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

Phillip L. Swagel, Director

December 11, 2019

Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Re: Statutory Pay-As-You-Go Effects of S. 1790, the National Defense Authorization Act for Fiscal Year 2020 and the Budgetary Effects of the Federal Employee Paid Leave Act

Dear Mr. Chairman:

The Congressional Budget Office has completed the enclosed cost estimate of the statutory pay-as-you-go effects for S. 1790, the National Defense Authorization Act for Fiscal Year 2020, as posted on the website of the House Committee on Rules on December 9, 2019. Enacting S. 1790 would increase direct spending by $5.6 billion over the 2020-2029 period, CBO estimates (see Table 1). It also would decrease on-budget revenues by $8 million over the same period. In total, enacting S. 1790 would increase the deficit by $5.6 billion.[1]

Those budgetary effects primarily arise from three sources. Section 622 would increase the annuities that spouses of deceased military retirees receive under the Survivor Benefit Plan. That provision would increase direct spending by $4.7 billion. Section 1219 would increase by 4,000 the number of special immigrant visas available to Afghans who worked for the U.S. government in Afghanistan. That provision would increase direct spending by nearly $0.5 billion. Section 731 would allow individuals to file claims against the U.S. government for damages relating to the personal injury or death of a member of the U.S. Armed Forces arising from medical malpractice that occurs in military treatment facilities. That provision

1. All figures in this letter and the tables are on-budget effects. The on-budget revenue effects in S. 1790 would arise from section 7611, which would allow Liberians who have been in the United States continuously since 2014 to apply for lawful permanent residence. That section would increase on-budget direct spending by $85 million over the 2020-2029 period. In addition to on-budget effects, that section also would increase off-budget direct spending and revenues by $15 million and $11 million, respectively.

would cost about $0.3 billion, CBO estimates. Several other provisions would have smaller effects on direct spending and revenues.

CBO estimates that enacting S. 1790 would increase on-budget deficits by more than $5 billion in each of the four consecutive 10-year periods beginning in 2030.

S. 1790 contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would, among other things, preempt state and local laws, exempt certain parcels of land from taxation by state and local governments, increase the authorized end strength for active-duty personnel, amend certain contracts for military housing, and prohibit certain business transactions. The bill also would require public and private entities to report on the prevalence of certain chemicals in the environment. The type and number of substances in facilities using, processing, manufacturing, or importing those chemicals is widespread and unknown. Therefore, CBO is unable to determine whether the aggregate cost to comply with the mandates would exceed the intergovernmental and private-sector thresholds established in UMRA ($82 million and $164 million, respectively, in 2019, adjusted annually for inflation).

Section 4 of UMRA excludes from the application of that act any legislative provision that would enforce constitutional rights of individuals. CBO has determined that section 580C falls within that exclusion because it enforces constitutional rights related to voting.

At the request of the Senate Committee on the Budget, CBO has estimated the budgetary effects of the Federal Employee Paid Leave Act, which is included in S. 1790 as subtitle A of title 76. That legislation would provide 12 weeks of paid leave to federal employees following the birth, adoption, or foster placement of a child. Those changes would increase costs by allowing employees to use paid leave in situations where they are currently using unpaid leave, or by allowing employees who currently use paid annual and sick leave in those situations to instead defer that leave for use at a later date. CBO estimates that implementing those changes would cost $3.3 billion over the 2021-2024 period; that spending would be subject to appropriation of the estimated amounts (see Table 2).[2] In addition, employees who accrue more unused sick leave would receive higher federal pensions if they retire. Those additional payments would increase direct spending by less than $500,000 over the 2020-2029 period, CBO estimates.

2. Many other provisions of S. 1790 would increase spending subject to appropriation by significant amounts. CBO has not estimated the budgetary effects of those sections.

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

Sincerely,

Phillip L. Swagel
Director

Enclosure

cc: Honorable Steve Womack
Ranking Member

Honorable Adam Smith
Chairman
Committee on Armed Services

Honorable Mac Thornberry
Ranking Member

Honorable Carolyn Maloney
Chairwoman
Committee on Oversight and Reform

Honorable Jim Jordan
Ranking Member

Honorable Jerrold Nadler
Chairman
Committee on the Judiciary

Honorable Doug Collins
Ranking Member

Identical letter sent to the Honorable Mike Enzi, Chairman, Senate Committee on the Budget, Honorable Bernie Sanders, Ranking Member, Honorable James M. Inhofe, Senate Committee on Armed Services, and Honorable Jack Reed, Ranking Member.

Table 1.
CBO's Estimate of the Statutory Pay-As-You-Go Effects of S. 1790, the National Defense Authorization Act for Fiscal Year 2020, as Posted on the Website of the House Committee on Rules on December 9, 2019

	By Fiscal Year, Millions of Dollars											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
	Net Increase in the On-Budget Deficit											
Pay-As-You-Go Effect	34	164	425	644	708	713	718	728	740	771	1,975	5,645
Memorandum:[a]												
Changes in Outlays	35	163	424	643	707	712	717	727	739	770	1,972	5,637
Changes in Revenues	1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-8

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 and revenues that are subject to those procedures are shown here.

The pay-as-you-go effects for S. 1790 primarily arise from three sources. Section 622 would increase the annuities that spouses of deceased military retirees receive under the Survivor Benefit Plan. That provision would increase direct spending by $4.7 billion. Section 1219 would increase by 4,000 the number of special immigrant visas available to Afghans who worked for the U.S. government in Afghanistan. That provision would increase direct spending by nearly $0.5 billion. Section 731 would allow individuals to file claims against the U.S. government for damages relating to the personal injury or death of a member of the U.S. Armed Forces arising from medical malpractice that occurs in military treatment facilities. That provision would cost about $0.3 billion, CBO estimates. Several other provisions would have smaller effects on direct spending and revenues.

CBO estimates that enacting S. 1790 would increase on-budget deficits by more than $5 billion in each of the four consecutive 10-year periods beginning in 2030.

The on-budget revenue effects in S. 1790 would arise from section 7611, which would allow Liberians who have been in the United States continuously since 2014 to apply for lawful permanent residence. That section would also increase on-budget direct spending by $85 million over the 2020-2029 period. In addition to on-budget effects, that section also would increase off-budget direct spending and revenues by $15 million and $11 million respectively.

S. 1790 contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would, among other things, preempt state and local laws, exempt certain parcels of land from taxation by state and local governments, increase the authorized end strength for active duty personnel, amend certain contracts for military housing, and prohibit certain business transactions. The bill also would require public and private entities to report on the prevalence of certain chemicals in the environment. The type and number of substances in facilities using, processing, manufacturing, or importing those chemicals is widespread and unknown. Therefore, CBO is unable to determine whether the aggregate cost to comply with the mandates would exceed the intergovernmental and private-sector thresholds established in UMRA ($82 million and $164 million, respectively, in 2019, adjusted annually for inflation).

Section 4 of UMRA excludes from the application of that act any legislative provision that would enforce constitutional rights of individuals. CBO has determined that section 580C falls within that exclusion because it enforces constitutional rights related to voting.

a. Positive numbers represent increases in direct spending and revenues. The deficit is calculated by subtracting revenues from outlays.

Table 2.
Estimated Increases in Spending Subject to Appropriation From Subtitle A of title 76, the Federal Employee Paid Leave Act

	By Fiscal Year, Millions of Dollars					
	2020	2021	2022	2023	2024	2020-2024
Estimated Authorization	0	790	818	846	876	3,330
Estimated Outlays	0	774	817	846	875	3,312

The Federal Employee Paid Leave Act would provide 12 weeks of paid leave to federal employees following the birth, adoption, or foster **placement of a child. Those changes would increase costs by allowing employees to use paid leave in situations where they are currently using unpaid lea**ve, or by allowing employees that currently use paid annual and sick leave in those situations to instead defer that leave for use at a later date. CBO estimates th**at additional leave would cost $3.3 billion over the 2021-2024 period; that spending would be subject to appropriation of the estimated amounts. In addition, employees who accrue more unused sick leave would receive higher federal pensions if they retire. Those additional payments would increase direct spending by less than $500,000 over the 2020-2029 period, CBO estimates.**