



**CONGRESSIONAL BUDGET OFFICE  
PAY-AS-YOU-GO ESTIMATE**

November 6, 2000

**H.R. 3244  
Victims of Trafficking and Violence Protection Act of 2000**

*As cleared by the Congress on October 11, 2000,  
and signed by the President on October 28, 2000*

**SUMMARY**

H.R. 3244 (enacted as Public Law 106-386) contains numerous provisions that will affect direct spending and revenues, including provisions affecting court-awarded compensation and other assistance for victims of terrorism, Medicaid, Temporary Assistance for Needy Families (TANF), the Food Stamp program, Supplementary Security Income (SSI), and nonimmigrant visas issued by the Immigration and Naturalization Service (INS). In total, CBO estimates that the act will increase direct spending by \$623 million over the 2001-2010 period and revenues by less than \$500,000 annually.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO's estimate of the impact of H.R. 3244 on direct spending and revenues is shown in Table 1. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. The costs of this legislation fall within budget functions 150 (international affairs), 550 (health), 600 (income security), and 750 (administration of justice).

**BASIS OF ESTIMATE**

CBO estimates that the act will increase direct spending by \$342 million in 2001, \$446 million over the 2001-2005 period, and \$623 million over the 2001-2010 period, and revenues by less than \$500,000 annually.

TABLE 1. ESTIMATED IMPACT OF H.R. 3244 ON DIRECT SPENDING AND REVENUES  
(By fiscal year, in millions of dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays										
Payment of Anti-terrorism Judgments	320	40	0	0	0	0	0	0	0	0
Payments from Crime Victims Fund	20	20	0	0	0	0	0	0	0	0
Assistance for Victims of Trafficking	2	6	8	13	17	21	25	31	37	43
Benefits for Certain Crime Victims	0	0	0	*	*	1	2	3	6	8
Other	*	*	*	*	*	*	*	*	*	*
Subtotal	342	66	8	13	17	22	27	34	43	51
Changes in receipts										
	*	*	*	*	*	*	*	*	*	*

NOTE: \* = Costs or savings of less than \$500,000.

**Payment of Anti-terrorism Judgments.** Section 2002 of the legislation will enable certain victims of terrorism who have won judgments against Iran or Cuba in U.S. courts to collect monetary damages from those countries—primarily by obtaining certain funds currently held by the U.S. government. Under this section, victims of terrorism can elect to receive either 110 percent of the amount of compensatory damages awarded by a court, provided they agree to relinquish all rights and claims to any punitive damages awarded, or 100 percent of compensatory damages, provided they relinquish all rights to execute against or attach certain foreign diplomatic property (but retain their rights to pursue the collection of punitive damages from other sources). The section also will allow the victims to receive post-judgment interest.

For judgments awarded against Iran, the section directs the Secretary of the Treasury to pay the claimants using amounts in the Foreign Military Sales (FMS) Trust Fund paid by Iran in the 1970s and now held pending settlement of disputes arising from canceled military sales, as well as proceeds from renting certain diplomatic and consular property. For judgments awarded against Cuba, the section directs the President to liquidate certain property of the government of Cuba and entities closely affiliated with Cuba in the United States.

Based on information from the Department of State and the Office of Management and Budget, CBO estimates that section 2002 will increase direct spending by \$320 million in fiscal year 2001 and by \$40 million in fiscal year 2002. That estimate covers the cost of compensating the victims in cases already decided against Iran, as well as those victims who have filed suit against Iran and are listed in the legislation as being eligible for compensation

once a judgment has been made. It assumes that each of the victims will elect to receive 110 percent of their compensatory damages. Outlays will result because the funds to pay the claimants will come from the approximately \$400 million paid by Iran that is held by the U.S. government in the FMS Trust Fund, a budgetary account. Because payments to victims of Cuban terrorism will not involve funds held by the federal government, compensating those victims will not result in any net outlays.

This legislation requires the U.S. government to seek reimbursement from the government of Iran for the payments it makes to claimants on Iran's behalf. CBO has no basis for estimating when or if the U.S. government will be successful in recouping such amounts.

**Payments from Crime Victims Fund.** H.R. 3244 expands the authorized uses of the emergency reserve of the Crime Victims Fund to provide for more assistance to victims of international terrorism. The emergency reserve currently contains about \$44 million, of which no more than a few million dollars is expected to be spent under current law. Based on information from the Office of Victims of Crime, CBO estimates that the legislation will increase outlays from the Crime Victims Fund by \$20 million in each of fiscal years 2001 and 2002. Most of these funds will be used to provide compensation to the victims of the crash of Pan Am Flight 103 over Lockerbie, Scotland in 1988.

**Assistance for Victims of Trafficking.** Section 107 requires that victims of severe forms of trafficking in persons be treated as refugees in determining eligibility for federal and state assistance. It also requires that the heads of appropriate federal agencies expand services and benefits to trafficking victims without regard to their immigration status. For certain federal public benefit programs, such as the Food Stamp program, refugees are only eligible for benefits in their first seven years after admission, unless they become naturalized citizens. If these victims are treated without regard to their immigration status, they would continue to be eligible after the seven years. Because it is unclear how eligibility will be treated under this section, CBO assumes that the trafficking victims will remain eligible for benefits after seven years.

Under current law, aliens who are in the United States illegally or admitted under a nonimmigrant class are ineligible for most federal public benefits. Under this act, victims of severe forms of trafficking can become eligible for Medicaid, TANF, SSI, and food stamps. Table 2 presents CBO's estimate of increased spending in these programs.

Based on information from the State Department, CBO assumes that about 50,000 women and children are trafficked into the United States every year. Although data on the number of trafficking victims who are able to leave their situations are unavailable, discussions with State Department officials led CBO to assume that only about 2,000 victims will be freed each year and could potentially receive benefits. Of these 2,000 individuals, we anticipate that one-third will be nonelderly adult women and another third will be children, for a total

of about 1,300 women and children who would be eligible for Medicaid or TANF each year. In addition, we adjusted the total number of children eligible for benefits to account for births to adult women, based on an estimated 9 percent fertility rate among noncitizen women of child-bearing age.

CBO expects that 80 percent of the eligible individuals will participate in Medicaid and 45 percent will participate in TANF. These participation rates are based on the utilization rates of these programs by the most disadvantaged refugees in the United States. CBO estimates that Medicaid participation—for those not also participating in SSI—will ultimately grow to about 2,300 children and 800 women in 2005, for a total cost of \$11 million over the 2001-2005 period. Because of the lower participation rate in TANF, the number of women and children receiving TANF benefits will be roughly half the number participating in Medicaid, resulting in a total cost of \$7 million over the period.

CBO expects that participation in the Food Stamp program will also be similar to the rate of utilization by refugees, growing to almost 6,000 individuals by 2005 for a total cost of \$15 million over the 2001-2005 period. Of those adults not eligible for TANF—700 individuals each year—some are assumed to be sufficiently disabled to be eligible for SSI benefits. CBO assumes participation in SSI will be somewhat lower than the average refugee rate, because the affected individuals are likely to be younger and healthier than the average refugee. We estimate that SSI benefits for this group will total \$6 million over the five-year period. SSI recipients will also receive Medicaid benefits, at an estimated federal cost of about \$7 million over the same period.

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TABLE 2. ESTIMATED COST OF ASSISTANCE FOR VICTIMS OF TRAFFICKING  
(By fiscal year, in millions of dollars)

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>CHANGES IN DIRECT SPENDING</b>										
Medicaid	1	2	3	5	7	9	11	14	18	22
Food Stamp Program	1	2	3	4	5	6	7	8	9	10
TANF	*	1	1	2	3	3	4	5	5	6
SSI	*	1	1	2	2	3	3	4	5	5
Total	2	6	8	13	17	21	25	31	37	43

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NOTE: \* = Costs of less than \$500,000.

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**Benefits for Certain Crime Victims.** Section 1513 creates a new nonimmigrant visa classification for victims of certain serious crimes who are helpful in the investigation and prosecution of those crimes. After remaining in the United States for three years after receiving this visa, an alien will be able to adjust to permanent resident status if justified on

humanitarian grounds or for family unity. The number of visas available will be capped at 10,000 annually, not including spouses or children of the principal aliens.

There are no data available on how many aliens might apply for this new visa. Based on discussions with staff at the Immigration and Naturalization Service and with national experts on immigration issues, CBO assumed that use of the visas will grow to 5,000 principals annually by fiscal year 2004, as more aliens and law enforcement officials become aware of the new visa category. Those visa recipients will not be eligible for most benefits until they became qualified aliens by adjusting to permanent residence status. CBO expects that nearly all of the visa recipients will adjust their status, and that an average of one dependent per principal alien will also adjust to permanent resident status.

Recipients of these visas will not be eligible for most federal public benefits for at least three years, while they are in a nonimmigrant status. As shown in Table 3, CBO estimates that over the 2004-2010 period, there will be small additional costs for the Medicaid and SSI programs and insignificant costs in the TANF and Food Stamp programs. Aliens who enter the United States after August 22, 1996, are ineligible for most federal public benefits for five years after becoming a qualified alien. CBO assumes that 25 percent of the aliens receiving the new nonimmigrant visa will have entered the United States prior to August 22, 1996, while the remaining visa recipients will be subject to the five-year ban on benefits. Therefore, most of the visa recipients will not be eligible for Medicaid until eight years after receiving the visa. CBO estimates that federal spending for Medicaid will increase by a total of \$18 million over the 2001-2010 period as a result of this provision.

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TABLE 3. ESTIMATED COST OF BENEFITS FOR CERTAIN CRIME VICTIMS  
(By fiscal year, in millions of dollars)

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>CHANGES IN DIRECT SPENDING</b>										
Medicaid	0	0	0	*	*	1	2	3	5	7
Food Stamps, TANF, and SSI	<u>0</u>	<u>0</u>	<u>0</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>1</u>	<u>1</u>
Total	0	0	0	*	*	1	2	3	6	8

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NOTE: \* = Costs of less than \$500,000.

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Qualified aliens are only eligible for SSI if they were lawfully residing in the United States on August 22, 1996. CBO assumes that only 25 percent of the visa recipients who entered the country before that date were residing here lawfully at that time. As a result, we estimate

that spending for the SSI program will increase by a total of \$2 million over the 10-year period.

**Immigration and Naturalization Service (INS) Fees.** CBO expects that the INS will collect a fee of \$110 for most persons who apply for the new nonimmigrant visas established by the act. (Waivers can be granted in cases of severe financial hardship.) By fiscal year 2004, CBO estimates that the INS will collect about \$1 million annually from roughly 10,000 persons. We expect the INS to spend the fees, mostly in the year in which they are collected, so the additional fees will result in a net budgetary impact of less than \$500,000 in any year.

**Other Provisions.** The act contains other provisions that, in total, will affect direct spending and revenues by less than \$500,000 a year.

*Penalties for trafficking.* Section 111 allows the President to impose penalties on foreign traffickers of persons under the International Emergency Economic Powers Act. CBO estimates that this provision will result in a negligible increase in revenues.

*Criminal fines and seizure of assets.* The act allows the federal government to pursue new cases related to trafficking and other crimes against women. Because those prosecuted and convicted under this law could be subject to criminal fines, the federal government might collect additional fines. Such collections are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. CBO expects that any additional receipts and direct spending will not be significant.

Persons prosecuted and convicted under the act also could be subject to the seizure of certain assets by the federal government. Proceeds from the sale of such assets will be deposited into the Assets Forfeiture Fund and spent from that fund, mostly in the same year. Thus, this act could increase both revenues deposited into the fund and direct spending from the fund. However, CBO estimates that any increase in revenues or spending will be negligible.

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