

The COVID-19 Economic Crisis, The Federal Response, and Our Rising Debt

May 2020

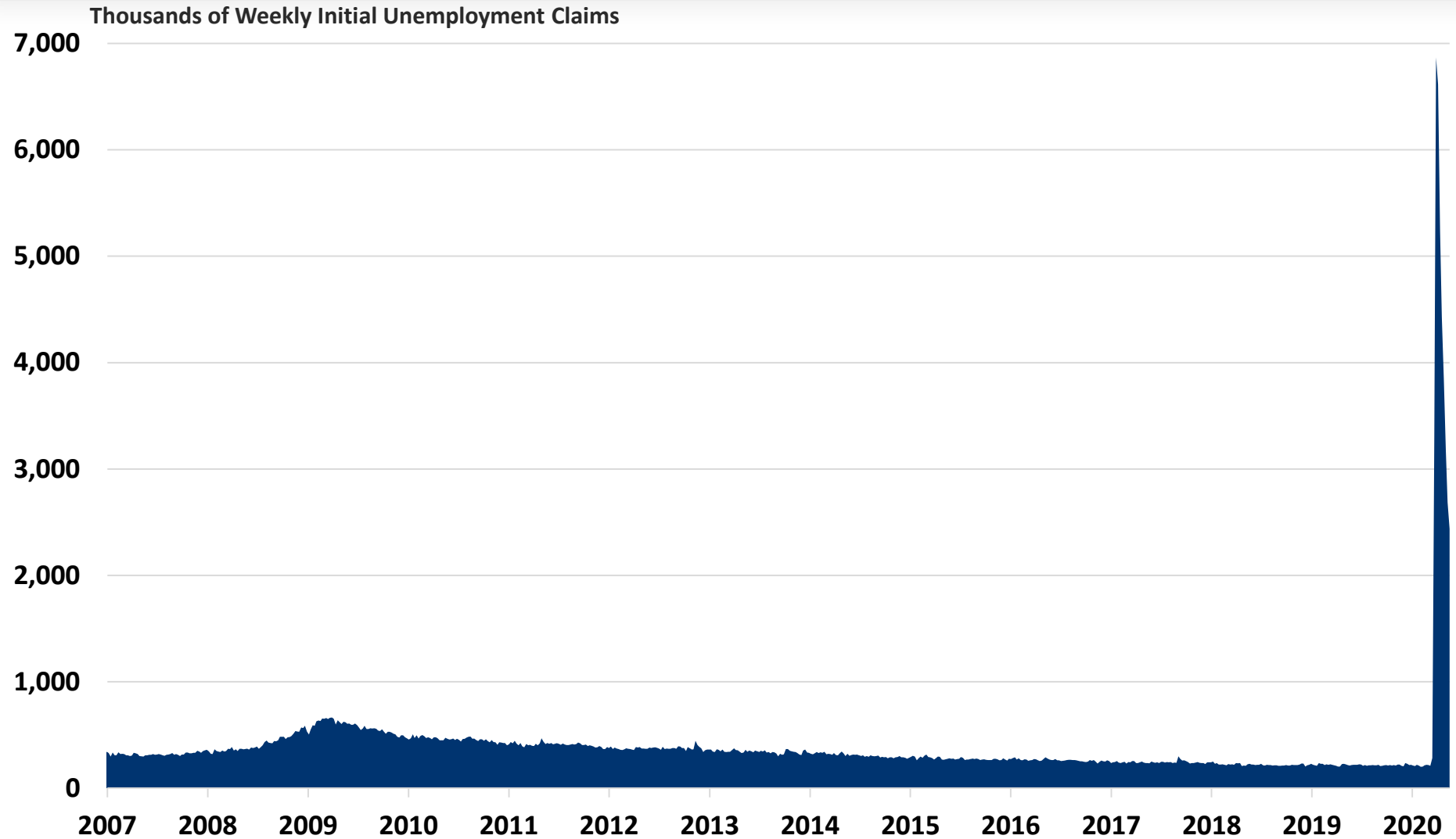


**COMMITTEE FOR A
RESPONSIBLE FEDERAL BUDGET**

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The Pandemic Has Temporarily Crippled the Economy

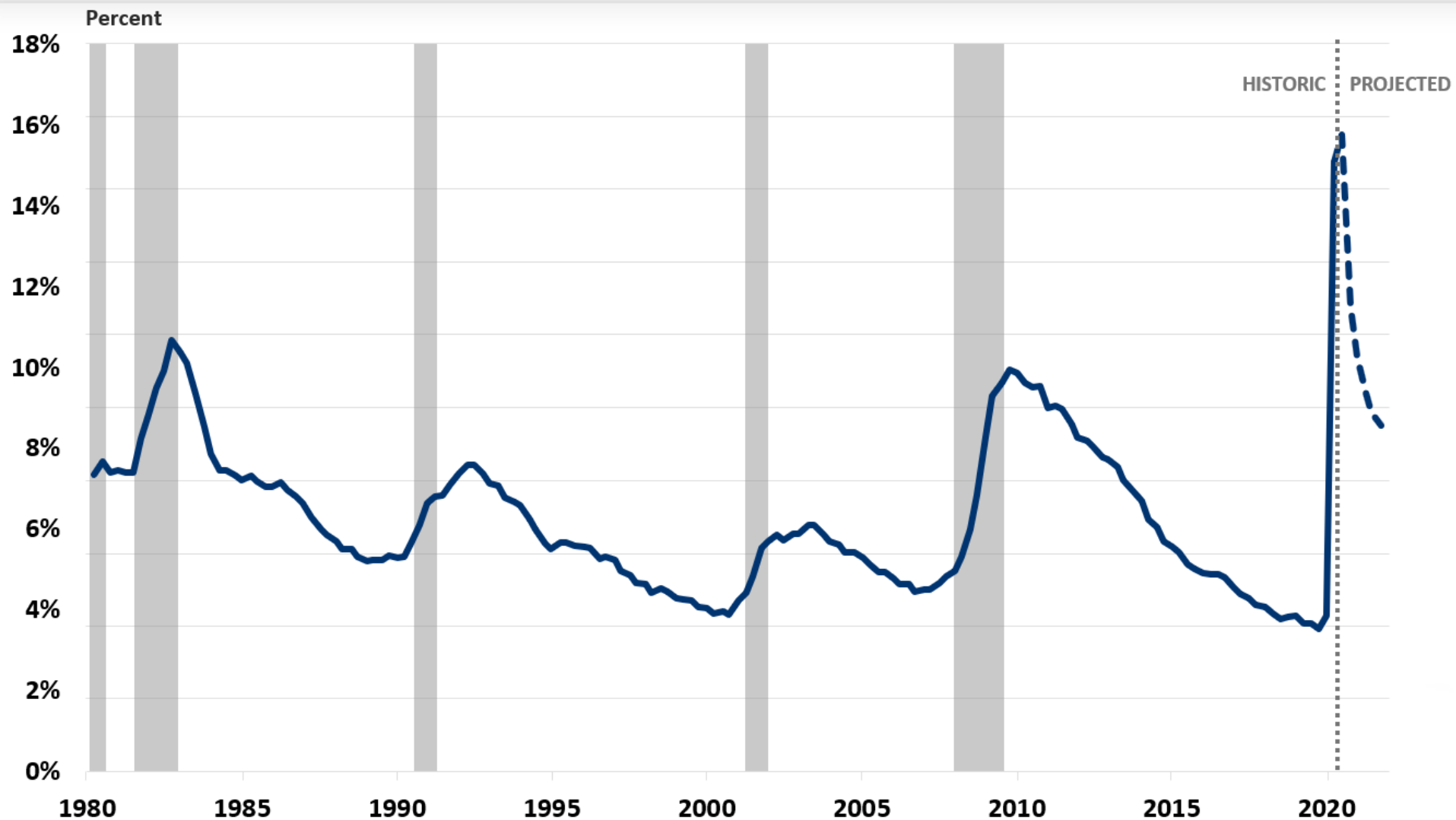
Thousands of Weekly Initial Unemployment Claims



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Source: U.S. Employment and Training Administration

Driving Unemployment To Historic Highs



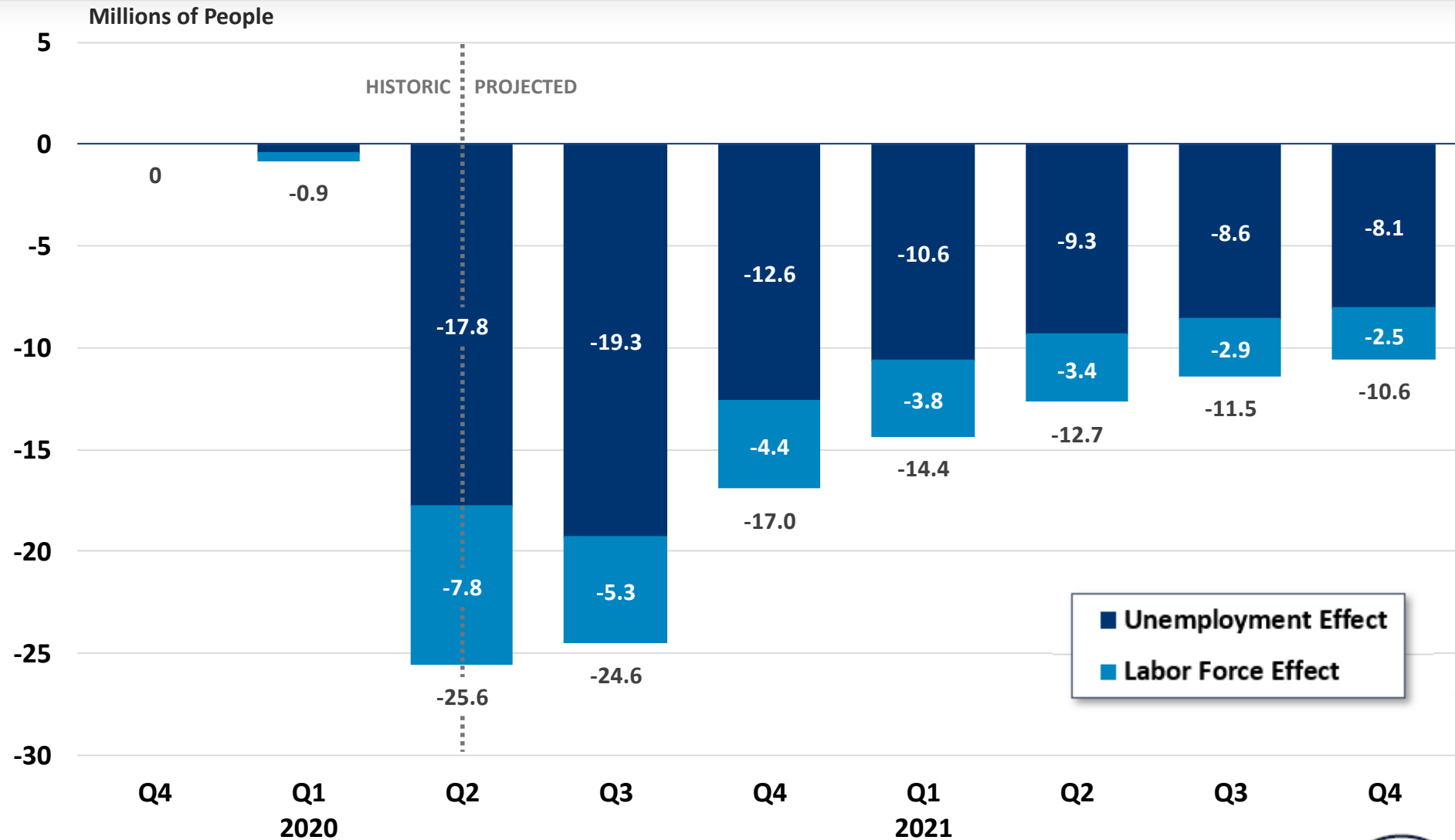
Note: Shaded grey bars indicate recessions

Source: Congressional Budget Office

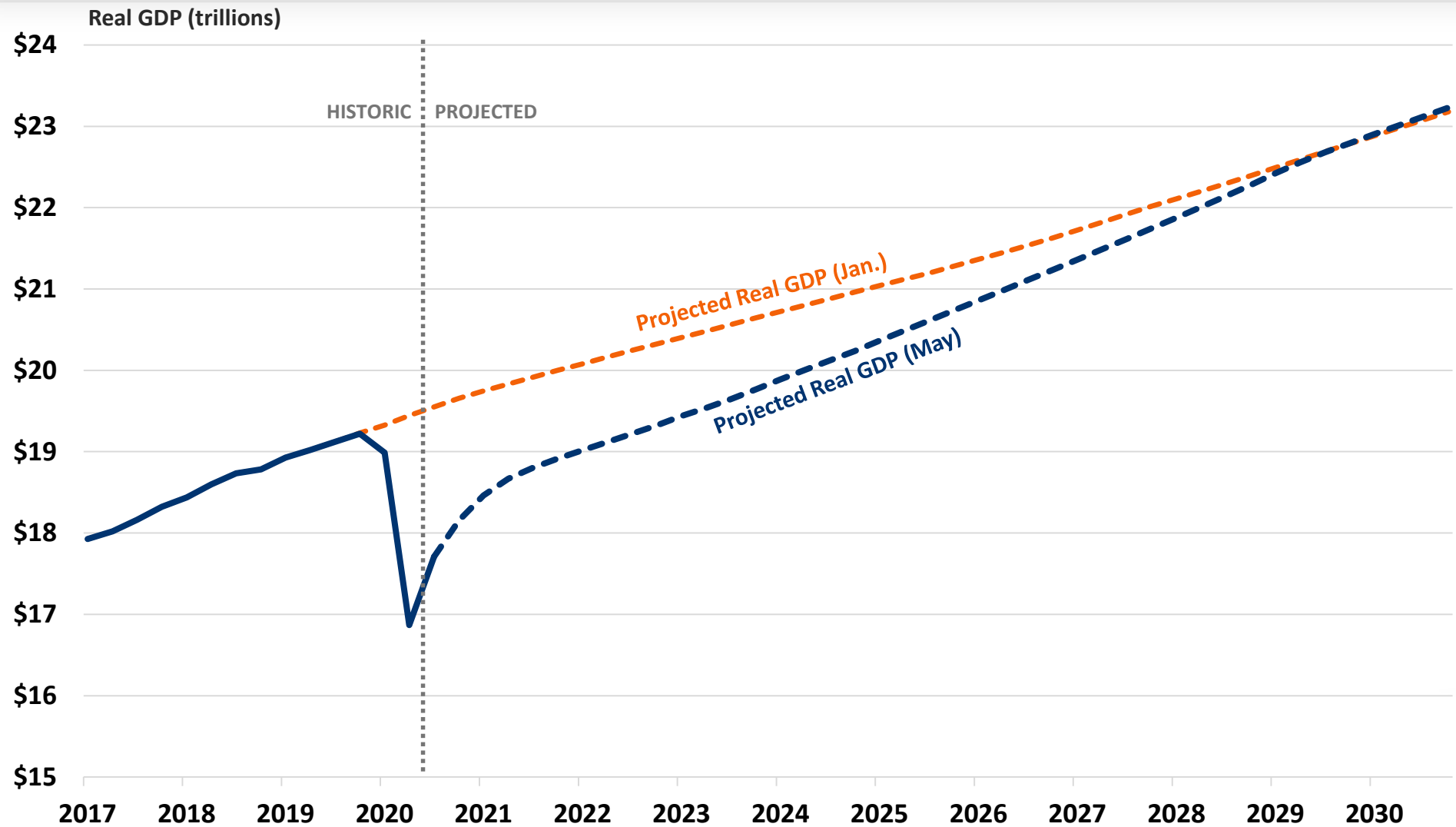
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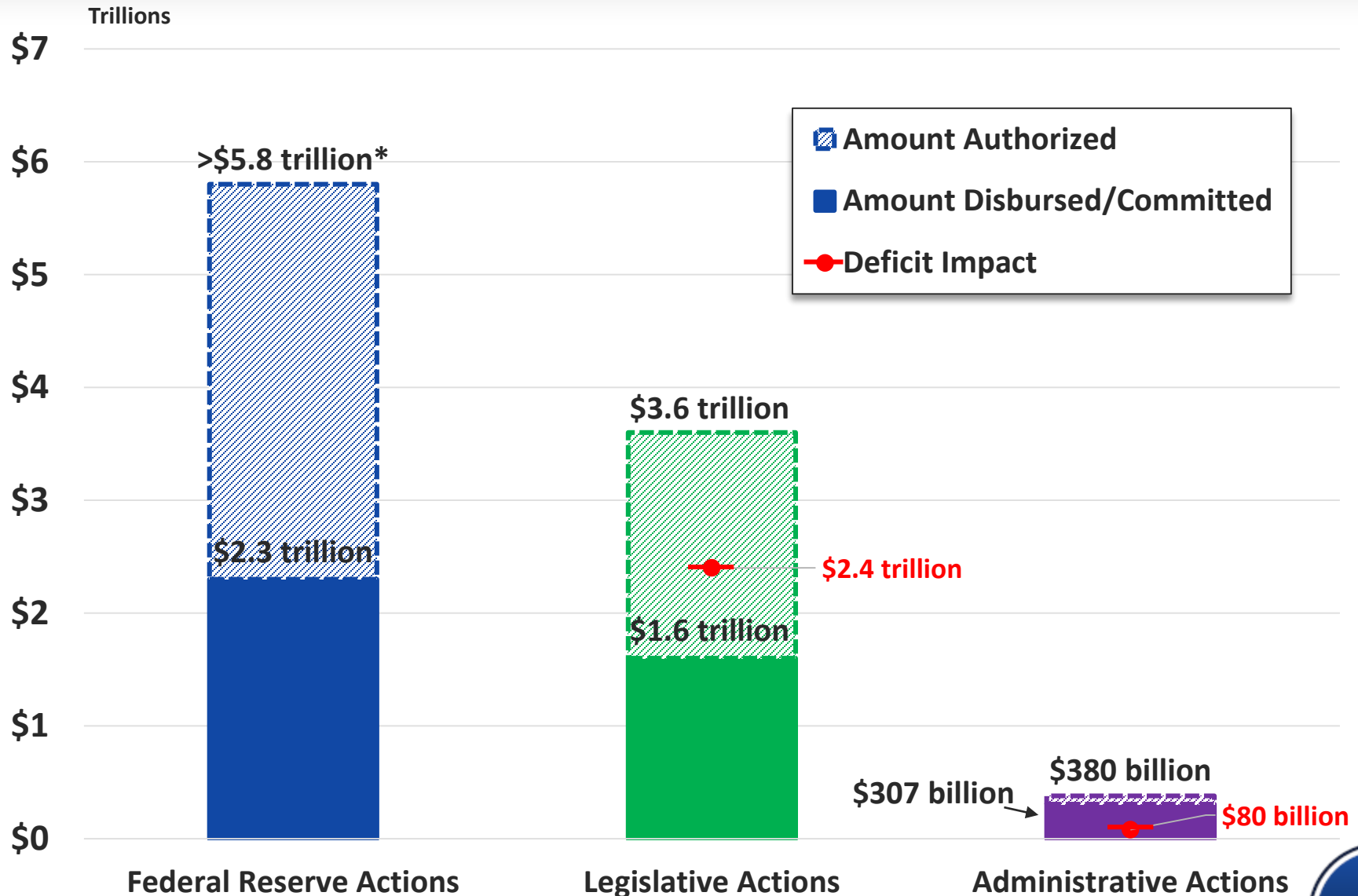
Putting 25 Million People Out of Work



And Shrinking Economic Output



Policymakers Have Responded with Trillions of Relief



*Some Fed facilities and programs have no announced cap or maximum, in which case, we assume the max as the largest amount disbursed or committed since the crisis began.



Through Multiple Laws, Orders, and Facilities

Response	Allowed	Disbursed/Committed	Deficit Impact
Legislative Actions	\$3.6 trillion	\$1.6 trillion	\$2.4 trillion
Coronavirus Preparedness & Response Supplemental Appropriations Act	\$8 billion	>\$2 billion	\$8 billion
Families First Coronavirus Response Act	\$192 billion	~\$37 billion	\$192 billion
CARES Act	\$2.7 trillion	\$1.3 trillion	\$1.7 trillion
Paycheck Protection Program and Health Care Enhancement Act	\$733 billion	\$203 billion	\$483 billion
Administrative Actions	~\$380 billion	~\$307 billion	~\$80 billion
Declare national emergency	~\$50 billion	Unknown	~\$50 billion
Delay tax filing deadline to July 15	~\$300 billion	~\$300 billion	\$0
Other executive actions	~\$30 billion	\$7 billion	~\$30 billion
Federal Reserve Actions	>\$5.8 trillion	\$2.3 trillion	N/A
Interest rate changes	N/A	N/A	N/A
Asset purchases	\$1.8 trillion**	\$1.7 trillion	N/A
Liquidity measures	>\$1.9 trillion	\$458 billion	N/A
Emergency lending programs and facilities	>\$2.0 trillion	\$96 billion	N/A

Deficit impact is from 2020-2030

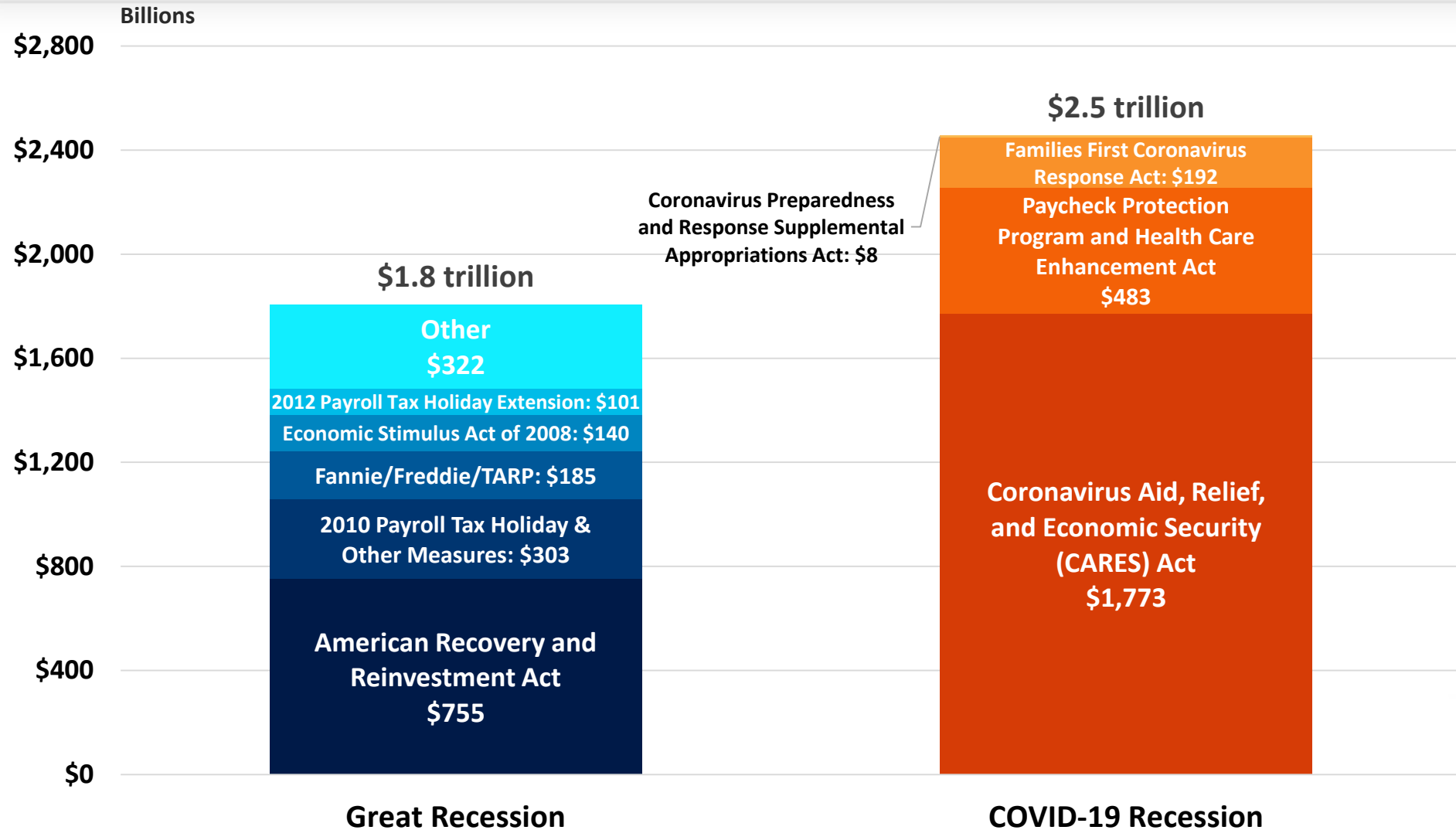
**Represents amount disbursed plus the amount scheduled to be purchased through the following week, currently \$50 billion for Treasuries and \$33 billion for mortgage-backed securities.



A Project of the Committee for a Responsible Federal Budget



So Far, the Fiscal Response Matches the Great Recession



Note: Figures reflect 5-year cost estimates

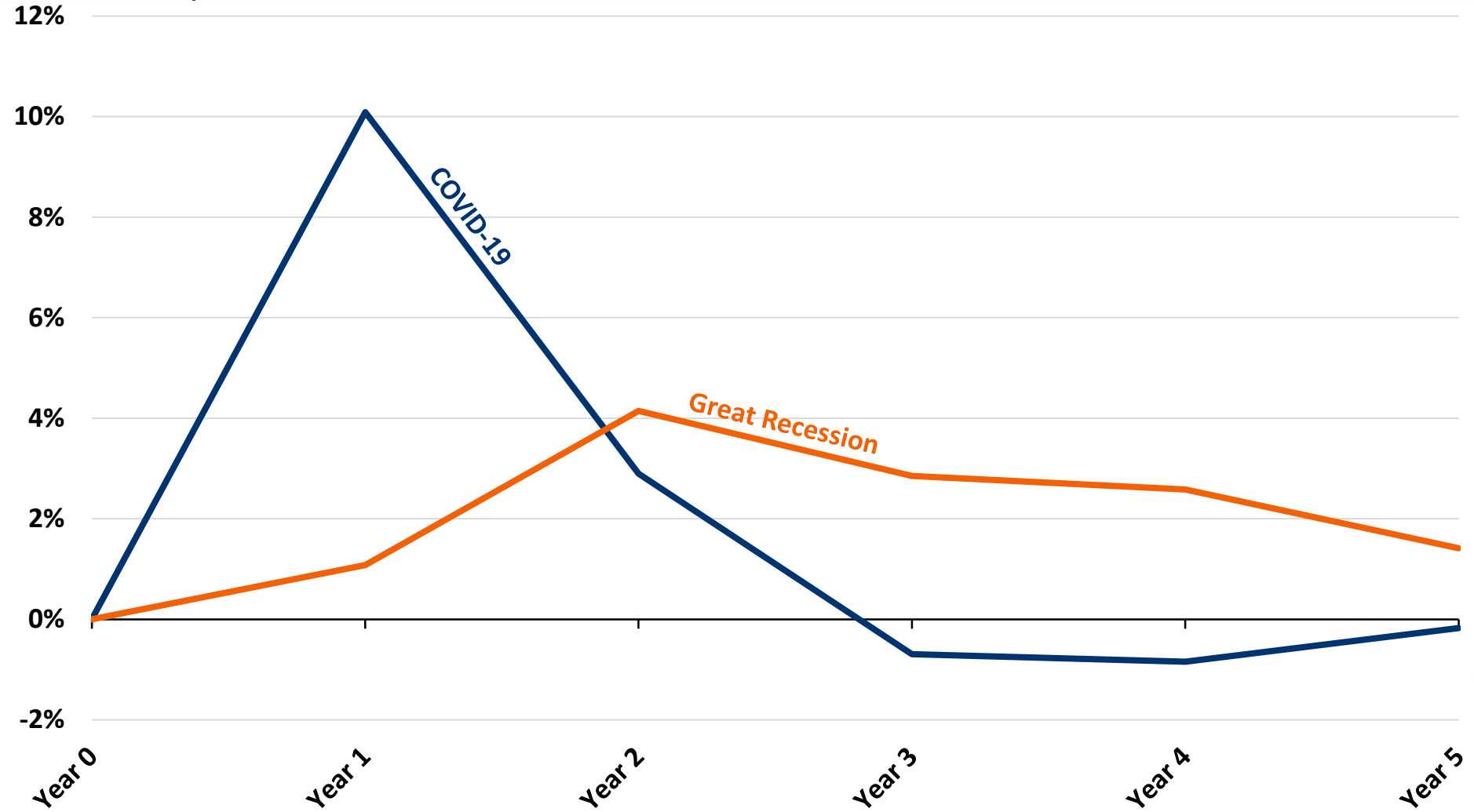
Source: CBO, CRFB Calculations

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But the Response is Far More Rapid

Deficit Impact Percent of GDP

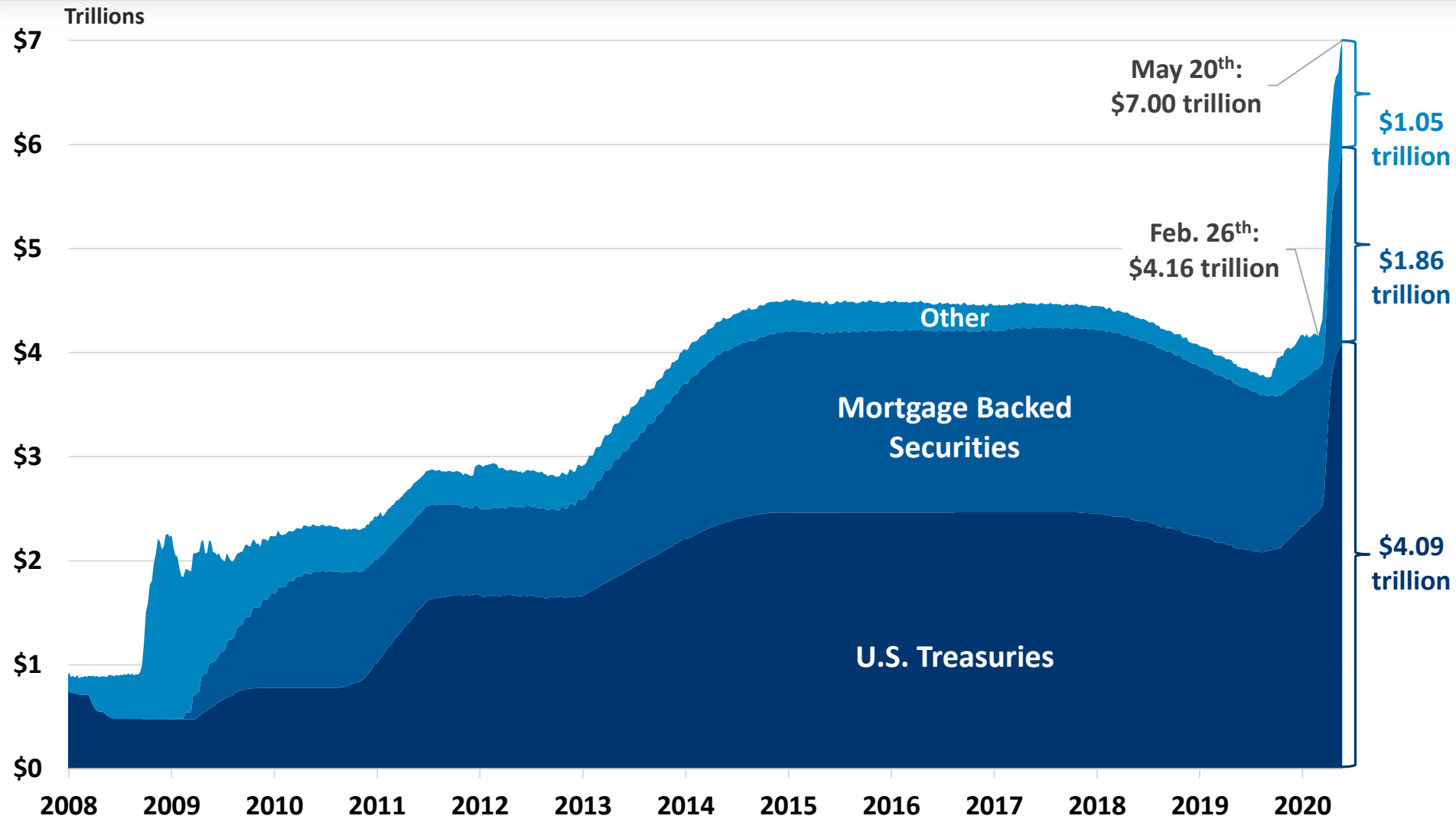


Source: CBO, CRFB Calculations

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And is Coupled With Aggressive Fed Actions



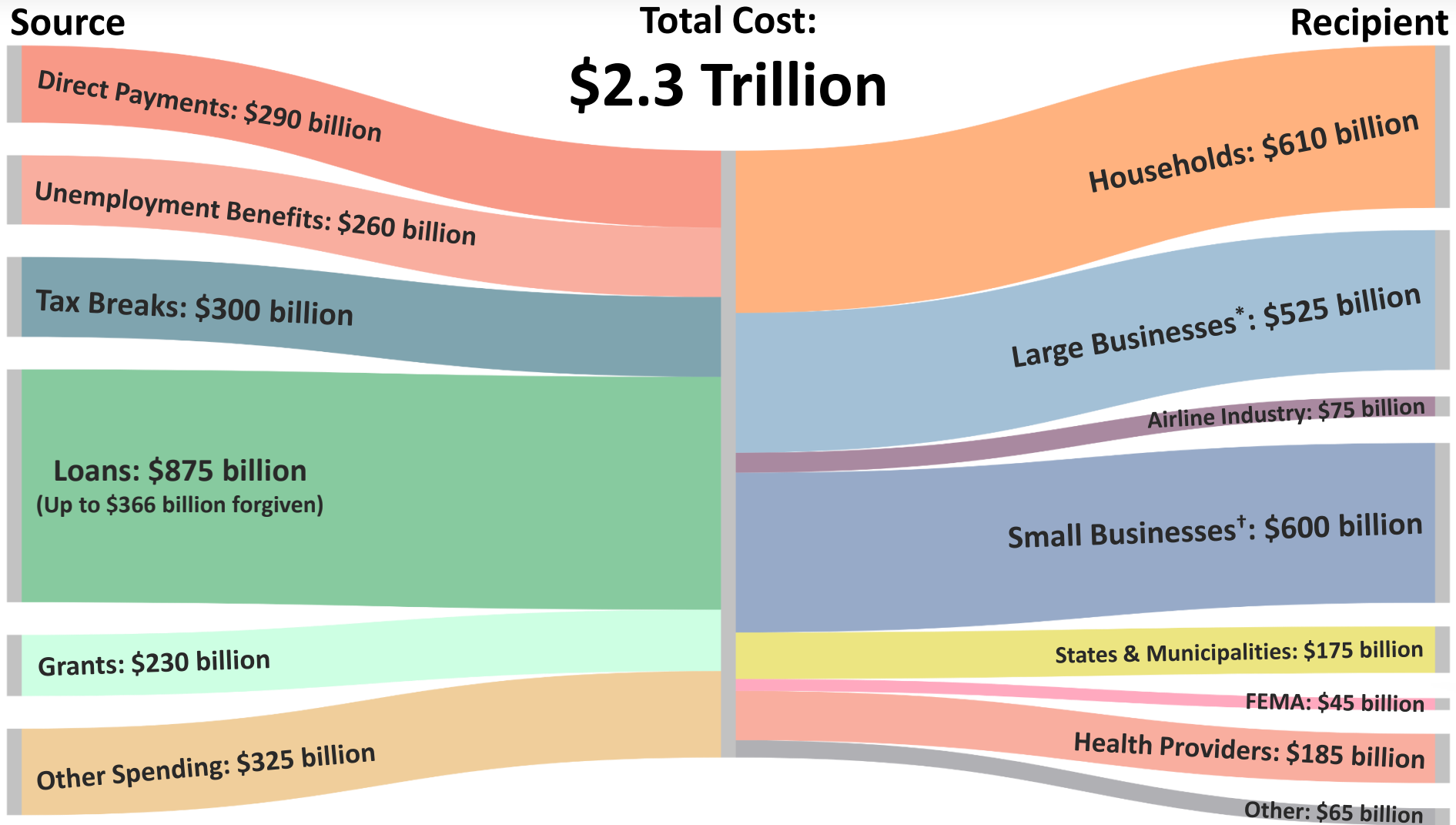
Our Brand New Initiative Will Track the Dollars

C\$VID Money Tracker

A Project of the Committee for a Responsible Federal Budget

www.COVIDMoneyTracker.org

Helping Citizens Understand the Legislation



† This includes \$170 billion of tax cuts for businesses other than corporations, some of which are large companies.

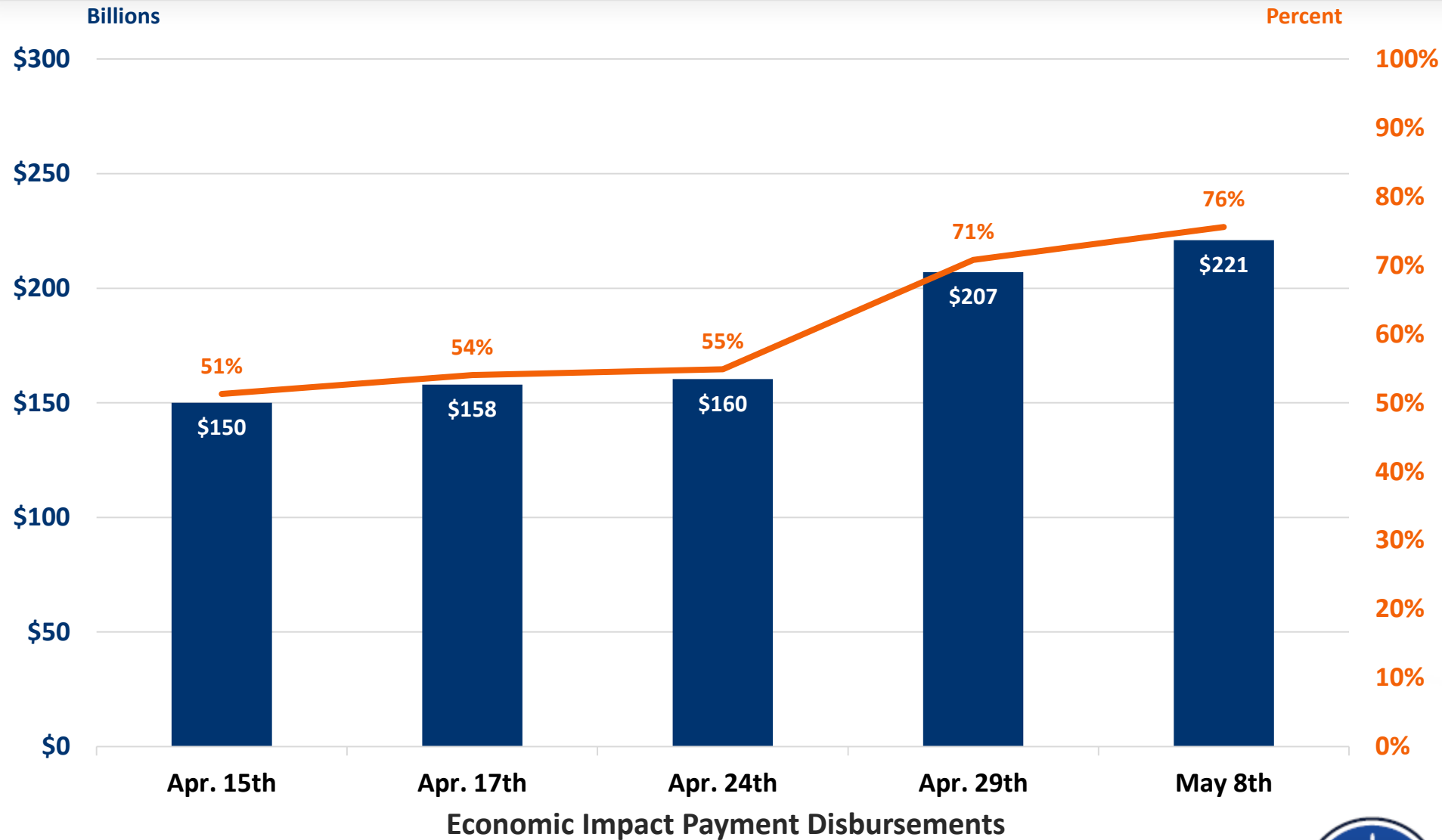
* This includes \$454 billion to set up a \$4.5 trillion Fed facility, which could help support large businesses but also small businesses and state and local governments.

Source: Legislative offices, JCT, bill text, CRFB estimates.

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Monitoring How Much as Been Disbursed

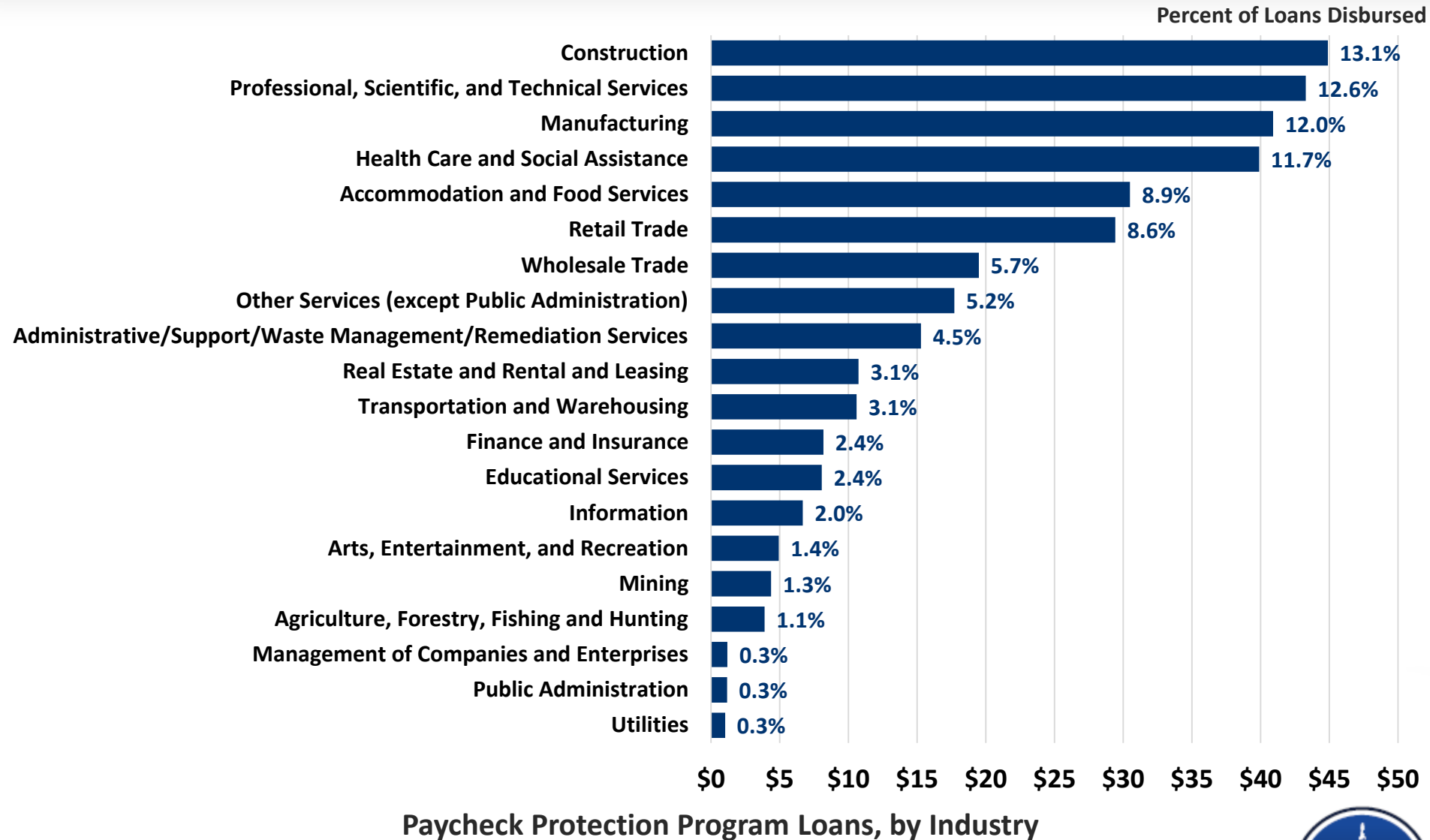


Source: IRS, JCT, CRFB calculations

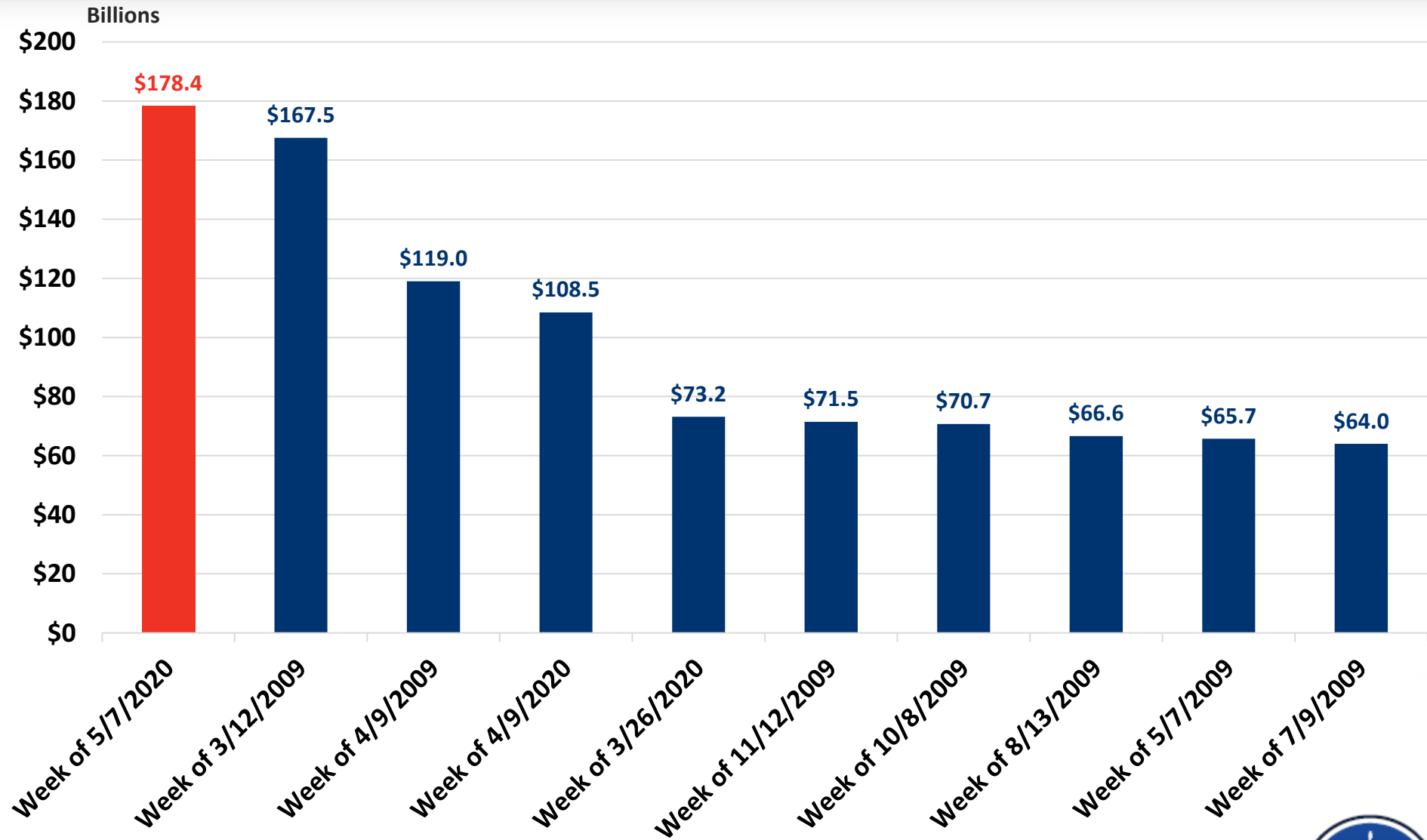
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And Who is Receiving Federal Support



And Who is Receiving Federal Support



Source: Federal Reserve Board of Governors

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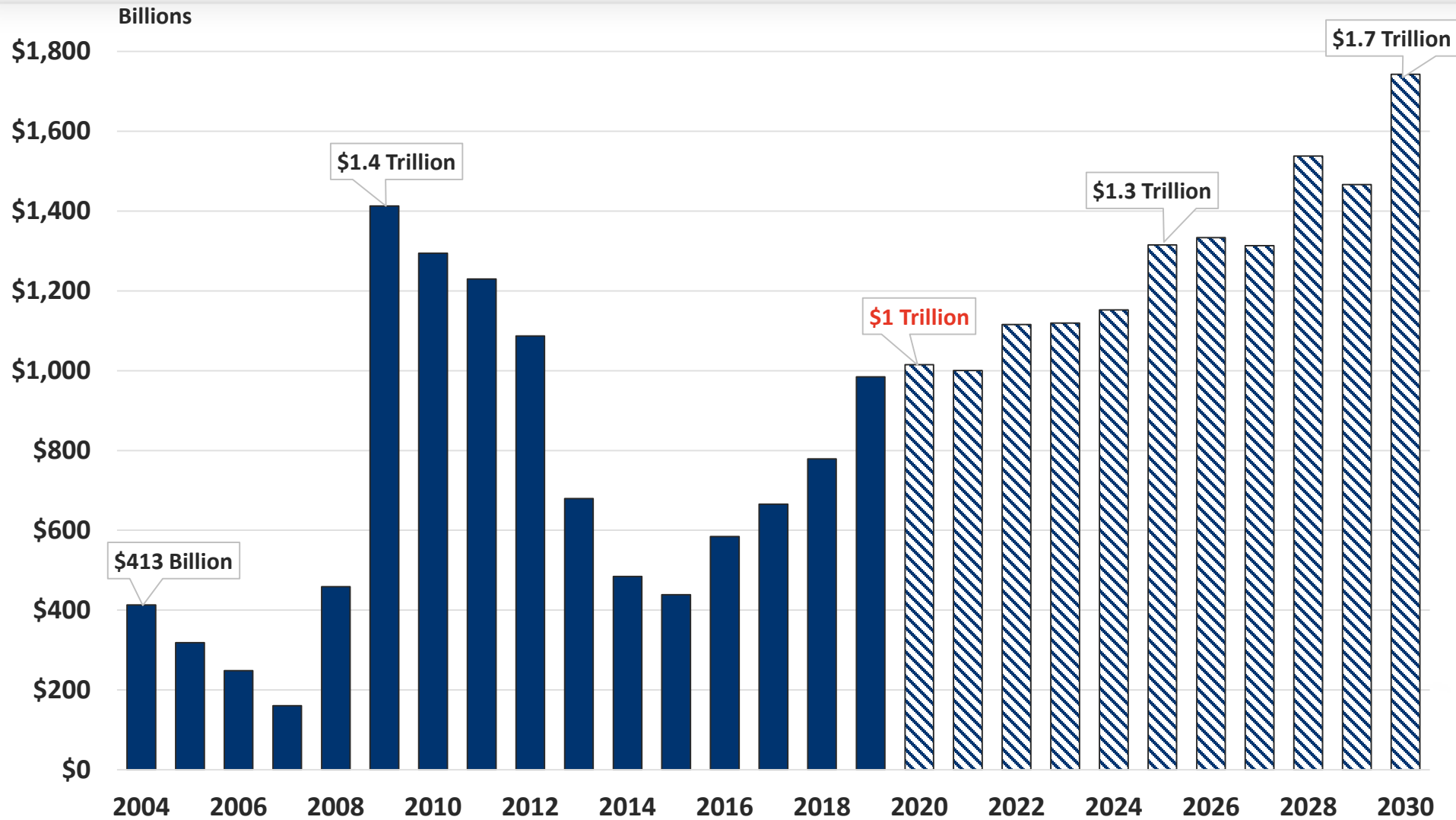


And Who is Receiving Federal Support

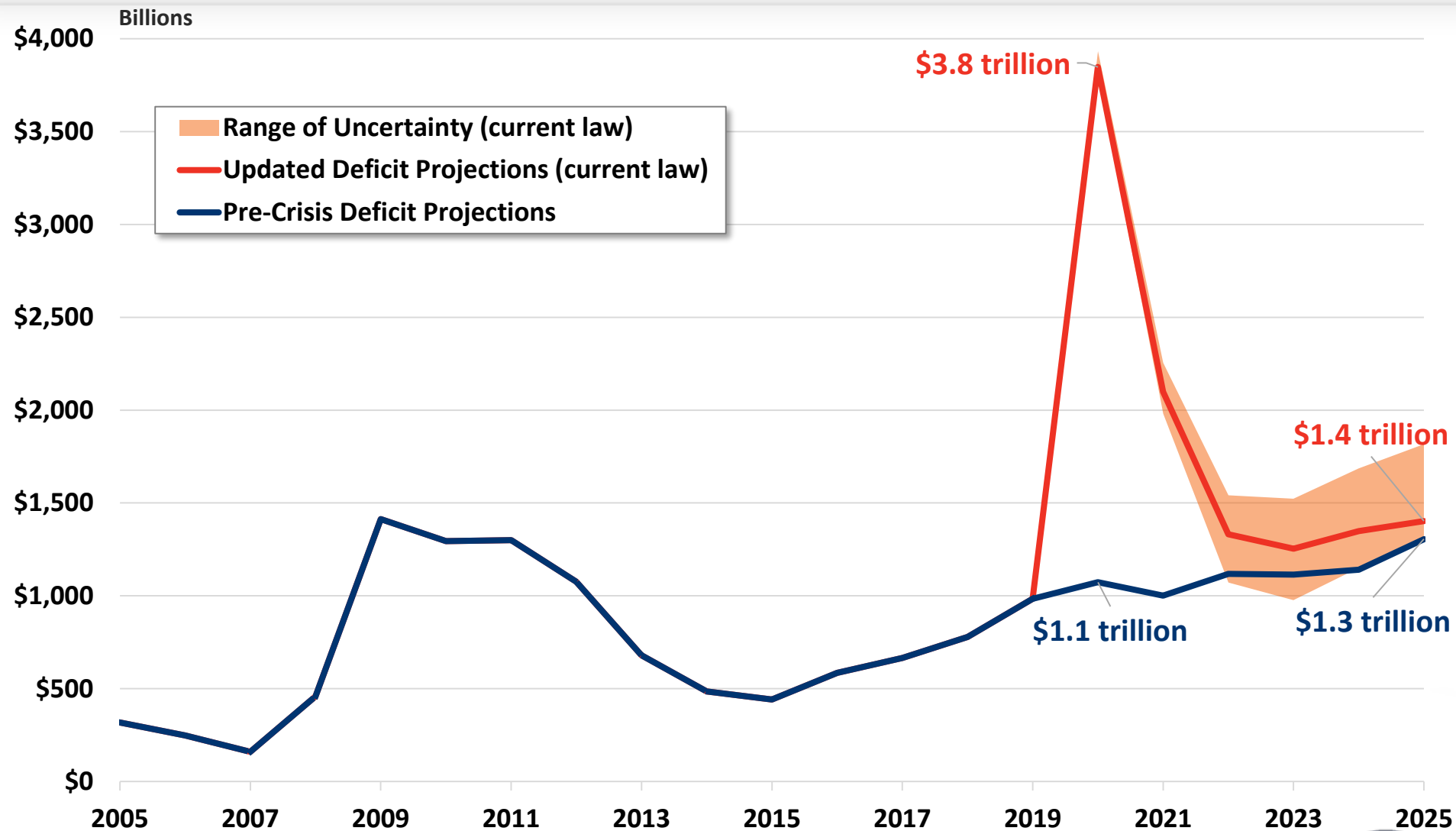
Airline	Grant	Loan	Total
American Airlines	\$4.1 billion	\$1.7 billion	\$5.8 billion
Delta Airlines	\$3.8 billion	\$1.6 billion	\$5.4 billion
United Airlines	\$3.5 billion	\$1.5 billion	\$5.0 billion
Southwest Airlines	\$2.3 billion	\$1.0 billion	\$3.3 billion
Alaska Airlines	\$725 million	\$267 million	\$992 million
JetBlue Airways	\$685.1 million	\$250.7 million	\$935.8 million
SkyWest Airlines	\$336.6 million	\$101.4 million	\$438 million
Spirit Airways	\$264.3 million	\$70.4 million	\$334.7 million
Hawaiian Airlines	\$233 million	\$57 million	\$290 million
Allegiant Air	\$86 million	\$85.9 million	\$171.9 million
Mesa Airlines	\$92.5 million	N/A*	\$92.5 million
Total Disclosed	\$16.1 billion	\$6.6 billion	\$22.8 billion

Source: Federal Reserve Board of Governors

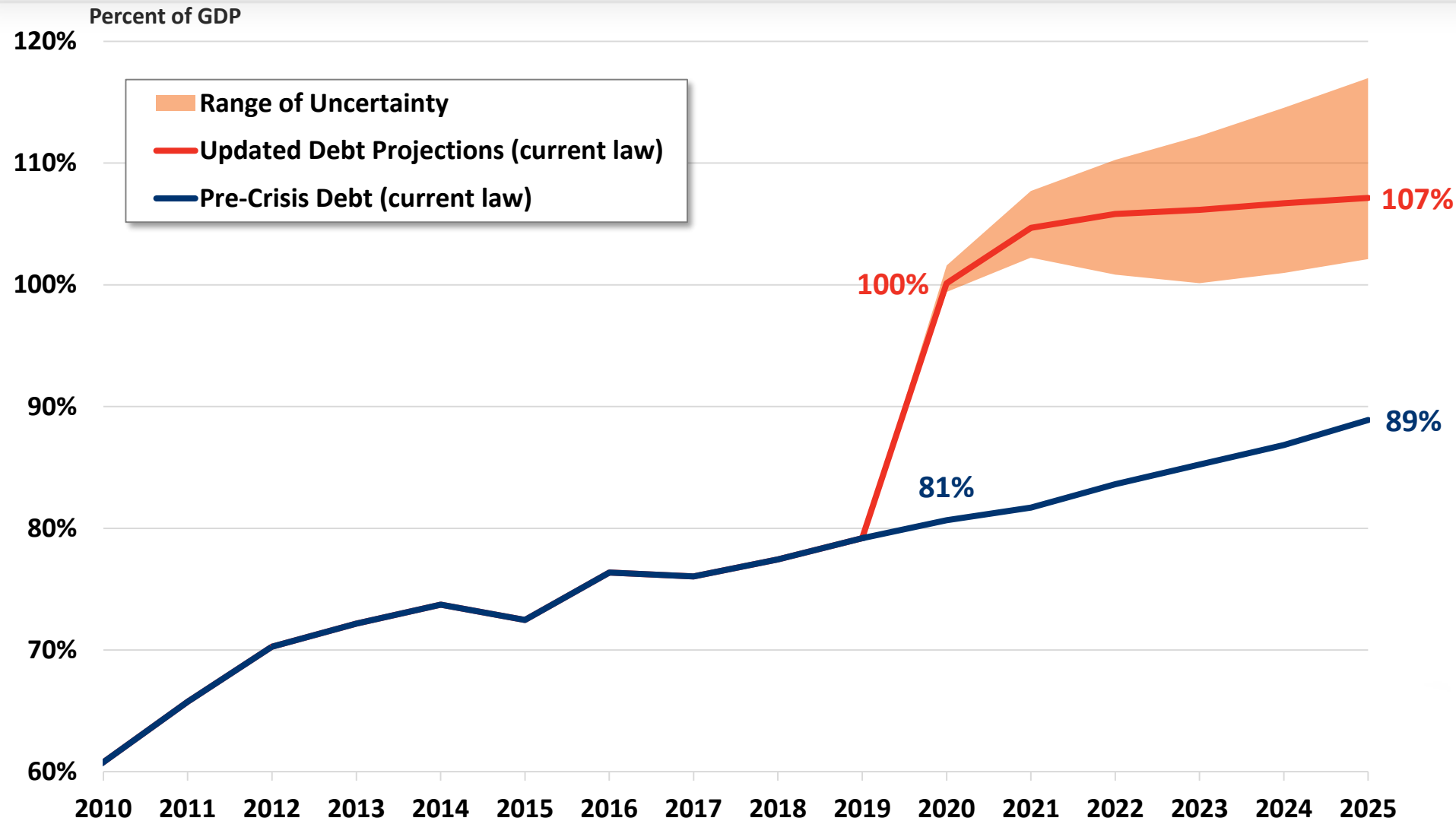
We Entered This Crisis with Trillion Dollar Deficits



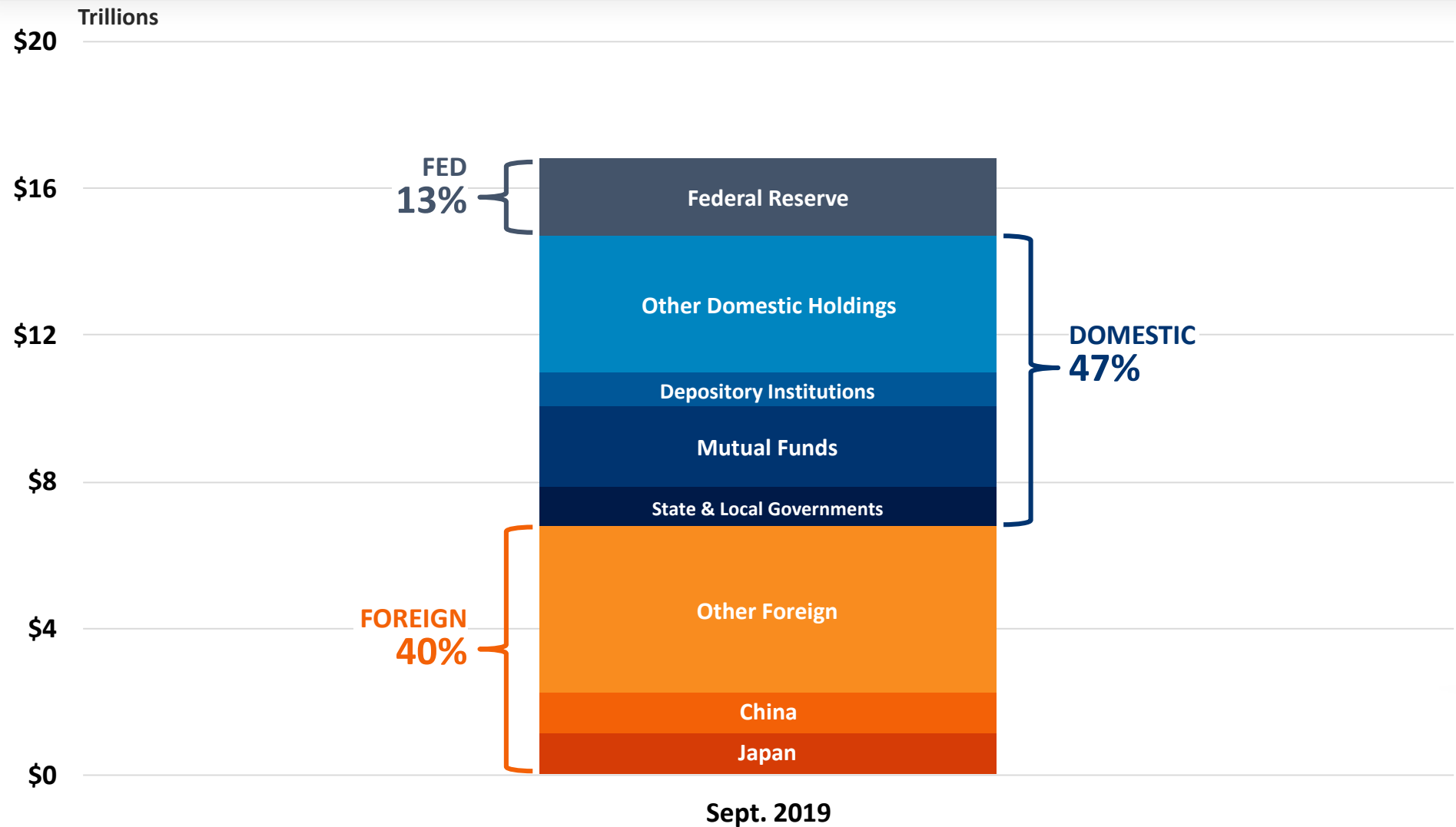
Due to the Pandemic, The Budget Deficit Will Quadruple



And Debt Will Soon Reach Record Levels



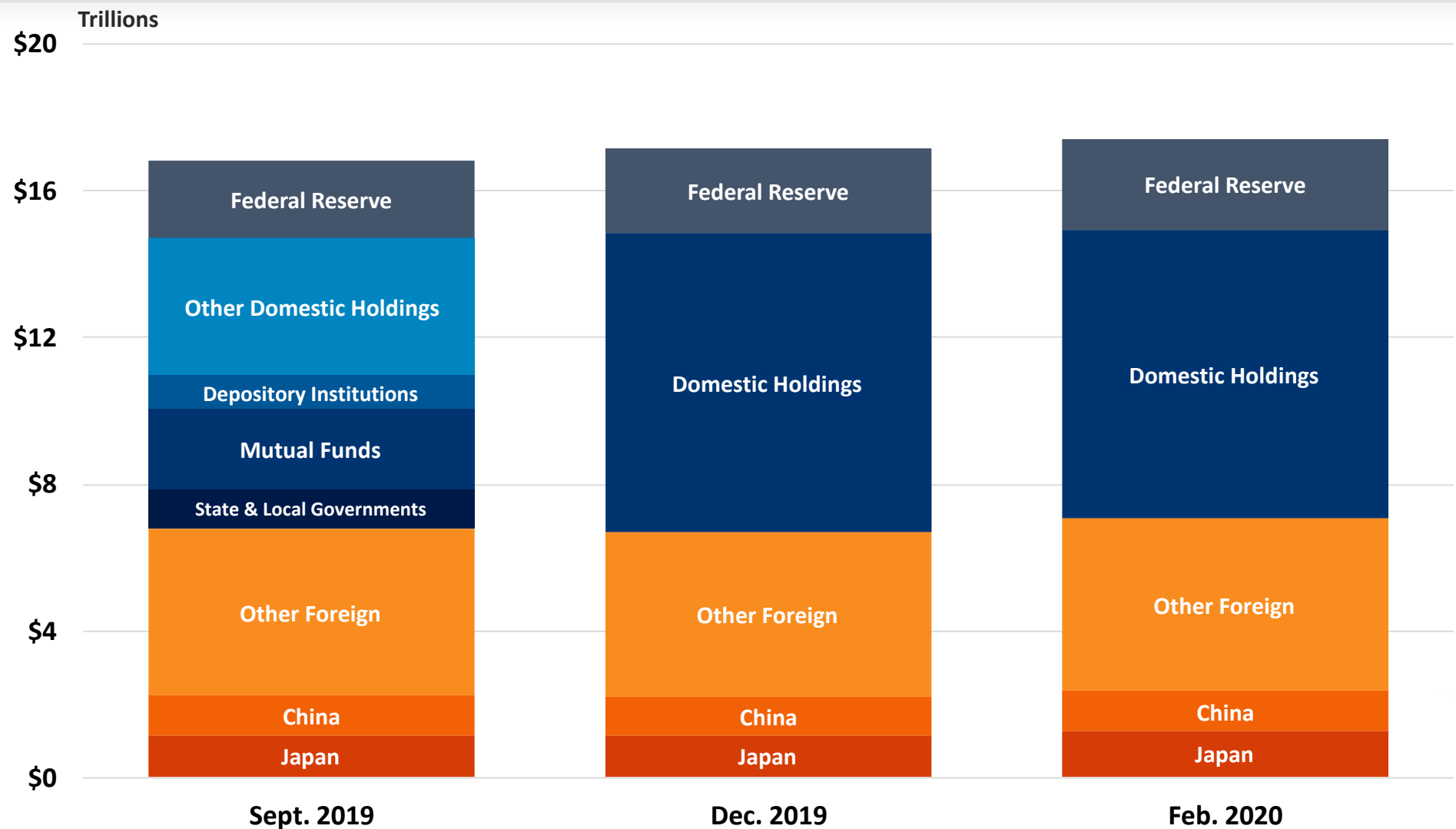
Who Will Buy this New Debt?



Source: Federal Reserve Board of Governors, Treasury Department



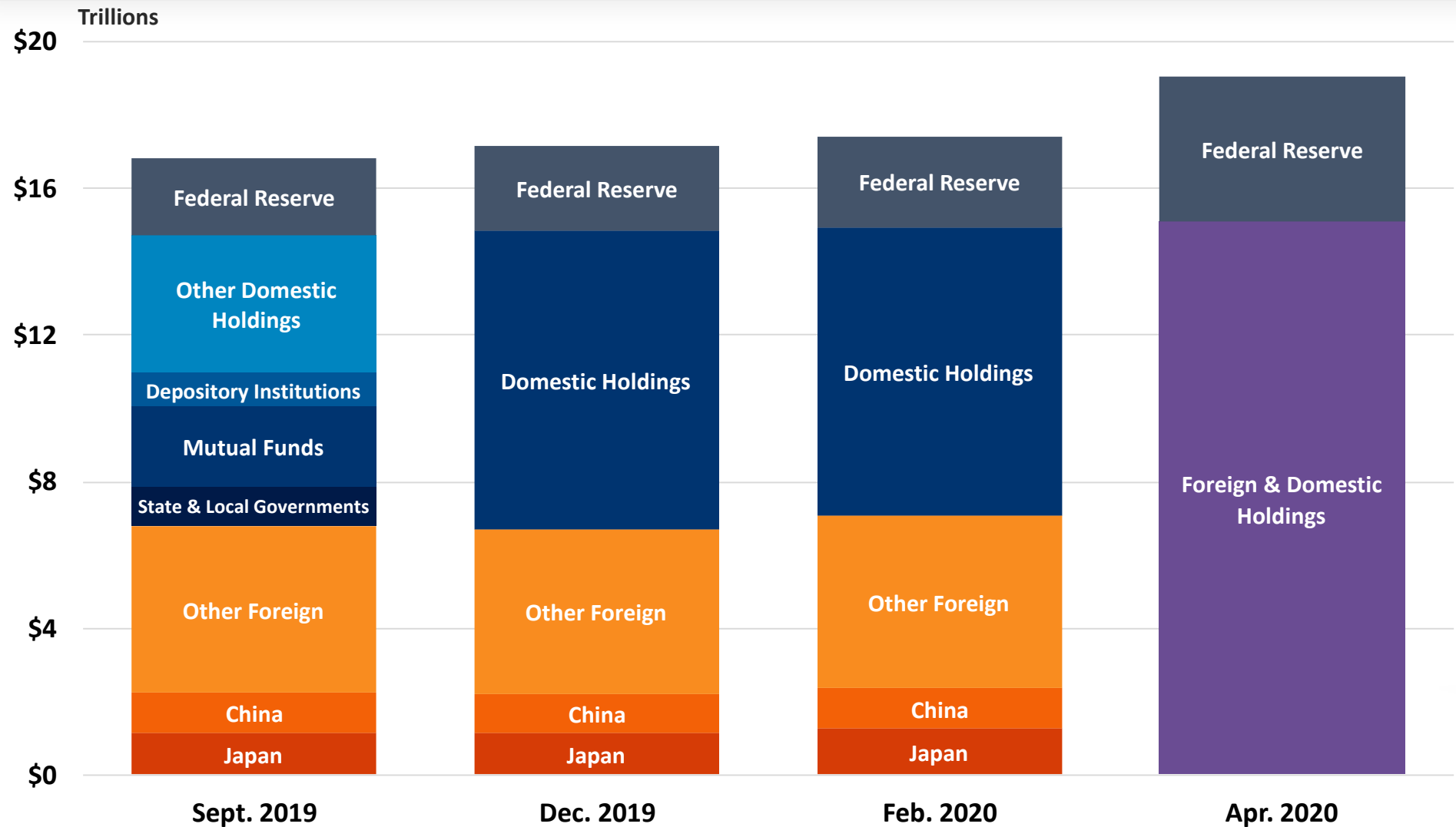
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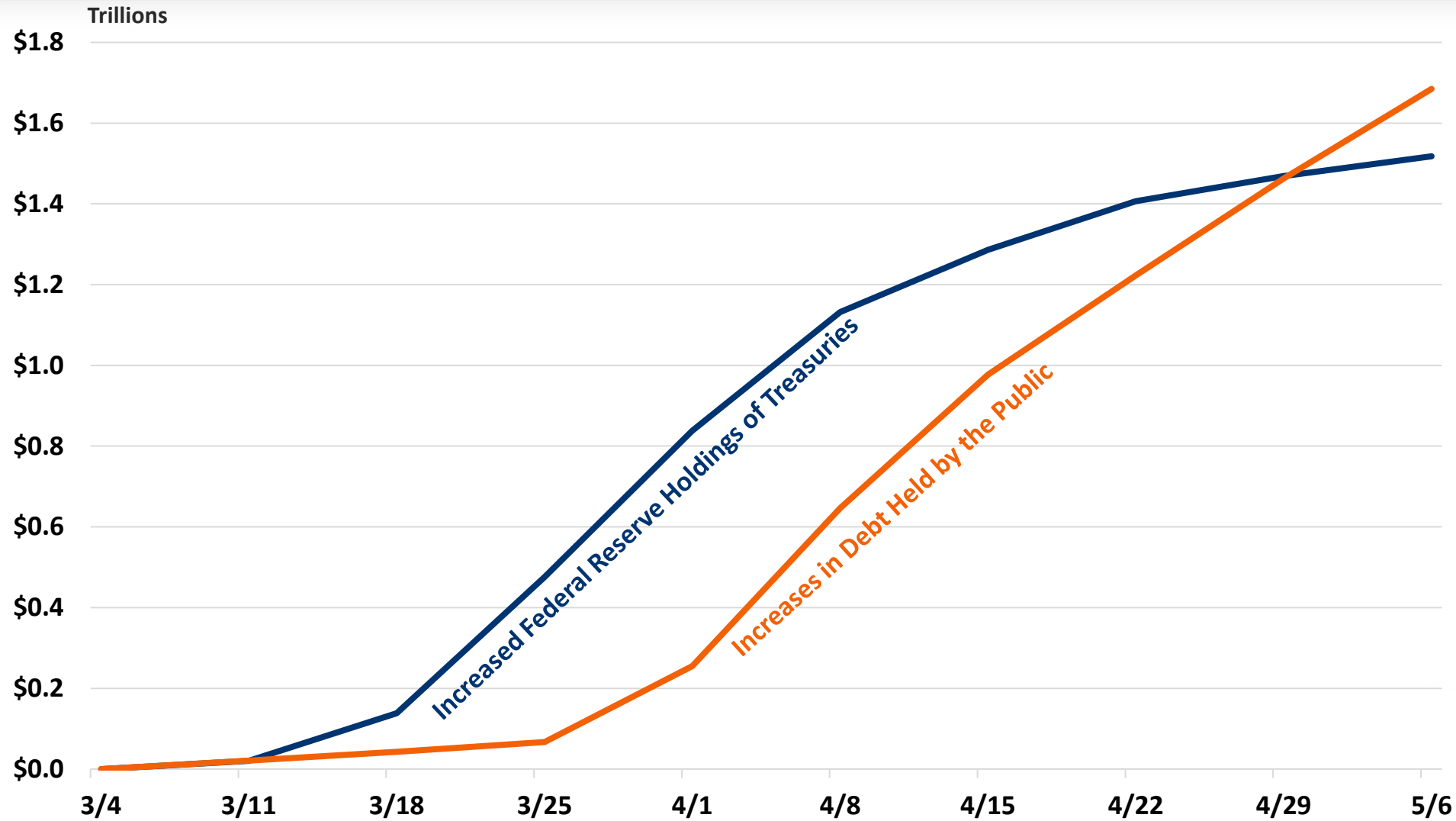


Who Will Buy this New Debt?



Source: Federal Reserve Board of Governors, Treasury Department

On Net, The Fed has Absorbed All New COVID Debt

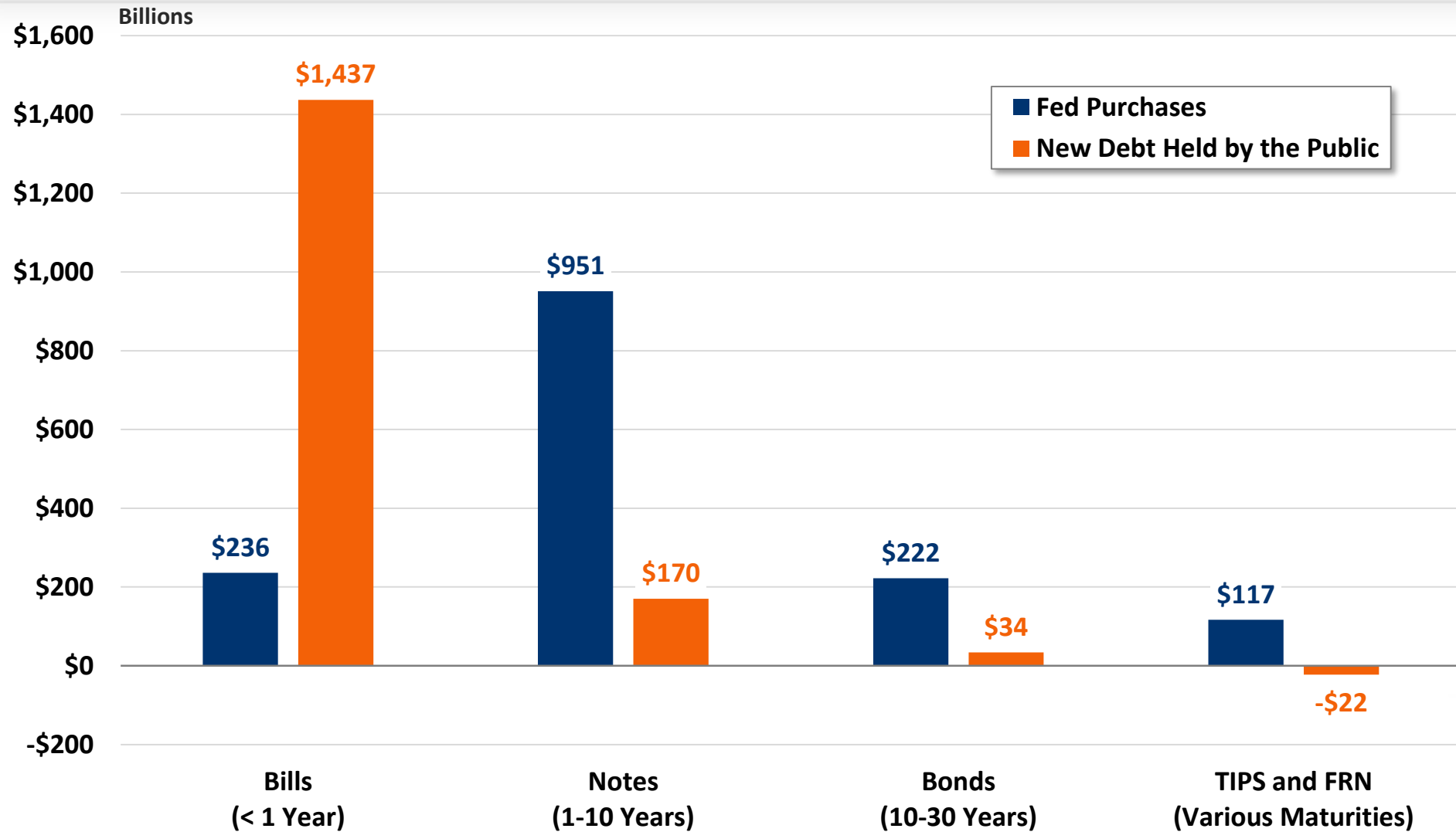


Source: Federal Reserve Board of Governors, Treasury Department

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But They Are Buying Longer Maturities...

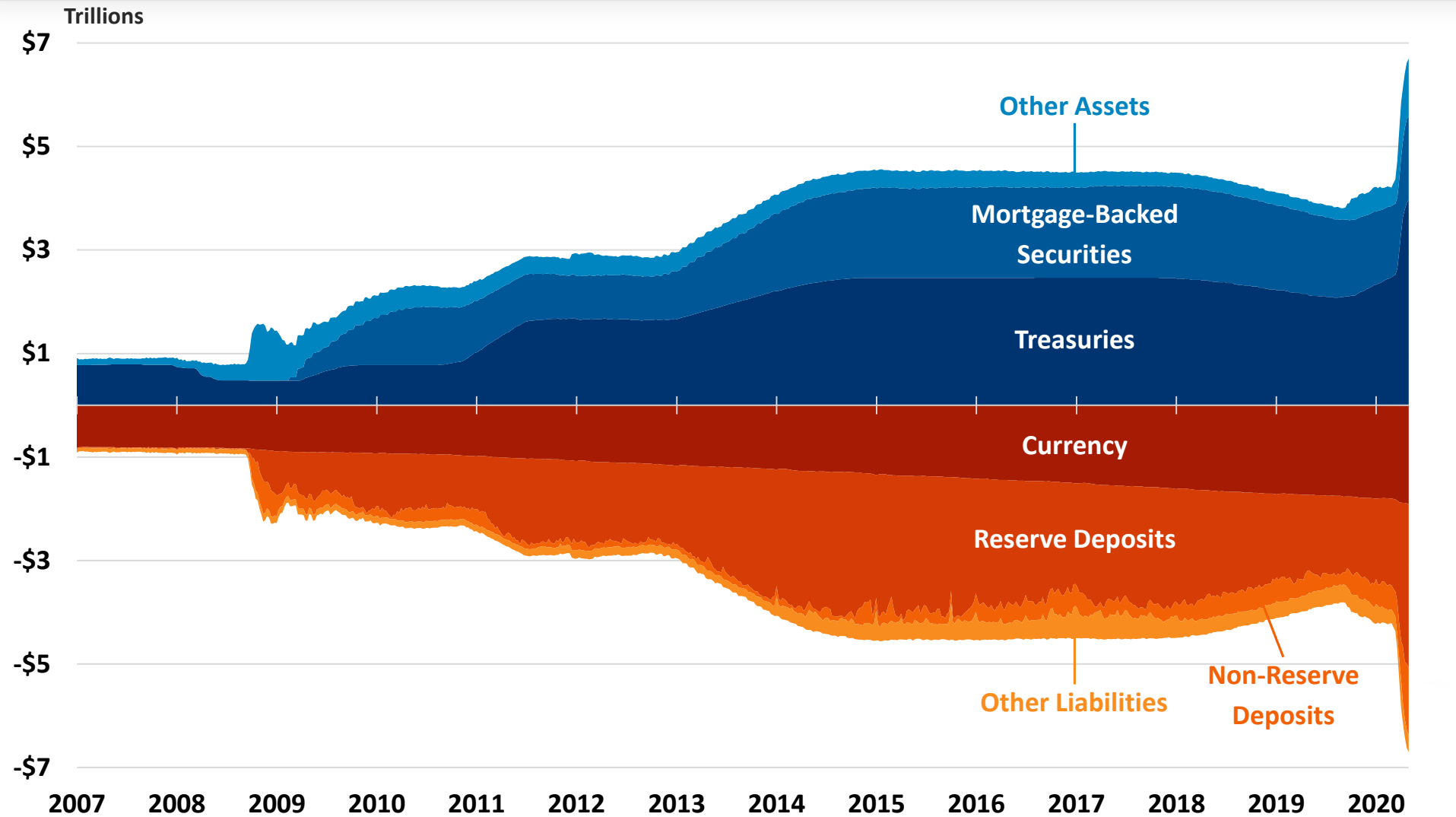


Note: Chart shows Fed purchases and Treasury auctions since 3/4/2020

Source: Treasury Department, Federal Reserve Board of Governors



Is It Quantitative Easing or Debt Monetization?



Source: Federal Reserve Board of Governors

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And How Long Can It Continue?

