

Energy and Commerce and the Committee on Appropriations of the House of Representatives.”;

(3) in subsection (d)—

(A) in paragraph (1), by inserting after the first sentence the following: “For the purposes of this paragraph, the term ‘small business’ means an entity that reported \$30,000,000 or less of gross receipts or sales in its most recent Federal income tax return for a taxable year, including such returns of all of its affiliates, partners, and parent firms.”; and

(B) in paragraph (2)(A), by—

(i) striking “(i) **IN GENERAL.**—”;

(ii) striking “subsection,” and inserting “paragraph.”;

(iii) striking “\$30,000,000” and inserting “\$100,000,000”; and

(iv) striking clause (ii);

(4) in subsection (e)(2)(A), by striking “\$30,000,000” and inserting “\$100,000,000”;

(5) in subsection (g)(1)—

(A) in subparagraph (B)—

(i) by striking clause (i) and inserting the following:

“(i) For fiscal year 2005, the Secretary is expected to meet all of the performance goals identified for the fiscal year if the amount so appropriated for such fiscal year, excluding the amount of fees appropriated for such fiscal year, is equal to or greater than \$205,720,000 multiplied by the adjustment factor applicable to the fiscal year.”; and

(ii) in clause (ii), by striking the matter preceding subclause (I) and inserting the following:

“(ii) For fiscal year 2005, if the amount so appropriated for such fiscal year, excluding the amount of fees appropriated for such fiscal year, is more than 1 percent less than the amount that applies under clause (i), the following applies:”;

(B) in subparagraph (C)—

(i) in the matter preceding clause (i), by—

(I) striking “2003 through” and inserting “2005 and”; and

(II) inserting “more than 1 percent” after “years, is”; and

(ii) in clause (ii), by striking “sum” and inserting “amount”; and

(C) in subparagraph (D)(i), by inserting “more than 1 percent” after “year, is”;

(6) in subsection (h)(3)—

(A) in subparagraph (C), by striking the semicolon and inserting “; and”; and

(B) by striking subparagraphs (D) and (E) and inserting the following:

“(D) such sums as may be necessary for each of fiscal years 2006 and 2007.”; and

(7) by striking “subsection (c)(5)” each place it appears and inserting “subsection (c)(1)”.

(b) **ANNUAL REPORTS.**—Section 103 of the Medical Device User Fee and Modernization Act of 2002 (Public Law 107-250 (116 Stat. 1600)) is amended—

(1) by striking “Beginning with” and inserting “(a) **In General.**—Beginning with”; and

(2) by adding at the end the following:

“(b) **ADDITIONAL INFORMATION.**—For fiscal years 2006 and 2007, the report described under subsection (a)(2) shall include—

“(1) information on the number of different types of applications and notifications, and the total amount of fees paid for each such type of application or notification, from businesses with gross receipts or sales from \$0 to \$100,000,000, with such businesses categorized in \$10,000,000 intervals; and

“(2) a certification by the Secretary that the amounts appropriated for salaries and expenses of the Food and Drug Administration for such fiscal year and obligated by the Secretary for the performance of any function relating to devices that is not for the

process for the review of device applications, as defined in paragraph (5) of section 737 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 379i), are not less than such amounts for fiscal year 2002 multiplied by the adjustment factor, as defined in paragraph (7) of such section 737.”.

(c) **MISBRANDED DEVICES.**—

(1) **IN GENERAL.**—Section 502(u) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 352(u)) is amended to read as follows:

“(u)(1) Subject to paragraph (2), if it is a reprocessed single-use device, unless it, or an attachment thereto, prominently and conspicuously bears the name of the manufacturer of the reprocessed device, a generally recognized abbreviation of such name, or a unique and generally recognized symbol identifying such manufacturer.

“(2) If the original device or an attachment thereto does not prominently and conspicuously bear the name of the manufacturer of the original device, a generally recognized abbreviation of such name, or a unique and generally recognized symbol identifying such manufacturer, a reprocessed device may satisfy the requirements of paragraph (1) through the use of a detachable label on the packaging that identifies the manufacturer and is intended to be affixed to the medical record of a patient.”.

(2) **GUIDANCE.**—Not later than 180 days after the date of enactment of this Act, the Secretary of Health and Human Services shall issue guidance to identify circumstances in which the name of the manufacturer of the original device, a generally recognized abbreviation of such name, or a unique and generally recognized symbol identifying such manufacturer, is not “prominent and conspicuous”, as used in section 502(u) of Federal Food, Drug, and Cosmetic Act (as amended by paragraph (1)).

(d) **EFFECTIVE DATE.**—Section 301(b) of the Medical Device User Fee and Modernization Act of 2002 (Public Law 107-250 (116 Stat. 1616)), as amended by section 2(c) of Public Law 108-214 (118 Stat. 575), is amended to read as follows:

“(b) **EFFECTIVE DATE.**—Section 502(u) of the Federal Food, Drug, and Cosmetic Act (as amended by section 2(c) of the Medical Device User Fee Stabilization Act of 2005)—

“(1) shall be effective—

“(A) with respect to devices described under paragraph (1) of such section, 12 months after the date of enactment of the Medical Device User Fee Stabilization Act of 2005, or the date on which the original device first bears the name of the manufacturer of the original device, a generally recognized abbreviation of such name, or a unique and generally recognized symbol identifying such manufacturer, whichever is later; and

“(B) with respect to devices described under paragraph (2) of such section 502(u), 12 months after such date of enactment; and

“(2) shall apply only to devices reprocessed and introduced or delivered for introduction in interstate commerce after such applicable effective date.”.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DEAL of Georgia. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3423, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

GENERAL LEAVE

Mr. TOM DAVIS of Virginia. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include extraneous material on H.R. 22.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

POSTAL ACCOUNTABILITY AND ENHANCEMENT ACT

The SPEAKER pro tempore. Pursuant to House Resolution 380 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 22.

□ 1850

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 22) to reform the postal laws of the United States, with Mr. SIMPSON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Virginia (Mr. TOM DAVIS) and the gentleman from California (Mr. WAXMAN) each will control 30 minutes.

The Chair recognizes the gentleman from Virginia (Mr. TOM DAVIS).

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. BURTON), the former chairman of the Government Reform and Oversight Committee, who has played a lead role in moving this bill to where it is today, and spent 6 long years in the vineyards laboring on this when he was chairman of the committee.

Mr. BURTON of Indiana. Mr. Chairman, first of all, I want to congratulate the gentleman from New York (Mr. MCHUGH), who has done yeoman's service to the committee and to this government in fighting for a postal reform measure. He has just done a great job. I want to congratulate him on all of the hard work in bringing this thing to the floor.

I want to congratulate our chairman, the gentleman from Virginia (Mr. TOM DAVIS). We fought for, I think, 6 years when I was chairman to bring this bill to the floor and pass it, and, Mr. Chairman, I want to congratulate you on being able to get this thing to the floor.

I hope that we are successful in getting it not only through here, but through the Senate as well.

I want to congratulate the gentleman from Illinois (Mr. DAVIS), my good buddy, who has one of the best voices in the Congress. If I could talk like

him, I would be President. He has got that deep, resonant voice.

I want to thank you and the gentleman from California (Mr. WAXMAN) for all of the hard work that you have put in on this bill. I want to congratulate you as well.

Let me just say that we have been working on this now for, gosh, I guess at least 10 years, but 6 years when I was chairman and now 4 years that you have been chairman. We have finally brought a bill to the floor. I do not think it is perfect, but it sure is a giant step in the right direction.

If we do not do something about postal reform, what is going to happen is the costs are going to go through the roof, and instead of this being an agency that deals with the expenses themselves, we are going to be seeing taxpayers footing the bill for additional costs for postal service.

With the advent of faxes and e-mails, you have seen the Postal Service have a lot more problems with revenues than they have had in the past. And it is absolutely essential, if we are going to have a viable Postal Service in this country, that we pass this legislation.

So I think this is a very good bill. I believe it will pass tonight, and I hope that all of my colleagues will vote for it. Once again, I want to thank all of those responsible, especially the gentleman from New York (Mr. MCHUGH), the gentleman from Virginia (Mr. TOM DAVIS) and the gentleman from Illinois (Mr. DAVIS) for working so hard on this.

Mr. DAVIS of Illinois. Mr. Chairman, I ask unanimous consent that I control the time of the gentleman from California (Mr. WAXMAN).

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DAVIS of Illinois. Mr. Chairman, I yield myself such time as I might consume.

Mr. Chairman, Members of the House have worked over a decade to reform this important part of our national culture and economy. I am truly pleased to serve in this Congress which is moving this historic reform forward.

I also want to commend the gentleman from New York (Mr. MCHUGH), the gentleman from Virginia (Chairman DAVIS), and the gentleman from California (Mr. WAXMAN) and their dedicated staffs for their commitment to postal reform and for the bipartisan cooperation to work for its passage.

The gentleman from New York (Mr. MCHUGH) deserves particular recognition for his leadership and perseverance with regard to postal reform.

Postal reform is a significant issue for my congressional district as it is for much of America. I represent one of the primary postal hubs in the Midwest, the great city of Chicago. In addition to the 12,000 postal employees who deliver mail daily to 1.2 million homes and businesses in the Chicago area, we have many respected companies like

R.R. Donnelley, the largest printing company in North America, that are clients of the Postal Service.

The Postal Accountability and Enhancement Act of 2005 modernizes the postal system, helping it remain healthy and affordable well into the 21st century. This bill is a delicate compromise that has gone through a series of processes of hearings, meetings and negotiations. We have worked extensively and effectively with administration representatives to address their concerns.

There is something in this bill for everyone. It may not be everything that interest groups desire; however, as the gentleman from Virginia (Chairman TOM DAVIS) has said, it is our best chance at solving the structural, legal and financial constraints that put the Postal Service at risk of catastrophe.

As the Comptroller General recognized this past January, comprehensive postal reform is urgently needed. The Postal Service historically has accumulated billions of dollars in debt and currently has massive unfunded liabilities.

Declining first class mail volumes, high infrastructure-related costs and rigid statutes necessitate reform. It has been 35 years since comprehensive postal reform occurred. It is our responsibility to protect our treasured national asset before it is in crisis. The time for reform is now.

H.R. 22 has many highlights for the Postal Service. It provides the rate-making flexibility and incentives needed to operate as an efficient business. For businesses it provides rate stability, fair competition rules, financial transparency, and procurement protections needed to predict costs and operate on a level playing field. For consumers it preserves universal service, maintains high-quality standards, and eliminates unfair mailing costs so that they have an affordable and reliable means of communication. For workers it protects collective bargaining and offers whistleblower protections that are needed to ensure safe employment. For taxpayers it ensures the viability of a national asset and removes the threat of a taxpayer bail-out of the Postal Service due to financial insolvency.

These are just some of the provisions that will go a long way to helping the Postal Service better serve its customers, compete fairly with the mailing industry and contribute to our Nation.

In addition, I am pleased that the bill requires a study of the number of contracts with women, minorities and small businesses, and that it protects our domestic airlines from outsourcing of jobs to foreign carriers. I represent many members from each of these groups, and it is important that our reforms treat them all fairly. I reiterate that this bill is the best option to protect our treasured national asset before it is in crisis.

I know that the issue of classifying single-piece parcels as competitive or

market-dominant has caused a good deal of anxiety for many parties affected by postal reform. I look forward to addressing this issue in conference.

And at this time, Mr. Chairman, I would like to enter into a colloquy with the distinguished chairman of the Government Reform Committee, the gentleman from Virginia (Mr. TOM DAVIS).

Mr. Chairman, section 404 of the Postal Accountability and Enhancement Act alters paragraph 2 of section 401 of title 39 of the U.S. Code. This section pertains to the rulemaking authority of the United States Postal Service. Obviously the issue of fairness in rulemaking by the Postal Service affects a number of businesses in my district.

I would like to ask the distinguished chairman to clarify how rulemaking by the Postal Service should consider the circumstances within the postal sector.

Mr. TOM DAVIS of Virginia. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Illinois. I yield to the gentleman from Virginia.

Mr. TOM DAVIS of Virginia. I thank the gentleman for yielding.

Mr. Chairman, the committee intends that the Postal Service will exercise the more clearly delineated rule-making powers provided under this section in a way that is rationally related to the policy objectives set out in the revised statute, and it is predicated upon an understanding of the effect the regulations will have on the conditions in the postal sector.

□ 1900

Mr. DAVIS of Illinois. Reclaiming my time, I would like to ask the distinguished chairman of the Committee on Government Reform to further clarify the meaning of the language related to the role of the Postal Regulatory Commission in entering complaints related to rule-making.

I yield to the chairman to find out his understanding.

Mr. TOM DAVIS of Virginia. I thank the gentleman for yielding. Mr. Chairman, the committee further expects that the Postal Regulatory Commission will distinguish carefully between abuses of the Regulatory Authority set out in section 404 and the legitimate exercise of managerial discretion by the Postal Service in its implementation of the complaint provisions contained in section 205 of the bill.

Mr. DAVIS of Illinois. Reclaiming my time, I would like to thank the distinguished chairman for his answers and for his cooperation.

Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, most of us are familiar with the engraved saying outside the James A. Farley Post Office in New York City: "Neither rain, nor snow, nor heat, nor gloom of night might stay these couriers from the swift completion of their appointed rounds."

This is the unofficial motto depicting some of the circumstances our Nation's letter carriers face in fulfillment of the universal service obligation of the United States Postal Service.

Mr. Chairman, I rise today in support of H.R. 22, the Postal Accountability and Enhancement Act, which addresses a problem plaguing our Postal Service today that is far greater than the snow or rain or heat or gloom of night. That problem is the outdated and unsustainable structural framework of the Postal Service which threatens to bring it to the brink of catastrophe unless Congress acts immediately.

This legislation is about more than reforming the Postal Service itself. It is about reforming and sustaining a vital sector of our overall economy. After all, the Postal Service currently has about 707,000 career and 98,000 non-career employees. In addition, more than 9 million American jobs, \$900 billion in commerce, 9 percent of the Nation's gross domestic product, let me repeat, 9 percent of GDP depend on mail and package delivery. Thus, the Postal Service is not only vital to our national communication network but also to our national economy.

Each year the Postal Service processes and delivers 208 billion pieces of mail to more than 130 million addressees in the United States. That is 208 billion magazines, catalogs, thank-you notes, birthday cards, wedding invitations, Social Security checks, IRS refunds, letters to Congressmen, movie rentals, all delivered in fulfillment of the Postal Service's promise of universal service.

The last time Congress successfully passed legislation to overhaul the post office was 1970 when President Nixon signed the Postal Reorganization Act, before e-mails, before fax machines. It is time to bring the service into the 21st century.

The legislation we are considering today, the Postal Accountability and Enhancement Act, is the culmination of a decade of hard work and study, not to mention a great deal of bipartisan negotiation and cooperation amongst various groups. Consequently, H.R. 22 now represents our best chance at solving the structural, legal, and financial constraints that have brought the Postal Service to the brink of utter breakdown.

This past April, the Postal Service filed paperwork with the Postal Rate Commission to request a 5.4 percent rate increase for most categories of mail. These rate hikes, which are scheduled to take effect early next year unless Congress acts to prevent them, will impose a significant cost burden, let us call it what it is, a tax on the postal consumer.

For direct marketers, financial service companies and businesses relying heavily on shipping and mailing, these rate hikes are devastating. To make matters worse, increasing postal rates could send the postal office into what many observers call a death spiral,

where declining business leads to higher rates which in turn leads to decline in business until it is too late to change course.

Unfortunately, under current law, the Postal Service's only recourse to remain competitive in today's market is to raise rates. That is no way to run an operation. In addition, the Postal Service's most recent request for a rate increase was spurred in part by an existing requirement that the Postal Service contribute \$3.1 billion to a Federal pension escrow account which now houses more than \$73 billion in civil service retirement savings that rightfully belongs to the United States Postal Service.

This is just one of many instances in which the USPS is hampered by the current legal framework. And it is one of many outdated requirements that H.R. 22 seeks to reform.

Quite simply, the laws that the Postal Service has today are outdated and unsuited for today's competitive environment. Let me take just a minute to highlight a few of the reform components included in this comprehensive bill that will enable the service to move into the 21st century.

Universal service. First and foremost, the bill preserves the Postal Service's commitment to universal service, the guaranteed delivery 6 days a week to each and every address in the United States.

Pension responsibility. It returns responsibility for funding the military cost of postal retirees' pension to the Treasury Department where it belongs. It is recommended by the President's commission. This liability was shifted to the Postal Service in the last Congress. That shift was little more than an accounting gimmick, but it is one that must be reversed if we are to be serious about fixing the Postal Service's long-term balance sheet.

The escrow account. As I have already mentioned, the bill frees up the \$73 billion in civil service retirement savings that has been held in escrow, allowing the Postal Service to use this money to defray rate increases, among other options.

Modern rate regulation. This legislation shifts the basis of the Postal Rate Commission from a costly, complex scheme of rates to a modern system designed to ensure that rate increases generally do not exceed the annual change in the consumer price index. This applies only to market-dominated products, such as letters, periodicals, and advertising mail, because the Postal Service has provided different pricing freedom for its competitive products, like express mail and priority mail.

Strengthening the commission. This act will rename the Postal Rate Commission the Postal Regulatory Commission and give it teeth by granting it subpoena power and a broader scope for regulation and oversight.

Finally, the act sets the stage for future reforms by mandating several

studies including a comprehensive assessment of the scope of standards for universal service.

Today, the White House released its statement of administration policy, its SAP, regarding this legislation. While we share the ultimate goal of effectively reforming the Postal Service, some issues still lack consensus between the Congress and the White House. The administration has established some general, overarching principles to guide the framing of the comprehensive reform of the U.S. Postal Service. These include best practices of corporate governance, transparency, flexibility, accountability, and self-financing.

Our bill shares these goals, but recognizes these principles are often times at odds with one another and may require some give and take. For example, the administration has proposed segment reporting for each and every class of mail, a practice which would unfortunately place the Postal Service at a competitive disadvantage with some of its toughest competitors. Thus, this requirement would be contrary to the administration's first stated proposal of best practices of corporate governance. It is just one example of an instance in which compromise is needed if we are to enact meaningful, comprehensive reform.

This bill, the refined product of nearly 10 years of careful negotiation and compromise, strikes an ideal balance among the guiding principles on which both the House and administration are in agreement. I just want to assure the administration we will continue to work closely will them as H.R. 22 heads toward a conference.

Before I conclude, I want to take this opportunity to thank the gentleman from New York (Mr. MCHUGH), who chaired our special panel on postal reform and was the original bill's chief sponsor. He was, without doubt, the right leader to undertake this daunting task.

I also want to thank the former chairman of the Committee on Government Reform, the gentleman from Indiana (Mr. BURTON), who played an integral role in moving the ball forward on postal reform that allowed us to be where we are today.

Finally, I want to thank the Committee on Government Reform's ranking member, the gentleman from California (Mr. WAXMAN), and the gentleman from Illinois (Mr. DAVIS), the ranking member on the special panel, for their dedication to this subject and their willingness to operate in a bipartisan manner and work through this, through the difficult issues that have been presented.

Bipartisan cooperation is the primary reason why this bill has finally reached the House floor and why we have been able to keep such diverse stakeholders around the table in productive discussions.

Mr. Chairman, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri (Mr. CLAY), a member of the Committee on Government Reform whose father preceded him, and his father preceded him not only in office but in having a great interest in postal matters.

Mr. CLAY. Mr. Chairman, I thank the gentleman from Illinois (Mr. DAVIS) for yielding me time.

I too want to join my colleagues in congratulating and thanking the gentleman from New York (Mr. MCHUGH), the gentleman from Virginia (Chairman TOM DAVIS), and the ranking members, the gentleman from California (Mr. WAXMAN) and the gentleman from Illinois (Mr. DAVIS), for the hard work they put into advancing this bill to this point.

I rise in support of the Postal Accountability and Enhancement Act. I am committed to protecting the interests of the U.S. Postal Service. I have the honor of representing over 3,000 Postal Service employees. Together they earn over \$167 million in annual payroll and pay almost \$20 million dollars in income taxes.

Postal employees represent an important part of my community economic base. Several months ago, I hosted a postal roundtable with groups representing postal-reliant businesses that depend on the postal system to deliver their products and collect their revenues. In addition, postmasters, letter carriers, direct mailers, and representatives of trucking companies participated in this roundtable.

While overwhelming support was expressed for this legislation, many concerns were raised about single-piece parcels, single-piece parcel post, or single letters, whether they should continue to be classified as market dominant so that the Postal Service can continue to offer fair rates for items mailed anywhere, including rural and more remote areas. The U.S. Postal Service would have to dramatically raise prices on such packages and possibly be forced to stop offering the universally affordable rate for single-piece parcels to individuals and small businesses.

This would result in the loss of many jobs within the Postal Service and create an inconvenience to customers. The U.S. Postal Service provides a vital public service to all of our constituents and is an essential part of our Nation's economic infrastructure.

I urge my colleagues to put single-piece parcels back in the market dominance category and support the Postal Accountability and Enhancement Act.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. MCHUGH), the chief author of this, someone who has championed this cause since I came to Congress.

Mr. MCHUGH. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, today, obviously, represents a critical step in what has to

this point been a journey of more than 10 years, a decade and a half of hearings and meeting, of negotiations followed by more hearings, more meetings, more negotiations, to rewrite and rewrite again and again a piece of legislation that will serve as the first true serious reform of the sector known as the United States Postal Service, that since 1970.

In that length of effort, Mr. Chairman, that incredible commitment to the issue speaks directly to the critical importance of the Postal Service of this Nation and the complexity of this system that each and every day and each and every year delivers some 206 billion pieces of mail going through 38,000 postal facilities to 143 million addresses in virtually every community in every State in this Nation, 6 days a week, day in, day out, week in and week out.

So since 1775 this is the service that American people and American businesses alike have come and grown to expect. Universal service at a uniform price, no questions asked. No one in this country, Mr. Chairman, goes to his or her mailbox or his or her local post office wondering if the mail will be there. It is always there. It has always been there. But the true question, the question that this bill seeks to answer with a resounding yes, I might add, is will the mail always be there?

I am concerned that truly without this legislation the answer might well be far different than that resounding yes. Postal service of today is far removed from that of 30 years ago when reform was last enacted. Unlike then, the mail stream of today has diminished by such things as e-mails and faxes and cell phones and text messages, largely electronic means of communication that replace mail. They replace stamps. And thus they replace the revenues necessary to operate our key mail delivery system.

Some ask, if people are choosing to communicate in different ways, why do we need to change things at all? Some even go so far as to suggest that the time of the Postal Service has passed, that we ought to let the private sector take over.

□ 1915

But the fact is, Mr. Chairman, for all the challenges the Postal Service of the 21st century faces, it still retains its traditional place as a key cog in how American businesses conduct their affairs and how Americans all across this land communicate.

The postal business sector of this Nation, as we have heard the distinguished chairman of the full committee clearly state, represents a \$900-billion-a-year industry, with 9 million jobs, and more than 8 percent, nearly 9 percent, of our entire Nation's economy.

The fact is, Mr. Chairman, if the Postal Service did not exist here in 2005, we would have to invent it. That is why more than 200 major companies

in this country have strongly endorsed this measure, 200 companies representing the lifeblood of the economy of this Nation. That is why virtually every major labor organization within the Postal Service has endorsed it, why even those companies that compete against the Postal Service have endorsed H.R. 22, including United Parcel Service, including FedEx, and others.

Now, I have no doubt there are going to be those who believe they have a better idea, those who will say they can improve this bill by adding or diminishing its provisions. And, Mr. Chairman, speaking honestly, as someone who has been involved from day one for more than 10 years, probably some, if not all, of these critics may be right. But what I would urge my colleagues to resist this day is the understandable temptation to make the perfect the enemy of the good.

This bill's formation has taken more than a decade for some very good reasons. It is, frankly, based upon the complexity of the system itself. We have considered those interests of the people who manage it, those who man it, the businesses that rely upon it, those who compete against it, those who depend upon it, so many interests whose input and whose needs are all carefully balanced in this bill. Perfection? No, perhaps not, but a solution nevertheless, a solution to the challenges that provide the United States Postal Service with the necessary tools to operate in a manner that most of us expect, like a modern, flexible, nimble business competing on a fair playing field, operating in an efficient and professional manner.

Mr. Chairman, at the risk of sounding immodest, I am very, very proud of this legislation. I am proud of its vision, I am proud of its construct and its provisions, but I am truly prouder still of those organizations and those special people, those individuals involved in those organizations and in this reform effort that have been there from the start.

They say a year in government and politics is a lifetime, and if that is true, 10 years has to approach infinity. But through it all, we have had special people devoted to extraordinary efforts in a singularly vital cause. And our thanks, and clearly my thanks, are owed to so many to even begin to list at this moment. Many of them are cited on the page that I just held up, all those more than 200 interests who strongly support this.

Many, if it were appropriate under the House rules, I would note are in the gallery today. But seeing as how it is not appropriate to say that under the House rules, I will resist the temptation. But without naming them specifically, I owe them thanks.

At perhaps the risk of offending many, I have to acknowledge a particularly special few: The gentleman from Illinois (Mr. DAVIS) and the gentleman from Pennsylvania (Mr. FATTAH), the two ranking members who first began

to help us move this issue forward. Mr. Chairman, the gentleman from Illinois (Mr. DAVIS) has been a stalwart, a ranking member who lost focus at no time and never lost faith.

The gentleman from California (Mr. WAXMAN), the full committee ranking member, who put aside partisanship, not an easy thing to do in Washington these days, for the simple reason he understood and deeply cared about the conclusion of this challenge.

Bill Clinger, followed by the gentleman from Indiana (Mr. BURTON), the first and second chairman of the Committee on Government Reform, who continued to bring our attention to it and keep us focused.

And our current chairman, the gentleman from Virginia (Mr. TOM DAVIS), who might have, who might have, but thankfully did not, let this effort die; who urged us forward; whose political skills, intellectual depth, and administrative acumen have really advanced us to this threshold of success.

These are all important folks, but I want to say, as much as I deeply indebted for those efforts, in my opinion the success of today's consideration is predicated largely upon the efforts of one very special, very dedicated man: Robert Taub. Through it all, Robert has been the intellectual and spiritual glue that has held this effort together. He was always willing, even anxious, to my amazement, to do one more meeting, one more effort to advance reform. And when others saw failure, Robert saw a challenge. When others lost hope, Robert remained focused. When others remained angry, including myself, Robert remained calm. He has been the eye of the storm in a torrent of conflict, of divergent and seemingly irreconcilable differences. I am very, very proud that the payroll lists this very extraordinary man as my chief of staff. I am prouder still that in my heart I consider him a friend, and I am deeply in his debt particularly.

So I will, with again a thanks to Chairman DAVIS for all that he has done, look forward to the passage of this bill.

Mr. DAVIS of Illinois. Mr. Chairman, I yield myself such time as I may consume to say that there is a big difference between vanity and pride, and the gentleman from New York (Mr. MCHUGH) has every reason to be proud of this product, and we do not think it is vanity at all.

Mr. Chairman, it is my pleasure to yield 3 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. Mr. Chairman, I thank the gentleman for yielding me this time and for his extraordinary leadership on the Task Force for Postal Reform, on which I have served, and I rise in strong support of it.

It has been a long and difficult journey which has brought us here today, well over 10 years, and I thank everyone who has been involved in this bipartisan effort to reform the way the Postal Service currently operates: the

gentleman from Virginia (Mr. TOM DAVIS), our chairman; the ranking member, the gentleman from California (Mr. WAXMAN); the gentleman from New York (Mr. MCHUGH); the gentleman from Illinois (Mr. DAVIS); and their hard and dedicated working staffs.

This is very strongly supported legislation. It is a balance that we have achieved. We urge everyone to vote for it and to vote against the amendments that will be coming forward. It is supported by many of the unions, APWU, the Letter Carriers, the Postmasters, and the postal-reliant businesses, some of whom are located in my district, the Magazine Publishers of America, the direct marketers, the financial services. In fact, there is a coalition of many, literally hundreds, of businesses, and the 21st Century Postal Service Committee has issued a statement of support along with the over seven union statements in support of this bipartisan legislation.

As we know, this is incredibly important to our economy, with more than 9 million workers worldwide. They generate over \$900 billion annually of our GDP, and represent nearly 9 percent of our overall budget. If we fail to act on this very pressing issue, the public and the postal-reliant businesses surely will face higher postal rates in the near future.

With the Postal Service facing billions of dollars in debt over the next few years, this Congress, 2 years ago, passed bipartisan legislation that reduced the Postal Service's contribution to the Civil Service Retirement and Disability Fund after it was determined that it had been making overpayments. This reform was expected to help the Service reduce its debt to the Treasury by approximately \$3 billion each year and to keep rates stable until 2006. It also created an escrow account designed to ensure that the Postal Service uses these savings wisely. The bill before us today releases that escrow account and will help us to keep our rates stable.

Earlier this year, the Postal Service filed a request with the Rate Commission for yet another increase of 5.4 percent. It would be the fourth increase since 2001, and it is critical that we release these monies in the escrow to delay this rate increase.

Mr. Chairman, this legislation relieves the Postal Service and postal customers of the \$27 billion burden in military service payments by returning that responsibility to the Treasury. After all, every other agency has this responsibility in the Treasury, and Postal should also.

This legislation also creates a Postal Regulatory Commission with authority to create a modern system for postal rate regulation. Mr. Chairman, a number of magazines have gone out of business because of rate increases, and so this legislation is vital to our economy.

Mr. Chairman, I submit for the RECORD the material I referred to

above regarding the unions in favor of this legislation, and also a listing of numerous companies and organizations in favor of the legislation:

[From the Coalition for a 21st Century Postal Service]

9 MILLION WORKERS . . . \$900 BILLION ECONOMY . . . 9 PERCENT OF U.S. GDP HELP KEEP THE MAILING INDUSTRY STRONG AND THE USPS VIABLE—VOTE YES ON H.R. 22

DEAR REPRESENTATIVE: The companies and organizations below urge you to support H.R. 22, the "Postal Accountability and Enhancement Act of 2005." This legislation will bring urgently needed modernization and meaningful reform to the United States Postal Service (USPS), the lynchpin of the mailing industry—a key economic sector that employs 9 million workers adding \$900 billion annually to the U.S. Gross Domestic Product. In fact, 9 percent of the nation's GDP can be directly attributed to the mailing industry.

H.R. 22 will bring increased efficiencies to the USPS, and would allow for more predictability and affordability in future postal rate increases. Without postal reform, American jobs will be placed at risk as companies are forced to compensate for capricious and expensive rate hikes in the future.

The companies and organizations listed below consider passing postal reform legislation this year an urgent priority, and urge you to cast a "YES" vote on H.R. 22 when it is considered on the House floor. Thank you for your consideration.

ADVERTISING/MARKETING/RETAIL INDUSTRIES

Arandell, CCB, Direct Marketing Association, Domtar, Hayzlett Companies, Inc., J.C. Penney, National Retail Federation, Vertis Direct Marketing Services.

FINANCIAL SERVICES/INSURANCE INDUSTRIES

Aegon, American Express, Bank of America, CapitalOne, Chase, JP Morgan Chase, Citigroup, CUNA Mutual, The Financial Services Roundtable, LaSalle Bank, MBNA, Property Casualty Insurers Association of America, USAA, Wachovia.

FORESTRY/PAPER/PRINTING INDUSTRIES

American Forest & Paper Association, Banta, International Paper, MeadWestvaco, National Association for Printing Leadership, Paramount Cards, Quad Graphics, Quebecor World, R.R. Donnelly, Richardson Printing, Inc., Solar Communications, Stora Enso, Weyerhaeuser Company, Wisconsin Paper Council.

NEWSPAPER/PUBLISHING INDUSTRIES

Harcourt, Inc., Holt Reinhart & Winston, Inc., IDEAlliance, LexisNexis, Magazine Publishers of America, McGraw-Hill, National Newspaper Association, Printing Industries of America/GATF, Publishers Press, Reed Business Information, Reed Elsevier, Inc., Time, Inc.

MAILING/FULFILLMENT/SHIPPING INDUSTRIES

Alliance of Non-Profit Mailers, Association for Postal Commerce, Association of Priority Mail Users, Mailers Council, Mailing and Fulfillment Service Association, National Postal Policy Council, Parcel Shippers Association, Pitney Bowes, PSI Group, Total Systems Services, Inc.

MANUFACTURING/TECHNOLOGY INDUSTRIES

Document Management Industries Association, Envelope Manufacturers Association, Keyspan, Kodak, Multi-Plastics, Inc., National Association of Manufacturers, NPES The Association for Suppliers of Printing, Publishing and Converting Technologies.

SMALL BUSINESS/GENERAL COMMERCE

National Federation of Independent Business, Small Business Legislative Council.

USPS MANAGEMENT/LABOR ORGANIZATIONS

National Association of Postal Supervisors, National Rural Letter Carriers Association.

STATE AND LOCAL ORGANIZATIONS

Printing Industry Association of the South, Inc., Pacific Printing and Imaging Association, PIA, Inc. of Arizona, PIA of Southern California, PIA of San Diego, Printing Industries of Northern California, Printing & Imaging Association Mountain States, The Association of Graphic Communications, Graphic Arts Association, Printing and Graphics Association MidAtlantic, Printing Association of Florida, Inc., PIA of Georgia, Inc., Printing Industries of Illinois/Indiana Association, Printing Industries of the Midlands, Inc., Printing and Imaging Association of Mid America, Printing Industries of New England, Printing Industries of Michigan, Printing Industry of Minnesota, Inc., Printing Industries of St. Louis, Printing & Imaging Association of New York State, Inc., PI of the Carolinas, Inc., Printing Industries of Utah, Printing Industries of Virginia, Inc., Printing Industries of Wisconsin.

JULY 25, 2005.

DEAR REPRESENTATIVE: On Tuesday, July 26, the House is scheduled to consider H.R. 22, the Postal Enhancement and Accountability Act. We understand that a series of amendments may be offered that will have a catastrophic impact upon more than 740,000 postal employees and the American public. Therefore, we urge you to vote NO on amendments that jeopardize affordable and universal mail service to your constituents, and undermine a carefully drafted bill that balances the needs of the mailing public and postal employees.

H.R. 22 is the product of years of give and take and delicate negotiations with all sides making major concessions along the way. Many of these amendments ignore the results of those negotiations. Specifically, we oppose amendments being offered by Congressmen Flake, Hensarling, McHenry, and Pence because they individually or collectively undermine the ten-year effort by the authors of H.R. 22.

Sincerely,

American Postal Workers Union.
National Association of Postmasters of the U.S.

National Association of Letter Carriers.
National League of Postmasters of the U.S.
National Rural Letter Carriers Association.

National Association of Postal Supervisors.

National Postal Mail Handlers Union.

Mr. TOM DAVIS of Virginia. Mr. Chairman, may I inquire as to how much time remains on each side?

The CHAIRMAN. The gentleman from Virginia (Mr. TOM DAVIS) has 11 minutes remaining, and the gentleman from Illinois (Mr. DAVIS) has 17½ minutes remaining.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from Utah (Mr. CANNON), who has been very helpful in putting this bill together.

Mr. CANNON. Mr. Chairman, first of all, I would like to thank the chairman of the full committee, the gentleman from Virginia (Mr. TOM DAVIS), my friend, for entering into this colloquy, and also my friend, the gentleman from New York (Mr. MCHUGH), for the work they have done on this bill. This has

been extraordinary. Since I have gotten here, I have had hundreds of inquiries about this issue, as has every other Member of Congress, and the gentleman from New York (Mr. MCHUGH) has handled them remarkably well. I strongly support H.R. 22. It is long overdue.

Mr. Chairman, I want to bring to the attention of the gentleman from Virginia (Mr. TOM DAVIS) an important problem in my district. The city of Taylorsville, Utah, has been assigned four different ZIP codes, and its citizens must access services at five different post offices, all outside the city.

Mr. Chairman, if we were talking about New York City or Los Angeles, more ZIP codes would be common, but in a city of only 60,000, we should not have four different ZIP codes and be serviced by five different post offices. So it is my sincere hope that the chairman and I can work together to reduce the number of ZIP codes for Taylorsville from four to one, and work towards a fully functioning post office located within the city proper.

Mr. TOM DAVIS of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Virginia.

Mr. TOM DAVIS of Virginia. Mr. Chairman, we have tried on this legislation to not get into some of the specific shortcomings of Postal Service delivery on ZIP codes and the like, but I want to tell the gentleman that I have looked at this Taylorsville issue. I want to pledge to work with the gentleman from Utah and with the Postmaster General to make sure these needs are resolved and to support a thoughtful solution for the city of Taylorsville, and just assure the gentleman that that is a priority.

Mr. CANNON. Reclaiming my time, Mr. Chairman, I thank the gentleman from Virginia for his commitment to helping me solve this problem, and I want to thank Taylorsville Mayor Janice Auger for her tireless effort on this issue.

Mr. DAVIS of Illinois. Mr. Chairman, I am pleased to yield 2 minutes to the gentlewoman from California (Ms. WATSON).

Ms. WATSON. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise today in support of H.R. 22, the Postal Accountability and Enhancement Act. I am extremely happy that after years of work, we are finally bringing this important bill to the floor for a vote.

In my congressional district alone, there are 66 postal facilities accounting for over 1,600 postal workers and \$79 million in wages. The men and women of the United States Postal Service bind our Nation together, offering prompt and reliable services at uniform prices.

Many people do not realize the economic power this industry has. The postal industry accounts for over 8 percent of the gross national product, and it is the backbone of a \$900 billion

mailing industry that drives the U.S. economy. To maintain the current level of high-quality service, we must reform our postal system for the new information age.

The United States Postal Service is the world's most efficient postal system. While America is adding almost 2 million addresses per year, the number of postal employees have held steady, meaning that the same number of letter carriers are walking further, while delivering more mail.

This bill must be passed because it addresses many pressing issues, such as rate changes, the Postal Service Retirement System, escrow accounts, and military pension issues. This is the only Federal agency where funds in the civil retirement system have to be used to fulfill military obligations within the Department.

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The bill also addresses the issue of the United States Postal Service overpayment of over \$78 billion in civil service retirement benefits. The Congressional Budget Office estimates that the escrow requirements will cost the United States Postal Service nearly \$3 billion in 2006 and over \$36 billion over the next 8 years. If the postal system is not fixed, our constituents will bear the cost.

This Nation is very fortunate to have a Postal Service system that handles such a large volume of mail while operating at affordable costs to our citizens.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. MURPHY).

Mr. MURPHY. Mr. Chairman, although we may be living in the age of technology and more than a few of us cannot live without our e-mail, the United States Postal Service continues to serve a key role for both personal and business communications. With 9 million jobs and \$900 billion in annual commerce dependent on services provided by USPS, consideration of this reform package could not come soon enough.

In recent years, the U.S. Postal Service has struggled to perform its core mission of providing affordable mail service 6 days a week to every American. Today, the Postal Service operates under the same set of rules established in 1970; yet the service now delivers nearly 2½ times more mail to almost twice as many homes.

Rising costs and financial losses, coupled with rate increases meant to remedy a declining fiscal situation, have left the Postal Service in a position that threatens the long-term viability of mail as an affordable, effective business communications channel.

I am pleased H.R. 22 protects universal service while taking steps to alleviate the seemingly constant threat of rate increases by modernizing rate regulation and by freeing up \$73 billion in civil service retirement savings that have been held in escrow.

Accountability and transparency are of particular interest to me as there continues to be unresolved questions surrounding the unfair and inconsistent application of a postal regulation more than 5 years ago.

This particular issue is one I have championed for some time, and while I am disappointed that we were unable to reach a resolution before the bill reached the House floor, I look forward to working with the committee and the Pennsylvania Senators on the issue of postal reform legislation moves into conference.

Comprehensive legislation is 10 years in the making; and without the passage of this bill, we are putting in jeopardy millions of American jobs and the future availability of affordable mail service, the repercussions of which will be felt well beyond the mailing industry.

In the last session of Congress when I was a member of the Subcommittee on Postal Reform and the Committee on Government Reform, we worked on this bill. I am pleased it has come before us, and I urge my colleagues to support H.R. 22.

Mr. DAVIS of Illinois. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, I came to Congress to help the Federal Government be a better partner and make communities more livable. One of the simplest ways to achieve that objective does not require new rules or regulations. It simply requires that the Federal Government follow the same rules as others.

Well, H.R. 22 contains language from the Community Postal Partnership Act which I first introduced in the 105th Congress. It requires the Postal Service to abide by the same zoning and land use laws as everybody else and requires that the Postal Service garner input from communities on proposed changes for facilities.

We have had tremendous support for this concept, from homebuilders, the National Association of Postmasters, the Trust for Historic Preservation, Realtors, landscape architects, planners, and from within the postal community itself.

Good government organizations across the country have joined with mayors and local officials who understand that the over-37,000 postal facilities are not just remote outposts of Federal activity. They can, often are, and always should be centers of community activity.

This legislation has had bipartisan support from the majority of the House of Representatives and has passed the Senate, only to become victim of the politics of postal reform which I am pleased the committee has been able to sort out.

It is time, however, to make this relationship something that every community can count on. It should not be the exception, nor should it require extraordinary political action. There

should be no variation in the commitment to provide the finest facilities that are part of each and every community. I am happy that the committee has chosen to include this language in the comprehensive postal reform bill.

In turn, I think it is essential that we recognize the valuable service provided by the Postal Service. It delivers more items in one day than Fed Ex does in a year; it manages half the world's mail with one-fourth of the revenue and a fifth of the workforce. It is important that we not just applaud these accomplishments, but give the Postal Service the tools it needs to continue to deliver its valuable service.

This bill accomplishes that goal. It is a delicately balanced compromise which I hope the House will support, rejecting amendments that would upset that balance, and build on this for a better Postal Service in the future.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Chairman, I yield 4 minutes to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Chairman, I thank the gentleman for yielding me this time and rise in support of H.R. 22. It is a good bill that should be enacted this year.

I applaud the gentleman from Illinois (Mr. DAVIS) and the ranking member, the gentleman from California (Mr. WAXMAN), and the gentleman from New York (Mr. MCHUGH). The gentleman from New York (Mr. MCHUGH) has made a career of this bill, and we are thankful for that. He is not on the floor, but I want to congratulate him on his efforts.

Just a few months ago, the Committee on Government Reform marked up and passed this bill 39-0. Given the current political environment, that is amazing. An extraordinary achievement. Such bipartisanship on Capitol Hill is all too rare these days. When it happens, we should take note. The fact that every Democrat and Republican on the committee embraced H.R. 22 testifies to the need for postal reform that puts politics aside and focuses on pressing issues.

It is also a tribute to the hard work and energy that postal employees, business groups, and postal customers brought to bear educating lawmakers about the merits of reform.

Let me say something as an aside. The United States Postal Service is the most efficient and productive postal service in the world. It may surprise some to learn that some years ago when I took testimony in the Treasury Postal Subcommittee as chairman, the United States Postal Service was 40 percent more efficient than the number two postal service in the world which was Japan. I observed if we had that kind of productivity efficiency with respect to VCRs, we would not be buying JVCs, we would be buying RCAs made in America or Emerson or some other manufacturer.

Why has H.R. 22 earned my support and the support of a bipartisan group? Simply put, because it satisfies four areas. First, it protects universal service. That is absolutely essential. Secondly, it protects collective bargaining. Since the Postal Reorganization Act of 1970 established collective bargaining as a fundamental right, there has not been a single work stoppage or significant disruption in service as a result of labor-management discord. It is appropriate to protect it and continue it.

I noticed the gentleman from New York (Mr. MCHUGH) is back on the floor. I congratulate the gentleman. I said how steadfast you have been in the face of coming right up to the brink of passage and then having to withdraw. We all owe you a debt of gratitude and appreciation for the work you have done on this particular piece of legislation.

H.R. 22 ensures the Postal Service is treated exactly the same way every other Federal agency is in the area of military pensions. Our postal workers who served in the military served America, not the Postal Service, America. It is the U.S. Government that ought to compensate those military veterans. H.R. 22 mandates that the proportion of their retirement that comes from military service will be paid for by the Treasury, as it should be.

Lastly, H.R. 22 provides the Postal Service the flexibility it needs to set postal rates in a competitive manner. This is a difficult area. I know the committee has grappled with it, but I think the committee has come out with a solution that ought to be supported. There is no legislative reason why postal reform should not be enacted before the end of the year.

Unfortunately, however, I understand the administration has signaled its opposition to key provisions of H.R. 22 and its Senate counterpart S. 662. It is my hope and, yes, my expectation, that the gentleman from Virginia (Mr. TOM DAVIS), the gentleman from New York (Mr. MCHUGH), and the gentleman from Illinois (Mr. DAVIS) will be successful in resisting efforts by the administration to weaken or repeal provisions that are the product of years of hard bipartisan work.

I urge support of this product. I again congratulate the gentleman from New York (Mr. MCHUGH) on the work he has so ably led for so long.

Mr. DAVIS of Illinois. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. LYNCH).

Mr. LYNCH. Mr. Chairman, I rise in support of H.R. 22. This will be the first major postal reform bill to receive our consideration in 35 years. I would like to, obviously, credit the gentleman from Virginia (Chairman TOM DAVIS) and the gentleman from New York (Mr. MCHUGH), the subcommittee chairman, for their great work as well as the ranking member, the gentleman from

California (Mr. WAXMAN), and the gentleman from Illinois (Mr. DAVIS) for all of the great work they have done.

But I would be remiss if I did not mention the number of other people who have worked so hard on this, namely, the postal employees themselves who have been very active in this whole process, including the leadership of the American Postal Workers Union, the National Letter Carriers Union, and the National Mail Handlers Union who have been active and committed to this whole process.

All of us will remember in the days and weeks following September 11, we had a series of anthrax attacks conducted through the U.S. mail system. Tragically, among the victims of these attacks were included the lives of two of our postal workers, Joseph Curseen, Jr., and Thomas Morris, Jr., at the Brentwood facility in the D.C. area.

At that time, all of our postal workers, every clerk, every mail handler, was faced with a difficult choice, and that choice was to continue to come to work every day in a very difficult environment caused by anthrax exposure, and perhaps even endangering their families; or staying away from work and thereby risking the stability of our own economy and upsetting the flow of commerce and shaking the confidence of the American people.

The American postal workers, every clerk, every carrier, every mail handler chose to come to work under those conditions. They came here because they felt it was their particular patriotic duty to do so. H.R. 22 takes note of their service and regards postal employees as partners and a great asset toward affecting postal reform.

Notably, this bill does not seek to curtail essential worker rights, it does not reduce worker protections with respect to collective bargaining, and it deserves our support. I ask only that we resist any amendments that would weaken this bill.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I reserve the balance of my time.

Mr. DAVIS of Illinois. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. SCHIFF) for a colloquy.

Mr. SCHIFF. Mr. Chairman, I rise today to express my support for H.R. 22 and for the purpose of engaging the chairman and the gentleman in a brief colloquy.

H.R. 22 is long overdue and goes a long way towards ensuring the future competitiveness and viability of the U.S. Post Office. I am proud to cosponsor this important piece of legislation, and I encourage my colleagues to support its passage.

One issue of concern to me, however, has to do with the consolidation and realignment of postal facilities. I believe it is critical that Congress and the U.S. Postal Service understand that the closing of a postal facility has a great impact on its local community. I remain concerned that the U.S. Post-

al Service's realignment and consolidation plan may not fully take into account all of the costs associated with each individual facility impacted by such a plan.

Clearly, there are benefits to the consolidation and realignment of postal operations, but I rise today to ask the chairman and the ranking member and the gentleman from Illinois (Mr. DAVIS) for their support in working with the Postal Service to make sure that all impacts are taken into account, not just those that are fiscal in nature. It is critical that Congress understands the closing of a postal facility has a very great impact on its local community.

Mr. DAVIS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SCHIFF. I yield to the gentleman from Illinois.

Mr. DAVIS of Illinois. Mr. Chairman, I appreciate the gentleman's desire to see that the Postal Service takes into account the impact on local communities. I share his desire for a comprehensive evaluation of all issues regarding the realignment and consolidation of postal facilities, including individual impact on our local communities.

Mr. TOM DAVIS of Virginia. Mr. Chairman, will the gentleman yield?

Mr. SCHIFF. I yield to the gentleman from Virginia.

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Mr. TOM DAVIS of Virginia. Mr. Chairman, I thank the gentleman from California for his support of this legislation and his efforts. I think it is important, as he points out, that all of these different impacts are taken into account when the Postal Service undertakes the realignment and consolidation of postal facilities. I look forward to working with him and the Postal Service as these unfold.

Mr. DAVIS of Illinois. Mr. Chairman, I yield myself such time as I may consume.

We have heard a great deal of discussion, all good, and again I think it is important that we realize that it took the coming together not only of dedicated Members of the House, but also tremendous staff work. I know that the gentleman from California (Mr. WAXMAN) is not here at the moment, but I want to take the time to commend not only him, but his staff, Phil Schiliro, Phil Barnett, Naomi Seiler, Althea Gregory, as well as the members of my staff, Richard Boykin, Jill Hunter-Williams, and, of course, Denise Wilson, who have worked tirelessly and tirelessly for months and some of them even into years of trying to make sure that we shaped a comprehensive bill, one that all of the stakeholders and shareholders could, in fact, agree with and be proud of, one that did, in fact, continue to protect universal service, everyday delivery, knowing that people can get their mail no matter where they live, whether it is on a remote countryside, up the mountain, across

the way, across the river, knowing that the mail is going to come.

Again, I want to commend, as we have done so often, and not without reason, the hard work and continuous dedication of the gentleman from New York (Mr. MCHUGH), who almost single-mindedly and sometimes people would say single-handedly has kept this train rolling, has kept this ship going, and has prevented it from veering off course. I am very pleased to have been a part of the process. I again commend all of those for making it happen.

Mr. Chairman. I urge strong support for the passage of this important piece of legislation.

Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Mr. DAVIS of Illinois. Mr. Chairman, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Chairman, I want to acknowledge the gentleman from New York (Mr. MCHUGH) and the authors of this very, very strong legislation that has taken us more than a decade. To the gentleman from Virginia (Mr. TOM DAVIS), to the gentleman from California (Mr. WAXMAN), to the gentleman from Illinois (Mr. DAVIS), who have worked extremely hard on this issue, might I add my applause and congratulations.

Might I, Mr. Chairman, to the distinguished chairman of the full committee just say one thing. Might I thank the many, many postal workers around America who have been there when you needed them and who have managed to do a major industry with less than a third of the personnel. They are to be congratulated. I thank you very much, and I thank you for your interest in discussing the issue of whistleblower protection for Federal employees in the context of considering H.R. 22 today. I do want to recognize that you have in the bill itself provisions dealing with the inspector general.

Let me, first of all, say that I would have offered an amendment today, but I want the supporters of that amendment, those who have advocated for the No Fear Act that was passed by this body, legislation authored by myself and the gentleman from Wisconsin (Mr. SENSENBRENNER) and signed by the President, that my amendment would have tracked the No Fear Act, which would have established a Civil Rights and Civil Liberties Board pilot program within the Postal Service to monitor and enforce claims of abuse that would call for congressional review after 3 years. There is a grave need for such a body not only within the Postal Service, but in every Federal agency given the poor implementation of the No Fear Act. This public law is known as Public Law 107-174. I understand that the legislation as currently drafted contains, as I said, several new provisions that would protect

Federal employees and minorities such as the antikickback provisions, increase oversight functions for the inspector general, and a study of the Board of Governors of the number of contracts awarded to women and minority contractors. I applaud the gentleman for this.

My real point is that the No Fear Act has been slowly implemented. There are people in the government, workers in the government that we respect for their service wanting us to give oversight on the No Fear Legislation. I would like to work with the gentlemen as they go through conference, and as we go forward to ensure that this particular legislation is implemented, and enhanced civil rights are given to federal employees and our fine postal workers have the whistleblower protection and as well their civil liberties and civil rights are also protected.

Mr. Chairman, I rise in support of the H.R. 22. It is important that it was brought through Committee and to the Floor for expeditious consideration. I have an amendment that was made in order that would seek to address the very critical issue of slow implementation of Public Law No. 107-174, the No FEAR Act (5 U.S.C. 2301) and provide avenues of relief for the many federal employees who continue to complain of workplace civil rights abuse.

My amendment would establish a Civil Rights and Civil Liberties Board Pilot Program within the Postal Service to monitor and enforce claims of abuse that will call for congressional review after three years. There is a grave need for such a body—not only within the Postal Service but in every federal agency, given the poor implementation of the No FEAR Act.

I joined Chairman SENSENBRENNER and Ranking Member JOHN CONYERS in authorizing the Notification and Federal Employee Anti-Discrimination and Retaliation Act of 2002, or No Fear Act, that was signed into law by President Bush on May 15, 2002. This legislation was passed in order to bring immediate relief to federal government employees who have suffered from civil rights or other abuse in the workplace.

The product that we have before us today has many highlights. For the Postal Service, it provides the ratemaking flexibility and incentives needed to operate as an efficient business. For businesses, it provides the rate stability, fair competition rules, financial transparency, and procurement protections needed to predict costs and operate on a level playing field. For consumers, it preserves universal service, maintains high quality standards, and eliminates unfair mailing costs so that they have an affordable and reliable means of communication. For workers, it protects collective bargaining and offers whistle-blower protections that are needed to ensure safe employment. For taxpayers, it ensures the viability of a national asset and removes the threat of a tax-payer bailout of the Postal Service due to financial insolvency. These provisions, I am sure, will go a long way toward helping the Postal Service to better serve its customers, compete fairly with the mailing industry, and contribute to our nation.

In addition, I am pleased that the bill requires a study of the number of contracts with women, minorities, and small businesses and

that it protects our domestic airlines from outsourcing of jobs to foreign air carriers.

Nevertheless, the issue of slow implementation of No FEAR remains a tremendous problem that I hope the Chairman, Ranking Member, and the members of the Committee on Government Reform will pursue both as this bill goes to Conference and in hearing forum.

Mr. Chairman, I support H.R. 22 and hope that the Chairman, Ranking Member, and the Conferees on this bill will address the issues that I presented with my amendment, and I hope that both the Committee on Government Reform as well as that of the Judiciary will hold oversight hearings on the implementation of the No Fear Act, and I yield back. It is critical that we use opportunities such as is afforded today to address the slow implementation of the No Fear Act. I yield back.

Mr. DAVIS of Illinois. Mr. Chairman, I yield the balance of my time to the gentleman from California (Mr. WAXMAN), the ranking member.

The CHAIRMAN. The gentleman from California (Mr. WAXMAN) is recognized for 2 minutes.

(Mr. WAXMAN asked and was given permission to revise and extend his remarks.)

Mr. WAXMAN. Mr. Chairman, I want to thank my friend and colleague for yielding to me and also, more importantly, for the enormous contribution he has made to this legislation along with the gentleman from New York (Mr. MCHUGH) and the gentleman from Virginia (Mr. TOM DAVIS). The four of us have been working very, very closely and produced legislation that was unanimously voted out of our committee.

The legislation is to modernize the structure of the Postal Service. It is a \$69 billion entity with 700,000 employees. It supports industries that produce goods and services worth \$900 billion annually. For generations Americans have relied on the system for universal service for letters and packages.

Reaching unanimity was not easy. A primary goal of postal reform was to give the Postal Service the flexibility it needs to survive in a changing and increasingly competitive environment. At the same time, we took into account the varied and complex needs of the mailing community and the American people. The result is a strong bill with the primary goal of allowing the Postal Service to continue to fulfill its universal service mission at a reasonable cost.

The legislation makes a number of key changes, but all of the changes in this bill are calibrated to balance out conflicting forces so that we could bring everybody on board. That is why this bill, I would urge my colleagues to understand, is one that we need to support in its entirety and to resist changes, however attractive they may be.

The bill, in closing, will make sure that the Postal Service can go into this 21st century as a viable institution; where it competes, to make sure that it will not compete unfairly; and where it is doing its job as a unique establish-

ment, it will be handled in a way so that it will be run efficiently and effectively for the public good.

I ask support for the legislation before us.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 30 seconds to the gentleman from Connecticut (Mr. SHAYS), the vice chairman of the Committee on Government Reform.

Mr. SHAYS. Mr. Chairman, I thank the gentleman for yielding time. I just want to congratulate him, the ranking member of the committee and particularly the gentleman from New York (Mr. MCHUGH) for what he has done for over 10 years in this battle. His effort is awesome. This legislation is needed. We believe in universal coverage for mail, but know cost savings need to be made. Congratulations to all of you for doing such a great job in bringing this legislation before us.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield myself the balance of my time.

It has been said that victory has 1,000 fathers, and defeat is an orphan. As we approach a victory on this bill tonight, at least on the House side, let me thank some of the fathers. We have talked about some of the Members being involved, but thanks also go out to the National Association of Manufacturers, the National Federation of Independent Business, the Small Business Legislative Council; a group of financial service companies like American Express, Bank of America, Capital One, Chase, Citigroup, Financial Services Roundtable, J.P. Morgan; groups in the newspaper and publisher business like Magazine Publishers of America, National Newspaper Association, Printing Industries of America, Time, Inc.; labor unions like the American Postal Workers Union, National Association of Letter Carriers, National Rural Letter Carriers and the National Postal Mail Handlers Association; postal management organizations like the National Association of Postmasters, National League of Postmasters, National Association of Postal Supervisors; postal competitors like United Parcel Express, UPS and FedEx; and other organizations like the Alliance of Nonprofit Mailers, the Mailers Council, the Parcel Shippers Association, Pitney-Bowes and others.

And on the staff side, Melissa Wojciak, my staff director; Jack Callender, who has made his career on the committee the Postal Service; Robert Taub, who the gentleman from New York (Mr. MCHUGH) rightly, I think, gives the credit for being the father of this behind the scenes; Ellen Brown, Mason Alinger of our staff, Rob Borden, Kristina Sherry, Michael Layman, Phil Barnett, Michelle Ash, Denise Wilson, Naomi Seiler, Jill Hunter-Williams and Richard Boykin from the committee as well. All of these made major contributions.

What does this tell us if we pass this legislation? The cost of stamps is going up, but if we pass this legislation, it

will be nowhere near the increases that we will get without this important legislation.

The need for postal reform is obvious in this case. Failure to act is a job-killer. Inaction will jeopardize at least 1.5 million jobs. This is a top priority for industry, the mailing industry, a \$900-billion-a-year industry, nearly 9 percent of GDP, its economic value, 9 million jobs. Failure to act would be the same as a tax increase on American consumers. If we do not seize this moment, we effectively impose a significant new tax and a new tax burden on every American who uses stamps. If we do not take action, the Postal Service will be forced to begin increasing postal rates, starting with 2 cents at the beginning of next year. A small business that spends \$5,000 annually on postage will lose almost \$300 a year. An industry like financial services would get slammed with over \$600 million in increases annually with no increase in productivity. And the American public will waste over \$20 billion in unnecessary postage over the next decade. That is why this legislation needs to be passed.

What is wrong with the current Postal Service? We have got some of the best and most dedicated workers in the world, as the gentleman from Maryland (Mr. HOYER) and the gentleman from California (Mr. WAXMAN) and others have pointed out, but they are operating under a 30-year-old system that completely missed the information technology revolution. It is a service that is saddled with \$7 billion in workers' comp claims, \$5 billion in retirement payments and \$57 billion in health care costs. The statutes governing USPS are some of the most rigid and restrictive in the U.S. Code.

Finally, this means jobs. We can talk about trade and everything else, but failure to enact this will cost jobs in every State.

Let me conclude by saying and echoing what the gentleman from California (Mr. WAXMAN) noted, and that is, this bill is not a perfect bill. It is not a perfect bill today. It will not be perfect probably when it comes out of conference. But as we look at this, this is a finely balanced piece of legislation that today has almost unanimous agreement in the industries that are affected, among the workers that are affected and among the consumers that are affected.

We want to keep this balance as this comes to the floor. There are some very attractive amendments, well-meaning amendments that are going to be offered, but they upset this balance and jeopardize this bill. We have in front of us jobs, we have productivity, and we have almost 9 percent of the gross domestic product of this country at stake if we fail to pass this bill. I urge my colleagues to support it.

Mr. GENE GREEN of Texas. Mr. Chairman, I rise today in support of H.R. 22, the Postal Accountability and Enhancement Act. This bill will allow for the Postal Service to better serve

the American People by significantly modernizing its outdated policies.

The last postal reform bill was signed by President Nixon in 1971 and at that time no one could have anticipated all of the technological advances our society would create. At that time we all sent letters to keep in contact with each other and email was something that we never could have imagined. Unfortunately, while we have advanced with the times, the Postal Service has been slow to keep up with our advancing technology. H.R. 22 will allow the Postal Service to continue providing comprehensive universal service, but at a much lower cost.

This bill is the product of hard work between the labor unions, the Postal Service, and the Government Reform Committee. It is a good piece of legislation that will give the Postal Service the rate modernization it needs and it will create a level playing field for the Postal Service to compete with other companies.

I strongly support this bill not only because my late father-in-law was a letter carrier, but because the Postal Service has provided a vital service to the public for many years. It's time that we allow them to modernize so that we may continue to enjoy all of the benefits that they have afforded us.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Chairman, I rise today to speak in support of The Postal Accountability and Enhancement Act of 2005

As we move into a new phase of technological advancements, now is the time for significant reform of our postal system. With over 600-thousand postal workers, the U.S. Postal Service is an essential part of today's national economic infrastructure.

In my home town of Dallas, TX, the roles of postal workers are vividly seen in homes, businesses, and even churches. We must have a firm commitment to ensuring that these vital public servants have guaranteed healthcare and retirement benefits, collective bargaining rights, and a decent pay.

H.R. 22 will bring increased efficiencies to the United States Postal Service, and strengthen the long-term viability of universal postal services. We must act now to ensure that 6-day a week delivery is maintained for all Americans.

I hope my colleagues will join me in supporting this key piece of legislation.

Mr. BACA. Mr. Chairman, since the days of the pony express, the USPS has become a part of the American family.

Consider the special place of the Postal Service in our society and its importance to Americans: to the teenagers waiting by the mailbox for the college acceptance letters, to families waiting for letters from loved ones serving abroad, to businesses reaching out to new customers and to so many others.

The Postal Service delivers mail six days a week to nearly 140 million addresses. Every year this number increases by 2 million.

The Postal Service's unmatched ability to reach every household and business in America six days a week is a vital part of the nation's infrastructure.

The Postal Service needs tools to modernize and compete. That is why today I am a cosponsor of H.R. 22, the Postal Accountability and Enhancement Act.

This legislation will not only ensure survival of the Postal Service but also help preserve universal service at affordable rates for American mailing consumers.

We need to ensure the long-term viability of this \$900 billion industry and its nine million employees.

I only wish that we could also pass H.R. 147, the Social Security Fairness Act.

We need to correct the Windfall Elimination Provision, which lowers Social Security benefits for retirees who receive a Civil Service Retirement System annuity and Social Security benefits from other jobs.

Too many Postal Service employees have seen their Social Security benefits reduced by as much as 55 percent because of the Windfall Elimination Provision.

We also need to fix the Government Pension Offset, so that spouses and survivors do not have their benefits reduced.

Mr. Chairman, H.R. 22 is a good first step and I encourage my colleagues to support the bill.

Mr. TOM DAVIS of Virginia. Mr. Chairman, please include the attached exchange of letters between Chairman DON YOUNG of the Committee on Transportation and Infrastructure, Chairman F. JAMES SENSENBRENNER, Jr. of the Committee on the Judiciary, Chairman BILL THOMAS of the Committee on Ways and Means and myself.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE,

Washington, DC, April 25, 2005.

Hon. TOM DAVIS,

Chairman, Committee on Government Reform,
Rayburn Building, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to you concerning the jurisdictional interest of the Transportation and Infrastructure Committee in matters being considered in H.R. 22, the Postal Accountability and Enhancement Act.

Our Committee recognizes the importance of H.R. 22 and the need for the legislation to move expeditiously. Therefore, while we have a valid claim to jurisdiction over certain provisions of the bill, I will agree not to request a sequential referral. This, of course, is conditional on our mutual understanding that nothing in this legislation or my decision to forego a sequential referral waives, reduces or otherwise affects the jurisdiction of the Transportation and Infrastructure Committee, and that a copy of this letter and of your response acknowledging our valid jurisdictional interest will be included in the Committee report and in the Congressional Record when the bill considered on the House Floor.

The Committee on Transportation and Infrastructure also asks that you support our request to be conferees on the provisions over which we have jurisdiction during any House Senate conference.

Thank you for your cooperation in this matter.

Sincerely,

DON YOUNG,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, April 26, 2005.

Hon. DON YOUNG,

Chairman Committee on Transportation Infrastructure,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your recent letter regarding the Committee on Transportation and Infrastructure's jurisdictional interest in H.R. 22, the Postal Accountability and Enhancement Act, and your willingness to forego consideration of H.R. 22 by the Committee on Transportation and Infrastructure.

I agree that the Committee on Transportation and Infrastructure has a valid jurisdictional interest in H.R. 22 and that the committee's jurisdiction will not be adversely affected by your decision to not request a sequential referral of H.R. 22. In addition, I will support your request for the appointment of outside conferees from the Committee on Transportation and Infrastructure to a House-Senate conference committee on this or similar legislation should such a conference be convened.

As you have requested, I will include a copy of your letter and this response in the Government Reform Committee's report on H.R. 22 and in the Congressional Record during consideration of the legislation on the House floor. Thank you for your assistance as I work towards the enactment of H.R. 22.

Sincerely,

TOM DAVIS,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, May 12, 2005.

Hon. TOM DAVIS,
*Chairman, Committee on Government Reform,
House of Representatives, Washington, DC.*

DEAR CHAIRMAN DAVIS: In recognition of the desire to expedite floor consideration of H.R. 22, the "Postal Accountability and Enhancement Act," the Committee on the Judiciary hereby waives consideration of the bill. In so doing, I wish to express my appreciation for your willingness to address an incorporate concerns raised by the Committee on the Judiciary during its markup of similar legislation last Congress.

There are several provisions contained in H.R. 22 within the Committee on the Judiciary's subject matter jurisdiction. Specifically, section 205 of the legislation revises the complaint and appellate review of the Postal Regulatory Commission. Section 301 establishes an off-budget fund within the Treasury Department for revenues and expenditures associated with services offered by the Postal Service on a competitive basis. Section 303 prohibits the Postal Service from issuing regulations that preclude competition or compel the disclosure of protected intellectual property. Section 304 ensures that laws regulating the conduct of private commercial activities also apply to competitive activities undertaken by the Postal Service, including the antitrust laws. Section 502 provides authority for the Postal Regulatory Commission to issue subpoenas to compel disclosure of evidence in its proceedings, and to refer failures to adhere to Commission directives to Federal district court. Section 703 requires the Federal Trade Commission to prepare a report detailing how Federal and State laws apply differently to competitive activities of the Postal Service and private companies. Section 801 provides permanent authority for the Postal Service to employ postal police to protect property and persons on Postal Service property, and gives the Attorney General authority to collect penalties and clean up costs associated with the unlawful mailing of hazardous materials.

The Committee agrees to waive additional consideration of H.R. 22 with the understanding that the Committee's jurisdiction over these provisions is in no way altered or diminished. I also ask that you support my request to be appointed conferee on any provisions over which the Committee on the Judiciary has jurisdiction during any House-Senate conference on this legislation. Finally, I would appreciate your including this letter in Congressional Record during consideration of H.R. 22 on the House floor.

Thank you for your attention to this request.

Sincerely,

F. JAMES SENSENBRENNER JR.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, May 12, 2005.

Hon. F. JAMES SENSENBRENNER,
*Chairman, Committee on the Judiciary, House
of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: Thank you for your May 12th letter regarding the Judiciary Committee's jurisdictional interest in H.R. 22, the Postal Accountability and Enhancement Act, and your willingness to forego consideration of H.R. 22 by your committee. As you noted, the Committee on the Judiciary considered a similar bill last Congress, H.R. 4341; and the amendments agreed to by your committee last Congress were significant improvements that were gladly incorporated in H.R. 22 this Congress by Congressman McHugh and myself.

I agree that the Committee on the Judiciary has a valid jurisdictional interest in H.R. 22 and that the committee's jurisdiction will not be adversely affected by your decision to not call a business meeting to consider H.R. 22. In addition, I will support your request for the appointment of outside conferees from the Committee on the Judiciary to a House-Senate conference committee on this or similar legislation should such a conference be convened.

As you have requested, I will include a copy of your letter and this response in the Congressional Record during consideration of H.R. 22 on the House floor. Thank you for your assistance as I work towards the enactment of H.R. 22.

Sincerely,

TOM DAVIS,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC, July 25, 2005.

Hon. TOM DAVIS,
*Chairman, Committee on Government Reform,
Rayburn House Office Building, Wash-
ington, DC.*

DEAR CHAIRMAN DAVIS: I am writing concerning H.R. 22, the "Postal Accountability and Enhancement Act," which was reported by the Committee on Government Reform on May 27, 2005.

As you know, the Committee on Ways and Means has jurisdiction over matters concerning customs revenue functions. A provision in Section 305 of H.R. 22 directs the Bureau of Customs and Border Protection to apply United States customs laws to certain mail, and thus falls within the jurisdiction of the Committee on Ways and Means. However, in order to expedite this legislation for floor consideration, the Committee will forgo action on this bill. This is being done with the understanding that it does not in any way prejudice the Committee with respect to the appointment of conferees or its jurisdictional prerogatives on this or similar legislation.

I would appreciate your response to this letter, confirming this understanding with respect to H.R. 22, and would ask that a copy of our exchange of letters on this matter be included in the Congressional Record during floor consideration.

Best regards,

BILL THOMAS,

Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, July 25, 2005.

Hon. WILLIAM M. THOMAS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: Thank you for your recent letter regarding the Committee on Ways and Means' jurisdictional interest in H.R. 22, the Postal Accountability and En-

hancement Act, and your willingness to forego action on H.R. 22.

I agree that the Committee on Ways and Means has a valid jurisdictional interest in H.R. 22 and that the committee's jurisdiction will not be adversely affected by your decision to take no action at this time. In addition, I will support your request for the appointment of outside conferees from the Committee on Ways and Means to a House-Senate conference committee on this or similar legislation should such a conference be convened.

As you have requested, I will include a copy of your letter and this response in the Congressional Record during consideration of the legislation on the House floor. Thank you for your assistance as I work towards the enactment of H.R. 22.

Sincerely,

TOM DAVIS,
Chairman.

Mr. REYES. Mr. Chairman, I rise today in strong support of H.R. 22, the Postal Accountability and Enhancement Act.

Employing nine million workers nationwide, many of whom reside in my Congressional District of El Paso, Texas, the United States Postal Service (USPS) has been delivering hundreds of millions of pieces of mail each day keeping an important link of communication open to millions of people.

Many of my constituents from El Paso, Texas who have expressed their strong support for postal reform. I share their support and have co-sponsored the bill before us today.

Mr. Chairman, this legislation would ensure that the USPS is provided with the tools to remain competitive and viable in the 21st century. As a co-sponsor of H.R. 22, I would urge all my colleagues to support the passage of this important legislation.

Ms. DELAURO. Mr. Chairman, I rise in strong support of H.R. 22, the Postal Accountability and Enhancement Act. This legislation, which is long overdue, will improve commerce in this country, better the lives of the nation's postal workers, and guarantee that the mail will be delivered each day to the 140 million American households that look forward to a daily visit from their letter carrier.

In a time of declining revenues and increased costs, it is no secret that the Postal Service faces financial challenges. Competition in the package-delivery business and from Internet-based communication has intensified. And, as a result, each year, the dedicated letter carriers of the Postal Service are asked to carry less mail to more households and businesses nationwide. In part, that is because the Postal Service is operating under laws written 35 years ago—long before anyone had ever heard of the Internet.

This legislation will modernize the Postal Service, giving it the resources and flexibility it needs to manage its operations and set fair prices. The bill will help the Postal Service cut through the bureaucratic red tape and allow it to act more like the businesses it must compete against.

In addition to providing a more streamlined rate-setting process that will allow the Postal Service to make business decisions quickly, the bill also will allow the Postal Service to enter into partnerships with second- and third-class mailers, while preserving the jobs of those at postal sorting and processing centers. I welcome these improvements, although I anticipate more will need to be done to balance

the mailing industry's need for price certainty with unanticipated or extraordinary fiscal needs of the Postal Service.

The bill will alleviate a \$27 billion burden by limiting the Postal Service's responsibility to pay the benefits of veterans who also worked in the Postal Service. To be clear, this provision does not limit the benefits of our brave veterans who, after military service, went to work for the Postal Service. This bill simply says that the U.S. Treasury must pay veterans benefits, and the Postal Service must pay postal benefits.

Mr. Chairman, this legislation is also good for one of the Postal Service's best assets—its human capital. I am particularly pleased that this bill preserves the right of more than 500,000 postal workers and letter carriers to bargain collectively. These dedicated men and women work in processing centers, they work in local post offices, and they work in our neighborhoods delivering the mail to our doorsteps each day. They are the reason that the postal service has a 96 percent on-time delivery record for first-class mail.

Mr. Chairman, this is a good bill. It will make the Postal Service leaner and more efficient, while preserving the collective bargaining rights of its workers. And it will continue the legacy of universal service. Since the birth of this nation, the United States Postal Service has been committed to delivering the mail to every single household in the country—142 million in all today. The daily mail delivery is something that many Americans look forward to, and this bill will ensure that the Postal Service has the resources it needs to maintain that commitment well into the future. I urge my colleagues to support this important legislation.

Mr. BACA. Mr. Chairman, since the days of the pony express, the USPS has become a part of the American family.

Consider the special place of the Postal Service in our society and its importance to Americans: to the teenagers waiting by the mailbox for the college acceptance letters, to families waiting for letters from loved ones serving abroad, to businesses reaching out to new customers and to so many others.

The Postal Service delivers mail six days a week to nearly 140 million addresses. Every year this number increases by 2 million. The Postal Service's unmatched ability to reach every household and business in America six days a week is a vital part of the nation's infrastructure.

The Postal Service needs tools to modernize and compete. That is why today I am a cosponsor of H.R. 22, the Postal Accountability and Enhancement Act. This legislation will not only ensure survival of the Postal Service but also help preserve universal service at affordable rates for American mailing consumers. We need to ensure the long-term viability of this \$900 billion industry and its nine million employees. I only wish that we could also pass H.R. 147, the Social Security Fairness Act.

We need to correct the Windfall Elimination Provision, which lowers Social Security benefits for retirees who receive a Civil Service Retirement System annuity and Social Security benefits from other jobs. Too many Postal Service employees have seen their Social Security benefits reduced by as much as 55 percent because of the Windfall Elimination Provision. We also need to fix the Government Pension

Offset, so that spouses and survivors do not have their benefits reduced.

Mr. Chairman, H.R. 22 is a good first step and I encourage my colleagues to support the bill.

Mr. LEACH. Mr. Chairman, I rise in support of the legislation before us: the most important postal reform of our generation.

The specific reforms contained in the bill have been well described in the preceding comments of various members, but I would simply like to underscore the importance of the United States Postal Service to the country, particularly rural America, and emphasize the immense respect that citizens have for their mail carriers.

The United States Postal Service began with the founding of the Republic; it grew as the nation grew; it has continuously transformed itself with entrepreneurial enterprise and technological innovation.

Before Henry Ford developed mass assembly techniques in the automobile industry, mail carriers on horseback—the pony express—used analogous methods of passing along packages to next-step destinations. And just as rail cars added speed, labor- and horse-saving capabilities to mail delivery in the latter half of the 19th century, the airplane has provided the means to bring greater speed and service efficiency in the last century. Likewise, at the various decentralized post offices and more centralized postal hubs, innovative machinery to help sort and distribute the mail has been developed.

But the unique aspect of mail delivery is that it remains a people-centric service. Good people make a difference and the Postal Service has a heritage of decency and quality of employee—from the clerk at the counter to the rural mail carrier to postmasters in small towns and urban centers. This country takes great pride in their dedication and professionalism.

Now is not the time to either ideologically tamper with the private express statutes or saddle the Postal Service with liabilities developed by other parts of the government.

The bottom line is that the United States Postal Service has served the country well for more than two centuries. We in the Congress respect this record and are obligated to ensure that the viability of this universal system is maintained.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 22

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *SHORT TITLE.*—This Act may be cited as the "Postal Accountability and Enhancement Act".

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

Sec. 1. Short title; table of contents.

TITLE I—DEFINITIONS; POSTAL SERVICES

Sec. 101. Definitions.

Sec. 102. Postal services.

Sec. 103. Financial transparency.

TITLE II—MODERN RATE REGULATION

Sec. 201. Provisions relating to market-dominant products.

Sec. 202. Provisions relating to competitive products.

Sec. 203. Provisions relating to experimental and new products.

Sec. 204. Reporting requirements and related provisions.

Sec. 205. Complaints; appellate review and enforcement.

Sec. 206. Workshare discounts.

Sec. 207. Clerical amendment.

TITLE III—PROVISIONS RELATING TO FAIR COMPETITION

Sec. 301. Postal Service Competitive Products Fund.

Sec. 302. Assumed Federal income tax on competitive products income.

Sec. 303. Unfair competition prohibited.

Sec. 304. Suits by and against the Postal Service.

Sec. 305. International postal arrangements.

Sec. 306. Redesignation.

TITLE IV—GENERAL PROVISIONS

Sec. 401. Qualification requirements for Governors.

Sec. 402. Obligations.

Sec. 403. Private carriage of letters.

Sec. 404. Rulemaking authority.

Sec. 405. Noninterference with collective bargaining agreements, etc.

Sec. 406. Bonus and compensation authority.

Sec. 407. Mediation in collective-bargaining disputes.

TITLE V—ENHANCED REGULATORY COMMISSION

Sec. 501. Reorganization and modification of certain provisions relating to the Postal Regulatory Commission.

Sec. 502. Authority for Postal Regulatory Commission to issue subpoenas.

Sec. 503. Appropriations for the Postal Regulatory Commission.

Sec. 504. Redesignation of the Postal Rate Commission.

Sec. 505. Officer of the Postal Regulatory Commission representing the general public.

TITLE VI—INSPECTORS GENERAL

Sec. 601. Inspector General of the Postal Regulatory Commission.

Sec. 602. Inspector General of the United States Postal Service to be appointed by the President.

TITLE VII—EVALUATIONS

Sec. 701. Universal postal service study.

Sec. 702. Assessments of ratemaking, classification, and other provisions.

Sec. 703. Study on equal application of laws to competitive products.

Sec. 704. Greater diversity in Postal Service Executive and administrative schedule management positions.

Sec. 705. Plan for assisting displaced workers.

Sec. 706. Contracts with women, minorities, and small businesses.

Sec. 707. Rates for periodicals.

Sec. 708. Assessment of certain rate deficiencies.

Sec. 709. Network optimization.

Sec. 710. Assessment of future business model of the postal service.

Sec. 711. Study on certain proposed amendments.

Sec. 712. Definition.

TITLE VIII—MISCELLANEOUS; TECHNICAL AND CONFORMING AMENDMENTS

Sec. 801. Employment of postal police officers.

Sec. 802. Date of postmark to be treated as date of appeal in connection with the closing or consolidation of post offices.

Sec. 803. Provisions relating to benefits under chapter 81 of title 5, United States Code, for officers and employees of the former Post Office Department.

Sec. 804. Obsolete provisions.

Sec. 805. Investments.

Sec. 806. Reduced rates.

Sec. 807. Hazardous matter.

Sec. 808. Provisions relating to cooperative mailings.

Sec. 809. Technical and conforming amendments.

7TITLE IX—POSTAL PENSION FUNDING REFORM AMENDMENTS

Sec. 901. Civil Service Retirement System.

Sec. 902. Health insurance.

Sec. 903. Repeater.

Sec. 904. Ensuring appropriate use of escrow and military savings.

Sec. 905. Effective dates.

TITLE I—DEFINITIONS; POSTAL SERVICES

SEC. 101. DEFINITIONS.

Section 102 of title 39, United States Code, is amended by striking “and” at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting a semicolon, and by adding at the end the following:

“(5) ‘postal service’ means the carriage of letters, printed matter, or mailable packages, including acceptance, collection, processing, delivery, or other functions supportive or ancillary thereto;

“(6) ‘product’ means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied;

“(7) ‘rates’, as used with respect to products, includes fees for postal services;

“(8) ‘market-dominant product’ or ‘product in the market-dominant category of mail’ means a product subject to subchapter I of chapter 36;

“(9) ‘competitive product’ or ‘product in the competitive category of mail’ means a product subject to subchapter II of chapter 36;

“(10) ‘Consumer Price Index’ means the Consumer Price Index for All Urban Consumers published monthly by the Bureau of Labor Statistics of the Department of Labor; and

“(11) ‘year’, as used in chapter 36 (other than subchapters I and VI thereof), means a fiscal year.”.

SEC. 102. POSTAL SERVICES.

(a) IN GENERAL.—Section 404 of title 39, United States Code, is amended—

(1) in subsection (a), by striking paragraph (6) and by redesignating paragraphs (7) through (9) as paragraphs (6) through (8), respectively; and

(2) by adding at the end the following:

“(c) Nothing in this title shall be considered to permit or require that the Postal Service provide any special nonpostal or similar services, except that nothing in this subsection shall prevent the Postal Service from providing any special nonpostal or similar services provided by the Postal Service as of January 4, 2005.”.

(b) CONFORMING AMENDMENT.—Section 1402(b)(1)(B)(ii) of the Victims of Crime Act of 1984 (98 Stat. 2170; 42 U.S.C. 10601(b)(1)(B)(ii)) is amended by striking “404(a)(8)” and inserting “404(a)(7)”.

SEC. 103. FINANCIAL TRANSPARENCY.

(a) IN GENERAL.—Section 101 of title 39, United States Code, is amended by redesignating subsections (d) through (g) as subsections (e) through (h), respectively, and by inserting after subsection (c) the following:

“(d) As an establishment that provides both market-dominant and competitive products, the Postal Service shall be subject to a high degree of transparency, including in its finances and operations, to ensure fair treatment of customers of the Postal Service’s market-dominant products and companies competing with the Postal Service’s competitive products.”.

(b) CONFORMING AMENDMENT.—Section 5001 of title 39, United States Code, is amended by strik-

ing “101(e) and (f)” and inserting “101(f) and (g)”.

TITLE II—MODERN RATE REGULATION

SEC. 201. PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS.

(a) IN GENERAL.—Chapter 36 of title 39, United States Code, is amended by striking sections 3621 and 3622 and inserting the following:

“§3621. Applicability; definitions

“(a) APPLICABILITY.—This subchapter shall apply with respect to—

“(1)(A) single piece first-class letters (both domestic and international);

“(B) single piece first-class cards (both domestic and international); and

“(C) special services;

“(2) all first-class mail not included under paragraph (1);

“(3) periodicals;

“(4) standard mail;

“(5) media mail;

“(6) library mail; and

“(7) bound printed matter,

subject to any changes the Postal Regulatory Commission may make under section 3642.

“(b) RULE OF CONSTRUCTION.—Mail matter referred to in subsection (a) shall, for purposes of this subchapter, be considered to have the meaning given to such mail matter under the mail classification schedule.

“§3622. Modern rate regulation

“(a) AUTHORITY GENERALLY.—The Postal Regulatory Commission shall, within 24 months after the date of the enactment of this section, by regulation establish (and may from time to time thereafter by regulation revise) a modern system for regulating rates and classes for market-dominant products.

“(b) OBJECTIVES.—Such system shall be designed to achieve the following objectives:

“(1) To establish and maintain a fair and equitable schedule for rates and classification.

“(2) To maximize incentives to reduce costs and increase efficiency.

“(3) To create predictability and stability in rates.

“(4) To maintain high quality service standards.

“(5) To allow the Postal Service pricing flexibility.

“(6) To assure adequate revenues, including retained earnings, to maintain financial stability.

“(7) To reduce the administrative burden of the ratemaking process.

“(c) FACTORS.—In establishing or revising such system, the Postal Regulatory Commission shall take into account—

“(1) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;

“(2) the direct and indirect postal costs attributable to each class or type of mail service plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;

“(3) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;

“(4) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;

“(5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;

“(6) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;

“(7) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;

“(8) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;

“(9) the desirability of special classifications from the point of view of both the user and of the Postal Service;

“(10) the educational, cultural, scientific, and informational value to the recipient of mail matter; and

“(11) the policies of this title as well as such other factors as the Commission deems appropriate.

“(d) ALLOWABLE PROVISIONS.—The system for regulating rates and classes for market-dominant products may include one or more of the following:

“(1) Price caps, revenue targets, or other form of incentive regulation.

“(2) Cost-of-service regulation.

“(3) Such other form of regulation as the Commission considers appropriate to achieve, consistent with subsection (c), the objectives of subsection (b).

“(e) LIMITATION.—In the administration of this section, the Commission shall not permit the average rate in any subclass of mail to increase at an annual rate greater than the comparable increase in the Consumer Price Index, unless it has, after notice and opportunity for a public hearing and comment, determined that such increase is reasonable and equitable and necessary to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.

“(f) TRANSITION RULE.—Until regulations under this section first take effect, rates and classes for market-dominant products shall remain subject to modification in accordance with the provisions of this chapter and section 407, as such provisions were last in effect before the date of the enactment of this section.”.

(b) REPEALED SECTIONS.—Sections 3623, 3624, 3625, and 3628 of title 39, United States Code, are repealed.

(c) REDESIGNATION.—Chapter 36 of title 39, United States Code (as in effect after the amendment made by section 501(a)(2), but before the amendment made by section 202) is amended by striking the heading for subchapter II and inserting the following:

“SUBCHAPTER I—PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS”.

SEC. 202. PROVISIONS RELATING TO COMPETITIVE PRODUCTS.

Chapter 36 of title 39, United States Code, is amended by inserting after section 3629 the following:

“SUBCHAPTER II—PROVISIONS RELATING TO COMPETITIVE PRODUCTS

“§3631. Applicability; definitions and updates

“(a) APPLICABILITY.—This subchapter shall apply with respect to—

“(1) priority mail;

“(2) expedited mail;

“(3) mailgrams;

“(4) international mail; and

“(5) parcel post,

subject to any changes the Postal Regulatory Commission may make under section 3642.

“(b) DEFINITION.—For purposes of this subchapter, the term ‘costs attributable’, as used with respect to a product, means the direct and indirect postal costs attributable to such product.

“(c) RULE OF CONSTRUCTION.—Mail matter referred to in subsection (a) shall, for purposes of this subchapter, be considered to have the meaning given to such mail matter under the mail classification schedule.

“§3632. Action of the Governors

“(a) AUTHORITY TO ESTABLISH RATES AND CLASSES.—The Governors shall establish rates

and classes for products in the competitive category of mail in accordance with the requirements of this subchapter and regulations promulgated under section 3633.

“(b) PROCEDURES.—

“(1) IN GENERAL.—Rates and classes shall be established in writing, complete with a statement of explanation and justification, and the date as of which each such rate or class takes effect.

“(2) RATES OR CLASSES OF GENERAL APPLICABILITY.—In the case of rates or classes of general applicability in the Nation as a whole or in any substantial region of the Nation, the Governors shall cause each rate and class decision under this section and the record of the Governors’ proceedings in connection with such decision to be published in the Federal Register at least 30 days before the effective date of any new rates or classes.

“(3) RATES OR CLASSES NOT OF GENERAL APPLICABILITY.—In the case of rates or classes not of general applicability in the Nation as a whole or in any substantial region of the Nation, the Governors shall cause each rate and class decision under this section and the record of the proceedings in connection with such decision to be filed with the Postal Regulatory Commission by such date before the effective date of any new rates or classes as the Governors consider appropriate, but in no case less than 15 days.

“(4) CRITERIA.—As part of the regulations required under section 3633, the Postal Regulatory Commission shall establish criteria for determining when a rate or class established under this subchapter is or is not of general applicability in the Nation as a whole or in any substantial region of the Nation.

“(c) TRANSITION RULE.—Until regulations under section 3633 first take effect, rates and classes for competitive products shall remain subject to modification in accordance with the provisions of this chapter and section 407, as such provisions were as last in effect before the date of the enactment of this section.

“§3633. Provisions applicable to rates for competitive products

“The Postal Regulatory Commission shall, within 18 months after the date of the enactment of this section, promulgate (and may from time to time thereafter revise) regulations—

“(1) to prohibit the subsidization of competitive products by market-dominant products;

“(2) to ensure that each competitive product covers its costs attributable; and

“(3) to ensure that all competitive products collectively make a reasonable contribution to the institutional costs of the Postal Service.”

SEC. 203. PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS.

Subchapter III of chapter 36 of title 39, United States Code, is amended to read as follows:

“SUBCHAPTER III—PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS

“§3641. Market tests of experimental products

“(a) AUTHORITY.—

“(1) IN GENERAL.—The Postal Service may conduct market tests of experimental products in accordance with this section.

“(2) PROVISIONS WAIVED.—A product shall not, while it is being tested under this section, be subject to the requirements of sections 3622, 3633, or 3642, or regulations promulgated under those sections.

“(b) CONDITIONS.—A product may not be tested under this section unless it satisfies each of the following:

“(1) SIGNIFICANTLY DIFFERENT PRODUCT.—The product is, from the viewpoint of the mail users, significantly different from all products offered by the Postal Service within the 2-year period preceding the start of the test.

“(2) MARKET DISRUPTION.—The introduction or continued offering of the product will not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or

any mailer, particularly in regard to small business concerns (as defined under subsection (h)).

“(3) CORRECT CATEGORIZATION.—The Postal Service identifies the product, for the purpose of a test under this section, as either market dominant or competitive, consistent with the criteria under section 3642(b)(1). Costs and revenues attributable to a product identified as competitive shall be included in any determination under section 3633(3) (relating to provisions applicable to competitive products collectively).

“(c) NOTICE.—

“(1) IN GENERAL.—At least 30 days before initiating a market test under this section, the Postal Service shall file with the Postal Regulatory Commission and publish in the Federal Register a notice—

“(A) setting out the basis for the Postal Service’s determination that the market test is covered by this section; and

“(B) describing the nature and scope of the market test.

“(2) SAFEGUARDS.—For a competitive experimental product, the provisions of section 504(g) shall be available with respect to any information required to be filed under paragraph (1) to the same extent and in the same manner as in the case of any matter described in section 504(g)(1). Nothing in paragraph (1) shall be considered to permit or require the publication of any information as to which confidential treatment is accorded under the preceding sentence (subject to the same exception as set forth in section 504(g)(3)).

“(d) DURATION.—

“(1) IN GENERAL.—A market test of a product under this section may be conducted over a period of not to exceed 24 months.

“(2) EXTENSION AUTHORITY.—If necessary in order to determine the feasibility or desirability of a product being tested under this section, the Postal Regulatory Commission may, upon written application of the Postal Service (filed not later than 60 days before the date as of which the testing of such product would otherwise be scheduled to terminate under paragraph (1)), extend the testing of such product for not to exceed an additional 12 months.

“(e) DOLLAR-AMOUNT LIMITATION.—

“(1) IN GENERAL.—A product may be tested under this section only if the total revenues that are anticipated, or in fact received, by the Postal Service from such product do not exceed \$10,000,000 nationwide in any year, subject to paragraph (2) and subsection (g). In carrying out the preceding sentence, the Postal Regulatory Commission may limit the amount of revenues the Postal Service may obtain from any particular geographic market as necessary to prevent market disruption (as defined in subsection (b)(2)).

“(2) EXEMPTION AUTHORITY.—The Postal Regulatory Commission may, upon written application of the Postal Service, exempt the market test from the limit in paragraph (1) if the total revenues that are anticipated, or in fact received, by the Postal Service from such product do not exceed \$50,000,000 in any year, subject to subsection (g). In reviewing an application under this paragraph, the Postal Regulatory Commission shall approve such application if it determines that—

“(A) the product is likely to benefit the public and meet an expected demand;

“(B) the product is likely to contribute to the financial stability of the Postal Service; and

“(C) the product is not likely to result in unfair or otherwise inappropriate competition.

“(f) CANCELLATION.—If the Postal Regulatory Commission at any time determines that a market test under this section fails, with respect to any particular product, to meet one or more of the requirements of this section, it may order the cancellation of the test involved or take such other action as it considers appropriate. A determination under this subsection shall be made in accordance with such procedures as the Commission shall by regulation prescribe.

“(g) ADJUSTMENT FOR INFLATION.—For purposes of each year following the year in which occurs the deadline for the Postal Service’s first report to the Postal Regulatory Commission under section 3652(a), each dollar amount contained in this section shall be adjusted by the change in the Consumer Price Index for such year (as determined under regulations of the Commission).

“(h) DEFINITION OF A SMALL BUSINESS CONCERN.—The criteria used in defining small business concerns or otherwise categorizing business concerns as small business concerns shall, for purposes of this section, be established by the Postal Regulatory Commission in conformance with the requirements of section 3 of the Small Business Act.

“(i) EFFECTIVE DATE.—Market tests under this subchapter may be conducted in any year beginning with the first year in which occurs the deadline for the Postal Service’s first report to the Postal Regulatory Commission under section 3652(a).

“§3642. New products and transfers of products between the market-dominant and competitive categories of mail

“(a) IN GENERAL.—Upon request of the Postal Service or users of the mails, or upon its own initiative, the Postal Regulatory Commission may change the list of market-dominant products under section 3621 and the list of competitive products under section 3631 by adding new products to the lists, removing products from the lists, or transferring products between the lists.

“(b) CRITERIA.—All determinations by the Postal Regulatory Commission under subsection (a) shall be made in accordance with the following criteria:

“(1) The market-dominant category of products shall consist of each product in the sale of which the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing business to other firms offering similar products. The competitive category of products shall consist of all other products.

“(2) EXCLUSION OF PRODUCTS COVERED BY POSTAL MONOPOLY.—A product covered by the postal monopoly shall not be subject to transfer under this section from the market-dominant category of mail. For purposes of the preceding sentence, the term ‘product covered by the postal monopoly’ means any product the conveyance or transmission of which is reserved to the United States under section 1696 of title 18, subject to the same exception as set forth in the last sentence of section 409(e)(1).

“(3) ADDITIONAL CONSIDERATIONS.—In making any decision under this section, due regard shall be given to—

“(A) the availability and nature of enterprises in the private sector engaged in the delivery of the product involved;

“(B) the views of those who use the product involved on the appropriateness of the proposed action; and

“(C) the likely impact of the proposed action on small business concerns (within the meaning of section 3641(h)).

“(c) TRANSFERS OF SUBCLASSES AND OTHER SUBORDINATE UNITS ALLOWABLE.—Nothing in this title shall be considered to prevent transfers under this section from being made by reason of the fact that they would involve only some (but not all) of the subclasses or other subordinate units of the class of mail or type of postal service involved (without regard to satisfaction of minimum quantity requirements standing alone).

“(d) NOTIFICATION AND PUBLICATION REQUIREMENTS.—

“(1) NOTIFICATION REQUIREMENT.—The Postal Service shall, whenever it requests to add a product or transfer a product to a different category, file with the Postal Regulatory Commission and publish in the Federal Register a notice

setting out the basis for its determination that the product satisfies the criteria under subsection (b) and, in the case of a request to add a product or transfer a product to the competitive category of mail, that the product meets the regulations promulgated by the Postal Regulatory Commission pursuant to section 3633. The provisions of section 504(g) shall be available with respect to any information required to be filed.

“(2) PUBLICATION REQUIREMENT.—The Postal Regulatory Commission shall, whenever it changes the list of products in the market-dominant or competitive category of mail, prescribe new lists of products. The revised lists shall indicate how and when any previous lists (including the lists under sections 3621 and 3631) are superseded, and shall be published in the Federal Register.

“(e) NOTIFICATION REQUIREMENT.—The Postal Regulatory Commission shall, whenever it reaches a conclusion that a product or products should be transferred between the list of market-dominant products under section 3621 and the list of competitive products under section 3631, immediately notify the appropriate committees of the Congress. No such transfer may take effect less than 12 months after such conclusion.

“(f) PROHIBITION.—Except as provided in section 3641, no product that involves the carriage of letters, printed matter, or mailable packages may be offered by the Postal Service unless it has been assigned to the market-dominant or competitive category of mail (as appropriate) either—

“(1) under this subchapter; or

“(2) by or under any other provision of law.”

SEC. 204. REPORTING REQUIREMENTS AND RELATED PROVISIONS.

(a) REDESIGNATION.—Chapter 36 of title 39, United States Code (as in effect before the amendment made by subsection (b)) is amended by striking the heading for subchapter IV and inserting the following:

“SUBCHAPTER V—POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW”.

(b) REPORTS AND COMPLIANCE.—Chapter 36 of title 39, United States Code, is amended by inserting after subchapter III the following:

“SUBCHAPTER IV—REPORTING REQUIREMENTS AND RELATED PROVISIONS

“§3651. Annual reports to the Commission

“(a) IN GENERAL.—The Postal Regulatory Commission shall submit an annual report to the President and the Congress concerning the operations of the Commission under this title, including the extent to which regulations are achieving the objectives under sections 3622 and 3633, respectively.

“(b) ADDITIONAL INFORMATION.—In addition to the information required under subsection (a), each report under this section shall also include, with respect to the period covered by such report, an estimate of the costs incurred by the Postal Service in providing—

“(1) postal services to areas of the Nation where, in the judgment of the Postal Regulatory Commission, the Postal Service either would not provide services at all or would not provide such services in accordance with the requirements of this title if the Postal Service were not required to provide prompt, reliable, and efficient services to patrons in all areas and all communities, including as required under the first sentence of section 101(b);

“(2) free or reduced rates for postal services as required by this title; and

“(3) other public services or activities which, in the judgment of the Postal Regulatory Commission, would not otherwise have been provided by the Postal Service but for the requirements of law.

The Commission shall detail the bases for its estimates and the statutory requirements giving rise to the costs identified in each report under this section.

“(c) INFORMATION FROM POSTAL SERVICE.—The Postal Service shall provide the Postal Regulatory Commission with such information as may, in the judgment of the Commission, be necessary in order for the Commission to prepare its reports under this section.

“§3652. Annual reports to the Commission

“(a) COSTS, REVENUES, AND RATES.—Except as provided in subsection (c), the Postal Service shall, no later than 90 days after the end of each year, prepare and submit to the Postal Regulatory Commission a report (together with such nonpublic annex thereto as the Commission may require under subsection (e))—

“(1) which shall analyze costs, revenues, and rates, using such methodologies as the Commission shall by regulation prescribe, and in sufficient detail to demonstrate that the rates in effect for all products during such year complied with all applicable requirements of this title; and

“(2) which shall, for each market-dominant product provided in such year, provide—

“(A) market information, including mail volumes; and

“(B) measures of the quality of service afforded by the Postal Service in connection with such product, including—

“(i) the service standard applicable to such product;

“(ii) the level of service (described in terms of speed of delivery and reliability) provided; and

“(iii) the degree of customer satisfaction with the service provided.

The Inspector General shall regularly audit the data collection systems and procedures utilized in collecting information and preparing such report (including any annex thereto and the information required under subsection (b)). The results of any such audit shall be submitted to the Postal Service and the Postal Regulatory Commission.

“(b) INFORMATION RELATING TO WORKSHARE DISCOUNTS.—

“(1) IN GENERAL.—The Postal Service shall include, in each report under subsection (a), the following information with respect to each market-dominant product for which a workshare discount was in effect during the period covered by such report:

“(A) The per-item cost avoided by the Postal Service by virtue of such discount.

“(B) The percentage of such per-item cost avoided that the per-item workshare discount represents.

“(C) The per-item contribution made to institutional costs.

“(2) WORKSHARE DISCOUNT DEFINED.—For purposes of this subsection, the term ‘workshare discount’ has the meaning given such term under section 3687.

“(c) MARKET TESTS.—In carrying out subsections (a) and (b) with respect to experimental products offered through market tests under section 3641 in a year, the Postal Service—

“(1) may report summary data on the costs, revenues, and quality of service by market test; and

“(2) shall report such data as the Postal Regulatory Commission requires.

“(d) SUPPORTING MATTER.—The Postal Regulatory Commission shall have access, in accordance with such regulations as the Commission shall prescribe, to the working papers and any other supporting matter of the Postal Service and the Inspector General in connection with any information submitted under this section.

“(e) CONTENT AND FORM OF REPORTS.—

“(1) IN GENERAL.—The Postal Regulatory Commission shall, by regulation, prescribe the content and form of the public reports (and any nonpublic annex and supporting matter relating thereto) to be provided by the Postal Service under this section. In carrying out this subsection, the Commission shall give due consideration to—

“(A) providing the public with adequate information to assess the lawfulness of rates charged;

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

“(C) protecting the confidentiality of commercially sensitive information.

“(2) REVISED REQUIREMENTS.—The Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with regulations that the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data required by the Commission under this subsection whenever it shall appear that—

“(A) the attribution of costs or revenues to products has become significantly inaccurate or can be significantly improved;

“(B) the quality of service data has become significantly inaccurate or can be significantly improved; or

“(C) those revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.

“(f) CONFIDENTIAL INFORMATION.—

“(1) IN GENERAL.—If the Postal Service determines that any document or portion of a document, or other matter, which it provides to the Postal Regulatory Commission in a nonpublic annex under this section or pursuant to subsection (d) contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission of its determination, in writing, and describe with particularity the documents (or portions of documents) or other matter for which confidentiality is sought and the reasons therefor.

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

“(g) OTHER REPORTS.—The Postal Service shall submit to the Postal Regulatory Commission, together with any other submission that it is required to make under this section in a year, copies of its then most recent—

“(1) comprehensive statement under section 2401(e);

“(2) performance plan under section 2803; and

“(3) program performance reports under section 2804.

“§3653. Annual determination of compliance

“(a) OPPORTUNITY FOR PUBLIC COMMENT.—After receiving the reports required under section 3652 for any year, the Postal Regulatory Commission shall promptly provide an opportunity for comment on such reports by users of the mails, affected parties, and an officer of the Commission who shall be required to represent the interests of the general public.

“(b) DETERMINATION OF COMPLIANCE OR NON-COMPLIANCE.—Not later than 90 days after receiving the submissions required under section 3652 with respect to a year, the Postal Regulatory Commission shall make a written determination as to—

“(1) whether any rates or fees in effect during such year (for products individually or collectively) were not in compliance with applicable provisions of this chapter (or regulations promulgated thereunder);

“(2) whether any performance goals established under section 2803 or 2804 for such year were not met; and

“(3) whether any market-dominant product failed to meet any service standard during such year.

If, with respect to a year, no instance of non-compliance is found under this subsection to have occurred in such year, the written determination shall be to that effect.

“(c) IF ANY NONCOMPLIANCE IS FOUND.—If, for a year, a timely written determination of

noncompliance is made under subsection (b), the Postal Regulatory Commission shall take appropriate action in accordance with subsections (c)–(e) of section 3662 (as if a complaint averring such noncompliance had been duly filed and found under such section to be justified).

“(d) **REBUTTABLE PRESUMPTION.**—A timely written determination described in the last sentence of subsection (b) shall, for purposes of any proceeding under section 3662, create a rebuttable presumption of compliance by the Postal Service (with regard to the matters described in paragraphs (1) through (3) of subsection (b)) during the year to which such determination relates.

“§3654. Additional financial reporting

“(a) **ADDITIONAL FINANCIAL REPORTING.**—

“(1) **IN GENERAL.**—The Postal Service shall file with the Postal Regulatory Commission beginning with the first full fiscal year following the effective date of this section—

“(A) within 35 days after the end of each fiscal quarter, a quarterly report containing the information required by the Securities and Exchange Commission to be included in quarterly reports under sections 13 and 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)) on Form 10-Q, as such Form (or any successor form) may be revised from time to time;

“(B) within 60 days after the end of each fiscal year, an annual report containing the information required by the Securities and Exchange Commission to be included in annual reports under such sections on Form 10-K, as such Form (or any successor form) may be revised from time to time; and

“(C) periodic reports within the time frame and containing the information prescribed in Form 8-K of the Securities and Exchange Commission, as such Form (or any successor form) may be revised from time to time.

“(2) **REGISTRANT DEFINED.**—For purposes of defining the reports required by paragraph (1), the Postal Service shall be deemed to be the ‘registrant’ described in the Securities and Exchange Commission Forms, and references contained in such Forms to Securities and Exchange Commission regulations are incorporated herein by reference, as amended.

“(3) **INTERNAL CONTROL REPORT.**—For purposes of defining the reports required by paragraph (1)(B), the Postal Service shall comply with the rules prescribed by the Securities and Exchange Commission implementing section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262), beginning with the annual report for fiscal year 2007.

“(b) **FINANCIAL REPORTING.**—

“(1) The reports required by subsection (a)(1)(B) shall include, with respect to the Postal Service’s pension and post-retirement health obligations—

“(A) the funded status of the Postal Service’s pension and —postretirement health obligations;

“(B) components of the net change in the fund balances and obligations and the nature and cause of any significant changes;

“(C) components of net periodic costs;

“(D) cost methods and assumptions underlying the relevant actuarial valuations;

“(E) the effect of a one-percentage point increase in the assumed health care cost trend rate for each future year on the service and interest costs components of net periodic post-retirement health cost and the accumulated obligation;

“(F) actual contributions to and payments from the funds for the years presented and the estimated future contributions and payments for each of the following 5 years;

“(G) the composition of plan assets reflected in the fund balances; and

“(H) the assumed rate of return on fund balances and the actual rates of return for the years presented.

“(2)(A) Beginning with reports for the fiscal year 2007, for purposes of the reports required

under subparagraphs (A) and (B) of subsection (a)(1), the Postal Service shall include segment reporting.

“(B) The Postal Service shall determine the appropriate segment reporting under subparagraph (A) after consultation with the Postal Regulatory Commission.

“(c) **TREATMENT.**—For purposes of the reports required by subsection (a)(1)(B), the Postal Service shall obtain an opinion from an independent auditor on whether the information listed in subsection (b) is fairly stated in all material respects, either in relation to the basic financial statements as a whole or on a stand-alone basis.

“(d) **SUPPORTING MATTER.**—The Postal Regulatory Commission shall have access to the audit documentation and any other supporting matter of the Postal Service and its independent auditor in connection with any information submitted under this section.

“(e) **REVISED REQUIREMENTS.**—The Postal Regulatory Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with regulations that the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data required under this section whenever it shall appear that—

“(1) the data have become significantly inaccurate or can be significantly improved; or

“(2) those revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.

“(f) **CONFIDENTIAL INFORMATION.**—

“(1) **IN GENERAL.**—If the Postal Service determines that any document or portion of a document, or other matter, which it provides to the Postal Regulatory Commission in a nonpublic annex under this section or pursuant to subsection (d) contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission of its determination, in writing, and describe with particularity the documents (or portions of documents) or other matter for which confidentiality is sought and the reasons therefor.

“(2) **TREATMENT.**—Any information or other matter described in paragraph (1) to which the Commission gains access under this section shall be subject to paragraphs (2) and (3) of section 504(g) in the same way as if the Commission had received notification with respect to such matter under section 504(g)(1).”

SEC. 205. COMPLAINTS; APPELLATE REVIEW AND ENFORCEMENT.

Chapter 36 of title 39, United States Code, is amended by striking sections 3662 and 3663 and inserting the following:

“§3662. Rate and service complaints

“(a) **IN GENERAL.**—Interested persons (including an officer of the Postal Regulatory Commission representing the interests of the general public) who believe the Postal Service is not operating in conformance with the requirements of chapter 1, 4, or 6, or this chapter (or regulations promulgated under any of those chapters) may lodge a complaint with the Postal Regulatory Commission in such form and manner as the Commission may prescribe.

“(b) **PROMPT RESPONSE REQUIRED.**—

“(1) **IN GENERAL.**—The Postal Regulatory Commission shall, within 90 days after receiving a complaint under subsection (a), either—

“(A) begin proceedings on such complaint; or

“(B) issue an order dismissing the complaint (together with a statement of the reasons therefor).

“(2) **TREATMENT OF COMPLAINTS NOT TIMELY ACTED ON.**—For purposes of section 3663, any complaint under subsection (a) on which the Commission fails to act in the time and manner required by paragraph (1) shall be treated in the same way as if it had been dismissed pursuant

to an order issued by the Commission on the last day allowable for the issuance of such order under paragraph (1).

“(c) **ACTION REQUIRED IF COMPLAINT FOUND TO BE JUSTIFIED.**—If the Postal Regulatory Commission finds the complaint to be justified, it shall order that the Postal Service take such action as the Commission considers appropriate in order to achieve compliance with the applicable requirements and to remedy the effects of any noncompliance (such as ordering unlawful rates to be adjusted to lawful levels, ordering the cancellation of market tests, ordering the Postal Service to discontinue providing loss-making products, or requiring the Postal Service to make up for revenue shortfalls in competitive products).

“(d) **SUSPENSION AUTHORITY.**—The Postal Regulatory Commission may suspend implementation of rates or classifications under section 3632(b)(3) for a limited period of time pending expedited proceedings under this section. In evaluating whether circumstances warrant suspension, the Commission shall consider factors such as (1) whether there is a substantial likelihood that such rate or classification will violate the requirements of chapter 1, 4, or 6, or this chapter (or regulations promulgated under any of those chapters), (2) whether any persons would suffer substantial injury, loss, or damage absent a suspension, (3) whether the Postal Service or any other persons would suffer substantial injury, loss, or damage under a suspension, and (4) the public interest.

“(e) **AUTHORITY TO ORDER FINES IN CASES OF DELIBERATE NONCOMPLIANCE.**—In addition, in cases of deliberate noncompliance by the Postal Service with the requirements of this title, the Postal Regulatory Commission may order, based on the nature, circumstances, extent, and seriousness of the noncompliance, a fine (in the amount specified by the Commission in its order) for each incidence of noncompliance. Fines resulting from the provision of competitive products shall be paid out of the Competitive Products Fund established in section 2011. All receipts from fines imposed under this subsection shall be deposited in the general fund of the Treasury of the United States.

“§3663. Appellate review

“A person adversely affected or aggrieved by a final order or decision of the Postal Regulatory Commission may, within 30 days after such order or decision becomes final, institute proceedings for review thereof by filing a petition in the United States Court of Appeals for the District of Columbia. The court shall review the order or decision in accordance with section 706 of title 5, and chapter 158 and section 2112 of title 28, on the basis of the record before the Commission. For purposes of this section, the term ‘person’ includes the Postal Service.

“§3664. Enforcement of orders

“The several district courts have jurisdiction specifically to enforce, and to enjoin and restrain the Postal Service from violating, any order issued by the Postal Regulatory Commission.”

SEC. 206. WORKSHARE DISCOUNTS.

(a) **IN GENERAL.**—Title 39, United States Code, is amended by adding after section 3686 (as added by section 406) the following:

“§3687. Workshare discounts

“(a) **IN GENERAL.**—As part of the regulations established under section 3622(a), the Postal Regulatory Commission shall establish rules for workshare discounts that ensure that such discounts do not exceed the cost that the Postal Service avoids as the result of workshare activity, unless—

“(1) the discount is—

“(A) associated with a new postal service, a change to an existing postal service, or a new workshare initiative related to an existing postal service; and

“(B) necessary to induce mailer behavior that furthers the economically efficient operation of

the Postal Service and the portion of the discount in excess of the cost that the Postal Service avoids as a result of the workshare activity will be phased out over a limited period of time;

“(2) a reduction in the discount would—

“(A) lead to a loss of volume in the affected category or subclass of mail and reduce the aggregate contribution to the institutional costs of the Postal Service from the category or subclass subject to the discount below what it otherwise would have been if the discount had not been reduced to costs avoided;

“(B) result in a further increase in the rates paid by mailers not able to take advantage of the discount; or

“(C) impede the efficient operation of the Postal Service;

“(3) the amount of the discount above costs avoided—

“(A) is necessary to mitigate rate shock; and

“(B) will be phased out over time; or

“(4) the discount is provided in connection with subclasses of mail consisting exclusively of mail matter of educational, cultural, scientific, or informational value.

“(b) REPORT.—Whenever the Postal Service establishes or maintains a workshare discount, the Postal Service shall, at the time it publishes the workshare discount rate, submit to the Postal Regulatory Commission a detailed report that—

“(1) explains the Postal Service’s reasons for establishing or maintaining the rate;

“(2) sets forth the data, economic analyses, and other information relied on by the Postal Service to justify the rate; and

“(3) certifies that the discount will not adversely affect rates or services provided to users of postal services who do not take advantage of the discount rate.

“(c) DEFINITION.—For purposes of this section, the term ‘workshare discount’ refers to rate discounts provided to mailers for the presorting, prebarcoding, handling, or transportation of mail, as further defined by the Postal Regulatory Commission under section 3622(a).”

(b) CLERICAL AMENDMENT.—The analysis for chapter 36 of title 39, United States Code (as amended by section 207) is amended by adding after the item relating to section 3686 the following:

“3687. Workshare discounts.”

SEC. 207. CLERICAL AMENDMENT.

Chapter 36 of title 39, United States Code, is amended by striking the heading and analysis for such chapter and inserting the following:

“CHAPTER 36—POSTAL RATES, CLASSES AND SERVICES

“SUBCHAPTER I—PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS

“Sec.

“3621. Applicability; definitions.

“3622. Modern rate regulation.

“3626. Reduced rates.

“3627. Adjusting free rates.

“3629. Reduced rates for voter registration purposes.

“SUBCHAPTER II—PROVISIONS RELATING TO COMPETITIVE PRODUCTS

“3631. Applicability; definitions and updates.

“3632. Action of the Governors.

“3633. Provisions applicable to rates for competitive products.

“3634. Assumed Federal income tax on competitive products.

“SUBCHAPTER III—PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS

“3641. Market tests of experimental products.

“3642. New products and transfers of products between the market-dominant and competitive categories of mail.

“SUBCHAPTER IV—REPORTING REQUIREMENTS AND RELATED PROVISIONS

“3651. Annual reports by the Commission.

“3652. Annual reports to the Commission.

“3653. Annual determination of compliance.

“3654. Additional financial reporting.

“SUBCHAPTER V—POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW

“3661. Postal services.

“3662. Rate and service complaints.

“3663. Appellate review.

“3664. Enforcement of orders.

“SUBCHAPTER VI—GENERAL

“3681. Reimbursement.

“3682. Size and weight limits.

“3683. Uniform rates for books; films, other materials.

“3684. Limitations.

“3685. Filing of information relating to periodical publications.

“3686. Bonus authority.”

TITLE III—PROVISIONS RELATING TO FAIR COMPETITION

SEC. 301. POSTAL SERVICE COMPETITIVE PRODUCTS FUND.

(a) PROVISIONS RELATING TO POSTAL SERVICE COMPETITIVE PRODUCTS FUND AND RELATED MATTERS.—

(1) IN GENERAL.—Chapter 20 of title 39, United States Code, is amended by adding at the end the following:

“§2011. Provisions relating to competitive products

“(a) There is established in the Treasury of the United States a revolving fund, to be called the Postal Service Competitive Products Fund, which shall be available to the Postal Service without fiscal year limitation for the payment of—

“(1) costs attributable to competitive products; and

“(2) all other costs incurred by the Postal Service, to the extent allocable to competitive products.

For purposes of this subsection, the term ‘costs attributable’ has the meaning given such term by section 3631.

“(b) There shall be deposited in the Competitive Products Fund, subject to withdrawal by the Postal Service—

“(1) revenues from competitive products;

“(2) amounts received from obligations issued by the Postal Service under subsection (e);

“(3) interest and dividends earned on investments of the Competitive Products Fund; and

“(4) any other receipts of the Postal Service (including from the sale of assets), to the extent allocable to competitive products.

“(c) If the Postal Service determines that the moneys of the Competitive Products Fund are in excess of current needs, it may request the investment of such amounts as it deems advisable by the Secretary of the Treasury in obligations of, or obligations guaranteed by, the Government of the United States, and, with the approval of the Secretary, in such other obligations or securities as it deems appropriate.

“(d) With the approval of the Secretary of the Treasury, the Postal Service may deposit moneys of the Competitive Products Fund in any Federal Reserve bank, any depository for public funds, or in such other places and in such manner as the Postal Service and the Secretary may mutually agree.

“(e)(1) Subject to the limitations specified in section 2005(a), the Postal Service is authorized to borrow money and to issue and sell such obligations as it determines necessary to provide for competitive products and deposit such amounts in the Competitive Products Fund. Any such borrowings by the Postal Service shall be supported and serviced by the revenues and receipts from competitive products and the assets related to the provision of competitive products (as determined under subsection (h) or, for purposes of any period before accounting practices and principles under subsection (h) have been established and applied, the best information available from the Postal Service, including the audited statements required by section 2008(e), but in either case subject to paragraph (5)).

“(2) The Postal Service may enter into binding covenants with the holders of such obligations,

and with the trustee, if any, under any agreement entered into in connection with the issuance thereof with respect to—

“(A) the establishment of reserve, sinking, and other funds;

“(B) application and use of revenues and receipts of the Competitive Products Fund;

“(C) stipulations concerning the subsequent issuance of obligations or the execution of leases or lease purchases relating to properties of the Postal Service; and

“(D) such other matters as the Postal Service considers necessary or desirable to enhance the marketability of such obligations.

“(3) The obligations issued by the Postal Service under this section—

“(A) shall be in such forms and denominations;

“(B) shall be sold at such times and in such amounts;

“(C) shall mature at such time or times;

“(D) shall be sold at such prices;

“(E) shall bear such rates of interest;

“(F) may be redeemable before maturity in such manner, at such times, and at such redemption premiums;

“(G) may be entitled to such relative priorities of claim on the assets of the Postal Service with respect to principal and interest payments; and

“(H) shall be subject to such other terms and conditions;

as the Postal Service determines.

“(4) Obligations issued by the Postal Service under this subsection—

“(A) shall be negotiable or nonnegotiable and bearer or registered instruments, as specified therein and in any indenture or covenant relating thereto;

“(B) shall contain a recital that they are issued under this section, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such obligations and of their validity;

“(C) shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of any officer or agency of the Government of the United States, and the Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the obligations of the Postal Service acquired under this section;

“(D) shall not be exempt either as to principal or interest from any taxation now or hereafter imposed by any State or local taxing authority; and

“(E) except as provided in section 2006(c) of this title, shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the Government of the United States, and the obligations shall so plainly state.

“(5) The Postal Service shall make payments of principal, or interest, or both on obligations issued under this section out of revenues and receipts from competitive products and assets related to the provision of competitive products (as determined under subsection (h) or, for purposes of any period before accounting practices and principles under subsection (h) have been established and applied, the best information available, including the audited statements required by section 2008(e)). For purposes of this subsection, the total assets of the Competitive Products Fund shall be the greater of—

“(A) the assets related to the provision of competitive products; or

“(B) the percentage of total Postal Service revenues and receipts from competitive products times the total assets of the Postal Service.

“(f) The receipts and disbursements of the Competitive Products Fund shall be accorded the same budgetary treatment as is accorded to receipts and disbursements of the Postal Service Fund under section 2009a.

“(g) A judgment against the Postal Service or the Government of the United States (or settlement of a claim) shall, to the extent that it arises out of activities of the Postal Service in the provision of competitive products, be paid out of the Competitive Products Fund.

“(h)(1) The Secretary of the Treasury, in consultation with the Postal Service and an independent, certified public accounting firm and such other advisors as the Secretary considers appropriate, shall develop recommendations regarding—

“(A) the accounting practices and principles that should be followed by the Postal Service with the objectives of (i) identifying and valuing the assets and liabilities of the Postal Service associated with providing, and the capital and operating costs incurred by the Postal Service in providing, competitive products, and (ii) subject to subsection (e)(5), preventing the subsidization of such products by market-dominant products; and

“(B) the substantive and procedural rules that should be followed in determining the Postal Service’s assumed Federal income tax on competitive products income for any year (within the meaning of section 3634).

Such recommendations shall be submitted to the Postal Regulatory Commission no earlier than 6 months, and no later than 12 months, after the effective date of this section.

“(2)(A) Upon receiving the recommendations of the Secretary of the Treasury under paragraph (1), the Commission shall give interested parties, including the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public, an opportunity to present their views on those recommendations through submission of written data, views, or arguments, with or without opportunity for oral presentation, or in such other manner as the Commission considers appropriate.

“(B) After due consideration of the views and other information received under subparagraph (A), the Commission shall by rule—

“(i) provide for the establishment and application of the accounting practices and principles which shall be followed by the Postal Service;

“(ii) provide for the establishment and application of the substantive and procedural rules described in paragraph (1)(B); and

“(iii) provide for the submission by the Postal Service to the Postal Regulatory Commission of annual and other periodic reports setting forth such information as the Commission may require.

Final rules under this subparagraph shall be issued not later than 12 months after the date on which the Secretary of the Treasury makes his submission to the Commission under paragraph (1) (or by such later date as the Commission and the Postal Service may agree to). The Commission is authorized to promulgate regulations revising such rules.

“(C) Reports described in subparagraph (B)(iii) shall be submitted at such time and in such form, and shall include such information, as the Commission by rule requires. The Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with such rules as the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data under such subparagraph whenever it shall appear that—

“(i) the quality of the information furnished in those reports has become significantly inaccurate or can be significantly improved; or

“(ii) those revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.

“(D) A copy of each report described in subparagraph (B)(iii) shall also be transmitted by the Postal Service to the Secretary of the Treasury and the Inspector General of the United States Postal Service.

“(i) The Postal Service shall render an annual report to the Secretary of the Treasury concerning the operation of the Competitive Products Fund, in which it shall address such matters as risk limitations, reserve balances, allocation or distribution of moneys, liquidity requirements, and measures to safeguard against losses. A copy of its then most recent report under this subsection shall be included with any other submission that it is required to make to the Postal Regulatory Commission under section 3652(g).”.

(2) CLERICAL AMENDMENT.—The analysis for chapter 20 of title 39, United States Code, is amended by adding after the item relating to section 2010 the following:

“2011. Provisions relating to competitive products.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) DEFINITION.—Section 2001 of title 39, United States Code, is amended by striking “and” at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following:

“(2) ‘Competitive Products Fund’ means the Postal Service Competitive Products Fund established by section 2011; and”.

(2) CAPITAL OF THE POSTAL SERVICE.—Section 2002(b) of title 39, United States Code, is amended by striking “Fund,” and inserting “Fund and the balance in the Competitive Products Fund.”.

(3) POSTAL SERVICE FUND.—

(A) PURPOSES FOR WHICH AVAILABLE.—Section 2003(a) of title 39, United States Code, is amended by striking “title.” and inserting “title (other than any of the purposes, functions, or powers for which the Competitive Products Fund is available).”.

(B) DEPOSITS.—Section 2003(b) of title 39, United States Code, is amended by striking “There” and inserting “Except as otherwise provided in section 2011, there”.

(4) RELATIONSHIP BETWEEN THE TREASURY AND THE POSTAL SERVICE.—Section 2006 of title 39, United States Code, is amended—

(A) in subsection (a), by inserting “or section 2011” before “of this title.”;

(B) in subsection (b), by inserting “under section 2005” before “in such amounts” in the first sentence and before “in excess of such amount.” in the second sentence; and

(C) in subsection (c), by inserting “or section 2011(e)(4)(E)” before “of this title.”.

SEC. 302. ASSUMED FEDERAL INCOME TAX ON COMPETITIVE PRODUCTS INCOME.

Subchapter II of chapter 36 of title 39, United States Code, as amended by section 202, is amended by adding at the end the following:

“§3634. Assumed Federal income tax on competitive products income

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

“(1) the term ‘assumed Federal income tax on competitive products income’ means the net income tax that would be imposed by chapter 1 of the Internal Revenue Code of 1986 on the Postal Service’s assumed taxable income from competitive products for the year; and

“(2) the term ‘assumed taxable income from competitive products’, with respect to a year, refers to the amount representing what would be the taxable income of a corporation under the Internal Revenue Code of 1986 for the year, if—

“(A) the only activities of such corporation were the activities of the Postal Service allocable under section 2011(h) to competitive products; and

“(B) the only assets held by such corporation were the assets of the Postal Service allocable under section 2011(h) to such activities.

“(b) COMPUTATION AND TRANSFER REQUIREMENTS.—The Postal Service shall, for each year beginning with the year in which occurs the deadline for the Postal Service’s first report to the Postal Regulatory Commission under section 3652(a)—

“(1) compute its assumed Federal income tax on competitive products income for such year; and

“(2) transfer from the Competitive Products Fund to the Postal Service Fund the amount of that assumed tax.

“(c) DEADLINE FOR TRANSFERS.—Any transfer required to be made under this section for a year shall be due on or before the January 15th next occurring after the close of such year.”.

SEC. 303. UNFAIR COMPETITION PROHIBITED.

(a) SPECIFIC LIMITATIONS.—Chapter 4 of title 39, United States Code, is amended by adding after section 404 the following:

“§404a. Specific Limitations

“(a) Except as specifically authorized by law, the Postal Service may not—

“(1) establish any rule or regulation (including any standard) the effect of which is to preclude competition or establish the terms of competition unless the Postal Service demonstrates that the regulation does not create an unfair competitive advantage for itself or any entity funded (in whole or in part) by the Postal Service;

“(2) compel the disclosure, transfer, or licensing of intellectual property to any third party (such as patents, copyrights, trademarks, trade secrets, and proprietary information); or

“(3) obtain information from a person that provides (or seeks to provide) any product, and then offer any product or service that uses or is based in whole or in part on such information, without the consent of the person providing that information, unless substantially the same information is obtained (or obtainable) from an independent source or is otherwise obtained (or obtainable).

“(b) The Postal Regulatory Commission shall prescribe regulations to carry out this section.

“(c) Any party (including an officer of the Commission representing the interests of the general public) who believes that the Postal Service has violated this section may bring a complaint in accordance with section 3662.”.

(b) CONFORMING AMENDMENTS.—

(1) GENERAL POWERS.—Section 401 of title 39, United States Code, is amended by striking “The” and inserting “Subject to the provisions of section 404a, the”.

(2) SPECIFIC POWERS.—Section 404(a) of title 39, United States Code, is amended by striking “Without” and inserting “Subject to the provisions of section 404a, but otherwise without”.

(c) CLERICAL AMENDMENT.—The analysis for chapter 4 of title 39, United States Code, is amended by inserting after the item relating to section 404 the following:

“404a. Specific limitations.”.

SEC. 304. SUITS BY AND AGAINST THE POSTAL SERVICE.

(a) IN GENERAL.—Section 409 of title 39, United States Code, is amended by striking subsections (d) and (e) and inserting the following:

“(d)(1) For purposes of the provisions of law cited in paragraphs (2)(A) and (2)(B), respectively, the Postal Service—

“(A) shall be considered to be a ‘person’, as used in the provisions of law involved; and

“(B) shall not be immune under any other doctrine of sovereign immunity from suit in Federal court by any person for any violation of any of those provisions of law by any officer or employee of the Postal Service.

“(2) This subsection applies with respect to—

“(A) the Act of July 5, 1946 (commonly referred to as the ‘Trademark Act of 1946’ (15 U.S.C. 1051 and following)); and

“(B) the provisions of section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair or deceptive acts or practices.

“(e)(1) To the extent that the Postal Service, or other Federal agency acting on behalf of or in concert with the Postal Service, engages in conduct with respect to any competitive product, the Postal Service or other Federal agency (as the case may be)—

“(A) shall not be immune under any doctrine of sovereign immunity from suit in Federal court by any person for any violation of Federal law by such agency or any officer or employee thereof; and

“(B) shall be considered to be a person (as defined in subsection (a) of the first section of the Clayton Act) for purposes of—

“(i) the antitrust laws (as defined in such subsection); and

“(ii) section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair methods of competition.

“(2) No damages, interest on damages, costs or attorney’s fees may be recovered, and no criminal liability may be imposed, under the antitrust laws (as so defined) from any officer or employee of the Postal Service, or other Federal agency acting on behalf of or in concert with the Postal Service, acting in an official capacity.

“(3) This subsection shall not apply with respect to conduct occurring before the date of the enactment of this subsection.

“(f)(1) Each building constructed or altered by the Postal Service shall be constructed or altered, to the maximum extent feasible as determined by the Postal Service, in compliance with one of the nationally recognized model building codes and with other applicable nationally recognized codes.

“(2) Each building constructed or altered by the Postal Service shall be constructed or altered only after consideration of all requirements (other than procedural requirements) of zoning laws, land use laws, and applicable environmental laws of a State or subdivision of a State which would apply to the building if it were not a building constructed or altered by an establishment of the Government of the United States.

“(3) For purposes of meeting the requirements of paragraphs (1) and (2) with respect to a building, the Postal Service shall—

“(A) in preparing plans for the building, consult with appropriate officials of the State or political subdivision, or both, in which the building will be located;

“(B) upon request, submit such plans in a timely manner to such officials for review by such officials for a reasonable period of time not exceeding 30 days; and

“(C) permit inspection by such officials during construction or alteration of the building, in accordance with the customary schedule of inspections for construction or alteration of buildings in the locality, if such officials provide to the Postal Service—

“(i) a copy of such schedule before construction of the building is begun; and

“(ii) reasonable notice of their intention to conduct any inspection before conducting such inspection.

Nothing in this subsection shall impose an obligation on any State or political subdivision to take any action under the preceding sentence, nor shall anything in this subsection require the Postal Service or any of its contractors to pay for any action taken by a State or political subdivision to carry out this subsection (including reviewing plans, carrying out on-site inspections, issuing building permits, and making recommendations).

“(4) Appropriate officials of a State or a political subdivision of a State may make recommendations to the Postal Service concerning measures necessary to meet the requirements of paragraphs (1) and (2). Such officials may also make recommendations to the Postal Service concerning measures which should be taken in the construction or alteration of the building to take into account local conditions. The Postal Service shall give due consideration to any such recommendations.

“(5) In addition to consulting with local and State officials under paragraph (3), the Postal Service shall establish procedures for soliciting,

assessing, and incorporating local community input on real property and land use decisions.

“(6) For purposes of this subsection, the term ‘State’ includes the District of Columbia, the Commonwealth of Puerto Rico, and a territory or possession of the United States.

“(g)(1) Notwithstanding any other provision of law, legal representation may not be furnished by the Department of Justice to the Postal Service in any action, suit, or proceeding arising, in whole or in part, under any of the following:

“(A) Subsection (d) or (e) of this section.

“(B) Subsection (f) or (g) of section 504 (relating to administrative subpoenas by the Postal Regulatory Commission).

“(C) Section 3663 (relating to appellate review).

The Postal Service may, by contract or otherwise, employ attorneys to obtain any legal representation that it is precluded from obtaining from the Department of Justice under this paragraph.

“(2) In any circumstance not covered by paragraph (1), the Department of Justice shall, under section 411, furnish the Postal Service such legal representation as it may require, except that, with the prior consent of the Attorney General, the Postal Service may, in any such circumstance, employ attorneys by contract or otherwise to conduct litigation brought by or against the Postal Service or its officers or employees in matters affecting the Postal Service.

“(3)(A) In any action, suit, or proceeding in a court of the United States arising in whole or in part under any of the provisions of law referred to in subparagraph (B) or (C) of paragraph (1), and to which the Commission is not otherwise a party, the Commission shall be permitted to appear as a party on its own motion and as of right.

“(B) The Department of Justice shall, under such terms and conditions as the Commission and the Attorney General shall consider appropriate, furnish the Commission such legal representation as it may require in connection with any such action, suit, or proceeding, except that, with the prior consent of the Attorney General, the Commission may employ attorneys by contract or otherwise for that purpose.

“(h) A judgment against the Government of the United States arising out of activities of the Postal Service shall be paid by the Postal Service out of any funds available to the Postal Service, subject to the restriction specified in section 2011(g).”

(b) TECHNICAL AMENDMENT.—Section 409(a) of title 39, United States Code, is amended by striking “Except as provided in section 3628 of this title,” and inserting “Except as otherwise provided in this title.”.

SEC. 305. INTERNATIONAL POSTAL ARRANGEMENTS.

(a) IN GENERAL.—Section 407 of title 39, United States Code, is amended to read as follows:

“§ 407. International postal arrangements

“(a) It is the policy of the United States—

“(1) to promote and encourage communications between peoples by efficient operation of international postal services and other international delivery services for cultural, social, and economic purposes;

“(2) to promote and encourage unrestricted and undistorted competition in the provision of international postal services and other international delivery services, except where provision of such services by private companies may be prohibited by law of the United States;

“(3) to promote and encourage a clear distinction between governmental and operational responsibilities with respect to the provision of international postal services and other international delivery services by the Government of the United States and by intergovernmental organizations of which the United States is a member; and

“(4) to participate in multilateral and bilateral agreements with other countries to accomplish these objectives.

“(b)(1) The Secretary of State shall be responsible for formulation, coordination, and oversight of foreign policy related to international postal services and other international delivery services, and shall have the power to conclude treaties, conventions and amendments related to international postal services and other international delivery services, except that the Secretary may not conclude any treaty, convention, or other international agreement (including those regulating international postal services) if such treaty, convention, or agreement would, with respect to any competitive product, grant an undue or unreasonable preference to the Postal Service, a private provider of international postal or delivery services, or any other person.

“(2) In carrying out the responsibilities specified in paragraph (1), the Secretary of State shall exercise primary authority for the conduct of foreign policy with respect to international postal services and international delivery services, including the determination of United States positions and the conduct of United States participation in negotiations with foreign governments and international bodies. In exercising this authority, the Secretary—

“(A) shall coordinate with other agencies as appropriate, and in particular, shall give full consideration to the authority vested by law or Executive order in the Postal Regulatory Commission, the Department of Commerce, the Department of Transportation, and the Office of the United States Trade Representative in this area;

“(B) shall maintain continuing liaison with other executive branch agencies concerned with postal and delivery services;

“(C) shall maintain continuing liaison with the Committee on Government Reform of the House of Representatives and the Committee on Governmental Affairs of the Senate;

“(D) shall maintain appropriate liaison with both representatives of the Postal Service and representatives of users and private providers of international postal services and other international delivery services to keep informed of their interests and problems, and to provide such assistance as may be needed to ensure that matters of concern are promptly considered by the Department of State or (if applicable, and to the extent practicable) other executive branch agencies; and

“(E) shall assist in arranging meetings of such public sector advisory groups as may be established to advise the Department of State and other executive branch agencies in connection with international postal services and international delivery services.

“(3) The Secretary of State shall establish an advisory committee (within the meaning of the Federal Advisory Committee Act) to perform such functions as the Secretary considers appropriate in connection with carrying out subparagraphs (A) through (D) of paragraph (2).

“(c)(1) Before concluding any treaty, convention, or amendment that establishes a rate or classification for a product subject to subchapter I of chapter 36, the Secretary of State shall request the Postal Regulatory Commission to submit a decision on whether such rate or classification is consistent with the standards and criteria established by the Commission under section 3622.

“(2) The Secretary shall ensure that each treaty, convention, or amendment concluded under subsection (b) is consistent with a decision of the Commission adopted under paragraph (1), except if, or to the extent, the Secretary determines, by written order, that considerations of foreign policy or national security require modification of the Commission’s decision.

“(d) Nothing in this section shall be considered to prevent the Postal Service from entering

into such commercial or operational contracts related to providing international postal services and other international delivery services as it deems appropriate, except that—

“(1) any such contract made with an agency of a foreign government (whether under authority of this subsection or otherwise) shall be solely contractual in nature and may not purport to be international law; and

“(2) a copy of each such contract between the Postal Service and an agency of a foreign government shall be transmitted to the Secretary of State and the Postal Regulatory Commission not later than the effective date of such contract.

“(e)(1) With respect to shipments of international mail that are competitive products within the meaning of section 3631 that are exported or imported by the Postal Service, the Bureau of Customs and Border Protection of the Department of Homeland Security and other appropriate Federal agencies shall apply the customs laws of the United States and all other laws relating to the importation or exportation of such shipments in the same manner to both shipments by the Postal Service and similar shipments by private companies.

“(2) For purposes of this subsection, the term ‘private company’ means a private company substantially owned or controlled by persons who are citizens of the United States.

“(3) In exercising the authority pursuant to subsection (b) to conclude new treaties, conventions and amendments related to international postal services and to renegotiate such treaties, conventions and amendments, the Secretary of State shall, to the maximum extent practicable, take such measures as are within the Secretary’s control to encourage the governments of other countries to make available to the Postal Service and private companies a range of nondiscriminatory customs procedures that will fully meet the needs of all types of American shippers. The Secretary of State shall consult with the United States Trade Representative and the Commissioner of Customs, Department of Homeland Security in carrying out this paragraph.

“(4) The provisions of this subsection shall take effect 6 months after the date of the enactment of this subsection or such earlier date as the Bureau of Customs and Border Protection of the Department of Homeland Security may determine in writing.”

(b) EFFECTIVE DATE.—Notwithstanding any provision of the amendment made by subsection (a), the authority of the United States Postal Service to establish the rates of postage or other charges on mail matter conveyed between the United States and other countries shall remain available to the Postal Service until—

(1) with respect to market-dominant products, the date as of which the regulations promulgated under section 3622 of title 39, United States Code (as amended by section 201(a)) take effect; and

(2) with respect to competitive products, the date as of which the regulations promulgated under section 3633 of title 39, United States Code (as amended by section 202) take effect.

SEC. 306. REDESIGNATION.

Chapter 36 of title 39, United States Code (as in effect before the amendment made by section 204(a)) is amended by striking the heading for subchapter V and inserting the following:

“SUBCHAPTER VI—GENERAL”.

TITLE IV—GENERAL PROVISIONS

SEC. 401. QUALIFICATION REQUIREMENTS FOR GOVERNORS.

(a) IN GENERAL.—Section 202(a) of title 39, United States Code, is amended by striking “(a)” and inserting “(a)(1)” and by striking the fourth sentence and inserting the following: “The Governors shall represent the public interest generally, and at least 4 of the Governors shall be chosen solely on the basis of their demonstrated ability in managing organizations or corporations (in either the public or private sector) of substantial size; for purposes of this sen-

tence, an organization or corporation shall be considered to be of substantial size if it employs at least 50,000 employees. The Governors shall not be representatives of specific interests using the Postal Service, and may be removed only for cause.”

(b) CONSULTATION REQUIREMENT.—Section 202(a) of title 39, United States Code, is amended by adding at the end the following:

“(2) In selecting the individuals described in paragraph (1) for nomination for appointment to the position of Governor, the President should consult with the Speaker of the House of Representatives, the minority leader of the House of Representatives, the majority leader of the Senate, and the minority leader of the Senate.”

(c) RESTRICTION.—Section 202(b) of title 39, United States Code, is amended by striking “(b)” and inserting “(b)(1)”, and by adding at the end the following:

“(2)(A) Notwithstanding any other provision of this section, in the case of the office of the Governor the term of which is the first one scheduled to expire at least 4 months after the date of the enactment of this paragraph—

“(i) such office may not, in the case of any person commencing service after that expiration date, be filled by any person other than an individual chosen from among persons nominated for such office with the unanimous concurrence of all labor organizations described in section 206(a)(1); and

“(ii) instead of the term that would otherwise apply under the first sentence of paragraph (1), the term of any person so appointed to such office shall be 3 years.

“(B) Except as provided in subparagraph (A), an appointment under this paragraph shall be made in conformance with all provisions of this section that would otherwise apply.”

(d) APPLICABILITY.—The amendment made by subsection (a) shall not affect the appointment or tenure of any person serving as a Governor of the Board of Governors of the United States Postal Service pursuant to an appointment made before the date of the enactment of this Act, or, except as provided in the amendment made by subsection (c), any nomination made before that date; however, when any such office becomes vacant, the appointment of any person to fill that office shall be made in accordance with such amendment. The requirement set forth in the fourth sentence of section 202(a)(1) of title 39, United States Code (as amended by subsection (a)) shall be met beginning not later than 9 years after the date of the enactment of this Act.

SEC. 402. OBLIGATIONS.

(a) PURPOSES FOR WHICH OBLIGATIONS MAY BE ISSUED.—The first sentence of section 2005(a)(1) of title 39, United States Code, is amended by striking “title.” and inserting “title, other than any of the purposes for which the corresponding authority is available to the Postal Service under section 2011.”

(b) LIMITATION ON NET ANNUAL INCREASE IN OBLIGATIONS ISSUED FOR CERTAIN PURPOSES.—The third sentence of section 2005(a)(1) of title 39, United States Code, is amended to read as follows: “In any one fiscal year, the net increase in the amount of obligations outstanding issued for the purpose of capital improvements and the net increase in the amount of obligations outstanding issued for the purpose of defraying operating expenses of the Postal Service shall not exceed a combined total of \$3,000,000,000.”

(c) LIMITATIONS ON OBLIGATIONS OUTSTANDING.—

(1) IN GENERAL.—Subsection (a) of section 2005 of title 39, United States Code, is amended by adding at the end the following:

“(3) For purposes of applying the respective limitations under this subsection, the aggregate amount of obligations issued by the Postal Service which are outstanding as of any one time,

and the net increase in the amount of obligations outstanding issued by the Postal Service for the purpose of capital improvements or for the purpose of defraying operating expenses of the Postal Service in any fiscal year, shall be determined by aggregating the relevant obligations issued by the Postal Service under this section with the relevant obligations issued by the Postal Service under section 2011.”

(2) CONFORMING AMENDMENT.—The second sentence of section 2005(a)(1) of title 39, United States Code, is amended by striking “any such obligations” and inserting “obligations issued by the Postal Service which may be”.

(d) AMOUNTS WHICH MAY BE PLEDGED, ETC.—(1) OBLIGATIONS TO WHICH PROVISIONS APPLY.—The first sentence of section 2005(b) of title 39, United States Code, is amended by striking “such obligations,” and inserting “obligations issued by the Postal Service under this section.”

(2) ASSETS, REVENUES, AND RECEIPTS TO WHICH PROVISIONS APPLY.—Subsection (b) of section 2005 of title 39, United States Code, is amended by striking “(b)” and inserting “(b)(1)”, and by adding at the end the following:

“(2) Notwithstanding any other provision of this section—

“(A) the authority to pledge assets of the Postal Service under this subsection shall be available only to the extent that such assets are not related to the provision of competitive products (as determined under section 2011(h) or, for purposes of any period before accounting practices and principles under section 2011(h) have been established and applied, the best information available from the Postal Service, including the audited statements required by section 2008(e)); and

“(B) any authority under this subsection relating to the pledging or other use of revenues or receipts of the Postal Service shall be available only to the extent that they are not revenues or receipts of the Competitive Products Fund.”

SEC. 403. PRIVATE CARRIAGE OF LETTERS.

(a) IN GENERAL.—Section 601 of title 39, United States Code, is amended by striking subsection (b) and inserting the following:

“(b) A letter may also be carried out of the mails when—

“(1) the amount paid for the private carriage of the letter is at least the amount equal to 6 times the rate then currently charged for the 1st ounce of a single-piece first class letter;

“(2) the letter weighs at least 12½ ounces; or

“(3) such carriage is within the scope of services described by regulations of the Postal Service (including, in particular, sections 310.1 and 320.2–320.8 of title 39 of the Code of Federal Regulations, as in effect on July 1, 2004) that purport to permit private carriage by suspension of the operation of this section (as then in effect).

“(c) Any regulations necessary to carry out this section shall be promulgated by the Postal Regulatory Commission.”

(b) EFFECTIVE DATE.—This section shall take effect on the date as of which the regulations promulgated under section 3633 of title 39, United States Code (as amended by section 202) take effect.

SEC. 404. RULEMAKING AUTHORITY.

Paragraph (2) of section 401 of title 39, United States Code, is amended to read as follows:

“(2) to adopt, amend, and repeal such rules and regulations, not inconsistent with this title, as may be necessary in the execution of its functions under this title and such other functions as may be assigned to the Postal Service under any provisions of law outside of this title.”

SEC. 405. NONINTERFERENCE WITH COLLECTIVE BARGAINING AGREEMENTS, ETC.

(a) NONINTERFERENCE WITH COLLECTIVE BARGAINING AGREEMENTS.—Except as provided in section 407, nothing in this Act or any amendment made by this Act shall restrict, expand, or otherwise affect any of the rights, privileges, or

benefits of either employees of or labor organizations representing employees of the United States Postal Service under chapter 12 of title 39, United States Code, the National Labor Relations Act, any handbook or manual affecting employee labor relations within the United States Postal Service, or any collective bargaining agreement.

(b) **FREE MAILING PRIVILEGES CONTINUE UNCHANGED.**—Nothing in this Act or any amendment made by this Act shall affect any free mailing privileges accorded under section 3217 or sections 3403 through 3406 of title 39, United States Code.

SEC. 406. BONUS AND COMPENSATION AUTHORITY.

Subchapter VI of chapter 36 of title 39, United States Code (as so redesignated by section 306) is amended by adding at the end the following:

“§3686. Bonus authority

“(a) **IN GENERAL.**—The Postal Service may establish one or more programs to provide bonuses or other rewards to officers and employees of the Postal Service in senior executive or equivalent positions to achieve the objectives of this chapter.

“(b) **LIMITATION ON TOTAL COMPENSATION.**—

“(1) **IN GENERAL.**—Under any such program, the Postal Service may award a bonus or other reward in excess of the limitation set forth in the last sentence of section 1003(a), if such program has been approved under paragraph (2). Any such award or bonus may not cause the total compensation of such officer or employee to exceed the total annual compensation payable to the Vice President under section 104 of title 3 as of the end of the calendar year in which the bonus or award is paid.

“(2) **APPROVAL PROCESS.**—If the Postal Service wishes to have the authority, under any program described in subsection (a), to award bonuses or other rewards in excess of the limitation set forth in the last sentence of section 1003(a)—

“(A) the Postal Service shall make an appropriate request to the Board of Governors in such form and manner as the Board requires; and

“(B) the Board of Governors shall approve any such request if it certifies, for the annual appraisal period involved, that the performance appraisal system for affected officers and employees of the Postal Service (as designed and applied) makes meaningful distinctions based on relative performance.

“(3) **REVOCACTION AUTHORITY.**—If the Board of Governors finds that a performance appraisal system previously approved under paragraph (2)(B) does not (as designed and applied) make meaningful distinctions based on relative performance, the Board may revoke or suspend the authority of the Postal Service to continue a program approved under paragraph (2) until such time as appropriate corrective measures have, in the judgment of the Board, been taken.

“(c) **EXCEPTIONS FOR CRITICAL POSITIONS.**—Notwithstanding any other provision of law, the Board of Governors may allow up to 12 officers or employees of the Postal Service in critical senior executive or equivalent positions to receive total compensation in an amount not to exceed 120 percent of the total annual compensation payable to the Vice President under section 104 of title 3 as of the end of the calendar year in which such payment is received. For each exception made under this subsection, the Board shall provide written notification to the Director of the Office of Personnel Management and the Congress within 30 days after the payment is made setting forth the name of the officer or employee involved, the critical nature of his or her duties and responsibilities, and the basis for determining that such payment is warranted.

“(d) **INFORMATION FOR INCLUSION IN COMPREHENSIVE STATEMENT.**—Included in its comprehensive statement under section 2401(e) for any period shall be—

“(1) the name of each person receiving a bonus or other payment during such period which would not have been allowable but for the provisions of subsection (b) or (c);

“(2) the amount of the bonus or other payment; and

“(3) the amount by which the limitation set forth in the last sentence of section 1003(a) was exceeded as a result of such bonus or other payment.

“(e) **REGULATIONS.**—The Board of Governors may prescribe regulations for the administration of this section.”.

SEC. 407. MEDIATION IN COLLECTIVE-BARGAINING DISPUTES.

(a) **IN GENERAL.**—Section 1207(b) of title 39, United States Code, is amended by striking all that follows “the Director of the Federal Mediation and Conciliation Service shall” and inserting “, within 10 days appoint a mediator of nationwide reputation and professional stature, and who is also a member of the National Academy of Arbitrators. The parties shall cooperate with the mediator in an effort to reach an agreement and shall meet and negotiate in good faith at such times and places that the mediator, in consultation with the parties, shall direct.”.

(b) **PROVISIONS RELATING TO ARBITRATION BOARDS.**—Section 1207(c) of title 39, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking “90” and inserting “60”;

(B) by striking “not members of the fact-finding panel,”; and

(C) by striking all that follows “shall be made” and inserting “from a list of names provided by the Director. This list shall consist of not less than 9 names of arbitrators of nationwide reputation and professional stature, who are also members of the National Academy of Arbitrators, and whom the Director has determined are available and willing to serve.”; and

(2) in paragraph (3), by striking “factfinding panel” and inserting “mediation”.

(c) **CONFORMING AMENDMENT.**—Section 1207(d) of title 39, United States Code, is amended by striking “factfinding panel will be established” and inserting “mediator shall be appointed”.

TITLE V—ENHANCED REGULATORY COMMISSION

SEC. 501. REORGANIZATION AND MODIFICATION OF CERTAIN PROVISIONS RELATING TO THE POSTAL REGULATORY COMMISSION.

(a) **TRANSFER AND REDESIGNATION.**—Title 39, United States Code, is amended—

(1) by inserting after chapter 4 the following:

“CHAPTER 5—POSTAL REGULATORY COMMISSION

“Sec.

“501. Establishment.

“502. Commissioners.

“503. Rules; regulations; procedures.

“504. Administration.

“§501. Establishment

“The Postal Regulatory Commission is an independent establishment of the executive branch of the Government of the United States.

“§502. Commissioners

“(a) The Postal Regulatory Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen solely on the basis of their technical qualifications, professional standing, and demonstrated expertise in economics, accounting, law, or public administration, and may be removed by the President only for cause. Each individual appointed to the Commission shall have the qualifications and expertise necessary to carry out the responsibilities accorded Commissioners under the Postal Accountability and Enhancement Act. Not more than 3 of the Commissioners may be adherents of the same political party.

“(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under subsection (e).

“(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

“(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.

“(e) The Commissioners shall serve for terms of 6 years.”;

(2) in subchapter I of chapter 36 (as in effect before the amendment made by section 201(c)), by striking the heading for such subchapter I and all that follows through section 3602; and

(3) by redesignating sections 3603 and 3604 as sections 503 and 504, respectively, and transferring such sections to the end of chapter 5 (as inserted by paragraph (1)).

(b) **DETERMINATIONS.**—Section 503 of title 39, United States Code, as so redesignated by subsection (a)(3), is amended by adding at the end the following: “Such rules shall include procedures which balance, inter alia, the need for protecting due process rights and ensuring expeditious decision-making.”.

(c) **APPLICABILITY.**—The amendment made by subsection (a)(1) shall not affect the appointment or tenure of any person serving as a Commissioner on the Postal Regulatory Commission (as so redesignated by section 504) pursuant to an appointment made before the date of the enactment of this Act or any nomination made before that date, but, when any such office becomes vacant, the appointment of any person to fill that office shall be made in accordance with such amendment.

(d) **CLERICAL AMENDMENT.**—The analysis for part I of title 39, United States Code, is amended by inserting after the item relating to chapter 4 the following:

“5. Postal Regulatory Commission 501”.
SEC. 502. AUTHORITY FOR POSTAL REGULATORY COMMISSION TO ISSUE SUBPOENAS.

Section 504 of title 39, United States Code (as so redesignated by section 501) is amended by adding at the end the following:

“(f)(1) Any Commissioner of the Postal Regulatory Commission, any administrative law judge appointed by the Commission under section 3105 of title 5, and any employee of the Commission designated by the Commission may administer oaths, examine witnesses, take depositions, and receive evidence.

“(2) The Chairman of the Commission, any Commissioner designated by the Chairman, and any administrative law judge appointed by the Commission under section 3105 of title 5 may, with respect to any proceeding conducted by the Commission under this title—

“(A) issue subpoenas requiring the attendance and presentation of testimony by, or the production of documentary or other evidence in the possession of, any covered person; and

“(B) order the taking of depositions and responses to written interrogatories by a covered person.

The written concurrence of a majority of the Commissioners then holding office shall, with respect to each subpoena under subparagraph (A), be required in advance of its issuance.

“(3) In the case of contumacy or failure to obey a subpoena issued under this subsection, upon application by the Commission, the district court of the United States for the district in which the person to whom the subpoena is addressed resides or is served may issue an order requiring such person to appear at any designated place to testify or produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt thereof.

“(4) For purposes of this subsection, the term ‘covered person’ means an officer, employee, agent, or contractor of the Postal Service.

“(g)(1) If the Postal Service determines that any document or other matter it provides to the Postal Regulatory Commission pursuant to a subpoena issued under subsection (f), or otherwise at the request of the Commission in connection with any proceeding or other purpose under this title, contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission, in writing, of its determination (and the reasons therefor).

“(2) Except as provided in paragraph (3), no officer or employee of the Commission may, with respect to any information as to which the Commission has been notified under paragraph (1)—

“(A) use such information for purposes other than the purposes for which it is supplied; or

“(B) permit anyone who is not an officer or employee of the Commission to have access to any such information.

“(3)(A) Paragraph (2) shall not prevent the Commission from publicly disclosing relevant information in furtherance of its duties under this title if the Commission has adopted regulations under section 553 of title 5 that establish a procedure for accord appropriate confidentiality to information identified by the Postal Service under paragraph (1). In determining the appropriate degree of confidentiality to be accorded information identified by the Postal Service under paragraph (1), the Commission shall balance the nature and extent of the likely commercial injury to the Postal Service against the public interest, as required by section 101(d) of this title for financial transparency of a government establishment.

“(B) Paragraph (2) shall not prevent information from being furnished under any process of discovery established under this title in connection with a proceeding under this title. The Commission shall, by regulations based on rule 26(c) of the Federal Rules of Civil Procedure, establish procedures for ensuring appropriate confidentiality for any information furnished under the preceding sentence.”

SEC. 503. APPROPRIATIONS FOR THE POSTAL REGULATORY COMMISSION.

(a) AUTHORIZATION OF APPROPRIATIONS.—Subsection (d) of section 504 of title 39, United States Code (as so redesignated by section 501) is amended to read as follows:

“(d) There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Postal Regulatory Commission. In requesting an appropriation under this subsection for a fiscal year, the Commission shall prepare and submit to the Congress under section 2009 a budget of the Commission’s expenses, including expenses for facilities, supplies, compensation, and employee benefits.”

(b) BUDGET PROGRAM.—

(1) IN GENERAL.—The next to last sentence of section 2009 of title 39, United States Code, is amended to read as follows: “The budget program shall also include separate statements of the amounts which (1) the Postal Service requests to be appropriated under subsections (b) and (c) of section 2401, (2) the Office of Inspector General of the United States Postal Service requests to be appropriated, out of the Postal Service Fund, under section 8L(e) of the Inspector General Act of 1978, and (3) the Postal Regulatory Commission requests to be appropriated, out of the Postal Service Fund, under section 504(d) of this title.”

(2) CONFORMING AMENDMENT.—Section 2003(e)(1) of title 39, United States Code, is amended by striking the first sentence and inserting the following: “The Fund shall be available for the payment of (A) all expenses incurred by the Postal Service in carrying out its functions as provided by law, subject to the

same limitation as set forth in the parenthetical matter under subsection (a); (B) all expenses of the Postal Regulatory Commission, subject to the availability of amounts appropriated pursuant to section 504(d); and (C) all expenses of the Office of Inspector General, subject to the availability of amounts appropriated pursuant to section 8L(e) of the Inspector General Act of 1978.”

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to fiscal years beginning on or after October 1, 2005.

(2) SAVINGS PROVISION.—The provisions of title 39, United States Code, that are amended by this section shall, for purposes of any fiscal year before the first fiscal year to which the amendments made by this section apply, continue to apply in the same way as if this section had never been enacted.

SEC. 504. REDESIGNATION OF THE POSTAL RATE COMMISSION.

(a) AMENDMENTS TO TITLE 39, UNITED STATES CODE.—Title 39, United States Code, is amended in sections 404, 503–504 (as so redesignated by section 501), 1001, and 1002 by striking “Postal Rate Commission” each place it appears and inserting “Postal Regulatory Commission”.

(b) AMENDMENTS TO TITLE 5, UNITED STATES CODE.—Title 5, United States Code, is amended in sections 104(1), 306(f), 2104(b), 3371(3), 5314 (in the item relating to Chairman, Postal Rate Commission), 5315 (in the item relating to Members, Postal Rate Commission), 5514(a)(5)(B), 7342(a)(1)(A), 7511(a)(1)(B)(ii), 8402(c)(1), 8423(b)(1)(B), and 8474(c)(4) by striking “Postal Rate Commission” and inserting “Postal Regulatory Commission”.

(c) AMENDMENT TO THE ETHICS IN GOVERNMENT ACT OF 1978.—Section 101(f)(6) of the Ethics in Government Act of 1978 (5 U.S.C. App.) is amended by striking “Postal Rate Commission” and inserting “Postal Regulatory Commission”.

(d) AMENDMENT TO THE REHABILITATION ACT OF 1973.—Section 501(b) of the Rehabilitation Act of 1973 (29 U.S.C. 791(b)) is amended by striking “Postal Rate Office” and inserting “Postal Regulatory Commission”.

(e) AMENDMENT TO TITLE 44, UNITED STATES CODE.—Section 3502(5) of title 44, United States Code, is amended by striking “Postal Rate Commission” and inserting “Postal Regulatory Commission”.

(f) OTHER REFERENCES.—Whenever a reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, document, or other record of the United States to the Postal Rate Commission, such reference shall be considered a reference to the Postal Regulatory Commission.

SEC. 505. OFFICER OF THE POSTAL REGULATORY COMMISSION REPRESENTING THE GENERAL PUBLIC.

(a) IN GENERAL.—Chapter 5 of title 39, United States Code (as added by this Act) is amended by adding after section 504 the following:

“§505. Officer of the Postal Regulatory Commission representing the general public

“The Postal Regulatory Commission shall designate an officer of the Postal Regulatory Commission in all public proceedings (such as developing rules, regulations, and procedures) who shall represent the interests of the general public.”

(b) CLERICAL AMENDMENT.—The analysis for chapter 5 of title 39, United States Code (as amended by section 501(a)(1)) is amended by adding after the item relating to section 504 the following:

“505. Officer of the Postal Regulatory Commission representing the general public.”

TITLE VI—INSPECTORS GENERAL

SEC. 601. INSPECTOR GENERAL OF THE POSTAL REGULATORY COMMISSION.

(a) IN GENERAL.—Paragraph (2) of section 8G(a) of the Inspector General Act of 1978 is

amended by inserting “the Postal Regulatory Commission,” after “the United States International Trade Commission.”

(b) ADMINISTRATION.—Section 504 of title 39, United States Code (as so redesignated by section 501) is amended by adding after subsection (g) (as added by section 502) the following:

“(h)(1) Notwithstanding any other provision of this title or of the Inspector General Act of 1978, the authority to select, appoint, and employ officers and employees of the Office of Inspector General of the Postal Regulatory Commission, and to obtain any temporary or intermittent services of experts or consultants (or an organization of experts or consultants) for such Office, shall reside with the Inspector General of the Postal Regulatory Commission.

“(2) Except as provided in paragraph (1), any exercise of authority under this subsection shall, to the extent practicable, be in conformance with the applicable laws and regulations that govern selections, appointments and employment, and the obtaining of any such temporary or intermittent services, within the Postal Regulatory Commission.”

(c) DEADLINE.—No later than 180 days after the date of the enactment of this Act—

(1) the first Inspector General of the Postal Regulatory Commission shall be appointed; and

(2) the Office of Inspector General of the Postal Regulatory Commission shall be established.

SEC. 602. INSPECTOR GENERAL OF THE UNITED STATES POSTAL SERVICE TO BE APPOINTED BY THE PRESIDENT.

(a) DEFINITIONAL AMENDMENTS TO THE INSPECTOR GENERAL ACT OF 1978.—Section 11 of the Inspector General Act of 1978 is amended—

(1) in paragraph (1)—

(A) by striking “or” before “the President of the Export-Import Bank;” and

(B) by inserting “or the Governors of the United States Postal Service (within the meaning of section 102(3) of title 39, United States Code);” after “the President of the Export-Import Bank;” and

(2) in paragraph (2)—

(A) by striking “or” before “the Export-Import Bank;” and

(B) by inserting “or the United States Postal Service,” after “the Export-Import Bank.”

(b) SPECIAL PROVISIONS CONCERNING THE UNITED STATES POSTAL SERVICE.—

(1) IN GENERAL.—The Inspector General Act of 1978 is amended by inserting after section 8K the following:

“SPECIAL PROVISIONS CONCERNING THE UNITED STATES POSTAL SERVICE

“SEC. 8L. (a) In carrying out the duties and responsibilities specified in this Act, the Inspector General of the United States Postal Service shall have oversight responsibility for all activities of the Postal Inspection Service, including any internal investigation performed by the Postal Inspection Service. The Chief Postal Inspector shall promptly report any significant activities being carried out by the Postal Inspection Service to such Inspector General. The Postmaster General shall promptly report to such Inspector General all allegations of theft, fraud, or misconduct by Postal Service officers or employees, and entities or individuals doing business with the Postal Service.

“(b) In the case of any report that the Governors of the United States Postal Service (within the meaning of section 102(3) of title 39, United States Code) are required to transmit under the second sentence of section 5(d), such sentence shall be applied by deeming the term ‘appropriate committees of Congress’ to mean the Committee on Government Reform of the House of Representatives, the Committee on Governmental Affairs of the Senate, and such other committees or subcommittees of Congress as may be appropriate.

“(c) Notwithstanding any provision of paragraph (7) or (8) of section 6(a), the Inspector General of the United States Postal Service may

select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General and to obtain the temporary or intermittent services of experts or consultants or an organization of experts or consultants, subject to the applicable laws and regulations that govern such selections, appointments, and employment, and the obtaining of such services, within the United States Postal Service.

“(d) Nothing in this Act shall restrict, eliminate, or otherwise adversely affect any of the rights, privileges, or benefits of employees of the United States Postal Service, or labor organizations representing employees of the United States Postal Service, under chapter 12 of title 39, United States Code, the National Labor Relations Act, any handbook or manual affecting employee labor relations with the United States Postal Service, or any collective bargaining agreement.

“(e) There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Office of Inspector General of the United States Postal Service.”.

(2) RELATED PROVISIONS.—For certain related provisions, see section 503(b).

(c) EXERCISE OF CERTAIN POWERS.—Section 6(e)(3) of the Inspector General Act of 1978 is amended—

(1) by striking “and the” before “Tennessee Valley Authority”; and

(2) by inserting “, and United States Postal Service” after “Tennessee Valley Authority”.

(d) PUBLIC CONTRACTS.—

(1) ADDITIONAL PROVISIONS APPLICABLE.—Section 410(b)(5) of title 39, United States Code, is amended—

(A) in subparagraph (A), by striking “and” after the semicolon; and

(B) by adding after subparagraph (B) the following:

“(C) the Anti-Kickback Act of 1986 (41 U.S.C. 51 and following), other than subsections (a) and (b) of 7 and section 8 of that Act; and

“(D) section 315 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 265) (relating to protecting contractor employees from reprisal for disclosure of certain information);”.

(2) REGULATIONS ON ALLOWABLE COSTS.—Section 410 of title 39, United States Code, is amended by adding at the end the following:

“(e) The Postal Service shall develop and issue purchasing regulations that prohibit contract costs not allowable under section 5.2.5 of the United States Postal Service Procurement Manual (Publication 41), as in effect on July 12, 1995.”.

(e) REPORTS.—Section 3013 of title 39, United States Code, is amended by striking “Postmaster General” each place it appears and inserting “Chief Postal Inspector”.

(f) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) RELATING TO THE INSPECTOR GENERAL ACT OF 1978.—(A) Subsection (a) of section 8G of the Inspector General Act of 1978 (as amended by section 601(a)) is further amended—

(i) in paragraph (2), by striking “the Postal Regulatory Commission, and the United States Postal Service;” and inserting “and the Postal Regulatory Commission;” and

(ii) in paragraph (4), by striking “except that” and all that follows through “Code;” and inserting “except that, with respect to the National Science Foundation, such term means the National Science Board;”.

(B)(i) Subsection (f) of section 8G of such Act is repealed.

(ii) Subsection (c) of section 8G of such Act is amended by striking “Except as provided under subsection (f) of this section, the” and inserting “The”.

(C) Section 8J of such Act is amended by striking the matter after “8D,” and before “of this Act” and inserting “8E, 8F, 8H, or 8L”.

(2) RELATING TO TITLE 39, UNITED STATES CODE.—(A) Subsection (e) of section 202 of title 39, United States Code, is repealed.

(B) Paragraph (4) of section 102 of such title 39 (as amended by section 101) is amended to read as follows:

“(4) ‘Inspector General’ means the Inspector General of the United States Postal Service, appointed under section 3(a) of the Inspector General Act of 1978;”.

(C) The first sentence of section 1003(a) of such title 39 is amended by striking “chapters 2 and 12 of this title, section 8G of the Inspector General Act of 1978, or other provision of law;” and inserting “chapter 2 or 12 of this title, subsection (b) or (c) of this section, or any other provision of law;”.

(D) Section 1003(b) of such title 39 is amended by striking “respective” and inserting “other”.

(E) Section 1003(c) of such title 39 is amended by striking “included” and inserting “includes”.

(3) RELATING TO THE ENERGY POLICY ACT OF 1992.—Section 160(a) of the Energy Policy Act of 1992 (42 U.S.C. 8262f(a)) is amended (in the matter before paragraph (1)) by striking all that follows “(5 U.S.C. App.)” and before “shall—”.

(g) EFFECTIVE DATE; TRANSITION PROVISIONS.—

(1) EFFECTIVE DATE.—Except as provided in paragraph (2) or subsection (c), this section and the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) TRANSITION PROVISIONS.—

(A) PRESIDENTIAL APPOINTMENT AUTHORITY AVAILABLE IMMEDIATELY.—The authority to appoint an Inspector General of the United States Postal Service in accordance with the amendments made by this section shall be available as of the effective date of this section.

(B) CONTINUATION IN OFFICE.—Pending the appointment of an Inspector General of the United States Postal Service in accordance with the amendments made by this section, the individual serving as the Inspector General of the United States Postal Service on the day before the effective date of this section may continue to serve—

(i) in accordance with applicable provisions of the Inspector General Act of 1978 and (except as provided in clause (ii)) of title 39, United States Code, as last in effect before the effective date of this Act; but

(ii) subject to the provisions of such title 39 as amended by subsection (e) of this section (deeming any reference to the “Inspector General” in such provisions, as so amended, to refer to the individual continuing to serve under authority of this subparagraph) and subparagraph (C).

(C) AUTHORIZATION OF APPROPRIATIONS.—

(i) IN GENERAL.—Notwithstanding any other provision of this subsection, section 8L(e) of the Inspector General Act of 1978 (as amended by this section) shall be effective for purposes of fiscal years beginning on or after October 1, 2005.

(ii) SAVINGS PROVISION.—For purposes of the fiscal year ending on September 30, 2005, funding for the Office of Inspector General of the United States Postal Service shall be made available in the same manner as if this Act had never been enacted.

(D) ELIGIBILITY OF PRIOR INSPECTOR GENERAL.—Nothing in this Act shall prevent any individual who has served as Inspector General of the United States Postal Service at any time before the date of the enactment of this Act from being appointed to that position pursuant to the amendments made by this section.

TITLE VII—EVALUATIONS

SEC. 701. UNIVERSAL POSTAL SERVICE STUDY.

(a) REPORT BY THE POSTAL SERVICE.—The United States Postal Service shall, within 12 months after the date of the enactment of this Act, submit to the President, the Congress, and the Postal Regulatory Commission, a written report on universal postal service in the United

States (hereinafter in this section referred to as “universal service”). Such report shall include at least the following:

(1) A comprehensive review of the history and development of universal service, including how the scope and standards of universal service have evolved over time.

(2) The scope and standards of universal service provided under current law (including sections 101 and 403 of title 39, United States Code) and current rules, regulations, policy statements, and practices of the Postal Service.

(3) A description of any geographic areas, populations, communities, organizations, or other groups or entities not currently covered by universal service or that are covered but that are receiving services deficient in scope or quality or both.

(4) The scope and standards of universal service likely to be required in the future in order to meet the needs and expectations of the American public, including all types of mail users, based on such assumptions or alternative sets of assumptions as the Postal Service considers plausible.

(5) Such recommendations as the Postal Service considers appropriate.

(b) REPORT BY THE POSTAL REGULATORY COMMISSION.—The Postal Regulatory Commission shall, within 12 months after receiving the report of the Postal Service under subsection (a), submit to the President and the Congress a written report evaluating the report of the Postal Service. The report of the Commission shall include at least the following:

(1) Such comments and observations relating to the matters addressed in the Postal Service’s report as the Commission considers appropriate.

(2) An estimate of the cost attributable to the obligation to provide universal service under prior and current law, respectively.

(3) An estimate of the likely cost of fulfilling the obligation to provide universal service under—

(A) the assumptions or respective sets of assumptions of the Postal Service described in subsection (a)(4); and

(B) such other assumptions or sets of assumptions as the Commission considers plausible.

(4) Such additional topics and recommendations as the Commission considers appropriate.

(c) CONSULTATION.—In preparing the reports required by this section, the Postal Service and the Postal Regulatory Commission—

(1) shall consult with each other, other Federal agencies, users of the mails, enterprises in the private sector engaged in the delivery of mail, and the general public; and

(2) shall address in their respective reports any written comments received under this section.

(d) CLARIFYING PROVISION.—Nothing in this section shall be considered to relate to any services that are not postal services (within the meaning of section 102 of title 39, United States Code, as amended by section 101).

SEC. 702. ASSESSMENTS OF RATEMAKING, CLASSIFICATION, AND OTHER PROVISIONS.

(a) IN GENERAL.—The Postal Regulatory Commission shall, at least every 5 years, submit a report to the President and the Congress concerning—

(1) the operation of the amendments made by the Postal Accountability and Enhancement Act; and

(2) recommendations for any legislation or other measures necessary to improve the effectiveness or efficiency of the postal laws of the United States.

(b) POSTAL SERVICE VIEWS.—A report under this section shall be submitted only after reasonable opportunity has been afforded to the Postal Service to review such report and to submit written comments thereon. Any comments timely received from the Postal Service under the preceding sentence shall be attached to the report submitted under subsection (a).

(c) **SPECIFIC INFORMATION REQUIRED.**—The Postal Regulatory Commission shall include, as part of at least its first report under subsection (a), the following:

(1) **COST-COVERAGE REQUIREMENT RELATING TO COMPETITIVE PRODUCTS COLLECTIVELY.**—With respect to section 3633 of title 39, United States Code (as amended by this Act)—

(A) a description of how such section has operated; and

(B) recommendations as to whether or not such section should remain in effect and, if so, any suggestions as to how it might be improved.

(2) **COMPETITIVE PRODUCTS FUND.**—With respect to the Postal Service Competitive Products Fund (under section 2011 of title 39, United States Code, as amended by section 301, in consultation with the Secretary of the Treasury)—

(A) a description of how such Fund has operated;

(B) any suggestions as to how the operation of such Fund might be improved; and

(C) a description and assessment of alternative accounting or financing mechanisms that might be used to achieve the objectives of such Fund.

(3) **ASSUMED FEDERAL INCOME TAX ON COMPETITIVE PRODUCTS FUND.**—With respect to section 3634 of title 39, United States Code (as amended by this Act), in consultation with the Secretary of the Treasury—

(A) a description of how such section has operated; and

(B) recommendations as to whether or not such section should remain in effect and, if so, any suggestions as to how it might be improved.

SEC. 703. STUDY ON EQUAL APPLICATION OF LAWS TO COMPETITIVE PRODUCTS.

(a) **IN GENERAL.**—The Federal Trade Commission shall prepare and submit to the President, the Congress, and the Postal Regulatory Commission, within 1 year after the date of the enactment of this Act, a comprehensive report identifying Federal and State laws that apply differently to the United States Postal Service with respect to the competitive category of mail (within the meaning of section 102 of title 39, United States Code, as amended by section 101) and private companies providing similar products.

(b) **RECOMMENDATIONS; ADJUSTMENTS.**—The Federal Trade Commission shall include such recommendations as it considers appropriate for bringing such legal differences to an end and, in the interim, to account under section 3633, for the net economic effects provided by those laws.

(c) **CONSULTATION.**—In preparing its report, the Federal Trade Commission shall consult with the United States Postal Service, the Postal Regulatory Commission, other Federal agencies, mailers, private companies that provide delivery services, and the general public, and shall append to such report any written comments received under this subsection.

(d) **COMPETITIVE PRODUCT RATE REGULATION.**—The Postal Regulatory Commission shall take into account the recommendations of the Federal Trade Commission, and subsequent events that affect the continuing validity of the estimate of the net economic effect, in promulgating or revising the regulations required by section 3633 of title 39, United States Code.

SEC. 704. GREATER DIVERSITY IN POSTAL SERVICE EXECUTIVE AND ADMINISTRATIVE SCHEDULE MANAGEMENT POSITIONS.

(a) **STUDY.**—The Board of Governors shall study and, within 1 year after the date of the enactment of this Act, submit to the President and Congress a report concerning the extent to which women and minorities are represented in supervisory and management positions within the United States Postal Service. Any data included in the report shall be presented in the aggregate and by pay level.

(b) **PERFORMANCE EVALUATIONS.**—The United States Postal Service shall, as soon as practicable, take such measures as may be necessary

to ensure that, for purposes of conducting performance appraisals of supervisory or managerial employees, appropriate consideration shall be given to meeting affirmative action goals, achieving equal employment opportunity requirements, and implementation of plans designed to achieve greater diversity in the workforce.

SEC. 705. PLAN FOR ASSISTING DISPLACED WORKERS.

(a) **PLAN.**—The United States Postal Service shall, before the deadline specified in subsection (b), develop and be prepared to implement, whenever necessary, a comprehensive plan under which reemployment assistance shall be afforded to employees displaced as a result of the automation or privatization of any of its functions.

(b) **REPORT.**—Not later than 1 year after the date of the enactment of this Act, the United States Postal Service shall submit to the Board of Governors and to Congress a written report describing its plan under this section.

SEC. 706. CONTRACTS WITH WOMEN, MINORITIES, AND SMALL BUSINESSES.

The Board of Governors shall study and, within 1 year after the date of the enactment of this Act, submit to the President and the Congress a report concerning the number and value of contracts and subcontracts the Postal Service has entered into with women, minorities, and small businesses.

SEC. 707. RATES FOR PERIODICALS.

(a) **IN GENERAL.**—The United States Postal Service, acting jointly with the Postal Regulatory Commission, shall study and submit to the President and Congress a report concerning—

(1) the quality, accuracy, and completeness of the information used by the Postal Service in determining the direct and indirect postal costs attributable to periodicals; and

(2) any opportunities that might exist for improving efficiencies in the collection, handling, transportation, or delivery of periodicals by the Postal Service, including any pricing incentives for mailers that might be appropriate.

(b) **RECOMMENDATIONS.**—The report shall include recommendations for any administrative action or legislation that might be appropriate.

SEC. 708. ASSESSMENT OF CERTAIN RATE DEFICIENCIES.

(a) **IN GENERAL.**—Within 12 months after the date of the enactment of this Act, the Office of Inspector General of the United States Postal Service shall study and submit to the President, the Congress, and the United States Postal Service, a report concerning the administration of section 3626(k) of title 39, United States Code.

(b) **SPECIFIC REQUIREMENTS.**—The study and report shall specifically address the adequacy and fairness of the process by which assessments under section 3626(k) of title 39, United States Code, are determined and appealable, including—

(1) whether the Postal Regulatory Commission or any other body outside the Postal Service should be assigned a role; and

(2) whether a statute of limitations should be established for the commencement of proceedings by the Postal Service thereunder.

SEC. 709. NETWORK OPTIMIZATION.

(a) **IN GENERAL.**—The Postal Service shall, within 90 days after the end of each fiscal year, prepare and submit to the Postal Regulatory Commission, the Congress, and the Board of Governors a written report on the postal processing, transportation, and distribution networks. Such report shall include at least the following:

(1) An account of actions taken during the preceding fiscal year to improve the efficiency and effectiveness of the processing, transportation, and distribution networks, while preserving the timely delivery of postal services.

(2) An account of—

(A) actions taken to identify any excess capacity within the processing, transportation, and distribution networks; and

(B) actions taken to implement savings through realignment or consolidation of facilities.

(3) Identification of statutory or regulatory obstacles that prevented or will prevent the Postal Service from taking action to realign or consolidate facilities.

(4) Such additional topics and recommendations as the Postal Service considers appropriate.

(b) **TREATMENT AS PERFORMANCE GOALS.**—The Postal Service shall establish and report the matters set forth in subsection (a) as performance goals in the reports required by sections 2803 and 2804.

(c) **ACTIONS TO BE TAKEN.**—The Postal Service shall take such actions it considers, in its sole discretion, necessary and appropriate to provide the Nation with a modern and efficient network for the processing, transportation, and distribution of mail. Nothing in this section shall prevent the Postal Service from making such improvements in the efficiency and effectiveness of the network as it deems appropriate.

SEC. 710. ASSESSMENT OF FUTURE BUSINESS MODEL OF THE POSTAL SERVICE.

(a) **APPOINTMENT OF RESEARCH ORGANIZATION.**—Not later than 90 days after the date of the enactment of this Act, the Comptroller General of the United States shall appoint, in such manner and under such terms as he in his sole discretion determines appropriate, an independent, impartial, and expert research organization (hereinafter in this section referred to as the “research organization”) to prepare and submit to the President and to Congress a comprehensive report that evaluates what business model would best promote an efficient, reliable, innovative, and viable Postal Service that can meet the needs of the Nation and its citizens in the 21st century. The final report required by this section shall be submitted within 27 months of the date of the enactment of this Act. The final report shall identify costs, benefits, and feasible options, if any, associated with one or more strategies for—

(1) maintaining the Postal Service in its current form as an independent establishment in the executive branch of the Government; and

(2) transforming the Postal Service into an ordinary corporation, owned wholly by the Government, wholly by private shareholders, or partly by the Government and partly by private shareholders.

(b) **PROTECTION OF UNIVERSAL SERVICE.**—The research organization may include such recommendations as it considers appropriate with respect to how the Postal Service’s business model can be maintained or transformed in an orderly manner that will minimize adverse effects on all interested parties and assure continued availability of affordable, universal postal service throughout the United States (based on the reports required by section 701). The research organization shall not consider any strategy or other course of action that would pose a significant risk to the continued availability of affordable, universal postal service throughout the United States.

(c) **ELEMENTS OF REPORT.**—

(1) **TOPICS TO ADDRESS.**—The report shall address at least the following:

(A) Specification of nature and bases of one or more sets of reasonable assumptions about the development of the postal services market, to the extent that such assumptions may be necessary or appropriate for each strategy identified by the research organization.

(B) Specification of the nature and bases of one or more sets of reasonable assumptions about the development of the regulatory framework for postal services, to the extent that such assumptions may be necessary or appropriate for each strategy identified by the research organization.

(C) Qualitative and, to the extent possible, quantitative effects that each strategy identified by the research organization may have on universal service generally, the Postal Service,

mailers, postal employees, private companies that provide delivery services, and the general public.

(D) Financial effects that each strategy identified by the research organization may have on the Postal Service, postal employees, the Treasury of the United States, and other affected parties, including the American mailing consumer.

(E) Feasible and appropriate procedural steps and timetables for implementing each strategy identified by the research organization.

(F) Such additional topics as the Comptroller General or the research organization shall consider necessary and appropriate.

(2) MATTERS TO CONSIDER.—For each strategy identified, the research organization shall assess how each business model might—

(A) address the human-capital challenges facing the Postal Service, including how employee-management relations within the Postal Service may be improved;

(B) optimize the postal infrastructure, including the best methods for providing retail services that ensure convenience and access to customers;

(C) ensure the safety and security of the mail and of postal employees;

(D) minimize areas of inefficiency or waste and improve operations involved in the collection, processing, or delivery of mail; and

(E) impact other matters that the Comptroller General or the research organization determines are relevant to evaluating a viable long-term business model for the Postal Service.

(3) EXPERIENCES OF OTHER COUNTRIES.—In preparing the report required by subsection (a), the research organization shall comprehensively and quantitatively investigate the experiences of other industrialized countries that have transformed the national post office. The research organization shall undertake such original research as it deems necessary. In each case, the research organization shall describe as fully as possible the costs and benefits of transformation of the national post office on all affected parties and shall identify any lessons that foreign experience may imply for each strategy identified by the research organization.

(d) OUTSIDE EXPERTS.—In preparing its study, the research organization may retain the services of additional experts and consultants.

(e) CONSULTATION.—In preparing its report, the research organization shall consult fully with the Postal Service, the Postal Regulatory Commission, other Federal agencies, postal employee unions and management associations, mailers, private companies that provide delivery services, and the general public. The research organization shall include with its final report a copy of all formal written comments received under this subsection.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Postal Service Fund such sums as may be necessary to carry out this section.

SEC. 711. STUDY ON CERTAIN PROPOSED AMENDMENTS.

The Government Accountability Office shall study and, within 12 months after the date of the enactment of this Act, submit to the Congress a report on sections 805 and 807 of H.R. 22 (109th Congress), as introduced. Such report shall include the following:

(1) A description of the efficiencies of the current system under section 5402 of title 39, United States Code.

(2) The potential for cost savings to the United States Postal Service if the Postal Service, rather than the Department of Transportation, were to administer international mail carriage.

(3) The potential for harm to domestic air carriers and American workers currently employed by domestic air carriers.

(4) The potential loss of revenue to domestic air carriers and American workers currently employed by domestic air carriers.

(5) The process by which the United States Postal Service would administer any changes in current law.

(6) The process by which the Department of Transportation administers current law.

(7) The potential for change in protection of national security by carriage by foreign carriers of international mail to and from the United States.

SEC. 712. DEFINITION.

For purposes of this title, the term “Board of Governors” has the meaning given such term by section 102 of title 39, United States Code.

TITLE VIII—MISCELLANEOUS; TECHNICAL AND CONFORMING AMENDMENTS

SEC. 801. EMPLOYMENT OF POSTAL POLICE OFFICERS.

Section 3061 of title 18, United States Code, is amended by adding at the end the following:

“(c)(1) The Postal Service may employ police officers for duty in connection with the protection of property owned or occupied by the Postal Service or under the charge and control of the Postal Service, and persons on the property, including duty in areas outside the property to the extent necessary to protect the property and persons on the property.

“(2) With respect to such property, such officers shall have the power to—

“(A) enforce Federal laws and regulations for the protection of persons and property;

“(B) carry firearms; and

“(C) make arrests without a warrant for any offense against the United States committed in the presence of the officer or for any felony cognizable under the laws of the United States if the officer has reasonable grounds to believe that the person to be arrested has committed or is committing a felony.

“(3) With respect to such property, such officers may have, to such extent as the Postal Service may by regulations prescribe, the power to—

“(A) serve warrants and subpoenas issued under the authority of the United States; and

“(B) conduct investigations, on and off the property in question, of offenses that may have been committed against property owned or occupied by the Postal Service or persons on the property.

“(4)(A) As to such property, the Postmaster General may prescribe regulations necessary for the protection and administration of property owned or occupied by the Postal Service and persons on the property. The regulations may include reasonable penalties, within the limits prescribed in subparagraph (B), for violations of the regulations. The regulations shall be posted and remain posted in a conspicuous place on the property.

“(B) A person violating a regulation prescribed under this subsection shall be fined under this title, imprisoned for not more than 30 days, or both.”

SEC. 802. DATE OF POSTMARK TO BE TREATED AS DATE OF APPEAL IN CONNECTION WITH THE CLOSING OR CONSOLIDATION OF POST OFFICES.

(a) IN GENERAL.—Section 404(b) of title 39, United States Code, is amended by adding at the end the following:

“(6) For purposes of paragraph (5), any appeal received by the Commission shall—

“(A) if sent to the Commission through the mails, be considered to have been received on the date of the Postal Service postmark on the envelope or other cover in which such appeal is mailed; or

“(B) if otherwise lawfully delivered to the Commission, be considered to have been received on the date determined based on any appropriate documentation or other indicia (as determined under regulations of the Commission).”

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall apply with respect to any determination to close or consolidate a post office which is first made

available, in accordance with paragraph (3) of section 404(b) of title 39, United States Code, after the end of the 3-month period beginning on the date of the enactment of this Act.

SEC. 803. PROVISIONS RELATING TO BENEFITS UNDER CHAPTER 81 OF TITLE 5, UNITED STATES CODE, FOR OFFICERS AND EMPLOYEES OF THE FORMER POST OFFICE DEPARTMENT.

(a) IN GENERAL.—Section 8 of the Postal Reorganization Act (39 U.S.C. 1001 note) is amended by inserting “(a)” after “8.” and by adding at the end the following:

“(b) For purposes of chapter 81 of title 5, United States Code, the Postal Service shall, with respect to any individual receiving benefits under such chapter as an officer or employee of the former Post Office Department, have the same authorities and responsibilities as it has with respect to an officer or employee of the Postal Service receiving such benefits.”

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall be effective as of the first day of the fiscal year in which this Act is enacted.

SEC. 804. OBSOLETE PROVISIONS.

(a) REPEAL.—

(1) IN GENERAL.—Chapter 52 of title 39, United States Code, is repealed.

(2) CONFORMING AMENDMENTS.—(A) Section 5005(a) of title 39, United States Code, is amended—

(i) by striking paragraph (1), and by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively; and

(ii) in paragraph (3) (as so designated by clause (i)), by striking “(as defined in section 5201(6) of this title)”.

(B) Section 5005(b) of such title 39 is amended by striking “(a)(4)” each place it appears and inserting “(a)(3)”.

(C) Section 5005(c) of such title 39 is amended by striking “by carrier or person under subsection (a)(1) of this section, by contract under subsection (a)(4) of this section, or” and inserting “by contract under subsection (a)(3) of this section or”.

(b) ELIMINATING RESTRICTION ON LENGTH OF CONTRACTS.—(1) Section 5005(b)(1) of title 39, United States Code, is amended by striking “(or where the Postal Service determines that special conditions or the use of special equipment warrants, not in excess of 6 years)” and inserting “(or such longer period of time as may be determined by the Postal Service to be advisable or appropriate)”.

(2) Section 5402(d) of such title 39 is amended by striking “for a period of not more than 4 years”.

(3) Section 5605 of such title 39 is amended by striking “for periods of not in excess of 4 years”.

(c) CLERICAL AMENDMENT.—The analysis for part V of title 39, United States Code, is amended by repealing the item relating to chapter 52.

SEC. 805. INVESTMENTS.

Subsection (c) of section 2003 of title 39, United States Code, is amended—

(1) by striking “(c) If” and inserting “(c)(1) Except as provided in paragraph (2), if”;

(2) by adding at the end the following:

“(2)(A) Nothing in this section shall be considered to authorize any investment in any obligations or securities of a commercial entity.

“(B) For purposes of this paragraph, the term ‘commercial entity’ means any corporation, company, association, partnership, joint stock company, firm, society, or other similar entity, as further defined under regulations prescribed by the Postal Regulatory Commission.”

SEC. 806. REDUCED RATES.

Section 3626 of title 39, United States Code, is amended—

(1) in subsection (a), by striking all before paragraph (4) and inserting the following:

“(a)(1) Except as otherwise provided in this section, rates of postage for a class of mail or

kind of mailer under former section 4358, 4452(b), 4452(c), 4554(b), or 4554(c) of this title shall be established in accordance with section 3622.

“(2) For the purpose of this subsection, the term ‘regular-rate category’ means any class of mail or kind of mailer, other than a class or kind referred to in section 2401(c).

“(3) Rates of postage for a class of mail or kind of mailer under former section 4358(a) through (c) of this title shall be established so that postage on each mailing of such mail reflects its preferred status as compared to the postage for the most closely corresponding regular-rate category mailing.”

(2) in subsection (g), by adding at the end the following:

“(3) For purposes of this section and former section 4358(a) through (c) of this title, those copies of an issue of a publication entered within the county in which it is published, but distributed outside such county on postal carrier routes originating in the county of publication, shall be treated as if they were distributed within the county of publication.

“(4)(A) In the case of an issue of a publication, any number of copies of which are mailed at the rates of postage for a class of mail or kind of mailer under former section 4358(a) through (c) of this title, any copies of such issue which are distributed outside the county of publication (excluding any copies subject to paragraph (3)) shall be subject to rates of postage provided for under this paragraph.

“(B) The rates of postage applicable to mail under this paragraph shall be established in accordance with section 3622.

“(C) This paragraph shall not apply with respect to an issue of a publication unless the total paid circulation of such issue outside the county of publication (not counting recipients of copies subject to paragraph (3)) is less than 5,000.”; and

(3) by adding at the end the following:

“(m) In the administration of this section, matter that satisfies the circulation standards for requester publications shall not be excluded from being mailed at the rates for mail under former section 4358 solely because such matter is designed primarily for free circulation or for circulation at nominal rates, or fails to meet the requirements of former section 4354(a)(5).”

SEC. 807. HAZARDOUS MATTER.

(a) NONMAILABILITY GENERALLY.—Section 3001 of title 39, United States Code, is amended—

(1) by redesignating subsection (n) as subsection (o); and

(2) by inserting after subsection (m) the following:

“(n)(1) Except as otherwise authorized by law or regulations of the Postal Service, hazardous material is nonmailable.

“(2) In this subsection, the term ‘hazardous material’ means a substance or material designated by the Secretary of Transportation under section 5103(a) of title 49.”

(b) MAILABILITY.—Chapter 30 of title 39, United States Code, is amended by adding at the end the following:

“§3018. Hazardous material

“(a) IN GENERAL.—The Postal Service shall prescribe regulations for the safe transportation of hazardous material in the mail.

“(b) PROHIBITIONS.—No person may—

“(1) mail or cause to be mailed hazardous material that has been declared by statute or Postal Service regulation to be nonmailable;

“(2) mail or cause to be mailed hazardous material in violation of any statute or Postal Service regulation restricting the time, place, or manner in which hazardous material may be mailed; or

“(3) manufacture, distribute, or sell any container, packaging kit, or similar device that—

“(A) is represented, marked, certified, or sold by such person for use in the mailing of hazardous material; and

“(B) fails to conform with any statute or Postal Service regulation setting forth standards for a container, packaging kit, or similar device used for the mailing of hazardous material.

“(c) CIVIL PENALTY; CLEAN-UP COSTS AND DAMAGES.—

“(1) IN GENERAL.—A person who knowingly violates this section or a regulation prescribed under this section shall be liable for—

“(A) a civil penalty of at least \$250, but not more than \$100,000, for each violation;

“(B) the costs of any clean-up associated with each violation; and

“(C) damages.

“(2) KNOWING ACTION.—A person acts knowingly for purposes of paragraph (1) when—

“(A) the person has actual knowledge of the facts giving rise to the violation; or

“(B) a reasonable person acting in the circumstances and exercising reasonable care would have had that knowledge.

“(3) SEPARATE VIOLATIONS.—

“(A) VIOLATIONS OVER TIME.—A separate violation under this subsection occurs for each day hazardous material, mailed or caused to be mailed in noncompliance with this section, is in the mail.

“(B) SEPARATE ITEMS.—A separate violation under this subsection occurs for each item containing hazardous material that is mailed or caused to be mailed in noncompliance with this section.

“(d) HEARINGS.—The Postal Service may determine that a person has violated this section or a regulation prescribed under this section only after notice and an opportunity for a hearing. Proceedings under this section shall be conducted in accordance with section 3001(m).

“(e) PENALTY CONSIDERATIONS.—In determining the amount of a civil penalty for a violation of this section, the Postal Service shall consider—

“(1) the nature, circumstances, extent, and gravity of the violation;

“(2) with respect to the person who committed the violation, the degree of culpability, any history of prior violations, the ability to pay, and any effect on the ability to continue in business;

“(3) the impact on Postal Service operations; and

“(4) any other matters that justice requires.

“(f) CIVIL ACTIONS TO COLLECT.—

“(1) IN GENERAL.—In accordance with section 409(d), a civil action may be commenced in an appropriate district court of the United States to collect a civil penalty, clean-up costs, and damages assessed under subsection (c).

“(2) COMPROMISE.—The Postal Service may compromise the amount of a civil penalty, clean-up costs, and damages assessed under subsection (c) before commencing a civil action with respect to such civil penalty, clean-up costs, and damages under paragraph (1).

“(g) CIVIL JUDICIAL PENALTIES.—

“(1) IN GENERAL.—At the request of the Postal Service, the Attorney General may bring a civil action in an appropriate district court of the United States to enforce this section or a regulation prescribed under this section.

“(2) RELIEF.—The court in a civil action under paragraph (1) may award appropriate relief, including a temporary or permanent injunction, civil penalties as determined in accordance with this section, or punitive damages.

“(3) CONSTRUCTION.—A civil action under this subsection shall be in lieu of civil penalties for the same violation under subsection (c)(1)(A).

“(h) DEPOSIT OF AMOUNTS COLLECTED.—

“(1) POSTAL SERVICE FUND.—Except as provided under paragraph (2), amounts collected under subsection (c)(1)(B) and (C) shall be deposited into the Postal Service Fund under section 2003.

“(2) TREASURY.—Amounts collected under subsection (c)(1)(A) and any punitive damages collected under subsection (c)(1)(C) shall be deposited into the Treasury of the United States.”

(c) CONFORMING AMENDMENTS.—(1) Section 2003(b) of title 39, United States Code, is amended—

(A) in paragraph (7), by striking “and” after the semicolon;

(B) in paragraph (8), by striking “purposes.” and inserting “purposes; and”; and

(C) by adding at the end the following:

“(9) any amounts collected under section 3018.”

(2) The analysis for chapter 30 of title 39, United States Code, is amended by adding at the end the following:

“3018. Hazardous material.”

(d) INJURIOUS ARTICLES AS NONMAILABLE.—Section 1716(a) of title 18, United States Code, is amended by inserting after “explosives,” the following: “hazardous materials.”

SEC. 808. PROVISIONS RELATING TO COOPERATIVE MAILINGS.

(a) DETERMINATION.—The Postal Regulatory Commission shall examine section E670.5.3 of the Domestic Mail Manual to determine whether it contains adequate safeguards to protect against (1) abuses of rates for nonprofit mail and (2) deception of consumers.

(b) REGULATIONS.—If the Postal Regulatory Commission determines that section E670.5.3 of the Domestic Mail Manual does not contain adequate safeguards as described in the preceding subsection, the Commission shall promulgate such regulations as may be necessary to ensure such safeguards.

(c) TIMING.—The Postal Regulatory Commission shall complete the examination required by subsection (a) and the promulgation of any necessary regulations required by subsection (b) within one year after the date of the enactment of this section.

SEC. 809. TECHNICAL AND CONFORMING AMENDMENTS.

(a) REIMBURSEMENT.—Section 3681 of title 39, United States Code, is amended by striking “section 3628” and inserting “sections 3662 through 3664”.

(b) SIZE AND WEIGHT LIMITS.—Section 3682 of title 39, United States Code, is amended to read as follows:

“§3682. Size and weight limits

“The Postal Service may establish size and weight limitations for mail matter in the market-dominant category of mail consistent with regulations the Postal Regulatory Commission may prescribe under section 3622. The Postal Service may establish size and weight limitations for mail matter in the competitive category of mail consistent with its authority under section 3632.”

(c) REVENUE FOREGONE, ETC.—Title 39, United States Code, is amended—

(1) in section 503 (as so redesignated by section 501), by striking “this chapter.” and inserting “this title.”; and

(2) in section 2401(d), by inserting “(as last in effect before enactment of the Postal Accountability and Enhancement Act)” after “3626(a)” and after “3626(a)(3)(B)(ii)”.

(d) APPROPRIATIONS AND REPORTING REQUIREMENTS.—

(1) APPROPRIATIONS.—Subsection (e) of section 2401 of title 39, United States Code, is amended—

(A) by striking “Committee on Post Office and Civil Service” each place it appears and inserting “Committee on Government Reform”; and

(B) by striking “Not later than March 15 of each year,” and inserting “Each year,”

(2) REPORTING REQUIREMENTS.—Sections 2803(a) and 2804(a) of title 39, United States Code, are amended by striking “2401(g)” and inserting “2401(e)”.

(e) AUTHORITY TO FIX RATES AND CLASSES GENERALLY; REQUIREMENT RELATING TO LETTERS SEALED AGAINST INSPECTION.—Section 404 of title 39, United States Code (as amended by section 102) is further amended by redesignating subsections (b) and (c) as subsections (d) and (e), respectively, and by inserting after subsection (a) the following:

“(b) Except as otherwise provided, the Governors are authorized to establish reasonable

and equitable classes of mail and reasonable and equitable rates of postage and fees for postal services in accordance with the provisions of chapter 36. Postal rates and fees shall be reasonable and equitable and sufficient to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.

“(c) The Postal Service shall maintain one or more classes of mail for the transmission of letters sealed against inspection. The rate for each such class shall be uniform throughout the United States, its territories, and possessions. One such class shall provide for the most expeditious handling and transportation afforded mail matter by the Postal Service. No letter of such a class of domestic origin shall be opened except under authority of a search warrant authorized by law, or by an officer or employee of the Postal Service for the sole purpose of determining an address at which the letter can be delivered, or pursuant to the authorization of the addressee.”

(f) LIMITATIONS.—Section 3684 of title 39, United States Code, is amended by striking all that follows “any provision” and inserting “of this title.”

(g) MISCELLANEOUS.—Title 39, United States Code, is amended—

(1) in section 1005(d)(2)—

(A) by striking “subsection (g) of section 5532.”; and

(B) by striking “8344,” and inserting “8344”;

(2) in the analysis for part III, by striking the item relating to chapter 28 and inserting the following:

“28. Strategic Planning and Performance Management 2801”;

(3) in section 3005(a)—

(A) in the matter before paragraph (1), by striking all that follows “nonmailable” and precedes “(h),” and inserting “under section 3001(d),”; and

(B) in the sentence following paragraph (3), by striking all that follows “nonmailable” and precedes “(h),” and inserting “under such section 3001(d),”;

(4) in section 3210(a)(6)(C), by striking the matter after “if such mass mailing” and before “than 60 days” and inserting “is postmarked fewer”; and

(5) by striking the heading for section 3627 and inserting the following:

“§3627. Adjusting free rates”.

TITLE IX—POSTAL PENSION FUNDING REFORM AMENDMENTS

SEC. 901. CIVIL SERVICE RETIREMENT SYSTEM.

(a) TERMINATION OF OBLIGATION TO PAY GOVERNMENT CONTRIBUTIONS.—Section 8334(a)(1)(B)(ii) of title 5, United States Code, is amended by striking all that follows “be equal to” and inserting “zero.”

(b) DETERMINATION AND DISPOSITION OF POSTAL SURPLUS OR SUPPLEMENTAL LIABILITY.—Section 8348(h) of title 5, United States Code, is amended to read as follows:

“(h)(1) For purposes of this subsection, a Postal surplus (or supplemental liability) is the amount, as estimated by the Office, by which—

“(A) the actuarial present value of all future benefits which are payable from the Fund under this subchapter to current or former employees of the United States Postal Service, or their survivors, and attributable to civilian employment with the Postal Service, is less than (or greater than)

“(B) the sum of—

“(i) the actuarial present value of deductions to be withheld from the future basic pay of employees of the Postal Service currently subject to this subchapter pursuant to section 8334;

“(ii) that portion of the Fund balance, as of the date such surplus or supplemental liability is determined, attributable to payments to the

Fund by the Postal Service and its employees, plus the earnings on such amounts while in the Fund; and

“(iii) any other appropriate amount, as determined by the Office in accordance with generally accepted actuarial practices and principles.

“(2)(A)(i) Not later than June 15, 2006, the Office shall determine the Postal surplus or supplemental liability as of September 30, 2005.

“(ii) If a supplemental liability is determined under this subparagraph for fiscal year 2005, the Office shall establish an amortization schedule, including a series of equal annual installments commencing September 30, 2006, which provides for the liquidation of such liability by September 30, 2043.

“(iii) If a surplus is determined under this subparagraph for fiscal year 2005, the amount of the surplus shall be transferred to the Postal Service Retiree Health Benefits Fund by June 30, 2006.

“(B)(i) For each of fiscal years 2006 through 2038, the Office shall determine the Postal surplus or supplemental liability as of the close of such fiscal year, with each such determination to be made by June 15th of the following fiscal year.

“(ii) If a supplemental liability is determined under this subparagraph for a fiscal year, the Office shall establish an amortization schedule, including a series of equal annual installments commencing on September 30 of the following fiscal year, which provides for the liquidation of such liability by September 30, 2043.

“(iii)(I) If a surplus of \$500,000,000 or more is determined under this subparagraph for a fiscal year, the amount of the surplus shall be transferred to the Postal Service Retiree Health Benefits Fund by June 30th of the following fiscal year.

“(II) If a surplus of less than \$500,000,000 is determined under this subparagraph for a fiscal year, the surplus shall remain in the Fund, subject to transfer in a subsequent fiscal year under subclause (I) or subparagraph (C)(iii).

“(C)(i) Not later than June 15, 2040, the Office shall determine the Postal surplus or supplemental liability as of September 30, 2039.

“(ii) If a supplemental liability is determined under this subparagraph for fiscal year 2039, the Office shall establish an amortization schedule, including a series of equal annual installments commencing September 30, 2040, which provides for the liquidation of such liability by September 30, 2043.

“(iii) If a surplus is determined under this subparagraph for fiscal year 2039, the amount of the surplus—

“(I) shall be applied first toward reducing the amount of any supplemental liability described in section 8423(b)(1)(B); and

“(II) to the extent that any portion of such surplus remains after the application of subclause (I), shall, not later than June 30, 2040, be transferred to the Postal Service Retiree Health Benefits Fund.

“(D) An amortization schedule under this paragraph—

“(i) shall be established in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System;

“(ii) shall supersede any amortization schedule previously established under this paragraph; and

“(iii) shall not be taken into account, for purposes of any determination of Postal surplus or supplemental liability, except to the extent of any amounts under such schedule actually paid.

“(E)(i) The Postal Service shall pay to the Office the amounts due under any amortization schedule established under this paragraph, to the extent not superseded or canceled.

“(ii) A determination under subparagraph (B)(i) or (C)(i) that no supplemental liability ex-

ists shall cancel any amortization schedule previously established under this paragraph, to the extent of any amounts first coming due after the close of the fiscal year to which such determination relates.

“(3) Notwithstanding any other provision of law, in computing the amount of any payment under any other subsection of this section that is based on the amount of the unfunded liability, such payment shall be computed disregarding that portion of the unfunded liability that the Office determines will be liquidated by payments under this subsection.

“(4) As used in this subsection, ‘Postal Service Retiree Health Benefits Fund’ refers to the Postal Service Retiree Health Benefits Fund, as established by section 8909a.”

(c) PROVISIONS RELATING TO AMOUNTS FOR MILITARY SERVICE.—In the application of paragraph (2) of section 8348(g) of title 5, United States Code, for fiscal year 2006, the Office of Personnel Management shall include, in addition to the amount otherwise computed under that paragraph, the amounts that would have been included for fiscal years 2003 through 2005 with respect to credit for military service of former employees of the United States Postal Service if Public Law 108-18 had not been enacted (including earnings thereon) and the Secretary of the Treasury shall make the required transfer to the Civil Service Retirement and Disability Fund based on that amount.

(d) REVIEW.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, any determination or redetermination made by the Office of Personnel Management under this section shall, upon request of the United States Postal Service, be subject to review by the Postal Regulatory Commission. The Commission shall submit a report containing the results of any such review to the Postal Service, the Office of Personnel Management, and the Congress.

(2) RESPONSE.—Upon receiving the report of the Postal Regulatory Commission, the Office of Personnel Management shall reconsider its determination or redetermination in light of such report, and shall make any appropriate adjustments. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and the Congress.

SEC. 902. HEALTH INSURANCE.

(a) IN GENERAL.—Chapter 89 of title 5, United States Code, is amended—

(1) in section 8906(g)(2)(A), by striking “by the United States Postal Service.” and inserting “first from the Postal Service Retiree Health Benefits Fund up to the amount contained therein, with any remaining amount paid by the United States Postal Service.”;

(2) by inserting after section 8909 the following:

“§8909a. Postal Service Retiree Health Benefits Fund

“(a) There is in the Treasury of the United States a Postal Service Retiree Health Benefits Fund (hereinafter in this section referred to as the ‘Fund’) which is administered by the Office of Personnel Management. Any amounts transferred to the Fund under section 8348(h)(2) shall yield interest at a rate equal to the weighted average yield of all the investments in the Civil Service Retirement and Disability Fund as of the date of transfer. All other investments of amounts in the Fund shall be made in accordance with subsections (c)–(e) of section 8348.

“(b) The Fund is available without fiscal year limitation for payments required by section 8906(g)(2).

“(c)(1) Not later than June 30, 2006, and by June 30 of each succeeding year, the Office of Personnel Management shall compute the net present value of the excess of future payments required by section 8906(g)(2)(A) for current and future United States Postal Service annuitants over the value of the assets of the Fund as of

the end of the fiscal year ending on September 30 of that year. The actuarial costing method to be used by the Office and all actuarial assumptions shall be established by the Office after consultation with the United States Postal Service and must be in accordance with generally accepted actuarial practices and principles.

“(2) Not later than September 30, 2006, and by September 30 of each succeeding year, the Office shall compute and the United States Postal Service shall pay into such Fund—

“(A) the portion of the net present value described in paragraph (1) attributable to the current year’s service of Postal Service employees; and

“(B) interest on the net present value described in paragraph (1) for that fiscal year, at the interest rate used in computing that net present value;

except that the amount otherwise payable by the Postal Service under the preceding provisions of this paragraph by not later than September 30, 2006, shall be reduced by the total contributions made by the Postal Service under section 8906(g)(2) and attributable to fiscal year 2006 (as determined by the Office).

“(3)(A) Any computation or other determination of the Office under this subsection shall, upon request of the Postal Service, be subject to review by the Postal Regulatory Commission. The Commission shall submit a report containing the results of any such review to the Postal Service, the Office of Personnel Management, and the Congress.

“(B) Upon receiving the report of the Postal Regulatory Commission, the Office of Personnel Management shall reconsider its computation or other determination in light of such report, and shall make any appropriate adjustments. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and the Congress.

“(4) The Office shall promulgate, after consultation with the United States Postal Service, any regulations it deems necessary under this subsection.”; and

(3) in the analysis by inserting after the item relating to section 8909 the following:

“8909a. Postal Service Retiree Health Benefits Fund.”.

(b) REVIEW.—

(1) IN GENERAL.—Any regulation established under section 8909a(c)(4) of title 5, United States Code (as amended by subsection (a)) shall, upon request of the Postal Service, be subject to review by the Postal Regulatory Commission. The Commission shall submit a report containing the results of any such review to the Postal Service, the Office of Personnel Management, and the Congress.

(2) RESPONSE.—Upon receiving the report of the Postal Regulatory Commission, the Office of Personnel Management shall reconsider its regulation in light of such report, and shall take such action as it considers appropriate. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and the Congress.

SEC. 903. REPEALER.

Section 3 of Public Law 108-18 is repealed.

SEC. 904. ENSURING APPROPRIATE USE OF ESCROW AND MILITARY SAVINGS.

(a) DEFINITION.—For purposes of this section, the term “total savings” means, for any fiscal year, the amount equal to—

(1) the amount of contributions that the Postal Service would otherwise have been required to make to the Civil Service Retirement and Disability Fund under subchapter III of chapter 83 of title 5, United States Code, for such fiscal year if Public Law 108-18 and this Act had not been enacted, minus

(2) the amount of amortization payments (if any) required under section 8348(h)(2) of title 5, United States Code, for such fiscal year.

(b) CALCULATIONS.—The following calculations shall be made for each of fiscal years 2006 through 2015:

(1) Not later than January 31 of the fiscal year following the fiscal year involved, the Office of Personnel Management (in consultation with the Postal Service) shall determine the total savings for the fiscal year.

(2) On the date of making its determination under paragraph (1), the Office shall also determine (in consultation with the Postal Service) the amount by which—

(A) the amount the Postal Service paid for that fiscal year into the Postal Service Retiree Health Benefits Fund in accordance with 8909a(c)(2) of title 5, United States Code, exceeds (if at all)

(B) the amount of payments made by the Postal Service for that fiscal year from such Fund in order to satisfy the requirements of section 8906(g)(2) of such title 5.

(c) REQUIREMENTS.—

(1) IF THRESHOLD IS MET.—If the amount calculated under subsection (b)(2) for a fiscal year is greater than or equal to two-thirds of the total savings in such fiscal year, no further action under this section is necessary with respect to such fiscal year.

(2) IF THRESHOLD IS NOT MET.—

(A) IN GENERAL.—If the amount calculated under subsection (b)(2) for a fiscal year is less than two-thirds of the total savings in such fiscal year, the Postal Service shall pay into the Postal Service Retiree Health Benefits Fund, by June 30 of the following fiscal year, an amount equal to the difference.

(B) ALLOWABLE ALTERNATIVE.—

(i) IN GENERAL.—Notwithstanding subparagraph (A), and subject to clause (ii), the Postal Service may instead use the amount that it would otherwise be required to pay into the Postal Service Retiree Health Benefits Fund for a year (or any portion thereof) to reduce the postal debt.

(ii) LIMITATION.—Amounts used to reduce the postal debt under this subparagraph may not exceed a total of \$3,000,000,000.

(3) AGGREGATION ALLOWED.—Notwithstanding paragraph (2), if the amount calculated under subsection (b)(2) for a fiscal year is less than two-thirds of the total savings in such fiscal year, but the sum of the amounts calculated under subsection (b)(2) for all fiscal years from 2006 to the fiscal year involved is greater than or equal to two-thirds of the sum of the total savings for such years, no further action under this section is necessary with respect to such fiscal year.

(d) REPORTING REQUIREMENT.—The Office of Personnel Management shall submit a report containing the results of its calculations under subsection (b) to the Postal Service, the Postal Regulatory Commission, and the Congress.

(e) WAIVER AUTHORITY.—The requirements of subsection (c)(2)(A) may, upon application of the Postal Service, be waived by the Postal Regulatory Commission, to the extent that the Commission determines that such waiver is reasonable and equitable and necessary to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.

SEC. 905. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided, this title shall take effect on October 1, 2005.

(b) GOVERNMENT CONTRIBUTIONS.—Section 901(a) shall take effect on the first day of the first pay period beginning on or after October 1, 2005.

The CHAIRMAN. No amendment to the committee amendment in the nature of a substitute is in order except those printed in House Report 109-184. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall

be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

It is now in order to consider amendment No. 1 printed in House Report 109-184.

AMENDMENT NO. 1 OFFERED BY MR. PENCE

Mr. PENCE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. PENCE:

Page 73, strike line 7 and all that follows through page 74, line 2.

Page 74, line 3, strike “(d)” and insert “(c)”.

Page 74, strike all after “Act” on line 7 and before “any” on line 9, and insert “or”.

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The CHAIRMAN. Pursuant to House Resolution 380, the gentleman from Indiana (Mr. PENCE) and the gentleman from Virginia (Mr. TOM DAVIS) each will control 10 minutes.

The Chair recognizes the gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. Mr. Chairman, I yield myself such time as I may consume.

I rise today to offer the Pence amendment to the Postal Accountability and Enhancement Act, and, along with several of my colleagues, will endeavor to bring real reform and real enhancement to a bill however well conceived and well intentioned by my colleagues. In fact, I rise today to begin by thanking the gentleman from Virginia (Chairman TOM DAVIS) and the gentleman from New York (Mr. MCHUGH), the author of this legislation, for their leadership on this measure and their sincerity in attempting to ensure the ongoing vitality of the U.S. Postal Service and the tradition that it has enjoyed in this Nation, an invaluable part of our economy since before our Nation was formed.

But before I get to the substance of the Pence amendment, Mr. Chairman, I want to begin to address the reasons why the Bush administration did today issue a Statement of Administration Policy opposing significant portions of this legislation and, in fact, suggesting that if this legislation did not achieve the objective of budget restraint and fiscal reform, that the President’s advisers would encourage him to veto this legislation that will come before the House today.

A few observations from the report on the President’s Commission of the United States Postal Service are in order. The Commission found that the number one problem facing the United States Postal Service is its complete inability to control costs, and ratepayers have been paying the freight as

a result of that along with taxpayers, who recently financed nearly \$7 billion in a Postal Service bailout just a few short years ago. Of that uncontrollable cost, 80 percent of the United States Postal Service costs are constituted in labor, this in a competitive marketplace where its competitors like UPS and FedEx spend only 56 percent and 42 percent of their cost on labor. Clearly the United States Postal Service is, as the President's Commission found, desperately in need of flexibility to achieve labor and workforce reforms.

The USPS is currently providing its workers roughly \$870 million more in benefits than Federal workers receive as a result of lucrative health and life insurance benefits, and that is just the beginning.

H.R. 22 that we will consider today contains none of the main collective bargaining proposals offered by the President's Commission. It contains none of the reforms offered by the Commission to establish a BRAC-style process to consolidate and shut down facilities that use money. And while H.R. 22 does laudably contain a cap on postal rate increases, many are highly skeptical about how that will work. The Congressional Budget Office states that the USPS will "increase rates . . . more frequently than under current law, but by smaller increments." In addition, the cap could be blown if such an increase were "reasonable and equitable and necessary" for the continuation of services. Such a cap hardly equips the U.S. Postal Service with the tools to control costs and renegotiate its labor costs.

So we come today, a series of us, with the kind of reforms that we believe will give the Postal Service the opportunity and the flexibility to achieve reforms necessary to live within its means. That is why I submitted an amendment to enact the Commission's recommendation to ensure that health care and pension benefits ought to be a part of normal collective bargaining. It was rejected and will not be considered today. That is why the gentleman from North Carolina (Mr. MCHENRY) had offered an amendment to enact the Commission's recommendation to reform the workmen's compensation reforms to align more closely with the private sector. Unfortunately, these amendments were made not in order.

In fact, today the Pence amendment will deal with a provision of this legislation that, believe it or not, would set aside a seat on the Board of Governors specifically for an individual unanimously approved by all labor unions. More on that in a moment.

I say this with deep respect, Mr. Chairman. I understand why the Democratic minority whip just said on this floor that this was "a good bill that should be passed this year." I just do not understand why a Republican majority in Congress, with the firm and clear opposition of a Republican President, would do likewise.

Let me get to the substance of the Pence amendment, if I may. The Pence amendment essentially removes a provision of H.R. 22 that requires that the first vacant slot on the Board of Governors literally be filled by an individual with the unanimous backing of "all labor organizations." The headlines today would attest that it might be difficult, depending on the definition of "all labor organizations," to get all labor organizations to agree on anything these days.

Currently the Board of Governors consists of nine members with no more than five from the same party. This bill would ensure that one of these seats would be set aside to represent the interests of one special interest group to the exclusion of other interests like mailers or, dare I say it, taxpayers. It is this type of provision that we must confront in this legislation, and the Pence amendment humbly seeks to strike that.

And workforce is the issue. Mr. Chairman, the U.S. Postal Service is the second largest employer in the United States, second only to Walmart. And according to the President's Commission report, 3 out of every \$4 earned by the Postal Service went to pay wages and benefits of its employees in fiscal year 2002. The unions have been extraordinarily effective over the last 25 years, as has been said over and over again, preventing layoffs and recently announcing having inked the second largest pay increase in the unions' history. I believe that is why the Statement of Administration Policy that was issued today simply read, and I quote, "Should the final bill have such an adverse impact on the federal budget, the President's senior advisers would recommend that he veto the bill."

The Pence amendment is all about bringing the kind of reforms in this bill that will allow the U.S. Postal Service to maintain its vitality and its fiscal integrity for years to come. The Pence amendment in its effort to strike section 401 is a modest effort to achieve that goal.

Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, the gentleman from Indiana described the President's Commission on Postal Reform. Many of the broad outlines of that Commission's recommendations are in the legislation before us today.

The legislation before us today is supported by not Democrats, not just Republicans, but by labor unions and management, the National Association of Manufacturers, the National Federation of Independent Businesses, Small Business Legislative Council, and the postal unions. And I will not go through all of them, but all the newspapers, the publishers, the mailers, all the people that look to the Postal Service for their service.

This amendment, when we get right to what the amendment is all about, is to take the one out of nine seats on the Board of Governors away from a union representative. The Postal Service has 700,000 career employees. They are the ones who make the system work. Are they not entitled to have one representative on this board? This idea of giving them representation is backed by labor, management, business. We have all worked cooperatively together on postal reform legislation. They have built trust and made compromises. That is why this legislation is so broadly supported.

This amendment would undermine the consensus behind the legislation. It singles out one group and says they lose, they lose their seat on the Board. That may be good politics for people who want to say they are antiunions, but it is not good for this legislation or for the Postal Service.

So I would urge my colleagues to oppose the Pence amendment and to support the bill, not to adopt this or any other amendment that would undermine the consensus behind the legislation. And then let us move forward. We will have to be talking to the other body. We will have to be talking to the President and people in his administration in order to get a law, but we have a consensus for a bill that we hope will become law.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Ms. GINNY BROWN-WAITE).

Ms. GINNY BROWN-WAITE of Florida. Mr. Chairman, I thank the gentleman for yielding me this time.

This amendment that is proposed would remove a provision from a very carefully crafted piece of legislation that would require the first vacant slot on the Postal Service Board of Governors to be filled by an individual with unanimous backing by labor unions. Currently there are 11 members. This bill would provide that one of those seats become a labor seat, certainly not documented by labor. One seat would be a labor seat.

The provision requiring the seat to become a labor seat has been in the Postal Accountability and Enhancement Act for 11 years. No group on either side of the issue has ever expressed any opposition to the change in statute, and I am unclear why this issue has actually risen today. Simply requiring one of a nine-member Board speak on behalf of thousands of employees in everyone's district here hardly seems to be unreasonable or undoable.

H.R. 22 is a bill that we have heard many people on the floor say how many years it has been worked on, well over decades. I urge my colleagues to vote against this and other amendments under consideration today that do not provide for any real improvements in the underlying text of the bill that we have before us tonight.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. MCHUGH).

Mr. MCHUGH. Mr. Chairman, I thank the gentleman for yielding me this time.

I want to be very quick here, and I certainly appreciate our distinguished colleague's comments and deeply appreciate his concern.

Just a couple of points. As the gentleman from California (Mr. WAXMAN) said, I have to disagree with the gentleman's comments that somehow the President's Commission is at odds with what this bill entails. In fact, I think it is fair to say the President's Commission adopted at least, at least, 80 percent of H.R. 22 as it was originally crafted and continues to be contained therein.

He also spoke about the Statement of Administration Policy, the SAP, and talked about labor representation as though the President has opposed this. That is not true. The President's SAP does not address this issue, and, in fact, the United States Postal Service has not taken a position on this particular provision as well, which is the context of the gentleman's amendment. So with all due respect, I think that clarification is vital.

It also talked about Republican-Democrat. I do not think this is a novel concept. Many major corporations from DaimlerChrysler, TWA, and on and on have labor union representation on their boards. I would also note that many organizations that are generally not considered liberal, perhaps Democrat, not just support H.R. 22, but oppose the gentleman's amendment. I will name just a few: American Express, Bank of America, Capital One, JP Morgan Chase, the Citigroup, Financial Services Roundtable. As I said, pretty conservative organizations that oppose this amendment.

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The fact of the matter is, this is well accepted in the industry sector. There will be one out of nine members of the Board of Governors, and I do not think it is unreasonable to have such a labor-intensive organization have a labor vote on that. While I do respect the gentleman's intent, I think, as has been suggested, these are issues that are much better dealt with in the context of the committee.

Mr. PENCE. Mr. Chairman, I yield 1 minute to the gentleman from Arizona (Mr. FLAKE).

Mr. FLAKE. Mr. Chairman, I rise in support of the Pence amendment.

It is important to remove this language in H.R. 22 that reserves one seat on the Postal Board of Governors for a representative of labor unions.

The U.S. Postal Service is a government-owned corporation and, as such, is technically owned by the U.S. taxpayers. Reserving one space exclusively for labor representatives confers preferential status and, in my view, undue influence to one interest group

at the expense of all other stakeholders in postal operations, particularly first-class mail users.

I think it is a good amendment. I think it is something that I believe this kind of set-aside may not be in the Senate version of the bill. It is certainly a topic that needs to be debated and taken up in conference, and I would encourage my colleagues to accept it.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, one of the great accomplishments of this legislation is the fact that it was able to bring labor and management together, to bring both sides to the table and have them agree. The gentleman from Indiana's amendment did not mention the fact that four of the slots were designated for management. So certainly, if management would have at least four slots pretty much designated, then certainly labor ought to have one.

The other point is that throughout the deliberations, very seldom did we hear much conversation about Democrats and Republicans. We really talked about moving a postal system and a postal service forward. So I would oppose the gentleman's amendment.

Mr. PENCE. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise in support of his amendment.

As I understand it, if there are nine members of this board, no more than five can be from the party of the President. Inasmuch as the President is presently a Republican, that would mean that at least four seats would be allocated to those who are members of the Democrat party. The last time I looked, although perhaps some labor unions are having a falling out amongst themselves, there has not been a falling out between the labor union movement and the Democrat Party, so I would think they would be well represented.

I think perhaps somebody that might be terribly underrepresented tonight would be the poor beleaguered taxpayer. Given that there are over 140 million of them, perhaps we should consider reserving at least one seat for them, to make sure that their interests are represented since, too often, so many of the aspects of this legislation that we are discussing tonight ultimately could fall upon them. If there is anybody who deserves special recognition, and not that all stakeholders should not be considered, I would suggest that we reserve a seat for the taxpayer.

Mr. PENCE. Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Chairman, I thank the distinguished gentleman for yielding me this time.

First of all, I cannot thank the ranking member and the chairman of the full committee, and the ranking member of the subcommittee and chairman of the subcommittee enough for such a thoughtful piece of legislation. But with respect to this amendment, might I say the composition of this board and the representation of one union member is what you call consensus and what you call cooperation.

Just listening to the leadership of my local union, the letter carriers, with the President, President Prissy Grace, and the American Postal Workers Union, as well as the Postmaster General in my congressional district, Ms. Green, they have had a working relationship that can be exhibited by the structure in which this particular legislation allows: representation of the workers, the workers who are committed to delivering the mail, rain or shine. I think that to eliminate this particular position really eliminates the voice of the workers.

We are already saying that we are committed to the work ethic of the postal workers in the postal system. This is a reform and reformation of the postal system for the better, to make them efficient, to make them productive, and to serve the American people. Having their work represented on this board serves the American people, and I ask my colleagues to support the amendment.

Mr. PENCE. Mr. Chairman, I yield myself such time as I may consume.

I thank the members of the committee, especially the author of this bill, for their sincerity of purpose and civility in this debate. I also thank my colleagues who have risen in support of the Pence amendment, which, again, simply removes the provision of H.R. 22 that requires that the first vacant slot on the Board of Governors be filled by an individual with unanimous backing by all labor organizations.

The Pence amendment is supported by National Right to Work, by Americans For Tax Reform. We already have fairness on the board, Mr. Chairman: five members of one political party, the party in power in the White House, and four members appointed by the other political party. We do not need a tie-breaker member that is selected by the unanimous consent of all the labor unions.

If we are going to achieve the labor and workforce reforms necessary to restore efficiency to the Postal Service and ensure its vitality in the 21st century, we must ensure that those reforms are not stymied by a reserved seat for labor unions on the postal board.

Mr. Chairman, I yield back the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield myself such time as

I may consume. I thank my friend for offering his amendment. I am unable to support it, but I understand the spirit in which he is giving it to try to make this a better bill.

This is a carefully crafted bill in which Republicans and Democrats have come together to try to work through a lot of issues, and moving one part out really jeopardizes the total package.

The gentleman quoted the minority leader, or the minority whip, as saying, This is a good bill and it should be passed this year; and he understood that, but why would a Republican Congress do it.

A Republican Congress would pass this bill because we do not want a 2-cent rate increase next January. The only way we can forestall that rate increase is by passing this legislation; and to pass this legislation, we need to work together with Republicans and Democrats. That means we give on some issues and we take on others.

The question was raised, well, we ought to have a taxpayer on the board. I think everybody who is on the board is a taxpayer. The fact of the matter is, there are four members of the board who are management, but they are not postal management. There are two postal management members of the board, and this would reserve one for the unions to pick; and by the way, there are diversity among the postal unions. That is a tough job to pick somebody because of competing interests over mail handlers versus letter carriers and the like.

But this is good legislation, and I am afraid that this amendment, in my judgment, despite I think the best intentions of its author, will upset that delicate balance that we have created to this point. It is not something that is new to corporate America to have a member of labor sitting on corporate boards. It is actually done quite frequently, particularly in the airline industry and a number of other industries where this is fairly common at this point. And since the postal workers have a lot to gain or lose by this as well, we think their voice can be very constructive at the end of the day.

So for those reasons and the fact that this particular provision has been in the bill since its introduction 11 years ago, and until this amendment was filed, I do not think any objections have been raised. I understand where the gentleman is coming from; but for those reasons, I would ask my colleagues to reject the Pence amendment and to support the final passage.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. PENCE).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PENCE. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on

the amendment offered by the gentleman from Indiana (Mr. PENCE) will be postponed.

It is now in order to consider amendment No. 2 printed in House Report 109-184.

AMENDMENT NO. 2 OFFERED BY MR. FLAKE

Mr. FLAKE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. FLAKE:

Page 120, after line 8, insert the following (and make such technical and conforming changes as may be appropriate):

SEC. 712. PILOT PROGRAM TO TEST ALTERNATIVE METHODS FOR THE DELIVERY OF POSTAL SERVICES.

(a) **PILOT PROGRAM.**—The United States Postal Service may conduct a pilot program to test the feasibility and desirability of alternative methods for the delivery of postal services. Subject to the provisions of this section, the pilot program shall not be limited by any lack of specific authority under title 39, United States Code, to take any action contemplated or, to the extent specified in a waiver granted by the Postal Service in accordance with regulations under subsection (f), by any provision of law, rule, or regulation inconsistent with any action contemplated (any such waiver to be granted or denied in consultation with the Attorney General, to the extent any provision of title 18, United States Code, is involved).

(b) **REQUIREMENTS.**—

(1) **IN GENERAL.**—Under the pilot program, alternative methods for the delivery of postal services may be tested only in those communities that submit an appropriate application (together with a written plan) in such time, form, and manner as the Postal Service by regulation requires, and whose application has been duly approved. Any such application shall include—

(A) a description of the postal services that would be affected;

(B) the alternative providers selected and the postal services each would furnish (or the manner in which those decisions would be made);

(C) the anticipated costs and benefits to the Postal Service and users of the mail;

(D) the anticipated duration of the community's participation;

(E) a specific description of any actions contemplated for which there is a lack of specific authority or for which a waiver (as described in subsection (a)) would be necessary; and

(F) such other information as the Postal Service may require.

(2) **REVIEW BOARDS.**—Under the pilot program, the postmaster or postmasters within a community may, in accordance with regulations prescribed by the Postal Service, establish a postal performance review board (hereinafter in this section referred to as a "review board"). It shall be the function of a review board to submit any application under paragraph (1) on behalf of the community that it represents and to carry out the plan on the basis of which any such application with respect to such community is approved. A review board shall consist of the postmaster for the community (or, if there is more than one, the postmaster designated in accordance with regulations under subsection (f)), at least 1 individual who shall represent the interests of business concerns, and at least 1 individual who shall represent the interests of users of the class of mail for which the most expeditious handling and transportation is afforded by the Postal

Service. The postmaster (or postmaster so designated) shall serve as chairman of the review board.

(3) **ALTERNATIVE PROVIDERS.**—To be eligible to be selected as an alternative provider of postal services, a provider must be a commercial enterprise, nonprofit organization, labor organization, or other person that—

(A) possesses the personnel, equipment, and other capabilities necessary to furnish the postal services concerned;

(B) satisfies such security and other requirements as may be necessary to safeguard the mail, users of the mail, and the general public;

(C) submits a bid to the appropriate review board in such time, form, and manner (together with such accompanying information) as the review board may require; and

(D) meets such other requirements as the review board may require, consistent with any regulations under subsection (f) that may apply.

(4) **USE OF POSTAL FACILITIES AND EQUIPMENT.**—Postmasters shall at their discretion be permitted to allow alternative providers the use of facilities and equipment of the Postal Service, and any such proposed use shall, for purposes of the competitive bidding process, be taken into account using fair market value.

(c) **LIMITATIONS.**—The pilot program—

(1) may involve not more than a total of 20 communities; and

(2) shall terminate not later than 5 years after the date on which the program commences.

(d) **TERMINATION AUTHORITY.**—Subject to such conditions as the Postal Service may by regulation prescribe and the terms of any written agreement or contract entered into in conformance with such regulations, the participation of a community in the pilot program may be terminated by the Postal Service or by the review board for such community if either determines that the continued participation of the community is not in the best interests of the public or the Government of the United States.

(e) **EVALUATIONS.**—The Postal Service shall provide for an evaluation of the operation of the pilot program within each community that participates. Any such evaluation shall examine, at least and if applicable, reliability of mail delivery (including the rate of misdeliveries), timeliness of mail delivery (including the time of day that mail is delivered and the time elapsing from the postmarking to delivery of mail), volume of mail delivered, and any cost savings or additional costs to the Postal Service attributable to the use of alternative providers. Data included in any such evaluation shall be analyzed—

(1) by community characteristics, time of year, and type of postal service;

(2) by residential, business, and any other type of mail user; and

(3) on such other bases as the Postal Service may determine.

Each such evaluation and an overall evaluation of the pilot program shall be transmitted by the Postal Service to the President and each House of Congress by not later than 90 days after the date on which the program terminates.

(f) **REGULATIONS.**—The Postal Service may prescribe any regulations necessary to carry out this section.

(g) **RULE OF CONSTRUCTION.**—Nothing in this section shall be considered to affect the obligation of the Postal Service to continue providing universal service, in accordance with otherwise applicable provisions of law, in all aspects not otherwise provided for pursuant to this section.

The CHAIRMAN. Pursuant to House Resolution 380, the gentleman from Arizona (Mr. FLAKE) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Arizona (Mr. FLAKE).

Mr. FLAKE. Mr. Chairman, I yield myself such time as I may consume.

My amendment is quite simple. It establishes a pilot program in at least 20 test communities, which would sunset in 5 years, to allow the U.S. Postal Service and the Congress to simply gather information. This pilot program would test the feasibility and desirability of alternative methods for the delivery of postal services.

The pilot program would test the current following assumptions about the Postal Service: Are consumers better off if the Postal Service remains a monopoly? Does the current postal infrastructure allow for as many delivery offerings as possible? Is the total value of the universal service model for postal delivery worth the expense?

Now, universal service by the Postal Service would continue to be provided, but participating postmasters would not be limited by the current monopoly statutes on first-class delivery and the use of postal mailboxes. If the postmaster so chooses, alternative providers, such as commercial enterprise, nonprofit organization, or a labor organization that satisfies a strict set of criteria could serve as an alternative provider for postal services. They would also be able to use the equipment and facilities of the USPS at the discretion of the postmaster for fair market value.

Mr. Chairman, with the dramatic reduction in first-class mail volume, coupled with the inability of the Postal Service to control costs, the Postal Service and Congress must have many well-tested alternatives for the future of mail delivery in the U.S.

Many European countries are well ahead of the U.S. on some new innovative ideas for structuring their respective postal delivery services. The pilot program is simply a test program to provide the Postal Service and Congress with useful information to make future changes to postal services, if needed.

I might add, Mr. Chairman, we know that some changes are needed. We are running into deficits; and every 4 years, we are bailing out the USPS. I do not want to be here 4 years from now doing the same thing. So let us test some alternatives. Let us see what else works. Let us see what other countries are doing that we might adopt to control costs and improve quality.

Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I rise to claim the time in opposition, and I yield 2 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I understand this amendment is to do something on a pilot project basis with

the idea that we are going to promote innovation in the delivery of the mail. Well, I support that goal.

H.R. 22 has many provisions to promote flexibility and innovation; but this amendment, maybe it was not intended this way, but it is drafted in a way that is an open invitation to abuse. It allows a local postmaster to contract out the delivery of the mail to private companies; and in the course of that amendment, it provides that any provision of Federal law that might otherwise apply to these contracts and the delivery of mail can be waived.

Well, that is incredibly far-reaching. It would mean a local postal official could set up his own company. He can ask his brother-in-law to set up another company and then contract with that company to do the job of delivering the mail. It is certainly a blatant conflict of interest.

But even criminal laws could be waived under this amendment. There would be no prohibition against under-the-table kickbacks. The provision could allow the waiver of the privacy of first-class mail. This could lead to a lot of unforeseen problems.

That is why the postmasters of this country, the National League of Postmasters, which represents the local postmasters, has said that the postmasters very strongly oppose the amendment: "The Congressman's approach would be harmful to universal service."

So it is not just that this amendment goes against the compromise that has brought this whole bill together, but I do not think it has been thought through, and I do not think we ought to adopt something that has so many possible ramifications to it that we would certainly regret.

Mr. FLAKE. Mr. Chairman, I yield myself 1 minute.

I should point out to the gentleman that postmasters would have full authority under this legislation, under this amendment to actually contract out or not. They can disband the alternative at any time.

Now, under the law, only the government can do it right, and we ought to take over the entire economy. If we do not trust the private sector to deliver services more effectively and more efficiently than the government can, shoot, why do we not get in every business.

We know that that is not the case. We know the private sector typically can do it better, faster, cheaper, smarter than government.

Every 4 years, we are back in again to bail out the USPS. This simply says, why do we not try something, try some alternatives that are working in other countries; try some things that might work, that might lower the cost, that might be more taxpayer-friendly than this. That is what this amendment is all about.

Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield myself such time as I may consume.

We are not bailing out the post office every 4 years; it is like every 35 years, since the last act. We did come out with some additional money because of anthrax and because of the added burdens that we put on the post office at that point, but the post office has to operate under its own budget; and right now, the only thing they can rely on is rate increases, and rate increases drive mail away into other areas, which is why we are working this bill tonight.

I appreciate the gentleman's amendment, but I think it is unnecessary. The Postal Service already has considerable authority to test and implement different methods of providing services to the public. Nothing in the current law, I repeat, nothing in the current law or in H.R. 22 prevents the Postal Service from employing contractors in providing mail service.

The post office has a long history of doing so, starting with the Pony Express. For most of its history, the Postal Service has relied on dedicated contractors to manage small post offices, often in rural communities. Almost 8 percent of all of the post offices are operated under contract, not by postal employees; 8 percent.

Also, for 160 years, the Postal Service has relied on private contractors for the transportation and delivery of mail. Star route carriers today continue to operate, transporting mail efficiently and effectively nationwide, even delivering the mail to over 2 million homes 6 days a week. In many rural communities, those served by both contract postal units and star route carriers, the Postal Service's entire relationship with their customers is already handled by contractors, not employees.

□ 2030

For these longstanding and successful postal contract arrangements, this amendment is at best unnecessary. At worst it adds a new layer of procedures that will place burdens on expanding these programs into newer areas. One puzzling aspect is its provision allowing the Postal Service to waive laws, rules and regulations, including sections of the criminal code, which I am not sure I understand. Maybe the gentleman on his time will explain.

But the Service does not need this waiver to contract the provisions. In fact, it only serves to remove needed protections safeguarding the sanctity, privacy and security of the mail. Do customers really want their mail delivered by contractors to whom no laws apply?

In short, the Postal Service has been conducting pilot tests of these ideas since the 19th century. I would say the evaluation phase is over, the results are in, they work. Let us not mess them up with a new, unnecessary, convoluted regulation. Both postmaster organizations oppose this.

And so I would urge that we defeat this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. FLAKE. Mr. Chairman, before yielding 2 minutes to the gentleman from Indiana, let me just say that asking the Postal Service to give up what might lead to giving up their monopoly or a portion of their monopoly is unreasonable. We need to prime the pump a little. No private business would in their self-interest do that either. That is why this amendment is important.

Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. PENCE).

Mr. PENCE. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the Flake amendment. There are 38,000 post offices, stations and branches in the U.S. Postal Service. The Flake amendment contemplates a pilot program that would affect 20 communities.

By my bad math, that is about 1/20 of 1 percent of the communities that are served by 38,000 post offices, stations and branches. But that is an unacceptable reform.

I rise with great respect to the gentleman from California (Mr. WAXMAN), who has been a champion of postal reform for much longer than I have been in Congress. I do respect the gentleman and have great respect for the chairman. It is lost on me why we cannot say, in the name of reform, in the greatest free-market economy in the history of the world, that we will allow for competition in 20 pilot programs to run out inefficiencies and to bring innovation and new ideas to the delivery of postal services.

The Flake amendment is just simply that; 38,000 post offices, stations and branches. The Flake amendment asks humbly that we identify 20 communities to test the feasibility and desirability of alternative methods of delivery of postal services, and this reform bill and its reformers oppose that pilot program.

Let us bring real reform to reform. If we cannot, let us introduce a pilot program where reform and the ideas of reform might be able to take hold to create a truly diverse 21st century postal delivery system for America.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. MCHUGH).

Mr. MCHUGH. Mr. Chairman, a couple of comments. The gentleman from Arizona (Mr. FLAKE) said you cannot expect the Postal Service to give back any of its monopoly powers. With all due respect, the Postal Service has agreed to this bill. In this bill there is a substantial reduction in the monopoly scope on first class mail.

Right now first class mail and monopoly is whatever the Postal Service says it is. Under this bill there is a bright line determination; it is six times the rate of the first class stamp, which is a substantial give-back.

I also have to underscore the distinguished chairman's concerns about the suspension of title 18. You can argue

about the needs for reform in pilot tests and such, but maybe it was an inadvertent step, but the fact still remains the amendment before the committee today will be a suspension of the criminal code, which would empower, rightly or wrongly, those who would be entrusted with the mail of the United States Postal Service to be totally absolved under criminal responsibility.

Now, I can leave it to the imagination of the Members what that could potentially mean for identity theft and on and on and on. I doubt that the gentleman from Arizona (Mr. FLAKE) meant it, but regardless, that is what this reform calls for.

The last thing I would say is I think that a concern is about a new model for the Postal Service, and I would agree, and this bill understands that as well. We specifically negotiated with the administration a study to be conducted under the auspices of GAO. They will hire a contract specialty firm that will look at establishing a future business model that, in part, and I will quote from the bill, "seeks to study the maintenance of the Postal Service in its current form as an independent establishment in the executive branch; and, two, transforming the Postal Service into an ordinary corporation, wholly owned by the government or wholly owned by private shareholders or partly by the government and partially by private shareholders."

This bill admits we have to take a careful look at the future of the business model of the Postal Service. That is why this amendment should be rejected.

Mr. FLAKE. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I rise in support of this amendment. I do want to add my voice to those congratulating the gentleman from Virginia (Chairman TOM DAVIS) for his good work, and I know that the job has been very tough to try to reconcile all of the differing interests and opinions that are brought to bear. But I find it very difficult to believe that we have something to fear from a pilot program in 20 communities out of 38,000. It appears that something is not working, or we would not be here this evening.

Many, many years ago when I was in high school, I played both football and tennis, and I was equally poor at both, but I remember something a tennis coach once told me: There are many ways to lose at tennis. Try them all.

Well, we are losing here tonight if we are contemplating rate increases and imposing \$6 billion on the taxpayers. Maybe we should try something new. Maybe we should try some pilot programs. Maybe we should get some more experimentation, some more innovation, some more competition into the system, and maybe we can find ways to start winning at this.

And because of that, I do rise in strong support of the gentleman's amendment.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, let me just say this: On the \$6 billion figure floating around, it is important to understand that the reason the Congressional Budget Office scores this as an increase is because they have contemplated and put into their figuring that there will be rate increases. Our legislation takes away those rate increases, so that is not coming into the Treasury. So if you do not have a rate increase, it scores.

When you sit here and say it is going to cost the taxpayers, that means they do not have to go with a rate increase. We are being penalized because we are not doing rate increases, and it scores against us. We need to understand that. And that is why this legislation is being passed.

Mr. Chairman, I yield 1½ minutes to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Chairman, I thank the gentleman for yielding me the time.

The Postal Service delivers to 140 million sites, and there is about a million new sites every year. It provides universal service.

When I hear my colleagues talk about fine-tuning this bill, that is what we have been doing for the last 10 years. This is a bill that has been fine-tuned, and it has been fine-tuned in a way that has gotten support from disparate parts.

The employees who work at the postal system know that more than 200,000 jobs are going to be lost. That is why we opposed the first amendment by the gentleman from Indiana (Mr. PENCE) because we need employee buy-in.

The reason why we opposed this amendment, it seems to fail to understand that there is competition with FedEx, with UPS, with DHL and many more things. They are also competing with the newspapers.

We are trying to provide flexibility to the postal system. So I understand the concept of fine-tuning, but I would dispute significantly the failure to recognize that the bill has been fine-tuned. And when I am hearing my colleagues offer their amendments, I feel like they have not read the bill, because the bill allows for competition, it allows for flexibility, and it has buy-in in all of these disparate parts.

This amendment needs to be defeated if we are going to pass this bill.

Mr. FLAKE. Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I will reserve the balance of my time.

Mr. FLAKE. Mr. Chairman, I yield myself the balance of the time. I will go ahead and wrap up.

Labor costs consume 80 percent of the Postal Service revenue, whereas UPS and FedEx spend only 56 and 42 percent of their revenues on labor. I

know there are differences. It is a little different animal when we are talking about first class mail delivery, and what FedEx and UPS do, but 80 percent versus 56 and 42 percent respectively.

I think we ought to be questioning ourselves, what are they doing that we are not? What can we do so we will not have either more money out of the general fund or a rate increase? Whether it is paid by the consumer with monopoly service or the taxpayer is the same. It is both money coming out of the taxpayers' or consumers' pockets.

And I do not want to be here, like I said, 4 years from now talking about another rate increase or talking about more money from the general fund because we simply have not done anything about making sure that competition drives improvement in service and it controls cost. We know that from everything we know about the economy. We know that from education reform. We know that in other areas as well. Competition and choice controls costs and improve quality. This is what we are trying to jump-start here. That is the purpose of this amendment.

As the gentleman from Indiana (Mr. PENCE) mentioned, this is hardly revolutionary. A fraction of 1 percent would be allowed to actually test this proposition, that maybe competition would help control cost and improve quality, a fraction of 1 percent of all of the sites out there, of all of the systems running.

So this is a very modest amendment. I think it is important.

Mr. Chairman, I yield back the balance of my time.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I would just note that the universal service obligation of the post office gives it a burden in requirements that some of the other facts and figures alluded to do not have to meet.

Mr. Chairman, I would yield the remaining time to my colleague, the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, where I come from, there is an old saying: If it looks like a duck, acts like a duck, quacks like a duck, talks like a duck, then it is a duck. And it seems to me that the bottom line is this is an attempt to privatize the Postal Service, which would decimate the concept of universal service. There could be no universal service if this amendment is passed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. FLAKE).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. FLAKE. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Arizona (Mr. FLAKE) will be postponed.

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 109-184

AMENDMENT NO. 3 OFFERED BY MR. HENSARLING
of Texas

Mr. HENSARLING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. HENSARLING:

Page 138, line 13, strike "(h)(1)" and insert "(h)(1)(A)".

Page 138, line 16, strike "(A)" and insert "(i)".

Page 138, line 22, strike "(B)" and insert "(ii)".

Page 138, line 23, strike "(i)" and insert "(I)".

Page 139, line 1, strike "(ii)" and insert "(II)".

Page 139, line 7, strike "(iii)" and insert "(III)".

Page 139, after line 10, insert the following:
“(B)(i) In computing the actuarial present value of future benefits, the Office shall include the full value of benefits attributable to military and volunteer service for United States Postal Service employees first employed after June 30, 1971, and a prorated share of the value of benefits attributable to military and volunteer service for United States Postal Service employees first employed before July 1, 1971.

“(ii) Military service so included shall not be included in the computation of any amount under subsection (g)(2).

Page 142, strike line 21 and all that follows through page 143, line 7.

Page 143, line 8, strike "(d)" and insert "(c)".

Page 147, lines 12 through 13, strike “**ES-CROW AND MILITARY**” (and make such technical and conforming changes as may be appropriate).

Page 148, line 2, strike “for each of fiscal years 2006 through 2015” and insert “for fiscal year 2006 and each fiscal year thereafter”.

Page 148, line 24, strike “two-thirds of”.

Page 149, line 6, strike “two-thirds of”.

Page 149, line 25 through page 150, line 1, strike “two-thirds of”.

Page 150, line 4, strike “two-thirds of”.

Page 150, strike lines 13 through 21.

The CHAIRMAN. Pursuant to House Resolution 380, the gentleman from Texas (Mr. HENSARLING) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, earlier this evening some Members rose in support of postal workers. Other rose in support of large postal customers. This is good, and this is well, and I respect that.

But tonight I wish to rise in support of the taxpayer. Today our Nation is riding a wave, an impending fiscal tsunami, that threatens to drown our children and grandchildren in a sea of red ink.

Since 2000, the amount that government spends annually per household has risen from \$18,000 to over \$20,000 in 2004. This is only the fourth time in our Nation's history that spending exceeded \$20,000 per household. It also represents the largest expansion of the Federal Government since the Vietnam era.

The Federal debt now stands at a staggering \$7.8 trillion, or roughly \$26,600 for every man, woman and child in America. And the Nation's financial challenges are about to get markedly worse over the next decade.

Without reforms we know that Medicare will grow at a rate of 9 percent, Medicaid 7.8 percent and Social Security at 5.5 percent a year, far outstripping our country's economic growth or our ability to pay for them. Where will it all end?

□ 2045

According to the GAO, if we ignore the runaway growth of government spending, we will have to double taxes, double taxes on our children and grandchildren just to balance the budget by the year 2040. If this occurs, we stand to become the first generation of Americans to leave our children with a lower standard of living, not to mention a legacy of limited freedom and unlimited government.

Now, day after day Member after Member comes to this floor to decry the Federal deficit and the legacy of debt that we are leaving our children. Rarely have so many of us spoken so passionately against the Federal deficit and yet done so little about it.

Today, I wish to provide us with an opportunity to change that. In 1970, the fundamental principle of postal reform was established, that the Postal Service would become a self-financed entity. According to title 39 of the U.S. Code: “Postal rates shall be established to apportion the costs of all postal operations to all users of the mail.”

Simply put, the U.S. Postal Service is supposed to pay its own freight; but according to the Congressional Budget Office, and I understand that the chairman of the full committee respectfully disagrees with their score, the CBO says H.R. 22 will actually place us further in debt by almost \$6 billion over 10 years. And who should pay for that \$6 billion?

It either must be paid by those who use the Postal Service or the taxpayers. I vote for those who actually use the service. Now, some of my colleagues have argued that the Postal Service faces unique responsibilities and thus taxpayers must subsidize them. It is true. The Postal Service does have some unique responsibilities, but they also enjoy a host of unique benefits that private businesses do not. The Postal Service pays no Federal, States, or local taxes. They are immune from most regulations such as zoning, motor vehicle registration, and even parking tickets.

The Postal Service can borrow from the Treasury at below-market rates and is immune from anti-trust laws despite the fact that it can compete against private companies.

The number one problem facing the United States Postal Service is not the lack of a taxpayer subsidy. It is their seeming inability to control costs. Labor costs consume 80 percent of the

Postal Service's revenue, whereas UPS and Fed Ex spend only 56 percent and 42 percent of their revenues on labor.

The Postal Service has been unable to close existing facilities or consolidate new operations. In fact, Mr. Chairman, over half of its 38,000 facilities do not generate enough revenue to cover their costs.

Mr. Chairman, again, I want to state that I respect the hard work that the gentleman from Virginia (Mr. TOM DAVIS) and the gentleman from New York (Mr. McHUGH) have done on this bill. And I do understand that many different opinions had to be reconciled to get a postal reform bill to the floor. But I believe that we need to stand with President Bush, we need to stand with the American taxpayer and make this a budget-neutral bill. Instead, if we want to make the Postal Service more cost competitive, what we really need to do is enact all of the Presidential commission's workforce reforms.

In 2003, Congress decided that the Postal Service was on a course to possibly overpay its civil service retirement system costs. Rather than let the Postal Service spend the money, it retained it and an escrow account was created within the U.S. Treasury.

H.R. 22 releases that escrow account to pre-fund Postal Service health care liabilities. I agree this is a sound use of funds, but it is unfortunately incomplete. Under H.R. 22, only two-thirds of the funds would be used to fund the health care liabilities letting 2 to \$3 billion a year slip back to the Postal Service for other expenditures.

With the Postal Service currently facing an unfunded health care liability of roughly \$75 billion, I believe every dollar in the escrow account should be used to offset this growing concern. If not, taxpayers will surely be called upon to make up this tremendous shortfall.

Mr. Chairman, my amendment would reduce the cost of H.R. 22 substantially by ensuring that 100 percent of the civil service retirement system savings will be directed to the Postal Service's unfunded health care liability. In addition, this amendment would maintain the Postal Service's financial responsibility for paying the civil service retirement system costs associated with military service credits, instead of passing the cost on to the Treasury and the American taxpayer.

Again, the question is not whether but who will pay, the customers that use the Postal Service or the American taxpayers.

Mr. Chairman, I want the Postal Service to become more efficient, and I believe we can do so by enacting more of the President's initiatives. Let us not pass the buck to American taxpayers yet again. Let us not pile further debt upon our grandchildren. Let us ensure the United States Postal Service continues to pay its own freight. I do appreciate the good work of the gentleman from Virginia (Mr.

TOM DAVIS), but let us make H.R. 22 budget neutral. I urge all of my colleagues to vote for this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. TOM DAVIS of California. Mr. Chairman, I claim the time in opposition to the amendment.

Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I appreciate where the gentleman is trying to go with this, but even the White House does not want to have this scored neutrally under CBO numbers. They have asked for the Office of Management and Budget numbers because the Congressional Budget Office ends up counting rate increases that have not taken effect as already being part of revenue. And to the extent that we can stave off stamp tax rate increases, what the gentleman's amendment would do, not stave it off but it includes it, to the extent we do that, then it counts against the budget.

The other problem in terms of budget neutrality comes from the President's own commission on the Postal Service which recommended that the military years of service for postal employees under the CSRS retirement program, that those years be paid for by the military like they are for every other agency of government instead of having postal patrons for that. This was the President's commission which recommended that.

What I have talked about, we save money, not take money away. But the question is why should rate payers have to pay for military service in an agency where you have veterans hiring preference? It is not fair to rate payers. It is driving up rates.

Finally, let me say, it is not two-thirds of the escrow funds that is funding health care. Ninety percent of the escrow funds over the next 5 years are to fund health care. That is more than any other agency in government. Not enough for some Members, I am sure; but this is the appropriate way in my opinion for the post office to operate.

We have committed to the White House. We are going to work to try to get this as budget neutral as we can as we move forward to the conference working with OMB, but the Congressional Budget Office's arcane scoring rules make it virtually impossible to get here in this particular case.

Once again, let me remind everyone, what is the alternative? The alternative to this legislation is rate increases, postal rate increases, a stamp act, on every man, woman and child that mails a letter in this country. That is what we are trying to stave off, because as rate increases go up, people quit using the post office; and it gets this downward spiral that will lead to the demise of the post office as we know it. That is why this legislation has such broad support from such diverse groups in the private sector and in the public sector.

Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I join my chairman in opposing this amendment. It sounds like the gentleman from Texas (Mr. HENSARLING) has some vision of postal reform. Well, I just think that is great, except we cannot pass it.

The alternative to this, as the chairman has pointed out, is going to be the existing system and undesirable increases on rates.

So what is the amendment before us? It is not a different version of reform of the Postal Service. It would micro-manage the Postal Service's use of money that is now in an escrow and will tell them they have to use most of that money to pre-fund health benefits.

Well, we say they must use some of that money for that, but if they shift the money for that purpose, then to run the Postal Service they are going to have to ask for an increase in rates. That is why in amendment would certainly be opposed by all the people who use the Postal Service, the mailers, the enterprises, the businesses in this country that rely on the Postal Service for their success.

Now, the amendment does something else, and I just have to underscore it. As the chairman of the Committee on Government Reform mentioned, it would require the Postal Service to pay for the pensions for those who served in the military before they went to work for the Postal Service. If you were in the military and went to work for any other agency of government, that agency would not be required to pay for your military pension. They might be required to pay for the pension accrued from service in that agency.

Why should the Postal Service have to pay for the military pensions? It does not make sense. And the consequence of it would be that the Postal Service would have to ask for an increase in rates because they have this extra financial burden to pay for military pensions. That is why this amendment is one that I think it to be a poison pill for the legislation.

You could imagine the groups that oppose this legislation like the National Association of Manufacturers and NFIB and others opposing this because they do not want higher rates. I urge opposition to the amendment.

Mr. HENSARLING. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas (Mr. HENSARLING) has 3½ minutes remaining.

Mr. HENSARLING. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Chairman, I want to thank the gentleman from Texas (Mr. HENSARLING) for his work on this amendment and, of course, our chairman of the Committee on Government Reform, who has worked so diligently on this bill and for years has worked to be able to move it to the body.

Mr. Chairman, you know, we are hearing a lot about the military benefits. From my service on the Committee on Government Reform, I think I remember that there was in 2003 \$103 billion overpayment in pension benefits that was refunded to the Postal Service, and as a part of that agreement they were made responsible for the military pension costs of the employees. And this bill would reverse those provisions.

I think it is also worthy to notice that the gentleman from Texas (Mr. HENSARLING) has pointed out in 1971 the reform efforts put in place at the Postal Service, it would be a self-financing agency, and with that mandate they were given certain exemptions and advantages such as tax and anti-trust. And they are obliged and obligated to manage their finances in a manner that covers its full costs.

We must continue to encourage the Postal Service to be self-sufficient and not be subsidized by the taxpayer. I urge my colleagues to vote in favor of the amendment.

Mr. TOM DAVIS of California. Mr. Chairman, I yield myself such time as I may consume.

Let me just note for the record that we did agree at that point as a condition of releasing overpayment by the Post Office Department into pension funds that they, for a temporary period of time, fund the military for CSRS retirees. But we awaited studies; and the President's own commission, which has been quoted here, came back and recommended that in point of fact the post office should not be making these payments, that it should go to the general fund side of the ledger.

Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. MCHUGH).

Mr. MCHUGH. Mr. Chairman, a couple points with respect to the gentleman's comments about the 1971 legislation. She is right, but she is also a little behind because that is why we are making changes.

H.R. 22, in fact, applies anti-trust provisions against the Postal Service, overturning the 1971 bill. We require taxes paid on the business computations for the competitive products portion of the Postal Service, again over-changing the 1971 bill. So that is what this is all about. I am glad I had the opportunity to update the gentleman's perspective on that.

The other thing I would note is that, again, this would be the only Federal agency treated in this manner, the only Federal agency. And there is really no justification for it. I have heard a great deal about budget scoring, and I cannot speak as to the author of this amendment, but I suspect he along with others including myself, stood in the well of this House many, many times and spoke about the moronic perspective of scoring when it came to tax cuts. We did not want that kind of scoring, the same kind of scoring that is applied here. We wanted dynamic

scoring, and if we were dynamically scoring, I think we would be referring to the statistics provided by others including the Envelope Manufacturing Association that says if this amendment were to pass, it would result in the loss of \$64 billion in tax revenues from those firms that use the Postal Service for mailing and such that pay sales taxes and others; 245,000 jobs would be impacted just in the first year; and 3.5 million jobs would be impacted over 10 years, all of whom are taxpayers.

So if we are dynamically scoring, as all of us who were so strongly in support of it when it came to the tax cuts, this would not be even an issue.

Let me just state, here is what the Postal Service says about this particular amendment: "If the Hensarling amendment is adopted, the Postal Service will be in worse financial situation then it occupied before the CSRS overfunding was identified and corrected. If the Hensarling amendment is adopted, the total of these four payments would be \$97 billion over the next 10 years." That is a tax on the American mailing public, and I think we ought to resist this amendment.

□ 2100

Mr. HENSARLING. Mr. Chairman, I yield 1½ minutes to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. Mr. Chairman, I rise today to speak in favor of the amendment introduced by my friend, the gentleman from Texas (Mr. HENSARLING), that would encourage fiscal responsibility by the U.S. Postal Service. I, along with others, support the Postal Service that is staffed by thousands of resourceful and hard-working individuals who I believe have the ability, by themselves, to adapt and create a smoothly functioning postal system that can really be a world leader for us all.

I support the Postal Service and the valuable contribution that it provides to our economy, and the common-sense bill before us will move the U.S. Postal Service in the right direction so it will no longer be a drain on the U.S. taxpayer. This amendment will encourage the Postal Service to move forward, to take responsibility for its own liabilities, just as other large corporations have to do.

Recently Fortune Magazine ranked the Postal Service as the 44th largest corporation in the world and looked at the many assets that they have. Unfortunately, the Postal Service has not taken advantage of those assets and its potential. Instead, it has not moved in the direction of other industrialized nations in providing us with a mail system of innovation, financial soundness, and quality of services.

That study also looked at nine different postal services, two private and seven from industrial nations, and in seven out of those nine categories found the U.S. Postal Service ranked last.

I believe that the Hensarling amendment will change that. It will move the Postal Service of this country in the right direction, make it more efficient, and, most importantly, take the burden off the U.S. taxpayer.

For that reason, Mr. Chairman, I encourage my colleagues to support the gentleman from Texas in his amendment.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Michigan (Mrs. MILLER).

Mrs. MILLER of Michigan. Mr. Chairman, I thank the gentleman for yielding me this time, and I certainly appreciate the intentions of my good friend from Texas in his amendment tonight, but this amendment would do absolutely nothing to stop a stamp rate increase for next year. In fact, it seems very clear this amendment would have the opposite impact. In fact, it would trigger large increases in the postal rates.

These rate increases would be caused by denying the Postal Service access to billions of dollars which are set aside in their escrow accounts, because the Postal Service will be forced actually to completely finance the escrow requirement as well as the annual health benefit premium for all of their retirees. This will not stop what we are all trying to stop, and that is a postal rate increase, which is really a tax. I guess you can call it a stamp tax, if you want, on the American people.

This amendment is not fiscally conservative. In fact, if you are an individual who just mails a couple of letters a year, I suppose it does not matter if you have a tax increase, a stamp tax increase, of 1 or 2 cents a letter. However, think if you are a catalogue mailing company or a large user of the Postal Service.

This amendment would also require the Postal Service to spend all of their savings released under H.R. 22 on paying the Postal Service's unfunded health care liability rather than giving the Postal Service some much-needed flexibility to use on other pressing issues.

This underlying bill is based on the premise of making the Postal Service more cost-effective, more cost-efficient, making it run in a more businesslike, user-friendly type of way, and this amendment, I believe, is a step backward. So I urge my colleagues to vote "no" on this amendment and also to support the underlying bill, which is a great bipartisan effort and a great bipartisan piece of legislation.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, the argument for budget-neutral reform reminds me of the teaching of Frederick Douglass when he said that he understood one thing, if he did not understand anything else; and that is that in this world we may not get everything that we pay for, but we most

certainly will pay for everything that we get.

As the Comptroller General has pointed out, respected accounting principles indicate that the burden for payment for service belongs to the beneficiary. The U.S. Government benefited from military service, and it should cover the cost.

To ensure predictable rate increases, H.R. 22 employs strict rate caps at the subclass level, prohibiting rate increases at a rate greater than CPI. These restrictions, however, make it important that the Service have access to the one-third of its own money to help cover operational costs if need be. Otherwise there is no alternative but to accumulate debt.

Mr. Chairman, the Hensarling amendment would have us embedded in debt. I oppose it.

Mr. HENSARLING. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, 2 years ago the Postal Service was here asking for \$7 billion from the taxpayer. They come here tonight asking for \$6 billion from the taxpayers. Again, I ask the question: Where will it all end?

If we do not change the way we do business in Washington, we will have to double taxes on future generations just to balance the budget. Somehow, somewhere, some way, someday we must stop the madness of the spending.

I agree with many of my colleagues that there are only two choices: Either ratepayers or taxpayers are going to pick up this tab. I vote for ratepayers.

Mr. TOM DAVIS of Virginia. Mr. Chairman, I urge opposition to this. First of all, the Postal Service is self-operating. What it raises, it spends. The increased money that was added was because of the anthrax issue. It was a national security issue.

This amendment is bad for the economy. We are talking about 8 percent of GDP now having at least a 2 percent increase. In fact, under this amendment, it would not just be a rate increase, this would be basically a rate shock to Americans. It would be far in excess of that.

This hurts Americans' competitiveness, it is bad for the economy, and I urge my colleagues to vote against this amendment.

Mrs. MALONEY. Mr. Chairman, I rise in opposition to the Hensarling amendment.

This amendment would strip critical provisions contained in the underlying bill.

The gentleman's amendment would require the Postal Service to continue to be responsible for the military retirement costs of its employees.

No agency other than the Postal Service is responsible for the military retirement costs that Treasury pays for all other Federal employees.

It is absolutely essential to the long-term survival of the Postal Service to relieve it and postal customers of this \$27 billion burden by returning that responsibility to the Treasury.

Additionally, his amendment would mandate that 100 percent, rather than 2/3, of the Civil Service Retirement System savings that re-

sulted from the fix Congress enacted 2 years ago and are currently in an escrow account, must go to the Retiree Health Benefits Fund.

This provision would have the effect of increasing postal rates by preventing the USPS from using these savings to help keep postal rates stable.

If Congress had not fixed this formula, the Postal Service's required share of this Federal government retirement fund would have resulted in a long-term overpayment of more than \$70 billion.

These savings were intended to provide the Postal Service with much-needed fiscal relief and a promise of stable postal rates until 2006.

A vote for this amendment would undermine the very reason why this bill is on the Floor today . . . to enact long overdue reforms of the Postal Service.

I urge my colleagues to vote "no."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. HENSARLING).

The amendment was rejected.

The CHAIRMAN. It is now in order to consider amendment No. 4 printed in House Report number 109-184.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: Amendment No. 1 offered by the gentleman from Indiana (Mr. PENCE) and amendment No. 2 offered by the gentleman from Arizona (Mr. FLAKE).

The Chair will reduce to 5 minutes the time for the second electronic vote in this series.

AMENDMENT NO. 1 OFFERED BY MR. PENCE

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Indiana (Mr. PENCE) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 82, noes 345, not voting 6, as follows:

[Roll No. 428]

AYES—82

Aderholt	Cole (OK)	Hayworth
Akin	Conaway	Hefley
Barrett (SC)	Cox	Hensarling
Bartlett (MD)	Culberson	Herger
Bass	Deal (GA)	Hostettler
Beauprez	DeLay	Hunter
Blackburn	Feeney	Hyde
Blunt	Flake	Inglis (SC)
Bonilla	Foxx	Issa
Boustany	Franks (AZ)	Istook
Brady (TX)	Garrett (NJ)	Jindal
Burgess	Gingrey	Johnson, Sam
Buyer	Gohmert	Jones (NC)
Cantor	Goodlatte	King (IA)
Carter	Granger	Kingston
Chabot	Hall	Kirk
Chocola	Hayes	Mack

Marchant	Otter	Stearns
McCaul (TX)	Paul	Sullivan
McCrery	Pence	Tancredo
McHenry	Pitts	Thornberry
McMorris	Poe	Tiahrt
Miller (FL)	Price (GA)	Weldon (FL)
Miller, Gary	Rohrabacher	Westmoreland
Musgrave	Royce	Whitfield
Myrick	Ryun (KS)	Wilson (SC)
Neugebauer	Sessions	
Norwood	Shadegg	

NOES—345

Abercrombie	Doolittle	Larsen (WA)
Ackerman	Doyle	Larson (CT)
Alexander	Drake	Latham
Allen	Dreier	LaTourette
Andrews	Duncan	Leach
Baca	Edwards	Lee
Bachus	Ehlers	Levin
Baird	Emanuel	Lewis (CA)
Baker	Emerson	Lewis (GA)
Baldwin	Engel	Lewis (KY)
Barrow	English (PA)	Linder
Barton (TX)	Eshoo	Lipinski
Bean	Etheridge	LoBiondo
Becerra	Evans	Lofgren, Zoe
Berkley	Everett	Lowe
Berman	Farr	Lucas
Berry	Fattah	Lungren, Daniel
Biggert	Ferguson	E.
Bilirakis	Filner	Lynch
Bishop (GA)	Fitzpatrick (PA)	Maloney
Bishop (NY)	Foley	Manzullo
Bishop (UT)	Forbes	Markey
Blumenauer	Ford	Marshall
Boehrlert	Fortenberry	Matheson
Boehner	Fossella	Matsui
Bonner	Frank (MA)	McCarthy
Bono	Frelinghuysen	McCollum (MN)
Boozman	Gallegly	McCotter
Boren	Gerlach	McDermott
Boswell	Gilchrest	McGovern
Boucher	Gillmor	McHugh
Boyd	Gonzalez	McIntyre
Bradley (NH)	Goode	McKeon
Brady (PA)	Gordon	McKinney
Brown (OH)	Graves	McNulty
Brown (SC)	Green (WI)	Meehan
Brown, Corrine	Green, Al	Meek (FL)
Brown-Waite,	Green, Gene	Meeks (NY)
Ginny	Grijalva	Melancon
Burton (IN)	Gutierrez	Menendez
Butterfield	Gutknecht	Mica
Calvert	Harman	Michaud
Camp	Harris	Millender-
Cannon	Hart	McDonald
Capito	Hastings (FL)	Miller (MI)
Capps	Hastings (WA)	Miller (NC)
Capuano	Herseth	Mollohan
Cardin	Higgins	Moore (KS)
Cardoza	Hinchev	Moore (WI)
Carnahan	Hobson	Moran (KS)
Carson	Hoekstra	Moran (VA)
Case	Holden	Murphy
Castle	Holt	Murtha
Chandler	Honda	Nadler
Clay	Hooley	Napolitano
Cleaver	Hoyer	Neal (MA)
Clyburn	Hulshof	Ney
Coble	Inslee	Northup
Conyers	Israel	Nunes
Costa	Jackson (IL)	Nussle
Costello	Jackson-Lee	Oberstar
Cramer	(TX)	Olver
Crenshaw	Jefferson	Ortiz
Crowley	Jenkins	Osborne
Cubin	Johnson (CT)	Owens
Cuellar	Johnson (IL)	Pallone
Cummings	Johnson, E. B.	Pascarell
Cunningham	Jones (OH)	Pastor
Davis (AL)	Kanjorski	Payne
Davis (CA)	Kaptur	Pearce
Davis (FL)	Keller	Pelosi
Davis (IL)	Kelly	Peterson (MN)
Davis (KY)	Kennedy (MN)	Peterson (PA)
Davis (TN)	Kennedy (RI)	Petri
Davis, Jo Ann	Kildee	Pickering
Davis, Tom	Kilpatrick (MI)	Platts
DeFazio	Kind	Pombo
DeGette	King (NY)	Pomeroy
Delahunt	Kline	Porter
DeLauro	Knollenberg	Price (NC)
Dent	Kolbe	Pryce (OH)
Diaz-Balart, L.	Kucinich	Putnam
Diaz-Balart, M.	Kuhl (NY)	Radanovich
Dicks	LaHood	Rahall
Dingell	Langevin	Ramstad
Doggett	Lantos	Rangel

Regula	Serrano	Tiberi	Shadegg	Sullivan	Weldon (FL)	Rangel	Serrano	Tiberi
Rehberg	Shaw	Tierney	Stearns	Tancredo	Wilson (SC)	Regula	Shaw	Tierney
Reichert	Shays	Towns				Rehberg	Shays	Towns
Renzi	Sherman	Turner		NOES—379		Reichert	Sherman	Turner
Reyes	Sherwood	Udall (CO)	Abercrombie	Diaz-Balart, M.	Kline	Reyes	Sherwood	Udall (CO)
Reynolds	Shimkus	Udall (NM)	Ackerman	Dicks	Knollenberg	Reynolds	Shimkus	Udall (NM)
Rogers (AL)	Shuster	Upton	Aderholt	Dingell	Kucinich	Rogers (AL)	Shuster	Upton
Rogers (KY)	Simmons	Van Hollen	Alexander	Doggett	Kuhl (NY)	Rogers (KY)	Simmons	Van Hollen
Rogers (MI)	Simpson	Velázquez	Allen	Doolittle	LaHood	Rogers (MI)	Simpson	Velázquez
Ros-Lehtinen	Skelton	Visclosky	Andrews	Doyle	Langevin	Ros-Lehtinen	Skelton	Visclosky
Ross	Slaughter	Walden (OR)	Baca	Drake	Lantos	Ross	Slaughter	Walden (OR)
Rothman	Smith (NJ)	Walsh	Bachus	Dreier	Larsen (WA)	Rothman	Smith (NJ)	Walsh
Roybal-Allard	Smith (TX)	Wamp	Baird	Edwards	Larson (CT)	Roybal-Allard	Smith (TX)	Wamp
Ruppersberger	Smith (WA)	Wasserman	Baker	Ehlers	Latham	Ruppersberger	Smith (WA)	Wasserman
Rush	Snyder	Schultz	Baldwin	Emanuel	LaTourette	Rush	Snyder	Schultz
Ryan (OH)	Sodrel	Waters	Barrow	Emerson	Leach	Ryan (OH)	Sodrel	Waters
Ryan (WI)	Solis	Watson	Barton (TX)	Engel	Lee	Ryan (WI)	Solis	Watson
Sabo	Souder	Watt	Bass	Engel	Lee	Ryan (KS)	Souder	Watt
Salazar	Spratt	Waxman	Bean	English (PA)	Levin	Sabo	Spratt	Waxman
Sánchez, Linda T.	Stark	Weiner	Beauprez	Eshoo	Lewis (CA)	Sánchez, Linda T.	Stark	Weiner
Sanchez, Loretta	Strickland	Weldon (PA)	Becerra	Etheridge	Lewis (GA)	Sanchez, Loretta T.	Strickland	Weldon (PA)
Sanders	Stupak	Weller	Berkley	Evans	Lewis (KY)	Sanders	Stupak	Weller
Saxton	Sweeney	Wexler	Berman	Everett	Lipinski	Saxton	Sweeney	Wexler
Schakowsky	Tanner	Wicker	Berry	Farr	LoBiondo	Schakowsky	Tanner	Wicker
Schiff	Tauscher	Wilson (NM)	Biggert	Fattah	Lofgren, Zoe	Schiff	Tauscher	Wilson (NM)
Schwartz (PA)	Taylor (MS)	Wolf	Bilirakis	Ferguson	Lowey	Schwartz (PA)	Taylor (MS)	Wilson (NM)
Schwartz (MI)	Taylor (NC)	Woolsey	Bishop (GA)	Filner	Lucas	Schwartz (MI)	Taylor (NC)	Wilson (NM)
Scott (GA)	Terry	Wu	Bishop (NY)	Fitzpatrick (PA)	Lynch	Scott (GA)	Terry	Wu
Scott (VA)	Thomas	Wynn	Bishop (UT)	Foley	Maloney	Scott (VA)	Thomas	Wynn
Sensenbrenner	Thompson (CA)	Young (AK)	Blumenauer	Forbes	Manzullo	Sensenbrenner	Thompson (CA)	Young (AK)
	Thompson (MS)	Young (FL)	Blunt	Ford	Marchant		Thompson (MS)	Young (FL)
			Boehert	Fortenberry	Markey			
			Boehner	Fossella	Marshall			
			Bonilla	Frank (MA)	Matheson			
			Bonner	Frelinghuysen	Matsui			
			Bono	Gallegly	McCarthy			
			Boozman	Gerlach	McCollum (MN)			
			Boren	Gilchrest	McCotter			
			Boswell	Gillmor	McCrery			
			Boucher	Gohmert	McDermott			
			Boustany	Gonzalez	McGovern			
			Boyd	Goode	McHugh			
			Bradley (NH)	Goodlatte	McIntyre			
			Brady (PA)	Gordon	McKeon			
			Brown (OH)	Granger	McKinney			
			Brown (SC)	Graves	McNulty			
			Brown, Corrine	Green (WI)	Meehan			
			Brown-Waite,	Green, Al	Meek (FL)			
			Ginny	Green, Gene	Meeks (NY)			
			Burgess	Grijalva	Melancon			
			Burton (IN)	Gutierrez	Menendez			
			Butterfield	Gutknecht	Michaud			
			Calvert	Hall	Millender-			
			Camp	Harman	McDonald			
			Cannon	Hart	Miller (MI)			
			Cantor	Hastings (FL)	Miller (NC)			
			Capito	Hastings (WA)	Miller, Gary			
			Capps	Hayes	Mollohan			
			Capuano	Hefley	Moore (KS)			
			Cardin	Herger	Moore (WI)			
			Cardoza	Herseth	Moran (KS)			
			Carnahan	Higgins	Moran (VA)			
			Carson	Hinchee	Murphy			
			Case	Hinojosa	Murtha			
			Castle	Hobson	Nadler			
			Chabot	Hoekstra	Napolitano			
			Chandler	Holden	Neal (MA)			
			Clay	Holt	Ney			
			Cleaver	Honda	Northup			
			Clyburn	Hooley	Norwood			
			Coble	Hostettler	Nunes			
			Cole (OK)	Hoyer	Nussle			
			Conyers	Hulshof	Oberstar			
			Cooper	Hunter	Obey			
			Costa	Hyde	Oliver			
			Costello	Inslee	Ortiz			
			Cramer	Israel	Osborne			
			Crenshaw	Issa	Owens			
			Crowley	Istook	Pallone			
			Cubin	Jackson (IL)	Pascarell			
			Cuellar	Jackson-Lee	Pastor			
			Cummings	(TX)	Payne			
			Cunningham	Jefferson	Pearce			
			Davis (AL)	Jenkins	Pelosi			
			Davis (CA)	Johnson (CT)	Peterson (MN)			
			Davis (FL)	Davis (IL)	Peterson (PA)			
			Davis (IL)	Johnson, E. B.	Petri			
			Davis (KY)	Jones (NC)	Pickering			
			Davis (TN)	Jones (OH)	Pitts			
			Davis, Jo Ann	Kanjorski	Platts			
			Davis, Tom	Kaptur	Pombo			
			Deal (GA)	Keller	Pomeroy			
			DeFazio	Kelly	Porter			
			DeGette	Kennedy (MN)	Price (GA)			
			Delahunt	Kennedy (RI)	Price (NC)			
			DeLauro	Kildee	Pryce (OH)			
			DeLay	Kilpatrick (MI)	Putnam			
			Dent	Kind	Radanovich			
			Diaz-Balart, L.	King (NY)	Rahall			
				Kirk	Ramstad			

NOT VOTING—6

Cooper Hinojosa Obey
Gibbons Miller, George Oxley

□ 2128

Messrs. PETERSON of Pennsylvania, UDALL of Colorado, STUPAK, RAMSTAD, Ms. HARMAN, Ms. CARSON, Mrs. NORTHUP, and Ms. HART changed their vote from “aye” to “no.”

Mr. MACK and Mr. KIRK changed their vote from “no” to “aye.”

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. HINOJOSA. Mr. Speaker, on rollcall No. 428, had I been present, I would have voted “no.”

AMENDMENT NO. 2 OFFERED BY MR. FLAKE

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Arizona (Mr. FLAKE) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 51, noes 379, not voting 3, as follows:

[Roll No. 429]

AYES—51

Akin	Garrett (NJ)	McHenry
Barrett (SC)	Gingrey	McMorris
Bartlett (MD)	Harris	Mica
Blackburn	Hayworth	Miller (FL)
Brady (TX)	Hensarling	Musgrave
Buyer	Inglis (SC)	Myrick
Carter	Jindal	Neugebauer
Chocola	Johnson, Sam	Otter
Conaway	King (IA)	Paul
Cox	Kingston	Pence
Culberson	Kolbe	Poe
Duncan	Linder	Rohrabacher
Feeney	Lungren, Daniel	Royce
Flake	E.	Sessions
Foxx	Mack	
Franks (AZ)	McCaull (TX)	

NOT VOTING—3

Gibbons Miller, George Oxley

□ 2136

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). Members are advised that 2 minutes remain in this vote.

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. BASS) having assumed the chair, Mr. SIMPSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 22) to reform the postal laws of the United States, pursuant to House Resolution 380, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. TOM DAVIS of Virginia. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 15-minute vote on passage will be followed by a 5-minute vote on the motion to suspend the rules and pass H.R. 3339.

The vote was taken by electronic device, and there were—ayes 410, noes 20, not voting 3, as follows:

[Roll No. 430]

AYES—410

Abercrombie	Cummings	Holt
Ackerman	Cunningham	Honda
Aderholt	Davis (AL)	Hooley
Alexander	Davis (CA)	Hostettler
Allen	Davis (FL)	Hoyer
Andrews	Davis (IL)	Hulshof
Baca	Davis (KY)	Hunter
Bachus	Davis (TN)	Hyde
Baird	Davis, Tom	Inglis (SC)
Baker	Deal (GA)	Inslee
Baldwin	DeFazio	Israel
Barrow	DeGette	Issa
Bartlett (MD)	DeLahunt	Jackson (IL)
Barton (TX)	DeLauro	Jackson-Lee
Bass	DeLay	(TX)
Bean	Dent	Jefferson
Beauprez	Diaz-Balart, L.	Jenkins
Becerra	Diaz-Balart, M.	Jindal
Berkley	Dicks	Johnson (CT)
Berman	Dingell	Johnson (IL)
Berry	Doggett	Johnson, E. B.
Biggert	Doolittle	Jones (NC)
Bilirakis	Doyle	Jones (OH)
Bishop (GA)	Drake	Kanjorski
Bishop (NY)	Dreier	Kaptur
Bishop (UT)	Duncan	Keller
Blackburn	Edwards	Kelly
Blumenauer	Ehlers	Kennedy (MN)
Blunt	Emanuel	Kennedy (RI)
Boehlert	Emerson	Kildee
Boehner	Engel	Kilpatrick (MI)
Bonilla	English (PA)	Kind
Bonner	Eshoo	King (IA)
Bono	Etheridge	King (NY)
Boozman	Evans	Kingston
Boren	Everett	Kirk
Boswell	Farr	Kline
Boucher	Fattah	Knollenberg
Boustany	Ferguson	Kolbe
Boyd	Filner	Kucinich
Bradley (NH)	Fitzpatrick (PA)	Kuhl (NY)
Brady (PA)	Foley	LaHood
Brady (TX)	Forbes	Langevin
Brown (OH)	Ford	Lantos
Brown (SC)	Fortenberry	Larsen (WA)
Brown, Corrine	Fossella	Larson (CT)
Brown-Waite,	Fox	Latham
Ginny	Frank (MA)	LaTourette
Burgess	Frelinghuysen	Leach
Burton (IN)	Gallely	Lee
Butterfield	Garrett (NJ)	Levin
Buyer	Gerlach	Lewis (CA)
Calvert	Gilchrest	Lewis (GA)
Camp	Gillmor	Lewis (KY)
Cannon	Gingrey	Linder
Cantor	Gonzalez	Lipinski
Capito	Goode	LoBiondo
Capps	Goodlatte	Lofgren, Zoe
Capuano	Gordon	Lowe
Cardin	Granger	Lucas
Cardoza	Graves	Lungren, Daniel
Carnahan	Green (WI)	E.
Carson	Green, Al	Lynch
Carter	Green, Gene	Mack
Case	Grijalva	Maloney
Castle	Gutierrez	Manzullo
Chabot	Gutknecht	Marchant
Chandler	Hall	Markey
Clay	Harman	Marshall
Cleaver	Harris	Matheson
Clyburn	Hart	Matsui
Coble	Hastings (FL)	McCarthy
Cole (OK)	Hastings (WA)	McCaul (TX)
Conaway	Hayes	McCollum (MN)
Conyers	Hayworth	McCotter
Cooper	Hefley	McCreery
Costa	Hergert	McDermott
Costello	Herseth	McGovern
Cox	Higgins	McHenry
Cramer	Hinche	McHugh
Crenshaw	Hinojosa	McIntyre
Crowley	Hobson	McKeon
Cubin	Hoekstra	McKinney
Cuellar	Holden	McMorris

McNulty	Putnam	Solis
Meehan	Radanovich	Souder
Meek (FL)	Rahall	Spratt
Meeks (NY)	Ramstad	Stark
Melancon	Rangel	Stearns
Menendez	Regula	Strickland
Mica	Rehberg	Stupak
Michaud	Reichert	Sullivan
Millender	Renzi	Sweeney
McDonald	Reyes	Tancredo
Miller (FL)	Reynolds	Tanner
Miller (MI)	Rogers (AL)	Tauscher
Miller (NC)	Rogers (KY)	Taylor (MS)
Miller, Gary	Rogers (MI)	Taylor (NC)
Mollohan	Rohrabacher	Terry
Moore (KS)	Ros-Lehtinen	Thomas
Moore (WI)	Ross	Thompson (CA)
Moran (KS)	Rothman	Thompson (MS)
Moran (VA)	Roybal-Allard	Thornberry
Murphy	Ruppersberger	Tiahrt
Murtha	Rush	Tiberi
Myrick	Ryan (OH)	Tierney
Nadler	Ryan (WI)	Towns
Napolitano	Ryun (KS)	Turner
Neal (MA)	Sabo	Udall (CO)
Neugebauer	Salazar	Udall (NM)
Ney	Sánchez, Linda	Upton
Northup	T.	Van Hollen
Norwood	Sanchez, Loretta	Velázquez
Nunes	Sanders	Visclosky
Oberstar	Saxton	Walden (OR)
Obey	Schakowsky	Walsh
Oliver	Schiff	Wamp
Ortiz	Schwartz (PA)	Wasserman
Osborne	Schwarz (MI)	Schultz
Owens	Scott (GA)	Waters
Pallone	Scott (VA)	Watson
Pascrell	Sensenbrenner	Watt
Pastor	Serrano	Waxman
Payne	Sessions	Weiner
Pearce	Shaw	Weldon (PA)
Pelosi	Shays	Weller
Peterson (MN)	Sherman	Westmoreland
Peterson (PA)	Sherwood	Wexler
Petri	Shimkus	Whitfield
Pickering	Shuster	Wicker
Pitts	Simmons	Wilson (NM)
Platts	Simpson	Wilson (SC)
Poe	Skelton	Wolf
Pombo	Slaughter	Woolsey
Pomeroy	Smith (NJ)	Wu
Porter	Smith (TX)	Wynn
Price (GA)	Smith (WA)	Young (AK)
Price (NC)	Snyder	Young (FL)
Pryce (OH)	Sodrel	

NOES—20

Akin	Franks (AZ)	Otter
Barrett (SC)	Gohmert	Paul
Chocola	Hensarling	Pence
Culberson	Istook	Royce
Davis, Jo Ann	Johnson, Sam	Shadegg
Feehey	Musgrave	Weldon (FL)
Flake	Nussle	

NOT VOTING—3

Gibbons	Miller, George	Oxley
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□ 2154

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

WISHING THE HON. DAN BOREN AND HIS BRIDE WELL ON THE OCCASION OF THEIR MARRIAGE

(Mr. HOYER asked and was given permission to speak out of order for 1 minute.)

Mr. HOYER. Mr. Speaker, we talk a lot about families on this floor, and properly so. We talk a lot about caring on this floor, and properly so. We talk a lot about relationships on this floor, and properly so.

And I am proud to rise today to say how pleased I am, and I know all Members of the House will be, the youngest Member on our side of the aisle is the gentleman from Oklahoma (Mr.

BOREN), and the gentleman from Oklahoma (Mr. BOREN) this weekend took to himself a beautiful bride from South Dakota, Andrea.

Let us wish them well as they embark upon this new family.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. BASS). Without objection, the next vote will be a 5-minute vote.

There was no objection.

JAMES T. MOLLOY POST OFFICE BUILDING

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 3339.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. ISSA) that the House suspend the rules and pass the bill, H.R. 3339, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 423, nays 0, not voting 10, as follows:

[Roll No. 431]

YEAS—423

Abercrombie	Buyer	Dicks
Ackerman	Calvert	Dingell
Aderholt	Camp	Doggett
Akin	Cannon	Doolittle
Alexander	Cantor	Doyle
Allen	Capito	Drake
Andrews	Capps	Dreier
Baca	Capuano	Duncan
Bachus	Cardin	Edwards
Baird	Cardoza	Ehlers
Baker	Carnahan	Emanuel
Baldwin	Carson	Emerson
Barrett (SC)	Carter	Engel
Barrow	Case	English (PA)
Bartlett (MD)	Castle	Eshoo
Barton (TX)	Chabot	Etheridge
Bass	Chandler	Evans
Bean	Chocola	Everett
Beauprez	Clay	Farr
Becerra	Cleaver	Fattah
Berkley	Clyburn	Feehey
Berman	Coble	Ferguson
Berry	Cole (OK)	Filner
Biggert	Conaway	Fitzpatrick (PA)
Bilirakis	Conyers	Flake
Bishop (GA)	Cooper	Foley
Bishop (NY)	Costa	Forbes
Bishop (UT)	Costello	Ford
Blackburn	Cox	Fortenberry
Blumenauer	Cramer	Fossella
Blunt	Crenshaw	Fox
Boehlert	Crowley	Frank (MA)
Boehner	Cubin	Franks (AZ)
Bonilla	Cuellar	Frelinghuysen
Bonner	Culberson	Gallely
Bono	Cummings	Garrett (NJ)
Boozman	Cunningham	Gerlach
Boren	Davis (AL)	Gilchrest
Boswell	Davis (CA)	Gillmor
Boucher	Davis (IL)	Gingrey
Boustany	Davis (KY)	Gohmert
Boyd	Davis (TN)	Gonzalez
Bradley (NH)	Davis, Jo Ann	Goode
Brady (PA)	Davis, Tom	Goodlatte
Brady (TX)	Deal (GA)	Gordon
Brown (OH)	DeFazio	Granger
Brown (SC)	DeGette	Graves
Brown, Corrine	DeLahunt	Green (WI)
Brown-Waite,	DeLauro	Green, Al
Ginny	DeLay	Green, Gene
Burgess	Dent	Grijalva
Burton (IN)	Diaz-Balart, L.	Gutierrez
Butterfield	Diaz-Balart, M.	Gutknecht