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## **Estimating the Federal Budgetary Effects of Pandemic-Related Legislation**

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Theresa Gullo

Director of Budget Analysis

# Four Major Laws Enacted in March and April in Response to the 2020 Coronavirus Pandemic

- H.R. 6074, Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020
- H.R. 6201, Families First Coronavirus Response Act
- H.R. 748, Coronavirus Aid, Relief, and Economic Security (CARES) Act
- H.R. 266, Paycheck Protection Program and Health Care Enhancement Act

# Context for Cost Estimates

## Prepared under extraordinary uncertainty about many factors

- How long and severe the pandemic would be
- How the economy, the Administration, and people would respond
- How quickly programs would get up and running

## Generally used CBO's March 2020 baseline projections

- Did not account for changes to the economic outlook and fiscal situation arising from the evolving public health emergency in most cases
- Used economic projections prepared in January 2020 for most provisions
- Used updated economic projections for provisions related to unemployment insurance to provide useful estimates

**Used revenue estimates prepared by the staff of the Joint Committee on Taxation.**

# Total Estimated Budget Impact

## Deficit increase: \$2.4 trillion over the 2020–2030 period

- \$1.4 trillion for mandatory programs (Payroll Protection Program [PPP], Unemployment Insurance [UI], recovery rebates)
- \$498 billion in discretionary spending from appropriations for a wide variety of federal agencies and grant programs (designated as emergency requirements)
- \$502 billion in estimated revenue losses in 2020, but an increase of \$146 billion over the 2021–2030 period (JCT)

## \$2.2 trillion estimated to occur in 2020

# Updates Made for CBO's September Projections

Some programs' estimated costs increased; others decreased. On net, the deficit effect increased by \$200 billion over the 2020–2030 period relative to CBO's original estimates for the major legislation addressing the pandemic.

Major updates:

- Increased spending for UI (more people eligible)
- Shifted recovery rebates forward (from 2021 to 2020)
- Increased Medicaid spending (longer pandemic, more people)
- Increased 2020 outlays for Medicare Accelerated Payments
- Lowered PPP spending (demand tapered off more quickly)

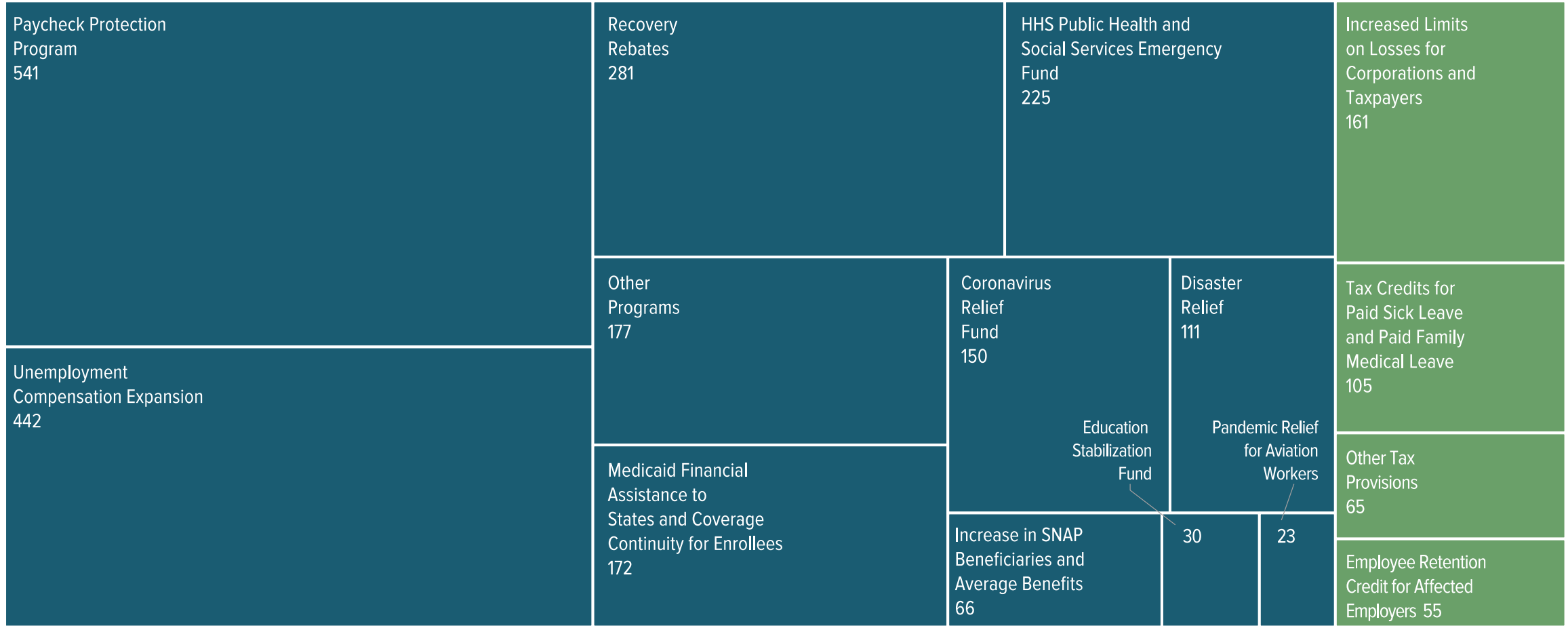
CBO has not produced comprehensive updated cost estimates.

# Deficit Increases Over the 2020–2030 Period

Billions of Dollars

**Increases in Outlays: 2,217**

**Reductions in Revenues: 385**



**Total Increase in the Deficit: 2,603**

# **H.R. 6074, Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020**

**Enacted March 6**

**Total 10-year cost: \$8.1 billion, almost all discretionary (emergency requirements)**

- \$6.3 billion for medical care and research
- \$1 billion for bilateral economic assistance
- \$0.3 billion for State Department
- \$0.5 billion for expanded telehealth coverage under Medicare

# H.R. 6201, Families First Coronavirus Response Act

**Enacted March 18**

**Total estimated 10-year cost: \$192 billion**

Mandatory spending: \$95 billion

- \$50 billion for Medicaid (increase match; require continuous coverage)
- \$10 billion for refundable tax credits
- \$20 billion to waive work requirements for Supplemental Nutrition Assistance Program and allow maximum allotments
- \$7 billion for Medicare
- \$5 billion for 100 percent of the costs of extended UI benefits through December 2020
- Meals for children; testing; sick leave for federal employees

Revenues: \$94 billion

- \$94 billion in tax credits for Family and Medical Leave Act/sick leave (through December)



# **H.R. 748, Coronavirus Aid, Relief, and Economic Security (CARES) Act**

**Enacted March 27**

**Total estimated 10-year cost: \$1.7 trillion**

Mandatory spending: \$988 billion

- \$377 billion for Small Business Administration loans (mostly PPP)
- \$262 billion for expanded unemployment benefits (expanded eligibility, \$600 weekly)
- \$150 billion for Coronavirus Relief Funds (for states)
- Health and credit assistance for critical businesses and education

# **H.R. 748, Coronavirus Aid, Relief, and Economic Security (CARES) Act (Continued)**

Discretionary spending: \$326 billion

- \$127 billion for public health
- \$44 billion for Disaster Relief Fund
- Transportation, education, defense

Revenue losses: \$408 billion

- \$352 billion in 2020–2021 from delay of payroll taxes (increase of \$340 billion in 2022–2023)
- \$142 billion for recovery rebates
- Tax assistance for businesses

# **H.R. 266, Paycheck Protection Program and Health Care Enhancement Act**

**Enacted April 24**

**Total estimated 10-year cost: \$483 billion**

Mandatory spending: \$321 billion

- Increase PPP by \$321 billion (expanded eligibility)

Discretionary spending: \$162 billion

- \$100 billion for medical care
- \$62 billion for Economic Injury Disaster Loans (assistance to businesses)

## CBO Resources

*An Update to the Budget Outlook: 2020 to 2030* (September 2020), [www.cbo.gov/publication/56517](https://www.cbo.gov/publication/56517)

*The Budgetary Effects of Laws Enacted in Response to the 2020 Coronavirus Pandemic, March and April 2020* (June 2020), [www.cbo.gov/publication/56403](https://www.cbo.gov/publication/56403)

Cost estimate for H.R. 6074, Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (March 4, 2020), [www.cbo.gov/publication/56227](https://www.cbo.gov/publication/56227)

Cost estimate for H.R. 6201, Families First Coronavirus Response Act (April 2, 2020), [www.cbo.gov/publication/56316](https://www.cbo.gov/publication/56316)

Cost estimate for H.R. 748, CARES Act, Public Law 116-136 (April 16, 2020), [www.cbo.gov/publication/56334](https://www.cbo.gov/publication/56334)

Cost estimate for H.R. 266, Paycheck Protection Program and Health Care Enhancement Act (April 22, 2020), [www.cbo.gov/publication/56338](https://www.cbo.gov/publication/56338)