



### ***Section 1: Short Title***

### ***Section 2: Table of Contents***

### ***Section 3: Definitions***

### ***Section 4: Universal service obligation and guiding principles***

- Requires the Postal Regulatory Commission, within one year of enactment, to update its 2008 study on universal service and make recommendations on better defining the Postal Service's universal service obligation given the rapid changes in communication and growth in e-commerce.

## **Title I: Postal Service Workforce**

### ***Section 101: Postal specific assumptions***

- Requires agencies (such as the Office of Personnel Management and the Department of Labor) to use postal specific assumptions, including demographic and salary-growth characteristics of the Postal Service's actual workforce, in calculating any liability of the Postal Service, such as retiree health benefits, retirement annuity, and workers' compensation liabilities.

### ***Section 102: Postal Service Health Benefits Program/Medicare***

- Creates a new Postal Service Health Benefits Program (PSHBP) within FEHBP, implemented and administered by OPM, for all postal employees and annuitants.
- Requires all Medicare-eligible postal annuitants and employees enrolled in the PSHBP to also enroll in Medicare, including parts A, B and D.

### ***Section 103: Retiree Health Benefits Pre-funding and Investment***

- Eliminates the existing statutory payment schedule, cancels any outstanding payments, reduces the pre-funding goal to 80 percent of projected obligations, and amortizes payments over 40 years.
- Allows the Postal Service the option to invest its amortization payments for up to 10 years in a more lucrative TSP-like account rather than treasury bonds. The Postal Service continues to pay its normal costs to RHBF to prevent the liability from expanding, but could either invest its amortization payment in a higher interest bearing investment account or make its amortized payment to the existing low-interest Retiree Health Benefits Fund. At the end of 10 years, the investment income would first be used to pay any remaining retiree health liability. If any additional funds remain, they would then be used to pay off other obligations.

### ***Section 104: Annual FERS and CSRS Assessments***

- Current law requires the Postal Service to pay down any unfunded pension obligation, but does not allow for refunds in the event of overpayment. The bill creates a mechanism to refund any overpayments to the Postal Service. If OPM determines the Postal Service has overfunded its

obligations in FERS, the Postal Service may receive 1) up to \$6 billion of any calculated surplus in year one to apply to its debt; 2) up to two-thirds of any surplus in the second year, and 3) beginning in year three, any overfunded amount would be refunded to the Postal Service by a series of annual installments, to satisfy any unfunded liabilities or to pay off debt, or for any other operational expense if no debt remains.

- Extends the Postal Service’s payment schedule for its unfunded CSRS liability from 25 to 40 years, consistent with other amortization payment schedules in the federal government.

#### ***Section 105: Right of Appeal to Merit Systems Protection Board***

- Allows mid-level managers at the Postal Service who currently don’t have Merit Systems Protection Board appeal rights to appeal adverse actions made against them to the Board.

#### ***Section 106: Arbitration/Labor Disputes***

- Requires arbitrators deciding on postal labor disputes to consider the Postal Service’s financial condition in contract disputes, as well as other factors.

#### ***Section 107: Supervisory and Other Managerial Organizations***

- Clarifies the nature and scope of consultation required between the Postal Service and managerial organizations regarding proposed changes to pay and benefits for managers.

#### ***Section 108: Addressing the morale of Postal Service employees***

- Requires the Postal Service’s Office of Inspector General (OIG) to examine morale within the Postal Service and develop a list of recommendations for improvement within one year of enactment.
- Requires the Postal Service to develop an action plan addressing the OIG’s recommendations, and to appoint an individual within its existing employment pool to work with various divisions and with the postal unions and other employee organizations on morale issues.

## **Title II: Postal Operations**

#### ***Section 201: Long-term Solvency Plan and Independent Financial Assessment***

- Requires the Postmaster General to submit a solvency plan to the Board of Governors within 90 days of enactment, and then to Congress and the PRC within 60 days thereafter, and update the plan annually for five years.
- Directs the PRC to 1) Oversee a study conducted by an independent third party to analyze the Postal Service’s finances, including the revenue changes and cost savings obtained due to recent plant closures, consolidations, and service standard changes, and 2) to make recommendations to the PRC on affordable options and timetables for improving postal operations and service including:
  - proposed definitions for the terms “rural,” “urban” and “suburban”;
  - recommendations on how service measurement in rural areas can be more accurate;
  - exploring the feasibility, costs and benefits of dividing up postal delivery into a letters/market-dominant products component and a packages component; and
  - exploring the feasibility of rolling back service standards to an overnight scenario similar to what was in place in July 2012.

### ***Section 202: Plant Closings and Consolidations***

- Pauses the Postal Service's ability to close or consolidate any mail processing facility that is currently open for a period of two years from the date of enactment.
- Lays out a set of procedures for public notice, comment and appeals of plant closures.

### ***Section 203: Post Office Closings, Consolidations, and Restructuring***

- Pauses the Postal Service's ability to close post offices for a period of five years, and establishes procedures that the Postal Service would be required to follow before deciding whether to discontinue a post office, station, or branch in the future, including soliciting input from affected communities.
- Requires that, after the five-year pause, the Postal Service consider alternatives to closing a post office deciding to do so, including (1) reducing office hours; (2) contracting out retail services in the area; (3) co-locating retail services with a commercial or governmental entity in the area; (4) providing retail services to affected customers through letter carriers utilizing mobile technology; or (5) an alternative proposal put forward by a local government.
- Requires the Postal Service Office of Inspector General to issue a report no later than 6 years after the pause that compares the actual cost savings from any post office closing with its expected savings.

### ***Section 204: Area and District Office Structure***

- Requires the Postal Service to issue a plan within one year of enactment for reducing the number of area and district offices.

### ***Section 205: Service Standards and Performance Ratings***

- Preserves the current national service standards – or the time frame in which mail is required to be delivered between two points, which currently ranges from 2 – 3-days in most parts of the continental United States – from being diminished for a period of 5 years. During this time, the Postal Service may not make any service standard changes that will lengthen delivery times for market-dominant products.
- Requires the PRC to establish service performance goals and definitions for urban, suburban and rural communities. To create better transparency on service performance, the bill creates a system of classifying all of the country's 3-digit zip codes among these definitions and requires the Postal Service to measure and publish delivery performance results on its website.
- At the end of the 5-year period during which service standards may not be diminished, if the Postal Service is not meeting the performance goals established by the PRC, the Commission may extend the service standards for any period of time it deems appropriate.
- Requires that, before changing service standards going forward, the Postal Service must seek an advisory opinion from the PRC and provide a response addressing any concerns or recommendations from the Commission. Following the response, the Postal Service may proceed with any change to the service standards after a 60 day waiting period.

### ***Section 206: Conversion of Door Delivery Points***

- Encourages the Postal Service to use the primary mode of mail delivery that is most cost effective and is in its best long-term interest, including moving towards conversion to cluster boxes and curbside delivery with consent from customers and businesses.

***Section 207: Fleet Maintenance Reporting and Alternative Fuel and Emerging Technologies Demonstration Program***

- Directs the Postal Service to participate in a pilot program for alternative energy vehicles at two sites nationwide and experiment with two types of alternative energy vehicles. It also calls on GAO to conduct a study on the impact of weather and geographical conditions on the vehicle type as well as the feasibility of including collision-aversion technology in future delivery vehicles. In addition, the section requires the Postal Service to submit a report to Congress describing its long-term fleet replacement and modernization strategy.

***Section 208: Multi-Broker Lease of Postal Service Facilities***

- Requires the Postal Service to use a General Services Administration's type National Broker Contract (NBC) that encourages competition through the use of multiple national real estate companies for the negotiation of leases that the Postal Service does not negotiate itself.

***Section 209: Capitol Complex Post Offices***

- Limits the number of post offices that may be located in the U.S. Capitol Complex to one in the House of Representatives office buildings and one in the Senate office buildings.

**Title III: Postal Service Revenue and Innovation**

***Section 301: Rates***

- Makes the exigent rate surcharge permanent and freezes rates until January 1, 2018, when the PRC will be required to establish a new rate setting system (currently set to happen in 2017).

***Section 302: Postal Costing System***

- Instructs the PRC, in consultation with the Postal Service, and in conjunction with the establishment of a new system for regulating rates and market-dominant products, to direct the Postal Service to revise its existing costing methodologies to leverage modern mail processing technologies and cost tracking within one year of the date of enactment.

***Section 303: Non-Postal Services***

- Gives the Postal Service authority to offer non-postal products and services as long as they: (1) leverage the Postal Service's mail processing and distribution network; (2) are consistent with the public interest and demonstrate a likely public demand; (3) do not create unfair competition with the private sector; (4) do not interfere with or detract from the value of postal services; (5) are subject to the same federal and state laws and regulations as the private sector; (6) improve the Postal Service's net financial condition; and (7) cover all of their costs.
- Allows the Postal Service to offer services to Federal, state, local, and tribal governmental entities under appropriate terms, and to report all costs and revenues to the PRC.

***Section 304: Shipping of Wine, Beer, and Distilled Spirits***

- Authorizes the Postal Service to ship wine, beer, and distilled spirits when those products are mailed in accordance with the state and local laws that apply to both senders and recipients.

***Section 305: Chief Innovation Officer; Innovation Strategy***

- Requires the Postal Service to designate a Chief Innovation Officer who has expertise and a record of accomplishment in certain key areas, such as new and emerging technology, business process

management, or marketing. The Chief Innovation Officer must publish a study on interagency agreements, an innovation strategy for the Postal Service, and submit an annual report to Congress on the implementation of that strategy.

***Section 306: Strategic Advisory Commission on Postal Service Solvency, Service and Innovation***

- Establishes an independent advisory commission to study matters that it determines are necessary and appropriate to develop a strategic blueprint for the Postal Service. The blueprint will address areas such as future business models, cost reductions, revenue generation including innovation and new products and services, including in rural areas, future liabilities, customer service, and workforce retention.

**Title IV: Postal Service Customer Service, Transparency, and Regulation**

***Section 401: Customer Service Study***

- Authorizes the Board of Governors to conduct a study examining customer service and performance at the Postal Service, evaluating industry best practices and developing strategies to enhance skills particularly in those positions that are customer facing.

***Section 402: Postal Service Transparency***

- Requires the Postal Service to develop and regularly update a web-based tool for defining commonly used postal terms, abbreviations, and acronyms.
- Requires the Postal Service to develop a more centralized, easily accessible hub for viewing all delivery and retail performance standards and performance results dating back 24 months.

***Section 403: Annual report on U.S. mailing industry***

- Directs the PRC to publish an annual report on the financial health of the U.S. mailing industry.

***Section 404: Postal Regulatory Commission***

- Limits members of the PRC to two full terms and provides for additional controls on PRC expenses and operations.

***Section 405: Inspector General of the Postal Service and the Postal Regulatory Commission***

- Provides that the Inspector General of the Postal Service would be appointed by the President subject to confirmation by the Senate and shifts the oversight functions of the PRC IG to the Postal Service Inspector General.

***Section 406: GAO Report on Fragmentation, Overlap, and Duplication in Federal Programs and Activities***

- Provides that GAO will review any duplication of services and functions between the Office of Inspector General, the Postal Inspection Service, and any other federal agency as part of its annual duplication report to Congress (under section 21 of Public Law 111-139).

***Section 407: Postal Services for Market-Dominant Products***

- Requires that the PRC respond within 90 days to any Postal Service proposal relating to market-dominant products. The Postal Service would also be required to formally respond to PRC advisory

opinions, and generally it would not be allowed to act on any proposed service change until after submitting an official response.

***Section 408: Postal Inspection Service Mail Covers Program***

- Introduces an annual audit process conducted by the OIG to assess the Postal Inspection Service's Mail Covers Program to ensure compliance with established procedures and controls.

***Section 409: Contract Disputes***

- Corrects a mistake in the Postal Accountability and Enhancement Act , P.L. 109-435, which inadvertently deleted the Postal Service and the PRC from the list of agencies covered by the Contract Disputes Act of 1978.

***Section 410: Contracting Provisions***

- Institutes contracting reforms and new ethics provisions for the Postal Service and the PRC including establishing an Advocate for Competition; clarifying delegation of authority for contracting; requiring the Postal Service and PRC to publicly post justifications for noncompetitive contracts; and clarifying that if a contracting officer identifies an ethical issue involving a proposed contract, that contract must be submitted to the agency's designated ethics official before being awarded.

**Title V: Federal Employees' Compensation Act**

- Reforms the workers' compensation program for federal employees who are injured on the job. The Act would prospectively bring compensation levels in line with retirement benefits, strengthen programs for helping injured workers get back on the job, and make other updates and improvements.