

[DISCUSSION DRAFT]

JUNE 10, 2013

113TH CONGRESS
1ST SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

Mr. ISSA introduced the following bill; which was referred to the Committee on _____

A BILL

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

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REF-**
4 **ERENCES.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Postal Reform Act of 2013”.

7 (b) TABLE OF CONTENTS.—

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

Sec. 2. Definitions.

TITLE I—POSTAL SERVICE MODERNIZATION

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

TITLE II—POSTAL SERVICE GOVERNANCE

Subtitle A—Temporary Governance Authority

- Sec. 201. Purposes.
- Sec. 202. Establishment of the Postal Service Financial Responsibility and Management Assistance Authority.
- Sec. 203. Membership and qualification requirements.
- Sec. 204. Organization and staff.
- Sec. 205. Funding.
- Sec. 206. Responsibilities and powers.
- Sec. 207. Development of financial plan and budget for the solvency of the Postal Service.
- Sec. 208. Process for submission and approval of financial plan and budget.
- Sec. 209. Dissolution of the Authority; reconstitution of the Board of Governors.

Subtitle B—Other Matters

- Sec. 211. Appointment of the Postal Service Inspector General.
- Sec. 212. Membership of the Board of Governors.

TITLE III—POSTAL SERVICE WORKFORCE

- Sec. 301. Applicability of reduction-in-force procedures.
- Sec. 302. Postal Service FEHBP and FEGLI funding requirements.
- Sec. 303. Repeal of provision relating to overall value of fringe benefits.
- Sec. 304. Modifications relating to determination of pay comparability.
- Sec. 305. Last-best-final-offer negotiations.
- Sec. 306. Postal Service workers' compensation reform.

TITLE IV—POSTAL SERVICE REVENUE

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

TITLE V—POSTAL SERVICE FINANCE

- Sec. 501. Treatment of Postal Service post-employment benefit funding projected surpluses.
- Sec. 502. Retiree health benefit liability payment schedule.
- Sec. 503. Supplementary borrowing authority during a control period.
- Sec. 504. Postal Service Delivery-Point Modernization Fund.

TITLE VI—POSTAL CONTRACTING REFORM

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

TITLE VII—OTHER PROVISIONS

- Sec. 701. Postal facility designations.

1 (c) REFERENCES.—Except as otherwise expressly
2 provided, whenever in this Act an amendment or repeal
3 is expressed in terms of an amendment to, or repeal of,
4 a section or other provision, the reference shall be consid-
5 ered to be made to a section or other provision of title
6 39, United States Code.

7 **SEC. 2. DEFINITIONS.**

8 For the purposes of this Act—

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

11 (2) the term “postal retail facility” means a
12 post office, post office branch, post office classified
13 station, or other facility which is operated by the
14 Postal Service, and the primary function of which is
15 to provide retail postal services;

16 (3) the term “district office” means the central
17 office of an administrative field unit with responsi-
18 bility for postal operations in a designated geo-
19 graphic area (as defined under regulations, direc-
20 tives, or other guidance of the Postal Service, as in
21 effect on January 1, 2013); and

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

6 **TITLE I—POSTAL SERVICE** 7 **MODERNIZATION**

8 **SEC. 101. NATIONWIDE MAIL DELIVERY SCHEDULE.**

9 (a) IN GENERAL.—Section 404 is amended by insert-
10 ing after subsection (e) the following:

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

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

17 “(3) For a period not to end before December 31,
18 2018, the Postal Service shall provide competitive product
19 service 6 days per week to each street address that was
20 eligible to receive package service 6 days per week as of
21 September 30, 2012.”.

22 (b) MAILBOX ACCESS.—If the Postal Service estab-
23 lishes a general, nationwide mail delivery schedule of 5
24 days per week, consistent with the provisions of section
25 404 of title 39, United States Code, as amended by sub-

1 section (a), the Postal Service shall amend the Mailing
2 Standards of the United States Postal Service (as set
3 forth in the Domestic Mail Manual) to ensure that the
4 provisions of section 508.3.2.10 of such Manual, as in ef-
5 fect on September 30, 2012, shall apply on any day on
6 which the Postal Service does not deliver mail under the
7 established delivery schedule.

8 **SEC. 102. DELIVERY-POINT MODERNIZATION.**

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

11 **“§ 3692. Delivery-point modernization**

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

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

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

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

1 “(4) the term ‘centralized delivery’ means a pri-
2 mary mode of mail delivery whereby mail receptacles
3 of a number of delivery points are grouped or clus-
4 tered at a single location; and

5 “(5) the term ‘curbside delivery’ means a pri-
6 mary mode of mail delivery whereby a mail recep-
7 tacle is situated at the edge of a public sidewalk
8 abutting a road or curb, at a road, or at a curb.

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

12 “(c) PHASEOUT OF DOOR DELIVERY.—

13 “(1) NEW ADDRESSES.—Subject to paragraph
14 (4), the Postal Service shall implement a program,
15 wherever feasible, to provide a primary mode of de-
16 livery other than door delivery to new addresses es-
17 tablished after the date of enactment of this section.

18 “(2) BUSINESS ADDRESS CONVERSION.—Sub-
19 ject to paragraph (4), the Postal Service shall imple-
20 ment a program to convert existing business ad-
21 dresses with door delivery to centralized delivery to
22 the maximum extent feasible. In cases in which con-
23 version to centralized delivery is impractical, conver-
24 sion to curbside delivery shall be implemented to the
25 maximum extent feasible.

1 “(3) RESIDENTIAL ADDRESS CONVERSION.—

2 “(A) IDENTIFICATION.—Within one year
3 after the date of enactment of this section, each
4 district office shall identify residential addresses
5 within its service area that are appropriate can-
6 didates for conversion from door delivery to
7 curbside or centralized delivery, in accordance
8 with standards established by the Postal Serv-
9 ice.

10 “(B) VOLUNTARY CONVERSION.—Subject
11 to paragraph (4), the Postal Service shall seek
12 to voluntarily convert the delivery points identi-
13 fied under subparagraph (A) from door delivery
14 to more cost-effective primary modes of mail
15 delivery.

16 “(C) PROCEDURES.—In carrying out con-
17 versions under subparagraph (B), the Postal
18 Service shall establish procedures to—

19 “(i) solicit, consider, and respond to
20 input from customers, State and local gov-
21 ernments, local associations, and property
22 owners; and

23 “(ii) place centralized delivery points
24 in locations that maximize delivery effi-

1 ciency, ease of use for postal patrons, and
2 respect for private property rights.

3 “(4) CONSIDERATIONS.—In making any deter-
4 mination to convert the primary mode of mail deliv-
5 ery for an existing address from door delivery to any
6 other primary mode of mail delivery, or to provide
7 a primary mode of delivery to a new address, the
8 Postal Service may consider—

9 “(A) the impact of weather conditions,
10 physical barriers, or any other factor that may
11 impact the feasibility of mail-delivery service or
12 significantly reduce the potential cost savings
13 associated with providing a primary mode of
14 mail delivery other than door delivery; and

15 “(B) whether the address is in a registered
16 historic district (as that term is defined in sec-
17 tion 47(e)(3)(B) of the Internal Revenue Code
18 of 1986) or is listed on the National Register
19 of Historic Places.

20 “(5) WAIVER FOR PHYSICAL HARDSHIP.—The
21 Postal Service shall establish and maintain a waiver
22 program under which, upon application, door deliv-
23 ery may be continued or provided in any case in
24 which—

1 “(A) centralized or curbside delivery would,
2 but for this paragraph, otherwise be the pri-
3 mary mode of mail delivery; and

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

7 “(d) MODERNIZATION REQUIREMENT.—

8 “(1) MINIMUM POINTS TO BE CONVERTED.—
9 Not later than September 30, 2022, the Postal Serv-
10 ice shall convert not less than 30,000,000 of the
11 door delivery points extant on December 31, 2012,
12 to centralized or curbside delivery.

13 “(2) CONVERSION ORDER.—In determining
14 which delivery points to convert under paragraph
15 (1), postal patrons who voluntarily agree to convert
16 their delivery point or points under subsection (c)(3)
17 shall take precedence over any other conversions to
18 the greatest extent practicable.

19 “(3) FUNDING AND REPAYMENT.—Until Sep-
20 tember 30, 2022, the Postal Service may withdraw
21 funds from the Postal Service Delivery-Point Mod-
22 ernization Fund to carry out the purposes of this
23 section. All savings accrued by the Postal Service
24 from conversions under this subsection shall be re-
25 paid to the Fund on a monthly basis until all funds

1 have been repaid. All funds withdrawn under this
2 paragraph must be repaid not later than September
3 30, 2023.

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

14 “(5) ANNUAL REPORTS.—Not later than 60
15 days after the end of each of fiscal years 2013
16 through 2023, the Postal Service shall submit to
17 Congress and the Inspector General of the Postal
18 Service a report on the implementation of this sec-
19 tion during the most recently completed fiscal year.
20 Each such report shall include—

21 “(A) the number of residential and busi-
22 ness addresses that—

23 “(i) receive door delivery as of the end
24 of the fiscal year preceding the most re-
25 cently completed fiscal year;

1 “(ii) receive door delivery as of the
2 end of the most recently completed fiscal
3 year; and

4 “(iii) during the most recently com-
5 pleted fiscal year, were converted from
6 door delivery to—

7 “(I) centralized delivery points,

8 “(II) curbside delivery points,

9 and

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

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

14 “(C) a description of the progress made by
15 the Postal Service toward meeting the require-
16 ments of subsection (c) and paragraph (1) of
17 this subsection; and

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

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

23 (b) CLERICAL AMENDMENT.—The table of sections
24 for chapter 36 is amended by adding after the item relat-
25 ing to section 3691 the following:

“3692. Delivery-point modernization.”.

1 **SEC. 103. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL**
2 **SERVICE.**

3 (a) **POSTAL POLICY.**—

4 (1) **IN GENERAL.**—Section 101(b) is amended
5 to read as follows:

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

9 (2) **CONFORMING AMENDMENTS.**—Clause (iii)
10 of section 404(d)(2)(A) is amended to read as fol-
11 lows:

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

19 (b) **GENERAL DUTY.**—Paragraph (3) of section
20 403(b) is amended to read as follows:

21 “(3) to ensure that postal patrons throughout
22 the Nation will, consistent with reasonable econo-
23 mies of postal operations, have ready access to es-
24 sential postal services.”.

25 (c) **PRC REVIEW OF DETERMINATIONS TO CLOSE**
26 **OR CONSOLIDATE A POST OFFICE.**—

1 (1) DEADLINE FOR REVIEW.—Section
2 404(d)(5) is amended by striking “120 days” and
3 inserting “60 days”.

4 (2) EXCLUSION FROM REVIEW.—Section 404(d)
5 is amended by adding at the end the following:

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

10 “(B) For purposes of this paragraph—

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

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

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

18 “(ii) the term ‘qualified contract postal unit’, as
19 used in connection with a post office, means a con-
20 tract postal unit which—

21 “(I) begins to provide postal services to the
22 general public during the period—

23 “(aa) beginning 1 year before the date
24 on which the closure or consolidation of

1 such post office is scheduled to take effect;

2 and

3 “(bb) ending on the 15th day after

4 the date on which the closure or consolida-

5 tion of such post office is scheduled to take

6 effect; and

7 “(II) has not, pursuant to subparagraph

8 (A), served as the basis for exempting any other

9 post office from the appeals process set forth in

10 paragraph (5).

11 “(C)(i) If the contract postal unit (providing postal

12 services previously provided by the post office that was

13 closed) does not continue to provide postal services, as re-

14 quired by subparagraph (B)(i)(II), for at least the 2-year

15 period beginning on the date on which such post office

16 was closed or, if later, the date on which such unit began

17 providing postal services to the general public, the contract

18 postal unit shall be subject to a closure determination by

19 the Postal Service to decide whether a post office must

20 be reopened within the area (delimited by the 2-mile ra-

21 dius referred to in subparagraph (A)).

22 “(ii) A decision under clause (i) not to reopen a post

23 office may be appealed to the Postal Regulatory Commis-

24 sion under procedures which the Commission shall by reg-

25 ulation prescribe. Such procedures shall be based on para-

1 graph (5), except that, for purposes of this clause, para-
2 graph (5)(C) shall be applied by substituting ‘in violation
3 of section 101(b), leaving postal patrons without effective
4 and regular access to postal services’ for ‘unsupported by
5 substantial evidence on the record’.”.

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

12 (d) EXPEDITED PROCEDURES.—

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

15 “(d)(1) The Commission shall issue its opinion within
16 90 days after the receipt of any proposal (as referred to
17 in subsection (b)) concerning—

18 “(A) the closing or consolidation of postal retail
19 facilities (as that term is defined in section 2(2) of
20 the Postal Reform Act of 2013) to a degree that will
21 generally affect service on a nationwide or substan-
22 tially nationwide basis; or

23 “(B) an identical or substantially identical pro-
24 posal on which the Commission issued an opinion
25 within the preceding 5 years.

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

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

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

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

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

18 **SEC. 104. APPLICABILITY OF PROCEDURES RELATING TO**
19 **CLOSURES AND CONSOLIDATIONS.**

20 (a) IN GENERAL.—Section 404(d) is amended by
21 adding after paragraph (7) (as added by section
22 103(c)(2)) the following:

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

1 (b) EFFECTIVE DATE.—In the case of any post office
2 (within the meaning of the amendment made by sub-
3 section (a)) which, but for such amendment, would not
4 otherwise be subject to section 404(d) of title 39, United
5 States Code, the amendment made by subsection (a) shall
6 be effective with respect to any closure or consolidation,
7 the proposed effective date of which occurs on or after the
8 60th day following the date of enactment of this Act.

9 **SEC. 105. ENHANCED REPORTING ON POSTAL SERVICE EF-**
10 **FICIENCY.**

11 Section 3652(a) is amended—

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

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

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

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

22 **SEC. 106. AREA AND DISTRICT OFFICE STRUCTURE.**

23 (a) IN GENERAL.—Not later than 120 days after the
24 date of enactment of this Act, the Postal Service, in con-
25 sultation with the Inspector General of the United States

1 Postal Service, shall develop and begin implementation of
2 a plan for the closure or consolidation of such area and
3 district offices as the Postal Service considers necessary
4 and appropriate so that, by October 1, 2015, the combined
5 total number of area and district offices will be at least
6 30 percent less than the corresponding combined total as
7 of September 30, 2012.

8 (b) CONTENTS.—The plan shall include—

9 (1) a list of the area and district offices pro-
10 posed for closure or consolidation;

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

14 (3) the estimated total annual cost savings at-
15 tributable to the proposed closures and consolida-
16 tions described in the plan;

17 (4) the criteria and process used to develop the
18 information described in paragraphs (1) and (2);

19 (5) the methodology and assumptions used to
20 derive the estimates described in paragraph (3); and

21 (6) any changes to the processing, transpor-
22 tation, delivery, or other postal operations antici-
23 pated as a result of the proposed closures and con-
24 solidations described in the plan.

1 (c) PLAN SUBMISSION REVISION.—Not later than
2 120 days after the date of enactment of this Act, the plan
3 shall be submitted to the Committee on Homeland Secu-
4 rity and Governmental Affairs of the Senate and the Com-
5 mittee on Oversight and Governmental Reform of the
6 House of Representatives. Any revision to the plan shall
7 be submitted not later than 14 days after such revision
8 is adopted by the Postal Service.

9 **TITLE II—POSTAL SERVICE**
10 **GOVERNANCE**
11 **Subtitle A—Temporary Governance**
12 **Authority**

13 **SEC. 201. PURPOSES.**

14 (a) PURPOSES.—The purposes of this subtitle are as
15 follows:

16 (1) To eliminate budget deficits and cash short-
17 ages of the Postal Service through strategic financial
18 planning, sound budgeting, accurate revenue fore-
19 casts, and careful spending.

20 (2) To ensure that universal service, as required
21 by section 101 of title 39, United States Code, is
22 maintained during the period of any fiscal emer-
23 gency.

1 (3) To conduct necessary investigations and
2 studies to determine the fiscal status and oper-
3 ational efficiency of the Postal Service.

4 (4) To assist the Postal Service in—

5 (A) restructuring its organization and
6 workforce to bring expenses in line with dimin-
7 ishing revenue and generate sufficient profits
8 for capital investments and repayment of debt;

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

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

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

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

18 (1) to relieve any obligation of the Postal Serv-
19 ice to the Treasury of the United States existing as
20 of the date of enactment of this Act; or

21 (2) to limit the authority of Congress to exer-
22 cise legislative authority over the Postal Service.

1 **SEC. 202. ESTABLISHMENT OF THE POSTAL SERVICE FI-**
2 **NANCIAL RESPONSIBILITY AND MANAGE-**
3 **MENT ASSISTANCE AUTHORITY.**

4 (a) **ESTABLISHMENT.**—There is established, in ac-
5 cordance with the provisions of this subtitle, an entity to
6 be known as the “Postal Service Financial Responsibility
7 and Management Assistance Authority” (hereinafter in
8 this subtitle referred to as the “Authority”).

9 (b) **OPERATIONS DURING THE CONTROL PERIOD.**—

10 (1) **CONTROL PERIOD DEFINED.**—For the pur-
11 poses of this subtitle, the term “control period”
12 means the period that commences on the date as of
13 which the Authority has at least 4 members and ter-
14 minates as of the date determined under paragraph
15 (5).

16 (2) **TRANSFER OF AUTHORITIES AND RESPON-**
17 **SIBILITIES.**—Effective as of the date on which the
18 control period commences—

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

21 (B) the term of office of each of the 9 Gov-
22 ernors (appointed under the second sentence of
23 section 202(a)(1) of title 39, United States
24 Code, as last in effect before the date of enact-
25 ment of this Act) shall terminate; and

1 (C) the Authority shall assume its respon-
2 sibilities, as set forth in section 206.

3 (3) TREATMENT OF CERTAIN EXECUTIVES.—

4 (A) DEFINITION.—For the purposes of
5 this section, the term “Level-Two Postal Serv-
6 ice Executive” includes the Postmaster General,
7 the Deputy Postmaster General, and all the
8 other officers and employees of the Postal Serv-
9 ice in level two of the Postal Career Executive
10 Service (or the equivalent), but does not include
11 any officer or employee of the Office of Inspec-
12 tor General of the United States Postal Service.

13 (B) TREATMENT.—Notwithstanding any
14 other provision of law or the provisions of any
15 employment contract, during the control pe-
16 riod—

17 (i) all Level-Two Postal Service Ex-
18 ecutives shall serve at the pleasure of the
19 Authority;

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

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

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

1 (v) apart from basic pay, a Level-Two
2 Postal Service Executive may not be af-
3 farded any bonus, award, or other mone-
4 tary compensation for any full fiscal year
5 in the control period if expenditures of the
6 Postal Service for such fiscal year exceeded
7 revenues of the Postal Service for such fis-
8 cal year (determined in accordance with
9 generally accepted accounting principles);
10 and

11 (vi) no deferred compensation may be
12 paid, accumulated, or recognized in the
13 case of any Level-Two Postal Service Exec-
14 utive, with respect to any full year in the
15 control period, which is not generally paid,
16 accumulated, or recognized in the case of
17 employees of the United States (outside of
18 the Postal Service) in level I of the Execu-
19 tive Schedule under section 5312 of title 5,
20 United States Code, with respect to such
21 year.

22 (C) BONUS AUTHORITY.—Section 3686 of
23 title 39, United States Code, shall, during the
24 period beginning on the commencement date of

1 the control period and ending on the termi-
2 nation date of the control period—

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

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

8 (4) CERTIFICATION REQUIREMENT.—The con-
9 trol period may not terminate until after the Author-
10 ity, with the concurrence of the Secretary of the
11 Treasury and the Director of the Office of Personnel
12 Management, certifies to the Director of the Office
13 of Management and Budget that—

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

20 (B) the Authority has approved a Postal
21 Service financial plan and budget that shows
22 expenditures of the Postal Service not exceeding
23 revenues of the Postal Service (as so deter-
24 mined) for the fiscal year to which such budget

1 pertains and each of the next 3 fiscal years;
2 and

3 (C) the Postal Service financial plan and
4 budget (as referred to in subparagraph (B)) in-
5 cludes plans—

6 (i) for the repayment of any
7 collateralized debt authorized by section
8 503; and

9 (ii) to properly fund Postal Service
10 pensions and retiree health benefits in ac-
11 cordance with applicable provisions of title
12 5, United States Code.

13 (5) TERMINATION OF CONTROL PERIOD.—

14 (A) TERMINATION DATE.—

15 (i) GENERAL RULE.—Except as pro-
16 vided in clause (ii), the control period shall
17 terminate 180 days after the date on which
18 the certification described in paragraph (4)
19 is made.

20 (ii) ALTERNATIVE DATE.—

21 (I) AUTHORITY.—The Director
22 of the Office of Management and
23 Budget may, by written notice given
24 to the Authority within 15 days after
25 the date on which the certification de-

1 scribed in paragraph (4) is made, pro-
2 vide for an alternative termination
3 date (in lieu of the date that would
4 otherwise apply under clause (i)).

5 (II) RANGE.—An alternative date
6 under this clause shall not apply un-
7 less such date occurs not less than 30
8 days after the date on which written
9 notice under subclause (I) is given
10 and not later than 180 days after the
11 date on which the certification de-
12 scribed in paragraph (4) is made.

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

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

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

23 **SEC. 203. MEMBERSHIP AND QUALIFICATION REQUIRE-**
24 **MENTS.**

25 (a) MEMBERSHIP.—

1 (1) IN GENERAL.—The Authority shall consist
2 of 5 members appointed by the President who meet
3 the qualifications described in subsection (b), except
4 that the Authority may take any action under this
5 subtitle at any time after the President has ap-
6 pointed the initial 4 of its members. Members of the
7 Authority shall report to the Secretary of the Treas-
8 ury.

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

11 (A) 1 shall be appointed by the President
12 taking into account any individuals rec-
13 ommended by the Speaker of the House of Rep-
14 resentatives;

15 (B) 1 shall be appointed by the President
16 taking into account any individuals rec-
17 ommended by the majority leader of the Senate;

18 (C) 1 shall be appointed by the President
19 taking into account any individuals rec-
20 ommended by the minority leader of the House
21 of Representatives;

22 (D) 1 shall be appointed by the President
23 taking into account any individuals rec-
24 ommended by the minority leader of the Senate;
25 and

1 (E) 1 shall be appointed by the President
2 taking into account any individuals rec-
3 ommended by the Comptroller General.

4 (3) POLITICAL AFFILIATION.—No more than 3
5 members of the Authority may be of the same polit-
6 ical party.

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

10 (5) SENSE OF CONGRESS REGARDING DEAD-
11 LINE FOR APPOINTMENT.—It is the sense of Con-
12 gress that the President should appoint the members
13 of the Authority as soon as practicable after the
14 date of enactment of this Act, but no later than 30
15 days after such date.

16 (6) TERM OF SERVICE.—

17 (A) IN GENERAL.—Except as provided in
18 subparagraph (B), each member of the Author-
19 ity shall be appointed for a term of 3 years.

20 (B) APPOINTMENT FOR TERM FOLLOWING
21 INITIAL TERM.—As designated by the President
22 at the time of appointment for the term imme-
23 diately following the initial term, of the mem-
24 bers appointed for the term immediately fol-
25 lowing the initial term—

1 (i) 1 member shall be appointed for a
2 term of 1 year;

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

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

7 (C) VACANCIES AND SUCCESSION.—Any
8 member of the Authority appointed to fill a va-
9 cancy before the expiration of the term for
10 which the predecessor of the member of the Au-
11 thority was appointed shall serve for the re-
12 mainder of such term.

13 (D) REMOVAL.—The President may re-
14 move any member of the Authority only for
15 cause.

16 (E) COMPENSATION FOR SERVICE.—Each
17 member of the Authority shall be paid at a rate
18 of pay equivalent to the rate of basic pay pay-
19 able for level III of the Executive Schedule
20 under section 5314 of title 5, United States
21 Code.

22 (b) QUALIFICATION REQUIREMENTS.—

23 (1) IN GENERAL.—An individual meets the
24 qualifications for membership on the Authority if the
25 individual—

1 (A) has significant knowledge and exper-
2 tise in finance, management, and the organiza-
3 tion or operation of businesses having more
4 than 500 employees; and

5 (B) represents the public interest gen-
6 erally, is not a representative of specific inter-
7 ests using or belonging to the Postal Service,
8 and does not have any business or financial in-
9 terest in any enterprise in the private sector of
10 the economy engaged in the delivery of mail
11 matter.

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

16 (A) has been an officer, employee, or pri-
17 vate contractor with the Postal Service, United
18 States Postal Service Inspector General, or the
19 Postal Regulatory Commission; or

20 (B) has served as an employee or con-
21 tractor of a labor organization representing em-
22 ployees of the Postal Service, the United States
23 Postal Service Inspector General, or the Postal
24 Regulatory Commission.

1 **SEC. 204. ORGANIZATION AND STAFF.**

2 (a) ADOPTION OF BY-LAWS FOR CONDUCTING BUSI-
3 NESS.—As soon as practicable after the appointment of
4 its members, the Authority shall adopt by-laws, rules, and
5 procedures governing its activities under this subtitle, in-
6 cluding procedures for hiring experts and consultants.
7 Upon adoption, such by-laws, rules, and procedures shall
8 be submitted by the Authority to the Postmaster General,
9 the President, and Congress.

10 (b) EXECUTIVE DIRECTOR AND STAFF.—

11 (1) EXECUTIVE DIRECTOR.—The Authority
12 shall have an Executive Director who shall be ap-
13 pointed by the Chair with the consent of the Author-
14 ity. The Executive Director shall be paid at a rate
15 determined by the Authority, except that such rate
16 may not exceed the rate of basic pay payable for
17 level IV of the Executive Schedule under section
18 5315 of title 5, United States Code.

19 (2) STAFF.—With the approval of the Author-
20 ity, the Executive Director may appoint and fix the
21 pay of such additional personnel as the Executive
22 Director considers appropriate, except that no indi-
23 vidual appointed by the Executive Director may be
24 paid at a rate greater than the rate of pay for the
25 Executive Director. Personnel appointed under this

1 paragraph shall serve at the pleasure of the Execu-
2 tive Director.

3 (3) INAPPLICABILITY OF CERTAIN CIVIL SERV-
4 ICE LAWS.—The Executive Director and staff of the
5 Authority may be appointed without regard to the
6 provisions of title 5, United States Code, governing
7 appointments in the competitive service, and paid
8 without regard to the provisions of chapter 51 and
9 subchapter III of chapter 53 of such title relating to
10 classification and General Schedule pay rates.

11 (4) STAFF OF FEDERAL AGENCIES.—Upon re-
12 quest of the Chair, the head of any Federal depart-
13 ment or agency may detail, on a reimbursable or
14 nonreimbursable basis, any of the personnel of such
15 department or agency to the Authority to assist it
16 in carrying out its duties under this subtitle.

17 **SEC. 205. FUNDING.**

18 (a) GENERAL RULE.—There are authorized to be ap-
19 propriated, out of the Postal Service Fund, such sums as
20 may be necessary for the Authority. In requesting an ap-
21 propriation under this section for a fiscal year, the Au-
22 thority shall prepare and submit to the Congress under
23 section 2009 of title 39, United States Code, a budget of
24 the Authority's expenses, including expenses for facilities,

1 supplies, compensation, and employee benefits, not to ex-
2 ceed \$10,000,000.

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

10 (1) the dollar amount specified in subsection

11 (a), times

12 (2) a fraction—

13 (A) the numerator of which is the number
14 of months remaining in the fiscal year as of the
15 date on which at least 4 members of the Au-
16 thority have been appointed (rounding any frac-
17 tion of a month to the next highest whole num-
18 ber); and

19 (B) the denominator of which is 12.

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

22 (1) by striking “, and (3)” and inserting “,
23 (3)”;

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

25 (4) the Postal Service Financial Responsibility and

1 Management Assistance Authority requests to be ap-
2 propriated, out of the Postal Service Fund, under
3 section 205 of the Postal Reform Act of 2013.”.

4 **SEC. 206. RESPONSIBILITIES AND POWERS.**

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

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

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

12 (3) hiring, monitoring, compensating, and,
13 when necessary, replacing senior management at the
14 level of vice president and higher, as well as ensur-
15 ing adequate succession planning for these positions;

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

20 (5) approving corporate budgets, financial and
21 capital plans, operational and service performance
22 standards and targets, human resource strategies,
23 collective bargaining strategies, negotiation param-
24 eters, collective bargaining agreements, and the com-
25 pensation structure for nonbargaining employees;

1 (6) formulating and communicating organiza-
2 tional policy and positions on legislative and other
3 public policy matters to Congress and the public;
4 and

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

10 **SEC. 207. DEVELOPMENT OF FINANCIAL PLAN AND BUDG-**
11 **ET FOR THE SOLVENCY OF THE POSTAL**
12 **SERVICE.**

13 (a) DEVELOPMENT OF FINANCIAL PLAN AND BUDG-
14 ET.—For each fiscal year during a control period, the
15 Postmaster General shall submit to the Authority, by Au-
16 gust 1 before the start of such fiscal year, a financial plan
17 and budget for such fiscal year for the long-term solvency
18 of the Postal Service, except that, for fiscal year 2013,
19 the deadline for submission of the plan and budget under
20 this subsection shall be the 30th day after a majority of
21 the Authority take office. If a majority of the Authority
22 do not take office before August 1, 2013, the requirement
23 for a financial plan and budget under this subsection for
24 fiscal year 2013 is waived.

1 (b) CONTENTS OF FINANCIAL PLAN AND BUDGET.—

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

7 (1) The financial plan and budget shall meet
8 the requirements described in subsection (c) to pro-
9 mote the financial stability of the Postal Service.

10 (2) The financial plan and budget shall—

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

16 (B) describe lump-sum expenditures by all
17 categories traditionally used by the Postal Serv-
18 ice;

19 (C) describe capital expenditures (together
20 with a schedule of projected capital commit-
21 ments and cash outlays of the Postal Service
22 and proposed sources of funding);

23 (D) contain estimates of overall debt (both
24 outstanding and anticipated to be issued); and

1 (E) contain cash flow and liquidity fore-
2 casts for the Postal Service at such intervals as
3 the Authority may require.

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

7 (4) The financial plan and budget shall include
8 any other provisions and shall meet such other cri-
9 teria as the Authority considers appropriate to meet
10 the purposes of this subtitle, including provisions
11 for—

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

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

17 (c) REQUIREMENTS TO PROMOTE FINANCIAL STA-
18 BILITY.—

19 (1) IN GENERAL.—The requirements to pro-
20 mote the solvency and financial stability of the Post-
21 al Service applicable to the financial plan and budget
22 for a fiscal year are as follows:

23 (A) For fiscal year 2016 and each subse-
24 quent fiscal year during a control period, budg-
25 eted expenditures of the Postal Service for the

1 fiscal year involved may not exceed budgeted
2 revenues of the Postal Service for the fiscal
3 year involved.

4 (B) In each fiscal year where a financial
5 plan and budget must be developed, the finan-
6 cial plan and budget shall provide for contin-
7 uous, substantial progress towards long-term
8 fiscal solvency of the Postal Service and shall
9 provide for substantially greater net income
10 than in the previous fiscal year.

11 (C) The financial plan and budget shall
12 provide for the orderly repayment of any out-
13 standing obligations authorized under section
14 503.

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

22 (i) the legal authority of the Postal
23 Service;

1 (ii) the changes in the legal authority
2 and responsibilities of the Postal Service
3 under this Act;

4 (iii) any cost savings that the Postal
5 Service anticipates will be achieved through
6 negotiations with employees of the Postal
7 Service;

8 (iv) projected changes in mail volume;

9 (v) the impact of regulations the Post-
10 al Service was required by law to promul-
11 gate;

12 (vi) projected changes in the number
13 of employees needed to carry out the re-
14 sponsibilities of the Postal Service; and

15 (vii) the long-term capital needs of the
16 Postal Service, including the need to main-
17 tain, repair, and replace facilities and
18 equipment.

19 (2) APPLICATION OF SOUND BUDGETARY PRAC-
20 TICES.—In meeting the requirements described in
21 paragraph (1) with respect to a financial plan and
22 budget for a fiscal year, the Postal Service shall
23 apply sound budgetary practices, including reducing
24 costs and other expenditures, improving productivity,

1 increasing revenues, or a combination of such prac-
2 tices.

3 (3) ASSUMPTIONS BASED ON CURRENT LAW.—

4 In meeting the requirements described in paragraph
5 (1) with respect to a financial plan and budget for
6 a fiscal year, the Postal Service shall base estimates
7 of revenues and expenditures on Federal law as in
8 effect at the time of the preparation of such finan-
9 cial plan and budget.

10 (d) DEFINITION.—For the purposes of this section,
11 the term “long-term solvency” means the ability of the
12 Postal Service over the long term to pay debts and meet
13 expenses, including the ability to perform maintenance
14 and repairs, make investments, and maintain financial re-
15 serves, as necessary to fulfill the requirements and comply
16 with the policies of title 39, United States Code, and other
17 obligations of the Postal Service.

18 **SEC. 208. PROCESS FOR SUBMISSION AND APPROVAL OF FI-**
19 **NANCIAL PLAN AND BUDGET.**

20 (a) REVIEW BY THE AUTHORITY.—Upon receipt of
21 a financial plan and budget required by section 207, the
22 Authority shall promptly review such financial plan and
23 budget. In conducting the review, the Authority may re-
24 quest any additional information it considers necessary
25 and appropriate to carry out its duties.

1 (b) APPROVAL OF POSTMASTER GENERAL'S FINAN-
2 CIAL PLAN AND BUDGET.—

3 (1) IN GENERAL.—If the Authority determines
4 that the final financial plan and budget for the fiscal
5 year submitted by the Postmaster General under
6 subsection (a) meets the requirements of section
7 207—

8 (A) the Authority shall approve the finan-
9 cial plan and budget and shall provide the Post-
10 master General, the President, the Committee
11 on Homeland Security and Governmental Af-
12 fairs in the Senate, and the Committee on
13 Oversight and Government Reform in the
14 House of Representatives with a notice certi-
15 fying its approval; and

16 (B) the Postmaster General shall promptly
17 submit the annual budget program for the rel-
18 evant fiscal year to the Office of Management
19 and Budget pursuant to section 2009 of title
20 39, United States Code.

21 (2) DEEMED APPROVAL AFTER 30 DAYS.—If
22 the Authority has not provided the Postmaster Gen-
23 eral, the President, and Congress with a notice certi-
24 fying approval under paragraph (1)(A) or a state-
25 ment of disapproval under subsection (d) before the

1 expiration of the 30-day period which begins on the
2 date the Authority receives the financial plan and
3 budget from the Postmaster General under sub-
4 section (a), the Authority shall be deemed to have
5 approved the financial plan and budget and to have
6 provided the Postmaster General, the President, the
7 Committee on Homeland Security and Governmental
8 Affairs in the Senate, and the Committee on Over-
9 sight and Government Reform in the House of Rep-
10 resentatives with the notice certifying approval
11 under paragraph (1)(A).

12 (c) DISAPPROVAL OF POSTMASTER GENERAL'S FI-
13 NANCIAL PLAN AND BUDGET.—

14 (1) IN GENERAL.—If, after reviewing the finan-
15 cial plan and budget for a fiscal year submitted by
16 the Postmaster General under subsection (a) in ac-
17 cordance with the procedures described in this sec-
18 tion, the Authority determines that the revised final
19 financial plan and budget does not meet the applica-
20 ble requirements under section 207, the Authority
21 shall—

22 (A) disapprove the financial plan and
23 budget;

24 (B) provide the Postmaster General, the
25 President, and Congress with a statement con-

1 taining the reasons for such disapproval and de-
2 scribing the amount of any shortfall in the fi-
3 nancial plan and budget; and

4 (C) approve and recommend a financial
5 plan and budget for the Postal Service which
6 meets the applicable requirements under section
7 207, and submit such financial plan and budget
8 to the Postmaster General, the President, the
9 Committee on Homeland Security and Govern-
10 mental Affairs in the Senate, and the Com-
11 mittee on Oversight and Government Reform in
12 the House of Representatives.

13 (2) SUBMISSION TO OMB.—Upon receipt of the
14 recommended financial plan and budget under para-
15 graph (1)(C), the Postmaster General shall promptly
16 submit the recommended annual budget program to
17 the Office of Management and Budget pursuant to
18 section 2009 of title 39, United States Code.

19 (d) DEADLINE FOR TRANSMISSION OF FINANCIAL
20 PLAN AND BUDGET BY THE AUTHORITY.—Notwith-
21 standing any other provision of this section, not later than
22 September 30th before the start of each fiscal year for
23 which a financial plan and budget is required, the Author-
24 ity shall—

1 (1) provide Congress with a notice certifying its
2 approval of the Postmaster General's financial plan
3 and budget for the fiscal year under subsection (e);
4 or

5 (2) submit to Congress an approved and rec-
6 ommended financial plan and budget developed by
7 the Authority for the fiscal year under subsection
8 (e)(1)(C).

9 (e) REVISIONS TO FINANCIAL PLAN AND BUDGET.—

10 (1) PERMITTING POSTMASTER GENERAL TO
11 SUBMIT REVISIONS.—The Postmaster General may
12 submit proposed revisions to the financial plan and
13 budget for the control period to the Authority at any
14 time during the fiscal year.

15 (2) PROCESS FOR REVIEW, APPROVAL, DIS-
16 APPROVAL, AND POSTMASTER GENERAL ACTION.—
17 The procedures described in subsections (b), (c), and
18 (d) shall apply with respect to a proposed revision to
19 a financial plan and budget in the same manner as
20 such procedures apply with respect to the original fi-
21 nancial plan and budget.

22 (f) REQUIREMENTS OF THE AUTHORITY.—

23 (1) IN GENERAL.—It shall be the policy of the
24 Authority to direct the Postal Service to take any
25 action necessary and permitted by law to ensure that

1 the approved financial plan and budget is fully im-
2 plemented over the course of each fiscal year and
3 that the budgetary goals for expenses and revenues
4 are achieved.

5 (2) ADDITIONAL FIDUCIARY ACTIONS.—In addi-
6 tion to paragraph (1), the Authority shall take any
7 additional actions it deems necessary and permitted
8 by law to ensure the requirements of the financial
9 plan and budget are achieved in practice so that the
10 total revenue of the Postal Service exceeds its total
11 operating expenses for the full fiscal year not later
12 than fiscal year 2016 and each fiscal year thereafter.
13 Such actions may include, but are not limited to, ac-
14 celerating the conversion of door delivery points to
15 more cost-effective delivery methods, the consolida-
16 tion of additional mail processing facilities, transi-
17 tion to a 2 to 3 day First-Class Mail delivery stand-
18 ard for the continental United States, and any other
19 action consistent with this Act and the provisions of
20 title 39, United States Code. For the purposes of
21 this paragraph, the term “total operating expenses”
22 refers to all categories of expenses identified under
23 that term in the Report on Form 10-K filed by the
24 Postal Service for fiscal year 2012.

1 **SEC. 209. DISSOLUTION OF THE AUTHORITY; RECONSTITU-**
2 **TION OF THE BOARD OF GOVERNORS.**

3 (a) IN GENERAL.—Effective as of the date on which
4 the control period terminates (as determined under section
5 202(b)(5))—

6 (1) the Authority is dissolved; and

7 (2) section 202 of title 39, United States Code
8 (as amended by section 202(b)(2)(A) of this Act) is
9 amended by inserting after the section heading the
10 following:

11 “(a)(1) The exercise of the power of the Postal Serv-
12 ice shall be directed by a Board of Governors composed
13 of 5 members appointed in accordance with this section.
14 The members, to be known as Governors, shall be ap-
15 pointed by the President, by and with the advice and con-
16 sent of the Senate. Not more than 3 of the Governors may
17 be adherents of the same political party. The Governors
18 shall elect a Chairman from among the individual Gov-
19 ernors. The Governors shall represent the public interest
20 generally, and shall be chosen solely on the basis of their
21 experience in the field of public administration, law or ac-
22 counting or on their demonstrated ability in managing or-
23 ganizations or corporations (in either the public or private
24 sector) of substantial size; except that at least 3 of the
25 Governors shall be chosen solely on the basis of their dem-
26 onstrated ability in managing organizations or corpora-

1 tions (in either the public or private sector) that employ
2 at least 10,000 employees. The Governors shall not be rep-
3 resentatives of specific interests using the Postal Service,
4 and may be removed only for cause. Each Governor shall
5 receive a salary of \$30,000 a year plus \$300 a day for
6 not more than 42 days of meetings each year and shall
7 be reimbursed for travel and reasonable expenses incurred
8 in attending meetings of the Board. Nothing in the pre-
9 ceding sentence shall be construed to limit the number of
10 days of meetings each year to 42 days.

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

17 “(b)(1) The terms of the 5 Governors shall be 7
18 years, except that—

19 “(A) upon the reconstitution of the Board of
20 Governors pursuant to the Postal Reform Act of
21 2013—

22 “(i) the 5 members last comprising the
23 Postal Service Financial Responsibility and
24 Management Assistance Authority before the
25 termination of the control period (as defined in

1 section 202(b)(1) of the Postal Reform Act of
2 2013) shall become the initial members of the
3 reconstituted Board of Governors; and

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

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

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

14 “(B) the terms of the Governors first taking of-
15 fice after the initial Governors of the reconstituted
16 Board (as described in subparagraph (A)) shall be
17 as fixed by the President at the time of their ap-
18 pointment, except that each such term—

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

21 “(ii) shall be fixed such that the term of
22 not more than 1 Governor is thereafter sched-
23 uled to expire in any calendar year (determined
24 disregarding the term of an initial Governor ex-
25 piring as described in subparagraph (A)(ii)).

1 “(2) Any Governor appointed to fill a vacancy before
2 the expiration of the term for which his predecessor was
3 appointed shall serve for the remainder of such term. A
4 Governor may continue to serve after the expiration of his
5 term until his successor has qualified, but not to exceed
6 1 year.

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

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

13 “(B) the Board of Governors, as constituted be-
14 fore the start of the control period.”.

15 **Subtitle B—Other Matters**

16 **SEC. 211. APPOINTMENT OF THE POSTAL SERVICE INSPEC-** 17 **TOR GENERAL.**

18 (a) APPOINTMENT OF INSPECTOR GENERAL OF THE
19 POSTAL SERVICE BY PRESIDENT.—The Inspector General
20 Act of 1978 (5 U.S.C. App.) is amended—

21 (1) in section 8G—

22 (A) in subsection (a)—

23 (i) in paragraph (2), by striking “the
24 Postal Regulatory Commission, and the
25 United States Postal Service” and insert-

1 ing “and the Postal Regulatory Commis-
2 sion”;

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

6 (iii) in paragraph (4)—

7 (I) in the matter preceding sub-
8 paragraph (A), by striking “sub-
9 section (h)(1)” and inserting “sub-
10 section (g)(1)”;

11 (II) by striking subparagraph
12 (B); and

13 (III) by redesignating subpara-
14 graphs (C) through (H) as subpara-
15 graphs (B) through (G), respectively;

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

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

20 (D) by redesignating subsections (g) and
21 (h) as subsections (f) and (g), respectively;

22 (2) by inserting after section 8L the following:

1 **“SEC. 8M. SPECIAL PROVISIONS CONCERNING THE INSPEC-**
2 **TOR GENERAL OF THE UNITED STATES POST-**
3 **AL SERVICE.**

4 “(a) OVERSIGHT OF POSTAL INSPECTION SERV-
5 ICE.—In carrying out the duties and responsibilities speci-
6 fied in this Act, the Inspector General of the United States
7 Postal Service (in this section referred to as the ‘Inspector
8 General’) shall have oversight responsibility for all activi-
9 ties of the Postal Inspection Service, including any inter-
10 nal investigation performed by the Postal Inspection Serv-
11 ice. The Chief Postal Inspector shall promptly report the
12 significant activities being carried out by the Postal In-
13 spection Service to such Inspector General.

14 “(b) SUPERVISION; ADDITIONAL DUTIES AND RE-
15 SPONSIBILITIES; REPORT.—

16 “(1) AUTHORITY, DIRECTION, AND CONTROL.—

17 “(A) AUDITS, INVESTIGATIONS, SUB-
18 POENAS.—The Inspector General shall be under
19 the authority, direction, and control of the Gov-
20 ernors with respect to audits or investigations,
21 or the issuance of subpoenas, which require ac-
22 cess to sensitive information concerning—

23 “(i) ongoing civil or criminal inves-
24 tigations or proceedings;

25 “(ii) undercover operations;

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

3 “(iv) intelligence or counterintel-
4 ligence matters; or

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

8 “(B) AUTHORITY OF GOVERNORS.—With
9 respect to the information described under sub-
10 paragraph (A), the Governors may prohibit the
11 Inspector General from carrying out or com-
12 pleting any audit or investigation, or from
13 issuing any subpoena, after such Inspector Gen-
14 eral has decided to initiate, carry out, or com-
15 plete such audit or investigation or to issue
16 such subpoena, if the Governors determine that
17 such prohibition is necessary to prevent the dis-
18 closure of any information described under sub-
19 paragraph (A) or to prevent the significant im-
20 pairment to the national interests of the United
21 States.

22 “(C) NOTICE REQUIRED.—If the Gov-
23 ernors exercise any power under subparagraph
24 (A) or (B), the Governors shall notify the In-
25 spector General in writing stating the reasons

1 for such exercise. Within 30 days after receipt
2 of any such notice, the Inspector General shall
3 transmit a copy of such notice to the Com-
4 mittee on Homeland Security and Govern-
5 mental Affairs of the Senate and the Committee
6 on Oversight and Government Reform of the
7 House of Representatives, and to other appro-
8 priate committees or subcommittees of the Con-
9 gress.

10 “(2) ADDITIONAL DUTIES AND RESPONSIBIL-
11 ITIES.—In carrying out the duties and responsibil-
12 ities specified in this Act, the Inspector General—

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

17 “(B) shall give particular regard to the ac-
18 tivities of the Postal Inspection Service with a
19 view toward avoiding duplication and insuring
20 effective coordination and cooperation.

21 “(3) REPORT REQUIRED.—Any report required
22 to be transmitted by the Governors to the appro-
23 priate committees or subcommittees of the Congress
24 under section 5(d) shall also be transmitted, within
25 the seven-day period specified under such section, to

1 the Committee on Homeland Security and Govern-
2 mental Affairs of the Senate and the Committee on
3 Oversight and Government Reform of the House of
4 Representatives.

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

8 (3) in section 12—

9 (A) in paragraph (1), by striking “or the
10 Federal Cochairpersons of the Commissions es-
11 tablished under section 15301 of title 40,
12 United States Code” and inserting “the Federal
13 Cochairpersons of the Commissions established
14 under section 15301 of title 40, United States
15 Code; or the Board of Governors of the United
16 States Postal Service”; and

17 (B) in paragraph (2), by striking “or the
18 Commissions established under section 15301
19 of title 40, United States Code” and inserting
20 “the Commissions established under section
21 15301 of title 40, United States Code, or the
22 United States Postal Service”.

23 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
24 Title 39, United States Code, is amended—

1 (1) in section 102(4), by striking “section
2 202(e) of this title” and inserting “section 3 of the
3 Inspector General Act of 1978 (5 U.S.C. App.)”;

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

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

11 (c) APPLICABILITY.—

12 (1) IN GENERAL.—The amendments made by
13 this section shall apply with respect to the first indi-
14 vidual appointed as Inspector General of the Postal
15 Service after the date of enactment of this Act.

16 (2) RULE OF CONSTRUCTION.—Nothing in this
17 Act may be construed to alter the authority or the
18 length of the term of the individual serving as In-
19 spector General of the Postal Service on the date of
20 enactment of this Act.

21 **SEC. 212. MEMBERSHIP OF THE BOARD OF GOVERNORS.**

22 (a) POSTMASTER GENERAL.—Section 202(c) is
23 amended to read as follows:

1 “(c) The Governors shall appoint and shall have the
2 power to remove the Postmaster General. His pay and
3 term of service shall be fixed by the Governors.”.

4 (b) DEPUTY POSTMASTER GENERAL.—Section
5 202(d) is amended to read as follows:

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

10 **TITLE III—POSTAL SERVICE** 11 **WORKFORCE**

12 **SEC. 301. APPLICABILITY OF REDUCTION-IN-FORCE PROCE-** 13 **DURES.**

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

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

23 “(e) Any collective-bargaining agreement between the
24 Postal Service and the bargaining representatives recog-
25 nized under section 1203 ratified before the date of enact-

1 ment of this subsection that contains any provision vio-
2 lating subsection (d) shall be renegotiated, with a new col-
3 lective-bargaining agreement to be ratified or imposed
4 through an arbitration decision under section 1207 within
5 9 months after such date of enactment.

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

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

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

19 “(2) In no event may, if procedures for the resolution
20 of a dispute or impasse arising in the negotiation of a col-
21 lective-bargaining agreement (whether through binding ar-
22 bitration or otherwise) are invoked under this chapter, the
23 award or other resolution reached under such procedures
24 provide for the elimination of, or the substitution of any

1 alternative procedures in lieu of, reduction-in-force proce-
2 dures under title 5.”.

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

5 Section 1005(d)(1) is amended—

6 (1) in the first sentence, by striking “chapters
7 83 and 84” and inserting “chapters 83, 84, 87, and
8 89”; and

9 (2) by adding at the end the following: “Begin-
10 ning not later than January 1, 2020, the Postal
11 Service shall withhold from pay and shall pay into
12 the Employees Life Insurance Fund and the Em-
13 ployee Health Benefits Fund the amounts specified
14 in or determined under chapters 87 and 89, respec-
15 tively.”.

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

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

19 **SEC. 304. MODIFICATIONS RELATING TO DETERMINATION**
20 **OF PAY COMPARABILITY.**

21 (a) **POSTAL POLICY.**—The first sentence of section
22 101(c) is amended—

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

1 (2) by inserting “entire” before “private sec-
2 tor”.

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

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

7 (2) by inserting “entire” before “private sec-
8 tor”.

9 (c) CONSIDERATIONS.—For purposes of the amend-
10 ments made by this section, any determination of “total
11 rates and types of compensation” or “total compensation
12 and benefits” shall, at a minimum, take into account pay,
13 health benefits, retirement benefits, life insurance benefits,
14 leave, holidays, and continuity and stability of employ-
15 ment.

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

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

19 “(c)(1) If no agreement is reached within 30 days
20 after the appointment of a mediator under subsection (b),
21 or if the parties decide upon arbitration before the expira-
22 tion of the 30-day period, an arbitration board shall be
23 established consisting of 1 member selected by the Postal
24 Service (from the list under paragraph (2)), 1 member se-
25 lected by the bargaining representative of the employees

1 (from the list under paragraph (2)), and the mediator ap-
2 pointed under subsection (b).

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

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

22 “(4) No more than 7 days after the hearing is con-
23 cluded, each party shall submit to the arbitration board
24 2 offer packages, each of which packages shall specify the
25 terms of a proposed final agreement.

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

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

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

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

15 “(ii) The offer takes into account the current fi-
16 nancial condition of the Postal Service.

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

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

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

1 “(II) modify the package so selected to the min-
2 imum extent necessary to satisfy such conditions.

3 “(ii) If modification (as described in subparagraph
4 (B)(i)(II)) is necessary, the board shall have an additional
5 7 days to render its tentative award under this subpara-
6 graph.

7 “(8) The parties may negotiate a substitute award
8 to replace the tentative award selected under paragraph
9 (6) or rendered under paragraph (7) (as the case may be).
10 If no agreement on a substitute award is reached within
11 10 days after the date on which the tentative award is
12 so selected or rendered, the tentative award shall become
13 final.

14 “(9) The arbitration board shall review any substitute
15 award negotiated under paragraph (8) to determine if it
16 satisfies the conditions set forth in paragraph (7)(A). If
17 the arbitration board, by a unanimous vote taken within
18 3 days after the date on which the agreement on the sub-
19 stitute award is reached under paragraph (8), determines
20 that the substitute award does not satisfy such conditions,
21 the tentative award shall become final. In the absence of
22 a vote, as described in the preceding sentence, the sub-
23 stitute agreement shall become final.

24 “(10) If, under paragraph (5), neither party submits
25 a final offer package by the last day allowable under such

1 paragraph, the arbitration board shall develop and issue
2 a final award no later than 20 days after such last day.

3 “(11) A final award or agreement under this sub-
4 section shall be conclusive and binding upon the parties.

5 “(12) Costs of the arbitration board and mediation
6 shall be shared equally by the Postal Service and the bar-
7 gaining representative.

8 “(d) In the case of a bargaining unit whose recog-
9 nized collective-bargaining representative does not have an
10 agreement with the Postal Service, if the parties fail to
11 reach agreement within 90 days after the commencement
12 of collective bargaining, a mediator shall be appointed in
13 accordance with the provisions of subsection (b), unless
14 the parties have previously agreed to another procedure
15 for a binding resolution of their differences. If the parties
16 fail to reach agreement within 180 days after the com-
17 mencement of collective bargaining, an arbitration board
18 shall be established to provide conclusive and binding arbi-
19 tration in accordance with the provisions of subsection
20 (c).”.

21 **SEC. 306. POSTAL SERVICE WORKERS' COMPENSATION RE-**
22 **FORM.**

23 (a) IN GENERAL.—Effective 12 months after the
24 triggering date of this section (as defined in subsection

1 (e)(2)), section 1005 is amended by striking subsection (c)
2 and inserting the following:

3 “(c)(1) For purposes of this subsection—

4 “(A) the term ‘postal employee’ means an offi-
5 cer or employee of the Postal Service or the former
6 Post Office Department; and

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

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

15 “(3) The program under this subsection—

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

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

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

1 (b) RECOMMENDATIONS.—Not later than 6 months
2 after the triggering date—

3 (1) the Office of Personnel Management shall
4 submit to the appropriate committees of Congress
5 recommendations for any legislation or administra-
6 tive actions which the Office considers necessary to
7 carry out the purposes of this section with respect
8 to any matter within the jurisdiction of the Office,
9 including any amendments which may be necessary
10 with respect to chapter 87 or 89 of title 5, United
11 States Code; and

12 (2) the Postal Service shall submit to the ap-
13 propriate committees of Congress recommendations
14 for any legislation which the Postal Service considers
15 necessary to carry out the purposes of this section
16 with respect to any matter within the jurisdiction of
17 the Postal Service.

18 (c) NOTIFICATION REQUIREMENTS.—Not later than
19 9 months after the triggering date, the Postal Service shall
20 submit to the appropriate committees of Congress and
21 shall cause to be published in the Federal Register a de-
22 scription of the program proposed by the Postal Service
23 for implementation under section 1005(c) of title 39,
24 United States Code, as amended by subsection (a). In-

1 cluded in the notification provided under the preceding
2 sentence shall be—

3 (1) a detailed statement of the benefits to be of-
4 ferred and the persons eligible to receive those bene-
5 fits;

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

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

10 (d) COMMENCEMENT DATE.—The program under
11 section 1005(c) of title 39, United States Code, as amend-
12 ed by subsection (a)—

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

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

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

20 (2) shall apply with respect to amounts payable
21 for periods beginning on or after the date on which
22 the program begins to operate, irrespective of date
23 of the disability or death to which such amounts re-
24 late.

25 (e) CONDITION PRECEDENT.—

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

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

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

12 (2) TRIGGERING DATE.—For purposes of this
13 section, the term “triggering date of this section” or
14 “triggering date” means the date described in para-
15 graph (1).

16 (f) APPROPRIATE COMMITTEES OF CONGRESS DE-
17 FINED.—For purposes of this section, the term “appro-
18 priate committees of Congress” means—

19 (1) the Committee on Oversight and Govern-
20 ment Reform of the House of Representatives; and

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

1 **TITLE IV—POSTAL SERVICE**
2 **REVENUE**

3 **SEC. 401. ADEQUACY, EFFICIENCY, AND FAIRNESS OF POST-**
4 **AL RATES.**

5 (a) IN GENERAL.—Section 3622(d) is amended—

6 (1) in paragraph (1)—

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

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

12 “(B) subject to the limitation under sub-
13 paragraph (A), establish postal rates to fulfill
14 the requirement that each market-dominant
15 class, product, and type of mail service (except
16 for an experimental product or service) bear the
17 direct and indirect postal costs attributable to
18 such class, product, or type through reliably
19 identified causal relationships plus that portion
20 of all other costs of the Postal Service reason-
21 ably assignable to such class, product, or type;

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

25 “(i) cover attributable cost;

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

3 “(iii) do not cause unreasonable dis-
4 ruption in the marketplace, consistent with
5 subsection (c)(10)(B);

6 for purposes of this subparagraph, a group of
7 functionally equivalent agreements shall consist
8 of all service agreements that are functionally
9 equivalent to each other within the same mar-
10 ket-dominant product, but shall not include
11 agreements within an experimental product;”;
12 and

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

14 “(4) PRC STUDY.—

15 “(A) IN GENERAL.—Within 90 days after
16 the end of the first fiscal year beginning after
17 the date of enactment of the Postal Reform Act
18 of 2013, the Postal Regulatory Commission
19 shall complete a study to determine the quan-
20 titative impact of the Postal Service’s excess ca-
21 pacity on the direct and indirect postal costs at-
22 tributable to any class that bears less than 100
23 percent of its costs attributable (as described in
24 paragraph (1)(B)), according to the most recent

1 annual determination of the Postal Regulatory
2 Commission under section 3653.

3 “(B) REQUIREMENTS.—The study re-
4 quired under subparagraph (A) shall—

5 “(i) be conducted pursuant to regula-
6 tions that the Postal Regulatory Commis-
7 sion shall prescribe within 90 days after
8 the date of enactment of the Postal Re-
9 form Act of 2013, taking into account ex-
10 isting regulations for proceedings to im-
11 prove the quality, accuracy, or complete-
12 ness of ratemaking information under sec-
13 tion 3652(e)(2) in effect on such date; and

14 “(ii) for any year in which any class
15 of mail bears less than 100 percent of its
16 costs attributable (as described in para-
17 graph (1)(B)), be updated annually by the
18 Postal Service and included in its annual
19 report to the Commission under section
20 3652, using such methodologies as the
21 Commission shall by regulation prescribe.

22 “(5) ADDITIONAL RATES.—Starting not earlier
23 than 12 months and not later than 18 months after
24 the date on which the first study described in para-
25 graph (4) is completed, and at least once in each

1 subsequent 12-month period, the Postal Service shall
2 establish postal rates for each loss-making class of
3 mail to eliminate such losses (other than those
4 caused by the Postal Service's excess capacity) by
5 exhausting all unused rate authority as well as maxi-
6 mizing incentives to reduce costs and increase effi-
7 ciency, subject to the following:

8 “(A) The term ‘loss-making’, as used in
9 this paragraph with respect to a class of mail,
10 means a class of mail that bears less than 100
11 percent of its costs attributable (as described in
12 paragraph (1)(B)), according to the most recent
13 annual determination of the Postal Regulatory
14 Commission under section 3653, adjusted to ac-
15 count for the quantitative effect of excess ca-
16 pacity on the costs attributable of the class.

17 “(B) Unused rate authority shall be annu-
18 ally increased by 2 percent for each class of
19 mail that bears less than 90 percent of its costs
20 attributable (as described in paragraph (1)(B)),
21 according to the most recent annual determina-
22 tion of the Postal Regulatory Commission
23 under section 3653, adjusted to account for the
24 quantitative effect of excess capacity on the
25 costs attributable of the class, with such in-

1 crease in unused rate authority to take effect
2 30 days after the date that the Commission
3 issues such determination.”.

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

7 “(6) **EXCEPTION.**—The requirements of para-
8 graph (1)(B) shall not apply to a market-dominant
9 product for which a substantial portion of the prod-
10 uct’s mail volume consists of inbound international
11 mail with terminal dues rates determined by the
12 Universal Postal Union (and not by bilateral agree-
13 ments or other arrangements).”.

14 **SEC. 402. REPEAL OF RATE PREFERENCES FOR QUALIFIED**
15 **POLITICAL COMMITTEES.**

16 Subsection (e) of section 3626 is repealed.

17 **SEC. 403. USE OF NEGOTIATED SERVICE AGREEMENTS.**

18 (a) **STREAMLINED REVIEW OF QUALIFYING SERVICE**
19 **AGREEMENTS FOR COMPETITIVE PRODUCTS.**—Section
20 3633 is amended by adding at the end the following:

21 “(c) **STREAMLINED REVIEW.**—Not later than 90
22 days after the date of enactment of this subsection, after
23 notice and opportunity for comment, the Postal Regu-
24 latory Commission shall promulgate (and may from time
25 to time thereafter revise) regulations for streamlined

1 after-the-fact review of newly proposed agreements be-
2 tween the Postal Service and users of the mail that provide
3 rates not of general applicability for competitive products.
4 Streamlined review shall apply only if agreements are
5 functionally equivalent to existing agreements that have
6 collectively covered attributable costs and collectively im-
7 proved the net financial position of the Postal Service. The
8 regulations issued under this subsection shall provide that
9 streamlined review shall be concluded not later than 5
10 business days after the date on which the agreement is
11 filed with the Commission and shall be limited to approval
12 or disapproval of the agreement as a whole based on the
13 Commission's determination of its functional equivalence.
14 Agreements not approved may be resubmitted without
15 prejudice under section 3632.”.

16 (b) SUBMISSION OF SERVICE AGREEMENTS FOR
17 STREAMLINED REVIEW.—Section 3632(b) is amended—

18 (1) by redesignating paragraph (4) as para-
19 graph (5); and

20 (2) by inserting after paragraph (3) the fol-
21 lowing:

22 “(4) RATES FOR STREAMLINED REVIEW.—In
23 the case of rates not of general applicability for com-
24 petitive products that the Postmaster General con-
25 siders eligible for streamlined review under section

1 3633(c), the Postmaster General shall cause the
2 agreement to be filed with the Postal Regulatory
3 Commission by a date that is on or before the effec-
4 tive date of any new rate established under the
5 agreement, as the Postmaster General considers ap-
6 propriate.”.

7 (c) TRANSPARENCY AND ACCOUNTABILITY FOR
8 SERVICE AGREEMENTS.—

9 (1) CERTAIN INFORMATION REQUIRED TO BE
10 INCLUDED IN DETERMINATIONS OF COMPLIANCE.—

11 Section 3653 is amended—

12 (A) by redesignating subsections (c), (d),
13 and (e) as subsections (d), (e), and (f), respec-
14 tively; and

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

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

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

24 “(A) cover costs attributable; and

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

3 “(2) NONCOMPLIANCE.—Any group of function-
4 ally equivalent agreements not meeting subpara-
5 graphs (A) and (B) of paragraph (1) shall be deter-
6 mined to be in noncompliance under this subsection.

7 “(3) DEFINITION.—For purposes of this sub-
8 section, a group of functionally equivalent agree-
9 ments shall consist of all service agreements that are
10 functionally equivalent to each other within the same
11 market-dominant or competitive product, but shall
12 not include agreements within an experimental prod-
13 uct.”.

14 (2) CRITERIA FOR SPECIAL CLASSIFICATIONS
15 RELATING TO MARKET-DOMINANT PRODUCTS.—Sec-
16 tion 3622(c)(10) is amended by striking subpara-
17 graphs (A) and (B) and inserting the following:

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

22 “(B) do not cause—

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

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

3 **SEC. 404. NONPOSTAL SERVICES.**

4 (a) NONPOSTAL SERVICES.—

5 (1) IN GENERAL.—Part IV is amended by add-
6 ing after chapter 36 the following:

7 **“CHAPTER 37—NONPOSTAL SERVICES**

 “Sec.

 “3701. Purpose.

 “3702. Definitions.

 “3703. Postal Service advertising program.

 “3704. Postal Service program for State governments.

 “3705. Postal Service program for other government agencies.

 “3706. Transparency and accountability for nonpostal services.

8 **“§ 3701. Purpose**

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

14 **“§ 3702. Definitions**

15 “‘As used in this chapter—

16 “(1) the term ‘nonpostal services’ is limited to
17 services offered by the Postal Service that are ex-
18 pressly authorized by this chapter and are not postal
19 products or services;

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

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

1 **“§ 3703. Postal Service advertising program**

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

7 “(1) The Postal Service shall at all times en-
8 sure advertising it permits is consistent with the in-
9 tegrity of the Postal Service.

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

13 “(3) All advertising expenditures and revenues
14 are subject to annual compliance determination (in-
15 cluding remedies for noncompliance) applicable to
16 nonpostal products.

17 “(4) Total advertising expenditures and reve-
18 nues must be disclosed in Postal Service annual re-
19 ports.

20 **“§ 3704. Postal Service program for State govern-**
21 **ments**

22 “(a) IN GENERAL.—Notwithstanding any other pro-
23 vision of this title, the Postal Service may establish a pro-
24 gram to provide services for agencies of State governments
25 within the United States, but only if such services—

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

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

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

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

12 “(3) provide a reasonable contribution to the in-
13 stitutional costs of the Postal Service, defined as re-
14 imbursement for each service and to each agency
15 covering at least 150 percent of the attributable
16 costs of such service in each year.

17 “(b) PUBLIC NOTICE.—At least 90 days before offer-
18 ing any services under this section, the Postal Service shall
19 make each agreement with State agencies readily available
20 to the public on its website, including a business plan that
21 describes the specific services to be provided, the enhanced
22 value to the public, terms of reimbursement, the estimated
23 annual reimbursement to the Postal Service, and the esti-
24 mated percentage of attributable Postal Service costs that
25 will be covered by reimbursement (with documentation to

1 support these estimates). The Postal Service shall solicit
2 public comment for at least 30 days, with comments post-
3 ed on its website, followed by its written response posted
4 on its website at least 30 days before offering such serv-
5 ices.

6 “(c) APPROVAL REQUIRED.—The Governors of the
7 Postal Service shall approve the provision of services
8 under this section by a recorded vote, with at least $\frac{2}{3}$ of
9 its membership voting for approval, with the vote publicly
10 disclosed on the Postal Service website.

11 “(d) CLASSIFICATION OF SERVICES.—All services for
12 a given agency provided under this section shall be classi-
13 fied as a separate activity subject to the requirements of
14 annual reporting under section 3706. Such reporting shall
15 also include information on the quality of service and re-
16 lated information to demonstrate that it satisfied the re-
17 quirements of subsection (a). Information provided under
18 this section shall be according to requirements that the
19 Postal Regulatory Commission shall by regulation pre-
20 scribe.

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

23 “(1) the term ‘State’ includes the District of
24 Columbia, the Commonwealth of Puerto Rico, the
25 United States Virgin Islands, Guam, American

1 Samoa, the Commonwealth of the Northern Mariana
2 Islands, and any other territory or possession of the
3 United States; and

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

6 **“§ 3705. Postal Service program for other government**
7 **agencies**

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

16 “(b) CLASSIFICATION OF SERVICES.—For each agen-
17 cy, all property and services provided by the Postal Service
18 under this section shall be classified as a separate activity
19 subject to the requirements of annual reporting under sec-
20 tion 3706. Information provided under this section shall
21 be according to requirements that the Postal Regulatory
22 Commission shall by regulation prescribe.

23 **“§ 3706. Transparency and accountability for non-**
24 **postal services**

25 “(a) ANNUAL REPORTS TO THE COMMISSION.—

1 “(1) IN GENERAL.—The Postal Service shall,
2 no later than 90 days after the end of each year,
3 prepare and submit to the Postal Regulatory Com-
4 mission a report (together with such nonpublic
5 annex to the report as the Commission may require
6 under subsection (b)) which shall analyze costs, reve-
7 nues, rates, and quality of service for this chapter,
8 using such methodologies as the Commission shall
9 by regulation prescribe, and in sufficient detail to
10 demonstrate compliance with all applicable require-
11 ments of this chapter.

12 “(2) AUDITS.—The Inspector General shall reg-
13 ularly audit the data collection systems and proce-
14 dures utilized in collecting information and pre-
15 paring such report. The results of any such audit
16 shall be submitted to the Postal Service and the
17 Postal Regulatory Commission.

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

24 “(c) CONTENT AND FORM OF REPORTS.—

1 “(1) IN GENERAL.—The Postal Regulatory
2 Commission shall, by regulation, prescribe the con-
3 tent and form of the public reports (and any non-
4 public annex and supporting matter relating to the
5 report) to be provided by the Postal Service under
6 this section. Such reports shall be included with the
7 annual compliance determination reported under sec-
8 tion 3653. In carrying out this subsection, the Com-
9 mission shall give due consideration to—

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

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

15 “(C) protecting the confidentiality of infor-
16 mation that is commercially sensitive or is ex-
17 empt from public disclosure under section
18 552(b) of title 5.

19 “(2) REVISED REQUIREMENTS.—The Commis-
20 sion may, on its own motion or on request of any
21 interested party, initiate proceedings (to be con-
22 ducted in accordance with regulations that the Com-
23 mission shall prescribe) to improve the quality, accu-
24 racy, or completeness of Postal Service data required

1 by the Commission under this subsection whenever
2 it shall appear that—

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

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

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

14 “(d) CONFIDENTIAL INFORMATION.—

15 “(1) IN GENERAL.—If the Postal Service deter-
16 mines that any document or portion of a document,
17 or other matter, which it provides to the Postal Reg-
18 ulatory Commission in a nonpublic annex under this
19 section contains information which is described in
20 section 410(c) of this title, or exempt from public
21 disclosure under section 552(b) of title 5, the Postal
22 Service shall, at the time of providing such matter
23 to the Commission, notify the Commission of its de-
24 termination, in writing, and describe with particu-
25 larity the documents (or portions of documents) or

1 other matter for which confidentiality is sought and
2 the reasons therefor.

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

10 “(e) ANNUAL COMPLIANCE DETERMINATION.—

11 “(1) OPPORTUNITY FOR PUBLIC COMMENT.—
12 After receiving the reports required under subsection
13 (a) for any year, the Postal Regulatory Commission
14 shall promptly provide an opportunity for comment
15 on such reports by any interested party, and an offi-
16 cer of the Commission who shall be required to rep-
17 resent the interests of the general public.

18 “(2) DETERMINATION OF COMPLIANCE OR NON-
19 COMPLIANCE.—Not later than 90 days after receiv-
20 ing the submissions required under subsection (a)
21 with respect to a year, the Postal Regulatory Com-
22 mission shall make a written determination as to
23 whether any nonpostal activities during such year
24 were or were not in compliance with applicable pro-
25 visions of this chapter (or regulations promulgated

1 under this chapter). The Postal Regulatory Commis-
2 sion shall issue a determination of noncompliance if
3 the requirements for coverage of attributable costs
4 are not met. If, with respect to a year, no instance
5 of noncompliance is found to have occurred in such
6 year, the written determination shall be to that ef-
7 fect.

8 “(3) NONCOMPLIANCE.—If, for a year, a timely
9 written determination of noncompliance is made
10 under this chapter, the Postal Regulatory Commis-
11 sion shall take appropriate action. If the require-
12 ments for coverage of attributable costs specified by
13 this chapter are not met, the Commission shall,
14 within 60 days after the determination, prescribe re-
15 medial action to restore compliance as soon as prac-
16 ticable, which shall also include the full restoration
17 of revenue shortfalls during the following fiscal year.
18 The Commission may order the Postal Service to
19 discontinue a nonpostal service under section 3703
20 or 3704 that persistently fails to meet cost coverage
21 requirements.

22 “(4) DELIBERATE NONCOMPLIANCE.—In addi-
23 tion, in cases of deliberate noncompliance by the
24 Postal Service with the requirements of this chapter,
25 the Postal Regulatory Commission may order, based

1 on the nature, circumstances, extent, and serious-
 2 ness of the noncompliance, a fine (in the amount
 3 specified by the Commission in its order) for each
 4 incidence of such noncompliance. All receipts from
 5 fines imposed under this subsection shall be depos-
 6 ited in the general fund of the Treasury of the
 7 United States.”.

8 (2) CLERICAL AMENDMENT.—The table of
 9 chapters at the beginning of part IV is amended by
 10 adding after the item relating to chapter 36 the fol-
 11 lowing:

“37. Nonpostal Services 3701”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) SECTION 404(e).—Section 404(e) is amend-
 14 ed by adding at the end the following:

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

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

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

24 “(7) Nothing in this section shall be considered to
 25 prevent the Postal Service from establishing nonpostal

1 products and services that are expressly authorized by
2 chapter 37.”.

3 (2) SECTION 411.—The last sentence of section
4 411 is amended by striking “including
5 reimbursability” and inserting “including
6 reimbursability within the limitations of chapter
7 37”.

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

16 **SEC. 405. ALASKA BYPASS MAIL MODERNIZATION.**

17 (a) FAIR COMPETITION FOR ALASKA BYPASS
18 MAIL.—

19 (1) IN GENERAL.—Section 5402 is amended—

20 (A) in subsection (g)(4)—

21 (i) in subparagraph (A), by striking
22 “existing”;

23 (ii) in subparagraph (B)—

24 (I) in the matter preceding clause

25 (i), by striking “an existing mainline

1 carrier” and inserting “a carrier per-
2 mitted under subparagraph (A)”;
3 (II) in clause (i), by striking “ex-
4 isting mainline carriers” and inserting
5 “mainline carriers providing service”;
6 and

7 (iii) in subparagraph (C), by striking
8 “existing”;

9 (B) in subsection (g)(5)—

10 (i) in subparagraph (A), by striking
11 “new”;

12 (ii) in subparagraph (B), by striking
13 “new”; and

14 (iii) in subparagraph (C), by striking
15 “new”;

16 (C) in subsection (h)(3)(A), by striking
17 “new or existing”; and

18 (D) in subsection (i)(3), by striking “new”.

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

21 (b) REDUCTION OF ALASKA BYPASS MAIL SUB-
22 SIDY.—

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

1 **“§ 5404. Reduction of Alaska bypass mail subsidy**

2 “(a) COMPETITIVE PRODUCT CLASSIFICATION.—

3 “(1) IN GENERAL.—Except as provided in this
4 section, Alaska bypass mail service under section
5 5402 shall be treated as a separate competitive
6 product for all purposes.

7 “(2) TRANSFER PROHIBITED.—No part of
8 Alaska bypass mail service may be transferred to the
9 market-dominant category of mail under section
10 3642.

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

15 “(b) MINIMUM COST COVERAGE.—

16 “(1) IN GENERAL.—The Postal Service shall es-
17 tablish and maintain rates and fees for matter sent
18 by Alaska bypass mail service—

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

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

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

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

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

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

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

21 “(c) COMPLIANCE.—

22 “(1) ANNUAL REVIEW.—At least once each fis-
23 cal year, the Postal Regulatory Commission shall de-
24 termine whether the Postal Service is in compliance
25 with the requirements under subsection (b).

1 “(2) REMEDIAL ACTIONS.—If, under paragraph
2 (1), the Postal Regulatory Commission determines
3 that the Postal Service has not complied with the re-
4 quirements under subsection (b) with respect to a
5 fiscal year, the Commission shall prescribe, not later
6 than 60 days after making such determination, ac-
7 tions to ensure—

8 “(A) the establishment and maintenance of
9 rates and fees for Alaska bypass mail service
10 that recover any costs required to have been
11 covered for such fiscal year under subsection
12 (b), but that were not covered, by the date that
13 is not later than the last day of the fiscal year
14 that follows such fiscal year; and

15 “(B) compliance with the requirements
16 under subsection (b) in subsequent fiscal years.

17 “(3) LIMITATION.—The Postal Regulatory
18 Commission may not order the Postal Service to dis-
19 continue Alaska bypass mail service.

20 “(4) REGULATIONS.—Not later than 90 days
21 after the date of enactment of this subsection, the
22 Postal Regulatory Commission shall issue regula-
23 tions to implement this subsection.”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
2 tions for chapter 54 is amended by adding at the
3 end the following:

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

4 **SEC. 406. APPROPRIATIONS MODERNIZATION.**

5 (a) IN GENERAL.—Section 2401 is amended by strik-
6 ing subsections (b) through (d).

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

10 **TITLE V—POSTAL SERVICE**
11 **FINANCE**

12 **SEC. 501. TREATMENT OF POSTAL SERVICE POST-EMPLOY-**
13 **MENT BENEFIT FUNDING PROJECTED SUR-**
14 **PLUSES.**

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

17 “(C) Not later than 30 days after the end
18 of each fiscal year, the Office of Personnel
19 Management shall transfer from Postal Service
20 Federal Employee Retirement System monies
21 within the Civil Service Retirement and Dis-
22 ability Fund to the Postal Service Retiree
23 Health Benefits Fund an amount equal to the
24 negative supplemental liability (if any), as cal-

1 culated under paragraph (1)(B), for the most
2 recent fiscal year available, less the sum of—

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

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

13 **SEC. 502. RETIREE HEALTH BENEFIT LIABILITY PAYMENT**
14 **SCHEDULE.**

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

17 (1) in paragraph (2)(B), by striking “2017”
18 and inserting “2014”; and

19 (2) in paragraph (3)—

20 (A) in subparagraph (A)—

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

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

1 (iii) by striking clauses (v) through
2 (x); and
3 (B) in subparagraph (B), by striking
4 “2017” and inserting “2014”.

5 (b) CONFORMING AMENDMENT.—Section
6 8906(g)(2)(A) of title 5, United States Code, is amended
7 by striking “2016” and inserting “2014”.

8 (c) TECHNICAL CORRECTION.—The heading for sec-
9 tion 8909a of title 5, United States Code, is amended by
10 striking “**Benefit**” and inserting “**Benefits**”.

11 **SEC. 503. SUPPLEMENTARY BORROWING AUTHORITY DUR-**
12 **ING A CONTROL PERIOD.**

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

15 **“§ 2012. Supplementary borrowing authority**

16 **“(a) SUPPLEMENTARY BORROWING AUTHORITY.—**
17 Upon the commencement of the control period, subject to
18 the approval of the Authority, the Postal Service is author-
19 ized to borrow money and issue and sell such obligations
20 as may be necessary to carry out the purposes of this title,
21 to the same extent, in the same manner, and subject to
22 the same terms and conditions as if the maximum amount
23 allowable under the provisions of section 2005(a)(2) for
24 the fiscal year involved were equal to the maximum
25 amount which (but for this section) would otherwise be

1 allowable under such provisions, increased by
2 \$5,000,000,000.

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

6 “(c) DEPOSIT.—Any amounts received under this
7 section shall be deposited in the Postal Service Fund.

8 “(d) PROPERTIES TO BE SET ASIDE.—Notwith-
9 standing section 2005(b)(2), the Postal Service shall take
10 such measures as may be necessary and appropriate so
11 that, during any period in which the Postal Service is
12 using supplemental borrowing authority under subsection
13 (a), a sufficient amount of real property has been pledged
14 or otherwise set aside by the Postal Service to carry out
15 subsection (e).

16 “(e) OUTSTANDING SUPPLEMENTAL DEBT REDUC-
17 TION.—

18 “(1) IN GENERAL.—In the case of any fiscal
19 year in which the Postal Service borrows funds pur-
20 suant to subsection (a), the Postal Service shall, not
21 later than September 30 of such fiscal year, deposit
22 into the Postal Service Fund an amount such that
23 the total obligations accrued and outstanding pursu-
24 ant to subsection (a) are, as of the close of such fis-
25 cal year, at least 20 percent less than the total obli-

1 gations so accrued and outstanding as of the start
2 of such fiscal year.

3 “(2) SENSE OF CONGRESS.—It is the sense of
4 Congress that, to achieve the requirement of para-
5 graph (1), the Postal Service should dispose of such
6 real property as may be necessary.

7 “(f) DEFINITIONS.—For purposes of this section

8 “(1) the term ‘Authority’ means the Postal
9 Service Financial Responsibility and Management
10 Assistance Authority, established in title II of the
11 Postal Reform Act of 2013; and

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

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for chapter 20 is amended by adding at the end the fol-
16 lowing:

“2012. Supplemental borrowing authority.”.

17 **SEC. 504. POSTAL SERVICE DELIVERY-POINT MODERNIZA-**
18 **TION FUND.**

19 (a) IN GENERAL.—Chapter 20 is further amended by
20 adding after section 2012 (as added by section 503(a))
21 the following:

22 **“§ 2013. Postal Service Delivery-Point Modernization**
23 **Fund**

24 “(a) ESTABLISHMENT.—There is established within
25 the Treasury of the United States a revolving fund to be

1 known as the ‘Postal Service Delivery-Point Moderniza-
2 tion Fund’, which shall be available without fiscal year
3 limitation pursuant to the requirements of this section.

4 “(b) FUNDING.—

5 “(1) AUTHORIZATION.—The Postal Service is
6 authorized to borrow money and to issue and sell
7 such obligations as it determines necessary solely to
8 carry out the purposes of section 3962. The aggre-
9 gate amount of obligations issued by the Postal
10 Service which may be outstanding at any one time
11 under this paragraph shall not exceed
12 \$1,000,000,000.

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

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

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

23 “(d) BUDGETARY TREATMENT.—The receipts and
24 disbursements of the Postal Service Delivery-Point Mod-
25 ernization Fund shall be accorded the same budgetary

1 treatment as is accorded to receipts and disbursements of
2 the Postal Service Fund under section 2009a.

3 “(e) TERMINATION OF FUND.—On September 30,
4 2023, any funds remaining in the Postal Service Delivery-
5 Point Modernization Fund shall be used to satisfy any re-
6 maining obligations under subsection (b)(1), and any
7 funds in excess of such obligations shall be deposited in
8 the Postal Service Fund. After any excess funds have been
9 so deposited, the Postal Service Delivery-Point Moderniza-
10 tion Fund shall be terminated.”.

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

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

15 **TITLE VI—POSTAL**
16 **CONTRACTING REFORM**

17 **SEC. 601. CONTRACTING PROVISIONS.**

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

20 **“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.

1 **“§ 701. Definitions**

2 “In this chapter—

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

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

7 “(A) the Postal Service; or

8 “(B) the Postal Regulatory Commission;

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

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

13 “(B) in the case of the Postal Regulatory
14 Commission, the Chairman of the Postal Regu-
15 latory Commission;

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

17 “(A) in the case of the Postal Service, any
18 contract (including any agreement or memo-
19 randum of understanding) entered into by the
20 Postal Service for the procurement of goods or
21 services; or

22 “(B) in the case of the Postal Regulatory
23 Commission, any contract (including any agree-
24 ment or memorandum of understanding) in an
25 amount exceeding the simplified acquisition
26 threshold (as defined in section 134 of title 41

1 and adjusted under section 1908 of such title)
2 entered into by the Postal Regulatory Commis-
3 sion for the procurement of goods or services;
4 and

5 “(5) the term ‘senior procurement executive’
6 means the senior procurement executive of a covered
7 postal entity.

8 **“§ 702. Advocate for competition**

9 “(a) ESTABLISHMENT AND DESIGNATION.—

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

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

17 “(b) RESPONSIBILITIES.—The advocate for competi-
18 tion of a covered postal entity shall—

19 “(1) be responsible for promoting—

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

24 “(B) competition to the maximum extent
25 practicable consistent with obtaining best value

1 by promoting the acquisition of commercial
2 items and challenging barriers to competition;

3 “(2) review the procurement activities of the
4 covered postal entity; and

5 “(3) prepare and transmit the annual report re-
6 quired under subsection (c).

7 “(c) ANNUAL REPORT.—

8 “(1) PREPARATION.—The advocate for competi-
9 tion of a covered postal entity shall prepare an an-
10 nual report describing the following:

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

13 “(B) Initiatives required to promote con-
14 tracting out and competition.

15 “(C) Barriers to contracting out and com-
16 petition.

17 “(D) In the case of the report prepared by
18 the competition advocate of the Postal Service,
19 the number of waivers made by the Postal Serv-
20 ice under section 704(c).

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

23 “(A) to Congress;

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

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

3 “(D) in the case of the competition advo-
4 cate of the Postal Service, to each member of
5 the Postal Service Board of Governors; and

6 “(E) in the case of the competition advo-
7 cate of the Postal Regulatory Commission, to
8 each of the Commissioners of the Commission.

9 **“§ 703. Delegation of contracting authority**

10 “(a) IN GENERAL.—

11 “(1) POLICY.—Not later than 60 days after the
12 date of enactment of this chapter, the head of each
13 covered postal entity shall issue a policy on con-
14 tracting officer delegations of authority for postal
15 contracts for the covered postal entity.

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

18 “(A) notwithstanding any delegation of au-
19 thority with respect to postal contracts, the ulti-
20 mate responsibility and accountability for the
21 award and administration of postal contracts
22 resides with the senior procurement executive;
23 and

24 “(B) a contracting officer shall maintain
25 an awareness of and engagement in the activi-

1 ties being performed on postal contracts of
2 which that officer has cognizance, notwith-
3 standing any delegation of authority that may
4 have been executed.

5 “(b) POSTING OF DELEGATIONS.—

6 “(1) IN GENERAL.—The head of each covered
7 postal entity shall make any delegation of authority
8 for postal contracts outside the functional con-
9 tracting unit readily available and accessible on the
10 website of the covered postal entity.

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

15 **“§ 704. Posting of noncompetitive purchase requests**
16 **for noncompetitive contracts**

17 “(a) POSTING REQUIRED.—

18 “(1) POSTAL REGULATORY COMMISSION.—The
19 Postal Regulatory Commission shall make the non-
20 competitive purchase request for any noncompetitive
21 award for any contract (including any agreement or
22 memorandum of understanding) entered into by the
23 Postal Regulatory Commission for the procurement
24 of goods and services, in an amount of \$20,000 or
25 more, including the rationale supporting the non-

1 competitive award, publicly available on the website
2 of the Postal Regulatory Commission—

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

5 “(B) not later than 30 days after the date
6 of the award of the noncompetitive contract, if
7 the basis for the award was a compelling busi-
8 ness interest.

9 “(2) POSTAL SERVICE.—The Postal Service
10 shall make the noncompetitive purchase request for
11 any noncompetitive award of a postal contract in an
12 amount of \$250,000 or more, including the rationale
13 supporting the noncompetitive award, publicly avail-
14 able on the website of the Postal Service—

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

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

20 “(3) ADJUSTMENTS TO THE POSTING THRESH-
21 OLD FOR THE POSTAL SERVICE.—

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

1 “(i) review the \$250,000 threshold es-
2 tablished under paragraph (2); and

3 “(ii) based on any change in the Con-
4 sumer Price Index for All Urban Con-
5 sumers of the Department of Labor, deter-
6 mine whether an adjustment to the thresh-
7 old shall be made.

8 “(B) AMOUNT OF ADJUSTMENTS.—An ad-
9 justment under subparagraph (A) shall be made
10 in increments of \$5,000. If the Postal Service
11 determines that a change in the Consumer
12 Price Index for a year would require an adjust-
13 ment in an amount that is less than \$5,000, the
14 Postal Service may not make an adjustment to
15 the threshold for the year.

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

20 “(b) PUBLIC AVAILABILITY.—

21 “(1) IN GENERAL.—Subject to paragraph (2),
22 the information required to be made publicly avail-
23 able by a covered postal entity under subsection (a)
24 shall be readily accessible on the website of the cov-
25 ered postal entity.

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

3 “(A) carefully screen any description of the
4 rationale supporting a noncompetitive award re-
5 quired to be made publicly available under sub-
6 section (a) to determine whether the description
7 includes proprietary data (including any ref-
8 erence or citation to the proprietary data) or se-
9 curity-related information; and

10 “(B) remove any proprietary data or secu-
11 rity-related information before making publicly
12 available a description of the rationale sup-
13 porting a noncompetitive award.

14 “(c) WAIVERS.—

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

24 “(2) FORM AND CONTENT OF WAIVER.—

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

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

7 “(i) a description of the risk associ-
8 ated with making the noncompetitive pur-
9 chase request publicly available; and

10 “(ii) a statement that redaction of
11 sensitive information in the noncompetitive
12 purchase request would not be sufficient to
13 protect the Postal Service from being
14 placed at a competitive disadvantage rel-
15 ative to a private sector competitor.

16 “(3) DELEGATION OF WAIVER AUTHORITY.—
17 The Postal Service may not delegate the authority to
18 approve a waiver under paragraph (1) to any em-
19 ployee having less authority than the senior procure-
20 ment executive.

21 **“§ 705. Review of ethical issues**

22 “‘If a contracting officer identifies any ethical issues
23 relating to a proposed contract and submits those issues
24 and that proposed contract to the designated ethics official

1 for the covered postal entity before the awarding of that
2 contract, that ethics official shall—

3 “(1) review the proposed contract; and

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

6 **“§ 706. Ethical restrictions on participation in certain**
7 **contracting activity**

8 “(a) DEFINITIONS.—In this section—

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

10 “(A) a contracting officer; or

11 “(B) any employee of a covered postal en-
12 tity whose decisionmaking affects a postal con-
13 tract as determined by regulations prescribed
14 by the head of a covered postal entity;

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

19 “(3) the term ‘covered relationship’ means a
20 covered relationship described in section
21 2635.502(b)(1) of title 5, Code of Federal Regula-
22 tions, or any successor thereto.

23 “(b) IN GENERAL.—

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

1 “(A) require a covered employee to include
2 in the file of any noncompetitive purchase re-
3 quest for a noncompetitive postal contract a
4 written certification that—

5 “(i) discloses any covered relationship
6 of the covered employee; and

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

18 “(B) require a contracting officer to con-
19 sult with the ethics counsel for the covered
20 postal entity regarding any disclosure made by
21 a covered employee under subparagraph (A)(i),
22 to determine whether participation by the cov-
23 ered employee in the noncompetitive purchase
24 request would give rise to a violation of part
25 2635 of title 5, Code of Federal Regulations

1 (commonly referred to as the Standards of Eth-
2 ical Conduct for Employees of the Executive
3 Branch), or any successor thereto;

4 “(C) require the ethics counsel for a cov-
5 ered postal entity to review any disclosure made
6 by a contracting officer under subparagraph
7 (A)(i) to determine whether participation by the
8 contracting officer in the noncompetitive pur-
9 chase request would give rise to a violation of
10 part 2635 of title 5, Code of Federal Regula-
11 tions (commonly referred to as the Standards of
12 Ethical Conduct for Employees of the Executive
13 Branch), or any successor thereto;

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

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

22 “(ii) disqualify a covered employee
23 that makes a disclosure under subpara-
24 graph (A)(i) from participating in the non-
25 competitive postal contract;

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

5 “(F) include authority for the head of the
6 covered postal entity to grant a waiver or other-
7 wise mitigate any organizational or personal
8 conflict of interest, if the head of the covered
9 postal entity determines that the waiver or miti-
10 gation is in the best interests of the covered
11 postal entity.

12 “(2) POSTING OF WAIVERS.—Not later than 30
13 days after the head of a covered postal entity grants
14 a waiver described in paragraph (1)(F), the head of
15 the covered postal entity shall make the waiver pub-
16 licly available on the website of the covered postal
17 entity.

18 “(c) CONTRACT VOIDANCE AND RECOVERY.—

19 “(1) UNLAWFUL CONDUCT.—In any case in
20 which there is a final conviction for a violation of
21 any provision of chapter 11 of title 18 relating to a
22 postal contract, the head of a covered postal entity
23 may—

24 “(A) void that contract; and

1 “(B) recover the amounts expended and
2 property transferred by the covered postal enti-
3 ty under that contract.

4 “(2) OBTAINING OR DISCLOSING PROCUREMENT
5 INFORMATION.—

6 “(A) IN GENERAL.—In any case in which
7 a contractor under a postal contract fails to
8 timely disclose a conflict of interest to the ap-
9 propriate contracting officer as required under
10 the regulations promulgated under subsection
11 (b)(1)(E), the head of a covered postal entity
12 may—

13 “(i) void that contract; and

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

17 “(B) CONVICTION OR ADMINISTRATIVE DE-
18 TERMINATION.—A case described under sub-
19 paragraph (A) is any case in which—

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

23 “(ii) the head of a covered postal enti-
24 ty determines, based upon a preponderance
25 of the evidence, that the contractor or

1 someone acting for the contractor has en-
2 gaged in conduct constituting an offense
3 punishable under section 2105 of such
4 title.”.

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

“7. Contracting Provisions 701”.

8 **SEC. 602. TECHNICAL AMENDMENT TO DEFINITION.**

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

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

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

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

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

18 **SEC. 603. CONTRACT LIMITATION.**

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

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

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

4 (2) entered into by the Postal Service—

5 (A) within 2 years after the date of enact-
6 ment of this Act;

7 (B) with a person other than a small busi-
8 ness concern; and

9 (C) for the procurement of goods or serv-
10 ices; and

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

13 (c) QUALIFYING INDIVIDUAL.—For the purposes of
14 this section, the term “qualifying individual” means an in-
15 dividual who—

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

18 (2) at the time of separation—

19 (A) is a career postal employee; and

20 (B) is not a retirement-eligible individual;

21 (3) as of the date of hire (as referred to in sub-
22 section (b)(3)) has been continuously unemployed for
23 a period not exceeding 78 weeks; and

24 (4) is qualified for the position involved.

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

8 (1) subsection (a), (b), (c), or (f) of section
9 8336 of title 5, United States Code; or

10 (2) subsection (a), (b), (c), (d), or (g) of section
11 8412 of title 5, United States Code.

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

17 **TITLE VII—OTHER PROVISIONS**

18 **SEC. 701. POSTAL FACILITY DESIGNATIONS.**

19 **[TBP]**