

HR 6407

Postal Accountability and Enhancement Act

Congress: 109 (2005–2007, Ended)

Chamber: House

Policy Area: Government Operations and Politics

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Law: 109-435 (Enacted Dec 20, 2006)

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Sponsor

Name: Rep. Davis, Tom [R-VA-11]

Party: Republican • State: VA • Chamber: House

Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Davis, Danny K. [D-IL-7]	D · IL		Dec 7, 2006
Rep. McHugh, John M. [R-NY-23]	R · NY		Dec 7, 2006
Rep. Waxman, Henry A. [D-CA-30]	D · CA		Dec 7, 2006

Committee Activity

Committee	Chamber	Activity	Date
Oversight and Government Reform Committee	House	Referred To	Dec 7, 2006

Subjects & Policy Tags

Policy Area:

Government Operations and Politics

Related Bills

Bill	Relationship	Last Action
109 HR 22	Related bill	Feb 10, 2006: Message on Senate action sent to the House.
109 S 662	Related bill	Feb 9, 2006: Returned to the Calendar. Calendar No. 164.

Postal Accountability and Enhancement Act - **Title I: Definitions; Postal Services** - (Sec. 101) Amends federal law provisions concerning the Postal Service to add definitions, including the terms postal service, competitive product, market-dominant product, and rates.

(Sec. 102) Removes provisions empowering the Postal Service to provide nonpostal services, except that the Postal Service may provide nonpostal services which were offered as of January 1, 2006, subject to a specified review by the Postal Regulatory Commission (PRC) (formerly the Postal Rate Commission, see section 601).

Requires the PRC to review each nonpostal service offered by the Postal Service and determine whether that service shall continue and, if so, to designate whether the service shall be regulated as a market-dominant, competitive, or experimental product.

**Title II: Modern Rate Regulation** - (Sec. 201) Directs the PRC to establish a modern system for regulating rates and classes for market-dominant products (all first-class mail, parcels, and cards, periodicals, standard mail, single-piece parcel post, media mail, bound printed matter, library mail, special services, and single-piece international mail). Requires the system to, among other things: (1) include an annual limitation on the percentage changes in rates; and (2) require the Postal Service to provide public notice, and the PRC to provide an opportunity for review of, rate adjustments at least 45 days before implementation. Requires the PRC, as part of the regulations, to establish rules for workshare discounts (discounts provided to mailers for presorting, barcoding, etc.) to ensure that such discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity (with exceptions). Requires the Postal Service to report to the PRC whenever it establishes a workshare discount rate.

(Sec. 202) Directs the Postal Service Board of Governors to establish rates and classes for products in the competitive category of mail (priority and expedited mail, bulk parcel post and bulk international mail, and mailgrams).

Directs the PRC to promulgate (and from time to time revise) regulations to: (1) prohibit the subsidization of competitive products by market-dominant products; (2) ensure that each competitive product covers its attributable costs; and (3) ensure that all competitive products collectively cover what the Commission determines to be an appropriate share of Postal Service institutional costs.

(Sec. 203) Authorizes the Postal Service, under specified terms and conditions, to conduct market tests of experimental products, requiring notice to the PRC of the nature and scope of each test. Prohibits a market test from exceeding 24 months, but allows the PRC to extend such period for up to 12 additional months. Allows the PRC to limit the amount of revenues the Postal Service may obtain from any particular geographic market as necessary to prevent market disruption.

Authorizes the PRC, following specified criteria, to change the lists of market-dominant products and competitive products by adding or removing products, or transferring products between lists. Prohibits the transfer from the market-dominant category of products covered by the postal monopoly. Requires the Postal Service to notify the PRC whenever it requests to add a product or to transfer a product to a different category. Prohibits a product that involves the carriage of letters, printed matter, or packages from being offered by the Postal Service unless it has been assigned to the market-dominant or competitive category of mail.

(Sec. 204) Requires the PRC to report annually to the President and Congress on PRC operations under this title, including an estimate of the costs incurred by the Postal Service in providing certain services.

Requires annual reports from the Postal Service to the PRC which: (1) analyze Postal Service costs, revenues, and rates; and (2) provide product information and measures of quality of service afforded by the Postal Service in connection with such product. Requires such report information to: (1) be audited by the Postal Service Inspector General; and (2) include information relating to workshare discounts. Requires the PRC to make annual determinations of Postal Service compliance with regulatory requirements and to evaluate annually whether the Postal Service has met certain goals.

Requires that the Postal Service file with the PRC certain audit and funding reports required under the Securities Exchange Act of 1934.

(Sec. 205) Repeals provisions concerning postal service and rate complaints procedures and an annual report on international services provided by the Postal Service. Establishes new complaint procedures which require the PRC to begin proceedings on, or dismiss, complaints within 90 days, and treating as dismissed complaints not acted on within such period. Authorizes the PRC to: (1) order the Postal Service to take appropriate action to achieve compliance; and (2) order fines in cases of deliberate noncompliance. Authorizes appellate review on petition by persons adversely affected by any PRC final order or decision.

**Title III: Modern Service Standards** - (Sec. 301) Directs the Postal Service to establish (and from time to time revise) a set of service standards for market-dominant products to: (1) enhance the value of postal services to both senders and recipients; (2) preserve regular and effective access to postal services in all communities; (3) reasonably assure Postal Service customers delivery reliability, speed, and frequency; and (4) provide a system of performance measurements for each market-dominant product. Requires the Postal Service to develop and submit to Congress a plan for meeting such standards. Directs the Postal Service to report annually to Congress on how postal decisions have impacted or will impact rationalization plans. Prohibits the Postal Service from closing or consolidating any processing or logistics facilities without using specified procedures for public notice and input. Requires the plan to include: (1) plans to expand and market retail access to postal services through the use of vending machines, the Internet, etc.; and (2) comprehensive plans for reemployment assistance and early retirement benefits for Postal Service employees displaced as a result of the automation of functions, the closing or consolidation of facilities, or other reasons as the Postal Service determines.

**Title IV: Provisions Relating to Fair Competition** - (Sec. 401) Establishes in the Treasury a revolving Postal Service Competitive Products Fund to be available to the Postal Service without fiscal year limitation for the payment of: (1) costs attributable to competitive products; and (2) all other costs incurred by the Postal Service, to the extent allocable to competitive products. Provides for deposits into, and administration of, the Fund. Requires reports from the Postal Service to the Secretary of the Treasury and the PRC with respect to Fund administration and uses.

(Sec. 402) Requires the Postal Service to: (1) compute its assumed federal income tax (which would be the taxable income of a corporation) on competitive products income for each year; and (2) transfer from the above Fund to the Postal Service Fund the amount of the assumed tax.

(Sec. 403) Prohibits the Postal Service from: (1) establishing anti-competitive rules or regulations; (2) compelling the disclosure, transfer, or licensing of intellectual property to any third party; or (3) obtaining information from a person that provides any product, and then offering any postal service that uses or is based in whole or in part on such information, without the person's consent.

(Sec. 404) Subjects all Postal Service: (1) activities to federal laws prohibiting the conduct of business in a fraudulent manner; and (2) conduct with respect to competitive products to federal antitrust laws and unfair competition standards. Eliminates Postal Service sovereign immunity protection. Requires that buildings constructed or altered by the Postal

Service be constructed or altered in compliance with one of the nationally recognized model building codes and with other applicable nationally recognized codes. Requires the Postal Service to: (1) consider local zoning or land use regulations and building codes when constructing or altering buildings; and (2) represent itself in most legal proceedings (currently, representation is provided through the Department of Justice).

(Sec. 405) Makes the Secretary of State responsible for foreign policy related to international postal services and other international delivery services and empowers such Secretary to conclude postal treaties, conventions, and amendments, subject to exception and limitation. Provides for the application of customs laws with respect to such services.

**Title V: General Provisions** - (Sec. 501) Revises qualification requirements with respect to members of the Postal Service Board of Governors. Requires the President to consult with specified congressional leaders in selecting individuals for Board nomination. Reduces from nine to seven years the term of appointment.

(Sec. 502) Limits annual combined net increases in the amount of obligations issued for capital improvements and operating expenses.

(Sec. 503) Revises provisions concerning the private carriage of letters (letters carried outside of normal mail service by a private carrier) to allow such private carriage in three new circumstances: (1) when the amount paid to a private carrier is at least six times the rate then currently charged for the first ounce of a single-piece first-class letter; (2) when the letter weighs at least 12 and 1/2 ounces; or (3) when private carriage is within the scope of current Postal Service regulations that purport to permit private carriage by suspension of the operation of current law.

(Sec. 505) Requires a party wishing to terminate a collective bargaining agreement involving Postal Service employees to serve written notice to any other party to such agreement at least 90 days in advance. Provides that if all such parties fail to reach a new agreement, the Director of the Federal Mediation and Conciliation Service shall within 10 days appoint a national mediator who is a member of the National Academy of Arbitrators. Authorizes the use of arbitration boards in certain circumstances. States that nothing in this Act shall restrict, expand, or otherwise affect any rights, privileges, or benefits under collective bargaining agreements.

(Sec. 506) Authorizes the Postal Service to establish one or more programs to provide bonuses and other rewards to Postal Service officers and employees. Authorizes the Board of Governors, notwithstanding any other provision of law, to allow up to 12 Postal Service officers or employees to receive total compensation up to 120 percent of the total annual compensation payable to the Vice President. Requires bonus or payment information to be included in currently-required annual Postal Service comprehensive statements.

**Title VI: Enhanced Regulatory Commission** - (Sec. 601) Replaces the Postal Rate Commission with the PRC. Sets forth the term (six years) and qualifications of the five Commissioners.

Requires the PRC to designate a PRC officer to represent the public interest in all public proceedings of the PRC.

(Sec. 602) Provides PRC authority to administer oaths, examine witnesses, receive evidence, issue subpoenas, and order the taking of depositions and responses to written interrogatories.

(Sec. 603) Authorizes appropriations out of the Postal Service Fund for: (1) the PRC; and (2) the Postal Service Office of Inspector General. Repeals federal provisions which subject the annual PRC budget to disapproval by the Board of Governors.

(Sec. 605) Amends the Inspector General Act of 1978 to establish an Office of Inspector General in the PRC.

**Title VII: Evaluations -** (Sec. 701) Requires a report from the PRC to the President and Congress, at least every five years, concerning: (1) the operation of amendments made by this Act; and (2) recommendations for improving the effectiveness or efficiency of U.S. postal laws.

(Sec. 702) Requires a report from the PRC to the President and Congress on universal postal service and the postal monopoly in the United States, including the monopoly on the delivery of mail and access to mailboxes.

(Sec. 703) Requires a report from the Federal Trade Commission to the President, Congress, and the PRC identifying federal and state laws that apply differently to the Postal Service with respect to the competitive category of mail and to private companies providing similar products.

(Sec. 704) Requires a report from the Postal Service Inspector General to Congress and the Postal Service on improving workplace safety and reducing workplace-related injuries nationwide. Directs the Postal Service, after receiving such report, to submit to Congress its plans for achieving such goals.

(Sec. 705) Directs the Government Accountability Office to study, and report to Congress, the Board of Governors, and the PRC on: (1) Postal Service accomplishments involving recycling activities; and (2) additional opportunities for the Postal Service to engage in recycling initiatives.

(Sec. 706) Requires a study and report to the President and Congress on the extent to which women and minorities are represented in supervisory and management positions within the Postal Service. Directs the Postal Service to take measures as necessary to incorporate certain affirmative action and equal opportunity criteria into the performance appraisals of senior supervisory or managerial employees.

(Sec. 707) Requires studies and reports on: (1) the number and value of contracts and subcontracts the Postal Service has with women, minorities, and small businesses; (2) the quality of information used by the Postal Service in determining the direct and indirect postal costs attributable to periodicals and any opportunities for improving periodical handling efficiencies; and (3) the adequacy and fairness of the process by which postage deficiency assessments under specified provisions are determined and appealable.

(Sec. 710) Requires a study and report on options and strategies for the long-term structural and operational reforms of the Postal Service. Authorizes appropriations.

(Sec. 711) Requires a study and report on a specified provision of the Domestic Mail Manual to determine whether it contains adequate safeguards to protect against abuses of rates for nonprofit mail and deception of consumers.

**Title VIII: Postal Service Retirement and Health Benefits Funding -** Postal Civil Service Retirement and Health Benefits Funding Amendments of 2006 - (Sec. 802) Relieves the Postal Service of an obligation to contribute matching amounts to its employees' civil service retirement. Provides for a mechanism and an amortization schedule regarding the handling of any surplus or supplemental liability of the Postal Service regarding the Civil Service Retirement and Disability Fund. Transfers from the Postal Service to the Treasury certain retirement obligations related to military service of former Postal Service employees. Makes Office of Personnel Management (OPM) determinations on surplus or supplemental liability subject to PRC review if the Postal Service so requests.

(Sec. 803) Transfers responsibility for paying the government's contribution of the health benefits of postal annuitants, effective in FY2017, from the Postal Service to the Postal Service Retiree Health Benefits Fund (established by this

section) up to the amount contained in the Fund, with any remaining amount to be paid by the United States Postal Service.

Establishes in the Treasury the Postal Service Retiree Health Benefits Fund, to be administered by OPM. Requires the Postal Service, beginning in 2007, to compute the net present value of the future payments required and attributable to the service of Postal Service employees during the most recently ended fiscal year, along with a schedule of annual installments which provides for the liquidation of any liability or surplus by 2056. Directs the Postal Service, for each year, to pay into the above Fund such net present value and the annual installment due under the amortization schedule. Makes OPM actuarial computations subject to PRC review.

(Sec. 804) Repeals a provision of the Postal Civil Service Retirement System Funding Reform Act of 2003 related to the disposition of savings accruing to the Postal Service.

**Title IX: Compensation for Work Injuries** - (Sec. 901) Makes a Postal Service employee ineligible for compensation or continuation of pay for the first three days of temporary disability (thereby establishing a three-day waiting period). Allows the employee to use annual leave, sick leave, or leave without pay for such three-day period, but provides that if the disability exceeds 14 days or is followed by permanent disability, the employee may have such leave reinstated or receive pay for the time spent on leave without pay.

**Title X: Miscellaneous** - (Sec. 1001) Authorizes the Postal Service to employ police officers for all buildings and areas owned, occupied, or under the charge or control of the Postal Service (including areas outside the property), and to give such guards, while so employed, specified powers.

(Sec. 1002) Repeals federal postal law concerning the transportation of mail by surface carrier. Eliminates restrictions on the length of Postal Service mail transportation contracts.

(Sec. 1003) Provides for reduced-rate treatment of some forms of mail, including: (1) mail given preferred status over regular-rate mailings; and (2) copies of a publication published within a county but distributed outside such county on postal carrier routes originating in the county of publication.

(Sec. 1004) Expresses the sense of Congress that the Postal Service should: (1) ensure the fair and consistent treatment of suppliers and contractors in its current purchasing policies and any revision or replacement of such policies; and (2) implement commercial best practices in Postal Service purchasing policies to achieve greater efficiency and cost savings by taking full advantage of private-sector partnerships, as recommended in July 2003 by the President's Commission on the United States Postal Service.

(Sec. 1005) Amends federal law relating to contracts for transportation of mail by air to modify certain definitions.

Requires that, when the Postal Service determines a new hub point, mail tender from that hub during the year after the change be based on the passenger and freight shares to the destinations of the affected hub(s).

Modifies requirements regarding equitable tender with respect to nonpriority bypass mail on a city pair route in the State of Alaska for carriers providing scheduled bush passenger service.

(Sec. 1006) Regulates the time limit for appeals to the PRC from a determination of the Postal Service to close or consolidate any post office.

(Sec. 1007) Amends the Postal Reorganization Act to give the Postal Service, with respect to an officer or employee of

the former Post Office Department, the same authorities and responsibilities it has with respect to an officer or employee of the Postal Service.

(Sec. 1008) Requires the Postal Service to prescribe regulations for the safe transportation of hazardous material. Prohibits mailing materials that do not meet such requirements.

(Sec. 1009) Requires the Postal Service to: (1) assign a single ZIP code to serve each of Auburn Township, Ohio; Hanahan, South Carolina; and Bradbury and Discovery Bay, California; and (2) revert window service hours in the Fairport Harbor Branch of the post office in Painesville, Ohio, to those in effect on a specified date.

(Sec. 1010) Revises procedures concerning the reimbursement to a mailer of fees determined to be unlawful.

Authorizes the Postal Service to establish size and weight limitations for mail matter in the market-dominant competitive categories of mail consistent with PRC regulations.

Authorizes the Postal Service Board of Governors to establish reasonable and equitable classes of mail and rates of postage and fees. Requires that one or more classes be maintained for letters sealed against inspection and that the rate for each such class be uniform throughout the United States, its territories, and possessions.

## Actions Timeline

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- **Dec 20, 2006:** Signed by President.
- **Dec 20, 2006:** Signed by President.
- **Dec 20, 2006:** Became Public Law No: 109-435.
- **Dec 20, 2006:** Became Public Law No: 109-435.
- **Dec 19, 2006:** Presented to President.
- **Dec 19, 2006:** Presented to President.
- **Dec 11, 2006:** Message on Senate action sent to the House.
- **Dec 9, 2006:** Passed/agreed to in Senate: Passed Senate without amendment by Unanimous Consent.(consideration: CR 12/8/2006 S11821-11822)
- **Dec 9, 2006:** Passed Senate without amendment by Unanimous Consent. (consideration: CR 12/8/2006 S11821-11822)
- **Dec 8, 2006:** Mr. Davis, Tom moved to suspend the rules and pass the bill, as amended.
- **Dec 8, 2006:** Considered under suspension of the rules. (consideration: CR H9160-9182)
- **Dec 8, 2006:** DEBATE - The House proceeded with forty minutes of debate on H.R. 6407.
- **Dec 8, 2006:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote.(text: CR H9160-9179)
- **Dec 8, 2006:** On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote. (text: CR H9160-9179)
- **Dec 8, 2006:** Motion to reconsider laid on the table Agreed to without objection.
- **Dec 8, 2006:** Received in the Senate, read twice.
- **Dec 7, 2006:** Introduced in House
- **Dec 7, 2006:** Introduced in House
- **Dec 7, 2006:** Referred to the House Committee on Government Reform.