

115TH CONGRESS
1ST SESSION

H. R. 756

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2017

Mr. CHAFFETZ (for himself, Mr. CUMMINGS, Mr. MEADOWS, Mr. LYNCH, Mr. CONNOLLY, and Mr. ROSS) introduced the following bill; which was referred to the Committee on Oversight and Government Reform, and in addition to the Committees on Energy and Commerce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Postal Service Reform Act of 2017”.

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

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

TITLE I—POSTAL SERVICE BENEFITS REFORM

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

TITLE II—POSTAL SERVICE OPERATIONS REFORM

Sec. 201. Governance reform.
 Sec. 202. Transition to more efficient and secure mail delivery.
 Sec. 203. Modernizing postal rates.
 Sec. 204. Nonpostal services.
 Sec. 205. Efficient and flexible universal postal service.
 Sec. 206. Fair stamp-evidencing competition.
 Sec. 207. Market-dominant rates.
 Sec. 208. Completion of initial rate regulation review.
 Sec. 209. Review of Postal Service cost attribution guidelines.
 Sec. 210. Aviation security for parcels.
 Sec. 211. ZIP codes.

TITLE III—POSTAL SERVICE PERSONNEL

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

TITLE IV—POSTAL CONTRACTING REFORM

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

3 **SEC. 2. DEFINITIONS.**

4 In this Act—

5 (1) the term “Postal Service” means the United
 6 States Postal Service; and

7 (2) the term “postal retail facility” means a
 8 post office, post office branch, post office classified
 9 station, or other facility which is operated by the
 10 Postal Service, and the primary function of which is

1 to provide retail postal services, but does not include
2 a contractor-operated facility offering postal services.

3 **TITLE I—POSTAL SERVICE**
4 **BENEFITS REFORM**

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

6 (a) ESTABLISHMENT.—

7 (1) IN GENERAL.—Chapter 89 of title 5, United
8 States Code, is amended by inserting after section
9 8903b the following:

10 **“SEC. 8903c. POSTAL SERVICE HEALTH BENEFITS PRO-**
11 **GRAM.**

12 “(a) DEFINITIONS.—In this section—

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

20 “(2) the term ‘initial contract year’ means the
21 contract year beginning in January of 2019;

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

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

3 “(5) the term ‘Postal Service’ means the United
4 States Postal Service;

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

9 “(7) the term ‘Postal Service employee’ means
10 an employee of the Postal Service enrolled in a
11 health benefits plan under this chapter whose Gov-
12 ernment contribution is paid by the Postal Service;

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

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

16 “(B) is a covered Medicare individual;

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

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

23 “(b) APPLICATION.—The requirements under this
24 section shall—

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

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

6 “(c) ESTABLISHMENT OF THE POSTAL SERVICE
7 HEALTH BENEFITS PROGRAM.—

8 “(1) IN GENERAL.—The Office shall establish
9 the Postal Service Health Benefits Program under
10 which the Office contracts with carriers to offer
11 health benefits plans as described under this section.
12 Except as otherwise provided under this section, any
13 such contract shall be consistent with the require-
14 ments of this chapter for contracts under section
15 8902 with carriers to offer health benefits plans
16 other than under this section. The Program shall—

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

19 “(i) each carrier for which the total
20 enrollment in the plans provided under this
21 chapter includes, in the contract year be-
22 ginning in January 2018, 1,500 or more
23 enrollees who are Postal Service employees
24 or Postal Service annuitants; and

1 “(ii) any other carrier determined ap-
2 propriate by the Office;

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

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

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

14 “(2) SEPARATE POSTAL SERVICE RISK POOL.—
15 The Office shall ensure that each Program plan in-
16 cludes rates that reasonably and equitably reflect the
17 cost of benefits provided to a risk pool consisting
18 solely of Postal Service employees and Postal Service
19 annuitants (and covered family members of such em-
20 ployees and annuitants), taking into specific account
21 the reduction in benefits cost for the Program plan
22 due to the Medicare enrollment requirements under
23 subsection (e) and any savings or subsidies resulting
24 from subsection (f)(1).

1 “(3) ACTUARIALLY EQUIVALENT COVERAGE.—
2 The Office shall ensure that each carrier partici-
3 pating in the Postal Service Health Benefits Pro-
4 gram provides coverage under the Program plans of-
5 fered by the carrier that is actuarially equivalent, as
6 determined by the Office, to the coverage that the
7 carrier provides under the health benefits plans of-
8 fered by the carrier under this chapter that are not
9 Program plans.

10 “(4) APPLICABILITY OF FEDERAL EMPLOYEES
11 HEALTH BENEFITS PROGRAM REQUIREMENTS.—Ex-
12 cept as otherwise set forth in this section, all provi-
13 sions of this chapter applicable to health benefits
14 plans offered by the carrier under section 8903 or
15 8903a shall also apply to plans offered under the
16 Program.

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

23 “(d) ELECTION OF COVERAGE.—

24 “(1) IN GENERAL.—Except as provided in para-
25 graphs (2) and (3), each Postal Service employee

1 and Postal Service annuitant who elects to receive
2 health benefits coverage under this chapter—

3 “(A) shall be subject to the requirements
4 of this section; and

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

8 “(2) ANNUITANTS.—

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

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

18 “(I) the Postal Service annuitant
19 voluntarily enrolls in a Program plan;

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

24 “(III) the health benefits plan in
25 which such annuitant is enrolled for

1 such contract year becomes available
2 as a Program plan; or

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

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

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

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

1 Service employee may only enroll in a Program
2 plan;

3 “(B) if the health benefits plan in which
4 such employee is enrolled for such contract year
5 becomes available as a Program plan, the Post-
6 al Service employee may only enroll in a Pro-
7 gram plan;

8 “(C) upon becoming a Postal Service an-
9 nuitant, if the Postal Service employee elects to
10 continue coverage under this chapter, the Post-
11 al Service employee shall enroll in a Program
12 plan during the open season that is—

13 “(i) being held when the Postal Serv-
14 ice employee becomes a Postal Service an-
15 nuitant; or

16 “(ii) if the date on which the Postal
17 Service employee becomes a Postal Service
18 annuitant falls outside of an open season,
19 the first open season following that date;
20 and

21 “(D) subparagraphs (A), (B), and (C)
22 shall not apply to an employee who resides in
23 a geographic area for which there is not a Pro-
24 gram plan in which the employee may enroll.

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

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

9 “(2) MEDICARE COVERED FAMILY MEMBERS.—
10 If a family member of a Postal Service annuitant
11 who is subject to the requirements of this section is
12 a covered Medicare individual, the family member
13 may not be covered under the Program as a family
14 member of the Postal Service annuitant unless the
15 family member is enrolled in part B of title XVIII
16 of the Social Security Act (42 U.S.C. 1395j et seq.).

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

20 “(A) Postal Service annuitants and family
21 members who are subject to the requirements of
22 paragraph (1) or (2)—

23 “(i) are informed, at the time of en-
24 rollment under this chapter, of such re-
25 quirement;

1 “(ii) receive requests for any addi-
2 tional information necessary for enrollment
3 in writing; and

4 “(iii) as a consequence of such enroll-
5 ment are deemed, for such continuous pe-
6 riod as such annuitant or family member
7 involved otherwise maintains eligibility for
8 enrollment under Medicare part B, to have
9 elected to be enrolled under Medicare part
10 B (under section 1837(m)(1) of the Social
11 Security Act) in connection with the enroll-
12 ment in a Program plan under this chap-
13 ter; and

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

22 “(f) MEDICARE COORDINATION.—

23 “(1) IN GENERAL.—The Office shall require
24 each Program plan to provide benefits for covered
25 Medicare individuals pursuant to the standard co-

1 ordination of benefits method used under this chap-
2 ter, rather than the exclusion method or the carve-
3 out method.

4 “(2) MEDICARE PART D PRESCRIPTION DRUG
5 BENEFITS.—The Office shall require each Program
6 plan to provide prescription drug benefits for Postal
7 Service annuitants and family members who are eli-
8 gible individuals (as defined in section 1860D–
9 1(a)(3)(A) of the Social Security Act) through an
10 employer group waiver plan offered under subsection
11 (b) of section 1860D–22 of the Social Security Act.
12 The Federal Government, through the Office, shall
13 be deemed the sponsor of such plan.

14 “(g) POSTAL SERVICE CONTRIBUTION.—

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

19 “(2) WEIGHTED AVERAGE CALCULATION.—Not
20 later than October 1 of each year (beginning with
21 2018), the Office shall determine the weighted aver-
22 age of the rates established pursuant to subsection
23 (c)(2) for Program plans that will be in effect dur-
24 ing the following contract year with respect to—

25 “(A) enrollments for self only;

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

2 “(C) enrollments for self and family.

3 “(3) WEIGHTING IN COMPUTING RATES FOR
4 INITIAL CONTRACT YEAR.—In determining such
5 weighted average of the rates for the initial contract
6 year, the Office shall take into account (for purposes
7 of section 8906(a)(2)) the enrollment of Postal Serv-
8 ice employees and annuitants in the health benefits
9 plans offered by the initial participating carriers as
10 of March 31, 2018.

11 “(h) RESERVES.—

12 “(1) SEPARATE RESERVES.—

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

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

22 “(C) AMOUNTS TO BE CREDITED.—The re-
23 serves (including the separate contingency re-
24 serve) maintained by each Program plan shall
25 be credited with a proportionate amount of the

1 funds in the reserves for health benefits plans
2 offered by the carrier.

3 “(2) DISCONTINUATION OF PROGRAM PLAN.—

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

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

14 “(j) MEDICARE EDUCATION PROGRAM.—Not later
15 than 180 days after the date of enactment of this section,
16 the Postal Service shall establish a Medicare Education
17 Program. Under the Program, the Postal Service shall—

18 “(1) notify annuitants and employees of the
19 Postal Service about the Postal Service Health Ben-
20 efits Program established under subsection (c)(1);

21 “(2) provide information regarding the Postal
22 Service Health Benefits Program to such annuitants
23 and employees, including a description of the health
24 care options available under such Program, the re-
25 quirement that retirees be enrolled in Medicare

1 under subsection (e)(1), and the operation of the
2 premium transition fund to be created under section
3 104 of the Postal Service Reform Act of 2017; and

4 “(3) respond and provide answers to any in-
5 quiry from such employees and annuitants about the
6 Postal Service Health Benefits Program or Medicare
7 enrollment.”.

8 (2) TECHNICAL AND CONFORMING AMEND-
9 MENTS.—

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

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

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

21 (b) COORDINATION WITH MEDICARE.—

22 (1) MEDICARE ENROLLMENT AND COVERAGE.—

23 Section 1837 of the Social Security Act (42 U.S.C.
24 1395p) is amended by adding at the end the fol-
25 lowing new subsection:

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

2 “(A) is—

3 “(i) a Postal Service Medicare covered an-
4 nuitant; or

5 “(ii) an individual who is a family member
6 of such an annuitant and is a covered Medicare
7 individual;

8 “(B) enrolls in a Program plan under section
9 8903c of title 5, United States Code; and

10 “(C) is not enrolled under this part,

11 the individual is deemed, in accordance with section
12 8903c(e)(3) of such title, to have elected to be enrolled
13 under this part.

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

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

22 (2) WAIVER OF INCREASE OF PREMIUM.—Sec-
23 tion 1839(b) of the Social Security Act (42 U.S.C.
24 1395r(b)) is amended by inserting after “section

1 1837” the following: “or pursuant to subsection (m)
2 of such section”.

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

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

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

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

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

20 (2) in paragraph (2)—

21 (A) in subparagraph (A)—

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

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

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

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

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

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

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

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

21 “(i) the sum of—

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

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

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

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

10 (b) POSTAL SERVICE RETIREE HEALTH BENEFITS
11 FUND.—Section 8909a of title 5, United States Code, is
12 amended—

13 (1) in subsection (d)—

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

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

21 “(2)(A) Not later than June 30, 2018, the Office
22 shall compute, and by June 30 of each succeeding year,
23 the Office shall recompute, a schedule including a series
24 of annual installments which provide for the liquidation
25 of the amount described under subparagraph (B) (regard-

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

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

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

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

15 (C) in paragraph (3)—

16 (i) in subparagraph (A)—

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

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

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

24 (ii) in subparagraph (B)—

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

7 (II) in clause (ii), by striking
8 “paragraph (2)(B).” and inserting
9 “paragraph (2).”;

10 (D) by amending paragraph (4) to read as
11 follows:

12 “(4) Computations under this subsection shall be
13 based on—

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

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

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

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

24 “(A) the net present value of future payments
25 required to be paid from the Postal Service Retiree

1 Health Benefits Fund under section
2 8906(g)(2)(A)(ii)(I) for current and future United
3 States Postal Service annuitants; and

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

7 “(8) For purposes of computing an amount under
8 paragraph (1) or (7)(A), subclause (I) of section
9 8906(g)(2)(A)(ii) shall be applied without regard to the
10 limit in such subclause with respect to the amount con-
11 tained in the Fund.”; and

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

13 “(e) Subsections (a) through (d) of this section shall
14 be subject to the requirements of section 8903c.”.

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

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

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

2 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section
3 8348(h) of title 5, United States Code, is amended—

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

6 “(B) The Office shall redetermine the postal surplus
7 or supplemental liability as of the close of the fiscal year,
8 for each fiscal year beginning after September 30, 2016.
9 Subject to subparagraph (C), beginning June 15, 2018,
10 if the result is a surplus or a supplemental liability the
11 Office shall establish an amortization schedule, including
12 a series of annual installments commencing on September
13 30 of the subsequent fiscal year, which provides for the
14 liquidation of such surplus or liability to the Postal Service
15 or the Fund (as the case may be) by September 30, 2043.

16 “(C) No later than June 30, 2033, the Office shall
17 determine, and thereafter redetermine as necessary, but
18 not more frequently than once per year, the appropriate
19 date to complete the liquidation of any remaining surplus
20 or liability determined under this paragraph. The deter-
21 mination under this subparagraph shall be set in accord-
22 ance with generally accepted actuarial practices and prin-
23 ciples and shall not be longer than a period of 15 years
24 from the date on which the determination is made.”; and

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

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

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

7 “(B) economic assumptions regarding wage and
8 salary growth that reflect the specific past, and like-
9 ly future, pay for current employees of the United
10 States Postal Service.”.

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

14 (1) in subsection (a)—

15 (A) in paragraph (1)—

16 (i) in subparagraph (A)—

17 (I) in clause (i), by striking “sub-
18 paragraph (B)),” and inserting “sub-
19 paragraph (B) or (C)),”; and

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

22 (ii) in subparagraph (B)(ii), by strik-
23 ing the period at the end and inserting “;
24 and”; and

1 (iii) by adding at the end the fol-
2 lowing:

3 “(C) the product of—

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

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

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

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

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

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

22 “(B) The United States Postal Service shall provide
23 any data or projections the Office requires in order to de-
24 termine the normal-cost percentage for employees of the

1 United States Postal Service, consistent with subpara-
2 graph (A).

3 “(C) The Office shall review the determination of the
4 normal-cost percentage for employees of the United States
5 Postal Service and make such adjustments as the Office
6 considers necessary—

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

10 “(ii) at such other times as the Office considers
11 appropriate.

12 “(6) For the purpose of carrying out subsection
13 (b)(1)(B), and consistent with paragraph (5), for fiscal
14 year 2017, and each fiscal year thereafter, the Office shall
15 use—

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

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

23 (2) in subsection (b)—

24 (A) by redesignating paragraph (5) as
25 paragraph (6); and

1 (B) by inserting after paragraph (4) the
2 following:

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

7 “(B) If the amount of supplemental liability com-
8 puted under paragraph (1)(B) as of the close of any fiscal
9 year after the date of enactment of the Postal Service Re-
10 form Act of 2017 is less than zero, the Office shall estab-
11 lish an amortization schedule, including a series of equal
12 annual installments that—

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

16 “(ii) shall be transferred to the Postal Service
17 Fund.”.

18 **SEC. 104. MEDICARE PART B PREMIUM TRANSITION FOR**
19 **NEWLY ENROLLING POSTAL SERVICE ANNU-**
20 **ITANTS AND FAMILY MEMBERS.**

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

24 “(j) TRANSITION FOR NEWLY ENROLLING POSTAL
25 SERVICE ANNUITANTS AND FAMILY MEMBERS.—With re-

1 spect to each individual who is enrolled under this part
2 pursuant to and during the open enrollment period estab-
3 lished under section 1837(m) and who is not eligible for
4 Medicare cost-sharing described in section
5 1905(p)(3)(A)(ii) under a State plan under title XIX, the
6 premium otherwise established under this part (taking
7 into account any adjustments, including those under sub-
8 sections (b) and (i)) for a month—

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

12 “(2) in the succeeding year, shall be reduced by
13 50 percent; and

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

16 (b) FUNDING THROUGH POSTAL SERVICE FUND.—
17 Section 1844 of the Social Security Act (42 U.S.C.
18 1395w) is amended—

19 (1) in the last sentence of subsection (a), by
20 striking “under subsection (d)(1) with respect to en-
21 rollees described in subparagraphs (A) and (B) of
22 such subsection” and inserting “under subsections
23 (d)(1) and (d)(4) with respect to enrollees described
24 in subparagraphs (A) and (B) of such respective
25 subsection”; and

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

3 “(4) For each year, there shall be transferred from
4 the Postal Service Fund to the Trust Fund an amount,
5 as estimated by the Chief Actuary of the Centers for Medi-
6 care & Medicaid Services, equal to the reduction in aggre-
7 gate premiums payable under this part for a month in
8 such year that is attributable to the application of section
9 1839(j) with respect to—

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

11 “(B) enrollees under age 65.

12 Such amounts shall be transferred from time to time as
13 appropriate but, to the extent practicable, on an annual
14 basis and in a manner that places the Trust Fund in the
15 same actuarial status as if this paragraph and section
16 1839(j) did not apply.”.

17 **TITLE II—POSTAL SERVICE**
18 **OPERATIONS REFORM**

19 **SEC. 201. GOVERNANCE REFORM.**

20 (a) BOARD OF GOVERNORS.—

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

23 **“§ 202. Board of Governors**

24 “(a) IN GENERAL.—There is established in the Post-
25 al Service a Board of Governors composed of 5 Governors,

1 a Postmaster General, and a Deputy Postmaster General,
2 all of whom shall be appointed in accordance with this sec-
3 tion. The Governors shall have the power to—

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

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

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

11 “(4) set the strategic direction of postal oper-
12 ations and approve the pricing and product strategy
13 for the Postal Service;

14 “(5) set the compensation of the Postmaster
15 General and the Deputy Postmaster General in ac-
16 cordance with private sector best practices, as deter-
17 mined by the Governors pursuant to section 3686;
18 and

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

21 “(b) APPOINTMENT; PAY.—

22 “(1) IN GENERAL.—The Governors shall be ap-
23 pointed by the President, by and with the advice and
24 consent of the Senate, not more than 3 of whom
25 may be adherents of the same political party. The

1 Governors shall elect a Chair from among their
2 members. The Governors shall represent the public
3 interest generally, and shall be chosen solely on the
4 basis of their experience in the field of public admin-
5 istration, law, or accounting, or on their dem-
6 onstrated ability in managing organizations or cor-
7 porations (in either the public or private sector) of
8 substantial size, except that at least 3 of the Gov-
9 ernors shall be chosen solely on the basis of their
10 demonstrated ability in managing organizations or
11 corporations (in either the public or private sector)
12 that employ at least 10,000 employees. The Gov-
13 ernors shall not be representatives of specific inter-
14 ests using the Postal Service, and may be removed
15 only for cause.

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

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

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

6 “(c) TERMS OF GOVERNORS.—

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

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

23 “(d) STAFF.—The Chair of the Board of Governors
24 shall ensure that the Board has appropriate independent

1 staff to carry out the roles and responsibilities of the
2 Board and the Governors.”.

3 (2) APPLICATION.—Any individual serving as a
4 Governor on the Board of Governors of the Postal
5 Service on the date of enactment of this Act shall
6 continue to serve as a Governor until the term appli-
7 cable to such individual expires (as determined
8 under section 202(b) of title 39, United States Code,
9 as in effect before the amendments made by this
10 section take effect pursuant to subsection (g)).

11 (b) POSTMASTER GENERAL.—

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

14 **“§ 203. Postmaster General**

15 “(a) IN GENERAL.—The chief executive officer of the
16 Postal Service is the Postmaster General, appointed pur-
17 suant to section 202(a)(2). The alternate chief executive
18 officer of the Postal Service is the Deputy Postmaster
19 General, appointed pursuant to section 202(a)(3) of this
20 title.

21 “(b) POWERS.—Consistent with the requirements of
22 this title, the exercise of the power of the Postal Service
23 shall be vested in the Governors and carried out by the
24 Postmaster General in a manner consistent with the stra-
25 tegic direction and pricing and product strategy approved

1 by the Governors. The Postmaster General shall, in ac-
2 cordance with by-laws determined appropriate by the
3 Board, consult with the Governors and the Deputy Post-
4 master General in carrying out such power.”.

5 (2) CONFORMING AMENDMENT.—The item re-
6 lating to section 203 in the table of sections for
7 chapter 2 of title 39, United States Code, is amend-
8 ed to read as follows:

“203. Postmaster General.”.

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

12 **“§ 205. Procedures of the Board of Governors and the**
13 **Governors**

14 “(a) VACANCIES.—Vacancies in the Board shall not
15 impair the powers of the Board or the Governors under
16 this title.

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

21 “(c) LIMITATION.—No officer or employee of the
22 United States may serve concurrently as a Governor. A
23 Governor may hold any other office or employment not
24 inconsistent or in conflict with the Governor’s duties, re-

1 sponsibilities, and powers as an officer of the Government
2 of the United States in the Postal Service.”.

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

6 **“§ 402. Delegation of authority**

7 “(a) POSTMASTER GENERAL.—The Postmaster Gen-
8 eral may delegate his or her authority under such terms,
9 conditions, and limitations, including the power of redele-
10 gation, as he or she determines desirable. The Postmaster
11 General may establish such committees of officers and em-
12 ployees of the Postal Service, and delegate such powers
13 to any committee, as the Postmaster General determines
14 appropriate to carry out his or her functions and duties.
15 Delegations under this section shall be consistent with
16 other provisions of this title, shall not relieve the Post-
17 master General of full responsibility for the carrying out
18 the Postmaster General’s duties and functions, and shall
19 be revocable by the Postmaster General.

20 “(b) BOARD OF GOVERNORS.—The Board may estab-
21 lish such committees of the Board, and delegate such pow-
22 ers to any committee, as the Board determines appro-
23 priate to carry out its functions and duties. Delegations
24 to committees shall be consistent with other provisions of
25 this title, shall not relieve the Board of full responsibility

1 for the carrying out of its duties and functions, and shall
2 be revocable by the Board in its exclusive judgment.”.

3 (e) INTERNATIONAL POSTAL ARRANGEMENTS.—

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

7 “(f) After submission to the Postal Regulatory Com-
8 mission by the Department of State of the budget detail-
9 ing the estimated costs of carrying out the activities under
10 this section, and the Commission’s review and approval
11 of such submission, the Postal Service shall transfer to
12 the Department of State, from any funds available to the
13 Postal Service, such sums as may be reasonable, docu-
14 mented, and auditable for the Department of State to
15 carry out such activities.”.

16 (2) APPLICATION.—The amendment made by
17 paragraph (1) shall take effect on October 1 of the
18 first fiscal year beginning after the date of enact-
19 ment of this Act.

20 (3) CONFORMING AMENDMENT.—Section 633
21 of title VI of the Treasury and General Government
22 Appropriations Act, 1999 (Public Law 105–277; 39
23 U.S.C. 407 note) is amended by striking subsection
24 (d).

1 (f) TECHNICAL AND CONFORMING AMENDMENTS.—

2 Title 39, United States Code, is amended as follows:

3 (1) In section 102(3)—

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

6 (B) by striking “section 202(a)” and in-
7 serting “section 202(b)(1)”.

8 (2) In section 204—

9 (A) by striking “the Board” and inserting
10 “the Postmaster General”; and

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

12 (3) In section 207, by striking “the Board” and
13 inserting “the Postal Service”.

14 (4) In section 414(b)(2), by striking “the Gov-
15 ernors” in each instance it appears and inserting
16 “the Postal Service”.

17 (5) In section 416(c)—

18 (A) by striking “the Governors” and in-
19 serting “the Postal Service”; and

20 (B) by striking “they” and inserting “the
21 Postal Service”.

22 (6) In section 1011, by striking “the Board”
23 and inserting “the Postal Service”.

24 (7) By striking section 2402 and inserting the
25 following:

1 **“§ 2402. Annual report**

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

5 (8) In section 3632—

6 (A) by striking the section heading, and in-
7 serting **“Establishment of rates and**
8 **classes of competitive products”**;

9 (B) by striking subsection (a) and redesign-
10 ating subsections (b) and (c) as (a) and (b),
11 respectively;

12 (C) in paragraph (a)(2) (as redesignated
13 by subparagraph (B)), by striking “and the
14 record of the Governors’ proceedings in connec-
15 tion with such decision”;

16 (D) in paragraph (a)(3) (as redesignated
17 by subparagraph (B))—

18 (i) by striking “and the record of the
19 proceedings in connection with such deci-
20 sion”; and

21 (ii) by striking “the Governors con-
22 sider” and inserting “the Postal Service
23 considers”; and

24 (E) by striking “the Governors” in each
25 instance it appears and inserting “the Postal
26 Service”.

1 (9) The table of sections for chapter 36 is
2 amended by striking the item relating to section
3 3632 and inserting the following:

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

4 (g) DELAYED EFFECTIVE DATE.—The amendments
5 made by this section shall take effect upon the date that
6 is 30 days after the date of enactment of this Act.

7 **SEC. 202. TRANSITION TO MORE EFFICIENT AND SECURE**
8 **MAIL DELIVERY.**

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

12 **“§ 3692. Delivery-point modernization**

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

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

16 “(2) the term ‘primary mode of mail delivery’
17 means the typical method by which the Postal Serv-
18 ice delivers letter mail to the delivery point of a
19 postal patron;

20 “(3) the term ‘door delivery’ means a primary
21 mode of mail delivery whereby mail is placed into a
22 slot or receptacle at or near the postal patron’s door
23 or is hand delivered to a postal patron, but does not
24 include centralized delivery, curbside delivery, or
25 sidewalk delivery;

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

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

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

15 “(b) POLICY.—It shall be the policy of the Postal
16 Service—

17 “(1) to provide access to secure, convenient
18 mail and package delivery receptacles to the greatest
19 number of postal patrons feasible; and

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

22 “(c) PHASEOUT OF DOOR DELIVERY FOR NEW AD-
23 DRESSES.—

24 “(1) IN GENERAL.—For any new delivery point
25 established after the date of enactment of the Postal

1 Service Reform Act of 2017, the Postal Service shall
2 provide a primary mode of mail delivery other than
3 door delivery, with a preference for secure, central-
4 ized delivery.

5 “(2) EXCEPTION.—Paragraph (1) shall not
6 apply in circumstances in which the new delivery
7 point is built or established within a block of exist-
8 ing delivery points whose primary mode of mail de-
9 livery is door delivery.

10 “(d) BUSINESS ADDRESS CONVERSION.—

11 “(1) IDENTIFICATION.—Not later than 1 year
12 after the date of the Postal Service Reform Act of
13 2017, each Postal Service district office shall iden-
14 tify the business delivery points within its service
15 area that are appropriate candidates for conversion
16 from door delivery to centralized delivery, curbside
17 delivery, or sidewalk delivery.

18 “(2) CONVERSION REQUIREMENT.—Beginning
19 not later than October 1, 2018, the Postal Service
20 shall implement a program to convert delivery points
21 identified under paragraph (1) to centralized deliv-
22 ery, curbside delivery, or sidewalk delivery at a rate
23 sufficient to ensure that—

1 “(A) not less than 20 percent of such de-
2 livery points are converted by September 30,
3 2019;

4 “(B) not less than 40 percent of such de-
5 livery points are converted by September 30,
6 2020;

7 “(C) not less than 60 percent of such de-
8 livery points are converted by September 30,
9 2021;

10 “(D) not less than 80 percent of such de-
11 livery points are converted by September 30,
12 2022; and

13 “(E) all such delivery points are converted
14 by September 30, 2023.

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

21 “(e) RESIDENTIAL ADDRESS CONVERSION.—

22 “(1) IDENTIFICATION.—Not later than 1 year
23 after the date of the enactment of the Postal Service
24 Reform Act of 2017, each Postal Service district of-
25 fice shall identify the residential delivery points with-

1 in its service area that are appropriate candidates
2 for conversion from door delivery to centralized de-
3 livery, curbside delivery, or sidewalk delivery.

4 “(2) VOLUNTARY CONVERSION.—Not later than
5 October 1, 2018, the Postal Service shall commence
6 a program to convert delivery points identified under
7 paragraph (1) to centralized delivery, curbside deliv-
8 ery, or sidewalk delivery. Such program shall operate
9 as follows:

10 “(A) Not later than 3 months after the
11 identification of the delivery points under para-
12 graph (1), the Postal Service shall divide such
13 delivery points into geographically based ad-
14 dress units (such as street blocks or other simi-
15 lar reasonably segregable units) not to exceed
16 50 delivery points per unit.

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

22 “(i) Notice that the delivery point has
23 been proposed for conversion to a more ef-
24 ficient primary mode of mail delivery to

1 more economically provide universal postal
2 service and improve service.

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

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

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

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

18 “(vi) Any other information the Postal
19 Service considers necessary.

20 “(C) No delivery point may be converted
21 under this subsection unless prior written con-
22 sent is provided to the Postal Service by a post-
23 al patron served by such delivery point who is
24 at least 18 years old, except as provided for in
25 subparagraph (E). Prior to the conversion of a

1 delivery point under this section, any written
2 consent so provided may be withdrawn by such
3 patron or by any other postal patron served by
4 such delivery point who is at least 18 years old
5 upon written notification to the Postal Service.
6 The Postal Service shall place on the Postal
7 Service’s public website an option to request
8 that a consent form or consent-withdrawal form
9 be delivered to any delivery point identified for
10 conversion under this subsection.

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

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

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

1 “(II) with respect to any delivery
2 point for which a consent for conver-
3 sion was not received, that—

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

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

20 “(ii) not later than 90 days after the
21 date that the requisite percentage is
22 reached, but not less than 30 days fol-
23 lowing the written notice under clause (i),
24 convert the delivery points for which con-

1 sent was received to the applicable new pri-
2 mary mode of mail delivery; and

3 “(iii) following the conversion of an
4 address unit, ensure that the primary
5 mode of mail delivery for any new resi-
6 dents to the address unit is the converted
7 primary mode of mail, regardless of the
8 primary mode of mail delivery for the pre-
9 vious occupant.

10 “(E) Any delivery point created pursuant
11 to subsection (c)(2) shall be automatically and
12 irrevocably deemed to consent to delivery con-
13 version if the delivery point is established with-
14 in, or later becomes a part of, an address unit
15 that is proposed for conversion to a different
16 primary mode of mail delivery.

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

20 “(1) the impact of weather conditions, physical
21 barriers, or any other factor that may impact the
22 feasibility of providing a primary mode of mail deliv-
23 ery other than door delivery (such as a factor that
24 may significantly reduce the potential cost savings

1 associated with providing centralized delivery or
2 curbside delivery);

3 “(2) whether the address is in a registered his-
4 toric district (as that term is defined in section
5 47(c)(3)(B) of the Internal Revenue Code of 1986),
6 is listed on the National Register of Historic Places,
7 is designated as a National Historic Landmark, or
8 is of historic value; and

9 “(3) population density and the concentration
10 of poverty.

11 “(g) WAIVER FOR PHYSICAL HARDSHIP.—

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

18 “(A) centralized delivery, curbside delivery,
19 or sidewalk delivery would, but for this para-
20 graph, otherwise be the primary mode of mail
21 delivery; and

22 “(B) door delivery is necessary in order to
23 avoid causing significant physical hardship or
24 physical safety risks to a postal patron.

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

4 “(A) shall be counted, for purposes of the
5 reporting requirement under subsection (j), as
6 an address that receives the primary mode of
7 mail delivery which the address would be sub-
8 ject to if not for the waiver; and

9 “(B) shall, not later than 60 days after
10 ceasing to meet the requirements of paragraph
11 (1), be converted to the primary mode of mail
12 delivery which is otherwise applicable.

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

16 “(1) solicit, consider, and respond to input from
17 the general public, postal patrons, State and local
18 governments, local associations, and property own-
19 ers;

20 “(2) calculate and make publicly accessible the
21 cost or savings of the conversion to the Postal Serv-
22 ice as well as the average conversion cost or savings
23 to each postal patron and any cost or savings to the
24 State and local government; and

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

5 “(i) VOUCHER PROGRAM.—The Postal Service shall
6 provide for a voucher program under which, upon applica-
7 tion, the Postal Service may defray all or any portion of
8 the costs of new mail receptacles associated with conver-
9 sion from door delivery under this section which would
10 otherwise be borne by postal patrons.

11 “(j) ANNUAL REPORT.—Not later than 60 days after
12 the end of each of fiscal years 2018 through 2023, the
13 Postal Service shall submit to Congress and the Inspector
14 General a report on the implementation of this section
15 during the most recently completed fiscal year. Each such
16 report shall include—

17 “(1) the number of residential and business ad-
18 dresses that—

19 “(A) receive door delivery as of the end of
20 the fiscal year preceding the most recently com-
21 pleted fiscal year;

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

1 “(C) during the most recently completed
2 fiscal year, were converted from door delivery
3 to—

4 “(i) centralized delivery;

5 “(ii) curbside delivery; and

6 “(iii) any other primary mode of mail
7 delivery;

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

10 “(3) a description of the progress made by the
11 Postal Service toward meeting the requirements of
12 the phaseout under subsection (c); and

13 “(4) any other information which the Postal
14 Service considers appropriate.

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

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

22 “(2) an evaluation of the Postal Service’s imple-
23 mentation of the voucher program under subsection
24 (i).

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

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

“3692. Delivery-point modernization.”.

8 (c) UPDATED DELIVERY COST DATA.—

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

14 (2) REPORT.—Not later than 2 years after the
15 date of enactment of this Act, the Postal Service
16 shall submit to the Committee on Oversight and
17 Government Reform of the House of Representatives
18 and the Committee on Homeland Security and Gov-
19 ernmental Affairs of the Senate a report describing
20 the findings of the study conducted under paragraph
21 (1).

22 (d) INSPECTOR GENERAL REVIEW OF COSTS AND
23 BENEFITS OF DELIVERY POINT CONVERSIONS.—

24 (1) STUDY.—Not later than 2 years after the
25 date on which the Postal Service commences delivery

1 point conversions pursuant to subsections (d)(2) and
2 (e)(2) of section 3692 of title 39, United States
3 Code (as added by subsection (a)), and not later
4 than 3 years thereafter, the Inspector General of the
5 Postal Community shall conduct a study of the costs
6 and benefits of such conversions.

7 (2) REPORT.—Not later than 1 year after the
8 date on which the Inspector General conducts each
9 study required under paragraph (1), the Inspector
10 General shall submit to the Committee on Homeland
11 Security and Governmental Affairs of the Senate
12 and the Committee on Oversight and Government
13 Reform of the House of Representatives a report on
14 the results of each study.

15 (3) CONTENT.—The studies required under
16 paragraph (1) shall assess the following:

17 (A) The cost savings realized by the Postal
18 Service from the conversions under subsections
19 (d)(2) and (e)(2) of section 3692 of title 39,
20 United States Code (as added by subsection
21 (a)), and the projected cost savings the Postal
22 Service is likely to realize from full implementa-
23 tion of such conversions.

24 (B) The expenses incurred by the Postal
25 Service to achieve such conversions and the pro-

1 jected expenses the Postal Service is likely to
2 incur from full implementation of such conver-
3 sions.

4 (C) The impact of the conversions on—

5 (i) read and response rates to mailed
6 advertising;

7 (ii) advertising mail revenue earned by
8 the Postal Service;

9 (iii) small businesses, including small
10 home-based businesses; and

11 (iv) mail volumes shipped through the
12 Postal Service.

13 (D) Any other factors the Inspector Gen-
14 eral considers relevant to provide a complete
15 analysis of the costs and benefits associated
16 with the conversions described under such sub-
17 sections.

18 (4) NET COST BENEFIT ANALYSIS.—The In-
19 spector General shall conduct a cost benefit analysis
20 to determine the net cost or benefit to the Postal
21 Service of the conversions conducted under such
22 subsections and include the analysis in each report
23 submitted under paragraph (2).

1 **SEC. 203. MODERNIZING POSTAL RATES.**

2 (a) ADEQUACY, EFFICIENCY, AND FAIRNESS OF
3 POSTAL RATES.—

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

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

8 (B) in paragraph (3)—

9 (i) by inserting “and meet” after
10 “maintain”; and

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

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

16 (D) in paragraph (6), by striking “proc-
17 ess” and inserting “and cost attribution proc-
18 esses”; and

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

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

24 “(c) FACTORS.—In establishing or revising such sys-
25 tem, the Postal Regulatory Commission shall take into ac-
26 count the following factors:

1 “(1) The effect of rate increases upon the gen-
2 eral public and business mail users.

3 “(2) The available alternative means of sending
4 and receiving written communications, information,
5 and letters and other mail matter at reasonable
6 costs.

7 “(3) The reliability of delivery timelines and the
8 extent to which the Postal Service is meeting its
9 service standard obligations.

10 “(4) The need to ensure that the Postal Service
11 has adequate revenues and has taken appropriate
12 cost-cutting measures to maintain financial stability
13 and meet all legal obligations.

14 “(5) The extent to which the Postal Service has
15 taken actions to increase its efficiency and reduce its
16 costs.

17 “(6) The value of the mail service actually pro-
18 vided by each class or type of mail service to both
19 the sender and the recipient, including the collection,
20 mode of transportation, and priority of delivery.

21 “(7) The requirement that each class of mail or
22 type of mail service bear the direct and indirect
23 postal costs attributable to each class or type of mail
24 service through reliably identified causal relation-
25 ships plus that portion of all other costs of the Post-

1 al Service reasonably assignable to such class or
2 type.

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

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

11 “(10) The importance of pricing flexibility to
12 encourage increased mail volume and operational ef-
13 ficiency.

14 “(11) The relative value to postal users of the
15 kinds of mail matter entered into the postal system
16 and the desirability and justification for special clas-
17 sifications and services of mail.

18 “(12) The importance of providing classifica-
19 tions with extremely high degrees of reliability and
20 speed of delivery and of providing those that do not
21 require high degrees of reliability and speed of deliv-
22 ery.

23 “(13) The desirability of special classifications
24 for both postal users and the Postal Service in ac-
25 cordance with the policies of this title, including

1 agreements between the Postal Service and postal
2 users, when available on public and reasonable terms
3 to similarly situated mailers, that—

4 “(A) improve the net financial position of
5 the Postal Service by reducing Postal Service
6 costs or increasing the overall contribution to
7 the institutional costs of the Postal Service; and

8 “(B) do not cause—

9 “(i) unfair competitive advantage for
10 the Postal Service or postal users eligible
11 for the agreements; or

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

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

16 “(15) The need for the Postal Service to in-
17 crease its efficiency and reduce its costs, including
18 infrastructure costs, to help maintain high quality,
19 affordable postal services.

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

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

1 “(18) The policies of this title as well as such
2 other factors as the Commission determines appro-
3 priate.”.

4 (3) REQUIREMENTS.—Section 3622(d)(1) of
5 title 39, United States Code, is amended—

6 (A) by redesignating subparagraphs (B)
7 through (E) as subparagraphs (C) through (F),
8 respectively;

9 (B) in subparagraph (F) (as redesignated
10 by clause (i)) by striking “subparagraphs (A)
11 and (C)” and inserting “subparagraphs (A) and
12 (D)”;

13 (C) by inserting after subparagraph (A)
14 the following:

15 “(B) establish postal rates for each group
16 of functionally equivalent agreements between
17 the Postal Service and users of the mail that—

18 “(i) cover attributable cost;

19 “(ii) improve the net financial position
20 of the Postal Service; and

21 “(iii) do not cause unreasonable dis-
22 ruption in the marketplace, consistent with
23 subsection (c)(13)(B),

24 for purposes of this subparagraph, a group of
25 functionally equivalent agreements shall consist

1 of all service agreements that are functionally
2 equivalent to each other within the same mar-
3 ket-dominant product, but shall not include
4 agreements within an experimental product;”.

5 (4) TECHNICAL AND CONFORMING AMEND-
6 MENTS.—Section 3622 of title 39, United States
7 Code, is amended—

8 (A) in subsection (a) by striking “, within
9 18 months after the date of enactment of this
10 section,”; and

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

14 (b) REPEAL OF RATE PREFERENCES FOR QUALI-
15 FIED POLITICAL COMMITTEES.—Subsection (e) of section
16 3626 of title 39, United States Code, is repealed.

17 (c) USE OF NEGOTIATED SERVICE AGREEMENTS.—

18 (1) STREAMLINED REVIEW OF QUALIFYING
19 SERVICE AGREEMENTS FOR COMPETITIVE PROD-
20 UCTS.—Section 3633 of title 39, United States
21 Code, is amended by adding at the end the fol-
22 lowing:

23 “(c) STREAMLINED REVIEW.—Not later than 90
24 days after the date of enactment of this subsection, after
25 notice and opportunity for comment, the Postal Regu-

1 latory Commission shall promulgate (and may from time
2 to time thereafter revise) regulations for streamlined
3 after-the-fact review of newly proposed agreements be-
4 tween the Postal Service and users of the mail that provide
5 rates not of general applicability for competitive products.
6 Streamlined review shall apply only if agreements are
7 functionally equivalent to existing agreements that have
8 collectively covered attributable costs and collectively im-
9 proved the net financial position of the Postal Service. The
10 regulations issued under this subsection shall provide that
11 streamlined review shall be concluded not later than 5
12 business days after the date on which the agreement is
13 filed with the Commission and shall be limited to approval
14 or disapproval of the agreement as a whole based on the
15 Commission's determination of its functional equivalence.
16 Agreements not approved may be resubmitted without
17 prejudice under section 3632.”.

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

21 (A) by redesignating paragraph (4) as
22 paragraph (5); and

23 (B) by inserting after paragraph (3) the
24 following:

1 “(4) RATES FOR STREAMLINED REVIEW.—In
2 the case of rates not of general applicability for com-
3 petitive products that the Postmaster General con-
4 siders eligible for streamlined review under section
5 3633(e), the Postmaster General shall cause the
6 agreement to be filed with the Postal Regulatory
7 Commission by a date that is on or before the effec-
8 tive date of any new rate established under the
9 agreement, as the Postmaster General considers ap-
10 propriate.”.

11 (3) TRANSPARENCY AND ACCOUNTABILITY FOR
12 SERVICE AGREEMENTS.—

13 (A) CERTAIN INFORMATION REQUIRED TO
14 BE INCLUDED IN DETERMINATIONS OF COMPLI-
15 ANCE.—Section 3653 of title 39, United States
16 Code, is amended—

17 (i) by redesignating subsections (c),
18 (d), and (e) as subsections (d), (e), and (f),
19 respectively; and

20 (ii) by inserting after subsection (b)
21 the following:

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

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

5 “(A) cover costs attributable; and

6 “(B) improve the net financial position of
7 the Postal Service.

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

12 “(3) DEFINITION.—For purposes of this sub-
13 section, a group of functionally equivalent agree-
14 ments shall consist of one or more service agree-
15 ments that are functionally equivalent to each other
16 within the same market-dominant or competitive
17 product, but shall not include agreements within an
18 experimental product.”.

19 (B) TECHNICAL AMENDMENT.—Section
20 3653(d) of title 39, United States Code (as re-
21 designated by subparagraph (A)), is amended
22 by striking “subsections (c) and (e)” and in-
23 serting “subsections (c) and (d)”.

24 **SEC. 204. NONPOSTAL SERVICES.**

25 (a) NONPOSTAL SERVICES.—

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

4 **“CHAPTER 37—NONPOSTAL SERVICES**

 “Sec.

 “3701. Purpose.

 “3702. Definitions.

 “3703. Postal Service program for State governments.

 “3704. Postal Service program for other Government agencies.

 “3705. Transparency and accountability for nonpostal services.

5 **“§ 3701. Purpose**

6 “‘The purpose of this chapter is to enable the Postal
7 Service to increase its net revenues through specific non-
8 postal products and services that are expressly authorized
9 by this chapter. Postal Service revenues and expenses
10 under this chapter shall be funded through the Postal
11 Service Fund.

12 **“§ 3702. Definitions**

13 “‘In this chapter—

14 “(1) the term ‘nonpostal services’ is limited to
15 services offered by the Postal Service that are ex-
16 pressly authorized by this title and are not postal
17 products or services;

18 “(2) the term ‘attributable costs’ has the mean-
19 ing given such term in section 3631; and

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

1 **“§ 3703. Postal Service program for State govern-**
2 **ments**

3 “(a) IN GENERAL.—Notwithstanding any other pro-
4 vision of this title, the Postal Service may establish a pro-
5 gram to enter into agreements with an agency of any State
6 government, local government, or tribal government to
7 provide property and services on behalf of such agencies
8 for non-commercial products and services, but only if such
9 property and services—

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

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

15 “(A) the cost and efficiency of postal serv-
16 ices; and

17 “(B) unreasonably restricting access to
18 postal retail service, such as customer waiting
19 time and access to parking; and

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

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

4 “(1) the agreement with the agency regarding
5 such service; and

6 “(2) a business plan that describes the specific
7 service to be provided, the enhanced value to the
8 public, terms of reimbursement, the estimated an-
9 nual reimbursement to the Postal Service, and the
10 estimated percentage of attributable Postal Service
11 costs that will be covered by reimbursement (with
12 documentation to support the estimates).

13 “(c) PUBLIC COMMENT.—Before offering a service
14 under the program, the Postal Service shall provide for
15 a public comment period of at least 30 days that allows
16 the public to post comments relating to the provision of
17 such services on the Postal Service website. The Postal
18 Service shall make reasonable efforts to provide written
19 responses to the comments on such website at least 30
20 days before offering such services.

21 “(d) APPROVAL REQUIRED.—The Postal Service may
22 not establish the program under subsection (a) unless the
23 Governors of the Postal Service approve such program by
24 a recorded vote that is publicly disclosed on the Postal

1 Service website with a majority of the total Governors vot-
2 ing for approval.

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

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

15 “(g) DEFINITIONS.—For the purpose of this sec-
16 tion—

17 “(1) the term ‘local government’ means a coun-
18 ty, municipality, city, town, township, local public
19 authority, school district, special district, intrastate
20 district, council of governments, or regional or inter-
21 state government entity;

22 “(2) the term ‘State government’ includes the
23 government of the District of Columbia, the Com-
24 monwealth of Puerto Rico, the United States Virgin
25 Islands, Guam, American Samoa, the Common-

1 wealth of the Northern Mariana Islands, and any
2 other territory or possession of the United States;

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

7 “(4) the term ‘United States’, when used in a
8 geographical sense, means the States, the District of
9 Columbia, the Commonwealth of Puerto Rico, the
10 United States Virgin Islands, Guam, American
11 Samoa, the Commonwealth of the Northern Mariana
12 Islands, and any other territory or possession of the
13 United States.

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

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

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

20 **“§ 3704. Postal Service program for other Govern-**
21 **ment agencies**

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

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

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

14 **“§ 3705. Transparency and accountability for non-**
15 **postal services**

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

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

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

7 “(b) CONTENT AND FORM OF REPORT.—

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

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

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

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

22 “(2) REVISED REQUIREMENTS.—The Commis-
23 sion may, on its own motion or on request of any
24 interested party, initiate proceedings to improve the

1 quality, accuracy, or completeness of Postal Service
2 data required by the Commission if—

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

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

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

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

20 “(d) CONFIDENTIAL INFORMATION.—

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

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

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

15 “(e) ANNUAL COMPLIANCE DETERMINATION.—

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

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

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

24 “(2) DETERMINATION OF COMPLIANCE OR NON-
25 COMPLIANCE.—Not later than 90 days after receiv-

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

15 “(3) NONCOMPLIANCE.—If a timely written de-
16 termination of noncompliance is made under para-
17 graph (2), the Postal Regulatory Commission shall
18 take appropriate action. If the requirements for cov-
19 erage of attributable costs specified by this chapter
20 are not met, the Commission shall, within 60 days
21 after the determination, prescribe remedial action to
22 restore compliance as soon as practicable, including
23 the full restoration of revenue shortfalls during the
24 following year. The Commission may order the Post-
25 al Service to discontinue a nonpostal service under

1 section 3703 that persistently fails to meet cost cov-
 2 erage requirements.

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

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

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

“37. Nonpostal services 3701”.

20 (b) CONFORMING AMENDMENTS.—

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

23 (A) in paragraph (2), by inserting after
 24 “subsection” the following: “, or any nonpostal

1 products or services authorized by chapter 37”;

2 and

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

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

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

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

14 “(7) Nothing in this section shall be construed to pre-
15 vent the Postal Service from establishing nonpostal prod-
16 ucts and services that are expressly authorized by chapter
17 37.”.

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

23 (3) TREATMENT OF EXISTING NONPOSTAL
24 SERVICES.—All individual nonpostal services, pro-
25 vided directly or through licensing, that are contin-

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

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

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

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

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

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

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

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

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

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

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

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

1 mined by applying the rules set forth in section
2 404(d)(6) of such title).

3 (c) EXPEDITED PROCEDURES.—

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

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

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

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

23 (3) APPLICABILITY.—The amendment made by
24 this subsection shall apply with respect to any pro-

1 posal received by the Postal Regulatory Commission
2 on or after the earlier of—

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

5 (B) the effective date of the regulations
6 under paragraph (2).

7 (d) ALTERNATE POSTAL ACCESS CHOICE.—Section
8 404(d) of title 39, United States Code, is amended by
9 striking paragraph (1) and inserting the following:

10 “(1) The Postal Service, prior to making a de-
11 termination under subsection (a)(3) as to the neces-
12 sity for the closing or consolidation of any post of-
13 fice, shall—

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

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

24 “(i) the closing or consolidation; and

1 “(ii) one or more alternative options;

2 and

3 “(C) ensure that—

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

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

1 (e) APPLICABILITY OF PROCEDURES RELATING TO
2 CLOSURES AND CONSOLIDATIONS.—

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

6 “(7) For purposes of this subsection, the term ‘post
7 office’ means a post office and any other facility described
8 in section 2(2) of the Postal Service Reform Act of
9 2017.”.

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

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

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

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

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

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

7 (g) POSTPLAN STUDY.—

8 (1) IN GENERAL.—Beginning not later than 30
9 days after the date of enactment of this Act, the In-
10 spector General of the Postal Community shall con-
11 duct a 1-year review to study of the impacts of the
12 POSTPlan post office restructuring plan on Postal
13 Service expenses, revenue, and retail service provi-
14 sion.

15 (2) CONTENT.—In conducting the review under
16 paragraph (1), the Inspector General shall exam-
17 ine—

18 (A) changes in the costs for the provision
19 of Postal Service operated retail service, both
20 nationwide and in the aggregate for each of the
21 Level 2, Level 4, Level 6, and Level 18 post of-
22 fices for which the hours, functions, or respon-
23 sibilities changed as a result of the POSTPlan
24 initiative before and after the implementation of
25 the POSTPlan initiative;

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

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

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

19 (E) any other factors the Inspector Gen-
20 eral determines appropriate.

21 (3) REPORT AND RECOMMENDATIONS.—Upon
22 completion of the review required under paragraph
23 (1), the Inspector General shall submit to the Postal
24 Service, the Committee on Homeland Security and
25 Governmental Affairs of the Senate, and the Com-

1 mittee on Oversight and Government Reform of the
2 House of Representatives a report containing—

3 (A) the results of the review; and

4 (B) any recommendations resulting from
5 such review.

6 (4) **POSTAL SERVICE REVIEW.**—Prior to any
7 hour changes or consolidation decisions related to
8 POSTPlan initiative impacted post offices, the Post-
9 al Service shall—

10 (A) review the report and any rec-
11 ommendations submitted pursuant to para-
12 graph (3); and

13 (B) revise any planned efforts regarding
14 the POSTPlan initiative, as appropriate.

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

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

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

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

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

23 “(4) offer to the public any postage-evidencing
24 product or service that does not comply with any
25 rule or regulation that would be applicable to such

1 product or service if the product or service were of-
2 fered by a private company.”.

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

4 (a) ESTABLISHMENT OF RATE BASELINE.—Notwith-
5 standing any order of the Postal Regulatory Commission
6 to the contrary—

7 (1) no earlier than the first Sunday after the
8 date of enactment of this Act, on a date selected by
9 the Postmaster General in the exercise of the Post-
10 master General’s unreviewable discretion, the Postal
11 Service shall reinstate, as nearly as is practicable, 50
12 percent of the rate surcharge implemented under
13 section 3622(d)(1)(F) (as redesignated by this Act)
14 that was in effect on April 9, 2016; and

15 (2) the partially reinstated surcharge reinstated
16 pursuant to paragraph (1) shall be considered a part
17 of the rate base for purposes of determining the per-
18 centage changes in rates when the Postal Service
19 files a notice of rate adjustment.

20 (b) SUBSEQUENT RATE INCREASES.—The reinstate-
21 ment described under subsection (a)(1) may not affect the
22 calculation of the Postal Service’s maximum rate adjust-
23 ment authority under subpart C of part 3010 of title 39,
24 Code of Federal Regulations, for purposes of any rate in-
25 crease that occurs following such reinstatement.

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

8 **SEC. 208. COMPLETION OF INITIAL RATE REGULATION RE-**
9 **VIEW.**

10 The Postal Regulatory Commission shall complete
11 the initial review of the system for regulating rates and
12 classes for market-dominant products established under
13 section 3622 of title 39, United States Code, such that
14 a final rule or rules regarding a revised or reapproved sys-
15 tem for regulating rates and classes for market-dominant
16 products is issued not later than May 1, 2018.

17 **SEC. 209. REVIEW OF POSTAL SERVICE COST ATTRIBUTION**
18 **GUIDELINES.**

19 Not later than April 1, 2018, the Postal Regulatory
20 Commission shall initiate a review of the regulations
21 issued pursuant to sections 3633(a) and 3652(a)(1) of
22 title 39, United States Code, to determine whether revi-
23 sions are appropriate to ensure that all direct and indirect
24 costs attributable to competitive and market-dominant
25 products are properly attributed to those products, includ-

1 ing by considering the underlying methodologies in deter-
2 mining cost attribution and considering options to revise
3 such methodologies. If the Commission determines, after
4 notice and opportunity for public comment, that revisions
5 are appropriate, the Commission shall make modifications
6 or adopt alternative methodologies as necessary.

7 **SEC. 210. AVIATION SECURITY FOR PARCELS.**

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

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

23 (2) the effectiveness of the Postal Service's in-
24 person identity verification procedures in accurately

1 and consistently identifying the senders of parcels
2 carried on air carriers; and

3 (3) the effectiveness of the audit trail generated
4 by customs declarations in accurately and consist-
5 ently identifying the senders of parcels carried on air
6 carriers to international destinations.

7 **SEC. 211. ZIP CODES.**

8 Not later than 270 days after the date of enactment
9 of this Act, the Postal Service shall designate a single,
10 unique ZIP code for, as nearly as practicable, each of the
11 following communities:

12 (1) Miami Lakes, Florida.

13 (2) Storey County, Nevada.

14 (3) Flanders, Northampton, and Riverside in
15 the Town of Southampton, New York.

16 (4) Ocoee, Florida.

17 (5) Glendale, New York.

18 **TITLE III—POSTAL SERVICE**

19 **PERSONNEL**

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

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

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

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

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

9 “(1) Leading the development of innovative
10 nonpostal products and services that will maximize
11 revenue to the Postal Service.

12 “(2) Developing innovative postal products and
13 services, specifically those that utilize emerging in-
14 formation technologies, to maximize revenue to the
15 Postal Service.

16 “(3) Implementing the innovation strategy de-
17 scribed under subsection (d).

18 “(4) Monitoring the performance of innovative
19 products and services and revising them as needed
20 to meet changing market trends.

21 “(5) Taking into consideration comments, if ap-
22 plicable, issued by the Postal Regulatory Commis-
23 sion prior to the initial sale of innovative postal or
24 nonpostal products and services.

25 “(c) APPOINTMENT.—

1 “(1) DEADLINE.—As soon as practicable after
2 the date of enactment of the Postal Service Reform
3 Act of 2017, but no later than 6 months after such
4 date, the Postmaster General shall appoint a Chief
5 Innovation Officer.

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

10 “(A) Postal and shipping industry.

11 “(B) Innovation product research and de-
12 velopment.

13 “(C) Marketing brand strategy.

14 “(D) Emerging communications tech-
15 nology.

16 “(E) Business process management.

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

24 “(d) INNOVATION STRATEGY.—

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

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

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

19 “(B) the cost of developing and offering
20 each product or service;

21 “(C) the anticipated sales volume of each
22 product and service;

23 “(D) the anticipated revenues and profits
24 expected to be generated by each product and
25 service;

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

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

10 “(G) the metrics that will be utilized to as-
11 sess the effectiveness of the innovation strategy;
12 and

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

17 “(3) STRATEGY UPDATES.—For each of the 4
18 years following the submission of the innovation
19 strategy under paragraph (1), the Postal Service
20 shall submit an annual update to the innovation
21 strategy to the Committee on Oversight and Govern-
22 ment Reform of the House of Representatives, the
23 Committee on Homeland Security and Governmental
24 Affairs of the Senate, and the Postal Regulatory
25 Commission.

1 “(e) REPORT.—

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

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

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

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

22 “(C) trends in the markets filled by each
23 product and service;

24 “(D) products and services identified in
25 the innovation strategy that are to be discon-

1 tinued, the date on which the discontinuance
2 will occur, and the reasons for the discontinu-
3 ance;

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

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

13 “(f) COMPTROLLER GENERAL STUDY.—

14 “(1) IN GENERAL.—The Comptroller General
15 shall conduct a study on the implementation of the
16 innovation strategy described under subsection (d)
17 not later than 4 years after the date of enactment
18 of the Postal Service Reform Act of 2017.

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

24 “(A) an audit of the costs of developing
25 each innovative postal and nonpostal product

1 and service developed or offered by the Postal
2 Service during the period beginning on the date
3 of enactment of the Postal Service Reform Act
4 of 2017 and ending 4 years after such date;

5 “(B) the sales volume of each such product
6 and service;

7 “(C) the revenues and profits generated by
8 each such product and service; and

9 “(D) the likelihood of continued success of
10 each such product and service.

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

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

“209. Chief Innovation Officer.”.

21 **SEC. 302. INSPECTOR GENERAL OF THE POSTAL COMMU-**
22 **NITY.**

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

- 1 (1) in section 8G—
- 2 (A) in subsection (a)—
- 3 (i) in paragraph (2), by striking “the
- 4 United States International Trade Com-
- 5 mission, the Postal Regulatory Commis-
- 6 sion, and the United States Postal Serv-
- 7 ice” and inserting “and the United States
- 8 International Trade Commission”;
- 9 (ii) in paragraph (3), by striking
- 10 “subsection (h)(1)” and inserting “sub-
- 11 section (g)(1)”;
- 12 (iii) in paragraph (4)—
- 13 (I) by striking subparagraph (B);
- 14 (II) by striking “subsection
- 15 (h)(1)” and inserting “subsection
- 16 (g)(1)”;
- 17 (III) by redesignating subpara-
- 18 graphs (C), (D), (E), (F), (G), (H),
- 19 and (I) as (B), (C), (D), (E), (F),
- 20 (G), and (H), respectively;
- 21 (B) in subsection (c), by striking “Except
- 22 as provided under subsection (f) of this section,
- 23 the” and inserting “The”;
- 24 (C) by striking subsection (f); and

1 (D) by redesignating subsections (g) and
 2 (h) as (f) and (g), respectively; and
 3 (2) in section 12—

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

9 (B) in paragraph (2), by inserting “the
 10 United States Postal Service, the Postal Regu-
 11 latory Commission,” after “the Export-Import
 12 Bank,”.

13 (b) INSPECTOR GENERAL OF THE POSTAL COMMU-
 14 NITY.—

15 (1) ESTABLISHMENT.—The Inspector General
 16 Act of 1978 (5 U.S.C. App.), as amended by sub-
 17 section (a), is further amended by inserting after
 18 section 8N the following new section:

19 **“SEC. 8O. SPECIAL PROVISIONS CONCERNING THE UNITED**
 20 **STATES POSTAL SERVICE AND POSTAL REGU-**
 21 **LATORY COMMISSION.**

22 “(a) OFFICE OF INSPECTOR GENERAL OF THE POST-
 23 AL COMMUNITY.—The Inspector General for the United
 24 States Postal Service and the Postal Regulatory Commis-

1 sion shall be referred to as the ‘Inspector General of the
2 Postal Community’.

3 “(b) RESPONSIBILITIES.—In carrying out the duties
4 and responsibilities specified in this Act, the Inspector
5 General of the Postal Community shall have equal respon-
6 sibility over the United States Postal Service and the Post-
7 al Regulatory Commission.

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

11 “(1) the ‘head of the establishment’ shall mean
12 the Postmaster General of the United States for ac-
13 tivities by the Office related to the United States
14 Postal Service; and

15 “(2) the ‘head of the establishment’ shall mean
16 the Chairman of the Postal Regulatory Commission
17 for activities by the Office related to the Postal Reg-
18 ulatory Commission.

19 “(d) APPLICABILITY OF ESTABLISHMENT FOR RE-
20 PORTS.—In carrying out the duties and responsibilities
21 under section 5—

22 “(1) the term ‘establishment’ shall include as
23 separate establishments—

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

1 “(B) the Postal Regulatory Commission;
2 and

3 “(2) the Inspector General of the Postal Com-
4 munity shall prepare separate semiannual reports
5 for the United States Postal Service and the Postal
6 Regulatory Commission.

7 “(e) OFFICE SPACE.—In carrying out the duties and
8 responsibilities under section 6(d), the heads of the estab-
9 lishments for the United States Postal Service and the
10 Postal Regulatory Commission shall work jointly with one
11 another and in consultation with the Inspector General of
12 the Postal Community to ensure adequate and appropriate
13 provision to the Office of the Inspector General of the
14 Postal Community under section 6(d).

15 “(f) BUDGET.—In carrying out the duties and re-
16 sponsibilities under section 6(g)—

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

19 “(2) designation of the Postmaster General of
20 the United States as ‘head of the establishment’
21 under this subsection shall not be construed as
22 granting any authorities to the Postmaster General
23 of the United States with regard to the Postal Regu-
24 latory Commission.

1 “(g) GENERAL DUTIES AND RESPONSIBILITIES.—In
2 carrying out the duties and responsibilities specified in
3 this Act—

4 “(1) the Inspector General of the Postal Com-
5 munity shall have oversight responsibility for all ac-
6 tivities of the Postal Inspection Service, including
7 any internal investigation performed by the Postal
8 Inspection Service;

9 “(2) the Inspector General of the Postal Com-
10 munity shall give particular regard to the activities
11 of the Postal Inspection Service with a view toward
12 avoiding duplication and insuring effective coordina-
13 tion and cooperation; and

14 “(3) the Chief Postal Inspector shall promptly
15 report the significant activities being carried out by
16 the Postal Inspection Service to the Inspector Gen-
17 eral of the Postal Community.

18 “(h) EMPLOYING AUTHORITIES.—

19 “(1) IN GENERAL.—The Inspector General of
20 the Postal Community is authorized to select, ap-
21 point, and employ such officers and employees as
22 may be necessary for carrying out the functions,
23 powers, and duties of the Office of Inspector General
24 of the Postal Community and to obtain the tem-
25 porary or intermittent services of experts or consult-

1 ants or an organization thereof, subject to the appli-
2 cable laws and regulations that govern such selec-
3 tions, appointments, and employment, and the ob-
4 taining of such services, within the United States
5 Postal Service.

6 “(2) AUTHORITY NOT APPLICABLE.—Para-
7 graphs (7) and (8) of section 6(a) do not apply to
8 the Inspector General of the Postal Service Commu-
9 nity.

10 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated, out of the Postal Serv-
12 ice Fund, such sums as may be necessary for the Office
13 of the Inspector General of the Postal Community.”.

14 (2) CONFORMING AMENDMENTS.—Section 8J of
15 the Inspector General Act of 1978 is amended by
16 striking “The special provisions under section”
17 through “of this Act” and inserting “The special
18 provisions under section 8, 8A, 8B, 8C, 8D, 8E, 8F,
19 8H, 8I, 8N, or 8O of this Act”.

20 (3) APPOINTMENT.—Not later than 180 days
21 after the date of enactment of this Act, the Presi-
22 dent shall appoint, by and with the advice and con-
23 sent of the Senate, an Inspector General of the Post-
24 al Community. Any individual appointed under the
25 previous sentence shall be deemed to be appointed

1 under section 80 of the Inspector General Act of
2 1978, as added by paragraph (1).

3 (c) TRANSFER OF THE OFFICE OF THE INSPECTOR
4 GENERAL OF THE POSTAL REGULATORY COMMISSION.—

5 (1) IN GENERAL.—On the date that is the ef-
6 fective date of this section, the duties, responsibil-
7 ities, functions, personnel, assets, unexpended bal-
8 ances of appropriations, and obligations held by the
9 Inspector General of the Postal Regulatory Commis-
10 sion shall be transferred to the Office of the Inspec-
11 tor General of the Postal Community.

12 (2) EXISTING INSPECTOR GENERAL.—The In-
13 spector General of the Postal Regulatory Commis-
14 sion transferred pursuant to paragraph (1) shall
15 serve under the Inspector General of the Postal
16 Community.

17 (d) TRANSFER OF THE OFFICE OF THE INSPECTOR
18 GENERAL OF THE UNITED STATES POSTAL SERVICE.—

19 (1) IN GENERAL.—On the date that is the ef-
20 fective date of this section, the duties, responsibil-
21 ities, functions, personnel, assets, unexpended bal-
22 ances of appropriations, and obligations held by the
23 Inspector General of the United States Postal Serv-
24 ice shall be transferred to the Office of the Inspector
25 General of the Postal Community.

1 (2) EXISTING INSPECTOR GENERAL.—The In-
2 specter General of the United States Postal Service
3 transferred pursuant to paragraph (1) shall serve
4 under the Inspector General of the Postal Commu-
5 nity.

6 (e) DELEGATION AND ASSIGNMENT.—Except as oth-
7 erwise expressly prohibited by law or otherwise provided
8 in this Act, the Inspector General of the Postal Commu-
9 nity may delegate any of the functions transferred pursu-
10 ant to this section to such officers and employees of the
11 Office of the Inspector General of the Postal Community
12 as the Inspector General may designate, and may author-
13 ize successive redelegations of such functions as may be
14 necessary or appropriate. No delegation of functions under
15 this subsection or under any other provision of this Act
16 shall relieve the Inspector General of the Postal Commu-
17 nity of responsibility for the administration of the func-
18 tion.

19 (f) SAVINGS PROVISIONS.—

20 (1) LEGAL DOCUMENTS.—Any order, deter-
21 mination, rule, regulation, permit, grant, loan, con-
22 tract, agreement, certificate, license, or privilege that
23 has been issued, made, granted, or allowed to be-
24 come effective that is in effect on the effective date
25 of this section shall continue in effect according to

1 their terms until modified, terminated, superseded,
2 set aside, or revoked in accordance with law.

3 (2) PROCEEDINGS.—This section shall not af-
4 fect any proceeding pending on the effective date of
5 this section before an office transferred by either
6 such subsection, but such proceeding shall be contin-
7 ued. Nothing in this paragraph shall be considered
8 to prohibit the discontinuance or modification of any
9 such proceeding under the same terms and condi-
10 tions and to the same extent that such proceeding
11 could have been discontinued or modified if this sec-
12 tion had not been enacted.

13 (3) SUITS.—This section shall not affect any
14 suit commenced before the effective date of this sec-
15 tion, and in any such suit, proceeding shall be had,
16 appeals taken, and judgments rendered in the same
17 manner and with the same effect as if this section
18 had not been enacted.

19 (4) REFERENCES.—Any reference in any other
20 Federal law, Executive order, rule, regulation, or
21 delegation of authority, or any document relating to
22 the Inspector General of the Postal Regulatory Com-
23 mission, the Inspector General of the United States
24 Postal Service, or the office of either such inspector
25 general shall be deemed to refer to the Inspector

1 General of the Postal Community or the Office of
2 the Inspector General of the Postal Community, as
3 applicable.

4 (g) AVAILABILITY OF EXISTING FUNDS.—Existing
5 appropriations and funds available for the performance of
6 functions, programs, and activities transferred pursuant
7 to this section shall remain available, for the duration of
8 their period of availability, for necessary expenses in con-
9 nection with the Office of the Inspector General of the
10 Postal Community and the transfer of such functions, pro-
11 grams, and activities.

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

14 (1) In section 102(4), by striking “the Inspec-
15 tor General appointed under section 202(e) of this
16 title” and inserting “the Inspector General of the
17 Postal Community as described in section 80 of the
18 Inspector General Act of 1978 (5 U.S.C. App.)”.

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

20 (3) In section 1003(b), by striking “the Office
21 of Inspector General of the United States Postal
22 Service” and inserting “the Office of Inspector Gen-
23 eral of the Postal Community”.

24 (4) In section 2003(e)(1), by striking “the Of-
25 fice of Inspector General, subject to the availability

1 of amounts appropriated under section 8G(f) of the
2 Inspector General Act of 1978.” and inserting “the
3 Office of Inspector General of the Postal Commu-
4 nity”.

5 (5) In section 2009, by striking “the Office of
6 Inspector General of the United States Postal Serv-
7 ice requests to be appropriated, out of the Postal
8 Service Fund, under section 8G(f) of the Inspector
9 General Act of 1978, and” and inserting “the Office
10 of Inspector General of the Postal Community re-
11 quests to be appropriated out of the Postal Service
12 Fund”.

13 (6) In section 2011(h)(D), by striking “the In-
14 spector General of the United States Postal Service”
15 and inserting “the Inspector General of the Postal
16 Community”.

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

22 **SEC. 303. RIGHT OF APPEAL TO MERIT SYSTEMS PROTEC-**
23 **TION BOARD.**

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

1 “(I) is an employee of the Postal Service
 2 or the Office of the Inspector General of the
 3 Postal Community who is not represented by a
 4 bargaining representative recognized under sec-
 5 tion 1203.”.

6 **TITLE IV—POSTAL** 7 **CONTRACTING REFORM**

8 **SEC. 401. CONTRACTING PROVISIONS.**

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

11 **“CHAPTER 7—CONTRACTING PROVISIONS**

“Sec.

“701. Definitions.

“702. Delegation of contracting authority.

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

“704. Review of ethical issues.

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

12 **“§ 701. Definitions**

13 “‘In this chapter—

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

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

18 “(A) the Postal Service; or

19 “(B) the Postal Regulatory Commission;

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

1 “(A) in the case of the Postal Service, the
2 Postmaster General; or

3 “(B) in the case of the Postal Regulatory
4 Commission, the Chairman of the Postal Regu-
5 latory Commission;

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

7 “(A) in the case of the Postal Service, any
8 contract (including any agreement or memo-
9 randum of understanding) entered into by the
10 Postal Service for the procurement of goods or
11 services; or

12 “(B) in the case of the Postal Regulatory
13 Commission, any contract (including any agree-
14 ment or memorandum of understanding) in an
15 amount exceeding the simplified acquisition
16 threshold (as defined in section 134 of title 41)
17 entered into by the Postal Regulatory Commis-
18 sion for the procurement of goods or services;
19 and

20 “(5) the term ‘senior procurement executive’
21 means the senior procurement executive of a covered
22 postal entity.

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

24 “(a) IN GENERAL.—

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

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

8 “(A) notwithstanding any delegation of au-
9 thority with respect to postal contracts, the ulti-
10 mate responsibility and accountability for the
11 award and administration of postal contracts
12 resides with the senior procurement executive;
13 and

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

20 “(b) POSTING OF DELEGATIONS.—

21 “(1) IN GENERAL.—The head of each covered
22 postal entity shall make any delegation of authority
23 for postal contracts outside the functional con-
24 tracting unit readily available and accessible on the
25 website of the covered postal entity.

1 “(2) EFFECTIVE DATE.—This paragraph shall
2 apply to any delegation of authority made on or
3 after the date that is 30 days after the date of en-
4 actment of this chapter.

5 **“§ 703. Posting of noncompetitive purchase requests**
6 **for noncompetitive contracts**

7 “(a) POSTING REQUIRED.—

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

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

20 “(B) not later than 30 days after the date
21 of the award of the noncompetitive contract, if
22 the basis for the award was a compelling busi-
23 ness interest.

24 “(2) POSTAL SERVICE.—The Postal Service
25 shall make the noncompetitive purchase request for

1 any noncompetitive award of a postal contract in an
2 amount of \$250,000 or more, including the rationale
3 supporting the noncompetitive award, publicly avail-
4 able on the website of the Postal Service—

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

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

10 “(3) ADJUSTMENTS TO THE POSTING THRESH-
11 OLD.—

12 “(A) REVIEW AND DETERMINATION.—Not
13 later than January 31 of each year, the Postal
14 Service and the Postal Regulatory Commission
15 shall—

16 “(i) review the applicable threshold es-
17 tablished under paragraph (1) or (2); and

18 “(ii) based on any change in the Con-
19 sumer Price Index for All Urban Con-
20 sumers of the Department of Labor, deter-
21 mine whether an adjustment to the thresh-
22 old shall be made.

23 “(B) AMOUNT OF ADJUSTMENTS.—An ad-
24 justment under subparagraph (A) shall be made
25 in increments of \$5,000. If the covered postal

1 entity determines that a change in the Con-
2 sumer Price Index for a year would require an
3 adjustment in an amount that is less than
4 \$5,000, the covered postal entity may not make
5 an adjustment to the threshold for the year.

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

10 “(b) PUBLIC AVAILABILITY.—

11 “(1) IN GENERAL.—Subject to paragraph (2),
12 the information required to be made publicly avail-
13 able by a covered postal entity under subsection (a)
14 shall be readily accessible on the website of the cov-
15 ered postal entity.

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

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

1 “(B) remove any proprietary data or secu-
2 rity-related information before making publicly
3 available a description of the rationale sup-
4 porting a noncompetitive award.

5 “(c) WAIVERS.—

6 “(1) WAIVER PERMITTED.—If the Postal Serv-
7 ice determines that making a noncompetitive pur-
8 chase request for a postal contract of the Postal
9 Service under subsection (a)(2) publicly available
10 would risk placing the Postal Service at a competi-
11 tive disadvantage relative to a private sector competi-
12 tor, the senior procurement executive, in consulta-
13 tion with the advocate for competition of the Postal
14 Service, may waive the requirements under sub-
15 section (a).

16 “(2) FORM AND CONTENT OF WAIVER.—

17 “(A) FORM.—A waiver under paragraph
18 (1) shall be in the form of a written determina-
19 tion placed in the file of the contract to which
20 the noncompetitive purchase request relates.

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

23 “(i) a description of the risk associ-
24 ated with making the noncompetitive pur-
25 chase request publicly available; and

1 “(ii) a statement that redaction of
2 sensitive information in the noncompetitive
3 purchase request would not be sufficient to
4 protect the Postal Service from being
5 placed at a competitive disadvantage rel-
6 ative to a private sector competitor.

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

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

13 “If a contracting officer identifies any ethical issues
14 relating to a proposed contract and submits those issues
15 and that proposed contract to the designated ethics official
16 for the covered postal entity before the awarding of that
17 contract, that ethics official shall—

18 “(1) review the proposed contract; and

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

21 **“§ 705. Ethical restrictions on participation in certain**
22 **contracting activity**

23 “(a) DEFINITIONS.—In this section—

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

25 “(A) a contracting officer; or

1 “(B) any employee of a covered postal en-
2 tity whose decisionmaking affects a postal con-
3 tract as determined by regulations prescribed
4 by the head of a covered postal entity;

5 “(2) the term ‘final conviction’ means a convic-
6 tion entered by a court, regardless of whether such
7 conviction was entered on a verdict or pursuant to
8 a plea (including a plea of nolo contendere), and
9 with regard to which no further appeal may be taken
10 or is pending; and

11 “(3) the term ‘covered relationship’ means a
12 covered relationship described in section
13 2635.502(b)(1) of title 5, Code of Federal Regula-
14 tions, or any successor thereto.

15 “(b) IN GENERAL.—

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

18 “(A) require a covered employee to include
19 in the file of any noncompetitive purchase re-
20 quest for a noncompetitive postal contract a
21 written certification that—

22 “(i) discloses any covered relationship
23 of the covered employee; and

24 “(ii) states that the covered employee
25 will not take any action with respect to the

1 noncompetitive purchase request that af-
2 fects the financial interests of any person
3 with which the covered employee has a cov-
4 ered relationship, or otherwise gives rise to
5 an appearance of the use of public office
6 for private gain, as described in section
7 2635.702 of title 5, Code of Federal Regu-
8 lations, or any successor thereto;

9 “(B) require a contracting officer to con-
10 sult with the ethics counsel for the covered
11 postal entity regarding any disclosure made by
12 a covered employee under subparagraph (A)(i),
13 to determine whether participation by the cov-
14 ered employee in the noncompetitive purchase
15 request would give rise to a violation of part
16 2635 of title 5, Code of Federal Regulations
17 (commonly referred to as the Standards of Eth-
18 ical Conduct for Employees of the Executive
19 Branch), or any successor thereto;

20 “(C) require the ethics counsel for a cov-
21 ered postal entity to review any disclosure made
22 by a contracting officer under subparagraph
23 (A)(i) to determine whether participation by the
24 contracting officer in the noncompetitive pur-
25 chase request would give rise to a violation of

1 part 2635 of title 5, Code of Federal Regula-
2 tions (commonly referred to as the Standards of
3 Ethical Conduct for Employees of the Executive
4 Branch), or any successor thereto;

5 “(D) under subsections (d) and (e) of sec-
6 tion 2635.502 of title 5, Code of Federal Regu-
7 lations, or any successor thereto, require the
8 ethics counsel for a covered postal entity to—

9 “(i) authorize a covered employee that
10 makes a disclosure under subparagraph
11 (A)(i) to participate in the noncompetitive
12 postal contract; or

13 “(ii) disqualify a covered employee
14 that makes a disclosure under subpara-
15 graph (A)(i) from participating in the non-
16 competitive postal contract;

17 “(E) require a contractor to timely disclose
18 to the contracting officer in a bid, solicitation,
19 award, or performance of a postal contract any
20 conflict of interest with a covered employee; and

21 “(F) include authority for the head of the
22 covered postal entity to grant a waiver or other-
23 wise mitigate any organizational or personal
24 conflict of interest, if the head of the covered
25 postal entity determines that the waiver or miti-

1 gation is in the best interests of the covered
2 postal entity.

3 “(2) POSTING OF WAIVERS.—Not later than 30
4 days after the head of a covered postal entity grants
5 a waiver described in paragraph (1)(F), the head of
6 the covered postal entity shall make the waiver pub-
7 licly available on the website of the covered postal
8 entity.

9 “(c) CONTRACT VOIDANCE AND RECOVERY.—

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

15 “(A) void that contract; and

16 “(B) recover the amounts expended and
17 property transferred by the covered postal enti-
18 ty under that contract.

19 “(2) OBTAINING OR DISCLOSING PROCUREMENT
20 INFORMATION.—

21 “(A) IN GENERAL.—In any case in which
22 a contractor under a postal contract fails to
23 timely disclose a conflict of interest to the ap-
24 propriate contracting officer as required under
25 the regulations promulgated under subsection

1 (b)(1)(E), the head of a covered postal entity
2 may—

3 “(i) void that contract; and

4 “(ii) recover the amounts expended
5 and property transferred by the covered
6 postal entity under that contract.

7 “(B) CONVICTION OR ADMINISTRATIVE DE-
8 TERMINATION.—A case described under sub-
9 paragraph (A) is any case in which—

10 “(i) there is a final conviction for an
11 offense punishable under section 2105 of
12 title 41; or

13 “(ii) the head of a covered postal enti-
14 ty determines, based upon a preponderance
15 of the evidence, that the contractor or
16 someone acting for the contractor has en-
17 gaged in conduct constituting an offense
18 punishable under section 2105 of such
19 title.”.

20 (b) CLERICAL AMENDMENT.—The table of chapters
21 at the beginning of part I is amended by adding at the
22 end the following:

“7. Contracting Provisions 701”.

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

24 Section 7101(8) of title 41, United States Code, is
25 amended—

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

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

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

6 “(E) the United States Postal Service and
7 the Postal Regulatory Commission.”.

○