To improve postal operations, service, and transparency.

IN THE SENATE OF THE UNITED STATES
MARCH 22, 2018
Mr. CARPER (for himself, Mr. MORAN, Ms. HEITKAMP, and Mrs. McCASKILL) introduced the following bill; which was read the first time
APRIL 9, 2018
Read the second time and placed on the calendar

A BILL

To improve postal operations, service, and transparency.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Postal Service Reform
Act of 2018”.

SECTION 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Definitions.
TITLE I—POSTAL PERSONNEL

Sec. 101. Postal Service Health Benefits Program.
Sec. 102. Postal Service retiree health care benefit funding reform.
Sec. 103. Medicare part B premium subsidy for newly enrolling Postal Service annuitants and family members.
Sec. 104. Postal Service pension funding reform.
Sec. 105. Supervisory and other managerial organizations.
Sec. 106. Right of appeal to Merit Systems Protection Board.

TITLE II—POSTAL SERVICE OPERATIONS REFORM

Sec. 201. Governance reform.
Sec. 203. Nonpostal services.
Sec. 204. Shipping of wine, beer, and distilled spirits.
Sec. 205. Efficient and flexible universal postal service.
Sec. 206. Fair stamp-evidencing competition.
Sec. 207. Market-dominant rates.
Sec. 208. Review of Postal Service cost attribution guidelines.
Sec. 209. Aviation security for parcels.
Sec. 210. Long-term solvency plan; annual financial plan and budget.
Sec. 211. Service standards, performance targets, and performance measurements.
Sec. 212. Postal Service Chief Innovation Officer.
Sec. 213. Emergency suspensions of post offices.
Sec. 214. Mailing address requirements.

TITLE III—POSTAL CONTRACTING REFORM

Sec. 301. Contracting provisions.
Sec. 302. Technical amendment to definition.

TITLE IV—POSTAL REGULATORY COMMISSION, INSPECTOR GENERAL, RELATED PROVISIONS, AND MISCELLANEOUS

Sec. 401. Postal Regulatory Commission.
Sec. 403. GAO report on fragmentation, overlap, and duplication in Federal programs and activities.

1 SEC. 3. DEFINITIONS.

2 In this Act, the following definitions shall apply:

3 (1) COMMISSION.—The term “Commission”

4 means the Postal Regulatory Commission.

5 (2) POSTAL RETAIL FACILITY.—The term

6 “postal retail facility”—
(A) means a post office, post office branch, post office classified station, or other facility that is operated by the Postal Service, the primary function of which is to provide retail postal services; and

(B) does not include a contractor-operated facility offering postal services.

(3) POSTAL SERVICE.—The term “Postal Service” means the United States Postal Service.

TITLE I—POSTAL PERSONNEL

SEC. 101. POSTAL SERVICE HEALTH BENEFITS PROGRAM.

(a) ESTABLISHMENT.—

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

“§ 8903c. Postal Service Health Benefits Program

“(a) DEFINITIONS.—In this section—

“(1) the term ‘initial contract year’ means the contract year beginning in January of the first full year that begins not less than 7 months after the date of enactment of this section;

“(2) the term ‘initial participating carrier’ means a carrier that enters into a contract with the Office to participate in the Postal Service Health Benefits Program during the initial contract year;
“(3) the term ‘Medicare eligible individual’ means an individual who—

“(A) is entitled to Medicare part A, but excluding an individual who is eligible to enroll under such part under section 1818 of the Social Security Act (42 U.S.C. 1395i–2); and

“(B) is eligible to enroll in Medicare part B;

“(4) the term ‘Medicare part A’ means the Medicare program for hospital insurance benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.);

“(5) the term ‘Medicare part B’ means the Medicare program for supplementary medical insurance benefits under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.);

“(6) the term ‘Medicare part D’ means the Medicare insurance program established under part D of title XVIII of the Social Security Act (42 U.S.C. 1395w–101 et seq.);

“(7) the term ‘Office’ means the Office of Personnel Management;

“(8) the term ‘Postal Service’ means the United States Postal Service;
“(9) the term ‘Postal Service annuitant’ means an annuitant enrolled in a health benefits plan under this chapter whose Government contribution is paid by the Postal Service or the Postal Service Retiree Health Benefits Fund under section 8906(g)(2);

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

“(11) the term ‘Postal Service Health Benefits Program’ means the program of health benefits plans established under subsection (c) within the Federal Employees Health Benefits Program under this chapter;

“(12) the term ‘Postal Service Medicare eligible annuitant’ means an individual who—

“(A) is a Postal Service annuitant; and

“(B) is a Medicare eligible individual;

“(13) the term ‘PSHBP plan’ means a health benefits plan offered under the Postal Service Health Benefits Program; and

“(14) the term ‘qualified carrier’ means a carrier for which the total enrollment in the plans provided under this chapter includes, in the contract year beginning in January of the year before the in-
tial contract year, a combined total of 1,500 or more enrollees who are—

“(A) Postal Service employees; or

“(B) Postal Service annuitants.

“(b) Application of Section.—The requirements under this section shall—

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

“(2) supersede other provisions of this chapter to the extent of any specific inconsistency, as determined by the Office.

“(c) Establishment of the Postal Service Health Benefits Program.—

“(1) In General.—The Office shall establish the Postal Service Health Benefits Program, which shall—

“(A) consist of health benefits plans offered under this chapter;

“(B) include plans offered by—

“(i) each qualified carrier; and

“(ii) any other carrier determined appropriate by the Office;

“(C) be available for participation by all Postal Service employees, in accordance with subsection (d);
“(D) be available for participation by all Postal Service annuitants, in accordance with subsection (d);

“(E) not be available for participation by an individual who is not a Postal Service employee or Postal Service annuitant (except as a family member of such an employee or annuitant); and

“(F) be implemented and administered by the Office.

“(2) SEPARATE POSTAL SERVICE RISK POOL.—

The Office shall ensure that each PSHBP plan includes rates, one for enrollment as an individual, one for enrollment for self plus one, and one for enrollment for self and family within each option in the PSHBP plan, that reasonably and equitably reflect the cost of benefits provided to a risk pool consisting solely of Postal Service employees and Postal Service annuitants (and family members of such employees and annuitants), taking into specific account the reduction in benefits cost for the PSHBP plan due to the Medicare enrollment requirements under subsection (e) and any savings or subsidies resulting from subsection (f).
“(3) Actuarially equivalent coverage.—The Office shall ensure that each carrier participating in the Postal Service Health Benefits Program provides coverage under the PSHBP plans offered by the carrier that is actuarially equivalent, as determined by the Director of the Office, to the coverage that the carrier provides under the health benefits plans offered by the carrier under the Federal Employee Health Benefits Program that are not PSHBP plans.

“(4) Applicability of Federal Employee Health Benefits Program requirements.—Except as otherwise set forth in this section, all provisions of this chapter applicable to health benefits plans offered by a carrier under section 8903 or 8903a shall apply to PSHBP plans.

“(5) Application of continuation coverage.—In accordance with rules established by the Office, section 8905a shall apply to PSHBP plans in the same manner as that section applies to other health benefits plans offered under this chapter.

“(d) Election of coverage.—

“(1) In general.—Except as provided in paragraphs (2) and (3), each Postal Service employee
and Postal Service annuitant who elects to receive health benefits coverage under this chapter—

“(A) shall be subject to the requirements under this section; and

“(B) may only enroll in a PSHBP plan.

“(2) ANNUITANTS.—A Postal Service annuitant shall not be subject to this section if the Postal Service annuitant—

“(A) is enrolled in a health benefits plan under this chapter for the contract year before the initial contract year that is not a health benefits plan offered by an initial participating carrier, unless the Postal Service annuitant voluntarily enrolls in a PSHBP plan;

“(B) resides in a geographic area—

“(i) for which there is not a PSHBP plan in which the Postal Service annuitant may enroll; or

“(ii) in which there is a lack of participating Medicare part B providers; or

“(C) would not derive benefit from enrolling in Medicare part B because of comprehensive medical coverage provided by the Department of Veterans Affairs or other programs.
“(3) **EMPLOYEES.**—A Postal Service employee who is enrolled in a health benefits plan under this chapter for the contract year immediately preceding the initial contract year that is not a health benefits plan offered by an initial participating carrier shall not be subject to the requirements under this section, except that—

“(A) if the Postal Service employee changes enrollment to a different health benefits plan under this chapter during the open season for the initial contract year, or after the start of the initial contract year, the Postal Service employee may only enroll in a PSHBP plan;

“(B) if the health benefits plan in which the Postal Service employee is enrolled for such contract year becomes available as a PSHBP plan, the Postal Service employee may only enroll in a PSHBP plan;

“(C) upon becoming a Postal Service annuitant, if the Postal Service employee elects to continue coverage under this chapter, the Postal Service employee shall enroll in a PSHBP plan during—
“(i) the open season that is being held when the Postal Service employee becomes a Postal Service annuitant; or

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

“(D) subparagraphs (A), (B), and (C) shall not apply to an employee who resides in a geographic area for which there is not a PSHBP plan in which the employee may enroll.

“(e) REQUIREMENT OF MEDICARE ENROLLMENT.—

“(1) POSTAL SERVICE MEDICARE ELIGIBLE ANNUITANTS.—A Postal Service Medicare eligible annuitant subject to this section may not continue coverage under the Postal Service Health Benefits Program unless the Postal Service Medicare eligible annuitant enrolls in Medicare part A, Medicare part B, and Medicare part D (as part of a prescription drug plan described in subsection (f)(2)).

“(2) MEDICARE ELIGIBLE FAMILY MEMBERS.—If a family member of a Postal Service annuitant who is subject to this section is a Medicare eligible individual, the family member may not be covered
under the Postal Service Health Benefits Program
as a family member of the Postal Service annuitant
unless the family member enrolls in Medicare part
A, Medicare part B, and Medicare part D (as part
of a prescription drug plan described in subsection
(f)(2)).

“(3) Process for Coordinated Election of
Enrollment Under Medicare Part B.—The Of-

cfice shall establish a process under which—

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

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

“(ii) except as provided in paragraph
(4), as a consequence of such enrollment
are deemed to have elected to be enrolled
under Medicare part B (under subsection
(m)(1) of section 1837 of the Social Secu-
rity Act (42 U.S.C. 1395p)) in connection
with the enrollment in a PSHBP plan
under this chapter; and

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

“(4) WAIVER FOR EXTREME FINANCIAL HARD-
SHIP.—

“(A) IN GENERAL.—The Postal Service, in
consultation with recognized labor organizations
and management organizations, shall establish
a waiver program under which the requirement
to enroll in Medicare part B under paragraph
(1) or (2), as applicable, is waived for Postal
Service annuitants and family members who
demonstrate extreme financial hardship.

“(B) EFFECT OF WAIVER.—If the applica-
tion of requirement described in subparagraph (A)
is waived for a Postal Service annuitant or fam-
ily member—

“(i) the Postal Service shall notify the
Office of the waiver; and

“(ii) the annuitant or family member
shall not be deemed to have elected to be
enrolled under Medicare part B as described in paragraph (3)(A)(ii).

“(f) Medicare Coordination.—

“(1) In General.—The Office shall require each PSHBP plan to provide benefits for Medicare eligible individuals pursuant to the standard coordination of benefits method used under this chapter, rather than the exclusion method or the carve-out method.

“(2) Medicare Part D Prescription Drug Benefits.—The Office shall require each PSHBP plan to provide qualified prescription drug coverage for Postal Service annuitants and family members who are part D eligible individuals (as defined in section 1860D–1(a)(3)(A) of the Social Security Act (42 U.S.C. 1395w–101(a)(3)(A)) under a prescription drug plan under Medicare part D pursuant to the provisions of section 1860D–22(b) (commonly referred to as an ‘employer group waiver plan’). For purposes of the preceding sentence, the carrier offering the PSHBP plan shall be deemed to be the sponsor of the plan for purposes of Medicare part D.

“(g) Postal Service Contribution.—

“(1) In General.—Subject to subsection (i), for purposes of applying section 8906(b) to the
Postal Service, the weighted average shall be calculated in accordance with paragraphs (2) and (3).

“(2) WEIGHTED AVERAGE CALCULATION.—Not later than October 1 of each year (beginning with the year before the initial contract year), the Office shall determine the weighted average of the rates established pursuant to subsection (c)(2) for PSHBP plans that will be in effect during the following contract year with respect to—

“(A) enrollments for self only;
“(B) enrollments for self plus one; and
“(C) enrollments for self and family.

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

“(h) RESERVES.—

“(1) SEPARATE RESERVES.—
“(A) IN GENERAL.—The Office shall ensure that each PSHBP plan maintains separate
reserves (including a separate contingency reserve) with respect to the enrollees in the PSHBP plan in accordance with section 8909.

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

“(C) AMOUNTS TO BE CREDITED.—The reserves (including the separate contingency reserve) maintained by each PSHBP plan shall be credited with a proportionate amount of the funds in the existing reserves for health benefits plans offered by an initial participating carrier.

“(2) DISCONTINUATION OF PSHBP PLAN.—In applying section 8909(e) relating to a PSHBP plan that is discontinued, the Office shall credit the separate Postal Service contingency reserve maintained under paragraph (1) for that plan only to the separate Postal Service contingency reserves of the PSHBP plans continuing under this chapter.

“(i) NO EFFECT ON EXISTING LAW.—Nothing in this section shall be construed as affecting section 1005(f) of title 39 regarding variations, additions, or substitutions to the provisions of this chapter.
“(j) MEDICARE EDUCATION PROGRAM.—Not later than 180 days after the date of enactment of this section, the Postal Service shall establish a Medicare Education Program, under which the Postal Service shall—

“(1) notify annuitants and employees of the Postal Service about the Postal Service Health Benefits Program;

“(2) provide information regarding the Postal Service Health Benefits Program to such annuitants and employees, including—

“(A) a description of the health care options available under the Postal Service Health Benefits Program;

“(B) the requirement that annuitants be enrolled in Medicare under subsection (e)(1); and

“(C) the premium subsidies under section 103 of the Postal Service Reform Act of 2018; and

“(3) respond and provide answers to any inquiry from such annuitants and employees about the Postal Service Health Benefits Program or Medicare enrollment.”.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—
(A) Section 8903(1) of title 5, United States Code, is amended by striking “two levels of benefits” and inserting “2 levels of benefits for enrollees under this chapter generally and 2 levels of benefits for enrollees under the Postal Service Health Benefits Program established under section 8903c”.

(B) The table of sections for chapter 89 of title 5, United States Code, is amended by inserting after the item relating to section 8903b the following:

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

(b) COORDINATION WITH MEDICARE.—

(1) MEDICARE ENROLLMENT AND COVERAGE.—

Section 1837 of the Social Security Act (42 U.S.C. 1395p) is amended by adding at the end the following new subsection:

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

“(A) is (i) a Postal Service Medicare eligible annuitant, or (ii) an individual who is a family member of such an annuitant and is a Medicare eligible individual;

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

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

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

“(3) The provisions of section 1838(b) shall apply to an individual who is deemed to have elected to be enrolled under paragraph (1).

“(4) The Secretary, the Commissioner of Social Security, the United States Postal Service, and the Office of Personnel Management shall coordinate to monitor premiums paid by individuals who are deemed to have elected to be enrolled under paragraph (1) for purposes of determining whether those individuals are in compliance with the applicable requirements under section 8903c(e) of title 5, United States Code.

“(5) The definitions in section 8903c(a) of title 5, United States Code, shall apply for purposes of this subsection.”.

(2) Waiver of Increase of Premium.—Section 1839(b) of the Social Security Act (42 U.S.C. 1395r(b)) is amended by inserting after “section
1837,” the following: “and not pursuant to a deemed enrollment under subsection (m) of such section during the open season for the initial contract year (as defined in section 8903c(a) of title 5, United States Code) of the Postal Service Health Benefits Program,“.

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

“(10) COORDINATION OF BENEFITS WITH POSTAL SERVICE HEALTH BENEFITS PLANS.—Paragraphs (1) through (9) shall apply except to the extent that the Secretary, in consultation with the Office of Personnel Management, determines those paragraphs to be inconsistent with section 8903c(f) of title 5, United States Code.”.

SEC. 102. POSTAL SERVICE RETIREE HEALTH CARE BENEFIT FUNDING REFORM.

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

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

(2) in paragraph (2)—

(A) in subparagraph (A)—

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(i) in clause (i), as added by paragraph (1), by striking “shall through September 30, 2016, be paid” and all that follows and inserting the following: “shall be paid as provided in clause (ii).”; and

(ii) by adding at the end the following:

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

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

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

(B) by adding at the end the following:

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

“(i) the sum of—
“(I) the costs incurred by a carrier in providing health services to, paying for health services provided to, or reimbursing expenses for health services provided to, the individual and any other person covered under the enrollment of the individual; and

“(II) an amount of indirect expenses reasonably allocable to the provision, payment, or reimbursement described in subclause (I), as determined by the Office; and

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

“(D) Any computation by the Office under this section that relates to an individual described in subparagraph (A)(i) of this paragraph shall be made in consultation with the United States Postal Service.”.

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

(1) in paragraph (1)—

(A) by striking “Office” and inserting “United States Postal Service”; and

(B) by striking “required under section 8906(g)(2)(A)” and inserting the following:
“required to be paid from the Postal Service Retiree Health Benefits Fund under section 8906(g)(2)(A)(ii)(I)”; (2) by striking paragraphs (2) and (4); (3) by redesignating paragraph (3) as paragraph (4); (4) by inserting after paragraph (1) the following: “(2) The United States Postal Service shall make sufficient payments into the Fund, in accordance with paragraphs (4) and (5)(B), so that the value of the assets of the Fund is equal to the Postal Service actuarial liability. “(3)(A) Not later than June 30, 2019, the United States Postal Service shall compute, and by June 30 of each succeeding year, the United States Postal Service shall recompute, a schedule including a series of annual installments that provide for the liquidation of the amount described under subparagraph (B) (regardless of whether the amount is a liability or surplus) by September 30 of the first fiscal year that begins 40 years after the date of enactment of the Postal Service Reform Act of 2018 (unless the schedule is extended as provided in paragraph (4)(C)(ii)(II)), including interest at the rate used in the computations under this subsection.
“(B) The amount described in this subparagraph is the amount, as of the date on which the applicable computation or recomputation under subparagraph (A) is made, that is equal to the difference between—

“(i) 80 percent of the Postal Service actuarial liability as of September 30 of the preceding fiscal year; and

“(ii) the value of the assets of the Postal Service Retiree Health Benefits Fund as of September 30 of the preceding fiscal year.”;

(5) in paragraph (4), as so redesignated—

(A) in subparagraph (A)—

(i) in clause (iii), by adding “and” at the end;

(ii) in clause (iv), by striking the semicolon at the end and inserting a period; and

(iii) by striking clauses (v) through (x);

(B) in subparagraph (B)—

(i) in clause (i), by striking “paragraph (1)” and inserting “paragraph (1), except to the extent the payment would cause the value of the assets in the Fund
to exceed the Postal Service actuarial liability”; and

(ii) in clause (ii)—

(I) by inserting “except as pro-
vided in subparagraph (C),” before
“any”; and

(II) by striking “paragraph
(2)(B).” and inserting “paragraph
(3).”; and

(C) by adding at the end the following:

“(C)(i) Upon request by the United States Postal
Service, the Postal Regulatory Commission may waive the
annual installment payment required to be made in a fis-
cal year under subparagraph (B)(ii) if the United States
Postal Service meets conditions established by the Postal
Regulatory Commission related to—

“(I) financial stability and retained earnings;
and

“(II) the capability to maintain a high level of
service.

“(ii) If the Postal Regulatory Commission waives the
annual installment payment required to be made in a fis-
cal year under subparagraph (B)(ii)—
“(I) for purposes of any financial reporting by
the United States Postal Service, the payment shall
be deemed to have been made; and
“(II) the United States Postal Service shall ex-
tend the liquidation schedule under paragraph
(3)(A) by 1 year.
“(iii) If the United States Postal Service does not re-
quest a waiver of the annual installment payment required
to be made in a fiscal year under subparagraph (B)(ii)
and does not make the payment, the United States Postal
Service may not increase rates for market-dominant prod-
ucts under section 3622 of title 39 during the following
fiscal year.”;

(6) by redesignating paragraph (6) as para-
graph (8);

(7) by striking paragraph (5) and inserting the
following:
“(5)(A) Concurrently with each computation or re-
computation under paragraph (3), the United States Post-
al Service shall compute the amount, as of the date of
the computation, that is equal to the difference between—
“(i) the Postal Service actuarial liability as of
September 30 of the preceding fiscal year; and
“(ii) the value of the assets of the Postal Service Retiree Health Benefits Fund as of September 30 of the preceding fiscal year.

“(B) If the United States Postal Service disposes of any property owned or leased by the United States Postal Service, and, based on the most recent computation under subparagraph (A), the amount described in clause (i) of that subparagraph is greater than the amount described in clause (ii) of that subparagraph, the United States Postal Service shall pay into the Fund the lesser of—

“(i) the amount of net profit to the United States Postal Service resulting from the disposal of property (as determined by the Postal Regulatory Commission); or

“(ii) the amount computed under subparagraph (A).

“(C) The United States Postal Service shall make each payment required under subparagraph (B) without regard to whether the United States Postal Service has completed the annual installment payments required under paragraph (4)(B)(ii), as scheduled under paragraph (3)(A).

“(6) Computations under this subsection shall be based on—
“(A) economic and actuarial methods and assumptions consistent with the methods and assumptions used in determining the Postal surplus or supplemental liability under section 8348(h); and

“(B) any other methods and assumptions, including a health care cost trend rate, that the Director of the Office determines to be appropriate.

“(7)(A) The Office shall provide to the United States Postal Service any data necessary for computations under this subsection.

“(B) Upon computing an amount or schedule under this subsection for a fiscal year, the United States Postal Service shall provide the data used for the computation to the Postal Regulatory Commission for review of the computation.

“(C) Not later than 30 days after receiving data from the United States Postal Service under subparagraph (B), the Postal Regulatory Commission, in consultation with the United States Postal Service, shall—

“(i) determine whether the amount or schedule was computed in accordance with this subsection;

“(ii) if the amount or schedule was computed in accordance with this subsection, submit to the Office a certification that the amount or schedule is the definitive amount or schedule for that fiscal year; and
“(iii) if the amount or schedule was not computed in accordance with this subsection, request that the Office recompute the amount or schedule.

“(D)(i) Not later than 30 days after receiving a request from the Postal Regulatory Commission under subparagraph (C)(iii), the Office shall recompute the amount or schedule.

“(ii) If the Office recomputes an amount or schedule under clause (i), the recomputed amount or schedule shall be the definitive amount or schedule for that fiscal year for purposes of this subsection.”; and

(8) by adding at the end the following:

“(9) In this subsection, the term ‘Postal Service actuarial liability’ means the difference between—

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

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

“(10) For purposes of computing an amount under paragraph (1) or (9)(A), section 8906(g)(2)(A)(ii)(I) shall
be applied as though ‘up to the amount contained in the Fund’ were struck.”.

(c) Cancellation of Certain Unpaid Obligations of the Postal Service.—Any obligation of the Postal Service under section 8909a(d)(3)(A) of title 5, United States Code, as in effect on the day before the date of enactment of this Act, that remains unpaid as of such date of enactment is canceled.

(d) One-time Transfer to Medicare Funds.—

(1) Definitions.—In this subsection—

(A) the term “applicable fiscal year” means the first fiscal year beginning on or after October 1, 2020, in which the amount computed under paragraph (3)(B) of section 8909a(d) of title 5, United States Code (as amended by subsection (b)) is a surplus; and

(B) the term “Medicare fund” means—

(i) the Federal Hospital Insurance Trust Fund under section 1817 of the Social Security Act (42 U.S.C. 1395i);

(ii) the Federal Supplementary Medical Insurance Trust Fund under section 1841 of such Act (42 U.S.C. 1395t); and
(iii) the Medicare Prescription Drug Account under section 1860D–16 of such Act (42 U.S.C. 1395w–116).

(2) **Transfer Required.**—Not later than 30 days after the date on which the schedule under paragraph (3)(A) of section 8909a(d) of title 5, United States Code (as amended by subsection (b)) in the applicable fiscal year is certified by the Commission or recomputed by the Office of Personnel Management, as applicable under paragraph (6) of such section 8909a(d)—

(A) the Secretary of Health and Human Services shall—

(i) estimate the amount of the increased expenditures required from the Medicare funds, including the amount required from each such fund, by reason of the requirements under section 8903c(e) of title 5, United States Code (as added by section 101(a)(1) of this Act) for the 10-year period beginning on the date of enactment of this Act; and

(ii) notify the Secretary of the Treasury and the Postal Service of the amount estimated under clause (i); and
(B) the Secretary of the Treasury shall transfer from the Postal Service Retiree Health Benefits Fund to the Medicare funds an amount equal to the amount estimated by the Secretary of Health and Human Services under subparagraph (A)(i), in accordance with paragraph (3) of this subsection.

(3) DISTRIBUTION.—An amount transferred under subparagraph (B) of paragraph (2) shall be divided among the Medicare funds in proportion to the increased expenditures required from each such fund, as estimated by the Secretary of Health and Human Services under subparagraph (A)(i) of that paragraph.

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

(f) SENSE OF CONGRESS.—It is the sense of Congress that nothing in this section or the amendments made by this section is intended to establish a precedent with respect to Federal employees at large, given that the Postal Service is a unique entity within the Federal Government and benefits for employees of the Postal Service are
only partially integrated with benefits for Federal employees at large.

SEC. 103. MEDICARE PART B PREMIUM SUBSIDY FOR NEWLY ENROLLING POSTAL SERVICE ANNUITANTS AND FAMILY MEMBERS.

(a) DEFINITIONS.—In this section—

(1) the term “eligible individual” means a Postal Service annuitant, or a family member of a Postal Service annuitant, who—

(A) newly enrolls in Medicare part B during the open season for the initial contract year pursuant to a deemed enrollment under subsection (m) of section 1837 of the Social Security Act (42 U.S.C. 1395p), as added by section 101 of this Act; and

(B) is not eligible for Medicare cost-sharing or any other subsidies for Medicare part B premium payments;

(2) the term “initial contract year” has the meaning given the term in section 8903e(a) of title 5, United States Code, as added by section 101 of this Act;

(3) the term “Medicare cost-sharing” means Medicare cost-sharing described in section 1905(p)(3)(A)(ii) of the Social Security Act (42
U.S.C. 1396d(p)(3)(A)(ii)) under a State plan under title XIX of that Act (42 U.S.C. 1396 et seq.);

(4) the term “Medicare part B” means the Medicare program for supplementary medical insurance benefits under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.); and

(5) the term “Postal Service annuitant” has the meaning given the term in section 8903c(a) of title 5, United States Code, as added by section 101 of this Act.

(b) Subsidies.—With respect to the monthly Medicare part B premium payments of eligible individuals (taking into account any adjustments, including those under subsections (b) and (i) of section 1839 of the Social Security Act (42 U.S.C. 1395r)), the Postal Service—

(1) in the initial contract year, shall subsidize 75 percent of the Medicare part B premium payments;

(2) in the first year after the initial contract year, shall subsidize 50 percent of the Medicare part B premium payments; and

(3) in the second year after the initial contract year, shall subsidize 25 percent of the Medicare part B premium payments.
(c) FUND.—The Postal Service shall establish a fund to provide the subsidies required under subsection (b).

SEC. 104. POSTAL SERVICE PENSION FUNDING REFORM.

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

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

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

“(C) Not later than June 30, 2033, the Office shall determine, and thereafter shall redetermine as necessary, but not more frequently than once per year, the appropriate date by which to complete the liquidation of any remaining surplus or liability determined under this paragraph. The appropriate date shall be determined in accordance with generally accepted actuarial practices and
principles and shall not be later than 15 years after the date on which the determination is made.”; and

(2) by adding at the end the following:

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

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

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

(b) Federal Employees Retirement System Liability Assumption Reform.—Section 8423 of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

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

(II) in clause (ii), by striking “and” at the end;
• (ii) in subparagraph (B)(ii), by striking the period at the end and inserting “; and

(iii) by adding at the end the following:

“(C) the product of—

“(i) the normal-cost percentage, as determined for employees (other than employees covered by subparagraph (B)) of the United States Postal Service under paragraph (5), multiplied by

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

(B) by adding at the end the following:

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

“(i) demographic factors specific to such employees, unless such data cannot be generated; and

“(ii) economic assumptions regarding wage and salary growth that reflect the specific past, and likely future, pay for such employees.
“(B) The United States Postal Service shall provide any data or projections the Office requires in order to determine the normal-cost percentage for employees of the United States Postal Service, consistent with subparagraph (A).

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

“(i) upon request of the United States Postal Service, but not more frequently than once each fiscal year; and

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

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

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

“(B) economic assumptions regarding wage and salary growth that reflect the specific past, and likely future, pay for current employees of the United States Postal Service.”; and
(2) in subsection (b)—

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

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

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

“(B) If the amount of supplemental liability computed under paragraph (1)(B) as of the close of any fiscal year after the date of enactment of the Postal Service Reform Act of 2018 is less than zero, the Office shall establish an amortization schedule, including a series of equal annual installments that—

“(i) provide for the liquidation of the postal funding surplus in 30 years, commencing on September 30 of the subsequent fiscal year; and

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

SEC. 105. SUPERVISORY AND OTHER MANAGERIAL ORGANIZATIONS.

Not later than 3 years after the date of enactment of this Act, the Inspector General of the Postal Service shall submit to Congress a report on compliance by the
Postal Service with outcomes of consultative discussions under section 1004(e) of title 39, United States Code, held with postal management organizations on changes in, or termination of, pay policies and schedules and fringe benefit programs for members of the postal management organization, including changes in, or termination of, policies governing pay-for-performance systems covering supervisory and management employees.

**SEC. 106. RIGHT OF APPEAL TO MERIT SYSTEMS PROTECTION BOARD.**

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

“(I) is an employee of the Postal Service or the Office of the Inspector General who is not represented by a bargaining representative recognized under section 1203; and”.

**TITLE II—POSTAL SERVICE OPERATIONS REFORM**

**SEC. 201. GOVERNANCE REFORM.**

(a) Board of Governors.—

(1) In general.—Section 202 of title 39, United States Code, is amended to read as follows:

“§ 202. Board of Governors

“(a) In general.—There is established in the Postal Service a Board of Governors composed of 5 Governors,
a Postmaster General, and a Deputy Postmaster General, all of whom shall be appointed in accordance with this section. The Governors shall have the power to—

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

“(2) appoint, fix the term of service of, and remove the Postmaster General;

“(3) in consultation with the Postmaster General, appoint, fix the term of service of, and remove the Deputy Postmaster General;

“(4) set the strategic direction of postal operations and approve the pricing and product strategy for the Postal Service;

“(5) set the compensation of the Postmaster General and the Deputy Postmaster General in accord with private sector best practices, as determined by the Governors pursuant to section 3686; and

“(6) carry out any other duties specifically provided for in this title.

“(b) APPOINTMENT; PAY.—

“(1) IN GENERAL.—The Governors shall be appointed by the President, by and with the advice and consent of the Senate, not more than 3 of whom may be adherents of the same political party. The
Governors shall elect a Chair from among their members. The Governors shall represent the public interest generally, and shall be chosen solely on the basis of their experience in the field of public administration, law, or accounting, or on their demonstrated ability in managing organizations or corporations (in either the public or private sector) of substantial size, except that at least 3 of the Governors shall be chosen solely on the basis of their demonstrated ability in managing organizations or corporations (in either the public or private sector) that employ at least 10,000 employees. The Governors shall not be representatives of specific interests using the Postal Service, and may be removed only for cause.

“(2) COMPENSATION.—Each Governor shall receive a salary of $30,000 a year plus $300 a day for not more than 42 days of meetings each year and shall be reimbursed for travel and reasonable expenses incurred in attending meetings of the Board. Nothing in the preceding sentence shall be construed to limit the number of days of meetings each year to 42 days.

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

“(c) TERMS OF GOVERNORS.—

“(1) IN GENERAL.—The terms of the 5 Governors shall be 7 years, except that the terms of the 5 Governors first taking office shall expire as designated by the President at the time of appointment, 1 at the end of 1 year, 1 at the end of 2 years, 1 at the end of 3 years, 1 at the end of 4 years, and 1 at the end of 5 years, following the appointment of the first of them. Any Governor appointed to fill a vacancy before the expiration of the term for which the Governor’s predecessor was appointed shall serve for the remainder of such term. A Governor may continue to serve after the expiration of the Governor’s term until such Governor’s successor has qualified, but not to exceed one year.

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

“(d) STAFF.—The Chair of the Board of Governors shall ensure that the Board has appropriate independent
staff to carry out the roles and responsibilities of the Board and the Governors.”.

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

(b) POSTMASTER GENERAL.—

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

“§ 203. Postmaster General

“(a) IN GENERAL.—The chief executive officer of the Postal Service is the Postmaster General, appointed pursuant to section 202(a)(2). The alternate chief executive officer of the Postal Service is the Deputy Postmaster General, appointed pursuant to section 202(a)(3).

“(b) POWERS.—Consistent with the requirements of this title, the exercise of the power of the Postal Service shall be vested in the Governors and carried out by the Postmaster General in a manner consistent with the strategic direction and pricing and product strategy approved by the Governors. The Postmaster General shall, in ac-
cordance with bylaws determined appropriate by the Board, consult with the Governors and the Deputy Postmaster General in carrying out such power.”.

(2) Conforming Amendment.—The item relating to section 203 in the table of sections for chapter 2 of title 39, United States Code, is amended to read as follows:

“203. Postmaster General.”.

(c) Procedures of the Board.—Section 205 of title 39, United States Code, is amended to read as follows:

“§ 205. Procedures of the Board of Governors and the Governors

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

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

“(c) Limitation.—No officer or employee of the United States may serve concurrently as a Governor. A Governor may hold any other office or employment not inconsistent or in conflict with the Governor’s duties, responsibilities, and powers as an officer of the Government of the United States in the Postal Service.”.

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(d) Delegation of Authority.—Section 402 of title 39, United States Code, is amended to read as follows:

§ 402. Delegation of authority

“(a) POSTMASTER GENERAL.—The Postmaster General may delegate his or her authority under such terms, conditions, and limitations, including the power of redelegation, as he or she determines desirable. The Postmaster General may establish such committees of officers and employees of the Postal Service, and delegate such powers to any committee, as the Postmaster General determines appropriate to carry out his or her functions and duties. Delegations under this section shall be consistent with other provisions of this title, shall not relieve the Postmaster General of full responsibility for the carrying out of the Postmaster General’s duties and functions, and shall be revocable by the Postmaster General.

“(b) BOARD OF GOVERNORS.—The Board may establish such committees of the Board, and delegate such powers to any committee, as the Board determines appropriate to carry out its functions and duties. Delegations to committees shall be consistent with other provisions of this title, shall not relieve the Board of full responsibility for the carrying out of its duties and functions, and shall be revocable by the Board in its exclusive judgment.”.
(c) INTERNATIONAL POSTAL ARRANGEMENTS.—

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

“(f) After submission to the Postal Regulatory Commission by the Department of State of the budget detailing the estimated costs of carrying out the activities under this section, and the Commission’s review and approval of such submission, the Postal Service shall transfer to the Department of State, from any funds available to the Postal Service, such sums as may be reasonable, documented, and auditable for the Department of State to carry out such activities.’’.

(2) APPLICATION.—The amendment made by paragraph (1) shall take effect on October 1 of the first fiscal year beginning after the date of enactment of this Act.

(3) CONFORMING AMENDMENT.—Section 633 (f) TECHNICAL AND CONFORMING AMENDMENTS.—

Title 39, United States Code, is amended—

(1) in section 102(3)—
(A) by striking “9 members” and inserting “5 members”; and
(B) by striking “section 202(a)” and inserting “section 202(b)(1)”;
(2) in section 204—
(A) by striking “the Board” and inserting “the Postmaster General”; and
(B) by striking “the Governors and”;
(3) in section 207, by striking “the Board” and inserting “the Postal Service”; (4) in section 414(b)(2), by striking “the Governors” each place the term appears and inserting “the Postal Service”; (5) in section 416(c)—
(A) by striking “the Governors” and inserting “the Postal Service”; and
(B) by striking “they” and inserting “the Postal Service”; (6) in section 1011, by striking “the Board” and inserting “the Postal Service”; (7) by striking section 2402 and inserting the following:

§ 2402. Annual report

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

(8) in section 3632—

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

(B) by striking subsection (a) and redesig-
nating subsections (b) and (c) as subsections
(a) and (b), respectively;

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

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

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

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

(E) by striking “the Governors” each place
the term appears and inserting “the Postal
Service”; and
(9) in the table of sections for chapter 36, by striking the item relating to section 3632 and inserting the following:

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

(g) Delayed Effective Date.—The amendments made by this section shall take effect on the date that is 30 days after the date of enactment of this Act.

SEC. 202. MODERNIZING POSTAL RATES.

(a) Adequacy, Efficiency, and Fairness of Postal Rates.—

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

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

(B) in paragraph (3)—

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

(ii) by inserting “, with a focus on achieving predictable and consistent delivery” before the period at the end;

(C) in paragraph (5), by inserting “establish and” before “maintain”; 

(D) in paragraph (6), by striking “process” and inserting “and cost attribution processes”; and
(E) in paragraph (9), by inserting “(and to ensure appropriate levels of transparency)” before the period at the end.

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

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

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

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

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

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

“(5) The extent to which the Postal Service has taken actions to increase its efficiency and reduce its costs.
“(6) The value of the mail service actually provided by each class or type of mail service to both the sender and the recipient, including the collection, mode of transportation, and priority of delivery.

“(7) The requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type.

“(8) The degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon improving efficiency and reducing costs to the Postal Service.

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

“(10) The importance of pricing flexibility to encourage increased mail volume and operational efficiency.

“(11) The relative value to postal users of the kinds of mail matter entered into the postal system.
and the desirability and justification for special classifications and services of mail.

“(12) The importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery.

“(13) The desirability of special classifications for both postal users and the Postal Service in accordance with the policies of this title, including agreements between the Postal Service and postal users, when available on public and reasonable terms to similarly situated mailers, that—

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

“(B) do not cause—

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

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

“(14) The educational, cultural, scientific, and informational value to the recipient of mail matter.
“(15) The need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services.

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

“(17) The importance of stability and predictability of rates to ratepayers.

“(18) The policies of this title as well as such other factors as the Commission determines appropriate.”.

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

(A) in paragraph (1)—

(i) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively;

(ii) in subparagraph (F) (as redesignated by clause (i)) by striking “subparagraphs (A) and (C)” and inserting “subparagraphs (A) and (D)”;

(iii) by inserting after subparagraph (A) the following:
“(B) subject to paragraph (4), establish postal rates for each group of functionally equivalent agreements between the Postal Service and users of the mail that—

“(i) cover attributable cost;

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

“(iii) do not cause unreasonable disruption in the marketplace, consistent with subsection (c)(13)(B);”; and

(B) by adding at the end the following:

“(4) GROUP OF FUNCTIONALLY EQUIVALENT AGREEMENTS DEFINED.—For purposes of paragraph (1)(B), a group of functionally equivalent agreements shall consist of all service agreements that are functionally equivalent to each other within the same market-dominant product, but shall not include agreements within an experimental product.”.

(4) TECHNICAL AND CONFORMING AMENDMENTS.—Section 3622 of title 39, United States Code, is amended—

(A) in subsection (a), by striking “, within 18 months after the date of enactment of this section,”; and
(B) in subsection (d)(1)(D) (as redesignated by paragraph (3)(A)), by striking "(c)(10)" and inserting "(c)(13)".

(b) USE OF NEGOTIATED SERVICE AGREEMENTS.—

(1) STREAMLINED REVIEW OF QUALIFYING SERVICE AGREEMENTS FOR COMPETITIVE PRODUCTS.—Section 3633 of title 39, United States Code, is amended by adding at the end the following:

"(c) STREAMLINED REVIEW.—Not later than 90 days after the date of enactment of this subsection, after notice and opportunity for comment, the Postal Regulatory Commission shall promulgate (and may from time to time thereafter revise) regulations for streamlined after-the-fact review of newly proposed agreements between the Postal Service and users of the mail that provide rates not of general applicability for competitive products. Streamlined review shall apply only if agreements are functionally equivalent to existing agreements that have collectively covered attributable costs and collectively improved the net financial position of the Postal Service. The regulations issued under this subsection shall provide that streamlined review shall be concluded not later than 5 business days after the date on which the agreement is filed with the Commission and shall be limited to approval
or disapproval of the agreement as a whole based on the
Commission’s determination of its functional equivalence.
Agreements not approved may be resubmitted without
prejudice under section 3632.”.

(2) Submission of service agreements for
streamlined review.—Section 3632(b) of title 39,
United States Code, is amended—
(A) by redesignating paragraph (4) as
paragraph (5); and
(B) by inserting after paragraph (3) the
following:
“(4) Rates for streamlined review.—In
the case of rates not of general applicability for com-
petitive products that the Postal Service considers
eligible for streamlined review under section 3633(c),
the Postal Service shall cause the agreement to be
filed with the Postal Regulatory Commission by a
date that is on or before the effective date of any
new rate established under the agreement, as the
Postal Service considers appropriate.”.

(3) Transparency and accountability for
service agreements.—
(A) Certain information required to
be included in determinations of compli-
ANCE.—Section 3653 of title 39, United States Code, is amended—

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

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

“(c) WRITTEN DETERMINATION.—Each annual written determination of the Commission under this section shall include the following:

“(1) REQUIREMENTS.—For each group of functionally equivalent agreements between the Postal Service and users of the mail, whether such group fulfilled requirements to—

“(A) cover costs attributable; and

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

“(2) NONCOMPLIANCE.—Any group of functionally equivalent agreements not meeting the requirements under subparagraphs (A) and (B) of paragraph (1) shall be determined to be in noncompliance under this subsection.

“(3) DEFINITION.—For purposes of this subsection, a group of functionally equivalent agreements shall consist of 1 or more service agreements
that are functionally equivalent to each other within
the same market-dominant or competitive product,
but shall not include agreements within an experi-
mental product.”.

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

SEC. 203. NONPOSTAL SERVICES.

(a) NONPOSTAL SERVICES.—

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

“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.

“§ 3701. Purpose

“The purpose of this chapter is to enable the Postal
Service to increase its net revenues through specific non-
postal products and services that are expressly authorized
by this chapter. Postal Service revenues and expenses
under this chapter shall be funded through the Postal
Service Fund.
§ 3702. Definitions

In this chapter—

(1) the term ‘attributable costs’ has the meaning given the term ‘costs attributable’ in section 3631;

(2) the term ‘nonpostal service’ means a service offered by the Postal Service that—

(A) is expressly authorized under this chapter; and

(B) is not a postal product or service; and

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

§ 3703. Postal Service program for State governments

(a) In General.—Notwithstanding any other provision of this title, the Postal Service may establish a program to enter into agreements with an agency of any State government, local government, or tribal government to provide property and services on behalf of such agencies for non-commercial products and services (referred to in this section as the ‘program’), but only if such property and services—

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

(2) do not interfere with or detract from the value of postal services, including—
“(A) the cost and efficiency of postal services; and

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

“(3) provide a reasonable contribution to the institutional costs of the Postal Service, defined as reimbursement that covers at least 100 percent of attributable costs of all property and services provided under each relevant agreement in each year.

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

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

“(2) a business plan that describes the specific service to be provided, the enhanced value to the public, terms of reimbursement, the estimated annual reimbursement to the Postal Service, and the estimated percentage of attributable Postal Service costs that will be covered by reimbursement (with documentation to support the estimates).

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

"(d) APPROVAL REQUIRED.—The Postal Service may not establish the program unless a majority of the Governors in office vote to approve the program by a recorded vote that is publicly disclosed on the Postal Service website.

"(e) APPLICATION OF REPORTING REQUIREMENTS.—For purposes of the reporting requirements under section 3705, the Postal Service shall submit a separate report for each agreement with an agency entered into under subsection (a) of this section analyzing the costs, revenues, rates, and quality of service for the provision of all services under such agreement, including information demonstrating that the agreement satisfies the requirements of paragraphs (1) through (3) of such subsection (a).

"(f) REGULATIONS REQUIRED.—The Postal Regulatory Commission shall issue such regulations as are necessary to carry out this section.

"(g) DEFINITIONS.—For the purpose of this section—
“(1) the term ‘local government’ means a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments, or regional or interstate government entity;

“(2) the term ‘State government’ includes the government of the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any other territory or possession of the United States;

“(3) the term ‘tribal government’ means the government of an Indian tribe, as that term is defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304); and

“(4) the term ‘United States’, when used in a geographical sense, means the States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any other territory or possession of the United States.
“(h) CONFIDENTIAL INFORMATION.—Subsection (b) or (c) shall not be construed as requiring the Postal Service to disclose to the public any information—

“(1) described in section 410(c); or

“(2) exempt from public disclosure under section 552(b) of title 5.

“§3704. Postal Service program for other Government agencies

“(a) IN GENERAL.—The Postal Service may establish a program to provide property and services to other Government agencies within the meaning of section 411, but only if the program provides a reasonable contribution to the institutional costs of the Postal Service, defined as reimbursement by each agency that covers at least 100 percent of the attributable costs of all property and service provided by the Postal Service in each year to such agency.

“(b) APPLICATION OF REPORTING REQUIREMENTS.—For purposes of the reporting requirements under section 3705, the Postal Service shall submit a separate report for each agreement with an agency entered into under subsection (a) of this section analyzing the costs, revenues, rates, and quality of service for the provision of all services under such agreement, including information demonstrating that the agreement satisfies the requirements of such subsection (a).
§ 3705. Transparency and accountability for non-postal services

“(a) Annual Report to the Commission.—

“(1) In general.—Not later than 90 days after the last day of each year, the Postal Service shall submit to the Postal Regulatory Commission a report that analyzes costs, revenues, rates, and quality of service for each agreement for the provision of property and services under this chapter, using such methodologies as the Commission may prescribe, and in sufficient detail to demonstrate compliance with the requirements of this chapter.

“(2) Supporting matter.—A report submitted under paragraph (1) shall include any non-public annex, the working papers, and any other supporting matter of the Postal Service and the Inspector General related to the information submitted in such report.

“(b) Content and Form of Report.—

“(1) In general.—The Postal Regulatory Commission shall, by regulation, prescribe the content and form of the report required under subsection (a). In prescribing such regulations, the Commission shall give due consideration to—

“(A) providing the public with timely, adequate information to assess compliance;
“(B) avoiding unnecessary or unwarranted administrative effort and expense on the part of the Postal Service; and

“(C) protecting the confidentiality of information that is commercially sensitive or is exempt from public disclosure under section 552(b) of title 5.

“(2) Revised requirements.—The Commission may, on its own motion or on request of any interested party, initiate proceedings to improve the quality, accuracy, or completeness of Postal Service data required by the Commission if—

“(A) the attribution of costs or revenues to property or services under this chapter has become significantly inaccurate or can be significantly improved;

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

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

“(c) Audits.—The Inspector General shall regularly audit the data collection systems and procedures used in
collecting information and preparing the report required under subsection (a). The results of any such audit shall be submitted to the Postal Service and the Postal Regulatory Commission.

“(d) CONFIDENTIAL INFORMATION.—

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

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

“(1) Opportunity for Public Comment.—
Upon receiving a report required under subsection (a), the Postal Regulatory Commission shall promptly—

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

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

“(2) Determination of Compliance or Non-Compliance.—Not later than 90 days after receiving a report required under subsection (a), the Postal Regulatory Commission shall make a written determination as to whether the nonpostal activities carried out during the applicable year were or were not in compliance with the provisions of this chapter. For purposes of this paragraph, any case in which the requirements for coverage of attributable costs have not been met shall be considered to be a case of noncompliance. If, with respect to a year, no instance of noncompliance is found to have occurred, the determination shall be to that effect. Such determination of noncompliance shall be included with the annual compliance determination required under section 3653.
“(3) NONCOMPLIANCE.—If a timely written determination of noncompliance is made under paragraph (2), the Postal Regulatory Commission shall take appropriate action. If the requirements for coverage of attributable costs specified by this chapter are not met, the Commission shall, within 60 days after the determination, prescribe remedial action to restore compliance as soon as practicable, including the full restoration of revenue shortfalls during the following year. The Commission may order the Postal Service to discontinue a nonpostal service under section 3703 that persistently fails to meet cost coverage requirements.

“(4) DELIBERATE NONCOMPLIANCE.—In the case of deliberate noncompliance by the Postal Service with the requirements of this chapter, the Postal Regulatory Commission may order, based on the nature, circumstances, extent, and seriousness of the noncompliance, a fine (in the amount specified by the Commission in its order) for each incidence of such noncompliance. All receipts from fines imposed under this subsection shall be deposited in the general fund of the Treasury.
“(f) Regulations Required.—The Postal Regulatory Commission shall issue such regulations as are necessary to carry out this section.”.

(2) Technical and Conforming Amendment.—The table of chapters for part IV of title 39, United States Code, is amended by inserting after the item relating to chapter 36 the following:

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

(b) Conforming Amendments.—

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

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

(B) by adding at the end the following:

“(6) Licensing which, before the date of enactment of this paragraph, has been authorized by the Postal Regulatory Commission for continuation as a nonpostal service may not be used for any purpose other than—

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

“(B) to license other goods, products, or services, the primary purpose of which is to promote and enhance the image or brand of the Postal Service.
“(7) Nothing in this section shall be construed to pre-
vent the Postal Service from establishing nonpostal prod-
ucts and services that are expressly authorized by chapter
37.”.

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

(3) TREATMENT OF EXISTING NONPOSTAL
SERVICES.—All individual nonpostal services, pro-
vided directly or through licensing, that are contin-
ued pursuant to section 404(e) of title 39, United
States Code, shall be considered to be expressly au-
thorized by chapter 37 of such title (as added by
subsection (a)(1)) and shall be subject to the re-
quirements of such chapter.

SEC. 204. SHIPPING OF WINE, BEER, AND DISTILLED SPI-
RITS.

(a) MAILABILITY.—

(1) NONMAILABLE ARTICLES.—Section 1716(f)
of title 18, United States Code, is amended by strik-
ing “mails” and inserting “mails, except to the ex-
tent that the mailing is allowable under section
3001(p) of title 39”.

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(2) Application of laws.—Section 1161 of title 18, United States Code, is amended by inserting “, and, with respect to the mailing of distilled spirits, wine, or malt beverages (as those terms are defined in section 117 of the Federal Alcohol Administration Act (27 U.S.C. 211)), is in conformity with section 3001(p) of title 39” after “Register”.

(b) Regulations.—Section 3001 of title 39, United States Code, is amended by adding at the end the following:

“(p)(1) In this subsection, the terms ‘distilled spirits’, ‘wine’, and ‘malt beverage’ have the same meanings as in section 117 of the Federal Alcohol Administration Act (27 U.S.C. 211).

“(2) Distilled spirits, wine, or malt beverages shall be considered mailable if mailed—

“(A) in accordance with the laws and regulations of—

“(i) the State, territory, or district of the United States where the sender or duly authorized agent initiates the mailing; and

“(ii) the State, territory, or district of the United States where the addressee or duly authorized agent takes delivery; and
“(B) to an addressee who is at least 21 years of age—

“(i) who provides a signature and presents a valid, government-issued photo identification upon delivery; or

“(ii) the duly authorized agent of whom—

“(I) is at least 21 years of age; and

“(II) provides a signature and presents a valid, government-issued photo identification upon delivery.

“(3) The Postal Service shall prescribe such regulations as may be necessary to carry out this subsection.”.

(e) Effective Date.—The amendments made by this section shall take effect on the earlier of—

(1) the date on which the Postal Service issues regulations under section 3001(p) of title 39, United States Code, as amended by this section; and

(2) the date that is 120 days after the date of enactment of this Act.

(d) No Preemption of State, Local, or Tribal Laws Prohibiting Deliveries, Shipments, or Sales.—Nothing in this section, the amendments made by this section, or any regulation promulgated under this section or the amendments made by this section shall be construed to preempt, supersede, or otherwise limit or re-
strict any State, local, or tribal law that prohibits or regu-
lates the delivery, shipment, or sale of distilled spirits,
wine, or malt beverages (as those terms are defined in sec-
tion 117 of the Federal Alcohol Administration Act (27
U.S.C. 211)).

SEC. 205. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL
SERVICE.

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

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

“(I) the distance (as measured by
public roads) to the closest postal retail fa-
cility not proposed for closing or consolida-
tion under the determination;

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

“(III) whether commercial mobile
service (as defined in section 332 of the
Communications Act of 1934) and com-
cmercial mobile data service (as defined in
section 6001 of the Middle Class Tax Re-
lief and Job Creation Act of 2012) are available in at least 80 percent of the total geographic area of the ZIP codes served by the postal retail facility proposed for closing or consolidation; and

“(IV) whether fixed broadband Internet access service is available to households in at least 80 percent of such geographic area at speeds not less than those sufficient for service to be considered broadband for purposes of the most recent report of the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302);”.

(b) PRC Review of Determinations to Close or Consolidate a Post Office.—

(1) Deadline for review.—Section 404(d)(5) title 39, United States Code, is amended by striking “120 days” and inserting “60 days, or a longer period for good cause shown but in no event longer than 120 days,”.

(2) Applicability.—The amendment made by paragraph (1) shall not apply with respect to an appeal received by the Commission before the date of
enactment of this Act (as determined by applying
the rules set forth in section 404(d)(6) of such title).

(c) EXPEDITED PROCEDURES.—

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

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

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

(2) REGULATIONS.—The Commission shall pre-
scribe any regulations necessary to carry out the
amendment made by paragraph (1) within 90 days
after the date of enactment of this Act.

(3) APPLICABILITY.—The amendment made by
this subsection shall apply with respect to any pro-
posal received by the Commission on or after the
earlier of—
(A) the date that is 90 days after the date
of enactment of this Act; or

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

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

“(1) Prior to making a determination under
subsection (a)(3) as to the necessity for the closing
or consolidation of a post office—

“(A) the Postal Service shall provide ade-
quate notice of its intention to close or consoli-
date the post office not later than 60 days be-
fore the proposed date of the closing or consoli-
dation to postal patrons served by the post of-

“(B) the Postal Service shall conduct a
nonbinding survey on the proposed closing or
consolidation to allow postal patrons served by
the post office an opportunity to indicate their
preference between or among—

“(i) the closing or consolidation; and

“(ii) 1 or more alternative options;
“(C) if the Postal Service determines that closing or consolidating the post office is neces-
sary—

“(i) the Postal Service shall endeavor to provide alternative access to postal serv-
ices to the postal patrons served by the post office by the option chosen by the highest number of survey respondents under subparagraph (B)(ii); and

“(ii) if the Postal Service is unable to provide alternative access through the option identified under clause (i), or if that option is cost prohibitive—

“(I) the Postal Service may pro-
vide alternative access through a dif-
ferent method; and

“(II) upon selecting an alter-
native access method other than the option identified under clause (i), the Postal Service shall provide written notice to the postal patrons served by the post office identifying the alternative access method and explaining why the option identified under clause
(i) was not possible or was cost prohibitive.”.

(c) **APPLICABILITY OF PROCEDURES RELATING TO CLOSINGS AND CONSOLIDATIONS.**—

(1) **IN GENERAL.**—Section 404(d) of title 39, United States Code, as amended by this section, is amended by adding at the end the following:

“(7) For purposes of this subsection, the term ‘post office’ means a post office and any other postal retail facility, as defined in section 3 of the Postal Service Reform Act of 2018.”.

(2) **EFFECTIVE DATE.**—In the case of any post office, as defined in subsection (d) of section 404 of title 39, United States Code, as amended by paragraph (1), that, but for that amendment, would not otherwise be subject to such subsection (d), the amendments made by subsections (a) and (d) of this section shall be effective with respect to any closure or consolidation, the proposed effective date of which occurs on or after the date that is 60 days after the date of enactment of this Act.

(f) **ENHANCED REPORTING ON POSTAL SERVICE EFFICIENCY.**—Section 3652(a) of title 39, United States Code, is amended—
(1) in paragraph (1), by striking “and” at the end;

(2) in paragraph (2), by striking the period at the end and inserting “; and”; and

(3) by inserting after paragraph (2) the following:

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

(g) POSTPLAN STUDY.—

(1) IN GENERAL.—Beginning not later than 30 days after the date of enactment of this Act, the Inspector General of the Postal Service shall conduct a 1-year review of the impacts of the POSTPlan post office restructuring plan on Postal Service expenses, revenue, and retail service provision.

(2) CONTENT.—In conducting the review under paragraph (1), the Inspector General shall examine—

(A) changes in the costs for the provision of Postal Service operated retail service, both nationwide and in the aggregate for each of the Level 2, Level 4, Level 6, and Level 18 post of-
ices for which the hours, functions, or responsibilities changed as a result of the POSTPlan initiative before and after the implementation of the POSTPlan initiative;

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

(C) a determination of the relative cost savings, taking into account any changes in revenue earned, realized on an annual basis for Level 2, Level 4, Level 6, and Level 18 offices each in the aggregate and any trends in such cost savings;

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

(E) any other factors the Inspector General determines appropriate.
(3) Report and Recommendations.—Upon completion of the review required under paragraph (1), the Inspector General shall submit to the Postal Service, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Oversight and Government Reform of the House of Representatives a report containing—

(A) the results of the review; and

(B) any recommendations resulting from such review.

(4) Postal Service Review.—Prior to any hour changes or consolidation decisions related to POSTPlan initiative-impacted post offices, the Postal Service shall—

(A) review the report and any recommendations submitted pursuant to paragraph (3); and

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

SEC. 206. FAIR STAMP-EVIDENCING COMPETITION.

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

(1) in paragraph (2), by striking “or” at the end;
(2) in paragraph (3), by striking the period at
the end and inserting “; or”; and

(3) by adding at the end the following:

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

SEC. 207. MARKET-DOMINANT RATES.

(a) ESTABLISHMENT OF RATE BASELINE.—Notwith-
standing any order of the Commission to the contrary—

(1) not earlier than the first Sunday after the
date of enactment of this Act, on a date selected by
the Postmaster General in the exercise of the Post-
master General’s unreviewable discretion, the Postal
Service shall reinstate, as nearly as is practicable, 50
percent of the rate surcharge implemented under
section 3622(d)(1)(F) (as redesignated by this Act)
that was in effect on April 9, 2016; and

(2) the partially reinstated surcharge reinstated
pursuant to paragraph (1) shall be considered a part
of the rate base for purposes of determining the per-
centage changes in rates when the Postal Service
files a notice of rate adjustment.
(b) **Subsequent Rate Increases.**—The reinstatement described under subsection (a)(1) may not affect the calculation of the Postal Service’s maximum rate adjustment authority under subpart C of part 3010 of title 39, Code of Federal Regulations (or any successor regulation), for purposes of any rate increase that occurs following such reinstatement.

(c) **Commission Review of System for Regulating Rates and Classes for Market-Dominant Products.**—

(1) **Definitions.**—In this subsection—

(A) the term “initial rate regulation review” means the proceeding conducted under the order of the Commission entitled, “Statutory Review of the System for Regulating Market Dominant Rates and Classifications” (81 Fed. Reg. 9507 (December 20, 2016)); and

(B) the term “underwater product” means a market-dominant class, product, or type of mail service that does not bear the direct and indirect costs attributable to that class, product, or type of mail service under current costing procedures.

(2) **Underwater Products Study.**—Not later than 120 days after the date of enactment of
this Act, the Commission, without delaying comple-
tion of the initial rate regulation review, shall begin
a study, in conjunction with the Inspector General
of the Postal Service and including notice and op-
portunity for public comment, to—

(A) determine whether and to what extent
any market-dominant classes, products, or types
of mail service are underwater products;

(B) quantify the impact of any operational
decisions of the Postal Service on the direct and
indirect costs attributable to any underwater
products identified under subparagraph (A);
and

(C) determine whether any operational de-
cisions of the Postal Service have caused any
direct or indirect costs to be inappropriately at-
tributed to any underwater product identified
under subparagraph (A).

(3) ADDITIONAL CONSIDERATIONS.—

(A) IN GENERAL.—Except as provided in
paragraph (4), the Commission shall supple-
ment and modify, as appropriate, the record of
proceedings in the initial rate regulation review,
taking into account the provisions of this Act
and the amendments made by this Act, before making a determination to—

(i) modify the system for regulating rates and classes for market-dominant products established under section 3622 of title 39, United States Code; or

(ii) adopt an alternative system for regulating rates and classes for market-dominant products.

(B) Minimum Considerations.—In supplementing or modifying the record under subparagraph (A)—

(i) the Commission shall, at a minimum, recalculate the projected liabilities of the Postal Service by reason of the requirements under section 8903c(e) of title 5, United States Code (as added by section 101(a)(1) of this Act) (requiring Medicare-eligible postal annuitants enrolled in the Postal Service Health Benefits Program to also enroll in Medicare); and

(ii) if the Commission determines that other provisions of this Act or the amendments made by this Act reduce liabilities or increase revenues of the Postal Service,
the Commission shall incorporate those changes into the calculations of the Commission.

(C) CONSIDERATION OF UNDERWATER PRODUCTS STUDY.—After completing any supplementation and modification of the record under subparagraph (A) of this paragraph and quantifying the impact of operational decisions under paragraph (2)(B), the Commission shall—

(i) take into account the impact quantified under paragraph (2)(B) and modify, if appropriate, the record under subparagraph (A) of this paragraph;

(ii) incorporate the findings of the study under paragraph (2) into any subsequent adjustment to rates for underwater products identified under subparagraph (A) of that paragraph; and

(iii)(I) account for the cultural and informational value that underwater products identified under paragraph (2)(A) have to the mail; and

(II) recognize that—
(aa) the services provided by the Postal Service have changed over time; and

(bb) the timely delivery of the underwater products identified under paragraph (2)(A) impacts the overall value of those products.

(4) Subsequent review required if initial review completed before enactment.—If, on or before the date of enactment of this Act, the Commission completes the initial rate regulation review, the Commission—

(A) shall determine whether to—

(i) further modify the system for regulating rates and classes for market-dominant products established under section 3622 of title 39, United States Code; or

(ii) adopt an alternative system for regulating rates and classes for market-dominant products; and

(B) in making the determination under subparagraph (A), shall—

(i) take into account the provisions of this Act and the amendments made by this Act;
(ii) comply with the requirements under clauses (i) and (ii) of paragraph (3)(B); and

(iii) take into account, and incorporate into any adjustment to rates for underwater products identified under subparagraph (A) of paragraph (2), the impact quantified under subparagraph (B) of that paragraph.

(5) APPLICATION OF NEW RATES TO UNDERWATER PRODUCTS.—

(A) IN GENERAL.—If the Commission modifies the system for regulating rates and classes for market-dominant products established under section 3622 of title 39, United States Code, or adopts an alternative system for regulating rates and classes for market-dominant products, the Commission—

(i) may not apply any new rates under the modified or alternative system to underwater products until the Commission has—

(I) completed the study under paragraph (2); and
(II) complied with subparagraph (C) of paragraph (3); and

(ii) in order to offer as many underwater products as possible for as long as possible, shall establish a process to gradually phase in the application of any new rates to underwater products.

(B) RETROACTIVE APPLICABILITY.—If, before the date of enactment of this Act, the Commission modifies the system for regulating rates and classes for market-dominant products established under section 3622 of title 39, United States Code, or adopts an alternative system for regulating rates and classes for market-dominant products, the Commission—

(i) shall, effective 90 days after the date of enactment of this Act, apply the rates for underwater products that were in effect on the day before the date on which the modified or alternative system took effect; and

(ii) before applying the rates under the modified or alternative system to underwater products, shall comply with subparagraph (A).
(C) Rule of construction.—Nothing in this paragraph shall be construed to affect the requirement under subsection (a) relating to reinstatement of the rate surcharge that was in effect on April 9, 2016, including with respect to underwater products.

(d) Postal Regulatory Commission Authority Not Affected.—Nothing in this section (other than subsection (c)) shall be construed as affecting the authority of the Commission to, by regulation, make such modification or adopt such alternative system for regulating rates and classes for market-dominant products as provided under section 3622 of title 39, United States Code.

SEC. 208. REVIEW OF POSTAL SERVICE COST ATTRIBUTION GUIDELINES.

Not later than April 1, 2019, the Commission shall initiate a review of the regulations issued pursuant to sections 3633(a) and 3652(a)(1) of title 39, United States Code, to determine whether revisions are appropriate to ensure that all direct and indirect costs attributable to competitive and market-dominant products are properly attributed to those products, including by considering the underlying methodologies in determining cost attribution and considering options to revise such methodologies. If the Commission determines, after notice and opportunity
for public comment, that revisions are appropriate, the
Commission shall make modifications or adopt alternative
methodologies as necessary.

SEC. 209. AVIATION SECURITY FOR PARCELS.

Not later than 18 months after the date of enactment
of this Act, the Inspector General of the Postal Service
shall transmit to the Committee on Oversight and Govern-
ment Reform of the House of Representatives and the
Committee on Homeland Security and Governmental Af-
fairs of the Senate the results of a review of the security
measures in place for parcels carried on air carriers to
domestic and international destinations for which audit
trails are generated. The review required under this sub-
section shall assess, at a minimum—

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

(2) the effectiveness of the Postal Service’s in-
person identity verification procedures in accurately
and consistently identifying the senders of parcels
carried on air carriers; and

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

SEC. 210. LONG-TERM SOLVENCY PLAN; ANNUAL FINAN-
 CIAL PLAN AND BUDGET.

(a) DEFINITIONS.—In this section—

(1) the term “Board of Governors” means the
 Board of Governors of the Postal Service;

(2) the term “long-term solvency plan” means
 the plan required to be submitted by the Postmaster
 General under subsection (b)(1); and

(3) the term “solvency” means the ability of the
 Postal Service to pay debts and meet expenses, in-
 cluding the ability to perform maintenance and re-
 pairs, make investments, and maintain financial re-
 serves, as necessary to fulfill the requirements
 under, and comply with the policies of, title 39,
 United States Code, and other obligations of the
 Postal Service.

(b) PLAN FOR THE LONG-TERM SOLVENCY OF THE
 POSTAL SERVICE.—

(1) SOLVENCY PLAN REQUIRED.—

(A) IN GENERAL.—Not later than the date
 described in subparagraph (B), the Postmaster
 General shall submit to the Board of Governors
a plan describing the actions the Postal Service intends to take to achieve long-term solvency.

(B) DATE.—The date described in this subparagraph is the later of—

(i) the date that is 90 days after the date of enactment of this Act; and

(ii) the earliest date as of which the Board of Governors has the number of members required for a quorum.

(2) CONSIDERATIONS.—The long-term solvency plan shall take into account—

(A) the legal authority of the Postal Service;

(B) changes in the legal authority and responsibilities of the Postal Service under this Act and the amendments made by this Act;

(C) projected changes in mail volume;

(D) the impact of any regulations that the Postal Service is required to promulgate under Federal law;

(E) projected changes in the number of employees needed to carry out the responsibilities of the Postal Service;

(F) the long-term capital needs of the Postal Service, including the need to maintain,
repair, and replace facilities and equipment; and

(G) the distinctions between market-dominant and competitive products.

(3) REVIEW AND SUBMISSION TO CONGRESS AND COMMISSION.—

(A) REVIEW.—Upon receipt of the long-term solvency plan, the Board of Governors shall review the long-term solvency plan and may request that the Postmaster General make changes to the long-term solvency plan.

(B) SUBMISSION TO CONGRESS AND COMMISSION.—Not later than 60 days after initial receipt of the long-term solvency plan, the Board of Governors shall provide a copy of the long-term solvency plan, together with a letter indicating whether and in what respects the Board of Governors agrees or disagrees with the measures set out in the long-term solvency plan, to—

(i) the Committee on Homeland Security and Governmental Affairs of the Senate;
(ii) the Committee on Oversight and Government Reform of the House of Representatives; and

(iii) the Commission.

(4) Updates.—

(A) Annual updates required.—The Postmaster General shall update and submit to the Board of Governors the long-term solvency plan not less frequently than annually for 5 years after the date of enactment of this Act.

(B) Review by Board of Governors.—The Board of Governors shall review and submit to Congress and the Commission the updates under this paragraph in accordance with paragraph (3).

(c) Annual Financial Plan and Budget.—

(1) In general.—For each of the first 5 full fiscal years after the date of enactment of this Act, not later than August 1 of the preceding fiscal year, the Postmaster General shall submit to the Board of Governors a financial plan and budget for the fiscal year that is consistent with the goal of achieving the long-term solvency of the Postal Service.
(2) CONTENTS OF FINANCIAL PLAN AND BUDGET.—The financial plan and budget for a fiscal year shall—

(A) promote the financial stability of the Postal Service and provide for progress towards the long-term solvency of the Postal Service;

(B) include the annual budget program of the Postal Service under section 2009 of title 39, United States Code, and the plan of the Postal Service commonly referred to as the “Integrated Financial Plan”;

(C) describe lump-sum expenditures by all categories traditionally used by the Postal Service;

(D) describe capital expenditures, together with a schedule of projected capital commitments and cash outlays of the Postal Service, and proposed sources of funding;

(E) contain estimates of overall debt (both outstanding and expected to be incurred);

(F) contain cash flow and liquidity forecasts for the Postal Service at such intervals as the Board of Governors may require;

(G) include a statement describing methods of estimations and significant assumptions;
(H) distinguish between market-dominant
and competitive products, as practicable; and

(I) address any other issues that the
Board of Governors considers appropriate.

(3) PROCESS FOR SUBMISSION AND APPROVAL
OF FINANCIAL PLAN AND BUDGET.—

(A) DEFINITION.—In this paragraph, the
term “covered recipient” means—

(i) the Postmaster General;

(ii) the President;

(iii) the Committee on Homeland Se-
curity and Governmental Affairs of the
Senate; and

(iv) the Committee on Oversight and
Government Reform of the House of Rep-
representatives.

(B) REVIEW BY THE BOARD OF GOV-
ERNORS.—

(i) IN GENERAL.—Upon receipt of a
financial plan and budget under paragraph
(1), the Board of Governors shall promptly
review the financial plan and budget.

(ii) ADDITIONAL INFORMATION.—In
conducting the review under this subpara-
graph, the Board of Governors may re-
quest any additional information it considers necessary and appropriate to carry out the duties of the Board of Governors.

(C) APPROVAL OF FINANCIAL PLAN AND BUDGET SUBMITTED BY THE POSTMASTER GENERAL.—If the Board of Governors determines that the financial plan and budget for a fiscal year received under paragraph (1) meets the requirements under paragraph (2) and otherwise adequately addresses the financial situation of the Postal Service—

(i) the Board of Governors shall approve the financial plan and budget and submit a notice of approval to each covered recipient; and

(ii) the Postmaster General shall submit the annual budget program for the relevant fiscal year to the Office of Management and Budget in accordance with section 2009 of title 39, United States Code.

(D) DISAPPROVAL OF FINANCIAL PLAN AND BUDGET SUBMITTED BY THE POSTMASTER GENERAL.—

(i) IN GENERAL.—If the Board of Governors determines that the financial
plan and budget for a fiscal year under paragraph (1) does not meet the require-
ments under paragraph (2) or is otherwise inadequate in addressing the financial situ-
ation of the Postal Service, the Board of Governors shall—

(I) disapprove the financial plan and budget;

(II) submit to each covered re-
cipient a statement that describes the reasons for the disapproval;

(III) direct the Postmaster Gen-
eral to appropriately revise the finan-
cial plan and budget for the Postal Service; and

(IV) submit the revised financial plan and budget to each covered re-
cipient.

(ii) Submission to Office of Man-
agement and Budget.—Upon receipt of a revised financial plan and budget under clause (i)(IV), the Postmaster General shall submit the annual budget program for the relevant fiscal year to the Office of Management and Budget in accordance
with section 2009 of title 39, United States Code.

(E) DEADLINE FOR TRANSMISSION OF FINANCIAL PLAN AND BUDGET BY BOARD OF GOVERNORS.—Notwithstanding any other provision of this paragraph, not later than September 30 of the fiscal year that precedes each fiscal year for which a financial plan and budget is required under paragraph (1), the Board of Governors shall submit to each covered recipient—

(i) a notice of approval under subparagraph (C)(i); or

(ii) an approved financial plan and budget for the fiscal year under subparagraph (D)(i)(IV).

(F) REVISIONS TO FINANCIAL PLAN AND BUDGET.—

(i) PERMITTING POSTMASTER GENERAL TO SUBMIT REVISIONS.—The Postmaster General may submit proposed revisions to the financial plan and budget for a fiscal year to the Board of Governors at any time during that fiscal year.
(ii) Process for review, approval, disapproval, and postmaster general action.—The procedures described in subparagraphs (B) through (E) shall apply with respect to a proposed revision to a financial plan and budget in the same manner as such procedures apply with respect to the original financial plan and budget.

(d) Assumptions Based on Current Law.—In preparing the long-term solvency plan or an annual financial plan and budget required under this section, the Postal Service shall base estimates of revenues and expenditures on Federal law as in effect at the time of the preparation of the long-term solvency plan or the financial plan and budget.

(e) Third-Party Analysis of Postal Service Finances.—The Commission shall enter into a contract with 1 or more independent third parties under which the third party or parties, in not less than 2 years, shall—

(1) complete a study that analyzes—

(A) the finances of the Postal Service;

(B) the finances of, and business trends in, the overall mailing industry;
(C) the demand for market-dominant and competitive products and services in rural, urban, and suburban communities; and

(D) revenue changes and cost savings of the Postal Service attributable to recent—

(i) closings and consolidations of processing plants, post offices, and other facilities;

(ii) changes to service standards; and

(iii) service performance; and

(2) submit to the Commission a report on the study conducted under paragraph (1) that includes recommendations on affordable options and timetables for improving postal operations and services, including—

(A) how rural service measurement can be made more accurate to ensure that the Postal Service comprehensively measures the mail service provided to each region of the United States, regardless of population size and geographic location;

(B) the feasibility of restoring overnight service standards for market-dominant products similar to the service standards that were in effect on July 1, 2012, including an examination
of the resources needed, structural and operational changes needed, and market demand for such a change; and

(C) recommended definitions for the terms “rural” and “urban” for purposes of measuring the performance of the Postal Service relative to service standards under section 3691 of title 39, United States Code, as amended by section 210 of this Act.

SEC. 211. SERVICE STANDARDS, PERFORMANCE TARGETS, AND PERFORMANCE MEASUREMENTS.

(a) Service Standards, Performance Targets, and Performance Measurements.—

(1) In general.—Section 3691 of title 39, United States Code, is amended to read as follows:

“§3691. Modern service standards, performance targets, and performance measurements

“(a) Definitions.—In this section—

“(1) the terms ‘Area’ and ‘District’ mean the administrative field units established and given those designations by the Postal Service;

“(2) the term ‘Commission’ means the Postal Regulatory Commission;
“(3) the term ‘performance targets’ means the targets established by the Postal Service under subsection (c)(1)(A);

“(4) the terms ‘rural’ and ‘urban’ have the meanings given those terms under regulations promulgated by the Commission under subsection (e)(2)(A); and

“(5) the term ‘service standards’ means the service standards established by the Postal Service under subsection (b).

“(b) Authority Generally.—

“(1) Establishment; revision.—The Postal Service shall by regulation establish (and may from time to time thereafter by regulation revise) a set of service standards for market-dominant products based on—

“(A) the finances of the Postal Service;

“(B) the ability of the Postal Service to meet the service standards; and

“(C) the ability of Postal Service customers to receive fair and reliable service.

“(2) Notice to Congress.—On the date on which the Postal Service requests an advisory opinion under section 3661 with respect to any regulation promulgated or revised under paragraph (1),
the Postal Service shall notify Congress of the request and the proposed regulation or revision of a regulation.

“(c) OBJECTIVES.—The service standards shall be designed to achieve the following objectives:

“(1) To ensure that the Postal Service meets the universal service obligation, including the obligation to preserve regular and effective access to postal services in all communities, including those in rural areas or where post offices are not self-sustaining.

“(2) To enhance the value of postal services to both senders and recipients.

“(3) To assure Postal Service customers delivery reliability, speed, and frequency consistent with reasonable rates and best business practices.

“(4) To provide a system of objective performance measurements for each market-dominant product as a basis for measurement of Postal Service performance, in accordance with subsection (e).

“(d) FACTORS.—In establishing or revising the service standards, the Postal Service shall take into account—

“(1) the actual level of service that Postal Service customers receive under any service guidelines previously established by the Postal Service or service standards established under this section;
“(2) the degree of customer satisfaction with Postal Service performance in the acceptance, processing, and delivery of mail;

“(3) the needs of all Postal Service customers;

“(4) mail volume and revenues projected for future years;

“(5) the projected growth in the number of addresses the Postal Service will be required to serve in future years;

“(6) the current and projected future cost of serving Postal Service customers;

“(7) the effect of changes in technology, demographics, and population distribution on the efficient and reliable operation of the postal delivery system;

“(8) the financial status of the Postal Service, including the status of any accrued unfunded liabilities or obligations;

“(9) ensuring that the performance of the Postal Service is as strong as reasonably possible under the applicable circumstances, including the factors described in paragraphs (1) through (8); and

“(10) the policies of this title and such other factors as the Postal Service determines appropriate.

“(e) PERFORMANCE TARGETS, MEASUREMENTS, AND PUBLICATION.—
“(1) PERFORMANCE TARGETS.—

“(A) ESTABLISHMENT.—Each year, the Postal Service shall establish reasonable targets for performance to ensure that mail service for postal customers meets the service standards for market-dominant products.

“(B) COMPLIANCE DETERMINATION.—For purposes of section 3653(b)(2), the Commission shall evaluate the compliance of the Postal Service with the service standards for market-dominant products by reference to the performance targets.

“(2) PERFORMANCE MEASUREMENT.—

“(A) DEFINITIONS OF URBAN AND RURAL.—For purposes of measuring performance under the performance targets, the Commission, in consultation with the Postal Service—

“(i) shall promulgate regulations defining the terms—

“(I) rural; and

“(II) urban, which shall be defined by the Commission as any geographic area that is not defined as rural under subclause (I); and
“(ii) in defining the terms under clause (i), shall consider—

“(I) the recommendations of the report submitted to the Commission under section 210(e) of the Postal Service Reform Act of 2018;

“(II) existing definitions of those terms that are in use by the Postal Service, the Federal Government, and other sources; and

“(III) stakeholder input.

“(B) PERFORMANCE REPORTING.—

“(i) IN GENERAL.—The Postal Service shall measure and report to the Commission on the performance of the Postal Service with respect to market-dominant products on a nationwide, Area, and District basis based on the performance targets, taking into consideration the Commission’s opinion on any proposed target, and in a manner that reflects separate consideration of performance with respect to—

“(I) rural customers; and

“(II) urban customers.
“(ii) Commission review.—The Commission shall review and comment upon the performance of the Postal Service as reported under clause (i).

“(3) Publication.—

“(A) In general.—Subject to subparagraph (B), the Postal Service shall publish on the website of the Postal Service the performance targets, the actual measurements under those targets, and the comments of the Commission under paragraph (2)—

“(i) covering a period designated by the Commission, the length of which shall be not less than 2 years; and

“(ii) categorized in accordance with that paragraph.

“(B) Commercially sensitive or proprietary information.—To the extent that the Postal Service considers any information required to be reported under subparagraph (A) to be commercially sensitive or proprietary in nature, the Commission shall determine the level of information that shall be publicly disclosed in accordance with section 504(g)(3)(A).
“(f) REVIEW UPON COMPLAINT.—The regulations promulgated pursuant to this section (and any revisions thereto), and any violations thereof, shall be subject to review upon complaint under sections 3662 and 3663.

“(g) NONCOMPLIANCE WITH PERFORMANCE TARGETS.—

“(1) IN GENERAL.—If the Postal Service fails to meet 1 or more performance targets—

“(A) subject to subparagraph (B), the Postal Service shall develop a plan to make specific operational corrections under the control of the Postal Service that will cause the performance targets to be met as soon as is reasonably practicable, as determined by the Postal Service; and

“(B) if the Postal Service makes best efforts to develop a plan described in subparagraph (A) and determines that achieving compliance with the performance targets through such a plan would be impractical, would not be cost effective, and would not be in the best long-term interest of the Postal Service and its customers, the Postal Service shall make adjustments to the service standards or performance targets.
“(2) Postal service submission of plan.—

Not later than 180 days after the date of noncompliance with a performance target, the Postal Service shall submit to the Commission—

“(A) the plan required under paragraph (1)(A); or

“(B) a report explaining why the Postal Service is making an adjustment described in paragraph (1)(B).

“(3) Commission consideration of postal service plan.—

“(A) In general.—The Commission—

“(i) shall review each plan or report submitted by the Postal Service under paragraph (2); and

“(ii) may make such recommendations as the Commission considers appropriate.

“(B) Postal service response.—If the Commission provides recommendations regarding a plan or report to the Postal Service under subparagraph (A)(ii), the Postal Service shall—

“(i) consider the recommendations; and

“(ii) not later than 90 days after the date on which the Postal Service receives
the recommendations, submit a response to
the Commission explaining the bases for
any decision to accept or reject a rec-
ommendation.

“(4) POSTAL SERVICE IMPLEMENTATION OF
PLAN.—After developing a plan under paragraph
(1)(A), the Postal Service shall—

“(A) implement the plan; and

“(B) in each report provided under section
3652, discuss—

“(i) the implementation of the plan;

“(ii) the extent to which the Postal
Service is improving performance to meet
the performance targets; and

“(iii) if the performance targets sub-
ject to the plan are still not being met,
whether—

“(I) the plan remains sufficient
to achieve compliance within a reason-
ably practicable period of time, and is
therefore being maintained;

“(II) the plan is being revised; or

“(III) the Postal Service has de-
termined to make adjustments de-
scribed in paragraph (1)(B) rather than continue with the plan.

“(5) COMMISSION REVIEW OF IMPLEMENTATION.—

“(A) IN GENERAL.—In making the determination required under section 3653, the Commission shall—

“(i) review the implementation of each plan developed under paragraph (1)(A); and

“(ii) make such recommendations as the Commission considers appropriate.

“(B) CONSIDERATION.—The Postal Service shall consider any recommendations under subparagraph (A)(ii) in the same manner as provided under paragraph (3).

“(h) PERIODIC REVIEW OF SERVICE STANDARDS.—The Commission shall periodically—

“(1) review the appropriateness of the service standards; and

“(2) submit to Congress and the Postal Service a report on the review conducted under paragraph (1).”.

(2) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 36 of title
39, United States Code, is amended by striking the item relating to section 3691 and inserting the following:

“3691. Modern service standards, performance targets, and performance measurements.”.

(b) REVIEW OF NATIONWIDE SERVICE STANDARD CHANGES.—Section 3661 of title 39, United States Code, as amended by section 205 of this Act, is amended by adding at the end the following:

“(e) CHANGES RELATING TO MARKET-DOMINANT PRODUCTS.—

“(1) INSPECTOR GENERAL REVIEW.—Upon a request by the Postal Service for an advisory opinion from the Commission under subsection (b) relating to a nationwide or substantially nationwide change in service standards for the delivery of market-dominant products, including when the Postal Service establishes new performance targets under section 3691(e), the Inspector General shall, not later than 90 days after the submission of the request—

“(A) conduct a review of the proposal to determine whether—

“(i) the Postal Service formulated the proposal based on accurate data;

“(ii) the Postal Service followed appropriate policies and procedures of the
Postal Service in formulating the proposal;
and
“(iii) the proposal prioritizes the needs of the postal customer; and
“(B) submit a report on the review conducted under subparagraph (A) to—
“(i) the Postal Service;
“(ii) the Commission;
“(iii) the Committee on Homeland Security and Governmental Affairs of the Senate; and
“(iv) the Committee on Oversight and Government Reform of the House of Representatives.
“(2) COMMISSION REVIEW.—Not earlier than 30 days after the date on which the Inspector General submits a report on a proposal to the Commission under paragraph (1), the Commission shall issue its opinion on the proposal.”.
(e) REPORT TO CONGRESS.—Not later than 180 days after the date on which the report is submitted to the Commission under section 210(e)(2) of this Act, the Commission shall submit to Congress a report that includes—
(1) a determination as to whether the service standards for market-dominant products in effect on
the day before the date of enactment of this Act
achieve the objectives and factors set forth under
section 3691 of title 39, United States Code, as
amended by this section; and

(2) recommendations as to how delivery service
to postal customers could be improved based on the
financial condition of the Postal Service.

(d) TEMPORARY FLOOR FOR SERVICE STAND-
ARDS.—The Postal Service may not revise the service
standards for market-dominant products in effect on the
day before the date of enactment of this Act in a manner
that lengthens delivery times before the date on which the
report is submitted to the Commission under section
210(e)(2) of this Act.

SEC. 212. POSTAL SERVICE CHIEF INNOVATION OFFICER.

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

“§ 209. Chief Innovation Officer

“(a) IN GENERAL.—There is established within the
Postal Service the position of Chief Innovation Officer, ap-
pointed by the Postmaster General, who shall manage the
Postal Service’s development and implementation of inno-
native postal and nonpostal products and services.
“(b) DUTIES.—The primary duties of the Chief Innovation Officer are as follows:

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

“(2) Developing innovative postal products and services, specifically those that utilize emerging information technologies, to maximize revenue to the Postal Service.

“(3) Implementing the innovation strategy described under subsection (d).

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

“(5) Taking into consideration comments or advisory opinions, if applicable, issued by the Postal Regulatory Commission prior to the initial sale of innovative postal or nonpostal products and services.

“(c) APPOINTMENT.—

“(1) DEADLINE.—As soon as practicable after the date of enactment of the Postal Service Reform Act of 2018, but not later than 6 months after such date, the Postmaster General shall appoint a Chief Innovation Officer.
“(2) REQUIREMENTS.—Any individual appointed to serve as the Chief Innovation Officer shall have proven expertise and a record of success in at least 1 of the following:

“(A) Postal and shipping industry.

“(B) Innovation product research and development.

“(C) Marketing brand strategy.

“(D) Emerging communications technology.

“(E) Business process management.

“(3) CURRENT OFFICER OR EMPLOYEE ELIGIBLE.—An officer or employee of the Postal Service may be appointed to the position of Chief Innovation Officer under this chapter. Upon appointment to such position, such officer or employee may not concurrently hold any other position in the Postal Service.

“(d) INNOVATION STRATEGY.—

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

“(2) MATTERS TO BE ADDRESSED.—The strategy submitted under paragraph (1) shall address—

“(A) the specific innovative postal and nonpostal products and services to be developed and offered by the Postal Service, including the nature of the market to be filled by each product and service and the likely date by which each product and service will be introduced;

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

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

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

“(E) the likelihood of success of each product and service as well as the risks associated with the development and sale of each product and service;

“(F) the trends anticipated in market conditions that may affect the success of each
product and service over the 5-year period begin-
ning on the date such strategy or update is
submitted;

“(G) the metrics that will be utilized to as-
ssess the effectiveness of the innovation strategy;
and

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

“(3) STRATEGY UPDATES.—On January 1,
2019, and every 3 years thereafter, the Postal Serv-
ice shall submit an update to the innovation strategy
submitted under paragraph (1) to the Committee on
Oversight and Government Reform of the House of
Representatives, the Committee on Homeland Secu-
rity and Governmental Affairs of the Senate, and
the Postal Regulatory Commission.

“(e) REPORT.—

“(1) IN GENERAL.—On the date of submission
of the President’s annual budget under section
1105(a) of title 31, the Postmaster General shall
submit to the Committee on Oversight and Govern-
ment Reform of the House of Representatives, the
Committee on Homeland Security and Governmental
Affairs of the Senate, and the Postal Regulatory Commission a report that details the Postal Service’s progress in implementing the innovation strategy described under subsection (d).

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

“(A) the revenue generated by each product and service developed through the innovation strategy and the costs of developing and offering each such product and service for the most recent fiscal year;

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

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

“(D) products and services identified in the innovation strategy that are to be discontinued, the date on which the discontinuance will occur, and the reasons for the discontinuance;

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

and

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

“(f) COMPTROLLER GENERAL STUDY.—

“(1) IN GENERAL.—The Comptroller General shall conduct a study on the implementation of the innovation strategy described under subsection (d) not later than 4 years after the date of enactment of the Postal Service Reform Act of 2018.

“(2) CONTENTS.—The study required under paragraph (1) shall assess the effectiveness of the Postal Service in identifying, developing, and selling innovative postal and nonpostal products and services. The study shall also include—

“(A) an audit of the costs of developing each innovative postal and nonpostal product and service developed or offered by the Postal Service during the period beginning on the date of enactment of the Postal Service Reform Act of 2018 and ending 4 years after such date;

“(B) the sales volume of each such product and service;
“(C) the revenues and profits generated by each such product and service; and

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

“(3) SUBMISSION.—The results of the study required under this subsection shall be submitted to the Committee on Oversight and Government Reform of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Postal Regulatory Commission.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 2 of title 39, United States Code, is amended by adding at the end the following:

“209. Chief Innovation Officer.”.

SEC. 213. EMERGENCY SUSPENSIONS OF POST OFFICES.

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

“(f) EMERGENCY SUSPENSIONS.—

“(1) DEFINITIONS.—In this subsection—

“(A) the terms ‘alternate service’ and ‘temporary location’ include a location at which customers affected by an emergency suspension of a post office, or the expiration of the lease
or rental agreement for a post office, may send
and receive mail, which may include the provi-
sion and regular servicing of a Cluster Box
Unit (commonly known as a ‘CBU’) by the
Postal Service;

“(B) the term ‘discontinuance procedures’
means the procedures required for the dis-
continuance of a post office under subsection
(d) and any regulations promulgated under that
subsection;

“(C) the term ‘emergency suspension’
means the temporary suspension of retail oper-
ations at a post office, without following dis-
continuance procedures for the post office, be-
cause of—

“(i) a natural disaster;

“(ii) the termination of a lease or
rental agreement by the lessor;

“(iii) a lack of qualified personnel to
operate the post office;

“(iv) severe or irreparable damage to,
or destruction of, the post office when al-
ternate quarters acceptable to the Postal
Service for use as a post office are not im-
mediately available in the community;
“(v) a challenge to the sanctity of the mail; or
“(vi) a lack of adequate measures to safeguard the post office or its revenues; and
“(D) the term ‘post office’—
“(i) means a Post Office, as that term is defined in section 241.1 of title 39, Code of Federal Regulations, or any successor regulation; and
“(ii) includes a post office branch or post office station.
“(2) AUTHORITY.—The Postal Service may implement an emergency suspension of a post office in accordance with the requirements under paragraphs (3) through (7).
“(3) NOTIFICATION.—If the Postal Service implements an emergency suspension of a post office, the Postal Service shall provide immediate notice of the suspension to—
“(A) the relevant local, regional, State, and Federal officials, including—
“(i) each Member of Congress who represents the area in which the affected post office is located; and
“(ii) the chief executive of each relevant unit of local government; and
“(B) customers, notification to whom shall include—
“(i) the effective date of the suspension;
“(ii) the reason for the suspension;
“(iii) any alternate service available;
“(iv) the nearest postal retail facility (as defined in section 3 of the Postal Service Reform Act of 2018) and hours of service; and
“(v) the name and contact information of an individual to contact for more information.
“(4) ALTERNATE SERVICE.—If the Postal Service implements an emergency suspension of a post office, the Postal Service shall provide alternate drop-off, pick-up, and post office box services at 1 or more locations that are as close as feasible to the suspended post office.
“(5) EMPLOYEE REASSIGNMENT.—If the Postal Service implements an emergency suspension of a post office, the Postal Service shall temporarily reassign each employee of the post office in accordance
with each applicable Federal statute, Federal regulation, and collective bargaining agreement.

“(6) SUSPENSION REVIEW.—

“(A) IN GENERAL.—Within a reasonable period of time after the date on which the Postal Service implements an emergency suspension of a post office, the Postal Service shall review the emergency suspension and determine whether to—

“(i) reopen the post office; or

“(ii) continue the emergency suspension.

“(B) REOPENING.—

“(i) NOTIFICATION.—If the Postal Service makes a determination under subparagraph (A) to reopen a post office, the Postal Service shall provide notice to the persons described in paragraph (3) of the date by which the Postal Service expects to reopen the post office.

“(ii) DELAY.—If the Postal Service does not reopen a post office by the date specified under clause (i), not later than the next business day after that date, the Postal Service shall provide notice of the
delay to the persons described in para-
graph (3), including a new date by which
the Postal Service expects to reopen the
post office, if such a date is known.

“(iii) SUBSEQUENT DELAYS.—If the
Postal Service does not reopen a post of-
office by a new date specified under clause
(ii), the Postal Service shall provide to the
persons described in paragraph (3) notice,
and a new date in the same manner as
under clause (ii) of this subparagraph, and
shall continue to do so at regular intervals
until the Postal Service reopens the post
office or initiates discontinuance proce-
dures for the post office.

“(C) CONTINUED SUSPENSION.—

“(i) IN GENERAL.—If the Postal Serv-
ice makes a determination under subpara-
graph (A) to continue the emergency sus-
pension of a post office, the Postal Serv-

“(I) not later than 30 days after
making the determination, shall—

“(aa) provide alternate serv-
ices that are the same or sub-
substantially similar to the services provided at the suspended post office on a temporary basis at a location within a reasonable distance of the suspended post office, which may be at the nearest postal facility; and

“(bb)(AA) initiate discontinuance procedures for the post office;

“(BB) publish a plan to restore service to the affected community within a reasonable period of time; or

“(CC) provide notice to the persons described in paragraph (3) of the date on which the Postal Service expects to publish a plan to restore the same or substantially similar service to the affected community within a reasonable period of time; and

“(II) if the Postal Service elects to provide notice under subclause (I)(bb)(CC), shall, not later than 90
days after the date of the initial determination to implement the emergency suspension, publish the plan described in that subclause.

“(ii) Delay in Restoration of Service.—If the Postal Service publishes a plan to restore service to an affected community under subclause (I)(bb)(BB) or (II) of clause (i) and such service to the affected community is not restored within 180 days of the date on which the emergency suspension was implemented, the Postal Service shall—

“(I)(aa) publish notice of the continued suspension, including—

“(AA) a reason for the delay; and

“(BB) an anticipated date of restoration of service; and

“(bb) not later than 30 days after publishing the notice under item (aa), host a question-and-answer forum—

“(AA) that members of the community may attend, at a loca-
tion accessible to the affected community; or

“(BB) in which members of the affected community may participate by teleconference or videoconference; or

“(II) initiate discontinuance procedures for the post office.

“(iii) 1-YEAR DELAY.—If, as of the date that is 1 year after the date on which an emergency suspension of a post office was implemented, service to the affected community has not been restored and the Postal Service has not initiated discontinuance procedures for the post office, the Postal Service—

“(I) shall publish notice of the continued suspension, including—

“(aa) a reason for the delay;

and

“(bb) an anticipated date of restoration of such service;

“(II) shall host—

“(aa) not later than 30 days after publishing the notice under
subclause (I), a second question-
and-answer forum described in
clause (ii)(I)(bb); and

“(bb) additional question-
and-answer fora described in
clause (ii)(I)(bb) every subse-
quent 180 days until—

“(AA) such service is
restored; or

“(BB) the Postal Serv-
vice initiates discontinuance
procedures for the post of-

office; and

“(III) if services similar to those
that have not been restored are not lo-
cated within a reasonable distance of
the post office, not later than 60 days
after the date that is 1 year after the
date on which the emergency suspen-
sion was implemented, shall develop
and publish a plan to provide essential
services, including alternate retail and
post office box services, on a tem-
porary basis at a location within a
reasonable distance of the suspended post office.

“(7) RESTORATION OF SERVICE.—Upon the restoration of service under paragraph (6)(C), the Postal Service shall immediately notify—

“(A) the affected community; and

“(B) the Headquarters Review Coordinator.

“(8) LEASE OR RENTAL AGREEMENT EXPIRATION.—

“(A) IN GENERAL.—

“(i) PROHIBITION ON EMERGENCY SUSPENSIONS.—The Postal Service may not implement an emergency suspension of a post office based on the expiration of the lease or rental agreement for the post office.

“(ii) ALTERNATIVE PROCESS.—The Postal Service shall establish an alternative process for the suspension of postal services to a community based on the expiration of a lease or rental agreement for a post office in accordance with subparagraphs (B) through (G) of this paragraph.
“(B) Failure to reach agreement.—

If, as of 30 days before the expiration of a lease or rental agreement for a post office, the Postal Service does not expect to reach an agreement with the lessor to extend the lease or rental agreement or to sell the property to the Postal Service, the Postal Service shall—

“(i) notify the affected community of a possible disruption in service due to the possible expiration of the lease or rental agreement; and

“(ii) include in the notification under clause (i)—

“(I) the expiration date of the lease or rental agreement;

“(II) alternate services available if the lease or rental agreement expires.;

“(III) the nearest post offices and hours of service; and

“(IV) the name, telephone number, and email address of an individual to contact for more information.
“(C) Restoration of service.—Not later than 5 days after the date on which a lease or rental agreement for a post office expires, the Postal Service shall make best efforts to commence actions required to restore the same or substantially similar service to the community in which the post office that was the subject of the expired lease or rental agreement is located.

“(D) Failure to restore service.—If, within 30 days after the expiration of a lease or rental agreement for a post office, the Postal Service is unable to restore service at the same location or at another location in the affected community, the Postal Service shall publish notice of intent to restore the same or substantially similar service to the affected community—

“(i) within a reasonable period of time; and

“(ii) in any event, not later than 180 days after the date on which the lease or rental agreement expired.

“(E) Delay in restoration of service.—If the Postal Service publishes notice of
intent to restore the same or substantially simi-
lar service to an affected community under sub-
paragraph (D) and such service to the affected
community is not restored within 180 days of
the date on which the lease or rental agreement
for the post office expired, the Postal Service
shall—

“(i) publish notice of the delay, in-
cluding—

“(I) a reason for the delay; and

“(II) an anticipated date of res-
toration of such service; and

“(ii) within a reasonable period of
time after publishing the notice under
clause (i), host a question-and-answer
forum—

“(I) that members of the commu-
nity may attend, at a location acces-
sible to the affected community; or

“(II) in which members of the af-
acted community may participate by
teleconference or videoconference.

“(F) FURTHER DELAYS IN RESTORATION
OF SERVICE.—Upon the expiration of each 30-
day period after the date on which the Postal
Service publishes notice of a delay under subparagraph (E)(i), if the same or substantially similar service to the affected community has not been restored, the Postal Service shall publish an updated notice of the delay that includes the anticipated date of restoration of such service.

“(G) 1-YEAR DELAY.—If the same or substantially similar service to the affected community is not restored within 1 year of the date on which the lease or rental agreement for the post office expired, the Postal Service—

“(i) shall host—

“(I) a second question-and-answer forum described in subparagraph (E)(ii); and

“(II) additional question-and-answer fora described in subparagraph (E)(ii) in the affected community as determined necessary by the Postal Service until—

“(aa) such service is restored; or
“(bb) the Postal Service initiates discontinuance procedures for the post office; and

“(ii) if no alternate services are located within a reasonable distance of the post office, not later than 60 days after the date that is 1 year after the date on which the lease or rental agreement for the post office expired, shall develop and publish a plan to provide essential services, including alternate retail and post office box services, on a temporary basis at a location within a reasonable distance of the post office.”.

(b) Applicability.—The amendment made by subsection (a) shall apply to any emergency suspension of a post office that is implemented on or after the date that is 1 year after the date of enactment of this Act.

SEC. 214. MAILING ADDRESS REQUIREMENTS.

(a) In general.—Subchapter VI of chapter 36 of title 39, United States Code, is amended by adding at the end the following:

“§ 3687. Mailing address requirements

“(a) Definitions.—In this section—

“(1) the term ‘municipality’ means a city, town, borough, county, parish, district, association, or
other public entity established by, or pursuant to, applicable State law; and

“(2) the term ‘State’ means each of the several States, territories, and possessions of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

“(b) REQUIREMENT FOR PHYSICAL AND MAILING ADDRESSES TO CORRESPOND.—The State and municipality used by the Postal Service for the delivery address for purposes of mail matter shall correspond with the State and municipality of the physical address of the location for the delivery of such mail matter.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 36 of title 39, United States Code, is amended by inserting after the item relating to section 3686 the following:

“3687. Mailing address requirements.”.

TITLE III—POSTAL CONTRACTING REFORM

SEC. 301. CONTRACTING PROVISIONS.

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

“CHAPTER 7—CONTRACTING PROVISIONS

Sec.
701. Definitions.
702. Delegation of contracting authority.
703. Posting of noncompetitive purchase requests for noncompetitive contracts.
“§ 701. Definitions

“In this chapter—

“(1) the term ‘contracting officer’ means an employee of a covered postal entity who has authority to enter into a postal contract;

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

“(A) the Postal Service; or

“(B) the Postal Regulatory Commission;

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

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

“(B) in the case of the Postal Regulatory Commission, the Chairman of the Postal Regulatory Commission;

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

“(A) in the case of the Postal Service, any contract (including any agreement or memorandum of understanding) entered into by the Postal Service for the procurement of goods or services; or

“(B) in the case of the Postal Regulatory Commission, any contract (including any agreement or memorandum of understanding) in an
amount exceeding the simplified acquisition
threshold (as defined in section 134 of title 41)
entered into by the Postal Regulatory Commiss-
ion for the procurement of goods or services;
and
“(5) the term ‘senior procurement executive’
means the senior procurement executive of a covered
postal entity.

§ 702. Delegation of contracting authority

“(a) IN GENERAL.—

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

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

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

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

“(b) POSTING OF DELEGATIONS.—

“(1) IN GENERAL.—The head of each covered postal entity shall make any delegation of authority for postal contracts outside the functional contracting unit readily available and accessible on the website of the covered postal entity.

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

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

“(a) POSTING REQUIRED.—

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

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

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

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

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

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

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

“(A) REVIEW AND DETERMINATION.—Not
later than January 31 of each year, the Postal
Service and the Postal Regulatory Commission
shall—
“(i) review the applicable threshold es-
established under paragraph (1) or (2); and
“(ii) based on any change in the Con-
sumer Price Index for All Urban Con-
sumers of the Department of Labor, deter-
mine whether an adjustment to the thresh-
old shall be made.
“(B) Amount of Adjustments.—An ad-
justment under subparagraph (A) shall be made in increments of $5,000. If the covered postal entity determines that a change in the Con-
sumer Price Index for a year would require an adjustment in an amount that is less than $5,000, the covered postal entity may not make an adjustment to the threshold for the year.
“(4) Effective Date.—This subsection shall apply to any noncompetitive contract awarded on or after the date that is 90 days after the date of enact-
ment of this chapter.
“(b) Public Availability.—
“(1) In General.—Subject to paragraph (2), the information required to be made publicly avail-
able by a covered postal entity under subsection (a) shall be readily accessible on the website of the cov-
ered postal entity.
“(2) Protection of proprietary information.—A covered postal entity shall—

“(A) carefully screen any description of the rationale supporting a noncompetitive award required to be made publicly available under subsection (a) to determine whether the description includes proprietary data (including any reference or citation to the proprietary data) or security-related information; and

“(B) remove any proprietary data or security-related information before making publicly available a description of the rationale supporting a noncompetitive award.

“(c) Waivers.—

“(1) Waiver permitted.—If the Postal Service determines that making a noncompetitive purchase request for a postal contract of the Postal Service under subsection (a)(2) publicly available would risk placing the Postal Service at a competitive disadvantage relative to a private sector competitor, the senior procurement executive, in consultation with the advocate for competition of the Postal Service, may waive the requirements under subsection (a).

“(2) Form and content of waiver.—
“(A) FORM.—A waiver under paragraph (1) shall be in the form of a written determination placed in the file of the contract to which the noncompetitive purchase request relates.

“(B) CONTENT.—A waiver under paragraph (1) shall include—

“(i) a description of the risk associated with making the noncompetitive purchase request publicly available; and

“(ii) a statement that redaction of sensitive information in the noncompetitive purchase request would not be sufficient to protect the Postal Service from being placed at a competitive disadvantage relative to a private sector competitor.

“(3) DELEGATION OF WAIVER AUTHORITY.—

The Postal Service may not delegate the authority to approve a waiver under paragraph (1) to any employee having less authority than the senior procurement executive.

“§ 704. Review of ethical issues

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

“(1) review the proposed contract; and

“(2) advise the contracting officer on the appropriate resolution of ethical issues.

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

“(a) DEFINITIONS.—In this section—

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

“(A) a contracting officer; or

“(B) any employee of a covered postal entity whose decisionmaking affects a postal contract as determined by regulations prescribed by the head of a covered postal entity;

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

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

“(b) IN GENERAL.—
“(1) REGULATIONS.—The head of each covered postal entity shall prescribe regulations that—

“(A) require a covered employee to include in the file of any noncompetitive purchase request for a noncompetitive postal contract a written certification that—

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

“(ii) states that the covered employee will not take any action with respect to the noncompetitive purchase request that affects the financial interests of any person with which the covered employee has a covered relationship, or otherwise gives rise to an appearance of the use of public office for private gain, as described in section 2635.702 of title 5, Code of Federal Regulations, or any successor thereto;

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

“(C) require the ethics counsel for a covered postal entity to review any disclosure made
by a contracting officer under subparagraph
(A)(i) to determine whether participation by the
contracting officer in the noncompetitive pur-
chase request would give rise to a violation of
part 2635 of title 5, Code of Federal Regu-
lations (commonly referred to as the Standards of
Ethical Conduct for Employees of the Executive
Branch), or any successor thereto;

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

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

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

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

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

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

“(c) CONTRACT VOIDANCE AND RECOVERY.—

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

“(B) recover the amounts expended and property transferred by the covered postal entity under that contract.

“(2) OBTAINING OR DISCLOSING PROCUREMENT INFORMATION.—

“(A) IN GENERAL.—In any case in which a contractor under a postal contract fails to timely disclose a conflict of interest to the appropriate contracting officer as required under the regulations promulgated under subsection (b)(1)(E), the head of a covered postal entity may—

“(i) void that contract; and

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

“(B) CONVICTION OR ADMINISTRATIVE DETERMINATION.—A case described under subparagraph (A) is any case in which—

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

“(ii) the head of a covered postal entity determines, based upon a preponderance
of the evidence, that the contractor or someone acting for the contractor has engaged in conduct constituting an offense punishable under section 2105 of such title.”

(b) Technical and Conforming Amendment.—The table of chapters at the beginning of part I is amended by adding at the end the following:

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

SEC. 302. TECHNICAL AMENDMENT TO DEFINITION.

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

(1) by striking “and” at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting “; and”;

(3) by adding at the end the following:

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

TITLE IV—POSTAL REGULATORY COMMISSION, INSPECTOR GENERAL, RELATED PROVISIONS, AND MISCELLANEOUS

SEC. 401. POSTAL REGULATORY COMMISSION.

Section 502 of title 39, United States Code, is amended—
(1) in subsection (e), by striking “subsection (f)” and inserting “subsections (f) and (g)”;
(2) by adding at the end the following:
“(g) A Commissioner may serve for not more than 2 full terms as a Commissioner.”.

SEC. 402. INSPECTOR GENERAL OF THE UNITED STATES POSTAL SERVICE AND THE POSTAL REGULATORY COMMISSION.


(1) in subsection (a)—

(A) in paragraph (2), by striking “the United States International Trade Commission, the Postal Regulatory Commission, and the United States Postal Service” and inserting “the United States International Trade Commission, and the United States Postal Service and the Postal Regulatory Commission”; and

(B) in paragraph (4), by striking subparagraph (B) and inserting the following:

“(B) with respect to the United States Postal Service and the Postal Regulatory Com-
mission, such term, for purposes of oversight
of—

“(i) the United States Postal Service,
means the Governors (as defined in section
102(3) of title 39, United States Code);
and

“(ii) the Postal Regulatory Commis-
mission, means the Chairman of the Postal
Regulatory Commission;”;

(2) in subsection (d)(1), by inserting “or sub-
section (f)(3)” after “Except as provided in para-
graph (2)”; and

(3) in subsection (f)—

(A) by striking paragraph (1) and insert-
ing the following:

“(1)(A) There is established in the United States
Postal Service the Office of the Inspector General of the
United States Postal Service and the Postal Regulatory
Commission.

“(B) There shall be at the head of the Office of the
Inspector General of the United States Postal Service and
the Postal Regulatory Commission an Inspector General
(referred to in this subsection as the ‘Inspector General’) who shall be appointed by the President, by and with the
advice and consent of the Senate, without regard to polit-
ical affiliation and solely on the basis of integrity and dem-
onstrated ability in accounting, auditing, financial anal-
ysis, law, management analysis, public administration, or
investigations.

“(C) The Inspector General may be removed from of-
office by the President. If the Inspector General is removed
from office or is transferred to another position or location
within the United States Postal Service, the President
shall communicate in writing the reasons for any such re-
moval or transfer to both Houses of Congress, not later
than 30 days before the removal or transfer. Nothing in
this subparagraph shall prohibit a personnel action other-
wise authorized by law, other than transfer or removal.

“(D) For the purposes of section 7324 of title 5,
United States Code, the Inspector General shall not be
considered to be an employee who determines policies to
be pursued by the United States in the nationwide admin-
istration of Federal laws.

“(E) The Inspector General shall have all of the au-
thorities and responsibilities provided by this Act with re-
spect to the Postal Regulatory Commission, as if the Post-
al Regulatory Commission were part of the United States
Postal Service.”;

(B) in paragraph (2), by striking “of the
United States Postal Service (hereinafter in
this subsection referred to as the ‘Inspector
General’);"

(C) in paragraph (3)—

(i) in subparagraph (A)—

(I) in clause (i), in the matter
preceding subclause (I), by inserting
“relating to the United States Postal
Service” before “which require access
to sensitive information”;
and

(II) in clause (iii), by striking
“Committee on Governmental Affairs
of the Senate” and inserting “Com-
mittee on Homeland Security and
Governmental Affairs of the Senate”;

(ii) in subparagraph (B)(i), by insert-
ing “and the Postal Regulatory Commis-
sion” after “United States Postal Service”;
and

(iii) in subparagraph (C), by striking
“Committee on Governmental Affairs of
the Senate” and inserting “Committee on
Homeland Security and Governmental Af-
fairs of the Senate”;

(D) in paragraph (4), by adding at the end
the following: “Nothing in this paragraph may
be invoked by the United States Postal Service
to restrict or limit any audit or investigation
that the Inspector General considers appro-
priate.”; and

(E) in paragraph (6), by inserting “and
the Postal Regulatory Commission” after
“United States Postal Service”.

(b) **Interim Power of Inspector General of
the United States Postal Service.**—During the pe-
riod beginning on the date of enactment of this Act and
ending on the date on which the first individual is ap-
pointed as Inspector General of the United States Postal
Service and the Postal Regulatory Commission after the
date of enactment of this Act, the Inspector General of
the United States Postal Service shall have all of the au-
thorities and responsibilities provided by the Inspector
General Act of 1978 (5 U.S.C. App.) with respect to the
Postal Regulatory Commission on the day before the date
of enactment of this Act, as if the Postal Regulatory Com-
mission were part of the United States Postal Service.

(c) **Transfer of Personnel.**—

(1) **Office of the Inspector General of
the United States Postal Service.**—The per-
sonnel employed in the Office of the Inspector Gen-
eral of the United States Postal Service are trans-

(2) Office of the Inspector General of the Postal Regulatory Commission.—The personnel employed in the Office of the Inspector General of the Postal Regulatory Commission may be transferred to the other offices of the Postal Regulatory Commission.

(3) Modern Service and Performance Standards.—Any unobligated amounts made available to carry out the functions of the Office of the Inspector General of the Postal Regulatory Commission before the date of enactment of this Act shall be used to establish and revise modern service standards and measure performance under section 3691 of title 39, United States Code, as amended by section 210(a) of this Act.

(4) Effect.—During the 1-year period beginning on the date of enactment of this Act, any full-time or part-time employee who, on the day before such date of enactment, was employed in a permanent position in the Office of the Inspector General of the Postal Regulatory Commission, shall not be separated or reduced in grade or compensation be-
cause of the transfer under an amendment made by this section.

(d) **Technical and Conforming Amendments.**—

(1) **Title 39, United States Code.**—Title 39, United States Code, is amended—


(B) in section 202, by striking subsection (e);

(C) in section 504, by striking subsection (h);

(D) in section 1001(b), in the first sentence, by inserting “, and section 8G(f)(1)(B) of the Inspector General Act of 1978 (5 U.S.C. App.)” after “1001(e) of this title”;

(E) in section 1003(b), by striking “11(2)” and inserting “12(2)”;

(G) in section 2009, by inserting “and the Postal Regulatory Commission” after “United States Postal Service”; and

(H) in section 2011(h)(2)(D), by inserting “and the Postal Regulatory Commission” after “United States Postal Service”.

(2) Omnibus Consolidated Appropriations Act, 1997.—Section 662(d) of the Omnibus Consolidated Appropriations Act, 1997 (39 U.S.C. 2802 note) is amended—

(A) in paragraph (1)—

(i) in the paragraph heading, by inserting “AND THE POSTAL REGULATORY COMMISSION” after “POSTAL SERVICE”;  

(ii) in subparagraph (A), by inserting “and the Postal Regulatory Commission” after “Postal Service”; and  

(iii) in subparagraph (B)(i), by inserting “and the Postal Regulatory Commission” after “Postal Service”; and

(B) in the first sentence of paragraph (2), by inserting “and the Postal Regulatory Commission” after “Postal Service”.

(c) Savings Provisions.—
(1) SUITS.—The provisions of this Act shall not affect suits commenced before the effective date of this Act, and in all such suits, proceeding shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this Act had not been enacted.

(2) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Inspector General of the United States Postal Service or the Inspector General of the Postal Regulatory Commission, or by or against any individual in the official capacity of such individual as an officer of the Office of the Inspector General of the United States Postal Service or the Office of the Inspector General of the Postal Regulatory Commission shall abate by reason of the enactment of this Act.

(3) CONTINUANCE OF SUITS.—If, before the effective date of this Act, the Office of the Inspector General of the United States Postal Service or the Office of the Inspector General of the Postal Regulatory Commission or officer thereof in the official capacity of such officer, is party to a suit, and under this Act any function of the Office of the Inspector General of the United States Postal Service or the
Office of the Inspector General of the Postal Regulatory Commission or officer is transferred to the Inspector General of the United States Postal Service and the Postal Regulatory Commission or any other official of the Office of the Inspector General of the United States Postal Service and the Postal Regulatory Commission, then such suit shall be continued with the Inspector General of the United States Postal Service and the Postal Regulatory Commission or other appropriate official of the Office of the Inspector General of the United States Postal Service and the Postal Regulatory Commission substituted or added as a party.

(f) APPLICABILITY.—

(1) IN GENERAL.—Except with respect to the amendment made by subsection (a)(1)(A) relating to the Postal Regulatory Commission and the amendment made by subsection (d)(1)(C), the amendments made by this section shall apply with respect to the first individual appointed as Inspector General of the United States Postal Service and the Postal Regulatory Commission after the date of enactment of this Act.

(2) RULE OF CONSTRUCTION.—Nothing in this Act may be construed to alter the authority or the
length of the term of the individual serving as Inspector General of the United States Postal Service on the date of enactment of this Act.

(g) References in This Act to the Inspector General of the United States Postal Service.—On and after the date on which the first individual is appointed as Inspector General of the United States Postal Service and the Postal Regulatory Commission after the date of enactment of this Act, each reference in this Act to the Inspector General of the Postal Service shall be deemed to be a reference to the Inspector General of the United States Postal Service and the Postal Regulatory Commission.

(h) Resources for Waste, Fraud, and Abuse Investigations.—

(1) In general.—Chapter 4 of title 39, United States Code, is amended by adding at the end the following:

§ 417. Waste, fraud, and abuse investigations

“The Postal Service may transfer such resources to the Inspector General for waste, fraud, and abuse investigations as the Postal Service determines necessary.”.

(2) Technical and Conforming Amendment.—The table of sections for chapter 4 of title
39, United States Code, is amended by adding at the end the following:

“417. Waste, fraud, and abuse investigations.”.

SEC. 403. GAO REPORT ON FRAGMENTATION, OVERLAP, AND DUPLICATION IN FEDERAL PROGRAMS AND ACTIVITIES.

The Comptroller General of the United States shall include in the annual report to Congress required under section 21 of the Joint Resolution entitled “Joint Resolution increasing the statutory limit on the public debt”, approved February 12, 2010 (31 U.S.C. 712 note), that is applicable to the first year beginning after the date of enactment of this Act a review of the duplication of services and functions between the Office of the Inspector General of the Postal Service, the Postal Inspection Service, and any other Federal agency.
A BILL
To improve postal operations, service, and transparency.

APRIL 9, 2018

Read the second time and placed on the calendar