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POLITICS

U.S. Treasury to Help Advance Funds to Employers for Paid Sick Leave

Secretary Mnuchin says the measures aimed at helping businesses that may have cash-flow problems related to disruptions from the coronavirus



Treasury Secretary Steven Mnuchin said employers will be able to use cash deposited with the Internal Revenue Service to pay sick-leave wages.

PHOTO: SHAWN THEW/ZUMA PRESS

By *Kate Davidson*

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WASHINGTON—Treasury Secretary Steven Mnuchin said his agency would advance funds to businesses so they can meet paid sick-leave requirements under a new House bill to combat the novel coronavirus.

In a statement late Saturday night, Mr. Mnuchin said employers will be able to use cash deposited with the Internal Revenue Service to pay sick-leave wages. For businesses that wouldn't have sufficient taxes to draw from, the Treasury would make advances to cover the costs, he said.

Mr. Mnuchin said the measures were aimed at helping businesses that may have cash-flow problems related to disruptions from the virus.

“We are hearing feedback that certain small businesses are concerned about the burden of this,” Mr. Mnuchin said on Fox News Sunday, referring to the House bill. “We were very focused [that] we need to get the money to the people quickly. We don’t want them to have to deal with the big bureaucracy.”

Even before the bill becomes law, Mr. Mnuchin’s statement indicates an administration approach that goes far beyond what the Treasury Department would typically do to assist individual businesses. The IRS is expected to release guidance soon for waiving tax deadlines because of the coronavirus, though some business returns are still due Monday unless the government says otherwise.

The bill, which the House passed early Saturday morning, would allow for two weeks of paid sick leave and up to three months of paid family and medical leave.

Mr. Mnuchin reiterated Sunday that the House bill is only the second in what is likely to be multiple legislative efforts to protect the economy—including workers and businesses—from the fallout of the spreading coronavirus.

Administration officials are already working with the Senate on the next phase, which he said will focus on help for the travel industry, including airlines, hotels and cruise lines, which have been particularly hard-hit.

He also disputed that the aid would amount to bailouts similar to those provided to the banking and auto industries during the 2008 financial crisis.

“If you’re providing liquidity to good businesses that just need liquidity for three to six months, where you’re taking collateral and you have security, that’s not a bailout,” he said, adding, “Our focus is going to be on stimulus for the workers and getting money to the workers that [are] impacted.”

President Trump has also called for a payroll tax-cut to help boost demand in the face of a broader economic slowdown, though Republicans and Democrats have been skeptical of the idea, and Mr. Mnuchin recommended against it last week in a closed-door meeting with the president.

Mr. Mnuchin on Sunday said the president would also be willing to consider refundable tax credits, which could get money to people more quickly.

“If there’s other ways working with Congress we can get money to people, the president will absolutely consider that,” he said.

Negotiations over the House bill hit a snag late Friday when Republicans balked at some provisions over mandatory sick leave, which require companies with fewer than 500 employees to pay wages to certain workers who were exposed to coronavirus, as well as people whose family members were exposed or who faced child-care problems because of the pandemic.

Some GOP lawmakers were especially worried about small businesses that could face cash-flow problems, even if the costs of paid leave were reimbursed later through a tax credit. In a last-minute deal, negotiators agreed to include an exemption for businesses with fewer than 50 employees, and President Trump instructed Mr. Mnuchin and Labor Secretary Eugene Scalia to propose regulations to ensure the legislation doesn't hurt small businesses.

The Senate is scheduled to return to Washington on Monday to consider the measure. Meanwhile, the House may need to make unspecified technical corrections to the bill as well.

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Write to Kate Davidson at kate.davidson@wsj.com

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