



June 7, 2013

Honorable Howard P. “Buck” McKeon  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has completed a preliminary estimate of the direct spending and revenue effects of H.R. 1960, the National Defense Authorization Act for Fiscal Year 2014, as ordered reported by the House Committee on Armed Services on June 6, 2013. CBO’s complete cost estimate for H.R. 1960, including discretionary costs, will be provided shortly.

Based on legislative language for H.R. 1960 that was provided to CBO from May 30 through June 5, CBO estimates that enacting this bill would decrease net direct spending by \$26 million in 2014, \$18 million over the 2014-2018 period, and \$2 million over the 2014-2023 period (see attached table). Because the bill would affect direct spending, pay-as-you-go procedures apply.

The largest costs over that 10-year period result from a provision that would authorize special immigrant visas for certain Iraqi and Afghan allies and a provision that would increase spending from the National Defense Stockpile Transaction Fund to acquire additional materials. H.R. 1960 also would increase spending for Tricare beneficiaries whose eligibility derives from service in the Coast Guard, the National Oceanic and Atmospheric Administration, and the Uniformed Corps of the Public Health Service and for loan guarantees made by the Department of Veterans Affairs. Those costs would be offset by savings from a provision that would modify the calculation for computing the amount of the initial retirement benefit for certain military retirees.

Enacting H.R. 1960 also would decrease revenues by requiring that certain payments made to a small number of servicemembers be treated as nontaxable income; however, CBO estimates that those effects would be insignificant for each year.

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If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is David Newman.

Sincerely,

*for Robert A. Elmendorf*

Douglas W. Elmendorf  
Director

Attachment

cc: Honorable Adam Smith  
Ranking Member

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**PRELIMINARY ESTIMATE OF THE IMPACT OF H.R. 1960, THE NATIONAL DEFENSE  
AUTHORIZATION ACT FOR FISCAL YEAR 2014, ON DIRECT SPENDING<sup>1</sup>**

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	By Fiscal Year, in Millions of Dollars										2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018	2023
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Special Immigrant Visas for Iraqi and Afghan Allies												
Estimated Budget Authority	2	5	10	10	15	15	15	15	15	15	42	117
Estimated Outlays	2	5	10	10	15	15	15	15	15	15	42	117
National Defense Stockpile												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	2	10	10	10	5	4	0	0	0	0	37	41
TRICARE Prime Service Areas												
Estimated Budget Authority	4	4	4	3	3	3	3	3	3	3	18	33
Estimated Outlays	4	4	4	3	3	3	3	3	3	3	18	33
Servicemember Qualification for Mortgage Refinancing												
Estimated Budget Authority	4	3	2	1	1	1	1	2	2	2	11	19
Estimated Outlays	4	3	2	1	1	1	1	2	2	2	11	19
Retired Pay Inversion												
Estimated Budget Authority	-38	-49	-12	-13	-14	-15	-16	-17	-18	-20	-126	-212
Estimated Outlays	-38	-49	-12	-13	-14	-15	-16	-17	-18	-20	-126	-212
Total Changes in Direct Spending												
Estimated Budget Authority	-28	-37	4	1	5	4	3	3	2	0	-55	-43
Estimated Outlays	-26	-27	14	11	10	8	3	3	2	0	-18	-2

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1. In addition to the budgetary effects shown above, enacting H.R. 1960 would have an insignificant effect on revenues.

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