

U.S. Municipal Bond Market

A (Possible) Step Closer in COVID-19 Negotiation, COS Meadows on "Meet the Press"

President Trump Willing To Go Up To \$1.3 Trillion in Fifth Phase of COVID-19 Relief House Democrats proposed and passed the \$3.5 trillion HEROES Act earlier in the summer as a framework for another phase of COVID-19 relief, with part of this including almost \$1 trillion in aid for state and local governments. While the Democrats have said they would come down to a total funding level near \$2.2 trillion, this "ask" still remains much higher than the \$1 trillion Congressional Republicans have been willing to consider.

At Levels [Speaker Pelosi] Would Agree With, Certain Line Items

Negotiations about a fifth phase of relief seemed to have broken down since the first week of August, however there has been some momentum on the topic in recent days.

On Friday, President Trump said he was willing to go up to \$1.3 billion.¹ Then on Sunday, White House Chief of Staff (COS) Mark Meadows appeared on "Meet the Press" noting some additional elements of a potential compromise that would be "at levels [Speaker Pelosi] would agree with." COS Meadows indicated that President Trump would be willing to include the following, within a \$1.3 trillion package:

- Enhanced unemployment benefits, at levels she [Speaker Pelosi] would agree with;
- Help for small businesses, at levels she [Speaker Pelosi] would agree with;
- Help for day-care and hospitals, at levels she [Speaker Pelosi] would agree with;
- Help for schools, at levels she [Speaker Pelosi] would agree with.²

Last Week

In response to last week's proposal from COS Meadows, Speaker Pelosi released a statement noting the Democrats would be willing to "go to \$2.2 trillion to meet the needs of the American people."³ The statement ended with: "Democrats are willing to resume negotiations once Republicans start to take this process seriously. Lives, livelihoods and the life of our democracy is at stake."

Progress Being Made

At least some progress is being made on this topic now, even while lawmakers are away on their August recess. This is much more constructive than the silence we saw after the July 4th break, when there was nothing occurring on the relief front.

COS Meadows seems to be offering relief that would help the economy and directly help select sectors of the municipal bond market. How the Republicans and Democrats in Congress react is yet to be seen and it is too early to tell what timing could look like at this point.

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¹ Semones, Evan; *Meadows blames Pelosi for impasse on coronavirus relief*; Politico; August 30, 2020

² *Meet the Press*; Twitter post; Aug 30, 2020 9:38AM; <https://twitter.com/MeetThePress/status/1300080351012884482>

³ *Pelosi Statement After Conversation with Trump Administration on COVID-19 Relief*; Speaker Pelosi Press Releases; Aug 27, 2020.

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