

**Senator Jeff Sessions
Questions for the Record
Douglas Holtz-Eakin**

1. In an October 5, 2011, article you co-authored with Gordon Gray for National Review Online, you stated the following:

“The failure to plan future spending levels is but one of the most glaring failures in the budget process. Routine abuse of ‘emergency designations’ has allowed spending that should have been responsibly offset to bypass budget enforcement. For example, Congress evidently failed to foresee spending for the decennial census, and thus designated \$210 million in Census spending as an emergency. In 2010, Congress added \$59.3 billion to the debt ostensibly to finance ‘emergencies,’ but in reality to avoid statutory PAYGO. This does not include the \$485.8 billion ‘emergency’ associated with the end-of year tax compromise. Unforeseen indeed.

The use of emergency designations is among the more obvious means to bypass budget enforcement. Congress has availed itself to more creative means of budget gimmickry to avoid the strictures of budgeting. Unrealistic estimates of loan programs, phony rescissions, and programmatic changes in appropriations bills are among the myriad opportunities for tomfoolery in budgeting that allows Congress to finance new programs or initiatives without making the necessary tradeoffs. The Honest Budget Act includes a series of provisions that address the abuse of these loopholes in the budget process to keep the process honest and on the level.”

Given your previous statements, do you believe that the spending designations in S. 744 are emergency spending? Please provide a list of those spending designations within S. 744 that you believe qualify as emergency spending and those that you believe do not qualify, and explain why.

To the extent that the emergency designations in S. 744 comport with section 403(a) of S. Con. Res. 13 and 4(g) of the Statutory Pay-As-You-Go Act of 2010, then any so designated provisions are necessarily “emergency spending,” under current law. However, reforming emergency designations remains a meritorious policy pursuit and I would continue to support reforms such as those in the Honest Budget Act.

2. In your essay “Immigration Reform, Economic Growth, and the Fiscal Challenge” you argue that part of the economic gain from immigration reform stems from an increase in business formation or entrepreneurship. This benefit occurs, you argue, because immigrants are more entrepreneurial than the native population.
- a. Please describe the calculations and assumptions you used in making this conclusion.

As the paper describes, the GDP projections are based solely upon the increased labor force participation and assumed 20 percent productivity bonus associated

with higher growth. In this way, it represents a conservative estimate of the impacts.

- b. Please list any independent studies you relied on in making this conclusion.

*Endnote viii of the study states: “For a great summary, see <http://www.sba.gov/sites/default/files/rs396tot.pdf>.” this is a reference to a study prepared for the Small Business Administration. Citation: Fairlie, R. (2012). *Immigrant Entrepreneurs and Small Business Owners, and their Access to Financial Capital*. U.S. Small Business Administration: Washington, D.C.*

- c. Are you assuming that current immigrants have the same characteristics as those most associated with entrepreneurship over the course of U.S. history, specifically early 20th century waves of Italian, Jewish and other immigrants? If not, please provide the data that you relied on in making such assumptions.

As noted above, the rate is a composite of the research findings.

3. You have published data that suggests that Obamacare poses a significant problem to our nation’s budget. But in your testimony before the Committee, you suggested that this immigration bill would change your previous calculations.

- a. Please describe the calculations and assumptions you used in making this conclusion.

As noted in my testimony, “I remain convinced that the ACA itself is poor economic, budget and health policy.”

- b. Please list any independent studies you relied on in making this conclusion.

The American Action Forum routinely provides health policy analysis, to include studies that reinforce my belief the ACA poses a significant problem to our nation’s budget. For more, please see: <http://americanactionforum.org/issue/healthcare>

- c. If Congress passed legislation like S. 744 prior to the enactment of Obamacare, would your assessment, and not that of CBO, have been that S. 744 would have increased or decreased spending relative to the spending under current law?

As noted in the testimony, since the 2007 immigration reform effort, “the single largest change is the Patient Protection and Affordable Care Act (ACA), and the implications of comprehensive immigration vis--à--vis the ACA have necessarily received considerable attention.” This statement contemplates the question raised

here. The ACA poses significant budgetary challenges, irrespective of immigration reform, reforms to which should be urgently pursued.

4. You have published data suggesting that CBO significantly underestimates the number of people who will qualify for subsidized coverage through Obamacare. My staff assumed that everyone eligible (that is, those uninsured who would otherwise be eligible for subsidized coverage if they weren't here illegally) would enroll in either Medicaid or the subsidized exchanges. If that assumption is incorrect, what is the appropriate take up rate?

The Committee assumed a 100 percent take-up rate in its calculation referenced in the testimony. The in the CBO's current baseline, 30 million people remain uninsured under current law by 2023. This suggests that reliance on a 100 percent take-up rate may be an overstatement. While much of the ACA's implementation and participation remain unclear, it is worth noting that the 2007 CBO cost estimate did address participation rates among the potentially affect population in many public assistance programs and determined they were quite low – 15 percent for Food Stamps, for example.

5. In your testimony, you criticized my staff's analysis for assuming that the cap on subsidies will be turned off. CBO makes that exact same assumption in their alternative fiscal scenario because the cap, like the Medicare Sustainable Growth Rate, is likely to be ignored by future Congresses who will not want to be held responsible for reducing subsidies. Do you disagree with this assumption and believe the cap will be adhered to? If so, please explain why and include the data that supports your conclusion.

As the question notes, the CBO includes the assumed changes in law as part of its alternative baseline. It does not do so in the absence of the current-law baseline. To the extent the committee included an assumption of a change in law in its projection, offering that projection without the context of a current law projection is inconsistent with the methodology invoked in the question.

6. Over a ten-year period from the date of enactment, how many total legal immigrants do you estimate will enter the United States under S. 744, including the illegal immigrant population that would become legalized?

It is difficult to calculate with certainty how much legal immigration will increase. Worldwide levels on green cards will not increase by much under S. 744, and the vast majority of new entrants to the U.S. will be temporary nonimmigrant workers rather than legal permanent residents.

7. What will be the net fiscal impact of the amnestied population aged over thirty who have no college education and qualify for relief under Section 2103 of S. 744?

Section 2103, or the "Development, Relief, and Education for Alien Minors Act of 2013," will be included in the CBO cost estimate, and I look forward to reviewing that analysis. Until that analysis becomes available, I must rely on a previous costs estimate:

<http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/119xx/doc11991/s3992.pdf>, which determined that the “Development, Relief, and Education for Alien Minors Act of 2010,” reduced the deficit by \$1.4 billion over the 2011-2020 period.

8. What is the short-term impact on Social Security and Medicare if low-skill immigrants pay in less than they draw out? What is the long-term impact?

The nation’s major entitlement programs are in need of reform, irrespective immigration reform. However, according to the Office of the Chief Actuary of the Social Security Administration, “Overall, we anticipate that the net effect of this bill on the long-range OASDI actuarial balance will be positive.” This is encouraging, but should not preclude needed reforms to Social Security and Medicare.