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. 2821 the American Promise 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. 2821, the American Promise Act of 2019, as ordered reported by the House Committee on the Judiciary on May 22, 2019. On net, CBO and JCT estimate that enacting H.R. 2821 would increase budget deficits by $8.3 billion over the 2020-2029 period; on-budget deficits would increase by $7.9 billion, and off-budget deficits would increase by $0.4 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. 2821 would allow aliens who, as of January 1, 2017, had or were otherwise eligible for Temporary Protected Status (TPS) or were eligible for Deferred Enforced Departure (DED) to receive lawful permanent resident (LPR) status under certain conditions.

CBO estimates that H.R. 2821 would provide lawful immigration status and work authorization to nearly half a million people who otherwise would be physically present in the United States without such legal authority.[2]

---

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.

2. The Administration has proposed to terminate TPS and DED for nationals of several countries. 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.

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.

Enacting H.R. 2821 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. 2821 would increase direct spending by $8.8 billion over the 2020-2029 period. Over that same period, CBO and JCT estimate that the bill would increase revenues, on net, by $0.5 billion—a decline in on-budget revenues of $0.4 billion and an increase in off-budget revenues of $1.0 billion.

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. 2821, the American Promise 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	0	0	0	565	625	585	520	535	605	640	1,190	4,075
Medicaid and CHIP	0	0	0	0	-5	10	90	205	255	270	210	5	1,035
Refundable Tax Credits[b]	0	0	0	0	50	75	95	105	115	115	110	125	665
Medicare	0	0	0	0	10	30	50	80	115	160	210	40	655
SNAP	0	*	5	5	5	5	45	115	130	130	130	20	570
DHS Fees and Spending	0	165	230	-25	-25	*	-5	-5	5	*	*	345	340
Supplemental Security Income	0	0	0	0	*	*	5	20	25	35	35	*	120
Higher Education Assistance	0	*	*	1	3	3	2	2	2	1	*	7	14
Subtotal	0	165	235	-19	603	748	867	1,042	1,182	1,316	1,335	1,732	7,474
Off-Budget													
Social Security	0	0	0	0	70	100	135	180	230	285	345	170	1,345
Total	0	165	235	-19	673	848	1,002	1,222	1,412	1,601	1,680	1,902	8,819
Changes in Revenues													
On-Budget													
Income and Medicare Taxes	0	0	0	0	-40	-35	-15	-85	-85	-85	-85	-75	-430
Health Insurance Subsidies[a]	0	0	0	0	-35	-40	-40	-50	-60	-65	-65	-75	-355
DHS Revenues	0	115	190	40	0	0	0	0	0	0	0	345	345
Subtotal	0	115	190	40	-75	-75	-55	-135	-145	-150	-150	195	-440
Off-Budget													
Social Security	0	0	0	0	80	115	140	150	155	155	155	195	950
Total	0	115	190	40	5	40	85	15	10	5	5	390	510
Changes in Deficits (Negatives Indicate Increases in Deficits)													
Total	0	-50	-45	59	-668	-808	-917	-1,207	-1,402	-1,596	-1,675	-1,512	-8,309
On-Budget	0	-50	-45	59	-678	-823	-922	-1,177	-1,327	-1,466	-1,485	-1,537	-7,914
Off-Budget	0	0	0	0	10	15	5	-30	-75	-130	-190	25	-395

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. Includes cost-sharing subsidies and the outlays portion of premium assistance tax credits.
b. Refundable tax credits include the outlay portion of the earned income and child tax credits.