

Democrats Offer \$3 Trillion in Relief; Fauci's Reopening Warning

By Brandon Lee | May 12, 2020 3:57PM ET

House Democrats unveiled an unprecedented \$3 trillion stimulus relief package today to provide states, local governments and individuals with new cash as the country's coronavirus outbreak continues to hamstring the economy. President Donald Trump is aiming to reopen the country to reinvigorate the economy, but his top infectious diseases official testified to a Senate panel today that doing so too early will result in more deaths.

Here's what Bloomberg Government is tracking so far today.

Democrats Unveil \$3 Trillion Aid Bill With Cash for States

House Democrats proposed a \$3 trillion coronavirus [relief bill](#) (H.R. 6800) today, combining new relief to state and local governments with direct cash payments, expanded unemployment insurance and food stamp funds, as well as a list of progressive priorities like funds for voting by mail and the troubled U.S. Postal Service.



Photo by GRAEME JENNINGS/POOL/AFP via Getty Images
Pelosi speaking on the stimulus measure today.

The [bill](#) comes after Congress has already spent \$3 trillion on four measures in response to the economic downturn caused by the outbreak. “I can’t remember a point in our history where we shut down the economy of our country,” House Majority Leader [Steny Hoyer](#) (D-Md.) said today. “As a result we need to respond in unprecedented ways with unprecedented resources.”

While there is little chance of the package gaining Senate approval and Trump’s signature as written, passage in the House gives Speaker [Nancy Pelosi](#) (D-Calif.) a marker to set down as both parties are positioning for congressional elections less than six months away.

- Among its key provisions, the bill would provide almost \$1 trillion in aid for state and local governments as well as \$1,200 cash payments to individuals and \$1,200 for dependent children, up to \$6,000 a household. It also would extend a \$600 weekly increase to unemployment insurance into January.
- The bill also provides \$200 billion to fund what it describes as “hazard pay” for essential workers who’ve had to risk exposure to the virus as they stay on the job while much of the rest of the country has been shut down.
- Another \$75 billion would be allocated for virus testing and contact tracing.
- The bill would greatly expand a tax credit included in the last virus relief bill that gives employers tax breaks for keeping workers paid. The new version would give employers a credit worth up to \$12,000 an employee a quarter, an increase of \$5,000 per worker for the remainder of the year.
- It would suspend the cap on state and local tax, or SALT, deductions for two years. The Republican tax law in 2017 imposed a \$10,000 cap on those tax breaks, which Democrats, particularly those from higher-tax New York and New Jersey, have been seeking to repeal since the law passed.
- The bill would give public transportation systems about \$16 billion in aid to respond to the pandemic. \$11.8 billion would be allocated to urban areas with populations over 3 million, \$4 billion would go to transit agencies that need “significant additional assistance” to maintain basic services, [Courtney Rozen reports](#).
- Schools would get \$100 billion in the bill, though funding for colleges and K-12 schools in the measure would fall short of the \$250 billion in federal aid education groups have sought in past weeks, [Andrew Kreighbaum reports](#).

The legislation, which is slated for a House vote this Friday, is the opening bid in negotiations with the Trump administration and Senate Republicans. It may take until June before any new deal is reached. No formal negotiations have occurred since the last relief bill was passed, though Trump’s top economic adviser, Larry Kudlow, has said that he is in talks with lawmakers of both parties on priorities. [Read more from Erik Wasson and Laura Davison](#).

More on Aid Talks & Implementation

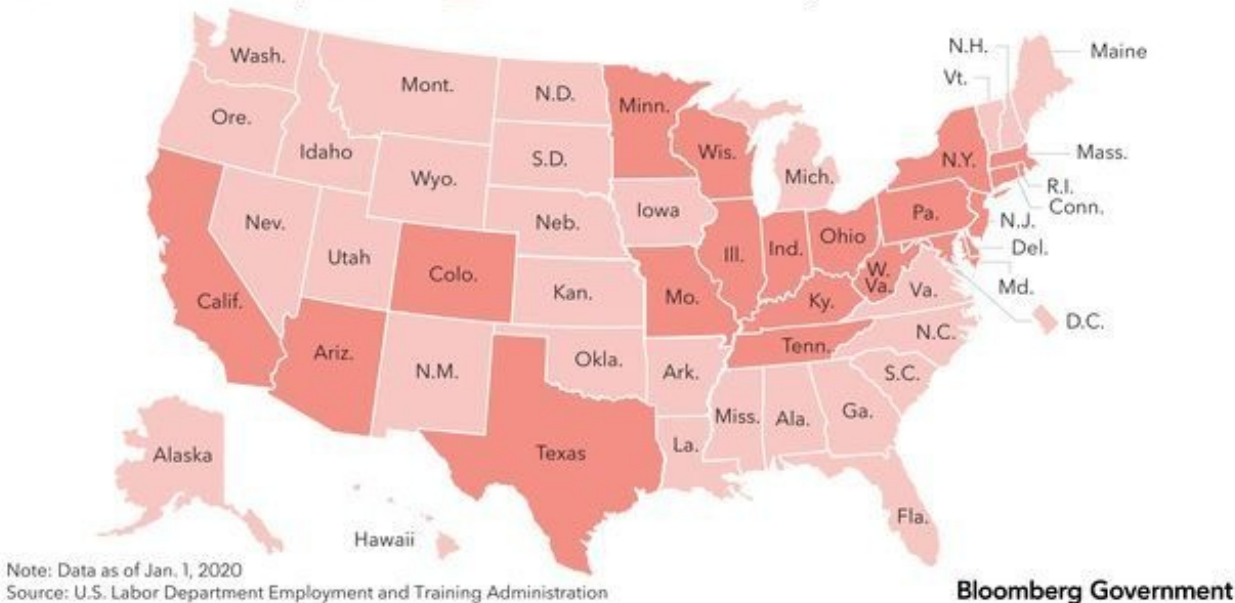
Senate Panel Advances Virus Relief Spending Nominee: The Senate Banking Committee advanced the nomination of Brian Miller to be the special inspector general for pandemic recovery. The job is responsible for overseeing trillions of loans and grants that the Treasury Department and Federal Reserve will issue to airlines, defense companies and other corporations seeking liquidity following the economic fallout from the coronavirus. Democrats have questioned Miller’s ability to serve in the role, in light of his current post—as a White House lawyer during Trump’s impeachment, [Laura Davison reports](#).

Jobs Meltdown Strains Already Stressed Funds: A record 20.5 million jobs in the U.S. were [lost](#) in April as the pandemic continued to pummel the economy, tripling the unemployment rate to 14.7%. States' jobless insurance trust funds that were already struggling to meet the recommended minimum solvency level before the outbreak are being depleted as more than 33 million Americans have filed for benefits over seven weeks. California, New York, Texas, and Illinois are among states to have requested billions in federal loans to pay for the outlays, [Naoreen Chowdhury reports](#).

Inadequate Unemployment Insurance

Even before the pandemic, nearly half of U.S. state trust funds were poorly funded

■ Meets minimum solvency standard ■ Doesn't meet minimum solvency standard



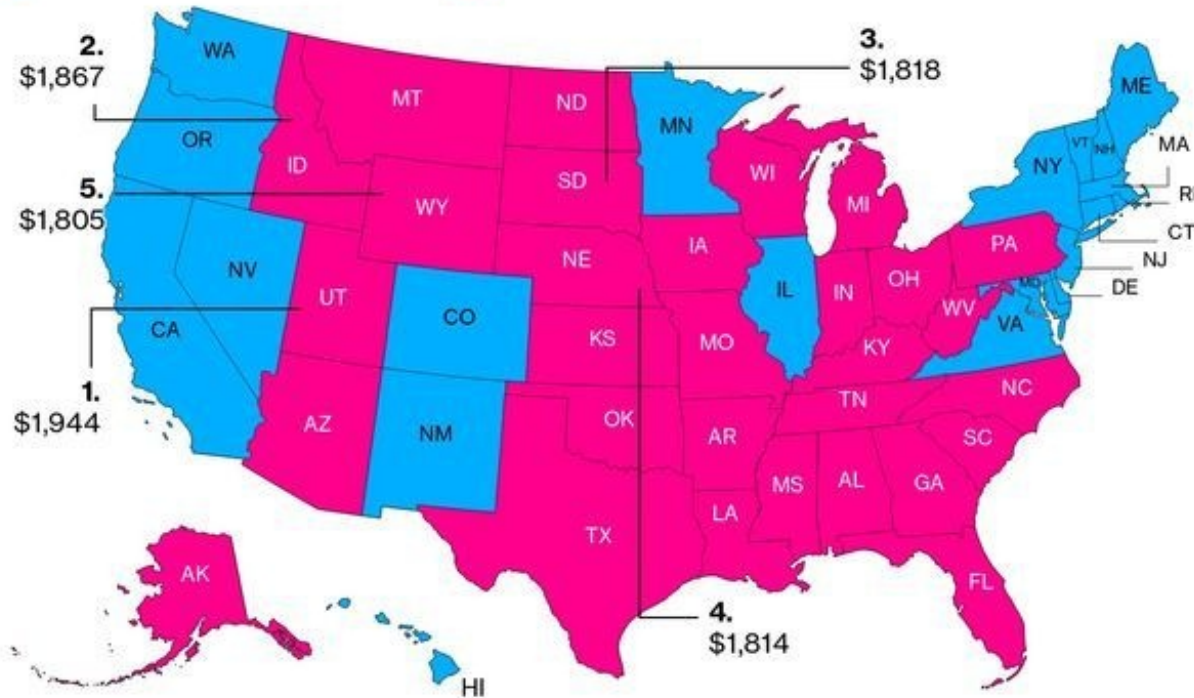
DeVos Sued Over Aid to Students: A group of community colleges in California sued Education Secretary Betsy DeVos for cutting over half of students enrolled for the spring semester from benefiting from the federal pandemic aid package, including “Dreamers” and undocumented immigrants. Colleges asked a federal judge in San Francisco yesterday to declare DeVos’ requirements for students to get aid unlawful because they violate Congress’ intent to let colleges distribute the aid to students with few strings attached. [Read more from Robert Burnson](#).

Low-Wage Red States Get Biggest Checks: Residents of lower-income states that voted for Trump got bigger stimulus checks in general than those living in wealthier coastal enclaves that tend to back Democrats, according to data from the Internal Revenue Service. The demographics of states like Utah, Idaho, and South Dakota helped residents collect average payments topping \$1,800. Lower wages there meant more adults were likely eligible for the full \$1,200 payment, which starts to phase out at \$75,000 in individual income. The additional \$500 per child bolstered the typical check in Utah and Idaho, where average families have more than two children, [Laura Davison and Wei Lu report](#).

Tracking the Stimulus Checks

So far the highest five average EIP checks went to taxpayers in red states

■ States voted for Clinton in 2016 ■ States voted for Trump



Source: Bloomberg analysis of IRS data

Notes: So far the lowest 5 average payments went to DC, MA, NY, RI and CT; 2020 Economic Impact Payments distribution data as of May 8th.

Bloomberg

Main Street, Muni Programs Timing Unclear: Bringing the Main Street and Municipal lending programs online is a “top priority” for the Federal Reserve, said Fed Vice Chairman for Supervision Randal Quarles, declining to comment on how much longer it will take. “I don’t think we’re looking at months. But it would be premature for me to say how many weeks it’ll be before they’re operational,” Quarles told the Senate Banking Committee, which held the hearing via video conference.

The programs were announced April 9 as part of the Fed’s emergency-lending tools to help keep credit flowing as U.S. business shutter and Americans stay home to limit contagion. They will be backstopped by funds from the \$454 billion appropriated by Congress to the Fed in the CARES Act. [Read more from Catarina Saraiva.](#)

Fauci Warns Senators That Early Reopening May Kill More

Anthony Fauci, the nation’s top infectious disease official, today warned against reopening the nation’s economy too soon, telling the Senate Health, Education, Labor, and Pensions Committee that communities doing so risk new coronavirus outbreaks.



Photographer: Win McNamee/Getty Images/Bloomberg
Fauci speaking via teleconference to the committee today

Fauci said at the committee hearing today that he's concerned about cities and states reopening without reaching "checkpoints" outlined by the administration in guidelines to help them decide when it's safe. "I feel if that occurs, there is a real risk that you will trigger an outbreak that you might not be able to control," Fauci said. "In fact, paradoxically, it will set you back—not only leading to some suffering and death that could be avoided but it could even set you back on the road on trying to get economic recovery."

Fauci's call for caution would put him in conflict with Trump's race to reopen the country for business and ease restrictions that have crushed the economy. The checkpoints that Fauci cited call for a succession of steps toward a more gradual reopening, including a "downward trajectory" of documented cases and positive coronavirus tests "within a 14-day period."

Chairman [Lamar Alexander](#) (R-Tenn.) opened the hearing today, with some lawmakers and witnesses appearing by video for the three-plus hours of questioning, by reaffirming his view that the administration's effort to increase testing capacity are "impressive but not nearly enough."

“The United States and almost every country, as far I could tell, underestimated this virus,” Alexander said. “Underestimated how contagious it would be. How it can travel silently without causing symptoms. How it can be especially deadly to certain segments of our population.”

But ranking member [Patty Murray](#) (D-Wash.) said that “the Trump administration’s response to this public health emergency so far has been a disaster all on its own.” [Read more from Laura Litvan and Justin Sink.](#)

Pence to Keep Distance from Trump: Vice President Mike Pence is staying away from Trump for an indefinite period after Pence’s spokeswoman tested positive for coronavirus, White House Press Secretary Kayleigh McEnany said today. “The vice president has made the choice to keep his distance for a few days,” McEnany said at a briefing for reporters. “And I would just note that that’s his personal decision to make that. As to how many days he does it, again, that’s a decision for the vice president.” [Read more from Jordan Fabian.](#)

Musk Thanks Trump for Backing Tesla Reopening: Elon Musk thanked Trump today for endorsing his reopening of Tesla’s only U.S. plant, a day after the chief executive officer publicly acknowledged that he risks being arrested for defying a county order. “California should let Tesla & @elonmusk open the plant, NOW,” Trump tweeted today. “It can be done Fast & Safely!” Musk replied: “Thank you!” [Ed Ludlow and Dana Hull have more.](#)

Research, Treatment & Coordination

HHS Spends \$645 Million on Face Coverings: The Health and Human Services Department is buying over half a billion dollars’ worth of cloth face coverings to “mitigate” the transmission of the coronavirus as stay-at-home orders are lifted, according to the contracts, which were awarded May 8. Contracts were awarded to HanesBrands for \$322 million; San Mar for \$217 million; Parkdale Advanced Materials for \$60 million; Beverly Knits for \$43 million; America Knits for \$1.68 million; and American Giant for \$1.27 million. [Read more from Shira Stein.](#)

Drug Trials Miss Groups Hardest Hit: Black and Hispanic populations bearing the brunt of the pandemic are also woefully underrepresented in clinical trials for drugs, a new study found. The Food and Drug Administration has warned the lack of diversity in the large studies drug companies need to win approval means that research may miss how medications can affect some populations differently. Research released today by the Tufts Center for the Study of Drug Development found that women, blacks, and Hispanics participate in trials at rates below their share of the total U.S. population, [Jeannie Baumann reports.](#)

Democratic AGs Urge Stricter at Meat Plants: Twenty Democratic attorneys general urged Trump to enforce stricter safety standards for meat-processing workers under his executive order reopening packing plants. “The industry’s workers are risking their lives to maintain production in these facilities under extremely unsafe working conditions,” they wrote in a letter to Trump today. [Read more from Mike Dorning.](#)

Russian Ventilators Cited for Fires: Ventilators sent by Russia that may have caused two deadly fires in the past week were the same model that President Vladimir Putin sent the U.S. to help its battle against the coronavirus epidemic. Five patients in a coronavirus intensive-care unit at the Saint George hospital in St. Petersburg died when one of the devices caught fire today. The hospital has stopped using its Aventa-M ventilators pending an investigation. [Jake Rudnitsky and Stepan Kravchenko have more.](#)

Defense Policy & Foreign Affairs

Senate Moves to Pressure China on Uighurs: The Senate is planning to move on legislation that would levy sanctions on officials in China over human rights abuses against Muslim minorities, an action sure to draw Beijing’s outrage and that signals a growing anti-China sentiment in Congress. Senate Majority Leader [Mitch McConnell](#) (R-Ky.) said on the chamber floor last week that the Senate would take up legislation aimed at punishing China for its treatment of its Uighur Muslim minority.

Senate leaders are checking with senators to see if there are any objections so that it could be taken up for quick passage, according to three people familiar with the matter. The legislation from Sen. [Marco Rubio](#) (R-Fla.) could come to the floor as soon as this week. The House passed an amended version of the legislation in December but concerns over export controls added to the legislation slowed things down. The Senate will act on a version of the bill without the export-control provisions, two people said. [Read more from Daniel Flatley.](#)

Graham Unveils China Sanctions Bill: Sen. [Lindsey Graham](#) (R-S.C.) introduced a measure today that would authorize the president to impose new sanctions on China if Beijing “fails to cooperate and provide a full accounting of the events leading up to the outbreak” of the pandemic. The bill would require the president to certify within 60 days that China has provided full accounting to any Covid-19 investigation led by the U.S., its allies, or an affiliate of the United Nations, and closed wet markets that have the potential to expose humans to health risks. [Read more from Ben Livesey.](#)

Kim Jong Un Said ‘Probably Doing Well’: The U.S. national security adviser said today that recent photos of Kim Jong Un, after an unexplained absence, suggest the North Korean dictator is likely “doing well” even if U.S. officials won’t confirm if they have authenticated the photos published in state media. “He seems to be out and cutting ribbons on fertilizer factories,” National Security Adviser Robert O’Brien said. [Read more from Jordan Fabian.](#)

F-35 Part Shortage Grows: Lockheed Martin's F-35 program was hampered last year by growing parts shortages from the defense contractor's supply chain that "increased significantly" and could be further complicated by the U.S decision to expel Turkey from the program, according to congressional investigators. [Read more from Tony Capaccio.](#)

37 Killed in Two Attacks in Afghanistan: At least 37 people including newborn children were killed and 85 others wounded today in two separate attacks on a public hospital and funeral in Afghanistan. No group has taken responsibility for the attacks. Taliban spokesman, Zabihullah Mujahed, denied involvement in the hospital attack via Twitter. [Read more from Eltaf Najafizada.](#)

Elections, Politics & Influence

Judiciary Seeks Obama Officials' Testimony: The Senate Judiciary Committee plans to request top officials from the Obama administration to testify as part of its probe into the origins of the FBI's investigation into the Russia probe during the 2016 election, Fox News reports, citing a Republican source. The committee is mulling inviting former Deputy Attorney General Sally Yates, former Director of National Intelligence James Clapper and former CIA Director John Brennan to testify, [Fox News reports.](#)

Biden Claims He's Winning Despite Lockdown: Joe Biden pushed back today against the notion that his campaign could be suffering because he is limited to virtual events during the pandemic, and he pointed to surveys that show him leading Trump. "The idea that somehow we are being hurt by my keeping to the rules and following the instructions that have been put forward by the docs is absolutely bizarre," he said in an interview on ABC's "Good Morning America" when asked when he would return to the campaign trail. "I reject the premise that this is hurting us." [Read more from Tyler Pager.](#)

- In the battleground state of Wisconsin, Biden is leading Trump 46% to 43%, a Marquette Law School poll found. Biden's lead is within the poll's margin of error. Approval of Trump's handling of the outbreak has declined to 44%, with 51% disapproval. In March, his approval was at 51%, with disapproval at 46%, [Kim Chipman reports.](#)
- Biden called Trump's anger at the Obama administration for launching an investigation of former national security adviser Michael Flynn an effort to distract from his handling of the coronavirus pandemic that has killed more than 80,000 Americans. "This is all about diversions," Biden said on "Good Morning America." [Read more from Jennifer Epstein.](#)

Roberts Mixed in Tax Return Case: U.S. Chief Justice John Roberts sent mixed signals on subpoenas by House Democrats for Trump's financial information as the Supreme Court heard arguments in a constitutional battle that could affect the November election. Roberts questioned Trump's contention that lawmakers had lacked a legitimate legislative rationale for the subpoenas to his banks and accountants, asking the president's lawyer whether the court should be "probing the mental processes" of lawmakers. But he also said a House attorney was proposing a "limitless test" that didn't "take account of the fact that we're talking about a coordinate branch of government, the executive branch." [Greg Stohr and David McLaughlin report.](#)

Collins, Fitzpatrick Get Highest Bipartisanship Marks: Sen. [Susan Collins](#) (R-Maine) and Rep. [Brian Fitzpatrick](#) (R-Pa.) won the highest scores for 2019 on a bipartisan index that measures how frequently members of Congress sponsor and co-sponsor measures with members of the opposite party. Collins was the most bipartisan senator for a seventh straight year, the ratings released by the Lugar Center and the Georgetown University McCourt School of Public Policy show.

She was followed by Republican Sens. [Lisa Murkowski](#) (Alaska) and [Cory Gardner](#) (Colo.). Collins has highlighted her bipartisan legislative work as she faces a difficult re-election to the chamber, where she and Gardner are the only Republicans from states that Trump didn't win in the 2016 election. Democrats have cited her votes for the 2017 Republican tax law and to confirm Brett Kavanaugh to the Supreme Court.

Fitzpatrick, who represents suburban Philadelphia in the House, was followed by New York Republican Reps. [John Katko](#) and [Peter King](#). Fitzpatrick and Katko are the only Republicans seeking re-election from districts Trump lost in 2016. King isn't seeking re-election.

Democrats from districts Trump won also scored well. They include two-term Rep. [Josh Gottheimer](#) (N.J.), veterans [Ron Kind](#) (Wis.) and [Collin Peterson](#) (Minn.), and freshmen [Abigail Spanberger](#) (Va.) and [Joe Cunningham](#). Gottheimer co-chairs the House Problem Solvers Caucus, which emphasizes bipartisanship, Greg Giroux reports.

What Else to Know Today

BGOV Privacy Webinar: Join Bloomberg Government reporters and analysts tomorrow at 2 p.m. for a discussion of federal regulation of online companies and proposed privacy and liability updates. Register [here](#).

Trump Hails 'Gift' of Negative Rates: Trump said today the U.S. should receive the "gift" of negative interest rates, after three Federal Reserve officials signaled the central bank is cool to the idea. Trump has long expressed his desire for the U.S. to pay negative interest on its debt. [Read more from Josh Wingrove](#).

Trump Says Rising Oil Prices Benefit U.S.: Trump celebrated rising oil prices today, saying production cuts by Saudi Arabia secured as part of a global deal among crude producers after a historic price crash would benefit U.S. energy companies. While gasoline prices are far below 2019 levels, they have steadily risen in recent weeks. [Read more from Justin Sink](#).

Energy Chief Says Fed Was Asked to Expand Lending for Oil Firms: The Trump administration asked the Federal Reserve to modify its Main Street Lending Program to include more mid-size companies in order to help oil firms cope with the plunge in crude prices, Energy Secretary Dan Brouillette said. [Read more from Saleha Mohsin and Ari Natter](#).

Wall Faces Suit Warning of Risk to Jaguars: Trump's planned Mexico border wall will destroy the endangered jaguar population in the U.S. by cutting off a vital wildlife corridor in Arizona, three environmental groups said in a lawsuit challenging the government's diversion of defense money for the project. [Erik Larson has more.](#)

Judge Halts Trump Water Actions: A federal judge halted the administration's following new guidelines on delivering water in California, saying the rules didn't adequately protect wildlife. [Read more from Emily C. Dooley.](#)

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