

# Statement of Secretary Steven T. Mnuchin Before the House Committee on Financial Services



June 29, 2020

**June 30, 2020**

Chairwoman Waters, Ranking Member McHenry, and members of the Committee, I am pleased to join you today to discuss how the Department of the Treasury and the Federal Reserve are working together to provide liquidity to credit markets, businesses, and households, as well as state and municipal governments. We remain committed to making sure that every American gets back to work as quickly as possible.

## **ECONOMIC RECOVERY**

America's economy continues to recover from the challenges posed by the COVID-19 pandemic. The jobs report for the month of May vastly exceeded expectations with a record gain of 2.5 million jobs after experts had predicted a loss of nearly 8 million. While the unemployment rate is still historically high, we are seeing additional signs that conditions will improve significantly in the third and fourth quarters of this year. The Blue Chip Report is forecasting that our GDP will grow by 17 percent annualized in the third quarter, and by 9 percent in the fourth quarter.

The U.S. Chamber of Commerce reported this month that 79 percent of small businesses are at least partially open, and half of the remaining businesses are opening very soon. Retail sales rose in May by 18 percent, more than double the expected rise of 8 percent. Investors and businesses have historically high cash positions, the highest level since 1992, indicating that private capital is readily available to re-invest into commercial operations as communities re-open.

We are in a strong position to recover because the Trump Administration worked with Congress on a bipartisan basis to pass legislation and provide liquidity to workers and markets in record time. In particular, the Paycheck Protection Program (PPP) is keeping tens of millions of employees connected to their jobs. Economic Impact Payments are also helping millions of families and workers to make it through these challenging months.

We are monitoring economic conditions closely. Certain industries, such as construction, are recovering quickly, while others, such as retail and travel, are facing longer-term impacts and may require additional relief. We look forward to continued conversations with you to address these critical economic issues.

## CARES ACT PROGRAM IMPLEMENTATION

Treasury has been hard at work implementing CARES Act programs.

- **PPP:** As of June 27, SBA has approved nearly 4.8 million small business loans for \$519 billion, supporting an estimated 50 million jobs and at least 72 percent of the small business payroll in all 50 states. We are pleased to have worked on a bipartisan basis on two subsequent pieces of legislation to provide additional funding for the program and more flexibility for borrowers.
- **Economic Impact Payments:** We distributed nearly 160 million payments totaling more than \$260 billion in record time.
- **Programs to Support Aviation and Other Eligible Businesses:** We have approved the disbursement of over \$27 billion to over 500 airlines and other aviation businesses, preserving hundreds of thousands of jobs. We are in the process of documenting loans for airlines and businesses critical to maintaining national security for approximately \$25 billion.
- **Coronavirus Relief Fund:** From this \$150 billion fund, we have disbursed all of the amount appropriated for state and local governments and nearly all of the amount for tribal governments. In doing so, we have provided recipients with as much flexibility as possible under the statute. We are in the process of reaching out to states to receive updates on their current uses of the funds.

## LENDING FACILITIES WITH THE FEDERAL RESERVE

The CARES Act also granted Treasury the authority to provide \$454 billion to support Federal Reserve lending facilities under Section 13(3) of the Federal Reserve Act.

Since March 17, using funds available, I have approved a number of Federal Reserve programs and facilities:

- Commercial Paper Funding Facility
- Primary Dealer Credit Facility

- Money Market Mutual Fund Liquidity Facility
- Term Asset-Backed Securities Loan Facility
- Primary Market Corporate Credit Facility
- Secondary Market Corporate Credit Facility
- Main Street Lending Program
- Municipal Liquidity Facility
- PPP Lending Facility

We have committed approximately \$200 billion in CARES Act funding for credit support to some of these facilities. The announcements of these programs have helped to unlock markets and promote access to much-needed liquidity for businesses, households, and state and local governments. We have over \$250 billion remaining to create or expand programs as needed.

## **PHASE FOUR**

We will be beginning to have conversations about supplemental relief legislation. We look forward to working with Congress on a bipartisan basis in July on any further legislation that may be necessary. Treasury has already been entrusted with a tremendous amount of funding to inject into the economy. We are closely monitoring the results of these efforts, and we are seeing conditions improve. We would anticipate that any additional relief would be targeted to certain industries that have been especially hard-hit by the pandemic, with a focus on jobs and putting all American workers who lost their jobs, through no fault of their own, back to work.

## **TRANSPARENCY**

The Treasury Department is implementing the CARES Act with transparency and accountability. We have released a significant amount of information on our website. We are also providing information on the government-wide reporting site [USAspending.gov](https://www.usaspending.gov), and in updates to Congress. We are also cooperating with various oversight bodies, including three inspectors general, the new Congressional Oversight Commission, and the Government Accountability Office (GAO).

Treasury and SBA have regularly released data regarding PPP loans, including lender sizes, loan sizes, lending by state, lending by industry, funds remaining, and other information. We recently reached an agreement with the bipartisan leadership of the Senate Committee on Small Business to release PPP loan-level data in the near future in a way that strikes the appropriate

balance of providing public transparency while protecting the payroll and personal income information of small businesses, sole proprietors, and independent contractors. We are also committed to providing transparency regarding the loan-level data to the Government Accountability Office (GAO) and congressional committees to assist them with carrying out their responsibilities.

Treasury and the Internal Revenue Service have made data and information regarding the millions of Economic Impact Payments available on their respective websites. The Department also has posted documentation on Treasury.gov about Payroll Support Agreements for airlines, and Coronavirus Relief Fund payments to States, local governments, and Tribes.

We are pleased that the Federal Reserve has also announced plans to post loan information on its website regarding its lending facilities. Chairman Powell and I had a very productive initial meeting with the four members of the Congressional Oversight Commission, and we look forward to continuing to work with them.

## **CONCLUSION**

I would like to thank the members of the Committee for working with us to help the American people. I would be pleased to answer any questions you may have. Thank you.