



CONGRESSIONAL BUDGET OFFICE DIRECT SPENDING ESTIMATE

October 21, 2004

H.R. 4200 **Ronald W. Reagan National Defense Authorization Act** **for Fiscal Year 2005**

As cleared by the Congress on October 9, 2004

SUMMARY

H.R. 4200, the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, contains provisions that would both increase and decrease outlays from direct spending, including provisions affecting the purchase of aerial refueling aircraft, the acquisition of military family housing, and military retirement annuities for certain retirees and their surviving dependents. H.R. 4200 also would allow the Department of Defense (DoD) to increase sales of certain materials from the strategic stockpile. Overall, CBO estimates that H.R. 4200 would increase direct spending by about \$580 million in 2005 and \$1.7 billion over the 2005-2009 period, but decrease direct spending by just over \$800 million over the 2005-2014 period. (The act would not affect revenues.)

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the budgetary effects of provisions that affect direct spending (including proceeds from asset sales) is shown in Table 1. The effects on direct spending fall primarily within budget function 050 (national defense).

TABLE 1. SUMMARY OF H.R. 4200'S EFFECTS ON DIRECT SPENDING

	By Fiscal Year, in Millions of Dollars									
	2005	2006	2007	2008	2009	210	2011	2012	2013	2014
Changes in outlays	581	499	267	239	73	-372	-820	-1,046	-578	350

The act also would eliminate the requirement that DoD make annual payments into a government trust fund to cover accruing health care costs for future retirees and their dependents and would replace those accrual payments with payments from the Treasury. Because those new payments would be intragovernmental transfers, there would be no net budgetary impact.

BASIS OF ESTIMATE

H.R. 4200 contains provisions that would both increase and decrease outlays from direct spending, including asset sales. In total, CBO estimates that the act would increase direct spending by about \$580 million in 2005 and \$1.7 billion over the 2005-2009 period, but decrease direct spending by just over \$800 million over the 2005-2014 period (see Table 2).

Direct Spending (Excluding Asset Sales)

Excluding the act's effect on proceeds from asset sales, CBO estimates that H.R. 4200 would increase direct spending by \$604 million in 2005 and about \$1.8 billion over the 2005-2009 period, but decrease direct spending by just over \$700 million over the 2005-2014 period. (Asset sales are discussed in a subsequent section.)

KC-767 Tanker Acquisition. Section 133 would modify the authority provided in current law which allows the Air Force to acquire 100 KC-767 tankers through a hybrid acquisition strategy to "lease" no more than 20 tanker aircraft and purchase as many as 80 additional aircraft under multiyear procurement authority.

The provision would modify the authority in two ways that CBO believes would prevent the Air Force from acquiring tankers in the manner that CBO had previously estimated as creating new direct spending. (That potential direct spending is included in CBO's current baseline.) First, the provision would prohibit the Air Force from leasing any tanker aircraft under the authority provided in section 8159 of the Department of Defense Appropriations Act, 2002 (Public Law 107-117). Second, the provision would repeal the authority provided in section 135 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136) that allows the Air Force to sign a contract to acquire tanker aircraft without regard to whether sufficient funds were available to pay the full costs of the contract.

TABLE 2. IMPACT OF H.R. 4200 ON DIRECT SPENDING, BY COMPONENT

	By Fiscal Year, in Millions of Dollars									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING OUTLAYS (EXCLUDING ASSET SALES)										
KC-767 Tanker Acquisition	-320	-1,247	-1,986	-2,334	-2,317	-2,355	-2,458	-2,507	-1,970	-1,055
Military Housing Privatization Initiative	149	732	1,320	1,497	1,254	824	481	291	217	205
Survivor Benefit Plan	14	216	433	696	839	879	913	947	980	1,015
Education Assistance for Certain Reservists										
Who Perform Active Duty	92	123	138	151	143	130	116	101	88	83
Energy Employees Workers Compensation	221	149	128	94	88	83	80	77	75	74
Payments for Uranium Workers	28	18	11	9	8	4	3	2	1	1
Modification of Phase-In for										
Concurrent Receipt	176	221	180	130	85	50	28	17	11	7
Energy Savings Performance Contracts	231	277	42	0	0	0	0	0	0	0
Disability Retirement and Survivor Annuities										
for Certain Reservists	2	4	6	8	10	11	13	14	16	17
Residual Contamination at Atomic Weapons										
Employer Facilities	0	10	9	2	2	1	1	1	1	1
Early Separation of Mobilized Reservists	0	-1	-1	-1	-1	-1	-1	-1	-1	-2
Reimbursement for Certain Protective,										
Safety, or Health Equipment	8	8	0	0	0	0	0	0	0	0
Land Conveyance, Louisiana Army										
Ammunition Plant	0	2	2	2	2	2	3	3	3	3
Modification of Land Exchange, Fort Lewis,										
Washington	2	1	*	*	*	*	*	*	*	*
Disability Retirement for Military Academy										
Students	*	*	*	*	*	*	1	1	1	1
Relief from Farm Loan Obligations for										
Reservists Called to Active Duty	<u>1</u>	<u>1</u>	<u>0</u>							
Subtotal	604	514	282	254	113	-372	-820	-1,054	-578	350
ASSET SALES (A CREDIT AGAINST DIRECT SPENDING)										
National Defense Stockpile	-23	-15	-15	-15	-40	0	0	8	0	0
TOTAL CHANGES IN DIRECT SPENDING										
Estimated Outlays	581	499	267	239	73	-372	-820	-1,046	-578	350
NOTE: * = between -\$500,000 and \$500,000.										

Because section 133 would prevent the Air Force from leasing or purchasing tanker aircraft without having an appropriation for the full cost of those aircraft, CBO estimates that section 133 of this act would reduce direct spending for KC-767 tankers by \$320 million in 2005, \$8.2 billion over the 2005-2009 period, and \$18.5 billion over the 2005-2014 period relative to CBO's updated baseline for this program. (See our May 17, 2004, cost estimate for H.R. 4200 as reported by the House Committee on Armed Services on May 14, 2004, and our July 21, 2004, cost estimate for S. 2400 as passed by the Senate on June 23, 2004, for more information about CBO's estimate of direct spending for these tankers under current law.)

Military Housing Privatization Initiative (MHPI). Section 2805 would eliminate the statutory limit on the amount that DoD can invest in projects to build or renovate military family housing and unaccompanied personnel housing (or barracks). It also would permanently extend the alternative authorities to acquire military housing. (Under current law, the alternative authorities are scheduled to expire after December 31, 2012.) Currently, DoD can acquire housing using direct loans, loan guarantees, long-term outleases, rental guarantees, barter, direct government investment, and other financial arrangements but the total value of commitments for all contracts and investments undertaken is limited to \$1 billion (\$850 million for family housing and \$150 million for unaccompanied housing).

To date, DoD has used approximately \$710 million of the investment authority for family housing and expects to exhaust the remaining \$140 million in authority by the end of calendar year 2004. DoD has not yet used any of those alternative authorities to acquire unaccompanied personnel housing, although the department is currently pursuing several projects and may award contracts to acquire barracks in 2005. Because DoD has not yet awarded any contracts for barracks, it is difficult to predict when it will exhaust the \$150 million investment authority in current law, but CBO estimates DoD could reach the limit some time between 2006 and 2011.

Section 2805 would eliminate the investment caps, permitting DoD to pursue additional housing projects using those alternative authorities. CBO estimates that enacting section 2805 would increase direct spending for military housing by \$149 million in 2005, \$5 billion over the 2005-2009 period, and \$7 billion over the 2005-2014 period. (See CBO's May 17, 2004, cost estimate for H.R. 4200, as reported by the House Committee on Armed Services on May 14, 2004, for an explanation of the rationale for recording the borrowing and spending for these projects in the budget as government borrowing and spending.)

Survivor Benefit Plan (SBP). Under current law, survivors of members of the uniformed services are eligible for a survivor annuity if the member died on active duty or, upon retirement, enrolled in the SBP and made monthly premium payments. Section 644 would phase out, over three and one-half years, the reduction in the SBP annuity that takes place

when survivors reach age 62, as well as the supplemental program that offsets it. CBO estimates that enacting this provision would increase direct spending by \$14 million in 2005, \$2.3 billion over the 2005-2009 period, and \$7 billion over the 2005-2014 period.

Section 645 would offer retirees who had previously chosen not to participate in the SBP a one-year open window to enroll, beginning October 1, 2005. Because retirees who would take advantage of the open window to participate in SBP would pay regular premiums plus a penalty premium, CBO estimates that enacting this provision would decrease direct spending by \$66 million over the 2006-2009 period and \$74 million over the 2006-2014 period.

Taken together, CBO estimates that enacting these enhancements to the SBP would increase direct spending by \$2.2 billion over the 2005-2009 period and \$6.9 billion over the 2005-2014 period.

Education Assistance for Certain Reservists Who Perform Active Duty. Section 527 would authorize a program of increased education benefits for certain reserve-component members. Under current law, members of the military reserves who have contracted to serve six years in the selected guard and reserve are entitled to receive an education benefit currently equal to \$288 a month for 36 months. Reservists have 14 years from their initial eligibility to use these benefits, but, they must remain in the reserves to use the benefits.

Under section 527, reserve-component members who serve on active duty in support of a contingency operation or in response to a national emergency, would be eligible to receive an increased reserve-education benefit. The benefit would accrue for any active-duty service occurring after September 11, 2001. The proposed program would entitle reservists to receive education benefits equal to \$402, \$602, or \$803 a month for 36 months for continuous active-duty service of at least 90 days, one year, or two years, respectively. The amount of the benefit would be adjusted annually for increases in the cost of living. Servicemembers would remain eligible for these benefits as long as they remained in the reserves. Reservists who would be eligible for the current reserve-education program and for the new program would be limited to a total of 48 months of education benefits.

Based on information from DoD about the number of reservists who have served on active duty since September 11, 2001, and the lengths of their service, CBO estimates that, under section 527, education benefits for reservists would increase by about 50 percent on average. Assuming the operational tempo of the reserve component is reduced over the next few years from today's levels, CBO estimates that the average increase in benefits would gradually fall to about 25 percent above the current level.

Allowing for an increase in usage resulting from the benefit increase and for cost-of-living adjustments, CBO estimates that enacting section 527 would increase direct spending for reservists' education benefits by about \$90 million in 2005, \$650 million over the 2005-2009 period, and \$1.2 billion over the 2005-2014 period.

Energy Employees Compensation Program. H.R. 4200 contains several provisions that would make changes to the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) of 2000 (enacted as part of Public Law 106-398). Currently, subtitle D of EEOICPA establishes a process for awarding workers' compensation to Department of Energy (DOE) contractor employees whereby physician panels review medical records to determine whether ailments are related to work performed for DOE. If the panel determines that the ailments are work-related, the contractor employee can then receive assistance from DOE in filing state workers' compensation.

Sections 3161 and 3162 would repeal subtitle D and establish a new workers' compensation program for DOE contractor employees to be administered by the Department of Labor (DOL). Under current law, some former contractor employees who receive positive determinations from the review panel will not receive workers' compensation because the companies they worked for no longer exist. These provisions would address this issue by making DOL responsible for paying all compensation. Under the new program, contractor employees with covered illnesses would receive compensation based on both disability ratings and wage loss. In addition, contractor employees would receive medical benefits for the covered ailment.

Survivors of contractor employees whose death was likely caused by exposure to a toxic substance at a DOE facility would receive \$125,000, \$150,000, or \$175,000, depending on whether or not the worker experienced wage loss due to a covered illness. Covered employees and survivors would be allowed to receive a maximum of \$250,000 under EEOICPA; this limit would not include payments for medical benefits but would include the \$150,000 payment that some contractor employees will also receive under subtitle B of EEOICPA.

CBO estimates that about 62,000 contractor employees and survivors would receive compensation over the 2005-2014 period under these provisions. CBO estimates that the changes would increase direct spending for EEOICPA compensation by about \$220 million in 2005, \$680 million over the 2005-2009 period, and \$1.1 billion over the 2005-2014 period. Those amounts include the costs for DOL to administer this workers' compensation program. DOL estimates that administrative costs would total about \$260 million over the 10-year period.

Payments to Uranium Workers. Section 3161 also would expand the energy workers' compensation program to include certain uranium workers as defined by the Radiation Employees Compensation Act (RECA) and section 3165 would direct DOL to pay the \$100,000 lump-sum benefit due to these uranium workers under RECA from the EEOICPA fund. Under current law, there is an annual cap on the total amount of compensation that can be paid out under RECA. CBO estimates that enacting these sections would remove about 900 uranium workers over the 10-year period from the effect of the cap and would cost about \$30 million in 2005, \$75 million over the 2005-2009 period, and \$85 million over the 2005-2014 period.

Modification of Phase-In for Concurrent Receipt. Section 642 would eliminate the 10-year phase-in of full concurrent receipt for eligible retirees who are rated by the Department of Veterans Affairs as 100 percent disabled. CBO estimates that enacting this provision would increase direct spending for military retirement by \$176 million in 2005, almost \$800 million over the 2005-2009 period, and just over \$900 million over the 2005-2014 period.

Energy Savings Performance Contracts (ESPCs). Section 1090 would extend until October 1, 2006, the authority to enter into ESPCs, which expired on October 1, 2003. It also would retroactively authorize any ESPC contracts signed between the date the authority expired and the enactment date of this act. Based on the usage of this authority by federal agencies in 2002 and 2003, CBO estimates that extending this authority would increase direct spending by \$231 million in 2005 and \$550 million over the 2005-2007 period.

ESPCs enable federal agencies to enter into long-term contracts with an energy savings company (ESCO) for the acquisition of energy-efficient equipment, such as new windows, lighting, and heating, ventilation, and air conditioning systems. Because the government does not pay for the equipment at the time it is acquired, the ESCO borrows money from a nonfederal lender to finance the acquisition and installation of the equipment. The obligation to make payments for the equipment and the financing costs is incurred when the government signs the ESPC. Under the expired authority, agencies could use ESPCs to acquire new equipment, paying over a period of up to 25 years, without an appropriation for the full amount of the purchase price. Thus, consistent with governmentwide accounting principles, CBO believes that the budget should reflect such commitments as new obligations at the time that ESPCs are signed, and the authority to enter into these contracts without budget authority for the full amount of the purchase price constitutes direct spending.

Disability Retirement and Survivor Annuities for Reservists. The monthly retirement benefit for a member of the uniformed services equals the member's pay base times a multiplier, where the multiplier is based on years of service or degree of disability. Section 641 would authorize the pay base for reserve-disability retirement and survivor

annuities to be calculated under the same rules as regular reserve retirements. CBO estimates that enacting section 641 would increase outlays for military retirement by \$2 million in 2005, \$30 million over the 2005-2009 period, and about \$100 million over the 2005-2014 period.

Residual Contamination at Atomic Weapons Employer Facilities. Section 3168 would extend compensation eligibility under EEOICPA to employees who worked at facilities with residual contamination, as identified in an October 2003 report by the National Institute for Occupational Safety and Health. Under current law, employees are eligible for compensation only if they worked under DOE contracts. Enacting this section would expand eligibility to employees at about 100 facilities for work done after the completion of the DOE contract. Because these workers would still be required to go through the dose reconstruction process (a process that determines whether their illnesses are work-related), CBO believes there would be no additional costs as a result of this expanded eligibility until 2006. The cost of enacting section 3168 would total \$28 million over the 2005-2014 period, CBO estimates.

Early Separation of Mobilized Reservists. Under current law, reservists called to duty for more than 30 days are eligible for separation benefits or disability retirement, even when they are immediately found to be unfit for duty because of pre-existing medical conditions. Section 521 would allow the services to separate reservists without retirement benefits if, when called to active duty, they are found to be unfit because of pre-existing medical conditions. Based on the current level of disability retirement benefits and assuming cost-of-living increases and payroll increases, CBO estimates this section would decrease retirement outlays by less than \$500,000 in 2005, \$4 million over the 2005-2009 period, and \$11 million over the 2005-2014 period.

Reimbursement for Certain Protective, Safety, or Health Equipment. Section 351 would direct the Secretary of Defense to reimburse troops serving in Iraq or the Global War on Terrorism for the cost of protective, safety, or health equipment—such as body armor—purchased with personal funds between September 11, 2001, and July 31, 2004. Based on information from manufacturers and distributors of body armor, as well as an analysis of the number of troops serving in the central command theater of operations during the specified time period, CBO estimates as many as 10,000 personnel purchased their own bullet-proof vests at an average cost of about \$900 each. In addition, as many as 20,000 purchased protection plates and other accessories at an average cost of about \$350 each. Thus, CBO estimates the total cost of reimbursements made under this section would be about \$16 million over the 2005-2006 period.

Land Conveyance, Louisiana Army Ammunition Plant. Section 2843 would convey to the state of Louisiana approximately 15,000 acres at the Louisiana Army Ammunition Plant in Doyline, Louisiana. In exchange, the state would maintain at least 13,500 acres for

military training purposes, and would take over environmental monitoring of industrial facilities at the site. Because the Army would forgo approximately \$2 million in receipts it receives annually from leases and timber sales at the installation, CBO estimates that enacting this provision would increase direct spending by \$8 million over the 2006-2009 period and \$22 million over the 2006-2014 period.

Modification of Land Exchange, Fort Lewis, Washington. Section 2852 would allow the Department of Defense to transfer a parcel of land in the state of Washington to the Department of the Interior to take into trust for the Nisqually Tribe. In exchange for the land, the tribe would provide an adjacent parcel of land to the Department of the Army. Under the provision, the Army would provide an easement to the Bonneville Power Administration (BPA) for the purpose of removing about one mile of transmission power lines from the land that would be taken into trust for the tribe.

Based on information from BPA, CBO estimates that moving a transmission line to other federal land from the land that would be transferred to the tribe would cost \$3.4 million over the 2005-2006 period.

Because BPA recoups its costs through the rates it charges its customers for electricity and transmission services, we expect BPA would recover about \$750,000 of that cost over the 2005-2009 period, about \$1.8 million over 10 years, and all of that cost over roughly 40 years—the asset life of the project. Because BPA's spending authority is not subject to appropriation, CBO estimates that enacting section 2852 would result in net direct spending of \$2.6 million over the 2005-2009 period and \$1.6 million over the 2005-2014 period.

Disability Retirement for Military Academy Students. Section 555 would define the compensation received by midshipman and cadets at the military academies and the Coast Guard Academy as basic pay. This change would entitle cadets and midshipmen to disability retirement or separation pay if they were to become disabled in the line of duty during their time at the academies. It also would allow an officer who was forced to separate during his or her first eight years of service because of a condition that began at an academy to be eligible for disability retirement or separation pay. In total, CBO estimates that enacting this section would increase direct spending by \$1 million over the 2005-2009 period and by \$4 million over the 2005-2014 period.

Relief from Farm Loan Obligations for Reservists Called to Active Duty. Section 664 would direct the Secretary of Agriculture to provide servicing benefits to reservists called to active duty with farm loans from the Farm Service Agency. Under this provision, interest on the loans would be forgiven while the borrowers are on active duty. The provision would allow for the modification of the terms and conditions on outstanding loans and would affect direct spending through a reduction in offsetting receipts (a credit against direct spending).

Direct spending in 2005 and subsequent years would be affected by the loss of interest receipts on any loans made prior to enactment of this provision. Interest receipts would decline in 2005 and in future years, although the impact in future years would be smaller since CBO assumes that the number of activated reservists and the amount of outstanding loans obligated before enactment of the legislation would decline over time.

CBO estimates that about 150 reservists with farm loans will be activated in 2005 and that the average interest forgiveness for these borrowers would be about \$5,000. CBO estimates that the present value of interest forgone on pre-existing loans to reservists called to active duty in 2005 and subsequent years would total about \$2 million over the 2005-2006 period.

Accruals Payments to the Uniformed Services Medicare-Eligible Health Care Trust Fund. Section 725 would eliminate the current requirement for DoD and the other uniformed services to make annual payments to the Uniformed Services Medicare-Eligible Health Care Trust Fund beginning in 2006 and require the Treasury to make those payments instead—reducing the need for more than \$11 billion in appropriations for such intragovernmental payments in 2006 and almost \$50 billion over the 2006-2009 period.

Section 725 would replace the accrual payments paid by DoD into the fund with mandatory payments from the Treasury. Those new payments and collections would be intragovernmental transfers with no net impact on direct spending.

Other Provisions. The following provisions would have an insignificant budgetary impact on direct spending:

- Sections 342 and 844 would extend pilot programs for the sale of goods and services from government arsenals and industrial facilities. The net budgetary impact of enacting this section would be insignificant, since these facilities would also be allowed to spend any proceeds they would collect.
- Section 343 would extend a pilot program to recover refunds due for depot maintenance work on aircraft engines covered by warranties. The net budgetary impact of enacting this section would be insignificant, since DoD would also be allowed to spend any proceeds they would collect.
- Section 522 would clarify that reservists within two years of becoming eligible for a reserve retirement are not entitled to remain on active duty for those two years. The few individuals who would be affected by enacting this provision would probably retire with a somewhat smaller annuity, resulting in a slight decrease in retirement outlays.

- Section 602 would exclude the supplemental subsistence allowance from income when determining eligibility for programs covered by the Richard B. Russell National School Lunch Act and the Child Nutrition Act. These programs include school lunch, school breakfast, summer feeding, and the children and adult care food program. Because a limited number of military members receive this allowance and most of their children are already eligible for free or reduced meals, CBO estimates that the increase in direct spending would be less than \$500,000 a year.
- Section 1004 would allow DoD to charge and retain fees for the use of trademarks. CBO estimates the net impact of the collection and expenditure of these fees would be insignificant.
- Section 1011 would allow the Navy to award contracts to dismantle ships based on the cost for performing the dismantling work net of the anticipated value of the scrap and reusable equipment. This section also would allow the contractors to retain the proceeds from the sale of such scrap and reusable equipment. Under current law, the Navy has the authority to award contracts for disposing of decommissioned ships. In 1999, the Navy initiated a pilot program that competitively awarded vessel scrapping work to four private companies. Under that approach, the contractor is responsible for finding a buyer for the scrap metal, but proceeds from the sale go to the Navy. CBO estimates that enacting section 1013 would have no effect on direct spending because it would neither increase or decrease receipts to the federal government since the provision would simply allow the Navy to receive credit for the expected value of the scrap in advance of its actual sale.
- Section 1012 would allow the Navy to use the proceeds from the sale of obsolete service craft and boats to pay to prepare obsolete service craft and boats for sale or exchange. Under existing law, the Navy may use proceeds from those sales, but only to purchase replacement service craft or boats. The Navy may not use the proceeds to prepare additional service craft and boats for exchange or sale. Based on information from the Navy, CBO estimates that it costs on average about \$500,000 annually to prepare service craft and boats for disposal. Because the Navy already has the authority to spend these proceeds and this section would extend that authority to the preparation efforts necessary in the disposal process, CBO estimates that enacting this provision would have no net effect on direct spending.

Asset Sales

Section 3302 would increase by \$100 million the targets contained in the National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261) for sales from the National Defense Stockpile through 2009. CBO estimates that there will be sufficient quantities of

materials in the stockpile to achieve an additional \$15 million in receipts in 2005 and \$100 million in additional receipts over the 2005-2009 period.

Section 3303 would increase by 50,000 short tons the restrictions for fiscal year 2005 on manganese ferro alloy sales from the National Defense Stockpile contained in the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107-107). Based on information provided by the National Defense Stockpile Office, CBO estimates that there will be sufficient quantities of manganese ferro alloy in the stockpile to achieve such additional sales in 2005. CBO estimates that DoD would be able to expedite those sales without affecting current market prices, resulting in \$8 million of additional receipts in 2005, but no net budgetary impact over the 2005-2014 period because the provision would only accelerate planned sales and would not increase total sales over the period.

PREVIOUS CBO ESTIMATES

On May 17, 2004, CBO transmitted a cost estimate for H.R. 4200, the National Defense Authorization Act for Fiscal Year 2005, as reported by the House Committee on Armed Services on May 14, 2004. CBO estimated that this version of the act would increase direct spending by \$692 million over the 2005-2009 period but decrease such spending by about \$1 billion over the 2005-2014 period.

On July 21, 2004, CBO transmitted a cost estimate for S. 2400, the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, as passed by the Senate on June 23, 2004. CBO estimated that this legislation would increase on-budget direct spending by \$64 million in 2005, but decrease such spending by about \$6.5 billion over the 2005-2009 period, and almost \$15 billion over the 2005-2014 period. S. 2400 also contained a provision that would increase off-budget direct spending for the U.S. Postal Service by \$6 million in 2005, but with no net cost over the 2005-2014 period.

Many provisions in H.R. 4200, as cleared by the Congress, are identical to or very similar to provisions in the earlier versions of the legislation. However, H.R. 4200 as cleared by the Congress, contains provisions regarding education benefits for reservists, payments to uranium workers and a modification of a land exchange at Fort Lewis, Washington, that were not included in either of the bills previously estimated by CBO. CBO estimates that those provisions alone would increase direct spending by about \$120 million in 2005, \$725 million over the 2005-2009 period, and \$1.3 billion over the 2005-2014 period.

In addition, H.R. 4200 as cleared by the Congress contains a provision regarding the Energy Employees Compensation Program that is significantly different from provisions in the versions of the legislation previously estimated by CBO. CBO estimates that this

modification would further increase direct spending by about \$220 million in 2005, \$680 million over the 2005-2009 period, and \$1.1 billion over the 2005-2014 period.

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