

**[DISCUSSION DRAFT]**114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**H. R.** \_\_\_\_\_

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

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**IN THE HOUSE OF REPRESENTATIVES**

M\_\_\_\_. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

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

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

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

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

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

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

#### TITLE I—POSTAL SERVICE BENEFITS REFORM

- Sec. 101. Postal Service Health Benefits Program.  
Sec. 102. Postal Service retiree health care benefit funding reform.  
Sec. 103. Postal Service pension funding reform.  
Sec. 104. Medicare part B premium transition for newly enrolling Postal Service annuitants and family members.  
Sec. 105. Reserve fund.

#### TITLE II—POSTAL SERVICE OPERATIONS REFORM

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

#### TITLE III—POSTAL SERVICE PERSONNEL

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

#### TITLE IV—POSTAL CONTRACTING REFORM

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

### 1 **SEC. 2. DEFINITIONS.**

2 In this Act—

3 (1) the term “Postal Service” means the United  
4 States Postal Service; and

5 (2) the term “postal retail facility” means a  
6 post office, post office branch, post office classified  
7 station, or other facility which is operated by the  
8 Postal Service, and the primary function of which is  
9 to provide retail postal services, but does not include  
10 a contractor-operated facility offering postal services.

1           **TITLE I—POSTAL SERVICE**  
2                           **BENEFITS REFORM**

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

4           (a) ESTABLISHMENT.—

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

8   **“SEC. 8903c. POSTAL SERVICE HEALTH BENEFITS PRO-**  
9                           **GRAM.**

10           “(a) DEFINITIONS.—In this section—

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

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

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

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

1           “(5) the term ‘Postal Service’ means the United  
2 States Postal Service;

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

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

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

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

13                   “(B) is a covered Medicare individual;

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

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

20           “(b) APPLICATION.—The requirements under this  
21 section shall—

22                   “(1) apply to the initial contract year and each  
23 contract year thereafter; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20              “(d) ELECTION OF COVERAGE.—

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

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

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

6           “(2) ANNUITANTS.—

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

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

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

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

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



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

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

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

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

1           “(B) upon becoming a Postal Service an-  
2           nuitant, if the Postal Service employee elects to  
3           continue coverage under this chapter, the Post-  
4           al Service employee shall enroll in a Program  
5           plan during the open season that is—

6                       “(i) being held when the Postal Serv-  
7                       vice employee becomes a Postal Service an-  
8                       nuitant; or

9                       “(ii) if the date on which the Postal  
10                      Service employee becomes a Postal Service  
11                      annuitant falls outside of an open season,  
12                      the first open season following that date;  
13                      and

14                     “(C) subparagraph (A) and (B) shall not  
15                     apply to an employee who resides in a geo-  
16                     graphic area for which there is not a Program  
17                     plan in which the employee may enroll.

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

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

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

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

12                 “(A) Postal Service annuitants and family  
13                 members who are subject to the requirement of  
14                 paragraph (1) or (2)—

15                         “(i) are informed, at the time of en-  
16                         rollment under this chapter, of such re-  
17                         quirement; and

18                         “(ii) as a consequence of such enroll-  
19                         ment are deemed to have elected to be en-  
20                         rolled under Medicare part B (under sec-  
21                         tion 1837(m)(1) of the Social Security  
22                         Act) in connection with the enrollment in  
23                         a Program plan under this chapter; and

24                         “(B) the Office provides the Secretary of  
25                         Health and Human Services and the Commis-

1           sioner of Social Security in a timely manner  
2           with such information respecting such annu-  
3           itants and family members and such election as  
4           may be required to effect their enrollment and  
5           coverage under Medicare part B and this sec-  
6           tion in a timely manner.

7           “(f) MEDICARE COORDINATION.—The Office shall re-  
8           quire each Program plan to provide benefits for covered  
9           Medicare individuals pursuant to the standard coordina-  
10          tion of benefits method used under this chapter, rather  
11          than the exclusion method or the carve-out method.

12          “(g) POSTAL SERVICE CONTRIBUTION.—

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

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

23                         “(A) enrollments for self only;

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

25                         “(C) enrollments for self and family.

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

9           “(h) RESERVES.—

10           “(1) SEPARATE RESERVES.—

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

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

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

1           “(2) DISCONTINUATION OF PROGRAM PLAN.—

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

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

12           (2) TECHNICAL AND CONFORMING AMEND-  
13          MENTS.—

14           (A) Section 8903(1) of title 5, United  
15           States Code, is amended by striking “two levels  
16           of benefits” and inserting “2 levels of benefits  
17           for enrollees under this chapter generally and 2  
18           levels of benefits for enrollees under the Postal  
19           Service Health Benefits Program established  
20           under section 8903e”.

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

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

25           (b) COORDINATION WITH MEDICARE.—

1 (1) MEDICARE ENROLLMENT AND COVERAGE.—

2 Section 1837 of the Social Security Act (42 U.S.C.  
3 1395p) is amended by adding at the end the fol-  
4 lowing new subsection:

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

6 “(A)(i) a Postal Service Medicare covered annu-  
7 itant, or (ii) an individual who is a family member  
8 of such an annuitant and is a covered Medicare indi-  
9 vidual;

10 “(B) enrolls in a Program plan under section  
11 8903c of title 5, United States Code; and

12 “(C) is not enrolled under this part,  
13 the individual is deemed, in accordance with section  
14 8903c(e)(3) of such title, to have elected to be enrolled  
15 under this part.

16 “(2) In the case of an individual who is deemed to  
17 be enrolled under paragraph (1), the coverage period  
18 under this part shall begin on the date that the individual  
19 first has coverage under the Program plan pursuant to  
20 the enrollment described in paragraph (1)(B).

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

24 (2) WAIVER OF INCREASE OF PREMIUM.—Sec-  
25 tion 1839(b) of the Social Security Act (42 U.S.C.

1 1395r(b)) is amended by inserting after “section  
2 1837” the following: “or pursuant to subsection (m)  
3 of such section”.

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

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

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

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

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

21 (2) in paragraph (2)—

22 (A) in subparagraph (A)—

23 (i) in clause (i), as added by para-  
24 graph (1), by striking “shall through Sep-  
25 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 (b) POSTAL SERVICE RETIREE HEALTH BENEFITS  
11 FUND.—Section 8909a of title 5, United States Code, is  
12 amended—

13 (1) in subsection (d)—

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

19 (B) by striking paragraph (2) and insert-  
20 ing the following:

21 “(2)(A) Not later than June 30, 2016, the Office  
22 shall compute, and by June 30 of each succeeding year,  
23 the Office shall recompute, a schedule including a series  
24 of annual installments which provide for the liquidation  
25 of the amount described under subparagraph (B) (regard-

1 less of whether the amount is a liability or surplus) by  
2 September 30, 2055, or within 15 years, whichever is  
3 later, including interest at the rate used in the computa-  
4 tions under this subsection.

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

9 “(i) 100 percent of the Postal Service actuarial  
10 liability as of September 30 of the preceding fiscal  
11 year; and

12 “(ii) the value of the assets of the Postal Serv-  
13 ice Retiree Health Benefits Fund as of September  
14 30 of the preceding fiscal year.”;

15 (C) in paragraph (3)—

16 (i) in subparagraph (A)—

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

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

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

24 (ii) in subparagraph (B)—

1 (I) in the matter preceding clause  
2 (i), by striking “2017” and inserting  
3 “2016”;

4 (II) in clause (i), by striking  
5 “paragraph (1)” and inserting “para-  
6 graph (1), except to the extent the  
7 payment would cause the value of the  
8 assets in the Fund to exceed the Post-  
9 al Service actuarial liability”; and

10 (III) in clause (ii), by striking  
11 “paragraph (2)(B).” and inserting  
12 “paragraph (2).”; and

13 (D) by amending paragraph (4) to read as  
14 follows:

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

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

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

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

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

3 “(A) the net present value of future payments  
4 required to be paid from the Postal Service Retiree  
5 Health Benefits Fund under section  
6 8906(g)(2)(A)(ii)(I) for current and future United  
7 States Postal Service annuitants; and

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

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

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

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

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

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

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

6 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section  
7 8348(h) of title 5, United States Code, is amended—

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

10 “(B) The Office shall redetermine the postal surplus  
11 or supplemental liability as of the close of the fiscal year,  
12 for each fiscal year beginning after September 30, 2015.  
13 Subject to subparagraph (C), beginning June 15, 2017,  
14 if the result is a surplus or a supplemental liability the  
15 Office shall establish an amortization schedule, including  
16 a series of annual installments commencing on September  
17 30 of the subsequent fiscal year, which provides for the  
18 liquidation of such surplus or liability to the Postal Service  
19 or the Fund (as the case may be) by September 30, 2043.

20 “(C) No later than June 30, 2033, the Office shall  
21 determine, and thereafter redetermine as necessary, but  
22 not more frequently than once per year, the appropriate  
23 date to complete the liquidation of any remaining surplus  
24 or liability determined under this paragraph. The deter-  
25 mination under this subparagraph shall be set in accord-

1 ance with generally accepted actuarial practices and prin-  
2 ciples and shall not be longer than a period of 15 years  
3 from the date on which the determination is made.”; and

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

5 “(4) For the purpose of carrying out paragraph (1),  
6 for fiscal year 2013 and each fiscal year thereafter, the  
7 Office—

8 “(A) shall use demographic factors specific to  
9 current and former employees of the United States  
10 Postal Service, unless such data cannot be gen-  
11 erated; and

12 “(B) may use economic assumptions regarding  
13 wage and salary growth that reflect the specific past,  
14 and likely future, pay for current employees of the  
15 United States Postal Service.”.

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

19 (1) in subsection (a)—

20 (A) in paragraph (1)—

21 (i) in subparagraph (A)—

22 (I) in clause (i), by striking “sub-  
23 paragraph (B)),” and inserting “sub-  
24 paragraph (B) or (C)),”; and

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

3 (ii) in subparagraph (B)(ii), by strik-  
4 ing the period at the end and inserting “;  
5 and”; and

6 (iii) by adding at the end the fol-  
7 lowing:

8 “(C) the product of—

9 “(i) the normal-cost percentage, as deter-  
10 mined for employees (other than employees cov-  
11 ered by subparagraph (B)) of the United States  
12 Postal Service under paragraph (5), multiplied  
13 by

14 “(ii) the aggregate amount of basic pay  
15 payable by the United States Postal Service, for  
16 the period involved, to employees of the United  
17 States Postal Service.”; and

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

19 “(5)(A) In determining the normal-cost percentage  
20 for employees of the United States Postal Service for pur-  
21 poses of paragraph (1)(C), the Office—

22 “(i) shall use demographic factors specific to  
23 such employees, unless such data cannot be gen-  
24 erated; and



1           “(ii) may use economic assumptions regarding  
2           wage and salary growth that reflect the specific past,  
3           and likely future, pay for such employees.

4           “(B) The United States Postal Service shall provide  
5           any data or projections the Office requires in order to de-  
6           termine the normal-cost percentage for employees of the  
7           United States Postal Service, consistent with subpara-  
8           graph (A).

9           “(C) The Office shall review the determination of the  
10          normal-cost percentage for employees of the United States  
11          Postal Service and make such adjustments as the Office  
12          considers necessary—

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

16                 “(ii) at such other times as the Office considers  
17                 appropriate.

18          “(6) For the purpose of carrying out subsection  
19          (b)(1)(B), and consistent with paragraph (5), for fiscal  
20          year 2013, and each fiscal year thereafter, the Office—

21                 “(A) shall use demographic factors specific to  
22                 current and former employees of the United States  
23                 Postal Service, unless such data cannot be gen-  
24                 erated; and

1           “(B) may use economic assumptions regarding  
2           wage and salary growth that reflect the specific past,  
3           and likely future, pay for current employees of the  
4           United States Postal Service.”;

5           (2) in subsection (b)—

6                   (A) by redesignating paragraph (5) as  
7           paragraph (6); and

8                   (B) by inserting after paragraph (4) the  
9           following:

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

14           “(B) If the amount of supplemental liability com-  
15           puted under paragraph (1)(B) as for the close of any fiscal  
16           year after the date of enactment of the Postal Service Re-  
17           form Act of 2016 is less than zero, the Office shall estab-  
18           lish an amortization schedule, including a series of equal  
19           annual installments that—

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

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

1 **SEC. 104. MEDICARE PART B PREMIUM TRANSITION FOR**  
2 **NEWLY ENROLLING POSTAL SERVICE ANNU-**  
3 **ITANTS AND FAMILY MEMBERS.**

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

7 “(j) TRANSITION FOR NEWLY ENROLLING POSTAL  
8 SERVICE ANNUITANTS AND FAMILY MEMBERS.—With re-  
9 spect to each individual who is enrolled under this part  
10 pursuant to and during the open enrollment period estab-  
11 lished under section 1837(m) and who is not eligible for  
12 medicare cost-sharing described in section  
13 1905(p)(3)(A)(ii) under a State plan under title XIX, the  
14 premium otherwise established under this part (taking  
15 into account any adjustments, including those under sub-  
16 sections (b) and (i)) for a month—

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

20 “(2) in the succeeding year, shall be reduced by  
21 50 percent; and

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

24 (b) FUNDING THROUGH POSTAL SERVICE FUND.—  
25 Section 1844 of the Social Security Act (42 U.S.C.  
26 1395w) is amended—

1           (1) in the last sentence of subsection (a), by  
2           striking “under subsection (d)(1) with respect to en-  
3           rollees described in subparagraphs (A) and (B) of  
4           such subsection” and inserting “under subsections  
5           (d)(1) and (d)(4) with respect to enrollees described  
6           in subparagraphs (A) and (B) of such respective  
7           subsection”; and

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

10          “(4) For each year, there shall be transferred from  
11          the Postal Service Fund to the Trust Fund an amount,  
12          as estimated by the Chief Actuary of the Centers for Medi-  
13          care & Medicaid Services, equal to the reduction in aggre-  
14          gate premiums payable under this part for a month in  
15          such year that is attributable to the application of section  
16          1839(j) with respect to—

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

18                 “(B) enrollees under age 65.

19          Such amounts shall be transferred from time to time as  
20          appropriate but, to the extent practicable, on an annual  
21          basis and in a manner that places the Trust Fund in the  
22          same actuarial status as if this paragraph and section  
23          1839(j) did not apply.”.

24          **[SEC. 105. RESERVE FUND.]**

25                 **[TBD]**

1           **TITLE II—POSTAL SERVICE**  
2                   **OPERATIONS REFORM**

3   **SEC. 201. GOVERNANCE REFORM.**

4           (a) BOARD OF GOVERNORS.—

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

7   **“§ 202. Board of Governors**

8           “(a) IN GENERAL.—There is established in the Post-  
9   al Service a Board of Governors composed of 5 members  
10 appointed in accordance with this section. The Board shall  
11 have the power to—

12                   “(1) serve as a consultant for the Postmaster  
13   General in the execution of the Postmaster General’s  
14   authority provided under this title;

15                   “(2) set the compensation of the Postmaster  
16   General and the Deputy Postmaster General in ac-  
17   cordance with private sector best practices, as deter-  
18   mined by the Board; and

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

21           “(b) APPOINTMENT; PAY.—

22                   “(1) IN GENERAL.—The members of the Board,  
23   to be known as Governors, shall be appointed by the  
24   President, by and with the advice and consent of the  
25   Senate, not more than 3 of whom may be adherents

1 of the same political party. The Governors shall elect  
2 a Chair from among the members of the Board. The  
3 Governors shall represent the public interest gen-  
4 erally, and shall be chosen solely on the basis of  
5 their experience in the field of public administration,  
6 law, or accounting, or on their demonstrated ability  
7 in managing organizations or corporations (in either  
8 the public or private sector) of substantial size; ex-  
9 cept that at least 3 of the Governors shall be chosen  
10 solely on the basis of their demonstrated ability in  
11 managing organizations or corporations (in either  
12 the public or private sector) that employ at least  
13 10,000 employees. The Governors shall not be rep-  
14 resentatives of specific interests using the Postal  
15 Service, and may be removed only for cause.

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

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

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

6 “(c) TERMS OF MEMBERS.—

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

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

23 (2) APPLICATION.—Any individual serving as a  
24 Governor on the Board of Governors of the Postal  
25 Service on the date of enactment of this Act shall

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

6 (b) POSTMASTER GENERAL; DEPUTY POSTMASTER  
7 GENERAL.—

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

10 **“§ 203. Postmaster General; Deputy Postmaster Gen-  
11 eral**

12 “(a) POSTMASTER GENERAL.—

13 “(1) IN GENERAL.—The chief executive officer  
14 of the Postal Service is the Postmaster General, to  
15 be appointed by the President, by and with the ad-  
16 vice and consent of the Senate. The term for the  
17 Postmaster General shall be 4 years.

18 “(2) POWERS.—Consistent with the require-  
19 ments of this title, the exercise of the power of the  
20 Postal Service shall be vested in the Postmaster  
21 General. The Postmaster General may consult with  
22 the Board of Governors and the Deputy Postmaster  
23 General in exercising such power.

24 “(b) DEPUTY POSTMASTER GENERAL.—The alter-  
25 nate chief executive officer of the Postal Service is the



1 Deputy Postmaster General, to be appointed by the Presi-  
2 dent, by and with the advice and consent of the Senate.  
3 The term for the Deputy Postmaster General shall be 4  
4 years.

5 “(c) COMPENSATION.—

6 “(1) IN GENERAL.—The Postmaster General  
7 and the Deputy Postmaster General shall receive an  
8 annual rate of pay in an amount as determined by  
9 the Board under section 202(a)(2). Any rate of pay  
10 so determined shall not be less than the rates of pay  
11 described in paragraph (2) of this subsection.

12 “(2) DEFAULT RATE.—If the Board fails to de-  
13 termine a rate of pay for the Postmaster General or  
14 the Deputy Postmaster General pursuant to para-  
15 graph (1), the annual rate of pay for—

16 “(A) the Postmaster General shall be the  
17 rate of pay for level I of the Executive Schedule  
18 under section 5312 of title 5; and

19 “(B) the Deputy Postmaster General shall  
20 be the rate of pay for level II of the Executive  
21 Schedule under section 5313 of title 5.”.

22 (2) APPOINTMENT.—Not later than 180 days  
23 after the date of enactment of this Act, the Presi-  
24 dent shall appoint, by and with the advice and con-  
25 sent of the Senate, a Postmaster General. Any indi-

1       vidual appointed under the previous sentence shall  
2       be deemed to be appointed under section 203(a) of  
3       title 39, United States Code (as amended by para-  
4       graph (1)).

5           (3) TRANSITION PERIOD.—During the period  
6       beginning on the date of enactment of this Act and  
7       ending on the date that the amendments under this  
8       section take effect pursuant to subsection (g), the  
9       Postmaster General (as of such date of enactment)  
10      shall continue to occupy and exercise the authority  
11      of the position of Postmaster General as provided  
12      under title 39, United States Code (as in effect be-  
13      fore the effective date provided in such subsection).

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

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

18           “(a) VACANCIES.—Vacancies in the Board, as long  
19      as there are sufficient members to form a quorum, shall  
20      not impair the powers of the Board under this title.

21           “(b) VOTE.—The Board shall act upon majority vote  
22      of those members who are present, and any 3 members  
23      present shall constitute a quorum for the transaction of  
24      business by the Board.

1           “(c) LIMITATION.—No officer or employee of the  
2 United States may serve concurrently as a Governor. A  
3 Governor may hold any other office or employment not  
4 inconsistent or in conflict with the Governor’s duties, re-  
5 sponsibilities, and powers as an officer of the Government  
6 of the United States in the Postal Service.”.

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

10       **“§ 402. Delegation of authority**

11           “Except for those powers, duties, or obligations spe-  
12 cifically vested in the Postmaster General, the Postmaster  
13 General may delegate the authority vested in him or her  
14 under such terms, conditions, and limitations, including  
15 the power of redelegation, as it determines desirable. The  
16 Postmaster General may establish such committees of the  
17 Postmaster General, and delegate such powers to any com-  
18 mittee, as the Postmaster General determines appropriate  
19 to carry out its functions and duties. Delegations under  
20 this section shall be consistent with other provisions of this  
21 title, shall not relieve the Postmaster General of full re-  
22 sponsibility for the carrying out the Postmaster General’s  
23 duties and functions, and shall be revocable by the Post-  
24 master General.”.

25           (e) INTERNATIONAL POSTAL ARRANGEMENTS.—

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

4           “(f) The Postal Regulatory Commission shall allocate  
5           to the Department of State from any funds available to  
6           the Commission such sums as may be reasonable, docu-  
7           mented, and auditable for the Department of State to  
8           carry out the activities of this section.”.

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

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

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

20               (1) In section 102(3)—

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

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

25               (2) In section 204—

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

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

4 (3) In section 404(b), by striking “the Gov-  
5 ernors are” and inserting “the Postmaster General  
6 is”.

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

10 (5) In section 416(c), by striking “the Gov-  
11 ernors” and inserting “the Postmaster General”.

12 (6) In section 1011, by striking “the Board”  
13 and inserting “the Postmaster General”.

14 (7) By striking section 2402 and inserting the  
15 following:

16 **“§ 2402. Annual report**

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

20 (8) In section 3632—

21 (A) in the section heading, by striking  
22 **“Governors”** and inserting **“Postmaster**  
23 **General”**;

1 (B) by striking “the Governors” in each  
2 instance it appears and inserting “the Post-  
3 master General”; and

4 (C) by striking “the Governors’” and in-  
5 serting “the Postmaster General’s”.

6 (9) The table of sections for chapter 36 of title  
7 39, United States Code, is amended by striking the  
8 item relating to section 3632 and inserting the fol-  
9 lowing:

“3632. Action of the Postmaster General.”.

10 (10) In section 3684, by striking “the Gov-  
11 ernors’” and inserting “the Postmaster General”.

12 (11) In section 3686—

13 (A) by striking “the Board of Governors of  
14 the Postal Service” in each instance it appears  
15 and inserting “the Postmaster General”;

16 (B) by striking “the Board of Governors”  
17 in each instance it appears and inserting “the  
18 Postmaster General”;

19 (C) by striking “The Board of Governors”  
20 and inserting “The Postmaster General”;

21 (D) by striking “the Board” in each in-  
22 stance it appears and inserting “the Postmaster  
23 General”; and

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

1           “(f) EXCEPTION.—Notwithstanding the requirements  
2 of subsections (a) through (e), the Board of Governors  
3 shall carry out the authority provided by this section with  
4 respect to the Postmaster General and the Deputy Post-  
5 master General.”.

6           (g) DELAYED EFFECTIVE DATE.—The amendments  
7 made by this section shall take effect upon the date that  
8 is 30 days after the date that an individual is confirmed  
9 by the Senate as Postmaster General under subsection  
10 (b)(2).

11 **SEC. 202. TRANSITION TO MORE EFFICIENT AND SECURE**  
12 **MAIL DELIVERY.**

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

16 **“§ 3692. Delivery-point modernization**

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

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

20                   “(2) the term ‘primary mode of mail delivery’  
21 means the typical method by which the Postal Serv-  
22 ice delivers letter mail to the delivery point of a  
23 postal patron;

24                   “(3) the term ‘door delivery’ means a primary  
25 mode of mail delivery whereby mail is placed into a

1 slot or receptacle at or near the postal patron's door  
2 or is hand delivered to a postal patron, but does not  
3 include centralized delivery, curbside delivery, or  
4 sidewalk delivery;

5 “(4) the term ‘centralized delivery’ means a pri-  
6 mary mode of mail delivery whereby mail receptacles  
7 of a number of delivery points are grouped or clus-  
8 tered at a single location;

9 “(5) the term ‘curbside delivery’ means a pri-  
10 mary mode of mail delivery whereby a mail recep-  
11 tacle is situated at the edge of a sidewalk abutting  
12 a road or curb, at a road, or at a curb, and can be  
13 served by a letter carrier from a motorized vehicle;  
14 and

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

19 “(b) POLICY.—It shall be the policy of the Postal  
20 Service—

21 “(1) to provide access to secure, convenient  
22 mail and package delivery receptacles to the greatest  
23 number of postal patrons feasible; and

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



1           “(c) PHASEOUT OF DOOR DELIVERY FOR NEW AD-  
2 DRESSES.—For any new delivery point established after  
3 December 31, 2016, the Postal Service shall provide a pri-  
4 mary mode of mail delivery other than door delivery, with  
5 a preference for secure, centralized delivery to the max-  
6 imum extent feasible.

7           “(d) BUSINESS ADDRESS CONVERSION.—

8                 “(1) IDENTIFICATION.—Not later than 1 year  
9 after the date of the Postal Service Reform Act of  
10 2016, each Postal Service district office shall iden-  
11 tify the business delivery points within its service  
12 area that are appropriate candidates for conversion  
13 from door delivery to centralized delivery, curbside  
14 delivery, or sidewalk delivery.

15                 “(2) CONVERSION REQUIREMENT.—Beginning  
16 not later than October 1, 2017, the Postal Service  
17 shall implement a program to convert delivery points  
18 identified under paragraph (1) to centralized deliv-  
19 ery, curbside delivery, or sidewalk delivery at a rate  
20 sufficient to ensure that—

21                         “(A) not less than 20 percent of such de-  
22 livery points are converted by September 30,  
23 2018;

1           “(B) not less than 40 percent of such de-  
2           livery points are converted by September 30,  
3           2019;

4           “(C) not less than 60 percent of such de-  
5           livery points are converted by September 30,  
6           2020;

7           “(D) not less than 80 percent of such de-  
8           livery points are converted by September 30,  
9           2021; and

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

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

18           “(e) RESIDENTIAL ADDRESS CONVERSION.—

19           “(1) IDENTIFICATION.—Not later than 1 year  
20           after the date of the enactment of the Postal Service  
21           Reform Act of 2016, each Postal Service district of-  
22           fice shall identify the residential delivery points with-  
23           in its service area that are appropriate candidates  
24           for conversion from door delivery to centralized de-  
25           livery, curbside delivery, or sidewalk delivery.

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

7                   “(A) Not later than 3 months after the  
8                   identification of the delivery points under para-  
9                   graph (1), the Postal Service shall divide such  
10                  delivery points into geographically based ad-  
11                  dress units (such as street blocks or other simi-  
12                  lar reasonably segregable units) not to exceed  
13                  50 delivery points per unit.

14                  “(B) Not later than 6 months after such  
15                  identification, the Postal Service shall provide  
16                  written notification to postal patrons served by  
17                  each identified delivery point containing the fol-  
18                  lowing:

19                          “(i) Notice that the delivery point has  
20                          been proposed for conversion to a more ef-  
21                          ficient primary mode of mail delivery to  
22                          more economically provide universal postal  
23                          service and improve service.

1           “(ii) A description of the new primary  
2           mode of delivery proposed by the Postal  
3           Service and a visual example of such mode.

4           “(iii) A conversion consent form and  
5           notice that conversion for residential ad-  
6           dresses is on a voluntary basis.

7           “(iv) A description of benefits of con-  
8           version to the postal patron, including ac-  
9           cess to secure mail and package delivery,  
10          and benefits of conversion to the Postal  
11          Service, including a smaller environmental  
12          impact for delivery.

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

16          “(vi) Any other information the Postal  
17          Service considers necessary.

18          “(C) No delivery point may be converted  
19          under this subsection unless prior written con-  
20          sent is provided to the Postal Service by a post-  
21          al patron served by such delivery point who is  
22          at least 18 years old. Prior to the conversion of  
23          a delivery point under this section, any written  
24          consent so provided may be withdrawn by such  
25          patron or by any other postal patron served by

1 such delivery point who is at least 18 years old  
2 upon written notification to the Postal Service.  
3 The Postal Service shall place on the Postal  
4 Service's public Web site an option to request  
5 that a consent form or consent-withdrawal form  
6 be delivered to any delivery point identified for  
7 conversion under this subsection.

8 “(D) Upon the receipt of written consent  
9 applicable to at least 40 percent of the delivery  
10 points within an address unit described under  
11 subparagraph (A), the Postal Service shall—

12 “(i) not later than 30 days after the  
13 date that the requisite percentage is  
14 reached, provide written notice to each de-  
15 livery point within such unit stating that  
16 the conversion threshold has been reached  
17 and that—

18 “(I) with respect to any delivery  
19 point for which a consent for conver-  
20 sion was received, that the primary  
21 mode of mail delivery for such address  
22 will be converted; and

23 “(II) with respect to any delivery  
24 point for which a consent for conver-  
25 sion was not received, that—

1                   “(aa) a postal patron served  
2                   by such delivery point may elect,  
3                   by written consent, at any time  
4                   to convert the primary mode of  
5                   mail delivery to the same form of  
6                   delivery as the converted delivery  
7                   points in such unit; and

8                   “(bb) if such a patron pro-  
9                   vides such consent, the primary  
10                  mode of mail delivery shall be  
11                  converted not later than 30 days  
12                  after the date of such consent or,  
13                  in any case where the conversion  
14                  of delivery points has not yet oc-  
15                  curred, upon implementation of  
16                  that conversion;

17                  “(ii) not later than 90 days after the  
18                  date that the requisite percentage is  
19                  reached, but not less than 30 days fol-  
20                  lowing the written notice under clause (i),  
21                  convert the delivery points of for which  
22                  consent was received to the applicable new  
23                  primary mode of mail delivery; and

24                  “(iii) following the conversion of an  
25                  address unit, ensure that the primary

1 mode of mail delivery for any new resi-  
2 dents to the address unit is the converted  
3 primary mode of mail, regardless of the  
4 primary mode of mail delivery for the pre-  
5 vious occupant.

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

9 “(1) the impact of weather conditions, physical  
10 barriers, or any other factor that may impact the  
11 feasibility of providing a primary mode of mail deliv-  
12 ery other than door delivery (such as a factor that  
13 may significantly reduce the potential cost savings  
14 associated with providing centralized delivery or  
15 curbside delivery);

16 “(2) whether the address is in a registered his-  
17 toric district (as that term is defined in section  
18 47(c)(3)(B) of the Internal Revenue Code of 1986),  
19 is listed on the National Register of Historic Places,  
20 is designated as a National Historic Landmark, or  
21 is of historic value; and

22 “(3) population density and the concentration  
23 of poverty.

24 “(g) WAIVER FOR PHYSICAL HARDSHIP.—

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

7                   “(A) centralized delivery, curbside delivery,  
8                   or sidewalk delivery would, but for this para-  
9                   graph, otherwise be the primary mode of mail  
10                  delivery; and

11                  “(B) door delivery is necessary in order to  
12                  avoid causing significant physical hardship or  
13                  physical safety risks to a postal patron.

14           “(2) TREATMENT OF WAIVER.—An address re-  
15           ceiving door delivery pursuant to a waiver under this  
16           subsection—

17                   “(A) shall be counted, for purposes of the  
18                   reporting requirement under subsection (j), as  
19                   an address that receives the primary mode of  
20                   mail delivery which the address would be sub-  
21                   ject to if not for the waiver; and

22                   “(B) shall, not later than 60 days after  
23                   ceasing to meet the requirements of paragraph  
24                   (1), be converted to the primary mode of mail  
25                   delivery which is otherwise applicable.



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

4               “(1) solicit, consider, and respond to input from  
5 the general public, postal patrons, State and local  
6 governments, local associations, and property own-  
7 ers;

8               “(2) calculate and make publicly accessible the  
9 cost or savings of the conversion to the Postal Serv-  
10 ice as well as the average conversion cost or savings  
11 to each postal patron and any cost or savings to the  
12 State and local government; and

13               “(3) place centralized delivery points in loca-  
14 tions that maximize delivery efficiency, ease of use  
15 for postal patrons, and respect for private property  
16 rights.

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

23       “(j) ANNUAL REPORT.—Not later than 60 days after  
24 the end of each of fiscal years 2017 through 2023, the  
25 Postal Service shall submit to Congress and the Inspector

1 General a report on the implementation of this section  
2 during the most recently completed fiscal year. Each such  
3 report shall include—

4 “(1) the number of residential and business ad-  
5 dresses that—

6 “(A) receive door delivery as of the end of  
7 the fiscal year preceding the most recently com-  
8 pleted fiscal year;

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

11 “(C) during the most recently completed  
12 fiscal year, were converted from door delivery  
13 to—

14 “(i) centralized delivery;

15 “(ii) curbside delivery; and

16 “(iii) any other primary mode of mail  
17 delivery;

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

20 “(3) a description of the progress made by the  
21 Postal Service toward meeting the requirements of  
22 the phaseout under subsection (c); and

23 “(4) any other information which the Postal  
24 Service considers appropriate.

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

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

8 “(2) an evaluation of the Postal Service’s imple-  
9 mentation of the voucher program under subsection  
10 (i).

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

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

“3692. Delivery-point modernization.”.

18 (c) UPDATED DELIVERY COST DATA.—

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

24 (2) REPORT.—Not later than 2 years after, the  
25 Postal Service shall submit a report to the Com-

1        mittee on Oversight and Government Reform of the  
2        House of Representatives and the Committee on  
3        Homeland Security and Governmental Affairs of the  
4        Senate describing the findings of the study con-  
5        ducted under paragraph (1).

6        **SEC. 203. MODERNIZING POSTAL RATES.**

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

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

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

13                        (B) in paragraph (3)—

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

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

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

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

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

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

6 “(c) FACTORS.—

7 “(1) PRIORITY FACTORS.—In establishing or  
8 revising such system, the Postal Regulatory Com-  
9 mission shall prioritize the following factors:

10 “(A) The requirement that each class of  
11 mail or type of mail service bear the direct and  
12 indirect postal costs attributable to each class  
13 or type of mail service through reliably identi-  
14 fied causal relationships plus that portion of all  
15 other costs of the Postal Service reasonably as-  
16 signable to such class or type.

17 “(B) The effect of rate increases upon the  
18 general public and business mail users.

19 “(C) The available alternative means of  
20 sending and receiving written communications,  
21 information, and letters and other mail matter  
22 at reasonable costs.

23 “(D) The reliability of delivery timelines  
24 and the extent to which the Postal Service is  
25 meeting its service standard obligations.

1           “(E) The need to ensure that the Postal  
2           Service has adequate revenues and has taken  
3           appropriate cost-cutting measures to maintain  
4           financial stability and meet all legal obligations.

5           “(2) ADDITIONAL FACTORS.—In establishing or  
6           revising such system, the Postal Regulatory Com-  
7           mission shall take into account the following addi-  
8           tional factors:

9           “(A) The value of the mail service actually  
10          provided each class or type of mail service to  
11          both the sender and the recipient, including but  
12          not limited to the collection, mode of transpor-  
13          tation, and priority of delivery.

14          “(B) The degree of preparation of mail for  
15          delivery into the postal system performed by the  
16          mailer and its effect upon reducing costs to the  
17          Postal Service.

18          “(C) Simplicity of structure for the entire  
19          schedule and simple, identifiable relationships  
20          between the rates or fees charged the various  
21          classes of mail for postal services.

22          “(D) The importance of pricing flexibility  
23          to encourage increased mail volume and oper-  
24          ational efficiency.

1           “(E) The relative value to the people of the  
2 kinds of mail matter entered into the postal  
3 system and the desirability and justification for  
4 special classifications and services of mail.

5           “(F) The importance of providing classi-  
6 fications with extremely high degrees of reli-  
7 ability and speed of delivery and of providing  
8 those that do not require high degrees of reli-  
9 ability and speed of delivery.

10           “(G) The desirability of special classifica-  
11 tions for both postal users and the Postal Serv-  
12 ice in accordance with the policies of this title,  
13 including agreements between the Postal Serv-  
14 ice and postal users, when available on public  
15 and reasonable terms to similarly situated mail-  
16 ers, that—

17           “(i) improve the net financial position  
18 of the Postal Service by reducing Postal  
19 Service costs or increasing the overall con-  
20 tribution to the institutional costs of the  
21 Postal Service; and

22           “(ii) do not cause—

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

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

4                   “(H) The educational, cultural, scientific,  
5                   and informational value to the recipient of mail  
6                   matter.

7                   “(I) The need for the Postal Service to in-  
8                   crease its efficiency and reduce its costs, includ-  
9                   ing infrastructure costs, to help maintain high  
10                  quality, affordable postal services.

11                  “(J) The extent to which the Postal Serv-  
12                  ice has taken actions to increase its efficiency  
13                  and reduce its costs.

14                  “(K) The value to the Postal Service and  
15                  postal users of promoting intelligent mail and  
16                  of secure, sender-identified mail.

17                  “(L) The importance of stability and pre-  
18                  dictability of rates to ratepayers.

19                  “(M) The policies of this title as well as  
20                  such other factors as the Commission deter-  
21                  mines appropriate.”.

22                  (3) REQUIREMENTS.—Section 3622(d) of title  
23                  39, United States Code, is amended—

24                         (A) in paragraph (1)—



1 (i) by redesignating subparagraphs  
2 (B) through (E) as subparagraphs (D)  
3 through (G), respectively;

4 (ii) in subparagraph (G) (as redesign-  
5 dated by clause (i)) by striking “subpara-  
6 graphs (A) and (C)” and inserting “sub-  
7 paragraphs (A) and (E)”;

8 (iii) by inserting after subparagraph  
9 (A) the following:

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

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

23 “(i) cover attributable cost;

24 “(ii) improve the net financial position  
25 of the Postal Service; and

1 “(iii) do not cause unreasonable dis-  
2 ruption in the marketplace, consistent with  
3 subsection (c)(2)(G)(ii);

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

10 (B) in paragraph (3), by striking “sub-  
11 section (c)” each place it occurs and inserting  
12 “subsection (c) (as amended by section 203 of  
13 the Postal Service Reform Act of 2016)”;

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

15 “(4) PRC STUDY.—

16 “(A) IN GENERAL.—Within 90 days after  
17 the end of the first fiscal year beginning after  
18 the date of enactment of the Postal Service Re-  
19 form Act of 2016, the Postal Regulatory Com-  
20 mission shall complete a study to determine the  
21 quantitative impact of the Postal Service’s ex-  
22 cess capacity on the direct and indirect postal  
23 costs attributable to any class that bears less  
24 than 100 percent of its costs attributable (as  
25 described in paragraph (1)(B)), according to

1 the most recent annual determination of the  
2 Postal Regulatory Commission under section  
3 3653.

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

6 “(i) be conducted pursuant to regula-  
7 tions that the Postal Regulatory Commis-  
8 sion shall prescribe within 90 days after  
9 the date of enactment of the Postal Service  
10 Reform Act of 2016, taking into account  
11 existing regulations for proceedings to im-  
12 prove the quality, accuracy, or complete-  
13 ness of ratemaking information under sec-  
14 tion 3652(e)(2) in effect on such date; and

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

23 “(5) ADDITIONAL RATES.—Starting not earlier  
24 than 12 months and not later than 18 months after  
25 the date on which the first study described in para-

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

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

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

1 the costs attributable of the class, with such in-  
2 crease in unused rate authority to take effect  
3 30 days after the date that the Commission  
4 issues such determination.”.

5 (4) EXCEPTION.—Section 3622(d) of title 39,  
6 United States Code, is amended by adding after  
7 paragraph (5) (as added by subsection (a)(2)) the  
8 following:

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

16 (5) TECHNICAL AND CONFORMING AMEND-  
17 MENTS.—Section 3622 of title 39, United States  
18 Code, is amended—

19 (A) in subsection (a) by striking “, within  
20 18 months after the date of enactment of this  
21 section,”; and

22 (B) in subsection (d)(1)(E) (as redesign-  
23 nated by paragraph (3)(A)(i)) by striking  
24 “(c)(10)” and inserting “(c)(2)(G)”.

1 (b) REPEAL OF RATE PREFERENCES FOR QUALI-  
2 FIED POLITICAL COMMITTEES.—Subsection (e) of section  
3 3626 of title 39, United States Code, is repealed.

4 (c) USE OF NEGOTIATED SERVICE AGREEMENTS.—

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

10 “(c) STREAMLINED REVIEW.—Not later than 90  
11 days after the date of enactment of this subsection, after  
12 notice and opportunity for comment, the Postal Regu-  
13 latory Commission shall promulgate (and may from time  
14 to time thereafter revise) regulations for streamlined  
15 after-the-fact review of newly proposed agreements be-  
16 tween the Postal Service and users of the mail that provide  
17 rates not of general applicability for competitive products.  
18 Streamlined review shall apply only if agreements are  
19 functionally equivalent to existing agreements that have  
20 collectively covered attributable costs and collectively im-  
21 proved the net financial position of the Postal Service. The  
22 regulations issued under this subsection shall provide that  
23 streamlined review shall be concluded not later than 5  
24 business days after the date on which the agreement is  
25 filed with the Commission and shall be limited to approval

1 or disapproval of the agreement as a whole based on the  
2 Commission's determination of its functional equivalence.  
3 Agreements not approved may be resubmitted without  
4 prejudice under section 3632.”.

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

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

10 (B) by inserting after paragraph (3) the  
11 following:

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

22 (3) TRANSPARENCY AND ACCOUNTABILITY FOR  
23 SERVICE AGREEMENTS.—

24 (A) CERTAIN INFORMATION REQUIRED TO  
25 BE INCLUDED IN DETERMINATIONS OF COMPLI-

1 ANCE.—Section 3653 of title 39, United States  
2 Code, is amended—

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

6 (ii) by inserting after subsection (b)  
7 the following:

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

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

15 “(A) cover costs attributable; and

16 “(B) improve the net financial position of  
17 the Postal Service.

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

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



1 the same market-dominant or competitive product,  
2 but shall not include agreements within an experi-  
3 mental product.”.

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

9 **SEC. 204. NONPOSTAL SERVICES.**

10 (a) NONPOSTAL SERVICES.—

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

14 **“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.

15 **“§ 3701. Purpose**

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

1 **“§ 3702. Definitions**

2 “In this chapter—

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

7 “(2) the term ‘attributable costs’ has the mean-  
8 ing given such term in section 3631; 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 at Postal Service facilities within the United States, but  
18 only if such services—

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

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

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

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

4           “(3) provide a reasonable contribution to the in-  
5           stitutional costs of the Postal Service, defined as re-  
6           imbursement for each service and covering at least  
7           100 percent of the attributable costs of such service  
8           in each year.

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

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

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

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

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

4 “(d) APPROVAL REQUIRED.—The Postal Service may  
5 not establish the program under subsection (a) unless the  
6 Governors of the Postal Service approve such program by  
7 a recorded vote that is publicly disclosed on the Postal  
8 Service Web site with at least 2/3 of its membership voting  
9 for approval.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1       cient detail to demonstrate compliance with the re-  
2       quirements of this chapter.

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

9               “(b) CONTENT AND FORM OF REPORT.—

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

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

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

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

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

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

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

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

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

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

21 “(d) CONFIDENTIAL INFORMATION.—

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



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

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

16 “(e) ANNUAL COMPLIANCE DETERMINATION.—

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

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

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

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

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

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

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

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

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

**“37. Nonpostal services ..... 3701.”.**

22 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

24 (3) TREATMENT OF EXISTING NONPOSTAL  
25 SERVICES.—All individual nonpostal services, pro-

1 vided directly or through licensing, that are contin-  
2 ued pursuant to section 404(e) of title 39, United  
3 States Code, shall be considered to be expressly au-  
4 thorized by chapter 37 of such title (as added by  
5 subsection (a)(1)) and shall be subject to the re-  
6 quirements of such chapter.

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

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

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

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

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

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

1 section 6001 of the Middle Class Tax Re-  
2 lief and Job Creation Act of 2012) are  
3 available in at least 80 percent of the total  
4 geographic area of the ZIP codes served by  
5 the postal retail facility proposed for clo-  
6 sure or consolidation; and

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

16 (b) PRC REVIEW OF DETERMINATIONS TO CLOSE  
17 OR 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”.

21 (2) APPLICABILITY.—The amendment made by  
22 paragraph (1) shall not apply with respect to an ap-  
23 peal received by the Postal Regulatory Commission  
24 before the date of enactment of this Act (as deter-

1 mined applying the rules set forth in section  
2 404(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 after the receipt of any proposal (as referred to  
9 in subsection (b)) concerning an identical or substantially  
10 identical proposal on which the Commission has issued an  
11 opinion within the preceding 5 years.

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

16 (2) REGULATIONS.—The Postal Regulatory  
17 Commission shall prescribe any regulations nec-  
18 essary to carry out the amendment made by para-  
19 graph (1) within 90 days after the date of enact-  
20 ment of this Act.

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

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

3 (B) the effective date of the regulations  
4 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) The Postal Service, prior to making a de-  
9 termination under subsection (a)(3) as to the neces-  
10 sity for the closing or consolidation of any post of-  
11 fice, shall—

12 “(A) provide adequate notice of its inten-  
13 tion to close or consolidate such post office at  
14 least 60 days prior to the proposed date of such  
15 closing or consolidation to postal patrons served  
16 by such post office;

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

22 “(i) the closing or consolidation; and

23 “(ii) 1 or more alternative options;

24 and

25 “(C) ensure that—



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

9           “(ii) if the Postal Service is unable to  
10          provide alternative access through the op-  
11          tion identified in clause (i), or if that op-  
12          tion is cost prohibitive, the Postal Service  
13          may provide alternative access through a  
14          different means. Upon selection of an al-  
15          ternative access method other than the one  
16          identified by clause (i), the Postal Service  
17          must provide written notice to those pa-  
18          trons served by the postal retail facility  
19          identifying and explaining why the option  
20          identified by clause (i) was not possible or  
21          cost prohibitive.”.

22           (e) APPLICABILITY OF PROCEDURES RELATING TO  
23    CLOSURES AND CONSOLIDATIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20          (a) ESTABLISHMENT OF RATE BASELINE.—Notwith-  
21          standing any order of the Postal Regulatory Commission  
22          to the contrary—

23          (1) no earlier than the first Sunday after the  
24          date of enactment of this Act, on a date selected by  
25          the Postmaster General in the exercise of the Post-

1 master General's unreviewable discretion, the Postal  
2 Service shall reinstate, as nearly as is practicable, 50  
3 percent of the rate surcharge implemented under  
4 section 3622(d)(1)(G) (as redesignated by this Act)  
5 that was in effect on April 9, 2016; and

6 (2) the partially reinstated surcharge reinstated  
7 pursuant to paragraph (1) shall be considered a part  
8 of the rate base for purposes of determining the per-  
9 centage changes in rates when the Postal Service  
10 files a notice of rate adjustment.

11 (b) SUBSEQUENT RATE INCREASES.—The reinstate-  
12 ment described under subsection (a)(1) may not affect the  
13 calculation of the Postal Service's maximum rate adjust-  
14 ment authority under subpart C of Part 3010 of title 39,  
15 Code of Federal Regulations, for purposes of any rate in-  
16 crease that occurs following such reinstatement.

17 (c) POSTAL REGULATORY COMMISSION REVIEW.—

18 (1) TIMING OF REVIEW.—Notwithstanding the  
19 deadline described in section 3622(d)(3) of title 39,  
20 United States Code, the Commission shall—

21 (A) commence the review required under  
22 such section not later than July 1, 2016; and

23 (B) complete such review not later than  
24 March 31, 2017.

1           (2) POSTAL REGULATORY COMMISSION AU-  
2 THORITY NOT AFFECTED.—Except as provided in  
3 paragraph (1), nothing in this section shall be con-  
4 strued as affecting the authority of the Postal Regu-  
5 latory Commission to, by regulation, make such  
6 modification or adopt such alternative system for  
7 regulating rates and classes for market-dominant  
8 products as provided under section 3622 of title 39,  
9 United States Code.

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

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

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

22 **SEC. 208. COMPLETION OF INITIAL RATE REGULATION RE-**  
23 **VIEW.**

24       The Postal Regulatory Commission shall complete  
25 the initial review of the system for regulating rates and

1 classes for market-dominant products established under  
2 section 3622 of title 39, United States Code, such that  
3 a final rule or rules regarding a revised or reapproved sys-  
4 tem for regulating rates and classes for market-dominant  
5 products is issued not later than January 1, 2018.

6 **SEC. 209. REVIEW OF POSTAL SERVICE COST ALLOCATION**  
7 **GUIDELINES.**

8 Not later than April 1, 2018, the Postal Regulatory  
9 Commission shall initiate a review of the regulations  
10 issued pursuant to section 3633(a) of title 39, United  
11 States Code, to determine whether revisions are appro-  
12 priate to ensure that all costs associated with competitive  
13 and market-dominant products are properly attributed to  
14 those products, including by considering the underlying  
15 methodologies in determining cost attribution and consid-  
16 ering options to revise such methodologies. If the Commis-  
17 sion determines, after notice and opportunity for public  
18 comment, that revisions are appropriate, the Commission  
19 shall make a modification or adopt an alternative system  
20 for cost attribution, as necessary.

1           **TITLE III—POSTAL SERVICE**  
2                           **PERSONNEL**

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

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

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

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

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

15                   “(1) Leading the development of innovative  
16 nonpostal products and services that will maximize  
17 revenue to the Postal Service.

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

22                   “(3) Implementing the innovation strategy de-  
23 scribed under subsection (d).

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

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

8           “(c) APPOINTMENT.—

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

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

21           “(3) CURRENT OFFICER OR EMPLOYEE ELIGI-  
22 BLE.—An officer or employee of the Postal Service  
23 may be appointed to the position of Chief Innovation  
24 Officer under this chapter. Upon appointment to  
25 such position, such officer or employee may not con-



1 currently hold any other position in the Postal Serv-  
2 ice.

3 “(d) INNOVATION STRATEGY.—

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

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

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

22 “(B) the cost of developing and offering  
23 each product or service;

24 “(C) the anticipated sales volume of each  
25 product and service;

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

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

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

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

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

20          “(3) STRATEGY UPDATES.—On January 1,  
21          2018, and every 3 years thereafter, the Chief Inno-  
22          vation Officer shall submit an update to the innova-  
23          tion strategy submitted under paragraph (1) to the  
24          Committee on Oversight and Government Reform of  
25          the House of Representatives, the Committee on

1 Homeland Security and Governmental Affairs of the  
2 Senate, and the Postal Regulatory Commission.

3 “(e) REPORT.—

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

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

16 “(A) the revenue generated by each prod-  
17 uct and service developed through the innova-  
18 tion strategy and the costs of developing and  
19 offering each such product and service for the  
20 most recent fiscal year;

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

24 “(C) trends in the markets filled by each  
25 product and service;

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

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

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

15          “(f) COMPTROLLER GENERAL STUDY.—

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

21                 “(2) CONTENTS.—The study required under  
22                 paragraph (1) shall assess the effectiveness of the  
23                 Postal Service in identifying, developing, and selling  
24                 innovative postal and nonpostal products and serv-  
25                 ices. The study shall also include—

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

7           “(B) the sales volume of each such product  
8           and service;

9           “(C) the revenues and profits generated by  
10          each such product and service; and

11          “(D) the likelihood of continued success of  
12          each such product and service.

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

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

“209. Chief Innovation Officer.”.

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

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

6 (1) in section 8G—

7 (A) in subsection (a)—

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

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

17 (iii) in paragraph (4)—

18 (I) by striking subparagraph (B);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

7           “(B) the Postal Regulatory Commission;

8           and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (f) SAVINGS PROVISIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

6   **“CHAPTER 7—CONTRACTING PROVISIONS**

“Sec.

“701. Definitions.

“702. Delegation of contracting authority.

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

“704. Review of ethical issues.

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

7   **“§ 701. Definitions**

8           “In this chapter—

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

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

13                           “(A) the Postal Service; or

14                           “(B) the Postal Regulatory Commission;

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

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

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

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

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

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

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

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

19           “(a) IN GENERAL.—

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

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

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

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

15       “(b) POSTING OF DELEGATIONS.—

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

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

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

3 “(a) POSTING REQUIRED.—

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

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

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

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

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

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

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

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

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

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

18           “(B) AMOUNT OF ADJUSTMENTS.—An ad-  
19 justment under subparagraph (A) shall be made  
20 in increments of \$5,000. If the Postal Service  
21 determines that a change in the Consumer  
22 Price Index for a year would require an adjust-  
23 ment in an amount that is less than \$5,000, the  
24 Postal Service may not make an adjustment to  
25 the threshold for the year.

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

5           “(b) PUBLIC AVAILABILITY.—

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

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

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

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

24           “(c) WAIVERS.—

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

10           “(2) FORM AND CONTENT OF WAIVER.—

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

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

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

20           “(ii) a statement that redaction of  
21           sensitive information in the noncompetitive  
22           purchase request would not be sufficient to  
23           protect the Postal Service from being  
24           placed at a competitive disadvantage rel-  
25           ative to a private sector competitor.

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

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

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

12                   “(1) review the proposed contract; and

13                   “(2) advise the contracting officer on the appro-  
14          prium resolution of ethical issues.

15          **“§ 705. Ethical restrictions on participation in certain**  
16                   **contracting activity**

17          “(a) DEFINITIONS.—In this section—

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

19                           “(A) a contracting officer; or

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

24                   “(2) the term ‘final conviction’ means a convic-  
25          tion, whether entered on a verdict or plea, including



1 a plea of nolo contendere, for which a sentence has  
2 been imposed; and

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

7 “(b) IN GENERAL.—

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

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

14 “(i) discloses any covered relationship  
15 of the covered employee; and

16 “(ii) states that the covered employee  
17 will not take any action with respect to the  
18 noncompetitive purchase request that af-  
19 fects the financial interests of a friend, rel-  
20 ative, or person with whom the covered  
21 employee is affiliated in a nongovernmental  
22 capacity, or otherwise gives rise to an ap-  
23 pearance of the use of public office for pri-  
24 vate gain, as described in section 2635.702

1 of title 5, Code of Federal Regulations, or  
2 any successor thereto;

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

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

24 “(D) under subsections (d) and (e) of sec-  
25 tion 2635.502 of title 5, Code of Federal Regu-

1 lations, or any successor thereto, require the  
2 ethics counsel for a covered postal entity to—

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

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

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

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

22 “(2) POSTING OF WAIVERS.—Not later than 30  
23 days after the head of a covered postal entity grants  
24 a waiver described in paragraph (1)(F), the head of  
25 the covered postal entity shall make the waiver pub-

1       licly available on the Web site of the covered postal  
2       entity.

3       “(c) CONTRACT VOIDANCE AND RECOVERY.—

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

9               “(A) void that contract; and

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

13       “(2) OBTAINING OR DISCLOSING PROCUREMENT  
14       INFORMATION.—

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

22              “(i) void that contract; and

23              “(ii) recover the amounts expended  
24       and property transferred by the covered  
25       postal entity under that contract.

1           “(B) CONVICTION OR ADMINISTRATIVE DE-  
2           TERMINATION.—A case described under sub-  
3           paragraph (A) is any case in which—

4                   “(i) there is a final conviction for an  
5                   offense punishable under section 2105 of  
6                   title 41; or

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

14           (b) CLERICAL AMENDMENT.—The table of chapters  
15           at the beginning of part I is amended by adding at the  
16           end the following:

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

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

18           Section 7101(8) of title 41, United States Code, is  
19           amended—

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

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

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

1                   “(E) the United States Postal Service and  
2                   the Postal Regulatory Commission.”.