



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 22, 2004

S. 2089

A bill to allow aliens who are eligible for diversity visas to be eligible beyond the fiscal year in which they applied

As reported by the Senate Committee on the Judiciary on October 4, 2004

SUMMARY

S. 2089 would allow certain aliens to remain eligible to receive a diversity visa beyond the end of the fiscal year for which they applied for one.

CBO estimates that enacting this bill would increase collections and spending by the Department of State and the Bureau of Citizenship and Immigration Services (CIS); however, changes in net spending by those agencies would not be significant. It also would increase the number of persons eligible for Food Stamp and Medicaid benefits. CBO estimates that spending for those programs would increase by negligible amounts over the next five years, and by \$13 million over the 2005-2014 period. Enacting the bill would not affect revenues.

S. 2089 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandate Reform Act (UMRA). However, CBO estimates that as a result of the additional number of individuals eligible for Medicaid assistance, state spending would increase by about \$8 million over the 2005-2014 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2089 is shown in the following table. The costs of this legislation fall within budget functions 550 (health), 600 (income security), and 750 (administration of justice).

By Fiscal Year, in Millions of Dollars

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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CHANGES IN DIRECT SPENDING

Food Stamps										
Estimated Budget Authority	*	*	*	*	*	*	*	1	1	1
Estimated Outlays	*	*	*	*	*	*	*	1	1	1
Medicaid										
Estimated Budget Authority	0	0	0	0	0	1	1	2	3	3
Estimated Outlays	0	0	0	0	0	1	1	2	3	3
Total Changes										
Estimated Budget Authority	*	*	*	*	*	1	1	3	4	4
Estimated Outlays	*	*	*	*	*	1	1	3	4	4

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

BASIS OF ESTIMATE

Under current law, 50,000 immigrant visas are available each year through the diversity visa program. This program makes visas available to natives of countries that the Secretary of Homeland Security determines have had relatively few immigrants admitted under the other sections of immigration law. The immigrants are selected randomly through a lottery. Applicants must meet minimum requirements for educational attainment or work experience and otherwise be eligible for immigrant visas as specified in the Immigration and Nationality Act. Individuals who are selected in the lottery must obtain their visa by the end of the fiscal year covered by the lottery. S. 2089 would eliminate the deadline for diversity visas made available in 1998 and thereafter.

Not all lottery winners receive a diversity visa. The State Department selects about 100,000 applications a year in the lottery to reach its quota of 50,000 diversity visas. Some applicants may choose not to pursue a visa and others may be disqualified for other reasons. Applications are processed until 50,000 visas have been issued or the fiscal year ends. In the last two fiscal years, the Department of State has issued about 49,000 diversity visas a year, on average. Without the year-end deadline, CBO estimates that all 50,000 diversity visas would be issued each year and about 1,000 additional people would become legal permanent residents.

As legal permanent residents, these immigrants could become eligible for other federal benefits such as food stamps and Medicaid—assuming they meet other program requirements. In addition, the majority of immigrants who enter the United States with diversity visas are young adults. CBO estimates that many of these new immigrants will have children born in this country who, as United States citizens, may also be eligible for some of these benefits.

CBO estimates that enacting S. 2089 would increase direct spending by an insignificant amount over the 2005-2009 period and \$13 million over the 2005-2014 period.

Food Stamps

Legal permanent residents are eligible for Food Stamp benefits after a five-year waiting period; those under the age of 18 are automatically eligible. All food stamp recipients must also meet certain income and asset requirements. CBO estimates that by enacting S. 2089, there will be about 16,000 additional legal permanent residents over the 2005-2014 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 an additional 400 people would receive food stamps in 2011, rising to about 700 a year by 2014. Food Stamp costs would increase by a total of \$3 million over the 2005-2014 period.

Medicaid

By increasing the number of visas issued under the diversity visa program, S. 2089 would increase the number of individuals who would enroll 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 new participants in the diversity visa program (mainly children, pregnant women, and some disabled people) would qualify for Medicaid five years after entering the United States. Additionally, CBO expects that certain children born to women after entering the United States under the diversity visa program also would enroll in Medicaid. Because those children would be citizens, their Medicaid participation would not be affected by the five-year ban. CBO estimates that by 2014, about 1,200 more people would receive Medicaid than under current law and that federal Medicaid spending would increase by about \$10 million over the 2005-2014 period.

Department of Homeland Security

Enacting S. 2089 would result in more persons applying for and obtaining permanent U.S. residence. CIS charges fees totaling \$385 to register each selected applicant as a permanent resident. The agency is authorized to spend such fees without further appropriation, so the net impact on CIS spending would be insignificant. CIS fees are classified as offsetting receipts (a credit against direct spending).

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2089 contains no intergovernmental mandates as defined in the UMRA. The bill would increase the number of individuals eligible for Medicaid assistance, a portion of which is paid for by state governments. CBO estimates states would incur about \$8 million in additional costs over the 2005-2014 period to provide those benefits. Because states have sufficient flexibility to offset such costs if they choose, that increase would not be considered a mandate under UMRA.

ESTIMATE PREPARED BY:

Federal Costs:

CIS: Mark Grabowicz

Food Stamps: Kathleen FitzGerald

Medicaid: Jeanne De Sa

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis