McConnell Says GOP Will Pitch Its Own Stimulus Plan Next Week

- Bipartisan talks expected after Senate returns on July 20
- Direct payments, unemployment insurance, schools are variables

By Erik Wasson, Laura Litvan and Laura Davison | July 13, 2020 3:21PM ET

Senate Republicans will finish their own plan for a new round of pandemic relief as early as next week and only then will open negotiations with Democrats as the last stimulus begins running dry and a resurgence of Covid-19 cases threatens a deeper recession.

Senate Majority Leader Mitch McConnell said he is working with the Trump administration on drafting a GOP-only proposal, the first step before talks with Democrats, who’ve already put out a $3.5 trillion stimulus bill that has passed the House.

“We shouldn’t lightly add more to the national debt, but I’m predicting that we will have one more rescue package, which we’ll begin to debate and discuss next week,” McConnell said during a news conference in his home state of Kentucky.

McConnell said he’s been talking to Treasury Secretary Steven Mnuchin about a Republican plan for weeks, and will discuss legislation next week with Senate Republicans before bringing Democrats into talks later.

Lawmakers in both parties are far apart on elements in the next package, which would be the fifth legislative action since the lock downs that slammed the economy began in March. And congressional Republicans still have their own differences to bridge with President Donald Trump who is facing increasingly uncertain re-election prospects and has his own ideas about how best to boost growth amid a still raging pandemic.

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"No decisions have been made, no formal negotiations yet,” Larry Kudlow, Trump’s chief economic adviser, told reporters.
All sides, though, face a break-neck schedule that would give Congress only a few weeks to bridge wide schisms over how much to spend and where to spend it.

Any deal will need to resolve disputes on several key elements: unemployment benefits and incentives for businesses to hire; a new iteration of a grant program for small businesses; some form of direct payments to individuals; and aid to states and local governments that includes funding to help schools reopen.

Trump also is interested in temporarily suspending payroll taxes and possibly a capital gains holiday, Kudlow said, adding, “I can’t be specific because decisions haven’t been made yet.”

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There is an added urgency to pulling together a package quickly. The country is being hit by a spike in Covid-19 cases, particularly in Republican-leaning states, forcing some governors to scale back plans to let businesses reopen. Meanwhile, the expanded unemployment benefits included in the last stimulus run out at the end of the month, many businesses have run through their aid and the Treasury has already distributed the vast majority of the payments to individuals.

GOP leaders say the relief bill could be completed before an annual August recess that is scheduled to begin Monday, Aug. 10. That’s an ambitious schedule given that the Senate is on a break this week and won’t return to Washington until July 20.

White House officials have floated $1 trillion as a ceiling for the final bill and said McConnell is willing to go along with that. House Speaker Nancy Pelosi is treating $1 trillion as a floor that must be negotiated up.

“When we first passed our bill, they said nothing, never, no, we need a pause,” Pelosi said Sunday on CNN. “Then they said, well, we’re not going to spend any more money. Now they’re saying a trillion dollars. That’s not enough.”

**Internal Differences**

Before beginning negotiations with Democrats, Republicans still need to resolve differences within the party.

Senator John Thune of South Dakota, the No. 2 Republican leader, said divisions between congressional Republicans and Trump will have to be ironed out as a precursor to talks with Democrats. Trump has been pushing payroll tax breaks and tax
incentives for business, which Republican senators are less interested in. The president is also pressing for a big allotment for more stimulus checks.

“That’s something he’s talked about, and some of our members are interested in that as well,” Thune said of the direct payments before senators left for a July 4 recess. “There are some of our members who aren’t interested in that, so we’ll just have to see how that goes.”

Senate Republicans and the White House are in agreement that the bill must contain liability protections for businesses that reopen, and work on the language of that proposal continues this week.

McConnell has said the proposal his office is drafting will also contain additional health care spending and money for schools, but he hasn’t revealed details.

The debate over how to safely reopen the nation’s schools may emerge as a major stumbling block given a new push by Trump to try to force school districts, which are under local control, to fully reopen in the fall. The White House is looking to tie school relief or state aid to a reopening. Democrats, who are pressing for a $430 billion school relief package, plan to fight any attempt to give Trump such discretion over new funding.

Another difficult element in the talks will be whether to extend a $600-per-week boost to unemployment benefits approved by Congress in March that expires July 31. Labor Secretary Eugene Scalia has said he doesn’t see a need for a continuation of the benefit, arguing that it provides a disincentive for low-wage workers to return to work.

Democrats have sought to extend the extra unemployment insurance into March of next year with possible phase-outs linked to improving state economic numbers. McConnell has called that bonus a “mistake,” and many Republicans say it’s providing a perverse incentive for workers to remain unemployed since they earn more when out of work.

Senator Rob Portman, an Ohio Republican, is proposing providing a $450 weekly bonus for individuals who return to work, but Senate Minority Leader Chuck Schumer, a New York Democrat, has rejected that idea at a time of record levels of unemployment.

The Bipartisan Policy Center meanwhile has floated continuing the bonus unemployment insurance for two months at a $400 level. Some Republican lawmakers have suggested that $200 or lower could be where a compromise ends up.
Republicans and Democrats appear more likely to agree that some form of direct stimulus payments will be in the bill, with options being explored on who exactly should qualify.

McConnell last week indicated that he thought that people making less than $40,000 a year might benefit the most from another round of stimulus checks -- a cap at that level is not seen as likely, said a person familiar with the talks.

Senate Small Business Committee Chairman Marco Rubio, a Florida Republican, said Monday that he is nearing agreement with Senate colleagues on a new round of aid to small businesses, building on the PPP program.

--With assistance from Josh Wingrove.

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