



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 19, 2002

**S. 2445
Book Stamp Act**

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on August 1, 2002*

SUMMARY

S. 2445 would create a new childhood literacy program and would authorize annual appropriations of \$50 million for the 2003-2007 period. CBO estimates that appropriations of the authorized levels would result in additional outlays of \$223 million over that period.

The bill also would direct the U.S. Postal Service to issue a special stamp for first-class mail that would cost purchasers up to 25 percent more than the regular rate. The extra proceeds would be used by the Department of Health and Human Services (HHS) to promote childhood literacy. CBO estimates that enacting S. 2445 would result in a negligible amount of direct spending over the 2004-2007 period. Because enactment of the bill would affect direct spending, pay-as-you-go procedures would apply.

S. 2445 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2445 is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

ESTIMATED BUDGETARY EFFECTS OF S. 2445, THE BOOK STAMP ACT

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	0	50	50	50	50	50
Estimated Outlays	0	29	45	49	50	50

NOTE: The bill would affect direct spending, but CBO estimates that the outlays would not exceed \$500,000 in any year.

BASIS OF ESTIMATE**Spending Subject to Appropriation**

S. 2445 would create a new program of grants to states intended to promote child literacy and improve children's access to books at home and in child care programs. States would enter into contracts with local child care resource and referral organizations, which in turn would make payments to providers to make books available for children.

The bill would authorize the appropriation of \$50 million in 2003 and \$250 million over the 2003-2007 period. CBO estimates that outlays would increase by \$29 million in the first year and by \$223 million over the five-year period if the authorized amounts are appropriated.

Direct Spending

S. 2445 would direct the United States Postal Service to issue a special postage stamp for first-class mail that would cost participating customers up to 25 percent above the regular rate. Any amounts collected from the special stamp (called a semipostal), after accounting for the Postal Service's administrative costs, would be paid to the Department of Health and Human Services for programs to promote childhood literacy. The Postal Service would have 12 months after enactment to make the semipostal available to the public, and the program would terminate two years later.

Payments of amounts above the regular first-class postage rate (currently 37 cents) would be treated as offsetting collections (that is, negative outlays) of the Postal Service. Assuming enactment of S. 2445 near the beginning of fiscal year 2003, CBO expects that the semipostal would be available for sale in fiscal year 2004. We estimate that the increase in offsetting collections would be about \$1 million in each of the fiscal years 2004 and 2005. Payments of those funds to HHS would be outlays of the Postal Service and offsetting collections to HHS. CBO expects that spending of such collections by HHS would occur over the 2004-2008 period. We estimate that the net change in outlays of the Postal Service (which is off-budget) and HHS (which is on-budget) would be less than \$500,000 in each year.

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 spending by HHS under S. 2445 would be subject to pay-as-you-go procedures. CBO estimates that such spending would be less than \$500,000 in each fiscal year.

INTERGOVERNMENTAL AND PRIVATE SECTOR IMPACT

S. 2445 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. This bill would benefit state governments by authorizing \$250 million in grants to establish and carry out a program to promote child literacy and improve children's access to books at home and in early childhood development. Any costs incurred to apply for or administer these grants would be voluntary.

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