



February 26, 2015

Honorable Susan M. Collins
United States Senate
Washington, DC 20510

Re: Budgetary Effects of S. 534, the Immigration Rule of Law Act of 2015, as introduced on February 23, 2015

Dear Senator:

CBO and the staff of the Joint Committee on Taxation (JCT) have analyzed S. 534, the Immigration Rule of Law Act of 2015, as introduced on February 23, 2015. The bill would permanently prohibit the Administration from implementing a series of policy initiatives with respect to deferred action, immigration, and enforcement that the President announced in November 2014. For this letter, CBO is only examining the effects the bill would have on revenues and direct spending.

S. 534 would prohibit the Administration from both expanding eligibility for the Deferred Action for Childhood Arrivals (DACA) program, which began in August 2012, and extending the deferral period from two years to three years. The bill also would prohibit the Administration from approving the parents of U.S. citizens or lawful permanent residents for deferred action.

CBO and JCT expect that enacting S. 534 would reduce both revenues and outlays for direct spending programs. Specifically, JCT estimates that, as a result of the bill, revenues would be lower by \$18.9 billion over the 2016-2025 period, mostly because revenues from Social Security taxes would be lower. In addition, CBO and JCT estimate that direct spending would be lower by \$12.6 billion over the same period, mostly because less would be spent for the earned income and child tax credits. On net, according to those estimates, the bill would increase deficits by \$6.3 billion over the 2015-2025 period. Over that period, off-budget deficits would increase by \$14.0 billion, whereas on-budget deficits would decrease by \$7.6 billion (see enclosed table).

S. 534 is similar to the immigration-related provisions of H.R. 240, the Department of Homeland Security Appropriations Act, 2015, as passed by the House of Representatives

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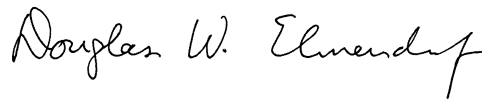
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on January 14, 2015.¹ S. 534 would prohibit fewer people from being approved for deferred action than H.R. 240 because CBO expects that participation in the original DACA program would be largely unchanged by the Senate bill, whereas the original DACA program would be eliminated under the House bill.

In estimating the budgetary effects of S. 534, CBO and JCT used the same methodology that they applied in preparing the estimate for H.R. 240, with one exception. On February 16, 2015, a federal judge issued an injunction prohibiting the Administration from implementing the immigration initiatives announced by the President in November 2014. Given that injunction, for the purposes of this estimate, CBO has assumed that the Administration's new initiatives with respect to expanding DACA and to approving deferred action for parents of U.S. citizens and lawful permanent residents will not be implemented until 2016. Thus, we do not estimate any budgetary effects in 2015 from enacting S. 534.

If you wish further details about this analysis, we will be pleased to provide them. The CBO staff contacts are Sam Papenfuss and Melissa Merrell.

Sincerely,



Douglas W. Elmendorf
Director

Enclosure

1. On January 29, 2015, CBO transmitted a cost estimate for the immigration-related provisions of H.R. 240 (as passed by the House of Representatives), www.cbo.gov/publication/49920.

Estimated Budgetary Effects of S. 534, the Immigration Rule of Law Act of 2015, as introduced on February 23, 2015 ¹

(by fiscal year, in millions of dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015 - 2020	2015 - 2025
CHANGES IN REVENUES													
Social Security Taxes (off-budget)	0	-540	-1,500	-2,020	-1,760	-1,570	-1,510	-1,460	-1,410	-1,350	-1,360	-7,390	-14,480
Other Taxes	0	-229	-499	-629	-498	-468	-448	-438	-407	-397	-407	-2,323	-4,420
Total Revenues	0	-769	-1,999	-2,649	-2,258	-2,038	-1,958	-1,898	-1,817	-1,747	-1,767	-9,713	-18,900
<i>On-budget</i>	0	-229	-499	-629	-498	-468	-448	-438	-407	-397	-407	-2,323	-4,420
<i>Off-budget</i>	0	-540	-1,500	-2,020	-1,760	-1,570	-1,510	-1,460	-1,410	-1,350	-1,360	-7,390	-14,480
CHANGES IN DIRECT SPENDING													
Earned Income and Child Tax Credits													
Estimated Budget Authority	0	0	-560	-1,770	-1,450	-920	-870	-840	-810	-780	-750	-4,700	-8,750
Estimated Outlays	0	0	-560	-1,770	-1,450	-920	-870	-840	-810	-780	-750	-4,700	-8,750
Social Security (off-budget) ²													
Estimated Budget Authority	0	-5	-5	-10	-20	-30	-45	-65	-85	-115	-150	-70	-530
Estimated Outlays	0	-5	-5	-10	-20	-30	-45	-65	-85	-115	-150	-70	-530
Medicare													
Estimated Budget Authority	0	0	0	*	-5	-10	-15	-25	-40	-50	-65	-15	-210
Estimated Outlays	0	0	0	*	-5	-10	-15	-25	-40	-50	-65	-15	-210
Other Health Care Programs ³													
Estimated Budget Authority	0	-25	-60	-95	-130	-160	-160	-160	-160	-155	-150	-470	-1,255
Estimated Outlays	0	-25	-60	-95	-130	-160	-160	-160	-160	-155	-150	-470	-1,255
Supplemental Security Income													
Estimated Budget Authority	0	-45	-70	-85	-120	-120	-120	-125	-115	-105	-115	-440	-1,020
Estimated Outlays	0	-45	-70	-85	-120	-120	-120	-125	-115	-105	-115	-440	-1,020
Supplemental Nutrition Assistance Program													
Estimated Budget Authority	0	-25	-55	-75	-95	-90	-90	-85	-80	-80	-75	-340	-750
Estimated Outlays	0	-25	-55	-75	-95	-90	-90	-85	-80	-80	-75	-340	-750
Education ⁴													
Estimated Budget Authority	0	-2	-4	-6	-7	-8	-9	-10	-11	-12	-12	-27	-81
Estimated Outlays	0	-1	-2	-4	-6	-8	-9	-9	-10	-11	-12	-21	-72
Deferred Action Fees ⁵													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	161	-161	19	-1	22	-5	-9	-4	18	-28	40	12
Total Changes in Direct Spending	0	-102	-754	-2,041	-1,827	-1,338	-1,309	-1,310	-1,301	-1,297	-1,317	-6,062	-12,596
Estimated Budget Authority	0	-102	-754	-2,041	-1,827	-1,338	-1,309	-1,310	-1,301	-1,297	-1,317	-6,062	-12,596
Estimated Outlays	0	60	-913	-2,020	-1,827	-1,316	-1,314	-1,318	-1,304	-1,278	-1,345	-6,016	-12,575
<i>On-budget budget authority</i>	0	-97	-749	-2,031	-1,807	-1,308	-1,264	-1,245	-1,216	-1,182	-1,167	-5,992	-12,066
<i>On-budget outlays</i>	0	65	-908	-2,010	-1,807	-1,286	-1,269	-1,253	-1,219	-1,163	-1,195	-5,946	-12,045
<i>Off-budget budget authority</i>	0	-5	-5	-10	-20	-30	-45	-65	-85	-115	-150	-70	-530
<i>Off-budget outlays</i>	0	-5	-5	-10	-20	-30	-45	-65	-85	-115	-150	-70	-530
NET INCREASE OR DECREASE (-) IN DEFICITS FROM CHANGES IN DIRECT SPENDING AND REVENUES													
Increase or Decrease (-) in the Deficit	0	829	1,086	629	431	722	644	580	513	469	422	3,697	6,325
<i>On-budget</i>	0	294	-409	-1,381	-1,309	-818	-821	-815	-812	-766	-788	-3,623	-7,625
<i>Off-budget</i>	0	535	1,495	2,010	1,740	1,540	1,465	1,395	1,325	1,235	1,210	7,320	13,950

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Notes: Components may not sum to totals because of rounding; estimates are relative to CBO's January 2015 baseline; * = between -\$500,000 and zero.

1. CBO has not estimated the budgetary effects that enacting S. 534 might have on future spending subject to appropriation.
2. Includes both the Old Age and Survivors Insurance program and the Disability Insurance program.
3. Includes outlays for Medicaid and for subsidies for health insurance purchased through an exchange.
4. Includes student loans and mandatory outlays for Pell grants. Does not include effects on discretionary spending for Pell grants.
5. Fees collected and spent by the Department of Homeland Security for processing deferred action applications and renewals.