S.1486 – THE POSTAL REFORM ACT OF 2013
SECTION-BY-SECTION SUMMARY

Section 1 – Short Title

This section establishes the title of the legislation as the "Postal Reform Act of 2013."

Section 2 – Table of Contents

This section sets forth the table of contents for the Act.

Section 3 – Definitions

This section provides definitions of terms used in the Act.

Title I: Postal Service Workforce

Section 101 – Annual Federal Employee Retirement System and Civil Service Retirement System Assessments

This section would require that, in calculating the amounts that the Postal Service must pay to fund postal workers' annuities under Federal Employees Health Benefit Program (FERS) and the Civil Service Retirement System (CSRS), the Office of Personnel Management (OPM) must use the demographic and other characteristics of the Postal Service's actual workforce, rather than the general characteristics of both postal- and non-postal federal employees combined, as OPM does today. This provision responds to findings by the Postal Service's Office of Inspector General and others that OPM's current approach to making these calculations does not accurately predict the amount that postal retirees' annuities will really cost the FERS and CSRS programs.

This section would further provide that, insofar as the Postal Service has paid more into the FERS system than its employees' annuities under that system will actually cost, the Postal Service may use not more than $6 billion of the overpayment in 2014 to retire its debt obligations, and an additional amount of overpayment in 2014 or subsequent years would be returned to the Postal Service by a series of annual installments through 2054.

In addition, this section would modify the schedule under which the Postal Service must make up for the amount by which it has paid less than its employees' annuities under the CSRS system will actually cost. Under current law, the Postal Service would need to pay off that CSRS liability by a series of annual payments starting on September 30, 2018, and ending on September 30, 2043. This section of the bill would modify the Postal Service's obligation to pay off the CSRS liability by requiring the Postal Service to make a series of annual payments starting on September 30, 2015, and ending September 30, 2054.

Section 102 – Postal Service Authority to negotiate Retirement Benefit Terms for New Employees

This section would authorize the Postal Service and its unions to enter into collective bargaining agreements that modify the package of retirement benefits provided to newly hired postal workers represented by a union. Collective bargaining agreements could establish what retirement plans would be provided the Postal Service's level of contribution for benefits – whether at a higher or lower rate than at present. Specifically, the Postal Service and a union would be able to agree to the following kinds of modifications: *(1)* whether to cease covering some or all new employees under the FERS annuity plan; *(2)* whether to offer one or more additional retirement benefit plans and to establish the amounts that each employee and that the Postal Service would contribute under each plan; *(3)* for new employees who are covered under the FERS annuity plan, whether to adjust the amounts that each employee and that the Postal Service would contribute to the plan; and *(4)* whether to adjust the amount, if any, that the Postal Service would contribute towards each employee's Thrift Savings Plan account. This section also provides that if any new employee is not covered under the FERS defined benefit (annuity) plan pursuant to a collective bargaining agreement, then members of the Postal Career Executive Service are not to be covered under the FERS defined benefit plan on or after the effective date of the collective bargaining agreement.

Section 103 – Restructuring of Payments for Retiree Health Benefits

This section would restructure the Postal Service's retiree health pre-funding schedule. Specifically, it would eliminate the existing statutory payment schedule, cancel any outstanding payments owed by the Postal Service, suspend payments until fiscal year 2016, and then begin a new payment schedule amortized over 40 years. It would also reduce the pre-funding goal to 80 percent of projected obligations. The bill also recognizes that the amount of these payments would be reduced further if the Postal Service's liability for future retiree health costs is reduced as a result of: 1) the Postal Service and any postal unions agreeing, under section 104 of the bill, on a health benefits plan; or 2) the implementation of the Medicare proposals in section 105.

Section 104 – Postal Service Health Benefits Plans

This section would authorize the Postal Service to enter into negotiations with one or more of the unions representing its employees for the purpose of developing a potential new Postal Service health benefits plan, which could be either part of the existing Federal Employee Health Benefit (FEHB) Program or a separate Postal Service plan. The new Postal Service Health Benefits Plan would be implemented only after the unions and the Postal Service negotiate through collective bargaining, and participation would be required only for those represented by a bargaining unit that has entered into such an agreement and for Postal Service executives, although other Postal Service employees could join voluntarily. If the Postal Service and its unions enter into collective bargaining on a new health plan and do not reach agreement, existing dispute resolution procedures, including arbitration, would apply upon the election of any party to the negotiations. The Postal Service and its unions would have until two years after the date of enactment to negotiate such a new health benefits plan under this provision.

Section 105 – Medicare Coordination Efforts for Postal Service Employees and Retirees

This section would require OPM to develop optional FEHB plans for eligible postal employees and annuitants who have voluntarily enrolled in Medicare Parts A and B. These optional FEHB plans would be in addition to existing FEHB plans and would not affect the eligibility of Medicare-enrolled postal employees and annuitants for other FEHB plans. The new plan options would be required to offer equivalent coverage to benefits such employees and annuitants receive through existing plans, but would be required to pass on to the Postal Service and enrollees (in the form of reduced premiums) the savings that the plans get through coordination with Medicare. Any postal employee or annuitant or family member of a postal employee or annuitant who is enrolled in Medicare Part A and Medicare Part B would be able to enroll in the new plan options established under this section, and Medicare eligible employees who have not enrolled in Medicare Part A and Medicare Part B would be able to sign up without penalty through a special enrollment period.

Section 106 – Labor Disputes

This section would require that arbitration boards deciding contract disputes between the Postal Service and its unions must consider such relevant factors as the financial condition of the Postal Service, among other relevant factors, when rendering a binding decision.

Title II: Postal Service Operations

Section 201 – Maintenance of Delivery Service Standards

This section would require the Postal Service to maintain the delivery service standards for First Class mail and periodicals in effect on the date of enactment for a period of two years. Delivery service standards in this section refer to the time frame in which mail is required to be delivered between two points, which currently ranges from overnight to 3 days in the continental United States, depending on the origin and destination.

Section 202 – Preserving Mail Processing Capacity

This section would prohibit the Postal Service from closing or consolidating a mail processing facility that is open on the date of enactment for a period of two years.

Section 203 – Preserving Community Post Offices

This section would establish procedures that the Postal Service would be required to follow before deciding whether to discontinue a post office, including soliciting input from communities regarding post office operational changes that could result in financial savings without closings or consolidations. This section largely reflects the plan adopted by the Postal Service in 2012 and currently in effect.

In determining whether it is necessary to discontinue a post office, the Postal Service would be required to consider, to the extent practicable and appropriate, whether, rather than discontinuing the post office, it should instead:

1. reduce office hours;
2. contract out retail services in the area;
3. co-locate retail services with a commercial or governmental entity in the area; or
4. provide retail services to affected customers through letter carriers.

In addition, in making a determination whether or not to discontinue a post office, the Postal Service would be required to consider, to the extent practicable and appropriate, a range of factors, including the effect of discontinuing the post office on the community, on businesses in the area, and on postal employees; the extent to which postal customers would continue to receive substantially similar access to essential and time-sensitive items; the proximity and accessibility of other post offices; and whether the discontinuance would result in substantial economic savings to the Postal Service.

If the Postal Service decides, after making the above considerations, to discontinue a post office under this section, it would be required to:

1. allow at least 60 days for comment on its proposal;
2. consider a number of factors that might hinder its ability to serve a given community should a post office be closed or consolidated;
3. respond to comments it receives regarding its proposal; and
4. provide at least 60-days' notice of its intent to close or consolidate a post office.

Section 204 – Changes to Mail Delivery Schedule

This section would allow the Postal Service to establish a delivery schedule of 5 or fewer days per week no earlier than one year after the date of enactment if the Postal Service determines that such a delivery schedule would contribute to the achievement of long-term solvency.

If the Postal Service intends to move to 5-day per week delivery, it would be required, to the extent practicable and appropriate, to identify customers and communities that might be "particularly affected" by the scheduled change, to develop measures intended to ameliorate any disproportionately negative impacts associated with the change; and report to Congress on these efforts not later than three months before the effective date for the change in delivery service. In addition, GAO would be required to report to Congress within 270 days of enactment on the extent to which a change in delivery schedule would improve the financial condition of the Postal Service and assist in the efforts of the Postal Service to achieve long-term solvency.

For two years after the date of enactment, the Postal Service would be required to deliver packages six days per week delivery to addresses that received six-day package delivery as of January 1, 2013 and seven days per week where it is economically beneficial to the Postal Service to do so.

Finally, if the Postal Service adopts a delivery schedule of 5 days per week or fewer, this section would provide mailers (such as some small newspapers) that currently have access to customers' mailboxes on Sundays with the same access on all days on which the Postal Service chooses not to provide mail delivery.

Section 205 – Delivery Point Modernization

This section would require that the Postal Service use the method of delivery that is most cost-effective and in the best long-term interest of the Postal Service. For all new addresses established after the date of enactment, the Postal Service would be required to provide centralized delivery (e.g., cluster boxes) or, if centralized delivery is not practicable, curbside delivery. The Postal Service also would be required, wherever practical, to convert existing business addresses receiving door delivery to centralized or curbside delivery. With respect to existing residential addresses, the Postal Service would be required, within one year of enactment, to identify existing residential addresses that receive door delivery and that are appropriate candidates for conversion and to begin implementation of a program to voluntarily convert those addresses to a more cost-effective method of delivery.

In determining the appropriate method of delivery for a new or existing address, the Postal Service would be allowed to provide door delivery if a physical barrier precludes the efficient use of centralized or curbside delivery; if the address is in an historic district; or if the provision of centralized or curbside delivery would be impractical, not cost effective, or otherwise not in the best long-term interest of the Postal Service. In addition, the Postal Service would be required to provide a waiver program for customers for whom door delivery is necessary due to a physical hardship.

Section 206 – Time Limits for Consideration of Service Changes

This section would eliminate the requirement that the Postal Regulatory Commission issue advisory opinions on Postal Service-proposed service changes. Instead, the Board of Governors would be required to publish a public notice of proposed nationwide changes in service standards for market-dominant products not later than 60 days before the changes are to take effect and to receive consider public comments on such proposed changes. Challenges to any such changes in service adopted by the Board of Governors would remain subject to review by the Postal Regulatory Commission.

<u>Title III: Postal Service Revenue</u>

Section 301 – Postal Rates

Under current law, as provided for in the Postal Accountability and Enhancement Act of 2006, the Postal Regulatory Commission is given the authority to establish and periodically revise a system for regulating rates and classes of mail for market-dominant products. This section would amend current law to provide the Board of Governors with the authority to establish a system of rates and classes for market-dominant products. The Board must provide notice of any proposed rate adjustment 90 days before implementation in the case of a rate adjustment that affects all or substantially all market-dominant products, or 45 days before implementation in the case of any other rate adjustment, and solicit and consider public comment before making its final decision.   Decisions by the Board to adjust rates would remain subject to review by the Postal Regulatory Commission.

This section would also amend current law regarding limitations on postal rate increases. Annual rate increases for market-dominant products are still capped at the percentage change in the Consumer Price Index for All Urban Consumers, but the cap is now calculated across market-dominant products as a whole rather than imposed on each class separately.   In addition, this section provides that the rate cap will expire on December 20, 2016, and that rate adjustments made by the Board after that date will not be subject to the cap. (The Postal Accountability and Enhancement Act of 2006 required the Postal Regulatory Commission to begin a study to determine if the system for regulating rates and classes for market-dominant products is achieving its objectives by that same date).

This section would also repeal the rate preference that currently allows political committees to pay lower rates for mail.

Section 302 – Nonpostal Services

Under current law, the Postal Service is generally limited to offering "postal" products. The definition of "postal" essentially limits the Postal Service to the processing and transportation of hard-copy mail. The only exceptions are 27 non-postal products that were offered before the enactment of the Postal Accountability and Enhancement Act of 2006 and its prospective ban on new non-postal products. This section would reverse that ban, giving the Postal Service limited authority to offer non-postal products again. The limitations on this new authority would make it clear that any non-postal products offered by the Postal Service must make use of the Postal Service's mail processing and distribution network, must be in the public interest, must not create unfair competition with the private sector; and must have the potential to improve the Postal Service's financial condition. Finally, non-postal products would, like the Postal Service's competitive products, be required to cover all of their costs.

This section would also permit the Postal Service to offer services on behalf of federal, state, local, and tribal governmental agencies under appropriate terms, and would require that the Postal Service report to the Postal Regulatory Commission on the costs and revenues of such services.

Section 303 – Shipping of Wine, Beer, and Distilled Spirits

Under current law, private shippers are permitted to ship alcoholic beverages but the Postal Service is not. This section would authorize the Postal Service to ship wine, beer, and distilled spirits from producers permitted to ship those products in the state in which they are located to consumers permitted to purchase them in the state where they live.

Title IV: Postal Service Governance

Section 401 – Board of Governors of the Postal Service

Under current law, the Postal Service is governed by an eleven-member Board of Governors made up of nine part-time, Senate-confirmed Governors, the Postmaster General, and the Deputy Postmaster General. This section would reduce the size of the Board to nine members and eliminate the Deputy Postmaster General from the Board. It would retain partisan balance among the Board members, but otherwise revise the qualifications required of nominees to be Governors.

In addition, this section would give the Board of Governors the authority to establish an Executive Committee made up of the elected Chairman of the Board and two additional Governors with no more than two members of the Executive Committee being a member of any one political party. If created, the Executive Committee would be responsible for developing and overseeing the long-term financial solvency of the Postal Service, developing and overseeing the financial plan and budget, and making recommendations on postal operations.

Section 402 – Strategic Advisory Commission on Postal Service Solvency and Innovation

This section would establish an independent advisory commission that would provide guidance to the President, Congress, and the Postal Service on enhancing the long-term solvency of the Postal Service and fostering innovative thinking there. The commission would be made up of seven prominent individuals, three of them appointed by the President and one each appointed by each party's leader in the House and Senate. Commissioners may not be current elected officials or officers or employees of the federal government. The commission would be charged specifically with studying the current state of the Postal Service, alternative business models for the Postal Service, potential postal and non-postal products that the Postal Service could offer, and innovations that have been implemented by foreign posts. It would issue a Strategic Blueprint for Long-Term Solvency and findings related to the Postal Service's potential to cooperate with federal, state, local, and tribal government agencies within 9 months of enactment. The Postal Service would be required to submit a strategic plan regarding cooperation with federal, state, local, and tribal government agencies within six months of receiving the commission's findings on the matter. The commission would terminate following the submission of its Strategic Blueprint.

Section 403 – Long Term Solvency Plan; Annual Financial Plan and Budget

This section would require that, within 90 days of enactment, the Postal Service prepare and submit a plan to the Board of Governors describing the actions the Postal Service intends to take to achieve long-term solvency. The Board of Governors is to review it, may request changes, and then is to submit it within 60 days to Congress. The Postmaster General is required to submit updated versions of the long-term solvency plan to the Board of Governors at least annually for five years after enactment, which versions the Board is also required to review and submit to Congress.

This section would further require that, for each of the first five fiscal years after enactment, the Postmaster General submit to the Board a financial plan and budget for the fiscal year that is consistent with the goal of promoting the long-term solvency of the Postal Service. The Board is required to review the plan and budget and either approve it or direct the Postmaster General to appropriate revise it, before the budget is submitted to OMB as part of the annual budget process.

Section 404 – Chief Innovation Officer; Innovation Strategy

This section would require the Postal Service to, within 90 days of enactment, designate a Chief Innovation Officer. This individual must have expertise and a record of accomplishment in certain key areas, such as the shipping industry, marketing, and new and emerging technology. He or she would be charged with leading the development at the Postal Service of new postal and non-postal products and must, within nine months of enactment, publish an innovation strategy for the Postal Service detailing new products to be tested and launched. The Chief Innovation Officer would also be required to submit an annual report on implementation of the innovation strategy for the subsequent 10 years.

Section 405 – Area and District Office Structure

This section would require the Postal Service to issue a plan within one year of enactment for reducing the number of area and district offices.

Section 406 – Inspector General of the Postal Service

Under current law, the Inspector General is appointed by the Postal Board of Governors. This section would provide that the Inspector General of the Postal Service would be appointed by the President subject to confirmation by the Senate. This section of the bill generally follows the same approach that is used for establishing other presidentially appointed inspectors general under the Inspector General Act of 1978.

<u>Title V: Federal Employees Compensation Act</u>

Section 501 – Short Title; References

This section says that title III of the bill may be cited as the "Workers' Compensation Reform Act of 2012." The section also provides that, whenever a provision in title III of the bill refers to a statutory section being amended, the provision is in reference to title 5 of the United States Code unless noted otherwise.

Section 502 – Federal Workers' Compensation Reforms for Retirement-Age Employees

This section would reduce FECA benefits for totally disabled enrollees to 50 percent of the pre-disability wage upon the enrollee reaching full retirement age, as defined in the Social Security Act. For partially disabled enrollees, the benefits would generally be reduced to 50 percent of the pre-disability wage, multiplied by the percentage of wage-earning capacity lost due to the injury.

For individuals whose workplace injury occurred before the date of enactment, section 502 contains provisions that would delay application of the reduced benefit level and provide full exemption for those most severely injured and those already over retirement age. Specifically –

(1) those who are permanently, totally disabled and unable to return to work would be exempt from this section ("grandfathered"), and their benefit rate would not be reduced to 50 percent. This category of grandfathered individuals is defined under the legislation as those who satisfy any one of the following criteria: (a) lost the use of 2 appendages (*e.g.*, arms/legs); (b) receiving custodial home nursing care or full nursing home care for at least 1 year prior to enactment; or (c) receiving "total disability" wage-loss compensation for at least 3 years prior to enactment or will have done so within the first 3 years after enactment;

(2) those who are already at the age of retirement on the date of enactment are also exempt from this section; and

(3) those who do not qualify as permanently, totally disabled ("grandfathered") and are not already over the retirement age, the benefit level will be reduced to 50 percent upon reaching retirement age or 3 years after the date of enactment, whichever is later.

Section 503 – Augmented Compensation for Dependents

This section would eliminate the additional ("augmented") compensation in current law for beneficiaries who have dependents.

Also, for individuals whose workplace injury occurred before the date of enactment, section 503 contains provisions to delay application of the reduced benefit level and to provide full exemption for those most severely injured. Specifically –

(1) those who are permanently, totally disabled and unable to return to work would be exempt from this section ("grandfathered"), and they would continue to receive the additional level of compensation if they have dependents. This definition of grandfathered individuals is the same as the definition of those grandfathered under section 302; and

(2) those who are not permanently, totally disabled ("grandfathered") would become ineligible to receive augmented compensation 3 years after the bill is enacted.

Section 504 – Schedule Compensation Payments

This section would allow individuals receiving workers' compensation benefits for total or partial disability to simultaneously receive schedule compensation payments if their disability benefits are reduced under sections 502 or 503 of this bill. Schedule compensation payments are specific payments authorized under existing law for certain injuries, such as loss of use of a limb.

Under current law, an injured individual is not eligible to receive a schedule compensation payment for an injury simultaneously with benefits for total or partial disability.

Section 505 – Vocational Rehabilitation

This section includes several provisions to strengthen existing programs that help injured workers get back to work:

(1) It would extend existing vocational rehabilitation opportunities, which are now available under FECA for workers who are totally disabled, to be available to those who are partially disabled as well;

(2) It would authorize the Department of Labor (DOL) to pay a federal employer the salary of a beneficiary for up to 3 years as an incentive to hire workers off of the FECA program rolls. Current law permits these payments only to non-federal employers; and

(3) It would make compliance with the Return to Work plan developed between the program and the beneficiary a condition of receiving continued benefits (except this condition would not apply to beneficiaries who are over the age of retirement).

Section 506 – Reporting Requirements

This section would mandate that beneficiaries report any outside income they receive to DOL. An employee who fails to comply will lose the right to receive compensation.

Section 507 – Disability Management Review; Independent Medical Examinations

This section would require an independent medical assessment of disability and potential for return to work for beneficiaries after 6 months in the program and on a regularly scheduled basis thereafter, but no less frequently than every 3 years. This would not change existing law allowing a FECA beneficiary to choose to see his or her own doctor for treatment and initial assessment. In addition, employing agencies may request that DOL obtain an independent medical examination at any time, and DOL must grant the agency's request if DOL has not already conducted such an examination.

Section 508 – Waiting Period

Because minor workplace injuries often heal quickly, FECA provides a 3-day waiting period before compensation begins. For postal employees, FECA's 3-day waiting period comes immediately after the injury, but for non-postal workers the waiting period does not come until after the end of the 45-day continuation-of-pay period. Section 308 would begin the 3-day waiting period immediately after a work-related injury for all injured employees. As under current law, injured employees may subsequently receive FECA compensation for those 3 days if the period of disability exceeds 14 days.

Section 509 – Election of Benefits

If an individual is simultaneously eligible for compensation benefits both under FECA and under a retirement system for federal employees (such as FERS or CSRS), the individual must elect which benefits to receive, and the election will be irrevocable. This section would prevent an injured worker from retroactively claiming workers' compensation benefits after having declined such benefits in favor of federal retirement benefits. This provision is intended to prevent a claimant from electing federal retirement benefits as a means of avoiding required participation in vocational rehabilitation or acceptance of an offered suitable job and then later retroactively electing the potentially more generous workers' compensation benefits.

Section 510 – Sanctions for Non-Cooperation with Field Nurses

This section would suspend benefits when an injured worker fails to cooperate with a field nurse. A "field nurse" is defined as a registered nurse who assists DOL in the medical management of disability claims and assists claimants in coordinating medical care, and DOL is authorized to use field nurses to coordinate medical services and vocational rehabilitation services.

Section 511 – Subrogation of Continuation of Pay

This section would allow the federal government to recover "continuation of pay" (*e.g.*, salary that's continued to be paid to the beneficiary during the 45-day period between the injury and the initiation of FECA disability benefits) from third parties that are liable for the beneficiary's work-related injury.

Section 512 – Integrity and Compliance

This section includes several provisions to strengthen integrity and compliance efforts within the FECA program. It would require that, no later than 270 days after enactment, the Secretary of Labor must establish an Integrity and Compliance Program to prevent, identify, and recover improper payments (including those obtained by fraud) for the FECA program. The section would also direct the Secretary to cooperate with other agencies, including the Postal Service, and the agency inspectors general, to prevent, identify, and recover improper payments.

The section would also require the Secretary of Health and Human Services to make the National Directory of New Hires available to the Secretary of Labor, the Postmaster General, the DOL Inspector General, the USPS Inspector General, and GAO, so that they can cross-match that data with claimant data under the FECA program. The Comptroller General is granted access to the National Directory of New Hires under this provision for any audit, evaluation, or investigation, including any audit, evaluation, or investigation relating to program integrity.

Section 513 – Amount of Compensation

=This section would increase the amount an injured worker receives for a severe disfigurement of the face, head or neck from $3,500 to a maximum of $50,000. This section would also increase the amount allowed to reimburse funeral expenses incurred due to a death from a work-related injury from $800 to a maximum of $6,000. The limits in the current law have not been significantly changed since 1949.

Section 514- Terrorism Injuries; Zones of Armed Conflict

This section would provide that a disability or death as a result of "an attack by a terrorist or terrorist organization, either known or unknown," is "deemed to have resulted from personal injury sustained while in the performance of duty," under FECA's "war-risk hazard" provision. This would also codify current OWCP practice of covering such disabilities or deaths as "war-risk hazards."

This section would also provide continuation of pay for wage loss due to traumatic injury in performance of duty in a designated zone of armed conflict for a period not to exceed 135 days, so long as the employee files a claim for such benefit no longer than 45 days after terminating service in the zone of armed conflict or the employee's return to the United States, whichever occurs later.

Section 516 - Technical and Conforming Amendments

This section contains technical and conforming amendments to the FECA statute in Title V of the United States Code.

Section 515 – Regulations

This section would require the DOL to issue regulations to carry out this title of the legislation.

Section 516 – Effective Date

This section would provide that the provisions of Title V are to take effect 60 days after enactment, except as otherwise provided.

Title VI: Property Management and Expedited Disposal of Real Property

Title VI of this bill is the same as S.1398, which the Committee on Homeland Security and Governmental Affairs ordered reported, without amendment, on July 31, 2013.

Section 601 – Short Title

This section gives the legislation in Title VI the short title of the "Federal Real Property Asset Management Reform Act of 2013."

Section 602 – Purpose

This section states the legislation's purpose as – *(1)* to increase the efficiency and effectiveness of the federal government in managing its real property by requiring agencies to maintain an up-to-date inventory of real property, *(2)* to establish a Federal Real Property Council to develop guidance and ensure the implementation of strategies for better managing federal real property, and *(3)* to authorize a pilot program to expedite the disposal of surplus real property.

Section 603 – Property Management and Expedited Disposal of Real Property

The first part of this section defines important terms for the bill. It defines excess property as property under the control of a federal agency that the head of the agency determines is not required to meet the agency's needs or responsibilities. Surplus property is defined as excess property that is not required to meet the needs or responsibilities of any federal agency. Underutilized property is defined in the legislation as an entire property or portion thereof, with or without improvements which is used *(1)* irregularly or intermittently by the accountable Federal agency for program purposes of that agency or *(2)* for program purposes that can be satisfied only with a portion of that property. The term Administrator is defined as the Administrator of the General Services Administration (GSA). The term Director refers to the Director of the Office of Management and Budget (OMB).

The second part of this section details the duties of agencies must undertake in order to improve the management of their real property. Under this section, each agency must conduct an inventory of real property under its control and provide detailed information of property to the GSA Administrator and the Federal Real Property Council. Additionally, agencies are required to continuously survey its real property to identify excess and underutilized property, report any excess or underutilized property to the GSA Administrator, and establish goals that will lead to a reduction of the agency's excess and underutilized real property.

The third part of this section would establish the Federal Real Property Council (FRPC), to be comprised of senior real property officers from each Federal agency, the Controller at the Office of Management and Budget, and the GSA Administrator. The Deputy Director for Management at OMB would chair the Council and designate an Executive Director to assist the Council in carrying out its duties. This section would require the FRPC to establish an annual asset management plan and to include in that plan performance measures that will enable Congress to track progress in achieving real property goals government-wide and compare the performance of landholding agencies against industry and other public sector agencies. Additionally, this section would direct the FRPC to develop a strategy to reduce federal agencies' reliance on leasing when building ownership would be more cost-effective. Finally, the Council is expected to provide guidance to agencies so that property assessments can be uniform across the government.

The fourth part of this section would direct the GSA Administrator to establish and maintain a single, comprehensive, and descriptive database of all real property under the custody and control of federal agencies. The database must contain the results of agencies' inventory of their real property as described in the first part of this section as well as a list of real property disposals that have been completed. The Administrator would be required to make the database accessible to the public at no cost within three years after the date of enactment of this bill.

Although GSA is responsible for leasing property on behalf of most federal agencies, many agencies have independent leasing authority, under which they may enter into leases on their own. The fifth part of this section imposes a reporting requirement on such agencies so that the executive branch and the Congress can better monitor whether those agencies' leases reflect the best use of federal resources. Agencies with independent leasing authority would be required to submit a yearly report to the Council providing detailed information regarding their leasing activity. This section would not apply to the United States Postal Service, the Department of Veterans Affairs, or any other property the President excludes for reasons of national security.

The sixth part of this section would establish a pilot program to expedite the disposal of surplus properties. Under this section, the Director of OMB may authorize the disposal of up to 200 surplus properties each year with priority going to those properties that have the highest fair market value and the greatest potential for disposal. Agencies must make property available for sale within 18 months after receiving a determination from the OMB Director that the property is surplus. Failure to do so would prevent an agency from acquiring additional property unless the square footage of the increase is offset through consolidation, colocation, or disposal of another building space from the inventory of that agency. Under the pilot program, after GSA is reimbursed for the costs of identifying and preparing a property for disposal, any proceeds will be distributed as follows: 80 percent would be returned to the Treasury for debt reduction; the lesser of 18 percent or the share of proceeds otherwise authorized to be retained under law would be retained by the agency that owned the property; and not more than 2 percent would be used to fund homeless assistance grants. This section would permit the Secretary of the Department of Housing and Urban Development to use funds made available through sales proceeds for grants to eligible private non-profit organizations through the continuum of care program established under title IV for the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.). If a property that has been selected for disposal under the pilot program has not been disposed of after two years in the program, it may be conveyed to state and local governments or nonprofit organizations for certain public purposes, unless the predominant use of the property is not for housing, the area of the property is not less than 25,000 square feet, or the appraised fair market value of the property is greater than $1 million.

Section 604 – Report of the Comptroller General

This section would require the Comptroller General of the United States to submit a report to Congress on the expedited disposal program established by this legislation.

Section 605 – Technical and Conforming Amendment

This section contains a technical and conforming amendment to the table of contents for chapter 5 of subtitle I of title 40, United States Code.