



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 27, 2007

H.R. 1236

A bill to amend title 39, United State Code, to extend the authority of the United States Postal Service to issue a semipostal to raise funds for breast cancer research

As ordered reported by the House Committee on Oversight and Government Reform on September 20, 2007

SUMMARY

The Stamp Out Breast Cancer Act (Public Law 105-41) authorized a special postage stamp for first-class mail. The price of this stamp is 55 cents, 14 cents above the regular rate of 41 cents. The authority to issue the stamp expires on December 31, 2007. After accounting for the Postal Service's administrative costs, amounts above the regular postal rate collected from sales of the special stamp are transferred to the National Institutes of Health (NIH) and the Department of Defense (DoD) to spend on breast cancer research. H.R. 1236 would extend this program until December 31, 2011.

CBO estimates that enacting H.R. 1236 would increase or decrease direct spending in most of the years 2008 through 2014, but would have no net effect on direct spending over the period as a whole. On balance, we estimate that enacting the bill would result in a net reduction in direct spending of \$5 million over the 2008-2012 period, but that savings would be offset by increased direct spending in 2013 and 2014, leading to no net impact over the 2008-2017 period.

The legislation would not affect revenues and would have no budgetary impact on direct spending after 2014. CBO estimates that implementing the bill would have discretionary costs of less than \$500,000 annually, from appropriated funds, for NIH and DoD to prepare reports on spending of the proceeds from sales of the special stamp.

H.R. 1236 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. 1236 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												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-2012	2008-2017	
CHANGES IN DIRECT SPENDING ^a													
Off-Budget Effects													
Impact on the Postal Service													
Estimated Budget Authority	-4	0	0	0	4	0	0	0	0	0	0	0	0
Estimated Outlays	-4	0	0	0	4	0	0	0	0	0	0	0	0
On-Budget Effects													
Impact on NIH and DoD													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	-2	-4	-1	0	2	4	1	0	0	0	-5	0	0
Unified Budget Effects													
Total Changes													
Estimated Budget Authority	-4	0	0	0	4	0	0	0	0	0	0	0	0
Estimated Outlays	-6	-4	-1	0	6	4	1	0	0	0	-5	0	0

a. Implementing H.R. 1236 also would increase discretionary spending by NIH and DoD to prepare reports to the Congress on the breast cancer stamp. CBO estimates that those costs would be less than \$500,000 in each year.

BASIS OF ESTIMATE

Extending the authority to issue the special breast cancer stamp would generate additional offsetting receipts that would be spent without further appropriation for research on the disease. Although such transactions are a form of direct spending, the amounts collected and transferred by the Postal Service would be classified as “off-budget,” while the amounts received and spent by NIH and DoD would be recorded on the budget. The budgetary impacts on each category and in individual years would vary because of the timing of such collections and spending, but CBO estimates that implementing this bill would have no net impact on the unified budget over the next 10 years.

Based on sales of the special breast cancer stamp in recent years, CBO estimates that enacting H.R. 1236 would generate collections above the regular postage rate of \$36 million—roughly \$7 million in fiscal year 2008, \$9 million in each of fiscal years 2009 through 2011, and \$2 million in 2012. After covering its administrative costs (about \$100,000 over this period), the Postal Service would transfer those collections to NIH and DoD in May and November of each year. In fiscal year 2008, for example, the Postal Service would transfer \$3 million to NIH and DoD, resulting in a net reduction of \$4 million in Postal Service outlays in 2008. The net impact on the Postal Service over the 2008-2012 period, however, would be zero. Spending and collections of the Postal Service are classified as “off-budget.”

CBO estimates that enacting H.R. 1236 would increase NIH and DoD collections (from Postal Service transfers) by \$3 million in 2008, \$9 million annually over the 2009-2011 period and by \$6 million in 2012. Spending of those collections by the two agencies would lag behind the amounts collected by several months. For example, in fiscal year 2008, we estimate that NIH and DoD would collect \$3 million from the Postal Service but spend only \$1 million. We estimate that research spending would be \$5 million in 2009, \$8 million in 2010, \$9 million in 2011, \$8 million in 2012, \$4 million in 2013, and about \$1 million in 2014. The on-budget NIH and DoD accounts would show net outlay reductions totaling \$7 million over the 2008-2010 period and a corresponding increase in outlays from 2012 through 2014. Thus, the net unified budget impact of the proposal (including on-budget and off-budget effects) would be zero over the 2008-2014 period, with no effect after 2014.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1236 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 August 9, 2007, CBO transmitted a cost estimate for S. 597, a bill to extend the special postage stamp for breast cancer research for two years, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on August 1, 2007. CBO estimated that enacting that bill would have no net effect on direct spending over the 2008-2012 period. In contrast, enacting H.R. 1236 would lead to net savings over that five-year period, but would have no net impact over the 2008-2017 period.

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