

U.S. Municipal Bond Market

President-elect Biden's First Stage Rescue Package, Prelim Overview

- President-elect Biden is expected to ask for \$1.9 trillion for a first stage COVID-19 rescue package. This in fact would be the sixth phase of COVID-19 fiscal spending.
- The proposal is expected to include \$540 billion of public finance focused related spending.
- This is the first time a fiscal spending package could include direct, unencumbered aid for state and local governments. This plan includes \$350 billion for state and local governments.

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COVID-19 Relief Plan Details Emerging

President-elect Joe Biden is expected to release his view of what he would like to see in a sixth phase of COVID-19 relief Thursday evening, Jan. 14, 2021.

CNBC's Kayla Tausche reported about some of the preliminary details already this evening. The proposal is expected to total about \$1.9 trillion and is broken into three main spending categories:

- \$410 billion to contain the spread of COVID-19
- \$1 trillion for individuals
- \$440 billion for states, local governments, and businesses

Summary of Preliminary Details of First Stage Rescue Package

\$410 Billion to Contain COVID-19

\$160B	Vaccine program
\$50B	Testing expansion
\$30B	Supplies and protective gear
\$170B	K-12 schools, higher-ed

\$1 Trillion Aid for Individuals

\$1,400	Direct checks to select individuals (on top of December's \$600)
\$400	Week Fed Unemployment insurance to September
\$30B	Rental assistance
\$15	Hourly minimum wage

\$440 Billion for States, Cities, Businesses

\$350B	State and local governments
\$50B	Small business grants and loans
\$20B	Mass transit

Source: CNBC Reporting and HilltopSecurities.

This is the first time a fiscal spending package could include direct, unencumbered aid for state and local governments. This plan includes \$350 billion for state and local governments.

The proposal is expected to include a total of \$540 billion for municipal entities, broken down into \$170 billion for K-12 schools and higher education entities for COVID-19 containment measures, \$350 billion for state and local governments, and another \$20 billion for mass transit.

The pitch is meant to be a first stage rescue effort with a more detailed economic plan coming later this year.

This is the first fiscal package that could include direct, unencumbered aid to state and local governments. Biden proposes to allocate \$350 billion to state and local governments.

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These details are subject to change. We will publish more details about what we learn on Friday.

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- [Housing Fundamentals Remain Solid and Our Housing \(HFA\) Sector Outlook Remains “Stable” to Begin 2021](#), January 14, 2021
- [State and Local Government Job Losses in Three of Last Four Months Illustrate Continued Budget Pressures](#), January 11, 2021
- [Democrats’ Legislative Agenda Could Begin With \\$2K Payments, Relief, & Infrastructure Totaling \\$3 Trillion](#), January 8, 2021
- [COVID-19 Spread Remains Out of Control to Begin 2021](#), January 6, 2021
- [Georgia Run-Offs Begin New Year, Important to Watch for Credit Quality](#), January 4, 2021
- [Fifth Phase of Fiscal COVID-19 Relief is No State and Local Government Windfall](#), December 23, 2020

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