



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 27, 2004

H.R. 775

Security and Fairness Enhancement Act of 2003

As reported by the House Committee on the Judiciary on October 6, 2004

SUMMARY

H.R. 775 would eliminate the diversity immigrant program. The costs of implementing that program are covered by fees charged to winning applicants in a lottery for a limited number of immigrant visas. The fees are credited to State Department and Bureau of Citizenship and Immigration Services (CIS) accounts as offsetting collections and offsetting receipts, respectively. (Offsetting collections are a credit against discretionary spending, while offsetting receipts are a credit against direct spending.)

CBO estimates that enacting the bill would decrease collections and spending by the Department of State and the CIS; however, changes in net spending by those agencies would not be significant. Enacting H.R. 775 would lower the number of persons eligible for food stamps and Medicaid benefits. CBO estimates spending for those programs would be reduced by \$164 million over the 2005-2014 period. Enacting the bill would not affect revenues.

Each year, the Department of State issues about 50,000 immigrant visas under the diversity immigrant program to natives of foreign states which the U.S. Attorney General determines have had a low ratio of immigrants admitted under the other sections of the immigration law. The immigrants are selected randomly by the Secretary of State from among persons who submit applications in a special lottery for the visas. Persons apply in one fiscal year for visas to be issued in the coming fiscal year. Applicants must meet minimum requirements for education or work experience and otherwise be eligible for immigrant visas as specified in the Immigration and Nationality Act. Those selected in the diversity lottery must obtain their visas by the end of the fiscal year covered by the lottery.

H.R. 775 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); CBO estimates that states would save about \$45 million in Medicaid costs over the 2005-2014 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 775 is shown in the following table. The costs of this legislation fall within budget functions 550 (health) and function 600 (income security). In addition, the bill would have an insignificant effect on net spending in budget function 150 (international affairs) and budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	*	-1	-3	-4	-5	-9	-18	-29	-41	-54
Estimated Outlays	*	-1	-3	-4	-5	-9	-18	-29	-41	-54

NOTE: * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes the bill will be enacted before the end of the calendar year 2004 and that the restrictions on issuing new visas will take effect immediately. By eliminating the diversity visa lottery, H.R. 775 would decrease the number of immigrants who become legal permanent residents by about 44,000 each year—not all persons selected immigrate to the United States within the period in which the visas are valid. Fewer permanent legal residents would, over time, lower the enrollment for benefits under the Food Stamp and Medicaid programs and thus lower estimated spending for those programs.

Food Stamps

While adult immigrants have a five-year waiting period for benefits, legal permanent residents under the age of 18 are automatically eligible for food stamps. CBO estimates that there will be about 440,000 fewer legal permanent residents over the 10-year period. Based on data from the Current Population Survey on participation by noncitizens before the changes in eligibility that were enacted in 1996, CBO estimates that by 2009, 4,000 fewer children would receive food stamps. Overall, CBO estimates that by 2014 about 23,000 fewer people would receive food stamps. Food Stamp program costs would decrease by \$13 million over the 2005-2009 period and \$105 million over the 2009-2014 period.

Medicaid

By decreasing the number of legal permanent residents, H.R. 775 would reduce the number of individuals enrolling in the Medicaid program. Under Medicaid law, immigrants entering the United States after August 22, 1996, are subject to a five-year ban from receiving Medicaid coverage. CBO expects that certain participants in the diversity visa program (mainly children, pregnant women, and some disabled people) will qualify for Medicaid five years after entering the United States. CBO estimates that by 2014, about 9,000 fewer people would receive Medicaid than under current law and that federal Medicaid spending would decrease by about \$59 million over the 2010-2014 period.

State Department

Applicants pay no fee for submitting an application to the Department of State for the special lottery; however, there is a \$100 special processing fee payable to the Department of State by persons whose entries are selected and processed at a U.S. consulate. The applicants must also pay the regular visa fees at the time of visa issuance. The special processing fee generates about \$5 million in offsetting collections for the Department of State each year. The bill would lower collections by the Department of State, but spending would also decline by the amount of forgone collections.

Bureau of Citizenship and Immigration Services

The CIS currently charges fees totaling \$385 to register each selected applicant as a permanent U.S. resident. CBO estimates that CIS collects and spends about \$20 million annually in fees from diversity immigrants—a small fraction of more than \$1 billion in fees the agency collects and spends each year to administer programs relating to the entry of aliens. CBO estimates that eliminating the diversity visa program would reduce fee collections by about \$20 million annually, but that spending would also decrease by an equivalent amount, so there would be no significant net budgetary effect.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 775 contains no intergovernmental mandates as defined in UMRA. By decreasing the number of legal permanent residents in the United States, the bill would reduce the number of individuals enrolling in the Medicaid program. CBO estimates that the change would

result in a savings for states of about \$45 million over the 2005-2014 period.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no new private-sector mandates as defined in UMRA.

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