

# Unpacking the Latest COVID Relief Package

April 22, 2020



**COMMITTEE FOR A  
RESPONSIBLE FEDERAL BUDGET**

*CRFB.org*

# What's In The Paycheck Protection Program and Health Care Enhancement Act?

## ➤ Replenished Funding for Paycheck Protection Program

- ❑ Increased funding by \$321 billion – from \$349b to \$670b
- ❑ Dedicated \$60 billion to small banks, credit unions, and community financial institutions

## ➤ \$60 billion for Economic Injury Disaster Loans

- ❑ \$50 billion to originate ~\$300 billion of loans
- ❑ \$10 billion more for \$10,000 “advance” grants

## ➤ More health provider and public health funding

- ❑ Increase hospital and provider fund by \$75 billion – from \$100 billion to \$175 billion
- ❑ \$25 billion for COVID-19 testing
  - \$11 billion for states – for all states, focused on high-COVID states
  - \$1 billion for CDC, \$2 billion for NIH, \$1 billion for BARDA, \$1 billion for CHCs, \$1 billion for uninsured



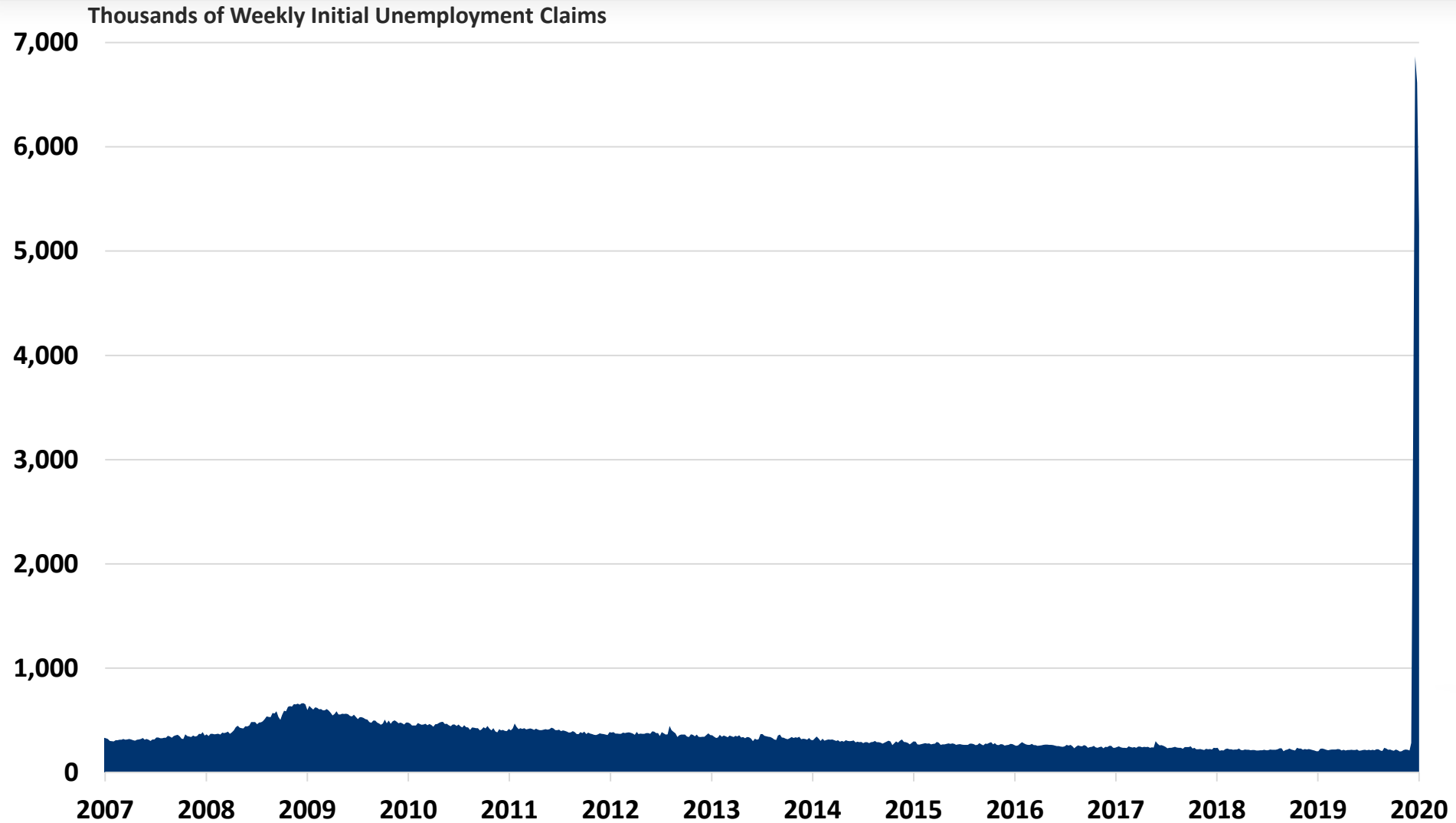
# The Paycheck Protection Program and Health Care Enhancement Act

Policy	Allowed	Disbursed/Committed	Deficit Impact
Increase funding for forgivable small business loans (Paycheck Protection Program)	\$321 billion	N/A	\$321 billion
Establish health provider emergency grant fund program for COVID-19 preparedness and expenses	\$75 billion	N/A	\$75 billion
Establish emergency grant fund program for COVID-19 testing	\$25 billion*	N/A	\$25 billion
Increase small business emergency loan (EIDL) authorization	\$300 billion^	N/A	\$50 billion
Increase funding for small business emergency grants (EIDL)	\$10 billion	N/A	\$10 billion
Increase funding for Small Business Administration	\$2 billion	N/A	\$2 billion
<b>Paycheck Protection Program and Health Care Enhancement Act</b>	<b>\$733 billion</b>	<b>N/A</b>	<b>\$483 billion</b>

\*\$11 billion is earmarked for states, localities, territories, and tribal organizations

^The legislation appropriates \$50 billion toward the Economic Injury Disaster Loan (EIDL) program, which Senate Majority Leader Chuck Schumer (D-NY) has said would be enough to support \$300 billion in loans. This claim is consistent with a subsidy rate of roughly 17%.

# The Why Of It All - Unemployment Claims are Exploding

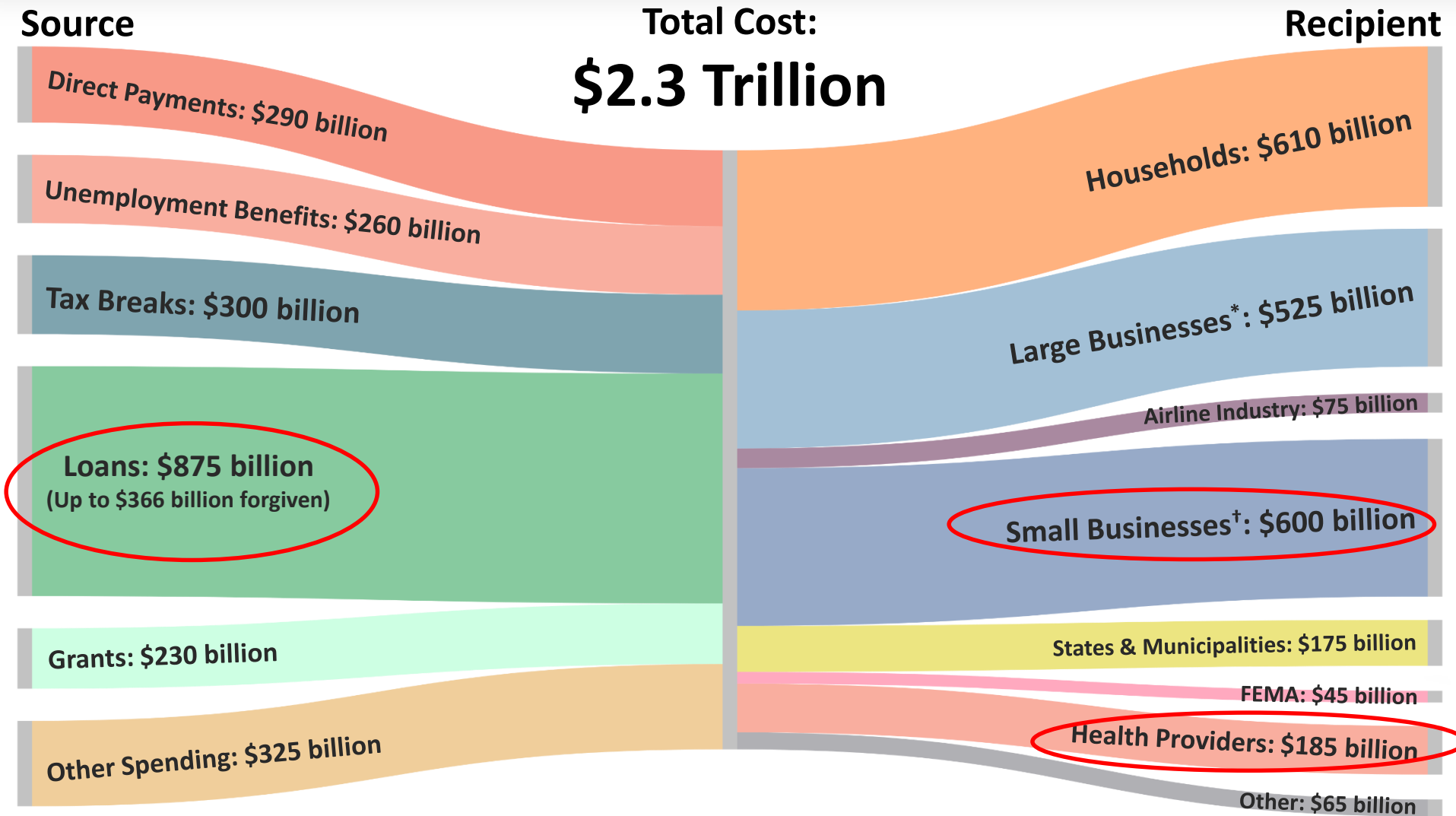


Source: U.S. Employment and Training Administration

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# The Why of It All - In Some Areas, CARES Fell Short



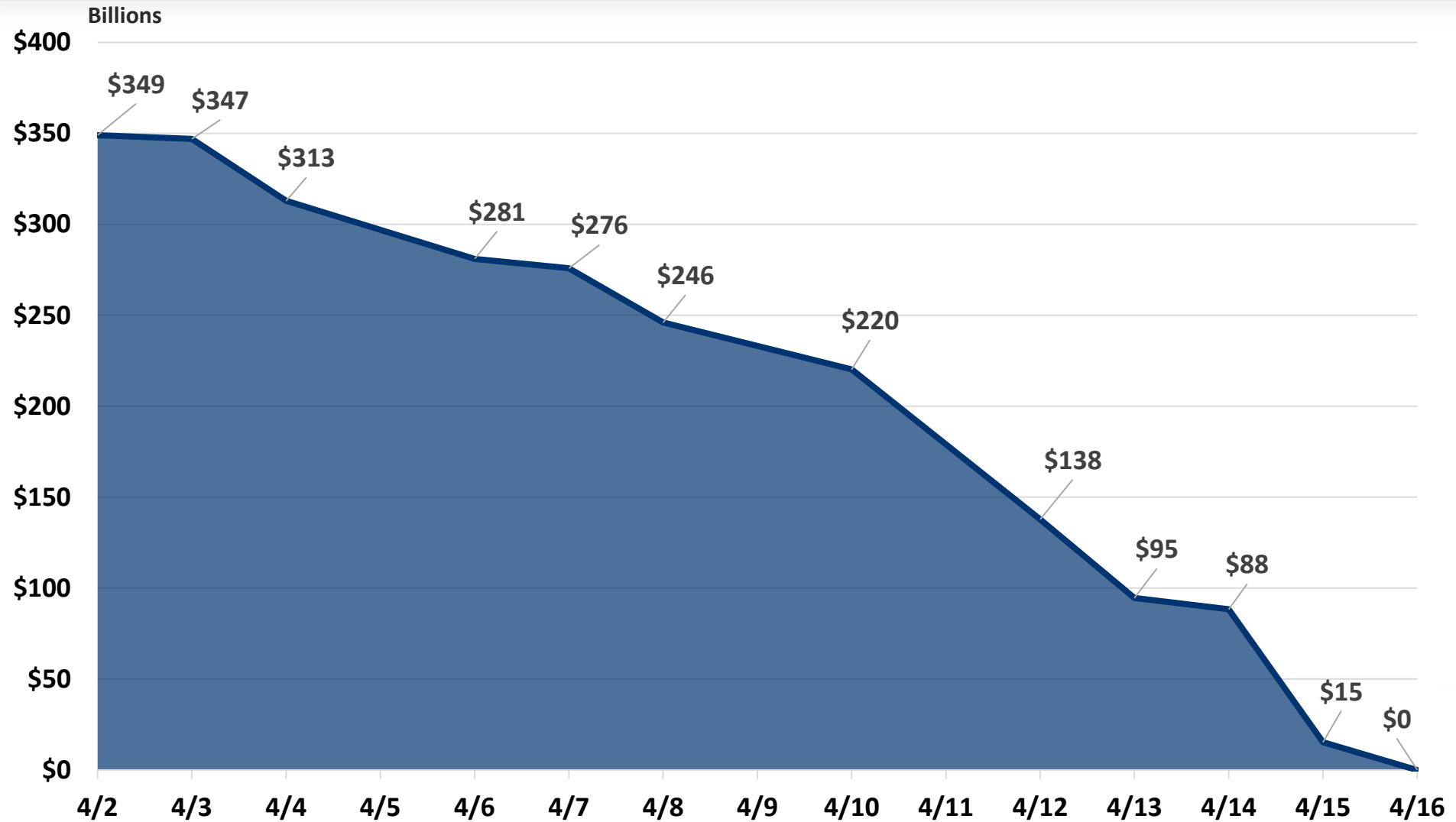
† This includes \$170 billion of tax cuts for businesses other than corporations, some of which are large companies.

\* 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.



# Paycheck Protection Money Evaporated Quickly



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Source: Small Business Administration, Media Reports

# A Brand New Initiative to Track the Dollars

## COVID Money Tracker

A Project of the Committee for a Responsible Federal Budget

**[www.COVIDMoneyTracker.org](http://www.COVIDMoneyTracker.org)**



# A State-of-The-Art Interactive Database to Promote Transparency and Accountability



THE COMMITTEE FOR A  
RESPONSIBLE FEDERAL BUDGET

A COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET PROJECT

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Title	Date	Who	Max Amount (in billions)	Spent Amount (in billions)	Deficit Amount (in billions)
▼ <b>Federal Reserve Balance Sheet</b>		Fed	>	\$5,962.76	\$3,085.09
▼ <b>Government Guarantees</b>		Various Agencies	>	\$1,799.19	\$376.32*
▼ <b>2009 Stimulus (American Recovery and Reinvestment Act)</b>		Various Agencies		\$968.00	\$762.00
[-] <b>Spending Provisions</b>		Congress		\$551.00	\$477.50
Health Care Spending	02/17/2009	Congress		\$146.00	\$114.42
Infrastructure	02/17/2009	Congress		\$139.00	\$133.10
Direct Assistance to Individuals	02/17/2009	Congress		\$134.00	\$128.56
Education	02/17/2009	Congress		\$103.00	\$97.36
Other Spending Provisions	02/17/2009	Congress		\$26.00	\$9.19
[-] <b>Tax Provisions</b>		IRS		\$420.00	\$284.50
Making Work Pay Tax Credit	02/17/2009	IRS		\$116.00	\$104.40
Alternative Minimum Tax Patch	02/17/2009	IRS		\$85.00	\$80.00
Corporate Tax Breaks	02/17/2009	IRS		\$76.00	\$32.10
Other Individual Tax Breaks	02/17/2009	IRS		\$72.00	\$53.50
Other Tax Provisions	02/17/2009	IRS		\$71.00	\$21.00
▼ <b>2010 Tax Cut</b>		Congress		\$937.44	\$857.81
2-Year Extension of 2001/2003 Tax Cuts	12/17/2010	IRS		\$407.64	\$407.64

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# Responses to COVID-19, So Far

Response	Allowed	Disbursed/Committed	Deficit Impact
<b>Legislative Actions</b>	<b>\$3.6 trillion</b>	<b>&gt;\$850 billion</b>	<b>\$2.5 trillion</b>
Coronavirus Preparedness & Response Supplemental Appropriations Act	\$8 billion	~\$1 billion	\$8 billion
Families First Coronavirus Response Act	\$192 billion	Unknown	\$192 billion
CARES Act	\$2.7 trillion	>\$840 billion	\$1.8 trillion
Paycheck Protection Program and Health Care Enhancement Act	\$733 billion	N/A	\$483 billion
<b>Administrative Actions</b>	<b>~\$380 billion</b>	<b>Unknown</b>	<b>~\$80 billion</b>
Declare national emergency	~\$50 billion	Unknown	~\$50 billion
Delay tax filing deadline to July 15	~\$300 billion	N/A	\$0
Other executive actions	~\$30 billion	Unknown	~\$30 billion
<b>Federal Reserve Actions</b>	<b>&gt;\$9.2 trillion</b>	<b>\$1.7 trillion</b>	<b>N/A</b>
Interest rate changes	N/A	N/A	N/A
Asset purchases	\$4.8 trillion**	\$1.2 trillion	N/A
Liquidity measures	>\$2.4 trillion	\$444 billion	N/A
Emergency lending programs and facilities	>\$2.0 trillion	\$88 billion	N/A

Deficit impact is from 2020-2030.

\*\*Assumes Treasury and mortgage-backed security purchases total \$125 billion per day through May 31.



# Legislative Responses to COVID-19 in Early March

Response	Allowed	Disbursed/Committed	Deficit Impact
Fund R&D for vaccines, testing, and other treatments	\$3 billion	<\$1 billion	\$3 billion
Increase funding for Centers for Disease Control	\$2 billion	<\$1 billion	\$2 billion
Increase funding for preparedness and supplies, and for Community Health Centers	\$1 billion	<\$1 billion	\$1 billion
Fund the State Department health response overseas	\$1 billion	<\$1 billion	\$1 billion
Waive restrictions for Medicare telehealth and other spending	\$1 billion	<\$1 billion	\$1 billion
<b>Coronavirus Preparedness &amp; Response Supplemental Appropriations Act (March 4, 2020)</b>	<b>\$8 billion</b>	<b>~\$1 billion</b>	<b>\$8 billion</b>
Mandate and subsidize emergency paid leave	\$105 billion	Unknown	\$105 billion
Increase Medicaid matching funds to states	\$50 billion	Unknown	\$50 billion
Allow states to increase SNAP benefits, waive work requirements	\$21 billion	Unknown	\$21 billion
Require and partially fund free COVID-19 testing	\$10 billion	Unknown	\$10 billion
Fund extended unemployment benefits past 26 weeks	\$5 billion	<\$1 billion	\$5 billion
Increase funding for nutrition programs	\$1 billion	<\$1 billion	\$1 billion
<b>Families First Coronavirus Response Act (March 18, 2020)</b>	<b>\$192 billion</b>	<b>Unknown</b>	<b>\$192 billion</b>

# The CARES Act

Response	Allowed	Disbursed/Committed	Deficit Impact
Expand Unemployment Benefits - expand eligibility, increase benefits by \$600/week, extend 13 weeks, and other changes	\$268 billion	Unknown	\$268 billion
Provide tax rebates of \$1,200/adult and \$500/child	\$293 billion	\$150 billion	\$293 billion
Support \$4.5 trillion of Federal Reserve loans	\$454 billion	\$185 billion*	\$0 billion
Provide forgivable small business loans (Paycheck Protection Program)	\$349 billion	\$349 billion	\$349 billion
Subsidize loan payments for existing SBA loans for 6 months	\$17 billion	Unknown	\$17 billion
Provide aid to states for pandemic-related costs	\$150 billion	\$42 billion **	\$150 billion
Provide payments to hospitals (Provider Relief Fund)	\$100 billion	\$30 billion	\$100 billion
Loosen TCJA-imposed caps on interest deductibility & operating losses	\$241 billion^	Unknown	\$210 billion
Offer payroll tax credits for some businesses who retain workers at a loss	\$57 billion	Unknown	\$57 billion
Delay employer payroll tax payments for some businesses	\$352 billion^	Unknown	\$12 billion
Provide loans to airlines and firms vital to national security	\$46 billion	Unknown	\$1 billion
Expand FEMA Disaster Assistance Fund	\$45 billion	\$3 billion	\$44 billion
Increase preparedness and health agency funding	\$37 billion	Unknown	\$37 billion
Provide grants to airlines to avoid furloughs & pay cuts	\$32 billion	\$21 billion	\$24 billion
Establish Education Stabilization Fund for states	\$31 billion	\$6 billion	\$31 billion
Defer student loan payments for 6 months and preserve student aid	\$30 billion	Unknown	\$9 billion
Increase Medicare payments and repeal sequester, expand telehealth & home services, fund community health centers	\$28 billion	\$1 billion	-\$1 billion

# The CARES Act

Response	Allowed	Disbursed/Committed	Deficit Impact
Issue infrastructure grants to transit providers, including state & local governments	\$25 billion	\$25 billion	\$25 billion
Increase SNAP & child nutrition funding	\$25 billion	Unknown	\$25 billion
Increase funding toward veterans & defense health	\$20 billion	Unknown	\$19 billion
Boost housing support	\$12 billion	\$3 billion	\$12 billion
Provide emergency grants (EIDL) for small businesses	\$11 billion	\$11 billion	\$11 billion
Provide grants to publicly-owned commercial airports	\$10 billion	\$10 billion	\$10 billion
Provide loans to postal service	\$10 billion	Unknown	\$10 billion
Allow use of health savings accounts for over-the-counter medication and menstrual products	\$9 billion	Unknown	\$9 billion
Allow emergency retirement account withdrawals	\$8 billion	Unknown	\$8 billion
Increase child & family services funding	\$5 billion	\$4 billion	\$5 billion
Suspend aviation taxes	\$4 billion	Unknown	\$4 billion
Let nonitemizers deduct up to \$300 of charitable donations and loosen caps on charitable deduction	\$3 billion	\$0	\$3 billion
Other policies	\$18 billion	Unknown	\$18 billion
<b>CARES Act (March 27, 2020)</b>	<b>\$2.7 trillion</b>	<b>&gt;\$840 billion</b>	<b>\$1.8 trillion</b>
<b>Total, Legislation</b>	<b>\$2.9 trillion</b>	<b>&gt;\$840 billion</b>	<b>\$2.0 trillion</b>

# Administrative Actions

Response	Allowed	Disbursed/Committed	Deficit Impact
Declare national emergency (March 13, 2020)	~\$50 billion*	Unknown	~\$50 billion
Allow high-deductible plans to pay for COVID-19 testing and treatment (March 11, 2020)	Unknown	N/A	Unknown
Delay tax filing deadline to July 15 (March 17, 2020)	\$300 billion	N/A	\$0 billion
Institute 60-day moratorium on federal student loan interest (March 20, 2020)	~\$10 billion	N/A	~\$10 billion
Institute 60-day moratorium on evictions and foreclosures for FHA-backed mortgages (March 18, 2020)	\$0 billion	\$0 billion	\$0 billion
Begin Coronavirus Food Assistance Program (April 17, 2020)	\$19 billion	\$0 billion	\$19 billion**
<b>Total, Administrative Actions</b>	<b>&gt;\$380 billion</b>	<b>Unknown</b>	<b>~\$80 billion</b>

# Federal Reserve Actions

Response	Allowed	Disbursed/Committed	Deficit Impact
Cut federal funds rate by 0.5% to 1-1.25%	March 3	N/A	N/A
Cut federal funds rate by 1% to near-zero	March 15	N/A	N/A
<b>Subtotal, Interest Rate Changes</b>		<b>N/A</b>	<b>N/A</b>
Increase long-term Treasury security holdings	March 12-23	\$3.26 trillion**	\$1.08 trillion^
Increase mortgage-backed security holdings	March 12-23	\$1.55 trillion**	\$97 billion^
<b>Subtotal, Asset Purchases</b>		<b>\$4.8 trillion**</b>	<b>\$1.18 trillion^</b>
Increase overnight repo operations	March 9-16	\$1 trillion	
Increase one-month term repo operations	March 11-16	\$500 billion	\$51 billion*
Increase three-month term repo operations	March 12-16	\$500 billion	
Increase central bank dollar swap line arrangements	March 15	N/A	\$393 billion
Establish FIMA Repo Facility	March 31	N/A	\$0 billion
<b>Subtotal, Liquidity Measures</b>		<b>&gt;\$2.4 trillion</b>	<b>\$444 billion</b>

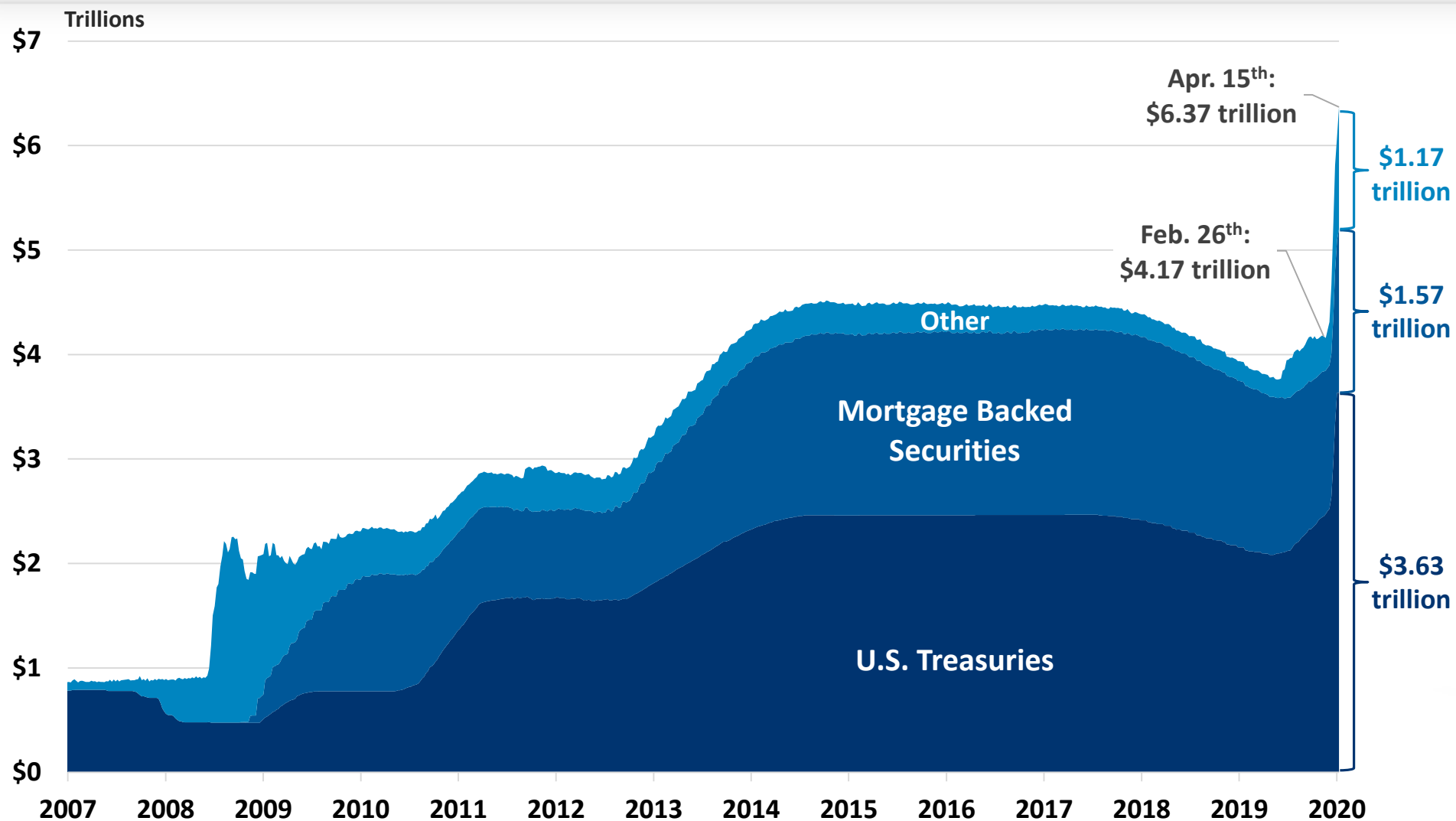
# Federal Reserve Actions

Response	Allowed	Disbursed/Committed	Deficit Impact
Re-institute Commercial Paper Funding Facility	March 17	N/A	\$0
Re-institute Primary Dealer Credit Facility	March 17	N/A	\$36 billion
Re-institute Money Market Mutual Fund Liquidity Facility	March 18	N/A	\$52 billion
Re-institute Term Asset-Backed Securities Loan Facility	March 23	\$100 billion	\$0
Establish Primary and Secondary Market Corporate Credit Facilities^^	March 23	\$750 billion	\$0
Establish Paycheck Protection Program Loan Facility	April 6	N/A	\$0
Establish Main Street Business Lending Program^^	April 9	\$600 billion	\$0
Establish Municipal Liquidity Facility^^	April 9	\$500 billion	\$0
<b>Subtotal, Emergency Lending</b>		<b>&gt;\$2.04 trillion</b>	<b>\$88 billion</b>
<b>Total</b>		<b>&gt;\$9.24 trillion**</b>	<b>\$1.71 trillion</b>
<i>Memo: Total Federal Reserve Balance Sheet</i>			<i>\$6.37 trillion</i>
<i>Memo: Increase in Balance Sheet Since February 26</i>			<i>\$2.21 trillion</i>



# So What Does This All Mean?

# The Fed Balance Sheet Is Dramatically Expanding

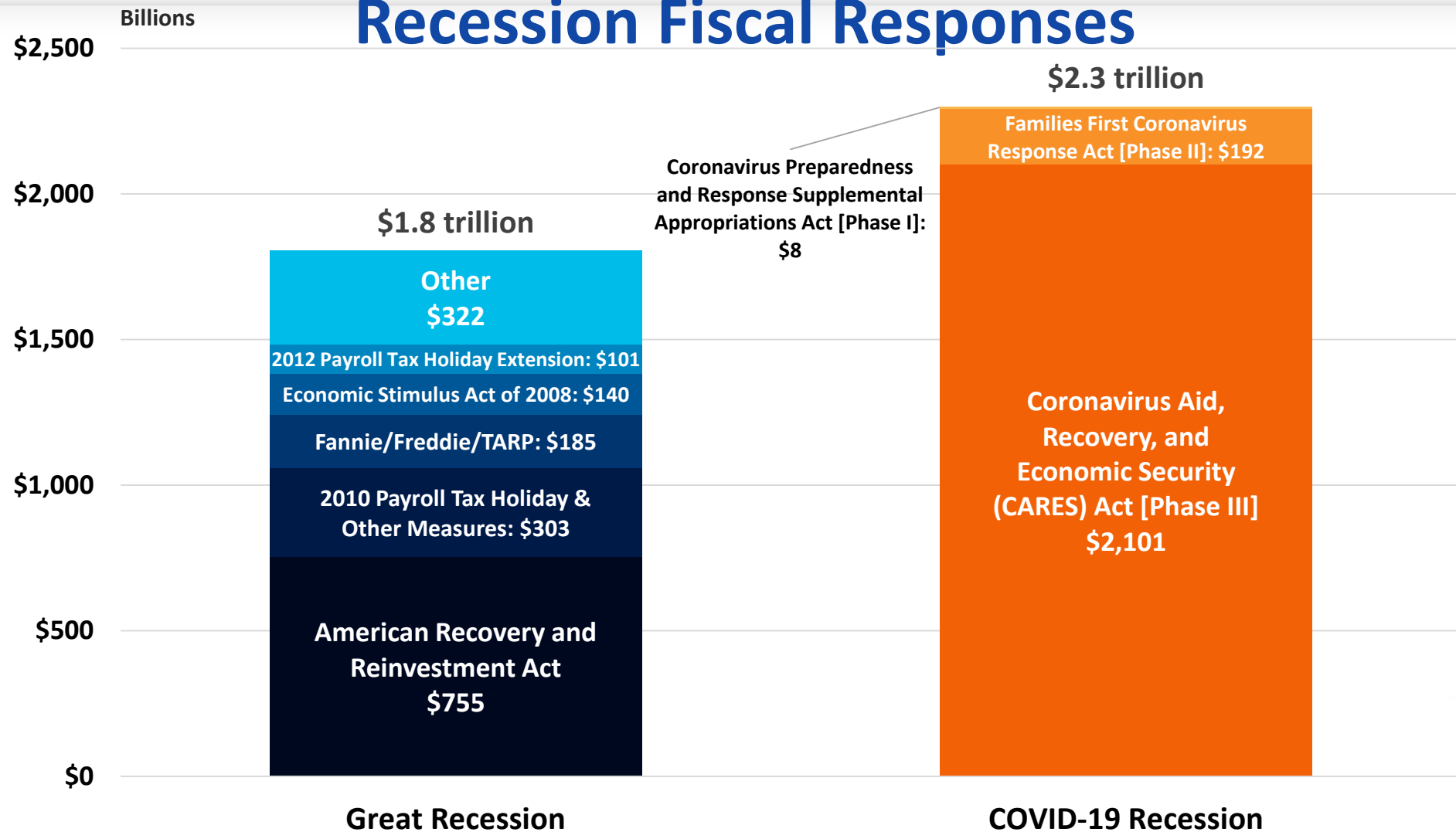


Source: Federal Reserve Board of Governors

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# The Fiscal Response is Similar in Size to the Great Recession Fiscal Responses



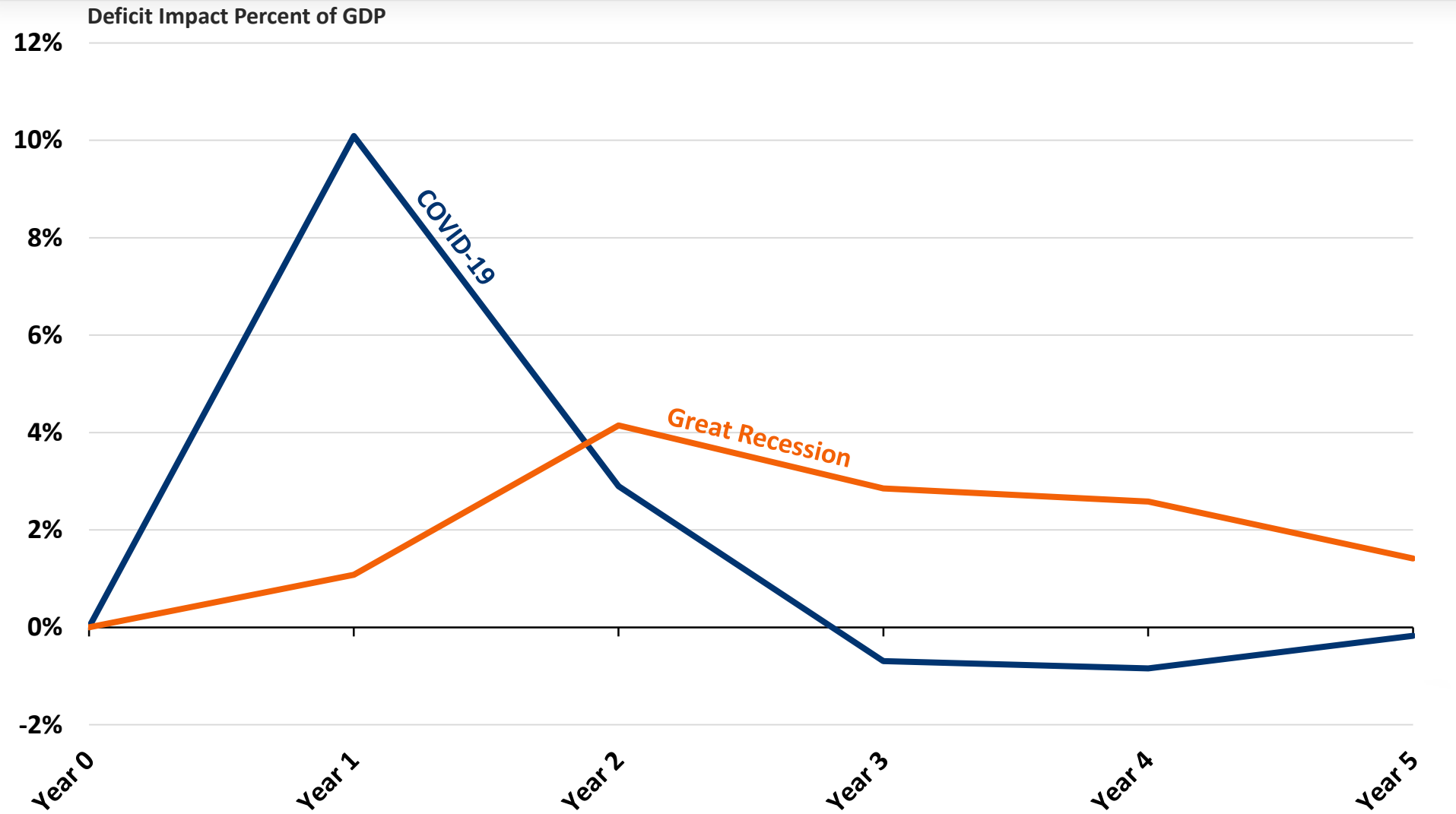
Note: Figures reflect 5-year cost estimates

Source: CBO, CRFB Calculations

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# But the Response is Far More Rapid

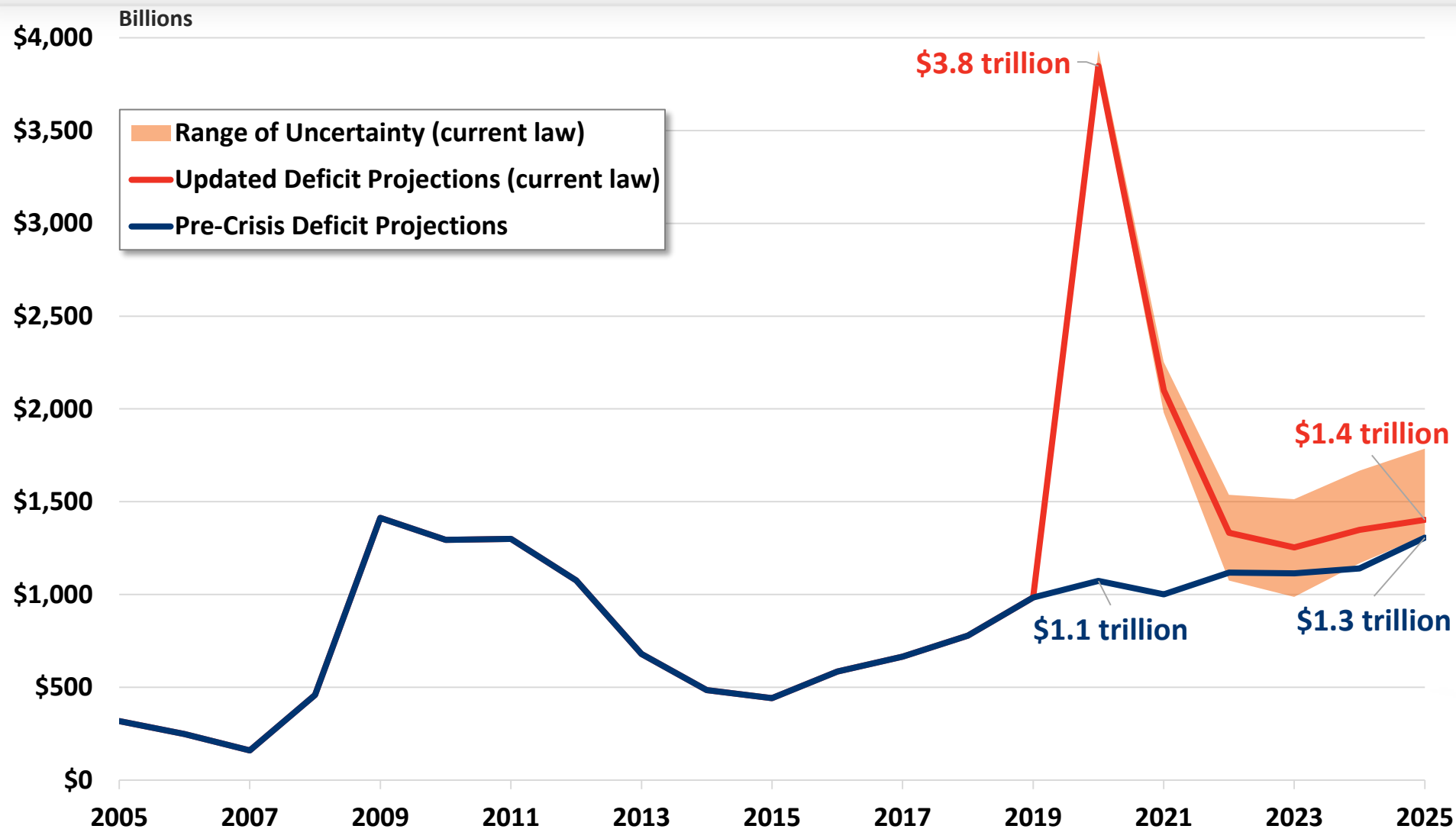


Source: CBO, CRFB Calculations

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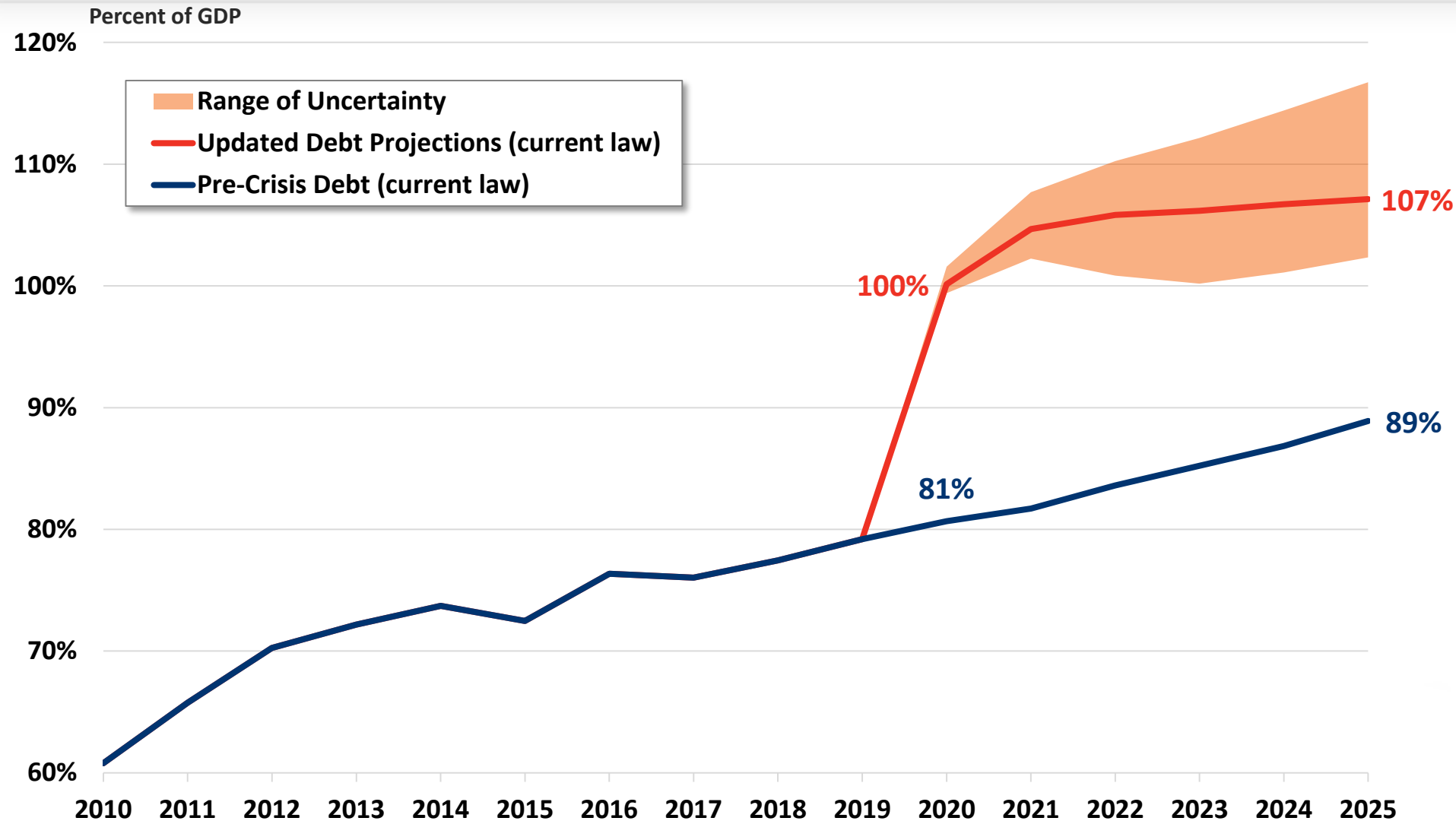


# The Budget Deficit Will Likely Quadruple



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# And Debt Is Headed for Record Levels



# Extra Slides



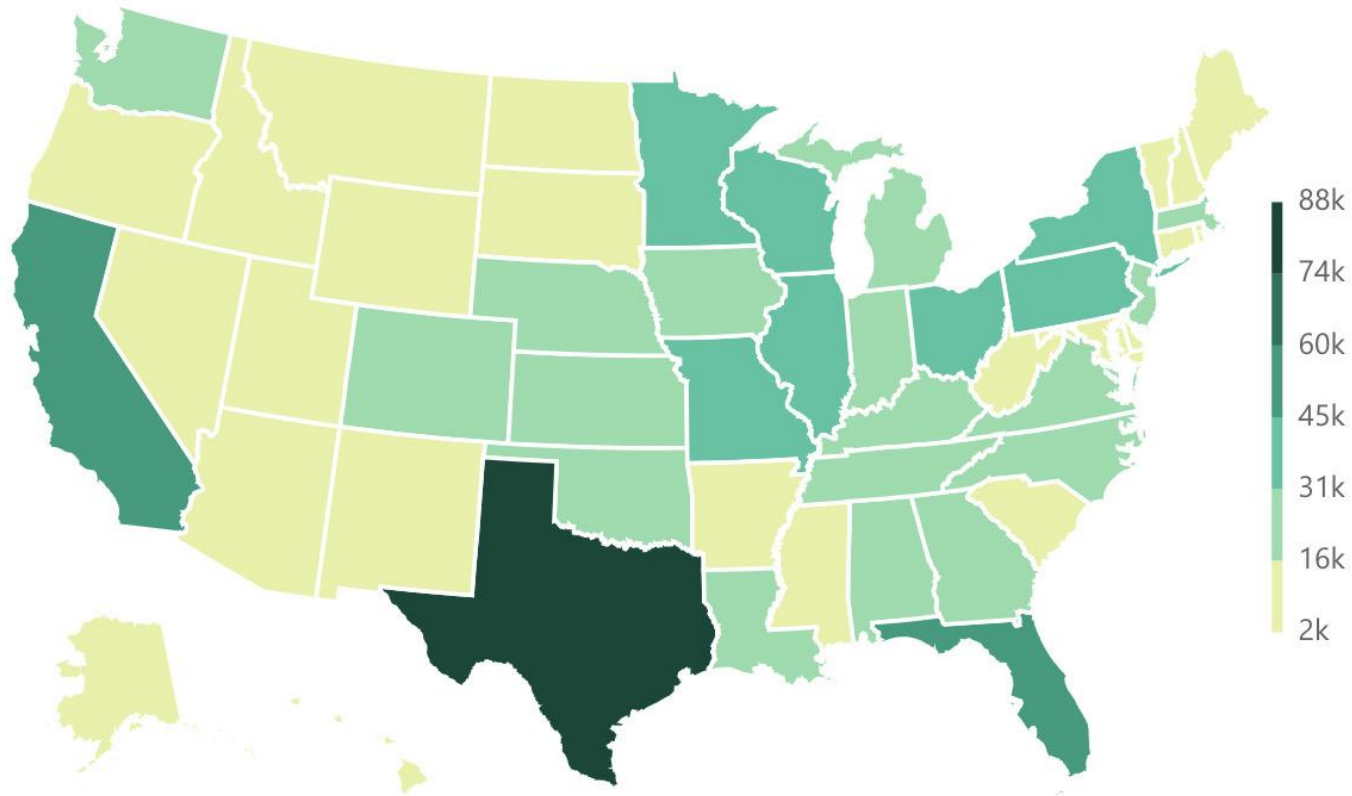
# Industry Relief: Airline Payroll Support Program

Airline	Grant	Loan	Total
Alaska Airlines	\$725 million	\$267 million	\$992 million
Allegiant Air	\$86 million	\$85.9 million	\$171.9 million
American Airlines	\$4.1 billion	\$1.7 billion	\$5.8 billion
Delta Air Lines	\$3.8 billion	\$1.6 billion	\$5.4 billion
Frontier Airlines	Terms not available as of 4/22		
Hawaiian Airlines	\$233 million	\$57 million	\$290 million
JetBlue Airways	\$685.1 million	\$250.7 million	\$935.8 million
United Airlines	\$3.5 billion	\$1.5 billion	\$5 billion
SkyWest Airlines	Terms not available as of 4/22		
Southwest Airlines	\$2.3 billion	\$1 billion	\$3.3 billion
Spirit Airways	\$330 million		\$330 million
<b>Total Committed</b>	<b>&gt;\$15.4 billion</b>	<b>&gt;\$6.5 billion</b>	<b>\$22.2 billion</b>
<b>Total Allowed</b>			<b>\$25 billion</b>

*Note: The CARES ACT appropriated \$25 billion in payroll support for passenger airlines in the form of grants and loans, as well as an additional \$25 billion in loans or loan guarantees from the Treasury*

# Paycheck Protection Loans, by States

## SBA Loans by State



APPROVED SBA PPP LOANS THROUGH 4/13/2020 2020

Source: USA Facts

# Paycheck Protection Program Loans by Industry

