CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Keith Hall, Director

May 30, 2019

Honorable Jerrold Nadler
Chairman
Committee on the Judiciary
U.S. House of Representatives
Washington, DC 20515

Re: H.R. 2820, the Dream Act of 2019

Dear Mr. Chairman:

The Congressional Budget Office and staff of the Joint Committee on Taxation (JCT) have completed an estimate of the direct spending and revenue effects of H.R. 2820, the Dream Act of 2019, as ordered reported by the House Committee on the Judiciary on May 22, 2019. On net, CBO and JCT estimate enacting the legislation would increase budget deficits by $26.3 billion over the 2020-2029 period; on-budget deficits would increase by $31.0 billion, and off-budget deficits would decrease by $4.8 billion over that period. Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.[1] The pay-as-you-go effects are equal to the change in on-budget deficits (see Table 1).

H.R. 2820 would allow inadmissible or deportable aliens who arrived in the United States before the age of 18 and have been continuously present for at least four years to receive lawful permanent resident (LPR) status under certain conditions. If they meet further qualifications—related to education, employment, uniformed service, disability, caregiving, or hardship to themselves or their relatives—the bill would permit them to remove the conditional basis of their LPR status, making them eligible to become citizens.

1. A relatively small number of people would be eligible for LPR status under both H.R. 2820 (the Dream Act) and H.R. 2821 (the American Promise Act), both of which were ordered reported by the House Committee on the Judiciary on May 22, 2019. Consequently, if the provisions of the two bills were enacted as a single bill, the budgetary effects for that combined bill would be smaller than the sum of the budgetary effects of the two bills. CBO has not estimated the budgetary effects of a combined bill.

CBO estimates that H.R. 2820 would provide lawful immigration status and work authorization to more than 2 million people who otherwise would be physically present in the United States without such legal authority.[2,3] Enacting the bill would affect direct spending because LPR status confers eligibility for federal benefits—health insurance subsidies and benefits under Medicaid and also under the Supplemental Nutrition Assistance Program, among others—provided that those applicants meet the other eligibility requirements for those programs.[4]

Enacting H.R. 2820 also would affect federal revenues because the increase in the number of workers with employment authorization would affect payroll taxes and individual and corporate income taxes. Some newly authorized workers also would become eligible for refundable tax credits (included in the spending total below). In addition, some of the fees established under the bill would be classified as revenues in the budget.

CBO and JCT estimate that enacting H.R. 2820 would increase direct spending by $28.8 billion over the 2020-2029 period. Over that same period, CBO and JCT estimate that the bill would increase revenues, on net, by $2.5 billion—a decline in on-budget revenues of $2.9 billion and an increase in off-budget revenues of $5.5 billion.

2. H.R. 2820 would not require as a condition for eligibility for LPR status that an alien be inadmissible or deportable as of the date of enactment or any other specific date. Thus, some aliens who are currently in lawful immigration status could subsequently lose that status, become inadmissible or deportable, and therefore gain eligibility for LPR status under H.R. 2820. CBO has not estimated the number of people that could be so affected, nor the budgetary effects resulting from their eligibility for LPR status.

3. The Administration has proposed to terminate the Deferred Action for Childhood Arrivals program that currently provides lawful presence and work authorization to nearly 700,000 inadmissible or deportable aliens. That policy is currently subject to a nationwide injunction. Spending and revenues in CBO's baseline reflect the expectation that the injunction will eventually be lifted and the Administration will implement its proposed policy.

4. The bill also would provide eligibility for health insurance subsidies to minor children who are not yet eligible to apply for conditional LPR status under the bill because they are not yet in secondary school.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is David Rafferty.

Sincerely,

Keith Hall
Director

Enclosure

cc: Honorable Doug Collins
Ranking Member

Table 1.
H.R. 2820, the Dream Act of 2019

	By Fiscal Year, Millions of Dollars												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2024	2019-2029
Changes in Direct Spending (Outlays)													
On-Budget													
Health Insurance Subsidies[a]	0	230	615	1,135	1,515	1,715	1,700	1,510	1,340	1,320	1,410	5,210	12,490
Medicaid and CHIP	0	25	55	100	135	180	335	705	1,125	1,395	1,235	495	5,290
Refundable Tax Credits[b]	0	25	75	330	430	445	465	480	490	495	500	1,305	3,735
SNAP	0	15	50	60	60	55	115	330	555	665	710	240	2,615
Supplemental Security Income	0	5	15	30	35	145	195	220	255	315	275	230	1,490
DHS Fees and Spending	0	360	645	-60	15	105	90	60	-30	-20	5	1,065	1,170
Higher Education Assistance	0	15	85	155	130	95	85	85	95	95	95	480	935
Medicare	0	0	0	*	5	15	30	45	65	90	125	20	375
Subtotal	0	675	1,540	1,750	2,325	2,755	3,015	3,435	3,895	4,355	4,355	9,045	28,100
Off-Budget													
Social Security	0	*	10	20	30	45	65	85	115	145	180	105	695
Total	0	675	1,550	1,770	2,355	2,800	3,080	3,520	4,010	4,500	4,535	9,150	28,795
Changes in Revenues													
On-Budget													
Income and Medicare Taxes	0	-60	-300	-370	-325	-205	-80	-375	-370	-375	-380	-1,260	-2,840
Health Insurance Subsidies[a]	0	-20	-50	-85	-110	-125	-130	-160	-180	-195	-205	-390	-1,260
DHS Revenues	0	190	415	155	85	90	95	85	35	15	5	935	1,170
Subtotal	0	110	65	-300	-350	-240	-115	-450	-515	-555	-580	-715	-2,930
Off-Budget													
Social Security	0	20	85	575	675	700	695	680	675	680	690	2,055	5,475
Total	0	130	150	275	325	460	580	230	160	125	110	1,340	2,545
Changes in Deficits (Negatives Indicate Increases in Deficits)													
Total	0	-545	-1,400	-1,495	-2,030	-2,340	-2,500	-3,290	-3,850	-4,375	-4,425	-7,810	-26,250
On-Budget	0	-565	-1,475	-2,050	-2,675	-2,995	-3,130	-3,885	-4,410	-4,910	-4,935	-9,760	-31,030
Off-Budget	0	20	75	555	645	655	630	595	560	535	510	1,950	4,780

The change in direct spending would affect budget authority by similar amounts; CHIP = Children's Health Insurance Program; DHS = Department of Homeland Security; SNAP = Supplemental Nutrition Assistance Program; * = between -$500,000 and $500,000.

a. Premium tax credits for health insurance purchased through the marketplaces established under the Affordable Care Act.
b. Refundable tax credits include the outlay portion of the earned income and child tax credits.