S. 744
Border Security, Economic Opportunity,
and Immigration Modernization Act

As reported by the Senate Committee on the Judiciary on May 28, 2013,
including the amendments made in the star print of June 6, 2013

SUMMARY

S. 744 would revise laws governing immigration and the enforcement of those laws, allowing for a significant increase in the number of noncitizens who could lawfully enter the United States on both a permanent and temporary basis. Additionally, the bill would create a process for many individuals who are present in the country now on an unauthorized basis to gain legal status, subject to requirements specified in the bill. The bill also would directly appropriate funds for tightening border security and enforcing immigration laws, and would authorize additional appropriations for those purposes.

Estimated Impact on the U.S. Population

CBO estimates that, by 2023, enacting S. 744 would lead to a net increase of 10.4 million in the number of people residing in the United States, compared with the number of people projected under current law. That net increase comprises an increase of about 10.4 million permanent residents; an increase of about 1.6 million temporary workers and their dependents; and a decrease of about 1.6 million unauthorized residents. (CBO estimates that about 8 million unauthorized residents would initially gain legal status under the bill, but that change in status would not affect the size of the U.S. population.)

Estimated Impact on the Federal Budget for 2014 Through 2023

The increase in the number of legal residents stemming from the bill would boost direct spending for federal benefit programs; direct spending for enforcement and other purposes also would rise. Under the bill, federal revenues would be higher as well, mostly because of the larger size of the labor force. Finally, implementing the bill would require an increase in discretionary funding (that is, funding subject to annual appropriation actions) for immigration-related activities.

1. On June 6, 2013, the Senate ordered that a “star print” (that is, a corrected printing) be made of S. 744 as reported by the Judiciary Committee on May 28, 2013. This cost estimate is based on the text of that star print.
CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting S. 744 would generate changes in direct spending and revenues that would decrease federal budget deficits by $197 billion over the 2014–2023 period (see Table 1 on page 12). CBO also estimates that implementing the legislation would result in net discretionary costs of $22 billion over the 2014–2023 period, assuming appropriation of the amounts authorized or otherwise needed to implement the legislation. Combining those figures would lead to a net savings of about $175 billion over the 2014–2023 period from enacting S. 744. However, the net impact of the bill on federal deficits would depend on future actions by lawmakers, who could choose to appropriate more or less than the amounts estimated by CBO. In addition, the total amount of discretionary funding is currently capped (through 2021) by the Budget Control Act of 2011; extra funding for the purposes of this legislation might lead to lower funding for other purposes.

Specifically, CBO and JCT estimate that enacting S. 744 would have these budgetary effects:

- Increase federal direct spending by $262 billion over the 2014–2023 period. Most of those outlays would be for increases in refundable tax credits stemming from the larger U.S. population under the bill and in spending on health care programs—particularly for the Medicaid program and for subsidies provided through insurance exchanges created under the Affordable Care Act (ACA).

- Increase federal revenues by $459 billion over the 2014–2023 period. That increase would stem largely from additional collections of income and payroll taxes, reflecting both an increase in the size of the U.S. labor force and changes in the legal status of some current workers.

- Decrease federal budget deficits through the changes in direct spending and revenues just discussed by $197 billion over the 2014–2023 period. Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply. Those procedures consider only the on-budget effects of legislation and not the off-budget effects, such as the effects on Social Security taxes and spending.

The on-budget effects would amount to increased direct spending of $259 billion and increased revenues of $245 billion, resulting in on-budget deficits that would be $14 billion greater than under current law over the 2014-2023 period. (About $3 billion of the on-budget direct spending would be designated as an emergency requirement under the bill. See Table 8 on page 54 for the estimate of budgetary effects that are subject to pay-as-you-go procedures.)
Lead to net federal discretionary costs for immigration-related activities of about $22 billion over the 2014–2023 period, assuming appropriation of the amounts authorized or otherwise needed to implement the legislation.

Following the long-standing convention of not incorporating macroeconomic effects in cost estimates—a practice that has been followed in the Congressional budget process since it was established in 1974—cost estimates produced by CBO and JCT typically reflect the assumption that macroeconomic variables such as gross domestic product (GDP) and employment remain fixed at the values they are projected to reach under current law. However, because S. 744 would significantly increase the size of the U.S. labor force, CBO and JCT relaxed that assumption by incorporating in this cost estimate their projections of the direct effects of the bill on the U.S. population, employment, and taxable compensation.

The bill also would have a broader set of effects on output and income that are not reflected in this cost estimate. Those additional economic effects include changes in the productivity of labor and capital, the income earned by capital, the rate of return on capital (and therefore the interest rate on government debt), and the differences in wages for workers with different skills. Those effects and their estimated consequences for the federal budget are described in a report accompanying this cost estimate.²

**Estimated Impact on the Federal Budget Beyond 2023**

CBO and JCT generally do not provide cost estimates beyond the standard 10-year projection period. However, S. 744 would cause a significant number of people to become eligible for certain federal benefits in the decade following 2023, so CBO and JCT have extended their estimate of the effects of this legislation for another decade.

The additional amount of federal direct spending stemming from enactment of S. 744 would grow after 2023 as more people became eligible for federal benefits as a result of the bill. CBO estimates that the net increase in the U.S. population under S. 744 would total about 16 million by 2033. The additional amount of federal revenues owing to the legislation also would increase after 2023. On balance, CBO and JCT estimate that those changes in direct spending and revenues would decrease federal budget deficits by about $700 billion (or 0.2 percent of Gross Domestic Product) over the 2024–2033 period. In addition, the legislation would have a net discretionary cost of $20 billion to $25 billion over the 2024–2033 period, assuming appropriation of the necessary amounts.

Therefore, pursuant to section 311 of the Concurrent Resolution on the Budget for Fiscal Year 2009 (S. Con. Res. 70, 110th Cong.), CBO and JCT estimate that changes in direct

spending and revenues from enacting S. 744 would not increase the on-budget deficit by more than $5 billion in the first 10-year period starting in 2023.

The effects of immigration policies on the federal budget are complicated and uncertain, and they become even more so as they extend farther into the future. According to CBO’s and JCT’s estimates, enacting the legislation would produce net on-budget savings in the years leading up to 2033; however, it is impossible to project to what extent that trend would persist after 2033. Therefore, CBO and JCT did not construct a comprehensive estimate of the budgetary effects of S. 744 beyond 2033. As a result, we cannot determine whether enactment of S. 744 would lead to an increase in on-budget deficits of more than $5 billion in any of the three 10-year periods starting in 2033.

Intergovernmental and Private-Sector Mandates

S. 744 would impose several intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Most of those mandates would fall on employers and other entities that hire, recruit, or refer individuals for employment. CBO estimates that the aggregate annual costs of the mandates imposed on public entities would fall below the intergovernmental threshold (which is $75 million in 2013, adjusted annually for inflation). However, CBO estimates that the aggregate annual costs of the mandates imposed on private entities would total at least $700 million once the mandates were fully in effect, probably by 2016; the costs thus would exceed the private-sector threshold (which is $150 million in 2013, adjusted annually for inflation).

The substantial increase in population that would occur if S. 744 is enacted would have many other effects (both negative and positive) on the budgets of state, local, and tribal governments, but CBO does not estimate the overall effects of legislation on the budgets of those governments.
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Note: Throughout the estimate, all years are fiscal years unless otherwise specified.
MAJOR PROVISIONS

Under current immigration law, lawful permanent residents (LPRs) are foreign-born individuals who have received permission to live and work in the United States permanently. The terms “people with a green card” or “immigrants” are often used to refer to people with LPR status. Other foreign-born individuals in the United States are authorized to be here on a temporary basis; some—but not all—are also authorized to work. The term “nonimmigrant” is often used to refer to people who are in the country on a temporary basis, such as temporary workers and foreign students. Many foreign-born individuals reside in the United States without legal authorization; some—but not all—are working. Such individuals in the country without legal authorization are referred to here as unauthorized residents; they are also sometimes referred to as “illegal aliens” or “undocumented immigrants.”

S. 744 contains many provisions that would change the number of LPRs, nonimmigrants, and unauthorized residents, and many provisions would change the laws relating to people who would be in any of those three categories. In particular, the bill would, over time, increase the number of individuals with LPR status; increase the number of temporary workers by changing the scope of existing programs and creating new programs; grant legal status to currently unauthorized residents who meet requirements specified in the bill, contingent on the Department of Homeland Security (DHS) notifying the Congress that it has begun to implement a strategy to improve border security and fencing on the southern border; and directly appropriate or authorize the appropriation of significant new resources for maintaining border security and enforcing immigration laws.

Family-Based and Employment-Based Immigration

S. 744 would significantly change laws governing the types and number of foreign-born persons who are granted LPR status. It would restructure the visas for family-based immigration and employment-based immigration by removing the caps on some categories of immigrants, eliminating other visa categories, and reallocating the number of people allowed by the current caps among the remaining capped categories. The bill also would establish a new category of merit-based visas and eliminate the current backlog for family- and employment-based visas, consisting of those noncitizens who have petitioned for or been approved for a green card but have not been able to obtain one because of the caps.

Specifically, the bill would make the following changes:

- **Family-Based Immigration**—Under current law, the annual number of green cards that can be issued is capped for most categories of immigrants. The bill would allow immediate family members (spouses and unmarried children under the age
of LPRs to become LPRs themselves without any limit on the number of people who can do so each year. Additionally, S. 744 would, about two years after enactment, eliminate the immigration category that provides eligibility to siblings of U.S. citizens and limit the category that provides eligibility to the married-adult children of U.S. citizens to those under the age of 32. Finally, the bill would increase the limit on the number of immigrants allowed from countries that currently have substantial immigration to the United States.

- **Employment-Based Immigration**—Under current law, green cards are available each year to a capped number of eligible foreign-born workers and their dependents, with the total cap allocated across different categories of workers. Under the bill, those dependents and certain highly skilled workers would not count against that cap. Additionally, the bill would permit some foreign-born individuals with graduate degrees who meet criteria specified in the bill to receive visas without counting against the cap. The cap of 140,000 visas would then be reallocated across the categories of workers who would remain subject to it.

- **Merit-Based Immigration (Track 1)**—The first track of so-called “merit-based immigration” would grant people LPR status and those visas would be allocated based on the number of points that potential immigrants received according to criteria specified in the bill. More points would be awarded to individuals who have more education, who can speak English, who have relatives who are U.S. citizens, and who apply from countries that have had little immigration to the United States in the previous five years.

- **Merit-Based Immigration (Track 2)**—The second track would provide sufficient visas over the 2015–2021 period to eliminate the backlog of family- and employment-based visa requests that existed as of the date of enactment of the legislation and enable all of those people to become LPRs. In addition, in 2022 and 2023, visas would be provided to all siblings of U.S. citizens and married-adult children of U.S. citizens over the age of 31 who applied during the two years after enactment of the bill. For years after 2023, this track would be the way some of the currently unauthorized residents could become LPRs (discussed below).

**Visas for Temporary Workers**

S. 744 also would increase the number of workers allowed into the country on a temporary basis, as follows:

- **Highly Skilled Workers**—The bill would significantly increase the annual cap on temporary visas for highly skilled workers (workers who hold H-1B visas). The
legislation would increase fees for employers petitioning for workers with H-1B and L-visas and would change the way the H-1B program is administered.

- **Nonagricultural Workers**—The bill would create two new visa categories for temporary nonagricultural workers (W-1) and their dependents (W-2). Those visas would be valid for three years and would be renewable for multiple three-year terms. The recipients of W-1 visas would be allowed to bring their spouses and children to the United States using W-2 visas, and those spouses would be authorized to work in the country.

- **Agricultural Workers**—The bill would eliminate the current temporary agricultural worker program (H-2A) and would establish two new types of visas: one for agricultural workers with a written contract for employment (W-3) and one for agricultural workers with an offer of employment (W-4). The visas would be valid for three years and could be renewed once for an additional three years. Those visa holders would not be allowed to bring spouses and children with them into the United States.

- **Other Temporary Admissions**—The bill would establish V-visas for individuals who have been approved to enter the United States on a permanent basis but must still wait a few years before their visa becomes available. The V-visas would allow those individuals to enter the country legally before becoming LPRs. Some could enter and remain indefinitely and work legally while others could only enter for a limited period each year. The bill also would increase the number of nonimmigrants allowed to enter the country under other visa categories.

**Legal Status for Unauthorized Residents**

The bill would create three ways for many unauthorized residents, over time, to gain legal status, become lawful permanent residents, and naturalize as U.S. citizens. Unauthorized residents would have one year after the relevant regulations were published to register for one of the three tracks for obtaining legal status. If those residents met certain criteria specified in the legislation for their chosen track, the residents could ultimately become LPRs and citizens. The Secretary of Homeland Security could extend the registration period for an additional 18 months; this estimate incorporates the assumption that the Secretary would do so.

The three ways to gain legal status are as follows:

- **Registered Provisional Immigrants (RPIs)**—Unauthorized residents would be eligible to become Registered Provisional Immigrants (a new legal status that would allow them to work in the country) if they met specified requirements and were continuously present in the United States from December 31, 2011, through
the date they obtain such status. Spouses and dependents of those residents who were continuously present in the country as of December 2012 also could become RPIs. Individuals would need to renew their work authorization with DHS after three years and reapply for RPI status after six years. Individuals petitioning for that status generally would be required to pay a $1,000 penalty in installments over six years, in addition to a processing fee. (Unauthorized residents who are under age 21 or who are 21 or older but were younger than 16 when they entered the country would not have to pay the penalty, and DHS would have some discretion to waive the penalty in other cases as well.) There would be no additional penalty to renew RPI status.

In general, RPIs could adjust to LPR status through the Merit Track 2 category after being in RPI status for 10 years (and conditional on DHS certifying that it has met various requirements related to border security). In order to adjust to LPR status, an RPI generally would have to document continuous employment or meet an income threshold as those terms are defined in the bill; however, the employment requirement could also be met by enrollment in an educational institution, and dependents would not be required to meet those criteria. Upon adjustment to LPR status, they would pay an additional $1,000 penalty (also payable in installments over time) and another processing fee.

- **Unauthorized Residents Who Entered the Country as Children**—Some of the unauthorized residents who would qualify for RPI status would be able to adjust to LPR status or to naturalize more quickly. Specifically, unauthorized residents who were under the age of 16 when they entered the country would be able to naturalize after enlisting in the military or to adjust to LPR status after five years in RPI status if they met certain educational requirements. They would not have to pay the $1,000 penalty.

- **Agricultural Workers**—Unauthorized residents (and some former legal workers who have since left the United States) who could document past work in agriculture would be able to register as agricultural workers and receive a “blue card” granting them legal status. Blue cards would remain valid until eight years after regulations implementing the program were issued and would not be renewable. Most individuals petitioning for the new status would have to pay a $100 penalty. Residents with blue-card status could begin to transition to LPR status five years after enactment, if they met additional work requirements and paid an additional $400 fine.

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3. When noncitizens change to an immigrant visa from another status from within the United States, they “adjust” their status with the Department of Homeland Security.
The bill specifies various conditions that would have to be met before DHS could implement the legalization procedures for certain unauthorized residents. Specifically, DHS would have to notify the Congress that it has started to implement a plan to improve border security and fencing on the southern border of the United States before it could process applications for RPI status. In addition, DHS would have to certify that the following four contingencies had been met before an RPI (except those who meet the educational or military requirements to adjust sooner, based on the age at which they entered the country) would be allowed to adjust to LPR status:

- DHS has substantially deployed a strategy to secure the southern U.S. border;
- DHS has substantially implemented a fencing strategy along the southern U.S. border;
- DHS has implemented a mandatory employment-verification system for all employers; and
- DHS is using an electronic exit system at air and sea ports that collects machine-readable visa and passport information.

Implementation of the Legislation

The costs of implementing the provisions of the legislation would be met by a combination of direct spending (resulting from funding provided by the bill) and discretionary spending (resulting from funding that would be authorized by the bill but would have to be provided in future appropriations). A significant portion of that new spending would be offset by new fee collections required by the bill.

The costs fall in the following categories:

- **Start-up Costs**—S. 744 would appropriate about $1 billion for the Departments of State, Labor, Agriculture, and Justice to cover start-up costs for activities that would be required under the bill, including improvements to the security and integrity of documents and identification materials used in the immigration process. S. 744 also would appropriate $3 billion to DHS to cover a variety of expenses related to the initial implementation of the bill, including additional personnel and information technology systems. All of the funds appropriated by the legislation are intended to be offset by the collection of new fees and penalties imposed on individuals seeking to adjust their immigration status and certain other people.
• Border Security—S. 744 also would establish a goal for DHS to maintain “effective control” of the border in all sectors along the southern boundary of the United States. To achieve that goal, the bill would direct the department to deploy sufficient security personnel, border fencing, and related infrastructure to ensure that at least 90 percent of those who attempt to cross the border illegally are apprehended or turned back. To finance that effort, the bill would appropriate $6.5 billion for the 2014–2018 period. In addition, CBO estimates that the legislation would authorize the appropriation of an additional $15 billion to bolster the existing personnel, facilities, and equipment used for border security. Under the bill, the cost of all of those border security efforts are intended to be offset by a variety of new fees and penalties imposed on individuals seeking to adjust their immigration status and certain other people.

• Employment Verification—S. 744 would appropriate $750 million to expand the federal government’s role in verifying employment eligibility and make such verification a mandatory requirement for employers. The requirement would be phased in over five years, eventually applying to all employees hired in the United States. CBO estimates that the bill also would authorize the appropriation of about $1.4 billion to implement that system. (The current voluntary employment verification system, known as E-Verify, would be phased out and replaced by the new mandatory verification system.)

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 744 is summarized in Table 1. The costs of this legislation fall within budget functions 050 (national defense), 150 (international affairs), 300 (agriculture), 500 (education, training, employment, and social services), 550 (health), 570 (Medicare), 600 (income security), 650 (Social Security), 750 (administration of justice), and 800 (general government).

CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting S. 744 would generate changes in direct spending and revenues that would reduce federal budget deficits by $56 billion over the 2014–2018 period and $197 billion over the 2014-2023 period. The bill would raise federal direct spending by $70 billion over the 2014–2018 period and $262 billion over the 2014–2023 period. The bill also would boost revenues by $126 billion over the 2014–2018 period and $459 billion over the 2014-2023 period.

In addition, CBO estimates that implementing the legislation would have net costs for federal discretionary spending of about $12 billion over the 2014–2018 period and about $22 billion over the 2014–2023 period, assuming appropriation of the amounts authorized or otherwise needed to implement the legislation. Whether and to what extent that additional discretionary spending would lead to a corresponding increase in federal
budget deficits would depend on whether and to what extent policymakers chose to raise the existing caps on discretionary funding to accommodate that additional spending or to reduce other discretionary funding instead.

CBO and JCT, in consultation with outside experts, have devoted a great deal of care and effort to analyzing the impact of changes in immigration policies, and the agencies strove to develop estimates of the effects of this legislation that are in the middle of the distribution of possible outcomes. Nevertheless, the actual outcomes would surely differ from these estimates in one direction or another. The projections of the budgetary impact and other effects of immigration legislation are quite uncertain because they depend on a broad array of behavioral and economic factors that are difficult to predict.

In particular, the budgetary effects of S. 744 would depend significantly on: the number of people who would choose to immigrate to the country under the new categories; the number of unauthorized residents who would choose to obtain legal status; the number of people who would choose not to immigrate to the country because of changes in

### TABLE 1. SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF S. 744

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<td>2.8</td>
<td>2.9</td>
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<td>2.1</td>
<td>2.2</td>
<td>11.9</td>
<td>22.1</td>
</tr>
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</table>

Notes: The change in direct spending would affect budget authority by similar amounts.

* = an increase of less than $50 million; components may not sum to totals because of rounding.
enforcement and other factors; the number of additional residents who would choose to work and the income they would earn; the number of additional residents would be eligible for federal benefit programs and the rates at which they would take up benefits; and other factors.

**BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted in October 2013, that the necessary amounts will be appropriated near the beginning of each fiscal year, that DHS and the Department of State can process the necessary adjustments in status and visas in a timely manner, and that spending will follow historical patterns for existing or similar activities.

Based on information from DHS, CBO expects that the department would notify the Congress within a year of enactment that it had begun to implement a strategy to improve border security and fencing on the southern border. Additionally, CBO expects that DHS would certify that it had met the requirements specified in the bill (discussed above) that would allow RPIs to adjust to LPR status in the timeframe specified in the bill. CBO anticipates that it would take about one year to develop and approve the regulations governing the legalization process, so unauthorized residents could begin to obtain legal status at the beginning of fiscal year 2015.

S. 744 would directly appropriate $3 billion for start-up costs related to processing the applications for unauthorized residents and new immigrants. However, given the significant increase in the number of applications, and in many cases their complexity, CBO expects that there probably would be some delays in processing applications. CBO’s estimates of the population changes resulting from the legislation and the associated budgetary effects take into account those expected delays.

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

Enacting S. 744 would significantly increase the number of lawful permanent residents and temporary workers admitted into the United States, and thus the number of children born to such people while in the United States. Additionally, the legislation would enable many currently unauthorized residents to gain legal status, become LPRs, and eventually become naturalized citizens. CBO expects that the border enforcement and security provisions of the bill, along with implementation of the mandatory employment verification system (to replace the current voluntary system), would decrease the net future flows of unauthorized people into the United States—primarily by making it more difficult for people to work in the United States without legal status.
CBO’s estimate of population increases takes into account several factors, including the expected mortality of immigrants and the likelihood that some immigrants to the United States would later return to their native countries. The estimate also includes the number of children born in the United States to foreign-born individuals who would not otherwise have been present in the United States; as under current law, those children would automatically be U.S. citizens from the time of their birth. Finally, the estimate includes the number of additional immigrants (spouses and children of both LPRs and U.S. citizens, and the parents of U.S. citizens) who would enter the country as a result of the increase in the number of LPRs under the bill.

All told, CBO estimates enacting the bill would lead to an increase in the population in the United States of 10.4 million residents by 2023 and 16.2 million residents by 2033 (see Table 2). Those changes would represent an increase in the U.S. population of roughly 3 percent by 2023 and about 4 percent by 2033. The overall population changes include increases of these amounts:

- 1.2 million people in 2023 and 1.7 million people in 2033 from changes to family-based immigration,
- 2.4 million people in 2023 and 5.1 million people in 2033 from changes to employment-based immigration,
- 7.1 million people in 2023 and 9.6 million people in 2033 from the two new merit-based immigration programs taken together, and
- 1.6 million people in 2023 and 2.8 million people in 2033 from changes to temporary worker programs and other temporary admissions.

The overall population changes also include a decrease of 1.6 million people in 2023 and 2.5 million people in 2033 who would become unauthorized residents of the United States in the future under current law but would not do so under S. 744. Other changes would reduce the population by about 0.4 million in 2023 and 0.8 million in 2033.

In addition, 6.5 million people in 2023 and 5.4 million people in 2033 would be unauthorized residents under current law and would be legal U.S. residents under the legislation. That switch in legal status would have no net effect on the size of the U.S. population.
TABLE 2. PROJECTED CUMULATIVE CHANGES IN THE U.S. POPULATION ATTRIBUTABLE TO S. 744

<table>
<thead>
<tr>
<th>By fiscal year, in Millions of People</th>
</tr>
</thead>
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<tr>
<td></td>
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**NET CHANGE IN LEGAL U.S. RESIDENTS a,b**

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<tr>
<th>Lawful Permanent Residents (LPR)</th>
<th>2014</th>
<th>2018</th>
<th>2023</th>
<th>2028</th>
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<td>1.7</td>
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<td>Diversity Program and Other</td>
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<td>-0.2</td>
<td>-0.4</td>
<td>-0.6</td>
<td>-0.8</td>
</tr>
</tbody>
</table>

**Nonimmigrants**

| Highly-Skilled Temporary Workers | *    | 0.1  | 0.2  | 0.2  | 0.3  |
| Temporary Worker Programs, W-Visas| 0    | 0.3  | 1.1  | 1.9  | 2.3  |
| Temporary Admissions             | *    | 0.5  | 0.3  | 0.3  | 0.3  |

**Legalization Programs**

| Registered Provisional Immigrants (RPIs) d,e | 0    | 6.3  | 5.1  | 4.4  | 4.3  |
| Agricultural Workers (Blue Card) d,f        | 0    | 1.4  | 1.4  | 1.4  | 1.4  |

**Net Change in Unauthorized U.S. Residents a**

| Adjusted to RPI Status d,e                  | 0    | -6.3 | -5.1 | -4.4 | -4.1 |
| Adjusted to Blue Card Status d              | 0    | -1.4 | -1.4 | -1.3 | -1.2 |
| Net Decline in Future Unauthorized Residents| *    | -0.7 | -1.6 | -2.1 | -2.5 |

**Net Change in U.S. Population**

| Total                                         | 0.1  | 12.7 | 18.5 | 21.3 | 24.1 |

**Memorandum:**

- Additional Naturalized Citizens and LPRs in the Country for more than Five Years Under S. 744
- Additional Citizen Children Under S. 744

**Notes:**

- W-Visas are granted under temporary worker programs for agricultural and nonagricultural workers.

- Registered Provisional Immigrants are previously unauthorized residents who gain legal status under the bill.

- * = an increase or decrease of fewer than 50,000 people.

a. The numbers include the net change in the number of children born in the United States to foreign-born individuals.

b. The numbers include relatives of LPRs and naturalized citizens who themselves immigrate.

c. Does not include Registered Provisional Immigrants who adjust to LPR status.

d. Includes all individuals who initially adjusted to that status, even after they adjust to LPR status or naturalize.

e. Includes RPIs who arrived in the United States under the age of 16.

f. The former legal agricultural workers in the H-2A program are counted as new legal U.S. residents and not as unauthorized residents who adjust status.
Lawful Permanent Residents. Under current law, when noncitizens seek to live in the United States on a temporary or permanent basis, a sponsor such as an employer or a relative (or in some cases, the noncitizen) must first file a petition with the Department of Homeland Security. If the petition is approved, noncitizens living outside the United States may apply to the Department of State for a visa, which allows them to enter the country; noncitizens already living inside the United States apply to DHS to adjust to a new status. Noncitizens who receive permission to live permanently in the United States are often referred to as immigrants, even if they adjusted their status while in the United States. The number of visas for new entrants and adjustments to LPR status available each year is less than the number of approved petitions for both family-based and employment-based immigrants, creating a significant and growing backlog of people seeking green cards.

Family-Based Immigration. Under current law, the majority of immigrant visas (roughly 65 percent in 2012) are granted on the basis of family relationships. Immediate relatives of U.S. citizens (spouses, parents, and dependent children) can immigrate without numerical limit. Other relatives of U.S. citizens and current LPRs can immigrate through family-sponsored preferences, which are effectively capped at 226,000 per year.

S. 744 would make several major changes to family-sponsored preferences. It would:

- Exempt from the cap immediate relatives of LPRs (the cap for them is currently about 88,000);
- Increase the share of family-sponsored preferences that can be from any one country from 7 percent to 15 percent;
- Limit the preference category for married adult children to those below age 32 and eliminate the preference for siblings of U.S. citizens, beginning in 2015;
- Reduce the effective cap from 226,000 to 161,000 beginning in 2015, and reallocate the cap among the remaining categories; and
- Recapture unused visas from 1992 through 2013 and make them available in 2015.

CBO estimates that those changes in family-based immigration would lead to an increase in the number of people in the United States of 1.2 million in 2023 and 1.7 million in 2033. Removing the limit on immediate relatives of LPRs would allow visas to be granted to people in those categories more quickly, while freeing up room under the cap—even after taking account of the cap reduction—to grant more visas to people in the remaining preference categories. CBO expects that the recaptured visas (totaling about 250,000) would be used to grant visas to people with approved petitions who are waiting for a visa (subject to availability under the annual cap) to become available.
Employment-Based Immigration. Under current law, 140,000 immigrant visas are granted each year through employment-based preferences. Qualified workers and investors—and their dependents—are eligible for those visas.

S. 744 would make several major changes to employment-based preferences. It would:

- Exempt from the cap the dependents of workers (they received approximately half of the visas in 2012);
- Exempt from the cap several categories of workers (among them foreigners with extraordinary ability, outstanding professors and researchers, and multinational executives), and reallocate the cap among the remaining categories;
- Establish eligibility for foreigners with graduate degrees from U.S. universities in science and technology and anyone with a doctoral degree, and exempt them from the cap;
- Eliminate the limit (currently 7 percent) on the share of employment-based preferences that can be from any one country;
- Eliminate the limit (currently 5,000) on the number of visas that can be provided to unskilled workers; and
- Recapture unused visas from 1992 through 2013 and make them available in 2015.

CBO estimates that those changes would increase the number of employment-based visas from 140,000 in 2013 to about 400,000 in 2023. CBO expects that the increase in the number of visas available each year plus the availability of recaptured visas (totaling about 250,000) would enable everyone in the backlog for employment-based visas to be admitted by the end of 2016—without requiring use of either Merit Track 1 or Merit Track 2 (discussed in the next subsections below).

Based on information from DHS, CBO estimates that most of the workers awaiting employment-based visas are currently in the United States on H-1B nonimmigrant visas, which are temporary work visas for highly skilled workers. (See the discussion below under the heading “Nonimmigrants” for a description of how the changes in employment-based immigrant visas would affect the number of H-1B nonimmigrant visas.) Assuming that workers who obtained employment-based visas under the bill would have the same average number of dependents as the workers who obtain employment-based visas under current law, CBO estimates that the increase in the U.S.
population from the changes to employment-based immigration under the bill would total 2.4 million in 2023 and 5.1 million in 2033.

**Merit-Based Immigration—Track 1.** S. 744 would create two new categories of LPR visas called Merit Track 1 and Merit Track 2. Visas issued under Merit Track 1 would be allocated based on the number of points that potential immigrants received according to criteria specified in the bill. More points would be awarded to individuals who have more education, who can speak English, who have relatives who are U.S. citizens, and who apply from countries that have had little immigration to the United States in the previous five years.

Visas issued under this track (Merit Track 1) would be available beginning in 2019. (In addition, for years before 2019, such visas would be available for clearing backlogs in the employment-based category, but CBO expects that the employment backlog would be cleared without the need to use such visas.) The bill would establish an initial cap of 120,000 Merit Track 1 visas, split equally between two tiers (the criteria and point systems are different for each tier); moreover, if applications exceeded the cap by more than 33 percent, the cap would rise by 5 percent. CBO estimates that 40,000 such visas would be issued in 2019, 80,000 in 2020, and 120,000 in 2021, and that the cap would grow, on average, by 4.5 percent each year thereafter. The bill does not specify whether spouses and dependents would count against the cap; for this estimate, CBO assumes that they would count against the cap. All told, the availability of visas under Merit Track 1 would add about 0.6 million people to the U.S. population in 2023 and 2.4 million in 2033, CBO estimates.

**Merit-Based Immigration—Track 2.** As noted above, the number of noncitizens for whom petitions are filed (and ultimately approved) each year currently exceeds the number of visas that may be granted, creating a backlog that is growing over time. Most individuals who are in the backlog are relatives of U.S. citizens or of LPRs. S. 744 would create a new visa track—called Merit Track 2—that would be available from 2015 to 2021 to provide visas to individuals for whom a petition was filed before the date of enactment but who have not received a visa. Even though some of those noncitizens would have entered the United States eventually, CBO expects that the number of people in the backlog will not decrease under current law. Therefore, allowing individuals in the backlog to enter the country would generate a significant net increase in the U.S. population.

Using information from DHS and the Department of State regarding filed and approved petitions, processing procedures, and the likelihood that an individual in the backlog actually immigrates once a visa becomes available, CBO estimates that, if the backlog was eliminated, nearly 6 million additional people would receive LPR status over the 2014–2023 period. Nearly 5 million of those people would receive visas through Merit
Track 2, and the rest would receive visas through the recapture mentioned above or the legalization provisions discussed below.

Additionally, although S. 744 would eliminate the preference category for siblings of U.S. citizens and limit the preference category for married adult children of U.S. citizens to those under age 32, petitions for those two groups could still be filed during the first two years after the date of enactment. Under Merit Track 2, individuals with approved petitions from those two categories would receive visas in 2022 or 2023. Demand for visas for those two groups is already high under current law: They represent nearly two-thirds of the individuals in the backlog, CBO estimates, and over 200,000 petitions that are ultimately approved are filed on their behalf each year. CBO expects that demand would climb further during the final two years during which petitions could be submitted on their behalf, and that 2 million of those individuals would receive immigrant visas under S. 744 in 2022 and 2023.

In total, CBO estimates that visas available under Merit Track 2 would add 6.5 million people to the U.S. population in 2023 and 7.2 million people in 2033, after accounting for emigration and mortality in the intervening years. (As discussed below, Merit Track 2 would later be the path by which RPIs would adjust to LPR status.)

Other LPR Categories. S. 744 would eliminate the diversity visa program, which allocates visas through a lottery to people from countries that have had little immigration to the United States. Under the diversity visa program, 55,000 visas are available each year, so this change would reduce the U.S. population compared with what would occur under current law. However, CBO also estimates that the bill would result in several thousand more individuals receiving LPR status each year for a variety of reasons, including an increase in the number of nonimmigrants with U-visas (crime victims) who would later be eligible to become LPRs. On net, CBO estimates that these provisions would decrease the U.S. population by 0.4 million in 2023 and 0.8 million in 2033, relative to what it would be under current law.

Nonimmigrants. Enacting S. 744 also would lead to an increase in the number of noncitizens admitted to the United States on a temporary basis. It would increase the number of visas available for highly skilled workers (H-1B visas and E-visas). Additionally, the bill would create two programs for temporary workers in both agricultural and nonagricultural sectors. Finally, the bill would create new visa categories for other nonimmigrants and expand eligibility for existing visa categories.

Highly Skilled Temporary Workers. S. 744 would change two visa programs used for temporary workers with high skill levels: the H-1B visa and the E-visa.

The bill would extend eligibility for E-visas, which are currently available only to citizens of those countries with whom the United States has treaties of commerce and
navigation, and to citizens of nations with which the United States has free-trade agreements. E-visas require employees to have the same type of qualifications as H-1B workers have, but the requirements facing employers are different. The bill would permit up to 5,000 workers from each free-trade partner nation to be admitted each year; CBO expects that on average about 20,000 workers would enter the country each year (about 1,000 each from 20 different countries).

In addition, the bill would increase the number of H-1B visas available each year; impose new fees, requirements, and restrictions on employers using H-1B employees; and allow DHS to grant employment authorization to the spouses of H-1B workers. For this estimate, CBO assumes that spouses of H-1B workers would be authorized to work.

S. 744 would increase the availability of new H-1B visas each year from 65,000 to a base allocation of between 115,000 and 180,000 (with additional adjustments possible), depending on employers’ need for workers and U.S. unemployment. The bill also would exempt from the cap 25,000 visas made available to noncitizens with graduate degrees in science and technology from U.S. universities. For the past few years, employers’ demand for skilled workers has generally exceeded the cap on H-1B visas. CBO anticipates that strong demand by employers will continue, even in the face of increased fees and restrictions, and that the number of H-1B visas subject to the cap will double to 130,000 by 2018 and grow by 1 percent per year thereafter.

Although CBO expects that the flow of new people with H-1B visas would increase, the agency also anticipates that the total number of people in the country holding an H-1B visa would decline for most of the first decade. As discussed above, CBO expects that most of the workers who would receive employment-based immigration visas already would be in the United States and would adjust to that status from H-1B nonimmigrant visas. By rapidly clearing the employment-visa backlog and significantly increasing the number of available employment-based immigration visas, enacting S. 744 would reduce the number of people in H-1B status awaiting green cards and would reduce the amount of time required for future H-1B workers to adjust their status. On net, CBO expects the total number of H-1B workers and their dependents in the country to decline by 200,000 within the first few years of enactment and increase slowly thereafter.

On net, CBO estimates that increasing the number of temporary visas for highly skilled workers would increase the U.S. population by about 0.2 million in 2023 and 0.3 million in 2033.

Temporary Workers—W-Visas. The bill would create two new programs for agricultural workers and nonagricultural workers employed in positions that require limited education or training. Spouses and children of agricultural workers would not be allowed to enter the country legally on a dependent visa, but spouses and children of nonagricultural workers would be allowed to enter legally on a dependent visa. (Spouses of
nonagricultural workers would be authorized to work.) The two programs would allow noncitizens to work in the United States for up to three years at a time. CBO expects that some of those workers and spouses would have children born in the United States.

CBO expects that new workers would begin to enter the United States under those programs in 2016. The annual cap on new agricultural workers for the first four years would be 112,333. On the basis of information from the Department of Labor and the National Agricultural Workers Survey, CBO expects that about 80 percent of the workers would be men. Under the bill, the Secretary of Agriculture could adjust the cap as necessary, and CBO estimates that the cap would grow by about 1 percent a year, on average. For nonagricultural workers, the cap on the number of workers would be set at 20,000 in 2016, 35,000 in 2017, 55,000 in 2018, and 75,000 in 2019. The cap would be adjusted each year after 2019 according to a formula specified in the bill.

In total, with the spouses and children who accompany the workers and the children born in the United States included, the W-visa programs would increase the number of people in the country lawfully by 1.1 million in 2023 and 2.3 million in 2033, CBO estimates. The agency expects that a small percentage of workers admitted into the country each year under those programs would become unauthorized residents and not return to their native country when their work authorizations expire.

**Temporary Admissions.** The bill would increase the number of noncitizens admitted into the country on a temporary basis in a number of other visa programs—including those established for investors; workers from Ireland, Africa, and the Caribbean; and crime victims. CBO estimates that those temporary admissions would increase the U.S. population by 0.3 million in both 2023 and 2033.

In addition, CBO estimates that during the first few years after enactment, a total of about 800,000 individuals—mostly those waiting for their visa under the Merit Track 2 program—would enter the country or adjust their status using a V-visa. By 2023, those individuals would have adjusted to LPR status and are included in the numbers for Merit Track 2.

**Legalization of Unauthorized Residents.** On the basis of information from DHS, the Department of Labor, and analysts who study immigration, CBO estimates that there were about 11.5 million unauthorized residents living in the United States at the end of 2011, of which about 9 percent were children under the age of 18. (That number does not include any children who have been born in the United States, and thus are citizens, to parents who are themselves unauthorized residents.) CBO estimates that approximately 8 million of the unauthorized residents already in the country would obtain legal status if S. 744 was enacted. (Of that total, about 1.5 million would be those who entered the country under the age of 16 and another 1.5 million would be agricultural workers and their dependents.)
Registered Provisional Immigrants. Under the bill, individuals who meet the requirements specified in the bill and their dependents who also meet the necessary requirements could become RPIs. Individuals would generally be required to pay a $1,000 penalty, as well as a processing fee. People in RPI status would be legally authorized to work and could adjust to LPR status beginning 10 years after they gained RPI status. Individuals would need to renew their work authorization with DHS after three years and reapply for RPI status after six years. (Further details on RPI status were discussed earlier.)

CBO estimates that about 6.8 million people would initially register for RPI status under the bill, though a small percentage of those would revert to being unauthorized residents because they would not be able to satisfy the requirements in the bill. Over the 2025-2028 period (the first years in which most people with RPI status could become LPRs), CBO estimates that about 3.9 million RPIs would adjust to LPR status through the Merit Track 2 category. That figure represents about 75 percent of those who would initially apply, not counting those brought into the country as children, and it does not include individuals who would gain LPR status or become citizens under the educational and military service options available to those who were brought to the United States as children.

Unauthorized Residents Who Entered the Country as Children. CBO estimates that of those with RPI status, about 1.5 million would be able to document that they had been brought into the United States when they were younger than age 16, which would allow them to register for RPI status without paying the $1,000 penalty. Those who had been brought into the country when they were younger than age 16 could become an LPR or naturalized citizen much more quickly than those in regular RPI status if they have a high school diploma or GED (“General Education Development”) certificate. Such individuals could serve in the military and would be able to naturalize immediately after enlisting. Alternatively, those who have (or later earn) at least two years towards a bachelor’s degree could become LPRs after five years as an RPI. In total, under this provision, about 360,000 individuals would naturalize or gain LPR status by 2023, CBO estimates; that number would grow to about 420,000 by 2033.

Agricultural Workers. Of the unauthorized residents in the United States, CBO estimates that about 1 million would register as agricultural workers. The bill also would allow an individual who had worked in the United States as an agricultural worker under the H-2A temporary worker program to apply for the new agricultural worker programs. Such individuals would have to pay a $100 penalty upon registering and document that they had worked at least 100 days in agriculture over the 2011–2012 period. Those workers would be given a “blue card” that would prove their legal status and authorize them to work. Spouses and dependents who had been continuously present in the country as of
December 2012 also could apply. In total, CBO estimates that about 1.5 million individuals would apply for the program.

No earlier than five years after enactment and upon meeting future work requirements in agriculture and the payment of an additional $400 fine, workers and their dependents could adjust to LPR status. The program would expire eight years after the regulations governing the program were issued. After five years in LPR status, workers and their dependents could naturalize in the same manner as other LPRs. In total, CBO estimates about 1.4 million individuals would have adjusted to LPR status by 2023.

**Future Unauthorized Residents.** The enforcement and employment verification requirements in the legislation would probably reduce the size of the U.S. population by restricting the future flow of unauthorized residents. Unauthorized residents would find it harder both to enter the country and to find employment while unauthorized. However, other aspects of the bill would probably increase the number of unauthorized residents—in particular, people overstaying their visas issued under the new programs for temporary workers. CBO estimates that, under the bill, the net annual flow of unauthorized residents would decrease by about 25 percent relative to what would occur under current law, resulting in a reduction in the U.S. population (including a reduction in the number of children born in the United States) relative to that benchmark of 1.6 million in 2023 and 2.5 million in 2033.

**Direct Spending Summary**

Overall, CBO and JCT estimate that enacting the legislation would increase direct spending by $262 billion over the 2014–2023 period (see Table 3).

Changes in the number and status of immigrants and other noncitizens resulting from enacting S. 744 would increase direct spending relative to current law for a variety of federal benefit programs and refundable tax credits. Over the 2014–2023 period, the increase in spending for such purposes would total about $259 billion, CBO and JCT estimate. Most of that increase would be for refundable tax credits and for subsidies to be provided through health insurance exchanges, and federal outlays for Medicaid and the Children’s Health Insurance Program (CHIP).

Smaller increases in spending would also occur in the Supplemental Nutrition Assistance Program (SNAP), child nutrition programs, unemployment insurance, Social Security, Medicare, Supplemental Security Income (SSI), and assistance for higher education. CBO has not estimated the impact of the bill on other programs that provide direct federal assistance but for which the budgetary effect would be small over the next two decades. For example, the Temporary Assistance for Needy Families program has a fixed amount of annual funding and restricts eligibility for noncitizens; therefore, outlays would change only slightly if the bill was enacted.
In addition to affecting direct spending for federal benefit programs, S. 744 would directly appropriate nearly $12 billion in 2014 to improve border security, process a greater number of immigrant applications, and pay for other activities. Enacting the bill also would affect direct spending by establishing new fees, authorizing the spending of receipts from some of those fees, and changing the amount of certain fees that exist under current law. Finally, the bill would increase direct spending for certain other purposes. Over the 2014–2023 period, all those effects—other than outlays for benefit programs—would result in a net increase in direct spending of about $3 billion.

### TABLE 3. ESTIMATED EFFECTS OF S. 744 ON DIRECT SPENDING BY PROGRAM

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<thead>
<tr>
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<th>Outlays by Fiscal Year, in Billions of Dollars</th>
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<tbody>
<tr>
<td><strong>CHANGES IN DIRECT SPENDING FOR BENEFIT PROGRAMS</strong></td>
<td></td>
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<tr>
<td>Health Insurance Subsidies&lt;sup&gt;a&lt;/sup&gt;</td>
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<td>1.2</td>
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<tr>
<td>Medicaid and CHIP</td>
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<tr>
<td>SNAP</td>
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<tr>
<td>Child Nutrition Programs</td>
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<tr>
<td>Unemployment Insurance</td>
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<tr>
<td>Social Security (off-budget)</td>
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<td>Supplemental Security Income</td>
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<tr>
<td>Higher Education Assistance</td>
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<td>Fees and Penalties to Offset</td>
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<tr>
<td>Specified Appropriations</td>
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<td>Fees for Travel Promotion Fund</td>
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<td>Other Net Changes in Direct Spending</td>
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<td><strong>Subtotal</strong></td>
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<td><strong>TOTAL CHANGES IN DIRECT SPENDING</strong></td>
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<td>Estimated Outlays</td>
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<td>14.0</td>
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Notes: The change in direct spending would affect budget authority by similar amounts.

CHIP = Children’s Health Insurance Program; SNAP = Supplemental Nutrition Assistance Program.

* = an increase or decrease of less than $50 million; components may not sum to totals because of rounding.

a. Includes cost-sharing subsidies and the outlay portion of premium assistance tax credits.

b. Refundable tax credits include the outlay portion of the earned income and child tax credits.
Effects on Direct Spending for Benefit Programs

Enacting S. 744 would increase spending for many federal benefit programs. The size of the effect for each program would depend on the eligibility rules established by the bill or existing law, as well as on the likely participation rates and the average benefits that people would receive.

Immigration and Eligibility for Federal Benefit Programs. Since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the eligibility of noncitizens for many federal benefit programs such as Medicaid and SNAP has been limited to a subset of noncitizens labeled “qualified aliens.” Qualified aliens primarily include LPRs, refugees, and individuals who have been granted asylum. Most other legal residents who are not U.S. citizens—as well as all unauthorized residents—are not considered qualified aliens. However, certain federal benefit programs, such as Social Security, do not require noncitizen beneficiaries to be qualified aliens but require only that they be lawfully present.

Under S. 744, some groups of newly legal residents would be explicitly prohibited from receiving certain federal benefits. For example, the bill states that individuals with RPI or blue card status are to be considered lawfully present in the United States for all purposes except for exchange subsidies and the penalty tax for uninsured individuals under the Affordable Care Act (ACA).^4^ However, the eligibility of people with RPI, blue card, or V-visa status for other federal benefits is not made clear in S. 744. The bill would prevent those individuals from being eligible for any federal means-tested benefit “as defined and implemented in section 403” of PRWORA, but that phrase could be interpreted in a few different ways:^5^

- First, the phrase could be interpreted to mean that individuals with RPI, blue card, or V-visa status would be ineligible for all federal benefits that are generally considered to be means-tested benefits.

- Second, the phrase could be interpreted to mean that individuals with RPI, blue card, or V-visa status would be eligible for the specific programs listed in section 403(c). Under that provision, qualified aliens become eligible for some

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4. The Affordable Care Act encompasses the Patient Protection and Affordable Care Act and the health care provisions of the Health Care and Education Reconciliation Act of 2010 as well as, in the case of this document, the effects of subsequent related judicial decisions, statutory changes, and administrative actions.

5. Section 403 of PRWORA states that qualified aliens who entered the United States on or after August 22, 1996, are not eligible for any federal means-tested public benefit for a period of five years beginning on the date of their entry into the country with status as a qualified alien—with the exception of several programs specified in subsection 403(c).
means-tested benefits immediately after they enter the United States. Under that 
interpretation, individuals with RPI, blue card, or V-visa status also would be 
eligible for the programs listed in section 403(c), such as SNAP benefits for 
individuals under age 18 and assistance for higher education, if they met the 
qualifications for those programs.

- Third, the phrase could be interpreted to mean that individuals with RPI, blue card, 
or V-visa status would be eligible for the same benefits for which qualified aliens 
are immediately eligible given the way that PRWORA and other statutes are 
currently implemented. For example, despite the prohibition in section 403 of 
PRWORA, other provisions of current law allow states to provide full Medicaid 
and CHIP benefits to noncitizen children and pregnant women who are lawfully 
residing in the United States. Under this interpretation, noncitizen children and 
pregnant women with RPI, blue card, or V-visa status would be eligible for 
Medicaid and CHIP benefits in states that choose to grant such eligibility in 
addition to SNAP benefits for individuals under age 18 and assistance for higher 
education—if they met the qualifications for those programs.

- Fourth, the phrase could be interpreted to mean that individuals with RPI, blue 
card, or V-visa status would be eligible for all of the benefits for which qualified 
aliens may become eligible given the way that PRWORA and other statutes are 
currently implemented. The prohibition contained in section 403 applies during the first five years after qualified aliens enter the United States. Under this 
interpretation, individuals with RPI, blue card, or V-visa status would be 
immediately eligible for some benefit programs, including Medicaid, SNAP 
benefits for individuals under 18, and CHIP, and would become eligible for the 
remaining means-tested public benefit programs after five years.

If S. 744 was enacted, executive branch agencies would probably face pressure from 
states and other stakeholders to provide people who are lawfully present in the United 
States with the federal benefits that are available to qualified aliens, including assistance 
provided through Medicaid, CHIP, SNAP, student loans, and Pell grants. For this 
estimate, CBO assumed that such agencies would settle on an interpretation of the law 
that permitted some individuals with RPI, blue card, or V-visa status to receive benefits 
from those programs—as well as from other programs from which those people would 
not be explicitly excluded by S. 744 or existing law. Specifically, CBO incorporates the 
costs of providing SNAP benefits for individuals under age 18 and providing Medicaid 
and CHIP coverage under the CHIPRA option to children and pregnant women.

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Health Insurance Subsidies. The ACA authorized the creation of insurance exchanges through which individuals and families may be eligible, beginning in 2014, for premium assistance tax credits to cover some of the cost of purchasing health insurance and additional subsidies to reduce cost-sharing payments under those insurance policies. Under current law, noncitizens who are lawfully present in the United States are eligible to receive premium assistance tax credits if:

- Their household income is between 100 percent and 400 percent of the federal poverty level, or their household income is below 100 percent of the federal poverty level and they do not have access to Medicaid because of their immigration status;
- They do not have access to “affordable” employment-based health insurance (as affordability is defined in the ACA);
- They are ineligible for government-sponsored health insurance programs such as Medicaid or the Children’s Health Insurance Program; and
- They meet certain other requirements.

The amount of the premium assistance tax credits that people will receive will depend mostly on their household income, with higher-income individuals receiving smaller credits; in addition, cost-sharing subsidies will be available to people with income below 250 percent of the poverty level.

S. 744 specifically bars individuals with RPI, blue card, or V-visa status from receiving premium assistance credits or cost-sharing subsidies, but LPRs and other categories of nonimmigrants would not be barred from receiving those subsidies. Therefore, spending for exchange subsidies would rise for:

- **Lawful Permanent Residents.** Although LPRs must wait five years before qualifying for most other public benefit programs, those who otherwise met eligibility requirements would qualify immediately for exchange subsidies.
- **Certain Groups of Nonimmigrants.** For example, temporary workers in the W-visa program created by S.744 would qualify for exchange subsidies if they met the other requirements listed above.

**Medicaid and the Children’s Health Insurance Program.** Medicaid offers health insurance coverage to eligible low-income individuals and families, including children and their parents, pregnant women, the disabled, and the elderly. Funded jointly by the federal government and the states, the program is administered at the state level. CHIP
offers health insurance coverage to low-income children who are in families whose income is too high to qualify for Medicaid coverage. Under the ACA, starting in 2014, states can choose to expand eligibility for Medicaid to most nonelderly adults whose income is below 138 percent of the federal poverty level.

States administer their Medicaid and CHIP programs under federal guidelines that specify a minimum set of services that must be provided to designated categories of low-income individuals. Despite the federal guidelines, states have a great deal of flexibility in applying income and assets tests, residency tests, and other rules for determining eligibility.

Under current law, states have the option to provide full Medicaid and CHIP benefits to certain groups of LPRs and other legal residents. To start, states can cover LPRs who have been in that status for more than five years and who meet Medicaid’s other eligibility requirements; all states have chosen to do so. In addition, the Children’s Health Insurance Program Reauthorization Act of 2009 (CHIPRA) gave states the option to extend Medicaid and CHIP to children and pregnant women who are lawfully residing in the United States and who would not otherwise be eligible under PRWORA; 22 states currently provide such coverage. For other noncitizens, Medicaid pays for a limited benefit comprised of the cost of services necessary for the treatment of an emergency medical condition as long as those individuals meet their states’ other eligibility requirements for the program and there are no other sources of insurance to cover those costs.

By increasing the number of LPRs and other legal residents, S. 744 would increase the number of people who would be eligible to receive either full Medicaid or CHIP benefits or Medicaid coverage for treatment of emergency conditions. Specifically, enacting the bill would increase spending for Medicaid and CHIP through the following channels:

- Full Medicaid or CHIP benefits would be available, conditional on states’ eligibility rules, to the increased numbers of people in the following categories: LPRs who have been in the country for more than five years, children who were born in this country and are therefore U.S. citizens, and certain other children and pregnant women. That latter category includes, for the reason stated earlier, children and pregnant women who are LPRs here less than five years or are new nonimmigrants and who live in states that have chosen to provide Medicaid or CHIP coverage under the state option authorized by CHIPRA.

7. Full Medicaid benefits are comprised of all of those benefits required by federal law—which include such services as physician, hospital, laboratory, and x-ray services—as well as any optional benefits that states have chosen to include.
Emergency Medicaid benefits would be available, conditional on states’ eligibility rules, to other groups, including new LPRs here less than five years, new nonimmigrants, and RPIs, blue card, and V-visa holders.

**Supplemental Nutrition Assistance Program.** Under current law, SNAP benefits are available immediately to qualified aliens who are children under the age of 18, refugees, or people who have received asylum, and who meet the program’s income and asset requirements. SNAP benefits are also available to qualified aliens who are adults and have been in LPR status for at least five years. Under current law, noncitizens who are not qualified aliens cannot receive SNAP benefits.

Enacting S. 744 would increase spending for SNAP benefits by increasing the number of people who would be eligible for benefits (conditional on their income and assets). Specifically:

- Additional immigrants who would become LPRs through the family-, employment-, or merit-based paths would become eligible for SNAP benefits after five years.

- Additional immigrants who were under the age of 18 and became LPRs would be eligible for SNAP benefits without any waiting period.

- Children born in the United States to new residents would be eligible for SNAP benefits like other children who are citizens.

- Currently unauthorized residents who obtained legal status would become eligible for SNAP benefits immediately after they naturalized or five years after they adjusted to LPR status, but that eligibility would occur only after a long period in most cases.

- Immigrants under the age of 18 who would have RPI, blue card, or V-visa status would become automatically eligible for SNAP benefits without a waiting period (in accordance with CBO’s interpretation of S. 744 as described above).

**Child Nutrition.** Eligibility for child nutrition programs is determined without regard to immigration status. Any child who meets the household income requirements and attends a school that participates in the National School Lunch Program or the School Breakfast program, for example, can qualify to receive subsidized meals at school. The bill would add to spending for these programs because it would increase the number of children in the country.
**Unemployment Insurance.** The unemployment insurance (UI) program provides benefits to workers who have become unemployed through no fault of their own and who meet other specified criteria. In particular, workers must have sufficient work history (according to their states’ laws) in employment covered by the Federal Unemployment Tax Act and must be actively seeking work. As a result, less than half of unemployed individuals collect unemployment benefits.

Noncitizens who work in the country with legal authorization—including LPRs as well as many temporary workers—are typically eligible for UI benefits when they become unemployed, assuming they meet the other requirements. However, unauthorized workers—including both those who are unlawfully present and those who are lawfully present but not authorized to work in the United States—are not eligible for UI benefits.

S. 744 would increase the number of people in the United States who are legally authorized to work. Those people would generally be eligible for UI benefits if their work history and reason for unemployment met state criteria. In addition, workers in covered employment would pay into the UI system through state and federal taxes based on their wages.

**Social Security and Medicare.** Title II of the Social Security Act established a program of Old-Age, Survivors, and Disability Insurance (OASDI) for people who have worked in the United States and who meet the program’s age or disability criteria, and for their eligible dependents and survivors. To gain insured status under the program, a worker generally must have worked in U.S. jobs for 40 quarters, or about one-fourth of his or her adult life; for a person under age 61 with qualifying disabilities, fewer quarters are required. In 2013, a worker receives credit for four quarters of coverage by earning at least $4,640; that threshold is indexed to the average wage. Benefits paid under the program are based on earnings averaged over a worker’s adult life.

The Social Security Act does not require that recipients be citizens or LPRs, but it does bar the payment of benefits to people who are not lawfully present in the United States. Thus, under current law, unauthorized residents often pay Social Security taxes but cannot qualify for retirement, disability, or survivor benefits. If they obtain legal status, they can receive such benefits.

Lawfully present foreign-born individuals can receive Social Security benefits, but they are less likely to do so than native-born individuals of the same age. That difference arises because the rules for calculating benefits do not make any adjustments for foreign-born individuals who enter the United States in mid-career. Lawfully present foreign-born individuals are slightly less likely than native-born workers of the same age to have worked for enough quarters to qualify for benefits, and those foreign-born individuals who receive benefits tend to receive slightly smaller ones because their Social
Security earnings records tend to have a string of years with zero earnings in early adulthood (before arriving in the United States).

S. 744 would increase the number of future Social Security beneficiaries by admitting more workers into the United States and legalizing the status of many unauthorized residents who are already here. The experience with previous foreign-born individuals—as seen in data from the Census Bureau’s Current Population Survey, analysis by the Pew Hispanic Center, and studies of people who obtained legal status under the Immigration Reform and Control Act of 1986—suggests that the additional workers entering the country and the workers already here whose status would be newly legalized under the bill would tend to be younger and healthier than the rest of the U.S. workforce. As a result, CBO expects that relatively few of the people directly affected by the legislation would qualify for Social Security retirement, disability, or survivor benefits over the 2014–2023 period, although more people would qualify in later years.

Medicare eligibility is closely tied to Social Security. A disabled worker generally qualifies for Medicare benefits after two years of receiving disability insurance benefits; a retired worker, spouse, or widow or widower who collects Social Security benefits may enroll in Medicare at age 65. Thus, the increase in Social Security recipients under the bill also would increase the number of Medicare enrollees, although on a somewhat delayed basis because of the differences in when people become eligible for benefits.

Supplemental Security Income. Title XVI of the Social Security Act established a program of SSI benefits for poor people who are elderly (age 65 or older), severely disabled adults (using the same medical criteria as in the Disability Insurance program), and severely disabled children. In 2013, SSI pays a basic monthly benefit of $710 to eligible people with no other income and few assets; that amount is reduced for beneficiaries with other income.

PRWORA curtailed noncitizens’ eligibility for SSI benefits. Except for refugees, immigrants entering the United States after 1996 must naturalize or obtain 40 quarters of work credit and spend five years as LPRs to become eligible for SSI. (Those criteria are tighter than the criteria for Disability Insurance, which shortens the usual 40-quarter requirement for work when disability occurs before age 62 and does not require beneficiaries to be LPRs.) Unauthorized residents cannot receive SSI benefits under any circumstances.

The provisions of S. 744 that would permit additional immigrants to enter the United States would produce few new SSI enrollees by 2023; hardly any could obtain 40 quarters of work credit by then. Most of the legislation’s effect on the SSI program over the 2014–2023 period would result from U.S.-born children of new residents under the bill; those children would automatically be citizens and would qualify for SSI if severely disabled.
**Assistance for Higher Education.** Under the Higher Education Act, citizens, LPRs, or people in the country for other than a temporary purpose with the intention of becoming a citizen or permanent resident are eligible for federal student aid, including federal student loans and Pell grants. Enacting S. 744 would increase the number of people eligible for federal student aid by increasing the number of LPRs and the number of U.S.-born children of new residents (who are automatically citizens when they are born). Most federal student aid programs are exempted from the general limitations on federal benefits in section 403 of PRWORA. Thus, some individuals with RPI or blue card status, who would be in the country for other than a temporary purpose with the intention of becoming a citizen or permanent resident, would be eligible for certain types of federal student aid immediately. However, provisions in S. 744 would prohibit immigrants with RPI status who entered the country before the age of 16 and immigrants with blue card status from receiving certain aid, including Pell grants. Finally, because certain applicants for federal aid must provide financial details about their parents, CBO expects the bill would increase applications for federal aid for U.S.-born children whose parents are currently unauthorized residents.

**Additional Direct Spending for Federal Benefit Programs.** As discussed above, the bill would increase the number of people participating in many federal benefit programs. Once people become eligible for a program, their decisions about whether to participate in the program and the benefits they receive if they choose to participate determine the federal costs. CBO used administrative data, the Current Population Survey (CPS), and data from other sources to estimate the number of additional individuals who would be eligible for the different programs under S. 744, the average rates at which they would participate in the programs, and the average benefits they would receive.

**Health Insurance Subsidies.** Household income and access to other sources of health insurance coverage will largely determine eligibility for federal subsidies to purchase health insurance through exchanges. CBO and JCT used data from the Current Population Survey, the Medical Expenditure Panel Survey, and several data sets supplied by the Statistics of Income Division of the Internal Revenue Service to estimate income and access to other sources of insurance for different categories of immigrants and nonimmigrants that would be established by S. 744. After taking those characteristics into account, CBO and JCT expect people who would become eligible for benefits under S. 744 to enroll in health insurance through exchanges at rates similar to those of the rest of the population.

CBO and JCT estimate that during the 2014–2023 period, subsidies provided through health insurance exchanges would increase by $87 billion as a result of enacting S. 744. That amount consists of an $82 billion increase in outlays and a $5 billion reduction in
Compared with current law, enrollment in subsidized coverage offered through health insurance exchanges would be higher under S. 744 by 0.1 million people in 2014 (when CBO and JCT expect enrollment in the exchanges to be phasing in) and by 2.6 million people in 2023. The average subsidy for those individuals is estimated to be $5,200 in 2014 and $7,200 in 2023.

Eligibility for subsidies through exchanges would vary significantly for different categories of immigrants and nonimmigrants. In 2023, about 85 percent of the estimated increase in exchange subsidies is attributable to family-based and Merit Track 2 immigrants, people who enter through the W-visa program, and LPRs who were previously in blue card status. In contrast, roughly 5 percent of the estimated increase for that year is attributable to employment-based immigrants and highly skilled temporary workers. Entrants with higher education and technical work capabilities are unlikely to be eligible for exchange subsidies either because they would have access to employment-based health insurance or their income would exceed 400 percent of the federal poverty level, or both. In contrast, family-based immigrants and workers with less education and training admitted under S. 744 would tend to have lower incomes, and would therefore be less likely to have access to employment-based health insurance and more likely to have incomes that would qualify them for exchange subsidies.

Medicaid and the Children’s Health Insurance Program. S. 744 would have the result of increasing the number of individuals who would become eligible for either full Medicaid or CHIP benefits or for more limited emergency benefits. Many of those individuals would become eligible in states that will extend Medicaid to all people with income below 138 percent of the federal poverty level under the provisions of the ACA. In states that do not choose to expand Medicaid under the ACA’s provisions, individuals will not generally qualify for full Medicaid benefits unless they are elderly, disabled, parents, pregnant women, or dependent children.

CBO estimates that under S. 744, federal Medicaid and CHIP spending would increase by about $29 billion over the 2014–2023 period. Roughly 80 percent of that amount is attributable to an increase in the number of Medicaid enrollees who would receive full benefits and the rest is mainly attributable to new emergency benefits. The number of additional enrollees receiving full Medicaid benefits is projected to increase by less than 100,000 in 2014, but to grow to about 1.5 million in 2023. Average federal spending for those individuals is estimated to be about $3,800 in 2023. Of spending on full benefits, about one-third is for children and pregnant women receiving coverage under the CHIPRA state option.

8. The premium assistance tax credits will be refundable, so individuals will receive the full value of the credits even if the credits exceed their tax liability. The portion of refundable credits that exceeds tax liabilities is recorded as outlays in the federal budget; CBO and JCT estimate that roughly 90 percent of the total amount of the premium assistance credits will appear as outlays.
CBO expects that S. 744 would affect spending for CHIP only in 2014 and 2015, the remaining years in which the program is fully funded under current law. Federal spending for CHIP is projected to increase by less than $50 million in each of those years as a result of this bill. After 2015, the funding assumed under CBO’s current-law (baseline) projections is much less, and all of it is projected to be spent under current law.

About half of the new federal spending on Medicaid under S. 744, about $15 billion over 10 years, would be for family-based immigrants and immigrants gaining legal status through the process of clearing the visa backlog. Beyond those groups, the additional Medicaid and CHIP spending is distributed across other new groups of LPRs and nonimmigrants. Spending on emergency benefits would increase for new immigrants and nonimmigrants who do not qualify for other sources of health insurance coverage. That increase would be slightly offset by reductions in spending for unauthorized residents (because there would be fewer of them under S. 744).

The estimated increase in Medicaid spending under S. 744 also includes increased costs for certain citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. PRWORA has prevented citizens of those entities from receiving Medicaid benefits, but S. 744 would remove the restriction and allow those residents to receive full Medicaid benefits, conditional on the eligibility rules set by those entities. CBO estimates that provision would increase Medicaid spending by $0.2 billion over the 2014–2023 period. In addition, CBO estimates that S. 744 would have the effect of boosting enrollment in Medicaid and CHIP among U.S.-born children of unauthorized residents who are already in the country. As their parents obtained legal status under the bill, they would be more likely to come forward to enroll their eligible children, increasing federal spending for Medicaid by $4.2 billion over the 2014–2023 period.

**Supplemental Nutrition Assistance Program.** To estimate the share of aliens who would be eligible for SNAP, CBO analyzed data from the Office of Immigration Statistics on the number of LPRs in the United States and administrative data on the number of noncitizens, excluding refugees, who currently participate in the program. CBO expects that, under S. 744, 15 percent of the additional LPRs under the age of 18, noncitizen adults who have been qualified aliens for at least five years, and their children born in the United States (who would automatically be citizens) would participate in SNAP. CBO estimates that the average monthly benefit per person who would newly participate under this legislation would be about $128 in 2014, rising to $158 in 2023.

Over the 2014–2018 period, the only new people eligible for SNAP under S. 744 would be children born in the United States and other children under the age of 18 who would be in LPR, RPI, blue card, or V-visa status—provided that they met the program’s income and other requirements. CBO estimates that the bill would result in fewer than 150,000 new SNAP participants per year, on average, during that five-year window.
However, over time, as more adults gained LPR status under the bill and met the five-year requirement, more new people would become eligible for benefits. By 2023, CBO estimates that there would be an additional 800,000 SNAP participants under S. 744. Over the 10-year period, spending for the new recipients would increase direct spending by about $6 billion, by CBO’s estimate.

*Child Nutrition Programs.* CBO estimated the additional participation in child nutrition programs under S. 744 based on the expected age and income levels of people that would be new to the country. CBO estimates that the number of children in elementary and secondary schools would be nearly 1.8 million higher by 2023 under the bill than under current law. CBO estimates that nearly half of those additional children would be certified for free or reduced-price meals; that rate would vary for different groups of new entrants based on the income distribution within each group. (A household’s income must be below 185 percent of the federal poverty level for children to qualify for free or reduced price meals; all other children are eligible for full-priced meals.) CBO expects that once certified for free, reduced-price, or full-priced meals, the additional children under S. 744 would participate at a rate similar to that of the program’s current participants. CBO estimates that the total additional costs to child nutrition programs of S. 744 would be $3.5 billion over the 2014–2023 period.

*Unemployment Insurance.* S. 744 would affect outlays for UI benefits by increasing the number of people who are legally authorized to work in the United States. If those additional legal workers became unemployed in the future, they would be eligible to receive UI benefits, assuming they met other criteria for eligibility as determined by their state. In addition, CBO expects that the influx of additional workers would affect other macroeconomic factors that would change outlays for unemployment insurance: During the next several years, the unemployment rate would be slightly higher than it otherwise would be and average wages would be slightly lower.  

Under S. 744, CBO estimates that between 100,000 and 200,000 more people would collect UI benefits each year over the 2015–2023 period, and that outlays for additional UI benefits would total $5.1 billion, an increase of about 1 percent. (The changes in the size of the labor force, employment, wages, and UI outlays that would result from enacting S. 744 also would lead to an increase in receipts from unemployment taxes. Those higher revenues would offset the increased outlays for benefits, and as a result, the total amounts in state trust funds for unemployment insurance would change very little. The revenue effects are discussed below under the heading “Effects on Revenues.”)

*Social Security.* CBO expects that foreign-born individuals admitted or granted legal status under S. 744 would have a greater likelihood of collecting Social Security the

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longer they were in the country. With each passing year, they would grow older and thus face a greater likelihood of becoming disabled or retiring; they also would be more likely to have earned the quarters of coverage that are required for benefits. Based on analysis of data from the CPS and the Social Security Administration, CBO projects that almost no foreign-born individuals would qualify for OASDI after one year in the United States, 0.5 percent would qualify by the end of their 10th year, and 5 percent by the end of their 20th year.

CBO estimates that new foreign-born individuals who collected Social Security benefits as a result of S. 744 would receive roughly $700 per month, on average, in 2014—much less than the average benefit for native-born citizens or long-established immigrants. OASDI benefits for spouses and children would typically boost that figure by roughly 10 percent.

Over the 2014-2023 period, CBO expects that enacting S. 744 would increase direct spending for Social Security by $2.9 billion.

Medicare. Because of the close links between Social Security and Medicare eligibility, the number of additional Medicare enrollees under the bill would essentially equal the number of additional Social Security beneficiaries with a two-year lag. (That lag reflects the waiting period between receipt of disability or early-retirement benefits and eligibility for Medicare benefits.) CBO projects that in 2023, annual Medicare spending would average about $6,000 dollars per new aged enrollee under S. 744, and $13,000 per new disabled enrollee. The projected spending per aged enrollee is lower than the average for the program as a whole, because enrollees under the bill would be younger than average. CBO expects that over the ten-year period, direct spending for those new beneficiaries would total $0.8 billion.

Supplemental Security Income. The rules of SSI—specifically, the requirement that a noncitizen applicant must have earned 40 quarters of coverage and have spent five years as a legal permanent resident—mean that enacting S. 744 would add relatively few new LPRs to the program over the 2014–2023 period. CBO expects that a very small fraction of the children born in the United States to foreign-born individuals admitted under the bill would qualify for SSI as the result of birth defects or other severe disabilities.

The additional children who would qualify for SSI as a result of enacting the bill would receive about $800 per month in 2023, much like other disabled children on the SSI rolls. The adult SSI recipients would receive an average benefit of about $660 per month in 2023.

Over the 2014-2023 period, outlays for SSI would increase by nearly $1.3 billion as a result of enacting S. 744, CBO estimates. In 2023, 24,000 additional citizen children and 21,000 additional foreign-born residents would receive SSI benefits. Those numbers
exclude the effect on SSI of the English-language waiver discussed later in this cost estimate.

Assistance for Higher Education. CBO estimated participation in the federal programs for aid for higher education based on the expected age, income, and education levels for new immigrants under S. 744. CBO expects that most new immigrants and their children would be somewhat less likely than the current U.S. population to enroll in postsecondary education but more likely to be eligible for means-tested federal loans and Pell grants to help fund their education. Those who would enroll in higher education would be somewhat more likely to enroll in two-year programs than the overall population and thus less likely to take out federal loans to finance their education.

The bulk of the Pell Grant program is discretionary (funded through annual appropriations), but a significant portion of the program is mandatory. Over the 2014-2023 period, CBO estimates that enacting S. 744 would increase direct spending for Pell grants by about $350 million. (The effect of S. 744 on discretionary spending for Pell grants is discussed below under the heading, “Spending Subject to Appropriation.”) Enacting the bill also would increase direct spending on federal student loans by about $20 million over the same period, CBO estimates.

Summary of Additional Direct Spending for Benefit Programs, by Immigration Category. Enacting the bill would affect many different types of noncitizens. CBO’s estimates of the legislation’s effects on direct spending for federal benefit programs by immigration category are shown in Table 4. That table groups some categories of immigrants together; for example, spending for people admitted through family-based preferences, people admitted through the elimination of the family-based backlog, and family-based immigrants admitted through the Merit Track 2 category is shown on one line. (Spending for certain benefits is not distributed across immigration categories. Refundable tax credits account for most of that spending.)

The amount of additional spending differs among the various immigration categories because of:

- The different number of noncitizens in each category. For example, the family-based immigration group, including the backlog of current visa applicants, would consist of several million people in 2023, whereas the “Merit Track 1, Diversity, and Other LPR” category would consist of fewer than 1 million people in that year.

- The differences in eligibility for federal programs for each category. For example, adult temporary workers would not be eligible for SNAP benefits, whereas adult family-based immigrants could become eligible five years after becoming an LPR.
• The differences in estimated income and the expected share of people in poverty in each category. For example, the children of highly skilled temporary workers are expected to have low rates of poverty, and the children of other temporary workers are expected to have higher rates of poverty.

• The different shares of people (including spouses) expected to be working in each category. For example, employment-based immigrants whose visa would generally require a job offer would have higher employment rates than family-based immigrants whose visa would not require a job offer.

• The skills and abilities of the people in each category. For example, some visas would require graduate degrees while others would require only a high school diploma or two years of training.

| TABLE 4. ESTIMATED EFFECTS OF S. 744 ON DIRECT SPENDING FOR BENEFIT PROGRAMS BY IMMIGRATION CATEGORY |
| Outlays by Fiscal Year, in Billions of Dollars |
| Family-Based, Including Merit Track 2a | 0.3 | 1.2 | 3.1 | 4.5 | 6.0 | 7.6 | 9.5 | 11.7 | 14.3 | 16.6 | 16.8 | 15.1 | 74.8 |
| Employment-Based | 0.1 | 0.3 | 0.6 | 0.8 | 0.8 | 0.9 | 1.0 | 1.1 | 1.2 | 1.2 | 1.3 | 7.5 |
| Merit Track 1, Diversity, and Other LPR | * | -0.1 | -0.2 | -0.3 | -0.3 | -0.2 | -0.1 | 0.1 | 0.4 | 0.6 | -0.9 | -0.1 |
| Temporary Highly Skilled Workers | * | -0.1 | -0.1 | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | -0.1 | 0.2 |
| Temporary Worker Programs, W-Visas | 0 | * | 0.2 | 0.6 | 1.0 | 1.4 | 1.9 | 2.4 | 2.9 | 3.4 | 1.8 | 13.7 |
| Temporary Admissions | 0.1 | 0.3 | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 2.1 | 5.8 |
| Legalization Programsb | * | 0.8 | 1.4 | 1.8 | 2.1 | 2.6 | 3.2 | 3.9 | 4.5 | 5.1 | 6.5 | 25.8 |
| Net Decline in Future Unauthorized Residents | 0 | * | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.2 | -0.2 | -0.3 | -0.3 | -1.3 |
| Effects Across All Categoriesc | 0.8 | 0.4 | 1.2 | 1.9 | 2.6 | 3.2 | 4.5 | 5.1 | 6.5 | 8.3 | 37.4 | 132.5 |
| Total Changes | 0.7 | 4.5 | 13.5 | 20.3 | 25.1 | 27.8 | 32.7 | 38.2 | 44.6 | 51.3 | 64.2 | 258.9 |

Notes: The changes in direct spending would affect budget authority by similar amounts. LPR = lawful permanent resident; W-Visas = temporary worker programs for agricultural and nonagricultural workers.

* = an increase or decrease of less than $50 million; components may not sum to totals because of rounding.

a. Over the 2014-2023 period, Merit-Based Immigration Track 2 would be used primarily to clear the backlog in family-sponsored preferences (from 2015 to 2021) and for siblings of U.S. citizens and married-adult children of citizens age 32 and over (in 2022 and 2023).

b. Includes Registered Provisional Immigrants and blue card holders (previously unauthorized residents) who worked in agriculture or former legal agriculture workers under the H-2A program.

c. Includes refundable tax credits, unemployment insurance, and costs for the Supplemental Security Income Program for the English language waiver. Refundable tax credits account for most of the spending.
**English-Language Requirement.** Section 2551 would exempt LPRs who are 65 years old and have been an LPR for 5 years, or who are 60 years old and have been an LPR for 10 years, from the English-language requirement to naturalize. (The bill also would exempt those 65-year-olds from the civics requirement to naturalize.) That provision would enable some older LPRs with inadequate work history to naturalize and gain eligibility for SSI. (CBO expects those individuals would already be eligible for Medicaid.) CBO estimates that outlays for SSI benefits would increase by nearly $600 million over the 2015-2023 period and that nearly 18,000 additional individuals would receive SSI benefits in 2023 as a result of that provision.

**Refundable Tax Credits.** JCT and CBO estimate that S. 744 would increase outlays for refundable tax credits by $193 billion over the 2014–2023 period. The earned income tax credit, the child tax credit, and the premium assistance tax credit available to certain people who buy health insurance through exchanges (as discussed above) are all refundable tax credits. Refundable tax credits reduce a taxpayer’s overall income tax liability; if the credits exceed that liability, the excess may be refunded to the taxpayer, with the amount of the refund depending on the taxpayer’s income and other factors. Those refunds are classified as outlays in the federal budget.

JCT estimates that $127 billion of the $193 billion increase in outlays for refundable credits projected for the 2014–2023 period would be due to increases in the earned income and child tax credits; those outlays are shown in the line of Table 3 labeled “Refundable Tax Credits.” The remaining $66 billion would result from increases in outlays for the premium assistance tax credits; those outlays are included with cost-sharing subsidies in the line of Table 3 labeled “Health Insurance Subsidies.”

S. 744 would increase the amount of earned income and child tax credits by increasing the number of legally resident aliens. To qualify for the earned income credit, a taxpayer must generally satisfy several criteria, including: be a U.S. citizen or resident alien; have a valid Social Security number for both himself or herself and any qualifying children; have earned income from employment or self-employment that falls below certain amounts; and file a tax return. The child tax credit is also available to resident aliens, but a valid Social Security number is not required to file for it. Many people who would become new legal residents as a result of the bill would be able to claim the earned income and child tax credits.

JCT expects that granting legal status to unauthorized residents and certain agricultural workers who are not eligible for Social Security numbers under present law would lead more of them to file individual income tax returns and thereby to qualify for the earned income and child tax credits. Some of those individuals who currently file tax returns and claim the child credit without a valid Social Security number would be expected to claim the earned income credit under S. 744 as well.
Other Effects on Direct Spending

S. 744 would appropriate $11.8 billion for fiscal year 2014, mostly to be deposited into the Comprehensive Immigration Reform Trust Fund and the Comprehensive Immigration Reform Startup Account. CBO estimates that $8.9 billion of those amounts would be offset over the 2014–2023 period by fees and penalties imposed on individuals seeking to enter the country or change their immigration status. Other provisions would have a much smaller effect on direct spending. CBO estimates the net increase in direct spending would be $2.9 billion over that period. (Fees would continue to be collected after 2023 and we expect fees would offset $11.3 billion of the amounts appropriated by 2028.)

Specified Appropriations. The bill would establish two new funds and appropriate specific amounts to those funds to be used for enforcing immigration law and the startup costs under the bill. CBO estimates that enacting those appropriations and two others in the bill would cost $11.8 billion over the 2014-2023 period.

Comprehensive Immigration Reform Trust Fund. S. 744 would establish the Comprehensive Immigration Reform Trust Fund (CIRTF) and appropriate $8.3 billion to that fund. That appropriation would be allocated as follows:

- $5 billion for DHS activities to improve border security;
- $1.5 billion for fencing along the southern U.S. border;
- $750 million to expand and implement an employment verification system;
- $900 million to cover startup costs for the Department of State; and
- A total of $150 million to cover startup costs for the Departments of Labor, Justice, and Agriculture.

CBO estimates that those amounts would be spent over the 2014–2018 period.

Comprehensive Immigration Reform Startup Account. S. 744 also would establish the Comprehensive Immigration Reform Startup Account (CIRSA) and would appropriate $3 billion to the fund for DHS to ramp up operations to accommodate the anticipated influx of immigration applications. CBO estimates that this amount would be spent over the 2014–2016 period.

Collection of Information from Departing Passengers and Crew. S. 744 would appropriate $500 million to reimburse air and sea carriers for their costs to collect information from alien passengers and crew who are departing the United States. CBO estimates that this amount would be spent over the 2014–2016 period.
Bureau of Immigration and Labor Market Research. S. 744 would appropriate $20 million to establish a new, independent bureau within Citizenship and Immigration Services in DHS. CBO estimates that this amount would be spent over the 2014–2015 period. (Costs for this bureau in subsequent years would be paid for by fees.)

Fee and Penalty Collections to Offset Specified Appropriations. The bill would establish certain new fees and penalties to offset most of the cost of the direct appropriations discussed above, resulting in collections of $8.9 billion over the 2014-2023 period (see the fees and penalties listed in Table 5).

Collections of New Fees and Penalties as Offsets to CIRTF. S. 744 would establish 18 new fees or penalties to be paid by applicants for immigration benefits or their employers. The first $8.3 billion collected from seven of those fees or penalties would be deposited in the general fund of the Treasury and would not generate additional spending authority. CBO estimates that $5.9 billion of that amount would be collected over the 2014-2023 period. Most of those collections—about $4.9 billion—would stem from the $1,000 penalty paid by applicants when they apply for RPI status.

Fees to Offset Spending from CIRSA. Under the provisions of S. 744, 50 percent of processing fees collected by DHS from applicants for RPI status would be deposited in the general fund of the Treasury until $3 billion accumulated. CBO estimates that the processing fee would be about $750 and that it would be paid by about 8 million people. By CBO’s estimate, $3 billion would be collected by 2021. (Collections in excess of $3 billion would be available for spending by DHS without further appropriation action.)

Fees for Immigration Processing Costs. DHS currently collects fees to process applications for immigration services. Collections from those existing fees, most of which total several hundred dollars or more per application, are classified as offsetting receipts (that is, offsets to outlays) and are available for spending by DHS without further appropriation action. Enacting S. 744 would increase the number of applicants by creating new immigration categories (such as RPIs) and by expanding current immigration programs. Thus, CBO estimates that fee collections also would increase and that additional collections and spending would total about $16 billion over the 2014–2023 period. Because of the lag between collecting and spending fees, CBO estimates that collections would exceed spending over that period by about $470 million.

Travel Promotion Fund. Through the end of fiscal year 2015, DHS is authorized under current law to collect fees from certain foreign travelers; those fees are available to be spent by the Corporation for Travel Promotion. S. 744 would permanently authorize both collection of the fees and spending by the corporation. (The fees are classified as revenues and discussed under the section on revenues). Spending is limited to $100 million per year. CBO estimates that enacting this provision would increase spending by about $700 million over the 2016–2023 period.
### TABLE 5. NEW FEES AND PENALTIES UNDER S. 744a

<table>
<thead>
<tr>
<th>Immigration or Program Status</th>
<th>Type of Fee or Penalty</th>
<th>Amount of Fee or Penalty (dollars)</th>
<th>Total Collections 2014-2023 (millions of dollars)</th>
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<td><strong>DIRECT SPENDING</strong></td>
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<tr>
<td>RPI</td>
<td>Registration for legal status</td>
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<td>4,894</td>
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<tr>
<td>RPI</td>
<td>Adjustment of status to LPR</td>
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<tr>
<td>Blue Card</td>
<td>Registration for legal status</td>
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<td>134</td>
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<td>Blue Card</td>
<td>Adjustment of status to LPR</td>
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<td>404</td>
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<td>Merit-based, Track One Immigrants</td>
<td>Adjustment of status to LPR</td>
<td>1,500</td>
<td>476</td>
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<tr>
<td>Canadian Retiree</td>
<td>Admission as nonimmigrant</td>
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<td>X-1 Visa</td>
<td>Admission as nonimmigrant</td>
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<td>Subtotal</td>
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<td>RPI</td>
<td>Processing fee (net)</td>
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<td><strong>Total</strong></td>
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<td><strong>SUBJECT TO APPROPRIATION</strong></td>
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<td>Travel Authorization</td>
<td>Admission as a visitor</td>
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<td>Visa fee</td>
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<tr>
<td>L</td>
<td>Dependent employer fee</td>
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<td>Admission as nonimmigrant student</td>
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<td>Admission as visitor</td>
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<td>H-2B</td>
<td>Employer fee</td>
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<td><strong>Subtotal</strong></td>
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<td><strong>REVENUES</strong></td>
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<tr>
<td>Merit-based, Track One</td>
<td>Adjustment of status to LPR</td>
<td>30</td>
<td>10</td>
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</table>

Note:  LPR = lawful permanent resident; RPI = Registered Provisional Immigrant.

a. Excludes proposed new fees and increases to existing fees that federal agencies could both collect and spend under the bill without further legislative action; the net budgetary effect of those fees would not be significant.
Other Net Changes in Direct Spending. S. 744 contains other provisions that, in total, would reduce direct spending by $190 million over the 2014-2023 period, CBO estimates, including:

- Establishment of three different fees that would be paid into the STEM Education and Training Account (STEM stands for science, technology, engineering, and math):
  - Employers wishing to sponsor noncitizens for some employment-based visas would pay $1,000 when they submit an application for certification by DoL that there are not enough U.S. workers able and willing to take the jobs and that hiring noncitizens would not adversely affect current U.S. employees;
  - Individuals applying to adjust their immigration status to an employment-based category before a visa is available would pay $500; and
  - Employers who send some of their temporary noncitizen employees to work for other employers would pay $500 per employee.

CBO estimates that receipts from those fees would total about $150 million a year. The language in the bill clearly anticipates that the Department of Education would spend the receipts for activities that would increase education and training in STEM fields; however, the language is not clear as to whether or not the receipts would be available to be spent. Based on information from the Department of Education, CBO assumes that the department would spend the receipts as they came in. Following the normal pattern for similar activities, CBO expects that the spending and the receipts would offset each other over time. Because such spending would lag the receipts, however, CBO estimates that net direct spending would decline by about $270 million over the 2014–2023 period as a result of those fees.

- Fees from applicants for nonimmigrant W-Visas. The lag time between the collection and spending of those fees would be $40 million over the 2014-2023 period, thus reducing net direct spending by that amount.

- Reimbursement of employees’ lost wages if they are fired as a result of negligence on the part of the government’s implementation of the employment verification system. Those amounts would be paid through the government’s Judgment Fund (which has a permanent, indefinite appropriation for claims and judgments against the United States). Based on data from the Bureau of Labor Statistics, CBO expects that the Judgment Fund would pay claims totaling about $20 million over the 2014–2023 period.
• Creation of eight new district court judgeships and conversion of two temporary judgeships to permanent judgeships. The salaries and benefits for those judges would increase direct spending by less than $2 million per year. The bill also would increase amounts collected from certain civil filing fees. CBO estimates that, in combination, those provisions would have a negligible net impact on direct spending over the 2014–2023 period.

• The bill would authorize agencies to spend certain civil penalties that will be collected under current law. CBO estimates that the additional spending would total $100 million over the 2014–2023 period.

Effects on Revenues

Enacting S. 744 would have a wide range of 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, those effects would increase revenues by $459 billion over the 2014–2023 period, according to estimates by JCT and CBO (see Table 6). For that 10-year period, off-budget receipts (of Social Security payroll taxes) would rise by an estimated $214 billion, and on-budget receipts would rise by an estimated $245 billion.

Income, Payroll, and Miscellaneous Taxes. JCT estimates that S. 744 would increase receipts from income taxes, social insurance (payroll) taxes, and certain other taxes by $451 billion over the 2014–2023 period. The largest effect is an estimated increase in revenues from changes in taxable compensation due to both increases in the number of workers and changes in legal status for some current workers. That total includes the effects of increases in the nonrefundable portion of premium assistance tax credits to be provided through health insurance exchanges offset by increased penalty taxes paid by individuals and employers for a net increase in revenues of $10 billion over the ten-year period. (Effects of the bill on payroll taxes for unemployment insurance are described in the section below, and premium assistance credits are described above in the section on direct spending for benefit programs).

10. The projected changes in revenues and spending shown in this estimate incorporate the effects of some but not all of the macroeconomic changes that would ensue from S. 744. For a discussion of those macroeconomic effects and their indirect impact on federal revenues and spending, see Congressional Budget Office, The Economic Impact of S. 744, the Border Security, Economic Opportunity, and Immigration Modernization Act (June 2013), www.cbo.gov/publication/44346.
TABLE 6. ESTIMATED EFFECTS OF S. 744 ON REVENUES

Revenues by Fiscal Year, in Billions of Dollars

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<td>Changes in Revenues</td>
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</tr>
<tr>
<td>Income and Social Insurance Taxes(^a)</td>
<td>1.9</td>
<td>11.1</td>
<td>27.2</td>
<td>38.2</td>
<td>44.0</td>
<td>46.7</td>
<td>54.5</td>
<td>64.1</td>
<td>76.6</td>
<td>86.4</td>
<td>122.4</td>
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<td>Unemployment Insurance</td>
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<td>0.5</td>
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<td>0.9</td>
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<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.3</td>
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<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Total Changes</td>
<td>2.1</td>
<td>11.5</td>
<td>28.0</td>
<td>39.1</td>
<td>45.0</td>
<td>47.7</td>
<td>55.3</td>
<td>65.0</td>
<td>77.7</td>
<td>87.6</td>
<td>125.7</td>
<td>458.9</td>
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<td>On-budget</td>
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<td>6.5</td>
<td>13.5</td>
<td>19.3</td>
<td>22.7</td>
<td>23.7</td>
<td>29.0</td>
<td>35.5</td>
<td>43.2</td>
<td>49.6</td>
<td>63.7</td>
<td>244.7</td>
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<td>Off-budget</td>
<td>0.5</td>
<td>5.0</td>
<td>14.5</td>
<td>19.7</td>
<td>22.3</td>
<td>24.1</td>
<td>26.2</td>
<td>29.4</td>
<td>34.5</td>
<td>38.0</td>
<td>62.0</td>
<td>214.2</td>
</tr>
</tbody>
</table>

Sources: Staff of the Joint Committee on Taxation and CBO.

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

a. Includes reduced revenues associated with subsidies provided through health insurance exchanges and penalty payments by employers and by uninsured individuals. Does not include social insurance receipts from unemployment insurance taxes, which are shown separately.

Much of the increase in receipts would come from taxes paid on the income of additional workers who entered the country as a result of the bill. As discussed at the beginning of this cost estimate, conventional estimating methodology holds overall economic activity—including output and employment—constant. However, the enactment of S. 744 would result in a significant increase in immigration, leading to a significant increase in the supply of labor to the economy. Consequently, JCT relaxed the conventional assumption of fixed employment for this estimate and included the effects of an expected net increase in employment and total wages.

Many additional adults entering the country as a result of S. 744 would, as required in the legislation, enter the country with employment; most other adults who entered would participate in the labor force at a rate similar to that of the existing foreign-born population, CBO and JCT project. However, some of the additional adult entrants under S. 744 would tend to have lower labor force participation—such as those age 65 or older, and those whose visa applications are part of the existing backlog and would join family members already working in this country. On balance, CBO and JCT expect, new adults would participate in the labor force at a higher rate, on average, than do adults in the United States.

Relative to CBO’s projections under current law, enacting S. 744 would increase the size of the labor force by about 6 million (about 3.5 percent) in 2023 and by about 9 million (about 5 percent) in 2033, CBO and JCT estimate. Employment would increase as the
labor force expanded, because the larger population would boost demand for goods and services and, in turn, the demand for labor.

In addition, JCT expects that the bill would result in increased reporting of employment income by people who, under current law, are not legally present or allowed to work. Moreover, JCT expects that wages for those workers would increase relative to their wages under current law as a result of their attaining legal status under the bill. That increase in reported wages would yield increases in receipts from both individual income taxes and payroll taxes (most of the additional payroll tax receipts would be from Social Security taxes and thus would be categorized as off-budget).

Increased reporting of employment income would also result in increases in tax deductions by businesses for their labor compensation, including employers’ contributions for payroll taxes. As a result, corporations would report lower taxable profits and pay less in income taxes. Noncorporate businesses, such as partnerships and sole proprietorships, would also report lower taxable income, which would reduce the individual income taxes paid by the partners and owners.

S. 744 would require applicants for RPI status to have paid any assessed federal tax liabilities resulting from audits. RPI applicants who have filed tax returns using individual taxpayer identification numbers (ITINs) could be matched to such assessments, but other RPI applicants could not. Therefore, JCT expects that although most unauthorized residents who have filed tax returns using ITINs would apply for RPI status, those with unpaid tax assessments—and particularly those with large unpaid assessments—would be less likely to apply.

JCT also estimates that S. 744 would result in increased outlays for premium assistance tax credits to be provided through health insurance exchanges and for earned income credits and child tax credits. Those effects are shown in Table 3 and are described above in the section on direct spending for benefit programs.

**Unemployment Insurance Revenues.** CBO estimates that the expanded economy under the bill would boost receipts from unemployment insurance taxes—most of which are imposed by states but which yield amounts that are considered to be federal revenues. CBO estimates that those revenues would increase by about $6 billion from 2014 through 2023, of which most would stem from state unemployment taxes. (Spending on unemployment benefits would be $5 billion higher over the 10-year period, as discussed above in the section on direct spending for benefit programs; as a result, overall amounts in state trust funds for unemployment insurance would not change much because of the bill.)

11. ITINS are assigned by the Internal Revenue Service to taxpayers who are not eligible for Social Security numbers.
Fees and Penalties. CBO estimates that the bill would cause revenues from miscellaneous fees and penalties to increase by about $1.9 billion over the 2014–2023 period. The net budgetary effect of new and increased criminal and civil penalties is not expected to be significant.

Travel Promotion Fees. Citizens of certain countries can travel to the United States for short stays without a visa under the Visa Waiver Program. Upon receiving approval, such travelers must pay a $10 fee, which in part funds spending by the Corporation for Travel Promotion. The fee is scheduled to expire under current law at the end of fiscal year 2015, but S. 744 would extend the fee permanently, which CBO estimates would increase revenues by $843 million over the 2014–2023 period. About $0.7 billion of that amount would be spent by the Corporation for Travel Promotion during that decade.

Visa Fees. The bill would result in an increase in applications for visas, for which the applicant must pay a fee to cover the cost of processing. Most of those fees are recorded in the budget as revenues. CBO estimates that the increased visa applications would increase revenues by about $1.1 billion over the 2014–2023 period. Most of the additional revenues, CBO estimates, would come from applications in the preference categories for immediate relatives and family members. The estimate includes $10 million in fees for petitions to compete for a merit-based visa.

Civil and Criminal Penalties. CBO expects that the net budgetary effect of new and increased criminal and civil penalties would not be significant. Criminal fines are recorded as revenues, then deposited in the Crime Victims Fund, and later spent, resulting in little net effect on the budget. CBO anticipates that the collections of civil penalties would not be significantly affected both because a small number of cases would be affected and because violations would decline relative to the amount expected in the baseline projections. About $10 million per year in civil penalties collected under current law and included in the current baseline revenue projections would be deposited into the Comprehensive Immigration Reform Trust Fund and spent; the effects of spending those amounts are included in the estimates of direct spending.
Effects on Spending Subject to Appropriation

CBO estimates that implementing S. 744 would result in net discretionary costs of about $22 billion over the 2014–2023 period, assuming appropriation of the specified and necessary amounts (see Table 7). For this estimate, CBO assumes that appropriations would be made near the start of each fiscal year and that spending would follow historical spending patterns for similar activities.

State Criminal Alien Assistance Program. S. 744 would authorize the appropriation of $950 million annually for two years (2014 and 2015) for the Department of Justice to make grants to state and local governments to cover costs associated with apprehending and detaining unauthorized residents. CBO estimates that this program would cost $1.9 billion over the 2014–2018 period. (The Congress appropriated $240 million for this program in 2012.)

System for Verifying Employment Eligibility. S. 744 would replace the existing voluntary system for verifying employment eligibility with a mandatory employment verification system. The requirement for employers to use the system would be phased in over a few years, with different deadlines for employers of different sizes. Within five years after DHS issued rules to implement the system, all employers would be required to use the system for all employees newly hired in the United States. S. 744 also would direct DHS to establish a new office to assist individuals and small businesses in using the new system. Moreover, the legislation would require the Social Security Administration to develop and issue new Social Security cards that were resistant to tampering and identity theft.

In addition to the $750 million appropriated for the employment verification system (as discussed above in the section on effects on other direct spending), S. 744 would authorize the appropriation of $1.12 billion to cover any other costs associated with the system. CBO expects that the additional funding would be used to pay for staff, technological components, and overhead to handle the increased workload associated with the new assistance office and improvements to Social Security cards. The bill would further authorize the appropriation of $250 million for DHS to make grants to states to improve the availability of certain identification records. In total, in addition to the $750 million appropriated directly for the employment verification system, implementation of that system would cost another $1.4 billion over the 2014–2023 period, CBO estimates, assuming funding was provided as authorized.
### TABLE 7. DISCRETIONARY SPENDING UNDER S. 744

By Fiscal Year, in Millions of Dollars

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Note: * = less than $500,000.
Border Security Measures. S. 744 would direct DHS and other agencies to improve border security. The bill would require DHS to hire 3,500 additional Customs and Border Protection (CBP) officers by the end of fiscal year 2017. It also would require DHS to add and upgrade border patrol stations in the southwestern United States, operate unmanned aerial vehicles along the southern U.S. border for 24 hours a day, deploy a variety of surveillance systems, and acquire additional fixed-wing aircraft and helicopters for use along the southern border. In addition, the legislation would require DHS to procure new rotorcraft, such as helicopters, and to acquire and deploy watercraft to support anticrime efforts near U.S. borders. Finally, S. 744 would direct the Department of Transportation (DOT) and the General Services Administration (GSA) to improve infrastructure at existing international border crossings and to construct new border-crossing facilities.

Based on information from DHS, DOT, and GSA about the costs of hiring thousands of new personnel, constructing border-crossing facilities and about 40 new border patrol facilities, expanding surveillance systems, purchasing additional aircraft (including unmanned aerial vehicles) and watercraft, and making necessary improvements to transportation infrastructure, CBO estimates that implementing the border security measures specified in S. 744 would cost $14.8 billion over the 2014–2023 period. Of that amount, costs for the additional CBP officers would exceed $600 million annually by 2017 and would total nearly $6 billion over the 10-year period.

Improved Border Communications. S. 744 would direct DHS to establish a two-year grant program to improve emergency communications services for individuals who live or work near the southwestern U.S. border. The bill also would require DHS, DOJ, and the Department of the Interior to upgrade communications equipment (including radios) and systems for their law enforcement agents operating near the southwestern border. Finally, the legislation would require DOJ to procure certain types of radios for state and local law enforcement personnel operating near the southwestern border.

Based on information from DHS and DOJ about the costs to upgrade communications systems and procure specified radios and related equipment, CBO estimates that implementing those provisions would cost about $1.2 billion over the 2014–2023 period. Most of the costs would be for DHS to support communications networks and to provide radio equipment for nearly 20,000 personnel.

Immigration Courts. Over the 2014–2016 period, S. 744 would direct DOJ to hire 75 immigration court judges per year and to increase the number of staff attorneys for the Board of Immigration Appeals by 30 annually. (There are currently about 260 immigration judges.) DOJ also would need to provide additional staff to support the new judges and attorneys and to improve communications systems used by the courts.
Based on information from DOJ about costs to hire more than 500 personnel and to upgrade communications technology for court facilities, CBO estimates that implementing these provisions would cost about $1.7 billion over the 2014–2023 period.

**Other DHS Programs.** S. 744 would require DHS to carry out several activities to assist people affected by the bill and to manage the processing of immigration applications. The bill would direct DHS to make grants to nonprofit organizations to assist applicants. U.S. Citizenship and Immigration Services also would be required to initiate a program to identify, assess, and prevent fraud in the provision of immigration services under the bill.

CBO expects that the grants would be used to provide services to millions of individuals and that the fraud prevention program would be comprehensive enough to monitor applications. Based on the costs of similar activities currently being conducted by DHS, CBO estimates that those programs would cost about $870 million over the 2014–2023 period.

**Department of Defense.** Section 1103 would exclude certain National Guard members—those who would be deployed in support of U.S. Customs and Border Protection to secure the southern border—from all limitations on the number of Guard personnel. Based on the participation by the National Guard in support of similar missions, CBO estimates that, under the bill, the number of Guard members deployed to secure the southern border would total about 1,000 starting in 2014 and grow to 3,000 by the end of 2016. Because those Guard members would not count against the National Guard’s end-strength limit (that is, the number of authorized personnel as of the last day of the fiscal year), CBO estimates that this provision would effectively raise the authorized end-strength by those amounts. That increase in National Guard personnel would increase costs by $4.0 billion over the 2014–2023 period, subject to appropriation of the necessary amounts.

**Department of Justice, the Judiciary, and the Federal Prison System.** When new border protection measures under S. 744 were implemented, CBO estimates that the costs of detaining, prosecuting, and incarcerating violators of federal immigration laws would increase. Additional costs would stem from an increase in the number of apprehensions, in the number of people who were prosecuted, and in the length of prison sentences (which would result from the more stringent sentencing guidelines set by the bill). For this estimate, CBO expects that the specified increase in border patrol personnel and other security measures would result in roughly a 15 percent increase in border apprehensions and that the rate at which offenders were apprehended, prosecuted, and sentenced would reflect historical rates.

In recent years, the government has prosecuted about 80,000 cases per year against violators of immigration laws. CBO estimates that fully implementing the new border protection provisions under the bill would increase the number of those prosecutions by
about 12,000 per year. Those additional prosecutions would cost the federal judiciary, the U.S. Attorneys, and the U.S. Marshals Service a total of roughly $120 million per year, CBO estimates.

In addition, S. 744 would specifically authorize the appropriation of $250 million over the 2014–2018 period to triple the number of prosecutions of people violating immigration laws along a portion of the U.S. border in Arizona. Currently, more than one-third of those apprehended for illegally crossing the border are seized in this area, and about 10 percent of those apprehended are prosecuted. CBO estimates that about 35,000 additional offenders would be prosecuted per year under this provision.

CBO estimates that the additional prosecutions under the bill would lead to an increase in incarceration costs totaling about $1.6 billion over the 2014–2023 period, subject to appropriation of the necessary funds. Those costs would stem from the increased number of individuals prosecuted, the change in sentencing guidelines, and the rate of conviction. CBO estimates that implementing the legislation would increase the prison population by about 14,000 inmates annually by 2018. The total additional costs to detain, prosecute, and incarcerate offenders would total $3.1 billion over the 2014–2023 period, CBO estimates.

**Pell Grants.** As discussed in the section titled “Direct Spending,” enacting S. 744 would increase participation in the Pell Grant program, which provides funds to certain college students. Spending for Pell grants is mostly subject to appropriation of the necessary funds. Under S. 744, CBO estimates, about $1.1 billion more than the amount under current law over the 2014–2023 period would be needed to provide the same maximum award level to students that was provided in 2013. That amount is in addition to the increase in direct spending for Pell grants over the 2014–2023 period explained earlier.

**Other Activities.** S. 744 would direct several federal agencies to carry out various activities. The bill would require DOJ to reimburse state, local, and tribal governments for certain costs relating to immigration cases initiated by U.S. attorneys. It would require the Department of Health and Human Services (HHS) to hire professional staff to assist with cases involving unaccompanied alien children. In addition, costs to the Department of Labor would increase for administrative and enforcement activities relating to nonimmigrant visas, such as making determinations on labor certification applications and investigating complaints in the nonimmigrant worker programs. Finally, S. 744 would establish task forces and require a variety of federal agencies to complete many reports and studies.

Based on information from DOJ, HHS, and DOL and on the costs of similar activities, CBO estimates that carrying out those requirements would cost about $835 million over the 2014–2023 period.
Fee Collections Credited Against Discretionary Spending. As discussed above in the section titled “Other Effects on Direct Spending,” collections of 7 specified fees or penalties in excess of $8.3 billion, as well as collections of 11 other new fees or penalties, would be deposited in CIRTF. Under the bill, collections of those fees would be subject to appropriation actions. CBO estimates that those offsetting collections would total $8.8 billion over the 2014–2023 period. Most collections would result from a new fee (either $1,250 or $2,500) charged to certain employers who hired immigrants with an H-1B visa or L-visa (visas for workers who are transferring within a company or possess specialized knowledge).

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table. (Only on-budget changes to outlays or revenues are subject to pay-as-you-go procedures.)

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<tbody>
<tr>
<td>By Fiscal Year, in Billions of Dollars</td>
</tr>
<tr>
<td>NET INCREASE OR DECREASE (-) IN THE ON-BUDGET DEFICIT *</td>
</tr>
<tr>
<td>Total On-Budget Changes</td>
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<tr>
<td>Less: Amounts Designated as Emergency Requirementsb</td>
</tr>
<tr>
<td>Statutory Pay-As-You-Go Impact</td>
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</tbody>
</table>

Memorandum:

Total Changes in On-Budget Outlays 0.4.6 6.8 13.9 19.7 24.4 26.4 31.9 36.9 43.8 50.5 69.5 258.9
Total Changes in On-Budget Revenues 0.1.6 6.5 13.5 19.3 22.7 23.7 29.0 35.5 43.2 49.6 63.7 244.7
Emergency Designations
Changes in Outlays 0.4.0 2.7 0.4 -0.7 -0.6 -1.2 -0.6 -0.9 -0.2 -0.1 5.9 2.9
Changes in Revenues 0 0 0 0 0 0 0 0 0 0 0 0

Sources: CBO and the staff of the Joint Committee on Taxation.

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

a. S. 744 would also have significant budgetary effects on Social Security (primarily on revenues), but those effects are classified as “off-budget” and thus are not counted for enforcement under the Statutory Pay-As-You-Go Act of 2010.

b. Sections 6, 3102, 3202, and 3304 of S. 744 would designate certain appropriations and mandatory fees as emergency requirements pursuant to section 4(g) of the Statutory Pay-As-You-Go Act of 2010.
ESTIMATED BUDGET EFFECTS BEYOND THE FIRST DECADE

CBO and JCT estimate that enacting S. 744 would increase both direct spending and revenues during the next 10 years, resulting in an estimated net reduction in budget deficits of about $200 billion over the 2014-2023 period. By 2033, CBO estimates the net increase in the U.S. population as a result of enacting S. 744 would total about 16 million, compared with about 10 million in 2023. As a result, the increases in both direct spending and revenues would escalate after the first decade. The net reduction in deficits from those increases would total close to $700 billion over the second decade following enactment, according to CBO and JCT’s estimate (see Table 9). Measured as a share of the economy, the change in the deficit for that second decade would be about 0.2 percent of GDP, CBO estimates.

For the 2024–2033 period, CBO and JCT estimate that direct spending would increase by about $800 billion and revenues would increase by about $1.5 trillion. Because the estimates of population changes and budgetary effects that would result from enacting the legislation are very uncertain—even in the first 10 years following enactment—CBO’s estimate for the second decade following enactment should be viewed as falling in the middle of a wide range of possible outcomes.

Additional spending for benefit programs, which is estimated to total about $260 billion in the first decade, would cost about triple that amount in the second decade, as per capita costs trend upward and additional people become eligible for more of those programs. At the end of the second decade, those costs would be growing by 7 percent to 8 percent per year.

The low-income health programs (subsidies for health insurance purchased through exchanges, Medicaid, and the Children’s Health Insurance Program) would account for close to half of the projected increase in direct spending that would result from S. 744 during the second decade. Spending for those programs is projected to grow by an average of about 10 percent per year from 2024 through 2033. Outlays for refundable tax credits would account for one-third of the spending increase over that period but would be growing more slowly—by less than 3 percent per year, JCT estimates.

As the people making up the increase in the U.S. population under S. 744 get older and establish a sufficient work history to qualify for Social Security and Medicare, the spending for those two programs would be significantly higher in the second decade after enactment. The increase in spending for Social Security and Medicare in that second decade would account for almost 10 percent of the increase in direct spending, compared with about 1 percent in the first decade. By the end of the second decade, the annual growth in additional spending for Social Security and Medicare would be slowing, but would still exceed 20 percent.
### Table 9. Estimated Budgetary Effects of S. 744 Over the 2014-2033 Period

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Changes in Direct Spending</strong></td>
<td></td>
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<tr>
<td>Low-Income Health Programs</td>
<td>24</td>
<td>87</td>
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<td>400</td>
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<td>OASDI and Medicare</td>
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<td>70</td>
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<td>Refundable Tax Credits</td>
<td>35</td>
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<td>127</td>
<td>270</td>
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<td>SNAP</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>40</td>
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<tr>
<td>Other Direct Spending</td>
<td>9</td>
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<td>14</td>
<td>30</td>
</tr>
<tr>
<td>Subtotal Direct Spending</td>
<td>70</td>
<td>192</td>
<td>262</td>
<td>810</td>
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<tr>
<td><strong>Changes in Revenues</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Estimated Revenues</td>
<td>126</td>
<td>333</td>
<td>459</td>
<td>1,500</td>
</tr>
</tbody>
</table>

**Net Increase or Decrease (-) in the Deficit from Changes in Direct Spending and Revenues**

| Impact on Deficit | -56  | -141 | -197 | -690 |

**Memorandum:**

- **Gross Domestic Product (Billions of Dollars):**
  - 94,000
  - 120,000
  - 220,000
  - 330,000

| Impact on Deficit as a Percentage of GDP | * | -0.1 | -0.1 | -0.2 |

Sources: CBO and staff of the Joint Committee on Taxation.

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

- OASDI = Old-Age, Survivors, and Disability Insurance; SNAP = Supplemental Nutrition Assistance Program.
- * = less than 0.05 percent.

In addition, CBO estimates that implementing S. 744 would have significant effects on discretionary spending. CBO estimates those costs would total $22 billion over the 2014-2023 period and between $20 billion and $25 billion over the 2024-2033 period.

SNAP also would see a significant increase as a share of total spending in the second decade following enactment, accounting for about 5 percent of the increase in direct spending in that decade. As shown in Table 2 (on page 15), CBO estimates that the number of people who would have naturalized or spent at least five years in LPR status would increase from 4.0 million in 2023 to 15.5 million in 2033 (including those initially...
granted RPI status in the first decade following enactment). Once noncitizens become citizens or spend at least five years in LPR status, they become eligible for most of the federal benefit programs that are means-tested and that were previously unavailable to them, such as SNAP benefits.

The revenue increase would be greater in the second decade than in the 2014-2023 period, mostly reflecting additional income and payroll taxes paid by new legal immigrants entering the country throughout the next 20 years. The added revenues would grow at a rate averaging close to 9 percent per year from 2024 through 2033, and would be increasing slightly faster than added spending at the end of that decade.

Pursuant to section 311 of the Concurrent Resolution on the Budget for Fiscal Year 2009 (S. Con. Res. 70, 110th Congress), CBO and JCT estimate that changes in direct spending and revenues from enacting S. 744 would not increase the on-budget deficit by more than $5 billion in the first 10-year period that starts in 2023. (Enforcement procedures in the Senate generally apply only to changes in the on-budget deficit, which excludes changes in revenues and outlays for Social Security and the Postal Service.) In light of the uncertainties surrounding the effects of S. 744 in the very long run, CBO and JCT are not able to provide estimates of budgetary effects for the legislation beyond 2033. Therefore, the agencies cannot determine whether the on-budget changes would be more or less than $5 billion in the three following 10-year periods.

In addition to the changes in direct spending and revenues, CBO expects that the variety of border control and immigration processing activities that would be authorized by S. 744 would continue to require net new appropriations during the second decade following enactment. As in the first decade, some of the gross costs for such discretionary spending in the 2024–2033 period would be offset by fee collections that would be credited against appropriations. CBO cannot project such future costs and fees precisely, but we expect that the net additional discretionary costs for that second decade would probably total between $20 billion and $25 billion, subject to appropriation of the necessary amounts.

**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

The substantial increase in population that would occur if S. 744 was enacted would have many effects—both negative and positive—on the budgets of state, local, and tribal governments. CBO does not estimate the overall effects of legislation on the budgets of those governments, but it does identify intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and estimates the aggregate costs of those mandates relative to thresholds established in that act. CBO also identifies and estimates the costs of mandates that apply to private-sector entities.
S. 744 would impose several intergovernmental and private-sector mandates, as defined in UMRA. Most of those mandates would fall on employers and other entities that hire, recruit, or refer individuals for employment. In some cases, the same mandate would apply to both private-sector and intergovernmental entities; in other cases, only one sector would face the mandate. Because of the limited number of public entities affected by the mandates in the bill, CBO estimates that the aggregate annual costs for those entities would fall below the intergovernmental threshold (which is $75 million in 2013, adjusted annually for inflation). However, many private-sector entities would be affected by the bill, and CBO estimates that the aggregate annual costs of the mandates imposed on those entities would total at least $700 million annually once all mandates were fully in effect, probably by 2016; the costs thus would exceed the annual threshold for private-sector mandates (which is $150 million in 2013, adjusted annually for inflation).

Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce the constitutional rights of individuals. CBO has determined that the exclusion applies to provisions of this legislation that would change the immigration procedures for certain children who are unauthorized entrants because they address the due process rights of those children.

**Mandates Affecting Both Intergovernmental and Private-Sector Entities**

S. 744 would impose mandates that affect both the intergovernmental and private sectors by increasing fees on employers of workers with H-1B visas, requiring employers to verify workers’ eligibility, imposing administrative and training requirements, and increasing certain filing fees in courts.

**Fees for Employers of Workers with H-1B Visas.** The bill would require employers with 25 or more employees to pay an additional $2,500 fee for each worker hired under the H-1B visa program. Employers with fewer than 25 employees would be required to pay an additional fee of $1,250 per worker. (Most private companies that employ H-1B visa workers employ more than 25 employees.) The requirement to pay an additional fee constitutes a mandate as UMRA defines that term.

Given the increased availability of H-1B visas under S. 744 and the likelihood that they all would be used, CBO estimates that the direct cost of complying with the mandate for private-sector employers would be at least $200 million per year. Based on information about the limited number of public employers who sponsor H-1B visas, CBO estimates that the compliance costs for governmental entities would be small.

**Verifying Work Eligibility.** The bill would impose intergovernmental and private-sector mandates on many employers by requiring them to verify the work eligibility of employees.
Verification Requirements for Critical Employers. The bill would authorize DHS to determine which employers were part of the critical infrastructure of the United States, and it would require that, one year after the regulations were published, those employers participate in a new electronic verification system to confirm the work authorization of employees. It is possible that employers in this category would need to verify the work eligibility of their entire workforce, not just new employees. According to DHS and the National Infrastructure Advisory Council, however, most private employers considered part of the critical infrastructure of the United States already participate in the current employment verification system and conduct background checks on their employees to confirm the documentation. Therefore, CBO estimates that the incremental cost to comply with the mandate on private employers in the first year would be about $30 million. In addition, those private-sector employers would incur ongoing costs of about $10 million annually to verify the work eligibility of new employees.

CBO anticipates that the DHS rules would affect all public employees in areas such as law enforcement, transportation, public utilities, and health and financial services. In that case, about 25 percent of state, local, and tribal employees would need to have their work eligibility verified. Currently, about 20 states require some public entities to verify work eligibility already. Consequently, CBO estimates that the costs in the first year of verifying the eligibility of employees not already covered by state requirements would be no more than $25 million. (CBO estimates that the average costs for verifying work eligibility would be at most $5 per person and that about 5 million public employees would need to have their eligibility verified initially.) In addition, those employers would incur ongoing costs of about $3 million annually to verify the work eligibility of new employees.

Verification Requirements for Noncritical Employers. The bill also would require public and private employers who were not designated as part of the critical infrastructure to use the new electronic verification system to verify the employment eligibility of newly hired employees and employees whose temporary employment authorization was expiring. The requirement would begin within two years after the date the DHS rules were issued and would be phased in at a rate that is based on the size of the employer. In addition, employers would have to maintain a record of the verification for such employees for a specific amount of time in a form that would be available for government inspection.

Based on data from the Bureau of Labor Statistics, CBO expects that the number of newly hired employees and repeat verifications for private entities would rise from about 12 million verifications in the second year to 50 million verifications in the fifth year. Accordingly, CBO expects that the direct costs to comply with those mandates would grow from about $50 million in the second year to about $210 million in the fifth year and thus would exceed the annual threshold for private-sector entities in at least one of the first five years the mandates were in effect. CBO estimates that once all of the
requirements were phased in, the annual cost to public entities that were not classified as part of the critical infrastructure would be about $8.5 million.

**Administrative and Training Requirements for Employers.** S. 744 would require employers and other entities that recruit or refer individuals to register with the employment verification system and comply with certain procedures. Some people working for those employers and entities would be required to undergo training as prescribed by DHS. Based on information from DHS explaining that the training would be available on the internet, CBO expects that the cost of such training would be minimal and, therefore, that the cost to comply with those mandates would be small.

**District Court Filing Fees.** The bill would impose a mandate on public and private entities that file a civil action, suit, or proceeding in a United States district court by increasing the fee for filing such cases from $350 to $360. According to the U.S. Courts, about 200,000 civil cases to which the fee would apply are filed each year. On the basis of that information, CBO estimates that the additional amount paid as a result of the fee increase would amount to about $2 million annually for public and private-sector entities combined.

**Mandates Affecting Only State, Local, or Tribal Entities**

The bill would preempt state and local laws related to work verification and would prohibit state and local governments from denying professional, commercial, or business licenses based on the immigration status of authorized residents. Although those preemptions would limit the application of state and local laws, they would impose no duty on state or local governments that would result in significant spending or loss of revenues.

**Mandates Affecting Only Private-Sector Entities**

S. 744 would impose several mandates that would affect only entities in the private sector, most of whom are employers or sponsors of temporary workers.

**Requirements for Employers of L-1 Visa Workers.** S. 744 would require employers that hire workers who are transferring within a company or possess specialized knowledge (L-1 visa workers) to pay an additional fee of $1,250 or $2,500 for each such worker, depending on the size of the company. The bill also would require employers hiring L-1 visa workers for new facilities to make certifications about their operations and financial circumstances. CBO estimates that the fees would apply to about 75,000 workers each year and that the direct cost of complying with those mandates would be at least $170 million per year.
Requirements for Employers Dependent on Workers with H-1B and L-1 Visas. Certain employers with 50 or more employees in the United States would be required to pay additional fees, beyond those noted above, for each H-1B or L-1 visa application. If between 30 percent and 50 percent of the applicant’s employees were H-1B or L-1 workers, the fee would be $5,000 for each L-1 application beginning in fiscal year 2014 and for each H-1B application beginning in fiscal year 2015. If between 50 percent and 75 percent of the applicant’s employees were H-1B or L-1 workers, the fee per application would be $10,000 and would apply in fiscal years 2014 through 2017 for L-1 applications and fiscal years 2015 through 2017 for H-1B applications. CBO estimates that the direct cost of complying with those mandates would be at least $50 million per year.

Requirements for Employers of Workers with H-2B Visas. The bill also would require the Department of Labor to impose a fee of $500 on employers who submit an application for employment certification for an H-2B visa worker (seasonal nonagricultural worker). Such an employer also would have to certify and attest that the employee would not displace another worker in the same geographic area who was authorized to work. The employer also would be required to pay certain transportation costs for the H-2B employee. CBO estimates that the direct cost of complying with the mandate to pay the fee would be at least $2 million annually. Because of limited information on where employees would be coming from and where they would travel to after their employment ends, CBO cannot estimate the transportation costs that employers would have to reimburse annually.

Requirements for Program Sponsors of J-1 Visa Exchange Visitors. S. 744 would require the Secretary of State to impose a fee of $500 on designated program sponsors for each participant in the J-1 Visa Exchange Visitor program. Given that the program had about 100,000 participants in 2012, CBO estimates that the cost of complying with the mandate would be about $50 million per year.

However, other provisions of the bill could affect the program’s sponsors and greatly reduce the number of participants in the program. According to the State Department, under subtitle F of title III of S. 744, those sponsors would be considered “foreign labor contractors” and thus would be prohibited from assessing any fees, including visa and processing fees, on participants. The program’s sponsors currently charge the exchange visitors about $200 each. Sponsors might not continue in the program if they could not charge the current fees or pass on the new $500 fee.

Requirements for Employers of W-Visa Workers. S. 744 would create the W-visa program to bring in temporary workers to perform labor and services for agricultural and nonagricultural employers; that program would replace the H-2A visa program, which would be phased out. Employers seeking to hire a W-visa worker would face some additional certification requirements not included in the H-2A program and would have
to pay application and registration fees in amounts to be determined by DHS. The bill would impose an additional fee for each worker on entities that had certain percentages of employees who were not U.S. workers as defined in the bill. The fee would be $1,750 if the entity was a small business and between 50 percent and 75 percent of its employees were not U.S. workers. The fee would be $3,500 for small businesses if more than 75 percent of their employees were not U.S. workers, and also for entities that were not small businesses if the fraction of their employees who were not U.S. workers was between 15 percent and 30 percent. CBO estimates that the direct cost of complying with those mandates would be at least $130 million per year.

**Other Mandates.** The bill would impose additional mandates on private-sector entities, including the following:

- Individuals would be required to provide additional documentation to verify employment eligibility;
- Employers under the L-1 visa program would be prohibited from retaliating against an employee because the employee had disclosed certain information;
- Certain students with F-visas who are currently in the United States would be required to attend accredited institutions;
- Operators of commercial aircraft and vessels departing from the United States would be required to collect and transmit certain manifest information; and
- Flight schools not certified by the Federal Aviation Administration would have to obtain certification to continue operating.

On the basis of information from industry sources about the limited costs of complying with each of those mandates, CBO expects that the aggregate direct costs on private-sector entities would be small.

**Other Impacts on State, Local, or Tribal Governments**

By 2033, S. 744 would increase the U.S. population by an estimated 16 million people. As a result of that growth in population, some state, local, and tribal governments would collect more tax revenues but also would face significant additional costs to provide education, health care, and other services to those immigrants. CBO has not estimated the overall effects of S. 744 on the budgets of state and local governments.

In assessing the impact of the bill on the federal budget, CBO estimated its effect on federal and state spending for Medicaid. S. 744 would have the result of increasing the number of individuals who would become eligible for either full Medicaid or for more limited emergency benefits. State spending is estimated to increase by about $20 billion.
over the 2014–2023 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.

In addition, assuming appropriation of the authorized amounts, CBO estimates that state, local, and tribal governments would receive more than $2 billion over fiscal years 2014 through 2023 from grant programs created or extended by the legislation.
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