



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 12, 2008

H.R. 6633

Employee Verification Amendment Act of 2008

As passed by the House of Representatives on July 31, 2008

SUMMARY

H.R. 6633 would extend the E-Verify program for five years beyond its current expiration in November of 2008. The Department of Homeland Security (DHS) and the Social Security Administration (SSA) administer this program, which assists employers in confirming the eligibility of prospective employees to work in the United States.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 6633 would cost about \$570 million over the 2009-2013 period. Enacting H.R. 6633 would not affect direct spending or revenues.

H.R. 6633 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 6633 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice). Although SSA (function 650) would incur costs under H.R. 6633, section 3 of the act would require DHS to reimburse SSA for all costs relating to E-Verify.

	By Fiscal Year, in Millions of Dollars					2009- 2013
	2009	2010	2011	2012	2013	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Department of Homeland Security Costs						
Estimated Authorization Level	88	108	111	115	118	540
Estimated Outlays	66	103	111	114	117	511
Social Security Administration Costs						
Estimated Authorization Level	4	25	10	11	12	62
Estimated Outlays	4	22	12	11	12	61
Total Costs						
Estimated Authorization Level	92	133	121	126	130	602
Estimated Outlays	70	125	123	125	129	572

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 6633 would cost about \$570 million over the 2009-2013 period, assuming appropriation of the necessary amounts. For this estimate, CBO assumes that the necessary amounts will be appropriated near the start of each fiscal year and that outlays will follow the historical spending pattern of those activities.

Extension of E-Verify

Approximately 80,000 employers currently participate in E-Verify, with up to 1,000 employers per week using the program to verify the employment eligibility of prospective new employees. According to SSA, employers are expected to conduct about 6 million E-Verify queries in fiscal year 2008. CBO estimates that in 2009 the number of queries will grow to 11 million, reaching nearly 23 million in 2013. Most of that increase will result from new employers voluntarily joining the program. The remaining growth, CBO expects, will result from state laws requiring certain state employers to participate, a federal regulation requiring federal contractors to participate, and a surge in hiring by the U.S. Census Bureau for the 2010 census.

DHS Costs

DHS expects to spend about \$75 million in fiscal year 2008 to run the E-Verify program. The department would need additional resources for staff, technological components, and overhead costs to handle the increased workload anticipated over the 2009-2014 period under the provisions of H.R. 6633. We expect that DHS would assign much of the new staff to monitor and ensure compliance of participants in the E-Verify program. Based on information from DHS and assuming the availability of appropriated funds, CBO estimates that those activities would cost \$66 million in 2009 and \$511 million over the five-year period (the act would partially affect fiscal year 2009 because the program currently ends in late November of this year).

SSA Costs

CBO estimates that implementing H.R. 6633 also would increase discretionary costs for SSA by \$61 million over the 2009-2013 period. (Those costs would be reimbursed by DHS.) Based on information from SSA regarding information-technology enhancements needed to keep pace with the growth in the use of E-Verify, CBO estimates that maintaining and upgrading information systems would cost \$38 million over the next five years.

Additional costs would stem from new employees contacting SSA to resolve cases where E-Verify mistakenly classifies the employee as ineligible to work. CBO expects that about 1 percent of queries in 2009 would result in an employee contacting SSA to update or correct their personal data and prove they are eligible to work. (CBO expects that contact rate would fall to 0.75 percent by 2013 because of data improvements and individuals' past efforts to correct SSA's data.) Based on information from SSA, CBO expects the average cost per contact to increase from \$36 in 2009 to nearly \$40 in 2013. Thus, we estimate that resolving such situations would cost SSA \$23 million over the 2009-2013 period.

ESTIMATED INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 6633 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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