113TH CONGRESS  1ST SESSION  H. R. 2748

To restore the financial solvency of the United States Postal Service and to ensure the efficient and affordable nationwide delivery of mail.

IN THE HOUSE OF REPRESENTATIVES  
JULY 19, 2013  
Mr. Issa (for himself, Mr. Farenthold, and Mr. Ross) introduced the following bill; which was referred to the Committee on Oversight and Government Reform

A BILL  
To restore the financial solvency of the United States Postal Service and to ensure the efficient and affordable nationwide delivery of mail.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REFERENCES.

(a) Short Title.—This Act may be cited as the “Postal Reform Act of 2013”.

(b) Table of Contents.—

Sec. 1. Short title; table of contents; references.  
Sec. 2. Definitions.

TITLE I—POSTAL SERVICE MODERNIZATION
Sec. 101. Nationwide mail delivery schedule.
Sec. 102. Delivery-point modernization.
Sec. 103. Efficient and flexible universal postal service.
Sec. 104. Applicability of procedures relating to closures and consolidations.
Sec. 105. Enhanced reporting on Postal Service efficiency.
Sec. 106. Area and district office structure.

TITLE II—POSTAL SERVICE GOVERNANCE

Subtitle A—Temporary Governance Authority

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Sec. 211. Appointment of the Postal Service Inspector General.
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Sec. 303. Repeal of provision relating to overall value of fringe benefits.
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Sec. 305. Last-best-final-offer negotiations.
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Sec. 307. Reporting requirement.

TITLE IV—POSTAL SERVICE REVENUE

Sec. 401. Adequacy, efficiency, and fairness of postal rates.
Sec. 402. Repeal of rate preferences for qualified political committees.
Sec. 403. Use of negotiated service agreements.
Sec. 404. Nonpostal services.
Sec. 405. Alaska bypass mail modernization.
Sec. 406. Appropriations modernization.
Sec. 407. Enhanced product innovation.

TITLE V—POSTAL SERVICE FINANCE

Sec. 501. Treatment of Postal Service postemployment benefit funding projected surpluses.
Sec. 502. Retiree health benefit liability payment schedule.
Sec. 503. Supplementary borrowing authority during a control period.
Sec. 504. Postal Service Delivery-Point Modernization Fund.
Sec. 505. Specific retirement liability calculations relating to the Postal Service.
TITLE VI—POSTAL CONTRACTING REFORM

Sec. 601. Contracting provisions.
Sec. 602. Technical amendment to definition.
Sec. 603. Contract limitation.

TITLE VII—OTHER PROVISIONS

Sec. 701. Postal facility designations.
Sec. 702. Response to submissions by the Postal Service.
Sec. 703. Fair stamp-evidencing competition.
Sec. 704. USPS innovation officer and accountability.
Sec. 705. Postal regulatory commission travel reporting.

(e) REFERENCES.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 39, United States Code.

SEC. 2. DEFINITIONS.

For the purposes of this Act—

(1) the term “Postal Service” means the United States Postal Service;

(2) the term “postal retail facility” means a post office, post office branch, post office classified station, or other facility which is operated by the Postal Service, and the primary function of which is to provide retail postal services, but does not include a contractor-operated facility offering postal services;

(3) the term “district office” means the central office of an administrative field unit with responsibility for postal operations in a designated geo-
graphic area (as defined under regulations, directives, or other guidance of the Postal Service, as in effect on January 1, 2013); and

(4) the term “area office” means the central office of an administrative field unit with responsibility for postal operations in a designated geographic area which is comprised of designated geographic areas as referred to in paragraph (3).

TITLE I—POSTAL SERVICE MODERNIZATION

SEC. 101. NATIONWIDE MAIL DELIVERY SCHEDULE.

(a) In General.—Section 404 is amended by inserting after subsection (e) the following:

“(f)(1) The Postal Service may establish a general, nationwide mail delivery schedule of 5 days per week.

“(2) The Postal Service shall ensure that under any schedule established under paragraph (1), there shall not occur more than 2 consecutive days on which mail is not delivered, including as a result of Federal holidays.

“(3) For a period not to end before December 31, 2018, the Postal Service shall provide domestic competitive product service 6 days per week to each street address that was scheduled to receive package service 6 days per week as of September 30, 2012.
“(4) Nothing in this section shall be construed to au-
thorize a reduction, or to require an increase, in frequency
of mail delivery for any address for which the Postal Serv-
ice provided delivery on fewer than 6 days per week as
of January 1, 2013.”.

(b) MAILBOX ACCESS.—If the Postal Service estab-
ishes a general, nationwide mail delivery schedule of 5
days per week, consistent with the provisions of section
404 of title 39, United States Code, as amended by sub-
section (a), the Postal Service shall amend the Mailing
Standards of the United States Postal Service (as set
forth in the Domestic Mail Manual) to ensure that the
provisions of section 508.3.2.10 of such Manual, as in ef-
fect on September 30, 2012, shall apply on any day on
which the Postal Service does not deliver mail under the
established delivery schedule.

SEC. 102. DELIVERY-POINT MODERNIZATION.

(a) IN GENERAL.—Subchapter VII of chapter 36 is
amended by adding at the end the following:

“§ 3692. Delivery-point modernization

“(a) DEFINITIONS.—For the purposes of this sec-
tion—

“(1) the term ‘delivery point’ means a mailbox
or other receptacle to which mail is delivered;
“(2) the term ‘primary mode of mail delivery’ means the typical method by which the Postal Service delivers letter mail to the delivery point of a postal patron;

“(3) the term ‘door delivery’ means a primary mode of mail delivery whereby mail is placed into a slot or receptacle at or near the postal patron’s door or is hand delivered to a postal patron, but does not include curbside or centralized delivery;

“(4) the term ‘centralized delivery’ means a primary mode of mail delivery whereby mail receptacles of a number of delivery points are grouped or clustered at a single location; and

“(5) the term ‘curbside delivery’ means a primary mode of mail delivery whereby a mail receptacle is situated at the edge of a sidewalk abutting a road or curb, at a road, or at a curb.

“(b) Policy.—It shall be the policy of the Postal Service to use the most cost-effective primary mode of mail delivery feasible for postal patrons.

“(c) Phaseout of Door Delivery.—

“(1) New Addresses.—Subject to paragraph (4), the Postal Service shall implement a program, wherever feasible, to provide a primary mode of mail delivery other than door delivery to new addresses
established after the date of enactment of this section.

“(2) BUSINESS ADDRESS CONVERSION.—Subject to paragraph (4), the Postal Service shall implement a program to convert existing business addresses with door delivery to centralized delivery to the maximum extent feasible. In cases in which conversion to centralized delivery is impractical, conversion to curbside delivery shall be implemented to the maximum extent feasible.

“(3) RESIDENTIAL ADDRESS CONVERSION.—

“(A) IDENTIFICATION.—Within one year after the date of enactment of this section, each district office shall identify residential addresses within its service area that are appropriate candidates for conversion from door delivery to curbside or centralized delivery, in accordance with standards established by the Postal Service.

“(B) VOLUNTARY CONVERSION.—Subject to paragraph (4), the Postal Service shall seek to voluntarily convert the delivery points identified under subparagraph (A) from door delivery to more cost-effective primary modes of mail delivery.
“(C) PROCEDURES.—In carrying out conversions under subparagraph (B), the Postal Service shall establish procedures to—

“(i) solicit, consider, and respond to input from postal patrons, State and local governments, local associations, and property owners; and

“(ii) place centralized delivery points in locations that maximize delivery efficiency, ease of use for postal patrons, and respect for private property rights.

“(4) CONSIDERATIONS.—In making any determination to convert the primary mode of mail delivery for an existing address from door delivery to any other primary mode of mail delivery, or to provide a primary mode of mail delivery to a new address, the Postal Service may consider—

“(A) the impact of weather conditions, physical barriers, or any other factor that may impact the feasibility of providing a primary mode of mail delivery other than door delivery (such as a factor that may significantly reduce the potential cost savings associated with providing centralized or curbside delivery);
“(B) whether the address is in a registered historic district (as that term is defined in section 47(c)(3)(B) of the Internal Revenue Code of 1986) is listed on the National Register of Historic Places, or is of historic value; and

“(C) population density and the concentration of poverty.

“(5) WAIVER FOR PHYSICAL HARDSHIP.—The Postal Service shall establish and maintain a waiver program under which, upon application, door delivery may be continued, or provided, at no cost to the applicant in any case in which—

“(A) centralized or curbside delivery would, but for this paragraph, otherwise be the primary mode of mail delivery; and

“(B) door delivery is necessary in order to avoid causing significant physical hardship to a postal patron.

“(6) LEGACY DOOR DELIVERY SERVICE.—

“(A) IN GENERAL.—The Postal Service may continue to provide, for a fee to be paid by the addressee, door delivery to an address that received door delivery as of January 1, 2013, but was converted to a different primary mode
of mail delivery as a result of the requirements of subsection (d).

“(B) Offset.—The fee shall, when taken in the nationwide aggregate, offset the additional cost to the Postal Service for door delivery (compared to the cost of the primary mode of mail delivery which would otherwise exist for such address) as a result of the requirements of subsection (d).

“(C) Requirements.—The fee shall be subject to the requirements of section 3622(d)(1)(B) and the Postmaster General may by regulation prescribe the method of the fee’s calculation.

“(d) Modernization Requirement.—

“(1) Minimum points to be converted.—Not later than September 30, 2022, the Postal Service shall convert not less than 30,000,000 of the door delivery points extant on December 31, 2012, to centralized or curbside delivery.

“(2) Conversion order.—In determining which delivery points to convert under paragraph (1), postal patrons who voluntarily agree to convert their delivery point or points under subsection (c)(3)
shall take precedence over any other conversions to
the greatest extent practicable.

“(3) FUNDING AND REPAYMENT.—Until Sep-
tember 30, 2022, the Postal Service may withdraw
funds from the Postal Service Delivery-Point Mod-
ernization Fund to carry out the purposes of this
section. All savings accrued by the Postal Service
from conversions under this subsection shall be re-
paid to the Fund on a monthly basis until all funds
have been repaid. All funds withdrawn under this
paragraph must be repaid not later than September

“(4) VOUCHER PROGRAM.—The Postal Service
shall, in accordance with such standards and proce-
dures as the Postal Service shall by regulation pre-
scribe, provide for a voucher program, funded
through the Postal Service Delivery Point Mod-
ernization Fund, under which, upon application, the
Postal Service may defray all or any portion of the
costs associated with conversion from door delivery
under this section which would otherwise be borne
by postal patrons.

“(5) TREATMENT OF EXEMPTION.—Addresses
receiving door delivery or legacy door delivery as a
result of paragraph (5) or (6) of subsection (e)—
“(A) shall be counted as addresses that receive the primary mode of mail delivery which the address would be subject to if not for the applicable exemption; and

“(B) shall, within 30 days after ceasing to meet the requirements of such paragraph (5) or (6), as applicable, be converted to the primary mode of mail delivery which was otherwise applicable.

“(6) ANNUAL REPORTS.—Not later than 60 days after the end of each of fiscal years 2013 through 2023, the Postal Service shall submit to Congress and the Inspector General of the Postal Service a report on the implementation of this section during the most recently completed fiscal year.

Each such report shall include—

“(A) the number of residential and business addresses that—

“(i) receive door delivery as of the end of the fiscal year preceding the most recently completed fiscal year;

“(ii) receive door delivery as of the end of the most recently completed fiscal year; and
“(iii) during the most recently completed fiscal year, were converted from door delivery to—

“(I) centralized delivery points;

“(II) curbside delivery points;

and

“(III) any other primary mode of mail delivery, respectively;

“(B) the estimated cost savings from the conversions described in subparagraph (A)(iii);

“(C) a description of the progress made by the Postal Service toward meeting the requirements of subsection (e) and paragraph (1) of this subsection; and

“(D) any other information which the Postal Service considers appropriate.

“(e) REVIEW.—Subchapters IV and V shall not apply with respect to any action taken by the Postal Service under this section.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 36 is amended by adding after the item relating to section 3691 the following:

“3692. Delivery-point modernization.”.

SEC. 103. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL SERVICE.

(a) POSTAL POLICY.—
(1) IN GENERAL.—Section 101(b) is amended to read as follows:

“(b) The Postal Service shall provide effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.”.

(2) CONFORMING AMENDMENT.—Clause (iii) of section 404(d)(2)(A) is amended to read as follows:

“(iii) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101(b), that the Postal Service shall provide effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;”.

(b) GENERAL DUTY.—Paragraph (3) of section 403(b) is amended to read as follows:

“(3) to ensure that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services.”.

(c) CONDITIONS.—Clause (i) of section 404(d)(2)(A) is amended to read as follows:

“(i) the effect of such closing or consolidation on the community served by such post of-
office, including through an analysis of such factors as—

“(I) the distance (as measured by public roads) to the closest postal retail facility not proposed for closure or consolidation under such plan;

“(II) the characteristics of such location, including weather and terrain;

“(III) whether commercial mobile service (as defined in section 332 of the Communications Act of 1934) and commercial mobile data service (as defined in section 6001 of the Middle Class Tax Relief and Job Creation Act of 2012) are available in at least 80 percent of the total geographic area of the ZIP codes served by the postal retail facility proposed for closure or consolidation; and

“(IV) whether fixed broadband Internet access service is available to households in at least 80 percent of such geographic area at speeds not less than those sufficient for service to be considered broadband for purposes of the most recent report of the Federal Communications
Commission under section 706 of the Telecommunications Act of 1996;”.

(d) PRC Review of Determinations To Close
or Consolidate a Post Office.—

(1) Deadline for review.—Section 404(d)(5) is amended by striking “120 days” and inserting “60 days”.

(2) Exclusion from review.—Section 404(d) is amended by adding at the end the following:

“(7)(A) The appeals process set forth in paragraph (5) shall not apply to a determination of the Postal Service to close a post office if there is located, within 2 miles of such post office, a qualified contract postal unit.

“(B) For purposes of this paragraph—

“(i) the term ‘contract postal unit’ means a store or other place of business which—

“(I) is not owned or operated by the Postal Service; and

“(II) in addition to its usual operations, provides postal services to the general public under contract with the Postal Service; and

“(ii) the term ‘qualified contract postal unit’, as used in connection with a post office, means a contract postal unit which—
“(I) begins to provide postal services to the general public during the period—

“(aa) beginning 1 year before the date on which the closure or consolidation of such post office is scheduled to take effect; and

“(bb) ending on the 15th day after the date on which the closure or consolidation of such post office is scheduled to take effect; and

“(II) has not, pursuant to subparagraph (A), served as the basis for exempting any other post office from the appeals process set forth in paragraph (5).

“(C)(i) If the qualified contract postal unit does not continue to provide postal services, as required by subparagraph (B)(i)(II), for at least the 2-year period beginning on the date on which such post office was closed or, if later, the date on which such unit began providing postal services to the general public, the contract postal unit shall be subject to a closure determination by the Postal Service to decide whether a post office must be reopened within the area (delimited by the 2-mile radius referred to in subparagraph (A)).
“(ii) A decision under clause (i) not to reopen a post office may be appealed to the Postal Regulatory Commission under procedures which the Commission shall by regulation prescribe. Such procedures shall be based on paragraph (5), except that, for purposes of this clause, paragraph (5)(C) shall be applied by substituting ‘in violation of section 101(b), leaving postal patrons without effective and regular access to postal services’ for ‘unsupported by substantial evidence on the record’.”.

(3) APPLICABILITY.—The amendments made by this subsection shall not apply with respect to any appeal, notice of which is received by the Postal Regulatory Commission before the date of enactment of this Act (determined applying the rules set forth in section 404(d)(6) of title 39, United States Code).

(e) EXPEDITED PROCEDURES.—

(1) IN GENERAL.—Section 3661 is amended by adding at the end the following:

“(d)(1) The Commission shall issue its opinion within 90 days after the receipt of any proposal (as referred to in subsection (b)) concerning—

“(A) the closing or consolidation of postal retail facilities (as that term is defined in section 2(2) of the Postal Reform Act of 2013) to a degree that will
generally affect service on a nationwide or substantially nationwide basis; or

“(B) an identical or substantially identical proposal on which the Commission issued an opinion within the preceding 5 years.

“(2) If necessary in order to comply with the 90-day requirement under paragraph (1), the Commission may apply expedited procedures which the Commission shall by regulation prescribe.”.

(2) REGULATIONS.—The Postal Regulatory Commission shall prescribe any regulations necessary to carry out the amendment made by paragraph (1) within 90 days after the date of enactment of this Act.

(3) APPLICABILITY.—The amendment made by this subsection shall apply with respect to any proposal received by the Postal Regulatory Commission on or after the earlier of—

(A) the 90th day after the date of enactment of this Act; or

(B) the effective date of the regulations under paragraph (2).

(f) RURAL POST OFFICE ANNUAL CLOSURE LIMITATION.—Section 404a(a) is amended—
(1) in paragraph (2), by striking “or” at the end;

(2) in paragraph (3), by striking the period and inserting “; or”; and

(3) by adding at the end the following:

“(4) close, consolidate, or suspend the operations of more than 5-percent of the number of currently operating postal retail facilities on January 1, of each year that were within the K or L cost ascertainment grouping on January 1, 2012, excluding any postal retail facility scheduled for closure and ineligible for appeal due to section 404(d)(7)(A) shall not count toward the 5 percent limitation.”.

(g) Alternate Postal Access Choice.—Section 404(d) is amended by striking paragraph (1) and inserting the following:

“(d)(1) The Postal Service, prior to making a determination under subsection (a)(3) as to the necessity for the closing or consolidation of any post office, shall—

“(A) provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to postal patrons served by such post office;

“(B) conduct a nonbinding survey on the proposed closing or consolidation to allow postal patrons
served by such post office an opportunity to indicate
their preference between or among—

“(i) the closing or consolidation; and

“(ii) 1 or more alternative options; and

“(C) ensure that—

“(i) should the closure or consolidation of
a postal retail facility be deemed necessary, it
shall be the policy of the Postal Service to pro-
vide alternative access to postal services to
those served by the postal retail facility by the
option chosen by the highest number of survey
respondents under subparagraph (B)(ii); and

“(ii) if the Postal Service is unable to pro-
vide alternative access through the option iden-
tified in clause (i), or if that option is cost pro-
hibitive, the Postal Service may provide alter-
native access through a different means. Upon
selection of an alternative access method other
than the one identified by clause (i), the Postal
Service must provide written notice to those pa-
trons served by the postal retail facility identi-
ifying and explaining why the option identified
by clause (i) was not possible or cost prohibi-
tive.”.
SEC. 104. APPLICABILITY OF PROCEDURES RELATING TO CLOSURES AND CONSOLIDATIONS.

(a) In General.—Section 404(d) is amended by adding after paragraph (7) (as added by section 103(d)(2)) the following:

“(8) For purposes of this subsection, the term ‘post office’ means a post office and any other facility described in section 2(2) of the Postal Reform Act of 2013.”.

(b) Effective Date.—In the case of any post office (within the meaning of the amendment made by subsection (a)) which, but for such amendment, would not otherwise be subject to section 404(d) of title 39, United States Code, the amendment made by subsection (a) shall be effective with respect to any closure or consolidation, the proposed effective date of which occurs on or after the 60th day following the date of enactment of this Act.

SEC. 105. ENHANCED REPORTING ON POSTAL SERVICE EFFICIENCY.

Section 3652(a) is amended—

(1) in paragraph (1), by striking “and” after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting “; and”; and

(3) by adding after paragraph (2) the following:

“(3) which shall provide the overall change in Postal Service productivity and the resulting effect
of such change on overall Postal Service costs during such year, using such methodologies as the Commission shall by regulation prescribe.”.

4 SEC. 106. AREA AND DISTRICT OFFICE STRUCTURE.

(a) In General.—Not later than 120 days after the date of enactment of this Act, the Postal Service, in consultation with the Inspector General of the United States Postal Service, shall develop and begin implementation of a plan for the closure or consolidation of such area and district offices as the Postal Service considers necessary and appropriate so that, by October 1, 2015, the combined total number of area and district offices will be at least 30 percent less than the corresponding combined total as of September 30, 2012.

(b) Contents.—The plan shall include—

(1) a list of the area and district offices proposed for closure or consolidation;

(2) a proposed schedule under which closures and consolidations of area and district offices would be carried out;

(3) the estimated total annual cost savings attributable to the proposed closures and consolidations described in the plan;

(4) the criteria and process used to develop the information described in paragraphs (1) and (2);
(5) the methodology and assumptions used to derive the estimates described in paragraph (3); and

(6) any changes to the processing, transportation, delivery, or other postal operations anticipated as a result of the proposed closures and consolidations described in the plan.

(e) Plan Submission Revision.—Not later than 120 days after the date of enactment of this Act, the plan shall be submitted to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives. Any revision to the plan shall be submitted not later than 14 days after such revision is adopted by the Postal Service.

**TITLE II—POSTAL SERVICE GOVERNANCE**

**Subtitle A—Temporary Governance Authority**

**SEC. 201. PURPOSES.**

(a) Purposes.—The purposes of this subtitle are as follows:

(1) To eliminate budget deficits and cash shortages of the Postal Service through strategic financial planning, sound budgeting, accurate revenue forecasts, and careful spending.
(2) To ensure that universal service, as required by section 101 of title 39, United States Code, is maintained during the period of any fiscal emergency.

(3) To conduct necessary investigations and studies to determine the fiscal status and operational efficiency of the Postal Service.

(4) To assist the Postal Service in—

(A) restructuring its organization and workforce to bring expenses in line with diminishing revenue and generate sufficient profits for capital investments and repayment of debt;

(B) meeting all fiscal obligations to the Treasury of the United States; and

(C) ensuring the appropriate and efficient delivery of postal services.

(5) To ensure the long-term financial, fiscal, and economic vitality and operational efficiency of the Postal Service.

(b) RESERVATION OF POWERS.—Nothing in this sub-title may be construed—

(1) to relieve any obligation of the Postal Service to the Treasury of the United States existing as of the date of enactment of this Act; or
(2) to limit the authority of Congress to exercise legislative authority over the Postal Service.

SEC. 202. ESTABLISHMENT OF THE POSTAL SERVICE FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.

(a) Establishment.—There is established, in accordance with the provisions of this subtitle, an entity to be known as the “Postal Service Financial Responsibility and Management Assistance Authority” (hereinafter in this subtitle referred to as the “Authority”).

(b) Operations During the Control Period.—

(1) Control period defined.—For the purposes of this subtitle, the term “control period” means the period that commences on the date as of which the Authority has at least 4 members and terminates as of the date determined under paragraph (5).

(2) Transfer of authorities and responsibilities.—Effective as of the date on which the control period commences—

(A) subsections (a) and (b) of section 202 are repealed;

(B) the term of office of each of the 9 Governors (appointed under the second sentence of section 202(a)(1) of title 39, United States
Code, as last in effect before the date of enactment of this Act) shall terminate; and

(C) the Authority shall assume its responsibilities, as set forth in section 206.

(3) TREATMENT OF CERTAIN EXECUTIVES.—

(A) DEFINITION.—For the purposes of this section, the term “Level-Two Postal Service Executive” includes the Postmaster General, the Deputy Postmaster General, and all the other officers and employees of the Postal Service in level two of the Postal Career Executive Service (or the equivalent), but does not include any officer or employee of the Office of Inspector General of the United States Postal Service.

(B) TREATMENT.—Notwithstanding any other provision of law or the provisions of any employment contract, during the control period—

(i) all Level-Two Postal Service Executives shall serve at the pleasure of the Authority;

(ii) the duties and responsibilities of all Level-Two Postal Service Executives, as well as the terms and conditions of their employment (including their compensa-
tion), shall be subject to determination or
redetermination by the Authority;

(iii) total compensation of a Level-
Two Postal Service Executive may not, for
the first full fiscal year occurring in such
control period or any subsequent fiscal
year commencing in such control period,
exclude the annual rate of basic pay payable
for level I of the Executive Schedule under
section 5312 of title 5, United States
Code, for that year; for purposes of this
clause, the term “total compensation”
means basic pay, bonuses, awards, and all
other monetary compensation;

(iv) the percentage by which the rate
of basic pay of a Level-Two Postal Service
Executive is increased during any year
may not exceed the percentage change in
the Consumer Price Index for All Urban
Consumers, unadjusted for seasonal vari-
ation, for the most recent 12-month period
available, except that, in the case of a
Level-Two Postal Service Executive who
has had a significant change in job respon-
sibilities, a greater change shall be allowable if approved by the Authority;

(v) apart from basic pay, a Level-Two Postal Service Executive may not be afforded any bonus, award, or other monetary compensation for any full fiscal year in the control period if expenditures of the Postal Service for such fiscal year exceeded revenues of the Postal Service for such fiscal year (determined in accordance with generally accepted accounting principles);

and

(vi) no deferred compensation may be paid, accumulated, or recognized in the case of any Level-Two Postal Service Executive, with respect to any full year in the control period, which is not generally paid, accumulated, or recognized in the case of employees of the United States (outside of the Postal Service) in level I of the Executive Schedule under section 5312 of title 5, United States Code, with respect to such year.

(C) BONUS AUTHORITY.—Section 3686 of title 39, United States Code, shall, during the
period beginning on the commencement date of
the control period and ending on the termi-
nation date of the control period—

(i) be suspended with respect to all
Level-Two Postal Service Executives; but

(ii) remain in effect for all other offi-
cers and employees of the Postal Service
otherwise covered by this section.

(4) Certification requirement.—The con-
trol period may not terminate until after the Author-
ity, with the concurrence of the Secretary of the
Treasury and the Director of the Office of Personnel
Management, certifies to the Director of the Office
of Management and Budget that—

(A) for 2 consecutive fiscal years (occur-
ing after the date of enactment of this Act),
expenditures of the Postal Service did not ex-
ceed revenues of the Postal Service (as deter-
mined in accordance with generally accepted ac-
counting principles);

(B) the Authority has approved a Postal
Service financial plan and budget that shows
expenditures of the Postal Service not exceeding
revenues of the Postal Service (as so deter-
mined) for the fiscal year to which such budget
pertains and each of the next 3 fiscal years; and

(C) the Postal Service financial plan and budget (as referred to in subparagraph (B)) includes plans—

(i) for the repayment of any collateralized debt authorized by section 503; and

(ii) to properly fund Postal Service pensions and retiree health benefits in accordance with applicable provisions of title 5, United States Code.

(5) TERMINATION OF CONTROL PERIOD.—

(A) TERMINATION DATE.—

(i) GENERAL RULE.—Except as provided in clause (ii), the control period shall terminate 180 days after the date on which the certification described in paragraph (4) is made.

(ii) ALTERNATIVE DATE.—

(I) AUTHORITY.—The Director of the Office of Management and Budget may, by written notice given to the Authority within 15 days after the date on which the certification de-
scribed in paragraph (4) is made, provide for an alternative termination date (in lieu of the date that would otherwise apply under clause (i)).

(II) RANGE.—An alternative date under this clause shall not apply unless such date occurs not less than 30 days after the date on which written notice under subclause (I) is given and not later than 180 days after the date on which the certification described in paragraph (4) is made.

(B) PUBLIC NOTICE.—The Authority shall cause to be published in the Federal Register—

(i) the date on which the certification described in paragraph (4) is made, not later than 1 business day after the date on which such certification is made; and

(ii) the termination date of the control period, not later than 16 business days after the date on which the certification described in paragraph (4) is made.

SEC. 203. MEMBERSHIP AND QUALIFICATION REQUIREMENTS.

(a) MEMBERSHIP.—
(1) IN GENERAL.—The Authority shall consist of 5 members appointed by the President who meet the qualifications described in subsection (b), except that the Authority may take any action under this subtitle at any time after the President has appointed the initial 4 of its members. Members of the Authority shall report to the Secretary of the Treasury.

(2) RECOMMENDATIONS.—Of the 5 members so appointed—

(A) 1 shall be appointed by the President taking into account any individuals recommended by the Speaker of the House of Representatives;

(B) 1 shall be appointed by the President taking into account any individuals recommended by the majority leader of the Senate;

(C) 1 shall be appointed by the President taking into account any individuals recommended by the minority leader of the House of Representatives;

(D) 1 shall be appointed by the President taking into account any individuals recommended by the minority leader of the Senate;
(E) 1 shall be appointed by the President taking into account any individuals reccommended by the Comptroller General.

(3) POLITICAL AFFILIATION.—No more than 3 members of the Authority may be of the same political party.

(4) CHAIR.—The President shall designate 1 of the members of the Authority as the Chair of the Authority.

(5) SENSE OF CONGRESS REGARDING DEADLINE FOR APPOINTMENT.—It is the sense of Congress that the President should appoint the members of the Authority as soon as practicable after the date of enactment of this Act, but no later than 30 days after such date.

(6) TERM OF SERVICE.—

   (A) IN GENERAL.—Except as provided in subparagraph (B), each member of the Authority shall be appointed for a term of 3 years.

   (B) APPOINTMENT FOR TERM FOLLOWING INITIAL TERM.—As designated by the President at the time of appointment for the term immediately following the initial term, of the members appointed for the term immediately following the initial term—
(i) 1 member shall be appointed for a term of 1 year;

(ii) 2 members shall be appointed for a term of 2 years; and

(iii) 2 members shall be appointed for a term of 3 years.

(C) Vacancies and Succession.—Any member of the Authority appointed to fill a vacancy before the expiration of the term for which the predecessor of the member of the Authority was appointed shall serve for the remainder of such term.

(D) Removal.—The President may remove any member of the Authority only for cause.

(E) Compensation for Service.—Each member of the Authority shall be paid for full-time service at a rate of pay equivalent to the rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(b) Qualification Requirements.—

(1) In general.—An individual meets the qualifications for membership on the Authority if the individual—
(A) has significant knowledge and expertise in finance, management, and the organization or operation of businesses having more than 500 employees; and

(B) represents the public interest generally, is not a representative of specific interests using or belonging to the Postal Service, and does not have any business or financial interest in any enterprise in the private sector of the economy engaged in the delivery of mail matter.

(2) Specific Conditions.—An individual shall not be considered to satisfy paragraph (1)(B) if, at any time during the 5-year period ending on the date of appointment, such individual—

(A) has been an officer, employee, or private contractor with the Postal Service, United States Postal Service Inspector General, or the Postal Regulatory Commission; or

(B) has served as an employee or contractor of a labor organization representing employees of the Postal Service, the United States Postal Service Inspector General, or the Postal Regulatory Commission.
SEC. 204. ORGANIZATION AND STAFF.

(a) ADOPTION OF BYLAWS FOR CONDUCTING BUSINESS.—As soon as practicable after the appointment of its members, the Authority shall adopt bylaws, rules, and procedures governing its activities under this subtitle, including procedures for hiring experts and consultants. Upon adoption, such bylaws, rules, and procedures shall be submitted by the Authority to the Postmaster General, the President, and Congress.

(b) EXECUTIVE DIRECTOR AND STAFF.—

(1) EXECUTIVE DIRECTOR.—The Authority shall have an Executive Director who shall be appointed by the Chair with the consent of the Authority. The Executive Director shall be paid at a rate determined by the Authority, except that such rate may not exceed the rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(2) STAFF.—With the approval of the Authority, the Executive Director may appoint and fix the pay of such additional personnel as the Executive Director considers appropriate, except that no individual appointed by the Executive Director may be paid at a rate greater than the rate of pay for the Executive Director. Personnel appointed under this
paragraph shall serve at the pleasure of the Executive Director.

(3) Inapplicability of Certain Civil Service Laws.—The Executive Director and staff of the Authority may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(4) Staff of Federal Agencies.—Upon request of the Chair, the head of any Federal department or agency may detail, on a reimbursable or nonreimbursable basis, any of the personnel of such department or agency to the Authority to assist it in carrying out its duties under this subtitle.

SEC. 205. FUNDING.

(a) General Rule.—There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Authority. In requesting an appropriation under this section for a fiscal year, the Authority shall prepare and submit to the Congress under section 2009 of title 39, United States Code, a budget of the Authority’s expenses, including expenses for facilities,
supplies, compensation, and employee benefits, not to exceed $10,000,000.

(b) INITIAL RULE.—Notwithstanding any other provision of this section, effective as of the date on which at least 4 members of the Authority have been appointed, there shall be available to the Authority, out of the Postal Service Fund, such sums as the Authority may require in order to carry out this subtitle, not to exceed the amount equal to the product obtained by multiplying—

(1) the dollar amount specified in subsection (a), times

(2) a fraction—

(A) the numerator of which is the number of months remaining in the fiscal year as of the date on which at least 4 members of the Authority have been appointed (rounding any fraction of a month to the next highest whole number); and

(B) the denominator of which is 12.

(c) AMENDMENT TO SECTION 2009.—Section 2009 is amended in the next to last sentence—

(1) by striking “, and (3)” and inserting “, (3)”; and

(2) by striking the period and inserting “, and

(4) the Postal Service Financial Responsibility and
Management Assistance Authority requests to be appropriated, out of the Postal Service Fund, under section 205 of the Postal Reform Act of 2013.”

SEC. 206. RESPONSIBILITIES AND POWERS.

The exercise of the powers of the Postal Service shall be directed by the Authority, including—

(1) all duties and responsibilities ascribed to the Governors and the Board of Governors by title 39, United States Code;

(2) determining the overall strategies of the Postal Service;

(3) hiring, monitoring, compensating, and, when necessary, replacing senior management at the level of vice president and higher, as well as ensuring adequate succession planning for these positions;

(4) approving major policies, particularly those that have an important effect on the Postal Service’s financial position and the provision of universal postal service;

(5) approving corporate budgets, financial and capital plans, operational and service performance standards and targets, human resource strategies, collective-bargaining strategies, negotiation parameters, collective-bargaining agreements, and the compensation structure for nonbargaining employees;
(6) formulating and communicating organizational policy and positions on legislative and other public policy matters to Congress and the public; and

(7) carrying out any responsibility, not otherwise listed in this section, that was the responsibility of the Board of Governors of the Postal Service at any time during the 5-year period ending on the date of enactment of this Act.

SEC. 207. DEVELOPMENT OF FINANCIAL PLAN AND BUDGET FOR THE SOLVENCY OF THE POSTAL SERVICE.

(a) DEVELOPMENT OF FINANCIAL PLAN AND BUDGET.—For each fiscal year during a control period, the Postmaster General shall submit to the Authority, by August 1 before the start of such fiscal year, a financial plan and budget for such fiscal year for the long-term solvency of the Postal Service, except that, for fiscal year 2014, the deadline for submission of the plan and budget under this subsection shall be the 30th day after a majority of the Authority take office. If a majority of the Authority do not take office before August 1, 2014, the requirement for a financial plan and budget under this subsection for fiscal year 2014 is waived.
(b) CONTENTS OF FINANCIAL PLAN AND BUDGET.—

A financial plan and budget under this section for a fiscal year shall specify the budget for the Postal Service as required by section 2009 of title 39, United States Code, for the applicable fiscal year and each of the next 3 fiscal years, in accordance with the following requirements:

(1) The financial plan and budget shall meet the requirements described in subsection (c) to promote the financial stability of the Postal Service.

(2) The financial plan and budget shall—

(A) include the Postal Service’s annual budget program (under section 2009 of title 39, United States Code) and the Postal Service’s plan commonly referred to as its “Integrated Financial Plan”;

(B) describe lump-sum expenditures by all categories traditionally used by the Postal Service;

(C) describe capital expenditures (together with a schedule of projected capital commitments and cash outlays of the Postal Service and proposed sources of funding);

(D) contain estimates of overall debt (both outstanding and anticipated to be issued); and
(E) contain cash flow and liquidity forecasts for the Postal Service at such intervals as the Authority may require.

(3) The financial plan and budget shall include a statement describing methods of estimations and significant assumptions.

(4) The financial plan and budget shall include any other provisions and shall meet such other criteria as the Authority considers appropriate to meet the purposes of this subtitle, including provisions for—

(A) changes in personnel policies and levels for each component of the Postal Service; and

(B) management initiatives to promote productivity, improvement in the delivery of services, or cost savings.

(c) Requirements To Promote Financial Stability.—

(1) In General.—The requirements to promote the solvency and financial stability of the Postal Service applicable to the financial plan and budget for a fiscal year are as follows:

(A) For fiscal year 2016 and each subsequent fiscal year during a control period, budgeted expenditures of the Postal Service for the
fiscal year involved may not exceed budgeted
revenues of the Postal Service for the fiscal
year involved.

(B) In each fiscal year where a financial
plan and budget must be developed, the finan-
cial plan and budget shall provide for contin-
uous, substantial progress toward long-term fis-
cal solvency of the Postal Service.

(C) The financial plan and budget shall
provide for the orderly repayment of any out-
standing obligations authorized under section
503.

(D) The financial plan and budget shall
assure the continuing long-term solvency of the
Postal Service, as indicated by factors such as
the efficient management of the Postal Service’s
workforce and the effective provision of services
by the Postal Service. In so doing, the financial
plan and budget shall consider—

(i) the legal authority of the Postal
Service;

(ii) the changes in the legal authority
and responsibilities of the Postal Service
under this Act;
(iii) any cost savings that the Postal Service anticipates will be achieved through negotiations with employees of the Postal Service;

(iv) projected changes in mail volume;

(v) the impact of regulations the Postal Service was required by law to promulgate;

(vi) projected changes in the number of employees needed to carry out the responsibilities of the Postal Service; and

(vii) the long-term capital needs of the Postal Service, including the need to maintain, repair, and replace facilities and equipment.

(2) APPLICATION OF SOUND BUDGETARY PRACTICES.—In meeting the requirements described in paragraph (1) with respect to a financial plan and budget for a fiscal year, the Postal Service shall apply sound budgetary practices, including reducing costs and other expenditures, improving productivity, increasing revenues, or a combination of such practices.

(3) ASSUMPTIONS BASED ON CURRENT LAW.—In meeting the requirements described in paragraph
(1) with respect to a financial plan and budget for a fiscal year, the Postal Service shall base estimates of revenues and expenditures on Federal law as in effect at the time of the preparation of such financial plan and budget.

(d) Definition.—For the purposes of this section, the term “long-term solvency” means the ability of the Postal Service over the long term to pay debts and meet expenses, including the ability to perform maintenance and repairs, make investments, and maintain financial reserves, as necessary to fulfill the requirements and comply with the policies of title 39, United States Code, and other obligations of the Postal Service.

SEC. 208. PROCESS FOR SUBMISSION AND APPROVAL OF FINANCIAL PLAN AND BUDGET.

(a) Review by the Authority.—Upon receipt of a financial plan and budget required by section 207, the Authority shall promptly review such financial plan and budget. In conducting the review, the Authority may request any additional information it considers necessary and appropriate to carry out its duties.

(b) Approval of Postmaster General’s Financial Plan and Budget.—

(1) In general.—If the Authority determines that the final financial plan and budget for the fiscal
year submitted by the Postmaster General under subsection (a) meets the requirements of section 207—

(A) the Authority shall approve the financial plan and budget and shall provide the Postmaster General, the President, the Committee on Homeland Security and Governmental Affairs in the Senate, and the Committee on Oversight and Government Reform in the House of Representatives with a notice certifying its approval; and

(B) the Postmaster General shall promptly submit the annual budget program for the relevant fiscal year to the Office of Management and Budget pursuant to section 2009 of title 39, United States Code.

(2) DEEMED APPROVAL AFTER 30 DAYS.—If the Authority has not provided the Postmaster General, the President, and Congress with a notice certifying approval under paragraph (1)(A) or a statement of disapproval under subsection (c) before the expiration of the 30-day period which begins on the date the Authority receives the financial plan and budget from the Postmaster General under subsection (a), the Authority shall be deemed to have
approved the financial plan and budget and to have provided the Postmaster General, the President, the Committee on Homeland Security and Governmental Affairs in the Senate, and the Committee on Oversight and Government Reform in the House of Representatives with the notice certifying approval under paragraph (1)(A).

(c) DISAPPROVAL OF POSTMASTER GENERAL’S FINANCIAL PLAN AND BUDGET.—

(1) IN GENERAL.—If, after reviewing the financial plan and budget for a fiscal year submitted by the Postmaster General under subsection (a) in accordance with the procedures described in this section, the Authority determines that the revised final financial plan and budget does not meet the applicable requirements under section 207, the Authority shall—

(A) disapprove the financial plan and budget;

(B) provide the Postmaster General, the President, and Congress with a statement containing the reasons for such disapproval and describing the amount of any shortfall in the financial plan and budget; and
(C) approve and recommend a financial plan and budget for the Postal Service which meets the applicable requirements under section 207, and submit such financial plan and budget to the Postmaster General, the President, the Committee on Homeland Security and Governmental Affairs in the Senate, and the Committee on Oversight and Government Reform in the House of Representatives.

(2) Submission to OMB.—Upon receipt of the recommended financial plan and budget under paragraph (1)(C), the Postmaster General shall promptly submit the recommended annual budget program to the Office of Management and Budget pursuant to section 2009 of title 39, United States Code.

(d) Deadline for Transmission of Financial Plan and Budget by the Authority.—Notwithstanding any other provision of this section, not later than September 30th before the start of each fiscal year for which a financial plan and budget is required, the Authority shall—

(1) provide Congress with a notice certifying its approval of the Postmaster General’s financial plan and budget for the fiscal year under subsection (c); or
(2) submit to Congress an approved and recom-
mended financial plan and budget developed by
the Authority for the fiscal year under subsection
(c)(1)(C).

(e) Revisions to Financial Plan and Budget.—

(1) Permitting Postmaster General to
submit revisions.—The Postmaster General may
submit proposed revisions to the financial plan and
budget for the control period to the Authority at any
time during the fiscal year.

(2) Process for review, approval, dis-
approval, and postmaster general action.—
The procedures described in subsections (b), (c), and
(d) shall apply with respect to a proposed revision to
a financial plan and budget in the same manner as
such procedures apply with respect to the original fi-
nancial plan and budget.

(f) Requirements of the Authority.—

(1) In general.—It shall be the policy of the
Authority to direct the Postal Service to take any
action necessary and permitted by law to ensure that
the approved financial plan and budget is fully im-
plemented over the course of each fiscal year and
that the budgetary goals for expenses and revenues
are achieved.
(2) ADDITIONAL FIDUCIARY ACTIONS.—In addition to paragraph (1), the Authority shall take any additional actions it deems necessary and permitted by law to ensure the requirements of the financial plan and budget are achieved in practice so that the total revenue of the Postal Service exceeds its total operating expenses for the full fiscal year not later than fiscal year 2016 and each fiscal year thereafter. Such actions may include accelerating the conversion of door delivery points to more cost-effective delivery methods, the consolidation of additional mail processing facilities, transition to a 2-day or 3-day First-Class Mail delivery standard for the continental United States, and any other action consistent with this Act and the provisions of title 39, United States Code. For the purposes of this paragraph, the term “total operating expenses” refers to all categories of expenses identified under that term in the Report on Form 10–K filed by the Postal Service for fiscal year 2012.

SEC. 209. DISSOLUTION OF THE AUTHORITY; RECONSTITUTION OF THE BOARD OF GOVERNORS.

(a) IN GENERAL.—Effective as of the date on which the control period terminates (as determined under section 202(b)(5))—
(1) the Authority is dissolved; and

(2) section 202 of title 39, United States Code

(as amended by section 202(b)(2)(A) of this Act) is
amended by inserting after the section heading the
following:

“(a)(1) The exercise of the power of the Postal Serv-

ice shall be directed by a Board of Governors composed
of 5 members appointed in accordance with this section.
The members, to be known as Governors, shall be ap-
pointed by the President, by and with the advice and con-
sent of the Senate. Not more than 3 of the Governors may
be adherents of the same political party. The Governors
shall elect a Chairman from among the individual Gov-
ernors. The Governors shall represent the public interest
generally, and shall be chosen solely on the basis of their
experience in the field of public administration, law, or ac-
counting, or on their demonstrated ability in managing or-
ganizations or corporations (in either the public or private
sector) of substantial size; except that at least 3 of the
Governors shall be chosen solely on the basis of their dem-
onstrated ability in managing organizations or corpora-
tions (in either the public or private sector) that employ
at least 10,000 employees. The Governors shall not be rep-
resentatives of specific interests using the Postal Service,
and may be removed only for cause. Each Governor shall
receive a salary of $30,000 a year plus $300 a day for
not more than 42 days of meetings each year and shall
be reimbursed for travel and reasonable expenses incurred
in attending meetings of the Board. Nothing in the pre-
ceeding sentence shall be construed to limit the number of
days of meetings each year to 42 days.

“(2) In selecting the individuals described in para-
graph (1) for nomination for appointment to the position
of Governor, the President should consult with the Speak-
er of the House of Representatives, the minority leader
of the House of Representatives, the majority leader of
the Senate, and the minority leader of the Senate.

“(3) Not later than 60 days after the end of each
fiscal year, the Board of Governors shall submit an
itemized report describing all travel and reimbursable
business travel expenses paid to each Governor when per-
forming Board duties to the Committee on Oversight and
Government Reform of the House of Representatives and
the Committee on Homeland Security and Governmental
Affairs of the Senate. The report submitted under this
paragraph shall include a detailed justification for any
travel or reimbursable business travel expense that devi-
ates from the Board’s travel and reimbursable business
travel expense policies and guidelines under paragraph
(1).
“(b)(1) The terms of the 5 Governors shall be 7 years, except that—

“(A) upon the reconstitution of the Board of Governors pursuant to the Postal Reform Act of 2013—

“(i) the 5 members last comprising the Postal Service Financial Responsibility and Management Assistance Authority before the termination of the control period (as defined in section 202(b)(1) of the Postal Reform Act of 2013) shall become the initial members of the reconstituted Board of Governors; and

“(ii) the term of each of the 5 respective individuals under clause (i) shall expire at the end of the term which would have applied with respect to that individual, if—

“(I) the control period (as so defined) had not terminated; and

“(II) such individual had remained a member of the Postal Service Financial Responsibility and Management Assistance Authority; and

“(B) the terms of the Governors first taking office after the initial Governors of the reconstituted Board (as described in subparagraph (A)) shall be
as fixed by the President at the time of their appointment, except that each such term—

“(i) shall be for a period of years not less than 3 years and not more than 7 years; and

“(ii) shall be fixed such that the term of not more than 1 Governor is thereafter scheduled to expire in any calendar year (determined disregarding the term of an initial Governor expiring as described in subparagraph (A)(ii)).

“(2) Any Governor appointed to fill a vacancy before the expiration of the term for which his predecessor was appointed shall serve for the remainder of such term. A Governor may continue to serve after the expiration of his term until his successor has qualified, but not to exceed 1 year.

“(3) No person may serve more than 14 years as a Governor. For purposes of the preceding sentence, there shall be taken into account any period served as a member of—

“(A) the Postal Service Financial Responsibility and Management Assistance Authority; or

“(B) the Board of Governors, as constituted before the start of the control period.”.

(b) CONFORMING AMENDMENTS.—
(1) Section 102(3) is amended by striking “9” and inserting “5”; and

(2) Section 205(c) is amended by striking all after “present, and” and inserting “an absolute majority of the Governors in office shall constitute a quorum for the transaction of business by the Board.”.

Subtitle B—Other Matters

SEC. 211. APPOINTMENT OF THE POSTAL SERVICE INSPECTOR GENERAL.

(a) Appointment of Inspector General of the Postal Service by President.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in section 8G—

(A) in subsection (a)—

(i) in paragraph (2), by striking “the Postal Regulatory Commission, and the United States Postal Service” and inserting “and the Postal Regulatory Commission”; 

(ii) in paragraph (3), by striking “subsection (h)(1)” and inserting “subsection (g)(1)”; and

(iii) in paragraph (4)—
(I) in the matter preceding subparagraph (A), by striking “subsection (h)(1)” and inserting “subsection (g)(1)”; (II) by striking subparagraph (B); and (III) by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively; (B) in subsection (c), by striking “Except as provided under subsection (f) of this section, the” and inserting “The”; (C) by striking subsection (f); and (D) by redesignating subsections (g) and (h) as subsections (f) and (g), respectively; (2) by inserting after section 8L the following: “SEC. 8M. SPECIAL PROVISIONS CONCERNING THE INSPECTOR GENERAL OF THE UNITED STATES POSTAL SERVICE. “(a) OVERSIGHT OF POSTAL INSPECTION SERVICE.—In carrying out the duties and responsibilities specified in this Act, the Inspector General of the United States Postal Service (in this section referred to as the ‘Inspector General’) shall have oversight responsibility for all activities of the Postal Inspection Service, including any inter-
nal investigation performed by the Postal Inspection Service. The Chief Postal Inspector shall promptly report the significant activities being carried out by the Postal Inspection Service to such Inspector General.

“(b) Supervision; Additional Duties and Responsibilities; Report.—

“(1) Authority, direction, and control.—

“(A) Audits, investigations, subpoenas.—The Inspector General shall be under the authority, direction, and control of the Governors with respect to audits or investigations, or the issuance of subpoenas, which require access to sensitive information concerning—

“(i) ongoing civil or criminal investigations or proceedings;

“(ii) undercover operations;

“(iii) the identity of confidential sources, including protected witnesses;

“(iv) intelligence or counterintelligence matters; or

“(v) other matters the disclosure of which would constitute a serious threat to national security.

“(B) Authority of governors.—With respect to the information described under sub-
paragraph (A), the Governors may prohibit the Inspector General from carrying out or completing any audit or investigation, or from issuing any subpoena, after such Inspector General has decided to initiate, carry out, or complete such audit or investigation or to issue such subpoena, if the Governors determine that such prohibition is necessary to prevent the disclosure of any information described under subparagraph (A) or to prevent the significant impairment to the national interests of the United States.

“(C) NOTICE REQUIRED.—If the Governors exercise any power under subparagraph (A) or (B), the Governors shall notify the Inspector General in writing stating the reasons for such exercise. Within 30 days after receipt of any such notice, the Inspector General shall transmit a copy of such notice to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives, and to other appropriate committees or subcommittees of the Congress.
“(2) ADDITIONAL DUTIES AND RESPONSIBILITIES.—In carrying out the duties and responsibilities specified in this Act, the Inspector General—

“(A) may initiate, conduct, and supervise such audits and investigations in the United States Postal Service as the Inspector General considers appropriate; and

“(B) shall give particular regard to the activities of the Postal Inspection Service with a view toward avoiding duplication and insuring effective coordination and cooperation.

“(3) REPORT REQUIRED.—Any report required to be transmitted by the Governors to the appropriate committees or subcommittees of the Congress under section 5(d) shall also be transmitted, within the seven-day period specified under such section, to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives.

“(c) GOVERNORS DEFINED.—As used in this section, the term ‘Governors’ has the meaning given such term by section 102(3) of title 39, United States Code.

“(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, out of the Postal Serv-
ice Fund, such sums as may be necessary for the Office of Inspector General of the United States.”; and

(3) in section 12—

(A) in paragraph (1), by striking “or the Federal Cochairpersons of the Commissions established under section 15301 of title 40, United States Code” and inserting “the Federal Cochairpersons of the Commissions established under section 15301 of title 40, United States Code; or the Board of Governors of the United States Postal Service”; and

(B) in paragraph (2), by striking “or the Commissions established under section 15301 of title 40, United States Code” and inserting “the Commissions established under section 15301 of title 40, United States Code, or the United States Postal Service”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

Title 39, United States Code, is amended—

(1) in section 102(4), by striking “section 202(e) of this title” and inserting “section 3 of the Inspector General Act of 1978 (5 U.S.C. App.)”;

(2) in section 1001(b), in the first sentence, by inserting “and section 3 of the Inspector General
Act of 1978 (5 U.S.C. App.)” after “1001(c) of this title”; 

(3) in section 1003(a), by striking “8G” and inserting “8M”;

(4) in section 1005(a)(3), by inserting “and section 3 of the Inspector General Act of 1978 (5 U.S.C. App.)” after “1001(c) of this title”;

(5) in section 2003(e) by striking “8G(f)” and inserting “8M(d)”; and

(6) in section 2009 by striking “8G(f)” and inserting “8M(d)”.

(c) APPLICABILITY.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to the first individual appointed as Inspector General of the Postal Service after the date of enactment of this Act.

(2) RULE OF CONSTRUCTION.—Nothing in this Act may be construed to alter the authority or the length of the term of the individual serving as Inspector General of the Postal Service on the date of enactment of this Act.

SEC. 212. MEMBERSHIP OF THE BOARD OF GOVERNORS.

(a) POSTMASTER GENERAL.—Section 202(e) is amended to read as follows:
“(c) The Governors shall appoint and shall have the power to remove the Postmaster General. His pay and term of service shall be fixed by the Governors.”.

(b) DEPUTY POSTMASTER GENERAL.—Section 202(d) is amended to read as follows:

“(d) The Governors shall appoint and shall have the power to remove the Deputy Postmaster General. His term of service shall be fixed by the Governors and the Postmaster General and his pay by the Governors.”.

TITLE III—POSTAL SERVICE WORKFORCE

SEC. 301. APPLICABILITY OF REDUCTION-IN-FORCE PROCEDURES.

Section 1206 is amended by adding at the end the following:

“(d) Collective-bargaining agreements between the Postal Service and bargaining representatives recognized under section 1203, ratified after the date of enactment of this subsection, shall contain no provision restricting the applicability of reduction-in-force procedures under title 5 with respect to members of the applicable bargaining unit.

“(e)(1) If a collective-bargaining agreement between the Postal Service and bargaining representatives recognized under section 1203, ratified after the date of enact-
ment of this subsection, includes reduction-in-force proce-
dures which can be applied in lieu of reduction-in-force
procedures under title 5, the Postal Service may, in its
discretion, apply with respect to members of the applicable
bargaining unit—

“(A) the alternative procedures (or, if 2 or
more are agreed to, 1 of the alternative procedures);
or

“(B) the reduction-in-force procedures under
title 5.

“(2) In no event may, if procedures for the resolution
of a dispute or impasse arising in the negotiation of a col-
lective-bargaining agreement (whether through binding ar-
bitration or otherwise) are invoked under this chapter, the
award or other resolution reached under such procedures
provide for the elimination of, or the substitution of any
alternative procedures in lieu of, reduction-in-force proce-
dures under title 5.”.

SEC. 302. POSTAL SERVICE FEHBP AND FEGLI FUNDING RE-
QUIREMENTS.

Section 1005(d)(1) is amended—

(1) in the first sentence, by striking “chapters
83 and 84” and inserting “chapters 83, 84, 87, and
89”; and
(2) by adding at the end the following: “Beginning not later than January 1, 2020, the Postal Service shall withhold from pay and shall pay into the Employees Life Insurance Fund and the Employee Health Benefits Fund the amounts specified in or determined under chapters 87 and 89, respectively.”.

SEC. 303. REPEAL OF PROVISION RELATING TO OVERALL VALUE OF FRINGE BENEFITS.

The last sentence of section 1005(f) is repealed.

SEC. 304. MODIFICATIONS RELATING TO DETERMINATION OF PAY COMPARABILITY.

(a) POSTAL POLICY.—The first sentence of section 101(c) is amended—

(1) by inserting “total” before “rates and types of compensation”; and

(2) by inserting “entire” before “private sector”.

(b) EMPLOYMENT POLICY.—The second sentence of section 1003(a) is amended—

(1) by inserting “total” before “compensation and benefits” each place it appears; and

(2) by inserting “entire” before “private sector”.
(c) CONSIDERATIONS.—For purposes of the amendments made by this section, any determination of “total rates and types of compensation” or “total compensation and benefits” shall, at a minimum, take into account pay, health benefits, retirement benefits, life insurance benefits, leave, holidays, and continuity and stability of employment.

SEC. 305. LAST-BEST-FINAL-OFFER NEGOTIATIONS.

Section 1207 is amended by striking subsections (c) and (d) and inserting the following:

“(c)(1) If no agreement is reached within 30 days after the appointment of a mediator under subsection (b), or if the parties decide upon arbitration before the expiration of the 30-day period, an arbitration board shall be established consisting of 1 member selected by the Postal Service (from the list under paragraph (2)), 1 member selected by the bargaining representative of the employees (from the list under paragraph (2)), and the mediator appointed under subsection (b).

“(2) Upon receiving a request from either of the parties referred to in paragraph (1), the Director of the Federal Mediation and Conciliation Service shall provide a list of not less than 9 individuals who are well qualified to serve as neutral arbitrators. Each person listed shall be an arbitrator of nationwide reputation and professional
nature, a member of the National Academy of Arbitrators, and an individual whom the Director has determined to be willing and available to serve. If, within 7 days after the list is provided, either of the parties has not selected an individual from the list, the Director shall make the selection within 3 days.

“(3) The arbitration board shall give the parties a full and fair hearing, including an opportunity to present evidence in support of their claims, and an opportunity to present their case in person, by counsel, or by other representative as they may elect. The hearing shall be concluded no more than 40 days after the arbitration board is established.

“(4) No more than 7 days after the hearing is concluded, each party shall submit to the arbitration board 2 offer packages, each of which packages shall specify the terms of a proposed final agreement.

“(5) If no agreement is reached within 7 days after the last day allowable for the submission of an offer package under paragraph (4), each party shall submit to the arbitration board a single, final offer package specifying the terms of a proposed final agreement.

“(6) No later than 3 days after the submission of the final offer packages under paragraph (5), the arbitra-
tion board shall select 1 of those packages as its tentative award, subject to paragraph (7).

“(7)(A) The arbitration board may not select a final offer package under paragraph (6) unless it satisfies each of the following:

“(i) The offer complies with the requirements of sections 101(c) and 1003(a).

“(ii) The offer takes into account the current financial condition of the Postal Service.

“(iii) The offer takes into account the long-term financial condition of the Postal Service.

“(B)(i) If the board unanimously determines, based on clear and convincing evidence presented during the hearing under paragraph (3), that neither final offer package satisfies the conditions set forth in subparagraph (A), the board shall by majority vote—

“(I) select the package that best meets such conditions; and

“(II) modify the package so selected to the minimum extent necessary to satisfy such conditions.

“(ii) If modification (as described in subparagraph (B)(i)(II)) is necessary, the board shall have an additional 7 days to render its tentative award under this subpara-

graph.
“(8) The parties may negotiate a substitute award to replace the tentative award selected under paragraph (6) or rendered under paragraph (7) (as the case may be). If no agreement on a substitute award is reached within 10 days after the date on which the tentative award is so selected or rendered, the tentative award shall become final.

“(9) The arbitration board shall review any substitute award negotiated under paragraph (8) to determine if it satisfies the conditions set forth in paragraph (7)(A). If the arbitration board, by a unanimous vote taken within 3 days after the date on which the agreement on the substitute award is reached under paragraph (8), determines that the substitute award does not satisfy such conditions, the tentative award shall become final. In the absence of a vote, as described in the preceding sentence, the substitute agreement shall become final.

“(10) If, under paragraph (5), neither party submits a final offer package by the last day allowable under such paragraph, the arbitration board shall develop and issue a final award no later than 20 days after such last day.

“(11) A final award or agreement under this subsection shall be conclusive and binding upon the parties.
“(12) Costs of the arbitration board and mediation shall be shared equally by the Postal Service and the bargaining representative.

“(d) In the case of a bargaining unit whose recognized collective-bargaining representative does not have an agreement with the Postal Service, if the parties fail to reach agreement within 90 days after the commencement of collective bargaining, a mediator shall be appointed in accordance with the provisions of subsection (b), unless the parties have previously agreed to another procedure for a binding resolution of their differences. If the parties fail to reach agreement within 180 days after the commencement of collective bargaining, an arbitration board shall be established to provide conclusive and binding arbitration in accordance with the provisions of subsection (e).”.

SEC. 306. POSTAL SERVICE WORKERS’ COMPENSATION REFORM.

(a) In General.—Effective 12 months after the triggering date of this section (as defined in subsection (e)(2)), section 1005 is amended by striking subsection (e) and inserting the following:

“(e)(1) For purposes of this subsection—
“(A) the term ‘postal employee’ means an offi-
cer or employee of the Postal Service or the former
Post Office Department; and

“(B) the term ‘retirement age’ has the meaning
given such term under section 216(l)(1) of the Social
Security Act.

“(2) The Postal Service shall design and administer
a program for the payment of benefits for the disability
or death of an individual resulting from personal injury
sustained while in the performance of such individual’s du-
ties as a postal employee.

“(3) The program under this subsection—

“(A) shall be designed by the Postal Service in
consultation with appropriate employee representa-
tives;

“(B) shall not provide for any amount payable
to a disabled postal employee to be augmented on
the basis of number of dependents; and

“(C) shall include provisions for automatic
transition, upon attainment of retirement age, to
benefits involving, coordinated with, or otherwise de-
termined by reference to retirement benefits.”.

(b) RECOMMENDATIONS.—Not later than 6 months
after the triggering date—
(1) the Office of Personnel Management shall submit to the appropriate committees of Congress recommendations for any legislation or administrative actions which the Office considers necessary to carry out the purposes of this section with respect to any matter within the jurisdiction of the Office, including any amendments which may be necessary with respect to chapter 87 or 89 of title 5, United States Code; and

(2) the Postal Service shall submit to the appropriate committees of Congress recommendations for any legislation which the Postal Service considers necessary to carry out the purposes of this section with respect to any matter within the jurisdiction of the Postal Service.

(c) Notification Requirements.—Not later than 9 months after the triggering date, the Postal Service shall submit to the appropriate committees of Congress and shall cause to be published in the Federal Register a description of the program proposed by the Postal Service for implementation under section 1005(c) of title 39, United States Code, as amended by subsection (a). Included in the notification provided under the preceding sentence shall be—
(1) a detailed statement of the benefits to be offered and the persons eligible to receive those benefits;

(2) provisions to ensure an orderly transition to the system proposed to be implemented; and

(3) such other information as the Postal Service considers appropriate.

(d) COMMENCEMENT DATE.—The program under section 1005(c) of title 39, United States Code, as amended by subsection (a)—

(1) shall begin to operate on such date as the Postmaster General shall determine, except that such date shall be a date occurring—

(A) not earlier than 12 months after the triggering date; and

(B) not later than 24 months after the triggering date; and

(2) shall apply with respect to amounts payable for periods beginning on or after the date on which the program begins to operate, irrespective of date of the disability or death to which such amounts relate.

(e) CONDITION PRECEDENT.—

(1) IN GENERAL.—The preceding provisions of this section shall not become effective until the date
on which the Postal Service Financial Responsibility and Management Assistance Authority (established under section 202)—

(A) makes a written determination that conditions warrant their implementation; and

(B) submits such written determination to the Postal Service, the Office of Personnel Management, and the appropriate committees of Congress.

(2) TRIGGERING DATE.—For purposes of this section, the term “triggering date of this section” or “triggering date” means the date described in paragraph (1).

(f) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—For purposes of this section, the term “appropriate committees of Congress” means—

(1) the Committee on Oversight and Government Reform of the House of Representatives; and

(2) the Committee on Homeland Security and Governmental Affairs of the Senate.

SEC. 307. REPORTING REQUIREMENT.

(a) IN GENERAL.—Chapter 10 is amended by adding at the end the following:
§ 1012. Official time reporting

(a) Not later than March 31 of each calendar year, the Postal Service, in consultation with the Office of Management and Budget, shall submit to each House of Congress a report on the operation of this section during the fiscal year last ending before the start of such calendar year.

(b) Each report by the Postal Service under this subsection shall include, with respect to the fiscal year described in subsection (a), at least the following information:

(1) The total amount of official time granted to employees.

(2) The average amount of official time expended per bargaining unit employee.

(3) The specific types of activities or purposes for which official time was granted, and the impact which the granting of such official time for such activities or purposes had on agency operations.

(4) The total number of employees to whom official time was granted, and, of that total, the number who were not engaged in any activities or purposes except activities or purposes involving the use of official time.

(5) The total amount of compensation (including fringe benefits) afforded to employees in conne-
tion with activities or purposes for which they were
granted official time.

“(c) All information included in a report by the Postal
Service under this subsection with respect to a fiscal
year—

“(1) shall be shown both for each supervisory
and managerial organization recognized under sec-
tion 1004 and labor organization recognized under
section 1203 and for all organizations together; and

“(2) shall be accompanied by the corresponding
information (submitted by the Postal Service in its
report under this subsection) for the fiscal year be-
fore the fiscal year to which such report pertains, to-
gether with appropriate comparisons and analyses.

“(d) For purposes of this subsection, the term ‘offi-
cial time’ means any period of time, regardless of Postal
Service nomenclature—

“(1) which may be granted to an employee
under this chapter or chapter 12 (including a collec-
tive-bargaining agreement entered into under chap-
ter 12) to perform representational or consultative
functions; and

“(2) during which the employee would otherwise
be in a duty status.”.
(b) Applicability.—The amendment made by subsection (a) shall be effective beginning with the report which, under the provisions of such amendment, is first required to be submitted by the Postal Service to each House of Congress by a date which occurs at least 6 months after the date of the enactment of this Act.

(e) Clerical Amendment.—The table of sections for chapter 10 is amended by adding at the end the following:

"1012. Official time reporting."

TITLE IV—POSTAL SERVICE REVENUE

SEC. 401. ADEQUACY, EFFICIENCY, AND FAIRNESS OF POSTAL RATES.

(a) In General.—Section 3622(d) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (B) through (E) as subparagraphs (D) through (G), respectively; and

(B) by inserting after subparagraph (A) the following:

"(B) subject to the limitation under subparagraph (A), establish postal rates to fulfill the requirement that each market-dominant class, product, and type of mail service (except for an experimental product or service) bear the
direct and indirect postal costs attributable to such class, product, or type through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class, product, or type;

“(C) establish postal rates for each group of functionally equivalent agreements between the Postal Service and users of the mail that—

“(i) cover attributable cost;

“(ii) improve the net financial position of the Postal Service; and

“(iii) do not cause unreasonable disruption in the marketplace, consistent with subsection (c)(10)(B); for purposes of this subparagraph, a group of functionally equivalent agreements shall consist of all service agreements that are functionally equivalent to each other within the same market-dominant product, but shall not include agreements within an experimental product;”;

(2) in paragraph (3), by striking “subsection (c),” and inserting “subsection (c) and the provisions of title IV of the Postal Reform Act of 2013,”; and

(3) by adding at the end the following:
“(4) PRC study.—

“(A) In general.—Within 90 days after the end of the first fiscal year beginning after the date of enactment of the Postal Reform Act of 2013, the Postal Regulatory Commission shall complete a study to determine the quantitative impact of the Postal Service’s excess capacity on the direct and indirect postal costs attributable to any class that bears less than 100 percent of its costs attributable (as described in paragraph (1)(B)), according to the most recent annual determination of the Postal Regulatory Commission under section 3653.

“(B) Requirements.—The study required under subparagraph (A) shall—

“(i) be conducted pursuant to regulations that the Postal Regulatory Commission shall prescribe within 90 days after the date of enactment of the Postal Reform Act of 2013, taking into account existing regulations for proceedings to improve the quality, accuracy, or completeness of ratemaking information under section 3652(e)(2) in effect on such date; and
“(ii) for any year in which any class of mail bears less than 100 percent of its costs attributable (as described in paragraph (1)(B)), be updated annually by the Postal Service and included in its annual report to the Commission under section 3652, using such methodologies as the Commission shall by regulation prescribe.

“(5) ADDITIONAL RATES.—Starting not earlier than 12 months and not later than 18 months after the date on which the first study described in paragraph (4) is completed, and at least once in each subsequent 12-month period, the Postal Service shall establish postal rates for each loss-making class of mail to eliminate such losses (other than those caused by the Postal Service’s excess capacity) by exhausting all unused rate authority as well as maximizing incentives to reduce costs and increase efficiency, subject to the following:

“(A) The term ‘loss-making’, as used in this paragraph with respect to a class of mail, means a class of mail that bears less than 100 percent of its costs attributable (as described in paragraph (1)(B)), according to the most recent annual determination of the Postal Regulatory
Commission under section 3653, adjusted to account for the quantitative effect of excess capacity on the costs attributable of the class.

“(B) Unused rate authority shall be annually increased by 2 percentage points for each class of mail that bears less than 90 percent of its costs attributable (as described in paragraph (1)(B)), according to the most recent annual determination of the Postal Regulatory Commission under section 3653, adjusted to account for the quantitative effect of excess capacity on the costs attributable of the class, with such increase in unused rate authority to take effect 30 days after the date that the Commission issues such determination.”.

(b) EXCEPTION.—Section 3622(d) is amended by adding after paragraph (5) (as added by subsection (a)(2)) the following:

“(6) EXCEPTION.—The requirements of paragraph (1)(B) shall not apply to a market-dominant product for which a substantial portion of the product’s mail volume consists of inbound international mail with terminal dues rates determined by the Universal Postal Union (and not by bilateral agreements or other arrangements).”.
SEC. 402. REPEAL OF RATE PREFERENCES FOR QUALIFIED POLITICAL COMMITTEES.

Subsection (e) of section 3626 is repealed.

SEC. 403. USE OF NEGOTIATED SERVICE AGREEMENTS.

(a) STREAMLINED REVIEW OF QUALIFYING SERVICE AGREEMENTS FOR COMPETITIVE PRODUCTS.—Section 3633 is amended by adding at the end the following:

“(c) STREAMLINED REVIEW.—Not later than 90 days after the date of enactment of this subsection, after notice and opportunity for comment, the Postal Regulatory Commission shall promulgate (and may from time to time thereafter revise) regulations for streamlined after-the-fact review of newly proposed agreements between the Postal Service and users of the mail that provide rates not of general applicability for competitive products. Streamlined review shall apply only if agreements are functionally equivalent to existing agreements that have collectively covered attributable costs and collectively improved the net financial position of the Postal Service. The regulations issued under this subsection shall provide that streamlined review shall be concluded not later than 5 business days after the date on which the agreement is filed with the Commission and shall be limited to approval or disapproval of the agreement as a whole based on the Commission’s determination of its functional equivalence.
Agreements not approved may be resubmitted without prejudice under section 3632.”.

(b) Submission of Service Agreements for Streamlined Review.—Section 3632(b) is amended—

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by inserting after paragraph (3) the following:

“(4) Rates for streamlined review.—In the case of rates not of general applicability for competitive products that the Postmaster General considers eligible for streamlined review under section 3633(c), the Postmaster General shall cause the agreement to be filed with the Postal Regulatory Commission by a date that is on or before the effective date of any new rate established under the agreement, as the Postmaster General considers appropriate.”.

(c) Transparency and Accountability for Service Agreements.—

(1) Certain information required to be included in determinations of compliance.—
(A) by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively; and

(B) by inserting after subsection (b) the following:

“(c) WRITTEN DETERMINATION.—Each annual written determination of the Commission under this section shall include the following:

“(1) REQUIREMENTS.—For each group of functionally equivalent agreements between the Postal Service and users of the mail, whether such group fulfilled requirements to—

“(A) cover costs attributable; and

“(B) improve the net financial position of the Postal Service.

“(2) NONCOMPLIANCE.—Any group of functionally equivalent agreements not meeting subparagraphs (A) and (B) of paragraph (1) shall be determined to be in noncompliance under this subsection.

“(3) DEFINITION.—For purposes of this subsection, a group of functionally equivalent agreements shall consist of 1 or more service agreements that are functionally equivalent to each other within the same market-dominant or competitive product,
but shall not include agreements within an experimental product.”.

(2) Criteria for special classifications relating to market-dominant products.—

(A) Amendment.—Section 3622(c)(10) is amended by striking subparagraphs (A) and (B) and inserting the following:

“(A) improve the net financial position of the Postal Service by reducing Postal Service costs or increasing the overall contribution to the institutional costs of the Postal Service; and

“(B) do not cause—

“(i) unfair competitive advantage for the Postal Service or postal users eligible for the agreements; or

“(ii) unreasonable disruption to the volume or revenues of other postal users.”.

(B) Applicability.—The amendment made by subparagraph (A) shall take effect on the date of enactment of this Act and shall apply with respect to an agreement that—

(i) is filed with the Commission on or after such date of enactment; or

(ii) is remanded to the Commission by a court on or after such date of enactment.
SEC. 404. NONPOSTAL SERVICES.

(a) NONPOSTAL SERVICES.—

(1) IN GENERAL.—Part IV is amended by adding after chapter 36 the following:

“CHAPTER 37—NONPOSTAL SERVICES

(‘Sec.

‘3701. Purpose.

‘3702. Definitions.

‘3703. Postal Service advertising program.

‘3704. Postal Service program for State governments.

‘3705. Postal Service program for other government agencies.

‘3706. Transparency and accountability for nonpostal services.

§ 3701. Purpose

“This chapter is intended to enable the Postal Service to increase its net revenues through specific nonpostal products and services that are expressly authorized by this chapter. Postal Service revenues and expenses under this chapter shall be funded through the Postal Service Fund.

§ 3702. Definitions

“As used in this chapter—

“(1) the term ‘nonpostal services’ is limited to services offered by the Postal Service that are expressly authorized by this chapter and are not postal products or services;

“(2) the term ‘attributable costs’ has the same meaning as is given such term in section 3631; and

“(3) the term ‘year’ means a fiscal year.
§ 3703. Postal Service advertising program

“Notwithstanding any other provision of this title, the Postal Service may establish and manage a program that allows entities to advertise at Postal Service facilities, on Postal Service assets, and on Postal Service vehicles. Such a program shall be subject to the following requirements:

“(1) The Postal Service shall at all times ensure advertising it permits is consistent with the integrity of the Postal Service.

“(2) Any advertising program is required to cover a minimum of 200 percent of its attributable costs in each year.

“(3) All advertising expenditures and revenues are subject to annual compliance determination (including remedies for noncompliance) applicable to nonpostal products.

“(4) Total advertising expenditures and revenues must be disclosed in Postal Service annual reports.

§ 3704. Postal Service program for State governments

“(a) In General.—Notwithstanding any other provision of this title, the Postal Service may establish a program to provide services for agencies of State governments within the United States, but only if such services—
“(1) shall provide enhanced value to the public, such as by lowering the cost or raising the quality of such services or by making such services more accessible;

“(2) do not interfere with or detract from the value of postal services, including—

“(A) the cost and efficiency of postal services; and

“(B) unreasonable access to postal retail service, such as customer waiting time and access to parking; and

“(3) provide a reasonable contribution to the institutional costs of the Postal Service, defined as reimbursement for each service and covering at least 150 percent of the attributable costs of such service in each year.

“(b) PUBLIC NOTICE.—At least 90 days before offering any services under this section, the Postal Service shall make each agreement with State agencies readily available to the public on its Web site, including a business plan that describes the specific services to be provided, the enhanced value to the public, terms of reimbursement, the estimated annual reimbursement to the Postal Service, and the estimated percentage of attributable Postal Service costs that will be covered by reimbursement (with doc-
umentation to support these estimates). The Postal Serv-

ice shall solicit public comment for at least 30 days, with

comments posted on its Web site, followed by its written

response posted on its Web site at least 30 days before

offering such services.

“(c) APPROVAL REQUIRED.—The Governors of the

Postal Service shall approve the provision of services

under this section by a recorded vote, with at least \( \frac{2}{3} \) of

its membership voting for approval, with the vote publicly

disclosed on the Postal Service Web site.

“(d) CLASSIFICATION OF SERVICES.—All services for

a given agency provided under this section shall be classi-

fied as a separate activity subject to the requirements of

annual reporting under section 3706. Such reporting shall

also include information on the quality of service and re-

lated information to demonstrate that it satisfied the re-

quirements of subsection (a). Information provided under

this section shall be according to requirements that the

Postal Regulatory Commission shall by regulation pre-

scribe.

“(e) DEFINITIONS.—For the purpose of this sec-

tion—

“(1) the term ‘State’ includes the District of

Columbia, the Commonwealth of Puerto Rico, the

United States Virgin Islands, Guam, American
Samoa, the Commonwealth of the Northern Mariana Islands, and any other territory or possession of the United States; and

“(2) the term ‘United States’, when used in a geographical sense, means the States.

“§ 3705. Postal Service program for other government agencies

“(a) IN GENERAL.—The Postal Service may establish a program to provide property and services for other government agencies within the meaning of section 411, but only if such program provides a reasonable contribution to the institutional costs of the Postal Service, defined as reimbursement by each agency that covers at least 100 percent of the attributable costs of all property and service provided by the Postal Service in each year to such agency.

“(b) CLASSIFICATION OF SERVICES.—For each agency, all property and services provided by the Postal Service under this section shall be classified as a separate activity subject to the requirements of annual reporting under section 3706. Information provided under this section shall be according to requirements that the Postal Regulatory Commission shall by regulation prescribe.

“§ 3706. Transparency and accountability for non-postal services

“(a) ANNUAL REPORTS TO THE COMMISSION.—
“(1) IN GENERAL.—The Postal Service shall, no later than 90 days after the end of each year, prepare and submit to the Postal Regulatory Commission a report (together with such nonpublic annex to the report as the Commission may require under subsection (b)) which shall analyze costs, revenues, rates, and quality of service for this chapter, using such methodologies as the Commission shall by regulation prescribe, and in sufficient detail to demonstrate compliance with all applicable requirements of this chapter.

“(2) AUDITS.—The Inspector General shall regularly audit the data collection systems and procedures utilized in collecting information and preparing such report. The results of any such audit shall be submitted to the Postal Service and the Postal Regulatory Commission.

“(b) SUPPORTING MATTER.—The Postal Regulatory Commission shall have access, in accordance with such regulations as the Commission shall prescribe, to the working papers and any other supporting matter of the Postal Service and the Inspector General in connection with any information submitted under this section.

“(c) CONTENT AND FORM OF REPORTS.—
“(1) IN GENERAL.—The Postal Regulatory Commission shall, by regulation, prescribe the content and form of the public reports (and any non-public annex and supporting matter relating to the report) to be provided by the Postal Service under this section. Such reports shall be included with the annual compliance determination reported under section 3653. In carrying out this subsection, the Commission shall give due consideration to—

“(A) providing the public with timely, adequate information to assess compliance;

“(B) avoiding unnecessary or unwarranted administrative effort and expense on the part of the Postal Service; and

“(C) protecting the confidentiality of information that is commercially sensitive or is exempt from public disclosure under section 552(b) of title 5.

“(2) REVISED REQUIREMENTS.—The Commission may, on its own motion or on request of any interested party, initiate proceedings (to be conducted in accordance with regulations that the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data required
by the Commission under this subsection whenever
it shall appear that—

“(A) the attribution of costs or revenues to
property or services under this chapter has be-
come significantly inaccurate or can be signifi-
cantly improved;

“(B) the quality of service data provided to
the Commission for annual reports under this
chapter has become significantly inaccurate or
can be significantly improved; or

“(C) such revisions are, in the judgment of
the Commission, otherwise necessitated by the
public interest.

“(d) CONFIDENTIAL INFORMATION.—

“(1) IN GENERAL.—If the Postal Service deter-
dines that any document or portion of a document,
or other matter, which it provides to the Postal Reg-
ulatory Commission in a nonpublic annex under this
section contains information which is described in
section 410(c) of this title, or exempt from public
disclosure under section 552(b) of title 5, the Postal
Service shall, at the time of providing such matter
to the Commission, notify the Commission of its de-
termination, in writing, and describe with particu-
larity the documents (or portions of documents) or
other matter for which confidentiality is sought and
the reasons therefor.

“(2) Treatment.—Any information or other
matter described in paragraph (1) to which the
Commission gains access under this section shall be
subject to paragraphs (2) and (3) of section 504(g)
in the same way as if the Commission had received
notification with respect to such matter under sec-
tion 504(g)(1).

“(e) Annual Compliance Determination.—

“(1) Opportunity for public comment.—
After receiving the reports required under subsection
(a) for any year, the Postal Regulatory Commission
shall promptly provide an opportunity for comment
on such reports by any interested party, and an offi-
cer of the Commission who shall be required to rep-
resent the interests of the general public.

“(2) Determination of compliance or non-
compliance.—Not later than 90 days after receiv-
ing the submissions required under subsection (a)
with respect to a year, the Postal Regulatory Com-
misson shall make a written determination as to
whether any nonpostal activities during such year
were or were not in compliance with applicable pro-
visions of this chapter (or regulations promulgated
under this chapter). The Postal Regulatory Commission shall issue a determination of noncompliance if the requirements for coverage of attributable costs are not met. If, with respect to a year, no instance of noncompliance is found to have occurred in such year, the written determination shall be to that effect.

“(3) NONCOMPLIANCE.—If, for a year, a timely written determination of noncompliance is made under this chapter, the Postal Regulatory Commission shall take appropriate action. If the requirements for coverage of attributable costs specified by this chapter are not met, the Commission shall, within 60 days after the determination, prescribe remedial action to restore compliance as soon as practicable, which shall also include the full restoration of revenue shortfalls during the following fiscal year. The Commission may order the Postal Service to discontinue a nonpostal service under section 3703 or 3704 that persistently fails to meet cost coverage requirements.

“(4) DELIBERATE NONCOMPLIANCE.—In addition, in cases of deliberate noncompliance by the Postal Service with the requirements of this chapter, the Postal Regulatory Commission may order, based
on the nature, circumstances, extent, and seriousness of the noncompliance, a fine (in the amount specified by the Commission in its order) for each incidence of such noncompliance. All receipts from fines imposed under this subsection shall be deposited in the general fund of the Treasury of the United States.”).

(2) CLERICAL AMENDMENT.—The table of chapters at the beginning of part IV is amended by adding after the item relating to chapter 36 the following:

“37. Nonpostal Services ................................................................. 3701”.

(b) CONFORMING AMENDMENTS.—

(1) SECTION 404(e).—Section 404(e) is amended by adding at the end the following:

“(6) Licensing which, before the date of enactment of this paragraph, has been authorized by the Postal Regulatory Commission for continuation as a nonpostal service may not be used for any purpose other than—

“(A) to continue to provide licensed mailing and shipping supplies offered as of June 23, 2011; or

“(B) to license other goods, products, or services, the primary purpose of which is to promote and enhance the image or brand of the Postal Service.

“(7) Nothing in this section shall be considered to prevent the Postal Service from establishing nonpostal
products and services that are expressly authorized by chapter 37.”.

(2) **SECTION 409.**—Section 409(f) is amended by inserting at the end the following:

“(7) The provisions of this section shall not apply to any outdoor advertising structure or sign constructed, installed, operated, or maintained on a facility or asset owned or operated by the Postal Service except in a jurisdiction in which posting of off premise advertising signs for all persons, entities, governmental agencies, and others is prohibited by law.”.

(3) **SECTION 411.**—The last sentence of section 411 is amended by striking “including reimbursability” and inserting “including reimbursability within the limitations of chapter 37”.

(4) **TREATMENT OF EXISTING NONPOSTAL SERVICES.**—All individual nonpostal services, provided directly or through licensing, that are continued pursuant to section 404(e) of title 39, United States Code, shall be considered to be expressly authorized by chapter 37 of such title (as added by subsection (a)(1)) and shall be subject to the requirements of such chapter.
SEC. 405. ALASKA BYPASS MAIL MODERNIZATION.

(a) Fair Competition for Alaska Bypass Mail.—

(1) In general.—Section 5402 is amended—

(A) in subsection (g)(4)—

(i) in subparagraph (A), by striking "existing";

(ii) in subparagraph (B)—

(I) in the matter preceding clause (i), by striking "an existing mainline carrier" and inserting "a carrier permitted under subparagraph (A)"; and

(II) in clause (i), by striking "existing mainline carriers" and inserting "mainline carriers providing service";

and

(iii) in subparagraph (C), by striking "existing";

(B) in subsection (g)(5)—

(i) in subparagraph (A), by striking "new";

(ii) in subparagraph (B), by striking "new"; and

(iii) in subparagraph (C), by striking "new";
(C) in subsection (h)(3)(A), by striking “new or existing”; and
(D) in subsection (i)(3), by striking “new”.

(2) CONFORMING AMENDMENT.—Paragraphs (12) and (15) of section 5402(a) are repealed.

(b) REDUCTION OF ALASKA BYPASS MAIL SUBSIDY.—

(1) IN GENERAL.—Chapter 54 is amended by adding at the end the following:

“§ 5404. Reduction of Alaska bypass mail subsidy

“(a) COMPETITIVE PRODUCT CLASSIFICATION.—

“(1) IN GENERAL.—Except as provided in this section, Alaska bypass mail service under section 5402 shall be treated as a separate competitive product for all purposes.

“(2) TRANSFER PROHIBITED.—No part of Alaska bypass mail service may be transferred to the market-dominant category of mail under section 3642.

“(3) LIMITATIONS.—Alaska bypass mail service shall not be treated as a competitive product for purposes of the implementation of sections 3633(a) and 3634.

“(b) MINIMUM COST COVERAGE.—
“(1) IN GENERAL.—The Postal Service shall es-
establish and maintain rates and fees for matter sent
by Alaska bypass mail service—

“(A) for fiscal year 2014, that cover at
least 30 percent of the costs attributable to
Alaska bypass mail service in that fiscal year;

“(B) for fiscal year 2015, that cover at
least 35 percent of the costs attributable to
Alaska bypass mail service in that fiscal year;

“(C) for fiscal year 2016, that cover at
least 40 percent of the costs attributable to
Alaska bypass mail service in that fiscal year;

“(D) for fiscal year 2017, that cover at
least 45 percent of the costs attributable to
Alaska bypass mail service in that fiscal year;

and

“(E) for fiscal year 2018 and for each fis-
cal year thereafter, that cover at least 50 per-
cent of the costs attributable to Alaska bypass
mail service in the applicable fiscal year.

“(2) COSTS ATTRIBUTABLE.—The costs attrib-
utable to Alaska bypass mail service for a fiscal year
shall include all the direct and indirect costs of Alas-
ka bypass mail service during that fiscal year that
are attributable to that service through reliably identified causal relationships.

“(3) INSTITUTIONAL COSTS.—Costs that can be attributed to Alaska bypass mail service may not be classified as institutional costs of the Postal Service.

“(c) COMPLIANCE.—

“(1) ANNUAL REVIEW.—At least once each fiscal year, the Postal Regulatory Commission shall determine whether the Postal Service is in compliance with the requirements under subsection (b).

“(2) REMEDIAL ACTIONS.—If, under paragraph (1), the Postal Regulatory Commission determines that the Postal Service has not complied with the requirements under subsection (b) with respect to a fiscal year, the Commission shall prescribe, not later than 60 days after making such determination, actions to ensure—

“(A) the establishment and maintenance of rates and fees for Alaska bypass mail service that recover any costs required to have been covered for such fiscal year under subsection (b), but that were not covered, by the date that is not later than the last day of the fiscal year that follows such fiscal year; and
“(B) compliance with the requirements under subsection (b) in subsequent fiscal years.

“(3) LIMITATION.—The Postal Regulatory Commission may not order the Postal Service to discontinue Alaska bypass mail service.

“(4) REGULATIONS.—Not later than 90 days after the date of enactment of this subsection, the Postal Regulatory Commission shall issue regulations to implement this subsection.”.

(2) CLERICAL AMENDMENT.—The table of sections for chapter 54 is amended by adding at the end the following:

“5404. Reduction of Alaska bypass mail subsidy.”.

SEC. 406. APPROPRIATIONS MODERNIZATION.

(a) IN GENERAL.—Section 2401 is amended by striking subsections (b) through (d).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective with respect to fiscal years beginning after the date of enactment of this Act.

(c) CONFORMING AMENDMENT.—Section 3627 is repealed.

SEC. 407. ENHANCED PRODUCT INNOVATION.

(a) DOLLAR-AMOUNT LIMITATION RELATING TO MARKET TESTS OF EXPERIMENTAL PRODUCTS.—Section 3641(e)(1) is amended by striking “$10,000,000” and inserting “$50,000,000”.

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(b) Dollar-Amount Limitation Relating to Exemption Authority.—Section 3641(e)(2) is amended by striking “$50,000,000” and inserting “$100,000,000”.

TITLE V—POSTAL SERVICE
FINANCE

SEC. 501. TREATMENT OF POSTAL SERVICE POSTEMPLOYMENT BENEFIT FUNDING PROJECTED SURPLUSES.

Section 8423(b)(4) of title 5, United States Code, is amended by adding at the end the following:

“(C) Not later than 30 days after the end of each fiscal year, the Office of Personnel Management shall transfer from Postal Service Federal Employee Retirement System monies within the Civil Service Retirement and Disability Fund to the Postal Service Retiree Health Benefits Fund an amount equal to the negative supplemental liability (if any), as calculated under paragraph (1)(B), for the most recent fiscal year available, less the sum of—

“(i) the Postal supplemental liability, calculated under section 8348(h), for the same fiscal year (if any); and

“(ii) any contribution required by this section that the Postal Service has not
made between the close of the fiscal year
of the calculation under paragraph (1)(B)
and the close of the most recent fiscal
year, as determined by the Office of Per-
sonnel Management.”.

SEC. 502. RETIREE HEALTH BENEFIT LIABILITY PAYMENT
SCHEDULE.

(a) IN GENERAL.—Subsection 8909a(d) of title 5,
United States Code, is amended—

(1) in paragraph (2)(B), by striking “2017”
and inserting “2015”; and

(2) in paragraph (3)—

(A) in subparagraph (A)—

(i) in clause (iii), by adding “and” at
the end;

(ii) in clause (iv), by striking the
semicolon at the end and inserting a pe-
riod; and

(iii) by striking clauses (v) through
(x); and

(B) in subparagraph (B), by striking
“2017” and inserting “2015”.

(b) CONFORMING AMENDMENT.—Section
8906(g)(2)(A) of title 5, United States Code, is amended
by striking “2016” and inserting “2014”.
(c) TECHNICAL CORRECTION.—The heading for section 8909a of title 5, United States Code, is amended by striking “Benefit” and inserting “Benefits”.

SEC. 503. SUPPLEMENTARY BORROWING AUTHORITY DURING A CONTROL PERIOD.

(a) IN GENERAL.—Chapter 20 is amended by adding after section 2011 the following:

“§ 2012. Supplementary borrowing authority

“(a) SUPPLEMENTARY BORROWING AUTHORITY.—Upon the commencement of the control period, subject to the approval of the Authority, the Postal Service is authorized to borrow money and issue and sell such obligations as may be necessary to carry out the purposes of this title, to the same extent, in the same manner, and subject to the same terms and conditions as if the maximum amount allowable under the provisions of section 2005(a)(2) for the fiscal year involved were equal to the maximum amount which (but for this section) would otherwise be allowable under such provisions, increased by $5,000,000,000.

“(b) SUNSET.—The authority to borrow money and to issue and sell obligations under subsection (a) shall cease to be available after September 30, 2022.

“(c) DEPOSIT.—Any amounts received under this section shall be deposited in the Postal Service Fund.
“(d) Properties To Be Set Aside.—Notwithstanding section 2005(b)(2), the Postal Service shall take such measures as may be necessary and appropriate so that, during any period in which the Postal Service is using supplemental borrowing authority under subsection (a), a sufficient amount of real property has been pledged or otherwise set aside by the Postal Service to carry out subsection (e).

“(e) Outstanding Supplemental Debt Reduction.—

“(1) In general.—In the case of any full fiscal year in which the Postal Service borrows funds pursuant to subsection (a), the Postal Service shall, not later than September 30 of such fiscal year, deposit into the Postal Service Fund an amount such that the total obligations accrued and outstanding pursuant to subsection (a) are, as of the close of such fiscal year, at least 20 percent less than the total obligations so accrued and outstanding as of the start of such fiscal year.

“(2) Sense of Congress.—It is the sense of Congress that, to achieve the requirement of paragraph (1), the Postal Service should dispose of such real property as may be necessary.

“(f) Definitions.—For purposes of this section—
“(1) the term ‘Authority’ means the Postal Service Financial Responsibility and Management Assistance Authority, established in title II of the Postal Reform Act of 2013; and

“(2) the term ‘control period’ has the meaning given such term in section 202(b)(1) of such Act.”.

(b) Clerical Amendment.—The table of sections for chapter 20 is amended by adding at the end the following:

“2012. Supplemental borrowing authority.”.

SEC. 504. POSTAL SERVICE DELIVERY-POINT MODERNIZATION FUND.

(a) In General.—Chapter 20 is further amended by adding after section 2012 (as added by section 503(a)) the following:

“§ 2013. Postal Service Delivery-Point Modernization Fund

“(a) Establishment.—There is established within the Treasury of the United States a revolving fund to be known as the ‘Postal Service Delivery-Point Modernization Fund’, which shall be available without fiscal year limitation pursuant to the requirements of this section.

“(b) Funding.—

“(1) Authorization.—The Postal Service is authorized to borrow money and to issue and sell such obligations as it determines necessary solely to
carry out the purposes of section 3962. The aggregate amount of obligations issued by the Postal Service which may be outstanding at any one time under this paragraph shall not exceed $1,000,000,000.

“(2) APPLICABILITY OF SECTION 2005.—The provisions of subsections 2005(b), (c), and (d) shall apply to obligations issued under this subsection.

“(3) DEPOSIT.—Any amounts received by the Postal Service as a result of paragraph (1) shall be deposited in the Postal Service Delivery-Point Modernization Fund.

“(c) SUNSET.—The authority to borrow money and to issue and sell obligations under subsection (b) shall cease to be available after September 30, 2023.

“(d) BUDGETARY TREATMENT.—The receipts and disbursements of the Postal Service Delivery-Point Modernization Fund shall be accorded the same budgetary treatment as is accorded to receipts and disbursements of the Postal Service Fund under section 2009a.

“(e) TERMINATION OF FUND.—On September 30, 2023, any funds remaining in the Postal Service Delivery-Point Modernization Fund shall be used to satisfy any remaining obligations under subsection (b)(1), and any funds in excess of such obligations shall be deposited in
the Postal Service Fund. After any excess funds have been
so deposited, the Postal Service Delivery-Point Moderniza-
tion Fund shall be terminated.”.

(b) CLERICAL AMENDMENT.—The table of sections
for chapter 20 is amended by adding after the item relat-
ing to section 2012 (as added by section 503(b)) the fol-
lowing:

“2013. Postal Service Delivery-Point Modernization Fund.”.

SEC. 505. SPECIFIC RETIREMENT LIABILITY CALCULA-
TIONS RELATING TO THE POSTAL SERVICE.

(a) FEDERAL EMPLOYEES RETIREMENT SYSTEM.—
Section 8423(a) of title 5, United States Code, is amend-
ed—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) in clause (i), by striking “subpara-
graph (B)),” and inserting “subparagraph
(B) or (C))”; and

(ii) in clause (ii), by striking “and”
after the semicolon;

(B) in subparagraph (B)(ii), by striking
the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(C) the product of—
“(i) the normal-cost percentage, as determined for employees (other than employees covered by subparagraph (B)) of the United States Postal Service under paragraph (5), multiplied by

“(ii) the aggregate amount of basic pay payable by the United States Postal Service, for the period involved, to employees of the United States Postal Service.”; and

(2) by adding at the end the following:

“(5)(A) In determining the normal-cost percentage for employees of the United States Postal Service for purposes of paragraph (1)(C), the Office—

“(i) shall use demographic factors specific to such employees, unless such data cannot be generated; and

“(ii) may use economic assumptions regarding wage and salary growth that reflect the specific past, and likely future, pay for such employees.

“(B) The United States Postal Service shall provide any data or projections the Office requires in order to determine the normal-cost percentage for employees of the United States Postal Service, consistent with subparagraph (A).
“(C) The Office shall review the determination of the
normal-cost percentage for employees of the United States
Postal Service and make such adjustments as the Office
considers necessary—

“(i) upon request of the United States Postal
Service, but not more frequently than once each fis-
cal year; and

“(ii) at such other times as the Office considers
appropriate.

“(6) For the purpose of carrying out subsection
(b)(1)(B), and consistent with paragraph (5), for fiscal
year 2013, and each fiscal year thereafter, the Office—

“(A) shall use demographic factors specific to
current and former employees of the United States
Postal Service, unless such data cannot be gen-
erated; and

“(B) may use economic assumptions regarding
wage and salary growth that reflect the specific past,
and likely future, pay for current employees of the
United States Postal Service.”.

(b) CIVIL SERVICE RETIREMENT SYSTEM.—Section
8348(h) of title 5, United States Code, is amended by add-
ing at the end the following:
“(4) For the purpose of carrying out paragraph (1), consistent with section 8423(b)(1)(B), for fiscal year 2013, and each fiscal year thereafter, the Office—

“(A) shall use demographic factors specific to current and former employees of the United States Postal Service, unless such data cannot be generated; and

“(B) may use economic assumptions regarding wage and salary growth that reflect the specific past, and likely future, pay for current employees of the United States Postal Service.”.

TITLE VI—POSTAL CONTRACTING REFORM

SEC. 601. CONTRACTING PROVISIONS.

(a) IN GENERAL.—Part I is amended by adding at the end the following:

“CHAPTER 7—CONTRACTING PROVISIONS

“§ 701. Definitions

“In this chapter—

“(1) the term ‘contracting officer’ means an employee of a covered postal entity who has authority to enter into a postal contract;
“(2) the term ‘covered postal entity’ means—

“(A) the Postal Service; or

“(B) the Postal Regulatory Commission;

“(3) the term ‘head of a covered postal entity’ means—

“(A) in the case of the Postal Service, the Postmaster General; or

“(B) in the case of the Postal Regulatory Commission, the Chairman of the Postal Regulatory Commission;

“(4) the term ‘postal contract’ means—

“(A) in the case of the Postal Service, any contract (including any agreement or memorandum of understanding) entered into by the Postal Service for the procurement of goods or services; or

“(B) in the case of the Postal Regulatory Commission, any contract (including any agreement or memorandum of understanding) in an amount exceeding the simplified acquisition threshold (as defined in section 134 of title 41 and adjusted under section 1908 of such title) entered into by the Postal Regulatory Commission for the procurement of goods or services; and
“(5) the term ‘senior procurement executive’ means the senior procurement executive of a covered postal entity.

§ 702. Advocate for competition

“(a) Establishment and designation.—

“(1) There is established in each covered postal entity an advocate for competition.

“(2) The head of each covered postal entity shall designate for the covered postal entity 1 or more officers or employees (other than the senior procurement executive) to serve as the advocate for competition.

“(b) Responsibilities.—The advocate for competition of a covered postal entity shall—

“(1) be responsible for promoting—

“(A) the contracting out of functions of the covered postal entity that the private sector can perform equally well or better, and at lower cost; and

“(B) competition to the maximum extent practicable consistent with obtaining best value by promoting the acquisition of commercial items and challenging barriers to competition;

“(2) review the procurement activities of the covered postal entity; and
“(3) prepare and transmit the annual report required under subsection (e).

“(c) ANNUAL REPORT.—

“(1) PREPARATION.—The advocate for competition of a covered postal entity shall prepare an annual report describing the following:

“(A) The activities of the advocate under this section.

“(B) Initiatives required to promote contracting out and competition.

“(C) Barriers to contracting out and competition.

“(D) In the case of the report prepared by the competition advocate of the Postal Service, the number of waivers made by the Postal Service under section 704(e).

“(2) TRANSMISSION.—The report under this subsection shall be transmitted—

“(A) to Congress;

“(B) to the head of the postal entity;

“(C) to the senior procurement executive of the entity;

“(D) in the case of the competition advocate of the Postal Service, to each member of the Postal Service Board of Governors; and
“(E) in the case of the competition advocate of the Postal Regulatory Commission, to each of the Commissioners of the Commission.

§703. Delegation of contracting authority

(a) IN GENERAL.—

“(1) POLICY.—Not later than 60 days after the date of enactment of this chapter, the head of each covered postal entity shall issue a policy on contracting officer delegations of authority for postal contracts for the covered postal entity.

“(2) CONTENTS.—The policy issued under paragraph (1) shall require that—

“(A) notwithstanding any delegation of authority with respect to postal contracts, the ultimate responsibility and accountability for the award and administration of postal contracts resides with the senior procurement executive; and

“(B) a contracting officer shall maintain an awareness of and engagement in the activities being performed on postal contracts of which that officer has cognizance, notwithstanding any delegation of authority that may have been executed.

(b) POSTING OF DELEGATIONS.—
“(1) IN GENERAL.—The head of each covered postal entity shall make any delegation of authority for postal contracts outside the functional contracting unit readily available and accessible on the Web site of the covered postal entity.

“(2) EFFECTIVE DATE.—This paragraph shall apply to any delegation of authority made on or after 30 days after the date of enactment of this chapter.

“§ 704. Posting of noncompetitive purchase requests for noncompetitive contracts

“(a) POSTING REQUIRED.—

“(1) POSTAL REGULATORY COMMISSION.—The Postal Regulatory Commission shall make the non-competitive purchase request for any noncompetitive award for any contract (including any agreement or memorandum of understanding) entered into by the Postal Regulatory Commission for the procurement of goods and services, in an amount of $20,000 or more, including the rationale supporting the non-competitive award, publicly available on the Web site of the Postal Regulatory Commission—

“(A) not later than 14 days after the date of the award of the noncompetitive contract; or
“(B) not later than 30 days after the date of the award of the noncompetitive contract, if the basis for the award was a compelling business interest.

“(2) POSTAL SERVICE.—The Postal Service shall make the noncompetitive purchase request for any noncompetitive award of a postal contract in an amount of $250,000 or more, including the rationale supporting the noncompetitive award, publicly available on the Web site of the Postal Service—

“(A) not later than 14 days after the date of the award; or

“(B) not later than 30 days after the date of the award, if the basis for the award was a compelling business interest.

“(3) ADJUSTMENTS TO THE POSTING THRESHOLD FOR THE POSTAL SERVICE.—

“(A) REVIEW AND DETERMINATION.—Not later than January 31 of each year, the Postal Service shall—

“(i) review the $250,000 threshold established under paragraph (2); and

“(ii) based on any change in the Consumer Price Index for All Urban Consumers of the Department of Labor, deter-
mine whether an adjustment to the threshold shall be made.

“(B) AMOUNT OF ADJUSTMENTS.—An adjustment under subparagraph (A) shall be made in increments of $5,000. If the Postal Service determines that a change in the Consumer Price Index for a year would require an adjustment in an amount that is less than $5,000, the Postal Service may not make an adjustment to the threshold for the year.

“(4) EFFECTIVE DATE.—This subsection shall apply to any noncompetitive contract awarded on or after the date that is 90 days after the date of enactment of this chapter.

“(b) PUBLIC AVAILABILITY.—

“(1) IN GENERAL.—Subject to paragraph (2), the information required to be made publicly available by a covered postal entity under subsection (a) shall be readily accessible on the Web site of the covered postal entity.

“(2) PROTECTION OF PROPRIETARY INFORMATION.—A covered postal entity shall—

“(A) carefully screen any description of the rationale supporting a noncompetitive award required to be made publicly available under sub-
section (a) to determine whether the description includes proprietary data (including any reference or citation to the proprietary data) or security-related information; and

“(B) remove any proprietary data or security-related information before making publicly available a description of the rationale supporting a noncompetitive award.

“(c) WAIVERS.—

“(1) WAIVER PERMITTED.—If the Postal Service determines that making a noncompetitive purchase request for a postal contract of the Postal Service publicly available would risk placing the Postal Service at a competitive disadvantage relative to a private sector competitor, the senior procurement executive, in consultation with the advocate for competition of the Postal Service, may waive the requirements under subsection (a).

“(2) FORM AND CONTENT OF WAIVER.—

“(A) FORM.—A waiver under paragraph (1) shall be in the form of a written determination placed in the file of the contract to which the noncompetitive purchase request relates.

“(B) CONTENT.—A waiver under paragraph (1) shall include—
“(i) a description of the risk associated with making the noncompetitive purchase request publicly available; and

“(ii) a statement that redaction of sensitive information in the noncompetitive purchase request would not be sufficient to protect the Postal Service from being placed at a competitive disadvantage relative to a private sector competitor.

“(3) DELEGATION OF WAIVER AUTHORITY.—The Postal Service may not delegate the authority to approve a waiver under paragraph (1) to any employee having less authority than the senior procurement executive.

§ 705. Review of ethical issues

“If a contracting officer identifies any ethical issues relating to a proposed contract and submits those issues and that proposed contract to the designated ethics official for the covered postal entity before the awarding of that contract, that ethics official shall—

“(1) review the proposed contract; and

“(2) advise the contracting officer on the appropriate resolution of ethical issues.
§ 706. Ethical restrictions on participation in certain contracting activity

(a) DEFINITIONS.—In this section—

(1) the term ‘covered employee’ means—

(A) a contracting officer; or

(B) any employee of a covered postal entity whose decisionmaking affects a postal contract as determined by regulations prescribed by the head of a covered postal entity;

(2) the term ‘final conviction’ means a conviction, whether entered on a verdict or plea, including a plea of nolo contendere, for which a sentence has been imposed; and

(3) the term ‘covered relationship’ means a covered relationship described in section 2635.502(b)(1) of title 5, Code of Federal Regulations, or any successor thereto.

(b) IN GENERAL.—

(1) REGULATIONS.—The head of each covered postal entity shall prescribe regulations that—

(A) require a covered employee to include in the file of any noncompetitive purchase request for a noncompetitive postal contract a written certification that—

(i) discloses any covered relationship of the covered employee; and
“(ii) states that the covered employee will not take any action with respect to the noncompetitive purchase request that affects the financial interests of a friend, relative, or person with whom the covered employee is affiliated in a nongovernmental capacity, or otherwise gives rise to an appearance of the use of public office for private gain, as described in section 2635.702 of title 5, Code of Federal Regulations, or any successor thereto;

“(B) require a contracting officer to consult with the ethics counsel for the covered postal entity regarding any disclosure made by a covered employee under subparagraph (A)(i), to determine whether participation by the covered employee in the noncompetitive purchase request would give rise to a violation of part 2635 of title 5, Code of Federal Regulations (commonly referred to as the Standards of Ethical Conduct for Employees of the Executive Branch), or any successor thereto;

“(C) require the ethics counsel for a covered postal entity to review any disclosure made by a contracting officer under subparagraph
(A)(i) to determine whether participation by the contracting officer in the noncompetitive purchase request would give rise to a violation of part 2635 of title 5, Code of Federal Regulations (commonly referred to as the Standards of Ethical Conduct for Employees of the Executive Branch), or any successor thereto;

“(D) under subsections (d) and (e) of section 2635.502 of title 5, Code of Federal Regulations, or any successor thereto, require the ethics counsel for a covered postal entity to—

“(i) authorize a covered employee that makes a disclosure under subparagraph (A)(i) to participate in the noncompetitive postal contract; or

“(ii) disqualify a covered employee that makes a disclosure under subparagraph (A)(i) from participating in the noncompetitive postal contract;

“(E) require a contractor to timely disclose to the contracting officer in a bid, solicitation, award, or performance of a postal contract any conflict of interest with a covered employee; and

“(F) include authority for the head of the covered postal entity to grant a waiver or other-
wise mitigate any organizational or personal conflict of interest, if the head of the covered postal entity determines that the waiver or mitigation is in the best interests of the covered postal entity.

“(2) Posting of waivers.—Not later than 30 days after the head of a covered postal entity grants a waiver described in paragraph (1)(F), the head of the covered postal entity shall make the waiver publicly available on the Web site of the covered postal entity.

“(c) Contract voidance and recovery.—

“(1) Unlawful conduct.—In any case in which there is a final conviction for a violation of any provision of chapter 11 of title 18 relating to a postal contract, the head of a covered postal entity may—

“(A) void that contract; and

“(B) recover the amounts expended and property transferred by the covered postal entity under that contract.

“(2) Obtaining or disclosing procurement information.—

“(A) In general.—In any case in which a contractor under a postal contract fails to
timely disclose a conflict of interest to the appropriate contracting officer as required under the regulations promulgated under subsection (b)(1)(E), the head of a covered postal entity may—

“(i) void that contract; and

“(ii) recover the amounts expended and property transferred by the covered postal entity under that contract.

“(B) CONVICTION OR ADMINISTRATIVE DETERMINATION.—A case described under subparagraph (A) is any case in which—

“(i) there is a final conviction for an offense punishable under section 2105 of title 41; or

“(ii) the head of a covered postal entity determines, based upon a preponderance of the evidence, that the contractor or someone acting for the contractor has engaged in conduct constituting an offense punishable under section 2105 of such title.”.

(b) CLERICAL AMENDMENT.—The table of chapters at the beginning of part I is amended by adding at the end the following:

“7. Contracting Provisions ..................................................... 701”.

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SEC. 602. TECHNICAL AMENDMENT TO DEFINITION.

Section 7101(8) of title 41, United States Code, is amended—

(1) by striking “and” at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting “; and”;

(3) by adding at the end the following:

“(E) the United States Postal Service and
the Postal Regulatory Commission.”.

SEC. 603. CONTRACT LIMITATION.

(a) IN GENERAL.—Each covered contract entered into within 6 months after the date on which the Postal Service commences any reduction in force shall include a requirement that the contractor provide a preference in the hiring of qualifying individuals for full-time positions created by or as a result of the contract.

(b) COVERED CONTRACT.—For the purposes of this section, the term “covered contract” means a contract—

(1) for an amount greater than $250,000;

(2) entered into by the Postal Service—

(A) within 2 years after the date of enactment of this Act;

(B) with a person other than a small business concern; and
(C) for the procurement of goods or services; and

(3) for which such person will hire 10 or more individuals.

(c) QUALIFYING INDIVIDUAL.—For the purposes of this section, the term “qualifying individual” means an individual who—

(1) is separated from the Postal Service due to a reduction in force;

(2) at the time of separation—

(A) is a career postal employee; and

(B) is not a retirement-eligible individual;

(3) as of the date of hire (as referred to in subsection (b)(3)) has been continuously unemployed for a period not exceeding 78 weeks; and

(4) is qualified for the position involved.

(d) RETIREMENT-ELIGIBLE INDIVIDUAL.—For purposes of this section, the term “retirement-eligible individual”, as used with respect to a qualifying individual, means an individual who, at the time of such individual’s separation (as described in subsection (c)(1)), satisfies the age and service requirements for entitlement to an annuity under—

(1) subsection (a), (b), (c), or (f) of section 8336 of title 5, United States Code; or
(2) subsection (a), (b), (c), (d), or (g) of section 8412 of title 5, United States Code.

(e) SMALL BUSINESS CONCERN.—For purposes of this section, the term “small business concern” means a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations prescribed pursuant thereto.

TITLE VII—OTHER PROVISIONS

SEC. 701. POSTAL FACILITY DESIGNATIONS.

(a) Facilities Designated.—

(1) Officer Tommy Decker Memorial Post Office.—

(A) Designation.—The facility of the United States Postal Service located at 14 Red River Avenue North in Cold Spring, Minnesota, shall be known and designated as the “Officer Tommy Decker Memorial Post Office”.

(B) References.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in subsection (a) shall be deemed to be a reference to the “Officer Tommy Decker Memorial Post Office”.

(2) Richard K. Salick Post Office.—
(A) DESIGNATION.—The facility of the United States Postal Service located at 500 North Brevard Avenue in Cocoa Beach, Florida, shall be known and designated as the “Richard K. Salick Post Office”.

(B) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in subsection (a) shall be deemed to be a reference to the “Richard K. Salick Post Office”.

(3) NATIONAL PARK RANGER MARGARET ANDERSON POST OFFICE.—

(A) DESIGNATION.—The facility of the United States Postal Service located at 103 Center Street West in Eatonville, Washington, shall be known and designated as the “National Park Ranger Margaret Anderson Post Office”.

(B) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in subsection (a) shall be deemed to be a reference to the “National Park Ranger Margaret Anderson Post Office”.

(4) Judge Shirley A. Tolentino Post Office Building.—

(A) Designation.—The facility of the United States Postal Service located at 369 Martin Luther King Jr. Drive in Jersey City, New Jersey, shall be known and designated as the “Judge Shirley A. Tolentino Post Office Building”.

(B) References.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the facility referred to in subsection (a) shall be deemed to be a reference to the “Judge Shirley A. Tolentino Post Office Building”.

(b) Sense of Congress.—It is the sense of Congress that additional postal facility designations be included in postal reform legislation.

SEC. 702. RESPONSE TO SUBMISSIONS BY THE POSTAL SERVICE.

(a) In General.—Chapter 5 is amended by adding at the end the following:

“§506. Submissions by the Postal Service to the Postal Regulatory Commission

“Whenever the Postal Service submits to the Postal Regulatory Commission any notice, petition, request, or
other filing intended to initiate a new proceeding before
the Commission, the Commission shall make an initial de-
termination that such filing presents adequate information
upon which the Commission may make its decision or ad-
visory opinion. If the Commission’s initial determination
is that the Postal Service’s filing is inadequate, it shall
dismiss the filing without prejudice.”.

(b) CLERICAL AMENDMENT.—The table of sections
for chapter 5 is amended by adding at the end the fol-
lowing:

“506. Submissions by the Postal Service to the Postal Regulatory Commission.”.

SEC. 703. FAIR STAMP-EVIDENCING COMPETITION.

Section 404(a) is amended—

(1) in paragraph (2), by striking “or” at the
end;

(2) in paragraph (3), by striking the period at
the end and inserting “; or”; and

(3) by adding at the end the following:

“(4) offer to the public any postage-evidencing
product or service that does not comply with any
rule or regulation that would be applicable to such
product or service if the product or service were of-
fered by a private company.”.
SEC. 704. USPS INNOVATION OFFICER AND ACCOUNTABILITY.

(a) In General.—Chapter 2 is amended by adding at the end the following:

“SEC. 209. USPS INNOVATION OFFICER AND ACCOUNTABILITY.

“(a) In General.—There shall be in the Postal Service a Chief Innovation Officer selected by the Postmaster General who shall have proven expertise and a record of success in 1 or more of the following: postal and shipping industry, innovation product research and development, marketing brand strategy, emerging communications technology, or business process management. The Chief Innovation Officer shall manage the Postal Service’s development and implementation of innovative postal and nonpostal products and services.

“(b) Duties.—The Chief Innovation Officer shall have as primary duties—

“(1) leading the development of innovative non-postal products and services that will maximize revenue to the Postal Service;

“(2) developing innovative postal products and services, particularly those that utilize emerging information technologies, to maximize revenue to the Postal Service;
“(3) monitoring the performance of innovative products and services and revising them as needed to meet changing market trends; and

“(4) taking into consideration comments or advisory opinions, if applicable, issued by the Postal Regulatory Committee prior to the initial sale of innovative postal or nonpostal products and services.

“(c) DESIGNATION.—

“(1) DEADLINE.—As soon as practicable after the date of enactment of this section, but no later than January 1, 2014, the Postmaster General shall designate a Chief Innovation Officer.

“(2) CONDITION.—Nothing in this section shall be construed to prohibit an individual who holds another office or position in the Postal Service from serving as the Chief Innovation Officer under this chapter. However, upon appointment to the position of the Chief Innovation Officer, such individual may not, while serving in such office, concurrently hold any other office or position in the Postal Service.

“(d) INNOVATION STRATEGY.—

“(1) IN GENERAL.—Not later than 12 months after the date on which the Chief Innovation Officer is designated under subsection (c)(1), the Postmaster General shall submit to the Committee on
Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a comprehensive strategy for maximizing revenues through innovative postal and nonpostal products and services.

“(2) MATTERS TO BE ADDRESSED.—At a minimum, the strategy required by this section shall address—

“(A) the specific innovative postal and nonpostal products and services to be developed and offered by the Postal Service, including the nature of the market to be filled by each product and service and the likely date by which each product and service will be introduced;

“(B) the cost of developing and offering each product or service;

“(C) the anticipated sales volume of each product and service;

“(D) the anticipated revenues and profits expected to be generated by each product and service;

“(E) the likelihood of success of each innovative product and service as well as the risks
associated with the development and sale of each innovative product and service;

“(F) the trends anticipated in market conditions that may affect the success of each product and service over the 5-year period beginning on the date such strategy or update is submitted; and

“(G) the metrics that will be utilized to assess the effectiveness of the innovation strategy.

“(3) STRATEGY UPDATES.—On January 1, 2018, and every 3 years thereafter, the Chief Innovation Officer shall submit an update to the innovation strategy submitted under paragraph (1) to the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, and the Postal Regulatory Commission.

“(e) REPORT ON PERFORMANCE.—

“(1) IN GENERAL.—The Postmaster General shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, and the Postal Regulatory Commission with the President’s budget submission under section 1105(a) of title 31 a report
that details the Postal Service’s progress in implementing the innovation strategy.

“(2) MATTERS TO BE ADDRESSED.—At a minimum, the report required by this section shall address—

“(A) the revenue generated by each product and service developed through the innovation strategy and the costs of developing and offering each such product and service for the most recent fiscal year;

“(B) the total sales volume and revenue generated by each product and service on a monthly basis for the preceding year;

“(C) trends in the markets filled by each product and service;

“(D) products and services identified in the innovation strategy that are to be discontinued, the date on which the discontinuance will occur, and the reasons for the discontinuance;

“(E) alterations in products and services identified in the innovation strategy that will be made to meet changing market conditions, and an explanation of how these alterations will en-
sure the success of the products and services;
and

“(F) the performance of the innovation strategy according to the metrics identified in subsection (d)(2)(G).

“(f) COMPTROLLER GENERAL.—

“(1) IN GENERAL.—The Comptroller General shall conduct a study on the implementation of the innovation strategy not later than 4 years after the date of enactment of this section.

“(2) CONTENTS.—At a minimum, the Comptroller General shall assess the effectiveness of the Postal Service in identifying, developing, and selling innovative postal and nonpostal products and services. The study shall also include—

“(A) an audit of the costs of developing each innovative postal and nonpostal product and service developed or offered by the Postal Service during the period beginning on the date of enactment of this section and ending 4 years after such date;

“(B) the sales volume of each such product and service;

“(C) the revenues and profits generated by each such product and service; and
“(D) the likelihood of continued success of each such product and service.

“(3) SUBMISSION.—The results of the study required under this subsection shall be submitted to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 2 is amended by adding at the end the following:

“209. USPS innovation officer and accountability.”.

SEC. 705. POSTAL REGULATORY COMMISSION TRAVEL REPORTING.

Section 504(d) is amended—

(1) by striking “(d)” and inserting “(d)(1);” and

(2) by adding at the end the following:

“(2) Not later than 60 days after the end of each fiscal year, the Postal Regulatory Commissioners shall submit an itemized report describing all travel and reimbursable business travel expenses paid to each Commissioner, including the Chairman, when performing regulatory duties to the Committee on Oversight and Government Reform of the House of Representatives and the Committee on Homeland

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Security and Governmental Affairs of the Senate.
The report submitted under this paragraph shall include a detailed justification for any travel or reimbursable business travel expense that deviates from the Commission’s travel and reimbursable business travel expense policies and guidelines.”.