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U.S. POSTAL
SERVICE

Factors Affecting
Fund-Raising Stamp
Sales Suggest Lessons
Learned



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Highlights

Highlights of [GAO-05-953](#), a report to congressional committees

Why GAO Did This Study

Congress has directed the U.S. Postal Service to issue three fund-raising stamps, also called semipostals, since 1998. These stamps are sold at a higher price than First-Class stamps, with the difference going to federal agencies for specific causes. The proceeds from the three stamps address breast cancer research, assistance to families of emergency personnel killed or permanently disabled in the terrorist attacks of September 11, and domestic violence.

The law authorizing the Breast Cancer Research stamp directed GAO to report on the fund-raising results. To provide additional information to Congress, GAO expanded the study to include all three semipostals. GAO's study addressed (1) the amounts raised and the factors affecting sales, (2) how the designated agencies used the proceeds and reported the results, and (3) lessons learned for the Postal Service, agencies receiving the proceeds, and others.

What GAO Recommends

To enhance accountability for semipostal proceeds, GAO recommends that agencies receiving the proceeds issue annual reports to Congress on their use of the proceeds. The Postal Service generally agreed with the report's findings. The Department of Defense concurred with the recommendation. The other agencies did not comment.

www.gao.gov/cgi-bin/getrpt?GAO-05-953.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Siggerud at (202) 512-2834 or siggerudk@gao.gov.

U.S. POSTAL SERVICE

Factors Affecting Fund-Raising Stamp Sales Suggest Lessons Learned

What GAO Found

Over \$56 million has been raised through semipostal sales as of June 2005, and sales were likely affected by several key factors. Individually, proceeds totaled \$44 million for the Breast Cancer Research stamp, over \$10.5 million for the Heroes of 2001 stamp, and nearly \$2 million for the Stop Family Violence stamp. Sales patterns and levels differed greatly, with four key factors affecting sales patterns: (1) fund-raising cause, (2) support of advocacy groups, (3) stamp design, and (4) promotion by the Postal Service.

The designated federal agencies currently award or plan to award grants with the proceeds; none of the agencies has reported specifically on results. Breast Cancer Research stamp proceeds have been used to award research grants by the National Institutes of Health and the Department of Defense. No grants have yet been awarded with the proceeds from the two other semipostals. The Federal Emergency Management Agency plans to distribute Heroes of 2001 stamp proceeds through grants to families of emergency personnel killed or permanently disabled from the September 11 attacks, while the Department of Health and Human Services plans to use Stop Family Violence stamp proceeds for grants to organizations for projects aimed at enhancing services to children exposed to domestic violence.

Key lessons that have emerged from the three semipostals:

- The nature of the charitable cause can greatly affect sales patterns and other results. A disaster, for example, is more likely to have a brief but intense response, while an ongoing health issue will have a longer one.
- Early and continued involvement of advocacy groups helps sustain semipostal support.
- Stamp design, promotion, and clear understanding about how proceeds will be used can greatly affect consumers' response.
- Semipostals generate proceeds immediately, but the logistics of using the moneys raised takes much longer.
- Reporting can enhance accountability. Congress included a reporting requirement in the Semipostal Authorization Act of 2000, but these three semipostals are not subject to that requirement.

Breast Cancer Research, Heroes of 2001, and Stop Family Violence Stamps



Source: U.S. Postal Service.

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Abbreviations

ACF	Administration for Children and Families
BBB	Better Business Bureau
DOD	Department of Defense
FEMA	Federal Emergency Management Agency
HHS	Department of Health and Human Services
NCI	National Cancer Institute
NIH	National Institutes of Health
OMB	Office of Management and Budget
Win ABC	Women's Information Network Against Breast Cancer

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United States Government Accountability Office
Washington, D.C. 20548

September 30, 2005

The Honorable Susan M. Collins
Chairman
The Honorable Joseph I. Lieberman
Ranking Minority Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Tom Davis
Chairman
The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform
House of Representatives

Since 1998, Congress has called for the U.S. Postal Service (Service) to issue the first three fund-raising stamps in the nation's history. These stamps, called "semipostals," are First-Class postage stamps that are sold at a premium over their postage value, in order to help provide funding for a designated charitable cause. The semipostal proceeds are transferred from the Service to designated federal agencies that administer the funds.¹ The three semipostals include the following:

- the Breast Cancer Research stamp, issued in 1998, which funds breast cancer research at the National Institutes of Health (NIH) and the Department of Defense (DOD);
- the Heroes of 2001 stamp, issued in 2002 to assist the families of emergency relief personnel who were killed or permanently disabled in the terrorist attacks of September 11, 2001, through a program administered by the Federal Emergency Management Agency (FEMA); and

¹Prior to transferring the proceeds to agencies, the Service is to deduct costs attributable to the semipostals that would not normally be incurred for comparable stamps.

-
- the Stop Family Violence stamp, issued in 2003 to fund domestic violence prevention programs at the Department of Health and Human Services (HHS).²

Although each of the three existing semipostals was mandated by Congress, the Semipostal Authorization Act of 2000 gave the Service the authority to issue and sell semipostals on its own “in order to advance such causes as the Service considers to be in the national public interest and appropriate.”³ This act and the related regulations establish the criteria for such things as selecting causes, establishing prices, and reporting annually on how the money is being used. The existing semipostals were not issued under this authority and only certain provisions of this act apply to them. Although the Service has not yet exercised this authority, new semipostals continue to be proposed by Congress, and advocates and fund-raising experts view semipostals as an easy way for the public to contribute funds to charitable causes.

The Stamp Out Breast Cancer Act required that we issue a report to Congress on the Breast Cancer Research stamp no later than 3 months before the end of the stamp’s authorized sales period.⁴ We issued our first report under this requirement in April 2000, and Congress has subsequently extended the sales period for the stamp three times, resulting in a follow-on report in September 2003 and this study.⁵ The authorized sales period for the Breast Cancer Research stamp is currently scheduled to expire December 31, 2005. However, legislation is currently pending that would extend the sales period for the Breast Cancer Research stamp until

²The Stamp Out Breast Cancer Act (P.L. 105-41) required that the Service issue a Breast Cancer Research stamp. The 9/11 Heroes Stamp Act of 2001 and the Stamp Out Domestic Violence Act of 2001 mandated that the Service issue semipostals for these causes. Both the Heroes of 2001 and Stop Family Violence stamps were authorized as part of the Treasury and General Government Appropriations Act, 2002 (P.L. 107-67).

³P.L. 106-253.

⁴P.L. 105-41.

⁵GAO, *Breast Cancer Research Stamp: Millions Raised for Research, but Better Cost Recovery Criteria Needed*, [GAO/GGD-00-80](#) (Washington, D.C.: Apr. 28, 2000) and *Breast Cancer Research Stamp: Effective Fund-Raiser, but Better Reporting and Cost-Recovery Criteria Needed*, [GAO-03-1021](#) (Washington, D.C.: Sept. 30, 2003).

December 31, 2007.⁶ To provide additional information to Congress, we have expanded this current study to all three semipostals. Accordingly, this report examines (1) the amount of money raised by the semipostals and what factors appear to have affected sales; (2) how the designated federal agencies used funds raised by the semipostals and how they reported results; and (3) the lessons learned from these semipostals for the Service, agencies receiving semipostal proceeds, and other stakeholders. Appendix II of this report also provides information on the costs associated with the semipostal program and the status of our recommendations regarding cost-recovery criteria made to the Postmaster General in our September 2003 report.

To address these objectives, we obtained detailed sales and cost information from the Service on each of the three semipostals and gathered information from a broad spectrum of federal officials, fund-raising experts, and advocacy groups, about each of the semipostals and the related charitable causes. We interviewed officials from the Service and the federal agencies receiving semipostal proceeds and gathered and reviewed agency documents pertaining to semipostal programs. We consulted organizations with fund-raising expertise, such as the Association of Fundraising Professionals, the American Red Cross, and the Better Business Bureau's (BBB) Wise Giving Alliance, about fund-raising patterns and factors that influence fund-raising efforts for different charitable causes. In addition, we identified and interviewed key national advocacy groups affiliated with breast cancer, emergency personnel affected by the terrorist attacks of September 11, and domestic violence prevention regarding their opinions about and experiences with the semipostals. See appendix I for more details regarding our scope and methodology.

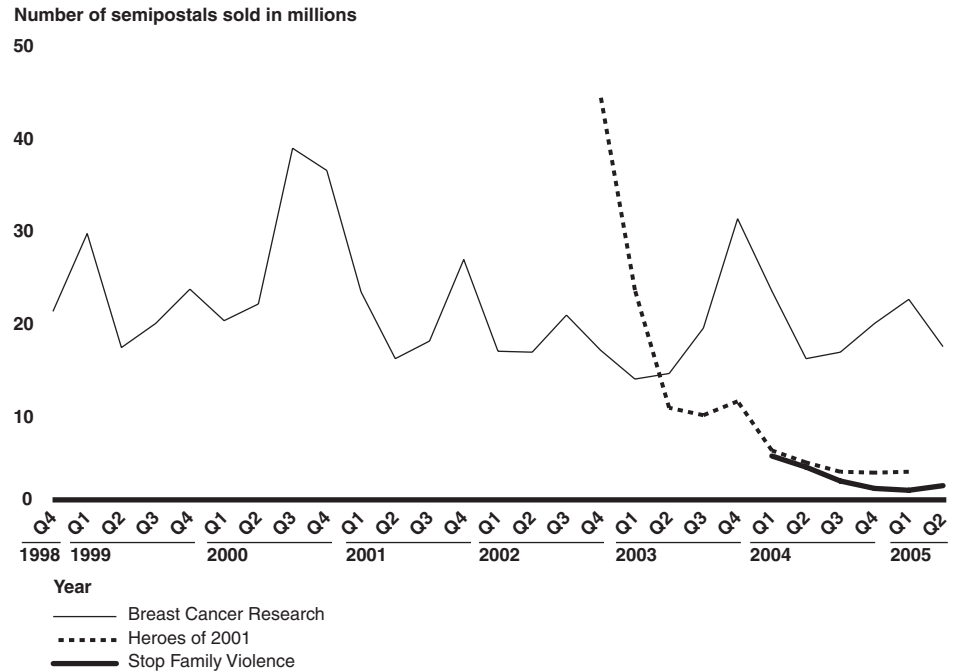
We requested comments on a draft of this report from the Service, Administration for Children and Families (ACF), DOD, FEMA, HHS and NIH. The Service and DOD provided written comments, which are reprinted in appendixes VI and VII, respectively. ACF, FEMA, HHS and NIH did not provide comments on this report. We conducted our review from January 2005 through August 2005 according to generally accepted government auditing standards.

⁶On September 28, 2005, the Senate passed S. 37, which reauthorizes P.L. 105-41 through December 31, 2007.

Results in Brief

Over \$56 million has been raised through sales of semipostals to date, and several key factors likely affected sales. Individually, the Breast Cancer Research stamp has raised \$44 million, the Heroes of 2001 stamp over \$10.5 million, and the Stop Family Violence stamp nearly \$2 million as of June 30, 2005. The sales patterns and levels for each of the semipostals differed greatly, with the Breast Cancer Research stamp remaining at a comparably high sales level for several years, while the Heroes of 2001 and Stop Family Violence stamp have experienced drop-offs in sales after the first few months (see fig. 1). The higher sales total for the Breast Cancer Research stamp partly reflects the fact that it has been for sale longer than the other semipostals. In addition, on the basis of our discussions with the various agencies and organizations involved, four other key factors appear to have affected sales for the three semipostals. These key factors are (1) the fundraising causes, including the degree to which people were aware of the cause and motivated to support it; (2) the promotional capabilities and activities of affiliated advocacy groups; (3) the designs of the semipostals; and (4) the promotional activities of the Service. These factors play central roles in the lessons learned from evaluating sales of these semipostals.

Figure 1: Number of Semipostals Sold Annually, in Millions, through May 31, 2005



Source: U.S. Postal Service.

The designated federal agencies that receive semipostal proceeds currently award or plan to distribute the funds through grants; and, while the agencies have information on how these funds are used, none of the agencies had reported specifically on their use of semipostal proceeds, including grant outcomes, to Congress, other stakeholders, or the public. Breast Cancer Research stamp proceeds provide funding for research grants administered by NIH and DOD. As of May 31, 2005, the NIH had awarded about \$16 million for research grants that have produced such results as patents on antitumor drugs and new cancer detection methods, and the DOD had awarded about \$11 million in grants intended to encourage innovative approaches to breast cancer research. No grants had yet been awarded with the proceeds from the other two semipostals. FEMA intends to make grants available to eligible families of emergency relief personnel who were killed or permanently disabled as a result of the September 11 terrorist attacks with the proceeds from the Heroes of 2001 stamp. FEMA made a decision that it would wait until it received all semipostal proceeds before making funds available to eligible families. FEMA had to establish a new mechanism for distributing the funds, given

that the cause addresses a unique event. HHS, which began receiving proceeds from the Stop Family Violence stamp in May 2004, plans to use the proceeds to fund projects focused on the enhancement and distribution of services for children exposed to domestic violence. The Semipostal Authorization Act calls for annual reports on the use of proceeds, but these three semipostals were not issued under this act, and the reporting requirement does not apply. Both NIH and DOD provide limited reporting on the use of Breast Cancer Research stamp funds through reports on research programs in general, though these reports do not focus on semipostal proceeds. In part as a result of our work, FEMA recently provided Congress with information about the amount of proceeds that the agency has received through sales of the Heroes of 2001 stamp and stated the agency will provide a report summarizing the program next year. HHS plans to report specifically on its use of Stop Family Violence stamp proceeds.

Key lessons that emerge from the three semipostals stem both from the factors affecting sales and the agency uses of semipostal proceeds:

- **Charitable causes selected for a semipostal can greatly affect the arc of the fund-raising effort and other results achieved.** Semipostal sales reflected differences among disaster response, ongoing social and health fund-raising causes, as well as among causes with greater or lesser amounts of appeal. For example, the Heroes of 2001 stamp—which dealt with a catastrophic, high-visibility event that stirred strong emotional reaction among a wide portion of the population—had over 50 percent of its sales within the initial two-quarters. The Breast Cancer Research stamp, which deals with an ongoing health issue, has never achieved a quarterly sales level matching the highest sales levels of the Heroes of 2001 stamp, but has continued to see steady sales throughout the 7 years it has been available and has higher average sales over time. Likewise, the popularity of charitable causes can affect the amounts raised by semipostals addressing such issues. For example, the Breast Cancer Research stamp addresses a charitable cause with a high profile and has had high sales levels over time, while the Stop Family Violence stamp—which raises money for a cause that may generate a more complex response—has had average sales that are less than one-fourth of those of the Breast Cancer Research stamp.
- **Early and continued involvement of advocacy groups helps sustain semipostal support.** After committing about \$1 million to each advertising campaign for the Breast Cancer Research and Heroes

of 2001 stamps, the Service experienced budget reductions and consequently implemented a new policy to no longer advertise individual stamps, including semipostals. Additionally, none of the agencies receiving semipostal proceeds has contributed to a formal advertising campaign. Absent a formal campaign, advocacy groups and individuals involved with a charitable cause are the best source of promotion for semipostals. For example, the Susan G. Komen Breast Cancer Foundation has featured the Breast Cancer Research stamp in its publications and newsletter, which is sent to one million people. On the contrary, large national advocacy groups addressing issues of family violence or victims of September 11 have not had enduring efforts to promote the other semipostals.

- **Stamp design, how extensively a semipostal is promoted, and information about the use of proceeds can greatly affect the extent to which consumers support the semipostal.** While some consumers may be well informed and supportive enough of a cause to buy semipostals, regardless of how the stamp looks or how the proceeds will be spent, many other potential consumers may need to be informed about the semipostal and may consider these factors in their decision of whether to purchase a semipostal. Support may be further enhanced if the semipostal or the available promotional information clearly indicates how the money will be used. For example, the Breast Cancer Research stamp provides a clear indication of how proceeds will be used, while the fund-raising causes benefiting from the Stop Family Violence stamp may not be as apparent.
- **Semipostals generate proceeds immediately upon issuance, but the logistics of using the moneys raised takes much longer.** Uncertainty surrounding the amount of funds that a semipostal will raise, together with the amount of time required to establish new programs to distribute semipostal funds can lead to a time lag before agencies use semipostal proceeds. Using existing agency processes and procedures for grant programs may ease administration and expedite the distribution of semipostal proceeds. For example, DOD treats Breast Cancer Research stamp proceeds the same as all other funds in its Breast Cancer Research Program, which allowed the agency to incorporate the semipostal funds into its regular grant cycle within a year. In contrast, FEMA, which is developing a new program for administering Heroes of 2001 stamp proceeds, has taken nearly 3 years to award any semipostal funds.

-
- **A reporting approach, such as the one included in the Semipostal Authorization Act, can enhance accountability.** In the Semipostal Authorization Act, Congress took steps to ensure that reporting on the use of funds would be a part of any Service initiated semipostals. However, the three existing semipostals were all authorized separately from this act, and the agencies that receive proceeds from these semipostals are not required to report on the use of the funds. Additionally, program reporting is an important standard for ensuring accountability of charitable proceeds, and for the semipostal causes, many advocacy groups were unclear as to specifically how semipostal proceeds were being used. In the case of the Stop Family Violence stamp, this resulted in reduced support for the stamp by advocacy groups. Reporting can make information about grant goals and accomplishments more transparent.

We are recommending that the agencies receiving semipostal proceeds improve reporting of how the funds are being used by issuing annual reports to the congressional committees with jurisdiction over the Service. In commenting on a draft of this report, the Service generally agreed with the four key factors that appear to affect semipostal sales but suggested that stamp design and its promotion of the stamps seem to be of less importance to a semipostal's success as a fund-raiser. We continue to believe that stamp design and the Service's promotional efforts were key factors in semipostal sales, based on our discussion with advocacy groups and fund-raising experts. For example, fund-raising experts agreed that in most cases there is a connection between the amount invested and the amounts raised. DOD concurred with our recommendation to improve reporting of how semipostal proceeds are used.

Background

The three stamps issued thus far in the nation's semipostal program have all been authorized through separate congressional acts pertaining solely to those stamps. The Stamp Out Breast Cancer Act required that the Service issue a Breast Cancer Research stamp, the nation's first semipostal. Two additional semipostals—the Heroes of 2001 and Stop Family Violence stamps—were mandated by Congress in the 9/11 Heroes Stamp Act of 2001 and the Stamp Out Domestic Violence Act of 2001.⁷ Figure 2 shows the three semipostals.

⁷Both acts were included as part of the Treasury and General Government Appropriations Act, 2002 (P.L. 107-67).

Figure 2: Breast Cancer Research, Heroes of 2001, and Stop Family Violence Stamps



Source: U.S. Postal Service.

Following the authorization of these semipostals by Congress, a number of stakeholders became involved with the semipostals, including the Service, designated federal agencies, and advocacy groups. For example, after Congress mandated the semipostals, the Service issued the stamps and then transferred semipostal proceeds to the designated federal agencies, which then directed the funds toward the identified causes. Additionally, advocacy groups involved with the charitable causes have assisted in promoting the semipostals. Table 1 identifies the various stakeholders and summarizes their primary roles related to the semipostals.

Table 1: Semipostal Stakeholders and Related Roles

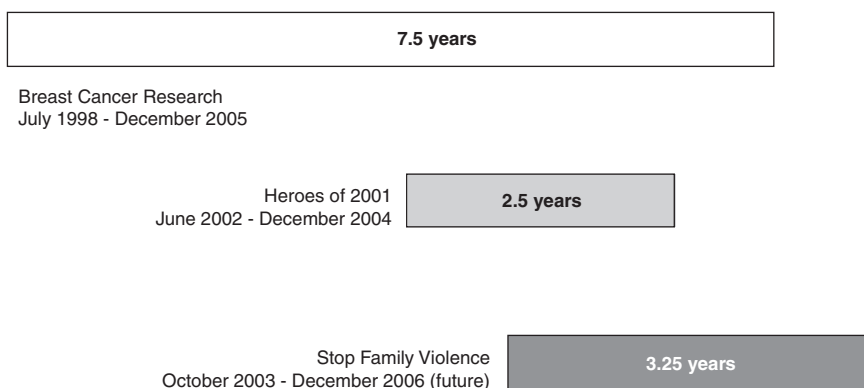
Stakeholder	Role
Postal Service	Establish the postage rate for semipostals, make semipostals available to the public, deduct reasonable costs from semipostal proceeds, and transfer the remaining funds to designated federal agencies.
Designated agencies	Administer the semipostal proceeds contributed to the designated charitable cause.
Advocacy groups	No official role, but various groups have individually participated in promoting semipostals.

Source: GAO analysis of information provided by the U.S. Postal Service and agencies.

Authorized for 2 years in 1998, the Breast Cancer Research stamp has subsequently been reauthorized three times, and there are proposals in Congress to further extend the sales period through December 31, 2007. The Breast Cancer Research stamp raises money for breast cancer research programs at NIH and DOD, with the former receiving 70 percent of the funds raised and the latter receiving the remaining 30 percent. The Heroes of 2001 stamp was offered for sale from June 7, 2002, to December 31, 2004, and funds raised were transferred to FEMA to provide assistance to the families of emergency relief personnel who were killed or permanently disabled in the line of duty in connection with the terrorist attacks against the United States on September 11, 2001. The Service started selling the Stop Family Violence stamp on October 8, 2003, and it is scheduled to expire on December 31, 2006. Proceeds from the Stop Family Violence stamp are being transferred to HHS for domestic violence programs. For a period of just over 1 year, between October 8, 2003, and December 31, 2004, all three semipostals were on sale simultaneously. Figure 3 shows the authorized sales periods for each of the semipostals.

Figure 3: Authorized Sales Period of the Three Semipostals

Authorized sales period for the semipostals



1998 1999 2000 2001 2002 2003 2004 2005 2006 2007

Source: U.S. Postal Service.

Separately from the provisions that authorized the three semipostals, the Semipostal Authorization Act gave the Service the authority to issue semipostals that it considers to be appropriate and in the national public

interest; however, the Service has not yet exercised this authority. Further, the Service has indicated that it does not plan to issue any semipostals under its own authority until sales of the Breast Cancer Research stamp and other congressionally authorized semipostals have concluded. However, legislative proposals to establish new semipostals continue to be made. In the 109th Congress, for example, a bill has been introduced to establish a new semipostal to benefit the Peace Corps.⁸ In February 2005, the House Committee on Government Reform, the oversight committee for the Service, adopted a rule that stated that the Committee will not give consideration to legislative proposals specifying the subject matter of new semipostals. That rule also stated that the Service should determine the subject matter of new semipostals. In September 2005, a bill was introduced to establish a semipostal to provide disaster relief for residents of Louisiana, Mississippi, and Alabama who were affected by Hurricane Katrina. The proceeds are to be transferred to the American Red Cross Disaster Relief Fund for Hurricane Katrina, which is not a government entity. This contrasts with the existing semipostals that transfer their proceeds to designated federal agencies.⁹

In our previous work, we reported that the Breast Cancer Research stamp has been an effective fund-raiser and that funds raised through sales of the stamp had contributed to key insights and approaches for the treatment of breast cancer. Most of the key stakeholders we spoke with and, according to our survey, members of the public viewed the stamp as an appropriate way of raising funds for a nonpostal purpose. We expressed some concerns, however, about the Service's identification and recovery of costs associated with carrying out the act. We recommended that the Service reexamine and, as necessary, revise its Breast Cancer Research stamp cost-recovery regulations. We also suggested that Congress consider establishing annual reporting requirements for NIH and DOD.

⁸H.R. 560 was introduced on February 2, 2005.

⁹H.R. 3750 was introduced on September 13, 2005.

Semipostals Have Raised Over \$56 Million, with Several Factors Likely Affecting Sales

Semipostals have raised over \$56 million to date, and sales were likely impacted by several factors. In addition to variations in the amounts raised by each of the semipostals, sales patterns were also different, and on the basis of our discussions with Service officials, advocacy groups, and other stakeholders, we identified four key factors that affected sales, including (1) fund-raising cause, (2) support of advocacy groups, (3) stamp design, and (4) Service promotional activities.

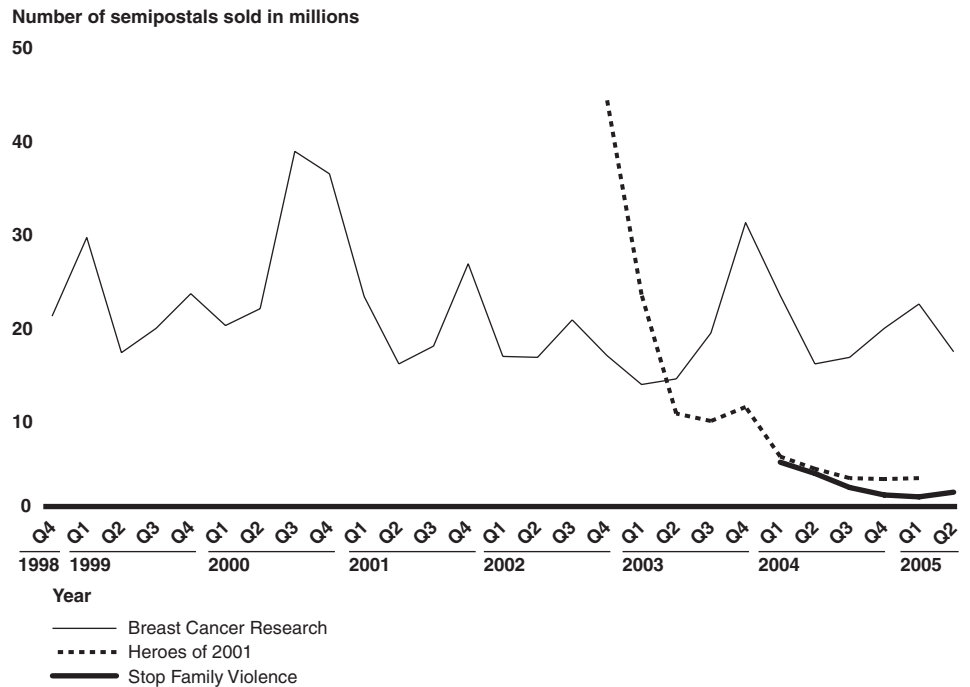
Semipostal Proceeds and Sales Patterns Varied Substantially

The funds raised by the semipostals vary from \$44 million for the Breast Cancer Research stamp to over \$10.5 million for the Heroes of 2001 stamp and nearly \$2 million for the Stop Family Violence stamp, totaling over \$56 million. The length of time that each semipostal has been sold affected the amounts raised: the Breast Cancer Research stamp has been available for 7 years, the Heroes of 2001 stamp was available for just over 2½ years, and the Stop Family Violence stamp has been available for under 2 years.

Semipostal sales patterns reveal marked differences. Breast Cancer Research stamp sales have fluctuated since the semipostal's issuance in 1998 but have remained at a comparably high level over time (see fig. 4). The Heroes of 2001 and Stop Family Violence stamps each had initial sales surges—although at much different levels—with subsequent declines. Sales of the Breast Cancer Research stamp have averaged over 22 million semipostals per quarter since it was issued in 1998, with total sales of 606.8 million semipostals by May 31, 2005.¹⁰ Sales of the Heroes of 2001 stamp averaged over 13 million semipostals per quarter throughout its sales period and totaled 132.9 million, although over 50 percent of total sales occurred in the first two-quarters after issuance in 2002. Finally, as of May 31, 2005, sales of the Stop Family Violence stamp have averaged over 4 million semipostals per quarter and total 25.3 million since issuance.

¹⁰For purposes of analyzing semipostal sales over time, we used the Service's fiscal calendar.

Figure 4: Number of Semipostals Sold by Quarter, in Millions, through May 31, 2005



Sales Patterns Were Influenced by Several Key Factors

Fund-Raising Cause: Awareness, Appeal, and Staying Power

Public awareness about the fund-raising causes represented by the semipostals likely affected sales levels. The two semipostals addressing causes with high levels of public awareness—finding a cure for breast cancer and supporting the families of September 11 emergency personnel—had higher sales than the Stop Family Violence stamp, which raises funds for domestic violence programs, a cause that, while well known, has a lower profile. An official with the Komen Foundation pointed out that in the case of the Breast Cancer Research stamp, the fact that about one in eight women are affected by breast cancer keeps the subject in the public spotlight. Likewise, the national significance of the events surrounding the September 11 terrorist attacks ensured a high level of public awareness regarding the cause represented by the Heroes of 2001

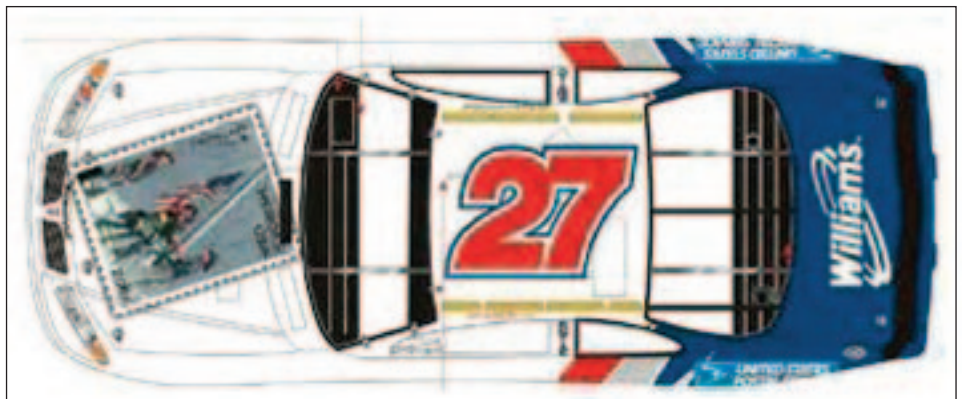
stamp. In contrast, Service officials pointed to the lack of general coverage about domestic violence, which may have limited sales of the Stop Family Violence stamp.

The appeal of the particular fund-raising cause was also a factor affecting semipostal sales. While the Breast Cancer Research and Heroes of 2001 stamps were associated with causes that generate a strong and supportive response, the Stop Family Violence stamp deals with a cause that may evoke a more complex response. Officials with the Association of Fundraising Professionals noted that certain causes generate a greater response than others, regardless of fund-raising methods. According to an official with the BBB Wise Giving Alliance, for example, four popular fund-raising causes currently are cancer, children's issues, relief efforts, and animals, although the popularity of fund-raising causes fluctuates over time. Such an impact can be particularly acute for campaigns that use affinity fund-raising, whereby donors demonstrate their support for a specific cause with a public sign of their commitment. Fund-raising experts we spoke with at the Association of Fundraising Professionals stated that semipostals are examples of this kind of effort, and officials with the American Red Cross noted that other well-known examples of such marketing include the Lance Armstrong Foundation's LiveStrong yellow bracelets and pink breast cancer awareness ribbons. Such branding can be problematic, however, for causes that, for a variety of reasons, may be more difficult to embrace. For example, officials with the National Coalition Against Domestic Violence and the Service mentioned that consumers may be reluctant to use the Stop Family Violence stamp given that the fund-raising cause is particularly sensitive. Service officials noted that some consumers pay close attention to the ways in which stamps can send intended or unintended messages about the sender or receiver of letters.

The difference in appeal between fund-raising causes can also be seen in the degree to which they readily attract support or promotion by businesses or organizations. In the case of the semipostals, American Express and NASCAR approached the Service about partnership promotions for the Breast Cancer Research and Heroes of 2001 stamps, respectively. The partnerships resulted in promotion for the semipostals, done largely at the expense of the Service's partners, who were able to affiliate themselves with these popular causes. American Express advertised the Breast Cancer Research stamp in print and inserts, while NASCAR placed an image of the Heroes of 2001 stamp prominently on a stock car at very little cost to the Service (see fig. 5). The Service did not

receive any comparable offers in support of the Stop Family Violence stamp.

Figure 5: Heroes of 2001 Stamp Featured on NASCAR Busch Series Professional Stock Car



Source: Brewco Motorsports, Inc.

While awareness and appeal may affect the size of the response, the length of the response may be related to another characteristic: whether the fund-raising cause is for an episodic event, such as a disaster, or for an ongoing concern, such as finding a cure for a disease. The Heroes of 2001 stamp sales reflected the dramatic emotional spike typically associated with episodic events, with fund-raising efforts building quickly and then declining as events begin to retreat from the public spotlight or become affected by subsequent developments, according to officials with the American Red Cross and the BBB Wise Giving Alliance. These organizations pointed to the fund-raising efforts generated by the December 2004 tsunami as an example of another episodic event, noting that the tsunami fund-raising surge lasted about 30 days. Officials with the Association of Fundraising Professionals told us that such fund-raising spikes are common for one-time events. More specifically, many September 11 fund-raising efforts experienced the same initial surge and the subsequent decline that the Heroes of 2001 stamp experienced, according to representatives with the New York City Police Foundation, the September 11th Families Association, and the National Association of Fallen Firefighters. By contrast, ongoing causes, such as finding a cure for breast cancer, are more likely to have staying power over time, according to fund-raising experts.

Advocacy Groups: Capacity and Activities Undertaken

Sales of the semipostals were likely affected by the capacity of advocacy groups working to promote them. Several of the breast cancer advocacy groups supporting the Breast Cancer Research stamp have large networks of members and have promoted the semipostal at events involving thousands of participants. For example, the Komen Foundation, an active supporter of the semipostal, has more than 80,000 individuals in an online advocacy group involved in lobbying to extend sale of the semipostal. The foundation also conducts “Race for the Cure” events around the world, with more than 1 million walkers or runners participating each year since 2000; and a partnership effort between the Komen Foundation and Yoplait (and its parent company General Mills) has contributed over \$14 million to the breast cancer cause over 7 years. In contrast, family violence prevention groups tend to be smaller, according to officials with the Association of Fundraising Professionals. The National Resource Center on Domestic Violence noted that it has a mailing list of about 5,000 to which it has sent information about the Stop Family Violence stamp; and another group, the National Domestic Violence Hotline, provided information about the semipostal to over 100 local domestic violence programs. Further, an official with the National Coalition Against Domestic Violence described a cell phone donation program that earned about \$2 million over 6 or 7 years. Finally, Service officials noted that there were no organized groups to coordinate with when the Heroes of 2001 stamp was developed.

Beyond the capacity of advocacy groups, the specific efforts undertaken in support of the semipostals by such groups over time likely affected sales. Several breast cancer advocacy groups have actively supported the Breast Cancer Research stamp since its issuance, while comparatively less was done by advocacy groups to support the Heroes of 2001 or Stop Family Violence stamps, which may account for their declining sales trends. Service officials link semipostal sales to the support of advocacy groups.

- Several breast cancer advocacy groups that we spoke with mentioned carrying on activities to promote the Breast Cancer Research stamp. (Table 2 provides examples of these activities.) Likewise, Service officials stated that grassroots support given to the Breast Cancer Research stamp helps to explain its long-term success, pointing to the organized support of the semipostal by breast cancer advocacy groups and individuals, which has included use by doctors’ offices, sponsored walks and runs, and activities surrounding Breast Cancer Awareness Month.

Table 2: Examples of Promotional Efforts Undertaken by Breast Cancer Advocacy Groups to Support the Breast Cancer Research Stamp

Breast cancer advocate	Promotional effort
Cure Breast Cancer	Dr. Ernie Bodai, CEO of Cure Breast Cancer, Inc., presented the stamp in San Francisco with Senator Feinstein and other activists in July 2000. He has also had numerous speaking engagements on behalf of the Breast Cancer Research stamp and been featured in articles for magazines such as <i>Glamour</i> and <i>Women's Day</i> .
Susan G. Komen Breast Cancer Foundation	Hundreds of <i>Race for the Cure</i> events have partnered with local post offices to promote the Breast Cancer Research stamp. The stamp was also featured at the 1998 Washington, D.C. race, at which Vice President Gore was a guest speaker.
Women's Information Network Against Breast Cancer	Women's Information Network Against Breast Cancer (WIN ABC) President Betsy Mullen threw out the first pitch at a San Diego Padres baseball game as the Breast Cancer Research stamp image was projected on the field. WIN ABC is currently coordinating with the National Needle Arts Association for the <i>Stitch to Win Program</i> to create five wall hangings of the Breast Cancer Research stamp in a project traveling around the country. ^a

Source: GAO presentation of information provided by breast cancer advocacy groups and the U.S. Postal Service.

^aDr. Bodai is credited with conceiving the idea for the Breast Cancer Research stamp. He and Ms. Mullen lobbied Congress for the Breast Cancer Research stamp originally. See appendix III for additional information about how the stamp was developed.

- None of the advocacy groups affiliated with emergency personnel affected by the terrorist attacks of September 11 that we spoke with regarding the Heroes of 2001 stamp had engaged in promotional activities for the semipostal. The advocacy groups we spoke with were aware that the funds raised through sales of the semipostal were to be directed to September 11 emergency responders in some capacity, but they were unaware of the specifics of how the proceeds would be used. Like the Stop Family Violence stamp, sales of the Heroes of 2001 stamp did not have the boosts in sales seen periodically with the Breast Cancer Research stamp, although its initial sales were higher. The semipostal's limited staying power may have reflected the lack of advocacy group activity on behalf of the semipostal.
- Several domestic and family violence advocacy groups mentioned that while they had intended to support the Stop Family Violence stamp with promotional activities, they have done less than originally planned. Confusion about how Stop Family Violence stamp proceeds would be

used led some domestic and family violence advocacy groups to limit their promotional activities on behalf of the semipostal. As a result, although some local advocacy groups carried out promotional activities with local post offices, such as semipostal unveiling ceremonies, the national domestic or family violence groups that we spoke with typically limited their promotional activities to articles in newsletters or features on group Web sites. Some domestic and family violence advocacy groups acknowledged that they could have done more to promote the Stop Family Violence stamp and that the semipostal's sales were likely adversely affected by this lack of promotion.

Stamp Design: Image and Message Clarity

The designs of both the Breast Cancer Research and Heroes of 2001 stamps were lauded by stakeholders; however, there was concern that the design of the Stop Family Violence stamp may have negatively affected sales of that semipostal. Both the Breast Cancer Research and Heroes of 2001 stamps had designs that were praised by stakeholders as having inspiring images that conveyed some information about where proceeds would be directed. Consumers could assume that funds would go to breast cancer research or September 11 emergency personnel in some capacity, according to officials with the American Red Cross. However, officials with the Association of Fundraising Professionals noted that the exact use of the funds was not clearly spelled out on either semipostal. Further, in-store messaging also provided limited information. (See fig. 6 for an example of an in-store counter card featuring the semipostals.) In contrast, although the design of the Stop Family Violence stamp won an international award,¹¹ and the story behind the design was described as inspiring by some advocacy groups,¹² advocates with such organizations as the Family Violence Prevention Fund and the National Network to End Domestic Violence questioned how likely postal customers would be to buy the stamp to use on their mail, given the image of a crying child. In addition, the semipostal's design and information provided by the Service on in-store

¹¹The Stop Family Violence stamp was chosen by an international jury at the 34th Asiago International Prize for Philatelic Art as the most beautiful social awareness-themed stamp issued during 2003. The award was announced under the High Patronage of the President of the Republic of Italy.

¹²See appendix III for information about each of the semipostal designs.

materials are less clear regarding how semipostal proceeds are to be used, referring to both domestic and family violence, which are viewed by some as separate causes.¹³

¹³The Family Violence Prevention and Services Act defines family violence as any act or threatened act of violence, including any forceful detention of an individual, which results or threatens to result in physical injury; and is committed by a person against another individual (including an elderly person) to whom such person is or was related by blood or marriage or otherwise legally related or with whom such person was lawfully residing. Advocacy groups we spoke with defined domestic violence as violence committed by an intimate partner against another intimate partner (i.e., spouse, boyfriend or girlfriend, or past partner), noting that family violence may not include those without a legal family relationship.

Figure 6: Service Counter Card Showing the Semipostals and Information about How Proceeds Would Be Used

Fundraising Stamps





Heroes of 2001

Proceeds, above postage, benefit the families of emergency relief personnel killed or permanently disabled in the line of duty in connection with the 9/11 attacks.*

45¢

Breast Cancer Research

Proceeds, above postage, fund Breast Cancer research.*

45¢

NEW!

Stop Family Violence

Proceeds, above postage, support the fight against domestic violence.*

45¢

*The difference between the sales price of the semipostal stamps and the First-Class™ postage rate, in effect at the time of purchase, is a tax-deductible charitable contribution. See retail associate for details.

©2003 United States Postal Service
H03-C02-CC-470
Counter Card



Source: U.S. Postal Service.

The Service's Promotional Efforts

Both the Breast Cancer Research and Heroes of 2001 stamps had extensive Service advertising campaigns. The Service spent nearly \$900,000 to advertise the Breast Cancer Research stamp and more than \$1.1 million for the Heroes of 2001 stamp. This advertising included a billboard in Times Square for the Breast Cancer Research stamp and a national print advertising campaign for the Heroes of 2001 stamp. The Service also received the Gold "Reggie" award from the Promotion Marketing Association for the Service's efforts in promoting the Breast Cancer Research stamp.¹⁴

As the result of an overall reduction in the Service's budget, advertising for all stamps, including semipostals, has been limited to in-store messaging since 2003. As a consequence, Service officials determined that all funds spent to advertise semipostals would be deducted from the totals raised through their sales. This policy change had a marked impact on promotional activities for the Stop Family Violence stamp, which was issued in October 2003. While advertising costs associated with the Breast Cancer Research and Heroes of 2001 stamps had been paid by the Service, all advertising costs for the Stop Family Violence stamp were to be deducted from the stamp's proceeds. In light of these limitations, the Service met with HHS before the Stop Family Violence stamp was issued. At this meeting the Service proposed spending \$1.5 million or more on an advertising campaign that would be funded by the future semipostal proceeds. Because of uncertainty about how much money would be raised through sales of the Stop Family Violence stamp, HHS decided that the proposed advertising campaign not be pursued. In lieu of such a campaign, the Service and HHS looked to the advocacy groups to promote the semipostal. The Service and HHS officials met with advocacy group representatives and provided them with examples of the types of promotional activities that breast cancer advocacy groups had done to help publicize the Breast Cancer Research stamp and a poster for use in promotional activities. Through March 31, 2005, the Service spent about \$77,000 to advertise the Stop Family Violence stamp, and this amount was recovered from semipostal proceeds. Table 3 provides examples of Service promotional efforts and partnerships in support of the semipostals.

¹⁴According to the Promotion Marketing Association, the Reggie awards—with a name derived from "cash register"—identify and honor the best promotional programs each year. The Service received a Reggie for its Breast Cancer stamp promotional campaign in 1999.

Table 3: Examples of Service National Advertising, Promotional, and Partnership Efforts in Support of the Semipostals

Semipostal	National advertising, promotional, and partnership effort
Breast Cancer Research stamp	<p>Stamp unveiled at the 1998 <i>Revlon Run/Walk for Women</i> in Los Angeles. Additional promotion carried out at <i>Revlon Run/Walk</i> events in New York and Los Angeles in 1999.</p> <p>Times Square billboard showed the Breast Cancer Research stamp image and the slogan "Help stamp out Breast Cancer!"</p> <p>National newspaper and magazine advertising campaign in <i>USA Weekend</i>, <i>Reader's Digest</i>, <i>Better Homes and Gardens</i>, <i>Southern Living</i>, <i>Parade</i>, <i>TV Guide</i> and <i>People</i>.</p> <p>Partnership promotion with American Express at five Women's National Basketball Association (WNBA) games in 1998.</p> <p>In 2003, the Safeway supermarket chain purchased more than \$1 million of Breast Cancer Research stamps as part of its community caring program. In addition to the more than \$180,000 this purchase represented in stamp proceeds, Safeway sold sheets of 20 stamps, normally priced at \$9, for \$10 with the extra dollar going to local breast cancer research.</p>
Heroes of 2001 stamp	<p>National print advertising campaign included <i>USA Today</i> and additional advertising in the New York area included the <i>New York Times</i>.</p> <p>Displayed on a stock car at an inaugural NASCAR event at the Daytona International Speedway in 2002.</p>
Stop Family Violence stamp	<p>Advertisements for the Stop Family Violence stamp appeared in individual issues of <i>Parent's</i> and <i>The Week</i> magazines at no charge to the Service.</p>

Source: GAO presentation of information provided by the U.S. Postal Service.

Service officials said that differences in sales among the three semipostals were not the result of the level of actions on the part of the Service. They said a semipostal's success is dependent on the support provided by external groups or individuals. Service officials point out that for each semipostal, the Service issued a field and press kit and met with officials from the agencies receiving semipostal proceeds. In addition, the Service initiated kickoff events for each of the semipostals at the White House, with involvement from either the President or First Lady (see fig. 7). Finally, Service officials noted that local post offices are available to sponsor local events at the discretion of the postmaster. For example, the Service's South Georgia District employees established the "Circle of Hope"

campaign to promote and raise funds for the Breast Cancer Research stamp. In 2004, the campaign raised an estimated \$21,000 in proceeds through stamp sales. Likewise, the Cardiss Collins Postal Facility in Chicago held a rededication ceremony for the Stop Family Violence stamp on August 2, 2005, in collaboration with the Illinois Secretary of State and officials from the Chicago Abused Women Coalition and the Chicago Police Department.

Figure 7: Photos of White House Kickoff Events for Each of the Semipostals



Sources: U.S. Postal Service, White House.

The Breast Cancer Research stamp was officially issued by former First Lady Hillary Rodham Clinton and former Postmaster General William Henderson at the White House.

President Bush unveiled the Heroes of 2001 stamp with Postmaster General Jack Potter; Firefighters Billy Eisengrein and George Johnson; U.S. Rep. Gary Ackerman; Firefighter Dan McWilliams; and photographer Thomas Franklin, who took the photo featured on the stamp.

After signing a proclamation recognizing October as Domestic Violence Month, President George W. Bush shakes hands with Monique Blais, 7, the young artist who designed the Stop Family Violence stamp.

Semipostal Proceeds Will Be Used for Grants, with Limited Reporting on Specific Uses

The federal agencies receiving semipostal proceeds currently award or plan to award these funds using grants, and although each agency has collected and maintained information on semipostal proceeds, none has reported specifically on their use of proceeds thus far. NIH and DOD use Breast Cancer Research stamp proceeds to award research grants under existing programs. HHS has not distributed any proceeds from the Stop Family Violence stamp, but officials reported that they have established

new grants within an existing program to award grants for domestic violence programs. While the other semipostals address ongoing causes, the Heroes of 2001 stamp raised funds for an episodic event without an established mechanism for distributing such funds. As a result, FEMA is establishing a new program and accompanying regulations for distributing Heroes of 2001 stamp proceeds to families of emergency relief personnel who were killed or permanently disabled in the line of duty in connection with the September 11 terrorist attacks. The laws authorizing these three specific semipostals do not include reporting requirements such as those of the Semipostal Authorization Act. Of the four agencies, FEMA and HHS have plans to report specifically as to the use of semipostal proceeds.

Breast Cancer Research Stamp and Stop Family Violence Stamp Proceeds Are Used for Grants within Established Programs

NIH and DOD: Grants for Breast Cancer Research Under Way

Both NIH and DOD reported that they began receiving Breast Cancer Research stamp proceeds from the Service in November 1998, and breast cancer research grants have been awarded using established programs at both agencies since June 2000 and June 1999, respectively.¹⁵ NIH initially directed these proceeds to the National Cancer Institute (NCI) to award high-risk research grants through the “Insight Awards to Stamp Out Breast Cancer” initiative.¹⁶ This initiative was specifically designed for the Breast Cancer Research stamp proceeds, but exists within NCI’s grants program. One example of these grants includes funding research related to the development of a potential antitumor drug. In 2003, NIH approved new Breast Cancer Research stamp grants through the “Exceptional Opportunities in Breast Cancer Research” initiative, also administered by NCI, which uses semipostal proceeds to fund more traditional research. According to NIH officials, this change was made when it was determined that there were highly meritorious research applications outside the

¹⁵Upon receiving the proceeds from the Service, these funds were incorporated into NIH and DOD’s normal grant cycles.

¹⁶High-risk research refers to research that does not require extensive preliminary data and includes the exploration and testing of novel ideas and approaches.

funding ability of NCI, and they noted that many outstanding grant applications would remain unfunded without the use of semipostal proceeds. Exceptional Opportunities awards have covered breast cancer research areas that include prevention, diagnosis, biology, and treatment. DOD uses Breast Cancer Research stamp proceeds to fund innovative approaches to breast cancer research through “Idea Award” grants under its existing Breast Cancer Research Program, which is administered by the U.S. Army Medical Research and Materiel Command. The scope of the grants has not changed since DOD began awarding them in 1999. Table 4 contains additional information about these initiatives and the size and number of grants awarded with Breast Cancer Research stamp proceeds.

Table 4: NIH and DOD Grants Using Breast Cancer Research Stamp Proceeds

Agency	Grant (award years)	Grant mission	Number of grants awarded and amounts	Grant selection and evaluation
NIH	Insight Awards to Stamp-Out Breast Cancer (2000–2002)	Fund high-risk exploration by scientists employed outside the federal government who conduct research at their own institutions. Awarded for a 2-year period.	Awarded 86 Insight Awards that totaled about \$9.5 million and averaged \$111,242. Most Insight Awards were for a 2-year period, and NIH distributed the last Insight Awards in 2002.	Program announcements are released through the NIH Guide for Grants and Contracts and NCI’s Web site. Grant applications undergo two levels of peer review that evaluate scientific and technical merit. Grants are monitored annually and are given a final review at their conclusion. Criteria used to measure progress include publications and patent filings.
	Exceptional Opportunities in Breast Cancer Research (2003–present)	Fund well-established research that would not have been funded otherwise. Awarded for a maximum of 4 years.	NIH has awarded 20 Exceptional Opportunities Awards that total about \$6.6 million. Individual awards averaged \$330,763.	(Same as above)
DOD	Idea Awards (1999–present)	Fund innovative high-risk/high-return research.	DOD has awarded 27 Idea Awards using Breast Cancer Research stamp proceeds at a total of about \$11 million, and grants have averaged \$400,405.	Program announcements are posted online. Applications undergo two tiers of review. The first tier is peer review that evaluates technical and scientific merit. The second tier is programmatic review that compares applications to each other. Grants are monitored annually. Criteria used to measure progress include publications, presentations, patents, and products.

Source: GAO presentation of information provided by NIH and DOD.

Since NIH and DOD both apply Breast Cancer Research stamp proceeds to established grant programs the agencies used existing procedures and regulations for awarding grants funded with the proceeds. For example, both agencies use existing review procedures to evaluate grant applications with input from advocacy groups. NIH and DOD officials stated that advocacy groups play an important role, and both agencies involve advocacy groups in their grants processes.

Grants funded by NIH and DOD using Breast Cancer Research stamp proceeds have produced significant findings in breast cancer research. The first NIH Exceptional Opportunities Awards funded with Breast Cancer Research stamp proceeds were distributed in fiscal year 2003 and are awarded for a maximum of 4 years; therefore, it is still too early to report results from these awards. Both NIH and DOD use existing programs and processes such as monitoring grantees and requiring annual grantee reporting, which has made measuring grant performance and tracking grant outcomes relatively straightforward. Officials at each agency were pleased to gain new sources of funding and pleased that there have been some significant findings in the field of breast cancer research resulting from these awards. Table 5 provides select examples of research findings from NIH Insight Awards and DOD Idea Awards funded with Breast Cancer Research stamp proceeds.

Table 5: Select Research Findings from NIH and DOD Grants Funded with Breast Cancer Research Stamp Proceeds

Agency	Principal investigator and institution	Research finding
NIH Insight Awards	James A. Bennett, Ph.D. Albany Medical College	A new chemically engineered synthetic peptide that, in animal studies, appears to be effective against certain tumors. It has potential alone or in combination as an antitumor drug.
	Felix R. Fernandez-Madrid, M.D., Ph.D. Wayne State University	Part of the difficulty in both the diagnosis and treatment of cancer is identifying surface molecules unique to the transformed or cancer cell. Through the methodical screening of 1,300 breast cancer sera, this research has resulted in the identification of 12 new proteins not previously identified as autoantigens of breast cancer. Autoantigens represent important targets because the body has elicited an immune response, suggesting that there is some aspect of the tumor recognized as foreign by the body. This has broad implications both in research into the biology of the tumor as well as its diagnosis.
	Stephen Byers, Ph.D. Georgetown University	A certain gene has proved to be a clinically important in the identification of colon cancer. This research has demonstrated that a related gene family member is deleted in many breast and ovarian cancers. This would classify it as a new tumor suppressor gene. The research team is currently developing an assay to detect this alteration for use in breast and ovarian cancer prognosis.
DOD Idea Awards	Kermit Carraway, Ph.D. University of California	This research led to the discovery of a new molecule that inhibits the activity of epidermal growth factor, a molecule that encourages cell growth. This molecule has potential as a new form of therapeutic agent.
	Roger Daly, Ph.D. Garvan Institute	The research studied a protein called cortactin that seems to be involved in the growth and spread of cancer cells. Dr. Daly has applied for patents on work involving protein complexes comprising cortactin and their uses.
	Lihong Wang, Ph.D. Texas A&M University	Development of imaging techniques to detect breast cancer early without the use of ionizing radiation (which is used in mammography). Dr. Wang has applied for patents on this technology, and clinical testing of this imaging method has begun.

Source: GAO presentation of information provided by NCI, NIH, and the U.S. Army Medical Research and Materiel Command, DOD.

HHS: Grants Planned for Domestic Violence Programs Aimed at Children’s Services

HHS began receiving Stop Family Violence stamp proceeds from the Service in May 2004, and, as of July 2005, HHS has not yet awarded any grants using semipostal proceeds.¹⁷ HHS is using an established grant program, the Family Violence and Prevention Services Program, to make the proceeds available at the end of fiscal year 2005 for grants aimed at enhancing services to children exposed to domestic violence. As of June 30, 2005, the Service had transferred about \$1.8 million to HHS, and the

¹⁷HHS officials indicated that the program announcement for the grants was undergoing internal review during this period and would be announced with other discretionary programs in the spring of 2005.

agency has directed these proceeds to ACF, which is responsible for distributing the funds. In June 2005, ACF released an announcement for the grants, and ACF officials stated that they expect the first grants to be awarded during the end of fiscal year 2005. The purpose of the grants is to provide enhanced services and support to children who have been exposed to domestic violence in order to mitigate the impact of such exposure and increase the opportunities for these children to lead healthy lives as adults. Grant applicants are required to collaborate with a state's domestic violence coalition and the state agency responsible for administering family violence programs. According to agency officials, it has always been ACF's intention to use Stop Family Violence proceeds for enhanced services to children. Table 6 provides additional information about the ACF grants, to be awarded including the size and number of awards.

Table 6: ACF Grants Using Stop Family Violence Stamp Proceeds

Agency	Grant	Grant mission	Number of grants and amounts	Grant selection and evaluation
ACF	Demonstration of Enhanced Services to Children and Youth Who Have Been Exposed to Domestic Violence	To provide enhanced services and support to children and youth exposed to domestic violence in order to mitigate the impact of that exposure and increase the opportunity of these children and youth to lead healthy, nonviolent, and safe lives as adults.	<p>ACF anticipates awarding four to five grants with a maximum amount of \$130,000 per budget period.</p> <p>These grants will be awarded to organizations that plan to provide the services through collaboration with a state domestic violence coalition and the state agency responsible for administering family violence prevention programs and services.</p>	<p>Grant announcements are released through ACF's Web site and http://www.grants.gov, an online repository of federal grant opportunities managed by HHS.</p> <p>Grant applications are evaluated on a weighted set of criteria made available to applicants in the program announcement.</p> <p>Grantees are monitored semiannually through required progress and financial reports and are given a final review once the grant project is completed. Grantees are required to state how they will determine the extent to which the project has achieved its stated objectives and the extent to which accomplishments can be attributed to the project.</p>

Source: GAO presentation of information provided by ACF, HHS.

According to ACF officials, the agency used an established program to develop its grants to award Stop Family Violence stamp proceeds. The officials stated that ACF is using existing competitive review procedures to evaluate grant applications. These review procedures are described in the

grant announcement, which was developed through ACF's existing grant application process and made available on ACF's Web site. ACF also plans to use its existing project grant reporting system to monitor grantee performance (see table 6). ACF consulted with domestic violence advocacy groups, state agencies, and state domestic violence coalitions on the current distribution of children's services offered by domestic violence organizations and solicited their input on a fair and equitable method for grant participation. Although ACF involved advocacy groups in developing the way that semipostal funds could be used initially, many groups that we spoke with in the spring of 2005 expressed concern about how the Stop Family Violence stamp proceeds would be spent. Some national domestic violence groups reported that they were unaware of ACF's intentions for semipostal proceeds because no semipostal grants have been announced and no funds had been spent.¹⁸

FEMA: New Program Being Developed to Distribute Heroes of 2001 Stamp Proceeds

FEMA started receiving Heroes of 2001 stamp proceeds from the Service in November 2002, and FEMA has not yet distributed any of the semipostal proceeds. To determine the total amount of funds available, FEMA officials stated that the agency made a decision to wait until the Service had transferred all semipostal proceeds—in May 2005—before finalizing its grants program. Following the final transfer, FEMA had received over \$10.5 million in semipostal proceeds. FEMA is establishing a program to make grants available to eligible emergency relief personnel who are permanently disabled or to the families of emergency relief personnel who were killed as a result of the terrorist attacks of September 11. According to FEMA officials, while distributing funds to disaster victims is within the scope of FEMA's mission, distributing the semipostal proceeds is not within the scope of its disaster authority. As a result, FEMA has had to establish a new program with new regulations for semipostal proceeds, which includes establishing the mechanism through which the funds would be distributed. After undergoing regulatory review at the Office of Management and Budget (OMB), FEMA's interim rule for their assistance program under the 9/11 Heroes Stamp Act of 2001 was made publicly

¹⁸On June 8, 2005, ACF released an announcement for its grants utilizing the Stop Family Violence stamp proceeds.

available on July 26, 2005.¹⁹ The interim rule states that FEMA intends to distribute all Heroes of 2001 stamp proceeds equally among all eligible claimants. Table 7 provides additional information about the FEMA grants.

Table 7: FEMA Grants Using Heroes of 2001 Stamp Proceeds

Agency	Grant	Grant mission	Number of grants and amounts	Grant selection and evaluation
FEMA	Assistance Program Under the 9/11 Heroes Stamp Act of 2001	To benefit the families of emergency relief personnel who were killed or permanently disabled while serving in the line of duty in connection with the terrorist attacks against the United States on September 11, 2001.	<p>FEMA estimates approximately 1,000 eligible claimants and will attempt to distribute funds equally.</p> <p>FEMA anticipates grants in the amount of approximately \$10,000 for each eligible claimant. Final amounts to be paid out to claimants will only be determined after the total number of eligible claims filed has been determined.</p>	<p>Applications are available from FEMA upon request. They can also be downloaded from FEMA's Web site.</p> <p>Eligible applicants include those who have been permanently physically disabled in the line of duty, and personal representatives of emergency relief personnel who were killed and in the line of duty, while serving at the World Trade Center, Pentagon, or Shanksville, PA site in connection with the terrorist attacks on September 11, 2001.</p>

Source: GAO presentation of information provided by FEMA.

When designing its program and regulations, FEMA officials stated that the agency considered the findings resulting from the Department of Justice September 11th Victim Compensation Fund of 2001, which provided over \$7 billion in compensation to victims of the terrorist attacks. One of the observations detailed in the *Final Report of the Special Master for the September 11th Victim Compensation Fund of 2001* is that there are serious problems posed by a statutory approach mandating individualized awards for each eligible claimant and that a better approach might be to provide the same amount for all eligible claimants. Prior to publicizing its interim rule, FEMA had informal discussions with stakeholder groups, and FEMA officials also stated that the program regulation would be available for public comment.²⁰ New York City police, firefighter, and representatives

¹⁹FEMA reported that Executive Order 12866 requires that it follows this rule-making process, including submission to OMB.

²⁰The interim rule was released for 30 days of public comment on July 26, 2005.

of victims' foundations whom we spoke with expressed some concern regarding FEMA's use of the proceeds, because they were unaware if FEMA planned to allocate the Heroes of 2001 stamp proceeds through assistance programs or grants to individual families. These groups also noted that since the September 11 terrorist attacks, there has been an evolving set of needs that have little funding support, including long-term programs such as counseling and health care for emergency relief personnel involved in the September 11 recovery and clean-up efforts.

Agencies Have Not Reported Specifically on the Proceeds' Use

None of the designated federal agencies receiving semipostal proceeds is required to issue a report to Congress detailing how these funds are used or any accomplishments resulting from semipostal-funded grants. The agencies would face such a reporting requirement if the three existing semipostals had been authorized under the Semipostal Authorization Act. Specifically, the act contains an accountability mechanism consisting of annual reports to include (1) the total amount of funding received by the agency, (2) an accounting of how proceeds were allocated or otherwise used, and (3) a description of any significant advances or accomplishments during the year that were funded—in whole or in part—with funds received.²¹ However, the laws that created the three semipostals did not specify any reporting requirements, and the agencies themselves have decided to take varying actions in this regard.

- NIH and DOD do not report specifically on the use of semipostal proceeds, though the agencies do collect information that, if necessary, could be assembled for such a report. To help manage their respective grant programs, NIH and DOD require award recipients to provide periodic reports on research progress and any breakthroughs achieved. Research findings from grants funded by Breast Cancer Research stamp proceeds can be found in some NIH publications, but the agency does not report specifically on its use of these funds. DOD provides limited information on its Idea Awards through annual reports on its Congressionally Directed Medical Research Programs. This reporting is limited to the number of Idea Awards and does not provide information on which awards are funded with Breast Cancer Research stamp proceeds.

²¹39 U.S.C. 416 note.

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- ACF plans to monitor grantee performance and to report on its use of semipostal proceeds through HHS' grants system and will make an additional report available to Congress.
 - Although FEMA initially indicated to us that the agency was not required to report on its use of semipostal proceeds, FEMA recently provided information to Congress—in part as a result of our work—on the total proceeds received from the sales of the Heroes of 2001 stamp. FEMA officials have indicated that once proceeds have been distributed, a report will be provided to Congress on the status of the 9/11 Heroes Stamp Act of 2001. According to FEMA officials, the report will summarize the agency's Heroes of 2001 stamp program including information on its development, the process undertaken, and who is receiving the semipostal proceeds.

Various fund-raising organizations that we spoke with indicated that program reporting is a useful accountability tool and may lead to greater fund-raising success. For example, the BBB Wise Giving Alliance, a charity watchdog group, recommends reporting requirements, in the form of annual reports, for charitable organizations to ensure that representations to the public are accurate, complete, and respectful. These reports should be made available to all, on request, and should include the organization's mission, a summary of the past year's accomplishments, and financial information. Further, officials with the American Red Cross stated that disclosure provides transparency, allowing consumers to determine if the cause is the best use of their money, and Association of Fundraising Professional officials noted that such reporting can even secure additional support by encouraging more people to contribute to the effort.

Lessons Learned from Existing Semipostals

While many of the agency officials, fund-raising groups, and charitable organizations that we contacted believe that the semipostals have been good fund-raisers, nearly all of them also believe that there were lessons learned. For the past several years, there have been multiple proposals introduced in Congress to establish new semipostals. For example in the 108th Congress, proposals had been introduced for semipostals promoting childhood literacy, the Peace Corps, and prevention of childhood drinking. Each of these proposals expired in committee, and—so far—the Peace Corps semipostal proposal has been reintroduced in the 109th Congress. Any lessons learned from the existing semipostals may be especially relevant for any future semipostals, whether congressionally mandated or

issued under the Service's authority. The lessons we identified from these three semipostals related primarily to five areas:

- charitable cause selected,
- advocacy group support,
- promotional efforts,
- use of funds raised, and
- agency reporting.

Lesson Learned: The Charitable Cause Selected Can Greatly Affect the Arc of the Fund-Raising Effort and Other Results Achieved

The existing semipostals have been issued for a minimum 2-year sales period, and one—the Breast Cancer Research stamp—has been extended 3 times. The experience with the three existing semipostals indicates that the particular nature of the charitable causes may be important in how much money is raised, how long consumers continue to purchase the semipostal, and other results achieved. Among these differences are the following:

- One-time charitable causes, such as response to a major disaster, may provide a substantial immediate response but may also have limited staying power as ongoing fund-raisers. The Heroes of 2001 stamp was issued in 2002, while various national organizations were still raising funds for victims of the families of emergency relief personnel killed or disabled in the line of duty. Sales were highest for the initial two-quarters, followed by a dramatic drop. By contrast, the Breast Cancer Research stamp, which raises funds for an ongoing health issue, has had sales that have remained at a high level over its entire sales period.
- Considering a cause's appeal in drawing affinity support is important in setting fund-raising expectations. Some charitable causes are simply less popular than others, and recognition of these differences can aid in forming assumptions about how much money will be raised through semipostal sales. For some consumers, applying a postage stamp serves as a symbol of loyalty to a particular charitable cause; therefore, it can be anticipated that the magnitude of a particular cause's base of support will be reflected in semipostal sales. Association of Fundraising Professionals officials noted that certain causes generate a greater response than others, regardless of fund-raising methods. That is, breast cancer is a pervasive and ongoing concern; the September 11 terrorist

attacks were a popular concern, but also an event likely to fade in intensity over time; and family violence, while an ongoing concern, is likely to engender less appeal. According to Association of Fundraising Professionals officials, the amounts raised by each semipostal are consistent with the popularity of the type of fund-raising cause represented on the stamps.

- In some cases, a growth in cause awareness may be a success that transcends the amount of money raised. In addition to raising funds, the semipostal program provides an avenue for increased exposure for particular charitable causes. While the amount of funds raised may not be as high for some causes, there are additional benefits of having a semipostal representing a particular cause visible and for sale in post offices throughout the country. Organizations and individuals whom we spoke with agreed that for all of the semipostals, heightened awareness of the cause was one benefit of having a semipostal. One Breast Cancer Research stamp supporter commented that the contribution that the semipostal has made to breast cancer awareness is priceless and more precious than the funds raised. Likewise an official from the National Fallen Firefighters Foundation stated that the Heroes of 2001 stamp has helped raise public awareness about the fire service.²²

Lesson Learned: Early and Continued Involvement of Advocacy Groups Helps to Sustain Semipostal Support

Support of advocacy groups is an important marketing device for semipostals. American Red Cross and BBB Wise Giving Alliance officials told us that advocacy groups are the most useful tool for getting the word out about charitable causes and fund-raising efforts, and Service officials agreed. Broad supportive networks of private organizations that are willing and capable of assisting in local and national marketing help sustain semipostal awareness and sales. Where it is not possible to do aggressive private-sector style marketing, as is the case with semipostals, advocacy groups can fill this gap. In the case of the Breast Cancer Research stamp, for example, the Service no longer has a budget to advertise stamps, which includes semipostals, but there are numerous advocacy groups that publicize the Breast Cancer Research stamp on their Web sites, at events they sponsor, and through letters to members and legislators.

²²The fire service is one of the emergency services, which deals with fires, the other services address crime and injury.

To sustain support from advocacy groups, the Service must cultivate this support, and the agency receiving the semipostal proceeds must sustain this support. Organizations involved with charitable causes told us that due to their multitude of priorities, if their input and support are not solicited and they are not kept informed about issues related to the relevant semipostal, including fund usage and program outcomes, group support for the semipostal will wane. For example, several advocacy groups associated with the domestic violence cause told us that immediately following launch of the Stop Family Violence stamp there was uncertainty as to how HHS was going to use the proceeds because the public announcement at the stamp's kickoff event differed from the groups' expectations. These advocacy groups told us that as a result of this confusion, they did not aggressively promote the semipostal.

Lesson Learned: The Stamp Design, How Extensively It Is Promoted and Information About the Use of Proceeds Can Greatly Affect the Extent to Which Consumers Support the Semipostal

Semipostal design is one of the variables that can affect whether consumers are willing to signal their support for a cause. We received comments from numerous stakeholders, for example, that the design of the Stop Family Violence stamp, while certainly drawing attention, may not create a positive response—or affinity—because of its tone. A semipostal's design can evoke emotion, and the emotional reaction to the image may be important in a consumer's decision to purchase a semipostal and use it on a letter to make a statement. For example, the Heroes of 2001 stamp provided an image that was not only recognizable but inspiring. By contrast, the image on the Stop Family Violence stamp may create a more complex reaction, and result in a consumer's decision not to buy the semipostal.

The extent of promotion and advertising of a semipostal can also greatly affect sales. Fund-raising organizations that we spoke with agreed that in most cases, there is a connection between the amount invested in a fund-raising effort and the amounts raised. Although a direct correlation has not been determined, it should be noted that as a result of a Service budget reduction, which eliminated stamp advertising, the Stop Family Violence stamp did not benefit from a million-dollar promotional campaign as the two other semipostals did, and sales have remained lower in comparison for the stamp.

Support may be further enhanced if the semipostal or the available marketing information clearly indicates how the proceeds will be used. Transparency is critical to fund-raising efforts, and semipostals are no exception. According to the BBB Wise Giving Alliance, one of the standards

for charity accountability is to clearly disclose how the charity benefits from the sale of product or services. American Red Cross officials also emphasized that providing this information to consumers is critical to fund-raising efforts like semipostals. We found widespread confusion among advocacy groups about specifically how the Stop Family Violence stamp proceeds would be used. Officials added that the disclosure of where funding is to be directed is particularly important, given that consumers are increasingly savvy, and people have become increasingly skeptical about the distribution of charitable funds.

**Lesson Learned:
Semipostals Generate
Revenues Immediately
Upon Issuance, but the
Logistics of Using the
Moneys Raised Takes
Longer**

The time lag between when funds are first raised and when they are distributed can be considerable, depending on the type of program that the agency implements for distributing semipostal proceeds. Semipostal sales generate revenues immediately upon going on sale at post offices, and semipostal revenues are distributed by the Service to designated agencies biannually, after the Service's reasonable costs are deducted. However, it can then take an additional 2 years, or longer, for the funds to be used. For example, the Breast Cancer Research stamp, which was authorized in August 1997, was first sold in July of 1998, and the initial grants resulting from the proceeds were awarded by DOD in June of 1999 and by NIH in June of 2000 (nearly 1 and 2 years after issuance); the Heroes of 2001 stamp was first sold in June of 2002, and the proceeds raised have not yet been awarded by FEMA (3 years after the stamp was issued); and the Stop Family Violence stamp was first available in October of 2003, and no funds have yet been awarded by ACF (nearly 2 years after issuance).

When semipostals are used as a fund-raising vehicle, the time lag is a consideration. Agencies awarding semipostal proceeds may need to consider this time lag in deciding how to apply the funds, particularly for episodic events that may involve a fund-raising surge and short-term or evolving needs. For example, program and funding priorities may change from the time that a semipostal is launched to the time proceeds are actually distributed. This time lag can result in consumer skepticism of or disagreement with the original program selection, resulting from changing or new funding priorities. For example, FEMA's plan for distributing the Heroes of 2001 stamp proceeds has taken about 3 years to finalize, and while it is clear that the initial intent of the semipostal was to "provide financial assistance to the families of emergency relief personnel killed or permanently disabled in the terrorist attacks of September 11," other organizations working with these families suggested that currently, the

most prevalent needs of this group are programs and services directed at addressing the long-term effects of the terrorist attacks.

The amounts raised by semipostals vary, and it is difficult to determine how much money will be raised by semipostal sales. For example, FEMA and ACF, which receive proceeds from the Heroes of 2001 and Stop Family Violence stamps respectively, reported to us that they delayed spending in these programs due to the uncertainty of how much money would be raised. ACF officials told us they initially expected the Stop Family Violence stamp to raise considerably more than it has. Once ACF officials realized that the amounts raised may not be sufficient to cover the planned programs, officials revisited their plans for the proceeds. Further, FEMA waited until all semipostal proceeds were received from the Service before pursuing its grant program. Due to the uncertainties surrounding how much money will be raised by semipostals, establishing a program that will be funded solely by semipostal proceeds may present challenges. In addition, attaching funds to already established mechanisms, such as existing grant guidelines or programs, may ease administration and allow for additional flexibility. For example, both the Breast Cancer Research and Stop Family Violence stamp proceeds are being used to distribute new grants within existing programs, which has allowed the agencies to make grants available using semipostal proceeds without developing and establishing the rules and regulations for new programs.

Lesson Learned: A Reporting Approach, Such as the One Included in the Semipostal Authorization Act, Can Enhance Accountability

Program reporting is an important standard for ensuring accountability. In general, we found that organizations we spoke with were unclear as to how semipostal proceeds were being used or would be used, and we found that none knew of any outcomes resulting from these funds. The Semipostal Authorization Act, which does not specifically apply to these three existing semipostals, requires that the agencies receiving funds under the act report to the congressional committees with jurisdiction over the Service about the semipostal funds received and used. Fund-raising organizations we spoke with, including the American Red Cross and the BBB Wise Giving Alliance, also recommend such reporting, pointing to the need to inform consumers about how proceeds have been used. Additionally, annual reporting may make information about program goals, plans, or funding mechanisms available to Congress, advocacy groups, and others earlier, thereby addressing some of the uncertainty that may arise between the initial issuance of the semipostal and the actual distribution of funds. Currently, none of the agencies administering the three semipostals are providing this degree of disclosure for semipostal programs. Agency

reporting for these semipostals is either subsumed in reports about the larger programs to which the proceeds are applied or has not yet been produced. However, these agencies do collect and track this information and could report it with little difficulty.

Conclusion

We found widespread agreement among most parties involved that the Breast Cancer Research, Heroes of 2001, and Stop Family Violence stamps were a success. Success can be measured in terms of funds raised, but also in less tangible ways, such as increased public awareness of an important issue. If the definition of semipostals success is narrowed specifically to the funds raised, however, the differences among these three make it all the more important to pay attention to the lessons learned, which can help in setting expectations for further semipostal sales.

Given that new semipostals have been proposed in Congress and the Service is authorized to issue additional semipostals, the potential is always there for new semipostals, and therefore the lessons learned may be helpful in any future considerations. One of these lessons—the need for accountability—involves actions that can still be taken on these semipostals, rather than just applied to future semipostals. Through the Semipostal Act and its related regulations, Congress and the Service have taken measures to develop criteria for the selection of semipostal issues, identification of recipient agencies, and reporting of program operations, but these criteria have thus far been largely bypassed due to the provisions that have authorized these three semipostals. These three semipostals lie outside the Semipostal Authorization Act, and may benefit from applying the reporting requirement. Additionally, if any future semipostals are authorized by Congress separately from this act, this type of requirement could be included as part of the legislation in order to ensure greater accountability and greater support for the semipostals.

Recommendation for Executive Action

To enhance accountability for semipostal proceeds, we recommend that the Secretary of Defense, Secretary of Homeland Security, and Secretary of Health and Human Services annually issue reports to the congressional committees with jurisdiction over the Service, as is currently required for agencies that are to receive semipostal proceeds under the Semipostal Authorization Act. Reports should include information on the amount of funding received, accounting for how the funds were allocated or otherwise used, and any significant advances or accomplishments that

were funded, in whole or in part, out of the funds received through the semipostal program.

Agency Comments and Our Evaluation

We requested comments on a draft of this report from the Service, ACF, DOD, FEMA, HHS, and NIH. The Service and DOD provided written comments, which are summarized below and reprinted in appendix VI and VII, respectively. ACF, FEMA, HHS, and NIH did not provide comments on this report.

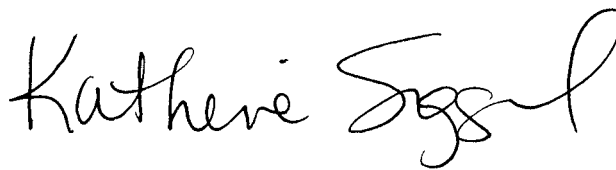
The Service stated in its comments on the draft report that it generally agreed with the four key factors that we cited as affecting stamp sales. The Service agreed that the fund-raising cause and support of advocacy groups were key factors in the stamps' success. However, the Service suggested that stamp design and its promotion of the stamps seem to be of less importance to a semipostal stamp's success as a fund-raiser. The Service said that its experience indicates that a semipostal's design plays little role in its effectiveness as a fund-raiser. We based our conclusion, that stamp design affects the extent to which consumers support the semipostal, on our discussions with advocacy groups and fund-raising experts who expressed concern that the design of the Stop Family Violence stamp—an image of a crying child—may have negatively affected the sales of that semipostal. Therefore, we continue to believe that the design was a factor in the stamp's sales.

Regarding promotional activities for specific semipostals, the Service correctly noted that its current policy requires that promotional costs be deducted from the funds raised, which can lead to the federal agencies receiving less semipostal proceeds. We acknowledge that HHS chose not to have the Service develop an extensive advertising campaign after the Service changed its policy on semipostal promotional costs, and our finding is not meant as a criticism of the Service. Nevertheless, the striking differences in results leads us to conclude that the Service's promotional efforts can make a difference: the Service spent about \$1 million to promote the Breast Cancer Research stamp, which raised \$44 million in 7 years; it spent about \$1 million to promote the Heroes of 2001 stamp, which raised over \$10.5 million in 2.5 years; and it spent about \$77,000 to promote the Stop Family Violence stamp, which has raised nearly \$2 million in 1.6 years. Our conclusion was reinforced by the fund-raising experts that we spoke with who agreed that in most cases there is a connection between the amount invested in a fund-raising effort and the amounts raised.

DOD concurred with our recommendation to improve reporting of how semipostal proceeds are used. DOD explained that the Army will include in its annual report to Congress on “Congressionally Directed Medical Research Programs” a section on DOD’s use of Breast Cancer Research stamp proceeds. It noted that this report will highlight significant advances or accomplishments that were funded, in whole or in part, through these proceeds.

We are sending copies of this report to Senators Dianne Feinstein and Kay Bailey Hutchison and Representative Joe Baca because of their interest in the Breast Cancer Research stamp; Senators Hillary Rodham Clinton and Charles E. Schumer because of their interest in the Heroes of 2001 stamp; the Postmaster General; the Chairman of the Postal Rate Commission; and other interested parties. We will make copies available to others upon request. This report will also be available on our Web site at no charge at <http://www.gao.gov>.

If you have any question about this report, please contact me at (202) 512-2834 or at siggerudk@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report included Gerald P. Barnes, Assistant Director; Kathleen Gilhooly; Molly Laster; Heather MacLeod; Joshua Margraf; Stan Stenersen; and Gregory Wilmoth.



Katherine A. Siggerud
Director, Physical Infrastructure Issues

Scope and Methodology

To determine the amount of money raised by the semipostals, we analyzed semipostal sales data provided to us by the U.S. Postal Service (Service). For each semipostal, these data included the amount of quarterly stamp sales and the amount of proceeds transferred to the designated federal agencies. The data also included administrative costs deducted by the Service from the total sales amounts, which we have reported in appendix II.¹ To determine the reliability of the data we received, we obtained and reviewed specific information on the Service's data collection methods, including data storage and system controls. We determined that the data were sufficiently reliable for the purpose of this report.

To identify potential factors affecting the patterns of fund-raising sales for each of the semipostals, we asked stakeholders for their opinions regarding such factors and identified common trends. As part of this effort, we spoke with Service officials; the American Philatelic Society; professional fund-raising organizations; and national advocacy groups affiliated with breast cancer, emergency relief personnel affected by the terrorist attacks of September 11, and domestic violence. We also spoke with Dr. Ernie Bodai, who is credited with conceiving the idea for the Breast Cancer Research stamp, and Ms. Betsy Mullen, who along with Dr. Bodai lobbied Congress for the stamp. Additionally, we gathered information about Service and advocacy group efforts to promote each of the semipostals. Table 8 identifies the stakeholders whom we spoke with.

¹Appendix II also includes a summary of changes to the Service's cost recovery regulations, since our 2003 report.

Appendix I
Scope and Methodology

Table 8: Agencies, Advocacy Groups, and Organizations that GAO Interviewed About Factors Affecting Semipostal Sales

	Organizations interviewed
Breast Cancer Research Stamp	Women’s Information Network Against Breast Cancer The National Breast Cancer Coalition The Susan G. Komen Breast Cancer Foundation The National Institutes of Health, National Cancer Institute U.S. Department of Defense, Army Medical Research and Materiel Command
Heroes of 2001 Stamp	The National Fallen Firefighters Foundation The New York City Police Foundation The September 11 th Families Association U.S. Department of Homeland Security, Federal Emergency Management Agency
Stop Family Violence Stamp	The Family Violence Prevention Fund The National Coalition Against Domestic Violence The National Domestic Violence Hotline The National Network to End Domestic Violence The National Resource Center on Domestic Violence U.S. Department of Health and Human Services, Administration for Children and Families
Fund-raising organizations	The Association of Fundraising Professionals The American Red Cross The Better Business Bureau, Wise Giving Alliance

Source: GAO.

To determine how the designated federal agencies have used semipostal proceeds and reported results, we interviewed key officials from each agency receiving funds. These agencies included the National Cancer Institute (NCI) within the National Institutes of Health (NIH), the Army Medical Research and Materiel Command within the Department of Defense (DOD), the Federal Emergency Management Agency within the Department of Homeland Security, and the Administration for Children and Families within the Department of Health and Human Services. We also obtained and reviewed available agency documentation about grant programs funded with semipostal proceeds, including grant program development, purpose and goals, award and program guidelines, the number and amounts of awards, reporting requirements, performance measures, and grant outcomes. We did not assess each agency’s semipostal grant program as this was not included in the scope of our work, nor did we evaluate grant performance measures that might be included in agency reporting.

Finally, to describe the monetary and other resources expended by the Service in operating and administering the semipostal program, we obtained and analyzed the Service's data on costs of administering semipostals as well as what costs the Service has recovered. We also interviewed officials in the Service's Offices of Stamp Services and Finance to determine what progress the Service has made in revising its regulations. We spoke with officials from the Service's Legal Counsel to determine whether the Service has established baseline costs for the semipostal program as per our prior recommendation.

Postal Service Semipostal Costs and Semipostal Cost Recovery Regulation Changes

The Service has incurred over \$16.5 million on operating and administering the Breast Cancer Research, Heroes of 2001, and Stop Family Violence stamps. Of this amount, the Service has recovered about \$1.8 million from semipostal proceeds, with the remainder recovered through the First-Class postage rate. The Service's costs related to the Breast Cancer Research stamp have by far eclipsed costs of the other two semipostals, reflecting the amount of time that the stamp has been offered for sale and other factors. In our previous work, we expressed concern over the Service's cost recovery regulations. Since our 2003 report, the Service has taken several steps to revise its cost recovery regulations, and has established baseline costs to identify and recover the Service's reasonable costs related to the semipostals.

Monetary Resources Devoted to the Semipostals

According to Service policy, cost items recoverable from the funds raised by semipostals include, but are not limited to, packaging costs in excess of those for comparable stamps, printing costs for flyers or special receipts, costs of changes to equipment, costs of developing and executing marketing and promotional plans in excess of those for comparable stamps, and other costs that would not normally have been incurred for comparable stamps.¹ Specifically, the Service has identified 13 cost categories that it uses to track semipostal costs.² These categories include the following:

- stamp design;
- stamp production and printing;
- shipping and distribution;
- training;
- selling stamps;
- withdrawing stamps from sale;
- destroying unsold stamps;

¹39 C.F.R. part 551.

²USPS June 25, 2004, report to Congress.

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Postal Service Semipostal Costs and
Semipostal Cost Recovery Regulation
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- advertising;
- packaging stamps;
- printing flyers and special receipts;
- equipment changes;
- developing and executing marketing and promotional plans; and
- other costs (legal, market research, and consulting).

Costs reported by the Service totaled \$16.5 million through March 31, 2005 (see table 9). Costs for the Breast Cancer Research stamp accounted for more than \$11 million of this amount. The Service determined that about \$1.8 million of the total costs related to the three stamps represented costs that were attributable specifically to the semipostals and would not normally have been incurred for comparable stamps, and therefore needed to be recovered. The recovered amounts ranged from over \$1 million for the Breast Cancer Research stamp, to just over \$200,000 for the Stop Family Violence stamp. The Service reported that the majority of costs incurred by the semipostals were covered by the First-Class postage rate, and not recovered from the proceeds. Table 9 describes the semipostal costs incurred and recovered by the Service.

Table 9: Semipostal Costs Incurred and Recovered by the Service, through March 31, 2005

Semipostal	Total costs incurred by the Service	Costs covered by First-Class postage rate	Costs recovered from semipostal proceeds
Breast Cancer Research	\$11,160,838	\$ 10,068,875	\$1,091,963
Heroes of 2001	4,287,821	3,764,214	523,607
Stop Family Violence	1,085,370	861,801	223,569
Total	\$16,534,029	\$14,694,890	\$1,839,139

Source: U.S. Postal Service.

The specific costs recovered from surcharge revenues varied by semipostal not only in amount, but to a degree, in the type of expenditure as well (see

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tables 10 to 12, which show costs for each semipostal).³ For example, when the Breast Cancer Research and Heroes of 2001 stamps were issued, the Service had a budget to advertise stamps. Both semipostals incurred advertising costs of about \$1 million, and because advertising costs would be incurred for comparable stamps, the Service did not recover those costs. When the Stop Family Violence stamp was issued, the Service reduced its overall budget and eliminated, among other things, all stamp advertising, including that for semipostals. Subsequently, the Service established a policy that all costs incurred for advertising semipostals would be deducted from the applicable semipostal's surcharge revenue. Therefore, the advertising costs incurred (\$77,000) for this semipostal were recovered from the surcharge revenue. While policies changed for some cost categories, they remained consistent for others such as design and production and printing.

Table 10: Breast Cancer Research Stamp Costs Incurred and Recovered by the Service from Inception through March 31, 2005

Cost item	Cost	Cost covered by First-Class postage rate	Cost recovered from surcharge revenue
Stamp design	\$40,000	\$40,000	\$0
Stamp production and printing	4,221,890	4,221,890	0
Shipping and distribution ^a	4,289	4,289	0
Training	612,000	612,000	0
Selling stamps (including employee salaries and benefits) ^b	0	0	0
Withdrawing stamp from sale ^c	166,440	0	166,440
Destroying unsold stamps ^c	0	0	0
Advertising	888,000	888,000	0
Packaging stamps	3,510,496	3,219,696	290,800
Printing flyers and special receipts ^d	238,000	0	238,000
Equipment changes	359,000	176,000	183,000
Developing and executing marketing and promotional plans	1,006,000	851,000	155,000
Other costs			
Legal	22,000	0	22,000
Market research	56,000	56,000	0
Consulting	8,000	0	8,000

³The surcharge revenue is the amount paid above the First-Class postage rate by a semipostal consumer.

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Cost item	Cost	Cost covered by First-Class postage rate	Cost recovered from surcharge revenue
Field promotion events > \$3,000	28,723	0	28,723
Total	\$11,160,838	\$10,068,875	\$1,091,963

Source: U.S. Postal Service.

^aThe process of distributing Breast Cancer Research stamps would not normally differ from those incurred for comparable stamps; therefore, the Service does not withhold distribution costs from the surcharge revenue.

^bThe Service currently does not have a system in place to track the costs of selling stamps, and because Breast Cancer Research stamps are a small percentage of total stamp sales, it would be extraordinarily difficult and costly to attempt to study, analyze, and measure these costs in a live environment. Moreover, existing data indicate that there is no material difference in the costs for selling semipostal and other stamps at the retail window.

^cCosts were incurred due to the temporary removal and later redeployment of the Breast Cancer Research stamp from vending machines from December 31, 2003, to January 26, 2004 (pending congressional authorization to extend sales of the stamp). However, the procedures for withdrawal of stamps from sale are the same for all stamp stock, regardless of whether the stamp is a commemorative, special, or semipostal; therefore, additional costs would not be incurred for normal withdrawal of the Breast Cancer Research stamp (until the stamp is permanently withdrawn from sale), and the costs will not be recovered.

^dReceipts initially were a different format than the standard postal receipt, and the cost was recovered. Receipts now used are a standard form available for general use. The printing cost is no longer specific to the Breast Cancer Research stamp, and costs are not recovered.

Table 11: Heroes of 2001 Stamp Costs Incurred and Recovered by the Service from Inception through March 31, 2005

Cost item	Cost	Cost covered by First-Class postage rate	Cost recovered from surcharge revenue
Stamp design	\$44,250	\$44,250	\$0
Stamp production and printing	1,468,600	1,468,600	0
Shipping and distribution ^a	0	0	0
Training	0	0	0
Selling stamps (including employee salaries and benefits) ^b	0	0	0
Withdrawing stamp from sale	0	0	0
Destroying unsold stamps	0	0	0
Advertising	1,109,461	1,109,461	0
Packaging stamps	1,288,758	995,857	292,901
Printing flyers and special receipts	0	0	0
Equipment changes	0	0	0
Developing and executing marketing and promotional plans	330,084	146,046	184,038
Other costs			
Legal	0	0	0
Market research	0	0	0

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Cost item	Cost	Cost covered by First-Class postage rate	Cost recovered from surcharge revenue
Consulting	\$0	\$0	\$0
Field promotion events > \$3,000	46,668	0	46,668
Total	\$4,287,821	\$3,764,214	\$523,607

Source: U.S. Postal Service.

^aThe process of distributing the Heroes of 2001 stamps would not normally differ from those incurred for comparable stamps. Therefore after reviewing the costs associated with shipping and distribution of the Heroes of 2001 stamp, there are no material differences or specific additional expenses as a result of providing the Heroes of 2001 stamp to postal units and, therefore, the Service does not withhold distribution costs from the surcharge revenue. The Service does not track shipping and distribution costs by stamp issue.

^bThe Service does not have a system in place to track the cost of selling stamps, and because Heroes of 2001 stamps are a small percentage of total stamp sales, it would be extraordinarily difficult and costly to attempt to study, analyze and measure these costs in a live environment. Moreover, existing data indicate that there is no material difference in the costs for selling semipostal and other stamps at the retail window.

Table 12: Stop Family Violence Stamp Costs Incurred and Recovered by the Service from Inception through March 31, 2005

Cost item	Cost	Cost covered by First-Class postage rate	Cost recovered from surcharge revenue
Stamp design	\$39,750	\$39,750	\$0
Stamp production and printing	285,000	285,000	0
Shipping and distribution ^a	0	0	0
Training	0	0	0
Selling stamps (including employee salaries and benefits) ^b	0	0	0
Withdrawing stamp from sale	0	0	0
Destroying unsold stamps	0	0	0
Advertising ^c	77,069	0	77,069
Packaging stamps	663,873	523,873	140,000
Printing flyers and special receipts	0	0	0
Equipment changes	0	0	0
Developing and executing marketing and promotional plans	13,178	13,178	0
Other costs			
Legal	0	0	0
Market research	0	0	0
Consulting	0	0	0
Field promotion events > \$3,000	6,500	0	6,500
Total	\$1,085,370	\$861,801	\$223,569

Source: U.S. Postal Service.

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Changes

^aThe process of distributing Stop Family Violence stamps would not normally differ from those incurred for comparable stamps. Therefore after reviewing the costs associated with shipping and distribution of the Stop Family Violence stamp there are no material differences or specific additional expenses as a result of providing the Stop Family Violence stamp to postal units and, therefore, the Service does not withhold distribution costs from the surcharge revenue. The Service does not track shipping and distribution costs by stamp issue.

^bThe Service does not have a system in place to track these costs and because Stop Family Violence stamps are a small percentage of total stamp sales it would be extraordinarily difficult and costly to attempt to study, analyze, and measure these costs in a live environment. Moreover, existing data indicate that there is no material difference in the costs for selling semipostal and other stamps at the retail window.

^cAdvertising costs are recovered from the differential revenue only for the Stop Family Violence stamp. Beginning in 2003, the Service made a determination not to advertise comparable commemorative stamps. As a result, the advertising costs for the Stop Family Violence stamp have been recovered from differential revenue because they were incurred after the policy became effective. All of these costs are recovered, because the cost for this line item for comparable stamps would be zero. Advertising costs for previously issued semipostals were not deducted from differential revenue because they were incurred before the policy became effective.

Progress in Revising
Regulations Related to
Costs

In our September 2003 report on the Breast Cancer Research stamp, we recommended that the Service reexamine and, as necessary revise its cost-recovery regulations to ensure that the Service establishes baseline costs for comparable stamps and uses these baselines to identify and recover costs from the Breast Cancer Research stamp's surcharge revenue. The Service has taken several steps to revise its regulations including the following:

1. The final rule in 39 C.F.R. §551.8, in effect since February 5, 2004, clarifies Service cost offset policies and procedures for the semipostal program. Specific changes include
 - expanding the types of “comparable stamps” that could be used in conducting cost comparisons to allow other types of stamps (such as definitive or special issue stamps) to serve as a baseline for cost comparisons;
 - allowing for the use of different comparable stamps for specific cost comparisons;
 - clarifying that costs that do not need to be tracked include not only costs that are too burdensome to track, but also those costs that are too burdensome to estimate; and
 - clarifying that several types of costs could be recovered when they materially exceed the costs of comparable stamps.

Appendix II
Postal Service Semipostal Costs and
Semipostal Cost Recovery Regulation
Changes

2. The Service also amended the regulation 39 C.F.R. §551.8(e) effective February 9, 2005, to delete the word “may” from the cost items recoverable from the surcharge revenue, making the recovery of the costs listed mandatory rather than optional.

Additionally, we have recommended that the Service establish and publish baseline costs to provide assurance that the Service is recovering all reasonable costs of the Breast Cancer Research stamp from the surcharge revenue. In response, on June 25, 2004, the Service provided a copy of its baseline analysis to both Congress and GAO in a report entitled *United States Postal Service: Response to the General Accounting Office Recommendations on the Breast Cancer Research Stamp*. In this analysis, the Office of Stamp Services and Office of Accounting identified comparable stamps and created a profile of the typical costs characteristics, thereby establishing a baseline for Breast Cancer Research stamp cost recovery. Additionally, Service officials reported that they would use the baseline for the other semipostals.

Semipostal Design

Congress has selected the subject matter for the three semipostals issued to date. In each case, the Service has then applied the same design process used for regular commemorative stamps. According to Service officials, most subjects that appear on commemorative stamps are the result of suggestions sent in by the public, which number about 50,000 annually. In the case of commemorative stamps, the Postmaster General determines what stamps will be produced with the assistance of the Citizens' Stamp Advisory Committee (CSAC), which works on behalf of the Postmaster General to evaluate the merits of all stamp proposals and selects artwork that best represents the subject matter. Since the three existing semipostals were mandated by Congress, the Service and CSAC were not involved in selecting the subject matter. However, the rest of the stamp design process was the same, with CSAC determining what design would be used, and the Postmaster General giving final approval. Figure 8 shows the three semipostals.

Figure 8: The Breast Cancer Research, Heroes of 2001, and Stop Family Violence Stamps



Source: U.S. Postal Service.

Breast Cancer Research Stamp

The Breast Cancer Research stamp was designed by Ethel Kessler of Bethesda, MD, and features the phrases "Fund the Fight" and "Find a Cure." Whitney Sherman of Baltimore provided the illustration of Diana, mythical goddess of the hunt, who is reaching behind her head to pull an arrow from her quiver to fend off an enemy—in this case, breast cancer. This image reflects the same position that a woman assumes for a breast self examination and mammography. The various colors represent the diversity of Americans affected by breast cancer.

Heroes of 2001 Stamp

The Heroes of 2001 stamp was designed by Derry Noyes of Washington, D.C., and features a detail of a photograph by Thomas E. Franklin. The photograph shows three firefighters, each of whom participated in the September 11 rescue efforts, raising the U.S. flag in the ruins of the World Trade Center at Ground Zero in New York. The flag had been discovered in a boat near the area and was raised on a pole found in the rubble. The space between the foreground and background of the picture, which was about 100 yards, helps convey the enormity of the debris and the task at hand. According to the photographer, the raising of the flag symbolizes the strength of the firefighters and of the American people battling the unimaginable. All three firefighters and the photographer attended the stamp's unveiling ceremony, which marked the 6-month anniversary of the September 11 terrorist attacks.

Stop Family Violence Stamp

When art director Carl T. Herrman selected Monique Blais, a six-year-old from Santa Barbara, CA, to model for a photograph that was to be the original design of the Stop Family Violence stamp, his intention was to photograph Blais erasing a domestic violence image from a chalkboard—symbolizing eradication of the issue. During a break in the photo session, however, and without prompting, Blais began drawing her own picture of what she thought best represented domestic violence. Photographed by Philip Channing, Blais's drawing became the basis for the final Stop Family Violence stamp design, which was later selected by a jury at the 34th Asiago International Prize for Philatelic Art, in Asiago, Italy as the most beautiful social awareness-themed stamp issued during 2003. The young artist attended the stamp's unveiling ceremony at the White House in 2003.

NIH Breast Cancer Research Awards Funded with Breast Cancer Research Stamp Proceeds

As of April 2005, NIH had awarded 106 breast cancer research grants totaling about \$16.1 million using proceeds from the Breast Cancer Research stamp. Individual awards ranged from \$47,250 to \$616,010 and averaged about \$151,652. Funds received from sales of the Breast Cancer Research stamp were initially used to fund breast cancer research under NCI's "Insight Awards to Stamp Out Breast Cancer" initiative, according to NIH officials. In 2003, NCI's Executive Committee decided to direct the funds to a newly approved Breast Cancer Research stamp initiative entitled "Exceptional Opportunities in Breast Cancer Research." Grants awarded under each program are listed below.

Insight Awards

The Insight Awards were designed to fund high-risk exploration by scientists who are employed outside the federal government and who conduct breast cancer research at their institutions. NCI distributed 86 Insight Awards at a total of about \$9.5 million. Most of the awards were for 2-year periods. Individual awards ranged from \$47,250 to \$142,500 and averaged \$111,242, discounting a one-time supplement of \$4,300. Table 13 provides information about each Insight Award funded with Breast Cancer Research stamp proceeds, including the fiscal year of the award, sponsoring institution, principal investigator, research area, and the amount of the award.

Table 13: Insight Awards to Stamp Out Breast Cancer Funded with Proceeds, as of April 2005, from Breast Cancer Research Stamp Sales

Fiscal year	Institution	Principal investigator	Research area	Amount
2000	Albany Medical College	Bennett	Treatment	\$116,250
2000	Baylor College of Medicine	Rosen	Metastasis	78,488
2000	Beth Israel Deaconess Medical Center	Junghans	Biology	130,500
2000	Center for Molecular Medicine and Immunology/Garden State Cancer Center	Blumenthal	Treatment	142,500
2000	Clemson University	Chen	Biology/metastasis	105,000
2000	Columbia University Health Sciences	Swergold	Mutagenesis	127,875
2000	Dana-Farber Cancer Institute	Kufe	Biology/ tumorigenesis	126,138
2000	Fox Chase Cancer Center	Russo	Tumorigenesis	126,866
2000	Georgetown University	Wong	Biology/diagnosis	116,950
2000	Hadassah University Hospital	Vlodavsky	Metastasis	61,000
2000	Henry M. Jackson Foundation	Lechleider	Biology/metastasis	74,000

**Appendix IV
NIH Breast Cancer Research Awards Funded
with Breast Cancer Research Stamp Proceeds**

(Continued From Previous Page)

Fiscal year	Institution	Principal investigator	Research area	Amount
2000	Institute for Cancer Research	Yeung	Prevention/biology	\$126,866
2000	Long Island Jewish Medical Center	Shi	Treatment/nutrition	116,616
2000	Massachusetts General Hospital	Haber	Tumorigenesis	129,500
2000	Mount Sinai School of Medicine	Kretzschmar	Metastasis	125,387
2000	Schepens Eye Research Institute	D'Amore	Biology/ tumorigenesis	121,500
2000	State University of New York	Muti	Treatment/nutrition	68,950
2000	Thomas Jefferson University	Sauter	Diagnosis	117,851
2000	University of California, Irvine	Blumberg	Treatment	105,946
2000	University of California, San Francisco	Collins	Treatment	110,625
2000	University of Hawaii	Gotay	Treatment	101,000
2000	University of Illinois at Chicago	Westbrook	Metastasis	116,475
2000	University of Massachusetts, Amherst	Jerry	Biology/tumorigenesis	115,125
2000	University of Melbourne	Thompson	Metastasis	75,000
2000	University of Pennsylvania	Lemmon	Biology/treatment	118,875
2000	University of Pennsylvania	Radice	Metastasis	118,875
2000	University of Pittsburgh	Nichols	Biology/treatment	112,500
2000	University of Utah	Grissom	Treatment	112,125
2000	University of Vermont	Krag	Treatment	113,250
2000	Virginia Mason Research Center	Nelson	Biology/treatment	47,250
2000	Wake Forest University	Shelness	Treatment	108,750
2000	Yale University	Zhang	Biology/ tumorigenesis	122,625
2001	Albany Medical College of Union University	Bennett	Treatment	116,250
2001	Baylor College of Medicine	Rosen	Metastasis	109,322
2001	Beth Israel Deaconess Medical Center	Junghans	Biology	128,509
2001	Clemson University	Chen	Biology/metastasis	105,000
2001	Columbia University Health Sciences	Fisher	Treatment	127,875
2001	Columbia University Health Sciences	Swergold	Mutagenesis	127,875
2001	Dana-Farber Cancer Institute	Garber	Prevention	128,750
2001	Dana-Farber Cancer Institute	Kufe	Biology/ tumorigenesis	99,297
2001	Fox Chase Cancer Center	Russo	Tumorigenesis	126,133
2001	Garden State Cancer Center	Blumenthal	Treatment	142,500
2001	Georgetown University	Dickson	Tumorigenesis	116,600
2001	Georgetown University	Byers	Prognosis/biology	116,550
2001	Georgetown University	Wong	Biology/diagnosis	116,400
2001	Hadassah University Hospital	Vlodavsky	Metastasis	61,000
2001	Henry M. Jackson Foundation for the Advancement of Military Medicine	Lechleider	Biology/metastasis	74,000

**Appendix IV
NIH Breast Cancer Research Awards Funded
with Breast Cancer Research Stamp Proceeds**

(Continued From Previous Page)

Fiscal year	Institution	Principal investigator	Research area	Amount
2001	Institute for Cancer Research	Yeung	Prevention/biology	\$126,133
2001	Johns Hopkins University	Fedarko	Metastasis	122,750
2001	Long Island Jewish Medical Center	Shi	Treatment/nutrition	117,050
2001	Massachusetts General Hospital	Haber	Tumorigenesis	127,500
2001	Medical Diagnostic Research Foundation	Chance	Diagnosis	92,500
2001	Mount Sinai School of Medicine of New York University	Kretzschmar	Metastasis	127,125
2001	Northwestern University	Jordan	Prevention	110,250
2001	Schepens Eye Research Institute	D'Amore	Biology/tumorigenesis	121,500
2001	Stanford University	Contag	Diagnosis/ metastasis	119,597
2001	Thomas Jefferson University	Sauter	Diagnosis	119,148
2001	University of California, Irvine	Radany	Biology	112,800
2001	University of California, Irvine	Blumberg	Treatment	112,800
2001	University of California, San Francisco	Collins	Treatment	110,625
2001	University of Hawaii, Manoa	Gotay	Treatment	99,411
2001	University of Illinois	Westbrook	Metastasis	115,959
2001	University of Massachusetts, Amherst	Jerry	Biology/tumorigenesis	112,431
2001	University of Melbourne	Thompson	Metastasis	75,000
2001	University of Minnesota, Twin Cities	Sheaff	Biology/prevention	111,375
2001	University of Pennsylvania	Lemmon	Biology/treatment	118,875
2001	University of Pennsylvania	Radice	Metastasis	118,875
2001	University of Pittsburgh	Nichols	Biology/treatment	112,323
2001	University of Utah	Grissom	Treatment	112,500
2001	University of Vermont and State Agricultural College	Krag	Treatment	112,302
2001	Virginia Mason Research Center	Nelson	Biology/treatment	47,250
2001	Wake Forest University	Shelness	Treatment	108,375
2001	Wayne State University	Fernandez-Madri	Diagnosis	111,750
2001	Whitehead Institute for Biomed Res	Weinberg	Biology	116,250
2001	Yale University	Zhang	Biology/tumorigenesis	122,625
2002	Columbia University Health Sciences	Fisher	Treatment	122,799
2002	Dana-Farber Cancer Institute	Garber	Prevention	128,375
2002	Fox Chase Cancer Center	Russo	Tumorigenesis	4,300
2002	Georgetown University	Dickson	Tumorigenesis	116,400
2002	Georgetown University	Byers	Prognosis/biology	116,400
2002	Johns Hopkins University	Fedarko	Metastasis	114,274
2002	Medical Diagnostic Research Foundation	Chance	Diagnosis	103,350

**Appendix IV
NIH Breast Cancer Research Awards Funded
with Breast Cancer Research Stamp Proceeds**

(Continued From Previous Page)

Fiscal year	Institution	Principal investigator	Research area	Amount
2002	University of California, Irvine	Radany	Biology	\$112,800
2002	University of Minnesota, Twin Cities	Sheaff	Biology/prevention	111,375
2002	Wayne State University	Fernandez-Madrid	Diagnosis	111,750
2002	Whitehead Institute for Biomedical Research	Weinberg	Biology	116,250
Total insight awards				\$9,459,871

Sources: NCI, NIH.

Exceptional Opportunity Awards

The Exceptional Opportunities were designed to advance breast cancer research by funding high-quality, peer-reviewed, breast cancer grant applications that are outside the current funding ability of NCI. When NIH began awarding these grants, the number of annual awards decreased from about 29 per year to 10, while the average amount tripled. In all, NCI dispersed Breast Cancer Research stamp proceeds to 20 Exceptional Opportunities awards, each funded for a maximum of 4 years. The awards totaled about \$6.6 million and covered research areas that included prevention, diagnosis, biology, and treatment. Individual awards ranged from \$81,000 to \$616,010 and averaged \$330,763. Table 14 provides information about each Exceptional Opportunities Award, including the fiscal year of the award, sponsoring institution, principal investigator, research area, and the amount of the award.

Table 14: Exceptional Opportunities in Breast Cancer Research Funded with Proceeds, as of April 2005, from Breast Cancer Research Stamp Sales

Fiscal year	Institution	Principal investigator	Research area	Amount
2003	Columbia University Health Sciences	Harlap	Prevention	\$616,010
2003	Johns Hopkins University	Ouwerkerk	Diagnosis	154,852
2003	Northwestern University	Huang	Diagnosis/Biology	389,482
2003	St. Vincent's Institute of Med. Res.	Price	Biology/treatment	108,000
2003	University of California Irvine	Neuhausen	Biology/prevention	545,271
2003	University of Pennsylvania	Lee	Treatment/Biology	198,759
2003	University of Pittsburgh at Pittsburgh	Niener	Diagnosis	405,009
2003	University of Texas Medical Br Galveston	Lu	Prevention/Biology	532,409
2003	University of Toronto	Vogel	Biology/treatment	81,000
2003	University of Wisconsin Madison	Schuler	Biology/treatment	268,791
2004	Columbia University Health Sciences	Harlap	Prevention	604,299

Appendix IV
NIH Breast Cancer Research Awards Funded
with Breast Cancer Research Stamp Proceeds

(Continued From Previous Page)

Fiscal year	Institution	Principal investigator	Research area	Amount
2004	Johns Hopkins University	Ouwerkerk	Diagnosis	\$157,176
2004	Northwestern University	Huang	Diagnosis/Biology	389,522
2004	St. Vincent's Institute of Med. Res.	Price	Biology/treatment	108,000
2004	University of California Irvine	Neuhausen	Biology/prevention	545,576
2004	University of Pennsylvania	Lee	Treatment/Biology	198,759
2004	University of Pittsburgh at Pittsburgh	Niener	Diagnosis	410,688
2004	University of Texas Medical Br. Galveston	Lu	Prevention/Biology	566,037
2004	University of Toronto	Vogel	Biology/treatment	81,000
2004	University of Wisconsin Madison	Schuler	Biology/treatment	254,625
Total exceptional opportunities				\$6,615,265

Sources: NCI, NIH.

DOD Breast Cancer Research Awards Funded with Breast Cancer Research Stamp Proceeds

As of April 2005, DOD had awarded 27 breast cancer research grants totaling about \$11 million using proceeds from the Breast Cancer Research stamp. Individual awards ranged from \$5,000 to \$767,171 and averaged \$400,405. DOD applies Breast Cancer Research stamp proceeds to its Breast Cancer Research Program in order to fund Idea Awards, which are grants that focus on innovative approaches to breast cancer research and cover research areas such as genetics, biology, imaging, epidemiology, immunology, and therapy. According to DOD officials, about \$500,000 of the transferred funds had been used for overhead costs.¹ Table 15 provides information about each Idea Award funded with Breast Cancer Research stamp proceeds, including the fiscal year of the award, sponsoring institution, principal investigator, research area, and the amount of the award.

Table 15: Idea Awards for Breast Cancer Research Funded with Proceeds, as of April 2005, from Breast Cancer Research Stamp Sales

Fiscal year	Institution	Principal investigator	Research area	Amount
1999	University of Texas, SW Medical Center	White	Molecular Biology	\$334,094
1999	University of Arkansas	Shah	Cell Biology	279,000
1999	University of California, Davis	Heyer	Molecular Biology	111,444
1999	Garvan Institute	Daly	Cell Biology	283,649
1999	Garvan Institute	Musgrove	Cell Biology	222,652
1999	Texas A&M University	Wang	Imaging	317,510
1999	Scripps Institute	Deuel	Molecular Biology	5,000
1999	Tel Aviv University	Wreschner	Cell Biology	225,000
2000	Burnham Institute	Adamson	Cell Biology	578,183
2000	University of Arizona	Akporiaye	Immunology	454,500
2000	University of Toronto	Penn	Molecular Biology	296,142
2001	University of California, Davis	Carraway	Cell Biology	427,225
2001	Purdue University	Geahlen	Cell Biology	425,425
2001	St. Luke's – Roosevelt Hospital Center	Rosner	Cell Biology	454,181

¹In fiscal year 2001, DOD started to deduct overhead costs from the surcharge revenue. DOD estimates overhead costs at 8 percent annually. Any savings in overhead are added to the funds available to research. Overhead costs have averaged about 5.6 percent since DOD started recovering them. DOD's standard policy is to deduct administrative costs from all sources of funding used for its Breast Cancer Research Program.

Appendix V
DOD Breast Cancer Research Awards Funded
with Breast Cancer Research Stamp Proceeds

(Continued From Previous Page)

Fiscal year	Institution	Principal investigator	Research area	Amount
2001	University of Texas, SW Medical Center	Chaudhary	Cell Biology	\$312,434
2001	Vanderbilt University	Cai	Epidemiology/Genetics	560,144
2002	University of South Florida	Dou	Therapy	491,999
2002	Fox Chase Cancer Center	Godwin	Genetics	504,000
2002	Yale University	Perkins	Genetics	490,500
2003	International Agency for Cancer Research	Kaaks	Epidemiology/Genetics	367,639
2003	University of California, San Francisco	Ziv	Epidemiology/Genetics	767,171
2003	Yale University	Chung	Diagnostics	490,447
2003	Lawrence Berkeley National Laboratory	Yaswen	Molecular Biology	508,790
2004	Vanderbilt University	Giorgio	Diagnosis	453,000
2004	Northern California Cancer Center	Clarke	Epidemiology/Genetics	588,738
2004	Lawrence Berkeley National Laboratory	Bissell	Cell Biology	386,569
2004	University of Pennsylvania	Lemmon	Therapy	475,500
Total				\$10,810,936

Sources: U.S. Army Medical Research and Materiel Command, DOD.

Comments from the U.S. Postal Service

THOMAS G. DAY
SENIOR VICE PRESIDENT
GOVERNMENT RELATIONS



September 7, 2005

Ms. Katherine A. Siggerud
Director, Physical Infrastructure Issues
United States Government Accountability Office
Washington, DC 20548-0001

Dear Ms. Siggerud:

Thank you for providing the U.S. Postal Service with the opportunity to review and comment on the draft report titled *U.S. Postal Service: Factors Affecting Fundraising Stamp Sales Suggest Lessons Learned* (GAO-05-953).

Since 1998, when Congress directed the Postal Service to issue the first semipostal stamp, to raise funds for breast cancer research, the Service has worked to develop and promulgate the policies necessary to account for and transfer the funds raised to the designated recipient agencies. The policies we developed in issuing the *Breast Cancer Research* stamp have been applied to the *Heroes of 2001* and the *Stop Family Violence* semipostal stamps. We anticipate that as future semipostal stamps are issued, we would employ the same accounting and funds transfer policies as we have for these three semipostals.

In general, we agree with the four key factors which the report cites as affecting stamp sales. Clearly, and most importantly, a charitable cause's widespread popularity and public support is essential for a semipostal stamp's success as an effective fundraiser. The active and continuing involvement of the cause's advocacy group(s) in encouraging the purchase of the semipostal is the second key factor in a stamp's success. The last two factors, stamp design and promotion of the stamp by the Postal Service, seem to us to be of less importance to a semipostal stamp's success as a fundraiser. A semipostal's design, from our experience, seems to play little role in its effectiveness as a fundraiser. As the report states, "According to the Association of Fundraising Professionals officials, the amounts raised by each semipostal are consistent with the popularity of the type of fundraising cause represented on the stamp." It comes as no surprise therefore, that the *Breast Cancer Research* stamp sells better than the *Stop Family Violence* stamp – no matter the design. People buy semipostals to support the causes they identify with; whether they find the stamp's design personally appealing is less of a factor. With regard to the effectiveness of our promotional activities for specific semipostals, since it is our policy to deduct our promotional costs from the amount we pass through to the recipient agencies, that can mean less money for the agencies than when the stamp's promotion is provided - and paid for - by the advocacy groups themselves.

Since the recommendation regarding information that should be provided by recipient agencies does not apply to the Postal Service, we have no comment. The Postal Service will continue to

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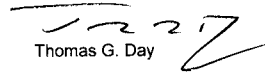
Appendix VI
Comments from the U.S. Postal Service

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report in our annual *Comprehensive Statement on Postal Operations* for each semipostal stamp the sales during the year, the total number of stamps sold, the Service's incremental costs that were deducted from the total sales amount, and the net contribution that we transferred to the recipient agencies.

If you or your staff wish to discuss any of these comments further, I am available at your convenience.

Sincerely,


Thomas G. Day

Comments from the Department of Defense



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

SEP 9 2005




Ms. Katherine A. Siggerud
Director, Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Siggerud:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) draft report, "U.S. Postal Service: Factors Affecting Fundraising Stamp Sales Suggest Lessons Learned," dated August 12, 2005 (GAO Code 542056/GAO-05-953).

The Department concurs with the draft report. The Army will include in its annual report to the Congress on "Congressionally Directed Medical Research Programs" a separate section on the Department's use of funding obtained from the Breast Cancer Research Stamp (semipostal stamp) program. This section will include information on the amount of funding received, an account of how the funds were allocated or otherwise used, and a report of any significant advances or accomplishments that were funded, in whole or in part, through the funds received from the semipostal stamp program. The DoD appreciates the opportunity to comment on the draft report.


Tina W. Jonas

GAO DRAFT REPORT – DATED AUGUST 12, 2005
GAO CODE 542056/GAO-05-953

“U.S. POSTAL SERVICE:
FACTORS AFFECTING FUNDRAISING STAMP SALES SUGGEST LESSONS
LEARNED”

DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATION

RECOMMENDATION: The GAO recommended that the Department of Defense, National Institute of Health, Federal Emergency Management Agency, and Health and Human Services improve reporting of how semipostal proceeds are being used by issuing annual reports to the congressional committees with jurisdiction over the Service, as is currently required for agencies that are to receive semipostal proceeds under the Semipostal Authorization Act. Reports should include information on the amount of funding received, accounting for how the funds were allocated or otherwise use, and any significant advances or accomplishments that were funded, in whole or in part, out of the funds received through the semipostal program. (page 35/GAO Draft Report)

DOD RESPONSE: The Department concurs with the recommendation. The annual report to Congress titled, “Congressionally Directed Medical Research Programs” that the Army prepares will be updated to include a separate section on the use of Breast Cancer Research Stamp funds. The Breast Cancer Research Stamp portion of the annual report will include all the information identified in the audit recommendation on the amount of funding received, an account of how the funds were allocated or otherwise used, and a report of any significant advances or accomplishments that were funded, in whole or in part, out of the funds received through the semipostal program.

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