



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 14, 2005

## H.R. 923

### Supply Our Soldiers Act of 2005

*As ordered reported by the House Committee on Government Reform  
on September 29, 2005*

#### SUMMARY

H.R. 923 would authorize the appropriation of such sums as necessary for the Department of Defense (DoD) to cover the costs of providing free postage for one year for monthly mailings sent to certain members of the U.S. Armed Forces. CBO estimates that implementing H.R. 923 would cost \$30 million over the 2006-2007 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect revenues or direct spending.

H.R. 923 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. 923 is shown in the following table. The costs of this legislation fall within budget function 050 (national defense).

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	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	21	9	0	0	0
Estimated Outlays	19	11	0	0	0

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## **BASIS OF ESTIMATE**

H.R. 923 would authorize the appropriation of such sums as necessary for DoD to cover the costs of providing free postage for one year for monthly mailings sent to certain members of the U.S. Armed Forces. CBO estimates that implementing H.R. 923 would cost \$30 million over fiscal years 2006 and 2007, including \$17 million for postage and \$13 million for DoD's transportation and administrative costs, assuming appropriation of the necessary amounts. For this estimate, we assume that the bill will be enacted in December 2005 and that free mailings will begin early in calendar year 2006 and end after one year.

### **Postage Costs**

For members of the U.S. Armed Forces on active duty in Iraq or Afghanistan, or hospitalized as a result of such service, H.R. 923 would provide certain mailing privileges for one year. Each of those servicemembers could receive one free mailing each month from family or friends in the United States, subject to certain conditions. The monthly mailing would be restricted to: a letter not exceeding 13 ounces in weight and having the character of personal correspondence, or a sound- or video-recorded communication, ground parcel, or bound printed matter not exceeding 15 pounds in weight.

CBO estimates that about 145,000 troops in Iraq, Afghanistan, and military hospitals would be eligible for the bill's mailing privileges. We assume that nearly all of these individuals (at least 90 percent) would participate each month. We expect that the majority of monthly mailings would be ground parcels of (or near) 15 pounds because it is likely that family and friends would take full advantage of the free postage. Based on rates that the United States Postal Service (USPS) is expected to charge in 2006 for ground parcels and other mail sent to U.S. servicemembers overseas, we estimate that each monthly mailing would cost, on average, about \$11. Thus, CBO estimates that postage for the mailing privilege offered by the bill would cost about \$17 million.

### **DoD Transportation and Administration Costs**

The rates charged by USPS include only the cost of handling and transporting the parcels to centralized DoD collection points within the continental United States. Transportation of the parcels overseas and final distribution is the responsibility of DoD. Because this bill would likely increase the amount of mail sent to servicemembers in Iraq and Afghanistan, DoD would incur additional costs for transportation, handling, and administration.

Based on information from the Government Accountability Office and DoD, CBO estimates that the cost to transport and distribute mail to Iraq and Afghanistan averages about \$5,000 per ton. In 2003, DoD shipped about 30,000 tons of mail to Iraq and Afghanistan. Since we expect that most friends and family members would use the full 15-pound allotment as permitted by the bill, CBO estimates that the amount of mail sent free of postage under H.R. 923 would total in excess of 10,000 tons. CBO expects, however, that much of this mail would be sent regardless of cost (i.e., much of it would likely be sent under current law). Absent information from the Department of Defense regarding the increase in the total amount of mail that would require transportation overseas under this legislation, CBO assumes an overall increase of about 25 percent, or about 2,500 tons. Therefore, CBO estimates that implementing this bill would increase DoD's transportation, handling, and administrative costs by \$13 million over the 2006-2007 period.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 923 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

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