Congressional Budget Office
Cost Estimate

May 28, 2019

At a Glance

H.R. 367, Pay Our Coast Guard Parity Act of 2019

As ordered reported by the House Committee on Transportation and Infrastructure on March 27, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	14,294	30,706
Revenues	0	0	0
Deficit Effect	0	14,294	30,706
Spending Subject to Appropriation (Outlays)	0	0	n.e.

Pay-as-you-go procedures apply?	**Yes**	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	**> $5 billion**	Contains intergovernmental mandate?	**No**
		Contains private-sector mandate?	**No**

n.e. = not estimated

The bill would
- Provide mandatory funding for the Coast Guard (USCG) to cover the cost of pay and benefits for certain personnel in the event of a lapse in discretionary appropriations for the USCG
- Specify the conditions under which that authority would apply

Estimated budgetary effects would primarily stem from
- Permitting the USCG to incur obligations and expend federal funds without further legislation

Areas of significant uncertainty include
- The conditions under which the bill's authority would be triggered
- The timing and duration of possible lapses in discretionary appropriations
- The size and composition of the group that would qualify for pay and benefits in the event of a lapse in funding

Detailed estimate begins on the next page.

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

Bill Summary

Under current law, most of the Coast Guard's personnel-related spending is subject to appropriation. H.R. 367 would provide mandatory funding for pay, allowances, and benefits for certain personnel in the event of a lapse in discretionary appropriations for its activities. Under the bill, that authority would be triggered only if discretionary appropriations for the Department of Defense (DoD) were in place for the current year and would be available for a maximum of 180 days in any fiscal year.

Estimated Federal Cost

The estimated budgetary effect of H.R. 367 is shown in Table 1. The costs of the legislation fall within budget functions 050 (national defense) and 400 (transportation).

Table 1.
Estimated Budgetary Effects of H.R. 367

	By Fiscal Year, Millions of Dollars												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2024	2019-2029
	Increases in Direct Spending												
Estimated Budget Authority	0	2,698	2,774	2,857	2,940	3,024	3,108	3,193	3,280	3,370	3,460	14,294	30,706
Estimated Outlays	0	2,698	2,774	2,857	2,940	3,024	3,108	3,193	3,280	3,370	3,460	14,294	30,706

Components may not sum to totals because of rounding.

Basis of Estimate

Under H.R. 367, mandatory appropriations would be available, under certain circumstances, to provide pay and allowances to military members of the USCG (including active-duty members and reservists). The bill also would allow the service to provide pay and benefits to civilian and contract employees who the Commandant determines are eligible for that compensation. That latter group would include people who support the USCG or other armed forces, are excepted from furlough, or perform emergency work.

Spending under H.R. 367 could only occur if future laws providing appropriations for DoD were in place. In that sense, such spending could be considered to be contingent on—and attributable to—future legislation. On the other hand, if DoD's funding were already in place prior to a lapse in discretionary funding for the USCG, the authorities specified in H.R. 367 would automatically take effect in the absence of any future legislation. Moreover, in CBO's view, H.R. 367 would change current law by authorizing the USCG to obligate funds in the absence of future legislation. As a result, for this estimate, CBO has classified the potential budgetary effects of H.R. 367 as an increase in direct spending.

Direct Spending

Using information from the USCG about the expected costs of providing pay, allowances, and benefits in 2019, CBO estimates that outlays for those purposes will total about $5 billion for the fiscal year. That amount includes roughly $4 billion in pay and allowances for military personnel (including active-duty members and reservists) and nearly $1 billion for pay and benefits for civilian employees. In addition, CBO estimates that payments to USCG contractors in 2019 will include about $120 million in personnel-related costs. That estimate is based on information from DoD about the proportion of its personnel that typically are engaged through contracts to perform work or services in support of military functions.

Under H.R. 367, CBO estimates new direct spending for the USCG's personnel-related costs would total roughly $2.7 billion in 2020 and $30.7 billion over the 2020-2029 period. That estimate reflects 180 days' worth of costs that CBO expects could be incurred in each of the next 10 years. It incorporates CBO's projections of annual increases to military and civilian pay, and it accounts for information from the USCG about anticipated growth in the service's force strength.

In addition to providing mandatory appropriations for pay, allowances, and benefits to current USCG employees and contractors, H.R. 367 would provide funding for retirement benefits to USCG retirees. Under current law, although annual appropriation acts provide the budgetary resources needed to pay such benefits, spending for USCG retired pay—which is governed by underlying laws regarding military retirement that specify benefit formulas and eligibility criteria—is classified as mandatory. As a result, CBO estimates that enacting that provision of H.R. 367 would not affect direct spending.

Spending Subject to Appropriation

If a lapse in discretionary appropriations triggers the authority under the bill, the resulting increases in mandatory funding under the bill would reduce the need for future appropriations to the USCG for pay, allowances, and benefits for affected personnel. However, because H.R. 367 would not affect the amount of funding authorized to be appropriated to the USCG in future years, this estimate does not reflect any potential reductions in spending subject to appropriation. (Under current law, no such authorizations have been enacted beyond 2019.)

Uncertainty

Whether the authority provided under H.R. 367 were triggered in the future, and the timing and magnitude of resulting direct spending, would depend on future legislative decisions of the Congress. As a result, CBO's estimate of additional direct spending under H.R. 367 is uncertain.

For example, if the Congress were to continue to provide discretionary appropriations for the USCG in future years, direct spending under H.R. 367 would probably be much less than indicated in this estimate. Historically, lapses in discretionary appropriations have been relatively infrequent and short-lived. CBO has no basis, however, for predicting the timing or duration of future lapses in discretionary funding.

In addition, the amount of mandatory budget authority provided under H.R. 367 would depend on the number of personnel who would receive compensation under the bill, which is uncertain. Overall costs would depend on the size of the USCG workforce, which would depend on future administrative decisions about desired military force strength. Furthermore, whereas all military personnel would qualify for pay and allowances under H.R. 367, the Commandant of the USCG would determine which civilian employees and contractors would qualify for pay and benefits. Also, because the current structure of the USCG's payments to contractors does not identify personnel-related costs, that component of CBO's estimate, which relies on historical analyses of comparable costs for DoD, is particularly uncertain.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 2.

Table 2.
CBO's Estimate of Pay-As-You-Go Effects of H.R. 367

	By Fiscal Year, Millions of Dollars												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2024	2019-2029
	Net Increase in the Deficit												
Statutory Pay-As-You-Go Effect	0	2,698	2,774	2,857	2,940	3,024	3,108	3,193	3,280	3,370	3,460	14,294	30,706

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 367 would increase on-budget deficits by more than $5 billion in all of the four consecutive 10-year periods beginning in 2030.

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