



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Tuesday, May 31, 2005

Grassley Keeps Focus on Financial Management at Postal Service

WASHINGTON — Sen. Chuck Grassley is keeping pressure on the Postal Service by asking for reports on how the Service is improving financial management following recent news of a possible postal rate increase and excessive payments by the Service when its employees relocate.

Grassley said he wants to shine the spotlight on the Postal Service to make sure any increase in the cost of stamps is not wasted by poor management. Earlier this month, Grassley complained about the Postal Service giving its employees an extra allowance for relocation expenses, totaling as much as \$25,000, on top of reimbursable relocation expenses related to shipping household items or the sale of a home, for example. There is no requirement made of Postal Service employees to show that the extra allowance he questioned was used for relocation-related expenses.

Grassley is chairman of the Senate Committee on Finance. A copy of Grassley's request to the Inspector General for the Postal Service follows here, along with his May 4 news release regarding this issue.

May 31, 2005

The Honorable David Williams
United States Postal Service Office of Inspector General
1735 N. Lynn Street
Arlington, VA 22209-2020

Dear Mr. Williams:

Recently, as Chair of the Senate Finance Committee (Committee), I questioned the Postmaster General for awarding what I believe are unnecessarily generous miscellaneous relocation payments to senior executives, some of whom moved only a few miles. In addition, recent reports by the Government Accountability Office (GAO) and in the press suggest that the United States Postal Services (USPS) is facing a major financial crisis.

At a time when the financial footing and operational structure of the United States Postal Service (USPS) are being questioned and postal rates are increasing, it is essential that the USPS effectively ensure that it incurs only costs essential to effective operations. How the USPS

manages its finances has a direct impact on the cost of postage to American citizens. The USPS recently proposed an increase in postage rates to replenish its escrow fund and a similar increase is anticipated in 2006.

I understand that the USPS OIG is currently developing an overall strategic audit plan of action to implement current pending legislation that will require it to review the various systems that are used to allocate cost and revenue in the rate making process. Accordingly, as Chairman of the Committee, I request that the USPS OIG provide this committee with the results of those audits as they are completed to ensure that the rate increases are properly supported by data systems. In addition, I ask that you determine whether efficiencies and cost savings the Postal Service has realized over the past few years are appropriately factored into the rate making process.

Thank you in advance and I greatly appreciate your continued assistance in ensuring accountability in government.

Sincerely,
Charles E. Grassley
Chairman

For Immediate Release
Wednesday, May 4, 2005

Grassley Sends Postmaster General Questions About Executive Moving Expenses

WASHINGTON — Sen. Chuck Grassley is calling on the Postal Service to account for its practice of giving its employees extra payments for relocating and letting employees keep any leftover money.

Grassley said that during fiscal years 2003 and 2004, the Postal Service made 265 miscellaneous relocation payments of \$10,000 each, totaling \$2.65 million. Another ten such payments of \$25,000 were made during the same time period. This is an allowance employees receive in addition to reimbursable expenses such as the shipping of household goods and expenses related to the sale of a home.

“It’s irresponsible for the Postal Service to make these payments without accounting for how the money is spent,” Grassley said. Last month, the Postal Service called for an increase in stamp prices and other postal rates.

In a letter sent yesterday, Grassley challenged the assertion made by the Postmaster General that relocation benefits are needed to induce talented individuals to move to challenging positions in higher cost areas.

“The Postmaster General also says that talented individuals are rewarded for good performance with salary increases, so it doesn’t add up that runaway relocation expenses are also needed,” Grassley said. “What’s more, sometimes relocation payments are being made to

employees moving only a few miles.”

Grassley is chairman of the Senate Committee on Finance. Here is the text of his letter to the Postmaster General.

May 3, 2005

The Honorable John E. Potter
Postmaster General
United States Postal Service
475 L'Enfant Plaza SW
Washington, DC 20260-001

Dear Postmaster General Potter:

I am in receipt of your response to my March 30, 2005 letter inquiring about miscellaneous relocation allowances and I must tell you, I am not pleased with your response. In fiscal years 2003 and 2004 alone you made 265 miscellaneous relocation payments of \$10,000 each. That's \$2.65 million, and that doesn't count the 10 \$25,000 payments you made during that same time period, or the relocation income tax allowance used to ensure that the employee receiving the allowance can pocket the full allowance. And employees are not required to show that they actually incurred any expenses that would justify these payments. That strikes me as irresponsible, especially because your response comes on the heels of the United States Postal Services' (USPS) recent request to raise postal rates. I don't see how you can justify a 10 percent increase in postage rates at the same time you are making payments of \$10,000 or more to USPS executives. The American public does not want to pay more for postage so that you can give what amount to handouts to USPS executives.

You state in your response that because USPS Executive and Administrative Schedule (EAS) and Postal Career Executive Service (PCES) employees receive no locality pay, and receive increases to salary solely based on performance, it is necessary to use relocation benefits to induce talented individuals to move to challenging positions in higher cost areas. I don't quite understand that. If talented individuals are being rewarded for good performance, why do they need payments of \$10,000, and sometimes more, as an inducement to relocate. In addition, as I mentioned in my previous letter, in the past, such payments have been handed out to individuals who have moved only a few miles.

Finally, I understand that both the Deputy Postmaster General, who received a \$50,000 miscellaneous relocation allowance in 2000, and the Senior Vice President for Human Resources, who received \$25,000 miscellaneous relocation allowances in 1998, 2000, and 2001, for a total of \$75,000, are both retiring soon and are each eligible for one final relocation upon retirement. I hope you can assure me that these individuals will not be receiving the same generous relocation allowances that they have received in the past. Even if a generous relocation payment were necessary as an inducement to relocate, I don't see how it benefits the USPS or the American public to offer the same allowance upon retirement.

In closing, thank you for your attention to this important matter.

Sincerely,
Charles E. Grassley
Chairman

cc:
James C. Miller III, Chairman, USPS Board of Governors
David C. Williams, USPS Inspector General