



June 18, 2019

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

*Re: Direct Spending and Revenue Effects of H.R. 2500, the National Defense Authorization Act for Fiscal Year 2020*

Dear Mr. Chairman:

The Congressional Budget Office has completed the enclosed estimate of the direct spending and revenue effects of H.R. 2500, the National Defense Authorization Act for Fiscal Year 2020, as ordered reported by the House Committee on Armed Services on June 13, 2019. CBO's complete estimate, including discretionary costs, will be provided shortly.

Enacting the bill would reduce net direct spending by \$9 million over the 2020-2029 period. The budgetary effects primarily arise from three sources. A provision that would require the Secretary of Defense to sell IPv4 (Internet Protocol) addresses would increase offsetting receipts which are classified as reductions in direct spending. That reduction would be partially offset by increasing the number of service members in the reserve components of the U.S. Armed Forces who can collect reserve retired pay before age 60. The bill also would provide additional Special Immigrant Visas to Afghans who worked for the U.S. government in Afghanistan, allowing them and their family members to immigrate to the United States and receive federal benefits. Several other provisions would have smaller effects on direct spending. Other provisions would affect revenues by an insignificant amount.

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

CBO estimates that enacting H.R. 2500 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2030.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip L. Swagel", with a long, sweeping flourish extending to the right.

Phillip L. Swagel  
Director

Enclosure

cc: Honorable Mac Thornberry  
Ranking Member

**Table 1.**  
**Estimated Increases or Decreases in Direct Spending Under H.R. 2500,**  
**as Ordered Reported by the House Committee on Armed Services on June 13, 2019**

By Fiscal Year, Millions of Dollars													2019- 2024	2019- 2029
2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029				
<b>Increases or Decreases (-) in Direct Spending</b>														
Sale of IPv4 Addresses <sup>a</sup>														
Section 1088														
Estimated Budget Authority	0	0	0	-20	-32	-25	-9	-4	-4	-3	-3	-77	-100	
Estimated Outlays	0	0	0	-20	-32	-25	-9	-4	-4	-3	-3	-77	-100	
Reduced Age for Reserve Retirement <sup>b</sup>														
Section 627														
Estimated Budget Authority	0	1	2	2	3	3	4	5	6	7	8	11	41	
Estimated Outlays	0	1	2	2	3	3	4	5	6	7	8	11	41	
Afghan Special Immigrant Visas <sup>c</sup>														
Section 1212														
Estimated Budget Authority	0	0	0	5	6	5	5	5	4	4	4	16	38	
Estimated Outlays	0	0	0	5	6	5	5	5	4	4	4	16	38	
Aviation Insurance <sup>d</sup>														
Section 354														
Estimated Budget Authority	0	2	2	2	2	0	0	0	0	0	0	8	8	
Estimated Outlays	0	2	2	2	2	0	0	0	0	0	0	8	8	
Contraception Cost Sharing <sup>e</sup>														
Section 701														
Estimated Budget Authority	0	*	*	*	*	*	*	*	*	*	*	1	3	
Estimated Outlays	0	*	*	*	*	*	*	*	*	*	*	1	3	
Board of Discharge Appeals <sup>f</sup>														
Section 521														
Estimated Budget Authority	0	*	*	*	*	*	*	*	*	*	*	*	1	
Estimated Outlays	0	*	*	*	*	*	*	*	*	*	*	*	1	
National Defense Stockpile <sup>g</sup>														
Section 807														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	
Estimated Outlays	0	8	8	-4	-4	-8	*	0	0	0	0	*	*	
Total Changes in Direct Spending														
Estimated Budget Authority	0	3	4	-11	-21	-17	*	6	6	8	9	-41	-9	
Estimated Outlays	0	11	12	-15	-25	-25	*	6	6	8	9	-41	-9	

Components may not sum to totals because of rounding; IPv4 = Internet Protocol version 4; \* = between -\$500,000 and \$500,000. CBO estimates that enacting H.R. 2500 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2030. Other provisions in H.R. 2500 would have insignificant effects on direct spending and revenues. CBO assumes that H.R. 2500 will be enacted near the start of fiscal year 2020.

Continued

**Table 1.**  
**Continued**

- a. Section 1088 would require the Department of Defense to sell all of the department's IPv4 addresses over the next 10 years at fair market value.
  - b. Section 627 would expand eligibility for service members to collect reserve retired pay before age 60.
  - c. Section 1212 would increase by 300 the number of Special Immigrant Visas available to Afghans who worked for the U.S. government in Afghanistan. Afghan special immigrants are eligible for a variety of federal benefits upon arrival in the United States if they meet the other eligibility criteria for those benefits.
  - d. Section 354 would extend, through September 30, 2023, the authority of the Secretary of Transportation to issue aviation insurance without charging an insurance premium.
  - e. Section 701 would eliminate all cost sharing for contraceptive pharmaceuticals and devices for women who use TRICARE. The health care costs for beneficiaries who are retirees of the other uniformed services and their dependents are paid from mandatory appropriations.
  - f. Section 521 would establish a new board to evaluate requests from veterans to improve the characterization of their discharge from the armed forces. Those upgrades would increase direct spending for retroactive separation pay and for mandatory veterans' benefits.
  - g. Section 807 would require the Department of Defense to sell three million pounds of tungsten and allow the department to purchase other critical materials. Because monies deposited into the National Defense Stockpile Fund are permanently appropriated, receipts from newly authorized sales of materials are not counted as negative budget authority, and authority for new purchases of strategic materials does not create new budget authority.
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