

Calendar No. 58

108TH CONGRESS
1ST SESSION

S. 380

To amend chapter 83 of title 5, United States Code, to reform the funding of benefits under the Civil Service Retirement System for employees of the United States Postal Service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2003

Ms. COLLINS (for herself, Mr. CARPER, Mr. BROWNBACK, Mr. STEVENS, Mr. VOINOVICH, Mr. LIEBERMAN, Mr. DURBIN, Mr. ALLEN, Mr. BENNETT, Mr. PRYOR, Mr. JEFFORDS, Mr. SUNUNU, Mr. COLEMAN, Mr. JOHNSON, Mr. AKAKA, Mr. WARNER, Mr. LEAHY, Mr. BIDEN, Mr. TALENT, Mr. HATCH, Mr. HAGEL, and Mr. BUNNING) introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

APRIL 1, 2003

Reported by Ms. COLLINS, from the Committee on Governmental Affairs, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend chapter 83 of title 5, United States Code, to reform the funding of benefits under the Civil Service Retirement System for employees of the United States Postal Service, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Postal Civil Service
3 Retirement System Funding Reform Act of 2003”.

4 **SEC. 2. CIVIL SERVICE RETIREMENT SYSTEM.**

5 (a) DEFINITIONS.—Section 8331 of title 5, United
6 States Code, is amended—

7 (1) in paragraph (17)—

8 (A) by striking “normal cost” the first
9 place that term appears and inserting “normal
10 cost percentage”; and

11 (B) by inserting “and standards (using dy-
12 namic assumptions)” after “practice”;

13 (2) by striking paragraph (18) and inserting
14 the following:

15 “(18) ‘Fund balance’—

16 “(A) means the current net assets of the
17 Fund available for payment of benefits, as de-
18 termined by the Office in accordance with ap-
19 propriate accounting standards; and

20 “(B) shall not include any amount attrib-
21 utable to—

22 “(i) the Federal Employees’ Retire-
23 ment System; or

24 “(ii) contributions made under the
25 Federal Employees’ Retirement Contribu-
26 tion Temporary Adjustment Act of 1983

1 by or on behalf of any individual who be-
 2 came subject to the Federal Employees'
 3 Retirement System;”;

4 (3) in paragraph (27), by striking “and” at the
 5 end;

6 (4) in paragraph (28), by striking the period
 7 and inserting “; and”; and

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

9 “(29) ‘dynamic assumptions’ means economic
 10 assumptions that are used in determining actuarial
 11 costs and liabilities of a retirement system and in
 12 anticipating the effects of long-term future—

13 “(A) investment yields;

14 “(B) increases in rates of basic pay; and

15 “(C) rates of price inflation.”.

16 (b) DEDUCTIONS, CONTRIBUTIONS, AND DEPOS-
 17 ITS.—Section 8334 of title 5, United States Code, is
 18 amended by striking the matter following the section head-
 19 ing through paragraph (1) and inserting the following:

20 “(a)(1)(A) The employing agency shall deduct and
 21 withhold from the basic pay of an employee, Member, con-
 22 gressional employee, law enforcement officer, firefighter,
 23 bankruptcy judge, judge of the United States Court of Ap-
 24 peals for the Armed Forces, United States magistrate
 25 judge, Court of Federal Claims judge, member of the Cap-

1 itol Police, member of the Supreme Court Police, or nu-
 2 clear materials courier, as the case may be, the percentage
 3 of basic pay applicable under subsection (c).

4 “(B)(i) Except in the case of an employee of the
 5 United States Postal Service, an equal amount shall be
 6 contributed from the appropriation or fund used to pay
 7 the employee or, in the case of an elected official, from
 8 an appropriation or fund available for payment of other
 9 salaries of the same office or establishment. When an em-
 10 ployee in the legislative branch is paid by the Chief Admin-
 11 istrative Officer of the House of Representatives, the Chief
 12 Administrative Officer may pay from the applicable ac-
 13 counts of the House of Representatives the contribution
 14 that otherwise would be contributed from the appropria-
 15 tion or fund used to pay the employee.

16 “(ii) In the case of an employee of the United States
 17 Postal Service, an amount shall be contributed from the
 18 appropriation or fund used to pay the employee equal to
 19 the difference between—

20 “(I) the product of—

21 “(aa) the basic pay of that employee; and

22 “(bb) the normal cost percentage applica-
 23 ble to the employee category of that employee
 24 under paragraph (1)(A); and

25 “(H) the product of—

1 “(aa) the basic pay of that employee; and

2 “(bb) the percentage applicable to that em-
3 ployee under subsection (c) deducted from basic
4 pay under paragraph (1)(A).”.

5 (c) CIVIL SERVICE RETIREMENT AND DISABILITY
6 FUND.—

7 (1) IN GENERAL.—Section 8348 of title 5,
8 United States Code, is amended by striking sub-
9 section (h) and inserting the following:

10 “(h)(1)(A) In this subsection, the term ‘Postal sup-
11 plemental liability’ means the estimated excess, as deter-
12 mined by the Office of Personnel Management, of the dif-
13 ference between—

14 “(i) the actuarial present value of all future
15 benefits payable from the Fund under this sub-
16 chapter attributable to the service of current or
17 former employees of the United States Postal Serv-
18 ice; and

19 “(ii) the sum of—

20 “(I) the actuarial present value of deduc-
21 tions to be withheld from the future basic pay
22 of employees of the United States Postal Serv-
23 ice currently subject to this subchapter under
24 section 8334;

1 “(II) the actuarial present value of the fu-
2 ture contributions to be made under section
3 8334 with respect to employees of the United
4 States Postal Service currently subject to this
5 subchapter;

6 “(III) that portion of the Fund balance, as
7 of the date the Postal supplemental liability is
8 determined, attributable to payments to the
9 Fund by the United States Postal Service and
10 employees of the United States Postal Service,
11 including earnings on those payments; and

12 “(IV) any other appropriate amount, as
13 determined by the Office in accordance with
14 generally accepted actuarial practices and prin-
15 ciples.

16 “(B)(i) In computing the actuarial present value of
17 future benefits, the Office shall include the full value of
18 benefits attributable to military and volunteer service for
19 United States Postal Service employees first employed
20 after June 30, 1971, and a prorated share of the value
21 of benefits attributable to military and volunteer service
22 for United States Postal Service employees first employed
23 before July 1, 1971.

1 “(ii) Military service included in the computation
 2 under clause (i) shall not be included in computation of
 3 the payment required under subsection (g)(2).-

4 “(2)(A) Not later than June 30, 2004, the Office of
 5 Personnel Management shall determine the Postal supple-
 6 mental liability, as of September 30, 2003. The Office
 7 shall establish an amortization schedule, including a series
 8 of equal annual installments commencing September 30,
 9 2004, which provides for the liquidation of such liability
 10 by September 30, 2043.

11 “(B) The Office shall redetermine the Postal supple-
 12 mental liability as of the close of the fiscal year, for each
 13 fiscal year beginning after September 30, 2003, through
 14 the fiscal year ending September 30, 2038, and shall es-
 15 tablish a new amortization schedule, including a series of
 16 equal annual installments commencing on September 30
 17 of the subsequent fiscal year, which provides for the liq-
 18 uidation of such liability by September 30, 2043.

19 “(C) The Office shall redetermine the Postal supple-
 20 mental liability as of the close of the fiscal year for each
 21 fiscal year beginning after September 30, 2038, and shall
 22 establish a new amortization schedule, including a series
 23 of equal annual installments commencing on September
 24 30 of the subsequent fiscal year, which provides for the
 25 liquidation of such liability over 5 years.

1 ~~“(D) Amortization schedules established under this~~
 2 ~~paragraph shall be set in accordance with generally accept-~~
 3 ~~ed actuarial practices and principles, with interest com-~~
 4 ~~puted at the rate used in the most recent valuation of the~~
 5 ~~Civil Service Retirement System.~~

6 ~~“(E) The United States Postal Service shall pay the~~
 7 ~~amounts determined under this paragraph for deposit in~~
 8 ~~the Fund, with payments due not later than the date~~
 9 ~~scheduled by the Office.~~

10 ~~“(3) Notwithstanding any other provision of law, in~~
 11 ~~computing the amount of any payment under any provi-~~
 12 ~~sion other than this subsection that is based upon the~~
 13 ~~amount of the unfunded liability, such payment shall be~~
 14 ~~computed disregarding that portion of the unfunded liabil-~~
 15 ~~ity that the Office determines will be liquidated by pay-~~
 16 ~~ments under this subsection.”.~~

17 ~~(2) TECHNICAL AND CONFORMING AMEND-~~
 18 ~~MENT.—Section 8334 of title 5, United States Code,~~
 19 ~~is amended by striking subsection (m).~~

20 ~~(d) OTHER PAYMENTS.—~~

21 ~~(1) IN GENERAL.—Section 7101(e) of the Om-~~
 22 ~~nibus Budget Reconciliation Act of 1990 (5 U.S.C.~~
 23 ~~8348 note; Public Law 101–508; 104 Stat. 1388–~~
 24 ~~331) is repealed.~~

1 (2) ~~EFFECT ON PRIOR PAYMENTS.~~—The repeal
 2 under paragraph (1) shall have no effect on pay-
 3 ments made under the repealed provisions before the
 4 date of enactment of this Act.

5 **SEC. 3. DISPOSITION OF SAVINGS ACCRUING TO THE**
 6 **UNITED STATES POSTAL SERVICE.**

7 (a) ~~IN GENERAL.~~—Savings accruing to the United
 8 States Postal Service as a result of the enactment of this
 9 Act shall be used to reduce the postal debt to such extent
 10 and in such manner as the Secretary of the Treasury shall
 11 specify, consistent with succeeding provisions of this sec-
 12 tion.

13 (b) ~~AMOUNTS SAVED.~~—

14 (1) ~~IN GENERAL.~~—The amounts representing
 15 any savings accruing to the Postal Service in any
 16 fiscal year as a result of the enactment of this Act
 17 shall be computed by the Office of Personnel Man-
 18 agement in accordance with paragraph (2).

19 (2) ~~METHODOLOGY.~~—Not later than July 31,
 20 2003, for fiscal year 2003, and October 1 of the fis-
 21 cal year before each fiscal year beginning after Sep-
 22 tember 30, 2003, and before the date specified in
 23 paragraph (4), the Office of Personnel Management
 24 shall—

1 (A) formulate a plan specifically enumer-
2 ating the methods by which the Office shall
3 make its computations under paragraph (1);
4 and

5 (B) submit such plan to the Committee on
6 Government Reform of the House of Represent-
7 atives and the Committee on Governmental Af-
8 fairs of the Senate.

9 ~~(3) REQUIREMENTS.—~~Each such plan shall be
10 formulated in consultation with the Postal Service
11 and shall include the opportunity for the Postal
12 Service to request reconsideration of computations
13 under this subsection, and for the Board of Actu-
14 aries of the Civil Service Retirement System to re-
15 view and make adjustments to such computations, to
16 the same extent and in the same manner as provided
17 under section 8423(e) of title 5, United States Code.

18 ~~(4) DURATION.—~~Nothing in this subsection or
19 subsection (a) shall be considered to apply with re-
20 spect to any fiscal year beginning on or after Octo-
21 ber 1, 2007.

22 ~~(c) REPORTING REQUIREMENT.—~~The Postal Service
23 shall include in each report which is rendered under sec-
24 tion 2402 of title 39, United States Code, and which re-
25 lates to any period after the date of the enactment of this

1 Act and before the date specified in subsection (b)(4), the
2 amount applied toward reducing the postal debt, and the
3 size of the postal debt before and after the application of
4 subsection (a), during the period covered by such report.

5 (d) **POSTAL DEBT DEFINED.**—For purposes of this
6 section, the term “postal debt” means the outstanding ob-
7 ligations of the Postal Service, as determined under chap-
8 ter 20 of title 39, United States Code.

9 (e) **SENSE OF CONGRESS.**—It is the sense of the Con-
10 gress that—

11 (1) the savings accruing to the Postal Service
12 as a result of the enactment of this Act will be suffi-
13 cient to allow the Postal Service to fulfill its commit-
14 ment to hold postage rates unchanged until at least
15 2006;

16 (2) because the Postal Service still faces sub-
17 stantial obligations related to postretirement health
18 benefits for its current and former employees, some
19 portion of the savings referred to in paragraph (1)
20 should be used to address those unfunded obliga-
21 tions; and

22 (3) none of the savings referred to in paragraph
23 (1) should be used to pay bonuses to Postal Service
24 executives.

1 (f) REPORT RELATING TO UNFUNDED HEALTHCARE
2 COSTS.—

3 (1) IN GENERAL.—The United States Postal
4 Service shall, by December 31, 2003, in consultation
5 with the General Accounting Office, prepare and
6 submit to the President and the Congress a report
7 describing how the Postal Service proposes to ad-
8 dress its obligations relating to unfunded postretire-
9 ment healthcare costs of current and former postal
10 employees.

11 (2) PRESIDENT'S COMMISSION.—In preparing
12 its report under this subsection, the Postal Service
13 should consider the report of the President's Com-
14 mission on the United States Postal Service under
15 section 5 of Executive Order 13278 (67 Fed. Reg.
16 76672).

17 (3) GAO REVIEW AND REPORT.—Not later than
18 30 days after the Postal Service submits its report
19 pursuant to paragraph (1), the General Accounting
20 Office shall prepare and submit a written evaluation
21 of such report to the Committee on Government Re-
22 form of the House of Representatives and the Com-
23 mittee on Governmental Affairs of the Senate.

24 (g) DETERMINATION AND DISPOSITION OF SUR-
25 PLUS.—

1 (1) ~~IN GENERAL.~~—If, as of the date under
 2 paragraph (2), the Office of Personnel Management
 3 determines (after consultation with the Postmaster
 4 General) that the computation under section
 5 8348(h)(1)(A) of title 5, United States Code, yields
 6 a negative amount (hereinafter referred to as a
 7 “surplus”)—

8 (A) the Office shall inform the Postmaster
 9 General of its determination, including the size
 10 of the surplus so determined; and

11 (B) the Postmaster General shall submit to
 12 the Congress a report describing how the Postal
 13 Service proposes that such surplus be used, in-
 14 cluding a draft of any legislation that might be
 15 necessary.

16 (2) ~~DETERMINATION DATE.~~—The date to be
 17 used for purposes of paragraph (1) shall be Sep-
 18 tember 30, 2025, or such earlier date as, in the
 19 judgment of the Office, is the date by which all post-
 20 al employees under the Civil Service Retirement Sys-
 21 tem will have retired.

22 **SEC. 4. EFFECTIVE DATE.**

23 (a) ~~IN GENERAL.~~—This Act shall take effect on the
 24 date of enactment of this Act.

1 (b) APPLICATION.—Section 8334(a)(1)(B)(ii) of title
 2 5, United States Code (as added by section 2(b) of this
 3 Act), shall apply only with respect to pay periods begin-
 4 ning on or after the date of enactment of this Act.

5 **SECTION 1. SHORT TITLE.**

6 *This Act may be cited as the “Postal Civil Service Re-*
 7 *irement System Funding Reform Act of 2003”.*

8 **SEC. 2. CIVIL SERVICE RETIREMENT SYSTEM.**

9 (a) DEFINITIONS.—Section 8331 of title 5, United
 10 States Code, is amended—

11 (1) in paragraph (17)—

12 (A) by striking “normal cost” the first place
 13 that term appears and inserting “normal cost
 14 percentage”; and

15 (B) by inserting “and standards (using dy-
 16 namic assumptions)” after “practice”;

17 (2) by striking paragraph (18) and inserting the
 18 following:

19 “(18) ‘Fund balance’—

20 “(A) means the current net assets of the
 21 Fund, as determined by the Office in accordance
 22 with appropriate accounting standards; and

23 “(B) shall not include any amount attrib-
 24 utable to—

1 “(i) *the Federal Employees’ Retirement*
2 *System; or*

3 “(ii) *contributions made under the*
4 *Federal Employees’ Retirement Contribu-*
5 *tion Temporary Adjustment Act of 1983 by*
6 *or on behalf of any individual who became*
7 *subject to the Federal Employees’ Retire-*
8 *ment System;”;*

9 (3) *in paragraph (27), by striking “and” at the*
10 *end;*

11 (4) *in paragraph (28), by striking the period*
12 *and inserting “; and”; and*

13 (5) *by adding at the end the following:*

14 “(29) *‘dynamic assumptions’ means economic*
15 *assumptions that are used in determining actuarial*
16 *costs and liabilities of a retirement system and in an-*
17 *ticipating the effects of long-term future—*

18 “(A) *investment yields;*

19 “(B) *increases in rates of basic pay; and*

20 “(C) *rates of price inflation.”.*

21 (b) *DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.—*

22 *Section 8334 of title 5, United States Code, is amended by*
23 *striking the matter following the section heading through*
24 *paragraph (1) and inserting the following:*

1 “(a)(1)(A) *The employing agency shall deduct and*
 2 *withhold from the basic pay of an employee, Member, con-*
 3 *gressional employee, law enforcement officer, firefighter,*
 4 *bankruptcy judge, judge of the United States Court of Ap-*
 5 *peals for the Armed Forces, United States magistrate judge,*
 6 *Court of Federal Claims judge, member of the Capitol Po-*
 7 *lice, member of the Supreme Court Police, or nuclear mate-*
 8 *rials courier, as the case may be, the percentage of basic*
 9 *pay applicable under subsection (c).*

10 “(B)(i) *Except in the case of an employee of the United*
 11 *States Postal Service, an equal amount shall be contributed*
 12 *from the appropriation or fund used to pay the employee*
 13 *or, in the case of an elected official, from an appropriation*
 14 *or fund available for payment of other salaries of the same*
 15 *office or establishment. When an employee in the legislative*
 16 *branch is paid by the Chief Administrative Officer of the*
 17 *House of Representatives, the Chief Administrative Officer*
 18 *may pay from the applicable accounts of the House of Rep-*
 19 *resentatives the contribution that otherwise would be con-*
 20 *tributed from the appropriation or fund used to pay the*
 21 *employee.*

22 “(ii) *In the case of an employee of the United States*
 23 *Postal Service, an amount shall be contributed from the ap-*
 24 *propriation or fund used to pay the employee equal to the*
 25 *difference between—*

1 “(I) the product of—

2 “(aa) the basic pay of that employee; and

3 “(bb) the normal cost percentage applicable
4 to the employee category of that employee under
5 paragraph (1)(A); and

6 “(II) the product of—

7 “(aa) the basic pay of that employee; and

8 “(bb) the percentage applicable to that em-
9 ployee under subsection (c) deducted from basic
10 pay under paragraph (1)(A).”.

11 (c) CIVIL SERVICE RETIREMENT AND DISABILITY

12 FUND.—

13 (1) IN GENERAL.—Section 8348 of title 5,
14 United States Code, is amended by striking subsection
15 (h) and inserting the following:

16 “(h)(1)(A) In this subsection, the term ‘Postal supple-
17 mental liability’ means the estimated excess, as determined
18 by the Office of Personnel Management, of the difference be-
19 tween—

20 “(i) the actuarial present value of all future ben-
21 efits payable from the Fund under this subchapter at-
22 tributable to the service of current or former employ-
23 ees of the United States Postal Service; and

24 “(ii) the sum of—

1 “(I) the actuarial present value of deduc-
2 tions to be withheld from the future basic pay of
3 employees of the United States Postal Service
4 currently subject to this subchapter under section
5 8334;

6 “(II) the actuarial present value of the fu-
7 ture contributions to be made under section 8334
8 with respect to employees of the United States
9 Postal Service currently subject to this sub-
10 chapter;

11 “(III) that portion of the Fund balance, as
12 of the date the Postal supplemental liability is
13 determined, attributable to payments to the
14 Fund by the United States Postal Service and
15 employees of the United States Postal Service,
16 including earnings on those payments; and

17 “(IV) any other appropriate amount, as de-
18 termined by the Office in accordance with gen-
19 erally accepted actuarial practices and prin-
20 ciples.

21 “(B)(i) In computing the actuarial present value of
22 future benefits, the Office shall include the full value of bene-
23 fits attributable to military and volunteer service for United
24 States Postal Service employees first employed after June
25 30, 1971, and a prorated share of the value of benefits at-

1 *tributable to military and volunteer service for United*
 2 *States Postal Service employees first employed before July*
 3 *1, 1971.*

4 “(ii) *Military service included in the computation*
 5 *under clause (i) shall not be included in computation of*
 6 *the payment required under subsection (g)(2).*

7 “(2)(A) *Not later than June 30, 2004, the Office of*
 8 *Personnel Management shall determine the Postal supple-*
 9 *mental liability, as of September 30, 2003. The Office shall*
 10 *establish an amortization schedule, including a series of*
 11 *equal annual installments commencing September 30, 2004,*
 12 *which provides for the liquidation of such liability by Sep-*
 13 *tember 30, 2043.*

14 “(B) *The Office shall redetermine the Postal supple-*
 15 *mental liability as of the close of the fiscal year, for each*
 16 *fiscal year beginning after September 30, 2003, through the*
 17 *fiscal year ending September 30, 2038, and shall establish*
 18 *a new amortization schedule, including a series of equal an-*
 19 *nual installments commencing on September 30 of the sub-*
 20 *sequent fiscal year, which provides for the liquidation of*
 21 *such liability by September 30, 2043.*

22 “(C) *The Office shall redetermine the Postal supple-*
 23 *mental liability as of the close of the fiscal year for each*
 24 *fiscal year beginning after September 30, 2038, and shall*
 25 *establish a new amortization schedule, including a series*

1 *of equal annual installments commencing on September 30*
 2 *of the subsequent fiscal year, which provides for the liquida-*
 3 *tion of such liability over 5 years.*

4 “(D) *Amortization schedules established under this*
 5 *paragraph shall be set in accordance with generally accept-*
 6 *ed actuarial practices and principles based on the dynamic*
 7 *interest rate.*

8 “(E) *The United States Postal Service shall pay the*
 9 *amounts determined under this paragraph for deposit in*
 10 *the Fund, with payments due not later than the date sched-*
 11 *uled by the Office.*

12 “(3) *Notwithstanding any other provision of law, in*
 13 *computing the amount of any payment under any provi-*
 14 *sion other than this subsection that is based upon the*
 15 *amount of the unfunded liability, such payment shall be*
 16 *computed disregarding that portion of the unfunded liabil-*
 17 *ity that the Office determines will be liquidated by pay-*
 18 *ments under this subsection.”.*

19 (2) *TECHNICAL AND CONFORMING AMEND-*
 20 *MENT.—Section 8334 of title 5, United States Code,*
 21 *is amended by striking subsection (m).*

22 (d) *OTHER PAYMENTS.—*

23 (1) *IN GENERAL.—Section 7101(c) of the Omni-*
 24 *bis Budget Reconciliation Act of 1990 (5 U.S.C. 8348*

1 *note; Public Law 101–508; 104 Stat. 1388–331) is re-*
 2 *pealed.*

3 (2) *EFFECT ON PRIOR PAYMENTS.—The repeal*
 4 *under paragraph (1) shall have no effect on payments*
 5 *made under the repealed provisions before the date of*
 6 *enactment of this Act.*

7 **SEC. 3. DISPOSITION OF SAVINGS ACCRUING TO THE**
 8 **UNITED STATES POSTAL SERVICE.**

9 (a) *DEFINITION.—In this section, the term “postal*
 10 *debt” means the outstanding obligations of the Postal Serv-*
 11 *ice, as determined under chapter 20 of title 39, United*
 12 *States Code.*

13 (b) *IN GENERAL.—Savings accruing to the United*
 14 *States Postal Service as a result of the enactment of this*
 15 *Act shall be used to reduce the postal debt to such extent*
 16 *and in such manner as the Secretary of the Treasury, in*
 17 *consultation with the United States Postal Service, shall*
 18 *specify, consistent with this section.*

19 (c) *AMOUNTS SAVED.—*

20 (1) *IN GENERAL.—The amounts representing*
 21 *any savings accruing to the Postal Service in any fis-*
 22 *cal year as a result of the enactment of this Act shall*
 23 *be computed by the Office of Personnel Management*
 24 *in accordance with paragraph (2).*

1 (2) *METHODOLOGY.*—Not later than July 31,
2 2003, the Office of Personnel Management shall—

3 (A) formulate a plan specifically enumer-
4 ating the actuarial methods and assumptions by
5 which the Office shall make its computations
6 under paragraph (1); and

7 (B) submit the plan to the Committee on
8 Governmental Affairs of the Senate and the
9 Committee on Government Reform of the House
10 of Representatives.

11 (3) *REQUIREMENTS.*—The plan shall be formu-
12 lated in consultation with the Postal Service and
13 shall include the opportunity for the Postal Service to
14 request reconsideration of computations under this
15 subsection, and for the Board of Actuaries of the Civil
16 Service Retirement System to review and make ad-
17 justments to such computations, to the same extent
18 and in the same manner as provided under section
19 8423(c) of title 5, United States Code.

20 (4) *DURATION.*—Nothing in this subsection or
21 subsection (b) shall be considered to apply with re-
22 spect to any fiscal year beginning on or after October
23 1, 2007.

24 (d) *REPORTING REQUIREMENT.*—The Postal Service
25 shall include in each report which is rendered under section

1 2402 of title 39, United States Code, and which relates to
 2 any period after the date of the enactment of this Act and
 3 before the date specified in subsection (c)(4), the amount
 4 applied toward reducing the postal debt, and the size of the
 5 postal debt before and after the application of subsection
 6 (b), during the period covered by the report.

7 (e) *SENSE OF CONGRESS.*—It is the sense of Congress
 8 that—

9 (1) the savings accruing to the Postal Service as
 10 a result of the enactment of this Act will be sufficient
 11 to allow the Postal Service to fulfill its commitment
 12 to hold postage rates unchanged until at least cal-
 13 endar year 2006;

14 (2) because the Postal Service still faces substan-
 15 tial obligations related to postretirement health bene-
 16 fits for its current and former employees, some por-
 17 tion of the savings referred to under paragraph (1)
 18 should be used to address those unfunded obligations;
 19 and

20 (3) none of the savings referred to under para-
 21 graph (1) should be used in the computation of bo-
 22 nuses to Postal Service executives or managers.

23 (f) *REPORT RELATING TO UNFUNDED HEALTHCARE*
 24 *COSTS.*—

1 (1) *IN GENERAL.*—Not later than December 31,
 2 2003, the United States Postal Service shall prepare
 3 and submit to the President and Congress a report
 4 that—

5 (A) describes how the Postal Service pro-
 6 poses to address its obligations relating to un-
 7 funded postretirement healthcare costs of current
 8 and former postal employees; and

9 (B) outlines how prior and future actuarial
 10 accrued costs for postretirement healthcare bene-
 11 fits and the amounts necessary to prefund those
 12 costs are treated for purposes of financial state-
 13 ment reporting and establishing rates of postage
 14 and fees for postal services.

15 (2) *PRESIDENT’S COMMISSION.*—In preparing
 16 the report under this subsection, the Postal Service
 17 should consider the report of the President’s Commis-
 18 sion on the United States Postal Service under section
 19 5 of Executive Order 13278 (67 Fed. Reg. 76672).

20 (3) *GAO REVIEW AND REPORT.*—Not later than
 21 60 days after the Postal Service submits the report
 22 under paragraph (1), the General Accounting Office
 23 shall prepare and submit a written evaluation of the
 24 report to the Committee on Governmental Affairs of

1 *the Senate and the Committee on Government Reform*
 2 *of the House of Representatives.*

3 *(g) DETERMINATION AND DISPOSITION OF SUR-*
 4 *PLUS.—*

5 *(1) IN GENERAL.—If, as of the date under para-*
 6 *graph (2), the Office of Personnel Management deter-*
 7 *mines (after consultation with the Postmaster Gen-*
 8 *eral) that the computation under section*
 9 *8348(h)(1)(A) of title 5, United States Code, yields a*
 10 *negative amount (hereinafter referred to as a “sur-*
 11 *plus”)—*

12 *(A) the Office shall inform the Postmaster*
 13 *General of its determination, including the size*
 14 *of the surplus so determined; and*

15 *(B) the Postmaster General shall submit to*
 16 *Congress a report describing how the Postal*
 17 *Service proposes that surplus be used, including*
 18 *a draft of any necessary legislation.*

19 *(2) DETERMINATION DATE.—The date to be used*
 20 *for purposes of paragraph (1) shall be September 30,*
 21 *2025, or such earlier date as, in the judgment of the*
 22 *Office, is the date by which all postal employees under*
 23 *the Civil Service Retirement System will have retired.*

24 *(h) DISPOSITION OF SAVINGS REPORTS.—*

(1) *IN GENERAL.*—Not later than December 31, 2004, and after that date, not later than 8 months preceding the date on which the Postal Service submits any request for a recommended decision of rate adjustments under section 3622 of title 39, United States Code, the Postal Service shall submit to the Committee on Governmental Affairs of the Senate, the Committee on Government Reform of the House of Representatives, and the General Accounting Office a report (including a letter of comment on the report from the Secretary of the Treasury) on recommendations for the disposition of future savings accruing to the Postal Service as a result of the enactment of this Act that considers—

(A) whether, and to what extent, those future savings should be used to address—

(i) debt repayment;

(ii) prefunding of postretirement healthcare benefits for current and former postal employees;

(iii) productivity and cost saving capital investments;

(iv) maintaining postal rate stability;

and

(v) any other matter; and

1 (B) the report of the President's Commis-
 2 sion on the United States Postal Service under
 3 section 5 of Executive Order 13278 (67 Fed. Reg.
 4 76672).

5 (2) GAO REVIEW AND REPORT.—Not later than
 6 45 days after the Postal Service submits a report
 7 under paragraph (1), the General Accounting Office
 8 shall prepare and submit a written evaluation of the
 9 report to the Committee on Governmental Affairs of
 10 the Senate and the Committee on Government Reform
 11 of the House of Representatives.

12 (3) POSTAL SERVICE ACTION ON RECOMMENDA-
 13 TIONS.—The Postal Service may not take any action
 14 to implement any recommendation for the disposition
 15 of future savings in any report submitted under para-
 16 graph (1), until 90 days after the date on which that
 17 report is submitted.

18 **SEC. 4. EFFECTIVE DATE.**

19 (a) IN GENERAL.—This Act shall take effect on the
 20 date of enactment of this Act.

21 (b) APPLICATION.—Section 8334(a)(1)(B)(ii) of title
 22 5, United States Code (as added by section 2(b) of this Act),
 23 shall apply only with respect to pay periods beginning on
 24 or after the date of enactment of this Act.

Calendar No. 58

108TH CONGRESS
1ST Session
S. 380

A BILL

To amend chapter 83 of title 5, United States Code, to reform the funding of benefits under the Civil Service Retirement System for employees of the United States Postal Service, and for other purposes.

APRIL 1, 2003

Reported with an amendment