

**PHASE 4 CORONAVIRUS RELIEF STRATEGY****FROM: DAVID McINTOSH, PRESIDENT, CLUB FOR GROWTH****TO: INTERESTED PARTIES****RE: WHAT CONGRESS SHOULD INCLUDE AND EXCLUDE IN PHASE 4****DATE: JULY 27, 2020**

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Once again as Congress considers more legislation to restore economic growth during and after the COVID pandemic, we urge every Senator and Representative to follow these fundamental principles: First, do no harm – do not pass or continue policies that make it harder for the economy to recover and create jobs for American workers. Second, provide funding directly to individuals, not bureaucracies. This will empower Americans who are dealing with closed schools, or continue to be out of work, to make choices for what is best for their families. It will help ensure that funds are not siphoned off for special interest projects. Third, pass the most pro-growth options to accelerate the economic recovery. Fourth, do not add to the \$4 Trillion dollar deficit that will tax future generations of Americans. Over \$1 Trillion of previously passed assistance has not been used and can be reprogrammed for needs identified in this legislation.

Club for Growth strongly recommends the following lists of policies to include and exclude in the legislation to make it pro-growth. We also urge the President to veto any bill that does not meet these standards.

**MUST INCLUDE**

**PARENTAL CHOICE** – Education Freedom Grants. Any funding for Education should go to parents to provide choices for the best, safest education for their children. When the public school system fails America’s students, parents will have resources to pick another public school, charter school, private schools, including religious schools, homeschool or tutoring. Across America, many school districts are notifying students and parents about plans for the upcoming school-year. Unfortunately, many school districts are only offering virtual education and preventing students from obtaining education in the conventional classroom setting. In this unique time of COVID, it is imperative to provide educational financial aid to families who want their children to safely return to school. Providing Parental Choice Grants will speed the economic recovery.

During this COVID19 emergency, **Emergency Parental Choice Scholarships must be available to ALL students** that are U.S. citizens or legal permanent residents. **Emergency Parental Choice Scholarships should be available to all income levels, and cannot be means-tested.** After the pandemic is over and the president’s emergency designation and guidance from the Centers for Disease Control (CDC) is lifted, the Emergency Parental Choice Scholarships shall convert to President Trump’s tax credit proposal.

**DEREGULATION** – President Trump has taken bold deregulatory steps during the COVID pandemic, including his Executive Order on Regulatory Relief to Support Economic Recovery (May 19, 2020), and his reforms to the National Environmental Policy Act (NEPA).

But Congress can do ever more. The Regulations from the Executive In Need of Scrutiny Act (REINS Act) is sponsored by 43 U.S. Senators. Passing long-term regulatory reforms like the REINS Act will bring more certainty to entrepreneurs, risk-takers, and job-creators that are currently terrified of the costs associated with Red Tape. Club for Growth is joined by other major outside groups that make up Cut Red Tape Coalition (<https://CutRedTapeCoalition.com>), and we call on Congress to include major deregulatory reforms in Phase 4.

**HEALTHCARE PRICE TRANSPARENCY ACT** – Senators Braun, Grassley, Loeffler, Kennedy, Enzi, Ernst, Barrasso, Perdue, and Tillis support this important legislation which would make hospitals be transparent and show their discounted cash prices as well as the negotiated rates by hospitals and insurers systemwide in healthcare. The legislation allows the free market to function in healthcare as in every other sector of our economy. Patients will benefit from competition which will improve quality and health outcomes, as well as drive down the costs of care and coverage.

**LIABILITY REFORMS** – Frivolous lawsuits threaten the reopening of the U.S. economy. Club for Growth strongly supports liability relief – it makes total sense now as we move into recovery phase not to force every struggling business to look over their shoulders worrying about lawsuits. Legislation should aim to be narrow in response to the COVID pandemic, and should not supersede States’ liability laws.

**OFFSET ANY NECESSARY NEW FEDERAL SPENDING** – Barely half of the funds already appropriated for COVID relief have been spent. Rather than increase the national debt further, Congress should use reprogramming authority in order to offset the costs associated with any new federal spending in Phase 4. By re-purposing previous COVID relief, of which nearly half remains unspent, Congress will finally take steps to prioritize federal spending. For example, earlier this year \$500 billion was authorized to be allocated to corporations and large businesses. But only a small fraction of this money has been allocated by Treasury because corporations are wary of the program.

**PAYROLL TAX CUT** – Temporarily reducing payroll taxes reduces a large burden on employers and the self-employed. Moreover, cutting payroll taxes would encourage workers to return to work because they would receive a benefit in more take-home pay. Lost payroll tax revenues would be supplanted through a general revenues transfer. This tax cut will help rebuild the labor force. The payroll tax cut should expire once the President’s COVID emergency declaration ends.

**TAX RELIEF FOR JOB CREATORS** – Reducing business taxation is a major pro-growth policy that will create an economic boom. Congress should cut income tax rates for pass-through entities to be at par with corporate rates. Pro-growth tax cuts will speed up the economic recovery, create more jobs, and because of economic growth not have a negative impact on the federal budget. Congress could also take this opportunity to make permanent the full-expensing provision from the Tax Cuts and Jobs Act.

## **MUST EXCLUDE**

**NO EXTENSION OF EXPANDED UNEMPLOYMENT INSURANCE BENEFIT** – Congress must end the “bonus” payment that for nearly half of American workers means they receive more in unemployment benefits than they get paid going back to their jobs. It is unfair to tax workers who are working to pay for a “bonus” that disincentivizes other workers from going back to work.

**NO PPP AUTOMATIC FORGIVENESS \$150,000** – Congress shouldn't allow for automatic forgiveness for PPP loans of \$150,000 or under (which would cover more than 86% of the loans issued). Businesses that took PPP money knew the terms. Now we need a transparent process to ensure there's not abuse or fraud in the program.

**NO FEDERAL FUNDING TO BAIL OUT STATE AND LOCAL GOVERNMENTS** – State and Local government have the power to restore lost revenues by reopening their economy. The federal government should not bail out State and Local governments that have irresponsibly managed their finances.

**NO STIMULUS CHECKS** – These transfer payments are not targeted to Americans who have lost their jobs or are suffering because of COVID. They also do nothing to stimulate economic recovery and growth. In fact, personal savings is up during COVID.

**NO BACK TO WORK BONUS** – Again, it is unfair to tax working Americans to pay a bonus for others to go back to work. This socialist scheme is bad economics and unjust. People do not need to be paid extra by the federal government to go back to work. They simply need the ability to return to work, which is best made possible by understanding the data and facts on COVID and safely reopening the economy.

**NO VACATION SUBSIDIES** – The American people do not need a generous subsidy to take a vacation. This is another outrageous spending proposal that does not solve the underlying issues of the economic slowdown. Instead, States should lift travel restrictions in a safe fashion so that freedom is restore in America.

**NO DIRECT PAYMENTS TO FARMERS** – Farmers are essential to the U.S. economy and a reopening will ensure they can return to a successful, free-market business model. But direct payments to farmers would be another example of government picking winners and losers. What's next? Direct payments to barbers and hair stylists?

**NO REIMBURSEMENTS TO DEFENSE CONTRACTORS** – Defense contractors will always be among the healthiest industry in America because of the need to ensure national security in our nation. Contractors should be paid for a service, and should not receive federal funding for contracts not fulfilled.

**NO FEDERAL FUNDING FOR WORKPLACE TRAINING ON SOCIAL DISTANCING** – Leave it to the federal government to think of another silly way to waste taxpayer dollars. Every American is aware of social distancing measures. It is completely unnecessary for the federal government to waste billions of dollars by coming up with another workplace training program on social distancing.

**NO FEDERAL FUNDING FOR CHILD CARE** – Child care funding should come from a paycheck, not the federal government. In order to reopen child care facilities, we first need a reopening of America.

**NO FEDERAL FUNDING FOR HIGHER EDUCATION** – Sadly, America's higher education institutions are also failing students. Many have announced online classes and restrictive measures that prevent exceptional higher learning. With a commonsense approach that focuses on data and facts, as well as the health and safety of students and educators, schools must return to normal. Some major universities are expecting to lose as much as \$100 million if college sports are not played. Universities should plan to tap into reserve funds or endowments, and not plan on precious federal tax dollars to pay them to sit on the sidelines.