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Pelosi Says States and Cities Seek $1 Trillion in Next Stimulus.

- **House vote on next bill depends on virus safety, speaker says**
- **Democrats also look to expand access to Internet broadband**

House Speaker Nancy Pelosi said Thursday states and cities alone are seeking as much as $1 trillion in aid in the next coronavirus relief package, a figure that may be tough to reach as Congress juggles demands to bolster the economy.

Pelosi said state governments are still finalizing their request but have so far sought $500 billion, while local governments have a similar figure. Lawmakers also are considering other proposals including another round of cash payments to taxpayers, expanded unemployment insurance, assistance to renters and wider broadband access.

“State and local, I talked about almost $1 trillion right there,” Pelosi said at her weekly news conference. “We are not going to be able to cover all of it, but to the extent we can keep the states and localities sustainable, that is our goal.”

With the economy stalled, the next coronavirus spending bill may end up being more costly than the $2.2 trillion package enacted last month. Democrats are also talking about another round of cash payments to individuals — something the White House says it is open to — and extending expanded unemployment benefits into the autumn. The rising price tag of coronavirus response has fueled objections from some conservatives and deficit watchdogs as the U.S. budget deficit for fiscal 2020 soars above $4 trillion.

House Minority Leader Kevin McCarthy indicated an openness to targeted state and local aid in the next bill in a press call Thursday. He said states should be required to open their accounting books and prove that expenses were virus-related to prevent them from using the money for other fiscal burdens, such as public employee pension obligations.

“It has to be for Covid,” he said. “If you go and apply it to the states themselves and give the governors a lot of flexibility, they will use it to pay off other things and not help the cities and counties, the people who really need it.”

Senate Majority Leader Mitch McConnell has previously outlined similar conditions on state aid. Pelosi in a separate interview on CNN Thursday said the aid should only be for revenue losses caused by the pandemic. “It has nothing to do with any other issue of the budget of any state,” she said.

Adding to the pressure on Republicans, the conservative group Americans for Prosperity Thursday sent a letter to all four top congressional leaders asking them to reject state “bailouts.”

“States that have spent lavishly, borrowed excessively, and ignored looming pension debt should not use the current crisis to shift the cost of those bad policy decisions onto taxpayers in other states,”

said the letter by the group, part of the political network affiliated with libertarian billionaire Charles Koch. “Nor should they exploit firefighters, teachers, and other state workers to justify these bailouts.”

Democrats are discussing funneling local aid directly to municipalities through the Community Development Block Grant program and to make it available to cities with less than 10,000 people.

The speaker said she expects the House to consider the bill in the coming weeks but the exact timing is not clear.

“I can’t answer to the timing because we are at the mercy of the virus,” Pelosi told reporters. She said she expects the House to return to Washington during the week of May 11.

Senate Republicans haven’t yet said they would be willing to do another stimulus bill any time soon. McConnell said this week he is open to helping state and local governments with coronavirus expenses. But he’s said that any new bill must contain liability protections for businesses that reopen during the pandemic.

Democrats so far are resisting McConnell’s effort on liability. Pelosi said this week that “there isn’t any interest in having less protections for our workers.”

In contrast, House Democrats have talked about expanding federal safety regulations that businesses must follow to shield workers from the virus, as well as providing federal hazard pay for essential workers such as grocery clerks and meat packers.

House Majority Whip Jim Clyburn of South Carolina said at the news conference with Pelosi that Democrats want to make internet broadband more accessible and affordable in the next bill and that President Donald Trump has agreed to address the issue.

“The greatest thing for the 21st century will be having broadband in every house,” said Clyburn. Only 30% of the households in his district have an internet hookup, and that is forcing students to do their schoolwork in their parents’ cars in locations with wi-fi, he said.

“The only place they can do their homework is in the parking lot of the library,” Clyburn said.

Education, Housing

House Democrats also are weighing direct assistance for renters, big increases in education and public housing grants to localities, expanded Medicaid funding and a fund for voting by mail in the November elections.

Democrats’ focus on broadband, as well as access to clean water, may be an acknowledgment that a massive infrastructure package may not be possible in the next virus bill.

Republicans in both chambers aren’t grabbing onto that proposal or one for a payroll tax cut, both leading goals for Trump.

McConnell said this week he sees the potential for a small infrastructure package at some point, but not in the next stimulus bill. He cited concerns about deficit spending, and said “there isn’t a path” to getting a big package to rebuild roads and bridges.

“Infrastructure is unrelated from the coronavirus pandemic” and shouldn’t be part of the next bill, he said on Fox News.

In the Senate, Democrats this week added more demands including a “Heroes Fund” that would offer up to $25,000 in hazard pay to hospital workers, grocery store clerks and others deemed essential to addressing the crisis.

Undocumented Immigrants

Senate Minority Leader Chuck Schumer and other Democrats want the next bill to extend work authorizations for certain undocumented immigrants in jobs deemed essential to addressing the coronavirus outbreak.

That includes 200,000 young undocumented immigrants who were protected from deportation by President Barack Obama’s Deferred Action for Childhood Arrivals executive order, and another 130,000 immigrants in the U.S. under Temporary Protected Status.

Schumer said Treasury Secretary Steven Mnuchin told him Wednesday that Treasury will have a report Thursday on how many minority-owned small businesses are getting loans under the Paycheck Protection Act. Schumer said lawmakers are considering whether the next stimulus bill should address lending to those businesses.

Also, Schumer and almost every Senate Democrat this week introduced a plan that would require Trump to use the Defense Production Act to obtain materials for critical medical supplies, and to establish a supply chain and oversight of those efforts.

Concern About Deficit

The rising price tag of the next stimulus is rasing concern about the deficit among budget watchdogs, who say Congress must make the next bill more efficient and targeted than the last four virus bills.

“Borrowing is both inevitable and desirable because it is maybe what prevents us from going into a depression,” said Marc Goldwein of the Committee for a Responsible Federal Budget, a non-partisan policy research group in Washington. “That doesn’t mean that borrowing is free and we should borrow unlimited amounts. I’m not convinced that there is the evidence base that we should be spending another $3 trillion on top of the essential $4 trillion we are likely to borrow for this fiscal year.”

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