



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

*Phillip L. Swagel, Director*

November 2, 2020

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. 6395, the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*

Dear Mr. Chairman:

The Congressional Budget Office has completed the enclosed estimate of the direct spending and revenue effects of H.R. 6395, the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, as passed by the House of Representatives on July 21, 2020. Enacting the legislation would increase both direct spending and revenues. The net increase in the deficit would total \$21 million over the 2021-2030 period.

Two divisions of the act would increase net direct spending by \$36 million over the 2021-2030 period. Division H would allow the Coast Guard to spend recovered funds without further appropriation and also would temporarily prohibit the Coast Guard from charging certain fees. Division G would require federal banking regulators to take a number of actions to help the private sector comply with the Bank Secrecy Act; implementing those requirements would increase costs. Other provisions would have insignificant effects on direct spending.

Division G would reduce the maximum allowable size of the Federal Reserve Surplus fund in 2021, which would increase revenues by \$15 million over the 2021-2030 period, CBO estimates. Other provisions would have insignificant effects on revenues.

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

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CBO estimates that enacting H.R. 6395 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031.

On October 28, 2019, CBO posted a [cost estimate for H.R. 2514](#), the COUNTER Act of 2019, as posted on the website of the House Majority Leader on October 25, 2019. That act is similar to Division G of H.R. 6395. Differences between the cost estimates for the legislation reflect differences in the language and the assumed effective date.

On July 1, 2020, CBO transmitted a [cost estimate for S. 4049](#), the National Defense Authorization Act for Fiscal Year 2021, as reported by the Senate Committee on Armed Services on June 23, 2020. That version of the legislation would increase direct spending by an estimated \$488 million over the 2021-2030 period. The legislation differs from H.R. 6395 and CBO's cost estimate reflects those differences.

On July 16, 2020, CBO transmitted a [cost estimate for H.R. 6395](#), the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, as reported by the House Committee on Armed Services on July 9, 2020. That earlier version of H.R. 6395 would have insignificant effects on direct spending and revenues, CBO estimates, because of differences in the language.

On October 1, 2020, CBO transmitted a [cost estimate for S. 4049](#), the National Defense Authorization Act for Fiscal Year 2021, as passed by the Senate on July 23, 2020. CBO estimates that version of S. 4049 would increase the deficit by about \$7.9 billion over the 2021-2030 period. That act differs from H.R. 6395 and the earlier version of S. 4049, and CBO's cost estimate reflects those differences.

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

Sincerely,



Phillip L. Swagel  
Director

Enclosure

cc: Honorable Mac Thornberry  
Ranking Member

**Table 1.  
Estimated Increases or Decreases in Direct Spending and Revenues Under H.R. 6395,  
As Passed by the House of Representatives on July 21, 2020**

	By Fiscal Year, Millions of Dollars										2021- 2025	2021- 2030	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030			
<b>Increases in Direct Spending</b>													
Elijah E. Cummings Coast Guard Reauthorization Act of 2020 (Division H) <sup>a</sup>													
Estimated Budget Authority	3	2	2	2	2	2	2	2	2	2	11	21	
Estimated Outlays	3	2	2	2	2	2	2	2	2	2	11	21	
COUNTER Act of 2019 (Division G) <sup>b</sup>													
Estimated Budget Authority	2	2	1	1	1	1	2	2	2	2	8	16	
Estimated Outlays	1	2	1	1	1	1	1	2	2	2	7	15	
Total Changes in Direct Spending													
Estimated Budget Authority	5	4	3	3	3	3	4	4	4	4	19	37	
Estimated Outlays	4	4	3	3	3	3	3	4	4	4	18	36	
<b>Increases or Decreases (-) in Revenues</b>													
COUNTER Act of 2019 (Division G) <sup>b</sup>	35	-2	-2	-2	-2	-2	-2	-2	-2	-2	26	15	
<b>Net Increase or Decrease in the Deficit From Changes in Direct Spending and Revenues</b>													
Effect on the Deficit	-31	6	5	5	5	5	5	6	6	6	-8	21	

Components may not sum to totals because of rounding.

CBO estimates that enacting H.R. 6395 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031. Other provisions in H.R. 6395 would have insignificant effects on direct spending and revenues. For this estimate, CBO assumes that the legislation will be enacted early in fiscal year 2021.

- a. Direct spending in Division H would primarily arise from section 9208, which would allow the Coast Guard to spend recovered funds without further appropriation, and section 11105, which would temporarily prohibit the Coast Guard from charging certain fees that are recorded in the budget as offsetting receipts.
- b. Division G would require the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System to each establish an innovation lab to provide information and support to private entities regarding new approaches that may be used to comply with the Bank Secrecy Act. Those agencies also would be required to consult with the Department of the Treasury on several reports, update bank examination manuals, and appoint a civil liberties and privacy officer. The financing structure of those agencies vary and their costs are recorded in the budget as changes in either direct spending or revenues. Division G also would reduce the maximum allowable size of the Federal Reserve Surplus fund in 2021, thereby increasing revenues in that year, so that Division G would have no significant effect on the deficit over the 2021-2030 period.