



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 18, 2006

### **S. 2611** **Comprehensive Immigration Reform Act of 2006**

*As passed by the Senate on May 25, 2006*

#### **SUMMARY**

The Comprehensive Immigration Reform Act of 2006 would amend laws governing immigration, authorize numerous initiatives to improve enforcement of those laws, and increase the limits on legal immigration. Implementing those changes would increase both direct spending (i.e., mandatory spending) and discretionary spending (i.e., spending subject to annual appropriation action):

- CBO and the Joint Committee on Taxation (JCT) estimate that enacting this legislation would increase direct spending by \$16 billion over the 2007-2011 period and by \$48 billion over the 2007-2016 period.
- Pursuant to section 407 of H. Con. Res. 95 (the Concurrent Resolution on the Budget, Fiscal Year 2006), CBO estimates that enacting S. 2611 would cause an increase in direct spending greater than \$5 billion in each of the 10-year periods between 2016 and 2055.
- Assuming appropriation of the amounts authorized in the act, CBO estimates that discretionary spending would increase by \$33 billion over the 2007-2011 period and by \$78 billion over the 2007-2016 period.

Enacting S. 2611 would have several effects on federal revenues, including changes in collections of income and payroll taxes, certain visa fees that are classified as revenues, and various fines and penalties. Taken together, the Joint Committee on Taxation and CBO estimate that those effects would reduce federal revenues by about \$79 billion over the 2007-2016 period. However, it appears that the effect of one tax provision would be significantly different from what was intended; if the language were modified to reflect that intent, the act would *increase* revenues by about \$44 billion over the 2007-2016 period, JCT and CBO estimate.

The large difference between the two revenue estimates results from subsection 601(b), which would exempt employers from all civil and criminal tax liabilities arising from the employment of aliens applying for an adjustment of status, without limiting the period to which the exemption applies. This provision would reduce receipts of payroll taxes because employers would not be required to pay such taxes for alien employees. Because the legislation does not specify a period of exemption, for purposes of this estimate, JCT has assumed that the exemption would have both a retroactive and prospective effect. Staff of the Senate Judiciary Committee have indicated that the exemption was intended to apply retroactively—to periods of employment *prior to* the filing of an application for adjustment of status—but not prospectively to the period after the application is filed and until adjustment of status is granted.

S. 2611 would impose private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on employers and other entities that hire, recruit, or refer individuals for employment. Those mandates would require employers that are determined to be “critical” employers to verify the employment eligibility of their current employees, and would require all employers and certain other entities to verify the employment eligibility of new hires and maintain records of the verification process. Based on the large number of projected new hires that employers and other entities would be required to verify, CBO expects that the aggregate direct costs of the mandates would exceed the annual threshold for private-sector mandates (\$128 million in 2006, adjusted annually for inflation) in at least one of the first five years the mandates are in effect.

S. 2611 would also impose several intergovernmental mandates. The act would preempt state and local authority and would require state and local governments to consult with communities in Mexico before building fences or other security structures along the border. CBO estimates that the cost, if any, for those governments to comply with the preemptions and the consultation requirement would be small. The act also would require state, local, and tribal governments, like private employers, to verify the work eligibility of employees. The cost for those governments to verify the work eligibility of their employees would depend on regulations to be developed by the Department of Homeland Security (DHS). Those government entities that the Secretary of DHS would designate as “critical” would have to verify the eligibility of current employees, in addition to new hires. Depending on how that designation is made, the costs to state, local, and tribal governments could range from \$30 million to \$85 million in the first year the requirements were in effect. Until the regulations for verifying the work eligibility of employees are promulgated, CBO cannot determine whether the total costs to state, local, and tribal governments to comply with all of the mandates in this act would exceed the annual threshold established in UMRA (\$64 million in 2006, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2611 is summarized in Table 1, with the estimated change in revenues based on the act's intent shown as a Memorandum at the bottom of the table. The costs of this legislation fall within budget functions 500 (education, training, employment, and social services), 550 (health), 570 (Medicare), 600 (income security), 650 (Social Security), and 750 (administration of justice).

**TABLE 1. SUMMARY OF ESTIMATED BUDGET EFFECTS OF S. 2611, AS PASSED BY THE SENATE**

|                                              | By Fiscal Year, in Billions of Dollars |             |             |             |             |             |             |             |             |            | 2007-        |
|----------------------------------------------|----------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|--------------|
|                                              | 2007                                   | 2008        | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016       | 2016         |
| CHANGES IN DIRECT SPENDING                   |                                        |             |             |             |             |             |             |             |             |            |              |
| Estimated Outlays                            |                                        |             |             |             |             |             |             |             |             |            |              |
| On-budget                                    | -1.8                                   | -1.4        | 5.9         | 5.9         | 5.8         | 4.6         | 4.9         | 5.6         | 6.2         | 7.4        | 43.3         |
| Off-budget                                   | <u>*</u>                               | <u>0.1</u>  | <u>0.3</u>  | <u>0.4</u>  | <u>0.5</u>  | <u>0.5</u>  | <u>0.7</u>  | <u>0.8</u>  | <u>0.9</u>  | <u>1.1</u> | <u>5.2</u>   |
| Total                                        | -1.8                                   | -1.2        | 6.2         | 6.3         | 6.3         | 5.2         | 5.6         | 6.4         | 7.1         | 8.5        | 48.4         |
| CHANGES IN REVENUES                          |                                        |             |             |             |             |             |             |             |             |            |              |
| Estimated Revenues                           |                                        |             |             |             |             |             |             |             |             |            |              |
| On-budget                                    | -1.4                                   | 1.7         | -5.4        | -8.4        | -8.1        | -3.8        | -2.9        | -2.3        | 0.1         | 1.6        | -28.9        |
| Off-budget                                   | <u>-4.3</u>                            | <u>-8.3</u> | <u>-9.9</u> | <u>-9.5</u> | <u>-8.0</u> | <u>-6.2</u> | <u>-5.0</u> | <u>-3.9</u> | <u>-0.1</u> | <u>5.6</u> | <u>-49.6</u> |
| Total                                        | -5.7                                   | -6.7        | -15.3       | -17.9       | -16.0       | -10.0       | -8.0        | -6.2        | *           | 7.2        | -78.5        |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION |                                        |             |             |             |             |             |             |             |             |            |              |
| Estimated Authorization Level                | 10.3                                   | 5.6         | 5.8         | 7.2         | 8.3         | 9.3         | 7.6         | 8.2         | 8.9         | 9.5        | 80.8         |
| Estimated Outlays                            | 3.7                                    | 6.3         | 7.6         | 7.3         | 8.3         | 9.1         | 9.2         | 8.9         | 8.7         | 9.3        | 78.3         |

### Memorandum:

#### CHANGES IN REVENUES BASED ON THE ACT'S INTENT AS CONVEYED BY STAFF

|                    |             |            |            |            |            |            |            |            |            |            |             |
|--------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Estimated Revenues |             |            |            |            |            |            |            |            |            |            |             |
| On-budget          | -0.8        | 3.3        | -3.2       | -6.2       | -6.0       | -1.9       | -1.2       | -0.7       | 1.3        | 2.0        | -13.6       |
| Off-budget         | <u>-0.9</u> | <u>1.8</u> | <u>4.5</u> | <u>5.7</u> | <u>6.4</u> | <u>7.0</u> | <u>7.5</u> | <u>7.7</u> | <u>8.4</u> | <u>9.1</u> | <u>57.2</u> |
| Total              | -1.8        | 5.1        | 1.3        | -0.5       | 0.3        | 5.0        | 6.3        | 7.1        | 9.6        | 11.1       | 43.6        |

NOTES: Components may not sum to totals because of rounding.

For changes in direct spending, estimated budget authority would be equal to estimated outlays.

\* = less than \$50 million.

## **BASIS OF ESTIMATE**

This estimate draws heavily from CBO's cost estimate for S. 2611, as introduced on April 7, 2006. (That estimate was transmitted on May 16, 2006, and contains a more detailed description of the bill's major provisions and the methods that CBO used to estimate their budgetary effects.) The estimate for the Senate-passed legislation reflects differences in the legislative language, some refinements in our estimating methodology, and JCT's identification of the apparent drafting error in subsection 601(b) of the act.

For the purpose of this estimate, CBO assumes that S. 2611 will be enacted near the start of fiscal year 2007 and that the necessary amounts will be appropriated for each fiscal year.

## **Effects on the U.S. Population**

S. 2611 contains numerous provisions that would permit additional immigrants to enter the United States, allow foreign nationals already legally present in the country to gain legal permanent resident (LPR) status, and enable certain undocumented immigrants (sometimes referred to as unauthorized or illegal aliens) now living in the United States to obtain legal immigration status.

CBO's estimates of the total number of individuals that would be affected by this legislation at various points in time are shown in Table 2.<sup>1</sup> In response to Congressional requests, we have expanded the usual 10-year time horizon and prepared population estimates through 2026.<sup>2</sup> In total, CBO estimates that more than 16 million people would either become LPRs or adjust to some other legal status by 2016 under the act; ten years later, that figure would grow to more than 24 million people. Of the total in 2016, we estimate that 9.5 million are either in the country already or will enter the country under current law (legally or illegally) during the next decade. The other 6.5 million would be additional entrants to the United States; that figure includes children born to new entrants after their arrival in the country.

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1. The corresponding estimates for the bill as introduced are displayed in a letter that CBO sent to Senator Jeff Sessions on May 24, 2006.

2. However, neither CBO nor JCT produces the specific programmatic assumptions necessary to estimate, in detail, the budgetary costs beyond the normal 10-year projection period.

**TABLE 2. PROJECTED CUMULATIVE NUMBER OF INDIVIDUALS AFFECTED BY THE MAJOR PROVISIONS OF S. 2611, AS PASSED BY THE SENATE**

|                                                                                                                 | 2007       | 2011       | 2016       | 2021       | 2026       |
|-----------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| <b>TOTAL INDIVIDUALS AFFECTED</b>                                                                               |            |            |            |            |            |
| Total individuals affected                                                                                      |            |            |            |            |            |
| Guest-worker program                                                                                            | 0          | 1.5        | 3.3        | 4.9        | 6.4        |
| Family-sponsored admissions                                                                                     | 0.1        | 1.3        | 2.6        | 3.9        | 5.1        |
| Employment-based admissions                                                                                     | 0.1        | 1.0        | 1.8        | 2.6        | 3.2        |
| Exclusion of certain immigrants from limits                                                                     | 0.2        | 1.4        | 2.5        | 3.7        | 4.7        |
| Legalization of undocumented immigrants                                                                         | 2.1        | 5.3        | 4.4        | 4.0        | 3.7        |
| Blue-card program                                                                                               | <u>0.2</u> | <u>1.8</u> | <u>1.4</u> | <u>1.3</u> | <u>1.2</u> |
| Total                                                                                                           | 2.7        | 12.4       | 16.1       | 20.3       | 24.4       |
| <b>INDIVIDUALS ADJUSTING IMMIGRATION STATUS</b>                                                                 |            |            |            |            |            |
| Individuals who are or will be in the United States under current law and would change their immigration status |            |            |            |            |            |
| Guest-worker program <sup>a</sup>                                                                               | 0          | 0.2        | 0.5        | 0.7        | 1.0        |
| Family-sponsored admissions <sup>b</sup>                                                                        | *          | 0.4        | 0.7        | 1.0        | 1.3        |
| Employment-based admissions <sup>b</sup>                                                                        | 0.1        | 0.8        | 1.5        | 2.0        | 2.5        |
| Exclusion of certain immigrants from limits <sup>b</sup>                                                        | 0.2        | 1.1        | 1.9        | 2.7        | 3.5        |
| Legalization of undocumented immigrants <sup>c</sup>                                                            | 2.0        | 4.8        | 3.9        | 3.5        | 3.1        |
| Blue-card program <sup>c</sup>                                                                                  | <u>0.1</u> | <u>1.4</u> | <u>1.0</u> | <u>0.9</u> | <u>0.8</u> |
| Subtotal                                                                                                        | 2.4        | 8.7        | 9.5        | 10.9       | 12.1       |
| <b>NEW ENTRANTS</b>                                                                                             |            |            |            |            |            |
| Individuals who would newly enter the United States under S. 2611                                               |            |            |            |            |            |
| Guest-worker program                                                                                            | 0          | 1.3        | 2.7        | 4.1        | 5.5        |
| Family-sponsored admissions                                                                                     | 0.1        | 0.9        | 1.9        | 2.9        | 3.8        |
| Employment-based admissions                                                                                     | *          | 0.2        | 0.4        | 0.6        | 0.7        |
| Exclusion of certain immigrants from limits                                                                     | *          | 0.3        | 0.6        | 0.9        | 1.3        |
| Legalization of undocumented immigrants <sup>d</sup>                                                            | 0.1        | 0.5        | 0.5        | 0.5        | 0.6        |
| Blue-card program <sup>d</sup>                                                                                  | <u>*</u>   | <u>0.4</u> | <u>0.4</u> | <u>0.4</u> | <u>0.4</u> |
| Subtotal                                                                                                        | 0.3        | 3.7        | 6.5        | 9.4        | 12.2       |

(Continued)

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**TABLE 2. CONTINUED**

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NOTES: The figures in this table are fiscal-year averages and include dependents.  
The figures for individuals newly entering the United States include children born to new entrants after their arrival.  
Components may not sum to totals because of rounding.

\* = fewer than 50,000.

- a. CBO anticipates that these individuals would enter the United States illegally under current law. Under S. 2611, they would enter instead as guest workers or their dependents.
  - b. Under current law, these individuals are in the United States already or would enter the country in the future using some type of nonimmigrant visa. The act would allow them to become legal permanent residents sooner than they would otherwise.
  - c. Information from the Pew Hispanic Center indicates that about 11 million undocumented immigrants were in the United States in March 2005. CBO anticipates that one million of them would not be affected by S. 2611 because they will eventually become legal permanent residents under current law. We also estimate that about one million undocumented immigrants would not be eligible to obtain legal immigration status under the act because they have been in the United States for less than two years. We also anticipate that about one million of the undocumented immigrants would attain legal status under the bill through the blue-card program. Of the remaining undocumented immigrants, CBO estimates that about two-thirds of those who have been in the country for more than five years would attain legal status and half of those who have been here for between two and five years would gain legal status under S. 2611. The number of individuals with legal status would decline in later years due to death, immigration, and the loss of legal status for individuals who do not complete the process of becoming legal permanent residents.
  - d. These individuals would be dependents of undocumented immigrants that are already in the United States.
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The largest factor contributing to the population increase would be a new guest-worker program; by 2016, CBO estimates that the additional entrants under that program and their offspring would total 2.7 million. We anticipate that the guest-worker program would admit more than that number of new immigrants and that a portion of the guest-worker population would enter the United States illegally in the absence of the program. Although the program would allow individuals to enter the United States on a temporary basis to work, it would also allow those workers to become legal permanent residents if they meet certain requirements; CBO anticipates that many would do so. Increased limits on family-sponsored and employment-based admissions (including certain immigrants who would not be subject to numerical limits) would add 2.9 million to the U.S. population by 2016, CBO estimates. Finally, status adjustments (including those resulting from the new "blue-card" program) accorded certain undocumented immigrants currently in the United States would permit them to bring additional family members into the country, resulting in another 0.9 million U.S. residents by 2016.

Our estimate of the number of new entrants under the act is lower than our estimate of 7.8 million new entrants by 2016 under the introduced bill. The lower estimate is due largely to changes that were made to the legislation, particularly to the guest-worker program. Those legislative changes are discussed further in the following sections.

## Direct Spending

CBO and JCT anticipate that the act would increase spending for a variety of federal benefit programs; most of the additional spending would be for refundable tax credits, Medicaid, Social Security, Medicare, and Food Stamps. Overall, CBO and JCT estimate that enacting S. 2611 would reduce direct spending by \$1.8 billion in 2007, but increase such spending by \$48 billion over the 2007-2016 period. (JCT estimated the outlays for refundable tax credits; CBO estimated all other costs.) The act's estimated effects on direct spending are shown in Tables 3 and 4 and its projected impact on enrollment in the major benefit programs is shown in Table 5. (Those tables appear at the end of this estimate. The latter table does not include the act's effect on the number of people receiving refundable tax credits.)

The additional participation in the programs shown in the table would be only a modest increase above projected enrollment under current law. For example, we estimate that enrollment in the child nutrition, Food Stamp, and Medicaid programs—the programs whose caseloads would be most affected by the act—would each be about 2 percent to 3 percent higher in 2016 than under current law. The impact on the other programs would be much smaller.

The estimated costs of the Senate-passed act are about \$5 billion less than those of the introduced version over the 2007-2016 period. The major factors accounting for that difference are discussed below.

**Guest-Worker Program.** Title IV would create a new type of visa—the H-2C or "guest-worker" visa—that would allow individuals to enter the United States on a temporary basis to work. Guest workers who meet certain requirements would ultimately be able to apply for permanent residency. CBO estimates that the provisions regarding guest workers would increase direct spending by \$4.1 billion over the 2007-2016 period.

Compared to S. 2611 as introduced, the version approved by the Senate makes two significant changes to the new visa program:

- The act would limit the number of guest workers who could be admitted annually to 200,000; the bill as introduced had an initial limit of 325,000 that would increase or decrease depending on how many H-2C visas were issued.
- The guest-worker program now would take effect 18 months after the date on which at least \$400 million has been appropriated and made available to implement the expanded Employment Eligibility Verification System, instead of one year after enactment. CBO assumes that those funds would be appropriated near the start of fiscal year 2007.

**Employment-Based Admissions and Exclusion of Certain Immigrants from Admissions Limits.** Title V would raise the cap on the number of legal permanent residents admitted annually under the employment-based visa category and exclude certain immigrants from counting against the annual limits on legal immigrants. CBO estimates that those provisions would increase direct spending, primarily on Medicaid and Food Stamp benefits, by \$0.8 billion over the 2007-2016 period.

*Annual Cap on Employment-Based Visas.* The act would limit the number of employment-based green cards issued annually to 650,000, plus any unused employment-based visas from the prior year and the unused visas from 2001 through 2005. The 650,000 cap would apply to both workers and their dependents; the unused visas from prior years would apply only to workers. CBO estimates that these provisions would result in costs totaling \$0.6 billion over the 2007-2016 period.

By comparison, the corresponding provisions of S. 2611 as introduced would cost an estimated \$0.7 billion over 10 years. They would set a limit on employment-based green cards of 450,000 per year, plus any unused employment-based visas from the prior year and the unused visas from 2001 through 2005. Under the introduced bill, dependents would not count against the cap at all.

*Exclusion of Certain Immigrants from Limits.* Relative to S. 2611 as introduced, the act would expand the types of individuals who would no longer be subject to the annual limits on legal immigrants. CBO anticipates that most of the immigrants who would be excluded would have otherwise been eligible for employment-based green cards. We estimate that costs for the additional immigrants under the Senate-passed act would total \$0.2 billion over the 2007-2016 period. Aliens who would no longer be subject to limits include those who:

- Hold a master's degree or higher from an accredited university in the United States;
- Have an advanced degree in science, technology, engineering, math, or the sciences, and who have been working in this country in a related field for three years on a non-immigrant visa;
- Are considered to have "extraordinary ability", as defined in immigration law, in the sciences, arts, education, business, or athletics, or to be an "outstanding professor";
- Work in a "shortage occupation" as designated by the Secretary of Labor;

- Are defined as certain “special immigrants” under current immigration law—including some religious workers and their dependents, employees of the United States government abroad or the Panama Canal Zone Government, and certain other groups;
- Receive a medical specialty certification after training in the United States; or
- Receive a national interest waiver.

**Diversity Visas.** S. 2611 as passed by the Senate would reduce the size of the diversity visa program and eliminate the annual deadline for getting those visas. The introduced version of the bill would not make any changes to the program. CBO estimates that this provision would reduce spending for Medicaid, Supplemental Security Income, and Food Stamps by \$0.6 billion over the 2007-2016 period.

Under current law, 55,000 immigrant visas are available each year through the diversity visa program. Those visas are available to citizens of countries that the Secretary of Homeland Security determines have had relatively few immigrants admitted under the other sections of immigration law. Individuals are selected by lottery and must meet minimum work or education requirements and other conditions. Individuals who are selected in the lottery must obtain their visa by the end of the fiscal year.

S. 2611 would reduce the number of diversity visas to 18,333 annually and reserve the remaining 36,667 for immigrants with a master’s or doctorate degree in math, science, or engineering. The act also would eliminate the deadline for diversity visas made available in 1998 and thereafter. Because more immigrants in this group would now be very highly educated, we expect that more of them would be employed in high-skilled professions and less likely to be eligible for means-tested benefits. Without the year-end deadline, CBO estimates that all 55,000 visas will be issued each year.

**Legalization of Undocumented Individuals.** Title VI would allow certain undocumented immigrants to either become legal permanent residents or achieve other legal status, most likely as guest workers. CBO estimates that those provisions would increase direct spending, primarily on Social Security and Medicare benefits, by \$10.5 billion over the 2007-2016 period.

Relative to the bill as introduced, the act would require undocumented immigrants who are eligible to gain legal immigration status to pay an additional fee of \$750 for each principal alien and \$100 for each dependent. The Secretary of Health and Human Services would use the amounts collected from the additional fees to award grants to states to provide health care and education services to noncitizens.

**Compensation for Error.** S. 2611 as passed by the Senate would establish an Employment Eligibility Verification System (EEVS) to verify the eligibility of people for employment in the United States. The act would require employers to fire employees who are determined to be ineligible by the EEVS. The federal government would have to reimburse employees for lost wages if they are fired as a result of an error in the application of EEVS.

CBO expects 55 million to 60 million annual EEVS inquiries once the system is fully phased in, based on data from the Bureau of Labor Statistics. Relying on information from the Department of Homeland Security (DHS), CBO anticipates very few EEVS errors that would lead to compensation for lost wages, particularly for native-born workers. We estimate only 10 errors per million inquiries for native-born workers. For foreign-born workers, we project that 0.4 percent of inquiries would initially generate compensable errors, and that data and system improvements would reduce that rate to 0.025 percent by 2011. CBO expects that affected employees would receive three months' salary on average. Consequently, we estimate total outlays of nearly \$250 million over the first five years of the program, after which annual outlays would decline to approximately \$25 million.

**Refundable Tax Credits.** Over the 2007-2016 period, JCT estimates that S. 2611 would increase outlays for refundable tax credits by \$24.5 billion, the largest direct spending effect of the bill. The earned income and child tax credits are refundable tax credits available to individuals. Those two credits reduce a taxpayer's overall income tax liability; if the credits exceed that liability, the excess may be refunded, with the amount of the refund depending on the taxpayer's income. Those refunds are classified as outlays in the federal budget.

JCT's estimate for the Senate-passed version of S. 2611 is nearly \$5 billion lower than its estimate for the introduced bill. This change largely reflects the smaller number of guest workers.

**Revisions to Estimating Methods.** In addition to the legislative changes discussed above, CBO made several revisions to the methods used to estimate the legislation's impact on the immigrant population and the federal budget. The most significant changes are summarized below.

*Dependents of Guest Workers.* CBO's estimate for the bill as introduced used data from the Current Population Survey (CPS) to estimate that each guest worker would have an average of 0.8 dependents. For this estimate, we raised that figure to 1.2 dependents, based on data from the Office of Immigration Statistics (OIS) at the Department of Homeland Security regarding individuals who receive employment-based green cards.

*Fertility Rates.* CBO has reduced its estimate of the average number of children that immigrant women will have during their first 10 years after their arrival in the United States

from 1.5 to 0.8. Based on data from the Census Bureau, we assumed for both estimates that immigrant women will have an average of 2.5 children during their lives, so the change in the birth rate during the first 10 years is a difference in timing, not in ultimate fertility.

*Naturalization and Chain Migration.* Noncitizens who have become LPRs or naturalized citizens can sponsor certain relatives for green cards, a process sometimes known as “chain migration.” The admission of many relatives is limited by the annual cap on family-sponsored admissions, but the “immediate relatives” of U.S. citizens—spouses, minor children, and parents—are admitted without limit. In particular, the exception for immediate relatives is the only way that immigrants can bring their parents to the United States permanently.

As a result, CBO anticipates that some immigrants who become LPRs under the act would later become naturalized citizens and sponsor their parents for green cards. (We believe the sponsorship of relatives would be limited to parents because the immigrants affected by the act would be able to immediately bring their spouses and children into the United States without naturalizing.) Our estimate for the bill as introduced did not account for this phenomenon.

Based on data from OIS on naturalization rates for undocumented immigrants who became LPRs under the Immigration Reform and Control Act of 1986 (IRCA), CBO estimates that 25 percent of agricultural workers, 40 percent of other undocumented immigrants, and 50 percent of conventional legal immigrants would become naturalized citizens within 10 years of gaining legal residency. Using administrative data on the number of green cards awarded to parents of U.S. citizens, we estimate that about 15 percent of those who naturalize would ultimately bring a parent to the United States. By 2016, we estimate that an additional 71,000 parents would obtain green cards under the act.

*Number of Undocumented Immigrants Gaining Legal Status.* CBO increased its estimate of the number of undocumented immigrants who would get either Deferred Mandatory Departure (DMD) status or a blue card. There is a great deal of uncertainty in estimating how many undocumented immigrants would come forward and what types of documents they would use to prove their eligibility for legal status. In particular, after IRCA was enacted, many more agricultural workers were able to get LPR status than anticipated. Based on this experience, we increased our estimate of the number of individuals who get DMD status by almost 200,000 and the number of blue-card recipients by about 300,000.

*Child Nutrition Programs.* We anticipate that some of the children newly entering the United States under the act would participate in the National School Lunch Program and the School Breakfast Program, thus causing an increase in spending for child nutrition programs totaling

an estimated \$1.3 billion over 10 years. CBO's estimate for the bill as introduced did not include any effects on those programs.

## Revenues

Enacting S. 2611 would have several effects on federal revenues, including changes in collections of income and payroll taxes, certain visa fees that are classified as revenues, and various fines and penalties. Taken together, the Joint Committee on Taxation and CBO estimate that those effects would decrease federal revenues by about \$79 billion over the 2007-2016 period. However, it appears that the effect of one tax provision would be significantly different from what was intended; if the language were modified to reflect that intent, JCT and CBO estimate that the act would *increase* revenues by about \$44 billion over the 2007-2016 period (see Table 6).

**Income and Payroll Taxes.** JCT provided estimates of the effects of S. 2611 on revenues from income and social insurance (payroll) taxes. JCT estimates that S. 2611, as passed, would reduce federal revenues from those sources each year through 2015, and increase receipts in 2016. In total, over the 2007-2016 period, JCT estimates that receipts from income and payroll taxes would fall by \$80.3 billion, of which \$49.6 billion would be off-budget revenues from Social Security taxes. If the language in the act were modified to reflect legislative intent, JCT estimates that receipts from income and payroll taxes would increase by \$41.9 billion over the next 10 years.

The large difference between the two revenue estimates results from subsection 601(b), which would exempt employers from all civil and criminal tax liabilities arising from the employment of aliens applying for an adjustment of status, without limiting the period to which the exemption applies. This provision would reduce receipts of payroll taxes because employers would not be required to pay such taxes for alien employees. Because the legislation does not specify a period of exemption, for purposes of this estimate, JCT has assumed that the exemption would have both a retroactive and prospective effect. Staff of the Senate Judiciary Committee have indicated that the exemption was intended to apply retroactively—to periods of employment *prior to* the filing of an application for adjustment of status—but not prospectively to the period after the application is filed and until adjustment of status is granted.

The net increase in revenue from provisions other than subsection 601(b) would occur largely after 2011, due, in part, to higher numbers of immigrants, who would boost aggregate wage income in the economy. That higher level of aggregate wages would generate more receipts from both individual income and social insurance taxes. In addition, JCT anticipates that enacting S. 2611 would lead to increased reporting of employment income, which would

further add to receipts from income and social insurance taxes. However, the reporting of that income would also result in larger tax deductions by businesses for their labor compensation, which would reduce their profits. Because businesses operate in both corporate and noncorporate form, those deductions would reduce both corporate and individual income tax receipts, offsetting some of the increases discussed above.

**H-2C Visa Fees and Blue Card Fines.** CBO estimates that enacting S. 2611 as passed by the Senate would increase revenues by about \$1.7 billion over the 2007-2016 period from fees and fines collected from applicants for temporary guest-worker visas and blue cards for agricultural workers. (We estimated that enacting the introduced bill would increase revenues from fees and fines by about \$3.5 billion over the 10-year period. The decrease of \$1.8 billion would result from fewer guest-worker visas authorized by the Senate-passed version.)

### **Spending Subject to Appropriation**

CBO estimates that implementing S. 2611 as passed by the Senate would result in additional discretionary spending of about \$33 billion over the 2007-2011 period and another \$45 billion over the 2012-2016 period, assuming appropriation of the necessary funds. Projected spending in the first five years is summarized in Table 7. For this estimate, we assume that the necessary amounts will be appropriated by the start of each fiscal year and that spending will follow the historical spending patterns for these or similar activities.

CBO's estimate of the costs of implementing the act is about \$8 billion higher over the 2007-2011 period than its estimate for the bill as introduced. S. 2611 as passed by the Senate contains virtually all of the provisions in the introduced version, plus several new ones. The most significant additions are discussed below.

**Additional Federal Personnel.** The act would direct DHS to increase the number of border patrol agents by 1,000 for fiscal year 2006. Because we assume that this legislation would be enacted near the start of fiscal year 2007, we expect that this increase in agents would apply to 2007. Based on information from DHS about the costs of additional agents, including salaries, benefits, training, and support activities, CBO estimates that implementing this provision would cost about \$800 million over the 2007-2011 period. (The other \$9.6 billion in outlays under this heading in Table 7 would result from provisions that are also in the introduced bill. They would direct DHS, the Department of Labor, the Department of Justice, and the Administrative Office of the U.S. Courts to increase the number of law enforcement and legal personnel by a total of nearly 31,000 positions over the 2007-2011 period.)

**Detention Facilities.** The act would direct DHS to construct or acquire 20 detention facilities to detain aliens pending their removal from the United States. The legislation would require these facilities to accommodate a total of at least 20,000 individuals at one time. (S. 2611 as introduced would require these facilities to accommodate only 10,000 individuals at one time.) Based on information from the Bureau of Prisons, CBO estimates that constructing and operating the larger facilities would cost \$1.1 billion over the 2007-2011 period, in addition to the \$1.5 billion cost of the introduced bill.

**Additional Border-Control Infrastructure.** S. 2611 as passed by the Senate would direct DHS to construct at least 370 miles of fencing and 500 miles of vehicle barriers along certain areas of the U.S.-Mexico border. Based on information from DHS, CBO estimates that it would cost about \$3 million per mile to install the fencing and \$1.3 million per mile to construct the vehicle barriers. We therefore estimate that the fencing and vehicle barriers would require funding of about \$1.8 billion.

In addition, this new infrastructure would require maintenance in subsequent years. Based on information from DHS, CBO estimates that maintenance costs would amount to about 15 percent of the initial cost of the infrastructure, or about \$260 million annually, probably beginning in 2010. Thus, we estimate that implementing these infrastructure provisions would cost a total of nearly \$2.3 billion over the 2007-2011 period, in addition to the \$1.0 billion cost for infrastructure of the introduced bill.

**Employment Eligibility Verification System.** S. 2611 as passed by the Senate would establish an Employment Eligibility Verification System (EEVS) to verify the eligibility of people for employment in the United States. CBO estimates that the system would cost about \$1.6 billion over the 2007-2011 period, including amounts needed by federal agencies to use the system to verify eligibility for federal employment.

CBO's estimate of the cost of EEVS is approximately \$600 million higher than the estimate for EEVS under S. 2611 as introduced. Two reasons underlie that change. First, S. 2611 as passed adds a new requirement that employees provide previous employers' Employer Identification Numbers (EINs) as part of the eligibility verification process. Many employees are likely to call the Social Security Administration (SSA) to obtain those numbers. Based on information from SSA, CBO anticipates that the EIN provision would cost the agency \$400 million over the 2007-2011 period.

Second, a provision of S. 2611 would allow individuals to block and unblock inquiries on their Social Security numbers. SSA was previously unable to estimate the workload associated with that provision. But newly available data from the agency enabled CBO to estimate that the blocking provision of S. 2611 would cost nearly \$200 million over the next five years.

**Border-Control Aircraft and Watercraft.** The act would direct DHS to acquire 100 helicopters and 250 powerboats. Based on information from the department, CBO estimates that each helicopter would cost about \$8 million and each powerboat about \$80,000. In addition, we estimate that it would cost about \$200 million annually in subsequent years to operate and maintain the helicopters and powerboats, including fuel and personnel costs. Thus, CBO estimates that implementing this provision would cost a total of about \$1.4 billion over the 2007-2011 period.

**Department of State Programs.** S. 2611 would direct the Department of State to carry out several programs. CBO estimates that implementing these programs would cost about \$600 million over the 2007-2011 period.

*Western Hemisphere Travel Initiative (WHTI).* Section 135 would authorize the Department of State to issue a new travel document known as a passport card (in lieu of existing passport books) to United States citizens who wish to travel to Canada, Mexico, the Caribbean, or Bermuda. The act would establish a maximum application fee of \$34 for the card, and waive such fees for minors. Amounts collected by the department would be retained as offsetting collections to cover the cost of processing the passport cards. However, the department estimates it would cost \$40 to process each card, thereby creating a shortfall of \$6 for each card issued to an adult and \$40 for each card issued to a minor. Based on this information and the department's projections that it would need to issue about 4.5 million passport cards in 2007 and about 3 million a year thereafter, CBO estimates this provision would cost about \$60 million in 2007 and about \$270 million over the 2007-2011 period, assuming appropriation of the necessary amounts. (Some people who obtain the new passport cards would otherwise have applied for passport books. Consequently, this provision would result in a small loss of revenues from passport fees.)

Section 135 would also require the department to implement an outreach plan to inform U.S. citizens about the requirements of the WHTI, and to conduct demonstration programs in one or more states on the feasibility of including citizenship status on drivers' licenses and allowing their use (in lieu of passports) for travel to Canada or Mexico. Based on information from the department, CBO estimates those two programs would cost \$25 million in 2007 and \$50 million over the 2007-2011 period, assuming appropriation of the necessary amounts.

*Investigative Authorities of Special Agents.* Section 215 would enhance the authorities of the Department of State's special agents by allowing them to investigate identity theft or document fraud relating to the department's programs, human trafficking, and federal offenses committed within the special maritime and territorial jurisdiction of the United States. Based on information from the department that indicates it would need about 100 additional agents to meet the increased workload, CBO estimates this section would cost

\$20 million in 2007 and \$125 million over the 2007-2011 period, assuming appropriation of the necessary amounts.

*Intercountry Adoption Reform Act.* Title VIII of the act would make several changes to the adoption process for foreign-born children adopted by citizens of the United States. Section 811 would establish an Office of Intercountry Adoptions within the Department of State to adjudicate petitions for adoptions, determine the eligibility of foreign-born children to be adopted, support U.S. citizens who are prospective adoptive parents, and coordinate policy on the adoption of foreign-born children by citizens of the United States. Section 821 would provide automatic U.S. citizenship to adopted children born outside the United States. Based on information from the department, CBO estimates this title would cost \$24 million in 2007 and \$132 million over the 2007-2011 period, assuming appropriation of the necessary amounts.

*Assistance to Mexico.* Section 645 would authorize the Department of State to award a grant to a land grant university in the United States to establish a program to reduce rural poverty in Mexico. The program would match the university in the United States with the lead public university in each of Mexico's 31 states to provide state-level coordination of rural poverty programs. Based on information from the department, CBO estimates this provision would cost \$1 million in 2007 and \$18 million over the 2007-2011 period, assuming appropriation of the necessary amounts.

Section 114 would authorize the Department of State to assist Mexico in improving security at its southern border with Guatemala and Belize. Based on information from the department, CBO estimates this provision would cost \$2 million a year, assuming appropriation of the necessary amounts.

**National Guard.** Section 133 would authorize the governor of a state to order National Guard units into title 32 status for the purpose of performing security-support functions along the southern U.S. border until January 1, 2009. The Congress has already appropriated \$708 million to the Department of Defense (DoD) for this purpose through the end of fiscal year 2007 as part of Public Law 109-234, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006. The Administration is planning to phase out the National Guard's support activities in 2008 as additional Border Patrol agents are hired. CBO estimates that DoD would incur additional costs of about \$500 million in 2008, based on the current appropriation adjusted downward to reflect the decreasing National Guard support throughout that year.

**Department of Labor.** The increase in employment-based immigration and the creation of an new, non-immigrant H-2C visa program would result in additional costs to the Department of Labor (DOL) that would not be covered by fees provided for in the act. Some of those

costs would be offset by revisions to the H-2A visa program (for non-immigrant agricultural workers) that would allow for fees to cover all costs of the program, including those that would accrue to DOL. Based on estimates of the costs of the current labor certification program at DOL, CBO estimates that administering the additional certifications that would be necessary under this act would cost \$50 million in 2007 and \$280 million over the 2007-2011 period, assuming appropriation of the necessary amounts. Assuming that the cost per certification under the new H-2C program would be similar to the costs DOL now incurs under the current H-2A program, CBO estimates that DOL spending would increase by \$25 million in 2007 and \$160 million over the 2007-2011 period to administer that new program. Those costs would be offset somewhat because DOL would be able to charge fees for the current H-2A program. CBO estimates that provision would allow discretionary resources provided to DOL to be reduced by about \$30 million over the 2007-2011 period.

**Other Programs.** Section 235 would direct the Department of Justice (DOJ) to expand the Justice Prisoner and Alien Transfer System, a program that assists in the removal of illegal aliens from the country. Based on information from DOJ, CBO estimates that implementing this provision would cost about \$400 million over the 2007-2011 period. S. 2611 contains several other provisions related to improving immigration programs; we estimate that it would cost a total of less than \$50 million over the 2007-2011 period to implement these programs.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

S. 2611 would impose private-sector mandates, as defined in UMRA, on employers and other entities that hire, recruit, or refer individuals for employment. Those mandates would require employers that are determined to be “critical” employers to verify the employment eligibility of their current employees, and would require all employers and certain other entities to verify the employment eligibility of new hires and maintain records of the verification process. Those mandates are substantially similar to the private-sector mandates identified in the cost estimate provided for the bill as introduced. (The mandates in the two versions differ slightly in the implementation of the employee verification system and the retention of records.) Based on the large number of projected new hires that employers and other entities would be required to verify, CBO expects that the aggregate direct costs of the mandates would exceed the annual threshold for private-sector mandates (\$128 million in 2006, adjusted annually for inflation) in at least one of the first five years the mandates are in effect.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

This legislation would impose mandates on state, local, and tribal governments, and, in addition, would lead to an increase in the U.S. population that would raise the costs of various programs operated by those governments.

### **Intergovernmental Mandates**

S. 2611, as passed by the Senate, would impose three new intergovernmental mandates, as defined in UMRA, in addition to those mandates CBO identified in the introduced version of the act. It would:

- Preempt some private rights of action currently available under state law for temporary agricultural workers;
- Preempt state insurance requirements by requiring some employers to purchase insurance, in an amount to be determined by the Secretary of Labor, for vehicles used to transport guest workers; and
- Require state and local governments to consult with communities in Mexico before building fences or other security structures along the border.

CBO estimates that the costs for state and local governments to comply with those new mandates would be small.

CBO previously identified two other provisions in S. 2611 as intergovernmental mandates and has determined those mandates are substantively the same in both versions of the legislation. The act would prohibit state and local governments from imposing fees or penalties on employers for hiring unauthorized workers and from requiring those employers to facilitate the employment of day laborers. Although no state or local government currently collects such fees, this preemption could result in a loss of revenue for those governments in the future. CBO estimates that any such loss would not be significant.

The requirement that employers verify the work eligibility of employees would apply to state, local, and tribal governments. The costs to such governments of complying with those mandates would depend on regulations to be developed by DHS. Depending on which government entities the Secretary of DHS would designate as "critical," the costs to state, local, and tribal governments could range from \$30 million to \$85 million in the first year the requirements were in effect; they would total about \$14 million annually in subsequent years. Thus, CBO cannot determine whether the total costs to state, local, and tribal

governments to comply with all of the mandates in this act would exceed the annual threshold established in UMRA (\$64 million in 2006, adjusted annually for inflation).

### **Other Impacts on State, Local, and Tribal Governments**

Several provisions in the act would increase the number of legal permanent residents, some of whom would be eligible for Medicaid assistance. Benefits under the Medicaid program for those individuals would cost states almost \$11 billion over the 2007-2016 period. Because states have broad flexibility to alter optional benefits and eligibility to offset such costs, the increased spending would not result from an intergovernmental mandate as defined in UMRA.

By 2016, S. 2611 would lead to an increase of an estimated 6.5 million in the U.S. population. As a result of this growth in population, some state, local, and tribal governments would collect more tax revenues and face significant costs to provide education, health care, and other services to those immigrants. The act, as passed by the Senate, would direct certain fees collected from non-citizens to state and local governments. As a result, CBO estimates that those governments would receive about \$3 billion over the fiscal years 2007-2011 to provide health care and education to those immigrants. In addition, assuming appropriation of the authorized amounts, those governments would receive more than \$12 billion over the fiscal years 2007-2012 from the creation of other grant programs and the extension of current programs to reimburse some of those costs.

### **ESTIMATED LONG-TERM EFFECTS ON DIRECT SPENDING**

Pursuant to section 407 of H. Con. Res 95 (the Concurrent Resolution on the Budget, Fiscal Year 2006), CBO estimates that enacting S. 2611 would cause an increase in direct spending greater than \$5 billion in each of the 10-year periods between 2016 and 2055. CBO expects that the costs for benefit programs such as Medicaid, Food Stamps, Social Security, and Medicare would continue to grow after 2016, both because of the new legal immigrants who would enter the United States by 2016 and because of the continuing flow of new legal immigrants in the decades after 2016.

### **PREVIOUS CBO ESTIMATES**

On May 16, 2006, CBO transmitted a cost estimate for S. 2611, the Comprehensive Immigration Reform Act of 2006, as introduced on April 7, 2006. CBO and JCT estimated that enacting the legislation would increase direct spending by \$54 billion and federal

revenues by \$66 billion over the 2007-2016 period. We also estimated that discretionary spending would increase by \$25 billion over the 2007-2011 period, assuming appropriation of the amounts authorized in the bill. The estimate for the Senate-passed legislation reflects differences in the legislative language, some refinements in our estimating methodology, and JCT's identification of the apparent drafting error in subsection 601(b) of the act.

On May 24, 2006, CBO sent a letter to Senator Jeff Sessions that provided additional detail on its May 16 cost estimate for S. 2611.

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**TABLE 3. ESTIMATED EFFECTS OF S. 2611, AS PASSED BY THE SENATE, ON DIRECT SPENDING BY PROGRAM**

|                                     | Outlays By Fiscal Year, in Billions of Dollars |             |            |            |            |            |             |             |             |             | 2007-       |
|-------------------------------------|------------------------------------------------|-------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
|                                     | 2007                                           | 2008        | 2009       | 2010       | 2011       | 2012       | 2013        | 2014        | 2015        | 2016        | 2016        |
| Refundable Tax Credits <sup>a</sup> | *                                              | 1.3         | 3.1        | 3.7        | 3.7        | 2.7        | 2.6         | 2.6         | 2.3         | 2.5         | 24.5        |
| Medicaid                            | 0.1                                            | 0.2         | 0.5        | 0.6        | 0.8        | 1.0        | 1.4         | 1.8         | 2.3         | 2.9         | 11.7        |
| Social Security (off-budget)        | *                                              | 0.1         | 0.3        | 0.4        | 0.5        | 0.5        | 0.6         | 0.8         | 0.9         | 1.0         | 5.2         |
| Medicare                            | 0                                              | 0           | *          | 0.1        | 0.3        | 0.4        | 0.5         | 0.6         | 0.8         | 0.9         | 3.7         |
| Food Stamps                         | *                                              | *           | *          | 0.1        | 0.1        | 0.2        | 0.3         | 0.4         | 0.6         | 0.7         | 2.4         |
| Child Nutrition                     | *                                              | 0.1         | 0.1        | 0.1        | 0.1        | 0.1        | 0.2         | 0.2         | 0.2         | 0.2         | 1.3         |
| Compensation for Error              | *                                              | 0.1         | 0.1        | *          | *          | *          | *           | *           | *           | *           | 0.4         |
| Supplemental Security Income        | *                                              | *           | *          | *          | *          | *          | *           | 0.1         | 0.1         | 0.1         | 0.3         |
| Unemployment Insurance              | 0                                              | 0           | 0          | *          | *          | *          | *           | *           | 0.1         | 0.1         | 0.2         |
| Student Loans                       | *                                              | *           | *          | *          | *          | *          | *           | *           | *           | *           | 0.1         |
| Visa Fees                           | <u>-1.9</u>                                    | <u>-3.0</u> | <u>2.1</u> | <u>1.3</u> | <u>0.8</u> | <u>0.1</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-1.2</u> |
| Total                               | -1.8                                           | -1.2        | 6.2        | 6.3        | 6.3        | 5.2        | 5.6         | 6.4         | 7.1         | 8.5         | 48.4        |
| On-budget                           | -1.8                                           | -1.4        | 5.9        | 5.9        | 5.8        | 4.6        | 4.9         | 5.6         | 6.2         | 7.4         | 43.3        |
| Off-budget                          | *                                              | 0.1         | 0.3        | 0.4        | 0.5        | 0.5        | 0.6         | 0.8         | 0.9         | 1.0         | 5.2         |

NOTES: Components may not sum to totals because of rounding.

\* = Costs or savings of less than \$50 million.

a. Refundable tax credits include the outlay portion of the earned income and child tax credits.

**TABLE 4. ESTIMATED EFFECTS ON DIRECT SPENDING OF S. 2611, AS PASSED BY THE SENATE**

|                                                               | Outlays By Fiscal Year, in Billions of Dollars |          |          |          |          |            |            |            |            |            | 2007-      |
|---------------------------------------------------------------|------------------------------------------------|----------|----------|----------|----------|------------|------------|------------|------------|------------|------------|
|                                                               | 2007                                           | 2008     | 2009     | 2010     | 2011     | 2012       | 2013       | 2014       | 2015       | 2016       | 2016       |
| <b>Guest-Worker Program</b>                                   |                                                |          |          |          |          |            |            |            |            |            |            |
| Food Stamps                                                   | 0                                              | *        | *        | *        | *        | *          | *          | *          | *          | *          | 0.2        |
| Medicaid                                                      | 0                                              | *        | 0.1      | 0.2      | 0.3      | 0.4        | 0.5        | 0.6        | 0.8        | 0.9        | 3.9        |
| Medicare                                                      | 0                                              | 0        | 0        | 0        | *        | *          | *          | *          | *          | *          | *          |
| Visa Fees                                                     | 0                                              | *        | *        | *        | -0.1     | -0.1       | -0.1       | -0.1       | -0.1       | -0.1       | -0.5       |
| Other <sup>a</sup>                                            | <u>0</u>                                       | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.5</u> |
| Subtotal                                                      | 0                                              | *        | 0.1      | 0.2      | 0.3      | 0.4        | 0.5        | 0.7        | 0.9        | 1.1        | 4.1        |
| <b>Family-Sponsored Admissions</b>                            |                                                |          |          |          |          |            |            |            |            |            |            |
| Food Stamps                                                   | *                                              | *        | *        | *        | 0.1      | 0.1        | 0.1        | 0.2        | 0.2        | 0.3        | 1.0        |
| Medicaid                                                      | *                                              | 0.1      | 0.1      | 0.2      | 0.2      | 0.3        | 0.5        | 0.8        | 1.1        | 1.3        | 4.7        |
| Medicare                                                      | 0                                              | 0        | 0        | *        | *        | *          | *          | *          | *          | *          | *          |
| Visa Fees                                                     | *                                              | *        | *        | *        | 0        | 0          | 0          | 0          | 0          | 0          | *          |
| Other <sup>a</sup>                                            | <u>*</u>                                       | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u>   | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.4</u> |
| Subtotal                                                      | *                                              | 0.1      | 0.2      | 0.2      | 0.3      | 0.5        | 0.7        | 1.0        | 1.4        | 1.7        | 6.1        |
| <b>Employment-Based Admissions</b>                            |                                                |          |          |          |          |            |            |            |            |            |            |
| Food Stamps                                                   | *                                              | *        | *        | *        | *        | *          | *          | *          | *          | 0.1        | 0.2        |
| Medicaid                                                      | *                                              | *        | *        | *        | *        | *          | *          | *          | 0.1        | 0.1        | 0.2        |
| Medicare                                                      | 0                                              | 0        | 0        | *        | *        | *          | *          | *          | *          | *          | *          |
| Visa Fees                                                     | *                                              | 0        | *        | 0        | 0        | *          | 0          | 0          | 0          | 0          | *          |
| Other <sup>a</sup>                                            | <u>*</u>                                       | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u>   | <u>*</u>   | <u>*</u>   | <u>0.1</u> | <u>0.1</u> | <u>0.2</u> |
| Subtotal                                                      | *                                              | *        | *        | *        | *        | *          | 0.1        | 0.1        | 0.2        | 0.2        | 0.6        |
| <b>Exclusion of Certain Immigrants from Admissions Limits</b> |                                                |          |          |          |          |            |            |            |            |            |            |
| Child Nutrition                                               | *                                              | *        | *        | *        | *        | *          | *          | *          | *          | *          | 0.1        |
| Medicare                                                      | 0                                              | 0        | 0        | *        | *        | *          | *          | *          | *          | *          | *          |
| Social Security                                               | 0                                              | *        | *        | *        | *        | *          | *          | *          | *          | *          | 0.1        |
| Supplemental Security Income                                  | *                                              | *        | *        | *        | *        | *          | *          | *          | *          | *          | *          |
| Visa Fees                                                     | <u>*</u>                                       | <u>0</u> | <u>*</u> | <u>*</u> | <u>0</u> | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>*</u>   |
| Subtotal                                                      | *                                              | *        | *        | *        | *        | *          | *          | *          | *          | 0.1        | 0.2        |
| <b>Diversity Visas</b>                                        |                                                |          |          |          |          |            |            |            |            |            |            |
| Food Stamps                                                   | *                                              | *        | *        | *        | *        | *          | *          | *          | *          | *          | -0.1       |
| Medicaid                                                      | *                                              | *        | *        | *        | *        | *          | -0.1       | -0.1       | -0.1       | -0.1       | -0.5       |
| Supplemental Security Income                                  | <u>0</u>                                       | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u>   | <u>*</u>   | <u>*</u>   | <u>*</u>   | <u>*</u>   | <u>*</u>   |
| Subtotal                                                      | *                                              | *        | *        | *        | *        | *          | -0.1       | -0.1       | -0.1       | -0.2       | -0.6       |

Continued

TABLE 4. CONTINUED

|                                                               | Outlays By Fiscal Year, in Billions of Dollars |             |            |            |            |            |            |            |            |            | 2007-      |
|---------------------------------------------------------------|------------------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                                               | 2007                                           | 2008        | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2007-2016  |
| Legalization of Undocumented Immigrants                       |                                                |             |            |            |            |            |            |            |            |            |            |
| Food Stamps                                                   | *                                              | *           | *          | *          | *          | *          | *          | *          | 0.1        | 0.1        | 0.3        |
| Medicaid                                                      | *                                              | 0.1         | 0.1        | 0.2        | 0.2        | 0.2        | 0.2        | 0.2        | 0.2        | 0.3        | 1.7        |
| Medicare                                                      | 0                                              | 0           | *          | 0.1        | 0.3        | 0.4        | 0.5        | 0.6        | 0.7        | 0.8        | 3.4        |
| Social Security (off-budget)                                  | *                                              | 0.1         | 0.3        | 0.4        | 0.4        | 0.5        | 0.6        | 0.7        | 0.8        | 0.9        | 4.7        |
| Supplemental Security Income                                  | *                                              | *           | *          | *          | *          | *          | *          | *          | *          | *          | 0.1        |
| Unemployment Insurance                                        | 0                                              | 0           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0.1        | 0.2        |
| Visa Fees                                                     | <u>-1.8</u>                                    | <u>-2.9</u> | <u>2.1</u> | <u>1.4</u> | <u>1.0</u> | <u>0.3</u> | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>-</u>   |
| Subtotal                                                      | -1.8                                           | -2.7        | 2.6        | 2.1        | 1.9        | 1.4        | 1.3        | 1.5        | 1.8        | 2.2        | 10.5       |
| Blue-Card Program                                             |                                                |             |            |            |            |            |            |            |            |            |            |
| Food Stamps                                                   | *                                              | *           | *          | *          | *          | *          | 0.1        | 0.2        | 0.2        | 0.2        | 0.9        |
| Medicaid                                                      | *                                              | *           | 0.1        | 0.1        | 0.1        | 0.1        | 0.2        | 0.2        | 0.3        | 0.4        | 1.6        |
| Medicare                                                      | 0                                              | 0           | 0          | *          | *          | *          | *          | *          | *          | *          | 0.1        |
| Visa Fees                                                     | *                                              | *           | *          | *          | *          | *          | *          | 0          | 0          | 0          | *          |
| Other <sup>a</sup>                                            | *                                              | *           | *          | *          | *          | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.6</u> |
| Subtotal                                                      | *                                              | 0.1         | 0.1        | 0.1        | 0.1        | 0.3        | 0.4        | 0.5        | 0.6        | 0.8        | 3.1        |
| Conditional Status for Undocumented Students                  |                                                |             |            |            |            |            |            |            |            |            |            |
| Food Stamps                                                   | 0                                              | 0           | 0          | 0          | 0          | *          | *          | *          | *          | *          | *          |
| Medicaid                                                      | <u>0</u>                                       | <u>0</u>    | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>*</u>   | <u>*</u>   | <u>*</u>   | <u>*</u>   | <u>*</u>   | <u>0.1</u> |
| Subtotal                                                      | 0                                              | 0           | 0          | 0          | 0          | *          | *          | *          | *          | *          | 0.1        |
| Additional H-1B Visas and Persons with Advanced Degrees       | -0.1                                           | -0.1        | -0.1       | -0.1       | -0.1       | -0.1       | -0.1       | *          | *          | *          | -0.6       |
| Compensation for Error                                        | *                                              | 0.1         | 0.1        | *          | *          | *          | *          | *          | *          | *          | 0.4        |
| Refundable Tax Credits <sup>b</sup> (Effects of all programs) | *                                              | 1.3         | 3.1        | 3.7        | 3.7        | 2.7        | 2.6        | 2.6        | 2.3        | 2.5        | 24.5       |
| Total Changes in Direct Spending                              | -1.8                                           | -1.2        | 6.2        | 6.3        | 6.3        | 5.2        | 5.6        | 6.4        | 7.1        | 8.5        | 48.4       |

NOTES: Components may not sum to totals because of rounding.

\* = Costs or savings of less than \$50 million.

a. "Other" includes effects on child nutrition, Social Security, Supplemental Security Income, unemployment insurance, and student loans.

b. Refundable tax credits include the outlay portion of the earned income and child tax credits.

**TABLE 5. ESTIMATED INCREASES IN THE NUMBER OF PARTICIPANTS IN FEDERAL BENEFIT PROGRAMS UNDER S. 2611, AS PASSED BY THE SENATE**

|                                           | By Fiscal Year, in Thousands |           |           |           |            |            |            |            |            |            |
|-------------------------------------------|------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|
|                                           | 2007                         | 2008      | 2009      | 2010      | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       |
| Child Nutrition                           | 50                           | 190       | 320       | 370       | 420        | 460        | 490        | 540        | 610        | 700        |
| Food Stamps                               | 10                           | 20        | 50        | 70        | 100        | 170        | 330        | 460        | 570        | 690        |
| Medicaid                                  |                              |           |           |           |            |            |            |            |            |            |
| Newly eligible for emergency services     | 30                           | 140       | 240       | 300       | 340        | 380        | 400        | 410        | 430        | 430        |
| Newly eligible for non-emergency services | 0                            | 0         | 0         | 0         | 0          | 10         | 60         | 100        | 130        | 170        |
| Newly eligible for full benefits          | <u>*</u>                     | <u>20</u> | <u>50</u> | <u>70</u> | <u>100</u> | <u>140</u> | <u>210</u> | <u>280</u> | <u>360</u> | <u>460</u> |
| Total, Medicaid                           | 30                           | 160       | 290       | 370       | 440        | 530        | 670        | 790        | 920        | 1,060      |
| Social Security                           | *                            | 20        | 30        | 50        | 50         | 60         | 70         | 80         | 90         | 110        |
| Medicare                                  | 0                            | 0         | *         | 20        | 30         | 40         | 50         | 60         | 70         | 80         |
| Student Loans                             | *                            | *         | 10        | 20        | 20         | 30         | 30         | 30         | 30         | 30         |
| Supplemental Security Income              | 0                            | *         | *         | *         | *          | *          | 10         | 10         | 10         | 10         |
| Unemployment Compensation                 | 0                            | 0         | 0         | *         | *          | *          | *          | *          | 20         | 40         |

NOTES: The figures in this table are fiscal-year averages. The categories of Medicaid enrollees are mutually exclusive and can be added together. The individuals who would be newly eligible for emergency services include current participants who would receive additional benefits under the act. The figures for the various programs are not additive because individuals can receive benefits from more than one program.

\* = less than 5,000.

**TABLE 6. ESTIMATED EFFECTS ON REVENUES OF S. 2611, AS PASSED BY THE SENATE**

|                                                | By Fiscal Year, in Billions of Dollars |            |          |            |            |          |          |          |          |          | 2007-<br>2016 |
|------------------------------------------------|----------------------------------------|------------|----------|------------|------------|----------|----------|----------|----------|----------|---------------|
|                                                | 2007                                   | 2008       | 2009     | 2010       | 2011       | 2012     | 2013     | 2014     | 2015     | 2016     |               |
| Income and Social Insurance Taxes <sup>a</sup> | -5.7                                   | -6.9       | -15.4    | -18.1      | -16.5      | -10.2    | -8.1     | -6.4     | -0.1     | 7.0      | -80.3         |
| H2-C Visa Fees                                 | 0                                      | 0.1        | 0.1      | 0.1        | 0.2        | 0.2      | 0.2      | 0.2      | 0.2      | 0.2      | 1.3           |
| Blue Card Fines                                | <u>*</u>                               | <u>0.1</u> | <u>*</u> | <u>0.1</u> | <u>0.2</u> | <u>*</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0.4</u>    |
| Total Changes                                  | -5.7                                   | -6.7       | -15.3    | -17.9      | -16.0      | -10.0    | -8.0     | -6.2     | *        | 7.2      | -78.5         |
| On-Budget                                      | -1.4                                   | 1.7        | -5.4     | -8.4       | -8.1       | -3.8     | -2.9     | -2.3     | 0.1      | 1.6      | -28.9         |
| Off-Budget                                     | -4.3                                   | -8.3       | -9.9     | -9.5       | -8.0       | -6.2     | -5.0     | -3.9     | -0.1     | 5.6      | -49.6         |

**Memorandum:**

Estimated Changes in Revenues Based on the Act's Intent as Conveyed by Staff.

|                                                |          |            |          |            |            |          |          |          |          |          |            |
|------------------------------------------------|----------|------------|----------|------------|------------|----------|----------|----------|----------|----------|------------|
| Income and Social Insurance Taxes <sup>a</sup> | -1.8     | 4.9        | 1.2      | -0.7       | -0.1       | 4.8      | 6.2      | 6.9      | 9.4      | 11.0     | 41.9       |
| H2-C Visa Fees                                 | 0        | 0.1        | 0.1      | 0.1        | 0.2        | 0.2      | 0.2      | 0.2      | 0.2      | 0.2      | 1.3        |
| Blue Card Fines                                | <u>*</u> | <u>0.1</u> | <u>*</u> | <u>0.1</u> | <u>0.2</u> | <u>*</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0.4</u> |
| Total Changes                                  | -1.8     | 5.1        | 1.3      | -0.5       | 0.3        | 5.0      | 6.3      | 7.1      | 9.6      | 11.1     | 43.6       |
| On-Budget                                      | -0.8     | 3.3        | -3.2     | -6.2       | -6.0       | -1.9     | -1.2     | -0.7     | 1.3      | 2.0      | -13.6      |
| Off-Budget                                     | -0.9     | 1.8        | 4.5      | 5.7        | 6.4        | 7.0      | 7.5      | 7.7      | 8.4      | 9.1      | 57.2       |

SOURCES: Joint Committee on Taxation and Congressional Budget Office.

NOTE: \* = gain of less than \$50 million.

- a. These estimates were provided by the Joint Committee on Taxation and include effects on off-budget (Social Security) receipts. Related effects on outlays for refundable credits are shown in Table 3.

**TABLE 7. ESTIMATED EFFECTS ON DISCRETIONARY SPENDING OF S. 2611, AS PASSED BY THE SENATE**

|                                                                          | By Fiscal Year, in Millions of Dollars |       |       |       |       |
|--------------------------------------------------------------------------|----------------------------------------|-------|-------|-------|-------|
|                                                                          | 2007                                   | 2008  | 2009  | 2010  | 2011  |
| <b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>                      |                                        |       |       |       |       |
| Grants to State and Local Governments <sup>a</sup>                       |                                        |       |       |       |       |
| Authorization Level                                                      | 1,655                                  | 2,000 | 2,100 | 2,200 | 2,200 |
| Estimated Outlays                                                        | 414                                    | 1,162 | 1,904 | 2,090 | 2,165 |
| Additional Federal Personnel                                             |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 466                                    | 1,326 | 2,141 | 2,992 | 4,035 |
| Estimated Outlays                                                        | 404                                    | 1,203 | 2,013 | 2,856 | 3,877 |
| Detention Facilities                                                     |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 2,400                                  | 0     | 50    | 100   | 103   |
| Estimated Outlays                                                        | 240                                    | 960   | 1,125 | 215   | 103   |
| Programs to Improve Port Security <sup>a</sup>                           |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 185                                    | 188   | 190   | 193   | 196   |
| Estimated Outlays                                                        | 118                                    | 159   | 189   | 192   | 195   |
| Border-Control Infrastructure                                            |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 2,631                                  | 0     | 0     | 395   | 407   |
| Estimated Outlays                                                        | 921                                    | 1,184 | 526   | 257   | 376   |
| Funding for DHS to Expand Immigration Adjudication Services <sup>a</sup> |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 800                                    | 0     | 0     | 0     | 0     |
| Estimated Outlays                                                        | 640                                    | 160   | 0     | 0     | 0     |
| System for Verifying Employment Eligibility                              |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 228                                    | 341   | 379   | 339   | 348   |
| Estimated Outlays                                                        | 203                                    | 326   | 375   | 343   | 347   |
| Other Social Security Administration Costs                               |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 173                                    | 125   | 39    | 39    | 50    |
| Estimated Outlays                                                        | 152                                    | 131   | 50    | 39    | 48    |
| Grants to Assist Nonimmigrants <sup>a</sup>                              |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 200                                    | 200   | 200   | 175   | 175   |
| Estimated Outlays                                                        | 44                                     | 104   | 144   | 169   | 187   |
| Unmanned Aerial Vehicles <sup>a</sup>                                    |                                        |       |       |       |       |
| Authorization Level                                                      | 178                                    | 276   | 0     | 0     | 0     |
| Estimated Outlays                                                        | 89                                     | 192   | 118   | 55    | 0     |
| Reimbursement of Prosecution Costs <sup>a</sup>                          |                                        |       |       |       |       |
| Estimated Authorization Level                                            | 78                                     | 79    | 80    | 81    | 82    |
| Estimated Outlays                                                        | 20                                     | 51    | 79    | 80    | 81    |

Continued

**TABLE 7. CONTINUED**

|                                       | By Fiscal Year, in Millions of Dollars |       |       |       |       |
|---------------------------------------|----------------------------------------|-------|-------|-------|-------|
|                                       | 2007                                   | 2008  | 2009  | 2010  | 2011  |
| Border Patrol Aircraft and Watercraft |                                        |       |       |       |       |
| Estimated Authorization Level         | 820                                    | 65    | 130   | 200   | 206   |
| Estimated Outlays                     | 274                                    | 334   | 384   | 190   | 205   |
| Department of State Programs          |                                        |       |       |       |       |
| Estimated Authorization Level         | 169                                    | 141   | 115   | 110   | 111   |
| Estimated Outlays                     | 132                                    | 133   | 114   | 114   | 112   |
| National Guard                        |                                        |       |       |       |       |
| Estimated Authorization Level         | 0                                      | 500   | 0     | 0     | 0     |
| Estimated Outlays                     | 0                                      | 350   | 100   | 50    | 0     |
| Department of Labor                   |                                        |       |       |       |       |
| Estimated Authorization Level         | 89                                     | 88    | 68    | 68    | 123   |
| Estimated Outlays                     | 71                                     | 84    | 73    | 68    | 113   |
| Other Programs                        |                                        |       |       |       |       |
| Estimated Authorization Level         | 228                                    | 299   | 317   | 322   | 288   |
| Estimated Outlays <sup>b</sup>        | -55 <sup>a</sup>                       | -233  | 403   | 612   | 468   |
| Total Changes                         |                                        |       |       |       |       |
| Estimated Authorization Level         | 10,301                                 | 5,627 | 5,809 | 7,212 | 8,322 |
| Estimated Outlays                     | 3,667                                  | 6,299 | 7,598 | 7,330 | 8,276 |

NOTE: DHS = Department of Homeland Security.

- a. The estimated costs of this provision are the same as for the introduced bill. For details on those costs, see CBO's May 16 cost estimate for that version of the legislation.
- b. Section 644 would establish a new \$500 fee for persons who receive immigration benefits under title VI of the legislation. Both the collection and spending of these fees would be subject to appropriation action. Because spending would lag behind collections, this provision would reduce net outlays in 2007 and 2008.