Congressional Budget Office
Cost Estimate

October 14, 2021

At a Glance

S. 2792, National Defense Authorization Act for Fiscal Year 2022

As reported by the Senate Committee on Armed Services on September 22, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	358	747	786
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	358	747	786
Spending Subject to Appropriation (Outlays)	451,531	741,740	not estimated

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	< $5 billion	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

* = between -$500,000 and $500,000.

The bill would

- Authorize appropriations totaling an estimated $767.5 billion for 2022 for military functions of the Department of Defense (DoD) and the atomic energy defense activities of the Department of Energy
- Authorize an estimated $0.5 billion for nondefense activities over the 2022-2026 period
- Prescribe personnel levels for active-duty and selected-reserve components of the U.S. Armed Forces
- Extend DoD's authority to pay various bonuses and allowances to military personnel
- Change compensation, health care, and retirement benefits for military personnel and their families
- Increase resources to help people who fled Afghanistan
- Impose intergovernmental and private-sector mandates by instituting new antidiscrimination and employment protections for cybersecurity reservists who are activated, and expanding registration requirements for the Selective Service

Estimated budgetary effects would mainly stem from

- Specified authorizations of $767.8 billion for defense and nondefense activities
- Direct spending associated with support people who fled Afghanistan, changes to military retired pay and survivor benefits, and incentives for federal employees to leave their jobs

Areas of significant uncertainty include

- Predicting spending under current law from the Afghanistan Security Forces Fund and for military treatment facilities
- Estimating the amounts that DoD would recoup from overpayments of retired pay and survivor benefits

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

S. 2792 would authorize appropriations totaling an estimated $768.0 billion over the 2022-2026 period. CBO estimates that appropriation of the authorized amounts would increase outlays by $741.7 billion over the 2022-2026 period.

The bill also contains provisions that would affect the costs of defense programs that would be funded with discretionary appropriations in 2023 and future years. Those provisions mainly would affect force structure, compensation and benefits, and multiyear procurement of weapons systems. CBO has analyzed the costs of some of those provisions and estimates that they would, on a net basis, increase the cost of those programs compared to current law by about $10.5 billion over the 2023-2026 period. The net costs of those provisions in 2023 and beyond are not included in the total amount of outlays described above because CBO expects that appropriations for those activities would be specifically authorized in National Defense Authorization Acts in future years.

In addition, enacting S. 2792 would increase direct spending by $786 million over the 2022-2031 period. The bill would have insignificant effects on revenues.

Estimated Federal Cost

The estimated budgetary effects of S. 2792 are shown in Table 1. Of the $767.8 billion authorized for 2022, nearly all—$767.5 billion—would be for activities within budget function 050 (national defense).

Some authorizations, however, would fall within other budget functions. For 2022 those authorizations include $0.3 billion in function 700 (veterans benefits and services) for joint medical facilities for the Departments of Defense (DoD) and Veterans Affairs (VA) and the Armed Forces Retirement Home.

Basis of Estimate

For this estimate, CBO assumes that S. 2792 will be enacted near the start of fiscal year 2022 and that the authorized and estimated amounts will be appropriated each fiscal year. Outlays for existing programs were estimated using historical spend-out rates.

Spending Subject to Appropriation

S. 2792 would authorize appropriations of $768.0 billion over the 2022-2026 period, of which almost all would be specifically authorized by the bill. Of that amount, $767.5 billion would be authorized in 2022 for defense programs and $0.2 billion would be specifically authorized in 2022 for nondefense programs (see Table 2). The bill also includes estimated authorizations of $0.2 billion over the 2022-2026 period for certain nondefense programs. CBO estimates that appropriation of the specified and estimated amounts would increase outlays by $741.7 billion over the 2022-2026 period.

The $767.5 billion specifically authorized for defense programs in 2022 would represent an increase of $35.8 billion (or 5 percent) compared to the $731.8 billion appropriated for defense in 2021. That 2021 figure includes both amounts that count against the cap for defense spending set in the Budget Control Act (BCA), as amended, and amounts not subject to the cap—primarily for overseas contingency operations in and around Iraq and Afghanistan ($69.0 billion) and for amounts designated as emergency funding for increased security at the U.S. Capitol ($1.0 billion). The BCA does not include defense spending caps after 2021, and S. 2792 does not distinguish amounts authorized for overseas contingency operations for 2022 from other defense activities.

Relative to amounts appropriated for 2021, S. 2792 would increase authorizations for all major categories of defense spending: military personnel by $4.1 billion (or 3 percent), operation and maintenance by $13.2 billion (or 5 percent), procurement by $3.8 billion (or 3 percent), and research and development by $9.7 billion (or 9 percent). Authorizations for all other defense categories combined would increase by $5.1 billion (14 percent); most of that increase would arise from an additional $4.2 billion for military construction and family housing.

For nondefense programs, the bill would specifically authorize $0.2 billion for 2022. That amount includes $152 million for certain programs of the Department of Veterans Affairs (VA) and $75 million for the Armed Forces Retirement Home.

S. 2792 also contains provisions that would affect the costs of various defense and nondefense discretionary programs in future years. The estimated effects of some of those defense provisions are shown in Table 3 and described below. Spending for affected programs and activities would be subject to the appropriation of the estimated amounts. The net costs of the defense-related provisions are not added to the total authorized amounts described above because CBO expects those activities would be funded with the amounts specifically authorized in this bill for defense activities in 2022. Amounts for those defense activities over the 2023-2026 period would be authorized by future defense authorization acts. Estimated amounts for nondefense provisions in Table 3, which total $0.2 billion over the 2022-2026 period, are included in the total authorized amounts discussed above because they may not be included in subsequent specified authorizations of appropriation.

Military Force Structure. The bill would affect the force structure of the military services by setting end-strength levels for 2022. End strength would remain at those levels in later years unless changed by subsequent legislation.

Title IV would authorize end-strength levels in 2022 for active-duty personnel and personnel in the Selected Reserves of 1,347,320 and 806,500, respectively. Of those reservists, 91,371 would serve full time on active duty in support of the reserves. In total, active-duty end strength would decrease by 1,055 and selected-reserve end strength would decrease by 2,500, while the number of selected reservists who would serve in full-time support positions would increase by 1,075, when compared with levels authorized under current law for 2021. The specified end-strength levels for each component of the armed forces are detailed below with CBO's estimate of the effects of those changes on DoD's costs for personnel and for operation and maintenance. Those costs for personnel include components of military compensation such as basic pay, allowances, bonuses, and health care, as well as operating costs for training and maintenance.

Active Duty. Section 401 would authorize the following decreases in active-duty personnel for three of the five services: 2,700 fewer for the Marine Corps, 1,600 fewer for the Navy, and 900 fewer for the Army. The end strength authorized for the Department of the Air Force would increase by 4,145: 2,179 more for the Air Force and 1,966 more for the Space Force. CBO estimates that the net reduction in active-duty personnel of 1,055 service members would reduce costs by $0.2 billion over the 2022-2026 period. The timing of those personnel changes would increase costs in 2022 and decrease costs in subsequent years. On the basis of DoD's budget request for fiscal year 2022, CBO expects that the Department of the Air Force would increase end strength more quickly than the other departments would decrease end strength.

Selected Reserve. Under section 411, the end strengths for four of the six reserve components in DoD would decrease: 1,700 fewer for the Marine Corps Reserve, 500 fewer for the Army National Guard, 300 fewer for the Army Reserve, and 200 fewer for the Navy Reserve. End strength for the Air National Guard would increase by 200, while the authorized level for the Air Force Reserve would not change. CBO estimates that the net decrease of 2,500 reservists would reduce costs by $0.5 billion over the 2022-2026 period.

Full-Time Selected Reserve. Section 412 would increase the number of reservists who serve full time on active duty in support of the reserves by 1,075 compared with currently authorized end-strength levels for 2021. Those additional full-time reservists would increase costs by $0.8 billion over that same period.

Reserve Technicians. Section 413 would reduce the end strength for dual-status military technicians by 836. Those personnel are federal civilian employees who are required to maintain membership in the Selected Reserve as a condition of their employment. CBO estimates spending on salaries for dual status positions would decrease by $0.4 billion over the 2022-2026 period. (Changing the number of dual-status technicians would not change the number of reservists set by sections 411 and 412, discussed above. Thus, the only budgetary effects would be the reduction in civilian compensation.)

Defense Compensation and Benefits. S. 2792 includes several provisions that would affect compensation and benefits for uniformed personnel and civilian employees of DoD.

Expiring Bonuses and Allowances. Section 605 would extend for one year DoD's authority to enter agreements to pay certain bonuses and allowances to military personnel. The authority to enter into such agreements expires on December 31, 2021. Some bonuses are paid in lump sums, while others are paid in annual or monthly installments over several years of military service. On the basis of DoD's budget request for fiscal year 2022, CBO estimates that extending that authority for one year would cost $10.5 billion over the 2022-2026 period.

Incentive Pay for Reservists. DoD awards incentive pay to members of the military to compensate them for filling certain jobs such as doctors, pilots, or divers that require special skills, extensive training, are especially dangerous, or are otherwise difficult to fill. Under current law, some reservists earn less in incentive pay than active-duty members because the latter are paid the incentive for a full month while reservists are paid a prorated amount based on the number of days that they perform a qualifying type of duty. Section 602 would require DoD to pay reservists the same amount of incentive pay that active-duty members receive for performing similar duty—that is for a full month—regardless of the number of days they are on military duty in that month. On the basis of information from DoD, CBO estimates that roughly 30,000 reservists would receive an average annual increase in incentive pay of $3,700 beginning in 2023. Thus, CBO estimates that higher incentive pay for reservists would increase costs by $440 million over the 2022-2026 period.

Prenatal Genetic Testing. Section 701 would require DoD to reimburse health care providers and beneficiaries for the cost of certain preconception and prenatal genetic screening as part of the TRICARE health benefit. Based on information from DoD, including participation rates from a recent demonstration program on screenings for cystic fibrosis, CBO estimates about 25,000 TRICARE households would use this benefit each year, at an average cost to DoD of about $2,500 per household. That cost is based on current reimbursement rates for specified genetic tests, reduced to account for the possibility that payment rates will come down because of new technological advancements. After accounting for the time needed for rule-making, CBO estimates that implementing section 701 would cost about $245 million over the 2022-2026 period.

Civilian Voluntary Separation Incentive Pay. Section 1105 would extend through September 30, 2025, DoD's authority to pay up to $40,000 to civilian employees as an incentive to separate voluntarily. Under current law, the maximum amount will decrease to $25,000 on October 1, 2021. On the basis of information from DoD, CBO estimates that about 6,400 DoD civilian employees would receive voluntary separation incentive payments (VSIP) of $40,000 over the 2022-2025 period. CBO estimates that under current law half of those civilian employees would take VSIP at $25,000. CBO estimates that the remaining 3,200 employees would not voluntarily separate for $25,00 but would do so for the full $40,000. The incremental cost to DoD for each of those 3,200 employees would be $15,000. Thus, CBO estimates that raising the cap to $40,000 for VSIP would cost DoD $176 million over the 2022-2026 period.

Section 1105 would also affect direct spending for civilian retirement benefits. Those effects are described under the heading "Direct Spending and Revenues."

Benefits for Civilians in Combat Zones. Section 1106 would extend for one year the authority to grant certain benefits to federal civilian employees who perform official duty in a combat zone. Those benefits, which expire under current law on September 30, 2022, include death gratuities, paid leave and travel for one trip home, and up to three leave periods per year for rest and recuperation. Based on information from DoD and the Office of Personnel Management, CBO estimates that nearly 1,000 civilian employees of DoD and about 500 employees of other federal agencies will work in a designated combat zone in 2023 and, under this provision, would receive an average benefit that would cost about $57,000 a year. Thus, CBO estimates that implementing section 1106 would cost DoD $55 million and cost other federal agencies $30 million. (That latter amount is included in Table 1 for nondefense estimated authorizations under the heading "Estimated Authorizations for Nondefense Appropriations").

Basic Needs Allowance. Section 601 would authorize DoD to pay a monthly allowance to service members whose gross incomes are less than 130 percent of the federal poverty guidelines established by the Department of Health and Human Services. The amount of the allowance would be the difference between a service member's monthly gross income and the monthly income level at 130 percent of poverty guidelines for the location in the United States where the member lives and the size of the member's household. (For people stationed outside of the United States, their income would be compared to the guidelines for the continental United States.) A member's gross income could include all household income from any source. On the basis of information from DoD, CBO expects that the department would include basic pay, the basic allowance for housing, and the basic allowance for subsistence in their calculation of gross income. Other compensation such as bonuses and incentive pay would be excluded.

DoD would evaluate service members' income annually and notify candidates of their potential eligibility for the allowance. Candidates (those who are notified of potential eligibility and any other service members who want to apply) would submit applications with any required documentation to demonstrate eligibility. CBO expects that some eligible personnel would decline to receive the allowance or they would not submit the required information by the application deadline. Monthly payments would start in early fiscal year 2023 (one year after the assumed enactment date of this bill). The authority to pay the allowances would end after December 31, 2027.

On the basis of data about service members' pay and family sizes, CBO estimates that about 500 members would receive the new allowance each month. On average those recipients would receive monthly payments of $200, although individual monthly amounts could range from $50 to $1,000. On that basis, CBO estimates that the cost of those allowances would total around $1 million a year and $4 million over the 2022-2026 period.

Other Provisions. Various other provisions would affect discretionary spending for other defense and nondefense programs.

Multiyear Procurement. The bill would authorize DoD to enter into multiyear procurement contracts (MYP) for three weapons systems. Multiyear procurement is a special contracting method authorized in current law that permits the government to enter into contracts covering acquisitions for more than one year but not more than five years, even though the total funds required for all years are not appropriated at the time the contracts are awarded. Contracts that would cost more than $500 million must be specifically authorized in law.

- Section 122 would authorize the Army to enter a multiyear contract beginning in fiscal year 2022 to purchase UH/HH-60M Blackhawk aircraft. The UH/HH-60M is a medium-lift helicopter that is used to transport military personnel and supplies. On the basis of information from the Army, CBO estimates that under such a contract the service would buy those aircraft over the 2022-2026 period at a cost of $2.3 billion. The service estimates that a single multiyear contract would cost $361 million less than five annual contracts.

- Section 121 would authorize the Army to enter a multiyear contract beginning in fiscal year 2022 to purchase AH-64E Apache aircraft. The AH-64E is a heavy attack helicopter capable of firing missiles and other munitions. On the basis of information from the Army, CBO estimates that under such a contract the service would buy those aircraft over the 2022-2026 period at a cost of $1.7 billion. The service estimates that a single multiyear contract would cost $214 million less than five annual contracts.

- The Navy is authorized to enter a MYP contract for three San Antonio-class amphibious ships and one America-class amphibious ship in fiscal year 2021. Section 134 would extend that authority to fiscal year 2022. Because the Navy did not request that MYP contract authority and has not provided information on how it would use that authority, CBO cannot estimate the costs of that section or any potential savings that could arise from using MYP contracts rather than a series of annual contracts.

Civilian Cybersecurity Reserve. Section 1109 would authorize DoD to recruit and train members of a Civilian Cybersecurity Reserve. DoD could mobilize as many as 50 reserve members at a time to serve as federal civilian employees for up to six months within a year. Activated reservists would augment DoD's workforce by detecting and responding to malicious activity in federal and nonfederal information networks. CBO estimates that implementing the provision would cost $98 million over the 2022-2026 period.

CBO expects that the costs to pay and equip the reservists would be comparable to the costs incurred for Cyber Defense Teams in the Department of Homeland Security—about $440,000 annually per employee, on average. About half of that amount would cover salaries and benefits; the rest would pay for network sensors, other equipment, and software licenses. CBO expects that DoD would activate reservists at a rate sufficient to keep the 50 authorized positions fully staffed each year. On that basis, CBO estimates, it would cost $88 million over the 2022-2026 period to staff and operate the reserve.

CBO also expects that a program management office would administer recruitment, training, logistics, and security clearances and the office would ensure that a sufficient pool of reservists is available to maintain 50 activated reservists at all times. Using information about the costs of similar efforts, CBO estimates that DoD would hire 10 new employees to manage the program at a cost of $10 million over the 2022-2026 period.

Joint DoD-VA Construction. Section 726 would allow DoD and VA to enter into agreements to jointly construct and operate medical facilities. Construction projects of VA medical facilities with costs exceeding $20 million must be authorized in legislation. Implementing this section could reduce VA's share of the cost of some construction projects, such that projects that cost more than $20 million and less than $40 million would no longer require legislative authorization if VA could split the cost with DoD. CBO estimates that VA has proposed an average of four projects each year in that price range. CBO expects that, on average, this section would result in the construction of one shared medical facility each year at an average total cost of $30 million. On that basis, CBO estimates that implementing section 726 would cost $150 million over the 2022-2026 period.

Expanded Registration for Selective Service. Under current law, male citizens and certain other men who are residing in the United States and who are between the ages of 18 and 26, must register with the Selective Service System (SSS). Section 511 would require all citizens, not just men, who meet the age and other registration requirements to register for the SSS, making them eligible for a military draft.

To implement the new requirement, SSS would need to hire additional personnel, increase office space and equipment, and publicize additional materials to inform the public of this new requirement. Because section 511 would establish a duty for all citizens who turn 18 one year after enactment of the bill to register, CBO estimates that SSS would start to process expanded registrations in 2023.

Based on information from SSS, CBO expects the agency would begin to hire and train new personnel and publicize the new requirement to register in 2022. CBO estimates that section 511 would increase discretionary costs to SSS by $68 million over the 2022-2026 period. (Those discretionary costs are included in the amount shown in Table 1 for nondefense estimated authorizations under the heading "Estimated Authorizations for Nondefense Appropriations").

Direct Spending and Revenues
Five sections in S. 2792 would increase direct spending outlays by a combined $786 million over the 2022-2031 period (see Table 4). Other sections would have insignificant effects on direct spending and revenues.

Afghanistan Security Forces Fund. Section 1213 would authorize DoD to use amounts available for the Afghanistan Security Forces Fund (ASFF) to provide support and services to displaced Afghans who have fled to U.S. allies.

CBO estimates that about $1 billion remains unobligated from amounts appropriated for the ASFF in fiscal year 2021. Those amounts are available for obligation through September 30, 2022. Because the Afghanistan Security Forces have dissolved, CBO expects that some of those funds will not be spent under current law. Section 1213 would allow DoD to spend those funds to support Afghan refugees instead. Changes in outlays from appropriations that are available under current law are classified as direct spending. (The provision would not affect the amount of budget authority that is available.)

Given the uncertainty about how much will be spent under current law, CBO estimates a 50 percent chance that the funds will be spent and a 50 percent chance that they will not. Thus, CBO estimates on a probabilistic basis that enacting section 1213 would cost $500 million.

Civilian Voluntary Separation Incentive Pay. Section 1105 would extend for four additional years the temporary increase in the amount of lump sum payments that DoD can offer its civilian employees to entice them to separate voluntarily. Some employees would retire sooner under the proposal than they otherwise would have, and as a result, annuity and health benefit payments to federal retirees would increase. On the basis of information from DoD, CBO estimates that about 3,200 DoD civilian employees would agree to accept voluntary separation incentive pay (VSIP) over that four-year period as a result of the increased payment. About 95 percent of those 3,200 employees would be eligible for retirement and, CBO estimates that 90 percent of the additional VSIP recipients who are retirement-eligible would choose to retire on average 1 to 2 years sooner than they otherwise would have under current law. The cost of those additional retirement payments in earlier years would be partially offset by lower retirement payments in later years as retirees' annuities would be slightly smaller because of their earlier retirement. CBO estimates that section 1105 would increase direct spending by $113 million over the 2022-2031 period.

Implementing the provision also would increase discretionary spending. Details of those effects, as well as additional details about the estimate, are described under the heading "Spending Subject to Appropriation."

Retired or Survivor Pay. Section 606 would prevent the Defense Finance and Accounting Service (DFAS) from suspending retired or survivor pay until 90 days after providing written notice of the impending suspension to the retiree, survivor, or designated representative. Retired and survivor pay are paid from the Military Retirement Fund, a mandatory appropriation.

Based on information from DoD, CBO estimates that about 65,000 payments will be suspended each year. Monthly payments will average about $2,300 in 2022 and grow with inflation in subsequent years. By requiring DFAS to continue making payments for an additional 90 days, section 606 would increase the average overpayment amount that DFAS would need to recoup. On the basis of recoveries of overpayments under current law, CBO estimates that about 2 percent of those overpayments would not be recovered as a result of section 606. Therefore, section 606 would increase direct spending by $102 million over the 2022-2031 period, CBO estimates.

MTF Reimbursements. Under current law, DoD receives reimbursements from the Veterans Health Administration (VHA) for care provided to veterans at Military Treatment Facilities (MTFs). Some of those reimbursements occur after the end of the fiscal year in which the care was provided. Because appropriations for most defense health programs expire after one year, DoD has only limited authority to obligate those funds; thus, some of those amounts are not spent. Section 727 would allow DoD to merge those reimbursements that arrive after the end of the fiscal year with the current appropriations, allowing DoD to obligate those funds after they will expire under current law and increase expenditures relative to current law. Extending the period of availability for funds that have already been appropriated constitutes a reappropriation and is classified as direct spending in an authorization bill.

Based on information from DoD, CBO estimates about $40 million annually in reimbursements from VHA occur after the close of the fiscal year. DoD has some limited ability to transfer those amounts to other accounts or use the funds to settle existing contracts. CBO estimates that half of those amounts will be spent under current law and the rest would be cancelled. Therefore, this provision would increase budget authority by $20 million per year, with associated outlays. VHA currently has appropriations to fund operations through fiscal year 2022. Changes in outlays from currently available appropriations are classified as direct spending. Therefore, CBO estimates this provision would increase budget authority by $20 million in 2022 (for reimbursements from 2021 appropriations) and by $20 million in 2023 (for reimbursements from 2022 appropriations). The availability to spend reimbursements for years after 2023 are subject to appropriation for VHA in those years and thus are not classified as direct spending. Thus, enacting the section would increase direct spending by $39 million over the 2022-2031 period, CBO estimates.

Overseas Hospice Care. Section 702 would authorize TRICARE to cover the cost of subacute and hospice care for beneficiaries who reside overseas. The hospice care benefit would apply to all TRICARE beneficiaries, including those who would otherwise be eligible for Medicare (senior beneficiaries). Health care costs for those beneficiaries are paid from the Medicare-Eligible Retiree Health Care Fund (MERHCF), a mandatory account.

Based on population statistics from DoD and information from the National Hospice and Palliative Care Organization, CBO estimates that about 1,000 TRICARE senior beneficiaries living overseas would seek reimbursement for hospice care each year, and that the average cost of each hospice encounter would be about $12,000.[1] However, because many overseas TRICARE beneficiaries have other health care coverage, the cost to the MERHCF would only be about a quarter of that amount; or about $3 million per year. After considering the time needed for rule-making and inflation, CBO estimates section 702 would increase direct spending by $32 million over the 2022-2031 period.

Other Provisions. Several provisions in S. 2792 would have insignificant effects on direct spending and revenues, generally because they would affect very few people, would have offsetting effects, or involve transactions of very small amounts.

- Sections 213, 571, 1063, 1221, and 1223 would extend or add to agencies' authority to accept and spend amounts received from nonfederal entities for various purposes. Because some of those agencies would not spend all the funds they receive, those sections would reduce direct spending.
- Section 511 would require all citizens, not just men, to register with the Selective Service System. As a result, a very small number of people who are not currently U.S. citizens would lose eligibility for some mandatory federal benefits because they would fail to register. They would also have to wait longer to sponsor noncitizen family members for legal permanent resident status.
- Sections 534 and 536 would establish or modify punishable offenses under the military justice system. Additional penalties collected as a result of those provisions would be classified as revenues.
- Section 701 would require DoD to reimburse health care providers and beneficiaries for the cost of certain preconception and prenatal genetic screening as part of the TRICARE health benefit. Health care costs for households of retired members of the Coast Guard, National Oceanic and Atmospheric Administration (NOAA), and Public Health Service (PHS) are paid from mandatory appropriations.
- Section 703 would require DoD to carry out a pilot program for dispensing maintenance medications from retail pharmacies. Some DoD pharmacy spending is paid from mandatory accounts.
- Section 721 would allow DoD to establish competing health networks as part of the TRICARE health benefit. CBO estimates there is an equal probability that this could

[1] National Hospice and Palliative Care Organization, *NHPCO Facts and Figures* (August 20, 2020), www.nhpco.org/hospice-facts-figures/.

result in costs or savings. This could affect health care costs for households of retired members of the Coast Guard, NOAA, and PHS, which are paid from mandatory appropriations.

- Section 725 would modify requirements for participation in certain DoD health incentive programs. This could affect health care costs for TRICARE beneficiaries who are also eligible for Medicare, as well as households of retired members of the Coast Guard, NOAA, and PHS, which are paid from mandatory appropriations.
- Section 904 would remove the condition that loan repayment assistance provided to participants of the John S. McCain Strategic Defense Fellows Program shall be on a first come, first served basis. CBO estimates that removing that condition could increase loan repayment assistance provided under that program. Although those payments would come from discretionary appropriations, the additional principal payments made on behalf of borrowers would reduce the interest payments to the federal government for federal student loans, which are classified as direct spending.
- Section 1272 would prohibit DoD from using any funds authorized in the bill to support offensive operations of the Saudi-led coalition against the Houthis in Yemen. CBO expects that some of that support would have been provided through Foreign Military Sales transactions. CBO estimates that the loss of receipts from any sales that would be forgone under the prohibition would be offset by the reduction in spending of those receipts and, thus, would have no net effects on direct spending over time.

Uncertainty

Most estimates for this bill are affected by some level of uncertainty, but three provisions in particular are difficult to estimate. The estimates for section 1213, which would provide additional resources for Afghan evacuees, and section 727, which would enhance DoD's ability to spend reimbursements to MTFs, depend on the amounts that DoD would spend from those funds under current law. The estimate for section 606, which would require DoD to wait 90 days before suspending retired pay or survivor benefits, is highly sensitive to assumptions about how much in overpayments DoD would be able to recoup.

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 4.

Increase in Long-Term Deficits:

CBO estimates that enacting S. 2792 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates:

S. 2792 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the aggregate cost to comply would not exceed the thresholds established in UMRA for intergovernmental and private-sector mandates ($85 million and $170 million in 2021, respectively, adjusted annually for inflation).

Intergovernmental and Private-Sector Mandates

Section 1109 would impose an intergovernmental and a private-sector mandate on employers of activated members of the Civilian Cybersecurity Reserve. The bill would require the Department of Labor (DOL) to prescribe antidiscrimination and employment protections at least as stringent as those in the Uniformed Services Employment and Reemployment Rights Act (USERRA). That act requires employers to provide employees with the same benefits, pay, and seniority when returning from deployment that they would have received had they not been away. The act also requires employers to treat workers on active military duty as furloughed employees or as employees on a leave of absence, entitling them to any compensation or benefits otherwise available to them in that status.

The cost of the mandate would be the cost to the employers that provide the benefits as well as the cost of any other protections DOL requires. Although the mandate's ultimate cost would depend on those regulations, the bill limits the number of activated reservists to 50 at a time. Therefore, CBO estimates, the cost to employers would be small.

Private-Sector Mandates

Section 511 would expand an existing mandate to register with Selective Service. Under current law, all male citizens aged 18 to 26 must register with Selective Service. The bill would expand the registration requirement to all citizens, not just men, in that age group. CBO estimates that the cost of compliance would be small.

Other Effects

Expanding the requirement to register for the Selective Service could result in other actions by governmental entities. Many states have enacted laws that support compliance with the federal registration requirement. Some states, for example, require male citizens to prove that they are registered to be eligible to obtain a driver's license. If a state chose to support the expansion of the registration requirement by updating its laws or regulations, it would incur additional administrative costs; however, those costs would be incurred as a result of state laws and would not stem from a mandate under UMRA.

Previous CBO Estimates

On September 15, 2021, CBO transmitted a cost estimate for H.R. 4350, the National Defense Authorization Act for Fiscal Year 2022, as reported by the House Committee on

Armed Services on September 10, 2021. For fiscal year 2022, H.R. 4350 would authorize the appropriation of $770.0 billion—$2.2 billion more than the $767.8 billion that would be authorized by S. 2792. The additional amounts authorized by H.R. 4350 are primarily for programs of the Maritime Administration and Coast Guard. In addition, S. 2792 would increase direct spending outlays by an estimated $786 million over the 2022-2031 period. H.R. 4350 includes provisions that would increase both direct spending and revenues, but those effects would offset overall so that the net effect on the deficit would be insignificant over the 2022-2031 period.

Both bills include sections that would authorize DoD to pay a monthly allowance to service members whose gross incomes are less than 130 percent of the federal poverty guidelines established by the Department of Health and Human Services. S. 2792 would allow DoD to include all sources of income in their calculation to determine eligibility; H.R 4350 would specifically exclude the basic allowance for housing from that calculation. CBO estimates that the provision in H.R. 4350 would increase spending subject to appropriation by $50 million over the 2022-2026 period because of that narrower definition of gross income.

Section 401 of S. 2792 is similar to section 401 of H.R. 4350: Both bills would make a net reduction in the number of active-duty personnel. The mandate statement for H.R. 4350 incorrectly stated that the bill would increase that number and impose intergovernmental and private sector mandates by increasing the number of service members eligible for protections under the Servicemembers Civil Relief Act. Because the bill would decrease the active-duty force strength, section 401 would not impose additional mandates. However, the cost threshold determination for H.R. 4350 in its entirety would be unchanged.

On August 13, 2021, CBO transmitted a cost estimate for S. 1324, the Civilian Cybersecurity Reserve Act, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on July 14, 2021. Section 1109 of S. 2792 is similar to S. 1324, which would create a Civilian Cybersecurity Reserve under the Department of Homeland Security, and CBO's estimates of their costs are roughly similar. Differences in CBO's estimates of the cost of implementing the bills reflect a higher authorized level of activated reservists in S. 2792.

Estimate Prepared By

Federal Costs:

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Etaf Khan: VA Construction
William Ma: Operation and Maintenance and Military Justice
Christopher Mann: Military Construction and Family Housing
Aldo Prosperi: Cybersecurity and Selective Service
David Rafferty: Military Retirement
Dan Ready: Voluntary Separation Incentive Pay
Dawn Sauter Regan: Military and Civilian Personnel
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Table 1.
Estimated Budgetary Effects of S. 2792, as Reported by the Senate Committee on Armed Services on September 22, 2021

	By Fiscal Year, Millions of Dollars					
	2022	2023	2024	2025	2026	2022-2026
	Increases in Spending Subject to Appropriation					
Specified Authorizations for Defense Appropriations[a]						
Authorization Level	767,549	0	0	0	0	767,549
Estimated Outlays	451,340	186,326	61,036	29,930	12,719	741,351
Specified Authorizations for Nondefense Appropriations[b]						
Authorization Level	227	0	0	0	0	227
Estimated Outlays	174	38	8	3	1	224
Subtotal, Specified Authorizations						
Authorization Level	767,776	0	0	0	0	767,776
Estimated Outlays	451,514	186,364	61,044	29,933	12,720	741,575
Estimated Authorizations for Nondefense Appropriations[c]						
Estimated Authorization Level	47	77	42	41	41	248
Estimated Outlays	17	50	30	32	36	165
Total						
Estimated Authorization Level	767,823	77	42	41	41	768,024
Estimated Outlays	451,531	186,414	61,074	29,965	12,756	741,740
	Changes in Direct Spending[d]					
Estimated Budget Authority	42	67	55	53	37	254
Estimated Outlays	358	196	77	69	47	747

Except as discussed in footnote c, the authorization levels in this table reflect amounts that would be specifically authorized by the bill (as reflected in Table 2). Some provisions in the bill also would affect the costs of defense programs in 2023 and future years but not specifically authorize appropriations for those years. Estimates for some of those provisions, which are shown in Table 3, are not included above because CBO expects authorizations of appropriations for those costs would be provided in subsequent defense authorization acts.

a. Amounts that would be specifically authorized by the bill for defense programs, detailed in Table 2.

b. Amounts that would be specifically authorized by the bill for nondefense programs, detailed in Table 2.

c. Estimated authorizations for nondefense programs are detailed in Table 3. Those totals are displayed above because CBO does not assume that they would be included in any future specified authorization of appropriations.

d. In addition to the changes in direct spending shown here, S. 2792 would have effects beyond 2026. CBO estimates that over the 2022-2031 period, the bill would increase direct spending outlays by $786 million (see Table 4). The bill would also have an insignificant effect on revenues.

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Table 2.
Specified Authorizations of Appropriations in S. 2792, as Reported by the Senate Committee on Armed Services on September 22, 2021

	By Fiscal Year, Millions of Dollars					
	2022	2023	2024	2025	2026	2022-2026
Specified Authorizations for Defense Appropriations						
Department of Defense						
Military Personnel						
Authorization Level	166,788	0	0	0	0	166,788
Estimated Outlays	155,317	9,271	226	45	0	164,859
Operation and Maintenance						
Authorization Level	297,143	0	0	0	0	297,143
Estimated Outlays	191,818	78,377	12,297	4,294	1,892	288,678
Procurement						
Authorization Level	145,149	0	0	0	0	145,149
Estimated Outlays	31,242	42,257	32,868	18,681	8,392	133,440
Research and Development						
Authorization Level	116,106	0	0	0	0	116,106
Estimated Outlays	53,037	45,734	9,842	4,402	1,081	114,096
Military Construction and Family Housing						
Authorization Level	12,715	0	0	0	0	12,715
Estimated Outlays	945	2,468	3,377	2,493	1,349	10,632
Revolving Funds						
Authorization Level	1,902	0	0	0	0	1,902
Estimated Outlays	1,506	322	63	7	3	1,901
Subtotal, Department of Defense						
Authorization Level	739,804	0	0	0	0	739,804
Estimated Outlays	433,865	178,429	58,673	29,922	12,717	713,606
Atomic Energy Defense Activities[a]						
Authorization Level	27,745					27,745
Estimated Outlays	17,475	7,897	2,363	8	2	27,745
Total Specified Authorizations for Defense Appropriations						
Authorization Level	767,549	0	0	0	0	767,549
Estimated Outlays	451,340	186,326	61,036	29,930	12,719	741,351

(Continued)

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Table 2.
Specified Authorizations of Appropriations in S. 2792, as Reported by the Senate Committee on Armed Services on September 22, 2021

	By Fiscal Year, Millions of Dollars					
	2022	2023	2024	2025	2026	2022-2026
	Specified Authorizations for Nondefense Appropriations[b]					
Authorization Level	227	0	0	0	0	227
Estimated Outlays	174	38	8	3	1	224
Total Specified Authorizations						
Authorization Level	767,776	0	0	0	0	767,776
Estimated Outlays	451,514	186,364	61,044	29,933	12,720	741,575

Components may not sum to totals because of rounding.

This table reflects specified authorizations of appropriations in the bill. Various provisions of the bill also would authorize activities and provide authorities that would affect costs in 2023 and in future years. Because the bill would not specifically authorize appropriations to cover those costs, they are not included in this table. Table 3 provides the estimated costs of some of those provisions.

a. Primarily for the atomic energy defense activities of the Department of Energy.
b. The bill would authorize $152 million in 2022 for certain joint health programs of DoD and the Department of Veterans Affairs and also would authorize $75 million for the Armed Forces Retirement Home.

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Table 3.
Estimated Costs for Selected Provisions in S. 2792, as Reported by the Senate Committee on Armed Services on September 22, 2021

	By Fiscal Year, Millions of Dollars					
	2022	2023	2024	2025	2026	2022-2026
Military Force Structure						
Active Duty	100	-70	-70	-80	-80	-200
Selected Reserve	-80	-100	-100	-110	-110	-500
Full-Time Selected Reserve	110	160	170	180	180	800
Reserve Technicians	-50	-90	-100	-100	-100	-440
Defense Compensation and Benefits						
Expiring Bonuses and Allowances	3,580	2,620	1,890	1,860	510	10,460
Incentive Pay for Reservists	0	110	110	110	110	440
Prenatal Genetic Testing	20	45	60	60	60	245
Civilian VSIP	44	44	44	44	0	176
Benefits for Civilians in Combat Zones	0	55	0	0	0	55
Basic Needs Allowance	0	1	1	1	1	4
Other Provisions[a]						
Multiyear Procurement						
Black Hawk Helicopters	494	418	472	474	467	2,325
Apache Helicopters	423	439	484	351	0	1,697
Civilian Cybersecurity Reserve	1	15	27	27	28	98
Joint DoD-VA Construction	30	30	30	30	30	150
Expanded Registration for Selective Service	17	17	12	11	11	68
Benefits for Civilians in Combat Zones	0	30	0	0	0	30

Components may not sum to totals because of rounding; DoD = Department of Defense; VA = Department of Veterans Affairs; VSIP = Voluntary Separation Incentive Pay.

Amounts shown for defense programs and activities in this table for 2022 are included in the amounts that would be specifically authorized to be appropriated by the bill (as shown in Table 2 and summarized in Table 1). Associated costs for defense programs after 2022 would not be specifically authorized by S. 2792 (and therefore are not included in Tables 1 and 2); rather, CBO expects those amounts would be covered by specified authorizations in future National Defense Authorization Acts.

a. For the last three provisions on this table (Joint DoD-VA Construction, Selective Service, Combat Zone Benefits), the bill would not authorize appropriations (in specified amounts) to cover costs shown above. Table 1 summarizes CBO's estimate of those costs.

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Table 4.
Estimated Changes in Direct Spending Under S. 2792, as Reported by the Senate Committee on Armed Services on September 22, 2021

By Fiscal Year, Millions of Dollars	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2026	2022-2031
Increases or Decreases (-) in Direct Spending												
Afghanistan Security Forces Fund												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	320	130	20	15	10	5	0	0	0	0	495	500
Civilian VSIP												
Estimated Budget Authority	14	35	42	40	24	-1	-10	-10	-10	-10	155	114
Estimated Outlays	14	35	41	40	24	-1	-10	-10	-10	-10	154	113
Retired or Survivor Pay												
Estimated Budget Authority	7	9	10	10	10	11	11	11	11	12	46	102
Estimated Outlays	7	9	10	10	10	11	11	11	11	12	46	102
MTF Reimbursements												
Estimated Budget Authority	20	20	0	0	0	0	0	0	0	0	40	40
Estimated Outlays	16	19	3	1	0	0	0	0	0	0	39	39
Overseas Hospice Care												
Estimated Budget Authority	1	3	3	3	3	3	4	4	4	4	13	32
Estimated Outlays	1	3	3	3	3	3	4	4	4	4	13	32
Total Changes in Direct Spending												
Estimated Budget Authority	42	67	55	53	37	13	5	5	5	6	254	288
Estimated Outlays	358	196	77	69	47	18	5	5	5	6	747	786

VSIP = Voluntary Separation Incentive Pay; MTF = Military Treatment Facility.

Estimates relative to CBO's July 2021 baseline.

CBO estimates that enacting S. 2792 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2032. Other provisions in S. 2792 would have insignificant effects on direct spending and revenues.