



From: Matt Walker, Vice President of Government Affairs

**Re: COVID Package Negotiations**

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With COVID negotiations breaking down this week, President Trump [took](#) executive action Saturday to provide some narrow relief. The orders aim to deliver additional jobless benefits, payroll tax relief, slow evictions, and assist with student loan repayment. Attached are background documents from the Administration. The actions include:

Extended unemployment benefits – Trump diverted \$44 billion from the Federal Emergency Management Agency (FEMA) to provide \$400 a week in enhanced unemployment benefits. The federal government would provide 75 percent of the payment, with the states providing the rest. Trump’s memo orders the aid to last through December 6th, or until funding runs out, which could be much sooner than December 6th with tens of millions on unemployment.

Payroll Tax Deferral – The president instructed the Treasury Department to halt collection of payroll taxes from September 1st through the end of the year for workers who earn less than \$4,000 every two weeks (around \$104,000 per year). During the signing, Trump called on Congress and Democratic Nominee Joe Biden to commit to making the deferral a permanent tax cut. The president also mentioned hoping to make this deferral retroactive to August 1st and promised he would seek to relieve the tax liability if reelected.

Eviction Moratorium – Less binding than the other actions, Trump’s memo to the Department of Health and Human Services (HHS) and the Centers for Disease Control and Prevention (CDC) calls on those agencies to “consider” whether an eviction ban is needed. This action does not reauthorize the moratorium included in the CARES Act or explicitly halt evictions. The president also said his directive to extend a moratorium on evictions would include financial assistance from the Department of Housing and Urban Development (HUD) for struggling renters and homeowners.

Student Loan Relief – This memo waives all interest on federally held student loans through the end of 2020 and allows people to delay payments until December 31st.

### **Legality of the Orders and Democrat’s Reaction**

On Sunday, House Speaker Nancy Pelosi (D-CA) [branded](#) the executive actions as “absurdly unconstitutional.” However, the speaker declined to say if Democrats would challenge them in court, saying it was too early to know. Pelosi also referred to the orders as an “illusion” with “everything left out.” Echoing her concerns, Senate Minority Leader Chuck Schumer (D-NY) said the actions were “meager.”

There were Republican detractors as well, including Senator Ben Sasse (R-Neb.): “The pen-and-phone theory of executive lawmaking is unconstitutional slop. President Obama did not have the power to unilaterally rewrite immigration law with DACA, and President Trump does not have the power to unilaterally rewrite the payroll tax law.”

Treasury Secretary Steven Mnuchin [said](#) Sunday all of the executive actions were cleared by the White House counsel’s office. Mnuchin urged Democrats not to challenge the orders, saying it would delay aid to ailing Americans.

### **Both Sides Still Willing to Pursue Additional Relief**

On Sunday, negotiators from both sides [said](#) they were still willing to continue negotiations on a relief package. Pelosi said negotiators still needed to reach a deal and assured her side was open to meeting “halfway.” Secretary Mnuchin said on the prospects of continued negotiations, “Any time they have a new proposal, I’m willing to listen.” Negotiators still have a number of priorities not addressed through Trump’s actions, including aid for states and localities, funding for schools to reopen, and implementing a COVID liability shield. It is currently unclear how negotiations may progress, but we should know more early this week.

*Wall Street Journal* article on the executive action: [What’s in Trump’s Executive Actions on Coronavirus Aid—and What’s Not](#)

*Washington Post* article on the executive actions: [Here’s what is actually in Trump’s four executive orders](#)

### **What this Means for Timing on the Next COVID Relief Package**

It is very difficult to predict if a package will come together this week. Arguably, both parties recognize how critical it is to our nation, and the economy, to pass the measure prior to going on recess. At the same time, they are far apart on several key pieces and a deal may prove to be elusive to reach. One option could be to pass a small “skinny bill,” which covers the narrow issues that the parties can agree upon, pushing a broader deal down the road. But, even the likelihood of a skinny bill passing is in question, given the broader dynamics on reaching an agreement.

Of note, if a deal is not reached this week, it is likely that both parties will walk away and recess until their national conventions conclude (Democratic August 17-20, Republican August 24-27). Under this scenario, the parties would return in September and presumably work to reach a much larger agreement that would cover another round of COVID relief *and* a large appropriations package to fund the government through the remainder of the year.

#### **Matt Walker**

Vice President, Government Affairs

National Restaurant Association

Email: [mwalker@restaurant.org](mailto:mwalker@restaurant.org)

202-331-5993