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(Original Signature of Member)

113TH CONGRESS
1ST SESSION

H. R.

To enhance the long-term profitability of the United States Postal Service through enhanced innovation, operational flexibility, workforce realignment, and regulatory relief.

IN THE HOUSE OF REPRESENTATIVES

Mr. CUMMINGS introduced the following bill; which was referred to the Committee on _____

A BILL

To enhance the long-term profitability of the United States Postal Service through enhanced innovation, operational flexibility, workforce realignment, and regulatory relief.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REF-**
4 **ERENCES.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Innovate to Deliver Act of 2013”.

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

Sec. 1. Short title; table of contents; references.

TITLE I—POSTAL SERVICE PROFITABILITY AND REVENUE-GENERATING ENHANCEMENTS

Subtitle A—Postal Service Products and Pricing

- Sec. 101. USPS innovation officer and accountability.
- Sec. 102. Authority to offer nonpostal services.
- Sec. 103. Requirement that market-dominant products cover attributable costs.
- Sec. 104. PRC to revisit CPI cap instituted under PAEA.
- Sec. 105. Enhanced product innovation.
- Sec. 106. Authority to ship beer, wine and distilled spirits.
- Sec. 107. Repeal of uniform rate for books, films, and other materials.

Subtitle B—Postal Service Management

- Sec. 108. USPS balanced budget minimum requirement.
- Sec. 109. Reporting requirement for Board of Governors and Postal Regulatory Commissioners.
- Sec. 110. Restrictions on postal service executive compensation.
- Sec. 111. Investment of competitive product moneys.

TITLE II—POSTAL SERVICE WORKFORCE REALIGNMENT AND RIGHT-SIZING

- Sec. 201. Separate normal-cost percentage recalculation of Federal Employees' Retirement System.
- Sec. 202. Treatment of surplus contributions to Federal Employees' Retirement System.
- Sec. 203. Sense of Congress.
- Sec. 204. Contributions to Thrift Savings Fund of voluntary separation incentive payments.
- Sec. 205. Service credit contributions of voluntary separation incentive payments.
- Sec. 206. Modification of prepayment schedule relating to Postal Service Retiree Health Benefits Fund.
- Sec. 207. Study on USPS workforce realignment and right-sizing options.
- Sec. 208. Applicability of provisions relating to reductions in force.
- Sec. 209. Enhanced reporting on facility network initiatives.

TITLE III—POSTAL SERVICE IMPROVEMENTS AND REGULATORY RELIEF

- Sec. 301. Permit appeal rights for closing of postal stations and branches.
- Sec. 302. Intra-agency cooperative agreements.
- Sec. 303. Grouping of negotiated service agreements.
- Sec. 304. Simplification of process for classification of competitive products.
- Sec. 305. Development of new market-dominant classes of mail.
- Sec. 306. Expedited consideration of service changes by PRC.

1 (c) REFERENCES.—Except as otherwise expressly
2 provided, whenever in this Act an amendment or repeal
3 is expressed in terms of an amendment to, or repeal of,

1 a section or other provision, the reference shall be consid-
2 ered to be made to a section or other provision of title
3 39, United States Code.

4 **TITLE I—POSTAL SERVICE**
5 **PROFITABILITY AND REV-**
6 **ENUE-GENERATING EN-**
7 **HANCEMENTS**

8 **Subtitle A—Postal Service**
9 **Products and Pricing**

10 **SEC. 101. USPS INNOVATION OFFICER AND ACCOUNT-**
11 **ABILITY.**

12 (a) IN GENERAL.—Chapter 2 is amended by adding
13 at the end the following:

14 **“SEC. 209. USPS INNOVATION OFFICER AND ACCOUNT-**
15 **ABILITY.**

16 “(a) IN GENERAL.—There shall be in the Postal
17 Service a Chief Innovation Officer selected by the Post-
18 master General who shall have proven expertise and a
19 record of success in 1 or more of the following: postal and
20 shipping industry, innovation product research and devel-
21 opment, marketing brand strategy, emerging communica-
22 tions technology, or business process management. The
23 Chief Innovation Officer shall manage the Postal Service’s
24 development and implementation of innovative postal and
25 nonpostal products and services.

1 “(b) DUTIES.—The Chief Innovation Officer shall
2 have as primary duties—

3 “(1) leading the development of innovative non-
4 postal products and services that will maximize rev-
5 enue to the Postal Service;

6 “(2) developing innovative postal products and
7 services, particularly those that utilize emerging in-
8 formation technologies, to maximize revenue to the
9 Postal Service;

10 “(3) monitoring the performance of innovative
11 products and services and revising them as needed
12 to meet changing market trends; and

13 “(4) taking into consideration comments or ad-
14 visory opinions, if applicable, issued by the Postal
15 Regulatory Committee prior to the initial sale of in-
16 novative postal or nonpostal products and services.

17 “(c) DESIGNATION.—

18 “(1) DEADLINE.—As soon as practicable after
19 the date of enactment of this section, but no later
20 than January 1, 2014, the Postmaster General shall
21 designate a Chief Innovation Officer.

22 “(2) CONDITION.—Nothing in this section shall
23 be construed to prohibit an individual who holds an-
24 other office or position in the Postal Service from
25 serving as the Chief Innovation Officer under this

1 chapter. However, upon appointment to the position
2 of the Chief Innovation Officer, such individual may
3 not, while serving in such office, concurrently hold
4 any other office or position in the Postal Service.

5 “(d) INNOVATION STRATEGY.—

6 “(1) IN GENERAL.—Not later than 12 months
7 after the date on which the Chief Innovation Officer
8 is designated under subsection (c)(1), the Post-
9 master General shall submit to the Committee on
10 Homeland Security and Governmental Affairs of the
11 Senate and the Committee on Oversight and Govern-
12 ment Reform of the House of Representatives a
13 comprehensive strategy for maximizing revenues
14 through innovative postal and nonpostal products
15 and services.

16 “(2) MATTERS TO BE ADDRESSED.—At a min-
17 imum, the strategy required by this section shall ad-
18 dress—

19 “(A) the specific innovative postal and
20 nonpostal products and services to be developed
21 and offered by the Postal Service, including the
22 nature of the market to be filled by each prod-
23 uct and service and the likely date by which
24 each product and service will be introduced;

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

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

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

8 “(E) the likelihood of success of each inno-
9 vative product and service as well as the risks
10 associated with the development and sale of
11 each innovative product and service;

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

17 “(G) the metrics that will be utilized to as-
18 sess the effectiveness of the innovation strategy.

19 “(3) STRATEGY UPDATES.—On January 1,
20 2018, and every 3 years thereafter, the Chief Inno-
21 vation Officer shall submit an update to the innova-
22 tion strategy submitted under paragraph (1) to the
23 Committee on Homeland Security and Governmental
24 Affairs of the Senate, the Committee on Oversight

1 and Government Reform of the House of Represent-
2 atives, and the Postal Regulatory Commission.

3 “(e) REPORT ON PERFORMANCE.—

4 “(1) IN GENERAL.—The Postmaster General
5 shall submit to the Committee on Homeland Secu-
6 rity and Governmental Affairs of the Senate, the
7 Committee on Oversight and Government Reform of
8 the House of Representatives, and the Postal Regu-
9 latory Commission with the President’s budget sub-
10 mission under section 1105(a) of title 31 a report
11 that details the Postal Service’s progress in imple-
12 menting the Innovation Strategy.

13 “(2) MATTERS TO BE ADDRESSED.—At a min-
14 imum, the report required by this section shall ad-
15 dress—

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

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

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

1 “(D) products and services identified in
2 the Innovation Strategy that are to be discon-
3 tinued, the date on which the discontinuance
4 will occur, and the reasons for the discontinu-
5 ance;

6 “(E) alterations in products and services
7 identified in the Innovation Strategy that will
8 be made to meet changing market conditions,
9 and an explanation of how these alterations will
10 ensure the success of the products and services;
11 and

12 “(F) the performance of the Innovation
13 Strategy according to the metrics identified in
14 subsection (d)(2)(G).

15 “(f) COMPTROLLER GENERAL.—

16 “(1) IN GENERAL.—The Comptroller General
17 shall conduct a study on the implementation of the
18 innovation strategy not later than 4 years after the
19 date of enactment of this section.

20 “(2) CONTENTS.—At a minimum, the Comp-
21 troller General shall assess the effectiveness of the
22 Postal Service in identifying, developing, and selling
23 innovative postal and nonpostal products and serv-
24 ices. The study shall also include—

1 “(A) an audit of the costs of developing
2 each innovative postal and nonpostal product
3 and service developed or offered by the Postal
4 Service during the period beginning on the date
5 of enactment of this section and ending 4 years
6 after such date;

7 “(B) the sales volume of each such product
8 and service;

9 “(C) the revenues and profits generated by
10 each such product and service; and

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

13 “(3) SUBMISSION.—The results of the study re-
14 quired under this subsection shall be submitted to
15 the Committee on Homeland Security and Govern-
16 mental Affairs of the Senate and the Committee on
17 Oversight and Government Reform of the House of
18 Representatives.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 at the beginning of chapter 2 is amended by adding at
21 the end the following:

 “209. USPS innovation officer and accountability”.

22 **SEC. 102. AUTHORITY TO OFFER NONPOSTAL SERVICES.**

23 (a) SPECIFIC POWER.—Section 404(a) is amended—

24 (1) in paragraph (7), by striking “and” at the
25 end;

1 (2) in paragraph (8), by striking the period and
2 inserting “; and”; and

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

4 “(9) to provide nonpostal services in accordance
5 with subsection (e).”.

6 (b) NONPOSTAL SERVICES.—Section 404(e) is
7 amended to read as follows:

8 “(e)(1) The Postal Service may provide nonpostal
9 services that use the processing, transportation, delivery,
10 retail network, technology, or other resources of the Postal
11 Service in a manner consistent with the public interest.

12 “(2) At least 90 days before offering new nonpostal
13 services, the Postal Service shall request an advisory opin-
14 ion from the Postal Regulatory Commission that evaluates
15 the extent to which the provision of such nonpostal serv-
16 ices—

17 “(A) would use the processing, transportation,
18 delivery, retail network, technology, or other re-
19 sources of the Postal Service; and

20 “(B) would be consistent with the public inter-
21 est.

22 “(3) Within 45 days after receiving the request under
23 paragraph (2), the Postal Regulatory Commission—

24 “(A) shall issue its advisory opinion to the
25 Postal Service; and

1 “(B) shall transmit a copy of such opinion, to-
2 gether with the original request, to—

3 “(i) the Committee on Oversight and Gov-
4 ernment Reform of the House of Representa-
5 tives; and

6 “(ii) the Committee on Homeland Security
7 and Governmental Affairs of the Senate.

8 “(4) For purposes of this title, the term ‘nonpostal
9 services’ means services and products other than postal
10 services as defined in section 102(5), including—

11 “(A) check-cashing services;

12 “(B) new technology and media services;

13 “(C) warehousing and logistics;

14 “(D) facility leasing; and

15 “(E) public internet access services.”.

16 **SEC. 103. REQUIREMENT THAT MARKET-DOMINANT PROD-**
17 **UCTS COVER ATTRIBUTABLE COSTS.**

18 (a) **REPEAL.**—Paragraph (2) of section 3622(c) is re-
19 pealed.

20 (b) **EACH CLASS TO BEAR ATTRIBUTABLE COSTS.**—
21 Section 3622(d)(1) is amended—

22 (1) by redesignating subparagraphs (A) through
23 (E) as subparagraphs (B) through (F);

24 (2) by inserting before subparagraph (B) (as so
25 redesignated by paragraph (1)) the following:

1 “(A) require that each class or type of mail
2 service shall bear the direct and indirect postal
3 costs attributable to such class or type through
4 reliably identified causal relationships plus that
5 portion of all other costs of the Postal Service
6 reasonably assignable to such class or type;”;
7 and

8 (3) in subparagraph (B) (as so redesignated by
9 paragraph (1)) by inserting “, excluding changes re-
10 quired to satisfy subparagraph (A),” before “to be
11 set”.

12 **SEC. 104. PRC TO REVISIT CPI CAP INSTITUTED UNDER**
13 **PAEA.**

14 Section 3622 is amended—

15 (1) in subsection (c)—

16 (A) in paragraph (13), by striking “and”
17 at the end;

18 (B) by redesignating paragraph (14) as
19 paragraph (15); and

20 (C) by inserting after paragraph (13) the
21 following:

22 “(14) the value to the Postal Service of having
23 pricing flexibility that would apply a price cap across
24 all classes of market dominant products in compari-
25 son to a class-based price cap; and”;

1 (b) REGULATIONS.—Section 3001 of title 39, United
2 States Code, is amended by adding at the end the fol-
3 lowing:

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

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

10 “(A) in accordance with the laws and regula-
11 tions of—

12 “(i) the State, territory, or district of the
13 United States where the sender or duly author-
14 ized agent initiates the mailing; and

15 “(ii) the State, territory, or district of the
16 United States where the addressee or duly au-
17 thorized agent takes delivery; and

18 “(B) to an addressee who is at least 21 years
19 of age—

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

23 “(ii) the duly authorized agent of whom—
24 “(I) is at least 21 years of age; and

1 “(II) provides a signature and pre-
2 sents a valid, government-issued photo
3 identification upon delivery.

4 “(3) The Postal Service shall prescribe such regula-
5 tions as may be necessary to carry out this subsection.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect on the earlier of—

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

11 (2) 120 days after the date of enactment of this
12 Act.

13 **SEC. 107. REPEAL OF UNIFORM RATE FOR BOOKS, FILMS,**
14 **AND OTHER MATERIALS.**

15 (a) IN GENERAL.—Section 3683 is repealed.

16 (b) CLERICAL AMENDMENT.—The table of sections
17 at the beginning of chapter 36 is amended by repealing
18 the item relating to section 3683.

19 **Subtitle B—Postal Service**
20 **Management**

21 **SEC. 108. USPS BALANCED BUDGET MINIMUM REQUIRE-**
22 **MENT.**

23 Section 404(b) is amended—

24 (1) by striking “(b)” and inserting “(b)(1)”;
25 and

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

2 “(2) Notwithstanding subparagraphs (B) or (E) of
3 section 3622(d)(1), within 180 days after the date of en-
4 actment of this paragraph, the Governors shall ensure that
5 the rates and fees charged for market dominant products,
6 and the level and quality of services provided by the Postal
7 Service, shall be adjusted so that the total revenues re-
8 ceived by the Postal Service, in fiscal year 2014 and each
9 subsequent fiscal year, from all sources are at least equal
10 to the total costs incurred in the provision of postal serv-
11 ices, except that the Governors shall continue to provide
12 all public services for which appropriations are made to
13 the Postal Service under section 2401.

14 “(3) After the end of the 2-year period beginning on
15 October 1, 2013, for any fiscal year that the Postal Serv-
16 ice is not in compliance with paragraph (2), the Governors
17 shall not receive a salary or compensation of any kind for
18 the following fiscal year, but shall be reimbursed for travel
19 and reasonable expenses incurred in attending meetings
20 of the Board”.

21 **SEC. 109. REPORTING REQUIREMENT FOR BOARD OF GOV-**
22 **ERNORS AND POSTAL REGULATORY COMMIS-**
23 **SIONERS.**

24 (a) BOARD OF GOVERNORS.—Section 202(a) is
25 amended by adding at the end the following:

1 “(3) Not later than 60 days after the end of
2 each fiscal year, the Board of Governors shall sub-
3 mit an itemized report describing all travel and re-
4 imburseable business travel expenses paid to each
5 Governor when performing Board duties to the Com-
6 mittee on Oversight and Government Reform of the
7 House of Representatives and the Committee on
8 Homeland Security and Governmental Affairs of the
9 Senate. The report submitted under this paragraph
10 shall include a detailed justification for any travel or
11 reimbursable business travel expense that deviates
12 from the Board’s travel and reimbursable business
13 travel expense policies and guidelines under para-
14 graph (1).”.

15 (b) ADMINISTRATION.—Section 504(d) is amended—

16 (1) by striking “(d)” and inserting “(d)(1)”;
17 and

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

19 “(2) Not later than 60 days after the end of
20 each fiscal year, the Postal Regulatory Commis-
21 sioners shall submit an itemized report describing all
22 travel and reimbursable business travel expenses
23 paid to each Commissioner, including the Chairman,
24 when performing regulatory duties to the Committee
25 on Oversight and Government Reform of the House

1 of Representatives and the Committee on Homeland
2 Security and Governmental Affairs of the Senate.
3 The report submitted under this paragraph shall in-
4 clude a detailed justification for any travel or reim-
5 bursable business travel expense that deviates from
6 the Commission's travel and reimbursable business
7 travel expense policies and guidelines.”.

8 **SEC. 110. RESTRICTIONS ON POSTAL SERVICE EXECUTIVE**
9 **COMPENSATION.**

10 (a) LIMITATIONS ON COMPENSATION.—Section 1003
11 is amended—

12 (1) in subsection (a), by striking the last sen-
13 tence; and

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

15 “(e) LIMITATIONS ON COMPENSATION.—

16 “(1) RATES OF BASIC PAY.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B), an officer or employee of the Postal
19 Service may not be paid at a rate of basic pay
20 that exceeds the rate of basic pay for level II
21 of the Executive Schedule under section 5313
22 of title 5.

23 “(B) VERY SENIOR EXECUTIVES.—Not
24 more than 6 officers or employees of the Postal
25 Service that are in very senior executive posi-

1 tions, as determined by the Board of Governors,
2 may be paid at a rate of basic pay that does not
3 exceed the rate of basic pay for level I of the
4 Executive Schedule under section 5312 of title
5 5.

6 “(2) BENEFITS.—An officer or employee of the
7 Postal Service who is in a critical senior executive or
8 equivalent position, as designated under section
9 3686(c), may not receive fringe benefits (within the
10 meaning given that term under section 1005(f)) that
11 are greater than the fringe benefits received by su-
12 pervisory and other managerial personnel who are
13 not subject to collective-bargaining agreements
14 under chapter 12.”.

15 (b) LIMITATION ON BONUS AUTHORITY.—Section
16 3686 is amended—

17 (1) in subsection (a), by striking “The Postal
18 Service” and inserting “Subject to subsection (f),
19 the Postal Service”; and

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

21 “(f) LIMITATION ON BONUS AUTHORITY.—

22 “(1) DETERMINATION.—Not later than 60 days
23 after the end of fiscal year 2014 and each fiscal year
24 thereafter, the Office of Management and Budget
25 shall determine whether the Postal Service has, with

1 respect to such fiscal year, implemented the meas-
2 ures needed to achieve long-term solvency and bal-
3 anced budgeting, as required under paragraphs (2)
4 and (3) of section 404(b). In order to make such de-
5 termination, the Office of Management and Budget
6 shall use the information provided under section
7 2009.

8 “(2) LIMITATION.—The Postal Service may not
9 provide a bonus or other reward under this section
10 to an officer or employee of the Postal service in a
11 critical senior executive or equivalent position, as
12 designated under subsection (c), during a covered
13 year.

14 “(3) DEFINITION.—In this subsection, the term
15 ‘covered year’ means the fiscal year following a fiscal
16 year with respect to which the Office of Management
17 and Budget determines under paragraph (1) that
18 the Postal Service has not implemented the meas-
19 ures needed to achieve long-term solvency and bal-
20 anced budgeting, as required under paragraphs (2)
21 and (3) of section 404(b).”.

22 (c) EFFECTIVE DATE; APPLICABILITY.—The amend-
23 ments made by subsections (a) through (c) shall—

24 (1) take effect on the date of enactment of this
25 Act; and

1 (2) apply to any contract entered or modified
2 by the Postal Service on or after the date of enact-
3 ment of this Act.

4 (d) SUNSET.—Effective 2 years after the date of en-
5 actment of this Act—

6 (1) section 1003 is amended—

7 (A) in subsection (a), by adding at the end
8 the following: “No officer or employee shall be
9 paid compensation at a rate in excess of the
10 rate for level I of the Executive Schedule under
11 section 5312 of title 5.”; and

12 (B) by striking subsection (e); and

13 (2) section 3686 is amended—

14 (A) in subsection (a), by striking “Subject
15 to subsection (f), the Postal Service” and in-
16 serting “The Postal Service”; and

17 (B) by striking subsection (f).

18 **SEC. 111. INVESTMENT OF COMPETITIVE PRODUCT MON-**

19 **EYS.**

20 Section 2003 is amended—

21 (1) by redesignating subsections (d) through (h)
22 as subsections (e) through (i), respectively; and

23 (2) by inserting after subsection (c) the fol-
24 lowing:

1 “(d) Notwithstanding any other provision of this sec-
2 tion, if the Postal Service determines that the moneys of
3 the Competitive Products Fund are in excess of current
4 needs, it may invest such amounts as it considers appro-
5 priate in accordance with regulations which the Secretary
6 of the Treasury shall prescribe within 180 days after the
7 date of enactment of this subsection.”.

8 **TITLE II—POSTAL SERVICE**
9 **WORKFORCE REALIGNMENT**
10 **AND RIGHT-SIZING**

11 **SEC. 201. SEPARATE NORMAL-COST PERCENTAGE RECAL-**
12 **CULATION OF FEDERAL EMPLOYEES’ RE-**
13 **TIREMENT SYSTEM.**

14 (a) IN GENERAL.—Section 8423(a)(1) of title 5,
15 United States Code, is amended—

16 (1) in subparagraph (A)—

17 (A) by striking “subparagraph (B))” and
18 inserting “subparagraph (B) or (C))”; and

19 (B) by striking “and” at the end;

20 (2) in subparagraph (B), by striking the period
21 and inserting “; and”; and

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

23 “(C) the product of—

24 “(i) the normal-cost percentage, as
25 determined for employees of the United

1 States Postal Service (and the Postal Reg-
2 ulatory Commission), multiplied by
3 “(ii) the aggregate amount of basic
4 pay payable by the United States Postal
5 Service (and the Postal Regulatory Com-
6 mission), for the period involved, to its em-
7 ployees.”.

8 (b) **EFFECTIVE DATE.**—The amendments made by
9 subsection (a) shall be carried out as soon as practicable,
10 except that contributions shall be set in accordance with
11 such amendments not later than the first applicable pay
12 period beginning in the first fiscal year beginning at least
13 180 days after the date of the enactment of this Act.

14 **SEC. 202. TREATMENT OF SURPLUS CONTRIBUTIONS TO**
15 **FEDERAL EMPLOYEES’ RETIREMENT SYSTEM.**

16 (a) **IN GENERAL.**—Section 8423(b) of title 5, United
17 States Code, is amended by adding at the end the fol-
18 lowing:

19 “(6)(A) If, for any fiscal year to which this paragraph
20 applies, the amount determined under paragraph (1)(B)
21 is less than zero (hereinafter in this paragraph referred
22 to as ‘excess postal contributions to FERS’), such amount
23 shall be treated in accordance with the following:

24 “(i) In the case of the first fiscal year to which
25 this paragraph applies and for which excess postal

1 contributions to FERS are determined, the amount
2 of such excess contributions shall be transferred by
3 the Secretary of the Treasury to such account as the
4 Secretary considers appropriate so that such amount
5 shall be used for the payment of obligations issued
6 by the United States Postal Service under section
7 2005 of title 39.

8 “(ii) In the case of any subsequent fiscal year
9 to which this paragraph applies and for which excess
10 postal contributions to FERS are determined, the
11 amount of such excess contributions shall be trans-
12 ferred by the Secretary of the Treasury to the ac-
13 count to which are credited any Government con-
14 tributions which are made by the United States
15 Postal Service under section 8334(a)(1)(B) (or
16 which would be made, but for clause (ii) thereof).

17 “(B) This paragraph applies to the fiscal year last
18 ending before the date of the enactment of this paragraph
19 and each fiscal year thereafter.

20 “(C) In the case of any transfer under subparagraph
21 (A)(ii) for a fiscal year corresponding to a fiscal year for
22 which a determination of Postal surplus or supplemental
23 liability is scheduled to be made under section 8348(h),
24 the transfer under subparagraph (A)(ii) shall be made be-
25 fore such determination under section 8348(h) is made.”.

1 (b) CONFORMING AMENDMENT.—Section
2 8348(h)(1)(B)(iii) of title 5, United States Code, is
3 amended by striking “principles.” and inserting “prin-
4 ciples, including any amounts described in section
5 8423(b)(6)(A)(ii).”.

6 **SEC. 203. SENSE OF CONGRESS.**

7 It is the sense of Congress that the United States
8 Postal Service should use its available authority as it
9 deems necessary to provide early retirement or separation
10 incentives to eligible Postal Service employees.

11 **SEC. 204. CONTRIBUTIONS TO THRIFT SAVINGS FUND OF**
12 **VOLUNTARY SEPARATION INCENTIVE PAY-**
13 **MENTS.**

14 (a) Section 8351(b)(2) of title 5, United States Code,
15 is amended—

16 (1) by striking the matter before subparagraph
17 (C) and inserting the following:

18 “(2)(A) An employee or Member may contribute to
19 the Thrift Savings Fund in any pay period any amount
20 of such employee’s or Member’s basic pay for such pay
21 period.

22 “(B) An employee may contribute (by direct transfer
23 to the Fund) any part of any voluntary separation incen-
24 tive payment that the employee receives under section
25 3523.”; and

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

2 “(D) Notwithstanding section 2105(e), in this para-
3 graph, the term ‘employee’ includes an employee of the
4 United States Postal Service or the Postal Regulatory
5 Commission.”.

6 (b) Section 8432(a) of title 5, United States Code,
7 is amended—

8 (1) by redesignating paragraph (3) as (4);

9 (2) by striking the matter before paragraph (4)
10 (as so redesignated by paragraph (1)) and inserting
11 the following:

12 “(a)(1) An employee or Member may contribute to
13 the Thrift Savings Fund in any pay period, pursuant to
14 an election under subsection (b), any amount of such em-
15 ployee’s or Member’s basic pay for such pay period.

16 “(2) An employee may contribute (by direct transfer
17 to the Fund) any part of any voluntary separation incen-
18 tive payment that the employee receives under section
19 3523.

20 “(3) Contributions made under paragraph (1) pursu-
21 ant to an election under subsection (b) shall, with respect
22 to each pay period for which such election remains in ef-
23 fect, be made in accordance with a program of regular
24 contributions provided in regulations prescribed by the
25 Executive Director.”;

1 (3) adding at the end the following:

2 “(5) Notwithstanding section 2105(e), in this sub-
3 section the term ‘employee’ includes an employee of the
4 United States Postal Service or of the Postal Regulatory
5 Commission.”.

6 (c) REGULATIONS.—The Executive Director of the
7 Federal Retirement Thrift Investment Board shall pro-
8 mulgate regulations to carry out the amendments made
9 by this section.

10 **SEC. 205. SERVICE CREDIT CONTRIBUTIONS OF VOL-**
11 **UNTARY SEPARATION INCENTIVE PAYMENTS.**

12 (a) VOLUNTARY SEPARATION INCENTIVE PAY-
13 MENTS.—The Postal Service may provide voluntary sepa-
14 ration incentive payments to employees of the Postal Serv-
15 ice who voluntarily separate from service before October
16 1, 2016 (including payments to employees who retire
17 under section 8336(d)(2) or 8414(b)(1)(B) of title 5,
18 United States Code, before October 1, 2016), which may
19 not exceed the maximum amount provided under section
20 3523(b)(3)(B) of title 5, United States Code, for any em-
21 ployee.

22 (b) ADDITIONAL SERVICE CREDIT.—

23 (1) CIVIL SERVICE RETIREMENT SYSTEM.—Sec-
24 tion 8332 of title 5, United States Code, is amended
25 by adding at the end the following:

1 “(p)(1)(A) For an employee of the United States
2 Postal Service who is covered under this subchapter and
3 voluntarily separates from service before October 1, 2016,
4 the Office, if so directed by the United States Postal Serv-
5 ice, shall add not more than 1 year to the total creditable
6 service of the employee for purposes of determining enti-
7 tlement to and computing the amount of an annuity under
8 this subchapter (except for a disability annuity under sec-
9 tion 8337).

10 “(B) An employee who receives additional creditable
11 service under this paragraph may not receive a voluntary
12 separation incentive payment from the United States
13 Postal Service.

14 “(2) The United States Postal Service shall ensure
15 that the average actuarial present value of the additional
16 liability of the United States Postal Service to the Fund
17 resulting from additional creditable service provided under
18 paragraph (1) or section 8411(m)(1) is not more than
19 \$25,000 per employee provided additional creditable serv-
20 ice under paragraph (1) or section 8411(m)(1).

21 “(3)(A) Subject to subparagraph (B), and notwith-
22 standing any other provision of law, no deduction, deposit,
23 or contribution shall be required for service credited under
24 this subsection.

1 “(B) The actuarial present value of the additional li-
2 ability of the United States Postal Service to the Fund
3 resulting from this subsection shall be included in the
4 amount calculated under section 8348(h)(1)(A).”.

5 (2) FEDERAL EMPLOYEES’ RETIREMENT SYS-
6 TEM.—Section 8411 of title 5, United States Code,
7 is amended by adding at the end the following:

8 “(m)(1)(A) For an employee of the United States
9 Postal Service who is covered under this chapter and vol-
10 untarily separates from service before October 1, 2016,
11 the Office, if so directed by the United States Postal Serv-
12 ice, shall add not more than 2 years to the total creditable
13 service of the employee for purposes of determining enti-
14 tlement to and computing the amount of an annuity under
15 this chapter (except for a disability annuity under sub-
16 chapter V of that chapter).

17 “(B) An employee who receives additional creditable
18 service under this paragraph may not receive a voluntary
19 separation incentive payment from the United States
20 Postal Service.

21 “(2) The United States Postal Service shall ensure
22 that the average actuarial present value of the additional
23 liability of the United States Postal Service to the Fund
24 resulting from additional creditable service provided under
25 paragraph (1) or section 8332(p)(1) is not more than

1 \$25,000 per employee provided additional creditable serv-
2 ice under paragraph (1) or section 8332(p)(1).

3 “(3)(A) Subject to subparagraph (B), and notwith-
4 standing any other provision of law, no deduction, deposit,
5 or contribution shall be required for service credited under
6 this subsection.

7 “(B) The actuarial present value of the additional li-
8 ability of the United States Postal Service to the Fund
9 resulting from this subsection shall be included in the
10 amount calculated under section 8423(b)(1)(B).”.

11 (c) GOALS.—

12 (1) IN GENERAL.—The Postal Service shall
13 offer incentives for voluntary separation under this
14 section and the amendments made by this section as
15 a means of ensuring that the size and cost of the
16 workforce of the Postal Service is appropriate to the
17 work required of the Postal Service, including con-
18 sideration of—

19 (A) the closure and consolidation of postal
20 facilities;

21 (B) the ability to operate existing postal
22 facilities more efficiently, including by reducing
23 the size or scope of operations of postal facili-
24 ties in lieu of closing postal facilities; and

1 (C) the number of employees eligible, or
2 projected in the near-term to be eligible, for re-
3 tirement, including early retirement.

4 (2) DEFINITION.—In this subsection, the term
5 “career employee of the Postal Service” means an
6 employee of the Postal Service—

7 (A) whose appointment is not for a limited
8 period; and

9 (B) who is eligible for benefits, including
10 retirement coverage under chapter 83 or 84 of
11 title 5, United States Code.

12 **SEC. 206. MODIFICATION OF PREPAYMENT SCHEDULE RE-**
13 **LATING TO POSTAL SERVICE RETIREE**
14 **HEALTH BENEFITS FUND.**

15 (a) CONTRIBUTIONS.—Section 8906(g)(2)(A) of title
16 5, United States Code, is amended by striking “through
17 September 30, 2016, be paid by the United States Postal
18 Service, and thereafter shall” and inserting “after the date
19 of enactment of the Innovate to Deliver Act of 2013”.

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

23 (1) by striking paragraph (2) and inserting the
24 following:

1 “(2)(A) Not later than 180 days after the date of
2 enactment of the Innovate to Deliver Act of 2013, the Of-
3 fice shall compute, and by June 30 of each succeeding
4 year, the Office shall recompute, a schedule including a
5 series of annual installments which provide for the liquida-
6 tion of the amount described under subparagraph (B) (re-
7 gardless of whether the amount is a liability or surplus)
8 by September 30, 2053, or within 15 years, whichever is
9 later, including interest at the rate used in the computa-
10 tions under this subsection.

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

15 “(i) 80 percent of the Postal Service actuarial
16 liability as of September 30 of the most recently
17 ended fiscal year; and

18 “(ii) the value of the assets of the Postal Re-
19 tiree Health Benefits Fund as of September 30 of
20 the most recently ended fiscal year.”;

21 (2) in paragraph (3)—

22 (A) in subparagraph (A)—

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

1 (ii) in clause (iv), by striking the
2 semicolon at the end and inserting a pe-
3 riod; and

4 (iii) by striking clauses (v) through
5 (x); and

6 (B) in subparagraph (B), by striking
7 “2017” and inserting “2016”;

8 (3) by striking paragraph (4) and inserting the
9 following:

10 “(4) Computations under this subsection shall be
11 based on—

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

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

19 (4) by adding at the end the following:

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

22 “(A) the net present value of future payments
23 required under section 8906(g)(2)(A) for current
24 and future United States Postal Service annuitants;
25 and

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

4 (c) UNPAID OBLIGATIONS OF THE POSTAL SERV-
5 ICE.—Any obligation of the Postal Service under section
6 8909a(d)(3)(A) of title 5, United States Code, as in effect
7 on the day before the date of enactment of this Act, that
8 remains unpaid as of such date of enactment shall be in-
9 cluded in the recomputation requested in section
10 8909a(d)(2) of such title (as amended by subsection (b)
11 of this section).

12 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

13 (1) HEADING.—The heading of section 8909a
14 of title 5, United States Code, is amended by strik-
15 ing “Benefit” and inserting “Benefits”.

16 (2) TABLE OF SECTIONS.—The table of sections
17 at the beginning of chapter 89 of such title is
18 amended by striking the item relating to section
19 8909a and inserting the following:

 “8909a. Postal Service Retiree Health Benefits Fund.”.

20 **SEC. 207. STUDY ON USPS WORKFORCE REALIGNMENT AND**
21 **RIGHT-SIZING OPTIONS.**

22 (a) IN GENERAL.—Not later than 1 year after the
23 date of enactment of this Act, the Comptroller General
24 shall submit to the Committee on Oversight and Govern-
25 ment Reform of the House of Representatives and the

1 Committee on Homeland Security and Governmental Af-
2 fairs of the Senate a report on the workforce reduction
3 or realignment methods used by the United States Postal
4 Service to align its workforce with its needs.

5 (b) CONTENTS OF THE REPORT.—The report re-
6 quired under subsection (a) shall include the following:

7 (1) The projected workforce needs of the Postal
8 Service over the next 5 fiscal years, given the cur-
9 rent mail volumes and the demand for Postal serv-
10 ices.

11 (2) Possible options for allowing Postal Service
12 employees who are eligible for voluntary early retire-
13 ment to deposit voluntary separation incentive pay-
14 ments to obtain service credit or to otherwise allow
15 such payments to be credited in the computation of
16 retirement annuity benefits.

17 (3) The terms and conditions for the voluntary
18 separation incentive payments offered under section
19 205.

20 (4) The number of employees in each job cat-
21 egory and in each postal service area to whom the
22 Postal Service has offered an incentive for voluntary
23 separation, the number of offers of incentives for
24 voluntary separation that have been accepted, the
25 number of offers of incentives for voluntary separa-

1 tion that remain pending, and the number of em-
2 ployees in each job category and in each postal serv-
3 ice area projected to separate from service during
4 each quarter through the end of the first quarter of
5 2016.

6 (5) The number of employees in each job cat-
7 egory who are covered under chapter 83 or 84 of
8 title 5, United States Code, and who have accepted
9 offers of incentives for voluntary separation, includ-
10 ing the number of employees covered under each
11 chapter who voluntarily separated under subsection
12 (a) of section 205 or the authority under subsection
13 (b) of section 205.

14 (6) The total savings and work hour reductions
15 by job category and postal service area that have
16 been realized by the Postal Service as of the date of
17 the report and that are projected to be realized dur-
18 ing each of the next 3 years as a result of the offers
19 of incentives for voluntary separation.

20 (7) The total expenditures made by the Postal
21 Service to provide incentives for voluntary separa-
22 tion.

23 (8) Any training, retraining, or hiring that may
24 be required by the authority the Postal Service is

1 granted under this Act to develop and offer for sale
2 nonpostal products and services.

3 **SEC. 208. APPLICABILITY OF PROVISIONS RELATING TO RE-**
4 **DUCTIONS IN FORCE.**

5 Section 1005 is amended by adding at the end the
6 following:

7 “(g)(1) Except as otherwise provided by any collective
8 bargaining agreement entered into under chapter 12, the
9 provisions of subchapter I of chapter 35 of title 5 and the
10 regulations implementing such subchapter, shall apply to
11 employees of the Postal Service who hold positions that
12 are within bargaining units under section 1202.

13 “(2) Before using the authority provided in para-
14 graph (1), the Postal Service shall demonstrate to the Of-
15 fice of Personnel Management how it will comply with sec-
16 tion 3502(a)(4) of title 5.”.

17 **SEC. 209. ENHANCED REPORTING ON FACILITY NETWORK**
18 **INITIATIVES.**

19 Section 404(d) is amended by adding at the end the
20 following:

21 “(7)(A) The Postmaster General shall submit to the
22 Committee on Homeland Security and Governmental Af-
23 fairs of the Senate and the Committee on Oversight and
24 Government Reform of the House of Representatives and
25 the Postal Regulatory Commission a report that details

1 plans to close or suspend a Postal Service retail or proc-
2 essing facility during the period to which such report per-
3 tains. The first such report shall be submitted not later
4 than 120 days after the date of enactment of this para-
5 graph. Reports shall be submitted semiannually there-
6 after.

7 “(B) Each report submitted by the Postal Service
8 under subparagraph (A) shall address, at a minimum—

9 “(i) the specific retail and processing facilities
10 the Postal Service plans to suspend or close;

11 “(ii) the anticipated date of suspension or clo-
12 sure of each such facility;

13 “(iii) the cost of continued operations at the fa-
14 cilities for which closure is planned;

15 “(iv) the purpose of each such suspension or
16 closure, as determined by paragraph (2)(A);

17 “(v) plans for the establishment of alternative
18 access points for retail facilities listed in clause (i),
19 including the date on which each such alternative ac-
20 cess point shall open for business and the planned
21 location of each such alternative access point;

22 “(vi) how each facility closure conforms with
23 previously filed actions for suspension or closure;

24 “(vii) the timeline for closure or suspension ac-
25 tivities described in paragraphs (1) and (3), and all

1 other formal closure or suspension activities planned
2 in connection with the retail facility closure;

3 “(viii) how work performed at mail processing
4 facilities recommended for closure or consolidation
5 will be transferred or absorbed by other facilities
6 within the network;

7 “(ix) cost savings expected or achieved from
8 consolidation of both retail and mail processing fa-
9 cilities;

10 “(x) the impact of each planned closure on
11 postal employees, including relocation or reassign-
12 ment plans; and

13 “(xi) the status of ongoing suspensions or clo-
14 sures identified in previous reports.”.

15 **TITLE III—POSTAL SERVICE IM-**
16 **PROVEMENTS AND REGU-**
17 **LATORY RELIEF**

18 **SEC. 301. PERMIT APPEAL RIGHTS FOR CLOSING OF POST-**
19 **AL STATIONS AND BRANCHES.**

20 Section 404(d) is amended by adding after paragraph
21 (7) (as added by section 208 of this Act) the following:

22 “(8) The provisions of paragraphs (1) through (6)
23 shall apply to postal stations and branches in the same
24 manner as the provisions apply to post offices.”.

1 **SEC. 302. INTRA-AGENCY COOPERATIVE AGREEMENTS.**

2 (a) IN GENERAL.—Section 411 is amended—

3 (1) in the section heading, by inserting “; **au-**
4 **thority for intra-service agreement**” after
5 **“agencies”**;

6 (2) by inserting “(a)” before “Executive agen-
7 cies within”; and

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

9 “(b) The Office of the Inspector General of the
10 United States Postal Service and other components of the
11 Postal Service may enter into intra-service agreements to
12 furnish to each other property, both real and personal, and
13 personal and nonpersonal services. The furnishing of prop-
14 erty and services under this section shall be under such
15 terms and conditions, including reimbursability, as the
16 head of the component concerned and the Inspector Gen-
17 eral shall deem necessary.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 at the beginning of chapter 4 is amended by striking the
20 item relating to section 411 and inserting the following:

“411. Cooperation with other Government agencies; authority for intra-service
agreement.”.

21 **SEC. 303. GROUPING OF NEGOTIATED SERVICE AGREE-**
22 **MENTS.**

23 Section 3622(d)(1) (as amended by section 107(b) of
24 this Act) is further amended—

1 (1) in subparagraph (E) (as so redesignated by
2 section 107(b)), by striking “and” at the end;

3 (2) in subparagraph (F) (as so redesignated by
4 section 107(b)), by striking the period and inserting
5 “; and”; and

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

7 “(G) treat similar or related agreements
8 between the Postal Service and postal users col-
9 lectively as a single product for purposes of this
10 section to the extent the Commission deems
11 such treatment to be consistent with policies of
12 this title.”.

13 **SEC. 304. SIMPLIFICATION OF PROCESS FOR CLASSIFICA-**
14 **TION OF COMPETITIVE PRODUCTS.**

15 Section 3642(b) is amended (in the matter before
16 paragraph (1)) by striking “in accordance with” and in-
17 serting the following: “as expeditiously as practicable. The
18 Commission shall promptly admit a product into the com-
19 petitive category if it meets”.

20 **SEC. 305. DEVELOPMENT OF NEW MARKET-DOMINANT**
21 **CLASSES OF MAIL.**

22 (a) Section 102 is amended—

23 (1) in paragraph (9), by striking “and” at the
24 end;

1 (2) in paragraph (10), by striking the period
2 and inserting “; and”; and

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

4 “(11) ‘class of mail’ means a grouping of simi-
5 lar products, subject to section 3622(d)(2)(A), as
6 further defined by the Postal Regulatory Commis-
7 sion.

8 “(b) Section 3622(d)(2)(A) is amended by inserting
9 ‘or under section 3643’ after”.

10 (c)(1) Subchapter III of chapter 36 is amended by
11 adding at the end the following:

12 **“SEC. 3643. NEW CLASSES OF MAIL.**

13 “(a) IN GENERAL.—Upon request of the Postal Serv-
14 ice or users of the mails, or upon its own initiative, the
15 Postal Regulatory Commission may change the classes of
16 mail to which the annual limitation under section
17 3622(d)(1) applies by adding new classes of mail. The
18 Postal Regulatory Commission shall, within 18 months
19 after the date of enactment of this section, promulgate
20 (and may from time to time thereafter revise) regulations
21 to carry out this section.

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

1 “(1) NEW MARKET.—Dominant classes of mail
2 shall consist of products in the sale of which the
3 Postal Service exercises sufficient market power that
4 it can effectively set the price of such product sub-
5 stantially above costs, raise prices significantly, de-
6 crease quality, or decrease output, without risk of
7 losing a significant level of business to other firms
8 offering similar products.

9 “(2) PRODUCTS COVERED BY POSTAL MONOP-
10 OLY.—Any new classes of mail containing any prod-
11 ucts covered by the postal monopoly shall be subject
12 to the requirements of section 3622(d)(1). For pur-
13 poses of the preceding sentence, the term ‘product
14 covered by the postal monopoly’ means any product
15 the conveyance or transmission of which is reserved
16 to the United States under section 1696 of title 18,
17 subject to the same exception as set forth in the last
18 sentence of section 409(e)(1).

19 “(3) ADDITIONAL CONSIDERATIONS.—In mak-
20 ing any decision under this section, due regard shall
21 be given to—

22 “(A) the availability and nature of enter-
23 prises in the private sector engaged in the deliv-
24 ery of the product involved;

1 “(B) the views of those who use the prod-
2 uct involved on the appropriateness of the pro-
3 posed action; and

4 “(C) the likely impact of the proposed ac-
5 tion on small business concerns (within the
6 meaning of section 3641(h)).

7 “(c) NOTIFICATION AND PUBLICATION REQUIRE-
8 MENTS.—

9 “(1) NOTIFICATION REQUIREMENT.—The Post-
10 al Service shall, whenever it requests to add a new
11 class of mail, file with the Postal Regulatory Com-
12 mission and publish in the Federal Register a notice
13 setting out the basis for its determination that the
14 product satisfies the criteria under subsection (b).
15 The provisions of section 504(g) shall be available
16 with respect to any information required to be filed.

17 “(2) PUBLICATION REQUIREMENT.—The Postal
18 Regulatory Commission shall, whenever it changes
19 the list of market-dominant classes of mail, prescribe
20 new lists of classes of mail. The revised lists shall
21 indicate how and when any previous lists are super-
22 seded, and shall be published in the Federal Reg-
23 ister.

24 “(d) PROHIBITION.—Except as provided in section
25 3641, a class of mail that involves the physical delivery

1 of letters, printed matter, or packages may be offered by
2 the Postal Service unless it has been assigned as a new
3 class of mail—

4 “(1) under this subchapter; or

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

6 (2) The table of sections at the beginning of
7 chapter 36 is amended by inserting after the item
8 relating to section 3642 the following:

“3643. New classes of mail”.

9 **SEC. 306. EXPEDITED CONSIDERATION OF SERVICE**
10 **CHANGES BY PRC.**

11 Section 3661 is amended—

12 (1) by redesignating subsection (c) as sub-
13 section (d); and

14 (2) by inserting after subsection (b) the fol-
15 lowing:

16 “(c) If the Postal Service seeks expedited processing
17 for time-sensitive advisory opinions, it shall state such re-
18 quest in its proposal filed under subsection (b) and the
19 Commission, to the extent practical and in accordance
20 with subsection (d), shall comply with the request for ex-
21 pedited consideration.”.