



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 2, 2005

S. 1042 **National Defense Authorization Act for Fiscal Year 2006**

As reported by the Senate Committee on Armed Services on May 17, 2005

SUMMARY

S. 1042 would authorize appropriations totaling \$486 billion for fiscal year 2006 for the military functions of the Department of Defense (DoD), for activities of the Department of Energy (DOE), and for other purposes. That total includes \$50 billion for military operations in Iraq and Afghanistan. In addition, the bill 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 \$481 billion over the 2006-2010 period. Including outlays from funds previously appropriated, spending for defense programs authorized by the bill would total about \$500 billion in 2006, CBO estimates.

The bill also contains provisions that would both increase and decrease costs of discretionary defense programs over the 2007-2010 period. CBO estimates that those provisions combined would increase the requirements for discretionary spending by about \$850 million over those four years, assuming that net appropriations are increased by the estimated amounts.

The bill contains provisions that would both increase and decrease direct spending, primarily from increasing the number of high-cost housing units that DoD can lease in Korea, and from the sale of materials held in the National Defense Stockpile. We estimate that those provisions combined would decrease direct spending by almost \$150 million over the 2006-2010 period and by about \$230 million over the 2006-2015 period. Those totals include estimated receipts from asset sales of \$280 million over the 2006-2015 period. (Asset sale receipts are a credit against direct spending.)

S. 1042 contains both intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the annual costs of those mandates would not exceed the thresholds established in UMRA (\$62 million for intergovernmental mandates in 2005 and \$123 million for private-sector mandates in 2005, adjusted annually for inflation).

In general, this bill would benefit state, local, and tribal governments by authorizing aid for certain local schools with dependents of defense personnel and conveying certain parcels of land to state and local governments. Any costs to those governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1042 is summarized in Table 1. Most of the costs of this legislation fall within budget function 050 (national defense).

BASIS OF ESTIMATE

Spending Subject to Appropriation

The bill would specifically authorize appropriations totaling \$486 billion in 2006 (see Table 2). Nearly all of that amount falls within budget function 050 (national defense), while a small portion—\$58 million for the Armed Forces Retirement Home—falls in budget function 600 (income security).

Although most of the \$486 billion in funding authorized by the bill would be for full-year costs of routine programs, \$50 billion of that amount would be primarily for DoD costs associated with continuing operations in Iraq and Afghanistan.

The estimate assumes that the amounts authorized for 2006 will be appropriated near the start of fiscal year 2006. The estimated outlays from authorizations of regular appropriations are based on historical spending patterns. Estimated outlays from the \$50 billion that the bill would authorize for operations in Iraq, Afghanistan, and the global war on terrorism would likely cover costs incurred during the first part of the year.

The bill also contains provisions that would both increase and decrease various costs, mostly for personnel, that would be covered by the fiscal year 2006 authorization and by authorizations in future years. Table 3 contains estimates of those amounts. In addition to the costs covered by the authorizations in the bill for 2006, CBO estimates that these combined provisions would increase estimated discretionary costs by about \$850 million over the 2007-2010 period, assuming that future appropriations to the Department of Defense are increased by the estimated amounts.

TABLE 1. BUDGETARY IMPACT OF S. 1042, THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2006

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Programs Authorized by S. 1042						
Budget Authority ^a	494,172	0	0	0	0	0
Estimated Outlays	492,432	173,667	54,562	18,212	7,521	3,552
Proposed Changes						
Authorization of Regular Appropriations						
Estimated Authorization Level	0	435,827	0	0	0	0
Estimated Outlays	0	294,771	96,649	27,680	8,426	3,536
Authorization of Appropriations for Contingency Operations ^b						
Authorization Level	0	49,998	0	0	0	0
Estimated Outlays	0	31,438	13,924	3,417	613	206
Spending Under S. 1042						
Estimated Authorization Level ^a	494,172	485,825	0	0	0	0
Estimated Outlays	492,432	499,876	165,135	49,309	16,560	7,294
CHANGES IN DIRECT SPENDING (EXCLUDING ASSET SALES)						
Estimated Budget Authority	0	*	67	-3	-3	-3
Estimated Outlays	0	*	0	26	23	2
ASSET SALES ^c						
Estimated Budget Authority	0	-12	-30	-32	-79	-47
Estimated Outlays	0	-12	-30	-32	-79	-47
CHANGES IN REVENUES						
Reduction in Income-Tax Receipts						
Estimated Revenues	0	*	*	*	*	*

NOTES: For 2006, the authorization levels under "Proposed Changes" include amounts specifically authorized by the bill plus an inferred authorization of \$119 million for the Coast Guard Reserve based on authorized endstrength levels. The bill also implicitly authorizes programs in 2007 through 2010; those authorizations are not included above (but are shown in Table 3) because funding for those programs would be covered by specific authorizations in future years.

* = less than \$500,000.

a. The 2005 level is the amount appropriated for programs authorized by the bill (including \$76,198 million in appropriations in Public Law 109-13, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005). That level is slightly lower than the comparable figure presented in CBO's cost estimate of H.R. 1815, the National Defense Authorization Act for Fiscal Year 2006, as reported by the House Committee on Armed Services on May 20, 2005. H.R. 1815 would authorize appropriations for some existing programs that would not be authorized by S. 1042.

b. These authorizations are for costs associated with operations in Iraq and in Afghanistan, and for the global war on terrorism.

c. Asset sale receipts are a credit against direct spending.

TABLE 2. SPECIFIED AUTHORIZATIONS IN S. 1042

Category	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
Authorization of Regular Appropriations					
Department of Defense (DoD)					
Military Personnel ^a					
Authorization Level	109,180	0	0	0	0
Estimated Outlays	106,857	1,559	218	109	0
Operation and Maintenance					
Estimated Authorization Level ^b	147,137	0	0	0	0
Estimated Outlays	108,195	30,769	4,798	1,758	736
Procurement					
Estimated Authorization Level ^b	79,110	0	0	0	0
Estimated Outlays	25,910	29,436	14,398	4,720	2,149
Research and Development					
Estimated Authorization Level ^b	69,162	0	0	0	0
Estimated Outlays	37,834	25,522	4,351	837	234
Military Construction and Family Housing					
Authorization Level	12,144	0	0	0	0
Estimated Outlays	2,397	4,507	3,210	1,119	443
Revolving and Management					
Authorization Level	2,483	0	0	0	0
Estimated Outlays	1,473	724	181	69	34
General Transfer Authority					
Authorization Level	0	0	0	0	0
Estimated Outlays	704	-186	-368	-186	-60
Subtotal, Department of Defense					
Authorization Level	419,216	0	0	0	0
Estimated Outlays	283,370	92,331	26,788	8,426	3,536
Atomic Energy Defense Activities ^c					
Authorization Level	16,434	0	0	0	0
Estimated Outlays	11,250	4,293	891	0	0

(Continued)

TABLE 2. CONTINUED

Category	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
Armed Forces Retirement Home					
Authorization Level	58	0	0	0	0
Estimated Outlays	50	8	0	0	0
Subtotal, Authorization of Regular Appropriations					
Authorization Level	435,708	0	0	0	0
Estimated Outlays	294,670	96,632	27,679	8,426	3,536
Authorization of Appropriations for Military Operations in Iraq, Afghanistan, and Global War on Terrorism					
Military Personnel					
Authorization Level	11,596	0	0	0	0
Estimated Outlays	11,551	0	0	0	0
Operation and Maintenance					
Authorization Level	37,302	0	0	0	0
Estimated Outlays	19,464	13,492	3,304	635	229
Procurement					
Authorization Level	1,100	0	0	0	0
Estimated Outlays	335	363	169	34	8
General Transfer Authority					
Authorization Level	0	0	0	0	0
Estimated Outlays	88	69	-56	-56	-31
Subtotal, Iraq and Afghanistan					
Authorization Level	49,998	0	0	0	0
Estimated Outlays	31,438	13,924	3,417	613	206
Total Specified Authorizations					
Authorization Level ^d	485,706	0	0	0	0
Estimated Outlays	326,108	110,556	31,096	9,039	3,742

- a. For purposes of this estimate, CBO assumes that the authorization of appropriations in section 421 for military personnel includes \$10,708 million for accrual payments for the TRICARE For Life program.
- b. Section 1004 would reduce authorizations provided elsewhere in the bill for operation and maintenance, procurement, and research and development by a total of \$1.3 billion. Because the provision does not specify how that reduction would be applied to those categories of spending, the estimated authorization levels shown in this table assume that the reduction applied to each category would equal one-third of the total amount, or \$433 million.
- c. This authorization is primarily for atomic energy activities within the Department of Energy.
- d. This amount encompasses nearly all of the proposed changes for authorizations of appropriations for 2006 shown in Table 1; it does not include the estimated authorization of \$119 million for the Coast Guard Reserve, which is shown in Table 3.

The provisions identified in Table 3 are described below, including information about CBO's estimates of costs for those provisions.

Multiyear Procurement. In most cases, purchases of weapon systems are authorized annually, and as a result, DoD negotiates a separate contract for each annual purchase. In a small number of cases, the law permits multiyear procurement; that is, it allows DoD to enter into a contract to buy specified annual quantities of a system for up to five years. In those cases, DoD can negotiate lower prices because its commitment to purchase the weapons gives the contractor an incentive to find more economical ways to manufacture the weapon, including cost-saving investments. Annual funding is provided for these multiyear contracts, but potential termination costs are covered by an initial appropriation.

Section 111 would authorize the Secretary of the Army to enter into a multiyear contract to convert 96 Apache helicopters to the Block II configuration over the 2006-2009 period. CBO estimates that savings from buying these conversions under a multiyear contract would total \$63 million (or \$21 million a year) over the 2007-2009 period. (The Army estimates that funding requirements for 2006 would be the same under either an annual or multiyear contract strategy.) Funding requirements for the purchase would total \$776 million over the 2007-2009 period (instead of the \$839 million that would be needed under annual contracts).

Section 112 would authorize the Secretary of the Army to enter into a multiyear contract to purchase 612 Modernized Target Acquisition Designation Sights/Pilot Night Vision Sensors for Apache helicopters over the 2006-2009 period. CBO estimates that savings from buying these systems under a multiyear contract would total \$104 million (or about \$26 million a year) over the 2006-2009 period. Funding requirements to purchase these systems would total \$530 million over that period (instead of the \$634 million that would be needed under annual contracts).

Section 113 would authorize the Secretary of the Army to enter into a multiyear contract to purchase up to 461 H-60 helicopters for the Army and the Navy, beginning in 2006. Based on information provided by the Army, CBO assumes that the Army would buy 275 UH-60M helicopters over the 2007-2010 period and that the Navy would purchase 95 MH-60S helicopters over that same period. CBO estimates that savings from buying these helicopters under a multiyear contract would total \$914 million (or almost \$230 million a year) over those four years. Funding requirements to purchase these aircraft would total \$4.2 billion over the 2007-2010 period (instead of the \$5.1 billion that would be needed under annual contracts). CBO also estimates that additional savings of \$83 million would accrue in 2011 if the Army completes its planned purchase of 76 more helicopters and the Navy completes its planned purchases of 15 helicopters under this multiyear procurement authority.

TABLE 3. ESTIMATED AUTHORIZATIONS OF APPROPRIATIONS FOR SELECTED PROVISIONS IN S. 1042^a

Category	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
MULTIYEAR PROCUREMENT					
Apache Block II Conversion	0	-26	-27	-10	0
Apache Sights and Sensors	-35	-28	-17	-24	0
UH-60M and MH-60S Helicopters	0	-322	-391	-99	-102
FORCE STRUCTURE					
Restriction on Retiring Air Force Aircraft	460	0	0	0	0
Aircraft Carrier Force Structure	20	120	0	0	0
Navy and Air Force Active-Duty Endstrength	-957	-1,967	-2,023	-2,082	-2,142
Army and Marine Corps Active-Duty Endstrength	1,013	2,084	2,146	2,210	2,276
Reserve Component Endstrength	-244	-273	-280	-287	-295
Coast Guard Reserve Endstrength	119	0	0	0	0
COMPENSATION AND BENEFITS (DoD)					
Extension of Expiring Bonuses and Allowances	1,157	663	264	189	152
Consolidation of Reserve Affiliation and Reserve Accession Bonuses	88	50	21	23	20
Critical Skills Retention Bonus for Reserves	16	6	2	0	0
Supplemental Subsistence Allowance	0	4	4	4	5
Increase in Reenlistment Bonus for certain Nuclear-Qualified Personnel	6	1	1	1	1
Special Pay for Reservists Attached to Certain High-Priority Units	15	5	0	0	0
Death Gratuity	100	80	65	50	35
Servicemembers' Group Life Insurance Coverage	119	82	48	16	6
Imminent Danger Pay for Wounded Servicemembers	6	5	4	2	2
DEFENSE HEALTH PROGRAM					
Annual Physical Exams for Reservists	76	83	90	98	105
CIVILIAN PROGRAMS					
Extension of Federal Employee Health Benefits for Involuntary Separations	0	3	10	7	4
Permanent Extension of Defense Scholarship Program	0	0	16	21	41
National Guard Youth Challenge Program	6	11	17	17	17

(Continued)

TABLE 3. CONTINUED

Category	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
OTHER PROVISIONS					
Payment for Professional Credentials	7	7	7	7	8
Impact Aid to Schools with Increased Enrollment	15	15	15	0	0
BILL TOTAL					
Estimated Authorization	1,987	603	-28	143	133

NOTES: For every item in this table except the authorization for the Coast Guard Reserve, the 2006 levels are included in Table 2 as amounts specifically authorized to be appropriated in the bill. Amounts shown in this table for 2007 through 2010 are not included in Table 1.

Restriction on Retiring Air Force Aircraft in 2006. The bill contains several provisions that would prohibit the Air Force from implementing plans to retire certain aircraft in 2006. Based on information from the Air Force, CBO estimates that implementing these provisions would require the Air Force to keep 86 aircraft in 2006 rather than retiring them.

Section 132 would prohibit the Air Force from retiring any KC-135E tanker aircraft in 2006. According to information provided by Air Force, it currently plans to retire 49 of these planes in that year. Based on data provided by the Air Force on operating costs for those aircraft, CBO estimates that the cost in 2006 to keep 49 KC-135E aircraft operating in the reserves would total \$230 million.

Section 134 would prohibit the Air Force from retiring any F-117 stealth attack aircraft in 2006. The Air Force currently plans to retire 10 F-117 aircraft in that year. Based on data from the Air Force on operating costs for those aircraft, CBO estimates that the cost to keep 10 F-117 aircraft operating in 2006 would total \$70 million.

Section 135 would prohibit the Air Force from retiring any C-130E or C-130H aircraft in 2006. The Air Force currently plans to retire 27 C-130Es in that year. Based on data from the Air Force on operating costs for those aircraft, CBO estimates that the cost in 2006 to keep 27 C-130E aircraft operating would total \$160 million.

Combined, CBO estimates that the costs keep these aircraft in service would total \$460 million in 2006. Costs could be less than estimated if the Air Force were to retain the aircraft in an inactive status, or operate them at levels below the average annual usage rate planned for these types of aircraft.

Aircraft Carrier Force Structure. Section 321 would earmark \$288 million from funds authorized elsewhere in the bill for the repair of the U.S.S. John F. Kennedy (CV-67). Built in the 1960s, the U.S.S. John F. Kennedy was significantly overhauled in the 1990s to extend its life until 2013, but needs some additional repairs. Recently, the Administration decided to retire the carrier as part of its overall plan to maintain only 11 operational aircraft carriers. The Navy indicated that the CV-67 would be decommissioned in 2006. As a result of that pending retirement, the Navy planned to reduce its endstrength starting in 2006, eventually achieving an endstrength reduction of about 2,800 personnel by 2007. Although a provision in the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005, could delay the retirement of the CV-67, CBO believes that the Navy could still retire this carrier in 2006 under current law.

Section 321 would prohibit that retirement until 180 days after DoD submits its report on the on-going Quadrennial Defense Review (QDR) to the Congress and until the Secretary of Defense certifies that agreements have been secured to permanently base U.S. carriers in the Pacific Command area of operations.

Based on information provided by DoD, CBO expects that both events specified in this provision could occur prior to the start of fiscal year 2007. Assuming that the QDR concludes that 11 operational aircraft carriers are sufficient to meet mission needs, CBO estimates that the Navy would continue its plan to retire the U.S.S. John F. Kennedy, although six months later than projected under current law. CBO estimates that the additional costs to continue operating the aircraft carrier for six months would total about \$140 million over the 2006-2007 period. If on the other hand, the QDR concludes that the Navy needs 12 operational aircraft carriers to meet mission needs, CBO estimates that the costs to continue operating the CV-67 would total about \$280 million a year over the 2007-2010 period.

Military Endstrength. Title IV of the bill would authorize active and reserve endstrength levels for 2006 and would set the minimum endstrength authorization in permanent law. Under title IV, the authorized endstrengths in 2006 for active-duty personnel and personnel in the selected reserves would total about 1,410,000 and 860,000, respectively. Of those selected reservists, about 74,000 would serve on active duty in support of the reserves.

The bill would specifically authorize regular appropriations of \$109.2 billion and additional appropriations for Iraq, Afghanistan, and the global war on terrorism of \$11.6 billion for costs of military pay and allowances in 2006.

Section 401 would decrease the Navy's active-duty endstrength by 13,200 and decrease the Air Force's active-duty endstrength by 2,300. CBO estimates that the decrease in

endstrength for the Navy and the Air Force combined would cut costs for salaries and other expenses by \$957 million in the first year and about \$2 billion annually in subsequent years.

Section 401 also would increase the active-duty endstrength of the Army relative to current law by 20,000. CBO estimates this increase in endstrength would raise the cost of salaries and other expenses by over \$1 billion in 2006 and over \$2 billion annually thereafter.

Sections 411 and 412 would authorize the endstrengths 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 drop in endstrength numbers of 12,400, mostly in the Naval Reserve, while the endstrength for reservists who serve on active duty in support of the reserves would increase by about 1,600. CBO estimates that the net result of implementing these provisions would result in a decrease in costs for salaries and other expenses for reservists of \$244 million in 2006 and almost \$300 million annually in subsequent years, compared to the authorized endstrength levels for 2005.

The bill would also authorize an endstrength of 10,000 servicemembers in 2006 for the Coast Guard Reserve. This authorization would cost \$119 million and would fall under budget function 400 (transportation).

Compensation and Benefits. S. 1042 contains several provisions that would affect military compensation and benefits for uniformed personnel.

Extension of Expiring Bonuses and Allowances. Sections 611 through 614 would extend DoD's authority to pay certain bonuses and allowances to military personnel. Under current law, most of these authorities are scheduled to expire in December 2005, or three months into fiscal year 2006. The bill would extend these authorities for another year. Based on data provided by DoD, CBO estimates that the costs of these extensions would be as follows:

- Authorities to make special payments and give bonuses to certain health care professionals would cost \$21 million in 2006 and \$23 million in 2007;
- Special payments for aviators and personnel qualified to supervise, operate and maintain naval nuclear propulsion plants would cost \$128 million in 2006 and \$100 million in 2007;
- Retention and accession bonuses for officers and enlisted members with critical skills would cost \$69 million in 2006 and \$29 million in 2007;

- An extension of authorities for assignment incentive pay (which currently expires at the end of calendar year 2006) would cost \$39 million in 2007;
- Payment of reenlistment bonuses for active-duty and reserve personnel would cost \$790 million in 2006 and \$350 million in 2007; and
- Enlistment bonuses for active-duty and reserve personnel would cost \$149 million in 2006 and \$122 million in 2007.

Most of these changes would result in additional, smaller costs in subsequent years because most payments are made in installments. In total, extending authority for the expiring bonus and allowances would cost about \$1.2 billion in 2006 and \$2.4 billion over five years.

Consolidation of Reserve Affiliation and Reserve Accession Bonuses. Under current law, personnel with no prior military service are eligible to receive a bonus of up to \$10,000 for enlisting in the reserves. Active-duty personnel who agree to serve in the reserves after finishing active military service are, on the other hand, eligible to receive a bonus of \$50 a month for each month they commit to reserve duty. Overall, the bonus amount given to active-duty personnel who agree to serve in the reserves is often less than amounts given to new enlistees. The authority to award both of these bonuses expires on December 31, 2005. Section 617 would eliminate the disparity in the bonus amounts by combining the existing authorities for reserve affiliation and accession bonuses and setting the maximum bonus amount for both bonuses at \$10,000. The authority to award these bonuses would expire on December 31, 2006.

CBO expects about 3,400 servicemembers would receive reserve affiliation bonuses in 2006, and estimates that they would receive an average bonus of about \$8,900 under this enhanced authority—an increase of approximately \$6,000 over the current average level. This estimated bonus level would be close to the average bonus amount currently given to reservists who reenlist. Thus, CBO estimates that the cost of implementing the bonus authorities provided in section 617 would total \$88 million in 2006 (\$82 million for the authorization of the underlying bonuses and \$6 million for the increase in the affiliation bonus level) and \$202 million over the 2006-2010 period.

Critical Skills Retention Bonus for Reservists. Section 619 would authorize DoD to pay a retention bonus to reservists who possess certain critical skills. DoD has had the authority to pay such a bonus to active-duty servicemembers for a number of years, but has only recently begun using the authority to any significant extent. Absent information from DoD regarding the expected implementation of this new authority, CBO assumes that DoD would offer this bonus to the same percentage of reservists receiving reenlistment bonuses as it is

expected to offer to active-duty servicemembers in 2005 (about 3 percent). Thus, CBO estimates that DoD would offer this new retention bonus to about 820 reservists. CBO also estimates the DoD would pay a bonus of approximately \$30,000, on average, or about half the average amount currently given to active-duty personnel. CBO estimates that implementing this section would cost \$16 million in 2006 and \$24 million over the 2006-2008 period.

Supplemental Subsistence Allowance. Section 603 would make permanent a program that provides a supplemental food allowance to servicemembers eligible for food stamps. Under current law, the authority to provide this allowance will expire at the end of fiscal year 2006. CBO estimates the cost of permanently extending the authority for this allowance would total \$17 million over the 2007-2010 period, based on recent funding for this program.

Increase in Reenlistment Bonus for Certain Nuclear-Qualified Personnel. Section 616 would raise the maximum amount of the active-duty reenlistment bonus from \$60,000 to \$75,000 for enlisted personnel who are qualified in nuclear specialties and have completed at least 10 years but no more than 14 years of military service. Based on information from the Department of the Navy, CBO estimates about 700 servicemembers would receive a \$15,000 increase in their bonus payment and that the cost of implementing this provision would total \$6 million in 2006 and \$10 million over the 2006-2010 period. (The costs associated with extending the underlying \$60,000 bonus to December 31, 2006, are included above under *Extension of Expiring Bonuses and Allowances.*)

Special Pay for Reservists Attached to Certain High-Priority Units. Section 618 would increase the amount of special pay given to servicemembers in the Selected Reserves who drill with certain high-priority units effective October 1, 2005. Under current law, these personnel receive \$10 per drill period; the provision would increase that pay to \$50 per drill period. Based on information from DoD, CBO estimates that about 20,000 reserve personnel receive this special pay each year, and the annual payments total about \$260 a person on average. Increasing these payments to \$50 per drill period would raise the average annual payment to \$1,300 per person—an increase of over \$1,000. CBO estimates that implementing this provision would cost \$15 million in 2006 and \$20 million over the 2006-2007 period. (The costs associated with extending the underlying bonus to December 31, 2006, are included above under *Extension of Expiring Bonuses and Allowances.*)

Death Gratuity. The death gratuity is a payment that is meant to cover immediate expenses for survivors of those killed in the line of duty until additional benefits are received. Section 641 would make permanent the authority to give a death gratuity payment of \$100,000 to the families of those servicemembers who die in a combat operation or in certain other combat-related circumstances, such as training that simulates war. This benefit

increase was authorized in the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005, but will expire after September 30, 2005. At that time, the benefit amount will drop back to that authorized for all other deaths—\$12,240 in 2005, indexed to the annual pay raise authorized each year and effective in January.

For this estimate, CBO assumes that force levels and operations in Iraq and Afghanistan for 2006 will remain at levels expected for 2005 and then will decline gradually over several years. Based on current death rates observed in those operations, and information provided by DoD regarding the fraction of deaths that might be categorized as occurring under combat-related circumstances outside of a combat zone, CBO estimates that implementing this provision would cost about \$100 million in 2006 and \$330 million over the 2006-2010 period.

Servicemembers' Group Life Insurance (SGLI) Coverage. Section 641 also would make permanent the authority in the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005, that increased the maximum coverage under SGLI from \$250,000 to \$400,000 for all servicemembers and authorized the Secretary of Defense to pay the cost of premium payments for up to \$150,000 of coverage of SGLI for servicemembers serving in an operation or area that the Secretary designates as a combat operation or a zone of combat.

According to the Department of Veterans Affairs (VA)—the administrator of the SGLI program—98 percent of servicemembers participate in SGLI and take out the maximum coverage for a premium of 6½ cents per \$1,000 of coverage. In 2005, a servicemember who elects \$150,000 of SGLI coverage will pay \$9.75 a month or \$117 a year. For this estimate, CBO assumes that force levels in theater for Operating Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) for 2006 will remain at levels expected for 2005 (about 200,000 servicemembers) and then decline gradually over several years to about 50,000 by 2010. Assuming premium rates remain at the 2005 level over the 2006-2010 period, CBO estimates that DoD's cost for the authorized premium payments would total \$24 million in 2006 and \$71 million over the 2006-2010 period.

Under current law, DoD is required to reimburse VA for the costs of benefit claims for deaths that exceed levels set by VA each year. VA calculates these levels based on mortality rates expected under peacetime conditions and refers to these costs as hazard costs. In 2004, DoD reimbursed VA \$105 million to cover these costs. Based on the assumption regarding force levels of OEF and OIF described above, current death rates observed in those operations, and information provided by DoD regarding the death rates for the remainder of the force, CBO estimates that DoD would need to reimburse VA for 640 claims in 2006.

CBO also estimates that the number of claims exceeding VA levels would decline to about 40 by 2009 and that the number of claims for benefits would not exceed levels set by VA after 2009. Based on information from VA, CBO assumes that DoD would be responsible for reimbursing VA for the maximum benefit amount of \$400,000 per claim under this provision. Thus, CBO estimates that DoD would reimburse VA \$95 million for hazard costs in 2006 and \$199 million over the 2006-2009 period.

Combined, CBO estimates that the cost of implementing the authorities regarding SGLI would total \$119 million in 2006 and \$271 million over the 2006-2010 period.

Imminent Danger Pay for Wounded Servicemembers. Section 620 would allow servicemembers who have been medically evacuated from a combat zone to continue to receive imminent danger pay until they are no longer hospitalized. Under current law, imminent danger pay can only be paid for up to the first three months of hospitalization. Based on information from DoD on the length of hospital stays for those wounded in recent combat operations and CBO's projections of future troop levels in combat zones, CBO estimates that implementing this provision would cost about \$6 million in 2006 and \$19 million over the 2006-2010 period.

Defense Health Program. The bill contains a number of provisions that would affect DoD health care and benefits, with the most significant provision affecting physical examinations for reservists.

Section 531 would require that all members of the Selected Reserves who are not on active duty be offered a comprehensive physical exam once a year. Current law requires reservists be examined every 5 years, or as often as the Secretary considers necessary and also requires reservists to submit a certificate of physical condition annually.

According to data provided by DoD, there are currently about 830,000 servicemembers in the Selected Reserves; approximately 680,000 of that number would be eligible for this benefit because they are not serving on active duty. Based on the assumption regarding force levels of OEF and OIF described earlier in this estimate, CBO estimates that this number would grow to about 800,000 by 2010 as fewer reservists would be called to active duty over the 2007-2010 period.

In 2003, the Government Accountability Office (formerly called the General Accounting Office) estimated that a physical exam for a reservist cost about \$140, on average. After adjusting that cost for inflation, CBO estimates the cost of these examinations would rise to about \$160 in 2006 and \$190 in 2010. Based on these projections of eligible reservists and

physical examination costs, CBO estimates that implementing this provision would cost \$76 million in 2006 and \$452 million over the 2006-2010 period.

Extension of Federal Employee Health Benefits (FEHB). Section 1104 would extend a provision of law through fiscal year 2010 that allows DoD and certain employees of the Department of Energy whose employment is terminated because of a reduction-in-force action to continue to participate in the FEHB health insurance program and only pay the regular employee's share of the insurance premium. The respective departments would be responsible for paying the normal employer's share of the premium. Under current law, this authority expires at the end of fiscal year 2006. Neither DoD nor the Office of Personnel Management have information about the number of former employees who have used the extended benefit, even though this authority was originally granted in 1992.

According to information from DoD, about 10-to-15 percent of civilian personnel affected by base realignment and closure (BRAC) have been subject to involuntary separation by DoD. DoD recently estimated that about 85,000 civilians would be affected by its latest BRAC recommendations. CBO estimates about 13,000 civilian employees would be involuntarily separated during the upcoming BRAC, if Congress accepts DoD's recommendations. However, CBO expects that only a fraction of these personnel would use this authority, since many would likely find new jobs that offer health insurance benefits or have a spouse with such benefits. For purposes of this estimate, CBO assumes that about half of the 13,000 civilians would use the extended benefit and that they would use the benefit for an average of nine months. CBO estimates that the average monthly premium for FEHB coverage would be about \$730 per person in 2006 and the employer's share is about 70 percent of that amount. Assuming these premiums would grow by about 7 percent per year over the 2006-2010 period, CBO estimates that extending this provision through fiscal year 2010 would cost \$24 million over the 2007-2010 period, assuming appropriation of the estimated amounts.

Permanent Extension of Defense Scholarship Program. Section 1105 would permanently extend authority for the Science, Mathematics, and Research for Transformation Defense Scholarship Program created by section 1105 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375). The authority for this pilot program will expire at the end of fiscal year 2007. Under the program, individuals receive financial assistance to obtain college degrees in science and engineering in exchange for a commitment to work for the Department of Defense. According to the Army, which oversees the program, the budget requirements for this program are about \$10 million in 2006 and \$10 million in 2007. Based on information from the Army, CBO estimates the annual cost of implementing this program would increase to about \$40 million by 2010, if the authority

were extended. In total, CBO estimates that implementing this provision would cost \$78 million over the 2008-2010 period.

National Guard Youth Challenge Program. Section 595 would increase the federal government's share of the costs of operating a residential program run by the National Guard to improve the life skills and employment potential of young people. Under current law, the federal government pays 60 percent of the costs of running this program and the states pay for the remainder. Section 595 would increase the federal government's share by 5 percentage points each year until the share reached 75 percent in 2008. DoD estimates that the federal government share of the cost of program will be \$68 million in 2005. Assuming the overall cost of the program remains at the 2005 level, CBO estimates that implementing this provision will cost an additional \$6 million in 2006, \$11 million in 2007, and about \$17 million annually thereafter.

Payment for Professional Credentials. Section 651 would allow DoD and the Coast Guard to pay for servicemembers' expenses to obtain professional credentials, licenses, and certifications from private-sector training and licensing sources. Based on information provided by DoD, CBO estimates that implementing this section would cost \$7 million in 2006 and \$36 million over the 2006-2010 period.

Impact Aid to Schools with Increased Enrollment. Section 582 would authorize assistance to local school districts that experience an increase in enrollment of 250 or more students who are dependents of military personnel relocated because of troop rebasing, the creation of new units, or force realignments that result from the base closure process. The provision would earmark \$15 million a year over the 2006-2008 period for increased payments to affected school districts, but limit annual payments to any individual district to \$1 million. Based on a review of the department's announced plans for the upcoming BRAC, CBO estimates that implementing this provision would cost \$15 million a year in 2006, 2007, and 2008.

Direct Spending

The bill contains provisions that would both increase and decrease direct spending, primarily from increasing the number of high-cost housing units that DoD can lease in Korea. We estimate that those provisions combined would increase direct spending (excluding asset sales) by about \$52 million over the 2006-2010 period and about \$50 million over the 2006-2015 period (see Table 4).

TABLE 4. ESTIMATED DIRECT SPENDING FOR OF S. 1042, (By fiscal year, in millions of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CHANGES IN DIRECT SPENDING (EXCLUDING ASSET SALES) ^a										
Supplemental Subsistence Allowance										
Estimated Budget Authority	0	-4	-4	-4	-4	-4	-4	-4	-4	-4
Estimated Outlays	0	-4	-4	-4	-4	-4	-4	-4	-4	-4
Enhanced-Use Leasing Authority for Field Activities										
Estimated Budget Authority	0	5	0	0	0	5	0	0	0	0
Estimated Outlays	0	0	2	2	1	0	2	2	1	0
Leasing of High-Cost Housing in Korea										
Estimated Budget Authority	0	65	0	0	0	0	0	0	0	0
Estimated Outlays	0	3	30	25	5	2	0	0	0	0
Reserve Officers' Training Corps Scholarships										
Estimated Budget Authority	*	1	1	1	1	1	1	1	1	1
Estimated Outlays	*	1	1	1	1	1	1	1	1	1
Logistics Support for Weapon Systems Contractors										
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	-3	-1	-1	3	1	1	0	0
Subtotal										
Estimated Budget Authority	*	67	-3	-3	-3	2	-3	-3	-3	-3
Estimated Outlays	*	0	26	23	2	2	0	0	-2	-3
ASSET SALES										
National Defense Stockpile										
Estimated Budget Authority	-12	-30	-32	-79	-47	-70	-10	0	0	0
Estimated Outlays	-12	-30	-32	-79	-47	-70	-10	0	0	0
TOTAL CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	-12	37	-35	-82	-50	-68	-13	-3	-3	-3
Estimated Outlays	-12	-30	-6	-56	-45	-68	-10	0	-2	-3

NOTE: * = less than \$500,000.

a. The 10-year costs in the text differ slightly from the sum of the annual costs shown here because of rounding.

Supplemental Subsistence Allowance. Section 603 would make permanent a program that provides a supplemental food allowance to servicemembers with dependents who meet the gross income test for the Food Stamp program. Under current law, the authority for this allowance will expire on September 30, 2006. CBO estimates that making this allowance permanent would reduce direct spending for food stamps by \$4 million in fiscal year 2007, by \$16 million over the 2007-2010 period, and by \$36 million over the 2007-2015 period. Absent receipt of this allowance, CBO estimates that some low-income military families would apply for food stamps and a small number of military households that currently receive

both food stamps and this allowance would receive an increase in their food stamp benefits. Based on data from DoD, CBO estimates that, if the allowance were made permanent, about 1,400 fewer households a year, on average, would receive food stamps than under current law. CBO estimates that these households would have received an average of \$220 in food stamp benefits a month.

Enhanced-Use Leasing Authority for Field Activities. Section 2821 would permit DoD field activities to use the enhanced-use leasing authority that is currently available only to the military services and the defense agencies. Using the existing authority, DoD has obtained third-party financing¹ for the acquisition, construction, rehabilitation, operation, and maintenance of real property by leasing land and existing facilities to nonfederal partners for up to 50 years in exchange for the renovation, construction, and operation of facilities on the land. The partner can lease the facilities to non-DoD tenants, but the department has the priority for occupancy.

Under its enhanced-use lease authority, DoD enters into an array of long-term agreements with a property developer who establishes a limited liability company, partnership, or other special-purpose entity, specifically for the purpose of renovating, constructing, operating, and maintaining the facilities for each project. These agreements establish government control over the project, protect the government's interests, and ensure that DoD will receive guaranteed access to whatever facility is being developed. For example, the Army acquired nearly 450,000 square feet of office space worth \$60 million for DoD organizations at Fort Sam Houston, Texas, by leasing three vacant hospital buildings on the base, and the underlying land to a private developer for 50 years. The developer renovated the buildings and converted them into general office space and leased them back to DoD tenant organizations at the base through renewable 5-year to 17-year rental agreements. Although the developer can rent to non-DoD tenants, the military has the right of first refusal on leasing the space and retains the right to approve occupancy by non-DoD tenants. Currently, DoD organizations rent all the space in the renovated buildings.

Because agreements and leases like the one described in this example allow DoD to effectively acquire new buildings, CBO believes that the full cost of any projects should be recorded up front in the budget. For this estimate, CBO assumes that the Washington Headquarters Service (WHS)—the only DoD field activity that owns land and buildings—would use the enhanced-use lease authority in a similar manner as the Army and other DoD organizations. Accordingly, CBO expects that an authorization to use the enhanced-use lease authority would result in new direct spending.

1. For more discussion of this form of federal financing, see *Third-Party Financing of Federal Projects*, June 1, 2005, at www.cbo.gov.

WHS only owns the Pentagon complex, a 440-acre compound consisting of the Pentagon itself and roughly 50 other smaller structures, however. Because much of the Pentagon complex would not be suitable for development under the enhanced-use leasing authority, CBO assumes WHS's use of this authority would be limited. Absent information from WHS on its leasing plans, CBO assumes that WHS would use this new authority to acquire two small projects such as parking facilities, a day care center, or a fitness center over the 2006-2015 period—one in 2007 and the other in 2011. (Actual project commitments could be faster or slower than assumed here.)

Based on the costs of similar DoD construction projects, CBO estimates that each project would cost about \$5 million. Accordingly, CBO estimates that enacting section 2821 would increase direct spending for enhanced-use leases by \$5 million over the 2006-2010 period and about \$10 million over the 2006-2015 period.

Leasing of High-Cost Housing in Korea. Section 2807 would increase the number of housing units that DoD can lease in Korea at the maximum annual rent of \$35,000 per unit. The provision would increase the number of units that could be rented for this amount from 2,400 to 2,800. CBO estimates that enacting this provision would increase direct spending by \$65 million over the 2007-2015 period because we expect that DoD would use the extended leasing authority as a means of acquiring family housing for military personnel without having appropriations for the full cost of that housing when the agreement to lease the housing is signed.

Based on information provided by DoD, CBO expects the department would use the authority to enter into build-to-lease housing contracts for an additional 400 housing units. Under a build-to-lease agreement, the government contracts with a developer to construct housing for a specified number of units in a specified location for use by military personnel. According to DoD, the military services often agree to a fixed lease term—currently limited to a maximum of 15 years for housing in Korea—with renewal options for additional periods of time. These renewal options can extend the duration of the lease term to 30 years or more. Based on the government's commitment to lease the housing, the developer borrows money to pay for construction of the units, using the promised payments from the government to demonstrate the project has a reliable source of income for debt service. CBO considers these build-to-lease transactions a form of third-party financing of a government acquisition, and believes that the full cost of constructing those units should be recorded in the budget at the time those units are constructed.

CBO believes that the units acquired under a build-to-lease agreement that DoD would enter into under this authority should be considered acquisitions or capital leases—rather than operating leases—for several reasons. First, the housing would be constructed at the request

of the government to fill an enduring need for housing for DoD personnel. Second, because the government would agree to lease the housing for up to 15 years, and may extend the lease term to 30 years or more under renewal options, the government would likely consume most of the useful economic life of the housing. Third, the need for at least 15 years of government commitment to obtain financing indicates that there may not be a private-sector market for the new housing. Fourth, rental payments for each unit—which CBO estimates should cost between \$150,000 and \$250,000—could total as much \$525,000 each over 15 years and considerably more over the likely extended lease term. Thus, CBO believes the present value of the lease payments could exceed 90 percent of the fair market value of the housing units. Finally, because the government would make the rental payments for all the leased units, it would be the dominant or only source of income for such projects.

CBO assumes that DoD would use this enhanced authority to enter one or more build-to-lease contracts for 400 additional family housing units in Korea beginning in 2007 and estimates that enacting this provision would increase direct spending for family housing by \$65 million over the 2007-2015 period. That total cost is based on estimates of the price and size of military family housing units in Korea, which CBO derived from data about recent family housing construction projects and DoD's facilities planning documents.

Reserve Officers' Training Corps (ROTC) Scholarships. Section 534 would double the number of ROTC scholarships that could be provided to cadets intending to remain in the Selected Reserve from 208 to 416. Cadets using these scholarships are also entitled to Montgomery GI Bill-Selected Reserve (MGIB-SR) educational benefits. The current monthly stipend for MGIB-SR is \$288. CBO estimates that the monthly benefit would increase with an annual cost-of-living adjustment to about \$360 in 2015. Based on information from DoD, CBO also expects these cadets would receive a \$350 a month increase in their MGIB-SR stipend under a program of accession incentives currently offered by the Reserves. Assuming the first expanded class of cadets would begin in the 2006-2007 academic year and that the cadets would use nine months of benefits a year, CBO estimates that enacting this provision would increase direct spending for MGIB-SR benefits by less than \$500,000 in 2006, by about \$5 million over the 2006-2010 period, and by \$11 million over the 2006-2015 period.

Logistics Support for Weapons Systems Contractors. Section 326 would extend the authority for the Defense Logistics Agency (DLA) to provide contract support services to weapons systems contractors from 2007 to 2010. Under current law, DLA is allowed to receive payments from weapons system contractors for such services as parts distribution and storage. Since DLA is currently allowed to retain and spend the receipts generated from the provision of these services, CBO estimates that enacting this provision would not affect budget authority, but would affect the timing of outlays. Accounting for the lag when CBO

expects DLA to receive payments from these contractors for these services and when DLA would spend those receipts, CBO estimates that enacting this provision would result in direct spending outlay savings of \$5 million over the 2008-2010 period, but have no net effect over the 2006-2015 period.

Other Provisions. The following provisions would have an insignificant impact on direct spending:

- Section 506 would temporarily authorize DoD to grant waivers to reduce the length of commissioned service required for retirement as an officer. Officers who do not meet commissioned service requirements must retire at the highest enlisted grade held, resulting in receipt of a significantly smaller retirement annuity. The waiver authority would be effective from October 1, 2005, to December 31, 2007, and would allow retirement as an officer with eight rather than ten years of commissioned service. Based on information from DoD, CBO expects that few such waivers would be offered or accepted. Thus, CBO estimates that enacting this section would increase direct spending for retirement annuities by less than \$500,000 a year.
- Section 535 would modify the educational assistance program for reservists called to active duty. It would specify that the benefit be administered by the Secretary of Veterans Affairs and would allow members with a brief break in service in the Selected Reserve to retain eligibility for the benefit. CBO estimates that enacting this provision would not significantly alter program usage or program outlays.
- Section 701 would make newly commissioned officers of a reserve component of a uniformed service eligible for health care coverage under TRICARE, DoD's general health care program, if they have received orders to active duty, but not yet begun such service. CBO estimates that enacting this provision would increase direct spending for TRICARE by less than \$500,000 in 2006, because the authority to provide this health care coverage would apply to servicemembers meeting the criteria on or after November 24, 2003.
- Section 704 would allow the children of those members of the uniformed services who die while serving on active duty for more than 30 days to receive benefits under TRICARE Prime (a generous health insurance program provided by DoD) as long as the child continues to meet certain eligibility criteria. Under current law, these children are eligible to receive health care under TRICARE Prime for three years after the death of their parent. CBO estimates that enacting this provision would increase direct spending for TRICARE by less than \$500,000 in 2006, because the authority to provide this health care coverage would apply to children meeting the criteria on or after October 7, 2001.

Asset Sales

Section 3301 would increase by \$130 million the targets contained in the National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261 and later revised by Public Laws 106-398, 107-107, and 108-375) for sales from the National Defense Stockpile through 2013. CBO estimates that there will be sufficient quantities of materials in the stockpile to achieve \$12 million in receipts in 2006 and \$130 million over the 2006-2010 period.

Section 3301 also would increase by \$150 million the targets contained in the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65 and later revised by Public Law 108-136) for sales from the National Defense Stockpile through 2013. CBO estimates that there will be sufficient quantities of materials in the stockpile to achieve \$70 million in receipts over the 2006-2010 period and \$150 million over the 2006-2012 period.

Revenues

Section 652 would direct the Secretary of the Army to initiate a pilot program in fiscal year 2006 to determine the effectiveness for recruiting efforts of matching the contributions made by first-time enlistees to the Thrift Savings Plan (TSP). The Armed Forces cannot make matching contributions to first-time enlistees under current law. Thus, CBO expects instituting matching contributions would encourage new enlistees to increase their participation in the TSP. Because income taxes are deferred on TSP contributions, the anticipated increase in contributions would result in lower income-tax revenue.

For purposes of this estimate, CBO assumes that, under the pilot program, the Army would offer the opportunity to obtain matching contributions to approximately 8,000 first-time enlistees or about 10 percent of the enlistees expected for fiscal year 2006. Because the size of the pilot program would be small, CBO estimates that the revenue losses would be insignificant: less than \$500,000 a year.

Section 602 would also allow the Secretaries of each branch of the Armed Forces to institute matching contributions to the TSP for first-time enlistees who commit to an enlistment period of at least two years. Under current law, the Secretaries are authorized to offer matching contributions only to retain servicemembers with critical specialities. To date, none of the Secretaries have authorized such contributions. Although the bill would significantly expand the potential numbers of individuals who would qualify for matching of their contributions to the TSP, CBO assumes that the Secretaries would continue to not authorize such matching

of contributions. Therefore, CBO estimates that enacting the provision would likely have no budgetary effect.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1042 contains both intergovernmental and private-sector mandates as defined in UMRA, but CBO estimates that the annual costs of those mandates would not exceed the thresholds established in UMRA (\$62 million for intergovernmental mandates in 2005 and \$123 million for private-sector mandates in 2005, adjusted annually for inflation).

Increasing the Endstrength of the Armed Services

Sections 401 and 412 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 additional lost revenues to government and private-sector entities.

The number of active-duty servicemembers covered by SCRA would increase by less than 1 percent in fiscal year 2006. Based on information from the Federation of Tax Administrators, 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 cannot determine the increase in costs of the existing private-sector mandates because utilization of the provisions of the SCRA would depend on how often these soldiers are deployed and how long they are deployed, which rests on uncertain policy decisions.

Preemption of State Authority

Section 553 would preempt the application of state-licensing requirements for lawyers practicing within a certain state. It would allow any judge advocate or civilian attorney that is authorized to provide military legal assistance to provide that assistance in any jurisdiction, notwithstanding any law regarding the licensure of attorneys. CBO estimates that the annual costs, if any, for states to comply with that preemption would be insignificant.

Other Intergovernmental Impacts

In general, this bill would benefit state, local, and tribal governments by authorizing aid for certain local schools with dependents of defense personnel, and conveying certain parcels of land to state and local governments. Any costs to those governments would be incurred voluntarily.

PREVIOUS CBO ESTIMATE

On May 23, 2005, CBO transmitted a cost estimate for H.R. 1815, the National Defense Authorization Act for Fiscal Year 2006, as reported by the House Committee on Armed Services on May 20, 2005. Differences in the estimated costs reflect differences in the two versions of the legislation. In total, the two bills would authorize very similar amounts of 2006 appropriations: about \$485 billion in H.R. 1815, as compared to about \$486 billion in S. 1042. Both of those totals include between \$49 billion and \$50 billion primarily for continued operations in Iraq and Afghanistan. The two bills propose identical changes in asset sale receipts over the 2006-2010 period, but would have slightly different sales targets after 2010.

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