



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

Peter R. Orszag, Director

May 16, 2008

Honorable Ike Skelton
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed table showing a preliminary estimate of the direct spending effects of H.R. 5658, the National Defense Authorization Act for Fiscal Year 2009, as ordered reported by the House Committee on Armed Services on May 14, 2008. CBO's complete cost estimate for H.R. 5658, including the discretionary costs of the bill, will be provided shortly.

Based on the legislative language for H.R. 5658 that was provided to CBO on May 15, 2008, CBO estimates that enacting this bill would increase direct spending by \$2 million in 2009, and decrease such spending by \$13 million over the 2009-2013 period and by \$75 million over the 2009-2018 period. The largest budgetary effects would result from changes in the TRICARE pharmacy benefit and retirement programs, and the sale of assets from the National Defense Stockpile. Enactment of the bill would not affect revenues. For the purposes of this estimate, we assume that H.R. 5658 will be enacted near the beginning of fiscal year 2009.

Honorable Ike Skelton
Page 2

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

Sincerely,

for Robert A. Gundersen

Peter R. Orszag
Director

Enclosure

cc: Honorable Duncan Hunter
Ranking Member

Preliminary Estimate of Changes in Direct Spending for H.R. 5658, the National Defense Authorization Act for Fiscal Year 2009, as Ordered Reported by the House Committee on Armed Services on May 14, 2008

(Millions of dollars, by fiscal year)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total 2009- 2013	2009- 2018
Section 501 Retirement of Warrant Officers												
Estimated Budget Authority	1	1	*	*	1	1	1	1	1	1	3	8
Estimated Outlays	1	1	*	*	1	1	1	1	1	1	3	8
Section 503 Minimum Service for Retirement as an Officer												
Estimated Budget Authority	0	0	0	0	0	1	1	*	*	*	0	2
Estimated Outlays	0	0	0	0	0	1	1	*	*	*	0	2
Section 511 Delayed Retirement for Military Technicians												
Estimated Budget Authority	-5	-7	-7	-6	-6	-6	-5	-5	-5	-4	-31	-56
Estimated Outlays	-5	-7	-7	-6	-6	-6	-5	-5	-5	-4	-31	-56
Section 514 Retirement Age of Certain Reserve Officers												
Estimated Budget Authority	-1	-2	-2	-1	-1	-1	-1	-1	-1	-1	-7	-12
Estimated Outlays	-1	-2	-2	-1	-1	-1	-1	-1	-1	-1	-7	-12
Section 545 Education Benefits for Reserve Component Members												
Estimated Budget Authority	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
Estimated Outlays	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
Section 592 Correction of Military Records												
Estimated Budget Authority	1	0	0	0	0	0	0	0	0	0	1	1
Estimated Outlays	1	0	0	0	0	0	0	0	0	0	1	1
Section 641 Retired Pay for Reserve Members Wounded in Action												
Estimated Budget Authority	*	1	2	2	3	3	3	4	4	5	8	27
Estimated Outlays	*	1	2	2	3	3	3	4	4	5	8	27
Section 643 Survivor Allowance												
Estimated Budget Authority	3	3	4	4	5	5	5	2	0	0	19	31
Estimated Outlays	3	3	4	4	5	5	5	2	0	0	19	31
Section 702 Prohibition on Increase of Pharmacy Copayments												
Estimated Budget Authority	75	230	40	0	0	0	0	0	0	0	345	345
Estimated Outlays	75	230	40	0	0	0	0	0	0	0	345	345
Section 1004(a)-(d) Shift of Payments from the Military Retirement Fund												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	-45	45	0	0	0	0	-45	0
Section 1004(e) Transfer from the National Defense Stockpile Fund												
Estimated Budget Authority	-40	0	0	0	0	0	0	0	0	0	-40	-40
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Section 1011 Sale of Floating Drydock												
Estimated Budget Authority	-1	0	0	0	0	0	0	0	0	0	-1	-1
Estimated Outlays	-1	0	0	0	0	0	0	0	0	0	-1	-1
Section 1412 - Stockpile Sales												
Estimated Budget Authority	-70	-70	-60	-50	-50	-50	-50	-10	0	0	-300	-410
Estimated Outlays	-70	-70	-60	-50	-50	-50	-50	-10	0	0	-300	-410
TOTAL												
Estimated Budget Authority	-38	155	-24	-52	-49	-48	-47	-10	-2	0	-8	-115
Estimated Outlays	2	155	-24	-52	-94	-3	-47	-10	-2	0	-13	-75

Notes:

Estimates are based on a preliminary reading of bill language provided to CBO on May 15, 2008.
 Enactment of H.R. 5658 would not affect revenues.
 Provisions that would affect direct spending by less than \$500,000 are not included in this estimate.
 * = less than \$500,000.