



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 22, 2008

H.R. 2608 **SSI Extension for Elderly and Disabled Refugees Act**

*As cleared by the Congress on September 17, 2008,
and signed by the President on September 30, 2008*

SUMMARY

H.R. 2608 (enacted as Public Law 110-328) amends the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to extend the eligibility for specified aliens to receive Supplemental Security Income (SSI) benefits during fiscal years 2009-2011. Additionally, H.R. 2608 allows the Internal Revenue Service (IRS) to collect unemployment-compensation debts resulting from fraud.

The Joint Committee on Taxation (JCT) and the Congressional Budget Office estimate that H.R. 2608 will increase direct spending by \$34 million in fiscal year 2009 and decrease direct spending by \$412 million over the 2009-2018 period. CBO estimates that H.R. 2608 will decrease revenues by \$1 million in fiscal year 2010 and by \$315 million over the 2010-2018 period. On net, the legislation will decrease budget deficits by \$97 million over the 2009-2018 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2608 is shown in the following table. The costs of this law fall within budget functions 550 (health) and 600 (income security).

	By Fiscal Year, in Millions of Dollars										2009-	2009-
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2013	2018
CHANGES IN DIRECT SPENDING												
Supplemental Security Income												
Estimated Budget Authority	38	39	26	0	0	0	0	0	0	0	104	104
Estimated Outlays	38	39	26	0	0	0	0	0	0	0	104	104
Medicaid												
Estimated Budget Authority	7	7	5	0	0	0	0	0	0	0	19	19
Estimated Outlays	7	7	5	0	0	0	0	0	0	0	19	19
Unemployment Compensation												
Estimated Budget Authority	-11	-44	-58	-59	-59	-60	-60	-61	-62	-62	-230	-535
Estimated Outlays	-11	-44	-58	-59	-59	-60	-60	-61	-62	-62	-230	-535
Total Changes												
Estimated Budget Authority	34	2	-27	-59	-59	-60	-60	-61	-62	-62	-108	-412
Estimated Outlays	34	2	-27	-59	-59	-60	-60	-61	-62	-62	-108	-412
CHANGES IN REVENUE												
Estimated Revenues	0	-1	-8	-20	-34	-44	-50	-52	-53	-53	-63	-315
NET BUDGETARY IMPACT												
Total Changes ^a	34	3	-19	-39	-25	-16	-10	-9	-9	-9	-45	-97

Note: Components may not sum to totals because of rounding.

a. Negative numbers reflect decreases in deficits; positive numbers reflect increases in deficits.

BASIS OF ESTIMATE

CBO estimated SSI and Medicaid outlays and revenues. JCT estimated Unemployment Compensation (UI) outlays.

Direct Spending

CBO and JCT estimate that H.R. 2608 will increase direct spending by \$34 million in fiscal year 2009 and decrease direct spending by \$412 million over the 2009-2018 period.

Supplemental Security Income. Section 2 of H.R. 2608 amends the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to extend the eligibility for specified aliens to receive SSI benefits during fiscal years 2009-2011. Under previous law, refugees, asylees, and trafficking victims lost SSI eligibility after seven years if they had not yet naturalized. The law extends SSI eligibility to nine years for those aliens, including those whose eligibility ended in earlier years. The law also extends eligibility for such aliens who have naturalization applications pending before immigration officials or who await being sworn in as a citizen.

Based on SSI data from the Social Security Administration (SSA) and immigration data from the Department of Homeland Security, CBO expects that the average SSI caseload will increase by nearly 6,000 beneficiaries in fiscal years 2009 and 2010, and by nearly 4,000 beneficiaries in fiscal year 2011. Incorporating data from SSA regarding average SSI benefits for aliens, CBO estimates that H.R. 2608 will increase SSI outlays by \$104 million over the 2009-2011 period.

Medicaid. In many states, refugees, asylees, and trafficking victims retain access to Medicaid benefits even if they become ineligible for SSI. In some states, however, those aliens will retain (or regain) Medicaid eligibility because of H.R. 2608. CBO estimates that H.R. 2608 will increase Medicaid outlays by \$19 million over the 2009-2011 period.

Unemployment Compensation. Section 3 of H.R. 2608 permits the IRS to reduce credits or refunds of federal taxes that are payable to persons who have overpayments of unemployment-compensation debts resulting from fraud. In those cases the IRS will remit any overpayments it collects to the states, with identifying information about the individuals and the collections. The IRS also will notify the taxpayers who made the overpayments that the amounts were collected to satisfy the unemployment-compensation debt.

Before the IRS can collect any amounts on behalf of a state, that state must notify those persons that owe the unemployment compensation debts of the intent to collect the debts. The states also must allow the persons an opportunity to present evidence that the debts are not legally enforceable or are not due to fraud. Under this law, JCT estimates that states will recover \$11 million in 2009 and \$535 million over the 2009-2018 period. Those recoveries will be recorded on the federal budget as reduced outlays by the unemployment state trust funds.

Revenues

When amounts in state unemployment trust funds increase, the states respond by reducing their tax rates to maintain roughly the same amount that would have existed in the funds in the absence of the legislation. Thus, CBO estimates that revenues will decrease by \$1 million in 2010 and by \$315 million over the 2009-2018 period, as a result of increased recoveries of fraudulent claims.

PREVIOUS CBO ESTIMATE

On December 19, 2007, CBO transmitted a cost estimate for H.R. 2608, the SSI Extension for Elderly and Disabled Refugees Act, as passed by the House of Representatives under suspension of the rules on July 11, 2007. The estimated cost of H.R. 2608 as enacted is lower by \$39 million, primarily because CBO was able to obtain more recent data on aliens' use of SSI.

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