

## Union Calendar No. 671

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5714

**[Report No. 114–858, Part I]**

To restore the financial solvency and improve the governance of the United States Postal Service in order to ensure the efficient and affordable nationwide delivery of mail, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2016

Mr. CHAFFETZ (for himself, Mr. CUMMINGS, Mr. MEADOWS, Mr. CONNOLLY, and Mr. LYNCH) introduced the following bill; which was referred to the Committee on Oversight and Government Reform, and in addition to the Committees on Energy and Commerce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

DECEMBER 8, 2016

Reported from the Committee on Oversight and Government Reform

DECEMBER 8, 2016

The Committees on Ways and Means and Energy and Commerce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

# **A BILL**

To restore the financial solvency and improve the governance of the United States Postal Service in order to ensure the efficient and affordable nationwide delivery of mail, 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; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
 5       “Postal Service Reform Act of 2016”.

6       (b) TABLE OF CONTENTS.—The table of contents of  
 7       this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—POSTAL SERVICE BENEFITS REFORM

Sec. 101. Postal Service Health Benefits Program.

Sec. 102. Postal Service retiree health care benefit funding reform.

Sec. 103. Postal Service pension funding reform.

Sec. 104. Medicare part B premium transition for newly enrolling Postal Service annuitants and family members.

TITLE II—POSTAL SERVICE OPERATIONS REFORM

Sec. 201. Governance reform.

Sec. 202. Transition to more efficient and secure mail delivery.

Sec. 203. Modernizing postal rates.

Sec. 204. Nonpostal services.

Sec. 205. Efficient and flexible universal postal service.

Sec. 206. Fair stamp-evidencing competition.

Sec. 207. Market-dominant rates.

Sec. 208. Completion of initial rate regulation review.

Sec. 209. Review of Postal Service cost attribution guidelines.

Sec. 210. Aviation security for parcels.

Sec. 211. ZIP Codes.

TITLE III—POSTAL SERVICE PERSONNEL

Sec. 301. Postal Service Chief Innovation Officer.

Sec. 302. Inspector General of the Postal Community.

Sec. 303. Right of appeal to Merit Systems Protection Board.

TITLE IV—POSTAL CONTRACTING REFORM

Sec. 401. Contracting provisions.

Sec. 402. Technical amendment to definition.

8       **SEC. 2. DEFINITIONS.**

9       In this Act—

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

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

## 9 **TITLE I—POSTAL SERVICE** 10 **BENEFITS REFORM**

### 11 **SEC. 101. POSTAL SERVICE HEALTH BENEFITS PROGRAM.**

12 (a) ESTABLISHMENT.—

13 (1) IN GENERAL.—Chapter 89 of title 5, United  
14 States Code, is amended by inserting after section  
15 8903b the following:

#### 16 **“SEC. 8903c. POSTAL SERVICE HEALTH BENEFITS PRO-** 17 **GRAM.**

18 “(a) DEFINITIONS.—In this section—

19 “(1) the term ‘covered Medicare individual’  
20 means an individual who is entitled to benefits under  
21 part A of title XVIII of the Social Security Act (42  
22 U.S.C. 1395c et seq.), but excluding an individual  
23 who is eligible to enroll under such part under sec-  
24 tion 1818 or 1818A of the Social Security Act (42  
25 U.S.C. 1395i–2, 1395i–2a);

1           “(2) the term ‘initial contract year’ means the  
2           contract year beginning in January of 2018;

3           “(3) the term ‘initial participating carrier’  
4           means a carrier that enters into a contract with the  
5           Office to participate in the Postal Service Health  
6           Benefits Program during the initial contract year;

7           “(4) the term ‘Office’ means the Office of Per-  
8           sonnel Management;

9           “(5) the term ‘Postal Service’ means the United  
10          States Postal Service;

11          “(6) the term ‘Postal Service annuitant’ means  
12          an annuitant enrolled in a health benefits plan under  
13          this chapter whose Government contribution is paid  
14          pursuant to the requirements of section 8906(g)(2);

15          “(7) the term ‘Postal Service employee’ means  
16          an employee of the Postal Service enrolled in a  
17          health benefits plan under this chapter;

18          “(8) the term ‘Postal Service Medicare covered  
19          annuitant’ means an individual who—

20                  “(A) is a Postal Service annuitant; and

21                  “(B) is a covered Medicare individual;

22          “(9) the term ‘Program’ means the Postal Serv-  
23          ice Health Benefits Program established under sub-  
24          section (c) within the Federal Employees Health  
25          Benefit Program; and

1 “(10) the term ‘Program plan’ means a health  
2 benefits plan offered under the Program.

3 “(b) APPLICATION.—The requirements under this  
4 section shall—

5 “(1) apply to the initial contract year and each  
6 contract year thereafter; and

7 “(2) supersede any other provision of this chap-  
8 ter inconsistent with such requirements, as deter-  
9 mined by the Office.

10 “(c) ESTABLISHMENT OF THE POSTAL SERVICE  
11 HEALTH BENEFITS PROGRAM.—

12 “(1) IN GENERAL.—The Office shall establish  
13 the Postal Service Health Benefits Program under  
14 which the Office contracts with carriers to offer  
15 health benefits plans as described under this section.  
16 Except as otherwise provided under this section, any  
17 such contract shall be consistent with the require-  
18 ments of this chapter for contracts under section  
19 8902 with carriers to offer health benefits plans  
20 other than under this section. The Program shall—

21 “(A) to the greatest extent practicable, in-  
22 clude plans offered by—

23 “(i) each carrier for which the total  
24 enrollment in the plans provided under this  
25 chapter includes, in the contract year be-

ginning in January 2017, 1,500 or more enrollees who are Postal Service employees or Postal Service annuitants; and

“(ii) any other carrier determined appropriate by the Office;

“(B) be available for participation by all Postal Service employees and Postal Service annuitants, in accordance with subsection (d);

“(C) provide for enrollment in a plan as an individual, for self plus one, or for self and family; and

“(D) not be available for participation by an individual who is not a Postal Service employee or Postal Service annuitant (except as a family member of such an employee or annuitant or as provided under paragraph (5)).

“(2) SEPARATE POSTAL SERVICE RISK POOL.—

The Office shall ensure that each Program plan includes rates that reasonably and equitably reflect the cost of benefits provided to a risk pool consisting solely of Postal Service employees and Postal Service annuitants (and covered family members of such employees and annuitants), taking into specific account the reduction in benefits cost for the Program plan due to the Medicare enrollment requirements under

1 subsection (e) and any savings or subsidies resulting  
2 from subsection (f)(1).

3 “(3) ACTUARIALLY EQUIVALENT COVERAGE.—

4 The Office shall ensure that each carrier partici-  
5 pating in the Postal Service Health Benefits Pro-  
6 gram provides coverage under the Program plans of-  
7 fered by the carrier that is actuarially equivalent, as  
8 determined by the Office, to the coverage that the  
9 carrier provides under the health benefits plans of-  
10 fered by the carrier under this chapter that are not  
11 Program plans.

12 “(4) APPLICABILITY OF FEDERAL EMPLOYEES

13 HEALTH BENEFITS PROGRAM REQUIREMENTS.—Ex-  
14 cept as otherwise set forth in this section, all provi-  
15 sions of this chapter applicable to health benefits  
16 plans offered by the carrier under section 8903 or  
17 8903a shall also apply to plans offered under the  
18 Program.

19 “(5) APPLICATION OF CONTINUATION COV-

20 ERAGE.—In accordance with rules established by the  
21 Office, section 8905a shall apply to health benefits  
22 plans offered under this section in the same manner  
23 as such section applies to other health benefits plans  
24 offered under this chapter.

25 “(d) ELECTION OF COVERAGE.—



1           “(1) IN GENERAL.—Except as provided in para-  
2           graphs (2) and (3), each Postal Service employee  
3           and Postal Service annuitant who elects to receive  
4           health benefits coverage under this chapter—

5                   “(A) shall be subject to the requirements  
6                   of this section; and

7                   “(B) may not enroll in any other health  
8                   benefits plan offered under any other section of  
9                   this chapter.

10          “(2) ANNUITANTS.—

11                   “(A) APPLICATION.—A Postal Service an-  
12                   nuitant shall not be subject to the requirements  
13                   of this section if the Postal Service annuitant—

14                           “(i) is enrolled in a health benefits  
15                           plan under this chapter for the contract  
16                           year immediately preceding the initial con-  
17                           tract year that is not a health benefits plan  
18                           offered by an initial participating carrier,  
19                           unless—

20                                   “(I) the Postal Service annuitant  
21                                   voluntarily enrolls in a Program plan;

22                                   “(II) the health benefits plan in  
23                                   which such annuitant is enrolled for  
24                                   such contract year ceases to be avail-  
25                                   able; or

1                   “(III) the health benefits plan in  
2                   which such annuitant is enrolled for  
3                   such contract year becomes available  
4                   as a Program plan; or

5                   “(ii) resides in a geographic area for  
6                   which there is not a Program plan in  
7                   which the Postal Service annuitant may  
8                   enroll.

9                   “(B) CHANGED ENROLLMENT.—If a Post-  
10                  al Service annuitant changes enrollment to a  
11                  health benefits plan under this chapter provided  
12                  by a different carrier than the health benefits  
13                  plan in which such annuitant is enrolled during  
14                  the previous contract year, the Postal Service  
15                  annuitant may only enroll in a Program plan.

16                  “(3) EMPLOYEES.—A Postal Service employee  
17                  who is enrolled in a health benefits plan under this  
18                  chapter for the contract year immediately preceding  
19                  the initial contract year that is not a health benefits  
20                  plan offered by an initial participating carrier shall  
21                  not be subject to the requirements of this section,  
22                  except that—

23                  “(A) if the Postal Service employee  
24                  changes enrollment to a different health bene-  
25                  fits plan under this chapter during the open

1 season for the initial contract year, or after the  
2 start of the initial contract year, the Postal  
3 Service employee may only enroll in a Program  
4 plan;

5 “(B) if the health benefits plan in which  
6 such employee is enrolled for such contract year  
7 becomes available as a Program plan, the Post-  
8 al Service employee may only enroll in a Pro-  
9 gram plan;

10 “(C) upon becoming a Postal Service an-  
11 nuitant, if the Postal Service employee elects to  
12 continue coverage under this chapter, the Post-  
13 al Service employee shall enroll in a Program  
14 plan during the open season that is—

15 “(i) being held when the Postal Serv-  
16 ice employee becomes a Postal Service an-  
17 nuitant; or

18 “(ii) if the date on which the Postal  
19 Service employee becomes a Postal Service  
20 annuitant falls outside of an open season,  
21 the first open season following that date;  
22 and

23 “(D) subparagraphs (A), (B), and (C)  
24 shall not apply to an employee who resides in

1           a geographic area for which there is not a Pro-  
2           gram plan in which the employee may enroll.

3           “(e) REQUIREMENT OF MEDICARE ENROLLMENT  
4 FOR ANNUITANTS AND THEIR FAMILY MEMBERS.—

5           “(1) POSTAL SERVICE MEDICARE COVERED AN-  
6 NUITANTS.—A Postal Service Medicare covered an-  
7 nuitant subject to the requirements of this section  
8 may not obtain coverage under this chapter unless  
9 the annuitant is enrolled in part B of title XVIII of  
10 the Social Security Act (42 U.S.C. 1395j et seq.).

11           “(2) MEDICARE COVERED FAMILY MEMBERS.—  
12 If a family member of a Postal Service annuitant  
13 who is subject to the requirements of this section is  
14 a covered Medicare individual, the family member  
15 may not be covered under the Program as a family  
16 member of the Postal Service annuitant unless the  
17 family member is enrolled in part B of title XVIII  
18 of the Social Security Act (42 U.S.C. 1395j et seq.).

19           “(3) PROCESS FOR COORDINATED ELECTION OF  
20 ENROLLMENT UNDER MEDICARE PART B.—The Of-  
21 fice shall establish a process under which—

22           “(A) Postal Service annuitants and family  
23 members who are subject to the requirements of  
24 paragraph (1) or (2)—

1 “(i) are informed, at the time of en-  
2 rollment under this chapter, of such re-  
3 quirement; and

4 “(ii) as a consequence of such enroll-  
5 ment are deemed to have elected to be en-  
6 rolled under Medicare part B (under sec-  
7 tion 1837(m)(1) of the Social Security  
8 Act) in connection with the enrollment in  
9 a Program plan under this chapter; and

10 “(B) the Office provides the Secretary of  
11 Health and Human Services and the Commis-  
12 sioner of Social Security in a timely manner  
13 with such information respecting such annu-  
14 itants and family members and such election as  
15 may be required to effect their enrollment and  
16 coverage under Medicare part B and this sec-  
17 tion in a timely manner.

18 “(f) MEDICARE COORDINATION.—

19 “(1) IN GENERAL.—The Office shall require  
20 each Program plan to provide benefits for covered  
21 Medicare individuals pursuant to the standard co-  
22 ordination of benefits method used under this chap-  
23 ter, rather than the exclusion method or the carve-  
24 out method.

1           “(2) MEDICARE PART D PRESCRIPTION DRUG  
2       BENEFITS.—The Office shall require each Program  
3       plan to provide prescription drug benefits for Postal  
4       Service annuitants and family members who are eli-  
5       gible individuals (as defined in section 1860D–  
6       1(a)(3)(A) of the Social Security Act (42 U.S.C.  
7       1395w–101(a)) in a form and manner that satisfies  
8       the requirements for a qualified retiree prescription  
9       drug plan under subsection (a)(2) of section 1860D–  
10      22 of the Social Security Act (42 U.S.C. 1395w–  
11      132)), for which plan a waiver or modification of re-  
12      quirements may have been applied pursuant to sub-  
13      section (b) of such section. For purposes of such sec-  
14      tion, a Program plan shall then be deemed to be a  
15      qualified retiree prescription drug plan and the Fed-  
16      eral Government, through the Office, shall be  
17      deemed the sponsor of such plan.

18      “(g) POSTAL SERVICE CONTRIBUTION.—

19           “(1) IN GENERAL.—Subject to subsection (i),  
20       for purposes of applying section 8906(b) to the  
21       Postal Service, the weighted average shall be cal-  
22       culated in accordance with paragraphs (2) and (3).

23           “(2) WEIGHTED AVERAGE CALCULATION.—Not  
24       later than October 1 of each year (beginning with  
25       2017), the Office shall determine the weighted aver-

1 age of the rates established pursuant to subsection  
2 (c)(2) for Program plans that will be in effect dur-  
3 ing the following contract year with respect to—

4 “(A) enrollments for self only;

5 “(B) enrollments for self plus one; and

6 “(C) enrollments for self and family.

7 “(3) WEIGHTING IN COMPUTING RATES FOR  
8 INITIAL CONTRACT YEAR.—In determining such  
9 weighted average of the rates for the initial contract  
10 year, the Office shall take into account (for purposes  
11 of section 8906(a)(2)) the enrollment of Postal Serv-  
12 ice employees and annuitants in the health benefits  
13 plans offered by the initial participating carriers as  
14 of March 31, 2017.

15 “(h) RESERVES.—

16 “(1) SEPARATE RESERVES.—

17 “(A) IN GENERAL.—The Office shall en-  
18 sure that each Program plan maintains sepa-  
19 rate reserves (including a separate contingency  
20 reserve) with respect to the enrollees in the  
21 Program plan in accordance with section 8909.

22 “(B) REFERENCES.—For purposes of the  
23 Program, each reference to ‘the Government’ in  
24 section 8909 shall be deemed to be a reference  
25 to the Postal Service.

1           “(C) AMOUNTS TO BE CREDITED.—The re-  
2           serves (including the separate contingency re-  
3           serve) maintained by each Program plan shall  
4           be credited with a proportionate amount of the  
5           funds in the reserves for health benefits plans  
6           offered by the carrier.

7           “(2) DISCONTINUATION OF PROGRAM PLAN.—  
8           In applying section 8909(e) relating to a Program  
9           plan that is discontinued, the Office shall credit the  
10          separate Postal Service contingency reserve main-  
11          tained under paragraph (1) for that plan only to the  
12          separate Postal Service contingency reserves of the  
13          Program plans continuing under this chapter.

14          “(i) NO EFFECT ON EXISTING LAW.—Nothing in  
15          this section shall be construed as affecting section 1005(f)  
16          of title 39 regarding variations, additions, or substitutions  
17          to the provisions of this chapter.

18          “(j) MEDICARE EDUCATION PROGRAM.—Not later  
19          than 180 days after the date of enactment of this section,  
20          the Postal Service shall establish a Medicare Education  
21          Program. Under the Program, the Postal Service shall—

22                 “(1) notify retirees and employees of the Postal  
23          Service about the Postal Service Health Benefits  
24          Program established under subsection (c)(1);



1           “(2) provide information regarding the Postal  
 2       Service Health Benefits to such retirees and employ-  
 3       ees, including a description of the health care op-  
 4       tions available under such Program, the requirement  
 5       that retirees be enrolled in Medicare under sub-  
 6       section (e)(1), and the operation of the premium  
 7       transition fund to be created under section 104 of  
 8       the Postal Service Reform Act of 2016; and

9           “(3) respond and provide answers to any in-  
 10      quiry from such employees and retirees about the  
 11      Postal Service Health Benefits Program or Medicare  
 12      enrollment.”.

13           (2) TECHNICAL AND CONFORMING AMEND-  
 14      MENTS.—

15           (A) Section 8903(1) of title 5, United  
 16      States Code, is amended by striking “two levels  
 17      of benefits” and inserting “2 levels of benefits  
 18      for enrollees under this chapter generally and 2  
 19      levels of benefits for enrollees under the Postal  
 20      Service Health Benefits Program established  
 21      under section 8903c”.

22           (B) The table of sections for chapter 89 of  
 23      title 5, United States Code, is amended by in-  
 24      serting after the item relating to section 8903b  
 25      the following:

“8903c. Postal Service Health Benefits Program.”.

1 (b) COORDINATION WITH MEDICARE.—

2 (1) MEDICARE ENROLLMENT AND COVERAGE.—

3 Section 1837 of the Social Security Act (42 U.S.C.  
4 1395p) is amended by adding at the end the fol-  
5 lowing new subsection:

6 “(m)(1) In the case of an individual who—

7 “(A) is (i) a Postal Service Medicare covered  
8 annuitant, or (ii) an individual who is a family mem-  
9 ber of such an annuitant and is a covered Medicare  
10 individual;

11 “(B) enrolls in a Program plan under section  
12 8903c of title 5, United States Code; and

13 “(C) is not enrolled under this part,  
14 the individual is deemed, in accordance with section  
15 8903c(e)(3) of such title, to have elected to be enrolled  
16 under this part.

17 “(2) In the case of an individual who is deemed to  
18 be enrolled under paragraph (1), the coverage period  
19 under this part shall begin on the date that the individual  
20 first has coverage under the Program plan pursuant to  
21 the enrollment described in paragraph (1)(B).

22 “(3) The definitions in section 8903c(a) of title 5,  
23 United States Code, shall apply for purposes of this sub-  
24 section.”.

1           (2) WAIVER OF INCREASE OF PREMIUM.—Sec-  
 2           tion 1839(b) of the Social Security Act (42 U.S.C.  
 3           1395r(b)) is amended by inserting after “section  
 4           1837” the following: “or pursuant to subsection (m)  
 5           of such section”.

6           (3) CONFORMING COORDINATION OF BENEFIT  
 7           RULES.—Section 1862(b) of the Social Security Act  
 8           (42 U.S.C. 1395y(b)) is amended by adding at the  
 9           end the following:

10           “(10) COORDINATION OF BENEFITS WITH  
 11           POSTAL SERVICE HEALTH BENEFITS PLANS.—The  
 12           previous provisions of this subsection are superseded  
 13           to the extent the Secretary determines, in consulta-  
 14           tion with the Office of Personnel Management, them  
 15           to be inconsistent with section 8903c(f) of title 5,  
 16           United States Code.”.

17   **SEC. 102. POSTAL SERVICE RETIREE HEALTH CARE BEN-**  
 18           **EFIT FUNDING REFORM.**

19           (a) CONTRIBUTIONS.—Section 8906(g) of title 5,  
 20           United States Code, is amended—

21                   (1) by striking “(2)(A) The Government” and  
 22                   inserting “(2)(A)(i) The Government”; and

23                   (2) in paragraph (2)—

24                           (A) in subparagraph (A)—

1 (i) in clause (i), as added by para-  
2 graph (1), by striking “shall through Sep-  
3 tember 30, 2016, be paid” and all that fol-  
4 lows and inserting the following: “shall be  
5 paid as provided in clause (ii).”; and

6 (ii) by adding at the end the fol-  
7 lowing:

8 “(ii) With respect to the Government contributions  
9 required to be paid under clause (i)—

10 “(I) the portion of the contributions that is  
11 equal to the amount of the net claims costs under  
12 the enrollment of the individuals described in clause  
13 (i) shall be paid from the Postal Service Retiree  
14 Health Benefits Fund up to the amount contained  
15 in the Fund; and

16 “(II) any remaining amount shall be paid by  
17 the United States Postal Service.”; and

18 (B) by adding at the end the following:

19 “(C) For purposes of this paragraph, the amount of  
20 the net claims costs under the enrollment of an individual  
21 described in subparagraph (A)(i) shall be the amount, as  
22 determined by the Office over any particular period of  
23 time, equal to the difference between—

24 “(i) the sum of—

1           “(I) the costs incurred by a carrier in pro-  
 2           viding health services to, paying for health serv-  
 3           ices provided to, or reimbursing expenses for  
 4           health services provided to, the individual and  
 5           any other person covered under the enrollment  
 6           of the individual; and

7           “(II) an amount of indirect expenses rea-  
 8           sonably allocable to the provision, payment, or  
 9           reimbursement described in subclause (I), as  
 10          determined by the Office; and

11          “(ii) the amount withheld from the annuity of  
 12          the individual or otherwise paid by the individual  
 13          under this section.”.

14          (b) POSTAL SERVICE RETIREE HEALTH BENEFITS  
 15          FUND.—Section 8909a of title 5, United States Code, is  
 16          amended—

17                 (1) in subsection (d)—

18                         (A) in paragraph (1), by striking “required  
 19                         under section 8906(g)(2)(A)” and inserting the  
 20                         following: “required to be paid from the Postal  
 21                         Service Retiree Health Benefits Fund under  
 22                         section 8906(g)(2)(A)(ii)(I)”;

23                         (B) by striking paragraph (2) and insert-  
 24                         ing the following:

1       “(2)(A) Not later than June 30, 2016, the Office  
 2 shall compute, and by June 30 of each succeeding year,  
 3 the Office shall recompute, a schedule including a series  
 4 of annual installments which provide for the liquidation  
 5 of the amount described under subparagraph (B) (regard-  
 6 less of whether the amount is a liability or surplus) by  
 7 September 30, 2055, or within 15 years, whichever is  
 8 later, including interest at the rate used in the computa-  
 9 tions under this subsection.

10       “(B) The amount described in this subparagraph is  
 11 the amount, as of the date on which the applicable com-  
 12 putation or recomputation under subparagraph (A) is  
 13 made, that is equal to the difference between—

14               “(i) 100 percent of the Postal Service actuarial  
 15 liability as of September 30 of the preceding fiscal  
 16 year; and

17               “(ii) the value of the assets of the Postal Serv-  
 18 ice Retiree Health Benefits Fund as of September  
 19 30 of the preceding fiscal year.”;

20               (C) in paragraph (3)—

21                       (i) in subparagraph (A)—

22                               (I) in clause (iii), by adding  
 23                               “and” at the end;

1 (II) in clause (iv), by striking the  
2 semicolon at the end and inserting a  
3 period; and

4 (III) by striking clauses (v)  
5 through (x); and  
6 (ii) in subparagraph (B)—

7 (I) in the matter preceding clause  
8 (i), by striking “2017” and inserting  
9 “2016”;

10 (II) in clause (i), by striking  
11 “paragraph (1)” and inserting “para-  
12 graph (1), except to the extent the  
13 payment would cause the value of the  
14 assets in the Fund to exceed the Post-  
15 al Service actuarial liability”; and

16 (III) in clause (ii), by striking  
17 “paragraph (2)(B).” and inserting  
18 “paragraph (2).”;

19 (D) by amending paragraph (4) to read as  
20 follows:

21 “(4) Computations under this subsection shall be  
22 based on—

23 “(A) economic and actuarial methods and as-  
24 sumptions consistent with the methods and assump-

1        tions used in determining the Postal surplus or sup-  
2        plemental liability under section 8348(h); and

3            “(B) any other methods and assumptions, in-  
4        cluding a health care cost trend rate, that the Direc-  
5        tor of the Office determines to be appropriate.”; and

6            (E) by adding at the end the following:

7        “(7) In this subsection, the term ‘Postal Service actu-  
8        arial liability’ means the difference between—

9            “(A) the net present value of future payments  
10        required to be paid from the Postal Service Retiree  
11        Health Benefits Fund under section  
12        8906(g)(2)(A)(ii)(I) for current and future United  
13        States Postal Service annuitants; and

14            “(B) the net present value as computed under  
15        paragraph (1) attributable to the future service of  
16        United States Postal Service employees.

17        “(8) For purposes of computing an amount under  
18        paragraph (1) or (7)(A), section 8906(g)(2)(A)(ii)(I) shall  
19        be applied as though ‘up to the amount contained in the  
20        Fund’ were struck.”; and

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

22        “(e) Subsections (a) through (d) of this section shall  
23        be subject to section 102 of the Postal Service Reform  
24        Act of 2016.”.



1       (c) CANCELLATION OF CERTAIN UNPAID OBLIGA-  
2 TIONS OF THE POSTAL SERVICE.—Any obligation of the  
3 Postal Service under section 8909a(d)(3)(A) of title 5,  
4 United States Code, as in effect on the day before the date  
5 of enactment of this Act, that remains unpaid as of such  
6 date of enactment is canceled.

7       (d) TECHNICAL AND CONFORMING AMENDMENT.—  
8 The heading of section 8909a of title 5, United States  
9 Code, is amended by striking “**Benefit**” and inserting  
10 “**Benefits**”.

11 **SEC. 103. POSTAL SERVICE PENSION FUNDING REFORM.**

12       (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section  
13 8348(h) of title 5, United States Code, is amended—

14               (1) in paragraph (2), by striking subparagraphs  
15       (B) and (C) and inserting the following:

16       “(B) The Office shall redetermine the postal surplus  
17 or supplemental liability as of the close of the fiscal year,  
18 for each fiscal year beginning after September 30, 2015.  
19 Subject to subparagraph (C), beginning June 15, 2017,  
20 if the result is a surplus or a supplemental liability the  
21 Office shall establish an amortization schedule, including  
22 a series of annual installments commencing on September  
23 30 of the subsequent fiscal year, which provides for the  
24 liquidation of such surplus or liability to the Postal Service  
25 or the Fund (as the case may be) by September 30, 2043.

1       “(C) No later than June 30, 2033, the Office shall  
2 determine, and thereafter redetermine as necessary, but  
3 not more frequently than once per year, the appropriate  
4 date to complete the liquidation of any remaining surplus  
5 or liability determined under this paragraph. The deter-  
6 mination under this subparagraph shall be set in accord-  
7 ance with generally accepted actuarial practices and prin-  
8 ciples and shall not be longer than a period of 15 years  
9 from the date on which the determination is made.”; and

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

11       “(4) For the purpose of carrying out paragraph (1),  
12 for fiscal year 2013 and each fiscal year thereafter, the  
13 Office shall use—

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

17               “(B) economic assumptions regarding wage and  
18 salary growth that reflect the specific past, and like-  
19 ly future, pay for current employees of the United  
20 States Postal Service.”.

21       (b) FEDERAL EMPLOYEES RETIREMENT SYSTEM LI-  
22 ABILITY ASSUMPTION REFORM.—Section 8423 of title 5,  
23 United States Code, is amended—

24               (1) in subsection (a)—

25                       (A) in paragraph (1)—

1 (i) in subparagraph (A)—

2 (I) in clause (i), by striking “sub-  
3 paragraph (B)),” and inserting “sub-  
4 paragraph (B) or (C)),”; and

5 (II) in clause (ii), by striking  
6 “and” at the end;

7 (ii) in subparagraph (B)(ii), by strik-  
8 ing the period at the end and inserting “;  
9 and”; and

10 (iii) by adding at the end the fol-  
11 lowing:

12 “(C) the product of—

13 “(i) the normal-cost percentage, as deter-  
14 mined for employees (other than employees cov-  
15 ered by subparagraph (B)) of the United States  
16 Postal Service under paragraph (5), multiplied  
17 by

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

22 (B) by adding at the end the following:

23 “(5)(A) In determining the normal-cost percentage  
24 for employees of the United States Postal Service for pur-  
25 poses of paragraph (1)(C), the Office shall use—

1           “(i) demographic factors specific to such em-  
2       ployees, unless such data cannot be generated; and

3           “(ii) economic assumptions regarding wage and  
4       salary growth that reflect the specific past, and like-  
5       ly future, pay for such employees.

6       “(B) The United States Postal Service shall provide  
7       any data or projections the Office requires in order to de-  
8       termine the normal-cost percentage for employees of the  
9       United States Postal Service, consistent with subpara-  
10      graph (A).

11       “(C) The Office shall review the determination of the  
12      normal-cost percentage for employees of the United States  
13      Postal Service and make such adjustments as the Office  
14      considers necessary—

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

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

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

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

4           “(B) economic assumptions regarding wage and  
5           salary growth that reflect the specific past, and like-  
6           ly future, pay for current employees of the United  
7           States Postal Service.”; and

8           (2) in subsection (b)—

9                   (A) by redesignating paragraph (5) as  
10                  paragraph (6); and

11                  (B) by inserting after paragraph (4) the  
12                  following:

13           “(5)(A) In this paragraph, the term ‘postal funding  
14           surplus’ means the amount by which the amount of the  
15           supplemental liability computed under paragraph (1)(B)  
16           is less than zero.

17           “(B) If the amount of supplemental liability com-  
18           puted under paragraph (1)(B) as of the close of any fiscal  
19           year after the date of enactment of the Postal Service Re-  
20           form Act of 2016 is less than zero, the Office shall estab-  
21           lish an amortization schedule, including a series of equal  
22           annual installments that—

23                   “(i) provide for the liquidation of the postal  
24           funding surplus in 30 years, commencing on Sep-  
25           tember 30 of the subsequent fiscal year; and

1 “(ii) shall be transferred to the United States  
2 Postal Service Fund.”.

3 **SEC. 104. MEDICARE PART B PREMIUM TRANSITION FOR**  
4 **NEWLY ENROLLING POSTAL SERVICE ANNU-**  
5 **ITANTS AND FAMILY MEMBERS.**

6 (a) IN GENERAL.—Section 1839 of the Social Secu-  
7 rity Act (42 U.S.C. 1395r) is amended by adding at the  
8 end the following new subsection:

9 “(j) TRANSITION FOR NEWLY ENROLLING POSTAL  
10 SERVICE ANNUITANTS AND FAMILY MEMBERS.—With re-  
11 spect to each individual who is enrolled under this part  
12 pursuant to and during the open enrollment period estab-  
13 lished under section 1837(m) and who is not eligible for  
14 Medicare cost-sharing described in section  
15 1905(p)(3)(A)(ii) under a State plan under title XIX, the  
16 premium otherwise established under this part (taking  
17 into account any adjustments, including those under sub-  
18 sections (b) and (i)) for a month—

19 “(1) in the initial contract year (as defined in  
20 section 8903c(a) of title 5, United States Code),  
21 shall be reduced by 75 percent;

22 “(2) in the succeeding year, shall be reduced by  
23 50 percent; and

24 “(3) in the second succeeding year, shall be re-  
25 duced by 25 percent.”.

1 (b) FUNDING THROUGH POSTAL SERVICE FUND.—  
2 Section 1844 of the Social Security Act (42 U.S.C.  
3 1395w) is amended—

4 (1) in the last sentence of subsection (a), by  
5 striking “under subsection (d)(1) with respect to en-  
6 rollees described in subparagraphs (A) and (B) of  
7 such subsection” and inserting “under subsections  
8 (d)(1) and (d)(4) with respect to enrollees described  
9 in subparagraphs (A) and (B) of such respective  
10 subsection”; and

11 (2) in subsection (d), by adding at the end the  
12 following new paragraph:

13 “(4) For each year, there shall be transferred from  
14 the Postal Service Fund to the Trust Fund an amount,  
15 as estimated by the Chief Actuary of the Centers for Medi-  
16 care & Medicaid Services, equal to the reduction in aggre-  
17 gate premiums payable under this part for a month in  
18 such year that is attributable to the application of section  
19 1839(j) with respect to—

20 “(A) enrollees age 65 and over; and

21 “(B) enrollees under age 65.

22 Such amounts shall be transferred from time to time as  
23 appropriate but, to the extent practicable, on an annual  
24 basis and in a manner that places the Trust Fund in the

1 same actuarial status as if this paragraph and section  
2 1839(j) did not apply.”.

## 3 **TITLE II—POSTAL SERVICE** 4 **OPERATIONS REFORM**

### 5 **SEC. 201. GOVERNANCE REFORM.**

6 (a) BOARD OF GOVERNORS.—

7 (1) IN GENERAL.—Section 202 of title 39,  
8 United States Code, is amended to read as follows:

#### 9 **“§ 202. Board of Governors**

10 “(a) IN GENERAL.—There is established in the Post-  
11 al Service a Board of Governors composed of 5 Governors,  
12 a Postmaster General, and a Deputy Postmaster General,  
13 all of whom shall be appointed in accordance with this sec-  
14 tion. The Governors shall have the power to—

15 “(1) exercise the powers of the Postal Service,  
16 consistent with section 203(c);

17 “(2) appoint, fix the term of service of, and re-  
18 move the Postmaster General;

19 “(3) in consultation with the Postmaster Gen-  
20 eral, appoint, fix the term of service of, and remove  
21 the Deputy Postmaster General;

22 “(4) set the strategic direction of postal oper-  
23 ations and approve the pricing and product strategy  
24 for the Postal Service;



1           “(5) set the compensation of the Postmaster  
2       General and the Deputy Postmaster General in ac-  
3       cordance with private sector best practices, as deter-  
4       mined by the Governors pursuant to section 3686;  
5       and

6           “(6) carry out any other duties specifically pro-  
7       vided for in this title.

8       “(b) APPOINTMENT; PAY.—

9           “(1) IN GENERAL.—The Governors shall be ap-  
10      pointed by the President, by and with the advice and  
11      consent of the Senate, not more than 3 of whom  
12      may be adherents of the same political party. The  
13      Governors shall elect a Chair from among their  
14      members. The Governors shall represent the public  
15      interest generally, and shall be chosen solely on the  
16      basis of their experience in the field of public admin-  
17      istration, law, or accounting, or on their dem-  
18      onstrated ability in managing organizations or cor-  
19      porations (in either the public or private sector) of  
20      substantial size, except that at least 3 of the Gov-  
21      ernors shall be chosen solely on the basis of their  
22      demonstrated ability in managing organizations or  
23      corporations (in either the public or private sector)  
24      that employ at least 10,000 employees. The Gov-  
25      ernors shall not be representatives of specific inter-

1       ests using the Postal Service, and may be removed  
2       only for cause.

3               “(2) COMPENSATION.—Each Governor shall re-  
4       ceive a salary of \$30,000 a year plus \$300 a day for  
5       not more than 42 days of meetings each year and  
6       shall be reimbursed for travel and reasonable ex-  
7       penses incurred in attending meetings of the Board.  
8       Nothing in the preceding sentence shall be construed  
9       to limit the number of days of meetings each year  
10      to 42 days.

11              “(3) CONSULTATION.—In selecting the individ-  
12      uals described in paragraph (1) for nomination for  
13      appointment to the position of Governor, the Presi-  
14      dent should consult with the Speaker of the House  
15      of Representatives, the minority leader of the House  
16      of Representatives, the majority leader of the Sen-  
17      ate, and the minority leader of the Senate.

18              “(c) TERMS OF GOVERNORS.—

19              “(1) IN GENERAL.—The terms of the 5 Gov-  
20      ernors shall be 7 years, except that the terms of the  
21      5 Governors first taking office shall expire as des-  
22      ignated by the President at the time of appointment,  
23      1 at the end of 1 year, 1 at the end of 2 years, 1  
24      at the end of 3 years, 1 at the end of 4 years, and  
25      1 at the end of 5 years, following the appointment

1 of the first of them. Any Governor appointed to fill  
2 a vacancy before the expiration of the term for  
3 which the Governor's predecessor was appointed  
4 shall serve for the remainder of such term. A Gov-  
5 ernor may continue to serve after the expiration of  
6 the Governor's term until his successor has quali-  
7 fied, but not to exceed one year.

8 “(2) LIMITATION.—No individual may serve  
9 more than 2 terms as a Governor.

10 “(d) STAFF.—The Chair of the Board of Governors  
11 shall ensure that the Board has appropriate independent  
12 staff to carry out the roles and responsibilities of the  
13 Board.”.

14 (2) APPLICATION.—Any individual serving as a  
15 Governor on the Board of Governors of the Postal  
16 Service on the date of enactment of this Act shall  
17 continue to serve as a Governor until the term appli-  
18 cable to such individual expires (as determined  
19 under section 202(b) of title 39, United States Code,  
20 as in effect before the amendments made by this  
21 section take effect pursuant to subsection (g)).

22 (b) POSTMASTER GENERAL.—

23 (1) IN GENERAL.—Section 203 of title 39,  
24 United States Code, is amended to read as follows:

1 **“§ 203. Postmaster General**

2 “(a) IN GENERAL.—The chief executive officer of the  
3 Postal Service is the Postmaster General, appointed pur-  
4 suant to section 202(a)(1). The alternate chief executive  
5 officer of the Postal Service is the Deputy Postmaster  
6 General, appointed pursuant to section 202(a)(2) of this  
7 title.

8 “(b) POWERS.—Consistent with the requirements of  
9 this title, the exercise of the power of the Postal Service  
10 shall be vested in the Governors and carried out by the  
11 Postmaster General in a manner consistent with the stra-  
12 tegic direction and pricing and product strategy approved  
13 by the Governors. The Postmaster General shall consult  
14 with the Governors and the Deputy Postmaster General  
15 in carrying out such power.”.

16 (2) CONFORMING AMENDMENT.—The item re-  
17 lating to section 203 in the table of sections for  
18 chapter 2 of title 39, United States Code, is amend-  
19 ed to read as follows:

“203. Postmaster General.”.

20 (c) PROCEDURES OF THE BOARD.—Section 205 of  
21 title 39, United States Code, is amended to read as fol-  
22 lows:

23 **“§ 205. Procedures of the Board of Governors**

24 “(a) VACANCIES.—Vacancies in the Board shall not  
25 impair the powers of the Board under this title.

1       “(b) VOTE.—The Board shall act upon majority vote  
2 of those members who are present, subject to such quorum  
3 requirements as the Board may establish.

4       “(c) LIMITATION.—No officer or employee of the  
5 United States may serve concurrently as a Governor. A  
6 Governor may hold any other office or employment not  
7 inconsistent or in conflict with the Governor’s duties, re-  
8 sponsibilities, and powers as an officer of the Government  
9 of the United States in the Postal Service.”.

10       (d) DELEGATION OF AUTHORITY.—Section 402 of  
11 title 39, United States Code, is amended to read as fol-  
12 lows:

13       **“§ 402. Delegation of authority**

14       “(a) POSTMASTER GENERAL.—The Postmaster Gen-  
15 eral may delegate his or her authority under such terms,  
16 conditions, and limitations, including the power of redele-  
17 gation, as he or she determines desirable. The Postmaster  
18 General may establish such committees of officers and em-  
19 ployees of the Postal Service, and delegate such powers  
20 to any committee, as the Postmaster General determines  
21 appropriate to carry out his or her functions and duties.  
22 Delegations under this section shall be consistent with  
23 other provisions of this title, shall not relieve the Post-  
24 master General of full responsibility for the carrying out

1 the Postmaster General's duties and functions, and shall  
2 be revocable by the Postmaster General.

3 “(b) BOARD OF GOVERNORS.—The Board may estab-  
4 lish such committees of the Board, and delegate such pow-  
5 ers to any committee, as the Board determines appro-  
6 priate to carry out its functions and duties. Delegations  
7 to committees shall be consistent with other provisions of  
8 this title, shall not relieve the Board of full responsibility  
9 for the carrying out of its duties and functions, and shall  
10 be revocable by the Board in its exclusive judgment.”.

11 (e) INTERNATIONAL POSTAL ARRANGEMENTS.—

12 (1) IN GENERAL.—Section 407 of title 39,  
13 United States Code, is amended by adding at the  
14 end the following:

15 “(f) After submission to the Postal Regulatory Com-  
16 mission by the Department of State of the budget detail-  
17 ing the estimated costs of carrying out the activities under  
18 this section, and the Commission's review and approval  
19 of such submission, the Postal Service shall transfer to  
20 the Department of State, from any funds available to the  
21 Postal Service, such sums as may be reasonable, docu-  
22 mented, and auditable for the Department of State to  
23 carry out such activities.”.

24 (2) APPLICATION.—The amendment made by  
25 paragraph (1) shall take effect on October 1 of the

1 first fiscal year beginning after the date of enact-  
2 ment of this Act.

3 (3) CONFORMING AMENDMENT.—Section 633  
4 of title VI of the Treasury and General Government  
5 Appropriations Act, 1999 (Public Law 105–277; 39  
6 U.S.C. 407 note) is amended by striking subsection  
7 (d).

8 (f) TECHNICAL AND CONFORMING AMENDMENTS.—  
9 Title 39, United States Code, is amended as follows:

10 (1) In section 102(3)—

11 (A) by striking “9 members” and inserting  
12 “5 members”; and

13 (B) by striking “section 202(a)” and in-  
14 serting “section 202(b)(1)”.

15 (2) In section 204—

16 (A) by striking “the Board” and inserting  
17 “the Postmaster General”; and

18 (B) by striking “the Governors and”.

19 (3) In section 207, by striking “the Board” and  
20 inserting “the Postal Service”.

21 (4) In section 414(b)(2), by striking “the Gov-  
22 ernors” in each instance it appears and inserting  
23 “the Postal Service”.

24 (5) In section 416(c)—

1 (A) by striking “the Governors” and in-  
2 serting “the Postal Service”; and

3 (B) by striking “they” and inserting “the  
4 Postal Service”.

5 (6) In section 1011, by striking “the Board”  
6 and inserting “the Postal Service”.

7 (7) By striking section 2402 and inserting the  
8 following:

9 **“§ 2402. Annual report**

10 “The Postmaster General shall render an annual re-  
11 port concerning the operations of the Postal Service under  
12 this title to the President and Congress.”.

13 (8) In section 3632—

14 (A) by striking the section heading, and in-  
15 serting “**Establishment of rates and**  
16 **classes of competitive products**”;

17 (B) by striking subsection (a) and redesign-  
18 ating subsections (b) and (c) as (a) and (b),  
19 respectively;

20 (C) in paragraph (a)(2) (as redesignated  
21 by subparagraph (B)), by striking “and the  
22 record of the Governors’ proceedings in connec-  
23 tion with such decision”;

24 (D) in paragraph (a)(3) (as redesignated  
25 by subparagraph (B))—



1 (i) by striking “and the record of the  
2 proceedings in connection with such deci-  
3 sion”; and

4 (ii) by striking “the Governors con-  
5 sider” and inserting “the Postal Service  
6 considers”; and

7 (E) by striking “the Governors” in each  
8 instance it appears and inserting “the Postal  
9 Service”.

10 (9) The table of sections for chapter 36 of title  
11 39, United States Code, is amended by striking the  
12 item relating to section 3632 and inserting the fol-  
13 lowing:

“3632. Establishment of rates and classes of competitive products.”.

14 (g) DELAYED EFFECTIVE DATE.—The amendments  
15 made by this section shall take effect upon the date that  
16 is 30 days after the date of enactment of this Act.

17 **SEC. 202. TRANSITION TO MORE EFFICIENT AND SECURE**  
18 **MAIL DELIVERY.**

19 (a) IN GENERAL.—Subchapter VII of chapter 36 of  
20 title 39, United States Code, is amended by adding at the  
21 end the following:

22 **“§ 3692. Delivery-point modernization**

23 “(a) DEFINITIONS.—For purposes of this section—

24 “(1) the term ‘delivery point’ means a mailbox  
25 or other receptacle to which mail is delivered;

1           “(2) the term ‘primary mode of mail delivery’  
2           means the typical method by which the Postal Serv-  
3           ice delivers letter mail to the delivery point of a  
4           postal patron;

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

11          “(4) the term ‘centralized delivery’ means a pri-  
12          mary mode of mail delivery whereby mail receptacles  
13          of a number of delivery points are grouped or clus-  
14          tered at a single location;

15          “(5) the term ‘curbside delivery’ means a pri-  
16          mary mode of mail delivery whereby a mail recep-  
17          tacle is situated at the edge of a sidewalk abutting  
18          a road or curb, at a road, or at a curb, and can be  
19          served by a letter carrier from a motorized vehicle;  
20          and

21          “(6) the term ‘sidewalk delivery’ means a pri-  
22          mary mode of mail delivery whereby a mail recep-  
23          tacle is situated at the edge of a sidewalk and can  
24          be served by a letter carrier from the sidewalk.

1       “(b) POLICY.—It shall be the policy of the Postal  
2 Service—

3           “(1) to provide access to secure, convenient  
4 mail and package delivery receptacles to the greatest  
5 number of postal patrons feasible; and

6           “(2) to use the most cost-effective primary  
7 mode of mail delivery feasible for postal patrons.

8       “(c) PHASEOUT OF DOOR DELIVERY FOR NEW AD-  
9 DRESSES.—For any new delivery point established after  
10 December 31, 2016, the Postal Service shall provide a pri-  
11 mary mode of mail delivery other than door delivery, with  
12 a preference for secure, centralized delivery.

13       “(d) BUSINESS ADDRESS CONVERSION.—

14           “(1) IDENTIFICATION.—Not later than 1 year  
15 after the date of the Postal Service Reform Act of  
16 2016, each Postal Service district office shall iden-  
17 tify the business delivery points within its service  
18 area that are appropriate candidates for conversion  
19 from door delivery to centralized delivery, curbside  
20 delivery, or sidewalk delivery.

21           “(2) CONVERSION REQUIREMENT.—Beginning  
22 not later than October 1, 2017, the Postal Service  
23 shall implement a program to convert delivery points  
24 identified under paragraph (1) to centralized deliv-

1       ery, curbside delivery, or sidewalk delivery at a rate  
2       sufficient to ensure that—

3               “(A) not less than 20 percent of such de-  
4       livery points are converted by September 30,  
5       2018;

6               “(B) not less than 40 percent of such de-  
7       livery points are converted by September 30,  
8       2019;

9               “(C) not less than 60 percent of such de-  
10      livery points are converted by September 30,  
11      2020;

12              “(D) not less than 80 percent of such de-  
13      livery points are converted by September 30,  
14      2021; and

15              “(E) all such delivery points are converted  
16      by September 30, 2022.

17              “(3) NOTIFICATION.—In carrying out conver-  
18      sions under paragraph (2), the Postal Service shall  
19      provide written notice at least 60 days in advance of  
20      the implementation date of a change in primary  
21      mode of mail delivery to postal customers served by  
22      an applicable delivery point.

23              “(e) RESIDENTIAL ADDRESS CONVERSION.—

24              “(1) IDENTIFICATION.—Not later than 1 year  
25      after the date of the enactment of the Postal Service

1 Reform Act of 2016, each Postal Service district of-  
2 fice shall identify the residential delivery points with-  
3 in its service area that are appropriate candidates  
4 for conversion from door delivery to centralized de-  
5 livery, curbside delivery, or sidewalk delivery.

6 “(2) VOLUNTARY CONVERSION.—Not later than  
7 October 1, 2017, the Postal Service shall commence  
8 a program to convert delivery points identified under  
9 paragraph (1) to centralized delivery, curbside deliv-  
10 ery, or sidewalk delivery. Such program shall operate  
11 as follows:

12 “(A) Not later than 3 months after the  
13 identification of the delivery points under para-  
14 graph (1), the Postal Service shall divide such  
15 delivery points into geographically based ad-  
16 dress units (such as street blocks or other simi-  
17 lar reasonably segregable units) not to exceed  
18 50 delivery points per unit.

19 “(B) Not later than 6 months after such  
20 identification, the Postal Service shall provide  
21 written notification to postal patrons served by  
22 each identified delivery point containing the fol-  
23 lowing:

24 “(i) Notice that the delivery point has  
25 been proposed for conversion to a more ef-

1            efficient primary mode of mail delivery to  
2            more economically provide universal postal  
3            service and improve service.

4            “(ii) A description of the new primary  
5            mode of delivery proposed by the Postal  
6            Service and a visual example of such mode.

7            “(iii) A conversion consent form and  
8            notice that conversion for residential ad-  
9            dresses is on a voluntary basis.

10           “(iv) A description of benefits of con-  
11           version to the postal patron, including ac-  
12           cess to secure mail and package delivery,  
13           and benefits of conversion to the Postal  
14           Service, including a smaller environmental  
15           impact for delivery.

16           “(v) A description of how the conver-  
17           sion process would work, and the monetary  
18           costs (if any) to the postal patron.

19           “(vi) Any other information the Postal  
20           Service considers necessary.

21           “(C) No delivery point may be converted  
22           under this subsection unless prior written con-  
23           sent is provided to the Postal Service by a post-  
24           al patron served by such delivery point who is  
25           at least 18 years old. Prior to the conversion of

1 a delivery point under this section, any written  
2 consent so provided may be withdrawn by such  
3 patron or by any other postal patron served by  
4 such delivery point who is at least 18 years old  
5 upon written notification to the Postal Service.  
6 The Postal Service shall place on the Postal  
7 Service's public Web site an option to request  
8 that a consent form or consent-withdrawal form  
9 be delivered to any delivery point identified for  
10 conversion under this subsection.

11 “(D) Upon the receipt of written consent  
12 applicable to at least 40 percent of the delivery  
13 points within an address unit described under  
14 subparagraph (A), the Postal Service shall—

15 “(i) not later than 30 days after the  
16 date that the requisite percentage is  
17 reached, provide written notice to each de-  
18 livery point within such unit stating that  
19 the conversion threshold has been reached  
20 and that—

21 “(I) with respect to any delivery  
22 point for which a consent for conver-  
23 sion was received, that the primary  
24 mode of mail delivery for such address  
25 will be converted; and

1 “(II) with respect to any delivery  
2 point for which a consent for conver-  
3 sion was not received, that—

4 “(aa) a postal patron served  
5 by such delivery point may elect,  
6 by written consent, at any time  
7 to convert the primary mode of  
8 mail delivery to the same form of  
9 delivery as the converted delivery  
10 points in such unit; and

11 “(bb) if such a patron pro-  
12 vides such consent, the primary  
13 mode of mail delivery shall be  
14 converted not later than 30 days  
15 after the date of such consent or,  
16 in any case where the conversion  
17 of delivery points has not yet oc-  
18 curred, upon implementation of  
19 that conversion;

20 “(ii) not later than 90 days after the  
21 date that the requisite percentage is  
22 reached, but not less than 30 days fol-  
23 lowing the written notice under clause (i),  
24 convert the delivery points for which con-



1 sent was received to the applicable new pri-  
2 mary mode of mail delivery; and

3 “(iii) following the conversion of an  
4 address unit, ensure that the primary  
5 mode of mail delivery for any new resi-  
6 dents to the address unit is the converted  
7 primary mode of mail, regardless of the  
8 primary mode of mail delivery for the pre-  
9 vious occupant.

10 “(f) CONSIDERATIONS.—In making a determination  
11 to convert the primary mode of mail delivery under this  
12 section, the Postal Service shall consider—

13 “(1) the impact of weather conditions, physical  
14 barriers, or any other factor that may impact the  
15 feasibility of providing a primary mode of mail deliv-  
16 ery other than door delivery (such as a factor that  
17 may significantly reduce the potential cost savings  
18 associated with providing centralized delivery or  
19 curbside delivery);

20 “(2) whether the address is in a registered his-  
21 toric district (as that term is defined in section  
22 47(c)(3)(B) of the Internal Revenue Code of 1986),  
23 is listed on the National Register of Historic Places,  
24 is designated as a National Historic Landmark, or  
25 is of historic value; and

1           “(3) population density and the concentration  
2 of poverty.

3           “(g) WAIVER FOR PHYSICAL HARDSHIP.—

4           “(1) IN GENERAL.—The Postal Service shall es-  
5 tablish and maintain a waiver program under which,  
6 upon application, door delivery may be continued, or  
7 provided, for a delivery point identified under sub-  
8 section (d)(1) or (e)(1) at no cost to the applicant  
9 in any case in which—

10           “(A) centralized delivery, curbside delivery,  
11 or sidewalk delivery would, but for this para-  
12 graph, otherwise be the primary mode of mail  
13 delivery; and

14           “(B) door delivery is necessary in order to  
15 avoid causing significant physical hardship or  
16 physical safety risks to a postal patron.

17           “(2) TREATMENT OF WAIVER.—An address re-  
18 ceiving door delivery pursuant to a waiver under this  
19 subsection—

20           “(A) shall be counted, for purposes of the  
21 reporting requirement under subsection (j), as  
22 an address that receives the primary mode of  
23 mail delivery which the address would be sub-  
24 ject to if not for the waiver; and

1                   “(B) shall, not later than 60 days after  
2                   ceasing to meet the requirements of paragraph  
3                   (1), be converted to the primary mode of mail  
4                   delivery which is otherwise applicable.

5           “(h) PROCEDURES.—In carrying out conversions  
6 under this section, the Postal Service shall establish proce-  
7 dures to—

8                   “(1) solicit, consider, and respond to input from  
9                   the general public, postal patrons, State and local  
10                  governments, local associations, and property own-  
11                  ers;

12                  “(2) calculate and make publicly accessible the  
13                  cost or savings of the conversion to the Postal Serv-  
14                  ice as well as the average conversion cost or savings  
15                  to each postal patron and any cost or savings to the  
16                  State and local government; and

17                  “(3) place centralized delivery points in loca-  
18                  tions that maximize delivery efficiency, ease of use  
19                  for postal patrons, and respect for private property  
20                  rights.

21           “(i) VOUCHER PROGRAM.—The Postal Service shall  
22 provide for a voucher program under which, upon applica-  
23 tion, the Postal Service may defray all or any portion of  
24 the costs associated with conversion from door delivery

1 under this section which would otherwise be borne by post-  
2 al patrons.

3 “(j) ANNUAL REPORT.—Not later than 60 days after  
4 the end of each of fiscal years 2017 through 2023, the  
5 Postal Service shall submit to Congress and the Inspector  
6 General a report on the implementation of this section  
7 during the most recently completed fiscal year. Each such  
8 report shall include—

9 “(1) the number of residential and business ad-  
10 dresses that—

11 “(A) receive door delivery as of the end of  
12 the fiscal year preceding the most recently com-  
13 pleted fiscal year;

14 “(B) receive door delivery as of the end of  
15 the most recently completed fiscal year; and

16 “(C) during the most recently completed  
17 fiscal year, were converted from door delivery  
18 to—

19 “(i) centralized delivery;

20 “(ii) curbside delivery; and

21 “(iii) any other primary mode of mail  
22 delivery;

23 “(2) the estimated cost savings from the con-  
24 versions described in paragraph (1)(C);

1 “(3) a description of the progress made by the  
 2 Postal Service toward meeting the requirements of  
 3 the phaseout under subsection (c); and

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

6 “(k) INSPECTOR GENERAL AUDIT.—The Inspector  
 7 General shall issue an annual audit report on the imple-  
 8 mentation of this section not later than 90 days after the  
 9 date on which the Postal Service releases its annual report  
 10 under subsection (j). Such report shall include—

11 “(1) an audit of the data contained in the Post-  
 12 al Service’s report under subsection (j); and

13 “(2) an evaluation of the Postal Service’s imple-  
 14 mentation of the voucher program under subsection  
 15 (i).

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

19 (b) CLERICAL AMENDMENT.—The table of sections  
 20 for chapter 36 of title 39, United States Code, is amended  
 21 by adding after the item relating to section 3691 the fol-  
 22 lowing:

“3692. Delivery-point modernization.”.

23 (c) UPDATED DELIVERY COST DATA.—

24 (1) STUDY.—Not later than 180 days after the  
 25 date of the enactment of this Act, the Postal Service

1 shall begin to collect data on delivery mode costs and  
2 the potential savings of converting to more cost-effi-  
3 cient primary modes of mail delivery.

4 (2) REPORT.—Not later than 2 years after the  
5 date of enactment of this Act, the Postal Service  
6 shall submit a report to the Committee on Oversight  
7 and Government Reform of the House of Represent-  
8 atives and the Committee on Homeland Security and  
9 Governmental Affairs of the Senate describing the  
10 findings of the study conducted under paragraph  
11 (1).

12 (d) INSPECTOR GENERAL REVIEW OF COSTS AND  
13 BENEFITS OF DELIVERY POINT CONVERSIONS.—

14 (1) STUDY.—Not later than 2 years after the  
15 date on which the Postal Service commences delivery  
16 point conversions pursuant to subsections (d)(2) and  
17 (e)(2) of section 3692 of title 39, United States  
18 Code (as added by subsection (a)), and not later  
19 than 3 years thereafter, the Inspector General of the  
20 Postal Community shall conduct a study of the costs  
21 and benefits of such conversions.

22 (2) REPORT.—Not later than 1 year after the  
23 date on which the Inspector General conducts each  
24 study required under paragraph (1), the Inspector  
25 General shall submit to the Committee on Homeland

1 Security and Governmental Affairs of the Senate  
2 and the Committee on Oversight and Government  
3 Reform of the House of Representatives a report on  
4 the results of each study.

5 (3) CONTENT.—The studies required under  
6 paragraph (1) shall assess the following:

7 (A) The cost savings realized by the Postal  
8 Service from the conversions under subsections  
9 (d)(2) and (e)(2) of section 3692 of title 39,  
10 United States Code (as added by subsection  
11 (a)), and the projected cost savings the Postal  
12 Service is likely to realize from full implementa-  
13 tion of such conversions.

14 (B) The expenses incurred by the Postal  
15 Service to achieve such conversions and the pro-  
16 jected expenses the Postal Service is likely to  
17 incur from full implementation of such conver-  
18 sions.

19 (C) The impact of the conversions on—

20 (i) response rates to mailed adver-  
21 tising;

22 (ii) advertising revenue earned by the  
23 Postal Service;

24 (iii) small businesses, including small  
25 home-based businesses; and

1 (iv) mail volumes shipped through the  
2 Postal Service.

3 (D) Any other factors the Inspector Gen-  
4 eral considers relevant to provide a complete  
5 analysis of the costs and benefits associated  
6 with the conversions described under such sub-  
7 sections.

8 (4) NET COST BENEFIT ANALYSIS.—The In-  
9 spector General shall conduct a cost benefit analysis  
10 to determine the net cost or benefit to the Postal  
11 Service of the conversions conducted under such  
12 subsections and include the analysis in each report  
13 submitted under paragraph (2).

14 **SEC. 203. MODERNIZING POSTAL RATES.**

15 (a) ADEQUACY, EFFICIENCY, AND FAIRNESS OF  
16 POSTAL RATES.—

17 (1) OBJECTIVES.—Section 3622(b) of title 39,  
18 United States Code, is amended—

19 (A) in paragraph (2), by inserting “and  
20 ensure” after “create”;

21 (B) in paragraph (3)—

22 (i) by inserting “and meet” after  
23 “maintain”; and



1 (ii) by inserting “, with a focus on  
2 achieving predictable and consistent deliv-  
3 ery” before the period at the end;

4 (C) in paragraph (5), by inserting “estab-  
5 lish and” before “maintain”;

6 (D) in paragraph (6), by striking “proc-  
7 ess” and inserting “and cost allocation proc-  
8 esses”; and

9 (E) in paragraph (9), by inserting “(and to  
10 ensure appropriate levels of transparency)” be-  
11 fore the period at the end.

12 (2) FACTORS.—Section 3622(c) of title 39,  
13 United States Code, is amended to read as follows:

14 “(c) FACTORS.—In establishing or revising such sys-  
15 tem, the Postal Regulatory Commission shall take into ac-  
16 count the following factors:

17 “(1) The effect of rate increases upon the gen-  
18 eral public and business mail users.

19 “(2) The available alternative means of sending  
20 and receiving written communications, information,  
21 and letters and other mail matter at reasonable  
22 costs.

23 “(3) The reliability of delivery timelines and the  
24 extent to which the Postal Service is meeting its  
25 service standard obligations.

1           “(4) The need to ensure that the Postal Service  
2           has adequate revenues and has taken appropriate  
3           cost-cutting measures to maintain financial stability  
4           and meet all legal obligations.

5           “(5) The extent to which the Postal Service has  
6           taken actions to increase its efficiency and reduce its  
7           costs.

8           “(6) The value of the mail service actually pro-  
9           vided by each class or type of mail service to both  
10          the sender and the recipient, including but not lim-  
11          ited to the collection, mode of transportation, and  
12          priority of delivery.

13          “(7) The requirement that each class of mail or  
14          type of mail service bear the direct and indirect  
15          postal costs attributable to each class or type of mail  
16          service through reliably identified causal relation-  
17          ships plus that portion of all other costs of the Post-  
18          al Service reasonably assignable to such class or  
19          type.

20          “(8) The degree of preparation of mail for de-  
21          livery into the postal system performed by the mailer  
22          and its effect upon improving efficiency and reduc-  
23          ing costs to the Postal Service.

24          “(9) Simplicity of structure for the entire  
25          schedule and simple, identifiable relationships be-

1       tween the rates or fees charged the various classes  
2       of mail for postal services.

3           “(10) The importance of pricing flexibility to  
4       encourage increased mail volume and operational ef-  
5       ficiency.

6           “(11) The relative value to the people of the  
7       kinds of mail matter entered into the postal system  
8       and the desirability and justification for special clas-  
9       sifications and services of mail.

10          “(12) The importance of providing classifica-  
11       tions with extremely high degrees of reliability and  
12       speed of delivery and of providing those that do not  
13       require high degrees of reliability and speed of deliv-  
14       ery.

15          “(13) The desirability of special classifications  
16       for both postal users and the Postal Service in ac-  
17       cordance with the policies of this title, including  
18       agreements between the Postal Service and postal  
19       users, when available on public and reasonable terms  
20       to similarly situated mailers, that—

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

25               “(B) do not cause—

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

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

6 “(14) The educational, cultural, scientific, and  
7 informational value to the recipient of mail matter.

8 “(15) The need for the Postal Service to in-  
9 crease its efficiency and reduce its costs, including  
10 infrastructure costs, to help maintain high quality,  
11 affordable postal services.

12 “(16) The value to the Postal Service and post-  
13 al users of promoting intelligent mail and of secure,  
14 sender-identified mail.

15 “(17) The importance of stability and predict-  
16 ability of rates to ratepayers.

17 “(18) The policies of this title as well as such  
18 other factors as the Commission determines appro-  
19 priate.”.

20 (3) REQUIREMENTS.—Section 3622(d)(1) of  
21 title 39, United States Code, is amended—

22 (A) by redesignating subparagraphs (B)  
23 through (E) as subparagraphs (C) through (F),  
24 respectively;

1 (B) in subparagraph (F) (as redesignated  
2 by clause (i)) by striking “subparagraphs (A)  
3 and (C)” and inserting “subparagraphs (A) and  
4 (D)”; and

5 (C) by inserting after subparagraph (A)  
6 the following:

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

10 “(i) cover attributable cost;

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

13 “(iii) do not cause unreasonable dis-  
14 ruption in the marketplace, consistent with  
15 subsection (c)(13)(B);

16 for purposes of this subparagraph, a group of  
17 functionally equivalent agreements shall consist  
18 of all service agreements that are functionally  
19 equivalent to each other within the same mar-  
20 ket-dominant product, but shall not include  
21 agreements within an experimental product;”.

22 (4) TECHNICAL AND CONFORMING AMEND-  
23 MENTS.—Section 3622 of title 39, United States  
24 Code, is amended—

1 (A) in subsection (a) by striking “, within  
2 18 months after the date of enactment of this  
3 section,”; and

4 (B) in subsection (d)(1)(E) (as redesign-  
5 nated by paragraph (3)(A)(i)) by striking  
6 “(c)(10)” and inserting “(c)(H)”.

7 (b) REPEAL OF RATE PREFERENCES FOR QUALI-  
8 FIED POLITICAL COMMITTEES.—Subsection (e) of section  
9 3626 of title 39, United States Code, is repealed.

10 (c) USE OF NEGOTIATED SERVICE AGREEMENTS.—

11 (1) STREAMLINED REVIEW OF QUALIFYING  
12 SERVICE AGREEMENTS FOR COMPETITIVE PROD-  
13 UCTS.—Section 3633 of title 39, United States  
14 Code, is amended by adding at the end the fol-  
15 lowing:

16 “(c) STREAMLINED REVIEW.—Not later than 90  
17 days after the date of enactment of this subsection, after  
18 notice and opportunity for comment, the Postal Regu-  
19 latory Commission shall promulgate (and may from time  
20 to time thereafter revise) regulations for streamlined  
21 after-the-fact review of newly proposed agreements be-  
22 tween the Postal Service and users of the mail that provide  
23 rates not of general applicability for competitive products.  
24 Streamlined review shall apply only if agreements are  
25 functionally equivalent to existing agreements that have

1 collectively covered attributable costs and collectively im-  
2 proved the net financial position of the Postal Service. The  
3 regulations issued under this subsection shall provide that  
4 streamlined review shall be concluded not later than 5  
5 business days after the date on which the agreement is  
6 filed with the Commission and shall be limited to approval  
7 or disapproval of the agreement as a whole based on the  
8 Commission's determination of its functional equivalence.  
9 Agreements not approved may be resubmitted without  
10 prejudice under section 3632.”.

11 (2) SUBMISSION OF SERVICE AGREEMENTS FOR  
12 STREAMLINED REVIEW.—Section 3632(b) of title 39,  
13 United States Code, is amended—

14 (A) by redesignating paragraph (4) as  
15 paragraph (5); and

16 (B) by inserting after paragraph (3) the  
17 following:

18 “(4) RATES FOR STREAMLINED REVIEW.—In  
19 the case of rates not of general applicability for com-  
20 petitive products that the Postmaster General con-  
21 siders eligible for streamlined review under section  
22 3633(c), the Postmaster General shall cause the  
23 agreement to be filed with the Postal Regulatory  
24 Commission by a date that is on or before the effec-  
25 tive date of any new rate established under the

1 agreement, as the Postmaster General considers ap-  
 2 propriate.”.

3 (3) TRANSPARENCY AND ACCOUNTABILITY FOR  
 4 SERVICE AGREEMENTS.—

5 (A) CERTAIN INFORMATION REQUIRED TO  
 6 BE INCLUDED IN DETERMINATIONS OF COMPLI-  
 7 ANCE.—Section 3653 of title 39, United States  
 8 Code, is amended—

9 (i) by redesignating subsections (c),  
 10 (d), and (e) as subsections (d), (e), and (f),  
 11 respectively; and

12 (ii) by inserting after subsection (b)  
 13 the following:

14 “(c) WRITTEN DETERMINATION.—Each annual writ-  
 15 ten determination of the Commission under this section  
 16 shall include the following:

17 “(1) REQUIREMENTS.—For each group of func-  
 18 tionally equivalent agreements between the Postal  
 19 Service and users of the mail, whether such group  
 20 fulfilled requirements to—

21 “(A) cover costs attributable; and

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

24 “(2) NONCOMPLIANCE.—Any group of function-  
 25 ally equivalent agreements not meeting subpara-



1 graphs (A) and (B) of paragraph (1) shall be deter-  
 2 mined to be in noncompliance under this subsection.

3 “(3) DEFINITION.—For purposes of this sub-  
 4 section, a group of functionally equivalent agree-  
 5 ments shall consist of 1 or more service agreements  
 6 that are functionally equivalent to each other within  
 7 the same market-dominant or competitive product,  
 8 but shall not include agreements within an experi-  
 9 mental product.”.

10 (B) TECHNICAL AMENDMENT.—Section  
 11 3653(d) of title 39, United States Code (as re-  
 12 designated by subparagraph (A)), is amended  
 13 by striking “subsections (c) and (e)” and in-  
 14 serting “subsections (c) and (d)”.

15 **SEC. 204. NONPOSTAL SERVICES.**

16 (a) NONPOSTAL SERVICES.—

17 (1) IN GENERAL.—Part IV of title 39, United  
 18 States Code, is amended by adding after chapter 36  
 19 the following:

20 **“CHAPTER 37—NONPOSTAL SERVICES**

“Sec.

“3701. Purpose.

“3702. Definitions.

“3703. Postal service program for State governments.

“3704. Postal service program for other government agencies.

“3705. Transparency and accountability for nonpostal services.

1   **“§ 3701. Purpose**

2           “The purpose of this chapter is to enable the Postal  
3   Service to increase its net revenues through specific non-  
4   postal products and services that are expressly authorized  
5   by this chapter. Postal Service revenues and expenses  
6   under this chapter shall be funded through the Postal  
7   Service Fund.

8   **“§ 3702. Definitions**

9           “In this chapter—

10           “(1) the term ‘nonpostal services’ is limited to  
11   services offered by the Postal Service that are ex-  
12   pressly authorized by this chapter and are not postal  
13   products or services;

14           “(2) the term ‘attributable costs’ has the mean-  
15   ing given such term in section 3631; and

16           “(3) the term ‘year’ means a fiscal year.

17   **“§ 3703. Postal service program for State govern-**  
18                   **ments**

19           “(a) IN GENERAL.—Notwithstanding any other pro-  
20   vision of this title, the Postal Service may establish a pro-  
21   gram to enter into agreements with an agency of any State  
22   government, local government, or tribal government to  
23   provide property and services on behalf of such agencies  
24   for non-commercial products and services at Postal Serv-  
25   ice facilities within the United States, but only if such  
26   property and services—

1           “(1) provide enhanced value to the public, such  
2           as by lowering the cost or raising the quality of such  
3           services or by making such services more accessible;

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

6                   “(A) the cost and efficiency of postal serv-  
7                   ices; and

8                   “(B) unreasonably restricting access to  
9                   postal retail service, such as customer waiting  
10                  time and access to parking; and

11           “(3) provide a reasonable contribution to the in-  
12           stitutional costs of the Postal Service, defined as re-  
13           imbursement that covers at least 100 percent of at-  
14           tributable costs of all property and services provided  
15           under each relevant agreement in each year.

16           “(b) PUBLIC NOTICE.—At least 90 days before offer-  
17           ing a service under the program, the Postal Service shall  
18           make available to the public on its Web site—

19                   “(1) the agreement with the agency regarding  
20                   such service; and

21                   “(2) a business plan that describes the specific  
22                   service to be provided, the enhanced value to the  
23                   public, terms of reimbursement, the estimated an-  
24                   nual reimbursement to the Postal Service, and the  
25                   estimated percentage of attributable Postal Service

1 costs that will be covered by reimbursement (with  
2 documentation to support the estimates).

3 “(c) PUBLIC COMMENT.—Before offering a service  
4 under the program, the Postal Service shall provide for  
5 a public comment period of at least 30 days that allows  
6 the public to post comments relating to the provision of  
7 such services on the Postal Service Web site. The Postal  
8 Service shall make reasonable efforts to provide written  
9 responses to the comments on such Web site at least 30  
10 days before offering such services.

11 “(d) APPROVAL REQUIRED.—The Postal Service may  
12 not establish the program under subsection (a) unless the  
13 Governors of the Postal Service approve such program by  
14 a recorded vote that is publicly disclosed on the Postal  
15 Service Web site with a majority of the total Governors  
16 voting for approval.

17 “(e) APPLICATION OF REPORTING REQUIRE-  
18 MENTS.—For purposes of the reporting requirements  
19 under section 3705, the Postal Service shall submit a sep-  
20 arate report for each agreement with an agency entered  
21 into under subsection (a) analyzing the costs, revenues,  
22 rates, and quality of service for the provision of all services  
23 under such agreement, including information dem-  
24 onstrating that the agreement satisfies the requirements  
25 of paragraphs (1) through (3) of subsection (a).

1       “(f) REGULATIONS REQUIRED.—The Postal Regu-  
2       latory Commission shall issue such regulations as are nec-  
3       essary to carry out this section.

4       “(g) DEFINITIONS.—For the purpose of this sec-  
5       tion—

6               “(1) the term ‘local government’ means a coun-  
7       ty, municipality, city, town, township, local public  
8       authority, school district, special district, intrastate  
9       district, council of governments, or regional or inter-  
10      state government entity;

11              “(2) the term ‘State government’ includes the  
12      government of the District of Columbia, the Com-  
13      monwealth of Puerto Rico, the United States Virgin  
14      Islands, Guam, American Samoa, the Common-  
15      wealth of the Northern Mariana Islands, and any  
16      other territory or possession of the United States;

17              “(3) the term ‘tribal government’ means the  
18      government of an Indian tribe, as that term is de-  
19      fined in section 4(e) of the Indian Self-Determina-  
20      tion Act (25 U.S.C. 450b(e)); and

21              “(4) the term ‘United States’, when used in a  
22      geographical sense, means the States, the District of  
23      Columbia, the Commonwealth of Puerto Rico, the  
24      United States Virgin Islands, Guam, American  
25      Samoa, the Commonwealth of the Northern Mariana

1 Islands, and any other territory or possession of the  
2 United States.

3 **“§ 3704. Postal service program for other government**  
4 **agencies**

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

13 “(b) APPLICATION OF REPORTING REQUIRE-  
14 MENTS.—For purposes of the reporting requirements  
15 under section 3705, the Postal Service shall submit a sep-  
16 arate report for each agreement with an agency entered  
17 into under subsection (a) analyzing the costs, revenues,  
18 rates, and quality of service for the provision of all services  
19 under such agreement, including information dem-  
20 onstrating that the agreement satisfies the requirements  
21 of subsection (a).

22 **“§ 3705. Transparency and accountability for non-**  
23 **postal services**

24 “(a) ANNUAL REPORT TO THE COMMISSION.—

1           “(1) IN GENERAL.—Not later than 90 days  
2           after the last day of each year, the Postal Service  
3           shall submit to the Postal Regulatory Commission a  
4           report that analyzes costs, revenues, rates, and qual-  
5           ity of service for each agreement for the provision of  
6           property and services under this chapter, using such  
7           methodologies as the Commission may prescribe, and  
8           in sufficient detail to demonstrate compliance with  
9           the requirements of this chapter.

10           “(2) SUPPORTING MATTER.—A report sub-  
11           mitted under paragraph (1) shall include any non-  
12           public annex, the working papers, and any other  
13           supporting matter of the Postal Service and the In-  
14           spector General related to the information submitted  
15           in such report.

16           “(b) CONTENT AND FORM OF REPORT.—

17           “(1) IN GENERAL.—The Postal Regulatory  
18           Commission shall, by regulation, prescribe the con-  
19           tent and form of the report required under sub-  
20           section (a). In prescribing such regulations, the  
21           Commission shall give due consideration to—

22                   “(A) providing the public with timely, ade-  
23                   quate information to assess compliance;

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

4           “(C) protecting the confidentiality of infor-  
5           mation that is commercially sensitive or is ex-  
6           empt from public disclosure under section  
7           552(b) of title 5.

8           “(2) REVISED REQUIREMENTS.—The Commis-  
9           sion may, on its own motion or on request of any  
10          interested party, initiate proceedings to improve the  
11          quality, accuracy, or completeness of Postal Service  
12          data required by the Commission if—

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

17           “(B) the quality of service data provided to  
18           the Commission for a report under this chapter  
19           has become significantly inaccurate or can be  
20           significantly improved; or

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

24          “(c) AUDITS.—The Inspector General shall regularly  
25          audit the data collection systems and procedures used in



1 collecting information and preparing the report required  
2 under subsection (a). The results of any such audit shall  
3 be submitted to the Postal Service and the Postal Regu-  
4 latory Commission.

5 “(d) CONFIDENTIAL INFORMATION.—

6 “(1) IN GENERAL.—If the Postal Service deter-  
7 mines that any document or portion of a document,  
8 or other matter, which it provides to the Postal Reg-  
9 ulatory Commission in a nonpublic annex under this  
10 section contains information described in section  
11 410(c), or exempt from public disclosure under sec-  
12 tion 552(b) of title 5, the Postal Service shall, at the  
13 time of providing such matter to the Commission,  
14 notify the Commission of its determination, in writ-  
15 ing, and describe with particularity the documents  
16 (or portions of documents) or other matter for which  
17 confidentiality is sought and the reasons therefor.

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

25 “(e) ANNUAL COMPLIANCE DETERMINATION.—

1 “(1) OPPORTUNITY FOR PUBLIC COMMENT.—

2 Upon receiving a report required under subsection  
3 (a), the Postal Regulatory Commission shall promptly—  
4 ly—

5 “(A) provide an opportunity for comment  
6 on such report by any interested party; and

7 “(B) appoint an officer of the Commission  
8 to represent the interests of the general public.

9 “(2) DETERMINATION OF COMPLIANCE OR NON-  
10 COMPLIANCE.—Not later than 90 days after receiving  
11 a report required under subsection (a), the Postal  
12 Regulatory Commission shall make a written determination  
13 as to whether the nonpostal activities  
14 carried out during the applicable year were or were  
15 not in compliance with the provisions of this chapter.  
16 For purposes of this paragraph, any case in which  
17 the requirements for coverage of attributable costs  
18 have not been met shall be considered to be a case  
19 of noncompliance. If, with respect to a year, no instance  
20 of noncompliance is found to have occurred,  
21 the determination shall be to that effect. Such determination  
22 of noncompliance shall be included with the  
23 annual compliance determination required under section  
24 3653.

1           “(3) NONCOMPLIANCE.—If a timely written de-  
2           termination of noncompliance is made under para-  
3           graph (2), the Postal Regulatory Commission shall  
4           take the following appropriate action. If the require-  
5           ments for coverage of attributable costs specified by  
6           this chapter are not met, the Commission shall,  
7           within 60 days after the determination, prescribe re-  
8           medial action to restore compliance as soon as prac-  
9           ticable, including the full restoration of revenue  
10          shortfalls during the following year. The Commission  
11          may order the Postal Service to discontinue a non-  
12          postal service under section 3703 that persistently  
13          fails to meet cost coverage requirements.

14          “(4) DELIBERATE NONCOMPLIANCE.—In the  
15          case of deliberate noncompliance by the Postal Serv-  
16          ice with the requirements of this chapter, the Postal  
17          Regulatory Commission may order, based on the na-  
18          ture, circumstances, extent, and seriousness of the  
19          noncompliance, a fine (in the amount specified by  
20          the Commission in its order) for each incidence of  
21          such noncompliance. All receipts from fines imposed  
22          under this subsection shall be deposited in the gen-  
23          eral fund of the Treasury.

1       “(f) REGULATIONS REQUIRED.—The Postal Regu-  
 2       latory Commission shall issue such regulations as are nec-  
 3       essary to carry out this section.”.

4               (2) CLERICAL AMENDMENT.—The table of  
 5       chapters for part IV of title 39, United States Code,  
 6       is amended by adding after the item relating to  
 7       chapter 36 the following:

**“37. Nonpostal services ..... 3701”.**

8       (b) CONFORMING AMENDMENTS.—

9               (1) SECTION 404.—Section 404(e) of title 39,  
 10       United States Code, is amended—

11               (A) in paragraph (2), by inserting after  
 12       “subsection” the following: “, or any nonpostal  
 13       products or services authorized by chapter 37”;  
 14       and

15               (B) by adding at the end the following:

16       “(6) Licensing which, before the date of enactment  
 17       of this paragraph, has been authorized by the Postal Reg-  
 18       ulatory Commission for continuation as a nonpostal serv-  
 19       ice may not be used for any purpose other than—

20               “(A) to continue to provide licensed mailing,  
 21       shipping, or stationery supplies offered as of June  
 22       23, 2011; or

23               “(B) to license other goods, products, or serv-  
 24       ices, the primary purpose of which is to promote and  
 25       enhance the image or brand of the Postal Service.

1           “(7) Nothing in this section shall be considered  
2           to prevent the Postal Service from establishing non-  
3           postal products and services that are expressly au-  
4           thorized by chapter 37.”.

5           (2) SECTION 411.—The last sentence of section  
6           411 of title 39, United States Code, is amended by  
7           striking “including reimbursability” and inserting  
8           “including reimbursability within the limitations of  
9           chapter 37”.

10          (3) TREATMENT OF EXISTING NONPOSTAL  
11          SERVICES.—All individual nonpostal services, pro-  
12          vided directly or through licensing, that are contin-  
13          ued pursuant to section 404(e) of title 39, United  
14          States Code, shall be considered to be expressly au-  
15          thorized by chapter 37 of such title (as added by  
16          subsection (a)(1)) and shall be subject to the re-  
17          quirements of such chapter.

18   **SEC. 205. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL**  
19                           **SERVICE.**

20          (a) CONDITIONS REGARDING DETERMINATIONS FOR  
21          POST OFFICE CLOSURES.—Clause (i) of section  
22          404(d)(2)(A) of title 39, United States Code, is amended  
23          to read as follows:

1 “(i) the effect of such closing or consolida-  
2 tion on the community served by such post of-  
3 fice, including through an analysis of—

4 “(I) the distance (as measured by  
5 public roads) to the closest postal retail fa-  
6 cility not proposed for closure or consolida-  
7 tion under such plan;

8 “(II) the characteristics of such loca-  
9 tion, including weather and terrain;

10 “(III) whether commercial mobile  
11 service (as defined in section 332 of the  
12 Communications Act of 1934) and com-  
13 mercial mobile data service (as defined in  
14 section 6001 of the Middle Class Tax Re-  
15 lief and Job Creation Act of 2012) are  
16 available in at least 80 percent of the total  
17 geographic area of the ZIP codes served by  
18 the postal retail facility proposed for clo-  
19 sure or consolidation; and

20 “(IV) whether fixed broadband Inter-  
21 net access service is available to households  
22 in at least 80 percent of such geographic  
23 area at speeds not less than those suffi-  
24 cient for service to be considered  
25 broadband for purposes of the most recent

1 report of the Federal Communications  
2 Commission under section 706 of the Tele-  
3 communications Act of 1996;”.

4 (b) PRC REVIEW OF DETERMINATIONS TO CLOSE  
5 OR CONSOLIDATE A POST OFFICE.—

6 (1) DEADLINE FOR REVIEW.—Section  
7 404(d)(5) title 39, United States Code, is amended  
8 by striking “120 days” and inserting “60 days, or  
9 a longer period for good cause shown but in no event  
10 longer than 120 days,”.

11 (2) APPLICABILITY.—The amendment made by  
12 paragraph (1) shall not apply with respect to an ap-  
13 peal received by the Postal Regulatory Commission  
14 before the date of enactment of this Act (as deter-  
15 mined applying the rules set forth in section  
16 404(d)(6) of such title).

17 (c) EXPEDITED PROCEDURES.—

18 (1) IN GENERAL.—Section 3661 of title 39,  
19 United States Code, is amended by adding at the  
20 end the following:

21 “(d)(1) The Commission shall issue its opinion within  
22 90 days, or a longer period for good cause shown but in  
23 no event longer than 120 days, after the receipt of any  
24 proposal (as referred to in subsection (b)) concerning an  
25 identical or substantially identical proposal on which the

1 Commission has issued an opinion within the preceding  
2 5 years.

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

7 (2) REGULATIONS.—The Postal Regulatory  
8 Commission shall prescribe any regulations nec-  
9 essary to carry out the amendment made by para-  
10 graph (1) within 90 days after the date of enact-  
11 ment of this Act.

12 (3) APPLICABILITY.—The amendment made by  
13 this subsection shall apply with respect to any pro-  
14 posal received by the Postal Regulatory Commission  
15 on or after the earlier of—

16 (A) the 90th day after the date of enact-  
17 ment of this Act; or

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

20 (d) ALTERNATE POSTAL ACCESS CHOICE.—Section  
21 404(d) of title 39, United States Code, is amended by  
22 striking paragraph (1) and inserting the following:

23 “(1) The Postal Service, prior to making a de-  
24 termination under subsection (a)(3) as to the neces-



1       sity for the closing or consolidation of any post of-  
2       fice, shall—

3               “(A) provide adequate notice of its inten-  
4               tion to close or consolidate such post office at  
5               least 60 days prior to the proposed date of such  
6               closing or consolidation to postal patrons served  
7               by such post office;

8               “(B) conduct a nonbinding survey on the  
9               proposed closing or consolidation to allow postal  
10              patrons served by such post office an oppor-  
11              tunity to indicate their preference between or  
12              among—

13               “(i) the closing or consolidation; and

14               “(ii) 1 or more alternative options;

15              and

16              “(C) ensure that—

17               “(i) should the closure or consolida-  
18               tion of a postal retail facility be deemed  
19               necessary, it shall be the policy of the  
20               Postal Service to provide alternative access  
21               to postal services to those served by the  
22               postal retail facility by the option chosen  
23               by the highest number of survey respond-  
24               ents under subparagraph (B)(ii); and

1                   “(ii) if the Postal Service is unable to  
 2                   provide alternative access through the op-  
 3                   tion identified in clause (i), or if that op-  
 4                   tion is cost prohibitive, the Postal Service  
 5                   may provide alternative access through a  
 6                   different means. Upon selection of an al-  
 7                   ternative access method other than the one  
 8                   identified by clause (i), the Postal Service  
 9                   must provide written notice to those pa-  
 10                  trons served by the postal retail facility  
 11                  identifying and explaining why the option  
 12                  identified by clause (i) was not possible or  
 13                  cost prohibitive.”.

14           (e) APPLICABILITY OF PROCEDURES RELATING TO  
 15 CLOSURES AND CONSOLIDATIONS.—

16           (1) IN GENERAL.—Section 404(d) of title 39,  
 17           United States Code, is further amended by adding  
 18           at the end the following:

19           “(7) For purposes of this subsection, the term ‘post  
 20           office’ means a post office and any other facility described  
 21           in section 2(2) of the Postal Service Reform Act of  
 22           2016.”.

23           (2) EFFECTIVE DATE.—In the case of any post  
 24           office (within the meaning of the amendment made  
 25           by paragraph (1)) which, but for such amendment,

1 would not otherwise be subject to section 404(d) of  
2 title 39, United States Code, the amendment made  
3 by subsection (a) shall be effective with respect to  
4 any closure or consolidation, the proposed effective  
5 date of which occurs on or after the 60th day fol-  
6 lowing the date of enactment of this Act.

7 (f) ENHANCED REPORTING ON POSTAL SERVICE EF-  
8 FICIENCY.—Section 3652(a) of title 39, United States  
9 Code, is amended—

10 (1) in paragraph (1), by striking “and” at the  
11 end;

12 (2) in paragraph (2)(B)(ii), by striking the pe-  
13 riod at the end and inserting “; and”; and

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

15 “(3) which shall provide the overall change in  
16 Postal Service productivity and the resulting effect  
17 of such change on overall Postal Service costs during  
18 such year, using such methodologies as the Commis-  
19 sion shall by regulation prescribe, if necessary.”.

20 (g) POSTPLAN STUDY.—

21 (1) IN GENERAL.—Beginning not later than 30  
22 days after the date of enactment of this Act, the In-  
23 spector General of the Postal Community shall con-  
24 duct a 1-year review to study of the impacts of the  
25 POSTPlan post office restructuring plan on Postal

1 Service expenses, revenue, and retail service provi-  
2 sion.

3 (2) CONTENT.—In conducting the review under  
4 paragraph (1), the Inspector General shall exam-  
5 ine—

6 (A) changes in the costs for the provision  
7 of Postal Service operated retail service, both  
8 nationwide and in the aggregate for each of the  
9 Level 2, Level 4, Level 6, and Level 18 post of-  
10 fices for which the hours, functions, or respon-  
11 sibilities changed as a result of the POSTPlan  
12 initiative before and after the implementation of  
13 the POSTPlan initiative;

14 (B) changes in revenue received by Postal  
15 Service operated retail service, both nationwide  
16 and in the aggregate for each of the Level 2,  
17 Level 4, Level 6, and Level 18 post offices for  
18 which the hours, functions, or responsibilities  
19 changed as a result of the POSTPlan initiative  
20 before and after the implementation of the  
21 POSTPlan initiative;

22 (C) a determination of the relative cost  
23 savings, taking into account any changes in rev-  
24 enue earned, realized on an annual basis for  
25 Level 2, Level 4, Level 6, and Level 18 offices

1 each in the aggregate and any trends in such  
2 cost savings;

3 (D) the relative impact on retail access to  
4 postal services for individuals served by Level 2,  
5 Level 4, Level 6, and Level 18 offices each in  
6 the aggregate; and

7 (E) any other factors the Inspector Gen-  
8 eral determines appropriate.

9 (3) REPORT AND RECOMMENDATIONS.—Upon  
10 completion of the review required under paragraph  
11 (1), the Inspector General shall submit to the Postal  
12 Service, the Committee on Homeland Security and  
13 Governmental Affairs of the Senate, and the Com-  
14 mittee on Oversight and Government Reform of the  
15 House of Representatives a report containing—

16 (A) the results of the review; and

17 (B) any recommendations resulting from  
18 such review.

19 (4) POSTAL SERVICE REVIEW.—Prior to any  
20 hour changes or consolidation decisions related to  
21 POSTPlan initiative impacted post offices, the Post-  
22 al Service shall—

23 (A) review the report and any rec-  
24 ommendations submitted pursuant to para-  
25 graph (3); and

1 (B) revise any planned efforts regarding  
2 the POSTPlan initiative, as appropriate.

3 **SEC. 206. FAIR STAMP-EVIDENCING COMPETITION.**

4 Section 404a(a) of title 39, United States Code, is  
5 further amended—

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

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

10 (3) by adding at the end the following:

11 “(4) offer to the public any postage-evidencing  
12 product or service that does not comply with any  
13 rule or regulation that would be applicable to such  
14 product or service if the product or service were of-  
15 fered by a private company.”.

16 **SEC. 207. MARKET-DOMINANT RATES.**

17 (a) ESTABLISHMENT OF RATE BASELINE.—Notwith-  
18 standing any order of the Postal Regulatory Commission  
19 to the contrary—

20 (1) no earlier than the first Sunday after the  
21 date of enactment of this Act, on a date selected by  
22 the Postmaster General in the exercise of the Post-  
23 master General’s unreviewable discretion, the Postal  
24 Service shall reinstate, as nearly as is practicable, 50  
25 percent of the rate surcharge implemented under

1 section 3622(d)(1)(G) (as redesignated by this Act)  
2 that was in effect on April 9, 2016; and

3 (2) the partially reinstated surcharge reinstated  
4 pursuant to paragraph (1) shall be considered a part  
5 of the rate base for purposes of determining the per-  
6 centage changes in rates when the Postal Service  
7 files a notice of rate adjustment.

8 (b) SUBSEQUENT RATE INCREASES.—The reinstate-  
9 ment described under subsection (a)(1) may not affect the  
10 calculation of the Postal Service’s maximum rate adjust-  
11 ment authority under subpart C of Part 3010 of title 39,  
12 Code of Federal Regulations, for purposes of any rate in-  
13 crease that occurs following such reinstatement.

14 (c) POSTAL REGULATORY COMMISSION AUTHORITY  
15 NOT AFFECTED.—Nothing in this section shall be con-  
16 strued as affecting the authority of the Postal Regulatory  
17 Commission to, by regulation, make such modification or  
18 adopt such alternative system for regulating rates and  
19 classes for market-dominant products as provided under  
20 section 3622 of title 39, United States Code.

21 (d) EXIGENCY APPEAL TERMINATED.—The Postal  
22 Service—

23 (1) shall withdraw its judicial appeal concerning  
24 the rates previously established pursuant to section

1       3622(d)(1)(G) (as redesignated by this Act) of title  
2       39, United States Code; and

3           (2) may not institute or maintain an additional  
4       rate increase pursuant to section 3622(d)(1)(G) (as  
5       redesignated by this Act) of title 39, United States  
6       Code, predicated upon the same extraordinary or ex-  
7       ceptional circumstances upon which rates have pre-  
8       viously been increased pursuant to such section.

9   **SEC. 208. COMPLETION OF INITIAL RATE REGULATION RE-**  
10                   **VIEW.**

11       The Postal Regulatory Commission shall complete  
12       the initial review of the system for regulating rates and  
13       classes for market-dominant products established under  
14       section 3622 of title 39, United States Code, such that  
15       a final rule or rules regarding a revised or reapproved sys-  
16       tem for regulating rates and classes for market-dominant  
17       products is issued not later than January 1, 2018.

18   **SEC. 209. REVIEW OF POSTAL SERVICE COST ATTRIBUTION**  
19                   **GUIDELINES.**

20       Not later than April 1, 2018, the Postal Regulatory  
21       Commission shall initiate a review of the regulations  
22       issued pursuant to sections 3633(a) and 3652(a)(1) of  
23       title 39, United States Code, to determine whether revi-  
24       sions are appropriate to ensure that all direct and indirect  
25       costs attributable to competitive and market-dominant



1 products are properly attributed to those products, includ-  
2 ing by considering the underlying methodologies in deter-  
3 mining cost attribution and considering options to revise  
4 such methodologies. If the Commission determines, after  
5 notice and opportunity for public comment, that revisions  
6 are appropriate, the Commission shall make modifications  
7 or adopt alternative methodologies as necessary.

8 **SEC. 210. AVIATION SECURITY FOR PARCELS.**

9 (a) IN GENERAL.—Chapter 54 of title 39, United  
10 States Code, is amended by adding at the end the fol-  
11 lowing:

12 **“§ 5404. Aviation security for parcels**

13 “A parcel carried by an air carrier or foreign air car-  
14 rier (as those terms are defined in section 40102(a) of  
15 title 49) shall—

16 “(1) use postage that has been generated by a  
17 postage evidencing system that has been validated  
18 under level 4 of the 140 series of the Federal Infor-  
19 mation Processing Standards; or

20 “(2) be entered with in person sender  
21 verification.”.

22 (b) TECHNICAL AMENDMENT.—Section 5401(b) of  
23 title 39, United States Code, is amended by inserting “or  
24 5404” after “in section 5402”.

1 (c) CONFORMING AMENDMENT.—The table of sec-  
 2 tions for chapter 54 of title 39, United States Code, is  
 3 amended by adding at the end the following:

“5404. Aviation security for parcels.”.

4 **SEC. 211. ZIP CODES.**

5 Not later than September 30, 2017, the Postal Serv-  
 6 ice shall designate a single, unique ZIP code for, as nearly  
 7 as practicable, each of the following communities:

8 (1) Miami Lakes, Florida.

9 (2) Storey County, Nevada.

10 (3) Flanders, Northampton, and Riverside in  
 11 the Town of Southampton, New York.

12 **TITLE III—POSTAL SERVICE**  
 13 **PERSONNEL**

14 **SEC. 301. POSTAL SERVICE CHIEF INNOVATION OFFICER.**

15 (a) IN GENERAL.—Chapter 2 of title 39, United  
 16 States Code, is amended by adding at the end the fol-  
 17 lowing:

18 **“§ 209. Chief Innovation Officer**

19 “(a) IN GENERAL.—There is established within the  
 20 Postal Service the position of Chief Innovation Officer, ap-  
 21 pointed by the Postmaster General, who shall manage the  
 22 Postal Service’s development and implementation of inno-  
 23 vative postal and nonpostal products and services.

24 “(b) DUTIES.—The primary duties of the Chief Inno-  
 25 vation Officer are as follows:

1           “(1) Leading the development of innovative  
2           nonpostal products and services that will maximize  
3           revenue to the Postal Service.

4           “(2) Developing innovative postal products and  
5           services, specifically those that utilize emerging in-  
6           formation technologies, to maximize revenue to the  
7           Postal Service.

8           “(3) Implementing the innovation strategy de-  
9           scribed under subsection (d).

10          “(4) Monitoring the performance of innovative  
11          products and services and revising them as needed  
12          to meet changing market trends.

13          “(5) Taking into consideration comments or ad-  
14          visory opinions, if applicable, issued by the Postal  
15          Regulatory Commission prior to the initial sale of in-  
16          novative postal or nonpostal products and services.

17          “(c) APPOINTMENT.—

18               “(1) DEADLINE.—As soon as practicable after  
19               the date of enactment of the Postal Service Reform  
20               Act of 2016, but no later than 6 months after such  
21               date, the Postmaster General shall appoint a Chief  
22               Innovation Officer.

23               “(2) REQUIREMENTS.—Any individual ap-  
24               pointed to serve as the Chief Innovation Officer shall  
25               have proven expertise and a record of success in at

1       least 1 of the following: postal and shipping indus-  
2       try; innovation product research and development;  
3       marketing brand strategy; emerging communications  
4       technology; or business process management.

5               “(3) CURRENT OFFICER OR EMPLOYEE ELIGI-  
6       BLE.—An officer or employee of the Postal Service  
7       may be appointed to the position of Chief Innovation  
8       Officer under this chapter. Upon appointment to  
9       such position, such officer or employee may not con-  
10      currently hold any other position in the Postal Serv-  
11      ice.

12      “(d) INNOVATION STRATEGY.—

13              “(1) IN GENERAL.—Not later than 12 months  
14      after the date on which the Chief Innovation Officer  
15      is appointed under subsection (c)(1), the Postmaster  
16      General shall submit to the Committee on Oversight  
17      and Government Reform of the House of Represent-  
18      atives, the Committee on Homeland Security and  
19      Governmental Affairs of the Senate, and the Postal  
20      Regulatory Commission a comprehensive strategy for  
21      maximizing revenues through innovative postal and  
22      nonpostal products and services.

23              “(2) MATTERS TO BE ADDRESSED.—The strat-  
24      egy submitted under paragraph (1) shall address—

1           “(A) the specific innovative postal and  
2 nonpostal products and services to be developed  
3 and offered by the Postal Service, including the  
4 nature of the market to be filled by each prod-  
5 uct and service and the likely date by which  
6 each product and service will be introduced;

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

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

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

14           “(E) the likelihood of success of each prod-  
15 uct and service as well as the risks associated  
16 with the development and sale of each product  
17 and service;

18           “(F) the trends anticipated in market con-  
19 ditions that may affect the success of each  
20 product and service over the 5-year period be-  
21 ginning on the date such strategy or update is  
22 submitted;

23           “(G) the metrics that will be utilized to as-  
24 sess the effectiveness of the innovation strategy;  
25 and

1           “(H) the specific methods by which  
2           mailpiece design analysis may be improved to  
3           speed the approval process and promote the in-  
4           creased use of innovative mailpiece design.

5           “(3) STRATEGY UPDATES.—On January 1,  
6           2018, and every 3 years thereafter, the Postal Serv-  
7           ice shall submit an update to the innovation strategy  
8           submitted under paragraph (1) to the Committee on  
9           Oversight and Government Reform of the House of  
10          Representatives, the Committee on Homeland Secu-  
11          rity and Governmental Affairs of the Senate, and  
12          the Postal Regulatory Commission.

13          “(e) REPORT.—

14               “(1) IN GENERAL.—On the date of submission  
15               of the President’s annual budget under section  
16               1105(a) of title 31, the Postmaster General shall  
17               submit to the Committee on Oversight and Govern-  
18               ment Reform of the House of Representatives, the  
19               Committee on Homeland Security and Governmental  
20               Affairs of the Senate, and the Postal Regulatory  
21               Commission a report that details the Postal Serv-  
22               ice’s progress in implementing the innovation strat-  
23               egy described under subsection (d).

24               “(2) MATTERS TO BE ADDRESSED.—The report  
25               required under paragraph (1) shall address—

1           “(A) the revenue generated by each prod-  
2           uct and service developed through the innova-  
3           tion strategy and the costs of developing and  
4           offering each such product and service for the  
5           most recent fiscal year;

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

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

11          “(D) products and services identified in  
12          the innovation strategy that are to be discon-  
13          tinued, the date on which the discontinuance  
14          will occur, and the reasons for the discontinu-  
15          ance;

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

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

25          “(f) COMPTROLLER GENERAL STUDY.—

1           “(1) IN GENERAL.—The Comptroller General  
2           shall conduct a study on the implementation of the  
3           innovation strategy described under subsection (d)  
4           not later than 4 years after the date of enactment  
5           of the Postal Service Reform Act of 2016.

6           “(2) CONTENTS.—The study required under  
7           paragraph (1) shall assess the effectiveness of the  
8           Postal Service in identifying, developing, and selling  
9           innovative postal and nonpostal products and serv-  
10          ices. The study shall also include—

11                 “(A) an audit of the costs of developing  
12                 each innovative postal and nonpostal product  
13                 and service developed or offered by the Postal  
14                 Service during the period beginning on the date  
15                 of enactment of the Postal Service Reform Act  
16                 of 2016 and ending 4 years after such date;

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

19                 “(C) the revenues and profits generated by  
20                 each such product and service; and

21                 “(D) the likelihood of continued success of  
22                 each such product and service.

23           “(3) SUBMISSION.—The results of the study re-  
24           quired under this subsection shall be submitted to  
25           the Committee on Oversight and Government Re-



1 form of the House of Representatives, the Com-  
 2 mittee on Homeland Security and Governmental Af-  
 3 fairs of the Senate, and the Postal Regulatory Com-  
 4 mission.”.

5 (b) CLERICAL AMENDMENT.—The table of sections  
 6 at the beginning of chapter 2 of title 39, United States  
 7 Code, is amended by adding at the end the following:

“209. Chief Innovation Officer.”.

8 **SEC. 302. INSPECTOR GENERAL OF THE POSTAL COMMU-**  
 9 **NITY.**

10 (a) PRESIDENTIALLY APPOINTED, SENATE-CON-  
 11 FIRMED INSPECTOR GENERAL.—The Inspector General  
 12 Act of 1978 (5 U.S.C. App.) is amended—

13 (1) in section 8G—

14 (A) in subsection (a)—

15 (i) in paragraph (2), by striking “the  
 16 United States International Trade Com-  
 17 mission, the Postal Regulatory Commis-  
 18 sion, and the United States Postal Serv-  
 19 ice” and inserting “and the United States  
 20 International Trade Commission”;

21 (ii) in paragraph (3), by striking  
 22 “subsection (h)(1)” and inserting “sub-  
 23 section (g)(1)”; and

24 (iii) in paragraph (4)—

25 (I) by striking subparagraph (B);

1 (II) by striking “subsection  
 2 (h)(1)” and inserting “subsection  
 3 (g)(1)”; and

4 (III) by redesignating subpara-  
 5 graphs (C), (D), (E), (F), (G), (H),  
 6 and (I) as (B), (C), (D), (E), (F),  
 7 (G), and (H), respectively;

8 (B) in subsection (c), by striking “Except  
 9 as provided under subsection (f) of this section,  
 10 the” and inserting “The”;

11 (C) by striking subsection (f); and

12 (D) by redesignating subsections (g) and  
 13 (h) as (f) and (g), respectively; and  
 14 (2) in section 12—

15 (A) in paragraph (1), by inserting “the  
 16 Postmaster General of the United States; the  
 17 Chairman of the Postal Regulatory Commis-  
 18 sion;” after “the President of the Export-Im-  
 19 port Bank;”; and

20 (B) in paragraph (2), by inserting “the  
 21 United States Postal Service, the Postal Regu-  
 22 latory Commission,” after “the Export-Import  
 23 Bank,”.

24 (b) INSPECTOR GENERAL OF THE POSTAL COMMU-  
 25 NITY.—

1           (1) ESTABLISHMENT.—The Inspector General  
2       Act of 1978 (5 U.S.C. App.), as amended by sub-  
3       section (a), is further amended by inserting after  
4       section 8L the following new section:

5   **“SEC. 8M. SPECIAL PROVISIONS CONCERNING THE UNITED**  
6                   **STATES POSTAL SERVICE AND POSTAL REGU-**  
7                   **LATORY COMMISSION.**

8       “(a) OFFICE OF INSPECTOR GENERAL OF THE POST-  
9   AL COMMUNITY.—The Inspector General for the United  
10   States Postal Service and the Postal Regulatory Commis-  
11   sion shall be referred to as the ‘Inspector General of the  
12   Postal Community’.

13       “(b) RESPONSIBILITIES.—In carrying out the duties  
14   and responsibilities specified in this Act, the Inspector  
15   General of the Postal Community shall have equal respon-  
16   sibility over the United States Postal Service and the Post-  
17   al Regulatory Commission.

18       “(c) APPLICABLE HEAD OF THE ESTABLISHMENT.—  
19   For purposes of the applicability of this Act to the Inspec-  
20   tor General of the Postal Community—

21           “(1) the ‘head of the establishment’ shall mean  
22       the Postmaster General of the United States for ac-  
23       tivities by the Office related to the United States  
24       Postal Service; and

1           “(2) the ‘head of the establishment’ shall mean  
2           the Chairman of the Postal Regulatory Commission  
3           for activities by the Office related to the Postal Reg-  
4           ulatory Commission.

5           “(d) APPLICABILITY OF ESTABLISHMENT FOR RE-  
6           PORTS.—In carrying out the duties and responsibilities  
7           under section 5—

8           “(1) the term ‘establishment’ shall include as  
9           separate establishments—

10                   “(A) the United States Postal Service; and

11                   “(B) the Postal Regulatory Commission;

12                   and

13           “(2) the Inspector General of the Postal Com-  
14           munity shall prepare separate semiannual reports  
15           for the United States Postal Service and the Postal  
16           Regulatory Commission.

17           “(e) OFFICE SPACE.—In carrying out the duties and  
18           responsibilities under section 6(c), the heads of the estab-  
19           lishments for the United States Postal Service and the  
20           Postal Regulatory Commission shall work jointly with one  
21           another and in consultation with the Inspector General of  
22           the Postal Community to ensure adequate and appropriate  
23           provision to the Office of the Inspector General of the  
24           Postal Community under section 6(c).

1       “(f) BUDGET.—In carrying out the duties and re-  
2       sponsibilities under section 6(f)—

3               “(1) the ‘head of the establishment’ shall mean  
4       the Postmaster General of the United States; and

5               “(2) designation of the Postmaster General of  
6       the United States as ‘head of the establishment’  
7       under this subsection shall not be construed as  
8       granting any authorities to the Postmaster General  
9       of the United States with regard to the Postal Regu-  
10      latory Commission.

11      “(g) GENERAL DUTIES AND RESPONSIBILITIES.—In  
12      carrying out the duties and responsibilities specified in  
13      this Act—

14              “(1) the Inspector General of the Postal Com-  
15      munity shall have oversight responsibility for all ac-  
16      tivities of the Postal Inspection Service, including  
17      any internal investigation performed by the Postal  
18      Inspection Service;

19              “(2) the Inspector General of the Postal Com-  
20      munity shall give particular regard to the activities  
21      of the Postal Inspection Service with a view toward  
22      avoiding duplication and insuring effective coordina-  
23      tion and cooperation; and

24              “(3) the Chief Postal Inspector shall promptly  
25      report the significant activities being carried out by

1 the Postal Inspection Service to the Inspector Gen-  
2 eral of the Postal Community.

3 “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated, out of the Postal Serv-  
5 ice Fund, such sums as may be necessary for the Office  
6 of Inspector General of the Postal Community.”.

7 (2) CONFORMING AMENDMENTS.—Section 8J of  
8 the Inspector General Act of 1978 (5 U.S.C. App.)  
9 is amended by striking “The special provisions  
10 under section” through “of this Act” and inserting  
11 “The special provisions under section 8, 8A, 8B, 8C,  
12 8D, 8E, 8F, 8H, 8I, or 8M of this Act”.

13 (3) APPOINTMENT.—Not later than 180 days  
14 after the date of enactment of this Act, the Presi-  
15 dent shall appoint, by and with the advice and con-  
16 sent of the Senate, an Inspector General of the Post-  
17 al Community. Any individual appointed under the  
18 previous sentence shall be deemed to be appointed  
19 under section 8M of the Inspector General Act of  
20 1978 (5 U.S.C. App.) (as amended by paragraph  
21 (1)).

22 (c) TRANSFER OF THE OFFICE OF THE INSPECTOR  
23 GENERAL OF THE POSTAL REGULATORY COMMISSION.—

24 (1) IN GENERAL.—On the date that is the ef-  
25 fective date of this section, the duties, responsibil-

ities, functions, personnel, assets, unexpended balances of appropriations, and obligations held by the Inspector General of the Postal Regulatory Commission shall be transferred to the Office of the Inspector General of the Postal Community.

(2) EXISTING INSPECTOR GENERAL.—The Inspector General of the Postal Regulatory Commission transferred pursuant to paragraph (1) shall serve under the Inspector General of the Postal Community.

(d) TRANSFER OF THE OFFICE OF THE INSPECTOR GENERAL OF UNITED STATES POSTAL SERVICE.—

(1) IN GENERAL.—On the date that is the effective date of this section, the duties, responsibilities, functions, personnel, assets, unexpended balances of appropriations, and obligations held by the Inspector General of the United States Postal Service shall be transferred to the Office of the Inspector General of the Postal Community.

(2) EXISTING INSPECTOR GENERAL.—The Inspector General of the United States Postal Service transferred pursuant to paragraph (1) shall serve under the Inspector General of the Postal Community.

1       (e) DELEGATION AND ASSIGNMENT.—Except as oth-  
2 erwise expressly prohibited by law or otherwise provided  
3 in this Act, the Inspector General of the Postal Commu-  
4 nity may delegate any of the functions transferred pursu-  
5 ant to this section to such officers and employees of the  
6 Office of the Inspector General of the Postal Community  
7 as the Inspector General may designate, and may author-  
8 ize successive redelegations of such functions as may be  
9 necessary or appropriate. No delegation of functions under  
10 this subsection or under any other provision of this Act  
11 shall relieve the Inspector General of the Postal Commu-  
12 nity of responsibility for the administration of the func-  
13 tion.

14       (f) SAVINGS PROVISIONS.—

15           (1) LEGAL DOCUMENTS.—Any order, deter-  
16 mination, rule, regulation, permit, grant, loan, con-  
17 tract, agreement, certificate, license, or privilege that  
18 has been issued, made, granted, or allowed to be-  
19 come effective that is in effect on the effective date  
20 of this section shall continue in effect according to  
21 their terms until modified, terminated, superseded,  
22 set aside, or revoked in accordance with law.

23           (2) PROCEEDINGS.—This section shall not af-  
24 fect any proceeding pending on the effective date of  
25 this section before an office transferred by either



1 such subsection, but such proceeding shall be contin-  
2 ued. Nothing in this paragraph shall be considered  
3 to prohibit the discontinuance or modification of any  
4 such proceeding under the same terms and condi-  
5 tions and to the same extent that such proceeding  
6 could have been discontinued or modified if this sec-  
7 tion had not been enacted.

8 (3) SUITS.—This section shall not affect any  
9 suit commenced before the effective date of this sec-  
10 tion, and in any such suit, proceeding shall be had,  
11 appeals taken, and judgments rendered in the same  
12 manner and with the same effect as if this section  
13 had not been enacted.

14 (4) REFERENCES.—Any reference in any other  
15 Federal law, Executive order, rule, regulation, or  
16 delegation of authority, or any document relating to  
17 the Inspector General of the Postal Regulatory Com-  
18 mission, the Inspector General of the United States  
19 Postal Service, or the office of either such inspector  
20 general shall be deemed to refer to the Inspector  
21 General of the Postal Community or the Office of  
22 the Inspector General of the Postal Community, as  
23 applicable.

24 (g) AVAILABILITY OF EXISTING FUNDS.—Existing  
25 appropriations and funds available for the performance of

1 functions, programs, and activities transferred pursuant  
2 to this section shall remain available, for the duration of  
3 their period of availability, for necessary expenses in con-  
4 nection with the Office of the Inspector General of the  
5 Postal Community and the transfer of such functions, pro-  
6 grams, and activities.

7 (h) TITLE 39 AMENDMENTS.—Title 39, United  
8 States Code, is amended as follows:

9 (1) In section 102(4), by striking “the Inspec-  
10 tor General appointed under section 202(e) of this  
11 title” and inserting “the Inspector General of the  
12 Postal Community as described in section 8M of the  
13 Inspector General Act of 1978 (5 U.S.C. App.)”.

14 (2) In section 504, by striking subsection (h).

15 (3) In section 1003(b), by striking “the Office  
16 of Inspector General of the United States Postal  
17 Service” and inserting “the Office of Inspector Gen-  
18 eral of the Postal Community”.

19 (4) In section 2003(e)(1), by striking “the Of-  
20 fice of Inspector General, subject to the availability  
21 of amounts appropriated under section 8G(f) of the  
22 Inspector General Act of 1978.” and inserting “the  
23 Office of Inspector General of the Postal Commu-  
24 nity”.

(i) **DELAYED EFFECTIVE DATE.**—This section, and the amendments made by this section, shall take effect upon the date that is 30 days after the date on which an individual is confirmed by the Senate as the Inspector General of the Postal Community under subsection (b)(3).

18 SEC. 303. RIGHT OF APPEAL TO MERIT SYSTEMS PROTEC-  
19 TION BOARD.

20           Section 1005(a)(4)(A)(ii)(I) of title 39, United States  
21 Code, is amended to read as follows:

22 “(I) is an officer or employee of the Postal  
23 Service who—

1 “(aa) is not represented by a bar-  
 2 gaining representative recognized under  
 3 section 1203; and

4 “(bb) is in a supervisory, professional,  
 5 technical, clerical, administrative, or mana-  
 6 gerial position covered by the Executive  
 7 and Administrative Schedule; and”.

8 **TITLE IV—POSTAL**  
 9 **CONTRACTING REFORM**

10 **SEC. 401. CONTRACTING PROVISIONS.**

11 (a) IN GENERAL.—Part I of title 39, United States  
 12 Code, is amended by adding at the end the following:

13 **“CHAPTER 7—CONTRACTING PROVISIONS**

“Sec.

“701. Definitions.

“702. Delegation of contracting authority.

“703. Posting of noncompetitive purchase requests for noncompetitive contracts.

“704. Review of ethical issues.

“705. Ethical restrictions on participation in certain contracting activity.

14 **“§ 701. Definitions**

15 “In this chapter—

16 “(1) the term ‘contracting officer’ means an  
 17 employee of a covered postal entity who has author-  
 18 ity to enter into a postal contract;

19 “(2) the term ‘covered postal entity’ means—

20 “(A) the Postal Service; or

21 “(B) the Postal Regulatory Commission;

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

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

5 “(B) in the case of the Postal Regulatory  
6 Commission, the Chairman of the Postal Regu-  
7 latory Commission;

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

9 “(A) in the case of the Postal Service, any  
10 contract (including any agreement or memo-  
11 randum of understanding) entered into by the  
12 Postal Service for the procurement of goods or  
13 services; or

14 “(B) in the case of the Postal Regulatory  
15 Commission, any contract (including any agree-  
16 ment or memorandum of understanding) in an  
17 amount exceeding the simplified acquisition  
18 threshold (as defined in section 134 of title 41  
19 and adjusted under section 1908 of such title)  
20 entered into by the Postal Regulatory Commis-  
21 sion for the procurement of goods or services;  
22 and

23 “(5) the term ‘senior procurement executive’  
24 means the senior procurement executive of a covered  
25 postal entity.

1 **“§ 702. Delegation of contracting authority**

2 “(a) IN GENERAL.—

3 “(1) POLICY.—Not later than 60 days after the  
4 date of enactment of this chapter, the head of each  
5 covered postal entity shall issue a policy on con-  
6 tracting officer delegations of authority for postal  
7 contracts for the covered postal entity.

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

10 “(A) notwithstanding any delegation of au-  
11 thority with respect to postal contracts, the ulti-  
12 mate responsibility and accountability for the  
13 award and administration of postal contracts  
14 resides with the senior procurement executive;  
15 and

16 “(B) a contracting officer shall maintain  
17 an awareness of and engagement in the activi-  
18 ties being performed on postal contracts of  
19 which that officer has cognizance, notwith-  
20 standing any delegation of authority that may  
21 have been executed.

22 “(b) POSTING OF DELEGATIONS.—

23 “(1) IN GENERAL.—The head of each covered  
24 postal entity shall make any delegation of authority  
25 for postal contracts outside the functional con-

1       tracting unit readily available and accessible on the  
2       Web site of the covered postal entity.

3           “(2) EFFECTIVE DATE.—This paragraph shall  
4       apply to any delegation of authority made on or  
5       after the date that is 30 days after the date of en-  
6       actment of this chapter.

7       **“§ 703. Posting of noncompetitive purchase requests**  
8               **for noncompetitive contracts**

9       “(a) POSTING REQUIRED.—

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

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

22           “(B) not later than 30 days after the date  
23       of the award of the noncompetitive contract, if  
24       the basis for the award was a compelling busi-  
25       ness interest.

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

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

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

12          “(3) ADJUSTMENTS TO THE POSTING THRESH-  
13      OLD.—

14          “(A) REVIEW AND DETERMINATION.—Not  
15      later than January 31 of each year, the Postal  
16      Service and the Postal Regulatory Commission  
17      shall—

18           “(i) review the applicable threshold es-  
19      tablished under paragraph (1) or (2); and

20           “(ii) based on any change in the Con-  
21      sumer Price Index for All Urban Con-  
22      sumers of the Department of Labor, deter-  
23      mine whether an adjustment to the thresh-  
24      old shall be made.



1           “(B) AMOUNT OF ADJUSTMENTS.—An ad-  
2           justment under subparagraph (A) shall be made  
3           in increments of \$5,000. If the covered postal  
4           entity determines that a change in the Con-  
5           sumer Price Index for a year would require an  
6           adjustment in an amount that is less than  
7           \$5,000, the Postal Service may not make an  
8           adjustment to the threshold for the year.

9           “(4) EFFECTIVE DATE.—This subsection shall  
10          apply to any noncompetitive contract awarded on or  
11          after the date that is 90 days after the date of en-  
12          actment of this chapter.

13          “(b) PUBLIC AVAILABILITY.—

14               “(1) IN GENERAL.—Subject to paragraph (2),  
15          the information required to be made publicly avail-  
16          able by a covered postal entity under subsection (a)  
17          shall be readily accessible on the Web site of the cov-  
18          ered postal entity.

19               “(2) PROTECTION OF PROPRIETARY INFORMA-  
20          TION.—A covered postal entity shall—

21                   “(A) carefully screen any description of the  
22          rationale supporting a noncompetitive award re-  
23          quired to be made publicly available under sub-  
24          section (a) to determine whether the description  
25          includes proprietary data (including any ref-

1           erence or citation to the proprietary data) or se-  
2           curity-related information; and

3           “(B) remove any proprietary data or secu-  
4           rity-related information before making publicly  
5           available a description of the rationale sup-  
6           porting a noncompetitive award.

7           “(c) WAIVERS.—

8           “(1) WAIVER PERMITTED.—If the Postal Serv-  
9           ice determines that making a noncompetitive pur-  
10          chase request for a postal contract of the Postal  
11          Service publicly available would risk placing the  
12          Postal Service at a competitive disadvantage relative  
13          to a private sector competitor, the senior procure-  
14          ment executive, in consultation with the advocate for  
15          competition of the Postal Service, may waive the re-  
16          quirements under subsection (a).

17          “(2) FORM AND CONTENT OF WAIVER.—

18                 “(A) FORM.—A waiver under paragraph  
19                 (1) shall be in the form of a written determina-  
20                 tion placed in the file of the contract to which  
21                 the noncompetitive purchase request relates.

22                 “(B) CONTENT.—A waiver under para-  
23                 graph (1) shall include—

1 “(i) a description of the risk associ-  
2 ated with making the noncompetitive pur-  
3 chase request publicly available; and

4 “(ii) a statement that redaction of  
5 sensitive information in the noncompetitive  
6 purchase request would not be sufficient to  
7 protect the Postal Service from being  
8 placed at a competitive disadvantage rel-  
9 ative to a private sector competitor.

10 “(3) DELEGATION OF WAIVER AUTHORITY.—

11 The Postal Service may not delegate the authority to  
12 approve a waiver under paragraph (1) to any em-  
13 ployee having less authority than the senior procure-  
14 ment executive.

15 **“§ 704. Review of ethical issues**

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

21 “(1) review the proposed contract; and

22 “(2) advise the contracting officer on the appro-  
23 priate resolution of ethical issues.

1   **“§ 705. Ethical restrictions on participation in certain**  
2                   **contracting activity**

3           “(a) DEFINITIONS.—In this section—

4                   “(1) the term ‘covered employee’ means—

5                           “(A) a contracting officer; or

6                           “(B) any employee of a covered postal en-  
7                   tity whose decisionmaking affects a postal con-  
8                   tract as determined by regulations prescribed  
9                   by the head of a covered postal entity;

10                  “(2) the term ‘final conviction’ means a convic-  
11                  tion, whether entered on a verdict or plea, including  
12                  a plea of nolo contendere, for which a sentence has  
13                  been imposed; and

14                  “(3) the term ‘covered relationship’ means a  
15                  covered relationship described in section  
16                  2635.502(b)(1) of title 5, Code of Federal Regula-  
17                  tions, or any successor thereto.

18           “(b) IN GENERAL.—

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

21                          “(A) require a covered employee to include  
22                          in the file of any noncompetitive purchase re-  
23                          quest for a noncompetitive postal contract a  
24                          written certification that—

25                                  “(i) discloses any covered relationship  
26                                  of the covered employee; and

1           “(ii) states that the covered employee  
2           will not take any action with respect to the  
3           noncompetitive purchase request that af-  
4           fects the financial interests of a friend, rel-  
5           ative, or person with whom the covered  
6           employee is affiliated in a nongovernmental  
7           capacity, or otherwise gives rise to an ap-  
8           pearance of the use of public office for pri-  
9           vate gain, as described in section 2635.702  
10          of title 5, Code of Federal Regulations, or  
11          any successor thereto;

12          “(B) require a contracting officer to con-  
13          sult with the ethics counsel for the covered  
14          postal entity regarding any disclosure made by  
15          a covered employee under subparagraph (A)(i),  
16          to determine whether participation by the cov-  
17          ered employee in the noncompetitive purchase  
18          request would give rise to a violation of part  
19          2635 of title 5, Code of Federal Regulations  
20          (commonly referred to as the Standards of Eth-  
21          ical Conduct for Employees of the Executive  
22          Branch), or any successor thereto;

23          “(C) require the ethics counsel for a cov-  
24          ered postal entity to review any disclosure made  
25          by a contracting officer under subparagraph

1 (A)(i) to determine whether participation by the  
2 contracting officer in the noncompetitive pur-  
3 chase request would give rise to a violation of  
4 part 2635 of title 5, Code of Federal Regula-  
5 tions (commonly referred to as the Standards of  
6 Ethical Conduct for Employees of the Executive  
7 Branch), or any successor thereto;

8 “(D) under subsections (d) and (e) of sec-  
9 tion 2635.502 of title 5, Code of Federal Regu-  
10 lations, or any successor thereto, require the  
11 ethics counsel for a covered postal entity to—

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

16 “(ii) disqualify a covered employee  
17 that makes a disclosure under subpara-  
18 graph (A)(i) from participating in the non-  
19 competitive postal contract;

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

24 “(F) include authority for the head of the  
25 covered postal entity to grant a waiver or other-

1 wise mitigate any organizational or personal  
2 conflict of interest, if the head of the covered  
3 postal entity determines that the waiver or miti-  
4 gation is in the best interests of the covered  
5 postal entity.

6 “(2) POSTING OF WAIVERS.—Not later than 30  
7 days after the head of a covered postal entity grants  
8 a waiver described in paragraph (1)(F), the head of  
9 the covered postal entity shall make the waiver pub-  
10 licly available on the Web site of the covered postal  
11 entity.

12 “(c) CONTRACT VOIDANCE AND RECOVERY.—

13 “(1) UNLAWFUL CONDUCT.—In any case in  
14 which there is a final conviction for a violation of  
15 any provision of chapter 11 of title 18 relating to a  
16 postal contract, the head of a covered postal entity  
17 may—

18 “(A) void that contract; and

19 “(B) recover the amounts expended and  
20 property transferred by the covered postal enti-  
21 ty under that contract.

22 “(2) OBTAINING OR DISCLOSING PROCUREMENT  
23 INFORMATION.—

24 “(A) IN GENERAL.—In any case in which  
25 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”.**



1 **SEC. 402. TECHNICAL AMENDMENT TO DEFINITION.**

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

4 (1) by striking “and” at the end of subpara-  
5 graph (C);

6 (2) by striking the period at the end of sub-  
7 paragraph (D) and inserting “; and”; and

8 (3) by adding at the end the following:

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

Union Calendar No. 671

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> Session

**H. R. 5714**

[Report No. 114-858, Part I]

**A BILL**

To restore the financial solvency and improve the governance of the United States Postal Service in order to ensure the efficient and affordable nationwide delivery of mail, and for other purposes.

DECEMBER 8, 2016

Reported from the Committee on Oversight and  
Government Reform

DECEMBER 8, 2016

The Committees on Ways and Means and Energy and Commerce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed