



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

November 6, 2014

**H.R. 4670**  
**Secure Delivery for America Act of 2014**  
*As ordered reported by the House Committee on Oversight and Government Reform  
on May 21, 2014*

**SUMMARY**

H.R. 4670 would require the United States Postal Service (USPS) to phase out direct delivery of mail to some customers’ doors. CBO estimates that enacting the legislation would result in off-budget savings of about \$9 billion over the 2015-2024 period. (USPS cash flows are recorded in the federal budget in the Postal Service Fund and are classified as off-budget.)

Enacting H.R. 4670 would not affect federal revenues or on-budget direct spending; therefore, pay-as-you-go procedures do not apply.

H.R. 4670 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4670 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>CHANGES IN DIRECT SPENDING (OFF-BUDGET)</b>												
Estimated Budget Authority	-10	-90	-300	-550	-800	-1,050	-1,250	-1,450	-1,650	-1,850	-1,750	-9,000
Estimated Outlays	-10	-90	-300	-550	-800	-1,050	-1,250	-1,450	-1,650	-1,850	-1,750	-9,000

## **BASIS OF ESTIMATE**

The USPS delivers most mail to the doors of customers, to curbside receptacles, or to centralized mail receptacles that serve multiple addresses. The bill would require the Postal Service to convert at least 1.5 million addresses with door delivery as of 2013 to curbside or centralized delivery or to mail receptacles situated at the edge of sidewalks for each of fiscal years 2015 through 2024. The legislation also would authorize the USPS to reimburse customers for the costs of converting from door delivery to another means of delivery.

In 2013, the Postal Service provided door delivery for about 38 million addresses at a cost of roughly \$12 billion. Under H.R. 4670, the USPS expects that it would change the means of delivery for about 200,000 addresses in 2015 and for 1.5 million addresses annually in each subsequent year. The Postal Service anticipates that a more-aggressive schedule of conversions would result in significant customer discontent and lower mail volumes. The agency also is concerned about the capacity of vendors to manufacture enough centralized mail receptacles to meet much higher demand.

Based on information from the Postal Service about the relative savings per address from implementing curbside or centralized delivery as compared to door delivery, and taking into account the costs to install and maintain curbside and centralized mail receptacles, CBO estimates that annual savings to USPS under H.R. 4670 would grow to about \$1.9 billion by 2024 and would total \$9 billion over the 2015-2024 period. (Beginning in 2021, we expect that some of the gross annual savings would be spent by the Postal Service or returned to mailers in the form of lower rates rather than accumulated as large annual surpluses in the Postal Service Fund.) If USPS converted more customers to curbside and centralized delivery, savings over time would be greater.

**PAY-AS-YOU-GO CONSIDERATIONS:** None. (Although enacting H.R. 4670 would reduce off-budget direct spending, pay-as-you-go procedures apply only to on-budget spending.)

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

H.R. 4670 contains no intergovernmental or private-sector mandates as defined in UMRA.

**ESTIMATE PREPARED BY:**

Federal Spending: Mark Grabowicz

Impact on State, Local, and Tribal Governments: Michael Hirsch and Leo Lex

Impact on the Private Sector: Marin Burnett

**PREVIOUS CBO ESTIMATE**

On June 23, 2014, CBO transmitted a cost estimate for H.R. 2748, the Postal Reform Act of 2013, as ordered reported by the House Committee on Oversight and Government Reform on July 24, 2013. That bill contained a similar provision that would require USPS to phase out delivery of mail to customers' doors. We estimated lower savings for this provision under H.R. 2748 (about \$8 billion over the 2015-2024 period) mostly because H.R. 2748 also would have authorized USPS to reduce delivery of mail from six days to five days a week. If mail were delivered less frequently, the potential savings from also changing the means of delivery would be smaller.

**ESTIMATE APPROVED BY:**

Theresa Gullo

Deputy Assistant Director for Budget Analysis