



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 24, 1998

S. 1723

American Competitiveness Act

As reported by the Senate Committee on the Judiciary on April 2, 1998

SUMMARY

S. 1723 would increase the number of nonimmigrant (temporary) visas available for certain skilled workers, authorize appropriations for various student assistance and job-training programs of the Department of Education (ED) and the Department of Labor (DOL), and make several other changes to current laws relating to the employment of immigrants. Assuming appropriation of the necessary funds, CBO estimates that implementing S. 1723 would result in additional discretionary spending of about \$690 million over the 1999-2003 period (if such sums authorizations are funded with adjustments for inflation after 1999) or \$670 million (if they are funded at the 1999 level in all years). In addition, we estimate that the bill would increase direct spending by \$1 million annually and receipts by less than \$500,000 annually. Because S. 1723 would affect direct spending and receipts, pay-as-you-go procedures would apply.

S. 1723 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA). The bill would increase the authorization of grants to states for educational grants to students of mathematics, computer science, and engineering.

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

S. 1723 would amend Part A, subpart 4 of Title IV of the Higher Education Act of 1965, relating to funds for state student incentive grants for degrees in mathematics, computer science, and engineering. The bill would authorize appropriations of \$155 million for fiscal year 1999 and such sums as may be necessary for the following four fiscal years to ED for these purposes.

S. 1723 also would direct DOL to improve its Internet-based job bank in order to better accommodate job seekers in the area of technology. In addition, it would require DOL to

provide training in information technology to unemployed individuals who are seeking jobs. The bill would authorize \$18 million per year for fiscal years 1999 through 2003 for these purposes—\$8 million for the job bank and \$10 million for job training.

S. 1723 would direct the National Academy of Sciences (NAS) to oversee a study to assess the labor market needs for workers with high technology skills during the next 10 years. The bill would require a report summarizing the results of the study by October 1, 2000.

This legislation would increase the number of nonimmigrant visas for certain skilled workers. The bill would increase available visas by 30,000 in fiscal year 1998, by up to 50,000 in each of the fiscal years 1999 through 2002, and by 10,000 in each year thereafter. The bill also would remove the current cap on the number of employment-related immigrant (permanent) visas that can be granted to persons from any one country in each year.

S. 1723 would transfer from DOL to the Attorney General certain tasks relating to the review of employer applications to hire nonimmigrant labor. Finally, it would provide for new and increased civil monetary penalties for violations of certain laws relating to the hiring of nonimmigrant workers.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1723 is shown in the following table. The bill would authorize such sums as are necessary for ED programs for fiscal years 2000 through 2003. The estimated authorization levels shown in the table reflect continued funding at the authorized level for 1999, with adjustments for anticipated inflation in subsequent years. The estimated changes in outlays subject to appropriation action total about \$690 million over the 1999-2003 period. Alternatively, if the 2000-2003 authorization levels for state student incentive grants are held constant at the 1999 level—without adjusting for anticipated inflation—the total change in discretionary outlays would be about \$670 million over the same period. The costs of this legislation fall within budget functions 500 (education, employment, training, and social services) and 750 (administration of justice).

BASIS OF ESTIMATE

Spending Subject to Appropriation

For the purposes of this estimate, CBO assumes that the estimated authorization levels for ED and DOL programs will be appropriated at the start of each fiscal year, with outlays

following the historical spending trends for the authorized activities. For the authorization of such sums as necessary for ED's state student incentive grants, the estimates in the table reflect annual adjustments for anticipated inflation.

Based on information from the NAS, CBO estimates that the study required by the bill would cost \$2 million to \$3 million over fiscal years 1999 and 2000, subject to the availability of appropriated funds.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Estimated Authorization Level ^a	175	153	157	161	164	168
Estimated Outlays	169	155	123	156	158	162
Proposed Changes ^b						
Estimated Authorization Level	0	175	176	180	184	188
Estimated Outlays	0	20	137	172	179	183
Spending Under S. 1723						
Estimated Authorization Level	175	328	333	341	348	356
Estimated Outlays	169	175	260	328	337	345
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	1	1	1	1	1
Estimated Outlays	0	1	1	1	1	1
CHANGES IN REVENUES						
Estimated Revenues	0	c	c	c	c	c

a. The 1998 level is sum of amounts appropriated for that year for state student incentive grants (\$25 million), and for the State Unemployment Insurance and Employment Service Operations (SUIESO), where the job bank is currently funded. SUIESO is permanently authorized at such sums as may be necessary. One-Stop Career Centers (OSCC), the SUIESO account from which the job bank is funded, received an appropriation of \$150 million for 1998. The OSCC authorization levels shown for 1999 through 2003 reflect inflation adjustments to the 1998 level.

b. Without adjustments for inflation, additional outlays would be \$20 million in 1999, \$136 million in 2000, \$168 million in 2001, and \$172 million in each of the years 2002 and 2003.

c. Less than \$500,000.

Direct Spending and Revenues

S. 1723 would increase the number of nonimmigrant visas available to certain skilled workers by 30,000 in fiscal year 1998, by up to 50,000 in each of the fiscal years 1999 through 2002, and by 10,000 in each year thereafter. The increases in immigration in 1999 through 2002 would depend on the number of unused visas from other categories that—under the bill's provisions—could be granted to skilled workers. The fee for these visas is \$85, so enacting the bill could increase fees collected by the Immigration and Naturalization Service (INS) by up to about \$3 million in 1998, by about \$4 million in each of the fiscal years 1999 through 2002, and by about \$1 million in each year thereafter. We expect that the INS would spend the fees (without appropriation action), mostly in the year in which they are collected, so enacting S. 1723 would result in a negligible net budgetary impact on annual spending by the INS.

Current law provides for a cap on the number of employment-related immigrant visas that can be granted to natives of any one country in a given year. The bill would remove this cap, which could increase the number of visas granted and thus the amount of fees collected by the INS. We expect that additional fees would not exceed \$500,000 annually, most of which would be spent in the same year, resulting in a negligible net budgetary impact.

Under current procedures, DOL administers the review and approval process for employers that want to hire nonimmigrants; S. 1723 would transfer some of these responsibilities to the INS. The net effect on federal spending of this shift in workload would be negligible, but increased spending by the INS probably would come from existing fee income and would be classified as direct spending (whereas the current spending by DOL is discretionary). CBO estimates that direct spending would increase by about \$1 million annually, accompanied by an equivalent reduction in spending by DOL that would be subject to appropriation. It is possible that the INS eventually could offset this increase in spending by raising fees for nonimmigrant visas, but CBO has no basis for predicting when or if any change in fees would occur.

S. 1723 would provide for new and increased civil penalties that could be assessed against employers that violate certain laws relating to hiring immigrant labor. This could result in increased collections of civil fines, which are classified as revenues (governmental receipts), but we estimate that any such increase would be less than \$500,000 annually.

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	1	1	1	1	1	1	1	1	1	1
Changes in receipts	0	0	0	0	0	0	0	0	0	0	0

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1723 contains no intergovernmental mandates as defined in UMRA. The bill would increase the authorization of grants to states for educational grants to students of mathematics, computer science, and engineering.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

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

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