Honorable Mike Enzi
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Re: Preliminary Estimate of the Effects of H.R. 748, the CARES Act, Public Law 116-136, Revised, With Corrections to the Revenue Effect of the Employee Retention Credit and to the Modification of a Limitation on Losses for Taxpayers Other Than Corporations

Dear Mr. Chairman:

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. 748, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), which was enacted on March 27, 2020, as Public Law 116-136.\(^1\) CBO will provide a comprehensive analysis of this act and related legislation when it publishes its updated baseline budget projections later this year.\(^2\)

On a preliminary basis, CBO and JCT estimate that the act will increase federal deficits by about $1.7 trillion over the 2020-2030 period (see Table 1).

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1. The CARES Act is authorizing legislation; however, consistent with section 23008 of the law, division B is treated as appropriation legislation.
2. That analysis will include, where appropriate, information on the fair-value estimates of the costs of credit programs.
The estimate includes:

- A $988 billion increase in mandatory outlays;
- A $408 billion decrease in revenues;\(^3\) and
- A $326 billion increase in discretionary outlays, stemming from emergency supplemental appropriations.

Although the act provides financial assistance totaling more than $2 trillion, the projected cost is less than that because some of that assistance is in the form of loan guarantees, which are not estimated to have a net effect on the budget. In particular, the act authorizes the Secretary of the Treasury to provide up to $454 billion to fund emergency lending facilities established by the Board of Governors of the Federal Reserve System. Because the income and costs stemming from that lending are expected to roughly offset each other, CBO estimates no deficit effect from that provision.

The estimated budgetary effects of the CARES Act are uncertain for several reasons:

- How federal agencies will implement some provisions of the bill, including those establishing the Federal Reserve’s emergency lending facilities, is not yet known in detail.
- The effects of the novel coronavirus pandemic on economic output and the labor markets are difficult to predict, and those effects drive CBO’s estimate of the act’s changes to unemployment compensation benefits.
- The duration of the emergency declarations related to the coronavirus pandemic and the number of hospitalizations for COVID-19 (the disease caused by the coronavirus) could differ significantly from what CBO has projected, and the budgetary

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\(^3\) On April 23, 2020, the estimated decrease in revenues was reduced by $2.7 billion to correct an error in accounting for the effect of the Employee Retention Credit. Then, on April 27, 2020, the estimated decrease in revenues was further reduced by $34.6 billion to correct a computation error by JCT in the estimate of the effect of the Modification of a Limitation on Losses for Taxpayers Other Than Corporations.
effects of some provisions, such as those affecting Medicare, will depend on those factors.  

- The costs of some provisions depend on uncertain future developments. For example, CBO cannot estimate the cost of COVID-19 vaccines because no such vaccines are yet approved.

Uncertainties related to various provisions of the act are discussed in the relevant sections of this estimate. Actual costs could vary significantly from CBO’s preliminary estimates. In cases where an estimate is not possible, this letter discusses but does not include costs for those provisions.

The nontax provisions of the act impose mandates on the private sector and on state and local governments. CBO estimates that the costs of those mandates will be substantial, exceeding the thresholds in the Unfunded Mandates Reform Act (UMRA). JCT has determined that the tax provisions of the act contain no intergovernmental or private-sector mandates.

**Summary of the CARES Act**

The CARES Act provides funding, expands eligibility for existing programs, and establishes new programs to provide assistance to individuals, businesses, and state, local, tribal, and territorial governments in response to the coronavirus pandemic. Division A contains six titles.

**Title I, the Keeping American Workers Paid and Employed Act:**

- Provides funding to guarantee loans, which may be forgiven, to small businesses and other eligible entities through the paycheck protection program (PPP) to cover payroll and other eligible costs over eight weeks and

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4. For this preliminary estimate, CBO’s budgetary estimates are based on an assumption that the emergency declarations will remain in place through early 2022 (that is, for an additional 21 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 is not necessarily an indication of the severity of the pandemic at any particular point while they are in effect.
• Provides debt relief by modifying the loans of small business borrowers and expanding eligibility for certain Small Business Administration (SBA) loan programs.

Title II, Assistance for American Workers, Families, and Businesses:

• Significantly expands eligibility for unemployment compensation benefits, increases the weekly benefit amount by $600, and extends the number of weeks of benefit eligibility;
• Shifts responsibility for some costs of unemployment compensation benefits from the states to the federal government;
• Provides a refundable tax credit, the recovery rebate, of $1,200 per qualifying adult and $500 per dependent child;
• Defers payment of the employer’s share of Social Security taxes through December 2020; and
• Makes some changes to individual and business tax provisions.

Title III, Supporting America’s Health Care System in the Fight Against the Coronavirus:

• Suspends payments on outstanding federal student loans and makes other changes to federal education and student aid programs;
• Expands the list of items and services that are considered eligible expenses in health savings accounts;
• Expands Medicare coverage for telehealth services;
• Eliminates Medicare cost-sharing requirements for COVID-19 vaccines;
• Increases some Medicare payment rates, eliminates near-term sequestration cuts to Medicare (and extends mandatory sequestration through 2030), and makes changes to coverage and payment rules for certain providers of post-acute care; and
• Extends funding for several programs of the Department of Health and Human Services.

Title IV, Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy:

• Provides funding to the Secretary of the Treasury for direct loans, loan guarantees, or other support for various businesses and state and
local governments through both the Treasury and the Federal Reserve.

Title V, Coronavirus Relief Funds:

- Provides grants to states, local, tribal, and territorial governments for spending related to the pandemic.

Title VI, Miscellaneous Provisions:

- Increases the borrowing authority of the U.S. Postal Service.

Division B, Emergency Appropriations for Coronavirus Health Response and Agency Operations:

- Provides supplemental appropriations to federal agencies for spending related to the pandemic.

**Basis of Estimate**

Consistent with CBO’s normal procedures, most of these preliminary estimates are made relative to CBO’s March 2020 baseline projections. 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. Even though they do not necessarily fully reflect current conditions, CBO expects that the estimated costs are nevertheless informative. However, for provisions for which costs depend importantly on the unemployment rate—specifically, provisions related to unemployment compensation benefits—CBO used an updated and notably higher projection of the unemployment rate that reflects recent economic developments. In CBO’s assessment, that

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6. In preliminary economic projections as of April 3, 2020, the unemployment rate reaches 14 percent in the second quarter of calendar year 2020 and is still 10 percent at the end of calendar year 2021. Those unemployment projections do not account for the effects on the economy of the CARES Act or of the Families First Coronavirus Response Act. The projection of the unemployment rate used for this estimate is higher than that used for the estimate for H.R. 6201, the Families First Coronavirus Response Act (April 2, 2020), [www.cbo.gov/publication/56316](http://www.cbo.gov/publication/56316).
approach led to more informative estimates of the effects of those provisions.

**Estimated Federal Costs**

In total, CBO and JCT estimate, the act will increase deficits by $1.7 trillion over the 2020-2030 period; most of the budgetary effects occur in 2020 and 2021. The provisions with the largest deficit effects are the PPP, the recovery rebates, and the expansion of unemployment insurance (see Figure 1).

Division A affects many direct spending programs that, in total, CBO estimates, will increase direct spending by $988 billion and decrease revenues by $408 billion over the 2020-2030 period (see Table 2 and Table 3). Division B provides $330 billion in funding to a broad range of federal agencies for defined purposes related to the current coronavirus emergency (see Table 4).

**Title I, the Keeping American Workers Paid and Employed Act**

Title I directly appropriates $377 billion, primarily for SBA loans under the PPP. A small portion of that funding will be used for principal and interest payments on existing SBA loan guarantees and direct loans, the SBA’s Economic Injury Disaster Loans (EIDLs), and other expenses.

**Paycheck Protection Program.** Section 1102 establishes the PPP, which is to be administered by the SBA, to provide full guarantees of loans of up to $10 million to small businesses, nonprofit organizations, independent contractors, and other eligible entities. The loans guaranteed by the PPP are primarily for maintaining existing payrolls over the eight-week period following disbursement. The full principal amount and any accrued interest on a PPP loan may be forgiven, although that forgiveness will be diminished if a borrower either decreases the number of employees on its payroll or reduces employees’ compensation. Amounts that are not forgiven must be paid back to lenders within two years at an interest rate of 1 percent.
Figure 1.

Deficit Effects Through 2030 of the CARES Act, by Major Provision

<table>
<thead>
<tr>
<th>Billions of Dollars</th>
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<tbody>
<tr>
<td><strong>Total 1,721</strong></td>
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<tr>
<td>Paycheck Protection Program and Other SBA Grants and Loans 377</td>
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<tr>
<td>Unemployment Insurance 268</td>
</tr>
<tr>
<td>Increased Limits on Losses for Corporations and Individual Taxpayers 161</td>
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<tr>
<td>Payments to State, Local, and Tribal Governments 150</td>
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<tr>
<td>Other Discretionary Outlays 71</td>
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<tr>
<td>Employee Retention Credit for Affected Employers 55</td>
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<tr>
<td>Other Revenue Provisions 49</td>
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<tr>
<td>FEMA Disaster Relief Fund 44</td>
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<tr>
<td>Other Mandatory Outlays 43</td>
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<tr>
<td>HHS Public Health and Social Services Emergency Fund 127</td>
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<tr>
<td>Other Mandatory Outlays 43</td>
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<tr>
<td>Department of Transportation 35</td>
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<tr>
<td>Education Stabilization Fund 31</td>
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<tr>
<td>Veterans Affairs 19</td>
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Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Components may not sum to totals because of rounding. Estimates are relative to CBO’s March 2020 baseline, except for some provisions related to unemployment insurance.

Although the act provides financial assistance totaling more than $2 trillion, the projected cost is less than that because some of that assistance is in the form of loan guarantees, which are not estimated to have a net effect on the budget. In particular, the act authorizes the Secretary of the Treasury to provide up to $454 billion to fund emergency lending facilities established by the Board of Governors of the Federal Reserve System. Because the income and costs stemming from that lending are expected to roughly offset each other, CBO estimates no deficit effect from that provision.

FEMA = Federal Emergency Management Agency; HHS = Department of Health and Human Services; SBA = Small Business Administration.

Other revenue provisions include a temporary increase in the amount of interest expenses that businesses may deduct, an expansion of qualified medical expenses that are tax deductible, and the suspension of certain aviation excise taxes.

Other mandatory outlays include payroll assistance for aviation workers, additional borrowing authority for the U.S. Postal Service, and relief for federal student loan borrowers.

Other discretionary outlays stem from funding for a broad range of activities, the bulk of which falls within budget functions 350 (agriculture), 600 (income security), 050 (national defense), 450 (community and regional development), and 550 (health).
The act provides a direct appropriation of $349 billion for the subsidy cost of guaranteeing and delivering PPP loans in 2020. The SBA reports that amount has been fully obligated and will be expended in fiscal year 2020.

**Debt Relief for New and Existing SBA Borrowers.** Section 1107 provides a direct appropriation of $17 billion for debt relief for new and existing SBA borrowers. The section requires the SBA to pay the principal, interest, and fees that are owed on specified loans for six months. Payments on loans that lenders have already agreed to delay will be forgiven for six months after the end of that deferment period. Payments on new loans issued before September 27, 2020, will be forgiven for six months.

By providing debt relief for new and existing SBA borrowers, the SBA will be modifying those loans. Modifications to direct loans or loan guarantees are recorded on a net-present-value basis in the year the modification is made. Because all modifications will occur before the end of fiscal year 2020, CBO expects that the full $17 billion will be spent to modify loans made in that year.

**Economic Injury Disaster Loans.** Section 1110 expands eligibility for small businesses and other entities to borrow money under the SBA’s EIDL program to cover the costs of economic injury stemming from business interruption. The section also provides the SBA more flexibility to process and disburse small-dollar loans. The act directly appropriates $10 billion to the SBA to make grants of up to $10,000 to small businesses, independent contractors, sole proprietors, and other small employers to help those entities cover the costs of economic injury incurred as a result of the coronavirus emergency.

CBO estimates that the SBA will spend most of the appropriated funds in 2020 to make those grants to small businesses. CBO expects that businesses will use the grants to cover the costs of maintaining their payrolls to retain employees, make rent or mortgage payments, repay obligations that cannot be met because of revenue losses, and obtain materials made scarcer as a result of interrupted supply chains.

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7. CBO estimated the costs of this provision using the methodology specified in the Federal Credit Reform Act of 1990. The subsidy cost is the estimated lifetime cost to the government, as measured by discounting all expected future cash flows associated with the loan or loan guarantee to a net present value. A present value is a single number that expresses a flow of current and future payments in terms of an equivalent lump sum received or paid at a specific time.
Title II, Assistance for American Workers, Families, and Businesses

The provisions with the largest budgetary effects in title II expand the unemployment insurance program, provide refundable tax credits for individuals, and allow taxpayers to fully offset nonbusiness income with losses stemming from business activities.

Unemployment Insurance. Subtitle A of title II significantly expands eligibility for unemployment compensation benefits, and it increases the weekly benefit amount and the number of weeks beneficiaries can claim. Major provisions include:

- Creating the pandemic unemployment assistance (PUA) program to provide weekly benefits to unemployed people affected by the epidemic who are otherwise ineligible for unemployment compensation benefits,
- Temporarily adding $600 to the weekly benefit amount in unemployment programs,
- Providing an additional 13 weeks of unemployment compensation benefits through the pandemic emergency unemployment compensation (PEUC) program to people who exhaust regular benefits, and
- Federally funding various unemployment compensation benefits and state administrative expenses.

The costs of provisions discussed below that are related to unemployment insurance have been estimated using an updated and notably higher projection of the unemployment rate that reflects economic developments as of April 9, 2020. However, the estimated budgetary effects of those provisions are particularly uncertain because they depend on the effects of the pandemic on the labor market. Overall, CBO estimates, outlays for unemployment insurance will increase by a total of $263 billion in 2020 and 2021 as a result of these provisions. Additionally, subtitle A will decrease revenues by an estimated $5 billion, most of which would occur in 2020 and 2021, as discussed below.

Pandemic Unemployment Assistance. Section 2102 makes PUA weekly cash benefits available to people who are unemployed, partially unemployed, or otherwise unable to work because of the coronavirus, but who are not eligible for regular unemployment compensation, extended unemployment benefits, or the PEUC program. Those people include self-
employed workers, independent contractors, and people without sufficient work history to meet qualifications for other programs.

The PUA program will pay benefits for up to 39 weeks of unemployment beginning on or after January 27, 2020, and ending on or before December 31, 2020. The program will be administered by the Department of Labor, and beneficiaries will apply for PUA benefits through state unemployment agencies. The weekly benefit amount will be calculated under state law on the basis of an applicant’s recent earnings, subject to a minimum benefit amount of half of the state’s average weekly amount for regular unemployment compensation. (In CBO’s projections, that average weekly benefit for fiscal year 2020 is $366; CBO estimates that the average weekly PUA benefit will be $238.)

CBO estimates that the new PUA program will increase outlays by a total of $35 billion in 2020 and 2021. Disaster unemployment assistance has historically been available during disasters to types of workers similar to those who will be covered by PUA. Based on an analysis of disaster unemployment assistance, CBO expects about 5 million people to claim PUA benefits. However, given the extraordinary nature of current events, the number of participants who claim benefits may differ significantly from previous disasters.

**Emergency Increase in Unemployment Compensation Benefits.** People who receive regular or extended unemployment compensation benefits, trade readjustment allowances, short-time compensation, PUA benefits, or PEUC through July 31, 2020, will receive their regular weekly benefits plus an additional $600 each week. Overall, CBO estimates, that addition to benefits will increase outlays by about $176 billion in calendar year 2020.

CBO estimates that most of the increase (about $139 billion) will stem from about 17 million people receiving $600 weekly in addition to regular unemployment compensation benefits.

Typically, not every person who is eligible for unemployment insurance claims benefits. CBO expects that more people will apply for and receive unemployment compensation benefits because of the temporary increase in the weekly benefit amount. Of the increased outlays estimated for regular unemployment compensation, CBO estimates, about $4 billion will result from more people claiming benefits than would have otherwise.
Pandemic Emergency Unemployment Compensation. The PEUC program will provide up to 13 additional weeks of benefits for people who have exhausted regular state and federal unemployment compensation benefits. The benefit amount is the same as what a beneficiary would receive as regular unemployment compensation. Eligible people can receive those benefits until the end of December 2020. CBO estimates that almost 12 million people will receive PEUC and that the program will increase outlays by about $51 billion in calendar year 2020.

Other Unemployment Provisions. Subtitle A contains additional unemployment insurance provisions that would increase outlays in 2020 and 2021 by $2 billion, including additional funding for short-time compensation programs, railroad unemployment insurance, and expenses for states to administer the expansion of unemployment compensation benefits.

Revenue Effects of Unemployment Insurance Provisions. CBO estimates that revenues will decrease, on net, by about $5 billion over the 2020-2030 period as a result of the act’s various unemployment insurance provisions. Most of those revenue decreases will occur in 2020 and 2021. The unemployment insurance system is a federal-and-state partnership: Unemployment compensation benefits paid out by states are recorded as federal outlays, and the taxes levied by states to pay for certain benefits are recorded as federal revenues. The act contains several provisions that shift the funding of certain unemployment benefits from the states to the federal government. As a result, states’ unemployment taxes will be lower than they would have been otherwise, and federal revenues will be reduced. Specifically, the act shifts funding from the states to the federal government for:

- Fifty percent of the regular unemployment compensation benefits for people who worked for public-sector entities and nonprofit organizations, resulting in an estimated revenue decrease of $4 billion over the 2020-2030 period;
- The first week of benefits for people in states that waive the one-week waiting period for regular unemployment compensation.

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8. People who claim PEUC before July 31, 2020, will receive $600 a week in addition to the calculated weekly benefit amount. The increase in outlays attributable to the increased benefit amount is included in the cost for the emergency increase in unemployment compensation benefits.
decreasing revenue by an estimated $4 billion from 2020 through 2030; and

- All short-time compensation benefits paid through the end of December 2020 in states with short-time compensation programs, decreasing revenue by $0.3 billion over the 2020-2030 period.

CBO estimates that those decreases in federal revenues will be partially offset by a $3.5 billion increase over the 2021-2030 period as states respond to smaller balances in their unemployment trust fund accounts by increasing their future collections of unemployment taxes.

**Recovery Rebates for Individuals.** For tax year 2020, section 2201 creates a refundable tax credit of $1,200 ($2,400 for joint filers) plus $500 per dependent child under the age of 17. The credit phases out for taxpayers with adjusted gross income (AGI) over $75,000 ($150,000 for joint filers; $112,000 for head-of-household filers). A similar benefit is allowed in U.S. possessions. Advance payments of the credit will be made “as rapidly as possible.”

Eligibility for the advance payments is based on AGI from tax year 2019 returns, which typically would be filed in calendar year 2020. If a 2019 return has not been filed by the date of determination of eligibility, AGI from a tax year 2018 return can be used to determine eligibility instead. If an individual has not filed a 2018 or 2019 return but receives Railroad Retirement benefits or Social Security (including Social Security disability benefits), information on calendar year 2019 benefit payments can be used to determine eligibility.

Those advance payments of the credit may be disbursed electronically to accounts taxpayers have provided for direct deposit of tax refunds, Social Security benefits, or Railroad Retirement benefit payments. Any taxpayers eligible for a larger credit based on tax year 2020 information can claim the additional amount when they file a 2020 tax return, most likely in the spring of 2021. Taxpayers who are eligible for tax year 2020 credits that are

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9. 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.

10. AGI refers to total income for the tax year that is not specifically excluded by the tax code minus certain deductions, including contributions to individual retirement accounts, alimony paid, and student loan interest.
less than their advance payments will not be required to repay the difference. Dependent filers are not eligible, and a Social Security number is required for eligibility for filers and their dependents. JCT estimates that the provision will reduce revenues by $142 billion and increase outlays by $151 billion over the 2020-2021 period.\footnote{Joint Committee on Taxation, Estimated Revenue Effects of the Revenue Provisions Contained in an Amendment in the Nature of a Substitute to H.R. 748, the “Coronavirus Aid, Relief, and Economic Security (‘CARES’) Act,” as Passed by the Senate on March 25, 2020, and Scheduled for Consideration by the House of Representatives on March 27, 2020, JCX-11R-20 (April 23, 2020), https://go.usa.gov/xvQuv.}

**Employee Retention Credit.** Section 2301 provides a refundable tax credit against payroll taxes to employers required to shut down because they face a coronavirus-related government mandate and to employers that see a significant decline in their revenue in 2020. The tax credit equals 50 percent of the qualified wages paid by eligible employers from March 13, 2020, through December 31, 2020. The maximum credit is $5,000 per employee; qualified wages are capped at $10,000 per employee. The provision will not change amounts credited to the Social Security and Railroad Retirement trust funds. JCT estimates that the employee retention credits will reduce revenues by $52 billion and increase outlays by $3 billion over the 2020-2021 period, for a net increase in the deficit of $55 billion.

**Delay of Payment of Employer Payroll Taxes.** Section 2302 allows employers and self-employed people to defer payment of the employer’s share of Social Security taxes incurred from March 27, 2020, through December 31, 2020. The deferred amount will be due in two equal installments—the first by December 31, 2021, and the second by December 31, 2022. Because some businesses that will incur payroll tax liability in 2020 may cease operations or otherwise fail to remit the installment payments, the government might not collect all of those deferred taxes. The provision will not change the amounts credited to the Social Security and Railroad Retirement trust funds. JCT estimates that this provision will reduce revenues by $351 billion over the 2020-2021 period and increase revenues by $339 billion over the 2022-2023 period.

**Modifications for Net Operating Losses.** Section 2303 permits businesses to offset 100 percent of taxable income for net operating losses (NOLs) incurred over the three-year period from 2018 through 2020. Before the enactment of the CARES Act, NOLs could be used only to offset up to 80 percent of taxable income. The act also temporarily allows corporations
to carry back recently incurred NOLs for refunds of tax liabilities for the prior five years. The losses must be incurred for tax years beginning after December 31, 2017, and before January 1, 2021. Refunds will be calculated using the tax rate in effect when the liabilities were paid. In general, the tax rate was 35 percent before January 1, 2018. JCT estimates that the provision will reduce revenues, on net, by $26 billion over the 2020-2030 period, with the largest effect, a reduction of $80 billion in revenue, occurring in 2020.

**Modification of a Limitation on Losses for Taxpayers Other Than Corporations.** Section 2304 allows individual taxpayers to use the full amount of their business losses to offset nonbusiness income for tax years 2018 through 2020, or for farm losses, tax years 2018 through 2025. Before the enactment of the CARES Act, a taxpayer could offset only up to $250,000 ($500,000 for joint filers) of other income with business losses for tax years 2018 through 2025. (The loss in excess of the limit could be carried forward to use as a NOL in future years.) Section 2304 also clarifies that all wage income from a business is “other income,” not business income, for the purposes of the limitation on losses. JCT estimates that the provision will reduce revenues by $135 billion over the 2020-2030 period.

**Other Tax Provisions.** Title II includes other individual and business tax provisions with smaller budgetary effects, which together, JCT estimates, will reduce revenues by $24 billion over the 2020-2030 period, largely during the first two years. Those provisions include the following:

- A waiver of penalties for certain early withdrawals from retirement accounts in calendar year 2020;
- A waiver of required minimum distribution rules for certain retirement accounts in calendar year 2020;
- Relaxation of certain limits on the amount that taxable income may be reduced by deductions for charitable contributions in calendar year 2020;
- Creation of a partial “above the line” deduction for taxpayers who do not itemize deductions in 2020 but make charitable contributions of up to $300 in cash;
- Exclusion from taxation of certain employer payments for their employees’ student loans;
- A temporary increase in the amount of interest expenses that businesses may deduct for tax years 2019 and 2020;
• Acceleration of when businesses may use credits for prior-year minimum tax liabilities; and
• A change in the period over which the costs of improvements to certain nonresidential real estate must be depreciated, or deducted, from 39 years to 15 years.

Title III, Supporting America’s Health Care System in the Fight Against the Coronavirus
Title III provides support for health care and education programs. All told, title III will increase the deficit by $17 billion over the 2020-2030 period, CBO estimates.

Education Provisions. Subtitle B of part IV of title III modifies grant and loan programs related to education and federal student aid.

CBO estimates that the provisions in this subtitle will increase direct spending by $8.8 billion over the 2020-2030 period, most of which will occur in 2020. Of that total, $8.5 billion is for student loans and $0.3 billion is for other grant and loan programs.

As required by the Federal Credit Reform Act of 1990 (FCRA), CBO estimates most of the costs of the federal student loan programs on a net-present-value basis. As required by FCRA, changes to the estimated costs of outstanding student loans are shown in fiscal year 2020, the year of enactment.

The CARES Act suspends until September 30, 2020, borrowers’ payments on all outstanding loans in the William D. Ford Federal Direct Loan Program and loans originated in the Federal Family Education Loan Program that are held by the Department of Education. Borrowers will receive credit toward meeting the requirements of any loan forgiveness and rehabilitation programs as though they had made payments. The act also waives interest accrual on those loans for the same period.

In response to the coronavirus emergency, the Department of Education notified borrowers that they may apply for administrative forbearance to temporarily stop making payments on their loans. The department also waived interest accrual on loans through May 13, 2020, and may extend that period. For this estimate, CBO assumes the department would have waived interest accrual through June 30, 2020, in the absence of this act.
Using data from the National Student Loan Data System on the portfolio of outstanding loans, CBO estimates that this provision will increase direct spending by $8 billion. That cost results both from a delay in the repayment of outstanding loans and from a reduction in the amounts paid by borrowers who make fewer payments because they will receive loan forgiveness or loan rehabilitation. Because costs are accounted for on a net-present-value basis, delaying repayments, even if the same amount is ultimately collected, increases the cost to the federal government.

Other provisions in the act suspend involuntary collections on outstanding student loans, allow the Department of Education to make payments on outstanding loans to historically black colleges and universities, waive certain rules and requirements for students who withdraw from school because of the coronavirus emergency, and provide flexibility for schools’ and states’ use of federal education funds.

**Expansion of Qualified Medical Expenses.** Section 3702 amends the Internal Revenue Code to expand the definition of qualified medical expenses for health savings accounts, health flexible spending arrangements, and other savings arrangements to include amounts paid for menstrual care products and for over-the-counter medicines or drugs. Under current law, certain individuals and employers may make tax-preferred contributions to health savings accounts or use similar tax-advantaged saving arrangements, such as flexible spending arrangements, health reimbursement accounts, and Archer medical savings accounts. Generally, contributions made by an individual are deductible for income tax purposes, and contributions made by an employer, including through a cafeteria plan, are excludable from income for income and payroll tax purposes. This section includes as qualified medical expenses for those accounts amounts paid for menstrual care products and for medicines or drugs that have not been prescribed by a doctor. Because more products are eligible for the tax exclusion, people will contribute more to those tax-advantaged arrangements. JCT estimates that this provision will reduce revenues by $9 billion over the 2020-2030 period.

**Medicare Provisions.** The CARES Act includes several provisions that will change Medicare’s coverage of and payment for services. For the duration of the declared emergency, sections 3703 through 3707 expand how Medicare covers and pays for telehealth services in certain
For example, beneficiaries will be able to receive telehealth services from any clinician participating in Medicare rather than only from those with whom they have an established relationship. CBO used information on the use of telehealth services, as well as Medicare’s payment rates, to estimate higher Medicare spending of about $2 billion over the 2020-2030 period.

Section 3709 cancels the sequestration of Medicare spending for May through December 2020. It also amends the Budget Control Act of 2011 (P.L. 112-25) to extend by one year (through 2030) the sequestration of all nonexempt mandatory spending. CBO estimates that this change will increase outlays for Medicare by $8 billion in fiscal years 2020 and 2021, and decrease total mandatory outlays, on net, by $26 billion in 2029 and 2030. In total, section 3709 will result in a net reduction in outlays of $19 billion over the 2020-2030 period.

Section 3710 increases Medicare’s payment rate by 20 percent for inpatient admissions for patients who are diagnosed with COVID-19 during the national emergency and treated in a hospital that receives payment under Medicare’s inpatient prospective payment system (IPPS). CBO estimates that about 2 million Medicare beneficiaries will be admitted with a diagnosis of COVID-19 during the emergency, and about 1 million of them will be beneficiaries in traditional Medicare who are treated at hospitals paid under Medicare’s IPPS. Using information about Medicare’s IPPS, CBO estimates that the provision will increase Medicare spending by about $3 billion over the 2020-2030 period.

For the duration of the emergency, section 3711 waives certain Medicare criteria applicable to services provided in some post-acute care settings and changes payments for some stays in long-term care hospitals. For example, the provision waives the requirement that a patient must require a minimum

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12. For its projections of the extent of the coronavirus epidemic, CBO developed a range of scenarios based on models from academic, government, and other research institutions. Those scenarios differed in the number of infections and the timeframe over which they would occur. The agency then constructed a central estimate using a weighted average of the scenarios. In CBO’s judgment, new infections could continue throughout 2020 and 2021. On the basis of past public health emergency declarations, CBO expects that current declarations will be in place until the beginning of calendar year 2022.

13. Sequestration refers to a set of across-the-board reductions in budgetary resources established by the Budget Control Act of 2011. Those reductions are required under current law for some mandatory programs and were extended through 2029 before the enactment of the CARES Act.
of 15 hours of therapy per week to be eligible to receive care in an inpatient rehabilitation facility (IRF). CBO estimates that this change will increase the number of IRF stays covered by Medicare, and it used data on Medicare’s payments to IRFs to estimate the effect on Medicare’s spending. Section 3711 also requires the Medicare program to pay long-term care hospitals under the long-term care hospital prospective payment system during the national emergency for certain stays that otherwise would have been paid at a lower rate. CBO used data on Medicare’s payment rates under that system to estimate the effect of this provision on Medicare spending.

Taken together, CBO estimates, the changes under section 3711 will increase Medicare spending by $4 billion over the 2020-2030 period. Most of that increase will come from the changes to Medicare’s criteria for payments to IRFs.

Section 3713 requires Medicare Part B to cover the costs of vaccines for COVID-19 and the costs of administering them without imposing cost-sharing requirements for patients. At this time, CBO cannot estimate how much the provision will increase outlays. Because no vaccine is yet approved, CBO has no basis on which to estimate its efficacy, Medicare’s payment rate, or the number of doses that would be administered to Medicare beneficiaries. Without that information, CBO cannot complete an estimate of that provision’s budgetary effects.

Sections 3708, 3712, 3714, 3718, and 3719 make other changes to Medicare’s payments and coverage. CBO estimates that, in total, those provisions will increase direct spending by about $1 billion over the 2020-2030 period.

**Provisions Affecting Programs in the Department of Health and Human Services.** Subtitle E of title III extends funding for and modifies several federal programs in the Department of Health and Human Services through November 30, 2020, including the Money Follows the Person demonstration, community health centers, the National Health Service Corps, teaching health centers, and the Special Diabetes Program. That subtitle also will delay scheduled cuts to allotments for Medicaid disproportionate share hospitals and extend for two years the certified community behavioral health clinics demonstration program. In addition, section 3211 appropriates supplemental funding for community health centers for fiscal year 2020. In total, CBO estimates, the changes to
programs in the Department of Health and Human Services will increase direct spending by $8 billion over the 2020-2030 period.

**Title IV, Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy**

Title IV provides funding to the Secretary of the Treasury, subject to certain terms and conditions, for direct loans, loan guarantees, grants, and other support for various businesses and state and local governments, as follows:

- $500 billion for the Secretary of the Treasury to provide loans and loan guarantees to passenger air carriers, cargo air carriers, and businesses that are critical to national security and to support emergency lending facilities established by the Federal Reserve, and
- $32 billion for grants to the airline industry for payroll support.

**Federal Reserve’s Emergency Lending Facilities.** Section 4003(b)(4) authorizes the Secretary of the Treasury to provide up to $454 billion—plus any amounts provided under the subsection that are not used to support other sectors—to fund emergency lending facilities established by the Board of Governors of the Federal Reserve System. CBO estimates that the Treasury Department, in consultation with the Federal Reserve, will use the funds to secure lending or to purchase assets under the Federal Reserve’s Section 13(3) emergency lending authority, making those amounts available to cover loan defaults or other losses.

On April 9, 2020, the Board of Governors announced a series of emergency lending programs that included a $110 billion commitment from the CARES Act for equity investments. Approximately two-thirds of that amount, $75 billion, will support loans to small and midsized businesses; the rest will support lending to states and municipalities.

CBO expects that the Treasury Department will commit additional funding provided in the act for Federal Reserve facilities as those facilities are established or modified. Most commitments will be made in 2020, and the rest will occur in 2021, CBO anticipates. Complete term sheets are available for some but not all facilities, and the full nature of the
transactions between the Treasury and the Federal Reserve has not been determined.\textsuperscript{14}

CBO is estimating the budgetary effects of the provisions on a net-present-value basis, rather than as year-by-year cash flows, in accordance with subsection 4003(e) of the act.\textsuperscript{15} FCRA requires costs for loans and loan guarantees to be projected on a net-present-value basis. Although the investments of the Treasury and the Federal Reserve might not take those forms, the subsection extends FCRA measures to estimates of other investments made under the act.

CBO estimates that the amounts committed by the Treasury Department will significantly increase the total lending provided by the Federal Reserve. The CARES Act and other laws provide broad authority to the Federal Reserve, in consultation with the Secretary, to determine what forms such lending will take. The budgetary effects of the additional lending will depend on decisions of the Federal Reserve and the Treasury. CBO has reviewed the Federal Reserve’s announcements describing the new emergency lending facilities, but has not analyzed the details of the new programs.

In the past, the Federal Reserve has not sustained losses on similar lending. During the financial crisis of 2008 and 2009, for example, the Federal Reserve earned interest income that exceeded its cost of financing, resulting in larger remittances and therefore in profits for the federal government. The additional lending under the CARES Act is likely to take a broader set of forms than in the past. CBO estimates that the new lending will expose the government to default and other losses, but also that it will generate interest and other income that will exceed its borrowing costs. Based in part on information from the Board of Governors, CBO estimates that the income and costs will roughly offset each other, on an expected-value basis—that is, on average. Therefore, the additional emergency lending will not affect the deficit, CBO estimates.

That additional lending will result in substantial additional credit risk for the government, however, which could have a wide range of budgetary

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\textsuperscript{14} Term sheets set forth the basic terms and conditions established by the Federal Reserve for the activities of the lending facilities created or modified with resources provided by the CARES Act.

\textsuperscript{15} A present-value analysis presents a single number representing the sequence of projected cash flows of an asset or liability in terms of an equivalent lump sum received or paid at a specific point in time.
effects. In CBO’s assessment, there is a high probability that the lending will result in a small net profit for the government, thus reducing the deficit, but there also is a small probability that the provisions could result in a very large loss—an outcome that would significantly increase the deficit. Finally, CBO expects that the performance of loans and assets will vary across facilities, with some realizing net losses and others net gains.

**Credit Assistance for Air Carriers and Businesses That Are Critical to National Security.** Section 4003 authorizes the Secretary of the Treasury to provide direct loans or loan guarantees for up to $25 billion for passenger air carriers and related businesses, $17 billion for businesses that are critical to national security, and $4 billion for cargo air carriers. That authority expires on December 31, 2020. The act requires the Secretary to receive warrants, equity interest, or senior debt instruments issued by the loan recipients as compensation for providing the loans.

On the basis of public announcements, CBO expects that the Treasury will provide assistance in the form of direct loans rather than loan guarantees. As required under FCRA, the estimated subsidy cost of those loans, calculated on a net-present-value basis, will be recorded on the budget at the time the commitments are made.

Both the volume and the subsidy costs of commitments that will be made by December 31, 2020, are uncertain. Some eligible businesses have publicly announced interest in obtaining loans, and others have indicated that they have no immediate interest in those programs. Similarly, companies that currently have access to credit from the private sector may become eligible for Treasury loans if their financial condition weakens in the future. CBO has no basis to estimate which businesses and major air carriers will seek loans from the Treasury under title IV. In the absence of sufficient information from those industries on the demand for loans, CBO estimates about half of the authorized loan volume ($23 billion) will be used, recognizing that the actual demand for loans could be higher or lower.

Given the eligibility criteria in the bill, CBO estimates that the credit risk of Treasury loans under this section will be similar to that of high-yield debt with a credit rating of at least B minus. Using historical data from major

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credit-rating agencies on the probability of default and recoveries, CBO estimates that the subsidy rate for the loan program will average about 10 percent. Thus, on balance, the program’s estimated credit subsidy cost will be about $2 billion over the 2020-2030 period.

The form and size of equity that the Treasury Department will receive are uncertain. If the department uses an approach similar the proposal reported for the airline payroll support program (as described in more detail below), it would receive warrants with a face value equal to 10 percent of the loan volume. On that basis, and assuming that the warrants expire in five years, CBO estimates that the returns on equity will total about $1 billion over the 2020-2030 period, lowering the net cost of the loan program to about $1 billion.

**Suspension of Certain Aviation Excise Taxes.** Section 4007 suspends certain aviation excise taxes until January 1, 2021, including excise taxes levied on transportation of persons and property by air and those levied on fuel used in aviation. JCT estimates that those provisions will reduce revenues by $4 billion over the 2020-2021 period.

**Pandemic Relief for Aviation Workers.** Section 4112 allows the Secretary of the Treasury to provide financial assistance to the airline industry for payroll support, as follows:

- $25 billion for passenger air carriers,
- $4 billion for cargo air carriers, and
- $3 billion for related contractors.

Awards are capped at each air carrier’s salary and benefit expenditures for the six months ending September 30, 2019. According to Treasury announcements, 70 percent of assistance to large carriers will come in the form of grants, and 30 percent will come in the form of loans; assistance to smaller carriers will be entirely in grants.18

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Using industry data on employee compensation, and assuming that all major carriers will receive assistance, CBO estimates that about $23 billion in grants will be disbursed over the 2020-2021 period. Using historical data from major credit-rating agencies on the probability of default and recoveries, and assuming interest rates of around 1 percent, consistent with Treasury plans, CBO estimates that about $9 billion in loans will be issued with an average subsidy rate of about 7 percent. Thus, on balance, the estimated subsidy cost of the loans will be about $1 billion over the 2020-2030 period.

In addition, the act authorizes the Secretary to receive warrants, options, and other securities as compensation for providing payroll assistance. According to Treasury announcements, the department plans to receive warrants under that authority with a face value equal to 10 percent of the loan volume. Assuming a five-year expiration date for the warrants, CBO estimates that the returns on the equity, which will be recorded in the budget as offsetting receipts, will total less than $500 million over the 2020-2030 period. The resulting net cost of the payroll assistance program, including grant payments, loan subsidy cost, and equity returns, is about $24 billion over the same period.

**Title V, Coronavirus Relief Funds**

Title V provides $150 billion to state, local, tribal, and territorial governments to offset expenses stemming from the pandemic. CBO estimates that all of those amounts will be provided in 2020 and most will be spent in that year, increasing outlays by $150 billion in 2020 and 2021. The relief funds are allocated as follows:

- $139 billion for state governments,
- $8 billion for tribal governments, and
- $3 billion for the District of Columbia and U.S. territories.

The funds are allocated on the basis of population within each category. Up to 45 percent of each state’s allocation may be provided directly to units of local government, if those units certify to the Department of the Treasury that they have incurred pandemic-related expenses. Those allocations will be based on a local government’s share of the state’s population.
Title VI, Miscellaneous Provisions

Section 6001 provides $10 billion in additional borrowing authority for the U.S. Postal Service to help cover operating expenses. Such borrowing authority can be used by the Postal Service to increase its spending without a corresponding increase in offsetting receipts. Using information from the Postal Service, CBO estimates that the agency will use that authority and spend the entire authorized amount in 2020, increasing off-budget direct spending by $10 billion.

Division B, Emergency Appropriations for Coronavirus Health Response and Agency Operations

Division B provides $330 billion in supplemental discretionary appropriations to a range of federal agencies for defined purposes related to the coronavirus emergency. CBO’s estimate of the outlays resulting from those appropriations is summarized in Table 4. Those estimates reflect, in part, historical spending patterns for programs that have received large infusions of funding, as well as information from federal agencies about the anticipated timeframe for carrying out activities specifically related to the coronavirus pandemic. CBO estimates that about $99 billion of that funding will be spent in 2020.

Almost 80 percent of the funding provided under division B consists of appropriations for five major programs or activities:

- $127 billion for the Public Health and Social Services Emergency Fund within the Department of Health and Human Services; $100 billion of that amount will be available to reimburse health care providers (such as hospitals) for expenses related to health care or lost revenues as a result of the coronavirus emergency. The

19. That amount includes $14.3 billion stemming from changes to mandatory programs. Section 11002 of division B provides the Commodity Credit Corporation (CCC) with a $14 billion reimbursement for net realized losses in fiscal year 2020. The CCC is limited to $30 billion in borrowing authority at any time and is authorized to receive an annual reimbursement for its net realized losses. This provision is a supplemental reimbursement to the CCC during fiscal year 2020. The effect is to lift the borrowing cap during the current fiscal year by $14 billion. CBO estimates that this additional borrowing authority will result in increased outlays of $10 billion in fiscal year 2020 and $4 billion in fiscal year 2021. That estimate is based on information that the Department of Agriculture is considering using this new 2020 authority to make additional producer support payments that may be similar to the trade mitigation payments announced in 2018 and 2019. Division B also provides $300 million for the Supplemental Nutrition Assistance Program; that funding will be used for food distribution efforts for Indian reservations and U.S. territories.
remaining amounts, including $16 billion for the Strategic National Stockpile, will primarily support the development and purchase of vaccines, therapeutic treatments and drugs, and medical supplies.

- $45 billion for the Disaster Relief Fund, which the Federal Emergency Management Agency will use to support state and local governments’ response-and-recovery efforts and to reimburse federal agencies for costs incurred in responding to the emergency.

- $36 billion for the Department of Transportation to provide grants and other assistance to public-use airports and transit systems, which will defray operating expenses and other costs related to responding to the emergency.

- $31 billion for the Department of Education to establish an education stabilization fund, which will provide grants to states and local education agencies and fund institutions of higher education, primarily to provide grants to students.

- $20 billion for the Department of Veterans Affairs, primarily for testing and treating veterans for COVID-19.

Almost all discretionary spending resulting from division B 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 appropriations established by the Budget Control Act of 2011, as amended, will be adjusted to accommodate that funding.

**Mandates**

The CARES Act imposes intergovernmental and private-sector mandates as defined in UMRA. CBO estimates that the aggregate cost of mandates in the nontax provisions of the act will be substantial, exceeding the thresholds established in UMRA of $84 million for intergovernmental mandates and $168 million for private-sector mandates in 2020. (Those thresholds are adjusted annually for inflation.) JCT has determined that the

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20. Section 22004 rescinds and appropriates an estimated $72 million in unobligated balances for homeless assistance grants administered by the Department of Housing and Urban Development. That provision will have no net effect on budget authority or outlays in 2020, CBO estimates. CBO also estimates that it will result in a $31 million increase in outlays in 2021 that will be largely offset by forgone spending in later years, for an overall net increase of $5 million over the 2020-2030 period. Those effects are not designated as an emergency requirement under section 251 of the Deficit Control Act.
tax provisions of the act contain no intergovernmental or private-sector mandates.

Requirements in the following provisions impose mandates whose costs, CBO estimates, are substantial for the affected entities:

- Section 3605 extends a requirement for state and local governments to provide paid family and medical leave to employees who were laid off after March 1, 2020, and later rehired. CBO expects that a small portion of the 18 million employees who have applied for unemployment benefits between early March and April 4, 2020, are eligible for the paid-leave benefit.

- Section 3202 requires health plans to reimburse providers for conducting COVID-19 diagnostic tests at an amount equal to the cash price published by each provider, unless the health plan and the provider have a negotiated price in place. Because published prices tend to exceed negotiated prices and health plans must cover the cost of the test, the mandate will increase the aggregate cost to health plans.

- Section 3203 prohibits group and individual health plans from imposing cost-sharing requirements on enrollees for the cost of any coronavirus vaccine that is developed. Because no such vaccine has been approved for public use, CBO has no basis to estimate the cost to comply with this mandate. However, a large number of people are covered by group or individual health plans and will be eligible for a vaccine under this provision.

- Sections 4022 and 4023 require private mortgage servicers of federally backed loans to grant forbearance to borrowers negatively affected by the coronavirus emergency. The cost of the mandate is the delay or loss of principal and interest payments on loans receiving forbearance.

- Section 4024 prohibits lessors of rental units that are insured, guaranteed, supplemented, or assisted by the federal government from charging penalties or evicting renters who fail to make rental payments. According to published research, roughly 12.3 million rental units are in federally financed properties.
Requirements in the following sections impose mandates whose costs, CBO estimates, are small:

- Sections 3112 and 3121 impose additional reporting requirements on drug and device manufacturers.
- Section 3201 prohibits group and individual health plans from imposing cost-sharing requirements on enrollees for certain COVID-19 diagnostic tests.
- Section 3215 establishes liability protections for health care professionals who volunteer during the coronavirus emergency and preempts any state laws that contradict those new protections.
- Section 3221 prohibits state and local governments, health care providers, employers, and landlords from discriminating on the basis of information disclosed in health records.
- Section 3202 requires health care providers to post their cash prices for conducting COVID-19 diagnostic tests online.
- Sections 3863, 4011, 4012, 4013, and 4014 require drug developers and manufacturers as well as lending institutions to pay additional fees to federal regulators.
- Section 4021 requires entities that furnish information to consumer reporting agencies to report as current consumer accounts that receive accommodations because of the coronavirus emergency.

Contributors

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

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**Estimate Reviewed By**

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

Sincerely,

Phillip L. Swagel
Director

Enclosures

cc:  Honorable Bernie Sanders
     Ranking Member
     Honorable John Yarmuth
     Chairman
     House Budget Committee
     Honorable Steve Womack
     Ranking Member
     House Budget Committee
### Table 1. Summary of Estimated Budgetary Effects of H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136

Revised April 27, 2020

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

Components may not sum to totals because of rounding. Estimates are relative to CBO's March 2020 baseline, except for some provisions related to unemployment insurance.

Although the act provides financial assistance totaling more than $2 trillion, the projected cost is less than that because some of that assistance is in the form of loan guarantees, which are not estimated to have a net effect on the budget. In particular, the act authorizes the Secretary of the Treasury to provide up to $454 billion to fund emergency lending facilities established by the Board of Governors of the Federal Reserve System. Because the income and costs stemming from that lending are expected to roughly offset each other, CBO estimates no deficit effect from that provision.

The CARES Act is authorizing legislation; however, consistent with section 23008 of the law, division B is treated as appropriation legislation.

* = between -$500 million and $500 million.
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Table 2. Changes in Direct Spending Under Division A of H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136

By Fiscal Year, Billions of Dollars

<table>
<thead>
<tr>
<th>By Fiscal Year, Billions of Dollars</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<td><strong>INCREASES OR DECREASES (+) IN DIRECT SPENDING</strong></td>
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**Increasing Medicare Telehealth Flexibilities**
- Estimated Budget Authority: *
- Estimated Outlays: *

**Adjustment of Sequestration**
- Estimated Budget Authority: 6 4 0 0 0 0 0 0 0 13 -49 10 -26
- Estimated Outlays: 4 4 0 0 0 0 0 0 0 10 -36 8 -19

**Medicare Inpatient Prospective Payment System**
- Estimated Budget Authority: 2 *
- Estimated Outlays: *

**Increased Access to Postacute Care**
- Estimated Budget Authority: 1 2 1
- Estimated Outlays: *

**Department of Health and Human Services Programs**
- Estimated Budget Authority: 5 3 *
- Estimated Outlays: *

**Title III - All Other**
- Estimated Budget Authority: *
- Estimated Outlays: *

**Title III Total**
- Estimated Budget Authority: 23 11 2 *
- Estimated Outlays: 18 12 3 *

**Title IV - Economic Stabilization and Assistance to Severely Distressed Sectors of the U.S. Economy**

**Federal Reserve Emergency Lending Facilities**
- Budget Authority: 454 0 0 0 0 0 0 0 0 0 0 454 454
- Estimated Outlays: 0 0 0 0 0 0 0 0 0 0 0 0 0

**Credit Assistance for Air Carriers and Businesses Critical to National Security**
- Budget Authority: 46 0 0 0 0 -1 0 0 0 0 0 45 45
- Estimated Outlays: 2 0 0 0 0 -1 0 0 0 0 0 1 1
Table 2. Changes in Direct Spending Under Division A of H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136

By Fiscal Year, Billions of Dollars

<table>
<thead>
<tr>
<th></th>
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<th>2022</th>
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<th>2020-2030</th>
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</table>

### INCREASES OR DECREASES (–) IN DIRECT SPENDING

#### Pandemic Relief for Aviation Workers
- **Budget Authority**: 32 0 0 0 0 * 0 0 0 0 0 32 32
- **Estimated Outlays**: 22 2 0 0 0 * 0 0 0 0 0 24 24

#### Title IV Total
- **Estimated Budget Authority**: 532 0 0 0 0 -1 0 0 0 0 0 531 531
- **Estimated Outlays**: 24 2 0 0 0 -1 0 0 0 0 0 25 25

#### Title V - Coronavirus Relief Funds
- **Budget Authority**: 150 0 0 0 0 0 0 0 0 0 0 150 150
- **Estimated Outlays**: 150 * 0 0 0 0 0 0 0 0 0 150 150

#### Title VI - Miscellaneous Provisions
- **Budget Authority**: 10 0 0 0 0 0 0 0 0 0 0 10 10
- **Estimated Outlays**: 10 0 0 0 0 0 0 0 0 0 0 10 10

#### Total Changes in Direct Spending
- **Estimated Budget Authority**: 1,452 69 2 * * -1 * * * 13 -49 1,522 1,486
- **Estimated Outlays**: 938 73 3 1 * -1 * * * 10 -36 1,014 988
  - On-Budget: 928 73 3 1 * -1 * * * 10 -36 1,004 978
  - Off-Budget: 10 0 0 0 0 0 0 0 0 0 0 10 10

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

Components may not sum to totals because of rounding. Estimates are relative to CBO's March 2020 baseline, except for some provisions related to unemployment insurance.

The CARES Act is authorizing legislation; however, consistent with section 23008 of the law, division B is treated as appropriation legislation.

* = between -$500 million and $500 million.

a. This provision also affects revenues, which are shown in Table 3.

b. CBO is estimating the budgetary effects of this provision on a net-present-value basis, in accordance with subsection 4003(e) of the act. On that basis CBO estimates that income and costs from authorized credit activities will roughly offset each other and not affect the deficit.

c. Off-budget spending results from $10 billion in additional borrowing authority for the U.S. Postal Service provided in title VI.
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<thead>
<tr>
<th>By Fiscal Year, Billions of Dollars</th>
<th>2020</th>
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Sources: Congressional Budget Office; the staff of the Joint Committee on Taxation. Components may not sum to totals because of rounding. Estimates are relative to CBO's March 2020 baseline, except for some provisions related to unemployment insurance.

The CARES Act is authorizing legislation; however, consistent with section 23008 of the law, division B is treated as appropriation legislation.

\(\*\) = between -$500 million and $500 million.

\(\text{a.}\) This provision also affects direct spending, which is shown in Table 2.

\(\text{b.}\) Off-budget revenue losses come from changes in Social Security revenues.
### Table 4. Discretionary Spending Under Division B of H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136

<table>
<thead>
<tr>
<th>By Fiscal Year, Billions of Dollars</th>
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Source: Congressional Budget Office.

Components may not sum to totals because of rounding. Estimates are relative to CBO’s March 2020 baseline.

The CARES Act is authorizing legislation; however, consistent with section 23008 of the law, division B is treated as appropriation legislation. That section also requires the estimated budgetary effects of changes to mandatory programs contained in division B to be excluded from the pay-as-you-go scorecards maintained by the Senate and the Office of Management and Budget.

FEMA = Federal Emergency Management Agency; HHS = Department of Health and Human Services; * = between zero and $500 million.

a. Estimated spending includes $14.3 billion in budget authority and outlays stemming from changes to mandatory programs administered by the Department of Agriculture.

b. Almost all discretionary spending resulting from division B is designated as emergency spending, in keeping with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985. One provision—section 22004—will affect the timing of outlays stemming from balances of regular discretionary funding for homeless assistance grants administered by the Department of Housing and Urban Development. CBO estimates that the provision will have no effect in 2020, that it will increase outlays by $31 million in 2021, and that it will reduce outlays in later years, for a net increase in outlays of $5 million over the 2020-2030 period.