



May 4, 2016

Honorable Mac Thornberry
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. 4909, the National Defense Authorization Act for Fiscal Year 2017, as ordered reported by the House Committee on Armed Services on April 28, 2016. This preliminary estimate is based on legislative language for H.R. 4909 that was provided to CBO on May 2, 2016. CBO's complete cost estimate for H.R. 4909, including discretionary costs, will be provided shortly.

H.R. 4909 would make several changes to military retirement and health care benefits. The bill also would make changes to the national defense stockpile, reduce unobligated balances in the Department of Defense Acquisition Workforce Development Fund, and require women to register with the Selective Service. Several other provisions would change direct spending by an insignificant amount over the 2017-2026 period. On a preliminary basis, CBO estimates that in total enacting H.R. 4909 would reduce net direct spending by \$206 million over the 2017-2026 period (see attached table).

The bill also would make numerous changes to the military justice system that CBO expects would increase the amount of fines and forfeitures of pay that are assessed at military courts-martial by less than \$500,000 over the next 10 years. Those fines are classified as revenues. Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

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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,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall
Director

Attachment

cc: Honorable Adam Smith
Ranking Member

PRELIMINARY ESTIMATE OF THE IMPACT OF H.R. 4909 ON DIRECT SPENDING

	By Fiscal Year, in Millions of Dollars										2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026
Acquisition Workforce Fund												
Budget Authority	-475	0	0	0	0	0	0	0	0	0	-475	-475
Estimated Outlays	-113	-120	14	36	20	5	0	0	0	0	-163	-158
Special Survivor Indemnity Allowance												
Estimated Budget Authority	0	240	0	0	0	0	0	0	0	0	240	240
Estimated Outlays	0	220	20	0	0	0	0	0	0	0	240	240
Stockpile Disposal/Purchases												
Estimated Budget Authority	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-75	-150
Estimated Outlays	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-75	-150
Combat Related Special Compensation												
Estimated Budget Authority	0	-1	-3	-6	-8	-11	-14	-17	-20	-23	-18	-103
Estimated Outlays	0	-1	-3	-5	-8	-12	-14	-16	-20	-23	-17	-102
Selective Service Registration												
Estimated Budget Authority	0	-2	-3	-4	-5	-7	-7	-9	-9	-10	-15	-56
Estimated Outlays	0	-1	-2	-3	-4	-5	-7	-8	-9	-9	-11	-50
Survivor Benefit Plan												
Estimated Budget Authority	1	1	1	1	1	1	1	2	2	2	5	13
Estimated Outlays	1	1	1	1	1	1	1	2	2	2	5	13
Tricare Reform												
Estimated Budget Authority	0	*	*	*	-2	-2	-2	-2	-2	-2	-2	-12
Estimated Outlays	0	*	*	*	-2	-2	-2	-2	-2	-2	-2	-12
Stockpile Recycling/Qualifying												
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
Medals of Honor												
Estimated Budget Authority	1	1	*	*	1	*	*	*	*	*	3	3
Estimated Outlays	1	1	*	*	1	*	*	*	*	*	3	3
Total Changes in Direct Spending												
Estimated Budget Authority	-487	225	-19	-23	-27	-33	-36	-40	-43	-47	-332	-530
Estimated Outlays	-125	86	16	15	-6	-27	-36	-38	-43	-46	-15	-206

Notes: Several other provisions of H.R. 4909 would affect direct spending by an insignificant amount. Provisions to modify the military justice system would increase revenues by an insignificant amount.

Details may not sum to totals because of rounding; * = less than \$500,000.