**CONGRESSIONAL BUDGET OFFICE**
***U.S. Congress***
***Washington, DC 20515***

***Phillip L. Swagel, Director***

April 2, 2020

Honorable Nita M. Lowey
Chairwoman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

*Re: Preliminary Estimate of the Effects of H.R. 6201, the Families First Coronavirus Response Act*

Dear Madam Chairwoman:

The Congressional Budget Office and the staff of the Joint Committee on Taxation (JCT) have completed a preliminary estimate of the budgetary effects of H.R. 6201, the Families First Coronavirus Response Act, which was enacted as Public Law 116-127 on March 18, 2020.[1] CBO will provide a comprehensive analysis of this act and all related legislation when it publishes its updated baseline budget projections later this year.[2]

On a preliminary basis, CBO and JCT estimate that the Families First Coronavirus Response Act will increase federal deficits by $192 billion over the 2020-2030 period, mostly in fiscal years 2020 and 2021 (see Table 1). That estimate includes:

- A $2.4 billion increase in discretionary spending stemming from emergency supplemental appropriations,

1. H.R. 6201 is appropriation legislation; however, division H of the law specifies that divisions B through G are to be treated as authorizing legislation. Division H also requires the exclusion of the estimated budgetary effects of those divisions from the pay-as-you-go scorecards maintained by the Senate and the Office of Management and Budget.
2. In addition, within two weeks, CBO will publish a preliminary cost estimate for H.R. 748, the CARES Act (P.L. 116-136), which was signed into law on March 27, 2020.

- A $95 billion increase in mandatory outlays, and
- A $94 billion decrease in revenues.

Those estimated effects are extremely uncertain because they depend on the severity of the novel coronavirus pandemic and its related economic effects.[3] For this preliminary estimate, CBO's budgetary estimates are based on the emergency declarations related to the pandemic being in place through the end of March 2021 (that is, for an additional 12 months). Those declarations include a declaration of a public health emergency, as authorized under the Public Health Service Act (42 U.S.C. 247d); and a declaration of emergency, as authorized under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121). The declarations allow federal agencies to take actions and expend funds to respond to emergencies, including outbreaks of disease. The duration of such declarations does not necessarily indicate how severe the pandemic will be at any particular point while they are in effect. Because some costs are related to the length of the emergency declarations, costs could be higher or lower by tens of billions of dollars, depending on how long the emergency lasts.

Following standard practice, most of the costs have been estimated relative to CBO's March 2020 baseline (which used CBO's economic projections of January 2020) and CBO expects that approach to provide informative estimates of the costs of most of the provisions of the act.[4] However, for some provisions, that approach would not provide useful estimates, in CBO's assessment. In particular, the costs of provisions related to unemployment insurance have been estimated using an updated and notably higher projection of the unemployment rate that reflects economic developments as of March 27, 2020.[5] Those unemployment projections do not account for the effects on the economy of this act or of the CARES Act.

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3. There are numerous coronaviruses that can cause a variety of illnesses, including some variants of the common cold. The current public health emergency stems from an illness called COVID-19, which is linked to a specific new coronavirus, SARS-CoV-2.
4. See Congressional Budget Office, *Baseline Budget Projections as of March 6, 2020* (March 19, 2020), www.cbo.gov/publication/56268.
5. In that projection, the unemployment rate reaches 12 percent in the second quarter of calendar year 2020 and is still 9 percent at the end of calendar year 2021. See Congressional Budget Office, "Updating CBO's Economic Projections to Account for the Pandemic," *CBO Blog* (April 2, 2020), www.cbo.gov/publication/56314.

P.L. 116-127 also authorizes additional spending that is subject to future appropriation, but CBO has not completed an estimate of those authorizations.

In addition, the act imposes mandates on the private sector and on state and local governments. CBO estimates that the costs of those mandates will exceed the thresholds in the Unfunded Mandates Reform Act (UMRA).

## Uncertainty

The magnitude of the budgetary effects of the act is uncertain to an extraordinary degree because it will depend at least to some extent on the duration of the current declaration of a public health emergency, the severity of the effects of COVID-19, and how quickly measures to curb the pandemic begin to work. For this and other analyses, CBO continues to consult with a wide range of experts, including people in academia and in relevant federal agencies.[6]

The two largest sources of uncertainty, in CBO's view, are related to the length and the severity of the COVID-19 pandemic and to how state, local, and federal policymakers will respond in the coming months. Those are key factors in determining the progress of the pandemic and its costs in the United States, but knowledge about the effects of the virus, the policy responses, and the effects of policies put in place to limit the spread of the virus is evolving. CBO is providing this estimate on the basis of information that was available toward the end of March 2020.

Because this is a new coronavirus, there are significant uncertainties about its nature. Those uncertainties encompass its infectiousness; the length of the infectious period; and the proportion of cases of the resulting disease that are mild, severe, or critical, including how many people will need to use hospitals and intensive care units. The size of the affected population—those who will contract COVID-19 and those who do not become ill but are otherwise affected by the current emergency—is also difficult to project.

6. Some of the experts CBO consulted with include staff at AIR Worldwide Corporation, the American Academy of Actuaries, the Centers for Medicare & Medicaid Services, the Congressional Research Service, the Fogarty International Center in the National Institutes of Health, the Food and Nutrition Service of the Department of Agriculture, Harvard University, Los Alamos National Laboratory, the Yale Center for Infectious Disease Modeling and Analysis, and York University in Toronto, Ontario.

Separate but related sources of uncertainty concern whether the U.S. health care system will be able to accommodate the surge in demand related to the pandemic and the resulting consequences if the system cannot do so. The extent of testing is a significant factor in estimating the costs of the act—but there is uncertainty about how many diagnostic tests will be performed, how those tests will be distributed among the insured and uninsured population, how soon those tests will be administered and in what settings, whether new types of diagnostic tests will become available, and which other services provided to patients in conjunction with the diagnostic tests will be affected by the act.

Furthermore, there is significant uncertainty about how policy responses in the coming months will affect the course of the pandemic. The policies implemented in the United States and around the world in response to the virus are varied and still evolving, in part because understanding of the potential scale and duration of the pandemic (including whether it will occur in multiple waves) remains incomplete.

All of those factors make the estimated budgetary effects of the act particularly uncertain. The resulting changes in spending for programs such as Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and unemployment insurance, as well as tax revenues, will be affected by the severity of the pandemic and its effects on economic output and the labor market. The longer the pandemic, the greater the increase in the deficit is likely to be.

## Basis of Estimate

The preliminary estimates presented here are based on the emergency declarations associated with the pandemic in the United States lasting for an additional 12 months, through the end of March 2021. Except in the case of CBO's estimate of the costs of the changes in unemployment insurance, these preliminary estimates are made relative to CBO's March 2020 baseline. That baseline used CBO's January 2020 economic projections and does not incorporate the economic and budgetary effects related to the pandemic.

### Duration of Emergency Declarations Related to the Pandemic

In considering the possible duration of the emergency declarations, CBO examined a number of scenarios that encompassed a wide range of possible

outcomes on the basis of information available toward the end of March. Under some scenarios, the number of new infections could decline to such an extent that the emergency declaration could be lifted before March 2021. In other scenarios, higher numbers of new infections could continue for a longer period if the United States experienced multiple waves of new cases until a vaccine was developed and deployed. Under those scenarios, the state of emergency could extend through the end of fiscal year 2021 or longer.

The additional 12-month period used for this estimate lies roughly in the middle of the periods for the various scenarios that CBO examined. The actual duration of the emergency declarations related to the pandemic could be shorter or longer than the duration CBO used for this estimate.

### March 2020 Baseline

For most of the provisions of the act, CBO estimated costs relative to its baseline budgetary projections of March 2020. Those projections were based on an economic forecast completed on January 7, 2020, and they do not account for changes to the nation's economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to COVID-19. For many provisions, CBO expects that the estimated costs are nevertheless informative (even though they do not necessarily fully reflect current conditions). However, for provisions whose costs depend importantly on the unemployment rate, CBO used an updated and notably higher projection of the unemployment rate that reflects recent economic developments. In CBO's assessment, that approach led to more informative estimates of the effects of those provisions.

## Estimated Federal Costs

In total, CBO estimates that the act will increase deficits by $192 billion over the 2020-2030 period. Details about those effects are provided below.

### Discretionary Appropriations

Division A provides almost $2.5 billion in supplemental discretionary appropriations to federal agencies for defined purposes related to the

current coronavirus emergency. CBO estimates that about $0.8 billion of that amount will be spent in 2020.[7]

CBO's estimate of the costs of division A is summarized in Table 2 and accounts for historical spending patterns in those programs. All discretionary spending that would result from division A is designated as emergency spending, in keeping with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985. The limits on discretionary budget authority established by the Budget Control Act of 2011, as amended, will be adjusted to accommodate that funding.

**Direct Spending and Revenues**

Division B through division F affect many direct spending programs. In total, CBO estimates the act will increase direct spending by $95 billion over the 2020-2030 period (see Table 3) and will decrease revenues by $94 billion over the same period (see Table 4). A weaker economy and job losses as a result of the virus are likely to increase participation in various income security programs and thus result in higher costs for this act—but this preliminary estimate does not include that potential economic impact.

**Child Nutrition.** Section 2202 authorizes the Secretary of Agriculture to grant national waivers for providing meals and meal supplements to children affected by school closures because of the coronavirus. Because spending under those waivers is expected to replace spending on child nutrition programs reflected in CBO's March 2020 baseline, CBO estimates that section 2202 will not increase spending relative to that baseline.

**Supplemental Nutrition Assistance Program.** Section 2301 waives work requirements for certain able-bodied adults without dependents to receive SNAP benefits. The requirements can be waived as of April 2020 and will end the month after the public health emergency is lifted. In addition, the receipt of SNAP benefits before the end of the emergency will not count

7. Estimated spending under division A includes costs stemming from a change to a mandatory program that provides $100 million in additional funds to the Commonwealth of the Northern Mariana Islands, Puerto Rico, and American Samoa for nutrition assistance. In addition, section 1101 authorizes the Secretary of Agriculture to approve state plans to provide temporary benefits under SNAP to eligible children whose schools close for at least five consecutive days. That authority will end on September 30, 2020. Because that spending is expected to replace spending on child nutrition programs that is reflected in the March 2020 baseline, CBO estimates that, relative to the baseline, section 1101 will not have an incremental effect on spending.

toward program time limits for those adults. Section 2302 allows states that have declared a disaster or emergency because of the pandemic to request waivers to increase SNAP benefits to the maximum allotment and to increase administrative flexibility—for example, to change or loosen reporting requirements.

CBO estimates that under section 2301 the SNAP caseload will increase by more than 1 million people in an average month by the end of the emergency and, under section 2302, up to 75 percent of households not already at the maximum benefit will receive a benefit increase. CBO estimates that those provisions together will increase direct spending by a total of $21.2 billion in 2020 and 2021.

**Unemployment Insurance.** To assess the effect of the provisions related to unemployment insurance, CBO used an updated and notably higher projection of the unemployment rate that reflects recent economic developments. The unemployment insurance system is a joint federal and state program that provides temporary weekly benefits (consisting of regular benefits and, in economic downturns, extended and emergency benefits) to qualified workers. Division D provides up to $1 billion in emergency administrative grants to states in calendar year 2020. States will receive grants only if they take certain actions, including waiving the one-week waiting period and the work search requirements that usually must be met before a worker can receive benefits. CBO anticipates that most states will change their eligibility rules to receive the grants and that those changes will increase spending for unemployment compensation.

Under the act, for states that receive emergency administrative grants, the federal government also will pay 100 percent (instead of the normal 50 percent) of the costs of extended unemployment benefits through December 2020. CBO estimates that paying for 100 percent of extended unemployment benefits will cost the federal government $3.7 billion through the end of calendar year 2020; most of those costs would occur in fiscal year 2021. In total, CBO estimates, division D will increase mandatory outlays by a total of $5.0 billion in fiscal years 2020 and 2021.[8]

8. In CBO's March 2020 baseline, the probability of states' providing extended benefits in 2020 and early 2021 is almost zero. Thus, relative to that baseline, the cost of the federal government paying for all extended unemployment benefits would not be significant—

Each state has its own account in the federal Unemployment Trust Fund. The unemployment insurance benefits paid out and the taxes levied by those states to pay for certain benefits are recorded as federal outlays and revenues. CBO estimates that division D will increase revenues by $217 million over the 2021-2030 period as states respond to lower balances in their unemployment trust fund accounts by increasing their future collections of unemployment taxes.

**Emergency Paid Sick Leave.** Division E provides additional sick leave benefits to employees covered by the Fair Labor Standards Act of 1938. For federal employees, Division E provides up to 80 hours of sick leave through December 31, 2020, for specified purposes.[9] As a result, CBO estimates that the provision will increase direct spending for federal retirement annuities by $55 million over the 2020-2030 period and that additional costs will continue after 2030 because retirees will still be receiving annuities then. Those costs will be incurred because the provision allows affected federal employees to substitute the sick leave provided under the act for sick leave they would otherwise have taken, allowing them to retire with larger sick leave balances than would otherwise be the case. (Federal annuities are calculated, in part, on the basis of the amount of sick leave accrued—a federal worker who retires with leftover sick leave receives a larger pension than someone who uses all of his or her sick leave.)

**Health Insurance Coverage.** Section 6001 requires most nongroup and employment-based health plans to cover the full cost of SARS-CoV-2 diagnostic tests, as well as services related to determining whether a person requires such a test. Under that provision, those insurers may not mandate cost sharing—the payments that enrollees typically are responsible for when they receive health care—for those services. Of the roughly 15 million tests that CBO anticipates will be administered through the duration of the public health emergency, about half will be for people under age 65 who purchase health insurance in the commercial market. The estimate of total tests is based on CBO's current understanding of the current supply constraints on testing, the possible adoption of new testing

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highlighting why an updated projection of the unemployment rate is used here rather than the unemployment rate projection in the March baseline.

9. Division C, which grants additional leave to some federal employees and is discussed more fully below under the heading "Mandates," will cause an insignificant increase in direct spending.

technologies, the types of diagnostic tests that would be covered by the enhanced cost sharing protections under the act, and information about other countries' experience with testing.

CBO estimates that the provision will decrease revenues by $4 million and increase outlays by $7 million over the 2020–2022 period. Those costs stem from a slight overall increase in premiums for nongroup and employment-based coverage, primarily in plan year 2021, resulting from the additional costs for services that insurers must cover under section 6001.[10] CBO estimates that the overall increase in premiums will be slight for two main reasons. First, using information from stakeholders, CBO estimates that nearly everyone enrolled in nongroup and employment-based coverage is enrolled in a plan that already has committed to covering the full costs of SARS-CoV-2 diagnostic tests in the absence of any legislation. Second, for the people enrolled in private health insurance that requires cost sharing for such services, the additional cost imposed on the insurer is limited to the amount of cost sharing that its enrollees would otherwise bear for similar tests.

**Medicare.** Sections 6002 and 6003 waive cost sharing under the Medicare program for certain medical visits relating to the evaluation of the need for SARS-CoV-2 diagnostic testing for beneficiaries both in traditional Medicare and in Medicare Advantage. Under current law, there is no cost sharing under Medicare for laboratory tests, including those for COVID-19.

CBO expects that most Medicare beneficiaries who see a clinician during the national emergency will be evaluated for diagnostic testing because the Medicare population (those older than 65 and certain people with disabilities) is at a higher risk for COVID-19 than is the population as a whole.

CBO analyzed data on medical visits by Medicare beneficiaries, as well as patients' payments for those visits, to estimate the amount of cost sharing

10. CBO estimates a decrease in revenue because health insurance premiums are expected to increase as a result of insurers' paying the full cost of those tests and related services. When employers' payments of health insurance premiums for employment-based coverage increase, taxable wages are projected to decline, thus reducing overall revenues. The increase in nongroup premiums would increase federal subsidies for such coverage. Those subsidies both reduce revenues and increase outlays (in the case where the subsidies are greater than the individual's tax liability).

that will be waived. CBO estimates that enacting sections 6002 and 6003 will increase direct spending by $6.7 billion over the 2020-2022 period.

**Medicaid and the Children's Health Insurance Program.** Under section 6004, for the duration of the public health emergency, state Medicaid and the Children's Health Insurance Program (CHIP) cannot impose cost sharing on enrollees for SARS-CoV-2 diagnostic tests. Over that same period, that provision also allows states to provide Medicaid and CHIP coverage to uninsured people so they can receive diagnostic testing for the detection of COVID-19. States that implement the option will receive federal matching funds equal to 100 percent of the costs for the medical and administrative costs of testing and related services.

The act also prohibits states from imposing cost sharing on uninsured people for those services. Based on the share of the population that does not have health insurance coverage, CBO projects that less than 10 percent of the tests during the public health emergency will be for people without health insurance.

All told, CBO estimates, section 6004 will increase direct spending by a total of $1.9 billion in 2020 and 2021. Significant uncertainty arises in projecting the number of states that will implement the option to provide coverage for testing and in projecting the number of people who will be tested as a result.

**Federal Matching Assistance Percentage.** Section 6008 increases the federal matching assistance percentage (FMAP) for Medicaid by 6.2 percentage points for services to enrollees who were not made eligible by the Affordable Care Act and for payments to states for hospitals that serve a disproportionate share of low-income and Medicaid enrollees. The increased matching funds will be available as of January 1, 2020, the first day of the quarter in which the Secretary of Health and Human Services determined that there was a coronavirus public health emergency, and will remain available for the duration of the emergency. To qualify for the funds, during the emergency period states may not:

- Adopt Medicaid eligibility standards and procedures that are more restrictive than those in effect on January 1, 2020;
- Increase Medicaid premiums above amounts in effect on January 1, 2020;

- Disenroll any Medicaid enrollee during the period of the emergency declaration unless that person requests disenrollment or moves out of state; or
- Establish any cost-sharing requirement for testing, services, or treatment related to COVID-19.

The act also increases the matching rates for other federal programs that have rates based on the Medicaid rates. The act increases the FMAP rates by 6.2 percentage points for the Medicaid programs in the U.S. territories and for the federal foster care, adoption assistance, and guardianship programs. Because the matching rates for CHIP are based on a formula that increases the Medicaid FMAP rates by a state-specific percentage, the increase in the Medicaid FMAP leads to an average increase in the CHIP matching rates of about 5 percentage points.

CBO estimates that section 6008 will increase direct spending by about $50.0 billion over the 2020-2022 period. Most of those costs are associated with the 6.2 percentage-point increase in the FMAP; a small additional amount is associated with the requirement that states allow people to remain enrolled through the end of the emergency period. That requirement for continuous coverage during the emergency period also will increase revenues by about $252 million because some of the people who will remain on Medicaid under the act would have otherwise obtained subsidized coverage through the marketplaces or through an employer's plan. The former would reduce their tax liability and the latter would reduce the share of their compensation subject to federal income and payroll taxes.

Some of that increase in direct spending will arise from the effect of enhanced FMAPs on states' contributions toward Medicare Part D, the outpatient drug benefit.[11] An increase in the FMAP decreases those payments and therefore increases net spending on Part D: CBO estimates that the resulting increase in net outlays for Part D will account for about $2 billion of the total cost for section 6008.

CBO based this estimate on Medicaid spending projections consistent with the March 2020 baseline forecast. The estimate does not account for additional Medicaid costs associated with evaluation and treatment of

11. Those contributions, often called a clawback, reflect the amounts states would have paid for prescription drugs through Medicaid on behalf of dual-eligible beneficiaries (people who are enrolled in Medicare and Medicaid) had Medicaid covered their prescriptions drug spending.

COVID-19, nor does it account for additional spending associated with increased enrollment arising from the economic disruption caused by efforts to contain the spread of the virus. Accounting for those effects would increase the estimated costs. The magnitude of that effect is uncertain, but in view of the increase in initial unemployment claims, it is likely to be substantial.

**Medicaid Allotment to U.S. Territories.** Medicaid assistance to the U.S. territories is provided under a capped allotment. Under prior law, over the 2020–2021 period, those allotments totaled more than $6.5 billion. Section 6009 increases the allotment amount, and thus direct spending, by $204 million over the same period.

**Tax Credits for Paid Sick Leave and Paid Family Medical Leave.** Division G provides fully refundable credits against payroll taxes to compensate employers for the paid sick leave and family and medical leave mandated by division C and division E.[12] The tax credits are equal to 100 percent of the qualified wages plus the employer's contributions for health insurance premiums, subject to limits specified in division C and division E, and they are allowed against the employer's share of Social Security and Railroad Retirement payroll taxes. Although government employers are subject to the paid-leave mandates, they are ineligible for the tax credits. That provision will not change the amounts credited to the Social Security and Railroad Retirement trust funds.

The act also provides tax credits against income taxes for self-employed people who would have been entitled to the paid leave required by the act if they worked for an employer, subject to the mandates in division C and division E. Those tax credits, which also are fully refundable, are determined based on an individual's average daily self-employment earnings for the year. JCT estimates that division G will reduce revenues by about $95 billion and increase outlays by about $10 billion over the 2020-2021 period.[13]

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12. Refundable tax credits reduce a taxpayer's overall income tax liability; if those credits exceed other tax liabilities, the taxpayer may receive the excess in a refund. Such refunds are classified as outlays in the federal budget.

13. Joint Committee on Taxation, *Estimated Revenue Effects of the Revenue Provisions Contained in Division G of H.R. 6201, the "Families First Coronavirus Response Act,"* JCX-9-20 (March 16, 2020), https://go.usa.gov/xvaWT.

### Spending Subject to Appropriation

CBO has not estimated the effects of the act on spending subject to future appropriation but projects that, if the necessary amounts are appropriated, the following provisions will have significant costs. The provisions described in the first two bullets below could affect spending from funds already appropriated for 2020; those effects would be treated as direct spending. However, CBO estimates that the net effect of those provisions would not be significant.

- Division C and division E could increase spending by federal agencies by allowing employees to use paid leave instead of unpaid leave or to defer leave they would have otherwise used.
- Section 6006 requires the Departments of Defense and Veterans Affairs to waive copayments for testing and treatment of COVID-19. Those copayments are recorded as offsetting collections in the departments' discretionary spending accounts.
- Section 6007 requires the Indian Health Service (IHS) to cover in 2021 the cost of providing items and services related to COVID-19 without any cost sharing for people who use IHS services during the emergency period. (For 2020, section 6001 in division A appropriates $64 million to the IHS to provide such services and treatments.)

## Mandates

P.L. 116-127 imposes intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act. CBO estimates that the aggregate cost of complying with the mandates exceeds the annual thresholds established in UMRA of $84 million for intergovernmental mandates and $168 million for private-sector mandates in 2020. (Those amounts are adjusted annually for inflation.)

### Mandates Affecting Public and Private Entities

The act requires some private-sector employers as well as state and local governments to provide paid sick leave and paid family and medical leave to employees who are affected by COVID-19—for example, employees who experience symptoms, must care for family members, or are quarantined because of the virus. The act provides a tax credit equal to the costs incurred by private employers to provide the new paid leave;

that credit will fully offset the cost of the private-sector mandate. However, to receive the tax credit a company must incur up-front costs, to be offset later by the credit—a lag that could pose challenges for companies.

No tax credit is available to public entities affected by the bill. Based on the number of entities likely to be affected, CBO estimates that state and local governments will spend a total of about $20 billion over fiscal years 2020 and 2021 to comply with the mandate.

The bill also directs the entities required to provide the new paid-leave benefit to post notices of its availability. Given the number of entities affected, CBO estimates the cost of that mandate will exceed several hundred million dollars for public and private entities.

### Mandates Affecting Private Entities

The act prohibits group and individual health plans from imposing cost sharing on enrollees for COVID-19 diagnostic testing and related costs. Because many insurers have already waived such requirements, CBO estimates that complying will impose small costs on health plans that are not already waiving those fees voluntarily.

Finally, the act extends a provision of law that grants immunity during a public health emergency to medical manufacturers and health care providers when using certain covered countermeasures. This limitation on an individual's right of action imposes a mandate. Because little information is available regarding the frequency of claims that could arise or the value of any given claim, CBO cannot estimate the cost of the mandate.

## Contributors

Many people were involved in preparing the estimates discussed in this letter. They are listed below.

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I hope this analysis is useful to the Congress. If you have any questions, please contact me or Sam Papenfuss who can help you connect with the relevant analyst.

Sincerely,

Phillip L. Swagel
Director

Enclosures

cc: Honorable Kay Granger
Ranking Member

**Table 1. Summary of Estimated Budgetary Effects of H.R. 6201, the Families First Coronavirus Response Act, Public Law 116-127** April 2, 2020

By Fiscal Year, Millions of Dollars

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2020-2025 | 2020-2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **DISCRETIONARY APPROPRIATIONS (Division A)** | | | | | | | | | | | | | |
| Budget Authority | 2,471 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,471 | 2,471 |
| Estimated Outlays | 843 | 1,208 | 263 | 72 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 2,407 | 2,407 |
| **INCREASES IN DIRECT SPENDING (Divisions B through G)** | | | | | | | | | | | | | |
| Estimated Budget Authority | 53,072 | 40,116 | 679 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 93,879 | 93,919 |
| Estimated Outlays | 53,276 | 41,257 | 679 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 95,224 | 95,264 |
| **INCREASES OR DECREASES (-) IN REVENUES (Divisions B through G)** | | | | | | | | | | | | | |
| Estimated Revenues | -80,357 | -14,043 | 38 | 57 | 50 | 32 | 19 | 9 | 1 | 0 | 0 | -94,223 | -94,194 |
| **NET INCREASE OR DECREASE (-) IN THE DEFICIT** | | | | | | | | | | | | | |
| Net Effect on the Deficit | 134,476 | 56,508 | 904 | 18 | -25 | -27 | -13 | -2 | 7 | 9 | 10 | 191,854 | 191,865 |

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Estimates are relative to CBO's March 2020 baseline, except for some provisions related to unemployment insurance.

H.R. 6201 is appropriation legislation; however, division H of the law specifies that divisions B through G are to be treated as authorizing legislation. Division H also requires the exclusion of the estimated budgetary effects of those divisions from the pay-as-you-go scorecards maintained by the Senate and the Office of Management and Budget.

**Table 2. Discretionary Spending Under Division A of H.R. 6201, the Families First Coronavirus Response Act, Public Law 116-127** April 2, 2020

By Fiscal Year, Millions of Dollars

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2020-2025 | 2020-2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **DISCRETIONARY APPROPRIATIONS** | | | | | | | | | | | | | |
| Appropriations Subcommittee | | | | | | | | | | | | | |
| **Agriculture**[a] | | | | | | | | | | | | | |
| Food and Nutrition Service | | | | | | | | | | | | | |
| Budget Authority | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1,000 |
| Estimated Outlays | 540 | 402 | 19 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 971 | 971 |
| **Defense** | | | | | | | | | | | | | |
| Military Programs | | | | | | | | | | | | | |
| Budget Authority | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82 | 82 |
| Estimated Outlays | 33 | 39 | 6 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 79 | 79 |
| **Financial Services and General Government** | | | | | | | | | | | | | |
| Internal Revenue Service | | | | | | | | | | | | | |
| Budget Authority | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 15 |
| Estimated Outlays | 8 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 15 |
| **Interior** | | | | | | | | | | | | | |
| Indian Health Service | | | | | | | | | | | | | |
| Budget Authority | 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | 64 |
| Estimated Outlays | 47 | 12 | 3 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 64 | 64 |
| **Labor, Health and Human Services, Education** | | | | | | | | | | | | | |
| Employment and Training Administration, Public Health and Social Services Emergency Fund, Administration for Community Living | | | | | | | | | | | | | |
| Budget Authority | 1,250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,250 | 1,250 |
| Estimated Outlays | 175 | 728 | 235 | 60 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 1,218 | 1,218 |
| **Military Construction/Veterans Affairs** | | | | | | | | | | | | | |
| Veterans Health Administration | | | | | | | | | | | | | |
| Budget Authority | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 60 |
| Estimated Outlays | 40 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 60 |
| **Total Changes in Discretionary Spending** | | | | | | | | | | | | | |
| Budget Authority | 2,471 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,471 | 2,471 |
| Estimated Outlays | 843 | 1,208 | 263 | 72 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 2,407 | 2,407 |

Source: Congressional Budget Office.

Estimates are relative to CBO's March 2020 baseline.

a. Estimated spending under the jurisdiction of the Agriculture Subcommittee includes $100 million in budget authority and outlays that stem from a change to a mandatory program.

**Table 3. Changes in Direct Spending Under Divisions B Through G of H.R. 6201, the Families First Coronavirus Response Act, Public Law 116-127**

April 2, 2020

| By Fiscal Year, Millions of Dollars | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2020-2025 | 2020-2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCREASES IN DIRECT SPENDING** | | | | | | | | | | | | | |
| **DIVISION B - NUTRITION WAIVERS** | | | | | | | | | | | | | |
| **Title III - SNAP Waivers for Work Requirements[a]** | | | | | | | | | | | | | |
| Estimated Budget Authority | 630 | 2,110 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,740 | 2,740 |
| Estimated Outlays | 630 | 2,110 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,740 | 2,740 |
| **Title III - Supplemental SNAP Benefits** | | | | | | | | | | | | | |
| Estimated Budget Authority | 9,800 | 8,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,500 | 18,500 |
| Estimated Outlays | 9,800 | 8,700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,500 | 18,500 |
| **DIVISION C - PAID SICK LEAVE** | | | | | | | | | | | | | |
| Estimated Budget Authority | * | * | * | * | * | * | * | * | * | * | * | * | * |
| Estimated Outlays | * | * | * | * | * | * | * | * | * | * | * | * | * |
| **DIVISION D - EMERGENCY UNEMPLOYMENT INSURANCE STABILIZATION AND ACCESS ACT OF 2020[b]** | | | | | | | | | | | | | |
| Estimated Budget Authority | 1,645 | 3,325 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,970 | 4,970 |
| Estimated Outlays | 1,045 | 3,905 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,950 | 4,950 |
| **DIVISION E - EMERGENCY PAID SICK LEAVE ACT** | | | | | | | | | | | | | |
| Estimated Budget Authority | * | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 15 | 55 |
| Estimated Outlays | * | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 15 | 55 |
| **DIVISION F - HEALTH PROVISIONS** | | | | | | | | | | | | | |
| **Health Insurance Coverage[c]** | | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | 5 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7 |
| Estimated Outlays | 0 | 5 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7 |
| **Medicare** | | | | | | | | | | | | | |
| Estimated Budget Authority | 2,750 | 3,300 | 675 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,725 | 6,725 |
| Estimated Outlays | 2,750 | 3,300 | 675 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,725 | 6,725 |
| **Medicaid and CHIP** | | | | | | | | | | | | | |
| Estimated Budget Authority | 1,097 | 778 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,875 | 1,875 |
| Estimated Outlays | 1,097 | 778 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,875 | 1,875 |
| **Departments of Defense and Veterans Affairs** | | | | | | | | | | | | | |
| Estimated Budget Authority | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| Estimated Outlays | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| **Federal Matching Assistance Percentage[c,d]** | | | | | | | | | | | | | |
| Estimated Budget Authority | 28,378 | 20,269 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 48,647 | 48,647 |
| Estimated Outlays | 29,182 | 20,830 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,012 | 50,012 |
| **Medicaid Allotment to U.S. Territories** | | | | | | | | | | | | | |
| Estimated Budget Authority | 105 | 99 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 204 | 204 |
| Estimated Outlays | 105 | 99 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 204 | 204 |

**Table 3. Changes in Direct Spending Under Divisions B Through G of H.R. 6201 (continued)** April 2, 2020

| By Fiscal Year, Millions of Dollars | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2020-2025 | 2020-2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCREASES IN DIRECT SPENDING (continued)** | | | | | | | | | | | | | |
| **DIVISION G - TAX CREDITS FOR PAID SICK LEAVE AND PAID FAMILY AND MEDICAL LEAVE** | | | | | | | | | | | | | |
| **Refundable Credits**[e] | | | | | | | | | | | | | |
| Estimated Budget Authority | 8,667 | 1,529 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,196 | 10,196 |
| Estimated Outlays | 8,667 | 1,529 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,196 | 10,196 |
| **Total Changes in Direct Spending** | | | | | | | | | | | | | |
| Estimated Budget Authority | 53,072 | 40,116 | 679 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 93,879 | 93,919 |
| Estimated Outlays | 53,276 | 41,257 | 679 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 95,224 | 95,264 |

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Estimates are relative to CBO's March 2020 baseline, except for some provisions related to unemployment insurance; CHIP = Children's Health Insurance Program; SNAP = Supplemental Nutrition Assistance Program; * = between -$500,000 and $500,000.

a. The provisions waiving work requirements in SNAP and increasing SNAP benefits will interact to increase costs. The costs of that interaction are included in the estimate for the provision waiving work requirements.

b. Under CBO's March 2020 baseline, the probability of states' providing extended benefits in 2020 and early 2021 is almost zero, and the cost of the federal government paying for all extended unemployment benefits would not be significant. Using CBO's updated, and notably higher, projections of the unemployment rate, paying for 100 percent of extended unemployment benefits would cost $3.7 billion through the end of calendar year 2020.

c. Provisions will also affect revenues, which are shown in Table 4.

d. Budget authority is less than outlays because the increased matching rate increases outlays for CHIP but does not change the total budget authority for the program.

e. This provision will not change the amounts credited to the Social Security and Railroad Retirement trust funds.

**Table 4. Changes in Revenues Under Divisions D, F and G of H.R. 6201, the Families First Coronavirus Response Act, Public Law 116-127** April 2, 2020

| By Fiscal Year, Millions of Dollars | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2020-2025 | 2020-2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCREASES OR DECREASES (-) IN REVENUES** | | | | | | | | | | | | | |
| **DIVISION D - EMERGENCY UNEMPLOYMENT INSURANCE STABILIZATION AND ACCESS ACT OF 2020** | | | | | | | | | | | | | |
| **Revenue Effect of Expanded Unemployment Eligibility** | 0 | 10 | 39 | 57 | 50 | 32 | 19 | 9 | 1 | 0 | 0 | 188 | 217 |
| **DIVISION F - HEALTH PROVISIONS** | | | | | | | | | | | | | |
| **Health Insurance Coverage**[a] | * | -3 | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4 | -4 |
| *On-budget* | * | *-2* | *-1* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *-3* | *-3* |
| *Off-budget* | * | *-1* | * | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *-1* | *-1* |
| **Federal Matching Assistance Percentage**[a] | 103 | 149 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 252 | 252 |
| *On-budget* | *72* | *105* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *177* | *177* |
| *Off-budget* | *31* | *44* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *75* | *75* |
| **DIVISION G - TAX CREDITS FOR PAID SICK LEAVE AND PAID FAMILY AND MEDICAL LEAVE** | | | | | | | | | | | | | |
| **Revenue Effect of Tax Credits**[a,b] | -80,460 | -14,199 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -94,659 | -94,659 |
| **Total Changes in Revenues** | -80,357 | -14,043 | 38 | 57 | 50 | 32 | 19 | 9 | 1 | 0 | 0 | -94,223 | -94,194 |
| *On-budget* | *-80,388* | *-14,086* | *38* | *57* | *50* | *32* | *19* | *9* | *1* | *0* | *0* | *-94,297* | *-94,268* |
| *Off-budget* | *31* | *43* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | *74* | *74* |

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Estimates are relative to CBO's March 2020 baseline, except for some provisions related to unemployment insurance; * = between -$500,000 and $500,000.

a. Provisions will also affect direct spending, which is shown in Table 3.

b. This provision will not change the amounts credited to the Social Security and Railroad Retirement trust funds.