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DUNCAN HUNTER NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2009

MAY 20, 2008.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SKELTON, from the Committee on Armed Services, submitted the following

SUPPLEMENTAL REPORT

[To accompany H.R. 5658]

This supplemental report shows the cost estimate of the Congressional Budget Office with respect to the bill (H.R. 5658), as reported, which was not included in part 1 of the report submitted by the Committee on Armed Services on May 16, 2008 (H. Rept. 110–652, pt. 1).

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 20, 2008.

Hon. IKE SKELTON,
Chairman, Committee on Armed Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5658, the National Defense Authorization Act for Fiscal Year 2009.

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

Sincerely,

ROBERT A. SUNSHINE
(For Peter R. Orszag, Director).

Enclosure.

H.R. 5658—National Defense Authorization Act for Fiscal Year 2009

Summary: H.R. 5658 would authorize appropriations totaling $602 billion for fiscal year 2009 for the military functions of the Department of Defense (DoD), for certain activities of the Department of Energy (DOE), and for other purposes. That total includes

$70 billion for military operations in Iraq and Afghanistan. The bill also would authorize $1.6 billion in 2008 supplemental appropriations, primarily for military construction projects. In addition, H.R. 5658 would prescribe personnel strengths for each active-duty and selected reserve component of the U.S. armed forces. CBO estimates that appropriation of the authorized amounts would result in additional outlays of $596 billion over the 2008–2013 period.

Including outlays from funds previously appropriated, spending for defense programs authorized by the bill would total about $600 billion in 2009, CBO estimates. That figure, however, excludes outlays from the likely enactment of supplemental appropriations for 2008 that are not authorized by the bill. Including the effects of those additional supplemental appropriations for 2008 now being considered by the Congress, spending in 2009 would total more than $630 billion.

The bill also contains provisions that would both increase and decrease costs of discretionary defense programs in years after 2009. Most of those provisions would affect force structure, compensation, and benefits. In total, such provisions would raise costs by about $3 billion annually, assuming appropriation of the necessary amounts.

The bill contains provisions that would both increase and decrease direct spending, primarily from changes in the TRICARE pharmacy benefit and retirement programs, and from the sale of assets from the National Defense Stockpile. We estimate that those provisions combined would increase direct spending by $2 million in 2009, but would decrease such spending by $13 million over the 2009–2013 period and $75 million over the 2009–2018 period. Enacting the bill would not affect federal revenues.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any legislative provisions that enforce the constitutional rights of individuals. CBO has determined that section 591 would fall within that exclusion because it would modify the authority of the President to employ the armed services to protect individuals' civil rights. Therefore, CBO has not reviewed that section of the bill for mandates.

Other provisions of H.R. 5658 contain both intergovernmental and private-sector mandates, but CBO estimates that the annual cost of those mandates would not exceed the thresholds established in UMRA ($68 million for intergovernmental mandates in 2008 and $136 million for private-sector mandates in 2008, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 5658 is summarized in Table 1. Most of the costs of this legislation fall within budget function 050 (national defense).

Basis of estimate: For this estimate, CBO assumes that H.R. 5658 will be enacted near the start of fiscal year 2009 and that the authorized amounts will be appropriated.

Spending subject to appropriation

The bill would specifically authorize appropriations totaling $602 billion in 2009 (see Table 2). Almost all of those authorizations fall within budget function 050 (national defense); $70 billion would be for DoD's costs associated with continuing operations in Iraq and

Afghanistan. The total also includes funds authorized for activities in other budget functions. They include: $63 million for the Armed Forces Retirement Home (function 600—income security); $19 million for the Naval Petroleum Reserves (function 270—energy); and $136 million for the Maritime Administration (function 400—transportation).

In addition, the bill would authorize such sums as may be necessary to the Department of State for activities that would include the creation of a response readiness corps and a civilian reserve corps, which would aid in reconstruction and stabilization operations. CBO estimates that authorization, plus additional foreign assistance that would be authorized by the bill, would require appropriations of about $650 million over the 2009–2010 period. Those costs would fall within budget function 150 (international affairs).

For 2008, the bill would authorize $1.6 billion in supplemental appropriations, primarily for military construction programs. Assuming those appropriations will be provided near the end of 2008, CBO estimates outlays from that additional funding would begin in 2009. Estimated outlays from authorizations of regular appropriations for 2009 and 2010 are based on historical pending patterns.

The bill also contains provisions that would both increase and decrease various costs, mostly for changes in end strength, military compensation, and health benefits, that would be covered by the fiscal year 2009 authorization and by authorizations in future years. Those estimated authorizations are shown in Table 3 and discussed below. The following discussion does not address the timing of outlays from those estimated authorizations.

Force Structure. The bill would affect force structure by setting end-strength levels for the various military services.

Title IV would authorize active and reserve end-strength levels for 2009 and would set the minimum end-strength authorization in permanent law.

The bill would specifically authorize regular appropriations of $124.7 billion for the costs of military pay and allowances in 2009. For related costs due to operations in Iraq and Afghanistan, the bill would authorize an additional $1.2 billion for 2009.

Under title IV, the authorized end strengths in 2009 for active-duty personnel and personnel in the selected reserves would total about 1,370,000 and 850,000, respectively. Of those selected reservists, about 79,600 would serve on active duty in support of the reserves. In total, active-duty end strength would decrease by about 3,300 and selected-reserve end strength would increase by about 100 when compared with levels authorized in 2008.

Section 401 would authorize 7,000 additional active-duty personnel for the Army and 5,000 additional active-duty personnel for the Marine Corps—which CBO estimates would increase costs to DoD by about $2 billion in 2009 and about $11.5 billion over the 2009–2013 period. Those costs include the pay and benefits of the additional personnel, as well as costs for operation and maintenance, procurement, and construction.

TABLE 1.—BUDGETARY IMPACT OF H.R. 5658, THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2009

	By fiscal year, in millions of dollars—					
	2008	2009	2010	2011	2012	2013
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Programs Authorized by H.R. 5658:						
Budget Authority 1A[1]	581,460	0	0	0	0	0
Estimated Outlays	567,251	220,708	80,368	28,382	11,404	4,810
Proposed Changes:						
Authorization of Supplemental Appropriations for 2008 for DoD:						
Authorization Level	1,642	0	0	0	0	0
Estimated Outlays	0	109	678	496	172	94
Authorization of Appropriations for 2009, primarily for the Departments of Defense and Energy:						
Authorization Level	0	531,651	0	0	0	0
Estimated Outlays	0	341,453	123,102	41,432	13,498	5,359
Authorization of Appropriations for 2009 for Military Operations in Iraq and Afghanistan:						
Authorization Level	0	70,000	0	0	0	0
Estimated Outlays	0	37,382	20,111	8,255	2,577	872
Authorization of Appropriations for the Department of State:						
Estimated Authorization Level	0	350	302	0	0	0
Estimated Outlays	0	236	256	75	33	21
Subtotal, Proposed Changes:						
Estimated Authorization Level	1,642	602,001	302	0	0	0
Estimated Outlays	0	379,180	144,147	50,258	16,280	6,346
Total—Including Spending Authorized by H.R. 5658:						
Estimated Authorization Level	583,102	602,001	302	0	0	0
Estimated Outlays	567,251	599,888	224,515	78,640	27,684	11,156
CHANGES IN DIRECT SPENDING 1A[2]						
Estimated Budget Authority	0	−38	155	−24	−52	−49
Estimated Outlays	0	2	155	−24	−52	−94

[1] The 2008 level is the amount appropriated for programs authorized by the bill.

[2] In addition to the direct spending effects shown here, enacting the bill would have additional effects on direct spending after 2013 (see Table 4). In total, CBO estimates that enacting the bill would reduce direct spending by $75 million over the 2009–2018 period.

Notes. The President has requested $103 billion in supplemental defense appropriations for 2008, primarily for military operations in Iraq and Afghanistan. Aside from the $1.6 billion in additional 2008 funding that would be authorized for military construction and family housing projects, the bill would not authorize the supplemental funding requested by the President. If, however, the Congress ultimately provides the entire $103 billion, CBO estimates that additional outlays from those appropriations would total $28 billion in 2008, $36 billion in 2009, and smaller amounts in subsequent years.

For 2009, the authorization levels under ''Proposed Changes'' include amounts specifically authorized by the bill, as well as the effect of an indefinite (i.e., unspecified) authorization for the Department of State. For 2010, the amount also reflects the effect of that same indefinite authorization. The bill also implicitly authorizes some activities from 2010 through 2013; those authorizations are not included above (but are shown in Table 3) because funding for those activities would be covered by specific authorizations in future years.

Section 401 also would decrease the Navy's active-duty end strength by 2,775 and decrease the Air Force's active-duty end strength by 12,513. CBO estimates that the decrease in end strength for the Navy and the Air Force combined would cut costs for salaries and other expenses by about $1 billion in the first year and about $2 billion annually in subsequent years.

Sections 411 and 412 would authorize the end strengths for the reserve components, including those who serve on active duty in support of the reserves. Under this bill, the selected reserve would experience a net increase in end strength of 100, with the Navy Reserve and Air Force Reserve losing personnel while the Army National Guard would see an increase. The number of full-time reservists who serve on active duty in support of the reserves would increase by about 4,000. CBO estimates that the net result of im-

plementing those provisions would be an increase in costs for salaries and other expenses for selected reservists of $241 million in 2009 and about $500 million a year thereafter as compared with the authorized end-strength levels for 2008.

TABLE 2.—SPECIFIED AUTHORIZATIONS IN H.R. 5658 FOR FISCAL YEAR 2009

Category	By fiscal year, in millions of dollars—				
	2009	2010	2011	2012	2013
Authorization of Regular Appropriations					
Department of Defense Military Personnel: [1]					
Authorization Level	124,660	0	0	0	0
Estimated Outlays	118,926	5,236	125	12	0
Operation and Maintenance					
Authorization Level	180,559	0	0	0	0
Estimated Outlays	132,133	37,524	6,999	1,874	751
Procurement					
Authorization Level	104,198	0	0	0	0
Estimated Outlays	28,629	38,593	21,737	7,977	3,173
Research and Development					
Authorization Level	79,725	0	0	0	0
Estimated Outlays	43,636	28,730	4,801	1,149	363
Military Construction and Family Housing:					
Authorization Level	24,457	0	0	0	0
Estimated Outlays	4,084	8,602	6,844	2,483	1,071
Revolving Funds and Other: [2]					
Authorization Level	1,613	0	0	0	0
Estimated Outlays	2,806	126	16	3	1
Subtotal, Department of Defense: [3]					
Authorization Level	515,212	0	0	0	0
Estimated Outlays	330,214	118,811	40,522	13,498	5,359
Atomic Energy Defense Activities: [4]					
Authorization Level	16,221	0	0	0	0
Estimated Outlays	11,066	4,256	899	0	0
Other Programs: [5]					
Authorization Level	218	0	0	0	0
Estimated Outlays	173	35	11	0	0
Subtotal, Authorization of Regular Appropriations:					
Authorization Level	531,651	0	0	0	0
Estimated Outlays	341,453	123,102	41,432	13,498	5,359
Authorization of Appropriations for Military Operations in Iraq and Afghanistan:					
Military Personnel:					
Authorization Level	1,194	0	0	0	0
Estimated Outlays	1,189	0	0	0	0
Operation and Maintenance:					
Authorization Level	56,267	0	0	0	0
Estimated Outlays	33,964	15,763	4,798	1,038	322
Procurement:					
Authorization Level	12,151	0	0	0	0
Estimated Outlays	1,882	4,233	3,473	1,564	569
Research and Development:					
Authorization Level	388	0	0	0	0
Estimated Outlays	207	145	24	5	1
Special Transfer Authority:					
Authorization Level	0	0	0	0	0
Estimated Outlays	140	−30	−40	−30	−20
Subtotal, Iraq and Afghanistan:					
Authorization Level	70,000	0	0	0	0
Estimated Outlays	37,382	20,111	8,255	2,577	872
Total Specified Authorizations:					
Authorization Level	601,65	1	0	0	0
Estimated Outlays	378,835	143,213	49,687	16,075	6,231

[1] For purposes of this estimate, CBO assumes that the authorization of appropriation in section 421 for military personnel includes $10,351 million for accrual payments for the TRICARE For Life program.

[2] This authorization includes the effect of section 1403, which would authorize the transfer of up to $1.3 billion of unobligated balances from the National Defense Stockpile Transaction Fund to the Defense Health Program. That transfer from the stockpile, which would be subject to appropriation action, would lower the 2009 authorization level for the revolving funds by an estimated $1.3 billion. However, the transfer would not affect outlays in the revolving funds over the 2009–2013 period because under current law those balances are unlikely to be spent.

[3] Estimated outlays for DoD reflect a $4 billion limit in general transfer authority, as stated in the committee's report for the bill.

[4] This authorization is primarily for atomic energy activities within the Department of Energy.

[5] These authorizations are for the Maritime Administration, the Armed Forces Retirement Home, and the Naval Petroleum Reserves.

Notes: This table summarizes the authorizations of appropriations explicitly stated in the bill—generally in specified amounts. The bill also would explicitly authorize the appropriation of unspecified amounts, such as the authorization in title XVI of "such sums as may be necessary" for activities of the Department of State. The latter authorizations, along with amounts implicitly authorized by the bill, are not shown here, but are included in Table 3.

TABLE 3.—ESTIMATED AUTHORIZATIONS OF APPROPRIATIONS FOR SELECTED PROVISIONS IN H.R. 5658

Category	By fiscal year, in millions of dollars—					
	2009	2010	2011	2012	2013	2009–2013
FORCE STRUCTURE						
Army and Marine Corps Active-Duty End Strengths	2,046	2,516	2,529	2,273	2,172	11,536
Navy and Air Force Active-Duty End Strengths	−1,047	−1,939	−1,999	−2,065	−2,133	−9,183
Reserve Component End Strengths	241	481	496	513	528	2,259
Reserve Technicians	33	68	70	72	74	317
COMPENSATION AND BENEFITS (DoD)						
Pay Raises	324	778	1,260	1,770	2,316	6,448
Expiring Bonuses and Allowances	54	25	9	2	1	91
Housing Allowance for Senior Enlisted Personnel	11	46	47	48	50	202
Transportation Allowances	79	126	128	129	130	592
Stabilization Pay	1	4	7	9	11	32
Education for Military Spouses	40	64	89	117	146	456
Foreign Language Pay	24	48	49	51	52	224
Critical Wartime Health Specialties	14	12	11	11	2	50
Loan Repayment for Reserves	24	8	2	0	0	34
DEFENSE HEALTH PROGRAM						
Waiver of Cost Sharing for Preventive Services	67	130	130	134	142	603
Prohibition on Increase in Pharmacy Copayments	75	210	0	0	0	285
Smoking Cessation Program	23	42	42	43	45	195
Prohibition on Increase in Enrollment Fee	47	87	0	0	0	134
TRICARE Reserve Select Premiums	3	9	15	22	29	78
Chiropractic Care	2	11	11	12	13	49
Research Program on Extremity Injuries	5	5	5	5	5	25
Center of Excellence for Auditory Injuries	5	10	10	10	10	45
Preventive Health Allowance	3	12	12	9	0	36
Health Risk Management Demonstration	2	8	8	6	0	24
MATTERS RELATING TO FOREIGN NATIONS						
DoD Provisions	500	495	45	45	45	1,130
Department of State Provisions	350	302	0	0	0	652

Notes: For every item in this table except for the authorizations for the Department of State, the 2009 levels are assumed to be included in the amount specifically authorized to be appropriated by the bill. Excluding the authorizations for the Department of State, amounts shown in this table for 2010 through 2013 are not included in Table 1, because authorizations for those amounts would be covered by specific authorizations in future years.

Figures shown here may not add to numbers in the text because of rounding.

In addition, sections 413 and 414 would authorize the minimum end-strength levels for military technicians, who are federal civilian personnel required to maintain membership in a selected reserve component as a condition of their employment. Under this bill, the required number of technicians would increase by 847 relative to the levels currently authorized. CBO estimates the costs in civilian salaries and expenses that would result from additional military technicians would be about $33 million in 2009 and about $70 million annually thereafter, as compared with the minimum end-strength levels for technicians in 2008.

The bill also would authorize an end strength of 10,000 servicemembers in 2009 for the Coast Guard Reserve. Because this authorization is the same as that under current law, CBO does not estimate any additional costs for this provision.

Compensation and Benefits. H.R. 5658 contains several provisions that would affect military compensation and benefits for uniformed personnel.

Pay Raises. Section 601 would raise basic pay for all individuals in the uniformed services by 3.9 percent, effective January 1, 2009. CBO estimates the total cost of a 3.9 percent military pay raise in 2009 would be about $2.5 billion. Compared with current law (under which CBO estimates the across-the-board increase that would go into effect on January 1 would be 3.4 percent), this section would increase the pay raise in 2009 by an additional 0.5 percent. CBO estimates the incremental cost of this larger raise would be $324 million in 2009 and total about $2.2 billion over the 2009–2013 period.

In addition, section 608 would guarantee pay raises that are one-half of one percentage point higher than amounts required by current law for fiscal years 2010 through 2013. CBO estimates that the incremental cost associated with those larger pay raises would be $337 million in 2010 and $4.3 billion over the 2009–2013 period.

Together, sections 601 and 608 would cost $324 million in 2009 and about $6.4 billion over the 2009–2013 period.

Expiring Bonuses and Allowances. Sections 611 through 615 would extend DoD's authority to pay certain bonuses and allowances to military personnel for another year. Most of those bonuses and allowances have dual authorities, established in section 661 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181), which already extend through December 2009. Several of the benefits, including some without dual authority, are scheduled to expire in December 2008. Based on DoD's budget material, CBO estimates that extending those authorities through December 2009 would cost $54 million in 2009 and $91 million over the 2009–2013 period.

Housing Allowance for Senior Enlisted Personnel. Section 603 would increase the housing standard for enlisted members with dependents in the rank of E–8 to the higher standard in effect for E–9s with dependents. The basic allowance for housing (BAH) is calculated using the housing standard assigned to each rank. Based on information from DoD, CBO estimates that this section would increase monthly BAH rates by about $130 on average for the roughly 27,500 E–8s with dependents. The increase would not become effective until June 30, 2009, and CBO estimates the section would cost $202 million over the 2009–2013 period.

Transportation Allowances. Sections 604, 631, and 632 would increase various travel and relocation benefits for military servicemembers. Based on information from DoD, CBO estimates those sections would cost $592 million over the 2009–2013 period.

Stabilization Pay. Section 606 would extend stabilization pay to officers who are reassigned to lower grades. According to DoD, this authority would primarily be used to allow officers to maintain their existing level of pay should they leave their current field to enter medical school. Under current law, officers with several years in the service who leave their current career track to become med-

ical professionals lose rank and pay when they enter medical school. Based on information from DoD, CBO estimates that under section 606 about 100 additional officers would receive stabilization pay annually, with an average first-year benefit of about $27,000. That amount would gradually decline, as those officers earned promotions in their new career field. This section would cost about $1 million in 2009 and $32 million over the 2009–2013 period, CBO estimates.

Education for Military Spouses. Section 582 would give the Secretary of Defense the authority to establish a program to help military spouses acquire education and training, and to provide tuition assistance. According to DoD, this authority would be used narrowly to reimburse military spouses for the cost of obtaining an associates degree, or the necessary licenses or other credentials to support a one-time change to a career that can be readily transferred to a new location, such as nursing, bookkeeping, or teaching. In addition, DoD would limit the program to pay a maximum of $6,000 for two years of education or training. CBO estimates that about 16,500 military spouses would receive an average annual benefit of about $2,400 in the program's first year and that the program would eventually grow to fund education benefits for over 60,000 military spouses a year. This section would cost $40 million in 2009 and $456 million over the 2009–2013 period, CBO estimates.

Foreign Language Pay. Section 619 would authorize the Secretary of Defense to establish a pilot program to encourage members of the Senior Reserve Officer Training Corps (SROTC) to study certain critical foreign languages. Under this program, DoD could pay bonuses, subsistence allowances, and incentive pay to qualified students. Based on information from DoD, CBO estimates that about 15,000 SROTC students would participate in the program each year and earn about $200 each month in incentive pay. In addition, CBO estimates that DoD would pay bonuses averaging $2,000 to first-year students upon entering the foreign language program as well as monthly subsistence allowances of about $250 to a small portion of those first-year students. On that basis, CBO estimates that the pilot program would cost $24 million in 2009 and about $50 million a year until the program expires in 2013.

Critical Wartime Health Specialties. Section 620 would designate registered nurses, psychologists, and other mental health professionals as possessing wartime specialties in critically short supply. Under current law, the Secretary of Defense may pay an annual bonus of up to $100,000 for each year an officer with such a specialty agrees to serve in the military. Based on information from DoD, CBO estimates that under section 620 DoD would pay lump-sum bonuses to about 50 psychologists and 25 other mental health practitioners of $70,000 and $50,000, respectively. Also, about 300 nurses would receive $30,000 a year over four years for a four-year obligation to serve in the military. DoD's authority to enter into such agreements will expire on December 31, 2009. CBO estimates section 620 would cost $14 million in 2009 and $50 million over the 2009–2013 period.

Loan Repayment for Reserves. Section 546 would increase the amount of their education loans that DoD can repay for health care professionals in the reserves. This section would increase the cur-

rent repayment amount of $20,000 up to the $60,000 that active-duty servicemembers may receive. Based on information from DoD, CBO estimates that under section 546 about 750 reservists would receive an average increase in loan repayments equaling $32,400. The authority to pay this benefit would expire December 31, 2009, and CBO estimates the provision would cost $24 million in 2009 and total $34 million over the 2009–2013 period.

Defense Health Program. Title VII contains several provisions that would affect DoD's health care benefits.

Waiver of Cost Sharing for Preventive Services. Section 711 would authorize the Secretary of Defense to waive all copayments and deductibles for preventive health services. The waiver would apply to all active duty and retiree beneficiaries and their dependents who are not Medicare-eligible. In total, CBO estimates that section 711 would cost about $600 million over the 2009–2013 period.

This waiver would primarily affect the out-of-pocket costs for beneficiaries covered by TRICARE Standard, a fee-for-service plan. Beneficiaries enrolled in TRICARE Prime, an HMO option, would be unaffected, since they are not required to make copayments for preventive services.

Based on data from DoD, CBO estimates that beneficiaries covered by TRICARE Standard make about 10 million visits to health care providers each year, with average out-of-pocket costs of about $75 per visit. Data from the Centers for Disease Control and Prevention (CDC) indicate that about 15 percent of all outpatient visits per year are for preventive services. Assuming this percentage applies to TRICARE beneficiaries, CBO estimates that waiving copayments and deductibles for preventive care services would shift $110 million per year in costs from beneficiaries to DoD. Those costs would increase over time because of inflation, but would be lower in the first year (about $57 million) because of the time needed to issue new regulations and negotiate new agreements with TRICARE contractors.

Although Medicare-eligible beneficiaries would be excluded from the waiver, section 711 would allow the Secretary to reimburse those beneficiaries for any out-of-pocket costs they may incur for preventive health care services. That reimbursement authority would expire after fiscal year 2009. Medicare-eligible beneficiaries are already covered by the TRICARE For Life benefit, which generally pays the remainder of any costs not paid under parts A and B of Medicare, including amounts for preventive services. However, some preventive services covered by TRICARE are not covered by parts A and B of Medicare—most notably the shingles vaccine.[1] In those cases, regular TRICARE Standard copayments and deductibles apply.

Based on information from DoD, CBO estimates that as many as 100,000 beneficiaries per year would seek reimbursement for the shingles vaccine at an average cost of about $175 per beneficiary, or almost $18 million per year. In addition, TRICARE For Life beneficiaries may seek reimbursement for preventive care received overseas, preventive breast cancer MRIs, and other services not covered by Medicare. In total, CBO estimates reimbursements to

[1] The shingles vaccine is covered by Medicare Part D. However, beneficiaries of TRICARE For Life generally do not participate in part D because they already have pharmacy benefits under TRICARE.

TRICARE For Life beneficiaries for preventive services in 2009 would eventually total about $20 million, although CBO estimates only half of the payments would be made in 2009 and that the rest would occur in 2010, because of the time needed to write regulations and process claims.

Prohibition on Increase in Pharmacy Copayments. Section 702 would prohibit DoD from increasing the cost-sharing amounts that beneficiaries pay for pharmaceutical drugs for one year, until 2010. For fiscal year 2009, the Administration is proposing to increase the copayment for drugs purchased at retail pharmacies from the current level of $3 to $15 for a one-month supply of generic drugs and from $9 to $25 for the same amount of brand-name drugs. The Administration is also proposing to increase copayments for brand-name drugs purchased through its mail order program from the current level of $9 to $15, and to decrease copayments for generic prescriptions purchased through the mail order program from $3 to zero. Those copayment amounts would apply to active-duty dependents and all retirees and their dependents.

Health care costs for active-duty dependents and non-Medicare eligible retirees and their dependents are discretionary costs and are covered under this part of the estimate. Health care costs for Medicare-eligible retirees and their dependents are covered by the TRICARE For Life benefit, which is classified in the budget as a mandatory (i.e., direct spending) program. CBO's evaluation of the pharmacy costs for that group of retirees is discussed in the "Direct Spending" section of the estimate.

Based on data provided by DoD, CBO estimates that in 2009 about 59 million prescriptions will be filled at retail, mail-order, and DoD pharmacies by active-duty dependents and non-Medicare eligible retirees. At the current level of copayments, those prescription drugs will cost DoD about $3.5 billion that year. If implemented, CBO estimates that the Administration's proposed new copayments would reduce that cost by almost $570 million in the first full year. About three-quarters of this savings to DoD would occur because beneficiaries would bear a larger portion of the costs through higher copays. The remainder of the savings would result from reductions in overall demand and other behavioral changes—increased use of generic drugs, for example—brought about by the higher copayments.

The Administration has the authority to implement the proposed copayment changes under current law. However, in each of the past several years, the Congress has prohibited DoD from making such changes. The current prohibition expires on September 30, 2008. Given this history, CBO assumes that there is a 50 percent probability that DoD will implement its proposed copayment structure in fiscal year 2009 absent any direction from the Congress. Therefore, we estimate that extending the prohibition through September 30, 2009, would increase costs relative to current law by $285 million—50 percent of $570 million—over the 2009–2010 period. If DoD implemented its proposed changes, the full effect of the savings would not be realized until the second year, due to the time needed to inform beneficiaries of policy changes, time lags in the processing of claims, and gradual shifts in beneficiaries' behavior.

Smoking Cessation Program. Section 713 would require the Secretary of Defense to create a smoking cessation program within

TRICARE. The program would be available to all beneficiaries of the TRICARE system who are not eligible for Medicare. The program would provide a toll-free help line, Internet-based educational material, and access to nicotine replacement products and the prescription drug buproprion. CBO used budget data from a DoD demonstration program—TRICARE's TOBACCO-FREE ME—to estimate the cost of the help line and Internet materials, as well as program management. That program currently receives about $4 million per year and covers about 15,000 beneficiaries. Thus, CBO estimates the cost of extending a toll-free help line, outreach, and management to all TRICARE beneficiaries would cost about $25 million per year.

In addition, CBO estimates that the cost of providing nicotine replacement products and buproprion would be about $15 million per year, based on data from the demonstration program, as well as an analysis of current consumer spending on products and pharmaceuticals related to smoking cessation. CBO also adjusted its estimates to account for the fact that military personnel have a higher propensity to smoke, relative to the national average.

Although Medicare-eligible beneficiaries would be excluded from this program, section 713 would allow the Secretary of Defense to compensate those beneficiaries for any out-of-pocket costs related to smoking cessation in fiscal year 2009. Counseling for smoking cessation is currently covered under Medicare Part B. Therefore, Medicare-eligible retirees in the TRICARE system currently have their coinsurance for this service covered. However, pharmaceuticals such as buproprion are typically covered under Medicare Part D, which retirees in the TRICARE system typically do not participate in. Using the same methodology discussed above, CBO estimates the cost of refunding 2009 expenditures for buproprion and other products related to smoking cessation would be about $6 million, of which half would be reimbursed in fiscal year 2009 and the remainder in 2010. In total, CBO estimates the cost to implement section 713 would total about $195 million over the 2009–2013 period.

Prohibition on Increase in Enrollment Fee. Section 701 would prohibit DoD from increasing fees or deductibles for military retirees enrolled in TRICARE Prime, an HMO option, for an additional year. (Section 701 of the National Defense Authorization Act for Fiscal Year 2008 prohibits any increases in fees or deductibles through fiscal year 2008.) Current annual enrollment fees for military retirees enrolled in TRICARE Prime are $230 for individuals and $460 for families. (Active-duty members and their families do not pay enrollment fees to participate in TRICARE Prime.) The Administration is proposing to increase enrollment fees for retirees enrolled in Prime to amounts ranging from $364 to $594 per year for individuals and $720 to $1,118 for families. The size of the fee would be based on the size of individuals' retirement annuities. The increase would apply to over 600,000 retiree households with almost 1.5 million beneficiaries. CBO estimates that the total savings to DoD from increasing those enrollment fees for one year would be about $264 million, and that the effect of the fee increase would be spread across two fiscal years due to the time needed to implement the changes.

However, because the Congress has prohibited DoD from increasing TRICARE Prime enrollment fees for the last several years, it is not clear whether DoD would increase the fees absent any legislative action. Given this history, CBO assumes that the probability that DoD would increase the TRICARE Prime enrollment fees under current law is 50 percent. Therefore, we estimate the cost of prohibiting the Prime enrollment fee increase for another year would be about $132 million over the 2009–2010 period.

In addition, section 701 would extend by one year the current prohibition on increasing the amount of the cost-share that TRICARE beneficiaries pay for hospital stays. CBO estimates that extending the prohibition for another year would cost $2 million. In total, CBO estimates that section 701 would cost $134 million over the 2009–2010 period.

TRICARE Reserve Select Premiums. Section 705 would prohibit DoD from increasing premiums for participation in the TRICARE Reserve Select (TRS) health benefit. This benefit provides health coverage to part-time reserve members. Current premiums are $972 per calendar year for individuals and $3,036 for family coverage, which are supposed to be set to cover 28 percent of the total cost per beneficiary.[2] Under current law, DoD has the authority to increase those premiums each year to reflect rising medical costs. Assuming that current premiums accurately reflect 28 percent of the total cost, CBO estimates that premiums would need to increase an average of 6 percent per year to maintain that same cost percentage, resulting in additional collections of about $160 million over the 2009–2013 period.

However, in each of the last several years, the Congress has used the annual Defense Authorization Act to prohibit DoD from increasing TRS premiums. The current prohibition expires on September 30, 2008. Given this history, CBO assumes there is a 50 percent probability that DoD will increase TRS premiums in fiscal year 2009 absent any direction from the Congress. Therefore, we estimate that extending the prohibition indefinitely would increase costs relative to current law by almost $80 million 50 percent of $160 million over the 2009–2013 period.

Chiropractic Care. Section 704 would require DoD to provide chiropractic services to all current active-duty members. Currently, chiropractic care is only available to active-duty members at 49 military treatment facilities (MTFs). Based on an analysis of current military base population reports, CBO estimates that about 700,000, or roughly half, of the 1.4 million active-duty members are currently able to receive chiropractic services.

To estimate the cost of providing care to the rest of the active-duty population, CBO used information from the final report of DoD's chiropractic health care demonstration program,[3] which took place between 1995 and 1999. Based on that information and ad-

[2] Although 10 U.S.C. 1076d sets TRS premiums at 28 percent of the total estimated cost per beneficiary, there is some dispute about whether DoD has been accurately estimating those costs. See Government Accountability Office (GAO), Military Health Care: Cost Data Indicate That TRICARE Reserve Select Premiums Exceeded the Costs of Providing Program Benefits, GAO–08–104 (December 2007). DoD has not announced any major changes to TRS premiums as a result of this GAO report. For this cost estimate, CBO assumes there will be no major downward adjustment of the current premiums.

[3] Birch and Davis Associates, Inc., *Chiropractic Health Care Demonstration Program: Final Report* (report submitted to the Office of the Assistant Secretary of Defense (Health Affairs), February 2000).

justing for inflation since then in health care costs, CBO estimates that extending chiropractic care to the remainder of the active-duty population would result in 200,000 additional visits to chiropractors each year, at a cost of about $105 per visit, or just over $21 million per year.

However, evidence suggests that many individuals who seek out chiropractic care do so as a substitute for more traditional forms of care, such as visits to primary care physicians, and other forms of physical therapy. Based on information in the Final Report, the reduced usage of those other forms of care could offset the added cost of chiropractic care by about one-half. Therefore, CBO estimates the added cost of providing chiropractic care to the remainder of the active-duty population would be about $11 million per year, or about $49 million over the 2009–2013 period. Costs would be lower in the first year because of the time needed to set up chiropractic clinics at other MTFs and the time needed to negotiate contracts with private-sector providers.

Other Health Care Provisions. CBO estimates that other provisions in title VII would increase DoD health care costs by about $130 million over the 2009–2013 period. Those other provisions would:

- Establish a peer-reviewed research program to study injuries to extremities,
- Create a center of excellence in the prevention and treatment of auditory injuries,
- Authorize a demonstration program centered around a monthly allowance to encourage servicemembers to use preventive health services, and
- Require a three-year demonstration program on health risk management.

Matters Relating to Foreign Nations. The bill contains several provisions that would affect spending on matters relating to foreign nations.

DoD Provisions. Several provisions in title XII would affect DoD's activities involving foreign nations. CBO estimates that the costs for those programs would total $500 million in 2009 and about $1.1 billion over the 2009–2013 period. Various sections of title XII would modify authorization levels for existing programs by:

- Extending by two years, through 2010, the current authorization of $75 million a year to develop the capacity of the Pakistan Frontier Corps,
- Extending by two years, through 2010, the current authorization of $300 million a year to expand the capacity of foreign military forces to conduct counterterrorism operations,
- Extending by two years, through 2010, the current authorization of $100 million a year for U.S. efforts to secure and stabilize foreign countries,
- Increasing the authorization level to $35 million a year for U.S. efforts to provide special operations forces to combat terrorism ($25 million is currently authorized through 2010 for that purpose),
- Increasing the authorization level to $35 million a year for foreign officials to receive training under the Regional Defense Counterterrorism Fellowship Program ($25 million is currently authorized for that purpose),

- Extending by one year, through 2009, the current authorization of $5 million to participate in multinational military centers of excellence meetings.

Department of State Provisions. Title XVI would establish an Office of the Coordinator for Reconstruction and Stabilization within the Department of State to conduct reconstruction and stabilization operations. The bill would authorize the Secretary of State to establish and maintain a response readiness corps and a civilian reserve corps and would authorize the appropriation of such sums as may be necessary over the 2007–2010 period for personnel, education and training, equipment, travel, and deployment costs. The bill also would authorize the President to provide assistance of up to $100 million a year over the 2008–2010 period to stabilize and rebuild a country or region that is in, or emerging from, conflict or civil strife. CBO estimates that those programs would cost about $650 million over the 2009–2013 period.

Direct spending

The bill contains provisions that would affect direct spending, and CBO estimates that those provisions combined would increase such spending by $2 million in 2009, but would decrease such spending by $13 million over the 2009–2013 period and $75 million over the 2009–2018 period (see Table 4). The largest budgetary effects would result from changes in the TRICARE pharmacy benefit and retirement programs, and the sale of assets from the National Defense Stockpile.

Stockpile Sales. Enacting the bill would lead to increased receipts from the sale of material in the National Defense Stockpile. Section 1412 would increase by $410 million the target contained in the National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261, as most recently amended by Public Law 110–181) for continual sales of tungsten from the National Defense Stockpile, and it would extend sales through fiscal year 2016. CBO estimates that there would be sufficient quantities of tungsten in the stockpile to achieve additional receipts of $410 million over the 2009–2016 period.

Section 1412 also would extend by one year the period to sell materials from the National Defense Stockpile as previously authorized in the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85 and most recently revised by Public Law 107–107). These sales are set to expire on September 30, 2008, and CBO believes that all materials will be sold by that date. Thus, CBO estimates that no additional receipts would be achieved by extending the sales through 2009.

Prohibition on Increase in Pharmacy Copayments. Section 702 would prohibit DoD from increasing the cost-sharing amounts that beneficiaries pay for pharmaceutical drugs until 2010. For fiscal year 2009, the Administration is proposing to increase copayments for drugs purchased at retail pharmacies from the current level of $3 to $15 for a one-month supply of generic drugs and from $9 to $25 for the same amount of brand-name drugs. The Administration is also proposing to increase copayments for brand-name drugs purchased through its mail order program from the current level of $9 to $15, and to decrease copayments for generic prescriptions purchased through the mail order program from $3 to zero.

Those copayment amounts would apply to active-duty dependents and all retirees and their dependents.

Medicare-eligible retirees and their dependents are covered by DoD's TRICARE For Life benefit, which is classified in the budget as a mandatory (i.e., direct spending) program, and is covered under this part of the estimate. Health care costs for active-duty dependents and non-Medicare eligible retirees are discretionary costs. CBO's evaluation of the pharmacy costs for that group of beneficiaries is discussed in the "Spending Subject to Appropriation" section of the estimate.

TABLE 4.—ESTIMATED IMPACT OF H.R. 5658 ON DIRECT SPENDING

	By fiscal year, in millions of dollars—											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total 2009–2013	Total 2009–2018
Stockpile Sales:												
Estimated Budget Authority	−70	−70	−60	−50	−50	−50	−50	−10	0	0	−300	−410
Estimated Outlays	−70	−70	−60	−50	−50	−50	−50	−10	0	0	−300	−410
Prohibition on Increase in Pharmacy Copayments:												
Estimated Budget Authority	75	230	40	0	0	0	0	0	0	0	345	345
Estimated Outlays	75	230	40	0	0	0	0	0	0	0	345	345
Delayed Retirement for Military Technicians:												
Estimated Budget Authority	−5	−7	−7	−6	−6	−6	−5	−5	−5	−4	−31	−56
Estimated Outlays	−5	−7	−7	−6	−6	−6	−5	−5	−5	−4	−31	−56
Shift of Payments from the Military Retirement Fund:												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	−45	45	0	0	0	0	−45	0
Transfer from the National Defense Stockpile Fund:												
Estimated Budget Authority	−40	0	0	0	0	0	0	0	0	0	−40	−40
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Survivor Allowance:												
Estimated Budget Authority	3	3	4	4	5	5	5	2	0	0	19	31
Estimated Outlays	3	3	4	4	5	5	5	2	0	0	19	31
Retired Pay for Reserve Members Wounded in Action:												
Estimated Budget Authority	*	1	2	2	3	3	3	4	4	5	8	27
Estimated Outlays	*	1	2	2	3	3	3	4	4	5	8	27
Retirement Age of Certain Reserve Officers:												
Estimated Budget Authority	−1	−2	−2	−1	−1	−1	−1	−1	−1	−1	−7	−12
Estimated Outlays	−1	−2	−2	−1	−1	−1	−1	−1	−1	−1	−7	−12
Education Benefits for Reserve Component Members:												
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
Retirement of Warrant Officers:												
Estimated Budget Authority	1	1	*	*	1	1	1	1	1	1	3	8
Estimated Outlays	1	1	*	*	1	1	1	1	1	1	3	8
Minimum Service for Retirement as an Officer:												
Estimated Budget Authority	0	0	0	0	0	1	1	*	*	*	0	2
Estimated Outlays	0	0	0	0	0	1	1	*	*	*	0	2
Correction of Military Records:												
Estimated Budget Authority	1	0	0	0	0	0	0	0	0	0	1	1
Estimated Outlays	1	0	0	0	0	0	0	0	0	0	1	1
Sale of Floating Drydock:												
Estimated Budget Authority	−1	0	0	0	0	0	0	0	0	0	−1	−1
Estimated Outlays	−1	0	0	0	0	0	0	0	0	0	−1	−1

TABLE 4.—ESTIMATED IMPACT OF H.R. 5658 ON DIRECT SPENDING—Continued

	By fiscal year, in millions of dollars—											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total 2009–2013	Total 2009–2018
Total—Changes in Direct Spending:												
Estimated Budget Authority	−38	155	−24	−52	−49	−48	−47	−10	−2	0	−8	−115
Estimated Outlays	2	155	−24	−52	−94	−3	−47	−10	−2	0	−13	−75

Note: * = less than $500,000.

Based on data provided by DoD, CBO estimates that by 2009 about 58 million prescriptions will be filled at retail, mail-order, and DoD pharmacies by TRICARE For Life beneficiaries. At the current level of copayments, those prescription drugs will cost DoD about $3.9 billion per year. If implemented, CBO estimates that the Administration's proposed copayment amounts would reduce that cost by almost $690 million in the first full year. About three-quarters of that savings would occur because the beneficiaries would bear a larger portion of the cost through higher copayments. The remainder of the savings would result from reductions in overall demand and other behavioral changes—increased use of generic drugs, for example—brought about by the higher copayments.

CBO assumes there is a 50 percent probability that DoD will implement its proposed copayment structure in fiscal year 2009 absent any direction from the Congress. Therefore, we estimate that extending the prohibition through September 30, 2009, would increase costs relative to current law by $345 million—50 percent of $690 million—over the 2009–2011 period. If DoD implemented its proposed changes, the full effect of the savings would not be realized until the second year, due to the time needed to inform beneficiaries of policy changes, time lags in the processing of claims, and gradual shifts in beneficiaries' behavior. Therefore, the cost of an additional one-year prohibition would affect costs over several years.

Delayed Retirement for Military Technicians. Dual-status military technicians are civilian employees of DoD who are required to hold concurrent positions in the reserves. Under current law, some technicians in the Air Force Reserve and Air National Guard are forced to retire from their civil service positions because they have both reached the maximum years-of-service for officers in their grade and become eligible for an unreduced civil service retirement, usually at age 55.

Section 511 would direct the Secretary of the Air Force to allow those technicians to remain in the reserves until they reach age 60, thus allowing them to continue in their civil service positions. Under this section, some technicians who would otherwise retire at age 55 would instead choose to delay their retirements by one or more years, reducing direct spending for civil service retirement and health care. (Because military retirement benefits for reservists do not begin until they reach age 60, there would not be a similar reduction in spending for military retirements.)

Based on information from DoD, CBO estimates that in 2009, about 90 military technicians would delay their retirements by one or more years. Each year, a new cohort of technicians could choose

to stay in the civilian workforce and delay retirement, eventually resulting in about 250 fewer retirements each year. CBO estimates that this section would result in a net reduction in direct spending for civil service retirement annuities and health care benefits of $56 million over the 2009–2018 period.

Shift of Payments from the Military Retirement Fund. Section 1004 would reduce by 1 percent all payments scheduled to occur in September 2013 from the Military Retirement Fund. Annuitants would be reimbursed for this one-time reduction in October 2013. Based on the amounts of current outlays from the fund, and taking into account expected inflation and changes in the number of retirees, CBO estimates that this provision would shift about $45 million in outlays from fiscal year 2013 to 2014, but would not affect total spending over the 2013–2018 period.

Transfer from the National Defense Stockpile Fund. Section 1004 also would require the Secretary of Defense to transfer $40 million from the unobligated balances of the National Defense Stockpile Transaction Fund to the U.S. Treasury, where they would be deposited as miscellaneous receipts. CBO estimates that the transfer would not affect federal spending over the 2009–2018 period because under current law those balances are unlikely to be spent over the next 10 years.

Survivor Allowance. The National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181) authorized a monthly allowance to be paid to those recipients of Survivor Benefit Plan (SBP) payments who have their annuities reduced dollar-for-dollar by the amount of Dependency and Indemnity Compensation they receive from the Department of Veterans Affairs. The amount of that monthly allowance will be $50 in fiscal year 2009, increasing by $10 each year until it reaches $100 per month in 2014. The allowance is scheduled to be terminated five months into fiscal year 2016. As originally written, Public Law 110–181 excluded the survivors of members who died on active duty from receiving the allowance. Section 643 would eliminate this exclusion. Based on data from DoD's Office of the Actuary, CBO estimates that almost 4,500 additional survivors would receive the allowance under this section, which would increase direct spending for military retirement by $31 million over the 2009–2016 period.

Retired Pay for Reserve Members Wounded in Action. Section 641 would allow reserve members who retired from the military because of wounds received in combat to have their retirement annuities calculated as if their years of service had all been spent on full-time active duty. (Under current law, such annuities are based on a combination of active and part-time reserve duty.) Based on data from DoD's Office of the Actuary and the Defense Manpower Data Center, CBO estimates that such a change would increase the amount of annual compensation paid to those members by about 50 percent, from an average of $10,000 per year to about $15,000 per year. Based on recent casualty statistics, CBO estimates that about 220 new disability retirees would benefit each year from that change in the annuity calculation. Direct spending for military retirements would increase by about $27 million over the 2009–2018 period, CBO estimates.

Retirement Age of Certain Reserve Officers. Section 514 would allow officers serving in the National Guard in state head-

quarters positions to remain in an active status until age 62. Currently, they must retire at age 60. CBO estimates that this change would decrease spending from the Military Retirement Fund because some officers would begin receiving retirement annuities at a later date than they otherwise would have. Based on information from DoD, we estimate that, under section 514, about 25 officers each year would delay their retirements by one year and would forgo about $70,000 in annuities, reducing retirement expenditures by about $2 million annually. The annual savings would decrease over time however, as those officers would receive larger annuities when they do retire. In total, CBO estimates this section would reduce net direct spending for military retirements by $12 million over the 2009–2018 period.

Education Benefits for Reserve Component Members. Section 545 would limit the use of education benefits by members of the selected reserve who separate from the reserves after serving on active duty in support of a contingency operation. Those individuals would have to complete their service contract under honorable conditions to remain eligible to receive benefits after they separate. CBO estimates that this section would decrease the number of reservists receiving benefits by about 200 per year, thereby reducing direct spending for veterans' education benefits by $10 million over the 2009–2018 period.

Retirement of Warrant Officers. Section 501 would allow the Navy and Marine Corps to require warrant officers who have at least 30 years of active-duty service to retire. This provision would increase spending from the Military Retirement Fund in two ways. First, CBO estimates it would result in the retirement of an additional 30 warrant officers in 2009 who would otherwise not have retired, based on data from the Defense Manpower Data Center. Also, since most warrant officers with over 30 years of service are in the grade of W–5, it would open up the ranks and allow more officers in the grade of W–4 to receive a promotion to W–5 before they retire. A retirement annuity for a member who retires at W–5 is about $15,000 per year higher than an annuity for a member that retires at W–4. In total, CBO estimates this section would increase outlays from the Military Retirement Fund by $8 million over the 2009–2018 period.

Minimum Service for Retirement as an Officer. Officers who began their military career as an enlisted servicemember must complete at least 10 years of commissioned service to retire as an officer. Those with less than 10 years commissioned service will have their retirement annuities based on the highest enlisted grade the member achieved. Section 503 would allow members to retire as officers with a minimum of eight years of commissioned service. This authority would apply to fiscal year 2014 only. Based on information from the services, CBO estimates that about 35 officers would be allowed to retire under this authority in 2014. Because those officers would retire earlier than they otherwise would have, section 503 would increase costs to the Military Retirement Fund by about $2 million over the 2014–2018 period.

Correction of Military Records. Section 592 would authorize the Secretary of Defense to pay interest on certain financial awards arising from the correction of military records. That section provides retroactive authority to pay interest on claims for lost pay,

allowances, and other pecuniary benefits awarded by a Correction Board ruling on or after October 1, 2007, to set aside a prior court-martial conviction. According to DoD, four individuals have received such rulings since that date. Those cases were from a 1944 mass court-martial that resulted in 31 convictions.

Section 592 also would specify the rate to use in calculating the interest payment for financial awards. Based on information from DoD, CBO assumes an interest rate of 10 percent and estimates that each of these four veterans would receive roughly $350,000. Because these payments are mandatory, this section would increase direct spending by about $1 million in 2009.

Drydock Sales. Section 1011 would allow the Navy to convey a floating drydock (known as AFDL–23), located in Aransas Pass, Texas, to Gulf Copper Ship Repair and would require Gulf Copper to pay the U.S. government an amount equal to the drydock's fair-market value.

Based on information from the Navy, CBO estimates that the sale of this drydock would generate about $1 million in offsetting receipts in 2009.

Other Provisions. The following provisions would have an insignificant effect on direct spending, primarily because they would affect few individuals or because they authorize both the collection and spending of funds so that the net budgetary impact is quite small:

- Sections 515 and 516 would delay some retirements by allowing lieutenant generals in the reserves to remain in an active status until age 66 and by allowing medical officers and chaplains in the Reserves to remain in an active status until age 68.
- Section 544 would increase—from 25 to 125—the number of defense industry employees who participate in the Defense Product Development Program at the Naval Postgraduate School. The Navy has the authority to collect and spend any tuition they collect.
- Section 642 would allow certain survivors who previously transferred their SBP benefits to their children to begin receiving their benefits again.
- Section 644 would allow certain active-duty members who are eligible for retirement and who join the selected reserves to have their retirement annuities recalculated at age 60.
- Section 645 would allow reserve retirees to have their annuities recalculated for any additional time served in an active status after the age of 60.
- Section 646 would correct an inadvertent reduction to the annuities of certain survivors that resulted from the phase-out of Supplemental SBP.
- Section 647 would allow the survivors of military retirees kidnapped in Iraq or Afghanistan to continue to receive that retiree's full annuity for up to seven years.
- Section 842 would expand the authority of Secretaries of Defense and Homeland Security to retain and spend fees received from trademark licensing.
- Section 911 would extend a pilot program that allows DoD to provide satellite tracking services to non-U.S. government entities. Under this program DoD is allowed to charge fees to

cover the costs of providing such services and to spend such fees.

- Section 942 would permit the Secretary of Defense to waive the reimbursement of costs associated with personnel from nongovernmental and international organizations attending DoD's Regional Centers for Security Studies. DoD has the authority to retain and spend such reimbursements.
- Title XVI would allow the Department of State to designate volunteers for the civilian reserve corps as temporary federal employees, which could result in small costs or savings to federal retirement programs.
- Section 3111 would allow the Secretary of Energy to receive and spend contributions made to assist in the disposition of excess weapons grade plutonium in the Russian Federation. This authority would expire on December 31, 2013.

Intergovernmental and Private-sector Impact: Section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any legislative provisions that enforce the constitutional rights of individuals. CBO has determined that section 591 would fall within that exclusion because it would amend the authority of the President to employ the armed services to protect individuals' civil rights. Therefore, CBO has not reviewed that section of the bill for mandates.

Other provisions of H.R. 5658 contain both intergovernmental and private-sector mandates, but CBO estimates that the annual cost of those mandates would not exceed the thresholds established in UMRA ($68 million for intergovernmental mandates and $136 million for private-sector mandates in 2008, adjusted annually for inflation).

Increasing the end strength of the Armed Services

Sections 401 and 412 combined would increase the costs of complying with existing intergovernmental and private-sector mandates as defined in UMRA by increasing the number of servicemembers and reservists on active-duty. Those additional servicemembers would be eligible for protection under the Servicemembers Civil Relief Act (SCRA), including the right to maintain a single state of residence for purposes of state and local personal income taxes and the right to request a deferral in the payment of certain state and local taxes and fees. SCRA also requires creditors to reduce the interest rate on servicemembers' obligations to 6 percent when such obligations predate active-duty service and allows courts to temporarily stay certain civil proceedings, such as evictions, foreclosures, and repossessions. Extending these existing protections would constitute intergovernmental and private-sector mandates and could result in lost revenues to government and private-sector entities.

The number of active-duty servicemembers covered by SCRA would increase by less than 1 percent. CBO expects that relatively few of these servicemembers would take advantage of the deferrals in certain state and local tax payments; the lost revenues to those governments would be insignificant.

CBO does not have sufficient information to estimate precisely the increased costs of complying with the existing private-sector mandates in SCRA. Servicemembers' utilization of the various pro-

visions of the SCRA depends on a number of uncertain factors, including how often and how long they are deployed. Nonetheless, because the increase in the number of active-duty servicemembers covered by SCRA would be so small, CBO expects that the increased costs also would be small.

Providing benefits to state and local governments

This bill contains several provisions that would benefit state and local governments. Some of those provisions would authorize aid for certain local schools that serve dependents of defense personnel and convey certain parcels of land to state and local governments. Any costs to those governments would be incurred voluntarily as a condition of receiving federal assistance.

Previous CBO estimates: On March 4, 2008, CBO transmitted a cost estimate for H.R. 1084, the Stabilization and Reconstruction Civilian Management Act of 2008, as ordered reported by the House Committee on Foreign Affairs on February 27, 2008. Title XVI of H.R. 5658 contains provisions that are similar to those in H.R. 1084, and CBO's estimate of the costs for title XVI is identical to our estimate of the costs for H.R. 1084.

Estimate prepared by: Federal costs: Defense Outlays—Kent Christensen; Military construction and multiyear procurement—David Newman; Military and civilian personnel—Dawn Regan; Military retirement and health care—Matthew Schmit; Operation and maintenance—Jason Wheelock; Reserve education benefits—Camille Woodland; Stockpile sales and foreign affairs—Raymond J. Hall.

Impact on state, local, and tribal governments: Neil Hood.

Impact on the private sector: Daniel Frisk.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

SHIPBUILDING AND CONVERSION, NAVY (CORRECTION)

The budget request contained $920.0 million for procurement of two Littoral Combat Ships. The committee understands that the Navy owns residual materials procured under the cancelled contracts for LCS–3 and LCS–4, which could be provided as government furnished equipment for the construction of at least one of the ships to be procured in fiscal year 2009. The Shipbuilding and Conversion, Navy, tables in title I of part 1 of the committee report (H. Rept. 110–652) accompanying the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 incorrectly indicated that the committee recommended a decrease of $80.0 million for one Littoral Combat Ship. The committee recommends $840.0 million, a decrease of $80.0 million, for two Littoral Combat Ships. The corrected table follows:

Title I - Procurement

(Dollars in Thousands)

Line	Program Title	FY 2009 Request Qty	FY 2009 Request Cost	House Change Qty	House Change Cost	House Authorized Qty	House Authorized Cost
	SHIPBUILDING AND CONVERSION, NAVY						
	OTHER WARSHIPS						
013	LITTORAL COMBAT SHIP	2	920,000		-80,000	2	840,000
	Program Reduction				[-80,000]		
	TOTAL - SHIPBUILDING AND CONVERSION, NAVY	**13**	**12,732,918**		**185,001**	**13**	**12,917,919**

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION (CORRECTION)

The Tactical Airborne Reconnaissance table in title II, Research, Development, Test and Evaluation, Navy of the committee report (H. Rpt. 110–652) accompanying the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 incorrectly indicated that the committee recommended a $5.0 million increase for the Peer-Reviewed Research Extremity War Injuries within this account. The Medical Advanced Technology table in title II, Research, Development, Test and Evaluation, Army, should be increased by $5.0 million to reflect the amendment passed by the committee on May 14, 2008. The corrected tables follow:

SUMMARY OF NATIONAL DEFENSE AUTHORIZATIONS FOR FISCAL YEAR 2009

(Dollars in Thousands)

	FY 2009 Request	House Change	House Authorization
Title II -- RESEARCH, DEVELOPMENT, TEST & EVALUATION			
RDT&E, Army	10,524,085	164,610	10,688,695
RDT&E, Navy	19,337,238	427,500	19,764,738
Subtotal, RESEARCH, DEVELOPMENT, TEST & EVAL	**79,615,941**	**109,492**	**79,725,433**

Title II-RDT and E

(Dollars in Thousands)

Program Element	Line	Program Title	FY2009 Request	House Change	House Authorized
		ADVANCED TECHNOLOGY DEVELOPMENT			
0603001A	29	WARFIGHTER ADVANCED TECHNOLOGY	46,793	6,800	53,593
		Ballistic Precision Aerial Delivery System		[4,800]	
		Novel Flame Retardant Nylon Fabrics		[2,000]	
0603002A	30	MEDICAL ADVANCED TECHNOLOGY	59,043	94,150	153,193
		Center for Traumatic Injury to the Visual Sys and Brain		[5,000]	
		Controlled Release of Anti-Inflammatory and Tissue Repair		[6,000]	
		Corneal Wound Repair		[6,000]	
		Cardiac Surgery Robotic Computerized Telemanipulation		[2,000]	
		Chronic Tinnitus Treatment Program		[3,700]	
		Clinical Technology Integration for Military Health		[6,800]	
		Composite Tissue Allotransplantation Research		[5,000]	
		Emergency Department Preparedness Project		[2,000]	
		Magnetic Brain Stimulation for Traumatic Brain Injury Rehab		[1,000]	
		Jt Med. Logistics AIT Modernization Init Navy Hospital Ships		[6,000]	
		Mild Traumatic Brain Injury and Triage Using Smart Sensors		[3,200]	
		Infectious and Inflammatory Disease Center		[2,000]	
		Institute of Surgical and Interventional Simulation		[3,000]	
		Locomotor Translational for Traumatic Brain Injury		[4,200]	
		National Trauma Institute		[3,000]	
		TeraStack Pilot for Army Telemedicine		[2,500]	
		Ultra-High Resolution Display		[5,200]	
		USF College of Public Health		[5,000]	
		Digital Pen		[250]	

Title II-RDT and E

(Dollars in Thousands)

Program Element	Line	Program Title	FY2009 Request	House Change	House Authorized
		Personal Status Monitor (Nightengale)		[2,500]	
		PTSD Telemedicine Support		[2,200]	
		Shock Trauma Center Operating Room Equipment		[2,100]	
		Telepharmacy Remote Medicine Device Unit		[3,000]	
		Smisson Cartledge Infuser		[2,000]	
		Ultra High-Speed MEMS Electromagnetic Cell Sorter		[5,500]	
		Peer-Reviewed Research Extremity War Injuries		[5,000]	
		Program Increase		[2,800]	2,800
		SUBTOTAL, ATD, ARMY	**738,858**	**244,400**	**983,258**
		Total, RDT&E Army	**10,524,085**	**164,610**	**10,688,695**
		RESEARCH, DEVELOPMENT, TEST & EVALUATION, NAVY			
		ADVANCED COMPONENT DEVELOPMENT & PROTOTYPES			
0603261N	30	TACTICAL AIRBORNE RECONNAISSANCE	4,298		4,298
0603382N	31	ADVANCED COMBAT SYSTEMS TECHNOLOGY	4,367		4,367
		SUBTOTAL, ACD & PROTOTYPES, NAVY	**3,440,400**	**43,500**	**3,483,900**
		Total, RDT&E Navy	**19,337,238**	**427,500**	**19,764,738**

COMPLIANCE WITH HOUSE RULE XXI (CORRECTION)

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the committee is required to include a list of congressional earmarks, limited tax benefits, or limited tariff benefits, as defined in clause 9(d), 9(e), or 9(f) of Rule XXI of the Rules of the House of Representatives, which are in the bill or the report.

The following supplemental list represents those items omitted from the list contained in part 1 of the committee report (H. Rept. 110–652) accompanying the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 due to inadvertent clerical oversight. This list does not include any new programs or projects, but rather a list of member requests that duplicate a request for a program or project which was made by other members and disclosed in the original report. The committee notes that although the Rules of the House of Representative do not require that the list of congressional earmarks, limited tax benefits, or limited tariff benefits be comprehensive, in the interest of transparency, the committee strives to include all such member requests in its list.

COMPLIANCE WITH HOUSE RULE XXI
Supplemental Report
(Dollars in Thousands)

TITLE	ACCT	PE OR PROJECT	LINE	DESCRIPTION	AMOUNT	MEMBER	INTENDED RECIPIENT	INTENDED LOCATION OF PERFORMANCE
XXIII	MCAF	SPBN079049		TFI- Digital Ground Station FOC Beddown	$1,700.0	Olver	Otis Air National Guard Base	Bourne, MA
XXVI	MCAR	180137		Muscatatuck Urban Training Center Combined Arms Collective Training Facility	$6,000.0	Hill	Indiana National Guard	Indianapolis, IN
XXVI	MCARNG	26010		Live Fire Shoot House and Urban Assault Course	$4,360.0	Stupak	Camp Grayling	Lansing, MI
XXVI	MCARNG	420103		Combined Support Maintenance Shop, Coraopolis, PA	$3,250 0	Murphy, Timothy	Pennsylvania National Guard	Ft. Indiantown Gap, PA
XXVI	MCARNG	WKVB079038		Replace pararescue operations facility	$7,500 0	Bishop (NY)	Francis S. Gabreski Airport	Westhampton, NY
XXVI	MCARNG	WKVB079038		Replace pararescue operations facility	$7,500 0	Ackerman	Francis S. Gabreski Airport	Westhampton, NY
XXVI	MCARNG	WKVB079038		Replace pararescue operations facility	$7,500.0	McCarthy (NY)	Francis S. Gabreski Airport	Westhampton, NY
XXVI	MCARNG	WKVB079038		Replace pararescue operations facility	$7,500 0	King (NY)	Francis S. Gabreski Airport	Westhampton, NY
XXVI	MCANG	959554		Replace Fire Station	$7,900.0	Ruppersberger	Martin State Airport	Baltimore, MD
XXVI	MCANG	959554		Replace Fire Station	$7,900.0	Sarbanes	Martin State Airport	Baltimore, MD

RECORD VOTES (APPENDED)

Pursuant to Rule 17(d) of the Committee on Armed Services rules, the following pages contain four appended record votes contained in part 1 of the committee report (H. Rept. 110–652) accompanying the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 to reflect the members of the committee who were unable to vote during the committee markup because they were in attendance at other committee, subcommittee, or conference committee meetings. The members are noted by asterisks.

COMMITTEE ON ARMED SERVICES
110TH CONGRESS
ROLL CALL

Amendment # 44 revised **Date: May 14, 2008**

Description: Increase funding to Future Combat System beyond President's proposed level **Offered by: Mr. Saxton**

Rep.	Aye	No	Present	Rep.	Aye	No	Present
Mr. Skelton		x		Mr. Hunter	x		
Mr. Spratt		x		Mr. Saxton	x		
Mr. Ortiz		x		Mr. McHugh	x		
Mr. Taylor		x		Mr. Everett	x		
Mr. Abercrombie		x		Mr. Bartlett	x		
Mr. Reyes		x		Mr. McKeon			*
Dr. Snyder		x		Mr. Thornberry	x		
Mr. Smith		x		Mr. Jones	x		
Ms. Sanchez		x		Mr. Hayes	x		
Mr. McIntyre		x		Mr. Akin	x		
Ms. Tauscher		x		Mr. Forbes	x		
Mr. Brady		x		Mr. Miller (FL)	x		
Mr. Andrews		x		Mr. Wilson	x		
Mrs. Davis (CA)		x		Mr. LoBiondo	x		
Mr. Larsen		x		Mr. Cole			*
Mr. Cooper		x		Mr. Bishop			*
Mr. Marshall		x		Mr. Turner	x		
Ms. Bordallo		x		Mr. Kline	x		
Mr. Udall		x		Dr. Gingrey	x		
Mr. Boren		x		Mr. Rogers	x		
Mr. Ellsworth		x		Mr. Franks	x		
Mrs. Boyda		x		Mr. Shuster			
Mr. Murphy		x		Mrs. Drake	x		
Mr. Johnson		x		Mrs. McMorris Rodgers			*
Ms Shea-Porter		x		Mr. Conaway	x		
Mr. Courtney		x		Mr. Davis (KY)	x		
Mr. Loebsack		x		Mr. Lamborn	x		
Ms. Gillibrand		x		Mr. Wittman	x		
Mr. Sestak		x					
Ms. Giffords		x					
Ms. Tsongas		x					
Mr. Cummings							
Mr. Meek		x					
Ms. Castor		x					

Roll Call Vote Total: **23 Ayes 33 Noes Present**

Pursuant to Rule 17(d) of the Committee on Armed Services rules, members of the committee who were unable to vote during the committee markup because they were in attendance at other committee, subcommittee, or conference committee meeting are noted by asterisk.

COMMITTEE ON ARMED SERVICES
110TH CONGRESS
ROLL CALL

Amendment # 150 revised **Date: May 14, 2008**

Description: **Restore European missile defense to President's proposed level** **Offered by: Mr. Everett**

Rep.	Aye	No	Present	Rep.	Aye	No	Present
Mr. Skelton		x		Mr. Hunter	x		
Mr. Spratt		x		Mr. Saxton	x		
Mr. Ortiz		x		Mr. McHugh	x		
Mr Taylor		x		Mr. Everett	x		
Mr. Abercrombie		x		Mr. Bartlett	x		
Mr. Reyes		x		Mr. McKeon	x		
Dr. Snyder		x		Mr. Thornberry	x		
Mr. Smith		x		Mr. Jones		x	
Ms. Sanchez		x		Mr. Hayes	x		
Mr. McIntyre		x		Mr. Akin	x		
Ms. Tauscher		x		Mr. Forbes	x		
Mr. Brady		x		Mr. Miller (FL)	x		
Mr. Andrews		x		Mr. Wilson	x		
Mrs. Davis (CA)		x		Mr. LoBiondo	x		
Mr. Larsen		x		Mr. Cole			*
Mr. Cooper		x		Mr. Bishop	x		
Mr. Marshall	x			Mr. Turner	x		
Ms. Bordallo		x		Mr. Kline	x		
Mr. Udall		x		Dr. Gingrey	x		
Mr. Boren		x		Mr. Rogers			*
Mr. Ellsworth		x		Mr. Franks	x		
Mrs. Boyda		x		Mr. Shuster			
Mr. Murphy		x		Mrs. Drake	x		
Mr. Johnson		x		Mrs. McMorris Rodgers			*
Ms. Shea-Porter		x		Mr. Conaway	x		
Mr. Courtney		x		Mr. Davis (KY)	x		
Mr. Loebsack		x		Mr. Lamborn	x		
Ms. Gillibrand		x		Mr. Wittman	x		
Mr. Sestak		x					
Ms. Giffords		x					
Ms. Tsongas		x					
Mr. Cummings		x					
Mr. Meek		x					
Ms. Castor		x					

Roll Call Vote Total: **24 Ayes 34 Noes** **Present**

Pursuant to Rule 17(d) of the Committee on Armed Services rules, members of the committee who were unable to vote during the committee markup because they were in attendance at other committee, subcommittee, or conference committee meeting are noted by asterisk.

COMMITTEE ON ARMED SERVICES
110TH CONGRESS
ROLL CALL

Amendment # 91 **Date: May 14, 2008**

Description: Restore $100 million to Missile Defense Agency for Multiple Kill Vehicle **Offered by: Mr. Franks**

Rep.	Aye	No	Present	Rep.	Aye	No	Present
Mr. Skelton		x		Mr. Hunter	x		
Mr. Spratt		x		Mr. Saxton	x		
Mr. Ortiz		x		Mr. McHugh	x		
Mr. Taylor		x		Mr. Everett	x		
Mr. Abercrombie		x		Mr. Bartlett	x		
Mr. Reyes		x		Mr. McKeon	x		
Dr. Snyder		x		Mr. Thornberry	x		
Mr. Smith		x		Mr. Jones		x	
Ms. Sanchez		x		Mr. Hayes	x		
Mr. McIntyre		x		Mr. Akin	x		
Ms. Tauscher		x		Mr. Forbes	x		
Mr. Brady		x		Mr. Miller (FL)	x		
Mr. Andrews		x		Mr. Wilson	x		
Mrs. Davis (CA)		x		Mr. LoBiondo	x		
Mr. Larsen		x		Mr. Cole			*
Mr. Cooper		x		Mr. Bishop	x		
Mr. Marshall	x			Mr. Turner	x		
Ms. Bordallo		x		Mr. Kline	x		
Mr. Udall		x		Dr. Gingrey	x		
Mr. Boren		x		Mr. Rogers	x		
Mr. Ellsworth		x		Mr. Franks	x		
Mrs. Boyda		x		Mr. Shuster			
Mr. Murphy		x		Mrs. Drake	x		
Mr. Johnson		x		Mrs. McMorris Rodgers			*
Ms. Shea-Porter		x		Mr. Conaway	x		
Mr. Courtney		x		Mr. Davis (KY)	x		
Mr. Loebsack		x		Mr. Lamborn	x		
Ms. Gillibrand		x		Mr. Wittman	x		
Mr. Sestak		x					
Ms. Giffords		x					
Ms. Tsongas		x					
Mr. Cummings		x					
Mr. Meek		x					
Ms Castor		x					

Roll Call Vote Total: **25 Ayes 34 Noes** **Present**

Pursuant to Rule 17(d) of the Committee on Armed Services rules, members of the committee who were unable to vote during the committee markup because they were in attendance at other committee, subcommittee, or conference committee meeting are noted by asterisk.

COMMITTEE ON ARMED SERVICES
110TH CONGRESS
ROLL CALL

Amendment # 73 **Date: May 14, 2008**

Description: Direct FFRDC to conduct study on developing space-based defense system **Offered by: Mr. Everett**

Rep.	Aye	No	Present	Rep.	Aye	No	Present
Mr. Skelton		x		Mr. Hunter	x		
Mr. Spratt		x		Mr. Saxton	x		
Mr. Ortiz		x		Mr. McHugh	x		
Mr. Taylor		x		Mr. Everett	x		
Mr. Abercrombie		x		Mr. Bartlett	x		
Mr. Reyes		x		Mr. McKeon	x		
Dr. Snyder		x		Mr. Thornberry	x		
Mr. Smith		x		Mr. Jones	x		
Ms. Sanchez		x		Mr. Hayes	x		
Mr McIntyre		x		Mr. Akin	x		
Ms. Tauscher		x		Mr. Forbes	x		
Mr. Brady		x		Mr. Miller (FL)	x		
Mr. Andrews		x		Mr. Wilson	x		
Mrs. Davis (CA)		x		Mr. LoBiondo	x		
Mr. Larsen		x		Mr. Cole			*
Mr. Cooper		x		Mr. Bishop	x		
Mr. Marshall	x			Mr. Turner	x		
Ms. Bordallo		x		Mr. Kline	x		
Mr. Udall		x		Dr. Gingrey	x		
Mr. Boren		x		Mr. Rogers	x		
Mr. Ellsworth		x		Mr. Franks	x		
Mrs. Boyda		x		Mr. Shuster			
Mr. Murphy		x		Mrs. Drake	x		
Mr. Johnson		x		Mrs. McMorris Rodgers			*
Ms. Shea-Porter		x		Mr. Conaway	x		
Mr. Courtney		x		Mr. Davis (KY)	x		
Mr. Loebsack		x		Mr. Lamborn	x		
Ms. Gillibrand		x		Mr. Wittman	x		
Mr. Sestak		x					
Ms. Giffords		x					
Ms. Tsongas		x					
Mr. Cummings		x					
Mr. Meek		x					
Ms. Castor		x					

Roll Call Vote Total: **26 Ayes 33 Noes** **Present**

Pursuant to Rule 17(d) of the Committee on Armed Services rules, members of the committee who were unable to vote during the committee markup because they were in attendance at other committee, subcommittee, or conference committee meeting are noted by asterisk.

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