



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 12, 2000

H.R. 4437 **Semipostal Authorization Act**

As ordered reported by the House Committee on Government Reform on June 29, 2000

SUMMARY

The Stamp Out Breast Cancer Act (Public Law 105-41) authorized a special postage stamp for first-class mail. The United States Postal Service set the price of this stamp (called a semipostal) at 40 cents, 7 cents above the regular rate of 33 cents, and the authority to issue this stamp expires on July 28, 2000. Amounts above the regular postal rate collected from sales of the special stamp are later transferred to the National Institutes of Health (NIH) and the Department of Defense (DoD) to spend for breast cancer research (after accounting for the Postal Service's administrative costs). H.R. 4437 would extend this program for two years after enactment of the bill, or until July 29, 2002, whichever is later. In addition, the bill would require the General Accounting Office (GAO) to prepare a report on the breast cancer stamp.

The bill also would authorize the Postal Service to issue additional semipostals, involving issues and federal agencies that the service would determine, for a ten-year period after the first such semipostal is issued. Over that period, the bill would direct GAO to prepare two reports on the extended semipostal program.

Over the 2000-2005 period, CBO estimates that enacting H.R. 4437 would result in a negligible net effect on direct spending. In addition, the GAO report would cost about \$300,000 in 2002, assuming the availability of appropriated funds. Because enactment of the bill would affect direct spending, pay-as-you-go procedures would apply. H.R. 4437 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4437 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense), 370 (commerce and housing credit), and 550 (health).

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING						
<i>Off-Budget Effects</i>						
Net Impact on the Postal Service						
Estimated Budget Authority	-1	-2	1	2	0	0
Estimated Outlays	-1	-2	1	2	0	0
<i>On-Budget Effects</i>						
Net Impact on NIH and DoD						
Estimated Budget Authority	0	-2	-2	1	2	1
Estimated Outlays	0	-2	-2	1	2	1
<i>Total Changes</i>						
Estimated Budget Authority	-1	-4	-1	3	2	1
Estimated Outlays	-1	-4	-1	3	2	1

a. In addition to the effects on direct spending shown in the table, GAO would have to spend about \$300,000 in appropriated funds in 2002 to prepare a report required by the bill.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted by August 1, 2000.

Extension of Breast Cancer Stamp

Since the program's inception in July 1998, sales of these stamps have resulted in collections of about \$15 million for breast cancer research. CBO estimates that enacting H.R. 4437 would increase such collections by the Postal Service by about \$1 million in fiscal year 2000, \$5 million in 2001, and \$4 million in 2002. After covering its administrative costs, the Postal

Service would transfer the collections to NIH and DoD in April and November of each year. Thus, the net impact on the Postal Service over the 2000-2005 period would be zero. Spending and receipts of the Postal Service are defined as off-budget.

We estimate that enacting H.R. 4437 would increase NIH and DoD collections by \$3 million in 2001, \$5 million in 2002, and \$2 million in 2003. Spending of these collections by those two agencies would be about \$1 million in fiscal year 2001, \$3 million a year in 2002 and 2003, \$2 million in 2004, and about \$1 million in 2005. Thus, the changes in spending would sum to the changes in collections but outlays would lag behind collections. CBO estimates that the change in net outlays for NIH and DoD over the 2000-2005 period would be near zero.

Additional Semipostals

CBO has no basis for predicting the extent to which the Postal Service would issue additional semipostals under H.R. 4437. However, the budgetary impact of each semipostal would be similar to that of the breast cancer stamp. The net budgetary effects of any additional semipostals would be near zero because amounts collected above regular postal rates would eventually be spent.

GAO Report

Based on information from GAO, we estimate that each of the three reports required by the bill would cost about \$300,000, assuming appropriation of the necessary amounts. We expect the report on the breast cancer stamp to be completed in fiscal year 2002 and the other two reports to be completed sometime after 2005.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Because cash flows of the Postal Service are categorized as off-budget, only the transfer and spending of these funds by NIH and DoD under H.R. 4437 would be subject to pay-as-you-go procedures. Over the 2000-2005 period, such spending would sum to near zero. The bill's pay-as-you-go effects are summarized in the following table.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-2	-2	1	2	1	0	0	0	0	0
Changes in receipts											Not applicable

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4437 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On June 27, 2000, CBO transmitted a cost estimate for S. 2386, the Breast Cancer Research Stamp Reauthorization Act of 2000, as ordered reported by the Senate Committee on Governmental Affairs on June 14, 2000. That legislation would extend the Stamp Out Breast Cancer Act for two years but would not authorize additional semipostals or require GAO reports.

ESTIMATE PREPARED BY:

Federal Costs: Mark Grabowicz
 Impact on State, Local, and Tribal Governments: Susan Sieg
 Impact on the Private Sector: John Harris

ESTIMATE APPROVED BY:

Robert A. Sunshine
 Assistant Director for Budget Analysis