



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 1, 2011

S. 384

A bill to amend title 39, United States 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 Senate Committee on Homeland Security and Governmental Affairs on October 19, 2011

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, 11 cents above the regular rate of 44 cents. The authority to issue the stamp expires on December 31, 2011. 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. S. 384 would extend this program until December 31, 2015.

CBO estimates that enacting S. 384 would increase or decrease direct spending in most of the years 2012 through 2018 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 \$2 million over the 2012-2016 period, but that savings would be offset by increased direct spending in 2017 and 2018, leading to no net impact over the 2012-2021 period. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. The legislation would not affect revenues.

S. 384 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 S. 384 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											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
CHANGES IN DIRECT SPENDING												
Off-Budget Effects												
Impact on the Postal Service												
Estimated Budget Authority	-2	0	0	0	2	0	0	0	0	0	0	0
Estimated Outlays	-2	0	0	0	2	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
Estimated Outlays	-1	-2	*	*	1	2	*	0	0	0	-2	0
Unified Budget Effects												
Total Changes												
Estimated Budget Authority	-2	0	0	0	2	0	0	0	0	0	0	0
Estimated Outlays	-3	-2	*	*	3	2	*	0	0	0	-2	0

Note: * = between -\$500,000 and \$500,000.

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 as “on-budget” effects. 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 S. 384 would generate collections above the regular postage rate of \$16 million over the next five years—about \$3 million in fiscal year 2012, \$4 million in each of fiscal years 2013 through 2015, and \$1 million in 2016. 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 2012, for example, the Postal Service would transfer \$1 million to NIH and DoD, resulting in a net reduction of \$2 million in Postal Service outlays in 2012. The net impact on the Postal Service over the 2012-2016 period, however, would be zero. Spending and collections of the Postal Service are classified as “off-budget.”

Those transfers from the Postal Service would increase NIH and DoD collections by \$1 million in 2012, \$4 million annually over the 2013-2015 period, and by \$3 million in 2016. Because spending of those collections would lag behind the amounts collected by several months, we estimate that NIH and DoD accounts (which are on budget) would show net outlay reductions totaling \$3 million over the 2012-2015 period and a corresponding increase in outlays from 2016 through 2018. The net unified budget impact of the proposal (including on-budget and off-budget effects) also would be zero over the 2012-2018 period, with no effect after 2018.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table. Only on-budget changes to outlays or revenues are subject to pay-as-you-go procedures. Enacting S. 384 would affect on-budget direct spending by NIH and DoD.

CBO Estimate of Pay-As-You-Go Effects for S. 384 as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on October 19, 2011

	By Fiscal Year, in Millions of Dollars											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
NET INCREASE OR DECREASE (-) IN THE ON-BUDGET DEFICIT												
Statutory Pay-As-You-Go Impact	-1	-2	0	0	1	2	0	0	0	0	-2	0

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 384 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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