

### **Topline Updates**

- Treasury Secretary Steven Mnuchin said the massive stimulus package the Trump administration is proposing would pump \$1 trillion into the coronavirus-ravaged U.S. economy, through a combination of direct tax relief and grants and loans to struggling businesses.
- The US Senate is in session and is still working to pass H.R.6201, Families First Coronavirus Response Act. They are also working on crafting the third stimulus measure introduced yesterday by the White House (see below).
- In addition to the 3<sup>rd</sup> Stimulus Package, the Administration requested \$45 billion in supplemental Appropriations last night (details below) to fund ongoing COVID-19 response nationwide. President Trump announced he will hold another briefing today to discuss new FDA action he did not disclose a time but his task force is set to brief the morning of March 18, 2020.
- President Trump and Canadian Prime Minister mutually agreed to close the Northern Border with Canada to non-essential travel.

### **Congress**

The House remains in recess. On the Senate side, following Leader remarks, the Senate will be in period of morning business with senators permitted to speak therein for up to 10 minutes each. Negotiations continue on a path forward to finish the Second COVID-19 response bill today, but Senator Ron Johnson is seeking a vote on an amendment regarding paid family medical leave and that has delayed an announcement on when votes will take place.

### **Update on COVID-19 Third Stimulus Package**

Yesterday, Senate Majority Leader McConnell reiterated several of Senate Republicans' major priorities for the "Phase Three" legislation they are currently drafting in close cooperation with the Administration. His priorities are:

- Examining policy tools to put money quickly and directly into the hands of American families.

- Moving swiftly and boldly in a major way to help America's small businesses survive this and thrive on the other side.
- Preparing bold steps to make sure main street can access liquidity during this extraordinary time.

He is working with the Chairmen of the Senate Finance Committee, the Health, Education, Labor, and Pensions Committee, the Small Business Committee, the Appropriations Committee, the Banking Committee, the Homeland Security and Governmental Affairs Committee, the Aging Committee, and the Commerce Committee, among many other colleagues.

These discussions and deliberations at the Committee levels started in earnest on March 17<sup>th</sup> and will continue for the remainder of the week. It is our understanding that Senate Leadership has not put a deadline on committees to get their work in but asked for it to be done as soon as possible.

The proposal from the White House would include more than \$500 billion in "general stimulus," a congressional aide said, or direct tax cuts for households, which President Donald Trump and Mnuchin said Tuesday would be in the form of rebate checks. An additional \$200 billion would be for expanded loans to small businesses, plus some \$50 billion in aid to the cash-strapped airline industry.

The Department of Treasury released the White House's proposal with the following key provisions:

- **APPROPRIATION TO THE EXCHANGE STABILIZATION FUND FOR SPECIFIC USES**
  - Airline Industry Secured Lending Facility (\$50 billion)
    - This provision would appropriate an additional \$50 billion to the ESF and authorize use of those funds for secured lending to U.S. passenger and cargo air carriers
    - Treasury Department to determine appropriate interest rate and other terms and conditions
    - Secured by collateral specified by the Treasury Department
    - Requirements on borrowers would include:
      - Specified continuation of service requirements
      - Limits on increases in executive compensation until repayment of the loans
  - Other Severely Distressed Sectors of the U.S. Economy (\$150 billion)
    - This provision would appropriate an additional \$150 billion and authorize use of those funds for secured lending or loan guarantees to assist other critical sectors of the U.S. economy experiencing severe financial distress due to the COVID-19 outbreak.

- **TEMPORARILY PERMIT USE OF THE EXCHANGE STABILIZATION FUND TO GUARANTEE MONEY MARKET MUTUAL FUNDS**
  - Temporarily suspend the statutory limitation on the use of the Exchange Stabilization Fund (Section 131 of the Emergency Economic Stabilization Act of 2008) for guarantee programs for the United States money market mutual fund industry.
  - Sunset date: Terminate authority to establish any new MMMF guarantee program upon the conclusion of the National Emergency Concerning the Coronavirus Disease 2019 (COVID-19) Outbreak declared by the President on March 13, 2020.
  
- **ECONOMIC IMPACT PAYMENTS**
  - This provision would authorize and appropriate funds for two rounds of direct payments to individual taxpayers, to be administered by the IRS and Bureau of the Fiscal Service.
    - I. \$250 billion to be issued beginning April 6
    - II. \$250 billion to be issued beginning May 18
  - Payment amounts would be fixed and tiered based on income level and family size. Treasury is modeling specific options.
  - Each round of payments would be identical in amount.
  
- **SMALL BUSINESS INTERRUPTION LOANS**
  - To provide continuity of employment through business interruptions, this provision would authorize the creation of a small business interruption loan program and appropriate \$300 billion for the program.
  - The U.S. government would provide a 100% guarantee on any qualifying small business interruption loan.
  - Qualifying loan terms:
    - I. Eligible borrowers: Employers with 500 employees or less (phased out)
    - II. Loan amounts: 100% of 6 weeks of payroll, capped at \$1540 per week per employee (approx. \$80,000 annualized)
    - III. Borrower requirement: Employee compensation must be sustained for all employees for 8 weeks from the date the loan is disbursed.
    - IV. Lender: U.S. financial institutions
    - V. Streamlined underwriting process: Lender verifies the previous 6-week payroll amount and later verifies that the borrower has paid 8 weeks of payroll from date of disbursement.
    - VI. Authority for the Treasury Department to issue regulations establishing appropriate interest rate, loan maturity, and other relevant terms and conditions

**Note: This is the White House's submitted proposal to Congress. It should be noted that Congress is also discussing their own options and ideas to include in this package.**

## **New Supplemental Appropriations Request (not \$1 trillion stimulus)**

Last night, The White House requested additional spending to bolster the Administration's response to COVID-19. Specifically, Office of Management and Budget Acting Director Russ Vought sent a letter (attached) requested \$45.8 billion in supplemental appropriations to cover the depleted funds spent and to cover necessary immediate future expenses.

This is not in place of any other measure moving forward. The funding is on top of the \$8.3 billion already approved by Congress in early March, largely to help public health agencies prepare, finance the research and development of vaccines and new drug treatments, stockpile medical supplies and help overseas disease-fighting efforts.

It remains unclear how quickly Congress would act on the new funding request. Highlights of the supplemental OMB Request are as follows:

- The Veterans Health Administration requests \$16.6 billion for an expected increase in patient care related to coronavirus.
- Health and Human Services requests \$11.5 billion for research and development into vaccines, drug treatments and testing, and the CDC would receive \$3.4 billion to build out laboratory capacity and state and local preparedness and response efforts
- Department of Defense requests 8.3 billion
- Homeland Security requests 3.2 billion
- OMB \$3 billion for unspecified purposes (unanticipated costs coverage)
- \$500 million to cover Amtrak's losses
- \$2 billion to replenish the Federal Emergency Management Agency's Disaster Relief Fund; President Donald Trump on Friday announced he was ready to tap \$50 billion in FEMA funding for extraordinary public health needs.
- \$40 million for student borrowing costs, including Trump's deferral of interest payments on federally backed student loans.
- \$400 million for the Department of Housing and Urban Development to support increased needs at homeless shelters.
- \$73 million to evacuate thousands of Peace Corps volunteers still at their overseas posts.

- \$241 million for the IRS to improve taxpayer services and handle the 90-day delay in the regular April 15 tax-filing deadline announced by the Treasury Department.