



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

Phillip L. Swagel, Director

July 8, 2020

Honorable Adam Smith
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Re: Direct Spending and Revenue Effects of H.R. 6395, the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021

Dear Mr. Chairman:

The Congressional Budget Office has completed an estimate of the direct spending and revenue effects of H.R. 6395, the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, as ordered reported by the House Committee on Armed Services on July 1, 2020. This estimate is based on the Committee Print 116-57 that was posted to the website of the House Committee on Rules on July 7, 2020. Enacting the bill would have an insignificant effect on net direct spending and revenues, CBO estimates. Our complete cost estimate of H.R. 6395, including a discussion of discretionary authorizations, will be provided shortly.

Section 1101 would provide 12 weeks of paid leave to employees of several federally funded agencies 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. Employees who accrue more unused sick leave would receive higher federal pensions if they retire. However, because relatively few employees who would use that leave will be eligible to retire before 2031, those additional payments would increase direct spending by less than \$500,000 over the 2021-2030 period, CBO estimates.

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Several other provisions in H.R. 6395 would affect net direct spending by between -\$500,000 and \$500,000 each year and in total over the 2021-2030 period, generally because very few people would be affected, or because the proposals would allow the Department of Defense to collect and spend new receipts so that the net effect would be small. Sections 229 and 531 would increase the amount of fines and penalties collected by the government. Those fines and penalties, which are classified as revenues, would total less than \$500,000 over the next 10 years, CBO estimates. Section 548 would increase such fines and penalties for some service members and decrease them for others; we estimate that the net effect of those changes would be insignificant.

Because the bill would affect direct spending and revenues, statutory pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 6395 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031.

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

Sincerely,



Phillip L. Swagel
Director

cc: Honorable Mac Thornberry
Ranking Member