

UPDATE: Senate reaches agreement on \$2 trillion coronavirus relief plan

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After days of false starts and under increased pressure from the White House to get a stimulus plan passed, Senate Democratic and Republican leaders agreed in the early hours of March 25 on a nearly \$2 trillion relief plan for U.S. workers and businesses hurt by the spread of the new coronavirus.

The largest stimulus legislation in U.S. history would include an increase in hospital funding and a guarantee of unemployment insurance payouts of 100% of salary for most recipients, including a boost of up to \$600 per week on top of base benefits, according to multiple media reports that cited Senate aides.

It would also provide \$350 billion in relief for small businesses and \$240 billion in relief for the healthcare industry, \$75 billion of which would be provided to hospitals, according to Senate Majority Whip John Thune, R-S.D. Direct cash relief would still be provided to Americans as previously proposed, and it would extend to low-income workers, who would receive \$1,200 from the government along with other workers earning up to \$75,000.

Members of both sides of the aisle as well as Treasury Secretary Steven Mnuchin have been involved in painstaking and often contentious negotiations in recent days. Media outlets reported about an hour after midnight ET on March 25 that Senate leaders and the White House have reached a bipartisan agreement on the legislation, with a vote likely to take place later the same day.

At a news briefing late March 24, President Donald Trump signaled approval of several provisions of the proposed Senate legislation and emphasized that he wants the U.S. economy to come back to near normal levels by Easter Sunday, April 12.

A key sticking point for Senate Democrats preventing passage of the original Senate bill was a \$500 billion Treasury fund to provide guaranteed loans to large and small businesses, with little accountability outside the White House. Senate Minority Leader Chuck Schumer, D-N.Y., won concessions on accountability for the fund, according to media reports March 24.

Stocks staged a massive rally as news of the negotiations circulated. The S&P 500 jumped 9.38%, one of the steepest single-day gains in history, to close at 2,447.33. Despite the gain, the index was still 27.7% lower than its Feb. 19 high, showing how badly equity markets have been damaged by the pandemic.

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Schumer's office and the Treasury Department did not immediately reply to requests for comment.

"It's the right package, but the trouble is, layoffs are already happening in hospitality, hotels and airlines. They have been going on for two weeks," Rajeev Dhawan, director of the Economic Forecasting Center at Georgia State University, said in an interview after key details of the Senate bill, including targeted relief for hard-hit sectors and beefed-up unemployment benefits, were made public.

"It will help, but it will not overturn the drop in economic activity we're about to see," Dhawan added. "It will take away some of the pain, but it will not stop the drop in activity."

The Senate was unsuccessful in its first two tries to pass a stimulus package that would provide cash relief for Americans as well as bailouts for large and small businesses. Senate Democrats on March 23 said a previous iteration

of the legislation would allow corporations to sink money back into companies, rather than passing it on to struggling or laid-off workers. Republicans, meanwhile, accused Democrats of adding unrelated measures to the bill, including tax credits for solar and wind energy as well as new emissions standards for airlines.

The latest effort to provide relief to companies and workers comes as the virus has spread to all 50 states, infecting more than 46,000 Americans, while also causing widespread job losses and shelter-in-place orders.

President Trump, who has become more adamant in recent days about restarting the U.S. economy, took to Twitter on March 24 to put additional pressure on lawmakers.

"Congress must approve the deal, without all of the nonsense, today," Trump tweeted. "The longer it takes, the harder it will be to start up our economy. Our workers will be hurt."

The third relief package comes on the heels of two coronavirus relief packages already signed by Trump that include free COVID-19 testing, paid sick and family leave, and unemployment measures.

Article updated at 6 p.m. ET on March 24, 2020, to provide comments from President Donald Trump, and at 1:30 a.m. ET on March 25, 2020, to update with reports that a deal has been reached.

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