CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 10, 2018

S. 1917
Sentencing Reform and Corrections Act of 2017

As ordered reported by the Senate Committee on the Judiciary on February 15, 2018

SUMMARY

S. 1917 would amend federal law to shorten some prison sentences associated with certain offenses and would require the establishment of several new programs intended to reduce recidivism. Using information from the Administrative Office of the U.S. Courts, Bureau of Prisons (BOP), Department of Justice (DOJ), and U.S. Sentencing Commission (USSC), CBO estimates that implementing the legislation would reduce the cost of incarcerating offenders and lead to a net reduction in discretionary costs of $387 million over the 2019-2028 period, assuming future appropriation actions consistent with the projected reduction in the prison population.

In addition, CBO estimates that enacting S. 1917 would result in the release of thousands of people from federal prisons earlier than would occur under current law. CBO expects that upon release many of them would receive benefits from such federal programs as Medicare, Medicaid, and the health insurance marketplaces established under the Affordable Care Act (ACA); Social Security; Supplemental Security Income (SSI); and the Supplemental Nutrition Assistance Program (SNAP). As a result, CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting the legislation would increase direct spending by $242 million and reduce revenues by $4 million over the 2019-2028 period. Pay-as-you-go procedures apply because enacting the bill would affect direct spending and revenues.

CBO estimates that enacting S. 1917 would not increase net direct spending by more than $2.5 billion or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2029.

S. 1917 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would require public and private entities to seal or expunge records of juvenile offenders if ordered to do so by a federal court and to certify their compliance with such an order. CBO estimates that the associated costs of that provision would fall well below the annual thresholds established

in UMRA for intergovernmental and private-sector mandates ($80 million and $160 million in fiscal year 2018, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of S. 1917 are shown in Table 1. The costs of the legislation fall within budget functions 550 (health), 570 (Medicare), 600 (income security), 650 (Social Security), and 750 (administration of justice).

TABLE 1. SUMMARY OF BUDGETARY EFFECTS OF S. 1917

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES OR DECREASES (-) IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level	0	3	*	-5	-33	-47	-61	-73	-58	-56	-57	-82	-387
Estimated Outlays	0	3	*	-5	-33	-47	-61	-73	-58	-56	-57	-82	-387
INCREASES IN DIRECT SPENDING													
Estimated Outlays[a]	0	15	18	16	18	24	29	33	29	29	31	87	242
On-budget	0	14	17	14	16	22	26	30	26	26	28	79	219
Off-budget	0	1	1	2	2	2	3	3	3	3	3	8	23
DECREASES IN REVENUES													
Estimated Revenues (On-budget)	0	*	*	*	*	*	*	-1	-1	-1	-1	-1	-4
NET INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES													
Effect on the Deficit	0	15	18	16	18	24	29	34	30	30	32	88	246
On-budget	0	14	17	14	16	22	26	31	27	27	29	80	223
Off-budget	0	1	1	2	2	2	3	3	3	3	3	8	23

Components may not sum to totals because of rounding; * = between -$500,000 and $500,000.

a. Budget authority is equal to outlays.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1917 will be enacted near the end of 2018 and that future appropriations for federal corrections and other activities will be reduced in conjunction with the estimated reductions in the prison population attributable to the bill’s modified sentencing requirements.

Sentencing Changes. S. 1917 would amend current law to reduce prison sentences for certain offenses and to change the way sentences for particular crimes are calculated and determined. In qualifying cases going forward, the sentencing court would use those new guidelines.

Under the bill, some provisions also could be applied retroactively. Therefore, the adjusted calculations would apply to some currently incarcerated inmates (to reduce current sentences) as well as to certain newly sentenced offenders (to reduce initial sentences). If a provision could be applied retroactively, an inmate could petition the court for a sentence that would follow the adjusted sentencing guidelines and thus could be eligible for immediate or early release. Because the changes in sentencing calculations would result in the early release of many inmates and shorten sentences for those newly convicted, CBO expects that, relative to current law, implementing the bill would reduce the federal prison population overall, as discussed below.

Changes in Prison Population and Related Costs. CBO expects that S. 1917 would not alter the number of people receiving sentences for existing offenses that would be affected by the legislation. (The potential shift in the length of mandatory minimum sentences may have an effect on the behavior of prosecutors in such cases going forward, but CBO cannot quantify those effects.) However, as a result of sentencing changes, CBO expects that S. 1917 would reduce the federal prison population and DOJ's costs to operate the system; such spending is subject to the availability of appropriated funds. Currently, the federal corrections system oversees about 184,000 inmates whose sentences range from less than one year to life. The legislation also would increase mandatory spending for federal entitlement programs. As long as they otherwise met program criteria, people released under the new legislation could be eligible for federal programs, including Medicare, Medicaid, and Social Security. (Generally, prisoners are not eligible for entitlement programs during incarceration.)

For this estimate, CBO used data from the USSC to calculate costs and savings associated with the retroactive and prospective changes in prison sentences. (The USSC collects, analyzes, and distributes information on federal sentencing practices.) Those data included estimates of the number of current inmates who could seek retroactive sentence reductions, the number of future offenders who would face longer or shorter sentences under the bill, and retroactive release rates.

Costs and savings under the bill were calculated using person-years derived from the number of inmates estimated to be eligible for release in any year. When an inmate is released early, the prison space that person would have occupied (and the associated costs) would be "reduced" for that year and for all other years in which that person otherwise would have been incarcerated. For example, the BOP's costs to oversee 184,000 inmates in 2018 is equivalent to its costs for 184,000 person-years. The cost to the BOP per person-year changes with inflation but is estimated to average about $13,000 over the 2019-2028 period. That amount includes the cost of medical services, food, and clothing. The budgetary effects of the various provisions of the bill would depend on the pace at which inmates were released.

Although the bill would require new programs to be developed to curtail recidivism, CBO expects that in the near term the rate of return to federal prison among the affected population would be the same as the current rate. Using information from a USSC report, CBO estimates that between 23 percent and 39 percent of offenders eligible for a sentence reduction under the bill would return to a federal prison.[1] Affected inmates would be reincarcerated earlier under the bill, and any associated prison costs also would be incurred earlier. The estimates for the bill's costs and savings were calculated net of those estimated shifts in prison costs resulting from estimated changes in the timing of reincarceration over the 2019-2028 period.

Bureau of Prisons Staffing. As the prison population decreases, the hiring of new corrections staff could slow, depending on the BOP's decisions about the desired ratio of inmates to staff. The bureau currently employs about 37,500 people. If the BOP chose to maintain the existing ratio, then cost reductions under the bill would be greater because fewer staff would be needed to oversee a smaller prison population. If the BOP kept current staffing levels, little or no reduction in staffing costs would be realized. According the BOP, in recent years the inmate-to-staff ratio in BOP facilities has been about 4-to-1.

Spending Subject to Appropriation

CBO estimates that implementing S. 1917 would reduce the number of prisoners in the federal prison system relative to current law, leading to a reduction in prison operating costs. On net, CBO estimates that implementing the sentencing charges would reduce the number of prisoners by about 34,400 person-years over the 2019-2028 period. (That is roughly equivalent to reducing the federal prison population by 34,400 inmates in one year.) About 75 percent of that difference would result from retroactive sentence reductions, and 25 percent would come from shorter sentences in the future. In addition, the federal judiciary and DOJ would incur costs to implement new programs required under the bill. On net, CBO estimates, implementing S. 1917 would reduce discretionary costs by $387 million over the 2019-2028 period (see Table 2).

1. U.S. Sentencing Commission, *The Past Predicts the Future: Criminal History and Recidivism of Federal Offenders* (March 2017), https://go.usa.gov/xUK9f.

TABLE 2. SPENDING SUBJECT TO APPROPRIATION UNDER S. 1917

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES OR DECREASES (-) IN SPENDING SUBJECT TO APPROPRIATION													
Fair Sentencing Act Retroactivity													
Estimated Authorization Level	0	-16	-21	-24	-24	-27	-29	-31	-16	-13	-11	-112	-212
Estimated Outlays	0	-16	-21	-24	-24	-27	-29	-31	-16	-13	-11	-112	-212
Safety Valves													
Estimated Authorization Level	0	-2	-3	-7	-12	-16	-19	-20	-21	-18	-15	-40	-133
Estimated Outlays	0	-2	-3	-7	-12	-16	-19	-20	-21	-18	-15	-40	-133
Mandatory Minimums for Prior Drug Offenses													
Estimated Authorization Level	0	-2	-2	-4	-5	-7	-9	-12	-15	-18	-21	-20	-95
Estimated Outlays	0	-2	-2	-4	-5	-7	-9	-12	-15	-18	-21	-20	-95
Mandatory Minimums for Firearms Offenses													
Estimated Authorization Level	0	*	-1	-1	-1	-2	-2	-2	-3	-3	-4	-5	-19
Estimated Outlays	0	*	-1	-1	-1	-2	-2	-2	-3	-3	-4	-5	-19
New Mandatory Minimums and Sentence Enhancements													
Estimated Authorization Level	0	*	1	1	2	2	2	3	3	3	3	7	20
Estimated Outlays	0	*	1	1	2	2	2	3	3	3	3	7	20
Reduced Prison Staffing													
Estimated Authorization Level	0	0	0	0	-27	-33	-40	-45	-38	-38	-38	-61	-259
Estimated Outlays	0	0	0	0	-27	-33	-40	-45	-38	-38	-38	-61	-259
Other Costs													
Estimated Authorization Level	0	22	26	30	35	35	35	35	31	31	32	147	311
Estimated Outlays	0	22	26	30	35	35	35	35	31	31	32	147	311
Total Changes													
Estimated Authorization Level	0	3	*	-5	-33	-47	-61	-73	-58	-56	-57	-82	-387
Estimated Outlays	0	3	*	-5	-33	-47	-61	-73	-58	-56	-57	-82	-387

Components may not sum to totals because of rounding.

* = between zero and $500,000.

Fair Sentencing Act Retroactivity. The Fair Sentencing Act of 2010 reduced the statutory penalties for offenses involving possession of crack cocaine. Section 105 of S. 1917 would make some of that act's provisions (as amended by S. 1917) retroactive to people incarcerated before enactment of that act. Using information from the USSC, CBO estimates that the change would reduce the number of prisoners by about 16,700 person-years over the 2019-2028 period. Reductions in DOJ's prison costs would be larger in earlier years and gradually fall after 2025 as the number of affected inmates diminished. In total, CBO estimates that implementing section 105 would reduce DOJ's costs by $212 million over the 2019-2028 period.

Safety Valves. Under current law, people who are convicted of drug trafficking may receive sentences below the mandatory minimum if they meet certain requirements including having no more than one prior federal sentence of 60 days or less (which would give them one "criminal history point").[2] That exception to the minimum sentence is the "safety valve." S. 1917 would expand the prison population eligible for this reduction in sentence to include inmates with four criminal history points as long each conviction carried only one point, or two points for drug trafficking. The expansion would allow reduced sentences to apply with certain restrictions to a person who had up to four convictions that resulted in less than 60 days of total sentence. The legislation also would create a second safety valve that would allow mandatory minimum sentences of 10 years to be shortened if a defendant met certain criteria.

Using information from the USSC, CBO estimates that the proposed expansion of the safety valves would reduce the prison population by about 10,300 person-years over the 2019-2028 period, thus reducing DOJ's costs by $133 million.

Mandatory Minimums for Prior Drug Offenses. S. 1917 would reduce mandatory minimum sentences for prior drug felons. The current "three strikes" penalty would be reduced from life imprisonment to 25 years; 20-year minimum sentences would be reduced to 15 years.[3]

Under current law, a mandatory minimum sentence can apply to any repeat drug offense, whether the felony is considered to be serious or minor. S. 1917 would change the criteria for the application of a mandatory minimum sentence to include only certain serious drug felonies and serious violent felonies.[4] According to the USSC, sentencing changes for newly sentenced inmates under the lowered mandatory minimum would begin 15 years after sentencing, thus CBO estimates that there would be no savings from this provision over the next 10 years.

Under the bill, this provision also would be used to retroactively reduce sentences for inmates with no prior convictions for a serious violent felony. Using information from the

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2. Criminal history points are used to determine the length of a prison sentence. Under the U.S. Federal Sentencing Guidelines, the length of a prison sentence depends on prior criminal history and the seriousness of the current offense.

3. Three strikes significantly increases the sentence of a person with two or more prior convictions and, in some cases, can require a life sentence.

4. A serious drug felony is a federal offense involving a controlled substance for which the maximum sentence is 10 years or more, as defined in titles 18, 21, and 46 of the U.S. Code. The bill would exempt nonviolent drug felonies for which the sentence was completed more than 15 years before. A serious violent felony is a federal offense consisting of murder, manslaughter, sexual abuse, use of a firearm, or other severe offense for which the maximum term of imprisonment is 10 years or more as defined in section 3559 of title 18 of the U.S. Code.

USSC, CBO estimates that such changes would result in a decrease of 7,400 person-years over the 2019-2028 period, thereby reducing DOJ's costs by $95 million.

Mandatory Minimums for Firearms Offenses. S. 1917 would limit mandatory minimum sentences for offenses involving the use of a firearm in the commission of a drug-related or violent crime to people who have previously been convicted and have served a sentence for such an offense. According to the USSC, sentencing changes for newly sentenced inmates under the bill would begin 10 years after sentencing, thus CBO estimates that there would be no savings from this provision over the next 10 years.

CBO also expects that this provision would be used to retroactively reduce sentences for inmates with no prior convictions for a serious violent felony. Using information from the USSC, CBO estimates that such reductions would result in a decrease of 1,600 person-years over the 2019-2028 period and would reduce DOJ's costs by $19 million.

New Mandatory Minimums and Sentence Enhancements. S. 1917 would create new mandatory minimum sentences for certain serious crimes involving domestic violence, terrorism, or activities related to the proliferation of nuclear weapons. The bill also would direct courts to enhance sentences for drug crimes involving fentanyl. Using information from the USSC, CBO estimates that those provisions would result in 1,650 additional person-years over the 2019-2028 period, thereby increasing DOJ's costs by $20 million.

Reduced Prison Staffing. CBO estimates that implementing S. 1917 would reduce the prison population relative to that under current law and thus could reduce the number of staff required to operate the prison system. According to the BOP, in recent years the inmate-to-staff ratio in BOP facilities has been about 4-to-1. For this estimate, CBO expects that the BOP would choose to maintain that ratio and would reduce the number of prison staff in accordance with reductions in the number of inmates. The Council of Prison Locals C-33, a union representing federal prison workers, advocates for the 3.5-to-1 ratio that existed in the mid-1990s.

In 2017, the BOP received an appropriation of $7.1 billion in 2018 for the salaries and expenses of about 37,500 employees, with average costs of about $110,000 per employee. CBO expects that the reduction in inmates under S. 1917 would lead to a modest reduction in prison staff that would occur primarily through attrition. As a result, CBO estimates that DOJ's costs would not change until a few years after enactment. Starting in 2022, the BOP would employ, on average, about 270 fewer staff over the 2022-2028 period, reducing DOJ's costs by about $37 million annually and $259 million over the 2022-2028 period. If BOP chose the 3.5-to-1 ratio that existed in the mid-1990s (as some stakeholders advocate) the savings would be less.

Other Costs. CBO estimates that implementing other provisions of S. 1917 would cost $311 million over the 2019-2028 period. Of that amount, $208 million would stem from provisions of title II that would require DOJ and the BOP to carry out new activities intended to reduce recidivism. In addition, CBO estimates that enacting the bill would increase the judiciary's costs by $103 million.

Programs to Reduce Recidivism. Title II would require DOJ and the BOP to implement an offender risk and needs assessment system and provide programs to prisoners to reduce recidivism and promote successful reentry into society. The system would require each prisoner to undergo a risk assessment upon entering prison that would identify programs for which that person would be eligible. The bill also would require DOJ to implement inmate reentry demonstration programs and submit various reports to the Congress.

Currently, the BOP uses a tool to determine each inmate's security and classification level upon entry into the federal prison system. The BOP also offers vocational and educational training to inmates. CBO expects that under the bill DOJ and the BOP would modify and expand those existing activities, requiring additional staff and resources. CBO estimates the associated costs to DOJ and the BOP would be lower in the initial years but would increase over time to meet the bill's deadline for those programs. Based on the expected scale of those proposed activities in relation to existing programs, and historical spending patterns for similar activities, CBO estimates that implementing those provisions would cost on average about $21 million annually or $208 million over the next 10 years.

One component of those programs would include providing time credits to inmates who successfully complete certain programs, allowing them to spend time in prerelease custody rather than in federal prison.[5] On the basis of the bill's deadline for implementing the program, CBO expects the BOP would begin awarding time credits to eligible inmates in 2025 and applying those credits in 2027.

According to the BOP, there is no available bed space in existing residential reentry centers and the bureau does not have the authority to build new ones; therefore, CBO does not expect that time credits would be used to move additional inmates into residential reentry centers. Using information from the BOP, CBO expects that a limited number of qualifying low-risk inmates could be moved directly from prison into home confinement under the supervision of a private contractor or the U.S. Probation and Pretrial Services System, which is part of the federal judiciary. Resulting changes in federal costs would depend on which entities take responsibility for such inmates. Whereas the cost to house an inmate in a BOP prison is about $34 per day, the daily cost to monitor an inmate in home confinement ranges from $16 (for monitoring by the judiciary) to $40 (for monitoring by private contractors). If the BOP moves relatively

5. Prerelease custody is a period spent under the supervision of the federal government outside of a federal prison, including time spent in a residential reentry center or in home confinement, before an official release from prison.

more inmates into home confinement monitored by private contractors, that shift would result in increased costs to the BOP. If the BOP moves relatively more inmates into home confinement monitored by the judiciary, that shift would result in savings for the BOP but increased costs for the judiciary for additional staff and resources, resulting in no net change in costs to the federal government, in CBO's estimation.

CBO expects that private contractors' capacity to monitor additional inmates in home confinement would be lower in the initial years of the program but would grow over time. Under the time credits program, CBO estimates that, on average, about 600 inmates would be transferred 120 days early from a federal prison into privately contracted home confinement in 2027 and 2028. In total, CBO estimates that the use of those time credits would cost less than $500,000 in 2027 and in 2028.

Increased Costs for the Judiciary. S. 1917 also would impose other costs on the federal judiciary. As inmates were released from prison earlier than they would be under current law, a greater number of probation officers would be required to supervise them, thereby increasing costs. The bill would increase the workload of judges, court officers, and public defenders as new requests for changes in sentencing were considered by the court and as inmates were processed for earlier release. S. 1917 also would require the Administrative Office of the U.S. Courts to implement a pilot program to reduce substance abuse and recidivism rates of newly released inmates. Using information from that office, CBO estimates those provisions would cost the judiciary $103 million over the next 10 years for additional probation officers, court officers, and public defenders.

Direct Spending and Revenues

Under current law prisoners generally are ineligible to receive benefits from several federal programs, including Medicare, Medicaid, and the health insurance marketplaces; Social Security; SSI; and SNAP. By accelerating the release of prisoners, CBO estimates that the bill would increase the number of people receiving benefits from those programs, resulting in an increase in direct spending totaling $242 million over the 2019-2028 period (see Table 3). CBO calculated that change in costs in person-years, or the costs associated with providing benefits for one additional person for one year. Revenues also would decline by $4 million because of effects on the health insurance marketplaces established under the ACA.

TABLE 3. DIRECT SPENDING UNDER S. 1917

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES IN DIRECT SPENDING OUTLAYS[a]													
Medicaid	0	4	6	8	10	13	16	19	16	16	17	41	125
Health Insurance Marketplaces	0	1	1	2	2	3	3	4	3	3	3	9	25
Social Security (Off-budget)	0	1	1	2	2	2	3	3	3	3	3	8	23
Medicare	0	1	1	1	1	2	2	2	2	2	2	2	16
Supplemental Security Income	0	1	1	2	2	3	3	3	3	3	4	9	25
Supplemental Nutrition Assistance Program	0	0	1	1	1	1	2	2	2	2	2	4	14
National Criminal Justice Commission	0	7	7	0	0	0	0	0	0	0	0	14	14
Total Changes in Outlays	0	15	18	16	18	24	29	33	29	29	31	87	242
On-budget	0	14	17	14	16	22	26	30	26	26	28	79	219
Off-budget	0	1	1	2	2	2	3	3	3	3	3	8	23

Components may not sum to totals because of rounding.

a. Budget authority is equal to outlays for all programs.

Medicaid. Based on research regarding the post-incarceration income of felons, CBO estimates that about half of the prisoners released under this bill would have incomes below 138 percent of the federal poverty line, the upper income eligibility threshold for adults made newly eligible for Medicaid under the Affordable Care Act (ACA). Of those who would qualify for Medicaid and choose to enroll, a little less than half would be eligible under pre-ACA eligibility categories and qualify for the standard federal Medicaid matching rates (which average 57 percent nationally), and a little more than half would be eligible for the new eligibility category under the ACA and qualify for federal matching rates that are 94 percent in 2018, 93 percent in 2019, and 90 percent in following years. CBO also expects that health care costs for former prisoners would be about three times higher than for the average Medicaid adult beneficiary based on an analysis of Medicaid per capita costs for similar populations. According to a review of studies regarding prisoners' health status, prisoners have higher mental healthcare needs, substance abuse disorders, and higher rates of HIV and Hepatitis-C infection than the general adult Medicaid population. CBO estimates that Medicaid spending for those former prisoners would total $125 million over the 2019-2028 period.

Health Insurance Marketplaces. Using information on the age, employment status, and postincarceration income of felons, CBO and JCT estimate that about 10 percent of the prisoners released under the bill would obtain subsidized insurance through a health insurance marketplace. Using information on the marital status and children of felons, CBO and JCT estimate that about 75 percent of those would be single adults enrolling in their own plan and about 25 percent would be added to a plan their family members were already enrolled in. Accordingly, CBO and JCT estimate that the bill would increase premium assistance tax credits provided through health insurance marketplaces by $29 million over the 2018-2028 period. That increase in subsidies reflects a $25 million increase in outlays and a $4 million decrease in revenues.[6]

Social Security and Medicare. Based on administrative data from the Social Security Administration, CBO estimates that about 4 percent of prisoners would receive Social Security benefits if they were not incarcerated. CBO applied that share to the estimated reduction in prisoners and estimates that enacting S. 1917 would increase Social Security spending by $23 million over the 2019-2028 period (that spending would be classified as off-budget). Most prisoners who gained eligibility for Social Security under this proposal also would become eligible for Medicare benefits, at an estimated cost of $16 million over the 2019-2028 period.

Supplemental Security Income. Using data from the Social Security Administration on SSI beneficiaries whose benefits were suspended because they were incarcerated, CBO estimates that 9 percent of prisoners released under the bill would receive SSI benefits, at an estimated cost of $25 million over the 2019-2028 period.

Supplemental Nutrition Assistance Program. Using information on the postincarceration income of felons, CBO estimates that 20 percent of the prisoners released under the bill would receive SNAP benefits, at an estimated cost of $14 million over the 2018-2028 period. That estimate accounts for the fact that most states have taken the option under current law to modify or opt out of the ban on drug felons from receiving SNAP benefits.

National Criminal Justice Commission. Title III would establish the National Criminal Justice Commission to conduct a comprehensive review of the criminal justice system and make recommendations to the Congress on criminal justice reform. The bill would provide up to $14 million from the general fund of the Treasury for spending by the commission. CBO estimates that enacting that provision would cost $14 million over the 2019-2028 period.

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6. The subsidies for health insurance premiums are structured as refundable tax credits; following the usual procedures for such credits, CBO and JCT classify the portions that exceed taxpayers' income tax liabilities as outlays, and the portions that reduce tax payments as reductions in revenues. All cost-sharing subsidies are classified as outlays.

If enacted, S. 1917 would exempt the budgetary effects of title III from being counted for pay-as-you-go purposes. Title III also would amend the Balanced Budget and Emergency Deficit Control Act to reduce the nonsecurity spending limit by $7 million in each year over the 2019-2020 period. That reduction would effectively reduce the overall amounts authorized to be appropriated in those 2 years by $14 million.

The bill also would permit the commission to accept donations, which would be recorded in the budget as offsetting receipts (reductions in direct spending), and to spend them without further appropriation action. Because CBO expects that any donation received by the commission would be offset by an expenditure soon thereafter, the estimated net effect on direct spending would be negligible.

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 Table 4. The bill would increase direct spending for Social Security by $23 million over the 2019-2028 period. Because spending for Social Security is classified as off-budget, those outlays are not subject to pay-as-you-go procedures.

TABLE 4. CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR S. 1917, THE SENTENCING REFORM AND CORRECTIONS ACT OF 2017, AS ORDERED REPORTED BY THE SENATE COMMITTEE ON THE JUDICIARY ON FEBRUARY 15, 2018

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2018-2023	2018-2028
NET INCREASE IN THE ON-BUDGET DEFICIT													
Statutory Pay-As-You-Go Effect	0	14	17	14	16	22	26	31	27	27	29	80	223
Memorandum:													
Changes in On-Budget Outlays	0	14	17	14	16	22	26	30	26	26	28	79	219
Changes in Revenues	0	0	0	0	0	0	0	-1	-1	-1	-1	-1	-4

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 1917 would not increase net direct spending by more than $2.5 billion or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

S. 1917 would impose intergovernmental and private-sector mandates as defined in UMRA. In certain circumstances, section 210 would permit the sealing or expungement of juvenile records associated with nonviolent federal convictions. The bill would require public and private entities—including state, local, and tribal law enforcement agencies and privately owned correctional facilities that hold records related to those offenses—to seal or expunge the records when so ordered by a federal court and to certify compliance in writing. Given the limited number of juveniles in the federal court and corrections system and the smaller number of cases expected to involve records held by mandated entities, CBO estimates that the costs would fall well below the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($80 million and $160 million in fiscal year 2018, respectively, adjusted annually for inflation).

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