



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 17, 2017

H.R. 2200 **Frederick Douglass Trafficking Victims Prevention and Protection** **Reauthorization Act of 2017**

*As ordered reported by the House Committee on Foreign Affairs
on May 3, 2017*

SUMMARY

H.R. 2200 would reauthorize several programs within the Departments of Justice (DOJ), Health and Human Services (HHS), Homeland Security (DHS), Labor, and State, and the U.S. Agency for International Development that combat trafficking in persons. The bill would specifically authorize the appropriation of \$129 million in 2018 and \$135 million for each of fiscal years 2019, 2020, and 2021 for those purposes. In total, CBO estimates that implementing the bill would cost almost \$450 million over the 2018-2022 period, assuming appropriation of the authorized and necessary amounts. The remaining amounts would spend in years after 2022.

CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting H.R. 2200 would decrease revenues by \$13 million over the 2018-2027 period but would have insignificant effects on direct spending. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending and revenues.

CBO and JCT estimate that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

CBO has determined that the nontax provisions of H.R. 2200 contain no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2200 is shown in Table 1. The costs of this legislation fall within budget functions 150 (international affairs), 500 (education, training, employment, and social services), 600 (income security), and 750 (administration of justice).

TABLE 1. BUDGETARY EFFECTS OF H.R. 2200, THE FREDERICK DOUGLASS TRAFFICKING VICTIMS PREVENTION AND PROTECTION REAUTHORIZATION ACT OF 2017

	By Fiscal Year, in Millions of Dollars						2017-2022
	2017	2018	2019	2020	2021	2022	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	130	136	136	136	1	539
Estimated Outlays	0	46	92	110	122	78	448
DECREASES IN REVENUES ^a							
Estimated Revenues	0	-1	-1	-1	-1	-1	-6

SOURCES: CBO and the staff of the Joint Committee on Taxation.

Notes: Numbers may not add up to totals because of rounding.

a. CBO and JCT estimate that enacting H.R. 2200 would decrease revenues by \$13 million and have insignificant effects on direct spending over the 2017-2027 period.

BASIS OF ESTIMATE

For this estimate, CBO and JCT assume H.R. 2200 will be enacted near the start of fiscal year 2018, that the specified and estimated authorizations will be appropriated near the start of each fiscal year, and that outlays will follow historical patterns for similar and existing programs.

Spending Subject to Appropriation

Most of the bill’s effect on spending subject to appropriation would stem from specified authorizations totaling \$129 million in 2018 and \$135 million for each of fiscal years 2019 through 2021 for several programs (see Table 2). In comparison, \$135 million was authorized in 2017 for those programs. CBO cannot determine how much was allocated for the programs in 2017 because funding for them is part of much larger appropriations.

Departments of Justice and Homeland Security. Provisions in H.R. 2200 would authorize the appropriation of about \$52 million annually over the 2018-2021 period and an additional \$6 million annually over the 2019-2021 period for DOJ and DHS programs related to human trafficking. CBO estimates that implementing those provisions would

cost \$188 million over the 2018-2022 period. Specifically, the bill would authorize the appropriation of about:

- \$40 million annually over the 2018-2021 period to DOJ for grants to assist victims of trafficking and activities to combat trafficking in persons,
- \$11 million annually over the 2018-2021 period to DHS for activities to prevent and investigate human trafficking, and
- \$6 million annually over the 2019-2021 period for activities by DOJ, DHS, and the Department of State to monitor sex offenders travelling overseas and to combat child sex trafficking.

TABLE 2. INCREASES IN SPENDING SUBJECT TO APPROPRIATIONS UNDER H.R. 2200

	By Fiscal Year, in Millions of Dollars					2018-2022
	2018	2019	2020	2021	2022	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Departments of Justice and Homeland Security						
Authorization Level	52	58	58	58	0	224
Estimated Outlays	18	38	46	52	34	188
Department of State and Overseas Assistance						
Authorization Level	48	48	48	48	0	192
Estimated Outlays	22	34	40	44	23	163
Department of Health and Human Services						
Authorization Level	25	25	25	25	0	98
Estimated Outlays	2	15	19	20	18	74
Department of Labor						
Authorization Level	5	5	5	5	0	20
Estimated Outlays	3	4	4	5	2	18
Miscellaneous Provisions						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Total Changes						
Estimated Authorization Level	130	136	136	136	1	539
Estimated Outlays	46	92	110	122	78	448

Notes: Assuming appropriation of the specified amounts, an additional \$72 million would outlay in years after 2022.

Numbers may not add up to totals because of rounding.

Department of State and Overseas Assistance. The bill would authorize the appropriation of \$48 million each year over the 2018-2021 period for the Department of State and foreign assistance programs. CBO estimates that implementing those provisions would cost \$163 million over the 2018-2022 period. Specifically, section 301 would authorize the appropriation of:

- \$33 million each year over the 2018-2021 period for ongoing Department of State programs to monitor, prevent, and reduce trafficking, and
- \$15 million each year over the 2018-2021 period for ongoing foreign assistance programs to deter trafficking and assist victims of trafficking.

Department of Health and Human Services. H.R. 2200 would authorize the appropriation of about \$25 million each year over the 2018-2021 period for HHS. CBO estimates that implementing those provisions would cost \$74 million over the 2018-2022 period. Specifically, sections 301 and 303 would authorize the appropriation of:

- \$14.5 million to provide benefits and services to victims of trafficking,
- \$8 million for grants to strengthen assistance programs for citizens and legal permanent residents who have been victims of trafficking, and
- \$2 million for residential treatment facilities for juvenile victims of trafficking.

Department of Labor. H.R. 2200 would authorize appropriations of \$5 million each year over the 2018-2021 period for the Department of Labor to provide assistance to trafficking victims in the United States who are citizens and legal permanent residents. In total, CBO estimates those provisions would cost \$18 million over the 2018-2022 period.

Miscellaneous Provisions. H.R. 2200 also contains several provisions—primarily affecting reporting requirements, training for certain personnel, and reimbursing expenses for an advisory council—that CBO estimates would have insignificant effects individually, but in total would cost \$1 million a year; such spending would be subject to the availability of appropriated funds.

Direct Spending and Revenues

CBO and JCT estimate that enacting H.R. 2200 would decrease revenues by \$13 million over the 2018-2027 period, and would have an insignificant effect on direct spending.

Under current law, certain damages awarded in civil court to victims of human trafficking are treated as taxable income. The bill would amend the Internal Revenue Code to exclude

such civil damage awards from income for tax purposes. JCT estimates that enacting the provision would reduce revenues by \$13 million over the 2018-2027 period.

Through the end of fiscal year 2019, current law requires federal courts to impose a \$5,000 assessment on nonindigent persons convicted of certain offenses involving sexual abuse or human trafficking. Collections of those assessments are classified in the budget as revenues, deposited into the Domestic Trafficking Victims’ Fund, and spent by DOJ—without further appropriation action—on programs to assist trafficking victims. The bill would extend the imposition of the assessment through the end of fiscal year 2021. CBO estimates that all revenues from the assessment in 2020 and 2021 would be spent on programs for trafficking victims; thus, enacting the provision would have no significant net effect on the deficit.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 2200 as ordered reported by the House Committee on Foreign Affairs on May 3, 2017

	By Fiscal Year, in Millions of Dollars												2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027	
NET INCREASE IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	1	1	1	1	1	1	1	1	1	2	6	13	

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

CBO has determined that the nontax provisions of this legislation contain no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit state and local law enforcement agencies by authorizing federal grants to support the prevention of human trafficking. Any costs to those entities, including cost-sharing contributions, would be incurred voluntarily.

ESTIMATE PREPARED BY:

Federal Costs:

Departments of Justice and Homeland Security—Mark Grabowicz
Department of State and Overseas Assistance—Sunita D’Monte
Department of Health and Human Services—Alec MacMillen
Department of Labor—Christi Hawley Anthony

Federal Revenues: Peter Huether and the staff of the Joint Committee on Taxation

Impact on State, Local, and Tribal Governments: Jon Sperl

Impact on the Private Sector: Logan Smith

ESTIMATE APPROVED BY:

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis