

## SUBCOMMITTEE ON THE CONSTITUTION, CIVIL RIGHTS, AND HUMAN RIGHTS

Mr. LIEBERMAN. Mr. President, I ask unanimous consent that the Committee on the Judiciary, Subcommittee on the Constitution, Civil Rights, and Human Rights, be authorized to meet during the session of the Senate, on April 17, 2012, at 10 a.m., in room SD-226 of the Dirksen Senate Office Building, to conduct a hearing entitled "Ending Racial Profiling in America."

The PRESIDING OFFICER. Without objection, it is so ordered.

## 21ST CENTURY POSTAL SERVICE ACT

## AMENDMENT NO. 2000, AS MODIFIED

Mr. REID. Mr. President, due to a clerical error, the printout of amendment No. 2000, which was filed at the desk last evening, had missing pages.

I ask unanimous consent that the amendment be modified with the additional pages at the desk; further, that the cloture motion filed earlier today with respect to amendment No. 2000 be applicable to amendment No. 2000, as modified.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2000), as modified, is as follows:

(Purpose: In the nature of a substitute)

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "21st Century Postal Service Act of 2012".

**SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

**TITLE I—POSTAL WORKFORCE MATTERS**

- Sec. 101. Treatment of postal funding surplus for Federal Employees Retirement System.
- Sec. 102. Incentives for voluntary separation.
- Sec. 103. Restructuring of payments for retiree health benefits.
- Sec. 104. Postal Service Health Benefits Program.
- Sec. 105. Medicare coordination efforts for Postal Service employees and retirees.
- Sec. 106. Arbitration; labor disputes.

**TITLE II—POSTAL SERVICES AND OPERATIONS**

- Sec. 201. Maintenance of delivery service standards.
- Sec. 202. Preserving mail processing capacity.
- Sec. 203. Establishment of retail service standards.
- Sec. 204. Expanded retail access.
- Sec. 205. Preserving community post offices.
- Sec. 206. Area and district office structure.
- Sec. 207. Conversion of door delivery points.
- Sec. 208. Limitations on changes to mail delivery schedule.
- Sec. 209. Time limits for consideration of service changes.
- Sec. 210. Public procedures for significant changes to mailing specifications.
- Sec. 211. Nonpostal products and services.

Sec. 212. Chief Innovation Officer; innovation strategy.

Sec. 213. Strategic Advisory Commission on Postal Service Solvency and Innovation.

**TITLE III—FEDERAL EMPLOYEES' COMPENSATION ACT**

- Sec. 301. Short title; references.
- Sec. 302. Federal workers compensation reforms for retirement-age employees.
- Sec. 303. Augmented compensation for dependents.
- Sec. 304. Schedule compensation payments.
- Sec. 305. Vocational rehabilitation.
- Sec. 306. Reporting requirements.
- Sec. 307. Disability management review; independent medical examinations.
- Sec. 308. Waiting period.
- Sec. 309. Election of benefits.
- Sec. 310. Sanction for noncooperation with field nurses.
- Sec. 311. Subrogation of continuation of pay.
- Sec. 312. Integrity and compliance.
- Sec. 313. Amount of compensation.
- Sec. 314. Technical and conforming amendments.
- Sec. 315. Regulations.
- Sec. 316. Effective date.

**TITLE IV—OTHER MATTERS**

- Sec. 401. Solvency plan.
- Sec. 402. Postal rates.
- Sec. 403. Co-location with Federal agencies.
- Sec. 404. Cooperation with State and local governments; intra-Service agreements.
- Sec. 405. Shipping of wine, beer, and distilled spirits.
- Sec. 406. Annual report on United States mailing industry.
- Sec. 407. Use of negotiated service agreements.
- Sec. 408. Contract disputes.
- Sec. 409. Contracting provisions.

**SEC. 3. DEFINITIONS.**

In this Act, the following definitions shall apply:

(1) COMMISSION.—The term "Commission" means the Postal Regulatory Commission.

(2) POSTAL SERVICE.—The term "Postal Service" means the United States Postal Service.

**TITLE I—POSTAL WORKFORCE MATTERS****SEC. 101. TREATMENT OF POSTAL FUNDING SURPLUS FOR FEDERAL EMPLOYEES RETIREMENT SYSTEM.**

Section 8423(b) of title 5, United States Code, is amended—

(1) by redesignating paragraph (5) as paragraph (6); and

(2) by inserting after paragraph (4) the following:

"(5)(A) In this paragraph, the term 'postal funding surplus' means the amount by which the amount computed under paragraph (1)(B) is less than zero.

"(B)(i) Beginning with fiscal year 2011, for each fiscal year in which the amount computed under paragraph (1)(B) is less than zero, upon request of the Postmaster General, the Director shall transfer to the United States Postal Service from the Fund an amount equal to the postal funding surplus for that fiscal year for use in accordance with this paragraph.

"(ii) The Office shall calculate the amount under paragraph (1)(B) for a fiscal year by not later than June 15 after the close of the fiscal year, and shall transfer any postal funding surplus to the United States Postal Service within 10 days after a request by the Postmaster General.

"(C) For each of fiscal years 2011, 2012, 2013, and 2014 if the amount computed under paragraph (1)(B) is less than zero, a portion of the

postal funding surplus for the fiscal year shall be used by the United States Postal Service for the cost of providing incentives for voluntary separation, in accordance with section 102 of the 21st Century Postal Service Act of 2012 and sections 8332(p) and 8411(m) of this title, to employees of the United States Postal Service who voluntarily separate from service before October 1, 2015.

"(D) Any postal funding surplus for a fiscal year not expended under subparagraph (C) may be used by the United States Postal Service for the purposes of—

"(i) repaying any obligation issued under section 2005 of title 39; or

"(ii) making required payments to—

"(I) the Employees' Compensation Fund established under section 8147;

"(II) the Postal Service Retiree Health Benefits Fund established under section 8909a;

"(III) the Employees Health Benefits Fund established under section 8909; or

"(IV) the Civil Service Retirement and Disability Fund."

**SEC. 102. INCENTIVES FOR VOLUNTARY SEPARATION.**

(a) VOLUNTARY SEPARATION INCENTIVE PAYMENTS.—The Postal Service may provide voluntary separation incentive payments to employees of the Postal Service who voluntarily separate from service before October 1, 2015 (including payments to employees who retire under section 8336(d)(2) or 8414(b)(1)(B) of title 5, United States Code, before October 1, 2015), which may not exceed the maximum amount provided under section 3523(b)(3)(B) of title 5, United States Code, for any employee.

(b) ADDITIONAL SERVICE CREDIT.—

(1) CIVIL SERVICE RETIREMENT SYSTEM.—Section 8332 of title 5, United States Code, is amended by adding at the end the following:

"(p)(1)(A) For an employee of the United States Postal Service who is covered under this subchapter and voluntarily separates from service before October 1, 2015, the Office, if so directed by the United States Postal Service, shall add not more than 1 year to the total creditable service of the employee for purposes of determining entitlement to and computing the amount of an annuity under this subchapter (except for a disability annuity under section 8337).

"(B) An employee who receives additional creditable service under this paragraph may not receive a voluntary separation incentive payment from the United States Postal Service.

"(2) The United States Postal Service shall ensure that the average actuarial present value of the additional liability of the United States Postal Service to the Fund resulting from additional creditable service provided under paragraph (1) or section 8411(m)(1) is not more than \$25,000 per employee provided additional creditable service under paragraph (1) or section 8411(m)(1).

"(3)(A) Subject to subparagraph (B), and notwithstanding any other provision of law, no deduction, deposit, or contribution shall be required for service credited under this subsection.

"(B) The actuarial present value of the additional liability of the United States Postal Service to the Fund resulting from this subsection shall be included in the amount calculated under section 8348(h)(1)(A)."

(2) FEDERAL EMPLOYEES RETIREMENT SYSTEM.—Section 8411 of title 5, United States Code, is amended by adding at the end the following:

"(m)(1)(A) For an employee of the United States Postal Service who is covered under this chapter and voluntarily separates from service before October 1, 2015, the Office, if so directed by the United States Postal Service, shall add not more than 2 years to the total

creditable service of the employee for purposes of determining entitlement to and computing the amount of an annuity under this chapter (except for a disability annuity under subchapter V of that chapter).

“(B) An employee who receives additional creditable service under this paragraph may not receive a voluntary separation incentive payment from the United States Postal Service.

“(2) The United States Postal Service shall ensure that the average actuarial present value of the additional liability of the United States Postal Service to the Fund resulting from additional creditable service provided under paragraph (1) or section 8332(p)(1) is not more than \$25,000 per employee provided additional creditable service under paragraph (1) or section 8332(p)(1).

“(3)(A) Subject to subparagraph (B), and notwithstanding any other provision of law, no deduction, deposit, or contribution shall be required for service credited under this subsection.

“(B) The actuarial present value of the additional liability of the United States Postal Service to the Fund resulting from this subsection shall be included in the amount calculated under section 8423(b)(1)(B).”.

(c) GOALS.—

(1) IN GENERAL.—The Postal Service shall offer incentives for voluntary separation under this section and the amendments made by this section as a means of ensuring that the size and cost of the workforce of the Postal Service is appropriate to the work required of the Postal Service, including consideration of—

(A) the closure and consolidation of postal facilities;

(B) the ability to operate existing postal facilities more efficiently, including by reducing the size or scope of operations of postal facilities in lieu of closing postal facilities; and

(C) the number of employees eligible, or projected in the near-term to be eligible, for retirement, including early retirement.

(2) PERCENTAGE GOAL.—The Postal Service shall offer incentives for voluntary separation under this section to a sufficient number of employees as would reasonably be expected to lead to an 18 percent reduction in the total number of career employees of the Postal Service by the end of fiscal year 2015.

(3) DEFINITION.—In this subsection, the term “career employee of the Postal Service” means an employee of the Postal Service—

(A) whose appointment is not for a limited period; and

(B) who is eligible for benefits, including retirement coverage under chapter 83 or 84 of title 5, United States Code.

(d) FUNDING.—The Postal Service shall carry out subsection (a) and sections 8332(p) and 8411(m) of title 5, United States Code, as added by subsection (b) of this section, using funds made available under section 8423(b)(5)(C) of title 5, United States Code, as amended by section 101 of this Act.

**SEC. 103. RESTRUCTURING OF PAYMENTS FOR RETIREE HEALTH BENEFITS.**

(a) CONTRIBUTIONS.—Section 8906(g)(2)(A) of title 5, United States Code, is amended by striking “through September 30, 2016, be paid by the United States Postal Service, and thereafter shall” and inserting “after the date of enactment of the 21st Century Postal Service Act of 2012”.

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

(1) in subsection (d)—

(A) by striking paragraph (2) and inserting the following:

“(2)(A) Not later than 180 days after the date of enactment of the 21st Century Postal

Service Act of 2012, or March 31, 2013, whichever is later, the Office shall compute, and by June 30 of each succeeding year, the Office shall recompute, a schedule including a series of annual installments which provide for the liquidation of the amount described under subparagraph (B) (regardless of whether the amount is a liability or surplus) by September 30, 2052, or within 15 years, whichever is later, including interest at the rate used in the computations under this subsection.

“(B) The amount described in this subparagraph is the amount, as of the date on which the applicable computation or recomputation under subparagraph (A) is made, that is equal to the difference between—

“(i) 80 percent of the Postal Service actuarial liability as of September 30 of the most recently ended fiscal year; and

“(ii) the value of the assets of the Postal Retiree Health Benefits Fund as of September 30 of the most recently ended fiscal year.”.

(B) in paragraph (3)—

(i) in subparagraph (A)—

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

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

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

(ii) in subparagraph (B), by striking “2017”

and inserting “2013”;

(C) by amending paragraph (4) to read as follows:

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

“(A) economic and actuarial methods and assumptions consistent with the methods and assumptions used in determining the Postal surplus or supplemental liability under section 8348(h); and

“(B) any other methods and assumptions, including a health care cost trend rate, that the Director of the Office determines to be appropriate.”; and

(D) by adding at the end the following:

“(7) In this subsection, the term ‘Postal Service actuarial liability’ means the difference between—

“(A) the net present value of future payments required under section 8906(g)(2)(A) for current and future United States Postal Service annuitants; and

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

(2) by adding at the end the following:

“(e) Subsections (a) through (d) of this section shall be subject to section 104 of the 21st Century Postal Service Act of 2012.”.

**SEC. 104. POSTAL SERVICE HEALTH BENEFITS PROGRAM.**

(a) DEFINITIONS.—In this section—

(1) the term “covered employee” means an employee of the Postal Service who is represented by a bargaining representative recognized under section 1203 of title 39, United States Code;

(2) the term “Federal Employee Health Benefits Program” means the health benefits program under chapter 89 of title 5, United States Code; and

(3) the term “Postal Service Health Benefits Program” means the health benefits program that may be agreed to under subsection (b)(1).

(b) COLLECTIVE BARGAINING.—

(1) IN GENERAL.—Consistent with section 1005(f) of title 39, United States Code, the Postal Service may negotiate jointly with all bargaining representatives recognized under section 1203 of title 39, United States Code, and enter into a joint collective bargaining agreement with those bargaining representatives to establish the Postal Serv-

ice Health Benefits Program that satisfies the conditions under subsection (c). The Postal Service and the bargaining representatives shall negotiate in consultation with the Director of the Office of Personnel Management.

(2) CONSULTATION WITH SUPERVISORY AND MANAGERIAL PERSONNEL.—In the course of negotiations under paragraph (1), the Postal Service shall consult with each of the organizations of supervisory and other managerial personnel that are recognized under section 1004 of title 39, United States Code, concerning the views of the personnel represented by each of those organizations.

(3) ARBITRATION LIMITATION.—Notwithstanding chapter 12 of title 39, United States Code, there shall not be arbitration of any dispute in the negotiations under this subsection.

(4) TIME LIMITATION.—The authority under this subsection shall extend until September 30, 2012.

(c) POSTAL SERVICE HEALTH BENEFITS PROGRAM.—The Postal Service Health Benefits Program—

(1) shall—

(A) be available for participation by all covered employees;

(B) be available for participation by any officer or employee of the Postal Service who is not a covered employee, at the option solely of that officer or employee;

(C) provide adequate and appropriate health benefits;

(D) be administered in a manner determined in a joint agreement reached under subsection (b); and

(E) provide for transition of coverage under the Federal Employee Health Benefits Program of covered employees to coverage under the Postal Service Health Benefits Program on January 1, 2013;

(2) may provide dental benefits; and

(3) may provide vision benefits.

(d) AGREEMENT AND IMPLEMENTATION.—If a joint agreement is reached under subsection (b)—

(1) the Postal Service shall implement the Postal Service Health Benefits Program;

(2) the Postal Service Health Benefits Program shall constitute an agreement between the collective bargaining representatives and the Postal Service for purposes of section 1005(f) of title 39, United States Code; and

(3) covered employees may not participate as employees in the Federal Employees Health Benefits Program.

(e) GOVERNMENT PLAN.—The Postal Service Health Benefits Program shall be a government plan as that term is defined under section 3(32) of Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(32)).

(f) REPORT.—Not later than June 30, 2013, the Postal Service shall submit a report to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives that—

(1) reports on the implementation of this section; and

(2) requests any additional statutory authority that the Postal Service determines is necessary to carry out the purposes of this section.

**SEC. 105. MEDICARE COORDINATION EFFORTS FOR POSTAL SERVICE EMPLOYEES AND RETIREES.**

(a) ADDITIONAL ENROLLMENT OPTIONS UNDER FEDERAL EMPLOYEES HEALTH BENEFITS PLANS.—Chapter 89 of title 5, United States Code, is amended by inserting after section 8903b the following:

**“SEC. 8903c. COORDINATION WITH MEDICARE FOR POSTAL SERVICE EMPLOYEES AND ANNUITANTS.**

“(a) DEFINITIONS.—In this section—

“(1) the term ‘contract year’ means a calendar year in which health benefits plans are administered under this chapter;

“(2) the term ‘Medicare part A’ means the Medicare program for hospital insurance benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.);

“(3) the term ‘Medicare part B’ means the Medicare program for supplementary medical insurance benefits under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.); and

“(4) the term ‘Postal Service employee or annuitant’ means an individual who is—

“(A) an employee of the Postal Service; or

“(B) an annuitant covered under this chapter whose Government contribution is paid by the Postal Service under section 8906(g)(2).

“(b) ENROLLMENT OPTIONS.—

“(1) ESTABLISHMENT.—

“(A) IN GENERAL.—For contract years beginning on or after January 1, 2014, the Office shall establish enrollment options for health benefits plans that are open only to Postal Service employees and annuitants, and family members of a Postal Service employee or annuitant, who are enrolled in Medicare part A and Medicare part B.

“(B) ADDITIONAL PLANS.—The enrollment options established under this subsection shall be in addition to any other health benefit plan or enrollment option otherwise available to Postal Service employees or annuitants under this chapter and shall not affect the eligibility of a Postal Service employee or annuitant for any another health benefit plan or enrollment option under this chapter.

“(2) ENROLLMENT ELIGIBILITY.—Any Postal Service employee or annuitant, or family member of a Postal Service employee or annuitant, who is enrolled in Medicare part A and Medicare part B may enroll in 1 of the enrollment options established under paragraph (1).

“(3) VALUE OF COVERAGE.—The Office shall ensure that the aggregate actuarial value of coverage under the enrollment options established under this subsection, in combination with the value of coverage under Medicare part A and Medicare part B, shall be not less than the actuarial value of the most closely corresponding enrollment options for each plan available under section 8905, in combination with the value of coverage under Medicare part A and Medicare part B.

“(4) ENROLLMENT OPTIONS.—

“(A) IN GENERAL.—The enrollment options established under paragraph (1) shall include—

“(i) an individual option, for Postal Service employees or annuitants enrolled in Medicare part A and Medicare part B;

“(ii) a self and family option, for Postal Service employees or annuitants and family members who are each enrolled in Medicare part A and Medicare part B; and

“(iii) a self and family option, for Postal Service employees or annuitants—

“(I) who are enrolled in Medicare part A and Medicare part B; and

“(II) the family members of whom are not enrolled in Medicare part A or Medicare part B.

“(B) SPECIFIC SUB-OPTIONS.—The Office may establish more specific enrollment options within the types of options described under subparagraph (A).

“(5) REDUCED PREMIUMS TO ACCOUNT FOR MEDICARE COORDINATION.—In determining the premiums for the enrollment options under paragraph (4), the Office shall—

“(A) establish a separate claims pool for individuals eligible for coverage under any of those options; and

“(B) ensure that—

“(i) the premiums are reduced from the premiums otherwise established under this chapter to directly reflect the full cost savings to the health benefits plans due to the complete coordination of benefits with Medicare part A and Medicare part B for Postal Service employees or annuitants, or family members of Postal Service employees or annuitants, who are enrolled in Medicare part A and Medicare part B; and

“(ii) the cost savings described under clause (i) result solely in the reduction of—

“(I) the premiums paid by the Postal Service employee or annuitant; and

“(II) the Government contributions paid by the Postal Service or other employer.

“(c) POSTAL SERVICE CONSULTATION.—The Office shall establish the enrollment options and premiums under this section in consultation with the Postal Service.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 89 of title 5, United States Code, is amended by inserting after the item relating to section 8903b the following:

“8903c. Coordination with Medicare for Postal Service employees and annuitants.”.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to contract years beginning on or after January 1, 2014.

(d) SPECIAL ENROLLMENT PERIOD FOR POSTAL SERVICE EMPLOYEES AND ANNUITANTS.—

(1) SPECIAL ENROLLMENT PERIOD.—Section 1837 of the Social Security Act (42 U.S.C. 1395p) is amended by adding at the end the following new subsection:

“(m)(1) In the case of any individual who, as of the date of enactment of the 21st Century Postal Service Act of 2012, is a Postal Service employee or annuitant (as defined in section 8903c(a) of title 5, United States Code) at the time the individual is entitled to part A under section 226 or section 226A and who is eligible to enroll but who has elected not to enroll (or to be deemed enrolled) during the individual’s initial enrollment period, there shall be a special enrollment period described in paragraph (2).

“(2) The special enrollment period described in this paragraph, with respect to an individual, is the 1-year period beginning on July 1, 2013.

“(3) In the case of an individual who enrolls during the special enrollment period provided under paragraph (1), the coverage period under this part shall begin on the first day of the month in which the individual enrolls.”.

(2) WAIVER OF INCREASE OF PREMIUM.—Section 1839(b) of the Social Security Act (42 U.S.C. 1395r(b)) is amended by striking “(i)(4) or (l)” and inserting “(i)(4), (l), or (m)”.

(e) EDUCATIONAL PROGRAM.—The Postmaster General, in consultation with the Director of the Office of Personnel Management and the Administrator of the Centers for Medicare & Medicaid Services, shall develop an educational program to encourage the voluntary use of the Medicare program for hospital insurance benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.) (commonly known as “Medicare Part A”) and the Medicare program for supplementary medical insurance benefits under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.) (commonly known as “Medicare Part B”) for eligible Postal Service employees and annuitants that may benefit from enrollment, the objective of which shall be to—

(1) educate employees and annuitants on how Medicare benefits interact with and can supplement the benefits of the employee or annuitant under the Federal Employees Health Benefit Program; and

(2) reduce costs to the Federal Employees Health Benefit Program, beneficiaries, and the Postal Service by coordinating services with the Medicare program.

#### SEC. 106. ARBITRATION; LABOR DISPUTES.

Section 1207(c) of title 39, United States Code, is amended—

(1) in paragraph (2)—

(A) by inserting “(A)” after “(2)”;

(B) by striking the last sentence and inserting “The arbitration board shall render a decision not later than 45 days after the date of its appointment.”; and

(C) by adding at the end the following:

“(B) In rendering a decision under this paragraph, the arbitration board shall consider such relevant factors as the financial condition of the Postal Service.”; and

(2) by adding at the end the following:

“(4) Nothing in this section may be construed to limit the relevant factors that the arbitration board may take into consideration in rendering a decision under paragraph (2).”.

#### TITLE II—POSTAL SERVICES AND OPERATIONS

#### SEC. 201. MAINTENANCE OF DELIVERY SERVICE STANDARDS.

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

(1) the term “plant service area” means the geographic area served by a single sectional center facility, or a corresponding successor facility, as designated by the Postal Service; and

(2) the term “continental United States” means the 48 contiguous States and the District of Columbia.

(b) INTERIM MAINTENANCE OF STANDARDS.—During the 3-year period beginning on the date of enactment of this Act, the Postal Service—

(1) shall maintain the service standards described in subsection (c);

(2) may not establish a new or revised service standard for market-dominant products under section 3691 of title 39, United States Code, that is inconsistent with the requirements under subsection (c); and

(3) shall include in any new or revised overnight service standard established for market-dominant products under section 3691 of title 39, United States Code, a policy on changes to critical entry times at post offices and business mail entry units that ensures that any such changes maintain meaningful access to the services provided under the service standard required to be maintained under subsection (c).

(c) SERVICE STANDARDS.—

(1) OVERNIGHT STANDARD FOR FIRST-CLASS MAIL AND PERIODICALS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Postal Service shall maintain an overnight service standard that provides overnight service for first-class mail and periodicals that—

(i) originate and destinate in the same plant service area; and

(ii) enter the mails before the critical entry time established and published by the Postal Service.

(B) AREAS OUTSIDE THE CONTINENTAL UNITED STATES.—The requirements of subparagraph (A) shall not apply to areas outside the continental United States—

(i) in the case of mail that originates or destinate in a territory or possession of the United States that is part of a plant service area having a sectional center facility that—

(I) is not located in the territory or possession; and

(II) was not located in the territory or possession on January 1, 2012; and

(ii) in the case of mail not described in clause (i), except to the extent that the requirements are consistent with the service

standards under part 121 of title 39, Code of Federal Regulations, as in effect on January 1, 2012.

(2) **TWO-DAY DELIVERY FOR FIRST-CLASS MAIL.**—The Postal Service shall maintain a service standard that provides that first-class mail not delivered overnight will be delivered within 2 delivery days, to the maximum extent feasible using the network of postal facilities maintained to meet the requirements under paragraph (1).

(3) **MAXIMUM DELIVERY TIME FOR FIRST-CLASS MAIL.**—

(A) **IN GENERAL.**—The Postal Service shall maintain a service standard that provides that first-class mail will be delivered—

(i) within a maximum of 3 delivery days, for mail that originates and destines within the continental United States; and

(ii) within a maximum period of time consistent with service standards under part 121 of title 39, Code of Federal Regulations, as in effect on January 1, 2012, for mail originating or destined outside the continental United States.

(B) **REVISIONS.**—Notwithstanding subparagraph (A)(ii), the Postal Service may revise the service standards under part 121 of title 39, Code of Federal Regulations for mail described in subparagraph (A)(ii) to take into account transportation conditions (including the availability of transportation) or other circumstances outside the control of the Postal Service.

## SEC. 202. PRESERVING MAIL PROCESSING CAPACITY.

Section 404 of title 39, United States Code, is amended by adding after subsection (e) the following:

“(f) **CLOSING OR CONSOLIDATION OF CERTAIN POSTAL FACILITIES.**—

“(1) **POSTAL FACILITY.**—In this subsection, the term ‘postal facility’—

“(A) means any Postal Service facility that is primarily involved in the preparation, dispatch, or other physical processing of mail; and

“(B) does not include—

“(i) any post office, station, or branch; or

“(ii) any facility used only for administrative functions.

“(2) **AREA MAIL PROCESSING STUDY.**—

“(A) **NEW AREA MAIL PROCESSING STUDIES.**—After the date of enactment of this subsection, before making a determination under subsection (a)(3) as to the necessity for the closing or consolidation of any postal facility, the Postal Service shall—

“(i) conduct an area mail processing study relating to that postal facility that includes a plan to reduce the capacity of the postal facility, but not close the postal facility;

“(ii) publish the study on the Postal Service website; and

“(iii) publish a notice that the study is complete and available to the public, including on the Postal Service website.

“(B) **COMPLETED OR ONGOING AREA MAIL PROCESSING STUDIES.**—

“(i) **IN GENERAL.**—In the case of a postal facility described in clause (ii), the Postal Service shall—

“(I) consider a plan to reduce the capacity of the postal facility without closing the postal facility; and

“(II) publish the results of the consideration under subclause (I) with or as an amendment to the area mail processing study relating to the postal facility.

“(ii) **POSTAL FACILITIES.**—A postal facility described in this clause is a postal facility for which, on or before the date of enactment of this subsection—

“(I) an area mail processing study that does not include a plan to reduce the capacity of the postal facility without closing the postal facility has been completed;

“(II) an area mail processing study is in progress; or

“(III) a determination as to the necessity for the closing or consolidation of the postal facility has not been made.

“(3) **NOTICE, PUBLIC COMMENT, AND PUBLIC HEARING.**—If the Postal Service makes a determination under subsection (a)(3) to close or consolidate a postal facility, the Postal Service shall—

“(A) provide notice of the determination to—

“(i) Congress; and

“(ii) the Postal Regulatory Commission;

“(B) provide adequate public notice of the intention of the Postal Service to close or consolidate the postal facility;

“(C) ensure that interested persons have an opportunity to submit public comments during a 45-day period after the notice of intention is provided under subparagraph (B);

“(D) before the 45-day period described in subparagraph (C), provide for public notice of that opportunity by—

“(i) publication on the Postal Service website;

“(ii) posting at the affected postal facility; and

“(iii) advertising the date and location of the public community meeting under subparagraph (E); and

“(E) during the 45-day period described in subparagraph (C), conduct a public community meeting that provides an opportunity for public comments to be submitted verbally or in writing.

“(4) **FURTHER CONSIDERATIONS.**—Not earlier than 30 days after the end of the 45-day period for public comment under paragraph (3), the Postal Service, in making a determination to close or consolidate a postal facility, shall consider—

“(A) the views presented by interested persons under paragraph (3);

“(B) the effect of the closing or consolidation on the affected community, including any disproportionate impact the closing or consolidation may have on a State, region, or locality;

“(C) the effect of the closing or consolidation on the travel times and distances for affected customers to access services under the proposed closing or consolidation;

“(D) the effect of the closing or consolidation on delivery times for all classes of mail;

“(E) any characteristics of certain geographical areas, such as remoteness, broadband internet availability, and weather-related obstacles to using alternative facilities, that may result in the closing or consolidation having a unique effect; and

“(F) any other factor the Postal Service determines is necessary.

“(5) **JUSTIFICATION STATEMENT.**—Before the date on which the Postal Service closes or consolidates a postal facility, the Postal Service shall post on the Postal Service website a closing or consolidation justification statement that includes—

“(A) a response to all public comments received with respect to the considerations described under paragraph (4);

“(B) a description of the considerations made by the Postal Service under paragraph (4); and

“(C) the actions that will be taken by the Postal Service to mitigate any negative effects identified under paragraph (4).

“(6) **CLOSING OR CONSOLIDATION OF POSTAL FACILITIES.**—

“(A) **IN GENERAL.**—Not earlier than the 15 days after posting the final determination and the justification statement under paragraph (5) with respect to a postal facility, the Postal Service may close or consolidate the postal facility.

“(B) **ALTERNATIVE INTAKE OF MAIL.**—If the Postal Service closes or consolidates a postal

facility under subparagraph (A), the Postal Service shall make reasonable efforts to ensure continued mail receipt from customers of the closed or consolidated postal facility at the same location or at another appropriate location in close geographic proximity to the closed or consolidated postal facility.

“(C) **LIMITATIONS.**—During the 3-year period beginning on the date of enactment of the 21st Century Postal Service Act of 2012, the Postal Service may not close or consolidate a postal facility if the closing or consolidation prevents the Postal Service from maintaining service standards as required under section 201 of the 21st Century Postal Service Act of 2012.

“(7) **REVIEW BY POSTAL REGULATORY COMMISSION.**—In accordance with section 3662—

“(A) an interested person may lodge a complaint with the Postal Regulatory Commission if the person believes that the closure or consolidation of a postal facility is not in conformance with applicable service standards, including the service standards established under section 201 of the 21st Century Postal Service Act of 2012; and

“(B) if the Postal Regulatory Commission finds a complaint lodged by an interested person to be justified, the Commission shall order the Postal Service to take appropriate action to achieve compliance with applicable service standards, including the service standards established under section 201 of the 21st Century Postal Service Act of 2012, or to remedy the effects of any noncompliance.

“(8) **POSTAL SERVICE WEBSITE.**—For purposes of any notice required to be published on the Postal Service website under this subsection, the Postal Service shall ensure that the Postal Service website—

“(A) is updated routinely; and

“(B) provides any person, at the option of the person, the opportunity to receive relevant updates by electronic mail.

“(9) **PROTECTION OF CERTAIN INFORMATION.**—Nothing in this subsection may be construed to require the Postal Service to disclose—

“(A) any proprietary data, including any reference or citation to proprietary data; or

“(B) any information relating to the security of a postal facility.”

## SEC. 203. ESTABLISHMENT OF RETAIL SERVICE STANDARDS.

(a) **DEFINITION.**—In this section, the term “retail postal service” means service that allows a postal customer to—

(1) purchase postage;

(2) enter packages into the mail; and

(3) procure other services offered by the Postal Service.

(b) **ESTABLISHMENT OF RETAIL SERVICE STANDARDS.**—Not later than 6 months after the date of enactment of this Act, the Postal Service shall exercise its authority under section 3691 of title 39, United States Code, to establish service standards for market-dominant products in order to guarantee customers of the Postal Service regular and effective access to retail postal services nationwide (including in territories and possessions of the United States) on a reasonable basis.

(c) **CONTENTS.**—The service standards established under subsection (b) shall—

(1) be consistent with—

(A) the obligations of the Postal Service under section 101(b) of title 39, United States Code; and

(B) the contents of the plan developed under section 302 of the Postal Accountability and Enhancement Act of 2006 (39 U.S.C. 3691 note), and any updated or revised plan developed under section 204 of this Act; and

(2) take into account factors including—

(A) geography, including the establishment of standards for the proximity of retail postal services to postal customers, including a consideration of the reasonable maximum time a postal customer should expect to travel to access a postal retail location;

(B) the importance of facilitating communications for communities with limited or no access to Internet, broadband, or cellular telephone services;

(C) population, including population density, demographic factors such as the age, disability status, and degree of poverty of individuals in the area to be served by a location providing postal retail services, and other factors that may impact the ability of postal customers, including businesses, to travel to a postal retail location;

(D) the feasibility of offering retail access to postal services in addition to post offices, as described in section 302(d) of the Postal Accountability and Enhancement Act of 2006 (39 U.S.C. 3691 note);

(E) the requirement that the Postal Service serve remote areas and communities with transportation challenges, including communities in which the effects of inclement weather or other natural conditions might obstruct or otherwise impede access to retail postal services; and

(F) the ability of postal customers to access retail postal services in areas that were served by a post office that was closed or consolidated during the 1 year period ending on the date of enactment of this Act.

#### SEC. 204. EXPANDED RETAIL ACCESS.

(a) **UPDATED PLAN.**—Not later than 1 year after the date of enactment of this Act, the Postal Service shall, in consultation with the Commission, develop and submit to Congress a revised and updated version of the plan to expand and market retail access to postal services required under section 302(d) of the Postal Accountability and Enhancement Act of 2006 (39 U.S.C. 3691 note).

(b) **CONTENTS.**—The plan required under subsection (a) shall—

(1) include a consideration of methods to expand and market retail access to postal services described in paragraphs (1) through (8) of section 302(d) of the Postal Accountability and Enhancement Act of 2006 (39 U.S.C. 3691 note);

(2) where possible, provide for an improvement in customer access to postal services;

(3) consider the impact of any decisions by the Postal Service relating to the implementation of the plan on rural areas, communities, and small towns; and

(4) ensure that—

(A) rural areas, communities, and small towns continue to receive regular and effective access to retail postal services after implementation of the plan; and

(B) the Postal Service solicits community input in accordance with applicable provisions of Federal law.

(c) **FURTHER UPDATES.**—The Postal Service, in consultation with the Commission, shall—

(1) update the plan required under subsection (a) as the Postal Service determines is appropriate; and

(2) submit each update under paragraph (1) to Congress.

#### SEC. 205. PRESERVING COMMUNITY POST OFFICES.

(a) **CLOSING POST OFFICES.**—Section 404(d) of title 39, United States Code, is amended to read as follows:

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

“(A) consider whether—

“(i) to close the post office or consolidate the post office and another post office located within a reasonable distance;

“(ii) instead of closing or consolidating the post office—

“(I) to reduce the number of hours a day that the post office operates; or

“(II) to continue operating the post office for the same number of hours a day;

“(iii) to procure a contract providing full, or less than full, retail services in the community served by the post office; or

“(iv) to provide postal services to the community served by the post office through a rural carrier;

“(B) provide postal customers served by the post office an opportunity to participate in a nonbinding survey conducted by mail on a preference for an option described in subparagraph (A); and

“(C) if the Postal Service determines to close or consolidate the post office, provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to persons served by such post office to ensure that such persons will have an opportunity to present their views.

“(2) The Postal Service, in making a determination whether or not to close or consolidate a post office—

“(A) shall consider—

“(i) the effect of such closing or consolidation on the community served by such post office;

“(ii) the effect of such closing or consolidation on employees of the Postal Service employed at such office;

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

“(iv) the extent to which the community served by the post office lacks access to Internet, broadband and cellular phone service;

“(v) the economic savings to the Postal Service resulting from such closing or consolidation; and

“(vi) such other factors as the Postal Service determines are necessary; and

“(B) may not consider compliance with any provision of the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.).

“(3) Any determination of the Postal Service to close or consolidate a post office shall be in writing and shall include the findings of the Postal Service with respect to the considerations required to be made under paragraph (2) of this subsection. Such determination and findings shall be made available to persons served by such post office.

“(4) The Postal Service shall take no action to close or consolidate a post office until 60 days after its written determination is made available to persons served by such post office.

“(5) A determination of the Postal Service to close or consolidate any post office, station, or branch may be appealed by any person served by such office, station, or branch to the Postal Regulatory Commission within 30 days after such determination is made available to such person. The Commission shall review such determination on the basis of the record before the Postal Service in the making of such determination. The Commission shall make a determination based upon such review no later than 120 days after receiving any appeal under this paragraph. The Commission shall set aside any determination, findings, and conclusions found to be—

“(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law;

“(B) without observance of procedure required by law;

“(C) not in conformance with the retail service standards established under section 203 of the 21st Century Postal Service Act of 2012; or

“(D) unsupported by substantial evidence on the record.

The Commission may affirm the determination of the Postal Service or order that the entire matter be returned for further consideration, but the Commission may not modify the determination of the Postal Service. The Commission may suspend the effectiveness of the determination of the Postal Service until the final disposition of the appeal. The provisions of section 556, section 557, and chapter 7 of title 5 shall not apply to any review carried out by the Commission under this paragraph.

“(6) For purposes of paragraph (5), any appeal received by the Commission shall—

“(A) if sent to the Commission through the mails, be considered to have been received on the date of the Postal Service postmark on the envelope or other cover in which such appeal is mailed; or

“(B) if otherwise lawfully delivered to the Commission, be considered to have been received on the date determined based on any appropriate documentation or other indicia (as determined under regulations of the Commission).

“(7) Nothing in this subsection shall be construed to limit the right under section 3662—

“(A) of an interested person to lodge a complaint with the Postal Regulatory Commission under section 3662 concerning non-conformance with service standards, including the retail service standards established under section 203 of the 21st Century Postal Service Act of 2012; or

“(B) of the Postal Regulatory Commission, if the Commission finds a complaint lodged by an interested person to be justified, to order the Postal Service to take appropriate action to achieve compliance with applicable requirements, including the retail service standards established under section 203 of the 21st Century Postal Service Act of 2012, or to remedy the effects of any noncompliance.”.

(b) **PROHIBITION ON CLOSING POST OFFICES.**—Notwithstanding section 404(d) of title 39, United States Code, as amended by this section, during the period beginning on the date of enactment of this Act and ending on the date on which the Postal Service establishes the retail service standards under section 203 of this Act, the Postal Service may not close a post office, except as required for the immediate protection of health and safety.

(c) **HISTORIC POST OFFICES.**—Section 404(d) of title 39, United States Code, as amended by this section, is amended by adding at the end the following:

“(8)(A) In this paragraph, the term ‘historic post office building’ means a post office building that is a certified historic structure, as that term is defined in section 47(c)(3) of the Internal Revenue Code of 1986.

“(B) In the case of a post office that has been closed and that is located within a historic post office building, the Postal Service shall provide Federal agencies and State and local government entities the opportunity to lease the historic post office building, if—

“(i) the Postal Service is unable to sell the building at an acceptable price within a reasonable period of time after the post office has been closed; and

“(ii) the Federal agency or State or local government entity that leases the building agrees to—

“(I) restore the historic post office building at no cost to the Postal Service;

“(II) assume responsibility for the maintenance of the historic post office building; and

“(III) make the historic post office building available for public use.”.

#### SEC. 206. AREA AND DISTRICT OFFICE STRUCTURE.

(a) PLAN REQUIRED.—Not later than 1 year after the date of enactment of this Act, the Postal Service shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Governmental Reform of the House of Representatives—

(1) a comprehensive strategic plan to govern decisions relating to area and district office structure that considers efficiency, costs, redundancies, mail volume, technological advancements, operational considerations, and other issues that may be relevant to establishing an effective area and district office structure; and

(2) a 10-year plan, including a timetable, that provides for consolidation of area and district offices within the continental United States (as defined in section 201(a)) wherever the Postal Service determines a consolidation would—

(A) be cost effective; and

(B) not substantially and adversely affect the operations of the Postal Service.

(b) CONSOLIDATION.—Beginning not later than 1 year after the date of enactment of this Act, the Postal Service shall, consistent with the plans required under and the criteria described in subsection (a)—

(1) consolidate district offices that are located within 50 miles of each other;

(2) consolidate area and district offices that have less than the mean mail volume and number of work hours for all area and district offices; and

(3) relocate area offices to headquarters.

(c) UPDATES.—The Postal Service shall update the plans required under subsection (a) not less frequently than once every 5 years.

(d) STATE LIAISON.—If the Postal Service does not maintain a district office in a State, the Postal Service shall designate at least 1 employee of the district office responsible for Postal Service operations in the State to represent the needs of Postal Service customers in the State.

#### SEC. 207. CONVERSION OF DOOR DELIVERY POINTS.

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

##### “§ 3692. Conversion of door delivery points

“(a) DEFINITIONS.—In this section, the following definitions shall apply:

“(1) CENTRALIZED DELIVERY POINT.—The term ‘centralized delivery point’ means a group or cluster of mail receptacles at 1 delivery point that is within reasonable proximity of the street address associated with the delivery point.

“(2) CURBLINE DELIVERY POINT.—The term ‘curbline delivery point’ means a delivery point that is—

“(A) adjacent to the street address associated with the delivery point; and

“(B) accessible by vehicle on a street that is not a private driveway.

“(3) DOOR DELIVERY POINT.—The term ‘door delivery point’ means a delivery point at a door of the structure at a street address.

“(4) SIDEWALK DELIVERY POINT.—The term ‘sidewalk delivery point’ means a delivery point on a sidewalk adjacent to the street address associated with the delivery point.

“(b) CONVERSION.—Except as provided in subsection (c), and in accordance with the solvency plan required under section 401 of the 21st Century Postal Service Act of 2012 and standards established by the Postal Service, the Postal Service is authorized to, to the maximum extent feasible, convert door delivery points to—

“(1) curbline delivery points;

“(2) sidewalk delivery points; or

“(3) centralized delivery points.

“(c) EXCEPTIONS.—

“(1) CONTINUED DOOR DELIVERY.—The Postal Service may allow for the continuation of door delivery due to—

“(A) a physical hardship of a customer;

“(B) weather, in a geographic area where snow removal efforts could obstruct access to mailboxes near a road;

“(C) circumstances in an urban area that preclude efficient use of curbline delivery points;

“(D) other exceptional circumstances, as determined in accordance with regulations issued by the Postal Service; or

“(E) other circumstances in which the Postal Service determines that alternatives to door delivery would not be practical or cost effective.

“(2) NEW DOOR DELIVERY POINTS.—The Postal Service may provide door delivery to a new delivery point in a delivery area that received door delivery on the day before the date of enactment of this section, if the delivery point is established before the delivery area is converted from door delivery under subsection (b).

“(d) SOLICITATION OF COMMENTS.—The Postal Service shall establish procedures to solicit, consider, and respond to input from individuals affected by a conversion under this section.

“(e) REVIEW.—Subchapter V of this chapter shall not apply with respect to any action taken by the Postal Service under this section.

“(f) REPORT.—Not later than 60 days after the end of each fiscal year through fiscal year 2015, the Postal Service shall submit to Congress and the Inspector General of the Postal Service a report on the implementation of this section during the preceding fiscal year that—

“(1) includes the number of door delivery points—

“(A) that existed at the end of the fiscal year preceding the preceding fiscal year;

“(B) that existed at the end of the preceding fiscal year;

“(C) that, during the preceding fiscal year, converted to—

“(i) curbline delivery points or sidewalk delivery points;

“(ii) centralized delivery points; and

“(iii) any other type of delivery point; and

“(D) for which door delivery was continued under subsection (c)(1);

“(2) estimates any cost savings, revenue loss, or decline in the value of mail resulting from the conversions from door delivery that occurred during the preceding fiscal year;

“(3) describes the progress of the Postal Service toward achieving the conversions authorized under subsection (b); and

“(4) provides such additional information as the Postal Service considers appropriate.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter VII of chapter 36 of title 39, United States Code, is amended by adding at the end the following:

“3692. Conversion of door delivery points.”.

#### SEC. 208. LIMITATIONS ON CHANGES TO MAIL DELIVERY SCHEDULE.

(a) LIMITATION ON CHANGE IN SCHEDULE.—Notwithstanding any other provision of law—

(1) the Postal Service may not establish a general, nationwide delivery schedule of 5 or fewer days per week to street addresses under the authority of the Postal Service under title 39, United States Code, earlier than the date that is 24 months after the date of enactment of this Act; and

(2) on or after the date that is 24 months after the date of enactment of this Act, the

Postal Service may establish a general, nationwide 5-day-per-week delivery schedule to street addresses under the authority of the Postal Service under section 3691 of title 39, United States Code, only in accordance with the requirements and limitations under this section.

(b) PRECONDITIONS.—If the Postal Service intends to establish a change in delivery schedule under subsection (a)(2), the Postal Service shall—

(1) identify customers and communities for whom the change may have a disproportionate, negative impact, including the customers identified as “particularly affected” in the Advisory Opinion on Elimination of Saturday Delivery issued by the Commission on March 24, 2011;

(2) develop, to the maximum extent possible, measures to ameliorate any disproportionate, negative impact the change would have on customers and communities identified under paragraph (1), including, where appropriate, providing or expanding access to mailboxes for periodical mailers on days on which the Postal Service does not provide delivery;

(3) implement measures to increase revenue and reduce costs, including the measures authorized under the amendments made by sections 101, 102, 103, 207, and 211 of this Act;

(4) evaluate whether any increase in revenue or reduction in costs resulting from the measures implemented under paragraph (3) are sufficient to allow the Postal Service, without implementing a change in delivery schedule under subsection (a), to achieve long-term solvency; and

(5) not earlier than 15 months after the date of enactment of this Act and not later than 9 months before the effective date proposed by the Postal Service for the change, submit a report on the steps the Postal Service has taken to carry out this subsection to—

(A) the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Governmental Reform of the House of Representatives;

(B) the Comptroller General of the United States; and

(C) the Commission.

(c) REVIEW.—

(1) GOVERNMENT ACCOUNTABILITY OFFICE.—Not later than 3 months after the date on which the Postal Service submits a report under subsection (b)(5), the Comptroller General shall submit to the Commission and to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Governmental Reform of the House of Representatives a report that contains findings relating to each of the following:

(A) Whether the Postal Service has adequately complied with subsection (b)(3), taking into consideration the statutory authority of and limitations on the Postal Service.

(B) The accuracy of any statement by the Postal Service that the measures implemented under subsection (b)(3) have increased revenues or reduced costs, and the accuracy of any projection by the Postal Service relating to increased revenue or reduced costs resulting from the measures implemented under subsection (b)(3).

(C) The adequacy and methodological soundness of any evaluation conducted by the Postal Service under subsection (b)(4) that led the Postal Service to assert the necessity of a change in delivery schedule under subsection (a)(2).

(D) Whether, based on an analysis of the measures implemented by the Postal Service



to increase revenues and reduce costs, projections of increased revenue and cost savings, and the details of the profitability plan required under section 401, a change in delivery schedule is necessary to allow the Postal Service to achieve long-term solvency.

(2) **POSTAL REGULATORY COMMISSION.**—

(A) **REQUEST.**—Not later than 6 months before the proposed effective date of a change in delivery schedule under subsection (a), the Postal Service shall submit to the Commission a request for an advisory opinion relating to the change.

(B) **ADVISORY OPINION.**—

(i) **IN GENERAL.**—The Commission shall—

(I) issue an advisory opinion with respect to a request under subparagraph (A), in accordance with the time limits for the issuance of advisory opinions under section 3661(b)(2) of title 39, United States Code, as amended by this Act; and

(II) submit the advisory opinion to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives.

(ii) **REQUIRED DETERMINATIONS.**—An advisory opinion under clause (i) shall determine—

(I) whether the measures developed under subsection (b)(2) ameliorate any disproportionate, negative impact that a change in schedule may have on customers and communities identified under subsection (b)(1); and

(II) based on the report submitted by the Comptroller General under paragraph (1)—

(aa) whether the Postal Service has implemented measures to increase revenue and reduce costs as required under subsection (b)(3);

(bb) whether the implementation of the measures described in item (aa) has increased revenues or reduced costs, or is projected to further increase revenues or reduce costs in the future; and

(cc) whether a change in schedule under subsection (a)(2) is necessary to allow the Postal Service to achieve long-term solvency.

(3) **PROHIBITION ON IMPLEMENTATION OF CHANGE IN SCHEDULE.**—The Postal Service may not implement a change in delivery schedule under subsection (a)(2)—

(A) before the date on which the Comptroller General submits the report required under paragraph (1); and

(B) unless the Commission determines under paragraph (2)(B)(ii)(II)(cc) that the Comptroller General has concluded that the change is necessary to allow the Postal Service to become profitable by fiscal year 2015 and to achieve long-term solvency, without regard to whether the Commission determines that the change is advisable.

(d) **ADDITIONAL LIMITATIONS.**—

(1) **RULES OF CONSTRUCTION.**—Nothing in this subsection shall be construed to—

(A) authorize the reduction, or require an increase, in delivery frequency for any route for which the Postal Service provided delivery on fewer than 6 days per week on the date of enactment of this Act;

(B) authorize any change in—

(i) the days and times that postal retail service or any mail acceptance is available at postal retail facilities or processing facilities; or

(ii) the locations at which postal retail service or mail acceptance occurs at postal retail facilities or processing facilities;

(C) authorize any change in the frequency of delivery to a post office box;

(D) prohibit the collection or delivery of a competitive mail product on a weekend, a recognized Federal holiday, or any other specific day of the week; or

(E) prohibit the Postal Service from exercising its authority to make changes to processing or retail networks.

(2) **PROHIBITION ON CONSECUTIVE DAYS WITHOUT MAIL DELIVERY.**—The Postal Service shall ensure that, under any change in schedule under subsection (a)(2), at no time shall there be more than 2 consecutive days without mail delivery to street addresses, including recognized Federal holidays.

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

**SEC. 209. TIME LIMITS FOR CONSIDERATION OF SERVICE CHANGES.**

Section 3661 of title 39, United States Code, is amended by striking subsections (b) and (c) and inserting the following:

“(b) **PROPOSED CHANGES FOR MARKET-DOMINANT PRODUCTS.**—

“(1) **SUBMISSION OF PROPOSAL.**—If the Postal Service determines that there should be a change in the nature of postal services relating to market-dominant products that will generally affect service on a nationwide or substantially nationwide basis, the Postal Service shall submit a proposal to the Postal Regulatory Commission requesting an advisory opinion on the change.

“(2) **ADVISORY OPINION.**—Upon receipt of a proposal under paragraph (1), the Postal Regulatory Commission shall—

“(A) provide an opportunity for public comment on the proposal; and

“(B) issue an advisory opinion not later than—

“(i) 90 days after the date on which the Postal Regulatory Commission receives the proposal; or

“(ii) a date that the Postal Regulatory Commission and the Postal Service may, not later than 1 week after the date on which the Postal Regulatory Commission receives the proposal, determine jointly.

“(3) **RESPONSE TO OPINION.**—The Postal Service shall submit to the President and to Congress a response to an advisory opinion issued under paragraph (2) that includes—

“(A) a statement of whether the Postal Service plans to modify the proposal to address any concerns or implement any recommendations made by the Commission; and

“(B) for any concern that the Postal Service determines not to address and any recommendation that the Postal Service determines not to implement, the reasons for the determination.

“(4) **ACTION ON PROPOSAL.**—The Postal Service may take action regarding a proposal submitted under paragraph (1)—

“(A) on or after the date that is 30 days after the date on which the Postal Service submits the response required under paragraph (3);

“(B) on or after a date that the Postal Regulatory Commission and the Postal Service may, not later than 1 week after the date on which the Postal Regulatory Commission receives a proposal under paragraph (2), determine jointly; or

“(C) after the date described in paragraph (2)(B), if—

“(i) the Postal Regulatory Commission fails to issue an advisory opinion on or before the date described in paragraph (2)(B); and

“(ii) the action is not otherwise prohibited under Federal law.

“(5) **MODIFICATION OF TIMELINE.**—At any time, the Postal Service and the Postal Regulatory Commission may jointly redeter-

mine a date determined under paragraph (2)(B)(ii) or (4)(B).”.

**SEC. 210. PUBLIC PROCEDURES FOR SIGNIFICANT CHANGES TO MAILING SPECIFICATIONS.**

(a) **NOTICE AND OPPORTUNITY FOR COMMENT REQUIRED.**—Effective on the date on which the Postal Service issues a final rule under subsection (c), before making a change to mailing specifications that could pose a significant burden to the customers of the Postal Service and that is not reviewed by the Commission, the Postal Service shall—

(1) publish a notice of the proposed change to the specification in the Federal Register;

(2) provide an opportunity for the submission of written comments concerning the proposed change for a period of not less than 30 days;

(3) after considering any comments submitted under paragraph (2) and making any modifications to the proposed change that the Postal Service determines are necessary, publish—

(A) the final change to the specification in the Federal Register;

(B) responses to any comments submitted under paragraph (2); and

(C) an analysis of the financial impact that the proposed change would have on—

(i) the Postal Service; and

(ii) the customers of the Postal Service that would be affected by the proposed change; and

(4) establish an effective date for the change to mailing specifications that is not earlier than 30 days after the date on which the Postal Service publishes the final change under paragraph (3).

(b) **EXCEPTION FOR GOOD CAUSE.**—If the Postal Service determines that there is an urgent and compelling need for a change to a mailing specification described in subsection (a) in order to avoid demonstrable harm to the operations of the Postal Service or to the public interest, the Postal Service may—

(1) change the mailing specifications by—

(A) issuing an interim final rule that—

(i) includes a finding by the Postal Service that there is good cause for the interim final rule;

(ii) provides an opportunity for the submission of written comments on the interim final rule for a period of not less than 30 days; and

(iii) establishes an effective date for the interim final rule that is not earlier than 30 days after the date on which the interim final rule is issued; and

(B) publishing in the Federal Register a response to any comments submitted under subparagraph (A)(ii); and

(2) waive the requirement under paragraph (1)(A)(iii) or subsection (a)(4).

(c) **RULES RELATING TO NOTICE AND COMMENT.**—

(1) **IN GENERAL.**—Not later than 180 days after the date of enactment of this Act, the Postal Service shall issue rules governing the provision of notice and opportunity for comment for changes in mailing specifications under subsection (a).

(2) **RULES.**—In issuing the rules required under paragraph (1), the Postal Service shall—

(A) publish a notice of proposed rule-making in the Federal Register that includes proposed definitions of the terms “mailing specifications” and “significant burden”;

(B) provide an opportunity for the submission of written comments concerning the proposed change for a period of not less than 30 days; and

(C) publish—

(i) the rule in final form in the Federal Register; and

(ii) responses to the comments submitted under subparagraph (B).

#### SEC. 211. NONPOSTAL PRODUCTS AND SERVICES.

(a) IN GENERAL.—Section 404 of title 39, United States Code, is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (6) through (8) as paragraphs (7) through (9), respectively; and

(B) by inserting after paragraph (5) the following:

“(6) after the date of enactment of the 21st Century Postal Service Act of 2012, and except as provided in subsection (e), to provide other services that are not postal services, after the Postal Regulatory Commission—

“(A) makes a determination that the provision of such services—

“(i) uses the processing, transportation, delivery, retail network, or technology of the Postal Service;

“(ii) is consistent with the public interest and a demonstrated or potential public demand for—

“(I) the Postal Service to provide the services instead of another entity providing the services; or

“(II) the Postal Service to provide the services in addition to another entity providing the services;

“(iii) would not create unfair competition with the private sector, taking into consideration the extent to which the Postal Service will not, either by legal obligation or voluntarily, comply with any State or local requirements that are generally applicable to persons that provide the services;

“(iv) will be undertaken in accordance with all Federal laws generally applicable to the provision of such services; and

“(v) has the potential to improve the net financial position of the Postal Service, based on a market analysis provided to the Postal Regulatory Commission by the Postal Service; and

“(B) for services that the Postal Regulatory Commission determines meet the criteria under subparagraph (A), classifies each such service as a market-dominant product, competitive product, or experimental product, as required under chapter 36 of title 39, United States Code;”;

(2) in subsection (e)(2), by striking “Nothing” and all that follows through “except that the” and inserting “The”.

(b) COMPLAINTS.—Section 3662(a) of title 39, United States Code, is amended by inserting “404(a)(6)(A),” after “403(c),”.

(c) MARKET ANALYSIS.—During the 5-year period beginning on the date of enactment of this Act, the Postal Service shall submit a copy of any market analysis provided to the Commission under section 404(a)(6)(A)(v) of title 39, United States Code, as amended by this section, to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives.

#### SEC. 212. CHIEF INNOVATION OFFICER; INNOVATION STRATEGY.

(a) CHIEF INNOVATION OFFICER.—

(1) IN GENERAL.—Chapter 2 of title 39, United States Code, is amended by adding at the end the following:

##### “§ 209. Chief innovation officer

“(a) ESTABLISHMENT.—There shall be in the Postal Service a Chief Innovation Officer appointed by the Postmaster General.

“(b) QUALIFICATIONS.—The Chief Innovation Officer shall have proven expertise and a record of accomplishment in areas such as—

“(1) the postal and shipping industry;

“(2) innovative product research and development;

“(3) brand marketing strategy;

“(4) new and emerging technology, including communications technology; or

“(5) business process management.

“(c) DUTIES.—The Chief Innovation Officer shall lead the development and implementation of—

“(1) innovative postal products and services, particularly products and services that use new and emerging technology, including communications technology, to improve the net financial position of the Postal Service; and

“(2) nonpostal products and services authorized under section 404(a)(6) that have the potential to improve the net financial position of the Postal Service.

“(d) DEADLINE.—The Postmaster General shall appoint a Chief Innovation Officer not later than 90 days after the date of enactment of the 21st Century Postal Service Act of 2012.

“(e) CONDITION.—

“(1) IN GENERAL.—The Chief Innovation Officer may not hold any other office or position in the Postal Service while serving as Chief Innovation Officer.

“(2) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit an individual who holds another office or position in the Postal Service at the time the individual is appointed Chief Innovation Officer from serving as the Chief Innovation Officer under this section.”.

(2) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 2 of title 39, United States Code, is amended by adding at the end the following:

“209. Chief innovation officer.”.

(b) INNOVATION STRATEGY.—

(1) INITIAL REPORT ON INNOVATION STRATEGY.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Postmaster General, acting through the Chief Innovation Officer, shall submit a report that contains a comprehensive strategy (referred to in this subsection as the “innovation strategy”) for improving the net financial position of the Postal Service through innovation, including the offering of new postal and nonpostal products and services, to—

(i) the Committee on Homeland Security and Governmental Affairs of the Senate; and

(ii) the Committee on Oversight and Government Reform of the House of Representatives.

(B) MATTERS TO BE ADDRESSED.—At a minimum, the report on innovation strategy required under subparagraph (A) shall describe—

(i) the specific innovative postal and nonpostal products and services to be developed and offered by the Postal Service, including—

(I) the nature of the market demand to be satisfied by each product or service; and

(II) the estimated date by which each product or service will be introduced;

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

(iii) the anticipated sales volume for each product or service;

(iv) the anticipated revenues and profits to be generated by each product or service;

(v) the likelihood of success of each product or service and the risks associated with the development and sale of each product or service;

(vi) the trends anticipated in market conditions that may affect the success of each product or service during the 5-year period beginning on the date of the submission of the report under subparagraph (A);

(vii) any innovations designed to improve the net financial position of the Postal Service, other than the offering of new products and services; and

(viii) the metrics that will be used to assess the effectiveness of the innovation strategy.

(2) ANNUAL REPORT.—

(A) IN GENERAL.—Not later than 1 year after the date of the submission of the initial report containing the innovation strategy under paragraph (1), and annually thereafter for 10 years, the Postmaster General, acting through the Chief Innovation Officer, shall submit a report on the implementation of the innovation strategy to—

(i) the Committee on Homeland Security and Governmental Affairs of the Senate; and

(ii) the Committee on Oversight and Government Reform of the House of Representatives.

(B) MATTERS TO BE ADDRESSED.—At a minimum, an annual report submitted under subparagraph (A) shall include—

(i) an update of the initial report on innovation strategy submitted under paragraph (1);

(ii) a description of the progress made by the Postal Service in implementing the products, services, and other innovations described in the initial report on innovation strategy;

(iii) an analysis of the performance of each product, service, or other innovation described in the initial report on innovation strategy, including—

(I) the revenue generated by each product or service developed in accordance with the innovation strategy under this section and the cost of developing and offering each product or service for the preceding year;

(II) trends in each market in which a product or service is intended to satisfy a demand;

(III) each product or service identified in the innovation strategy that is to be discontinued, the date on which each discontinuance will occur, and the reasons for each discontinuance;

(IV) each alteration that the Postal Service plans to make to a product or service identified in the innovation strategy to address changing market conditions and an explanation of how each alteration will ensure the success of the product or service;

(V) the performance of innovations other than new products and services that are designed to improve the net financial position of the Postal Service; and

(VI) the performance of the innovation strategy according to the metrics described in paragraph (1)(B)(viii).

#### SEC. 213. STRATEGIC ADVISORY COMMISSION ON POSTAL SERVICE SOLVENCY AND INNOVATION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established in the Postal Service a Strategic Advisory Commission on Postal Service Solvency and Innovation (in this section referred to as the “Advisory Commission”).

(2) INDEPENDENCE.—The Advisory Commission shall not be subject to the supervision of the Board of Governors of the Postal Service (in this section referred to as the “Board of Governors”), the Postmaster General, or any other officer or employee of the Postal Service.

(b) PURPOSE.—The purpose of the Advisory Commission is—

(1) to provide strategic guidance to the President, Congress, the Board of Governors, and the Postmaster General on enhancing the long-term solvency of the Postal Service; and

(2) to foster innovative thinking to address the challenges facing the Postal Service.

(c) MEMBERSHIP.—

(1) COMPOSITION.—The Advisory Commission shall be composed of 7 members, of whom—



(A) 3 members shall be appointed by the President, who shall designate 1 member appointed under this subparagraph to serve as Chairperson of the Advisory Commission; and

(B) 1 member shall be appointed by each of—

- (i) the majority leader of the Senate;
- (ii) the minority leader of the Senate;
- (iii) the Speaker of the House of Representatives; and
- (iv) the minority leader of the House of Representatives.

(2) **QUALIFICATIONS.**—Members of the Advisory Commission shall be prominent citizens having—

- (A) significant depth of experience in such fields as business and public administration;
- (B) a reputation for innovative thinking;
- (C) familiarity with new and emerging technologies; and
- (D) experience with revitalizing organizations that experienced significant financial challenges or other challenges.

(3) **INCOMPATIBLE OFFICES.**—An individual who is appointed to the Advisory Commission may not serve as an elected official or an officer or employee of the Federal Government while serving as a member of the Advisory Commission, except in the capacity of that individual as a member of the Advisory Commission.

(4) **DEADLINE FOR APPOINTMENT.**—Each member of the Advisory Commission shall be appointed not later than 45 days after the date of enactment of this Act.

(5) **MEETINGS; QUORUM; VACANCIES.**—

(A) **MEETINGS.**—The Advisory Commission shall meet at the call of the Chairperson or a majority of the members of the Advisory Commission.

(B) **QUORUM.**—4 members of the Advisory Commission shall constitute a quorum.

(C) **VACANCIES.**—Any vacancy in the Advisory Commission shall not affect the powers of the Advisory Commission, but shall be filled as soon as practicable in the same manner in which the original appointment was made.

(d) **DUTIES AND POWERS.**—

(1) **DUTIES.**—The Advisory Commission shall—

(A) study matters that the Advisory Commission determines are necessary and appropriate to develop a strategic blueprint for the long-term solvency of the Postal Service, including—

- (i) the financial, operational, and structural condition of the Postal Service;
- (ii) alternative strategies and business models that the Postal Service could adopt;
- (iii) opportunities for additional postal and nonpostal products and services that the Postal Service could offer;
- (iv) innovative services that postal services in foreign countries have offered, including services that respond to the increasing use of electronic means of communication; and

(v) the governance structure, management structure, and management of the Postal Service, including—

(I) the appropriate method of appointment, qualifications, duties, and compensation for senior officials of the Postal Service, including the Postmaster General; and

(II) the number and functions of senior officials of the Postal Service and the number of levels of management of the Postal Service; and

(B) submit the report required under subsection (f).

(2) **HEARINGS.**—The Advisory Commission may hold such hearings, take such testimony, and receive such evidence as is necessary to carry out this section.

(3) **ACCESS TO INFORMATION.**—The Advisory Commission may secure directly from the

Postal Service, the Board of Governors, the Postal Regulatory Commission, and any other Federal department or agency such information as the Advisory Commission considers necessary to carry out this section. Upon request of the Chairperson of the Advisory Commission, the head of the department or agency shall furnish the information described in the preceding sentence to the Advisory Commission.

(e) **PERSONNEL MATTERS.**—

(1) **ADVISORY COMMISSION MEMBERS.**—

(A) **COMPENSATION OF MEMBERS.**—Each member of the Advisory Commission shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day during which the member is engaged in the actual performance of the duties of the Advisory Commission.

(B) **TRAVEL EXPENSES.**—Members of the Advisory Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees serving intermittently in the Government service under section 5703 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Advisory Commission.

(2) **STAFF.**—

(A) **APPOINTMENT AND COMPENSATION.**—The Chairperson, in accordance with rules agreed upon by the Advisory Commission, shall appoint and fix the compensation of an executive director and such other personnel as may be necessary to enable the Advisory Commission to carry out the functions of the Advisory Commission, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification of positions and General Schedule pay rates, except that a rate of pay fixed under this subsection may not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(B) **DETAILS.**—Any Federal employee, including an employee of the Postal Service, may be detailed to the Advisory Commission without reimbursement, and such detail shall be without interruption or loss of the civil service rights, status, or privilege of the employee.

(C) **CONSULTANT SERVICES.**—The Advisory Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of such title.

(f) **STRATEGIC BLUEPRINT FOR LONG-TERM SOLVENCY.**—

(1) **IN GENERAL.**—Not later than 18 months after the date of enactment of this Act, the Advisory Commission shall submit a report that contains a strategic blueprint to—

- (A) the President;
- (B) the Committee on Homeland Security and Governmental Affairs of the Senate;
- (C) the Committee on Oversight and Government Reform of the House of Representatives;
- (D) the Board of Governors; and
- (E) the Postmaster General.

(2) **CONTENTS.**—The report submitted under paragraph (1) shall contain a strategic blueprint for the long-term solvency of the Postal Service that includes—

(A) an assessment of the business model of the Postal Service as of the date on which the report is submitted;

(B) an assessment of potential future business models for the Postal Service, including

an evaluation of the appropriate balance between—

- (i) necessary reductions in costs and services; and
- (ii) additional opportunities for growth and revenue;

(C) a strategy for addressing significant current and future liabilities;

(D) identification of opportunities for further reductions in costs;

(E) identification of opportunities for new and innovative products and services;

(F) a strategy for future growth;

(G) a vision of how the Postal Service will operate in a sustainable manner 20 years after the date of enactment of this Act; and

(H) recommendations for any legislative changes necessary to implement the strategic blueprint described in this paragraph.

(g) **TERMINATION.**—The Advisory Commission shall terminate 90 days after the date on which the Advisory Commission submits the report under subsection (f).

(h) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated for fiscal years 2013 and 2014 such sums as may be necessary to carry out this section.

### **TITLE III—FEDERAL EMPLOYEES' COMPENSATION ACT**

#### **SEC. 301. SHORT TITLE; REFERENCES.**

(a) **SHORT TITLE.**—This title may be cited as the “Workers’ Compensation Reform Act of 2012”.

(b) **REFERENCES.**—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 5, United States Code.

#### **SEC. 302. FEDERAL WORKERS COMPENSATION REFORMS FOR RETIREMENT-AGE EMPLOYEES.**

(a) **CONVERSION OF ENTITLEMENT AT RETIREMENT AGE.**—

(1) **DEFINITIONS.**—Section 8101 is amended—

(A) in paragraph (18), by striking “and” at the end;

(B) in paragraph (19), by striking “and” at the end;

(C) in paragraph (20), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

“(21) ‘retirement age’ has the meaning given that term under section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1));

“(22) ‘covered claim for total disability’ means a claim for a period of total disability that commenced before the date of enactment of the Workers’ Compensation Reform Act of 2012;

“(23) ‘covered claim for partial disability’ means a claim for a period of partial disability that commenced before the date of enactment of the Workers’ Compensation Reform Act of 2012; and

“(24) ‘individual who has an exempt disability condition’ means an individual—

“(A) who—

“(i) is eligible to receive continuous periodic compensation for total disability under section 8105 on the date of enactment of the Workers’ Compensation Reform Act of 2012; and

“(ii) meets the criteria under section 8105(c);

“(B) who, on the date of enactment of the Workers’ Compensation Reform Act of 2012—

“(i) is eligible to receive continuous periodic compensation for total disability under section 8105; and

“(ii) has sustained a currently irreversible severe mental or physical disability for which the Secretary of Labor has authorized, for at least the 1-year period ending on the date of enactment of the Workers’ Compensation Reform Act of 2012, constant in-

home care or custodial care, such as placement in a nursing home; or

“(C) who is eligible to receive continuous periodic compensation for total disability under section 8105—

“(i) for not less than the 3-year period ending on the date of enactment of the Workers’ Compensation Reform Act of 2012; or

“(ii) if the individual became eligible to receive continuous periodic compensation for total disability under section 8105 during the period beginning on the date that is 3 years before the date of enactment of the Workers’ Compensation Reform Act of 2012 and ending on such date of enactment, for not less than the 3-year period beginning on the date on which the individual became eligible.”.

(2) TOTAL DISABILITY.—Section 8105 is amended—

(A) in subsection (a), by striking “If” and inserting “IN GENERAL.—Subject to subsection (b), if”;

(B) by redesignating subsection (b) as subsection (c); and

(C) by inserting after subsection (a) the following:

“(b) CONVERSION OF ENTITLEMENT AT RETIREMENT AGE.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the basic compensation for total disability for an employee who has attained retirement age shall be 50 percent of the monthly pay of the employee.

“(2) EXCEPTIONS.—

“(A) COVERED RECIPIENTS WHO ARE RETIREMENT AGE OR HAVE AN EXEMPT DISABILITY CONDITION.—Paragraph (1) shall not apply to a covered claim for total disability by an employee if the employee—

“(i) on the date of enactment of the Workers’ Compensation Reform Act of 2012, has attained retirement age; or

“(ii) is an individual who has an exempt disability condition.

“(B) TRANSITION PERIOD FOR CERTAIN EMPLOYEES.—For a covered claim for total disability by an employee who is not an employee described in subparagraph (A), the employee shall receive the basic compensation for total disability provided under subsection (a) until the later of—

“(i) the date on which the employee attains retirement age; and

“(ii) the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2012.”.

(3) PARTIAL DISABILITY.—Section 8106 is amended—

(A) in subsection (a), by striking “If” and inserting “IN GENERAL.—Subject to subsection (b), if”;

(B) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(C) by inserting after subsection (a) the following:

“(b) CONVERSION OF ENTITLEMENT AT RETIREMENT AGE.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the basic compensation for partial disability for an employee who has attained retirement age shall be 50 percent of the difference between the monthly pay of the employee and the monthly wage-earning capacity of the employee after the beginning of the partial disability.

“(2) EXCEPTIONS.—

“(A) COVERED RECIPIENTS WHO ARE RETIREMENT AGE.—Paragraph (1) shall not apply to a covered claim for partial disability by an employee if, on the date of enactment of the Workers’ Compensation Reform Act of 2012, the employee has attained retirement age.

“(B) TRANSITION PERIOD FOR CERTAIN EMPLOYEES.—For a covered claim for partial disability by an employee who is not an employee described in subparagraph (A), the employee shall receive basic compensation

for partial disability in accordance with subsection (a) until the later of—

“(i) the date on which the employee attains retirement age; and

“(ii) the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2012.”.

#### SEC. 303. AUGMENTED COMPENSATION FOR DEPENDENTS.

(a) IN GENERAL.—Section 8110 is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

“(b) TERMINATION OF AUGMENTED COMPENSATION.—

“(1) IN GENERAL.—Subject to paragraph (2), augmented compensation for dependants under subsection (c) shall not be provided.

“(2) EXCEPTIONS.—

“(A) TOTAL DISABILITY.—For a covered claim for total disability by an employee—

“(i) the employee shall receive augmented compensation under subsection (c) if the employee is an individual who has an exempt disability condition; and

“(ii) the employee shall receive augmented compensation under subsection (c) until the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2012 if the employee is not an employee described in clause (i).

“(B) PARTIAL DISABILITY.—For a covered claim for partial disability by an employee, the employee shall receive augmented compensation under subsection (c) until the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2012.

“(C) PERMANENT DISABILITY COMPENSATED BY A SCHEDULE.—For a claim for a permanent disability described in section 8107(a) by an employee that commenced before the date of enactment of the Workers’ Compensation Reform Act of 2012, the employee shall receive augmented compensation under subsection (c).”.

(b) MAXIMUM AND MINIMUM MONTHLY PAYMENTS.—Section 8112 is amended—

(1) in subsection (a)—

(A) by inserting “subsections (b) and (c) and” before “section 8138”;

(B) by striking “including augmented compensation under section 8110 of this title but”;

(C) by striking “75 percent” each place it appears and inserting “66% percent”;

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following:

“(b) EXCEPTIONS.—

“(1) COVERED DISABILITY CONDITION.—For a covered claim for total disability by an employee, if the employee is an individual who has an exempt disability condition—

“(A) the monthly rate of compensation for disability that is subject to the maximum and minimum monthly amounts under subsection (a) shall include any augmented compensation under section 8110; and

“(B) subsection (a) shall be applied by substituting ‘75 percent’ for ‘66% percent’ each place it appears.

“(2) PARTIAL DISABILITY.—For a covered claim for partial disability by an employee, until the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2012—

“(A) the monthly rate of compensation for disability that is subject to the maximum and minimum monthly amounts under subsection (a) shall include any augmented compensation under section 8110; and

“(B) subsection (a) shall be applied by substituting ‘75 percent’ for ‘66% percent’ each place it appears.”; and

(4) in subsection (c), as redesignated by paragraph (2), by striking “subsection (a)” and inserting “subsections (a) and (b)”.

(c) DEATH BENEFITS GENERALLY.—Section 8133 is amended—

(1) in subsections (a) and (e), by striking “75 percent” each place it appears and inserting “66% percent (except as provided in subsection (g))”; and

(2) by adding at the end the following:

“(g) If the death occurred before the date of enactment of the Workers’ Compensation Reform Act of 2012, subsections (a) and (e) shall be applied by substituting ‘75 percent’ for ‘66% percent’ each place it appears.”.

(d) DEATH BENEFITS FOR CIVIL AIR PATROL VOLUNTEERS.—Section 8141 is amended—

(1) in subsection (b)(2)(B) by striking “75 percent” and inserting “66% percent (except as provided in subsection (c))”; and

(2) by redesignating subsection (c) as subsection (d); and

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

“(c) If the death occurred before the date of enactment of the Workers’ Compensation Reform Act of 2012, subsection (b)(2)(B) shall be applied by substituting ‘75 percent’ for ‘66% percent’.”.

#### SEC. 304. SCHEDULE COMPENSATION PAYMENTS.

Section 8107 is amended—

(1) in subsection (a), by striking “at the rate of 66% percent of his monthly pay” and inserting “at the rate specified under subsection (d)”; and

(2) by adding at the end the following:

“(d) RATE FOR COMPENSATION.—

“(1) ANNUAL SALARY.—

“(A) IN GENERAL.—Except as provided in paragraph (2), the rate under subsection (a) shall be the rate of 66% percent of the annual salary level established under subparagraph (B), in a lump sum equal to the present value (as calculated under subparagraph (C)) of the amount of compensation payable under the schedule.

“(B) ESTABLISHMENT.—

“(i) IN GENERAL.—The Secretary of Labor shall establish an annual salary for purposes of subparagraph (A) in the amount the Secretary determines will result in the aggregate cost of payments made under this section being equal to what would have been the aggregate cost of payments under this section if the amendments made by section 304(a) of the Workers’ Compensation Reform Act of 2012 had not been enacted.

“(ii) COST OF LIVING ADJUSTMENT.—The annual salary established under clause (i) shall be increased on March 1 of each year by the amount determined by the Secretary of Labor to represent the percent change in the price index published for December of the preceding year over the price index published for the December of the year prior to the preceding year, adjusted to the nearest one-tenth of 1 percent.

“(C) PRESENT VALUE.—The Secretary of Labor shall calculate the present value for purposes of subparagraph (A) using a rate of interest equal to the average market yield for outstanding marketable obligations of the United States with a maturity of 2 years on the first business day of the month in which the compensation is paid or, in the event that such marketable obligations are not being issued on such date, at an equivalent rate selected by the Secretary of Labor, true discount compounded annually.

“(2) CERTAIN INJURIES.—For an injury that occurred before the date of enactment of the Workers’ Compensation Reform Act of 2012, the rate under subsection (a) shall be 66% percent of the employee’s monthly pay.

“(e) SIMULTANEOUS RECEIPT.—

“(1) TOTAL DISABILITY.—An employee who receives compensation for total disability

under section 8105 may only receive the lump sum of schedule compensation under this section in addition to and simultaneously with the benefits for total disability after the earlier of—

“(A) the date on which the basic compensation for total disability of the employee becomes 50 percent of the monthly pay of the employee under section 8105(b); or

“(B) the date on which augmented compensation of the employee terminates under section 8110(b)(2)(A)(ii), if the employee receives such compensation.

“(2) **PARTIAL DISABILITY.**—An employee who receives benefits for partial disability under section 8106 may only receive the lump sum of schedule compensation under this section in addition to and simultaneously with the benefits for partial disability after the earlier of—

“(A) the date on which the basic compensation for partial disability of the employee becomes 50 percent of the difference between the monthly pay of the employee and the monthly wage-earning capacity of the employee after the beginning of the partial disability under section 8106(b); or

“(B) the date on which augmented compensation of the employee terminates under section 8110(b)(2)(B), if the employee receives such compensation.”.

#### SEC. 305. VOCATIONAL REHABILITATION.

(a) **IN GENERAL.**—Section 8104 is amended—

(1) in subsection (a)—

(A) by striking “(a) The Secretary of Labor may” and all that follows through “undergo vocational rehabilitation.” and inserting the following:

“(a) **IN GENERAL.**—

“(1) **DIRECTION.**—Except as provided in paragraph (2), not earlier than the date that is 6 months after the date on which an individual eligible for wage-loss compensation under section 8105 or 8106 is injured, or by such other date as the Secretary of Labor determines it would be reasonable under the circumstances for the individual to begin vocational rehabilitation, and if vocational rehabilitation may enable the individual to become capable of more gainful employment, the Secretary of Labor shall direct the individual to participate in developing a comprehensive return to work plan and to undergo vocational rehabilitation at a location a reasonable distance from the residence of the individual.”;

(B) by striking “the Secretary of Health, Education, and Welfare in carrying out the purposes of chapter 4 of title 29” and inserting “the Secretary of Education in carrying out the purposes of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.)”;

(C) by striking “under section 32(b)(1) of title 29” and inserting “under section 5 of the Rehabilitation Act of 1973 (29 U.S.C. 704)”;

(D) by adding at the end the following:

“(2) **EXCEPTION.**—The Secretary of Labor may not direct an individual who has attained retirement age to participate in developing a comprehensive return to work plan or to undergo vocational rehabilitation.”;

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following:

“(b) **CONTENTS OF RETURN TO WORK PLAN.**—A return to work plan developed under subsection (a)—

“(1) shall—

“(A) set forth specific measures designed to increase the wage-earning capacity of an individual;

“(B) take into account the prior training and education of the individual and the training, educational, and employment op-

portunities reasonably available to the individual; and

“(C) provide that any employment undertaken by the individual under the return to work plan be at a location a reasonable distance from the residence of the individual;

“(2) may provide that the Secretary will pay out of amounts in the Employees’ Compensation Fund reasonable expenses of vocational rehabilitation (which may include tuition, books, training fees, supplies, equipment, and child or dependent care) during the course of the plan; and

“(3) may not be for a period of more than 2 years, unless the Secretary finds good cause to grant an extension, which may be for not more than 2 years.”;

(4) in subsection (c), as so redesignated—

(A) by inserting “COMPENSATION.—” before “Notwithstanding”; and

(B) by striking “, other than employment undertaken pursuant to such rehabilitation”; and

(5) by adding at the end the following:

“(d) **ASSISTED REEMPLOYMENT AGREEMENTS.**—

“(1) **IN GENERAL.**—The Secretary may enter into an assisted reemployment agreement with an agency or instrumentality of any branch of the Federal Government or a State or local government or a private employer that employs an individual eligible for wage-loss compensation under section 8105 or 8106 to enable the individual to return to productive employment.

“(2) **CONTENTS.**—An assisted reemployment agreement under paragraph (1)—

“(A) may provide that the Secretary will use amounts in the Employees’ Compensation Fund to reimburse an employer in an amount equal to not more than 100 percent of the compensation the individual would otherwise receive under section 8105 or 8106; and

“(B) may not be for a period of more than 3 years.

“(e) **LIST.**—To facilitate the hiring of individuals eligible for wage-loss compensation under section 8105 or 8106, the Secretary shall provide a list of such individuals to the Office of Personnel Management, which the Office of Personnel Management shall provide to all agencies and instrumentalities of the Federal Government.”.

(b) **EMPLOYEES’ COMPENSATION FUND.**—Section 8147 is amended by adding at the end:

“(d) Notwithstanding subsection (b), any benefits or other payments paid to or on behalf of an employee under this subchapter or any extension or application thereof for a recurrence of injury, consequential injury, aggravation of injury, or increase in percentage of impairment to a member for which compensation is provided under the schedule under section 8107 suffered in a permanent position with an agency or instrumentality of the United States while the employment with the agency or instrumentality is covered under an assisted reemployment agreement entered into under section 8104(d) shall not be included in total cost of benefits and other payments in the statement provided to the agency or instrumentality under subsection (b) if the injury was originally incurred in a position not covered by an assisted reemployment agreement.”.

(c) **TERMINATION OF VOCATIONAL REHABILITATION REQUIREMENT AFTER RETIREMENT AGE.**—Section 8113(b) is amended by adding at the end the following: “An individual who has attained retirement age may not be required to undergo vocational rehabilitation.”.

(d) **MANDATORY BENEFIT REDUCTION FOR NONCOMPLIANCE.**—Section 8113(b) is amended by striking “may reduce” and inserting “shall reduce”.

(e) **TECHNICAL AND CONFORMING AMENDMENTS.**—

(1) **IN GENERAL.**—Subchapter III of chapter 15 of title 31, United States Code, is amended by adding at the end the following:

#### “§ 1538. Authorization for assisted reemployment

“Funds may be transferred from the Employees’ Compensation Fund established under section 8147 of title 5 to the applicable appropriations account for an agency or instrumentality of any branch of the Federal Government for the purposes of reimbursing the agency or instrumentality in accordance with an assisted reemployment agreement entered into under section 8104 of title 5.”.

(2) **TABLE OF SECTIONS.**—The table of sections for chapter 15 of title 31, United States Code, is amended by inserting after the item relating to section 1537 the following:

“1538. Authorization for assisted reemployment.”.

#### SEC. 306. REPORTING REQUIREMENTS.

(a) **IN GENERAL.**—Chapter 81 is amended by inserting after section 8106 the following:

##### “§ 8106a. Reporting requirements

“(a) **DEFINITION.**—In this section, the term ‘employee receiving compensation’ means an employee who—

“(1) is paid compensation under section 8105 or 8106; and

“(2) has not attained retirement age.

“(b) **AUTHORITY.**—The Secretary of Labor shall require an employee receiving compensation to report the earnings of the employee receiving compensation from employment or self-employment, by affidavit or otherwise, in the manner and at the times the Secretary specifies.

“(c) **CONTENTS.**—An employee receiving compensation shall include in a report required under subsection (a) the value of housing, board, lodging, and other advantages which are part of the earnings of the employee receiving compensation in employment or self-employment and the value of which can be estimated.

“(d) **FAILURE TO REPORT AND FALSE REPORTS.**—

“(1) **IN GENERAL.**—An employee receiving compensation who fails to make an affidavit or other report required under subsection (b) or who knowingly omits or understates any part of the earnings of the employee in such an affidavit or other report shall forfeit the right to compensation with respect to any period for which the report was required.

“(2) **FORFEITED COMPENSATION.**—Compensation forfeited under this subsection, if already paid to the employee receiving compensation, shall be recovered by a deduction from the compensation payable to the employee or otherwise recovered under section 8129, unless recovery is waived under that section.”.

(b) **TECHNICAL AND CONFORMING AMENDMENTS.**—The table of sections for chapter 81 is amended by inserting after the item relating to section 8106 the following:

“8106a. Reporting requirements.”.

#### SEC. 307. DISABILITY MANAGEMENT REVIEW; INDEPENDENT MEDICAL EXAMINATIONS.

Section 8123 is amended by adding at the end the following:

“(e) **DISABILITY MANAGEMENT REVIEW.**—

“(1) **DEFINITIONS.**—In this subsection—

“(A) the term ‘covered employee’ means an employee who is in continuous receipt of compensation for total disability under section 8105 for a period of not less than 6 months; and

“(B) the term ‘disability management review process’ means the disability management review process established under paragraph (2)(A).

“(2) **ESTABLISHMENT.**—The Secretary of Labor shall—

“(A) establish a disability management review process for the purpose of certifying and monitoring the disability status and extent of injury of each covered employee; and

“(B) promulgate regulations for the administration of the disability management review process.

“(3) **PHYSICAL EXAMINATIONS REQUIRED.**—Under the disability management review process, the Secretary of Labor shall periodically require covered employees to submit to physical examinations under subsection (a) by physicians selected by the Secretary. A physician conducting a physical examination of a covered employee shall submit to the Secretary a report regarding the nature and extent of the injury to and disability of the covered employee.

“(4) **FREQUENCY.**—

“(A) **IN GENERAL.**—The regulations promulgated under paragraph (2)(B) shall specify the process and criteria for determining when and how frequently a physical examination should be conducted for a covered employee.

“(B) **MINIMUM FREQUENCY.**—

“(i) **INITIAL.**—An initial physical examination shall be conducted not more than a brief period after the date on which a covered employee has been in continuous receipt of compensation for total disability under section 8015 for 6 months.

“(ii) **SUBSEQUENT EXAMINATIONS.**—After the initial physical examination, physical examinations of a covered employee shall be conducted not less than once every 3 years.

“(5) **EMPLOYING AGENCY OR INSTRUMENTALITY REQUESTS.**—

“(A) **IN GENERAL.**—The agency or instrumentality employing an employee who has made a claim for compensation for total disability under section 8105 may at any time submit a request for the Secretary of Labor to promptly require the employee to submit to a physical examination under this subsection.

“(B) **REQUESTING OFFICER.**—A request under subparagraph (A) shall be made on behalf of an agency or instrumentality by—

“(i) the head of the agency or instrumentality;

“(ii) the Chief Human Capital Officer of the agency or instrumentality; or

“(iii) if the agency or instrumentality does not have a Chief Human Capital Officer, an officer with responsibilities similar to those of a Chief Human Capital Officer designated by the head of the agency or instrumentality to make requests under this paragraph.

“(C) **INFORMATION.**—A request under subparagraph (A) shall be in writing and accompanied by—

“(i) a certification by the officer making the request that the officer has reviewed the relevant material in the employee's file;

“(ii) an explanation of why the officer has determined, based on the materials in the file and other information known to the officer, that requiring a physical examination of the employee under this subsection is necessary; and

“(iii) copies of the materials relating to the employee that are relevant to the officer's determination and request, unless the agency or instrumentality has a reasonable basis for not providing the materials.

“(D) **EXAMINATION.**—If the Secretary of Labor receives a request under this paragraph before an employee has undergone an initial physical examination under paragraph (4)(B)(i), the Secretary shall promptly require the physical examination of the employee. A physical examination under this subparagraph shall satisfy the requirement under paragraph (4)(B)(i) that an initial physical examination be conducted.

“(E) **AFTER INITIAL EXAMINATION.**—

“(i) **IN GENERAL.**—If the Secretary of Labor receives a request under this paragraph after an employee has undergone an initial physical examination under paragraph (4)(B)(i), the Secretary shall—

“(I) review the request and the information, explanation, and other materials submitted with the request; and

“(II) determine whether to require the physical examination of the employee who is the subject of the request.

“(ii) **NOT GRANTED.**—If the Secretary determines not to grant a request described in clause (i), the Secretary shall promptly notify the officer who made the request and provide an explanation of the reasons why the request was denied.”.

#### **SEC. 308. WAITING PERIOD.**

(a) **IN GENERAL.**—Section 8117 is amended—

(1) in the section heading, by striking “**Time of accrual of right**” and inserting “**Waiting period**”;

(2) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking “An employee” and all that follows through “is not entitled” and inserting “**IN GENERAL.**—An employee is not entitled to continuation of pay within the meaning of section 8118 for the first 3 days of temporary disability or, if section 8118 does not apply, is not entitled”;

(B) in paragraph (1), by adding “or” at the end;

(C) by striking paragraph (2); and

(D) by redesignating paragraph (3) as paragraph (2); and

(3) in subsection (b)—

(A) by striking “A Postal Service” the first place it appears and all that follows through “A Postal Service” the second place it appears and inserting “**USE OF LEAVE.**—An”;

(B) by striking “that 3-day period” and inserting “the first 3 days of temporary disability”; and

(C) by striking “or is followed by permanent disability”.

(b) **CONTINUATION OF PAY.**—Section 8118 is amended—

(1) in the section heading, by striking “; **election to use annual or sick leave**”;

(2) in subsection (b)(1), by striking “section 8117(b)” and inserting “section 8117”;

(3) by striking subsection (c); and

(4) by redesignating subsections (d) as subsection (c).

(c) **TECHNICAL AND CONFORMING AMENDMENTS.**—The table of sections for chapter 81 is amended by striking the items relating to sections 8117 and 8118 and inserting the following:

“8117. Waiting period.

“8118. Continuation of pay.”.

#### **SEC. 309. ELECTION OF BENEFITS.**

(a) **IN GENERAL.**—Section 8116 is amended by adding at the end the following:

“(e) **RETIREMENT BENEFITS.**—

“(1) **IN GENERAL.**—An individual entitled to compensation benefits payable under this subchapter and under chapter 83 or 84 or any other retirement system for employees of the Government, for the same period, shall elect which benefits the individual will receive.

“(2) **ELECTION.**—

“(A) **DEADLINE.**—An individual shall make an election under paragraph (1) in accordance with such deadlines as the Secretary of Labor shall establish, which shall be a reasonable period after the individual has received notice of a final determination that the individual is entitled to compensation benefits payable under this subchapter.

“(B) **REVOCABILITY.**—An election under paragraph (1) shall be revocable, notwithstanding any other provision of law, except for any period during which an individual—

“(i) was qualified for benefits payable under both this subchapter and under a retirement system described in paragraph (1); and

“(ii) was paid benefits under the retirement system after having been notified of eligibility for benefits under this subchapter.

“(3) **INFORMED CHOICE.**—The Secretary of Labor shall provide information, and shall ensure that information is provided, to an individual described in paragraph (1) about the benefits available to the individual under this subchapter or under chapter 83 or 84 or any other retirement system referred to in paragraph (1) the individual may elect to receive.”.

(b) **TECHNICAL AND CONFORMING AMENDMENTS.**—Sections 8337(f)(3) and 8464a(a)(3) are each amended by striking “Paragraphs” and inserting “Except as provided under chapter 81, paragraphs”.

#### **SEC. 310. SANCTION FOR NONCOOPERATION WITH FIELD NURSES.**

Section 8123, as amended by section 307, is amended by adding at the end the following:

“(f) **FIELD NURSES.**—

“(1) **DEFINITION.**—In this subsection, the term ‘field nurse’ means a registered nurse that assists the Secretary in the medical management of disability claims under this subchapter and provides claimants with assistance in coordinating medical care.

“(2) **AUTHORIZATION.**—The Secretary may use field nurses to coordinate medical services and vocational rehabilitation programs for injured employees under this subchapter. If an employee refuses to cooperate with a field nurse or obstructs a field nurse in the performance of duties under this subchapter, the right to compensation under this subchapter shall be suspended until the refusal or obstruction stops.”.

#### **SEC. 311. SUBROGATION OF CONTINUATION OF PAY.**

(a) **IN GENERAL.**—Section 8131 is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by inserting “continuation of pay or” before “compensation”;

(2) in subsection (b), by inserting “continuation of pay or” before “compensation”; and

(3) in subsection (c)—

(A) by inserting “continuation of pay or” before “compensation already paid”; and

(B) by inserting “continuation of pay or” before “compensation payable”.

(b) **ADJUSTMENT AFTER RECOVERY FROM A THIRD PERSON.**—Section 8132 is amended—

(1) in the first sentence—

(A) by inserting “continuation of pay or” before “compensation is payable”; and

(B) by inserting “continuation of pay or” before “compensation from the United States”;

(C) by striking “by him or in his behalf” and inserting “by the beneficiary or on behalf of the beneficiary”;

(D) by inserting “continuation of pay and” before “compensation paid by the United States”; and

(E) by striking “compensation payable to him” and inserting “continuation of pay or compensation payable to the beneficiary”;

(2) in the second sentence, by striking “his designee” and inserting “the designee of the beneficiary”;

(3) in the fourth sentence, by striking “If compensation” and all that follows through “payable to him by the United States” and inserting “If continuation of pay or compensation has not been paid to the beneficiary, the money or property shall be credited against continuation of pay or compensation payable to the beneficiary by the United States”.

(c) **EFFECTIVE DATE.**—This section and the amendments made by this section shall take effect on the date of enactment of this Act.

**SEC. 312. INTEGRITY AND COMPLIANCE.**

(a) IN GENERAL.—Subchapter I of chapter 81 is amended by adding at the end the following:

**“§ 153. Integrity and Compliance Program**

“(a) DEFINITIONS.—In this section—

“(1) the term ‘FECA program’ means the Federal Employees Compensation Program administered under this subchapter;

“(2) the term ‘improper payment’ has the meaning given that term in section 2(f) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note);

“(3) the term ‘Inspector General’—

“(A) means an Inspector General described in subparagraph (A), (B), or (I) of section 11(b)(1) of the Inspector General Act of 1978 (5 U.S.C. App.); and

“(B) does not include the Inspector General of an entity having no employees covered under the FECA program.

“(4) the term ‘Integrity and Compliance Program’ means the Integrity and Compliance Program established under subsection (b);

“(5) the term ‘provider’ means a provider of medical or other services under the FECA program;

“(6) the term ‘Secretary’ means the Secretary of Labor; and

“(7) the term ‘Task Force’ means the FECA Integrity and Compliance Task Force established under subsection (c)(2)(A).

“(b) INTEGRITY AND COMPLIANCE PROGRAM.—Not later than 270 days after the date of enactment of this section, the Secretary shall establish an Integrity and Compliance Program for the purpose of preventing, identifying, and recovering fraudulent and other improper payments for the FECA program, which shall include—

“(1) procedures for identifying potentially improper payments before payment is made to claimants and providers, including, where appropriate, predictive analytics;

“(2) reviews after payment is made to identify potentially improper payments to claimants and providers;

“(3) on-going screening and verification procedures to ensure the continued eligibility of medical providers to provide services under the FECA program, including licensure, Federal disbarment, and the existence of relevant criminal convictions;

“(4) provision of appropriate information, education, and training to claimants and providers on requirements to ensure the integrity of the FECA program, including payments under the FECA program;

“(5) appropriate controls and audits to ensure that providers adopt internal controls and procedures for compliance with requirements under the FECA program;

“(6) procedures to ensure—

“(A) initial and continuing eligibility of claimants for compensation, benefits, or services under the FECA program; and

“(B) ongoing verification of information in databases relating to claimants to ensure accuracy and completeness; and

“(7) sharing and accessing data and information with other agencies and instrumentalities of the United States, including the United States Postal Service.

“(c) INTERAGENCY COOPERATION ON ANTI-FRAUD EFFORTS.—

“(1) IN GENERAL.—In administering the FECA program, including the Integrity and Compliance Program, the Secretary shall cooperate with other agencies and instrumentalities of the United States (including the United States Postal Service) and the Inspectors General of such agencies and instrumentalities to prevent, identify, and recover fraudulent and other improper payments under the FECA program.

“(2) TASK FORCE.—

“(A) IN GENERAL.—There is established a task force, which shall be known as the FECA Integrity and Compliance Task Force.

“(B) MEMBERSHIP.—The members of the Task Force shall be—

“(i) the Secretary, who shall serve as the Chairperson of the Task Force;

“(ii) the Postmaster General, who shall serve as the Vice Chairperson of the Task Force;

“(iii) the Attorney General;

“(iv) the Director of the Office of Management and Budget; and

“(v) other appropriate Federal officials, as determined by the Chairperson and Vice Chairperson of the Task Force.

“(C) ADVISORY MEMBERS.—The following officials shall attend meetings of the Task Force and participate as ad hoc, advisory members, to provide technical assistance and guidance to the Task Force with respect to the duties of the Task Force:

“(i) The Inspector General of the Department of Labor.

“(ii) The Inspector General of the United States Postal Service.

“(iii) The Inspectors General of other appropriate agencies and instrumentalities of the United States that employ a significant number of individuals receiving compensation, benefits, or services under the FECA program, as determined by the Chairperson of the Task Force.

“(D) DUTIES.—The Task Force shall—

“(i) set forth, in writing, a description of the respective roles and responsibilities in preventing, identifying, recovering, and prosecuting fraud under, and otherwise ensuring integrity and compliance of, the FECA program of—

“(I) the Secretary (including subordinate officials such as the Director of the Office of Workers’ Compensation Programs);

“(II) the Inspector General of the Department of Labor;

“(III) the Inspectors General of agencies and instrumentalities of the United States that employ claimants under the FECA program;

“(IV) the Attorney General; and

“(V) any other relevant officials;

“(ii) develop procedures for sharing information of possible fraud under the FECA program or other intentional misstatements by claimants or providers under the FECA program, including procedures addressing—

“(I) notification of appropriate officials of the Department of Labor of potential fraud or other intentional misstatements, including provision of supporting information;

“(II) timely and appropriate response by officials of the Department of Labor to notifications described in subclause (I);

“(III) the inclusion of information and evidence relating to fraud and other intentional misstatements in criminal, civil, and administrative proceedings relating to the provision of compensation, benefits, or medical services (including payments to providers) under the FECA program;

“(IV) the coordination of criminal investigations with the administration of the FECA program; and

“(V) the protection of information relating to an investigation of possible fraud under the FECA program from potential disclosure, including requirements that enable investigative files to be appropriately separated from case management files;

“(iii) not later than 1 year after the date of enactment of this section, submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform and the Committee on Education and the Workforce of the House of Representatives a report that includes the description

and procedures required under clauses (i) and (ii).

“(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to limit or restrict any authority of an Inspector General.

“(d) IMPROVEMENTS TO ACCESS OF FEDERAL DATABASES.—

“(1) IN GENERAL.—In order to improve compliance with the requirements under and the integrity of the FECA program, or as required to otherwise detect and prevent improper payments under the FECA program (including for purposes of computer matching under subsection (e)(1)(D)), upon written request—

“(A) the Commissioner of Social Security shall make available to the Secretary, the Postmaster General, and each Inspector General the Social Security earnings information of a living or deceased employee;

“(B) the Director of the Office of Personnel Management shall make available to the Secretary, the Postmaster General, and each Inspector General the information in the databases of Federal employees and retirees maintained by the Director; and

“(C) the Secretary of Veterans Affairs shall make available to the Secretary, the Postmaster General, and each Inspector General the information in the database of disabled individuals maintained by the Secretary of Veterans Affairs.

“(2) NATIONAL DIRECTORY OF NEW HIRES.—

Upon written request, the Secretary of Health and Human Services shall make available to the Secretary, the Postmaster General, each Inspector General, and the Comptroller General of the United States the information in the National Directory of New Hires for purposes of carrying out this subchapter, in order to improve compliance with the requirements under and the integrity of the FECA program, or as required to otherwise detect and prevent improper payments under the FECA program (including for purposes of computer matching under subsection (e)(1)(D)). The Comptroller General may obtain information from the National Directory of New Hires for purposes of any audit, evaluation, or investigation, including any audit, evaluation, or investigation relating to program integrity.

“(3) PROCEDURES.—The Secretary shall establish procedures for correlating the identity and status of recipients of compensation, benefits, or services under this subchapter with Social Security earnings information described in paragraph (1)(A).

“(4) PROVISION.—Information requested under this subsection shall be provided—

“(A) in a timely manner;

“(B) at a reasonable cost to the Secretary, the Postmaster General, or an Inspector General;

“(C) without cost to the Comptroller General of the United States; and

“(D) in the manner, frequency, and form reasonably specified by the officer making the request, which, upon request, shall include electronic form.

“(5) ASSESSMENT OF DATA COST-EFFECTIVENESS.—

“(A) IN GENERAL.—The Secretary shall consider and assess procedures for correlating the identity and status of recipients of compensation, benefits, or services under this subchapter with information relating to employees, retirees, and individuals described in subparagraphs (B) and (C) of paragraph (1) and paragraph (2).

“(B) REPORT.—Not later than 1 year after the date of enactment of this section, the Secretary shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform and the Committee on Education and the Workforce

of the House of Representatives a report on the cost-effectiveness of the use of the databases described in subparagraphs (B) and (C) of paragraph (1) and paragraph (2) for program compliance and integrity. The report required under this subparagraph may be included as part of the report required under subsection (f).

“(6) UNITED STATES POSTAL SERVICE FECA ENROLLEE DATABASE.—Not later than 180 days after the date of enactment of this section, in order to track, verify, and communicate with the Secretary and other relevant entities, the Postmaster General shall establish an electronic database of information relating to employees of the United States Postal Service who have applied for or are receiving compensation, benefits, or services under this subchapter.

“(7) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to limit the authority of the Comptroller General of the United States under section 716 of title 31.

“(e) GENERAL PROTOCOLS AND SECURITY.—

“(1) ESTABLISHMENT.—

“(A) IN GENERAL.—In order to ensure strong information security and privacy standards, the Task Force shall establish protocols for the secure transfer and storage of any information provided to an individual or entity under this section.

“(B) CONSIDERATIONS.—In establishing protocols under subparagraph (A), the Task Force shall consider any recommendations submitted to the Secretary by the Inspector General of the Department of Health and Human Services with respect to the secure transfer and storage of information, and to comply with privacy laws and best practices.

“(C) FRAUD CASE PROTECTION.—The Task Force shall establish protocols and procedures to enable information and materials relating to an active investigation of possible fraud relating to the FECA program to be appropriately kept separate from the files for employees relating to the provision of compensation, benefits, or services under the FECA program.

“(D) COMPUTER MATCHING BY FEDERAL AGENCIES FOR PURPOSES OF INVESTIGATION AND PREVENTION OF IMPROPER PAYMENTS AND FRAUD.—

“(i) IN GENERAL.—Except as provided in this subparagraph, in accordance with section 552a (commonly known as the Privacy Act of 1974), the Secretary, the Postmaster General, each Inspector General, and the head of each agency may enter into computer matching agreements that allow ongoing data matching (which shall include automated data matching) in order to assist in the detection and prevention of improper payments under the FECA program.

“(ii) REVIEW.—Not later than 60 days after a proposal for an agreement under clause (i) has been presented to a Data Integrity Board established under section 552a(u) for consideration, the Data Integrity Board shall approve or deny the agreement.

“(iii) TERMINATION DATE.—An agreement under clause (i)—

“(I) shall have a termination date of less than 3 years; and

“(II) during the 3-month period ending on the date on which the agreement is scheduled to terminate, may be renewed by the agencies entering the agreement for not more than 3 years.

“(iv) MULTIPLE AGENCIES.—For purposes of this subparagraph, section 552a(o)(1) shall be applied by substituting ‘between the source agency and the recipient agency or non-Federal agency or an agreement governing multiple agencies’ for ‘between the source agency and the recipient agency or non-Federal agency’ in the matter preceding subparagraph (A).

“(v) COST-BENEFIT ANALYSIS.—An agreement under clause (i) may be entered without regard to section 552a(o)(1)(B), relating to a cost-benefit analysis of the proposed matching program.

“(vi) GUIDANCE BY THE OFFICE OF MANAGEMENT AND BUDGET.—Not later than 6 months after the date of enactment of the Workers’ Compensation Reform Act of 2012, and in consultation with the Council of Inspectors General on Integrity and Efficiency, the Secretary of Health and Human Services, the Commissioner of Social Security, and the head of any other relevant agency, the Director of the Office of Management and Budget shall—

“(I) issue guidance for agencies regarding implementing this subparagraph, which shall include standards for reimbursement costs, when necessary, between agencies; and

“(II) establish standards and develop standard matching agreements for the purpose of improving the process for establishing data use or computer matching agreements.

“(2) COMPLIANCE.—The Secretary, the Postmaster General, and each Inspector General shall ensure that any information provided to an individual or entity under this section is provided in accordance with protocols established under paragraph (1).

“(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to affect the rights of an individual under section 552a(p).

“(f) REPORT.—Not later than 1 year after the date of enactment of this section, and annually thereafter for 5 years, the Secretary shall submit a report on the activities of the Secretary under this section, including implementation of the Integrity and Compliance Program, to—

“(1) the Committee on Homeland Security and Governmental Affairs of the Senate; and

“(2) the Committee on Oversight and Government Reform and the Committee on Education and the Workforce of the House of Representatives.

“(g) GAO REVIEW.—The Comptroller General of the United States shall—

“(1) conduct periodic reviews of the Integrity and Compliance Program; and

“(2) submit reports on the results of the reviews under paragraph (1) to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform and the Committee on Education and the Workforce of the House of Representatives not later than—

“(A) 2 years after the date of enactment of this section; and

“(B) 3 years after submission of the report under subparagraph (A).”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 81 is amended by inserting after the item relating to section 8152 the following:

“8153. Integrity and Compliance Program.”.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date of enactment of this Act.

#### SEC. 313. AMOUNT OF COMPENSATION.

(a) INJURIES TO FACE, HEAD, AND NECK.—Section 8107(c)(21) is amended—

(1) by striking “not to exceed \$3,500” and inserting “in proportion to the severity of the disfigurement, not to exceed \$50,000;” and

(2) by adding at the end the following: “The maximum amount of compensation under this paragraph shall be increased on March 1 of each year by the amount determined by the Secretary of Labor to represent the percent change in the price index published for December of the preceding year over the price index published for the December of the year prior to the preceding

year, adjusted to the nearest one-tenth of 1 percent.”.

(b) FUNERAL EXPENSES.—Section 8134(a) is amended—

(1) by striking “\$800” and inserting “\$6,000”; and

(2) by adding at the end the following: “The maximum amount of compensation under this subsection shall be increased on March 1 of each year by the amount determined by the Secretary of Labor to represent the percent change in the price index published for December of the preceding year over the price index published for the December of the year prior to the preceding year, adjusted to the nearest one-tenth of 1 percent.”.

(c) APPLICATION.—The amendments made by this section shall apply to injuries or deaths, respectively, occurring on or after the date of enactment of this Act.

#### SEC. 314. TECHNICAL AND CONFORMING AMENDMENTS.

Chapter 81 is amended—

(1) in section 8101(D), by inserting “for an injury that occurred before the effective date of section 204(e) of the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93-198; 87 Stat. 783; 5 U.S.C. 8101 note)” before the semicolon;

(2) in section 8139, by inserting “under this subchapter” after “Compensation awarded”; and

(3) in section 8148(a), by striking “section 8106” and inserting “section 8106a”.

#### SEC. 315. REGULATIONS.

(a) IN GENERAL.—As soon as possible after the date of enactment of this Act, the Secretary of Labor shall promulgate regulations (which may include interim final regulations) to carry out this title.

(b) CONTENTS.—The regulations promulgated under subsection (a) shall include, for purposes of the amendments made by sections 302 and 303, clarification of—

(1) what is a claim; and

(2) what is the date on which a period of disability, for which a claim is made, commences.

#### SEC. 316. EFFECTIVE DATE.

Except as otherwise provided in this title, this title and the amendments made by this title shall take effect 60 days after the date of enactment of this Act.

### TITLE IV—OTHER MATTERS

#### SEC. 401. SOLVENCY PLAN.

(a) PLAN REQUIRED.—Not later than 90 days after the date of enactment of this Act, the Postal Service shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, the Comptroller General of the United States, and the Commission a plan describing, in detail, the actions the Postal Service will take to achieve long-term solvency (as defined in section 208(e) of this Act).

(b) CONSIDERATIONS.—The plan required under subsection (a) shall take into consideration—

(1) the legal authority of the Postal Service;

(2) the changes in the legal authority and responsibilities of the Postal Service under this Act;

(3) any cost savings that the Postal Service anticipates will be achieved through negotiations with employees of the Postal Service;

(4) projected changes in mail volume;

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

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



(c) **UPDATES.**—The Postal Service shall update the plan required under subsection (a) not less frequently than quarterly, until the last quarter of fiscal year 2015.

#### SEC. 402. POSTAL RATES.

##### (a) COMMISSION STUDY.—

(1) **IN GENERAL.**—Not earlier than 3 years after the date of enactment of this Act, the Commission shall commence a study to determine—

(A) whether and to what extent any market-dominant classes, products, or types of mail services do not bear the direct and indirect costs attributable to those classes, products, or types of mail services; and

(B) the impact of any excess mail processing, transportation, or delivery capacity of the Postal Service on the direct and indirect costs attributable to any class, product, or type of mail service that bears less than 100 percent of the costs attributable to the class, product, or type of mail service, as determined under subparagraph (A).

(2) **REQUIREMENTS.**—The Commission shall conduct the study under paragraph (1) in a manner that protects confidential and proprietary business information.

(3) **HEARING.**—Before completing the study under paragraph (1), the Commission shall hold a public hearing, on the record, in order to better inform the conclusions of the study. The Postal Service, postal customers, and other interested persons may participate in the hearing under this paragraph.

(4) **COMPLETION.**—Not later than 6 months after the date on which the Commission commences the study under subsection (a), the Commission shall complete the study.

(b) **ANNUAL UPDATES REQUIRED.**—Not later than 1 year after the date of completion of the study under subsection (a), and annually thereafter, the Commission shall—

(1) determine whether any class of mail bears less than 100 percent of the direct and indirect costs attributable to the class, product, or type of mail service, in the same manner as under subsection (a)(1)(A);

(2) for any class of mail for which the Commission makes a determination under paragraph (1), update the study under subsection (a); and

(3) include the study updated under paragraph (2) in the annual written determination of the Commission under section 3653 of title 39, United States Code.

##### (c) POSTAL RATES.—

(1) **DEFINITION.**—In this subsection, the term “loss-making”, as used with respect to a class of mail, means a class of mail that bears less than 100 percent of the costs attributable to the class of mail, according to the most recent annual determination of the Commission under subsection (a)(1) or (b)(1), adjusted to account for the quantitative effect of excess mail processing, transportation, or delivery capacity of the Postal Service on the costs attributable to the class of mail.

(2) **IN GENERAL.**—Not later than 1 year after the date on which the study under subsection (a) is completed, and annually thereafter, the Postal Service shall establish postal rates for each loss-making class of mail.

(3) **CONSIDERATIONS.**—The Postal Service may establish postal rates under paragraph (2) in a manner that ensures, to the extent practicable, that a class of mail described in paragraph (2) is not loss-making by—

(A) using the authority to increase rates under section 3622(d)(1)(A) of title 39, United States Code;

(B) exhausting any unused rate adjustment authority, as defined in section 3622(d)(2)(C) of title 39, United States Code, subject to paragraph (4); and

(C) maximizing incentives to reduce costs and increase efficiency with regard to the

processing, transportation, and delivery of such mail by the Postal Service.

(4) **UNUSED RATE ADJUSTMENT AUTHORITY.**—Section 3622(d)(2)(C) of title 39, United States Code, shall be applied by annually increasing by 2 percentage points any unused rate adjustment authority for a class of mail that bears less than 90 percent of the costs attributable to the class of mail, according to the most recent annual determination of the Commission under subsection (a)(1) or (b)(1), adjusted to account for the quantitative effect of excess mail processing, transportation, or delivery capacity of the Postal Service on the costs attributable to the class of mail.

#### SEC. 403. CO-LOCATION WITH FEDERAL AGENCIES.

Chapter 5 of subtitle I of title 40, United States Code, is amended by adding at the end the following:

##### “SUBCHAPTER VII—FEDERAL REAL PROPERTY ASSET MANAGEMENT

##### “§ 701. Definitions

“In this subchapter:

“(1) **AGENCY FIELD OFFICE.**—The term ‘agency field office’ means the field office of a landholding agency.

“(2) **COUNCIL.**—The term ‘Council’ means the Federal Real Property Council established under section 702.

“(3) **LANDHOLDING AGENCY.**—The term ‘landholding agency’ has the same meaning as in section 501(i) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411(i)).

“(4) **POSTAL PROPERTY.**—The term ‘Postal property’ means real property owned by the United States Postal Service.

##### “§ 702. Establishment of a Federal Real Property Council

“(a) **ESTABLISHMENT.**—There is within the Office of Management and Budget a council to be known as the ‘Federal Real Property Council’.

“(b) **PURPOSE.**—The purpose of the Council shall be to develop guidance for the asset management program of each executive agency.

“(c) **COMPOSITION.**—

“(1) **IN GENERAL.**—The Council shall be composed of—

“(A) the senior real property officers of each executive agency;

“(B) the Deputy Director for Management of the Office of Management and Budget;

“(C) the Controller of the Office of Management and Budget;

“(D) the Administrator of General Services; and

“(E) any other full-time or permanent part-time Federal officials or employees, as the Chairperson determines to be necessary.

“(2) **CHAIRPERSON.**—The Deputy Director for Management of the Office of Management and Budget shall serve as Chairperson of the Council.

“(3) **ADMINISTRATIVE SUPPORT.**—The Office of Management and Budget shall provide funding and administrative support for the Council, as appropriate.

##### “§ 703. Co-location among Postal Service properties

“(a) **CO-LOCATION AMONG POSTAL SERVICE PROPERTIES.**—

“(1) **IDENTIFICATION OF REAL PROPERTY ASSETS.**—Each year, the Council shall—

“(A) identify and compile a list of agency field offices that are suitable for co-location with another Federal civilian real property asset; and

“(B) submit the list to the Director of the Office of Management and Budget and the Postmaster General of the United States.

“(2) **POSTAL PROPERTY.**—

“(A) **IN GENERAL.**—Not later than 30 days after the completion of a list under para-

graph (1), the Director of the Office of Management and Budget, in collaboration with the Postmaster General, shall identify agency field offices on the list that are within reasonable distance of a Postal property.

“(B) **REASONABLE DISTANCE.**—For purposes of this paragraph, an agency field office shall be considered to be within reasonable distance of a Postal property if the office would be able to fulfill the mission of the office if the office is located at the Postal property.

“(C) **REVIEW BY POSTAL SERVICE.**—Not later than 90 days after the receipt of the list submitted under subparagraph (B), the Postmaster General shall—

“(i) review the list; and

“(ii) submit to the Director of the Office of Management and Budget a report containing the conclusions of the review.

“(3) **TERMS OF CO-LOCATION.**—On approval of the recommendations under paragraph (2) by the Postmaster General and the applicable agency head, the co-location of a Postal property and an agency field office shall consist of the Executive agency that owns or leases the agency field office entering into a lease for space within the Postal property with United States Postal Service that has—

“(A) an initial lease term of not less than 5 years; and

“(B) a cost that is within 5 percent of the prevailing market lease rate for a similarly situated space.”.

#### SEC. 404. COOPERATION WITH STATE AND LOCAL GOVERNMENTS; INTRA-SERVICE AGREEMENTS.

(a) **COOPERATION WITH STATE AND LOCAL GOVERNMENTS.**—Section 411 of title 39, United States Code, is amended, in the first sentence, by striking “and the Government Printing Office” and inserting “, the Government Printing Office, and agencies and other units of State and local governments”.

(b) **INTRA-SERVICE AGREEMENTS.**—Section 411 of title 39, United States Code, as amended by subsection (a), is amended—

(1) in the section heading, by adding at the end the following: “**and within the Postal Service**”;

(2) in the second sentence, by striking “section” and inserting “subsection”;

(3) by striking “Executive agencies” and inserting the following:

“(a) **COOPERATION WITH STATE AND LOCAL GOVERNMENTS.**—Executive agencies”; and

(4) by adding at the end the following:

“(b) **COOPERATION WITHIN THE POSTAL SERVICE.**—The Office of the Inspector General and other components of the Postal Service may enter into agreements to furnish to each other property, both real and personal, and personal and nonpersonal services. The furnishing of property and services under this subsection shall be under such terms and conditions, including reimbursability, as the Inspector General and the head of the component concerned shall deem appropriate.”.

(c) **TECHNICAL AND CONFORMING AMENDMENT.**—The table of sections for chapter 4 of title 39, United States Code, is amended by striking the item relating to section 411 and inserting the following:

“411. Cooperation with other Government agencies and within the Postal Service.”.

#### SEC. 405. SHIPPING OF WINE, BEER, AND DISTILLED SPIRITS.

(a) **MAILABILITY.**—

(1) **NONMAILABLE ARTICLES.**—Section 1716(f) of title 18, United States Code, is amended by striking “mails” and inserting “mails, except to the extent that the mailing is allowable under section 3001(p) of title 39”.

(2) **APPLICATION OF LAWS.**—Section 1161 of title 18, United States Code, is amended, by inserting “, and, with respect to the mailing

of distilled spirits, wine, or malt beverages (as those terms are defined in section 117 of the Federal Alcohol Administration Act (27 U.S.C. 211)), is in conformity with section 3001(p) of title 39 "after 'Register'".

(b) REGULATIONS.—Section 3001 of title 39, United States Code, is amended by adding at the end the following:

"(p)(1) In this subsection, the terms 'distilled spirits', 'wine', and 'malt beverage' have the same meanings as in section 117 of the Federal Alcohol Administration Act (27 U.S.C. 211).

"(2) Distilled spirits, wine, or malt beverages shall be considered mailable if mailed—

"(A) in accordance with the laws and regulations of—

"(i) the State, territory, or district of the United States where the sender or duly authorized agent initiates the mailing; and

"(ii) the State, territory, or district of the United States where the addressee or duly authorized agent takes delivery; and

"(B) to an addressee who is at least 21 years of age—

"(i) who provides a signature and presents a valid, government-issued photo identification upon delivery; or

"(ii) the duly authorized agent of whom—

"(I) is at least 21 years of age; and

"(II) provides a signature and presents a valid, government-issued photo identification upon delivery.

"(3) The Postal Service shall prescribe such regulations as may be necessary to carry out this subsection."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the earlier of—

(1) the date on which the Postal Service issues regulations under section 3001(p) of title 39, United States Code, as amended by this section; and

(2) 120 days after the date of enactment of this Act.

#### SEC. 406. ANNUAL REPORT ON UNITED STATES MAILING INDUSTRY.

(a) IN GENERAL.—Chapter 24 of title 39, United States Code, is amended by adding at the end the following:

##### "§2403. Annual report on the fiscal stability of the United States mailing industry

"(a) IN GENERAL.—Not later than 1 year after the date of enactment of this section, and annually thereafter, the Postal Regulatory Commission shall submit a report on the fiscal stability of the United States mailing industry with respect to the preceding fiscal year to—

"(1) the Committee on Homeland Security and Governmental Affairs of the Senate; and

"(2) the Committee on Oversight and Government Reform of the House of Representatives.

"(b) ASSISTANCE.—The United States Postal Service and any Federal agency involved in oversight or data collection regarding industry sectors relevant to the report under subsection (a) shall provide any assistance to the Postal Regulatory Commission that the Postal Regulatory Commission determines is necessary in the preparation of a report under subsection (a)."

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 24 of title 39, United States Code, is amended by adding at the end the following:

"2403. Annual report on the fiscal stability of the United States mailing industry."

#### SEC. 407. USE OF NEGOTIATED SERVICE AGREEMENTS.

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

(1) in subsection (c)(10)(A)—

(A) in the matter preceding clause (i), by striking "either" and inserting "will";

(B) in clause (i), by striking "or" at the end;

(C) in clause (ii), by striking "and" at the end and inserting "or"; and

(D) by adding at the end the following:

"(iii) preserve mail volume and revenue; and"; and

(2) by adding at the end the following:

"(g) COORDINATION.—The Postal Service and the Postal Regulatory Commission shall coordinate actions to identify methods to increase the use of negotiated service agreements for market-dominant products by the Postal Service consistent with subsection (c)(10)."

#### SEC. 408. CONTRACT DISPUTES.

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

(1) in subparagraph (C), by striking "and" at the end;

(2) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

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

#### SEC. 409. CONTRACTING PROVISIONS.

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

##### "CHAPTER 7—CONTRACTING PROVISIONS

"Sec.

"701. Definitions.

"702. Advocate for competition.

"703. Delegation of contracting authority.

"704. Posting of noncompetitive purchase requests for noncompetitive contracts.

"705. Review of ethical issues.

"706. Ethical restrictions on participation in certain contracting activity.

"707. Congressional oversight authority.

##### "§ 701. Definitions

"In this chapter—

"(1) the term 'contracting officer' means an employee of a covered postal entity who has authority to enter into a postal contract;

"(2) the term 'covered postal entity' means—

"(A) the Postal Service; or

"(B) the Postal Regulatory Commission;

"(3) the term 'head of a covered postal entity' means—

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

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

"(4) the term 'postal contract' means any contract (including any agreement or memorandum of understanding) entered into by a covered postal entity for the procurement of goods or services; and

"(5) the term 'senior procurement executive' means the senior procurement executive of a covered postal entity.

##### "§ 702. Advocate for competition

"(a) ESTABLISHMENT AND DESIGNATION.—

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

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

"(b) RESPONSIBILITIES.—The advocate for competition of each covered postal entity shall—

"(1) be responsible for promoting competition to the maximum extent practicable consistent with obtaining best value by promoting the acquisition of commercial items and challenging barriers to competition;

"(2) review the procurement activities of the covered postal entity; and

"(3) prepare and transmit to the head of each covered postal entity, the senior procurement executive of each covered postal entity, the Board of Governors, and Congress, an annual report describing—

"(A) the activities of the advocate under this section;

"(B) initiatives required to promote competition;

"(C) barriers to competition that remain; and

"(D) the number of waivers made by each covered postal entity under section 704(c).

##### "§ 703. Delegation of contracting authority

"(a) IN GENERAL.—

"(1) POLICY.—Not later than 60 days after the date of enactment of the 21st Century Postal Service Act of 2012, the head of each covered postal entity shall issue a policy on contracting officer delegations of authority for the covered postal entity.

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

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

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

"(b) POSTING OF DELEGATIONS.—

"(1) IN GENERAL.—The head of each covered postal entity shall make any delegation of authority for postal contracts outside the functional contracting unit readily available and accessible on the website of the covered postal entity.

"(2) EFFECTIVE DATE.—This paragraph shall apply to any delegation of authority made on or after 30 days after the date of enactment of the 21st Century Postal Service Act of 2012.

##### "§ 704. Posting of noncompetitive purchase requests for noncompetitive contracts

"(a) POSTING REQUIRED.—

"(1) POSTAL REGULATORY COMMISSION.—The Postal Regulatory Commission shall make the noncompetitive purchase request for any noncompetitive award, including the rationale supporting the noncompetitive award, publicly available on the website of the Postal Regulatory Commission—

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

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

"(2) POSTAL SERVICE.—The Postal Service shall make the noncompetitive purchase request for any noncompetitive award of a postal contract valued at \$250,000 or more, including the rationale supporting the noncompetitive award, publicly available on the website of the Postal Service—

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

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

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

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

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

"(ii) based on any change in the Consumer Price Index for all-urban consumers of the Department of Labor, determine whether an adjustment to the threshold shall be made.

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

“(4) EFFECTIVE DATE.—This subsection shall apply to any noncompetitive contract awarded on or after the date that is 90 days after the date of enactment of the 21st Century Postal Service Act of 2012.

“(b) PUBLIC AVAILABILITY.—

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

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

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

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

“(c) WAIVERS.—

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

“(2) FORM AND CONTENT OF WAIVER.—

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

“(B) CONTENT.—A waiver under paragraph (1) shall include—

“(i) a description of the risk associated with making the noncompetitive purchase request publicly available; and

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

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

#### “§ 705. Review of ethical issues

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

“(1) review the proposed contract; and

“(2) advise the contracting officer on the appropriate resolution of ethical issues.

#### “§ 706. Ethical restrictions on participation in certain contracting activity

“(a) DEFINITIONS.—In this section—

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

“(A) a contracting officer; or

“(B) any employee of a covered postal entity whose decisionmaking affects a postal contract as determined by regulations pre-

scribed by the head of a covered postal entity;

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

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

“(b) IN GENERAL.—

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

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

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

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

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

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

“(D) under subsections (d) and (e) of section 2635.50 of title 5, Code of Federal Regulations, or any successor thereto, require the ethics counsel for a covered postal entity to—

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

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

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

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

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

“(c) CONTRACT VOIDANCE AND RECOVERY.—

“(1) UNLAWFUL CONDUCT.—In any case in which there is a final conviction for a violation of any provision of chapter 11 of title 18

relating to a postal contract, the head of a covered postal entity may—

“(A) void that contract; and

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

“(2) OBTAINING OR DISCLOSING PROCUREMENT INFORMATION.—

“(A) IN GENERAL.—In any case where 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)(D), 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 27(e) of the Office of Federal Procurement Policy Act (41 U.S.C. 423(e)); 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 27(e) of that Act.

#### “§ 707. Congressional oversight authority

“The Postal Service may not enter into any contract that restricts the ability of Congress to exercise oversight authority.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of chapters for part I of title 39, United States Code, is amended by adding at the end the following:

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

#### GOLD STAR WIVES DAY

Mr. REID. Mr. President, I ask unanimous consent the Senate proceed to S. Res. 420.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 420) designating April 5, 2012, as “Gold Star Wives Day.”

Without objection, the Senate proceeded to consider the resolution.

Mr. REID. Mr. President, I ask unanimous consent the resolution be agreed to, the preamble be agreed to, and the motions to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 420) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

#### S. RES. 420

Whereas the Senate honors the sacrifices made by the spouses and families of the fallen members of the Armed Forces of the United States;

Whereas Gold Star Wives of America, Inc. represents the spouses and families of the members and veterans of the Armed Forces of the United States who have died on active duty or as a result of a service-connected disability;

Whereas the primary mission of Gold Star Wives of America, Inc. is to provide services, support, and friendship to the spouses of the fallen members and veterans of the Armed Forces of the United States;