BREAST CANCER RESEARCH STAMP REAUTHORIZATION ACT OF 2000

REPORT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

together with

ADDITIONAL VIEWS

TO ACCOMPANY

S. 2386

TO EXTEND THE STAMP OUT BREAST CANCER ACT

JULY 12, 2000.—Ordered to be printed
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BREAST CANCER RESEARCH STAMP REAUTHORIZATION ACT OF 2000

JULY 12, 2000.—Ordered to be printed

Mr. THOMPSON, from the Committee on Governmental Affairs, submitted the following

REPORT

[To accompany S. 2386]

The Committee on Governmental Affairs, to which was referred the bill (S. 2386) to extend the Stamp Out Breast Cancer Act, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. PURPOSE

The purpose of S. 2386, the “Breast Cancer Research Stamp Reauthorization Act of 2000,” is to extend the “Stamp Out Breast Cancer Act,” P.L. 105–41, for two more years.

II. BACKGROUND

S. 2386 would amend the “Stamp Out Breast Cancer Act” by extending the Act for two years.

The “Stamp Out Breast Cancer Act” directed the United States Postal Service to issue a special postage stamp, commonly referred to as a semipostal stamp, at a rate not to exceed 25 percent above the price of the first-class stamp, with the additional revenues, less administrative costs, being contributed to the National Institutes of Health and the Department of Defense for breast cancer research. The United States Postal Service Board of Governors established the price of the stamp at 40 cents.

The Breast Cancer Research Stamp (BCRS), originally issued on July 29, 1998, raised money for breast cancer research and brought heightened awareness to the disease. Breast cancer is the most common form of cancer in women in the United States. According to the National Cancer Institute, about one in eight women will de-
velop breast cancer during her lifetime. The BCRS was intended to provide additional funding for breast cancer research, while giving postal patrons an opportunity to contribute to the fight against breast cancer. As mandated, the BCRS is to be available for sale through July 28, 2000. As of May 19, 2000, the Postal Service had sold over 200 million stamps and had raised more than $14 million for breast cancer research.

S. 2386 was addressed by the Subcommittee on International Security, Proliferation, and Federal Services during a hearing on May 25, 2000, entitled “The Issuance of Semipostal Stamps by the United States Postal Service.” The witnesses for this hearing were the Honorable Mike DeWine, U.S. Senator, the Honorable Dianne Feinstein, U.S. Senator, Ms. Deborah Willhite, United States Postal Service, and Mr. Bernard Ungar, U.S. General Accounting Office (GAO). Senator Ben Nighthorse Campbell submitted a written statement in support of his legislation, S. 2044, authorizing a semipostal stamp to fund domestic violence prevention programs at the Department of Justice.

Senator Feinstein, who introduced the original legislation creating the BCRS, spoke in support of extending the original Act. Senator Feinstein testified that the “BCRS serves as a reminder for people to get mammograms and other preventative screenings.” She further said that the “BCRS is an example of a government and public partnership that has worked. * * * The bottom line is that every dollar we continue to raise will save lives.”

One of the primary cosponsors of S. 2386 is Senator Kay Bailey Hutchison. Senator Hutchison said in a public statement upon the bill’s introduction, “I believe the fight against breast cancer can be won if we muster enough resources. This postage stamp will raise additional money to help do that. Every time this stamp is used, we send a strong message in the fight against breast cancer.”

Senator DeWine testified before the Subcommittee in favor of his legislation, S. 2062, which authorizes the creation of an organ and tissue donation semipostal stamp. He also recommended that Congress require the Postal Service to issue one or two semipostal stamps each year for important causes. He said his recommendation was premised on the assumption that the Postal Service is fairly compensated for the costs it incurs and that a fair and consistently applied formula for cost recovery is established.

Deborah Willhite, Senior Vice President for Government Relations and Public Policy, testified on behalf of the Postal Service. She said the Postal Service is currently working to formulate final regulations on the BCRS cost recovery policy. The final cost data analysis will be provided to the Congressional oversight committees within 60 days after the end of the sales period. While the BCRS has generated funding for research, the Postal Service has several concerns about issuing additional semipostal stamps. The first of these concerns is that the Postal Service’s involvement in fund raising through the sale of semipostals is an activity that falls outside of the scope of its mission, as defined by the Postal Reorganization Act. The second major concern is that the success of the BCRS does not guarantee the success of others. Rather, the Postal Service believes it would be very difficult to duplicate the success. If the current level of success is not reached with other stamps, only modest revenue may be generated while postal revenue expenditures...
would still be substantial. The third concern raised by Ms. Willhite is the dilemma of deciding which causes to support with semipostal stamps. In addition, collectors who wish to include all new stamp issues in their sets are forced to pay the extra fee that goes with semipostal stamps. This is viewed by many as an indirect “stamp tax.”

Bernard Ungar, Director, Government Business Operations Issues, testified on behalf of the GAO. The GAO had issued a report in April 2000 entitled “Breast Cancer Research Stamp: Millions Raised for Research, but Better Cost Recovery Criteria Needed (GAO/GGD-00-80)” discussing the issuance of the BCRS. In that report, GAO focused on how the Postal Service identified and allocated the costs it incurred in developing and marketing the BCRS and the issues associated with effectiveness.

In his testimony, Mr. Ungar referenced the report and the principal findings that the public and a majority of the key stakeholders they spoke with believe it was appropriate to use semipostal stamps for fundraising. Mr. Ungar testified that the BCRS has been a successful and effective fundraiser in that the stamp was a voluntary, convenient, and effective way of raising millions of dollars for breast cancer research.

However, Mr. Ungar testified that it was not clear exactly how much it cost to develop and sell the BCRS because there were costs that the Postal Service did not track. These costs were not tracked because the Postal Service deemed them to be inconsequential or immaterial. Mr. Ungar said the Postal Service reported that the bulk of its costs to develop and sell the stamp through December 31, 1999, were $5.9 million. The Postal Service said that these costs would have been incurred with any blockbuster commemorative stamp issue and have been recovered through the 33 cents that constitutes the First-Class postage portion of the stamp.

In March, the Postal Service Office of Inspector General identified $836,000 in costs that it believed were attributable to the BCRS and not previously identified by the Postal Service. The Postal Service has agreed that $488,000 of these costs were incurred exclusively on behalf of the stamp program, and included them in its reported $5.9 million in program costs. In addition, the Postal Service has not established regulations setting forth its criteria for determining the reasonable costs to be recouped from the surcharge revenue generated by the stamp. This makes it difficult for Congress, the GAO, and others to evaluate how effective the Postal Service has been in implementing its legislative mandate to recoup reasonable costs.

The GAO report relayed some stakeholder concerns that Congress might substitute revenues from the BCRS for appropriations for breast cancer research, especially appropriations to the Department of Defense. Further, concerns were expressed that the BCRS might be more of a symbolic gesture, on Congress’ part, than an all-out commitment to fund whatever research is needed to eradicate breast cancer in the shortest time possible.

The report concluded that the public and most key stakeholders GAO spoke with believed that it was appropriate to use semipostals issued by the USPS to raise funds for nonpostal purposes. This sentiment was shared by breast cancer awareness orga-
nizations including the Susan G. Komen Breast Cancer Foundation.

Prior to the issuance of the BCRS, the Postal Service had never issued semipostal stamps. However, foreign postal administrations have used them for many years. According to the GAO, approximately 50 countries issued semipostals at some time during the 1990s. Of those countries, 17 issued semipostals on a routine basis. The semipostal surcharge revenues raised by those countries went to such beneficiaries as The Red Cross, the Olympics, social and cultural programs, child welfare, and the promotion of philately (stamp collecting).

The Committee notes that legislation authorizing additional semipostal stamps has been introduced since the BCRS was first authorized in 1997. Last year, the Committee reported S. 712, legislation authorizing a semipostal stamp to fund highway-rail grade crossing safety. In addition, S. 2062, a bill to authorize a semipostal stamp to fund organ and tissue donation awareness, and S. 2644, a bill to authorize a semipostal stamp to fund domestic violence prevention programs, were referenced by their respective sponsors in testimony before the Subcommittee on International Security, Proliferation, and Federal Services during its hearing on semipostal stamps. Further, S. 2739 was introduced on June 15, 2000 which authorizes a semipostal stamp to provide funding for the establishment of the World War II Memorial.

Given the proliferation of legislative proposals for the issuance of such stamps, concerns have been expressed that the Postal Service may be required to issue multiple semipostal stamps should these various bills be enacted. Further, some of the proposed subjects may not have broad appeal and, therefore, may not be financially viable. The Postal Service has expressed that such actions could have a negative impact on the Service.

One idea suggested for Committee consideration as a means of handling future semipostal stamp proposals is to grant the Postal Service broad authority to issue semipostal stamps of its own choosing. Concerns have been raised about this concept and whether it is appropriate for the Postal Service to exercise what is essentially a political decision, which rests with Congress. The Committee recognizes there is debate regarding the issuance of future semipostal stamps, and believes further review and discussion on this topic is necessary before additional semipostal stamps are authorized by the Congress.

Chairman Thompson summarized the reservations of many Senators who have expressed concerns with requiring the Postal Service to issue semipostal stamps in remarks he made when the original Act was debated on the Senate floor:

It (the Breast Cancer Research Stamp Act) will create a precedent for congressional authorization for the issuance of many other fundraising postal stamps for many other worthy causes. As all Members are aware, the Postal Service has plenty of challenges on which it should concentrate. Not all costs of undertaking this new program are quantifiable, and we will be distracting the Postal Service from its responsibility of providing the best delivery service at the lowest price. ** If Congress believes additional funds should be spent for this or another purpose, Con-
gress should appropriate the funds directly. That is our responsibility. [143 Cong. Rec. S8040 (daily ed. July 24, 1997)].

III. LEGISLATIVE HISTORY


While the Subcommittee on International Security, Proliferation, and Federal Services did not hold a hearing to specifically address S. 2386, a broader based hearing on the subject of semipostal stamps entitled “The Issuance of Semipostal Stamps by the United States Postal Service” was held on May 25, 2000. The Subcommittee subsequently reported the legislation by polling letter to the full Committee on June 9, 2000.

The Committee on Governmental Affairs held a business meeting on June 14, 2000 at which S. 2386 was considered. Following discussion on the bill, the Committee ordered S. 2386 to be favorably reported without amendment by a voice vote. Committee members present for the vote were Senators Stevens, Collins, Voinovich, Cochran, Lieberman, Akaka, Torricelli, Cleland and Thompson.

IV. SECTION-BY-SECTION ANALYSIS


Section 2. Would amend Section 414(g) of title 39, United States Code, by striking “2-year” and inserting “4-year.”

V. REGULATORY IMPACT STATEMENT

Paragraph 11(b)(1) of rule XXVI of Standing Rules of the Senate requires that each report accompanying a bill evaluate “the regulatory impact which would be incurred in carrying out this bill.”

Enactment of this legislation will have no significant regulatory impact. S. 2386 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on the budgets of state, local, or tribal governments.
VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,

Hon. Fred Thompson,
Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2386, the Breast Cancer Research Stamp Reauthorization Act of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Grabowicz.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.


Summary: The Stamp Out Breast Cancer Act (Public Law 105–41) established a special postage stamp for first-class mail. The United States Postal Service set the price of this stamp at 40 cents, 7 cents above the regular rate of 33 cents. Amounts collected from the special stamp above the regular postal rate are later transferred to the National Institutes of Health (NIH) and the Department of Defense (DoD) to spend for breast cancer research (after accounting for the Postal Service’s administrative costs). S. 2386 would extend this program for two years beyond its expiration date of July 28, 2000.

Over the 2000–2005 period, CBO estimates that enacting S. 2386 would result in a negligible net effect on direct spending. Because enactment of the bill would affect direct spending, pay-as-you-go procedures would apply. S. 2386 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. 2386 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).

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<th>By fiscal year, in millions of dollars—</th>
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Basis of estimate: Since the program’s inception in July 1998, sales of the stamps have resulted in collections of about $15 million for breast cancer research. CBO estimates that enacting S. 2386 would increase such collections by the Postal Service by about $1 million in fiscal year 2000, $5 million in 2001, and $4 million in 2002. After covering its administrative costs, the Postal Service would transfer the collections to NIH and DoD in April and November of each year. Thus, the net impact on the Postal Service over the 2000–2005 period would be zero. Postal Service spending and receipts are defined as off-budget.

We estimate that enacting S. 2386 would increase NIH and DoD collections by $3 million in 2001, $5 million in 2002, and $2 million in 2003. Spending of these collections by those two agencies would be about $1 million in fiscal year 2001, $3 million a year in 2002 and 2003, $2 million in 2004, and about $1 million in 2005. Thus, the changes in spending would sum to the changes in collections but outlays would lag behind collections. CBO estimates that the change in net outlays for NIH and DoD over the 2000–2005 period would be near zero.

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 transfer and spending of these funds by NIH and DoD under S. 2386 would be subject to pay-as-you-go procedures. Over the 2000–2005 period, such spending would sum to near zero. The bill’s pay-as-you-go effects are summarized in the following table.

Intergovernmental and private-sector impact: S. 2386 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.


Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.
VII. ADDITIONAL VIEWS OF SENATOR LEVIN

The Committee Report notes that the Breast Cancer Research Stamp is the first semipostal stamp in our nation’s history but does not mention that it is also the first time Congress has mandated the issuance of any stamp in the last 40 years.

Congress traditionally defers to the Postal Service and its advisory committee, the Citizens’ Stamp Advisory Committee (CSAC), to select subjects for commemorative stamps. CSAC was created in 1957 to take politics out of the stamp selection process. According to the Postal Service, CSAC provides “a breadth of judgment and depth of experience in various areas that influence subject matter, character and beauty of postage stamps.” CSAC’s 15 committee members review and select stamp subjects that are interesting, educational, and that meet the corporate goals of the Postal Service.

CSAC screens over 50,000 letters of recommendations for stamps annually and evaluates the merits of each proposal before making its recommendations to the Postmaster General. Each year, CSAC members make many tough choices—choosing only a small number of subjects for their commemorative stamp program out of thousands. Congress advises CSAC on stamp subjects by writing letters or sponsoring Sense of Congress resolutions, but, until now, Congress has left the final decisionmaking on stamp issuance to the Postal Service, after receiving recommendations from CSAC.

The authority to determine subjects for stamps, including semipostals, should remain with the Postal Service and the Postal Service only. The Postal Service is best equipped to balance the competing concerns to determine which stamps will have broad national interest and will meet the needs of the mailing public, free from politics. Other than making recommendations or suggestions, it is best that Congress stay out of the stamp selection process.

At the markup of the Stamp Out Breast Cancer Reauthorization Act, I had planned to offer an amendment to treat future semipostal stamp selection in a similar manner as commemorative stamp selection, by authorizing the Postal Service to issue semipostals. My amendment would authorize the Postal Service to establish a committee similar to CSAC, or use CSAC itself to determine which semipostal stamps would have broad appeal to the public, and which of those stamps would generate sufficient revenue to offset costs.

The Committee Report states that, “concerns have been raised about this concept (my amendment) and whether it is appropriate for the Postal Service to exercise what is essentially a political decision, which rests with Congress.” The suggestion that stamp selection is political is inconsistent with the lessons learned from the history of the Postal Service. Stamp selection has been apolitical for the last four decades and has been successfully achieved.
Now, there are more than a dozen proposals pending in Congress calling for a special semipostal to fund a charitable cause or organization. Semipostal stamp selection is in the process of becoming highly politicized with each group lobbying Members of Congress to introduce stamp legislation for their particular cause or charity. These stamp proposals generally promote causes worthy of attention, but the Committee is right to note that “some of the proposed subjects may not have broad appeal; and therefore, may not be financially viable.”

For example, one semipostal stamp proposal that has already been approved by the Governmental Affairs Committee is the Look, Listen, and Live Stamp Act. That stamp would require the Postal Service to issue a semipostal stamp for an organization called Operation Lifesaver, a nonprofit organization dedicated to highway-rail safety through education. Operation Lifesaver is undoubtedly a fine organization, but it is not the only organization committed to preventing railroad casualties. In fact, advocates are split on the issue of grade crossings safety and the best method to prevent rail-related injuries. Operation Lifesaver, for example, emphasizes safety through education while other railway safety advocates promote safety by funding automatic lights and gates at crossings.

Over the last months, railroad safety organizations have contacted my office to represent their strong disagreement with the Look, Listen, and Live Stamp, primarily because of the emphasis that Operation Lifesaver puts on education, and education only.

Scott Gauvin, President of Coalition for Safer Crossings, wrote: “I personally find Operation Lifesaver spin on education appalling. Three and a half years ago I lost a very dear and close friend of mine at an unprotected crossing in southwestern Illinois. Eric was nineteen. . . . When I was in high school I received the same driver safety training regarding grade crossings safety as my best friend Eric did. Eric is now gone. The funds from this proposed stamp would not have helped him. Now if this stamp would have been around prior to 1996 and funds were allocated to the State of Illinois for hardware and a set of automatic lights and gates were installed at this crossing in question I wouldn’t be writing you this letter today. I hope you understand the difference.”

In the case of this particular semipostal, Congress would not only be deciding to promote one worthy cause over another, Congress would be deciding to promote one specific organization over another—an organization that does not have the full support of the railroad safety community. This particular stamp is an example of a stamp that may not be “financially viable,” and yet, the full Committee has already reported this proposal favorably.

Rather than using political criteria to choose one worthy cause over another, or in some cases, one organization over another, we should authorize the Postal Service, who with their expertise, can conduct cost-benefit analyses to determine which of the several semipostal stamp proposals will be effective, appropriate and profitable.

At the May 25, 2000, subcommittee hearing on the “Issuance of Semipostal Stamps by the United States Postal Service,” Bernard Ungar of the GAO recommended that Congress review the problems with the U.S. Mint’s commemorative coin program. Mr. Ungar
pointed out that semipostals and commemorative coins are very similar, in that both are authorized by Congress and produced by government agencies, and both are used to raise money for a special purpose or a sponsoring group.

According to Mr. Ungar, Congress can apply two major lessons learned by the pitfalls of the U.S. Mint’s commemorative coin program to the future issuance of semipostals. The GAO’s previously released report on the Mint program concluded that, “as the number of commemorative coin programs authorized proliferated, the market became saturated and sales declined.” He stated, “As we noted in our report on the BCRS [Breast Cancer Research Stamp], there has already been a proliferation of semipostal bills in Congress since the act creating BCRS. Passage of several of these bills creating semipostals with similar sales time frames might saturate the market and strain, if not overwhelm, the Service’s capacity to effectively develop, distribute, and market these semipostals.” Furthermore, Mr. Ungar noted that, “* * * just as some commemorative coins failed to sell well because of themes lacking broad market appeal, semipostals with limited public appeal and market-ability might also fare poorly.” In these situations, if sales are not sufficient to cover costs, the Postal Service will record a loss.

Congress should not go down that path. Giving authority to issue semipostal stamps to the Postal Service will result in a more limited but more successful semipostal stamp program.

CARL LEVIN.
VII. CHANGES TO EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 2386 as reported are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

UNITED STATES CODE
TITLE 39—POSTAL SERVICE
CHAPTER 4—GENERAL AUTHORITY
SEC. 414. SPECIAL POSTAGE STAMPS.

  (g) This section shall cease to be effective at the end of the [2-year] 4-year period beginning on the date on which special postage stamps under this section are first made available to the public.