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## Summary: H.R.2748 — 113th Congress (2013-2014)

Introduced in House (07/19/2013)

*Note: All comments in red are the opinion of AUSPL President Morgan Wolaver*

### Postal Reform Act of 2013 - Amends provisions of federal law relating to the governance, workforce, and financing of the U.S. Postal Service (USPS).

**Title I: Postal Service Modernization** - Authorizes USPS to establish a general, nationwide mail delivery schedule of five days per week that does not result in non delivery of mail for more than two consecutive days, including as a result of federal holidays. Requires USPS, until December 31, 2018, to provide domestic competitive product service six days per week to each street address that was scheduled to receive package service six days per week as of September 30, 2012.

*This should benefit post offices since retail facilities will remain open on Saturdays for patrons to check mail in boxes, pick up packages and buy mailing products.*

Declares that it is USPS policy to use the most cost-effective primary mode of mail delivery feasible for postal patrons. Requires USPS to implement a program to provide a primary mode of mail delivery other than door delivery to residential and business addresses. Provides for the phase out of door delivery in favor of centralized or curbside delivery, with a waiver allowing door delivery in cases of physical hardship. Requires USPS, by not later than September 30, 2022, to convert not less than 30 million of the door delivery points existing on December 31, 2012, to centralized or curbside delivery.

*While this should help improve the value of post offices, it does not re-enforce the value of patrons renting or receiving a post office box in lieu of curb service or cluster boxes. AUSPL has made a point of stating that post offices are in effect cluster boxes and eliminating the need to invest in cluster boxes. There is a level of liability and maintenance that the USPS will be on the hook for with cluster boxes that they are not for post offices.*

Eliminates the prohibition on closing post offices solely for operating at a deficit. Revises criteria for closing or consolidating a post office to require consideration of: (1) the distance to the closest postal retail facility, (2) weather and terrain, and (3) whether mobile and Internet access service is available to households in the geographic area.

*The prohibition on closings due to operating at a deficit should remain since the vast majority of post offices have always operated in the red under the accounting model used to make this argument. Communities should have some right as to whether a post office closes.*

Reduces the deadline for review of post office closures by the Postal Regulatory Commission (PRC) from 120 to 60 days. Provides for an expedited procedure for issuing PRC advisory opinions concerning post office closures and consolidations. Establishes a 5% annual limit on the number of currently operating rural post offices that can be closed. Requires USPS to provide adequate notice of its intent to close or

consolidate a post office and to provide alternative access to postal services in accordance with community preferences.

This only works if there is a full slate of Commissioners and the PRC has broader authority or is independent of the USPS (note: the PRC is funded by USPS revenue and has limited authority).

Expands the definition of "post office," for purposes of provisions relating to closure or consolidation, to include any postal retail facility as defined by this Act.

This gives the USPS more ease to close facilities if not called a Main Post Office.

Requires USPS to: (1) include in its annual report to PRC information on the overall change in its productivity and the effect of such change on its costs, and (2) develop a plan to close or consolidate 30% of USPS area and district offices existing on September 30, 2012, by October 1, 2015.

(1) Should enhance PRC's value (2) May affect post office closures as it reduces workforce managing mail and post office network.

**Title II: Postal Service Governance - Subtitle A: Temporary Governance Authority** - Establishes the Postal Service Financial Responsibility and Management Assistance Authority (Authority) to operate USPS during a control period in which USPS requires financial assistance and has developed a financial plan and budget to promote its long-term solvency. Provides for the termination of a control period when the Authority, with the concurrence of specified federal officials, certifies to the Office of Management and Budget (OMB) that: (1) for two consecutive fiscal years, USPS expenditures did not exceed its revenues; (2) the Authority has approved a USPS financial plan and budget; and (3) the USPS financial plan and budget includes plans for repayment of debt and the funding of pensions and retiree health benefits.

Requires the Postmaster General, for each fiscal year during a control period, to submit to the Authority a financial plan and budget for the long-term solvency of USPS.

Provides for the dissolution of the Authority after the termination of a control period and the reinstatement of the USPS Board of Governors.

A Congressional Committee managing how the USPS is to improve financially.

**Subtitle B: Other Matters** - Makes the selection of the Inspector General of USPS a presidential appointment (currently, appointed by the USPS Board of Governors). Removes the Postmaster General and the Deputy Postmaster General as members of the USPS Board of Governors.

Grants the Inspector General of USPS oversight responsibility for all activities of the Postal Inspection Service, including any internal investigation performed by the Postal Inspection Service.

This would be good as it creates a truly independent office. The OIG is not only picked by the USPS now but also is funded by USPS revenue and has no authority to reprimand the Postal Service. The OIG has been ineffective in getting the USPS to change course on bad decisions like CBRE or lack of maintenance.

**Title III: Postal Service Workforce** - Prohibits USPS collective bargaining agreements ratified after the enactment of this Act from containing any provision that restricts the use of federal civil service reduction-in-force procedures. Allows USPS and bargaining representatives to agree to alternative reduction-in-force procedures.

Requires USPS to withhold specified amounts from employee wages and pay such amounts into the Federal Employees' Group Life Insurance (FEGLI) Fund and the Federal Employees Health Benefits (FEHB) Fund, beginning not later than January 1, 2020.

Repeals the requirement that the overall value of fringe benefits for postal employees be equal to that of fringe benefits available in 1971.

Revises criteria for determining pay comparability for postal workers to include total compensation and benefits and pay comparability standards of the entire private sector.

Modifies the USPS collective bargaining process to revise deadlines for labor agreements before arbitration begins. Requires the arbitration board to select a final offer package that meets compensation requirements and takes into account the current and long-term financial condition of USPS.

Requires USPS to design and administer a program for the payment of benefits for the disability or death of a USPS employee from personal injury sustained while performing duties as a postal employee. Prohibits such program from making augmented payments to a disabled postal employee based on his or her number of dependents. Requires such program to transition a disabled employee receiving worker compensation benefits to retirement benefits when such employee reaches retirement age.

Sets forth USPS workforce reporting requirements, including a requirement to report on the use of official time by USPS employees.

**Does not have a direct effect on post offices. Seen as an issue internal to USPS operations.**

**Title IV Postal Service Revenue** - Requires (1) each market-dominant class, product, and type of mail service (except for an experimental product or service) to bear the direct and indirect postal costs attributable to such class, product, or service; and (2) rates for any market-dominant class of mail covering less than 90% of its costs to increase annually at a rate of 2% above the rate of inflation.

Repeals the postal rate preference for qualified political committees (a national or State committee of a political party, the Republican and Democratic Senatorial Campaign Committees, the Democratic National Congressional Committee, and the National Republican Congressional Committee).

Requires PRC to promulgate regulations for streamlined after-the-fact review of new agreements between USPS and postal customers for postal rates for competitive products. Requires the Postmaster General to submit such agreements to PRC.

Authorizes USPS to establish and manage a program for offering nonpostal services.

Treats Alaska bypass mail service as a separate competitive product. Requires USPS to establish and maintain rates and fees for matter sent by Alaska bypass mail service that covers at least 30% of the costs attributable to such service in FY2014.

Repeals provisions allowing the USPS to request a public service taxpayer subsidy.

Increases the dollar limitation for market tests of experimental products and the exemption authority for such products.

Should be good overall as it eliminates subsidies to politicians and certain mail.

**Title V: Postal Service Finance** - Requires the Office of Personnel Management (OPM) to transfer annually to the Postal Service Retiree Health Benefits Fund any net projected surpluses between USPS accounts for the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS).

Advances to June 30, 2015, the date on which OPM is required to compute an annual schedule of installment payments for the prefunding of the Postal Service Retiree Health Benefits Fund. Eliminates scheduled payments to such Fund between August 1, 2012, and September 30, 2016.

Authorizes USPS, through FY2022, to borrow money and sell obligations during a control period, subject to approval by the Authority. Increases USPS borrowing authority during such period by \$5 billion. Requires USPS to reduce its total accrued and outstanding obligations by 20% in any fiscal year in which it exercises its borrowing authority.

Establishes in the Treasury the Postal Service Delivery-Point Modernization Fund to finance, through FY2023, the USPS program to provide a primary mode of mail delivery other than door delivery to residences and businesses.

Modifies the prefunding formula for the USPS retirement systems to require: (1) use of the normal-cost percentage method multiplied by the aggregate amount of basic pay payable by USPS to its employees, and (2) consideration of certain demographic factors and economic assumptions regarding wage and salary growth in calculating the normal-cost percentage.

Does not affect post offices directly.

**Title VI: Postal Contracting Reform** - Sets forth provisions for contracting of postal services, including the establishment of an advocate for competition. Requires PRC and USPS to: (1) issue a policy on contracting officer delegations of authority for postal contracts, and (2) make noncompetitive purchase requests for any noncompetitive award of a postal contract publicly available on the Internet.

Sets forth procedures for identifying and resolving ethical issues in the contracting process.

Requires any USPS contract for the procurement of goods and services involving an amount greater than \$250,000 to include a provision that requires a contractor to provide a preference in the hiring of former USPS employees who were separated from service due to a reduction in force and who are not eligible for retirement.

Does not appear to have an affect on post offices.

**Title VII: Other Provisions** - Renames USPS facilities for: (1) Officer Tommy Decker, (2) Richard K. Salick, (3) National Park Ranger Margaret Anderson, and (4) Judge Shirley A. Tolentino.

Requires PRC to make an initial determination that a USPS filing intended to initiate a new proceeding before the Commission presents adequate information upon which PRC may render a decision or advisory opinion.

Prohibits USPS from offering any postage-evidencing product or service that does not comply with the same rules or regulations that would be applicable to the private sector.

Requires the Postmaster General to: (1) appoint a Chief Innovation Officer who shall develop innovative postal and nonpostal products and services, and (2) submit to Congress a comprehensive strategy for maximizing USPS revenues through innovative postal and nonpostal products and services. Directs the Comptroller General (GAO) to study and report on the USPS innovation strategy.

Requires PRC Commissioners to submit itemized reports on their travel and reimbursable business travel expenses.

**No comment.**

**What is not covered in this summary is the amendment by Adrian Smith, (R-NE), that establishes that closures of Rural Post Offices may not exceed more than 5% of the total in any given year. While this is a nice thought, it actually exceeds the amount of closures occurring now and does little to reign in arbitrary USPS closure decisions.**