Politico (4/14, Adragna) reports Mnuchin said Tuesday, "Conversations continue with other airlines regarding their potential participation. Treasury is also working to review and approve applications for smaller passenger air carriers as quickly as possible and will provide further guidance for cargo carriers and contractors very soon. We look forward to working with the airlines to finalize the necessary agreements and disburse funds as quickly as possible."

USA Today (4/14, Woodyard) calls large airlines one of the "winners" of the CARES Act bailouts, despite a drop in enthusiasm after the Treasury Department "let it be known that any grant or loan will come with strings attached." USA Today says small airlines are "losers" even though Mnuchin said the Treasury Department "specifically created an exemption for small airlines that we can process very quickly." Both commuter airlines and low-cost airlines are concerned about provisions in the CARES Act that require them to maintain service despite a deep drop in demand.

Outlets providing additional coverage include NBC News (4/14, Atkinson), CQ Roll Call (4/14, Wehrman), The Hill (4/14, Coleman), Dallas (TX) Morning News (4/14, Arnold), Fox Business (4/14, Burman), Forbes (4/14, Bogaisky), Business Insider (4/14, Slotnick), and Atlanta (GA) Journal-Constitution (4/14, Yamanouchi).

Tribune: Why Government Bailouts For United And Boeing Are A Bad Idea. The Chicago (IL) Tribune (4/14, Board) editorializes that a deal from Secretary Mnuchin to protect Boeing during the economic fallout caused by the COVID-19 pandemic is "in the works," but that "these exercises in corporate favoritism are a bad idea." The Tribune argues that Boeing "should be forced to do what millions of entrepreneurs and mom-and-pop businesses are doing: adapting to a traumatic but necessary shutdown of the economy and figuring out how to survive – without a generous rescue from taxpayers."

Congress At An Impasse Over Providing Additional Small Business Funds. (USAT, HILL, BLOOM, CNN, POLITICO)

USA Today (4/14, Hayes) reports, "Billions of dollars in additional relief for small businesses in danger of shuttering due to the coronavirus has been left in the crossfire as congressional leaders fight over what should be included in the emergency package." House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer, in a joint statement Monday, said, "We have real problems facing this country, and it's time for the Republicans to quit the political posturing by proposing bills they know will not pass either chamber and get serious and work with us towards a solution." The two leaders "have both talked with Treasury Secretary Steven Mnuchin about their demands and are hoping for a bipartisan compromise but the White House has already voiced opposition to including additional provisions in this small business package, which together, has left the future for the funds – which could dry up in days – up in the air."

The Hill (4/14, Bolton) reports Secretary Mnuchin and Leader Schumer "are expected to reach a deal this week on an interim coronavirus relief bill that would provide money to businesses, hospitals and state governments. The deal could lead to legislation being passed quickly through the Senate on Thursday, and through the House no later than early next week." Democrats "say that Mnuchin, who is spearheading negotiations for Republicans, is open to a deal" despite McConnell's apparent lack of interest in negotiating with Schumer and Speaker Pelosi. Mnuchin, "speaking at the White House on Monday, said legislation should focus on small-business programs and that other issues such as funding for state governments and hospitals should be dealt with separately – though he also expressed a willingness to work with Congress on getting money to various needs." Mnuchin said, "This was a bipartisan program. We should top up that program now. I know the Democrats want to talk about more money for hospitals and states. Right now we're just sending the money out to the hospitals and states. They haven't come close to using that money."

However, Bloomberg (4/14, Wingrove, Litvan, House) reports Senate Majority Leader Mitch McConnell, in a statement Tuesday, "made clear that he won't consider any additional funding beyond the $250 billion for the small business loan program, money he tried unsuccessfully to move through the chamber last week by unanimous consent." McConnell "reiterated that the Paycheck Protection Program is the only stimulus initiative at immediate risk of running dry." McConnell said, "President Trump, Secretary Mnuchin, and Senate and House Republicans simply want to add more funding for this job-saving program that both parties designed together. There is no time to insist on sweeping renegotiations or ultimatums about other policies that passed both houses unanimously."

CNN (4/14, Mattingly, Fox) reports Democrats "have held firm that any additional small business funds must be accompanied by additional funds for hospitals and states, as well as conditions on how that small business funding can be used. Mostly, however, they want negotiations over this interim package – and they thought they could get them through Treasury Secretary Steven Mnuchin." The Secretary "has become the go-to for both Speaker Nancy Pelosi and Democratic Leader Chuck Schumer, striking deals with both. Both have said in recent days Mnuchin seemed amenable to bipartisan talks – something McConnell and House Republican Leader Kevin McCarthy have rejected out of hand." Mnuchin "made clear during the White House news conference on Monday he was firmly on the side of McConnell and McCarthy (this may seem obvious, but multiple GOP aides legitimately weren't sure where Mnuchin was on this). The President joined him in that position."

Green To Mnuchin: Allow Small Banks To Obtain PPP Loans. Politico (4/14, Warmbrodt) reports Rep. Al Green (D-TX), on a phone call "hosted by the House Financial Services Committee Tuesday...asked Treasury Secretary Steven Mnuchin whether he would consider allowing small banks to apply for Paycheck Protection Program loans. Green has argued that it would it would help banks avoid layoffs and even staff up as they work to get more money out to small businesses." Green said in an interview following the call, "The secretary gave me a response that has led me to believe this is of concern and that he will look into it. He did not make a commitment, but I appreciate the fact that he does take it as a concern to be reviewed."

Cities, Localities Fear Missing Out On Covid-19 Stimulus Funds. (NEWSHR, KCSTAR)

PBS NewsHour (4/14, Slodysko, Lardner) reports the National League of Cities and the US Conference of Mayors on Tuesday "released a survey of more than 2,400 local officials that found 88 percent of them 'anticipate the pandemic will lead to painful reductions in revenue this year' that will likely result in cuts to services, worker furloughs and layoffs. The groups said the outlook is 'particularly acute' for cities, towns and villages under the threshold." Amid the uncertainty, "the two advocacy groups and lawmakers have been urging Treasury Secretary Steven Mnuchin to ensure the relief fund money is fairly distributed. Guidelines for how the relief fund will operate are to be issued by the Treasury Department this week."

The Kansas City (MO) Star (4/14, Lowry) reports Kansas City "will likely have to coordinate with the governments of four different counties to get its share of federal coronavirus aid as the U.S. Treasury Department appears to have rebuffed pleas from city leaders for direct assistance." Kansas City Mayor Quinton Lucas "has repeatedly argued that the city should be eligible for direct aid based on projections by city planners that place the city's 2020 population at roughly 505,000." The CARES Act "set 500,000 as the threshold for a city or county to qualify for direct aid." Rep. Emanuel Cleaver (D-MO) "had sent a letter to Treasury Secretary Steve Mnuchin asking for him to use the city's internal numbers to allow it to receive direct aid, but the request was rebuffed." Cleaver said Monday in a statement, "It's not in my style to demonize the administration during a crisis, but, as the representative of Missouri's 5th congressional district, I am officially irked."

Treasury Orders Trump's Name To Be Printed On Stimulus Checks Sent By IRS. (WP, NYT, NSWK, ABCNEWS)

The Washington Post (4/14, Rein) reports the Treasury Department has "ordered President Trump's name be printed on stimulus checks the Internal Revenue Service is rushing to send to tens of millions of Americans, a process that is expected to slow their delivery by several days, senior agency officials said." This "unprecedented decision" means "it will be the first time a president's signature appears on an IRS disbursement." According to the Post, "Trump had privately suggested to Treasury Secretary Steven Mnuchin, who oversees the IRS, to allow the president to formally sign the checks, according to three administration officials who spoke on the condition of anonymity because they were not authorized to speak publicly." The New York (NY) Times (4/14, Rappeport) and Newsweek (4/14, Villarreal) also report.

Most Americans Have Not Received Stimulus Funds. ABC News (4/14, Alesse, Kolinovsky, Haslett, Tatum) reports, "It's been more than three weeks since the $2 trillion CARES Act was signed into law, but the vast majority of those who qualify for economic relief – some in multiple categories – have yet to see their share." The IRS last week "began depositing money into the bank accounts of those who meet the federal government's income qualifications for direct payments, and some Americans who receive unemployment benefits began receiving an additional $600 a week." However, "a large percentage of those who meet the criteria to receive one or both of those forms of assistance are still waiting." Secretary Mnuchin said Tuesday in a White House briefing, "We know how important that is to all of those hardworking Americans, many at home not working at the moment."

Congressional Democrats Fear Criticizing Trump Could Jeopardize Needed Supplies For Their States. (POLITICO)

Politico (4/14, Levine, Everett, Ferris) reports that while congressional Democrats "have spent four years berating Trump as unhinged and unprepared for a crisis," now, "they must work with the White House to save lives in their states – a reality that could spare Trump from some of their harshest attacks." Politico says some Democrats "have turned in recent days to Treasury Secretary Steven Mnuchin amid frustration with Trump." For example, Mnuchin "spoke with Sen. Jack Reed (D-R.I.) about the disbursement of funds to his state," and Mnuchin "is once again serving as the point man for negotiations with Senate Minority Leader Chuck Schumer (D-N.Y.) and Speaker Nancy Pelosi (D-Calif.) on the terms of the next relief package that will be at least a quarter trillion dollars."

NYTimes Says Post Office Is Vital In Time Of Pandemic. (NYT)

The New York Times (4/14) says in an editorial that the US Postal Service, which "could run out of money by the end of September...cannot be allowed to crumble in the midst of a national emergency. ... As this pandemic rages, its 600,000-plus employees are working to ensure that Americans receive their prescriptions and protective equipment and other essential items, no matter where they live." Lawmakers in March "sought to include a $13 billion grant for the agency in the $2 trillion coronavirus relief law. The effort was blocked by Treasury Secretary Steven Mnuchin, who warned that it would derail negotiations." Lawmakers "settled for a $10 billion loan – from the Treasury Department. Mr. Mnuchin has warned that any attempt to insert a postal bailout into the next relief package would be a non-starter."

MAJOR DEPARTMENT MENTIONS

Self-Employed Workers Seek Relief Loans. (FASTCOMP, CNBC)

Fast Company (4/14) reports the CARES Act "included a $2 trillion stimulus package with specific provisions for the self-employed." CNBC (4/14, Mercado) reports self-employed people will need to have completed 2019 tax return when they apply for the Paycheck Protection Program. The Treasury

Department is "telling self-employed people they'll need to have Schedule C of their 2019 tax return – a document that details the profit and losses of a small business – when they apply."

POLITICO MORNING MONEY

Trump has no magic economic wand — I write here about the fact that President Donald Trump can prod governors and announce whatever task forces and industry advisory teams he wants but none of it will "reopen" the U.S. economy in the way he might like.

He can't force companies to reopen or ramp up production until owners and executives believe there will be sufficient demand. And he can't make consumers flock back to malls, bars, restaurants, sports arenas or other public areas until they feel comfortable they will be safe from the deadly Covid-19 virus.

Economist and Harvard Kennedy School senior fellow Megan Greene tells me: "Unfortunately, resuming normal activity cannot be achieved by diktat from the top. It needs to start with much more confidence from consumers, and we are still a long way off from that."

JPMorganChase chief economist Michael Feroli: "I do think we will see some lasting damage here. And this is under a benign assumption about the course of the virus and that we don't have false starts where we re-open the economy then have to shut it down again … But not quite to where it was before. We do see growth down for the year by seven percent."

Earnings season telling the tale — Big banks including JPMorgan and Wells Fargo both announced giant increases in reserves for loan losses from the crisis on earnings calls on Tuesday. Johnson & Johnson slashed its 2020 earnings guidance and said the numbers could change again depending on a multitude of unknowns about how the economy responds in the coming months.

Here's video of my chat with Feroli in case you missed it. Lots of interesting stuff on the economy and the coronavirus.

S&P Global Ratings chief economist Beth Ann Bovino emails: "A sure way to instill confidence that the virus has been contained is to initiate national testing, say a 'national test day' across the U.S. To ensure that there are no false negatives, plan another national test day the following month.

"With the fatality rate in the U.S. currently at 4%, readily available testing on demand would be a must if the Administration wants scared Americans to leave their homes and shop at the mall, which may on its own be a tall order for some time."

DRIVING THE DAY

More big earnings including Bank of America, Citigroup and Goldman Sachs … Playbook authors Anna Palmer and Jake Sherman will host a virtual interview with Rep. Alexandria Ocasio-Cortez (D-N.Y.) at 9:30 a.m.. … Retail sales at 7:00 a.m. expected to drop 8% … Industrial Production at 9:15 a.m. expected to drop 4.2%. …

Fed Beige Book at 2:00 p.m. should be full of grim anecdotes … National Multifamily Housing Council is releasing the second survey of their Rent Payment Tracker at 10 a.m.

BRACE FOR BAD NUMBERS — Pantheon's Ian Shepherdson: "Today brings a wave of data which will help analysts narrow their estimates for first quarter GDP growth, and will offer some clues, albeit limited, about the early part of the second quarter.

"All the numbers will be grim, but the extent of the declines in March retail sales and industrial production will help answer key questions about the extent of the immediate hit to spending and production. Ahead of these data, we're looking for a 6% annualized drop in first quarter GDP growth"

MUCH HYPED TASK FORCE FIZZLES — Our Nancy Cook and Gabby Orr: "He spent days hyping it up. He built suspense. And he promised a big announcement. When he finally unveiled his much-heralded new White House economic task force focused on reopening the economy … Trump read off a list of names. Dozens and dozens and dozens of names.

"With little explanation or context about their ultimate purpose, Trump spent roughly 10 minutes in the White House Rose Garden ticking off names of executives and companies from sectors including technology, agriculture, banking, financial services, defense, energy, transportation, sports and health care. ….

"At no point did Trump or the White House explain the way the committees would work, or the types of suggestions they sought or the benchmarks the White House would use to determine whether it was safe to reopen shuttered businesses, send children back to school, reopen stadiums or resume work in offices."

CHECKS DELAYED FOR TRUMP'S NAME — WP's Lisa Rein: "The Treasury Department has ordered … Trump's name be printed on stimulus checks the Internal Revenue Service is rushing to send to tens of millions of Americans, a process that is expected to slow their delivery by several days, senior agency officials said.

"The unprecedented decision, finalized late Monday, means that when recipients open the $1,200 paper checks the IRS is scheduled to begin sending to 70 million Americans in coming days, 'President Donald J. Trump' will appear on the left side of the payment. It will be the first time a president's signature appears on an IRS disbursement"

TRUMP PULLS WHO FUNDING — Our Alice Miranda Ollstein: "Trump announced … that he is halting funding to the World Health Organization while his administration reviews the group's handling of the coronavirus, accusing it of bungling the response and failing to communicate the disease's threat.

"The move follows weeks of Trump's escalating attacks on the U.N. health organization as he has sought to deflect scrutiny of his own administration's slow response to the outbreak.

"The U.S. contributes more than any other country to WHO, at more than $400 million per year. Cutting off funds to the group, which has a $4.8 billion annual budget, will be a major blow to the organization as it conducts vaccine trials, distributes test kits and advises governments around the world."

MARK CUBAN FOR POTUS? — Our Renuka Rayasam in the must-read coronavirus special nightly newsletter: "Billionaire entrepreneur and 'Shark Tank' reality-TV star Mark Cuban is considering a late-stage presidential run as an independent because of Covid-19.

Cuban on Trump's performance: "It's an impossible position. No matter what you do you are not going to get it right. You can just do the best you can. I don't want to make it sound like I am throwing Trump under the bus. I'm not a fan, but no one could do it right."

CORONAVIRUS EFFECTS

WHERE IS THE PPP MONEY GOING? — You can now track it, at least in aggregate numbers, here. According the SBA site, 70 percent of the loans are $150K or less. The average is $239,152. There are 3,273 loans so far in excess of $5 million.

BANKS START TO OPEN SPIGOTS — Our Zachary "PPP" Warmbrodt: "Banks are beginning to open the spigot of the $350 billion small business rescue package that has suffered constant operational breakdowns since its hurried launch by the Trump administration on April 3, increasing the sense of urgency for Congress to replenish funding in the coming days.

"JPMorgan Chase on Tuesday was the first of the biggest U.S. banks to disclose how much money it had gotten into the hands of small businesses under the so-called Paycheck Protection Program: $9.3 billion … The head of the American Bankers Association said lenders have disbursed 'tens of billions.'"

GAUGING IMPACT ACROSS THE ECONOMY — Our Eli Okun: "The virus-induced economic freeze that descended across America last month has generated its share of stunning front-page images. But restaurants and airlines are far from the only industries that are hurting. And it's not just streaming services and videoconferencing platforms that are booming."

FACT CHECKING TRUMP — Our Tucker Doherty on what Trump has said versus what he's actually done on the coronavirus.

NYC DEATH TOLL SPIKES — Our Erin Durkin: "New York City's official coronavirus death toll has soared past 10,000, after thousands of deaths that previously went uncounted were added to the city's statistics."

POWELL BACK IN GOOD GRACES? — Cap Alpha's Ian Katz: "Have Fed Chairman Jay Powell's chances of being re-nominated increased substantially because of his assertive and well-regarded performance during this Coronavirus Crisis?

"The view here is yes, they have, but we still don't expect him to serve a second term if … Trump is re-elected. We think the chances are a little better if Joe Biden is elected. Powell's term as chairman expires in February 2022"

THE MAN WHO HAS TO TRACK $2.2 TRILLION — Bloomberg's Joshua Green: "On April 6, Bharat Ramamurti became the first person named to the Congressional Oversight Commission supposed to police the massive coronavirus relief fund. A former top staffer for Senator Elizabeth Warren, Ramamurti expected to have company -- the new law requires congressional leaders to appoint a five-member panel.

"He's still waiting. As tens of billions of taxpayer dollars from the $2.2 trillion relief bill begin flowing out the door, Ramamurti remains the lone member appointed to the panel. With no colleagues, no staff, and no office, he's had to rely on one of the few avenues he has to communicate with the public: his unverified Twitter feed."

LOSSES EXTEND TO WHITE COLLAR JOBS — WSJ's Eric Morath, Harriet Torry and Gwynn Guilford: "The first people to lose their jobs worked at restaurants, malls, hotels and other places that closed to contain the coronavirus pandemic. Higher skilled work, which often didn't require personal contact, seemed more secure. That's not how it's turning out.

"A second wave of job loss is hitting those who thought they were safe. Businesses that set up employees to work from home are laying them off as sales plummet. Corporate lawyers are seeing jobs dry up. Government workers are being furloughed … And health-care workers not involved in fighting the pandemic are suffering."

BANKS COULD SEIZE STIMULUS PAYMENTS — David Dayen in American Prospect: "[T]the money may not make it into the hands of those who need it to pay bills, buy food, or just survive amid mass unemployment and widespread suffering. Individuals might first have to fend off their own bank, which has just been given the power to seize the $1,200 payment and use it to pay off outstanding debt."

NO TIME TO RAISE BIDEN CASH? — CNBC's Brian Schwartz: "Democratic Party financiers are struggling to find the time to raise money for Joe Biden's campaign for president as they contend with the impact of the coronavirus on their businesses and personal finances.

"Several fundraisers and people close to them spoke to CNBC about how they are in a bind over how to prioritize Biden's bid to defeat … Trump this fall while they fight their own battles stemming from Covid-19, the disease caused by the coronavirus."

FLY AROUND

JPMORGAN, WELLS FARGO PROFITS TUMBLE — WSJ's David Benoit and Ben Eisen: "Big banks sent a clear message in first-quarter earnings Tuesday: This recession is going to be bad. JPMorgan

Chase & Co. and Wells Fargo & Co. set aside billions of additional dollars to get ready for a flood of customers to default on their loans as the coronavirus pandemic pummels the economy.

"That sunk the banks' quarterly profits. JPMorgan and Wells Fargo are the first big U.S. banks to report first-quarter results, and act as a bellwether for the broader economy. Neither bank has yet seen a wave of loans go bad, but they are preparing for it as the economy plunges further into a presumed recession and millions remain out of work."

SMALL BUSINESS LOAN FUNDS RUNNING OUT WITH CONGRESS STALLED — Bloomberg's Josh Wingrove: "The $349 billion program to help small businesses reeling from the Covid-19 outbreak could be exhausted by Thursday, a top White House adviser said, but negotiations in Congress to replenish it remain stalled.

"'At the present run-rate, we're going to be out of money,' Larry Kudlow, President Donald Trump's chief economic adviser, said Tuesday on Fox Business Network. As of mid-day Tuesday, almost 1.1. million applications, totaling more than $257 billion, had been approved since the Small Business Administration program launched April 3."

GLOBAL ECONOMY ALMOST CERTAINLY IN RECESSION — WSJ's Josh Zumbrun: "The global economy has almost certainly entered a recession affecting most of the world, with a severity unmatched by anything aside from the Great Depression, the International Monetary Fund said Tuesday"

HEDGE FUND MANAGERS CLAIMING BAILOUTS — Bloomberg's Katherine Burton and Joshua Fineman: "Free money. That's the enticing prospect hedge funds and other trading firms are pondering after realizing they too might be able to participate in a historic U.S. stimulus package to keep small businesses alive through the coronavirus pandemic."

TRANSITIONS — Via memo from Dan Colarusso, SVP of CNBC Business News and Lacy O'Toole, Managing Editor of CNBC Business News: "We're happy to announce Katie Slaman is moving to become CNBC's San Francisco bureau chief. As technology companies and the cultures around them become an even bigger part of the global markets, Katie is the ideal person to guide our growing West Coast television presence."

FW: Comment on coronavirus stimulus checks / delays - Yahoo Finance

From: Treasury Public Affairs <press@treasury.gov>
To: (b)(6) [redacted]@treasury.gov>
Date: Wed, 15 Apr 2020 09:14:27 -0400

From: Ben Werschkul <benw@yahoofinance.com>
Sent: Wednesday, April 15, 2020 7:42 AM
To: Treasury Public Affairs <Press@treasury.gov>
Cc: (b)(6) [redacted]@treasury.gov>; (b)(6) [redacted]@treasury.gov>
Subject: Comment on coronavirus stimulus checks / delays - Yahoo Finance

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Hi all,

Yahoo Finance is covering the disbursement of the stimulus checks.

Could we get a comment specifically on the question of whether adding the President's name to the memo line will delay their disbursement in any way? Could you confirm that the first round of paper check will likely be in mail by next week?

Thank you,

Ben

AM News Roundup April 15, 2020

From: [redacted]@treasury.gov>
To: _DL_FYI <_dl_fyi@do.treas.gov>
Date: Wed, 15 Apr 2020 13:39:56 -0400

AM News Roundup
April 15, 2020

Secretary Steven Mnuchin

- Jiji Press Ticker Service: G-7 Agrees to Study Further Economic Steps amid Pandemic
- Xinhua General News Service: Trump administration, airlines reach agreement on payroll aid
- UPI: Treasury, major U.S. airlines reach deal on $25B COVID-19 relief bailout
- Associated Press: Major airlines line up to split $25 billion in payroll aid
- American Banker: One senator's plan for helping consumers weather coronavirus pandemic
- USA TODAY: You can track your stimulus check; Money is on its way, by mail or direct deposit
- Los Angeles Times: BUSINESS; Small businesses baffled by loan process
- The Washington Post: Trump and Kushner could reap a windfall
- The Washington Post: President's name to be printed on relief checks
- The Washington Post: More than 2,100 U.S. cities are bracing for budget shortfalls, survey finds
- The Washington Post: As stimulus funds arrive, most are spending them on food and other basics
- The Washington Post: Trump pushes hard for May 1 reopening of U.S.
- The Washington Post: U.S., airlines reach deal on $25 billion package
- The New York Times: Trump Adds His Moniker To Checks To Be Mailed
- The New York Times: The Post Office Is Essential. Help It.
- The New York Times: U.S. and Airlines Accept $25 Billion Bailout Terms
- The Wall Street Journal: Treasury, Airlines Reach Agreement on Coronavirus Aid
- The Financial Times: US holds off on IMF plan to boost emerging economies' finances
- The Financial Times: US Treasury reaches deal to prop up airlines
- Reuters: WRAPUP 2-Global creditors agree on debt relief for poor countries hit by pandemic
- Roll Call: 10 airlines agree to terms for federal grants to save jobs
- The Hill: Democrats try to force McConnell's hand on coronavirus aid
- Forbes: How The U.S. Is Distributing Airline Bailout Funds In COVID-19 Relief Deal
- CBS MoneyWatch: Stimulus check tracking site goes live in bid to speed emergency payments
- Bloomberg: Mnuchin's Partnership With Powell Blurs Lines Between Fed and Treasury
- The Hill: Treasury Dept. orders Trump's name to be printed on coronavirus stimulus checks: report
- GeekWire: Alaska Air signs on for payroll support as part of airlines' $25B coronavirus bailouth
- The New York Times: Getting a Stimulus Check? Trump's Name Will Be on It
- The Hill: Federal Reserve's efforts on coronavirus raise eyebrows
- Bloomberg: Larry Kudlow's War Bonds Are Coming But in a Plain Vanilla Wrapper

Treasury

- American Banker: House Dems seek details on FDIC's crisis plans following IG report
- American Banker: Community banks call for AML relief in next coronavirus aid package
- The Wall Street Journal: Wall Street Explores Changes to Circuit Breakers After Coronavirus Crash
- The Wall Street Journal: Small Business Loan Snafus
- The Wall Street Journal: March Retail Sales Plunged Record 8.7% as Coronavirus Shutdowns Took Hold
- The Financial Times: Will Covid-19 repatriation leave us with a large tax bill?
- The Financial Times: US confident of 'fundamental shift' in oil politics
- The Financial Times: When the government calls, companies must answer
- The New York Times: 'Pretty Catastrophic' Month for Retailers, and Now a Race to Survive
- The New York Times: The Virus Is Vaporizing Tax Revenues, Putting States in a Bind
- The New York Times: Post-Pandemic, Here's How America Rises Again
- The Washington Post: The Postal Service needs a bailout. Congress is partly to blame.
- The Washington Post: U.S. stocks plunge amid steep fall in bank earnings, retail sales
- The Washington Post: Another SBA program is severely backlogged, running low on funds

Other News

- The Wall Street Journal : Glutted Oil Markets' Next Worry: Subzero Prices
-

Secretary Steven Mnuchin

Jiji Press Ticker Service

April 15, 2020 Wednesday 2:33 AM JST

G-7 Agrees to Study Further Economic Steps amid Pandemic

Length: 554 words

Dateline: Tokyo, April 14

Body

Top finance and monetary officials of the Group of Seven major industrial nations agreed Tuesday to "consider further near-term actions" to stabilize the world economy amid the global coronavirus crisis.

At a videoconference, the finance ministers and central bank chiefs of the seven nations--Britain, Canada, France, Germany, Italy, Japan and the United States--plus officials of the European Union also confirmed plans to provide developing nations affected by the coronavirus pandemic with financial aid, such as stepped-up loans through the International Monetary Fund and a debt moratorium.

"The scale of this health crisis is generating unprecedented challenges for the global economy," a chair's summary adopted at the virtual meeting said. The G-7 officials recognized that "an extraordinary and well-coordinated international response is critical to reducing the depth of the crisis," it said.

"There is a large-scale need for resources and technical assistance" as countries around the world strive to enhance their health systems and mitigate the economic fallout, the document said, apparently referring to developing nations.

The G-7 officials reiterated their pledge to "do whatever is necessary" to restore economic growth and protect jobs, businesses and the resilience of the financial system.

The officials shared their thoughts on the current situation ahead of a videoconference on Wednesday among finance ministers and central bank chiefs of the Group of 20 advanced and emerging economies, including the G-7 countries, as well as Australia, Brazil, China, South Africa and the EU.

They exchanged opinions on policy responses and the current state of the global economy at a time when demand is shrinking due to restrictions on the movement of people and goods imposed by nations around the world to prevent the spread of the novel coronavirus.

They also affirmed that the G-7 nations will act in a concerted manner to try to reduce the pandemic's impacts on economic activities as much as possible and lay the foundation for a powerful economic recovery after the epidemic is brought under control.

From Japan, Finance Minister Taro Aso and Bank of Japan Governor Haruhiko Kuroda participated in the G-7 videoconference. Aso, who also serves as deputy prime minister and financial services minister, explained the 108-trillion-yen emergency economic stimulus package adopted by the Japanese government last week in response to the virus crisis.

It is believed that the international community should offer support to developing countries with weak financial bases and insufficient health care systems in order to help prevent the coronavirus from spreading further from these countries.

On top of securing financial resources for expanding loans to such developing countries through the IMF, it is necessary to pave the way for reaching an agreement on a debt moratorium for them through coordination among parties including China, which has massive loan claims on developing nations.

The G-7 countries are broadly in agreement on these issues, Aso said at a press conference after the videoconference.

The G-7 session was originally slated to take place in the United States, but was switched to the virtual format amid the virus crisis. The virtual meeting was chaired by U.S. Treasury Secretary Steven Mnuchin.

#Top of the Document

Xinhua General News Service

April 15, 2020 Wednesday 10:08 AM GMT

Trump administration, airlines reach agreement on payroll aid

Section: INTERNATIONAL NEWS

Length: 294 words

Byline: 熊茂伶

Body
WASHINGTON, April 14 (Xinhua) -- Major U.S. airlines and the Treasury Department have reached a tentative agreement over financial assistance for the industry heavily hit by the COVID-19 pandemic, the department announced Tuesday. "We welcome the news that a number of major airlines intend to participate in the Payroll Support Program," U.S. Treasury Secretary Steven Mnuchin said in a statement, noting that the program is part of the 2.2-trillion-U.S.-dollar relief package passed by the Congress a few weeks ago.

The program would offer 25 billion dollars in direct aid to passenger airlines so that they could continue paying salaries and benefits to their employees in the next few months. Ten airlines, including American Airlines, Delta Air Lines, and United Airlines, have told the Treasury Department that they intend to accept assistance through the program. The program "will support American workers and help preserve the strategic importance of the airline industry while allowing for appropriate compensation to the taxpayers," Mnuchin said. The treasury secretary said the department will continue conversations with other airlines regarding their potential participation, noting that it is also working on guidance for aid to cargo carriers and contractors. "We look forward to working with the airlines to finalize the necessary agreements and disburse funds as quickly as possible," Mnuchin said. At a White House briefing Tuesday afternoon, U.S. President Donald Trump said this agreement will help airlines get over "a very tough time." Demand for air travel worldwide has plummeted over the past few months, as countries across the globe grapple with the COVID-19 outbreak, imposing restrictive measures to slow the spread of the virus. Enditem
#Top of the Document

UPI

April 15, 2020 Wednesday 3:20 AM EST

Treasury, major U.S. airlines reach deal on $25B COVID-19 relief bailout

Length: 960 words

Byline: DARRYL COOTE

Dateline: April 15

Body

The Trump administration has reached a deal in principle with 10 major U.S. airlines for their inclusion in a $25 billion payroll bailout program.

Treasury Secretary Steven Mnuchin announced on Tuesday that Alaska Airlines, Allegiant Air, American Airlines, Delta Air Line, Frontier Airline, Hawaiian Airlines, JetBlue Airways, United Airlines, SkyWest Airlines and Southwest Airlines have informed the Trump administration of their plans to participate in the Payroll Support Program.

Designed to help companies pay workers amid the COVID-19 pandemic that has brought several major industries, including airlines, to a screeching halt, the bailout program is part of the $2.3 trillion coronavirus relief bill President Donald Trump signed in late March.

Without revealing specifics about the deal, Mnuchin said in a statement that the administration welcomes the agreement as it will "support American workers and help preserve the strategic importance of the airline industry while allowing for appropriate compensation to the taxpayers."

He added that conversations with other airlines over the bailout was ongoing and that the Treasury was working to review and approve the applications of smaller airliners for inclusion in the bailout.

Trump heralded the agreement as a way to "fully support" the airline workers and preserve the industry's role in the economy.

"Our airlines are now in good shape, and they will get over a very tough period of time that was not caused by them," he said during a press briefing Tuesday.

Lobby group Airlines for America also cheered the deal, saying it will ensure the country's 750,000 people on airline payrolls will receive paychecks through the end of September when the industry hopes business with rebound.

"Given these circumstances, we are deeply appreciative for the Payroll Support Program, which is an important first step in a long path toward recovery for an industry that remains critical for connecting our country and driving economic growth," Airlines for America President and CEO Nicholas E. Calio said in a statement.

However, not everyone was as receptive to the deal.

Joe DePete, president of the Air Lines Pilots Association, said while pleased a number of airlines have signed onto the program he disagrees with the constraints being placed on funding by the Treasury.

Based on specifics of deals released by several of the companies, about 30 percent of the funds to be dispersed will be received as low-interest, 10-year loans, which DePete says may lead to future furloughs.

"Unfortunately, Treasury is undermining the intent of the CARES ACT by treating a portion of the grants designed to protect jobs not as grants but as loans, which will make it harder to stop layoffs and slow the recovery," DePete said, adding that in spite of the loans issue he is "optimistic" about the deal.

The Association of Flight Attendants-CWA also rebuked Mnuchin for "playing games" with the aid during the negotiation process prior to the CARES Act being sent to Congress for vote.

"Now we must fight to keep aviation intact to protect our industry and ensure our economy lifts off again when the virus is under control," AFA President Sara Nelson said in a statement. "We have seen what happens when investment bankers like Secretary Mnuchin control the outcomes, and we will not stand by to watch it play out again."

American Airlines said it will receive $5.8 billion in assistance from the payroll program as a $4.1 billion direct grant and a low-interest rate loan of $1.7 billion. The company said it also plans to apply to the Treasury for an additional $4.75 billion loan.

"The Payroll Support Program recognizes the extraordinary dedication of our entire team and, importantly, sustains the critical air service being provided by our front-line team members," American Airlines Chairman and CEO Doug Parker said in a statement.

Southwest Airlines said it will receive more than $3.2 billion from the program with $2.3 billion in direct payroll support and a $1 billion low-interest loan to be paid back in 10 years. The deal includes conditions that prohibits involuntary furloughs and reductions in employee pay and benefits through Sept. 30 as well as the elimination of share repurchases and dividends and puts limits on executive compensation until March 24, 2022.

"We applaud the quick action by the U.S. Department of Treasury to infuse liquidity into the economy and try to keep businesses open and people on the job -- and that certainly includes the airlines and our employees," said Southwest Airlines Chairman and CEO Gary Kelly in a statement.

In a memo to its 23,000 employees, JetBlue said it will receive $935.8 million in bailout of which $250.7 million will be a low-interest loan.

"While I am happy we are receiving this much-needed cash for payroll now, it adds to the significant debt we are taking on as we burn through our cash reserves," JetBlue CEO Robin Hayes warned in a statement. "Thankfully, we entered this crisis with one of the stronger balance sheets in the industry but we will come out of this with significant debt to pay down."

Alaska Airlines, with Horizon Air, said in a statement it will receive $992 million with $267 of which will be a low-interest loan. In exchange, the government will receive the right to buy 847,000 non-voting shares of Alaska Air Group at $31.61 a share. The company also said it plans to apply for an additional $1.128 billion in federal loans under a separate program in the CARES Act.

Delta said it worked out a $5.4 billion deal of which $1.6 billion will be treated as a low-interest, 10-year loan. And in return, the government will be able to buy about 1 percent of the airliner's stock at $24.39 per share, the Atlanta Journal-Constitution reported.
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Associated Press State & Local

April 15, 2020 Wednesday 00:37 GMT

Major airlines line up to split $25 billion in payroll aid

Section: BUSINESS NEWS

Length: 730 words

Byline: By DAVID KOENIG, AP Airlines Writer

Body

The nation's biggest airlines have tentatively agreed to terms for $25 billion in government aid to pay workers and avoid massive layoffs in an industry that has been slammed by the coronavirus pandemic.

The assistance will include a mix of cash and loans, with the government getting warrants that can be converted into small ownership stakes in the leading airlines.

Ten airlines - including Delta, American, United and Southwest - fell in line after objecting to some of the Treasury Department's demands. Treasury Secretary Steven Mnuchin said Tuesday that the department would work to finalize the deals and hand over the money as quickly as possible. He said talks were continuing with other carriers.

The airlines entered 2020 riding a decade-long hot streak in which together they earned tens of billions of dollars due to strong travel demand. They bought new planes, enriched shareholders, and hired thousands more workers.

That streak came to a crashing end in just a few weeks, as governments restricted travel to slow the spread of the new coronavirus, and people feared contracting the illness on a plane. Air travel ground to a near complete halt. Airlines cut thousands of flights, and those that remain often carry just a few passengers.

With the payroll grants, airlines and their workers got special treatment in last month's $2.2 trillion measure designed to help businesses and workers get through the pandemic, which has hit every sector of the economy.

President Donald Trump - perhaps mindful of criticism that the government was bailing out a previously profitable industry - said the deals will support airline workers and protect taxpayers.

"Our airlines are now in good shape, and they will get over a very tough period of time that was not caused by them," Trump said.

The payroll aid is roughly based on each airline's spending on wages and benefits from April through September 2019.

American Airlines said Treasury approved $5.8 billion for the airline - a $4.1 billion grant and a $1.7 billion low-interest loan. CEO Doug Parker called it "fantastic news," and "we now believe we have the financial resources necessary to help us withstand this crisis."

Delta Air Lines said it reached agreement with Treasury for $5.4 billion - a $3.8 billion grant and a $1.6 billion loan. CEO Ed Bastian said that the aid, along with cutting 80% of its schedule and having 35,000 employees agree to voluntary leave, will let Delta operate a minimal schedule for people who must travel.

Analysts expected United Airlines to also be eligible for more than $5 billion. United said it expected to complete a final deal with Treasury "in the next few days," but gave no figures.

Southwest Airlines said it expects to get $3.2 billion, including more than $2.3 billion in cash and the balance in an unsecured loan.

The airlines had expected to begin receiving federal aid - entirely in cash that didn't have to be repaid - from the government by April 6, the deadline set by Congress. Instead, they found themselves locked in several days of tense negotiations with the Treasury Department, which insisted that only 70% of the aid should be in cash, with the rest in loans that airlines must repay.

In addition, Treasury demanded that to compensate taxpayers, the largest airlines turn over warrants equal to 10% of the loan amounts. They can be exercised at each airline's closing stock price on April 9. The airlines did not want to give up equity, but they had little leverage in negotiations with Treasury - they desperately wanted the aid.

Delta said the government will get warrants for about 1% of its stock, and Southwest put Treasury's warrants at less than 1% of its shares. Others gave no details.

Last month's economic-relief package also includes a separate $25 billion program to provide loans to airlines. Analysts expect fewer airlines to take part because they can tap private credit markets. But American said it plans to seek a $4.75 billion government loan, and Alaska Airlines indicated it too will apply under the separate program.

Even with the federal aid, airlines are likely to emerge slowly and smaller when the pandemic recedes.

"I don't think air travel will snap right back to where it was here this year, maybe it will come back next year," said Southwest CEO Gary Kelly. "If this is a real recession and a bad recession, it could take four or five years."
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American Banker

April 15, 2020 Wednesday

One senator's plan for helping consumers weather coronavirus pandemic

Section: Vol. 185; No. 72

Length: 1337 words

Byline: Neil Haggerty

Body
WASHINGTON - As Congress continues to debate another round of stimulus in the midst of the coronavirus pandemic, Sen. Sherrod Brown of Ohio says he is still fighting to expand financial relief for consumers.

After Congress passed the $2 trillion stimulus package known as the Coronavirus Aid, Relief, and Economic Security Act, Republicans last week attempted to push throughan additional $250 billion in aidfor small businesses. But their proposal didn't include certain consumer protection measures backed by Democrats.

But Brown, the top Democrat on the Senate Banking Committee, said in anAmerican Banker interviewthat he thinks Republicans could come around to supporting some of his ideas as they hear from constituents who are struggling to make ends meet during the pandemic.

Brown said people shouldn't lose their homes during the crisis, and that they also shouldn't see their credit scores drop because they are unable to make mortgage payments.

Among the legislative proposals that Brown has introduced are a bill to prohibit lenders from reporting missed payments to credit agencies during the pandemic, a bill to temporarily ban overdraft fees and a bill to temporarily cap interest rates on consumer loans at 36%.

He has also proposed legislation to give all consumers a free digital wallet to receive stimulus payments, and to create a $75 billion Housing Assistance Fund to aid state-level housing finance agencies.

Brown did not rule out supporting additional measures to help financial institutions, either. The senator in the past has criticized banks for seeking regulatory relief in order to lend to consumers. But he said he "will support anything that I think can help people and help businesses stay in business."

Below is an edited transcript of a discussion with Brown about his proposals to help consumers amid the pandemic.

What more should Congress do to protect both consumers' credit reports and their scores as the coronavirus continues to take a heavy economic toll?

SHERROD BROWN: So all kinds of people are going to miss rent payments " delay their mortgage, pay only half their mortgage. ... They should not be dinged on their credit scores. I've talked to a number of banks who are not going to turn that information over to the credit companies. But I want to make sure that the law simply says that, that nobody gets their credit dinged to protect all of us. And that includes small business. " Everybody should be protected from the credit companies' being able to do that.

The CARES Act offers 180 days of forbearance for federally backed mortgages, and prohibits foreclosures on federally backed mortgages for 60 days. Do you think this is enough to support struggling homeowners?

It falls short, because it only applies to people that have a relationship, if you will, with the federal government in their mortgage or in their rental situation. Meaning that those people who have a " Fannie- and Freddie-backed mortgage, they're protected. But that's only about 60% of people who have mortgages.

The other situation is it only delays these payments. So if you can't be evicted or can't be foreclosed on in the next three months, but on month No. 4, when we hope the coronavirus is in the rear-view mirror " our economic problems are still with us. " So it means that we need to get direct help. [Sen. Jack Reed, D-R.I.] and I are working to get $100 billion for emergency rental assistance and $75 billion for emergency mortgage assistance for those people who have lost jobs and are facing foreclosure or eviction.

I've talked to the Republican governor of my state, I talked to him regularly. He's done a really good job on this. It really shows what experience and character mean and in a chief executive. " We need to make sure that we help those people, not just during the crisis stay in their homes, but they're prepared for later. " If we can put tens of billions of dollars in the airlines, we can put some money in to help people with what they're going to face with potential eviction or foreclosure.

Have any Republicans said they would be willing to support your legislative proposals?

I think when my Republican colleagues hear more and more from veterans, and from soldiers, and many of my Republican colleagues have major military bases in their states, I think they're going to hear that we shouldn't be evicting people who are struggling in the military. " So I think that we will see some Republican interest in this.

I'm listening to people that are affiliated with Wright Patterson Air Force Base in Dayton - which, by the way, is home to one of the great credit unions in the country. " It makes me hopeful that we can get some real substantive help for people, including the garnishing of wages, and not being dinged with various fees and services or overdraft fees and all of that.

Some banks are hesitant to take on new customers in the Small Business Administration's Paycheck Protection Program because they say that could trigger anti-money-laundering requirements. Would you support regulators' providing some temporary exemptions from those rules?

I will support anything that I think can help people and help businesses stay in business. I think this program was hastily put together. Of course, we had about a week or two to do all of this and to write a package. We know already there have been a lot of issues with this program. SBA and Treasury need to work with small businesses and lenders so that the relief gets out as fast as possible. ... They've not done particularly well scaling up PPP and the other small-business programs, but I will do whatever it takes to get this money out the door. I don't want lenders to put themselves out at great risk.

You have introduced legislation to create free FedAccount digital wallets for consumers. But some analysts have said that there probably isn't enough time to launch something like this. Is this something that you're pushing over the long term?

It costs money to be poor. It costs money if you're low-income. You may not have a checking or savings account. " One of the things underpinning all that is people are unbanked. " It probably won't happen during the pandemic, but I'm hopeful that this is one of the things that comes out of this, this national tragedy of this pandemic, where thousands and thousands and thousands of Americans are dying. I'm hopeful one of the things we can do is help the unbanked get back in the way that can protect their incomes and their way of life as much as possible.

Why do you think deregulation for banks is a bad idea even during a pandemic?

Think how awful it would be if the banks, first of all " did the stock buybacks enriching the executives. Next, they do stock dividends, which, you know, help their shareholders, I understand that. Then, a month or two from now, the banks aren't quite well enough capitalized. You may come to Congress for help. Imagine if we get in that situation, what the public uproar is going to be that the banks who have been immensely profitable the last 10 years, whose executives have done very well, who did huge stock buybacks, issue dividends and then aren't ready for economic catastrophe. And that would be a sad commentary on our regulators, most of whom are Trump nominees, most of whom are, frankly, way too close to Wall Street. And that would be a disaster for our country.

How would you grade the financial regulators' overall response to the pandemic?

I think it's too early to give anybody a grade on this. The only grade I would give is the administration has been way too slow getting money out. " I'm very disappointed in [Treasury Secretary Steven Mnuchin], in the president for essentially firing " the inspector general. " We are giving trillions to the secretary of the Treasury, essentially, to put out into the economy, put out into businesses, something we all wanted to do. There is a level of mistrust.

This president more than most, has a proclivity to help his friends, to enrich his friends, enrich his family.

USA TODAY

April 15, 2020 Wednesday, FIRST EDITION

You can track your stimulus check; Money is on its way, by mail or direct deposit

Section: MONEY; Pg. 1B

Length: 1284 words

Byline: Susan Tompor, Columnist, USA TODAY

Body

Slowly but surely, taxpayers are telling their friends and posting on social media that they're seeing stimulus checks arrive in their bank accounts.

And the Internal Revenue Service is expected to give you a new online tool as soon as Wednesday to get a better clue on when you'll see your Economic Impact Payment via IRS.gov/eip. The IRS said the tool will let you go online to check the status of a payment, including the date it's scheduled to be deposited or mailed.

Treasury Secretary Steven Mnuchin said in a news briefing Monday that Treasury is ahead of schedule in getting the money out and expects that more than 80 million people will receive their stimulus money by Wednesday.

The U.S. Department of Treasury expects that a "large majority of eligible Americans will receive Economic Impact Payments within the next two weeks."

If you do not see the money in your bank account by then, Mnuchin said you can go to IRS.gov to see "Get My Payment." If you filed a 2018 or 2019 tax return and did not receive a stimulus payment, he said, make sure to have your tax return information available to use at the "Get My Payment" tool later this week.

The goal is to provide as much money via direct deposit as possible and avoid mailing paper checks during the pandemic. "We want to do as much of this electronically as we can," Mnuchin said Monday.

Some consumers spotted the first direct deposits as early as Saturday; others started seeing more information Monday. The IRS even tweeted Saturday evening that the agency deposited the first Economic Impact Payments into bank accounts Saturday.

"We know that many people are anxious to get their payments," the IRS said via its tweet. "We'll continue issuing them as fast as we can."

Don't expect to see words like "stimulus checks" or "recovery rebate" or "economic impact payment" on your bank statement. The wording being used is "IRS Treas 310."

Avoid stimulus check scams

Remember, avoid scams. The IRS isn't going to call you to make sure you got your check and then demand your bank account information over the phone. You're not being asked to pay any fees for the stimulus money.

You'd get that money automatically deposited into your account if you've already given the IRS direct deposit information for tax refunds when you filed a 2018 or 2019 federal income tax return.

And you'd get that money automatically if you receive Social Security retirement or Social Security Disability Insurance benefits or receive Railroad Retirement benefits via direct deposit.

Taxpayers continue to have a slew of questions relating to the stimulus money, which is being released in waves.

Here's a look at some questions and answers:

When will I get my stimulus money?

When you get your money can vary. The first group would include people who have already given their bank account information to the IRS for the direct deposit of tax refunds on 2018 or 2019 tax returns.

In addition, Social Security beneficiaries who filed federal tax returns that included direct deposit information would be part of that first group.

The second wave of money could hit bank accounts as early as the week of April 20 for a group of people who receive Social Security benefits via direct deposit but may not make enough money to be required to file a federal income tax return in 2018 or 2019. Most in this group will not need to file any extra forms to receive this money.

Who gets a check instead of direct deposit? When are checks sent?

Some people will need to wait to get checks if the IRS does not have your direct deposit information. The first round is expected to go out in late April or possibly the first week in May.

The first paper checks are expected to go out to families who have the lowest incomes, possibly those who make less than $10,000 a year, but who do not have direct deposit information on file with the IRS.

Other waves of checks, based on incomes, will be sent weekly. But it could take a few months for all the checks to go out.

How will I know when the stimulus money is coming?

Check your bank account. But also realize that the IRS plans to mail a letter about the economic impact payment to the taxpayer's last known address within 15 days after the payment is paid. The letter will provide information on how the payment was made and how to report any failure to receive the payment. If a taxpayer is unsure they're receiving a legitimate letter, the IRS urges taxpayers to visit IRS.gov first to protect against scam artists.

How much money will I get?

How much money you get will depend on your adjusted gross income, based on information on your 2018 or 2019 tax return.

Tax filers with adjusted gross income up to $75,000 for individuals and up to $150,000 for married couples filing joint returns will receive the full payment.

The maximum is $1,200 for an adult - $2,400 for a married couple - and then you'd get $500 for children under age 17.

Taxpayers would have an opportunity to reconcile some differences relating to stimulus payouts when they file the 2020 tax return in the 2021 filing season.

"You'll get any additional money due to you then, but you won't have to pay anything back if your payment was too high," according to Jackie Perlman, principal tax research analyst with H&R Block's Tax Institute.

Can you receive less than $1,200 or less than $2,400?

Yes. Filers with incomes above $75,000 for singles or $150,000 for married couples filing a joint return could receive a reduced payment.

The payment amount is reduced by $5 for each $100 above the thresholds.

The possibility for a payment vanishes for single filers with incomes exceeding $99,000 and married couples filing joint returns with incomes exceeding $198,000 if they have no children who are eligible.

Do I need to take any action to get stimulus money?

Some people with low-incomes do need to give some information to the federal government first online, especially if you do not file a tax return.

"If you receive veterans disability compensation, a pension, or survivor benefits from the Department of Veterans Affairs, or your income level does not require you to file a tax return, then you need to submit information to the IRS to receive an Economic Impact Payment," according to the IRS.

Can I get my stimulus money deposited into a PayPal account?

Yes. PayPal announced that customers with a PayPal Cash Mastercard can receive their stimulus payment directly into their PayPal account by following a few simple steps.

Can I get my stimulus money directly deposited onto a prepaid card?

Most likely yes. The Consumer Financial Protection Bureau announced Monday that it is taking regulatory action to pave the way to make it easier for consumers to receive pandemic-relief payments, including the economic impact payments authorized in the CARES Act, through prepaid accounts.

How can I sign up for direct deposit?

Worried that you'll have to wait months and months to receive a stimulus check because the IRS doesn't have your direct deposit information?

Later this week, you should be able to do something about it. The IRS has plans to announce more details about its "Get My Payment" tool online.

By going to "Get My Payment" on IRS.gov, eligible people are able to give the IRS their direct deposit information for their bank accounts so they don't need to guard their mailboxes waiting for checks in the months ahead.

How can I track my payment?

We're expecting to get more word on that this week. The IRS "Get My Payment" tool will enable you to check the status of your economic impact payments. "Get My Payment" will provide people with the status, including the date their payment is scheduled to be deposited into their bank account or mailed to them, according to the IRS.
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Los Angeles Times

April 15, 2020 Wednesday, Home Edition

BUSINESS; Small businesses baffled by loan process;
Congress has allotted $350 billion for owners during the crisis. The hard part? Actually getting it.

Section: MAIN NEWS; Business Desk; Part A; Pg. 9

Length: 1110 words

Byline: Russ Mitchell

Body
Restaurants. Shoe stores. Dog groomers. Dry cleaners. Some 30 million small businesses serve customers throughout the U.S. -- or did, before the coronavirus crisis forced many to close. Now they are desperate for cash and struggling with a balky rescue program.

In an attempt to prevent economic implosion in the face of massive unemployment, Congress has authorized $350 billion in loans to small businesses. That includes the Paycheck Protection Program of forgivable loans to small businesses that agree not to lay off workers for eight weeks.

But 10 days after the PPP took effect, many businesses report that they still haven't received the money.

The federal Small Business Administration, banks that administer the loans and the intended recipients are sorting through bottlenecks, with chaos and confusion. Many would-be recipients report that they haven't even been able to apply yet.

"Small businesses are still waiting, uncertain how much they'll get or when it will be," said Holly Wade, director of research and policy analysis at the National Federation of Independent Business.

On Monday, Treasury Secretary Steve Steven T. Mnuchin said applicants should have loans approved by the end of the week.

Meanwhile, 50% of the members surveyed by the federation said their cash won't last more than two months under current conditions.

"Unfortunately, time is not their friend," Wade said.

Members report that some money has begun trickling out. Some banks are telling customers the program is already oversubscribed. If Congress doesn't allocate more money, and the loan approval process doesn't improve fast, "more small businesses will have to close their doors, and more employees will be laid off," Wade said.

An additional $250 billion is hung up in Congress in part over Democrats' demands that it be part of a package that includes aid to hospitals, states and local governments.

Meanwhile, here's how three small businesses are trying to keep their heads above water.

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The dog groomer

Lena Swann first picked up clippers 30 years ago, learning from handlers who worked with show dogs.

"That's how I learned to groom every breed," she said.

Swann built a mobile grooming business and, by 2008, had a storefront in Emeryville, near Oakland, named All About the Dogue.

"We opened up before Petco came in with their own grooming service. Petco came, Petco closed -- and we're still here," she said.

Swann employs a full-time groomer, a part-time groomer and two bathers. Before the pandemic, the shop groomed about 20 dogs a day.

Swann is still paying her employees. "I don't want to put them on unemployment," she said. But she's not sure how long she can continue. "The number of dogs we did a day are necessary to bring in the money to pay the bills," she said, including $4,500 a month for rent.

Her workers qualify for direct payments of $1,200 promised by the federal government, but they are still waiting. "That money hasn't showed up in anybody's account," Swann said.

Mnuchin said Monday that the money is expected to show up in bank accounts by Wednesday.

Swann is seeking a $47,500 PPP loan, but the process has been painful. The second the program opened for applications on April 3, Swann was at her computer, trying to call up the relevant page at Wells Fargo, her commercial banker.

"I made several attempts," she said. "It just crashed and crashed. I tried to call them. No answer."

A man from her Wells Fargo branch finally called her back. She said she needed a PPP loan. "We ran out of money," she said the bank rep told her. "Log on later today; it will open up again, keep trying."

Finally, she was able to file an application. Now she's in "the queue." Where in the queue, or even what it means to be in the queue, she has no clue. Meanwhile, Wells Fargo is sending her emails suggesting she try other banks.

Asked about such problems, Wells Fargo said a cap on lending limited responsiveness to applicants. That cap, imposed by the Federal Reserve after the bank was found to have created millions of fake bank accounts, was temporarily lifted Thursday.

For now, Swann has been able to raise about $8,300 from a GoFundMe campaign, with the goal of raising $15,000. Still, she said, "It's a mess. It's truly a mess."

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The pawnshop

Danny Justman manages Pawnmart Jewelry & Loan in Norwalk, which has been in business since 1978. Pawnshops serve as a lender of sorts for the down and out.

"It's a real need," Justman said. "A lot of these people need cash but have no access to credit."

Like Swann, Justman tried to apply for a loan April 3 -- in his case, $89,200. Like Swann, he got nowhere with his main bank, Wells Fargo, so he looked elsewhere.

He tried US Bank, where Pawnmart also has accounts, but was turned down flat -- because, he assumes, he runs a pawnshop. "Thanks for considering US Bank," the rejection message said. "Unfortunately you're not eligible for the Paycheck Protection Program."

He tried again, with a different industry code: "secondhand stores." This time, his request went through, but he was told by email that everyone is in a holding pattern as thousands of businesses apply. The bank said he'd be informed when it was possible to fill out an application. He's still waiting.

Pawnmart's 13 employees are still being paid, Justman said. He doesn't want to say how long he can hold out, but at some point his cash will run low. The fact that banks are overwhelmed doesn't surprise him, but "they're taking a poor posture on this, treating these as if they are regular loans" even though they are guaranteed by the SBA, he said.

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The church

Vicki Broach chairs the board of the First Congregational Church of Riverside, which has two part-time and two full-time employees, including the pastor. She's befuddled as to why it's taking so long to get a $20,000 loan.

The church's regular banker said it wasn't participating in the loan program.

"I tried to file through Wells Fargo, which is my [personal] bank. I did get in the queue," she said. "But they keep sending me emails that say 'still in queue.' "

She turned to a local bank, which asked for documents Wells hadn't asked for, such as articles of incorporation. "All the banks ask for different records. Everyone wants something different," she said.

If there were a common application with a consistent set of paperwork, small businesses could apply at more banks, making it easier to find someone that will grant a loan, said Broach, a retired lawyer.

She says she has talked to administrators at churches around the country who've tried to apply and has yet to hear of one that has received a loan.

"We can go a couple months here," she said, "but then we'll be flat broke."
#Top of the Document

The Washington Post

April 15, 2020 Wednesday, Regional Edition

Trump and Kushner could reap a windfall

Distribution: Every Zone

Section: EDITORIAL COPY; Pg. A21

Length: 819 words

Byline: Dana Milbank

Body
Senate Majority Leader Mitch McConnell (R-Ky.) and House Minority Leader Kevin McCarthy (R-Calif.) have insisted that Congress spend another $250 billion on small businesses devastated by the pandemic, but they refuse to "renegotiate unrelated programs" from last month's emergency coronavirus bill.

What are they afraid of?

Well, maybe it's this: As the dust settles on the $2.2 trillion legislation, it has become clear that one of its largest provisions, a $170 billion tax giveaway, appears to be tailor-made for the benefit of wealthy real estate investors such as President Trump and his son-in-law, Jared Kushner, who is running one of Trump's coronavirus task forces.

The giveaway, primarily to real estate investors and hedge funds, is larger than the total amount in the legislation for hospitals ($100 billion) and for relief for all state and local governments ($150 billion). Worse, the bonanza for these millionaires and billionaires has little to do with the coronavirus: It lets them offset losses not just from 2020 but from 2018 and 2019, before the pandemic.

This is repugnant. Cash-strapped states don't have the funds to care for the sick, much less to do the testing, contact tracing and isolation needed to reopen workplaces and schools. As The Post's Tony Romm reported Tuesday, more than 2,100 U.S. cities expect major budget shortfalls - and therefore possible cuts to vital public services.

But this provision gives tax filers who earn more than $1 million a year an average windfall of $1.6 million this year alone. (Compare that with the $1,200 break the average wage earner gets.) As The Post's Jeff Stein reported Tuesday, the Joint Committee on Taxation found that 82 percent of the benefit of this and another tax giveaway in the coronavirus relief bill will go to the 43,000 taxpayers who earn more than $1 million - and just 3 percent to those who earn less than $100,000.

Of course, we don't know for sure how Trump could benefit. As you may have heard, he won't release his tax returns. But we know that the Trump Organization includes hundreds of "pass-through" entities, the type of corporate structure that benefits from the new tax break. We also know that Kushner and his wife, Ivanka Trump, have been involved in hundreds of such entities. The windfall is particularly of use to pass-through businesses that lost money in 2018 and 2019 - when the economy was booming but many Trump properties had declining revenue because of Trump's radioactivity.

The president has used his official position to benefit his businesses before, sending large amounts of federal government business to his properties in Florida, D.C., New York, New Jersey, Ireland and Britain, and even proposing to host the leaders of the Group of Seven countries at his Doral resort. At least one of his properties appeared to have advance knowledge of his initial plans to reopen the economy by Easter.

Democrats insisted on a provision in the legislation to stop Trump and his family from being awarded money from a coronavirus relief fund that the administration hands out with little oversight. But the president is free to benefit from the tax break in the package, negotiated by Treasury Secretary Steve Mnuchin with congressional leaders, for pass-throughs (which are taxed via the individual income of their owners rather than in the form of corporate income taxes).

Real estate developers, a major component of pass-through businesses, received $67 billion in tax breaks in the 2017 Trump tax cuts, partially offset by new limits on the losses that could be deducted. The new law gets rid of the limits - a conservative goal for the past few years.

Democrats said they were aware of the provision, which first appeared in a draft of the bill by Sen. Chuck Grassley (R-Iowa), the chairman of the Finance Committee, but they weren't aware of the huge price tag until too late in the process to do anything about it. The Joint Committee on Taxation's estimate of the cost came out a day after the Senate unanimously passed the bill.

Joe Biden, the presumptive Democratic presidential nominee, has called for repealing the tax break to fund student-debt relief. Sen. Sheldon Whitehouse (D-R.I.) and Rep. Lloyd Doggett (D-Tex.), who sent a letter to the White House to determine whether officials "who stand to gain from these provisions were involved in their development," propose repealing the break and shifting the funds to "workers battling through this crisis."

Now, with Congress trying to function by unanimous consent to avoid gathering in the Capitol, there's probably not much chance of forcing a repeal vote for a while. But every voter should know that, at a time when hospitals, cities and states cried out for help with the pandemic, the president's allies in Congress tossed a $170 billion lifeline in the direction of Trump, Kushner and other rich people who needed it the least.

Twitter: @Milbank
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The Washington Post

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President's name to be printed on relief checks

Distribution: Every Zone

Section: A-SECTION; Pg. A01

Length: 1302 words

Byline: Lisa Rein

Body

Unprecedented move injects partisanship into stimulus, critics say

The Treasury Department has ordered President Trump's name be printed on stimulus checks the Internal Revenue Service is rushing to send to tens of millions of Americans, a process that could slow their delivery by a few days, senior IRS officials said.

The unprecedented decision, finalized late Monday, means that when recipients open the $1,200 paper checks the IRS is scheduled to begin sending to 70 million Americans in coming days, "President Donald J. Trump" will appear on the left side of the payment.

It will be the first time a president's name appears on an IRS disbursement, whether a routine refund or one of the handful of checks the government has issued to taxpayers in recent decades either to stimulate a down economy or share the dividends of a strong one.

Treasury officials disputed that the checks would be delayed.

While some people receiving the checks - the centerpiece of the U.S. government's economic relief package to stave of the effects of the coronavirus pandemic - may not care, or observe, whose name appears on them, the decision is another sign of Trump's effort to cast his response to the pandemic in political terms.

Trump had privately suggested to Treasury Secretary Steven Mnuchin, who oversees the IRS, to allow the president to formally sign the checks, according to three administration officials who spoke on the condition of anonymity because they were not authorized to speak publicly.

But the president is not an authorized signer for legal disbursements by the U.S. Treasury. It is standard practice for a civil servant to sign checks issued by the Treasury Department to ensure that government payments are nonpartisan.

The checks will instead bear Trump's name in the memo line, below a line that reads, "Economic Impact Payment," the administration officials said.

The IRS will mail the checks to people for whom it does not have banking information. Many of them have low incomes.

The checks will carry the signature of an official with the Bureau of the Fiscal Service, the Treasury Department division that prints the checks. The checks will follow direct deposits issued in recent days to the bank accounts of about 80 million people. Those payments do not include Trump's name.

The decision to have the paper checks bear Trump's name, in the works for weeks, according to a Treasury official, was announced early Tuesday to the IRS's information technology team. The team, working from home, is now racing to implement a programming change that two senior IRS officials said will probably lead to a delay in issuing the first batch of paper checks. They are scheduled to be sent Thursday to the Bureau of the Fiscal Service for printing and issuing.

Computer code must be changed to include the president's name, and the system must be tested, these officials said. "Any last-minute request like this will create a downstream snarl that will result in a delay," said Chad Hooper, a quality-control manager who serves as national president of the IRS's Professional Managers Association.

A Treasury Department spokeswoman, however, denied any delay and said the plan all along was to issue the checks next week.

"Economic Impact Payment checks are scheduled to go out on time and exactly as planned - there is absolutely no delay whatsoever," the spokeswoman said in a written statement. She said this was a faster process than the stimulus checks the George W. Bush administration issued in 2008 to head off a looming recession.

"In fact, we expect the first checks to be in the mail early next week which is well in advance of when the first checks went out in 2008 and well in advance of initial estimates," the statement said.

An IRS representative referred questions to the Treasury Department.

The paper checks are scheduled to be issued at a rate of 5 million each week until September, starting with the lowest-income taxpayers.

The $2 trillion stimulus, the government's largest and most recent coronavirus rescue package, was passed by a bipartisan Congress and signed by the president. The checks to individual taxpayers were not originally Trump's idea, but he embraced them after Sens. Josh Hawley (R-Mo.) and Mitt Romney (R-Utah) proposed them.

The White House had initially floated a payroll tax cut as a centerpiece of its stimulus effort but backed off that plan amid concerns it would not reach American households quickly enough.

Trump has repeatedly called the legislation "a Trump administration initiative" and placed himself singularly at the center of what the government is doing to help Americans during the coronavirus response - taking full credit.

About six months before he faces reelection, with his campaign on pause because the virus has prevented him from holding the rallies that are popular with his base, the checks provide Trump with a new form of retail politics. A check provides a touchable, bread-and-butter symbol to taxpayers right in their mailboxes.

But to critics and some IRS employees, many of whom started to learn of the decision on Tuesday, the presence of Trump's name on the checks reeks of partisanship in a corner of the government that touches all Americans and has, since the Nixon era, steadfastly steered clear of politics. After President Richard Nixon targeted a wide range of "enemy" groups for tax audits, including civil rights groups, reporters and prominent Democrats, Congress enacted laws to ensure that the agency conducts itself apolitically.

"Taxes are supposed to be nonpolitical, and it's that simple," said Nina Olson, who stepped down last fall after an 18-year tenure as the National Taxpayer Advocate, leading an arm of the IRS that helps individual taxpayers resolve tax problems, manages clinics for low-income taxpayers and advises the agency on service issues.

"It's absolutely unprecedented," Olson said.

She recalled that when the Bush administration delivered economic rebate checks of $300 to $600 to taxpayers in 2001 to share the benefits of a strong economy, the White House asked the IRS to include in a letter to taxpayers a sentence that took credit for "giving you your money back."

The IRS commissioner at the time refused, Olson recalled, because the move was perceived as too political.

When the Bush administration launched its $168 billion economic stimulus package in 2008, the checks were signed by a treasury official.

Only the IRS commissioner and general counsel are politically appointed. The current, Trump-appointed commissioner, Charles Rettig, a tax attorney confirmed by the Senate in 2018, was appointed to a five-year term designed to carry over into a possible new administration.

Hooper, of the Professional Managers Association, said he was appalled by what he called "an abuse of government resources."

"In this time of need for additional resources," Hooper said, "anything that takes our focus from getting those checks out the door and hampers the equitable, fair administration of the tax code is not something we can support."

House Speaker Nancy Pelosi (D-Calif.) has dismissed suggestions about Trump signing checks or having his name attached. Last week she said the payments should go out as quickly as possible without "waiting for a fancy-Dan letter from the president."

About 150 million Americans and others are expected to receive the one-time payment. The first wave of recipients includes mainly people who filed a 2018 or 2019 tax return and gave the IRS their direct deposit information.

Under the stimulus plan, single filers earning up to $75,000 a year receive a payment of $1,200. Married couples earning up to $150,000 a year receive a payment of $2,400. Parents receive an additional $500 for each child under 17.

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Erica Werner contributed to this report.

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The Washington Post

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More than 2,100 U.S. cities are bracing for budget shortfalls, survey finds

Distribution: Every Zone

Section: A-SECTION; Pg. A08

Length: 928 words

Byline: Tony Romm

Body
More than 2,100 U.S. cities are anticipating major budget shortfalls this year and many are planning to slash programs and cut staff in response, according to a survey of local officials released Tuesday, illustrating the widespread financial havoc threatened by the coronavirus pandemic.

The bleak outlook - shared by local governments representing roughly 93 million people nationwide - led some top mayors and other leaders to call for greater federal aid to protect cities now forced to choose between balancing their cash-strapped ledgers and sustaining the public services that residents need most.

"There's no question that the coronavirus pandemic has had, and will have, a major impact on cities of all sizes," said Clarence Anthony, the executive director of the National League of Cities.

The NLC joined with the U.S. Conference of Mayors to conduct the early inquiry into the economic effects of the novel coronavirus, finding many local governments are bracing for sharp declines in tax revenue as businesses shutter, workers lose their jobs in record numbers and tourism grinds to a halt.

Nearly 9 in 10 cities surveyed - from smaller hubs with populations of fewer than 50,000 to the largest metropolitan areas in the country - signaled they expect a revenue shortfall. Among them, more than 1,100 cities are preparing to scale back public services, the survey found. Almost 600 cities predicted they may have to lay off some government workers amid the crunch. Local leaders in 1,000 cities said the reductions probably would affect their local police departments and other public safety agencies.

The findings inject new urgency into a simmering congressional debate over Washington's role in safeguarding cash-starved cities and states from financial ruin. Local governments generally cannot run deficits, unlike the nation's capital, leaving them no choice but to slash spending or raise taxes - absent more federal support. On Monday, President Trump signaled more federal aid isn't out of the question, saying he is "certainly willing to look at that."

In the meantime, city officials have pointed to major financial struggles on their horizon. San Francisco leaders anticipate a budget shortfall as high as $1.7 billion over the next two fiscal years. New York Mayor Bill de Blasio (D) has proposed a freeze on hiring and $1.3 billion in cuts to his budget, citing sharp drops in tax revenue in what has become the hardest-hit U.S. city.

In Chicago, a city where lingering economic woes could exacerbate the downturn, aides say they appreciate $470 million in new federal help - but added that they're still in "conversation with Congress to seek additional aid," said Lauren Huffman, a spokeswoman for Mayor Lori Lightfoot (D). Philadelphia leaders are anticipating difficult cuts of their own still to come.

"When there's no money, there's no money," Mayor Jim Kenney (D) told local reporters recently. A spokesman did not respond to a request for comment.

Lawmakers authorized $150 billion in coronavirus aid for states and large cities as part of the broader $2 trillion package that President Trump signed into law in March. But that assistance - half of which, Treasury Secretary Steven Mnuchin announced Monday, is now available - comes with restrictions. Even when combined with additional help offered by the U.S. government, many leaders outside the nation's capital also see it as insufficient to keep their cities afloat financially.

Federal legislators apportioned the money only to assist local governments with their efforts to respond to the pandemic, not close the revenue gaps caused by the severe, sudden economic downturn. A senior Treasury Department official, speaking on the condition of anonymity to discuss the planning, confirmed Monday the dollars "cannot be used to cover general budget shortfalls."

Meanwhile, the money is funneled through states, with direct federal assistance only available to the largest metropolitan areas, depriving less populous cities of federal dollars as they brace for their own financial struggles. Even Atlanta - a sprawling major Southern city, but one with fewer than 500,000 people as of the last census - may not be eligible to seek federal funds on its own, said Anthony, the NLC's leader. (A spokesman for Democratic Mayor Keisha Lance Bottoms did not respond to a request for comment.)

"The reality is that, if a city of 500,000 has challenges, [then] a city of 400,000 and a city of 300,000 and 100,000 has the same challenges," said Stephen K. Benjamin, the Democratic mayor of Columbia, S.C. He called on Congress to make more aid directly available to more metro areas, predicting his city would face a "precipitous" decline in revenue.

Congressional Democrats - led by House Speaker Nancy Pelosi (Calif.) and Senate Democratic Leader Charles E. Schumer (N.Y.) - have put forward new legislation that would further enhance the aid to state and local governments in need. But Republicans have fiercely resisted the idea, focusing their attention instead on trying to boost loans available to small businesses. The result is a partisan stalemate between House and Senate leaders now bickering from afar with their chambers out of session.

On Sunday, the nation's top governors similarly called on Congress to act: New York's Andrew M. Cuomo (D) and Maryland's Larry Hogan (R), writing on behalf of their peers, asked lawmakers to allocate $500 billion in new financial assistance to "stabilize state budgets and to make sure states have the resources to battle the virus."

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The Washington Post

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As stimulus funds arrive, most are spending them on food and other basics

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Section: A-SECTION; Pg. A20

Length: 962 words

Byline: Heather Long

Body
The U.S. government has started sending $1,200 checks to Americans to help ease the financial pain caused by shutting down the economy to fight the novel coronavirus. By Wednesday, 80 million people are expected to receive a direct deposit in their bank accounts, Treasury Secretary Steven Mnuchin said.

The checks are the centerpiece of the U.S. government's economic relief package, and many Americans have taken to social media to celebrate the arrival of the money by posting photos of it hitting their accounts. Singles earning up to $75,000 a year receive a payment of $1,200. Married couples earning up to $150,000 a year receive a payment of $2,400. Parents receive an additional $500 for each child under 17.

Early evidence indicates Americans are using the money to buy the basics, including food and gas.

Netspend, which processed nearly $1 billion in relief payments by Monday, said its customers are using the government money "for groceries, fast food, pharmacies and gas, as well as withdrawing cash from ATMs." More than half of the transactions were PIN-based at ATMs or grocery stores, and about a quarter were done online.

Daniel Ruffner received his payment Friday night on his Netspend prepaid debit card. It was a huge relief, as he's out of work. He is a cook at a restaurant that's currently closed at a popular Upstate New York campsite. He used some of the $1,200 to buy groceries and pay the heating and Internet bills. The rest is going toward rent.

"I've just been stocking up on food and paying all of the bills. It's nice to finally be able to see my bills go to zero," said Ruffner, who lives in Rochester and takes care of his mother and son.

Some Americans such as Camila Chavez of Delaware say their check is "pending" in their bank accounts. Chavez banks with a credit union and saw the pending notice Sunday. Although the government sent the money out Friday, many banks needed three business days to process the checks, which is why millions of Americans will have the money available in their bank accounts Wednesday.

About 125 million Americans are expected to receive the one-time payment. The first wave of recipients includes mainly people who filed a 2018 or 2019 tax return and gave the Internal Revenue Service their direct deposit information.

The IRS plans to have a "Get My Payment" website running by the end of the week, where people can check the status of their payment if they have not received it and input their direct-deposit information. Seniors and disabled Americans on Social Security will automatically receive the checks in the coming weeks. Other low-income Americans who do not normally file a tax return need to input their basic information on a new website the IRS set up. It will take time for the agency to send people checks in the mail who do not have their direct-deposit information on file with the government.

On Twitter, people said they plan to spend the money on things such as credit card bills and child support, as well as wish list items such as shoes and video games. The last time the government sent most Americans checks was 2008, when it took months to dispense the funds. This time, most of the payments are hitting bank accounts in 2 1/2 weeks.

Financial planners have urged people to use the money to buy basic necessities or pay off debt, which should help relieve pressure if someone loses a job.

In the past three weeks, nearly 17 million Americans have applied for unemployment. Economists say the nation's unemployment rate is likely to hit 15 percent this month, the worst since the Great Depression era.

Chavez is one of the millions who lost their jobs. She worked at an outlet mall near Rehoboth Beach, Del. The mall shut quickly after President Trump announced March 16 that it wasn't safe for more than 10 people to gather. The past month has been a huge strain on her and her parents. Her mother tested positive for covid-19, the disease caused by the novel coronavirus, so both of her parents have stopped working, as well.

"Losing my job and not working for four weeks now has put me in a position where I had to use my savings and put charges on my credit card," Chavez said. "This really put me in a tough situation."

Chavez, 22, bought her parents groceries and left them at their door, so they would not have to leave their home. Her mother is improving, but the family remains careful. Chavez applied for unemployment but was denied. She has tried to call the unemployment office numerous times, but the phone lines are always busy. She lives in a residence owned by her parents, and they gave her a break on the rent for April, but she plans to use the relief check to pay them by the end of the week.

The Washington Post spoke with five others who had received their checks or saw them pending in their bank accounts. One was using the money for rent. Two were putting it toward students loans or college fees. Another was saving it out of fear of being furloughed soon. And another planned to donate the money.

A study of what happened in 2008 found that 50 to 90 percent of the stimulus money was spent over three months, a boost to the economy and much needed help for many families out of work.

Congress intended for most middle-class and less affluent Americans to receive a check, but there are some groups that were left out. Most high school seniors and college students are not getting any money, even if they lost a job. People who are claimed as a "dependent" on someone else's tax return, as many college students are, do not qualify for the stimulus checks. And parents receive additional payments only for children under 17. Adult dependents, including some disabled ones who live with relatives, are also excluded.

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The Washington Post

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Trump pushes hard for May 1 reopening of U.S.

Distribution: Every Zone

Section: A-SECTION; Pg. A01

Length: 1685 words

Byline: Philip Rucker;Robert Costa;Ashley Parker

Body
Aides rush to figure out a staggered strategy - and mitigate the political risk

President Trump has all but decided to begin declaring the country ready to get back to business on May 1, two current and two former senior administration officials said, but a scramble is underway inside the White House to determine how to stagger a reopening of the economy amid the novel coronavirus pandemic while also protecting Trump from any political fallout.

Impatient with the economic devastation wrought by social distancing and other mitigation measures - and fearful of the potential damage to his reelection chances - Trump has been adamant in private discussions with advisers about reopening the country next month.

Yet within Trump's circle, officials say, there is acknowledgment that it will not be possible for the president to simply flip a switch. A return to normal probably would take many months, administration officials said, and should be orchestrated methodically and guided by medical data. For instance, officials are considering beginning with areas deemed to have the lowest risk of a major outbreak.

Trump said Tuesday night that he plans to ask the governors of all 50 states later this week to implement "a very powerful reopening plan" in their states at whatever time they deem appropriate. He said more than 20 states are in "extremely good shape" and are poised to reopen their economies very soon, "maybe even before the date of May 1."

"Our country has to get open, and it will get open, and it'll get open safely and hopefully quickly - some areas quicker than other areas," Trump said at a Rose Garden news conference.

The White House is in the process of modeling testing results, death rates and other data to help guide a decision. Aides stressed that, despite the president's fixation on May 1 as a reopening date, the timing remains fluid and no final decision has been made.

Separately, a team of government officials led by the Federal Emergency Management Agency and the Centers for Disease Control and Prevention has created a public health strategy to combat the coronavirus and reopen parts of the country, according to a draft memo obtained by The Washington Post. The strategy contains detailed instructions for a phased reopening of institutions such as schools, child-care facilities, summer camps, parks, faith-based organizations and restaurants.

Although governors and mayors have the authority to impose or lift stay-at-home orders and to permit businesses and schools in their localities to reopen, recommendations or guidance from the president or federal agencies could be influential - one of the reasons Trump has called his impending decision the most important of his presidency.

In late March, Trump was persuaded by the two physicians on his coronavirus task force, Anthony S. Fauci and Deborah Birx, as well as other advisers to extend the federal social distancing guidelines for an additional 30 days, through the end of April.

Since making that decision, however, Trump has been agitating to find ways for businesses to reopen, mindful that he could end up paying a political price for the staggering number of unemployed Americans.

Inside the White House, it has been clear to officials since last week that there is no longer much of a debate - at least with the president - about starting the reopening process May 1, said numerous current and former senior administration officials, most of whom spoke on the condition of anonymity to candidly discuss the state of play.

"He desperately wants to reopen as much as possible on May 1," said one former official briefed on internal discussions. "He's been that way from the beginning, and he has not wavered. He seems determined to do it. But there's a growing realization that you won't be able to open everything up by May 1. Even he realizes that's a bad idea."

Rather, the debate this week has been over how to implement the return, what data could be used to justify the decision, and how to build public support for it to provide the president maximum political cover, according to one senior administration official involved in the discussions and a second person who has been briefed on them.

Trump's advisers are trying to shield the president from political accountability should his move to reopen the economy prove premature and result in lost lives, and so they are trying to mobilize business executives, economists and other prominent figures to buy into the eventual White House plan, so that if it does not work, the blame can be shared broadly, according to two former administration officials familiar with the efforts.

The sprawling circle of those advising Trump includes former treasury secretary Henry M. Paulson Jr., who has been in regular contact with Treasury Secretary Steven Mnuchin, a friend from their days working together at Goldman Sachs.

Paulson, who helped shape the federal response to the 2008 financial crisis, has been helping Mnuchin map out possible challenges and solutions on the economic front, according to two senior Republicans familiar with their discussions.

One plan gaining traction inside the West Wing this week is the U.S. Chamber of Commerce's Implementing a National Return to Work Plan. One White House official said it "provides a checklist or to-do list that is basically approved by the spokesman for American business, which is what this White House is looking for."

The White House is assembling an economic task force with a number of working groups, broken up by sectors such as financial services, energy, transportation, retail, and real estate. During Tuesday's media briefing, Trump read aloud the names of scores of business leaders, as well as labor, religious and thought leaders, who will be consulted in coming days by the administration.

Some executives are wary the White House plan could backfire if it proves premature and leads to a public health catastrophe, according to three people familiar with the effort. Some also are concerned that under federal law, the contents of the meetings would have to become public, should the body meet a certain number of times.

Conservative advocacy groups such as FreedomWorks and the American Legislative Exchange Council are also mobilizing to help push the White House and Republican lawmakers to relax public health restrictions. Informally, they have started calling their group "Save Our Country," although the project has no official name. The Heritage Foundation is launching a parallel set of working groups that is expected to deliver its recommendations on reopening the economy to Vice President Pence.

One idea that has emerged among these conservative groups is to push a liability shield for businesses that would insulate them from lawsuits if their employees get the coronavirus while at work, according to two people familiar with internal discussions.

White House officials are developing guidance for businesses on how to safely reopen and are focusing on how to ensure safety in what they term "super-spread areas" - office break rooms, bars and other such gathering places where the risk of spreading the virus is greatest.

Administration officials pointed to Texas as a potential pacesetter. Texas Gov. Greg Abbott (R) has quietly been talking with the White House about his own preliminary plans to reopen parts of the economy in his state, the nation's second largest.

Stephen Moore, a conservative economist who informally advises the White House, said geography could factor heavily into federal recommendations for reopening.

"There are about 10 metropolitan-area cities, and like 90 percent of cases are in 10 metropolitan areas, so you treat those metropolitan areas differently than the rest of the country," Moore said, adding that he has discussed this "Zip code idea" with the administration.

"You find the counties and Zip codes that don't have the disease, and you get those things opened up," Moore said. "They should probably have never been shut down - that's my opinion, by the way; I'm not speaking on behalf of the White House there."

The administration has floated the idea of dividing the country geographically as a way to slowly reopen the economy. Trump penned a letter to the nation's governors in late March stating that as the federal government expanded its testing and surveillance capabilities, it planned to categorize counties as "high-risk, medium-risk, or low-risk."

At the White House news conference that day, Trump stressed the need for Americans to get "back to work," saying he could envision a reopening scenario based on geography.

"We may take sections of our country," Trump said at the time. "We may take large sections of our country that aren't so seriously affected, and we may do it that way. But we've got to start the process pretty soon."

Birx, the White House coronavirus response coordinator, was asked how such county classifications would work, since no domestic travel restrictions exist to prevent people from moving between, say, a low-risk and high-risk jurisdiction. Birx said a staggered reopening plan would hinge on "highly responsible behavior between counties."

White House officials have stressed that any such plan would be coordinated with state and local authorities. Regardless of what Trump opts to announce, it will fall to governors and mayors to decide whether to reopen businesses and begin returning to normal in their own jurisdictions. And many governors are treading more cautiously than the president.

"Historically, people have looked to the states and they've looked to the governors to be the ones who make decisions in regard to health issues," Ohio Gov. Mike DeWine (R) said in an interview.

Arthur Laffer, a conservative economist who is close to the White House, said Trump and his advisers are looking at "a whole panoply of issues," including staggering the reopening by sectors.

"Everyone wants to get the economy back and going again," Laffer said. "Aren't you a little stir-crazy?"

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Jeff Stein contributed to this report.
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U.S., airlines reach deal on $25 billion package

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Byline: Lori Aratani;Ian Duncan

Body
10 carriers indicate they will accept grants after weeks of negotiations

Ten U.S. airlines have reached an agreement in principle to accept $25 billion in grants from the government - a cash infusion the industry hopes will buy it time as it navigates through unprecedented economic upheaval fueled by the coronavirus pandemic.

Treasury Secretary Steven Mnuchin said Tuesday that Alaska Airlines, Allegiant Air, American Airlines, Delta Air Lines, Frontier Airlines, Hawaiian Airlines, JetBlue Airways, United Airlines, SkyWest Airlines and Southwest Airlines have all indicated they would participate in the grant program, part of the $2 trillion economic stimulus program signed by President Trump last month.

"We welcome the news that a number of major airlines intend to participate in the Payroll Support Program," Mnuchin said in a statement. "This is an important Cares Act program that will support American workers and help preserve the strategic importance of the airline industry while allowing for appropriate compensation to the taxpayers."

He added that "conversations continue with other airlines regarding their potential participation."

Mnuchin's statement did not include details of the agreement. However, individuals close to the discussions, who were not authorized to speak publicly, said under the terms of the deal 70á †percent of the money would be given to the airlines outright and 30 percent would have to be paid back to the government. In addition, the government would be given warrants equal to 10á †percent of the amount the carriers receive, these individuals said.

Separately Tuesday, the Transportation Department announced how it plans to distribute $10 billion in funding for airports, which are suffering alongside the airlines. Much of the money will go to the biggest hubs, but even small airfields will get some aid.

The aid package for the airlines is being overseen by the Treasury Department. Airlines have been eager to receive the dollars, and after a weekend of back-and-forth between carriers and the administration, Mnuchin signaled Monday that a deal was close. Negotiations have been ongoing since April 3, when more than half a dozen carriers submitted applications for the money.

"Even though this process was neither easy nor perfect, it is critically important that in the end there are agreements in place that put workers and families first by keeping hundreds of thousands of airline employees - from flight crews to baggage handlers - on the payroll during this extremely tumultuous period for the U.S. economy," Rep. Peter A. DeFazio (D-Ore.), chairman of the House Transportation Committee, said in a statement.

"I strongly believe what Congress laid out in this provision of the Cares Act - to put workers first - should be the model for any industry-specific relief going forward," DeFazio said.

"It is welcome news that most of the nation's largest passenger air carriers have indicated that they will accept the payroll assistance included in the Cares Act," said Sen. Roger Wicker (R-Miss.), chairman of the Senate Commerce Committee. "This assistance will help keep pilots, flight attendants, gate agents and mechanics in their jobs during the tremendously difficult time for the air transportation industry, and it will provide vital relief until demand for air travel returns."

Mnuchin said the Treasury Department is also working to quickly review and approve applications for smaller passenger air carriers "as quickly as possible" and would provide additional guidance for cargo carriers and contractors soon.

"We look forward to working with the airlines to finalize the necessary agreements and disburse funds as quickly as possible," he said.

The deal comes despite earlier objections from airlines, unions and some Democratic lawmakers to the administration's plan to impose conditions on the payroll grants. Mnuchin signaled early on that the administration would demand an equity stake in airlines in exchange for providing aid.

On Sunday, Sara Nelson, president of the Association of Flight Attendants-CWA, blasted the administration's plan to require airlines to pay back a portion of the money.

"I should be clear that if this stands, job cuts will happen now AND longer term cuts will come in October," Nelson said on Twitter. "This is absolutely stealing from the money Congress allocated directly to workers."

The Cares Act included $29á †billion in grants to airlines for payroll support - $25 billion to passenger carriers and $4á †billion to cargo operators. In addition, the legislation provides $25á †billion in loans or loan guarantees.

Airlines are eligible to receive payouts equal to their payroll costs between April and October of last year. That puts Delta and American in line to receive a maximum of almost $7 billion each, with an additional $6.5á †billion for United, according to data published by the Transportation Department. Southwest could get up to almost $4.3 billion; JetBlue and Alaska are each in line to see more than $1 billion each.

But airlines may not see the full amount they are seeking because the $31 billion in total wages and benefits paid by airlines in those six months exceeds the $25 billion allotted to them in the bailout package. In that instance, the Treasury Department is allowed to reduce the individual awards if the fund comes up short, according to an application form released earlier this month.

Southwest Airlines for example said it would receive $2.3 billion in direct payroll support and a nearly $1 billion, 10-year low-interest loan that could be repaid at anytime before maturity at par. The loan also is expected to include approximately 2.6 million warrants issued to the Treasury Department.

"We are extremely appreciative of the work of our federal leaders. President Trump, Secretaries Mnuchin and [Elaine] Chao, and the entire United States Congress recognize the unprecedented health and economic crisis that our nation is currently facing due to COVID-19, as well as the importance of airlines to our overall national economy, the supply chain, and the nation's future recovery after this crisis subsides," Southwest chief executive Gary Kelly said in a statement.

In a letter to employees, American Airlines chief executive Doug Parker and its president, Robert Isom, said the carrier would receive $5.8 billion in assistance - $4.1 billion in grants and $1.7 billion in loans. In addition, they said the airline would apply for a separate loan from the Treasury Department of approximately $4.75 billion.

"This is fantastic news for the American Airlines team," Parker and Isom wrote. "With this level of assistance, we now believe we have the financial resources necessary to help us withstand this crisis and be in position to serve the traveling public when they are ready to start flying again."

The airline industry pushed hard for an aid package, citing dramatic drops in air travel fueled by government-imposed travel restrictions and stay-at-home orders designed to stop the spread of the virus. They said without the money, they would be forced to lay off thousands of workers.

Unions representing pilots, flight attendants, maintenance workers and others also launched an aggressive campaign in support of the legislation, emphasizing the money would go directly to employees, not executives or shareholders.

Even so, airline chief executives warned the next few months could be bleak.

Earlier this month, Delta Air Lines chief executive Ed Bastian told employees that second-quarter revenue at the Atlanta-based carrier will probably be down 90á †percent and that without more cost-cutting and efforts to raise new financing, the government money would be gone by June.

According to data provided by Airlines for America, carriers have idled more than 2,200 planes, more than one-third of their fleets, with more groundings planned. In some cases, cancellations have far outpaced the number of new reservations.

In a call Tuesday, the International Air Transport Association estimated that carriers would lose $314 billion in revenue in this year. That's a 55 percent drop.

U.S. carriers directly employ roughly 750,000 workers, according to Airlines for America

U.S. carriers directly employ roughly 750,000 workers, according to Airlines for America.

Airlines that receive the grants would be barred from furloughing workers until Sept. 30 and could not issue dividends or buy back their stock until late 2021. They also would be required to maintain service levels as far out as 2022 - a condition that has brought pushback from some carriers that argue it does not take into account services that run only seasonally.

Meanwhile, some airports have objected to conditions outlined by the Transportation Department that would allow airlines to consolidate some routes, saying that could hamper the ability to get personnel or supplies to areas in need of aid.

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The New York Times

April 15, 2020 Wednesday, Late Edition - Final

Trump Adds His Moniker To Checks To Be Mailed

Section: Section A; Column 0; Foreign Desk; Pg. 8

Length: 383 words

Byline: By Alan Rappeport

Body
The decision to have President Trump's name appear on the checks is a break in protocol.

WASHINGTON -- President Trump's name will appear on the economic stimulus checks that will be mailed to millions of Americans beginning next month, the Treasury Department confirmed on Tuesday.

The decision to have Mr. Trump's name on the checks, a break in protocol, was made by the Treasury Department after Mr. Trump suggested the idea to Steven Mnuchin, the Treasury secretary, according to a department official.

The president's name will appear in the "memo" section of the check because Mr. Trump is not legally authorized to sign such disbursements.

A department official, speaking on the condition of anonymity, denied that the decision would delay the disbursement of the checks and said that they would be mailed beginning next week. The decision about the president's name was first reported by The Washington Post.

But many Americans may not see the president's name. Those who are eligible for stimulus payments and have provided their banking information to the Internal Revenue Service will receive the money through direct deposit.

Representatives for the I.R.S. and the White House referred questions to the Treasury Department.

Treasury and I.R.S. officials briefed House Democrats about the economic stimulus payments this month and said that paper checks would be issued at a rate of about five million per week, beginning the week of May 4, for up to 20 weeks.

A memo that House Democrats drafted after the briefing made no mention of Mr. Trump's name appearing on the paper checks.

Erin Hatch, a spokeswoman for the House Ways and Means Committee Democrats, said that lawmakers were not made aware of the plan.

"The committee was not consulted about this," she said, "and we do not want the checks to be delayed for a second to add the signature."

Senator Ron Wyden of Oregon, the top Democrat on the Finance Committee, criticized the Trump administration's move to include the president's name on the relief money.

"Donald Trump is further delaying cash payments to millions of Americans struggling to pay the rent and put food on the table to feed his ego," Mr. Wyden said. "Only this president would try to make a pandemic and economic catastrophe all about him."

https://www.nytimes.com/2020/04/14/us/politics/stimulus-check-trump-signature.html
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The New York Times

April 15, 2020 Wednesday, Late Edition - Final

The Post Office Is Essential. Help It.

Section: Section A; Column 0; Editorial Desk; Pg. 22

Length: 1167 words

Byline: By The Editorial Board

Body
From the census to the November election, the Postal Service is critical to American democracy.

America's favorite government agency is on the brink of collapse, and Washington policymakers appear too mired in politics to save it.

Like so many businesses, the United States Postal Service has been hit hard by the coronavirus. Mail volume is down nearly a third over this time last year and continues to fall. The Postal Service is predicting $13 billion in lost revenue this fiscal year as a direct result of the pandemic. In an April 9 telebriefing to the House Oversight and Reform Committee, the postmaster general, Megan Brennan, warned that without financial assistance the agency could run out of money by the end of September.

The Postal Service cannot be allowed to crumble in the midst of a national emergency. Though organized as a self-sustaining quasi-governmental enterprise, run without taxpayer funding, it is not just another business. Even in an increasingly wired world, the agency's mandate of "universal service" provides a lifeline to remote areas. As this pandemic rages, its 600,000-plus employees are working to ensure that Americans receive their prescriptions and protective equipment and other essential items, no matter where they live. Nearly 500 postal workers have tested positive for the virus, with hundreds more suspected of having it, according to The Washington Post.

This year, the Postal Service is also playing an expanded role in sustaining democracy. In the new world of social distancing, mail-in and absentee voting are crucial to ensuring that Americans do not have to risk their lives to cast their votes. If the Postal Service collapses, it will take with it the infrastructure needed for millions of Americans to participate in the most fundamental act of self-government.

Now layer onto this the millions of census forms delivered to American households through the mail last month, many of which will be filled out and returned the same way.

With all that in mind, one might expect Congress and the White House to be scrambling to throw this vital public institution a lifeline. But, unlike other essential businesses -- not to mention favored industries -- the Postal Service, in its distress, is facing staunch political resistance that threatens to let it sink.

Part of the problem is longstanding disagreement over the agency's structure and mission. For years, conservatives have been pushing to privatize the service. A more recent threat arises from President Trump's personal hostility toward the agency, stemming in part from his contention that it gives sweetheart delivery rates to Amazon, the e-commerce giant led by Jeff Bezos, whom Mr. Trump considers a political enemy. The president has accused Amazon of fleecing the Postal Service and argued that if the agency is having money troubles it should simply raise the rates it charges companies like Amazon and -- poof -- problem solved. "Should be charging MUCH MORE!" he was tweeting in 2017.

But the president's own task force determined that package delivery is profitable for the agency, and others have warned that a significant increase in shipping rates could in fact drive private companies to pursue alternatives.

The mail service's troubles did not begin with the coronavirus. For decades, the agency has suffered a decline in its core business. The volume of first-class mail has dropped from a peak of 103.6 billion pieces in 2001 to 54.9 last year. To help make up the gap, the agency has shifted aggressively into the package delivery business, contracting with private companies, including FedEx, UPS and, yes, Amazon.

On various occasions, the agency has attempted to rein in costs by closing offices or cutting service. That's when lawmakers tend to step in, deciding that its mission is too vital to tinker with. In 2013, when the Postal Service announced that it would do away with most Saturday delivery, Congress bucked, inserting a provision into that year's budget to block the move.

Lawmakers know that voters cherish mail service. The Postal Service consistently enjoys the top job rating of any federal agency, according to research by Gallup.

Compounding its current problems, the service is saddled with financial obligations not imposed on other enterprises, private or public. In 2006, Congress passed a bill requiring the agency to set aside around $5.5 billion per year to prepay health care benefits for future retirees. This has put the Postal Service at a competitive disadvantage. Absent this burden, the agency would have turned a profit in each of the past six years, according to a report by the Institute for Policy Studies. There have been multiple attempts by Congress to repeal this mandate.

In its most recent update on the agency, the Government Accountability Office painted a bleak picture: "U.S.P.S.'s overall financial condition is deteriorating and unsustainable. U.S.P.S. has lost $69 billion over the past 11 fiscal years -- including $3.9 billion in fiscal year 2018. U.S.P.S.'s total unfunded liabilities and debt ($143 billion at the end of fiscal year 2018) have grown to double its annual revenue."

In pandemic terms, the Postal Service has several pre-existing conditions that make it vulnerable.

Last month, lawmakers sought to include a $13 billion grant for the agency in the $2 trillion coronavirus relief law. The effort was blocked by Treasury Secretary Steven Mnuchin, who warned that it would derail negotiations. Mr. Trump had threatened to reject the bill if it included a postal bailout, according to reporting by The Washington Post. Lawmakers settled for a $10 billion loan – from the Treasury Department. Mr. Mnuchin has warned that any attempt to insert a postal bailout into the next relief package would be a non-starter.

Long term, the Postal Service will need to restructure its debt obligations, among other significant reforms. Short term, Congress must find a way to shore up the agency on behalf of millions of constituents who depend on it. Last Thursday, Ms. Brennan asked lawmakers for $89 billion in assistance. This would include $25 billion in grants to cover losses from the pandemic, $25 billion for infrastructure modernization, $14 billion in debt payments related to retirement benefits and $25 billion in unrestricted borrowing authority, according to The Times.

This request seems overly ambitious. But it at least provides a starting point for debate about how Congress can -- and must – keep postal carriers on their appointed rounds. This essential institution should not be held hostage to political grudges. Now more than ever, Americans need something they can rely on.

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The New York Times

April 15, 2020 Wednesday, Late Edition - Final

U.S. and Airlines Accept $25 Billion Bailout Terms

Section: Section B; Column 0; Business/Financial Desk; Pg. 1

Length: 1215 words

Byline: By Alan Rappeport and Niraj Chokshi

Body
Airlines will receive billions of dollars in grants and loans to pay flight attendants, pilots and other employees.

WASHINGTON -- The Trump administration has reached an agreement in principle with major airlines over the terms of a $25 billion bailout to prop up an industry hobbled by the coronavirus pandemic.

The Treasury Department said that Alaska Airlines, Allegiant Air, American Airlines, Delta Air Lines, Frontier Airlines, Hawaiian Airlines, JetBlue Airways, United Airlines, SkyWest Airlines and Southwest Airlines would participate. The program is supposed to help the companies pay their workers and was created as part of the economic stabilization package that Congress passed last month.

In recent days, the bailout negotiations had became contentious over the Treasury's insistence that larger airlines repay at least some of the money they received. The two sides ultimately agreed that the government's support would be structured as part grant and part loan and the Treasury would also receive warrants to buy stock in the companies.

"This agreement will fully support airline industry workers, preserve the vital role airlines play in our economy and protect taxpayers," President Trump said Tuesday at a White House news conference. "Our airlines now are in good shape and they will get over a very tough period of time that was not caused by them."

The Treasury secretary, Steven Mnuchin, said in a statement that the agreement would "help preserve the strategic importance of the airline industry while allowing for appropriate compensation to the taxpayers."

The Treasury had been pushing the airlines to repay 30 percent of the money over five years. Airline executives and labor leaders complained that the Trump administration was turning what Congress intended to be grants into loans.

Airlines for America, an industry lobbying group, said that as of April 9, U.S. airlines had idled 2,200 aircraft and that passenger volume was down 95 percent from a year ago. Global passenger revenues are expected to fall by $314 billion this year, a 55 percent decline from last year, the International Air Transport Association, a global industry group, said on Tuesday.

The stimulus, passed late last month, largely incorporated the assistance that the industry had sought, including the $25 billion in payroll support and another $25 billion in loans for passenger airlines and more than $10 billion in grants and loans for cargo airlines and aviation contractors. But the aid came with some strings attached, including giving Mr. Mnuchin the authority to take an equity stake in airlines that receive the grants.

Treasury officials determined that 70 percent of the grants to airlines would benefit taxpayers through payroll and income tax receipts and by reducing the unemployment insurance payments that the government would have paid to airline workers had they lost their jobs. The remaining 30 percent would not directly benefit taxpayers, and therefore would be repaid as a loan over a period of 10 years, a senior Treasury official said on Tuesday.

The Treasury will also receive stock warrants worth 10 percent of the loan amount that exceeds $100 million.

The official said that the structure of the agreement was a carefully negotiated compromise, as airlines were seeking grants with no repayment and the administration preferred loans. The economic relief legislation also allocated a separate $25 billion specifically for loans to the airlines, but the official said that negotiations with the companies for those funds had not begun. The Treasury is also engaged in negotiations with cargo carriers, which are eligible for $8 billion in grants and loans.

The Treasury Department said last week that it would not require airlines that receive up to $100 million in bailout money to give the government equity stakes or other compensation. The government had received over 200 applications from U.S. airlines seeking payroll support and the Treasury said the majority of those were asking for less than $10 million.

Airlines that accept the payroll support money are prohibited from major staffing or pay cuts through September. The airlines must also refrain from buying back shares or paying dividends through September 2021 and must agree to limits on executive pay until late March 2022.

In a statement, Sara Nelson, the president of the Association of Flight Attendants union, welcomed the payout as "an unprecedented accomplishment," but criticized Mr. Mnuchin for delaying the aid and for asking that airlines repay a portion of the funds.

"Now we must fight to keep aviation intact to protect our industry and ensure our economy lifts off again when the virus is under control," Ms. Nelson said. "We have seen what happens when investment bankers like Secretary Mnuchin control the outcomes, and we will not stand by to watch it play out again."

Separately, Capt. Joe DePete, the president of the Air Line Pilots Association, which represents more than 63,000 pilots at United, Delta and other airlines, accused the department of "undermining the intent" of the law, "which will make it harder to stop layoffs and slow the recovery."

American Airlines said it would receive $5.8 billion as part of the deal, with more than $4 billion in the form of grants

American Airlines said it would receive $5.8 billion as part of the deal, with more than $4 billion in the form of grants and the remaining $1.7 billion as a low-interest loan. The airline also plans to apply for a nearly $4.8 billion loan from the department under the loan provision of the legislation.

"The Payroll Support Program recognizes the extraordinary dedication of our entire team, and importantly, sustains the critical air service being provided by our front-line team members," American's chief executive, Doug Parker, said in a statement.

Delta said it would receive $5.4 billion, including a $1.6 billion loan. The company said it would provide the government with warrants to acquire about 1 percent of its stock at a price of $24.39 a share over a period of five years.

"This is an essential step, but just one of many that will get us through the next several months," the chief executive, Ed Bastian, said in a note to staff.

Southwest Airlines said it expected to receive $3.2 billion, about $1 billion of which would come in the form of a low-interest loan. That loan is expected to include about 2.6 million warrants that would allow the Treasury to buy stock in the company. JetBlue said it would receive nearly $936 million, with about $251 million in the form of a loan.

United Airlines and Alaska Airlines said they expected to complete their agreements with the Treasury over the next few days.

The pandemic stalled the airline industry in just a matter of weeks. In February, passenger traffic for the top 25 U.S. airlines rose 6.7 percent compared with the same month a year earlier, one of the largest increases in a 29-month streak of gains, according to federal data published on Tuesday.

But in March, air travel nearly came to a standstill. On the first day of the month, the Transportation Security Administration screened nearly 2.3 million passengers, flight crew members and other airport and airline workers at its airport checkpoints. By the last day of the month, that figure had dropped nearly 95 percent to just under 150,000.

https://www.nytimes.com/2020/04/14/business/coronavirus-airlines-bailout-treasury-department.html
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The Wall Street Journal

Treasury, Airlines Reach Agreement on Coronavirus Aid
Ten major airlines intend to accept government payroll support; President Trump touts agreement

By Alison Sider and Kate Davidson

Updated April 14, 2020 7:41 pm ET

WASHINGTON—The biggest U.S. airlines reached an agreement in principle with the federal government on financial assistance aimed at preventing layoffs in an industry hit hard by the coronavirus pandemic.

The Treasury Department said Tuesday that 10 of the 12 largest airlines have told the government they intend to accept assistance from the $2.2 trillion economic relief package passed last month.

The biggest domestic airlines— United Airlines Holdings Inc., UAL 6.88% ▲ Delta Air Lines Inc., DAL 5.55% ▲ American Airlines Group Inc. AAL 3.33% ▲ and Southwest Airlines Co. LUV 1.52% ▲ — all agreed to receive aid. Treasury Secretary Steven Mnuchin said that conversations continue with some other airlines and that officials were also working on guidance for aid to cargo carriers and contractors.

"We look forward to working with the airlines to finalize the necessary agreements and disburse funds as quickly as possible," he said in a statement.

President Trump said at a briefing that the aid would help airlines through a tough period.

Airline shares rose sharply in after-hours trading following the announcement, with United trading up 9%, American up 13% and Delta up 10%.

Demand for air travel has all but evaporated over the past few months, as countries around the world imposed restrictions to try to slow the virus's spread. Airlines have slashed flying by upward of 70% and say many flights are still nearly empty.

The Treasury's assistance includes $25 billion in direct aid to allow passenger airlines to continue paying salaries and benefits to employees in the coming months. The payroll assistance "will support American workers and help preserve the strategic importance of the airline industry while allowing for appropriate compensation to the

taxpayers," Mr. Mnuchin said in a statement.

Airline executives spent this past weekend in discussions with federal officials. On Friday Mr. Mnuchin told the largest carriers that 30% of the assistance would need to be repaid and that airlines would have to offer stock warrants on a portion of those funds.

Airline industry officials had believed the money would come as grants that wouldn't need to be paid back. The government hadn't been willing to significantly alter terms, including some repayment to taxpayers, officials and others familiar with the talks have said.

Details that some airlines provided on Tuesday hewed to the terms that federal officials outlined last week. Many domestic airlines are in dire need of cash to pay workers and maintain planes.

Delta is set to receive $5.4 billion, including a $1.6 billion 10-year loan. The airline will also provide the government with warrants to acquire about 1% of Delta stock at $24.39 per share over five years, a significant discount to where the stock traded before the current crisis. Delta shares were near $60 at the start of the year.

"This is an essential step, but just one of many that will get us through the next several months," Delta CEO Ed Bastian wrote to employees.

JetBlue JBLU 2.33% ▲ said the $936 million it will receive as a $685 million grant and a $251 million loan would cover 76% of payroll.

"While I am happy we are receiving this much-needed cash for payroll now, it adds to the significant debt we are taking on as we burn through our cash reserves," JetBlue Airways Corp. CEO Robin Hayes said in a statement.

Alaska Airlines, Frontier Airlines, Allegiant Air, Hawaiian Airlines and SkyWest Airlines also agreed to accept that aid, the Treasury said.

Spirit Airlines Inc.,a big discount carrier that wasn't listed in the announcement, said it expects to agree on terms with the Treasury soon. Republic Airways, which operates flights for major airlines, said it is also still in discussions with the Treasury.

American Airlines said it would receive $5.8 billion under the program: $4.1 billion as a direct grant and $1.7 billion as a low-interest loan. The airline said it would separately apply for a $4.75 billion loan from the Treasury under another loan program for airlines established by the stimulus.

"We now believe we have the financial resources necessary to help us withstand this crisis and be in position to serve the traveling public when they are ready to start flying again," American Airlines Chief Executive Doug Parker and President Robert Isom wrote in a letter to employees.

Southwest said it expects to receive over $3.2 billion through the program, including $1 billion as an unsecured 10-year loan at low interest rates. The airline said the loan includes 2.6 million warrants, which the government can convert to stock for a fixed price.

"We applaud the quick action by the U.S. Department of Treasury to infuse liquidity into the economy and try to keep businesses open and people on the job," Southwest CEO Gary Kelly said in a statement.

Other airlines didn't immediately provide details of the aid they expected to receive.

Carriers had said without government help they would have to make significant reductions to their staffs, but accepting the money means airlines won't be allowed to lay off or furlough workers involuntarily until October.

Write to Alison Sider at alison.sider@wsj.com and Kate Davidson at kate.davidson@wsj.com
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The Financial Times
US holds off on IMF plan to boost emerging economies' finances
World leaders call for expansion of liquidity measures for virus-hit nations
James Politi in Washington
April 15, 2020
The Trump administration is resisting urgent appeals from European and African leaders for the IMF to create additional reserve assets to help low-income emerging economies cope with the coronavirus pandemic, creating a fresh division in the global response to the crisis.

The expansion of the IMF's "special drawing rights" has arisen as a point of friction in multilateral discussions ahead of the IMF and World Bank spring meetings, which are being held online this week

A new allocation of SDRs would offer a liquidity boost to many countries facing a sudden depletion of foreign exchange reserves. The move is seen by many governments as a key complement to a debt relief package to support struggling emerging economies that the G20 — including the US — is expected to endorse as early as Wednesday.

Writing in the Financial Times on Tuesday, European political leaders including German chancellor Angela Merkel and French president Emmanuel Macron joined with leading African figures such as Abiy Ahmed, the prime minister of Ethiopia, and Cyril Ramaphosa, the president of South Africa, to urge the IMF to "decide immediately on the allocation of special drawing rights" to "provide additional liquidity for the procurement of basic commodities and essential medical supplies".

"No region can win the battle against Covid-19 alone," they wrote. "This is not the time for division or politics but for unity and co-operation."

But the US, the IMF's largest shareholder, has held off on backing the measure, casting doubt on whether that part of the multilateral response to the pandemic will get off the ground.

"The US response for now is no. I had an opportunity to discuss this with US Secretary of the Treasury Steven Mnuchin on two occasions," Bruno Le Maire, France's finance minister, told reporters on Tuesday.

A spokeswoman for the US Treasury said Washington "supports a variety of efforts at the IMF to provide rapid, targeted assistance to countries that need support to overcome the current challenges" but did not explain its position on a new SDR allocation.

"We support accelerating IMF procedures, higher access from the IMF's emergency lending facilities, and support from donors for the IMF's assistance to low-income countries, including grants to help these countries make debt payments to the IMF," she said.

One person familiar with the discussions said US scepticism was shared by some other countries, so Washington was not alone in holding off on the effort.

SDRs are an international reserve asset created by the IMF in 1969 to supplement member countries' official reserves. Their value is based on a basket of five currencies including the US dollar, the euro, the renminbi, the yen and the British pound. The existing stock of SDRs amounts to about $275bn, which was mostly issued during the 2009 financial crisis.

Former US Treasury secretary Lawrence Summers and former UK chancellor Gordon Brown have called for the issuance of a fresh $1tn in SDRs. Writing in the Washington Post, they said:
"If ever there was a moment for an expansion of the international money known as Special Drawing Rights, it is now."

Some officials and economists are wary of the effectiveness of SDRs because they are allocated in proportion to voting rights at the IMF so the strongest economies incur much of the benefit, unless they agree to redistribute their holdings.

Masood Ahmed, president of the Center for Global Development, a Washington think-tank, said the central banks of high-income countries had injected "substantial liquidity" into their economies and emerging markets needed the same boost.

"Blocking an SDR increase will simply force these countries to pursue less effective policy choices with adverse consequences for themselves and for the world economy," Mr Ahmed said.

Meanwhile, countries are exploring alternative ways to boost liquidity for lower-income nations.

One option would be to set up a short-term liquidity facility at the IMF for nations that cannot access swap lines with the world's big central banks; another would be to direct the existing stock of SDRs to poorer nations struggling because of the coronavirus pandemic.

Two people familiar with the discussions said the US would probably not oppose the use of existing SDR stock to help emerging economies.

But Mark Sobel, a former senior US Treasury official and US chairman of Omfif, a think-tank, doubted whether such an idea could be implemented.

"Workaround proposals for redistributing or pooling SDRs have long been put forward. These have not commanded support, often seen as inconsistent with the SDR's reserve asset role," he wrote in late March.

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The Financial Times
US Treasury reaches deal to prop up airlines
$25bn in aid to pay staff comes in form of grants, loans and warrants
Claire Bushey in Chicago and James Politi in Washington
April 14, 2020
The US Treasury department has reached an agreement with US airlines that paves the way for the sector to receive billions of dollars in aid to cover payroll costs during the coronavirus pandemic and could see the government emerge as a shareholder in several public companies.

The deal comes after days of testy exchanges between President Donald Trump's administration and America's leading passenger carriers over the terms of $25bn in funding allocated to the industry in the $2tn stimulus legislation enacted last month.

Airlines tried to resist the idea of US taxpayers taking an equity interest in their companies, while unions representing flight attendants and pilots criticised the government for moving too slowly on aid designed to safeguard jobs.

Southwest Airlines expects to receive $3.2bn under the programme, with $2.3bn as a grant and the rest as an unsecured, low-interest 10-year loan. The loan agreement is expected to include warrants issued to the US Treasury to buy 2.6m Southwest shares.

"We applaud the quick action by the US Department of Treasury to infuse liquidity into the economy and try to keep businesses open and people on the job," said Gary Kelly, Southwest chief executive.

JetBlue Airways also will give the government warrants. Every airline will receive a payment equal to roughly three-quarters of its payroll for the second and third quarters of 2019, said JetBlue chief executive Robin Hayes. For JetBlue, that totals about $936m. Just over a quarter will come in the form of a loan that will require repayment starting in October, and the airline also must maintain a minimum level of domestic service.

"While I am happy we are receiving this much-needed cash for payroll now, it adds to the significant debt we are taking on as we burn through our cash reserves," Mr Hayes said. "Thankfully, we entered this crisis with one of the stronger balance sheets in the industry, but we will come out of this with significant debt to pay down."

The aid packages prevent airlines from furloughing staff or cutting employee pay until September 30, ban share repurchases and dividends until September 2021, and limit executive compensation until March 2022.

The government has negotiated individually with the airlines, in contrast to the blanket agreement imposed on banks when they received bailout funds during the 2008 financial crisis.

American Airlines, the most heavily leveraged of the major US carriers, will receive $5.8bn from the $25bn pot. The Fort Worth, Texas-based airline said it would receive a direct grant of $4.1bn and a low-interest loan of $1.7bn.

It also plans to apply to the Treasury for a separate loan of almost $4.8bn from a second $25bn pool set aside for the airline industry in the same law, money that is not limited to spending on payrolls.

Delta will receive $5.4bn from the payroll support programme, including a 10-year, low-interest loan for $1.6bn, according to its chief executive, Ed Bastian. The government will receive warrants to acquire about 1 per cent of Delta stock at $24.39 per share over five years.

Delta shares closed at $24.54 on Tuesday. The airline has been burning $60m in cash per day and accepted offers from 35,000 employees to take unpaid leave.

Alaska Airlines, Allegiant Air, Frontier Airlines, Hawaiian Airlines and SkyWest have also signed on, the Treasury said. United said it was still working out the final details of its package with the government.

Mr Trump, speaking at his daily White House press conference, said the deal would support jobs and protect taxpayers. "Our airlines are now in good shape and they will get over a very tough period of time that was not caused by them," he said.

caused by them," he said.

The aviation sector has been among the hardest hit, with travel grinding to a halt during the pandemic. Leading carriers are facing a dangerous cash crunch. As airlines resisted some of the conditions that the US Treasury was trying to impose on the aid, concern mounted that they might choose bankruptcy as a better option.

Peter DeFazio, chairman of the House of Representatives transportation committee, praised the agreement but said he would monitor the next phase of the deal.

"The US Treasury still has critical work to do to get funds provided by Congress into the hands of airline contractors' employees, often the lowest-paid employees in the aviation industry," he said.

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WRAPUP 2-Global creditors agree on debt relief for poor countries hit by pandemic

Andrea Shalal, Leigh Thomas

(Repeats with no changes in text)

By Andrea Shalal and Leigh Thomas

WASHINGTON/PARIS, April 14 (Reuters) - Major international creditors will relieve the world's poorest countries of debt payments this year to help them deal with the coronavirus pandemic that has sparked the steepest downturn in the global economy since the 1930s, France announced on Tuesday.

Finance officials from the United States, China and other Group of 20 major economies are expected to finalize the agreement when they meet online on Wednesday, French Finance Minister Bruno Le Maire told reporters.

He said some 76 countries, including 40 in sub-Saharan Africa, would be eligible to have debt payments worth a combined $20 billion suspended by official and private creditors, with a remaining $12 billion in payments due to multilateral institutions still to be sorted out.

"We have obtained a debt moratorium at the level of bilateral creditors and private creditors for a total of $20 billion," Le Maire told journalists.

He spoke just before Group of Seven (G7) finance ministers and central bank governors met by video conference on Tuesday and threw their support behind temporary debt relief to the poorest countries, as long as it was backed by the G20 and the Paris Club.

In a joint statement, they said they were ready to provide "a time-bound suspension on debt service payments due on official bilateral claims for all countries eligible for World Bank concessional financing" if joined by China and other countries in the Group of 20 major economies, and as agreed with the Paris Club group of creditors.

Sources familiar with the process had told Reuters this week they expected the G20 to endorse a suspension of debt payments at least until the end of the year, despite some resistance from China, which has overtaken the World Bank as a major lender to developing countries, especially in Africa.

IMF chief economist Gita Gopinath told Reuters the agreement offered "hugely welcome" relief for the poorest countries, freeing resources that could be used to improve healthcare systems at a time when resources are strained by plunging commodity prices and massive capital outflows.

World Bank President David Malpass, in a tweet, thanked U.S. Treasury Secretary Steven Mnuchin for hosting the G7 meeting and backing his joint call with International Monetary Fund Managing Director Kristalina Georgieva for the temporary debt standstill.

The World Bank and the IMF have begun disbursing emergency aid to countries struggling to suppress the coronavirus and mitigate its economic impact. They first issued their call for debt relief on March 25, but it has not been formally endorsed by the G20 nations.

The IMF, in its 2020 World Economic Outlook, said the pandemic would cause a 3.0% contraction in the global economy, but warned the impact could be far worse.

economy, but warned the impact could be far worse.

Gopinath said the pandemic could be far more severe in developing economies that had not yet seen the kinds of lockdowns already implemented in China, the United States and Europe, adding a "serious downside risk" to the IMF forecast.

The forecast provided a somber backdrop to the IMF and World Bank spring meetings, which normally draw 10,000 people to Washington but are being held by videoconference this week because of the pandemic.

DEBT CANCELLATION

In their statement, G7 officials also called for more contributions to the IMF's Catastrophe Containment and Relief Trust (CCRT) and its Poverty Reduction and Growth Trust, which support the poorest countries. They said the debt relief effort should include private creditors on a voluntary basis, as well as efforts to enhance debt transparency.

Western countries for years have been demanding greater transparency about lending by the Chinese government, banks and companies, but Beijing has balked at opening its books.

A French finance ministry official said private creditors have agreed on a voluntary basis to roll over or refinance $8 billion of the debt of the poorest countries, on top of the $12 billion in debt payments to be suspended by countries.

A further $12 billion is owed to multilateral lenders, mainly the World Bank, Le Maire said, urging such lenders to join the debt relief initiative.

The IMF on Monday announced $215 million in initial debt relief grants to 25 countries from the CCRT. The trust has about $500 million, but the IMF wants to boost it to $1.4 billion.

There are growing calls from nonprofit groups, Pope Francis and others to follow up the temporary suspension of debt payments with cancellation of debts for the poorest countries.

The AFL-CIO union federation and nearly 80 other faith groups on Tuesday urged the U.S. government, the IMF and G20 nations to cancel debt payments by developing countries, and to mobilize additional resources to support all countries affected by the rapidly spreading pandemic.

French President Emmanuel Macron on Monday said in a televised address that African countries should be helped by "massively cancelling their debt."

He gave no details, but Le Maire said outright debt cancellation should take place on a case-by-case basis and in coordination with multilateral lenders at the end of the year, depending on the economic situation of the countries as well as developments in commodity markets and capital flows. (Additional reporting by David Lawder in Washington; Michael Nienaber in Berlin; and Takahiko Wada, Tetsushi Kajimoto and Leika Kihara in Tokyo; Editing by Paul Simao and Tom Brown)
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Roll Call

10 airlines agree to terms for federal grants to save jobs
Assistance aimed at keeping airline workers employed through Sept. 30

By Jessica Wehrman

Posted April 14, 2020 at 8:06pm

Ten major U.S. airlines have reached agreement with the Treasury Department on federal grants aimed at keeping airline workers on the job through Sept. 30, officials announced Tuesday.

Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, United, SkyWest and Southwest indicated they would participate in the $25 billion grant program in the $2 trillion coronavirus spending bill approved last month.

Initial drafts of the spending bill included loans but not grants. Airlines, labor unions and Democrats fought to get grants in the bill, arguing they'd provide an immediate injection of dollars to protect airline workers.

Under the terms of the grants, airlines can ask for the equivalent of their payroll between April 1 and Sept. 30 of last year, with the companies that receive grants agreeing not to furlough or cut pay or benefits until Oct. 1. An last year, with the companies that receive grants agreeing not to furlough or cut pay or benefits until Oct. 1. An estimated 750,000 U.S. workers are employed by the airlines.

The coronavirus spending bill included an additional $25 billion in loans for airlines, which have been clobbered by the pandemic. Just 90,510 people passed through TSA checkpoints on Sunday, down from 2.4 million on the same day last year.

In an agreement announcement, Treasury Secretary Steven Mnuchin said the department continues to discuss the potential participation of other airlines, and is working to review and approve applications for smaller passenger carriers "as quickly as possible." The department will provide guidance for cargo carriers and contractors "soon," he said.

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'Poison pill'

Unions fought for the $25 billion in grants but expressed concern about a last-minute provision tucked in the bill that would allow the government to take equity or require grant money to be paid back, arguing that such a provision would amount to a "poison pill" that would discourage airlines from taking the money and effectively turn the grant into a loan.

While the Treasury did not confirm the final details of the agreement in its announcement or in email requests Tuesday, Reuters last weekend reported that the department would require airlines to pay back 30 percent of the grants, as well as demand warrants equal to 10 percent of the amount.

Association of Flight Attendants-CWA International President Sara Nelson criticized Mnuchin's decision to require part of the grant money be paid back, saying the secretary "decided to play games with this aid, rather than deliver it in the way Congress intended in the bipartisan deal."

Despite that, she called the agreement "an unprecedented accomplishment." She said the payroll grants would provide "stability and hope to millions of aviation workers" and said she hoped a similar model would be used for other workers who have lost jobs because of the pandemic.

Joe DePete, president of the Air Lines Pilots Association International, said the grants would help save jobs and stabilize the aviation industry, but added, "unfortunately, Treasury is undermining the intent of the CARES Act by treating a portion of the grants designed to protect jobs not as grants, but as loans, which will make it harder to stop layoffs and slow the recovery."

He urged Congress to overturn the provision that allowed the Treasury Department to ask for part of the grant money to be paid back.

Oregon Rep. Peter A. DeFazio, chairman of the House Transportation and Infrastructure Committee, acknowledged the grant process "was neither easy nor perfect," but expressed relief that the grants would keep "hundreds of thousands of airline employees — from flight crews to baggage handlers — on the payroll during this extremely tumultuous period for the U.S. economy."

"By ensuring federal relief flows first to employee payroll and benefits, we can protect taxpayers and keep millions of U.S. workers on the job rolls and out of unemployment lines while helping air carriers of all sizes, including regional airlines on which small communities depend, survive the most serious and profound crisis in the history of aviation," he said.
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The Hill

Democrats try to force McConnell's hand on coronavirus aid

By Alexander Bolton - 04/15/20 06:00 AM EDT

Congressional Democratic leaders are trying to box out Senate Majority Leader Mitch McConnell (R-Ky.) by negotiating a deal with Treasury Secretary Steven Mnuchin and President Trump to provide $251 billion in new funding for small businesses.

Senate Minority Leader Charles Schumer (D-N.Y.) and Speaker Nancy Pelosi (D-Calif.) calculate that Trump will be eager for a deal when funding for the Paycheck Protection Program (PPP), a popular small-business lending program, is projected to expire Thursday, when another wave of unemployment claims become public.

They have largely worked with Mnuchin instead of McConnell, betting that if Trump signs on to a $500 billion deal to extend small business lending, send funds to hospitals and rescue cash-strapped states, McConnell and deal to extend small-business lending, send funds to hospitals and rescue cash-strapped states, McConnell and other GOP lawmakers will fall in line.

While congressional Republican staff have reached out to Democrats, Schumer and Pelosi have preferred to work with Mnuchin, viewing him as a more sympathetic negotiator.

Sen. Ben Cardin (Md.), the top-ranking Democrat on the Small Business Committee, said Schumer and Mnuchin have "a pretty good relationship."

Senate Republican aides expect a deal to emerge this week even though McConnell hasn't signed off on anything and passing legislation during a pro forma session scheduled for Thursday would require consent from every senator. That is a very tall order.

"There's already the uncertainty about this program and it's discouraging people from applying. The closer we let it go to banks not accepting applications the worse it gets. There's a sense of urgency. It's just a matter of what's going to be demanded to get it across the finish line," said a GOP aide.

If Trump endorses the deal, however, it would be tough for any Republican to stand in the way, especially since the add-ons requested by Democrats are $100 billion more for hospitals, $150 billion more for state and local governments and a 15 percent increase in the Supplemental Nutrition Assistance Program.

Ford O'Connell, a Republican strategist, said Democrats "think they have leverage on the president because they're going to say he's in charge of the economy."

"At the same time, if you're Trump and you bow to all of their demands, their demands are only going to get bigger," he added. "The White House would like to get it resolved as soon as possible."

"The White House doesn't want to wait until May. They want to get a good deal done," he said. "The Democrats feel that they have so much leverage that they have the Republicans over a barrel and they're waiting for the Republicans to blink."

Some GOP staffers warn that Schumer and Pelosi may be forgetting that Mnuchin doesn't speak for Republican senators and can't guarantee that they will be on board with any deal he and the president agree to.

McConnell said last week that he would favor providing more money for hospitals and health care providers "down the line." But talk of adding hospital funding to the $251 billion for the Small Business Administration will set off a battle among senators who want to tweak the formula and get special benefits for their home states.

That's the reason McConnell wants to keep the funding boost for the small-business lending program "clean."

Two stalwart fiscal conservatives who have a history of bucking the GOP leadership, Sens. Rand Paul (R-Ky.) and Mike Lee (R-Utah), were not present when the Senate voted 96-0 last month to pass the $2.2 trillion CARES Act, which included $349 billion for the small-business lending program.

Both lawmakers were in quarantine, Paul because he was diagnosed with coronavirus and Lee out of precaution.

Senate GOP aides said they didn't know for sure how Paul or Lee would react if asked to give consent to allow an interim coronavirus relief package to pass during Thursday's pro forma session.

Pressure on Trump and Congress to act will mount Thursday morning when the Department of Labor is expected to announce millions of new unemployment claims. More than 16 million Americans have filed first-time unemployment claims in the past three weeks.

A survey published by Main Street America on Tuesday projected that 3½ million businesses may close permanently over the next two months and 7½ million businesses may close over the next five months.

"Every week [the impasse goes on] is a week businesses don't have cash flow and more uncertainty gets injected," the GOP aide said. "There's nothing like a deadline to make things move fast."

National Economic Council Director Larry Kudlow is warning that the PPP is due to run out of money as soon as Thursday.

"At the present run-rate, we're going to be out of money," Kudlow told Fox Business Network.

The Small Business Administration's Economic Injury Disaster Loan program, a direct lending apparatus distinct from the PPP, is also out of money.

The pressure to refund the disaster loan program is made more acute by the severe storms that tore through Southern states over Easter weekend, leaving 30 people dead and 1.3 million without power. The area must be officially declared a disaster zone before the program can kick in, however.

Trump on Tuesday sought to apply some political heat on Schumer and Pelosi, tweeting: "The Democrats don't want to approve more money for our great workers under the incredibly successful 'Paycheck' plan. Replenish Account Now!"

If Senate Republicans object to passing an interim package in the ballpark of $500 billion, then small businesses may have to wait until the second week of May to see a resumption of loan activity through the PPP.

McConnell announced Tuesday the full Senate is not expected to reconvene in Washington before May 4.

"All members will receive at least 24 hours' notice if this changes. This bipartisan decision reflects consultation with Leader Schumer and my colleagues in Senate leadership," he said.

If a deal passes the Senate on Thursday, then its next stop is the House, where it would be a tough task to get all 429 members to sign off.

House leaders have also said they do not plan to reconvene the chamber before May 4, which means legislation would have to pass by voice vote as the CARES Act did on March 27.

Rep. Thomas Massie (R-Ky.), a conservative libertarian who is facing a primary challenge, says he again will try to force the House to hold a formal roll-call vote on the next coronavirus relief package.

Last month, Trump stated Massie should be thrown out of the Republican Party as he vowed to delay the CARES Act. Massie's threats caused some unhappy House members to travel back to the nation's capital.

The presiding Democrat in the chair, Rep. Anthony Brown (D-Md.), overruled Massie's objection by ruling that a quorum was present and letting the package pass by voice vote.
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Forbes

How The U.S. Is Distributing Airline Bailout Funds In COVID-19 Relief Deal

Will Horton Senior Contributor

Aerospace & Defense

Airlines berate passengers for not knowing all of the rules, yet airlines delayed their COVID-19 relief payments by arguing over conditions stipulated in the CARES Act.

There is now progress. Treasury Secretary Steven Mnuchin says ten U.S. airlines, including the four largest, intend to participate in the Payroll Support Program that will distribute upwards of $25 billion to passenger airlines.

The funds are exclusively to pay employees. Full details are to be confirmed once the deal is finalized. There is a separate $25b allocated for loans to the airlines, as well as payroll support for cargo airlines.

Provisional allocation of $25 billion to airlines based on confirmed amounts and estimated eligibility

Over half of the payroll funds, 58%, are to be allocated to three carriers: American Airlines, Delta Air Lines and Southwest Airlines, based on their statements. United Airlines has not specified how much it will receive, but analysts said it was entitled to upwards of $6b.

JetBlue CEO Robin Hayes said the carrier was entitled to $1.23b based on the bill's provisioning of combined second and third quarter 2019 payroll expenses. But JetBlue will end up receiving $935.8 million since every airline will get approximately 76% of their payroll amount, Hayes said.

The partial funding was envisioned in the CARES Act, which explicitly provided only $25b. The act allows Mnuchin to decide the allocation.

"The Secretary shall have the authority to reduce, on a pro rata basis, the amounts due to air carriers...in order to address any shortfall in assistance," the act says.

In addition to the 10 airlines that Mnuchin said would participate, Spirit Airlines said it was also joining. Four airlines – American, Delta, United and Southwest – will likely end up receiving about 75% of the available funds.

Provisional allocation of $25 billion to airlines based on confirmed amounts and estimated eligibility

Adding Alaska Airlines and JetBlue could bring the share to around 83%, leaving approximately $4b to be shared by five smaller airlines: Allegiant, Frontier, Hawaiian, Skywest and Spirit.

The payroll support is split between 70% outright funding airlines do not need to pay back, and 30% low-interest loans.

After the pro rata allocation, JetBlue has 56% of last year's second and third quarter payroll covered by direct grants, Hayes said. The further payroll support from loans will be paid back starting in October.

Hayes did not say if JetBlue would apply for a loan under the separate allocation of $25b that can be used for general expenses. American Airlines said that in addition to the $5.8b it expects to receive under the payroll provision, it will apply for a $4.75b loan.

Airlines will further issue warrants to the government. That would give the government low single-digit shareholding in the airlines, to be bought based on recent stock prices.

The split between grants and loans angered industry officials who wanted 100% grants.

Sara Nelson, the president of the Association of Flight Attendants, claimed: "Secretary Mnuchin decided to play games with this aid, rather than deliver it in the way Congress intended." She told CNBC the 30% loan "will lead to airline bankruptcies."

An unidentified industry executive had a similar claim, telling CNBC: "This is not what Congress approved. The aid was supposed to be $25b in cash grants and $25b in loans."

The CARES Act does not stipulate $25b in cash. It only calls for $25b in "financial assistance" as Mnuchin directs.

"Financial assistance provided to an air carrier or contractor under this subtitle shall be in such form, on such terms and conditions…as the Secretary determines appropriate," the act says.

It further states recipients of "financial assistance" may have to "in the sole determination of the Secretary, provide appropriate compensation to the Federal Government."

Those compensatory measures are at the discretion of Mnuchin. "The Secretary may receive warrants, options, preferred stock, debt securities, notes, or other financial instruments," the act says.

The initial bailout provision was contentious for over-favoring airlines at the expense of others in the aviation supply chain as well as broader public. The final bill had few conditions, unlike the sweeping requirements Democrats wanted.

Although it seems officials did not win much ground from Mnuchin, they are still receiving large support.

"While I am happy we are receiving this much-needed cash for payroll now, it adds to the significant debt we are taking on as we burn through our cash reserves," JetBlue's Hayes said. "We entered this crisis with one of the stronger balance sheets in the industry but we will come out of this with significant debt to pay down."

Will Horton
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CBS MoneyWatch

Stimulus check tracking site goes live in bid to speed emergency payments

By Aimee Picchi

Updated on: April 15, 2020 / 7:34 AM/ MoneyWatch

With millions of Americans eagerly awaiting their federal stimulus checks to help them weather the the coronavirus recession, people are now able to find out when they can expect to get their money after the government on Wednesday launched a tracking tool called "Get My Payment."

The first batch of stimulus checks — or "economic impact payments," as they are officially known — started hitting consumers' bank accounts on Saturday, the Internal Revenue Service has said. But millions of people remain unsure of when the payments will arrive because it depends on whether the IRS has your direct-deposit information and your income level. Consumers can also update their mailing addresses if they've moved since they last filed their tax returns.

The "Get My Payment" service went live on Wednesday at IRS.gov. It allows consumers to check their payment status, confirm whether they prefer direct deposit or a paper check and enter their bank account information for direct deposit if the IRS doesn't have it yet.

"We expect over 80 million hard-working Americans will get the direct deposit by this Wednesday," Mnuchin said.

Consumers will need either their 2019 or 2018 tax returns to complete the "Get My Payment" service, the IRS says. Taxpayers who haven't yet filed for either year but are required to file a tax return will need to file their 2019 return to get their payment, the IRS said.

People who aren't required to file tax returns, such as some on Social Security, can use this site for non-filers where they can send the IRS their direct deposit information.

How much you'll get

Adults with income below $75,000 are due to receive $1,200 each, while married couples earning less than $150,000 will receive $2,400.

Roughly 9 in 10 American households will get a stimulus check, which is to help people stay afloat financially during the economic downturn caused by the pandemic. But certain factors could affect how much you get, as well as how fast you receive payment.

For one, single Americans who earn over $75,000 or married couples who earn above $150,000 will see their payments decline by $5 for every $100 over those amounts, until the payments phase out entirely at $99,000 and $198,000 for singles and couples, respectively.

Families with children under 17 years old will receive $500 per child — a calculation that leaves out many high school seniors. And adults who can be claimed as dependents, such as many college students, also won't receive a stimulus check. Nonresident aliens, or those without a green card, are also excluded from the payments.

First published on April 14, 2020 / 12:22 PM

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Mnuchin's Partnership With Powell Blurs Lines Between Fed and Treasury
Bloomberg
Saleha Mohsin
Bloomberg
April 15, 2020

(Bloomberg) -- Treasury Secretary Steven Mnuchin has forged a crisis partnership with Federal Reserve Chairman Jerome Powell, giving the central bank a bigger role in U.S. fiscal policy and blurring the lines between the agencies as they unleash $4.5 trillion in stimulus to combat the coronavirus.

Mnuchin and Fed Chairman Jerome Powell work together on the coronavirus rescue "round the clock," according to the Treasury secretary. Already, the 106-year-old central bank is lending directly to main street businesses for the first time since the Great Depression.

Some analysts and former government officials see an erosion of the Fed's traditional independence from politicians in the White House and Congress, as well as a central bank straying from monetary policy -- the supply of dollars -- into tax-and-spend fiscal policy. The risk is that "fiscal dominance" of the Fed could raise inflation or create currency and banking crises down the road, said Mark Sobel, who was a civil servant at Treasury for more than 40 years.

"This crisis is blurring the boundaries between fiscal and monetary policy," he said.

Other governments and central banks also have clouded the lines. For instance, the Bank of Japan has been a key player in Prime Minister Shinzo Abe's plan to reflate the economy with a mix of monetary stimulus and fiscal spending. It now holds 43% of the national debt, which is the world's largest.

In the U.S., Mnuchin negotiated with Republican and Democratic congressional leaders to craft the $2.2 trillion virus-relief package Trump signed last month. He and House Speaker Nancy Pelosi worked to find common ground, and as the bill came together, both spoke with Powell by phone about issues including what Congress should do for the economy.

At the same time, Mnuchin was signing off on about half-a-dozen Fed actions to address the sudden economic collapse from the virus. He says there have been days when he's spoken to Powell 30 times.

Mnuchin helped set the stage for a greater role by the central bank in the way he proposed crafting the stimulus and then in shaping the Fed's role in backing small business loans.

One of the main relief measures in the stimulus is a $349 billion loan program for small businesses. Mnuchin worked with the central bank to create a secondary market for the loans after aggressive lobbying by community banks the weekend after the program launched April 3.

Doubling Balance Sheet

Now, instead of Americans buying war bonds to fight the coronavirus, it's the Fed slurping up debt. The central bank's work with Treasury is seen doubling its current $6.08 trillion balance sheet, which was already at a record high. Meanwhile President Donald Trump and Pelosi have said the next phase of virus-related stimulus spending should include $2 trillion in infrastructure development.

Congress, which has already made unprecedented demands of the Fed to cope with the pandemic, could insist it add an infrastructure program to its balance sheet.

The collaboration between Mnucbin and Powell echoes what unfolded during the 2008 financial crisis between then Treasury Secretary Hank Paulson and then Fed chairman Ben Bernanke.

But the last time the Fed and Treasury coordinated so closely was after the U.S. sold war bonds to finance World War II, Sobel said. The Treasury Department pressured the Fed to keep interest rates high to safeguard the value of that debt, contributing to 21% inflation by 1951. The conflict led to the two agencies signing the Treasury-Federal Reserve Accord of 1951, in which they vowed to "minimize monetization of the public debt."

They now find themselves beading toward breaking that promise.

That would lead to what former Fed official Stanley Fischer calls "the most extreme case" of central bank and government coordination: "pure monetary financing of government debt." Now at the BlackRock Investment Institute, Fischer and his colleagues have highlighted risks of monetary and fiscal authorities merging to deal with the next crisis but concluded that cooperation would be necessary.

"What if Congress says: We'll do another $2 trillion stimulus and the Fed needs to buy up those Treasuries?" Sobel asked. He is now U.S. chairman for the Official Monetary and Financial Institutions Forum.

Job Losses

The Fed is at the front lines trying to save the economy because monetary policy can be adjusted faster in crisis than fiscal policy, which depends on negotiations between two polarized political parties.

The coronavirus outbreak has pushed the U.S. into a dramatic economic downturn. Nearly 17 million Americans lost their jobs in the last three weeks, a pace twice as fast as during the Great Recession a decade ago. Mnuchin, Fed officials and big Wall Street banks say the worst-case scenario is 20% or more unemployment.

Mnuchin says the stimulus he helped steer to passage last month will last about 10 weeks during a virus-induced economic shutdown.

The Fed's unprecedented steps to support the law's programs include creating a secondary market for $349 billion in small business loans. The central bank also is backing a "main street" lending program for medium-sized businesses, as well as funding the purchase of some types of junk-related bonds, collateralized loan obligations and commercial mortgage-backed securities.

The Fed's measures are backstopped by $454 billion that Congress last month added to the Treasury's Exchange

Stabilization Fund.

"The Fed should have no such qualms in this moment to use its emergency authority, but it's an incredibly uncomfortable spot for it to be in," said Peter Conti-Brown, a Fed historian and an assistant professor at The Wharton School. "This is fiscal policy, this is using the central bank's emergency authority that has long pre-existed to fix dysfunctional markets in a part of the fiscal policy that has nothing to do with the Fed – like the Small Business Administration program."

Mnuchin and Congress have made the SBA program – which offers loan forgiveness if businesses retain workers – the centerpiece to the economic rescue package. Mnuchin worked with the Fed to create a facility to help speed the flow of federal funds to small companies through the Treasury Department's coronavirus stimulus package.

The Fed will take loans off the books of small banks so they can originate new ones under the Paycheck Protection Program.

Expanding Role

The Fed's involvement wasn't required under the law that created the program. Small banks lobbied Mnuchin earlier this month for a secondary market to smooth the process. The job fell to the Fed because it already has connections to banks across America, enabling it to more easily execute the lending facility.

And the central bank's role may expand. Congress and the White House are debating the details of a plan to add $250 billion to the SBA program.

Mnuchin and Powell aren't done with their blitz to help the economy survive the coronavirus shutdown. The Fed has so far used roughly 40% of the seed money that Congress has provided.They are undertaking "very, very intense cooperation," said Nathan Sheets, who worked at the Fed and later the Treasury Department during the Obama administration. "There are risks that the definition of central bank independence might be a little bit different than when we got into this crisis."

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The Hill

Treasury Dept. orders Trump's name to be printed on coronavirus stimulus checks: report

By Justin Wise - 04/14/20 09:59 PM EDT

The Treasury Department ordered that President Trump's name be printed on stimulus checks being sent to millions of American workers impacted by the outbreak of the novel coronavirus, The Washington Post reported Tuesday, citing senior IRS officials.

The move, which marks the first time a president's name will appear on a disbursement from the IRS, will reportedly cause delays for some of the $1,200 payments Congress approved in the $2 trillion stimulus package last month, two senior agency officials told the newspaper.

The Treasury Department denied that the development caused a delay, telling the Post that the "Economic Impact Payment checks are scheduled to go out on time and exactly as planned."

Trump's full name will appear on the memo line, the Post reported. About 70 million Americans are expected to receive the check with Trump's name.

The move to place Trump's name on the checks came after the president privately suggested doing so to Treasury Secretary Steven Mnuchin, the newspaper reported.

A president is not authorized to be a signer for legal disbursements by the U.S. Treasury, but administration officials said that Trump's name would instead be featured below a line that reads, "Economic Impact Payment."

An official from the Treasury Department's Bureau of the Fiscal Service will be the official signatory of the stimulus checks.

The checks are set to be mailed to individuals the IRS does not have banking information for, the Post reported, noting that the payments are separate from the ones the agency deposited to 80 million Americans' bank accounts earlier this week. The direct deposit payments don't bear Trump's name.

A Treasury official told the Post that the decision regarding the new checks was communicated to the IRS's information technology team on Tuesday. Adding Trump's name reportedly involves altering computer code that could delay the payments, the official said.

A Treasury spokesperson said in a statement that the Post's report was "inaccurate and misleading."

Monica Crowley said that the checks are scheduled to go out with "no delay whatsoever."

"Treasury and the IRS have worked around the clock to get fast and direct assistance to hardworking Americans," she added without mentioning whether Trump's name would be on the checks.

Treasury spokesperson response to last night's inaccurate and misleading Washington Post story:
pic.twitter.com/5K7SNa6PFC
— Monica Crowley (@TreasurySpox) April 15, 2020

The $2 trillion economic relief package Trump signed last month was aimed at helping American workers and small businesses impacted by the pandemic. Under the legislation, Americans who made up to $75,000 in 2019 are eligible for the full $1,200 payment. Couples who filed taxes jointly and have an income of less than $150,000 can receive $2,400, with another $500 per child. Checks began arriving in Americans' bank accounts last weekend, the IRS said.

Trump in early April denied wanting to sign the stimulus checks being doled out to Americans, following reports that he had expressed interest in doing so.

"Me sign? No," Trump said during a White House briefing April 3. "There's millions of checks. I'm going to sign them? No. It's a Trump administration initiative. But do I want to sign them? No."

Approximately 150 million Americans qualify for the one-time $1,200 payment, which is aimed at easing the economic impact of the pandemic for individuals.

The coronavirus outbreak led to a mass closure of nonessential businesses, as governors around the nation instituted stay-at-home measures to slow the spread of the disease. The virtual shutdown of the economy led to a staggering surge in unemployment claims, as many companies have laid off workers because of a halt to business.

–Naomi Jagoda contributed to this report, which was updated on April 15 at 8:59 a.m.

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Alaska Air signs on for payroll support as part of airlines' $25B coronavirus bailout b

Alan Boyle
GeekWire
April 15, 2020

Seattle-based Alaska Airlines and nine other air carriers plan to participate in a $25 billion payroll assistance program that's part of the coronavirus relief package signed into law last month, Treasury Secretary Steven Mnuchin said today.

"Conversations continue with other airlines regarding their potential participation," Mnuchin said in a statement.

Today's announcement comes after days of negotiations over the terms of the assistance program, with the Treasury Department seeking ownership stakes in at least some of the airlines that participate.

Another point of contention is the Trump administration's insistence that about 30 percent of the money provided to the airlines would be in the form of a low-interest loan. Under the deals announced today, the loans would be repaid over 10 years.

If an airline's loan exceeds $100 million, the Treasury Department would be entitled to stock warrants worth 10 percent of the excess loan amount, The New York Times reported. Airlines that accept the money would also be required to refrain from major cuts in staffing or pay through September. Stock buybacks and dividend payouts

would be prohibited until September 2021, and limits on executive pay would be in effect until late March 2022.

Alaska Airlines and its subsidiary, Horizon Air, will receive $992 million from the payroll support program, with $267 million of that sum in the form of a loan. The Treasury Department will have the right to buy 847,000 non-voting shares of Alaska Air Group at a price of $31.61 per share.

"We are grateful for and humbled by this support," Brad Tilden, Alaska Air Group's Chairman and CEO, said in a statement. "This aid will bring immediate and sorely needed liquidity to the airline industry and will enable all airlines – including Alaska – to continue serving our customers and to keep our people at work, while we adjust to an extraordinary reduction in demand.

United Airlines said it was still working out the details of its agreement with the Treasury Department. Allegiant Air said it's reviewing term sheets for federal assistance while it explores other financing alternatives.

As for the other airlines:
•Delta Air Lines will receive $5.4 billion from the payroll support program, including a loan of $1.6 billion, CEO Ed Bastian told employees in a memo. He said Delta will provide the government with warrants to acquire about 1 percent of Delta stock at $24.39 per share over five years.
•Southwest Airlines will be getting $3.2 billion in support, including a loan of almost $1 billion. The deal calls for the Treasury Department to receive warrants for about 2.6 million shares.
•JetBlue will receive $935.8 million in support, with $250.7 million in the form of a loan. The government will receive "a limited number of warrants," the airline said.
•American Airlines will receive $5.8 billion in support, including a loan of $1.7 billion. Details of the deal, including the stock warrants for the government, will be laid out in a regulatory filing, the airline said.
•Frontier Airlines, Hawaiian Airlines and SkyWest Airlines have also agreed to participate in the payroll support program, but details about their deals weren't immediately available.

The $25 billion payroll assistance program was set up under the terms of the Coronavirus Aid, Relief and Economic Security Act, or CARES Act. The detailed terms of the aid were left up to the airlines and the Treasury Department to negotiate — and not everyone in Congress was thrilled about the results.

"Although I'm glad that the Treasury is finally cutting checks for airline employees, I'm disappointed the terms will require repayment for some of the payroll grants," Sen. Ed Markey, D-Mass., said in a tweet.

The CARES Act provides another $25 billion for loans to passenger airlines, as well as $8 billion in grants and loans to cargo carriers. Alaska Airlines and Horizon Air said they would seek $1.128 billion in loans from the Treasury Department through the loan program, and American Airlines said it would seek nearly $4.8 billion in loans.

Meanwhile, Boeing is still considering how it would take advantage of federal assistance. The Washington Post quoted an unnamed Boeing official as saying "we're trying to figure out what the process and the protocol will look like with Treasury, and what will be the best way to approach it."

Today Boeing reported the cancellation of 150 orders for 737 MAX planes during March, which outweighed the month's 31 new orders for wide-body passenger planes and military aircraft. Twenty planes were delivered during March, rounding out a first quarter with only 50 commercial jet deliveries.

Boeing said in a statement that the coronavirus outbreak is dealing a heavy blow to the aviation market.

"The airline industry is confronting the COVID-19 pandemic and the unprecedented impacts on air travel," the company said. "We are working closely with our customers, many of whom are facing significant financial pressures, to review their fleet plans and make adjustments where appropriate. At the same time, Boeing continues to adjust its order book to adapt to lower-than-planned 737 MAX production in the near term."

The worldwide fleet of 737 MAX planes is still grounded in the wake of two catastrophic plane crashes, and most of Boeing's airplane production workforce has been idled due to the outbreak. However, Boeing says about 2,500 employees will be called back to their work sites in the Puget Sound region and Moses Lake, Wash., to work on defense projects and 737 MAX maintenance.
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The New York Times

Getting a Stimulus Check? Trump's Name Will Be on It
The decision to have President Trump's name appear on the checks is a break in protocol.

By Alan Rappeport

Published April 14, 2020Updated April 15, 2020, 7:57 a.m. ET

WASHINGTON — President Trump's name will appear on the economic stimulus checks that will be mailed to millions of Americans in the coming weeks, the Treasury Department confirmed on Tuesday.

The decision to have Mr. Trump's name on the checks, a break in protocol, was made by the Treasury Department after Mr. Trump suggested the idea to Steven Mnuchin, the Treasury secretary, according to a department official.

The president's name will appear in the "memo" section of the check because Mr. Trump is not legally authorized to sign such disbursements.

A department official, speaking on the condition of anonymity, denied that the decision would delay the disbursement of the checks and said that they would be mailed beginning next week. The decision about the president's name was first reported by The Washington Post.

But many Americans may not see the president's name. Those who are eligible for stimulus payments and have provided their banking information to the Internal Revenue Service will receive the money through direct deposit.

Representatives for the I.R.S. and the White House referred questions to the Treasury Department.

Treasury and I.R.S. officials briefed House Democrats about the economic stimulus payments this month and said that paper checks would be issued at a rate of about five million per week, beginning the week of May 4, for up to 20 weeks.

A memo that House Democrats drafted after the briefing made no mention of Mr. Trump's name appearing on the paper checks.

Erin Hatch, a spokeswoman for the House Ways and Means Committee Democrats, said that lawmakers were not made aware of the plan.

"The committee was not consulted about this," she said, "and we do not want the checks to be delayed for a second to add the signature."

Senator Ron Wyden of Oregon, the top Democrat on the Finance Committee, criticized the Trump administration's move to include the president's name on the relief money.

"Donald Trump is further delaying cash payments to millions of Americans struggling to pay the rent and put food on the table to feed his ego," Mr. Wyden said. "Only this president would try to make a pandemic and economic catastrophe all about him."

The Treasury said the first checks were expected to be in the mail early next week, ahead of initial estimates.
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The Hill

Federal Reserve's efforts on coronavirus raise eyebrows

By Sylvan Lane - 04/15/20 06:00 AM EDT

The Federal Reserve is pumping unrivaled levels of economic aid across the U.S., blowing through old taboos with trillions in rescue loans and bond purchases to buoy the American economy through the coronavirus pandemic.

Faced with a once-in-a-century economic crisis, the Fed under Chairman Jerome Powell has pledged to flood the U.S. with as much rescue lending and bond purchases as its legal charter allows and the economy requires.

The Fed has purchased more than $1 trillion in Treasury bonds and mortgage-backed securities — products that anchor U.S. financial markets — with no clear limit in sight.

The central bank has also opened nearly a dozen special credit facilities to purchase a wide range of consumer, corporate and government debt in exchange for loans to financial firms, businesses and municipal governments.

"We will continue to use these powers forcefully, proactively, and aggressively until we're confident that we are solidly on the road to recovery," Powell said in a speech Thursday, shortly after the Fed announced it would offer

another $2.5 trillion in economic relief, including unprecedented direct aid to nonfinancial businesses and municipal governments.

The Fed used its emergency lending powers and balance sheet to stimulate the economy and stabilize financial markets during the 2007-09 crisis and recession. While the Fed was criticized for its efforts to prop up banks a decade ago, few have questioned the necessity of its recent sprint to stop an economic collapse.

"Moral hazard is not part of the debate as it was within the Fed during the financial crisis in 2008-09," said Diane Swonk, chief economist at Grant Thornton, in a Thursday analysis.

"That is because this time really is different. We have to abandon our biases and warehouse them to deal with a health crisis. It is not the time to discuss who is worthy of our efforts."

Even so, the unrivaled scale and breakneck speed of the Fed's latest intervention have raised concerns about who may still get left behind and how much the rest of Washington should depend on the Fed's last-resort loans.

"If the Fed continues to go down this road and opens new windows and picks more sectors to support, particularly in this top-down way, the political consequences of this for independent central banking are going to be pretty interesting," said Karen Shaw Petrou, managing partner at Washington, D.C., research and consulting firm Federal Financial Analytics.

The Fed's primary responsibilities fall into two main buckets: keeping prices stable and unemployment low through monetary policy and ensuring the safety of the U.S. banks through regulation and supervision. But a provision of the bill that created the modern Fed system allows the central bank to become the lender of last resort in extreme economic downturns, with the consent of the Treasury secretary.

The catastrophic toll of the coronavirus pandemic and the recession it has created spurred few political challenges to the Fed's leap to action. With the blessing of Treasury Secretary Steven Mnuchin — Powell's chief ally within the Trump administration — the Fed has rewritten the playbook for responding to an economic crisis.

While Powell has pledged to stretch the Fed's lending authority to its legal boundaries, his hand was forced in part by President Trump and Congress. A provision in the $2.2 trillion economic rescue bill signed by Trump orders the Fed to use some of the $454 billion appropriated to backstop its emergency lending programs in facilities for businesses and municipal governments.

The Fed faced criticism during the Great Recession for its unwillingness to extend the same discounted loans to businesses and local governments that it offered to banks. It's refusal to do so was largely attributed to the political implications of choosing which specific municipalities or businesses would receive help and a concern over losing money on behalf of the U.S.

But the scale of the coronavirus pandemic and steep costs it will impose on states have largely erased any hesitation to the Fed aiding municipal governments. The central bank announced last week it would purchase up to $500 billion in bonds from cities with more than 1 million residents and counties with more than 2 million.

The Fed also announced it would offer four-year loans to companies with up to 10,000 employees or less than $2.5 billion in annual revenue that were financially solid before the coronavirus outbreak through a "Main Street Lending Facility."

"The latest actions from the Fed and the likelihood of further substantial fiscal support mean that the risk of an uncontained failure of the economy beyond, say, the end of May, has greatly diminished," wrote Ian Shepherdson, chief economist at Pantheon Macroeconomics, in a Tuesday research note.

"The speed and extent of the subsequent rebound remains deeply uncertain, but it is clear that both Congress and the Fed appreciate the depth and extent of the problem."

Few have questioned the necessity of the Fed's ambitious rescue plan. Even Trump, who ridiculed and berated Powell for nearly two years before the pandemic, has praised the Fed for its swift action.

Even so, the long-term implications of the central bank's scramble to save the economy worry some Fed watchers and analysts, especially because of the coronavirus's unique threats to the most vulnerable.

Brookings Institution fellow Aaron Klein and senior fellow Camille Busette wrote in a Tuesday analysis that while black Americans make up a disproportionate number of COVID-19 victims, "none of the thirty-five most African American cities in America meets the Fed's criteria for direct assistance."

These parameters would exclude the entire metropolitan statistical areas of Atlanta, Baltimore, Boston, Pittsburgh and Detroit and all counties in Ohio, Florida and New Jersey, they wrote.

"We are not suggesting that the Fed had racist intentions when setting this limit. To the contrary, everything suggests the Fed was just acting quickly in an unprecedented area," Klein and Busette wrote.

"Quick actions can have unintended consequences, and the Fed has time to fix this one," they added.

Petrou also noted that the Fed's cutoff for the Main Street lending program was well above the size and revenue of most small businesses facing uncertain financial danger.

"The only Main Street I know that looks like that is Park Avenue," Petrou said.

"When you're putting a $2.3 trillion program together and trying to open a lot of these complex windows essentially overnight, things will go wrong," she said.
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Larry Kudlow's War Bonds Are Coming But in a Plain Vanilla Wrapper
Bloomberg
Liz Capo McCormick and Saleha Mohsin
Bloomberg
April 15, 2020
Larry Kudlow's War Bonds Are Coming But in a Plain Vanilla Wrapper
(Bloomberg) -- President Donald Trump's top economic adviser Larry Kudlow may get the war bonds he wants as the U.S. swells its debt pile to levels unlike anything seen since World War II.

They won't actually be called war bonds, an idea Kudlow says he discussed with Trump and Treasury Secretary Steven Mnuchin. They won't actually be any different than the type of securities already being auctioned -- beside a reboot of a maturity that was previously shelved -- but they will be part of what the president calls his war with the "invisible enemy" of Covid-19. And they likely will cause the amount of U.S. debt to match the size of the economy for the first time since the 1940s.

Mnuchin is already cranking up debt issuance to fund the widening budget deficit in the wake of a $2.2 trillion stimulus package, the largest ever passed. The aid was expected to keep the economy running for another eight weeks or so, according to Mnuchin's own estimate when the law was enacted.

"The sheer amount of debt coming is really war-time sort of funding," said John Briggs, head of strategy for the Americas at Natwest Markets.

The tenors of the securities are expected to match what the government now offers, which are Treasuries with maturities out to 30 years, as well as a return of 20-year bonds.

No 50-Year

Mnuchin has heeded guidance from Treasury's debt advisory committee, which for years had stressed the U.S. should avoid bonds with longer maturities in order to best serve taxpayers. He has studied the potential of ultra-long bonds twice, with the possibility of a 50-year security re-emerging amid the current crisis.

However, Mnuchin's team concluded that the time isn't right for ultra-long bonds, despite pressure from some corners of the administration.

"We are going to be auctioning off 30-years and 20-years -- buy one of each, and it's the 50-year," Mnuchin quipped last week when pressed in a CNBC interview on the prospect of war bonds.

The 20-year bond -- which Mnuchin announced in January he would re-issue after a three-decade hiatus -- may be touted as Treasury's big war-funding splash, said Briggs.

"That way they will also be financing the rising deficit at the cheapest cost for taxpayers," he said.

The government already has been selling Treasury bills -- debt maturing in one year or less -- at a fever pitch, and boosted the size of recent three-, 10- and 30-year auctions. More is coming, with details on plans for long-term issuance slated to come at Treasury's May 6 quarterly refunding announcement.

Swelling Deficit

The extra spending combined with a likely deep recession will add $1.6 trillion to the deficit just in the next two

quarters, Briggs's Natwest colleague Blake Gwinn estimates. He sees $950 billion of that financed with Treasury bills and $250 billion via the Fed rolling over its securities into new ones. Treasury will have to sell notes and bonds to fund the remaining $400 billion.

The fiscal 2020 deficit that needs to be funded will be four times as large as last year's at $3.8 trillion, or almost 19% of gross domestic product, according to the Committee for a Responsible Federal Budget, a non-partisan group. While few in Washington see a need to prioritize fiscal prudence right now, given the economic damage being done by the virus, the CRFB warns that an unsustainable situation is brewing and corrective actions will be needed one day.

"Putting long-term deficit reduction measures in place sooner rather than later would allow policy makers to phase in changes more gradually and give those affected more warning and ability to prepare," the group wrote on its blog.

The U.S. has used special war bonds in the past, drawing on patriotism to fund military and counter-terrorism operations. Americans lent their government money through purchases of Liberty Bonds in World War I and War Bonds in World War II. In 2001, Treasury Secretary Paul O'Neill introduced "Patriot Bonds" to help finance the fight against terrorism after the Sept. 11 attacks.

All of those special offerings were savings bonds, or securities that are not tradeable or auctioned like standard Treasury debt. But this time, while Americans may be patriotic and united in a desire to fight the virus's effects, millions of them are unemployed with little spare cash to lend the government.

War bonds were also used last century to curb consumer spending and keep a lid on inflation. That's the opposite of what is needed now – especially with consumer spending making up about two thirds of GDP.

Haven Appeal

Economists at JPMorgan Chase & Co. say GDP will shrink an annualized 40% in the second quarter. The dire outlook should bolster demand from investors for the safety of Treasuries.

"There is a huge amount of debt that is coming in the second quarter," said Tom di Galoma, managing director of government trading and strategy at Seaport Global. "But there remains a lot of demand for government securities given fund managers remain concerned about the fate of the equity market. There may be some back-up in yields, but not very much."

The Federal Reserve's purchases of Treasuries, being done to ensure the smooth functioning of the bond market after it became dislocated amid the pandemic panic, will help Mnuchin by keeping yields lower than they would be otherwise. During the World War II era, President Franklin Delano Roosevelt had an understanding with then-Fed Chairman Marriner S. Eccles that long-term rates -- then at about 2.5% -- would be kept low.

The 10-year Treasury yield is currently trading at around 0.75%, compared with 1.92% at the end of 2019.

U.S. debt relative to the nation's GDP is on course to reach 100% sometime next year, comparable to levels during the World War II era, says Mark Zandi, Chief Economist at Moody's Analytics. Before the global financial crisis, it was 35% of GDP.

"There's a very fine distinction between a 'war bond' and a 10-year Treasury that is yielding what it is now," Zandi said by phone. "The difference is really in name only."

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Treasury
American Banker

April 15, 2020 Wednesday

House Dems seek details on FDIC's crisis plans following IG report

Section: Vol. 185; No. 72

Length: 298 words

Byline: Neil Haggerty

Body
WASHINGTON - House lawmakers are calling for a briefing from the Federal Deposit Insurance Corp. on how it will address an internal watchdog report that found weaknesses in the agency's crisis readiness.

The chairs of the House Financials Services and Oversight committees said in a letter Monday to FDIC Chairwoman Jelena McWilliams that an agency inspector general report last week raises "questions about whether the agency is prepared for the potential financial consequences from the coronavirus crisis."

"In light of the ongoing coronavirus pandemic and resulting strains on the global financial system, we urge you to act immediately to establish robust crisis readiness," wrote Reps. Maxine Waters, D-Calif., and Carolyn Maloney, D-N.Y.

The IG report, which was not conducted in response to the pandemic, said the agency lacks a written policy on readiness with defined roles and responsibilities for the staff tasked to respond to a crisis situation. The agency also did not train personnel to understand crisis readiness plans, the report said.

The report recommends that the agency develop an "all-hazards readiness plan that identifies the critical common functions and tasks" and that the agency document the results of its readiness plan exercises.

The lawmakers noted in their letter that the FDIC's IG assessments from 2018 and 2019 similarly identified crisis readiness as a "top challenge" for the agency.

A spokesperson for the FDIC said the agency is willing to brief the lawmakers and has acted "with urgency" to protect the health of its staff during the pandemic while carrying out its responsibilities.

"Our 6,000 employees are working every day to protect consumers and ensure the safety and soundness of the nation's financial system," the spokesperson said in an email.

https://www.americanbanker.com/news/house-dems-seek-details-on-fdics-crisis-plans-following-ig-report
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American Banker

April 15, 2020 Wednesday

Community banks call for AML relief in next coronavirus aid package

Section: Vol. 185; No. 72

Length: 332 words

Byline: Neil Haggerty

Body
WASHINGTON - Community banks want Congress to halt "beneficial owner" requirements for small-business customers tbat seek loans through the coronavirus rescue package that Congress passed last month.

In a letter Tuesday, Independent Community Bankers of America CEO Rebeca Romero Rainey said suspending the rules, which require banks to report an account's true owner to the Financial Crimes Enforcement Network, until Dec. 31 would make it easier for customers to seek Small Business Administration loans through the Paycheck Protection Program.

"This rule suspension will facilitate quick access for both PPP and non-PPP credit," Rainey wrote to House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Mitch McConnell, R-Ky. "Banks will exercise ongoing due diligence and monitoring to safeguard the PPP from fraud."

Paul Merski, group executive vice president for congressional relations and strategy at the ICBA, said beneficial ownership rules - part of broader anti-money-laundering requirements - are keeping banks from taking on new customers for the PPP because banks have to certify new customers' true owners when then they apply customers for the PPP because banks have to certify new customers' true owners when then they apply.

"If you're a new small-business customer " then every owner that owns 20% or more of the company, you have to do all of the Fincen documentation that you certify who these owners are," Merski said. "And there's just no time to do that. " Particularly in an emergency situation, it's really putting [new customers] at a huge disadvantage."

The banking industry has been engaged inongoing effortsto ease beneficial owner requirements permanently as part of AML reforms, urging lawmakers to pass legislation that would require companies to report owner information directly to Fincen at incorporation. That would take the burden off of banks.

Sen. Sherrod Brown of Ohio, the top Democrat on the Senate Banking Committee,signaledin an interview with American Banker that he might be willing to support regulators relaxing beneficial ownership requirements.

https://www.americanbanker.com/news/community-banks-call-for-aml-relief-in-next-coronavirus-aid-package
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The Wall Street Journal

Wall Street Explores Changes to Circuit Breakers After Coronavirus Crash
Financial firms look at making trading halts less likely immediately after the opening bell

By Alexander Osipovich and Dawn Lim

April 15, 2020 8:09 am ET

Financial heavyweights including Morgan Stanley, MS -3.63% ▲ Citadel Securities and BlackRock Inc. BLK -2.96% ▲ are exploring potential changes to the U.S. stock market's circuit breakers after the rarely used mechanisms repeatedly halted trading last month.

The firms belong to a loose industry task force made up mainly of brokerages, trading firms and exchanges that held several rounds of discussions in recent weeks on circuit breakers, said people familiar with the matter. The group is reviewing how circuit breakers worked during the unprecedented selloff in March triggered by concern over the coronavirus pandemic and is identifying possible fixes to recommend to the Securities and Exchange Commission.

SEC officials have taken part in the group's calls, the people said.

A major focus of the task force has been a potential revision of the circuit-breaker rules to make it less likely for a marketwide trading halt to occur right after the opening bell at 9:30 a.m. ET, the people said. That can happen if global market sentiment has sharply deteriorated overnight, putting stocks on track for big losses.

During three of the four occasions when circuit breakers were tripped last month, the halt came within a few minutes of the open when the S&P 500 dropped 7%. On March 16, trading was halted one second after 9:30 a.m. That prompted criticism that there was no point in opening the stock market only to halt trading immediately.

Still, loosening the circuit-breaker rules to let stock indexes swing more freely would chip away at a decades-old system designed to protect investors during crashes.

Circuit breakers are meant to thwart financial panics by giving investors time to pause and digest fast-moving information. The SEC first mandated marketwide circuit breakers after the Black Monday crash of 1987 and adjusted them in response to the 2010 flash crash.

Under current rules, a 7% drop in the S&P 500 triggers a 15-minute halt. If the market goes on to fall 13%, trading is halted for another 15 minutes. If it decreases 20%, trading is halted for the rest of the day. The latter two scenarios have never occurred.

Several members of the task force, according to the people familiar with the matter, suggested relaxing the circuit-breaker regime at the start of the day—between 9:30 a.m. and 9:45 a.m., for instance. Under such an approach, a drop greater than 7% would be required to halt trading during that period, the people said.

One idea was to allow the market to open down 7% but to halt trading if losses accelerated and the S&P 500 hit another threshold, such as 13%, they said. Some task-force participants questioned the need for having circuit breakers at all at the open, but others countered that it was important to retain some protections at 9:30 a.m., the people said. So far, the group hasn't come to a consensus on any changes.

Any revisions to the circuit breakers would need to be approved by the SEC in a lengthy process that would be open to public debate. The task force expects to study data from March before issuing any recommendations, the open to public debate. The task force expects to study data from March before issuing any recommendations, the people said. It is possible the group might not recommend any changes after it finishes that review.

"The SEC is pleased that different players in the industry are working together to assess how our market structure regulatory mechanisms have worked in real market conditions, and whether any changes might be warranted," Brett Redfearn, director of the SEC's division of trading and markets, said in a statement.

Exchanges and other firms agreed to form the task force last year, with SEC encouragement, before the Covid-19 pandemic sent markets into a tailspin, the people familiar with the matter said. The group had several conference calls in March when circuit breakers were tripped for the first time since 1997. That injected momentum into what otherwise would have been theoretical discussions, the people said.

The task force is also debating how to fix dislocations such as those that emerged recently between a key futures contract and an exchange-traded fund that both track the S&P 500, they said.

Prices for S&P 500 futures and the SPDR S&P 500 ETF Trust,best known by its ticker, SPY, almost always move in tandem. But if markets swing sharply overnight, gaps can appear between them, potentially sowing confusion over where stocks are likely to open in the morning.

A longstanding rule of the futures-exchange operator CME Group Inc.limits overnight price swings in the futures to 5% up or down. No similar limits govern the trading of SPY in the after-hours trading session from 4 p.m. to 8 p.m., or in premarket trading from 4 a.m. to 9:30 a.m. On March 16, at 9:20 a.m., for example, SPY was down 11% from its previous closing value, while the futures were stuck at their 5% limit-down level.

BlackRock and other task-force members are in favor of greater harmonization in how equities and futures are allowed to trade overnight, said a person familiar with the matter, but the details still need to be hashed out.

CME has said ETFs should face restrictions so they are aligned with its own limits on S&P 500 futures. Members of the circuit-breaker group have privately urged CME, also a member of the task force, to widen its 5% overnight limits, potentially to 7%, the people said.

But CME has resisted such a step. Expanding the 5% limits on S&P 500 futures in overnight trading when stock exchanges are closed would be "reckless," CME Chairman and Chief Executive Terrence Duffy said in an interview.

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The Wall Street Journal

Small Business Loan Snafus

The Paycheck Protection Program has glitches that will deny cash to many deserving borrowers.

By The Editorial Board

April 14, 2020 7:39 pm ET

Congress is rushing to add $250 billion more for small business loans amid worries that the $350 billion in last month's $2.2 trillion relief bill won't be enough. How about also patching the Paycheck Protection Program's holes?

The Small Business Administration on Friday reported that 600,000 loans totaling $161 billion had been approved, but businesses say lenders aren't disbursing money fast enough. Banks, on the other hand, say the agency's application portal has experienced technical glitches and they are getting whipsawed by constantly changing rules.

Congress didn't write clear regulations, so Treasury is issuing guidance every few days responding to questions from lenders and borrowers. Treasury says it's trying to honor Congress's intention to provide small businesses with liquidity and encourage them to retain workers during the lockdown.

But program rules are creating quandaries for many businesses. Congress allowed businesses and nonprofits with 500 or fewer employees to borrow up to 2.5 times their average monthly payroll excluding compensation over $100,000. Treasury prescribed an interest rate of 1% and a two-year amortization.

Under the law businesses can only spend the loans on mortgage interest (but not principal), utilities, rent and payroll over eight weeks after the loan is disbursed. This means businesses can't use the money to pay suppliers, contractors, creditors or insurers. Treasury has also required that businesses spend 75% of the loan on payroll to qualify for forgiveness.

qualify for forgiveness.

But that 75% stipulation isn't in the legislation, and many businesses on a normal basis spend less than half of their revenue on payroll. Those forced to shut down on government orders will have to keep paying overhead even if they have no customers. They won't stay in business long if they don't pay their mortgage or suppliers.

Workers then won't have jobs once the economy reopens, or they might quit if they calculate they'd be better off collecting enhanced unemployed benefits. If that happens, businesses would get stuck with debt they expected to have forgiven.

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One solution would be to set the maximum loan value at some multiple of standard operating expenses. Congress could also broaden loan forgiveness to cover a larger share of non-payroll costs, which would give businesses more flexibility. Or allow businesses to use loans to pay workers over a longer period so they can revive once customers return.

Another hang-up is the SBA's "affiliation" rules, which normally disqualify businesses backed by venture capital as well as franchises that employ more than 500 workers combined. Congress explicitly exempted franchises from these rules, but SBA bureaucrats have insisted that each franchise receive a waiver from the agency before getting approved for a loan.

Then there's the question of whether startups with shareholders who own stakes in other businesses are eligible for loans. Treasury last week said startups could tap loans if a minority shareholder "irrevocably waives or relinquishes its rights" to block a shareholder vote—that is, investors must permanently cede control.

This may seem like a fair price for access to cheap government loans, especially since the program isn't intended to benefit businesses with wealthy investors. But don't be surprised if investors spurn Treasury's ultimatum and pull the plug on some startups. If Congress wants to ensure startups have access to loans, they should make that clear in law.

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Congress also needs to provide absolute legal immunity for lenders. The relief bill says lenders will be "held harmless" by the SBA Administrator if they rely on borrower statements. But this provision applies only to loan forgiveness, not loan approvals. Lenders could still be sued for making loans to borrowers who fudge their qualifications.

Banks remember all too well how the Obama Justice Department used the False Claims Act to sue them after the 2008-2009 financial crisis for lax underwriting on loans insured by the Federal Housing Administration or securitized by Fannie Mae.Treasury has issued guidance assuring lenders that "the U.S. government will not challenge lender PPP actions that conform to this guidance." This was followed with a footnote: "This document does not carry the force and effect of law independent of the statute and regulations on which it is based."

In other words, trust Treasury guidance at your own risk. Banks are doing extra due diligence so they don't get whacked later for approving loans for borrowers who are ineligible under the law or Treasury's guidance. This is causing delays in loan disbursements. Congress has time to fix all these problems when it appropriates more money, and it should do so rather than defer to Treasury.

The loan program is still merely a Band-aid for ailing businesses, and many will fail no matter how much money Congress pumps out. That's why politicians and public-health officials need a plan to reopen the economy.
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The Wall Street Journal

March Retail Sales Plunged Record 8.7% as Coronavirus Shutdowns Took Hold
Social distancing, lockdowns and travel restrictions made a sharp dent in retail sales

By Harriet Torry

April 15, 2020 8:39 am ET

WASHINGTON—U.S. retail sales posted its largest drop on record in March, as widespread shutdowns from the coronavirus pandemic prompted American shoppers to sharply reduce spending on vehicles, clothing and dining.

Retail sales, a measure of purchases at stores, at restaurants and online, decreased a seasonally adjusted 8.7% in March from a month earlier, the Commerce Department said Wednesday.

Social distancing, lockdowns and travel restrictions related to the pandemic last month made a sharp dent in retail sales, which account for about a quarter of all consumer spending.

Economists surveyed by The Wall Street Journal forecast that retail sales dropped 8% in March from a month earlier.

Write to Harriet Torry at harriet.torry@wsj.com
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The Financial Times
Will Covid-19 repatriation leave us with a large tax bill?
We are returning to the UK from the US following the virus outbreak
Lucy Warwick-Ching
April 15, 2020
We are returning to the UK from the US following the coronavirus pandemic. We lived and worked in the US for several years and it is likely that we will be back in the UK for some time. We are worried we will face a sizeable tax bill from HM Revenue & Customs on our US earnings while still being taxed in the US. Is there anything we can do to ensure our repatriation does not leave us with a large tax bill?

James McNeile, a partner in the estate planning team at Royds Withy King, says residence is one factor which governs what and how much UK tax you have to pay. If you spend over 183 days in the UK in a tax year you will normally be treated as tax resident there. If you have other linking factors, such as residential property or family living in the UK, a much shorter period may cause you to become tax resident.

Special guidance issued by HMRC on March 20 suggests, though, that if an individual is unable to leave the UK as a result of closure of an international border or is asked by the employer to return temporarily to the UK as a result of the virus, then days spent here, up to a maximum of 60, will be treated as "exceptional circumstances" and ignored in the day counting exercise for residence. You do have to leave as soon as circumstances allow.

Another concession which may help is the possibility of splitting a tax year into resident and non-resident portions so that, in certain circumstances, income earned in foreign employment may not be taxed in the UK even if received in a tax year in which you eventually end up being treated as resident here.

An important point to bear in mind is that the US tax year mirrors the calendar year and the UK tax year runs to April 5. This can create mismatches and opportunities so far as the extent of yearly income is measured in each of the two countries.

You will also be able to benefit from the double tax treaty in place between the UK and US to ensure that you do not duplicate the tax paid on the same income.

Something to keep an eye on is the tax compliance position if you are a trustee of any family trusts, as the change of residence of an individual trustee can cause the trust itself to change residence status with potentially punitive results.

Stephen Metcalf, a senior manager in the private client tax team at accountants Kreston Reeves, says each country has its own set of rules to determine your tax resident status, with a common feature being a measure of the number of days spent in that country. The UK has the statutory residence test, in which the number of days that an individual is allowed to spend in the UK without becoming resident is affected by various factors including work, home and family locations. The best way you can avoid a UK tax bill will be to limit the number of days spent in the country to avoid becoming UK tax resident.

In the current circumstances, with travel restrictions across much of the globe, this is quite a challenge. The UK residence test does allow for individuals to spend up to 60 additional days in the UK in "exceptional circumstances", although that bar is set very high.

However, HMRC has provided welcome clarification, with the impact of coronavirus on travel being recognised as exceptional in a number of scenarios. This includes whether self-isolation quarantine stops you from travelling; if government advice is to not travel from the UK; border closures in other countries, such as the US currently: and your employer asking you to return to the UK temporarily.

Despite this, you may find yourself tax resident in the UK and the US. Even if you lose your US tax residence status, its tax rules can still mean you are liable as a continuing US citizen.

You will then need to consider the double tax treaty between the UK and US, which in many cases will allow for tax relief to be claimed in one country for tax paid in the other. The treaty sets out tiebreaker clauses on tax residence and also, in the cases of different types of income (employment, business income, dividend, interest), which country has the primary taxing rights and the rate of relief available.

Double taxation may cause significant cash flow problems even if there are reliefs available, as it can take time for the relevant authorities to process claims and issue appropriate refunds. It is a complicated area and one that can easily catch you out. You should therefore take action as soon as practicably possible.

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Our next question

I'm a senior executive working in management consultancy and have been asked to take a 10 per cent pay cut. My employer has not said it is temporary, just that it will be reviewed in three months. They have said that if we don't take pay cuts redundancies would be on the cards for a number of employees. Should I agree and what are the considerations?

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The Financial Times
US confident of 'fundamental shift' in oil politics
Energy secretary believes power of shale energy sector helped secure Opec cuts deal
Demetri Sevastopulo in Washington and Derek Brower in London
April 15, 2020
The US energy secretary says Washington's success in pushing Russia and Saudi Arabia to end their oil price war marks a "fundamental shift" in global oil politics, which has been made possible by its own self-sufficiency.

Dan Brouillette told the Financial Times in an interview that the shale energy revolution had "dramatically" elevated the US's negotiating power compared to its position in dealing with previous global crises.

"That doesn't make us . . . an 800-pound gorilla but it does fundamentally change the politics," he said. "When we were wholly dependent upon oil being imported into the country, we could not have brought these two major oil producers to the table to resolve their dispute."

Riyadh and Moscow ended their month-long price war on Sunday evening with the biggest oil cut deal in history. The agreement by the Opec+ group will remove almost 10m barrels a day from supply.

President Donald Trump previously said he could put tariffs on oil imports after lobbying from shale executives, including his friend Harold Hamm, head of Continental Resources, to encourage Riyadh and Moscow to agree a deal.

Asked if the threat had subsided, Mr Brouillette said tariffs were always an option. "Every nation will keep every option on the table when you're attempting to protect one of your more important or most important domestic industries.

"If you want access to the number one economy . . . you're going to agree to terms and conditions that are going to be set by that economy," he added. "Because we're able to cover our own energy needs . . . we can by inference make the point that . . . hey, you know, we maybe don't need as much as we used to need from you."

Mr Trump spoke several times to Crown Prince Mohammed bin Salman of Saudi Arabia and Russian president Vladimir Putin to try secure the deal. His intervention also helped iron out a dispute between Riyadh and Mexico.

Asked what Saudi Arabia got in return for easing its demand that Mexico agree to larger cuts, Mr Brouillette said Washington had convinced the parties not to "hold up this . . . deal over this small amount of oil and that argument won the day".

Mr Brouillette said the US had not held talks with Moscow about easing sanctions as an inducement to strike a deal. Asked how the US would respond if the producers did not honour their cuts, he said the Trump administration believed they "have every intention" of keeping their agreements. But he stressed that the market would help since "there is no market to place your oil today" because of the collapse in demand.

Oil prices have fallen since the deal as traders doubt that it can make up for the loss of up to 30 per cent of global

demand. Asked if the cuts were enough, Mr Brouillette said: "They are more than zero, which is a positive thing." He said they could end up being as much as 20m barrels because of the fall in demand.

Mr Brouillette refused to be drawn on whether the US had an optimum range for oil prices, saying it was "what the market will bear".

The energy department previously said it would open up the Strategic Petroleum Reserve so producers could store oil, soaking up some of the excess. Mr Brouillette said there were nine bids from companies to store oil in the SPR, which can legally hold up to 1bn barrels.

He said his department was talking to Congress about getting the funding to expand storage in Texas and Louisiana, and also considering other options. Congress did not provide money for the expansion in the $2tn stimulus plan recently passed to help the US weather the coronavirus public health and economic crisis.

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#Top of the Document
The Financial Times
When the government calls, companies must answer
The aim is to emerge with a sterling reputation, staff trust and solid financial base
ROBERT ARMSTRONG
Robert Armstrong
April 15, 2020
In a time of crisis, what does business owe the public good? And what can the government require companies to do? If the crisis is deep enough, the answer to the latter question is: almost anything.

In his 1942 State of the Union address, US president Franklin D Roosevelt proclaimed "overwhelming superiority of armament" a requirement for victory in the second world war. He ordered the construction of an astonishing 60,000 planes, 45,000 tanks, 20,000 anti-aircraft guns and 6m tonnes of shipping capacity that year. To reach those goals, the Office of Production Management banned the manufacture of passenger cars, diverting all of Detroit's manufacturing capacity to the war effort.

In the coronavirus pandemic, the US government's demands have been lighter — but less predictable.
Last month, President Donald Trump signed a memo ordering General Motors to "accept, perform, and prioritise federal contracts for ventilators". The memo said GM had been "wasting time", and Mr Trump tweeted that it was "always a mess with" chief executive Mary Barra. A similar memo instructed the secretary of homeland security to "use any and all authority" to secure N95 face masks from the manufacturer 3M. It came after Mr Trump said 3M would have "a hell of a price to pay" if it did not prioritise US customers.

Both companies quickly came to agreements with the administration. A GM factory will soon start turning out ventilators, and 3M has agreed to send some 166m masks to the US from its plants abroad. It may not always be so easy, however.

We are at a moment of cautious optimism about the virus's trajectory. But the worst-case scenario, in which repeated outbreaks cripple the US economy for another six months or more, may yet play out. In that case, the federal government will ask much more of a lot more companies.

The greatest risk then would come not from Mr Trump's tweets and temper but the lack of institutional structures. FDR put in place systems that filtered the executive will through agencies, boards and Congress. Business executives were not just consulted; they led the efforts. The first chair of the Office of Production Management was former GM president William Knudsen.

The rapid rise of coronavirus has made it difficult to construct that kind of structure. This may change in time, but so far Mr Trump has kept power closely held. His supply-chain task force is run by a Navy admiral, not a business leader, and it gives the presidential son-in-law, Jared Kushner, a key role.

Complicating companies' relationship with the government is the fact that the biggest challenge this time is not going to be manufacturing equipment but supporting the economy through the shutdown.

When the government tells you to make guns to kill Nazis, and offers to pay, you do it. When it tells you to administer, for a fee, the coronavirus bailout programme for small business, as US banks have been asked to do, it is almost as easy to say yes. If the next ask — implicit or explicit — is about whether companies can lay off staff or set pay, responding will be harder.

There is no guarantee that what the government asks will be reasonable. But two principles will help see companies through. First: don't wait. The best way for an industry to avoid landing on the wrong side of an unpredictable government's agenda — or of public opinion — is to act first.

We have seen some of this already. The biggest US banks announced as a group that they would suspend buyback programmes to preserve capital for lending. This was not a costless decision. With banks' share prices low, buybacks can deliver big gains to shareholders, and many bank leaders were confident they had plenty of capital. But the decision was wise. Shares can always be bought back after the crisis has passed, and acting early aligned the banks with regulators and the public good.

We will need to see similar and bolder actions, if the crisis worsens. The American industrial response to coronavirus will almost certainly be better if companies lead and the president follows.

But this can only happen if companies follow a second principle: look to the horizon. In normal times, there is a healthy tension between short-term and long-term results. In a crisis, only the long term matters. The goal must be to contribute what you can, and emerge from the crisis with a sterling public reputation, employee trust and a strong financial foundation. All this will pave the way for a better relationship with government, too.

In 1944, Sewell Avery, chairman of the department store Montgomery Ward and an ardent free marketeer, lost patience with the government rules for negotiating with the store's unions. "To hell with government!" he shouted. He was physically carried out of his office by national guardsmen. Mr Avery eventually got his company back. But today's chief executives might want to consider how a similar failure to see the big picture would play out in the age of social media.

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#Top of the Document
The New York Times
'Pretty Catastrophic' Month for Retailers, and Now a Race to Survive
March brought a record sales plunge as the coronavirus outbreak closed stores. A long shutdown could leave lasting changes in the shopping landscape.

By Sapna Maheshwari and Ben Casselman
April 15, 2020
Updated 11:05 a.m. ET
Retail sales plunged in March, offering a grim snapshot of the coronavirus outbreak's effect on consumer spending, as businesses shuttered from coast to coast and wary shoppers restricted their spending.

Total sales, which include retail purchases in stores and online as well as money spent at bars and restaurants, fell 8.7 percent from the previous month, the Commerce Department said Wednesday. The decline was by far the largest in the nearly three decades the government has tracked the data.

Even that bleak figure doesn't capture the full impact of the sudden economic freeze on the retail industry. Most states didn't shut down nonessential businesses until late March or early April, meaning data for the current month could be worse still.

"It was a pretty catastrophic drop-off in that back half of the month," said Sucharita Kodali, a retail analyst at Forrester Research. She said April "may be one of the worst months ever."

Previously, the largest one-month drop in retail sales came in the fall of 2008, when the financial crisis led spending to plunge nearly 4 percent for two straight months. Sales ended up falling more than 12 percent before they began to recover. The current crisis is on pace to surpass that collapse in a matter of weeks.

Grocery stores, pharmacies and other sellers of essential items saw a surge of demand as consumers stocked up. But that didn't come close to offsetting the steep drop in sales in virtually every other category. Spending on cars and car parts fell by more than 25 percent in March, seasonally adjusted. Sales at gas stations, pushed down by low oil prices as well as reduced commuting, fell 17 percent. And sales at clothing stores fell by more than half.

Now the question is how quickly spending will bounce back once the economy reopens, and how many businesses will survive until then.

Economists often distinguish demand that is deterred because of a crisis from demand that is destroyed. Retail probably has some of each. Someone who needs a new dishwasher might put off the purchase but will probably buy one eventually. But an office worker who puts off her springtime wardrobe refresh might just skip a year, meaning those sales are simply lost.

"Pent-up demand is what drives recoveries, and the good news there is we will come out of this with some degree of pent-up demand," said Ellen Zentner, chief U.S. economist for Morgan Stanley. She added, however, that there are "a lot of caveats."

People who lose jobs won't quickly resume spending once businesses reopen. And people willing to spend might be reluctant to congregate in malls, restaurants and other businesses that rely on face-to-face contact.

Even when demand does rebound, it might come too late for some retailers, many of which were struggling even before the pandemic because of changes in mall traffic and a long-term shift to online sales.

Apparel retailers, in particular, seem to be preparing for a substantial amount of destroyed demand. Deborah Weinswig, founder of Coresight Research, an advisory and research firm that specializes in retail and technology, said she had spoken with retailers who are preparing for holiday sales to be 40 percent lower than last year.

Gap, which has been trying to rehabilitate its namesake brand in recent years with limited success, said it would continue "aggressively" closing the brand's stores. "This crisis will absolutely set a new baseline for what component of the fleet we want to keep," Katrina O'Connell, Gap's chief financial officer, said last week on a conference call with analysts and investors.

The retail sector cut more than 30,000 jobs in 2019, and the losses would have been even greater had it not been for a surge in hiring late in the year. Some segments of the industry have been hit especially hard. Department stores employed nearly a third fewer people in February than at their post-recession peak in 2012, and their sales were down nearly 6 percent in February compared with a year earlier.

What happens to retail matters to the broader economy. The sector accounts for more than one in 10 U.S. jobs; only health care employs more. Its stores generate billions of dollars in rent for commercial landlords, ad sales for local media outlets, and sales-tax receipts for state and local governments.

If retailers survive and can quickly reopen and rehire workers, then the eventual economic recovery could be relatively swift. But the failure of a large share of businesses would lead to prolonged unemployment and a much slower rebound.

Economic policymakers in Washington have been trying to avoid that kind of cascade of business failures. The $2 trillion emergency package passed by Congress last month included expanded unemployment benefits so that laid-off workers can keep paying rent and buying food. And that package and programs announced by the Federal Reserve include government-backed loans and grants to keep businesses afloat.

Those programs have gotten off to a rocky start, however, with many businesses reporting difficulty applying for loans.

"They need lifeboats, and the lifeboats aren't getting out there fast enough," said Diane Swonk, chief economist at Grant Thornton. "This is a time when speed matters more than bureaucracy."

The disruptions from the pandemic may ultimately hand more power to retailers able to continue operating stores during the crisis.

"It's only going to cause a shakeout of a lot of retailers, and I think long-term it just means that some of these big guys get less competition," Ms. Kodali of Forrester Research said. "The less competition they have, the worse they can treat everybody, whether it's a supplier, a customer or an employee."

John Horrocks closed BlackBird Frame & Art, a custom framing business in Asheville, N.C., based on county orders on March 26 and anticipates it will remain closed through May. Mr. Horrocks, who owns the shop with his wife, is working with a local bank to secure a loan through the Paycheck Protection Program, which will help pay the staff until the business reopens.

Mr. Horrocks, 65, said that he understood the need for the shutdown but that he had been frustrated to see national retailers continue to sell nonessential goods and services even as local businesses temporarily shutter. A Michaels location in Asheville, for instance, has remained open as an essential business and continues to offer custom framing to shoppers, he said.

"My main problem with this is just the inequity of it," he said.

Michaels did not respond to a request for comment.

Mr. Horrocks said that he expected to make payroll through May "without a problem," but that "beyond that, it gets very, very difficult."

Small businesses across the country are making similar calculations. A recent survey by a team of academic economists found that roughly three-quarters of small businesses had cash available to cover two months or less of expenses; a quarter had enough for less than a month.

As a result, many small retailers are racing the clock. Two-thirds said they would be able to stay in business if the crisis lasted a month, but only a third said they would survive if the disruption dragged on for four months.

"There's no question that if it goes on for four to six months, it will be catastrophic," said Edward Glaeser, a Harvard economist who was one of the study's authors. "For many businesses, almost assuredly the answer will be closure."

The coronavirus crisis hit retailers as they were already struggling to adapt to rapidly changing shopping patterns.

"We're going to come out of this having accelerated some of the trends that were already in place," Ms. Zentner of Morgan Stanley said. "Internet taking share from brick and mortar, that's going to be accelerated."

The steep sales drop underscores the huge role that physical stores continue to play within retailing. Even as online businesses at major apparel chains and department stores have gained ground in recent years, they can't make up for the shuttering of malls and stores.

Some chains like Best Buy were quick to roll out contact-free curbside pickup for products last month. But in the long run, such chains want customers to walk around stores and talk with staff members so that shoppers take "a second bite of the apple" as they browse, said Craig Johnson, president of Customer Growth Partners, a retail consulting firm.

For many of the nation's nearly 16 million retail workers, the standstill has meant a loss of their livelihood, often overnight.

When Mia Lupo showed up to work at Bloomingdale's in Norwalk, Conn., on March 16, it was clear that nothing was normal. The few customers were mostly making returns or buying sweatpants to prepare for working from home. Workers were worried about their jobs, but also about their safety.

"None of us had any idea what was going on," Ms. Lupo, 27, said. "We're just like panicking because we're all hourly-wage workers, we need the money, but we also don't want to get sick and we don't want our families to get sick."

The next day, Bloomingdale's parent company, Macy's, announced it was closing its stores — news that Ms. Lupo learned on Twitter — and it later furloughed nearly all its workers. She is now awaiting her first unemployment payment.

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#Top of the Document
The New York Times
The Virus Is Vaporizing Tax Revenues, Putting States in a Bind
With businesses closed and obligations mounting, state finances are stretched and poised to worsen.

By Mary Williams Walsh
April 15, 2020
Updated 9:16 a.m. ET

The ballooning costs of the coronavirus pandemic have put an unexpected strain on the finances of states, which are hurriedly diverting funds from elsewhere to fight the outbreak even as the economic shutdown squeezes their main source of revenue — taxes.

States provide most of America's public health, education and policing services, and a lot of its highways, mass transit systems and waterworks. Now, sales taxes — the biggest source of revenue for most states — have fallen off a cliff as business activity grinds to a halt and consumers stay home.

Personal income taxes, usually states' second-biggest revenue source, started falling in March, when millions lost their paychecks and tax withholdings stopped. April usually brings a big slug of income-tax money, but this year the filing deadlines have been postponed until July.

"This is going to be horrific for state and local finances," said Donald J. Boyd, the head of Boyd Research, an economics and fiscal consulting firm, whose clients include states and the federal government.

Many state and local governments have already taken extraordinary measures to protect residents and keep public services running. New York lawmakers gave Gov. Andrew M. Cuomo a one-year window to unilaterally cut spending if warranted, as the state faces a shortfall of at least $10 billion in tax revenue.

In Connecticut, Gov. Ned Lamont directed an extra $35 million to the state's nursing homes so that they could pay retention bonuses, overtime and other incentives to keep workers on the job as the health crisis worsened. Oklahoma lawmakers authorized Gov. Kevin Stitt to tap into the state's $1 billion rainy-day fund to make up a $415 million budget gap he attributed to delayed income-tax payments.

Even if states are able to stretch their finances temporarily — by trimming budgets, appropriating funds earmarked for other purposes or passing emergency legislation, as many have done — the economic recovery is expected to be slow. That means tax revenues from tourism, oil and gas drilling, conventions and other activities are probably not going to bounce back.

"We can't spend what we don't have," Mr. Cuomo told the New York Legislature this month. The state is hoping to bridge its revenue gap through a mix of federal aid, loans and cuts.

Companies are unlikely to hire back the millions of workers they have laid off until they can restart normal operations, and some businesses may fold entirely. High unemployment, low consumer demand and a wave of personal bankruptcies are likely to push up the welfare-related expenses of states — on top of their pandemic-related bills.

"It will be very hard to pay for people in nursing homes, and to pay teachers to teach kids when school resumes, and to pay police," Mr. Boyd said, naming three services that are financed in large part by the states and provided by local governments. States, along with the federal government, typically reimburse nursing homes for patient care through Medicaid and other programs.

The governors of seven Northeastern states, including New York, said this week that they would coordinate efforts to reopen their economies as the rate of daily infections dropped; the governors of three West Coast states made a similar pact. The governors have been reacting to President Trump's statements on Monday that he had the ultimate power to decide when to relax stay-at-home orders and other restrictions that states have ordered to slow the spread of the virus.

Last week, the National Governors Association called on Congress to provide additional fiscal assistance to states to meet budget shortfalls arising from the crisis. "In the absence of unrestricted fiscal support of at least $500 billion from the federal government, states will have to confront the prospect of significant reductions to critically important services all across this country, hampering public health, the economic recovery, and — in turn — our collective effort to get people back to work," the association's chairman, Gov. Larry Hogan of Maryland, and vice chairman, Mr. Cuomo, said in a statement.

No two states are being affected the same way. Some of the most drastic tax revenue losses have occurred in states like Texas, Oklahoma, Alaska and Louisiana, which rely heavily on taxing oil and gas. Oklahoma based its initial budget projections on $55-a-barrel oil; lately, the price has been less than half that. The Texas Taxpayers and Research Association estimates that for every dollar decline in the price of oil, the state loses $85 million in revenue.

"The things we thought would keep us from hitting the edge of the fiscal cliff — oil prices rebounding, production coming up dramatically — those prospects look awfully dim right now," Pat Pitney, the Alaska Legislature's chief budget analyst, who was budget director to former Gov. Bill Walker, recently told the Alaska Public Media news site. "None of us knows the future. But the signs are way less optimistic than they were just a few short months ago."

Other states, like Hawaii, Nevada, New York and New Jersey, depend heavily on bringing in huge numbers of people — sun worshipers, theatergoers, gamblers, conventioneers, sports fans — and taxing their hotel rooms, tickets, restaurant meals and alcohol.

The Congressional Budget Office studied pandemics in 2006, after a devastating viral outbreak in Asia, and

warned that if a similar event happened here, "industries that require interpersonal contact" would be hit the hardest, losing 80 percent of their business for several months. And in fact, last month the New York City comptroller, Scott Stringer, reported an 80 percent decline in tourism-related industries.

"We're facing the possibility of a prolonged recession — we need to save now before it's too late," Mr. Stringer said in a statement last month. He called on city agencies to trim $1.4 billion in their planned spending so the money could be redirected to help "the hotel, restaurant, social service and retail workers who are bearing the brunt of this crisis."

States borrow money from the public markets by issuing bonds, but normally for specific projects, not to fund day-to-day operations. Last week, the Federal Reserve said it would buy up to $500 billion of short-term debt from the states, the District of Columbia, and the largest cities and counties. But the Fed made clear that the new debt purchasing program was to be used primarily for bridging over a few months of low revenue, with repayment due when normalcy returns. In a term sheet, the Fed said the states could also borrow to pay interest and principal on their existing debt, and to assist smaller localities. All borrowings must be repaid within two years.

Some policy analysts said the time frame was too short, given the bleak outlook.

Thomas H. Cochran, a senior fellow at the Northeast Midwest Institute, said it would be better if the Fed made loans that could eventually be forgiven, as long as the states could show they had used the money to keep public services at pre-pandemic levels after their revenue dried up. The institute studies urban and economic issues for an 18-state region.

Such loan repayment periods should last at least three years, Mr. Cochran said, recalling the time after the financial crisis of 2008. State and local revenues fell for two consecutive years — a first in postwar history — and did not rebound until 2016. This time could be worse.

In New Jersey, Fitch Ratings said its outlook on the state's Casino Reinvestment Development Authority had turned negative because the casinos in Atlantic City were closed. (A negative outlook means a downgrade is possible over the medium term, so that investors who want to reduce their risk can consider selling; it can also make future borrowing more expensive.) New Jersey has been using tax revenue from casinos to repay certain bonds and to help financially troubled Atlantic City.

Other states, including California, Connecticut, Massachusetts and Colorado, as well as New York, have income-tax arrangements that target high incomes and capital gains. This approach makes their revenue volatile, like the markets.

Before the pandemic, Gov. J.B. Pritzker of Illinois had called for a graduated tax, a move away from the state's current flat income tax with the goal of taxing high earners more. A referendum was scheduled for November.

Illinois urgently needs the additional revenue. Even before the pandemic, the state owed its vendors $7.8 billion, for hospitals, health insurance, higher education and consulting services, among other things. Governor Pritzker's plan is supposed to help the state increase its tax collection, but given the recent market rout and the wobbly economy, there may not be so much high-end income to tax.

David Yaffe-Bellany contributed reporting.

Correction: April 15, 2020
An earlier version of this article misstated the amount of short-term debt the Federal Reserve said it could buy from states, cities and other local governments. It could buy up to $500 billion, not $500 million.

Mary Williams Walsh is a reporter covering the intersection of finance, public policy and the aging population. She previously worked for The Wall Street Journal and The Los Angeles Times, mainly in foreign bureaus.
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#Top of the Document
The New York Times
Post-Pandemic, Here's How America Rises Again
Congress needs to invest with an eye on the nation's future.

Thomas L. Friedman
By Thomas L. Friedman
Opinion Columnist

April 14, 2020

This article is part of "The America We Need," a Times Opinion series exploring how the nation can emerge from this crisis stronger, fairer and more free. Read the introductory editorial and the editor's letter.

Hopefully, when Congress gets done allocating several trillion dollars simply to keep the economy afloat, we will be able to have another discussion: What should we invest in so we don't just burden young Americans with a mountain of new debt, but also arm them with the tools to grow out of it and still prosper in the 21st century?

These could be the most important and precious dollars we spend, so we need to invest them wisely, as President Franklin D. Roosevelt did in the 1930s by creating the Works Progress Administration and the Rural Electrification Act — giant infrastructure programs that not only helped lift us out of the Depression but also made us more productive to this day.

There are many things that I can think of — surely improved public health facilities will be on the list — but here are three less obvious investments that I'm certain would make America more resilient, more prosperous, healthier and more equal in the A.C. — After Corona — era:

More cheap, domestically produced, low- and zero-carbon energy so we become less vulnerable to the oil price manipulations of Saudi Arabia and Russia and less likely to court Mother Nature's next curve ball: climate change.

Expanded high-speed internet connectivity everywhere, but particularly in rural America, so more people can participate in the innovation economy.

Deployment across America of more affordable tools of invention, design and manufacturing — so more people can build more hardware at the points of need and help innovate our way out of this crisis — not just wait to be bailed out or for the next shipment from China.

Let me offer examples of each, starting with energy.

A lot has been going on behind the scenes on the global energy front that actually holds the promise of not only making America more energy independent, but doing it based more on clean energy than fossil fuels — if we play our cards right. But Donald Trump has not been playing our cards right. Trump has been dancing with Russia and Saudi Arabia — the opposite of investing in a clean energy economy.

For decades now Saudi Arabia has been the world's "swing producer," adjusting its oil production to steer the price to the level of its liking — usually higher. The Saudis grew comfortable doing this because they viewed their 260 billion barrels of oil in the ground as savings in the bank, so they did not care if they pumped a little more or less in any year, as long as they satisfied the needs of their growing economy.

Not any longer. Thanks to much more fuel-efficient cars, many more electric vehicles, the backlash against petroleum-based plastics, the widening global consensus on climate change and massive new U.S. oil production, Saudi Arabia is beginning to realize that its oil in the ground is not money in the bank. It's a diminishing asset, possibly a "stranded asset" that someday it may not be able to sell at any price.

As a result, the Saudis have become much more aggressive in securing market share everywhere possible instead of worrying about the price. That helped set off the recent Saudi-Russian price war. And while the two countries have apparently reached a truce — to put a floor under collapsing oil prices — I wouldn't bet on it holding.

How would a wise president play this? Not how Trump did, which was to beg the Saudis and Russians to cut production and raise oil prices so everyone in the world could pay these two petro-dictatorships more money for less oil. How foolish was that?

A farsighted leader, argued Andy Karsner, a former U.S. assistant energy secretary, "could have imposed a variable U.S. tariff or fee on imported oil, which would be easily absorbed while prices are now slumping." Such an import fee "could dynamically and automatically kick in incrementally if prices fell below an agreed floor, say $40 to $50 a barrel — the price that U.S. producers need to stay in business and supply America. The fee would disappear if prices jump above the agreed level. Brent crude is now around $31."

If we guaranteed U.S. oil producers a predictable price floor to enable the least indebted and most productive of them to survive, Karsner told me, it would pay multiple benefits: "It would raise money for us to invest in infrastructure; prevent job losses for skilled engineers and multibillion-dollar bailouts for U.S. oil companies; keep manageably low gasoline prices for U.S. consumers; and strengthen our energy security from predatory efforts by Russia and Saudi Arabia to wipe out our domestic oil industry."

But, most important, it would accelerate our clean energy transition, by shielding our electric car industry from foreign-manipulated gasoline prices and our wind and solar industries from temporarily suppressed natural gas prices.

We've got some momentum — let's pile on. As The Times just reported, "Renewable energy sources are set to account for nearly 21 percent of the electricity the United States uses for the first time this year, up from about 18 percent last year and 10 percent in 2010."

Many of our oil companies actually have been surviving on cheap credit, not smart fracking. The average return an oil company can make from fracking these days is actually the same as solar and wind in many cases, with a lot less risk.

Already, "three-fourths of the coal-fired plants in America now cost more just to operate than do brand-new solar and wind farms," said Hal Harvey, chief executive of Energy Innovation.

The best part of using a variable oil import fee to stimulate investment in a U.S. clean energy economy is that it doesn't require an outlay from the Treasury. It actually raises money for the Treasury while, as Karsner put it, "creating the incentives for America's oil companies to do what they must to thrive. And that is evolve into diversified clean energy companies."

With some policy creativity, one day we could become immune not only to Covid-19 but also to petro-dictators. Now that's healthy!

But let's not stop there. Let's also create tax, regulatory and funding incentives for every community — but particularly the many underserved rural communities — to install high-speed broadband and fiber to the home.

"Building fiber infrastructure all across heartland America ensures that high-paying jobs can take place anywhere," explained Matt Dunne, executive director of the Center on Rural Innovation, and it makes the whole country "more resilient to future pandemics and climate change-related weather events that require children and workers to stay home."

High-speed internet basically enables anyone anywhere to get training for a better job, often at low to no cost, from online universities or YouTube instructional videos.

And if you connect them, they will invent. I traveled with Dunne in September to Red Wing, Minn., south of Minneapolis, to see the creative ways in which small towns were investing in rural broadband to build gigabit networks that support high-tech start-ups and local manufacturers.

My favorites were two Minnesota inventors who came up with a robotic chicken/turkey coop cleaner. It patrols the poultry house for dead birds and tills the bedding, but with an unexpected byproduct: The birds exercise more and are healthier, because they are constantly running away from or pecking at the robot. It also decreases the pecking order, so fewer birds are picked on and shunned. Mortality decreases and money is saved on feed and medicine. It's called the "Poultry Patrol."

And its inventors were "doing their prototyping in the region because farmers there have fiber to the home," said Dunne. "While the robots work autonomously most of the time, there are significant periods when they need to be remotely operated and receive coding updates from afar, which is only possible with very fast broadband."

What Dunne proposes is tbat the federal government create a new loan program, reminiscent of the Rural Electrification Act, which would offer 50-year, no-interest loans to communities and co-ops creating rural fiber broadband networks and an easing of regulations to enable public-private coalitions to build rural broadband and attach high-speed fiber to existing telephone poles.

This connectivity would also promote another enabling platform we need: manufacturing from anywhere through a network of open-source maker spaces. This, too, requires less government funding and more inspiration and imagination to show people what is possible.

Consider Tikkun Olam Makers, or TOM, founded by the Israeli innovation shop Reut and its president, Gidi Grinstein, which now operates in 22 countries, including America. TOM seeks to take advantage of all the excess 3-D printing capabilities in any town or university or maker space to crowdsource the design and manufacture solutions for neglected problems for anyone anywhere.

One small example and one big one. A team of TOM volunteers in Tel Aviv recently created a customizable multipurpose open-source prosthesis, which was developed with the TOM community in Singapore. It was then adjusted for a single Israeli girl who wanted to play the violin, and it is available on the TOM website via free download. That prosthetic device cost $60 — as opposed to the standard price of several thousand dollars — and can be manufactured by maker spaces around the world for thousands of people with similar needs.

Today, though, said Grinstein, TOM is "creating an online library of open-source solutions for Covid-19, and we are working to build a bottom-up army of makers to distribute them all over the world. Our mission focuses us on the needs of smaller rural communities with weak health infrastructure and on the acute needs of senior homes, prisons and mental health facilities.

"For example, we have face shields and masks that were designed in international collaboration and are now distributed by the thousands in Tel Aviv, New York, Mexico City, Melbourne, Miami Beach, Belgrade, Atlanta and Santiago. The list grows every day."

In the 20th century, added Grinstein, resources were redistributed in our societies through taxation and philanthropy. So, if you were a talented person, you could write a check or volunteer at a food bank.

"But now," he said, "with these new crowdsourcing platforms, we can enable every person to contribute talents to solving our collective problems, locally and globally, on a scale that is unprecedented."

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A version of this article appears in print on April 15, 2020, Section A, Page 22 of the New York edition with the headline: Post-Pandemic, Here's How America Rises Again. Order Reprints | Today's Paper | Subscribe
#Top of the Document
The Washington Post
The Postal Service needs a bailout. Congress is partly to blame.
A 2006 law set the stage to burden the agency with $160 billion in debt

By Jacob Bogage
April 15, 2020 at 6:00 a.m. EDT
The U.S. Postal Service needs a bailout, or at least some vision for its future after the coronavirus pandemic.

The agency is burdened by hundreds of billions of dollars in debt and falling revenue, and Congress and the White House have signaled an unwillingness to grant more funding without major restructuring, lawmakers say. Conservatives see a chance to remake the Postal Service in the image of a private corporation. Liberals want to modernize what they view as a conduit essential to connecting and unifying the nation.

White House rejects bailout for U.S. Postal Service battered by coronavirus

Stuck in the middle are the Postal Service's 630,000 workers, who were assured prepaid health and retirement benefits by the 2006 Postal Accountability and Enhancement Act, known in postal circles as "PAEA" (pronounced like the Spanish rice dish). The law envisioned the Postal Service as a self-sustaining agency whose revenue could cover the expenses associated with an aging workforce involved in a physical occupation: delivering packages and parcels to every address in the country.

Not even two decades later, it can't. The Postal Service has racked up $160.9 billion in debt from what's owed prepaying retiree benefits. On top of that, it has many years' worth of operating deficits, as its top revenue generators no longer covered the costs of delivering the mail.

The industry says we have enough food. Here's why some store shelves are empty anyway.

Instead, Apple's revolutionary iPhone was released a year after then-President George W. Bush signed the bill into law. Mobile phones hastened consumer behavior changes that were already driving away the kinds of business the Postal Service had relied upon for decades. People could send texts or emails from handheld devices rather than through written correspondence. Bill payment moved online. For a generation of Americans, the Postal Service was nearly obsolete.

Then came the Great Recession, which ravaged the Postal Service by slicing the volume of first-class mail it handled — the items on which it makes the highest margin — by 13 billion items over two years. After the recession, much of that demand never returned.

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By 2009, the Government Accountability Office, Congress's nonpartisan watchdog agency, determined that the Postal Service's business model was no longer sustainable. The debt it carried jumped from $7 billion in 2008 to $10 billion in 2009.

At the end of 2019, the GAO calculated that the Postal Service had $160.9 billion in debt, $119.3 billion of which came from retiree benefits.

The mandate to prepay employees' retirement and health-care benefits is an obligation held by few other government agencies, let alone private companies. The Postal Service missed its first payment on those expenses, worth $5.5 billion, in 2011. By 2012, it exceeded its borrowing limit. And then the debt kept piling up.

"That prepayment responsibility that they've been unable to meet has exacerbated over the years," said Cary Brick, a past member of the Citizen Stamp Advisory Committee, and former chief of staff for Rep. John M. McHugh (R-N.Y.), a co-sponsor of the 2006 law. "It was bad, and it got more bad and it got worse. But now it's desperate."

How desperate? Without a $10 billion loan included in the Cares Act, the Postal Service would have had to miss a payroll or disrupt service in September. The loan, which has yet to be approved by the Treasury Department, gives the Postal Service enough cash to fund operations and make payroll until March or April 2021. But it is more debt the agency has to carry.

Tax change in coronavirus package overwhelmingly benefits millionaires, congressional body finds

"For now, the pandemic is an immediate threat to the survival of the people's post office," said Fredric Rolando, president of the National Association of Letter Carriers, the labor union that represents 280,000 active and retired postal workers.

But back in 2006, PAEA seemed like a responsible decision to the officials in charge of analyzing the Postal Service budget, GAO officials said. From 2004 through 2006, the Postal Service made $6 billion in profits, according to financials filed with Congress. It paid out retiree and worker benefits on a "pay as you go" structure, meaning the agency only paid out retiree benefits when people actually retired, just like most other government agencies. The money to pay those claims came out of the Treasury Department.

Congress and the White House still wanted some reform at the time. First-class mail volume was healthy but steadily decreasing after an all-time high in 2001 — 103.7 billion items — and profits had started to fall, as well.

"Congress had realized for some time that the post office was dealing with an outdated business model," said Tom Davis, the rector of George Mason University and a former GOP congressman from Virginia who introduced the bill. "And it still is. That hasn't changed."

Image without a caption
Parts of that 2006 law included provisions to allow the Postal Service to raise rates on certain products and gave more power to the Postal Regulatory Commission, the board of governors that oversees the Postal Service, to review the agency's use of resources. It even granted the commission subpoena power.

It eliminated the Postal Service's existing retirement escrow fund, and the agency's requirement to pay out the military pensions of veterans who worked there, which saved $61 billion over 10 years. The legislation passed with broad bipartisan support.

Cruise ships crews: Stuck at sea, paydays dwindling and searching for a way home

But the 2006 law also shifted the burden of paying for worker and retiree benefits entirely to the Postal Service. That came at the insistence of the Bush administration, Davis said. The White House no longer wanted the Treasury Department on the hook for those expenses if the Postal Service was making billions of dollars in profits.

"Predating PAEA there was increased desire on the part of the [Bush] administration to push the Postal Service toward increased efficiency and competitiveness," said Lori Rectanus, director of physical infrastructure at the GAO. "In general, PAEA really sought to make the Postal Service a high-performing, self-sufficient, efficiency-based business."

Of course, the relatively stable financial footing that enabled that perspective didn't last. First-class mail volume between 2010 and 2019 plummeted and the Postal Service ran up larger and larger operating deficits. Package volume doubled in that time frame — one of the agency's lone bright spots — but the Postal Service doesn't make enough money on package delivery for that to make much of a dent in the deficit. Postal leaders have

pitched other products to generate revenue, including banking services and prepaid debit cards, but none of those ideas ever made it to the market.

"They ought to take it up with the administration and the Congress, if they need to have it changed," said former congressman Henry A. Waxman (Calif.), one of the law's Democratic co-sponsors. "It's a charge we're not going to avoid and we're not going to leave these workers in the lurch."

Now postal leaders forecast another drop in mail and revenue because of the pandemic. Volume in the first week of March declined 30 percent, postal agency officials told lawmakers last week. At the end of June, the agency projects volume to be down 50 percent, and it could lose $23 billion over the next 18 months.

It gives the Postal Service two crises to contend with: running out of cash to finance operations and paying down debt while running a perpetual deficit. Both of those, experts said, point to a need for a bailout and some restructuring.

Jacob Bogage writes about sports for The Post, where he has worked since 2015. He previously covered the automotive and manufacturing industries for the Business section.Follow
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The Washington Post
U.S. stocks plunge amid steep fall in bank earnings, retail sales
American consumers prop up about 70 percent of the country's economy, but spending at restaurants, retail stores, malls and the like has essentially hollowed out

By Rachel Siegel and Thomas Heath
April 15, 2020 at 10:31 a.m. EDT
U.S. stocks sank at the open Wednesday, dragged down by dismal earnings and retail data that offered new snapshots into the pandemic's grip on the American economy.

The Dow Jones industrial average fell 650 points, or 2.7 percent, by midmorning and the Standard & Poor's 500 index and Nasdaq composite also fell sharply. The sell-off followed a blistering report on March retail sales, which plunged 8.7 percent for the worst monthly decline ever.

That figure stands in stark contrast to February's revised 0.4 percent decline. The drop blew past economist expectations of about 8 percent as the outbreak gutted consumer spending, yanked millions out of the workforce and forced people to stay home.

Markets were also bruised after weak earnings reports from major banks. Bank of America said its first-quarter profit dropped 45 percent, and Goldman Sachs said it suffered a 46 percent decline. Citigroup reported a similarly bleak drop.

'It feels like a war zone': As more of them die, grocery workers increasingly fear showing up at work

U.S. crude oil prices fell to an 18-year-low Wednesday on a falloff in demand. West Texas Intermediate the U.S. benchmark, was trading just above $19 per barrel, a price so low that almost no oil producer, either nation or private company, can make a profit.

The cataclysmic drop across the board in fossil fuel usage as a result of the coronavirus shutdown is rippling throughout the oil, gas and pipeline industry and cramping national and local governments that rely on oil income or taxes on gasoline for revenue. Oil and natural gas pipelines, oil drillers and oil equipment service companies also are suffering.

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"There is just a harsh global economic reality that is resulting in an epic crash in demand of fuel of all types," said John Kilduff of Again Capital.

American consumers drive 70 percent of the country's economy. But now, spending at restaurants, retail stores, malls and the like has essentially hollowed out.

"The stock market can discount the slowing of the spread of the coronavirus, but it can't ignore the sharpest one-month drop in retail sales on record," said Chris Rupkey, chief financial economist at MUFG Union Bank. "Retail sales say this is a depression, not a recession, and who knows when corporations will make money again?"

Unemployed workers on facing an uncertain future | Voices from the Pandemic

Over 10 million Americans filed for unemployment in March. Here are some of their stories. (Monica Rodman/The Washington Post)
Across the country, grocery shelves are picked clean of eggs and flour, toilet paper and disinfectant wipes. Delivery workers risk their lives to bring packages to people's doorsteps. Wednesday's figures from the Commerce Department show sales at food and beverage stores were up 28 percent compared with March 2019.

But those dynamics don't capture the full picture of just how abruptly spending has faltered. Sales at clothing stores fell by 50.7 percent compared with last year. Car sales dropped off between February and March and could decline even more by April. On Wednesday, Best Buy said it would furlough 51,000 store employees in the United States, or about 40 percent of its total workforce.

Here's what reopening the economy is likely to look like: More masks, fewer workers, high unease

"Outside of grocery stores, the story was nearly universally negative," said Jim Baird, chief investment officer at Plante Moran Financial Advisors. "Higher-ticket and non-discretionary sectors were hit especially hard. Auto and furniture sales plummeted more than 25 percent. Far and away, the greatest impact was felt in apparel retailers."

The repercussions from the coronavirus outbreak have been swift and stinging. More than 17 million Americans have filed for unemployment benefits. The federal government has responded with trillions of dollars in emergency relief to households, small businesses and entire industries. About 80 million people will receive stimulus checks by Wednesday. But even a boost of $1,200 — which people are mostly spending on food — is unlikely to save a retail sector in free fall.

The industry was struggling well before the pandemic took hold. More than 60,000 stores have closed in recent weeks, according to Coresight Research, and retailers have canceled millions of dollars' worth of orders. By the start of April, nearly 1 million retail workers were furloughed as giants including Macy's, Gap, Kohl's, L Brands and J.C. Penney sent most of their employees home without pay.

For comparison, at the peak of the Great Recession, retailers eliminated 2.6 million jobs.

Abha Bhattarai contributed to this report.

Rachel Siegel is a national business reporter. She previously contributed to the Post's Metro desk, The Marshall Project and The Dallas Morning News.Follow

Thomas Heath is a local business reporter and columnist, writing about entrepreneurs and various companies big and small in the Washington metropolitan area. Previously, he wrote about the business of sports for The Washington Post's sports section for most of a decade.Follow
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The Washington Post
Another SBA program is severely backlogged, running low on funds
Small businesses that apply are supposed to receive emergency cash within three days. Many have been waiting weeks.
By Aaron G regg, Jeanne Whalen and Erica Werner
April 15, 2020 at 10:45 a.m. EDT
An emergency loan program intended to get money swiftly into the hands of small businesses has all but collapsed under an unprecedented crush of applications and a shortage of funds, overwhelming agency officials and prompting urgent calls for action on Capitol Hill.

The Economic Injury Disaster Loan program, or EIDL, a long-standing program run by the Small Business Administration (SBA), is separate from the new $349 billion Paycheck Protection Program for small businesses that is currently the subject of a political fight on Capitol Hill.

The federal government normally doles out EIDL loans to small businesses hurt by tornadoes and wildfires. On March 12, the SBA expanded the program to help entrepreneurs hurt by coronavirus, offering low-interest loans of up to $2 million.

The EIDL program received new resources from Congress's $2 trillion coronavirus rescue package at the end of March, including $10 billion to offer grants of up to $10,000 to small businesses within three days of applying for a loan. The grants are intended to serve as a bridge for small businesses to cover rent and other expenses while they wait for the larger loans to be approved.

Thousands flood banks as federal small-business loan program has a chaotic first day

Demand for the EIDL loans and grants quickly overwhelmed the system, leaving many applicants without funds

weeks later, Democratic lawmakers and industry groups say. The SBA — which accepts disaster loan applications itself rather than outsourcing that work to banks — has received well over three million applications, a Democratic lawmaker and an SBA official said. And a shortage of funds threatens to limit the size of grants and loans small businesses receive.

"Sadly to say, we're getting low on funds," an SBA lending specialist named Roderick Johnson said in a Thursday webinar for D.C.-area Realtors. The webinar was hosted by the U.S. Senate Committee on Small Business & Entrepreneurship and posted publicly on Facebook.

In a letter published Friday, 15 lawmakers from both parties said the SBA has "failed to issue final guidance and award grants in a manner consistent with congressional intent."

"The law requires SBA to issue advances within three days of receipt of applications, yet small business owners say they are still waiting weeks after applying," the lawmakers wrote Thursday.

Sen. Ben Cardin of Maryland, the ranking Democrat on the Senate Small Business Committee, said he thinks SBA is not complying with the law. The disaster loan program has only $7.3 billion allocated to deal with $372 billion in applications, Cardin said.

"The SBA is not complying with the processing of [disaster loans] in an appropriate manner because they don't have enough resources to give them out," Cardin said. Cardin added that SBA has "slowed down the grant program because they don't have enough money and don't know what to do."

Cardin and other Senate Democrats last week proposed adding $50 billion to EIDL, along with $15 billion in new disaster grant money for the program. Those were among a number of changes Democrats have been demanding in exchange for agreeing to boost spending sought by the administration for the Paycheck Protection Program.

It is uncertain how those demands will be resolved as Congress weighs its next steps in responding to the economic toll of the coronavirus, but an agreement could be reached as early as this week that could potentially boost spending for EIDL as well as for the Paycheck Protection Program.

Public affairs representatives from the SBA and Treasury Department did not comment for this article.

The coronavirus presents a challenge that is unprecedented in the SBA's 67-year history. The agency's emergency loan office is accustomed to responding to geographically contained disasters such as hurricanes or other natural disasters. But the coronavirus has struck all 50 states at once, putting the entire U.S. service sector in an indefinite state of lockdown.

About half of U.S. small businesses surveyed had applied for an EIDL loan and grant as of April 9, according to the National Federation of Independent Business. None had received any funds as of that date.

Small businesses could run out of money before emergency federal loans arrive

The agency is scrambling to adjust its operations to handle the administrative work of processing applications. With less than $1 billion in annual funding, the SBA is the smallest of the major federal agencies listed in the president's annual budget request. It was singled out for an 11 percent funding cut in the president's most recent budget proposal.

Facing a shortage of funds, the agency limited businesses applying for grants to $1,000 per employee rather than a standard $10,000 per applicant and has considered modifying the formulas used to calculate loan amounts, according to SBA officials.

SBA Nevada District Director Joe Amato said in an April 6 webinar that the agency was bringing in private, third-party organizations to help process the loans.

"They are muddling through it. ... if it were up to me I would write you a check tomorrow," Amato told small business owners. "But it is coming ... be patient."

It is unclear how much of the emergency loan money has made it into the hands of desperate small business owners.

Brett Barry, a former Realtor who now works as a mentalist in Phoenix, said be applied for an emergency loan in late March and received a $1,000 grant in his bank account Tuesday. He received $5,000 throughb the Paycheck Protection Program the same morning, he said.

Small businesses are still awaiting emergency loans — and facing a dilemma about how to spend them

Numerous other small businesses told The Washington Post they are still waiting for an emergency loan several weeks after applying.

Jerry Akers, who runs a chain of hair salons in Iowa and Nebraska, applied for an EIDL loan more than three weeks ago but has not received any response or funds, he said Tuesday. The same is true for Dana Lieberman, owner of a recumbent bicycle shop in Los Angeles. He was able to pay rent for April on his storefront but is negotiating with his landlord about future payments.

Christopher Thrasher, a self-employed pilot in Los Angeles, applied for an EIDL loan and emergency grant March 29. As of Tuesday, more than two weeks after his application, he has received no reply and no money.

"No credit checks, no deposit, nothing," he said in an interview. "Just to be left banging for two weeks, not to know what's going on … It's disappointing," he said.

Thrasher, who flies private jets for various customers, said his business has collapsed since stay-at-home orders took effect. For now he has postponed his earlier plan to hire three pilots to join his business.

After hearing nothing about his loan application for days, Thrasher started calling an SBA customer service phone number. "After waiting on hold for over 2 hours, [I] was disconnected," he says. Between April 1 and 10 he tried calling the hotline eight times and finally made it through to a human voice.

"I was advised that no monies from the EIDL grant advances were being sent out until the loan is approved and that my loan application was not yet visible in the 'System' because only loans in the final 'approval phase' are visible," Thrasher wrote in a letter to members of Congress, summarizing his frustrations. "The representative could not even confirm that my application has been in fact received. 'I have to assume it has been received' were her exact words."

Dwight Hansen, an optometrist who employs six people in Rigby, Idaho, applied for an EIDL loan and grant at the end of March and has received no response. He received a confirmation number after submitting his application, "but there's no way to check where you are in the queue or anything, which is frustrating," he said.

Hansen also applied for a PPP loan through Wells Fargo, but has not received an approval or any funding there, either. He is currently seeing a limited number of patients with a skeleton crew. Hansen managed to make his most recent payroll, on April 7, but has told employees if he cannot make payroll on April 21 they will have to go on unemployment.

Small business associations and lobbying groups applauded the small business provisions in the stimulus legislation, known as the Cares Act, but have expressed frustration at how the programs have been implemented.

"Sadly, the disaster loan program is a complete disaster," Holly Wade, director of research and policy analysis at NFIB, the industry group for small business, said of the EIDL program.

"We have not heard from any small business owner who has received the loan. We've heard from just a handful — I want to say less than five people — who have received the emergency grant," Wade said. "There is no communication or very little at most between the SBA and applicants on the status of the loan. It's just silence."

Are you waiting on a stimulus check, loan or unemployment assistance from the Cares Act? Tell The Post.

Aaron Gregg covers the defense industry and government contractors for the Washington Post's business section.Follow

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[Traders of physical barrels of crude brace for the possibility of negative pricing; traders of energy derivatives also wary](#)

By Sarah Toy

April 15, 2020 5:30 am ET

The coronavirus pandemic is turning oil markets upside down.

While U.S. crude futures have shed half of their value this year, prices for actual barrels of oil in some places have fallen even further. Storage around the globe is rapidly filling and, in areas where crude is hard to transport, producers could soon be forced to pay consumers to take it off their hands—effectively pushing prices below zero.

The collapse is upending the energy industry and even the math used in trading energy derivatives. CME Group, the world's largest exchange by market capitalization for trading futures and options, now says it is reprogramming its software in order to process negative prices for energy-related financial instruments.

Part of the problem, traders say, is the industry's limited capacity to store excess oil. Efforts to curb the spread of the virus have driven demand to record lows. Factories have shut. Cars and airplanes are sitting immobile. So refineries are slashing activity while stores of crude rapidly accumulate.

U.S. crude inventories surged by a record 15.2 million barrels during the week ended April 3, according to data from the Energy Information Administration. Gasoline stockpiles also jumped, climbing by 10.5 million barrels, while refining activity hit its lowest level since September 2008.

The buildup of crude is overwhelming storage space and clogging pipelines. And in areas where tanker-ship storage isn't readily available, producers could need to go to extremes to get rid of the excess, said Jeffrey Currie, head of commodities research at Goldman Sachs. Those might include paying for it to be taken away.

"It's like traffic on a freeway," he said. "It gets congested when there are a lot of cars."

Crude comes in many varieties, used for a range of purposes, and different grades are priced based on several factors, including their density, sulfur content and ease of transportation to trading hubs and refineries. Heavier, higher-sulfur crudes generally trade at a discount to lighter, sweet crudes such as West Texas Intermediate because they tend to require more processing. Crudes that depend on pipeline transportation are trading at a discount right now because there is nowhere to put them and the pipelines that would normally take them away are getting jammed up, analysts and traders say.

The price of some regional crudes recently dipped into single digits. The spot price of Western Canadian Select at Hardisty—a heavy grade of Canadian crude typically transported by pipeline or rail to the U.S. Gulf and Midwest for refining—fell to just over $8 a barrel on April 1, according to an assessment from S&P Global Platts. The spot price of West Texas Intermediate at Midland fell to just above $10 a barrel on March 30, while West Texas Sour at Midland—its harder-to-refine counterpart—fell to around $7 a barrel. And one commodities trading house recently bid less than zero dollars for Wyoming Asphalt Sour crude.

It isn't just the traders of so-called physical oil who are bracing themselves for the possibility of negative pricing. Traders of energy derivatives are preparing, too. Mark Benigno, co-director of energy trading at INTL FCStone, said he has never seen oil derivatives trade below zero but began several weeks ago to assess what might happen if they do.

"It's something we have to consider," he said. "Options are structured to go to zero. That puts a limit on how much you can lose. When they go below that, it becomes a different situation entirely."

In recent weeks, traders have pinned hopes for a rebound on the Organization of the Petroleum Exporting Countries and other oil-producing nations.

Over the weekend, Saudi Arabia and Russia ended a production feud and joined the U.S. to lead a coalition of 23 oil-producing countries to cut output by a collective 9.7 million barrels a day. The feud began in March after Russia refused to participate in a Saudi-backed plan to carry out coordinated cuts. Saudi Arabia then lowered prices and raised production of its barrels, sending global prices into a downward spiral.

However, traders and analysts say the demand lost due to the coronavirus far exceeds the supply cuts.

"It's not nearly enough to make a significant shift in balancing the market," said Chris Midgley, global head of

S&P Global Platts Analytics.

U.S. benchmark prices tumbled 10% on Tuesday and are down 67% so far this year.

Prices could get a boost as energy producers are forced to shut off the taps, analysts and traders say. The fall in oil prices has hit producers hard. Chevron Corp., CVX -4.50% ▲ Exxon Mobil Corp. XOM -4.57% ▲ and Diamondback Energy Inc. FANG -8.54% ▲ have pledged to slash spending. U.S. shale driller Continental Resources Inc. CLR -9.45% ▲ recently said it would cut its output by around 30% in April and May and suspend its quarterly dividend. Denver-based Whiting Petroleum Corp. WLL -0.17% ▲ filed for bankruptcy.

Some analysts see a glimmer of hope coming from China, where there are some signals of life returning to normal. Chinese consumers have cautiously begun to travel again after hunkering down at home for two months.

Others aren't as optimistic, noting that global oil demand is still falling by tens-of-millions of barrels a day.

"We really don't know when demand will come back online," said Rusty Braziel, chief executive of RBN Energy.

Write to Sarah Toy at sarah.toy@wsj.com
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Afternoon News Roundup

From: [redacted]@treasury.gov>
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Afternoon News Roundup
April 15, 2020

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Secretary Steven Mnuchin

Americans can get stimulus payments faster with newly launched IRS site

Sarah D. Wire

,
LA Times
•April 15, 2020

Americans can speed up delivery of their up-to-$1,200 coronavirus assistance payout through a new IRS website that launched Wednesday. The site allows them to provide bank account details needed to receive electronic payment and also to check when the payment will arrive.

People will need information from their 2018 or 2019 taxes to prove their identity, Treasury Secretary Steven T. Mnuchin said this week at the White House. The site also allows people who have already provided the IRS with direct deposit information to verify which account the government has on file.

"You'll be able to put in your direct deposit information, and within several days we will automatically deposit the money into your account," Mnuchin said. "We want to do as much of this electronically as we can."

The first wave of payouts began Friday. Mnuchin said more than 80 million Americans were expected to receive the payout through direct deposit by Wednesday.

"We know how important that is to all of those hard working Americans, many of which are at home not working at the moment," Mnuchin said.

Congress approved the up-to-$1,200 onetime cash payouts last month in the $2-trillion economic relief package, and the administration has worked to rush the cash to Americans who have seen their lives upended by efforts to curb the coronavirus. But millions of Americans don't have direct deposit information on file with the IRS, either because they don't normally receive a tax refund or prefer to receive a paper check. It could take weeks or even months for people who don't now provide direct deposit information to the IRS to receive a paper check.

All U.S. residents are eligible for a payment as long as they have a work-eligible Social Security number, cannot be claimed as a dependent on another person's taxes, and meet the income requirements. Those with an adjusted gross income below $75,000 (or $150,000 for a married couple) would receive $1,200 per adult or $2,400 for a married couple. In addition, they are eligible for an additional $500 per child under 17. Americans who make from $75,000 to $99,000 (or married couples making $150,000 to $198,000) are eligible for a portion of the payment.

Taxpaying immigrants will not get a stimulus check.

Social Security recipients, even those who didn't file taxes in 2018 or 2019, should receive the money automatically. The IRS will use information on file with the Social Security Administration.

The new site is separate from the portal created Friday to allow people who do not normally have to file taxes to provide the IRS with their direct deposit information. That site is largely targeted at low-income people, the homeless and others who, it is feared, may fall through the cracks with this relief package. It should be used by people whose gross income did not exceed $12,200 for an individual or $24,400 for married couples for 2019 and who were not otherwise required to file a federal income tax return for 2019 and didn't plan to.

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Haven't received your stimulus check yet? Here's what to do

Some taxpayers have already reported receiving their money

By Megan Henney
FOXBusiness

How to spend coronavirus stimulus check if you're struggling financially

Financial expert Chris Hogan says as Americans begin to receive their coronavirus relief checks, we should be in 'conserve mode' and avoid 'any unnecessary spending.'

More than 80 million Americans are expected to receive their much-awaited stimulus check by Wednesday as the first wave of payments are deposited into taxpayers' accounts.

"If you do not receive them by Wednesday, you'll be able to put in your direct deposit information, and within several days, we will automatically deposit the money into your account," Treasury Secretary Steven Mnuchin said on Monday. "We want to do as much of this electronically as we can."

Some taxpayers have already reported receiving their money, while those who are still waiting will be able to track it online through a new portal set up this week by the Internal Revenue Service.

Those who haven't received the check yet -- filers and non-filers alike -- can also apply online by submitting their direct deposit information if it's not already on file with the agency. The "Get My Payment" tool will allow people to provide their bank information in order to get the cash. (Due to enormous volumes of people trying to check the website, there was a wait for the tool as of Wednesday morning.)

If Americans filed a 2019 or 2018 tax return, which will be used by the agency to calculate eligibility, but did not provide direct deposit information, Mnuchin said the tool can be used to input the necessary information. The payment should arrive in your account within several days.

At the heart of the largest relief plan in recent memory is $1,200 checks for individuals who earn less than $75,000 annually, $2,400 for couples who earn less than $150,000 and $500 for every child. The payments are tapered for higher-earners and phase out completely for individuals who earn more than $99,000, or couples who earn more than $198,000.

The cash is intended to blunt the financial pain for Americans caused by the coronavirus pandemic, which brought the economy grinding to a halt. In three weeks alone, more than 16 million Americans filed for unemployment, the Labor Department said last Thursday. The record-shattering number is a stunning sign of the depth of the economic calamity inflicted by the virus outbreak.

The speed at which the money is distributed depends on people's tax-filing method -- and whether the government has their banking information. Electronic payments can be disbursed quicker than cash checks, which must be printed and mailed separately.

An estimated 80 percent of tax filers will be able to easily receive the money because they already have shared account information with the IRS.

"If we have your information you'll get it within two weeks," Mnuchin said last week. "Social Security, you'll get it very quickly after that. If we don't have your information you'll have a simple web portal, we'll upload it. If we don't have that, we'll send you checks in the mail."
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Trump's name to be printed on $1,200 coronavirus stimulus checks going out to Americans

William Cummings and David Jackson, USA TODAY

Published 8:45 a.m. ET April 15, 2020 | Updated 1:18 p.m. ET April 15, 2020

WASHINGTON – When Americans receive their anxiously awaited checks from the federal government, which are being sent out to help mitigate the economic hardships caused by the coronavirus outbreak, they may notice the words "President Donald J. Trump" have been added at the bottom.

Trump suggested to Treasury Secretary Steve Mnuchin the idea of adding his signature to the $1,200 paper checks, and the department agreed Monday to add his printed name (but not his actual autograph).

The Treasury Department confirmed to USA TODAY on Wednesday that Trump's name would be on the checks, but claimed that affixing it would not delay delivery of the payments.

"Economic Impact Payment checks are scheduled to go out on time and exactly as planned – there is absolutely no delay whatsoever," a Treasury spokeswoman said in a statement. "In fact, we expect the first checks to be in the mail early next week which is well in advance of when the first checks went out in 2008 and well in advance of initial estimates."

Here is how the federal government is stepping in to support small businesses and health care providers. USA TODAY

Analysis: Trump halts funding to WHO. Experts say we need it now more than ever

She said Treasury and IRS officials "have worked around the clock to get fast and direct economic assistance to hardworking Americans" and said the quick turnaround was a "major achievement."

But The Washington Post, which first reported the story, said senior IRS officials believed the addition of the president's name could slow the printing of the checks.

There were already concerns that the outdated technology used by the IRS could delay the release of the funds, and Chad Hooper, president of the agency's Professional Managers Association, told the Post that changing the computer code to add the president's name could slow things up.

"Any last minute request like this will create a downstream snarl that will result in a delay," Hooper told the Post.

Warren endorses Biden: Elizabeth Warren endorses Joe Biden for president

The president's formal signature won't appear because he is not legally authorized to endorse the checks. Instead, his name will be on the memo line, the Post and The New York Times reported. According to the Post, it is standard for a department employee to sign the checks "to ensure that government payments are nonpartisan."

Trump had previously denied wanting to add his signature to the checks.

When asked at an April 3 news conference if he was considering it, Trump said, "There's millions of checks. I'm going to sign them? No. It's a Trump administration initiative, but do I want to sign them? No. The people are getting their money."

CARES checks: Not everyone is getting a $1,200 coronavirus stimulus check. Here's who will be left out.

Americans who have given the IRS their direct deposit information began to receive the funds on Friday and Mnuchin said he expects about 80 million taxpayers will get the money by Wednesday. Trump's name will not appear on any of those deposits.

Mnuchin told reporters Monday that electronic disbursement is the preferred way of distributing the funds and that they are trying to get the money to as many Americans as possible that way. But millions of Americans, many of them low income, will receive paper checks.

The decision to add the president's name to the checks was derided as self-serving and politically motivated by congressional Democrats, most of whom voted to approve the $2.2 trillion rescue package that included the direct payments to taxpayers.

When are you getting your check?: Here's a new way to find out

"Delaying direct payments to vulnerable families just to print his name on the check is another shameful example of President Trump's catastrophic failure to treat this crisis with the urgency it demands," House Speaker Nancy Pelosi, D-Calif., said in a statement.

"Thousands of families are running out of money as they lose their jobs. Days and hours matter. But Trump comes first," Sen. Chris Murphy, D-Conn., tweeted in response to the Post story. "So Trump is delaying the stimulus checks so his signature can be printed on each one. Him first. You second. Always."

Thousands of families are running out of money as they lose their jobs. Days and hours matter.

But Trump comes first. America always come second.

So Trump is delaying the stimulus checks so his signature can be printed on each one.

Him first. You second.

Always.
— Chris Murphy (@ChrisMurphyCT) April 15, 2020
Rep. Ilhan Omar, D-Minn., echoed Murphy's sentiment.

"17 million people have lost their jobs. Millions can't pay rent, afford food, and are sinking into debt. And the president is delaying relief for them so he can see his name on a check. Trump first, America second," she tweeted.

"You know that stimulus check you're waiting for? Trump is holding it up so he can add his signature on the check. His narcissism is costing you," said Rep. Brendan Boyle, D-Pa., who sits on the House Ways and Means Committee.

You know that stimulus check you're waiting for? Trump is holding it up so he can add his signature on the check. His narcissism is costing you. https://t.co/2qRpIB06sK
— US Rep Brendan Boyle (@RepBrendanBoyle) April 15, 2020

Rep. Jennifer Wexton, D-Va., a member of the House Financial Services Committee, derided "unnecessarily postponing the disbursement of stimulus checks to feed the president's ego or for political gain."

Former Treasury Secretary Lawrence Summers said he would have resigned if President Bill Clinton had asked him to add his name to such disbursement checks.

"A Secretary of the @USTreasury who permits this is a dangerous sycophant. This is using government as a propaganda tool," Summers tweeted.

And Walter Shaub, a former director of the independent Office of Government Ethics, tweeted, "Where you see the dying and suffering of your fellow Americans, Donald Trump sees another opportunity to promote himself – and, by extension, his reelection campaign. Corruption, you see, has its visionaries."

A spokesman for Senate Finance Committee Chairman Chuck Grassley, R-Iowa, told USA TODAY in a statement that there was nothing unusual about a president trying to associate their name with an economic stimulus program.

"During economic downturns in 2001 and 2008, President Bush included his name on letters sent in advance of recovery checks," said Grassley's spokesman, Michael Zona. "Notably, attaching a name to a check has a negligible expense, unlike the Obama administration's use of costly signs across the country at construction sites built as part of the 2009 recovery legislation."

Contributing: Michael Collins and Christal Hayes, USA TODAY; Susan Tompor, Detroit Free Press

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The Hill

Schumer and Mnuchin inch closer to a deal on small business lending, increased aid for hospitals and states

By Alexander Bolton - 04/15/20 10:49 AM EDT

Senate Democratic Leader Charles Schumer (N.Y.) and Treasury Secretary Steven Mnuchin appear to be inching closer to a deal to provide $250 billion in additional funding to a popular small-business lending program, which could run out of money as soon as Thursday, and tens of billions of dollars in more federal aid to hospitals and state budgets.

A spokesman for Schumer announced Wednesday morning that the Democratic leader and Mnuchin had another conversation earlier in the day and that "Democratic staff from both chambers will be meeting with Treasury" Department officials later in the day.

Some Senate Republican aides are expecting a deal between Schumer and Mnuchin by the time the Senate meets in a scheduled pro forma session on Thursday.

National Economic Council Director Larry Kudlow warned on Tuesday that the Small Business Administration's (SBA) Paycheck Protection Program, a popular lending program designed to keep workers on payroll, could run out of money as soon as Thursday.

Senate Democrats are also expecting a deal soon.

Sen. Doug Jones (D-Ala.) told reporters on a conference call Tuesday: "I understand that a fair amount of progress has been made," referring to discussions between Schumer and Mnuchin.

"We may be seeing some packages pretty soon," he said.

Senate Republicans caution, however, that Mnuchin does not speak for the entire Senate GOP conference and that all 53 Republican senators would have to sign off on any deal for it to pass by unanimous consent during Thursday's pro forma session.

Schumer and Speaker Nancy Pelosi (D-Calif.) are betting that Republicans will fall into line if President Trump endorses a deal between Democratic leaders and Mnuchin.

Trump last month blasted conservative Rep. Thomas Massie (R-Ky.) as a "third rate Grandstander" when he attempted to force a House roll call vote on the $2.2 trillion CARES Act, which passed 96-0 in the Senate.

Democrats want to pair the $250 billion in additional funding for the SBA program with at least $250 billion for hospitals and state and local budgets.

Schumer and Pelosi have called for an additional $100 billion for hospitals, $150 billion for state and local governments and a 15 percent funding increase for the Supplemental Nutrition Assistance Program for low-income families.

Democrats also want to set aside $60 billion of the small business funding program for women-, minority- and veteran-owned businesses in underserved urban, rural and tribal communities.

Many businesses in underserved and lower-income communities have had difficulty obtaining forgivable loans backed by the federal government because of the lack of existing relationships with community banks and credit unions.

Updated at 11:33 a.m.
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Politico

IRS launches second web tool to expedite stimulus payments
More than 80 million Americans have received payments since they started flowing last weekend, Treasury Secretary Steven Mnuchin said.

By TOBY ECKERT

04/15/2020 11:16 AM EDT

The IRS launched a second online tool designed to help expedite economic stimulus payments on Wednesday.

The Get My Payment portal will allow taxpayers to give the agency direct deposit information for their bank accounts if they didn't include it on their 2018 or 2019 returns. Treasury and IRS officials are hoping to get the stimulus payments to as many people as possible through direct deposit to avoid delays.

It could take as long as five months to get paper checks to people through the mail, the agency has told lawmakers. But even that timeline appears uncertain for some taxpayers, since the IRS has suspended processing paper returns, the agency's national public liaison told tax industry professionals Monday.

The Get My Payment portal will also allow people to track the status of their payments.

More than 80 million Americans have received payments since they started flowing last weekend, Treasury Secretary Steven Mnuchin said in announcing the launch of the portal.
To set up direct deposit, taxpayers will have to provide their adjusted gross income from their 2018 or 2019 returns, whichever they filed most recently; the refund or amount they owed from that return; and their bank account type, account number and routing number.

The IRS launched a different web tool last week that allows people who didn't file returns in 2018 or 2019 to provide basic personal information to the agency to receive their payments.

The program is part of the massive coronavirus-response legislation enacted last month. The payments are up to $1,200 for individuals, $2,400 for couples and an extra $500 for children under 17 who qualify.

The payments start phasing out for individuals with incomes above $75,000, or $150,000 for couples.
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Roll Call

Negotiations ramp up on small-business aid with funds running dry
Democratic aides to meet with Treasury officials to try to hammer out a compromise package by this weekend

By Jennifer Shutt

Posted April 15, 2020 at 11:18am

Top Democrats and the Trump administration were in talks about a new COVID-19 aid package Wednesday as new data showed a popular small-business loan program could be out of money by Friday.

Democratic staff from the House and Senate plan to meet with Treasury Department officials later on Wednesday, following a morning conversation between Senate Minority Leader Charles E. Schumer and Treasury Secretary Steven Mnuchin, according to a Schumer spokesman.

Democrats agree on the need for small-business funds. But the dispute has centered around how to allocate the money as well as provide additional relief for state and local governments, hospitals and low-income households.

"I can't guarantee we can get an agreement that we will pass on Friday, but that would be optimal if we could," House Majority Leader Steny H. Hoyer, D-Md., said on a call with reporters Wednesday.

The talks are the first real sign of progress since the White House sent Congress a request for an additional $251 billion in funding for the so-called Paycheck Protection Program last week.

The initial $349 billion provided in last month's $2.3 trillion economic rescue package for businesses shuttered by the COVID-19 pandemic is running out fast.

New data from the Small Business Administration show that as of Wednesday morning, there was just $60 billion left in the account. That's after more than $40 billion was distributed on Tuesday, a "burn rate" that's increasing as small businesses rush to their lenders for aid before the money runs out.

Top Republicans and administration officials have said for days the money could run out before this weekend. But the latest rush for cash suggests lawmakers and the White House may have even less time to strike a deal or risk leaving small businesses who haven't yet been approved on the sidelines, at least temporarily.

The PPP is in such hot demand because it allows eligible firms to skip repayment on eight weeks' worth of their loans, which are equal to up to 250 percent of monthly payroll expenses.

Companies are only able to spend up to one-fourth of the money on other fixed costs like rent and utilities, however, so Democrats want to boost allowable loans to 300 percent of payroll to enable companies to meet their nonpayroll expenses.

The average loan has been for around $239,000, according to the SBA.

Democrats also want to put $65 billion into a related disaster loan program for up to $2 million in "economic injury" expenses, of which up to $10,000 in cash advances don't need to be repaid. That program has also proven immensely popular, to the point where SBA last week started rationing the maximum loan size down to a fraction of the total.

Senate Majority Leader Mitch McConnell, R-Ky., tried to pass a two-page bill simply boosting the existing PPP allocation to $600 billion by a unanimous consent request last week, but Democrats objected.

Schumer, D-N.Y., and Speaker Nancy Pelosi have called for changes to the structure of the small business loan program, to ensure that at least half of the new funding, or $125 billion, would go to small businesses without traditional relationships with big banks. This would help women- and minority-owned businesses as well as people in rural areas and farmers access the funding, they said.

Democrats also want the package to include an additional $100 billion for hospitals and other health care facilities, $150 billion for state and local governments, and a 15 percent increase to the maximum monthly benefit for those on the Supplemental Nutrition Assistance Program.

Until now, GOP lawmakers have been resistant to entering negotiations with Democrats, saying the PPP is the only program from the $2.3 trillion package about to run out of funding. Republicans said that discussions over additional funding could wait until Congress begins work on the next COVID-19 aid package.

"Right now we are just sending the money out to the hospitals and states," Mnuchin said during Wednesday's daily White House coronavirus briefing. "They haven't come close to using that money. I know the president and vice president have said, once we get the SBA done we can go into another funding bill."

Jim Saksa, Lindsey McPherson and Niels Lesniewski contributed to this report.
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Schumer and Mnuchin Talk In Hint of Break in Stimulus Stalemate
By Steven T. Dennis, Laura Litvan and Billy House | Bloomberg
April 15 at 1:12 PM
Senate Democratic leader Chuck Schumer and Treasury Secretary Steven Mnuchin talked Wednesday and a meeting has been set with staff in the first public sign of a possible break in the stalemate over replenishing funding for a small business aid program.

Staff from the offices of Schumer and House Speaker Nancy Pelosi will meet with Treasury officials, spokesmen for Schumer and Pelosi said, amid mounting pressure on Congress to act before the Paycheck Protection Program runs out of funding.

The Democratic leaders have been at odds with Senate Majority Leader Mitch McConnell and the Trump administration over putting more money into aid programs designed to stem some of the economic damage from the nationwide shutdown caused by the coronavirus pandemic.

Republicans want to limit action now to adding $250 billion to the small business aid plan, a key part of the $2.2 trillion stimulus passed late last month. Democrats want to put an additional $250 billion into assistance for state and local governments and hospitals.

But until Wednesday there has been no sign of negotiations to bridge those differences since last week.

If all sides can put together an interim package, it would require unanimous consent in the Senate and similar support in the House to move quickly, with both chambers planning to stay away until May.

Congress faces added pressure to act after President Donald Trump's chief economic adviser, Larry Kudlow, said Tuesday that the $349 billion small business program could be exhausted by Thursday, when the Senate is scheduled to hold a pro-forma session.

Separately, National Governors Association Chairman Larry Hogan, a Maryland Republican, made a plea for $500 billion in federal aid to help states and territories meet budgetary shortfalls.

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Coronavirus stimulus checks: New IRS tool tracks your payment — but it's down for many

Denitsa Tsekova
Reporter
Yahoo Money
April 15, 2020
While 80 million Americans have received stimulus checks, those still waiting can now track the payment on the Internal Revenue Service website.

If it works for them.

Read more: Coronavirus stimulus check: How to get one if you don't file your taxes

"The free 'Get My Payment App' will allow Americans who do not have their direct deposit information on file with the IRS to input it, track the status, and get their money fast," Secretary Steven Mnuchin said in a statement.

However, on Wednesday morning, the tool apparently wasn't working for some. Several Yahoo Finance reporters received a "Payment Status Not Available" response when they entered their information. Others on Twitter reported a similar result.

About 175 million Americans are eligible for the stimulus payments, according to the White House. Mnuchin stated on Wednesday morning that "more than 80 million Americans have already received their Economic Impact Payments by direct deposit."

The new tool allows Americans to follow the scheduled payment date for either a direct deposit or mailed check. It's an online app that works on desktops, phones, or tablets and doesn't need to be downloaded from an app store, The Treasury said.

To track your payment, you must provide basic information including:

Social Security number

Date of birth

Mailing address

The tool also lets people provide their bank account details to get their payment by direct deposit instead of waiting for a mailed check, which go out April 24.

If you filed a tax return in 2018 or 2019 but didn't provide direct deposit information, you'll be able to identify yourself, input that banking information, and receive the payment in several days in your account, according to Mnuchin.

To add direct deposit information, you will need to provide:

Adjusted gross income from your most recent tax return submitted, either 2019 or 2018

The refund or amount owed from your latest filed tax return

Bank account type, account, and routing numbers

Read more: Coronavirus stimulus check scams: How to avoid becoming a victim

As part of a $2 trillion coronavirus relief package, many Americans will get government checks up to $1,200 — plus $500 per child — to help them ride out a job loss, reduced work hours, and other money challenges as the country tries to stem the pandemic.

But some Americans could see a delay for their paper checks after the Treasury Department ordered that President Donald Trump's name to be included on the printed checks.

Here's everything you need to know about the stimulus check.

Who gets a stimulus check?
"Our updated estimate is that 93.6 percent of |tax| filers will have a rebate," said Garrett Watson, senior policy analyst at The Tax Foundation. "And this works out to approximately 140 million households."

Your eligibility is based on your most recent tax return and your adjusted gross income. If you already filed your 2019 taxes, your eligibility will be based on that. If not, the Internal Revenue Service will use your 2018 taxes to determine if you qualify.

The benefit is available not only to those who have filed taxes, but also to those who receive Social Security benefits as long as they've received their SSA-1099 or RB-1099 forms.

Read more: Tax deadline postponed: Why you should still file as soon as you can

Single adults with income up to $75,000 will get a $1,200 payment. Married couples with income up to $150,000 will get $2,400. Single parents who file as head of household with income up to $112,500 will get the full $1,200 check.

Additionally, Americans who qualify for the stimulus payment and have children will get an additional $500 per child under 17.

Reduced checks will be available for single adults who earn between $75,001 and $99,000 and married couples who earn between $150,001 and $198,000. The check will be reduced by $5 for every $100 over $75,000 for single adults and $150,000 for married couples.

Who doesn't get a check?
Single adults who make more than $99,000 and married couples who earn more than $198,000 won't receive stimulus checks.

Those without a Social Security number and nonresident aliens — those who aren't a U.S. citizen or U.S. national and don't have a green card or have not passed the substantial presence test — aren't eligible.

You're also ineligible if your parents claim you as a dependent on their taxes.

How will the government send you the stimulus check?
The IRS will use the direct deposit information you provided from the taxes you've filed either for 2019 or for 2018.

If you have no direct deposit information on file or if the account provided is now closed, the IRS will mail you a check, instead.

When will the stimulus check arrive? It depends.
Treasury Secretary Steven Mnuchin said at a White House briefing on April 2, that those Americans who have signed up for direct deposit will receive their payment within two weeks.

Stimulus payments roll off printing presses at the San Francisco Regional Financial Center in Emeryville, Calif., Thursday, May 8, 2008. The first batch of rebate payments started hitting bank accounts last week through direct deposits. Bush administration officials are visiting government check printing centers around the country on Thursday for events highlighting the fact that millions of rebate checks are in the mail. (AP Photo/Eric Risberg)
Stimulus payments roll off printing presses at the San Francisco Regional Financial Center in Emeryville, Calif., Thursday, May 8, 2008. (AP Photo/Eric Risberg)
More
"Social Security, you'll get it very quickly after that," Mnuchin said. "If we don't have your information, you'll have a simple web portal, you'll upload it. If we don't have that, we'll send you checks in the mail."

The payments will be deposited directly into your bank account if you received your last tax refund or expect to

receive this year's refund that way.

Otherwise, checks will be mailed, which could take longer to get to Americans. Adding to the complications, about 6% of U.S. adults — or about 12 million Americans — do not have a checking, savings, or other bank account, according to a 2018 Federal Reserve report.

The New York Times, citing IRS guidelines that detail how Americans who aren't usually required to file tax returns will need to do so to receive payments, noted the guidance "will almost certainly mean longer waits for those who must file new returns to be eligible to receive a stimulus payment."

Americans with the lowest income will get mailed checks first, according to reporting by the Washington Post. Here's the timetable for the first checks, per IRS documents seen by the Post:

Taxpayers with income up to $10,000: April 24

Taxpayers with income up to $20,000: May 1

Taxpayers with income up to $40,000: May 15

The rest of the checks will be issued by gradually increasing income increments each week. Households earning $198,000 who file jointly will get their reduced checks on Sept. 4. The last group of checks will be sent on Sept. 11 to those who didn't have tax information on file and had to apply for checks, according to the Washington Post.

How can those who don't file taxes get a payment?
Americans who don't usually file taxes can register to get their stimulus aid checks on IRS website or use Turbotax's free tool to file a minimum tax return.

TurboTax's tool helps determine if you're eligible for the stimulus payment. If eligible, you need to answer a few questions and choose whether to get the payment though direct deposit or check.

"There are as many as 10 million Americans who are not required to file a tax return," TurboTax said in a statement. "Because the IRS will use the federal tax return to determine and send individual stimulus payments, these individuals are at risk of not receiving their stimulus payment."

Social Security recipients and those required to file tax returns don't need to provide additional information, but still must meet the eligibility criteria to get a payment.

Do you have to pay back the stimulus check?
No. The stimulus payment is actually a refundable credit against your 2020 tax liability, according to Kyle Pomerleau of the American Enterprise, and is paid out as an advanced refund. That means you don't have to wait to file your 2020 taxes to get the money.

It also doesn't reduce any refund you would otherwise receive, Watson said.

In fact, if you don't qualify for the stimulus check now based on your 2018 or 2019 tax returns, you may be able to qualify to take the tax credit next year when you file your 2020 taxes if your income meets the thresholds.

Denitsa is a writer for Yahoo Finance and Cashay, a new personal finance website. Follow her on Twitter @denitsa_tsekova.
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Politico

Republicans wary of Mnuchin's coronavirus relief talks with Dems
"Mnuchin can make all the deals he wants to with Speaker Pelosi ... but I think it's going to have a tough time in the Senate."

By BURGESS EVERETT and HEATHER CAYGLE

04/15/2020 01:05 PM EDT

Democratic leaders say they are talking with Treasury Secretary Steven Mnuchin about how to break a stubborn impasse over the next congressional response to the coronavirus pandemic. But there's just one problem: Senate Republicans might not go along.

Speaker Nancy Pelosi "has a lot of whole other demands. I know that Secretary Mnuchin is negotiating with her. And that's all well and good," said Sen. John Kennedy (R-La.) in an interview Wednesday. "It's still got to pass the Senate. And I think there are a lot of Republicans that are going to have a lot of questions of whatever the secretary and the speaker agree to. Just because they agreed to it, it's not a done deal."

Senate Minority Leader Chuck Schumer (D-N.Y.) spoke to Mnuchin on Wednesday, aiming to open up negotiations with him and Pelosi. The speaker, who is working remotely from San Francisco, has not talked to Mnuchin recently. But staff for the two Democratic leaders, Mnuchin and his aides are working to schedule a telephone call to discuss how to break a stalemate over what to do next in response to the virus' hit on the economy and unemployment.

"We see no reason why we can't come to an agreement," Schumer said on Wednesday.

Meanwhile, the $349 billion Paycheck Protection Program is expected to be fully subscribed as soon as Thursday, according to Republicans, when the Senate's next pro forma session is scheduled. Banks, however, have indicated the funds could run out by the end of the month. Led by Senate Majority Leader Mitch McConnell (R-Ky.), Republicans want to approve $250 billion to replenish the program immediately; Democrats want both changes to the program and $250 billion more for local governments and hospitals.

And Democrats made clear on Wednesday they are still not backing down. House Majority Leader Steny Hoyer (D-Md.) said his party is "hopeful that Republicans will agree that we need to deal with state and local and tribal government as well as our health care providers."

On a private call with House Democratic freshman lawmakers Tuesday, Pelosi also signaled as much. The speaker indicated negotiations were at a logjam, saying Democrats have laid out their offer and now it's up to Republican leaders to come to the table and compromise, according to sources on the call.

That's the fray Mnuchin is entering — and it's one that some Republicans aren't sure he's ready to navigate. That's because there's a difficult hurdle in Congress, which is now officially on recess until May 4 as lawmakers do their part to try to stop the spread of the coronavirus. One lawmaker can derail legislation in the pro forma sessions each chamber holds twice a week.

And Republicans say Mnuchin can't exactly negotiate on behalf of the entire GOP as is necessary, unlike during normal times when 60 votes rule the day in the Senate and a bipartisan coalition can steamroll objections from the right flank of the party.

"I don't see us giving in. I just don't," Kennedy said. "Secretary Mnuchin can make all the deals he wants to with Speaker Pelosi, I'll certainly look at them, but I think it's going to have a tough time in the Senate."

"Mnuchin doesn't represent congressional Republicans in their entirety," said a Senate Republican aide. "But that's what you need with UC (unanimous consent). If Mnuchin deals, he better be ready to sell this to our conference. And he better have the president on board."

Trump has said he doesn't want to add anything beyond small business relief in the interim relief bill, tweeting this week that he wants to "Replenish Account Now!"

The Treasury Department did not immediately respond to a request for comment. And Republicans have generally praised Mnuchin's responsiveness in recent weeks running Treasury, even if they aren't exactly urging him to cut a deal with Democrats.

And there's no sign of anyone bending. Sen. Susan Collins (R-Maine) said in an interview Tuesday that Democrats'requests are worthwhile but should be negotiated later. The Paycheck Protection Program, she argued, is what's needed now and she implored Democrats to abandon their demands to broaden the scope of the package.

"I am really surprised that Sen. Schumer doesn't see the need to replenish this program. This doesn't mean that there aren't other programs that don't warrant additional funding, but this program is going to run out for certain," said Collins, among the most amenable Republicans to cutting a deal.

Hoyer replied: "We think what we asked for was equally necessary" to the small business funds.

"I don't think it's the substance of our request that seems to be the problem. It was the process — they didn't like adding on to their request," he added.

McConnell may decide to try again Thursday to pass his package and force Democrats to block it. And just like last week, Democrats could decide to offer their proposal and watch McConnell spurn them.

The House has its own pro forma session Friday, a deadline Hoyer said he hopes negotiators are able to meet to pass an interim deal. But privately, aides in both parties say congressional dealmakers seem much further apart, predicting the impasse could carry over into next week.

Marianne LeVine contributed to this story.
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Coronavirus economic threat – A mortgage industry calamity is looming
Under the CARES Act, Congress has invited millions of Americans to stop paying their mortgages

By Christopher Whalen
FOXBusiness

The coronavirus pandemic is perhaps the single biggest crisis to hit the U.S. economy since the 1930s. Large swaths of the U.S. economy have been idled and particularly the services sector is being decimated in a way that harkens back to the Great Depression. Double-digit unemployment seems inevitable by June, with all of the attendant economic and financial consequences.

Amidst this chaos and dislocation, the U.S. housing industry should be a bulwark upon which the economy may find support. After all, virtually all residential mortgages and many multi-family commercial loans in the U.S. are government-guaranteed, right?

Correct, but a series of missteps and outright errors in judgment by federal regulators are turning a bad situation in housing into a calamity that may lead to a U.S. debt default.

The mortgage industry is essentially a large cooperative network. The homeowner pays the mortgage. The bank or nonbank loan servicer transfers the payment to a bond investor and retains a small fee. The loan servicer also pays the property taxes and insurance on the property, protecting not only the home but the municipal finances of communities around the country. The total flow of interest, principal, taxes and insurance made by banks on behalf of homeowners runs into the tens of billions of dollars every month.

Under the CARES Act, Congress has invited millions of Americans to stop paying their mortgages. The impact of this massive unfunded mandate is that the U.S. financial system is headed for a potential default when the cash flow expected from millions of Americans does not arrive.

Bear in mind that these same Americans will stop making payments on car loans, credit cards and other obligations at the same time that they stop paying the mortgage.

The Trump administration has been slow to fashion a solution for dealing with the cash shortfall that will hit the U.S. financial system in about 30-45 days.

The mortgage industry, including banks, nonbank lenders and servicers, and the government-sponsored enterprises (GSEs) like Fannie Mae and Freddie Mac, will be able to make required payments on $7.7 trillion in mortgage-backed securities in April. But by May, the system will run out of cash and neither the banks, the nonbanks or the GSEs will be able to pay the holders of mortgage bonds – bonds, by the way, which are guaranteed by the U.S. Treasury.

Congress has invited millions of Americans to stop paying their mortgages. The impact of this massive unfunded mandate is that the U.S. financial system is headed for a potential default when the cash flow expected from millions of Americans does not arrive.

If the issuers in the $2.2 trillion government loan market or the $5.5 trillion conventional loan market fail to make the bond payments to investors, then the Treasury must step in to honor the guarantee.

In the government market, the issuer will notify Ginnie Mae of the shortfall and ask the Treasury to honor its guarantee.

In the conventional market, the issuer will notify the GSEs of a shortfall and the GSEs will need to request funds from the Treasury. Either way, all roads in this increasingly dangerous situation end with Treasury Secretary

Steven Mnuchin.

While Ginnie Mae has begun to fashion a temporary solution to fund the payment arrears in the government market, it is unlikely to be sufficient given the likely size of the loan payment shortfalls that are building each and every day. Hundreds of thousands of borrowers are seeking loan forbearance daily from banks and nonbank lenders.

The accumulated defaults on payments of interest and principal are forming a financial tsunami that could ultimately force a US debt default unless steps are taken now to prepare for this peak in loan forbearance.

Just as U.S. medical professionals must judge the rate of infection from COVID-19 and try to discern when the cases will peak, so too the U.S. financial system is facing a peak of loan defaults that must also be anticipated and managed.

In particular, Secretary Mnuchin needs to quickly fashion a consensus among federal regulators to support the cash needs of the housing finance industry in a way that will honor payments to mortgage bond investors while also giving loan servicers the resources to deal with millions of troubled borrowers.

Specifically, the Treasury needs to work with the Federal Reserve to fashion a liquidity facility for government lenders and servicers. While Ginnie Mae says that it wants to reimburse missed loan payments on a case-by-case basis, this approach will very quickly be shown to be inadequate to the task.

In the larger conventional market, the Treasury needs to take control over the GSEs and use their balance sheets to provide advances to fund missed payments on agency securities.

One big obstacle facing the Trump administration in fashioning a workable solution to fund missed mortgage payments is Federal Housing Finance Agency head Mark Calabria. Recently, the GSEs Fannie Mae and Freddie Mac had a liquidity facility ready to put in place to support conventional issuers.

Meetings were scheduled with members of Congress to discuss the plan. Then, suddenly and without any explanation, Calabria ordered the GSEs to stand down and shelve plans to support the industry. To say that people in and around the housing industry were flabbergasted is an understatement.

Following Calabria's action to shut down the servicer liquidity facility planned by the GSEs, the Financial Stability Oversight Council or "FSOC" met and decided to take a "wait and see" approach to providing liquidity to mortgage servicers, banks and nonbanks alike. The FSOC's decision was largely taken because of erroneous advice from Director Calabria, who has never actually worked in finance much less in the housing industry. The FSOC and Director Calabria are playing with fire.

The White House, Treasury and Federal Reserve need to put aside Director Calabria's flawed advice and announce a "solution" to the liquidity issue for agency residential mortgages this week.

We then have a couple of weeks to work out the details, which in simple terms involves the bank and nonbank servicers running an overdraft secured by the mortgages and financed by the Fed.

If a solution is not put in place quickly, then the U.S. Treasury faces the unseemly prospect of financing the payments to agency and Ginnie Mae bond holders in extremis.

The U.S. will be on the edge of the precipice and within just days of a sovereign default.

Anybody who thinks that the market for U.S. Treasury securities can survive the collapse of the agency and government-insured mortgage markets should think again.

Christopher Whalen is Chairman of Whalen Global Advisors LLC in New York. He is a contributing editor to National Mortgage News and publishes The Institutional Risk Analyst blog.
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Treasury
CNBC
New government app showing you the status of your coronavirus stimulus payment has rocky debut
PUBLISHED WED, APR 15 202010:44 AM EDTUPDATED AN HOUR AGO
Lorie Konish
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KEY POINTS

KEY POINTS

-A new government web app has been launched to help you track the status of your stimulus payment. The new tool also lets you put in your direct deposit information for your bank account.
-The launch on April 15, usually Tax Day, comes as the government is expected to get payments of up to $1,200 per person to millions of Americans this week.
-Many users reported having difficulty both accessing and getting information from the site on Wednesday.

Millions of Americans are slated to get payments of up to $1,200 per person from the government this week, and now there's a way to track your money.

On Wednesday, the Treasury Department and IRS launched a new free web app called "Get My Payment" that allows taxpayers to find the status of their payment.

It also enables taxpayers to add their direct deposit information if they did not include that in their tax returns for 2018 or 2019.

Actually accessing the web app could prove tricky.

In the first hours after launch, many users complained on social media that they were having a difficult time getting through. Others who accessed the site still were not able to get their payment status.

"You are getting two large groups of taxpayers with slightly different needs going into one tool, and it's crashing it," said Garrett Watson, senior policy analyst at the Tax Foundation.

That may improve after this week, Watson said, once millions of Americans have received their payments and no longer need to check on their rebate status.

"The hope is that this will smooth out and it will give those who are due to get a paper check in the coming weeks an opportunity to put in their information to get their payment a bit faster," Watson said.

To track the status of your payments, you will need to enter your Social Security number, date of birth and mailing address.

To submit your direct deposit information, you will need to have your bank account type, and account and routing numbers. In addition, you also will need your refund amount or amount you owed, plus your adjusted gross income, from the most recent tax return you filed (either 2018 or 2019).

That information needs to be updated as soon as possible. Bank account information cannot be updated once a stimulus payment has been scheduled for delivery.

The government is starting to deploy direct deposit payments this week, with more than 80 million Americans expected to get paid. After that, it will turn to mailed checks for individuals who don't have their bank information on record.

Single individuals who earn up to $75,000 stand to get $1,200 payments, while married couples who file their income taxes jointly are eligible for up to $2,400. In addition, children under 17 are eligible for $500.

Those payments are reduced for those earning more and phase out completely for individuals with income over $99,000; or $136,500 for head of households; or $198,000 if you file jointly with your spouse and have no children.

The "Get My Payment" app can be accessed from a desktop, smartphone or tablet and does not need to be downloaded.
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American Banker (USA)

April 15, 2020
Volume 1; Issue 1

CFPB, FHFA to share data on mortgage servicing

Kate Berry

The Consumer Financial Protection Bureau and Federal Housing Finance Agency announced a plan to share mortgage servicing data as borrowers seek loan workout options during the coronavirus emergency.

The Borrower Protection Program initiative announced Wednesday enables the CFPB to share complaint information about servicers and analytical tools with the FHFA using a secure electronic interface. The FHFA will make loss mitigation data, related to loan forbearance and modifications, available to the CFPB.

CFPB Director Kathy Kraninger and FHFA Director Mark Calabria said the information-sharing program would help both agencies protect borrowers during the pandemic crisis. Yet the joint press release offered little detail on how the information shared between the two agencies would be used to protect borrowers.

"Through the partnership being announced today, the Bureau will share our insights with FHFA and ensure we get their data on how mortgage servicers are working with their customers during this critical time and going forward," Kraninger said in the jointrelease. "Help for consumers is always here at the CFPB through our complaints process. In addition to working with your lender to get an answer for you, we analyze the information to better educate consumers, provide clear rules for financial institutions, and hold companies accountable."

Calabria said "protecting and helping homeowners during this national crisis is my top priority."

"No one should be worried about losing their home," he said. "Borrowers are entitled to accurate information about their forbearance options. This partnership with CFPB ensures FHFA can address misconceptions stemming from consumer complaints by working with Fannie and Freddie servicers."

Both agencies have been criticized for their response to the pandemic.

Kraninger has been faulted for failing to provide more guidance to mortgage servicers, not restricting debt collectors from contacting consumers during the crisis and for allowing voluntary reporting of pandemic-related hardships to the credit bureaus.

Meanwhile, Calabria has been blamed for the lack of a government-backed liquidity plan to aid nonbank servicers.
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National Mortgage Professional Magazine
FHFA and CFPB Announce Borrower Protection Program

April 15, 2020

Keith Griffin

The Federal Housing Finance Authority (FHFA) and the Consumer Financial Protection Bureau (CFPB) have jointly launched the Borrower Protection Program. The two federal agencies say it is necessary to provide accurate information to consumers about their forbearance options.

Under the program, the CFPB will make complaint information and analytical tools available to FHFA via a secure electronic interface; and FHFA will make available to the Bureau information about forbearances, modifications and other loss mitigation initiatives undertaken by Fannie Mae and Freddie Mac.

CFPB Director Kathleen L. Kraninger said in a news release, "Through the partnership, the Bureau will share our insights with FHFA and ensure we get their data on how mortgage servicers are working with their customers during this critical time and going forward." FHFA Director Mark Calabria added, "This partnership with CFPB ensures FHFA can address misconceptions stemming from consumer complaints by working with Fannie and Freddie servicers."

In response to the COVID-19 national emergency, Fannie Mae and Freddie Mac permitted borrowers the ability to enter into forbearance, a pause or reduction in their monthly mortgage. The missed payments will have to be paid back by the borrower. The missed payments can be added to the normal monthly payments, paid back all at once, tacked on to the end of the loan, or the borrower can have the term of the loan extended.

A survey earlier in the week conducted by the Mortgage Bankers Associaiton (MBA) found the number of loans in forbearance jumped from 2.73 percent to 3.74 percent during the week of March 30-April 5, 2020.

The National Consumer Law Association is urging borrowers to call their lenders before taking on forbearance. Industry professionals have repeatedly said there is a difference between forbearance and forgiveness, a concept many homeowners are still very unaware of.
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ABA Banking Journal

FHFA, CFPB Announce Information Sharing to Facilitate COVID-19 Mortgage Relief

on April 15, 2020 Mortgage, Newsbytes

To support the effort to provide relief to mortgage borrowers struggling due to the coronavirus, the Federal Housing Finance Agency and the Consumer Financial Protection Bureau will begin sharing servicing information, the agencies announced today.

As part of this new Borrower Protection Program, the CFPB will share complaint information and analytical tools with FHFA through a secure interface, and FHFA will share information about Fannie Mae and Freddie Mac's efforts to offer forbearance, modifications and other loss mitigation options.

The GSEs previously announced they would offer forbearance options to borrowers facing financial hardships during the pandemic. "Borrowers are entitled to accurate information about their forbearance options," said FHFA Director Mark Calabria. "This partnership with CFPB ensures FHFA can address misconceptions stemming from consumer complaints by working with Fannie and Freddie servicers."
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Mortgage News Daily

Fannie/Freddie Regulator and CFPB Agree Will Share Mortgage Servicing Info

by: Jann Swanson
Apr 15 2020, 12:10PM

The Federal Housing Finance Agency (FHFA) and the Consumer Financial Protection Bureau (CFPB) have made arrangements to share information during the COVID-19 national emergency. CFPB is a big portal for and repository of consumer complaints about providers of financial services and has agreed to make that information as it relates to mortgage servicers along with appropriate analytical tools to FHFA available. In turn, the conservator and regulator of the GSEs Fannie Mae and Freddie Mac will provide information to the Bureau about forbearances, modifications and other loss mitigation initiatives undertaken by servicers of GSE loans.

The GSEs have instructed servicers to enter into forbearance agreements with borrower encountering financial hardship due to the pandemic. These agreements allow borrowers to pause or reduce their mortgage payments although those amounts must ultimately be paid back. Mortgage servicers are responsible for working with borrowers to set up a repayment plan that works for both parties.

FHFA Director Mark Calabria said the partnership with CFPB will allow the GSEs to see how servicers are working with their customers during the crisis and going forward. "No one should be worried about losing their home," he said. "Borrowers are entitled to accurate information about their forbearance options. This partnership with CFPB ensures FHFA can address misconceptions stemming from consumer complaints by working with Fannie and Freddie servicers."

"Help for consumers is always here at the CFPB through our complaints process," CFPB Director Kathleen L. Kraninger said. "In addition to working with your lender to get an answer for you, we analyze the information to better educate consumers, provide clear rules for financial institutions, and hold companies accountable."

Through its consumer complaint system CFPB gets responses from companies to resolve consumer issues and takes the information into account in supervisory and enforcement work. The agency has also worked to educate consumers about options to help them during the crisis including those regarding student loan payment suspension, mortgage forbearance, stimulus payments, and the Paycheck Protection Program

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PM News Roundup April 15, 2020

From: (b)(6) [redacted]@treasury.gov>
To: _DL_FYI <_dl_fyi@do.treas.gov>
Date: Wed, 15 Apr 2020 18:34:24 -0400

PM News Roundup
April 15, 2020

Secretary Steven Mnuchin

- Newsweek: ARE STIMULUS CHECKS DELAYED? ELECTRONIC PAYMENTS UNDERWAY, PAPER SLIPS SENT IN MAIL TO LOWER-INCOME HOUSEHOLDS FIRST
- FOXBusiness: Tax Day is no longer April 15 this year, but you can still file for a refund
- CNBC: Schumer, Pelosi staff to discuss next coronavirus relief bill with Treasury on Wednesday
- The Wall Street Journal: Small-Business Aid Program Set to Run Out of Money Later Today
- The Points Guy: Labor groups slam Treasury for 'playing games' with airline bailout terms
- Roll Call: Small-business funds set to run dry with no agreement to replenish
- CNBC: Small business loans top $296 billion and could reach the program's limit by the end of Wednesday
- The Washington Post: The real reason U.S. airlines and Boeing went for a combined $73.7 billion in buybacks
- The Hill: Trump administration says more people will automatically receive coronavirus payments
- MReport: The Treasury's Plan for the Mortgage Market

Treasury

- Afrik21: ETHIOPIA: Renaissance Dam will be impounded in July 2020.
- Satenaw News: The international media's misrepresentation of Ethiopia on the GERD
- The Hill: Pelosi: 'Shameful' for Trump to order his name on coronavirus stimulus checks
- CNBC: Small business loans top $296 billion and could reach the program's limit by the end of Wednesday
- Foreign Policy: China Is Bargain Hunting—and Western Security Is at Risk.
- Florida Daily: Marco Rubio Wants Trump Administration to Issue 5G Regulations
- CNBC: American Airlines CEO: 'It certainly feels like we're at bottom' as revenue tumbles 90%
- CNBC: Receiving SSI benefits? You will get your coronavirus stimulus payment automatically, government says

Secretary Steven Mnuchin
Newsweek
ARE STIMULUS CHECKS DELAYED? ELECTRONIC PAYMENTS UNDERWAY, PAPER SLIPS SENT IN MAIL TO LOWER-INCOME HOUSEHOLDS FIRST
BY SHANE CROUCHER ON 4/15/20 AT 11:23 AM EDT

The Treasury Department assured the nation there are no delays to stimulus checks and that everything is on schedule.

"Economic Impact Payment checks are scheduled to go out on time and exactly as planned—there is absolutely no delay whatsoever," a Treasury spokeswoman told Newsweek in a statement. "In fact, we expect the first checks to be in the mail early next week which is well in advance of when the first checks went out in 2008 and well in advance of initial estimates."

The first stimulus checks have already hit millions of Americans' accounts in the form of a direct deposit. By Wednesday, 80 million Americans should have received their payments as a direct deposit.

"We are very pleased that we are ahead of schedule on delivering the economic impact payments," Treasury Secretary Steve Mnuchin said at a press briefing on Monday.

Senior IRS officials had previously raised concerns about a delay in mailing out checks for technical reasons related to adding President Donald Trump's name to the checks.

It followed a request by the Treasury that Trump's name is added to the checks, a break with precedent. Stimulus checks during the financial crisis did not carry the president's name.

The IRS used payment information for tax filers in 2018 and 2019 to make the deposits. Others can use IRS tools online to submit their payment information and swiftly receive a direct deposit.

If you filed your tax return in 2018 or 2019 but did not submit payment information for a direct deposit of your refund, you can use the Get My Payment tool to submit those details.

For Non-Filers, there is a separate tool to submit payment information for a direct deposit of the stimulus check.

Those on social security and other benefits will automatically receive the stimulus checks for adults.

Some may have to make claims through the Non-Filers tool on the IRS website for child payments. You can check eligibility and submit information online at the IRS.

Those whose payment information is not held by the IRS will receive a paper check instead unless they submit their details soon.

The first batch of paper checks is due to go out in the mail on April 24. Batches will be mailed out in the following weeks and months until September.

Lower-income households will be prioritized when paper stimulus checks are mailed out.

According to The Washington Post, which obtained the IRS plan for distributing paper checks, those with incomes of $10,000 or less will get the first batch in the mail.

A week later, those earning $20,000 or less will have their checks sent out on May 1. A week later, $30,000 incomes or less, and so on every week, the income threshold increasing by $10,000 each time.

The Post reported that stimulus checks would be issued on September 4 to joint taxpayers earning $198,000, the maximum allowed. Any remaining would be sent on September 11.

You may still be able to submit your payment information online with the IRS to receive the payment electronically instead and should do so as soon as possible.

However, if your paper check has already been generated, it will be too late and you will have to wait for it to arrive in the mail.

The IRS Get My Payment app on its website allows users to track the status of their check so they can find out when it is coming. It also enables users to check their payment information.

"We want to do as much of this electronically as we can." Mnuchin said on Monday. "It's very important in this day and age. It's more secure, and you don't have to go to the bank."is

IRS stimulus checks delayed payment Trump
#Top of the Document

Tax Day is no longer April 15 this year, but you can still file for a refund
If you're owed an income tax refund for 2019, the federal government has urged you to file your taxes before the July 15 deadline

By Megan Henney
FOXBusiness

Even though today is April 15, for the first time in decades, Americans don't need to worry about filing their federal income tax returns.

The decision to delay the deadline, announced by Treasury Secretary Steven Mnuchin in mid-March, gives Americans three months longer than usual to file tax returns, regardless of whether they are sick, quarantined or healthy. The new deadline is July 15.

By extending the deadline, the federal government is allowing individuals and businesses to hold onto their cash longer as they deal with the fallout from the coronavirus pandemic, which has paralyzed the U.S. economy and threatened to thrust the nations into a downturn that experts warn may be the worst since the Great Depression.

More than 40 states have issued strict stay-at-home mandates for citizens and ordered the closure of businesses deemed nonessential, leading to a bloodbath month for unemployment. The Department of Labor has said that in the four weeks through April 4, more than 17 million Americans filed first-time unemployment claims, a stunning

sign of the depth of the crisis.

Still, if you're owed an income tax refund for 2019, the federal government has urged you to file your taxes before the July 15 deadline.

"I encourage all taxpayers who may have tax refunds to file now to get your money," Mnuchin tweeted in March.

Most states followed the federal government's suit and extended the filing deadline into at least May, if not longer. Virginia established a May 1 due date but said it will not charge late penalties on payments made by June 1. Most states, including Alabama, New York, New Jersey, California and Pennsylvania, changed their deadline to July 15. You can check the full list of states here.

As of April 3, the IRS received more than 97.4 million tax returns and issued more than $213 billion in refunds. While the agency is still processing electronic returns and issuing direct deposit refunds, it may be harder to receive help if you have any questions throughout the process.

Last week, the IRS said its live telephone assistance is unavailable because of the virus.

"Normal operations will resume when possible," the IRS said.

The U.S. has the most cases of COVID-19, the respiratory illness caused by the novel coronavirus, in the world, with more than 609,000 reported, according to Johns Hopkins data. More than 29,000 people have died from the virus.
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CNBC
Schumer, Pelosi staff to discuss next coronavirus relief bill with Treasury on Wednesday
PUBLISHED WED, APR 15 202011:53 AM EDTUPDATED 2 HOURS AGO
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KEY POINTS
-Staffers for Senate Minority Leader Chuck Schumer and House Speaker Nancy Pelosi will meet with the Treasury Department to discuss the Democrats' push to pass additional coronavirus relief legislation.
-Schumer, D-N.Y., spoke with Treasury Secretary Steven Mnuchin on Wednesday morning about the "interim" relief package, a spokesman for the Senate leader's office told CNBC.
-Last week, Pelosi and Schumer called for Congress to pass a bill that would include at least $500 billion in relief for small businesses, hospitals, states and food assistance programs.

Staffers for Senate Minority Leader Chuck Schumer and House Speaker Nancy Pelosi will meet with the Treasury Department on Wednesday to discuss the Democrats' push to pass additional coronavirus relief legislation.

The new round of working-level negotiations between Democrats and members of the Trump administration indicates a potential thaw in the ongoing stalemate over emergency funding.

It also reflects a desire on both sides to keep the government's fiscal spigot open and pouring money into the economy, which has been devastated by the disease and the strict policies imposed to slow its spread.

The talks are set to take place as an already-passed $349 billion fund for small businesses is quickly being wiped out: More than 1.3 million loans had been approved by Wednesday afternoon, totaling a value of more than $296 billion, according to the Small Business Administration.

Schumer, D-N.Y., spoke with Treasury Secretary Steven Mnuchin on Wednesday morning about the "interim" relief package, a spokesman for the Senate leader's office told CNBC.

Two sources confirmed that staff members for Schumer and Pelosi, D-Calif., will meet with Treasury officials later Wednesday.

Last week, Pelosi and Schumer called for Congress to pass a bill that would include at least $500 billion in relief for small businesses, hospitals, states and food assistance programs.

Those funds would put $125 billion toward small businesses, another $125 billion for community-based lenders and Small Business Administration loans, $100 billion to bolster hospitals and community health centers, and $150 billion for state and local governments.

It is unclear whether Democrats are still pushing for all of those provisions as part of an interim bill. The Treasury Department did not immediately respond to CNBC's request for comment on the talks.

Their proposal followed a $2 trillion emergency spending package, known as the CARES Act, that President Donald Trump signed in late March to try to blunt the economic destruction of the Covid-19 pandemic for individuals and businesses.

States are trying to contain the spread of the disease by enforcing strict social distancing measures, such as closing nonessential businesses and issuing statewide stay-at-home orders. While governors say their efforts are paying off, the measures have prompted an unprecedented spike in unemployment and a massive market rout.

Both Republicans and Democrats seek to add funds to the nearly $350 billion Paycheck Protection Program included in the act to help small businesses keep their employees on the payroll.

An industry source told CNBC on Wednesday afternoon that "today or tomorrow" that money is set to run out.

Senate Democrats on Thursday blocked an attempt by Senate Majority Leader Mitch McConnell, R-Ky., to rush another $250 billion in funding for the program through his chamber by a unanimous vote. Republicans then rejected the Democratic proposal outlined by Pelosi and Schumer.
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The Wall Street Journal

Small-Business Aid Program Set to Run Out of Money Later Today
Negotiations between Congress, White House over fresh funding set to resume as initial $350 billion allocation nears depletion

By Kristina Peterson

Updated April 15, 2020 2:47 pm ET

WASHINGTON—A small-business loan program at the center of a standoff between congressional Democrats and Republicans aligned with the White House is expected to run out of money later Wednesday, according to a person familiar with the fund.

Negotiations between Congress and the White House resumed Wednesday over replenishing the small-business loan program designed to support businesses hit by the coronavirus pandemic. The program was on track to exhaust its initial allocation of $350 billion later in the day. As of Wednesday morning, the Small Business Administration said it had approved about 1.3 million applications, totaling more than $289 billion in loans.

Both Democrats and Republicans want to add $250 billion to the small-business aid program, but have been sparring for days over whether to add restrictions to the funds. Democrats want to expand access to the loans as well as include more money for hospitals, food assistance and state and local governments. Republicans, meanwhile, said they want to keep the bill focused on increasing small-business aid and defer other funding debates until the next, broader legislation is crafted.

Senate Minority Leader Chuck Schumer (D., N.Y.) told reporters he had spoken with Treasury Secretary Steven Mnuchin Wednesday morning and that both House and Senate Democratic staff were expected to meet with officials from Mr. Mnuchin's office later in the day.

"We see no reason why we can't come to an agreement," Mr. Schumer said. "We Democrats believe we need more money for small businesses, but we need it to go to the people who are under banked and underserved."

Both parties have accused one another of blocking an infusion of aid into the fund, known as the Paycheck Protection Program.

The discussions were the first signs of progress this week, but it remains uncertain whether congressional leaders and President Trump will be able to reach an agreement by week's end. Both chambers are scheduled to hold brief sessions later this week.

"Hopefully we are getting closer to an agreement," House Majority Leader Steny Hoyer (D., Md.) told reporters Wednesday, but said he couldn't guarantee it would be reached this week.

Senate Majority Leader Mitch McConnell (R., Ky.) has said Democrats should wait to fund other programs as part of the next relief package, while boosting small-business aid he said is needed more urgently.

"There is no time to insist on sweeping renegotiations or ultimatums about other policies that passed both houses unanimously," he said in a statement Tuesday. "Clean funding for worker pay in a crisis should not be controversial."

As talks continued, several House lawmakers are readying a resolution calling on party leaders to come up with a plan soon for remote voting and hearings, so that Congress can continue operating during the coronavirus pandemic. Congress isn't scheduled to return formally to Washington until May 4. With no way of conducting business remotely, all bills must pass by unanimous consent, limiting congressional action.

"There's going to be increasing pressure for remote debate and voting because, A, we're not all going to agree and, B, we're feeling we have a responsibility here," said Rep. Josh Gottheimer (D., N.J.), one of the seven lawmakers leading the resolution that asks House Speaker Nancy Pelosi (D., Calif.) and Minority Leader Kevin McCarthy (R., Calif.) to come up with a plan for remote proceedings.

Congressional leaders have resisted pressure from lawmakers to enact remote procedures for voting or hearings. Mr. Hoyer said on Wednesday that it was something leadership was looking into as the pandemic continues.

"Neither the speaker, nor I, nor Senator McConnell or Congressman McCarthy believes that we ought to have any kind of regular practice of voting remotely," he told reporters. "But in an emergency situation where it's impossible to do it that way, we ought to have an alternative."

Rep. Liz Cheney (R., Wyo.) criticized Mrs. Pelosi for not allowing distance operations.

"For Congress not to be holding hearings, not to be debating, not to be available immediately to pass additional appropriations if necessary, is inexcusable," she told a Cheyenne radio station.

—Natalie Andrews contributed to this article.

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The Points Guy

Labor groups slam Treasury for 'playing games' with airline bailout terms

Zach Wichter

Airlines and the U.S. government reached a deal Tuesday that will open the cash taps and help keep the carriers aloft for at least a few months.

And while unions that represent many airline employees have praised the deal for keeping their jobs secure — for now — that enthusiasm is tempered with concern that the longer term outlook for airlines may still be grim.

"We do not believe these grants are being implemented as intended in the bipartisan CARES Act," the leaders of the Association of Flight Attendants said in a letter to their members Tuesday.

In a separate statement, Sara Nelson, the organization's president, said that Treasury secretary Steven Mnuchin was "playing games" with the aid.

"We have seen what happens when investment bankers like Secretary Mnuchin control the outcomes, and we're going to make sure that doesn't happen again," she said.

According to Joe DePete, the president of the Air Line Pilot Association, the concern is that much of the aid to airlines is now being treated as loans instead of grants. Requiring airlines to pay back the funds, he said in a statement, "will make it harder to stop layoffs and slow the recovery.

"In spite of this," he continued, "we remain optimistic that more carriers will avail themselves of this funding — and that Congress will seek to overturn the constraints placed on this worker assistance program."

The Transportation Trades Department, a consortium of various unions that represent airline workers, was even more direct in its criticism.

"The decision by the Department of Treasury to turn a portion of those grants into loans is irresponsible and without merit, flies in the face of Congressional intent, and creates a long-term burden that is likely to harm the very people the grants were designed to help: frontline aviation workers," the group said in a statement.

Not all unions expressed such concerns though. The Allied Pilots Association, which represents American Airlines pilots, said it was pleased with the aid package, without any qualifications.

"We are deeply grateful for the support of Treasury Secretary Mnuchin and for the bipartisan efforts of the White House and Congress. Today was an important step toward ensuring that our industry and nation remain strong during this battle," Eric Ferguson, the group's president, said in a statement.

Travel demand continues to stay depressed as the coronavirus pandemic drags on, and it's currently unclear what aid will be available to airlines come fall when the terms of the current package expire. It's possible that the government will pass another aid package, or airlines may have to turn to the private sector for continued support.

Zach Wichter covers the aviation industry for TPG. He previously worked for The New York Times.
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Roll Call

Small-business funds set to run dry with no agreement to replenish
Democratic aides to meet with Treasury officials to try to hammer out a compromise package by this weekend.

By Jennifer Shutt

Posted April 15, 2020 at 11:18am, Updated at 2:40pm

Top Democrats and the Trump administration were in talks about a new COVID-19 aid package Wednesday as new data showed a popular small-business loan program could be out of money as soon as Wednesday.

Democratic staff from the House and Senate plan to meet with Treasury Department officials later on Wednesday, following a morning conversation between Senate Minority Leader Charles E. Schumer and Treasury Secretary Steven Mnuchin, according to a Schumer spokesman.

The so-called Paycheck Protection Program was on track to run out of money by Friday. But even higher-than-expected demand now means the funds will be exhausted later on Wednesday, according to a person familiar with the program who was not authorized to speak publicly.

Democrats agree on the need for small-business funds. But the dispute has centered around how to allocate the money as well as provide additional relief for state and local governments, hospitals and low-income households.

"I can't guarantee we can get an agreement that we will pass on Friday, but that would be optimal if we could," House Majority Leader Steny H. Hoyer, D-Md., said on a call with reporters Wednesday.

The talks are the first real sign of progress since the White House sent Congress a request for an additional $251 billion in funding for the Paycheck Protection Program last week.

The initial $349 billion provided in last month's $2.3 trillion economic rescue package for businesses shuttered by the COVID-19 pandemic is running out fast.

New data from the Small Business Administration show that as of 2:15 p.m. Wednesday, there was just $48 billion left in the account. That's after more than $40 billion was distributed on Tuesday, a "burn rate" that's increasing as small businesses rush to their lenders for aid before the money runs out.

Top Republicans and administration officials have said for days the money could run out before this weekend. But the latest rush for cash suggests lawmakers and the White House may have even less time to strike a deal or risk leaving small businesses who haven't yet been approved on the sidelines, at least temporarily.

The PPP is in such hot demand because it allows eligible firms to skip repayment on eight weeks' worth of their loans, which are equal to up to 250 percent of monthly payroll expenses.

Companies are only able to spend up to one-fourth of the money on other fixed costs like rent and utilities, however, so Democrats want to boost allowable loans to 300 percent of payroll to enable companies to meet their nonpayroll expenses.

The average loan has been for around $239,000, according to the SBA.

Democrats also want to put $65 billion into a related disaster loan program for up to $2 million in "economic injury" expenses, of which up to $10,000 in cash advances don't need to be repaid. That program has also proven immensely popular, to the point where SBA last week started rationing the maximum loan size down to a fraction of the total.

Dueling proposals

Senate Majority Leader Mitch McConnell, R-Ky., tried to pass a two-page bill simply boosting the existing PPP allocation to $600 billion by a unanimous consent request last week, but Democrats objected.

Schumer, D-N.Y., and Speaker Nancy Pelosi have called for changes to the structure of the small business loan program, to ensure that at least half of the new funding, or $125 billion, would go to small businesses without traditional relationships with big banks. Tbis would help women- and minority-owned businesses as well as people in rural areas and farmers access the funding, they said.

Democrats also want the package to include an additional $100 billion for hospitals and other health care facilities, $150 billion for state and local governments, and a 15 percent increase to the maximum monthly benefit for those on the Supplemental Nutrition Assistance Program.

"We see no reason why we can't come to an agreement," Schumer told reporters Wednesday after his call with Mnuchin earlier in the day.

"We Democrats believe that we need more money for small business. But we need it to go to the people who are underbanked and underserved," he added. "Second, we think there's just as much need for our hospitals and health care workers. And for our police, our fire, our people in the local governance. Both of these, hospitals and state and local governments ... are in as big a crisis as small business and they need help immediately or we're going to have millions, millions really of people more out of work."

Until now, GOP lawmakers have been resistant to entering negotiations with Democrats, saying the PPP is the only program from the $2.3 trillion package about to run out of funding. Republicans said that discussions over additional funding could wait until Congress begins work on the next COVID-19 aid package.

"Right now we are just sending the money out to the hospitals and states," Mnuchin said during Monday's daily White House coronavirus briefing. "They haven't come close to using that money. I know the president and vice president have said, once we get the SBA done we can go into another funding bill."

Even if bipartisan agreement is reached Wednesday, the soonest a bill could clear Congress is Friday, following a pro forma Senate session Thursday afternoon and a House meeting on Friday morning.

The absence of both chambers from Washington, however, means that any one lawmaker could slow down the process if they object to passing the bill through unanimous consent.

Jim Saksa, Lindsey McPherson, Chris Cioffi and Niels Lesniewski contributed to this report.
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CNBC
Small business loans top $296 billion and could reach the program's limit by the end of Wednesday
PUBLISHED WED, APR 15 20201:41 PM EDTUPDATED AN HOUR AGO
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KEY POINTS
-1.3 million Paycheck Protection Program loans have been approved with a total value of more than $296 billion through Wednesday afternoon, according to the Small Business Administration.
-The program is quickly reaching its $349 billion limit and Congress has yet to agree on new funding.
-It could reach that limit by the end of Wednesday, a source familiar said.
-There are also other lifelines available to owners, but one of those programs — the Economic Injury Disaster Loan program — is seeing some delays.

Much-needed small business aid is beginning to trickle out and more is expected in the weeks to come as banks start to disburse the rescue funds to Main Street. But the first-come, first-serve Payroll Protection Program of $349 billion in aid may be nearing a ceiling for loan commitments, with more than 1.3 million loans given approval at a value of more than $296 billion through Wednesday afternoon, according to the Small Business Administration.

The program could reach its funding limit by the end of Wendnesday, according to a source familiar with the matter.

The SBA and Treasury Department have yet to release any formal statistics on total loan disbursements from banks to small business owners, with one senior administration official telling CNBC the information is not yet available, despite multiple requests. The SBA did release data showing the average loan size is just under $240,000.

Business owners that have received loan approval numbers should start to get funds soon, as Treasury guidance states that "the lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval."

Several big banks reporting earnings this week offered a look into the amount of loans going out the door, with Wells Fargo saying it had received 370,000 indications of interest from customers through April 10. JP Morgan Chase, as of April 14, had 300,000 applications in varying stages for $37 billion in loans, with $9.3 billion already into the hands of small business owners.

Other lifelines for small business

Small businesses like Other Half Brewing, a craft brewery with locations in Brooklyn and Rochester, NY, just had its loan funded by Chase. CFO David Burman said the company had to furlough about a quarter of its staff of under 100 employees, and moved other frontline workers into new positions, whether delivering beer orders or design work. The loan will help to bring workers back so the business will be ready to open its doors again, once it's safe to do so.

"It's a tremendous program to keep our business afloat," Burman says. "It's having the assets to hire and keep people on staff, especially as our cash flow has shifted and we are dealing with longer terms with accounts and vendors."

Beyond just PPP loans, the CARES Act includes another important provision for small businesses that currently hold non-disaster loans through the SBA: the Small Business Debt Relief Program. This program provides for six months of payment relief on existing 7(a) and 504 loans for approximately 320,000 small businesses. It also includes those business owners who apply for new 504 or 7(a) loans not part of PPP.

"These are some of our most vulnerable small businesses. Because you know, if they got an SBA loan, they probably had difficulty getting a traditional bank loan," Sen. Chris Coons (D-DE), a member of the Senate Small Business & Entrepreneurship Committee says. "So these are exactly the companies we want to make sure know that for the next six months, they don't need to do anything."

Sen. Coons said he is working with SBA Administrator Jovita Carranza to make sure these affected small businesses are aware of the loan relief available to them. A senior administration official says outreach to lending partners, stakeholders, borrowers and more is ongoing through e-communications, and that additional guidance is coming later this week.

"Given how sharp and steep our economic decline is right now, I really hope that [the SBA] will move as quickly as they possibly can to deliver guidance," Coons says.

Treasury Secretary Steven Mnuchin has vowed to replenish the program to the tune of another $250 billion, but Congress has yet to agree to terms on the new funding. Senate Democrats blocked an effort to pass the additional funding last week.

Some funding delays

Another option for Main Street businesses needing assistance is the Economic Injury Disaster Loan program, which provides disaster assistance loans of up to $2 million. Small business owners apply directly with the SBA to access the aid, but there have been delays.

In the past, borrowers were told they could also access up to $10,000 as a cash advance within three days of a successful application to the program. Guidance has since changed, with businesses now being told funds will be distributed "within days" and that aid will be limited to $1,000 per employee up to $10,000.

A senior administration official said that the funds are being distributed, and that nearly four million businesses have applied for EIDL funding for a total of $383 billion, but that Congress has allocated just $17 billion for the program. Both the Senate and the House are aware of the funding needs, the official said.