



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

*Keith Hall, Director*

July 27, 2017

Honorable John McCain  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has completed an estimate of the direct spending and revenue effects of S. 1519, the National Defense Authorization Act for Fiscal Year 2018, as reported by the Senate Committee on Armed Services on July 10, 2017. CBO's complete cost estimate for S. 1519, including discretionary costs, will be provided shortly.

CBO estimates that enacting S. 1519 would increase direct spending by \$621 million over the 2018-2027 period, primarily through adjustments to the TRICARE Health Benefit and the Special Survivor Indemnity Allowance. (See attached table). The bill would have an insignificant effect on revenues.

Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting S. 1519 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

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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 that reads "Mark P. Hoeller for". The signature is written in a cursive style with a long horizontal flourish at the bottom.

Keith Hall  
Director

Attachment

cc: Honorable Jack Reed  
Ranking Member

**CHANGES IN DIRECT SPENDING UNDER S. 1519**

	By Fiscal Year, in Millions of Dollars										2018-	2018-
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027
TRICARE Pharmacy Benefit												
Estimated Budget Authority	-182	-293	-334	-399	-461	-300	-272	-319	-376	-422	-1,669	-3,358
Estimated Outlays	-148	-269	-325	-386	-449	-333	-278	-310	-365	-414	-1,577	-3,277
TRICARE Reserve Select												
Estimated Budget Authority	0	3	17	23	25	28	31	35	38	41	68	241
Estimated Outlays	0	3	17	23	25	28	31	35	38	41	68	241
<i>On-budget</i>	0	2	10	14	15	17	19	21	23	25	41	146
<i>Off-budget<sup>a</sup></i>	0	1	7	9	10	11	12	14	15	16	27	95
TRICARE Advantage Demonstration												
Estimated Budget Authority	0	0	10	15	15	15	15	15	10	10	40	105
Estimated Outlays	0	0	10	15	15	15	15	15	10	10	40	105
TRICARE Cost-Sharing												
Estimated Budget Authority	0	-2	-2	-2	-3	-3	-3	-3	-3	-4	-9	-25
Estimated Outlays	0	-2	-2	-2	-3	-3	-3	-3	-3	-4	-9	-25
Contraception Cost-Sharing												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	1	2
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	1	2
Special Survivor Indemnity Allowance												
Estimated Budget Authority	85	267	278	289	297	306	315	324	332	341	1,216	2,834
Estimated Outlays	64	266	277	288	297	305	314	323	331	340	1,192	2,805
Special Immigrant Visas												
Estimated Budget Authority	27	73	67	60	55	53	52	52	51	50	282	540
Estimated Outlays	27	73	67	60	55	53	52	52	51	50	282	540
Workers in H-2B Status												
Estimated Budget Authority	*	*	*	*	1	1	1	1	*	0	1	4
Estimated Outlays	*	*	*	*	1	1	1	1	*	0	1	4
Palau Compact of Free Association												
Estimated Budget Authority	45	23	17	14	12	9	4	0	0	0	111	124
Estimated Outlays	45	23	17	14	12	9	4	0	0	0	111	124
Utilities Privatization												
Estimated Budget Authority	0	10	10	10	10	10	10	10	10	10	40	90
Estimated Outlays	0	10	10	10	10	10	10	10	10	10	40	90
National Defense Stockpile												
Estimated Budget Authority	1	2	2	2	2	0	0	0	0	0	9	9
Estimated Outlays	1	2	2	2	2	0	0	0	0	0	9	9

(Continued)

**TABLE CONTINUED**

	By Fiscal Year, in Millions of Dollars											2018-	2018-
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027	
Disability Compensation Claims for Mustard Gas or Lewisite													
Estimated Budget Authority	4	4	*	*	*	*	*	*	*	*	9	9	
Estimated Outlays	4	4	*	*	*	*	*	*	*	*	9	9	
Order to Active Duty													
Estimated Budget Authority	-2	-2	-2	-2	-1	-1	1	1	1	1	-9	-6	
Estimated Outlays	-1	-2	-2	-2	-1	-1	0	1	1	1	-8	-6	
<b>Total Changes</b>													
Estimated Budget Authority	-22	85	63	10	-48	118	154	116	63	27	90	569	
Estimated Outlays	-8	108	71	22	-36	84	146	124	73	34	159	621	
<i>On-budget</i>	-8	107	64	13	-46	73	134	110	58	18	132	526	
<i>Off-budget</i>	0	1	7	9	10	11	12	14	15	16	27	95	

Notes: Other provisions in S. 1519 would have insignificant effects on direct spending. Those provisions will be described in the full estimate. Enactment of S. 1519 would have an insignificant effect on revenues.

Numbers may not add up to totals because of rounding; \* = less than \$500,000.

- a. Changes in health care contributions by the Postal Service are classified as off-budget.