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(Original Signature of Member)

114TH CONGRESS  
2D SESSION

**H. R.**

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

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IN THE HOUSE OF REPRESENTATIVES

Mr. CHAFFETZ (for himself, Mr. CUMMINGS, Mr. MEADOWS, Mr. CONNOLLY, and Mr. LYNCH) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

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

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

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

1           (b) **TABLE OF CONTENTS.**—The table of contents of  
2 this Act is as follows:

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

**TITLE I—POSTAL SERVICE BENEFITS REFORM**

- Sec. 101. Postal Service Health Benefits Program.
- Sec. 102. Postal Service retiree health care benefit funding reform.
- Sec. 103. Postal Service pension funding reform.
- Sec. 104. Medicare part B premium transition for newly enrolling Postal Service annuitants and family members.

**TITLE II—POSTAL SERVICE OPERATIONS REFORM**

- Sec. 201. Governance reform.
- Sec. 202. Transition to more efficient and secure mail delivery.
- Sec. 203. Modernizing postal rates.
- Sec. 204. Nonpostal services.
- Sec. 205. Efficient and flexible universal postal service.
- Sec. 206. Fair stamp-evidencing competition.
- Sec. 207. Market-dominant rates.
- Sec. 208. Completion of initial rate regulation review.
- Sec. 209. Review of Postal Service cost attribution guidelines.
- Sec. 210. Aviation security for parcels.
- Sec. 211. ZIP Codes.

**TITLE III—POSTAL SERVICE PERSONNEL**

- Sec. 301. Postal Service Chief Innovation Officer.
- Sec. 302. Inspector General of the Postal Community.
- Sec. 303. Right of appeal to Merit Systems Protection Board.

**TITLE IV—POSTAL CONTRACTING REFORM**

- Sec. 401. Contracting provisions.
- Sec. 402. Technical amendment to definition.

3 **SEC. 2. DEFINITIONS.**

4           In this Act—

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

7                   (2) the term “postal retail facility” means a  
8 post office, post office branch, post office classified  
9 station, or other facility which is operated by the  
10 Postal Service, and the primary function of which is

1 to provide retail postal services, but does not include  
2 a contractor-operated facility offering postal services.

3 **TITLE I—POSTAL SERVICE**  
4 **BENEFITS REFORM**

5 **SEC. 101. POSTAL SERVICE HEALTH BENEFITS PROGRAM.**

6 (a) ESTABLISHMENT.—

7 (1) IN GENERAL.—Chapter 89 of title 5, United  
8 States Code, is amended by inserting after section  
9 8903b the following:

10 **“SEC. 8903c. POSTAL SERVICE HEALTH BENEFITS PRO-**  
11 **GRAM.**

12 “(a) DEFINITIONS.—In this section—

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

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

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

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

3           “(5) the term ‘Postal Service’ means the United  
4           States Postal Service;

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

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

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

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

15                 “(B) is a covered Medicare individual;

16          “(9) the term ‘Program’ means the Postal Serv-  
17          ice Health Benefits Program established under sub-  
18          section (c) within the Federal Employees Health  
19          Benefit Program; and

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

22          “(b) APPLICATION.—The requirements under this  
23          section shall—

24                 “(1) apply to the initial contract year and each  
25          contract year thereafter; and

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

4           “(c) ESTABLISHMENT OF THE POSTAL SERVICE  
5 HEALTH BENEFITS PROGRAM.—

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

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

17                           “(i) each carrier for which the total  
18                           enrollment in the plans provided under this  
19                           chapter includes, in the contract year be-  
20                           ginning in January 2017, 1,500 or more  
21                           enrollees who are Postal Service employees  
22                           or Postal Service annuitants; and

23                           “(ii) any other carrier determined ap-  
24                           propriate by the Office;

1           “(B) be available for participation by all  
2           Postal Service employees and Postal Service an-  
3           nuitants, in accordance with subsection (d);

4           “(C) provide for enrollment in a plan as an  
5           individual, for self plus one, or for self and fam-  
6           ily; and

7           “(D) not be available for participation by  
8           an individual who is not a Postal Service em-  
9           ployee or Postal Service annuitant (except as a  
10          family member of such an employee or annu-  
11          itant or as provided under paragraph (5)).

12          “(2) SEPARATE POSTAL SERVICE RISK POOL.—  
13          The Office shall ensure that each Program plan in-  
14          cludes rates that reasonably and equitably reflect the  
15          cost of benefits provided to a risk pool consisting  
16          solely of Postal Service employees and Postal Service  
17          annuitants (and covered family members of such em-  
18          ployees and annuitants), taking into specific account  
19          the reduction in benefits cost for the Program plan  
20          due to the Medicare enrollment requirements under  
21          subsection (e) and any savings or subsidies resulting  
22          from subsection (f)(1).

23          “(3) ACTUARIALLY EQUIVALENT COVERAGE.—  
24          The Office shall ensure that each carrier partici-  
25          pating in the Postal Service Health Benefits Pro-

1       gram provides coverage under the Program plans of-  
2       fered by the carrier that is actuarially equivalent, as  
3       determined by the Office, to the coverage that the  
4       carrier provides under the health benefits plans of-  
5       fered by the carrier under this chapter that are not  
6       Program plans.

7           “(4) APPLICABILITY OF FEDERAL EMPLOYEE  
8       HEALTH BENEFITS PROGRAM REQUIREMENTS.—Ex-  
9       cept as otherwise set forth in this section, all provi-  
10      sions of this chapter applicable to health benefits  
11      plans offered by the carrier under section 8903 or  
12      8903a shall also apply to plans offered under the  
13      Program.

14           “(5) APPLICATION OF CONTINUATION COV-  
15      ERAGE.—In accordance with rules established by the  
16      Office, section 8905a shall apply to health benefits  
17      plans offered under this section in the same manner  
18      as such section applies to other health benefits plans  
19      offered under this chapter.

20           “(d) ELECTION OF COVERAGE.—

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

1           “(A) shall be subject to the requirements  
2 of this section; and

3           “(B) may not enroll in any other health  
4 benefits plan offered under any other section of  
5 this chapter.

6           “(2) ANNUITANTS.—

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

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

16           “(I) the Postal Service annuitant  
17 voluntarily enrolls in a Program plan;

18           “(II) the health benefits plan in  
19 which such annuitant is enrolled for  
20 such contract year ceases to be avail-  
21 able; or

22           “(III) the health benefits plan in  
23 which such annuitant is enrolled for  
24 such contract year becomes available  
25 as a Program plan; or

1                   “(ii) resides in a geographic area for  
2                   which there is not a Program plan in  
3                   which the Postal Service annuitant may  
4                   enroll.

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

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

19                         “(A) if the Postal Service employee  
20                         changes enrollment to a different health bene-  
21                         fits plan under this chapter during the open  
22                         season for the initial contract year, or after the  
23                         start of the initial contract year, the Postal  
24                         Service employee may only enroll in a Program  
25                         plan;

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

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

11                   “(i) being held when the Postal Serv-  
12 ice employee becomes a Postal Service an-  
13 nuitant; or

14                   “(ii) if the date on which the Postal  
15 Service employee becomes a Postal Service  
16 annuitant falls outside of an open season,  
17 the first open season following that date;  
18 and

19           “(D) subparagraph (A), (B) and (C) shall  
20 not apply to an employee who resides in a geo-  
21 graphic area for which there is not a Program  
22 plan in which the employee may enroll.

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

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

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

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

18                 “(A) Postal Service annuitants and family  
19                 members who are subject to the requirements of  
20                 paragraph (1) or (2)—

21                         “(i) are informed, at the time of en-  
22                         rollment under this chapter, of such re-  
23                         quirement; and

24                         “(ii) as a consequence of such enroll-  
25                         ment are deemed to have elected to be en-

1                   rolled under Medicare part B (under sec-  
2                   tion 1837(m)(1) of the Social Security  
3                   Act) in connection with the enrollment in  
4                   a Program plan under this chapter; and

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

13                  “(f) MEDICARE COORDINATION.—

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

20                  “(2) MEDICARE PART D PRESCRIPTION DRUG  
21                  BENEFITS.—The Office shall require each Program  
22                  plan to provide prescription drug benefits for Postal  
23                  Service annuitants and family members who are eli-  
24                  gible individuals (as defined in section 1860D-  
25                  1(a)(3)(A) of the Social Security Act (42 U.S.C.

1 1395w–101(a)) in a form and manner that satisfies  
2 the requirements for a qualified retiree prescription  
3 drug plan under subsection (a)(2) of section 1860D-  
4 22 of the Social Security Act (42 U.S.C. 1395w–  
5 132)), for which plan a waiver or modification of re-  
6 quirements may have been applied pursuant to sub-  
7 section (b) of such section. For purposes of such sec-  
8 tion, a Program plan shall then be deemed to be a  
9 qualified retiree prescription drug plan and the Fed-  
10 eral Government, through the Office, shall be  
11 deemed the sponsor of such plan.

12 “(g) POSTAL SERVICE CONTRIBUTION.—

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

17 “(2) WEIGHTED AVERAGE CALCULATION.—Not  
18 later than October 1 of each year (beginning with  
19 2017), the Office shall determine the weighted aver-  
20 age of the rates established pursuant to subsection  
21 (c)(2) for Program plans that will be in effect dur-  
22 ing the following contract year with respect to—

23 “(A) enrollments for self only;

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

25 “(C) enrollments for self and family.

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

9           “(h) RESERVES.—

10           “(1) SEPARATE RESERVES.—

11           “(A) IN GENERAL.—The Office shall en-  
12 sure that each Program plan maintains sepa-  
13 rate reserves (including a separate contingency  
14 reserve) with respect to the enrollees in the  
15 Program plan in accordance with section 8909.

16           “(B) REFERENCES.—For purposes of the  
17 Program, each reference to ‘the Government’ in  
18 section 8909 shall be deemed to be a reference  
19 to the Postal Service.

20           “(C) AMOUNTS TO BE CREDITED.—The re-  
21 serves (including the separate contingency re-  
22 serve) maintained by each Program plan shall  
23 be credited with a proportionate amount of the  
24 funds in the reserves for health benefits plans  
25 offered by the carrier.

1           “(2) DISCONTINUATION OF PROGRAM PLAN.—

2           In applying section 8909(e) relating to a Program  
3           plan that is discontinued, the Office shall credit the  
4           separate Postal Service contingency reserve main-  
5           tained under paragraph (1) for that plan only to the  
6           separate Postal Service contingency reserves of the  
7           Program plans continuing under this chapter.

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

12          “(j) MEDICARE EDUCATION PROGRAM.—Not later  
13          than 180 days after the date of enactment of this section,  
14          the Postal Service shall establish a Medicare Education  
15          Program. Under the Program, the Postal Service shall—

16                 “(1) notify retirees and employees of the Postal  
17                 Service about the Postal Service Health Benefits  
18                 Program established under subsection (c)(1);

19                 “(2) provide information regarding the Postal  
20                 Service Health Benefits to such retirees and employ-  
21                 ees, including a description of the health care op-  
22                 tions available under such Program, the requirement  
23                 that retirees be enrolled in Medicare under sub-  
24                 section (e)(1), and the operation of the premium

1 transition fund to be created under section 104 of  
2 the Postal Service Reform Act of 2016; and

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

7 (2) TECHNICAL AND CONFORMING AMEND-  
8 MENTS.—

9 (A) Section 8903(1) of title 5, United  
10 States Code, is amended by striking “two levels  
11 of benefits” and inserting “2 levels of benefits  
12 for enrollees under this chapter generally and 2  
13 levels of benefits for enrollees under the Postal  
14 Service Health Benefits Program established  
15 under section 8903c”.

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

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

20 (b) COORDINATION WITH MEDICARE.—

21 (1) MEDICARE ENROLLMENT AND COVERAGE.—

22 Section 1837 of the Social Security Act (42 U.S.C.  
23 1395p) is amended by adding at the end the fol-  
24 lowing new subsection:

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

1           “(A) is (i) a Postal Service Medicare covered  
2           annuitant, or (ii) an individual who is a family mem-  
3           ber of such an annuitant and is a covered Medicare  
4           individual;

5           “(B) enrolls in a Program plan under section  
6           8903c of title 5, United States Code; and

7           “(C) is not enrolled under this part,  
8           the individual is deemed, in accordance with section  
9           8903c(e)(3) of such title, to have elected to be enrolled  
10          under this part.

11          “(2) In the case of an individual who is deemed to  
12          be enrolled under paragraph (1), the coverage period  
13          under this part shall begin on the date that the individual  
14          first has coverage under the Program plan pursuant to  
15          the enrollment described in paragraph (1)(B).

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

19                 (2) WAIVER OF INCREASE OF PREMIUM.—Sec-  
20                 tion 1839(b) of the Social Security Act (42 U.S.C.  
21                 1395r(b)) is amended by inserting after “section  
22                 1837” the following: “or pursuant to subsection (m)  
23                 of such section”.

24                 (3) CONFORMING COORDINATION OF BENEFIT  
25                 RULES.—Section 1862(b) of the Social Security Act

1 (42 U.S.C. 1395y(b)) is amended by adding at the  
2 end the following:

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

10 **SEC. 102. POSTAL SERVICE RETIREE HEALTH CARE BEN-**  
11 **EFIT FUNDING REFORM.**

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

14 (1) by striking “(2)(A) The Government” and  
15 inserting “(2)(A)(i) The Government”; and

16 (2) in paragraph (2)—

17 (A) in subparagraph (A)—

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

23 (ii) by adding at the end the fol-  
24 lowing:

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

3               “(I) the portion of the contributions that is  
4 equal to the amount of the net claims costs under  
5 the enrollment of the individuals described in clause  
6 (i) shall be paid from the Postal Service Retiree  
7 Health Benefits Fund up to the amount contained  
8 in the Fund; and

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

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

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

17               “(i) the sum of—

18                       “(I) the costs incurred by a carrier in pro-  
19 viding health services to, paying for health serv-  
20 ices provided to, or reimbursing expenses for  
21 health services provided to, the individual and  
22 any other person covered under the enrollment  
23 of the individual; and

24                       “(II) an amount of indirect expenses rea-  
25 sonably allocable to the provision, payment, or

1 reimbursement described in subclause (I), as  
2 determined by the Office; and

3 “(ii) the amount withheld from the annuity of  
4 the individual or otherwise paid by the individual  
5 under this section.”.

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

9 (1) in subsection (d)—

10 (A) in paragraph (1), by striking “required  
11 under section 8906(g)(2)(A)” and inserting the  
12 following: “required to be paid from the Postal  
13 Service Retiree Health Benefits Fund under  
14 section 8906(g)(2)(A)(ii)(I)”;

15 (B) by striking paragraph (2) and insert-  
16 ing the following:

17 “(2)(A) Not later than June 30, 2016, the Office  
18 shall compute, and by June 30 of each succeeding year,  
19 the Office shall recompute, a schedule including a series  
20 of annual installments which provide for the liquidation  
21 of the amount described under subparagraph (B) (regard-  
22 less of whether the amount is a liability or surplus) by  
23 September 30, 2055, or within 15 years, whichever is  
24 later, including interest at the rate used in the computa-  
25 tions under this subsection.

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

5           “(i) 100 percent of the Postal Service actuarial  
6 liability as of September 30 of the preceding fiscal  
7 year; and

8           “(ii) the value of the assets of the Postal Serv-  
9 ice Retiree Health Benefits Fund as of September  
10 30 of the preceding fiscal year.”;

11           (C) in paragraph (3)—

12           (i) in subparagraph (A)—

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

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

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

20           (ii) in subparagraph (B)—

21           (I) in the matter preceding clause  
22 (i), by striking “2017” and inserting  
23 “2016”;

24           (II) in clause (i), by striking  
25 “paragraph (1)” and inserting “para-

1 graph (1), except to the extent the  
2 payment would cause the value of the  
3 assets in the Fund to exceed the Post-  
4 al Service actuarial liability”; and

5 (III) in clause (ii), by striking  
6 “paragraph (2)(B).” and inserting  
7 “paragraph (2).”; and

8 (D) by amending paragraph (4) to read as  
9 follows:

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

12 “(A) economic and actuarial methods and as-  
13 sumptions consistent with the methods and assump-  
14 tions used in determining the Postal surplus or sup-  
15 plemental liability under section 8348(h); and

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

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

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

22 “(A) the net present value of future payments  
23 required to be paid from the Postal Service Retiree  
24 Health Benefits Fund under section

1 8906(g)(2)(A)(ii)(I) for current and future United  
2 States Postal Service annuitants; and

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

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

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

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

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

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

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

2 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section  
3 8348(h) of title 5, United States Code, is amended—

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

6 “(B) The Office shall redetermine the postal surplus  
7 or supplemental liability as of the close of the fiscal year,  
8 for each fiscal year beginning after September 30, 2015.  
9 Subject to subparagraph (C), beginning June 15, 2017,  
10 if the result is a surplus or a supplemental liability the  
11 Office shall establish an amortization schedule, including  
12 a series of annual installments commencing on September  
13 30 of the subsequent fiscal year, which provides for the  
14 liquidation of such surplus or liability to the Postal Service  
15 or the Fund (as the case may be) by September 30, 2043.

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

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

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

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

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

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

14               (1) in subsection (a)—

15                       (A) in paragraph (1)—

16                               (i) in subparagraph (A)—

17                                       (I) in clause (i), by striking “sub-  
18 paragraph (B)),” and inserting “sub-  
19 paragraph (B) or (C)),”; and

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

22                                       (ii) in subparagraph (B)(ii), by strik-  
23 ing the period at the end and inserting “;  
24 and”; and

1 (iii) by adding at the end the fol-  
2 lowing:

3 “(C) the product of—

4 “(i) the normal-cost percentage, as deter-  
5 mined for employees (other than employees cov-  
6 ered by subparagraph (B)) of the United States  
7 Postal Service under paragraph (5), multiplied  
8 by

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

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

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

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

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

22 “(B) The United States Postal Service shall provide  
23 any data or projections the Office requires in order to de-  
24 termine the normal-cost percentage for employees of the

1 United States Postal Service, consistent with subpara-  
2 graph (A).

3 “(C) The Office shall review the determination of the  
4 normal-cost percentage for employees of the United States  
5 Postal Service and make such adjustments as the Office  
6 considers necessary—

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

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

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

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

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

23 (2) in subsection (b)—

24 (A) by redesignating paragraph (5) as  
25 paragraph (6); and

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

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

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

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

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

18 **SEC. 104. MEDICARE PART B PREMIUM TRANSITION FOR**  
19 **NEWLY ENROLLING POSTAL SERVICE ANNU-**  
20 **ITANTS AND FAMILY MEMBERS.**

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

24 “(j) TRANSITION FOR NEWLY ENROLLING POSTAL  
25 SERVICE ANNUITANTS AND FAMILY MEMBERS.—With re-

1 spect to each individual who is enrolled under this part  
2 pursuant to and during the open enrollment period estab-  
3 lished under section 1837(m) and who is not eligible for  
4 Medicare cost-sharing described in section  
5 1905(p)(3)(A)(ii) under a State plan under title XIX, the  
6 premium otherwise established under this part (taking  
7 into account any adjustments, including those under sub-  
8 sections (b) and (i)) for a month—

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

12 “(2) in the succeeding year, shall be reduced by  
13 50 percent; and

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

16 (b) FUNDING THROUGH POSTAL SERVICE FUND.—  
17 Section 1844 of the Social Security Act (42 U.S.C.  
18 1395w) is amended—

19 (1) in the last sentence of subsection (a), by  
20 striking “under subsection (d)(1) with respect to en-  
21 rollees described in subparagraphs (A) and (B) of  
22 such subsection” and inserting “under subsections  
23 (d)(1) and (d)(4) with respect to enrollees described  
24 in subparagraphs (A) and (B) of such respective  
25 subsection”; and

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

3           “(4) For each year, there shall be transferred from  
4 the Postal Service Fund to the Trust Fund an amount,  
5 as estimated by the Chief Actuary of the Centers for Medi-  
6 care & Medicaid Services, equal to the reduction in aggre-  
7 gate premiums payable under this part for a month in  
8 such year that is attributable to the application of section  
9 1839(j) with respect to—

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

11           “(B) enrollees under age 65.

12 Such amounts shall be transferred from time to time as  
13 appropriate but, to the extent practicable, on an annual  
14 basis and in a manner that places the Trust Fund in the  
15 same actuarial status as if this paragraph and section  
16 1839(j) did not apply.”.

17           **TITLE II—POSTAL SERVICE**  
18           **OPERATIONS REFORM**

19           **SEC. 201. GOVERNANCE REFORM.**

20           (a) BOARD OF GOVERNORS.—

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

23           **“§ 202. Board of Governors**

24           “(a) IN GENERAL.—There is established in the Post-  
25 al Service a Board of Governors composed of 5 Governors,

1 a Postmaster General, and a Deputy Postmaster General,  
2 all of whom shall be appointed in accordance with this sec-  
3 tion. The Governors shall have the power to—

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

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

8 “(3) in consultation with the Postmaster Gen-  
9 eral, appoint, fix the term of service of, and remove  
10 the Deputy Postmaster General;

11 “(4) set the strategic direction of postal oper-  
12 ations and approve the pricing and product strategy  
13 for the Postal Service;

14 “(5) set the compensation of the Postmaster  
15 General and the Deputy Postmaster General in ac-  
16 cordance with private sector best practices, as deter-  
17 mined by the Governors pursuant to section 3686;  
18 and

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

21 “(b) APPOINTMENT; PAY.—

22 “(1) IN GENERAL.—The Governors shall be ap-  
23 pointed by the President, by and with the advice and  
24 consent of the Senate, not more than 3 of whom  
25 may be adherents of the same political party. The

1       Governors shall elect a Chair from among their  
2       members. The Governors shall represent the public  
3       interest generally, and shall be chosen solely on the  
4       basis of their experience in the field of public admin-  
5       istration, law, or accounting, or on their dem-  
6       onstrated ability in managing organizations or cor-  
7       porations (in either the public or private sector) of  
8       substantial size, except that at least 3 of the Gov-  
9       ernors shall be chosen solely on the basis of their  
10      demonstrated ability in managing organizations or  
11      corporations (in either the public or private sector)  
12      that employ at least 10,000 employees. The Gov-  
13      ernors shall not be representatives of specific inter-  
14      ests using the Postal Service, and may be removed  
15      only for cause.

16           “(2) COMPENSATION.—Each Governor shall re-  
17      ceive a salary of \$30,000 a year plus \$300 a day for  
18      not more than 42 days of meetings each year and  
19      shall be reimbursed for travel and reasonable ex-  
20      penses incurred in attending meetings of the Board.  
21      Nothing in the preceding sentence shall be construed  
22      to limit the number of days of meetings each year  
23      to 42 days.

24           “(3) CONSULTATION.—In selecting the individ-  
25      uals described in paragraph (1) for nomination for

1        appointment to the position of Governor, the Presi-  
2        dent should consult with the Speaker of the House  
3        of Representatives, the minority leader of the House  
4        of Representatives, the majority leader of the Sen-  
5        ate, and the minority leader of the Senate.

6        “(c) TERMS OF GOVERNORS.—

7            “(1) IN GENERAL.—The terms of the 5 Gov-  
8        ernors shall be 7 years, except that the terms of the  
9        5 Governors first taking office shall expire as des-  
10        ignated by the President at the time of appointment,  
11        1 at the end of 1 year, 1 at the end of 2 years, 1  
12        at the end of 3 years, 1 at the end of 4 years, and  
13        1 at the end of 5 years, following the appointment  
14        of the first of them. Any Governor appointed to fill  
15        a vacancy before the expiration of the term for  
16        which the Governor’s predecessor was appointed  
17        shall serve for the remainder of such term. A Gov-  
18        ernor may continue to serve after the expiration of  
19        the Governor’s term until his successor has quali-  
20        fied, but not to exceed one year.

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

23        “(d) STAFF.—The Chair of the Board of Governors  
24        shall ensure that the Board has appropriate independent

1 staff to carry out the roles and responsibilities of the  
2 Board.”.

3           (2) APPLICATION.—Any individual serving as a  
4 Governor on the Board of Governors of the Postal  
5 Service on the date of enactment of this Act shall  
6 continue to serve as a Governor until the term appli-  
7 cable to such individual expires (as determined  
8 under section 202(b) of title 39, United States Code,  
9 as in effect before the amendments made by this  
10 section take effect pursuant to subsection (g)).

11           (b) POSTMASTER GENERAL.—

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

14 **“§ 203. Postmaster General**

15           “(a) IN GENERAL.—The chief executive officer of the  
16 Postal Service is the Postmaster General, appointed pur-  
17 suant to section 202(a)(1). The alternate chief executive  
18 officer of the Postal Service is the Deputy Postmaster  
19 General, appointed pursuant to section 202(a)(2) of this  
20 title.

21           “(b) POWERS.—Consistent with the requirements of  
22 this title, the exercise of the power of the Postal Service  
23 shall be vested in the Governors and carried out by the  
24 Postmaster General in a manner consistent with the stra-  
25 tegic direction and pricing and product strategy approved

1 by the Governors. The Postmaster General shall consult  
2 with the Governors and the Deputy Postmaster General  
3 in carrying out such power.”.

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

“203. Postmaster General.”.

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

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

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

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

17 “(c) LIMITATION.—No officer or employee of the  
18 United States may serve concurrently as a Governor. A  
19 Governor may hold any other office or employment not  
20 inconsistent or in conflict with the Governor’s duties, re-  
21 sponsibilities, and powers as an officer of the Government  
22 of the United States in the Postal Service.”.

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

1 **“§ 402. Delegation of authority**

2       “(a) POSTMASTER GENERAL.—The Postmaster Gen-  
3 eral may delegate his or her authority under such terms,  
4 conditions, and limitations, including the power of redele-  
5 gation, as he or she determines desirable. The Postmaster  
6 General may establish such committees of officers and em-  
7 ployees of the Postal Service, and delegate such powers  
8 to any committee, as the Postmaster General determines  
9 appropriate to carry out his or her functions and duties.  
10 Delegations under this section shall be consistent with  
11 other provisions of this title, shall not relieve the Post-  
12 master General of full responsibility for the carrying out  
13 the Postmaster General’s duties and functions, and shall  
14 be revocable by the Postmaster General.

15       “(b) BOARD OF GOVERNORS.—The Board may estab-  
16 lish such committees of the Board, and delegate such pow-  
17 ers to any committee, as the Board determines appro-  
18 priate to carry out its functions and duties. Delegations  
19 to committees shall be consistent with other provisions of  
20 this title, shall not relieve the Board of full responsibility  
21 for the carrying out of its duties and functions, and shall  
22 be revocable by the Board in its exclusive judgment.”.

23       (e) INTERNATIONAL POSTAL ARRANGEMENTS.—

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

1           “(f) After submission to the Postal Regulatory Com-  
2 mission by the Department of State of the budget detail-  
3 ing the estimated costs of carrying out the activities under  
4 this section, and the Commission’s review and approval  
5 of such submission, the Postal Service shall transfer to  
6 the Department of State, from any funds available to the  
7 Postal Service, such sums as may be reasonable, docu-  
8 mented, and auditable for the Department of State to  
9 carry out such activities.”.

10           (2) APPLICATION.—The amendment made by  
11 paragraph (1) shall take effect on October 1 of the  
12 first fiscal year beginning after the date of enact-  
13 ment of this Act.

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

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

21           (1) In section 102(3)—

22                   (A) by striking “9 members” and inserting  
23 “5 members”; and

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

1 (2) In section 204—

2 (A) by striking “the Board” and inserting  
3 “the Postmaster General”; and

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

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

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

10 (5) In section 416(c)—

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

13 (B) by striking “they” and inserting “the  
14 Postal Service”.

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

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

19 **“§ 2402. Annual report**

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

23 (8) In section 3632—

1 (A) by striking the section heading, and in-  
2 serting “**Establishment of rates and**  
3 **classes of competitive products**”;

4 (B) by striking subsection (a) and redesign-  
5 ating subsections (b) and (c) as (a) and (b),  
6 respectively;

7 (C) in paragraph (a)(2) (as redesignated  
8 by subparagraph (B)), by striking “and the  
9 record of the Governors’ proceedings in connec-  
10 tion with such decision”;

11 (D) in paragraph (a)(3) (as redesignated  
12 by subparagraph (B))—

13 (i) by striking “and the record of the  
14 proceedings in connection with such deci-  
15 sion”; and

16 (ii) by striking “the Governors con-  
17 sider” and inserting “the Postal Service  
18 considers”; and

19 (E) by striking “the Governors” in each  
20 instance it appears and inserting “the Postal  
21 Service”.

22 (9) The table of sections for chapter 36 of title  
23 39, United States Code, is amended by striking the  
24 item relating to section 3632 and inserting the fol-  
25 lowing:

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

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

4 **SEC. 202. TRANSITION TO MORE EFFICIENT AND SECURE**  
5 **MAIL DELIVERY.**

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

9 **“§ 3692. Delivery-point modernization**

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

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

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

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

23 “(4) the term ‘centralized delivery’ means a pri-  
24 mary mode of mail delivery whereby mail receptacles

1 of a number of delivery points are grouped or clus-  
2 tered at a single location;

3 “(5) the term ‘curbside delivery’ means a pri-  
4 mary mode of mail delivery whereby a mail recep-  
5 tacle is situated at the edge of a sidewalk abutting  
6 a road or curb, at a road, or at a curb, and can be  
7 served by a letter carrier from a motorized vehicle;  
8 and

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

13 “(b) POLICY.—It shall be the policy of the Postal  
14 Service—

15 “(1) to provide access to secure, convenient  
16 mail and package delivery receptacles to the greatest  
17 number of postal patrons feasible; and

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

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

25 “(d) BUSINESS ADDRESS CONVERSION.—

1           “(1) IDENTIFICATION.—Not later than 1 year  
2           after the date of the Postal Service Reform Act of  
3           2016, each Postal Service district office shall iden-  
4           tify the business delivery points within its service  
5           area that are appropriate candidates for conversion  
6           from door delivery to centralized delivery, curbside  
7           delivery, or sidewalk delivery.

8           “(2) CONVERSION REQUIREMENT.—Beginning  
9           not later than October 1, 2017, the Postal Service  
10          shall implement a program to convert delivery points  
11          identified under paragraph (1) to centralized deliv-  
12          ery, curbside delivery, or sidewalk delivery at a rate  
13          sufficient to ensure that—

14                 “(A) not less than 20 percent of such de-  
15                 livery points are converted by September 30,  
16                 2018;

17                 “(B) not less than 40 percent of such de-  
18                 livery points are converted by September 30,  
19                 2019;

20                 “(C) not less than 60 percent of such de-  
21                 livery points are converted by September 30,  
22                 2020;

23                 “(D) not less than 80 percent of such de-  
24                 livery points are converted by September 30,  
25                 2021; and

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

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

9           “(e) RESIDENTIAL ADDRESS CONVERSION.—

10           “(1) IDENTIFICATION.—Not later than 1 year  
11           after the date of the enactment of the Postal Service  
12           Reform Act of 2016, each Postal Service district of-  
13           fice shall identify the residential delivery points with-  
14           in its service area that are appropriate candidates  
15           for conversion from door delivery to centralized de-  
16           livery, curbside delivery, or sidewalk delivery.

17           “(2) VOLUNTARY CONVERSION.—Not later than  
18           October 1, 2017, the Postal Service shall commence  
19           a program to convert delivery points identified under  
20           paragraph (1) to centralized delivery, curbside deliv-  
21           ery, or sidewalk delivery. Such program shall operate  
22           as follows:

23           “(A) Not later than 3 months after the  
24           identification of the delivery points under para-  
25           graph (1), the Postal Service shall divide such

1 delivery points into geographically based ad-  
2 dress units (such as street blocks or other simi-  
3 lar reasonably segregable units) not to exceed  
4 50 delivery points per unit.

5 “(B) Not later than 6 months after such  
6 identification, the Postal Service shall provide  
7 written notification to postal patrons served by  
8 each identified delivery point containing the fol-  
9 lowing:

10 “(i) Notice that the delivery point has  
11 been proposed for conversion to a more ef-  
12 ficient primary mode of mail delivery to  
13 more economically provide universal postal  
14 service and improve service.

15 “(ii) A description of the new primary  
16 mode of delivery proposed by the Postal  
17 Service and a visual example of such mode.

18 “(iii) A conversion consent form and  
19 notice that conversion for residential ad-  
20 dresses is on a voluntary basis.

21 “(iv) A description of benefits of con-  
22 version to the postal patron, including ac-  
23 cess to secure mail and package delivery,  
24 and benefits of conversion to the Postal

1 Service, including a smaller environmental  
2 impact for delivery.

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

6 “(vi) Any other information the Postal  
7 Service considers necessary.

8 “(C) No delivery point may be converted  
9 under this subsection unless prior written con-  
10 sent is provided to the Postal Service by a post-  
11 al patron served by such delivery point who is  
12 at least 18 years old. Prior to the conversion of  
13 a delivery point under this section, any written  
14 consent so provided may be withdrawn by such  
15 patron or by any other postal patron served by  
16 such delivery point who is at least 18 years old  
17 upon written notification to the Postal Service.  
18 The Postal Service shall place on the Postal  
19 Service’s public Web site an option to request  
20 that a consent form or consent-withdrawal form  
21 be delivered to any delivery point identified for  
22 conversion under this subsection.

23 “(D) Upon the receipt of written consent  
24 applicable to at least 40 percent of the delivery

1 points within an address unit described under  
2 subparagraph (A), the Postal Service shall—

3 “(i) not later than 30 days after the  
4 date that the requisite percentage is  
5 reached, provide written notice to each de-  
6 livery point within such unit stating that  
7 the conversion threshold has been reached  
8 and that—

9 “(I) with respect to any delivery  
10 point for which a consent for conver-  
11 sion was received, that the primary  
12 mode of mail delivery for such address  
13 will be converted; and

14 “(II) with respect to any delivery  
15 point for which a consent for conver-  
16 sion was not received, that—

17 “(aa) a postal patron served  
18 by such delivery point may elect,  
19 by written consent, at any time  
20 to convert the primary mode of  
21 mail delivery to the same form of  
22 delivery as the converted delivery  
23 points in such unit; and

24 “(bb) if such a patron pro-  
25 vides such consent, the primary

1 mode of mail delivery shall be  
2 converted not later than 30 days  
3 after the date of such consent or,  
4 in any case where the conversion  
5 of delivery points has not yet oc-  
6 curred, upon implementation of  
7 that conversion;

8 “(ii) not later than 90 days after the  
9 date that the requisite percentage is  
10 reached, but not less than 30 days fol-  
11 lowing the written notice under clause (i),  
12 convert the delivery points for which con-  
13 sent was received to the applicable new pri-  
14 mary mode of mail delivery; and

15 “(iii) following the conversion of an  
16 address unit, ensure that the primary  
17 mode of mail delivery for any new resi-  
18 dents to the address unit is the converted  
19 primary mode of mail, regardless of the  
20 primary mode of mail delivery for the pre-  
21 vious occupant.

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

1           “(1) the impact of weather conditions, physical  
2           barriers, or any other factor that may impact the  
3           feasibility of providing a primary mode of mail deliv-  
4           ery other than door delivery (such as a factor that  
5           may significantly reduce the potential cost savings  
6           associated with providing centralized delivery or  
7           curbside delivery);

8           “(2) whether the address is in a registered his-  
9           toric district (as that term is defined in section  
10          47(c)(3)(B) of the Internal Revenue Code of 1986),  
11          is listed on the National Register of Historic Places,  
12          is designated as a National Historic Landmark, or  
13          is of historic value; and

14          “(3) population density and the concentration  
15          of poverty.

16          “(g) WAIVER FOR PHYSICAL HARDSHIP.—

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

23                         “(A) centralized delivery, curbside delivery,  
24                         or sidewalk delivery would, but for this para-

1 graph, otherwise be the primary mode of mail  
2 delivery; and

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

6 “(2) TREATMENT OF WAIVER.—An address re-  
7 ceiving door delivery pursuant to a waiver under this  
8 subsection—

9 “(A) shall be counted, for purposes of the  
10 reporting requirement under subsection (j), as  
11 an address that receives the primary mode of  
12 mail delivery which the address would be sub-  
13 ject to if not for the waiver; and

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

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

21 “(1) solicit, consider, and respond to input from  
22 the general public, postal patrons, State and local  
23 governments, local associations, and property own-  
24 ers;

1           “(2) calculate and make publicly accessible the  
2           cost or savings of the conversion to the Postal Serv-  
3           ice as well as the average conversion cost or savings  
4           to each postal patron and any cost or savings to the  
5           State and local government; and

6           “(3) place centralized delivery points in loca-  
7           tions that maximize delivery efficiency, ease of use  
8           for postal patrons, and respect for private property  
9           rights.

10          “(i) VOUCHER PROGRAM.—The Postal Service shall  
11          provide for a voucher program under which, upon applica-  
12          tion, the Postal Service may defray all or any portion of  
13          the costs associated with conversion from door delivery  
14          under this section which would otherwise be borne by post-  
15          al patrons.

16          “(j) ANNUAL REPORT.—Not later than 60 days after  
17          the end of each of fiscal years 2017 through 2023, the  
18          Postal Service shall submit to Congress and the Inspector  
19          General a report on the implementation of this section  
20          during the most recently completed fiscal year. Each such  
21          report shall include—

22                 “(1) the number of residential and business ad-  
23                 dresses that—

1           “(A) receive door delivery as of the end of  
2           the fiscal year preceding the most recently com-  
3           pleted fiscal year;

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

6           “(C) during the most recently completed  
7           fiscal year, were converted from door delivery  
8           to—

9                   “(i) centralized delivery;

10                   “(ii) curbside delivery; and

11                   “(iii) any other primary mode of mail  
12           delivery;

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

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

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

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

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

3           “(2) an evaluation of the Postal Service’s imple-  
4           mentation of the voucher program under subsection  
5           (i).

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

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

          “3692. Delivery-point modernization.”.

13          (c) UPDATED DELIVERY COST DATA.—

14                 (1) STUDY.—Not later than 180 days after the  
15                 date of the enactment of this Act, the Postal Service  
16                 shall begin to collect data on delivery mode costs and  
17                 the potential savings of converting to more cost-effi-  
18                 cient primary modes of mail delivery.

19                 (2) REPORT.—Not later than 2 years after the  
20                 date of enactment of this Act, the Postal Service  
21                 shall submit a report to the Committee on Oversight  
22                 and Government Reform of the House of Represent-  
23                 atives and the Committee on Homeland Security and  
24                 Governmental Affairs of the Senate describing the

1 findings of the study conducted under paragraph  
2 (1).

3 (d) INSPECTOR GENERAL REVIEW OF COSTS AND  
4 BENEFITS OF DELIVERY POINT CONVERSIONS.—

5 (1) STUDY.—Not later than 2 years after the  
6 date on which the Postal Service commences delivery  
7 point conversions pursuant to subsections (d)(2) and  
8 (e)(2) of section 3692 of title 39, United States  
9 Code (as added by subsection (a)), and not later  
10 than 3 years thereafter, the Inspector General of the  
11 Postal Community shall conduct a study of the costs  
12 and benefits of such conversions.

13 (2) REPORT.—Not later than 1 year after the  
14 date on which the Inspector General conducts each  
15 study required under paragraph (1), the Inspector  
16 General shall submit to the Committee on Homeland  
17 Security and Governmental Affairs of the Senate  
18 and the Committee on Oversight and Government  
19 Reform of the House of Representatives a report on  
20 the results of each study.

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

23 (A) The cost savings realized by the Postal  
24 Service from the conversions under subsections  
25 (d)(2) and (e)(2) of section 3692 of title 39,

1 United States Code (as added by subsection  
2 (a)), and the projected cost savings the Postal  
3 Service is likely to realize from full implementa-  
4 tion of such conversions.

5 (B) The expenses incurred by the Postal  
6 Service to achieve such conversions and the pro-  
7 jected expenses the Postal Service is likely to  
8 incur from full implementation of such conver-  
9 sions.

10 (C) The impact of the conversions on—

11 (i) response rates to mailed adver-  
12 tising;

13 (ii) advertising revenue earned by the  
14 Postal Service;

15 (iii) small businesses, including small  
16 home-based businesses; and

17 (iv) mail volumes shipped through the  
18 Postal Service.

19 (D) Any other factors the Inspector Gen-  
20 eral considers relevant to provide a complete  
21 analysis of the costs and benefits associated  
22 with the conversions described under such sub-  
23 sections.

24 (4) NET COST BENEFIT ANALYSIS.—The In-  
25 spector General shall conduct a cost benefit analysis

1 to determine the net cost or benefit to the Postal  
2 Service of the conversions conducted under such  
3 subsections and include the analysis in each report  
4 submitted under paragraph (2).

5 **SEC. 203. MODERNIZING POSTAL RATES.**

6 (a) ADEQUACY, EFFICIENCY, AND FAIRNESS OF  
7 POSTAL RATES.—

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

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

12 (B) in paragraph (3)—

13 (i) by inserting “and meet” after  
14 “maintain”; and

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

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

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

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

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

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

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

8           “(2) The available alternative means of sending  
9           and receiving written communications, information,  
10          and letters and other mail matter at reasonable  
11          costs.

12          “(3) The reliability of delivery timelines and the  
13          extent to which the Postal Service is meeting its  
14          service standard obligations.

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

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

22          “(6) The value of the mail service actually pro-  
23          vided by each class or type of mail service to both  
24          the sender and the recipient, including but not lim-

1       ited to the collection, mode of transportation, and  
2       priority of delivery.

3           “(7) The requirement that each class of mail or  
4       type of mail service bear the direct and indirect  
5       postal costs attributable to each class or type of mail  
6       service through reliably identified causal relation-  
7       ships plus that portion of all other costs of the Post-  
8       al Service reasonably assignable to such class or  
9       type.

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

14          “(9) Simplicity of structure for the entire  
15       schedule and simple, identifiable relationships be-  
16       tween the rates or fees charged the various classes  
17       of mail for postal services.

18          “(10) The importance of pricing flexibility to  
19       encourage increased mail volume and operational ef-  
20       ficiency.

21          “(11) The relative value to the people of the  
22       kinds of mail matter entered into the postal system  
23       and the desirability and justification for special clas-  
24       sifications and services of mail.

1           “(12) The importance of providing classifica-  
2           tions with extremely high degrees of reliability and  
3           speed of delivery and of providing those that do not  
4           require high degrees of reliability and speed of deliv-  
5           ery.

6           “(13) The desirability of special classifications  
7           for both postal users and the Postal Service in ac-  
8           cordance with the policies of this title, including  
9           agreements between the Postal Service and postal  
10          users, when available on public and reasonable terms  
11          to similarly situated mailers, that—

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

16                   “(B) do not cause—

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

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

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

24          “(15) The need for the Postal Service to in-  
25          crease its efficiency and reduce its costs, including

1 infrastructure costs, to help maintain high quality,  
2 affordable postal services.

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

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

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

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

13 (A) by redesignating subparagraphs (B)  
14 through (E) as subparagraphs (C) through (F),  
15 respectively;

16 (B) in subparagraph (F) (as redesignated  
17 by clause (i)) by striking “subparagraphs (A)  
18 and (C)” and inserting “subparagraphs (A) and  
19 (D)”;

20 (C) by inserting after subparagraph (A)  
21 the following:

22 “(B) 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)(13)(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                  (4) TECHNICAL AND CONFORMING AMEND-  
13                  MENTS.—Section 3622 of title 39, United States  
14                  Code, is amended—

15                         (A) in subsection (a) by striking “, within  
16                         18 months after the date of enactment of this  
17                         section,”; and

18                         (B) in subsection (d)(1)(E) (as redesignig-  
19                         nated by paragraph (3)(A)(i)) by striking  
20                         “(c)(10)” and inserting “(c)(H)”.

21                  (b) REPEAL OF RATE PREFERENCES FOR QUALI-  
22                  FIED POLITICAL COMMITTEES.—Subsection (e) of section  
23                  3626 of title 39, United States Code, is repealed.

24                  (c) USE OF NEGOTIATED SERVICE AGREEMENTS.—

1           (1) STREAMLINED REVIEW OF QUALIFYING  
2           SERVICE AGREEMENTS FOR COMPETITIVE PROD-  
3           UCTS.— Section 3633 of title 39, United States  
4           Code, is amended by adding at the end the fol-  
5           lowing:

6           “(c) STREAMLINED REVIEW.—Not later than 90  
7           days after the date of enactment of this subsection, after  
8           notice and opportunity for comment, the Postal Regu-  
9           latory Commission shall promulgate (and may from time  
10          to time thereafter revise) regulations for streamlined  
11          after-the-fact review of newly proposed agreements be-  
12          tween the Postal Service and users of the mail that provide  
13          rates not of general applicability for competitive products.  
14          Streamlined review shall apply only if agreements are  
15          functionally equivalent to existing agreements that have  
16          collectively covered attributable costs and collectively im-  
17          proved the net financial position of the Postal Service. The  
18          regulations issued under this subsection shall provide that  
19          streamlined review shall be concluded not later than 5  
20          business days after the date on which the agreement is  
21          filed with the Commission and shall be limited to approval  
22          or disapproval of the agreement as a whole based on the  
23          Commission’s determination of its functional equivalence.  
24          Agreements not approved may be resubmitted without  
25          prejudice under section 3632.”.

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

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

6                   (B) by inserting after paragraph (3) the  
7                   following:

8                   “(4) RATES FOR STREAMLINED REVIEW.—In  
9                   the case of rates not of general applicability for com-  
10                  petitive products that the Postmaster General con-  
11                  siders eligible for streamlined review under section  
12                  3633(c), the Postmaster General shall cause the  
13                  agreement to be filed with the Postal Regulatory  
14                  Commission by a date that is on or before the effec-  
15                  tive date of any new rate established under the  
16                  agreement, as the Postmaster General considers ap-  
17                  propriate.”.

18           (3) TRANSPARENCY AND ACCOUNTABILITY FOR  
19           SERVICE AGREEMENTS.—

20                   (A) CERTAIN INFORMATION REQUIRED TO  
21                   BE INCLUDED IN DETERMINATIONS OF COMPLI-  
22                   ANCE.—Section 3653 of title 39, United States  
23                   Code, is amended—

1 (i) by redesignating subsections (c),  
2 (d), and (e) as subsections (d), (e), and (f),  
3 respectively; and

4 (ii) by inserting after subsection (b)  
5 the following:

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

9 “(1) REQUIREMENTS.—For each group of func-  
10 tionally equivalent agreements between the Postal  
11 Service and users of the mail, whether such group  
12 fulfilled requirements to—

13 “(A) cover costs attributable; and

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

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

20 “(3) DEFINITION.—For purposes of this sub-  
21 section, a group of functionally equivalent agree-  
22 ments shall consist of 1 or more service agreements  
23 that are functionally equivalent to each other within  
24 the same market-dominant or competitive product,

1 but shall not include agreements within an experi-  
2 mental product.”.

3 (B) TECHNICAL AMENDMENT.—Section  
4 3653(d) of title 39, United States Code, (as re-  
5 designated by subparagraph (A)) is amended by  
6 striking “subsections (c) and (e)” and inserting  
7 “subsections (c) and (d)”.

8 **SEC. 204. NONPOSTAL SERVICES.**

9 (a) NONPOSTAL SERVICES.—

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

13 **“CHAPTER 37—NONPOSTAL SERVICES**

“Sec.

“3701. Purpose.

“3702. Definitions.

“3703. Postal service program for State governments.

“3704. Postal service program for other government agencies.

“3705. Transparency and accountability for nonpostal services.

14 **“§ 3701. Purpose**

15 “The purpose of this chapter is to enable the Postal  
16 Service to increase its net revenues through specific non-  
17 postal products and services that are expressly authorized  
18 by this chapter. Postal Service revenues and expenses  
19 under this chapter shall be funded through the Postal  
20 Service Fund.

21 **“§ 3702. Definitions**

22 “In this chapter—

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

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

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

8   **“§ 3703. Postal service program for State govern-**  
9                                   **ments**

10          “(a) IN GENERAL.—Notwithstanding any other pro-  
11       vision of this title, the Postal Service may establish a pro-  
12       gram to enter into agreements with an agency of any State  
13       government, local government, or tribal government to  
14       provide property and services on behalf of such agencies  
15       for non-commercial products and services at Postal Serv-  
16       ice facilities within the United States, but only if such  
17       property and services—

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

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

23                       “(A) the cost and efficiency of postal serv-  
24                       ices; and

1           “(B) unreasonably restricting access to  
2           postal retail service, such as customer waiting  
3           time and access to parking; and

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

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

12           “(1) the agreement with the agency regarding  
13          such service; and

14           “(2) a business plan that describes the specific  
15          service to be provided, the enhanced value to the  
16          public, terms of reimbursement, the estimated an-  
17          nual reimbursement to the Postal Service, and the  
18          estimated percentage of attributable Postal Service  
19          costs that will be covered by reimbursement (with  
20          documentation to support the estimates).

21          “(c) PUBLIC COMMENT.—Before offering a service  
22          under the program, the Postal Service shall provide for  
23          a public comment period of at least 30 days that allows  
24          the public to post comments relating to the provision of  
25          such services on the Postal Service Web site. The Postal

1 Service shall make reasonable efforts to provide written  
2 responses to the comments on such Web site at least 30  
3 days before offering such services.

4 “(d) APPROVAL REQUIRED.—The Postal Service may  
5 not establish the program under subsection (a) unless the  
6 Governors of the Postal Service approve such program by  
7 a recorded vote that is publicly disclosed on the Postal  
8 Service Web site with a majority of the total Governors  
9 voting for approval.

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

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

22 “(g) DEFINITIONS.—For the purpose of this sec-  
23 tion—

24 “(1) the term ‘local government’ means a coun-  
25 ty, municipality, city, town, township, local public

1 authority, school district, special district, intrastate  
2 district, council of governments, or regional or inter-  
3 state government entity;

4 “(2) the term ‘State government’ includes the  
5 government of the District of Columbia, the Com-  
6 monwealth of Puerto Rico, the United States Virgin  
7 Islands, Guam, American Samoa, the Common-  
8 wealth of the Northern Mariana Islands, and any  
9 other territory or possession of the United States;

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

14 “(4) the term ‘United States’, when used in a  
15 geographical sense, means the States, the District of  
16 Columbia, the Commonwealth of Puerto Rico, the  
17 United States Virgin Islands, Guam, American  
18 Samoa, the Commonwealth of the Northern Mariana  
19 Islands, and any other territory or possession of the  
20 United States.

21 **“§ 3704. Postal service program for other government**  
22 **agencies**

23 “(a) IN GENERAL.—The Postal Service may establish  
24 a program to provide property and services to other Gov-  
25 ernment agencies within the meaning of section 411, but

1 only if such program provides a reasonable contribution  
2 to the institutional costs of the Postal Service, defined as  
3 reimbursement by each agency that covers at least 100  
4 percent of the attributable costs of all property and service  
5 provided by the Postal Service in each year to such agency.

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

15 **“§ 3705. Transparency and accountability for non-**  
16 **postal services**

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

18 “(1) IN GENERAL.—Not later than 90 days  
19 after the last day of each year, the Postal Service  
20 shall submit to the Postal Regulatory Commission a  
21 report that analyzes costs, revenues, rates, and qual-  
22 ity of service for each agreement for the provision of  
23 property and services under this chapter, using such  
24 methodologies as the Commission may prescribe, and

1 in sufficient detail to demonstrate compliance with  
2 the requirements of this chapter.

3 “(2) SUPPORTING MATTER.—A report sub-  
4 mitted under paragraph (1) shall include any non-  
5 public annex, the working papers, and any other  
6 supporting matter of the Postal Service and the In-  
7 spector General related to the information submitted  
8 in such report.

9 “(b) CONTENT AND FORM OF REPORT.—

10 “(1) IN GENERAL.—The Postal Regulatory  
11 Commission shall, by regulation, prescribe the con-  
12 tent and form of the report required under sub-  
13 section (a). In prescribing such regulations, the  
14 Commission shall give due consideration to—

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

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

20 “(C) protecting the confidentiality of infor-  
21 mation that is commercially sensitive or is ex-  
22 empt from public disclosure under section  
23 552(b) of title 5.

24 “(2) REVISED REQUIREMENTS.—The Commis-  
25 sion may, on its own motion or on request of any

1 interested party, initiate proceedings to improve the  
2 quality, accuracy, or completeness of Postal Service  
3 data required by the Commission if—

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

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

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

15 “(c) AUDITS.—The Inspector General shall regularly  
16 audit the data collection systems and procedures used in  
17 collecting information and preparing the report required  
18 under subsection (a). The results of any such audit shall  
19 be submitted to the Postal Service and the Postal Regu-  
20 latory Commission.

21 “(d) CONFIDENTIAL INFORMATION.—

22 “(1) IN GENERAL.—If the Postal Service deter-  
23 mines that any document or portion of a document,  
24 or other matter, which it provides to the Postal Reg-  
25 ulatory Commission in a nonpublic annex under this

1 section contains information described in section  
2 410(c), or exempt from public disclosure under sec-  
3 tion 552(b) of title 5, the Postal Service shall, at the  
4 time of providing such matter to the Commission,  
5 notify the Commission of its determination, in writ-  
6 ing, and describe with particularity the documents  
7 (or portions of documents) or other matter for which  
8 confidentiality is sought and the reasons therefor.

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

16 “(e) ANNUAL COMPLIANCE DETERMINATION.—

17 “(1) OPPORTUNITY FOR PUBLIC COMMENT.—  
18 Upon receiving a report required under subsection  
19 (a), the Postal Regulatory Commission shall prompt-  
20 ly—

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

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

1           “(2) DETERMINATION OF COMPLIANCE OR NON-  
2 COMPLIANCE.—Not later than 90 days after receiv-  
3 ing a report required under subsection (a), the Post-  
4 al Regulatory Commission shall make a written de-  
5 termination as to whether the nonpostal activities  
6 carried out during the applicable year were or were  
7 not in compliance with the provisions of this chapter.  
8 For purposes of this paragraph, any case in which  
9 the requirements for coverage of attributable costs  
10 have not been met shall be considered to be a case  
11 of noncompliance. If, with respect to a year, no in-  
12 stance of noncompliance is found to have occurred,  
13 the determination shall be to that effect. Such deter-  
14 mination of noncompliance shall be included with the  
15 annual compliance determination required under sec-  
16 tion 3653.

17           “(3) NONCOMPLIANCE.—If a timely written de-  
18 termination of noncompliance is made under para-  
19 graph (2), the Postal Regulatory Commission shall  
20 take the following appropriate action. If the require-  
21 ments for coverage of attributable costs specified by  
22 this chapter are not met, the Commission shall,  
23 within 60 days after the determination, prescribe re-  
24 medial action to restore compliance as soon as prac-  
25 ticable, including the full restoration of revenue

1 shortfalls during the following year. The Commission  
2 may order the Postal Service to discontinue a non-  
3 postal service under section 3703 that persistently  
4 fails to meet cost coverage requirements.

5 “(4) DELIBERATE NONCOMPLIANCE.—In the  
6 case of deliberate noncompliance by the Postal Serv-  
7 ice with the requirements of this chapter, the Postal  
8 Regulatory Commission may order, based on the na-  
9 ture, circumstances, extent, and seriousness of the  
10 noncompliance, a fine (in the amount specified by  
11 the Commission in its order) for each incidence of  
12 such noncompliance. All receipts from fines imposed  
13 under this subsection shall be deposited in the gen-  
14 eral fund of the Treasury.

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

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

“37. Nonpostal services ..... 3701.”

22 (b) CONFORMING AMENDMENTS.—

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

1 (A) in paragraph (2), by inserting after  
2 “subsection” the following: “, or any nonpostal  
3 products or services authorized by chapter 37”;  
4 and

5 (B) by adding at the end the following:  
6 “(6) Licensing which, before the date of enactment  
7 of this paragraph, has been authorized by the Postal Reg-  
8 ulatory Commission for continuation as a nonpostal serv-  
9 ice may not be used for any purpose other than—

10 “(A) to continue to provide licensed mailing,  
11 shipping, or stationery supplies offered as of June  
12 23, 2011; or

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

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

20 (2) SECTION 411.—The last sentence of section  
21 411 of title 39, United States Code, is amended by  
22 striking “including reimbursability” and inserting  
23 “including reimbursability within the limitations of  
24 chapter 37”.

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

9 **SEC. 205. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL**  
10 **SERVICE.**

11       (a) CONDITIONS REGARDING DETERMINATIONS FOR  
12 POST OFFICE CLOSURES.—Clause (i) of section  
13 404(d)(2)(A) of title 39, United States Code, is amended  
14 to read as follows:

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

18                   “(I) the distance (as measured by  
19 public roads) to the closest postal retail fa-  
20 cility not proposed for closure or consolida-  
21 tion under such plan;

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

24                   “(III) whether commercial mobile  
25 service (as defined in section 332 of the

1           Communications Act of 1934) and com-  
2           mercial mobile data service (as defined in  
3           section 6001 of the Middle Class Tax Re-  
4           lief and Job Creation Act of 2012) are  
5           available in at least 80 percent of the total  
6           geographic area of the ZIP codes served by  
7           the postal retail facility proposed for clo-  
8           sure or consolidation; and

9                   “(IV) whether fixed broadband Inter-  
10           net access service is available to households  
11           in at least 80 percent of such geographic  
12           area at speeds not less than those suffi-  
13           cient for service to be considered  
14           broadband for purposes of the most recent  
15           report of the Federal Communications  
16           Commission under section 706 of the Tele-  
17           communications Act of 1996;”.

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

20                   (1) DEADLINE FOR REVIEW.—Section  
21           404(d)(5) title 39, United States Code is amended  
22           by striking “120 days” and inserting “60 days, or  
23           a longer period for good cause shown but in no event  
24           longer than 120 days,”.

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

7           (c) EXPEDITED PROCEDURES.—

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

11          “(d)(1) The Commission shall issue its opinion within  
12          90 days, or a longer period for good cause shown but in  
13          no event longer than 120 days, after the receipt of any  
14          proposal (as referred to in subsection (b)) concerning an  
15          identical or substantially identical proposal on which the  
16          Commission has issued an opinion within the preceding  
17          5 years.

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

22          (2) REGULATIONS.—The Postal Regulatory  
23          Commission shall prescribe any regulations nec-  
24          essary to carry out the amendment made by para-

1 graph (1) within 90 days after the date of enact-  
2 ment of this Act.

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

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

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

11 (d) ALTERNATE POSTAL ACCESS CHOICE.—Section  
12 404(d) of title 39, United States Code, is amended by  
13 striking paragraph (1) and inserting the following:

14 “(1) The Postal Service, prior to making a de-  
15 termination under subsection (a)(3) as to the neces-  
16 sity for the closing or consolidation of any post of-  
17 fice, shall—

18 “(A) provide adequate notice of its inten-  
19 tion to close or consolidate such post office at  
20 least 60 days prior to the proposed date of such  
21 closing or consolidation to postal patrons served  
22 by such post office;

23 “(B) conduct a nonbinding survey on the  
24 proposed closing or consolidation to allow postal  
25 patrons served by such post office an oppor-

1 tunity to indicate their preference between or  
2 among—

3 “(i) the closing or consolidation; and

4 “(ii) 1 or more alternative options;

5 and

6 “(C) ensure that—

7 “(i) should the closure or consolida-  
8 tion of a postal retail facility be deemed  
9 necessary, it shall be the policy of the  
10 Postal Service to provide alternative access  
11 to postal services to those served by the  
12 postal retail facility by the option chosen  
13 by the highest number of survey respond-  
14 ents under subparagraph (B)(ii); and

15 “(ii) if the Postal Service is unable to  
16 provide alternative access through the op-  
17 tion identified in clause (i), or if that op-  
18 tion is cost prohibitive, the Postal Service  
19 may provide alternative access through a  
20 different means. Upon selection of an al-  
21 ternative access method other than the one  
22 identified by clause (i), the Postal Service  
23 must provide written notice to those pa-  
24 trons served by the postal retail facility  
25 identifying and explaining why the option

1 identified by clause (i) was not possible or  
2 cost prohibitive.”.

3 (e) APPLICABILITY OF PROCEDURES RELATING TO  
4 CLOSURES AND CONSOLIDATIONS.—

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

8 “(7) For purposes of this subsection, the term ‘post  
9 office’ means a post office and any other facility described  
10 in section 2(2) of the Postal Service Reform Act of  
11 2016.”.

12 (2) EFFECTIVE DATE.—In the case of any post  
13 office (within the meaning of the amendment made  
14 by paragraph (1)) which, but for such amendment,  
15 would not otherwise be subject to section 404(d) of  
16 title 39, United States Code, the amendment made  
17 by subsection (a) shall be effective with respect to  
18 any closure or consolidation, the proposed effective  
19 date of which occurs on or after the 60th day fol-  
20 lowing the date of enactment of this Act.

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

24 (1) in paragraph (1), by striking “and” at the  
25 end;

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

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

4           “(3) which shall provide the overall change in  
5           Postal Service productivity and the resulting effect  
6           of such change on overall Postal Service costs during  
7           such year, using such methodologies as the Commis-  
8           sion shall by regulation prescribe, if necessary.”.

9           (g) POSTPLAN STUDY.—

10           (1) IN GENERAL.—Beginning not later than 30  
11           days after the date of enactment of this Act, the In-  
12           spector General of the Postal Community shall con-  
13           duct a 1-year review to study of the impacts of the  
14           POSTPlan post office restructuring plan on Postal  
15           Service expenses, revenue, and retail service provi-  
16           sion.

17           (2) CONTENT.—In conducting the review under  
18           paragraph (1), the Inspector General shall exam-  
19           ine—

20                   (A) changes in the costs for the provision  
21                   of Postal Service operated retail service, both  
22                   nationwide and in the aggregate for each of the  
23                   Level 2, Level 4, Level 6, and Level 18 post of-  
24                   fices for which the hours, functions, or respon-  
25                   sibilities changed as a result of the POSTPlan

1 initiative before and after the implementation of  
2 the POSTPlan initiative;

3 (B) changes in revenue received by Postal  
4 Service operated retail service, both nationwide  
5 and in the aggregate for each of the Level 2,  
6 Level 4, Level 6, and Level 18 post offices for  
7 which the hours, functions, or responsibilities  
8 changed as a result of the POSTPlan initiative  
9 before and after the implementation of the  
10 POSTPlan initiative;

11 (C) a determination of the relative cost  
12 savings, taking into account any changes in rev-  
13 enue earned, realized on an annual basis for  
14 Level 2, Level 4, Level 6, and Level 18 offices  
15 each in the aggregate and any trends in such  
16 cost savings;

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

21 (E) any other factors the Inspector Gen-  
22 eral determines appropriate.

23 (3) REPORT AND RECOMMENDATIONS.—Upon  
24 completion of the review required under paragraph  
25 (1), the Inspector General shall submit to the Postal

1 Service, the Committee on Homeland Security and  
2 Governmental Affairs of the Senate, and the Com-  
3 mittee on Oversight and Government Reform of the  
4 House of Representatives a report containing—

5 (A) the results of the review; and

6 (B) any recommendations resulting from  
7 such review.

8 (4) **POSTAL SERVICE REVIEW.**—Prior to any  
9 hour changes or consolidation decisions related to  
10 POSTPlan initiative impacted post offices, the Post-  
11 al Service shall—

12 (A) review the report and any rec-  
13 ommendations submitted pursuant to para-  
14 graph (3); and

15 (B) revise any planned efforts regarding  
16 the POSTPlan initiative, as appropriate.

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

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

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

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

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

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

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

7           (a) ESTABLISHMENT OF RATE BASELINE.—Notwith-  
8           standing any order of the Postal Regulatory Commission  
9           to the contrary—

10           (1) no earlier than the first Sunday after the  
11           date of enactment of this Act, on a date selected by  
12           the Postmaster General in the exercise of the Post-  
13           master General’s unreviewable discretion, the Postal  
14           Service shall reinstate, as nearly as is practicable, 50  
15           percent of the rate surcharge implemented under  
16           section 3622(d)(1)(G) (as redesignated by this Act)  
17           that was in effect on April 9, 2016; and

18           (2) the partially reinstated surcharge reinstated  
19           pursuant to paragraph (1) shall be considered a part  
20           of the rate base for purposes of determining the per-  
21           centage changes in rates when the Postal Service  
22           files a notice of rate adjustment.

23           (b) SUBSEQUENT RATE INCREASES.—The reinstate-  
24           ment described under subsection (a)(1) may not affect the  
25           calculation of the Postal Service’s maximum rate adjust-

1 ment authority under subpart C of Part 3010 of title 39,  
2 Code of Federal Regulations, for purposes of any rate in-  
3 crease that occurs following such reinstatement.

4 (c) POSTAL REGULATORY COMMISSION AUTHORITY  
5 NOT AFFECTED.—Nothing in this section shall be con-  
6 strued as affecting the authority of the Postal Regulatory  
7 Commission to, by regulation, make such modification or  
8 adopt such alternative system for regulating rates and  
9 classes for market-dominant products as provided under  
10 section 3622 of title 39, United States Code.

11 (d) EXIGENCY APPEAL TERMINATED.—The Postal  
12 Service—

13 (1) shall withdraw its judicial appeal concerning  
14 the rates previously established pursuant to section  
15 3622(d)(1)(G) (as redesignated by this Act) of title  
16 39, United States Code; and

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

1 **SEC. 208. COMPLETION OF INITIAL RATE REGULATION RE-**  
2 **VIEW.**

3 The Postal Regulatory Commission shall complete  
4 the initial review of the system for regulating rates and  
5 classes for market-dominant products established under  
6 section 3622 of title 39, United States Code, such that  
7 a final rule or rules regarding a revised or reapproved sys-  
8 tem for regulating rates and classes for market-dominant  
9 products is issued not later than January 1, 2018.

10 **SEC. 209. REVIEW OF POSTAL SERVICE COST ATTRIBUTION**  
11 **GUIDELINES.**

12 Not later than April 1, 2018, the Postal Regulatory  
13 Commission shall initiate a review of the regulations  
14 issued pursuant to sections 3633(a) and 3652(a)(1) of  
15 title 39, United States Code, to determine whether revi-  
16 sions are appropriate to ensure that all direct and indirect  
17 costs attributable to competitive and market-dominant  
18 products are properly attributed to those products, includ-  
19 ing by considering the underlying methodologies in deter-  
20 mining cost attribution and considering options to revise  
21 such methodologies. If the Commission determines, after  
22 notice and opportunity for public comment, that revisions  
23 are appropriate, the Commission shall make modifications  
24 or adopt alternative methodologies as necessary.

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

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

5 **“§ 5404. Aviation security for parcels**

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

9 “(1) use postage that has been generated by a  
10 postage evidencing system that has been validated  
11 under level 4 of the 140 series of the Federal Infor-  
12 mation Processing Standards; or

13 “(2) be entered with in person sender  
14 verification.”.

15 (b) TECHNICAL AMENDMENT.—Section 5401(b) of  
16 title 39, United States Code, is amended by inserting “or  
17 5404” after “in section 5402”.

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

“5404. Aviation security for parcels.”.

21 **SEC. 211. ZIP CODES.**

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

25 (1) Miami Lakes, Florida.

1 (2) Storey County, Nevada.

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

4 **TITLE III—POSTAL SERVICE**  
5 **PERSONNEL**

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

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

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

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

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

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

21 “(2) Developing innovative postal products and  
22 services, specifically those that utilize emerging in-  
23 formation technologies, to maximize revenue to the  
24 Postal Service.

1           “(3) Implementing the innovation strategy de-  
2           scribed under subsection (d).

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

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

10          “(c) APPOINTMENT.—

11           “(1) DEADLINE.—As soon as practicable after  
12           the date of enactment of the Postal Service Reform  
13           Act of 2016, but no later than 6 months after such  
14           date, the Postmaster General shall appoint a Chief  
15           Innovation Officer.

16           “(2) REQUIREMENTS.—Any individual ap-  
17           pointed to serve as the Chief Innovation Officer shall  
18           have proven expertise and a record of success in at  
19           least 1 of the following: postal and shipping indus-  
20           try; innovation product research and development;  
21           marketing brand strategy; emerging communications  
22           technology; or business process management.

23           “(3) CURRENT OFFICER OR EMPLOYEE ELIGI-  
24           BLE.—An officer or employee of the Postal Service  
25           may be appointed to the position of Chief Innovation

1 Officer under this chapter. Upon appointment to  
2 such position, such officer or employee may not con-  
3 currently hold any other position in the Postal Serv-  
4 ice.

5 “(d) INNOVATION STRATEGY.—

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

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

18 “(A) the specific innovative postal and  
19 nonpostal products and services to be developed  
20 and offered by the Postal Service, including the  
21 nature of the market to be filled by each prod-  
22 uct and service and the likely date by which  
23 each product and service will be introduced;

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

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

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

6           “(E) the likelihood of success of each prod-  
7 uct and service as well as the risks associated  
8 with the development and sale of each product  
9 and service;

10          “(F) the trends anticipated in market con-  
11 ditions that may affect the success of each  
12 product and service over the 5-year period be-  
13 ginning on the date such strategy or update is  
14 submitted;

15          “(G) the metrics that will be utilized to as-  
16 sess the effectiveness of the innovation strategy;  
17 and

18          “(H) the specific methods by which  
19 mailpiece design analysis may be improved to  
20 speed the approval process and promote the in-  
21 creased use of innovative mailpiece design.

22          “(3) STRATEGY UPDATES.—On January 1,  
23 2018, and every 3 years thereafter, the Postal Serv-  
24 ice shall submit an update to the innovation strategy  
25 submitted under paragraph (1) to the Committee on

1 Oversight and Government Reform of the House of  
2 Representatives, the Committee on Homeland Security and  
3 Governmental Affairs of the Senate, and  
4 the Postal Regulatory Commission.

5 “(e) REPORT.—

6 “(1) IN GENERAL.—On the date of submission  
7 of the President’s annual budget under section  
8 1105(a) of title 31, the Postmaster General shall  
9 submit to the Committee on Oversight and Govern-  
10 ment Reform of the House of Representatives, the  
11 Committee on Homeland Security and Governmental  
12 Affairs of the Senate, and the Postal Regulatory  
13 Commission a report that details the Postal Service’s  
14 progress in implementing the innovation strategy  
15 described under subsection (d).

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

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

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

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

3           “(D) products and services identified in  
4           the innovation strategy that are to be discon-  
5           tinued, the date on which the discontinuance  
6           will occur, and the reasons for the discontinu-  
7           ance;

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

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

17          “(f) COMPTROLLER GENERAL STUDY.—

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

23                 “(2) CONTENTS.—The study required under  
24                 paragraph (1) shall assess the effectiveness of the  
25                 Postal Service in identifying, developing, and selling

1 innovative postal and nonpostal products and serv-  
2 ices. The study shall also include—

3 “(A) an audit of the costs of developing  
4 each innovative postal and nonpostal product  
5 and service developed or offered by the Postal  
6 Service during the period beginning on the date  
7 of enactment of the Postal Service Reform Act  
8 of 2016 and ending 4 years after such date;

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

11 “(C) the revenues and profits generated by  
12 each such product and service; and

13 “(D) the likelihood of continued success of  
14 each such product and service.

15 “(3) SUBMISSION.—The results of the study re-  
16 quired under this subsection shall be submitted to  
17 the Committee on Oversight and Government Re-  
18 form of the House of Representatives, the Com-  
19 mittee on Homeland Security and Governmental Af-  
20 fairs of the Senate, and the Postal Regulatory Com-  
21 mission.”.

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

“209. Chief Innovation Officer.”.

1 **SEC. 302. INSPECTOR GENERAL OF THE POSTAL COMMU-**  
2 **NITY.**

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

6 (1) in section 8G—

7 (A) in subsection (a)—

8 (i) in paragraph (2), by striking “the  
9 United States International Trade Com-  
10 mission, the Postal Regulatory Commis-  
11 sion, and the United States Postal Serv-  
12 ice” and inserting “and the United States  
13 International Trade Commission”;

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

17 (iii) in paragraph (4)—

18 (I) by striking subparagraph (B);

19 (II) by striking “subsection  
20 (h)(1)” and inserting “subsection  
21 (g)(1)”; and

22 (III) by redesignating subpara-  
23 graphs (C), (D), (E), (F), (G), (H),  
24 and (I) as (B), (C), (D), (E), (F),  
25 (G), and (H), respectively;

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

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

5 (D) by redesignating subsections (g) and  
6 (h) as (f) and (g), respectively; and  
7 (2) in section 12—

8 (A) in paragraph (1), by inserting “the  
9 Postmaster General of the United States; the  
10 Chairman of the Postal Regulatory Commis-  
11 sion;” after “the President of the Export-Im-  
12 port Bank;”; and

13 (B) in paragraph (2), by inserting “the  
14 United States Postal Service, the Postal Regu-  
15 latory Commission,” after “the Export-Import  
16 Bank,”.

17 (b) INSPECTOR GENERAL OF THE POSTAL COMMU-  
18 NITY.—

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

1 **“SEC. 8M. SPECIAL PROVISIONS CONCERNING THE UNITED**  
2 **STATES POSTAL SERVICE AND POSTAL REGU-**  
3 **LATORY COMMISSION.**

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

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

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

17 “(1) the ‘head of the establishment’ shall mean  
18 the Postmaster General of the United States for ac-  
19 tivities by the Office related to the United States  
20 Postal Service; and

21 “(2) the ‘head of the establishment’ shall mean  
22 the Chairman of the Postal Regulatory Commission  
23 for activities by the Office related to the Postal Reg-  
24 ulatory Commission.

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

4           “(1) the term ‘establishment’ shall include as  
5 separate establishments—

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

7           “(B) the Postal Regulatory Commission;

8           and

9           “(2) the Inspector General of the Postal Com-  
10 munity shall prepare separate semiannual reports  
11 for the United States Postal Service and the Postal  
12 Regulatory Commission.

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

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

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

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

7           “(g) GENERAL DUTIES AND RESPONSIBILITIES.—In  
8           carrying out the duties and responsibilities specified in  
9           this Act—

10           “(1) the Inspector General of the Postal Com-  
11           munity shall have oversight responsibility for all ac-  
12           tivities of the Postal Inspection Service, including  
13           any internal investigation performed by the Postal  
14           Inspection Service;

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

20           “(3) the Chief Postal Inspector shall promptly  
21           report the significant activities being carried out by  
22           the Postal Inspection Service to the Inspector Gen-  
23           eral of the Postal Community.

24           “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
25           are authorized to be appropriated, out of the Postal Serv-

1 ice Fund, such sums as may be necessary for the Office  
2 of Inspector General of the Postal Community.”.

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

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

18 (c) TRANSFER OF THE OFFICE OF THE INSPECTOR  
19 GENERAL OF THE POSTAL REGULATORY COMMISSION.—

20 (1) IN GENERAL.—On the date that is the ef-  
21 fective date of this section, the duties, responsibil-  
22 ities, functions, personnel, assets, unexpended bal-  
23 ances of appropriations, and obligations held by the  
24 Inspector General of the Postal Regulatory Commis-

1 sion shall be transferred to the Office of the Inspec-  
2 tor General of the Postal Community.

3 (2) EXISTING INSPECTOR GENERAL.—The In-  
4 spector General of the Postal Regulatory Commis-  
5 sion transferred pursuant to paragraph (1) shall  
6 serve under the Inspector General of the Postal  
7 Community.

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

10 (1) IN GENERAL.—On the date that is the ef-  
11 fective date of this section, the duties, responsibil-  
12 ities, functions, personnel, assets, unexpended bal-  
13 ances of appropriations, and obligations held by the  
14 Inspector General of the United States Postal Serv-  
15 ice shall be transferred to the Office of the Inspector  
16 General of the Postal Community.

17 (2) EXISTING INSPECTOR GENERAL.—The In-  
18 spector General of the United States Postal Service  
19 transferred pursuant to paragraph (1) shall serve  
20 under the Inspector General of the Postal Commu-  
21 nity.

22 (e) DELEGATION AND ASSIGNMENT.—Except as oth-  
23 erwise expressly prohibited by law or otherwise provided  
24 in this Act, the Inspector General of the Postal Commu-  
25 nity may delegate any of the functions transferred pursu-

1 ant to this section to such officers and employees of the  
2 Office of the Inspector General of the Postal Community  
3 as the Inspector General may designate, and may author-  
4 ize successive redelegations of such functions as may be  
5 necessary or appropriate. No delegation of functions under  
6 this subsection or under any other provision of this Act  
7 shall relieve the Inspector General of the Postal Commu-  
8 nity of responsibility for the administration of the func-  
9 tion.

10 (f) SAVINGS PROVISIONS.—

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

19 (2) PROCEEDINGS.—This section shall not af-  
20 fect any proceeding pending on the effective date of  
21 this section before an office transferred by either  
22 such subsection, but such proceeding shall be contin-  
23 ued. Nothing in this paragraph shall be considered  
24 to prohibit the discontinuance or modification of any  
25 such proceeding under the same terms and condi-

1        tions and to the same extent that such proceeding  
2        could have been discontinued or modified if this sec-  
3        tion had not been enacted.

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

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

20           (g) AVAILABILITY OF EXISTING FUNDS.—Existing  
21        appropriations and funds available for the performance of  
22        functions, programs, and activities transferred pursuant  
23        to this section shall remain available, for the duration of  
24        their period of availability, for necessary expenses in con-  
25        nection with the Office of the Inspector General of the

1 Postal Community and the transfer of such functions, pro-  
2 grams, and activities.

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

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

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

11 (3) In section 1003(b), by striking “the Office  
12 of Inspector General of the United States Postal  
13 Service” and inserting “the Office of Inspector Gen-  
14 eral of the Postal Community”.

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

21 (5) In section 2009, by striking “ the Office of  
22 Inspector General of the United States Postal Serv-  
23 ice requests to be appropriated, out of the Postal  
24 Service Fund, under section 8G(f) of the Inspector  
25 General Act of 1978, and” and inserting “the Office

1 of Inspector General of the Postal Community re-  
2 quests to be appropriated out of the Postal Service  
3 Fund”.

4 (6) In section 2011(h)(D), by striking “the In-  
5 spector General of the United States Postal Service”  
6 and inserting “the Inspector General of the Postal  
7 Community”.

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

13 **SEC. 303. RIGHT OF APPEAL TO MERIT SYSTEMS PROTEC-**  
14 **TION BOARD.**

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

17 “(I) is an officer or employee of the Postal  
18 Service who—

19 “(aa) is not represented by a bar-  
20 gaining representative recognized under  
21 section 1203; and

22 “(bb) is in a supervisory, professional,  
23 technical, clerical, administrative, or mana-  
24 gerial position covered by the Executive  
25 and Administrative Schedule; and”.

1                   **TITLE IV—POSTAL**  
2                   **CONTRACTING REFORM**

3 **SEC. 401. CONTRACTING PROVISIONS.**

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

6 **“CHAPTER 7—CONTRACTING PROVISIONS**

“Sec.

“701. Definitions.

“702. Delegation of contracting authority.

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

“704. Review of ethical issues.

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

7 **“§ 701. Definitions**

8           “In this chapter—

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

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

13                           “(A) the Postal Service; or

14                           “(B) the Postal Regulatory Commission;

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

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

19                           “(B) in the case of the Postal Regulatory  
20                           Commission, the Chairman of the Postal Regu-  
21                           latory Commission;

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

1           “(A) in the case of the Postal Service, any  
2 contract (including any agreement or memo-  
3 randum of understanding) entered into by the  
4 Postal Service for the procurement of goods or  
5 services; or

6           “(B) in the case of the Postal Regulatory  
7 Commission, any contract (including any agree-  
8 ment or memorandum of understanding) in an  
9 amount exceeding the simplified acquisition  
10 threshold (as defined in section 134 of title 41  
11 and adjusted under section 1908 of such title)  
12 entered into by the Postal Regulatory Commis-  
13 sion for the procurement of goods or services;  
14 and

15           “(5) the term ‘senior procurement executive’  
16 means the senior procurement executive of a covered  
17 postal entity.

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

19           “(a) IN GENERAL.—

20           “(1) POLICY.—Not later than 60 days after the  
21 date of enactment of this chapter, the head of each  
22 covered postal entity shall issue a policy on con-  
23 tracting officer delegations of authority for postal  
24 contracts for the covered postal entity.

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

3           “(A) notwithstanding any delegation of au-  
4 thority with respect to postal contracts, the ulti-  
5 mate responsibility and accountability for the  
6 award and administration of postal contracts  
7 resides with the senior procurement executive;  
8 and

9           “(B) a contracting officer shall maintain  
10 an awareness of and engagement in the activi-  
11 ties being performed on postal contracts of  
12 which that officer has cognizance, notwith-  
13 standing any delegation of authority that may  
14 have been executed.

15       “(b) POSTING OF DELEGATIONS.—

16           “(1) IN GENERAL.—The head of each covered  
17 postal entity shall make any delegation of authority  
18 for postal contracts outside the functional con-  
19 tracting unit readily available and accessible on the  
20 Web site of the covered postal entity.

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

1 **“§ 703. Posting of noncompetitive purchase requests**  
2 **for noncompetitive contracts**

3 “(a) POSTING REQUIRED.—

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

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

16 “(B) not later than 30 days after the date  
17 of the award of the noncompetitive contract, if  
18 the basis for the award was a compelling busi-  
19 ness interest.

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

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

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

6           “(3) ADJUSTMENTS TO THE POSTING THRESH-  
7 OLD.—

8           “(A) REVIEW AND DETERMINATION.—Not  
9 later than January 31 of each year, the Postal  
10 Service and the Postal Regulatory Commission  
11 shall—

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

14           “(ii) based on any change in the Con-  
15 sumer Price Index for All Urban Con-  
16 sumers of the Department of Labor, deter-  
17 mine whether an adjustment to the thresh-  
18 old shall be made.

19           “(B) AMOUNT OF ADJUSTMENTS.—An ad-  
20 justment under subparagraph (A) shall be made  
21 in increments of \$5,000. If the covered postal  
22 entity determines that a change in the Con-  
23 sumer Price Index for a year would require an  
24 adjustment in an amount that is less than

1           \$5,000, the Postal Service may not make an  
2           adjustment to the threshold for the year.

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

7           “(b) PUBLIC AVAILABILITY.—

8           “(1) IN GENERAL.—Subject to paragraph (2),  
9           the information required to be made publicly avail-  
10          able by a covered postal entity under subsection (a)  
11          shall be readily accessible on the Web site of the cov-  
12          ered postal entity.

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

15                 “(A) carefully screen any description of the  
16                 rationale supporting a noncompetitive award re-  
17                 quired to be made publicly available under sub-  
18                 section (a) to determine whether the description  
19                 includes proprietary data (including any ref-  
20                 erence or citation to the proprietary data) or se-  
21                 curity-related information; and

22                 “(B) remove any proprietary data or secu-  
23                 rity-related information before making publicly  
24                 available a description of the rationale sup-  
25                 porting a noncompetitive award.

1 “(c) WAIVERS.—

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

11 “(2) FORM AND CONTENT OF WAIVER.—

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

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

18 “(i) a description of the risk associ-  
19 ated with making the noncompetitive pur-  
20 chase request publicly available; and

21 “(ii) a statement that redaction of  
22 sensitive information in the noncompetitive  
23 purchase request would not be sufficient to  
24 protect the Postal Service from being

1 placed at a competitive disadvantage rel-  
2 ative to a private sector competitor.

3 “(3) DELEGATION OF WAIVER AUTHORITY.—

4 The Postal Service may not delegate the authority to  
5 approve a waiver under paragraph (1) to any em-  
6 ployee having less authority than the senior procure-  
7 ment executive.

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

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

14 “(1) review the proposed contract; and

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

17 **“§ 705. Ethical restrictions on participation in certain**  
18 **contracting activity**

19 “(a) DEFINITIONS.—In this section—

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

21 “(A) a contracting officer; or

22 “(B) any employee of a covered postal en-  
23 tity whose decisionmaking affects a postal con-  
24 tract as determined by regulations prescribed  
25 by the head of a covered postal entity;

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

5           “(3) the term ‘covered relationship’ means a  
6           covered relationship described in section  
7           2635.502(b)(1) of title 5, Code of Federal Regula-  
8           tions, or any successor thereto.

9           “(b) IN GENERAL.—

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

12           “(A) require a covered employee to include  
13           in the file of any noncompetitive purchase re-  
14           quest for a noncompetitive postal contract a  
15           written certification that—

16           “(i) discloses any covered relationship  
17           of the covered employee; and

18           “(ii) states that the covered employee  
19           will not take any action with respect to the  
20           noncompetitive purchase request that af-  
21           fects the financial interests of a friend, rel-  
22           ative, or person with whom the covered  
23           employee is affiliated in a nongovernmental  
24           capacity, or otherwise gives rise to an ap-  
25           pearance of the use of public office for pri-

1           vate gain, as described in section 2635.702  
2           of title 5, Code of Federal Regulations, or  
3           any successor thereto;

4           “(B) require a contracting officer to con-  
5           sult with the ethics counsel for the covered  
6           postal entity regarding any disclosure made by  
7           a covered employee under subparagraph (A)(i),  
8           to determine whether participation by the cov-  
9           ered employee in the noncompetitive purchase  
10          request would give rise to a violation of part  
11          2635 of title 5, Code of Federal Regulations  
12          (commonly referred to as the Standards of Eth-  
13          ical Conduct for Employees of the Executive  
14          Branch), or any successor thereto;

15          “(C) require the ethics counsel for a cov-  
16          ered postal entity to review any disclosure made  
17          by a contracting officer under subparagraph  
18          (A)(i) to determine whether participation by the  
19          contracting officer in the noncompetitive pur-  
20          chase request would give rise to a violation of  
21          part 2635 of title 5, Code of Federal Regula-  
22          tions (commonly referred to as the Standards of  
23          Ethical Conduct for Employees of the Executive  
24          Branch), or any successor thereto;

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

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

9                   “(ii) disqualify a covered employee  
10                  that makes a disclosure under subpara-  
11                  graph (A)(i) from participating in the non-  
12                  competitive postal contract;

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

17               “(F) include authority for the head of the  
18               covered postal entity to grant a waiver or other-  
19               wise mitigate any organizational or personal  
20               conflict of interest, if the head of the covered  
21               postal entity determines that the waiver or miti-  
22               gation is in the best interests of the covered  
23               postal entity.

24               “(2) POSTING OF WAIVERS.—Not later than 30  
25               days after the head of a covered postal entity grants

1 a waiver described in paragraph (1)(F), the head of  
2 the covered postal entity shall make the waiver pub-  
3 licly available on the Web site of the covered postal  
4 entity.

5 “(c) CONTRACT VOIDANCE AND RECOVERY.—

6 “(1) UNLAWFUL CONDUCT.—In any case in  
7 which there is a final conviction for a violation of  
8 any provision of chapter 11 of title 18 relating to a  
9 postal contract, the head of a covered postal entity  
10 may—

11 “(A) void that contract; and

12 “(B) recover the amounts expended and  
13 property transferred by the covered postal enti-  
14 ty under that contract.

15 “(2) OBTAINING OR DISCLOSING PROCUREMENT  
16 INFORMATION.—

17 “(A) IN GENERAL.—In any case in which  
18 a contractor under a postal contract fails to  
19 timely disclose a conflict of interest to the ap-  
20 propriate contracting officer as required under  
21 the regulations promulgated under subsection  
22 (b)(1)(E), the head of a covered postal entity  
23 may—

24 “(i) void that contract; and

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

4           “(B) CONVICTION OR ADMINISTRATIVE DE-  
5           TERMINATION.—A case described under sub-  
6           paragraph (A) is any case in which—

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

10                   “(ii) the head of a covered postal enti-  
11                   ty determines, based upon a preponderance  
12                   of the evidence, that the contractor or  
13                   someone acting for the contractor has en-  
14                   gaged in conduct constituting an offense  
15                   punishable under section 2105 of such  
16                   title.”.

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

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

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

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

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

- 1           (2) by striking the period at the end of sub-
- 2           paragraph (D) and inserting “; and”; and
- 3           (3) by adding at the end the following:
- 4                     “(E) the United States Postal Service and
- 5           the Postal Regulatory Commission.”.