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THE POSTAL SERVICE'S HOTEL WANTS YOUR BUSINESS

Executive Summary

The Postal Service has a national conference and management training center on an 83 acre site in the leafy Washington suburb of Potomac, Maryland. Several years ago, the Service opened the facility to the general public for a number of hospitality-industry related activities including hotel stays, business meetings, special events like weddings and banquets, food, and drink.

Although the facility has a postal theme with large pictures of stamps on walls, a permanent exhibit from the Smithsonian's National Postal Museum, and specialty cocktails named after Pony Express riders and mail drops, its hospitality industry services really have nothing to do with the government-owned enterprise's core purpose of delivering non-urgent mail throughout the country.

The William F. Bolger Center's double life raises the issue of whether a government agency should engage in commercial activities unconnected to its government-assigned mission. The expansion of government-owned enterprises into commercial markets is a concern because they are often less productive, less cost effective, and less attuned to customers' wants than private-sector businesses.

The Service could argue that it is merely putting the Bolger Center's excess capacity to use instead of letting it go to waste, and generating extra money to help support the agency's other operations.

The Postal Service's hotel and related services probably make money. The Service reports that non-Postal-Service guests furnished nearly \$6.7 million of revenue in 2004. However, profits will be smaller than revenues. Profits equal revenues minus costs, not revenues alone. The Service should provide data on the extra costs the Bolger Center incurs due to its non-postal customers.

A more fundamental question is whether the Postal Service is putting to best use its nationwide real estate portfolio. The Bolger Center's excess capacity underlines the desirability of having an independent assessment of the Service's massive real estate holdings, with the results made public to increase transparency and accountability.

The Postal Service carries into the hospitality industry its many government-based powers and privileges, including numerous tax and regulatory exemptions. These indirect government subsidies lack transparency, narrow the tax base, are unfair to competing hotels and restaurants, and hurt overall economic efficiency. There is little justification for the Postal Service to continue to receive preferential tax and regulatory treatment on its hospitality industry services. More generally, the Postal Service's government-based benefits should be reexamined on other activities that are outside its core, government-assigned mission.

THE POSTAL SERVICE'S HOTEL WANTS YOUR BUSINESS

Just outside the Washington, D.C. beltway, the Postal Service maintains a large conference and management training facility, the William F. Bolger Conference Center. Because employee training is a sensible business practice, the Bolger Center would hardly seem controversial. The facility, however, leads a double life.

The Postal Service has opened the property to the general public for meetings, special events, hotel stays, food, and drink. "[N]estled on 83 acres of picturesque lawns and gardens," in the words of the Bolger Center's web site, and located in the exclusive Washington suburb of Potomac, Maryland, the facility has 477 hotel rooms, 70,000 square feet of "high technology" meeting space, and 75 "spacious" meeting rooms.¹ The Center's capacity far exceeds the Postal Service's own needs.

One travel guide classifies the Bolger Center as a full-service hotel and says, "The Bolger Center is one of the largest conference facilities in the Washington D.C. area and offers the business or leisure traveler the convenience of a hotel located in a serene park-like setting. Designed with comfort and convenience in mind..."²

The Bolger Center's own web site claims, "The Bolger Center will provide all the needed elements to make your wedding extraordinary... [and] the perfect environment for banquets, corporate outings, family reunions, and social occasions."³ The web site noted at one time that the Center "was recently named Top Conference Center Hotel in the region."⁴ The Postal Service facility also rents hotel rooms to individuals, and according to the Center's web site, rooms are available to the general public on all but four days during the remainder of 2006.⁵ The web site indicates that basic state sales tax is added to the room rates, but not the many other taxes often tacked onto hotel bills.

If one's interest is food and drink, the offerings at the Postal Service's Bolger Center include Sunday High Tea during part of the year, a buffet restaurant, team-building culinary events (such as "interactive Hors d'oeuvres parties") by special arrangement, and the Pony Express Bar and Grill, which features "[m]any ... menu items and specialty drinks ... named after actual pony express riders and mail drop locations."⁶ According to the Center's web site, the Pony Express Bar and Grill also holds Texas Hold'em Poker tournaments on Tuesday nights and Karaoke on Wednesdays.⁷

Because the Postal Service is not primarily in the hospitality business, it sensibly allows an experienced private-sector company, Dolce International, to manage the non-mail-related activities at the Bolger Center. Dolce International, which operates 21 properties here and abroad and has headquarters in this country and France, "specializes in the meetings niche of the hospitality industry ... [but] also caters to leisure travelers, [and] individual business travelers..."⁸

Thousands of businesses in the United States, ranging from very small to very large, participate in the hospitality industry. Government statisticians report that 10.8 million workers were employed to provide accommodation and food services in 2004.⁹ Why should the Postal Service's decision to participate on a limited basis in this large and important industry be noteworthy?

The explanation is that the Postal Service is not a normal private-sector company. It is an arm of the U.S. Government, technically designated as "an independent establishment of the executive branch of the Government."¹⁰ In a variety of legal cases involving the Postal Service, courts have invariably recognized the organization's governmental status. As the Supreme Court wrote in a 2004 decision,

"The Postal Service ... is part of the Government of the United States..."¹¹ Members of Congress often comment that the Service is the federal agency with which people come in contact most frequently.

The Postal Service can defend its foray into the hospitality industry with the argument that the Bolger Center's non-postal activities apparently make money (based on the sketchy financial data the Service has released). The Service can also argue that this is a special case confined to one location and that the Center is primarily used as a Postal Service facility. Nevertheless, legitimate questions are raised when a government agency enters a field unconnected to its government-assigned mission. The Postal Service creates additional concerns when it invokes its government-based powers to ignore various taxes and regulations that apply to normal businesses in the hospitality industry.

Background

In 1981, the Postal Service bought an 83.3 acre property in Potomac, Maryland with the intention of making it the site of the agency's national management training and conference center.¹² The property had previously been the national headquarters for the Catholic order of the Sisters of Mercy. The Postal Service paid \$6.8 million for the real estate, and planned to invest an additional \$21.1 million for renovations, additional construction and other expenses. The new facility, whose full name is the William F. Bolger Center for Leadership Development, replaced the Service's former national management training facility in Bethesda, Maryland, as well as smaller training centers in Philadelphia, Chicago, Memphis, and Los Angeles.

As the name suggests, the Potomac center emphasizes management-level conferences and training. The Service has another facility in Norman, Oklahoma, its National Center for Employee Development, that focuses on technology training.¹³

The U.S. General Accounting Office examined the Potomac purchase at the time and concluded that

it was a good business decision.¹⁴ The GAO's only hint of criticism was a comment that the Postal Service might not have considered a broad enough set of options regarding the location and configuration of its management training center. "[T]he alternatives the Service considered may have made the selection of alternative B [the Bolger Center] inevitable..."¹⁵

In the 1990s, the Postal Service opened the facility to non-postal customers.¹⁶ By then it was evident that the facility had substantial unused capacity.

Currently, the Postal Service is the facility's main client, but a significant share of its business is non-postal. The Service reports that 21,504 Postal Service employees and 16,662 non-Postal Service customers used the Center in 2004.¹⁷ In 2005, 55,310 Postal Service employees and 41,077 non-Postal customers used the Center, which appears to be a substantial increase over 2004 levels in both categories.¹⁸ The property also houses a Postal Service media unit.

Points in favor of the Postal Service selling hotel, conference, special event, food, and drink services to the general public at its Bolger Center

If one takes the Bolger Center's size, location, and ownership as givens (more on this later), then the Bolger Center's non-postal activities can be defended on grounds of income generation and resource utilization.

Extra income. Often in the past the Postal Service has entered a field, promised it would make big money there, and later grudgingly admitted that it had suffered losses. For example, the GAO found in a study issued in 1998 that out of 19 new products being developed or rolled out by the Postal Service during fiscal years 1995-1997, few involved traditional mail service, only one had been profitable over the period, and collectively they had lost \$84.7 million over the period.¹⁹ In contrast, the Bolger Center's external business does appear to be profitable. The Service claims that non-Postal

Service customers provided \$4.3 million in revenue in 2001, \$7 million in 2002, \$7 million in 2003, and nearly \$6.7 million in 2004.²⁰

An important caveat is that profits are probably considerably lower than reported revenues, although still positive. Profits equal revenues minus costs. Because the Postal Service lists the Bolger Center's revenues from its non-postal clientele but not the costs, it is unclear how much the Service really earns from the Center's external business. For instance, the thousands of extra customers who visit and stay at the Center surely increase wear and tear, which raises maintenance costs and may require more frequent renovations. Security costs are probably higher as well. If any upgrades have been made to the facility to better accommodate its thousands of non-postal customers, the costs of those upgrades also need to be subtracted from revenues to determine income. The revenue numbers the Postal Service reports are presumably net of what Dolce International receives for managing the property's hospitality services, but if any additional management fees come out of the reported revenues, those fees also need to be deducted when computing income.

Resource utilization. The Postal Service has built a facility in Potomac whose capacity often greatly exceeds the Postal Service's own needs. It would be wasteful to let that excess capacity sit idle if non-postal organizations and individuals would like to use the facility, would not impose much in the way of extra costs, and would pay enough to cover the extra costs. In other words, if the Bolger Center's capacity is taken as a given, opening the Center to outside customers would more fully utilize existing resources and, therefore, improve economic efficiency.

A special case. The Postal Service can argue that it is not making a general move into the hospitality industry, but only taking advantage of its training centers' special resources.²¹ The agency's foray into the hospitality industry would have the potential to be much larger, and therefore of greater

concern, if it were occurring at many locations across the country. Fears of expansion for the sake of expansion are also eased because Postmaster General John Potter has done a very good job – much better than many of his predecessors – at concentrating on the agency's core, government-assigned mission of non-urgent letter delivery. In contrast, for example, the previous Postmaster General, William Henderson, once expressed the grass-is-greener-on-the-other-side sentiment that the agency's government-assigned mission is an "unrelenting marathon" with meager rewards; he looked longingly at markets beyond the agency's core mission, where competitors supposedly "gladly concentrate on short sprints with big payoffs."²²

Real estate questions

For economic efficiency, valuable resources should be put to their best possible uses. The Bolger Center's excess capacity does not prove that this large and valuable property is being used inefficiently, but it suggests the possibility ought to be examined carefully.

While it may be less wasteful to deal with the Bolger Center's underutilization by opening it to non-postal customers and activities than letting it sit idle, other options might bring greater efficiency. Two questions regarding the Postal Service's past decisions are whether it bought too large a facility to begin with and, even if the original purchase was sound, whether the Service later undertook too much additional construction on the site. Looking to the future, should the status quo be maintained? Would it be more sensible financially to sell the facility and relocate to a less pricey location? Alternatively, would it be better to sell the facility but lease back part of it on an as-needed basis? If the Service keeps the property, does it require all 83 acres or would placing a for-sale sign on some of that prime real estate be a good business practice? Compared to some of the other choices, it is conceivable that maintaining the status quo and trying to fill empty spaces at the Bolger Center with non-postal customers may be very inefficient.

As a purely hypothetical example to illustrate this point, suppose the Postal Service were to build every new post office 25% too large. Imagine the Postal Service then said that it should sell retail merchandise in the extra space rather than leaving it vacant. It could be argued that selling something – anything – in the otherwise empty space to make a few dollars would be less wasteful of resources than leaving the space unoccupied. While that might be true as far as it goes, it would be based on a choice between two inefficient options. In this hypothetical example, a much better choice in terms of efficient resource use and probably the Service's finances would be to build appropriately sized post offices in the first place.

The Postal Service has a huge real estate portfolio. In 2005, it owned 8,399 facilities, 216 million square feet of interior space, and 936 million square feet of land.²³ (These numbers exclude property the agency leases but does not own.) Some holdings in this vast portfolio are excess or underutilized. An earlier IRET study had concluded that the Postal Service might be able to raise large amounts of money (hundreds of millions or billions of dollars) by selling surplus properties.²⁴ The IRET study recommended an independent assessment, with the results made public. The reason to have an independent, external study rather than an internal study is to promote objectivity and bring in the best expertise. The study should be publicly disclosed rather than kept under wraps to provide transparency and accountability. The bipartisan President's Commission on the U.S. Postal Service also saw the potential in the Service's multi-billion dollar real estate portfolio.²⁵ The bipartisan commission recommended an independent appraisal of the portfolio's market value "[a]s an essential first step," and suggested that the Service outsource real estate management because it is a "big-ticket" operation that lies beyond "the institution's core competency" of mail delivery.²⁶

The Postal Service, regrettably, has shown no interest in these ideas. The Service claims it has superb internal programs to manage its real estate and dispose of excess property, and points out that it

generates millions of dollars through asset sales and rentals.²⁷ The Bolger Center with its obvious excess capacity highlights why an independent assessment, with publicly disclosed results, is badly needed.

Government-based advantages

Valuable government support. As is often the case with government-owned enterprises, the Postal Service enjoys a variety of governmental powers and privileges. Some of the Service's main advantages are that it is exempt from many federal, state and local taxes, is not subject to numerous state and local regulations, can borrow directly from the U.S. Treasury at a low interest rate, possesses the power of eminent domain, and can count on a huge annual cash flow from its statutory mail monopoly. The Postal Service would counter that it also has many obligations, mostly associated with its core mission of delivering non-urgent, hard-copy letters throughout the nation.

The Postal Service often declares, "We receive no tax dollars from the federal government for our operations. We are a self-supporting agency..."²⁸ The Postal Service is referring to direct federal appropriations and its statement is true, with a few exceptions.²⁹ However, its many tax and regulatory exemptions constitute large, indirect, and hidden government subsidies. For example, the Postal Service's exemption from state motor vehicle registration fees, its immunity from parking tickets, and its exemption from property taxes on its real estate holdings are equivalent in terms of the organization's bottom line to receiving hundreds of millions of dollars of government appropriations every year.³⁰

Problems when the Service uses its governmental powers and privileges in competitive markets. The Service's advantages are not confined to its government-assigned mission. The agency carries its special powers and privileges into competitive markets, where it operates against private-sector businesses selling similar goods and services. It is in competitive markets that the

Service's government-based advantages are most controversial.³¹

The Bolger Center was briefly in the news several months ago when a local restaurant owner complained that while he had been struggling for two years to obtain Montgomery County, Maryland zoning approval to build a banquet hall on his property, the Postal Service has used its federal authority to bypass the county-approval process.³² The restaurant owner also objected that the Bolger Center is not following state and local liquor-control laws that private-sector businesses must obey.

Montgomery County, with the support of the State of Maryland, weighed in by sending the Postal Service a \$1.35 million property tax bill for the current year and prior three years, but that is a symbolic gesture because the bill is almost certainly unenforceable.³³ The Postal Service has responded that it is subject to federal laws, which supersede state and local laws, and that its actions are in conformity with the powers Congress granted it under Title 39 of the U.S. Code.³⁴

When the Postal Service decided to sell non-postal services like hotel rooms to the general public, it did appear before a local planning board for a "mandatory referral", at which the local authority could request changes but not demand them. One local participant noted that the Service made "a lot of concessions ... in the spirit of being a good neighbor" but that the Service had the final say on which concessions to agree to and which to reject. "[I]t isn't really subject to county approval..."³⁵

It is not surprising that some local businesses are upset. They are competing against a government enterprise that has powerful government-based advantages and virtually no government-imposed disadvantages in their market area (the hospitality industry), except that as part of the government, the Postal Service is bureaucratic and slow moving.

The government-related advantages that the Postal Service carries into competitive markets are also controversial because there is no strong public

policy justification for granting a government enterprise special treatment on commercial activities not involving its basic public service mission. In contrast, the Bolger Center's activities and the special benefits the Service receives would raise fewer eyebrows if the Center were only open to people from the Postal Service and to mailers attending conferences and training sessions there because then the link to the Service's mission would be much clearer. The Center could also provide meeting facilities to other federal government agencies on an as-available basis without sparking many complaints (assuming the Service is reimbursed for its costs) because the link then would be that the activities are internal to the federal government.

State and local governments also have concerns. A normal commercial business must obey state and local regulations (zoning, traffic, alcohol, etc.). However, if the Postal Service performs the same commercial activities, it often cannot be compelled to obey the regulations because of its federal status. If the regulations are silly or onerous, it may be just as well not to observe them, but in that case the regulations should be repealed for everyone, not just the Postal Service.

In addition, state and local governments lose tax revenues when the Postal Service performs commercial activities because of the Service's many tax and fee exemptions. To compensate for the revenue loss, governments have to increase taxes on remaining taxpayers, cut their spending programs, or borrow. The tax base also narrows at the federal level, which places federal taxpayers at risk too. The potential revenue loss is open-ended in the sense that if the Postal Service expands in competitive markets, it will displace more business activity from the private sector and remove more income, sales, and property from the tax base.

A danger for the overall economy is that if a government enterprise supports itself in competitive markets by means of indirect government subsidies, it diverts production away from more efficient private-sector businesses. That reduces the

economy's productivity, which lowers output, real incomes, and living standards throughout the economy. This danger is especially great because indirect government subsidies are easy to overlook and can deceive citizen/voters into believing that various government business ventures are less inefficient than is really the case.

Because the Postal Service has a statutory monopoly in its core market, another fear is that it will charge monopoly-market customers higher rates in order to subsidize money-losing competitive-market products. This does not appear to be a problem with the Bolger Center's external activities, however. Based on the incomplete financial information the Postal Service has released, the Center's non-postal operations seem to be profitable.

The Postal Service should receive fewer government-based advantages on its hospitality-industry activities. When the agency moves beyond its core purpose and sells goods and services in competitive markets, its numerous government-bestowed powers and privileges can generate many serious problems while lacking a clear public policy justification. A sensible course of action, therefore, would be to give the enterprise as few indirect government subsidies as possible on its non-postal offerings at the Bolger Center, which include hotel, conference, special event, food, and drink services.

For example, the Postal Service should have to pay local property tax to the extent it uses the Bolger Center for purposes not related to its core, government-assigned mission. (Only a portion of the property's value would be taxed because only a portion is used for non-core activities.) Similarly, when the Pony Express Bar and Grill sells drinks to the general public, the Center should have to comply with state and local liquor laws. While it is commendable that the bar reminds patrons of "actual pony express riders and mail drop locations" by giving its specialty cocktails names like Mudd Springs, Little Sandy, Pony Bob, and Cactus Cooler,³⁶ that does not convert the drinks into mail-related products. In general, when the Bolger Center sells hospitality-industry services to the public, the

Postal Service should have to pay taxes and obey regulations like a normal business, unless there are cases in which doing so would conflict with its core mission. It might be objected that adhering to state and local laws is expensive and that some of the laws are too restrictive, but if so, the proper remedy would be to persuade Montgomery County and the State of Maryland to modify their laws for everyone, or for the Postal Service to move its facility to a locality with more business-friendly rules.

Legislation. Congress is working on legislation that would significantly change the legal framework under which the Postal Service operates. (Congress is in the process of reconciling somewhat different bills that passed the House and Senate. The House bill is H.R. 22, and the Senate bill, which was formerly S. 662, is now also called H.R. 22. Both versions are titled the Postal Accountability and Enhancement Act.) Among its many features, the pending legislation would remove the Service's explicit statutory authority to operate in non-postal markets. Because the Bolger Center's major use is as a Postal Service conference and training facility, it remains to be seen whether that legal change would require any scaling down of the Center's hospitality-industry offerings. The pending legislation would also modestly trim the Postal Service's government-based benefits. One of the most significant changes is that the Service would no longer have total legal immunity from the anti-trust laws.³⁷ (It would still enjoy antitrust immunity for behavior within its statutory monopoly.) However, most of the Service's tax, fee, and regulatory exemptions would remain in place, even on the Service's non-core products. Accordingly, the legislation would be a first step toward the changes recommended here, but additional legislative action would be desirable.

Conclusion

The Bolger Center's activities raise questions about whether the Postal Service should be moonlighting as a hospitality company. The Postal Service can make a case that the facility is used the majority of the time for mail-related purposes and

that the rest of the time the agency is simply finding profitable employment for underused capacity by offering hotel rooms, a conference center, wedding and banquet facilities, and food and drink services to the general public. But are those proper activities for a U.S. government entity charged with delivering mail? At a minimum, the excess capacity points to why it would be desirable to have an independent assessment of the Service's massive real estate portfolio, with the results disclosed to the public.

Moreover, the law allows the Postal Service to claim its full panoply of government-based powers

and privileges while offering hospitality-industry services at the Bolger Center. Those benefits, which include numerous tax and regulatory exemptions, amount to large indirect government subsidies. It would be good public policy to deny the Service hidden government subsidies on products that lie outside the agency's government-assigned mission.

Michael Schuyler
Senior Economist

This is another of a continuing series of IRET papers examining the U.S. Postal Service. IRET began its work in this area in the mid 1990s. Norman Ture, the organization's founder, believed that growth and prosperity are advanced by restricting government to a limited set of core functions. From this perspective he was concerned about the activities of government owned and sponsored businesses. The Postal Service stands out among government businesses because of its size — it employs nearly one third of the federal government civilian workforce — and its efforts over the years to expand.

Endnotes

1. See <http://www.dolce.com/marketing/properties/bolger/high-tea-mothers-day.pdf>; and <http://bolgercenter.dolce.com/>.
2. Mobil Travel Guide, at http://www.mobiltravelguide.com/mtg/mtg_home_prop.jsp?id=18393&back=Y&mode=.
3. See http://bolgercenter.dolce.com/property/prop_weddings.php.
4. Originally accessed at http://dolce2.reachlocal.com/coupon/?scid=90812&cid=12703&tc=06021106025666063&dynamic_proxy=0&primary_serv=dolce2. That web page was recently modified and now advertises weekend church retreat packages.
5. See <https://reservations.synxis.com/LBE/rez.aspx?Hotel=12545&Chain=5968&lang=1>.
6. See http://bolgercenter.dolce.com/property/prop_fnb_overview.php. Although the Postal Service today tries to associate itself with the Pony Express, the real Pony Express was an innovative, private-sector company that competed with the Post Office. See Sam Ryan, "Why Not Return To The Days Of The Pony Express?," *The Salt Lake Tribune* (Salt Lake City), April 4, 2005, accessed at <http://www.lexingtoninstitute.org/postalreform.asp?aid=571>.
7. *Ibid.*
8. See <http://www.dolce.com>.
9. See U.S. Bureau of Economic Analysis, National Income and Product Accounts, Table 6.4D, Full-Time and Part-Time Employees by Industry, accessed via <http://www.bea.gov>.
10. The Postal Reorganization Act Of 1970, sec. 201, August 12, 1970.
11. *United States Postal Service v. Flamingo Industries (USA) Ltd. et al.*, Supreme Court of the United States, Case No. 02-1290, decided February 25, 2004, accessed at <http://supremecourtus.gov/opinions/03pdf/02-1290.pdf>.

12. For a fuller discussion of the material in this paragraph, see U.S. General Accounting Office, Letter to The Honorable Patricia Schroeder, House of Representatives, May 6, 1981, accessed at <http://archive.gao.gov/f0102/115147.pdf>; and Ari Cetron, "Welcome To The Hotel Potomac; The Bolger Center Is Owned By The Postal Service, But It's Open For Anyone's Business," *The Connection Newspapers*, July 28, 2004, accessed at <http://www.connectionnewspapers.com/article.asp?archive=true&article=35525&paper=70&cat=104>.
13. Under a contract with the Postal Service, University of Oklahoma Outreach helps manage the large training and conference center in Oklahoma. For some recent background on that facility, see University of Oklahoma Outreach, "University of Oklahoma Outreach Awarded Largest Contract in Campus History for U.S. Postal Service National Center for Employee Development," Press Release, January 5, 2006, originally accessed at <http://biz.yahoo.com/prnews/060105/dath030.html?.v=39>.
14. The GAO concluded that the Service needed a national management training center and that the existing Bethesda facility, which was spread across several rented buildings, had layout and cost problems. See GAO, Letter to Rep. Schroeder, *op. cit.*
15. *Ibid.*
16. See Cetron, "Welcome To The Hotel Potomac," *op. cit.*
17. U.S. Postal Service, "Comprehensive Statement On Postal Operations, 2004," pp. 6-7, accessed at <http://www.usps.com/strategicplanning/cs04/cs2005.pdf>.
18. U.S. Postal Service, "Comprehensive Statement On Postal Operations, 2005," p. 7, accessed at <http://www.usps.com/strategicplanning/cs05/cs2005.pdf>.
19. U.S. General Accounting Office, "Development and Inventory of New Products," GAO/GGD-99-15, November 1998, p. 19, accessed on the Internet at <http://www.gao.gov/archive/1999/gg99015.pdf>. The GAO noted that four were profitable in fiscal year 1998, but collectively they were still losing money.
20. U.S. Postal Service, *Comprehensive Statement On Postal Operations*, various issues, all accessed via <http://www.usps.com/financials/cspo/welcome.htm>. The Comprehensive Statement for 2005 does not report a revenue number, but based on the increase in traffic between 2004 and 2005, revenue in 2005 was probably significantly higher than in 2004.
21. The Oklahoma training center is not the topic of this paper, but it also has a substantial external business. See, for instance, Postal Service, *Comprehensive Statement, 2004, op. cit.*, p. 6.
22. U.S. Postal Service, *U.S. Postal Service Annual Report, 1996*, p. 6. When Mr. Henderson said this, he was in the Postal Service's senior management but not yet Postmaster General.
23. USPS, *Consolidated Statement, 2005, op. cit.*, p. 23.
24. Michael Schuyler, "The Postal Service's Surplus Real Estate," *IRET Congressional Advisory*, No. 155, June 24, 2003, available at <ftp://ftp.iret.org/pub/ADVS-155.PDF>.
25. President's Commission On The United States Postal Service, *Embracing The Future; Making The Tough Choices To Preserve Universal Mail Service*, July 31, 2003, esp. pp. 86-87 and 96-98, accessed at <http://www.treas.gov/offices/domestic-finance/usps/pdf/report.pdf>.
26. *Ibid.*, p. 87, 98.
27. For a brief Postal Service overview of its Realty Asset Management program, see USPS, *Consolidated Statement, 2005, op. cit.*, pp. 23-24.
28. See U.S. Postal Service, "Postal Facts 2006," accessed at <http://www.usps.com/communications/organization/postalfacts.htm>. Similar statements can be found in many of the agency's *Annual Reports* and at the bottom of many of its press releases.
29. The Service does receive an annual appropriation for providing free mail for the blind and for overseas voters (in effect, Congress reimburses the Service for not charging postage to those mail users); it obtains a small annual appropriation for money the government did not pay it in the early 1990s; and it has received hundreds of millions of dollars in emergency preparedness appropriations. (See Postal Service, *Annual Report, 2005, op. cit.*, pp. 51-53.)

30. For rough estimates of the size of some of the Postal Service's main hidden subsidies, see Michael Schuyler, *The Anti-Competitive Edge: Government Subsidies To Government Businesses: Case Studies Of The Postal Service, TVA, And Amtrak* (Washington, DC: Institute For Research On The Economics Of Taxation, 1999). The study also examines indirect government-based subsidies at two other government enterprises: the Tennessee Valley Authority (TVA) and Amtrak.
31. A number of earlier IRET studies have examined the Postal Service's often ill-advised operations in competitive markets. For a fuller discussion of Postal Service forays into competitive markets and the hazards they present, see Michael Schuyler, "Empire Building At The Postal Service," *IRET Policy Bulletin*, No. 87, May 19, 2003, available at <ftp://ftp.iret.org/pub/BLTN-87.PDF>.
32. Ken Millstone, "Officials Question Bolger Center; Restaurant Owner Says For-Profit Business On Federal Land Creates 'Uneven Playing Field'," *Potomac Almanac (The Connection Newspapers)*, November 22, 2005, originally accessed at <http://www.connectionnewspapers.com/article.asp?article=59195&paper=70&cat=104>; currently available at <http://www.potomacalmanac.com/article.asp?archive=true&article=55513&paper=70&cat=104>.
33. *Ibid.* The newspaper article reports that the State of Maryland, which is working with Montgomery County, has not heard back from the Postal Service regarding the bill. It is doubtful that state and local authorities can compel payment. Federal properties are generally exempt from local property taxes, and the Supreme Court's recent ruling that the Postal Service, as part of the federal government, is totally exempt from the antitrust laws (Flamingo Industries case) strongly suggests that the Court, if asked, would apply similar reasoning to throw out the property tax bill.
34. *Ibid.*
35. George Barnes, president of the West Montgomery County Citizen's Association, as quoted in Cetron, "Welcome To The Hotel Potomac," *op. cit.*
36. See http://bolgercenter.dolce.com/property/prop_fnb_overview.php; and http://bolgercenter.dolce.com/property/prop_fnb_menus_menu.php?occassion=5&menu=172.
37. For an earlier IRET study explaining why the Postal Service should not have blanket antitrust immunity, see Michael Schuyler, "Postal Service's Immunity From Antitrust Laws Should Be Restricted," *IRET Congressional Advisory*, No. 172, April 21, 2004, accessed at <ftp://ftp.iret.org/pub/ADVS-172.PDF>.