



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

Douglas W. Elmendorf, Director

May 16, 2011

Honorable Howard P. "Buck" McKeon
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has completed a preliminary estimate of the direct spending effects of H.R. 1540, the National Defense Authorization Act for Fiscal Year 2012, as ordered reported by the House Committee on Armed Services on May 11, 2011. CBO's complete cost estimate for H.R. 1540, including discretionary costs, will be provided shortly.

Based on legislative language for H.R. 1540 that was provided to CBO from May 9th through May 11th, CBO estimates that this bill would have an insignificant effect on direct spending in 2012 and would, on net, decrease such spending by \$1 million over the 2012-2016 period and \$3 million over the 2012-2021 period. The largest costs over that 10-year period would result from an increase in the special survivor allowance paid to certain beneficiaries of the military Survivor Benefit Plan, and from a change in the growth rate of enrollment fees charged to certain retirees who use TRICARE Prime, a health benefit plan for both active-duty and retired members of the uniformed services and their dependents.

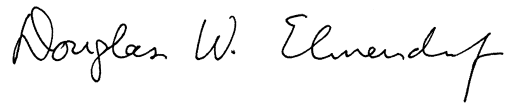
Those costs would be offset by new receipts from additional sales of material in the National Defense Stockpile and savings from a provision to limit enrollment in the Uniformed Services Family Health Plan.

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Enacting the bill would not affect revenues.

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

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive style with a large initial 'D' and 'E'.

Douglas W. Elmendorf
Director

Attachment

cc: Honorable Adam Smith
Ranking Member

May 16, 2011

PRELIMINARY ESTIMATE OF THE IMPACT OF H.R. 1540 ON DIRECT SPENDING

	By Fiscal Year, in Millions of Dollars											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012- 2016	2012- 2021
Special Survivor Allowance												
Estimated Budget Authority	0	49	34	10	5	3	6	11	14	20	98	152
Estimated Outlays	0	45	35	12	5	3	6	10	14	19	97	149
Stockpile Sales												
Estimated Budget Authority	0	-25	-60	-10	-5	0	0	0	0	0	-100	-100
Estimated Outlays	0	-25	-60	-10	-5	0	0	0	0	0	-100	-100
Uniformed Services Family Health Plan												
Estimated Budget Authority	0	*	*	-1	-3	-5	-9	-14	-19	-25	-4	-76
Estimated Outlays	0	*	*	-1	-3	-5	-9	-14	-19	-25	-4	-76
TRICARE Prime Enrollment Fee												
Estimated Budget Authority	0	*	1	1	2	2	3	3	4	5	4	21
Estimated Outlays	0	*	1	1	2	2	3	3	4	5	4	21
Early Retirement of Military Technicians												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	1	2
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	1	2
Waive Repayment of VSIP												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	1	1
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	1	1
Total Changes in Direct Spending												
Estimated Budget Authority	*	24	-25	*	-1	*	*	*	-1	*	0	*
Estimated Outlays	*	20	-24	2	-1	*	*	-1	-1	-1	-1	-3

Notes: Numbers may not add up to totals because of rounding.

VSIP = Voluntary Separation Incentive Payments; * = between -\$500,000 and \$500,000.
