



AMERICANS FOR TAX REFORM

## POSTAL NEWSLETTER

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Grover G. Norquist

President

### **OIG Probes USPS Sponsorships**

The United States Postal Service's \$48 million in sponsorship costs between 1996 and 2002 demonstrate that the USPS "has not effectively managed its sponsorships," according to a 2001-03 audit by the Office of Inspector General (OIG).

The OIG audit, conducted from August 2001 to February 2003, revealed that the USPS was unable to track or verify revenue associated with sponsorships, lacked objectives for some sponsorships, and did not manage tickets and invitations properly. As a result, the audit stated, "...the Postal Service could not determine return on investments, measure the effectiveness of its sponsorships, and take advantage of networking opportunities to generate revenue."

According to the OIG, the USPS did not track 31 percent and did not properly use a stunning 93 percent of its event tickets and invitations in 2001.

The OIG openly questioned why the USPS would sponsor the Tour de France Pro-Cycling team when its core mission is to deliver domestic mail, and particularly why the USPS would spend so much money on expensive sponsorships while it is losing money.

The OIG also did not fail to notice that in the same period of time, postage rates continued to increase.

The USPS has continually rejected Freedom of Information Act (FOIA) requests to obtain detailed costs and information regarding the USPS' Pro-Cycling sponsorship, claiming that the information is proprietary and exempt from disclosure under FOIA.

In addition to sponsoring the Lance Armstrong Pro-Cycling team (at an estimated cost of \$50,000,000), the USPS has also had over 200 local sponsorships. Expenses included contract costs and advertising costs, in addition to postal management travel, hotel and entertainment expenses in France during the Tour de France.

In 2001, the USPS claimed that the value of domestic media exposure resulting from its Tour de France sponsorship was three times the contract cost for that year.

The audit also criticized the more than \$5 million the USPS spent on sponsorships of the New York Yankees and New York Giants, stating "[t]he Postal Service was not able to validate the \$112 million claimed in 1999 as revenue from the sponsorship of the New York Yankees."

The OIG recommended the USPS not enter into any new sponsorship agreements or extensions on current agreements.

### **ATR Files Final Public Comment With President's Commission**

In a July 7, 2003 letter to the President's Commission on the United States Postal Service, ATR President Grover Norquist addressed the main points he believes the commission should consider prior to making their recommendation to President Bush at the end of July.

The letter focused on three key steps the commission needed to take to achieve real reform: cutting the size of the USPS; restricting the USPS to its core mission of standard and first class mail delivery; and maximizing use of the private sector, including outsourcing and worksharing discounts.

"The only sure way to reform the USPS is to stop treating the symptoms with ever-increasing postage rates, and instead to treat the disease by understanding that the USPS' financial problems are a result of overspending and overreaching, rather than lack of revenue," said Norquist.

The commission's period for public comment ended on July 8. A final public meeting will be held on Wednesday, July 16, 2003, at 8:30 a.m. in the Hart Senate Office Building.

The commission is expected to deliver its recommendations to the president on July 31, 2003.