

## GOP CONSIDERS BACK-TO-WORK BONUSES

*Plan from Sen. Portman would offer \$450 a week in place of extension of enhanced jobless benefits*

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WASHINGTON – Senate Republicans are examining offering cash incentives for unemployed Americans returning to work, looking for an alternative to the extension of enhanced jobless benefits supported by Democrats.

Republicans are concerned that the current \$600 a week unemployment payment – on top of state unemployment benefits – is so generous that it is discouraging people from going back to work and damping the economy's reopening amid the coronavirus pandemic. Democrats want to extend the payments, which are set to end in July, into next year, an idea Republicans have rejected.

"This will not be in the next bill," Senate Majority Leader Mitch McConnell (R., Ky.) said last week in a call with House Republicans, according to a person briefed on the call, referring to the proposed unemployment payments. Later, on Fox News, Mr. McConnell said that "in order to create jobs, we need to incentivize people to go back to work, not encourage them to stay home."

With the country in the grips of a historic economic slump – and in the middle of an election year – Republicans face the political difficulty of stopping or reducing a popular benefit for Americans who lost their jobs during the pandemic. Some are now discussing ways to pare back the government payout while also helping to revive the labor market. The US unemployment rate surged to a record 14.7 percent in April.

One idea is a proposal from Sen. Rob Portman (R., Ohio) to provide a temporary \$450-a-week bonus for unemployed workers returning to work, on top of their wages.

Mr. Portman says his proposal is good for employees "because they can go back to work, go back to their health care and go back to their retirement savings, and yet get a nice, nice bonus for doing so." The proposal also saves taxpayers money and "saves small businesses from going out of business because they can get workers."

A senior Trump administration official said that the White House was in conversations with Mr. Portman about offering a return-to-work bonus. Mr. Portman has been working with the Senate Finance Committee, according to a GOP aide. Sen. John Thune (R., S.D.), the No. 2 Senate Republican, said that "there's some interest" in the idea.

The plan is still being finalized, in part to work out the best mechanism for delivering the aid to workers. In its current formulation, the proposal would give \$450 a week to laid-off workers to go back to work through July 31, the same date on which the extra \$600 a week in unemployment benefits expires. The idea would also help states save money by potentially reducing their expenditures on unemployment benefits.

Mr. Portman's office settled on the amount by surveying benefits and wages in each state to come up with an average amount by which most people would be better off working than staying at home. The federal minimum wage is \$7.25 an hour, meaning that a minimum-wage worker in states without a higher minimum, or floor, makes roughly \$290 a week. The \$450 payment each week on top of that base amount was designed with such low-wage workers in mind, in order to leave such employees better off than by taking \$600 a week to stay home.

A return-to-work bonus stands as an alternative to a measure being pushed by Senate Democrats, who are rallying behind a plan led by Sens. Mark Warner (D., Va.), Bernie Sanders (I., Vt.), Richard Blumenthal (D., Conn.) and Doug Jones (D., Ala.). The Democratic plan relies on a wage subsidy – the employee tax credit – to keep people on payrolls. It would cover 100 percent of wages and benefits, up to \$90,000. Some Democrats say they might be open to ending the \$600 in extra jobless benefits if Republicans rallied behind a wage subsidy.

"That would be a mistake, just to completely cut it off, without doing anything else," Mr. Jones said. "If you want to phase it out, we can figure that out. But we got to do something."

No Democrat contacted by The Wall Street Journal indicated that they would endorse Mr. Portman's back-to-work bonus plan. It also isn't clear if the entire Republican conference would support the idea of a return-to-work bonus, given that some GOP lawmakers have expressed growing misgivings about deficit spending.

The interest in a wage subsidy comes as Republicans seek an alternative to extending the beefed-up jobless benefits, which were included in the \$2.2 trillion economic rescue package that became law in March as unemployment surged. At the time, congressional negotiators wanted to provide enough money to replace a worker's existing wages. But after concluding that older state unemployment computer systems wouldn't be able to handle the calculations to provide replacement pay, negotiators opted for a flat payment that would be enough to keep at home a worker making average wages.

The payment level was controversial at the time, with several Republican senators noting that in some cases workers would get paid more to stay home and not work than they would if they returned to work. They offered an amendment to cap the benefits at 100 percent of wages, but it failed.

The Congressional Budget Office has estimated the enhanced unemployment benefit will cost about \$176 billion. It is one of the reasons that Senate Republicans say they have wanted to pause before negotiating a new relief package.

"When the government wage exceeds the market wage, you'll get institutionalized unemployment. So it was a mistake to make it so high to begin with," said Sen. Rand Paul (R., Ky.). "It would be a mistake to extend it."

House Democrats have already voted to extend the \$600-a-week in additional payments for six more months, until Jan. 31, as part of a larger, \$3 trillion package. The House Democrats' measure would also continue until Jan. 31 an extra 13 weeks of basic unemployment insurance for people who have exhausted regular state and federal unemployment benefits.

Some Republicans are betting that starting the conversation now around how to phase out the \$600 weekly allowance will put the party in a better spot when negotiations deepen with Democrats.

"We have to do what's best for the country," said Sen. Kevin Cramer (R., N.D.). "I'm not saying my way is the only way, but I just don't think we can go back to it. We can't extend \$600 a month."