



September 9, 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 passed by the House of Representatives on July 12, 2019. Enacting the act would increase net direct spending by \$6.2 billion over the 2020-2029 period. It also would increase revenues by \$47 million over the same period. In total, enacting the act would increase the deficit by \$6.1 billion.

Those budgetary effects primarily arise from three sources. One provision would increase the annuities that military spouses receive under the Survivor Benefit Plan. That provision would increase net direct spending by \$5.7 billion. The act also would allow individuals to file claims against the U.S. government for damages relating to the personal injury or death of a member of the U.S. Armed Forces arising from medical malpractice, increasing outlays from the Judgment Fund by \$0.4 billion. Those cost increases would be partially offset by a provision that would require the Secretary of Defense to sell Internet Protocol version 4 (IPv4) addresses, thereby increasing offsetting receipts and reducing direct spending by \$0.1 billion. Other provisions would increase revenues by a total of \$47 million by imposing additional sanctions on the assets of certain foreign individuals and enterprises.

Several other provisions would have smaller effects on direct spending and revenues.

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

CBO estimates that enacting H.R. 2500 would increase on-budget deficits by more than \$5 billion in each of the four consecutive 10-year periods beginning in 2030.

On June 26, 2019, CBO transmitted a cost estimate for [H.R. 2500, the National Defense Authorization Act for Fiscal Year 2020](#), as reported by the House Committee on Armed Services on June 19, 2019. The two versions of H.R. 2500 contain different provisions affecting direct spending and revenues, and CBO's cost estimates reflect those differences.

On June 25, 2019, CBO transmitted a cost estimate for [H.R. 553, the Military Surviving Spouses Equity Act](#), as introduced in the House of Representatives on January 15, 2019. That bill is similar to section 630A of H.R. 2500 as passed by the House of Representatives, and the costs are the same.

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

Sincerely,



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 Passed by the House of Representatives on July 12, 2019

	By Fiscal Year, Millions of Dollars											2019- 2024	2019- 2029
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Increases or Decreases (-) in Direct Spending													
Survivor Benefit Plan Adjustment ^a													
Section 630A													
Estimated Budget Authority	0	440	500	530	550	580	590	610	620	630	650	2,600	5,700
Estimated Outlays	0	440	500	530	550	580	590	610	620	630	650	2,600	5,700
Medical Malpractice Claims ^b													
Section 729													
Estimated Budget Authority	0	20	40	50	50	50	40	40	40	50	50	210	430
Estimated Outlays	0	20	40	50	50	50	40	40	40	50	50	210	430
Sale of IPv4 Addresses ^c													
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
Afghan Special Immigrant Visas ^d													
Section 1212													
Estimated Budget Authority	0	0	0	6	7	7	6	6	5	5	5	20	47
Estimated Outlays	0	0	0	6	7	7	6	6	5	5	5	20	47
Reduced Age for Reserve Retirement ^e													
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
National Defense Stockpile ^f													
Section 807													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	8	6	-12	-12	-13	0	0	0	0	0	-23	-23
Paid Family Medical Leave ^g													
Sections 1121-1126													
Estimated Budget Authority	0	0	*	*	1	1	2	3	4	5	6	2	22
Estimated Outlays	0	0	*	*	1	1	2	3	4	5	6	2	22
Sanctions on Burma ^h													
Section 1292													
Estimated Budget Authority	0	0	1	2	3	3	4	1	*	*	0	9	14
Estimated Outlays	0	0	1	2	3	3	4	1	*	*	0	9	14
Aviation Insurance ⁱ													
Section 354													
Estimated Budget Authority	0	2	2	2	0	0	0	0	0	0	0	6	6
Estimated Outlays	0	2	2	2	0	0	0	0	0	0	0	6	6
Contraception Cost Sharing ^j													
Section 701													
Estimated Budget Authority	0	*	*	*	*	*	*	*	*	*	*	1	3
Estimated Outlays	0	*	*	*	*	*	*	*	*	*	*	1	3

(Continued)

Table 1.
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- f. Section 807 would require the Department of Defense to sell three million pounds of tungsten at an estimated value of \$37 million. It also would allow the department to spend up to \$14 million to purchase other critical materials. Amounts deposited in the Stockpile Fund are permanently appropriated under current law. Thus, authorization to purchase new materials from fund balances does not create new budget authority. In addition, budget authority from the receipts from newly authorized sales of materials would be fully offset by the permanent authority to spend those amounts once they are deposited in the fund.
- g. Sections 1121-1126 would provide paid leave under the Family and Medical Leave Act to most federal employees.
- h. Section 1292 would impose additional financial sanctions on Burmese officials and entities responsible for human rights abuses.
- i. Section 354 would extend, through September 30, 2022, the authority of the Secretary of Transportation to issue aviation insurance without charging an insurance premium.
- j. Section 701 would eliminate all cost sharing for contraceptive pharmaceuticals and devices for TRICARE beneficiaries. The health care costs for such beneficiaries who are retirees of the other uniformed services and their dependents are paid from mandatory appropriations.
- k. Section 3126 would extend through 2020 the requirement that the Department of Labor operate the Office of Ombudsman for the Energy Employees Occupational Illness Compensation Program.
- l. 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.
- m. Section 1240B would prohibit U.S. citizens from buying or selling Russian sovereign-debt instruments.
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