

115TH CONGRESS
2D SESSION

S. _____

To improve postal operations, service, and transparency.

IN THE SENATE OF THE UNITED STATES

Mr. CARPER (for himself, Mr. MORAN, Ms. HEITKAMP, and Mrs. MCCASKILL)
introduced the following bill; which was read twice and referred to the
Committee on _____

A BILL

To improve postal operations, service, and transparency.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Postal Service Reform
5 Act of 2018”.

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

7 The table of contents for this Act is as follows:

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

TITLE I—POSTAL PERSONNEL

- Sec. 101. Postal Service Health Benefits Program.
- Sec. 102. Postal Service retiree health care benefit funding reform.

- Sec. 103. Medicare part B premium subsidy for newly enrolling Postal Service annuitants and family members.
- Sec. 104. Postal Service pension funding reform.
- Sec. 105. Supervisory and other managerial organizations.
- Sec. 106. Right of appeal to Merit Systems Protection Board.

TITLE II—POSTAL SERVICE OPERATIONS REFORM

- Sec. 201. Governance reform.
- Sec. 202. Modernizing postal rates.
- Sec. 203. Nonpostal services.
- Sec. 204. Shipping of wine, beer, and distilled spirits.
- Sec. 205. Efficient and flexible universal postal service.
- Sec. 206. Fair stamp-evidencing competition.
- Sec. 207. Market-dominant rates.
- Sec. 208. Review of Postal Service cost attribution guidelines.
- Sec. 209. Aviation security for parcels.
- Sec. 210. Long-term solvency plan; annual financial plan and budget.
- Sec. 211. Service standards, performance targets, and performance measurements.
- Sec. 212. Postal Service Chief Innovation Officer.
- Sec. 213. Emergency suspensions of post offices.
- Sec. 214. Mailing address requirements.

TITLE III—POSTAL CONTRACTING REFORM

- Sec. 301. Contracting provisions.
- Sec. 302. Technical amendment to definition.

TITLE IV—POSTAL REGULATORY COMMISSION, INSPECTOR GENERAL, RELATED PROVISIONS, AND MISCELLANEOUS

- Sec. 401. Postal Regulatory Commission.
- Sec. 402. Inspector General of the United States Postal Service and the Postal Regulatory Commission.
- Sec. 403. GAO report on fragmentation, overlap, and duplication in Federal programs and activities.

1 **SEC. 3. DEFINITIONS.**

2 In this Act, the following definitions shall apply:

3 (1) **COMMISSION.**—The term “Commission”
 4 means the Postal Regulatory Commission.

5 (2) **POSTAL RETAIL FACILITY.**—The term
 6 “postal retail facility”—

7 (A) means a post office, post office branch,
 8 post office classified station, or other facility
 9 that is operated by the Postal Service, the pri-

1 mary function of which is to provide retail post-
2 al services; and

3 (B) does not include a contractor-operated
4 facility offering postal services.

5 (3) POSTAL SERVICE.—The term “Postal Serv-
6 ice” means the United States Postal Service.

7 **TITLE I—POSTAL PERSONNEL**

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

9 (a) ESTABLISHMENT.—

10 (1) IN GENERAL.—Chapter 89 of title 5, United
11 States Code, is amended by inserting after section
12 8903b the following:

13 **“§ 8903c. Postal Service Health Benefits Program**

14 “(a) DEFINITIONS.—In this section—

15 “(1) the term ‘initial contract year’ means the
16 contract year beginning in January of the first full
17 year that begins not less than 7 months after the
18 date of enactment of this section;

19 “(2) the term ‘initial participating carrier’
20 means a carrier that enters into a contract with the
21 Office to participate in the Postal Service Health
22 Benefits Program during the initial contract year;

23 “(3) the term ‘Medicare eligible individual’
24 means an individual who—

1 “(A) is entitled to Medicare part A, but ex-
2 cluding an individual who is eligible to enroll
3 under such part under section 1818 of the So-
4 cial Security Act (42 U.S.C. 1395i-2); and

5 “(B) is eligible to enroll in Medicare part
6 B;

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

11 “(5) the term ‘Medicare part B’ means the
12 Medicare program for supplementary medical insur-
13 ance benefits under part B of title XVIII of the So-
14 cial Security Act (42 U.S.C. 1395j et seq.);

15 “(6) the term ‘Medicare part D’ means the
16 Medicare insurance program established under part
17 D of title XVIII of the Social Security Act (42
18 U.S.C. 1395w-101 et seq.);

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

21 “(8) the term ‘Postal Service’ means the United
22 States Postal Service;

23 “(9) the term ‘Postal Service annuitant’ means
24 an annuitant enrolled in a health benefits plan under
25 this chapter whose Government contribution is paid

1 by the Postal Service or the Postal Service Retiree
2 Health Benefits Fund under section 8906(g)(2);

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

6 “(11) the term ‘Postal Service Health Benefits
7 Program’ means the program of health benefits
8 plans established under subsection (c) within the
9 Federal Employees Health Benefits Program under
10 this chapter;

11 “(12) the term ‘Postal Service Medicare eligible
12 annuitant’ means an individual who—

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

14 “(B) is a Medicare eligible individual;

15 “(13) the term ‘PSHBP plan’ means a health
16 benefits plan offered under the Postal Service
17 Health Benefits Program; and

18 “(14) the term ‘qualified carrier’ means a car-
19 rier for which the total enrollment in the plans pro-
20 vided under this chapter includes, in the contract
21 year beginning in January of the year before the ini-
22 tial contract year, a combined total of 1,500 or more
23 enrollees who are—

24 “(A) Postal Service employees; or

25 “(B) Postal Service annuitants.

1 “(b) APPLICATION OF SECTION.—The requirements
2 under this section shall—

3 “(1) apply to the initial contract year, and each
4 contract year thereafter; and

5 “(2) supersede other provisions of this chapter
6 to the extent of any specific inconsistency, as deter-
7 mined by the Office.

8 “(c) ESTABLISHMENT OF THE POSTAL SERVICE
9 HEALTH BENEFITS PROGRAM.—

10 “(1) IN GENERAL.—The Office shall establish
11 the Postal Service Health Benefits Program, which
12 shall—

13 “(A) consist of health benefits plans of-
14 fered under this chapter;

15 “(B) include plans offered by—

16 “(i) each qualified carrier; and

17 “(ii) any other carrier determined ap-
18 propriate by the Office;

19 “(C) be available for participation by all
20 Postal Service employees, in accordance with
21 subsection (d);

22 “(D) be available for participation by all
23 Postal Service annuitants, in accordance with
24 subsection (d);

1 “(E) not be available for participation by
2 an individual who is not a Postal Service em-
3 ployee or Postal Service annuitant (except as a
4 family member of such an employee or annu-
5 itant); and

6 “(F) be implemented and administered by
7 the Office.

8 “(2) SEPARATE POSTAL SERVICE RISK POOL.—
9 The Office shall ensure that each PSHBP plan in-
10 cludes rates, one for enrollment as an individual, one
11 for enrollment for self plus one, and one for enroll-
12 ment for self and family within each option in the
13 PSHBP plan, that reasonably and equitably reflect
14 the cost of benefits provided to a risk pool consisting
15 solely of Postal Service employees and Postal Service
16 annuitants (and family members of such employees
17 and annuitants), taking into specific account the re-
18 duction in benefits cost for the PSHBP plan due to
19 the Medicare enrollment requirements under sub-
20 section (e) and any savings or subsidies resulting
21 from subsection (f).

22 “(3) ACTUARIALLY EQUIVALENT COVERAGE.—
23 The Office shall ensure that each carrier partici-
24 pating in the Postal Service Health Benefits Pro-
25 gram provides coverage under the PSHBP plans of-

1 “(2) ANNUITANTS.—A Postal Service annuitant
2 shall not be subject to this section if the Postal
3 Service annuitant—

4 “(A) is enrolled in a health benefits plan
5 under this chapter for the contract year before
6 the initial contract year that is not a health
7 benefits plan offered by an initial participating
8 carrier, unless the Postal Service annuitant vol-
9 untarily enrolls in a PSHBP plan;

10 “(B) resides in a geographic area—

11 “(i) for which there is not a PSHBP
12 plan in which the Postal Service annuitant
13 may enroll; or

14 “(ii) in which there is a lack of par-
15 ticipating Medicare part B providers; or

16 “(C) would not derive benefit from enroll-
17 ing in Medicare part B because of comprehen-
18 sive medical coverage provided by the Depart-
19 ment of Veterans Affairs or other programs.

20 “(3) EMPLOYEES.—A Postal Service employee
21 who is enrolled in a health benefits plan under this
22 chapter for the contract year immediately preceding
23 the initial contract year that is not a health benefits
24 plan offered by an initial participating carrier shall

1 not be subject to the requirements under this sec-
2 tion, except that—

3 “(A) if the Postal Service employee
4 changes enrollment to a different health bene-
5 fits plan under this chapter during the open
6 season for the initial contract year, or after the
7 start of the initial contract year, the Postal
8 Service employee may only enroll in a PSHBP
9 plan;

10 “(B) if the health benefits plan in which
11 the Postal Service employee is enrolled for such
12 contract year becomes available as a PSHBP
13 plan, the Postal Service employee may only en-
14 roll in a PSHBP plan;

15 “(C) upon becoming a Postal Service an-
16 nuitant, if the Postal Service employee elects to
17 continue coverage under this chapter, the Post-
18 al Service employee shall enroll in a PSHBP
19 plan during—

20 “(i) the open season that is being held
21 when the Postal Service employee becomes
22 a Postal Service annuitant; or

23 “(ii) if the date on which the Postal
24 Service employee becomes a Postal Service
25 annuitant falls outside of an open season,

1 the first open season following that date;

2 and

3 “(D) subparagraphs (A), (B), and (C)

4 shall not apply to an employee who resides in

5 a geographic area for which there is not a

6 PSHBP plan in which the employee may enroll.

7 “(e) REQUIREMENT OF MEDICARE ENROLLMENT.—

8 “(1) POSTAL SERVICE MEDICARE ELIGIBLE AN-

9 NUITANTS.—A Postal Service Medicare eligible an-

10 nuitant subject to this section may not continue cov-

11 erage under the Postal Service Health Benefits Pro-

12 gram unless the Postal Service Medicare eligible an-

13 nuitant enrolls in Medicare part A, Medicare part B,

14 and Medicare part D (as part of a prescription drug

15 plan described in subsection (f)(2)).

16 “(2) MEDICARE ELIGIBLE FAMILY MEMBERS.—

17 If a family member of a Postal Service annuitant

18 who is subject to this section is a Medicare eligible

19 individual, the family member may not be covered

20 under the Postal Service Health Benefits Program

21 as a family member of the Postal Service annuitant

22 unless the family member enrolls in Medicare part

23 A, Medicare part B, and Medicare part D (as part

24 of a prescription drug plan described in subsection

25 (f)(2)).

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

4 “(A) Postal Service annuitants and family
5 members who are subject to the requirements of
6 paragraph (1) or (2)—

7 “(i) are informed, at the time of en-
8 rollment under this chapter, of such re-
9 quirement; and

10 “(ii) except as provided in paragraph
11 (4), as a consequence of such enrollment
12 are deemed to have elected to be enrolled
13 under Medicare part B (under subsection
14 (m)(1) of section 1837 of the Social Secu-
15 rity Act (42 U.S.C. 1395p)) in connection
16 with the enrollment in a PSHBP plan
17 under this chapter; and

18 “(B) the Office provides the Secretary of
19 Health and Human Services and the Commis-
20 sioner of Social Security in a timely manner
21 with such information respecting such annu-
22 itants and family members and such election as
23 may be required to effect their enrollment and
24 coverage under Medicare part B and this sec-
25 tion in a timely manner.

1 “(4) WAIVER FOR EXTREME FINANCIAL HARD-
2 SHIP.—

3 “(A) IN GENERAL.—The Postal Service, in
4 consultation with recognized labor organizations
5 and management organizations, shall establish
6 a waiver program under which the requirement
7 to enroll in Medicare part B under paragraph
8 (1) or (2), as applicable, is waived for Postal
9 Service annuitants and family members who
10 demonstrate extreme financial hardship.

11 “(B) EFFECT OF WAIVER.—If the applica-
12 ble requirement described in subparagraph (A)
13 is waived for a Postal Service annuitant or fam-
14 ily member—

15 “(i) the Postal Service shall notify the
16 Office of the waiver; and

17 “(ii) the annuitant or family member
18 shall not be deemed to have elected to be
19 enrolled under Medicare part B as de-
20 scribed in paragraph (3)(A)(ii).

21 “(f) MEDICARE COORDINATION.—

22 “(1) IN GENERAL.—The Office shall require
23 each PSHBP plan to provide benefits for Medicare
24 eligible individuals pursuant to the standard coordi-
25 nation of benefits method used under this chapter,

1 rather than the exclusion method or the carve-out
2 method.

3 “(2) MEDICARE PART D PRESCRIPTION DRUG
4 BENEFITS.—The Office shall require each PSHBP
5 plan to provide qualified prescription drug coverage
6 for Postal Service annuitants and family members
7 who are part D eligible individuals (as defined in
8 section 1860D–1(a)(3)(A) of the Social Security Act
9 (42 U.S.C. 1395w–101(a)(3)(A)) under a prescrip-
10 tion drug plan under Medicare part D pursuant to
11 the provisions of section 1860D–22(b) (commonly
12 referred to as an ‘employer group waiver plan’). For
13 purposes of the preceding sentence, the carrier offer-
14 ing the PSHBP plan shall be deemed to be the
15 sponsor of the plan for purposes of Medicare part D.

16 “(g) POSTAL SERVICE CONTRIBUTION.—

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

21 “(2) WEIGHTED AVERAGE CALCULATION.—Not
22 later than October 1 of each year (beginning with
23 the year before the initial contract year), the Office
24 shall determine the weighted average of the rates es-
25 tablished pursuant to subsection (c)(2) for PSHBP

1 plans that will be in effect during the following con-
2 tract year with respect to—

3 “(A) enrollments for self only;

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

5 “(C) enrollments for self and family.

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

15 “(h) RESERVES.—

16 “(1) SEPARATE RESERVES.—

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

22 “(B) REFERENCES.—For purposes of the
23 Postal Service Health Benefits Program, each
24 reference to ‘the Government’ in section 8909

1 shall be deemed to be a reference to the Postal
2 Service.

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

9 “(2) DISCONTINUATION OF PSHBP PLAN.—In
10 applying section 8909(e) relating to a PSHBP plan
11 that is discontinued, the Office shall credit the sepa-
12 rate Postal Service contingency reserve maintained
13 under paragraph (1) for that plan only to the sepa-
14 rate Postal Service contingency reserves of the
15 PSHBP plans continuing under this chapter.

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

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

1 “(1) notify annuitants and employees of the
2 Postal Service about the Postal Service Health Ben-
3 efits Program;

4 “(2) provide information regarding the Postal
5 Service Health Benefits Program to such annuitants
6 and employees, including—

7 “(A) a description of the health care op-
8 tions available under the Postal Service Health
9 Benefits Program;

10 “(B) the requirement that annuitants be
11 enrolled in Medicare under subsection (e)(1);
12 and

13 “(C) the premium subsidies under section
14 103 of the Postal Service Reform Act of 2018;
15 and

16 “(3) respond and provide answers to any in-
17 quiry from such annuitants and employees about the
18 Postal Service Health Benefits Program or Medicare
19 enrollment.”.

20 (2) TECHNICAL AND CONFORMING AMEND-
21 MENTS.—

22 (A) Section 8903(1) of title 5, United
23 States Code, is amended by striking “two levels
24 of benefits” and inserting “2 levels of benefits
25 for enrollees under this chapter generally and 2

1 levels of benefits for enrollees under the Postal
2 Service Health Benefits Program established
3 under section 8903c”.

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

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

8 (b) COORDINATION WITH MEDICARE.—

9 (1) MEDICARE ENROLLMENT AND COVERAGE.—

10 Section 1837 of the Social Security Act (42 U.S.C.
11 1395p) is amended by adding at the end the fol-
12 lowing new subsection:

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

14 “(A) is (i) a Postal Service Medicare eligible
15 annuitant, or (ii) an individual who is a family mem-
16 ber of such an annuitant and is a Medicare eligible
17 individual;

18 “(B) enrolls in a PSHBP plan under section
19 8903c of title 5, United States Code; and

20 “(C) is not enrolled under this part,
21 the individual is deemed, in accordance with section
22 8903c(e)(3) of such title, to have elected to be enrolled
23 under this part.

24 “(2) In the case of an individual who is deemed to
25 have elected to be enrolled under paragraph (1), the cov-

1 erage period under this part shall begin on the date that
2 the individual first has coverage under the PSHBP plan
3 pursuant to the enrollment described in paragraph (1)(B).

4 “(3) The provisions of section 1838(b) shall apply to
5 an individual who is deemed to have elected to be enrolled
6 under paragraph (1).

7 “(4) The Secretary, the Commissioner of Social Secu-
8 rity, the United States Postal Service, and the Office of
9 Personnel Management shall coordinate to monitor pre-
10 miums paid by individuals who are deemed to have elected
11 to be enrolled under paragraph (1) for purposes of deter-
12 mining whether those individuals are in compliance with
13 the applicable requirements under section 8903c(e) of title
14 5, United States Code.

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

18 (2) WAIVER OF INCREASE OF PREMIUM.—Sec-
19 tion 1839(b) of the Social Security Act (42 U.S.C.
20 1395r(b)) is amended by inserting after “section
21 1837,” the following: “and not pursuant to a
22 deemed enrollment under subsection (m) of such sec-
23 tion during the open season for the initial contract
24 year (as defined in section 8903c(a) of title 5,

1 United States Code) of the Postal Service Health
2 Benefits Program.”.

3 (3) CONFORMING COORDINATION OF BENEFIT
4 RULES.—Section 1862(b) of the Social Security Act
5 (42 U.S.C. 1395y(b)) is amended by adding at the
6 end the following:

7 “(10) COORDINATION OF BENEFITS WITH
8 POSTAL SERVICE HEALTH BENEFITS PLANS.—Para-
9 graphs (1) through (9) shall apply except to the ex-
10 tent that the Secretary, in consultation with the Of-
11 fice of Personnel Management, determines those
12 paragraphs to be inconsistent with section 8903e(f)
13 of title 5, United States Code.”.

14 **SEC. 102. POSTAL SERVICE RETIREE HEALTH CARE BEN-**
15 **EFIT FUNDING REFORM.**

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

18 (1) by striking “(2)(A) The Government” and
19 inserting “(2)(A)(i) The Government”; and

20 (2) in paragraph (2)—

21 (A) in subparagraph (A)—

22 (i) in clause (i), as added by para-
23 graph (1), by striking “shall through Sep-
24 tember 30, 2016, be paid” and all that fol-

1 lows and inserting the following: “shall be
2 paid as provided in clause (ii).”; and

3 (ii) by adding at the end the fol-
4 lowing:

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

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

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

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

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

21 “(i) the sum of—

22 “(I) the costs incurred by a carrier in pro-
23 viding health services to, paying for health serv-
24 ices provided to, or reimbursing expenses for
25 health services provided to, the individual and

1 any other person covered under the enrollment
2 of the individual; and

3 “(II) an amount of indirect expenses rea-
4 sonably allocable to the provision, payment, or
5 reimbursement described in subclause (I), as
6 determined by the Office; and

7 “(ii) the amount withheld from the annuity of
8 the individual or otherwise paid by the individual
9 under this section.

10 “(D) Any computation by the Office under this sec-
11 tion that relates to an individual described in subpara-
12 graph (A)(i) of this paragraph shall be made in consulta-
13 tion with the United States Postal Service.”.

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

17 (1) in paragraph (1)—

18 (A) by striking “Office” and inserting
19 “United States Postal Service”; and

20 (B) by striking “required under section
21 8906(g)(2)(A)” and inserting the following:
22 “required to be paid from the Postal Service
23 Retiree Health Benefits Fund under section
24 8906(g)(2)(A)(ii)(I)”;

25 (2) by striking paragraphs (2) and (4);

1 (3) by redesignating paragraph (3) as para-
2 graph (4);

3 (4) by inserting after paragraph (1) the fol-
4 lowing:

5 “(2) The United States Postal Service shall make
6 sufficient payments into the Fund, in accordance with
7 paragraphs (4) and (5)(B), so that the value of the assets
8 of the Fund is equal to the Postal Service actuarial liabil-
9 ity.

10 “(3)(A) Not later than June 30, 2019, the United
11 States Postal Service shall compute, and by June 30 of
12 each succeeding year, the United States Postal Service
13 shall recompute, a schedule including a series of annual
14 installments that provide for the liquidation of the amount
15 described under subparagraph (B) (regardless of whether
16 the amount is a liability or surplus) by September 30 of
17 the first fiscal year that begins 40 years after the date
18 of enactment of the Postal Service Reform Act of 2018
19 (unless the schedule is extended as provided in paragraph
20 (4)(C)(ii)(II)), including interest at the rate used in the
21 computations under this subsection.

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

1 “(i) 80 percent of the Postal Service actuarial
2 liability as of September 30 of the preceding fiscal
3 year; and

4 “(ii) the value of the assets of the Postal Serv-
5 ice Retiree Health Benefits Fund as of September
6 30 of the preceding fiscal year.”;

7 (5) in paragraph (4), as so redesignated—

8 (A) in subparagraph (A)—

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

11 (ii) in clause (iv), by striking the
12 semicolon at the end and inserting a pe-
13 riod; and

14 (iii) by striking clauses (v) through
15 (x);

16 (B) in subparagraph (B)—

17 (i) in clause (i), by striking “para-
18 graph (1)” and inserting “paragraph (1),
19 except to the extent the payment would
20 cause the value of the assets in the Fund
21 to exceed the Postal Service actuarial li-
22 ability”; and

23 (ii) in clause (ii)—

1 (I) by inserting “except as pro-
2 vided in subparagraph (C),” before
3 “any”; and

4 (II) by striking “paragraph
5 (2)(B).” and inserting “paragraph
6 (3).”; and

7 (C) by adding at the end the following:

8 “(C)(i) Upon request by the United States Postal
9 Service, the Postal Regulatory Commission may waive the
10 annual installment payment required to be made in a fis-
11 cal year under subparagraph (B)(ii) if the United States
12 Postal Service meets conditions established by the Postal
13 Regulatory Commission related to—

14 “(I) financial stability and retained earnings;
15 and

16 “(II) the capability to maintain a high level of
17 service.

18 “(ii) If the Postal Regulatory Commission waives the
19 annual installment payment required to be made in a fis-
20 cal year under subparagraph (B)(ii)—

21 “(I) for purposes of any financial reporting by
22 the United States Postal Service, the payment shall
23 be deemed to have been made; and

1 “(II) the United States Postal Service shall ex-
2 tend the liquidation schedule under paragraph
3 (3)(A) by 1 year.

4 “(iii) If the United States Postal Service does not re-
5 quest a waiver of the annual installment payment required
6 to be made in a fiscal year under subparagraph (B)(ii)
7 and does not make the payment, the United States Postal
8 Service may not increase rates for market-dominant prod-
9 ucts under section 3622 of title 39 during the following
10 fiscal year.”;

11 (6) by redesignating paragraph (6) as para-
12 graph (8);

13 (7) by striking paragraph (5) and inserting the
14 following:

15 “(5)(A) Concurrently with each computation or re-
16 computation under paragraph (3), the United States Post-
17 al Service shall compute the amount, as of the date of
18 the computation, that is equal to the difference between—

19 “(i) the Postal Service actuarial liability as of
20 September 30 of the preceding fiscal year; and

21 “(ii) the value of the assets of the Postal Serv-
22 ice Retiree Health Benefits Fund as of September
23 30 of the preceding fiscal year.

24 “(B) If the United States Postal Service disposes of
25 any property owned or leased by the United States Postal

1 Service, and, based on the most recent computation under
2 subparagraph (A), the amount described in clause (i) of
3 that subparagraph is greater than the amount described
4 in clause (ii) of that subparagraph, the United States
5 Postal Service shall pay into the Fund the lesser of—

6 “(i) the amount of net profit to the United
7 States Postal Service resulting from the disposal of
8 property (as determined by the Postal Regulatory
9 Commission); or

10 “(ii) the amount computed under subparagraph
11 (A).

12 “(C) The United States Postal Service shall make
13 each payment required under subparagraph (B) without
14 regard to whether the United States Postal Service has
15 completed the annual installment payments required
16 under paragraph (4)(B)(ii), as scheduled under paragraph
17 (3)(A).

18 “(6) Computations under this subsection shall be
19 based on—

20 “(A) economic and actuarial methods and as-
21 sumptions consistent with the methods and assump-
22 tions used in determining the Postal surplus or sup-
23 plemental liability under section 8348(h); and

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

4 “(7)(A) The Office shall provide to the United States
5 Postal Service any data necessary for computations under
6 this subsection.

7 “(B) Upon computing an amount or schedule under
8 this subsection for a fiscal year, the United States Postal
9 Service shall provide the data used for the computation
10 to the Postal Regulatory Commission for review of the
11 computation.

12 “(C) Not later than 30 days after receiving data from
13 the United States Postal Service under subparagraph (B),
14 the Postal Regulatory Commission, in consultation with
15 the United States Postal Service, shall—

16 “(i) determine whether the amount or schedule
17 was computed in accordance with this subsection;

18 “(ii) if the amount or schedule was computed in
19 accordance with this subsection, submit to the Office
20 a certification that the amount or schedule is the de-
21 finitive amount or schedule for that fiscal year; and

22 “(iii) if the amount or schedule was not com-
23 puted in accordance with this subsection, request
24 that the Office recompute the amount or schedule.

1 “(D)(i) Not later than 30 days after receiving a re-
2 quest from the Postal Regulatory Commission under sub-
3 paragraph (C)(iii), the Office shall recompute the amount
4 or schedule.

5 “(ii) If the Office recomputes an amount or schedule
6 under clause (i), the recomputed amount or schedule shall
7 be the definitive amount or schedule for that fiscal year
8 for purposes of this subsection.”; and

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

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

12 “(A) the net present value of future payments
13 required to be paid from the Postal Service Retiree
14 Health Benefits Fund under section
15 8906(g)(2)(A)(ii)(I) for current and future United
16 States Postal Service annuitants; and

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

20 “(10) For purposes of computing an amount under
21 paragraph (1) or (9)(A), section 8906(g)(2)(A)(ii)(I) shall
22 be applied as though ‘up to the amount contained in the
23 Fund’ were struck.”.

24 (c) CANCELLATION OF CERTAIN UNPAID OBLIGA-
25 TIONS OF THE POSTAL SERVICE.—Any obligation of the

1 Postal Service under section 8909a(d)(3)(A) of title 5,
2 United States Code, as in effect on the day before the date
3 of enactment of this Act, that remains unpaid as of such
4 date of enactment is canceled.

5 (d) ONE-TIME TRANSFER TO MEDICARE FUNDS.—

6 (1) DEFINITIONS.—In this subsection—

7 (A) the term “applicable fiscal year”
8 means the first fiscal year beginning on or after
9 October 1, 2020, in which the amount com-
10 puted under paragraph (3)(B) of section
11 8909a(d) of title 5, United States Code (as
12 amended by subsection (b)) is a surplus; and

13 (B) the term “Medicare fund” means—

14 (i) the Federal Hospital Insurance
15 Trust Fund under section 1817 of the So-
16 cial Security Act (42 U.S.C. 1395i);

17 (ii) the Federal Supplementary Med-
18 ical Insurance Trust Fund under section
19 1841 of such Act (42 U.S.C. 1395t); and

20 (iii) the Medicare Prescription Drug
21 Account under section 1860D–16 of such
22 Act (42 U.S.C. 1395w–116).

23 (2) TRANSFER REQUIRED.—Not later than 30
24 days after the date on which the schedule under
25 paragraph (3)(A) of section 8909a(d) of title 5,

1 United States Code (as amended by subsection (b))
2 in the applicable fiscal year is certified by the Com-
3 mission or recomputed by the Office of Personnel
4 Management, as applicable under paragraph (6) of
5 such section 8909a(d)—

6 (A) the Secretary of Health and Human
7 Services shall—

8 (i) estimate the amount of the in-
9 creased expenditures required from the
10 Medicare funds, including the amount re-
11 quired from each such fund, by reason of
12 the requirements under section 8903c(e) of
13 title 5, United States Code (as added by
14 section 101(a)(1) of this Act) for the 10-
15 year period beginning on the date of enact-
16 ment of this Act; and

17 (ii) notify the Secretary of the Treas-
18 ury and the Postal Service of the amount
19 estimated under clause (i); and

20 (B) the Secretary of the Treasury shall
21 transfer from the Postal Service Retiree Health
22 Benefits Fund to the Medicare funds an
23 amount equal to the amount estimated by the
24 Secretary of Health and Human Services under

1 subparagraph (A)(i), in accordance with para-
2 graph (3) of this subsection.

3 (3) DISTRIBUTION.—An amount transferred
4 under subparagraph (B) of paragraph (2) shall be
5 divided among the Medicare funds in proportion to
6 the increased expenditures required from each such
7 fund, as estimated by the Secretary of Health and
8 Human Services under subparagraph (A)(i) of that
9 paragraph.

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

14 (f) SENSE OF CONGRESS.—It is the sense of Con-
15 gress that nothing in this section or the amendments made
16 by this section is intended to establish a precedent with
17 respect to Federal employees at large, given that the Post-
18 al Service is a unique entity within the Federal Govern-
19 ment and benefits for employees of the Postal Service are
20 only partially integrated with benefits for Federal employ-
21 ees at large.

22 **SEC. 103. MEDICARE PART B PREMIUM SUBSIDY FOR**
23 **NEWLY ENROLLING POSTAL SERVICE ANNU-**
24 **ITANTS AND FAMILY MEMBERS.**

25 (a) DEFINITIONS.—In this section—

1 (1) the term “eligible individual” means a Post-
2 al Service annuitant, or a family member of a Postal
3 Service annuitant, who—

4 (A) newly enrolls in Medicare part B dur-
5 ing the open season for the initial contract year
6 pursuant to a deemed enrollment under sub-
7 section (m) of section 1837 of the Social Secu-
8 rity Act (42 U.S.C. 1395p), as added by section
9 101 of this Act; and

10 (B) is not eligible for Medicare cost-shar-
11 ing or any other subsidies for Medicare part B
12 premium payments;

13 (2) the term “initial contract year” has the
14 meaning given the term in section 8903c(a) of title
15 5, United States Code, as added by section 101 of
16 this Act;

17 (3) the term “Medicare cost-sharing” means
18 Medicare cost-sharing described in section
19 1905(p)(3)(A)(ii) of the Social Security Act (42
20 U.S.C. 1396d(p)(3)(A)(ii)) under a State plan under
21 title XIX of that Act (42 U.S.C. 1396 et seq.);

22 (4) the term “Medicare part B” means the
23 Medicare program for supplementary medical insur-
24 ance benefits under part B of title XVIII of the So-
25 cial Security Act (42 U.S.C. 1395j et seq.); and

1 (5) the term “Postal Service annuitant” has the
2 meaning given the term in section 8903c(a) of title
3 5, United States Code, as added by section 101 of
4 this Act.

5 (b) SUBSIDIES.—With respect to the monthly Medi-
6 care part B premium payments of eligible individuals (tak-
7 ing into account any adjustments, including those under
8 subsections (b) and (i) of section 1839 of the Social Secu-
9 rity Act (42 U.S.C. 1395r)), the Postal Service—

10 (1) in the initial contract year, shall subsidize
11 75 percent of the Medicare part B premium pay-
12 ments;

13 (2) in the first year after the initial contract
14 year, shall subsidize 50 percent of the Medicare part
15 B premium payments; and

16 (3) in the second year after the initial contract
17 year, shall subsidize 25 percent of the Medicare part
18 B premium payments.

19 (c) FUND.—The Postal Service shall establish a fund
20 to provide the subsidies required under subsection (b).

21 **SEC. 104. POSTAL SERVICE PENSION FUNDING REFORM.**

22 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section
23 8348(h) of title 5, United States Code, is amended—

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

1 “(B) The Office shall redetermine the Postal surplus
2 or supplemental liability as of the close of the fiscal year,
3 for each fiscal year beginning after September 30, 2016.
4 Subject to subparagraph (C), beginning June 15, 2018,
5 if the result is a surplus or a supplemental liability, the
6 Office shall establish an amortization schedule, including
7 a series of annual installments commencing on September
8 30 of the subsequent fiscal year, which provides for the
9 liquidation of the surplus or liability to the Postal Service
10 or the Fund (as the case may be) by September 30, 2043.

11 “(C) Not later than June 30, 2033, the Office shall
12 determine, and thereafter shall redetermine as necessary,
13 but not more frequently than once per year, the appro-
14 priate date by which to complete the liquidation of any
15 remaining surplus or liability determined under this para-
16 graph. The appropriate date shall be determined in ac-
17 cordance with generally accepted actuarial practices and
18 principles and shall not be later than 15 years after the
19 date on which the determination is made.”; and

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

21 “(4) For the purpose of carrying out paragraph (1),
22 for fiscal year 2017 and each fiscal year thereafter, the
23 Office shall use—

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

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

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

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

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

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

19 “(B) The United States Postal Service shall provide
20 any data or projections the Office requires in order to de-
21 termine the normal-cost percentage for employees of the
22 United States Postal Service, consistent with subpara-
23 graph (A).

24 “(C) The Office shall review the determination of the
25 normal-cost percentage for employees of the United States

1 Postal Service and make such adjustments as the Office
2 considers necessary—

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

6 “(ii) at such other times as the Office considers
7 appropriate.

8 “(6) For the purpose of carrying out subsection
9 (b)(1)(B), and consistent with paragraph (5), for fiscal
10 year 2017, and each fiscal year thereafter, the Office shall
11 use—

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

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

19 (2) in subsection (b)—

20 (A) by redesignating paragraph (5) as
21 paragraph (6); and

22 (B) by inserting after paragraph (4) the
23 following:

24 “(5)(A) In this paragraph, the term ‘postal funding
25 surplus’ means the amount by which the amount of the

1 supplemental liability computed under paragraph (1)(B)
2 is less than zero.

3 “(B) If the amount of supplemental liability com-
4 puted under paragraph (1)(B) as of the close of any fiscal
5 year after the date of enactment of the Postal Service Re-
6 form Act of 2018 is less than zero, the Office shall estab-
7 lish an amortization schedule, including a series of equal
8 annual installments that—

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

12 “(ii) shall be transferred to the Postal Service
13 Fund.”.

14 **SEC. 105. SUPERVISORY AND OTHER MANAGERIAL ORGANI-**
15 **ZATIONS.**

16 Not later than 3 years after the date of enactment
17 of this Act, the Inspector General of the Postal Service
18 shall submit to Congress a report on compliance by the
19 Postal Service with outcomes of consultative discussions
20 under section 1004(e) of title 39, United States Code, held
21 with postal management organizations on changes in, or
22 termination of, pay policies and schedules and fringe ben-
23 efit programs for members of the postal management or-
24 ganization, including changes in, or termination of, poli-

1 cies governing pay-for-performance systems covering su-
2 pervisory and management employees.

3 **SEC. 106. RIGHT OF APPEAL TO MERIT SYSTEMS PROTEC-**
4 **TION BOARD.**

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

7 “(I) is an employee of the Postal Service
8 or the Office of the Inspector General who is
9 not represented by a bargaining representative
10 recognized under section 1203; and”.

11 **TITLE II—POSTAL SERVICE**
12 **OPERATIONS REFORM**

13 **SEC. 201. GOVERNANCE REFORM.**

14 (a) BOARD OF GOVERNORS.—

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

17 **“§ 202. Board of Governors**

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

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

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

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

6 “(4) set the strategic direction of postal oper-
7 ations and approve the pricing and product strategy
8 for the Postal Service;

9 “(5) set the compensation of the Postmaster
10 General and the Deputy Postmaster General in ac-
11 cordance with private sector best practices, as deter-
12 mined by the Governors pursuant to section 3686;
13 and

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

16 “(b) APPOINTMENT; PAY.—

17 “(1) IN GENERAL.—The Governors shall be ap-
18 pointed by the President, by and with the advice and
19 consent of the Senate, not more than 3 of whom
20 may be adherents of the same political party. The
21 Governors shall elect a Chair from among their
22 members. The Governors shall represent the public
23 interest generally, and shall be chosen solely on the
24 basis of their experience in the field of public admin-
25 istration, law, or accounting, or on their dem-

1 onstrated ability in managing organizations or cor-
2 porations (in either the public or private sector) of
3 substantial size, except that at least 3 of the Gov-
4 ernors shall be chosen solely on the basis of their
5 demonstrated ability in managing organizations or
6 corporations (in either the public or private sector)
7 that employ at least 10,000 employees. The Gov-
8 ernors shall not be representatives of specific inter-
9 ests using the Postal Service, and may be removed
10 only for cause.

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

19 “(3) CONSULTATION.—In selecting the individ-
20 uals described in paragraph (1) for nomination for
21 appointment to the position of Governor, the Presi-
22 dent should consult with the Speaker of the House
23 of Representatives, the minority leader of the House
24 of Representatives, the majority leader of the Sen-
25 ate, and the minority leader of the Senate.

1 “(c) TERMS OF GOVERNORS.—

2 “(1) IN GENERAL.—The terms of the 5 Gov-
3 ernors shall be 7 years, except that the terms of the
4 5 Governors first taking office shall expire as des-
5 ignated by the President at the time of appointment,
6 1 at the end of 1 year, 1 at the end of 2 years, 1
7 at the end of 3 years, 1 at the end of 4 years, and
8 1 at the end of 5 years, following the appointment
9 of the first of them. Any Governor appointed to fill
10 a vacancy before the expiration of the term for
11 which the Governor’s predecessor was appointed
12 shall serve for the remainder of such term. A Gov-
13 ernor may continue to serve after the expiration of
14 the Governor’s term until such Governor’s successor
15 has qualified, but not to exceed one year.

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

18 “(d) STAFF.—The Chair of the Board of Governors
19 shall ensure that the Board has appropriate independent
20 staff to carry out the roles and responsibilities of the
21 Board and the Governors.”.

22 (2) APPLICATION.—Any individual serving as a
23 Governor on the Board of Governors of the Postal
24 Service on the date of enactment of this Act shall
25 continue to serve as a Governor until the term appli-

1 cable to such individual expires (as determined
2 under section 202(b) of title 39, United States Code,
3 as in effect before the amendments made by this
4 section take effect pursuant to subsection (g)).

5 (b) POSTMASTER GENERAL.—

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

8 **“§ 203. Postmaster General**

9 “(a) IN GENERAL.—The chief executive officer of the
10 Postal Service is the Postmaster General, appointed pur-
11 suant to section 202(a)(2). The alternate chief executive
12 officer of the Postal Service is the Deputy Postmaster
13 General, appointed pursuant to section 202(a)(3).

14 “(b) POWERS.—Consistent with the requirements of
15 this title, the exercise of the power of the Postal Service
16 shall be vested in the Governors and carried out by the
17 Postmaster General in a manner consistent with the stra-
18 tegic direction and pricing and product strategy approved
19 by the Governors. The Postmaster General shall, in ac-
20 cordance with bylaws determined appropriate by the
21 Board, consult with the Governors and the Deputy Post-
22 master General in carrying out such power.”.

23 (2) CONFORMING AMENDMENT.—The item re-
24 lating to section 203 in the table of sections for

1 chapter 2 of title 39, United States Code, is amend-
2 ed to read as follows:

“203. Postmaster General.”.

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

6 **“§ 205. Procedures of the Board of Governors and the**
7 **Governors**

8 “(a) VACANCIES.—Vacancies in the Board shall not
9 impair the powers of the Board or the Governors under
10 this title.

11 “(b) VOTE.—The Board and the Governors shall act
12 upon majority vote of those members who are present,
13 subject to such quorum requirements as the Board and
14 the Governors may respectively establish.

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

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

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” each place the term 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 sserting “**Establishment of rates and**
3 **classes of competitive products**”;

4 (B) by striking subsection (a) and redesign-
5 ating subsections (b) and (c) as subsections
6 (a) and (b), 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” each place
20 the term appears and inserting “the Postal
21 Service”; and

22 (9) in the table of sections for chapter 36, by
23 striking the item relating to section 3632 and insert-
24 ing the following:

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

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

4 **SEC. 202. MODERNIZING POSTAL RATES.**

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

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

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

11 (B) in paragraph (3)—

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

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

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

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

22 (E) in paragraph (9), by inserting “(and to
23 ensure appropriate levels of transparency)” be-
24 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 the collection,
25 mode of transportation, and priority of delivery.

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

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

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

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

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

23 “(12) The importance of providing classifica-
24 tions with extremely high degrees of reliability and
25 speed of delivery and of providing those that do not

1 require high degrees of reliability and speed of deliv-
2 ery.

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

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

13 “(B) do not cause—

14 “(i) unfair competitive advantage for
15 the Postal Service or postal users eligible
16 for the agreements; or

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

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

21 “(15) The need for the Postal Service to in-
22 crease its efficiency and reduce its costs, including
23 infrastructure costs, to help maintain high quality,
24 affordable postal services.

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

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

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

9 (3) REQUIREMENTS.—Section 3622(d) of title
10 39, United States Code, is amended—

11 (A) in paragraph (1)—

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

15 (ii) in subparagraph (F) (as redesign-
16 dated by clause (i)) by striking “subpara-
17 graphs (A) and (C)” and inserting “sub-
18 paragraphs (A) and (D)”;

19 (iii) by inserting after subparagraph
20 (A) the following:

21 “(B) subject to paragraph (4), establish
22 postal rates for each group of functionally
23 equivalent agreements between the Postal Serv-
24 ice 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);” and

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

7 “(4) GROUP OF FUNCTIONALLY EQUIVALENT
8 AGREEMENTS DEFINED.—For purposes of para-
9 graph (1)(B), a group of functionally equivalent
10 agreements shall consist of all service agreements
11 that are functionally equivalent to each other within
12 the same market-dominant product, but shall not in-
13 clude agreements within an experimental product.”.

14 (4) TECHNICAL AND CONFORMING AMEND-
15 MENTS.—Section 3622 of title 39, United States
16 Code, is amended—

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

20 (B) in subsection (d)(1)(D) (as redesign-
21 nated by paragraph (3)(A)), by striking
22 “(c)(10)” and inserting “(c)(13)”.

23 (b) USE OF NEGOTIATED SERVICE AGREEMENTS.—

24 (1) STREAMLINED REVIEW OF QUALIFYING
25 SERVICE AGREEMENTS FOR COMPETITIVE PROD-

1 UCTS.—Section 3633 of title 39, United States
2 Code, is amended by adding at the end the fol-
3 lowing:

4 “(c) STREAMLINED REVIEW.—Not later than 90
5 days after the date of enactment of this subsection, after
6 notice and opportunity for comment, the Postal Regu-
7 latory Commission shall promulgate (and may from time
8 to time thereafter revise) regulations for streamlined
9 after-the-fact review of newly proposed agreements be-
10 tween the Postal Service and users of the mail that provide
11 rates not of general applicability for competitive products.
12 Streamlined review shall apply only if agreements are
13 functionally equivalent to existing agreements that have
14 collectively covered attributable costs and collectively im-
15 proved the net financial position of the Postal Service. The
16 regulations issued under this subsection shall provide that
17 streamlined review shall be concluded not later than 5
18 business days after the date on which the agreement is
19 filed with the Commission and shall be limited to approval
20 or disapproval of the agreement as a whole based on the
21 Commission’s determination of its functional equivalence.
22 Agreements not approved may be resubmitted without
23 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 Postal Service considers
11 eligible for streamlined review under section 3633(c),
12 the Postal Service shall cause the agreement to be
13 filed with the Postal Regulatory Commission by a
14 date that is on or before the effective date of any
15 new rate established under the agreement, as the
16 Postal Service considers appropriate.”.

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

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

23 (i) by redesignating subsections (c),
24 (d), and (e) as subsections (d), (e), and (f),
25 respectively; and

1 (ii) by inserting after subsection (b)
2 the following:

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

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

10 “(A) cover costs attributable; and

11 “(B) improve the net financial position of
12 the Postal Service.

13 “(2) NONCOMPLIANCE.—Any group of function-
14 ally equivalent agreements not meeting the require-
15 ments under subparagraphs (A) and (B) of para-
16 graph (1) shall be determined to be in noncompli-
17 ance under this subsection.

18 “(3) DEFINITION.—For purposes of this sub-
19 section, a group of functionally equivalent agree-
20 ments shall consist of 1 or more service agreements
21 that are functionally equivalent to each other within
22 the same market-dominant or competitive product,
23 but shall not include agreements within an experi-
24 mental product.”.

1 (B) TECHNICAL AMENDMENT.—Section
2 3653(d) of title 39, United States Code (as re-
3 designated by subparagraph (A)), is amended
4 by striking “subsections (c) and (e)” and in-
5 serting “subsections (c) and (d)”.

6 **SEC. 203. NONPOSTAL SERVICES.**

7 (a) NONPOSTAL SERVICES.—

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

11 **“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.

12 **“§ 3701. Purpose**

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

19 **“§ 3702. Definitions**

20 “In this chapter—

1 “(1) the term ‘attributable costs’ has the mean-
2 ing given the term ‘costs attributable’ in section
3 3631;

4 “(2) the term ‘nonpostal service’ means a serv-
5 ice offered by the Postal Service that—

6 “(A) is expressly authorized under this
7 chapter; and

8 “(B) is not a postal product or service; and

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

10 **“§ 3703. Postal Service program for State govern-**
11 **ments**

12 “(a) IN GENERAL.—Notwithstanding any other pro-
13 vision of this title, the Postal Service may establish a pro-
14 gram to enter into agreements with an agency of any State
15 government, local government, or tribal government to
16 provide property and services on behalf of such agencies
17 for non-commercial products and services (referred to in
18 this section as the ‘program’), but only if such property
19 and services—

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

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

1 “(A) the cost and efficiency of postal serv-
2 ices; and

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

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

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

14 “(1) the agreement with the agency regarding
15 such service; and

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

23 “(c) PUBLIC COMMENT.—Before offering a service
24 under the program, the Postal Service shall provide for
25 a public comment period of at least 30 days that allows

1 the public to post comments relating to the provision of
2 such services on the Postal Service website. The Postal
3 Service shall make reasonable efforts to provide written
4 responses to the comments on such website at least 30
5 days before offering such services.

6 “(d) APPROVAL REQUIRED.—The Postal Service may
7 not establish the program unless a majority of the Gov-
8 ernors in office vote to approve the program by a recorded
9 vote that is publicly disclosed on the Postal Service
10 website.

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

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

24 “(g) DEFINITIONS.—For the purpose of this sec-
25 tion—

1 “(1) the term ‘local government’ means a coun-
2 ty, municipality, city, town, township, local public
3 authority, school district, special district, intrastate
4 district, council of governments, or regional or inter-
5 state government entity;

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

12 “(3) the term ‘tribal government’ means the
13 government of an Indian tribe, as that term is de-
14 fined in section 4 of the Indian Self-Determination
15 and Education Assistance Act (25 U.S.C. 5304);
16 and

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

1 “(h) CONFIDENTIAL INFORMATION.—Subsection (b)
2 or (c) shall not be construed as requiring the Postal Serv-
3 ice to disclose to the public any information—

4 “(1) described in section 410(c); or

5 “(2) exempt from public disclosure under sec-
6 tion 552(b) of title 5.

7 **“§ 3704. Postal Service program for other Govern-**
8 **ment agencies**

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

17 “(b) APPLICATION OF REPORTING REQUIRE-
18 MENTS.—For purposes of the reporting requirements
19 under section 3705, the Postal Service shall submit a sep-
20 arate report for each agreement with an agency entered
21 into under subsection (a) of this section analyzing the
22 costs, revenues, rates, and quality of service for the provi-
23 sion of all services under such agreement, including infor-
24 mation demonstrating that the agreement satisfies the re-
25 quirements of such subsection (a).

1 **“§ 3705. Transparency and accountability for non-**
2 **postal services**

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

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

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

19 “(b) CONTENT AND FORM OF REPORT.—

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

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

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

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

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

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

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

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

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

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

5 “(d) CONFIDENTIAL INFORMATION.—

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

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

1 “(e) ANNUAL COMPLIANCE DETERMINATION.—

2 “(1) OPPORTUNITY FOR PUBLIC COMMENT.—

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

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

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

10 “(2) DETERMINATION OF COMPLIANCE OR NON-
11 COMPLIANCE.—Not later than 90 days after receiving
12 a report required under subsection (a), the Postal
13 Regulatory Commission shall make a written determination
14 as to whether the nonpostal activities
15 carried out during the applicable year were or were
16 not in compliance with the provisions of this chapter.
17 For purposes of this paragraph, any case in which
18 the requirements for coverage of attributable costs
19 have not been met shall be considered to be a case
20 of noncompliance. If, with respect to a year, no instance
21 of noncompliance is found to have occurred,
22 the determination shall be to that effect. Such determination
23 of noncompliance shall be included with the
24 annual compliance determination required under section
25 3653.

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

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

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

4 (2) TECHNICAL AND CONFORMING AMEND-
 5 MENT.—The table of chapters for part IV of title
 6 39, United States Code, is amended by inserting
 7 after the item relating to chapter 36 the following:
 “37. Nonpostal services 3701”.

8 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

1 “(7) Nothing in this section shall be construed to pre-
2 vent the Postal Service from establishing nonpostal prod-
3 ucts and services that are expressly authorized by chapter
4 37.”.

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

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

18 **SEC. 204. SHIPPING OF WINE, BEER, AND DISTILLED SPIR-**

19 **ITS.**

20 (a) MAILABILITY.—

21 (1) NONMAILABLE ARTICLES.—Section 1716(f)
22 of title 18, United States Code, is amended by strik-
23 ing “mails” and inserting “mails, except to the ex-
24 tent that the mailing is allowable under section
25 3001(p) of title 39”.

1 (2) APPLICATION OF LAWS.—Section 1161 of
2 title 18, United States Code, is amended by insert-
3 ing “, and, with respect to the mailing of distilled
4 spirits, wine, or malt beverages (as those terms are
5 defined in section 117 of the Federal Alcohol Admin-
6 istration Act (27 U.S.C. 211)), is in conformity with
7 section 3001(p) of title 39” after “Register”.

8 (b) REGULATIONS.—Section 3001 of title 39, United
9 States Code, is amended by adding at the end the fol-
10 lowing:

11 “(p)(1) In this subsection, the terms ‘distilled spirits’,
12 ‘wine’, and ‘malt beverage’ have the same meanings as in
13 section 117 of the Federal Alcohol Administration Act (27
14 U.S.C. 211).

15 “(2) Distilled spirits, wine, or malt beverages shall
16 be considered mailable if mailed—

17 “(A) in accordance with the laws and regula-
18 tions of—

19 “(i) the State, territory, or district of the
20 United States where the sender or duly author-
21 ized agent initiates the mailing; and

22 “(ii) the State, territory, or district of the
23 United States where the addressee or duly au-
24 thorized agent takes delivery; and

1 “(B) to an addressee who is at least 21 years
2 of age—

3 “(i) who provides a signature and presents
4 a valid, government-issued photo identification
5 upon delivery; or

6 “(ii) the duly authorized agent of whom—

7 “(I) is at least 21 years of age; and

8 “(II) provides a signature and pre-
9 sents a valid, government-issued photo
10 identification upon delivery.

11 “(3) The Postal Service shall prescribe such regula-
12 tions as may be necessary to carry out this subsection.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall take effect on the earlier of—

15 (1) the date on which the Postal Service issues
16 regulations under section 3001(p) of title 39, United
17 States Code, as amended by this section; and

18 (2) the date that is 120 days after the date of
19 enactment of this Act.

20 (d) NO PREEMPTION OF STATE, LOCAL, OR TRIBAL
21 LAWS PROHIBITING DELIVERIES, SHIPMENTS, OR
22 SALES.—Nothing in this section, the amendments made
23 by this section, or any regulation promulgated under this
24 section or the amendments made by this section shall be
25 construed to preempt, supersede, or otherwise limit or re-

1 strict any State, local, or tribal law that prohibits or regu-
2 lates the delivery, shipment, or sale of distilled spirits,
3 wine, or malt beverages (as those terms are defined in sec-
4 tion 117 of the Federal Alcohol Administration Act (27
5 U.S.C. 211)).

6 **SEC. 205. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL**
7 **SERVICE.**

8 (a) CONDITIONS REGARDING DETERMINATIONS FOR
9 POST OFFICE CLOSINGS.—Clause (i) of section
10 404(d)(2)(A) of title 39, United States Code, is amended
11 to read as follows:

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

15 “(I) the distance (as measured by
16 public roads) to the closest postal retail fa-
17 cility not proposed for closing or consolida-
18 tion under the determination;

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

21 “(III) whether commercial mobile
22 service (as defined in section 332 of the
23 Communications Act of 1934) and com-
24 mercial mobile data service (as defined in
25 section 6001 of the Middle Class Tax Re-

1 lief and Job Creation Act of 2012) are
2 available in at least 80 percent of the total
3 geographic area of the ZIP codes served by
4 the postal retail facility proposed for clos-
5 ing or consolidation; and

6 “(IV) whether fixed broadband Inter-
7 net access service is available to households
8 in at least 80 percent of such geographic
9 area at speeds not less than those suffi-
10 cient for service to be considered
11 broadband for purposes of the most recent
12 report of the Federal Communications
13 Commission under section 706 of the Tele-
14 communications Act of 1996 (47 U.S.C.
15 1302);”.

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

18 (1) DEADLINE FOR REVIEW.—Section
19 404(d)(5) title 39, United States Code, is amended
20 by striking “120 days” and inserting “60 days, or
21 a longer period for good cause shown but in no event
22 longer than 120 days,”.

23 (2) APPLICABILITY.—The amendment made by
24 paragraph (1) shall not apply with respect to an ap-
25 peal received by the Commission before the date of

1 enactment of this Act (as determined by applying
2 the rules set forth in section 404(d)(6) of such title).

3 (c) EXPEDITED PROCEDURES.—

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

7 “(d)(1) The Commission shall issue its opinion within
8 90 days, or a longer period for good cause shown but in
9 no event longer than 120 days, after the receipt of any
10 proposal (as referred to in subsection (b)) concerning an
11 identical or substantially identical proposal on which the
12 Commission has issued an opinion within the preceding
13 5 years.

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

18 (2) REGULATIONS.—The Commission shall pre-
19 scribe any regulations necessary to carry out the
20 amendment made by paragraph (1) within 90 days
21 after the date of enactment of this Act.

22 (3) APPLICABILITY.—The amendment made by
23 this subsection shall apply with respect to any pro-
24 posal received by the Commission on or after the
25 earlier of—

1 (A) the date that is 90 days after the date
2 of enactment of this Act; or

3 (B) the effective date of the regulations
4 prescribed under paragraph (2).

5 (d) ALTERNATE POSTAL ACCESS CHOICE.—Section
6 404(d) of title 39, United States Code, is amended by
7 striking paragraph (1) and inserting the following:

8 “(1) Prior to making a determination under
9 subsection (a)(3) as to the necessity for the closing
10 or consolidation of a post office—

11 “(A) the Postal Service shall provide ade-
12 quate notice of its intention to close or consoli-
13 date the post office not later than 60 days be-
14 fore the proposed date of the closing or consoli-
15 dation to postal patrons served by the post of-
16 fice;

17 “(B) the Postal Service shall conduct a
18 nonbinding survey on the proposed closing or
19 consolidation to allow postal patrons served by
20 the post office an opportunity to indicate their
21 preference between or among—

22 “(i) the closing or consolidation; and

23 “(ii) 1 or more alternative options;

24 and

1 “(C) if the Postal Service determines that
2 closing or consolidating the post office is nec-
3 essary—

4 “(i) the Postal Service shall endeavor
5 to provide alternative access to postal serv-
6 ices to the postal patrons served by the
7 post office by the option chosen by the
8 highest number of survey respondents
9 under subparagraph (B)(ii); and

10 “(ii) if the Postal Service is unable to
11 provide alternative access through the op-
12 tion identified under clause (i), or if that
13 option is cost prohibitive—

14 “(I) the Postal Service may pro-
15 vide alternative access through a dif-
16 ferent method; and

17 “(II) upon selecting an alter-
18 native access method other than the
19 option identified under clause (i), the
20 Postal Service shall provide written
21 notice to the postal patrons served by
22 the post office identifying the alter-
23 native access method and explaining
24 why the option identified under clause

1 (i) was not possible or was cost pro-
2 hibitive.”.

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

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

8 “(7) For purposes of this subsection, the term ‘post
9 office’ means a post office and any other postal retail facil-
10 ity, as defined in section 3 of the Postal Service Reform
11 Act of 2018.”.

12 (2) EFFECTIVE DATE.—In the case of any post
13 office, as defined in subsection (d) of section 404 of
14 title 39, United States Code, as amended by para-
15 graph (1), that, but for that amendment, would not
16 otherwise be subject to such subsection (d), the
17 amendments made by subsections (a) and (d) of this
18 section shall be effective with respect to any closure
19 or consolidation, the proposed effective date of which
20 occurs on or after the date that is 60 days after the
21 date of enactment of this Act.

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

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

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

5 (3) by inserting after paragraph (2) the fol-
6 lowing:

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

12 (g) POSTPLAN STUDY.—

13 (1) IN GENERAL.—Beginning not later than 30
14 days after the date of enactment of this Act, the In-
15 spector General of the Postal Service shall conduct
16 a 1-year review of the impacts of the POSTPlan
17 post office restructuring plan on Postal Service ex-
18 penses, revenue, and retail service provision.

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

22 (A) changes in the costs for the provision
23 of Postal Service operated retail service, both
24 nationwide and in the aggregate for each of the
25 Level 2, Level 4, Level 6, and Level 18 post of-

1 fices for which the hours, functions, or respon-
2 sibilities changed as a result of the POSTPlan
3 initiative before and after the implementation of
4 the POSTPlan initiative;

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

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

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

23 (E) any other factors the Inspector Gen-
24 eral determines appropriate.

1 (3) REPORT AND RECOMMENDATIONS.—Upon
2 completion of the review required under paragraph
3 (1), the Inspector General shall submit to the Postal
4 Service, the Committee on Homeland Security and
5 Governmental Affairs of the Senate, and the Com-
6 mittee on Oversight and Government Reform of the
7 House of Representatives a report containing—

8 (A) the results of the review; and

9 (B) any recommendations resulting from
10 such review.

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

15 (A) review the report and any rec-
16 ommendations submitted pursuant to para-
17 graph (3); and

18 (B) revise any planned efforts regarding
19 the POSTPlan initiative, as appropriate.

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

21 Section 404a(a) of title 39, United States Code, is
22 amended—

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

1 (2) in paragraph (3), by striking the period at
2 the end and inserting “; or”; and

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

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

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

10 (a) ESTABLISHMENT OF RATE BASELINE.—Notwith-
11 standing any order of the Commission to the contrary—

12 (1) not earlier than the first Sunday after the
13 date of enactment of this Act, on a date selected by
14 the Postmaster General in the exercise of the Post-
15 master General’s unreviewable discretion, the Postal
16 Service shall reinstate, as nearly as is practicable, 50
17 percent of the rate surcharge implemented under
18 section 3622(d)(1)(F) (as redesignated by this Act)
19 that was in effect on April 9, 2016; and

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

1 (b) SUBSEQUENT RATE INCREASES.—The reinstatement described under subsection (a)(1) may not affect the calculation of the Postal Service’s maximum rate adjustment authority under subpart C of part 3010 of title 39, Code of Federal Regulations (or any successor regulation), for purposes of any rate increase that occurs following such reinstatement.

2 (c) COMMISSION REVIEW OF SYSTEM FOR REGULATING RATES AND CLASSES FOR MARKET-DOMINANT PRODUCTS.—

3 (1) DEFINITIONS.—In this subsection—

4 (A) the term “initial rate regulation review” means the proceeding conducted under the order of the Commission entitled, “Statutory Review of the System for Regulating Market Dominant Rates and Classifications” (81 Fed. Reg. 9507 (December 20, 2016)); and

5 (B) the term “underwater product” means a market-dominant class, product, or type of mail service that does not bear the direct and indirect costs attributable to that class, product, or type of mail service under current costing procedures.

6 (2) UNDERWATER PRODUCTS STUDY.—Not later than 120 days after the date of enactment of

1 this Act, the Commission, without delaying comple-
2 tion of the initial rate regulation review, shall begin
3 a study, in conjunction with the Inspector General
4 of the Postal Service and including notice and op-
5 portunity for public comment, to—

6 (A) determine whether and to what extent
7 any market-dominant classes, products, or types
8 of mail service are underwater products;

9 (B) quantify the impact of any operational
10 decisions of the Postal Service on the direct and
11 indirect costs attributable to any underwater
12 products identified under subparagraph (A);
13 and

14 (C) determine whether any operational de-
15 cisions of the Postal Service have caused any
16 direct or indirect costs to be inappropriately at-
17 tributed to any underwater product identified
18 under subparagraph (A).

19 (3) ADDITIONAL CONSIDERATIONS.—

20 (A) IN GENERAL.—Except as provided in
21 paragraph (4), the Commission shall supple-
22 ment and modify, as appropriate, the record of
23 proceedings in the initial rate regulation review,
24 taking into account the provisions of this Act

1 and the amendments made by this Act, before
2 making a determination to—

3 (i) modify the system for regulating
4 rates and classes for market-dominant
5 products established under section 3622 of
6 title 39, United States Code; or

7 (ii) adopt an alternative system for
8 regulating rates and classes for market-
9 dominant products.

10 (B) MINIMUM CONSIDERATIONS.—In
11 supplementing or modifying the record under
12 subparagraph (A)—

13 (i) the Commission shall, at a min-
14 imum, recalculate the projected liabilities
15 of the Postal Service by reason of the re-
16 quirements under section 8903c(e) of title
17 5, United States Code (as added by section
18 101(a)(1) of this Act) (requiring Medicare-
19 eligible postal annuitants enrolled in the
20 Postal Service Health Benefits Program to
21 also enroll in Medicare); and

22 (ii) if the Commission determines that
23 other provisions of this Act or the amend-
24 ments made by this Act reduce liabilities
25 or increase revenues of the Postal Service,

1 the Commission shall incorporate those
2 changes into the calculations of the Com-
3 mission.

4 (C) CONSIDERATION OF UNDERWATER
5 PRODUCTS STUDY.—After completing any sup-
6 plementation and modification of the record
7 under subparagraph (A) of this paragraph and
8 quantifying the impact of operational decisions
9 under paragraph (2)(B), the Commission
10 shall—

11 (i) take into account the impact quan-
12 tified under paragraph (2)(B) and modify,
13 if appropriate, the record under subpara-
14 graph (A) of this paragraph;

15 (ii) incorporate the findings of the
16 study under paragraph (2) into any subse-
17 quent adjustment to rates for underwater
18 products identified under subparagraph
19 (A) of that paragraph; and

20 (iii)(I) account for the cultural and in-
21 formational value that underwater prod-
22 ucts identified under paragraph (2)(A)
23 have to the mail; and

24 (II) recognize that—

1 (aa) the services provided by the
2 Postal Service have changed over
3 time; and

4 (bb) the timely delivery of the
5 underwater products identified under
6 paragraph (2)(A) impacts the overall
7 value of those products.

8 (4) SUBSEQUENT REVIEW REQUIRED IF INITIAL
9 REVIEW COMPLETED BEFORE ENACTMENT.—If, on
10 or before the date of enactment of this Act, the
11 Commission completes the initial rate regulation re-
12 view, the Commission—

13 (A) shall determine whether to—

14 (i) further modify the system for reg-
15 ulating rates and classes for market-domi-
16 nant products established under section
17 3622 of title 39, United States Code; or

18 (ii) adopt an alternative system for
19 regulating rates and classes for market-
20 dominant products; and

21 (B) in making the determination under
22 subparagraph (A), shall—

23 (i) take into account the provisions of
24 this Act and the amendments made by this
25 Act;

1 (ii) comply with the requirements
2 under clauses (i) and (ii) of paragraph
3 (3)(B); and

4 (iii) take into account, and incor-
5 porate into any adjustment to rates for un-
6 derwater products identified under sub-
7 paragraph (A) of paragraph (2), the im-
8 pact quantified under subparagraph (B) of
9 that paragraph.

10 (5) APPLICATION OF NEW RATES TO UNDER-
11 WATER PRODUCTS.—

12 (A) IN GENERAL.—If the Commission
13 modifies the system for regulating rates and
14 classes for market-dominant products estab-
15 lished under section 3622 of title 39, United
16 States Code, or adopts an alternative system
17 for regulating rates and classes for market-
18 dominant products, the Commission—

19 (i) may not apply any new rates under
20 the modified or alternative system to un-
21 derwater products until the Commission
22 has—

23 (I) completed the study under
24 paragraph (2); and

1 (II) complied with subparagraph
2 (C) of paragraph (3); and
3 (ii) in order to offer as many under-
4 water products as possible for as long as
5 possible, shall establish a process to gradu-
6 ally phase in the application of any new
7 rates to underwater products.

8 (B) RETROACTIVE APPLICABILITY.—If, be-
9 fore the date of enactment of this Act, the
10 Commission modifies the system for regulating
11 rates and classes for market-dominant products
12 established under section 3622 of title 39,
13 United States Code, or adopts an alternative
14 system for regulating rates and classes for mar-
15 ket-dominant products, the Commission—

16 (i) shall, effective 90 days after the
17 date of enactment of this Act, apply the
18 rates for underwater products that were in
19 effect on the day before the date on which
20 the modified or alternative system took ef-
21 fect; and

22 (ii) before applying the rates under
23 the modified or alternative system to un-
24 derwater products, shall comply with sub-
25 paragraph (A).

1 (C) RULE OF CONSTRUCTION.—Nothing in
2 this paragraph shall be construed to affect the
3 requirement under subsection (a) relating to re-
4 instatement of the rate surcharge that was in
5 effect on April 9, 2016, including with respect
6 to underwater products.

7 (d) POSTAL REGULATORY COMMISSION AUTHORITY
8 NOT AFFECTED.—Nothing in this section (other than
9 subsection (c)) shall be construed as affecting the author-
10 ity of the Commission to, by regulation, make such modi-
11 fication or adopt such alternative system for regulating
12 rates and classes for market-dominant products as pro-
13 vided under section 3622 of title 39, United States Code.

14 **SEC. 208. REVIEW OF POSTAL SERVICE COST ATTRIBUTION**
15 **GUIDELINES.**

16 Not later than April 1, 2019, the Commission shall
17 initiate a review of the regulations issued pursuant to sec-
18 tions 3633(a) and 3652(a)(1) of title 39, United States
19 Code, to determine whether revisions are appropriate to
20 ensure that all direct and indirect costs attributable to
21 competitive and market-dominant products are properly
22 attributed to those products, including by considering the
23 underlying methodologies in determining cost attribution
24 and considering options to revise such methodologies. If
25 the Commission determines, after notice and opportunity

1 for public comment, that revisions are appropriate, the
2 Commission shall make modifications or adopt alternative
3 methodologies as necessary.

4 **SEC. 209. AVIATION SECURITY FOR PARCELS.**

5 Not later than 18 months after the date of enactment
6 of this Act, the Inspector General of the Postal Service
7 shall transmit to the Committee on Oversight and Govern-
8 ment Reform of the House of Representatives and the
9 Committee on Homeland Security and Governmental Af-
10 fairs of the Senate the results of a review of the security
11 measures in place for parcels carried on air carriers to
12 domestic and international destinations for which audit
13 trails are generated. The review required under this sub-
14 section shall assess, at a minimum—

15 (1) the effectiveness of the audit trail created
16 by postage evidencing systems that have been vali-
17 dated under the Federal Information Processing
18 Standards in accurately and consistently identifying
19 the senders of parcels carried on air carriers;

20 (2) the effectiveness of the Postal Service's in-
21 person identity verification procedures in accurately
22 and consistently identifying the senders of parcels
23 carried on air carriers; and

24 (3) the effectiveness of the audit trail generated
25 by customs declarations in accurately and consist-

1 a plan describing the actions the Postal Service
2 intends to take to achieve long-term solvency.

3 (B) DATE.—The date described in this
4 subparagraph is the later of—

5 (i) the date that is 90 days after the
6 date of enactment of this Act; and

7 (ii) the earliest date as of which the
8 Board of Governors has the number of
9 members required for a quorum.

10 (2) CONSIDERATIONS.—The long-term solvency
11 plan shall take into account—

12 (A) the legal authority of the Postal Serv-
13 ice;

14 (B) changes in the legal authority and re-
15 sponsibilities of the Postal Service under this
16 Act and the amendments made by this Act;

17 (C) projected changes in mail volume;

18 (D) the impact of any regulations that the
19 Postal Service is required to promulgate under
20 Federal law;

21 (E) projected changes in the number of
22 employees needed to carry out the responsibil-
23 ities of the Postal Service;

24 (F) the long-term capital needs of the
25 Postal Service, including the need to maintain,

1 repair, and replace facilities and equipment;
2 and

3 (G) the distinctions between market-domi-
4 nant and competitive products.

5 (3) REVIEW AND SUBMISSION TO CONGRESS
6 AND COMMISSION.—

7 (A) REVIEW.—Upon receipt of the long-
8 term solvency plan, the Board of Governors
9 shall review the long-term solvency plan and
10 may request that the Postmaster General make
11 changes to the long-term solvency plan.

12 (B) SUBMISSION TO CONGRESS AND COM-
13 MISSION.—Not later than 60 days after initial
14 receipt of the long-term solvency plan, the
15 Board of Governors shall provide a copy of the
16 long-term solvency plan, together with a letter
17 indicating whether and in what respects the
18 Board of Governors agrees or disagrees with
19 the measures set out in the long-term solvency
20 plan, to—

21 (i) the Committee on Homeland Secu-
22 rity and Governmental Affairs of the Sen-
23 ate;

1 (ii) the Committee on Oversight and
2 Government Reform of the House of Rep-
3 resentatives; and

4 (iii) the Commission.

5 (4) UPDATES.—

6 (A) ANNUAL UPDATES REQUIRED.—The
7 Postmaster General shall update and submit to
8 the Board of Governors the long-term solvency
9 plan not less frequently than annually for 5
10 years after the date of enactment of this Act.

11 (B) REVIEW BY BOARD OF GOVERNORS.—
12 The Board of Governors shall review and sub-
13 mit to Congress and the Commission the up-
14 dates under this paragraph in accordance with
15 paragraph (3).

16 (c) ANNUAL FINANCIAL PLAN AND BUDGET.—

17 (1) IN GENERAL.—For each of the first 5 full
18 fiscal years after the date of enactment of this Act,
19 not later than August 1 of the preceding fiscal year,
20 the Postmaster General shall submit to the Board of
21 Governors a financial plan and budget for the fiscal
22 year that is consistent with the goal of achieving the
23 long-term solvency of the Postal Service.

1 (2) CONTENTS OF FINANCIAL PLAN AND BUDG-
2 ET.—The financial plan and budget for a fiscal year
3 shall—

4 (A) promote the financial stability of the
5 Postal Service and provide for progress towards
6 the long-term solvency of the Postal Service;

7 (B) include the annual budget program of
8 the Postal Service under section 2009 of title
9 39, United States Code, and the plan of the
10 Postal Service commonly referred to as the “In-
11 tegrated Financial Plan”;

12 (C) describe lump-sum expenditures by all
13 categories traditionally used by the Postal Serv-
14 ice;

15 (D) describe capital expenditures, together
16 with a schedule of projected capital commit-
17 ments and cash outlays of the Postal Service,
18 and proposed sources of funding;

19 (E) contain estimates of overall debt (both
20 outstanding and expected to be incurred);

21 (F) contain cash flow and liquidity fore-
22 casts for the Postal Service at such intervals as
23 the Board of Governors may require;

24 (G) include a statement describing meth-
25 ods of estimations and significant assumptions;

1 (H) distinguish between market-dominant
2 and competitive products, as practicable; and

3 (I) address any other issues that the
4 Board of Governors considers appropriate.

5 (3) PROCESS FOR SUBMISSION AND APPROVAL
6 OF FINANCIAL PLAN AND BUDGET.—

7 (A) DEFINITION.—In this paragraph, the
8 term “covered recipient” means—

9 (i) the Postmaster General;

10 (ii) the President;

11 (iii) the Committee on Homeland Se-
12 curity and Governmental Affairs of the
13 Senate; and

14 (iv) the Committee on Oversight and
15 Government Reform of the House of Rep-
16 resentatives.

17 (B) REVIEW BY THE BOARD OF GOV-
18 ERNORS.—

19 (i) IN GENERAL.—Upon receipt of a
20 financial plan and budget under paragraph
21 (1), the Board of Governors shall promptly
22 review the financial plan and budget.

23 (ii) ADDITIONAL INFORMATION.—In
24 conducting the review under this subpara-
25 graph, the Board of Governors may re-

1 plan and budget for a fiscal year under
2 paragraph (1) does not meet the require-
3 ments under paragraph (2) or is otherwise
4 inadequate in addressing the financial situ-
5 ation of the Postal Service, the Board of
6 Governors shall—

7 (I) disapprove the financial plan
8 and budget;

9 (II) submit to each covered re-
10 cipient a statement that describes the
11 reasons for the disapproval;

12 (III) direct the Postmaster Gen-
13 eral to appropriately revise the finan-
14 cial plan and budget for the Postal
15 Service; and

16 (IV) submit the revised financial
17 plan and budget to each covered re-
18 cipient.

19 (ii) SUBMISSION TO OFFICE OF MAN-
20 AGEMENT AND BUDGET.—Upon receipt of
21 a revised financial plan and budget under
22 clause (i)(IV), the Postmaster General
23 shall submit the annual budget program
24 for the relevant fiscal year to the Office of
25 Management and Budget in accordance

1 with section 2009 of title 39, United
2 States Code.

3 (E) DEADLINE FOR TRANSMISSION OF FI-
4 NANCIAL PLAN AND BUDGET BY BOARD OF
5 GOVERNORS.—Notwithstanding any other provi-
6 sion of this paragraph, not later than Sep-
7 tember 30 of the fiscal year that precedes each
8 fiscal year for which a financial plan and budg-
9 et is required under paragraph (1), the Board
10 of Governors shall submit to each covered re-
11 cipient—

12 (i) a notice of approval under sub-
13 paragraph (C)(i); or

14 (ii) an approved financial plan and
15 budget for the fiscal year under subpara-
16 graph (D)(i)(IV).

17 (F) REVISIONS TO FINANCIAL PLAN AND
18 BUDGET.—

19 (i) PERMITTING POSTMASTER GEN-
20 ERAL TO SUBMIT REVISIONS.—The Post-
21 master General may submit proposed revi-
22 sions to the financial plan and budget for
23 a fiscal year to the Board of Governors at
24 any time during that fiscal year.

1 (ii) PROCESS FOR REVIEW, APPROVAL,
2 DISAPPROVAL, AND POSTMASTER GENERAL
3 ACTION.—The procedures described in sub-
4 paragraphs (B) through (E) shall apply
5 with respect to a proposed revision to a fi-
6 nancial plan and budget in the same man-
7 ner as such procedures apply with respect
8 to the original financial plan and budget.

9 (d) ASSUMPTIONS BASED ON CURRENT LAW.—In
10 preparing the long-term solvency plan or an annual finan-
11 cial plan and budget required under this section, the Post-
12 al Service shall base estimates of revenues and expendi-
13 tures on Federal law as in effect at the time of the prepa-
14 ration of the long-term solvency plan or the financial plan
15 and budget.

16 (e) THIRD-PARTY ANALYSIS OF POSTAL SERVICE FI-
17 NANCES.—The Commission shall enter into a contract
18 with 1 or more independent third parties under which the
19 third party or parties, in not less than 2 years, shall—

20 (1) complete a study that analyzes—

21 (A) the finances of the Postal Service;

22 (B) the finances of, and business trends in,
23 the overall mailing industry;

1 (C) the demand for market-dominant and
2 competitive products and services in rural,
3 urban, and suburban communities; and

4 (D) revenue changes and cost savings of
5 the Postal Service attributable to recent—

6 (i) closings and consolidations of proc-
7 essing plants, post offices, and other facili-
8 ties;

9 (ii) changes to service standards; and

10 (iii) service performance; and

11 (2) submit to the Commission a report on the
12 study conducted under paragraph (1) that includes
13 recommendations on affordable options and time-
14 tables for improving postal operations and services,
15 including—

16 (A) how rural service measurement can be
17 made more accurate to ensure that the Postal
18 Service comprehensively measures the mail
19 service provided to each region of the United
20 States, regardless of population size and geo-
21 graphic location;

22 (B) the feasibility of restoring overnight
23 service standards for market-dominant products
24 similar to the service standards that were in ef-
25 fect on July 1, 2012, including an examination

1 of the resources needed, structural and oper-
2 ational changes needed, and market demand for
3 such a change; and

4 (C) recommended definitions for the terms
5 “rural” and “urban” for purposes of measuring
6 the performance of the Postal Service relative
7 to service standards under section 3691 of title
8 39, United States Code, as amended by section
9 210 of this Act.

10 **SEC. 211. SERVICE STANDARDS, PERFORMANCE TARGETS,**
11 **AND PERFORMANCE MEASUREMENTS.**

12 (a) SERVICE STANDARDS, PERFORMANCE TARGETS,
13 AND PERFORMANCE MEASUREMENTS.—

14 (1) IN GENERAL.—Section 3691 of title 39,
15 United States Code, is amended to read as follows:

16 **“§ 3691. Modern service standards, performance tar-**
17 **gets, and performance measurements**

18 “(a) DEFINITIONS.—In this section—

19 “(1) the terms ‘Area’ and ‘District’ mean the
20 administrative field units established and given those
21 designations by the Postal Service;

22 “(2) the term ‘Commission’ means the Postal
23 Regulatory Commission;

1 “(3) the term ‘performance targets’ means the
2 targets established by the Postal Service under sub-
3 section (e)(1)(A);

4 “(4) the terms ‘rural’ and ‘urban’ have the
5 meanings given those terms under regulations pro-
6 mulgated by the Commission under subsection
7 (e)(2)(A); and

8 “(5) the term ‘service standards’ means the
9 service standards established by the Postal Service
10 under subsection (b).

11 “(b) AUTHORITY GENERALLY.—

12 “(1) ESTABLISHMENT; REVISION.—The Postal
13 Service shall by regulation establish (and may from
14 time to time thereafter by regulation revise) a set of
15 service standards for market-dominant products
16 based on—

17 “(A) the finances of the Postal Service;

18 “(B) the ability of the Postal Service to
19 meet the service standards; and

20 “(C) the ability of Postal Service cus-
21 tomers to receive fair and reliable service.

22 “(2) NOTICE TO CONGRESS.—On the date on
23 which the Postal Service requests an advisory opin-
24 ion under section 3661 with respect to any regula-
25 tion promulgated or revised under paragraph (1),

1 the Postal Service shall notify Congress of the re-
2 quest and the proposed regulation or revision of a
3 regulation.

4 “(c) OBJECTIVES.—The service standards shall be
5 designed to achieve the following objectives:

6 “(1) To ensure that the Postal Service meets
7 the universal service obligation, including the obliga-
8 tion to preserve regular and effective access to postal
9 services in all communities, including those in rural
10 areas or where post offices are not self-sustaining.

11 “(2) To enhance the value of postal services to
12 both senders and recipients.

13 “(3) To assure Postal Service customers deliv-
14 ery reliability, speed, and frequency consistent with
15 reasonable rates and best business practices.

16 “(4) To provide a system of objective perform-
17 ance measurements for each market-dominant prod-
18 uct as a basis for measurement of Postal Service
19 performance, in accordance with subsection (e).

20 “(d) FACTORS.—In establishing or revising the serv-
21 ice standards, the Postal Service shall take into account—

22 “(1) the actual level of service that Postal Serv-
23 ice customers receive under any service guidelines
24 previously established by the Postal Service or serv-
25 ice standards established under this section;

1 “(2) the degree of customer satisfaction with
2 Postal Service performance in the acceptance, proc-
3 essing, and delivery of mail;

4 “(3) the needs of all Postal Service customers;

5 “(4) mail volume and revenues projected for fu-
6 ture years;

7 “(5) the projected growth in the number of ad-
8 dresses the Postal Service will be required to serve
9 in future years;

10 “(6) the current and projected future cost of
11 serving Postal Service customers;

12 “(7) the effect of changes in technology, demo-
13 graphics, and population distribution on the efficient
14 and reliable operation of the postal delivery system;

15 “(8) the financial status of the Postal Service,
16 including the status of any accrued unfunded liabil-
17 ities or obligations;

18 “(9) ensuring that the performance of the Post-
19 al Service is as strong as reasonably possible under
20 the applicable circumstances, including the factors
21 described in paragraphs (1) through (8); and

22 “(10) the policies of this title and such other
23 factors as the Postal Service determines appropriate.

24 “(e) PERFORMANCE TARGETS, MEASUREMENTS, AND

25 PUBLICATION.—

1 “(1) PERFORMANCE TARGETS.—

2 “(A) ESTABLISHMENT.—Each year, the
3 Postal Service shall establish reasonable targets
4 for performance to ensure that mail service for
5 postal customers meets the service standards
6 for market-dominant products.

7 “(B) COMPLIANCE DETERMINATION.—For
8 purposes of section 3653(b)(2), the Commission
9 shall evaluate the compliance of the Postal
10 Service with the service standards for market-
11 dominant products by reference to the perform-
12 ance targets.

13 “(2) PERFORMANCE MEASUREMENT.—

14 “(A) DEFINITIONS OF URBAN AND
15 RURAL.—For purposes of measuring perform-
16 ance under the performance targets, the Com-
17 mission, in consultation with the Postal Serv-
18 ice—

19 “(i) shall promulgate regulations de-
20 fining the terms—

21 “(I) rural; and

22 “(II) urban, which shall be de-
23 fined by the Commission as any geo-
24 graphic area that is not defined as
25 rural under subclause (I); and

1 “(ii) in defining the terms under
2 clause (i), shall consider—

3 “(I) the recommendations of the
4 report submitted to the Commission
5 under section 210(e) of the Postal
6 Service Reform Act of 2018;

7 “(II) existing definitions of those
8 terms that are in use by the Postal
9 Service, the Federal Government, and
10 other sources; and

11 “(III) stakeholder input.

12 “(B) PERFORMANCE REPORTING.—

13 “(i) IN GENERAL.—The Postal Serv-
14 ice shall measure and report to the Com-
15 mission on the performance of the Postal
16 Service with respect to market-dominant
17 products on a nationwide, Area, and Dis-
18 trict basis based on the performance tar-
19 gets, taking into consideration the Com-
20 mission’s opinion on any proposed target,
21 and in a manner that reflects separate con-
22 sideration of performance with respect
23 to—

24 “(I) rural customers; and

25 “(II) urban customers.

1 “(ii) COMMISSION REVIEW.—The
2 Commission shall review and comment
3 upon the performance of the Postal Service
4 as reported under clause (i).

5 “(3) PUBLICATION.—

6 “(A) IN GENERAL.—Subject to subpara-
7 graph (B), the Postal Service shall publish on
8 the website of the Postal Service the perform-
9 ance targets, the actual measurements under
10 those targets, and the comments of the Com-
11 mission under paragraph (2)—

12 “(i) covering a period designated by
13 the Commission, the length of which shall
14 be not less than 2 years; and

15 “(ii) categorized in accordance with
16 that paragraph.

17 “(B) COMMERCIALY SENSITIVE OR PRO-
18 PRIETARY INFORMATION.—To the extent that
19 the Postal Service considers any information re-
20 quired to be reported under subparagraph (A)
21 to be commercially sensitive or proprietary in
22 nature, the Commission shall determine the
23 level of information that shall be publicly dis-
24 closed in accordance with section 504(g)(3)(A).

1 “(f) REVIEW UPON COMPLAINT.—The regulations
2 promulgated pursuant to this section (and any revisions
3 thereto), and any violations thereof, shall be subject to re-
4 view upon complaint under sections 3662 and 3663.

5 “(g) NONCOMPLIANCE WITH PERFORMANCE TAR-
6 GETS.—

7 “(1) IN GENERAL.—If the Postal Service fails
8 to meet 1 or more performance targets—

9 “(A) subject to subparagraph (B), the
10 Postal Service shall develop a plan to make spe-
11 cific operational corrections under the control of
12 the Postal Service that will cause the perform-
13 ance targets to be met as soon as is reasonably
14 practicable, as determined by the Postal Serv-
15 ice; and

16 “(B) if the Postal Service makes best ef-
17 forts to develop a plan described in subpara-
18 graph (A) and determines that achieving com-
19 pliance with the performance targets through
20 such a plan would be impractical, would not be
21 cost effective, and would not be in the best
22 long-term interest of the Postal Service and its
23 customers, the Postal Service shall make ad-
24 justments to the service standards or perform-
25 ance targets.

1 “(2) POSTAL SERVICE SUBMISSION OF PLAN.—
2 Not later than 180 days after the date of noncompli-
3 ance with a performance target, the Postal Service
4 shall submit to the Commission—

5 “(A) the plan required under paragraph
6 (1)(A); or

7 “(B) a report explaining why the Postal
8 Service is making an adjustment described in
9 paragraph (1)(B).

10 “(3) COMMISSION CONSIDERATION OF POSTAL
11 SERVICE PLAN.—

12 “(A) IN GENERAL.—The Commission—

13 “(i) shall review each plan or report
14 submitted by the Postal Service under
15 paragraph (2); and

16 “(ii) may make such recommendations
17 as the Commission considers appropriate.

18 “(B) POSTAL SERVICE RESPONSE.—If the
19 Commission provides recommendations regard-
20 ing a plan or report to the Postal Service under
21 subparagraph (A)(ii), the Postal Service shall—

22 “(i) consider the recommendations;
23 and

24 “(ii) not later than 90 days after the
25 date on which the Postal Service receives

1 the recommendations, submit a response to
2 the Commission explaining the bases for
3 any decision to accept or reject a rec-
4 ommendation.

5 “(4) POSTAL SERVICE IMPLEMENTATION OF
6 PLAN.—After developing a plan under paragraph
7 (1)(A), the Postal Service shall—

8 “(A) implement the plan; and

9 “(B) in each report provided under section
10 3652, discuss—

11 “(i) the implementation of the plan;

12 “(ii) the extent to which the Postal
13 Service is improving performance to meet
14 the performance targets; and

15 “(iii) if the performance targets sub-
16 ject to the plan are still not being met,
17 whether—

18 “(I) the plan remains sufficient
19 to achieve compliance within a reason-
20 ably practicable period of time, and is
21 therefore being maintained;

22 “(II) the plan is being revised; or

23 “(III) the Postal Service has de-
24 termined to make adjustments de-

1 scribed in paragraph (1)(B) rather
2 than continue with the plan.

3 “(5) COMMISSION REVIEW OF IMPLEMENTA-
4 TION.—

5 “(A) IN GENERAL.—In making the deter-
6 mination required under section 3653, the Com-
7 mission shall—

8 “(i) review the implementation of each
9 plan developed under paragraph (1)(A);
10 and

11 “(ii) make such recommendations as
12 the Commission considers appropriate.

13 “(B) CONSIDERATION.—The Postal Serv-
14 ice shall consider any recommendations under
15 subparagraph (A)(ii) in the same manner as
16 provided under paragraph (3).

17 “(h) PERIODIC REVIEW OF SERVICE STANDARDS.—
18 The Commission shall periodically—

19 “(1) review the appropriateness of the service
20 standards; and

21 “(2) submit to Congress and the Postal Service
22 a report on the review conducted under paragraph
23 (1).”.

24 (2) TECHNICAL AND CONFORMING AMEND-
25 MENT.—The table of sections for chapter 36 of title

1 39, United States Code, is amended by striking the
2 item relating to section 3691 and inserting the fol-
3 lowing:

 “3691. Modern service standards, performance targets, and performance meas-
 urements.”.

4 (b) REVIEW OF NATIONWIDE SERVICE STANDARD
5 CHANGES.—Section 3661 of title 39, United States Code,
6 as amended by section 205 of this Act, is amended by add-
7 ing at the end the following:

8 “(e) CHANGES RELATING TO MARKET-DOMINANT
9 PRODUCTS.—

10 “(1) INSPECTOR GENERAL REVIEW.—Upon a
11 request by the Postal Service for an advisory opinion
12 from the Commission under subsection (b) relating
13 to a nationwide or substantially nationwide change
14 in service standards for the delivery of market-domi-
15 nant products, including when the Postal Service es-
16 tablishes new performance targets under section
17 3691(e), the Inspector General shall, not later than
18 90 days after the submission of the request—

19 “(A) conduct a review of the proposal to
20 determine whether—

21 “(i) the Postal Service formulated the
22 proposal based on accurate data;

23 “(ii) the Postal Service followed ap-
24 propriate policies and procedures of the

1 Postal Service in formulating the proposal;

2 and

3 “(iii) the proposal prioritizes the

4 needs of the postal customer; and

5 “(B) submit a report on the review con-

6 ducted under subparagraph (A) to—

7 “(i) the Postal Service;

8 “(ii) the Commission;

9 “(iii) the Committee on Homeland Se-

10 curity and Governmental Affairs of the

11 Senate; and

12 “(iv) the Committee on Oversight and

13 Government Reform of the House of Rep-

14 resentatives.

15 “(2) COMMISSION REVIEW.—Not earlier than

16 30 days after the date on which the Inspector Gen-

17 eral submits a report on a proposal to the Commis-

18 sion under paragraph (1), the Commission shall

19 issue its opinion on the proposal.”.

20 (c) REPORT TO CONGRESS.—Not later than 180 days

21 after the date on which the report is submitted to the

22 Commission under section 210(e)(2) of this Act, the Com-

23 mission shall submit to Congress a report that includes—

24 (1) a determination as to whether the service

25 standards for market-dominant products in effect on

1 the day before the date of enactment of this Act
2 achieve the objectives and factors set forth under
3 section 3691 of title 39, United States Code, as
4 amended by this section; and

5 (2) recommendations as to how delivery service
6 to postal customers could be improved based on the
7 financial condition of the Postal Service.

8 (d) TEMPORARY FLOOR FOR SERVICE STAND-
9 ARDS.—The Postal Service may not revise the service
10 standards for market-dominant products in effect on the
11 day before the date of enactment of this Act in a manner
12 that lengthens delivery times before the date on which the
13 report is submitted to the Commission under section
14 210(e)(2) of this Act.

15 **SEC. 212. POSTAL SERVICE CHIEF INNOVATION OFFICER.**

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

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

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

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

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

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

10 “(3) Implementing the innovation strategy de-
11 scribed under subsection (d).

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

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

19 “(c) APPOINTMENT.—

20 “(1) DEADLINE.—As soon as practicable after
21 the date of enactment of the Postal Service Reform
22 Act of 2018, but not later than 6 months after such
23 date, the Postmaster General shall appoint a Chief
24 Innovation Officer.

1 “(2) REQUIREMENTS.—Any individual ap-
2 pointed to serve as the Chief Innovation Officer shall
3 have proven expertise and a record of success in at
4 least 1 of the following:

5 “(A) Postal and shipping industry.

6 “(B) Innovation product research and de-
7 velopment.

8 “(C) Marketing brand strategy.

9 “(D) Emerging communications tech-
10 nology.

11 “(E) Business process management.

12 “(3) CURRENT OFFICER OR EMPLOYEE ELIGI-
13 BLE.—An officer or employee of the Postal Service
14 may be appointed to the position of Chief Innovation
15 Officer under this chapter. Upon appointment to
16 such position, such officer or employee may not con-
17 currently hold any other position in the Postal Serv-
18 ice.

19 “(d) INNOVATION STRATEGY.—

20 “(1) IN GENERAL.—Not later than 12 months
21 after the date on which the Chief Innovation Officer
22 is appointed under subsection (c)(1), the Postmaster
23 General shall submit to the Committee on Oversight
24 and Government Reform of the House of Represent-
25 atives, the Committee on Homeland Security and

1 Governmental Affairs of the Senate, and the Postal
2 Regulatory Commission a comprehensive strategy for
3 maximizing revenues through innovative postal and
4 nonpostal products and services.

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

7 “(A) the specific innovative postal and
8 nonpostal products and services to be developed
9 and offered by the Postal Service, including the
10 nature of the market to be filled by each prod-
11 uct and service and the likely date by which
12 each product and service will be introduced;

13 “(B) the cost of developing and offering
14 each product or service;

15 “(C) the anticipated sales volume of each
16 product and service;

17 “(D) the anticipated revenues and profits
18 expected to be generated by each product and
19 service;

20 “(E) the likelihood of success of each prod-
21 uct and service as well as the risks associated
22 with the development and sale of each product
23 and service;

24 “(F) the trends anticipated in market con-
25 ditions that may affect the success of each

1 product and service over the 5-year period be-
2 ginning on the date such strategy or update is
3 submitted;

4 “(G) the metrics that will be utilized to as-
5 sess the effectiveness of the innovation strategy;
6 and

7 “(H) the specific methods by which
8 mailpiece design analysis may be improved to
9 speed the approval process and promote the in-
10 creased use of innovative mailpiece design.

11 “(3) STRATEGY UPDATES.—On January 1,
12 2019, and every 3 years thereafter, the Postal Serv-
13 ice shall submit an update to the innovation strategy
14 submitted under paragraph (1) to the Committee on
15 Oversight and Government Reform of the House of
16 Representatives, the Committee on Homeland Secu-
17 rity and Governmental Affairs of the Senate, and
18 the Postal Regulatory Commission.

19 “(e) REPORT.—

20 “(1) IN GENERAL.—On the date of submission
21 of the President’s annual budget under section
22 1105(a) of title 31, the Postmaster General shall
23 submit to the Committee on Oversight and Govern-
24 ment Reform of the House of Representatives, the
25 Committee on Homeland Security and Governmental

1 Affairs of the Senate, and the Postal Regulatory
2 Commission a report that details the Postal Serv-
3 ice's progress in implementing the innovation strat-
4 egy described under subsection (d).

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

7 “(A) the revenue generated by each prod-
8 uct and service developed through the innova-
9 tion strategy and the costs of developing and
10 offering each such product and service for the
11 most recent fiscal year;

12 “(B) the total sales volume and revenue
13 generated by each product and service on a
14 monthly basis for the preceding year;

15 “(C) trends in the markets filled by each
16 product and service;

17 “(D) products and services identified in
18 the innovation strategy that are to be discon-
19 tinued, the date on which the discontinuance
20 will occur, and the reasons for the discontinu-
21 ance;

22 “(E) alterations in products and services
23 identified in the innovation strategy that will be
24 made to meet changing market conditions, and
25 an explanation of how these alterations will en-

1 sure the success of the products and services;
2 and

3 “(F) the performance of the innovation
4 strategy according to the metrics identified in
5 subsection (d)(2)(G).

6 “(f) COMPTROLLER GENERAL STUDY.—

7 “(1) IN GENERAL.—The Comptroller General
8 shall conduct a study on the implementation of the
9 innovation strategy described under subsection (d)
10 not later than 4 years after the date of enactment
11 of the Postal Service Reform Act of 2018.

12 “(2) CONTENTS.—The study required under
13 paragraph (1) shall assess the effectiveness of the
14 Postal Service in identifying, developing, and selling
15 innovative postal and nonpostal products and serv-
16 ices. The study shall also include—

17 “(A) an audit of the costs of developing
18 each innovative postal and nonpostal product
19 and service developed or offered by the Postal
20 Service during the period beginning on the date
21 of enactment of the Postal Service Reform Act
22 of 2018 and ending 4 years after such date;

23 “(B) the sales volume of each such product
24 and service;

1 “(C) the revenues and profits generated by
2 each such product and service; and

3 “(D) the likelihood of continued success of
4 each such product and service.

5 “(3) SUBMISSION.—The results of the study re-
6 quired under this subsection shall be submitted to
7 the Committee on Oversight and Government Re-
8 form of the House of Representatives, the Com-
9 mittee on Homeland Security and Governmental Af-
10 fairs of the Senate, and the Postal Regulatory Com-
11 mission.”.

12 (b) TECHNICAL AND CONFORMING AMENDMENT.—
13 The table of sections for chapter 2 of title 39, United
14 States Code, is amended by adding at the end the fol-
15 lowing:

 “209. Chief Innovation Officer.”.

16 **SEC. 213. EMERGENCY SUSPENSIONS OF POST OFFICES.**

17 (a) IN GENERAL.—Section 404 of title 39, United
18 States Code, is amended by adding at the end the fol-
19 lowing:

20 “(f) EMERGENCY SUSPENSIONS.—

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

22 “(A) the terms ‘alternate service’ and
23 ‘temporary location’ include a location at which
24 customers affected by an emergency suspension
25 of a post office, or the expiration of the lease

1 or rental agreement for a post office, may send
2 and receive mail, which may include the provi-
3 sion and regular servicing of a Cluster Box
4 Unit (commonly known as a ‘CBU’) by the
5 Postal Service;

6 “(B) the term ‘discontinuance procedures’
7 means the procedures required for the dis-
8 continuance of a post office under subsection
9 (d) and any regulations promulgated under that
10 subsection;

11 “(C) the term ‘emergency suspension’
12 means the temporary suspension of retail oper-
13 ations at a post office, without following dis-
14 continuance procedures for the post office, be-
15 cause of—

16 “(i) a natural disaster;

17 “(ii) the termination of a lease or
18 rental agreement by the lessor;

19 “(iii) a lack of qualified personnel to
20 operate the post office;

21 “(iv) severe or irreparable damage to,
22 or destruction of, the post office when al-
23 ternate quarters acceptable to the Postal
24 Service for use as a post office are not im-
25 mediately available in the community;

1 “(v) a challenge to the sanctity of the
2 mail; or

3 “(vi) a lack of adequate measures to
4 safeguard the post office or its revenues;
5 and

6 “(D) the term ‘post office’—

7 “(i) means a Post Office, as that term
8 is defined in section 241.1 of title 39, Code
9 of Federal Regulations, or any successor
10 regulation; and

11 “(ii) includes a post office branch or
12 post office station.

13 “(2) AUTHORITY.—The Postal Service may im-
14 plement an emergency suspension of a post office in
15 accordance with the requirements under paragraphs
16 (3) through (7).

17 “(3) NOTIFICATION.—If the Postal Service im-
18 plements an emergency suspension of a post office,
19 the Postal Service shall provide immediate notice of
20 the suspension to—

21 “(A) the relevant local, regional, State, and
22 Federal officials, including—

23 “(i) each Member of Congress who
24 represents the area in which the affected
25 post office is located; and

1 “(ii) the chief executive of each rel-
2 evant unit of local government; and

3 “(B) customers, notification to whom shall
4 include—

5 “(i) the effective date of the suspen-
6 sion;

7 “(ii) the reason for the suspension;

8 “(iii) any alternate service available;

9 “(iv) the nearest postal retail facility
10 (as defined in section 3 of the Postal Serv-
11 ice Reform Act of 2018) and hours of serv-
12 ice; and

13 “(v) the name and contact informa-
14 tion of an individual to contact for more
15 information.

16 “(4) ALTERNATE SERVICE.—If the Postal Serv-
17 ice implements an emergency suspension of a post
18 office, the Postal Service shall provide alternate
19 drop-off, pick-up, and post office box services at 1
20 or more locations that are as close as feasible to the
21 suspended post office.

22 “(5) EMPLOYEE REASSIGNMENT.—If the Postal
23 Service implements an emergency suspension of a
24 post office, the Postal Service shall temporarily reas-
25 sign each employee of the post office in accordance

1 with each applicable Federal statute, Federal regula-
2 tion, and collective bargaining agreement.

3 “(6) SUSPENSION REVIEW.—

4 “(A) IN GENERAL.—Within a reasonable
5 period of time after the date on which the Post-
6 al Service implements an emergency suspension
7 of a post office, the Postal Service shall review
8 the emergency suspension and determine wheth-
9 er to—

10 “(i) reopen the post office; or

11 “(ii) continue the emergency suspen-
12 sion.

13 “(B) REOPENING.—

14 “(i) NOTIFICATION.—If the Postal
15 Service makes a determination under sub-
16 paragraph (A) to reopen a post office, the
17 Postal Service shall provide notice to the
18 persons described in paragraph (3) of the
19 date by which the Postal Service expects to
20 reopen the post office.

21 “(ii) DELAY.—If the Postal Service
22 does not reopen a post office by the date
23 specified under clause (i), not later than
24 the next business day after that date, the
25 Postal Service shall provide notice of the

1 delay to the persons described in para-
2 graph (3), including a new date by which
3 the Postal Service expects to reopen the
4 post office, if such a date is known.

5 “(iii) SUBSEQUENT DELAYS.—If the
6 Postal Service does not reopen a post of-
7 fice by a new date specified under clause
8 (ii), the Postal Service shall provide to the
9 persons described in paragraph (3) notice,
10 and a new date in the same manner as
11 under clause (ii) of this subparagraph, and
12 shall continue to do so at regular intervals
13 until the Postal Service reopens the post
14 office or initiates discontinuance proce-
15 dures for the post office.

16 “(C) CONTINUED SUSPENSION.—

17 “(i) IN GENERAL.—If the Postal Serv-
18 ice makes a determination under subpara-
19 graph (A) to continue the emergency sus-
20 pension of a post office, the Postal Serv-
21 ice—

22 “(I) not later than 30 days after
23 making the determination, shall—

24 “(aa) provide alternate serv-
25 ices that are the same or sub-

1 stantially similar to the services
2 provided at the suspended post
3 office on a temporary basis at a
4 location within a reasonable dis-
5 tance of the suspended post of-
6 fice, which may be at the nearest
7 postal facility; and

8 “(bb)(AA) initiate dis-
9 continuance procedures for the
10 post office;

11 “(BB) publish a plan to re-
12 store service to the affected com-
13 munity within a reasonable pe-
14 riod of time; or

15 “(CC) provide notice to the
16 persons described in paragraph
17 (3) of the date on which the
18 Postal Service expects to publish
19 a plan to restore the same or
20 substantially similar service to
21 the affected community within a
22 reasonable period of time; and

23 “(II) if the Postal Service elects
24 to provide notice under subclause
25 (I)(bb)(CC), shall, not later than 90

1 days after the date of the initial deter-
2 mination to implement the emergency
3 suspension, publish the plan described
4 in that subclause.

5 “(ii) DELAY IN RESTORATION OF
6 SERVICE.—If the Postal Service publishes
7 a plan to restore service to an affected
8 community under subclause (I)(bb)(BB) or
9 (II) of clause (i) and such service to the af-
10 fected community is not restored within
11 180 days of the date on which the emer-
12 gency suspension was implemented, the
13 Postal Service shall—

14 “(I)(aa) publish notice of the
15 continued suspension, including—

16 “(AA) a reason for the
17 delay; and

18 “(BB) an anticipated date
19 of restoration of service; and

20 “(bb) not later than 30 days
21 after publishing the notice under item
22 (aa), host a question-and-answer
23 forum—

24 “(AA) that members of the
25 community may attend, at a loca-

1 tion accessible to the affected
2 community; or

3 “(BB) in which members of
4 the affected community may par-
5 ticipate by teleconference or vid-
6 eoconference; or

7 “(II) initiate discontinuance pro-
8 cedures for the post office.

9 “(iii) 1-YEAR DELAY.—If, as of the
10 date that is 1 year after the date on which
11 an emergency suspension of a post office
12 was implemented, service to the affected
13 community has not been restored and the
14 Postal Service has not initiated discontinu-
15 ance procedures for the post office, the
16 Postal Service—

17 “(I) shall publish notice of the
18 continued suspension, including—

19 “(aa) a reason for the delay;
20 and

21 “(bb) an anticipated date of
22 restoration of such service;

23 “(II) shall host—

24 “(aa) not later than 30 days
25 after publishing the notice under

1 subclause (I), a second question-
2 and-answer forum described in
3 clause (ii)(I)(bb); and

4 “ (bb) additional question-
5 and-answer fora described in
6 clause (ii)(I)(bb) every subse-
7 quent 180 days until—

8 “ (AA) such service is
9 restored; or

10 “ (BB) the Postal Serv-
11 ice initiates discontinuance
12 procedures for the post of-
13 fice; and

14 “ (III) if services similar to those
15 that have not been restored are not lo-
16 cated within a reasonable distance of
17 the post office, not later than 60 days
18 after the date that is 1 year after the
19 date on which the emergency suspen-
20 sion was implemented, shall develop
21 and publish a plan to provide essential
22 services, including alternate retail and
23 post office box services, on a tem-
24 porary basis at a location within a

1 reasonable distance of the suspended
2 post office.

3 “(7) RESTORATION OF SERVICE.—Upon the
4 restoration of service under paragraph (6)(C), the
5 Postal Service shall immediately notify—

6 “(A) the affected community; and

7 “(B) the Headquarters Review Coordi-
8 nator.

9 “(8) LEASE OR RENTAL AGREEMENT EXPIRA-
10 TION.—

11 “(A) IN GENERAL.—

12 “(i) PROHIBITION ON EMERGENCY
13 SUSPENSIONS.—The Postal Service may
14 not implement an emergency suspension of
15 a post office based on the expiration of the
16 lease or rental agreement for the post of-
17 fice.

18 “(ii) ALTERNATIVE PROCESS.—The
19 Postal Service shall establish an alternative
20 process for the suspension of postal serv-
21 ices to a community based on the expira-
22 tion of a lease or rental agreement for a
23 post office in accordance with subpara-
24 graphs (B) through (G) of this paragraph.

1 “(B) FAILURE TO REACH AGREEMENT.—
2 If, as of 30 days before the expiration of a lease
3 or rental agreement for a post office, the Postal
4 Service does not expect to reach an agreement
5 with the lessor to extend the lease or rental
6 agreement or to sell the property to the Postal
7 Service, the Postal Service shall—

8 “(i) notify the affected community of
9 a possible disruption in service due to the
10 possible expiration of the lease or rental
11 agreement; and

12 “(ii) include in the notification under
13 clause (i)—

14 “(I) the expiration date of the
15 lease or rental agreement;

16 “(II) alternate services available
17 if the lease or rental agreement ex-
18 pires,;

19 “(III) the nearest post offices
20 and hours of service; and

21 “(IV) the name, telephone num-
22 ber, and email address of an indi-
23 vidual to contact for more informa-
24 tion.

1 “(C) RESTORATION OF SERVICE.—Not
2 later than 5 days after the date on which a
3 lease or rental agreement for a post office ex-
4 pires, the Postal Service shall make best efforts
5 to commence actions required to restore the
6 same or substantially similar service to the
7 community in which the post office that was the
8 subject of the expired lease or rental agreement
9 is located.

10 “(D) FAILURE TO RESTORE SERVICE.—If,
11 within 30 days after the expiration of a lease or
12 rental agreement for a post office, the Postal
13 Service is unable to restore service at the same
14 location or at another location in the affected
15 community, the Postal Service shall publish no-
16 tice of intent to restore the same or substan-
17 tially similar service to the affected commu-
18 nity—

19 “(i) within a reasonable period of
20 time; and

21 “(ii) in any event, not later than 180
22 days after the date on which the lease or
23 rental agreement expired.

24 “(E) DELAY IN RESTORATION OF SERV-
25 ICE.—If the Postal Service publishes notice of

1 intent to restore the same or substantially simi-
2 lar service to an affected community under sub-
3 paragraph (D) and such service to the affected
4 community is not restored within 180 days of
5 the date on which the lease or rental agreement
6 for the post office expired, the Postal Service
7 shall—

8 “(i) publish notice of the delay, in-
9 cluding—

10 “(I) a reason for the delay; and

11 “(II) an anticipated date of res-
12 toration of such service; and

13 “(ii) within a reasonable period of
14 time after publishing the notice under
15 clause (i), host a question-and-answer
16 forum—

17 “(I) that members of the commu-
18 nity may attend, at a location acces-
19 sible to the affected community; or

20 “(II) in which members of the af-
21 fected community may participate by
22 teleconference or videoconference.

23 “(F) FURTHER DELAYS IN RESTORATION
24 OF SERVICE.—Upon the expiration of each 30-
25 day period after the date on which the Postal

1 Service publishes notice of a delay under sub-
2 paragraph (E)(i), if the same or substantially
3 similar service to the affected community has
4 not been restored, the Postal Service shall pub-
5 lish an updated notice of the delay that includes
6 the anticipated date of restoration of such serv-
7 ice.

8 “(G) 1-YEAR DELAY.—If the same or sub-
9 stantially similar service to the affected commu-
10 nity is not restored within 1 year of the date on
11 which the lease or rental agreement for the post
12 office expired, the Postal Service—

13 “(i) shall host—

14 “(I) a second question-and-an-
15 swer forum described in subparagraph
16 (E)(ii); and

17 “(II) additional question-and-an-
18 swer fora described in subparagraph
19 (E)(ii) in the affected community as
20 determined necessary by the Postal
21 Service until—

22 “(aa) such service is re-
23 stored; or

1 “(bb) the Postal Service ini-
2 tiates discontinuance procedures
3 for the post office; and

4 “(ii) if no alternate services are lo-
5 cated within a reasonable distance of the
6 post office, not later than 60 days after the
7 date that is 1 year after the date on which
8 the lease or rental agreement for the post
9 office expired, shall develop and publish a
10 plan to provide essential services, including
11 alternate retail and post office box services,
12 on a temporary basis at a location within
13 a reasonable distance of the post office.”.

14 (b) **APPLICABILITY.**—The amendment made by sub-
15 section (a) shall apply to any emergency suspension of a
16 post office that is implemented on or after the date that
17 is 1 year after the date of enactment of this Act.

18 **SEC. 214. MAILING ADDRESS REQUIREMENTS.**

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

22 **“§ 3687. Mailing address requirements**

23 “(a) **DEFINITIONS.**—In this section—

24 “(1) the term ‘municipality’ means a city, town,
25 borough, county, parish, district, association, or

1 other public entity established by, or pursuant to,
 2 applicable State law; and

3 “(2) the term ‘State’ means each of the several
 4 States, territories, and possessions of the United
 5 States, the District of Columbia, and the Common-
 6 wealth of Puerto Rico.

7 “(b) REQUIREMENT FOR PHYSICAL AND MAILING
 8 ADDRESSES TO CORRESPOND.—The State and munici-
 9 pality used by the Postal Service for the delivery address
 10 for purposes of mail matter shall correspond with the
 11 State and municipality of the physical address of the loca-
 12 tion for the delivery of such mail matter.”.

13 (b) TECHNICAL AND CONFORMING AMENDMENT.—
 14 The table of sections for chapter 36 of title 39, United
 15 States Code, is amended by inserting after the item relat-
 16 ing to section 3686 the following:

“3687. Mailing address requirements.”.

17 **TITLE III—POSTAL**
 18 **CONTRACTING REFORM**

19 **SEC. 301. CONTRACTING PROVISIONS.**

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

22 **“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.

1 **“§ 701. Definitions**

2 “In this chapter—

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

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

7 “(A) the Postal Service; or

8 “(B) the Postal Regulatory Commission;

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

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

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

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

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

22 “(B) in the case of the Postal Regulatory
23 Commission, any contract (including any agree-
24 ment or memorandum of understanding) in an

1 amount exceeding the simplified acquisition
2 threshold (as defined in section 134 of title 41)
3 entered into by the Postal Regulatory Commis-
4 sion for the procurement of goods or services;
5 and

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

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

10 “(a) IN GENERAL.—

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

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

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

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

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

5 “(b) POSTING OF DELEGATIONS.—

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

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

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

17 “(a) POSTING REQUIRED.—

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

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

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

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

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

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

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

20 “(3) **ADJUSTMENTS TO THE POSTING THRESH-**
21 **OLD.**—

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

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

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

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

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

20 “(b) PUBLIC AVAILABILITY.—

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

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

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

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

14 “(c) WAIVERS.—

15 “(1) WAIVER PERMITTED.—If the Postal Serv-
16 ice determines that making a noncompetitive pur-
17 chase request for a postal contract of the Postal
18 Service under subsection (a)(2) publicly available
19 would risk placing the Postal Service at a competi-
20 tive disadvantage relative to a private sector competi-
21 tor, the senior procurement executive, in consulta-
22 tion with the advocate for competition of the Postal
23 Service, may waive the requirements under sub-
24 section (a).

25 “(2) FORM AND CONTENT OF WAIVER.—

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

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

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

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

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

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

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

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

3 “(1) review the proposed contract; and

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

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

8 “(a) DEFINITIONS.—In this section—

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

10 “(A) a contracting officer; or

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

15 “(2) the term ‘final conviction’ means a convic-
16 tion entered by a court, regardless of whether such
17 conviction was entered on a verdict or pursuant to
18 a plea (including a plea of nolo contendere), and
19 with regard to which no further appeal may be taken
20 or is pending; and

21 “(3) the term ‘covered relationship’ means a
22 covered relationship described in section
23 2635.502(b)(1) of title 5, Code of Federal Regula-
24 tions, or any successor thereto.

25 “(b) IN GENERAL.—

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

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

7 “(i) discloses any covered relationship
8 of the covered employee; and

9 “(ii) states that the covered employee
10 will not take any action with respect to the
11 noncompetitive purchase request that af-
12 fects the financial interests of any person
13 with which the covered employee has a cov-
14 ered relationship, or otherwise gives rise to
15 an appearance of the use of public office
16 for private gain, as described in section
17 2635.702 of title 5, Code of Federal Regu-
18 lations, or any successor thereto;

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

1 2635 of title 5, Code of Federal Regulations
2 (commonly referred to as the Standards of Eth-
3 ical Conduct for Employees of the Executive
4 Branch), or any successor thereto;

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

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

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

23 “(ii) disqualify a covered employee
24 that makes a disclosure under subpara-

1 graph (A)(i) from participating in the non-
2 competitive postal contract;

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

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

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

20 “(c) CONTRACT VOIDANCE AND RECOVERY.—

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

1 “(A) void that contract; and

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

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

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

14 “(i) void that contract; and

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

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

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

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

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

6 (b) TECHNICAL AND CONFORMING AMENDMENT.—

7 The table of chapters at the beginning of part I is amend-
 8 ed by adding at the end the following:

“7. Contracting Provisions 701”.

9 SEC. 302. TECHNICAL AMENDMENT TO DEFINITION.

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

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

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

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

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

19 **TITLE IV—POSTAL REGULATORY**
 20 **COMMISSION, INSPECTOR**
 21 **GENERAL, RELATED PROVI-**
 22 **SIONS, AND MISCELLANEOUS**

23 SEC. 401. POSTAL REGULATORY COMMISSION.

24 Section 502 of title 39, United States Code, is
 25 amended—

1 (1) in subsection (c), by striking “subsection
2 (f)” and inserting “subsections (f) and (g)”; and

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

4 “(g) A Commissioner may serve for not more than
5 2 full terms as a Commissioner.”.

6 **SEC. 402. INSPECTOR GENERAL OF THE UNITED STATES**
7 **POSTAL SERVICE AND THE POSTAL REGU-**
8 **LATORY COMMISSION.**

9 (a) APPOINTMENT OF INSPECTOR GENERAL OF THE
10 UNITED STATES POSTAL SERVICE AND THE POSTAL
11 REGULATORY COMMISSION BY PRESIDENT.—Section 8G
12 of the Inspector General Act of 1978 (5 U.S.C. App.) is
13 amended—

14 (1) in subsection (a)—

15 (A) in paragraph (2), by striking “the
16 United States International Trade Commission,
17 the Postal Regulatory Commission, and the
18 United States Postal Service” and inserting
19 “the United States International Trade Com-
20 mission, and the United States Postal Service
21 and the Postal Regulatory Commission”; and

22 (B) in paragraph (4), by striking subpara-
23 graph (B) and inserting the following:

24 “(B) with respect to the United States
25 Postal Service and the Postal Regulatory Com-

1 mission, such term, for purposes of oversight
2 of—

3 “(i) the United States Postal Service,
4 means the Governors (as defined in section
5 102(3) of title 39, United States Code);
6 and

7 “(ii) the Postal Regulatory Commis-
8 sion, means the Chairman of the Postal
9 Regulatory Commission;”;

10 (2) in subsection (d)(1), by inserting “or sub-
11 section (f)(3)” after “Except as provided in para-
12 graph (2)”; and

13 (3) in subsection (f)—

14 (A) by striking paragraph (1) and insert-
15 ing the following:

16 “(1)(A) There is established in the United States
17 Postal Service the Office of the Inspector General of the
18 United States Postal Service and the Postal Regulatory
19 Commission.

20 “(B) There shall be at the head of the Office of the
21 Inspector General of the United States Postal Service and
22 the Postal Regulatory Commission an Inspector General
23 (referred to in this subsection as the ‘Inspector General’)
24 who shall be appointed by the President, by and with the
25 advice and consent of the Senate, without regard to polit-

1 ical affiliation and solely on the basis of integrity and dem-
2 onstrated ability in accounting, auditing, financial anal-
3 ysis, law, management analysis, public administration, or
4 investigations.

5 “(C) The Inspector General may be removed from of-
6 fice by the President. If the Inspector General is removed
7 from office or is transferred to another position or location
8 within the United States Postal Service, the President
9 shall communicate in writing the reasons for any such re-
10 moval or transfer to both Houses of Congress, not later
11 than 30 days before the removal or transfer. Nothing in
12 this subparagraph shall prohibit a personnel action other-
13 wise authorized by law, other than transfer or removal.

14 “(D) For the purposes of section 7324 of title 5,
15 United States Code, the Inspector General shall not be
16 considered to be an employee who determines policies to
17 be pursued by the United States in the nationwide admin-
18 istration of Federal laws.

19 “(E) The Inspector General shall have all of the au-
20 thorities and responsibilities provided by this Act with re-
21 spect to the Postal Regulatory Commission, as if the Post-
22 al Regulatory Commission were part of the United States
23 Postal Service.”;

24 (B) in paragraph (2), by striking “of the
25 United States Postal Service (hereinafter in

1 this subsection referred to as the ‘Inspector
2 General’”);

3 (C) in paragraph (3)—

4 (i) in subparagraph (A)—

5 (I) in clause (i), in the matter
6 preceding subclause (I), by inserting
7 “relating to the United States Postal
8 Service” before “which require access
9 to sensitive information”; and

10 (II) in clause (iii), by striking
11 “Committee on Governmental Affairs
12 of the Senate” and inserting “Com-
13 mittee on Homeland Security and
14 Governmental Affairs of the Senate”;

15 (ii) in subparagraph (B)(i), by insert-
16 ing “and the Postal Regulatory Commis-
17 sion” after “United States Postal Service”;
18 and

19 (iii) in subparagraph (C), by striking
20 “Committee on Governmental Affairs of
21 the Senate” and inserting “Committee on
22 Homeland Security and Governmental Af-
23 fairs of the Senate”;

24 (D) in paragraph (4), by adding at the end
25 the following: “Nothing in this paragraph may

1 be invoked by the United States Postal Service
2 to restrict or limit any audit or investigation
3 that the Inspector General considers appro-
4 priate.”; and

5 (E) in paragraph (6), by inserting “and
6 the Postal Regulatory Commission” after
7 “United States Postal Service”.

8 (b) INTERIM POWER OF INSPECTOR GENERAL OF
9 THE UNITED STATES POSTAL SERVICE.—During the pe-
10 riod beginning on the date of enactment of this Act and
11 ending on the date on which the first individual is ap-
12 pointed as Inspector General of the United States Postal
13 Service and the Postal Regulatory Commission after the
14 date of enactment of this Act, the Inspector General of
15 the United States Postal Service shall have all of the au-
16 thorities and responsibilities provided by the Inspector
17 General Act of 1978 (5 U.S.C. App.) with respect to the
18 Postal Regulatory Commission on the day before the date
19 of enactment of this Act, as if the Postal Regulatory Com-
20 mission were part of the United States Postal Service.

21 (c) TRANSFER OF PERSONNEL.—

22 (1) OFFICE OF THE INSPECTOR GENERAL OF
23 THE UNITED STATES POSTAL SERVICE.—The per-
24 sonnel employed in the Office of the Inspector Gen-
25 eral of the United States Postal Service are trans-

1 ferred to the Office of the Inspector General of the
2 United States Postal Service and the Postal Regu-
3 latory Commission.

4 (2) OFFICE OF THE INSPECTOR GENERAL OF
5 THE POSTAL REGULATORY COMMISSION.—The per-
6 sonnel employed in the Office of the Inspector Gen-
7 eral of the Postal Regulatory Commission may be
8 transferred to the other offices of the Postal Regu-
9 latory Commission.

10 (3) MODERN SERVICE AND PERFORMANCE
11 STANDARDS.—Any unobligated amounts made avail-
12 able to carry out the functions of the Office of the
13 Inspector General of the Postal Regulatory Commis-
14 sion before the date of enactment of this Act shall
15 be used to establish and revise modern service stand-
16 ards and measure performance under section 3691
17 of title 39, United States Code, as amended by sec-
18 tion 210(a) of this Act.

19 (4) EFFECT.—During the 1-year period begin-
20 ning on the date of enactment of this Act, any full-
21 time or part-time employee who, on the day before
22 such date of enactment, was employed in a perma-
23 nent position in the Office of the Inspector General
24 of the Postal Regulatory Commission, shall not be
25 separated or reduced in grade or compensation be-

1 cause of the transfer under an amendment made by
2 this section.

3 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

4 (1) TITLE 39, UNITED STATES CODE.—Title 39,
5 United States Code, is amended—

6 (A) in section 102(4), by striking “section
7 202(e) of this title” and inserting “section
8 8G(f)(1)(B) of the Inspector General Act of
9 1978 (5 U.S.C. App.)”;

10 (B) in section 202, by striking subsection
11 (e);

12 (C) in section 504, by striking subsection
13 (h);

14 (D) in section 1001(b), in the first sen-
15 tence, by inserting “, and section 8G(f)(1)(B)
16 of the Inspector General Act of 1978 (5 U.S.C.
17 App.)” after “1001(c) of this title”;

18 (E) in section 1003(b), by striking “11(2)”
19 and inserting “12(2)”;

20 (F) in section 1005(a)(3), by inserting “,
21 and section 8G(f)(1)(B) of the Inspector Gen-
22 eral Act of 1978 (5 U.S.C. App.)” after
23 “1001(c) of this title”;

1 (G) in section 2009, by inserting “and the
2 Postal Regulatory Commission” after “United
3 States Postal Service”; and

4 (H) in section 2011(h)(2)(D), by inserting
5 “and the Postal Regulatory Commission” after
6 “United States Postal Service”.

7 (2) OMNIBUS CONSOLIDATED APPROPRIATIONS
8 ACT, 1997.—Section 662(d) of the Omnibus Consoli-
9 dated Appropriations Act, 1997 (39 U.S.C. 2802
10 note) is amended—

11 (A) in paragraph (1)—

12 (i) in the paragraph heading, by in-
13 sserting “AND THE POSTAL REGULATORY
14 COMMISSION” after “POSTAL SERVICE”;

15 (ii) in subparagraph (A), by inserting
16 “and the Postal Regulatory Commission”
17 after “Postal Service”; and

18 (iii) in subparagraph (B)(i), by insert-
19 ing “and the Postal Regulatory Commis-
20 sion” after “Postal Service”; and

21 (B) in the first sentence of paragraph (2),
22 by inserting “and the Postal Regulatory Com-
23 mission” after “Postal Service”.

24 (e) SAVINGS PROVISIONS.—

1 (1) SUITS.—The provisions of this Act shall not
2 affect suits commenced before the effective date of
3 this Act, and in all such suits, proceeding shall be
4 had, appeals taken, and judgments rendered in the
5 same manner and with the same effect as if this Act
6 had not been enacted.

7 (2) NONABATEMENT OF ACTIONS.—No suit, ac-
8 tion, or other proceeding commenced by or against
9 the Inspector General of the United States Postal
10 Service or the Inspector General of the Postal Regu-
11 latory Commission, or by or against any individual
12 in the official capacity of such individual as an offi-
13 cer of the Office of the Inspector General of the
14 United States Postal Service or the Office of the In-
15 spector General of the Postal Regulatory Commis-
16 sion shall abate by reason of the enactment of this
17 Act.

18 (3) CONTINUANCE OF SUITS.—If, before the ef-
19 fective date of this Act, the Office of the Inspector
20 General of the United States Postal Service or the
21 Office of the Inspector General of the Postal Regu-
22 latory Commission or officer thereof in the official
23 capacity of such officer, is party to a suit, and under
24 this Act any function of the Office of the Inspector
25 General of the United States Postal Service or the

1 Office of the Inspector General of the Postal Regu-
2 latory Commission or officer is transferred to the In-
3 spector General of the United States Postal Service
4 and the Postal Regulatory Commission or any other
5 official of the Office of the Inspector General of the
6 United States Postal Service and the Postal Regu-
7 latory Commission, then such suit shall be continued
8 with the Inspector General of the United States
9 Postal Service and the Postal Regulatory Commis-
10 sion or other appropriate official of the Office of the
11 Inspector General of the United States Postal Serv-
12 ice and the Postal Regulatory Commission sub-
13 stituted or added as a party.

14 (f) APPLICABILITY.—

15 (1) IN GENERAL.—Except with respect to the
16 amendment made by subsection (a)(1)(A) relating to
17 the Postal Regulatory Commission and the amend-
18 ment made by subsection (d)(1)(C), the amendments
19 made by this section shall apply with respect to the
20 first individual appointed as Inspector General of
21 the United States Postal Service and the Postal
22 Regulatory Commission after the date of enactment
23 of this Act.

24 (2) RULE OF CONSTRUCTION.—Nothing in this
25 Act may be construed to alter the authority or the

1 length of the term of the individual serving as In-
2 spector General of the United States Postal Service
3 on the date of enactment of this Act.

4 (g) REFERENCES IN THIS ACT TO THE INSPECTOR
5 GENERAL OF THE UNITED STATES POSTAL SERVICE.—
6 On and after the date on which the first individual is ap-
7 pointed as Inspector General of the United States Postal
8 Service and the Postal Regulatory Commission after the
9 date of enactment of this Act, each reference in this Act
10 to the Inspector General of the Postal Service shall be
11 deemed to be a reference to the Inspector General of the
12 United States Postal Service and the Postal Regulatory
13 Commission.

14 (h) RESOURCES FOR WASTE, FRAUD, AND ABUSE
15 INVESTIGATIONS.—

16 (1) IN GENERAL.—Chapter 4 of title 39, United
17 States Code, is amended by adding at the end the
18 following:

19 **“§ 417. Waste, fraud, and abuse investigations**

20 “The Postal Service may transfer such resources to
21 the Inspector General for waste, fraud, and abuse inves-
22 tigation as the Postal Service determines necessary.”.

23 (2) TECHNICAL AND CONFORMING AMEND-
24 MENT.—The table of sections for chapter 4 of title

1 39, United States Code, is amended by adding at
2 the end the following:

“417. Waste, fraud, and abuse investigations.”.

3 **SEC. 403. GAO REPORT ON FRAGMENTATION, OVERLAP,**
4 **AND DUPLICATION IN FEDERAL PROGRAMS**
5 **AND ACTIVITIES.**

6 The Comptroller General of the United States shall
7 include in the annual report to Congress required under
8 section 21 of the Joint Resolution entitled “Joint Resolu-
9 tion increasing the statutory limit on the public debt”, ap-
10 proved February 12, 2010 (31 U.S.C. 712 note), that is
11 applicable to the first year beginning after the date of en-
12 actment of this Act a review of the duplication of services
13 and functions between the Office of the Inspector General
14 of the Postal Service, the Postal Inspection Service, and
15 any other Federal agency.