the Trump administration are preparing a coronavirus package that would pare back enhanced unemployment benefits while probably omitting new aid to cities and states, setting up a divisive struggle with Democrats to pass the last major relief bill before the November election.

Senate Majority Leader Mitch McConnell (R-Ky.) and House Minority Leader Kevin McCarthy (R-Calif.) are meeting with President Trump on Monday to discuss the package, expected to cost about \$1 trillion. The administration and Senate Republicans have been clashing on some issues — including whether to include billions of dollars for coronavirus testing, contact tracing and other health-care priorities the administration opposes — and they are trying to form a unified front before starting talks with Democrats.

Congress passed four major relief bills nearly unanimously in March and April, pumping some \$3 trillion into the economy to address the pandemic. But McConnell recently predicted the new bill will involve “dramatically more controversy and partisanship because of the proximity of the election.”

[Trump administration pushing to block new money for testing, tracing and CDC in upcoming coronavirus relief bill]

With the economy still reeling, coronavirus infections and deaths on the rise and millions out of work, the coming days will be key in determining whether Congress will be able to come together around another relief bill, or go home empty-handed when the next congressional recess arrives in three weeks. Enhanced unemployment benefits that were approved in March will expire for many states later this week unless Congress acts quickly.

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The House passed a wide-ranging \$3 trillion bill in May called the Heroes Act that Democrats insist represents their unity position, but Trump threatened to veto it and McConnell ignored it. Instead, McConnell, in consultation with key Senate Republicans and administration officials, has been pulling together a piece of legislation he’s aiming to unveil later this week and take to Democrats to negotiate.

Early indications are that the bill will embrace a number of conservative stances, while rejecting priorities sought by Democrats and even some Senate Republicans, including a half-dozen GOP lawmakers in competitive races.

The legislation is not expected to include new aid for cities and states, something Democrats, governors from both parties and some Senate Republicans have been actively seeking. Instead, according to two people familiar with its contents, it will contain provisions allowing states and localities more flexibility with the \$150 billion already allocated by Congress in the Cares Act, which was restricted to coronavirus-related expenses. Those people spoke on the condition of anonymity to describe internal deliberations.

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They cautioned, however, that negotiations were ongoing and provisions were subject to change.

Democrats have been demanding \$1 trillion in new state and local aid, and a number of Senate Republicans have also pushed for more aid. Plunging tax revenue has forced governors and local leaders to slash public services, cancel planned infrastructure projects and fire workers — all while warning that even more drastic cuts are on the horizon absent help from Washington.

[State, local governments wrestle over quickly dwindling coronavirus aid, complicating talks on next federal bill]

House Speaker Nancy Pelosi (D-Calif.) and Senate Minority Leader Charles E. Schumer (D-N.Y.) have made clear that additional aid to cities and states is a top priority, and they are unlikely to agree to a bill without it.

Democratic votes will be needed for any final deal to pass the House and Senate.

“Unfortunately, by all accounts the Senate Republicans are drafting legislation that comes up short in a number of vital areas, such as extending unemployment benefits or funding for rental assistance, hazard premium pay for frontline workers, or investments in communities of color being ravaged by the virus, and many other necessary provisions,” Schumer wrote in a letter to the Senate Democratic caucus on Monday. “Democrats will need to fight hard for these important provisions.”

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The GOP bill will also include a legal liability proposal drafted by McConnell to shield businesses, health-care providers and others from certain lawsuits — something Democrats oppose. It will include about \$70 billion for elementary and secondary schools, of which the administration has said some 10 percent will be set aside for nonpublic schools, another problematic provision for Democrats.

The legislation is expected to include a new round of direct payments to individual Americans, potentially at the same \$1,200-per-person level in the Cares Act. But Trump has insisted that the legislation include a payroll tax cut, and he said in an interview broadcast Sunday that he might refuse to sign a bill that omits that provision. Presuming a payroll tax cut is included, it’s possible the structure or amount of the direct payments could change.

Other expected provisions include a workplace tax credit to help businesses with costs associated with testing and protective equipment, and an employee retention tax credit.

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Republicans also are expected to propose reducing and restructuring, but not eliminating, a \$600 weekly enhanced unemployment benefit included in the Cares Act, which expires by the end of July. Democrats are insisting the enhanced benefit continue at its current level through the end of January, but Republicans say it provides a disincentive to workers because some people can make more on unemployment than on the job.

Treasury Secretary Steven Mnuchin told lawmakers on a phone call on Friday that the administration will be seeking additional funding for the Paycheck Protection Program (PPP) that provided forgivable loans for tens of millions of American firms, according to two people with direct knowledge of the call, who spoke on the condition of anonymity to discuss a private conversation. About \$100 billion in the fund is unused, but lawmakers have eyed putting as much as an additional \$150 billion into that pot as new increases in coronavirus cases threaten businesses across the country.

Speaking to congressional officials, Mnuchin said the administration will be seeking to impose new restrictions on the additional PPP money, the two people said. Among the possible changes, Mnuchin cited requiring companies to prove revenue losses to receive funding; barring publicly traded firms from accessing the money; and enacting a low cap on the size of firms that could qualify.

Mnuchin also told lawmakers on the call that state and local aid money would probably be necessary in the end and that the federal government will have to provide additional funding for child-care services to allow parents to return to work, the two people said.

Tony Romm contributed to this report.

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Updated July 7, 2020

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