To improve, sustain, and transform the United States Postal Service.

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2013

Mr. CARPER (for himself and Mr. COBURN) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

A BILL

To improve, sustain, and transform the United States Postal Service.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Postal Reform Act of

2013”.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
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Sec. 404. Chief Innovation Officer; innovation strategy.
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Sec. 502. Federal workers compensation reforms for retirement-age employees.
Sec. 503. Augmented compensation for dependents.
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Sec. 507. Disability management review; independent medical examinations.
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Sec. 515. Technical and conforming amendments.
Sec. 516. Regulations.
Sec. 517. Effective date.

TITLE VI—PROPERTY MANAGEMENT AND EXPEDITED DISPOSAL OF REAL PROPERTY
SEC. 3. DEFINITIONS.

In this Act, the following definitions shall apply:

(1) COMMISSION.—The term “Commission” means the Postal Regulatory Commission.

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

TITLE I—POSTAL SERVICE WORKFORCE

SEC. 101. ANNUAL FEDERAL EMPLOYEE RETIREMENT SYSTEM AND CIVIL SERVICE RETIREMENT SYSTEM ASSESSMENTS.

(a) USE OF POSTAL-SPECIFIC ASSUMPTIONS IN NORMAL COST CALCULATION.—

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

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) in clause (i), by inserting “or

(C)” after “subparagraph (B)”;

(II) in clause (ii), by striking

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

(iii) by adding at the end the following:

"(C) the product of—

"(i) the normal-cost percentage, as determined for employees of the United States Postal Service under paragraph (5), multiplied by

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

and

(B) by adding at the end the following:

"(5)(A) In determining the normal-cost percentage for employees of the United States Postal Service, the Office shall use—

"(i) demographic factors specific to the employees; and

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

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

“(i) upon request of the United States Postal Service, but no more frequently than once each fiscal year; and

“(ii) at any additional times, as the Office considers appropriate.”.

(2) INITIAL DETERMINATION.—Not later than 90 days after the date of enactment of this Act, the Office shall determine the normal-cost percentage for employees of the United States Postal Service in accordance with the requirements under section 8423(a)(5) of title 5, United States Code, as added by paragraph (1).

(b) POSTAL FUNDING SURPLUS OR LIABILITY.—

(1) TREATMENT OF POSTAL FUNDING SURPLUS.—Section 8423(b) of title 5, United States Code, is amended—
(A) by redesignating paragraph (5) as paragraph (6); and

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

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

“(B)(i) After the date on which the Office determines or redetermines under paragraph (7)(C) the amount of supplemental liability computed under paragraph (1)(B) as of the close of the fiscal year ending on September 30, 2013, and if such amount is less than zero, the Postmaster General may request that some or all of the amount of the postal funding surplus be returned to the Postal Service, and not later than 10 days after the request, the Director shall transfer to the United States Postal Service from the Fund an amount equal to the portion of the postal funding surplus requested for use in accordance with this subparagraph.

“(ii) Of the amount transferred under clause (i), not more than $6,000,000,000 may be used by the United States Postal Service for the purposes of
repaing any obligation issued under section 2005(a) of title 39.

“(C) If the amount of supplemental liability computed under paragraph (1)(B) as of the close of any fiscal year commencing after September 30, 2013, is less than zero, the Office shall establish an amortization schedule, including a series of annual installments, to be transferred to the United States Postal Service from the Fund, commencing on September 30 of the subsequent fiscal year, which provides for the liquidation of the postal funding surplus by September 30, 2054.”.

(2) **Supplemental liability calculation.—**

(A) **FERS.—**Section 8423(b) of title 5, United States Code, as amended by paragraph (1) of this subsection, is amended—

(i) in paragraph (6), as so redesignated, in the matter preceding subparagraph (A), by striking “For the purpose” and inserting “Subject to paragraph (7), for the purpose”; and

(ii) by adding at the end the following:
“(7)(A) For the purpose of carrying out paragraph (1)(B) with respect to the fiscal year ending September 30, 2013, and each fiscal year thereafter, the Office shall, consistent with subsection (a)(5), use—

“(i) demographic factors specific to current and former employees of the United States Postal Service; and

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

“(B) The United States Postal Service shall provide any data or projections the Office requires in order to carry out paragraph (1)(B) consistent with subparagraph (A) of this paragraph.

“(C) Not later than June 14, 2014, the Office shall determine or redetermine whether there is a postal funding surplus (as defined in paragraph (5)) or a supplemental liability described in paragraph (1)(B) (and the amount thereof) as of the close of the fiscal year ending on September 30, 2013, in accordance with the requirements under subparagraph (A) of this paragraph.”.
(B) CSRS.—Section 8348(h) of title 5, United States Code, is amended—

(i) in paragraph (2), by striking subparagraph (B) and inserting the following:

“(B)(i)(I) Not later than June 14, 2014, the Office shall redetermine the Postal surplus or supplemental liability as of the close of the fiscal year ending on September 30, 2013, in accordance with the requirements under paragraph (4).

“(II) If the result of the redetermination under subclause (I) is a surplus, that amount shall remain in the Fund until distribution is authorized under subparagraph (C).

“(III) If the result of the redetermination under subclause (I) is a supplemental liability, the Office shall establish an amortization schedule, including a series of annual installments commencing on September 30, 2015, which provides for the liquidation of such liability by September 30, 2054.

“(ii)(I) The Office shall redetermine the Postal surplus or supplemental liability as of the close of each fiscal year beginning after September 30, 2013, in accordance with the requirements under paragraph (4).

“(II) If the result of the redetermination under subclause (I) is a surplus, that amount shall remain in the
Fund until distribution is authorized under subparagraph (C).

“(III) On and after June 15, 2015, if the result of the redetermination under subclause (I) is a supplemental liability, the Office shall establish an amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for the liquidation of such liability by September 30, 2054.”; and

(ii) by adding at the end the following:

“(4)(A) For the purpose of carrying out paragraphs (1) and (2), the Office shall, consistent with section 8423(a)(5), use—

“(i) demographic factors specific to current and former employees of the United States Postal Service; and

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

“(B) The United States Postal Service shall provide any data or projections the Office requires in order to carry out paragraphs (1) and (2) consistent with subparagraph (A) of this paragraph.”.
SEC. 102. POSTAL SERVICE AUTHORITY TO NEGOTIATE RETIREMENT BENEFIT TERMS FOR NEW EMPLOYEES.

(a) Authority To Negotiate Retirement Benefit Terms.—

(1) Collective bargaining over certain retirement benefits.—Section 1005 of title 39, United States Code, is amended by adding at the end the following:

“(g)(1) In this subsection—

“(A) the term ‘collective bargaining agreement’ means a collective bargaining agreement between the Postal Service and a bargaining representative recognized under section 1203 entered into after the date of enactment of the Postal Reform Act of 2013;

“(B) the term ‘new employee’ means an individual who becomes an officer or employee of the Postal Service after the date of enactment of the Postal Reform Act of 2013;

“(C) the term ‘not covered under the FERS defined benefit plan’, with respect to an officer or employee of the Postal Service, means that service by the officer or employee of the Postal Service as an officer or employee of the Postal Service shall not be creditable service for purposes of chapter 84 of title 5.
“(2)(A) A collective bargaining agreement may pro-
vide, notwithstanding chapter 84 of title 5, that some or
all new employees covered under the collective bargaining
agreement shall be not covered under the FERS defined
benefit plan.

“(B) If a new employee is not covered under the
FERS defined benefit plan pursuant to a collective bar-
gaining agreement, any subsequent service by the new em-
ployee as an officer or employee of the Postal Service shall
be not covered under the FERS defined benefit plan.

“(C) Subject to the requirements under this sub-
section, a collective bargaining agreement may include one
or more additional retirement benefit plans for the benefit
of some or all new employees covered under the collective
bargaining agreement.

“(3)(A) A collective bargaining agreement may estab-
lish, with respect to some or all new employees covered
under the collective bargaining agreement—

“(i) without regard to section 8422 of title 5,
and subject to subparagraph (C) of this paragraph
and paragraph (2)(B), the amounts to be deducted
and withheld from the pay of the new employees for
deposit in the Treasury of the United States to the
credit of the Civil Service Retirement and Disability
Fund;
“(ii) without regard to section 8432 of title 5, whether the Postal Service shall make contributions to the Thrift Savings Fund for the benefit of the new employees, and, if the Postal Service shall make such contributions, the amounts that the Postal Service shall contribute; and

“(iii) for any retirement benefit plan established under the bargaining agreement, the amounts to be deducted and withheld from the pay of the new employees under the retirement benefit plan for the benefit of the new employees.

“(B) Except as provided in paragraph (2)(B), a collective bargaining agreement may establish the amounts described in subparagraph (A)(i) with respect to some or all new employees who were covered under a previous collective bargaining agreement.

“(C) The Postal Service shall, under section 8422(c) of title 5, deposit in the Treasury to the credit of the Civil Service Retirement and Disability Fund the amount that the Postal Service would have deducted and withheld from the basic pay of each officer and employee of the Postal Service, except an officer or employee who is not covered under the FERS defined benefit plan, without regard to subparagraph (A)(i) or any agreement regarding amounts to be deducted and withheld under subparagraph (A)(i).
“(4) If any new employee is not covered under the FERS defined benefit plan pursuant to a collective bargaining agreement, any member of the Postal Career Executive Service shall be not covered under the FERS defined benefit plan on and after the effective date of the collective bargaining agreement.

“(5) Except as provided in paragraph (3)(A), nothing in this subsection or in a provision of a collective bargaining agreement entered under this subsection shall affect the coverage of an officer or employee of the Postal Service under subchapter III of chapter 84 of the United States Code (relating to the Thrift Savings Plan).”.

(2) APPLICABILITY OF LAWS RELATING TO FEDERAL EMPLOYEES.—Section 1005 of title 39, United States Code, is amended—

(A) in subsection (d)(1), by striking “Officers” and inserting “Except as provided in subsection (g), officers”; and

(B) in subsection (f), in the second sentence—

(i) by inserting “84,” before “87,”;

and

(ii) by striking “this subsection.” and inserting “this subsection or subsection (g).”.
(b) **Special Rules Relating to FERS Coverage for Covered Postal Employees.**—

(1) **In General.**—Subchapter II of chapter 84 of title 5, United States Code, is amended by adding at the end the following:

"§ 8426. Postal Service retirement

"The application of sections 8422 and 8423 of this title and subchapters III and VII of this chapter with respect to an officer or employee of the Postal Service may be modified as provided under section 1005(g) of title 39."

(2) **Technical and Conforming Amendments.**—The table of sections for chapter 84 of title 5, United States Code, is amended by adding at the end the following:

"8426. Postal Service retirement."

**SEC. 103. RESTRUCTURING OF PAYMENTS FOR RETIREE HEALTH BENEFITS.**

(a) **Contributions.**—Section 8906(g)(2)(A) of title 5, United States Code, is amended by striking "through September 30, 2016, be paid by the United States Postal Service, and thereafter shall" and inserting "after the date of enactment of the Postal Reform Act of 2013".

(b) **Postal Service Retiree Health Benefits Fund.**—Section 8909a of title 5, United States Code, is amended—
(1) in subsection (d)—

(A) by striking paragraph (2) and insert-
ing the following:

“(2)(A) Not later than June 30, 2016, the Office
shall compute, and by June 30 of each succeeding year,
the Office shall recompute, a schedule including a series
of annual installments which provide for the liquidation
of the amount described under subparagraph (B) (regard-
less of whether the amount is a liability or surplus) by
September 30, 2052, or within 15 years, whichever is
later, including interest at the rate used in the computa-
tions under this subsection.

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

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

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

(B) in paragraph (3)—

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

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

(III) by striking clauses (v) through (x); and

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

(C) by amending paragraph (4) to read as follows:

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

“(A) economic and actuarial methods and assumptions consistent with the methods and assumptions used in determining the Postal surplus or supplemental liability under section 8348(h); and

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

(D) by adding at the end the following:

“(7) In this subsection, the term ‘Postal Service actuarial liability’ means the difference between—
“(A) the net present value of future payments required under section 8906(g)(2)(A) for current and future United States Postal Service annuitants; and

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

(2) by adding at the end the following:

“(e) Subsections (a) through (d) of this section shall be subject to section 104 of the Postal Reform Act of 2013.”.

(c) CANCELLATION OF CERTAIN UNPAID OBLIGATIONS OF THE POSTAL SERVICE.—Any obligation of the Postal Service under section 8909a(d)(3)(A) of title 5, United States Code, as in effect on the day before the date of enactment of this Act, that remains unpaid as of such date of enactment is cancelled.

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

SEC. 104. POSTAL SERVICE HEALTH BENEFITS PLAN.

(a) DEFINITIONS.—In this section—
(1) the term “bargaining representative” means a bargaining representative recognized under section 1203 of title 39, United States Code;

(2) the term “covered employee” means an officer or employee of the Postal Service who is—

   (A) represented by a bargaining representative; or

   (B) a member of the Postal Career Executive Service;

(3) the term “Federal Employee Health Benefits Program” means the health benefits program under chapter 89 of title 5, United States Code;

(4) the term “participant” means—

   (A) a covered employee who is—

      (i) represented by a bargaining representative that enters into an agreement to establish a Postal Service Health Benefits Plan; or

      (ii) if any bargaining representative enters into an agreement to establish a Postal Service Health Benefits Plan, a member of the Postal Career Executive Service; and

   (B) an officer or employee of the Postal Service who—
(i) is not a covered employee; and

(ii) elects to participate in the Postal Service Health Benefits Plan; and

(5) the term “Postal Service Health Benefits Plan” means the health benefits plan that may be agreed to under subsection (b)(1).

(b) COLLECTIVE BARGAINING.—

(1) IN GENERAL.—Consistent with section 1005(f) of title 39, United States Code, the Postal Service may negotiate individually or jointly with bargaining representatives and enter into a collective bargaining agreement or agreements with 1 or more of those bargaining representatives to establish a single Postal Service Health Benefits Plan that—

(A) satisfies the conditions under subsection (c); and

(B) may be a health benefits plan offered under chapter 89 of title 5, United States Code.

(2) CONSULTATION WITH OPM.—The Postal Service and bargaining representatives shall conduct negotiations under paragraph (1) in consultation with the Director of the Office of Personnel Management.

(3) CONSULTATION WITH SUPERVISORY AND MANAGERIAL PERSONNEL.—In the course of nego-
tions under paragraph (1), the Postal Service shall consult with each of the organizations of supervisory and other managerial personnel that are recognized under section 1004 of title 39, United States Code, concerning the views of the personnel represented by each of those organizations.

(4) Disputes.—If the Postal Service or a bargaining representative offers a proposed agreement for negotiation under paragraph (1) and the parties do not reach agreement within 180 days after the commencement of collective bargaining on the proposal, the procedures under section 1207(d) of title 39, United States Code, shall apply upon the election of any party to the negotiations.

(5) Time limitation.—The authority under this subsection shall extend until the date that is 2 years after the date of enactment of this Act.

(e) Postal Service Health Benefits Plan.—

The Postal Service Health Benefits Plan—

(1) shall—

(A) be available for participation by—

(i) all covered employees represented by a bargaining representative entering an agreement described in subsection (b)(1); and
(ii) all covered employees who are members of the Postal Career Executive Service;

(B) be available for participation by any officer or employee of the Postal Service who is not a covered employee, at the option solely of that officer or employee;

(C) provide coverage that is actuarially equivalent to the coverage offered under the types of plans available under the Federal Employee Health Benefits Program, as determined by the Director of the Office of Personnel Management;

(D) be administered in a manner determined in an agreement or agreements reached under subsection (b);

(E) unless the Postal Service Health Benefits Plan is a health benefits plan offered under chapter 89 of title 5, United States Code, provide for transition of coverage under the Federal Employee Health Benefits Program of all participants in the Postal Service Health Benefits Plan to coverage under the Postal Service Health Benefits Plan; and
(F) if the Postal Service Health Benefits Plan is a health benefits plan offered under chapter 89 of title 5, United States Code, and except as provided in section 8903c of title 5, United States Code, as added by section 105 of this Act, provide that the Postal Service Health Benefits Plan is the only health benefits plan under the Federal Employee Health Benefits Program in which a participant in the Postal Service Health Benefits Plan may participate as an employee;

(2) may provide dental benefits; and

(3) may provide vision benefits.

(d) AGREEMENT AND IMPLEMENTATION.—If an agreement or agreements are reached under subsection (b) to provide a Postal Service Health Benefits Plan—

(1) the Postal Service shall implement the Postal Service Health Benefits Plan;

(2) the Postal Service Health Benefits Plan shall constitute an agreement between the collective bargaining representatives and the Postal Service for purposes of section 1005(f) of title 39, United States Code; and

(3) unless the Postal Service Health Benefits Plan is a health benefits plan offered under chapter
89 of title 5, United States Code, participants in the Postal Service Health Benefits Plan may not participate as employees in the Federal Employees Health Benefits Program.

(e) GOVERNMENTAL PLAN.—The Postal Service Health Benefits Plan shall be a governmental plan as that term is defined under section 3(32) of Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(32)).

(f) REPORT.—Not later than 6 months after the earlier of the date on which any agreement is reached under subsection (b) and June 30, 2016, the Postal Service shall submit a report 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 that—

(1) reports on the implementation of this section; and

(2) requests any additional statutory authority that the Postal Service determines is necessary to carry out the purposes of this section.

SEC. 105. MEDICARE COORDINATION EFFORTS FOR POSTAL SERVICE EMPLOYEES AND RETIREES.

(a) ADDITIONAL ENROLLMENT OPTIONS UNDER FEDERAL EMPLOYEES HEALTH BENEFITS PLANS.—
Chapter 89 of title 5, United States Code, is amended by inserting after section 8903b the following:

"§ 8903c. Coordination with Medicare for Postal Service employees and annuitants

“(a) DEFINITIONS.—In this section—

“(1) the term ‘contract year’ means a calendar year in which health benefits plans are administered under this chapter;

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

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

“(4) the term ‘Postal Service employee or annuitant’ means an individual who is—

“(A) an employee of the Postal Service covered under this chapter; or

“(B) an annuitant covered under this chapter whose Government contribution is paid by the Postal Service or the Postal Service Retiree Health Benefits Fund under section 8906(g)(2)."
“(b) Enrollment Options.—

“(1) Establishment.—

“(A) In general.—For contract years beginning on or after January 1, 2015, the Office shall establish enrollment options for health benefits plans that are open only to Postal Service employees and annuitants, and family members of a Postal Service employee or annuitant, who are enrolled in Medicare part A and Medicare part B.

“(B) Additional plans.—The enrollment options established under this subsection shall be in addition to any other health benefit plan or enrollment option otherwise available to Postal Service employees or annuitants under this chapter and shall not affect the eligibility of a Postal Service employee or annuitant for any another health benefit plan or enrollment option under this chapter.

“(2) Enrollment eligibility.—

“(A) In general.—Any Postal Service employee or annuitant, or family member of a Postal Service employee or annuitant, who is enrolled in Medicare part A and Medicare part
B may enroll in 1 of the enrollment options established under paragraph (1).

“(B) Determination of Eligibility.—Eligibility to enroll in an enrollment option established under paragraph (1) shall be determined without regard to the requirements under section 8905(b).

“(3) Value of Coverage.—The Office shall ensure that the aggregate actuarial value of coverage under the enrollment options established under this subsection, in combination with the value of coverage under Medicare part A and Medicare part B, shall be not less than the actuarial value of the most closely corresponding enrollment options for each plan available under section 8905, in combination with the value of coverage under Medicare part A and Medicare part B.

“(4) Enrollment Options.—

“(A) In general.—The enrollment options established under paragraph (1) shall include—

“(i) an individual option, for Postal Service employees or annuitants enrolled in Medicare part A and Medicare part B;
“(ii) a self and family option, for Postal Service employees or annuitants and family members who are each enrolled in Medicare part A and Medicare part B; and

“(iii) a self and family option, for Postal Service employees or annuitants—

“(I) who are enrolled in Medicare part A and Medicare part B; and

“(II) the family members of whom are not enrolled in Medicare part A or Medicare part B.

“(B) Specific sub-options.—The Office may establish more specific enrollment options within the types of options described under sub-paragraph (A).

“(5) Reduced premiums to account for Medicare coordination.—In determining the premiums for the enrollment options under paragraph (4), the Office shall—

“(A) establish a separate risk pool for individuals eligible for coverage under any of those options; and

“(B) ensure that—
“(i) the premiums are reduced from the premiums otherwise established under this chapter to directly reflect the full cost savings to the health benefits plans due to the complete coordination of benefits with Medicare part A and Medicare part B for Postal Service employees or annuitants, or family members of Postal Service employees or annuitants, who are enrolled in Medicare part A and Medicare part B; and

“(ii) the cost savings described under clause (i) result solely in the reduction of—

“(I) the premiums paid by the Postal Service employee or annuitant;

and

“(II) the Government contributions paid by the Postal Service or other employer.

“(c) POSTAL SERVICE CONSULTATION.—The Office shall establish the enrollment options and premiums under this section in consultation with the Postal Service.”.

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

"8903c. Coordination with Medicare for Postal Service employees and annuitants."

(c) **Effective Date.**—The amendments made by subsection (a) shall apply with respect to contract years beginning on or after January 1, 2015.

(d) **Special Enrollment Period for Postal Service Employees and Annuitants.**—

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

"(m)(1) In the case of any individual who, as of the date of enactment of the Postal Reform Act of 2013, is a Postal Service employee or annuitant (as defined in section 8903c(a) of title 5, United States Code) at the time the individual is entitled to part A under section 226 or section 226A and who is eligible to enroll but who has elected not to enroll (or to be deemed enrolled) during the individual’s initial enrollment period, there shall be a special enrollment period described in paragraph (2).

"(2) The special enrollment period described in this paragraph, with respect to an individual, is the 1-year period beginning on July 1, 2014."
“(3) In the case of an individual who enrolls during the special enrollment period provided under paragraph (1), the coverage period under this part shall begin on the first day of the month in which the individual enrolls.”.

(2) Waiver of Increase of Premium.—Section 1839(b) of the Social Security Act (42 U.S.C. 1395r(b)) is amended by striking “(i)(4) or (l)” and inserting “(i)(4), (l), or (m)”.

SEC. 106. LABOR DISPUTES.

Section 1207(c) of title 39, United States Code, is amended—

(1) in paragraph (2)—

(A) by inserting “(A)” after “(2)”;

(B) by striking the last sentence and inserting “The arbitration board shall render a decision not later than 45 days after the date of its appointment.”; and

(C) by adding at the end the following:

“(B) In rendering a decision under this paragraph, the arbitration board shall consider such relevant factors as the financial condition of the Postal Service.”; and

(2) by adding at the end the following:

“(4) Nothing in this section may be construed to limit the relevant factors that the arbitration
board may take into consideration in rendering a de-
cision under paragraph (2).”.

**TITLE II—POSTAL SERVICE OPERATIONS**

**SEC. 201. MAINTENANCE OF DELIVERY SERVICE STAND-ARDS.**

During the 2-year period beginning on the date of enactment of this Act, the Postal Service shall maintain the service standards for first-class mail and periodicals under part 121 of title 39, Code of Federal Regulations, as in effect on the date of enactment of this Act.

**SEC. 202. PRESERVING MAIL PROCESSING CAPACITY.**

(a) **DEFINITION OF POSTAL FACILITY.**—In this section, the term “postal facility” means a processing and distribution center, processing and distribution facility, network distribution center, or other facility that is operated by the Postal Service, the primary function of which is to sort and process mail.

(b) **MORATORIUM ON CLOSURES OF POSTAL FACILITIES.**—During the 2-year period beginning on the date of enactment of this Act, the Postal Service may not close or consolidate any postal facility that is open as of the date of enactment of this Act.
SEC. 203. PRESERVING COMMUNITY POST OFFICES.

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

(1) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively;

(2) by striking paragraphs (1) through (4) and inserting the following:

“(d)(1) In this subsection, the term ‘post office’ means a post office, post office branch, post office classified station, or other facility that is operated by the Postal Service, the primary function of which is to provide retail postal services.

“(2) The Postal Service, prior to making a determination under subsection (a)(3) of this section as to the necessity for the discontinuance of any post office, shall, to the extent practicable and appropriate—

“(A) consider whether—

“(i) to discontinue the post office and another post office located within a reasonable distance;

“(ii) instead of discontinuing the post office—

“(I) to reduce the number of hours a day that the post office operates; or

“(II) to continue operating the post office for the same number of hours a day;
“(iii) to procure a contract providing full, or less than full, retail services in the community served by the post office; or
“(iv) to provide postal services to the community served by the post office—
“(I) through a letter carrier; or
“(II) by co-locating postal services at a commercial or government entity;
“(B) provide postal customers served by the post office an opportunity to present their views, which may be by nonbinding survey conducted by mail; and
“(C) if the Postal Service determines to discontinue the post office, provide adequate public notice of its intention to discontinue such post office at least 60 days prior to the proposed date of such discontinuance to persons served by such post office.
“(3) The Postal Service, in making a determination whether or not to discontinue a post office—
“(A) shall consider, to the extent practicable and appropriate—
“(i) the effect of the discontinuance on the community served by such post office;
“(ii) the effect of the discontinuance on businesses, including small businesses, in the area;

“(iii) the effect of such discontinuance on employees of the Postal Service employed at such office;

“(iv) whether such discontinuance is consistent with the policy of the Government, as stated in section 101(b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

“(v) the extent to which the community served by the post office lacks access to Internet phone service;

“(vi) the extent to which postal customers served by the post office would continue after the discontinuance to receive substantially similar access to essential items and time-sensitive communications;

“(vii) the proximity and accessibility of other post offices;
“(viii) whether substantial economic savings to the Postal Service would result from such discontinuance; and

“(ix) such other factors as the Postal Service determines are necessary; and

“(B) may not consider compliance with any provision of the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.).

“(4) Any determination of the Postal Service to discontinue a post office shall be in writing and shall include the findings of the Postal Service, to the extent practicable and appropriate, with respect to the considerations required to be made under paragraph (3) of this subsection. Such determination and findings shall be made available to persons served by such post office by public notice.

“(5)(A) The Postal Service shall take no action to discontinue a post office until 60 days after its written determination is made available to persons served by such post office.

“(B) The Postal Service shall take no action to discontinue a post office until 60 days after the Postal Service provides written notice of the determination under paragraph (4) to the State board of elections for the State in which the post office is located.”;
(3) in paragraph (6), as redesignated by this section—

(A) by striking “close or consolidate” and inserting “discontinue”; and

(B) by striking “paragraph (3)” and inserting “paragraph (4)”; and

(4) in paragraph (7), as redesignated by this section, by striking “paragraph (5)” and inserting “paragraph (6)”.

SEC. 204. CHANGES TO MAIL DELIVERY SCHEDULE.

(a) LIMITATION ON CHANGE IN SCHEDULE.—The Postal Service may establish a general, nationwide delivery schedule of 5 or fewer days per week to street addresses under the authority of the Postal Service under title 39, United States Code, if—

(1) the Postal Service determines that such a delivery schedule would contribute to the achievement of long-term solvency; and

(2) not less than 1 year has elapsed since the date of enactment of this Act.

(b) IMPLEMENTATION.—

(1) IN GENERAL.—If the Postal Service intends to establish a change in delivery schedule under subsection (a), the Postal Service, to the extent practicable and appropriate, shall—
(A) identify customers and communities for which the change may have a disproportionate, negative impact, including small business customers and the customers identified as “particularly affected” in the Advisory Opinion on Elimination of Saturday Delivery issued by the Commission on March 24, 2011;

(B) develop measures to ameliorate any disproportionately negative impact the change would have on customers and communities identified under paragraph (1); and

(C) not later than 3 months before the effective date for any proposed change, submit a report that includes the determination required under subsection (a)(1) and details any measures developed pursuant to subparagraph (B) of this paragraph to—

(i) the Committee on Homeland Security and Governmental Affairs of the Senate;

(ii) the Committee on Oversight and Government Reform of the House of Representatives; and

(iii) the Commission.
(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to affect the authority of the Postal Service to establish a nationwide delivery schedule of 5 or fewer days per week if the conditions in subsection (a) are satisfied.

(c) GAO REPORT.—Not later than 270 days after the date of enactment of this Act, the Comptroller General of the United States shall submit 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 a report evaluating the extent to which a change in delivery schedule would improve the financial condition of the Postal Service and assist in the efforts of the Postal Service to achieve long-term solvency, taking into consideration other ongoing and planned efforts to increase revenue and reduce costs, consistent with the requirements of this Act.

(d) RULES OF CONSTRUCTION.—Nothing in this section shall be construed to—

(1) require the decrease or increase in delivery frequency for any route for which the Postal Service provided delivery on fewer than 6 days per week as of the date of enactment of this Act;

(2) authorize any change in—
(A) the days and times that postal retail service or any mail acceptance is available at postal retail facilities or processing facilities; or

(B) the locations at which postal retail service or mail acceptance occurs at postal retail facilities or processing facilities;

(3) require any change in the frequency of delivery to a post office box;

(4) prohibit the collection or delivery of a competitive mail product on a weekend, a recognized Federal holiday, or any other specific day of the week; or

(5) prohibit the Postal Service from exercising its authority to make changes to processing or retail networks.

(e) PACKAGES.—Notwithstanding any other provision of this section, for a period of not less than 2 years, beginning on the date of enactment of this Act, the Postal Service shall provide package service—

(1) 6 days per week to each street address that was eligible to receive package service 6 days per week as of January 1, 2013; and

(2) 7 days per week to each street address for which the Postal Service determines that such serv-
ice provides an economic benefit to the Postal Service.

(f) MAILBOX ACCESS.—If the Postal Service establishes a general, nationwide delivery schedule of 5 or fewer days per week consistent with the provisions of this section, the Postal Service shall amend the Mailing Standards of the United States, Domestic Mail Manual to ensure that the provisions of section 508.3.2.10 of such manual, as in effect on January 1, 2013, shall apply on any day on which the Postal Service does not deliver the mail under the established delivery schedule.

SEC. 205. DELIVERY POINT MODERNIZATION.

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

“§ 3692. Delivery point modernization

“(a) DEFINITIONS.—In this section, the following definitions shall apply:

“(1) CENTRALIZED DELIVERY.—The term ‘centralized delivery’ means a primary mode of mail delivery whereby mail is delivered to a group or cluster of mail receptacles at a single location.

“(2) CURBSIDE DELIVERY.—The term ‘curbside delivery’ means a primary mode of mail delivery whereby mail is delivered to a mail receptacle that
is situated at the edge of a public sidewalk abutting a road or curb, at a road, or at a curb.

“(3) DELIVERY POINT.—The term ‘delivery point’ means a mailbox or other receptacle to which mail is delivered.

“(4) DISTRICT OFFICE.—The term ‘district office’ means the central office of an administrative field unit with responsibility for postal operations in a designated geographic area (as defined under regulations, directives, or other guidance of the Postal Service).

“(5) DOOR DELIVERY.—The term ‘door delivery’—

“(A) means a primary mode of mail delivery whereby mail is—

“(i) delivered to a mail receptacle at or near a postal customer’s door; or

“(ii) hand-delivered to a postal customer; and

“(B) does not include curbside or centralized delivery.

“(6) PRIMARY MODE OF MAIL DELIVERY.—The term ‘primary mode of mail delivery’ means the typical method by which the Postal Service delivers mail to the delivery point of a postal customer.
“(b) Policy.—Except as otherwise provided in this section, including paragraphs (4) and (5) of subsection (c), it shall be the policy of the Postal Service to use the primary mode of mail delivery that is most cost-effective and is in the best long-term interest of the Postal Service.

“(c) Conversion to Other Delivery Modes.—

“(1) New addresses.—Except as provided in paragraphs (4) and (5), the Postal Service shall provide centralized delivery to new addresses established after the date of enactment of the Postal Reform Act of 2013, or if centralized delivery is not practicable shall provide curbside delivery.

“(2) Business address conversion.—The Postal Service shall carry out a program to convert business addresses with door delivery on the date of enactment of the Postal Reform Act of 2013 to centralized delivery or to curbside delivery.

“(3) Residential address conversion.—

“(A) Identification.—Not later than 9 months after the date of enactment of the Postal Reform Act of 2013, the head of each district office of the Postal Service shall identify residential addresses within the district office’s service area that are appropriate candidates for conversion from door delivery to another pri-
mary mode of delivery, in accordance with standards established by the Postal Service.

"(B) VOLUNTARY CONVERSION.—Not later than 1 year after the date of enactment of the Postal Reform Act of 2013, and consistent with subsection (b) and paragraph (4), the Postal Service shall begin implementation of a program to convert, on a voluntary basis, the addresses identified under subparagraph (A) from door delivery to a more cost-effective primary mode of delivery.

"(C) PROCEDURES.—In pursuing conversion under subparagraph (B), the Postal Service shall establish procedures to—

"(i) solicit and consider input from postal customers, State and local governments, local associations, and property owners; and

"(ii) place centralized delivery points in locations that maximize delivery efficiency, ease of use for postal customers, and respect for private property rights.

"(4) EXCEPTIONS.—In establishing a primary mode of mail delivery for new addresses under paragraph (1) or converting the primary mode of mail
delivery for an address under paragraph (2) or (3),
the Postal Service may provide door delivery if—

“(A) a physical barrier precludes the effi-
cient provision of centralized delivery or
curbside delivery;

“(B) the address is located in a registered
historic district, as that term is defined in sec-
tion 47(c)(3)(B) of the Internal Revenue Code
of 1986; or

“(C) the Postal Service determines that
the provision of centralized delivery or curbside
delivery would be impractical, would not be
cost-effective, or would not be in the best long-
term interest of the Postal Service.

“(5) WAIVER FOR PHYSICAL HARDSHIP.—The
Postal Service shall establish and maintain a waiver
program under which, upon the application of a
postal customer, door delivery may be continued or
provided to a delivery point if—

“(A) centralized delivery or curbside deliv-
ery would, but for this paragraph, be the pri-
mary mode of mail delivery for the delivery
point; and
“(B) a physical hardship prevents the postal customer from receiving his or her mail through any other form of mail delivery.”.

(b) Clerical Amendment.—The table of sections for subchapter VII of chapter 36 of title 39, United States Code, is amended by adding at the end the following:

“3692. Delivery point modernization.”.

SEC. 206. POSTAL SERVICES FOR MARKET-DOMINANT PRODUCTS.

(a) In General.—Strike section 3661 of title 39, United States Code, and insert the following:

“§3661. Postal services for market-dominant products

“(a) General Obligation.—The Postal Service shall develop and promote adequate and efficient postal services with respect to its market-dominant products.

“(b) Change in Service.—The Board of Governors of the Postal Service is authorized to determine whether there should be a change in the nature of postal service provided for market-dominant products that will generally affect such service on a nationwide or substantially nationwide basis. The authority under this subsection may not be delegated to the Postmaster General or to any other individual or entity.

“(c) Notice, Comment, and Review.—

“(1) Notice.—
“(A) In general.—Not later than 60 days before the date on which any change in service under subsection (b) is implemented, the Board of Governors shall provide public notice of the proposed change in service implementation of the proposed change, including any adjustment in classes or rates proposed to be made under this section.

“(B) Publication.—The notice required by subparagraph (A) shall be—

“(i) published in the Federal Register and on the website of the Postal Service; and

“(ii) provided to the Postal Regulatory Commission.

“(C) Contents.—The notice required by subparagraph (A) shall describe the proposed change in service, and address the consistency of the change with the policies of this title, including its effect on the provision of universal postal service.

“(2) Public comment.—The Board of Governors shall solicit and receive public comments on any proposed change in service under subsection (b). The Board shall give interested persons an oppor-
tunity to comment on the proposed change in service through the submission of written data, views, or arguments, with or without opportunity for oral presentation, and shall take any relevant matter presented into consideration in making its final determination regarding the proposed change in service.

“(3) FINAL DECISION.—Not later than 30 days before the date on which a change in service under subsection (b) takes effect, the Board of Governors shall issue a final decision on the change in service which shall—

“(A) be published in the Federal Register and on the website of the Postal Service; and

“(B) include an explanation responding to all relevant comments received.

“(4) COMMISSION REVIEW.—Any change in service made by the Board of Governors under this section shall be subject to review by the Commission under section 3662.

“(d) LIMITATION.—Nothing in this section shall be construed as authorizing the making of changes under this section to the nature of service provided for competitive products. For a change that affects the nature of service provided for both market-dominant products and competi-
tive products, only the effect on market-dominant products shall be subject to this section.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 36 of title 39, United States Code, is amended by striking the item relating to section 3661 and inserting the following: “3661. Postal services for market-dominant products.”.

TITLE III—POSTAL SERVICE

REVENUE

SEC. 301. POSTAL RATES.

(a) MODERN RATE SYSTEM.—

(1) IN GENERAL.—Chapter 36 of title 39, United States Code, is amended by striking section 3622 and inserting the following: “§ 3622. Modern rate system

“(a) AUTHORITY GENERALLY.—The Board of Governors of the Postal Service shall establish, and may from time to time thereafter revise, a system of classes and rates for market-dominant products, consistent with the requirements of this section. The authority under this section may not be delegated to the Postmaster General or to any other individual or body.

“(b) OBJECTIVES.—Such system shall be designed to achieve the following objectives, each of which shall be applied in conjunction with the others:
“(1) To maximize incentives for the Postal Service to reduce costs and increase efficiency.

“(2) To create predictability and stability in rates through the establishment of a schedule whereby rates change at regular intervals by predictable amounts.

“(3) To maintain high quality service standards established under section 3691.

“(4) To assure adequate revenues, including retained earnings, to maintain financial stability.

“(5) To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall not be construed to prohibit the Board of Governors from making changes of unequal magnitude within, between, or among classes of mail.

“(6) To enhance mail security and deter terrorism.

“(7) To allocate the total institutional costs of the Postal Service appropriately between market-dominant and competitive products, in accordance with regulations established by the Postal Regulatory Commission under section 3633.

“(c) FACTORS.—In establishing or revising such system, the Board of Governors shall take into account—
“(1) the value of the mail service actually pro-
vided each class or type of mail service to both the
sender and the recipient, including but not limited to
the collection, mode of transportation, and priority
of delivery;

“(2) the direct and indirect postal costs attrib-
utable to each class or type of mail service through
reliably identified causal relationships and that por-
tion of all other costs of the Postal Service reason-
ably assignable to such class or type;

“(3) the effect of rate increases upon the gen-
eral public, business mail users, and enterprises in
the private sector of the economy engaged in the de-
ivery of mail matter other than letters;

“(4) the available alternative means of sending
and receiving letters and other mail matter at rea-
sonable costs;

“(5) the simplicity of structure for the entire
schedule and simple, identifiable relationships be-
tween the rates or fees charged the various classes
of mail for postal services;

“(6) the relative value to the people of the
kinds of mail matter entered into the postal system
and the desirability and justification for special clas-
sifications and services of mail;
“(7) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;

“(8) the desirability of special classifications for both postal users and the Postal Service in accordance with the policies of this title;

“(9) the educational, cultural, scientific, and informational value to the recipient of mail matter;

“(10) the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services;

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

“(12) the policies of this title as well as such other factors as the Board of Governors determines appropriate.

“(d) NOTICE, COMMENT, AND REVIEW.—

“(1) NOTICE.—The Board of Governors shall provide notice of any adjustment in classes or rates proposed to be made under this section—

“(A) not less than—
“(i) 90 days before implementation of any class or rate adjustment that affects all or substantially all market-dominant products; and

“(ii) 45 days before implementation of any other class or rate adjustment; and

“(B) to—

“(i) the public, including by—

“(I) publication in the Federal Register; and

“(II) posting on Postal Service’s website; and

“(ii) the Postal Regulatory Commission.

“(2) PUBLIC COMMENT.—The Board of Governors shall solicit and receive public comments on any proposed rate or class adjustment, and shall take such comments into account in making its final determination as to a rate or class adjustment.

“(3) FINAL DECISION.—Not later than 10 days before a rate or class adjustment takes effect, the Board of Governors shall issue a final decision on the adjustment which shall—

“(A) be published in the Federal Register and on the Postal Service’s website; and
“(B) include an explanation responding to all relevant comments received.

“(4) COMMISSION REVIEW.—Any adjustment made by the Board of Governors under this section shall be subject to review by the Commission under section 3662.

“(e) LIMITATIONS ON RATE ADJUSTMENTS.—

“(1) ANNUAL LIMITATION.—The Board of Governors may not increase rates under this section for market-dominant products as a whole by an annual percentage that exceeds the percentage change in the Consumer Price Index for All Urban Consumers unadjusted for seasonal variation over the most recent available 12-month period preceding the date the Board of Governors provides notice of its intention to increase rates.

“(2) CONDITIONS.—

“(A) ROUNDING OF RATES AND FEES.—Nothing in this subsection shall preclude the Board of Governors from rounding rates and fees to the nearest whole integer, if the effect of such rounding does not cause the overall rate increase for any class to exceed the Consumer Price Index for All Urban Consumers.
“(B) Use of unused rate authority.—

“(i) Definition.—In this subparagraph, the term ‘unused rate adjustment authority’ means the difference between—

“(I) the maximum amount of a rate adjustment that the Board of Governors is authorized to make in any year subject to the annual limitation under paragraph (1); and

“(II) the amount of the rate adjustment the Board of Governors actually makes in that year.

“(ii) Authority.—Subject to clause (iii), the Postal Service may use any unused rate adjustment authority for any of the 5 years following the year such authority occurred.

“(iii) Limitations.—In exercising the authority under clause (ii) in any year, the Postal Service—

“(I) may use unused rate adjustment authority from more than 1 year;
“(II) may use any part of the unused rate adjustment authority from any year;

“(III) shall use the unused rate adjustment authority from the earliest year such authority first occurred and then each following year; and

“(IV) may not exceed the annual limitation under paragraph (1) by more than 2 percentage points.

“(3) **Exigent Circumstances.**—Notwithstanding any limitation under subsection (d)(1) and paragraph (1) of this subsection, and provided there is not sufficient unused rate authority under paragraph (2)(B), the Board of Governors may adjust rates on an expedited basis due to either extraordinary or exceptional circumstances, provided that the Board of Governors unanimously determines, after notice and opportunity for public comment, that such adjustment is reasonable and equitable and necessary to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.
“(4) Expiration of rate cap.—Any system of rates and classes established or revised by the Board of Governors under subsection (a) after December 20, 2016, shall not be subject to the limitation in paragraph (1) of this subsection.

“(f) Workshare Discounts.—

“(1) Definition.—In this subsection, the term ‘workshare discount’ refers to rate discounts provided to mailers for the presorting, prebarcoding, handling, or transportation of mail, as further defined by the Board of Governors under subsection (a).

“(2) Scope.—The Board of Governors shall ensure that such discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity, unless—

“(A) the discount is—

“(i) associated with a new postal service, a change to an existing postal service, or with a new work share initiative related to an existing postal service; and

“(ii) necessary to induce mailer behavior that furthers the economically efficient operation of the Postal Service and the portion of the discount in excess of the
cost that the Postal Service avoids as a result of the workshare activity will be phased out over a limited period of time;

“(B) the amount of the discount above costs avoided—

“(i) is necessary to mitigate rate shock; and

“(ii) will be phased out over time;

“(C) the discount is provided in connection with a category of mail consisting exclusively of mail matter of educational, cultural, scientific, or informational value; or

“(D) reduction or elimination of the discount would—

“(i) impede the efficient operation of the Postal Service;

“(ii) lead to a loss of volume in the affected category of mail and reduce the aggregate contribution to the institutional costs of the Postal Service from the category subject to the discount below what it otherwise would have been if the discount had not been reduced or eliminated; or
“(iii) result in a further increase in
the rates paid by mailers not able to take
advantage of the discount.

“(3) NOTICE.—Whenever a workshare discount
is established, the Board of Governors shall ensure
that the notice provided under subsection (d)(1) in-
cludes—

“(A) the reasons for establishing the dis-
count;

“(B) the data, economic analyses, and
other information relied on by the Board of
Governors to justify the rate; and

“(C) a certification that the discount will
not adversely affect rates or services provided to
users of postal services who do not take advan-
tage of the discount rate.

“(g) NEGOTIATED SERVICE AGREEMENTS.—The
Board of Governors shall ensure that any agreement be-
tween the Postal Service and a mailer that adjusts rates
or classes in a manner that is specific to the mailer—

“(1) is available on public and reasonable terms
to similarly situated mailers;

“(2) either—

“(A) improves the net financial position of
the Postal Service through reducing Postal
1 Service costs or increasing the overall contribu-
2 tion to the institutional costs of the Postal
3 Service; or
4 “(B) enhances the performance of mail
5 preparation, processing, transportation, or other
6 functions; and
7 “(3) does not cause unreasonable harm to the
8 marketplace.
9 “(h) CONSIDERATION OF PRIOR COMMISSION DECI-
10 sIONS.—In making any determination under this section,
11 including the construction and interpretation of the terms
12 used in this section, the Board of Governors shall give con-
13 sideration to decisions of the Commission made prior to
14 the date of enactment of the Postal Reform Act of 2013,
15 and shall include an explanation of any deviation from
16 such decisions in the notice required under subsection
17 (d)(1).”.
18 (2) TECHNICAL AND CONFORMING AMEND-
19 MENT.—The table of sections for chapter 36 of title
20 39, United States Code, is amended by striking the
21 item relating to section 3622 and inserting the fol-
22 lowing:
23 “3622. Postal services for market-dominant products.”.
24 (b) REPEAL OF RATE PREFERENCES FOR QUALI-
25 FIED POLITICAL COMMITTEES.—
(1) **IN GENERAL.**—Section 3626 of title 39, United States Code, is amended—

(A) by striking subsection (e);

(B) by redesignating subsections (f), (g), and (h) as subsections (e), (f), and (g), respectively;

(C) by redesignating subsections (j) through (n) as subsections (h) through (l), respectively; and

(D) in subsection (h), as redesignated by paragraph (3)—

(i) in paragraph (1)(D), by striking “subsection (m)(2)” and inserting “subsection (k)(2)”;

(ii) in paragraph (3)(B), by striking “subsection (m)” and inserting “subsection (k)”.

(2) **TECHNICAL AND CONFORMING AMENDMENT.**—Section 3629 of title 39, United States Code, is amended—

(A) by striking “is available” and inserting “was available”; and

(B) by striking “section 3626” and inserting “section 3626, as in effect on the day be-
fore the date of enactment of the Postal Reform Act of 2013,”.

SEC. 302. NONPOSTAL SERVICES.

(a) Authorization of New Nonpostal Services.—

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

(A) in subsection (a)—

(i) by redesignating paragraphs (6) through (8) as paragraphs (7) through (9), respectively; and

(ii) by inserting after paragraph (5) the following:

“(6) on and after the date of enactment of the Postal Reform Act of 2013, and except as provided in subsection (e)—

“(A) to provide other services that are not postal services, if the provision of such services—

“(i) uses the processing, transportation, delivery, retail network, or technology of the Postal Service;

“(ii) is consistent with the public interest and a demonstrated or potential public demand for—
“(I) the Postal Service, rather than another entity, to provide the services; or

“(II) the Postal Service, in addition to or in partnership with another entity, to provide the services;

“(iii) would not create unfair competition with the private sector, taking into consideration the extent to which the Postal Service will not, either by legal obligation or voluntarily, comply with any state or local requirements that generally apply to persons providing the services;

“(iv) does not unreasonably interfere with or detract from the value of postal services, including—

“(I) the cost and efficiency of postal services; and

“(II) access to postal retail service;

“(v) will be undertaken in accordance with all Federal laws generally applicable to the provision of such services; and

“(vi) has the potential to improve the net financial position of the Postal Service,
based on a market analysis provided to the
Postal Regulatory Commission by the
Postal Service; and
“(B) to classify a service provided under
subparagraph (A) as an experimental product
subject to section 3641;”;
(B) in subsection (e)(1), by inserting “and
that was offered by the Postal Service on the
date of enactment of the Postal Reform Act of
2013” after “102(5)”; and
(C) by adding at the end the following:
“(g) For purposes of chapters 20 and 36 of this title,
nonpostal services provided under subsection (a)(6) shall
be treated as competitive products.”.

(2) COMPLAINTS.—Section 3662(a) of title 39,
United States Code, is amended by inserting
“404(a)(6),” after “403(c),”.

(3) MARKET ANALYSIS.—During the 5-year pe-
period beginning on the date of enactment of this Act,
the Postal Service shall submit a copy of any market
analysis provided to the Commission under section
404(a)(6)(A)(vi) of title 39, United States Code, as
amended by this section, 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.

(b) GOVERNMENTAL SERVICES.—Section 411 of title 39, United States Code, is amended—

(1) in the second sentence, by striking “this section” and inserting “this subsection”;

(2) by inserting “(a)” before “Executive agencies”; and

(3) by adding at the end the following—

“(b)(1) The Postal Service is authorized to furnish property and services to States, local governments, and tribal governments, under such terms and conditions, including reimbursability, as the Postal Service and the applicable State, local government, or tribal government shall determine appropriate.

“(2) For purposes of this subsection—

“(A) the term ‘local government’ means—

“(i) a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments, or regional or interstate government entity;

“(ii) an agency or instrumentality of an entity described in clause (i); or
“(iii) a rural community, an unincorporated town or village, or an instrumentality of a rural community or an unincorporated town or village;

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

“(C) the term ‘tribal government’ means the government of an Indian tribe, as that term is defined in section 4(e) of the Indian Self-Determination Act (25 U.S.C. 450b(e)).

“(c) The Postal Service shall submit to the Postal Regulatory Commission, together with the report required under section 3652, a report that details the costs and revenues of the services provided by the Postal Service under this section.

“(d) In determining reimbursability under subsections (a) and (b), the Postal Service shall ensure that each service provided under such subsections covers its costs attributable, as that term is defined in section 3631(b).”.

(e) CONFORMING AMENDMENTS.—
(1) Section 404(e) of title 39.—Section 404(e) of title 39, United States Code, is amended by striking paragraph (5) and inserting the following:

“(5) Each nonpostal service authorized under this subsection shall be designated as market-dominant or competitive based on the designation of the nonpostal service in the Mail Classification Schedule as in effect on the date of enactment of the Postal Reform Act of 2013.

“(6) Nothing in this subsection shall be construed to prevent the Postal Service from establishing nonpostal products and services that are expressly authorized by subsection (a)(6).”.

(2) Section 3641 of title 39.—Section 3641 of title 39, United States Code, is amended—

(A) in subsection (b)(1), by inserting “(or the appropriate consumers in the case of nonpostal products)” after “users”;

(B) in the first sentence of subsection (b)(3), by striking “section 3642(b)(1)” and inserting “sections 404(g) and 3642(b)(1)”;

(C) in the second sentence of subsection (b)(3), by striking “section 3633(3)” and inserting “section 3633(a)(3)”;
(D) in subsection (e)(1), by striking “$10,000,000” and inserting “$50,000,000”; and

(E) in subsection (e)(2), by striking “$50,000,000” and inserting “$100,000,000”.

(3) Technical and Conforming Amendments.—Section 2003(b)(1) of title 39, United States Code, is amended by striking “postal and nonpostal services” and inserting “postal services, nonpostal services authorized under section 404(e), and products and services authorized under section 411,”.

SEC. 303. SHIPPING OF WINE, BEER, AND DISTILLED SPIRITS.

(a) Mailability.—

(1) Nonmailable Articles.—Section 1716(f) of title 18, United States Code, is amended by striking “mails” and inserting “mails, except to the extent that the mailing is allowable under section 3001(p) of title 39”.

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

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

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

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

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

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

“(ii) the State, territory, or district of the United States where the addressee or duly authorized agent takes delivery; and

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

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

“(ii) the duly authorized agent of whom—
“(I) is at least 21 years of age; and
“(II) provides a signature and presents a valid, government-issued photo identification upon delivery.
“(3) The Postal Service shall prescribe such regulations as may be necessary to carry out this subsection.”.

effective date.—The amendments made by this section shall take effect on the earlier of—

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

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

TITLE IV—POSTAL SERVICE
GOVERNANCE

SEC. 401. BOARD OF GOVERNORS OF THE POSTAL SERVICE.

(a) BOARD OF GOVERNORS.—Title 39, United States Code, is amended by striking section 202 and inserting the following:

“§ 202. Board of Governors

“(a) IN GENERAL.—The exercise of the power of the Postal Service shall be directed by a Board of Governors composed of 9 members appointed in accordance with this section, each of whom shall be a voting member of the Board.
“(b) Membership.—

“(1) Composition.—The Board shall be composed of—

“(A) the Postmaster General;

“(B) the Secretary of the Treasury; and

“(C) 7 members, to be known as Governors, who shall be appointed by the President, by and with the advice and consent of the Senate.

“(2) Affiliation.—Not more than 4 of the Governors may be members of any one political party.

“(3) Chairperson.—The President shall designate one of the Governors to serve as the Chairperson of the Board.

“(c) Qualifications.—

“(1) In general.—The Governors shall represent the public interest generally, and shall be chosen solely on the basis of experience in public service, law, or accounting, or on a demonstrated ability to manage organizations or corporations (in either the public or private sector) of substantial size.

“(2) No specific interest.—A Governor may not be a representative of a specific interest using the Postal Service.
“(3) INITIAL APPOINTMENTS.—At least one of the Governors who is appointed to fill a position that is vacant on the date of enactment of the Postal Reform Act of 2013 shall, in addition to the qualifications set forth in paragraph (1), be appointed based on the demonstrated ability of that individual to manage and improve financially troubled organizations.

“(d) REMOVAL.—A Governor may be removed only for cause.

“(e) COMPENSATION.—

“(1) SALARY.—Each Governor shall receive a salary of $30,000 each year, plus $300 for each day, for not more than 42 days, on which the Governor attends a meeting of the Board. Nothing in this paragraph shall be construed to limit the number of days of meetings each year to 42 days.

“(2) REIMBURSEMENT FOR MEETINGS.—Each Governor shall be reimbursed for travel and reasonable expenses incurred in attending meeting meetings of the Board.

“(f) TERMS.—

“(1) IN GENERAL.—Each Governor shall serve for a term of 7 years.
“(2) VACANCIES.—A Governor appointed to fill a vacancy occurring before the expiration of the term to which the predecessor of that Governor was appointed shall serve for the remainder for the remainder of that term.

“(3) CONTINUATION OF SERVICE.—A Governor may continue to serve after the expiration of the term of that Governor until a successor has been appointed, except that a Governor may not continue to serve for more than 1 year after the date on which the term of that Governor would have otherwise expired.

“(4) LIMIT.—A Governor may serve for not more than 2 terms.

“(g) POSTMASTER GENERAL.—

“(1) APPOINTMENT AND REMOVAL.—The Governors shall appoint and shall have the power to remove the Postmaster General.

“(2) PAY AND TERM OF SERVICE.—The pay and term of service of the Postmaster General shall be determined by the Governors.

“(h) DEPUTY POSTMASTER GENERAL.—

“(1) APPOINTMENT AND REMOVAL.—The Governors and the Postmaster General shall appoint and
shall have the power to remove the Deputy Post-
master General.

“(2) PAY.—The pay of the Deputy Postmaster
General shall be determined by the Governors.

“(3) TERM OF SERVICE.—The term of service
of the Deputy Postmaster General shall be deter-
mined by the Governors and the Postmaster Gen-
eral.

“(i) EXECUTIVE COMMITTEE.—

“(1) AUTHORITY TO ESTABLISH.—The Board,
by a vote of a majority of its members, may estab-
lish an Executive Committee of the Board, con-
sistent with paragraph (2).

“(2) BOARD MEMBERSHIP AND RESPONSIBIL-
ITIES.—If established by the Board, the Executive
Committee shall—

“(A) be composed of the Chairperson of
the Board and 2 additional Governors des-
designated by the Board, except that not more
than 2 members of the Executive Committee
may be members of any one political party;

“(B) develop and oversee implementation
of strategies and measures to ensure the long-
term financial solvency of the Postal Service;
“(C) develop and oversee the implementation of the financial plan and budget required under section 403 of the Postal Reform Act of 2013 and updates to the financial plan and budget;

“(D) make recommendations to the Board regarding aspects of postal operations; and

“(E) assume such other responsibilities as the Board determines appropriate.

“(3) QUORUM.—2 members of the Executive Committee shall constitute a quorum for the transaction of business by the Executive Committee.

“(4) TERMINATION.—The Executive Committee may be terminated by a vote of the majority of the members of the Board.”.

(b) PROCEDURES OF THE BOARD.—Section 205(c) of title 39, United States Code, is amended by striking “6 members” and inserting “5 members”.

(c) INCUMBENTS; IMPLEMENTATION.—

(1) INCUMBENTS.—An individual serving as a Governor on the Board of Governors of the Postal Service (referred to in this subsection as a “Governor”) on the date of enactment of this Act may continue to serve as a Governor until the expiration of the term of that Governor.
(2) Implementation of Membership Reduction.—

   (A) In General.—The following vacancies in the position of Governor shall not be filled:

   (i) One of the 2 positions as a Governor for which the term is scheduled to expire on December 8, 2014.

   (ii) One of the 2 positions as a Governor for which the term is scheduled to expire on December 8, 2015.

   (B) Preference for Abolishing Vacant Positions.—

   (i) Positions Expiring in 2014.—If one of the 2 positions referred to in clause (i) of subparagraph (A) is vacant on the date of enactment of this Act, that vacant position shall be the position that is not filled, as required under such clause (i).

   (ii) Positions Expiring in 2015.—If one of the 2 positions referred to in clause (ii) of subparagraph (A) is vacant on the date of enactment of this Act, that vacant position shall be the position that is not filled, as required under such clause (ii).
(d) CONFORMING AMENDMENTS.—Title 39, United States Code, is amended—

(1) in section 102(3)—

(A) by striking “9” and inserting “7”; and

(B) by striking “202(a)” and inserting “202(b)(1)(C)”;

(2) in section 203—

(A) by striking “202(c)” and inserting “202(g)”;

(B) by striking “202(d)” and inserting “202(h)”.

SEC. 402. STRATEGIC ADVISORY COMMISSION ON POSTAL SERVICE SOLVENCY AND INNOVATION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established in the Postal Service a Strategic Advisory Commission on Postal Service Solvency and Innovation (referred to in this section as the “Advisory Commission”).

(2) INDEPENDENCE.—The Advisory Commission shall not be subject to the supervision of the Board of Governors of the Postal Service (referred to in this section as the “Board of Governors”), the Postmaster General, or any other officer or employee of the Postal Service.
(b) PURPOSE.—The purpose of the Advisory Commission is—

(1) to provide strategic guidance to the President, Congress, the Board of Governors, and the Postmaster General on enhancing the long-term solvency of the Postal Service; and

(2) to foster innovative thinking to address the challenges facing the Postal Service.

(e) MEMBERSHIP.—

(1) COMPOSITION.—The Advisory Commission shall be composed of 7 members, of whom—

(A) 3 members shall be appointed by the President, who shall designate 1 member appointed under this subparagraph to serve as Chairperson of the Advisory Commission; and

(B) 1 member shall be appointed by each of—

(i) the majority leader of the Senate;

(ii) the minority leader of the Senate;

(iii) the Speaker of the House of Representatives; and

(iv) the minority leader of the House of Representatives.
(2) Qualifications.—Members of the Advisory Commission shall be prominent citizens having—

(A) significant depth of experience in such fields as business and public administration;

(B) a reputation for innovative thinking;

(C) familiarity with new and emerging technologies; and

(D) experience with revitalizing organizations that experienced significant financial challenges or other challenges.

(3) Incompatible Offices.—An individual who is appointed to the Advisory Commission may not serve as an elected official or an officer or employee of the Federal Government while serving as a member of the Advisory Commission, except in the capacity of that individual as a member of the Advisory Commission.

(4) Deadline for Appointment.—Each member of the Advisory Commission shall be appointed not later than 45 days after the date of enactment of this Act.

(5) Meetings; Quorum; Vacancies.—

(A) Meetings.—The Advisory Commission shall meet at the call of the Chairperson or
a majority of the members of the Advisory Commission.

(B) QUORUM.—4 members of the Advisory Commission shall constitute a quorum.

(C) VACANCIES.—Any vacancy in the Advisory Commission shall not affect the powers of the Advisory Commission, but shall be filled as soon as practicable in the same manner in which the original appointment was made.

(d) DUTIES AND POWERS.—

(1) DUTIES.—The Advisory Commission shall—

(A) study matters that the Advisory Commission determines are necessary and appropriate to develop a strategic blueprint for the long-term solvency of the Postal Service, including—

(i) the financial, operational, and structural condition of the Postal Service;

(ii) alternative strategies and business models that the Postal Service could adopt;

(iii) opportunities for additional postal and nonpostal products and services that the Postal Service could offer;
(iv) innovative services that postal
services in foreign countries have offered,
including services that respond to the in-
creasing use of electronic means of commu-
nication; and

(v) the governance structure, manage-
ment structure, and management of the
Postal Service, including—

(I) the appropriate method of ap-
pointment, qualifications, duties, and
compensation for senior officials of
the Postal Service, including the Post-
master General; and

(II) the number and functions of
senior officials of the Postal Service
and the number of levels of manage-
ment of the Postal Service; and

(B) submit the report required under sub-
section (f).

(2) HEARINGS.—The Advisory Commission may
hold such hearings, take such testimony, and receive
such evidence as is necessary to carry out this sec-
tion.

(3) ACCESS TO INFORMATION.—The Advisory
Commission may secure directly from the Postal
Service, the Board of Governors, the Postal Regulatory Commission, and any other Federal department or agency such information as the Advisory Commission considers necessary to carry out this section. Upon request of the Chairperson of the Advisory Commission, the head of the department or agency shall furnish the information described in the preceding sentence to the Advisory Commission.

(e) PERSONNEL MATTERS.—

(1) ADVISORY COMMISSION MEMBERS.—

(A) COMPENSATION OF MEMBERS.—Each member of the Advisory Commission shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day during which the member is engaged in the actual performance of the duties of the Advisory Commission.

(B) TRAVEL EXPENSES.—Each member of the Advisory Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at the rate authorized for employees serving intermittently in the Government service under section 5703 of title 5, United States
Code, while away from home or regular place of business in the performance of services for the Advisory Commission.

(2) STAFF.—

(A) APPOINTMENT AND COMPENSATION.—

The Chairperson, in accordance with rules agreed upon by the Advisory Commission, shall appoint and fix the compensation of an executive director and such other personnel as may be necessary to enable the Advisory Commission to carry out the functions of the Advisory Commission, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification of positions and General Schedule pay rates, except that a rate of pay fixed under this subparagraph may not exceed the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(B) DETAILLES.—Any Federal employee, including an employee of the Postal Service, may be detailed to the Advisory Commission
without reimbursement, and such detail shall be without interruption or loss of the civil service rights, status, or privilege of the employee.

(C) Consultant services.—The Advisory Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of such title.

(f) Strategic Blueprint for Long-Term Solvency.—

(1) In general.—Not later than 9 months after the date of enactment of this Act, the Advisory Commission shall submit a report that contains a strategic blueprint for the long-term solvency of the Postal Service to—

(A) the President;

(B) the Committee on Homeland Security and Governmental Affairs of the Senate;

(C) the Committee on Oversight and Government Reform of the House of Representatives;

(D) the Board of Governors; and
(E) the Postmaster General.

(2) CONTENTS.—The strategic blueprint contained in the report submitted under paragraph (1) shall include—

(A) an assessment of the business model of the Postal Service as of the date on which the report is submitted;

(B) an assessment of potential future business models for the Postal Service, including an evaluation of the appropriate balance between—

(i) necessary reductions in costs and services; and

(ii) additional opportunities for growth and revenue;

(C) a strategy for addressing significant current and future liabilities;

(D) identification of opportunities for further reductions in costs;

(E) identification of opportunities for new and innovative products and services;

(F) a strategy for future growth;

(G) a vision of how the Postal Service will operate in a sustainable manner 20 years after the date of enactment of this Act; and
(H) recommendations for any legislative changes necessary to implement the strategic blueprint described in this paragraph.

(g) Study and Strategic Plan on Interagency Agreements for Post Offices.—

(1) Duties of Advisory Commission.—

(A) Study.—

(i) In general.—The Advisory Commission shall conduct a study concerning the advisability of the Postal Service entering into interagency agreements with Federal, State, and local agencies, with respect to post offices, that—

(I) streamline and consolidate services provided by Federal, State, and local agencies;

(II) decrease the costs incurred by Federal agencies in providing services to the general public; and

(III) improve the efficiency and maintain the customer service standards of the Federal, State, and local agencies.

(ii) Clarification of Inter-Agency Agreements.—The study under clause (i)
shall include consideration of the advis-
ability of the Postal Service entering into
an interagency agreement with—

(I) the Bureau of the Census for
the provision of personnel and re-
sources for the 2020 decennial census;

(II) the department of motor ve-
hicles, or an equivalent agency, of
each State for the provision of driver
licenses, vehicle registration, and voter
registration;

(III) the division of wildlife, the
department of natural resources, or
an equivalent agency, of each State
for the provision of hunting and fish-
ing licenses; and

(IV) other Federal agencies re-
ponsible for providing services to the
general public.

(B) FINDINGS.—The Advisory Commission
shall—

(i) not later than 9 months after the
date of enactment of this Act, submit to
the Postal Service the findings of the study
conducted under subparagraph (A); and
(ii) incorporate the findings described in clause (i) into the strategic blueprint required under subsection (f).

(2) POSTAL SERVICE STRATEGIC PLAN.—

(A) IN GENERAL.—Not later than 6 months after the date on which the Advisory Commission submits to the Postal Service the findings under paragraph (1)(B), the Postal Service shall submit a strategic plan for entering into interagency agreements concerning post offices to—

(ii) the Committee on Homeland Security and Governmental Affairs of the Senate; and

(ii) the Committee on Oversight and Government Reform of the House of Representatives.

(B) LIMITATIONS.—The strategic plan submitted under subparagraph (A) shall be consistent with public interest and demand.

(C) COST SAVINGS PROJECTIONS.—The strategic plan submitted under subparagraph (A) shall include, for each proposed interagency agreement, a projection of cost savings to be realized by the Postal Service and by any other
Federal agency that is a party to the agreement.

(h) TERMINATION OF THE COMMISSION.—The Advisory Commission shall terminate 90 days after the later of—

(1) the date on which the Advisory Commission submits the report on the strategic blueprint for long-term solvency under subsection (f); and

(2) the date on which the Advisory Commission submits the findings on interagency agreements for post offices under subsection (g).

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated out of the Postal Service Fund for fiscal years 2014 and 2015 such sums as may be necessary to carry out this section.

SEC. 403. LONG-TERM SOLVENCY PLAN; ANNUAL FINANCIAL PLAN AND BUDGET.

(a) DEFINITIONS.—In this section—

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

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

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

(b) Plan for the Long-Term Solvency of the Postal Service.—

(1) Solvency plan required.—

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

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

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

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

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

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

(C) any cost savings that the Postal Service anticipates will be achieved through negotiations with employees of the Postal Service;

(D) projected changes in mail volume;

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

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

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

(3) REVIEW AND SUBMISSION TO CONGRESS.—

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

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

(4) Updates.—

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

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

(e) Annual financial plan and budget.—

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

(2) CONTENTS OF FINANCIAL PLAN AND BUDG-
et.—The financial plan and budget for a fiscal year
shall—

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

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

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

ice;

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

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

(F) contain cash flow and liquidity fore-
casts for the Postal Service at such intervals as
the Board of Governors may require;
(G) include a statement describing methods of estimations and significant assumptions; and

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

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

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

(i) the Postmaster General;

(ii) the President;

(iii) the Committee on Homeland Security and Governmental Affairs of the Senate; and

(iv) the Committee on Oversight and Government Reform of the House of Representatives.

(B) REVIEW BY THE BOARD OF GOVERNORS.—

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

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

(C) Approval of Financial Plan and Budget Submitted by the Postmaster General.—If the Board of Governors determines that the financial plan and budget for a fiscal year received under paragraph (1) meets the requirements under paragraph (2) and otherwise adequately addresses the financial situation of the Postal Service—

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

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

(D) Disapproval of Financial Plan and Budget Submitted by the Postmaster General.—
(i) IN GENERAL.—If the Board of Governors determines that the financial plan and budget for a fiscal year under paragraph (1) does not meet the requirements under paragraph (2) or is otherwise inadequate in addressing the financial situation of the Postal Service, the Board of Governors shall—

(I) disapprove the financial plan and budget;

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

(III) direct the Postmaster General to appropriately revise the financial plan and budget for the Postal Service; and

(IV) submit the revised financial plan and budget to each covered recipient.

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

(E) **Deadline for transmission of financial plan and budget by Board of Governors.**—Notwithstanding any other provision of this paragraph, not later than September 30 of the fiscal year that precedes each fiscal year for which a financial plan and budget is required under paragraph (1), the Board of Governors shall—

(i) submit to each covered recipient a notice of approval under subparagraph (C)(i)(I); or

(ii) submit to each covered recipient an approved financial plan and budget for the fiscal year under subparagraph (D)(i)(IV).

(F) **Revisions to financial plan and budget.**—

(i) **Permitting Postmaster General to submit revisions.**—The Postmaster General may submit proposed revisions to the financial plan and budget for
a fiscal year to the Board of Governors at any time during the fiscal year.

(ii) Process for review, approval, disapproval, and Postmaster General action.—The procedures described in subparagraphs (C) through (E) shall apply with respect to a proposed revision to a financial plan and budget in the same manner as such procedures apply with respect to the original financial plan and budget.

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

SEC. 404. CHIEF INNOVATION OFFICER; INNOVATION STRATEGY.

(a) Chief Innovation Officer.—

(1) In general.—Chapter 2 of part I of title 39, United States Code, is amended by adding at the end the following:
§ 209. Chief innovation officer

(a) ESTABLISHMENT.—There shall be in the Postal Service a Chief Innovation Officer appointed by the Postmaster General.

(b) QUALIFICATIONS.—The Chief Innovation Officer shall have proven expertise and a record of accomplishment in areas such as—

(1) the postal and shipping industry;

(2) innovative product research and development;

(3) brand marketing strategy;

(4) new and emerging technology, including communications technology; or

(5) business process management.

(c) DUTIES.—The Chief Innovation Officer shall lead the development and implementation of—

(1) innovative postal products and services, particularly products and services that use new and emerging technology, including communications technology, to improve the net financial position of the Postal Service; and

(2) nonpostal products and services authorized under section 404(a)(6) that have the potential to improve the net financial position of the Postal Service.
“(d) DEADLINE.—The Postmaster General shall ap-
point a Chief Innovation Officer not later than 90 days
after the date of enactment of the Postal Reform Act of
2013.”.

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

“209. Chief Innovation Officer.”.

(b) INNOVATION STRATEGY.—

(1) INITIAL REPORT ON INNOVATION STRAT-
EGY.—

(A) IN GENERAL.—Not later than 9
months after the date of enactment of this Act,
the Postmaster General, acting through the
Chief Innovation Officer, shall submit a report
that contains a comprehensive strategy (re-
ferred to in this subsection as the “innovation
strategy”) for improving the net financial posi-
tion of the Postal Service through innovation,
including the offering of new postal and non-
postal products and services, to—

(i) the Committee on Homeland Secu-
rity and Governmental Affairs of the Sen-
ate; and
(ii) the Committee on Oversight and Government Reform of the House of Representatives.

(B) MATTERS TO BE ADDRESSED.—At a minimum, the report on innovation strategy required under subparagraph (A) shall describe—

(i) the specific innovative postal and nonpostal products and services to be developed and offered by the Postal Service, including—

(I) the nature of the market demand to be satisfied by each product or service; and

(II) the estimated date by which each product or service will be introduced;

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

(iii) the anticipated sales volume for each product or service;

(iv) the anticipated revenues and profits to be generated by each product or service;

(v) the likelihood of success of each product or service and the risks associated
with the development and sale of each
product or service;

(vi) the trends anticipated in market
conditions that may affect the success of
each product or service during the 5-year
period beginning on the date of the sub-
mission of the report under subparagraph
(A);

(vii) any innovations designed to im-
prove the net financial position of the
Postal Service, other than the offering of
new products and services; and

(viii) the metrics that will be used to
assess the effectiveness of the innovation
strategy.

(2) ANNUAL REPORT.—

(A) IN GENERAL.—Not later than 1 year
after the date of the submission of the initial
report containing the innovation strategy under
paragraph (1), and annually thereafter for 10
years, the Postmaster General, acting through
the Chief Innovation Officer, shall submit a re-
port on the implementation of the innovation
strategy to—
(i) the Committee on Homeland Security and Governmental Affairs of the Senate; and

(ii) the Committee on Oversight and Government Reform of the House of Representatives.

(B) MATTERS TO BE ADDRESSED.—At a minimum, an annual report submitted under subparagraph (A) shall include—

(i) an update of the initial report on innovation strategy submitted under paragraph (1);

(ii) a description of the progress made by the Postal Service in implementing the products, services, and other innovations described in the initial report on innovation strategy; and

(iii) an analysis of the performance of each product, service, or other innovation described in the initial report on innovation strategy, including—

(I) the revenue generated by each product or service developed in accordance with the innovation strategy under this section and the cost of de-
veloping and offering each product or service for the preceding year;

(II) trends in each market in which a product or service is intended to satisfy a demand;

(III) each product or service identified in the innovation strategy that is to be discontinued, the date on which each discontinuance will occur, and the reasons for each discontinuance;

(IV) each alteration that the Postal Service plans to make to a product or service identified in the innovation strategy to address changing market conditions and an explanation of how each alteration will ensure the success of the product or service;

(V) the performance of innovations other than new products and services that are designed to improve the net financial position of the Postal Service; and

(VI) the performance of the innovation strategy according to the
metrics described in paragraph (1)(B)(viii).

SEC. 405. AREA AND DISTRICT OFFICE STRUCTURE.

(a) DEFINITIONS.—In this section—

(1) the term “area office” means the central office of an administrative field unit with responsibility for postal operations in a designated geographic area that is comprised of district offices;

(2) the term “district office” means the central office of an administrative field unit with responsibility for postal operations in a designated geographic area (as defined under regulations, directives, or other guidance of the Postal Service, as in effect on January 1, 2013); and

(3) the term “State” includes the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any other territory or possession of the United States.

(b) PLAN REQUIRED.—Not later than 1 year after the date of enactment of this Act, the Postal Service shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Rep-
resentatives a comprehensive strategic plan for an area office and district office structure that will—

(1) be efficient and cost effective;

(2) not substantially and adversely affect the operations of the Postal Service; and

(3) reduce the total number of area and district offices.

(c) IMPLEMENTATION.—Not later than 60 days after the date on which the Postal Service submits the plan under subsection (b), the Postal Service shall begin implementing the plan, including, where appropriate, by consolidating area and district offices.

(d) STATE LIAISON.—If the Postal Service does not maintain a district office in a State, the Postal Service shall designate at least 1 employee of the district office responsible for Postal Service operations in the State to represent the needs of Postal Service customers in the State. An employee designated under this subsection to represent the needs of Postal Service customers in a State shall be located in that State.

SEC. 406. INSPECTOR GENERAL OF THE POSTAL SERVICE.

(a) APPOINTMENT OF INSPECTOR GENERAL OF THE POSTAL SERVICE BY PRESIDENT.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in section 8G—
(A) in subsection (a)—

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

(ii) in paragraph (3), by striking “subsection (h)(1)” and inserting “subsection (g)(1)”;

(iii) in paragraph (4)—

(I) in the matter preceding subparagraph (A), by striking “subsection (h)(1)” and inserting “subsection (g)(1)”;

(II) by striking subparagraph (B); and

(III) by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively;

(B) in subsection (c), by striking “Except as provided under subsection (f) of this section, the” and inserting “The”;

(C) by striking subsection (f); and

(D) by redesignating subsections (g) and (h) as subsections (f) and (g), respectively;
(2) by inserting after section 8M the following:

"SEC. 8N. SPECIAL PROVISIONS CONCERNING THE INSPECTOR GENERAL OF THE UNITED STATES POSTAL SERVICE.

“(a) In this section—

“(1) the term ‘Inspector General’ means the Inspector General of the United States Postal Service; and

“(2) the term ‘Governors’ has the meaning given that term in section 102(3) of title 39, United States Code.

“(b) In carrying out the duties and responsibilities specified in this Act, the Inspector General shall have oversight responsibility for all activities of the Postal Inspection Service, including any internal investigation performed by the Postal Inspection Service. The Chief Postal Inspector shall promptly report the significant activities being carried out by the Postal Inspection Service to the Inspector General.

“(c)(1)(A) The Inspector General shall be under the authority, direction, and control of the Governors with respect to audits or investigations, or the issuance of subpoenas, which require access to sensitive information concerning—
“(i) ongoing civil or criminal investigations or proceedings;

“(ii) undercover operations;

“(iii) the identity of confidential sources, including protected witnesses;

“(iv) intelligence or counterintelligence matters;

or

“(v) other matters the disclosure of which would constitute a serious threat to national security.

“(B) With respect to the information described under subparagraph (A), the Governors may prohibit the Inspector General from carrying out or completing any audit or investigation, or from issuing any subpoena, after the Inspector General has decided to initiate, carry out, or complete such audit or investigation or to issue such subpoena, if the Governors determine that such prohibition is necessary to prevent the disclosure of any information described under subparagraph (A) or to prevent the significant impairment to the national interests of the United States.

“(C) If the Governors exercise any power under subparagraph (A) or (B), the Governors shall notify the Inspector General in writing stating the reasons for the exercise of such power. Not later than 30 days after receipt
of any such notice, the Inspector General shall transmit
a copy of the notice to the Committee on Homeland Secu-

rity and Governmental Affairs of the Senate and the Com-
mittee on Oversight and Government Reform of the House
of Representatives, and to other appropriate committees
or subcommittees of the Congress.

“(2) In carrying out the duties and responsibilities
specified in this Act, the Inspector General—

“(A) may initiate, conduct, and supervise such
audits and investigations in the United States Postal
Service as the Inspector General considers appro-

priate; and

“(B) shall give particular regard to the activi-
ties of the Postal Inspection Service with a view to-
ward avoiding duplication and ensuring effective co-

ordination and cooperation.

“(3) Any report required to be transmitted by the
Governors to the appropriate committees or subcommitt-
ees of the Congress under section 5(d) shall also be trans-
mitted, within the seven-day period specified under that
section, to the Committee on Homeland Security and Gov-
ernmental Affairs of the Senate and the Committee on
Oversight and Government Reform of the House of Rep-
resentatives.
“(d) Nothing in this Act shall restrict, eliminate, or otherwise adversely affect any of the rights, privileges, or benefits of either employees of the United States Postal Service, or labor organizations representing employees of the United States Postal Service, under chapter 12 of title 39, United States Code, the National Labor Relations Act (29 U.S.C. 151 et seq.), any handbook or manual affecting employee labor relations with the United States Postal Service, or any collective bargaining agreement.

“(e) There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Office of Inspector General of the United States Postal Service.”; and

(3) in section 12—

(A) in paragraph (1), by striking “or the Federal Cochairpersons of the Commissions established under section 15301 of title 40, United States Code” and inserting “the Federal Cochairpersons of the Commissions established under section 15301 of title 40, United States Code; or the Board of Governors of the United States Postal Service”; and

(B) in paragraph (2), by striking “or the Commissions established under section 15301 of title 40, United States Code” and inserting
“the Commissions established under section 15301 of title 40, United States Code, or the United States Postal Service”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—Title 39, United States Code, is amended—

(1) in section 102(4), by striking “section 202(e) of this title” and inserting “section 3 of the Inspector General Act of 1978 (5 U.S.C. App.)”;

(2) in section 1001(b), in the first sentence, by inserting “, and section 3 of the Inspector General Act of 1978 (5 U.S.C. App.)” after “1001(c) of this title”; and

(3) in section 1005(a)(3), by inserting “, and section 3 of the Inspector General Act of 1978 (5 U.S.C. App.)” after “1001(c) of this title”.

(c) APPLICABILITY.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to the first individual appointed as Inspector General of the Postal Service after the date of enactment of this Act.

(2) RULE OF CONSTRUCTION.—Nothing in this Act may be construed to alter the authority or the length of the term of the individual serving as Inspector General of the Postal Service on the date of enactment of this Act.
TITLE V—FEDERAL EMPLOYEES’ COMPENSATION ACT

SEC. 501. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This title may be cited as the “Workers’ Compensation Reform Act of 2013”.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 5, United States Code.

SEC. 502. FEDERAL WORKERS COMPENSATION REFORMS FOR RETIREMENT-AGE EMPLOYEES.

(a) CONVERSION OF ENTITLEMENT AT RETIREMENT AGE.—

(1) DEFINITIONS.—Section 8101 is amended—

(A) in paragraph (18), by striking “and” at the end;

(B) in paragraph (19), by striking “and” at the end;

(C) in paragraph (20), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:
“(21) ‘retirement age’ has the meaning given that term under section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1));

“(22) ‘covered claim for total disability’ means a claim for a period of total disability that commenced before the date of enactment of the Workers’ Compensation Reform Act of 2013;

“(23) ‘covered claim for partial disability’ means a claim for a period of partial disability that commenced before the date of enactment of the Workers’ Compensation Reform Act of 2013; and

“(24) ‘individual who has an exempt disability condition’ means an individual—

“(A) who—

“(i) is eligible to receive continuous periodic compensation for total disability under section 8105 on the date of enactment of the Workers’ Compensation Reform Act of 2013; and

“(ii) meets the criteria under section 8105(c);

“(B) who, on the date of enactment of the Workers’ Compensation Reform Act of 2013—
“(i) is eligible to receive continuous periodic compensation for total disability under section 8105; and

“(ii) has sustained a currently irreversible severe mental or physical disability for which the Secretary of Labor has authorized, for at least the 1-year period ending on the date of enactment of the Workers’ Compensation Reform Act of 2013, constant in-home care or custodial care, such as placement in a nursing home; or

“(C) who is eligible to receive continuous periodic compensation for total disability under section 8105—

“(i) for not less than the 3-year period ending on the date of enactment of the Workers’ Compensation Reform Act of 2013; or

“(ii) if the individual became eligible to receive continuous periodic compensation for total disability under section 8105 during the period beginning on the date that is 3 years before the date of enactment of the Workers’ Compensation Reform Act of 2013 and ending on such date
of enactment, for not less than the 3-year period beginning on the date on which the individual became eligible.”.

(2) TOTAL DISABILITY.—Section 8105 is amended—

(A) in subsection (a), by striking “If” and inserting “IN GENERAL.—Subject to subsection (b), if”;

(B) by redesignating subsection (b) as subsection (c); and

(C) by inserting after subsection (a) the following:

“(b) CONVERSION OF ENTITLEMENT AT RETIREMENT AGE.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the basic compensation for total disability for an employee who has attained retirement age shall be 50 percent of the monthly pay of the employee.

“(2) EXCEPTIONS.—

“(A) COVERED RECIPIENTS WHO ARE RETIREMENT AGE, HAVE AN EXEMPT DISABILITY CONDITION, OR FACE FINANCIAL HARDSHIP.—

Paragraph (1) shall not apply to a covered
claim for total disability by an employee if the employee—

“(i) on the date of enactment of the Workers’ Compensation Reform Act of 2013, has attained retirement age;

“(ii) is an individual who has an exempt disability condition; or

“(iii) is a member of a household that would meet the income and assets requirements for eligibility for the supplemental nutrition assistance program as described in section 5 of the Food and Nutrition Act of 2008 (7 U.S.C. 2014) (not including any provisions permitting eligibility due to benefits received under any other law) if the basic compensation for total disability of the employee were provided in accordance with paragraph (1).

“(B) Transition period for certain employees.—For a covered claim for total disability by an employee who is not an employee described in subparagraph (A), the employee shall receive the basic compensation for total disability provided under subsection (a) until the later of—
“(i) the date on which the employee attains retirement age; and

“(ii) the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2013.”.

(3) PARTIAL DISABILITY.—Section 8106 is amended—

(A) in subsection (a), by striking “If” and inserting “IN GENERAL.—Subject to subsection (b), if”;

(B) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(C) by inserting after subsection (a) the following:

“(b) CONVERSION OF ENTITLEMENT AT RETIREMENT AGE.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the basic compensation for partial disability for an employee who has attained retirement age shall be 50 percent of the difference between the monthly pay of the employee and the monthly wage-earning capacity of the employee after the beginning of the partial disability.

“(2) EXCEPTIONS.—
“(A) Covered recipients who are re-
tirement age or face financial hard-
ship.—Paragraph (1) shall not apply to a cov-
ered claim for partial disability by an employee
if the employee—

“(i) on the date of enactment of the
Workers’ Compensation Reform Act of
2013, has attained retirement age; or

“(ii) is a member of a household that
would meet the income and assets require-
ments for eligibility for the supplemental
nutrition assistance program as described
in section 5 of the Food and Nutrition Act
of 2008 (7 U.S.C. 2014) (not including
any provisions permitting eligibility due to
benefits received under any other law) if
the basic compensation for total disability
of the employee were provided in accord-
ance with paragraph (1).

“(B) Transition period for certain
employees.—For a covered claim for partial
disability by an employee who is not an em-
ployee described in subparagraph (A), the em-
ployee shall receive basic compensation for par-
tial disability in accordance with subsection (a) until the later of—

“(i) the date on which the employee attains retirement age; and

“(ii) the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2013.”.

SEC. 503. AUGMENTED COMPENSATION FOR DEPENDENTS.

(a) IN GENERAL.—Section 8110 is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

“(b) TERMINATION OF AUGMENTED COMPENSATION.—

“(1) IN GENERAL.—Subject to paragraph (2), augmented compensation for dependants under subsection (c) shall not be provided.

“(2) EXCEPTIONS.—

“(A) TOTAL DISABILITY.—For a covered claim for total disability by an employee—

“(i) the employee shall receive augmented compensation under subsection (c) if the employee is an individual who has an exempt disability condition; and
“(ii) the employee shall receive augmented compensation under subsection (e) until the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2013 if the employee is not an employee described in clause (i).

“(B) PARTIAL DISABILITY.—For a covered claim for partial disability by an employee, the employee shall receive augmented compensation under subsection (c) until the date that is 3 years after the date of enactment of the Workers’ Compensation Reform Act of 2013.

“(C) PERMANENT DISABILITY COMPENSATED BY A SCHEDULE.—For a claim for a permanent disability described in section 8107(a) by an employee that commenced before the date of enactment of the Workers’ Compensation Reform Act of 2013, the employee shall receive augmented compensation under subsection (e).”.

(b) MAXIMUM AND MINIMUM MONTHLY PAYMENTS.—Section 8112 is amended—

(1) in subsection (a)—

(A) by inserting “subsections (b) and (c) and” before “section 8138”;

(b) MAXIMUM AND MINIMUM MONTHLY PAYMENTS.—Section 8112 is amended—

(1) in subsection (a)—

(A) by inserting “subsections (b) and (c) and” before “section 8138”;
(B) by striking “including augmented compensation under section 8110 of this title but”;
and
(C) by striking “75 percent” each place it appears and inserting “66\(\frac{2}{3}\) percent”;
(2) by redesignating subsection (b) as subsection (c);
(3) by inserting after subsection (a) the following:

“(b) EXCEPTIONS.—

“(1) COVERED DISABILITY CONDITION.—For a covered claim for total disability by an employee, if the employee is an individual who has an exempt disability condition—

“(A) the monthly rate of compensation for disability that is subject to the maximum and minimum monthly amounts under subsection (a) shall include any augmented compensation under section 8110; and

“(B) subsection (a) shall be applied by substituting ‘75 percent’ for ‘66\(\frac{2}{3}\) percent’ each place it appears.

“(2) PARTIAL DISABILITY.—For a covered claim for partial disability by an employee, until the
date that is 3 years after the date of enactment of
the Workers’ Compensation Reform Act of 2013—

“(A) the monthly rate of compensation for
disability that is subject to the maximum and
minimum monthly amounts under subsection
(a) shall include any augmented compensation
under section 8110; and

“(B) subsection (a) shall be applied by
substituting ‘75 percent’ for ‘66\(\frac{2}{3}\) percent’
each place it appears.”; and

(4) in subsection (c), as redesignated by para-
graph (2), by striking “subsection (a)” and inserting
“subsections (a) and (b)”.

(e) DEATH BENEFITS GENERALLY.—Section 8133 is
amended—

(1) in subsections (a) and (e), by striking “75
percent” each place it appears and inserting “66\(\frac{2}{3}\)
percent (except as provided in subsection (g))”; and

(2) by adding at the end the following:

“(g) If the death occurred before the date of enact-
ment of the Workers’ Compensation Reform Act of 2013,
subsections (a) and (e) shall be applied by substituting
‘75 percent’ for ‘66\(\frac{2}{3}\) percent’ each place it appears.”.

(d) DEATH BENEFITS FOR CIVIL AIR PATROL VOL-
unteers.—Section 8141 is amended—
(1) in subsection (b)(2)(B) by striking “75 percent” and inserting “66⅔ percent (except as provided in subsection (c))”;

(2) by redesignating subsection (c) as subsection (d); and

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

“(c) If the death occurred before the date of enactment of the Workers’ Compensation Reform Act of 2013, subsection (b)(2)(B) shall be applied by substituting ‘75 percent’ for ‘66⅔ percent’.”.

SEC. 504. SCHEDULE COMPENSATION PAYMENTS.

Section 8107 is amended—

(1) in subsection (a), by striking “at the rate of 66⅔ percent of his monthly pay” and inserting “at the rate specified under subsection (d)”;

(2) by adding at the end the following:

“(d) RATE FOR COMPENSATION.—

“(1) ANNUAL SALARY.—

“(A) IN GENERAL.—Except as provided in paragraph (2), the rate under subsection (a) shall be the rate of 66⅔ percent of the annual salary level established under subparagraph (B), in a lump sum equal to the present value (as calculated under subparagraph (C)) of the
amount of compensation payable under the
schedule.

“(B) Establishment.—

“(i) In general.—The Secretary of
Labor shall establish an annual salary for
purposes of subparagraph (A) in the
amount the Secretary determines will re-
sult in the aggregate cost of payments
made under this section being equal to
what would have been the aggregate cost
of payments under this section if the
amendments made by section 504 of the
Workers’ Compensation Reform Act of
2013 had not been enacted.

“(ii) Cost of living adjustment.—
The annual salary established under clause
(i) shall be increased on March 1 of each
year by the amount determined by the Sec-
retary of Labor to represent the percent
change in the price index published for De-
cember of the preceding year over the price
index published for the December of the
year prior to the preceding year, adjusted
to the nearest one-tenth of 1 percent.
“(C) Present Value.—The Secretary of Labor shall calculate the present value for purposes of subparagraph (A) using a rate of interest equal to the average market yield for outstanding marketable obligations of the United States with a maturity of 2 years on the first business day of the month in which the compensation is paid or, in the event that such marketable obligations are not being issued on such date, at an equivalent rate selected by the Secretary of Labor, true discount compounded annually.

“(2) Certain Injuries.—For an injury that occurred before the date of enactment of the Workers’ Compensation Reform Act of 2013, the rate under subsection (a) shall be 66 2/3 percent of the employee’s monthly pay.

“(e) Simultaneous Receipt.—

“(1) Total Disability.—An employee who receives compensation for total disability under section 8105 may only receive the lump sum of schedule compensation under this section in addition to and simultaneously with the benefits for total disability after the earlier of—
“(A) the date on which the basic compensation for total disability of the employee becomes 50 percent of the monthly pay of the employee under section 8105(b); or

“(B) the date on which augmented compensation of the employee terminates under section 8110(b)(2)(A)(ii), if the employee receives such compensation.

“(2) PARTIAL DISABILITY.—An employee who receives benefits for partial disability under section 8106 may only receive the lump sum of schedule compensation under this section in addition to and simultaneously with the benefits for partial disability after the earlier of—

“(A) the date on which the basic compensation for partial disability of the employee becomes 50 percent of the difference between the monthly pay of the employee and the monthly wage-earning capacity of the employee after the beginning of the partial disability under section 8106(b); or

“(B) the date on which augmented compensation of the employee terminates under section 8110(b)(2)(B), if the employee receives such compensation.”.
SEC. 505. VOCATIONAL REHABILITATION.

(a) IN GENERAL.—Section 8104 is amended—

(1) in subsection (a)—

(A) by striking “(a) The Secretary of Labor may” and all that follows through “undergo vocational rehabilitation.” and inserting the following:

“(a) IN GENERAL.—

“(1) DIRECTION.—Except as provided in paragraph (2), not earlier than the date that is 6 months after the date on which an individual eligible for wage-loss compensation under section 8105 or 8106 is injured, or by such other date as the Secretary of Labor determines it would be reasonable under the circumstances for the individual to begin vocational rehabilitation, and if vocational rehabilitation may enable the individual to become capable of more gainful employment, the Secretary of Labor shall direct the individual to participate in developing a comprehensive return to work plan and to undergo vocational rehabilitation at a location a reasonable distance from the residence of the individual.”;

(B) by striking “the Secretary of Health, Education, and Welfare in carrying out the purposes of chapter 4 of title 29” and inserting “the Secretary of Education in carrying out the
purposes of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.”);

(C) by striking “under section 32(b)(1) of title 29” and inserting “under section 5 of the Rehabilitation Act of 1973 (29 U.S.C. 704)”;

and

(D) by adding at the end the following:

“(2) EXCEPTION.—The Secretary of Labor may not direct an individual who has attained retirement age to participate in developing a comprehensive return to work plan or to undergo vocational rehabilitation.”;

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following:

“(b) CONTENTS OF RETURN TO WORK PLAN.—A return to work plan developed under subsection (a)—

“(1) shall—

“(A) set forth specific measures designed to increase the wage-earning capacity of an individual;

“(B) take into account the prior training and education of the individual and the train-
ing, educational, and employment opportunities reasonably available to the individual; and

“(C) provide that any employment undertaken by the individual under the return to work plan be at a location a reasonable distance from the residence of the individual;

“(2) may provide that the Secretary will pay out of amounts in the Employees’ Compensation Fund reasonable expenses of vocational rehabilitation (which may include tuition, books, training fees, supplies, equipment, and child or dependent care) during the course of the plan; and

“(3) may not be for a period of more than 2 years, unless the Secretary finds good cause to grant an extension, which may be for not more than 2 years.”;

(4) in subsection (c), as so redesignated—

(A) by inserting “COMPENSATION.—” before “Notwithstanding”; and

(B) by striking “, other than employment undertaken pursuant to such rehabilitation”; and

(5) by adding at the end the following:

“(d) ASSISTED REEMPLOYMENT AGREEMENTS.—
“(1) IN GENERAL.—The Secretary may enter into an assisted reemployment agreement with an agency or instrumentality of any branch of the Federal Government or a State or local government or a private employer that employs an individual eligible for wage-loss compensation under section 8105 or 8106 to enable the individual to return to productive employment.

“(2) CONTENTS.—An assisted reemployment agreement under paragraph (1)—

“(A) may provide that the Secretary will use amounts in the Employees’ Compensation Fund to reimburse an employer in an amount equal to not more than 100 percent of the compensation the individual would otherwise receive under section 8105 or 8106; and

“(B) may not be for a period of more than 3 years.

“(e) LIST.—To facilitate the hiring of individuals eligible for wage-loss compensation under section 8105 or 8106, the Secretary shall provide a list of such individuals to the Office of Personnel Management, which the Office of Personnel Management shall provide to all agencies and instrumentalities of the Federal Government.”.
(b) EMPLOYEES’ COMPENSATION FUND.—Section 8147 is amended by adding at the end:

“(d) Notwithstanding subsection (b), any benefits or other payments paid to or on behalf of an employee under this subchapter or any extension or application thereof for a recurrence of injury, consequential injury, aggravation of injury, or increase in percentage of impairment to a member for which compensation is provided under the schedule under section 8107 suffered in a permanent position with an agency or instrumentality of the United States while the employment with the agency or instrumentality is covered under an assisted reemployment agreement entered into under section 8104(d) shall not be included in total cost of benefits and other payments in the statement provided to the agency or instrumentality under subsection (b) if the injury was originally incurred in a position not covered by an assisted reemployment agreement.”.

(c) TERMINATION OF VOCATIONAL REHABILITATION REQUIREMENT AFTER RETIREMENT AGE.—Section 8113(b) is amended by adding at the end the following:

“An individual who has attained retirement age may not be required to undergo vocational rehabilitation.”.
(d) **Mandatory Benefit Reduction for Non-Compliance.**—Section 8113(b) is amended by striking “may reduce” and inserting “shall reduce”.

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

(1) In general.—Subchapter III of chapter 15 of title 31, United States Code, is amended by adding at the end the following:

“§1538. **Authorization for assisted reemployment**

“Funds may be transferred from the Employees’ Compensation Fund established under section 8147 of title 5 to the applicable appropriations account for an agency or instrumentality of any branch of the Federal Government for the purposes of reimbursing the agency or instrumentality in accordance with an assisted reemployment agreement entered into under section 8104 of title 5.”.

(2) Table of sections.—The table of sections for chapter 15 of title 31, United States Code, is amended by inserting after the item relating to section 1537 the following:

“1538. Authorization for assisted reemployment.”.

**SEC. 506. REPORTING REQUIREMENTS.**

(a) In general.—Chapter 81 is amended by inserting after section 8106 the following:
§ 8106a. Reporting requirements

“(a) Definition.—In this section, the term ‘employee receiving compensation’ means an employee who—

“(1) is paid compensation under section 8105 or 8106; and

“(2) has not attained retirement age.

“(b) Authority.—The Secretary of Labor shall require an employee receiving compensation to report the earnings of the employee receiving compensation from employment or self-employment, by affidavit or otherwise, in the manner and at the times the Secretary specifies.

“(c) Contents.—An employee receiving compensation shall include in a report required under subsection (a) the value of housing, board, lodging, and other advantages which are part of the earnings of the employee receiving compensation in employment or self-employment and the value of which can be estimated.

“(d) Failure to report and false reports.—

“(1) In general.—An employee receiving compensation who fails to make an affidavit or other report required under subsection (b) or who knowingly omits or understates any part of the earnings of the employee in such an affidavit or other report shall forfeit the right to compensation with respect to any period for which the report was required.
“(2) FORFEITED COMPENSATION.—Compensation forfeited under this subsection, if already paid to the employee receiving compensation, shall be recovered by a deduction from the compensation payable to the employee or otherwise recovered under section 8129, unless recovery is waived under that section.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—
The table of sections for chapter 81 is amended by inserting after the item relating to section 8106 the following:

“8106a. Reporting requirements.”.

SEC. 507. DISABILITY MANAGEMENT REVIEW; INDEPENDENT MEDICAL EXAMINATIONS.

Section 8123 is amended by adding at the end the following:

“(e) DISABILITY MANAGEMENT REVIEW.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘covered employee’ means an employee who is in continuous receipt of compensation for total disability under section 8105 for a period of not less than 6 months; and

“(B) the term ‘disability management review process’ means the disability management review process established under paragraph (2)(A).
“(2) **Establishment.**—The Secretary of Labor shall—

“(A) establish a disability management review process for the purpose of certifying and monitoring the disability status and extent of injury of each covered employee; and

“(B) promulgate regulations for the administration of the disability management review process.

“(3) **Physical Examinations Required.**—

Under the disability management review process, the Secretary of Labor shall periodically require covered employees to submit to physical examinations under subsection (a) by physicians selected by the Secretary. A physician conducting a physical examination of a covered employee shall submit to the Secretary a report regarding the nature and extent of the injury to and disability of the covered employee.

“(4) **Frequency.**—

“(A) **In General.**—The regulations promulgated under paragraph (2)(B) shall specify the process and criteria for determining when and how frequently a physical examination should be conducted for a covered employee.

“(B) **Minimum Frequency.**—
“(i) Initial.—An initial physical examination shall be conducted not more than a brief period after the date on which a covered employee has been in continuous receipt of compensation for total disability under section 8015 for 6 months.

“(ii) Subsequent Examinations.—After the initial physical examination, physical examinations of a covered employee shall be conducted not less than once every 3 years.

“(5) Employing Agency or Instrumentality Requests.—

“(A) In General.—The agency or instrumentality employing an employee who has made a claim for compensation for total disability under section 8105 may at any time submit a request for the Secretary of Labor to promptly require the employee to submit to a physical examination under this subsection.

“(B) Requesting Officer.—A request under subparagraph (A) shall be made on behalf of an agency or instrumentality by—

“(i) the head of the agency or instrumentality;
“(ii) the Chief Human Capital Officer of the agency or instrumentality; or

“(iii) if the agency or instrumentality does not have a Chief Human Capital Officer, an officer with responsibilities similar to those of a Chief Human Capital Officer designated by the head of the agency or instrumentality to make requests under this paragraph.

“(C) INFORMATION.—A request under subparagraph (A) shall be in writing and accompanied by—

“(i) a certification by the officer making the request that the officer has reviewed the relevant material in the employee’s file;

“(ii) an explanation of why the officer has determined, based on the materials in the file and other information known to the officer, that requiring a physical examination of the employee under this subsection is necessary; and

“(iii) copies of the materials relating to the employee that are relevant to the officer’s determination and request, unless
the agency or instrumentality has a reasonable basis for not providing the materials.

“(D) EXAMINATION.—If the Secretary of Labor receives a request under this paragraph before an employee has undergone an initial physical examination under paragraph (4)(B)(i), the Secretary shall promptly require the physical examination of the employee. A physical examination under this subparagraph shall satisfy the requirement under paragraph (4)(B)(i) that an initial physical examination be conducted.

“(E) AFTER INITIAL EXAMINATION.—

“(i) IN GENERAL.—If the Secretary of Labor receives a request under this paragraph after an employee has undergone an initial physical examination under paragraph (4)(B)(i), the Secretary shall—

“(I) review the request and the information, explanation, and other materials submitted with the request; and

“(II) determine whether to require the physical examination of the
employee who is the subject of the request.

“(ii) NOT GRANTED.—If the Secretary determines not to grant a request described in clause (i), the Secretary shall promptly notify the officer who made the request and provide an explanation of the reasons why the request was denied.”.

SEC. 508. WAITING PERIOD.

(a) IN GENERAL.—Section 8117 is amended—

(1) in the section heading, by striking “Time of accrual of right” and inserting “Waiting period”;

(2) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking “An employee” and all that follows through “is not entitled” and inserting “In General.—An employee is not entitled to continuation of pay within the meaning of section 8118 for the first 3 days of temporary disability or, if section 8118 does not apply, is not entitled”; 

(B) in paragraph (1), by adding “or” at the end;

(C) by striking paragraph (2); and
(D) by redesignating paragraph (3) as paragraph (2); and
(3) in subsection (b)—
   (A) by striking “A Postal Service” the first place it appears and all that follows through “A Postal Service” the second place it appears and inserting “USE OF LEAVE.—An”;
   (B) by striking “that 3-day period” and inserting “the first 3 days of temporary disability”; and
   (C) by striking “or is followed by permanent disability”.
(b) CONTINUATION OF PAY.—Section 8118 is amended—
(1) in the section heading, by striking “; election to use annual or sick leave”; 
(2) in subsection (b)(1), by striking “section 8117(b)” and inserting “section 8117”;
(3) by striking subsection (c); and
(4) by redesignating subsection (d) as subsection (c).
(c) TECHNICAL AND CONFORMING AMENDMENTS.—
The table of sections for chapter 81 is amended by striking the items relating to sections 8117 and 8118 and inserting the following:
SEC. 509. ELECTION OF BENEFITS.

(a) In General.—Section 8116 is amended by adding at the end the following:

“(e) Retirement Benefits.—

“(1) In general.—An individual entitled to compensation benefits payable under this subchapter and under chapter 83 or 84 or any other retirement system for employees of the Government, for the same period, shall elect which benefits the individual will receive.

“(2) Election.—

“(A) Deadline.—An individual shall make an election under paragraph (1) in accordance with such deadlines as the Secretary of Labor shall establish, which shall be a reasonable period after the individual has received notice of a final determination that the individual is entitled to compensation benefits payable under this subchapter.

“(B) Revocability.—An election under paragraph (1) shall be revocable, notwithstanding any other provision of law, except for any period during which an individual—
“(i) was qualified for benefits payable under both this subchapter and under a re-
tirement system described in paragraph (1); and

“(ii) was paid benefits under the re-
tirement system after having been notified of eligibility for benefits under this sub-
chapter.

“(3) INFORMED CHOICE.—The Secretary of Labor shall provide information, and shall ensure that information is provided, to an individual de-
scribed in paragraph (1) about the benefits available to the individual under this subchapter or under chapter 83 or 84 or any other retirement system referred to in paragraph (1) the individual may elect to receive.”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—
Sections 8337(f)(3) and 8464a(a)(3) are each amended by striking “Paragraphs” and inserting “Except as provided under chapter 81, paragraphs”.

SEC. 510. SANCTION FOR NONCOOPERATION WITH FIELD NURSES.
Section 8123, as amended by section 507, is amended by adding at the end the following:

“(f) FIELD NURSES.—
“(1) DEFINITION.—In this subsection, the term ‘field nurse’ means a registered nurse that assists the Secretary in the medical management of disability claims under this subchapter and provides claimants with assistance in coordinating medical care.

“(2) AUTHORIZATION.—The Secretary may use field nurses to coordinate medical services and vocational rehabilitation programs for injured employees under this subchapter. If an employee refuses to cooperate with a field nurse or obstructs a field nurse in the performance of duties under this subchapter, the right to compensation under this subchapter shall be suspended until the refusal or obstruction stops.”.

SEC. 511. SUBROGATION OF CONTINUATION OF PAY.

(a) IN GENERAL.—Section 8131 is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by inserting “continuation of pay or” before “compensation”;

(2) in subsection (b), by inserting “continuation of pay or” before “compensation”; and

(3) in subsection (c)—

(A) by inserting “continuation of pay or” before “compensation already paid”; and
(B) by inserting “continuation of pay or” before “compensation payable”.

(b) ADJUSTMENT AFTER RECOVERY FROM A THIRD PERSON.—Section 8132 is amended—

(1) in the first sentence—

(A) by inserting “continuation of pay or” before “compensation is payable”; (B) by inserting “continuation of pay or” before “compensation from the United States”; (C) by striking “by him or in his behalf” and inserting “by the beneficiary or on behalf of the beneficiary”; (D) by inserting “continuation of pay and” before “compensation paid by the United States”; and (E) by striking “compensation payable to him” and inserting “continuation of pay or compensation payable to the beneficiary”; 

(2) in the second sentence, by striking “his des- ignee” and inserting “the designee of the bene-}
to the beneficiary, the money or property shall be
credited against continuation of pay or compensation
payable to the beneficiary by the United States’’.

(c) EFFECTIVE DATE.—This section and the amend-
ments made by this section shall take effect on the date
of enactment of this Act.

SEC. 512. INTEGRITY AND COMPLIANCE.

(a) IN GENERAL.—Subchapter I of chapter 81 is
amended by adding at the end the following:

“§ 8153. Integrity and Compliance Program

“(a) DEFINITIONS.—In this section—

“(1) the term ‘FECA program’ means the Fed-
eral Employees Compensation Program administered
under this subchapter;

“(2) the term ‘improper payment’ has the
meaning given that term in section 2(g) of the Im-
proper Payments Information Act of 2002 (31
U.S.C. 3321 note);

“(3) the term ‘Inspector General’—

“(A) means an Inspector General described
in subparagraph (A), (B), or (I) of section
11(b)(1) of the Inspector General Act of 1978
(5 U.S.C. App.); and

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“(B) does not include the Inspector General of an entity having no employees covered under the FECA program;

“(4) the term ‘Integrity and Compliance Program’ means the Integrity and Compliance Program established under subsection (b);

“(5) the term ‘provider’ means a provider of medical or other services under the FECA program;

“(6) the term ‘Secretary’ means the Secretary of Labor; and

“(7) the term ‘Task Force’ means the FECA Integrity and Compliance Task Force established under subsection (e)(2)(A).

“(b) INTEGRITY AND COMPLIANCE PROGRAM.—Not later than 270 days after the date of enactment of this section, the Secretary shall establish an Integrity and Compliance Program for the purpose of preventing, identifying, and recovering fraudulent and other improper payments for the FECA program, which shall include—

“(1) procedures for identifying potentially improper payments before payment is made to claimants and providers, including, where appropriate, predictive analytics;
“(2) reviews after payment is made to identify potentially improper payments to claimants and providers;

“(3) on-going screening and verification procedures to ensure the continued eligibility of medical providers to provide services under the FECA program, including licensure, Federal disbarment, and the existence of relevant criminal convictions;

“(4) provision of appropriate information, education, and training to claimants and providers on requirements to ensure the integrity of the FECA program, including payments under the FECA program;

“(5) appropriate controls and audits to ensure that providers adopt internal controls and procedures for compliance with requirements under the FECA program;

“(6) procedures to ensure—

“(A) initial and continuing eligibility of claimants for compensation, benefits, or services under the FECA program; and

“(B) ongoing verification of information in databases relating to claimants to ensure accuracy and completeness; and
“(7) sharing and accessing data and information with other agencies and instrumentalities of the United States, including the United States Postal Service.

“(c) INTERAGENCY COOPERATION ON ANTI-FRAUD EFFORTS.—

“(1) IN GENERAL.—In administering the FECA program, including the Integrity and Compliance Program, the Secretary shall cooperate with other agencies and instrumentalities of the United States (including the United States Postal Service) and the Inspectors General of such agencies and instrumentalities to prevent, identify, and recover fraudulent and other improper payments under the FECA program.

“(2) TASK FORCE.—

“(A) IN GENERAL.—There is established a task force, which shall be known as the FECA Integrity and Compliance Task Force.

“(B) MEMBERSHIP.—The members of the Task Force shall be—

“(i) the Secretary, who shall serve as the Chairperson of the Task Force;
“(ii) the Postmaster General, who shall serve as the Vice Chairperson of the Task Force;
“(iii) the Attorney General;
“(iv) the Director of the Office of Management and Budget; and
“(v) other appropriate Federal officials, as determined by the Chairperson and Vice Chairperson of the Task Force.

“(C) ADVISORY MEMBERS.—The following officials shall attend meetings of the Task Force and participate as ad hoc, advisory members, to provide technical assistance and guidance to the Task Force with respect to the duties of the Task Force:

“(i) The Inspector General of the Department of Labor.
“(iii) The Inspectors General of other appropriate agencies and instrumentalities of the United States that employ a significant number of individuals receiving compensation, benefits, or services under the
FECA program, as determined by the Chairperson of the Task Force.

“(D) DUTIES.—The Task Force shall—

“(i) set forth, in writing, a description of the respective roles and responsibilities in preventing, identifying, recovering, and prosecuting fraud under, and otherwise ensuring integrity and compliance of, the FECA program of—

“(I) the Secretary (including subordinate officials such as the Director of the Office of Workers’ Compensation Programs);

“(II) the Inspector General of the Department of Labor;

“(III) the Inspectors General of agencies and instrumentalities of the United States that employ claimants under the FECA program;

“(IV) the Attorney General; and

“(V) any other relevant officials;

“(ii) develop procedures for sharing information of possible fraud under the FECA program or other intentional misstatements by claimants or providers
under the FECA program, including procedures addressing—

“(I) notification of appropriate officials of the Department of Labor of potential fraud or other intentional misstatements, including provision of supporting information;

“(II) timely and appropriate response by officials of the Department of Labor to notifications described in subclause (I);

“(III) the inclusion of information and evidence relating to fraud and other intentional misstatements in criminal, civil, and administrative proceedings relating to the provision of compensation, benefits, or medical services (including payments to providers) under the FECA program;

“(IV) the coordination of criminal investigations with the administration of the FECA program; and

“(V) the protection of information relating to an investigation of possible fraud under the FECA pro-
gram from potential disclosure, including requirements that enable investigative files to be appropriately separated from case management files; and

“(iii) not later than 1 year after the date of enactment of this section, submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform and the Committee on Education and the Workforce of the House of Representatives a report that includes the description and procedures required under clauses (i) and (ii).

“(3) Rule of construction.—Nothing in this subsection shall be construed to limit or restrict any authority of an Inspector General.

“(d) Improvements to Access of Federal Databases.—

“(1) In general.—In order to improve compliance with the requirements under and the integrity of the FECA program, or as required to otherwise detect and prevent improper payments under the FECA program (including for purposes of computer
matching under subsection (c)(1)(D)), upon written request—

“(A) the Commissioner of Social Security shall make available to the Secretary, the Postmaster General, and each Inspector General the Social Security earnings information of a living or deceased employee;

“(B) the Director of the Office of Personnel Management shall make available to the Secretary, the Postmaster General, and each Inspector General the information in the databases of Federal employees and retirees maintained by the Director; and

“(C) the Secretary of Veterans Affairs shall make available to the Secretary, the Postmaster General, and each Inspector General the information in the database of disabled individuals maintained by the Secretary of Veterans Affairs.

“(2) NATIONAL DIRECTORY OF NEW HIRES.—Upon written request, the Secretary of Health and Human Services shall make available to the Secretary, the Postmaster General, each Inspector General, and the Comptroller General of the United States the information in the National Directory of
New Hires for purposes of carrying out this sub-
chapter, in order to improve compliance with the re-
quirements under and the integrity of the FECA
program, or as required to otherwise detect and pre-
vent improper payments under the FECA program
(including for purposes of computer matching under
subsection (e)(1)(D)). The Comptroller General may
obtain information from the National Directory of
New Hires for purposes of any audit, evaluation, or
investigation, including any audit, evaluation, or in-
vestigation relating to program integrity.

“(3) PROCEDURES.—The Secretary shall estab-
lish procedures for correlating the identity and sta-

tus of recipients of compensation, benefits, or serv-
ices under this subchapter with Social Security earn-
ings information described in paragraph (1)(A).

“(4) PROVISION.—Information requested under
this subsection shall be provided—

“(A) in a timely manner;

“(B) at a reasonable cost to the Secretary, the Postmaster General, or an Inspector Gen-
eral;

“(C) without cost to the Comptroller Gen-
eral of the United States; and
“(D) in the manner, frequency, and form reasonably specified by the officer making the request, which, upon request, shall include electronic form.

“(5) ASSESSMENT OF DATA COST-EFFECTIVENESS.—

“(A) IN GENERAL.—The Secretary shall consider and assess procedures for correlating the identity and status of recipients of compensation, benefits, or services under this subchapter with information relating to employees, retirees, and individuals described in subparagraphs (B) and (C) of paragraph (1) and paragraph (2).

“(B) REPORT.—Not later than 1 year after the date of enactment of this section, the Secretary shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform and the Committee on Education and the Workforce of the House of Representatives a report on the cost-effectiveness of the use of the databases described in subparagraphs (B) and (C) of paragraph (1) and paragraph (2) for program compliance and
integrity. The report required under this sub-
paragraph may be included as part of the re-
port required under subsection (f).

“(6) UNITED STATES POSTAL SERVICE FECA
ENROLLEE DATABASE.—Not later than 180 days
after the date of enactment of this section, in order
to track, verify, and communicate with the Secretary
and other relevant entities, the Postmaster General
shall establish an electronic database of information
relating to employees of the United States Postal
Service who have applied for or are receiving com-
pensation, benefits, or services under this sub-
chapter.

“(7) RULE OF CONSTRUCTION.—Nothing in
this subsection shall be construed to limit the au-
thority of the Comptroller General of the United
States under section 716 of title 31.

“(e) GENERAL PROTOCOLS AND SECURITY.—

“(1) ESTABLISHMENT.—

“(A) IN GENERAL.—In order to ensure
strong information security and privacy stand-
ards, the Task Force shall establish protocols
for the secure transfer and storage of any infor-
mation provided to an individual or entity
under this section.
“(B) CONSIDERATIONS.—In establishing protocols under subparagraph (A), the Task Force shall consider any recommendations submitted to the Secretary by the Inspector General of the Department of Health and Human Services with respect to the secure transfer and storage of information, and to comply with privacy laws and best practices.

“(C) FRAUD CASE PROTECTION.—The Task Force shall establish protocols and procedures to enable information and materials relating to an active investigation of possible fraud relating to the FECA program to be appropriately kept separate from the files for employees relating to the provision of compensation, benefits, or services under the FECA program.

“(D) COMPUTER MATCHING BY FEDERAL AGENCIES FOR PURPOSES OF INVESTIGATION AND PREVENTION OF IMPROPER PAYMENTS AND FRAUD.—

“(i) IN GENERAL.—Except as provided in this subparagraph, in accordance with section 552a (commonly known as the Privacy Act of 1974), the Secretary, the Postmaster General, each Inspector Gen-
eral, and the head of each agency may enter into computer matching agreements that allow ongoing data matching (which shall include automated data matching) in order to assist in the detection and prevention of improper payments under the FECA program.

“(ii) Review.—Not later than 60 days after a proposal for an agreement under clause (i) has been presented to a Data Integrity Board established under section 552a(u) for consideration, the Data Integrity Board shall approve or deny the agreement.

“(iii) Termination date.—An agreement under clause (i)—

“(I) shall have a termination date of less than 3 years; and

“(II) during the 3-month period ending on the date on which the agreement is scheduled to terminate, may be renewed by the agencies entering the agreement for not more than 3 years.
“(iv) MULTIPLE AGENCIES.—For purposes of this subparagraph, section 552a(o)(1) shall be applied by substituting ‘between the source agency and the recipient agency or non-Federal agency or an agreement governing multiple agencies’ for ‘between the source agency and the recipient agency or non-Federal agency’ in the matter preceding subparagraph (A).

“(v) COST-BENEFIT ANALYSIS.—An agreement under clause (i) may be entered without regard to section 552a(o)(1)(B), relating to a cost-benefit analysis of the proposed matching program.

“(vi) GUIDANCE BY THE OFFICE OF MANAGEMENT AND BUDGET.—Not later than 6 months after the date of enactment of the Workers’ Compensation Reform Act of 2013, and in consultation with the Council of Inspectors General on Integrity and Efficiency, the Secretary of Health and Human Services, the Commissioner of Social Security, and the head of any other relevant agency, the Director of the Office of Management and Budget shall—
“(I) issue guidance for agencies regarding implementing this subparagraph, which shall include standards for reimbursement costs, when necessary, between agencies; and

“(II) establish standards and develop standard matching agreements for the purpose of improving the process for establishing data use or computer matching agreements.

“(2) COMPLIANCE.—The Secretary, the Postmaster General, and each Inspector General shall ensure that any information provided to an individual or entity under this section is provided in accordance with protocols established under paragraph (1).

“(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to affect the rights of an individual under section 552a(p).

“(f) REPORT.—Not later than 1 year after the date of enactment of this section, and annually thereafter for 5 years, the Secretary shall submit a report on the activities of the Secretary under this section, including implementation of the Integrity and Compliance Program, to—
“(1) the Committee on Homeland Security and Governmental Affairs of the Senate; and

“(2) the Committee on Oversight and Government Reform and the Committee on Education and the Workforce of the House of Representatives.

“(g) GAO REVIEW.—The Comptroller General of the United States shall—

“(1) conduct periodic reviews of the Integrity and Compliance Program; and

“(2) submit reports on the results of the reviews under paragraph (1) to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform and the Committee on Education and the Workforce of the House of Representatives not later than—

“(A) 2 years after the date of enactment of this section; and

“(B) 3 years after submission of the report under subparagraph (A).”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—

The table of sections for chapter 81 is amended by inserting after the item relating to section 8152 the following:

“8153. Integrity and Compliance Program.”.
(c) **Effective Date.**—This section and the amendments made by this section shall take effect on the date of enactment of this Act.

**SEC. 513. AMOUNT OF COMPENSATION.**

(a) **Injuries to Face, Head, and Neck.**—Section 8107(c)(21) is amended—

(1) by striking “not to exceed $3,500” and inserting “in proportion to the severity of the disfigurement, not to exceed $50,000,”; and

(2) by adding at the end the following: “The maximum amount of compensation under this paragraph shall be increased on March 1 of each year by the amount determined by the Secretary of Labor to represent the percent change in the price index published for December of the preceding year over the price index published for the December of the year prior to the preceding year, adjusted to the nearest one-tenth of 1 percent.”.

(b) **Funeral Expenses.**—Section 8134(a) is amended—

(1) by striking “$800” and inserting “$6,000”;

and

(2) by adding at the end the following: “The maximum amount of compensation under this subsection shall be increased on March 1 of each year
by the amount determined by the Secretary of Labor
to represent the percent change in the price index
published for December of the preceding year over
the price index published for the December of the
year prior to the preceding year, adjusted to the
nearest one-tenth of 1 percent.”.

(c) APPLICATION.—The amendments made by this
section shall apply to injuries or deaths, respectively, oc-
curring on or after the date of enactment of this Act.

SEC. 514. TERRORISM INJURIES; ZONES OF ARMED CON-
FLICT.

(a) COVERING TERRORISM INJURIES.—Section
8102(b) is amended in the matter preceding paragraph
(1)—

(1) by inserting “or from an attack by a ter-
rorist or terrorist organization, either known or un-
known,” after “force or individual,”; and

(2) by striking “outside” and all that follows
through “(1979)” and inserting “outside of the
United States”.

(b) CONTINUATION OF PAY IN A ZONE OF ARMED
CONFLICT.—Section 8118, as amended by section 508(b)
of this Act, is amended—
(1) in subsection (b), by striking “Continuation” and inserting “Except as provided under subsection (d)(2), continuation”;

(2) in subsection (c), as redesignated by section 508(b)(4) of this Act, by striking “subsection (a)” and inserting “subsection (a) or (d)”;

(3) inserting before subsection (e) the following:

“(d) CONTINUATION OF PAY IN A ZONE OF ARMED CONFLICT.—

“(1) IN GENERAL.—Notwithstanding subsection (a), the United States shall authorize the continuation of pay of an employee described in subparagraph (A), (C), (D), or (F) of section 8101(1), who—

“(A) files a claim for a period of wage loss due to an injury in performance of duty in a zone of armed conflict (as determined by the Secretary of Labor under paragraph (3)); and

“(B) files the claim for such wage loss benefit with the immediate superior of the employee not later than 45 days after the later of—

“(i) the termination of the assignment of the employee to the zone of armed conflict; or
“(ii) the return of the employee to the
United States.

“(2) CONTINUATION OF PAY.—Notwithstanding
subsection (b), continuation of pay under this sub-
section shall be furnished for a period not to exceed
135 days without any break in time or waiting pe-
riod, unless controverted under regulations pre-
scribed by the Secretary of Labor.

“(3) DETERMINATION OF ZONES OF ARMED
CONFLICT.—For purposes of this subsection, the
Secretary of Labor, in consultation with the Sec-
retary of State and the Secretary of Defense, shall
determine whether a foreign country or other foreign
geographic area outside of the United States (as de-
defined in section 202(a)(7) of the State Department
Basic Authorities Act of 1956 (22 U.S.C.
4302(a)(7)) is a zone of armed conflict based on
whether—

“(A) the Armed Forces of the United
States are involved in hostilities in the country
or area;

“(B) the incidence of civil insurrection,
civil war, terrorism, or wartime conditions
threatens physical harm or imminent danger to
the health or well-being of United States civilian employees in the country or area;

“(C) the country or area has been designated a combat zone by the President under section 112(c) of the Internal Revenue Code of 1986;

“(D) a contingency operation involving combat operations directly affects civilian employees in the country or area; or

“(E) there exist other relevant conditions and factors.”.

SEC. 515. TECHNICAL AND CONFORMING AMENDMENTS.

Chapter 81 is amended—

(1) in section 8101(1)(D), by inserting “for an injury that occurred before the effective date of section 204(e) of the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93–198; 87 Stat. 783; 5 U.S.C. 8101 note)” before the semicolon;

(2) in section 8139, by inserting “under this subchapter” after “Compensation awarded”; and

(3) in section 8148(a), by striking “section 8106” and inserting “section 8106a”.
SEC. 516. REGULATIONS.

(a) IN GENERAL.—As soon as possible after the date of enactment of this Act, the Secretary of Labor shall promulgate regulations (which may include interim final regulations) to carry out this title.

(b) CONTENTS.—The regulations promulgated under subsection (a) shall include, for purposes of the amendments made by sections 502 and 503, clarification of—

(1) what is a claim; and

(2) what is the date on which a period of disability, for which a claim is made, commences.

SEC. 517. EFFECTIVE DATE.

Except as otherwise provided in this title, this title and the amendments made by this title shall take effect 60 days after the date of enactment of this Act.

TITLE VI—PROPERTY MANAGEMENT AND EXPEDITED DISPOSAL OF REAL PROPERTY

SEC. 601. SHORT TITLE.

This title may be cited as the “Federal Real Property Asset Management Reform Act of 2013”.

SEC. 602. PURPOSE.

The purpose of this title is to increase the efficiency and effectiveness of the Federal Government in managing real property by—
(1) requiring agencies to maintain an up-to-date inventory of real property;

(2) establishing a Federal Real Property Council to develop guidance on and ensure the implementation of strategies for better managing Federal real property; and

(3) authorizing a pilot program to expedite the disposal of surplus real property.

SEC. 603. PROPERTY MANAGEMENT AND EXPEDITED DISPOSAL OF REAL PROPERTY.

Chapter 5 of subtitle I of title 40, United States Code, is amended by adding at the end the following:

“SUBCHAPTER VII—PROPERTY MANAGEMENT AND EXPEDITED DISPOSAL OF REAL PROPERTY

§ 621. Definitions

“In this subchapter:

“(1) Administrator.—The term ‘Administrator’ means the Administrator of General Services.

“(2) Council.—The term ‘Council’ means the Federal Real Property Council established by section 623(a).

“(3) Director.—The term ‘Director’ means the Director of the Office of Management and Budget.
“(4) Disposal.—The term ‘disposal’ means any action that constitutes the removal of any real property from the Federal inventory, including sale, deed, demolition, or exchange.

“(5) Excess Property.—The term ‘excess property’ means any real property under the control of a Federal agency that the head of the Federal agency determines is not required to meet the needs or responsibilities of the Federal agency.

“(6) Federal Agency.—The term ‘Federal agency’ means—

“(A) an executive department or independent establishment in the executive branch of the Government; or

“(B) a wholly owned Government corporation.

“(7) Field Office.—The term ‘field office’ means any office of a Federal agency that is not the headquarters office location for the Federal agency.

“(8) Postal Property.—The term ‘postal property’ means any building owned by the United States Postal Service.

“(9) Surplus Property.—

“(A) In general.—The term ‘surplus property’ means excess real property that is not
required to meet the needs or responsibilities of any Federal agency.

“(B) Exclusions.—The term ‘surplus property’ does not include—

“(i) any military installation (as defined in section 2910 of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note; Public Law 101–510));

“(ii) any property that is excepted from the definition of the term ‘property’ under section 102;

“(iii) Indian and native Eskimo property held in trust by the Federal Government as described in section 3301(a)(5)(C)(iii);

“(iv) real property operated and maintained by the Tennessee Valley Authority pursuant to the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831 et seq.);

“(v) any real property the Director excludes for reasons of national security;

“(vi) any public lands (as defined in section 203 of the Public Lands Corps Act of 1993 (16 U.S.C. 1722)) administered by—
“(I) the Secretary of the Interior, acting through—

“(aa) the Director of the Bureau of Land Management;

“(bb) the Director of the National Park Service;

“(cc) the Commissioner of Reclamation; or

“(dd) the Director of the United States Fish and Wildlife Service; or

“(II) the Secretary of Agriculture, acting through the Chief of the Forest Service; or

“(vii) any property operated and maintained by the United States Postal Service.

“(10) UNDERUTILIZED PROPERTY.—The term ‘underutilized property’ means a portion or the entirety of any real property, including any improvements, that is used—

“(A) irregularly or intermittently by the accountable Federal agency for program purposes of the Federal agency; or
“(B) for program purposes that can be satisfied only with a portion of the property.

§ 622. Duties of Federal agencies

“Each Federal agency shall—

“(1) maintain adequate inventory controls and accountability systems for real property under the control of the Federal agency;

“(2) develop current and future workforce projections so as to have the capacity to assess the needs of the Federal workforce regarding the use of real property;

“(3) continuously survey real property under the control of the Federal agency to identify excess property, underutilized property, and other real property suitable to be used for—

“(A) colocation with other Federal agencies; or

“(B) consolidation with other facilities;

“(4) promptly report excess property and underutilized property to the Administrator;

“(5) establish goals that will lead the Federal agency to reduce excess property and underutilized property in the inventory of the Federal agency;
“(6) submit to the Council a report on all excess property and underutilized property in the inventory of the Federal agency, including—

“(A) whether underutilized property can be better utilized; and

“(B) the extent to which the Federal agency believes that the underutilized property serves the needs of the Federal agency to retain underutilized property;

“(7) adopt workplace practices, configurations, and management techniques that can achieve increased levels of productivity and decrease the need for real property assets;

“(8) assess leased space to identify space that is not fully used or occupied;

“(9) on an annual basis and subject to the guidance of the Council—

“(A) conduct an inventory of real property under control of the Federal agency; and

“(B) make an assessment of each real property, which shall include—

“(i) the age and condition of the property;

“(ii) the size of the property in square footage and acreage;
“(iii) the geographical location of the property, including an address and description;

“(iv) the extent to which the property is being utilized;

“(v) the actual annual operating costs associated with the property;

“(vi) the total cost of capital expenditures associated with the property;

“(vii) sustainability metrics associated with the property;

“(viii) the number of Federal employees and functions housed at the property;

“(ix) the extent to which the mission of the Federal agency is dependent on the property;

“(x) the estimated amount of capital expenditures projected to maintain and operate the property over each of the next 5 years after the date of enactment of this subchapter; and

“(xi) any additional information required by the Administrator to carry out section 624; and
“(10) provide to the Council and the Administrator the information described in paragraph (9)(B) to be used for the establishment and maintenance of the database described in section 624.

§ 623. Colocation among United States Postal Service properties

“(a) Identification of Postal Property.—Each year, the Postmaster General may—

“(1) identify a list of postal properties with space available for use by Federal agencies; and

“(2) submit the list to the Council.

“(b) Submission of List of Postal Properties to Federal Agencies.—

“(1) In general.—Not later than 30 days after the completion of a list under subsection (a), the Council shall provide the list to each Federal agency.

“(2) Review by Federal agencies.—Not later than 90 days after the receipt of the list submitted under paragraph (1), each Federal agency shall—

“(A) review the list;

“(B) identify real property assets under the control of the Federal agency; and

“(C) recommend colocations if appropriate.
“(c) Terms of Colegation.—On approval of the recommendations under subsection (b) by the Postmaster General and the applicable agency head, the Federal agency or appropriate landholding entity may work with the Postmaster General to establish appropriate terms of a lease for each postal property.

§ 624. Establishment of a Federal Real Property Council

“(a) Establishment.—There is established a Federal Real Property Council.

“(b) Purpose.—The purpose of the Council shall be—

“(1) to develop guidance and ensure implementation of an efficient and effective real property management strategy;

“(2) to identify opportunities for the Federal Government to better manage real property assets; and

“(3) to reduce the costs of managing real property, including operations, maintenance, and security.

“(c) Composition.—

“(1) In general.—The Council shall be composed exclusively of—
“(A) the senior real property officers of each Federal agency;

“(B) the Deputy Director for Management of the Office of Management and Budget;

“(C) the Controller of the Office of Management and Budget;

“(D) the Administrator; and

“(E) any other full-time or permanent part-time Federal officials or employees, as the Chairperson determines to be necessary.

“(2) Chairperson.—The Deputy Director for Management of the Office of Management and Budget shall serve as Chairperson of the Council.

“(3) Executive Director.—

“(A) In general.—The Chairperson shall designate an Executive Director to assist in carrying out the duties of the Council.

“(B) Qualifications; full-time.—The Executive Director shall—

“(i) be appointed from among individuals who have substantial experience in the areas of commercial real estate and development, real property management, and Federal operations and management; and

“(ii) serve full time.
“(d) MEETINGS.—

“(1) IN GENERAL.—The Council shall meet subject to the call of the Chairperson.

“(2) MINIMUM.—The Council shall meet not fewer than 4 times each year.

“(e) DUTIES.—The Council, in consultation with the Director and the Administrator, shall—

“(1) not later than 1 year after the date of enactment of this subchapter, establish a real property management plan template, to be updated annually, which shall include performance measures, specific milestones, measurable savings, strategies, and government-wide goals based on the goals established under section 622(5) to reduce surplus property or to achieve better utilization of underutilized property, and evaluation criteria to determine the effectiveness of real property management that are designed—

“(A) to enable Congress and heads of Federal agencies to track progress in the achievement of real property management objectives on a government-wide basis;

“(B) to improve the management of real property; and
“(C) to allow for comparison of the performance of Federal agencies against industry and other public sector agencies in terms of performance;

“(2) develop standard use rates consistent throughout each category of space and with non-governmental space use rates;

“(3) develop a strategy to reduce the reliance of Federal agencies on leased space for long-term needs if ownership would be less costly;

“(4) provide guidance on eliminating inefficiencies in the Federal leasing process;

“(5) compile a list of real property assets that are field offices that are suitable for colocation with other real property assets; and

“(6) not later than 1 year after the date of enactment of this subchapter and annually during the 4-year period beginning on the date that is 1 year after the date of enactment of this subchapter and ending on the date that is 5 years after the date of enactment of this subchapter, the Council shall submit to the Director a report that contains—

“(A) a list of the remaining excess property, surplus property, and underutilized properties of each Federal agency;
“(B) the progress of the Council toward developing guidance for Federal agencies to ensure that the assessment required under section 622(9)(B) is carried out in a uniform manner; and

“(C) the progress of Federal agencies toward achieving the goals established under section 622(5).

“(f) CONSULTATION.—In carrying out the duties described in subsection (e), the Council shall also consult with representatives of—

“(1) State, local, tribal authorities, and affected communities; and

“(2) appropriate private sector entities and nongovernmental organizations that have expertise in areas of—

“(A) commercial real estate and development;

“(B) government management and operations;

“(C) space planning;

“(D) community development, including transportation and planning; and

“(E) historic preservation.
“(g) COUNCIL RESOURCES.—The Director and the Administrator shall provide staffing, and administrative support for the Council, as appropriate.

§ 625. Federal real property inventory and database

“(a) IN GENERAL.—Not later than 1 year after the date of enactment of this subchapter, the Administrator shall establish and maintain a single, comprehensive, and descriptive database of all real property under the custody and control of all Federal agencies.

“(b) CONTENTS.—The database shall include—

“(1) information provided to the Administrator under section 622(9)(B); and

“(2) a list of real property disposals completed, including—

“(A) the date and disposal method used for each real property;

“(B) the proceeds obtained from the disposal of each real property;

“(C) the amount of time required to dispose of the real property, including the date on which the real property is designated as excess property;

“(D) the date on which the property is designated as surplus property and the date on which the property is disposed; and
“(E) all costs associated with the disposal.

“(e) Accessibility.—

“(1) Committees.—The database established under subsection (a) shall be made available on request to the Committee on Homeland Security and Governmental Affairs and the Committee on Environment and Public Works of the Senate and the Committee on Oversight and Government Reform and the Committee on Transportation and Infrastructure of the House of Representatives.

“(2) General Public.—Not later than 3 years after the date of enactment of this subchapter and to the extent consistent with national security, the Administrator shall make the database established under subsection (a) accessible to the public at no cost through the website of the General Services Administration.

§ 626. Limitation on certain leasing authorities

“(a) In General.—Except as provided in subsection (b), not later than December 31 of each year following the date of enactment of this subchapter, a Federal agency with independent leasing authority shall submit to the Council a list of all leases, including operating leases, in effect on the date of enactment of this subchapter that includes—
“(1) the date on which each lease was executed;
“(2) the date on which each lease will expire;
“(3) a description of the size of the space;
“(4) the location of the property;
“(5) the tenant agency;
“(6) the total annual rental rate; and
“(7) the amount of the net present value of the
total estimated legal obligations of the Federal Gov-
ernment over the life of the contract.

“(b) EXCEPTION.—Subsection (a) shall not apply
to—

“(1) the United States Postal Service;
“(2) the Department of Veterans Affairs; or
“(3) any other property the President excludes
from subsection (a) for reasons of national security.

§ 627. Expedited disposal pilot program

“(a) ESTABLISHMENT.—The Director shall establish
a pilot program to dispose of, by sale, transfer, or other
means of disposal, any surplus property.

“(1) PROPERTIES FOR EXPEDITED DISPOSAL.—

“(A) IN GENERAL.—On an annual basis,
the Director may authorize the expedited dis-
posal of not more than 200 surplus properties.

“(B) PRIORITY.—In determining which
properties to dispose of, the Director shall give
priority to surplus properties that have the highest fair market value and the greatest potential for disposal.

“(C) Costs associated with disposal.—

“(i) In general.—The Administrator may obligate an amount to pay any direct and indirect costs under section 572 related to identifying and preparing properties to be reported as excess property by a Federal agency.

“(ii) Reimbursement.—An amount obligated under clause (i) shall be paid from the proceeds of any sale of real property under this subsection.

“(iii) Net proceeds.—Net proceeds shall be distributed under subsection (b).

“(D) Maximum net proceeds.—Any real property authorized to be disposed of by sale of under subparagraph (A) shall disposed of in a manner that, as determined by the Administrator in consultation with the head of the applicable Federal agency, is structured and marketed to maximize the value to the Federal Government.
“(E) Monetary proceeds requirement.—Surplus property may be disposed of under this section only if disposal of the property will generate monetary proceeds to the Federal Government that—

“(i) exceed the costs of disposal of the property; and

“(ii) are not less than 90 percent of fair market value.

“(2) Applicability of certain law.—Any expedited disposal of real property conducted under this section shall not be subject to—

“(A) any section of An Act Authorizing the Transfer of Certain Real Property for Wildlife, or Other Purposes (16 U.S.C. 667b);

“(B) sections 107 and 317 of title 23;

“(C) sections 545(b)(8), 550, 553, 554, and 1304(b);

“(D) section 501 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411);

“(E) section 47151 of title 49; or

“(F) section 13(d) of the Surplus Property Act of 1944 (50 U.S.C. App. 1622(d)).

“(3) Effect.—Except as provided in paragraph (2), nothing in this subchapter terminates or
in any way limits the authority of any Federal agency under any other provision of law to dispose of real property.

“(b) USE OF PROCEEDS.—

“(1) IN GENERAL.—Of the proceeds received from the disposal of any real property under this subchapter—

“(A) not less than 80 percent shall be returned to the general fund of the Treasury for debt reduction;

“(B) the lesser of 18 percent or the share of proceeds otherwise authorized to be retained under law shall be retained by the Federal agency that has custody and is accountable for the real property, subject to paragraph (2);

“(C) not greater than 2 percent shall be made available to carry out section 627, subject to annual appropriations; and

“(D) any remaining share of the proceeds shall be returned to the general fund of the Treasury for Federal budget deficit reduction.

“(2) LIMITATION ON USE OF PROCEEDS.—Any proceeds retained by Federal agencies under this section shall be—
“(A) deposited into the appropriate real property account of the Federal agency that had custody and accountability for the real property, with the funds expended only as authorized in annual appropriations Acts;

“(B) used—

“(i) by not later than 2 years after the date of disposal of the real property; and

“(ii) only for activities relating to Federal real property asset management and disposal; and

“(C) if not used by the date described in subparagraph (B)(i), shall be deposited in the Treasury and used for Federal budget deficit reduction.

“(c) PUBLIC BENEFIT.—

“(1) CONVEYANCE.—Except as provided in paragraph (2), if a real property authorized to be disposed of under subsection (a) has not been disposed of by the date that is 2 years after the date the property is listed for sale, the Director, in consultation with the Administrator and the Secretary of Housing and Urban Development, may consider a request from the disposing Federal agency that the
real property be conveyed to State and local governments or nonprofit organizations for various public purposes or uses as permitted by applicable law.

“(2) **Predominant Use and Size Standards.**—

“(A) **In General.**—Any real property authorized to be disposed of under subsection (a) shall not be conveyed under paragraph (1) if—

“(i) the predominant use of the property is not for housing; and

“(ii)(I) the area of the property is not less than 25,000 square feet; or

“(II) the appraised fair market value of the property is greater than $1,000,000.

“(B) **Appraised Fair Market Value.**—

The appraised fair market value described in subparagraph (A)(ii)(II) shall be determined by the Federal agency with custody or control of the property, in consultation with the Administrator and standard appraisal practice.

“(d) **Enforcement.**—

“(1) **Increase in Size of Inventory.**—Except as provided in paragraph (2), if a Federal agency fails to make available for public sale the real property authorized to be disposed of under sub-
section (a) by the date that is 18 months after the date on which the authorization is made under subsection (a), that Federal agency, except for specific exceptions promulgated by the Director, shall not increase the size of the civilian real property inventory, unless the square footage of the increase is offset, within an appropriate time as determined by the Director, through consolidation, colocation, or disposal of another building space from the inventory of that Federal agency.

“(2) Exception.—Paragraph (1) shall not apply to a Federal agency that acquires any real property not under the administrative jurisdiction of the Federal Government, by sale or lease, until the Director submits a certification to Congress of the disposal of all of those surplus properties.

“(e) Termination of Authority.—The authority provided by this section terminates on the date that is 5 years after the date of enactment of this subchapter.

“§ 628. Homeless assistance grants

“(a) Definitions.—In this section:

“(1) Eligible nonprofit organization.—The term ‘eligible nonprofit organization’ means a nonprofit organization that is a representative of the homeless.
“(2) Homeless.—The term ‘homeless’ has the meaning given the term in section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302), except that subsection (c) of that section shall not apply.

“(3) Permanent housing.—The term ‘permanent housing’ has the meaning given the term in section 401 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360).

“(4) Private nonprofit organization.—The term ‘private nonprofit organization’ has the meaning given the term in section 401 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360).

“(5) Representative of the homeless.—The term ‘representative of the homeless’ has the meaning given the term in section 501(i) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411(i)).

“(6) Secretary.—The term ‘Secretary’ means the Secretary of Housing and Urban Development.

“(7) Transitional housing.—The term ‘transitional housing’ has the meaning given the term in section 401 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360).
“(b) Grant Authority.—

“(1) In general.—To the extent amounts are made available under section 626(b)(1)(B) for use under this section, the Secretary shall make grants to eligible private nonprofit organizations through the continuum of care program established under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.), to purchase real property suitable for use to assist the homeless in accordance with subsection (c).

“(2) Terms and conditions.—Except as otherwise provided in this section, a grant under this section shall be subject to the same terms and conditions as a grant under the continuum of care program established under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.).

“(c) Use of Properties for Housing or Shelter for the Homeless.—

“(1) Eligible uses.—An eligible private nonprofit organization that receives a grant under subsection (b) shall use the amounts received only to purchase or rehabilitate real property for use to provide permanent housing, transitional housing, or temporary shelter to the homeless.
“(2) TERM OF USE.—The Secretary may not make a grant under subsection (b) to an eligible private nonprofit organization unless the eligible private nonprofit organization provides to the Secretary such assurances as the Secretary determines necessary to ensure that any real property purchased or rehabilitated using amounts received under the grant is used only for the uses described in paragraph (1) for a period of not less than 15 years.

“(d) PREFERENCE.—In awarding grants under subsection (b), the Secretary shall give preference to eligible private nonprofit organizations that operate within areas in which Federal real property is being sold under the disposal program authorized under section 626.

“(e) REGULATIONS.—The Secretary may promulgate such regulations as are necessary to carry out this section.”.

SEC. 604. REPORT OF THE COMPTROLLER GENERAL.

(a) DRAFT.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a draft report on the expedited disposal pilot program established by the amendments made by section 3.

(b) FINAL.—Not later than 5 years after the date of enactment of this Act, the Comptroller General of the
United States shall submit to Congress a final report on the expedited disposal pilot program established by the amendments made by section 3.

SEC. 605. TECHNICAL AND CONFORMING AMENDMENT.

The table of sections for chapter 5 of subtitle I of title 40, United States Code, is amended by inserting after the item relating to section 611 the following:

“SUBCHAPTER VII—PROPERTY MANAGEMENT AND EXPEDITED DISPOSAL OF REAL PROPERTY

“621. Definitions.
“625. Federal real property inventory and database.
“626. Limitation on certain leasing authorities.
“627. Expedited disposal pilot program.
“628. Homeless assistance grants.”.