



Press Release

Why Doesn't CARES Cost \$2 Trillion?

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act, the largest fiscal intervention in U.S. history, was largely discussed as a \$2 trillion (or more) package. The Congressional Budget Office (CBO), however, estimates the Act will cost significantly less — under \$1.76 trillion. In a new insight, AAF's Director of Fiscal Policy Gordon Gray explains why CBO's estimate is lower than the original estimate. The difference lies in CBO's projection that businesses will pay back \$454 billion in CARES Act loans, Gray notes.

An excerpt:

Profound uncertainty attaches to this kind of forward-looking estimate that turns on so many presently unknowable outcomes. As CBO notes, terms for the lending have not been fully specified and CBO has not fully analyzed the Federal Reserve's lending facilities. Accordingly, CBO's estimate that the taxpayer will be made whole under this program may smack of blithe optimism. But it is more reasonable than assuming the \$454 billion is never repaid at all.

[Read the analysis.](#)