

## OVERVIEW

### DEMOCRATIC AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 2748

The Democratic Substitute to H.R. 2748 addresses the financial challenges facing the Postal Service by giving it the flexibility to operate more like a business, including the authority to develop innovative products and right-size its workforce with compassion. The Democratic Substitute incorporates many of the provisions of the Innovate to Deliver Act, H.R. 2690, introduced by Rep. Cummings on July 16.

*Provides Enhanced Services—The Democratic Substitute enables the Postal Service to offer new products and services while ensuring that it maintains its core responsibilities:*

- Creates the position of Chief Innovative Officer to develop innovative products and services.
- Authorizes the Postal Service to ship beer, wine, and distilled spirits.
- Requires total revenues to at least equal total costs incurred.
- Prohibits members of the Board of Governors from receiving salaries for any year after a year in which the Postal Service's budget is not balanced, with an exception for travel expenses.
- Requires the Postal Regulatory Commission to consider the value of imposing a blanket price cap to increase pricing flexibility.
- Provides enhanced pricing flexibility for market-dominant products to cover attributable costs while providing pricing certainty for mailers.
- Allows for greater public input in closing retail facilities and applies the appeal process for closing post offices to postal stations and branches.

*Right-Sizes the Postal Service Workforce with Compassion—The Democratic substitute enables the Postal Service to right-size its workforce to increase efficiency and profitability:*

- Authorizes the Postal Service to provide additional service credit (up to two years for employees on the FERS system and up to one year for employees on the CSRS system) to incentivize employees to retire, but prohibits these employees from receiving buy-outs.
- Establishes restrictions on Postal Service executive compensation.
- Includes provisions authored by Congressman Connolly to ensure that management and non-career employees in the Postal Service can appeal adverse personnel actions to the Merit Systems Protection Board—a right enjoyed by other federal employees.
- Requires the Postal Service to request updated studies assessing the costs and benefits of moving to five-day delivery or of closing additional mail processing facilities to ensure that the consequences of such policy changes are fully understood.

*Addresses the Postal Service's Financial Challenges—The Democratic Substitute includes several provisions to help it address its long-term financial challenges in a responsible way:*

- Requires recalculation of the Postal Service's obligation to FERS using Postal-specific characteristics. In the first year after such recalculation, the surplus (estimated by the Inspector General to be about \$12.6 billion) would be returned to the Postal Service to provide liquidity without requiring the Postal Service to assume additional debt.
- Replaces the existing statutory schedule for pre-payments to the Retiree Health Benefits (RHB) Fund with a 40-year amortization schedule and an 80% funding level, requires previously defaulted payments to be included in the reamortized amount, and postpones payments until September 30, 2016.