

H.R. 2670 would prescribe various authorities and policies that govern national defense and foreign affairs. Many of those changes would affect authorizations of appropriations. The bill also would affect direct spending, as shown in the table and discussed below. The largest budgetary effects stem from the sale of submarines to Australia, changes to the World Trade Center Health Program and Medicare Improvement Fund, and the expansion of third-party financing for energy projects.

### Estimated Changes in Direct Spending of the Conference Report for H.R. 2670, the National Defense Authorization Act for Fiscal Year 2024

As Posted on the Website of the Office of the Clerk of the House of Representatives on December 6, 2023

<https://docs.house.gov/billsthisweek/20231211/FY24%20NDAA%20Conference%20Report%20-%20%20FINAL.pdf>

	By Fiscal Year, Millions of Dollars										2024-2028	2024-2033	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033			
<b>Increases or Decreases (-) in Direct Spending</b>													
Section 521. Order Military Retirees to Active Duty <sup>a</sup>													
Estimated Budget Authority	-2	-2	-2	-2	-2	-1	-1	-1	-1	-1	-10	-15	
Estimated Outlays	-2	-2	-2	-2	-2	-1	-1	-1	-1	-1	-10	-15	
Sections 1351-1354. AUKUS Submarine Transfer Act <sup>b</sup>													
Estimated Budget Authority	0	34	23	22	21	19	17	15	13	11	100	175	
Estimated Outlays	0	-1,800	113	126	138	150	162	174	-2,695	797	-1,423	-2,835	
Section 1411. Critical Materials Feasibility Study <sup>c</sup>													
Estimated Budget Authority	6	0	0	0	0	0	0	0	0	0	6	6	
Estimated Outlays	2	2	2	0	0	0	0	0	0	0	6	6	
Section 1412. National Defense Stockpile Disposal <sup>d</sup>													
Estimated Budget Authority	-6	-6	-6	0	0	0	0	0	0	0	-18	-18	
Estimated Outlays	-6	-6	-6	0	0	0	0	0	0	0	-18	-18	
Section 1421. Armed Forces Retirement Home Trust Fund <sup>e</sup>													
Estimated Budget Authority	6	6	6	0	0	0	0	0	0	0	18	18	
Estimated Outlays	1	1	1	1	1	1	1	1	1	1	5	10	

(Continued)



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	By Fiscal Year, Millions of Dollars										2024-2028	2024-2033
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
<b>Increases or Decreases (-) in Direct Spending</b>												
Sections 1851-1853. World Trade Center Health Program and Medicare Improvement Fund <sup>f</sup>												
Estimated Budget Authority	2,460	0	0	0	0	0	0	0	0	-3,270	2,460	-810
Estimated Outlays	68	246	1,246	300	265	69	69	69	64	-2,396	2,125	0
Section 2811. Area-Wide Energy Contracts <sup>g</sup>												
Estimated Budget Authority	150	150	150	150	150	150	150	150	150	0	750	1,350
Estimated Outlays	110	150	150	150	150	150	150	150	150	40	710	1,350
Section 7801. Compensation for Qualifying Injuries to the Brain <sup>h</sup>												
Estimated Budget Authority	15	0	0	0	0	0	0	0	0	0	15	15
Estimated Outlays	5	5	5	0	0	0	0	0	0	0	15	15
Total Changes in Direct Spending												
Estimated Budget Authority	2,629	182	171	170	169	168	166	164	162	-3,260	3,321	721
Estimated Outlays	178	-1,404	1,509	575	552	369	381	393	-2,481	-1,559	1,410	-1,487

AUKUS = The trilateral security partnership between Australia, the United Kingdom, and the United States.

CBO estimates that enacting H.R. 2670 would not increase net direct spending by more than \$2.5 billion in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting H.R. 2670 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2034.

Other provisions of H.R. 2670 would have insignificant effects on direct spending and revenues. In addition to effects on direct spending, as noted in the table, the bill also would affect spending subject to appropriation. CBO has not estimated those effects.

- a. Section 521 would permanently extend authority allowing the military services to order military retirees to return to active duty. When activated, those retirees forgo retired pay (which is paid from mandatory appropriations) and instead receive active duty pay (which is paid from discretionary appropriations). After retirees leave active duty their annuities are increased as a result of the additional service.



- b. Sections 1351-1354 would authorize the Department of Defense (DoD) to sell three Virginia-class submarines to Australia. CBO expects that the first submarine would be sold for \$3 billion in 2032 and that other sales would occur after 2033. Those sections would also allow DoD to accept contributions from Australia to support submarine security activities under AUKUS. Based on information provided to the Congress, CBO estimates Australia would contribute a total of \$2.8 billion over the budget window beginning in 2025. The payments for the submarines, the contributions, and the authority to spend those amounts once received would offset, resulting in no net effect on budget authority in each of those years. The effect of the sales and contributions on outlays would reflect the initial receipt (a negative outlay) followed by the spending of those amounts, which would occur over many years (including years after 2033). The contributions would earn interest from the Treasury, which could be spent without further appropriation, increasing both budget authority and outlays over the budget window.
- c. Section 1411 would require the National Defense Stockpile to study the feasibility of mining and developing critical materials. The costs of those activities would be paid from the National Defense Stockpile Transaction Fund, a mandatory account.
- d. Section 1412 would authorize the National Defense Stockpile to sell critical materials. Receipts from such sales revert to the National Defense Stockpile Transaction Fund and would be recorded as reductions in direct spending.
- e. Section 1421 would appropriate lease proceeds that are deposited in the trust fund for the Armed Forces Retirement Home during fiscal years 2024 through 2026 for the purpose of administering leases of its facilities. Under current law, all amounts in that fund are subject to appropriation. CBO estimates that the cost to administer the leases is less than the amount of the proceeds; thus, only some of those appropriated amounts would be spent for that purpose.
- f. Sections 1851-1853 would appropriate \$676 million for the World Trade Center Health Program, a mandatory account, and would expand eligibility for up to 500 additional enrollees. Those sections would also authorize \$1,784 million in additional funding from the Medicare Trust Funds for the Medicare Improvement Fund. To offset those amounts, the mandatory reduction of Medicare payments specified by the Balanced Budget and Emergency Deficit Control Act of 1985 (2 USC 901a(6)(D)) would be extended through the first month of fiscal year 2033, which would reduce direct spending outlays by \$2,460 million in that year.
- g. Section 2811 would authorize DoD to use areawide contracts with public utilities for projects to enhance energy reliability and protect critical infrastructure at military installations. Under those contracts, DoD obtains capital improvements, for which it pays the full costs over many years. Because the department would commit to paying for those improvements before it has an appropriation for the full cost, CBO classifies those payments as contract authority, a form of direct spending.
- h. Section 7801 of Division G would modify the Central Intelligence Agency's authority to pay compensation for qualifying brain injuries under the HAVANA Act of 2021. Under current law, payments under that act are contingent on appropriations provided in advance for a specific fiscal year. If the amount appropriated is insufficient to cover all approved claims, payments are made on a first come, first serve, or pro-rata basis until available amounts are exhausted. By eliminating those limitations, section 7801 would, in CBO's assessment, make injured employees or their family members entitled to those payments. As a result, CBO classifies those payments as direct spending.



A handwritten signature in black ink that reads "Phillip L. Swagel". The signature is fluid and cursive, with a long, sweeping tail that curves upwards and to the right.

Phillip L. Swagel  
Director, Congressional Budget Office