



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 21, 1999

H.R. 683

Decennial Census Improvement Act of 1999

As ordered reported by the House Committee on Government Reform on March 17, 1999

SUMMARY

H.R. 683 would require benefit programs funded in whole or in part by the federal government to disregard income earned by temporary census workers in determining eligibility and benefits. CBO estimates that this bill would cost a total of \$24 million in fiscal years 2000 and 2001.

H.R. 683 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that states would spend additional amounts for public assistance programs.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 683 is shown in the following table. The costs of this legislation fall within budget functions 550 (Health), 600 (Income Security), and 650 (Social Security).

Table 1. Estimated Effects of H.R. 683 on Direct Spending

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
CHANGES IN DIRECT SPENDING					
Temporary Assistance for Needy Families					
Estimated Budget Authority	0	0	0	0	0
Estimated Outlays	5	1	0	0	0
Food Stamp Program					
Estimated Budget Authority	8	3	0	0	0
Estimated Outlays	8	3	0	0	0
Medicaid					
Estimated Budget Authority	3	1	0	0	0
Estimated Outlays	3	1	0	0	0
State Children's Health Insurance Program					
Estimated Budget Authority	0	0	0	0	0
Estimated Outlays	1	a	0	0	0
Social Security ^b					
Estimated Budget Authority	1	1	0	0	0
Estimated Outlays	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Changes					
Estimated Budget Authority	12	5	0	0	0
Estimated Outlays	18	6	0	0	0

a. Less than \$500,000.

b. Off-budget.

BASIS OF ESTIMATE

During each decennial census, the Census Bureau hires temporary workers to do local enumeration and other tasks. Based on discussions with staff from the Department of Commerce, CBO estimates that about 485,000 temporary positions will be filled in calendar year 2000. The majority of those positions will be for enumeration and will last about six weeks. H.R. 683 would allow federally funded programs to disregard the income earned from this employment, between \$10 and \$15 an hour, for eligibility and benefit determinations for calendar year 2000. The income disregard would apply only to

individuals hired on or after January 1, 2000. CBO estimates that the average total income earned by these workers will be \$2,300 over six weeks. Most of these positions would be filled in fiscal year 2000, although CBO estimates that 25 percent of the costs would occur in fiscal year 2001.

Temporary Assistance for Needy Families

Out of about 80,000 temporary positions already filled in the planning stages of the decennial census, the Census Bureau has hired about 4,000 recipients of Temporary Assistance for Needy Families (TANF), or 5 percent of the total positions. Given the large number of positions that will need to be filled in 2000, CBO expects that this percentage will decrease to about 2.5 percent, or 12,000, of the total temporary positions. Under the proposed legislation, individuals who have already held a temporary position are not eligible for the income exclusion. CBO expects that about half of the TANF recipients who worked in the planning stages of the census—2000 recipients—will be rehired for enumeration; therefore, CBO assumes 10,000 new TANF recipients will be hired in calendar year 2000.

With the income earned by these temporary workers, the average TANF recipient would otherwise be ineligible for TANF benefits for two months. The average monthly TANF benefit is about \$375, so total TANF spending would increase by about \$8 million. The federal share of TANF spending is fixed for each year, but most states are not spending all the TANF funds available to them and have accumulated a surplus of federal funds. The additional TANF spending would cause states to accelerate their use of federal dollars. CBO estimates that federal outlays would accelerate by 75 percent of the additional cost, or \$6 million. States would pay the remaining \$2 million out of their own funds.

Food Stamps

According to administrative data, slightly more than one-third of Food Stamp households receive TANF benefits. CBO therefore assumes there will be three times as many Food Stamp recipients working in temporary census positions as TANF recipients, or about 30,000 recipients. The earnings from the temporary employment would otherwise make the average recipient ineligible for food stamps for two months. The average monthly household benefit in the Food Stamp program is projected to be about \$180 in 2000, resulting in \$11 million in additional Food Stamp benefits.

Medicaid

Medicaid eligibility rules for children and parents vary across states. Adults and children who receive TANF generally are eligible for Medicaid. Although an increase in earnings would otherwise make TANF recipients ineligible for TANF benefits, Medicaid recipients subject to the same income and resource requirements would be permitted to retain Medicaid coverage for at least six months under current law. Therefore, the bill would not affect Medicaid spending for people with welfare-related coverage who have temporary census earnings.

At higher income levels, children and some adults may be eligible for Medicaid benefits due to federally-mandated expansions and state decisions to cover people at higher income levels. Therefore, in many families, increases in household income could make children and parents ineligible for Medicaid, even if some of that income is disregarded. CBO analysis of data from the March Current Population Survey (CPS) suggests that about one-quarter of Medicaid beneficiaries in those families would lose eligibility for Medicaid with a change in monthly income equal to amounts available from temporary census employment.

CBO expects that about 50,000 temporary census jobs will be held by people who are not poor enough to qualify for TANF, but have children who would be eligible for Medicaid under current law in the absence of any change in parental income. That number is based on the relative size of projected enrollment in Medicaid and Food Stamps. CBO estimates that 10,000 of those census workers would also be eligible for Medicaid coverage in the absence of any change in their income.

Based on analysis of the CPS, CBO estimates that 20 percent of the temporary census workers eligible for Medicaid for their children, or for their children and themselves, will earn enough to discontinue that eligibility. However, about 30 percent of those workers live in states where their children's eligibility will be preserved because the state requires 12 months of continuous eligibility for Medicaid. Therefore, CBO estimates that about 13,000 children (based on the assumption of 1.8 children per family) and 2,000 adults would lose Medicaid eligibility under current law. The bill would reinstate Medicaid coverage, thereby increasing federal spending by \$4 million in 2000 and \$1 million in 2001.

State Children's Health Insurance Program

CBO estimates that 25,000 temporary census workers will have children who would be eligible for the State Children's Health Insurance Program (S-CHIP) in the absence of a

change in parental income. This number is based on the relative size of projected enrollment in S-CHIP and Medicaid. Based on the analysis of the effects of the bill on Medicaid enrollment, CBO estimates that about 8,000 of those workers will earn enough to discontinue coverage for their children under S-CHIP. Under the bill, 14,000 children who otherwise will lose S-CHIP benefits would retain benefits.

At the same time, some children losing Medicaid coverage due to temporary census earnings would become eligible under S-CHIP's higher income standards in the absence of legislation. CBO estimates that 7,000 children losing Medicaid eligibility will qualify for S-CHIP under current law. Therefore, under the bill those children will retain Medicaid coverage. Overall, spending for S-CHIP would increase by \$1 million in 2000.

Social Security

Temporary workers under 70 years of age would be able to exclude their census earnings from the Social Security earnings test. Under current law, when a Social Security recipient between the ages of 65 and 69 earns more than the annual exempt level of earnings, the recipient's benefits are reduced by \$1 for every \$3 earned. The March 1997 Current Population Survey indicates that 8 percent of part-time and part-year workers are at least 65 years of age. CBO assumes that about 10 percent of the temporary census workforce (or 49,000 workers) will be over age 65. Based on the age distribution of employees paying Social Security payroll taxes, CBO assumes 60 percent of these employees, or 29,000 individuals, will be between 65 and 69 years of age. Ninety percent of these older workers are assumed to be eligible for Social Security benefits. When combined with earnings from other sources, the earnings from the temporary employment would cause about 8 percent of these workers to have incomes above the annual income limit of \$17,000 in 2000. As a result, there would be about \$5 million in earnings that would have been subject to the earnings offset, leading to \$2 million in additional benefits. The increased federal outlays of \$1 million each year in 2000 and 2001 would be off-budget and not subject to the pay-as-you-go rules.

Other Programs

The Census Bureau has already secured waivers from the Department of Housing and Urban Development to exclude temporary census income for recipients of public housing and American Indian housing assistance. The Bureau also has a similar waiver for federal

civilian and military retirees. Because these waivers are already in place, the bill would not impose new costs in these programs.

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 budget year and the succeeding four years are counted.

Table 2. Summary of Pay-As-You-Go Effects of H.R. 683

	By Fiscal Year, in Millions of Dollars										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	17	5	0	0	0	0	0	0	0	0
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Although the bill contains no intergovernmental or private-sector mandates as defined in UMRA, states would likely spend additional amounts for public assistance programs because individuals would maintain their eligibility regardless of their employment with the Census. State expenditures on Medicaid would increase by approximately \$2 million in 2000 and by less than \$1 million in 2001. Although the eligibility change would increase the stringency of conditions in the Medicaid program, states have sufficient flexibility to alter their financial and programmatic responsibilities to accommodate the change.

In addition, CBO estimates that states would choose to spend about \$2 million in state funds to cover the costs of continued eligibility for TANF recipients. Finally, the state match for S-CHIP would result in about \$1 million in additional costs.

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