

**H.R. 1, For the People Act of 2021, as published by the Committee on Rules on February 25, 2021**
**Estimated Effects on Direct Spending and Revenues <sup>a</sup>**

	By Fiscal Year, Millions of Dollars											2021- 2026	2021- 2031
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
<b>Increases or Decreases (-) in Revenues</b>													
Freedom From Influence Fund	0	245	289	312	333	349	363	376	386	396	406	1,528	3,455
Other Revenue	0	-53	-44	-37	-30	-26	-23	-20	-19	-18	-16	-190	-286
Total Revenue	0	192	245	275	303	323	340	356	367	378	390	1,338	3,169
<b>Increases or Decreases (-) in Direct Spending</b>													
My Voice Voucher Pilot Program													
Estimated Budget Authority	0	0	0	0	0	0	6	21	9	21	3	0	60
Estimated Outlays	0	0	0	0	0	0	6	21	9	21	3	0	60
Small Dollar Financing of Congressional Election Campaigns													
Estimated Budget Authority	0	0	0	0	0	0	50	520	120	710	160	0	1,560
Estimated Outlays	0	0	0	0	0	0	50	520	120	710	160	0	1,560
Presidential Election Campaign Matching Funds Program													
Estimated Budget Authority	0	0	0	0	0	0	150	580	*	0	175	0	905
Estimated Outlays	0	0	0	0	0	0	150	580	*	0	175	0	905
Other Reductions in Direct Spending													
Estimated Budget Authority	0	-42	-53	-53	-53	-53	-54	-54	-54	-54	-55	-254	-525
Estimated Outlays	0	-10	-26	-31	-37	-41	-41	-42	-42	-42	-43	-145	-355
Total Direct Spending													
Estimated Budget Authority	0	-42	-53	-53	-53	-53	152	1,067	75	677	283	-254	2,000
Estimated Outlays	0	-10	-26	-31	-37	-41	165	1,079	87	689	295	-145	2,170
<b>Net Increases or Decreases (-) in the Deficit From Changes in Direct Spending and Revenues</b>													
Effect on the On-Budget Deficit	0	-202	-271	-306	-340	-364	-175	723	-280	311	-95	-1,483	-999

**Memorandum:**

Balance in the Freedom From Influence Fund at the end of each year	0	245	534	846	1179	1528	1685	940	1197	862	930	n.a.	n.a.
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Sources: Congressional Budget Office and the Staff of the Joint Committee on Taxation.

Estimates relative to CBO's February 2021 baseline; n.a. = not applicable; \* = between zero and \$500,000.

For more information, see the notes beginning on page 2.

a. This estimate does not include an analysis of spending subject to appropriation or an analysis of mandates under the Unfunded Mandates Reform Act.



## H.R. 1, For the People Act of 2021

As posted on the Committee on Rules Website on February 25, 2021

**Revenues.** H.R. 1 would create an additional assessment on many criminal and civil penalties currently imposed by the federal government, or on related settlements, equal to 4.75 percent of the penalty or settlement amount. The proceeds from those additional assessments would be deposited into the Freedom From Influence Fund created under H.R. 1. The additional assessments on nontax penalties and settlements would generally apply only to organizations. The additional assessments on tax penalties would apply to all taxpayers except individual taxpayers whose taxable income does not exceed the dollar amount at which the top tax bracket begins.

CBO and the staff of the Joint Committee on Taxation (JCT) estimate that the assessments would increase revenues by \$245 million in 2022 and by \$3.4 billion over the 2021-2031 period. Those estimates are based on information from the Internal Revenue Service, the Office of Management and Budget, and other agencies.

In addition, CBO and JCT estimate that the higher assessments would increase compliance, which would reduce the base of such penalties and settlements and also result in additional collections of income taxes. On net, CBO estimates those effects would reduce revenues by \$53 million in 2022 and \$286 million over the 2021-2031 period.

Taken together, CBO and JCT estimate enacting H.R. 1 would increase revenues by \$3.2 billion over the 2021-2031 period.

**Freedom From Influence Fund.** The Freedom From Influence Fund would be the sole source of funding for three programs: the My Voice Voucher Pilot Program (section 5101), which would give eligible voters a voucher that could be used to make certain campaign contributions; the Small Dollar Financing of Congressional Election Campaigns, which would match certain small-dollar contributions to election campaigns for the House of Representatives (section 5111); and the Presidential Election Campaign Matching Funds Program, an existing program that provides matching funds for Presidential election campaigns (section 5200). CBO estimates that spending on the three programs, which would be limited by amounts available in the Freedom From Influence Fund, would total a little more than \$2.5 billion over the 2021-2031 period.

**My Voice Voucher Pilot Program.** H.R. 1 would direct the Federal Election Commission (FEC) to establish a pilot program in three states to reimburse those states for the cost of providing a voucher worth \$25 to any eligible voter in the state to use as contributions to candidates for the U.S. House of Representatives. The pilot program would operate for two election cycles. The bill would provide each participating state \$10 million per election cycle in reimbursements from the federal government. Based on that limitation, CBO estimates that the voucher program would increase direct spending by \$60 million over the 2021-2031 period.

**Small Dollar Financing of Congressional Election Campaigns.** H.R. 1 also would create a program, starting in the 2028 election cycle, to match certain qualifying campaign contributions with federal funds for candidates running for the House of Representatives who choose to comply with the program's requirements. Generally, candidates who accept campaign contributions of \$200 or less from individual

donors would be eligible to receive federal matching funds at a rate of up to \$6 for every \$1 raised from donors. Eligible candidates would need to meet certain other fundraising thresholds, and the bill would limit the total matching funds available to any individual candidate. The bill would not limit the total cost of providing matching funds for all participating candidates in any election cycle, but total expenditures would be limited to amounts available in the Freedom From Influence Fund.

Using data from the FEC, CBO finds that about 1,800 candidates run for the House, on average, in an election cycle and that spending by all candidates in recent cycles has totaled more than \$1 billion. Using data from the 2020 election, CBO expects that under the new program roughly 400 candidates would raise more from small donors plus the matching amounts at a 6-to-1 matching rate (with a maximum match of \$5 million) than they raised in total contributions during the last election cycle. CBO estimates that spending under this program would total about \$620 million for the 2028 election (\$50 million in 2027, \$520 million in 2028, and \$50 million in 2029) and about \$850 million for the 2030 election (\$70 million in 2029, \$710 million in 2030, and \$70 million in 2031). CBO also estimates that about \$90 million would be spent in 2031 for the 2032 election cycle. Thus, CBO estimates that in total enacting this provision would increase direct spending by about \$1.6 billion over the 2021-2031 period.

**Presidential Election Campaign Matching Funds Program.** Under current law, candidates for President can participate in a program that matches certain campaign contributions with federal funds. H.R. 1 would increase the matching rate for qualifying private donations to \$6 for each \$1 raised from donors. Under the bill, the only source of funding for the amended program would be the Freedom From Influence Fund, and the program would not begin until the start of the 2028 Presidential campaign cycle.

Using information from the FEC about the last five election cycles, CBO finds that, on average, about 20 major candidates run in each cycle. In addition, using data on how much Presidential candidates collected and spent, CBO expects that roughly half of the campaigns would opt out of the new matching system because they would either collect more than the \$250 million cap on matching funds or would not raise enough to meet the participation requirements. Of the remaining candidates, CBO estimates that five would each raise less than \$20 million and gain roughly \$110 million in matching funds, and five would each raise about \$6 million and receive roughly \$30 million in matching funds. CBO estimates that increasing the matching rate would increase federal outlays by \$905 million over the 2021-2031 period. Of that amount, about \$730 million would be spent in the 2028 election cycle and \$175 million in 2031 for the 2032 election.

**Other Reductions in Direct Spending.** As discussed above, CBO and JCT expect that the increased assessment on criminal and civil penalties would reduce the amount of penalties and settlements collected under current law, in part because of increased compliance with the law. Some of those penalties and settlements are transferred to other trust funds under current law and can be spent without future appropriation. Thus, reducing penalties and settlements (which are recorded as revenues) also would reduce the spending of those collections. CBO estimates that, on net, increasing assessments would result in a decrease in direct spending totaling \$10 million in 2022 and \$355 million over the 2021-2031 period.