



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 21, 2016

S. 1698

Treatment of Certain Payments in Eugenics Compensation Act

*As ordered reported by the House Committee on Oversight and Government Reform
on December 9, 2015*

SUMMARY

S. 1698 would exclude payments made under a state eugenics compensation program from being considered as income or resources in determining eligibility for, or the amount of, any federal benefit. Those state programs are intended to compensate those who had been involuntarily sterilized under state authority when such sterilization programs were active in the United States.

S. 1698 would affect federal spending by allowing a small number of people to receive Medicaid and Supplemental Security Income (SSI) during the period when they would otherwise be ineligible for those programs because of the income they received from the state programs. CBO estimates that enacting S. 1698 would increase direct spending by \$5 million over the 2016-2025 period.

S. 1698 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting the bill would not affect revenues.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in one or more of the four consecutive 10-year periods beginning in 2026.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 1698 is shown in the following table. The costs of this legislation fall within budget functions 550 (health) and 600 (income security). For this estimate, CBO assumes that S. 1698 will be enacted early in calendar year 2016.

	By Fiscal Year, in Millions of Dollars										2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	2	2	*	*	*	*	*	*	*	*	5	5
Estimated Outlays	2	2	*	*	*	*	*	*	*	*	5	5

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

BASIS OF ESTIMATE

S. 1698 would exclude payments made under a state eugenics compensation program from being considered as income or resources in determining eligibility for, or the amount of, any federal benefit. CBO estimates that S. 1698 would affect spending for Medicaid and SSI (the effect on other federal programs would be negligible). Under current law, any eugenics compensation received by an individual would be counted as income in the month it was received and as resources thereafter for purposes of determining eligibility for Medicaid and SSI. S. 1698 would allow individuals who receive compensation, almost all of whom are poor and many of whom are developmentally disabled, to remain eligible for SSI and Medicaid despite receiving eugenics compensation.

In the absence of S. 1698, eugenics compensation recipients would lose eligibility for both programs because the compensation would exceed income eligibility thresholds for the program as well as resource eligibility levels beyond the month of receipt. Many of the individuals receiving compensation are believed to be in nursing homes or receiving other forms of expensive long term care services. CBO expects that recipients will spend down the compensation funds quickly by paying for their care and that, on average, recipients will lose eligibility for about one year under current law. Therefore, spending for SSI and Medicaid would be expected to increase by the cost of benefits for about one year for each person compensated if S. 1698 was enacted.

S. 1698 would affect individuals primarily in two states, North Carolina and Virginia. Based on information from several private sources involved in supporting those who had been involuntarily sterilized by state eugenics programs and from the North Carolina Office of Justice for Sterilization Victims, CBO estimates that S. 1698 would affect a very small number of people in those states. Because North Carolina's program ended in the early 1970s and Virginia's ended just after World War II, most of the people who had been sterilized have passed away or are very elderly and difficult to locate. The North Carolina program has identified fewer than 250 people who qualify for payments under its program and Virginia has identified fewer than 20 people who qualify. In addition, those two state

programs fixed the level of compensation such that recipients would only receive a share of a \$10 million funding pool in North Carolina or receive \$25,000 each in Virginia.

Additional states that once had eugenics programs could establish similar compensation laws, but CBO estimates that fewer than half of those states will do so. CBO projects that the number of individuals that eventually would be identified and compensated in those states would be similar to the small number of people identified in Virginia, since the other state programs also ended just after World War II. Therefore, CBO estimates that the costs for any additional compensation programs would be minimal. In total, CBO estimates that enacting S. 1698 would increase direct spending by \$5 million over the 2016-2025 period.

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 that are subject to those pay-as-you-go procedures are shown in the following table. The legislation would not affect revenues.

CBO Estimate of Pay-As-You-Go Effects for S. 1698, as ordered reported by the House Oversight and Government Reform Committee on December 9, 2015

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
NET INCREASE OR DECREASE (-) IN THE ON-BUDGET DEFICIT												
Statutory Pay-As-You-Go Impact	2	2	0	0	0	0	0	0	0	0	5	5

INCREASE IN LONG TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 1698 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2026.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1698 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Rob Stewart

Impact on State, Local, and Tribal Governments: J'Nell Blanco Suchy

Impact on the Private Sector: Paige Piper-Bach

ESTIMATE APPROVED BY:

Holly Harvey

Deputy Assistant Director for Budget Analysis