S.1486 – THE POSTAL REFORM ACT OF 2013
SUBSTITUTE AMENDMENT
SECTION-BY-SECTION SUMMARY

Section 1 – Short Title

This section establishes the title of the legislation as the "Postal Reform Act of 2014."

Section 2 – Table of Contents

This section sets forth the table of contents for the Act.

Section 3 – Definitions

This section provides definitions of terms used in the Act.

Title I: Postal Service Workforce

Section 101 – Annual Federal Employee Retirement System and Civil Service Retirement System Assessments

This section would require that, in annually calculating the amounts that the Postal Service must pay to fund postal workers' annuities under the Federal Employees Health Benefit Program (FERS) and the Civil Service Retirement System (CSRS), the Office of Personnel Management (OPM) must use the actual demographic and other characteristics of the Postal Service's workforce, rather than the general combined characteristics of both postal and non-postal federal employees, as OPM does today. According to the Postal Service's Office of Inspector General, OPM's current approach USPS pays more into FERS and CSRS than its employees will ultimately collect in annuity payments.

If in using "postal-specific" assumptions OPM finds that the Postal Service has overpaid into the FERS program, this section provides an orderly process by which the surplus can be returned for use by the Postal Service. Should the initial-year calculation show a surplus as of September 30, 2013, the Postal Service may request and receive not more than $6 billion of the calculated surplus, and must use the refund to retire its debt obligations. If the second-year calculation also shows a surplus, the Postal Service would receive up to 2/3 of the surplus. Then starting with the third year and for each subsequent year, any overfunding of its FERS account would be refunded to the Postal Service by a series of annual installments over a rolling 40-year period.

The manner in which USPS could use the funds after the initial calculation would differ from the years to follow. After the first-year refund, the Postal Service would use these annual refund payments to pay down unfunded liabilities (for retiree health benefits, CSRS, or workers' compensation under the Federal Employees' Liability Act (FECA)) or to pay off Treasury debt. Once all of these liabilities and debts are retired, the Postal Service could use an annual refund to

offset its biweekly government contribution for current employees' FECA annuities or for any other purpose.

Finally, this section would lengthen the amount of time USPS was given to pay down its CSRS liabilities. Under current law, the Postal Service would need to pay off that CSRS unfunded liability by a series of annual payments starting on September 30, 2018 and ending on September 30, 2043. This section of the bill requires the Postal Service to make the series of annual payments starting on September 30, 2015 and ending on September 30, 2054.

Section 102 – Postal Service Authority to negotiate Retirement Benefit Terms for New Employees

This section would allow the Postal Service and its labor unions to bargain and agree about retirement benefits for newly hired postal workers represented by the union. Collective bargaining agreements could establish which retirement plans would be provided to these newly hired postal workers, and could establish the Postal Service's level of contribution for benefits – whether at a higher or lower rate than at present. Specifically, the Postal Service and the unions would be able to agree to the following kinds of modifications: *(1)* whether to cease giving some or all new employees coverage under the FERS annuity plan; *(2)* for new employees who are covered under the FERS annuity plan, whether to adjust the amounts that the Postal Service would contribute to the plan for the employee; *(3)* whether to offer one or more additional retirement benefit plans and to establish the amounts that each new employee and that the Postal Service would contribute under each plan; and *(4)* whether to adjust the amount that the Postal Service would contribute towards new employees' Thrift Savings Plan account. The bargaining over the retirement program would generally take place between the Postal Service and each union separately, in connection with the general collective bargaining agreement entered into between the Postal Service and each union. However, bargaining about the Postal Service's contribution to the TSP program could only take place in joint negotiations among the Postal Service and all four unions, and could result in no more than a single Postal-only alternative to the TSP contribution program applicable to new employees who are in a bargaining-unit and are made subject to the alternative by the agreement.

Section 103 – Restructuring of Payments for Retiree Health Benefits

This section would restructure the Postal Service's retiree health pre-funding schedule. The bill would eliminate the existing statutory payment schedule, cancel any outstanding payments owed by the Postal Service, suspend payments until fiscal year 2016, and then begin a new payment schedule amortized over 40 years. It would also reduce the pre-funding goal to 80 percent of projected obligations. The bill also recognizes that the amount of these payments would be reduced further if the Postal Service's liability for future retiree health costs is reduced as a result of the implementation of the new Postal Service Health Benefits Program that requires integration with Medicare in section 104.

Section 104 – Postal Service Health Benefits Program

This section would create a new Postal Service Health Benefits Program (PSHBP) within the Federal Employees Health Benefits Program (FEHBP) in which all postal employees and annuitants would participate. The new program would be implemented and administered by the Office of Personnel Management.

The program would require Medicare-eligible postal annuitants enrolled in the PSHBP to also enroll in Medicare, including parts A, B and D. FEHBP insurers with more than 5,000 postal enrollees would be required to participate in this new postal only program by offering policies that are actuarially equivalent in value to those policies that they offer for other federal employees who receive FEHBP coverage (requiring plans with more than 5000 postal enrollees ensures the participation of at least the insurance carriers that currently cover over 90 percent of the postal community).

This section would provide a small number of employees and annuitants with the option to opt-out the new PSHBP. These opt-out provisions would apply only to a) postal employees who are enrolled in plans that will not be offered in the new PSHBP, but at retirement they would have to switch to a plan in the PSHBP and enroll in Medicare parts A, B and D; b) annuitants who are enrolled in plans that will not be offered in the new PSHBP; and c) annuitants for whom plans in the PSHBP are not available due to their geographic location.

Section 105 – Labor Disputes

This section would require that arbitration boards deciding contract disputes between the Postal Service and labor organizations must consider such relevant factors as the financial condition of the Postal Service, among other relevant factors, when rendering a binding decision.

Section 106 – Prefunding and Financial Reporting with respect to Workers' Compensation Liability.

This section would establish a process under which the Postal Service will begin to pay down its unfunded liability for future workers' compensation payments, which the Postal Service believes now exceeds $17 billion. (*See* USPS Form 10-K annual report for 2013, at page 40.) However, to make sure that this new process does not create new financial difficulties for the Postal Service, the obligation to make a prefunding payment would only apply in a year when the Postal Service has net income exceeding $1 billion.

The amortization schedule is modeled on the schedule now in the bill for Retiree Health Benefits: a target funding 80% of the Postal Service's accrued liability and an amortization period extending 40 years, or a rolling period of 15 years, whichever period ends later. Under this plan, the Postal Service would keep the first $1 billion for other purposes, but would need to make any amount above $1 billion available, to the extent necessary, for making the amortization payment. Also, to foster greater transparency and accountability, the Postal Service would be required to report about its unfunded FECA liability and about its progress in paying down the liability in the USPS's annual audited Form 10-K reports.

Title II: Postal Service Operations

Section 201 – Maintenance of Delivery Service Standards

This section would require the Postal Service to maintain the delivery service standards for first class mail and periodicals in effect as of October 1, 2013 for a period of two years from the date of enactment. (Delivery service standards refer to the time frame in which mail is required to be delivered between two points, which currently ranges from overnight to 3-days in most parts of the continental United States, depending on the origin and destination.) This section would also direct GAO to conduct a study about the how the Postal Service measures delivery times.

Section 202 – Preserving Mail Processing Capacity

This section would prohibit the Postal Service from closing or consolidating a mail processing facility that was open on October 1, 2013 for a period of two years from the date of enactment. In addition, this section would specify certain procedural steps the Postal Service must take before closing a plant, including codifying the current practices whereby USPS conducts an "Area Mail Processing" study (with the additional requirement that the AMP study look at the possibility of reducing capacity rather than closing a plant) and provides notice, a public meeting, and an opportunity for public comment.

Section 203 – Preserving Community Post Offices

This section establishes procedures that the Postal Service would be required to follow before deciding whether to discontinue a post office, including soliciting input from communities regarding post office operational changes that could result in financial savings without closings or consolidations. This section largely reflects the so-called "POST" plan adopted by the Postal Service in 2012 and that is currently in effect.

Under these procedures, the Postal Service would be required to consider alternatives to discontinuing the post office, including (1) reducing office hours; (2) contracting out retail services in the area; (3) co-locating retail services with a commercial or governmental entity in the area; or (4) providing retail services to affected customers through letter carriers.

In addition, in making a determination whether or not to discontinue a post office, the Postal Service would be required to consider a range of factors, such as the effect of discontinuing the post office on the community, on businesses in the area, and on postal employees; the proximity and accessibility of other post offices; and whether the discontinuance would result in substantial economic savings to the Postal Service.

If the Postal Service decides, after making the above considerations, to discontinue a post office under this section, it would be required to provide a written determination and findings 60 days before closing the post office.

This section also requires that, for a period of 5 years from the date of enactment, the Postal Service make certain additional determinations before discontinuing rural post offices. These

include that postal customers served by the post office would continue to receive substantially similar access to essential items, such as prescription drugs; that there is unlikely to be undue economic loss to the community as a result of the closing; that the area served by the post office has adequate access to broadband Internet service; and that there is a road with year-round access connecting the community to another post office that is within a reasonable distance.

Finally, this section would require that the Postal Service consider certain factors before reducing the number of hours a day a post office operates, including the effect on the community and the ability to hire qualified employees, and that it consider which alternative schedules would most effectively mitigate potential negative impacts. The Postal Service would be required to make available a summary of its findings and an explanation of the change in hours during which the post office would be open.

Section 204 – Changes to Mail Delivery Schedule

This section would allow the Postal Service to establish a delivery schedule of 5 days per week if the Postal Service determines that such a delivery schedule would contribute to the achievement of long-term solvency and if total mail volume during any period of 4 consecutive quarters drops below 140 billion pieces.

If the Postal Service intends to move to 5-day per week delivery, it is required to identify customers and communities that might be "particularly affected" by the scheduled change; to develop measures intended to ameliorate any disproportionately negative impacts associated with the change; to implement measures to increases to increase revenues and reduce costs; and report to Congress on these efforts not later than three months before the effective date for the change in delivery service. In addition, GAO would be required to report to Congress within 270 days of enactment on 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.

For five years after the date of enactment, the Postal Service would be required to deliver packages six days per week delivery to areas that received six-day package delivery, as of October 1, 2013 and optionally seven days per week where USPS determines it is economically beneficial to the Postal Service to do so.

Finally, if the Postal Service adopts a delivery schedule of 5 days per week, this section would provide mailers that currently have access to customers' mailboxes on Sundays (such as some small newspapers) with the same access on all days on which the Postal Service chooses not to provide mail delivery.

Section 205 – Delivery Point Modernization

This section would require that the Postal Service use the method of delivery that is most cost-effective and in the best long-term interest of the Postal Service. For all new addresses established after the date of enactment, the Postal Service would be required to provide centralized delivery (e.g., cluster boxes) or, if centralized delivery is not practicable, curbside

delivery. The Postal Service also would be required to carry out a program to convert existing business addresses receiving door delivery to centralized or curbside delivery. With respect to existing residential addresses, the Postal Service would be required, within nine months of enactment, to identify existing residential addresses that receive door delivery and that are appropriate candidates for conversion and to begin implementation of a program to convert, on a voluntary basis, those addresses to a more cost-effective method of delivery.

In determining the appropriate method of delivery for a new or existing address, the Postal Service would be allowed to provide door delivery if a physical barrier precludes the efficient use of centralized or curbside delivery; if the address is in a registered historic district; or the Postal Service determines that the provision of centralized or curbside delivery would be impractical, not cost effective or otherwise not in the best long-term interest of the Postal Service. In addition, the Postal Service would be required to provide a waiver program for customers for whom door delivery is necessary due to a physical hardship.

Section 206 – Postal Services for Market-Dominant Products

When the Postal Service proposes to change the nature of postal services relating to market-dominant products, this section would establish a default timeline of 90 days for the Postal Regulatory Commission to issue an advisory opinion on the proposal, unless an alternative schedule is agreed to between the PRC and the Postal Service. Before issuing its opinion, the PRC must provide notice and an opportunity for public comment and may hold a public hearing on the Postal Service's proposal. The Postal Service would be required to formally respond to the advisory opinion, and generally it would not be allowed to act on its proposed service change until after submitting its response.

Title III: Postal Service Revenue

Section 301 – Postal Rates

Under current law, the Postal Service's pricing authority is restricted by a CPI rate cap on each individual class of mail established in 2006 through the Postal Accountability and Enhancement Act, or PAEA (P.L. 109-435). The PAEA also laid out a set of objectives and factors intended to guide the creation of the current rate system and Postal Service pricing decisions. Finally, the PAEA established that, beginning in 2017, the PRC must review the rate system and may revise it if it determines that doing so is necessary. There is no requirement that any revised rate system included a rate cap or any other restriction on Postal Service pricing authority.

This section of the substitute would adjust the pricing limitations currently placed on USPS by: 1) eliminating confusion over future rates by clarifying that the recent emergency price increase would serve as a baseline in future years, eliminating any requirement that prices be suddenly reduced and; 2) changing the cap to CPI+1 percent applied to all of the Postal Service's "Market Dominant" products as a whole. The new cap would remain in place until at least the end of 2016. Beginning in 2017, the Postal Service may by majority vote of the Board of Governors establish a new rate system consistent with a revised set of "objectives and factors."

In revising the rate system, the Postal Service would be required to consult with the PRC If the Board decides (by majority vote) to make any revisions, the proposed revisions would be submitted to the PRC for review, public comment and a possible public hearing. Within 60 days after receiving the Board's proposal (or on another date if the PRC and Board jointly agree), the PRC would be required to evaluate the proposal and recommend to the Board whether the proposal should be accepted, rejected, or modified. The Board may then adopt the PRC's recommendation, withdraw its proposal, or by a vote of 2/3 of the seated members (6 out of 9 for a full board), vote to reject the PRC's recommendation and implement the revised rate system as initially proposed.

Finally, this section would repeal the rate preference that currently allows political committees to pay lower rates for mail.

Section 302 – Nonpostal Services

Under current law, the Postal Service is limited to offering "postal" products, which essentially limits the Postal Service to the processing and transportation of hard-copy mail. However, there are a number of exceptions, including 27 non-postal products that have been offered prior to enactment of the 2006 Postal Accountability and Enhancement Act. This section would expand upon the Postal Service's current authorities to offer "non-postal" products in ways that allow it to better its financial position and capitalize on its own infrastructure. This new authority would be accompanied by limitations clarifying that any non-postal products must make use of the Postal Service's mail processing and distribution network, must be in the public interest, demonstrate a likely public demand, must not create unfair competition with the private sector; and should be reasonably expected to improve the Postal Service's net financial condition. To ensure the Postal Service would be required to operate within the same rules as its potential competitors, the section ensures that nonpostal products would be subject to the same Federal laws and regulations as the private sector. Finally, non-postal products would, like the Postal Service competitive products, be required to cover all of their costs.

This section would also permit the Postal Service to offer services on behalf of federal, state, local, and tribal governmental agencies under appropriate terms, and would require that the Postal Service report to the Postal Regulatory Commission on the costs and revenues of such services.

Section 303 – Shipping of Wine, Beer, and Distilled Spirits

Under current law, private shippers are permitted to ship alcoholic beverages but the Postal Service is not. This section would authorize the Postal Service to ship wine, beer, and distilled spirits from producers permitted to ship those products in the state in which they are located to consumers permitted to purchase them in the state where they live.

Title IV: Postal Service Governance

Section 401 – Board of Governors of the Postal Service

Under current law, the Postal Service is governed by an eleven-member Board of Governors made up of nine part-time, Senate-confirmed Governors, the Postmaster General, and the Deputy Postmaster General. This section would reduce the size of the Board to nine members and eliminate the Deputy Postmaster General from the Board. It would retain partisan balance among the Governors, and would provide for revised qualifications for Governors. At least one of the Governors who is appointed to fill a position that is vacant on the date of enactment would also be required to have a demonstrated ability to manage and improve financially trouble organizations. Governors would continue to be limited to two terms, and the Chairman of the Board would continue to be elected by the Governors from among the Board members. Individuals currently serving as Governors would be permitted to serve until the expiration of their terms.

In addition, this section would give the Board of Governors the authority to establish an Executive Committee made up of the elected Chairman of the Board and two additional Governors, with no more than two members of the Executive Committee being a member of any one political party. If created, the Executive Committee would be responsible for developing and overseeing the long-term financial solvency of the Postal Service, developing and overseeing the financial plan and budget, and making recommendations on postal operations.

Section 402 – Strategic Advisory Commission on Postal Service Solvency and Innovation

This section would establish an independent advisory commission that would provide guidance to the President, Congress, and the Postal Service on enhancing the long-term solvency of the Postal Service and fostering innovative thinking there. The commission would be made up of seven prominent individuals, three of them appointed by the President and one each appointed by each party's leader in the House and Senate. Commissioners may not be current elected officials or officers or employees of the federal government.

The Commission would be charged specifically with studying the current state of the Postal Service, alternative business models for the Postal Service, potential postal and non-postal products that the Postal Service could offer, and innovations that have been implemented by foreign posts. It would issue a Strategic Blueprint for Long-Term Solvency. It would also be required to conduct a study concerning the advisability of the Postal Service entering into interagency agreements with Federal, State and local agencies. The Commission would terminate 60 days after submission of its Strategic Blueprint and the study on interagency agreements, but in no event later than one year after enactment.

Section 403 – Long Term Solvency Plan; Annual Financial Plan and Budget

This section would require that, within 90 days of enactment, the Postal Service prepare and submit a plan to the Board of Governors describing the actions the Postal Service intends to take to achieve long-term solvency. The Board of Governors is to review it, may request changes,

and then is to submit it within 60 days to Congress. The Postmaster General is required to submit updated versions of the long-term solvency plan to the Board of Governors at least annually for five years after enactment, which versions the Board is also required to review and submit to Congress.

This section would further require that, for each of the first five fiscal years after enactment, the Postmaster General submit to the Board 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. The Board is required to review the plan and budget and either approve it or direct the Postmaster General to appropriate revise it, before the budget is submitted to OMB as part of the annual budget process.

Section 404 – Chief Innovation Officer; Innovation Strategy

This section would require the Postal Service, within 90 days of enactment, to designate a Chief Innovation Officer. This individual must have expertise and a record of accomplishment in certain key areas, such as the shipping industry marketing, and new and emerging technology. The Chief Innovation Officer would be charged with leading the development at the Postal Service of new postal and non-postal products and must, within nine months of enactment, publish an innovation strategy for the Postal Service detailing new products to be tested and launched. The Chief Innovation Officer would also be required to submit an annual report on implementation of the innovation strategy for the subsequent 10 years.

Section 405 – Area and District Office Structure

This section would require the Postal Service to issue a plan within one year of enactment for reducing the number of area and district offices.

Section 406 – Inspector General of the Postal Service

This section provides that the Inspector General of the Postal Service would be appointed by the President subject to confirmation by the Senate. (Under present law, the Inspector General is appointed by the Postal Board of Governors.)

Section 407 – Postal Regulatory Commission

The section would limit members of the Postal Regulatory Commission to two full terms. In addition, this section would require that the Commission, by majority vote, adopt policies that govern the functions of the Commission, including the finances, operations and administration of the Commission, and that the Commission is to review and, if necessary, revise those policies not less than every four years. The section further provides that the Chairman's day-to-day authority to direct executive and administrative functions would be subject to the policies adopted by the Commission.

Title V: Federal Employees Compensation Act

Section 501 – Short Title; References

This section says that title III of the bill may be cited as the "Workers' Compensation Reform Act of 2012." The section also provides that, whenever a provision in title III of the bill refers to a statutory section being amended, the provision is in reference to title 5 of the United States Code unless noted otherwise.

Section 502 – Federal Workers' Compensation Reforms for Retirement-Age Employees

This section would reduce FECA benefits for totally disabled enrollees to 50 percent of the pre-disability wage upon the enrollee reaching full retirement age, as defined in the Social Security Act. For partially disabled enrollees, the benefits would generally be reduced to 50 percent of the pre-disability wage, multiplied by the percentage of wage-earning capacity lost due to the injury.

For individuals whose workplace injury occurred before the date of enactment, section 502 contains provisions that would delay application of the reduced benefit level and provide full exemption for those most severely injured and those already over retirement age. Specifically –

(1) those who are permanently, totally disabled and unable to return to work would be exempt from this section ("grandfathered"), and their benefit rate would not be reduced to 50 percent. This category of grandfathered individuals is defined under the legislation as those who satisfy any one of the following criteria: (a) lost the use of 2 appendages (*e.g.,* arms/legs); (b) receiving custodial home nursing care or full nursing home care for at least 1 year prior to enactment; or (c) receiving "total disability" wage-loss compensation for at least 3 years prior to enactment or will have done so within the first 3 years after enactment;

(2) those who are already at the age of retirement on the date of enactment are also exempt from this section; and

(3) those who do not qualify as permanently, totally disabled ("grandfathered") and are not already over the retirement age, the benefit level will be reduced to 50 percent upon reaching retirement age or 3 years after the date of enactment, whichever is later.

Section 503 – Augmented Compensation for Dependents

This section would eliminate the additional ("augmented") compensation in current law for beneficiaries who have dependents.

Also, for individuals whose workplace injury occurred before the date of enactment, section 503 contains provisions to delay application of the reduced benefit level and to provide full exemption for those most severely injured. Specifically –

(1) those who are permanently, totally disabled and unable to return to work would be exempt from this section ("grandfathered"), and they would continue to receive the additional level of compensation if they have dependents. This definition of grandfathered individuals is the same as the definition of those grandfathered under section 302; and

(2) those who are not permanently, totally disabled ("grandfathered") would become ineligible to receive augmented compensation 3 years after the bill is enacted.

Section 504 – Schedule Compensation Payments

This section would allow individuals receiving workers' compensation benefits for total or partial disability to simultaneously receive schedule compensation payments if their disability benefits are reduced under sections 502 or 503 of this bill. Schedule compensation payments are specific payments authorized under existing law for certain injuries, such as loss of use of a limb. Under current law, an injured individual is not eligible to receive a schedule compensation payment for an injury simultaneously with benefits for total or partial disability.

Section 505 – Vocational Rehabilitation

This section includes several provisions to strengthen existing programs that help injured workers get back to work:

(1) It would extend existing vocational rehabilitation opportunities, which are now available under FECA for workers who are totally disabled, to be available to those who are partially disabled as well;

(2) It would authorize the Department of Labor (DOL) to pay a federal employer the salary of a beneficiary for up to 3 years as an incentive to hire workers off of the FECA program rolls. Current law permits these payments only to non-federal employers; and

(3) It would make compliance with the Return to Work plan developed between the program and the beneficiary a condition of receiving continued benefits (except this condition would not apply to beneficiaries who are over the age of retirement).

Section 506 – Reporting Requirements

This section would mandate that beneficiaries report any outside income they receive to DOL. An employee who fails to comply will lose the right to receive compensation.

Section 507 – Disability Management Review; Independent Medical Examinations

This section would require an independent medical assessment of disability and potential for return to work for beneficiaries after 6 months in the program and on a regularly scheduled basis thereafter, but no less frequently than every 3 years. This would not change existing law allowing a FECA beneficiary to choose to see his or her own doctor for treatment and initial assessment. In addition, employing agencies may request that DOL obtain an independent

medical examination at any time, and DOL must grant the agency's request if DOL has not already conducted such an examination.

Section 508 – Waiting Period

Because minor workplace injuries often heal quickly, FECA provides a 3-day waiting period before compensation begins. For postal employees, FECA's 3-day waiting period comes immediately after the injury, but for non-postal workers the waiting period does not come until after the end of the 45-day continuation-of-pay period. Section 308 would begin the 3-day waiting period immediately after a work-related injury for all injured employees. As under current law, injured employees may subsequently receive FECA compensation for those 3 days if the period of disability exceeds 14 days.

Section 509 – Election of Benefits

If an individual is simultaneously eligible for compensation benefits both under FECA and under a retirement system for federal employees (such as FERS or CSRS), the individual must elect which benefits to receive, and the election will be irrevocable. This section would prevent an injured worker from retroactively claiming workers' compensation benefits after having declined such benefits in favor of federal retirement benefits. This provision is intended to prevent a claimant from electing federal retirement benefits as a means of avoiding required participation in vocational rehabilitation or acceptance of an offered suitable job and then later retroactively electing the potentially more generous workers' compensation benefits.

Section 510 – Sanctions for Non-Cooperation with Field Nurses

This section would suspend benefits when an injured worker fails to cooperate with a field nurse. A "field nurse" is defined as a registered nurse who assists DOL in the medical management of disability claims and assists claimants in coordinating medical care, and DOL is authorized to use field nurses to coordinate medical services and vocational rehabilitation services.

Section 511 – Subrogation of Continuation of Pay

This section would allow the federal government to recover "continuation of pay" (*e.g.,* salary that's continued to be paid to the beneficiary during the 45-day period between the injury and the initiation of FECA disability benefits) from third parties that are liable for the beneficiary's work-related injury.

Section 512 – Integrity and Compliance

This section includes several provisions to strengthen integrity and compliance efforts within the FECA program. It would require that, no later than 270 days after enactment, the Secretary of Labor must establish an Integrity and Compliance Program to prevent, identify, and recover improper payments (including those obtained by fraud) for the FECA program. The section would also direct the Secretary to cooperate with other agencies, including the Postal Service, and the agency inspectors general, to prevent, identify, and recover improper payments.

The section would also require the Secretary of Health and Human Services to make the National Directory of New Hires available to the Secretary of Labor, the Postmaster General, the DOL Inspector General, the USPS Inspector General, and GAO, so that they can cross-match that data with claimant data under the FECA program. The Comptroller General is granted access to the National Directory of New Hires under this provision for any audit, evaluation, or investigation, including any audit, evaluation, or investigation relating to program integrity.

Section 513 – Amount of Compensation

This section would increase the amount an injured worker receives for a severe disfigurement of the face, head or neck from $3,500 to a maximum of $50,000. This section would also increase the amount allowed to reimburse funeral expenses incurred due to a death from a work-related injury from $800 to a maximum of $6,000. The limits in the current law have not been significantly changed since 1949.

Section 514- Terrorism Injuries; Zones of Armed Conflict

This section would provide that a disability or death as a result of "an attack by a terrorist or terrorist organization, either known or unknown," is "deemed to have resulted from personal injury sustained while in the performance of duty," under FECA's "war-risk hazard" provision. This would also codify current OWCP practice of covering such disabilities or deaths as "war-risk hazards."

This section would also provide continuation of pay for wage loss due to traumatic injury in performance of duty in a designated zone of armed conflict for a period not to exceed 135 days, so long as the employee files a claim for such benefit no longer than 45 days after terminating service in the zone of armed conflict or the employee's return to the United States, whichever occurs later.

Section 516 - Technical and Conforming Amendments

This section contains technical and conforming amendments to the FECA statute in Title V of the United States Code.

Section 515 – Regulations

This section would require the DOL to issue regulations to carry out this title of the legislation.

Section 516 – Effective Date

This section would provide that the provisions of Title V are to take effect 60 days after enactment, except as otherwise provided.

Title VI: Property Management and Expedited Disposal of Real Property

Title VI of this bill is the same as S.1398, which the Committee on Homeland Security and Governmental Affairs ordered reported, without amendment, on July 31, 2013.

Section 601 – Short Title

This section gives the legislation in Title VI the short title of the "Federal Real Property Asset Management Reform Act of 2013."

Section 602 – Purpose

This section states the legislation's purpose as – *(1)* to increase the efficiency and effectiveness of the federal government in managing its real property by requiring agencies to maintain an up-to-date inventory of real property, *(2)* to establish a Federal Real Property Council to develop guidance and ensure the implementation of strategies for better managing federal real property, and *(3)* to authorize a pilot program to expedite the disposal of surplus real property.

Section 603 – Property Management and Expedited Disposal of Real Property

The first part of this section defines important terms for the bill. It defines excess property as property under the control of a federal agency that the head of the agency determines is not required to meet the agency's needs or responsibilities. Surplus property is defined as excess property that is not required to meet the needs or responsibilities of any federal agency. Underutilized property is defined in the legislation as an entire property or portion thereof, with or without improvements which is used *(1)* irregularly or intermittently by the accountable Federal agency for program purposes of that agency or *(2)* for program purposes that can be satisfied only with a portion of that property. The term Administrator is defined as the Administrator of the General Services Administration (GSA). The term Director refers to the Director of the Office of Management and Budget (OMB).

The second part of this section details the duties of agencies must undertake in order to improve the management of their real property. Under this section, each agency must conduct an inventory of real property under its control and provide detailed information of property to the GSA Administrator and the Federal Real Property Council. Additionally, agencies are required to continuously survey its real property to identify excess and underutilized property, report any excess or underutilized property to the GSA Administrator, and establish goals that will lead to a reduction of the agency's excess and underutilized real property.

The third part of this section establishes the Federal Real Property Council (FRPC), to be comprised of senior real property officers from each Federal agency, the Controller at the Office of Management and Budget, and the GSA Administrator. The Deputy Director for Management at OMB will chair the Council and designate an Executive Director to assist the Council in carrying out its duties. This section requires the FRPC to establish an annual asset management plan and to include in that plan performance measures that will enable Congress to track progress in achieving real property goals government-wide and compare the performance of landholding agencies against industry and other public sector agencies. Additionally, this section directs the

FRPC to develop a strategy to reduce federal agencies' reliance on leasing when building ownership would be more cost-effective. Finally, the Council is expected to provide guidance to agencies so that property assessments can be uniform across the government.

The fourth part of this section directs the GSA Administrator to establish and maintain a single, comprehensive, and descriptive database of all real property under the custody and control of federal agencies. The database must contain the results of agencies' inventory of their real property as described in the first part of this section as well as a list of real property disposals that have been completed. The Administrator is required to make the database accessible to the public at no cost within three years after the date of enactment of this bill.

Although GSA is responsible for leasing property on behalf of most federal agencies, many agencies have independent leasing authority, under which they may enter into leases on their own. The fifth part of this section imposes a reporting requirement on such agencies so that the executive branch and the Congress can better monitor whether those agencies' leases reflect the best use of federal resources. Agencies with independent leasing authority would be required to submit a yearly report to the Council providing detailed information regarding their leasing activity. This section would not apply to the United States Postal Service, the Department of Veterans Affairs, or any other property the President excludes for reasons of national security.

The sixth part of this section establishes a pilot program to expedite the disposal of surplus properties. Under this section, the Director of OMB may authorize the disposal of up to 200 surplus properties each year with priority going to those properties that have the highest fair market value and the greatest potential for disposal. Agencies must make property available for sale within 18 months after receiving a determination from the OMB Director that the property is surplus. Failure to do so would prevent an agency from acquiring additional property unless the square footage of the increase is offset through consolidation, colocation, or disposal of another building space from the inventory of that agency. Under the pilot program, after GSA is reimbursed for the costs of identifying and preparing a property for disposal, any proceeds will be distributed as follows: 80 percent would be returned to the Treasury for debt reduction; the lesser of 18 percent or the share of proceeds otherwise authorized to be retained under law would be retained by the agency that owned the property; and not more than 2 percent would be used to fund homeless assistance grants. This section would permit the Secretary of the Department of Housing and Urban Development to use funds made available through sales proceeds for grants to eligible private non-profit organizations through the continuum of care program established under title IV for the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.). If a property that has been selected for disposal under the pilot program has not been disposed of after two years in the program, it may be conveyed to state and local governments or nonprofit organizations for certain public purposes, unless the predominant use of the property is not for housing, the area of the property is not less than 25,000 square feet, or the appraised fair market value of the property is greater than $1 million.

Section 604 – Report of the Comptroller General

This section requires the Comptroller General of the United States to submit a report to Congress on the expedited disposal program established by this legislation.

Section 605 – Technical and Conforming Amendment

This section contains a technical and conforming amendment to the table of contents for chapter 5 of subtitle I of title 40, United States Code.