DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 30, 2021

Re: 2020-03-082

Christine H. Monahan
American Oversight
1030 15th Street, NW, B255
Washington, DC 20005
christine.monahan@americanoversight.org

Dear Ms. Monahan:

This is the fifth response to the above-referenced Freedom of Information Act (FOIA) request to the Department of the Treasury (Treasury). The request asked for email communications sent by identified Treasury officials containing any of 43 separate terms related to the coronavirus from January 15, 2020 through the date of the search.

In accordance with the parties' agreed upon schedule, as memorialized in the October 30, 2020 Joint Status Report, this constitutes Treasury's fifth production in this case. Treasury has reviewed 111 documents (245 pages), of which 39 documents were responsive (84 pages), 1 document was privileged responsive (2 pages), and no 71 documents (159 pages) were non-responsive. Redactions were made pursuant to exemptions (b)(5) (deliberative process and Confidential Presidential Communications) and (b)(6) (protection of personal privacy). Treasury will continue to review and process documents and will provide another production not later than July 30, 2021.

If you have any questions, please contact James Bickford in the Department of Justice at James.Bickford@usdoj.gov.

Sincerely,

Richard S. Dodson

Richard S. Dodson
Senior Counsel
Office of the General Counsel
U.S. Department of the Treasury

Re: (U//FOUO) DC on Coronavirus, 1/27, 2:30-3:30 PM

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: (b)(6) [redacted]@treasury.gov>
Cc: (b)(6) [redacted]@treasury.gov>
Date: Mon, 27 Jan 2020 12:12:54 -0500

Ok

From: (b)(6) [redacted]@treasury.gov>
Date: January 27, 2020 at 12:09:09 PM EST
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Cc: (b)(6) [redacted]@treasury.gov>
Subject: Fwd: (U//FOUO) DC on Coronavirus, 1/27, 2:30-3:30 PM

Fysa it looks like Treasury participation is no longer being requested. We are getting more details on reasoning now.

From: (b)(6) [redacted]@treasury.gov>
Date: January 27, 2020 at 12:06:57 PM EST
To: _DL_DC_List <_DL_DC_List@do.treas.gov>
Cc: TreasuryPCDC <TreasuryPCDC@treasury.gov>
Subject: RE: (U//FOUO) DC on Coronavirus, 1/27, 2:30-3:30 PM

Treasury participation is no longer requested for this DC today.

From: (b)(6) [redacted]@treasury.gov>
Sent: Monday, January 27, 2020 12:00 PM
To: _DL_DC_List <_DL_DC_List@do.treas.gov>
Cc: TreasuryPCDC <TreasuryPCDC@treasury.gov>
Subject: FW: (U//FOUO) DC on Coronavirus, 1/27, 2:30-3:30 PM

Please see below DC today and submit participation.

From: FN-NSC-PCDCMeetings <FN-NSC-PCDCMeetings@nsc.eop.gov>
Sent: Monday, January 27, 2020 11:56 AM
To: FN-NSC-PCDCMeetings <FN-NSC-PCDCMeetings@nsc.eop.gov>
Subject: (U//FOUO) DC on Coronavirus, 1/27, 2:30-3:30 PM

(U//FOUO) There will be a **Deputies meeting TODAY, Monday, January 27, 2020,** on **Coronavirus** from **2:30 – 3:30 p.m.** in the White House Situation Room. The requested participation is **Deputy only** , and participants should be submitted by **ASAP**. Please confirm receipt and contact ExecSec for the topic or with any additional questions at (b)(6) [redacted]

(U) ALL participants MUST have an active **TOP SECRET/SCI** clearance to attend, and ALL agencies should reply to NSC invitations by copying (b)(6) [redacted]nd using the following format to submit participation:

> **Meeting:** DC on 1/27 at 2:30 p.m.
> **Participant (including title):**
> **Reason for Deputy unavailability if applicable (specify conflict):**
> **Justification for additional participants (if requested):**
> **SVTS site (if requested):**

(U) The current title of each individual submitted should be provided every time, and when submitting a participant for the first time, departments and agencies MUST provide the participant's full WAVES information for clearance. If the Deputy (or equivalent) is unable to attend the meeting, it is required to provide a reason for his or her unavailability (e.g., testifying on the Hill, on leave, on travel, etc.).
Thank you.

Fwd: State of the Union fact check — What we would be saying about Iowa — Virus could slow China purchases

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: "Faulkender, Michael" <michael.faulkender@treasury.gov>
Date: Wed, 05 Feb 2020 08:22:20 -0500

(b)(5) DP [redacted]

From: POLITICO's Morning Money <morningmoney@politico.com>
Date: February 5, 2020 at 8:03:43 AM EST
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: State of the Union fact check — What we would be saying about Iowa — Virus could slow China purchases

This message is from an EXTERNAL SENDER - be CAUTIOUS of links and attachments. THINK BEFORE YOU CLICK.

Feb 05, 2020 View in browser

B VICTORIA GUBRAE ELIZA WEAVER

Editor's Note: This edition of Morning Money is published weekdays at 8 a.m. POLITICO Pro Financial Services subscribers hold exclusive early access to the newsletter each morning at 5:15 a.m. Learn more about POLITICO Pro's comprehensive policy intelligence coverage, policy tools and services at politicopro.com.

QUICK FIX

— State of the Union fact check — President Donald Trump did an economic victory lap Tuesday night in his speech to a joint session of Congress, boasting of stock market highs, historic unemployment lows and more money in average Americans' pockets. His team has collected some carefully selected stats that give a preview of the type of rhetoric we will see a lot more of in 2020.

— "America has now gained 12,000 new factories under my administration with thousands of thousands of plants and factories being planned or being built." — True, based on most recent data from the Bureau of Labor Statistics. But that data is from the second quarter of 2019. After that, the manufacturing sector contracted for five months and only just inched back into expansion in December, according to the Institute for Supply Management manufacturing survey. Also, the numbers he cites include establishments that employ five or fewer people.

— "Real median household income is now at the highest level ever recorded." — True. It reached $61,937 in 2018, only the second year since the 2008 financial crisis that that figure has exceeded income levels prior to the crisis. The percentage of Americans with incomes below the poverty level also dropped for the fifth consecutive year, declining to 13.1 percent in 2018 from 13.4 percent the year before. But income inequality is also higher than at any point since the Census Bureau began tracking it in 1967.

The administration has lots of good numbers that will make for good sound bites. But as our Ben White pointed out in a story earlier this week, this economy really isn't that different than it was under President Obama, though (and this might be all that matters) the consumer is feeling more confident.

IT'S WEDNESDAY — I'll be your host again tomorrow. Send tips to me at vguida@politico.com and @vtg2, and to Aubree Weaver at aweaver@politico.com and @AubreeEWeaver. And you can always reach Ben White at bwhite@politico.com and @morningmoneyben.

DRIVING THE DAY

10 a.m. The Senate Finance Committee holds a nomination hearing for Treasury official Kipp Kranbuhl to become assistant secretary for financial markets ... 2 p.m. House Financial Services subcommittee holds a hearing on public housing ... 4:10 p.m. Federal Reserve Governor Lael Brainard speaks on the future of payments

WHAT WOULD WE BE SAYING ABOUT IOWA — Our John Harris: "Let's pretend for a moment that the Iowa Democratic Party had not turned this whole thing into a joke and that the caucus ritual is on the level and deserving of the solemnity that the political and media classes have accorded it for the past 44 years. Grab any open table for analysis of 'the results' [sic], or at least that portion of them that have been released 24 hours after voting."

PIMCO's Libby Cantrill tells investors that Iowa and New Hampshire might have mattered less this year anyway. "Many bigger states with larger delegate counts will hold their primaries earlier than usual" making March the real barometer of what's to come.

KUDLOW: VIRUS WILL SLOW CHINESE PURCHASES — Our Adam Behsudi: "White House economic adviser Larry Kudlow conceded [Tuesday] the spread of the Wuhan coronavirus in China will affect its ability to purchase massive amounts of U.S. goods and services as part of the 'phase one' trade deal. 'The export boom from that trade deal will take longer because of the Chinese virus, that is true,' Kudlow said on Fox Business. ... The deal, signed last month by President Donald Trump, will go into effect on Feb. 14."

TRUMP WEIGHS WITHDRAWAL FROM GOVT PURCHASING PACT — Bloomberg's Bryce Baschuk: "The U.S. is mulling a plan to withdraw from a global pact worth $1.7 trillion in government contracts, a person familiar with the matter said, in a move that may anger close allies during a delicate moment for trade."

HOME LOAN BANKS MIGHT FUND MORE MORTGAGE PLAYERS — WSJ's Andrew Ackerman:

"Founded during the Great Depression to support housing finance, the [Federal Home Loan Bank] system's role has evolved. It was an important source of liquidity during the crisis of 2008 to commercial banks. Since then, it has become a supplier of cheap funding to the likes of Wells Fargo & Co. and JPMorgan Chase & Co.

"Now the system's federal regulator is considering whether to allow further growth, via lending to nonbank mortgage institutions and real-estate investment trusts, which have come to play big roles in housing finance. The goal is to help those firms fill the void left by big commercial banks, which have cut back on mortgage lending to all but the most creditworthy customers."

NYSE OWNER MAKES TAKEOVER OFFER FOR EBAY — WSJ's Cara Lombardo and Corrie Driebusch: "New York Stock Exchange owner Intercontinental Exchange Inc. has made a takeover offer for eBay Inc. that could value the sprawling online marketplace at more than $30 billion, according to people familiar with the matter.

"Intercontinental Exchange, known as ICE, has approached eBay in the past and did so again recently, the people said. The companies aren't currently in formal talks and there is no guarantee eBay would agree to a deal."

FED BANS GOLDMAN EXEC OVER 1MDB — From yours truly: "The Federal Reserve announced [Tuesday] that it is barring Andrea Vella, a Hong Kong-based senior executive at Goldman Sachs, from ever working in the banking industry again, based on his alleged role in a multibillion-dollar fraud involving a Malaysian government investment fund.

"The Fed faulted Vella for not ensuring that the bank's internal committees were fully aware that the deal with the 1Malaysia Development Berhad fund involved Low Taek Jho, the alleged mastermind, 'which indicated heightened potential underwriting risks.'"

LEAVING LIBOR — Fed regulatory chief Randal Quarles and New York Fed President John Williams followed up last week on news that the federal banking agencies were preparing to launch a dialogue among banks to settle on an alternative to the reference rate Libor that would be suitable for loans. Some banks have warned that tying their loans to the Secured Overnight Financing Rate, the official alternative to dollar-based Libor, could squeeze their bottom line when the U.S. economy inevitably enters a downturn. Libor might disappear as soon as the end of 2021.

In an email to Alternative Reference Rates Committee participants, the Fed officials said they intend to hold "a series of working sessions with banks of different types to understand their needs in the LIBOR transition, including around a credit-sensitive spread to SOFR for loan products. The work will be administratively separate from the ARRC, but will not compete with the ARRC's goals and transition plan. ... We have no intention of slowing or prolonging the overall transition away from LIBOR."

FIRST LOOK — Per our Katy O'Donnell "The consumer advocacy group Allied Progress is launching a new website, CFPBWatch.org, slamming agency Director Kathy Kraninger for 'weakening' the consumer bureau ahead of her appearance before the House Financial Services Committee on Thursday. The site will serve as a 'regularly updated research repository' for information on the agency and Trump political appointees, the group said."

GLOBAL TRANSLATIONS IS HERE: Our new "Global Translations" newsletter, a weekly guide that connects readers to others who think and act beyond their own country's borders, is finally here. Led by POLITICO's man about town Ryan Heath, it is already generating a ton of buzz and being read by the most powerful influencers around the globe. SUBSCRIBE TODAY.

FLY AROUND

EPSTEIN'S MYSTERY BANK — NYT's Matthew Goldstein and Steve Eder: "In the years after Jeffrey Epstein registered as a sex offender, he closed his money management firm and started a business to develop algorithms and mine DNA and financial databases. Then he set up a bank. In a banking license application reviewed by The New York Times, Mr. Epstein described himself as one of the investing world's 'pioneers' and said he wanted to pursue the 'dynamic discipline of international banking.'"

UNDERSTANDING CLOs — Structured Finance Association's Michael Bright on the group's new paper: "SFA's white paper is both a primer on Collateralized Loan Obligations — how they work and the role they play in expanding credit — and a straightforward assessment of why our industry and policymakers are correct to pay close attention to the potential risks in this growing market. As our core values state, we believe that all financial instruments entail risk but should not involve recklessness. Fostering an open, fact-based dialogue about what opportunities and risks exist in the use of CLOs is part of our purpose."

TECH STOCKS LEAD INDEXES BROADLY HIGHER — AP's Damian Troise and Alex Veiga: "Technology companies led a broad rally on Wall Street Tuesday that drove the Dow Jones Industrial Average more than 400 points higher and gave the S&P 500 its best day in more than five months. The gains also pushed the tech-heavy Nasdaq to an all-time high and added to a solid start to February for the broader market after a downbeat January.

"Investors welcomed a decision by China's central bank to inject $57 billion into its markets. The move is the latest step by Beijing to soften the financial blow of the recent virus outbreak. Worries about the potential global economic impact of a protracted outbreak rattled markets in recent weeks, erasing the S&P 500's gains last month."

HEDGE FUNDS HOLD THEIR NERVE ON CHINA — Reuters' Samuel Shen and Ira Iosebashvili: "Hedge funds are holding their nerve on China's ability to rebound quickly from a coronavirus outbreak that has rattled global markets, but many are also adding caveats as they try to predict the potential economic fallout. Mainland China stocks tumbled on Monday, when Shanghai and Shenzhen markets opened after an extended Lunar New Year break, wiping out nearly $700 billion in market capitalization."

AMAZON FINALLY CLOSES ABOVE $1T — Bloomberg's Ryan Vlastelica: "Amazon.com Inc. closed with a valuation above $1 trillion for the first time on Tuesday, after failing to hold above that threshold through the end of a trading day in the previous two sessions. The stock closed up 2.3 percent, with the e-commerce company ending the day with a market cap of $1.021 trillion. Amazon briefly joined the 13-digit club on Friday, with shares surging in the wake of a blowout earnings report, but the stock closed off its high and ended with a valuation of $999.96 billion. The pattern repeated on Monday, with an intraday bounce above the level failing to hold."

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Zachary Warmbrodt @Zachary
Kellie Mejdrich @kelmej

Re: NYT piece

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: "Pottinger, Matthew F. EOP/WHO" WHO_EOP [redacted]
Date: Thu, 06 Feb 2020 20:06:58 -0500

Thanks Matt. Great to catch up today.

From: Pottinger, Matthew F. EOP/WHC WHO_EOP [redacted]
Date: February 6, 2020 at 8:58:59 AM EST
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: NYT piece

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https://www.nytimes.com/2020/02/04/business/china-coronavirus-government.html?searchResultPosition=1

Matt Pottinger
Assistant to the President &
Deputy National Security Advisor
The White House

Re: Coronavirus Talking Points

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">

To: (b)(6) [redacted]@treasury.gov>, "Crowley, Monica" <monica.crowley@treasury.gov>, "Myers, Baylor" <baylor.myers@treasury.gov>

Date: Fri, 21 Feb 2020 13:40:10 -0500

Thank you

From: (b)(6) [redacted]@treasury.gov>
Date: February 21, 2020 at 10:26:01 AM EST
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>, Crowley, Monica <Monica.Crowley@treasury.gov>, Myers, Baylor <Baylor.Myers@treasury.gov>
Subject: Fwd: Coronavirus Talking Points

FYI

Boss has these too

From: Nevins, Kristan K. EOP/WHO WHO_EOP [redacted]
Date: February 21, 2020 at 11:01:24 AM AST
To: Nevins, Kristan K. EOP/WHO WHO_EOP [redacted]
Subject: Coronavirus Talking Points

All,

Please see attached talking points from last night on the coronavirus – changes in red.

All the best,
Kristan

RE: IRS efforts around coronavirus pandemic planning

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Desmond, Michael J." <michael.j.desmond@irscounsel.treas.gov>
Date: Mon, 02 Mar 2020 15:32:13 -0500

Thanks

From: Desmond Michael J <Michael.J.Desmond@irscounsel.treas.gov>
Sent: Friday, February 28, 2020 9:54 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: FW: IRS efforts around coronavirus pandemic planning

Dave,

(b)(5) DP [redacted]

Thanks,

Mike

From: Soucy, Anita [mailto:asoucy@deloitte.com]
Sent: Thursday, February 27, 2020 9:43 AM
To: Lough Sunita B; Desmond Michael J
Subject: IRS efforts around coronavirus pandemic planning

Sunita and Mike,

I hope you are well. I wanted to reach out to ask whether IRS has been thinking about impact to tax filing season in light of the CDC warning of a possibility of the coronavirus pandemic reaching the US. As you can imagine, we are well underway in our spring busy season through April, with our fall busy season set to start over the summer, supporting our clients' fall extended deadlines. We can collectively appreciate the old adage that "it is a marathon, not a sprint" to complete all of the required projects on the part of taxpayers, and no small task on the part of IRS, to achieve a successful filing season for 2020.

While our Firm has extensive business continuity and ISO certifications involving pandemic planning, a question has been raised about the possibility of interplay with IRC § 7805A if a severe pandemic occurs. There are a number of statutory interplays with IRC § 7805A (with cross ref to IRC § 165(i)(5)(A)), the definition of major disaster from Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5122(2)) and the definition of an emergency under 42 U.S.C. § 5122(1), with the view that a pandemic could qualify for both types of assistance under the statutory analysis. You have seen the media reports that SEC has stated that it is willing to grant further extensions beyond the normal (automatic) 15 day extension for a 10-K if a registrant is having especially challenging circumstances that prohibit timely filing, including completion of the audit, due to implications stemming from the coronavirus.

I know IRS typically prepares for congressional QFRs and testimony on filing season topics in the next month or so, and this topic seems ripe to me given the importance to the public interest. Happy to engage in a discussion on a POV from the industry side if helpful.

Best regards,

Anita

Anita C. Soucy
Chief Quality Officer
Deloitte Tax LLP

Tel: (b)(6) [redacted]
Fax: (202) 661-1010
asoucy@deloitte.com
www.deloitte.com

RE: IRS efforts around coronavirus pandemic planning

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Mon, 02 Mar 2020 16:57:18 -0500

Thanks

From: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Sent: Monday, March 2, 2020 4:39 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: RE: IRS efforts around coronavirus pandemic planning

(b)(5) DP [redacted]

From: Kautter, David <David.Kautter@treasury.gov>
Sent: Monday, March 2, 2020 3:33 PM
To: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Subject: FW: IRS efforts around coronavirus pandemic planning

What is (b)(5) DP [redacted]

From: Desmond Michael J <Michael.J.Desmond@irscounsel.treas.gov>
Sent: Friday, February 28, 2020 9:54 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: FW: IRS efforts around coronavirus pandemic planning

Dave,

(b)(5) DP [redacted]

Thanks,

Mike

From: Soucy, Anita [mailto:asoucy@deloitte.com]
Sent: Thursday, February 27, 2020 9:43 AM
To: Lough Sunita B; Desmond Michael J
Subject: IRS efforts around coronavirus pandemic planning

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Best regards,

Anita
Anita C. Soucy
Chief Quality Officer
Deloitte Tax LLP

Tel: [redacted]
Fax: (202) 661-1010
asoucy@deloitte.com
www.deloitte.com

IRS efforts around coronavirus pandemic planning

From: "Soucy, Anita" <asoucy@deloitte.com>
To: Lough Sunita B <sunita.b.lough@irs.gov>, "Desmond, Michael J." <michael.j.desmond@irscounsel.treas.gov>
Date: Thu, 27 Feb 2020 09:43:21 -0500

Sunita and Mike,

I hope you are well. I wanted to reach out to ask whether IRS has been thinking about impact to tax filing season in light of the CDC warning of a possibility of the coronavirus pandemic reaching the US. As you can imagine, we are well underway in our spring busy season through April, with our fall busy season set to start over the summer, supporting our clients' fall extended deadlines. We can collectively appreciate the old adage that "it is a marathon, not a sprint" to complete all of the required projects on the part of taxpayers, and no small task on the part of IRS, to achieve a successful filing season for 2020.

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Best regards,

Anita

Anita C. Soucy
Chief Quality Officer
Deloitte Tax LLP

Tel: (b)(6) [redacted]
Fax: (202) 661-1010
asoucy@deloitte.com
www.deloitte.com

FW: Request for Clarification on Waiving Screening Costs for COVID-19 in High Deductible Health Plans

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Morrison, Helen" <helen.morrison2@treasury.gov>

Date: Thu, 05 Mar 2020 14:15:43 -0500

Helen

[redacted] (b)(5) DP

Thanks

Dave

From: Haltmeyer, Kris <Kris.Haltmeyer@bcbsa.com>
Sent: Thursday, March 5, 2020 12:25 PM
To: Kautter, David <David.Kautter@treasury.gov>; Weiser, Carol <Carol.Weiser@treasury.gov>; Judson, Victoria A. <victoria.a.judson@irscounsel.treas.gov>
Cc: Randy.pate@cms.hhs.gov; Jeff Wu (Jeff.Wu@cms.hhs.gov) <Jeff.Wu@cms.hhs.gov>
Subject: Request for Clarification on Waiving Screening Costs for COVID-19 in High Deductible Health Plans

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

David, Carol and Victoria:

We are writing to ask for clarification for Health Savings Account (HSA) eligible High Deductible Health Plans (HDHPs) with respect to their ability to respond to the serious and growing public health threat posed by COVID-19. Along with the rest of the health and business communities, Blue Cross and Blue Shield Plans have been working around the clock to formulate their response to this rapidly changing situation. In order to help save lives by containing the spread of the disease, and to facilitate prompt treatment of those who have already been infected, we would like to have the ability to be able to encourage individuals to seek proper medical attention by waiving out-of-pocket costs for screening for COVID-19. There is ample evidence that individuals are more likely to obtain medical tests if they are not required to pay for those tests out-of-pocket.

We request that Treasury and the IRS issue immediate guidance confirming that testing for COVID-19 constitutes preventive care under Code section 223(c)(2)(C).

While health plans are generally permitted to offer more generous benefits than those required by their plan terms, as long as such benefits are made available in a non-discriminatory manner, the situation is more complicated for HSA eligible HDHPs. As you are aware, in order to be HSA eligible an HDHP must have a minimum deductible of $1,400 for self-only coverage or $2,800 for family coverage in 2020. In general, medical expenses may not be paid for by a plan or plan sponsor until the deductible has been met. Payments made before a deductible has been met risks severe tax consequences for the individuals covered by the HDHP who have been contributing to an HSA.

HSA eligible HDHPs may, however, cover certain "preventive services" prior to the plan's deductible having been met. We believe that screening for COVID-19 constitutes preventive care under existing IRS guidance which provides that screening is generally preventive care for purposes of Internal Revenue Code section 223(c)(2)(C). In prior guidance Treasury and the IRS have taken the position that, subject to certain explicitly enumerated exceptions, preventive care does not include treatment for a disease that has already been diagnosed. It does, however, cover costs associated with screening and, more generally, treatment prior to a disease being diagnosed.

Alternatively, if Treasury and IRS disagree with this analysis, particularly with respect to individuals who are tested once COVID-19 has become manifest, they have the statutory authority to (a) expand the definition of preventive care to include treatment of COVID-19, or (b) issue guidance providing temporary non-enforcement of HSA eligibility with respect to HDHPs that cover costs related to screening for COVID-19. Doing so would be in keeping with the stated mission of the Administration with respect to its response to COVID-19, and would make excellent sense from a health policy perspective. It would also be in keeping with Treasury and the IRS's long history of issuing tax relief during, and in the immediate aftermath, of public disasters. Due to the imminent threat posed by COVID-19 unless the virus is contained, and in light of existing guidance on screening for illnesses, issuing clarifying guidance under these circumstances would not put the IRS in the position of creating a precedent that undermines statutory limitations on the definition of preventive care.

President Trump, Vice President Pence, and the heads of all relevant government agencies are laser focused on preventing further spread of COVID-19. Congress, too, is taking immediate action to respond to the threat posed by a potential pandemic. According to a statement from the White House issued yesterday evening, "[u]nder the leadership of President Trump and Vice President Pence, the full weight of the U.S. Government is working to protect the health and safety of the American people...The Administration and Coronavirus Task Force have and will continue to work with...private sector and non-profit partners in preparing for and responding to the Coronavirus." We feel that it would be in keeping with this sentiment, and with emergency actions taken by your sister agencies, to allow health plans to cover the costs of treatment for COVID-19 without the risk of exposing their insureds to substantial tax penalties.

Given the urgency of the situation, it is not feasible to ask health plans and health providers to differentiate between individuals covered by an HSA eligible HDHP who have not met their deductible, individuals covered by an HSA eligible HDHP who have met their deductible, and individuals covered by another type of plan. All patients should be able to afford and receive necessary screening in a timely manner in order to help prevent spread of the disease.

We would be very happy to answer any questions or to discuss at your convenience. You can reach me at this address or by phone at (b)(6) [redacted]

Kris Haltmeyer

Kris Haltmeyer
Vice President, Legislative and Regulatory Policy
Office of Policy and Representation
Blue Cross Blue Shield Association
1310 G St, NW | Washington, DC 20005
(b)(6) [redacted]
Executive Assistant: Renee Simone
E: renee.simone@bcbsa.com | **P:** (202) 626-4794

BCBSPROGRESSHEALTH.com

RE: Request for Clarification on Waiving Screening Costs for COVID-19 in High Deductible Health Plans

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Weiser, Carol" <carol.weiser@treasury.gov>

Date: Thu, 05 Mar 2020 15:20:06 -0500

Carol

Thanks for responding. I know you are heading out of town and I don't expect you to be focused on this while you are gone. I sent a copy of the original email to Helen because I thought you had already left the country. The more we can do to help people deal with this illness, the better, and I would ask that we get something out as soon as we can.

Thanks

Dave

From: Weiser, Carol <Carol.Weiser@treasury.gov>
Sent: Thursday, March 5, 2020 3:00 PM
To: 'Haltmeyer, Kris' <Kris.Haltmeyer@bcbsa.com>; Kautter, David <David.Kautter@treasury.gov>; Judson, Victoria A. <victoria.a.judson@irscounsel.treas.gov>
Cc: Randy.pate@cms.hhs.gov; Jeff Wu (Jeff.Wu@cms.hhs.gov) <Jeff.Wu@cms.hhs.gov>; Morrison, Helen <Helen.Morrison2@treasury.gov>; Tackney, Stephen B. <Stephen.B.Tackney@irscounsel.treas.gov>; Knopf, Kevin <Kevin.Knopf@irscounsel.treas.gov>; Lindenmuth, Philip J. <Philip.J.Lindenmuth@irscounsel.treas.gov>; (b)(6) [redacted] @treasury.gov>; Crato, Catherine <Catherine.Crato@treasury.gov>; Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: RE: Request for Clarification on Waiving Screening Costs for COVID-19 in High Deductible Health Plans

Kris –

Thank you very much for your email. This is an issue that we at IRS and Treasury have been actively discussing. We appreciate your interest and the information you have provided and will certainly take it into consideration as we continue the discussion.

We also appreciate your offer of further assistance and will let you know if we have further questions for you.

Best regards,

Carol A. Weiser
Benefits Tax Counsel
202-622-0869 (O)
(b)(6) [redacted] (M)
Carol.weiser@treasury.gov

From: Haltmeyer, Kris <Kris.Haltmeyer@bcbsa.com>
Sent: Thursday, March 5, 2020 12:25 PM
To: Kautter, David <David.Kautter@treasury.gov>; Weiser, Carol <Carol.Weiser@treasury.gov>; Judson, Victoria A. <victoria.a.judson@irscounsel.treas.gov>
Cc: Randy.pate@cms.hhs.gov; Jeff Wu (Jeff.Wu@cms.hhs.gov) <Jeff.Wu@cms.hhs.gov>
Subject: Request for Clarification on Waiving Screening Costs for COVID-19 in High Deductible Health Plans

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

David, Carol and Victoria:

We are writing to ask for clarification for Health Savings Account (HSA) eligible High Deductible Health Plans (HDHPs) with respect to their ability to respond to the serious and growing public health threat posed by COVID-19. Along with the rest of the health and business communities, Blue Cross and Blue Shield Plans have been working around the clock to formulate their response to this rapidly changing situation. In order to help save lives by containing the spread of the disease, and to facilitate prompt treatment of those who have already been infected, we would like to have the ability to be able to encourage individuals to seek proper medical attention by waiving out-of-pocket costs for screening for COVID-19. There is ample evidence that individuals are more likely to obtain medical tests if they are not required to pay for those tests out-of-pocket.

We request that Treasury and the IRS issue immediate guidance confirming that testing for COVID-19 constitutes preventive care under Code section 223(c)(2)(C).

While health plans are generally permitted to offer more generous benefits than those required by their plan terms, as long as such benefits are made available in a non-discriminatory manner, the situation is more complicated for HSA eligible HDHPs. As you are aware, in order to be HSA eligible an HDHP must have a minimum deductible of $1,400 for self-only coverage or $2,800 for family coverage in 2020. In general, medical expenses may not be paid for by a plan or plan sponsor until the deductible has been met. Payments made before a deductible has been met risks severe tax consequences for the individuals covered by the HDHP who have been contributing to an HSA.

HSA eligible HDHPs may, however, cover certain "preventive services" prior to the plan's deductible having been met. We believe that screening for COVID-19 constitutes preventive care under existing IRS guidance which provides that screening is generally preventive care for purposes of Internal Revenue Code section 223(c)(2)(C). In prior guidance Treasury and the IRS have taken the position that, subject to certain explicitly enumerated exceptions, preventive care does not include treatment for a disease that has already been diagnosed. It does, however, cover costs associated with screening and, more generally, treatment prior to a disease being diagnosed.

Alternatively, if Treasury and IRS disagree with this analysis, particularly with respect to individuals who are tested once COVID-19 has become manifest, they have the statutory authority to (a) expand the definition of preventive care to include treatment of COVID-19, or (b) issue guidance providing temporary non-enforcement of HSA eligibility with respect to HDHPs that cover costs related to screening for COVID-19. Doing so would be in keeping with the stated mission of the Administration with respect to its response to COVID-19, and would make excellent sense from a health policy perspective. It would also be in keeping with Treasury and the IRS's long history of issuing tax relief during, and in the immediate aftermath, of public disasters. Due to the imminent threat posed by COVID-19 unless the virus is contained, and in light of existing guidance on screening for illnesses, issuing clarifying guidance under these circumstances would not put the IRS in the position of creating a precedent that undermines statutory limitations on the definition of preventive care.

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We would be very happy to answer any questions or to discuss at your convenience. You can reach me at this address or by phone at (b)(6) [redacted]

Kris Haltmeyer

Kris Haltmeyer
Vice President, Legislative and Regulatory Policy
Office of Policy and Representation
Blue Cross Blue Shield Association
1310 G St, NW | Washington, DC 20005
(b)(6) [redacted]
Executive Assistant: Renee Simone
E: renee.simone@bcbsa.com | **P:** (b)(6) [redacted]

BCBSPROGRESSHEALTH.com

JPMorgan Splits Staff Amid Banks' Quickening Virus Response (3)

From: justin.muzinich@treasury.gov
To: Secretary Mnuchin [redacted]
Cc: (b)(6) [redacted]@treasury.gov>
Date: Fri, 06 Mar 2020 08:05:33 -0500

JPMorgan Splits Staff Amid Banks' Quickening Virus Response (3)

By Michelle F. Davis

- Workers asked to avoid contact with employees at other offices
- JPMorgan, Wells Fargo restrict non-essential domestic travel

(Bloomberg) --

Global banks are stepping up their response to the coronavirus, shifting operations as the outbreak spreads in New York, London and other financial hubs.

JPMorgan Chase & Co., Morgan Stanley and Danish lender Danske Bank are dividing their sales and trading workers, sending some employees to back-up locations to reduce disruptions if employees are exposed to the virus, people briefed on the plans said. JPMorgan and Wells Fargo & Co. restricted non-essential domestic travel, Goldman Sachs Group Inc. is planning to split workers among rotating teams and Royal Bank of Canada turned a conference scheduled for next week into a virtual event.

The moves go beyond previous efforts in which banks had been testing and adjusting plans for keeping critical operations open through a potential pandemic, but hadn't actually implemented them. Experts have been urging populations to implement social-distancing measures to limit the spread of the highly contagious virus. New York City Mayor Bill de Blasio said Thursday that spread of the virus from person to person is likely to become more common.

JPMorgan's sales and traders will be informed of their assigned locations this week, and are expected to work from those places and limit contact with employees at different sites "until further notice," according to the memo. The bank also prohibited staff from different locations from attending the same in-person meetings with clients or regulators, and told them not to attend the same internal meetings, such as training sessions and town halls.

"We are starting to shift people as a precautionary measure at this stage," Marc Badrichani, who leads global sales and research, and Troy Rohrbaugh, the head of global markets, wrote in a memo to employees Thursday. "Dividing our workforce into different locations improves our ability to serve clients continuously while reducing the health risks associated with physical contact should a case arise."

Brian Marchiony, a bank spokesman, confirmed the plans and said they are "precautionary."

JPMorgan's senior leaders are also recommending against non-essential domestic business travel in all of its worldwide locations, according to a memo to staff sent late Thursday, expanding a policy that previously limited international travel. And the firm has postponed a gaming industry conference set for next week and made another investor event a virtual one.

Morgan Stanley has begun to shift half of traders from Manhattan operations to redundancy sites in Westchester, New York, one of the people said.

While top Citigroup Inc. executives have been visiting redundancy sites in New Jersey and London that will serve as backups to its main trading floors, the bank hasn't yet moved most traders, a person with knowledge of the matter said.

JPMorgan's precautions, which will result in only a small number of sales and trading staff working from home, highlight the difficulty banks have had making contingency plans for traders, who can't telecommute as easily.

Read more about problems with traders working from home

The bank's New York staff will be divided among the main trading floor at the former Bear Stearns building in Manhattan and back-up locations in Brooklyn and New Jersey, according to a person briefed on the moves. Some will also be working from home. In London, staff will be split among the main floor and two alternate locations in the area, the person said, asking not to be identified discussing internal plans.

Earlier this week, JPMorgan asked 10% of staff across the consumer bank to work remotely to help test the resilience of its plans.

(Updates with JPMorgan's travel restriction and Morgan Stanley's plan starting in second paragraph.)

Related tickers:
C US (Citigroup Inc)
JPM US (JPMorgan Chase & Co)

--With assistance from Jenny Surane , Sridhar Natarajan , Riley Griffin , Matthew Monks , Davide Scigliuzzo and Viren Vaghela .

To contact the reporter on this story:
Michelle F. Davis in New York at mdavis194@bloomberg.net

To contact the editor responsible for this story:
Michael J. Moore at mmoore55@bloomberg.net

Recommended Stories JPMorgan CEO Dimon Sidelined by Emergency Heart Surgery (1)
JPMorgan Says CEO Dimon Had Emergency Heart Surgery
JPMorgan Says CEO Dimon Had Emergency Heart Surgery
Straits Times: JPMorgan CEO Jamie Dimon undergoes emergency heart surgery
Please see message below sent to all JPMorgan Chase employees this evening from Daniel Pinto and Gordon Smith
Deep Bench Supports JPMorgan After Dimon's Heart Surgery: React

People Troy Rohrbaugh (JPMorgan Chase Bank NA)
Bill De Blasio (City of New York NY)
Brian Marchiony (JPMorgan Chase & Co)
Marc Badrichani (JP Morgan Securities LLC)

Topics Business News (BUSINESS)
Banking (BNK)
Coronavirus (CORONAVIR)
Bloomberg News Exclusives (EXCLUSIVE)
Financials (FIN)
Media Following Bloomberg News (FOLLOW)

Click here to view story in Bloomberg

Sent from my iPhone

Fwd: Scheduling Proposal - Bankers re COVID-19 Response

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: Secretary Mnuchin [redacted]
Date: Sat, 07 Mar 2020 10:08:42 -0500

I am fine w this but think (b)(5) DP [redacted] Will get back to Andrew around noon today in case you have other thoughts.

From: Olmem, Andrew J. EOP/WHO WHO_EOP [redacted]
Date: March 6, 2020 at 8:04:26 PM EST
To: Dumbauld, Cassidy M. EOP/WHO WHO_EOP [redacted] Pataki, Tim A. EOP/WHO WHO_EOP [redacted] Muzinich, Justin <Justin.Muzinich@treasury.gov>
Cc: Haidet, Michael B. EOP/WHO WHO_EOP [redacted]
Subject: Scheduling Proposal - Bankers re COVID-19 Response

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

(b)(5) DP [redacted]

Let me know what you think.

Andrew

UST_000493

Fwd: Scheduling Proposal - Bankers re COVID-19 Response

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: (b)(6) [redacted]@treasury.gov>
Date: Mon, 09 Mar 2020 11:54:33 -0400

From: Olmem, Andrew J. EOP/WHO WHO_EOP [redacted]
Date: March 6, 2020 at 8:04:26 PM EST
To: Dumbauld, Cassidy M. EOP/WHO WHO_EOP [redacted], Pataki, Tim A. EOP/WHO WHO_EOP [redacted]
Muzinich, Justin <Justin.Muzinich@treasury.gov>
Cc: Haidet, Michael B. EOP/WHO WHO_EOP [redacted]
Subject: Scheduling Proposal - Bankers re COVID-19 Response

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(b)(5) DP [redacted]

Let me know what you think.

Andrew

RE: Congressional letter: Incoming

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Vaughan, Frederick" <frederick.vaughan@treasury.gov>, "Morrissey, Brian" <brian.morrissey@treasury.gov>, "Weiser, Carol" <carol.weiser@treasury.gov>
Cc: "McGuire, Brian" <brian.mcguire@treasury.gov>, "Pinter, Kimberly" <kimberly.pinter@treasury.gov>, [redacted]@treasury.gov>
Date: Tue, 10 Mar 2020 10:10:56 -0400

This question is best directed to Carol Weiser who I have included on this email. [redacted]

Carol: I will send the letter in a minute

From: Vaughan, Frederick <Frederick.Vaughan@treasury.gov>
Sent: Tuesday, March 10, 2020 10:02 AM
To: Kautter, David <David.Kautter@treasury.gov>; Morrissey, Brian <Brian.Morrissey@treasury.gov>
Cc: McGuire, Brian <Brian.McGuire@treasury.gov>; Pinter, Kimberly <Kimberly.Pinter@treasury.gov>; [redacted]@treasury.gov>
Subject: FW: Congressional letter: Incoming

Dave and Brian

WHCO just flagged the attached March 5 letter from Reps. DeLauro, Porter, and Underwood. It was sent to IRS, HHS, and Labor. Only the fourth question is specifically addressed to Treasury/IRS. The members asked for a response by tomorrow. I have not seen any traffic from the IRS on this, but please advise if you have.

Kimberly and I will plan to join the call suggested below, but I wanted to make sure you're aware of the incoming and see if you would like to participate (or identify anyone else to participate from your teams)?

-FWV

Deliberative/Predecisional

From: Brady, Ryan D. EOP/WHO [redacted]
Sent: Tuesday, March 10, 2020 9:25 AM
To: Vaughan, Frederick <Frederick.Vaughan@treasury.gov>
Subject: FW: Congressional letter: Incoming

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Labor proposed a call about this letter. Would you (and whoever else) be free between 11:30-3 or 5:30-6?

Ryan D. Brady
Associate Counsel to the President
Office of White House Counsel
[redacted]
O: 202-456-2246 | C: [redacted]

From: Furdek, Rebecca C - SOL <Furdek.Rebecca.C@dol.gov>
Sent: Friday, March 6, 2020 5:02 PM
To: Coghlan, John V. EOP/WHO [redacted]
Cc: Taylor, Timothy J - SOL <Taylor.Timothy.J@dol.gov>
Subject: Congressional letter: Incoming

Hi John,

Please see the attached Congressional letter we received today concerning COVID-19 diagnostics testing and coverage. The letter is addressed, to HHS, DOL, and Treasury. Only questions 1 and 4 (out of four total questions) appear to be addressed to DOL.

Subject to your view, I believe [redacted]

[redacted]

Thanks, and have a nice weekend!
Rebecca

Rebecca C. Furdek
Counsel, Office of the Solicitor
U.S. Department of Labor
[redacted] (direct)
furdek.rebecca.c@dol.gov

FW: Congressional letter: Incoming

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Weiser, Carol" <carol.weiser@treasury.gov>
Cc: "Vaughan, Frederick" <frederick.vaughan@treasury.gov>
Date: Tue, 10 Mar 2020 10:12:05 -0400

Carol

Here is the letter

Dave

From: Vaughan, Frederick <Frederick.Vaughan@treasury.gov>
Sent: Tuesday, March 10, 2020 10:02 AM
To: Kautter, David <David.Kautter@treasury.gov>; Morrissey, Brian <Brian.Morrissey@treasury.gov>
Cc: McGuire, Brian <Brian.McGuire@treasury.gov>; Pinter, Kimberly <Kimberly.Pinter@treasury.gov>; (b)(6) [redacted]
(b)(6) [redacted]@treasury.gov>
Subject: FW: Congressional letter: Incoming

Dave and Brian

WHCO just flagged the attached March 5 letter from Reps. DeLauro, Porter, and Underwood. It was sent to IRS, HHS, and Labor. Only the fourth question is specifically addressed to Treasury/IRS. The members asked for a response by tomorrow. I have not seen any traffic from the IRS on this, but please advise if you have.

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From: Brady, Ryan D. EOP/WHO WHO_EOP [redacted]
Sent: Tuesday, March 10, 2020 9:25 AM
To: Vaughan, Frederick <Frederick.Vaughan@treasury.gov>
Subject: FW: Congressional letter: Incoming

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Ryan D. Brady
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Office of White House Counsel
ryan.d.brady@who.eop.gov
O: 202-456-2246 | C: (b)(6) [redacted]

From: Furdek, Rebecca C - SOL <Furdek.Rebecca.C@dol.gov>
Sent: Friday, March 6, 2020 5:02 PM
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Cc: Taylor, Timothy J - SOL <Taylor.Timothy.J@dol.gov>
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Subject to your view, (b)(5) DP [redacted]

(b)(5) DP [redacted]

Thanks, and have a nice weekend!
Rebecca

Rebecca C. Furdek
Counsel, Office of the Solicitor
U.S. Department of Labor
(b)(6) [redacted] (direct)
furdek.rebecca.c@dol.gov

RE: PWG readout draft

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">

To: "McIntosh, Brent" <brent.mcintosh@treasury.gov>, "Kranbuhl, Kipp" <kipp.kranbuhl@treasury.gov>, "Crowley, Monica" <monica.crowley@treasury.gov>, "Patel, Bimal" <bimal.patel@treasury.gov>, "Callanan, Brian" <brian.callanan@treasury.gov>, "Morgenstern, Brian" <brian.morgenstern@treasury.gov>, "Miller, Rebecca" <rebecca.miller@treasury.gov>

Date: Tue, 10 Mar 2020 12:17:06 -0400

I'm fine w something v high level like either option. I'd just put it on paper and get in in front of him, he'll have thoughts.

From: McIntosh, Brent <Brent.McIntosh@treasury.gov>
Date: March 10, 2020 at 12:02:07 PM EDT
To: Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>, Crowley, Monica <Monica.Crowley@treasury.gov>, Patel, Bimal <Bimal.Patel@treasury.gov>, Callanan, Brian <Brian.Callanan@treasury.gov>, Morgenstern, Brian <Brian.Morgenstern@treasury.gov>, Miller, Rebecca <Rebecca.Miller@treasury.gov>, Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: RE: PWG readout draft

I could go either way on which addition to take but agree that some additional content is desirable.

Deliberative and predecisional

From: Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>
Sent: Tuesday, March 10, 2020 11:53 AM
To: Crowley, Monica <Monica.Crowley@treasury.gov>; Patel, Bimal <Bimal.Patel@treasury.gov>; Callanan, Brian <Brian.Callanan@treasury.gov>; McIntosh, Brent <Brent.McIntosh@treasury.gov>; Morgenstern, Brian <Brian.Morgenstern@treasury.gov>; Miller, Rebecca <Rebecca.Miller@treasury.gov>; Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: RE: PWG readout draft

I'll defer to Justin here, given his comments on STM's request to keep it higher level.

Could we split the difference here with something to the effect of,

(b)(5) DP [redacted]

Kipp Kranbuhl
(b)(6) [redacted]

From: Crowley, Monica <Monica.Crowley@treasury.gov>
Sent: Tuesday, March 10, 2020 11:51 AM
To: Patel, Bimal <Bimal.Patel@treasury.gov>; Callanan, Brian <Brian.Callanan@treasury.gov>; McIntosh, Brent <Brent.McIntosh@treasury.gov>; Morgenstern, Brian <Brian.Morgenstern@treasury.gov>; Miller, Rebecca <Rebecca.Miller@treasury.gov>; Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>; Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: RE: PWG readout draft

(b)(5) DP [redacted]

From: Patel, Bimal <Bimal.Patel@treasury.gov>
Sent: Tuesday, March 10, 2020 11:47 AM
To: Callanan, Brian <Brian.Callanan@treasury.gov>; McIntosh, Brent <Brent.McIntosh@treasury.gov>; Morgenstern, Brian <Brian.Morgenstern@treasury.gov>; Miller, Rebecca <Rebecca.Miller@treasury.gov>; Crowley, Monica <Monica.Crowley@treasury.gov>; Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>; Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: Re: PWG readout draft

(b)(5) DP [redacted]

From: Callanan, Brian <Brian.Callanan@treasury.gov>

Date: March 10, 2020 at 11:44:53 AM EDT
To: McIntosh, Brent <Brent.McIntosh@treasury.gov>, Morgenstern, Brian <Brian.Morgenstern@treasury.gov>, Miller, Rebecca <Rebecca.Miller@treasury.gov>, Crowley, Monica <Monica.Crowley@treasury.gov>, Patel, Bimal <Bimal.Patel@treasury.gov>, Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>, Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: Re: PWG readout draft

Should we consider something like this (I'm not the markers guy but wonder if some substance would be helpful):

(b)(5) DP [redacted]

From: McIntosh, Brent <Brent.McIntosh@treasury.gov>
Date: March 10, 2020 at 11:25:36 AM EDT
To: Morgenstern, Brian <Brian.Morgenstern@treasury.gov>, Miller, Rebecca <Rebecca.Miller@treasury.gov>, Crowley, Monica <Monica.Crowley@treasury.gov>, Callanan, Brian <Brian.Callanan@treasury.gov>, Patel, Bimal <Bimal.Patel@treasury.gov>, Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>, Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: PWG readout draft

Secr [redacted] asked that we put together a brief readout of today's PWG call. I think it would say something like the following, though I'm open to changes. Someone should confirm titles, names, spelling, etc.

Justin/Brian/DF: Thoughts on (b)(5) DP [redacted]

Readout of Call of President's Working Group on Financial Markets

March 10, 2020

(b)(5) DP [redacted]

####

Deliberative and predecisional

UST_000500

TREAS-20-0568-E-000027

RE: Developing situation / Indianapolis

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Morgenstern, Brian" <brian.morgenstern@treasury.gov>

Date: Tue, 10 Mar 2020 15:55:50 -0400

No concerns from me

From: Morgenstern, Brian <Brian.Morgenstern@treasury.gov>
Sent: Tuesday, March 10, 2020 3:01 PM
To: Crowley, Monica <Monica.Crowley@treasury.gov>; Eisner, David <David.Eisner@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>
Subject: Fwd: Developing situation / Indianapolis

FYI. Please advise if any concerns.

From: Lemons Terry L <Terry.L.Lemons@irs.gov>
Date: March 10, 2020 at 2:51:06 PM EDT
To: Morgenstern, Brian <Brian.Morgenstern@treasury.gov>, Eldridge, Michelle L. <Michelle.l.eldridge@irs.gov>, Reynolds Jodie M <Jodie.M.Reynolds@irs.gov>
Cc: Klonsky Amy E <Amy.E.Klonsky@irs.gov>
Subject: Developing situation / Indianapolis

Brian – we've shut down our Indy call site this afternoon. David Eisner has been looped in on this as well as NTEU. [redacted] (b)(5) DP

Let us know if any concerns or if you need to talk. Thanks.

Draft IRS statement

Today, an IRS employee at the Indianapolis call site reported they tested positive for the COVID-19 virus. The IRS took immediate protective steps for employees in the building and began an orderly shutdown of the call center around 2 p.m. Eastern. IRS operations at this center will be suspended until local health authorities determine the call-site is safe to return to operation. There are no indications of any other employees having symptoms normally associated with the COVID-19 virus.

The IRS immediately started rerouting phone calls that normally go to this site to 24 other IRS call centers across the country.

This development will not affect our normal tax season operations across the nation. Taxpayers should continue to file their taxes as they normally would, and the IRS continues to see a strong filing season with millions of refunds going out.

The facility has approximately 168 IRS employees. These employees do not have face-to-face interaction with taxpayers at the site.

The IRS is working closely with local health authorities, NTEU and others on this matter to ensure the safety of our employees and others. The IRS continues to closely monitor developments related to COVID-19 and is taking steps to protect employees as well as taxpayers who visit IRS offices.

###

Fwd: Nomura Research Note on COVID

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">

To: "McIntosh, Brent" <brent.mcintosh@treasury.gov>

Date: Tue, 10 Mar 2020 17:41:16 -0400

Helpful table at end

From: King Mueller <king@cypressgroupdc.com>
Date: March 10, 2020 at 11:49:23 AM EDT
To: Faulkender, Michael <Michael.Faulkender@treasury.gov>, Morgenstern, Brian <Brian.Morgenstern@treasury.gov>, Patel, Bimal <Bimal.Patel@treasury.gov>, Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>, Muzinich, Justin <Justin.Muzinich@treasury.gov>, Callanan, Brian <Brian.Callanan@treasury.gov>
Subject: Nomura Research Note on COVID

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Getting lots of financial market commentary/analysis coming across my inbox like the attached, happy to pass along, but sensitive to overloading you guys at a time like this if you're already getting an adequate feed of various market perspectives.. I am having flashbacks to my time in Main Treasury during the fun financial crisis days of '08.
Good luck up there, gentleman.

W. C. King Mueller
The Cypress Group
1028 33rd Street, NW, Suite 200
Washington, DC 20007

Main: (202) 337-1661
Cell: (b)(6) [redacted]
king@cypressgroupdc.com
https://hyperlink.services.treasury.gov/agency.do?origin=www.CypressGroupDC.com

The Cypress Group

Fwd: COVID Letter from W&M members to IRS

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>, "Vallabhaneni, Krishna" <krishna.vallabhaneni@treasury.gov>

Date: Wed, 11 Mar 2020 09:01:20 -0400

Attachments: 2019.3.10 Letter on IRS Filing Season.pdf (1.01 MB)

FYI

From: Vaughan, Frederick <Frederick.Vaughan@treasury.gov>
Date: March 11, 2020 at 8:23:05 AM EDT
To: McGuire, Brian <Brian.McGuire@treasury.gov>, Kautter, David <David.Kautter@treasury.gov>, Morgenstern, Brian <Brian.Morgenstern@treasury.gov>
Cc: Pinter, Kimberly <Kimberly.Pinter@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>
Subject: COVID Letter from W&M members to IRS

Attached is a letter sent to IRS last evening requesting: (1) an update on the impact of COVID-19 on filing season; and (2) an evaluation of whether to extend the April 15 filing deadline for this year. It is signed by all Democratic members of the Committee.

The Committee's press release is available here: https://waysandmeans.house.gov/media-center/press-releases/ways-and-means-democrats-request-irs-provide-update-coronavirus-impact

--
Frederick W. Vaughan
Deputy Assistant Secretary
Legislative Affairs
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220
[redacted]

FW: The New York Times: Treasury to Recommend Delaying Tax Payments for 'Virtually All' Americans

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Wed, 11 Mar 2020 13:00:04 -0400

From: Crowley, Monica <Monica.Crowley@treasury.gov>
Sent: Wednesday, March 11, 2020 12:47 PM
To: Secretary Mnuchin [redacted]
Cc: Muzinich, Justin <Justin.Muzinich@treasury.gov>; McIntosh, Brent <Brent.McIntosh@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>; Faulkender, Michael <Michael.Faulkender@treasury.gov>; (b)(6) [redacted] (b)(6) [redacted]@treasury.gov>; Myers, Baylor <Baylor.Myers@treasury.gov>
Subject: The New York Times: Treasury to Recommend Delaying Tax Payments for 'Virtually All' Americans

Mr Secretary, for your awareness

The New York Times: Treasury to Recommend Delaying Tax Payments for 'Virtually All' Americans (Alan Rappeport, Emily Cochrane, 3.11.20)

WASHINGTON — Treasury Secretary Steven Mnuchin on Wednesday said he would recommend to President Trump that the Internal Revenue Service delay tax payments without penalty or interest for "virtually all Americans other than the superrich."

Mr. Mnuchin, testifying before House lawmakers, noted that all individuals are allowed to request tax payment extensions online but that this would be a special provision meant to help small and midsize businesses and "hardworking individuals" dealing with fallout from the coronavirus.

The delay would not apply to large corporations or the wealthiest Americans, Mr. Mnuchin said, but he did not elaborate on what the income or asset threshold would be for qualifying.

"That will have the impact of putting over $200 billion back into the economy and that will create a very big stimulus," Mr. Mnuchin said, adding that the Treasury was already working to fund the initiative.

The effort is aimed at helping cushion the economic hit from the coronavirus, which is closing schools, sending workers home and disrupting everyday life for many Americans.

Treasury and White House officials had been discussing the idea of extending the tax deadline over the past week as the administration considers ways to relieve financial pressure on individuals and businesses.

The plan to delay the April 15 tax deadline came as Democrats on the House Ways and Means Committee wrote to Charles Rettig, the I.R.S. commissioner, to ask for an update on the effect of the outbreak on tax filing season and for an evaluation of whether the agency needed to re-evaluate the traditional April 15 deadline.

"We are concerned about the ability of the I.R.S. to provide taxpayer assistance and process returns, as well as the ability of taxpayers, free tax preparation sites, and tax professionals to meet the filing deadline," the lawmakers wrote. They noted that "the I.R.S. has authority to extend the time for filing any return for six months or less and the authority to waive certain penalties upon a showing of reasonable cause."

The lawmakers also asked that the I.R.S. consider "the need for relief" from certain filing and payment fees and penalties for people affected by the coronavirus.

On Monday, as stock markets plunged, President Trump said the administration would consider economic stimulus options, including a payroll tax cut and other relief. During a White House briefing on the virus on Tuesday, Larry Kudlow, the director of the National Economic Council, said the administration could use executive authority to help individuals and businesses, noting that "we have leverage on tax deferral."

Mr. Mnuchin is holding talks with Speaker Nancy Pelosi about a package of options for stimulating the economy. After a meeting with her on Tuesday afternoon, Mr. Mnuchin said that he was hopeful that a bipartisan agreement could be reached on legislation, but that he was also working on ways the Treasury Department could act unilaterally.

"There are things we can do on our own, and we're exploring those, too," Mr. Mnuchin said.

Delaying tax day would also ease logistical problems that the I.R.S. could face if more government workers were forced to work remotely. The tax collection agency has service centers across the country that require staff to have face-to-face contact with the general public.

RE: Flagging: The New York Times: Treasury to Recommend Delaying Tax Payments for 'Virtually All' Americans

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Morgenstern, Brian" <brian.morgenstern@treasury.gov>, "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Wed, 11 Mar 2020 15:35:17 -0400

Your call on whether to correct the record. (b)(5) DP [redacted]
(b)(5) DP [redacted]

From: Morgenstern, Brian <Brian.Morgenstern@treasury.gov>
Sent: Wednesday, March 11, 2020 1:25 PM
To: Kautter, David <David.Kautter@treasury.gov>; Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Subject: Fwd: Flagging: The New York Times: Treasury to Recommend Delaying Tax Payments for 'Virtually All' Americans

(b)(5) DP [redacted]

From: (b)(6) [redacted]@treasury.gov>
Date: March 11, 2020 at 12:43:30 PM EDT
To: _DL_Public Affairs <PublicAffairsDL@do.treas.gov>
Subject: Flagging: The New York Times: Treasury to Recommend Delaying Tax Payments for 'Virtually All' Americans

The New York Times: Treasury to Recommend Delaying Tax Payments for 'Virtually All' Americans (Alan Rappeport, Emily Cochrane, 3.11.20)

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FW: AICPA Recommendations on Tax Relief for COVID-19

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>, "Jacinto, Jarrett" <jarrett.jacinto@treasury.gov>
Date: Wed, 11 Mar 2020 18:00:29 -0400

FYI

From: Melissa Labant <Melissa.Labant@aicpa-cima.com>
Sent: Wednesday, March 11, 2020 5:40 PM
To: Kautter, David <David.Kautter@treasury.gov>
Cc: Edward Karl <Edward.Karl@aicpa-cima.com>; (b)(6) [redacted]@treasury.gov>
Subject: AICPA Recommendations on Tax Relief for COVID-19

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Dear Mr. Kautter –

The AICPA recommends that the Treasury Department and IRS provide relief to all taxpayers in light of the uncertainty and challenges caused by the spread of the Coronavirus (COVID-19) pandemic. I have attached a copy of our press release. We are glad to answer any questions. Please do not hesitate to reach out to us.

Best,
Melissa

Melissa M. Labant, J.D., CPA/PFS, CFP®, CGMA
Director – AICPA Tax Policy & Advocacy
Association | AICPA | CIMA
(202) 434-9234 / Melissa.Labant@aicpa-cima.com
AICPA Member Service: 888.777.7077 or service@aicpa.org
CIMA: cimaglobal.com/Contact-us/

Fwd: Message - Goldman Sachs

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">

To: "Smith, Brian" <brian.smith@treasury.gov>

Date: Thu, 12 Mar 2020 07:59:07 -0400

From: Scherr, Stephen <stephen.scherr@gs.com>
Date: March 12, 2020 at 7:52:02 AM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: Message - Goldman Sachs

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Jason -

Thanks for calling. Here is the piece.

The idea is there is a term structure of fragmented bonds each of which now has no liquidity.

Treasury should 'exchange' or programmatically buy back the off the runs VS. issuing larger benchmarks

Debt stock neutral, but you create larger more liquid benchmarks which will reduce their cost of debt and aid market functioning

Stephen

+++++++¥¥¥

JPMorgan Analysts Call for Large-Scale U.S. Treasury Buybacks

By Joanna Ossinger
(Bloomberg) -- JPMorgan Chase & Co. strategists called for the U.S. Treasury to replace older government bonds with current benchmarks to address liquidity strains in the world's biggest pool of risk-free securities.

Treasury market liquidity has dried up at times amid the tumult caused by fears over the economic hit of the coronavirus and the shock emergence of an oil-price war. Trading-platform order books have thinned out to a degree last seen during the 2008 financial crisis. The one-week average of Treasury-market depth has dropped to just $42 million in the 10-year sector, down 75% over the past month, according to JPMorgan.

"It could be beneficial if Treasury began conducting large-scale buybacks in less-liquid, financing-intensive off-the-runs and replaced them with on-the-run securities," strategists led by Jay Barry and Jason Hunter wrote in a note Wednesday.
$50 Trillion in Question After U.S. Treasury Liquidity Dries Up

Such a move would resurrect a tool the Treasury Department used to maintain market access while running surpluses during the 1990s.
Back then, the Treasury bought back off-the-run debt, while still issuing on-the-run securities. Currently the government has deficits instead of surpluses, but the Treasury continues to conduct small buyback operations to maintain operational readiness, JPMorgan said, citing two test operations last year.

This step wouldn't address other challenges, such as the potential disruption to banks' dealing rooms from the virus itself.
JPMorgan Analysts Say Work-From-Home May Hit Funding Markets
"At its root, it's clear that Treasury-market liquidity is fragile, largely due to changes in market structure over the past decade," the strategists wrote. "This cannot be turned around quickly."
Moves of 10 and 20 basis points per session have been common in Treasuries amid the turmoil. At one point a few days ago, the entire U.S. yield curve was below 1%. And the ICE BofA MOVE Index, which measures volatility in Treasury options, on Monday reached its highest level since June 2009. Some strategists have even called into question the safe-haven qualities of Treasuries amid the turbulence.
The 10-year yield ended last year at 1.92%, then fell as low as 0.31% on Monday before rebounding. It was at 0.81% as of 8:30 a.m. in Hong Kong Thursday.

--With assistance from Elizabeth Stanton.

Goldman Sachs & Co. LLC.
200 West Street |41st Floor | New York, NY | 10282
212.902.4314 | 212.902.3000
stephen.scherr@gs.com

Stephen M. Scherr
Managing Director

Fwd: QUICK REVIEW: Coronavirus Emergency Declaration

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>, "Vallabhaneni, Krishna" <krishna.vallabhaneni@treasury.gov>, (b)(6) [redacted]@treasury.gov>

Date: Fri, 13 Mar 2020 06:41:39 -0400

Please review

From: Dwyer, David <David.Dwyer@treasury.gov>
Date: March 12, 2020 at 9:51:16 PM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>, (b)(6) [redacted]@treasury.gov>, Eilts, Andrew <Andrew.Eilts@treasury.gov>, (b)(6) [redacted]@treasury.gov>, Myers, Baylor <Baylor.Myers@treasury.gov>, Callanan, Brian <Brian.Callanan@treasury.gov>, (b)(6) [redacted]@treasury.gov>, Crowley, Monica <Monica.Crowley@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, McIntosh, Brent <Brent.McIntosh@treasury.gov>, Eisner, David <David.Eisner@treasury.gov>, (b)(6) [redacted]@treasury.gov>, Pinto, Ashok <Ashok.Pinto@treasury.gov>, Patel, Bimal <Bimal.Patel@treasury.gov>, Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>, Faulkender, Michael <Michael.Faulkender@treasury.gov>, Kautter, David <David.Kautter@treasury.gov>
Cc: Dwyer, David <David.Dwyer@treasury.gov>
Subject: Fwd: QUICK REVIEW: Coronavirus Emergency Declaration
Importance: High

All,

Attached is a draft proclamation declaring a national emergency concerning the coronavirus outbreak. Affirmative clearance is requested from **OVP, NSC, HHS, and WHCO** . All others are welcome to comment as well. Please send all comments and clearances by **9:30am tomorrow, Friday, March 13** .

Thank you,
David

From: Staff Secretary WHO_EOP [redacted]
Date: March 12, 2020 at 9:07:07 PM EDT
To: Short, Marc T. EOP/OVP <Marc.T.Short@ovp.eop.gov>, Miller, Katie R. EOP/OVP <Katie.R.Miller@ovp.eop.gov>, Birx, Deborah L. EOP/NSC EOP_NSC [redacted] Pottinger, Matthew F. EOP/WHO WHO_EOP [redacted], Liddell, Christopher P. EOP/WHO WHO_EOP [redacted] 'Harrison, Brian (HHS/IOS)' <Brian.Harrison@hhs.gov>, Philbin, Patrick F. EOP/WHO WHO_EOP [redacted] Eisenberg, John A. EOP/WHO WHO_EOP [redacted], Dwyer, David <David.Dwyer@treasury.gov>, Kushner, Jared C. EOP/WHO WHO_EOP [redacted] Ueland, Eric M. EOP/WHO WHO_EOP [redacted] Grogan, Joseph J. EOP/WHO WHO_EOP [redacted], WHO_EOP [redacted] WHO_EOP [redacted] Kudlow, Lawrence WHO_EOP [redacted] 'Mizelle, Chad' <chad.mizelle@hq.dhs.gov>, Troye, Olivia EOP/NSC EOP_NSC [redacted], Vought, Russell T. EOP/OMB EOP_OMB [redacted]>, Kan, Derek T. EOP/OMB EOP_OMB [redacted]>, Olmem, Andrew WHO_EOP [redacted] Pataki, Tim A. EOP/WHO WHO_EOP [redacted] Grisham, Stephanie A. EOP/WHO WHO_EOP [redacted] Gidley, Hogan H. EOP/WHO WHO_EOP [redacted] Ditto, Jessica WHO_EOP [redacted], Hahn, Julia A. EOP/WHO WHO_EOP [redacted] Navarro, Peter K. EOP/WHO WHO_EOP [redacted], Miller, Stephen EOP/WHO WHO_EOP [redacted] Hicks, Hope C. EOP/WHO WHO_EOP [redacted], Rollins, Brooke L. EOP/WHO WHO_EOP [redacted], Levi, William (OAG <William.Levi@usdoj.gov>, Moran, John (OAG <John.Moran@usdoj.gov>, White House Clearances <WhiteHouseClearances@state.gov>, Hoelscher, Douglas L. EOP/WHO WHO_EOP [redacted]
Cc: Staff Secretary WHO_EOP [redacted]
Subject: QUICK REVIEW: Coronavirus Emergency Declaration
Importance: High

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Thank you,
Staff Secretary

UST_000512

TREAS-20-0568-E-000039

Fwd: QUICK REVIEW: Coronavirus Emergency Declaration

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Desmond, Michael J." <michael.j.desmond@irscounsel.treas.gov>

Date: Fri, 13 Mar 2020 07:25:38 -0400

I imagine you have seen this, but just in case..

We are reviewing

From: Dwyer, David <David.Dwyer@treasury.gov>
Date: March 12, 2020 at 9:51:16 PM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>, (b)(6) [redacted]@treasury.gov>, Eilts, Andrew <Andrew.Eilts@treasury.gov>, (b)(6) [redacted]@treasury.gov>, Myers, Baylor <Baylor.Myers@treasury.gov>, Callanan, Brian <Brian.Callanan@treasury.gov>, (b)(6) [redacted]@treasury.gov>, Crowley, Monica <Monica.Crowley@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, McIntosh, Brent <Brent.McIntosh@treasury.gov>, Eisner, David <David.Eisner@treasury.gov> (b)(6) [redacted]@treasury.gov>, Pinto, Ashok <Ashok.Pinto@treasury.gov>, Patel, Bimal <Bimal.Patel@treasury.gov>, Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>, Faulkender, Michael <Michael.Faulkender@treasury.gov>, Kautter, David <David.Kautter@treasury.gov>
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From: Staff Secretary WHO_EOP [redacted]>
Date: March 12, 2020 at 9:07:07 PM EDT
To: Short, Marc T. EOP/OVP <Marc.T.Short@ovp.eop.gov>, Miller, Katie R. EOP/OVP <Katie.R.Miller@ovp.eop.gov>, Birx, Deborah L. EOP/NSC EOP_NSC [redacted] Pottinger, Matthew F. EOP/WHO WHO_EOP [redacted]>, Liddell, Christopher P. EOP/WHO WHO_EOP [redacted]>, 'Harrison, Brian (HHS/IOS)' <Brian.Harrison@hhs.gov>, Philbin, Patrick F. EOP/WHO WHO_EOP [redacted]>, Eisenberg, John A. EOP/WHO WHO_EOP [redacted]>, Dwyer, David <David.Dwyer@treasury.gov>, Kushner, Jared C. EOP/WHO WHO_EOP [redacted]>, Ueland, Eric M. EOP/WHO WHO_EOP [redacted]v>, Grogan, Joseph J. EOP/WHO WHO_EOP [redacted]>, WHO_EOP [redacted] WHO_EOP [redacted]>, Kudlow, Lawrence <Lawrence.A.Kudlow@WHO_EO [redacted]>, 'Mizelle, Chad' <chad.mizelle@hq.dhs.gov>, Troye, Olivia EOP/NSC EOP_NSC [redacted], Vought, Russell T. EOP/OMB EOP_OMB [redacted]>, Kan, Derek T. EOP/OMB EOP_OMB [redacted]>, Olmem, Andrew WHO_EOP [redacted]>, Pataki, Tim A. EOP/WHO WHO_EOP [redacted]>, Grisham, Stephanie A. EOP/WHO WHO_EOP [redacted]>, Gidley, Hogan H. EOP/WHO WHO_EOP [redacted]>, Ditto, Jessica WHO_EOP [redacted]>, Hahn, Julia A. EOP/WHO WHO_EOP [redacted]>, Navarro, Peter K. EOP/WHO WHO_EOP [redacted]>, Miller, Stephen EOP/WHO WHO_EOP [redacted]>, Hicks, Hope C. EOP/WHO WHO_EOP [redacted]>, Rollins, Brooke L. EOP/WHO WHO_EOP [redacted]>, Levi, William (OAG <William.Levi@usdoj.gov>, Moran, John (OAG <John.Moran@usdoj.gov>, White House Clearances <WhiteHouseClearances@state.gov>, Hoelscher, Douglas L. EOP/WHO WHO_EOP [redacted]>
Cc: Staff Secretary WHO_EOP [redacted]>
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Thank you,
Staff Secretary

UST_000514

FW: QUICK REVIEW: Coronavirus Emergency Declaration

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>, "Desmond, Michael J." <michael.j.desmond@irscounsel.treas.gov>
Date: Fri, 13 Mar 2020 07:50:23 -0400

I don't know if this is everything that is contemplated but is this a declaration under the Robert T Stafford Act ?

From: Dwyer, David <David.Dwyer@treasury.gov>
Sent: Thursday, March 12, 2020 9:51 PM
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>; (b)(6) [redacted] @treasury.gov>; Eilts, Andrew <Andrew.Eilts@treasury.gov>; (b)(6) [redacted] @treasury.gov>; Myers, Baylor <Baylor.Myers@treasury.gov>; Callanan, Brian <Brian.Callanan@treasury.gov>; (b)(6) [redacted] @treasury.gov>; Crowley, Monica <Monica.Crowley@treasury.gov>; McGuire, Brian <Brian.McGuire@treasury.gov>; McIntosh, Brent <Brent.McIntosh@treasury.gov>; Eisner, David <David.Eisner@treasury.gov>; (b)(6) [redacted] @treasury.gov>; Pinto, Ashok <Ashok.Pinto@treasury.gov>; Patel, Bimal <Bimal.Patel@treasury.gov>; Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>; Faulkender, Michael <Michael.Faulkender@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>
Cc: Dwyer, David <David.Dwyer@treasury.gov>
Subject: Fwd: QUICK REVIEW: Coronavirus Emergency Declaration
Importance: High

All,

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Thank you,
David

From: Staff Secretary WHO_EOP [redacted]>
Date: March 12, 2020 at 9:07:07 PM EDT
To: Short, Marc T. EOP/OVP <Marc.T.Short@ovp.eop.gov>, Miller, Katie R. EOP/OVP <Katie.R.Miller@ovp.eop.gov>, Birx, Deborah L. EOP/NSC EOP_NSC [redacted], Pottinger, Matthew F. EOP/WHO WHO_EOP [redacted]>, Liddell, Christopher P. EOP/WHO WHO_EOP [redacted]>, 'Harrison, Brian (HHS/IOS)' <Brian.Harrison@hhs.gov>, Philbin, Patrick F. EOP/WHO WHO_EOP [redacted]>, Eisenberg, John A. EOP/WHO WHO_EOP [redacted]>, Dwyer, David <David.Dwyer@treasury.gov>, Kushner, Jared C. EOP/WHO WHO_EOP [redacted]>, Ueland, Eric M. EOP/WHO WHO_EOP [redacted]>, Grogan, Joseph J. EOP/WHO WHO_EOP WHO_EOP WHO_EOP [redacted]>, Kudlow, Lawrence WHO_EOP [redacted]>, 'Mizelle, Chad' <chad.mizelle@hq.dhs.gov>, Troye, Olivia EOP/NSC <Olivia.Troye@nsc.eop.gov>, Vought, Russell T. EOP/OMB EOP_OMB [redacted]>, Kan, Derek T. EOP/OMB EOP_OMB [redacted] Olmem, Andrew WHO_EOP [redacted]>, Pataki, Tim A. EOP/WHO WHO_EOP [redacted]>, Grisham, Stephanie A. EOP/WHO WHO_EOP [redacted]>, Gidley, Hogan H. EOP/WHO WHO_EOP [redacted]>, Ditto, Jessica WHO_EOP [redacted]>, Hahn, Julia A. EOP/WHO WHO_EOP [redacted]>, Navarro, Peter K. EOP/WHO WHO_EOP [redacted]>, Miller, Stephen EOP/WHO WHO_EOP [redacted]>, Hicks, Hope C. EOP/WHO WHO_EOP [redacted]>, Rollins, Brooke L. EOP/WHO WHO_EOP [redacted]>, Levi, William (OAG <William.Levi@usdoj.gov>, Moran, John (OAG <John.Moran@usdoj.gov>, White House Clearances <WhiteHouseClearances@state.gov>, Hoelscher, Douglas L. EOP/WHO WHO_EOP [redacted]>
Cc: Staff Secretary WHO_EOP [redacted]>
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To: "Vallabhaneni, Krishna" <krishna.vallabhaneni@treasury.gov>, (b)(6) [redacted]@treasury.gov>
Cc: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Fri, 13 Mar 2020 08:09:09 -0400

FYI

From: Desmond Michael J <Michael.J.Desmond@irscounsel.treas.gov>
Sent: Friday, March 13, 2020 8:02 AM
To: Kautter, David <David.Kautter@treasury.gov>; Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Subject: FW: QUICK REVIEW: Coronavirus Emergency Declaration

Dave and Jeff,

Stanford Act Declaration attached, this is separate from the Emergency Declaration.

Mike

From: James.Stern@treasury.gov <James.Stern@treasury.gov>
Date: Thursday, Mar 12, 2020, 11:08 PM
To: Desmond Michael J <Michael.J.Desmond@irscounsel.treas.gov>, Brian.Sonfield@treasury.gov <Brian.Sonfield@treasury.gov>
Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

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Sent: Thursday, March 12, 2020 11:01 PM
To: Stern, James <James.Stern@treasury.gov>; Sonfield, Brian <Brian.Sonfield@treasury.gov>
Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

James,

(b)(5) DP [redacted]

This may be what you are referencing below.

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From: James.Stern@treasury.gov [mailto:James.Stern@treasury.gov]
Sent: Thursday, March 12, 2020 10:32 PM
To: Desmond Michael J; Brian.Sonfield@treasury.gov
Subject: FW: QUICK REVIEW: Coronavirus Emergency Declaration

Highly urgent – can I ask you two to look at this draft declaration?

(b)(5) DP [redacted]

But if you can let me know if you're ok w/ this, I would appreciate it.

From: (b)(6) [redacted]@treasury.gov>
Sent: Thursday, March 12, 2020 9:53 PM

To: Callanan, Brian <Brian.Callanan@treasury.gov>; Morrissey, Brian <Brian.Morrissey@treasury.gov>; Stern, James <James.Stern@treasury.gov>
Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

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Cc: Staff Secretary WHO_EOP [redacted] >
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Staff Secretary

UST_000519

RE: Basic comment is to provide unemployment benefits to workers who have their hours cut by like 30%. Keeps the worker employed (at reduced hours) and economically stable.

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: Rettig Charles P <charles.p.rettig@irs.gov>
Date: Fri, 13 Mar 2020 09:07:30 -0400

Chuck

Thanks for sending this. It has already been passed on to the economic team working on the Coronavirus response.

Dave

From: Rettig Charles P <Charles.P.Rettig@irs.gov>
Sent: Friday, March 13, 2020 8:44 AM
To: Myers, Baylor <Baylor.Myers@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>
Subject: Basic comment is to provide unemployment benefits to workers who have their hours cut by like 30%. Keeps the worker employed (at reduced hours) and economically stable.

Baylor / Dave,

We appreciate the extensive efforts by everyone at Treasury. The email below was received *unsolicited* from an IRS economist. I don't normally pass things along when they're clearly out of our lane, but didn't want to be remiss in adding an idea to the bucket, if some might find it interesting.

Basic comment is to provide unemployment benefits to workers who have their hours cut by like 30%. Keeps the worker employed (at reduced hours) and economically stable.

Best,
Chuck

Charles P. Rettig | 202.317.7070 | charles.p.rettig@IRS.gov
Commissioner | Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20024

More specifically, without having to go through the entire email below:

"It is easier to climb out of a hole if the hole is not very deep. So the best thing to do now, economically, is to stop everyone from digging.

A lot of people are paid by the hour. Many will not get many working hours this month. Store clerks, restaurant workers, manufacturers, hourly workers who cannot work from home. Hours will be drastically cut because nobody is shopping in stores, going to restaurants, and the entertainment events are closed. Some will lose hours because some part of whatever they manufacture is not being shipped, so the whole assembly line has to go down. Maybe they work at the airport or a hotel now empty.

If their hours are cut drastically, if they still have any hours at all, they are not officially unemployed. Therefore, they cannot get unemployment, but nobody is going to cut the employees' mortgage or utilities. Some employers will just lay off half their workers so they can pay half of them and the rest get unemployment. It would be better for everybody if companies could afford to keep all their workers at half time.

I suggest to keep thousands of workers from economic disaster, temporarily allow them to apply for unemployment based on an emergency reduction in hours If an employer states that they had to cut their workers' hours by 30% or more, allow the Unemployment Services to declare those workers to be 30% unemployed and send them 30% of the unemployment they would get if they were 100% unemployed. They get some wages, and some unemployment.

The same would happen if their hours were cut by 40% or 50%, whatever the employer documents. Employers already have to document how many hours their employees were working as part of paying for unemployment insurance, so the unemployment offices already have a record to compare it to.

This way the workers stay connected to their job. It's hard to find a job when you get laid off. Few companies will be hiring for the next couple months. The longer you are laid off, the harder it gets. Once that worker is in a downward spiral, it will be harder to climb out, for them, for the businesses they buy from, and for the whole economy.

Employers will benefit because they have a ready workforce, people who still know the job and can ramp up quickly when the crisis subsides.

An economy cannot be strong if its building blocks, working people and the businesses that hire them, are made weak. Fewer people would be completely unemployed for long periods because their employers did not need to lay off half their workers. More companies would have a stable workforce that already knows their job and did not become desperate and depressed."

From: King Cynthia <Cynthia.G.King@irs.gov>
Sent: Friday, March 13, 2020 8:29 AM
To: Rettig Charles P <Charles.P.Rettig@irs.gov>; Flax Nikole C <Nikole.C.Flax@irs.gov>; O'Donnell Douglas W <Douglas.W.Odonnell@irs.gov>
Subject: A Way to Protect Families from Economic Disaster Right Now

My Executive Leaders,

I have been an economist for 44 years.
(Please do not tell anyone that because they may not believe I got my BA at age 5.)

That means 44 years of looking at the world with an economic mind.
I do not always agree with the prominent national economists because in that amount of time, you understand that the formulas they teach at university do not always apply exactly as they said they would.
I wrote the below the last two nights at home, on my own time.
It is not meant as part of my responsibilities at the IRS, but as the duty of a person who can see clearly to speak up if they see where the light is.

Please forward this to Steve Mnuchin.
He is the only person I have even a distant connection to who might be able to get it heard quickly.

Thank you and good luck,

Cynthia GH King

Cynthia GH King,
Management and Program Analyst
BA Economics, Master Financial Economics,
Certified Valuation Analyst, Contracting Officer's Representative
IRS Treaty and Transfer Pricing Operations
Phone: 614 621-7513
Telecopier: 855 571-4456
ID#1000892323

The Economy: To Make the Hole Less Deep:

This is an idea to protect millions of working families from economic disaster as a result of having their work hours cut because Covid19.

All responsible political leaders are looking for emergency ways to help the economy of the country. They are wondering what stimulus package will drag us out of this hole. Stimulus is for speeding up a stagnant economy. Right now, we need a parachute. This idea is for right now.

The following is the most immediate way to protect working people through this and the most effective way to emerge stronger on the other side.

It is easier to climb out of a hole if the hole is not very deep. So the best thing to do now, economically, is to stop everyone from digging.

A lot of people are paid by the hour. Many will not get many working hours this month. Store clerks, restaurant workers, manufacturers, hourly workers who cannot work from home. Hours will be drastically cut because nobody is shopping in stores, going to restaurants, and the entertainment events are closed. Some will lose hours because some part of whatever they manufacture is not being shipped, so the whole assembly line has to go down. Maybe they work at the airport or a hotel now empty.

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An economy cannot be strong if its building blocks, working people and the businesses that hire them, are made weak. Fewer people would be completely unemployed for long periods because their employers did not need to lay off half their workers. More companies would have a stable workforce that already knows their job and did not become desperate and depressed.

For perfect clarity: There is NOTHING the Federal Reserve can do right now with monetary policy. To try is just throwing money onto the fire.

You cannot stimulate consumers to spend more money when they are afraid they will be in the hospital or lose their homes tomorrow. Businesses will NOT purchase more goods just because they can get cheaper money. To simplify an economic principle: The first businesses that receive extra money will use it to hand out bonuses at the top and pay down what they owe and then hunker down until it is over. The second tier of companies that receives the funds from the debt pay-down from the first tier will do the same; they will give some money to the high level folk, pay off debts and investors, and hunker down. Then the third tier will do it again. That puts the money-supply-multiplier in reverse. It's called a broken market. Smells like 2008.

It makes sense for businesses to do this. Businesses have no reason to build a new store or factory when the ones they have are running at half capacity or shut down. Spending money in the prayer you will encourage other spending right now could end up deflationary; the worst thing you can do.

People will shout, "Tax cuts!" Tax cuts only help people and companies with taxable income. Many of those will not have enough income to owe taxes this year and will not be helped by tax cuts. For the few that are helped by tax stimulus, they will use the windfall the exactly as described above – to reduce what they owe and then hunker down. It will not encourage them to invest. Stimulus only helps when you are moving slowly forward, not when you are in freefall. This is a parachute.

Protecting workers and the companies that employ them will help. It will help right now. We will not fall into as deep a hole. When it is over, we will not have as far to climb out. This would be the best use of any federal funds meant to help the economy.

Cynthia GH King,
BA Economics, Masters of Financial Economics, Certified Business Valuation Analyst,
Former Economist for US Dept. HUD and for US Treasury, IRS.,
Experienced Financial Analyst at many private companies

(614) 595-7839

Cynthia G.H. King cghk
774 Overlook Drive
Columbus, Ohio 43214

RE: QUICK REVIEW: Coronavirus Emergency Declaration

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>, "Stern, James" <james.stern@treasury.gov>, "Vallabhaneni, Krishna" <krishna.vallabhaneni@treasury.gov>, "Desmond, Michael J." <michael.j.desmond@irscounsel.treas.gov>

Cc: (b)(6) [redacted]@treasury.gov>

Date: Fri, 13 Mar 2020 09:44:11 -0400

Agree

I think this works

From: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Date: March 13, 2020 at 9:40:38 AM EDT
To: Stern, James <James.Stern@treasury.gov>, Vallabhaneni, Krishna <Krishna.Vallabhaneni@treasury.gov>, Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Cc: (b)(6) [redacted]@treasury.gov>
Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

OK with me. Thanks James.

From: Stern, James <James.Stern@treasury.gov>
Sent: Friday, March 13, 2020 9:31 AM
To: Vallabhaneni, Krishna <Krishna.Vallabhaneni@treasury.gov>; Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>; Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>
Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

(b)(5) DP [redacted]

From: Vallabhaneni, Krishna <Krishna.Vallabhaneni@treasury.gov>
Sent: Friday, March 13, 2020 9:10 AM
To: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>; Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>
Cc: Stern, James <James.Stern@treasury.gov>
Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

Works for me. Thanks!

Krishna P. Vallabhaneni
Tax Legislative Counsel
Office of Tax Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Direct: (b)(6) [redacted]
Email: krishna.vallabhaneni@treasury.gov

From: Desmond Michael J <Michael.J.Desmond@irscounsel.treas.gov>
Date: March 13, 2020 at 8:52:58 AM EDT
To: Vallabhaneni, Krishna <Krishna.Vallabhaneni@treasury.gov>, Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>, Kautter, David <David.Kautter@treasury.gov>
Cc: Stern, James <James.Stern@treasury.gov>

Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

(b)(5) DP [redacted]

From: Krishna.Vallabhaneni@treasury.gov [mailto:Krishna.Vallabhaneni@treasury.gov]
Sent: Friday, March 13, 2020 8:40 AM
To: VanHove Jeffrey - OTP; Desmond Michael J; David.Kautter@treasury.gov
Cc: James.Stern@treasury.gov
Subject: RE: QUICK REVIEW: Coronavirus Emergency Declaration

(b)(5) DP [redacted]

Krishna P. Vallabhaneni
Tax Legislative Counsel
Office of Tax Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Direct: (b)(6) [redacted]
Email: krishna.vallabhaneni@treasury.gov

From: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Date: March 13, 2020 at 8:33:23 AM EDT
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From: Dwyer, David <David.Dwyer@treasury.gov>
Sent: Thursday, March 12, 2020 9:51 PM
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>; (b)(6) [redacted]@treasury.gov>; Eilts, Andrew <Andrew.Eilts@treasury.gov>; (b)(6) [redacted]@treasury.gov>; Myers, Baylor <Baylor.Myers@treasury.gov>; Callanan, Brian <Brian.Callanan@treasury.gov>; (b)(6) [redacted]@treasury.gov>; Crowley, Monica <Monica.Crowley@treasury.gov>; McGuire, Brian <Brian.McGuire@treasury.gov>; McIntosh, Brent <Brent.McIntosh@treasury.gov>; Eisner, David <David.Eisner@treasury.gov>; (b)(6) [redacted]@treasury.gov>; Pinto, Ashok <Ashok.Pinto@treasury.gov>; Patel, Bimal <Bimal.Patel@treasury.gov>; Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>; Faulkender, Michael <Michael.Faulkender@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>
Cc: Dwyer, David <David.Dwyer@treasury.gov>
Subject: Fwd: QUICK REVIEW: Coronavirus Emergency Declaration
Importance: High

All,

Attached is a draft proclamation declaring a national emergency concerning the coronavirus outbreak. Affirmative clearance is requested from **OVP, NSC, HHS, and WHCO** . All others are welcome to comment as well. Please send all comments and clearances by **9:30am tomorrow, Friday, March 13** .

Thank you,
David

From: Staff Secretary WHO_EOP [redacted]>
Date: March 12, 2020 at 9:07:07 PM EDT
To: Short, Marc T. EOP/OVP < Marc.T.Short@ovp.eop.gov >, Miller, Katie R. EOP/OVP < Katie.R.Miller@ovp.eop.gov >, Birx, Deborah L. EOP/NSC EOP_NSC [redacted]>, Pottinger, Matthew F. EOP/WHO WHO_EOP [redacted]>, Liddell, Christopher P. EOP/WHO WHO_EOP [redacted]>, 'Harrison, Brian (HHS/IOS)' < Brian.Harrison@hhs.gov >, Philbin, Patrick F. EOP/WHO < WHO_EOP [redacted]>, Eisenberg, John A. EOP/WHO WHO_EOP [redacted]>, Dwyer, David < David.Dwyer@treasury.gov >, Kushner, Jared C. EOP/WHO WHO_EOP [redacted]>, Ueland, Eric M. EOP/WHO < WHO_EOP [redacted]>, Grogan, Joseph J. EOP/WHO WHO_EOP [redacted]> WHO_EOP [redacted] WHO_EOP [redacted]>, Kudlow, Lawrence WHO_EOP [redacted]> 'Mizelle, Chad' < chad.mizelle@hq.dhs.gov >, Troye, Olivia EOP/NSC EOP_NSC [redacted]>, Vought, Russell T. EOP/OMB < EOP_OMB [redacted]>, Kan, Derek T. EOP/OMB < EOP_OMB [redacted]>, Olmem, Andrew < WHO_EOP [redacted]>, Pataki, Tim A. EOP/WHO < WHO_EOP [redacted]>, Grisham, Stephanie

UST_000525

A. EOP/WHO WHO_EOP [redacted] >, Gidley, Hogan H. EOP/WHO WHO_EOP [redacted] >, Ditto, Jessica WHO_EOP [redacted] >, Hahn, Julia A. EOP/WHO WHO_EOP [redacted] >, Navarro, Peter K. EOP/WHO WHO_EOP [redacted] >, Miller, Stephen EOP/WHO WHO_EOP [redacted] >, Hicks, Hope C. EOP/WHO WHO_EOP [redacted] >, Rollins, Brooke L. EOP/WHO [redacted] >, Levi, William (OAG < William.Levi@usdoj.gov >, Moran, John (OAG < John.Moran@usdoj.gov >, White House Clearances < WhiteHouseClearances@state.gov >, Hoelscher, Douglas L. EOP/WHO < WHO_EOP [redacted] >
Cc: Staff Secretary WHO_EOP [redacted] >
Subject: QUICK REVIEW: Coronavirus Emergency Declaration
Importance: High

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All,

Attached is a draft proclamation declaring a national emergency concerning the coronavirus outbreak. Affirmative clearance is requested from **OVP, NSC, HHS, and WHCO** . All others are welcome to comment as well. Please send all comments and clearances to Staff Secretary by **9:30am tomorrow, Friday, March 13** . HHS, please also note that affirmative input is requested from CDC.

Thank you,
Staff Secretary

RE: Debrief from FTA Call - COVID-19 Responses

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: Rettig Charles P <charles.p.rettig@irs.gov>
Date: Fri, 13 Mar 2020 13:45:33 -0400

Chuck

Good ideas. (b)(5) DP [redacted]
(b)(5) DP [redacted] f someone at IRS could keep a running list of ideas in your building we can circle back to them next week.

Thanks

Dave

From: Rettig Charles P <Charles.P.Rettig@irs.gov>
Sent: Friday, March 13, 2020 9:57 AM
To: Kautter, David <David.Kautter@treasury.gov>; Myers, Baylor <Baylor.Myers@treasury.gov>; Eisner, David <David.Eisner@treasury.gov>
Cc: Rettig Charles P <Charles.P.Rettig@irs.gov>
Subject: FW: Debrief from FTA Call - COVID-19 Responses

See below re approaches of other countries on policy and tax admin.

(b)(5) DP [redacted]

Best,
Chuck

Charles P. Rettig | 202.317.7070 | charles.p.rettig@IRS.gov
Commissioner | Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20024

From: O'Donnell Douglas W <Douglas.W.Odonnell@irs.gov>
Sent: Friday, March 13, 2020 9:42 AM
To: Rettig Charles P <Charles.P.Rettig@irs.gov>
Cc: Lough Sunita B <Sunita.B.Lough@irs.gov>; Tribiano Jeffrey J <Jeffrey.J.Tribiano@irs.gov>; Colbert Amalia C <Amalia.C.Colbert@irs.gov>; Haines Michelle C <Michelle.C.Haines@irs.gov>; Flax Nikole C <Nikole.C.Flax@irs.gov>
Subject: Debrief from FTA Call - COVID-19 Responses

Commissioner,

(b)(5) DP [redacted]

(b)(5) DP [redacted]

Happy to unpack further if anyone needs/wants.

Douglas W. O'Donnell
Commissioner, Large Business & International
+[redacted] (Desk)
+1 855 787 3597 (e-FAX)

Re: COVID-19 legislative response--potential relief for airline industry

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: "Bradbury, Steven (OST)" <steven.bradbury@dot.gov>, "McIntosh, Brent" <brent.mcintosh@treasury.gov>
Date: Sat, 14 Mar 2020 12:42:52 -0400

Yes thanks Steve. Got your email about chatting. Will call later today.

From: Bradbury, Steven (OST) <Steven.Bradbury@dot.gov>
Date: March 14, 2020 at 12:18:13 PM EDT
To: McIntosh, Brent <Brent.McIntosh@treasury.gov>, Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: COVID-19 legislative response--potential relief for airline industry

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(b)(5) DP [redacted]

Steven G. Bradbury
General Counsel
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590
steven.bradbury@dot.gov
(b)(6) [redacted]

From: Szabat, Joel (OST)
Sent: Saturday, March 14, 2020 9:40 AM
To:
Cc:
Subject: Airline Coronavirus Overview

Attached please find a summary of several of the major airlines' projections of the impact of the Coronavirus.

These observations are from the Secretary's direct communications with the CEOs of A4A, American, Delta and United.

(b)(5) DP [redacted]

~Joel

RE: Extensions

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Sat, 14 Mar 2020 18:43:18 -0400

Do you have time to talk?

From: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Sent: Saturday, March 14, 2020 6:42 PM
To: Kautter, David <David.Kautter@treasury.gov>; McCubbin, Janet <Janet.McCubbin@treasury.gov>; Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>
Subject: RE: Extensions

Hi Dave,

Please find attached a spreadsheet that sets forth the various tax filing and tax payment deadlines coming up, and two options for relief. (b)(5) DP [redacted]

(b)(5) DP [redacted]

Thanks, Jeff

Deliberative and pre-decisional

From: Kautter, David <David.Kautter@treasury.gov>
Sent: Saturday, March 14, 2020 1:53 PM
To: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>; McCubbin, Janet <Janet.McCubbin@treasury.gov>; Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>
Subject: Extensions

Jeff

(b)(5) DP [redacted]

(b)(5) DP [redacted]

Thanks

Dave

David J Kautter
Assistant Secretary of the Treasury (Tax Policy)
Office (b)(6) [redacted]

RE: Extensions

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Sat, 14 Mar 2020 22:01:53 -0400

Jeff

Thanks for putting this together. Can you put together a couple of Power Point slides for Monday. I planned on doing it today but never got to it. I am not sure what tomorrow will look like.

(b)(5) DP [redacted]

Thanks

Dave

From: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Sent: Saturday, March 14, 2020 6:42 PM
To: Kautter, David <David.Kautter@treasury.gov>; McCubbin, Janet <Janet.McCubbin@treasury.gov>; Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>
Subject: RE: Extensions

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(b)(5) DP [redacted]

Thanks, Jeff

Deliberative and pre-decisional

From: Kautter, David <David.Kautter@treasury.gov>
Sent: Saturday, March 14, 2020 1:53 PM
To: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>; McCubbin, Janet <Janet.McCubbin@treasury.gov>; Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>
Subject: Extensions

Jeff

(b)(5) DP [redacted]

(b)(5) DP [redacted]

Thanks

Dave

David J Kautter
Assistant Secretary of the Treasury (Tax Policy)
Office (b)(6) [redacted]

Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Callanan, Brian" <brian.callanan@treasury.gov>, (b)(6) [redacted]@treasury.gov>, "McGuire, Brian" <brian.mcguire@treasury.gov>, "Kowalski, Daniel" <daniel.kowalski@treasury.gov>

Cc: "Desmond, Michael J." <michael.j.desmond@irscounsel.treas.gov>

Date: Mon, 16 Mar 2020 13:40:40 -0400

(b)(5) DP [redacted]

From: Callanan, Brian <Brian.Callanan@treasury.gov>
Date: March 16, 2020 at 1:39:50 PM EDT
To: (b)(6) [redacted]@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
Importance: High

(b)(5) DP [redacted]

From: (b)(6) [redacted]@treasury.gov>
Date: March 16, 2020 at 1:37:51 PM EDT
To: McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Team,

Following up on this.

From: (b)(6) [redacted]@treasury.gov>
Date: March 16, 2020 at 11:23:12 AM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Got it. (b)(5) DP [redacted]

Thanks

From: Callanan, Brian <Brian.Callanan@treasury.gov>
Date: March 16, 2020 at 11:21:01 AM EDT
To: (b)(6) [redacted]@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

(b)(5) DP [redacted]

From: (b)(6) [redacted]@treasury.gov>
Date: March 16, 2020 at 11:18:54 AM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
Importance: High

I spoke with stm. (b)(5) DP [redacted]

Thanks

From: Andy Puzder <(b)(6) [redacted].com>
Date: March 16, 2020 at 10:54:24 AM EDT
To: (b)(6) [redacted]@treasury.gov>
Cc: Secretary Mnuchin [redacted]>
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

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Zac - I think we should jump on this right away. Let me know. Thanks, Andy

Sent from my iPhone

Begin forwarded message:

> **From:** Lamar Alexander <(b)(6) [redacted].us>
> **Date:** March 16, 2020 at 9:37:08 AM CDT
> **To:** Andy Puzder (b)(6) [redacted].com>
> **Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**
>
> If this is right and there is a cap on the amount of federal government route will reimburse a an employer it is not the dollar fir dollar reimbursement promised by mnuchin's statement and would be a big problem for me and many Republicans
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** "Cleary, David (Alexander)" Senate email [redacted]
> > **Date:** March 16, 2020 at 10:27:08 AM EDT
> > **To:** Lamar Alexander Senate email [redacted] "Alexander, Lamar (Alexander)" Senate email [redacted]
> > **Subject: FW: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**

This is from a Tennessee based accounting firm.

I believe this to be accurate and have asked experts to tell me if this is right, but so far I believe that it to be true.

From: CJ Blankenship <cjb@bcpas.com>
Sent: Monday, March 16, 2020 1:10 AM
To: Fernandez, Jessica (Rubio) Senate email [redacted] Holler, Dan (Rubio) <Senate email [redacted]; Needham, Mike (Rubio) <Senate email [redacted] Reamy, Lauren Senate email [redacted] Carbone, Craig (Rick Scott) Senate email [redacted]; Foltz, Jon (Rick Scott) <Senate email [redacted]>; Schutz Zeckman, Jackie (Rick Scott) <Senate email [redacted]
Cc: Yelinski, Chad (Loeffler) Senate email [redacted] Eunice, John (Perdue) <Senate email [redacted]; Carpenter, Molly (Crapo) Senate email [redacted]; Adams, Charles (Risch) <Senate email [redacted]; Quinn, James (Cassidy) <Senate email [redacted]
Subject: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Dear Senator's Staff:

I am the managing partner of a large local CPA firm in Nashville, TN. We employ just over 100 people and serve nearly 10,000 clients. We just finished analyzing and running numbers on the bill to begin speaking to our business clients about what this means for them. This bill is absolutely terrible and it will result in bankruptcy like the savings and loans crisis did in 1986. The Great Recession will look like a joke. Small Businesses cannot bear the burden as written. Every aspect of the bill creates a net cash flow and a net actual loss in every situation of business application.

The new Emergency Family and Medical Leave Expansion Act (EFMLEA) and Emergency Paid Sick Leave Act (EPSLA) provides for paid leave, to in theory be offset by tax credits. The problem is, the way the law is written the tax credits do not actually cover the paid leave. Please see the chart below for illustrations at multiple salary levels.

In every situation, the small business employer will experience a loss in comparing the cost of payments under the act to employees, and the tax credits to offset. Bear in mind, this will also need to be paid with cash that will no longer be generated from operations, as the employees that generate said income and future cash receipts will no longer be there producing revenues. It is simple, if a company sells widgets, and there are no employees making widgets to sell, then there are no widgets to sell to convert to cash, so there is no cash to pay the employee. I can't believe this simple concept has been overlooked in the crafting of this bill. More significant is the fact that every employee that elects either EFMLEA and/or ESPLA required pay results in varying degree of direct loss to the employer, not even factoring the reality that revenues that are needed to pay all the other fixed costs will now evaporate. This bill will inexplicably exacerbate the economic and cash flow crunch that small businesses across America are about to experience.

You might ask yourself why I speak primarily here of small businesses? This bill is the equivalent of a death sentence to anyone it would apply to. The problem is that America's largest employers with the very most cash are somehow not paying it as this only applies to businesses with less than 500 employees. So Google, Amazon and all the wall street banks will not experience the negative effect of every employee EFMLEA and EPSLA leave, while main street does? This is going to look really great in an election year for every congressperson that passed this bill without bothering to actually understand it.

I am writing this email to give you a chance to understand that you are rendering a death sentence on my small business clients. We are sending out a mass communication when this actually passes to our thousands of business owners. Please, I pray, for the sake of our county and the small businesses that support our cities and towns and the precious employee families that we call our own and are called to steward, fix this bill before you bankrupt America's small businesses.

Below you will find the aforementioned real life examples, followed by some potential solutions.

Real life examples:

EPSLA Paid Sick Time
Assumes 2 week utilization
Section 5102(a) (1), (2), and (3)

Annual Salary	**$ 50,000**	**$ 100,000**	**$ 150,000**	**$ 200,000**
80 Hr (2 week) Wage Run Rate	1,923	3,846	5,769	7,692
EPSLA Paid Sick Time	1,923	3,846	5,769	7,692
Credit (up to 511/day)	(1,923)	(3,846)	(5,110)	(5,110)
Social Security & Medicare*	147	294	441	588
Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 147	$ 294	$ 1,101	$ 3,171

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Section 5102(a) (4) and (5)

Annual Salary	**$ 50,000**	**$ 100,000**	**$ 150,000**	**$ 200,000**
80 Hr (2 week) Wage Run Rate	1,923	3,846	5,769	7,692
(B)(ii) Special 2/3 Rule	67%	67%	67%	67%
EPSLA Paid Sick Time	1,282	2,564	3,846	5,128
Credit (up to 200/day)	(1,282)	(2,000)	(2,000)	(2,000)
Social Security & Medicare*	98	196	294	392

Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 98	$ 760	$ 2,140	$ 3,521

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Emergency Family and Medical Leave Expansion Act

Assumes 10 week utilization

Annual Salary	**$ 50,000**	**$ 100,000**	**$ 150,000**	**$ 200,000**
Regular Rate of Pay per Week	962	1,923	2,885	3,846
Unpaid first 2 Weeks	-	-	-	-
10 Week Regular Rate of Pay Wages	9,615	19,231	28,846	38,462
2/3 Rule	67%	67%	67%	67%
Paid Leave for Subsequent Days (Qualified Family Leave Wages)	6,410	12,821	19,231	25,641
Credit (up to 200/day or 10,000/qtr)	(6,410)	(10,000)	(10,000)	(10,000)
Social Security & Medicare*	490	981	1,471	1,962
Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 491	$ 3,801	$ 10,702	$ 17,603

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Solutions:

1) **Do not limit the credit to an arbitrary inadequate hard dollar amount, make it equal to the amount actually required to be paid under the bill by the employer**
2) **The credit needs to include the effect of Social Security and Medicare to the employer**
    a. **Conversely, make the payments exempt from Social Security and Medicare**
3) **Another concept is to limit both the payments required as EFMLEA and/or ESPLA pay and the credit to the exact same dollar amount**
    a. **I have no idea why in the world these would have been decoupled to begin with. It is asinine.**
4) **Provide a credit for health benefits paid by the employer while the employees are on leave**
5) **Make the big companies participate in this**
6) **Establish a Federal Reserve/Treasury loan process at 0% direct to Small Business Owners (personally guaranteed and non-dischargeable in bankruptcy to the business owner with appropriate CPA reporting/application sign off to ensure accurate financial reporting and avoid fraud) to fund operations and cash flow so they do not have to fire half their staff in order to not go out of business while attempting to comply with this bill**
    a. **Again, without revenues, there will be no cash for the 10 weeks to pay all these people that are at home taking care of their children and/or have come in contact with someone showing COVID-19 symptoms or been infected by the SARS-CoV-2 Virus.**
    b. **The credit process on the 941s (quarterly tax filings) will be drawn out for months, and not able to be received for the second quarter of 2020 until late July at the very earliest. Factoring in 6 weeks of typical 941 refund processing time, we are looking at September. Small businesses without excess cash reserves will be bankrupt by then.**
    c. **For many directly affected clients, the best financial decision for them will be to fire everyone, file chapter 11 bankruptcy reorganization, shut the doors, and show back up when this situation stabilizes and then start hiring people and start over.**

Please fix these issues in the bill.

The most important one is to 1) not limit the credit. Then, 2) you need to make sure any required payments are not subject to Social Security and Medicare Taxes. If you want to limit the credit, then you 3) **MUST** limit the required payments under EFMLEA and/or ESPLA to the same amounts as the credit, 4) provide a tax credit for the continuation of benefits, and 5) establish a direct Federal Reserve/Treasury loan process for Small Business Owners (less than $25 million in revenue as already defined in the tax code) to create liquidity to fund this fool's errand.

If anyone would listen I would tell you to reverse course on this whole venture, as it is going to not only add trillions to our debt, but is also going to force us into a recession. Unfortunately, we are like a herd of lemming headed over a cliff right now as a country and as a legislative body. I am realistic enough to understand that you are going to pass this bill, but you need to understand the ramifications. As written, it will bankrupt main street and small businesses across America. Even corrected, you are financially incentivizing millions of people to not even try to work. And they will stop working. GDP will move backwards at the fastest rate we have ever seen in our lifetime. Then, our economy will contract faster than ever imaginable. My only prayer is that about the time that all this is reaching its peak, summer arrives and this thing dies off and you repeal this bill.

I understand you need to do something, but I fear that the cost of this action will be more than you ever imagined. If you incentivized people to keep working from home, that is the solution. Not paying them to do nothing. But this bill is too far along to revers it to what it should have been at its genesis.

Please act. You can call me if so desired, as I will be at the office overseeing the continued company operations as the flow through partnership returns that treasury failed to extend are still due tomorrow.

Do not bankrupt America's small businesses.

CJ Blankenship, CPA | Managing Partner
Blankenship CPA Group, PLLC
215 Ward Circle , Brentwood , TN 37027
O: (615) 373-3771 | D:(b)(6) [redacted]

BLANKENSHIP

Fwd: DRAFT WORK ON MACRO RESPONSE TO COVID-19

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: (b)(6) [redacted]@treasury.gov>
Date: [redacted]Mon, 16 Mar 2020 14:13:50 -0400

Pls print

From: Hubbard, Glenn (b)(6) [redacted]
Date: March 16, 2020 at 1:47:13 PM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: DRAFT WORK ON MACRO RESPONSE TO COVID-19

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Some rough notes/happy to discuss/thanks

NOTES ON A POLICY RESPONSE TO COVID-19

Glenn Hubbard
March 16, 2020

Initial market reaction to the economic threat of the coronavirus missed some long-term problems (*e.g.*, increases in transactions costs from supply-chain disruptions) and, importantly, the potential for a short-term aggregate demand doom loop. The latter is both serious and avoidable. That is, the inevitable recession from a sudden stop in activity should be short, though likely deep (think the Carter credit controls in 1980 or the recession accompanying the 1918-1919 flu pandemic). Stabilizing infection rates and present conditional mortality rates through health policy actions can yield *health and mortality* consequences of the COVID-19 pandemic not as large or long-lasting as many fear. But there's an *economic* catch: The very policies (social distancing, no mass gatherings, effective closure of many businesses, etc.) to make the infection curve *less steep* will *steepen* demand shortfalls and recession losses. To avoid a doom loop of recession losses accompanying the health crisis response, clear leadership and significant macroeconomic policy action are essential.

To begin, crisis leadership is essential. Transparent information about what we know and when we will know more is essential. Such information should be science-based, with no editorial commentary or no investment advice. A good inter-agency approach is essential – likely a combination of the old President's Working Group on Financial Markets with the Secretary of HHS. The Vice President could certainly chair this group, but the inter-agency piece is important. The President's Working Group structure ensures Federal Reserve participation as well. If bolder fiscal supports are adopted, a more formal structure like the old Homeowners Loan Corporation offers a vehicle that can conduct action on an explicitly temporary basis.

Much attention has been placed on the Fed, but the Fed cannot tackle completely the present task. The Fed has taken bold action – finally. Market participants remain worried because they know the Fed needs to focus on liquidity and Dodd-Frank regulation has made this job difficult, and the Fed has been slow to realize the crisis and accommodate it (not exactly Greenspan after the 1987 crash). But, no matter what, the Fed alone can't offset the aggregate demand doom loop, as it can't on its own sustain spending in the real economy (*e.g.*, airlines and restaurants and other small businesses) with low interest rates on government debt. An aggressive government-guaranteed loan program could, indeed, help (more below). Fed lending in this regard is unlikely to help a small business that has lost revenue and can't get it back – *e.g.*, a restaurant, as individuals don't eat more meals when the economy returns to normal -- will not be able to repay the loan. And such a program is political (credit allocation), implying that it should be implemented by the Treasury, not the Fed. The Fed *can* help large firms through a commercial paper facility and dusting off its financial crisis toolkit.

Fiscal intervention should start by supporting critical health infrastructure. It goes without saying that this is the moment to strengthen public health infrastructure, with support as well for state and local government efforts. The recent legislation is a start, but substantial additional funding will likely be required.

Avoiding the aggregate demand doom loop can start with some familiar policy steps to support a demand collapse associated with the virus. The first is increasing support to states to support Medicaid spending so that other parts of state budgets do not get cut. The idea of rebate checks targeted to low-income households is a very good idea and should get bipartisan support. And the 2001 experience suggests that a quick implementation is possible. A payroll tax cut is a less good idea because it delivers support slowly, does not help those who may have lost a job, and is not targeted.

These sensible steps alone will not stop the aggregate demand doom loop, as they do not address the problems of struggling firms, as many businesses will be damaged significantly and possibly forced to shutter with the sharp decline in revenue from a sudden stop in demand. To go further, a federal entity with full-faith-and-credit borrowing power should be stood up to: (1)

provide funds for temporary layoff assistance, (2) offer interim financing for small businesses through low-interest loans or waiving business tax or payroll tax payments, and (3) supporting financial institutions if non-performing loans mount. Going still further, to stop the doom loop in its tracks, the federal government would need to make up a fraction of this demand for a short period of time while the slope of the infection curve flattens (second derivative) then stabilizes (first derivative). Such a policy is an important complement to aid to individuals (via Unemployment Insurance or rebate checks) , who are relatively confined while businesses are shuttered. How much might such a program cost? Suppose aggregate demand fell by 25 percent for three months and the federal program offset 80 percent of that decline. That offset would (25 percent) x (80 percent)/4, or 5 percent of GDP. That is, five percent of GDP would be transferred on a temporary basis to the private sector to keep businesses afloat and their workers employed (a condition of the transfer). While such a figure is large (approximately $1 trillion), it is one-time, in a period with historically low interest rates, and avoids an even-more-costly-to-taxpayers clean-up from an expanded aggregate demand doom loop. Implementation could also be less costly if focused on small and mid-sized businesses.

Bolstering long-term confidence/simple step. Addressing the health and economic dimensions of the COVID-19 pandemic in a bold, rigorous, and bipartisan way with clear leadership and emphasizing business continuity will help restore business confidence. Still, businesspeople and households will likely emerge from the crisis period with confidence still shaken. Here, in contrast to the explicitly short-term nature of the intervention described above, a longer-term intervention is needed to assure businesses that aggregate demand will be there. A good example is a large commitment to an infrastructure program. The program's goal is not to seek elusive "shovel-ready projects" but to bolster demand over the medium to long run. While other elements of an infrastructure plan are important (state cooperation and regulatory issues, for example), a bipartisan effort here could be confidence-restoring. If you are secular-stagnation pessimist (I am not.), you should welcome this plan. If you believe it could increase productivity (I am in that camp.), you should like this plan.

There is no free lunch, of course. The actions suggested here will raise the deficit and federal borrowing substantially for a period of time. Two observations are in order, though: The counterfactual against which to judge potential interventions is *not* a "do nothing" scenario. Such a "plan" risks more massive clean-up spending. Second, failing to act risks a major loss in business confidence and the alienation of many small and mid-sized business, just as homeowners were (rightly) frustrated by the lack of attention to their woes during the financial crisis.

To go forward, the President should assemble a new structure with a "whatever it takes" message. Strong support from big business (*e.g.*, the Business Roundtable or Chamber of Commerce) and small business (*e.g.*, the National Federation of Independent Businesses) would help encourage action before the crisis spreads.

RE: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">

To: "Kowalski, Daniel" <daniel.kowalski@treasury.gov>, "Faulkender, Michael" <michael.faulkender@treasury.gov>

Date: Mon, 16 Mar 2020 14:17:56 -0400

(b)(5) DP [redacted]

From: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Sent: Monday, March 16, 2020 1:41 PM
To: Faulkender, Michael <Michael.Faulkender@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>
Subject: RE: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

(b)(5) DP [redacted]

From: Faulkender, Michael <Michael.Faulkender@treasury.gov>
Sent: Monday, March 16, 2020 12:27 PM
To: Kautter, David <David.Kautter@treasury.gov>; Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: RE: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

(b)(5) DP [redacted]

Mike

From: Kautter, David <David.Kautter@treasury.gov>
Sent: Monday, March 16, 2020 12:22 PM
To: Kowalski, Daniel <Daniel.Kowalski@treasury.gov>; Faulkender, Michael <Michael.Faulkender@treasury.gov>
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Can the two of you take a look at this? I will as soon as I can

---

From: Callanan, Brian <Brian.Callanan@treasury.gov>
Date: March 16, 2020 at 11:21:01 AM EDT
To: (b)(6) [redacted]@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

(b)(5) DP [redacted]

From: (b)(6) [redacted]@treasury.gov>
Date: March 16, 2020 at 11:18:54 AM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
Importance: High

I spoke with stm. (b)(5) DP [redacted]

Thanks

From: Andy Puzder (b)(6) [redacted]com>
Date: March 16, 2020 at 10:54:24 AM EDT
To: (b)(6) [redacted]@treasury.gov>
Cc: Secretary Mnuchin [redacted]

Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Zac - I think we should jump on this right away. Let me know. Thanks, Andy

Sent from my iPhone

Begin forwarded message:

> **From:** Lamar Alexander [redacted]us>
> **Date:** March 16, 2020 at 9:37:08 AM CDT
> **To:** Andy Puzder [redacted]com>
> **Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**
>
> If this is right and there is a cap on the amount of federal government route will reimburse a an employer it is not the dollar fir dollar reimbursement promised by mnuchin's statement and would be a big problem for me and many Republicans
>
> Sent from my iPhone
>
> Begin forwarded message:
>
>> **From:** "Cleary, David (Alexander)" [redacted]
>> **Date:** March 16, 2020 at 10:27:08 AM EDT
>> **To:** Lamar Alexander [redacted], "Alexander, Lamar (Alexander)" [redacted]
>> **Subject: FW: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**
>>
>> **This is from a Tennessee based accounting firm.**
>>
>> **I believe this to be accurate and have asked experts to tell me if this is right, but so far I believe that it to be true.**
>>
>> ---
>>
>> **From:** CJ Blankenship <cjb@bcpas.com>
>> **Sent:** Monday, March 16, 2020 1:10 AM
>> **To:** Fernandez, Jessica (Rubio) <[redacted]; Holler, Dan (Rubio) [redacted]; Needham, Mike (Rubio) <[redacted]; Reamy, Lauren (Rubio) [redacted]; Carbone, Craig (Rick Scott) <[redacted] Foltz, Jon (Rick [redacted]utz Zeckman, Jackie (Rick Scott) [redacted]
>> **Cc:** Yelinski, Chad (Loeffler) <[redacted] Eunice, John (Perdue) [redacted]; Carpenter, Molly (Crapo) [redacted]; Adams, Charles [redacted]; Quinn, James (Cassidy) [redacted]>
>> **Subject:** This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
>>
>> Dear Senator's Staff:
>>
>> I am the managing partner of a large local CPA firm in Nashville, TN. We employ just over 100 people and serve nearly 10,000 clients. We just finished analyzing and running numbers on the bill to begin speaking to our business clients about what this means for them. This bill is absolutely terrible and it will result in bankruptcy like the savings and loans crisis did in 1986. The Great Recession will look like a joke. Small Businesses cannot bear the burden as written. Every aspect of the bill creates a net cash flow and a net actual loss in every situation of business application.
>>
>> The new Emergency Family and Medical Leave Expansion Act (EFMLEA) and Emergency Paid Sick Leave Act (EPSLA) provides for paid leave, to in theory be offset by tax credits. The problem is, the way the law is written the tax credits do not actually cover the paid leave. Please see the chart below for illustrations at multiple salary levels.
>>
>> In every situation, the small business employer will experience a loss in comparing the cost of payments under the act to employees, and the tax credits to offset. Bear in mind, this will also need to be paid with cash that will no longer be generated from operations, as the employees that generate said income and future cash receipts will no longer be there producing revenues. It is simple, if a company sells widgets, and there are no employees making widgets to sell, then there are no widgets to sell to convert to cash, so there is no cash to pay the employee. I can't believe this simple concept has

been overlooked in the crafting of this bill. More significant is the fact that every employee that elects either EFMLEA and/or ESPLA required pay results in varying degree of direct loss to the employer, not even factoring the reality that revenues that are needed to pay all the other fixed costs will now evaporate. This bill will inexplicably exacerbate the economic and cash flow crunch that small businesses across America are about to experience.

You might ask yourself why I speak primarily here of small businesses? This bill is the equivalent of a death sentence to anyone it would apply to. The problem is that America's largest employers with the very most cash are somehow not paying it as this only applies to businesses with less than 500 employees. So Google, Amazon and all the wall street banks will not experience the negative effect of every employee EFMLEA and EPSLA leave, while main street does? This is going to look really great in an election year for every congressperson that passed this bill without bothering to actually understand it.

I am writing this email to give you a chance to understand that you are rendering a death sentence on my small business clients. We are sending out a mass communication when this actually passes to our thousands of business owners. Please, I pray, for the sake of our county and the small businesses that support our cities and towns and the precious employee families that we call our own and are called to steward, fix this bill before you bankrupt America's small businesses.

Below you will find the aforementioned real life examples, followed by some potential solutions.

Real life examples:

EPSLA Paid Sick Time

Assumes 2 week utilization

Section 5102(a) (1), (2), and (3)

Annual Salary	**$ 50,000**	**$ 100,000**	**$ 150,000**	**$ 200,000**
80 Hr (2 week) Wage Run Rate	1,923	3,846	5,769	7,692
EPSLA Paid Sick Time	1,923	3,846	5,769	7,692
Credit (up to 511/day)	(1,923)	(3,846)	(5,110)	(5,110)
Social Security & Medicare*	147	294	441	588
Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 147	$ 294	$ 1,101	$ 3,171

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Section 5102(a) (4) and (5)

Annual Salary	**$ 50,000**	**$ 100,000**	**$ 150,000**	**$ 200,000**
80 Hr (2 week) Wage Run Rate	1,923	3,846	5,769	7,692
(B)(ii) Special 2/3 Rule	67%	67%	67%	67%
EPSLA Paid Sick Time	1,282	2,564	3,846	5,128
Credit (up to 200/day)	(1,282)	(2,000)	(2,000)	(2,000)
Social Security & Medicare*	98	196	294	392
Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 98	$ 760	$ 2,140	$ 3,521

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Emergency Family and Medical Leave Expansion Act
Assumes 10 week utilization

Annual Salary	$ 50,000	$ 100,000	$ 150,000	$ 200,000
Regular Rate of Pay per Week	962	1,923	2,885	3,846
Unpaid first 2 Weeks	-	-	-	-
10 Week Regular Rate of Pay Wages	9,615	19,231	28,846	38,462
2/3 Rule	67%	67%	67%	67%
Paid Leave for Subsequent Days (Qualified Family Leave Wages)	6,410	12,821	19,231	25,641
Credit (up to 200/day or 10,000/qtr)	(6,410)	(10,000)	(10,000)	(10,000)
Social Security & Medicare*	490	981	1,471	1,962
Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 491	$ 3,801	$ 10,702	$ 17,603

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Solutions:

1) **Do not limit the credit to an arbitrary inadequate hard dollar amount, make it equal to the amount actually required to be paid under the bill by the employer**
2) **The credit needs to include the effect of Social Security and Medicare to the employer**
    a. **Conversely, make the payments exempt from Social Security and Medicare**
3) **Another concept is to limit both the payments required as EFMLEA and/or ESPLA pay and the credit to the exact same dollar amount**
    a. **I have no idea why in the world these would have been decoupled to begin with. It is asinine.**
4) **Provide a credit for health benefits paid by the employer while the employees are on leave**
5) **Make the big companies participate in this**
6) **Establish a Federal Reserve/Treasury loan process at 0% direct to Small Business Owners (personally guaranteed and non-dischargeable in bankruptcy to the business owner with appropriate CPA reporting/application sign off to ensure accurate financial reporting and avoid fraud) to fund operations and cash flow so they do not have to fire half their staff in order to not go out of business while attempting to comply with this bill**
    a. **Again, without revenues, there will be no cash for the 10 weeks to pay all these people that are at home taking care of their children and/or have come in contact with someone showing COVID-19 symptoms or been infected by the SARS-CoV-2 Virus.**
    b. **The credit process on the 941s (quarterly tax filings) will be drawn out for months, and not able to be received for the second quarter of 2020 until late July at the very earliest. Factoring in 6 weeks of typical 941 refund processing time, we are looking at September. Small businesses without excess cash reserves will be bankrupt by then.**
    c. **For many directly affected clients, the best financial decision for them will be to fire everyone, file chapter 11 bankruptcy reorganization, shut the doors, and show back up when this situation stabilizes and then start hiring people and start over.**

Please fix these issues in the bill.

The most important one is to 1) not limit the credit. Then, 2) you need to make sure any required payments are not subject to Social Security and Medicare Taxes. If you want to limit the credit, then you 3) **MUST** limit the required payments under EFMLEA and/or ESPLA to the same amounts as the credit, 4) provide a tax credit for the continuation of benefits, and 5) establish a direct Federal Reserve/Treasury loan process for Small Business Owners (less than $25 million in revenue as already defined in the tax code) to create liquidity to fund this fool's errand.

If anyone would listen I would tell you to reverse course on this whole venture, as it is going to not only add trillions to our debt, but is also going to force us into a recession. Unfortunately, we are like a herd of lemming headed over a cliff right now as a country and as a legislative body. I am realistic enough to understand that you are going to pass this bill, but you need to understand the ramifications. As written, it will bankrupt main street and small businesses across America. Even corrected, you are financially incentivizing millions of people to not even try to work. And they will stop working. GDP will move backwards at the fastest rate we have ever seen in our lifetime. Then, our economy will contract faster than ever imaginable. My only prayer is that about the time that all this is reaching its peak, summer arrives and this thing dies off and you repeal this bill.

I understand you need to do something, but I fear that the cost of this action will be more than you ever imagined. If you incentivized people to keep working from home, that is the solution. Not paying them to do nothing. But this bill is too far along to revers it to what it should have been at its genesis.

Please act. You can call me if so desired, as I will be at the office overseeing the continued company operations as the flow through partnership returns that treasury failed to extend are still due tomorrow.

Do not bankrupt America's small businesses.

CJ Blankenship, CPA | Managing Partner
Blankenship CPA Group, PLLC
215 Ward Circle , Brentwood , TN 37027
O: (615) 373-3771 | D: (615) 371-2139

BLANKENSHIP

RE: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: (b)(6) [redacted]@treasury.gov>
Date: Mon, 16 Mar 2020 14:51:19 -0400

I need to draft something a little longer but the key point is the examples are based on the bill as posted online last Friday. The bill text has changed since then to deal with the concerns raised in the email. There may still be a minor problem with Medicare tax and we are working on that

From: (b)(6) [redacted]@treasury.gov>
Sent: Monday, March 16, 2020 2:22 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: FW: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Hi Dave,

The OLA team is tracking this, and I wanted to check in with you on it. Brian has offered to call Alexander's Chief and preview our response, so wanted to check in on it. Please let me know if I can do anything to help.

Thank you,
(b)(6) [redacted]

From: Kautter, David <David.Kautter@treasury.gov>
Date: March 16, 2020 at 1:40:41 PM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, (b)(6) [redacted]@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Working on it

From: Callanan, Brian <Brian.Callanan@treasury.gov>
Date: March 16, 2020 at 1:39:50 PM EDT
To: (b)(6) [redacted]@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
Importance: High

I need others on this email to draft the response.

From: (b)(6) [redacted]@treasury.gov>
Date: March 16, 2020 at 1:37:51 PM EDT
To: McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Team,

Following up on this.

From: (b)(6) [redacted]@treasury.gov>
Date: March 16, 2020 at 11:23:12 AM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if

you do not fix it!

Got it. This was at stm direction so can rest of team look at this to confirm as he wants to get back to him.

Thanks

From: Callanan, Brian <Brian.Callanan@treasury.gov>
Date: March 16, 2020 at 11:21:01 AM EDT
To: (b)(6) [redacted]@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

I cannot do this

From: (b)(6) [redacted]@treasury.gov>
Date: March 16, 2020 at 11:18:54 AM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
Importance: High

I spoke with stm. Please review the below email chain and please let stm/I know.

Thanks

From: Andy Puzder <andy@puzder.com>
Date: March 16, 2020 at 10:54:24 AM EDT
To: (b)(6) [redacted]@treasury.gov>
Cc: Secretary Mnuchin [redacted]
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

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Zac - I think we should jump on this right away. Let me know. Thanks, Andy

Sent from my iPhone

Begin forwarded message:

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> **Date:** March 16, 2020 at 9:37:08 AM CDT
> **To:** Andy Puzder (b)(6) [redacted]
> **Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**
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>
> Sent from my iPhone
>
> Begin forwarded message:
>
>> **From:** "Cleary, David (Alexander)" Senate email [redacted]
>> **Date:** March 16, 2020 at 10:27:08 AM EDT
>> **To:** Lamar Alexander (b)(6) [redacted], "Alexander, Lamar (Alexander)" Senate email [redacted]
>> **Subject: FW: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**

UST_000547

This is from a Tennessee based accounting firm.

I believe this to be accurate and have asked experts to tell me if this is right, but so far I believe that it to be true.

From: CJ Blankenship <[redacted].com>
Sent: Monday, March 16, 2020 1:10 AM
To: Fernandez, Jessica (Rubio) <[redacted] Holler, Dan (Rubio) <[redacted]>; Needham, Mike (Rubio) <[redacted]; Reamy, Lauren (Rubio) <[redacted]>; Carbone, Craig (Rick Scott) <[redacted]; Foltz, Jon (Rick Scott) [redacted]; Schutz Zeckman, Jackie (Rick Scott) [redacted]>
Cc: Yelinski, Chad (Loeffler) <[redacted] Eunice, John (Perdue) <[redacted]>; Carpenter, Molly (Crapo) <[redacted]; Adams, Charles (Risch) [redacted] Quinn, James (Cassidy) [redacted]
Subject: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Dear Senator's Staff:

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Below you will find the aforementioned real life examples, followed by some potential solutions.

Real life examples:

EPSLA Paid Sick Time
Assumes 2 week utilization
Section 5102(a) (1), (2), and (3)

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EPSLA Paid Sick Time	1,923	3,846	5,769	7,692
Credit (up to 511/day)	(1,923)	(3,846)	(5,110)	(5,110)
Social Security & Medicare*	147	294	441	588

UST_000548

Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 147	$ 294	$ 1,101	$ 3,171

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Section 5102(a) (4) and (5)

Annual Salary	**$ 50,000**	**$ 100,000**	**$ 150,000**	**$ 200,000**
80 Hr (2 week) Wage Run Rate	1,923	3,846	5,769	7,692
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Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 98	$ 760	$ 2,140	$ 3,521

*Assumes thresholds not met since COVID is falling in Q1 of 2020

Emergency Family and Medical Leave Expansion Act

Assumes 10 week utilization

Annual Salary	**$ 50,000**	**$ 100,000**	**$ 150,000**	**$ 200,000**
Regular Rate of Pay per Week	962	1,923	2,885	3,846
Unpaid first 2 Weeks	-	-	-	-
10 Week Regular Rate of Pay Wages	9,615	19,231	28,846	38,462
2/3 Rule	67%	67%	67%	67%
Paid Leave for Subsequent Days (Qualified Family Leave Wages)	6,410	12,821	19,231	25,641
Credit (up to 200/day or 10,000/qtr)	(6,410)	(10,000)	(10,000)	(10,000)
Social Security & Medicare*	490	981	1,471	1,962
Employer Loss per employee (not including lost income, benefits, unemployment insurance, etc.)	$ 491	$ 3,801	$ 10,702	$ 17,603

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Solutions:

1) **Do not limit the credit to an arbitrary inadequate hard dollar amount, make it equal to the amount actually required to be paid under the bill by the employer**
2) **The credit needs to include the effect of Social Security and Medicare to the employer**
   a. **Conversely, make the payments exempt from Social Security and Medicare**
3) **Another concept is to limit both the payments required as EFMLEA and/or ESPLA pay and the credit to the exact same dollar amount**
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5) **Make the big companies participate in this**
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    b. **The credit process on the 941s (quarterly tax filings) will be drawn out for months, and not able to be received for the second quarter of 2020 until late July at the very earliest. Factoring in 6 weeks of typical 941 refund processing time, we are looking at September. Small businesses without excess cash reserves will be bankrupt by then.**
    c. **For many directly affected clients, the best financial decision for them will be to fire everyone, file chapter 11 bankruptcy reorganization, shut the doors, and show back up when this situation stabilizes and then start hiring people and start over.**

Please fix these issues in the bill.

The most important one is to 1) not limit the credit. Then, 2) you need to make sure any required payments are not subject to Social Security and Medicare Taxes. If you want to limit the credit, then you 3) **MUST** limit the required payments under EFMLEA and/or ESPLA to the same amounts as the credit, 4) provide a tax credit for the continuation of benefits, and 5) establish a direct Federal Reserve/Treasury loan process for Small Business Owners (less than $25 million in revenue as already defined in the tax code) to create liquidity to fund this fool's errand.

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I understand you need to do something, but I fear that the cost of this action will be more than you ever imagined. If you incentivized people to keep working from home, that is the solution. Not paying them to do nothing. But this bill is too far along to revers it to what it should have been at its genesis.

Please act. You can call me if so desired, as I will be at the office overseeing the continued company operations as the flow through partnership returns that treasury failed to extend are still due tomorrow.

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Blankenship CPA Group, PLLC
215 Ward Circle , Brentwood , TN 37027
O: (615) 373-3771 | D: (615) 371-2139

BLANKENSHIP

RE: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

From: "Kautter, David" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: [redacted]@treasury.gov>
Date: Mon, 16 Mar 2020 15:23:22 -0400

5 minutes

From: [redacted]@treasury.gov>
Date: March 16, 2020 at 3:22:45 PM EDT
To: McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>, Callanan, Brian <Brian.Callanan@treasury.gov>
Subject: RE: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
Importance: High

Following up on this again??

From: [redacted]@treasury.gov>
Sent: Monday, March 16, 2020 1:38 PM
To: McGuire, Brian <Brian.McGuire@treasury.gov>; Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>; Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Team,

Following up on this.

From: [redacted]@treasury.gov>
Date: March 16, 2020 at 11:23:12 AM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

Got it. [redacted]

Thanks

From: Callanan, Brian <Brian.Callanan@treasury.gov>
Date: March 16, 2020 at 11:21:01 AM EDT
To: [redacted]@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Cc: Desmond, Michael J. <michael.j.desmond@irscounsel.treas.gov>, Kautter, David <David.Kautter@treasury.gov>
Subject: Re: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

[redacted]

From: [redacted]@treasury.gov>
Date: March 16, 2020 at 11:18:54 AM EDT
To: Callanan, Brian <Brian.Callanan@treasury.gov>, McGuire, Brian <Brian.McGuire@treasury.gov>, Kowalski, Daniel <Daniel.Kowalski@treasury.gov>
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
Importance: High

I spoke with stm. [redacted]

Thanks

From: Andy Puzder (b)(6) [redacted]
Date: March 16, 2020 at 10:54:24 AM EDT
To: (b)(6) [redacted]@treasury.gov>
Cc: Secretary Mnuchin [redacted]>
Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Zac - I think we should jump on this right away. Let me know. Thanks, Andy

Sent from my iPhone

Begin forwarded message:

> **From:** Lamar Alexander (b)(6) [redacted]>
> **Date:** March 16, 2020 at 9:37:08 AM CDT
> **To:** Andy Puzder (b)(6) [redacted]
> **Subject: Fwd: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**
>
> If this is right and there is a cap on the amount of federal government route will reimburse a an employer it is not the dollar fir dollar reimbursement promised by mnuchin's statement and would be a big problem for me and many Republicans
>
> Sent from my iPhone
>
> Begin forwarded message:
>
>> **From:** "Cleary, David (Alexander)" Senate email [redacted]>
>> **Date:** March 16, 2020 at 10:27:08 AM EDT
>> **To:** Lamar Alexander Senate email [redacted], "Alexander, Lamar (Alexander)" Senate email [redacted]
>> **Subject: FW: This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!**
>>
>> **This is from a Tennessee based accounting firm.**
>>
>> **I believe this to be accurate and have asked experts to tell me if this is right, but so far I believe that it to be true.**
>>
>> **From:** CJ Blankenship (b)(6) [redacted]>
>> **Sent:** Monday, March 16, 2020 1:10 AM
>> **To:** Fernandez, Jessica (Rubio) Senate email [redacted] Holler, Dan (Rubio) Senate email [redacted] Needham, Mike (Rubio) Senate email [redacted] Reamy, Lauren (Rubio) Senate email [redacted]; Carbone, Craig (Rick Scott) Senate email [redacted] Foltz, Jon (Rick Scott) Senate email [redacted]>; Schutz Zeckman, Jackie (Rick Scott) Senate email [redacted]>
>> **Cc:** Yelinski, Chad (Loeffler) Senate email [redacted] Eunice, John (Perdue) Senate email [redacted]; Carpenter, Molly (Crapo) Senate email [redacted]>; Adams, Charles (Risch) Senate email [redacted] Quinn, James (Cassidy) Senate email [redacted]
>> **Subject:** This bill is going to KILL SMALL BUSINESS - Small Businesses across America will go bankrupt with this bill as written if you do not fix it!
>>
>> Dear Senator's Staff:
>>
>> I am the managing partner of a large local CPA firm in Nashville, TN. We employ just over 100 people and serve nearly 10,000 clients. We just finished analyzing and running numbers on the bill to begin speaking to our business clients about what this means for them. This bill is absolutely terrible and it will result in bankruptcy like the savings and loans crisis did in 1986. The Great Recession will look like a joke. Small Businesses cannot bear the burden as written. Every aspect of the bill creates a net cash flow and a net actual loss in every situation of business application.
>>
>> The new Emergency Family and Medical Leave Expansion Act (EFMLEA) and Emergency Paid Sick Leave Act (EPSLA) provides

for paid leave, to in theory be offset by tax credits. The problem is, the way the law is written the tax credits do not actually cover the paid leave. Please see the chart below for illustrations at multiple salary levels.

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Blankenship CPA Group, PLLC
215 Ward Circle , Brentwood , TN 37027
O: (615) 373-3771 | D: (615) 371-2139

BLANKENSHIP

Fwd: Senate Negotiation on Economic Package

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: Secretary Mnuchin
Cc: (b)(6) @treasury.gov>, "Callanan, Brian" <brian.callanan@treasury.gov>
Date: Mon, 16 Mar 2020 17:52:30 -0400

From: Rader, John N. EOP/NSC EOP_NSC
Date: March 16, 2020 at 5:51:[redacted]
To: Ueland, Eric M. EOP/WHO WHO_EOP , Vought, Russell T. EOP/OMB EOP_OMB
Muzinich, Justin <Justin.Muzinich@treasury.gov>, Olmem, Andrew WHO_EOP
Cc: Kushner, Jared C. EOP/WHO WHO_EOP , Birx, Debor[redacted] EOP_NSC
Subject: Senate Negotiation on Economic Package

** **Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

All:

Confidential POTUS Communications

Thank you for your consideration and for any assistance you can provide.

Yours truly,

John Rader

UST_000556

Re: Senate Negotiation on Economic Package

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: "Rader, John N. EOP/NSC" [redacted] EOP_NSC
Date: Mon, 16 Mar 2020 17:53:21 -0400

Got it.

From: Rader, John N. EOP/NSC [redacted] EOP_NSC
Date: March 16, 2020 at 5:51:20 [redacted]
To: Ueland, Eric M. EOP/WHO [redacted] WHO_EOP, Vought, Russell T. EOP/OMB [redacted] EOP_OMB Muzinich, Justin <Justin.Muzinich@treasury.gov>, Olmem, Andrew [redacted] WHO_EOP
Cc: Kushner, Jared C. EOP/WHO [redacted] WHO_EOP Birx, Deborah L. EOP/NSC [redacted] EOP_NSC
Subject: Senate Negotiation on Economic Package

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All:

Confidential POTUS Communications [redacted]

Thank you for your consideration and for any assistance you can provide.

Yours truly,

John Rader

UST_000557