

# As the media scream “Default!” NALC fights back with facts

**O**n Aug. 1, the Postal Service announced, as expected, that it could not afford to make its congressionally mandated \$5.5 billion payment toward pre-funding future USPS retiree health benefits. And NALC members, from President Fredric Rolando and members of the Executive Council to rank-and-file active and retired members across America, took to just about every media outlet imaginable to battle the conventional wisdom about this so-called “default” and to spread some truth about the agency’s financial situation.

“The word ‘default’ sounds ominous,” Rolando said, “but in reality this is a default on the part of a Congress that, in 2006, imposed a burden on the Postal Service that no other public agency or private company in America faces—the obligation to pre-fund future retiree health benefits. And Congress made this unaffordable by requiring the Postal Service, which doesn’t receive a dime of taxpayer money, to pre-fund 75 years into the future.

“It is this unique burden that the USPS is ‘defaulting on’—while in fact Congress has defaulted on its responsibilities by not addressing the mess it created,” Rolando said. According to USPS financial reports, pre-funding accounts for 83 percent of all the Postal Service’s red ink, and 80 percent so far this year.

This latest pre-funding payment was originally due last fall, but thanks in part to letter carriers’ intensive lobbying efforts, Congress deferred it to Aug. 1. Meanwhile, another scheduled payment of \$5.6 billion is due by the end of Fiscal Year 2012 on Sept. 30.

Rolando said Congress does not seem all that interested in fixing the problem it created. “Instead, it wants to degrade the world’s most affordable

delivery network by reducing services to the American people and America’s businesses, which will only worsen the financial problems by driving customers away and reducing revenue.”

These and other steps toward postal degradation form the core of H.R. 2309, the so-called “Postal Reform

and opportunities—that we acknowledge exist.” For example, he said, the e-commerce market is exploding, and USPS announced earlier this year that its \$200 million operational profit for the first quarter of Fiscal Year 2012 was attributable to a sharp rise in delivering Internet-ordered packages.

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Act” introduced by Rep. Darrell Issa (R-CA), the politically powerful chairman of the House Oversight and Government Reform Committee.

Not only does H.R. 2309 ignore pre-funding, it calls for adding new layers of postal bureaucracy with a goal of reducing USPS costs by billions, which would result in the elimination of tens of thousands of good middle-class postal jobs and move most postal customers away from door delivery of the mail to cluster-box delivery instead. If passed, H.R. 2309 also would eliminate Saturday mail delivery service. (For a detailed look at what’s wrong with H.R. 2309, see last month’s *Postal Record*.)

Yet pre-funding is the elephant in the room, Rolando said. “This artificial political crisis has focused management’s entire energy supply on a desperate attempt to pay bills that no one else has to pay.

“If Congress would remove the sense of panic,” he said, “the USPS could develop a forward-looking plan to address the structural challenges—

“Meanwhile,” he added, “the Postal Service already has \$45 billion set aside for future retiree health benefits—more than any other organization in America—and yet Congress wants to drain still more from the USPS.”

### Battling the media firestorm

As expected, many news media reports about the default bore headlines along the lines of, “USPS can’t pay its bills.” So once again it was up to letter carriers and the NALC to set the record straight, beginning with a statement from President Rolando about the default that was posted on [nalc.org](http://nalc.org) on July 31.

Also on July 31, *New York Times* op-ed columnist Joe Nocera wrote about the role pre-funding plays in causing the Postal Service’s red ink. The next day in *The Times*, on Aug. 1, reporter Ron Nixon quoted President Rolando in a story covering the so-called default.

Also on Aug. 1, the day the default was announced, Rolando reached a

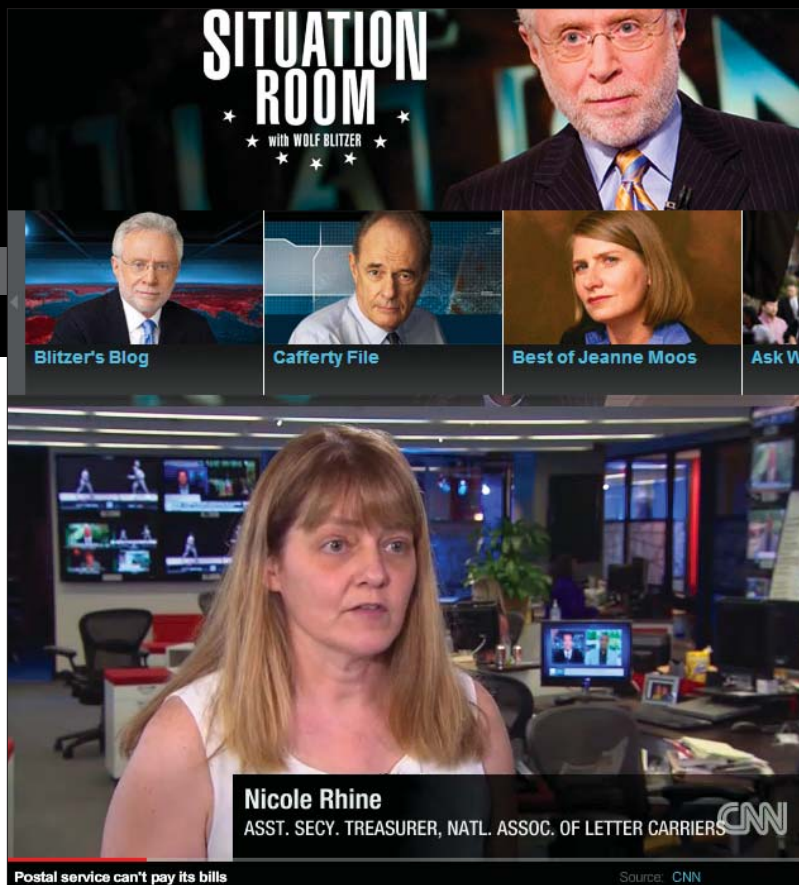
couple of million radio listeners on NPR's "The Diane Rehm Show." That afternoon, Executive Vice President Timothy O'Malley spoke to an estimated 4 million listeners on hundreds of stations nationwide on "The Jerry Doyle Show." (The conservative Doyle labeled pre-funding a stupid idea by Congress and characterized both as the culprits in this artificial crisis.) At roughly the same time, Assistant Secretary-Treasurer Nicole Rhine was interviewed on CNN's "The Situation Room." The following morning, Region 15 National Business Agent Larry Cirelli was on New York City radio station WWRL.

The media blitz continued the following Monday when President Rolando was a guest, alongside Rep. Dennis Ross (R-FL)—the only other co-sponsor of H.R. 2309—on the nationally syndicated "The Laura Ingraham Show," which airs over hundreds of radio stations and reaches an estimated 6 million mostly conservative listeners—a terrific opportunity for Rolando to speak to an audience that typically does not hear what labor leaders have to say. That afternoon, Rolando was on "StandUp!" on Sirius/XM's politically oriented "POTUS" Channel. And early the next morning, Region 11 NBA Dan Toth was interviewed on WERE Radio in Cleveland.

### Third quarter report

Just as some of the media frenzy following the default announcement was dying down a bit, a fresh round of attention on the Postal Service focused on the Aug. 9 report on the agency's financial performance for the third quarter of Fiscal Year 2012.

"The USPS reported that \$3.1 billion of the \$5.2 billion loss resulted from pre-funding," President Rolando said. "In the first three quarters of this fiscal



NALC Assistant Secretary-Treasurer Nicole Rhine explains Congress' role in creating the financial crisis facing the Postal Service on CNN's "The Situation Room with Wolf Blitzer."

year, that mandate accounts for \$9.3 billion of the \$11.7 billion in USPS red ink, or 80 percent. Only 17 percent of all the red ink stems from actual mail operations, including the decline in first-class mail."

That afternoon, Executive Vice President O'Malley was interviewed on Washington's Federal News Radio, whose audience is primarily federal agency managers, policy makers and contractors. The next day, Associated Press coverage of the financial report's release proved to be a valuable resource, as the news agency quoted President Rolando extensively in news stories that were carried in hundreds of newspapers and other news media outlets across the country.

### Reaching out

The NALC's media presence hasn't been limited to our reactions to the latest media reports on the USPS:

> On July 20, *The Washington Post* published an op-ed piece by President

Rolando that discussed the unfairness of the pre-funding mandate and dispelled various myths about the Postal Service.

> The Minneapolis *Star Tribune* covered the NALC's convention there, and its July 27 story about the event and the Postal Service's financial problems quoted a number of rank-and-file letter carriers, including Duluth, MN Branch 114 President Scott Dulas, Region 9 Regional Administrative Assistant Jason Karnopp and Appleton, WI Branch 822 activist BaLynda Schweitzer.

> On Aug. 8, Racine, WI's *The Journal Times* spoke with Branch 436 member Daniel Wendt in a story about Carrier Alert, the cooperative community service program to monitor the well-being of elderly and disabled mail patrons.

> And on Aug. 14, Region 13 NBA Timothy Dowdy discussed the USPS financial situation on "The Union Edge," a labor-focused program that airs on a handful of radio stations in several states. ☒