



AMERICANS FOR TAX REFORM

## POSTAL NEWSLETTER

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President

### Postal Inspector General “Retires” in Disgrace

Karla W. Corcoran, the embattled first Inspector General of the United States Postal Service, “retired” in August, after a federal investigation revealed a pattern of wasteful spending and abuse of her authority.

The President’s Council on Integrity and Efficiency (PCIE) noted that Corcoran “followed a pattern and practice of unprofessional conduct in the management of the USPS OIG, used questionable judgment in areas within her discretion, extravagantly expended USPS funds, and engaged in personnel practices which were either questionable or not in accord with USPS policy,” and recommended “the most severe administrative sanctions available be taken against Ms. Corcoran.”

In response to the Council’s 274-page report, Corcoran responded with an expletive.

Highlights of Corcoran’s tenure included staff retreats where employees built gingerbread houses, dressed in animal costumes or as the Village People, and performed mock stripteases. Corcoran hosted a conference where she was suspended on a web of strings, at a cost of between \$615,000 and \$1 million. Investigators found that the agency’s three most recent annual recognition conferences – events at which all 750 employees of the IG’s office gathered at hotels for team-building exercises and awards ceremonies – cost more than \$1 million each. Meanwhile, postage rates continued to rise as the USPS consistently operated in the red.

Federal investigators also found that Corcoran had engaged in cronyism, promoting unqualified employees and threatening and humiliating others in public. Accusations were also leveled that Corcoran had attempted to hinder the investigation of her office by intimidating former employees.

Corcoran was immediately replaced by David C. Williams, a former inspector general at four agencies. Perhaps the officer charged with rooting out waste at the USPS can start by not committing it.

### Senate Committee Will Hold Hearing on Postal Reform

The Senate Governmental Affairs Committee, chaired by Sen. Susan Collins (R-ME), will hold a hearing on postal reform on Wednesday, Sept. 17 at 10 a.m., in 342 Dirksen Senate Office Building.

President’s Commission on the U.S. Postal Service Co-chairs James Johnson and Harry Pearce will be the sole witnesses. Pearce is chairman of Hughes Electronics Corp., a satellite-television broadcasting company, and Johnson serves as vice chairman of Perseus LLC, a private equity-fund management firm.

The hearing is expected to focus on the July 31 recommendations of the President’s Commission on the U.S. Postal Service, and how to address financial and operational challenges facing the USPS.

The hearing had originally been scheduled for Sept. 3, but was reportedly postponed due to illness on the part of one of the witnesses.

Meanwhile, the report of the President’s Commission is expected to jumpstart congressional efforts at reform. However, insiders believe that legislation before the end of this year’s session is unlikely.

So far, the major vehicle for postal reform efforts in Congress is S. 1285, a bill sponsored by Sen. Tom Carper (D-Del.) that includes a provision granting the USPS so-called “pricing flexibility,” simplifying the postage rate setting process and thereby making it easier for the USPS to raise rates to cover its out of control spending.

ATR has come out in opposition to pricing flexibility schemes because the USPS has repeatedly demonstrated it is all too willing to raise postage rates, but stubbornly refuses to cut costs and wasteful spending. Pricing flexibility would therefore amount to a de facto tax increase to cover government waste.

There has been no indication as to whether the Governmental Affairs Committee will take up S. 1285, which was introduced in June of this year.