

A Champion Cyclist Outshines His Sponsor

By Ruth Y. Goldway

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As Lance Armstrong races through France with the United States Postal Service's logo emblazoned on his jersey, some are questioning why the agency has spent \$40 million over the last six years sponsoring him and his team when it has been losing money. Why, critics ask, does the Postal Service need to advertise anyway, when it has a monopoly on letter mail and is a highly recognizable name brand?

The debate should not be about the money — the amount spent on Lance Armstrong is a tiny fraction of the agency's \$66 billion annual budget. Nor should it be about the need to advertise. The Postal Service must — it faces stiff competition from Federal Express and the United Parcel Service, among others.

The problem is that the Postal Service has little oversight. Because it is an independent federal agency with commercial responsibilities, it does not have to report to the Securities and Exchange Commission, comply with the Federal Trade Commission's truth-in-advertising rules or face shareholder scrutiny. Last week a commission appointed by President Bush announced recommendations that include a call for greater financial transparency. This is a good start.

As a United States postal rate commissioner, I have the duty of seeing that postal rates cover costs and that mailers pay fair rates for services they receive, while ensuring that the Postal Service breaks even over time. But my efforts have been undermined by an agency that keeps messy books and spends money inefficiently and wastefully. It lost about \$2 billion over the last two years despite raising stamp prices.

Moreover, a recent Office of the Inspector General report revealed that the agency spent \$48 million over six years on its sponsorships, which included not only the cycling team but also a baseball team (about \$3.5 million for the New York Yankees), a few football teams (among them the New York Giants) and two golf tournaments. But the inspector general could validate only \$698,000 in revenue, all of which derived from the cycling sponsorship. The service neglected to keep adequate records of its receipts, the number of tickets it got and who used them, and any measurement of the benefits for its sponsorships. Postal employees, it seems, were often simply given free tickets.

Rather than criticizing the Postal Service for supporting Lance Armstrong (although perhaps he needs far less money than when he joined the team years ago, before he was a superstar) we should demand that sponsorships reflect the diverse character of postal customers. Why, for instance, does the agency seem so partial to men's sports? Why not sponsor women's soccer or the Dance Theater of Harlem, or the American Film Institute? Why not sponsor graphic art exhibitions that simultaneously promote stamp illustration sales and stamp collecting?

The money spent on Lance Armstrong, in contrast to the other sponsorships, enhances the service's image. Lance Armstrong's perseverance in overcoming cancer and competing year after year complements the Postal Service's mission to deliver mail to every address six days a week regardless of weather or other crises. But when this year's Tour de France is over — and I am rooting for Lance Armstrong — the public should focus on making the Postal Service more accountable for its marketing and sponsorship as well as for its operations as a whole.

Ruth Y. Goldway has been a United States postal rate commissioner since 1998.