



CONGRESSIONAL BUDGET OFFICE  
U.S. Congress  
Washington, DC 20515

*Keith Hall, Director*

March 1, 2019

Honorable Zoe Lofgren  
Chairperson  
Committee on House Administration  
U.S. House of Representatives  
Washington, DC 20515

Dear Madam Chairperson:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1, the For the People Act of 2019.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford, who can be reached at 226-2860.

Sincerely,

A handwritten signature in black ink, appearing to be 'Keith Hall', written over a horizontal line.

Keith Hall

Enclosure

cc: Honorable Rodney Davis  
Ranking Member

**At a Glance**

**H.R. 1, For the People Act of 2019**

As ordered reported by the Committee on House Administration on February 26, 2019

Millions of Dollars	Direct Spending	Revenues	Net Deficit Effect	Spending Subject to Appropriation
2019	0	0	0	367
2019-2024	0	0	0	2,438
2019-2029	0	0	0	n.a.

Pay-as-you-go procedures apply?	No	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

n.a. = not applicable

**The bill would**

- Amend federal statutes governing voting rights, elections, election security, campaign finance, lobbying, and ethics in government
- Provide new oversight and enforcement powers for federal agencies involved in elections
- Authorize appropriations for grants related to voting technology and voter registration

**Estimated budgetary effects would primarily stem from**

- Authorizing appropriations for grants to states to enhance the security and integrity of elections

**Detailed estimate begins on the next page.**



## Bill Summary

H.R. 1 would amend and reform federal statutes governing voting rights, elections, election security, campaign finance, lobbying, and ethics, among numerous other provisions. The bill would reauthorize several federal agencies that oversee those statutes and provide new enforcement powers. Additionally, the bill would create new voluntary programs to provide public financing for elections and authorize appropriations for grants related to election systems and security.

The bill would make significant changes to the operation of federal elections by states, including changes to voter access and voting systems. Those changes are primarily contained in division A. The bill would require states to offer online voter registration and automatic voter registration through state agency records (such as education enrollment), to expand early voting opportunities and permit unrestricted voting by mail, to offer same-day voter registration on election days, and to use voting systems that produce individual and auditable paper ballots. Division A would authorize additional appropriations for the Election Assistance Commission (EAC), authorize state grant programs, and designate election infrastructure as a critical infrastructure subsector under the Homeland Security Act.

Division B would address campaign finance transparency, oversight, and enforcement. The bill would amend the Federal Election Campaign Act (FECA) to extend contribution and expenditure restrictions on foreign-controlled corporations and super political action committees (PACs), to broaden FECA disclosure and reporting requirements to cover entities not subject to contribution limits, and to apply disclosure and disclaimer requirements to paid online and digital communications.

The bill would establish a pilot program to provide campaign contribution vouchers to eligible voters and a voluntary public financing system for campaigns for the House of Representatives. Similarly, the bill would amend the existing presidential public financing system. Expenditures for those programs would be limited to amounts designated in the proposed Freedom From Influence Fund. The bill would provide no source of funds for the Freedom From Influence Fund; without funding, those programs would not be implemented and thus those provisions would have no cost.

H.R. 1 would restructure the Federal Election Commission (FEC), reduce the size of the FEC to five commissioners, and invest the chair with new powers.

Division C would amend some existing ethics statutes, particularly concerning conflicts of interest and federal lobbying. Under the bill, Members of Congress would be required to reimburse the Treasury for certain payments under the Congressional Accountability Act.

## Estimated Federal Cost

The estimated budgetary effects of H.R. 1 are shown in Table 1. Most costs of the legislation fall within budget function 800 (general government).

**Table 1. Estimated Increases in Spending Subject to Appropriation for Selected Provisions <sup>a</sup>**

	By Fiscal Year, Millions of Dollars						2019-2024
	2019	2020	2021	2022	2023	2024	
<b>Voting System Grants</b>							
Authorization	1,020	175	0	175	0	175	1,545
Estimated Outlays	345	603	199	89	106	78	1,420
<b>Election Assistance Grants</b>							
Estimated Authorization	500	0	100	50	50	50	750
Estimated Outlays	10	200	200	240	50	50	750
<b>HHS Grants</b>							
Estimated Authorization	0	50	25	25	25	25	150
Estimated Outlays	0	50	25	25	25	25	150
<b>EAC Reauthorization</b>							
Authorization	0	10	10	10	10	10	50
Estimated Outlays	0	10	10	10	10	10	50
<b>Bounty Program</b>							
Estimated Authorization	0	11	11	11	11	11	55
Estimated Outlays	0	11	11	11	11	11	55
<b>Other DHS Provisions</b>							
Estimated Authorization	2	3	1	3	1	3	13
Estimated Outlays	2	3	1	3	1	3	13
<b>Total Changes</b>							
Estimated Authorization	1,522	249	147	274	97	274	2,563
Estimated Outlays	357	877	446	378	203	177	2,438

DHS = Department of Homeland Security; EAC = Election Assistance Commission; HHS = Department of Health and Human Services.

a. CBO has completed an estimate of most discretionary costs under H.R. 1; however, CBO has not completed an estimate of some provisions that might cost tens of millions of dollars.

## Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in 2019 and that the specified and estimated amounts will be appropriated for each fiscal year, including supplemental amounts in 2019. Estimated outlays are based on historical patterns for existing and similar activities.

## Spending Subject to Appropriation

CBO estimates that H.R. 1 would authorize the appropriation of about \$2.6 billion over the 2019-2024 period. Assuming appropriation of the specified and estimated amounts, CBO estimates that implementing those provisions would cost \$2.4 billion over the same period. CBO has not completed an estimate of some of the bill's provisions with costs that are subject to annual appropriation, but expects those costs would total tens of millions of dollars.



**Voting System Grants.** Sections 3001 and 3011 would authorize the appropriation of \$1,545 million over the 2019-2024 period for the EAC to make grants to states to improve voting technology and reduce cybersecurity vulnerabilities in election infrastructure. States could use those grants to acquire new voting systems, provide cybersecurity training to election officials, conduct security risk and vulnerability assessments, and other related activities. Based on historical data from the EAC, CBO estimates that those efforts would cost about \$1.5 billion over the 2019-2024 period.

**Election Assistance Grants.** Section 1017 would authorize the appropriation of \$500 million in 2019 and whatever amounts are necessary in future years primarily for the EAC to provide grants to states to implement online and automatic voter registration. States would have to allow people to register to vote online or through an automated telephone-based system. States also would have to allow voters to update their voter information online. Based on the experience of the EAC with other efforts to improve voting-systems, the number of states eligible, and the costs to create and protect online systems, CBO estimates those grants would cost \$750 million over the 2019-2024 period.

**Department of Health and Human Services Grants.** Section 1102 would authorize the appropriation of whatever amounts are necessary for the Department of Health and Human Services (HHS) to provide states with grants to make polling places more accessible to people with disabilities. Based on the cost of similar programs, CBO estimates that implementing the provision would cost \$150 million over the 2019-2024 period.

**Election Assistance Commission Reauthorization.** Section 1911 would permanently authorize the appropriation of operating funds for the EAC. Based on the amounts provided in recent years, CBO estimates that provision would cost \$50 million over the 2020-2024 period.

**Bounty Program.** Section 3402 would authorize the Department of Homeland Security (DHS) to establish a program to improve the cybersecurity of the systems used to administer federal elections. The program would facilitate and encourage assessments by independent technical experts in cooperation with state and local election officials to identify and report cybersecurity vulnerabilities. Using information about similar programs in other federal agencies, including the Department of Defense Hack the Pentagon program, CBO estimates that implementing the program would cost \$55 million over the 2019-2024 period.

**Other Department of Homeland Security Provisions.** H.R. 1 also would require the EAC and DHS to complete a variety of reports, analyses, and other administrative actions aimed at securing the election process. Those measures include providing security clearances to state election officials, testing voting systems for compliance with cybersecurity guidelines, and establishing a national commission to protect democratic institutions. CBO estimates that, in total, implementing those measures would cost \$13 million over the 2019-2024 period.

**Other Programs.** CBO has not had sufficient time to estimate the costs of several other provisions of H.R. 1, including ones that would require:

- Grants to be made by the Department of Education to institutions of higher education to register students to vote provided;
- A voter information and response hotline to be established and operated by the Department of Justice;



- Grants to be made by the National Institute of Standards and Technology for studies on voting by people with disabilities provided; and
- Reimbursements from the EAC to be made to states for the costs of tracking and confirming acceptance of absentee ballots.

### **Freedom From Influence Fund**

Section 541 would establish an account in the Treasury to be known as the Freedom From Influence Fund. That fund would be the sole source of funding for three programs: the My Voice Voucher Pilot Program (proposed in section 5100), a program to match certain small-dollar contributions to election campaigns for the House of Representatives (proposed in section 5111) and the matching funds for Presidential election campaigns program (as amended in section 5200).

CBO expects that the cost of operating those programs could exceed \$1 billion over the next 10 years, but because H.R. 1 would not authorize any funds to be deposited into the Freedom From Influence Fund, any costs to implement the voucher pilot program and the two programs to provide matching funds would be attributed to future legislation that would provide funds for that Treasury account and not to H.R. 1. Those programs are briefly described below.

**My Voice Voucher Pilot Program.** The FEC would be required to establish a pilot program in three states to reimburse those states for the cost of providing a voucher worth \$25 to any eligible voter in the state to be used for campaign contributions in \$5 increments for candidates for the House of Representatives. The pilot program would operate during the 2022 and 2024 campaign cycles. Each state participating in the pilot program would be limited to receiving \$10 million in reimbursements from the federal government for each of the two campaign cycles (six states over two election cycles). The vouchers could be used as donations to qualify for the matching program for U.S. House elections.

**Matching Funds for Elections for the House of Representatives.** H.R. 1 would create a program to match certain qualifying campaign contributions with federal funds for candidates running to serve in the House of Representatives who choose to comply with the program's requirements. Generally, candidates would be able to accept campaign contributions of \$200 or less from individual donors to receive federal matching funds at the rate of \$6 for every \$1 raised from donors. Eligible candidates would need to meet certain other fundraising thresholds, and the bill would limit the total matching funds available to any individual candidate. The bill would not limit the total cost of providing matching funds for all participating candidates.

**Presidential Campaign Matching Funds Program.** Under current law, candidates for President can choose to participate in a program that matches certain campaign contributions with federal funds. (No candidates have participated in that program since 2008.) H.R. 1 would modify the current program to increase the federal match rate of qualifying private donations to \$6 for each \$1 contributed. Under the bill, the only source of funding for the amended program would be the Freedom From Influence Fund, and the program would not begin operations until the start of the 2028 presidential campaign cycle.

**Pay-As-You-Go Considerations:** None.

**Increase in Long-Term Direct Spending and Deficits:** None.**Mandates**

CBO has not reviewed title I or section 2502 of H.R. 1 for intergovernmental or private-sector mandates. Section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any legislative provision that enforces constitutional rights of individuals. CBO has determined that both title I and section 2502 fall within that exclusion because they enforce constitutional rights related to voting.

Other provisions of H.R. 1 would impose intergovernmental and private sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates the cost of the mandates would fall below the annual thresholds for intergovernmental and private-sector mandates established in UMRA (\$82 million and \$164 million in 2019, respectively, adjusted annually for inflation).

**Intergovernmental Mandates**

Section 3303 would impose an intergovernmental mandate by requiring states to submit a report on the voting system each jurisdiction in the state plans to use, which would include details on how each jurisdiction would use electronic poll books and other equipment. The new report would be due 120 days before each regularly scheduled federal election. Because states report extensively on their election activities and have previously reported similar information, CBO estimates the cost of the mandate would be small.

**Private-Sector Mandates**

H.R. 1 would impose numerous private-sector mandates on candidates for federal office, campaign committees, political entities, and advertising platforms, among other entities. Several of the mandates, listed in more detail below, would prohibit entities from engaging in certain activities. In general, those mandates would not impose costs because they do not require any action on the part of the mandated entities. However, several sections would expand existing mandates, particularly those related to campaign finance disclosure and reporting. CBO expects that the aggregate cost of complying with these mandates would be small because most of the mandated entities are already subject to some form of disclosure and reporting requirements. For such entities, the new duties would impose only minor additional administrative costs.

**Campaign Finance and Disclosure Duties.** Mandates related to campaign finance and fundraising laws would restrict certain contribution activities, require advertisement disclaimers, and considerably increase the volume of certain activities that must be reported to the FEC.

- Section 4101 would extend FECA's prohibition on foreign nationals' making campaign contributions and expenditures to include corporations or partnerships that meet certain foreign ownership criteria. Because those entities may operate domestically, they would be considered private-sector entities under UMRA; thus, the new restrictions would be mandates on these entities.
- Section 4102 would require certain corporate PACs to certify that their segregated campaign funds are not controlled by foreign nationals.



- Section 4111 would impose reporting requirements on covered organizations that make campaign-related disbursements greater than \$10,000 during a reporting cycle. This provision would require organizations to submit a statement to the FEC, as applicable, that identifies any beneficial owners of the organization; certifies that disbursements are not made in coordination with candidates, committees, or parties; and describes receipts and disbursements in greater detail.
- Sections 4205 and 4206 would amend the definitions of public communication and electioneering communication under FECA to include paid online and digital communications. Entities making such communications online, therefore, would be required to comply with existing FECA disclosure mandates.
- Section 4207 would establish special disclaimer rules for certain Internet or digital communications placed by political entities. The bill would require that covered communications state the name of the person who paid for the communication or provide a source for that information.
- Sections 4208 would require certain online platforms that sell political advertisements and meet minimum traffic thresholds to maintain a public database of requests to purchase qualified political advertisements in excess of \$500 annually. This section also would require those entities to retain other information, including copies of the advertisements and purchasing information.
- Section 4209 would require television and radio broadcasters and online platforms to make reasonable efforts to ensure that campaign communications are not purchased by foreign nationals.
- Section 4302 would require the sponsors of campaign communications made on the Internet to identify the source of funding for such communications if not authorized by candidates or committees.
- Section 4303 would require the sponsors of prerecorded campaign telephone calls to identify the source of funding for such communications in the phone call. Sections 4302 and 4303 extend an existing disclosure mandate under FECA to cover such communications.
- Section 6102 would add coordinated expenditures between candidates, parties, and super PACs to the definition of contribution under FECA, which would extend existing disclosure and reporting requirements to those expenditures.
- Section 6103 would prohibit federal candidates from soliciting or receiving funds from, or transferring funds to, entities, including super PACs, that are not subject to certain FECA requirements.
- Section 9202 would require political committees, people making independent expenditures, and people making electioneering communications to disclose whether those persons or certain donors are lobbyists registered under the Lobbying Disclosure Act.





**Presidential Inaugural Committees.** Section 4702 would impose private-sector mandates on presidential inaugural committees and on individuals making donations to or handling donations for such committees. The section would prohibit inaugural committees from soliciting or receiving donations from an entity that is not an individual or is a foreign national and would require the committee to report contributions and disbursements to the FEC. Additionally, the section would limit the aggregate amount an individual may donate to an inaugural committee to \$50,000 and would prohibit any person from making a donation to an inaugural committee in the name of another person or converting a donation to personal use. CBO estimates the cost to comply with those mandates would be negligible because the additional reporting requirements are an extension of similar requirements in current law. The prohibitions would impose no direct costs on the mandated entities.

### **Estimate Prepared By**

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