

119TH CONGRESS
1ST SESSION

H. R. 3004

To amend title 39, United States Code, to modernize the Postal Service regulations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2025

Mr. GRAVES introduced the following bill; which was referred to the Committee on Oversight and Government Reform

A BILL

To amend title 39, United States Code, to modernize the Postal Service regulations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “USPS Services En-
5 hancement and Regulatory Viability Expansion and Sus-
6 tainability for the US Act” or the “USPS SERVES US
7 Act”.

8 **SEC. 2. COST AND EFFICIENCY REFORMS.**

9 (a) IN GENERAL.—Section 3622(d) of title 39,
10 United States Code, is amended—

1 (1) in paragraph (1)(A), by striking “to be set
2 by” and all that follows and inserting the following:
3 “equal to the amount that is the percentage change
4 in the Consumer Price Index for All Urban Con-
5 sumers unadjusted for seasonal variation over the
6 most recent available 12-month period preceding the
7 date the Postal Service files notice of its intention
8 to increase rates less—

9 “(i) 0.5 percent; or

10 “(ii) such other percentage as speci-
11 fied in an order by the Commission if such
12 order describes the reasons of the Commis-
13 sion for selecting such other percentage
14 and such order applies such other percent-
15 age with respect to only one such annual
16 limitation;”; and

17 (2) by amending paragraph (3) to read as fol-
18 lows:

19 “(3) REVISIONS.—In revising the system as
20 permitted by subsection (a), the Postal Regulatory
21 Commission shall make no change which would
22 cause the revised system to be inconsistent with this
23 section.”.

24 (b) REGULATIONS.—Not later than 60 days after the
25 date of the enactment of this Act, the Postal Regulatory

1 Commission shall issue such regulations as are necessary
2 to carry out section 3622(d)(1)(A) of title 39, United
3 States Code, as amended by this section.

4 **SEC. 3. SANCTIONS FOR CERTAIN FAILURES OF SERVICE.**

5 (a) IN GENERAL.—Subchapter VII of chapter 36 of
6 title 39, United States Code, is amended by adding at the
7 end the following new section:

8 **“§ 3693. Sanctions.**

9 “(a) IN GENERAL.—If, pursuant to section 3653 or
10 a complaint proceeding conducted pursuant to section
11 3662, the Postal Regulatory Commission determines that
12 the Postal Service failed to meet a target established
13 under section 3692 and that such failure is a covered fail-
14 ure, the Commission may reduce the maximum amount
15 by which the Postal Service may adjust the rates for the
16 market-dominant products affected by such failure under
17 section 3622, except that such reduction may not cause
18 such maximum amount to be less than zero. In making
19 such determination, the Commission shall consider evi-
20 dence of losses incurred by users of the product or prod-
21 ucts concerned as a result of the failure.

22 “(b) APPLICABILITY.—

23 “(1) IN GENERAL.—A reduction under sub-
24 section (a) to the maximum amount by which the
25 Postal Service may adjust the rates for a market-

1 dominant product under section 3622 shall apply
2 only with respect to—

3 “(A) the first implementation of such an
4 adjustment for such market-dominant product
5 occurring during the period beginning on the
6 date on which the Postal Regulatory Commis-
7 sion makes such reduction and ending on the
8 date on which Commission determines that the
9 Postal Service is meeting the target established
10 under section 3692 with respect to which the
11 Commission made such reduction; and

12 “(B) each subsequent implementation of
13 such an adjustment for such market-dominant
14 product occurring during such period to the ex-
15 tent determined appropriate by the Commis-
16 sion.

17 “(2) SUBSEQUENT IMPLEMENTATION DETER-
18 MINATION.—In making the determination described
19 in paragraph (1)(B) with respect to a reduction for
20 a failure described in subsection (a), the Postal Reg-
21 ulatory Commission shall consider evidence of losses
22 incurred by users of each product affected by such
23 failure.

1 “(c) COVERED FAILURE DEFINED.—In this section,
 2 the term ‘covered failure’ means a failure to meet a target
 3 established under section 3692—

4 “(1) that is not the result of a natural disaster
 5 or another disruptive event the cause of which was
 6 outside the control of the Postal Service;

7 “(2) that has persisted for not less than one
 8 year; and

9 “(3) with respect to which the Postal Service
 10 does not have a credible plan for achieving and
 11 maintaining performance sufficient to meet the tar-
 12 geted level within a reasonable time.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
 14 for chapter 36 of title 39, United States Code, is amended
 15 by inserting after the item relating to section 3692 the
 16 following:

“3693. Sanctions.”.

17 **SEC. 4. IMPROVING CHANGE-IN-SERVICE PROCEDURES.**

18 Section 3661 of title 39, United States Code, is
 19 amended—

20 (1) in subsection (b)—

21 (A) by striking “When the” and insert
 22 “(1) When the”;

23 (B) by striking “advisory opinion” and in-
 24 serting “a decision”; and

1 (C) by adding at the end the following new
2 paragraph:

3 “(2)(A) In the absence of a decision with re-
4 spect to a proposal under paragraph (1), if the Com-
5 mission determines that a plan or initiative of the
6 Postal Service clearly indicates the need for a
7 change described in such paragraph but such plan or
8 initiative does not explicitly make such a change a
9 purpose or goal of such plan or initiative, the Com-
10 mission shall order the Postal Service to explain why
11 the Postal Service determined that the Postal Serv-
12 ice did not need to submit a proposal to the Com-
13 mission under such paragraph with respect to such
14 plan or initiative.

15 “(B) An order under subparagraph (A)
16 pursuant to a determination of the Commission
17 described in such subparagraph shall include an
18 explanation of the reasoning for such deter-
19 mination.

20 “(C)(i) If the Commission determines that
21 the explanation of the Postal Service provided
22 pursuant to subparagraph (A) is not sufficient
23 to support the determination of the Postal Serv-
24 ice that the Postal Service did not need to sub-
25 mit a proposal to the Commission under para-

graph (1) with respect to a plan or initiative, the Postal Service shall justify the change in the nature of postal services implied by the plan or initiative and, to the extent necessary, justify the underlying plan or initiative in a hearing before the Commission.

“(ii) Each hearing under clause (i) shall be conducted in accordance with sections 556 and 556 of title 5.

“(3) Each decision of the Postal Regulatory Commission under this subsection shall be transmitted to the Governors of the Postal Service. The Governors may accept the decision or, by unanimous written decision, reject the decision and adopt the original proposal of the Postal Service, in the case of a request by the Postal Service for a decision, or approve the plan or initiative found by the Commission to have required a decision under paragraph (2). The decision of the Governors shall be a final order for purposes of section 3663 of this title. If the Governors have not acted upon a Commission decision within 60 days of receiving it, the Commission decision will be deemed a final order for purposes of section 3663 of this title.”; and

(2) in subsection (c)—

1 (A) by inserting “designated pursuant to
 2 section 505 of this title” after “officer of the
 3 Commission”; and

4 (B) by striking “his judgment” and insert-
 5 ing “the judgment of such Commissioner”.

6 **SEC. 5. ONE RATE INCREASE ANNUALLY.**

7 Section 3622(d)(1)(B) of title 39, United States
 8 Code, is amended by inserting after “amounts” the fol-
 9 lowing: “, except that rates may not change more fre-
 10 quently than once every 12 months”.

11 **SEC. 6. LIMIT ON UNDERWATER SURCHARGES.**

12 Section 3622(d)(2) of title 39, United States Code,
 13 is amended by adding at the end the following new sub-
 14 paragraph:

15 “(D) USE OF RATE AUTHORITY FOR NON-
 16 COMPENSATORY CLASSES.—

17 “(i) LIMITATION.—Notwithstanding
 18 paragraph (1)(A), the Commission may au-
 19 thorize the Postal Service to increase the
 20 rates for a non-compensatory class in ex-
 21 cess of annual limitation under paragraph
 22 (1)(A) if—

23 “(I) the change in the attrib-
 24 utable cost (as such term is defined in
 25 section 3631) per piece of mail for

1 such class does not exceed the annual
2 limitation under paragraph (1)(A), as
3 determined by the Commission using
4 year-to-year comparable costing meth-
5 odologies;

6 “(II) in the immediately pre-
7 ceding fiscal year, the Postal Service
8 has—

9 “(aa) pursuant to section
10 3652 and without the use of any
11 proxy data not approved by the
12 Commission, directly measured
13 and reported the compliance of
14 the Postal Service with the tar-
15 gets established under section
16 3692 for each product in such
17 class for such fiscal year; and

18 “(bb) met each such target
19 for such fiscal year; and

20 “(III) no target described in sub-
21 clause (II) for the immediately pre-
22 ceding fiscal year was reduced from
23 the preceding fiscal year.

24 “(ii) NON-COMPENSATORY CLASS DE-
25 FINED.—In this subparagraph, the term

1 ‘non-compensatory class’ means a class of
2 mail for which the attributable costs (as
3 defined in section 3631(b)) of the Postal
4 Service exceed revenues of the Postal Serv-
5 ice attributable to such class of mail.”.

6 **SEC. 7. CASE-SPECIFIC OBJECTIVES.**

7 Section 3622 of title 39, United States Code, is
8 amended—

9 (1) in subsection (b), in the matter preceding
10 paragraph (1), by inserting “, and all of which shall
11 be applied to each class or type of mail service and
12 product” after “others”; and

13 (2) in subsection (c), in the matter preceding
14 paragraph (1), by inserting after “such system,” the
15 following: “or when evaluating whether a class or
16 type of mail service or product complies with the ap-
17 plicable provisions of this chapter and the regula-
18 tions issues under such provisions,”.

19 **SEC. 8. RETAINED EARNINGS FROM COST SAVINGS.**

20 Section 3622(b)(5) of title 39, United States Code,
21 is amended by inserting after “retained earnings” the fol-
22 lowing: “resulting from improvements in efficiency or re-
23 ductions in cost only”.

1 **SEC. 9. OFFICE OF THE CUSTOMER ADVOCATE.**

2 (a) IN GENERAL.—Section 505 of title 39, United
3 States Code, is amended to read as follows:

4 **“§ 505. Office of the Customer Advocate**

5 “(a) IN GENERAL.—The Postal Regulatory Commis-
6 sion shall establish in the Postal Regulatory Commission
7 an Office of the Customer Advocate (in this section re-
8 ferred to as the ‘Office’).

9 “(b) REPRESENTATION.—

10 “(1) IN GENERAL.—The Office shall represent
11 the interests of the general public in all public pro-
12 ceedings of the Commission, including the interests
13 of customers of market-dominant products and
14 classes.

15 “(2) RIGHTS AND LIMITS.—

16 “(A) IN GENERAL.—The Office—

17 “(i) shall have the same right as any
18 interested person to lodge a complaint with
19 or petition the Commission, or otherwise
20 seek to have the Commission initiate a
21 public proceeding, including rulemakings;
22 and

23 “(ii) is subject to the same ex parte
24 rules and limitations as any other litigant
25 with respect to communication with the

1 Commission, Commissioners, and the advisory
2 staff of the Commission.

3 “(B) REPRESENT CONFLICTING INTER-
4 EST.—

5 “(i) IN GENERAL.—The Office may
6 represent conflicting interests of the gen-
7 eral public in a public proceeding of the
8 Commission to the extent that the head of
9 the Office determines necessary for the Of-
10 fice to effectively represent the interests of
11 the general public in such proceeding.

12 “(ii) SEPARATE REPRESENTATIVES.—
13 If the Office is representing conflicting in-
14 terests of the general public in a public
15 proceeding of the Commission, the head of
16 the Office shall ensure that such con-
17 flicting interests are represented by dif-
18 ferent individuals to the extent and in such
19 manner as the head of the Office deter-
20 mines necessary for the Office to effec-
21 tively represent the interests of the general
22 public in such proceeding.

23 “(3) OFFICE AUTONOMY.—The Commission
24 may not terminate or otherwise take adverse employ-
25 ment action against any employee of or individual

1 detailed to the Office based on the representation of
2 the interests of the general public by such employee
3 or detailee as an employee of or detailee to the Of-
4 fice, respectively, in a public proceeding of the Com-
5 mission, except for cause.

6 “(c) RESEARCH AUTHORITY.—The Office may—

7 “(1) conduct research and policy development
8 for the purposes of representing the interests of the
9 general public, including research and policy develop-
10 ment that is unrelated to a specific proceeding of the
11 Commission; and

12 “(2) subject to the availability of funds, obtain
13 the temporary or intermittent services of experts or
14 consultants for such purposes.

15 “(d) OUTSIDE CONSULTATION.—The Office shall
16 consult with outside persons and organizations the postal
17 interests of which are relevant to the mission of the Office,
18 including those persons and organizations that are actual
19 or potential litigants before the Commission.

20 “(e) RATE AND CLASSIFICATION INQUIRY.—The Of-
21 fice shall inquire into the rates and classifications of com-
22 petitive products only to the extent necessary to evaluate
23 compliance with sections 3622(b)(8) and 3622(b)(9) of
24 this title, subchapter II of chapter 36 of this title, and
25 the regulations issued under such subchapter.

1 “(f) OFFICE STAFF.—The Commission shall ensure
 2 that, to the extent practicable, the Office has employees
 3 of a sufficient quantity and quality for the Office to effec-
 4 tively carry out the responsibilities of the Office under this
 5 section, including by maximizing the duration of the detail
 6 of individuals detailed to the Office.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
 8 for chapter 5 of title 39, United States Code, is amended
 9 by striking the item relating to section 505 and inserting
 10 the following:

“505. Office of the Customer Advocate.”.

11 **SEC. 10. COMPLAINT PROCESS IMPROVEMENT.**

12 Section 3662 of title 39, United States Code, is
 13 amended—

14 (1) in subsection (b)—

15 (A) in paragraph (1)—

16 (i) in the matter preceding subpara-
 17 graph (A)—

18 (I) by striking “The Postal” and
 19 inserting “With respect to a complaint
 20 received under subsection (a), the
 21 Postal”; and

22 (II) by striking “, within 90 days
 23 after receiving a complaint under sub-
 24 section (a)”;

25 (ii) in subparagraph (A)—

1 (I) by striking clause (i) and in-
2 serting the following:

3 “(i) begin proceedings on such com-
4 plaint—

5 “(I) immediately after the expira-
6 tion of the period described in para-
7 graph (3) if the Commission finds
8 that such complaint raises material
9 issues of fact or law and no motion
10 described in clause (ii) with respect to
11 such complaint is filed in such period;

12 “(II) immediately after the Com-
13 mission denies all motions described
14 in clause (ii) with respect to such
15 complaint that were filed during the
16 period described in paragraph (3) if
17 the Commission finds that such com-
18 plaint raises material issues of fact or
19 law and all such motions are denied
20 not later than 45 days after the date
21 on which the Commission received
22 such complaint under such subsection;
23 or

24 “(III) not later than 45 days
25 after the date on which the Commis-

1 sion receives such complaint under
2 such subsection if subclause (I) and
3 (II) do not apply with respect to such
4 complaint; or”; and

5 (II) in clause (ii)—

6 (aa) by inserting before
7 “issue” the following: “if the
8 Commission finds that, after con-
9 sideration of any motion assert-
10 ing that such complaint raises no
11 material issues of law or fact,
12 that such complaint raises no
13 such issue, upon making such
14 finding”; and

15 (bb) by inserting “within 45
16 days after receiving such com-
17 plaint under such subsection”
18 after “dismissing the complaint”;
19 and

20 (B) by adding at the end the following new

21 paragraph:

22 “(3) PROMPT MOTIONS.—A motion described in
23 subparagraph (A)(ii) with respect to a complaint
24 may only be filed during the 25-day period begin-
25 ning on date on which such complaint is filed, or

1 during such shorter period as the Postal Regulatory
 2 Commission may prescribed by regulation.”; and

3 (2) in subsection (c)—

4 (A) by striking “or requiring” and insert-
 5 ing “requiring”; and

6 (B) by inserting after “competitive prod-
 7 ucts” the following: “or, upon a finding that
 8 the Postal Service has unreasonably delayed the
 9 proceeding, ordering reimbursement consistent
 10 with section 3681”.

11 **SEC. 11. REIMBURSEMENT OF UNLAWFUL RATES; PENALTY**
 12 **FOR UNREASONABLE DELAY.**

13 Section 3681 of title 39, United States Code, is
 14 amended—

15 (1) by striking “No mailer” and inserting “(a)
 16 No mailer”;

17 (2) by striking “through 3664 of this title, or
 18 is superseded by a lower rate or fee established
 19 under subchapter II of this chapter”; and

20 (3) by adding at the end the following new sub-
 21 section:

22 “(b)(1)(A) If the Postal Regulatory Commissions de-
 23 termines that a rate or fee for a product is unlawful in
 24 a review conducted pursuant to section 3653 of this title
 25 or in a complaint proceeding conducted pursuant to sec-

tion 3662 of this title, the Commission shall order the price increase authority for such product and all other products in the class of mail containing such product to be reduced (but not below zero) for the next following price adjustment and each succeeding price adjustments until the amount of foregone revenue is equal to amount of revenue received by the Postal Service from the portion of such rate or fee that exceeded the lawful amount such rate or fee.

“(B) In this paragraph, the term ‘foregone revenue’ means the difference between—

“(i) the revenue that the Postal Service would have received from the sale of the products subject to an order under subparagraph (A) during the period that the Postal Service is unable to increase the prices of such products pursuant to such order if—

“(I) the Commission had not issued such order; and

“(II) the rate or fee for the product with the unlawful rate or fee for which the Commission issued such order was the maximum lawful rate or fee for such product at the time the Commission issued such order; and

1 “(ii) the revenue the Postal Service re-
2 ceives from the sale of the products subject to
3 such order during such period.

4 “(2)(A) In a complaint proceeding conducted pursu-
5 ant to section 3662 of this title, if the Postal Regulatory
6 Commission finds that the Postal Service has unreason-
7 ably delayed the proceeding, the Commission may order
8 a reduction in the price increase authority for the product
9 or products whose rate or fee it has determined to be un-
10 lawful to the extent that the unreasonable delay caused
11 by the Postal Service has extended the time during which
12 users of such product or products have paid the unlawful
13 rate or fee.

14 “(B) A reduction under subparagraph (A) shall
15 be in addition to any reduction under paragraph (1).

16 “(C) The Commission shall include in an order
17 under subparagraph (A) with respect to the unrea-
18 sonably delay of a proceeding an explanation of the
19 basis for the determination of the Commission re-
20 garding the time such proceeding would have re-
21 quired absent such unreasonable delay.”.

22 **SEC. 12. MAIL VOLUME SYSTEM OBJECTIVE.**

23 Section 3622(b) of title 39, United States Code, is
24 amended—

1 (1) by redesignating paragraph (9) as para-
2 graph (10); and

3 (2) by inserting after paragraph (8) the fol-
4 lowing new paragraph:

5 “(9) To maintain and, to the extent practicable,
6 increase the volume of market-dominant mail, with
7 due regard to total contribution to the institutional
8 costs of the Postal Service.”.

9 **SEC. 13. NEW PRODUCT DEFINITION CRITERIA.**

10 Section 3642(b)(3) of title 39, United States Code,
11 is amended—

12 (1) in subparagraph (B), by striking “and”;

13 (2) in subparagraph (C), by striking the period
14 at the end and inserting “; and”; and

15 (3) by adding at the end the following new sub-
16 paragraph:

17 “(D) the importance of paragraphs (7),
18 (8), and (11) of section 3622(c) of this title in
19 the appropriate definition of market-dominant
20 products.”.

21 **SEC. 14. MAIL VOLUME ESTIMATION MODEL.**

22 (a) IN GENERAL.—Not later than 120 days after the
23 date of the enactment of this Act, the Postal Regulatory
24 Commission shall develop a model for estimating the de-
25 mand for postal services.

1 (b) INDEPENDENT DEVELOPMENT.—The Commis-
 2 sion may not consider any models for estimating demand
 3 developed by the Postal Service when developing the model
 4 required under this section.

5 (c) PUBLIC COMMENT.—In developing the model re-
 6 quired under this section, the Postal Regulatory Commis-
 7 sion shall solicit and provide adequate opportunity for
 8 public comment regarding the model.

9 (d) REGULATIONS.—The Postal Regulatory Commis-
 10 sion may issue such regulations, after notice and comment
 11 in accordance with section 553 of title 5, United States
 12 Code, as the Commission determines necessary to develop
 13 the model required under this section.

14 (e) EXPERT ADVISORS.—The Commission may ob-
 15 tain the temporary or intermittent services of experts or
 16 consultants to facilitate the development of the model re-
 17 quired under this section.

18 **SEC. 15. INVESTMENT OF THE POSTAL SERVICE RETIREE**

19 **HEALTH BENEFITS FUNDS.**

20 Section 8909a(c) of title 5, United States Code, is
 21 amended—

22 (1) by striking “(c) The Secretary” and insert-
 23 ing “(c)(1) Subject to paragraph (2), the Sec-
 24 retary”; and

25 (2) by adding at the end the following:

1 “(2)(A) The Secretary of the Treasury shall im-
2 mediately invest a specified percentage of the Fund,
3 using one or more qualified professional asset man-
4 agers, in index funds modeled after those established
5 under subparagraphs (B), (C), (D), and (E) of sec-
6 tion 8438(b)(1). The Secretary shall ensure, to the
7 maximum extent practicable, that the investment
8 replicates the performance of the longest-term target
9 date asset allocation investment fund established by
10 the Federal Retirement Thrift Investment Board.

11 “(B) In exercising authority under sub-
12 paragraph (A), including in the selection of spe-
13 cific qualified professional asset managers and
14 in the development of specific investment guide-
15 lines to meet the requirement of such subpara-
16 graph, the Secretary shall consult with the
17 Postal Service Retiree Health Benefits Fund
18 Investment Committee.

19 “(C)(i) There is established a Postal Serv-
20 ice Retiree Health Benefits Fund Investment
21 Committee that shall consist of—

22 “(I) the Secretary;

23 “(II) the Chair of the Board of
24 Governors of the United States Postal
25 Service;

1 “(III) the Chairman of the Fed-
2 eral Retirement Thrift Investment
3 Board; and

4 “(IV) two members, appointed by
5 the President, who—

6 “(aa) shall represent the in-
7 terests of Postal Service employ-
8 ees and annuitants;

9 “(bb) have experience and
10 expertise in the management of
11 financial investments and Postal
12 Service employee benefits; and

13 “(cc) shall serve for a term
14 of 3 years.

15 “(ii) Subsections (b)(1) and (c)(2) of
16 section 8477 shall apply with respect to
17 the Postal Service Retiree Health Benefits
18 Fund Investment Committee and each
19 member of the Postal Service Retiree
20 Health Benefits Fund Investment Com-
21 mittee in the same manner as such sub-
22 sections apply to a fiduciary with respect
23 to the Thrift Savings Fund.

24 “(D)(i) The Secretary shall annually en-
25 gage an independent qualified public accountant

(as defined in section 8439) to audit and provide a report on the financial statements of the investments made pursuant to subparagraph (A).

“(ii) Not later than 180 days after the end of each fiscal year beginning after the date of the enactment of this paragraph, the Secretary shall submit to Congress an annual management report regarding the Fund that includes—

“(I) a statement of financial position;

“(II) a statement of operations;

“(III) a statement of cash flows;

“(IV) a statement on internal accounting and administrative control systems;

“(V) the most recent report resulting from an audit of the financial statements of the investments conducted under clause (i); and

“(VI) any other comments and information the Secretary determines necessary to inform the Congress

1 about the operations and financial
2 condition of the investments.

3 “(E) In this paragraph—

4 “(i) the term ‘specified percentage’
5 means 25 percent of the currently available
6 portions of the Fund as are not imme-
7 diately required for payments from the
8 Fund, except that the Postal Service Re-
9 tiree Health Benefits Fund Investment
10 Committee may specify a higher percent-
11 age, not to exceed 30 percent, not earlier
12 than 5 years after the date of enactment
13 of the Postal Service Financial Improve-
14 ment Act of 2019, and as appropriate
15 thereafter; and

16 “(ii) the term ‘qualified professional
17 asset manager’ has the meaning given that
18 term in section 8438(a).”.

○