

112TH CONGRESS
1ST SESSION

S. 2014

To reform the United States Postal Service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 16, 2011

Mr. AKAKA introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

A BILL

To reform the United States Postal Service, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Postal Investment Act
5 of 2011”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act, the following definitions shall apply:

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

10 (2) POSTAL SERVICE.—The term “Postal Serv-
11 ice” means the United States Postal Service.

1 **TITLE I—POSTAL SERVICE**
2 **RETIREE HEALTH BENEFITS**

3 **SEC. 101. SHORT TITLE.**

4 This title may be cited as the “Postal Service Retiree
5 Health Benefits Act of 2011”.

6 **SEC. 102. POSTAL SERVICE RETIREE HEALTH BENEFITS.**

7 (a) **POSTAL SERVICE RETIREE HEALTH BENEFITS**
8 **FUND.**—Chapter 89 of title 5, United States Code, is
9 amended by striking section 8909a and inserting the fol-
10 lowing:

11 **“§ 8909a. Postal Service Retiree Health Benefits Fund**

12 “(a) There is in the Treasury of the United States
13 a Postal Service Retiree Health Benefits Fund (in this
14 section referred to as the ‘Fund’) which shall be adminis-
15 tered in accordance with this section.

16 “(b) The Fund is available without fiscal year limita-
17 tion for payments required under section 8906(g)(2)(A).

18 “(c)(1) Except as provided under paragraph (2)—

19 “(A) the Secretary of the Treasury shall imme-
20 diately invest, in interest-bearing securities of the
21 United States such currently available portions of
22 the Fund as are not immediately required for pay-
23 ments from the Fund; and

1 “(B) such investments shall be made in the
2 same manner as investments for the Civil Service
3 Retirement and Disability Fund under section 8348.

4 “(2) After the date of the enactment of the Postal
5 Service Retiree Health Benefits Act of 2011 and the ap-
6 pointment of members to the Postal Service Retiree
7 Health Benefits Investment Board under subsection (e)
8 of this section, the Fund shall be managed and invested
9 in accordance with that subsection.

10 “(d)(1) Not later than June 30, 2007, and by June
11 30 of each succeeding year, the Office shall compute the
12 net present value of the future payments required under
13 section 8906(g)(2)(A) and attributable to the service of
14 Postal Service employees during the most recently ended
15 fiscal year.

16 “(2)(A) Not later than June 30, 2007, the Office
17 shall compute, and by June 30 of each succeeding year,
18 the Office shall recompute the difference between—

19 “(i) the net present value of the excess of fu-
20 ture payments required under section 8906(g)(2)(A)
21 for current and future United States Postal Service
22 annuitants as of the end of the fiscal year ending on
23 September 30 of that year; and

1 “(ii)(I) the value of the assets of the Postal Re-
2 tiree Health Benefits Fund as of the end of the fis-
3 cal year ending on September 30 of that year; and

4 “(II) the net present value computed under
5 paragraph (1).

6 “(B) Not later than June 30, 2012, the Office shall
7 compute, and by June 30 of each succeeding year shall
8 recompute, a schedule including a series of annual install-
9 ments which provide for the liquidation of any liability or
10 surplus by September 30, 2056, or within 15 years, which-
11 ever is later, of 80 percent of the net present value deter-
12 mined under subparagraph (A), including interest at the
13 rate used in that computation.

14 “(3)(A) The United States Postal Service shall pay
15 into such Fund—

16 “(i) \$5,400,000,000, not later than September
17 30, 2007;

18 “(ii) \$5,600,000,000, not later than September
19 30, 2008;

20 “(iii) \$1,400,000,000, not later than September
21 30, 2009; and

22 “(iv) \$5,500,000,000, not later than September
23 30, 2010.

1 “(B) Not later than September 30, 2012, and by Sep-
2 tember 30 of each succeeding year, the United States
3 Postal Service shall pay into such Fund the sum of—

4 “(i) the net present value computed under para-
5 graph (1); and

6 “(ii) except as provided under subparagraph
7 (C), any annual installment computed under para-
8 graph (2)(B).

9 “(C)(i) In this subparagraph, the term ‘available rev-
10 enues’ means the difference between the revenues of the
11 United States Postal Service in any fiscal year and the
12 expenses of the United States Postal Service in that fiscal
13 year.

14 “(ii) Except as provided under clause (iii), the pay-
15 ment under subparagraph (B)(ii) for any fiscal year shall
16 be the lesser of—

17 “(I) the amount which would otherwise be pay-
18 able under subparagraph (B)(ii) if not for this sub-
19 paragraph; or

20 “(II) the amount of available revenues.

21 “(iii) The United States Postal Service shall not
22 make a payment under subparagraph (B)(ii) for any fiscal
23 year for which the United States Postal Service has out-
24 standing debt under section 2005 of title 39.

1 “(4) Computations under this subsection shall be
2 made consistent with the assumptions and methodology
3 used by the Office for financial reporting under sub-
4 chapter II of chapter 35 of title 31.

5 “(5)(A)(i) Any computation or other determination of
6 the Office under this subsection shall, upon request of the
7 United States Postal Service, be subject to a review by
8 the Postal Regulatory Commission under this paragraph.

9 “(ii) Upon receiving a request under clause (i), the
10 Commission shall promptly procure the services of an ac-
11 tuary, who shall hold membership in the American Acad-
12 emy of Actuaries and shall be qualified in the evaluation
13 of healthcare insurance obligations, to conduct a review
14 in accordance with generally accepted actuarial practices
15 and principles and to provide a report to the Commission
16 containing the results of the review. The Commission,
17 upon determining that the report satisfies the require-
18 ments of this subparagraph, shall approve the report, with
19 any comments it may choose to make, and submit it with
20 any such comments to the Postal Service, the Office of
21 Personnel Management, and Congress.

22 “(B) Upon receiving the report under subparagraph
23 (A), the Office of Personnel Management shall reconsider
24 its determination or redetermination in light of such re-
25 port, and shall make any appropriate adjustments. The

1 Office shall submit a report containing the results of its
2 reconsideration to the Commission, the Postal Service, and
3 Congress.

4 “(6) After consultation with the United States Postal
5 Service, the Office shall promulgate any regulations the
6 Office determines necessary under this subsection.

7 “(e) POSTAL SERVICE RETIREE HEALTH BENEFITS
8 INVESTMENT BOARD.—

9 “(1) MEMBERSHIP.—The Fund shall have a
10 Postal Service Retiree Health Benefits Investment
11 Board (in this subsection referred to as the ‘Invest-
12 ment Board’) consisting of 5 members, all of whom
13 shall be appointed by the Secretary of the Treasury
14 in consultation with—

15 “(A) the United States Postal Service;

16 “(B) the Postal Regulatory Commission;

17 “(C) the Office of Personnel Management;

18 and

19 “(D) the several employee groups and bar-
20 gaining unions representing postal employees.

21 “(2) QUALIFICATIONS.—Members of the Board
22 shall have substantial experience, training, and ex-
23 pertise in the management of financial investments
24 and pension benefit plans.

25 “(3) TERMS.—

1 “(A) IN GENERAL.—Except as provided
2 under subparagraph (B), each member shall be
3 appointed for a 3-year term.

4 “(B) INITIATED APPOINTMENTS.—The ini-
5 tial members appointed under this paragraph
6 shall be divided into equal groups so nearly as
7 may be, of which 1 group will be appointed for
8 a 1-year term, 1 for a 2-year term, and 1 for
9 a 3-year term.

10 “(C) VACANCIES.—A vacancy in the In-
11 vestment Board shall not affect the powers of
12 the Investment Board and shall be filled in the
13 same manner as the selection of the member
14 whose departure caused the vacancy.

15 “(D) CONTINUATION UNTIL SUCCESSOR
16 APPOINTED.—Upon the expiration of a term of
17 a member of the Board, that member shall con-
18 tinue to serve until a successor is appointed.

19 “(4) POWERS.—The Investment Board shall—

20 “(A) carry out the duties of the Secretary
21 in relation to the Fund;

22 “(B) retain independent advisers to assist
23 it in the formulation and adoption of its invest-
24 ment guidelines on the allocation of investment

1 to various types of broad based market indexes
2 and government securities;

3 “(C) retain independent investment man-
4 agers to invest the assets of the Fund in a
5 manner consistent with such investment guide-
6 lines;

7 “(D) direct investment of assets in the
8 Fund, under the policies adopted under sub-
9 paragraph (B);

10 “(E) pay administrative expenses of the
11 Fund from the assets in the Fund; and

12 “(F) transfer funds to the Office of Per-
13 sonnel Management to pay benefits payable
14 under subsection (b) from the assets of the
15 Fund.

16 “(5) RULES AND ADMINISTRATIVE POWERS.—
17 The Investment Board shall have the authority to
18 make rules to govern its operations, utilize agency
19 staff, and contract with outside advisers to provide
20 legal, accounting, investment advisory, or other serv-
21 ices necessary for the proper administration of this
22 subsection. In the case of contracts with investment
23 advisory services, compensation for such services
24 may be on a fixed contract fee basis or on such

1 other terms and conditions as are customary for
2 such services.

3 “(6) QUORUM.—Three members of the Invest-
4 ment Board constitute a quorum to do business. In-
5 vestment guidelines shall be adopted by a unanimous
6 vote of the Investment Board. All other decisions of
7 the Investment Board shall be decided by a majority
8 vote of the quorum present. All decisions of the In-
9 vestment Board shall be entered upon the records of
10 the Investment Board.

11 “(7) FUNDING.—The expenses of the Invest-
12 ment Board incurred under this subsection shall be
13 paid from the Fund, and shall not exceed 1 percent
14 of the value of the assets of the Fund in any fiscal
15 year.

16 “(8) DELEGATED POWERS.—Nothing in this
17 paragraph shall be construed to limit the Secretary’s
18 authorities in administering the Fund.

19 “(f) REPORTING REQUIREMENTS AND FIDUCIARY
20 STANDARDS.—The following reporting requirements and
21 fiduciary standards shall apply with respect to the Fund:

22 “(1) DUTIES OF THE INVESTMENT BOARD.—
23 Members of the Investment Board shall discharge
24 their duties (including the voting of proxies) with re-
25 spect to the assets of the Fund solely in the interest

1 of the participants and beneficiaries of the programs
2 funded under this section—

3 “(A) for the exclusive purpose of—

4 “(i) providing benefits to participants
5 and their beneficiaries; and

6 “(ii) defraying reasonable expenses of
7 administering the functions of the Fund;

8 “(B) with the care, skill, prudence, and
9 diligence under the circumstances then pre-
10 vailing that a prudent person acting in a like
11 capacity and familiar with such matters would
12 use in the conduct of an enterprise of a like
13 character and with like aims;

14 “(C) by diversifying investments so as to
15 minimize the risk of large losses and to avoid
16 disproportionate influence over a particular in-
17 dustry or firm, unless under the circumstances
18 it is clearly prudent not to do so; and

19 “(D) in accordance with governing docu-
20 ments and instruments insofar as such docu-
21 ments and instruments are consistent with this
22 subsection.

23 “(2) PROHIBITIONS WITH RESPECT TO MEM-
24 BERS OF THE INVESTMENT BOARD.—No member of
25 the Investment Board shall—

1 “(A) deal with the assets of the Fund in
2 the interest of that member or for that mem-
3 ber’s own account;

4 “(B) in an individual or in any other ca-
5 pacity act in any transaction involving the as-
6 sets of the Fund on behalf of a person (or rep-
7 resent a person) whose interests are adverse to
8 the interests of the Fund, the Postal Service, or
9 the interests of participants or beneficiaries; or

10 “(C) receive any consideration for the
11 member’s own personal account from any per-
12 son dealing with the assets of the Fund.

13 “(3) ETHICAL STANDARDS.—The Investment
14 Board shall abide by all applicable laws and regula-
15 tions regarding investment decisions, including sec-
16 tion 208 of title 18.

17 “(4) BONDING.—The Investment Board shall
18 prescribe and publish in the Federal Register appro-
19 priate rules regarding bonding for any persons han-
20 dling funds or other property of the Fund.

21 “(5) AUDIT AND REPORT.—

22 “(A) IN GENERAL.—The Fund shall annu-
23 ally engage an independent qualified public ac-
24 countant to audit the financial statements of
25 the Fund.

1 “(B) SUBMISSION.—Not later than 180
2 days after the end of each of the Fund’s fiscal
3 years, the Fund shall submit an annual man-
4 agement report to the Congress.

5 “(C) COMMENT.—Each management re-
6 port under this subparagraph shall include—

7 “(i) a statement of financial position;

8 “(ii) a statement of operations;

9 “(iii) a statement of cash flows;

10 “(iv) a statement on internal account-
11 ing and administrative control systems;

12 “(v) the report resulting from an
13 audit of the financial statements of the
14 Fund conducted under subparagraph (A);
15 and

16 “(vi) any other comments and infor-
17 mation necessary to inform the Congress
18 about the operations and financial condi-
19 tion of the Fund.

20 “(g) MEANS OF FINANCING.—For all purposes of the
21 Congressional Budget Act of 1974, the Balanced Budget
22 and Emergency Deficit Control Act of 1985, and chapter
23 11 of title 31 and notwithstanding section 20 of the Office
24 of Management and Budget Circular No. A–11, the pur-
25 chase or sale of non-Federal assets (other than gains or

1 losses from such transactions) by the Fund shall be treat-
2 ed as a means of financing.”.

3 (b) GOVERNMENT CONTRIBUTIONS.—Section
4 8906(g)(2)(A) of title 5, United States Code, is amended
5 by striking “September 30, 2016” and inserting “Sep-
6 tember 30, 2012”.

7 TITLE II—PRODUCT 8 INNOVATION

9 SEC. 201. MAIL PERFORMANCE INCENTIVES.

10 Section 3622(c) of title 39, United States Code, is
11 amended—

12 (1) in paragraph (13), by striking “and” at the
13 end;

14 (2) by redesignating paragraph (14) as para-
15 graph (15); and

16 (3) by inserting after paragraph (13) the fol-
17 lowing:

18 “(14) the effect of increased customer satisfac-
19 tion and increased performance of services on the
20 value of the mail for the general public, postal cus-
21 tomers, and enterprises in the private sector that are
22 engaged in the delivery of mail other than letters;
23 and”.

1 **SEC. 202. NEW MAIL CLASSES.**

2 (a) DEFINITION.—Section 102 of title 39, United
3 States Code, is amended—

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

6 (2) in paragraph (10), by striking the period at
7 the end and inserting “; and”; and

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

9 “(11) ‘class of mail’ means a grouping of simi-
10 lar products that is—

11 “(A) differentiated by features, service lev-
12 els, postage prices, and sorting requirements;
13 and

14 “(B) that is—

15 “(i) defined in the Domestic Mail
16 Classification Schedule, as in effect on the
17 date of enactment of the Postal Account-
18 ability and Enhancement Act (Public Law
19 109–435; 120 Stat. 3198); or

20 “(ii) established by the Postal Regu-
21 latory Commission under section 3643.”.

22 (b) ANNUAL LIMITATIONS.—Section 3622(d)(2)(A)
23 of title 39, United States Code, is amended by striking
24 “the Domestic Mail Classification Schedule as in effect on
25 the date of enactment of the Postal Accountability and
26 Enhancement Act” and inserting “section 102(11)”.

1 (c) NEW CLASSES OF MAIL.—

2 (1) IN GENERAL.—Subchapter III of chapter
3 36 of title 39, United States Code, is amended by
4 adding at the end the following:

5 **“§ 3643. New classes of mail**

6 “(a) IN GENERAL.—Upon request of the Postal Serv-
7 ice, the Postal Regulatory Commission may establish new
8 classes of mail.

9 “(b) CRITERIA.—

10 “(1) MARKET-DOMINANT CLASSES OF MAIL.—
11 The Postal Regulatory Commission may establish a
12 new class of mail that contains market-dominant
13 products if the Postal Regulatory Commission deter-
14 mines that the Postal Service exercises sufficient
15 market power in the sale of the products to effec-
16 tively set the price of the products substantially
17 above costs, raise prices for the products signifi-
18 cantly, decrease the quality of the products, or de-
19 crease output of the products, without risk of losing
20 a significant share of the market to enterprises in
21 the private sector offering similar products.

22 “(2) PRODUCTS COVERED BY POSTAL MONOP-
23 OLY.—The Postal Regulatory Commission may es-
24 tablish a new class of mail that contains a product
25 covered by the postal monopoly that is subject to the

1 requirements of section 3622(d)(1). For purposes of
2 this paragraph, the term ‘product covered by the
3 postal monopoly’ means a product the conveyance or
4 transmission of which is reserved to the United
5 States under section 1696 of title 18, subject to the
6 exception set forth in the last sentence of section
7 409(e)(1).

8 “(3) ADDITIONAL CONSIDERATIONS.—In mak-
9 ing a determination under this section, the Postal
10 Regulatory Commission shall consider—

11 “(A) the availability and nature of enter-
12 prises in the private sector engaged in the deliv-
13 ery of the product involved;

14 “(B) the views of postal customers that
15 use the product involved on the appropriateness
16 of the proposed action; and

17 “(C) the likely impact of the proposed ac-
18 tion on small business concerns, as defined for
19 purposes of section 3641(h).

20 “(c) NOTIFICATION AND PUBLICATION REQUIRE-
21 MENTS.—

22 “(1) NOTIFICATION REQUIREMENT.—At the
23 time the Postal Service makes a request under sub-
24 section (a), the Postal Service shall file with the
25 Postal Regulatory Commission and publish in the

1 Federal Register a notice describing the basis for
2 the determination by the Postal Service that the new
3 class of mail requested to be added satisfies the re-
4 quirements under subsection (b). Section 504(g)
5 shall apply with respect to any information required
6 to be filed under this paragraph.

7 “(2) PUBLICATION REQUIREMENT.—The Postal
8 Regulatory Commission shall publish in the Federal
9 Register a revised list of classes of mail whenever
10 the Postal Regulatory Commission changes the list
11 of classes of mail containing market-dominant prod-
12 ucts. A revised list shall indicate in what manner
13 and on which date any previous list is superseded.

14 “(d) PROHIBITION.—Except as provided in section
15 3641, a class of mail that involves the physical delivery
16 of letters, printed matter, or packages may not be offered
17 by the Postal Service unless it has been assigned as a new
18 class of mail under this chapter or by or under any other
19 provision of law.

20 “(e) REGULATIONS.—Not later than 9 months after
21 the date of enactment of this section, the Postal Regu-
22 latory Commission shall issue (and may from time to time
23 thereafter revise) regulations to carry out this section.”.

24 (2) TECHNICAL AND CONFORMING AMEND-
25 MENT.—The table of sections for subchapter III of

1 chapter 36 of title 39, United States Code, is
2 amended by adding at the end the following:

“3643. New classes of mail.”.

3 **SEC. 203. EXPERIMENTAL PRODUCTS.**

4 Section 3641(e)(2) of title 39, United States Code,
5 is amended by striking “if the total revenues that are an-
6 ticipated, or in fact received, by the Postal Service from
7 such product do not exceed \$50,000,000 in any year, sub-
8 ject to subsection (g)”.

9 **SEC. 204. CHIEF PRODUCT INNOVATION OFFICER.**

10 (a) DESIGNATION.—The Postmaster General shall
11 designate a senior officer within the Postal Service to
12 serve as Chief Product Innovation Officer.

13 (b) QUALIFICATIONS.—The individual designated as
14 Chief Product Innovation Officer shall have experience
15 that reflects a wide range of knowledge of the Postal Serv-
16 ice, postal customers, marketing, and product innovation.

17 (c) DUTIES.—The Chief Product Innovation Officer
18 shall lead the development or improvement of products
19 that—

20 (1) serve the public good;

21 (2) increase the value of postal products and
22 services; and

23 (3) increase the volume of mail handled by the
24 Postal Service.

1 (d) POSTAL INNOVATION REPORT.—The Chief Prod-
2 uct Innovation Officer shall submit an annual report to
3 the Commission, the Committee on Homeland Security
4 and Governmental Affairs of the Senate, and the Com-
5 mittee on Oversight and Government Reform of the House
6 of Representatives that includes, at a minimum, a descrip-
7 tion of any products created or changed by the Postal
8 Service during the preceding year, including any experi-
9 mental or nonpostal products.

10 **SEC. 205. UNCOLLECTED POSTAGE.**

11 The Postal Service, in consultation with the Chief
12 Postal Inspector and the Inspector General of the Postal
13 Service, shall develop a program to increase compliance
14 with postage requirements, including compliance with
15 fraud investigations, equipment review, and reinforcement
16 of applicable policies.

17 **TITLE III—WORKFORCE**

18 **SEC. 301. TREATMENT OF SURPLUS CONTRIBUTIONS TO**

19 **FEDERAL EMPLOYEES RETIREMENT SYSTEM.**

20 Section 8423(b) of title 5, United States Code, is
21 amended—

22 (1) by redesignating paragraph (5) as para-
23 graph (6); and

24 (2) by inserting after paragraph (4) the fol-
25 lowing:

1 “(5)(A) In this paragraph, the term ‘surplus
2 postal contributions’ means the amount by which the
3 amount computed under paragraph (1)(B) is less
4 than zero.

5 “(B) For each fiscal year in which the amount
6 computed under paragraph (1)(B) is less than zero,
7 upon request of the Postmaster General, the Direc-
8 tor shall transfer to the United States Postal Service
9 from the Fund an amount equal to the surplus post-
10 al contributions for that fiscal year for use in ac-
11 cordance with this paragraph.

12 “(C) For each of fiscal years 2012, 2013, and
13 2014, if the amount computed under paragraph
14 (1)(B) is less than zero, a portion of the surplus
15 postal contributions for the fiscal year shall be used
16 by the United States Postal Service for the cost of
17 providing payments to employees of the United
18 States Postal Service who voluntarily separate from
19 service before October 1, 2014. Notwithstanding sec-
20 tion 3523(b)(3)(B), payments under this subsection
21 may be in the amount determined appropriate by the
22 United States Postal Service.

23 “(D) Any surplus postal contributions for a fis-
24 cal year not expended under subparagraph (C) may

1 be used by the United States Postal Service for the
2 purposes of—

3 “(i) repaying any obligation issued under
4 section 2005 of title 39; or

5 “(ii) making required payments to—

6 “(I) the Employees’ Compensation
7 Fund established under section 8147;

8 “(II) the Employees Health Benefits
9 Fund established under section 8909; or

10 “(III) the Civil Service Retirement
11 and Disability Fund.”.

12 **SEC. 302. MEDICARE COORDINATION EFFORTS FOR POST-**
13 **AL SERVICE RETIREES.**

14 The Postmaster General, in consultation with the Di-
15 rector of the Office of Personnel Management and the Ad-
16 ministrator of the Centers for Medicare & Medicaid Serv-
17 ices, shall develop an educational program to encourage
18 the voluntary use of the Medicare program for hospital
19 insurance benefits under part A of title XVIII of the So-
20 cial Security Act (42 U.S.C. 1395c et seq.) (commonly
21 known as “Medicare Part A”) and the Medicare program
22 for supplementary medical insurance benefits under part
23 B of title XVIII of the Social Security Act (42 U.S.C.
24 1395j et seq.) (commonly known as “Medicare Part B”)

1 for eligible employees that may benefit from enrollment,
2 the objective of which shall be to—

3 (1) educate employees and retirees on how
4 Medicare benefits can interact or supplement the
5 benefits of the employee or retiree under the Federal
6 Employee Health Benefit Program; and

7 (2) reduce costs to the Federal Employee
8 Health Benefit Program, beneficiaries, and the Post-
9 al Service by coordinating services with the Medicare
10 program.

11 **SEC. 303. LABOR DISPUTES.**

12 Section 1207(c) of title 39, United States Code, is
13 amended by adding at the end the following:

14 “(4) Nothing in this title shall be construed to limit
15 the factors an arbitration board may take into consider-
16 ation in rendering a decision under this subsection.”.

17 **SEC. 304. SUPERVISORY AND OTHER MANAGERIAL ORGANI-
18 ZATIONS.**

19 Section 1004 of title 39, United States Code, is
20 amended—

21 (1) in subsection (b), in the second sentence, by
22 inserting “as provided under subsection (d) and any
23 changes in, or termination of, pay policies and
24 schedules and fringe benefit programs for members

1 of the supervisors' organization as provided under
2 subsection (e)" before the period; and

3 (2) in subsection (e)(1), by inserting ", or ter-
4 mination of," after "any changes in".

5 **SEC. 305. APPLICABILITY OF PROVISIONS RELATING TO RE-**
6 **DUCTIONS IN FORCE.**

7 Section 1005 is amended by adding at the end the
8 following:

9 "(g)(1) Except as otherwise provided under a collec-
10 tive bargaining agreement entered into under chapter 12,
11 subchapter I of chapter 35 of title 5 (including the regula-
12 tions implementing such subchapter) shall apply to em-
13 ployees of the Postal Service who hold positions that are
14 represented by a bargaining representative recognized
15 under section 1203.

16 "(2) Before carrying out any reduction in force in
17 accordance with paragraph (1), the Postmaster General
18 shall submit a report to the Committee on Homeland Se-
19 curity and Governmental Affairs of the Senate, the Com-
20 mittee on Oversight and Government Reform of the House
21 of Representatives, and Director of the Office of Personnel
22 Management indicating the extent of the reduction in
23 force and how the Postal Service will comply with section
24 3502(a)(4) of title 5."

1 **SEC. 306. EXECUTIVE COMPENSATION.**

2 Section 3686(b) of title 39, United States Code, is
3 amended—

4 (1) in paragraph (1), by striking “payable to
5 the Vice President under section 104 of title 3” and
6 inserting “payable for a position on level I of the
7 Executive Schedule under section 5312 of title 5”;
8 and

9 (2) by striking subsection (c) and inserting the
10 following:

11 “(c) EXCEPTIONS FOR CRITICAL POSITIONS.—

12 “(1) IN GENERAL.—The Board of Governors
13 may allow not more than 12 officers or employees of
14 the Postal Service in critical senior executive or
15 equivalent positions to receive total annual com-
16 pensation in an amount not to exceed 135 percent
17 of the amount determined under paragraph (2).

18 “(2) AMOUNT.—The amount determined under
19 this paragraph shall be the amount payable, as of
20 the end of the calendar year in which the payment
21 is received, for a position at—

22 “(A) level I of the Executive Schedule
23 under section 5312 of title 5, for the Post-
24 master General;

1 “(B) level II of the Executive Schedule
2 under section 5313 of title 5, for the Deputy
3 Postmaster General; and

4 “(C) level III of the Executive Schedule
5 under section 5314 of title 5, for any other offi-
6 cer or employee.

7 “(3) NOTICE.—Not later than 30 days after the
8 date on which the first payment is made at a rate
9 of pay authorized under this subsection, the Board
10 of Governors shall submit to the Director of the Of-
11 fice of Personnel Management and Congress a writ-
12 ten notice that shall include—

13 “(A) the name of the officer or employee
14 receiving the payment;

15 “(B) a description of the critical nature of
16 the duties and responsibilities of the officer or
17 employee; and

18 “(C) a discussion of the basis for deter-
19 mining that the amount of the payment is war-
20 ranted.”.

○