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**113th Congress (2013-2014)**  
**H.R.2748.IH**

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## H.R.2748

### Postal Reform Act of 2013 (Introduced in House - IH)

#### SEC. 103. EFFICIENT AND FLEXIBLE UNIVERSAL POSTAL SERVICE.

(a) Postal Policy-

(1) IN GENERAL- Section 101(b) is amended to read as follows:

`(b) The Postal Service shall provide effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.'.

(2) CONFORMING AMENDMENT- Clause (iii) of section 404(d)(2)(A) is amended to read as follows:

`(iii) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101(b), that the Postal Service shall provide effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;'.

(b) General Duty- Paragraph (3) of section 403(b) is amended to read as follows:

`(3) to ensure that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services.'.

(c) Conditions- Clause (i) of section 404(d)(2)(A) is amended to read as follows:

`(i) the effect of such closing or consolidation on the community served by such post office, including through an analysis of such factors as--

`(I) the distance (as measured by public roads) to the closest postal retail facility not proposed for closure or consolidation under such plan;

`(II) the characteristics of such location, including weather and terrain;

` (III) whether commercial mobile service (as defined in section 332 of the Communications Act of 1934) and commercial mobile data service (as defined in section 6001 of the Middle Class Tax Relief 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 closure 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;'

(d) PRC Review of Determinations To Close or Consolidate a Post Office-

(1) DEADLINE FOR REVIEW- Section 404(d)(5) is amended by striking `120 days' and inserting `60 days'.

(2) EXCLUSION FROM REVIEW- Section 404(d) is amended by adding at the end the following:

` (7)(A) The appeals process set forth in paragraph (5) shall not apply to a determination of the Postal Service to close a post office if there is located, within 2 miles of such post office, a qualified contract postal unit.

` (B) For purposes of this paragraph--

` (i) the term `contract postal unit' means a store or other place of business which--

` (I) is not owned or operated by the Postal Service; and

` (II) in addition to its usual operations, provides postal services to the general public under contract with the Postal Service; and

` (ii) the term `qualified contract postal unit', as used in connection with a post office, means a contract postal unit which--

` (I) begins to provide postal services to the general public during the period--

` (aa) beginning 1 year before the date on which the closure or consolidation of such post office is scheduled to take effect; and

` (bb) ending on the 15th day after the date on which the closure or consolidation of such post office is scheduled to take effect; and

` (II) has not, pursuant to subparagraph (A), served as the basis for exempting any other post office from the appeals process set forth in paragraph (5).

` (C)(i) If the qualified contract postal unit does not continue to provide postal services, as required by subparagraph (B)(i)(II), for at least the 2-year period beginning on the date on which such post office was closed or, if later, the date on which such unit began providing postal services to the general public, the contract postal unit shall be subject to a closure determination by the Postal Service to decide whether a post office must be reopened within

the area (delimited by the 2-mile radius referred to in subparagraph (A)).

`(ii) A decision under clause (i) not to reopen a post office may be appealed to the Postal Regulatory Commission under procedures which the Commission shall by regulation prescribe. Such procedures shall be based on paragraph (5), except that, for purposes of this clause, paragraph (5)(C) shall be applied by substituting `in violation of section 101(b), leaving postal patrons without effective and regular access to postal services' for `unsupported by substantial evidence on the record'.'.

(3) APPLICABILITY- The amendments made by this subsection shall not apply with respect to any appeal, notice of which is received by the Postal Regulatory Commission before the date of enactment of this Act (determined applying the rules set forth in section 404(d)(6) of title 39, United States Code).

(e) Expedited Procedures-

(1) IN GENERAL- Section 3661 is amended by adding at the end the following:

`(d)(1) The Commission shall issue its opinion within 90 days after the receipt of any proposal (as referred to in subsection (b)) concerning--

`(A) the closing or consolidation of postal retail facilities (as that term is defined in section 2(2) of the Postal Reform Act of 2013) to a degree that will generally affect service on a nationwide or substantially nationwide basis; or

`(B) an identical or substantially identical proposal on which the Commission 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 Postal Regulatory Commission shall prescribe 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 proposal received by the Postal Regulatory Commission on or after the earlier of--

(A) the 90th day after the date of enactment of this Act; or

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

(f) Rural Post Office Annual Closure Limitation- Section 404a(a) is amended--

(1) in paragraph (2), by striking `or' at the end;

(2) in paragraph (3), by striking the period and inserting `; or'; and

(3) by adding at the end the following:

`(4) close, consolidate, or suspend the operations of more than 5-percent of the

number of currently operating postal retail facilities on January 1, of each year that were within the K or L cost ascertainment grouping on January 1, 2012, excluding any postal retail facility scheduled for closure and ineligible for appeal due to section 404(d)(7)(A) shall not count toward the 5 percent limitation.'

(g) Alternate Postal Access Choice- Section 404(d) is amended by striking paragraph (1) and inserting the following:

`(d)(1) The Postal Service, prior to making a determination under subsection (a)(3) as to the necessity for the closing or consolidation of any post office, shall--

`(A) provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to postal patrons served by such post office;

`(B) conduct a nonbinding survey on the proposed closing or consolidation to allow postal patrons served by such post office an opportunity to indicate their preference between or among--

`(i) the closing or consolidation; and

`(ii) 1 or more alternative options; and

`(C) ensure that--

`(i) should the closure or consolidation of a postal retail facility be deemed necessary, it shall be the policy of the Postal Service to provide alternative access to postal services to those served by the postal retail facility 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 in clause (i), or if that option is cost prohibitive, the Postal Service may provide alternative access through a different means. Upon selection of an alternative access method other than the one identified by clause (i), the Postal Service must provide written notice to those patrons served by the postal retail facility identifying and explaining why the option identified by clause (i) was not possible or cost prohibitive.'

## **SEC. 104. APPLICABILITY OF PROCEDURES RELATING TO CLOSURES AND CONSOLIDATIONS.**

(a) In General- Section 404(d) is amended by adding after paragraph (7) (as added by section 103(d)(2)) the following:

`(8) For purposes of this subsection, the term `post office' means a post office and any other facility described in section 2(2) of the Postal Reform Act of 2013.'

(b) Effective Date- In the case of any post office (within the meaning of the amendment made by subsection (a)) which, but for such amendment, would not otherwise be subject to section 404(d) of title 39, United States Code, the amendment made by subsection (a) shall be effective with respect to any closure or consolidation, the proposed effective date of

which occurs on or after the 60th day following the date of enactment of this Act.

## **SEC. 105. ENHANCED REPORTING ON POSTAL SERVICE EFFICIENCY.**

Section 3652(a) is amended--

- (1) in paragraph (1), by striking `and' after the semicolon;
- (2) in paragraph (2), by striking the period at the end and inserting ` ; and'; and
- (3) by adding 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.'

## **SEC. 106. AREA AND DISTRICT OFFICE STRUCTURE.**

(a) In General- Not later than 120 days after the date of enactment of this Act, the Postal Service, in consultation with the Inspector General of the United States Postal Service, shall develop and begin implementation of a plan for the closure or consolidation of such area and district offices as the Postal Service considers necessary and appropriate so that, by October 1, 2015, the combined total number of area and district offices will be at least 30 percent less than the corresponding combined total as of September 30, 2012.

(b) Contents- The plan shall include--

- (1) a list of the area and district offices proposed for closure or consolidation;
- (2) a proposed schedule under which closures and consolidations of area and district offices would be carried out;
- (3) the estimated total annual cost savings attributable to the proposed closures and consolidations described in the plan;
- (4) the criteria and process used to develop the information described in paragraphs (1) and (2);
- (5) the methodology and assumptions used to derive the estimates described in paragraph (3); and
- (6) any changes to the processing, transportation, delivery, or other postal operations anticipated as a result of the proposed closures and consolidations described in the plan.

(c) Plan Submission Revision- Not later than 120 days after the date of enactment of this Act, the plan shall be submitted to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives. Any revision to the plan shall be submitted not later than 14 days after such revision is adopted by the Postal Service.

## **TITLE II--POSTAL SERVICE GOVERNANCE**

## Subtitle A--Temporary Governance Authority

### SEC. 201. PURPOSES.

(a) Purposes- The purposes of this subtitle are as follows:

- (1) To eliminate budget deficits and cash shortages of the Postal Service through strategic financial planning, sound budgeting, accurate revenue forecasts, and careful spending.
- (2) To ensure that universal service, as required by section 101 of title 39, United States Code, is maintained during the period of any fiscal emergency.
- (3) To conduct necessary investigations and studies to determine the fiscal status and operational efficiency of the Postal Service.
- (4) To assist the Postal Service in--
  - (A) restructuring its organization and workforce to bring expenses in line with diminishing revenue and generate sufficient profits for capital investments and repayment of debt;
  - (B) meeting all fiscal obligations to the Treasury of the United States; and
  - (C) ensuring the appropriate and efficient delivery of postal services.
- (5) To ensure the long-term financial, fiscal, and economic vitality and operational efficiency of the Postal Service.

(b) Reservation of Powers- Nothing in this subtitle may be construed--

- (1) to relieve any obligation of the Postal Service to the Treasury of the United States existing as of the date of enactment of this Act; or
- (2) to limit the authority of Congress to exercise legislative authority over the Postal Service.

### SEC. 202. ESTABLISHMENT OF THE POSTAL SERVICE FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.

(a) Establishment- There is established, in accordance with the provisions of this subtitle, an entity to be known as the 'Postal Service Financial Responsibility and Management Assistance Authority' (hereinafter in this subtitle referred to as the 'Authority').

(b) Operations During the Control Period-

- (1) CONTROL PERIOD DEFINED- For the purposes of this subtitle, the term 'control period' means the period that commences on the date as of which the Authority has at least 4 members and terminates as of the date determined under paragraph (5).
- (2) TRANSFER OF AUTHORITIES AND RESPONSIBILITIES- Effective as of the date on which the control period commences--

(A) subsections (a) and (b) of section 202 are repealed;

(B) the term of office of each of the 9 Governors (appointed under the second sentence of section 202(a)(1) of title 39, United States Code, as last in effect before the date of enactment of this Act) shall terminate; and

(C) the Authority shall assume its responsibilities, as set forth in section 206.

### (3) TREATMENT OF CERTAIN EXECUTIVES-

(A) DEFINITION- For the purposes of this section, the term 'Level-Two Postal Service Executive' includes the Postmaster General, the Deputy Postmaster General, and all the other officers and employees of the Postal Service in level two of the Postal Career Executive Service (or the equivalent), but does not include any officer or employee of the Office of Inspector General of the United States Postal Service.

(B) TREATMENT- Notwithstanding any other provision of law or the provisions of any employment contract, during the control period--

(i) all Level-Two Postal Service Executives shall serve at the pleasure of the Authority;

(ii) the duties and responsibilities of all Level-Two Postal Service Executives, as well as the terms and conditions of their employment (including their compensation), shall be subject to determination or redetermination by the Authority;

(iii) total compensation of a Level-Two Postal Service Executive may not, for the first full fiscal year occurring in such control period or any subsequent fiscal year commencing in such control period, exceed the annual rate of basic pay payable for level I of the Executive Schedule under section 5312 of title 5, United States Code, for that year; for purposes of this clause, the term 'total compensation' means basic pay, bonuses, awards, and all other monetary compensation;

(iv) the percentage by which the rate of basic pay of a Level-Two Postal Service Executive is increased during any year may not exceed the percentage change in the Consumer Price Index for All Urban Consumers, unadjusted for seasonal variation, for the most recent 12-month period available, except that, in the case of a Level-Two Postal Service Executive who has had a significant change in job responsibilities, a greater change shall be allowable if approved by the Authority;

(v) apart from basic pay, a Level-Two Postal Service Executive may not be afforded any bonus, award, or other monetary compensation for any full fiscal year in the control period if expenditures of the Postal Service for such fiscal year exceeded revenues of the Postal Service for such fiscal year (determined in accordance with generally accepted accounting principles); and

(vi) no deferred compensation may be paid, accumulated, or recognized in

the case of any Level-Two Postal Service Executive, with respect to any full year in the control period, which is not generally paid, accumulated, or recognized in the case of employees of the United States (outside of the Postal Service) in level I of the Executive Schedule under section 5312 of title 5, United States Code, with respect to such year.

(C) BONUS AUTHORITY- Section 3686 of title 39, United States Code, shall, during the period beginning on the commencement date of the control period and ending on the termination date of the control period--

(i) be suspended with respect to all Level-Two Postal Service Executives; but

(ii) remain in effect for all other officers and employees of the Postal Service otherwise covered by this section.

(4) CERTIFICATION REQUIREMENT- The control period may not terminate until after the Authority, with the concurrence of the Secretary of the Treasury and the Director of the Office of Personnel Management, certifies to the Director of the Office of Management and Budget that--

(A) for 2 consecutive fiscal years (occurring after the date of enactment of this Act), expenditures of the Postal Service did not exceed revenues of the Postal Service (as determined in accordance with generally accepted accounting principles);

(B) the Authority has approved a Postal Service financial plan and budget that shows expenditures of the Postal Service not exceeding revenues of the Postal Service (as so determined) for the fiscal year to which such budget pertains and each of the next 3 fiscal years; and

(C) the Postal Service financial plan and budget (as referred to in subparagraph (B)) includes plans--

(i) for the repayment of any collateralized debt authorized by section 503; and

(ii) to properly fund Postal Service pensions and retiree health benefits in accordance with applicable provisions of title 5, United States Code.

(5) TERMINATION OF CONTROL PERIOD-

(A) TERMINATION DATE-

(i) GENERAL RULE- Except as provided in clause (ii), the control period shall terminate 180 days after the date on which the certification described in paragraph (4) is made.

(ii) ALTERNATIVE DATE-

(I) AUTHORITY- The Director of the Office of Management and Budget may, by written notice given to the Authority within 15 days after the



date on which the certification described in paragraph (4) is made, provide for an alternative termination date (in lieu of the date that would otherwise apply under clause (i)).

(II) RANGE- An alternative date under this clause shall not apply unless such date occurs not less than 30 days after the date on which written notice under subclause (I) is given and not later than 180 days after the date on which the certification described in paragraph (4) is made.

(B) PUBLIC NOTICE- The Authority shall cause to be published in the Federal Register--

(i) the date on which the certification described in paragraph (4) is made, not later than 1 business day after the date on which such certification is made; and

(ii) the termination date of the control period, not later than 16 business days after the date on which the certification described in paragraph (4) is made.

## SEC.

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