

HEARING WITH TREASURY SECRETARY
STEVEN T. MNUCHIN —
THE TRUMP ADMINISTRATION'S RESPONSE
TO THE ECONOMIC CRISIS

HEARING

BEFORE THE
SELECT SUBCOMMITTEE ON THE CORONAVIRUS
CRISIS
OF THE

COMMITTEE ON OVERSIGHT AND
REFORM

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 - * Article, "With Second Stimulus Checks on Hold, Americans Spend Less at the Grocery Store," *Wall Street Journal*; submitted by Rep. Foster.
- Documents entered into the record during this hearing and Questions for the Record (QFR's) are available in the U.S. House of Representatives Document Repository at: docs.house.gov.*

**HEARING WITH TREASURY SECRETARY
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TO THE ECONOMIC CRISIS**

Tuesday, September 1, 2020

HOUSE OF REPRESENTATIVES
SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS
COMMITTEE ON OVERSIGHT AND REFORM
Washington, D.C.

The subcommittee met, pursuant to notice, at 1:01 p.m., in room 2154, Rayburn House Office Building, Hon. James E. Clyburn (chairman of the subcommittee) presiding.

Present: Representatives Clyburn, Waters, Velázquez, Foster, Raskin, Kim, Jordan, and Luetkemeyer.

Chairman CLYBURN. Welcome, everybody. Today, the Select Subcommittee is holding a hybrid hearing where some members will appear in person, and others may appear remotely via Webex. Since members are appearing in person, let me first remind everyone that pursuant to the latest guidance from the House Attending Physician, all individuals attending this hearing in person must wear a face covering. Members who are not wearing a face covering are not permitted to remain in the hearing room, and will not be recognized to speak.

Let me also make a few reminders about hybrid hearings. For those members appearing in person who will be able to see members appear remotely on the two monitors in front of you. On one monitor, you will see all the members appearing remotely at once, in what is known in Webex as grid view mode. On the other monitor, you will see each person speaking during the hearing when they are speaking, including members who are appearing remotely. For those members appearing remotely, you can also see each other, each person speaking during the hearing, whether they are in person or remote if you have your Webex set to active speaker mode. If you have any questions about this, please contact committee staff immediately.

Let me also remind everyone of the House procedures that apply to hybrid hearings. For members appearing in person, a timer is visible in the room directly in front of you. For those who may be remote, we have a timer that should be visible on your screen when you are in the active speaker with thumbnail mode, and you have the timer pinned.

For members who may be appearing remotely, a few other reminders. The House rules require that we see you, so please have

your cameras turned on at all times, not just when you are speaking. Members who are not recognized will remain muted to minimize background noise and feedback. I will recognize members verbally, and members retain the right to seek recognition verbally.

In regular order, members will be recognized in seniority order for questions. If you are remote and want to be recognized outside of regular order, you may identify that in several ways: You may use the chat function to send a request; you may send an email to the majority staff; or you may unmute your mic to seek recognition.

Obviously, we do not want people talking over each other, so my preference is that members use the chat function or email to facilitate formal verbal recognition. Committee staff will ensure that I am made aware of the request, and I will recognize you. We will begin the hearing in just a moment when they tell me they are ready to begin the live stream.

Good afternoon. The committee will come to order. Without objection, the chair is authorized to declare a recess of the committee at any time. I now recognize myself for an opening statement.

Today, the Select Subcommittee welcomes Secretary of the Treasury, Steven Mnuchin. This is the first time Secretary Mnuchin has testified before the subcommittee, and I thank him for his appearance here today. On July 29, the Federal Reserve wrote, and I quote, "The path of the economy will depend significantly on the course of the virus." Federal Reserve Chairman Jerome Powell, who was appointed by President Trump, emphasized this point, saying, "It's so fundamental, I think we can't say it enough."

Tragically, seven months since the first case was discovered on our shores, the course of this coronavirus continues to be devastating. Nearly 6 million Americans have tested positive, and more than 182,000 Americans have died, far more than any other Nation on earth. This summer, while most of other countries were successfully containing the virus, the United States saw a surge in cases and three deaths, and we know why. Instead of leading with a national strategy, the White House pushed states to reopen without a plan to keep people safe.

Instead of communicating science-based public health guidance, the President claimed the virus would, and I quote here, "sort of just disappear, I hope." These failures are costing hundreds of Americans' lives every day. Just as the Federal Reserve described it, the failure to address America's health crisis has also caused an unprecedented economic crisis that has left many Americans out of work, and struggling to feed their families and pay housing costs.

The most recent data showed the unemployment rate was 10.2 percent at the end of July, higher than the worst month of the Great Recession and its aftermath. As of August 1, 29 million Americans were receiving, or waiting for unemployment benefits. Unemployment claims are more than 10 times higher than they were at the beginning of the year and show little sign of returning to normal levels any time soon.

Of course, some jobs lost at the beginning of the pandemic have returned, as certain businesses have reopened. That is a good thing. The administration has claimed this positive rebound means we are guaranteed a V-shaped economic recovery, where the econ-

omy returns to full strength quickly, but the evidence does not bear that out.

We continue to see, roughly, 1 million Americans file new unemployment claims every week, a clear sign that the economy remains in serious trouble. And rather than a V-shaped recovery, economists have warned, we face an uneven K-shaped recovery where the wealthy quickly bounce back to pre-pandemic prosperity while lower income families continue to suffer economic harm.

In July, former Fed Chairs Ben Bernanke and Janet Yellen testified before this subcommittee. Quoting from their joint written statement, “Lower paid workers, as well as women and minorities, are over-represented in the most affected sectors, and, thus, have borne a disproportionate share of the job and income losses,” end of quote.

Today’s hearing is a call to action. The most important step we can take to fix the economy in the long term is to get the pandemic under control. But American families are hurting now, and there are urgent steps the administration must take to prevent our Nation’s economic crisis from becoming a catastrophe.

First, additional fiscal stimulus is urgently needed. Many of the safety nets Congress established in the CARES Act have expired, and millions of Americans are now facing eviction, debt, and hunger. As the pandemic drags on, states, cities, and businesses, are warning that more layoffs may be coming.

On May 15, more than three months ago, House Democrats passed a comprehensive bill to address these problems. The HEROES Act would extend \$600 weekly unemployment benefits, help families with food and housing assistance, and support state and local governments and the millions of essential workers they employ. Republicans rejected the bill. When the House offered to meet them in the middle with a compromise proposal, Republicans rejected that, too.

Instead, the President offered a fake solution, executive orders, that give the appearance of action, but were clearly insufficient to address the economic peril Americans face.

Secretary Mnuchin, I hope you will return to the negotiating table prepared to find common cause on legislation that meets the pressing needs of America’s families and communities that are hurting from this crisis.

Second, the Treasury Department must improve its implementation of relief programs passed by Congress. So far, the administration has prioritized big businesses over small businesses and the American workers that Congress intended to protect. The administration needs to refocus the Paycheck Protection Program, payroll support for the airline industry and other relief programs, to ensure that they are preserving jobs, not lining the pockets of wealthy executives.

Third, Treasury must improve oversight and accountability to ensure that taxpayers’ dollars are not squandered. Today, the Select Committee is releasing a staff report raising serious concerns about potential waste, fraud, and abuse, in the Paycheck Protection Program. Based on an analysis of the Treasury data, the subcommittee identified more than 10,000 loans to companies that received multiple PPP loans, a violation of the program’s terms. Thousands of

other loans were awarded to companies that were ineligible for the program or had red flags indicating potential fraud.

Secretary Mnuchin, I think you had previously testified that given the need to get relief money out quickly, it was inevitable that Treasury, and I quote, “ran into a lot of issues,” end of quote. That is a false dichotomy. Taxpayers should not have to choose between quickly getting aid to those who need it, and wasting Federal funds, and there are simple steps that could have been taken to improve oversight and reduce fraud.

Our report makes recommendations for steps that Treasury can still take to safeguard taxpayer money, including improving the agency’s weak audit plan for PPP.

As I have said before, the purpose of our oversight is not to cast blame for past failures, but to make improvements to ensure future success. I hope this hearing will be an opportunity for Democrats and Republicans to come together to acknowledge the serious problems Americans face, and identify real solutions. Thank you.

And in the ranking member’s absence, I now yield to Mr. Jordan or a Republican member he may designate for an opening statement. Mr. Jordan, I think you may need to unmute. We see you, but we can’t hear you. Please unmute.

Mr. JORDAN. I thought I had it unmuted.

Chairman CLYBURN. OK.

Mr. JORDAN. Thank you, Mr. Chairman. I—I was unmuted, but I don’t know how it got muted back, but it’s good to be with you.

Mr. Secretary, thank you for—thank you for joining us. It’s unfortunate that the chairman criticized your work in this unprecedented time we find ourselves. \$3 trillion package that Congress put together with your leadership, President Trump’s leadership, \$500 million total in the PPP program, 5 million loans you made to help 85 percent of the small businesses around this country, 51 million jobs, and you come here, and you get criticized by this chairman.

I want to thank you for the great work that you have done. It’s unfortunate that the chairman didn’t take into account the fact that the ranking member was not going to be available for today’s hearing. We appreciate the fact, Mr. Secretary, that you’re here and you’re willing to provide testimony, again, about the Treasury’s extraordinary response to the virus and what this virus did to our economy.

The Trump administration’s work combating this virus and this crisis is unprecedented. From the beginning, Speaker Pelosi and the Democrats stood in the way of the President. The congressional Democrats were focused on their impeachment sham. The President was starting a task force to combat the virus.

When the Speaker said San Francisco is fine, the President was blocking travel from China. When Mayor de Blasio and New Yorkers said, quote, Go about your lives, the President was starting research on a vaccine. And while Vice President Biden has been locked in his basement, the President built the world’s leading testing system from scratch.

We heard just the other week from Dr. Fauci himself about how the President’s actions saved lives. We’ve heard a lot about science and following the recommendations of the CDC and the guidelines

that they put forward. It would have been nice if the state of New York had done the same, where for 46 days, Governor Cuomo sent COVID positive patients back into nursing homes and resulting in all kinds of tragedy for the individuals and families of those folks who live in those facilities.

When the economy shut down, it was tough. It was difficult. People couldn't operate their business. People couldn't go to church. People couldn't go to school. The President knew help was required, and in just 10 days, again, working with you, Mr. Secretary, Congress passed the largest spending relief bill in the history of the country. In that legislation was the Paycheck Protection Program, which extends, as I said, 5 million loans through 6,000 vendors totaling over \$5 billion, direct help to small business owners and families and individuals across this great country. And due to your hard work and the administration, the PPP was stood up in just hours and ran out of money in less than two weeks.

The President and congressional Republicans went to Speaker Pelosi to ask for money, but she wanted to bail out Democrat-run cities instead of helping small businesses. Leader McConnell had a bill. It didn't get a vote, not until June when an oversight colleague, Mr. Roy, introduced a bill that would replenish the funds and make it even more helpful to businesses on the ground. The PPP stood empty because of the Beltway gains from the Democrats. But the PPP program which supported 51 million jobs and 85 percent of the small businesses in America, how many more faltered while the Democrats held the additional support hostage?

Fifteen days after the CARES Act, Treasury began distributing checks, direct checks to individuals and families. A few months later, you had successfully distributed 120 million checks by direct deposit, 35 million paper checks, and 4 million prepaid debit cards, for a total of almost \$270 billion. Again, unprecedented.

Next, you successfully implemented the payroll support program, \$32 billion in loans direct to the airline industry in support of hundreds of thousands of jobs. Amazingly, the application for this program was ready in a matter of hours. Again, unprecedented.

Finally, you directed \$150 billion straight to the states and localities. By July, Treasury had obligated all of this money, but much of it, much of it still remains unspent by the states. New York state has only spent 53 percent, but Governor Cuomo asked for more. Michigan has only spent eight percent, but Governor Whitmer asked for more. The Speaker continues to say states don't have the money, but they do. Every single state has money available to them because of the Trump administration.

Now, it's not to say everything was perfect, but we need to remember it's the Federal Government. And the quick response that we were trying to get and actually did achieve, there's going to be a few mistakes when you do that. When you approve \$3 trillion and expect the Federal Government to get it out the door and to people in a matter of days, of course, there may be a few mistakes. What should be commended, though, as I've said already, is the hard work done to correct those mistakes. These programs save, and continue to save jobs.

Eventually, though, the best way to estimate an economy, the absolute best way to stimulate and grow our economy, is to let people

go back to work. And when it was time, the President led the charge to reopen the country, get Americans back to work, and get our kids back to school. We are seeing a steady decrease in unemployment, a steady increase in jobs. The President built the greatest economy in the world once before, and I know we can do it again.

Mr. Secretary, again, thank you, and I look forward to asking questions, and Mr. Chairman, I yield back. Oh. I do ask this, Mr. Chairman. I'd ask unanimous consent that we enter the Republican report on the Paycheck Protection Program, which as I said, supported 51 million jobs and 85 percent of the small businesses out there across the country. So I'd ask unanimous consent that that be made part of the record.

Chairman CLYBURN. Without objections, it will be done. Thank you, Mr. Jordan.

Chairman CLYBURN. Allow me to introduce our witness. Today, the Select Committee is pleased to welcome the Honorable Steven T. Mnuchin, Secretary of the Treasury. Thank you, Mr. Secretary, for being here today. Will you please stand so I may swear you in? Please raise your right hand. Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Secretary MNUCHIN. I do.

Chairman CLYBURN. You may be seated.

Please let the record show that the witness answered in the affirmative. Without objection, your written statement will be made part of the record. Secretary Mnuchin, you are now recognized for your opening statement.

**STATEMENT OF HON. STEVEN T. MNUCHIN, SECRETARY,
DEPARTMENT OF THE TREASURY**

Secretary MNUCHIN. Chairman Clyburn, members of the subcommittee, I'm pleased to join you here today to discuss the Department of the Treasury's response to COVID-19 pandemic. For the last five months, Treasury has been working hard to provide fast and direct economic assistance to American workers and their families. We remain committed to making sure that every American gets back to work as quickly as possible.

The bipartisan CARES Act is the biggest economic relief package in American history. Economic relief totaling nearly \$3 trillion, which is approximately 15 percent of GDP, is having a tremendous impact on the economy leading to increases in jobs, retail sales, business activity, and home sales. I also want to thank Chairman Powell and the Federal Reserve for its substantial work executing 13 unique 13(3) lending facilities.

For the third month in a row, the jobs report exceeded forecasts with a gain of 1.8 million jobs in July. This brings the three-month total to more than 9 million jobs, meaning over 40 percent of jobs due that were lost have been recovered. The job openings and labor turnover survey suggest the job market has continued to strengthen, with the ratio of unemployed persons to job openings dropping by nearly one fourth in June.

We also see signs of strengthening economic recovery across industries. Retail sales increased in July for the third consecutive

month, signaling consumer spending on goods has recovered. The ISM manufacturing survey indicated growth for the second consecutive month, both satisfying increased business activities. The housing market has nearly returned to pre-pandemic levels fueled by strong housing starts, and existing home sales in July. Leisure and hospitality firms, among the businesses hardest hit by the pandemic, hired 592,000 workers in July, indicating confidence in the economy reopening.

While we continue to see signs of a strong economic recovery, we are sensitive to the fact there is more work to be done, and certain areas of the economy require additional relief. When it became clear that previous negotiations were not moving forward, the President took executive action to provide critical relief to Americans through lost wages assistance and other important items. We will continue to work with the Senate and House on a bipartisan basis for a Phase 4 relief package.

I believe a bipartisan agreement still should be reached, and would provide substantial funds for schools, testing, vaccines, PPP for small businesses, continued enhanced unemployment benefits, childcare, nutrition, agriculture, and the U.S. Postal Service, along with liability protection for universities, schools, and business.

We have released a signature amount of information on our website, *Treasury.gov*, and are providing more information on *USAspending.gov*. We have also provided regular updates to Congress with this marking my fifth appearance before Congress for a CARES Act hearing. Additionally, we are cooperating with various oversight bodies, including three inspector generals, the new congressional Oversight Commission, and the GAO. Treasury and the Internal Service have made data and information regarding millions of economic impact payments available on the websites. The Department heads disclosed all payroll support payments to airlines and other programs on *Treasury.Gov*. We've also posted extensive documentation related to coronavirus relief fund payments to state, local, and Tribal governments on our website.

We're also pleased that the Federal Reserve has posted loan information on its website regarding its lending facilities. We appreciate the subcommittee's interest in these issues, and have devoted significant resources to responding to each of the inquires. We remain committed to working with you to accommodate Congress' legislative need, and to further our whole-of-government approach to defeating COVID-19.

I would like to thank the members of the committee for working with us to provide vital economic relief to the American people. I would be pleased to answer any questions you may have.

Chairman CLYBURN. Thank you very much, Mr. Secretary. Mr. Secretary, I wish to yield myself five minutes.

Before we can fix the economy, we have to acknowledge the scale of the problem. On July 2, President Trump declared our economy is roaring back, is coming back extremely strong. He also predicted that the economy will have a fantastic third quarter. Today, we begin the last month of the third quarter. There's only one Wall Street with a small percentage of people, but this chart shows that there are 27 million American workers still receiving unemployment insurance. This is as of August 8, three weeks ago. That is

more than 10 times the number of Americans receiving unemployment benefits before the pandemic. And since August 8, more than 2 million American workers have filed new unemployment claims.

Mr. Secretary, do these record high unemployment numbers indicate that our economy is coming back extremely strong with a fantastic third quarter?

Secretary MNUCHIN. Mr. Chairman, let me first say we're in unprecedented situations where we closed down the entire U.S. economy, so this is not like a normal economic crisis. I'm having a tough time reading your graph from here, but let me just comment. There's 16 million people unemployed, down from 24. People thought we were going to have 40 million people unemployed, but fortunately, we never had. And the continuing unemployment claims are 14.5 million as of August 15.

So, I do think the economy is recovering very strongly, but let me just say, there are still areas of the economy, no fault to small businesses or our workers, that it needs more help to recover.

Chairman CLYBURN. Well, if we are to quibble—I won't quibble about the numbers as of the 8th. These numbers we have here are as of August 8, so maybe there's been that big a drop since August 8. At that point, we indicated that there were about 27 million Americans who were out of work and on unemployment, unemployment assistance.

Now, many economists have warned that as relief measures expire, and as you know, unemployment has expired. The unemployment supplement that we provided has expired. Things will get even worse unless Congress enacts additional fiscal stimulus. Just last week, former Chair Janet Yellen, Fed Chair Janet Yellen, stated that "Without congressional action, and I'm quoting her here, Americans will suffer, and the overall economy could degrade from its current slow rebound in growth to no growth at all," end of quote. Yet, the administration has refused to agree to the HEROES Act, or to any meaningful compromise to protect American families.

When asked by this committee whether the \$1 trillion relief package as the Republicans have proposed would be sufficient, Chairman Yellen replied, and I quote, "I would be concerned about capping it when we know the needs of the state and local governments alone come close to that, and a substantial amount will also be needed for unemployment insurance for the public health needs," end of quote.

Chair Ben Bernanke agreed, telling us that Congress needs to do whatever it takes to address the economic crisis.

Mr. Secretary, will you commit to working in good faith with the congressional Democrats who want an agreement that does whatever it takes to assist struggling Americans to end this crisis?

Secretary MNUCHIN. Mr. Chairman, let me—let me say I very much agree with you and those other experts that more fiscal response is needed. The President and I want to move forward with more fiscal response. And let me just say the expiration of enhanced unemployment insurance is something that we are concerned about.

I am very proud of the last two bills in the—in the Senate, passed 96–0 and 100–0. That is the definition of bipartisan support. I said in my opening testimony I believe that Republicans and

Democrats need to work together to have additional support. As you know, I've worked very closely on these before. I'm prepared to sit down with the Speaker at any time to negotiate. I think the issue is not what is the top line; I think the issue is we need now support quickly. That's what's important to the American economy. And if we need to do more, we can come back.

So, again, I want to emphasize, the President and I do support additional fiscal response, and we've been working hard to try to get a negotiated agreement on a bipartisan basis.

Chairman CLYBURN. Well, thank you very much for that. I see my time has expired, and so, hopefully, we have—I think we have a second round. I do have one or two more questions.

With that, Mr. Jordan—I recognize Mr. Jordan for five minutes.

Mr. JORDAN. Thank you, Mr.—thank you, Mr. Chairman.

Mr. Secretary, is it—is it fair to say that if Democrat Governors would let people go back to work in their states, we'd probably have less unemployment?

Secretary MNUCHIN. I—I believe there's no question that the reason we have unemployment is that certain states are not opening up, and that there are issues. Obviously, some of that has to be balanced with the medical issues appropriately. But yes, we would expect unemployment to drop significantly between now and the end of the year.

Mr. JORDAN. Yes. And it's largely Democrat states. I mean, Democrats keep their states locked down, then they complain about unemployment. Here's a novel idea. Let people go back to work, and I bet you'll get a lot less of it. You'll get stronger economic growth that will build on what we have seen in the last three months. How many jobs have been added to the economy in the last three months, Mr. Secretary?

Secretary MNUCHIN. An extraordinary amount. I think as you commented earlier, close to 10 million new jobs.

Mr. JORDAN. Ten million jobs in the last three months we're adding back. So, this is idea that there is not a V—there is a V-shaped recovery. It's happening. It would happen a lot sooner if you didn't have Democrat Governors keeping people from going back to work.

Mr. Secretary, how many times have you testified in front of Congress?

Secretary MNUCHIN. More—more times than I can count.

Mr. JORDAN. Numerous times, right?

Secretary MNUCHIN. Yes.

Mr. JORDAN. I think you said—I think you said five times earlier. And you're—you're willing to come and talk about everything you've—you've done and the administration has done, because what you have put in place, the programs you have recommended, the programs that the Congress approved, they worked. How many—how many loans, again, in the PPP program?

Secretary MNUCHIN. The PPP program, as you know, kind of has 5.2 million loans that have supported an extraordinary number of jobs for small business.

Mr. JORDAN. Yes. I think the number is 50—over 50 million jobs, 51 million jobs through the PPP program. 85 percent of small businesses received support, and as—as you just said a few minutes ago, this had strong bipartisan support, this thing worked. You're

not afraid to come and testify any and every time. I mean, not that you always want to be testifying in front of Congress, I understand that, but you're willing to come testify because the programs that were put in place, that the White House and the Trump administration and you supported, have actually made a huge difference for this economy, and are paying off now.

If we didn't have this PPP program, would we be adding 9 million jobs that you just saw in the last three months.

Secretary MNUCHIN. No. There—there are over—50 percent of the private jobs are small businesses, and let me comment. We have over \$130 billion left in PPP, which I believe, if Congress is able to take up a standalone action to repurpose this money for additional funds, I believe this would pass with overwhelming support in the House and the Senate, and I would encourage the House to move forward with that.

Mr. JORDAN. Well, that's a great point, Mr. Secretary. Would you say that's the most important thing? If we were going to come together, forget all the other stuff the Democrats want to put in this bill, all the left-wing baloney they want to add, and we just focused on small businesses owners, helping families, focusing on the PPP program, is that the most important thing we should focus on if, in fact, there's going to be another piece of legislation?

Secretary MNUCHIN. I would say kids and jobs are the most important thing. And as it relates to jobs, the area that has overwhelming bipartisan support that I believe would be easiest to pass on a standalone basis would be the PPP.

Mr. JORDAN. Yes. If we just focused on that, and frankly, that's what you guys are trying to do. That's what you've been focused on in the negotiations with Speaker Pelosi. Unfortunately, she wants to add, and the Democrats want to add all kinds of other things, and frankly, they want to bail out the states. The same states, by the way, who are most clamoring for the bailout are the very states that won't let their folks go back to work, that are adding to that unemployment number that Mr. Clyburn, the chairman, talked about just a few minutes ago.

I think it's—I think we're well past the time, well past the time when we should be focused on one thing and, one thing only, and that is letting people go back to work, getting this amazing economy we had just a few months ago, getting it back on track, the great American comeback, making that happen. And if we're going to do any legislation, let's focus just on the PPP program, which we know was so effective, so helpful to so many Americans.

Mr. Chairman, I yield back.

Chairman CLYBURN. Thank you.

Before yielding to Ms. Waters, I want to say I—I agree that jobs are important. I agree that children are important, and I have a few grandchildren. They're important. But health, health of every worker and every child, is most important.

With that, I yield to Ms. Waters, five minutes.

Ms. WATERS. Thank you very much, Mr. Chairman, for holding this meeting. It's sad to see that we have a member on the opposite side of the aisle who will come here this morning playing the blame game.

First of all, let me say that for the CARES Act, we commend everybody. We commend the Democrats. We commend the Republicans. I worked closely with Mr. Mnuchin. Nydia Velázquez and I worked closely on the PPP program, the MDI, the CDFI. Everybody that worked to get that CARES Act passed should be commended. Now, having said that, we can't rest because we did a good job with the CARES Act. \$600 supplemental employment is out. And so, we have people with very meager benefits from the unemployment insurance who need their government to step up to help them.

And then, we are facing a housing crisis. The millions of folks who are needing rental assistance are facing eviction. We're in the middle of a—of an epidemic with homelessness, with slum landlords. They're businesspeople, too. The mom-and-pop landlords are struggling to pay their mortgage and other property maintenance costs, and their rental income has declined, or stopped all together. And I can go on and on about what's in the HEROES bill. And, so, instead of coming here bragging about what we've already done and trying to have everybody believe that the economy is so much better, that we really don't have to worry, that jobs are increasing to the extent that we should be happy instead of talking about what we do to create more jobs, let's put all of that aside. Let's put that aside and stop blaming Nancy Pelosi and stop blaming others who are basically negotiating.

I'm not blaming Mr. Mnuchin. I want the Secretary to get to the negotiating table with Nancy Pelosi and Schumer and Meadows and get this job done.

Now, this is not just about poor people. This is about middle class people also. Let me read you something from my district of one of my middle class people. This is from Mr. Kevin McGuire. He says "I'm a venue operator in the entertainment business. When COVID-19 hit, I lost contracts with Coachella, the Olympics, and Kendrick Lamar, just to name a few. We're the ones that do your conventions. We're never going to rebound from this. I went from \$1,000 a day to \$900 with EDD every two weeks. Twelve million of us are dying in the music industry. What are you going to do for us? If you need a voice, I'm here to help. I'm an emotional wreck. I'm not sick all by myself. There are others who are having panic attacks. Please, please help us."

And so, stop bragging about what we've already done. We have people who are hurting. And, you know, as we sit here, we have people who have not been able to pay their rent for almost three months. Some are almost three months behind. Certainly, many are two months behind. These are children. And while we have those who are talking about what we're going to do to get the children back in school, get the children back, if the children don't have a place to live and a bed to sleep in, school doesn't even matter. While all of us want our kids to be educated, we don't want any gaps in this education, they've got to have a place to live. And so, we have \$100 billion in the HEROES Act for rental assistance.

Please, please get back to the negotiating table. Forget all of this name blame mess that I hear going on. Get back, and let's get this country going. Let's stimulate this economy. This is our job. This is what people are expecting of us.

Thank you, Mr. Chairman. I yield back the balance of my time.

Chairman CLYBURN. I thank the gentlelady.

Mr. Luetkemeyer, you are recognized for five minutes.

Mr. LUETKEMEYER. Thank you, Mr. Chairman. I just have a couple of comments here before I get started for some questions of Mr. Mnuchin. But in response to a couple comments you made with regards to oversight, you know, I—I did some quick calculating, and the initial first tranche of money from the PPP program was, I think, \$342, \$350 billion. And I think there was, if I remember correctly, about \$280 billion that was out there that was inappropriately applied for or incorrectly given out. And I think the error ratio for that—while \$280 billion—\$1 million is a lot of money, the error ratio is about 8/10ths of a percent. Anybody in the private sector would love to have that sort of error ratio.

Then we start talking about the number of loans. You said 10,000 loans are—are out here that have got problems with them. OK. Of the total of 5.2 million loans, that is less than 2/10ths, 2/10ths of a percent. Again, let's keep perspective on this. You throw the numbers out there, but let's put perspective on them. Again, a 2/10ths percent error ratio, or fudge factor, or whatever the problem is there, that—that's a pretty good rate. Even—that's well beyond what we would expect from the government to be able to do.

I think, you know, I've got a couple questions here with regards to some regulatory stuff, Mr. Secretary. You and I talk about this almost every time we meet. As you know, CECL is one of the hot button issues for me. That is a regulation that is out there that you, I think, have supported in the past to try and change and get rid of. I know the FDIC, the Fed, and comptroller had an interim rule back in March in the CARES Act which suspended it. I've got a bill to try and get rid of it altogether. I would hope you would be supportive of an effort like that.

Secretary MNUCHIN. We would be supportive of that.

And—and I hope you don't mind. Since Chair Waters didn't ask me any questions, I do just want to acknowledge her work that she did with us on CDFIs. I want to thank her for that.

Mr. LUETKEMEYER. Well, to followup Ms.—Ms. Waters' remarks there, you know, you were getting hammered for bragging about the successes and the implementation of the program, but I think a lot of your—your statements were in response to criticisms by—by the chairman initially. So, you know, it's kind of hard to figure out which hand you're—you're supposed to respond to here.

The other thing I want to talk about with regards to regulation is the Trouble Debt Restructuring rules. You know there's a—also an—in the CARES Act, we suspended that rule for a certain period of time here, and I think it's going to be continued to be important that we allow forbearance for—from the regulators to the banks and credit unions to be able to give forbearance to their customers to be able to get our economy back on track, unlike what happened in 1908 and 1909, as a result of the regulators going in and—and having to come in and classify all these loans and then force the banks to foreclose on all these folks, destroying businesses, jobs, communities as well as the banks and credit unions themselves.

So, I'm hopeful, and we talked about this before, but I'd just like a quick response from you with regards to forbearance as well. It's really important, I think, to be—that we understand the impor-

tance of giving forbearance to the regulatory—to the lending institutions.

Secretary MNUCHIN. Yes. I agree with you on that as well. Thank you.

Mr. LUETKEMEYER. One other thing I want to talk about very quickly here is, I know that one of the things that was of some concern, and we go to oversight here with regards to the stimulus checks that went out. A lot of people are concerned that the people who are—who have passed, that are deceased, were getting those checks. And it came up in one of the other previous hearings that you didn't have access to the files from Social Security of those folks who had passed.

Do you have that access now, or is there negotiations going on? We were told there was some negotiations going on to allow you access that if we have a second round of stimulus checks, you'd be able to do a better job implementing those the next time.

Secretary MNUCHIN. We do have access now, and we've recovered the majority of—of those funds. And there is a proposal in the Senate about potentially moving the death file to the IRS, which we would support going forward, but we do have access to that information if we get approval for more checks.

Mr. LUETKEMEYER. Thank you very much.

With regards to, you know, again, improving the PPP program and going to stimulus checks or other programs out there, thank you for all you did with the Fed with regards to setting up all these different facilities. You were—you were able to prop up and give liquidity to and help capitalize a lot of stuff that's going on out there in different areas of the economy. What do you see as the weak areas of the economy that the PPP program would be helpful with regards to helping? And in the next tranche, or next support or passage of PPP, do you see that there would be a—like a loss of revenue trigger in there, a—a cap on the number of loans that—that businesses could apply for, or there are some types of businesses that could actually apply for it as well?

Secretary MNUCHIN. Well, as I said earlier, there's—there's money left over, and I would very much target that money for businesses that have been the hardest hit. I think a decrease in revenues or a decrease in profits is the—the right approach. Again, I think we have bipartisan support for that, and it's many of the industries. It's—it's travel, restaurants, entertainments, hotels, many industries that had been still hit very, very hard.

Mr. LUETKEMEYER. Thank you, Mr. Secretary. I—my time is up, and I yield back.

Chairman CLYBURN. I thank the gentleman for yielding back.

The chair now recognizes Ms. Velázquez for five minutes.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman, and ranking member, for holding this important hearing.

It really amazes me to hear that what does it represent, 10,000 of loans being granted to ineligible businesses. The problem is that I just hear the Secretary saying that we should repurpose the \$137 billion that is left for the PPP program. Well, as I mentioned to the Secretary, and thank you for working with me and Chairman—and Chairwoman Maxine Waters on the PPP, we have to make a commitment that we are going to use that money to provide access to

those that were left behind. And this is why—one of the reasons why I insisted that SBA and Treasury collect the demographic data so that we were able to assess whether or not the PPP program was working as we intended.

The reality is that the Office of Access to Capital of SBA said that they are seeing several lenders who are not collecting demographic data from borrowers on forgiveness application. So, how can you implement a program like PPP when you are completely unaware of the businesses that have received those loans?

Look. SBA just came out and stated that Latino businesses declined by 32 percent, and that black owners have seen nearly three times the decline of other owners. So, I am happy to hear, and I welcome the Secretary's statement that that money should be intended to those businesses that have not been able to access PPP money.

Mr. Secretary, is it true that you committed—that you have committed to audit only the tiny fraction of PPP loans that exceed \$2 million, leaving the over 99.94 percent of loans with little or no oversight?

Secretary MNUCHIN. First, let me acknowledge the work that you've done with us already, and we look forward to working with you on making changes going forward to the program to make sure that the neediest have access.

The answer to your question is no. What I have said publicly is every single loan that's \$2 million and greater will go through an individual audit. All of the rest of the loans are also subject to audit. So, no, we've never said those loans wouldn't be audited. Whether it's 10,000 loans or whether it's 1 million loans, those loans will go through automated audits. Many of the things that the committee found, I would expect that SBA, when they review those loans and audit them, also will find those things on electronic basis. So no, I've said that all loans over \$2 million will have 100 percent audit. That will be appropriate—

Ms. VELÁZQUEZ. Thank you. Thank you for your answer. My guess is that you disagree with the Senate bill that contained a streamlined forgiveness for those loans up to \$2 million. So, to be eligible for a PPP loan, applicants must be in operation as of February 15, 2020, right?

Secretary MNUCHIN. Yes.

Ms. VELÁZQUEZ. Did you know how many companies received a PPP loan that were not in existence prior to February 15?

Secretary MNUCHIN. Well, I saw that, but let me just emphasize that these loans were based upon certifications, and obviously, all the certifications that are wrong, we'll get the money back. We had over \$30 billion that was returned immediately. And in regard to your other comment, the Senate bill has been changed, so that even with streamlined forgiveness, they will be subject to audit by the SBA.

Ms. VELÁZQUEZ. OK. And do you know, prior to today, how many businesses on SAM's suspended and debarred list received PPP loans?

Secretary MNUCHIN. I do not, and let me just emphasize. We are working very closely with SBA.

Ms. VELÁZQUEZ. That's \$96 million.

Secretary MNUCHIN. I understand that. Again, I appreciate the committee's work, and let me just emphasize we are working with SBA. It is their primary responsibility. They are standing up a detailed audit program, and I look forward to this committee and your committee and all the other oversight committees making sure they're comfortable with SBA's audit plan.

Ms. VELÁZQUEZ. OK. Thank you. And would you agree that stimulus checks and enhanced unemployment insurance benefits passed in CARES increase GDP and consumer spending, benefiting small businesses?

Secretary MNUCHIN. Yes, and that's why we—we'd like to extend enhanced unemployment, and we'd like to send out more economic impact payments. Those both have been critical to the economic recovery.

Ms. VELÁZQUEZ. Thank you. I yield back.

Chairman CLYBURN. Thank you, Ms. Velázquez.

The chair now recognizes Mr. Foster for five minutes.

Mr. FOSTER. Thank you, Mr. Chairman. And, first, I have a unanimous consent request. I would like to enter into the record a recent Wall Street Journal article on how the expiration of the \$600 of expanded unemployment assistance and the failure to pass the HEROES Act or any Senate alternative has harmed Americans families. The article describes how Americans are spending less on groceries which, according to the article, quote, "is a sign that Americans are hurting for cash as the Federal unemployment and stimulus remains on hold for most recipients." The article is titled "With Second Stimulus Checks on Hold, Americans Spend Less at the Grocery Store," published in the Wall Street Journal on August 27, 2020, and I seek unanimous consent to have that entered into the record.

Chairman CLYBURN. Without objection, so ordered.

Mr. FOSTER. Thank you.

And, thank you, Mr. Secretary, for appearing here. I'd like to speak more about the need to extend the enhanced UI, and I'm interested to hear that you agree in principle with this, and I wonder why we haven't seen the Senate pass an alternative to the HEROES Act. The job crisis that has caused—been caused by the administration's continuing failure to control the coronavirus is, unfortunately, far from over. In 22 of the last 23 weeks, including the most recent week, more than 1 million Americans have filed for new unemployment claims. Enhanced Federal unemployment insurance has helped millions of Americans keep food on the table and a roof over their heads. And that's why we Democrats voted to extend these payments, because we know from talking to our constituents that the economic fallout from this pandemic is far from over.

Unfortunately, because Senate Republicans refuse to agree to an extension, these benefits expired at the end of July, and left almost 30 million Americans without Federal help. This is not only wrong, Secretary Mnuchin, it is counterproductive if your goal is to actually fix the economy. The macroeconomic effects of the Senate's failure are huge. Former Fed Chair Ben Bernanke testified at this subcommittee that renewing unemployment insurance is important to, quote, "increase aggregate demand and boost spending in the

economy.” The former Chair of the Council of Economic Advisors, Jason Furman, testified to our committee that the failure to remove these benefits are causing our country to lose, and I quote, “about one years’ worth of economic growth.”

In the past, recessions have shown that every dollar spent on unemployment insurance generates as much as \$2 in additional GDP for the economy. Conversely, the loss of extra job benefits is affecting consumer spending and their outlook. In August, the consumer confidence index unexpectedly fell to its lowest level in six years, not exactly a roaring-back economy. And this is especially worrisome because, as you know, consumer spending accounts for about 70 percent of economic activity in the U.S., and it has been hit most savagely by the coronavirus.

So, Secretary Mnuchin, my question is, do you agree with Chair Bernanke and Mr. Furman that enhanced unemployment insurance provides an economic boost? And why is there opposition to extending the \$600 in weekly benefits because, you know, in your words earlier, quote, “in some cases, people are overpaid, and we want to make sure that there are the right incentives.” Is that—do you view that as a serious argument?

Secretary MNUCHIN. Well, let me just say, the President extended through executive authority enhanced unemployment up to \$400 per person. Now, we, unfortunately, don’t have unlimited amounts of money that we can do that, but the President wanted to move forward, and many states have adopted this. So, I think there is—

Mr. FOSTER. So, what you’re saying then, you’re saying that the President wanted to move forward, the House wanted to move forward with full unemployment benefits, and it is only the Senate that’s holding it back?

Secretary MNUCHIN. No. What I said is, the President moved forward with enhanced unemployment. The Senate did move forward with a proposal of 70 percent of wages, capped at \$600. I believe that was something we talked about—

Mr. FOSTER. By moving forward that bill that they passed—when you say the Senate moved forward, what bill did they pass that had this?

Secretary MNUCHIN. Well, again, unfortunately, Senator Schumer and Speaker Pelosi have not agreed to do this on a piecemeal basis. And I think you know anything takes 60 votes in the Senate. So, no, nothing could be passed without bipartisan support.

But, again, I would encourage both the House and the Senate, there are areas that we have overlap in agreement. Let’s move forward for the basis of the American people and American workers and kids. Things that we can agree on, let’s pass quickly.

Mr. FOSTER. OK. And so, in my second round, I’ll have some more questions about the nuts and bolts of the executive order and how it is or is not working as promised.

Thanks much. I yield back

Chairman CLYBURN. Thank you for yielding back.

I now yield five minutes to Mr. Raskin.

Mr. RASKIN. Thank you, Mr. Chairman.

Secretary Mnuchin, welcome.

President Trump has called our Postal Service a joke. And as he's gotten you more involved in the Postal Service, I wonder whether he's told you which changes he's specifically seeking in the post office relating to elections or Amazon?

Secretary MNUCHIN. Well, I think you know I chaired a postal task force. One of the recommendations we made was for the post office to look at package pricing for e-commerce. Now, that's not part of the universal obligation. I recommended that to the President. But other than things I've recommended, the President has not made any specific comments to me.

Mr. RASKIN. OK. You were national finance chairman of the Trump campaign and Louis DeJoy was the deputy national finance chairman of the Republican National Committee. Did you first get to know him in that political context or did you know him through a business context? And based on your experience with him in either the political or business arenas, did you consider him qualified to be the Postmaster General?

Secretary MNUCHIN. I first met him in 2016. I had not seen or spoken to him in the last year. I do consider him to be very qualified to be the Postmaster General. But, again, I had no specific conversations with him about that job until the committee updated me that he was one of the finalists.

Mr. RASKIN. Did you ever discuss his possible appointment or his qualifications with the Republican Governors on the Postal Board, such as Mr. Duncan?

Secretary MNUCHIN. I never discussed his qualifications. Again, they gave me an update on their search process, but I never made any specific comments recommending him or not recommending him.

Mr. RASKIN. Well, it's been widely reported that in February you met with two Republican members of the Postal Governors Board to discuss the replacement of outgoing Postmaster General Brennan. Why did you get involved in that process? And why did you invite just Republican Governors on this bipartisan board with a nonpartisan mission to have a discussion with you, but no Democratic Governors?

Secretary MNUCHIN. Well, let me just say, one of my things that I'm very proud of is I recommended, as part of the task force, that we have the Senate confirm a board of Governors, that for too long there had been no oversight. So, I'm very pleased the Senate had a bipartisan board.

In that one case, again, one of the people was chair of the board and the other was chair of the subcommittee. I had other meetings that did include Democrats. And, again, as the largest creditor, it was appropriate for them to keep me posted. But, again, I had no involvement in the recruitment of the Postmaster General at all.

Mr. RASKIN. It's been stated by the former Vice Chairman of the board that when Mr. DeJoy somehow mysteriously surfaced as a candidate at the end of the process, when he had not been part of the original search firm process, that he seemed almost reluctant to take the job, and when he first appeared before the selection committee it was as if he was interviewing the selection committee, to the point where one of them said at the end: Well, we better ask you a question just so we can say there was a real interview.

Were you involved in trying to convince Mr. DeJoy to take this position? And what kind of communications did you have with him during the process as it unfolded?

Secretary MNUCHIN. Again, I did not try to convince him to take it. Again, I had no involvement. As I've said before, I was quite surprised when I found out that he was a candidate. Again, I had no involvement in that process whatsoever. But let me just say, he was approved on a bipartisan basis by the committee.

Mr. RASKIN. Well, yes. And one member resigned, of course, in protest.

But in any event, it's been reported that you pressured the Postal Service to give the President and the Treasury Department sweeping control over the internal operations of the post office, including over hiring decisions for senior appointees and over service contracts with third-party private shippers, in exchange for an urgently needed Federal loan. According to a former member of the Board of Governors, you pressed for these changes even after the Postal Service general counsel told you that these demands were illegal.

Can you explain why you think it would benefit the American people to give greater operational control over the post office to the administration in exchange for this loan? And what specific requests and demands did you, in fact, make?

Secretary MNUCHIN. So, let me be perfectly clear, OK. Whatever was made was solely from the Treasury Department and was not in any way from other areas of the administration, No. 1.

No. 2, I chair the Federal Financing Bank. We are the largest creditor.

No. 3, I was authorized by Congress to lend additional money. And, yes, as a typical creditor would, we wanted details of the largest contracts. That's typical of what would be required from a lender. And in no way did we ever try to have operational control on the post office. I think that's absolutely ridiculous.

I would also comment, we did agree with Senator Schumer and the Speaker on money for the post office. This was an area of agreement. The post office has substantial cash, and we want to make sure they have plenty of liquidity in any scenario going forward.

Mr. RASKIN. OK. And so, can you commit that the post office will get the resources it needs to deliver the mail on time and so that we can have a fair and accurate election in 2020?

Secretary MNUCHIN. I can only commit that they will have the funds available. I can't make any other commitments other than money. We have a signed term sheet. They have \$10 billion they can draw down whenever they need it, subject to very minimal conditions that they've signed and agreed to.

And as part of a new package, we've agreed, again, we'll give them another \$10 billion, which is more than enough money on top of their 14 billion of cash.

Mr. RASKIN. My time's up. I yield back, Mr. Chairman. Thank you.

Chairman CLYBURN. Thank you.

The chair now yields five minutes to Mr. Kim.

Mr. KIM. Thank you, Mr. Chairman.

Secretary Mnuchin, thank you so much for coming over here. Appreciate your time.

I wanted to just start with a question from a restaurant owner in my district. He asked me this question and I promised him that I would come down to D.C. and ask this to you.

I wanted to just ask you, what does success mean to you when it comes to this economic recovery? What is the goal that you're trying to achieve and the metrics and the measures of success that you're using to see if we're getting there?

Secretary MNUCHIN. Well, let me first say I think there's many measures of success. There's not a single measure. But one of the most important measures is getting everybody back to work who lost their jobs as a result of this. Another measure is to make sure that small businesses can succeed. Another measure is to make sure that we have money that our kids can go to school safely.

So, there are many measures. But I think on an economic standpoint, things like employment, retail sales, GDP are all important statistics.

Mr. KIM. Earlier this summer the National Economic Council head, Larry Kudlow, stated, and I quote: "At the moment the story looks very good. We're set for a V-shaped recovery."

Mr. Secretary, would you say that the V-shaped recovery is achievable? Is that what looks like is happening to you?

Secretary MNUCHIN. I think we are set for a very strong recovery. But let me just say that there are many industries and many small businesses that have been destroyed by this. And that's why I urge Congress, the House and the Senate, to move forward and let us provide help, especially for those hardest hit businesses.

Mr. KIM. I think the point that you just made is one that we need to linger on some more. So, I wanted to just raise something here, because I feel like the language being—coming from you and from this administration is not hitting at the urgency that we see out there right now.

Many experts that I've talked to are warning about this K-shaped recovery rather than a V-shaped recovery. And if you look at just this chart back here, what it's showing is that when it comes to high wages, that a lot of the unemployment has bounced back. The employment has bounced back. It's about minus 0.5 percent. But when it comes to lower wages, we're looking at about negative 15.7 percent in terms of employment coming back on that front.

So it's that inequality that is something that I'm concerned about, Mr. Secretary, here, is that I understand that there is momentum and progress in some parts of it, but I don't feel like that inequality is being addressed to the level that we need to. I just read through your testimony, I listened to your opening statements, and at no place are you mentioning the inequality that is happening in our recovery.

So, I just wanted to ask you, again, looking at this chart behind me, does this look like the signs of a healthy recovery to you?

Secretary MNUCHIN. Well, I'm not familiar with the chart, so I'd be more than happy to look at the numbers and get back to you. But what I would say I am familiar with is, the services industries have been particularly hard hit. Many of the service industries do

employ people at lower wages. So, again, I can't verify the numbers, but I'm not surprised directionality.

And, again, I just want to assure you, the President, the entire administration, thinks there is more work to be done. Let's not get lost on different letters of the alphabet. Let's move forward on a bipartisan basis on areas that we can agree upon because there are clearly parts of the economy that need more work.

Mr. KIM. When it comes to this inequality that's built into this recovery, what concerns me is that if we don't seriously address it that we could see this pandemic actually exacerbate this inequality in our Nation.

We had inequality well before this pandemic. I think you would agree with that. But what I worry about is the trajectory that we're on is something that could actually make America more unequal than it was before the pandemic. Is that a concern that you have?

Secretary MNUCHIN. Well, it's something we're focused on. And let me just say, one of the areas we've agreed upon, on a bipartisan basis, Chair Waters, Chair Velázquez, Senator Warner, others, Crapo, is an idea to put \$10 billion into CDFI banks that would create a hundred billion dollars of lending in areas that have been hardest hit and minorities and other areas.

So, again, I urge Congress needs to work to move forward because there are areas we need to focus on.

Mr. KIM. And what I just urge you to consider here is, as you speak about the economy and as you're talking about it, whether in this Chamber or elsewhere, on the media or elsewhere, is really try to continue to highlight that inequality that is built in there. I think your messaging has been too geared toward one that is only looking at a certain segment of America, and a lot of people in my district don't align with that, don't—your comments aren't resonating with them because they are experiencing a tremendous amount of hurt right now.

So, I'd just ask for that continued attention and emphasis on that as we move ahead.

Thank you, Mr. Secretary.

Mr. Chairman, back to you.

Chairman CLYBURN. Thank you.

Before going to a second round, the chair would declare a five-minute recess.

[Recess.]

Chairman CLYBURN. The committee will reconvene.

I'm going to begin the second round by recognizing myself for five minutes.

Mr. Secretary, I've asked the staff to provide you with a copy of this chart. When numbers are that far apart, mine and yours, I think the public and the record are deserving of knowing what we're talking about here.

Now, the blue in this chart, these are the people who are the traditional unemployment people, and I think that's your number.

When you add the red to that, the people that we created, with the contractors, et cetera, that added with the stimulus, you get up to about 27 million.

So, I think it's—we need to make sure that we're talking about the same thing. So, I'm talking about all people, traditional as well

as the ones we made eligible with the appropriations of the CARES Act.

Secretary MNUCHIN. We'd be more than happy to followup with your staff and make sure we reconcile this afterwards. I think yours are all the claims if you add them up on a cumulative basis as opposed to how many people are on unemployment assistance as of August 4. Because as I said, there's more people here than there are unemployed. But we'd be happy to followup with you and reconcile.

Chairman CLYBURN. Thank you.

Now, there are a couple of things that were said in the first round that I want to really clarify. We keep talking about if the Democrats were to reopen their state governments. Now, the fact of the matter is, many of us have been crying out for a long time for a national program, which we don't have. This is an international pandemic, and we need to have a national program in response to it, which we don't have. It has been left up to the states, all states.

And as far as I can determine—I'm from South Carolina and we've got a very Republican Governor, and we have not reopened. Partially, yes, but it's not reopened. This is not just Democratic Governors not reopening schools and businesses. This is every Governor taking into account the health situation in their particular state.

So, this foolishness about if the Democratic Governors were to reopen their states, I'm looking forward to all 50 states reopening, and we are not there yet.

I would like to ask, though, do these record high unemployment numbers indicate that our economy is coming back extremely strong with a fantastic third quarter? I asked that really before.

Now, I've seen the headlines today. What a great day, I think a record day that Wall Street had. The stock market is doing great, the investor class doing fantastic. But I represent an equal number of people that's in the other of the 434 other Members of Congress. They are not feeling it. There's one Wall Street and there are thousands of Main Streets that are not doing well.

So I just—I'm having a real problem with us judging this economy based upon some minute percent of one percent doing well when millions, literally millions, are hungry, being evicted, for three months now not able to pay rent, people having—seeking mercy for mortgages. There's no jobs, no food on their table.

How do we factor them into our thinking when you start talking about this great third quarter and we are now in the final month of this great third quarter? How do you reconcile that?

Secretary MNUCHIN. Well, let me just emphasize—and, again, I agree with you—we are still very far from where we were in January where we had a record economy. We have 10 million people who are still impacted by loss of jobs as a result of this.

So "great" is a relative term. Relative to shutting off the entire economy and relative to people thinking we'd have 40 million unemployed, we are doing great. Relative to we were in January, we have more work to do, particularly in certain areas of the economy that have been hit very, very hard.

And, again, I want to emphasize, that's why we support Congress moving forward with more targeted measures, especially for those people who are still impacted no fault of their own. This is not like the recession. This is a health-related issue.

Chairman CLYBURN. Well, Mr. Secretary, if Democrats in the House—and we are, for whatever reason, we're closer to the day-to-day people simply because we represent congressional districts, we don't represent states, we represent congressional districts, we have a smaller group of people that we work with—and if we are finding that in order to address the concerns that are bigger than us, these small local governments that are now about to lay off people—which would then close down some local banks that I know. I spent 14 years in the banking industry before coming here. I know a little bit about banks and what they rely upon.

And we are saying that we think it takes \$3.2 trillion to address this issue so the state and local governments can be involved, and you are proposing a \$1 trillion program with no regards to state and local governments at all. And we're saying, let's find some common ground here, we are willing to come down from 3.2 trillion down to maybe 2 if you all are willing to come up and include in what you're doing state and local governments. Is that unreasonable?

Secretary MNUCHIN. Mr. Chairman, if the Speaker wants to include you at the negotiating table, I'd welcome you there with us.

Let me say that, as I said before, unprecedented bipartisan support. We spent 15 percent of GDP. Last time, we agreed to support state and local. The President and I have agreed for more money on state and local.

Again, like any other negotiation, in my opinion, we should agree on areas where we can agree and move forward for the benefit of the American people. That's what we're all here for. So, whether it's 1 trillion or 1.5 trillion, again, let's not get caught on a number. Let's agree on things, we can move forward on a bipartisan basis now.

I don't think the right outcome is zero. Nobody thinks the right outcome is zero.

Chairman CLYBURN. So just so I can understand, you're telling me that you agree that we need to have state and local governments included in the next tranche of funding?

Secretary MNUCHIN. Chief of Staff Meadows and I put on the table some more money for state and local government in the context of an overall bipartisan deal. That was in an effort to reach an agreement.

And, again, as I've said before, we've done multiple deals before. We can do multiple deals again. We don't all know exactly where the economy is going. What is the most important thing is we deliver some relief quickly to the American workers that are most impacted by this.

Chairman CLYBURN. Thank you. I think my time is expired.

The chair now recognizes Mr. Jordan for five minutes.

Mr. JORDAN. Thank you, Mr. Chairman.

Secretary Mnuchin, doesn't every state and every local government have some money right now that was allocated in the CARES Act back at the end of March?

Secretary MNUCHIN. They all have money left, and they also have access to a Federal Reserve facility if they can't borrow in the markets.

Mr. JORDAN. And would maybe a smarter approach be legislation that my colleague from our state, Mr. Davidson, has put forward to give additional flexibility to state and local governments with that money? For example, my understanding is, it was largely targeted for COVID direct expenses, talking about local city, local township, local county government, it was largely targeted for COVID direct expenses. Why not give some flexibility?

They got additional dollars that they didn't spend on COVID directly, money that could be used to keep a policeman on the force, hire a fireman, keep a first responder. Why not just give that flexibility? Does that make sense to you?

Secretary MNUCHIN. We do support additional flexibility in legislation. We've already did guidelines so that money can be spent for firemen, policemen, health workers, first responders. But, yes, we do agree with you, we would support additional flexibility in an additional legislation.

Mr. JORDAN. It's so common sense. The money's out the door. It's there. It hasn't been spent. In some cases, it's lots of money that hasn't been spent. Give local governments the flexibility to do what's best for their community versus spending the additional trillions of dollars, \$3 trillion that the Democrats want to spend.

Unfortunately, I have to run to across the state, Mr. Secretary, to the other side. I'm running tight on time. I want to thank you for great work.

Mr. Chairman, I apologize, but I have to go. So, I yield back.

Chairman CLYBURN. I thank the gentleman for yielding back.

The chair now recognizes Ms. Waters for five minutes.

Ms. Waters, you need to unmute.

Ms. WATERS. There we are.

Our Speaker, Nancy Pelosi, was, I think, perhaps the first in the negotiations to compromise. Yes, the House passed a 3.4 trillion, I believe it was, for the HEROES Act. The Republicans have been stuck on the total response in HEROES for only \$1 trillion. And at this point, you mentioned, Mr. Chairman, perhaps a 2.2.

And I'd like to ask, Mr. Mnuchin, the Secretary, whether or not you have agreed or you support something in the neighborhood of 2.2 as a compromise from your position on 1 trillion.

Secretary MNUCHIN. I do not support 2.2 trillion, but what's more important is what is the breakdown in getting money to American workers, American families, kids, where we can agree on money. There is tremendous areas of agreement, and that's what we should be doing right away.

Ms. WATERS. So, what are those areas of agreement?

Secretary MNUCHIN. Oh, I believe there's enormous agreement on the PPP. I want to thank you and others, I think, on a bipartisan basis. The committees here and the Senate have made improvements to the PPP going forward.

I think there's an agreement on money for schools. There may be a difference as to what it is. There's an agreement on enhanced unemployment going forward. There may be a slight disagreement in

what the amount is in calculation. I think there's been an agreement on direct payments.

As I mentioned earlier, there was even an agreement on postal, which seems to have more excitement and more interest than the postal has ever had in the history of time.

But there's plenty of areas of agreement where we may be differing on amount. But, again, my—

Ms. WATERS. If I may, your big disagreement is on city and state. Is that right?

Secretary MNUCHIN. Again, it's—

Ms. WATERS. Mr. Jordan keeps saying they have plenty of money—

Secretary MNUCHIN. Again, I—

Ms. WATERS [continuing]. And I'm not so sure that's true.

Secretary MNUCHIN. Chair Waters, I want to be careful, because I think it is hard to negotiate in a public agreement, in a public way.

But I would say, we conceded, Chief Meadows and I, on behalf of the President. We had reviewed this with the President in an effort to get a deal done and get other things that are very important for the American public, even agreed to put more money on the table for cities and states.

Unfortunately, Senator Schumer and Speaker Pelosi do not want to sit down at the negotiating table unless we publicly agree on a top line. My own opinion is we should go piece by piece and any area of the legislation we can agree on, we should have the House and the Senate pass.

Ms. WATERS. On city and states there has been some reference to police and fire, and there's a lot of discussion about the funding of police now. Don't you understand, for those people who are worried about the funding for police as this whole discussion takes place about defunding, that to the degree that you are not agreeing on city and state funding, that you are, in essence, defunding the police and the fire departments?

Secretary MNUCHIN. No, let me be clear. We are not defunding the police or fire. We gave complete flexibility, and the money that every state has, they can use that money right now to pay policemen, firemen, first responders instead of laying them off. Every single state has access to those funds. And as part of additional funding, we would be willing to provide more money.

Ms. WATERS. Well, let me just say this. The cities, in particular, are using some of that money for rental assistance. Many of them had eviction moratoriums. Those moratoriums are over. We've not done anything for them in the Federal Government.

As a matter of fact, the President of the United States, in one of his executive orders, did not give any support to rental assistance and threw it over to HUD and two of the other agencies to say review this, take a look at this.

And so, cities are stepping up to the plate to the degree that they can. My city of L.A., the county of L.A., other cities are doing what they can to keep from putting people out on the sidewalk.

So when you talk about the cities having money, you're talking about the cities having look—looking at what to do to take care of

the heroes, the first responders, what to do, and how to be of assistance to those who need rental assistance.

So, what do you think, that the cities and the states have unlimited money to take care of everything that we're not taking care of? Did you know that the cities are using money to extend the moratorium so that people are not put out on the street? Did you know that?

Secretary MNUCHIN. I did. And let me just say, after the market closes this afternoon, we'll be releasing specific information from the administration on the moratorium. I think you'll be quite pleased with the impact that it'll have.

I would also say we did have bipartisan agreement about putting more money for rental assistance. Again, we maybe differ on the amount, but I can say we've agreed with the Democrats on the idea of providing money for rental assistance. And, yes, I know, as you know, I appreciate what's going on in Los Angeles.

Ms. WATERS. Well, thank you so very much.

And let me just say that on that rental assistance—and I'm very pleased that you support that and there may be an agreement forthcoming. But let me just say, we put a hundred billion in there. And so, if these negotiations are talking about 5 billion, 10 billion less, I'm sure you can come together on that. But if you're talking about half of it instead of 100 billion, that's going to be a problem.

So, I'm hopeful that you're able to move closer to the amount that we placed in the HEROES Act, because I'm absolutely worried about the children and the families and their ability to have a roof over their head. So, go back to the negotiating table.

Would you be willing to call my Speaker and say you want to go back to the negotiating table today?

Secretary MNUCHIN. I would publicly say I am willing to sit down at the negotiating table with the Speaker with no conditions whatsoever any time, other than I think the chair expects me here for a bit longer, but maybe even he would concede if the Speaker wanted to interrupt this to negotiate right now.

Chairman CLYBURN. Absolutely.

Secretary MNUCHIN. Let me just say one thing. When we ran out of money at the PPP, what did we do? We came back to Congress and on a bipartisan basis more money was agreed to.

So, I happen to think the hundred billion dollars is way too much. That's not what I think we need. But, by the way, if we agree on money and we run out quickly, you are all still here for us to come back. So, let's start spending money where we can agree to help the American people.

Ms. WATERS. Well, I thank you. You're right, there's opportunity to always come back. It's harder in some cases. But if you don't start out too low, we won't have that problem.

And so, I'm so pleased that you're willing to go back. I ask if you are willing to call her and say: Let's get back. And I'm not concerned about the hours. I know you work long, hard hours.

But this is the kind of thing that if negotiations take 24 hours a day, we've got to get it done. The people are hurting. And we can't stimulate the economy unless we have money to spend. The only way to have money to spend is to put a stimulus package out there, to supplement the unemployment, so that when they get this

money they don't hold on to it, they put it right back into the economy, they spend the money.

So, you want to go back in and try to get back in as soon as possible, even today?

Secretary MNUCHIN. Can I tell her that you suggested I call her right after the hearing?

Ms. WATERS. Yes. Yes. Yes.

Secretary MNUCHIN. Done. I will call her right after the hearing. Thank you, Chairwoman.

Ms. WATERS. Thank you very much. Thank you.

I yield back.

Chairman CLYBURN. Thank you, Ms. Waters.

The chair now recognizes Mr. Luetkemeyer for five minutes.

Mr. LUETKEMEYER. Thank you, again, Mr. Chairman.

And thank you, Secretary Mnuchin, for your continued patience with the discussions we're having here today.

I'd like to go back to the PPP for a second with regards to the forgiveness provision that's in the program. I know there's been a lot of discussion about how quickly we can get that forgiveness done, can you streamline it.

Can you tell us where you're at and what your thoughts are on the forgiveness portion of the PPP?

Secretary MNUCHIN. So, let me just say the SBA system is now open for forgiveness applications. I think, as you know, we've been having conversations on a bipartisan basis with the committees in the House and the Senate on the smaller loans, how to strike the right balance between proper audits and not bureaucracy for very small businesses, and we're open to working on any additional thoughts with the committees on future legislation.

But we want to strike the right balance between, as the chair has noted, there are appropriate people out there that took loans that shouldn't have taken loans. We want to get money back for the taxpayers with making sure that, for most of the people out there, they can get forgiveness quickly.

Mr. LUETKEMEYER. Well, you know, I think the numbers will tell you that 99.9 percent and above was correctly applied for. And I think, you know, the financial institutions as well as the individuals will like to have some certainty with regards to how quickly we get this thing done and how expensive it's going to be for them to get this program behind them.

I mean, for some of these small businesses to apply for forgiveness, it'll be very, very expensive to have to go through the process. So that's what they're telling me anyway. I mean, can you give us any insights or any thoughts with regards to streamlining the process for small loans? I mean, this is a really, really big deal to a lot of small businesses.

And I know this is a targeted group that you really were wanting to try to help, and yet the forgiveness part of this program seemed to be a little more punitive than we really need to have it. What are your thoughts on that?

Secretary MNUCHIN. Well, first, let me just say, I want to thank the financial institutions, because we never could have done it without them, particularly the smaller institutions, a lot of the in-

stitutions that were a billion dollars of assets or below 10 billion and the CDFIs. We had over 300 CDFIs that participated.

And, again, we want to strike the right balance, because there's a lot of people who have \$10,000, \$20,000 loans that should be really easy for them to get forgiveness.

Mr. LUETKEMEYER. OK. Moving on to a little bit different subject here. With regards to the package of a second round of the CARES Act 2.0, whatever we call it here, everybody's talking about trying to be negotiated at the present time.

A couple things that I am surely encouraging and hope that you get in there is some dollars for nursing homes and hospitals, especially for testing. The continued testing that these institutions have to do is really, really expensive, especially if you wind up with the COVID going through the institution.

And a second group would be the schools. You know, most of—our public schools are all financed through state funding, and state funding has a lot of times been cut or are just not there at all.

And so those two groups of entities really need some help, and I'm hoping that that would be included in there. And if you had some thoughts on it, I'd sure appreciate what your thoughts would be along that line.

Secretary MNUCHIN. So, we do want more money for testing and vaccines. I've been working closely with Mark Meadows on the testing issue. I must say we're really pleased with the announcement last week with Abbott. We're procuring 150 million tests that are point-of-care tests that can be done right away. Five dollars apiece, so very, very cost effective. And there's going to be enough tests that we could deliver them to every single school so they could test students three times if needed. We'll also send them to nursing homes, hospitals.

But our work's not done. We need more money for testing. We have more things lined up. Point-of-care testing, which is now available, is critical. That allows people to get results very quickly, cost effectively.

And let me just say on the 150 million tests, these will be paid for by the Federal Government and distributed to the states for them to use as they deem best.

Mr. LUETKEMEYER. OK. My final question deals with the incentives that we had in the—and the \$600 payment that we had with regards to those who were unemployed. You know, I'm of the opinion that I would hope that in the next package, instead of what basically wound up being an incentive to stay home and not work, that we find a way to incentivize people to work, either through incentivizing the business to hire or incentivizing the individual themselves to go back to work.

Have you had some thoughts along those lines and what your ideas may be?

Secretary MNUCHIN. Well, we have a series of proposals, including tax credits to incentivize companies to hire people. Again, these would be targeted to the hardest hit businesses that need help.

So, yes, I think it's got to be a combination of having enhanced unemployment at the appropriate dollar level. And there's no question, there are areas of the economy where the \$600 is preventing people from being hired. I spoke to one company that's trying to

hire 5,000 people that's having a very difficult time and they're having to pay their own workers a thousand dollars a person to refer people.

But we do need enhanced unemployment and we do need incentives to rehire people, combination of both.

Mr. LUETKEMEYER. I appreciate that. I know anecdotally a couple of my employers locally here in my district, they couldn't hire anybody for any amount of money it seemed like. And then as soon as the \$600 check went away, why suddenly they've got more applications for the jobs they have than what they can fill now.

So, it was a disincentive to many, many people to find work and find that right balance of individuals who, through no fault of their own, are still unemployed because they're in an industry that is still hard hit. That's one thing. But to incentivize people at a level that you're talking about here, to find that balance, I think that's critical to make sure we don't incentivize them to stay home. That doesn't help our economy, doesn't help them at all as well.

Thank you, Mr. Secretary.

With that, I yield back.

Chairman CLYBURN. I thank the gentleman for yielding back.

The chair now recognizes Ms. Velázquez for five minutes.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

I just would like to react to a comment made by Secretary Mnuchin. You said that the economy was doing so well before COVID. However, the Federal Reserve stated that before COVID even hit, 40 percent of Americans do not have \$400 in the bank for emergency expenses.

To me, that's an economy that is working for the top, is working well for those at the top. And I hear you that we need to address those that are the ones hardest hit by this pandemic and areas in the country that have not been able to really get back on track.

So, I just would like to discuss with you the Federal Reserve's Main Street Lending Facility. That facility was set up by you and others at the Federal Reserve, right?

Secretary MNUCHIN. Yes.

Ms. VELÁZQUEZ. And the Fed's August report stated that the Main Street Lending Facility had made only 14 loans and one for 50 million. So why is that? If the need is there, why only 14 loans when in the CARES Act we invested \$75 billion? Why to this day only 14 million—14 loans nationwide?

Secretary MNUCHIN. Let me just say, I want to commend the Federal Reserve because it's really, really difficult to get a program like this up and running. So even though we would have liked to have done it quicker, it was an extraordinary amount of work. It's now up. We've done over a billion dollars of loans. I think our estimate is we will do 25 to 50 billion dollars of Main Street.

Now, fortunately, a lot of businesses have been able to access bank financing so they won't need Main Street. And, unfortunately, there's many businesses that won't be able to access Main Street because they have significant problems. They don't just need more debt. And, again, that's one of the reasons why I think the increase in the PPP is so important.

Ms. VELÁZQUEZ. Mr. Secretary, with the financial crisis that is hitting every corner of our country, and 28 million businesses, only

5 million got PPP money and another 2, 3, 4 million of EIDL money.

So to have a facility such as that, and out of the 14 loans, eight were made in Florida, two were made in Pennsylvania, so just—I just can't grasp how could we explain, given the need, that only 14 loans have been made.

What changes are going to be made to the Federal Reserve's lending programs to assist small firms that truly need it?

Secretary MNUCHIN. I, unfortunately, don't know the exact number, but I'll get it to your office this afternoon. As I said, I know we're up to over a billion in volume on the way to what we think is 25 to 50 billion. So now it's up and running, there are a lot of loans in the system, and we'll get you the exact number this afternoon. It's way more than 14.

So, I expect—

Ms. VELÁZQUEZ. The numbers that we have, it's eight in Florida. Two loans, including the 50 million, were made in Pennsylvania. So, I would love to see those numbers.

But, again, what type of changes are you going to make to the program so that we can really assist the small businesses that need it the most?

Secretary MNUCHIN. Well, right now it's up and running and banks are originating. It took a long time to get up and running. So, the changes that we are making are the Fed will be rolling out a facility to extend it to nonprofits. But, again, I think for the existing facility, it's now up and running and I think you're going to see a lot of volume over the next two months.

Ms. VELÁZQUEZ. OK. Mr. Secretary, President Trump's recent executive order related to housing does little to protect the renters and homeowners facing evictions and foreclosures. Among my numerous concerns with the order is that it does provide no Federal funding to help households struggling to afford their housing costs. It merely directs you as Secretary of the Treasury, as well as Secretary Carson, to identify existing Federal funds that could be used to provide temporary assistance to renters and homeowners.

So, my question to you is, what funds have you and Secretary Carson identified? And do they come close to the \$162 billion that renters and homeowners are currently estimated to need?

Secretary MNUCHIN. Our first choice is to have bipartisan legislation that allocates specific rental assistance to people hardest hit. But you will see rolled out after the market close this afternoon specific guidelines that I think you'll appreciate are quite significant on allowing moratoriums for people who certify that they can't make their rental payment due to coronavirus-related issues.

Ms. VELÁZQUEZ. So, are you admitting that the executive order put out issued by the President was basically a PR stunt?

Secretary MNUCHIN. No, quite the contrary. That executive order is what will roll out this afternoon. What you will see are very, very significant actions.

So, yes, we do have some money. We have a couple of billion. But because we don't have enough money, we are rolling out very significant guidelines that will impact not just the 4 million homeowners—excuse me—renters that were in coronavirus. This will be

up to the 40 million renters in the United States. So, again, you'll be seeing that rolled out.

Ms. VELÁZQUEZ. So, all that money is coming out of where? All that money that is needed is coming out of what program?

Secretary MNUCHIN. It's actually not using money. What it is doing is using executive authority to create a moratorium.

Our first choice would be to have rental assistance, were to have enough money. We need legislation. But since we don't have that, the President is using executive authority, which will allow for a moratorium so that people who are impacted by this don't get thrown out of their rental homes.

Ms. VELÁZQUEZ. So, you are telling us that you will not take money out of Section 8 vouchers or project-based Section 8 properties to pay for this?

Secretary MNUCHIN. No, we're not redirecting. There's a small amount of money that will be rental assistance. But the main part of this program is a real moratorium that impacts close to the 40 million renters. And, again, I think everyone will be very pleased. But, again, that's not a reason we shouldn't have legislation with rental assistance.

Ms. VELÁZQUEZ. OK. So, I have spoken to several small businesses in my district, including restaurants, hairdressers, dry cleaners, who are all concerned about making September's rent. Many of these businesses have already taken out PPP, but are still in need for additional resources. In fact, 84 businesses in the northern part of my district, Williamsburg and Greenpoint, since the start of the pandemic shut down their businesses.

As the administration was considering an eviction moratorium for renters and homeowners, did you also consider doing the same for commercial properties?

Secretary MNUCHIN. We did, but I don't believe we have the executive authority to do that. And that's all the more reason why I think we should take the 130 billion that we have left in PPP, add another 120 billion, and let's get 250 billion to help all those businesses that you specifically identified and many more that can't make their rent, can't pay their payroll, no fault of their own. This is all COVID related.

Ms. VELÁZQUEZ. Sir, are you committed to work with me to make the changes that are necessary to put guardrails so that those businesses that are ineligible to access the PPP program will not be able to do so?

Secretary MNUCHIN. Absolutely. And I'd encourage your committee to move forward with stand-alone legislation. Let's get this passed on a bipartisan basis and move to the next issue.

Chairman CLYBURN. A very generous five minutes has expired.

Ms. VELÁZQUEZ. I yield back.

Chairman CLYBURN. Thank you.

The chair now recognizes Mr. Foster for five minutes.

Mr. FOSTER. Thank you, Mr. Chairman.

Also thank you, Mr. Secretary, for announcing yet another executive order. I'd like to talk about just how well some of your previous executive orders are working. They tend to be announced with a lot of sound and fury, and then when you actually look at

the details and the implementation, there's a lot less than what appeared to have been announced.

So, for example, the lost wage assistance executive order, which it turns out has proven to be a very weak and unworkable substitute for enhanced unemployment insurance. Instead of agreeing to simply extend the \$600 benefit, this executive action taken last month slashes the enhanced benefits by \$200 to \$300 and does this by raiding a very limited FEMA Disaster Relief Fund to cover part of the cost and then forces cash-strapped states to pick up the rest of the bill, those that can.

All right. So how is this actually working? Secretary Mnuchin, on August 10, you said that most states would be able to execute this program, and I quote, "within the next week or two." But as of Friday, only six states have started paying out even these reduced benefits.

So, can you tell us today how many Americans have actually received these limited benefits, how many are still waiting, and how many may never get them at all?

Secretary MNUCHIN. I'd be happy to get back to you with the exact statistics. I think there's something like 26 states have signed up. I am not aware of how many of them are actually paying, but we're happy to followup with you.

And, again, our first choice is to have legislation. This was an area to move forward where there was not bipartisan agreement to move forward with something. And, again, I think for the people who are getting those \$300 or \$400 checks right now that's very meaningful and it's half the country.

Mr. FOSTER. I don't think half of the country is receiving—has received those checks at this point.

And I just—I know the situation in Illinois where we diligently applied to FEMA to participate in this program, but our Department of Employment Security tells us that even if it was able to be implemented, there are a huge number of issues at stake.

I don't—there are too many of them just to tick off here, but among them that includes the fact that under the President's program you don't get to access any benefits at all if you don't meet this arbitrary minimum weekly benefit of \$100. And this includes about 55,000 claimants from Illinois, many of whom are mixed income earners who earn W-2s and work as self-employed workers or independent contractors.

Also, it requires states to set up a completely parallel system to administer this aid, which is a huge administrative burden when they're very busy with other things right now.

And, finally, it provides zero stability to workers, because there's only a limited amount of FEMA money that's available to be drawn. And the program claims to expire at the end of December, but we all know that that money is likely to be gone, if it ever gets started, within a few short weeks.

So, first, is it really true that there's only about \$44 billion in FEMA disaster funds available to cover these benefits? And what do you do when that runs out?

Secretary MNUCHIN. Well, there is more FEMA money, but we wanted to make sure we had money for hurricanes and other items. So, yes, we've allocated a little over \$40 billion. And hope-

fully, again, all the more reason why we need legislation to replenish those funds and allow people to do it. And we're more than happy to followup. I'm not aware of what the—the issues are in your state. We're more than happy to followup on the specifics of that.

Mr. FOSTER. No, we have a very good write-up, and I'll be happy to get to you on that.

The second executive action is this payroll tax deferral. You know, this is another one of his, sort of, not-very-well-thought-out executive orders. So this, I understand, is a—it's a payroll tax holiday. So, is it the position of the administration that this will have to be paid back by workers, you know, by next April or not?

Secretary MNUCHIN. Oh, it's—it's quite clear that, again, the President is going to go to Congress and—to get authority, but we need congressional authority. This is a deferral. Again, we need congressional authority.

Mr. FOSTER. So, the answer is yes. The workers—as it stands right now, unless the Senate finally passes anything, we're not going to—you know, workers are going to have to pay this back, correct?

Secretary MNUCHIN. Again, this is—this is like other tax deferrals that we gave which were very helpful to people. And, yes, this is money in people's pocket that they need now that—that is very important and very meaningful.

Mr. FOSTER. OK. And, now, how does the—the President has proposed various mechanisms for paying this back, including basically taking—defunding Social Security or—yes, Social Security funds to pay for it. Is this really—is this your plan? Is that what you're proposing?

Secretary MNUCHIN. No. That's completely inaccurate, OK. This is a deferral, so it will be paid back. And if we pass legislation, then in the legislation, this would come out of the general fund and make Social Security 100 percent whole. We have no intention of having this cost one penny out of the Social Security trust fund, which, I might add, I'm—I'm the managing trustee of.

Mr. FOSTER. All right. Well, that's interesting to compare that with some of the statements that your boss has made.

I guess I'm out of time here, and I'll yield back.

Chairman CLYBURN. Thank you.

The chair now recognizes Mr. Raskin for five minutes.

Mr. RASKIN. Thank you, Mr. Chair.

Mr. Secretary, I'm pleased to hear that you are open to state and local funding in the next round of legislation that we do, and this definitely strikes a very different tone from one of our colleagues, who seems to think that support for state and local governments is left-wing baloney. As you know, state and local governments provide the vast majority of services to our people, including fire, police, public health, libraries, first responders, rescue, and so on. And they've been on the front lines of the—of the COVID-19 crisis which, of course, has cost more than 180,000 American lives, and afflicted more than 6 million of our people.

States and localities now face nearly \$1 trillion in budget shortfalls, \$1 trillion. My state, Maryland, is projected a \$2.6 billion shortfall by the end of 2021, and it could be \$4 billion by 2022, and

this is reflective of what's taking place across the country, red states, blue states, southern states, northern states and so on.

The state governments are being forced to cannibalize their rainy-day funds, they're cutting essential services, and they're laying off workers. According to the Department of Labor, 1-1/2 million state and local government workers have lost their jobs since February. And the economists tell us that if we don't act, another 2.8 million could lose their jobs within the next year.

So here is what our key economic actors and thinkers are saying. Fed Chairman Jerome Powell warns that state and local government layoffs and budget cuts will, quote, "hold back economic recovery." Former Fed Chairs Bernanke and Yellen testified that state and local budget cuts and layoffs stifle economic recovery from the Great Recession, and those job losses at the state and local level were just half of what we've already seen during COVID-19.

So, Secretary Mnuchin, do you agree with these three Fed Chairs that state and local budget cuts and layoffs will exert a serious drag on national economic recovery? Do we need to act in a way commensurate with this threat?

Secretary MNUCHIN. Well, I don't know if it's going to be a serious drag or not, but there's no question that the President and I think that we should not be having layoffs of policemen, firemen, first responders, and others. I think there are budget holes. I think the \$1 trillion is way too high. That was a two-year number. Matter of fact, if you look at The Wall Street Journal today, they talk about how state revenues are coming in significantly higher than they expected. And again, let—let's deal with and fund the issue we have now, and next year, we can worry about if more money is needed.

Mr. RASKIN. OK. That's a fair point, but I keep hearing this talking point that the states have a lot of money left over from the CARES Act, and your department published a report saying that the states had only spent 25 percent of the \$150 billion that we have in the coronavirus relief fund that was set up for the state and locals. But that was a really disoriented claim, because 75 percent of the CARES Act funding had already been allocated and obligated for expenditure. So, it may be true that only 25 percent of it is spent, but more than three-quarters of it had been obligated.

And the report also covered spending only through June 30, failing to account for state spending in July and August, and also ignoring the fact that obligated funds weren't being spent yet because of the Department's own guidances and red tape.

So, do you still assert now in September that most of the CARES Act money is still available to state and local governments?

Secretary MNUCHIN. Well, let me just say, we worked with our inspector general since we didn't have authority, and we asked the inspector general to work with us so that states would be reporting. We will be getting updated reports. I do know as a fact there are many states that are hoarding the money because they want to use it for lost revenues and not use it now. I'm not saying that's every case. There's also some states that did a very good job of passing it down to local cities and counties. There are other states that have kept the money.

So, yes, I—I think there is still money available. I'm not sure what it is. But again, as part of a compromise, the President authorized Mark Meadows and I to put more money on the table in—in a larger deal.

Mr. RASKIN. Have you met with the National Governors Association or the National League of Cities, or any of the state and local government organizations to discuss the \$1 trillion budget shortfall, because I can assure you they see it very differently from the way that you're describing it today?

Secretary MNUCHIN. I've spoken to many Governors, both Republicans and Democrats. I've also spoken to many mayors who are Democrats and Republicans. I've reached out to states. I have specific numbers of what they need for schools and other issues. So yes, I've—I've also participated on many video calls with the Vice President and—and all the Governors. Yes, we've had a lot of reach-out.

Mr. RASKIN. Well, I'll just leave you with the words of Republican Senator Bill Cassidy who said, "As Congress drafts the next round of COVID-19 spending, lawmakers are debating whether to give states money. We should. Without such funding, cities and municipalities will be forced to lay off workers and may, therefore, be unable to provide basic services to keep small-and medium-sized businesses running." Senator Cassidy warned that submitting half measures will not restart our economy.

So, I hope you will pay attention to this bipartisan consensus that we need a substantial and meaningful investment in this coordinate part of the U.S. Government in the states and localities.

Thank you very much. I yield back, Mr. Chairman.

Chairman CLYBURN. Thank you for yielding back.

The chair now recognizes Mr. Kim for five minutes.

Mr. KIM. Thank you, Mr. Chairman.

Secretary, again, thanks—thank you for joining with us here today. I wanted to just go back to something you said a couple times earlier in this hearing, which is about—you know, you said a line that said, you know, on the things we can agree on, let's move forward, and I think that that's a great centimeter. I just want to focus in on a couple issues here.

So, going back to housing, we've talked—you just talked about it a couple times. You said that you agree that it's important to support Americans with housing. You made reference to an announcement that will come later on today about a moratorium. First of all, just to be clear, you agree that a moratorium is not enough. Is that correct?

Secretary MNUCHIN. My first choice, as it relates to rentals, is rental assistance, not a moratorium. And as it relates to mortgages, I think, as you know, a substantial portion of the market is Fannie Mae and Freddie Mac, and I think they've created a very successful program in forbearance, which I support.

Mr. KIM. So when we're looking at this question now, if we have agreement, that we need to have some support here for renters and for others, to keep a roof over our head; now the question is, how much and how we can provide that type of support. And here, I want to just drill down a little bit. When the Aspen Institute recognizes that we have, perhaps, the largest housing crisis in our coun-

try's history, they're saying, you know, 30 to 40 million Americans may very well be at risk of eviction in the next couple of months.

That, then, would take into account in terms of calculating what support we can provide here. You know, when I see the Senate HEALS—the Senate Republicans HEALS Act put in \$3.3 billion as opposed to what, in the HEROES Act, was about \$100 billion, you said \$100 billion was too much, in your opinion. But if you look at the \$3.3 billion, let's say we use the conservative element of 30 million Americans, the conservative side which the Aspen Institute estimates. 30 million Americans, \$3.3 billion, that's about \$110 a person. So, I just kind of want to ask you. What is the right level? Do you think \$110 a person is the correct amount to be able to help with rental assistance?

Secretary MNUCHIN. First of all, I just want to say, thank you for being here in person. I—I think that 30 to 40 million people is just absurdly high. I mean, there's—there's only 40 million rental units. And—and I would also add, depending upon what we do with enhanced unemployment, has a relationship to what you need to spend on rental assistance. If you're giving people enhanced unemployment who are out of work, they can use some of that money to pay their rent.

So, these things are all interrelated. But no, I think that 30 to 40 million is grossly high in terms of estimates, and I think this is nothing close to what was the mortgage and housing crisis that we had during the recession.

Mr. KIM. Let me just switch gears here to healthcare. So just a quick question: Do you think it's a good idea or a bad idea to have millions of Americans lose healthcare during the middle of a pandemic?

Secretary MNUCHIN. I—I don't think it's a good idea. That's one of the reasons why I support the PPP and other things that keep workers attached to their business so they can continue to get healthcare. And I think, as you know, as—as part of first bill that we passed with the House and the Senate, we allowed small businesses to maintain money for healthcare.

Mr. KIM. But despite those changes, despite those efforts that we've had, there's been an estimate of about 5.4 million American workers stripped of their health insurance between February and May. We expect many more. And that's on top of the 30 million Americans in our country that did not have healthcare to start with before this pandemic.

So one of the big efforts that we try to do when it comes to the HEROES Act was to try to provide Federal financing for Americans to be able to keep insurance through January 31, 2021; also, to be able to have a special enrollment period for coverage through the ACA. Those are some of the efforts we're trying to do. But when it comes to the Republican Senate bill, none of that is in there. So, you know, look, when you agree that we don't want to have Americans losing their healthcare during the middle of a pandemic, why is that provision—why aren't those provisions ones that you would agree upon?

Secretary MNUCHIN. I'm not familiar with those specific provisions. We'd be happy to followup with you. Again, I think our first choice is getting people back to work where they—they have

healthcare, but if there's areas as you've described, we'd be happy to—to look at that.

Mr. KIM. I would—I would ask you to take a look at that. I'll have my office send it back over, but it—it's important here, because, again, when we're talking from the level—and I'll go back to what you said about trying to find areas of agreement and move forward on that. I want us to make sure that we are looking at it through the eyes of people in my district and people all over this country. People in my district that have lost healthcare, or are on the verge of losing their home, they don't have the luxury of just, you know, coming up with some of the low-hanging fruit and then kick the can down the road. We have to step up and have some of these tough discussions with each other, try to make sure that we move forward on this.

I agree with you. Let's start with the areas of agreement, but we cannot just keep kicking the can down the road, and that's what the American people are seeing over and over and over again.

So, again, I'm just grateful for you coming in today and having a chance to talk with you. I hope we can continue to work further.

Mr. Chairman, just before I—I yield back here, I just have a unanimous consent request here. I seek unanimous consent to enter two documents into the record. The first is a Wall Street Journal article stating that major U.S. employers are considering significant new layoffs, and making furloughs permanent as the coronavirus pandemic drags on. This includes American Airlines, Coca-Cola, Salesforce, United Airlines, MGM, and many others.

According to this article, a recent survey, quote, found—found nearly half of U.S. employers that furloughed or laid off staff because of COVID-19 are considering additional workplace cuts in the next 12 months.

The second document is a report from the Economic Policy Institute, showing that the historic layoffs from the coronavirus have led to approximately 12 million people being cutoff from employer-sponsored healthcare, health insurance, in the middle of a public health crisis.

Thank you, Mr. Chairman.

Chairman CLYBURN. Thank you very much. Without objection, we will. And I think that that's—I was about to enter that in—in my final statement—

Mr. KIM. OK.

Chairman CLYBURN [continuing]. But I guess I can skip over that.

In closing this hearing, I want to thank the Secretary for coming today. We appreciate the opportunity to directly address these critical issues with you as Congress works to help our country get beyond this pandemic. In his two-volume work, *Democracy in America*, Alexis de Tocqueville observed the greatness of America lies not in being more enlightened than any other Nation, but rather, in her ability to repair her faults.

This pandemic has exposed some faults that need to be repaired, including significant inequities in access to economic opportunity. Today's hearing has made clear that the Federal Government's eco-

conomic recovery efforts have failed to repair these faults, and is at risk of getting worse.

But before we can repair these faults, we must agree on the problem. I'm a bit concerned that the Secretary and I seem to be a bit far apart on the number of unemployed people in this country. You decided—you cited various numbers, 10 million, 16 million, but the data demonstrates that as of August 8, approximately 27 million Americans were collecting some form of employment insurance. This number includes those on regular state jobless benefits plus freelancers, gate workers, and others who are not eligible for regular state jobless benefits.

Now, to support this, I—we are entering into the record the statement from the Economic Policy Institute, and I think it supports what we are saying here today.

I think we can all agree that there are steps Congress and the administration must take now to put our economy back on track for all Americans and ensure that taxpayers dollars are not diverted to waste, fraud, and abuse.

First, congressional Republicans and the administration must agree on compromise legislation that includes an extension of enhanced unemployment insurance, food and housing assistance to American families, and support for state and local governments. Republicans continue—continuing to refuse to compromise is causing harm to American children, American workers, and American families.

Second, Treasury must implement key relief programs, including the Paycheck Protection Program for small businesses, and the payroll support program for the airline industry, as Congress intended. Congress created these programs to protect workers and preserve American jobs, not to funnel taxpayer dollars to big companies and corporate executives.

Third, and finally, Congress must immediately institute strong safeguards—or Treasury, I'm sorry—must immediately institute strong safeguards to ensure that taxpayer dollars are not squandered. Contrary to—Mr. Secretary, contrary to your previous statements, it was not inevitable or necessary for millions of taxpayer dollars to be diverted through waste, fraud, and abuse, in order to quickly get aid to those who needed it. Treasury must improve its oversight mechanism to ensure that relief funds and PPP and other programs are provided only to the intended recipients and that improperly awarded funds are promptly returned.

Mr. Secretary, as you continue to implement the legislation Congress has enacted and negotiate the next legislative package, I urge you to remember that millions of American families are suffering, and are counting on us to help, regardless of our party or ideology.

I hope that you will act in accordance with De Tocqueville's view of American greatness by working in a bipartisan way to repair this fault.

I want to thank you for your testimony today. And without objection, all members will have five legislative days within which to submit additional written requests for the Secretary to the chair,

which will be forwarded to him for his response. I ask him to please respond as promptly as he is able.

With that, this hearing is adjourned.

[Whereupon, at 3:24 p.m., the subcommittee was adjourned.]

