

At a Glance

S. 4638, National Defense Authorization Act for Fiscal Year 2025

As reported by the Senate Committee on Armed Services on July 8, 2024

By Fiscal Year, Millions of Dollars	2025	2025-2029	2025-2034
Direct Spending (Outlays)	178	5,082	13,203
Revenues	*	-2	-5
Increase or Decrease (-) in the Deficit	178	5,084	13,208
Spending Subject to Appropriation (Outlays)	520,994	888,235	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035? > \$2.5 billion	Statutory pay-as-you-go procedures apply?		Yes
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035? > \$5 billion	Mandate Effects		
	Contains intergovernmental mandate?		Yes, Under Threshold
	Contains private-sector mandate?		Yes, Under Threshold

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

The bill would

- Authorize appropriations totaling \$923.0 billion for 2025, including \$922.8 billion for military functions of the Department of Defense (DoD) and the atomic energy defense activities of the Department of Energy and \$0.2 billion for nondefense activities
- Prescribe end strength 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 and health care benefits for military personnel and their families
- Authorize loans and loan guarantees for research and development projects
- Modify authorities for privatizing military housing
- Impose intergovernmental mandates by preempting licensing laws and regulations administered by some intergovernmental entities
- Expand an existing private-sector mandate by requiring certain registrants for the military draft to provide information to the Selective Service System

Areas of significant uncertainty include

- Estimating the number of TRICARE beneficiaries who would use assisted reproductive technology
- Predicting how DoD would address requirements to increase purchases of domestically produced pharmaceuticals
- Anticipating the amount of unmet obligations related to foreign letters of credit for construction projects

Detailed estimate begins on the next page.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)

Bill Summary

S. 4638 would specify authorizations of appropriations totaling \$923.0 billion for 2025. The bill also includes provisions that would affect the costs of defense programs funded by discretionary appropriations in 2025 and future years. Those provisions mainly would affect force structure, compensation and benefits, and multiyear procurement of weapons systems.

In addition, S. 4638 would permanently authorize the Department of Defense (DoD) to provide loans and loan guarantees for advanced research projects. It also would expand authorities for third-party financing of military housing projects, authorize multiyear procurement contracts, and require DoD to purchase a greater portion of its pharmaceuticals from domestic sources. The bill would authorize DoD to increase the payment it can provide civilian employees to voluntary separate and make other changes.

Estimated Federal Cost

CBO estimates that enacting S. 4638 would increase spending subject to appropriation by \$888 billion over the 2025-2029 period, assuming appropriation of the specified amounts. In addition, enacting the bill would increase direct spending by \$13 billion over the 2025-2034 period and would reduce revenues by \$5 million over that same period, CBO estimates.

The estimated budgetary effects of S. 4638 are shown in [Table 1](#). The costs of the legislation fall within budget functions 050 (national defense), 550 (health), 600 (income security), and 700 (veterans benefits and services).

Basis of Estimate

For this estimate, CBO assumes that S. 4638 will be enacted early in fiscal year 2025 and that the authorized amounts will be appropriated in 2025, regardless of limits on funding established by the Fiscal Responsibility Act of 2023 (FRA). Outlays of those authorized amounts were estimated using historical spending patterns for similar programs.

Some provisions of the bill would result in costs that are included in the authorizations specified for 2025. CBO expects that those provisions that would result in costs after 2025 would be covered by specified authorizations in future National Defense Authorization Acts.

Spending Subject to Appropriation

S. 4638 would specifically authorize appropriations of \$923.0 billion for 2025. Of that amount, \$922.8 billion would be for national defense programs and the remainder—\$0.2 billion—would be for nondefense programs (see [Table 2](#)).

Section 101 of the FRA caps discretionary funding for defense programs in 2025 at \$895.2 billion and provides for adjustments to the caps to account for funding for certain activities (for example, new funding designated as an emergency requirement). Of the amounts authorized by S. 4638 for defense programs, \$12.5 billion would be for the repair of military

bases in Guam that have been damaged by natural disasters. The bill specifies that amounts appropriated in keeping with that authorization are to be designated as emergency requirements for the purpose of providing for a cap adjustment under the FRA. The remaining \$910.3 billion authorized for defense programs in 2025 would exceed the FRA cap under section 101 on defense funding by \$15.1 billion. In addition, some amounts for national defense are authorized by other acts and thus are not included in the amounts described above.

The \$922.8 billion authorized for defense programs in 2025 would represent a decrease of \$19.1 billion (or 2 percent) compared with the \$941.9 billion appropriated for defense in 2024. That 2024 amount includes \$67.2 billion in funding designated as an emergency requirement—mostly for assistance to Ukraine, Israel, and countries in the Indo-Pacific region. Excluding the amounts designated as emergency requirements in both the 2024 appropriation and S. 4638, the amount authorized by S. 4638 would be \$35.6 billion (or 4 percent) more than the amounts appropriated for 2024.

Compared with amounts appropriated for 2024, S. 4638 would increase authorizations of appropriations that are not designated for emergency requirements for all but one major category of defense spending. The authorizations for 2025 contained in the bill and their estimated changes from 2024 appropriations are as follows:

- Military personnel: \$182.3 billion, an increase of \$6.1 billion (or 3 percent);
- Operation and maintenance and Revolving Funds: \$350.7 billion, an increase of \$22.4 billion (or 7 percent);
- Procurement: \$177.1 billion, an increase of \$6.4 billion (or 4 percent);
- Research and development: \$146.0 billion, a decrease of \$1.7 billion (or 1 percent);
- Military construction and family housing: \$20.7 billion, an increase of \$2.0 billion (or 11 percent); and
- The atomic energy activities of the Department of Energy: \$33.4 billion, an increase of \$0.4 billion (or 1 percent).

The bill would specifically authorize \$0.2 billion in 2025 for nondefense programs. That amount comprises \$163 million for a Department of Veterans Affairs medical facility demonstration fund and \$70 million for the Armed Forces Retirement Home.

Estimated Costs of Selected Provisions For 2025 Through 2029

S. 4638 also includes provisions that would affect the costs of various defense programs in future years. The estimated effects of some of those 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 those defense-related provisions are

not added to the total specified authorizations described above because CBO expects that those activities would be funded from the amounts specifically authorized in the bill for 2025 and that, over the 2026-2029 period, funding for those activities would be specifically authorized in future National Defense Authorization Acts.

Military End Strength. The bill would affect the force structure of the various military services by setting end strength levels for 2025. Assuming that those authorized levels continue after 2025, CBO expects that the changes would affect spending in future years.

For 2025, title IV would authorize end strength for active-duty personnel and personnel in the selected reserve of 1,276,700 and 773,300, respectively. Of those reservists, 92,181 would serve full time on active duty in support of the reserves. In total, when compared with end strength under current law for 2024, active-duty end strength would decrease by 7,800, and selected-reserve end strength would increase by 2,700. The number of selected reservists who would serve in full-time support positions would increase by 807. The levels specified for each component of the armed forces are detailed below, along with CBO's estimate of how those changes would affect costs for the Department of Defense (DoD). Those costs for personnel include components of military compensation such as bonuses, allowances, basic pay, and health care, as well as operating costs for training and maintenance.

Active Duty. Section 401 would reduce the authorized number of active-duty personnel by a net of 7,800. End strength would decrease by 5,500 for the Navy and by 2,700 for the Army. End strength for the Space Force would increase by 400, and end strength would remain unchanged for the Air Force and Marine Corps. CBO estimates that the net reduction in active-duty personnel would reduce costs by \$6.5 billion over the 2025-2029 period.

Selected Reserve. Under section 411, the authorized end strength for DoD's six reserve components would increase by a net of 2,700. The increases would be 3,300 for the Air National Guard, 1,000 for the Army Reserve, 500 for the Navy Reserve, and 500 for the Marine Corps Reserve. End strength would decrease for the Air Force Reserve by 2,600 and would remain unchanged for the Army National Guard. CBO estimates that the net increase would cost \$0.6 billion over the 2025-2029 period.

Full-Time Selected Reserve. Section 412 would increase by 807 the number of reservists who serve full time on active duty in support of the reserves in 2025, compared with currently authorized end strength for 2024. That change in end strength would increase costs by \$0.7 billion over the 2025-2029 period, CBO estimates.

Reserve Technicians. Section 413 would decrease the end strength for dual-status military technicians by 1,933. Those personnel are federal civilian employees who are required to maintain membership in the selected reserve as a condition of employment. CBO estimates that spending on salaries for dual-status positions would decrease by \$1.2 billion over the 2025-2029 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 effect would be the decrease in civilian compensation.)

Defense Compensation and Benefits. S. 4638 would affect compensation and spending for benefits, such as bonuses, basic pay, allowances, and health care, for uniformed personnel and civilian employees of DoD.

Expiring Bonuses and Allowances. Section 611 would extend for one year DoD's authority to enter into agreements to pay certain bonuses and allowances to military personnel. The current authority expires on December 31, 2024. Some bonuses are paid in lump sums; others are paid in annual or monthly installments over several years of service. Using information from DoD's budget request for fiscal year 2025, CBO estimates that extending that authority for one year would cost \$12.4 billion over the 2025-2029 period.

Basic Pay. Section 601 would increase monthly basic pay for junior enlisted members of the uniformed services by amending the basic pay table effective on January 1, 2025. Under current law, pay for enlisted members in pay grades E-1 to E-3 will increase by 4.5 percent. The bill would increase pay for those junior enlisted members by an additional 1 percent. CBO estimates that implementing that targeted increase in basic pay would cost \$0.5 billion over the 2025-2029 period.

Civilian Voluntary Separation Incentive Pay. Section 1106 would permanently authorize a \$15,000 increase in the amount of the lump-sum payment that DoD can offer to civilian employees to encourage voluntary separation. The current ceiling of \$25,000 has been in effect since September 31, 2021, when the temporary authority to pay separating civilians up to \$40,000 expired. Using information from the department, CBO estimates that each year about 1,600 DoD civilian employees would receive a voluntary separation incentive payment (VSIP) of \$40,000 over the 2025-2029 period. CBO expects that half of those civilian employees would take a VSIP at the current maximum amount of \$25,000, so that the incremental cost to DoD for each of the 800 employees who separate each year would be \$15,000. The cost per person for the remaining 800 employees would be the full \$40,000. Thus, CBO estimates that raising the cap to \$40,000 would cost DoD \$220 million over the 2025-2029 period.

Section 1106 also would affect direct spending for civilian retirement benefits, described under the heading "Direct Spending and Revenues."

Assisted Reproductive Technology. Section 705 would require DoD to provide assisted reproductive technology (ART) to active-duty service members and their dependents as part of the regular TRICARE health benefit beginning with fiscal year 2027. CBO anticipates that three such services in particular would increase costs to DoD under the provision: in vitro fertilization (IVF), intrauterine insemination (IUI), and gamete retrieval and storage. CBO estimates that implementing section 705 would cost about \$2.0 billion over the 2025-2029

period. Those costs include the cost of births that would result from IVF and IUI procedures. Costs would be less in 2027 than in subsequent years because childbirths will lag behind the policy's implementation. The total estimated costs were reduced to account for the approximately \$30 million that DoD currently spends each year on limited ART services offered to TRICARE beneficiaries as part of its medical-training programs. The total estimated cost includes the following components:

- CBO estimates that IVF procedures would cost about \$300 million per year. To estimate that cost, CBO used data from Massachusetts, which requires private health insurance to cover those procedures, to project usage rates for the approximately 900,000 married service members and unmarried female members. Based on that information and on pricing made publicly available by various private clinics, CBO estimates that DoD would cover about 25,000 IVF cycles annually at a cost of \$12,000 per cycle.
- CBO estimates that IUI services would cost about \$30 million per year. Using publicly available data from various private clinics and literature on IUI prevalence, CBO estimates that DoD would cover about 50,000 IUI procedures per year at an average cost of \$600 per procedure. Because ART generally is not covered by health insurance, the less expensive and less invasive, intrauterine insemination procedures are a more common option; thus, IUI procedures are four times more common than IVF. However, if both IUI and IVF were made available with low out-of-pocket costs, CBO expects that TRICARE beneficiaries would use IUI at about half the rate (compared with IVF) as the general population. The estimate also accounts for the likelihood that some people will undergo IUI before attempting IVF.
- CBO estimates that additional childbirths associated with covering ART would cost about \$300 million per year. Based on a literature review and on data from Massachusetts compiled by the Centers for Disease Control and Prevention, CBO estimates that about a third of IVF cycles and about a tenth of IUI cycles would result in a successful childbirth or about 15,000 births per year. However, CBO assumes that half of those births will occur under current law either because beneficiaries will pay for ART services themselves or will eventually have a child without using ART. Because pregnancies involving IVF and IUI have a higher probability of resulting in preterm deliveries and multiple births, CBO estimates that the average cost of each birth would be about \$40,000—almost three times the cost of a typical childbirth.
- CBO estimates that gamete retrieval and storage would cost about \$70 million per year. Under the proposal, DoD would cover gamete retrieval and storage, even in the absence of conditions that cause infertility, for TRICARE beneficiaries who wish to delay or preserve their ability to start a family because of the demands and hazards of military service. There is significant uncertainty about how many people would use that benefit. Using information on gamete preservation in cancer patients, with adjustments to account

for the fact that TRICARE beneficiaries would probably use the service at a much lower rate, CBO estimates that about 10,000 men and 3,000 women would undergo gamete retrieval each year. Using publicly available information on pricing for those procedures, CBO estimates that services for men would cost about \$500 for retrieval and \$125 annually for storage; the cost for women would be about \$15,000 for retrieval (multiple cycles often are needed), and about \$500 annually for storage.

The estimated costs associated with section 705 are subject to considerable uncertainty. It is difficult to anticipate the rules DoD would set for the use of ART services or to predict the number of beneficiaries who ultimately would use those services. As a result, the costs of section 705 could be significantly larger or smaller than CBO estimated.

Domestic Pharmaceutical Production. Sections 744, 854, and 887 would require DoD to increase its purchase of pharmaceuticals for which the key ingredients and final products have been produced domestically or in countries designated by the Trade Agreements Act of 1979 (TAA). DoD could waive the requirement if it determines that the department cannot acquire such pharmaceuticals in sufficient quantities to meet the department's needs.

CBO anticipates that, although there is significant uncertainty about how DoD would satisfy that requirement, doing so would significantly increase the need for discretionary appropriations. In January 2024, the President declared that essential medicines are critical to national defense and, therefore, eligible for special procurement authorities under the Defense Production Act of 1950.¹ Among those authorities are the use of purchase commitments, grants, and other support. It is not clear whether DoD would use those authorities, and although CBO has no basis on which to estimate the costs of such support, the total could range from hundreds of millions to billions of dollars over the 2025-2034 period.

Procuring pharmaceuticals from domestic sources also could increase prices DoD pays for those drugs. Those increased costs would be paid both from appropriated amounts and by direct spending. However, because of the time that would be needed to establish new lines for domestic production of pharmaceuticals, CBO expects that any increases in discretionary spending for those drugs would occur after the 2025-2029 period. (Thus, no effects from those provisions are included in table 3.) The direct spending effects are discussed under the heading "Direct Spending and Revenues."

Other. Other provisions of S. 4638 would affect authorities or requirements for multiyear procurement, vehicle upgrades, and health monitoring.

1. Executive Office of the President, "Presidential Determination and Waiver Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Essential Medicines, Medical Countermeasures, and Critical Inputs," Presidential Determination 2024-03 of December 27, 2023, 89 *Fed. Reg.* 3 (January 2, 2024), <https://tinyurl.com/mrxvex93>.

Multiyear Procurement of T-408 Engines. S. 4638 would authorize DoD to enter into multiyear procurement contracts to purchase certain helicopter engines. Multiyear procurement is a special contracting method authorized in current law that allows the government to enter into contracts covering acquisitions for more than one year but not more than five years, even though the total required for all years is not appropriated at the time the contracts are awarded. Contracts that would cost more than \$500 million must be specifically authorized in law, although lawmakers sometimes authorize contracts below that amount.

Section 126 would authorize the Navy to enter into multiyear contracts beginning in fiscal year 2025 to purchase up to 350 T-408 engines for CH-53K aircraft. The CH-53K is a heavy-lift cargo helicopter that can operate from amphibious ships. Each helicopter is powered by 3 such engines. CBO estimates that under the contracts, the Navy would buy 321 engines over the 2025-2029 period at a cost of \$1.1 billion. The service estimates that the cost of a single multiyear contract would amount to about \$126 million less than the cost of five separate annual contracts.

Section 126 also would affect direct spending by providing contract authority for CH-53K airframes. Those effects are described under the heading “Direct Spending and Revenues.”

Vehicle Upgrades. Section 354 would require the Department of the Army to retrofit certain High-Mobility Multipurpose Wheeled Vehicles (HMMWVs) with antilock brake systems and electronic stability control kits by September 30, 2030. HMMWVs procured since 2018 come equipped with those safety systems and the Army has retrofit some vehicles that were procured without them. The Army has about 32,400 HMMWVs that would need to be upgraded under the bill. At an average cost of about \$22,500 per vehicle upgrade, implementing section 354 would cost about \$730 million over the 2025-2029 period, CBO estimates.

Blast Exposure Monitoring. Section 1081 would require DoD to develop a plan to monitor blast pressure events experienced by service members. CBO estimates that implementing that section would cost about \$200 million over the 2025-2029 period. Although it is uncertain how DoD would satisfy that requirement, CBO anticipates that the department would purchase individual blast-monitoring devices for personnel in the infantry and gunnery occupational specialties—about 190,000 people. According to DoD and other sources, each personal set of monitoring devices would cost about \$700. After accounting for the need to replace the equipment every three years, CBO estimates that purchasing the monitoring devices would cost about \$50 million annually.

Direct Spending and Revenues

CBO estimates that enacting S. 4638 would increase direct (also called mandatory) spending, on net, by \$13.2 billion over the 2025-2034 period and would reduce revenues by \$5 million over that same period (see [Table 4](#)). Those effects arise mainly from a provision that affects

DoD's authority to provide loans and loan guarantees for research and development projects and from provisions related to housing privatization and multiyear procurement.

Strategic Capital Loan Program. Section 913 would make permanent DoD's authority to provide loans and loan guarantees to entities that conduct research on and produce advanced technologies, such as biochemicals and microelectronics. Section 913 also would remove a current-law requirement that each loan recipient derive from nonfederal sources at least 80 percent of the funding for a project that would be supported by a DoD loan. CBO expects that those modifications would significantly increase the likelihood that DoD would provide capital assistance in support of inherently governmental activities. CBO classifies the use of loan authority for governmental purposes as an increase in direct spending.

In fiscal year 2024, lawmakers appropriated \$49 million for DoD to subsidize up to \$948 million in loans and loan guarantees for research. On the basis of the annualized loan volume currently authorized for DoD and accounting for the effects of inflation, CBO estimates that the subsidy costs of loans and loan guarantees under this authority would total \$8.6 billion over the 2025-2034 period.²

Partial Basic Allowance for Housing. Section 602 would authorize DoD to pay higher rates of partial Basic Allowance for Housing (BAH) to personnel in military unaccompanied housing that is provided under the Military Housing Privatization Initiative. CBO expects that the increased payments would facilitate DoD privatization projects that are not financially viable under the current levels for that allowance.

To finance housing privatization projects, DoD typically enters into long-term contracts with private-sector developers to renovate, construct, operate, and maintain military housing. Those developers leverage DoD contributions, along with expected future BAH payments from military personnel, to borrow additional capital to complete the projects.

CBO considers acquiring housing for military personnel in that manner to be a governmental activity and that amounts expended by such public-private ventures should be recorded in the federal budget as outlays at the time they occur. When proposed legislation would affect transactions involving third-party financing of governmental activities, CBO's cost estimate for the legislation shows budget authority for the full cost of the project at the time the project is initiated. Outlays are shown over the construction period for each project. In cost estimates, CBO classifies those cash flows as direct spending.

2. Under the Federal Credit Reform Act of 1990, the subsidy cost of a loan guarantee is the net present value of estimated payments by the government to cover defaults and delinquencies, interest subsidies, or other expenses offset by any payments to the government, including origination or other fees, penalties, and recoveries on defaulted loans. Such subsidy costs are calculated by discounting those expected cash flows using the rate on Treasury securities of comparable maturity. The resulting estimated subsidy costs are recorded in the budget when the loans are disbursed or modified.

CBO estimates that in each year from 2027 through 2034, DoD would initiate one project for unaccompanied housing through the privatization initiative. Based on the cost of previous projects and adjusting for inflation, CBO estimates that each project would cost \$280 million, on average. Accounting for the time necessary to complete each project, CBO estimates that enacting section 602 would increase direct spending by \$1.4 billion over the 2025-2034 period.

CH-53K Airframe Contract. Section 126 would authorize the Navy to enter into a single contract for 2025 and 2026 to purchase up to 37 airframes for CH-53K heavy lift helicopters. The department would not be required to record an obligation for the cost of the aircraft that would be procured in 2026 at the time it enters into the contract. The authority to enter into contracts in advance of appropriations is classified as direct spending.³ CBO estimates that under the expanded authority, in advance of appropriations for fiscal year 2026, the Department of the Navy would incur an obligation for 18 airframes planned for fiscal year 2026, at a cost of \$1.4 billion.

Military Housing Privatization. Section 2821 would increase the limit on the amount of funding that DoD is allowed to contribute to military housing privatization projects. Measured by the total capital costs of a project, the section would raise DoD's authorized investment threshold from 33.3 percent to 60 percent. As discussed under the heading "Partial Basic Allowance for Housing," CBO expects that providing additional sources of funding would facilitate DoD privatization projects that are not financially viable under current law.

CBO estimates that additional funding would allow DoD to initiate two additional privatized housing projects over the next 10 years. Based on the cost of previous projects, CBO estimates that each new project would cost \$500 million, on average. To account for the uncertainty regarding the timing of those projects, CBO evenly distributed the estimated budgetary effects over the 2025-2034 period. Thus, after accounting for the time needed to complete construction of the projects, CBO estimates that enacting the section would increase direct spending by \$680 million over that period.

Domestic Pharmaceutical Production. Sections 744, 854, and 887 would require that the pharmaceuticals that DoD purchases include a larger percentage of key ingredients and final products that have been produced either domestically or in countries designated by the Trade Agreements Act of 1979 (TAA). DoD could waive the requirement if it determines that it cannot acquire such pharmaceuticals in sufficient quantities to meet the department's needs.

3. Multiyear procurement contracts authorized under *10 U.S.C. §3501* are a form of contract authority that allows the Department of Defense to incur obligations in advance of appropriations. Under long-standing precedent, use of that authority is not classified as direct spending. Multiyear contracts under other provisions of law are not afforded similar treatment.

CBO estimates that enacting those sections would increase direct spending by about \$500 million over the 2025-2034 period.

CBO anticipates that most drugs covered by the requirement would be generic formulations because patents on brand-name drugs can prevent the creation of a domestic manufacturing source. DoD currently spends about \$1.7 billion per year on generic drugs for its military treatment facilities and mail order pharmacy. Of that amount, about \$1 billion is paid from DoD's Medicare-Eligible Retiree Health Care Fund, a mandatory appropriation.

Based on information from DoD and industry sources, CBO estimates that about 75 percent of currently acquired pharmaceuticals contain key ingredients derived from non-domestic or non-TAA sources. If DoD were to increase domestic sourcing of generics, the department would most likely focus on drugs that are critical to national security objectives, which CBO estimates account for about 25 percent of the department's purchases. Using information from academic researchers and industry sources, CBO estimates that domestically produced drugs would cost twice as much as the same drugs produced in non-TAA countries. Because of the time needed to complete contracts and prepare production facilities, CBO anticipates that DoD would begin purchasing more pharmaceuticals from domestic sources in 2029 and that purchases would increase over time. By 2034, CBO estimates direct spending would increase to about \$300 million annually, and the total increase in direct spending would be about \$1 billion over the phase-in period.

As discussed above in the section "Spending Subject to Appropriation," there is significant uncertainty as to how DoD would attempt to increase domestic production of pharmaceuticals. The department could meet the requirement by providing grants to manufacturers, making purchase commitments, or providing other subsidies allowed under the Defense Production Act. Alternatively, DoD could waive the requirement for some or all essential medicines and continue to purchase those produced in non-TAA countries. Given that uncertainty, CBO used a 50 percent probability that DoD would waive the requirement and avoid the increase in costs. On that probabilistic basis, CBO estimates that enacting sections 744, 854, and 887 would increase direct spending by about \$500 million over the 2025-2034 period. If DoD determines that it cannot meet the bill's requirements and uses waivers for most of the drugs in question, then the incremental cost of those sections would be significantly less than estimated here. If DoD is able to substantially increase its purchases of drugs from domestic or TAA-compliant production sources, direct spending could increase significantly above this estimate.

Civilian Voluntary Separation Incentive Pay. Section 1106 would increase the amount that DoD can offer its civilian employees in lump sum payments to encourage voluntary separation. Some employees would retire sooner under the proposal than they otherwise might, which would increase payments for annuities and health benefits to those federal retirees. Using information from the department, CBO estimates that about 1,600 DoD

civilian employees would receive voluntary separation incentive pay each year. Roughly half of those employees would have taken a VSIP under current law; the rest would be expected to decide to separate because of the higher VSIP authorized by the bill. CBO estimates that 95 percent of the 800 employees who would newly choose to separate are eligible for retirement and that almost all of them would choose to retire one to two years sooner, on average, than they would under current law. Those additional retirement payments in earlier years would be partially offset by lower retirement payments in later years because retirees' annuities would be slightly smaller as a result of their earlier retirement. CBO estimates that enacting section 1106 would increase direct spending by \$446 million over the 2025-2034 period.

Implementing the provision also would increase discretionary spending, which is described above along with additional details in the section "Spending Subject to Appropriation."

Funding for Future Requirements. Sections 1232 and 1202 would authorize DoD to use amounts from appropriations that are available under current law to provide training and other support to the security forces of partner nations after the period of availability for the appropriation. Generally, fixed-term appropriations may be used only for requirements arising during the period when the appropriation is available for obligation. DoD has roughly \$15 billion available through the end of fiscal year 2025 for activities that would be affected by the provisions. CBO expects that some of those amounts that will not be spent under current law would be spent under the bill. Changes in outlays from currently enacted appropriations are classified as direct spending. Collectively, enacting those sections would increase direct spending by \$110 million over the 2025-2034 period, CBO estimates.

DoD received about \$14.1 billion in 2024 for the Ukraine Security Assistance Initiative, through which DoD provides training and other support to the national security forces of Ukraine. Section 1232 would allow DoD to use those amounts to support those activities during the period of availability and for the two fiscal years thereafter. CBO estimates that enacting the extension would increase cumulative outlays by \$100 million.

DoD also received about \$1.4 billion in 2024 to build the capacity of security forces of partner nations. Under current law, DoD may use those amounts to support activities during the period of availability and for two years thereafter. Section 1202 would extend that period by a year. CBO estimates that enacting the three-year extension would increase cumulative outlays by \$10 million.

Armed Forces Retirement Home. Section 1422 would authorize the Armed Forces Retirement Home (AFRH) to accept and spend reimbursements from DoD for health care that the home provides to its resident military retirees. Most of the reimbursed amounts would come from the DoD Medicare-Eligible Retiree Health Care Fund, a mandatory appropriation. Using information from the AFRH, CBO estimates that the home will spend about \$24 million on health care for its residents in 2025, of which \$7 million would be

eligible for reimbursement from the fund under the bill. After accounting for the effects of inflation, CBO estimates that enacting section 1422 would increase direct spending by \$91 million over the 2025-2034 period.

NATO Security Investment Program. Sections 2504 and 2505 would authorize DoD to contribute additional funds to upgrade construction projects undertaken for the North Atlantic Treaty Organization by the United States or by partner countries. CBO anticipates that DoD would use expired or expiring funds available under current law for a portion of those contributions. Extending the availability of previously appropriated funds is a reappropriation that is classified in authorization bills as direct spending. CBO estimates that DoD would use \$5 million in currently enacted appropriations over the 2025-2034 period.

Limitation on Construction and Repair Projects. Section 1221 would increase a limitation on amounts in the Counter-ISIS Train and Equip Fund that can be used for construction and repair projects to support certain Syrians. Section 1222 would authorize the Administration to waive a limitation on amounts in that fund that can be used for construction and repair projects to defend Iraq and its allies. In 2024, DoD received about \$400 million under that appropriation, which is available through the end of fiscal year 2025. CBO expects that some of the funds provided in that appropriation will not be spent under current law and would be spent as a result of enacting those sections. Changes in outlays from appropriations that are available under current law are classified as direct spending. CBO estimates that enacting those sections would increase direct spending by \$5 million over the 2025-2034 period.

Delayed Retirement for Military Technicians. Section 513 would allow dual-status military technicians to work for DoD until they reach age 62, two years older than the maximum age under current law. On the basis of information from DoD, CBO estimates that under this section each year three technicians, on average, would delay their retirement by two years. The reduced annuity costs from those delayed retirement payments in earlier years would be partially offset by higher payments in later years as retirees' annuities would be slightly greater because they accrued additional years of service. On net, CBO estimates, enacting section 513 would reduce direct spending for civil service retirement and military retirement benefits by \$4 million over the 2025-2034 period.

Medals of Honor. Section 591 would authorize awards of the Medal of Honor that cannot be bestowed under current law because the award would occur more than five years after the date of the act of valor being recognized. Generally, in such cases, authorization in legislation is required to grant awards by waiving the five-year time limit. Section 591 would remove the need for legislation to waive time limits if a Member of Congress asks DoD to review the act of valor and the department finds that the act merits the distinction. On the basis of past awards of the Medal of Honor that required legislation, CBO projects that five living people would receive the Medal of Honor over the 2025-2034 period under section 591. Living recipients of the Medal of Honor receive a monthly pension, including a

lump-sum payment for the months between the date of the act of valor and the date the medal is awarded. (CBO expects that some awards would be made to people who are deceased. Pensions are not paid posthumously.) Surviving spouses of deceased recipients could receive expanded health benefits or increased survivor benefits. CBO estimates that payments of pensions to living recipients and benefits to survivors would increase direct spending by \$3 million over the 2025-2034 period.

Calculation of Retired Pay for General and Flag Officers. Section 621 would reduce the retired pay of certain general and flag officers. Officers who temporarily serve in the grades of O-9 or O-10 but who retire at the lower permanent grade of O-8 would have their retired pay based solely on the O-8 pay rate, not on the higher O-9 or O-10 rate. Using information from DoD, CBO expects that about five retirees each year would be affected by the provision. CBO estimates that enacting section 621 would reduce direct spending for military retirement benefits by \$1 million over the 2025-2034 period.

Prohibit Chinese Garlic and Seafood in Commissary Stores. Sections 629 and 889 would prohibit DoD commissary stores from selling certain garlic and seafood products imported from China. Currently, Customs and Border Protection collects customs duties, which are classified as revenues, when the specified products enter the country. CBO expects that prohibiting sales of those products at commissary stores would reduce imports and thus reduce revenues from customs duties. Using data from the U.S. International Trade Commission, CBO estimates that enacting the sections would decrease revenues by \$5 million over the 2025-2034 period.

Other Provisions. Enacting some sections of S. 4638 would have insignificant effects on direct spending and revenues over the 2025-2034 period, generally because they would affect very few people, would have offsetting effects, or would involve transactions of very small amounts.

- Section 124 would authorize the Navy to enter into long-term commitments to purchase, lease, or charter a medium-sized landing ship. Under a long-term capital lease or charter, the Navy would contract for the construction of a ship to land military personnel and equipment, a governmental activity. Because the costs of those contracts would be paid over the life of a lease or charter in advance of appropriations to cover the full obligation, CBO classifies such transactions as direct spending. However, S. 4638 also would authorize appropriations for the procurement of the vessel in the amount of the Navy's estimate of the lead ship in the Landing Ship Medium program. As a result, CBO anticipates that the Navy would be more likely to purchase the ship than to enter into a long-term lease or charter. Therefore, CBO estimates that on a probabilistic basis, enacting section 124 would increase direct spending by an insignificant amount.
- Sections 313, 877, 1201, and 1542 would allow federal agencies to accept and spend without further appropriation amounts received from nonfederal entities for various

purposes. Sections 333, 572, and 575 would reduce amounts that otherwise will be collected and spent under current law. Those collections are classified as offsetting receipts, that is, as reductions in direct spending.

- Several provisions in subtitles A and B of title V could affect retirement benefits for military personnel. The provisions could affect the number of service members who qualify for retired pay, the date they begin receiving retired pay, or the monthly amount of such pay. Some provisions could reduce direct spending for retired pay during the 2025-2034 period; others could increase it.
- Section 509 would amend procedures for boards of inquiry, which could affect discharge characterizations of service members. Veterans must be honorably discharged to use certain education benefits from the Department of Veterans Affairs. Those benefits are paid from mandatory appropriations.
- Section 529 would require military departments to establish a status identifier that is equivalent to a combat status identifier for crew members of remotely piloted aircraft who conduct combat operations. Adding that identifier to personnel records might increase the number of crew members who receive Combat-Related Special Compensation for combat-related disabilities. Such compensation is classified as direct spending.
- Section 532 would limit to 10 years the term an appellate civilian judge may serve on the U.S. Court of Military Commission Review. Section 532 also would terminate within 180 days of the bill's enactment the appointments of civilian judges who have already served for 10 years or more. Civilian judges are eligible for federal retirement benefits, and CBO estimates that judges affected by this section would begin to receive retirement benefits earlier than they otherwise would under current law. Such benefits are paid from mandatory appropriations.
- Sections 533 and 540 would modify penalties for punishable offenses under the military justice system. Section 1041 also would impose fines of up to \$20,000 for the unauthorized use of the Naval Special Warfare insignia. Additional penalties collected as a result of those provisions would be classified as revenues.
- Sections 553 and 554 would change two DoD educational programs, which could subsequently affect the use of education benefits administered by the Department of Veterans Affairs, including the Post-9/11 GI Bill. Those benefits are paid from mandatory appropriations.
- Section 598A would require the Selective Service System to automatically register for the military draft all U.S. citizens and, with certain exceptions, all U.S. residents between the ages of 18 and 26. Under current law, men in that age group who fail to register can face civil and criminal penalties. Because registration would be automatic, the penalties would



not apply. CBO estimates that enacting the section would reduce revenues by less than \$500,000 over the 2025-2034 period. Under current law, failure to register also can delay some lawful permanent residents from becoming naturalized American citizens, which in turn can delay their receipt of some federal benefits. Because those residents would be registered automatically under section 598A, their naturalization would not be delayed for that reason. CBO estimates that any resulting increase in direct spending for federal benefits would be less than \$500,000 over the 2025-2034 period.

- Section 626 would retroactively change the promotion dates of several hundred general and flag officers whose promotions were delayed when the Senate suspended confirmation of such promotions in calendar year 2023. All benefits associated with the promotions also could be provided retroactively for the months during which those officers would have held a higher rank. As a result, some of the affected officers could eventually receive higher monthly retired pay because the amount of that pay would be calculated using the retroactive amounts for the period covered under section 626.
- Sections 704, 706, 713, and 731 would increase the cost of providing health benefits to service members, military retirees, and their dependents. Health benefits for military retirees who are eligible for Medicare or who are retired from the other uniformed services (the Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service) are paid from mandatory appropriations. CBO estimates that enacting section 731 would increase direct spending by a few million dollars over a 10-year period. However, because the provision would take effect on October 1, 2034, those costs fall outside the current budget window.
- Section 742 would require medical experts who review claims for malpractice at military treatment facilities to be board-certified. Those malpractice claims are paid from the Judgment Fund, a permanent, indefinite appropriation. CBO estimates that the change would have a small effect on the number and amounts of claims awarded.
- Sections 802 and 803 would allow certain defense acquisition programs to proceed more quickly than under current law. Enacting those sections could accelerate outlays from current appropriations for acquisition programs, but the net effect of those timing shifts would not be significant over the 2025-2034 period.
- Section 822 would affect the timing of payments from the Judgment Fund by allowing companies to more quickly resolve certain contract disputes with DoD. Enacting this section could accelerate payments from the Judgment Fund but would not increase the number of claims.
- Section 890 would bar senior DoD officials from seeking employment with defense contractors for four years after their federal employment ends. The ban could increase the number of people who would be subject to civil or criminal penalties for violating post-

employment restrictions. Such penalties are recorded as revenues, a portion of which can be spent without further appropriation.

- Section 1005 would add a new purpose for the Defense Modernization Account, which could increase outlays from currently available balances. Changes in outlays from appropriations that are available under current law also are classified as direct spending. CBO anticipates that DoD is unlikely to use the authority to spend those balances.
- Section 2803 would authorize DoD to contract and manage overseas construction projects using financial guarantees from host nations. Payments, which would be classified as offsetting receipts, would be transferred to the Treasury from foreign-controlled banks and distributed by DoD. CBO does not expect the department to spend all the funds it receives. CBO, therefore, estimates that enacting section 2803 would decrease direct spending by less than \$500,000 over the 2025-2034 period.
- Sections 2831, 2833, and 2834 would authorize the conveyance of several parcels of land to nonfederal entities. DoD could be reimbursed for administrative costs and receive cash compensation for the value of the property. Those collections could be spent without further appropriation.

Uncertainty

Many of CBO's estimates for S. 4638 are subject to uncertainty. Several sections in particular are difficult to estimate:

- The costs associated with providing assisted reproductive technology under section 705 could be significantly more or less than CBO estimated. The costs would depend on the number of people who use the services, and the amounts that DoD pays.
- Sections 744, 854, and 887 would require that a larger portion of pharmaceuticals procured by DoD be domestically produced, although the department could waive the requirements if it determines that supplies from domestic sources are insufficient or unavailable. The costs of those provisions could vary significantly depending on how and whether DoD meets the bill's requirements.
- Section 2803 would authorize DoD to accept irrevocable letters of credit from foreign countries to cover obligations for construction projects in those nations. The department has indicated that receipts and outlays of funds under those contracts will net to insignificant amounts over time. However, the federal government would be financially liable if the letters of credit do not fully cover the obligations for the construction projects.

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 and revenues that are subject to those pay-as-you-go procedures are shown in [Table 4](#).

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting S. 4638 would increase net direct spending by more than \$2.5 billion in any of the four consecutive 10-year periods beginning in 2035.

CBO estimates that enacting S. 4638 would increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2035.

Mandates

S. 4638 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the combined cost of those mandates would not exceed the thresholds established in UMRA for intergovernmental and private-sector mandates (\$100 million and \$200 million in 2024, respectively, adjusted annually for inflation).

Intergovernmental Mandates

The bill would preempt licensing laws and regulations administered by some intergovernmental entities.

Section 701 would allow DoD's licensed mental health care professionals to provide telehealth services to TRICARE patients in any state as long as they are currently licensed as mental health care professionals.

Section 743 would allow DoD's licensed veterinarians to practice in any state without a declaration of emergency. Under current law, the veterinarians are exempt from other states' licensing requirements only when they respond to declared emergencies.

Section 1091 would require intergovernmental entities to issue professional licenses to the spouses of service members who relocate on military orders. To obtain a new license under the provision, spouses with professional licenses in good standing that have been issued by another jurisdiction would apply for a similar license in their new jurisdiction. Licensing authorities would have 30 days to approve applications or be required to issue a temporary license. Section 1091 would impose an intergovernmental mandate by requiring states to approve applications for licensure and preempt licensing laws and regulations. States party to interstate licensure compacts would continue to use the process outlined in those compacts.

CBO estimates that the cost of those provisions on intergovernmental entities would be small.

Private-Sector Mandates

S. 4638 would expand an existing private-sector mandate on people who are required to register with the Selective Service. Under current law, all men in the United States ages 18 to 26 must register with the Selective Service. Section 598A would require automatic registration of all people in that age group, other than certain temporary residents who would remain exempt. Although the bill would require the Selective Service to begin registering everyone automatically, people would still be required to supply certain information to complete their registration, which would impose a mandate mainly on women, who currently are not required to register. CBO estimates that the private-sector cost of compliance would be small.

Other Effects

Many states have enacted laws that tie eligibility for certain programs or services to Selective Service registration. In some states, for example, men must prove they have registered in order to obtain a driver's license. States that have voluntarily coupled state program requirements to Selective Service registration may incur additional administrative costs to update their laws and regulations as a result of the legislation. However, those costs would be a result of state laws and would not stem from a mandate under UMRA.

Previous CBO Estimate

On June 10, 2024, CBO transmitted a [cost estimate for H.R. 8070](#), the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025, as reported by the House Committee on Armed Services on May 31, 2024. For fiscal year 2025, S. 4638 would authorize the appropriation of \$923.0 billion—\$38.1 billion more than the \$884.9 billion that would be specifically authorized by H.R. 8070 for 2025. S. 4638 also would increase direct spending by an estimated \$13.2 billion over the 2025-2034 period and decrease revenues by \$5 million over that same period. H.R. 8070 would not significantly affect direct spending or revenues over those years.

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**Table 1.
Estimated Budgetary Effects of S. 4638**

	By Fiscal Year, Millions of Dollars					2025-2029
	2025	2026	2027	2028	2029	
Specified Authorizations of Appropriations^a						
Constrained by the FRA Caps^b						
Defense						
Authorization	910,256	0	0	0	0	910,256
Estimated Outlays	520,570	226,146	76,499	37,528	16,795	877,538
Nondefense						
Authorization	233	0	0	0	0	233
Estimated Outlays	185	37	3	2	1	228
Subtotal						
Authorization	910,489	0	0	0	0	910,489
Estimated Outlays	520,755	226,183	76,502	37,530	16,796	877,766
Not Constrained by the FRA Caps^c						
Authorization	12,505	0	0	0	0	12,505
Estimated Outlays	239	2,159	3,535	3,035	1,501	10,469
Total Specified Authorizations						
Authorization	922,994	0	0	0	0	922,994
Estimated Outlays	520,994	228,342	80,037	40,565	18,297	888,235
Increases or Decreases (-) in Direct Spending and Revenues^d						
Estimated Direct Spending Outlays	178	754	1,201	1,429	1,520	5,082
Estimated Revenues	*	-1	*	-1	*	-2
Net Increase in the Deficit From Changes in Direct Spending and Revenues						
Effect on the Deficit	178	755	1,201	1,430	1,520	5,084

FRA = Fiscal Responsibility Act of 2023; * = between -\$500,000 and zero.

- a. Amounts would be specifically authorized by the bill. Some of the bill's provisions also would affect the costs of defense programs in 2025 and future years but would not specifically authorize appropriations for those years. Estimates for some of those provisions, which are shown in Table 3, are not included above for the 2026-2029 period because CBO expects that those authorizations of appropriations would be provided in subsequent National Defense Authorization Acts.
- b. The FRA limits (or caps) most discretionary budget authority for 2024 and 2025 and provides for certain adjustments to the caps to account for funding for certain activities (for example, new funding designated as an emergency requirement). Appropriations enacted in keeping with the authorizations in S. 4638 would be constrained by those caps unless they are designated as emergency requirements.
- c. Section 2903 would authorize appropriations for the Department of Defense to repair military bases in Guam that have been damaged by natural disasters and specifies that amounts appropriated in keeping with those authorizations be designated as emergency requirements for the purpose of providing for a cap adjustment under the FRA.
- d. CBO estimates that enacting the bill would increase direct spending by \$13,203 million over the 2025-2034 period and decrease revenues by \$5 million over that same period (see Table 4).

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Table 2.
Specified Authorizations of Appropriations Under S. 4638

	By Fiscal Year, Millions of Dollars					2025-2029
	2025	2026	2027	2028	2029	
Specified Authorizations of Appropriations Constrained by the FRA Caps^a						
Defense Appropriations, Department of Defense						
Military Personnel						
Authorization	182,301	0	0	0	0	182,301
Estimated Outlays	169,971	10,275	343	0	0	180,589
Operation and Maintenance						
Authorization	348,665	0	0	0	0	348,665
Estimated Outlays	227,406	91,065	13,363	5,020	2,187	339,041
Procurement						
Authorization	177,141	0	0	0	0	177,141
Estimated Outlays	36,963	50,436	39,868	23,434	11,056	161,757
Research and Development						
Authorization	146,013	0	0	0	0	146,013
Estimated Outlays	64,355	59,735	13,421	4,798	1,220	143,529
Military Construction and Family Housing						
Authorization	20,664	0	0	0	0	20,664
Estimated Outlays	1,242	3,839	5,560	4,224	2,295	17,160
Revolving Funds						
Authorization	2,080	0	0	0	0	2,080
Estimated Outlays	1,580	350	67	40	34	2,071
Subtotal, Department of Defense Appropriations						
Authorization	876,864	0	0	0	0	876,864
Estimated Outlays	501,517	215,700	72,622	37,516	16,792	844,147
Defense Appropriations, Atomic Energy^b						
Authorization	33,392	0	0	0	0	33,392
Estimated Outlays	19,053	10,446	3,877	12	3	33,391
Subtotal, All Defense Appropriations						
Authorization	910,256	0	0	0	0	910,256
Estimated Outlays	520,570	226,146	76,499	37,528	16,795	877,538
Nondefense Appropriations^c						
Authorization	233	0	0	0	0	233
Estimated Outlays	185	37	3	2	1	228
Total Authorizations of Appropriations Constrained by the FRA Caps						
Authorization	910,489	0	0	0	0	910,489
Estimated Outlays	520,755	226,183	76,502	37,530	16,796	877,766

(Continued)



**Table 2.
Specified Authorizations of Appropriations Under S. 4638**

(Continued)

	By Fiscal Year, Millions of Dollars					2025-2029
	2025	2026	2027	2028	2029	
Specified Authorizations of Appropriations Not Constrained by the FRA Caps						
Military Construction ^d						
Authorization	12,505	0	0	0	0	12,505
Estimated Outlays	239	2,159	3,535	3,035	1,501	10,469
Total, Authorizations of Appropriations						
Authorization	922,994	0	0	0	0	922,994
Estimated Outlays	520,994	228,342	80,037	40,565	18,297	888,235

FRA = Fiscal Responsibility Act of 2023.

Amounts would be specifically authorized by the bill. Some of the bill's provisions also would affect the costs of defense programs in 2025 and future years but would not specifically authorize appropriations for those years. Estimates for some of those provisions, which are shown in Table 3, are not included above for the 2026-2029 period because CBO expects that those authorizations of appropriations would be provided in subsequent National Defense Authorization Acts.

- a. The FRA limits (or caps) most discretionary budget authority for 2024 and 2025 and provides for certain adjustments to the caps to account for funding for certain activities (for example, new funding designated as an emergency requirement). Appropriations enacted in keeping with the authorizations in S. 4638 would be constrained by those caps unless they are designated as emergency requirements.
- b. Primarily for the atomic energy defense activities of the Department of Energy.
- c. Authorizations for the Department of Veterans Affairs (\$163 million) and the Armed Forces Retirement Home (\$70 million).
- d. Section 2903 would authorize appropriations for the Department of Defense to repair military bases in Guam that have been damaged by natural disasters and specifies that amounts appropriated in keeping with those authorizations be designated as emergency requirements for the purpose of providing for a cap adjustment under the FRA.

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**Table 3.
Estimated Costs of Selected Provisions in S. 4638**

	By Fiscal Year, Millions of Dollars					2025-2029
	2025	2026	2027	2028	2029	
	Increases or Decreases (-) in Costs					
Military End Strength						
Active-Duty	-700	-1,400	-1,420	-1,460	-1,500	-6,480
Selected Reserve	60	130	130	140	140	600
Full-Time Selected Reserve	70	140	140	150	150	650
Reserve Technicians	-130	-260	-270	-280	-290	-1,230
Defense Compensation and Benefits						
Expiring Bonuses and Allowances	4,080	3,140	2,320	2,230	610	12,380
Basic Pay	100	100	100	100	100	500
Civilian Voluntary Separation Incentive Pay	44	44	44	44	44	220
Assisted Reproductive Technology	0	0	390	820	830	2,040
Other						
Multiyear Procurement of T-408 Engines	275	275	220	200	160	1,130
Vehicle Upgrades	140	145	145	150	150	730
Blast Exposure Monitoring	0	50	50	50	50	200

Amounts for defense programs and activities for 2025 are included in the amounts that would be specifically authorized to be appropriated by the bill (as summarized in Table 1 and delineated in Table 2). Associated costs for defense programs after 2025 would not be specifically authorized by S. 4638 (and therefore are not included in Tables 1 and 2); rather, CBO expects that those amounts would be covered by specified authorizations in future National Defense Authorization Acts. Implementing sections 744, 854, and 887 of S. 4638 could significantly increase DoD's discretionary spending on pharmaceuticals. For additional information, see the discussion on page 7.

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**Table 4.
Estimated Changes in Direct Spending and Revenues Under S. 4638**

	By Fiscal Year, Millions of Dollars										2025- 2029	2025- 2034
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Increases or Decreases (-) in Direct Spending												
Strategic Capital Loan Program												
Estimated Budget Authority	1,010	1,050	1,070	1,090	1,110	1,130	1,160	1,180	1,200	1,230	5,330	11,230
Estimated Outlays	152	410	625	813	983	1,055	1,102	1,128	1,150	1,173	2,983	8,591
Partial Basic Allowance for Housing												
Estimated Budget Authority	0	0	270	270	280	280	290	290	300	300	820	2,280
Estimated Outlays	0	0	10	60	140	200	230	250	260	270	210	1,420
CH-53K Airframe Contract												
Estimated Budget Authority	0	1,400	0	0	0	0	0	0	0	0	1,400	1,400
Estimated Outlays	0	231	392	420	203	70	35	13	8	0	1,246	1,372
Military Housing Privatization												
Estimated Budget Authority	100	100	100	100	100	100	100	100	100	100	500	1,000
Estimated Outlays	0	20	50	70	90	90	90	90	90	90	230	680
Domestic Pharmaceutical Production												
Estimated Budget Authority	0	0	0	0	50	50	50	100	100	150	50	500
Estimated Outlays	0	0	0	0	45	50	50	95	100	145	45	485
Civilian Voluntary Separation Incentive Pay												
Estimated Budget Authority	17	43	51	50	49	49	48	47	47	47	210	448
Estimated Outlays	17	42	51	50	49	48	48	47	47	47	209	446
Funding for Future Requirements												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	40	64	6	0	0	0	0	0	0	110	110
Armed Forces Retirement Home												
Estimated Budget Authority	7	8	8	9	9	9	10	10	11	11	41	92
Estimated Outlays	6	8	8	9	9	9	10	10	11	11	40	91
NATO Security Investment Program												
Estimated Budget Authority	1	1	1	1	1	*	*	*	*	0	5	5
Estimated Outlays	1	1	1	1	1	*	*	*	*	0	5	5
Limitation on Construction and Repair Projects												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	2	2	1	0	0	0	0	0	0	0	5	5

(Continued)

**Table 4.
Estimated Changes in Direct Spending and Revenues Under S. 4638**

(Continued)

	By Fiscal Year, Millions of Dollars											
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025- 2029	2025- 2034
Increases or Decreases (-) in Direct Spending												
Delayed Retirement for Military Technicians												
Estimated Budget Authority	*	*	-1	*	-1	*	-1	*	-1	*	-2	-4
Estimated Outlays	*	*	-1	*	-1	*	-1	*	-1	*	-2	-4
Medals of Honor												
Estimated Budget Authority	*	*	*	*	1	*	*	*	1	1	1	3
Estimated Outlays	*	*	*	*	1	*	*	*	1	1	1	3
Calculation of Retired Pay for General and Flag Officers												
Estimated Budget Authority	*	*	*	*	*	*	*	-1	*	*	*	-1
Estimated Outlays	*	*	*	*	*	*	*	-1	*	*	*	-1
Total Changes in Direct Spending												
Estimated Budget Authority	1,135	2,602	1,499	1,520	1,599	1,618	1,657	1,726	1,758	1,839	8,355	16,953
Estimated Outlays	178	754	1,201	1,429	1,520	1,522	1,564	1,632	1,666	1,737	5,082	13,203
Decreases in Revenues												
Prohibit Chinese Garlic and Seafood in Commissary Stores												
	*	-1	*	-1	*	-1	*	-1	*	-1	-2	-5
Net Increase in the Deficit From Changes in Direct Spending and Revenues												
Effect on the Deficit	178	755	1,201	1,430	1,520	1,523	1,564	1,633	1,666	1,738	5,084	13,208

NATO = North Atlantic Treaty Organization; * = between -\$500,000 and \$500,000.

Estimate Prepared By

Federal Costs:

Caroline Dorminey: Procurement and Security Assistance
Paul B.A. Holland: Veterans' Education Benefits
William Ma: Operation and Maintenance, Military Justice
Christopher Mann: Military Construction and Family Housing
Amber Marcellino: Civil Service Retirement
Aldo Prosperi: Research and Development
David Rafferty: Military Retirement and Immigration
Dan Ready: Civilian Voluntary Separation Incentive Pay
Dawn Sauter Regan: Military and Civilian Personnel
Matt Schmit: Specified Authorizations and Military Health System
Logan Smith: Armed Forces Retirement Home
Emma Uebelhor: Customs Duties

Mandates: Brandon Lever

Estimate Reviewed By

David Newman
Chief, Defense, International Affairs, and Veterans' Affairs Cost Estimates Unit

Barry Blom
Chief, Projections Unit

Joshua Shakin
Chief, Revenue Estimating Unit

Kathleen FitzGerald
Chief, Public and Private Mandates Unit

Christina Hawley Anthony
Deputy Director of Budget Analysis

Estimate Approved By



Phillip L. Swagel
Director, Congressional Budget Office