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Congress Comes Through in a Big Way

"I'm thrilled that we're finally going to deliver for the country that has been waiting for us to step up."
- Mitch McConnell, Senate Majority Leader

What Happened?

After many days of intense negotiations (and many bungled sports metaphors to describe how close the sides were to a deal), The Trump Administration and the Senate reached agreement on an extremely large coronavirus stimulus package, totaling roughly \$2 trillion. The package is much bigger than the \$831 billion Recovery Act in 2009, and is in addition to two smaller relief bills that have already been passed by Congress, including \$8.3 billion in emergency health care spending and \$100 billion to increase paid sick leave, enhance unemployment insurance, and provide free coronavirus testing. While the talks took longer than many had hoped, it is still a remarkable response given the size of the package and partisan environment in Washington.

What's in the Bill?

Final details of the bill have yet to be released, but it is clear that it will provide relief to citizens, businesses, hospitals and state and local governments. One much debated feature of the plan is direct household relief totaling around \$500 billion, comprising an expansion and increase of unemployment benefits as well as direct payments to lower and middle income citizens (\$1,200 for each adult and \$500 for each child, with checks expected to be issued on April 6). Additionally, the plan looks to include about \$500 billion for large businesses, \$350 billion in aid for small businesses, and \$150 billion for hospitals and other health care providers.

What's Next?

The Senate will likely vote on the legislation either today (March 25) or tomorrow (March 26) and the bill is expected to pass without an issue. However, we will be closely watching overall support for the package as the larger the majority, the more pressure will be put on the House to quickly pass the legislation. One interesting consideration is whether the House will pass the Senate bill by "unanimous consent" to avoid forcing members back to Washington to vote on the measure, which would delay implementation.

Final Take

We wrote about the Federal Reserve's massive stimulus announcement earlier this week, noting that they had taken bold and decisive action, and that we were now awaiting a response from Congress. That response has arrived (assuming it passes, of course), and it is clear that U.S. policymakers will do whatever they can to build a bridge to (hopefully) more normal economic times. Overall this is a good development for individuals, businesses, and the markets; though many challenges lie ahead, and the potential for additional future intervention remains elevated.



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