

What the Postal Reorganization Act Does:

Organization

Establishes the United States Postal Service as an independent establishment within the Executive Branch of the Government. Within one year of enactment the Post Office Department and the office of Postmaster General within the Post Office Department will be abolished and their functions, powers, and duties will be transferred to the new Postal Service.

Vests direction of the powers of the Postal Service in an eleven-member Board of Governors. Nine members of the Board are appointed by the President on a bi-partisan basis with the advice and consent of the Senate. These members in turn appoint a tenth member of the Board, the Postmaster General, who serves as the chief executive officer of the Postal Service. The nine presidentially appointed Governors and the Postmaster General appoint the Deputy Postmaster General, who serves as the eleventh member of the Board.

Establishes an independent Postal Rate Commission, the five members of which are appointed by the President, to recommend postal rates and classifications for adoption by the Board of Governors.

Personnel

Establishes a postal career service as part of the civil service. The Postal Service will establish procedures on employment matters, subject to the requirements of the Postal Reorganization Act and other provisions of law expressly made applicable to the Postal Service.

Retains civil service retirement benefits for all postal employees and retains veterans' preference. The Civil Service Commission must approve any changes in adverse action procedures that are not adopted through collective bargaining.

Prohibits political recommendations for appointments within the Postal Service. Tenure of the Postmaster General and other officers and employees is based on performance, not politics.

Labor-Management Relations

Authorizes collective bargaining on wages and working conditions under laws applying to private industry. Continues ban on strikes applicable to all federal employees, and provides for binding arbitration if an impasse persists 180 days after the start of bargaining.

Authorizes the National Labor Relations Board to determine proper bargaining units, supervise representation elections, and enforce the unfair labor practices provisions of applicable law.

Protects the rights of all employees to form, join or assist a labor organization, or to refrain from any such activity.

Finance, Rates and Ratemaking

Authorizes the Postal Service to borrow up to \$10 billion from the general public. The Treasury may be required to purchase and to hold up to \$2 billion of postal obligations, and is authorized to purchase and to hold obligations in excess of this amount.

Authorizes appropriations in the nature of a general public service subsidy through fiscal year 1979 in an amount equal to 10% of the fiscal year 1971 appropriations to the Post Office Department. Thereafter, this authorization declines by one percent per year through fiscal year 1984. In subsequent years, the Postal Service may reduce the authorization or eliminate it entirely, bringing its costs and revenues into balance.

Authorizes appropriations to reimburse the Postal Service for carrying congressionally established categories of free and reduced-rate mail. Preferential commercial rates are to be increased to normal levels in five years. Rates for non-commercial reduced-rate categories must be increased over a ten-year period so that they cover costs directly traceable to such categories of mail.

Authorizes the Postal Service to propose changes in rates and classifications of mail, and requires the Postal Rate Commission, following hearings, to recommend changes to the Governors, who may accept or reject the recommendation or modify it by unanimous vote if it would fail to produce sufficient revenue, when added to estimated appropriations and other income, to cover total costs. An aggrieved party who appeared in the Commission's proceeding may appeal a decision changing rates or classifications to the United States Courts of Appeals.

Authorizes the Postal Service to establish temporary rates and classifications if the Rate Commission fails to make a recommendation within ninety days.

Requires that rates for each class of mail cover direct and indirect costs attributable to the class involved, plus that portion on institutional costs reasonably assignable to such class.

Transportation

Extends existing laws governing common and contract carriage of mail by railroads to motor common carriers and authorizes negotiated contracts with star route operators and motor common carriers.

Pay

Provides an 8% pay raise, retroactive to the first pay period beginning after April 16, 1970 for General Schedule and Field Service employees of the Post Office Department, provided that no employee may receive pay higher than the rate of pay of a GS-18.

Provides for compression--through the collective bargaining process--of the time required for employees in collective bargaining units to reach the top step within each grade from 21 years to 8 years.

Establishes the policy that the Postal Service shall maintain compensation and benefits for its officers and employees on a standard of comparability to that offered for comparable levels of work in the private sector of the economy.

POSTAL REORGANIZATION

JUNE 3, 1970.—Ordered to be printed

Mr. McGEE, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

[To accompany S. 3842]

together with

INDIVIDUAL AND SUPPLEMENTAL VIEWS

The Committee on Post Office and Civil Service, to which was referred the bill (S. 3842) to improve and modernize the postal service and to establish the United States Postal Service, having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

STATEMENT

The provisions of S. 3842 result from one of the longest and most intensive studies in the committee's history. After public hearings extending over 2 months, the committee has met in a continuing series of working sessions in which solutions, alternative solutions, and new approaches have been tested in incisive discourse ranging across the broad scope of postal activities and postal problems.

In addition to formal executive sessions, the chairman, the ranking minority member, other members, and staff have met repeatedly with the Postmaster General, the Deputy Postmaster General, the General Counsel, and other Department representatives to weigh the questions together and to seek reasonable solutions. The bill as reported, representing only the views of the committee, thus incorporates a substantial number of Administration recommendations, and, in toto, reflects the committee's careful evaluation of the Department's position on each issue. Mailers have been consulted and heard. Employee organization leaders, having agreed to support postal reform, have presented their views on a variety of postal questions, including labor-management relations, for committee consideration.

Background information available to the committee has been voluminous and helpful from the views and findings appearing in the four-volume report of the President's Commission on Postal Organization to the expert testimony recorded in the printed hearings of the Senate and House committees, the necessity for postal reform has been convincingly documented. Definitive committee action was not taken, however, until ways could be devised to fit together the two indispensable components of lasting reorganization of the Post Office Department. The committee sought, and in this bill believes that it has found, a means of reconciling the strong committee conviction that the post office, however restructured, must be, first of all, responsive to the historic public need for, and reliance upon, a secure, swift, dependable, and inexpensive communications system; and the obvious requirement that postal management must now be given the unfettered authority and freedom it has been denied for years to maintain and operate an efficient service. The bill states as postal policy that the postal service "shall provide prompt, reliable, and efficient service to patrons in all areas and shall render public service in all communities. The costs of establishing and maintaining the postal service shall not be apportioned to impair the overall value of such service to the people."

The pattern of public concern over the postal service is symptomatic of graver disorders in the post office than are reflected in an occasional delayed letter or smashed parcel. In fact, the Department's record of reliability and speed of delivery has until recently compared favorably with that of any other nation, despite the complaints of patrons. But the volume of our mail is outstripping our population in rate of increase. The U.S. Post Office serves 6 percent of the world's population while delivering as much mail as all the other nations combined. We can expect volume to rise from the present 83 billion pieces a year to 110 billion pieces in 1977. Under the impact of increasing mail volume, the Post Office, in trouble today, clearly cannot withstand under its present structure the stresses that will be soon imposed upon it.

The fact that the Department is able to carry its massive burden—handicapped as it is by an archaic organizational arrangement and inadequately equipped with a creaking physical plant 40 years out of date—is a tribute to the perseverance and loyalty of the rank-and-file postal employee. He now looks to Congress for better days.

The committee's inquiries and every responsible study show that the Postmaster General is blocked or undercut at every turn by a labyrinth of postal statutes echoing every postal concern, interest, or whim expressed by Congress over a 200-year period. Laws have changed laws and have added to the body of them so that, by accretion, they have multiplied, decade by decade, leaving the Postmaster General bound in his own house. Twist and turn as he may, he cannot function in the public interest as a responsible manager.

The committee in no way deprecates the system of checks and balances established in the law over the years to insure that public policy as determined by Congress shall be followed by the Postmaster General. But it has found that, by the process of accumulation, the laws controlling the governance of the Department have become excessively restrictive and that it is not too soon for a complete break with the past.

Former Postmaster General Lawrence F. O'Brien, when he said that the Post Office was in a "race with catastrophe," pointed to the clear danger ahead. He called for postal reform that would release the Department's chief and let him work in the public interest. His problems, as a responsible Postmaster General, are summed up in his notable 1967 colloquy with the chairman of the House Post Office Appropriations Subcommittee:

Mr. STEED. General . . . would this be a fair summary: that at the present time, as the manager of the Post Office Department, you have no control over your workload, you have no control over the pay rates of the employees that you employ, you have very little control over the conditions of the service of these employees, you have virtually no control, by the nature of it, of your physical facilities, and you have only a limited control, at best, over the transportation facilities that you are compelled to use—all of which adds up to a staggering amount of "no control" in terms of the duties you have to perform.

Mr. O'BRIEN. Mr. Chairman, I would have to generally agree with your premise—that is a staggering list of "no control." I don't know [whether] it has ever been put that succinctly to me. If it had been at an appropriate time, perhaps I wouldn't be sitting here.

The areas of "no control," tending to foster drift and to inhibit innovation and imagination in the management of the Post Office even under the leadership of strong Postmasters General, can be overcome by four provisions of S. 3842: (1) continuity of top management, (2) the authority to control postal revenue, (3) the authority to control costs, and (4) the authority to acquire funds outside the budget to modernize the postal plant.

S. 3842 is no halfway measure. Its objective is to establish a postal structure and a method of operating that will entrust the management of the U.S. postal service, within broad policy guidelines designed to protect the ordinary mailer, to responsible public officials whose authority derives from the President. The committee reports the bill with the reminder to present and future postal managers that the system will work only if the public interest is kept as the paramount criterion in every decision made. Congress, in its multiplicity of views and in the diversity of its concerns, is no longer the appropriate governing body for the postal service. But Congress has served the people well by protecting their interests over the years and by recognizing the reliance of grassroots America on the Post Office. In proposing to relinquish as much control as this bill would vest in the new Board of Governors of the U.S. Postal Service, the committee believes the intention of Congress should be clearly expressed: that postal managers should follow, quite literally, the policy section of the bill which begins, "The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people."

THE COMMITTEE RECOMMENDATION

The committee recommends enactment of a complete revision of title 39, United States Code, to provide: (1) that the executive authority of the Postal Service be vested in a Board of Governors, independent of ordinary legislative and executive supervision and control, composed of 15 members, including nine Governors appointed by the President and confirmed by the Senate; two voting members of the Board of Governors appointed by the Board of Governors to run the Postal Service; and four nonvoting members of the Board of Governors from the Congress; (2) that ratemaking and mail classification authority be vested primarily in a Postal Rate Commission, composed of five Commissioners appointed by the President and confirmed by the Senate, who shall be independent of the Board of Governors and shall recommend rates and mail classifications on the basis of general legislative criteria enacted by law; (3) that the Postal Service be authorized to borrow money outside of the normal budget system; and (4) that the Postal Service be given broad authority to transport mail by surface and air.

POSTAL POLICY

The committee recommends the enactment of a new statement of postal policy as the basic and fundamental charter of the Postal Service

That the Postal Service is in fact and shall be operated as a service to the American people, not as a business enterprise, designed to provide excellent postal service,

That the Postal Service achieve and maintain compensation for its employees comparable to that of the private sector of the U.S. economy;

That postal rates and costs be apportioned fairly and equitably among all users of the mail;

That letter mail be sealed against inspection and always be delivered with priority;

That transportation be modernized and designed to achieve the most expeditious delivery of mail possible; and

That postal facilities be designed to improve the service, to provide convenience for the public, and to have ready access to air and surface transportation facilities.

As a permanent ingredient of the new Postal Service, the committee recommends that in recognition of the losses incurred in maintaining post offices outside of metropolitan areas, the Congress shall appropriate annually a percentage of the annual operating costs of the Postal Service. The operating costs shall be calculated in accordance with provisions of the bill, and the percentage appropriated shall be (1) 10 percent of the costs so calculated, or (2) 10 percent of the amount appropriated to the Post Office Department for fiscal year 1971, other than capital improvement appropriations, whichever amount is the lesser. This subsidy would be based on the requirement that the Postal Service maintain high quality service in rural areas, small towns, and other places where post office and other governmental services provided by the Postal Service are not self-sustaining.

ORGANIZATION OF POSTAL SERVICE

The committee recommends that all authority for operations be vested in the Board of Governors of the U.S. Postal Service. Nine of the members of the Board, who are Governors, shall be appointed by the President, with Senate confirmation, on a bipartisan basis. The Governors appoint a Postmaster General, who will be a voting member of the Board of Governors, and the Governors with the Postmaster General appoint a Deputy Postmaster General, who will also be a voting member of the Board of Governors. Four additional nonvoting members of the Board shall be Members of Congress—two Senators and two Representatives.

The Board of Governors shall have broad authority and shall not, except as specified, be subject to Federal laws dealing with contracts, property, the civil service system, the Budget and Accounting Act of 1921, apportionment of funds, and other laws which in most instances apply to Government agencies and functions. Among other powers, the Board may issue rules governing the Postal Service, provide for the collection and delivery of mail, establish postal rates and mail classification, establish postal facilities and services, investigate postal offenses, sell property, borrow money, hire and direct its employees, and take such other actions as it deems necessary and proper to operate the Postal Service.

Except for the powers specifically vested in the Governors themselves, as distinguished from the Board of Governors, the Governors may delegate their executive authority to the Postmaster General or such other officers or employees of the Postal Service as they wish. The power to decide on postal rates and mail classifications shall not be delegated, and the Postmaster General and the Deputy Postmaster General are not permitted to vote on those issues.

The committee recommends the administration's proposal for a Postal Service Advisory Council, consisting of representatives from postal labor unions, organized mail users, and the general public, which shall have the privilege of consulting with and giving advice to the Board of Governors.

EMPLOYEE RELATIONS

The committee recommends the enactment of the labor-management agreement made between the Post Office Department and the AFL-CIO postal unions in April 1970.

The committee recommends that upon the establishment of the U.S. Postal Service, all employees of the Post Office Department be transferred to the U.S. Postal Service. Employees who have competitive status under the Civil Service Act of 1883 shall automatically achieve career tenure under the postal career system, but thereafter the provisions of title 5, United States Code, relating to the competitive service shall not apply to officers and employees of the Postal Service. The Postal Service shall establish, pursuant to its collective bargaining agreements with postal labor unions and its programs developed for the offices and employees not subject to such agreements, a system which will assure career development and protection of employment rights. The postal career service shall be a part of the "civil service" as

that term is defined in section 2101(1) of title 5—that is, appointive positions in the executive, legislative, or judicial branches of the Government of the United States.

Veterans' preference shall apply to officers and employees in the Postal Service, but may in certain circumstances be subject to modification by labor-management agreements or programs developed for supervisory personnel. The committee recognizes the significant departure from the present status of preference eligibles which this provision makes, but we believe that if collective bargaining is to work, it must have the power to establish a seniority and retention system based primarily on postal career service. Nothing in the provisions of section 1101 of the bill will prevent the Postal Service management and the labor unions who negotiate an agreement from retaining whatever degree of preference for veterans they deem compatible with collective bargaining.

The committee recommends that employees of the Postal Service remain as participants in the provisions of the Civil Service Retirement Act and that the Board of Governors pay into the retirement fund the employee deductions, agency contributions, and any other amounts required or authorized to be paid into the fund for the cost of maintaining or administering the civil service retirement and disability fund for postal employees.

The committee also recommends that employees continue to be covered under the Federal Employees Compensation Act for work injuries, unemployment compensation, reemployment rights for military personnel, and cost-of-living differentials in Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

The committee recommends that all officers and employees of the Postal Service who have career tenure shall be eligible for promotion or transfer to any position in the Postal Service or the executive branch of the Government of the United States for which they are qualified. Although the postal career service system is not under the Civil Service Act, the Board of Governors and the Civil Service Commission should develop a program which specifically provides for transferability between the systems.

The committee recommends that employees above the rank-and-file clerk and carrier levels of employment be paid in accordance with policy established by the Board of Governors. Fringe benefits may be developed by the Board as it deems advisable, or such employees may be continued under the fringe benefit programs offered employees of the Government generally. In developing programs relating to pay, fringe benefits, and other characteristics of employment, the committee recommends that organizations of employees above the rank-and-file level be given a right to participate directly in the planning and development of pay policies and schedules, fringe benefit programs, and other programs applicable to their members.

The committee has weighed very carefully the difference between "participation" and "consultation" in the development of employment programs for supervisory and administrative employees. For employees who are truly a part of management of the Government, the argument that consultation is all that is either necessary or desirable may have some validity; but employees in the lower levels of supervision or administration in the postal service are not sufficiently separated from the nature of employment of those whom they supervise to justify withholding from them some degree of active representation in the

development of employment programs which affect and, in fact, control their livelihood. The supervisor on the workroom floor is an integral part of the postal delivery system. To deprive him of active voice through his chosen representatives in the development of programs affecting him would be unfair to him and not in the best interest of the postal service. The committee does not recommend a system of collective bargaining for supervisory personnel, postmasters or administrative employees in the headquarters or regional offices of the postal service, but we do define "participation" as meaning precisely that—to have a share in planning and developing the programs.

The committee recognizes the legitimacy of the concern expressed by postal supervisors over the lack of an adequate differential between the salaries of supervisors and those of craft employees who work under their direction. Although supervisors often share the working conditions of the rank-and-file employee, they are appointed for their qualities of leadership and for their skill in a wide variety of postal operations. Among these skills is one which—when applied accurately and consistently—saves the Post Office Department incalculable annual sums. That skill is scheduling—the arriving at an accurate judgment, on each tour, of how much mail is on hand to be worked and how many men should be called in to work it. Supervisory errors here lead, on the one hand, to excessive manpower on the workroom floor with employees "on the clock" but doing no productive work, or, on the other hand, more mail than the work force can handle, resulting in delayed mail.

Supervisory responsibilities, the committee has found, are not adequately recognized in existing schedules. For example, a clerk in step 10 of level 5 (\$8,510 a year) makes more money than a supervisor in step 1 of level 7 (\$8,098 a year), and almost as much as a supervisor in step 1 of level 8 (\$8,956 a year).

This condition often causes a reluctance on the part of employees to accept promotion to supervisory positions. Sometimes after 21 years of service, a clerk or carrier promoted to supervisor receives a salary increase of less than 8 percent, and he is expected to give up preferred work hours, which he has earned through his years of service, for a less desirable tour at night.

Former Assistant Postmaster General for Personnel Richard J. Murphy stated at several public hearings that the salary differential between supervisors and craft employees was not great enough and that there should be a minimum differential of at least 25 percent. The Kappel Commission Report decried the problem.

The committee, not wishing to impose a binding statutory requirement concerning this matter upon the Board of Governors, nevertheless states its views that rectification of this imbalance ought to be a matter of early concern to the new managers of the postal service.

COLLECTIVE BARGAINING

The committee recommends the enactment of the collective bargaining agreement for rank-and-file employees signed by seven AFL-CIO affiliated postal unions, the President of the AFL-CIO, and the Postmaster General. The system will provide for true collective bargaining on all issues in the postal service. In the event of an impasse, a fact-finding board shall be appointed and, in the event of further inability to arrive at an agreement, binding arbitration shall be imposed.

THE "RIGHT-TO-WORK" ISSUE

The committee recognizes and appreciates the problems involved in enacting a collective bargaining system with teeth in it for postal employees. Except in the Tennessee Valley Authority and one or two other small Federal operations, true collective bargaining has never existed in the Federal service. For management to bargain with 750,000 postal employees on an individual basis is utterly impossible. Thus, from the viewpoint of both postal management, postal unions, and the best interest of the general public, the committee recommends that the chosen representatives of postal employees be the bargaining agent on wages and working conditions. This is a system and a right established by Federal law in the National Labor Relations Act applicable to all other significant craft and industrial employment in the United States. Except that Federal employees shall continue to be prohibited from striking, the general system of collective bargaining as it exists in the private sector of the economy, under Federal law, shall be applicable to the postal service.

Section 14(b) of the Taft-Hartley Act, retaining the right of a State government to enact legislation against a union shop, is preserved.

If State law prohibits the union shop, no provision of this bill may be construed to authorize a union shop in that State. The bill provides that a union shop for postal employees can be authorized only as a result of collective bargaining in States whose laws allow it.

The Landrum-Griffin Act, on reporting and disclosure, is made applicable to postal unions.

POLITICS IN THE POSTAL SERVICE

The committee recommends that political endorsement for any person making application for any position in the postal service be prohibited and that the President and the Board of Governors establish an appropriate and effective prohibition system, including penalties of suspension, removal, and permanent disqualification from the postal service. The committee does not believe that the specific enactment of a particular system of prohibition is in the best interest of the postal service because of changes which can best be handled by administrative action. The elimination of politics in the selection of postmasters, rural carriers, headquarters employees, Postmasters General, or any other officers or employees of the postal service is, in the last analysis, the moral and ethical responsibility of the President and the Board of Governors. Nothing but the desire to establish a truly nonpartisan postal service can prevent an influential Member of the Congress or an influential county chairman from attempting to prevail upon an influential officer of the postal service to appoint someone to a position. The committee simply, and hopefully, recommends that politics in the Post Office be abolished and authorizes the postal service to insure the fulfillment of that policy.

LONG-TERM FINANCING

The committee approves the administration's recommendation on long-term borrowing authority. Under the provisions of chapter 21 of the bill, the Board of Governors is authorized to borrow money either from the Secretary of Treasury or upon the open market in an amount not to exceed \$10 billion outstanding in bonds at any one time. The language of the administration's recommendation would permit the Board to use all of the money it borrows for any purpose whatsoever, subject to an annual limitation upon the net increase in debt of \$1.5 billion for capital improvements and a \$0.5 billion for operating expenses.

The committee is confident that those who assume the management of the Post Office will recognize the difficulties the Post Office will encounter in attempting to borrow money if its financial structure is not sound and its spending practices are not proven. The committee has approved the administration's recommendation but here cautions the Board of Governors that if borrowed money is used to meet current operating expenses, lenders will charge a very high premium. Thus, the use of bond revenue for operating expenses should be restricted to the most unusual circumstances. The basic purpose in authorizing the sale of bonds by the postal service is to avoid the annual battle between the Post Office Department and the Bureau of the Budget, which notoriously results in limitations upon funds available to be appropriated, and the occasional restrictions imposed by the President upon Federal construction spending.

This year, the Tennessee Valley Authority, which has a 37-year history of successful operations in the generation of electric power, sold \$100 million in bonds due in 1995 for capital improvements in the TVA system on the bond market at a cost to TVA of 8.9 percent. U.S. Government bonds of comparable maturity sold at the same time at 6.56 percent. Thus the electric power customers of the TVA will pay a premium of 2.43 percent because the TVA bonds are not Government-backed bonds. TVA bonds have a current rating of AAA on the bond market. The TVA enabling act requires the TVA to increase its rates to maintain a satisfactory reserve for the payment of all expenses including bonds; nonetheless, 8.99 percent is the current cost to TVA of borrowing money. In the case of TVA, the cost is absorbed directly by the distributors which purchase electricity from the Authority. The general public pays the cost of interest indirectly and only to the extent that it is passed on from the distributors.

The general public of the United States will pay the full difference between the cost of Government bonds and the cost of postal revenue bonds through postal rates. Because the Post Office has an absolute monopoly on the transmission of correspondence, there will be no alternative for the average American citizen who uses the mail, and who, with only rare exception, uses only letter mail.

Thus in approving the administration request on bonding authority, the committee expresses its very firm hope, as well as its caveat, to the Postal Service and the Board of Governors that they will give the

highest consideration to the public interest in the entire matter of selling bonds and using bond revenue.

The committee recommends that 10 percent of the debt service on postal revenue bonds be appropriated to the Postal Service by the Congress in recognition of the Congress' responsibility for and the public's investment in postal modernization.

POSTAL RATEMAKING

1. *Free classes of mail*

The committee recommends that certain types of mail now carried free of cost to the sender be continued. Such mail includes mail sent by a former President, his widow, or the widow of a Member of Congress for 180 days following his death; mail matter for the blind, and mail matter sent under the Voting Rights Act of 1955. The committee also recommends that letter mail sent by military servicemen in a combat zone shall be carried at no cost to him. Other mail sent to or by military servicemen, under the provisions of the 1966 and 1967 Vietnam and European theater airlift acts, shall be continued to be carried at ordinary rates subject to reimbursement to the Postal Service by the Department of Defense. Official mail shall be continued under its present reimbursement-by-appropriation process.

2. *Other preferential classes of mail*

The committee recommends that all other preferences heretofore established by law for the mailing of any mail matter be abolished, but that the mailers be given a sufficient period of time to adjust to any impact caused by rate increases. Under existing law, first-class mail and fourth-class parcel post are the only classes of mail in which there is any legislative requirement at all that they pay their full cost. Although various accounting systems have been proposed by various groups, some of whom have from time to time prevailed upon current administrations to adopt their cost-accounting theories, the only fact which seems to endure since the establishment of the cost ascertainment system in 1926 is that no one agrees for very long, and no system works very well. Expert advice rendered the Committee on Post Office and Civil Service in 1966 and 1967 suggested that whatever deficiencies might be characteristic of the cost ascertainment system, the system was nonetheless reasonably successful as a fully allocated cost-ascertainment system, particularly in view of the magnitude of the problem of ascertaining the costs of more than 80 billion pieces of mail on a sample basis.

Newspapers, magazines and advertising materials sent by various kinds of mailers have been given preferential treatment by Congress for many years. Until 1962, for instance, newspapers did not have to pay anything to be delivered in the county of their publication. Today, they pay a minimum of one-fifth of a cent per piece. The third-class rate applicable to fundraising solicitations for any religious, educational, scientific, philanthropic, agricultural, labor, veterans, or fraternal organizations was originally established at 1 cent in 1928 and was not increased at all until 1968—40 years later, and then by four-tenths of a cent.

In his testimony before the Committees on Post Office and Civil Service of the House of Representatives and the Senate, Postmaster General Winton M. Blount emphasized on several occasions that these

"public service rates" would not be disturbed by the Postal Service so long as Congress appropriated the difference between the regular rate and the preferential rate. In other words, matters of policy on preferential rates and preferential categories of mail could continue under congressional jurisdiction and supervision.

The committee disagrees with this basic position of the Postmaster General and is pleased that in endorsing some of the provisions of S. 3842, the Postmaster General appears to have at least accepted the committee's position on "public service" categories.

The reason for the committee's difference of viewpoint is twofold. In the first place, if postal rates and postal classification are going to be established on a basis of charging whatever the traffic will bear to a particular class of mail according to its ability to pay, or what kind of an increase it got last time, or its "social acceptability," then Congress is clearly better qualified to make such judgments than the Postal Service or any expert commission. Such purely political judgments are the province of Congress. But if rates and classifications are to be established on the basis of expert consideration of the overall value of the service provided and the allocation of costs on a scientific or quasi-scientific basis, then Congress should be removed entirely from the ratemaking and classification business. To enact a law which says that hereafter a particular class or type of mail or mailer will have to pay only that rate which the Congress enacts by law will guarantee (1) that the rate will probably be increased only at the rarest of intervals; and (2) that every time the Postal Service raises rates by administrative action, organized mail users will use every available inducement to persuade the Congress to include them within the preferential group. Thus, a subsidy, which today, in the view of the Postmaster General, amounts to \$300 million a year (representing the revenue foregone on preferential mail compared to regular rate mail) would grow to a staggering amount in a relatively short period of time.

The very existence of preferential classes of mail creates a climate for the expansion of that class of mail. When a church, a fraternal group, a labor union, or a science club knows that it can mail a newsletter to its members at a postage cost of \$2 per 1,000 copies, the incentive for producing such a newsletter is natural. The tremendous growth in the volume of second- and third-class mail for the nonprofit group between 1958 and 1969, as compared to the growth of identical kinds of mail by regular second- and third-class mailers, proves the point: for regular rate mailers the volume increased 41 percent for nonprofit mailers the increase was 156 percent.

The theoretical basis of the committee recommendation on mail classification is that except for military mail, voting rights mail, and a very limited amount of free mail, there should be no preferential rates set by Congress. All ordinary mailers should begin on the same footing. The Postal Rate Commission, established under chapter 37, has the full authority without limitation and subject only to the general guidelines and policy of the act to establish classes of mail subject to the approval of the Governors of the Postal Service. If the Commission in its assessment of the public interest determines that newsletters mailed by a church are, in fact, of such social benefit that they should pay less than a newsletter sent by the chamber of commerce, then the Commission is fully authorized to recommend a class recognizing that distinction and a rate in accordance with that preference. But in order

to achieve true postal reform, as almost every witness before the committee has pledged himself to do, postal rates of past, as they are reflected in the provisions relating to mail classification and postal rates, must be made subject to change.

Any mail or class of mail which under existing law pays a rate which is less than the rate established by the Postal Service in its first rate schedule shall be entitled to a period of adjustment to reach the rate prescribed. For any such regular rate second-, third- or fourth-class mail or mailer, the Board of Governors shall establish a schedule of rates designed to achieve the regular rate in 5 years for any mail or mailer entitled to a preferential rate by law, the Board of Governors shall establish a rate schedule to reach the prescribed rate in 10 years.

For example, the regular rate for a phonograph record weighing not more than 1 pound, mailed by one of the many phonograph record clubs in America, is 12 cents. If the Postal Rate Commission determines that the proper rate for that type of mail is 15 cents, then the mailer would be entitled by law to a period of 5 years to reach the prescribed rate. In the case of a public library mailing the same phonograph record to a patron of the library, the present rate is 5 cents; and if the rate prescribed by the Commission were 10 cents, the library would be given a period of 10 years to reach the prescribed rate.

This "grandfather clause" is designed to provide adequate protection to any class of mailers or type of mail which has been established, for whatever reason, as preferred groups, or which because of the existing rate structure, do not in fact pay the fair and equitable rate as determined by the Commission.

In the final days of its consideration of S. 3613, the committee considered but did not approve language which would have continued preferred rates for certain classes of mail. The committee preferred to preserve the integrity of its recommendations to the Senate on mail classification and not to establish by law any special rates which would be binding on the independent Rate Commission or would violate the provisions of the "grandfather clause."

Notwithstanding its rejection of a proposal to impose its views on the new Postal Service by law, the committee agreed that this report should specifically express committee concern over the rates to be established for certain classes of mail. Accordingly the committee alerts the Rate Commission established by this bill to the public service which certain preferred rates have historically performed.

Reduced rates for within-county newspapers, for libraries, for books, and for associations of rural electrification co-ops were enacted for very good reason—that the public generally benefits from such rates. Additionally, the Rate Commission should take into account the preferential rates for the mailings of authorized nonprofit organizations—religious, educational, scientific, philanthropic, agricultural, and labor mailings; and the rates for classroom publications, which are religious, educational, and scientific materials designed for use in school classrooms or in religious-instruction classes.

Of importance are agricultural publications devoted to promoting the science of farming and mailed in the first and second postal zones; and other preferential rates.

The committee does not believe that small incremental increases in rates spread out over 5- and 10-year periods will be detrimental to mail matter allowed preferential rates because they contribute to the public welfare. But the Rate Commission should be aware of this special problem as it assembles its schedules of rates and fees.

3. *The Postal Rate Commission*

The President shall appoint a bipartisan Postal Rate Commission, each Commissioner to serve for 6 years. The Rate Commissioners shall be independent of the Board of Governors. They shall appoint their own staff and conduct their own business, subject to the Administrative Procedures Act, as they wish. The committee envisions the Commission to be an integral part of the postal service, to be a true partner of the Board of Governors in every aspect of postal operations. If a bureaucratic struggle between the Board and the Commissioners develops, then the whole theory of independent ratemaking judgments will have failed and the Congress will probably be called upon to revise the system. But if the individuals appointed to the Board on the one hand, and the Commission on the other, recognize the constitutional and legal responsibilities of their position and work together to achieve a truly effective postal service, then the independence of the Commission will serve a vitally important function by permitting them to view the overall impact of postal costs with a degree of detachment which the committee considers vitally important to preserve the public interest and public investment in the largest civilian agency of the Federal Government.

The committee believes that if the Board of Governors were authorized to control revenues, it would place them in a position of some businesses in the private sector of the economy—pricing with one eye over their shoulder to the effect of the cost of an upcoming labor-management agreement.

The recent proposal for a 10-cent first-class stamp in order to raise sufficient revenue to balance the books of the Post Office in one single step is fair proof of that quest for catching up with costs. Most of the money in the postal system comes from first-class mail. A 100-percent increase in the rates for all second-class mail would not produce as much revenue as a 5-percent increase in the first-class rate. The temptation to resolve the financial problems of the Post Office by charging the lion's share of all operational costs to first class is strong; that's where the big money is. The necessity for preventing that imposition upon the only class of mail which the general public uses is one of the reasons why the Postal Rate Commission should be independent of operating management.

The bill provides that the Postal Rate Commission shall be a body fully independent of the Board of Governors and fully independent of any influence whatsoever of the Postmaster General or of members of his staff. The Commission's independence is contemplated as being complete from the other arms of the postal service, subject to no subordination within the postal service either expressed or implied. The limited circumstances under which a recommended rate decision made by the Commission may be modified by the Governors are carefully spelled out in the language of the bill.

It is expected that the Commission will work in harmony with the Board of Governors, acting in a timely and responsive manner to the Board's requests for recommended decisions for changes in rates, fees, and classifications.

In discharging the highly important responsibilities vested in the Commission, it must exercise its best judgment to insure that all postal rates, fees, and classifications are reasonable and equitable, and to insure that the rights of all mail users are protected, throughout the rate-making and classification process, by careful consideration of all the specific public-interest factors that the statute requires be taken into account, and by faithful adherence to all of the ratemaking and classification standards set forth in the statute.

The ratemaking cycle begins with a determination by the Board of Governors of the estimated costs and income of the postal service, with various adjustments that are required under section 3703 of the bill. These adjustments may be summarized as follows

1. Starting with the estimated total costs for the period, including a reasonable reserve for contingencies, the Board must first deduct the lesser of \$100 million or an amount equal to 10 percent of the annual debt service on notes, bonds, debentures, mortgages, and other debt instruments issued by the postal service. (The phrase "annual debts service" covers the amount of money required each year to amortize the principal amount of the indebtedness of the postal service, amortize any attendant debit discount and expense, and cover the interest costs on outstanding obligations; subject to a ceiling of \$100 million. Section 2501(b) (2) authorizes an annual congressional appropriation equal to 10 percent of the annual debt service as so defined.)

2. The resultant figure must then be further reduced by an amount equal to the lesser of 10 percent of it or 10 percent of that portion of the Post Office Department's fiscal year 1971 appropriation not appropriated for capital improvements. (The amount subtracted under this step is considered to be the public service cost of operating the Postal Service, and a congressional appropriation equal to such public service cost is authorized by section 2501(b) (1) in order to provide a maximum degree of effective and regular postal service nationwide, both in communities where post offices may not be deemed self-sustaining and elsewhere.)

3. The Board must then estimate the operating income that will accrue to the postal service, and add thereto the amount that Congress is expected to appropriate to the Postal Service in addition to the estimated appropriations already deducted from the estimated cost. (Normally, the amount added to estimated income under this step would represent the appropriation authorized under section 2501(b) (3), which is designed to reimburse the Postal Service for the carriage of mail for certain mailers free of charge or at reduced rates of postage pursuant to statutory mandate.)

If the estimated costs, as reduced, are significantly different from the estimated income as supplemented by appropriations under step 3, the Board must notify the Postal Rate Commission of the amount of the difference and request the Commission to recommend a decision on appropriate changes in the rate structure. Such changes must be requested at least once every 2 years, unless the Board's estimates of income and costs are approximately in balance, and the Board does

not believe that a change would be in the public interest and in accordance with the policy objectives of the statute. It is left to the discretion of the Board whether to submit suggestions as to the specific rate adjustments that the Board may deem suitable.

The Board may also request changes in the mail classification schedule, following establishment of a new classification schedule by the Governors and the Commission within the first 2 years.

It is the responsibility of the Commission, upon receipt of a rate change request from the Board, to recommend a decision on changes in the rate structure which, when implemented, will provide sufficient total revenue to bring the total estimated income and appropriations of the postal service into balance, as nearly as possible, with the total estimated costs. To facilitate achievement of that objective, the bill provides that if Congress should fail to appropriate any part of the funds authorized to be appropriated under section 2501(b), the Board shall request the Commission to recommend a decision on rate changes that will yield sufficient income to close the gap.

When requested by the Board of Governors to recommend changes in rates, fees, or classifications, the Postal Rate Commission is required to consider the request promptly and to afford an opportunity for a hearing, on the record, to the Board, the users of the mails, and an official of the Commission designated to represent the interests of the people. The Commission is authorized to adopt rules which will permit the proceedings to be conducted with the utmost expedition consistent with procedural fairness to the parties.

In recommending rate decisions, the Commission is required to act in accordance with the statutory policy that the costs of all postal operations must be apportioned to all users of the mail on a fair and equitable basis, and in a manner that will not impair the overall value of the service to the people. The rate schedule must be designed, moreover, to make it possible for the postal service to provide prompt, reliable, and efficient service to patrons in all areas.

The Rate Commission must take a number of other factors into account as well, including, first of all, the establishment of a fair and equitable schedule; the value to both the sender and the recipient of the service actually provided each class of mail; operating costs and the amount of institutional costs properly assignable to each class of mail; the effect of rate increases on the general public, on business mail users, and on private entrepreneurs engaged in the delivery of non-letter mail matter; the availability and cost of alternate means of sending and receiving mail matter; cost reductions realized by the postal service as a result of mail preparation performed by the mailer prior to deposit of the mail into the postal system; simplicity of structure for the entire schedule; and such other factors as the Commission may deem appropriate.

In making recommendations concerning the classification of mail, the Commission must act in accordance with the postal policy set forth in section 101(a) and section 102, and must give due recognition to the factors set forth in section 3704(b), including the relative value to the people of the different kinds of mail matter; the desirability of and justification for special mail classifications and services; the importance of providing classifications that recognize different degrees of speed in delivery and in the reliability of such speed; and such other factors as the Commission may deem appropriate.

Any recommended decision by the Postal Rate Commission on rates, fees, or classifications must include a statement in which the Commission specifically addresses itself to the appropriate statutory criteria.

Since the Postal Service is a labor-intensive organization, it is important for the Commission to act promptly on requests by the Board of Governors for recommended decisions on rate or classification matters. The statute provides that if the Rate Commission should fail to recommend a decision within 90 days of an initial request for action by the Board, the Board may put new rates, fees, or classifications into effect on a temporary basis, upon at least 10 days' notice in the Federal Register. No such temporary change can remain effective for more than 30 days after the Commission has transmitted its recommended decision to the Board.

A decision recommended by the Postal Rate Commission may either be approved or rejected by the Governors. The decision of the Governors must be in writing, must contain a statement of explanation and justification, and must include an estimate of anticipated revenues. If the recommendation of the Rate Commission is approved, the decision of the Governors must specify the date or dates on which the new rates, fees, or classifications will become effective.

If the recommended decision by the Rate Commission is approved, aggrieved parties who appeared in the proceedings before the Commission may, within 15 days of publication of the Governors' decision, appeal the decision to the U.S. Court of Appeals for the District of Columbia Circuit. The court is required to make the case a preferred cause, and may not suspend the new rates, fees, or classifications during the pendency of the litigation. In deciding the matter, the court of appeals may either affirm the decision of the Governors or order the entire matter returned to the Commission for further consideration; the court may not modify the decision. If the court should return a matter to the Commission for further consideration, the Board, acting with the consent of the Commission, may, at its option, put into effect temporary changes in rates, fees, or classifications.

If they reject a decision recommended by the Postal Rate Commission, the Governors have the option of requesting the Rate Commission to reconsider its recommendation. The Rate Commission must consider any such requests and must make a further recommended decision. Should a further recommended decision not be forthcoming within 30 days, the Board, upon at least 10 days notice in the Federal Register, may make temporary changes that will be effective for not more than 30 days after the Commission has transmitted its recommended decision to the Board.

Upon receipt of a further recommended decision of the Commission in response to a request for reconsideration, the Governors may act upon it in the same manner as if it were an initial recommended decision, and judicial review will be available to the same extent as if the recommendation was being acted upon for the first time. The Governors have an option with respect to such further recommended decisions, however, that is not available with respect to initial recommendations: if all of the Board members then holding office concur in writing, they may, by unanimous vote, modify the further recommendations of the Rate Commission. This action may be taken only if all of the Governors expressly find that such modification is in accordance with the record and with the policies set forth in chapter 37 of the bill and

if the Governors find that the rates recommended by the Commission are not adequate to provide sufficient total revenues. Any such modification would be subject to judicial review in accordance with the provisions of the bill.

The Governors have other possible courses of action open to them on receipt of a recommended decision from the Rate Commission. They may, in the exercise of their discretion, implement a recommended decision of the Rate Commission under protest. In such event, the decision would take effect in the manner proposed by the Commission, and at a time fixed by the Governors, but the Governors could either seek judicial review of the Commission's action or ask the Commission to reconsider and make a further recommended decision. Any such further recommended decision would be acted upon by the Governors subject to the same right of review as exists with respect to action on recommended decisions rendered in response to an original request of the Governors and may be appealed by aggrieved parties to the courts.

5. *Parcel post*

Although parcel post as a specific class of mail, and the cost recovery characteristics of parcel post established by Public Law 81-199 and revised in Public Law 89-593, are not included in the bill recommended by the committee, we do nevertheless expect that the historic principle of delivering packages through the postal service will be fulfilled.

Express companies in the private sector of the economy have expressed their very keen desire to include language in the bill which would require the recovery of fully allocated costs for parcel post. The committee rejects the suggestion on the principle that no particular cost accounting system is recommended and no particular classification of mail is required to recover a designated portion of its cost beyond its incremental cost. That decision is for the Postal Rate Commission to determine, in accordance with the general criteria enacted by law. That criteria for ratemaking include seven specific requirements, among them, the effect of rate increases upon "enterprises in the private sector of the economy engaged in the delivery of mail other than letters." To go beyond that point would simply be to recommend provisions of law protecting a particular economic interest or limiting the availability of a Federal parcel delivery service.

The general size and weight limitations of mail matter enacted in the 1966 Parcel Post Act are retained except in the case of letter mail, which shall be established by the Governors upon recommendations of the Commissioners.

MAIL TRANSPORTATION

In fashioning its recommendations on mail transportation, the committee balanced the undoubted need of the postal service for additional flexibility and greater economy against the need for improved mail service for all classes of mail. In doing so the committee could not ignore the present regulatory structure applicable to all modes of transportation.

The committee's recommendations are designed to increase the carriers available to transport the mail, both surface and air, without destroying the carefully regulated economic balance that exists among and within the modes of transportation. The administration proposal is

weighted too heavily in favor of achieving immediate, short term economies for the postal service without sufficient consideration of the long term detrimental effects inherent in the proposal. The administration proposal, when coupled with recent changes in administration policy on mail transportation, indicates to some students of postal administration that the primary goal of the postal service is to save money without regard to the impact on mail service or the need of the transportation industry for revenues sufficient to maintain adequate, reliable and safe transportation. The committee believes it is necessary at this time to restate its views on the transportation of mail with particular emphasis on the quality of mail service to which the public is entitled.

In 1967, this committee, through its chairman and ranking members, and through the Treasury and Post Office Appropriations Subcommittees of both the House of Representatives and the Senate, prevailed upon the Post Office Department to establish a policy of using that mode of transportation which would afford the most expeditious delivery of mail. One result was the Department's program to provide air transportation on a space available basis for all first-class mail destined for delivery 225 miles beyond the point of origin.

Through the ingenious development of the "air taxi" system and the increased use of scheduled air carriers, the delivery of first-class mail was vastly improved. The informal agreement with the Post Office Department was directly responsible for the speedy enactment of a 1-cent increase in first-class mail that year. Yet, this highly successful program has been unilaterally canceled by the Department without prior notification to the committee. Overnight delivery of first-class mail is now apparently no longer even hoped for.

The committee specifically disapproves this change in policy. It is not in the best interest of the postal service and it should be reversed. All letter mail should be transported by air wherever it will have reasonable assurance of shortening delivery time by one day. Limiting the airlift of letter mail only to destinations 750 miles from the point of origin eliminates 48 of the 50 States from any probability of receiving overnight delivery, and could result in the complete elimination of the air taxi mail program.

No doubt money can be saved, but only with a drastic deterioration in mail service. The Bureau of Transportation for many years established a commendable record of reducing costs and at the same time improving service. The airlift of first-class mail, which the Department apparently now views as an added cost, was implemented almost entirely with savings achieved by the Bureau from the elimination of inefficient and costly surface transportation programs. Mail service was significantly improved without greatly increased transportation costs. The committee recognizes and appreciates the difficulties the Department has had in persuading the Civil Aeronautics Board to lower rates for the transportation of mail. But the overall impact of the transportation budget on the Post Office Department is minimal, while the choice of transportation service has a direct and significant impact upon the mail user. Transportation costs represent about 12 percent of the total cost of handling a letter. But the choice between putting that letter on an airplane or a truck means the difference be-

tween preferential service and deferred service. The committee believes that letter mail should be afforded preferential service by transporting it on the mode of transportation that can assure its earliest delivery.

Surface transportation

The committee generally approves the administration's recommendation on surface transportation. Star route carriers shall be guaranteed an opportunity to negotiate with the Postal Service for mail transportation along with motor common carriers without regard to certification by the Interstate Commerce Commission. The committee believes that this system would be fairer to the star route carriers and would insure against any suspicion of unfairness in negotiating contracts.

The committee has also amended the bill to allow the Postal Service to reimburse railway common carriers for the costs of specific mail delivering equipment purchased by the railroad if the use of such equipment is discontinued; and to permit a motor common carrier to refrain from carrying mail unless it has submitted a general tender of availability to carry mail on all postal routes within the territory it is authorized to serve. Such a motor common carrier shall not be permitted to pick and choose more highly desirable routes at the expense of the railroads or other carriers, but shall make a choice of whether they want to carry the mail or not. The general tender of availability may be withdrawn with the consent of the Board of Governors.

Air transportation

The committee has amended the provisions on air transportation in several important respects. The committee's primary motive is to improve postal service within the present regulatory framework, while at the same time affording the Postal Service more flexibility and economy in the transportation of mail by air.

Under existing law, mail business is divided among scheduled air carriers who are authorized to carry mail generally on a "next-plane-out" basis. A limited amount of mail is carried by air taxis pursuant to exemption authority granted by the Civil Aeronautics Board. All mail rates are fixed and determined by the Civil Aeronautics Board under the Federal Aviation Act of 1958, as amended. In practice, however, the mail rates for air taxi operators are arrived at by competitive bids and subsequent negotiations with the Department under procedures approved by the Civil Aeronautics Board. All air transportation rates, whether for passengers, cargo, or mail, are required by the Federal Aviation Act to be fixed by the Board. In fact, the primary reason for the enactment of the original Civil Aeronautics Act of 1938 was to bring economic stability to the air transportation industry which, at that time, was in a chaotic condition due to destructive competitive bidding for postal mail contracts.

Unfortunately, the procedures developed for the fixing of mail rates are time consuming. The Department's attempts to adjust rates have been subject to long delays. For example, the Congress in 1967 authorized the establishment of air mail service for second-class publications. But the Board has yet to fix a mail rate and this important new service has never taken effect. Such delays are inexcusable and the Board should immediately review its procedures for fixing mail rates. The committee believes that a good faith effort by the Board to establish

new procedures can eliminate these delays. The committee strongly recommends that the Commerce Committees of the Senate and House, under whose jurisdiction the Board functions, should also review the Board's procedures for fixing mail rates, so that the Department's requests for mail rate adjustments can be processed in a more expeditious manner. This is a much sounder solution than that advanced by the Department which would, in effect, eliminate the Board entirely from rate making with respect to contracts for the carriage of mail by air. To the committee's knowledge, the Department has never requested through the appropriate legislative committee that changes in the Board's procedures be made. The committee believes the Department should pursue these remedies before resort is had to the drastic alternative of ousting the Board from one of the primary functions vested in it by the Federal Aviation Act.

In order to give the Department greater flexibility and economy in moving mail by air, the committee recommends that contracting authority with air carriers presently authorized by law to carry mail be given to the Board of Governors under the following conditions:

(a) The contract be submitted to the Civil Aeronautics Board for a period of 90 days, and if the Board determines that the contract should not take effect, it may disapprove it;

(b) If there is no scheduled air service authorized for a certain route and if the Board of Governors determines that it needs air service for such a route not authorized, the Board may temporarily contract with any air carrier until such time as the Civil Aeronautics Board authorizes scheduled air service between the points involved, and such scheduled service is inaugurated; and,

(c) If the Board of Governors deems that existing service is not adequate for its needs, it may negotiate contract with air taxi operators.

The committee believes that the latter condition with respect to air taxi operators should be considered carefully by the Department. The air taxi mail program is still in its infancy when compared to the Department's use of scheduled air carriers since the mid-1930's. The Department has yet to develop a sound program for air taxi operators that would provide them a stable basis for the air services they provide to the Department. Since the inception of the program, all air taxi mail routes have been subject to cancellation by the Department on 30 days' notice. This affords the air taxi operator no predictability or economic security whatsoever. Moreover, the prospects for the Department receiving safe, reliable, and economic transportation service from air taxi operators is lessened. Without the ability to secure financing on reasonable terms and to project revenues beyond 30 days, the air taxi operator is hardly in a position to offer the Department the benefits of safe, reliable service and pass on the economies it could achieve from long-term planning.

The Department has developed a sound policy in its relationships with surface star route carriers, the counterparts of the air taxi operators. Under the star route carrier program, the Department contracts for the carriage of mail by surface for periods up to 4 years. Such contracts may be renewed for successive contract terms. As a result the star route carrier program has been highly successful, providing compensating benefits to both the Department and the carriers.

The committee believes the Department should move immediately to implement a similar program for the carriage of mail by air taxi operators. The air transportation provisions recommended by the committee authorize the Department to do so. This is the only method by which long-range stability and economy for the Department and the operators can be achieved. Even with the severe handicaps caused by the present 30-day notice procedure, the committee believes the air taxi mail program has been successful in improving mail service. The committee is convinced the program should be continued and improved in the manner recommended by the committee. The stated goal of overnight transportation of letter mail cannot be achieved without the air taxi mail program.

There was lengthy discussion within the committee on the Department's request for authority to contract with all air carriers for the carriage of mail. Under the Federal Aviation Act, only scheduled certificated air carriers are generally authorized to engage in the transportation of mail. On one hand was the Department's urgent request that it be given the authority in this bill to enter into contracts with air carriers generally in order to reduce its air transportation expenditures and to seek the most expeditious air transportation routes for mail. On the other hand was the impact such authority would have on the present air transportation industry and that this committee would be imposing on the jurisdiction of the Committee on Commerce of the Senate.

The committee decided against allowing the Postmaster General to contract with air carriers not now generally authorized to engage in the transportation of mail. However, the committee does understand the need of the Department to have this authority, and recommends that the Department take this matter up with the Commerce Committees of both the Senate and the House of Representatives. It is hoped that this request would be given every consideration by these two committees having jurisdiction over the Federal Aviation Act.

The Percentage Limitation

The committee recommends that in any contract made with an air carrier under section 5503(a), the mail matter to be transported be limited to not more than 10 percent letter mail, by weight, in domestic contracts, or 5 percent letter mail, by weight, in international contracts.

Our reasoning in recommending this limitation on contracting authority is as follows: The Post Office Department has demonstrated no substantial interest in moving mail by air, but has indicated a strong preference for spending less money on mail transportation. The committee is inclined to think that the contracting authority requested would be used primarily to reduce costs, not to move more mail by air.

The total weight of all mail now being moved by air constitutes 13 percent of the total weight of all mail. Thus, unless a weight limitation is placed upon contracting authority, all mail now being moved by air could be carried at contract rates and the diversion of letter mail and air parcel post from scheduled rates to contracted rates would be virtually complete. The economic impact upon air carriers would be immediate and substantial with no significant improvement in mail service to the public.

The mail rates established by the Civil Aeronautics Board may very well be too high. The committee is certainly convinced that the present procedures for effecting changes in mail rates are too cumbersome. But

the committee has no reason, upon the evidence available, to believe that the Post Office Department, in wanting complete contracting authority, is ready to improve mail service through the increased use of air transportation.

The committee believes very strongly that the American people and business are willing to pay more money for better mail service. The only way the committee can insure that the Post Office Department or the new postal service will adopt programs for the expeditious delivery of all mail by using air transportation over long distances is by the imposition of the percentage limitations.

On international mail, the weight limit percentage is 5 rather than 10 because the ratio of first-class to total mail in international transportation is, at 5 percent, almost precisely the ratio of the domestic mail ratio of first-class to total mail at 10 percent.

After the establishment of the Postal Service, the committee recommends that the Board of Governors survey the effectiveness of the contracting authority recommended by the committee and report to the Congress on its implementation. The committee shares the belief of the Postmaster General that the Post Office Department should not be used as a crutch for the economic well-being of the air transportation industry. But it cannot recommend such a fundamental change as requested by the Department, particularly since the jurisdiction to consider such changes rests in other legislative committees.

OTHER PROVISIONS OF THE BILL

The committee recommends that the postal service study and submit to Congress within 2 years its views on the necessity for a revision of the private express statutes.

The committee recommends that the prevailing rates provisions of the Davis-Bacon Act be made applicable to postal facilities constructed under a lease operating if the total interior floor space is 6,500 square feet.

The committee approves the recommendation of the administration for an 8-percent pay increase, effective on the date of enactment, for employees in the postal field service. The committee does not approve such an increase for employees in the headquarters of the Post Office Department who are subject to the general schedule of the Classification Act. Such an increase would put those employees much higher than their counterparts in other agencies in similar jobs who do not receive the 8-percent increase.

The additional cost of the pay increase for employees in the postal field service will be approximately \$500 million on a full fiscal year basis.

INDIVIDUAL VIEWS OF MR. YARBOROUGH

This bill, in its present form, more than 150 pages long, was introduced so late in the course of the hearings and negotiations on the postal bill, and came to us so late, that there was no opportunity to read it before it was passed on in committee.

I think that we should raise the pay of the postal employees to a comparable status with other Government employees and consider what changes, reforms, or improvements are needed in the Post Office Department in a separate bill. I propose that we raise the postal pay immediately by 8 percent, which when added to the previous raise, would be a total increase of 14 percent, and would bring the postal employees to parity in the Government wage scale. I would accompany this with a raise in the first-class postal rate from 6 cents to 7 cents per 1-ounce letter, with a comparable 16½-percent increase on all other postal rates across-the-board. This would raise more revenue than the amount of the increase in the salaries of the postal employees.

In my opinion, we should not use exorbitant postal rate increases as a means of ending the deficit in the Federal budget. The budget deficit is an overall, all-Government expense, and we should not make the postal employees and the postal patrons the goats of this deficit. Recent proposals from the administration of an 8-cent first-class letter rate, or a 10-cent first-class letter rate, are designed to help wipe out the deficit in the Federal budget. The postal service deserves better of the Congress and the administration than to be the whipping boy for big deficits in big government. It is and should remain a service organization in the charge of the Government, and I shall support it in that form.

Groups of postal employees, as well as groups of mail users, have complained to me of inequities in the present bill if the moneymaking, budget-balancing, anti-public-service, corporate method is saddled on the Post Office Department. I favor continuing the Post Office Department as a service organization for all the people of our Nation, as a branch of the Government of the United States.

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SUPPLEMENTAL VIEWS OF MR. HARTKE

I am in accord with the principles of postal reform proposed by S. 3842 and subscribe to the views of the other members of the committee expressed in the report. Postal reform is long overdue and the provisions of the bill will go far to correct the glaring deficiencies of the present system as well as provide an effective framework for modernized general improvement of the postal system in the United States.

Unfortunately, certain provisions of the bill which I consider most important are either vague or intentionally unrepresentative of the points of view and principles of law they are designed to express. In all cases, the language of the bill is identical to the language submitted by the Post Office Department and I therefore assume that the authors are the Postmaster General and his advisers. The language to which I refer provides for the conversion of postal employees to a new U.S. Postal Service agency and establishes the framework for their existences as employees in the Government of the United States. I think the language is deficient, defective, subject to misrepresentation, misunderstanding, and should be completely revised in order to say exactly what it means. It does not do so in its present form.

For instance, section 1104 of the bill says that "officers and employees of the Post Office Department on the effective date of this section shall remain officers and employees of the postal service under the terms of this title." Unfortunately, it does not say what those terms are. It removes some 750,000 American citizens who are employees of the Post Office from the competitive civil service system established by the Civil Service Act of 1883 applicable to almost all appointive positions in the executive branch of the Government. They are in my judgment left in limbo, subject only to what can be bargained for by postal unions with postal management after the enactment of this act. Career status is the most important and enduring part of Federal employment as a means of insuring against the spoils system or the arbitrary and capricious actions of an employer, and yet it is literally taken out of their hands and in its place they are given some vague assurance of a "civil service" system that is undefined and thus far undeveloped.

Since I have been a member of the Senate, postal employees have received many benefits. Just a few include the Federal Employees Health Benefits Act; the postal employees overtime pay provisions of Public Law 89-301; the Severance Pay Act of 1965; the Government Employees Salary Comparability Acts of 1962 and 1967; and a number of other provisions of law which have been enacted or modernized to create very specific and very cherished rights and benefits for postal, as well as other Federal employees.

S. 3842 wipes out all of those benefits, of any kind, regardless of their importance, but says that fringe benefits shall continue to apply until changed by the Postal Service in accordance with collective bargaining, and that no changes shall result in a program which "on the whole is less favorable to the officers and employees" than those en-

joyed before the enactment of this act. I much prefer a very positive and a very specific prohibition against any reduction of any benefits of any kind either direct or indirect until new programs have been established and put into effect with the approval of the employees or their bargaining representatives. I do not believe that my very good friends in the postal service will think it unkind of me to say that their wisdom and experience in collective bargaining, as demonstrated in their collective bargaining sessions with the Postmaster General, demonstrated that they need to be very careful of signing pieces of paper until they are exactly sure of the content and meaning of the language on the paper.

One of the more intriguing sections of the bill is that related to the employment rights of men and women who have served in the Armed Forces of our country. Under existing law, a veteran of the military service entitled to preference has a right to be selected over a person not entitled to veteran's preference, both when he is appointed or when a reduction in force necessitates selection out. The Veterans' Preference Act of 1944 is one of the most important provisions of law relating to our military servicemen in the Federal Government and yet the Post Office Department recommends modification of veterans preference by saying, in the first instance, that retention preference will be subject to collective bargaining (or to modification by the Postal Service with the approval of the Civil Service Commission) and then, later on, in section 1101(d), stating "those provisions of title 5 which were formerly known as the Veterans Preference Act shall apply to the Postal Service." If the Postmaster General and his staff are referring to chapter 35 of title 5 (relating to preference eligible) they should say so rather than using a vague wave of the hand toward the statute books. If veterans preference is going to be subject to bargaining, the law should state very specifically what aspects may be bargained away and what guidelines should be established by law to insure safeguards.

CHANGES IN EXISTING LAW

The committee believes that the inclusion of language showing changes in existing law made by the bill as reported would delay the expeditious consideration of this legislation and the business of the Senate. Section 2 of S. 3842, as reported, is a complete substitute for title 39, United States Code. All of title 39 as it presently exists in law is repealed.

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POSTAL REORGANIZATION

AUGUST 3, 1970.—Ordered to be printed

Mr DULSKI, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 17070]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 17070) to improve and modernize the postal service, to reorganize the Post Office Department, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Postal Reorganization Act".

UNITED STATES POSTAL SERVICE

SEC. 2. Title 39, United States Code, is revised and reenacted, and the sections thereof may be cited as "39 U.S.C. § ", as follows:

"TITLE 39—POSTAL SERVICE

"Part	Sec.
"I. GENERAL	101
"II. PERSONNEL	1001
"III. MODERNIZATION AND FISCAL ADMINISTRATION	2001
"IV. MAIL MATTER	3001
"V. TRANSPORTATION OF MAIL	5001

"PART I—GENERAL

"Chapter	Sec.
"1 POSTAL POLICY AND DEFINITIONS	101
"2. ORGANIZATION	201
"4. GENERAL AUTHORITY	401
"6. PRIVATE CARRIAGE OF LETTERS	601

"Chapter 1.—POSTAL POLICY AND DEFINITIONS

"Sec.

"101. Postal policy.

"102. Definitions.

"§ 101. Postal policy

"(a) The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities. The costs of establishing and maintaining the Postal Service shall not be apportioned to impair the overall value of such service to the people.

"(b) The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

"(c) As an employer, the Postal Service shall achieve and maintain compensation for its officers and employees comparable to the rates and types of compensation paid in the private sector of the economy of the United States. It shall place particular emphasis upon opportunities for career advancements of all officers and employees and the achievement of worthwhile and satisfying careers in the service of the United States.

"(d) Postal rates shall be established to apportion the costs of all postal operations to all users of the mail on a fair and equitable basis.

"(e) In determining all policies for postal services, the Postal Service shall give the highest consideration to the requirement for the most expeditious collection, transportation, and delivery of important letter mail.

"(f) In selecting modes of transportation, the Postal Service shall give highest consideration to the prompt and economical delivery of all mail and shall make a fair and equitable distribution of mail business to carriers providing similar modes of transportation services to the Postal Service. Modern methods of transporting mail by containerization and programs designed to achieve overnight transportation to the destination of important letter mail to all parts of the Nation shall be a primary goal of postal operations.

"(g) In planning and building new postal facilities, the Postal Service shall emphasize the need for facilities and equipment designed to create desirable working conditions for its officers and employees, a maximum degree of convenience for efficient postal services, proper access to existing and future air and surface transportation facilities, and control of costs to the Postal Service.

"§ 102. Definitions

"As used in this title—

"(1) 'Postal Service' means the United States Postal Service established by section 201 of this title;

"As used in this title—

"(2) 'Board of Governors', and 'Board', unless the context otherwise requires, mean the Board of Governors established under section 202 of this title; and

"(3) 'Governors' means the 9 members of the Board of Governors appointed by the President, by and with the advice and consent of the Senate, under section 202 (a) of this title.

"Chapter 2.—ORGANIZATION

"Sec.

"201. United States Postal Service.

"202. Board of Governors.

"203. Postmaster General; Deputy Postmaster General.

"204. Assistant Postmasters General; General Counsel; Judicial Officer.

"205. Procedures of the Board of Governors.

"206. Advisory Council.

"207. Seal.

"208. Reservation of powers.

"§ 201. United States Postal Service

"There is established, as an independent establishment of the executive branch of the Government of the United States, the United States Postal Service.

"§ 202. Board of Governors

"(a) The exercise of the power of the Postal Service shall be directed by a Board of Governors composed of 11 members appointed in accordance with this section. Nine of the members, to be known as Governors, shall be appointed by the President, by and with the advice and consent of the Senate, not more than 5 of whom may be adherents of the same political party. The Governors shall elect a Chairman from among the members of the Board. The Governors shall be chosen to represent the public interest generally, and shall not be representatives of specific interests using the Postal Service, and may be removed only for cause. Each Governor shall receive a salary of \$10,000 a year plus \$300 a day for not more than 30 days of meetings each year and shall be reimbursed for travel and reasonable expenses incurred in attending meetings of the Board. Nothing in the preceding sentence shall be construed to limit the number of days of meetings each year to 30 days.

"(b) The terms of the 9 Governors shall be 9 years, except that the terms of the 9 Governors first taking office shall expire as designated by the President at the time of appointment, 1 at the end of 1 year, 1 at the end of 2 years, 1 at the end of 3 years, 1 at the end of 4 years, 1 at the end of 5 years, 1 at the end of 6 years, 1 at the end of 7 years, 1 at the end of 8 years, and 1 at the end of 9 years, following the appointment of the first of them. Any Governor appointed to fill a vacancy before the expiration of the term for which his predecessor was appointed shall serve for the remainder of such term.

"(c) The Governors shall appoint and shall have the power to remove the Postmaster General, who shall be a voting member of the Board. His pay and term of service shall be fixed by the Governors.

"(d) The Governors and the Postmaster General shall appoint and shall have the power to remove the Deputy Postmaster General, who shall be a voting member of the Board. His term of service shall be fixed by the Governors and the Postmaster General and his pay by the Governors.

“§ 203. Postmaster General; Deputy Postmaster General

“The chief executive officer of the Postal Service is the Postmaster General appointed under section 202(c) of this title. The alternate chief executive officer of the Postal Service is the Deputy Postmaster General appointed under section 202(d) of this title.

“§ 204. Assistant Postmaster General; General Counsel; Judicial Officer

“There shall be within the Postal Service a General Counsel, such number of Assistant Postmasters General as the Board shall consider appropriate, and a Judicial Officer. The General Counsel, the Assistant Postmasters General, and the Judicial Officer shall be appointed by, and serve at the pleasure of, the Postmaster General. The Judicial Officer shall perform such quasi-judicial duties, not inconsistent with chapter 36 of this title, as the Postmaster General may designate. The Judicial Officer shall be the agency for the purposes of the requirements of chapter 5 of title 5, to the extent that functions are delegated to him by the Postmaster General.

“§ 205. Procedures of the Board of Governors

“(a) The Board shall direct and control the expenditures and review the practices and policies of the Postal Service, and perform other functions and duties prescribed by this title.

“(b) Vacancies in the Board, as long as there are sufficient members to form a quorum, shall not impair the powers of the Board under this title.

“(c) The Board shall act upon majority vote of those members who are present, and any 6 members present shall constitute a quorum for the transaction of business by the Board, except—

“(1) that in the appointment or removal of the Postmaster General, and in setting the compensation of the Postmaster General and Deputy Postmaster General, a favorable vote of an absolute majority of the Governors in office shall be required;

“(2) that in the appointment or removal of the Deputy Postmaster General, a favorable vote of an absolute majority of the Governors in office and the member serving as Postmaster General shall be required; and

“(3) as otherwise provided in this title.

“(d) No officer or employee of the United States may serve concurrently as a Governor. A Governor may hold any other office or employment not inconsistent or in conflict with his duties, responsibilities, and powers as an officer of the Government of the United States in the Postal Service.

“§ 206. Advisory Council

“(a) There shall be a Postal Service Advisory Council, of which the Postmaster General shall be the Chairman and the Deputy Postmaster General shall be the Vice Chairman. The Advisory Council shall have 11 additional members appointed by the President. He shall appoint as such members (1) 4 persons from among persons nominated by those labor organizations recognized as collective-bargaining representatives for employees of the Postal Service in one or more collective-bargaining units, (2) 4 persons as representatives of major mail

users, and (3) 3 persons as representatives of the public at large. All members shall be appointed for terms of 2 years except that, of those first appointed, 2 of the members representative of labor organizations, 2 of the members representative of major postal users, and 1 member representing the public at large shall be appointed for 1 year. Any member appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall serve for the remainder of such term.

“(b) The Postal Service shall consult with and receive the advice of the Advisory Council regarding all aspects of postal operations.

“(c) The members of the Council representative of the public at large shall receive for each meeting of the Council an amount equal to the daily rate applicable to level V of the Executive Schedule under section 5316 of title 5. All members of the Council shall be reimbursed for necessary travel and reasonable expenses incurred in attending meetings of the Council.

“§ 207. Seal

“The seal of the Postal Service shall be filed by the Board in the Office of the Secretary of State, judicially noticed, affixed to all commissions of officers of the Postal Service, and used to authenticate records of the Postal Service.

“§ 208. Reservation of powers

“Congress reserves the power to alter, amend, or repeal any or all of the sections of this title, but no such alteration, amendment, or repeal shall impair the obligation of any contract made by the Postal Service under any power conferred by this title.

“Chapter 4.—GENERAL AUTHORITY

“Sec.

“401. General powers of the Postal Service.

“402. Delegation of authority.

“403. General duties.

“404. Specific powers.

“405. Printing of illustrations of United States postage stamps.

“406. Postal services at Armed Forces installation.

“407. International postal arrangements.

“408. International money-order exchanges.

“409. Suits by and against the Postal Service.

“410. Application of other laws.

“411. Cooperation with other Government agencies.

“412. Nondisclosure of lists of names and addresses.

“§ 401. General powers of the Postal Service

“The Postal Service shall have the following general powers:

“(1) to sue and be sued in its official name;

“(2) to adopt, amend, and repeal such rules and regulations as it deems necessary to accomplish the objectives of this title;

“(3) to enter into and perform contracts, execute instruments, and determine the character of, and necessity for, its expenditures;

“(4) to determine and keep its own system of accounts and the forms and contents of its contracts and other business documents, except as otherwise provided in this title;

"(5) to acquire, in any lawful manner, such personal or real property, or any interest therein, as it deems necessary or convenient in the transaction of its business; to hold, maintain, sell, lease, or otherwise dispose of such property or any interest therein; and to provide services in connection therewith and charges therefor;

"(6) to construct, operate, lease, and maintain buildings, facilities, equipment, and other improvements on any property owned or controlled by it, including, without limitation, any property or interest therein transferred to it under section 2002 of this title;

"(7) to accept gifts or donations of services or property, real or personal, as it deems necessary or convenient in the transaction of its business;

"(8) to settle and compromise claims by or against it;

"(9) to exercise, in the name of the United States, the right of eminent domain for the furtherance of its official purposes; and to have the priority of the United States with respect to the payment of debts out of bankrupt, insolvent, and decedents' estates; and

"(10) to have all other powers incidental, necessary, or appropriate to the carrying on of its functions or the exercise of its specific powers.

"§ 402. Delegation of authority

"Except for those powers, duties, or obligations specifically vested in the Governors, as distinguished from the Board of Governors, the Board may delegate the authority vested in it to the Postmaster General under such terms, conditions, and limitations, including the power of redelegation, as it deems desirable. The Board may establish such committees of the Board, and delegate such powers to any committee, as the Board determines appropriate to carry out its functions and duties. Delegations to the Postmaster General or committees shall be consistent with other provisions of this title, shall not relieve the Board of full responsibility for the carrying out of its duties and functions, and shall be revocable by the Governors in their exclusive judgment.

"§ 403. General duties

"(a) The Postal Service shall plan, develop, promote, and provide adequate and efficient postal services at fair and reasonable rates and fees. Except as provided in the Canal Zone Code, the Postal Service shall receive, transmit, and deliver throughout the United States, its territories and possessions, and, pursuant to arrangements entered into under sections 406 and 411 of this title, throughout the world, written and printed matter, parcels, and like materials and provide such other services incidental thereto as it finds appropriate to its functions and in the public interest. The Postal Service shall serve as nearly as practicable the entire population of the United States.

"(b) It shall be the responsibility of the Postal Service—

"(1) to maintain an efficient system of collection, sorting, and delivery of the mail nationwide;

"(2) to provide types of mail service to meet the needs of different categories of mail and mail users; and

"(3) to establish and maintain postal facilities of such character and in such locations that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services.

"(c) In providing services and in establishing classifications, rates, and fees under this title, the Postal Service shall not, except as specifically authorized in this title, make any undue or unreasonable discrimination among users of the mails, nor shall it grant any undue or unreasonable preferences to any such user.

"§ 404. Specific powers

"Without limitation of the generality of its powers, the Postal Service shall have the following specific powers, among others:

"(1) to provide for the collection, handling, transportation, delivery, forwarding, returning, and holding of mail, and for the disposition of undeliverable mail;

"(2) to prescribe, in accordance with this title, the amount of postage and the manner in which it is to be paid;

"(3) to determine the need for post offices, postal and training facilities and equipment, and to provide such offices, facilities, and equipment as it determines are needed;

"(4) to provide and sell postage stamps and other stamped paper, cards, and envelopes and to provide such other evidences of payment of postage and fees as may be necessary or desirable;

"(5) to provide philatelic services;

"(6) to provide, establish, change, or abolish special nonpostal or similar services;

"(7) to investigate postal offenses and civil matters relating to the Postal Service;

"(8) to offer and pay rewards for information and services in connection with violations of the postal laws, and, unless a different disposal is expressly prescribed, to pay one-half of all penalties and forfeitures imposed for violations of law affecting the Postal Service, its revenues, or property, to the person informing for the same, and to pay the other one-half into the Postal Service Fund; and

"(9) to authorize the issuance of a substitute check for a lost, stolen, or destroyed check of the Postal Service.

"§ 405. Printing of illustrations of United States postage stamps

"(a) When requested by the Postal Service, the Public Printer shall print, as a public document for sale by the Superintendent of Documents, illustrations in black and white or in color of postage stamps of the United States, together with such descriptive, historical, and philatelic information with regard to the stamps as the Postal Service deems suitable.

"(b) Notwithstanding the provisions of section 505 of title 44, stereotype or electrotypes plates, or duplicates thereof, used in the publications authorized to be printed by this section may not be sold or otherwise disposed of

"§ 406. Postal services at Armed Forces installations

"(a) The Postal Service may establish branch post offices at camps, posts, bases, or stations of the Armed Forces and at defense or other strategic installations.

"(b) The Secretaries of Defense and Transportation shall make arrangements with the Postal Service to perform postal services through personnel designated by them at or through branch post offices established under subsection (a) of this section.

"§ 407. International postal arrangements

"(a) The Postal Service, with the consent of the President, may negotiate and conclude postal treaties or conventions, and may establish the rates of postage or other charges on mail matter conveyed between the United States and other countries. The decisions of the Postal Service construing or interpreting the provisions of any treaty or convention which has been or may be negotiated and concluded shall, if approved by the President, be conclusive upon all officers of the Government of the United States.

"(b) The Postal Service shall transmit a copy of each postal convention concluded with other governments to the Secretary of State, who shall furnish a copy of the same to the Public Printer for publication.

"§ 408. International money-order exchanges

"The Postal Service may make arrangements with other governments, with which postal conventions are or may be concluded, for the exchange of sums of money by means of postal orders. It shall fix limitations on the amount which may be so exchanged and the rates of exchange.

"§ 409. Suits by and against the Postal Service

"(a) Except as provided in section 3628 of this title, the United States district courts shall have original but not exclusive jurisdiction over all actions brought by or against the Postal Service. Any action brought in a State court to which the Postal Service is a party may be removed to the appropriate United States district court under the provisions of chapter 89 of title 28.

"(b) Unless otherwise provided in this title, the provisions of title 28 relating to service of process, venue, and limitations of time for bringing action in suits in which the United States, its officers, or employees are parties, and the rules of procedure adopted under title 28 for suits in which the United States, its officers, or employees are parties, shall apply in like manner to suits in which the Postal Service, its officers, or employees are parties.

"(c) The provisions of chapter 171 and all other provisions of title 28 relating to tort claims shall apply to tort claims arising out of activities of the Postal Service.

"(d) The Department of Justice shall furnish, under section 411 of this title, the Postal Service such legal representation as it may require, but with the prior consent of the Attorney General the Postal Service may employ attorneys by contract or otherwise to conduct litigation brought by or against the Postal Service or its officers or employees in matters affecting the Postal Service.

"§ 410. Application of other laws

"(a) Except as provided by subsection (b) of this section, and except as otherwise provided in this title or insofar as such laws remain in force as rules or regulations of the Postal Service, no Federal law dealing with public or Federal contracts, property, works, officers, employees, budgets, or funds, including the provisions of chapters 5 and 7 of title 5, shall apply to the exercise of the powers of the Postal Service.

"(b) The following provisions shall apply to the Postal Service:

"(1) section 552 (public information), section 3333 and chapters 71 (employee policies) and 73 (suitability, security, and conduct of employees), and section 5532 (dual pay) of title 5, except that no regulation issued under such chapters or sections shall apply to the Postal Service unless expressly made applicable;

"(2) all provisions of title 18 dealing with the Postal Service, the mails, and officers or employees of the Government of the United States;

"(3) section 107 of title 20 (known as the Randolph-Sheppard Act, relating to vending machines operated by the blind);

"(4) the following provisions of title 40:

"(A) sections 258a-258e (relating to condemnation proceedings);

"(B) sections 270a-270e (known as the Miller Act, relating to performance bonds);

"(C) sections 276a-276a-7 (known as the Davis-Bacon Act, relating to prevailing wages);

"(D) section 276c (relating to wage payments of certain contractors);

"(E) chapter 5 (the Contract Work Hours Standards Act); and

"(F) chapter 15 (the Government Losses in Shipment Act);

"(5) the following provisions of title 41:

"(A) sections 35-45 (known as the Walsh-Healey Act, relating to wages and hours); and

"(B) chapter 6 (the Service Contract Act of 1965); and

"(6) sections 2000d, 2000d-1-2000d-4 of title 42 (title VI, the Civil Rights Act of 1964).

"(c) Subsection (b) (1) of this section shall not require the disclosure of—

"(1) the name or address, past or present, of any postal patron;

"(2) information of a commercial nature, including trade secrets, whether or not obtained from a person outside the Postal Service, which under good business practice would not be publicly disclosed;

"(3) information prepared for use in connection with the negotiation of collective-bargaining agreements under chapter 12 of this title or minutes of, or notes kept during, negotiating sessions conducted under such chapter;

"(4) information prepared for use in connection with proceedings under chapter 36 of this title;

"(5) the reports and memoranda of consultants or independent contractors except to the extent that they would be required to be disclosed if prepared within the Postal Service; and

"(6) investigatory files, whether or not considered closed, compiled for law enforcement purposes except to the extent available by law to a party other than the Postal Service.

"(d) (1) A lease agreement by the Postal Service for rent of net interior space in excess of 6,500 square feet in any building or facility, or part of a building or facility, to be occupied for purposes of the Postal Service shall include a provision that all laborers and mechanics employed in the construction, modification, alteration, repair, painting, decoration, or other improvement of the building or space covered by the agreement, or improvement at the site of such building or facility, shall be paid wages at not less than those prevailing for similar work in the locality as determined by the Secretary of Labor under section 276a of title 40.

"(2) The authority and functions of the Secretary of Labor with respect to labor standards enforcement under Reorganization Plan Numbered 14 of 1950 (title 5, appendix), and regulations for contractors and subcontractors under section 276c of title 40, shall apply to the work under paragraph (1) of this subsection.

"(3) Paragraph (2) of this subsection shall not be construed to give the Secretary of Labor authority to direct the cancellation of the lease agreement referred to in paragraph (1) of this subsection.

"§ 411. Cooperation with other Government agencies

"Executive agencies within the meaning of section 105 of title 5 and the Government Printing Office are authorized to furnish property, both real and personal, and personal and nonpersonal services to the Postal Service, and the Postal Service is authorized to furnish property and services to them. The furnishing of property and services under this section shall be under such terms and conditions, including reimbursability, as the Postal Service and the head of the agency concerned shall deem appropriate.

"§ 412. Nondisclosure of lists of names and addresses

"Except as specifically provided by law, no officer or employee of the Postal Service shall make available to the public by any means or for any purpose any mailing or other list of names or addresses (past or present) of postal patrons or other persons.

"Chapter 6.—PRIVATE CARRIAGE OF LETTERS

"Sec.

"601. Letters carried out of the mail.

"602. Foreign letters out of the mails.

"603. Searches authorized.

"604. Seizing and detaining letters.

"605. Searching vessels for letters.

"606. Disposition of seized mail.

"§ 601. Letters carried out of the mail

"(a) A letter may be carried out of the mails when—

"(1) it is enclosed in an envelope;

"(2) the amount of postage which would have been charged on the letter if it had been sent by mail is paid by stamps, or postage meter stamps, on the envelope;

"(3) the envelope is properly addressed;

"(4) the envelope is so sealed that the letter cannot be taken from it without defacing the envelope;

"(5) any stamps on the envelope are canceled in ink by the sender; and

"(6) the date of the letter, of its transmission or receipt by the carrier is endorsed on the envelope in ink.

"(b) The Postal Service may suspend the operation of any part of this section upon any mail route where the public interest requires the suspension.

"§ 602. Foreign letters out of the mails

"(a) Except as provided in section 601 of this title, the master of a vessel departing from the United States for foreign ports may not receive on board or transport any letter which originated in the United States that—

"(1) has not been regularly received from a United States post office; or

"(2) does not relate to the cargo of the vessel.

"(b) The officer of the port empowered to grant clearances shall require from the master of such a vessel, as a condition of clearance, an oath that he does not have under his care or control, and will not receive or transport, any letter contrary to the provisions of this section.

"(c) Except as provided in section 1699 of title 18, the master of a vessel arriving at a port of the United States carrying letters not regularly in the mails shall deposit them in the post office at the port of arrival.

"§ 603. Searches authorized

"The Postal Service may authorize any officer or employee of the Postal Service to make searches for mail matter transported in violation of law. When the authorized officer has reason to believe that mailable matter transported contrary to law may be found therein, he may open and search any—

"(1) vehicle passing, or having lately passed, from a place at which there is a post office of the United States;

"(2) article being, or having lately been, in the vehicle; or

"(3) store or office, other than a dwelling house, used or occupied by a common carrier or transportation company, in which an article may be contained.

"§ 604. Seizing and detaining letters

"An officer or employee of the Postal Service performing duties related to the inspection of postal matters, a customs officer, or United States marshal or his deputy, may seize at any time, letters and bags, packets, or parcels containing letters which are being carried contrary to law on board any vessel or on any post road. The officer or employee who makes the seizure shall convey the articles seized to the nearest post office, or, by direction of the Postal Service or the Secretary of the Treasury, he may detain them until 2 months after the final determination of all suits and proceedings which may be brought within 6 months after the seizure against any person for sending or carrying the letters.

“§ 605. Searching vessels for letters

“An officer or employee of the Postal Service performing duties related to the inspection of postal matters, when instructed by the Postal Service to make examinations and seizures, and any customs officer without special instructions shall search vessels for letters which may be on board, or which may have been conveyed contrary to law.

“§ 606. Disposition of seized mail

“Every package or parcel seized by an officer or employee of the Postal Service performing duties related to the inspection of postal matters, a customs officer, or United States marshal or his deputies, in which a letter is unlawfully concealed, shall be forfeited to the United States. The same proceedings may be used to enforce forfeitures as are authorized in respect of goods, wares, and merchandise forfeited for violation of the revenue laws. Laws for the benefit and protection of customs officers making seizures for violating revenue laws apply to officers and employees making seizures for violating the postal laws.

“PART II—PERSONNEL

Chapter	Sec.
“10. EMPLOYMENT WITHIN THE POSTAL SERVICE - - - - -	1001
“12. EMPLOYMENT-MANAGEMENT AGREEMENTS - - - - -	1201

“Chapter 10.—EMPLOYMENT WITHIN THE POSTAL SERVICE

“Sec.

- “1001. Appointment and status.
- “1002. Political recommendations.
- “1003. Employment policy.
- “1004. Supervisory and other managerial organizations.
- “1005. Applicability of laws relating to Federal employees.
- “1006. Right of transfer.
- “1007. Seniority for employees in rural service.
- “1008. Temporary employees or carriers.
- “1009. Personnel not to receive fees.
- “1010. Administration of oaths related to postal inspection matters.
- “1011. Oath of office.

“§ 1001. Appointment and status

“(a) Except as otherwise provided in this title, the Postal Service shall appoint all officers and employees of the Postal Service.

“(b) Officers and employees of the Postal Service (other than those individuals appointed under sections 202, 204, and 1001 (c) of this title) shall be in the postal career service, which shall be a part of the civil service. Such appointments and promotions shall be in accordance with the procedures established by the Postal Service. The Postal Service shall establish procedures, in accordance with this title, to assure its officers and employees meaningful opportunities for promotion and career development and to assure its officers and employees full protection of their employment rights by guaranteeing them an opportunity for a fair hearing on adverse actions, with representatives of their own choosing.

“(c) The Postal Service may hire individuals as executives under employment contracts for periods not in excess of 5 years. Notwithstanding any such contract, the Postal Service may at its discretion

and at any time remove any such individual without prejudice to his contract rights.

“(d) Notwithstanding section 5533, 5535, or 5536 of title 5, or any other provision of law, any officer or employee of the Government of the United States is eligible to serve and receive pay concurrently as an officer or employee of the Postal Service (other than as a member of the Board or of the Postal Rate Commission) and as an officer or employee of any other department, agency, or establishment of the Government of the United States.

“(e) The Postal Service shall have the right, consistent with section 1003 and chapter 12 of this title and applicable laws, regulations, and collective-bargaining agreements—

“(1) to direct officers and employees of the Postal Service in the performance of official duties;

“(2) to hire, promote, transfer, assign, and retain officers and employees in positions within the Postal Service, and to suspend, demote, discharge, or take other disciplinary action against such officers and employees;

“(3) to relieve officers and employees from duties because of lack of work or for other legitimate reasons;

“(4) to maintain the efficiency of the operations entrusted to it;

“(5) to determine the methods, means, and personnel by which such operations are to be conducted;

“(6) to prescribe a uniform dress to be worn by letter carriers and other designated employees; and

“(7) to take whatever actions may be necessary to carry out its mission in emergency situations.

“§ 1002. Political recommendations

“(a) Except as provided in subsection (e) of this section, each appointment, promotion, assignment, transfer, or designation, interim or otherwise, of an officer or employee in the Postal Service (except a Governor or member of the Postal Rate Commission) shall be made without regard to any recommendation or statement, oral or written, with respect to any person who requests or is under consideration for such appointment, promotion, assignment, transfer, or designation, made by—

“(1) any Member of the Senate or House of Representatives (including the Resident Commissioner from Puerto Rico);

“(2) any elected official of the government of any State (including the Commonwealth of Puerto Rico) or of any county, city, or other political subdivision of such State or Commonwealth;

“(3) any official of a national political party or of a political party of any State (including the Commonwealth of Puerto Rico), county, city, or other subdivision of such State or Commonwealth; or

“(4) any other individual or organization.

“(b) Except as provided in subsection (e) of this section, a person or organization referred to in clause (1), (2), (3), or (4) of subsection (a) of this section is prohibited from making or transmitting to the Postal Service, or to any other officer or employee of the Government of the United States, any recommendation or statement, oral or written, with respect to any person who requests or is under consideration

for any such appointment, promotion, assignment, transfer, or designation. The Postal Service and any officer or employee of the Government of the United States, subject to subsection (e) of this section—

“(1) shall not solicit, request, consider, or accept any such recommendation or statement; and

“(2) shall return any such written recommendation or statement received by him, appropriately marked as in violation of this section, to the person or organization making or transmitting the same.

“(c) A person who requests or is under consideration for any such appointment, promotion, assignment, transfer, or designation is prohibited from requesting or soliciting any such recommendation or statement from any person or organization except a statement of the type referred to in subsection (e) (2) of this section.

“(d) Each employment form of the Postal Service used in connection with any such appointment, promotion, assignment, transfer, or designation shall contain appropriate language in boldface type informing all persons concerned of the provisions of this section. During the time any such appointment, promotion, assignment, transfer, or designation is under consideration, appropriate notice of the provisions of this section printed in boldface type shall be posted in the post office concerned.

“(e) The Postal Service or any authorized officer or employee of the Government of the United States may solicit, accept, and consider, and any other individual or organization may furnish or transmit to the Postal Service or such authorized officer or employee, any statement with respect to a person who requests or is under consideration for such appointment, promotion, assignment, transfer, or designation, if—

“(1) the statement is furnished pursuant to a request or requirement of the Postal Service and consists solely of an evaluation of the work performance, ability, aptitude, and general qualifications of such persons;

“(2) the statement relates solely to the character and residence of such person;

“(3) the statement is furnished pursuant to a request made by an authorized representative of the Government of the United States solely in order to determine whether such person meets the loyalty, suitability, and character requirements for employment with the Government of the United States; or

“(4) the statement is furnished by a former employer of such person pursuant to a request of the Postal Service, and consists solely of an evaluation of the work performance, ability, aptitude, and general qualifications of such person during his employment with such former employer.

“(f) The Postal Service shall take any action it determines necessary and proper, including but not limited to suspension, removal from office, or disqualification from the Postal Service, to enforce the provisions of this section.

“(g) The provisions of this section shall not affect the right of an officer or employee of the Postal Service to petition Congress as authorized by section 7102 of title 5.

“§ 1003. Employment policy

“(a) Except as provided under chapters 2 and 12 of this title or other provision of law, the Postal Service shall classify and fix the compensation and benefits of all officers and employees in the Postal Service. It shall be the policy of the Postal Service to maintain compensation and benefits for all officers and employees on a standard of comparability to the compensation and benefits paid for comparable levels of work in the private sector of the economy. No officer or employee shall be paid compensation at a rate in excess of the rate for level I of the Executive Schedule under section 5312 of title 5.

“(b) The Postal Service shall follow an employment policy designed, without compromising the policy of section 101(a) of this title, to extend opportunity to the disadvantaged and the handicapped.

“§ 1004. Supervisory and other managerial organizations

“(a) It shall be the policy of the Postal Service to provide compensation, working conditions, and career opportunities that will assure the attraction and retention of qualified and capable supervisory and other managerial personnel; to provide adequate and reasonable differentials in rates of pay between employees in the clerk and carrier grades in the line work force and supervisory and other managerial personnel; to establish and maintain continuously a program for all such personnel that reflects the essential importance of a well-trained and well-motivated force to improve the effectiveness of postal operations; and to promote the leadership status of such personnel with respect to rank-and-file employees, recognizing that the role of such personnel in primary level management is particularly vital to the process of converting general postal policies into successful postal operations.

“(b) The Postal Service shall provide a program for consultation with recognized organizations of supervisory and other managerial personnel who are not subject to collective-bargaining agreements under chapter 12 of this title. Upon presentation of evidence satisfactory to the Postal Service that a supervisory organization represents a majority of supervisors, or that a managerial organization (other than an organization representing supervisors) represents a substantial percentage of managerial employees, such organization or organizations shall be entitled to participate directly in the planning and development of pay policies and schedules, fringe benefit programs, and other programs relating to supervisory and other managerial employees.

“§ 1005. Applicability of laws relating to Federal employees

“(a) (1) Except as otherwise provided in this subsection, the provisions of chapter 75 of title 5 shall apply to officers and employees of the Postal Service except to the extent of any inconsistency with—

“(A) the provisions of any collective-bargaining agreement negotiated on behalf of and applicable to them; or

“(B) procedures established by the Postal Service and approved by the Civil Service Commission.

“(2) The provisions of title 5 relating to a preference eligible (as that term is defined under section 2108(3) of such title) shall apply to an applicant for appointment and any officer or employee of the Postal Service in the same manner and under the same conditions as if the

applicant, officer, or employee were subject to the competitive service under such title. The provisions of this paragraph shall not be modified by any program developed under section 1004 of this title or any collective-bargaining agreement entered into under chapter 12 of this title.

"(3) The provisions of this subsection shall not apply to those individuals appointed under sections 202, 204, and 1001 (c) of this title.

"(b) Section 5941 of title 5 shall apply to the Postal Service. For purposes of such section, the pay of officers and employees of the Postal Service shall be considered to be fixed by statute, and the basic pay of an employee shall be the pay (but not any allowance or benefit) of that officer or employee established in accordance with the provisions of this title.

"(c) Officers and employees of the Postal Service shall be covered by subchapter I of chapter 81 of title 5, relating to compensation for work injuries.

"(d) Officers and employees of the Postal Service (other than the Governors) shall be covered by chapter 83 of title 5 relating to civil service retirement. The Postal Service shall withhold from pay and shall pay into the Civil Service Retirement and Disability Fund the amounts specified in such chapter. The Postal Service, upon request of the Civil Service Commission, but not less frequently than annually, shall pay to the Civil Service Commission the costs reasonably related to the administration of Fund activities for officers and employees of the Postal Service.

"(e) Sick and annual leave, and compensatory time of officers and employees of the Postal Service, whether accrued prior to or after commencement of operations of the Postal Service, shall be obligations of the Postal Service under the provisions of this chapter.

"(f) Compensation, benefits, and other terms and conditions of employment in effect immediately prior to the effective date of this section, whether provided by statute or by rules and regulations of the formed Post Office Department or the executive branch of the Government of the United States, shall continue to apply to officers and employees of the Postal Service, until changed by the Postal Service in accordance with this chapter and chapter 12 of this title. Subject to the provisions of this chapter and chapter 12 of this title, the provisions of subchapter I of chapter 85 and chapters 87 and 89 of title 5 shall apply to officers and employees of the Postal Service, unless varied, added to, or substituted for, under this subsection. No variation, addition, or substitution with respect to fringe benefits shall result in a program of fringe benefits which on the whole is less favorable to the officers and employees than fringe benefits in effect on the effective date of this section, and as to officers and employees for whom there is a collective-bargaining representative, no such variation, addition, or substitution shall be made except by agreement between the collective-bargaining representative and the Postal Service.

"§ 1006. Right of transfer

"Officers and employees in the postal career service of the Postal Service shall be eligible for promotion or transfer to any other position in the Postal Service or the executive branch of the Government of the United States for which they are qualified. The authority given by

this section shall be used to provide a maximum degree of career promotion opportunities for officers and employees and to insure continued improvement of postal services.

"§ 1007. Seniority for employees in rural service

"Subject to agreements made under chapter 12 of this title, the seniority of an employee of the Postal Service occupying a position whose regular duty involves the collection and delivery of mail on a rural route shall be preserved. Seniority for such employee shall commence on the first day of his service in such a position, or, in the event such an employee transfers to another such position, on the day he enters duty in the other position. Upon initial assignment, such an employee shall be assigned to the least desirable route and shall attain assignment to more desirable routes by seniority. Promotions and assignments for such an employee in such position shall be based on seniority and ability. If ability be sufficient, seniority shall govern.

"§ 1008. Temporary employees or carriers

"(a) A person temporarily employed to deliver mail is deemed an employee of the Postal Service and is subject to the provisions of chapter 83 of title 18 to the same extent as other employees of the Postal Service.

"(b) Any person, when engaged in carrying mail under contract with the Postal Service, or employed by the Postal Service, is deemed a carrier or person entrusted with the mail and having custody thereof, within the meaning of sections 1701, 1708, and 2114 of title 18.

"§ 1009. Personnel not to receive fees

"An officer or employee of the Postal Service may not receive any fee or perquisite from a patron of the Postal Service on account of the duties performed by virtue of his appointment, except as authorized by law.

"§ 1010. Administration of oaths related to postal inspection matters

"Officers and employees of the Postal Service performing duties related to the inspection of postal matters may administer oaths required or authorized by law or regulation with respect to any matter coming before them in the performance of their official duties.

§ 1011. Oath of office

"Before entering upon their duties and before receiving any salary, all officers and employees of the Postal Service shall take and subscribe the following oath or affirmation

"I, _____, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter."

A person authorized to administer oaths by the laws of the United States, including section 2903 of title 5, or of a State or territory, or an officer, civil or military, holding a commission under the United States, or any officer or employee of the Postal Service designated by the Board may administer and certify the oath or affirmation.

"Chapter 12.—EMPLOYMENT-MANAGEMENT AGREEMENTS

"Sec.

"1201. Definition.

"1202. Bargaining units.

"1203. Recognition of labor organizations.

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"1205. Deduction of dues.

"1206. Collective-bargaining agreements.

"1207. Labor disputes.

"1208. Suits.

"1209. Applicability of Federal labor laws.

"§ 1201. Definition

"As used in this chapter, 'guards' means—

"(1) maintenance guards who, on the effective date of this chapter, are in key position KP-5 under the provisions of former section 3514 of title 39; and

"(2) security guards, who may be employed in the Postal Service and whose primary duties shall include the exercise of authority to enforce rules to protect the safety of property, mail, or persons on the premises.

"§ 1202. Bargaining units

"The National Labor Relations Board shall decide in each case the unit appropriate for collective bargaining in the Postal Service. The National Labor Relations Board shall not include in any bargaining unit—

"(1) any management official or supervisor;

"(2) any employee engaged in personnel work in other than a purely nonconfidential clerical capacity;

"(3) both professional employees and employees who are not professional employees unless a majority of such professional employees vote for inclusion in such unit; or

"(4) together with other employees, any individual employed as a security guard to enforce against employees and other persons, rules to protect property of the Postal Service or to protect the safety of property, mail, or persons on the premises of the Postal Service; but no labor organization shall be certified as the representative of employees in a bargaining unit of security guards if such organization admits to membership, or is affiliated directly or indirectly with an organization which admits to membership, employees other than guards.

"§ 1203. Recognition of labor organizations

"(a) The Postal Service shall accord exclusive recognition to a labor organization when the organization has been selected by a majority of the employees in an appropriate unit as their representative.

"(b) Agreements and supplements in effect on the date of enactment of this section covering employees in the former Post Office Department shall continue to be recognized by the Postal Service until altered or amended pursuant to law.

"(c) When a petition has been filed, in accordance with such regulations as may be prescribed by the National Labor Relations Board—

"(1) by an employee, a group of employees, or any labor organization acting in their behalf, alleging that (A) a substantial number of employees wish to be represented for collective bargaining by a labor organization and that the Postal Service declines to recognize such labor organization as the representative; or (B) the labor organization which has been certified or is being currently recognized by the Postal Service as the bargaining representative is no longer a representative; or

"(2) by the Postal Service, alleging that one or more labor organizations has presented to it a claim to be recognized as the representative;

the National Labor Relations Board shall investigate such petition and, if it has reasonable cause to believe that a question of representation exists, shall provide for an appropriate hearing upon due notice. Such hearing may be conducted by an officer or employee of the National Labor Relations Board, who shall not make any recommendations with respect thereto. If the National Labor Relations Board finds upon the record of such hearing that such a question of representation exists, it shall direct an election by secret ballot and shall certify the results thereof.

"(d) A petition filed under subsection (c) (1) of this section shall be accompanied by a statement signed by at least 30 percent of the employees in the appropriate unit stating that they desire that an election be conducted for either of the purposes set forth in such subsection.

"(e) Nothing in this section shall be construed to prohibit the waiving of hearings by stipulation for the purpose of a consent election in conformity with regulations and rules of decision of the National Labor Relations Board.

"§ 1204. Elections

"(a) All elections authorized under this chapter shall be conducted under the supervision of the National Labor Relations Board, or persons designated by it, and shall be by secret ballot. Each employee eligible to vote shall be provided the opportunity to choose the labor organization he wishes to represent him, from among those on the ballot, or 'no union'.

"(b) In any election where none of the choices on the ballot receives a majority, a runoff shall be conducted, the ballot providing for a selection between the 2 choices receiving the largest and second largest number of valid votes cast in the election. In the event of a tie vote, additional runoff elections shall be conducted until one of the choices has received a majority of the votes.

"(c) No election shall be held in any bargaining unit within which, in the preceding 12-month period, a valid election has been held.

"§ 1205. Deductions of dues

"(a) When a labor organization holds exclusive recognition, or when an organization of personnel not subject to collective-bargaining agreements has consultation rights under section 1004 of this title, the Postal Service shall deduct the regular and periodic dues of the organization from the pay of all members of the organization in the unit

of recognition if the Post Office Department or the Postal Service has received from each employee, on whose account such deductions are made, a written assignment which shall be irrevocable for a period of not more than one year.

"(b) Any agreement in effect immediately prior to the date of enactment of the Postal Reorganization Act between the Post Office Department and any organization of postal employees which provides for deduction by the Department of the regular and periodic dues of the organization from the pay of its members, shall continue in full force and effect and the obligation for such deductions shall be assumed by the Postal Service. No such deduction shall be made from the pay of any employee except on his written assignment, which shall be irrevocable for a period of not more than one year.

"§ 1206. Collective-bargaining agreements

"(a) Collective-bargaining agreements between the Postal Service and bargaining representatives recognized under section 1203 of this title shall be effective for not less than 2 years.

"(b) Collective-bargaining agreements between the Postal Service and bargaining representatives recognized under section 1203 may include any procedures for resolution by the parties of grievances and adverse actions arising under the agreement, including procedures culminating in binding third-party arbitration, or the parties may adopt any such procedures by mutual agreement in the event of a dispute.

"(c) The Postal Service and bargaining representatives recognized under section 1203 may by mutual agreement adopt procedures for the resolution of disputes or impasses arising in the negotiation of a collective-bargaining agreement.

"§ 1207. Labor disputes

"(a) If there is a collective-bargaining agreement in effect, no party to such agreement shall terminate or modify such agreement unless the party desiring such termination or modification serves written notice upon the other party to the agreement of the proposed termination or modification not less than 90 days prior to the expiration date thereof, or not less than 90 days prior to the time it is proposed to make such termination or modification. The party serving such notice shall notify the Federal Mediation and Conciliation Service of the existence of a dispute within 45 days of such notice, if no agreement has been reached by that time.

"(b) If the parties fail to reach agreement or to adopt a procedure providing for a binding resolution of a dispute by the expiration date of the agreement in effect, or the date of the proposed termination or modification, the Director of the Federal Mediation and Conciliation Service shall direct the establishment of a factfinding panel consisting of 3 persons. For this purpose, he shall submit to the parties a list of not less than 15 names, from which list each party within 10 days, shall select 1 person. The 2 so selected shall then choose from the list a third person who shall serve as chairman of the factfinding panel. If either of the parties fails to select a person or if the 2 members are unable to agree on the third person within 3 days, the selection shall be made by the Director. The factfinding

panel shall issue after due investigation a report of its findings, with or without recommendations, to the parties no later than 45 days from the date the list of names is submitted.

"(c) (1) If no agreement is reached within 90 days after the expiration or termination of the agreement or the date on which the agreement became subject to modification under subsection (a) of this section, or if the parties decide upon arbitration but do not agree upon the procedures therefor, an arbitration board shall be established consisting of 3 members, not members of the factfinding panel, 1 of whom shall be selected by the Postal Service, 1 by the bargaining representative of the employees, and the third by the 2 thus selected. If either of the parties fails to select a member, or if the member chosen by the parties fails to agree on the third person within 5 days after their first meeting, the selection shall be made by the Director. If the parties do not agree on the framing of the issues to be submitted, the factfinding panel shall frame the issues and submit them to the arbitration board.

"(2) The arbitration board shall give the parties a full and fair hearing, including an opportunity to present evidence in support of their claims, and an opportunity to present their case in person, by counsel or by other representative as they may elect. Decisions of the arbitration board shall be conclusive and binding upon the parties. The arbitration board shall render its decision within 45 days after its appointment.

"(3) Costs of the arbitration board and factfinding panel shall be shared equally by the Postal Service and the bargaining representative.

"(d) In the case of a bargaining unit whose recognized collective-bargaining representative does not have an agreement with the Postal Service, if the parties fail to reach agreement within 90 days of the commencement of collective bargaining, a factfinding panel will be established in accordance with the terms of subsection (b) of this section, unless the parties have previously agreed to another procedure for a binding resolution of their differences. If the parties fail to reach agreement within 180 days of the commencement of collective bargaining, and if they have not agreed to another procedure for binding resolution, an arbitration board shall be established to provide conclusive and binding arbitration in accordance with the terms of subsection (c) of this section.

"§ 1208. Suits

"(a) The courts of the United States shall have jurisdiction with respect to actions brought by the National Labor Relations Board under this chapter to the same extent that they have jurisdiction with respect to actions under title 29.

"(b) Suits for violation of contracts between the Postal Service and a labor organization representing Postal Service employees, or between any such labor organizations, may be brought in any district court of the United States having jurisdiction of the parties, without respect to the amount in controversy.

"(c) A labor organization and the Postal Service shall be bound by the authorized acts of their agents. Any labor organization may sue or be sued as an entity and in behalf of the employees whom it represents in the courts of the United States. Any money judgment against a labor organization in a district court of the United States

shall be enforceable only against the organization as an entity and against its assets, and shall not be enforceable against any individual member or his assets.

"(d) For the purposes of actions and proceedings by or against labor organizations in the district courts of the United States, district courts shall be deemed to have jurisdiction of a labor organization (1) in the district in which such organization maintains its principal offices, or (2) in any district in which its duly authorized officers or agents are engaged in representing or acting for employee members.

"(e) The service of summons, subpoena, or other legal process of any court of the United States upon an officer or agent of a labor organization, in his capacity as such, shall constitute service upon the labor organization.

"§ 1209. Applicability of Federal labor laws

"(a) Employee-management relations shall, to the extent not inconsistent with provisions of this title, be subject to the provisions of subchapter II of chapter 7 of title 29.

"(b) The provisions of chapter 11 of title 29 shall be applicable to labor organizations that have or are seeking to attain recognition under section 1203 of this title, and to such organizations' officers, agents, shop stewards, other representatives, and members to the extent to which such provisions would be applicable if the Postal Service were an employer under section 402 of title 29. In addition to the authority conferred on him under section 438 of title 29, the Secretary of Labor shall have authority, by regulation issued with the written concurrence of the Postal Service, to prescribe simplified reports for any such labor organization. The Secretary of Labor may revoke such provision for simplified forms of any such labor organization if he determines, after such investigation as he deems proper and after due notice and opportunity for a hearing, that the purposes of this chapter and of chapter 11 of title 29 would be served thereby.

"(c) Each employee of the Postal Service shall have the right, freely and without fear of penalty or reprisal, to form, join, and assist a labor organization or to refrain from any such activity, and each employee shall be protected in the exercise of this right.

"PART III—MODERNIZATION AND FISCAL ADMINISTRATION

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"Chapter 20.—FINANCE

"Sec.

"2201. Definitions.

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"§ 2001. Definition

"As used in this chapter—

"(1) 'Fund' means the Postal Service Fund established by section 2003 of this chapter; and

"(2) 'obligations', when referring to debt instruments issued by the Postal Service, means notes, bonds, debentures, mortgages, and any other evidence of indebtedness.

"§ 2002. Capital of the Postal Service

"(a) The initial capital of the Postal Service shall consist of the equity, as reflected in the budget of the President, of the Government of the United States in the former Post Office Department. The value of assets and the amount of liabilities transferred to the Postal Service upon the commencement of operations of the Postal Service shall be determined by the Postal Service subject to the approval of the Comptroller General, in accordance with the following guidelines:

"(1) Assets shall be valued on the basis of original cost less depreciation, to the extent that such value can be determined. The value recorded on the former Post Office Department's books of account shall be prima facie evidence of asset value.

"(2) All liabilities attributable to operations of the former Post Office Department shall remain liabilities of the Government of the United States, except that upon commencement of operations of the Postal Service, the unexpended balances of appropriations made to, held or used by, or available to the former Post Office Department and all liabilities chargeable thereto shall become assets and liabilities, respectively, of the Postal Service.

"(b) The capital of the Postal Service at any time shall consist of its assets, including the balance in the Fund, less its liabilities.

"(c) The Postal Service, and the Administrator of General Services where properties under the jurisdiction of the Administrator are involved, with the approval of the Director of the Office of Management and Budget, shall determine which Federal properties shall be transferred to the Postal Service and which shall remain under the jurisdiction of any other department, agency, or establishment of the Government of the United States upon the commencement of operations of the Postal Service. The transfer shall be accomplished at the time of or as near as possible to the commencement of operations of the Postal Service and the valuation of the assets and capital of the Postal Service shall be adjusted accordingly. The following properties shall be included in the transfer:

"(1) the mail equipment shops located in Washington, District of Columbia;

"(2) all machinery, equipment, and appurtenances of the former Post Office Department;

"(3) all real property whose ownership was acquired by the Postmaster General under former section 2103 of this title, as in effect immediately prior to the effective date of this section, or which immediately prior to such effective date, is under the administration of the former Post Office Department for the purpose of constructing a postal building from funds appropriated or transferred to the former Post Office Department, together with all funds appropriated or allocated therefor;

"(4) all real property 55 percent or more of which is occupied by or under control of the former Post Office Department immediately prior to the effective date of this section;

"(5) all contracts, records, and documents relating to the operation of the departmental service and the postal field service of the former Post Office Department; and

"(6) all other property and assets of the former Post Office Department.

"(d) After the commencement of operations of the Postal Service, the President is authorized to transfer to the Postal Service, and the Postal Service is authorized to transfer to other departments, agencies, or independent establishments of the Government of the United States, with or without reimbursement, any property of that department, agency, or independent establishment and the Postal Service, respectively, when the public interest would be served by such transfer.

"§ 2003. The Postal Service Fund

"(a) There is established in the Treasury of the United States a revolving fund to be called the Postal Service Fund which shall be available to the Postal Service without fiscal-year limitation to carry out the purposes, functions, and powers authorized by this title.

"(b) There shall be deposited in the Fund, subject to withdrawal by check by the Postal Service—

"(1) revenues from postal and nonpostal services rendered by the Postal Service;

"(2) amounts received from obligations issued by the Postal Service;

"(3) amounts appropriated for the use of the Postal Service;

"(4) interest which may be earned on investments of the Fund;

"(5) any other receipts of the Postal Service; and

"(6) the balance in the Post Office Department Fund established under former section 2202 of title 39 as of the commencement of operations of the Postal Service.

"(c) If the Postal Service determines that the moneys of the Fund are in excess of current needs, it may request the investment of such amounts as it deems advisable by the Secretary of the Treasury in obligations of, or obligations guaranteed by, the Government of the United States, and, with the approval of the Secretary, in such other obligations or securities as it deems appropriate.

"(d) With the approval of the Secretary of the Treasury, the Postal Service may deposit moneys of the Fund in any Federal Reserve bank, any depository for public funds, or in such other places and in such manner as the Postal Service and the Secretary may mutually agree.

"(e) The Fund shall be available for the payment of all expenses incurred by the Postal Service in carrying out its functions under this title and, subject to the provisions of section 3604(b) of this title, all of the expenses of the Postal Rate Commission. Neither the Fund nor any of the funds credited to it shall be subject to apportionment under the provisions of section 665 of title 31

"§ 2004. Transitional appropriations

"Such sums as are necessary to insure a sound financial transition for the Postal Service and a rate policy consistent with chapter 36 of this title are hereby authorized to be appropriated to the Fund without regard to fiscal-year limitation.

"§ 2005. Obligations

"(a) The Postal Service is authorized to borrow money and to issue and sell such obligations as it determines necessary to carry out the purposes of this title. The aggregate amount of any such obligations outstanding at any one time shall not exceed \$10,000,000,000. In any one fiscal year the net increase in the amount of obligations outstanding issued for the purpose of capital improvements shall not exceed \$1,500,000,000, and the net increase in the amount of obligations outstanding issued for the purpose of defraying operating expenses of the Postal Service shall not exceed \$500,000,000.

"(b) The Postal Service may pledge the assets of the Postal Service and pledge and use its revenues and receipts for the payment of the principal of or interest on such obligations, for the purchase or redemption thereof, and for other purposes incidental thereto, including creation of reserve, sinking, and other funds which may be similarly pledged and used, to such extent and in such manner as it deems necessary or desirable. The Postal Service is authorized to enter into binding covenants with the holders of such obligations, and with the trustee, if any, under any agreement entered into in connection with the issuance thereof with respect to the establishment of reserve, sinking, and other funds, application and use of revenues and receipts of the Postal Service, stipulations concerning the subsequent issuance of obligations or the execution of leases or lease purchases relating to priorities of the Postal Service and such other matters as the Postal Service deems necessary or desirable to enhance the marketability of such obligations.

"(c) Obligations issued by the Postal Service under this section—

"(1) shall be in such forms and denominations;

"(2) shall be sold at such times and in such amounts;

"(3) shall mature at such time or times;

"(4) shall be sold at such prices;

"(5) shall bear such rates of interest;

"(6) may be redeemable before maturity in such manner, at such times, and at such redemption premiums;

"(7) may be entitled to such relative priorities of claim on the assets of the Postal Service with respect to principal and interest payments; and

"(8) shall be subject to such terms and conditions; as the Postal Service determines.

"(d) Obligations issued by the Postal Service under this section shall—

"(1) be negotiable or nonnegotiable and bearer or registered instruments, as specified therein and in any indenture or covenant relating thereto;

"(2) contain a recital that they are issued under this section, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such obligations and of their validity;

"(3) be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of any officer or agency of the Government of the United States, and the Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the obligations of the Postal Service acquired under this section;

"(4) be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes; and

"(5) not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the Government of the United States, except as provided in section 2006(c) of this title.

"§ 2006. Relationship between the Treasury and the Postal Service

"(a) At least 15 days before selling any issue of obligations under section 2005 of this title, the Postal Service shall advise the Secretary of the Treasury of the amount, proposed date of sale, maturities, terms and conditions, and expected maximum rates of interest of the proposed issue in appropriate detail and shall consult with him or his designee thereon. The Secretary may elect to purchase such obligations under such terms, including rates of interest, as he and the Postal Service may agree, but at a rate of yield no less than the prevailing yield on outstanding marketable Treasury securities of comparable maturity, as determined by the Secretary. If the Secretary does not purchase such obligations, the Postal Service may proceed to issue and sell them to a party or parties other than the Secretary upon notice to the Secretary and upon consultation as to the date of issuance, maximum rates of interest, and other terms and conditions.

"(b) Subject to the conditions of subsection (a) of this section, the Postal Service may require the Secretary of the Treasury to purchase obligations of the Postal Service in such amounts as will not cause the holding by the Secretary of the Treasury resulting from such required purchases to exceed \$2,000,000,000 at any one time. This subsection shall not be construed as limiting the authority of the Secretary to purchase obligations of the Postal Service in excess of such amount.

"(c) Notwithstanding section 2005(d)(5) of this title, obligations issued by the Postal Service shall be obligations of the Government of the United States, and payment of principal and interest thereon shall be fully guaranteed by the Government of the United States, such guaranty being expressed on the face thereof, if and to the extent that—

"(1) the Postal Service requests the Secretary of the Treasury to pledge the full faith and credit of the Government of the United States for the payment of principal and interest thereon; and

"(2) the Secretary, in his discretion, determines that it would be in the public interest to do so.

"§ 2007. Public debt character of the obligations of the Postal Service

"For the purpose of any purchase of the obligations of the Postal Service, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the obligations of the Postal Service under this chapter. The Secretary of the Treasury may, at any time, sell any of the

obligations of the Postal Service acquired by him under this chapter. All redemptions, purchases and sales by the Secretary of the obligations of the Postal Service shall be treated as public debt transactions of the United States.

"§ 2008. Audit and expenditures

"(a) The accounts and operations of the Postal Service shall be audited by the Comptroller General and reports thereon made to the Congress to the extent and at such times as he may determine.

"(b) The Postal Service shall maintain an adequate internal audit of the financial transactions of the Postal Service.

"(c) Subject only to the provisions of this chapter, the Postal Service is authorized to make such expenditures and to enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it deems necessary, including the final settlement of all claims and litigation by or against the Postal Service.

"(d) Nothing in this section shall be construed as denying to the Postal Service the power to obtain audits of the accounts of the Postal Service and reports concerning its financial condition and operations by certified public accounting firms. Such audits and reports shall be in addition to those required by this section.

"(e) At least once each year beginning with the fiscal year commencing after June 30, 1971, the Postal Service shall obtain a certification from an independent, certified public accounting firm of the accuracy of any financial statements of the Postal Service used in determining and establishing postal rates.

"§ 2009. Annual budget

"The Postal Service shall cause to be prepared annually a budget program which shall be submitted to the Office of Management and Budget, under such rules and regulations as the President may establish as to the date of submission, the form and content, the classifications of data, and the manner in which such budget program shall be prepared and presented. The budget program shall be a business-type budget, or plan of operations, with due allowance given to the need for flexibility, including provision for emergencies and contingencies, in order that the Postal Service may properly carry out its activities as authorized by law. The budget program shall contain estimates of the financial condition and operations of the Postal Service for the current and ensuing fiscal years and the actual condition and results of operation for the last completed fiscal year. Such budget program shall include a statement of financial condition, a statement of income and expense, an analysis of surplus or deficit, a statement of sources and application of funds, and such other supplementary statements and information as are necessary or desirable to make known the financial condition and operations of the Postal Service. Such statements shall include estimates of operations by major types of activities, together with estimates of administrative expenses and estimates of borrowings.

"§ 2010. Restrictions on agreements

"The Postal Service shall promote modern and efficient operations and should refrain from expending any funds, engaging in any practice, or entering into any agreement or contract, other than an agree-

ment or contract under chapter 12 of this title, which restricts the use of new equipment or devices which may reduce the cost or improve the quality of postal services, except where such restriction is necessary to insure safe and healthful employment conditions.

"Chapter 22.—CONVICT LABOR

"Sec.

"2201. No postal equipment or supplies manufactured by convict labor.

"§ 2201. No postal equipment or supplies manufactured by convict labor

"Except as provided in chapter 307 of title 18, the Postal Service may not make a contract for the purchase of equipment or supplies to be manufactured by convict labor.

"Chapter 24.—APPROPRIATIONS AND ANNUAL REPORT

"Sec.

"2401. Appropriations.

"2402. Annual report.

"§ 2401. Appropriations

"(a) There are appropriated to the Postal Service all revenues received by the Postal Service.

"(b) (1) As reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere, there are authorized to be appropriated to the Postal Service the following amounts:

"(A) for each of the fiscal years 1972 through 1979, an amount equal to 10 percent of the sum appropriated to the former Post Office Department by the Act of Congress for its use in fiscal year 1971;

"(B) for fiscal year 1980, an amount equal to 9 percent of such sum for fiscal year 1971;

"(C) for fiscal year 1981, an amount equal to 8 percent of such sum for fiscal year 1971;

"(D) for fiscal year 1982, an amount equal to 7 percent of such sum for fiscal year 1971;

"(E) for fiscal year 1983, an amount equal to 6 percent of such sum for fiscal year 1971;

"(F) for fiscal year 1984, an amount equal to 5 percent of such sum for fiscal year 1971; and

"(G) except as provided in paragraph (2) of this subsection, for each fiscal year thereafter an amount equal to 5 percent of such sum for fiscal year 1971

"(2) After fiscal year 1984 the Postal Service may reduce the percentage figure in paragraph (1)(G) of this subsection, including a reduction to 0, if the Postal Service finds that the amounts determined under such paragraph are no longer required to operate the Postal Service in accordance with the policies of this title.

"(3) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a comprehensive statement of its compliance with the

public service cost policy established under section 101(b) of this title.

"(c) There are authorized to be appropriated to the Postal Service each year a sum determined by the Postal Service to be equal to the difference between the revenues the Postal Service would have received if sections 3217, 3403-3405, and 3626 of this title and the Federal Voting Assistance Act of 1955 had not been enacted and the estimated revenues to be received on mail carried under such sections and Act.

"§ 2402. Annual report

"The Postmaster General shall render an annual report to the Board concerning the operations of the Postal Service under this title. Upon approval thereof, or after making such changes as it considers appropriate, the Board shall transmit such report to the President and the Congress.

"Chapter 26.—DEBTS AND COLLECTION

"Sec.

"2601. Collection and adjustment of debts.

"2602. Transportation of international mail by air carriers of the United States.

"2603. Settlement of claims for damages caused by the Postal Service.

"2604. Delivery of stolen money to owner.

"2605. Suits to recover wrongful or fraudulent payments.

"§ 2601. Collection and adjustment of debts

"(a) The Postal Service—

"(1) shall collect debts due the Postal Service;

"(2) shall collect and remit fines, penalties, and forfeitures arising out of matters affecting the Postal Service;

"(3) may adjust, pay, or credit the account of a postmaster or of an enlisted person of an Armed Force performing postal duties, for any loss of Postal Service funds, papers, postage, or other stamped stock or accountable paper; and

"(4) may prescribe penalties for failure to render accounts.

The Postal Service may refer any matter, which is uncollectable through administrative action, to the General Accounting Office for collection. This subsection does not affect the authority of the Attorney General in cases in which judicial proceedings are instituted.

"(b) In all cases of disability or alleged liability for any sum of money by way of damages or otherwise, under any provision of law in relation to the officers, employees, operations, or business of the Postal Service, the Postal Service shall determine whether the interests of the Postal Service probably require the exercise of its powers over the same. Upon the determination, the Postal Service on such terms as it deems just and expedient, may—

"(1) remove the disability; or

"(2) compromise, release, or discharge the claim for such sum of money and damages.

"§ 2602. Transportation of international mail by air carriers of the United States

"(a) The Postal Service may offset against any balances due another country resulting from the transaction of international money order business, or otherwise, amounts due from that country to the United States, or to the United States for the account of air carriers of the United States transporting mail of that country, when—

"(1) the Postal Service puts into effect rates of compensation to be charged another country for transportation; and

"(2) the United States is required to collect from another country the amounts owed for transportation for the account of the air carriers.

"(b) When the Postal Service has proceeded under authority of subsection (a) of this section, it shall—

"(1) give appropriate credit to the country involved;

"(2) pay to the air carrier the portion of the amount so credited which is owed to the air carrier for its services in transporting the mail of the other country; and

"(3) deposit in the Postal Service Fund that portion of the amount so credited which is due the United States on its own account.

"(c) The Postal Service, may advance to an air carrier, out of funds available for payment of balances due other countries, the amounts determined by the Postal Service to be due from another country to an air carrier for the transportation of its mails when—

"(1) collections are to be made by the United States for the account of air carriers; and

"(2) the Postal Service determines that the balance of funds available is such that the advances may be made therefrom.

Collection from another country of the amount so advanced shall be made by offset, or otherwise, and the appropriation from which the advance is made shall be reimbursed by the collections made by the United States.

"(d) If the United States is unable to collect from the debtor country an amount paid or advanced to an air carrier within 12 months after payment or advance has been made, the United States may deduct the uncollected amount from any sums owed by it to the air carrier.

"(e) The Postal Service shall adopt such accounting procedures as may be necessary to conform to and carry out the purposes of this section.

"§ 2603. Settlement of claims for damages caused by the Postal Service

"When the Postal Service finds a claim for damage to persons or property resulting from the operation of the Postal Service to be a proper charge against the United States, and it is not cognizable under section 2672 of title 28, it may adjust and settle the claim.

"§ 2604. Delivery of stolen money to owner

"When the Postal Service is satisfied that money or property in the possession of the Postal Service represents money or property stolen from the mails, or the proceeds thereof, it may deliver it to the person it finds to be the rightful owner.

"§ 2605. Suits to recover wrongful or fraudulent payments

"The Postal Service shall request the Attorney General to bring a suit to recover with interest any payment made from moneys of, or credit granted by, the Postal Service as a result of—

"(1) mistake;

"(2) fraudulent representations;

"(3) collusion; or

"(4) misconduct of an officer or employee of the Postal Service.

"PART IV—MAIL MATTER

Chapter	Sec.
"30. NONMAILABLE MATTER	3001
"32. PENALTY AND FRANKED MAIL	3201
"34. ARMED FORCES AND FREE POSTAGE	3401
"36. POSTAL RATES, CLASSES, AND SERVICES	3601

"Chapter 30.—NONMAILABLE MATTER

"Sec.

"3001. Nonmailable matter.

"3002. Nonmailable motor vehicle master keys.

"3003. Mail bearing a fictitious name or address.

"3004. Delivery of mail to persons not residents of the place of address.

"3005. False representations; lotteries.

"3006. Unlawful matter.

"3007. Detention of mail for temporary periods.

"3008. Prohibition of pandering advertisements.

"3009. Mailing of unordered merchandise.

"3010. Mailing of sexually oriented advertisements.

"3011. Judicial enforcement.

"§ 3001. Nonmailable matter

"(a) Matter the deposit of which in the mails is punishable under section 1302, 1341, 1342, 1461, 1463, 1714, 1715, 1716, 1717, or 1718 of title 18 is nonmailable.

"(b) Except as provided in subsection (c) of this section, nonmailable matter which reaches the office of delivery, or which may be seized or detained for violation of law, shall be disposed of as the Postal Service shall direct.

"(c) (1) Matter which—

"(A) exceeds the size and weight limits prescribed for the particular class of mail; or

"(B) is of a character perishable within the period required for transportation and delivery; is nonmailable.

"(2) Matter made nonmailable by this subsection which reaches the office of destination may be delivered in accordance with its address, if the party addressed furnishes the name and address of the sender.

"(d) Matter otherwise legally acceptable in the mails which—

"(1) is in the form of, and reasonably could be interpreted or construed as, a bill, invoice, or statement of account due; but

"(2) constitutes, in fact, a solicitation for the order by the addressee of goods or services, or both;

is nonmailable matter, shall not be carried or delivered by mail, and shall be disposed of as the Postal Service directs, unless such matter bears on its face, in conspicuous and legible type in contrast by typography, layout, or color with other printing on its face, in accordance with regulations which the Postal Service shall prescribe—

"(A) the following notice: 'This is a solicitation for the order of goods or services, or both, and not a bill, invoice, or statement of account due. You are under no obligation to make any payments on account of this offer unless you accept this offer.'; or

"(B) in lieu thereof, a notice to the same effect in words which the Postal Service may prescribe.

"(e) Except as otherwise provided by law, proceedings concerning the mailability of matter under this chapter and chapters 71 and 83 of title 18 shall be conducted in accordance with chapters 5 and 7 of title 5.

"§ 3002. Nonmailable motor vehicle master keys

"(a) Except as provided in subsection (b) of this section, any motor vehicle master key, any pattern, impression, or mold from which a motor vehicle master key may be made, or any advertisement for the sale of any such key, pattern, impression, or mold, is nonmailable matter and shall not be carried or delivered by mail.

"(b) The Postal Service is authorized to make such exemptions from the provisions of subsection (a) of this section as it deems necessary.

"(c) For the purposes of this section, 'motor vehicle master key' means any key (other than the key furnished by the manufacturer with the motor vehicle, or the key furnished with a replacement lock, or any exact duplicate of such keys) designed to operate 2 or more motor vehicle ignition, door, or trunk locks of different combinations.

"§ 3003. Mail bearing a fictitious name or address

"(a) Upon evidence satisfactory to the Postal Service that any person is using a fictitious, false, or assumed name, title, or address in conducting, promoting, or carrying on or assisting therein, by means of the postal services of the United States, an activity in violation of sections 1302, 1341, and 1342 of title 18, it may—

"(1) withhold mail so addressed from delivery; and

"(2) require the party claiming the mail to furnish proof to it of the claimant's identity and right to receive the mail.

"(b) The Postal Service may issue an order directing that mail, covered by subsection (a) of this section, be forwarded to a dead letter office as fictitious matter, or be returned to the sender when—

"(1) the party claiming the mail fails to furnish proof of his identity and right to receive the mail; or

"(2) the Postal Service determines that the mail is addressed to a fictitious, false, or assumed name, title, or address.

"§ 3004. Delivery of mail to persons not residents of the place of address

"Whenever the Postal Service determines that letters or parcels sent in the mail are addressed to places not the residence or regular business address of the person for whom they are intended, to enable the person to escape identification, the Postal Service may deliver the mail only upon identification of the person so addressed.

"§ 3005. False representations; lotteries

"(a) Upon evidence satisfactory to the Postal Service that any person is engaged in conducting a scheme or device for obtaining money or property through the mail by means of false representations, or is engaged in conducting a lottery, gift enterprise, or scheme for the distribution of money or of real or personal property, by lottery, chance, or drawing of any kind, the Postal Service may issue an order which—

"(1) directs the postmaster of the post office at which mail arrives, addressed to such a person or to his representative, to return such mail to the sender appropriately marked as in violation of this section, if the person, or his representative, is first notified

and given reasonable opportunity to be present at the receiving post office to survey the mail before the postmaster returns the mail to the sender; and

"(2) forbids the payment by a postmaster to the person or his representative of any money order or postal note drawn to the order of either and provides for the return to the remitter of the sum named in the money order or postal note.

"(b) The public advertisement by a person engaged in activities covered by subsection (a) of this section, that remittances may be made by mail to a person named in the advertisement, is prima facie evidence that the latter is the agent or representative of the advertiser for the receipt of remittances on behalf of the advertiser. The Postal Service may ascertain the existence of the agency in any other legal way satisfactory to it.

"(c) As used in this section and section 3006 of this title, the term 'representative' includes an agent or representative acting as an individual or as a firm, bank, corporation, or association of any kind.

"§ 3006. Unlawful matter

"Upon evidence satisfactory to the Postal Service that a person is obtaining or attempting to obtain remittances of money or property of any kind through the mail for an obscene, lewd, lascivious, indecent, filthy, or vile thing or is depositing or causing to be deposited in the United States mail information as to where, how, or from whom such a thing may be obtained, the Postal Service may—

"(1) direct any postmaster at an office at which mail arrives, addressed to such a person or to his representative, to return the mail to the sender marked 'Unlawful'; and

"(2) forbid the payment by a postmaster to such a person or his representative of any money order or postal note drawn to the order of either and provide for the return to the remitter of the sum named in the money order.

"§ 3007. Detention of mail for temporary periods

"(a) In preparation for or during the pendency of proceedings under sections 3005 and 3006 of this title, the United States district court in the district in which the defendant receives his mail shall, upon application therefor by the Postal Service and upon a showing of probable cause to believe either section is being violated, enter a temporary restraining order and preliminary injunction pursuant to rule 65 of the Federal Rules of Civil Procedure directing the detention of the defendant's incoming mail by the postmaster pending the conclusion of the statutory proceedings and any appeal therefrom. The district court may provide in the order that the detained mail be open to examination by the defendant and such mail be delivered as is clearly not connected with the alleged unlawful activity. An action taken by a court hereunder does not affect or determine any fact at issue in the statutory proceedings.

"(b) This section does not apply to mail addressed to publishers of newspapers and other periodical publications entitled to a periodical publication rate or to mail addressed to the agents of those publishers.

“§ 3008. Prohibition of pandering advertisements

“(a) Whoever for himself, or by his agents or assigns, mails or causes to be mailed any pandering advertisement which offers for sale matter which the addressee in his sole discretion believes to be erotically arousing or sexually provocative shall be subject to an order of the Postal Service to refrain from further mailings of such materials to designated addresses thereof.

“(b) Upon receipt of notice from an addressee that he has received such mail matter, determined by the addressee in his sole discretion to be of the character described in subsection (a) of this section, the Postal Service shall issue an order, if requested by the addressee, to the sender thereof, directing the sender and his agents or assigns to refrain from further mailings to the named addressees.

“(c) The order of the Postal Service shall expressly prohibit the sender and his agents or assigns from making any further mailings to the designated addresses, effective on the thirtieth calendar day after receipt of the order. The order shall also direct the sender and his agents or assigns to delete immediately the names of the designated addressees from all mailing lists owned or controlled by the sender or his agents or assigns and, further, shall prohibit the sender and his agents or assigns from the sale, rental, exchange, or other transaction involving mailing lists bearing the names of the designated addressees.

“(d) Whenever the Postal Service believes that the sender or anyone acting on his behalf has violated or is violating the order given under this section, it shall serve upon the sender, by registered or certified mail, a complaint stating the reasons for its belief and request that any response thereto be filed in writing with the Postal Service within 15 days after the date of such service. If the Postal Service, after appropriate hearing if requested by the sender, and without a hearing if such a hearing is not requested, thereafter determines that the order given has been or is being violated, it is authorized to request the Attorney General to make application, and the Attorney General is authorized to make application, to a district court of the United States for an order directing compliance with such notice.

“(e) Any district court of the United States within the jurisdiction of which any mail matter shall have been sent or received in violation of the order provided for by this section shall have jurisdiction, upon application by the Attorney General, to issue an order commanding compliance with such notice. Failure to observe such order may be punishable by the court as contempt thereof.

“(f) Receipt of mail matter 30 days or more after the effective date of the order provided for by this section shall create a rebuttable presumption that such mail was sent after such effective date.

“(g) Upon request of any addressee, the order of the Postal Service shall include the names of any of his minor children who have not attained their nineteenth birthday, and who reside with the addressee.

“(h) The provisions of subchapter II of chapter 5, relating to administrative procedure, and chapter 7, relating to judicial review, of title 5, shall not apply to any provisions of this section.

“(i) For purposes of this section—

“(1) mail matter, directed to a specific address covered in the order of the Postal Service, without designation of a specific addressee thereon, shall be considered as addressed to the person named in the Postal Service's order; and

“(2) the term ‘children’ includes natural children, stepchildren, adopted children, and children who are wards of or in custody of the addressee or who are living with such addressee in a regular parent-child relationship.

“§ 3009. Mailing of unordered merchandise

“(a) Except for (1) free samples clearly and conspicuously marked as such, and (2) merchandise mailed by a charitable organization soliciting contributions, the mailing of unordered merchandise or communications prohibited by subsection (c) of this section constitutes an unfair method of competition and an unfair trade practice in violation of section 45(a)(1) of title 15.

“(b) Any merchandise mailed in violation of subsection (a) of this section, or within the exceptions contained therein, may be treated as a gift by the recipient, who shall have the right to retain, use, discard, or dispose of it in any manner he sees fit without any obligation whatsoever to the sender. All such merchandise shall have attached to it a clear and conspicuous statement informing the recipient that he may treat the merchandise as a gift to him and has the right to retain, use, discard, or dispose of it in any manner he sees fit without any obligation whatsoever to the sender.

“(c) No mailer of any merchandise mailed in violation of subsection (a) of this section, or within the exceptions contained therein, shall mail to any recipient of such merchandise a bill for such merchandise or any dunning communications.

“(d) For the purposes of this section, ‘unordered merchandise’ means merchandise mailed without the prior expressed request or consent of the recipient.

“§ 3010. Mailing of sexually oriented advertisements

“(a) Any person who mails or causes to be mailed any sexually oriented advertisement shall place on the envelope or cover thereof his name and address as the sender thereof and such mark or notice as the Postal Service may prescribe.

“(b) Any person, on his own behalf or on the behalf of any of his children who has not attained the age of 19 years and who resides with him or is under his care, custody, or supervision, may file with the Postal Service a statement, in such form and manner as the Postal Service may prescribe, that he desires to receive no sexually oriented advertisements through the mails. The Postal Service shall maintain and keep current, insofar as practicable, a list of the names and addresses of such persons and shall make the list (including portions thereof or changes therein) available to any person, upon such reasonable terms and conditions as it may prescribe, including the payment of such service charge as it determines to be necessary to defray the cost of compiling and maintaining the list and making it available as provided in this sentence. No person shall mail or cause to be mailed any sexually oriented advertisement to any individual whose name and address has been on the list for more than 30 days.

"(c) No person shall sell, lease, lend, exchange, or license the use of, or, except for the purpose expressly authorized by this section, use any mailing list compiled in whole or in part from the list maintained by the Postal Service pursuant to this section.

"(d) 'Sexually oriented advertisement' means any advertisement that depicts, in actual or simulated form, or explicitly describes, in a predominantly sexual context, human genitalia, any act of natural or unnatural sexual intercourse, any act of sadism or masochism, or any other erotic subject directly related to the foregoing. Material otherwise within the definition of this subsection shall be deemed not to constitute a sexually oriented advertisement if it constitutes only a small and insignificant part of the whole of a single catalog, book, periodical, or other work the remainder of which is not primarily devoted to sexual matters.

"§ 3011. Judicial enforcement

"(a) Whenever the Postal Service believes that any person is mailing or causing to be mailed any sexually oriented advertisement in violation of section 3010 of this title, it may request the Attorney General to commence a civil action against such person in a district court of the United States. Upon a finding by the court of a violation of that section, the court may issue an order including one or more of the following provisions as the court deems just under the circumstances:

"(1) a direction to the defendant to refrain from mailing any sexually oriented advertisement to a specific addressee, to any group of addressees, or to all persons;

"(2) a direction to any postmaster to whom sexually oriented advertisements originating with such defendant are tendered for transmission through the mails to refuse to accept such advertisements for mailing; or

"(3) a direction to any postmaster at the office at which registered or certified letters or other letters or mail arrive, addressed to the defendant or his representative, to return the registered or certified letters or other letters or mail to the sender appropriately marked as being in response to mail in violation of section 3010 of this title, after the defendant, or his representative, has been notified and given reasonable opportunity to examine such letters or mail and to obtain delivery of mail which is clearly not connected with activity alleged to be in violation of section 3010 of this title.

"(b) The statement that remittances may be made to a person named in a sexually oriented advertisement is prima facie evidence that such named person is the principal, agent, or representative of the mailer for the receipt of remittances on his behalf. The court is not precluded from ascertaining the existence of the agency on the basis of any other evidence.

"(c) In preparation for, or during the pendency of, a civil action under subsection (a) of this section, a district court of the United States, upon application therefor by the Attorney General and upon a showing of probable cause to believe the statute is being violated, may

enter a temporary restraining order or preliminary injunction containing such terms as the court deems just, including, but not limited to, provisions enjoining the defendant from mailing any sexually oriented advertisement to any person or class of persons, directing any postmaster to refuse to accept such defendant's sexually oriented advertisements for mailing, and directing the detention of the defendant's incoming mail by any postmaster pending the conclusion of the judicial proceedings. Any action taken by a court under this subsection does not affect or determine any fact at issue in any other proceeding under this section.

"(d) A civil action under this section may be brought in the judicial district in which the defendant resides, or has his principal place of business, or in any judicial district in which any sexually oriented advertisement mailed in violation of section 3010 has been delivered by mail according to the direction thereon.

"(e) Nothing in this section or in section 3010 shall be construed as amending, preempting, limiting, modifying, or otherwise in any way affecting section 1461 or 1463 of title 18 or section 3006, 3007, or 3008 of this title.

"Chapter 32.—PENALTY AND FRANKED MAIL

"Sec.

"3201. Definitions.

"3202. Penalty mail.

"3203. Endorsements on penalty covers.

"3204. Restrictions on use of penalty mail.

"3205. Accounting for penalty covers.

"3206. Reimbursement for penalty mail service.

"3207. Limit of weight of penalty mail; postage on overweight matter.

"3208. Shipment by most economical means.

"3209. Executive departments to supply information.

"3210. Official correspondence of Vice President and Members of Congress.

"3211. Public documents.

"3212. Congressional Record under frank of Members of Congress.

"3213. Seeds and reports from Department of Agriculture.

"3214. Mailing privilege of former Presidents.

"3215. Lending or permitting use of frank unlawful.

"3216. Reimbursement for franked mailings.

"3217. Correspondence of members of diplomatic corps and consuls of countries of Postal Union of Americas and Spain.

"3218. Franked mail for surviving spouses of Members of Congress.

"§ 3201. Definitions

"As used in this chapter—

"(1) 'penalty mail' means official mail, other than franked mail, which is authorized by law to be transmitted in the mail without prepayment of postage;

"(2) 'penalty cover' means envelopes, wrappers, labels, or cards used to transmit penalty mail;

"(3) 'frank' means the autographic or facsimile signature of persons authorized by sections 3210-3216 and 3218 of this title to transmit matter through the mail without prepayment of postage or other indicia contemplated by sections 733 and 907 of title 44;

"(4) 'franked mail' means mail which is transmitted in the mail under a frank; and

"(5) 'Members of Congress' includes Senators, Representatives, Delegates, and Resident Commissioners.

"§ 3202. Penalty mail

"(a) Subject to the limitations imposed by sections 3204 and 3207 of this title, there may be transmitted as penalty mail—

"(1) official mail of—

"(A) officers of the Government of the United States other than Members of Congress;

"(B) the Smithsonian Institution;

"(C) the Pan American Union;

"(D) the Pan American Sanitary Bureau;

"(E) the United States Employment Service and the system of employment offices operated by it in conformity with the provisions of sections 49-49c, 49d, 49e-49k of title 29, and all State employment systems which receive funds appropriated under authority of those sections; and

"(F) and college officer or other person connected with the extension department of the college as the Secretary of Agriculture may designate to the Postal Service to the extent that the official mail consists of correspondence, bulletins, and reports for the furtherance of the purpose of sections 341-343 and 344-348 of title 7;

"(2) mail relating to naturalization to be sent to the Immigration and Naturalization Service by clerks of courts addressed to the Department of Justice or the Immigration and Naturalization Service, or any official thereof;

"(3) mail relating to a collection of statistics, survey, or census authorized by title 13 and addressed to the Department of Commerce or a bureau or agency thereof;

"(4) mail of State agriculture experiment stations pursuant to sections 325 and 361f of title 7; and

"(5) articles for copyright deposited with postmasters and addressed to the Register of Copyrights pursuant to section 15 of title 17.

"(b) A department or officer authorized to use penalty covers may enclose them with return address to any person from or through whom official information is desired. The penalty cover may be used only to transmit the official information and endorsements relating thereto.

"(c) This section does not apply to officers who receive a fixed allowance as compensation for their services including expenses of postage.

"§ 3203. Endorsements on penalty covers

"(a) Except as otherwise provided in this section, penalty covers shall bear, over the words 'Official Business' an endorsement showing the name of the department, bureau, or office from which, or officer from whom, it is transmitted. The penalty for the unlawful use of all penalty covers shall be printed thereon.

"(b) The Postal Service shall prescribe the endorsement to be placed on covers mailed under clauses (1) (E), (2), and (3) of section 3202(a) of this title.

"§ 3204. Restrictions on use of penalty mail

"(a) Except as otherwise provided in this section, an officer, executive department, or independent establishment of the Government of the United States may not mail, as penalty mail, any article or document unless—

"(1) a request therefor has been previously received by the department or establishment; or

"(2) its mailing is required by law.

"(b) Subsection (a) of this section does not prohibit the mailing, as penalty mail, by an officer, executive department, or independent agency of—

"(1) enclosures reasonably related to the subject matter of official correspondence;

"(2) informational releases relating to the census of the United States and authorized by title 13;

"(3) matter concerning the sale of Government securities;

"(4) forms, blanks, and copies of statutes, rules, regulations, instructions, administrative orders, and interpretations necessary in the administration of the department or establishment;

"(5) agricultural bulletins;

"(6) lists of public documents offered for sale by the Superintendent of Documents;

"(7) announcements of the publication of maps, atlases, and statistical and other reports offered for sale by the Federal Power Commission as authorized by section 825k of title 16; or

"(8) articles or documents to educational institutions or public libraries, or to Federal, State, or other public authorities.

"§ 3205. Accounting for penalty covers

"Executive departments and agencies, independent establishments of the Government of the United States, and organizations and persons authorized by law to use penalty mail, shall account for all penalty covers through the Postal Service.

"§ 3206. Reimbursement for penalty mail service

"(a) Except as provided in subsections (b) and (c) of this section, executive departments and agencies, independent establishments of the Government of the United States, and Government corporations concerned, shall transfer to the Postal Service as postal revenue out of any appropriations or funds available to them, as a necessary expense of the appropriations or funds and of the activities concerned, the equivalent amount of postage due, as determined by the Postal Service, for matter sent in the mails by or to them as penalty mail under authority of section 3202 of this title.

"(b) The Department of Agriculture shall transfer to the Postal Service as postal revenues out of any appropriations made to it for that purpose the equivalent amount of postage, as determined by the Postal Service, for penalty mailings under clauses (1) (F) and (4) of section 3202(a) of this title.

"(c) The Library of Congress shall transfer to the Postal Service as postal revenues out of any appropriations made to the Library for

that purpose the equivalent amount of postage, as determined by the Postal Service, for penalty mailings under clause (5) of section 3202 (a) of this title.

“§ 3207. Limit of weight of penalty mail; postage on overweight matter

“(a) Penalty mail is restricted to articles not in excess of the weight and size prescribed for that class of mail receiving high priority in handling and delivery, except—

“(1) stamped paper and supplies sold or used by the Postal Service; and

“(2) books and documents published or circulated by order of Congress when mailed by the Superintendent of Documents.

“(b) A penalty mail article which is—

“(1) over 4 pounds in weight;

“(2) not in excess of the weight and size prescribed for mail matter; and

“(3) otherwise mailable;

is mailable at rates for that class of mail entitled to the lowest priority in handling and delivery, even though it may include written matter and may be sealed.

“§ 3208. Shipment by most economical means

“Shipments of official matter other than franked mail shall be sent by the most economical means of transportation practicable. The Postal Service may refuse to accept official matter for shipment by mail when in its judgment it may be shipped by other means at less expense, or it may provide for its transportation by freight or express, whenever a saving to the Government of the United States will result therefrom without detriment to the public service.

“§ 3209. Executive departments to supply information

“Persons and governmental organizations authorized to use penalty mail shall supply all information requested by the Postal Service necessary to carry out the provisions of this chapter as soon as practicable after request therefor.

“§ 3210. Official correspondence of Vice President and Members of Congress

“The Vice President, Members, and Members-elect of Congress, Secretary of the Senate, Sergeant at Arms of the Senate, Clerk of the House of Representatives, and Sergeant at Arms of the House of Representatives, until the thirtieth day of June following the expiration of their respective terms of office, may send as franked mail—

“(1) matter, not exceeding 4 pounds in weight, upon official or departmental business, to a Government official; and

“(2) correspondence, not exceeding 4 ounces in weight, upon official business to any person.

In the event of a vacancy in the office of the Secretary of the Senate, Sergeant at Arms of the Senate, Clerk of the House of Representatives, or Sergeant at Arms of the House of Representatives, any authorized person may exercise this privilege in the officer's name during the period of the vacancy.

“§ 3211. Public documents

“The Vice President, Members of Congress, the Secretary of the Senate, the Sergeant at Arms of the Senate, the Clerk of the House of Representatives, and the Sergeant at Arms of the House of Representatives, until the thirtieth day of June following the expiration of their respective terms of office, may send and receive as franked mail all public documents printed by order of Congress.

“§ 3212. Congressional Record under frank of Members of Congress

“Members of Congress may send as franked mail the Congressional Record, or any part thereof, or speeches or reports therein contained.

“§ 3213. Seeds and reports from Department of Agriculture

“Seeds and agricultural reports emanating from the Department of Agriculture may be mailed—

“(1) as penalty mail by the Secretary of Agriculture; and

“(2) until the thirtieth day of June following the expiration of their terms of office, as franked mail by Members of Congress.

“§ 3214. Mailing privilege of former Presidents

“A former President may send all his mail within the United States and its territories and possessions as franked mail.

“§ 3215. Lending or permitting use of frank unlawful

“A person entitled to use a frank may not lend it or permit its use by any committee, organization, or association, or permit its use by any person for the benefit or use of any committee, organization, or association. This section does not apply to any committee composed of Members of Congress.

“§ 3216. Reimbursement for franked mailings

“(a) The postage on mail matter sent and received through the mails under the franking privilege by the Vice President, Members and Members-elect of Congress, the Secretary of the Senate, Sergeant at Arms of the Senate, Clerk of the House of Representatives, and the Sergeant at Arms of the House of Representatives, including registry fees if registration is required, and postage on correspondence sent by the surviving spouse of a Member under section 3218 of this title, shall be paid by a lump-sum appropriation to the legislative branch for the purpose, and then paid to the Postal Service as postal revenue.

“(b) The postage on mail matter sent through the mails under the franking privilege by former Presidents shall be paid by reimbursement of the postal revenues each fiscal year out of the general funds of the Treasury in an amount equivalent to the postage which would otherwise be payable on the mail matter.

“§ 3217. Correspondence of members of diplomatic corps and consuls of countries of Postal Union of Americas and Spain

“Correspondence of the members of the diplomatic corps of the countries of the Postal Union of the Americas and Spain stationed in the United States may be reciprocally transmitted in the domestic mails free of postage, and be entitled to free registration without

right to indemnity in case of loss. The same privilege is accorded consuls of countries stationed in the United States, for official correspondence among themselves, and with the Government of the United States.

"§ 3218. Franked mail for surviving spouses of Members of Congress

"Upon the death of a Member of Congress during his term of office, the surviving spouse of such Member may send, for a period not to exceed 180 days after his death, as franked mail, correspondence relating to the death of the Member.

"Chapter 34.—ARMED FORCES AND FREE POSTAGE

"Sec.

"3401. Mailing privileges of members of Armed Forces of the United States and of friendly foreign nations.

"3402. Mailing privileges of members of Armed Forces of the United States and of friendly nations in the Canal Zone.

"3403. Matter for blind and other handicapped persons.

"3404. Unsealed letters sent by blind or physically handicapped persons.

"3405. Markings.

"§ 3401. Mailing privileges of members of Armed Forces of the United States and of friendly foreign nations

"(a) Letter mail or sound-recorded communications having the character of personal correspondence shall be carried, at no cost to the sender, in the manner provided by this section, when mailed by—

"(1) a member of the Armed Forces of the United States on active duty, as defined in section 101 (4) and (22) of title 10, and addressed to a place within the delivery limits of a United States post office, if—

"(A) such letter mail or sound-recorded communication is mailed by the member at an Armed Forces post office established in an overseas area, as designated by the President, where the Armed Forces of the United States are engaged in action against an enemy of the United States, engaged in military operations involving armed conflict with a hostile foreign force, or serving with a friendly foreign force in an armed conflict in which the United States is not a belligerent; or

"(B) the member is hospitalized in a facility under the jurisdiction of the Armed Forces of the United States as a result of disease or injury incurred as a result of service in an overseas area designated by the President under clause (A) of this paragraph; or

"(2) a member of an armed force of a friendly foreign nation at an Armed Forces post office and addressed to a place within the delivery limits of a United States post office, or a post office of the nation in whose armed forces the sender is a member, if—

"(A) the member is accorded free mailing privileges by his own government;

"(B) the foreign nation extends similar free mailing privileges to a member of the Armed Forces of the United States serving with, or in, a unit under the control of a command of that foreign nation;

"(C) the member is serving with, or in, a unit under the operational control of a command of the Armed Forces of the United States;

"(D) such letter mail or sound-recorded communication is mailed by the member—

"(i) at an Armed Forces post office established in an overseas area, as designated by the President, where the Armed Forces of the United States are engaged in action against an enemy of the United States, engaged in military operations involving armed conflict with a hostile foreign force, or serving with a friendly foreign force in an armed conflict in which the United States is not a belligerent; or

"(ii) while hospitalized in a facility under the jurisdiction of the Armed Forces of the United States as a result of disease or injury incurred as a result of services in an overseas area designated by the President under clause (D) (i) of this paragraph; and

"(E) the nation in whose armed forces the sender is a member has agreed to assume all international postal transportation charges incurred.

"(b) There shall be transported by air, between Armed Forces post offices which are located outside the 48 contiguous States of the United States or between any such Armed Forces post office and the point of embarkation or debarkation within the United States, the territories and possessions of the United States in the Pacific area, the Commonwealth of Puerto Rico, the Virgin Islands, or the Canal Zone, on a space available basis, on scheduled United States air carriers at rates fixed and determined by the Civil Aeronautics Board in accordance with section 1376 of title 49, the following categories of mail matter:

"(1) (A) letter mail or sound-recorded communications having the character of personal correspondence; and

"(B) parcels not exceeding 5 pounds in weight and 60 inches in length and girth combined;

which are mailed at or addressed to any such Armed Forces post office;

"(2) publications (entitled to a periodical publication rate, published once each week or more frequently, and featuring principally current news of interest to members of the Armed Forces and the general public) which are mailed at or addressed to any such Armed Forces post office (A) in an overseas area designated by the President under subsection (a) of this section, or (B) in an isolated, hardship, or combat support area overseas, or where adequate surface transportation is not available; and

"(3) parcels exceeding 5 pounds but not exceeding 70 pounds in weight and not exceeding 100 inches in length and girth combined, including surface-type official mail, which are mailed at or addressed to any such Armed Forces post office where adequate surface transportation is not available.

Whenever adequate service by scheduled United States air carriers is not available to provide transportation of mail matter by air in accordance with this subsection, the transportation of such mail may be authorized by other than scheduled United States air carriers.

"(c) The Department of Defense shall transfer to the Postal Service as postal revenues, out of any appropriations or funds available to the Department of Defense, as a necessary expense of the appropriations or funds and of the activities concerned, the equivalent amount of postage due, as determined by the Postal Service, for matter sent in the mails under authority of subsection (a) of this section.

"(d) The Department of Defense shall transfer to the Postal Service as postal revenues, out of any appropriations or funds available to the Department of Defense, as a necessary expense of the appropriations or funds and of the activities concerned, sums equal to the expenses incurred by the Postal Service, as determined by the Postal Service, in providing air transportation for mail mailed at or addressed to Armed Forces post offices established under section 406 of this title, but reimbursement under this subsection shall not include the expense of air transportation (1) for which the Postal Service collects a special charge to the extent the special charge covers the additional expense of air transportation or (2) that is provided by the Postal Service at the same postage rate or charge for mail which is neither mailed at nor addressed to an Armed Forces post office.

"(e) This section shall be administered under such conditions, and under such regulations, as the Postal Service and the Secretary of Defense jointly may prescribe.

"§ 3402. Mailing privileges of members of Armed Forces of the United States and of friendly foreign nations in the Canal Zone

"(a) For the purpose of section 3401 of this title, each post office in the Canal Zone postal service, to the extent that it provides mail service for members of the Armed Forces of the United States and of friendly foreign nations, shall be considered to be an Armed Forces post office established in an overseas area.

"(b) The Department of Defense shall reimburse the postal service of the Canal Zone, out of any appropriations or funds available to the Department of Defense, as a necessary expense of the appropriations or funds and of the activities concerned, the equivalent amount of postage due, and sums equal to the expenses incurred by, the postal service of the Canal Zone, as determined by the Governor of the Canal Zone, for matter sent in the mails, and in providing air transportation of mail, under section 3401 of this title.

"§ 3403. Matter for blind and other handicapped persons

"(a) The matter described in subsection (b) of this section (other than matter mailed under section 3404 of this title) may be mailed free of postage, if—

"(1) the matter is for the use of the blind or other persons who cannot use or read conventionally printed material because of a physical impairment and who are certified by competent authority as unable to read normal reading material in accordance with the provisions of sections 135a and 135b of title 2;

"(2) no charge, or rental, subscription, or other fee, is required for such matter or a charge, or rental, subscription, or other fee is required for such matter not in excess of the cost thereof;

"(3) the matter may be opened by the Postal Service for inspection; and

"(4) the matter contains no advertising.

"(b) The free mailing privilege provided by subsection (a) of this section is extended to—

"(1) reading matter and musical scores;

"(2) sound reproductions;

"(3) paper, records, tapes, and other material for the production of reading matter, musical scores, or sound reproductions;

"(4) reproducers or parts thereof, for sound reproductions, and

"(5) braille writers, typewriters, educational or other materials or devices, or parts thereof, used for writing by, or specifically designed or adapted for use of, a blind person or a person having a physical impairment as described in subsection (a) (1) of this section.

"§ 3404. Unsealed letters sent by blind or physically handicapped persons

"Unsealed letters sent by a blind person or a person having a physical impairment, as described in section 3403 (a) (1) of this title, in raised characters or sight-saving type, or in the form of sound recordings, may be mailed free of postage.

"§ 3405. Markings

"All matter relating to blind or other handicapped persons mailed under section 3403 or 3404 of this title, shall bear the words 'Free Matter for the Blind or Handicapped', or words to that effect specified by the Postal Service, in the upper right-hand corner of the address area.

"Chapter 36.—POSTAL RATES, CLASSES, AND SERVICES

"SUBCHAPTER I—POSTAL RATE COMMISSION

"Sec.

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"3602. Terms of office.

"3603. Rules; regulations; procedures.

"3604. Administration.

"SUBCHAPTER II—PERMANENT RATES AND CLASSES OF MAIL

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"3622. Rates and fees.

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"SUBCHAPTER III—TEMPORARY RATES AND CLASSES

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"SUBCHAPTER I—POSTAL RATE COMMISSION

"§ 3601. Establishment

"There is established, as an independent establishment of the executive branch of the Government of the United States, the Postal Rate Commission composed of 5 Commissioners appointed by the President, not more than 3 of whom may be adherents of the same political party. One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed only in accordance with section 7521 of title 5.

"§ 3602. Terms of office

"The Commissioners of the Postal Rate Commission shall serve for terms of 6 years except that—

"(1) the terms of the Commissioners first taking office shall expire as designated by the President at the time of appointment, 1 at the end of 2 years, 2 at the end of 4 years, and 2 at the end of 6 years, following the appointment of the first of them; and

"(2) any Commissioner appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall serve for the remainder of such term.

"§ 3603. Rules; regulations; procedures

"The Postal Rate Commission shall promulgate rules and regulations and establish procedures, subject to chapters 5 and 7 of title 5, and take any other action they deem necessary and proper to carry out their functions and obligations to the Government of the United States and the people as prescribed under this chapter. Such rules, regulations, procedures, and actions shall not be subject to any change or supervision by the Postal Service.

"§ 3604. Administration

"(a) The Chairman of the Postal Rate Commission shall have the administrative responsibility for assigning the business of the Commission to the other Commissioners and to the officers and employees of the Commission. All final acts of the Commissioners shall be by a vote of an absolute majority thereof

"(b) The Commission may obtain such facilities and supplies, and appoint and fix the compensation of such officers and employees, as may be necessary to permit the Commission to carry out its functions. The officers and employees so appointed (1) shall be paid at rates of compensation, and shall be entitled to programs offering employee benefits, established under chapter 10 or 12 of this title, as appropriate, and (2) shall be responsible solely to the Commissioners.

"(c) (1) The Commission shall periodically prepare and submit to the Postal Service a budget of the Commission's expenses, including but not limited to expenses for facilities, supplies, compensation, and employee benefits. The budget shall be considered approved—

"(A) as submitted if the Governors fail to act in accordance with clause (B) of this paragraph; or

"(B) as adjusted if the Governors holding office, by unanimous written decision, adjust the total amount of money requested in the budget.

Clause (B) shall not be construed to authorize the Governors to adjust any item included within the budget.

"(2) Expenses incurred under any budget approved under paragraph (1) of this subsection shall be paid out of the Postal Service Fund established under section 2003 of this title.

"(d) The provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.

"SUBCHAPTER II—PERMANENT RATES AND CLASSES OF MAIL

"§ 3621. Authority to fix rates and classes

"Except as otherwise provided, the Governors are authorized to establish reasonable and equitable classes of mail and reasonable and equitable rates of postage and fees for postal services in accordance with the provisions of this chapter. Postal rates and fees shall be reasonable and equitable and sufficient to enable the Postal Service under honest, efficient, and economical management to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States. Postal rates and fees shall provide sufficient revenues so that the total estimated income and appropriations to the Postal Service will equal as nearly as practicable total estimated costs of the Postal Service. For purposes of this section, 'total estimated costs' shall include (without limitation) operating expenses, depreciation on capital facilities and equipment, debt service (including interest, amortization of debt discount and expense, and provision for sinking funds or other retirements of obligations to the extent that such provision exceeds applicable depreciation charges), and a reasonable provision for contingencies.

"§ 3622. Rates and fees

"(a) From time to time the Postal Service shall request the Postal Rate Commission to submit a recommended decision on changes in a rate or rates of postage or in a fee or fees for postal services if the Postal Service determines that such changes would be in the public interest and in accordance with the policies of this title. The Postal Service may submit such suggestions for rate adjustments as it deems suitable.

"(b) Upon receiving a request, the Commission shall make a recommended decision on the request for changes in rates or fees in each class of mail or type of service in accordance with the policies of this title and the following factors:

"(1) the establishment and maintenance of a fair and equitable schedule;

"(2) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;

"(3) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;

"(4) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;

"(5) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;

"(6) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;

"(7) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services; and

"(8) such other factors as the Commission deems appropriate.

"§ 3623. Mail classification

"(a) Within 2 years after the effective date of this subchapter, the Postal Service shall request the Postal Rate Commission to make a recommended decision on establishing a mail classification schedule in accordance with the provisions of this section.

"(b) Following the establishment of the mail classification schedule requested under subsection (a) of this section, the Postal Service may from time to time request that the Commission submit, or the Commission may submit to the Postal Service on its own initiative, a recommended decision on changes in the mail classification schedule.

"(c) The Commission shall make a recommended decision on establishing or changing the schedule in accordance with the policies of this title and the following factors:

"(1) the establishment and maintenance of a fair and equitable classification system for all mail;

"(2) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;

"(3) the importance of providing classifications with extremely high degrees of reliability and speed of delivery;

"(4) the importance of providing classifications which do not require an extremely high degree of reliability and speed of delivery;

"(5) the desirability of special classifications from the point of view of both the user and of the Postal Service; and

"(6) such other factors as the Commission may deem appropriate.

"(d) The Postal Service shall maintain one or more classes of mail for the transmission of letters sealed against inspection. The rate for each such class shall be uniform throughout the United States, its territories, and possessions. One such class shall provide for the most expeditious handling and transportation afforded mail matter by the Postal Service. No letter of such a class of domestic origin shall be opened except under authority of a search warrant authorized by law, or by an officer or employee of the Postal Service for the sole purpose of determining an address at which the letter can be delivered, or pursuant to the authorization of the addressee.

"§ 3624. Recommended decisions of Commission

"(a) The Postal Rate Commission shall promptly consider a request made under section 3622 or 3623 of this title, except that the Commission shall not recommend a decision until the opportunity for a hearing on the record under sections 556 and 557 of title 5 has been accorded to the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public.

"(b) In order to conduct its proceedings with utmost expedition consistent with procedural fairness to the parties, the Commission may (without limitation) adopt rules which provide for—

"(1) the advance submission of written direct testimony;

"(2) the conduct of prehearing conferences to define issues, and for other purposes to insure orderly and expeditious proceedings;

"(3) discovery both from the Postal Service and the parties to the proceedings;

"(4) limitation of testimony; and

"(5) the conduct of the entire proceedings off the record with the consent of the parties.

"(c) The Commission shall transmit its recommended decision in a rate, fee, or classification matter to the Governors. The recommended decision shall include a statement specifically responsive to the criteria established under section 3622 or 3623, as the case may be.

"§ 3625. Action of the Governors

"(a) Upon receiving a recommended decision from the Postal Rate Commission, the Governors may approve, allow under protest, reject, or modify that decision in accordance with the provisions of this section.

"(b) The Governors may approve the recommended decision and order the decision placed in effect.

"(c) The Governors may, under protest, allow a recommended decision of the Commission to take effect and (1) seek judicial review thereof under section 3628 of this title, or (2) return the recommended decision to the Commission for reconsideration and a further recommended decision, which shall be acted upon under this section and subject to review in accordance with section 3628 of this title.

"(d) The Governors may reject the recommended decision of the Commission and the Postal Service may resubmit its request to the Commission for reconsideration. Upon resubmission, the request shall be reconsidered, and further recommended decision of the Commission shall be acted upon under this section and subject to review in accordance with section 3628 of this title. However, with the unanimous written concurrence of all of the Governors then holding office, the Governors may modify any such further recommended decision of the Commission under this subsection if the Governors expressly find that (1) such modification is in accord with the record and the policies of this chapter, and (2) the rates recommended by the Commission are not adequate to provide sufficient total revenues so that total estimated income and appropriations will equal as nearly as practicable estimated total costs.

"(e) The decision of the Governors to approve, allow under protest, reject, or modify a recommended decision of the Commission shall be in writing and shall include an estimate of anticipated revenue and

a statement of explanation and justification. The decision, the record of the Commission's hearings, and the Commission's recommended decision shall be made generally available at the time the decision is issued and shall be printed and made available for sale by the Public Printer within 10 days following the day the decision is issued.

"(f) The Board shall determine the date on which the new rates, fees, the mail classification schedule, and changes in such schedule under this subchapter shall become effective.

"§ 3626. Reduced rates

"If the rates of postage for any class of mail or kind of mailer under former sections 4358, 4359, 4421, 4422, 4452, or 4554 of this title, as such rates existed on the effective date of this subchapter, are, on the effective date of the first rate decision under this subchapter affecting that class or kind, less than the rates established by such decision, a separate rate schedule shall be adopted for that class or kind effective each time rates are established or changed under this subchapter, with annual increases as nearly equal as practicable, so that—

"(1) the revenues received from rates for mail under former sections 4358, 4452 (b) and (c), and 4554 (b) and (c) shall not, on and after the first day of the tenth year following the effective date of the first rate decision applicable to that class or kind, exceed the direct and indirect postal costs attributable to mail of such class or kind (excluding all other costs of the Postal Service); and

"(2) the rates for mail under sections 4359, 4421, 4422, 4452(a), and 4554(a) shall be equal, on and after the first day of the fifth year following the effective date of the first rate decision applicable to that class or kind, to the rates that would have been in effect for such mail if this subsection had not been enacted.

No person who would have been entitled to mail matter under former section 4359 of this title shall mail such matter at the rates provided under this subsection unless he files annually with the Postal Service a written request for permission to mail matter at such rates.

"§ 3627. Adjusting free and reduced rates

"If Congress fails to appropriate an amount authorized under section 2401(c) of this title for any class of mail sent at a free or reduced rate under section 3217, 3403-3405, or 3626 of this title, or under the Federal Voting Assistance Act of 1955, the rate for that class may be adjusted in accordance with the provisions of this subchapter so that the increased revenues received from the users of such class will equal the amount for that class that the Congress was to appropriate.

"§ 3628. Appellate review

"A decision of the Governors to approve, allow under protest, or modify the recommended decision of the Postal Rate Commission may be appealed to any court of appeals of the United States, within 15 days after its publication by the Public Printer, by an aggrieved party who appeared in the proceedings under section 3624(a) of this title. The court shall review the decision, in accordance with section 706 of title 5, and chapter 158 and section 2112 of title 28, except as otherwise provided in this section, on the basis of the record before the Com-

mission and the Governors. The court may affirm the decision or order that the entire matter be returned for further consideration, but the court may not modify the decision. The court shall make the matter a preferred cause and shall expedite judgment in every way. The court may not suspend the effectiveness of the changes, or otherwise prevent them from taking effect until final disposition of the suit by the court. No court shall have jurisdiction to review a decision made by the Commission or Governors under this chapter except as provided in this section.

"SUBCHAPTER III—TEMPORARY RATES AND CLASSES

"§ 3641. Temporary changes in rates and classes

"(a) If the Postal Rate Commission does not transmit to the Governors within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a recommended decision on a change in rates of postage or in fees for postal services, or on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register, may place into effect temporary changes in rates of postage, in fees for postal service, or in the mail classification schedule it considers appropriate to carry out the provisions of this title. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its recommended decision to the Governors.

"(b) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, in fees for postal services, or in the mail classification schedule.

"(c) A rate of postage for a class of mail or a fee for a postal service under a temporary change under this section may not exceed the lesser of (1) the rate or fee requested for such class or service, or (2) a rate or fee which is more than one-third greater than the permanent rate or fee in effect for that class or service at the time a permanent change in the rate or fee of such class or service is requested under section 3622 of this title.

"SUBCHAPTER IV—POSTAL SERVICES AND COMPLAINTS

"§ 3661. Postal services

"(a) The Postal Service shall develop and promote adequate and efficient postal services.

"(b) When the Postal Service determines that there should be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis, it shall submit a proposal, within a reasonable time prior to the effective date of such proposal, to the Postal Rate Commission requesting an advisory opinion on the change.

"(c) The Commission shall not issue its opinion on any proposal until an opportunity for hearing on the record under sections 556 and 557 of title 5 has been accorded to the Postal Service, users of the mail, and an officer of the Commission who shall be required to represent the interests of the general public. The opinion shall be in writing and shall include a certification by each Commissioner agreeing with the opinion that in his judgment the opinion conforms to the policies established under this title.

"§ 3662. Rate and service complaints

"Interested parties who believe the Postal Service is charging rates which do not conform to the policies set out in this title or who believe that they are not receiving postal service in accordance with the policies of this title may lodge a complaint with the Postal Rate Commission in such form and in such manner as it may prescribe. The Commission may in its discretion hold hearings on such complaint. If the Commission, in a matter covered by subchapter II of this chapter, determines the complaint to be justified, it shall, after proceedings in conformity with section 3624 of this title, issue a recommended decision which shall be acted upon in accordance with the provisions of section 3625 of this title and subject to review in accordance with the provisions of section 3628 of this title. If a matter not covered by subchapter II of this chapter is involved, and the Commission after hearing finds the complaint to be justified, it shall render a public report thereon to the Postal Service which shall take such action as it deems appropriate.

"SUBCHAPTER V—GENERAL

"§ 3681. Reimbursement

"No mailer may be reimbursed for any amount paid under any rate or fee which, after such payment, is determined to have been unlawful after proceedings in accordance with the provisions of section 3628 of this title, or is superseded by a lower rate or fee established under subchapter II of this chapter.

"§ 3682. Size and weight limits

"(a) Except as provided in subsection (b) of this section—

"(1) the maximum weight of mail other than letter mail is 40 pounds; and

"(2) the maximum size is—

"(A) 78 inches in girth and length combined before July 1, 1971; and

"(B) 84 inches in girth and length combined on and after July 1, 1971

"(b) The maximum size on mail, other than letter mail, is 100 inches in girth and length combined, and the maximum weight is 70 pounds if the mail—

"(1) is mailed at, or addressed for delivery at, other than first-class post offices or on rural or star routes, as such offices and routes existed on the day prior to the effective date of this section, as determined by the Postal Service;

"(2) contains baby fowl, live plants, trees, shrubs, or agricultural commodities but not the manufactured products of those commodities;

"(3) would have been entitled to be mailed under former section 4554 of this title;

"(4) is addressed to or mailed at any Armed Forces post office outside the 50 States; or

"(5) is addressed to or mailed in the Commonwealth of Puerto Rico, the States of Alaska and Hawaii, or a possession of the United States including the Canal Zone and the Trust Territory of the Pacific Islands.

"(c) The Postal Service may establish size and weight limitations for letter mail in the same manner as prescribed for changes in classification under subchapter II of this chapter.

"§ 3683. Uniform rates for books; films; other materials

"Notwithstanding any other provision of this title, the rates of postage established for mail matter enumerated in former section 4554 of this title shall be uniform for such mail of the same weight, and shall not vary with the distance transported.

"§ 3684. Limitations

"Except as provided in section 3627 of this title, no provision of this chapter shall be construed to give authority to the Governors to make any change in any provision of section 3682 or 3683 or chapter 30, 32, or 34 of this title, or of the Federal Voting Assistance Act of 1955.

"§ 3685. Filing of information relating to periodical publications

"(a) Each owner of a publication having periodical publication mail privileges shall furnish to the Postal Service at least once a year, and shall publish in such publication once a year, information in such form and detail and at such time as the Postal Service may require with respect to—

"(1) the identity of the editor, managing editor, publishers, and owners;

"(2) the identity of the corporation and stockholders thereof, if the publication is owned by a corporation;

"(3) the identity of known bondholders, mortgagees, and other security holders;

"(4) the extent and nature of the circulation of the publication, including, but not limited to, the number of copies distributed, the methods of distribution, and the extent to which such circulation is paid in whole or in part; and

"(5) such other information as the Postal Service may deem necessary to determine whether the publication meets the standards for periodical publication mail privileges.

The Postal Service shall not require the names of persons owning less than 1 percent of the total amount of stocks, bonds, mortgages, or other securities.

"(b) Each publication having such mail privileges shall furnish to the Postal Service information in such form and detail, and at such times, as the Postal Service requires to determine whether the publication continues to qualify for such privileges.

"(c) The Postal Service shall make appropriate rules and regulations to carry out the purposes of this section, including provision for suspension or revocation of periodical publication mail privileges for failure to furnish the required information.

"PART V—TRANSPORTATION OF MAIL

"CHAPTER	Sec.
"50. GENERAL-----	5001
"52. TRANSPORTATION OF MAIL BY SURFACE CARRIER-----	5201
"54. TRANSPORTATION OF MAIL BY AIR-----	5401
"56. TRANSPORTATION OF MAIL BY VESSEL-----	5601

"Chapter 50.—GENERAL

"Sec.

- "5001. Provisions for carrying mail.
- "5002. Transportation of mail of adjoining countries through the United States.
- "5003. Establishment of post roads.
- "5004. Discontinuance of service on post roads.
- "5005. Mail transportation.
- "5006. Lien on compensation of contractor.
- "5007. Free transportation of postal employees.

"§ 5001. Provisions for carrying mail

"The Postal Service shall provide for the transportation of mail in accordance with the policies established under section 101 (e) and (f) of this title and the provisions of this chapter. Notwithstanding any other provision of this title, the Postal Service may make arrangements on a temporary basis for the transportation of mail when, as determined by the Postal Service, an emergency arises. Such arrangements shall terminate when the emergency ceases and the Postal Service is promptly able to secure transportation services under other provisions of this title.

"§ 5002. Transportation of mail of adjoining countries through the United States

"The Postal Service, with the consent of the President, may make arrangements to allow the mail of countries adjoining the United States to be transported over the territory of the United States from one point in that country to any other point therein, at the expense of the country to which the mail belongs, upon obtaining a like privilege for the transportation of United States mail through the country to which the privilege is granted.

"§ 5003. Establishment of post roads

"The following are post roads:

- "(1) the waters of the United States, during the time the mail is carried thereon;
- "(2) railroads or part of railroads and air routes in operation;
- "(3) canals, during the time the mail is carried thereon;
- "(4) public roads, highways, and toll roads during the time the mail is carried thereon; and
- "(5) letter-carrier routes established for the collection and delivery of mail.

"§ 5004. Discontinuance of service on post roads

"The Postal Service may discontinue service on a post road or part thereof when, in its opinion, the public interest so requires.

"§ 5005. Mail transportation

"(a) The Postal Service may obtain mail transportation service—

- "(1) from common carriers by rail and motor vehicle or persons as provided in chapter 52 of this title;
- "(2) from air carriers as provided in chapter 54 of this title;
- "(3) from water carriers as provided in chapter 56 of this title; and
- "(4) by contract from any person (as defined in section 5201 (7) of this title) or carrier for surface and water transportation under such terms and conditions as it deems appropriate, subject to the provisions of this section.

"(b) (1) Contracts for the transportation of mail procured under subsection (a) (4) of this section shall be for periods not in excess of 4 years (or where the Postal Service determines that special conditions or the use of special equipment warrants, not in excess of 6 years) and shall be entered into only after advertising a sufficient time previously for proposals. The Postal Service, with the consent of the holder of any such contract, may adjust the compensation allowed under that contract for increased or decreased costs resulting from changed conditions occurring during the term of the contract.

"(2) A contract made under subsection (a) (4) of this section may be renewed at the existing rate by mutual agreement between the holder and the Postal Service.

"(3) Any contract between the Postal Service and any carrier or person for the transportation of mail shall be available for inspection in the office of the Postal Service and either the Interstate Commerce Commission or the Civil Aeronautics Board, as appropriate, and in post offices on the post roads involved, as determined by the Postal Service, at least 15 days prior to the effective date of the contract.

"(c) The Postal Service, in determining whether to obtain transportation of mail by carrier or persons under subsection (a) (1) of this section, by contract under subsection (a) (4) of this section, or by Government motor vehicle, shall use the mode of transportation which best serves the public interest, due consideration being given to the cost of the transportation service under each mode.

"§ 5006. Lien on compensation of contractor

"(a) A person who—

- "(1) performs service for a contractor or subcontractor in the transportation of mail;
- "(2) files his contract for service with the Postal Service; and
- "(3) files satisfactory evidence of performance with the Postal Service;

shall have a lien on money due the contractor or subcontractor for the service.

"(b) The Postal Service may pay the person establishing a lien under subsection (a) of this section the sum due him, when the contractor or subcontractor fails to pay the person the amount of his lien within 2 months after the expiration of the month in which the service was performed. It shall charge the amount so paid to the contract. The payments may not exceed the annual rate of pay of the contractor or subcontractor.

“§ 5007. Free transportation of postal employees

“Each person or carrier engaged in the transportation of mail shall carry on any vessel, train, motor vehicle, or aircraft he operates, upon exhibiting their credentials and without extra charge therefor, persons on duty in charge of the mails or when traveling to and from such duty.

“Chapter 52.—TRANSPORTATION OF MAIL BY SURFACE CARRIER

Sec.

“5201. Definitions.

“5202. Applicability.

“5203. Authorization of service by carrier.

“5204. Changes in service; placement of equipment.

“5205. Evidence of service.

“5206. Fines and deductions.

“5207. Interstate Commerce Commission to fix rates.

“5208. Procedures.

“5209. Special rates.

“5210. Intermodal transportation.

“5211. Statistical studies.

“5212. Special contracts.

“5213. Carrier operations; receipts; expenditures.

“5214. Agreements with passenger common carriers by motor vehicle.

“5215. Star route certification.

“§ 5201. Definitions

“For purposes of this chapter—

“(1) ‘Commission’ means the Interstate Commerce Commission;

“(2) ‘carrier’ and ‘regulated surface carrier’ mean a railroad, a freight forwarder, a motor carrier, or an express company;

“(3) ‘railroad’ means a railway common carrier, including an electric urban and interurban railway common carrier;

“(4) ‘freight forwarder’ means any regulated freight forwarder which holds itself out to the general public as a common carrier to transport or provide transportation of property as authorized by a permit issued by the Commission;

“(5) ‘motor carrier’ means any common carrier by motor vehicle, except a passenger-carrying motor vehicle, within the meaning of section 303(a) (14) of title 49, which holds a certificate of public convenience and necessity issued by the Commission;

“(6) ‘express company’ means any express company engaged in transportation as a common carrier for hire under section 1(3) of title 49;

“(7) ‘person’ includes any person other than a carrier holding a certificate of public convenience and necessity issued by the Commission; and

“(8) ‘mail’ includes equipment and supplies of the Postal Service.

“§ 5202. Applicability

“This chapter applies to mail transportation performed by any person or carrier or carrier combination regardless of the mode of transportation actually used to provide the service.

“§ 5203. Authorization of service by carrier

“(a) The Postal Service may establish mail routes and authorize mail transportation service thereon.

“(b) A carrier shall transport mail offered for transportation by the Postal Service in the manner, under the conditions, and with the service prescribed by the Postal Service. A carrier is entitled to receive fair and reasonable compensation for the transportation and service connected therewith.

“(c) The Postal Service shall determine the trains or motor vehicles upon which mail shall be transported, except that no carrier shall be compelled to transport mail on any train or vehicle which is operated exclusively for the transportation of passengers and their baggage.

“(d) A carrier shall transport with due speed such mail as the Postal Service directs under this section.

“(e) No carrier shall be required to serve territory it is not otherwise authorized to serve, to provide service for the Postal Service at a rate which is less than compensatory cost, or to provide service at a detriment to the carrier or its other customers.

“(f) Any order or determination of the Postal Service providing for the transportation of mail by a motor carrier shall be filed with the Commission. If the Commission finds, within 90 days after the filing, that the order or determination will be detrimental to the motor carrier or its customers, or that such carrier does not operate equipment suitable for the transportation of mail, the order or determination shall be terminated.

“(g) An order or determination of the Postal Service under this section shall be consistent with the orders of the Commission under sections 5207 and 5208 of this title.

“§ 5204. Changes in service; placement of equipment

“(a) The Postal Service may authorize, according to the need therefor, new or additional mail transportation service by carriers at the rate of compensation fixed under this chapter. It may reduce or discontinue service with pro rata reductions in compensation and indemnity for the loss of reasonable investment in equipment used exclusively for mail.

“(b) A railroad shall place cars for full or apartment post office service in position at such time before departure as the Postal Service directs.

“§ 5205. Evidence of Service

“A carrier shall submit evidence of its performance of mail transportation service, signed by an authorized official, in such form and at such times as the Postal Service requires. Mail transportation service is considered that of the carrier performing it regardless of the ownership of the property used by the carrier.

“§ 5206. Fines and deductions

“(a) The Postal Service may fine any carrier an amount not to exceed \$500 for each day the carrier refuses to perform mail transportation services required by it at rates or compensation established under this chapter.

"(b) The Postal Service shall fine a carrier an amount it deems reasonable for failure or refusal by that carrier to transport mail as required by the Postal Service under section 5203 of this title.

"(c) The Board may make deductions from the compensation of a carrier for failure to perform mail transportation service as required under section 5203 of this title. If the failure to perform is due to the fault of the carrier, it may deduct a sum not exceeding twice the compensation applying to such service. Such deductions shall not be made prior to the expiration of 60 days following service upon the carrier by the Board of notice of intention to assess a fine or make a deduction and of the basis therefor.

"§ 5207. Interstate Commerce Commission to fix rates

"(a) The Commission shall determine and fix the fair and reasonable rates or compensation for the transportation of mail by carrier and the service connected therewith, and shall prescribe the method of computing such rates or compensation. The Commission shall publish its orders stating its determination under this section which shall remain in force until changed by it after notice and hearing.

"(b) For the purpose of determining and fixing rates or compensation under this section, the Commission may make just and reasonable classifications of carriers and, where just and equitable, fix general rates applicable to carriers in the same classification.

"(c) In determining and fixing fair and reasonable rates or compensation under this section, the Commission shall consider the relation between the Government and carriers as public service corporations, and the nature of public service as distinguished, if there is a distinction, from the ordinary transportation business of the carriers.

"(d) Initial rates or compensation for mail transportation service by any carrier or carriers shall be those agreed to by the Postal Service and the carrier or carriers, and such rates or compensation shall continue in effect until such time as the Commission fixes the rates or compensation under subsection (a) of this section.

"§ 5208. Procedures

"(a) At any time after 6 months from the entry of an order stating the Commission's determination under section 5207 of this title, the Postal Service or an interested carrier may apply for a reexamination and substantially similar proceedings as have theretofore been had shall be followed with respect to the rates of compensation for services covered by the application. At the conclusion of the hearing the Commission shall enter an order stating its determination.

"(b) Except as authorized by sections 5207 (d), 5209, 5210, and 5212 of this title, the Postal Service shall pay a carrier the rates or compensation so determined and fixed for application at such stated times as named in the order.

"(c) The Postal Service may file with the Commission a comprehensive plan stating—

"(1) its requirements for the transportation of mail by carrier;

"(2) the character and speed of the trains or motor vehicles which are to carry the various kinds of mail;

"(3) the service, both terminal and en route, which carriers are to render;

"(4) what it believes to be the fair and reasonable rates of compensation for the services required; and

"(5) all other information which may be material to the inquiry, but such other information may be filed at any time in the discretion of the Commission.

"(d) When a comprehensive plan is filed, the Commission shall give notice of not less than 30 days to each carrier required by the Postal Service to transport mail pursuant to such plan. A carrier may file its answer at the time fixed by the Commission, but not later than 30 days after the expiration date fixed by the Commission in the notice, and the Commission shall proceed with the hearing.

"§ 5209. Special rates

"Upon petition by the Postal Service, the Commission shall determine and fix carload or truckload, or less than carload or truckload, rates for the transportation of mail not entitled to high priority in transportation. A carrier shall perform the service at the rates so determined when requested to do so and under the conditions prescribed by the Postal Service.

"§ 5210. Intermodal transportation

"The Postal Service may permit a carrier to perform mail transportation by any form of transportation it deems appropriate at rates or compensation not exceeding those allowable for similar service by the designated form of transportation.

"§ 5211. Statistical studies

"The Postal Service may arrange for weighing and measuring mail transported on carrier mail routes and make other computations for statistical and administrative purposes to carry out the purposes of this chapter.

"§ 5212. Special contracts

"The Postal Service may enter into special contracts with any carrier or person, without advertising, for bids and for periods not in excess of 4 years. It may contract to pay lower rates or compensation or, where in its judgment conditions warrant, higher rates or compensation than those determined or fixed by the Commission. The fact that the Commission has not prescribed rates or compensation for the carrier involved, under section 5207 of this title, shall not preclude execution of a contract under this section. Such contracts may be negotiated only after reasonable notice has been posted in advance in post offices on the post roads to be served, and other carriers or persons have been given an opportunity to offer to negotiate for the transportation of mail.

"§ 5213. Carrier operations; receipts; expenditures

"The Postal Service shall request any carrier transporting the mails to furnish, under seal, such data relating to the operations, receipts, and expenditures of such carrier as may, in its judgment, be deemed necessary to enable it to ascertain the cost of mail transportation and the proper compensation to be paid for such service.

“§ 5214. Agreements with passenger common carriers by motor vehicle

“The Postal Service may enter into contracts under such terms and conditions as it shall prescribe and without advertising for bids for the transportation of mail, in passenger-carrying motor vehicles, by passenger common carriers, or by motor vehicles over the regular route on which the carrier is permitted by law to transport passengers.

“§ 5215. Star route certification

“(a) Any person who was a contractor under a star route, mail messenger, or contract motor vehicle service contract on the effective date of this section (or successor in interest to any such person), shall, upon application to the Commission for the territory within which such contractor operated on or before the effective date of this section be issued a certificate of public convenience and necessity as a motor carrier for the transportation of mail by the Commission without the Commission's requiring further proof that the public convenience and necessity will be served by such operation and without further proceedings.

“(b) Applications of persons who were not contractors on the effective date of this section shall be decided in accordance with applicable Commission procedure.

“(c) For purposes of this section, the term ‘person’ has the same meaning given that term under section 1 of title 1

“Chapter 54.—TRANSPORTATION OF MAIL BY AIR

“Sec.

“5401. Authorization.

“5402. Contracts for transportation of mail by air.

“5403. Fines.

“§ 5401. Authorization

“(a) The Postal Service is authorized to provide for the safe and expeditious transportation of mail by aircraft.

“(b) Except as otherwise provided in section 5402 of this title, the Postal Service may make such rules, regulations, and orders consistent with sections 1301–1542 of title 49, or any order, rule, or regulation made by the Civil Aeronautics Board thereunder, as may be necessary for such transportation.

“§ 5402. Contracts for transportation of mail by air

“(a) The Postal Service may contract with any certificated air carrier, without advertising for bids, in such manner and under such terms and conditions as it deems appropriate, for the transportation of mail by aircraft between any of the points between which the carrier is authorized by the Civil Aeronautics Board to engage in the transportation of mail. Such contracts shall be for the transportation of at least 750 pounds of mail per flight, and no more than 10 percent of the domestic mail transported under any such contract or 5 percent, based on weight, of the international mail transported under any such contract shall consist of letter mail. Any such contract shall be filed with the Civil Aeronautics Board not later than 90 days before its effective date. Unless the Civil Aeronautics Board shall determine

otherwise (under criteria prescribed by section 1302 of title 49) not later than 10 days prior to the effective date of the contract, such contract shall become effective.

“(b) When the Postal Service deems that the transportation of mail by aircraft is required between points between which the Civil Aeronautics Board has not authorized an air carrier or combination of air carriers to engage in the transportation of mail, it may contract with any air carrier in such manner and under such terms and conditions as it may deem appropriate for the transportation of any class or classes of mail. The transportation of mail under contracts entered into under this subsection is not, except for sections 1371(k) and 1386(b) of title 49, air transportation within the provisions of sections 1301–1542 of title 49. The Postal Service shall cancel such contract, in whole or in respect to certain points as the certificate shall require, upon the issuance by the Civil Aeronautics Board of an authorization under sections 1371–1386 of title 49 to any air carrier to engage in the transportation of mail by aircraft between any of the points named in the contract, and the inauguration of scheduled service by such carrier.

“(c) If the Postal Service determines that service by certificated air carriers or combination of air carriers between any pair or pairs of points is not adequate for its purposes, it may contract for a period of not more than 4 years, without advertising for bids, in such manner and under such terms and conditions as it may deem appropriate, with any air taxi operator or combination thereof for such air transportation service. Contracts made under this subsection may be renewed at the existing rate by mutual agreement between the holder and the Postal Service. The Postal Service, with the consent of the air taxi operator, may adjust the compensation under such contracts for increased or decreased costs occasioned by changed conditions occurring during the contract term. The Postal Service shall cancel such a contract when the Civil Aeronautics Board authorizes an additional certificated carrier or carriers to provide service between any pair or pairs of points covered by the contract, and such carrier or carriers inaugurate schedules adequate for its purposes.

“§ 5403. Fines

“The Postal Service may impose or remit fines on carriers transporting mail by air on routes extending beyond the borders of the United States for—

“(1) unreasonable or unnecessary delay to mail; and

“(2) other delinquencies in the transportation of the mail.

“Chapter 56.—TRANSPORTATION OF MAIL BY VESSEL

“Sec.

“5601. Sea post service.

“5602. Termination of contracts for foreign transportation.

“5603. Transportation of mail by vessel as freight or express.

“5604. Fines on ocean carriers.

“5605. Contracts for transportation of mail by vessel.

“§ 5601. Sea post service

“The Postal Service may maintain sea post service on ocean vessels conveying mail to and from the United States.

“§ 5602. Termination of contracts for foreign transportation

“Contracts for the transportation of mail by vessel between the United States and a foreign port shall be made subject to cancellation by the Postal Service or the Congress.

“§ 5603. Transportation of mail by vessel as freight or express

“The Postal Service may require that mail be transported by freight or express when—

“(1) there is no competition on a water route and the rate or compensation asked is excessive; or

“(2) no proposal is received.

A common carrier by water that fails or refuses to transport the mail when required to do so under this section shall be fined not more than \$500 for each day of refusal.

“§ 5604. Fines on ocean carriers

“The Postal Service may impose or remit fines on carriers transporting mail by vessel on routes extending beyond the borders of the United States for—

“(1) unreasonable or unnecessary delay to the mails; and

“(2) other delinquencies in the transportation of mail.

“§ 5605. Contracts for transportation of mail by vessel

“The Postal Service may contract for the transportation of mail by vessel without advertising for bids for periods of not in excess of 4 years.”

CONTINUATION OF EXISTING RATES AND FEES

SEC. 3. The classes of mail, the rates of postage, and fees for postal services prescribed by law or regulation made or adopted prior to the effective date of subchapter II of chapter 36 of title 39, United States Code, as enacted by section 2 of this Act, shall be in effect according to the terms of such law or regulation until changed in accordance with such subchapter.

TRANSITIONAL PROVISIONS

SEC. 4. (a) There are hereby transferred to the United States Postal Service all the functions, powers, and duties of the Post Office Department and the Postmaster General of the Post Office Department, and the Post Office Department and the office of Postmaster General of the Post Office Department are abolished.

(b) Postal revenues and fees collected on and after the effective date of this section shall be considered assets of the Postal Service.

SAVING PROVISIONS

SEC. 5. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective—

(A) under any provision of law amended by this Act; or

(B) in the exercise of duties, powers, or functions which are transferred under this Act;

by (i) any department or agency, any functions of which are transferred by this Act, or (ii) any court of competent jurisdiction; and

(2) which are in effect at the time the United States Postal Service commences operations, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Postal Service (in the exercise of any authority vested in it by this Act), by any court of competent jurisdiction, or by operation of law.

(b) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any department or agency (or component thereof), the functions of which are transferred by this Act; but such proceedings shall be continued before the Postal Service. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Postal Service (in the exercise of any authority vested in it by this Act), by a court of competent jurisdiction, or by operation of law.

(c) (1) Except as provided in paragraph (2) of this subsection—

(A) the provisions of this Act shall not affect suits commenced prior to the date this section takes effect; and

(B) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the Postal Service or such official of that Service as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this subsection.

(2) If before the date on which any provision of this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act—

(A) such department or agency is transferred to the Postal Service; or

(B) any function of such department, agency, or officer is transferred to the Postal Service;

such suit shall be continued by the Postal Service.

(d) The amendment of any statute by this Act shall not release or extinguish any criminal prosecution, penalty, forfeiture, or liability incurred under such statute, unless the amending Act shall so expressly provide, and such statute shall be treated as still remaining in force for the purpose of sustaining any proper action or prosecution for the enforcement of such prosecution, penalty, forfeiture, or liability.

(e) With respect to any function, power, or duty transferred by this Act and exercised after the effective date of this Act, reference in any other Federal law to any department or agency, officer, or office so transferred, or functions of which are so transferred, shall be deemed to mean the officer or agency of the Postal Service in which this Act vests such function after such transfer.

(f) Provisions of title 39, United States Code, in effect immediately prior to the effective date of this section, but not reenacted by this Act, shall remain in force as rules or regulations of the Postal Service established by this Act, to the extent the Postal Service is authorized to adopt such provisions as rules or regulations, until they are revoked, amended, or revised by the Postal Service.

(g) Notwithstanding section 202 of title 39, United States Code, as enacted by section 2 of this Act, Governors of the Board of Governors of the Postal Service may be paid \$300 a day for not more than 60 days of meetings in each of the first 2 years following the effective date of such section 202.

TECHNICAL AMENDMENTS

SEC. 6. (a) Section 225(f) of the Act of December 15, 1967 (81 Stat. 643; 2 U.S.C. 356), is amended—

(1) by striking out the word “and” at the end of paragraph (C);

(2) by striking out the period at the end of paragraph (D) and inserting in lieu thereof “; and”; and

(3) by adding after paragraph (D) a new paragraph (E) as follows:

“(E) the Governors of the Board of Governors of the United States Postal Service appointed under section 202 of title 39, United States Code.”.

(b) Subsection (d)(1) of section 19 of title 3, United States Code, is amended by striking out “Postmaster General.”.

(c) Title 5, United States Code, is amended as follows:

(1) Section 101 is amended by striking out—

“The Post Office Department.”

(2) Section 104(1) is amended by inserting after “executive branch” the following: “(other than the United States Postal Service or the Postal Rate Commission).”

(3) Section 2104 is amended—

(A) by inserting the subsection designation “(a)” before the word “For”;

(B) by inserting after “except” the following: “as otherwise provided by this section or”; and

(C) by inserting at the end thereof the following new subsection:

“(b) Except as otherwise provided by law, an officer of the United States Postal Service or of the Postal Rate Commission is deemed not an officer for purposes of this title.”.

(4) Section 2105 is amended by adding at the end thereof the following new subsection:

“(e) Except as otherwise provided by law, an employee of the United States Postal Service or of the Postal Rate Commission is deemed not an employee for purposes of this title.”.

(5) Section 3104(a) (5) is repealed.

(6) Section 3304a(a) is amended by striking out “, in the postal field service,”.

(7) (A) Section 3327 is repealed.

(B) The analysis of subchapter I of chapter 33 is amended by striking out item 3327.

(8) Section 4301(1) (ii) is repealed.

(9) Section 5102(c) (1) is repealed.

(10) Section 5303(a) (2) is repealed.

(11) The first sentence of section 5304 is amended by striking out “the provisions of part III of title 39 relating to employees in the postal field service,”

(12) Clause (5) of section 5312 is repealed.

(13) Section 5314 is amended—

(A) by striking out clause (3); and

(B) by inserting at the end thereof the following:

“(55) Chairman, Postal Rate Commission.”.

(14) Section 5315 is amended—

(A) by striking out clauses (21) and (45); and

(B) by inserting at the end thereof the following:

“(93) Members, Postal Rate Commission (4).”.

(15) Clauses (37), (60), and (123) of section 5316 are repealed.

(16) Section 5541(2) (vi) is repealed.

(17) Section 6301(2) (ii) is amended by striking out the first comma thereof and the phrase “except an hourly employee in the postal field service,”

(18) Section 6323 is amended—

(A) by striking out of subsections (a) and (c) the phrase “(a substitute employee in the postal field service)” wherever it appears; and

(B) by striking out subsections (b) and (d)

(19) Section 7101 is amended by striking out “postal service” and inserting in lieu thereof “United States Postal Service”

(20) Section 8344 is amended by adding at the end thereof the following new subsection:

“(c) This section does not apply to an individual appointed to serve as a Governor of the Board of Governors of the United States Postal Service.”.

(d) Paragraph seventh of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24 seventh), is amended by inserting after “nor to bonds, notes, and other obligations issued by the Tennessee Valley Authority” the words “or by the United States Postal Service”

(e) Section 602(c) of the Act of August 7, 1956 (70 Stat. 1113), as amended (12 U.S.C. 1701d-3(c)), is further amended by striking out “section 306 of the Penalty Mail Act of 1948 (39 U.S.C. 321n)” and inserting in lieu thereof “section 3204 of title 39, United States Code”.

(f) Section 301(a) of the Housing Act of 1948 (63 Stat. 431), as amended (12 U.S.C. 1701e(a)), is further amended by striking out "39 United States Code 321n" and inserting in lieu thereof "39 United States Code 3204".

(g) Section 8(b) of the Small Business Act, as amended by section 107 of the Act of October 11, 1967 (81 Stat. 269; 15 U.S.C. 637(b)(15)), is further amended by striking out "section 4154 of title 39, United States Code" which appears in paragraph 15 and inserting in lieu thereof "section 3204 of title 39, United States Code".

(h) Section 2(f) of the Act of May 28, 1963 (77 Stat. 50; 16 U.S.C. 460l-1(f)), is amended by striking out "section 4154, title 39, United States Code", and inserting in lieu thereof "section 3204 of title 39, United States Code".

(i) Section 8 of title 17, United States Code, is amended—

(1) by striking out "Postmaster General" and inserting in lieu thereof "United States Postal Service"; and

(2) by striking out "section 2506 of title 39" and inserting in lieu thereof "section 405 of title 39".

(j) Title 18, United States Code, is amended as follows:

(1) The analysis of chapter 1 is amended by inserting in item 12, before "Postal" the words "United States".

(2) Section 12 is amended to read as follows:

"§ 12. United States Postal Service defined

"As used in this title, the term 'Postal Service' means the United States Postal Service established under title 39, and every officer and employee of that Service, whether he has taken the oath of office."

(3) Section 440 is amended by striking out "Post Office Department" and inserting in lieu thereof "Postal Service".

(4) Section 441 is amended by striking out "Post Office Department or the".

(5) The first 2 paragraphs of section 500 are amended to read as follows:

"Whoever, with intent to defraud, falsely makes, forges, counterfeits, engraves, or prints any order in imitation of or purporting to be a money order issued by the Post Office Department or Postal Service, or by any officer or employee thereof; or

"Whoever forges or counterfeits the signature of any officer or employee of the Postal Service, upon or to any money order, postal note, or blank therefor provided or issued by or under the direction of the Post Office Department or the Postal Service, or post office department or corporation of any foreign country, and payable in the United States, or any material signature or indorsement thereon, or any material signature to any receipt or certificate of identification thereof; or".

(6) The last 3 paragraphs of section 501 thereof are amended to read as follows:

"Whoever makes or prints, or authorizes to be made or printed, any postage stamp, stamped envelope, or postal card, of the kind authorized and provided by the Post Office Department, or by the Postal Service, without the special authority and direction of the Department or Postal Service; or

"Whoever after such postage stamp, stamped envelope or postal card has been printed, with intent to defraud, delivers the same to any person not authorized by an instrument in writing, duly executed under the hand of the Postmaster General and the seal of the Post Office Department or the Postal Service, to receive it—

"Shall be fined not more than \$500 or imprisoned not more than five years, or both."

(7) Sections 612 and 876 are amended by striking out the phrase "Post Office Department" wherever it appears and inserting in lieu thereof "Postal Service".

(8) Section 877 is amended by striking out the phrase "Post Office Department of the United States" wherever it appears and inserting in lieu thereof "Postal Service".

(9) Section 1114 is amended by striking out "postal inspector, any postmaster, officer, or employee in the field service of the Post Office Department" and inserting in lieu thereof "officer or employee of the Postal Service".

(10) Section 1303 is amended by striking out "a postmaster or other person employed in" and inserting in lieu thereof "an officer or employee of".

(11) Section 1341 is amended by striking out "Post Office Department" and inserting in lieu thereof "Postal Service".

(12) Section 1342 is amended by striking out "Post Office Department of the United States" and inserting in lieu thereof "Postal Service".

(13) Section 1463 is amended by striking out "Postmaster General" in section 1463 and inserting in lieu thereof "Postal Service".

(14) Section 1696(c) is amended by striking out "section 500 of title 39" and inserting in lieu thereof "section 601 of title 39".

(15) Section 1699 is amended by striking out "Postmaster General" wherever appearing therein and inserting in lieu thereof "Postal Service".

(16)(A) Subsection (a) of section 1703 is amended to read as follows:

"(a) Whoever, being a Postal Service officer or employee, unlawfully secretes, destroys, detains, delays, or opens any letter, postal card, package, bag, or mail entrusted to him or which shall come into his possession, and which was intended to be conveyed by mail, or carried or delivered by any carrier or other employee of the Postal Service, or forwarded through or delivered from any post office or station thereof established by authority of the Postmaster General or the Postal Service, shall be fined not more than \$500 or imprisoned not more than five years, or both."

(B) Subsection (b) of section 1703 is amended by striking out the phrase "postmaster or Postal Service employee" wherever it appears and inserting in lieu thereof "Postal Service officer or employee".

(17) Section 1704 is amended by inserting "or the Postal Service" after the words "Post Office Department" wherever they appear.

(18) Section 1707 is amended by striking out "Post Office Department" and inserting in lieu thereof "Postal Service".

(19)(A) Section 1709 is amended to read as follows:

“§ 1709. Theft of mail matter by officer or employee

“Whoever, being a Postal Service officer or employee, embezzles any letter, postal card, package, bag, or mail, or any article or thing contained therein entrusted to him or which comes into his possession intended to be conveyed by mail, or carried or delivered by any carrier, messenger, agent, or other person employed in any department of the Postal Service, or forwarded through or delivered from any post office or station thereof established by authority of the Postmaster General or of the Postal Service; or steals, abstracts, or removes from any such letter, package, bag, or mail, any article or thing contained therein, shall be fined not more than \$2,000 or imprisoned not more than five years, or both.”

(B) The analysis of chapter 83 is amended by striking out—

“1709. Theft of mail matter by postmaster or employee.”

and inserting in lieu thereof—

“1709. Theft of mail matter by officer or employee.”

(20) Section 1710 is amended by striking out “postmaster or Postal Service employee” and inserting in lieu thereof “Postal Service Officer or employee”.

(21) Section 1711 is amended—

(A) by striking out the phrase “postmaster or Postal Service employee” and inserting in lieu thereof “Postal Service officer or employee”;

(B) by striking out “Post Office Department” and inserting in lieu thereof “Postal Service”;

(C) by striking out “postmaster” wherever it appears in the second paragraph and inserting in lieu thereof “Postal Service officer or employee”; and

(D) by striking out “Postmaster General” wherever appearing in section 1711, and inserting in lieu thereof “Postal Service”

(22) Section 1712 is amended—

(A) by striking out the phrase “postmaster or Postal Service employee” and inserting in lieu thereof “Postal Service officer or employee”;

(B) by striking out “Post Office Department” and inserting in lieu thereof “Postal Service”;

(C) by striking out “postmaster or employee” in the second paragraph and inserting in lieu thereof “Postal Service officer or employee”; and

(D) by striking out “postmaster or other person” in the second paragraph and inserting in lieu thereof “officer or employee”

(23) Section 1713 is amended by striking out “a postmaster or other person employed in any branch of the Postal Service” and inserting in lieu thereof “an officer or employee of the Postal Service”.

(24) Section 1715 is amended—

(A) by striking out “Postmaster General” wherever appearing therein and inserting in lieu thereof “Postal Service”; and

(B) by striking out “postmaster, letter carrier, or other person in” and inserting in lieu thereof “officer or employee of”

(25) (A) The second, third, and fourth paragraphs of section 1716 are amended to read as follows:

“The Postal Service may permit the transmission in the mails, under such rules and regulations as it shall prescribe as to preparation and packing, of any such articles which are not outwardly or of their own force dangerous or injurious to life, health, or property.

“The Postal Service is authorized and directed to permit the transmission in the mails, under regulations to be prescribed by it, of live scorpions which are to be used for purposes of medical research or for the manufacture of antivenom. Such regulations shall include such provisions with respect to the packaging of such live scorpions for transmission in the mails as the Postal Service deems necessary or desirable for the protection of Postal Service personnel and of the public generally and for ease of handling by such personnel and by any individual connected with such research or manufacture. Nothing contained in this paragraph shall be construed to authorize the transmission in the mails of live scorpions by means of aircraft engaged in the carriage of passengers for compensation or hire.

“The transmission in the mails of poisonous drugs and medicines may be limited by the Postal Service to shipments of such articles from the manufacturer thereof or dealer therein to licensed physicians, surgeons, dentists, pharmacists, druggists, cosmetologists, barbers, and veterinarians under such rules and regulations as it shall prescribe.”

(B) Section 1716 is amended—

(i) by striking out “Postmaster General” wherever else appearing therein and inserting in lieu thereof “Postal Service”;

(ii) by striking out “letter carrier” in the first paragraph and inserting in lieu thereof “officer or employee of the Postal Service”; and

(iii) by striking out “postmaster, letter carrier, or other person in the postal service” in the seventh paragraph and inserting in lieu thereof “officer or employee of the Postal Service”.

(26) Section 1716A is amended by striking out “section 4010” and inserting in lieu thereof “section 3002”

(27) Section 1717(b) is amended by striking out “of the United States”.

(28) Section 1718 is amended by striking out “Postmaster General” and inserting in lieu thereof “Postal Service”.

(29) Section 1721 is amended—

(A) by striking out “postmaster or postal service employee” and inserting in lieu thereof “Postal Service Officer or employee”;

(B) by striking out the phrase “Post Office Department” wherever it appears and inserting in lieu thereof “Postal Service”;

(C) by striking out “postmaster or other person” and inserting in lieu thereof “officer or employee”; and

(D) by striking out “the postmaster or any employee of a post office or station or branch thereof” and inserting in lieu thereof “any such officer or employee”.

(30) Section 1722 is amended by striking out “any postmaster or to the Post Office Department or any officer of the Postal Service” and inserting in lieu thereof “the Postal Service or to any officer or employee of the Postal Service”.

(31) Section 1723 is amended by striking out “the Postmaster General” and inserting in lieu thereof “a duly authorized officer of the Postal Service”

(32) Section 1724 is amended to read as follows:

"§ 1724. Postage on mail delivered by foreign vessels

"Except as otherwise provided by treaty or convention the Postal Service may require the transportation by any steamship of mail between the United States and any foreign port at the compensation fixed under authority of law. Upon refusal by the master or the commander of such steamship or vessel to accept the mail, when tendered by the Postal Service or its representative, the collector or other officer of the port empowered to grant clearance, on notice of the refusal aforesaid, shall withhold clearance, until the collector or other officer of the port is informed by the Postal Service or its representative that the master or commander of the steamship or vessel has accepted the mail or that conveyance by his steamship or vessel is no longer required by the Postal Service".

(33) Section 1725 is amended by striking out "Postmaster General" and inserting in lieu thereof "Postal Service".

(34) Section 1729 is amended by striking out "Postmaster General" and inserting in lieu thereof "Postal Service".

(35) Section 1730 is amended by striking out "Postmaster General" and inserting in lieu thereof "Postal Service".

(36) (A) Section 1733 is amended to read as follows:

"§ 1733. Mailing periodical publications without prepayment of postage

"Whoever, except as permitted by law, knowingly mails any periodical publication without the prepayment of postage, or, being an officer or employee of the Postal Service, knowingly permits any periodical publication to be mailed without prepayment of postage, shall be fined not more than \$1,000, or imprisoned not more than one year, or both."

(B) The analysis of chapter 83 is amended by striking out—

"1733. Affidavits relating to second-class mail."

and inserting in lieu thereof—

"1733. Mailing periodical publications without prepayment of postage."

(37) (A) Chapter 83 is further amended by adding at the end thereof the following new sections:

"§ 1735. Sexually oriented advertisements

"(a) Whoever—

"(1) willfully uses the mails for the mailing, carriage in the mails, or delivery of any sexually oriented advertisement in violation of section 3010 of title 39, or willfully violates any regulations of the Board of Governors issued under such section; or

"(2) sells, leases, rents, lends, exchanges, or licenses the use of, or, except for the purpose expressly authorized by section 3010 of title 39, uses a mailing list maintained by the Board of Governors under such section;

shall be fined not more than \$5,000 or imprisoned not more than five years, or both, for the first offense, and shall be fined not more than \$10,000 or imprisoned not more than ten years, or both, for any second or subsequent offense.

"(b) For the purposes of this section, the term 'sexually oriented advertisement' shall have the same meaning as given it in section 3010(d) of title 39.

"§ 1736. Restrictive use of information

"(a) No information or evidence obtained by reason of compliance by a natural person with any provision of section 3010 of title 39, or regulations issued thereunder, shall, except as provided in subsection (c) of this section, be used, directly or indirectly, as evidence against that person in a criminal proceeding.

"(b) The fact of the performance of any act by an individual in compliance with any provision of section 3010 of title 39, or regulations issued thereunder, shall not be deemed the admission of any fact, or otherwise be used, directly or indirectly, as evidence against that person in a criminal proceeding, except as provided in subsection (c) of this section.

"(c) Subsections (a) and (b) of this section shall not preclude the use of any such information or evidence in a prosecution or other action under any applicable provision of law with respect to the furnishing of false information.

"§ 1737. Manufacturer of sexually related mail matter

"(a) Whoever shall print, reproduce, or manufacture any sexually related mail matter, intending or knowing that such matter will be deposited for mailing or delivery by mail in violation of section 3008 or 3010 of title 39, or in violation of any regulation of the Postal Service issued under such section, shall be fined not more than \$5,000 or imprisoned not more than five years, or both, for the first offense, and shall be fined not more than \$10,000 or imprisoned not more than ten years, or both, for any second or subsequent offense.

"(b) As used in this section, the term 'sexually related mail matter' means any matter which is within the scope of section 3008(a) or 3010(d) of title 39."

(B) The table of contents of such chapter is amended by adding at the end thereof the following new items:

"1735. Sexually oriented advertisements.

"1736. Restrictive use of information.

"1737. Manufacturer of sexually related mail matter."

(38) (A) Section 3061 is amended—

(i) by striking out the section heading and inserting in lieu thereof the following:

"§ 3061. Powers of postal personnel";

(ii) by striking out of subsection (a) the words "postal inspectors may, to the extent authorized by the Postmaster General—" and inserting in lieu thereof "officers and employees of the Postal Service performing duties related to the inspection of postal matters may, to the extent authorized by the Board of Governors—"; and

(iii) by striking out of subsection (b) the words "postal service" and inserting in lieu thereof "Postal Service, including property of the Postal Service,".

(B) The analysis of chapter 203 is amended by striking out—

“3061. Powers of postal inspectors.”

and inserting in lieu thereof—

“3061. Powers of postal personnel.”

(k) Section (d) of the Act of June 8, 1938 (52 Stat. 631), as amended (56 Stat. 250; 22 U.S.C. 611(d)), is further amended by striking out “file with the Postmaster General a sworn statement in compliance with section 2 of the Act of August 24, 1912 (37 Stat. 553), as amended”, and inserting in lieu thereof, “file with the United States Postal Service information in compliance with section 3611 of title 39, United States Code”

(l) (1) The sixth subdivision of section 7 of the Act of July 31, 1894 (28 Stat. 206; 31 U.S.C. 72 Fifth), and the second proviso of section 10 of the Act of August 24, 1912 (37 Stat. 559; 31 U.S.C. 72 Fifth) are repealed.

(2) Section 1 of the Act of March 6, 1946 (60 Stat. 31), as amended (31 U.S.C. 129), is further amended by inserting after “Postmaster General,” the following “the United States Postal Service.”

(3) Section 1302 of the Act of July 27, 1956, as amended (31 U.S.C. 724a), is further amended by adding the following sentence thereto: “Notwithstanding the other provisions of this section, judgments against the United States arising out of activities of the United States Postal Service shall be paid by the Postal Service out of any funds available to it.”

(4) Section 1 of the Act of September 30, 1890 (26 Stat. 511; 31 U.S.C. 1028) is hereby repealed.

(m) (1) Section 411(f) of the Public Buildings Act of 1949, as amended (68 Stat. 520; 40 U.S.C. 356(f)), is further amended by striking out in the third proviso “section 205 of the Post Office Department Property Act of 1954” and inserting in lieu thereof “section 2003 of title 39, United States Code”.

(2) Item (15) of section 602(d) of the Act of June 30, 1949 (63 Stat. 401, as amended (40 U.S.C. 474(15))) is further amended to read as follows:

“(15) The United States Postal Service;”

(3) Section 16 of the Act of September 9, 1959 (73 Stat. 483; 40 U.S.C. 615) is amended to read as follows:

“Sec. 16. Nothing in this Act shall be construed to limit or repeal—

“(1) existing authorizations for the leasing of buildings by and for the General Services Administration; or

“(2) the authority conferred by law on the United States Postal Service.”

(4) The third proviso of section 3 of the Act of August 10, 1939 (50 Stat. 479), as amended (40 U.S.C. 723), is further amended by striking out “insofar as such loss, destruction, or damage may be adjusted by the Postmaster General under the provisions of the Act of March 17, 1882, as amended (U.S.C. 1934 edition, title 39, sec. 49)”, and inserting in lieu thereof the following: “insofar as such loss, destruction, or damage relates to property of the United States Postal Service chargeable to its officers or employees”.

(5) Section 3a of the Government Losses in Shipment Act as added by section 2 of the Act of August 10, 1939 (53 Stat. 1358; 40 U.S.C. 724), is amended (A) by striking out the colon immediately preceding the proviso and inserting a period in lieu thereof; and (B) by striking out the proviso.

(n) Section 602(i) of the Act of August 20, 1964 (78 Stat. 529; 42 U.S.C. 2942(i)), is amended by striking out “section 4154 of title 39, United States Code” and inserting in lieu thereof “section 3204 of title 39, United States Code”

(o) Whenever any reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, record, or document to the Post Office Department, the Postal Service, the postal field service, the field postal service, or the departmental service or departmental headquarters of the Post Office Department, such reference shall be considered a reference to the United States Postal Service. Any reference to any officer or employee of the Post Office Department, the Postal Service, the postal field service, the field postal service, or the departmental service or departmental headquarters of the Post Office Department shall be deemed a reference to the appropriate officer or employee of the United States Postal Service.

(p) Whenever reference is made in any provision of law (other than this Act or provision of law amended by this Act), regulation, rule, record, or document to a postal inspector or chief postal inspector of the Post Office Department, such reference shall be deemed to be a reference to the appropriate officer or employee of the United States Postal Service who performs duties related to the inspection of postal matters.

(q) Whenever reference is made in any law to title 39, United States Code, or provision of that title, as such title or provision existed prior to the effective date of this section, that reference shall be considered a reference to the appropriate provision of title 39, as amended by section 2 of this Act, unless no such provision is included therein.

STUDY OF PRIVATE CARRIAGE OF MAIL

SEC. 7. The Congress finds that advances in communications technology, data processing, and the needs of mail users require a complete study and thorough reevaluation of the restrictions on the private carriage of letters and packets contained in chapter 6 of title 39, United States Code (as enacted by section 2 of this Act), and sections 1694–1696 of title 18, United States Code, and the regulations established and administered under these laws. The Board of Governors of the United States Postal Service shall submit to the President and the Congress within 2 years after the effective date of this section a report and recommendation for the modernization of these provisions of law, and such regulations and administrative provisions of law, and such regulations and administrative practices.

TRANSFER OF POST OFFICE DEPARTMENT PERSONNEL

SEC. 8. Officers and employees of the Post Office Department shall become officers and employees of the United States Postal Service on the effective date of this section. The provisions of this section shall

not apply to persons occupying the positions of Postmaster General, Deputy Postmaster General, Assistant Postmasters General, General Counsel, or Judicial Officer. This section shall not be construed, however, to prohibit the appointment of such persons to positions in the Postal Service.

COMPENSATION OF EMPLOYEES

SEC. 9. (a) The Postmaster General, under regulations made by him, shall increase the rates of basic pay or compensation of employees in the Post Office Department so that such rates will equal, as nearly as practicable, 108 percent of the rates of basic pay or compensation in effect immediately prior to the date of enactment of this Act. Such increases shall take effect on the first day of the first pay period which begins on or after April 16, 1970.

(b) Retroactive pay, compensation, or salary shall be paid by reason of this Act only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) on the date of enactment of this Act, except that such retroactive pay, compensation, or salary shall be paid—

(1) to an officer or employee who retired, during the period beginning on the first day of the first pay period which began on or after April 16, 1970, and ending on the date of enactment of this Act, for services rendered during such period; and

(2) in accordance with subchapter VIII of chapter 55 of title 5, United States Code, relating to settlement of accounts, for services rendered, during the period beginning on the first day of the first pay period which began on or after April 16, 1970, and ending on the date of enactment of this Act, by an officer or employee who died during such period.

Such retroactive pay, compensation, or salary shall not be considered as basic pay for the purposes of subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, or any other retirement law or retirement system, in the case of any such retired or deceased officer or employee.

(c) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Government of the United States.

(d) For purposes of determining the amount of insurance for which an individual is eligible under chapter 87 of title 5, United States Code, relating to group life insurance for Government employees, all changes in rates of pay, compensation, and salary which result from the enactment of this section shall be held and considered to become effective as of the date of such enactment.

(e) No rate of basic pay or compensation, in excess of the rate of basic pay for GS-18 of the General Schedule in section 5332 of title 5, United States Code, shall be paid by reason of the enactment of this section.

LABOR AGREEMENTS

SEC. 10. (a) As soon as practicable after the enactment of this Act, the Postmaster General and the labor organizations which as of the effective date of this section hold national exclusive recognition rights granted by the Post Office Department, shall negotiate an agreement or agreements covering wages, hours, and working conditions of the employees represented by such labor organizations. The parties shall commence bargaining for such agreement or agreements not later than 30 days following delivery of a written request therefor by a labor organization to the Postmaster General or by the Postmaster General to a labor organization. Any agreement made pursuant to this section shall continue in force after the commencement of operations of the United States Postal Service in the same manner and to the same extent as if entered into between the Postal Service and recognized collective-bargaining representatives under chapter 12 of title 39, United States Code.

(b) Any agreement negotiated under this section shall establish a new wage schedule whereunder postal employees will reach the maximum pay step for their respective labor grades after not more than 8 years of satisfactory service in such grades. The agreements shall provide that where an employee had sufficient satisfactory service in the pay step he occupied on the effective date of this section to have qualified for advancement to the next highest pay step under the new wage schedule, had such schedule been in effect throughout the period of such service, the employee shall be advanced to such next highest pay step in the new schedule on the effective date of the new schedule.

(b) An agreement made under this section shall become effective at any time after the commencement of bargaining, in accordance with the terms thereof. The Postmaster General shall establish wages, hours, and working conditions in accordance with the terms of any agreement or agreements made under this section notwithstanding the provisions of any law other than title 39.

(d) If the parties fail to reach agreement within 90 days of the commencement of collective bargaining, a factfinding panel will be established in accordance with the terms of section 1207 (b) of title 39, United States Code, unless the parties have previously agreed to another procedure for a binding resolution of their differences. If the parties fail to reach agreement within 180 days of the commencement of collective bargaining, and if they have not agreed to another procedure for binding resolution, an arbitration board shall be established to provide conclusive and binding arbitration in accordance with the terms of section 1207 (c) of such title.

(e) Agreements made pursuant to this section and expenditures made under such agreements shall not be subject to the provisions of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665).

(f) For the purposes of this section, references to title 39 and sections of title 39 are references to title 39, United States Code, as enacted by section 2 of this Act.

SEPARABILITY AND LEGISLATIVE CONSTRUCTION

Sec. 11. (a) If a part of title 39, United States Code, as enacted by section 2 of this Act, is held invalid, the remainder of such title shall not be affected thereby; and if any other part of this Act is held to be invalid, the remainder of the Act shall not be affected thereby.

(b) An inference of a legislative construction is not to be drawn by reason of a chapter in title 39, United States Code, as enacted by section 2 of this Act, in which a section is placed nor by reason of the caption or catchline.

TRANSITIONAL EXPENSES

Sec. 12. Expenses of the United States Postal Service and the Postal Rate Commission, established under section 2 of this Act, from the date of enactment of this Act until the date of commencement of operations of the Postal Service and the Commission, shall be deemed to be necessary expenses of the administration of the Post Office Department as now constituted.

APPOINTMENT OF POSTMASTERS AND OTHER EMPLOYEES

Sec. 13. (a) Between the date of enactment of this Act and the date on which the Board of Governors of the United States Postal Service determines that section 1001 of title 39, United States Code (as enacted by section 2 of this Act), is effective, the Postmaster General shall appoint postmasters at offices of all classes in the competitive civil service by one of the three following methods which shall be applied in the following order of precedence:

(1) by selection of a qualified employee serving at the post office where the vacancy occurs, including an acting postmaster who was serving on January 1, 1969, who shall acquire a competitive status upon being appointed postmaster;

(2) if no qualified employee serving at the post office where the vacancy occurs is available for, and willing to accept, appointment by the method described in subparagraph (1), by selection of a qualified employee serving in the postal field service; or

(3) if no qualified employee is available for, and willing to accept, appointment by the methods described in subparagraph (1) or (2), by competitive examination in accordance with the provisions of title 5, United States Code, governing appointments in the competitive service.

Enactment of this subsection shall not affect the status or tenure of postmasters in office on the date of enactment of this Act.

(b) (1) In the selection, appointment, and promotion of employees of the Post Office Department between the date of enactment of this Act and the date on which the Board of Governors of the Postal Service determines that former section 3311 of title 39, United States Code, is no longer effective, no political test or qualification shall be permitted or given consideration, and all such personnel actions shall be taken on the basis of merit and fitness. Any officer or employee of the Post Office Department who violates this subsection shall be removed from office or otherwise disciplined in accordance with procedures for disciplinary action established pursuant to law.

(2) This subsection does not apply to the selection and appointment of officers whose appointment is vested in the President, by and with the advice and consent of the Senate, or to the selection, appointment, or promotion to a position designated by the Civil Service Commission as a position of a confidential or policy-determining character or as a position to be filled by a noncareer executive assignment.

INVASION OF PRIVACY BY MAILING OF SEXUALLY ORIENTED ADVERTISEMENTS

Sec. 14. (a) The Congress finds—

(1) that the United States mails are being used for the indiscriminate dissemination of advertising matter so designed and so presented as to exploit sexual sensationalism for commercial gain;

(2) that such matter is profoundly shocking and offensive to many persons who receive it, unsolicited, through the mails;

(3) that such use of the mails constitutes a serious threat to the dignity and sanctity of the American home and subjects many persons to an unconscionable and unwarranted intrusion upon their fundamental personal right to privacy;

(4) that such use of the mail reduces the ability of responsible parents to protect their minor children from exposure to material which they as parents believe to be harmful to the normal and healthy ethical, mental, and social development of their children; and

(5) that the traffic in such offensive advertisements is so large that individual citizens will be helpless to protect their privacy or their families without stronger and more effective Federal controls over the mailing of such matter.

(b) On the basis of such findings, the Congress determines that it is contrary to the public policy of the United States for the facilities and services of the United States Postal Service to be used for the distribution of such materials to persons who do not want their privacy invaded in this manner or to persons who wish to protect their minor children from exposure to such material.

EFFECTIVE DATES

Sec. 15. (a) Except as provided in subsection (b) of this section, this section and sections 9 through 13 of this Act, and sections 202, 203, 205 (b) and (c), 206, and 401(2), and subchapter I of chapter 36 of title 39, United States Code, as enacted by section 2 of this Act, shall become effective on the date of enactment of this Act. Except as otherwise provided in this Act, the other provisions of this Act shall become effective within 1 year after the enactment of this Act on the date or dates established therefor by the Board of Governors and published by it in the Federal Register. References to the Postal Service in any provision of this Act (other than a provision referred to in the first sentence of this subsection) which becomes effective before the Postal Service commences operations shall be held and considered to refer to the Post Office Department until the Postal Service commences operations.

Governors as Chairman. The conference substitute adopts the Senate provision with an amendment providing for the Governors to designate one of the members of the Board as Chairman.

(78)

(b) Sections 3010 and 3011 of title 39, United States Code, as enacted by section 2 of this Act, and sections 1735, 1736, and 1737 of title 18, United States Code, as enacted by section 6(j) of this Act, shall become effective on the first day of the sixth month which begins after the date of enactment of this Act.

And the Senate agree to the same.

THADDEUS J. DULSKI,
DAVID N. HENDERSON,
ARNOLD OLSEN,
MORRIS K. UDALL,
DOMINICK V. DANIELS,
ROBERT J. CORBETT,
GLENN CUNNINGHAM,
EDWARD J. DERWINSKI,

Managers on the Part of the House.

GALE W. MCGEE,
JENNINGS RANDOLPH,
HIRAM L. FONG,
J. CALEB BOGGS,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 17070) to improve and modernize the postal service, to reorganize the Post Office Department, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all the House bill after the enacting clause and inserted a substitute. The House recedes from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment. The differences between the House bill and the substitute agreed to in conference are noted below except for minor technical and clarifying changes made necessary by reason of the conference agreement.

Title

The House bill was titled "Postal Reorganization and Salary Adjustment Act of 1970". The Senate amendment provided for the title to be "Postal Reorganization Act". The conference substitute adopts the Senate provision.

Postal policy

The House bill provided as a matter of policy that pay of postal employees was to be comparable to pay levels in major industries in the private sector. The Senate amendment contained a similar provision but made no reference to major industries, and the conference substitute conforms to the Senate amendment.

Board of Governors

The House bill provided for an 11-member Commission on Postal Costs and Revenues to direct the policy of the Postal Service. The Commission was to consist of 9 Commissioners appointed by the President, the Postmaster General, and the Deputy Postmaster General. The Senate amendment provided for a 15-member Board of Governors to direct the exercise of all powers of the Postal Service. The Board was to consist of 9 Governors appointed by the President, the Postmaster General, the Deputy Postmaster General, and 4 non-voting Members of Congress. The conference substitute adopts the Senate provision with an amendment eliminating Members of Congress from the membership on the Board.

The Senate amendment contained a provision not in the House bill providing for the President to designate one of the 9 Presidentially-appointed Governors as Chairman. The conference substitute adopts the Senate provision with an amendment providing for the Governors to designate one of the members of the Board as Chairman.

Meetings of Board of Governors

The House bill contained a provision not in the Senate amendment limiting to 30 the number of meetings for which the Governors could be paid each year. The conference substitute adopts the House provision with an amendment providing that the Governors may be paid for not more than 30 days of meetings each year, except that during each of the first 2 years they may be paid for up to 60 days of meetings.

Assistant Postmasters General

The House bill contained a provision providing for the Postmaster General to appoint such number of Assistant Postmasters General as he considered appropriate. The Senate amendment contained a provision providing for the Board of Governors to appoint such number of Assistant Postmasters General as it considered appropriate. The conference substitute adopts the House provision with an amendment providing for the Board of Governors to determine the number of such Assistant Postmasters General.

Duties of Assistant Postmasters General

The Senate amendment contained a provision not in the House bill providing for the Board of Governors to prescribe the duties of the Assistant Postmasters General. The conference substitute adopts the Senate provision.

Advisory Council

The House bill contained a provision with respect to the Advisory Council which required the inclusion, as members of the Council, of 4 mailers of moderate amounts of personal first-class mail. The Senate amendment contained no comparable provision with respect to membership on the Advisory Council and the conference substitute contains no such provision.

The House bill contained a provision providing for the Council to advise and consult with respect to postal rates and services and compensation of employees. The provision in the Senate amendment provided for consultation on all aspects of postal operation. The conference substitute conforms to the Senate provision.

Freedom of information

The Senate amendment contained a provision not in the House bill which continued the application, with certain exceptions, of the public information requirements of chapter 5 of title 5 of the United States Code. The conference substitute adopts the Senate provision.

Davis-Bacon Act

The House bill contained a provision applying the Davis-Bacon Act to Postal Service lease agreements for space in excess of 5,000 square feet. The Senate amendment contained a similar provision but applied the Davis-Bacon Act to agreements for space in excess of 6,500 square feet. The conference substitute adopts the Senate provision.

Contract employees

The House bill contained a provision permitting the Postal Service to hire executives on long term employment contracts when necessary. The Senate amendment contained a similar provision but permitted such contracts with executive officers and employees. The conference substitute adopts the House provision with an amendment limiting the term of any such contract to five years.

Right of transfer

The House bill contained a provision providing that employees of the Post Office Department on the effective date of the new Postal Service would be eligible to transfer to any position within the United States Government which was open and for which they were qualified. The Senate amendment contained a provision providing for promotion or transfer of any such employee of the Post Office Department or any employee of the Postal Service to any other position in the Postal Service or in the Executive Branch of the United States Government. The conference substitute adopts the Senate provision.

Political recommendations

The House bill contained provisions requiring that each appointment, promotion, assignment, transfer, or designation to a position in the Postal Service be made, subject to certain limited exceptions, without regard to any statement or recommendation, written or oral, by any Member of Congress, state or local elected official, political party official, or any other individual or organization. Both the solicitation and the submission of any such statement or recommendation were prohibited. Any person applying, or under consideration, for a position who solicited such a statement or recommendation would automatically be disqualified. The exceptions related to requests by authorized Federal officials for suitability and security clearances and for evaluations of ability and performance from supervisors in the Postal Service or former employers. The Senate amendment provided that political recommendations, tests, or qualifications for appointment in the Postal Service should not be taken into account in making such appointments and that the Postal Service could permanently disqualify anyone who violated the provision. The conference substitute adopts the House provisions with amendments permitting disqualification and authorizing the solicitation and furnishing of statements relating only to character and residence.

Area wage

The House bill contained a provision providing that comparability of compensation and benefits with private industries could be on an area wage basis. No comparable provision was contained in the Senate amendment and none is contained in the conference substitute.

Collective bargaining units

The House bill provided that in each case the appropriate unit in the Postal Service for collective bargaining would be determined by the National Labor Relations Board and that such unit would receive exclusive recognition. The House bill further provided that, during the period of transition between date of enactment of the

Postal Reorganization Act and commencement of the Postal Service, bargaining would be conducted by the Postmaster General and those labor organizations which, on the effective date of such Act, held national exclusive recognition. The Senate amendment provided that (1) the National Labor Relations Board should decide in each case the national unit in the Postal Service for collective bargaining (2) each such national unit would be a national craft unit, and (3) each such appropriate unit would receive national exclusive recognition. The Senate amendment contained a further provision for bargaining during the transitional period which excluded any reference to national exclusive recognition. The conference substitute adopts the House provisions.

It is the intent of the conference committee that these provisions of the conference substitute leave to the National Labor Relations Board the judgment as to what will be the appropriate units for collective bargaining in the Postal Service on the basis of the same criteria applied by the Board in determining appropriate bargaining units in the private sector. The conference substitute deems it desirable to leave the determination of appropriate bargaining units entirely in the judgment of the National Labor Relations Board rather than to predetermine such matters in any way.

Right to Work

The conference substitute contains the provision in the House bill which guaranteed each employee of the Postal Service the right to form, join, and assist a labor organization or to refrain from any such activity.

Additional fees and perquisites

The Senate amendment contained a provision not in the House bill which prohibited any Postal Service employee from receiving any fee or perquisite from a postal patron in connection with his official duties. The conference substitute contains the Senate provision.

Supervisory and other managerial personnel

The House bill contained provisions (1) providing for suitable differentials in the pay of supervisors in relation to the pay of employees they supervise, (2) providing for the recognition of an organization of supervisors representing the majority of supervisors and other managerial organizations with memberships including a substantial percentage of managerial employees other than supervisors, and granting such organizations the right to participate directly in consultation with the Postal Service on matters affecting the pay, benefits, and employment conditions of such employees, and (3) establishing the policy that the Postal Senate would provide pay, working conditions, and career opportunities that would assure attraction and retention of qualified supervisory personnel. The Senate amendment contained in general provision permitting organizations of officers and employees not subject to collective bargaining agreements with memberships constituting a substantial percentage of personnel in their occupations or positions to participate directly in the planning and development of policies affecting their pay, benefits, and other related programs. The conference substitute adopts the House provisions with an amendment providing that such organizations of supervisors and of other

managerial employees shall have the right to participate directly in the planning and development of policies with respect to their pay, benefits, and other related programs.

Nothing contained in the House bill or the Senate amendment provided for, and nothing in the conference substitute permits, or is intended to permit, the establishment of a collective bargaining system for any personnel who are not within a collective bargaining unit. Neither the provisions relating to supervisory and other managerial organizations nor any other provision in the conference substitute establish any such collective bargaining system or grants any such organization or personnel the right to dictate policy or veto any decision reached by the Postal Service.

Transportation of mail generally

The House bill contained a provision permitting the Postal Service, in addition to its special contracting authority with respect to surface, air, and water carriers, to make contracts, without advertising under certain conditions, for the transportation of mail for periods not in excess of 4 years. The Senate amendment contained a similar provision and, in addition (1) authorized contracts for periods up to 6 years upon a determination by the Board of Governors of special conditions, and (2) required that renewal of such contracts without advertising be at the existing rates. The conference substitute conforms to the Senate provision.

Also, the Senate amendment contained a provision not in the House bill permitting, by mutual agreement, the adjustment of compensation on such contracts for increased or decreased costs due to changed conditions. The conference substitute adopts the Senate provision.

Special contracts

The House bill contained a provision permitting the Postal Service to enter into special 4-year contracts with surface carriers without advertising for bids. The Senate amendment contained a similar provision with certain additional limitations but required in the case of contracts without advertising that reasonable advance notice be posted in order to afford interested carriers and persons an opportunity to negotiate. The conference substitute adopts the House provision with an amendment including the Senate requirement with respect to reasonable advance notice.

Fines and deductions

The House bill contained a provision (1) permitting the Postal Service to make deductions from the compensation of a carrier for failure to perform transportation service where failure was due to the fault of the carrier, and (2) limiting the deduction to a sum not exceeding three times the compensation applying to such service. The Senate amendment contained an identical provision, except that the amount of the deduction was limited to twice the applicable compensation. The conference substitute conforms to the Senate provision.

Air transportation

The Senate amendment contained a provision not in the House bill which permitted the Board of Governors to contract for the carriage of mail, without advertising for bids, with certified air carriers under contracts which required by their terms carriage of at least 1,000 pounds

of mail per flight, no more than 10 percent of which by weight, in the case of domestic mail, and 5 percent in the case of international mail, could be letter mail. The conference substitute adopts the Senate provision with an amendment reducing the 1,000 pound requirement to 750 pounds and continuing the same percentage limitations.

The House bill contained a provision permitting the Postal Service to enter into special contracts for the transportation of mail by air between points between which the Civil Aeronautics Board has not authorized an air carrier to engage in the transportation of persons, property, or mail. The Senate amendment contained a provision permitting such contracts between points between which the Civil Aeronautics Board has not authorized an air carrier or combination of air carriers to engage in the transportation of mail. The conference substitute adopts the Senate provision.

In addition, the Senate amendment contained a provision not in the House bill for the negotiation of contracts for air taxi service. The conference substitute adopts the Senate provision.

Postal Rate Commission

The House bill contained a provision establishing a Postal Rate Board as an independent agency not part of the Postal Service. The Senate amendment contained a provision establishing an independent Postal Rate Commission within the Postal Service. The conference substitute adopts the House provision with amendments changing the name to Postal Rate Commission, requiring that the expenses of the Commission be paid from the Postal Service Fund, and permitting the Governors, by unanimous written decision, to modify the total amount of the Commission's budget.

Members of Postal Rate Commission

The House bill provided for 3 Commissioners to be appointed by the President for 6 year terms. The Senate amendment provided for 5 Presidential appointees and required Senate confirmation. The conference substitute provides for 5 Presidential appointees and does not require Senate confirmation.

Salary of Postal Rate Commission members

The House bill provided for compensation of the members of the Postal Rate Commission at the rate established for level IV of the Executive Schedule and compensated the Chairman an additional \$500. The Senate amendment contained a similar provision but provided compensation for the Chairman at the rate established for level III of the Executive Schedule. The conference substitute conforms to the Senate provision.

Postal Rate Commission personnel

The House bill provided that the Chairman of the Postal Rate Commission could appoint an Executive Director and such other additional personnel as may be necessary to carry out the functions of the Commission. The Senate amendment provided that the Commission could appoint such officers and employees as may be necessary to carry out the functions of the Commission. The conference substitute conforms to the Senate provision.

General appropriations

The Senate amendment contained a provision not in the House bill appropriating all revenues of the Postal Service to the Postal Service Fund for the use of the Postal Service. The conference substitute adopts the Senate provision.

Revenue foregone appropriation

The House bill contained a provision (1) authorizing the appropriation of a sum equal to the difference between revenue received on free and reduced rate matter and the revenue which would have been earned were such matter not entitled to be mailed free or at reduced rates, and (2) requiring that such free and reduced rates be adjusted to make up any revenue deficiency which occurs as a result of insufficient appropriations. The Senate amendment contained a similar provision but made no provision for adjustment of such rates in the case of insufficient appropriations.

The conference substitute adopts the Senate provision with an amendment permitting, but not requiring, the adjustment of rates on free and reduced rate matter if Congress fails to appropriate the amount of revenue foregone on such free and reduced rate matter.

Public service appropriations

The House bill provided for appropriations for public service on a declining basis (starting at 10 percent of the total cost of postal service for the fiscal year 1972) beginning with the effective date of the Postal Reorganization Act and ending December 31, 1977. The Senate amendment contained a provision authorizing annual appropriations on a continuing basis in amounts equal to 10 percent of total cost for any year or 10 percent of total cost for the fiscal year 1971, whichever is less. The conference substitute adopts the Senate provisions with an amendment authorizing an appropriation (1) each fiscal year through 1979 in an amount equal to 10 percent of total cost for the fiscal year 1971, (2) for the next 5 fiscal years following fiscal year 1979 on a 1 percent per year declining basis, and (3) thereafter appropriations may be continued at 5 percent, modified, or eliminated by the Postal Service.

Free and reduced rate mail

The House bill contained a provision providing that certain mail matter entitled under existing law to be mailed free or at reduced rates continue at such rates until changed by law. The Senate amendment contained no similar provision with respect to such mail matter which is entitled under existing law to be mailed at reduced rates. The conference substitute adopts the House provision with an amendment permitting the adjustment of rates on mail matter entitled to free or reduced rates to the extent Congress fails to appropriate sums equal to revenue foregone on such matter.

In addition, the Senate amendment contained provisions not in the House bill which would allow nonprofit preferred rate mailers 10 years and certain other mailers 5 years to adjust, under annual increases as nearly equal as practicable, to any new rates established by the Gover-

nors. The conference substitute adopts the Senate provisions with an amendment which provides that revenues from rates on nonprofit preferred rate mailings shall not, after 10 years, exceed postal costs for such mail excluding any portion of overhead or institutional costs.

The House bill contained a provision requiring the Postal Service to submit biannual reports to the Congress with recommendations for necessary changes in free and reduced rate mail and rates for such mail. No comparable provision was contained in the Senate amendment and none is contained in the conference substitute.

Initiating Postal Rate Commission recommendations

The House bill provided for the Postal Service to propose to the Postal Rate Commission changes in rates and classifications of mail. The Senate amendment provided (1) for the Board of Governors to request the Postal Rate Commission to recommend changes in rates and classifications of mail, and (2) after the initial change in classifications of mail, also for the Postal Rate Commission to recommend changes in classifications on its own initiative. The conference substitute adopts the Senate provision.

Rate Commission recommendations

The House bill contained a provision permitting the Board of Governors to adopt, reject, or modify recommendations of the Postal Rate Commission with respect to proposed changes in rates or classifications.

Under the Senate amendment, the Governors were required to act on the recommended decision of the Postal Rate Commission by (1) adopting such decision, (2) allowing such decision under protest, (3) rejecting such decision, or (4) modifying a subsequent decision by unanimous vote following rejection of a prior decision and resubmission of a request for a recommended decision.

The conference substitute conforms to the Senate provision.

Judicial review

The House bill provided that the final decision of the Postal Service on rate and classification changes would be subject to judicial review by United States Courts of Appeals on questions of law and procedure. The Senate amendment provided that such decisions would be subject to judicial review by the United States Court of Appeals for the District of Columbia Circuit on questions of law, procedure, and substantiality of the evidence. The conference substitute adopts the Senate provision with an amendment providing for review in any appropriate United States Court of Appeals.

Congressional veto

The House bill provided that a decision on rates or classification was to become final following termination of judicial review unless, within a certain time, either House of Congress by a majority vote disapproved of such decision. No comparable provision was contained in the Senate amendment and none is contained in the conference substitute.

Changes in postal service

The House bill provided that the Governors would make the final decision with respect to changes in postal service. The Senate amendment provided that the determination of the Postal Rate Commission on changes in postal service would be binding for a period of two years. The conference substitute adopts the House provision with an amendment providing that the Postal Service should make the final decision.

Standards for rate determinations

The House bill provided that revenues from rates and fees, plus revenue foregone appropriations for free and reduced rate mail matter, should be sufficient to cover full costs by January 1978. The Senate amendment provided that revenue from rates and fees, plus annual appropriations for public service, debt service, and revenue foregone should cover full costs. The conference substitute adopts the Senate provision with an amendment eliminating consideration of debt service.

The House bill contained provisions requiring that (1) rates be established in such a manner so as to apportion the costs of all postal operations on a fair and equitable basis, and (2) rates for each class of postal service cover the demonstrably related cost of such service. The Senate amendment also contained the requirement that postal rates be established in such a manner so as to apportion the costs of all postal operations on a fair and equitable basis, and provided several additional standards to be considered in making rate determinations. The conference substitute adopts the Senate provision with an amendment which incorporates the standard that each class of mail or type of mail service should bear the direct and indirect postal costs attributable to that class or type plus that portion of other costs of the postal service reasonably assignable to such class or type.

The provision in the conference substitute with respect to costs attributable to a class of mail or type or service establishes a floor for each class of mail equal to costs which consist of those costs, both direct and indirect, that vary over the short term in response to changes in volume of a particular class or, even though fixed rather than variable, are the consequence of providing the specific service involved. In addition, the conference substitute provides for a judgmental assignment of some part of the remaining costs.

Standards for mail classification

The Senate amendment contained provisions not in the House bill which set forth several factors to be considered in making changes in mail classification. The conference substitute conforms to the Senate provisions.

Uniform rates for books and related material

The Senate amendment contained a provision not in the House bill which required that rates of postage on books, films, printed music, printed test materials, sound recordings, playscripts and manuscripts, printed educational reference charts, and looseleaf pages of medical

information be uniform for parcels of the same weight and not be based on zones or otherwise vary with the destination of the parcel. The conference substitute adopts the Senate provision.

Agreements restricting use of equipment

The House bill contained a provision not in the Senate amendment which directed the Postal Service to refrain from expending any funds, engaging in any practice, or entering into any agreement or contract which restricts the use of new equipment or devices. The conference substitute adopts the House provision with an amendment which provides that the Postal Service should so refrain but which exempts collective bargaining agreements from the terms of the provision.

Nonmailable matter

The House bill contained a provision permitting the Postal Service to dispose of nonmailable matter. The Senate amendment contained a similar provision permitting the Board of Governors to dispose of nonmailable matter except that it permitted certain oversized or perishable nonmailable matter to be delivered to the addressee if he furnished the name and address of the mailer. The conference substitute adopts the Senate provision.

Unordered merchandise

The Senate amendment contained a provision not in the House bill providing that mailing of unordered merchandise, with certain exceptions, constitutes an unfair method of competition and an unfair trade practice in violation of the Federal Trade Commission Act and may be treated as a gift by the recipient. The conference substitute adopts the Senate provision.

Sealed mail

The Senate amendment contained a provision not in the House bill providing for the Postal Service to maintain one or more classes of mail for the transmission of letters sealed against inspection and further providing that when such letters are not deliverable in accordance with the address, or in accordance with instructions of the addressee, they will not be opened except under authority of a search warrant, the instructions of the addressee, or by an officer or employee of the Postal Service for the sole purpose of determining an address at which the letter can be delivered. The conference substitute adopts the Senate provision.

Collection and adjustment of debts

The Senate amendment contained a provision not in the House bill which permitted the Board of Governors to adjust, pay, or credit the account of a postmaster or of an enlisted person of the armed forces performing postal duties for any loss of Postal Service funds, papers, postage, or other stamp stock or accountable paper. The conference substitute adopts the Senate provision.

The Senate amendment contained a provision not in the House bill requiring the Board of Governors to request the Attorney General to bring a suit to recover with interest certain payments improperly made from monies of, or certain credit improperly granted by, the Postal Service. The conference substitute adopts the Senate provision.

Governors excluded from civil service retirement

The Senate amendment contained a provision not in the House bill providing that the Civil Service Retirement Act does not apply to an individual appointed to serve as a Governor of the Board of Governors of the Postal Service. The conference substitute adopts the Senate provision.

Salary increase of 8 percent

The House bill and the Senate amendment contained identical provisions directing the Postmaster General to increase by 8 percent the salary rates of employees of the Post Office Department, effective retroactively to the beginning of the first pay period commencing on or after April 16, 1970. It is the intent of the conference committee that the 8 percent increase will be effective, under regulations issued by the Postmaster General, by adjustment of the pay and compensation schedules in effect immediately before enactment of the Postal Reorganization Act as they apply to employees of the Post Office Department.

Pay ceiling

The Senate amendment contained a provision not in the House bill providing that the 8 percent salary increase for postal personnel of the General Schedule (required by both the House bill and the Senate amendment) should not increase the salary rate of any officer or employee to a salary rate in excess of the rate for level V of the Executive Schedule. The conference substitute adopts the Senate provision with an amendment which provides that no salary rate of an officer or employee shall be increased, by reason of such 8 percent increase, to a rate in excess of the rate for grade GS 18 of the General Schedule.

Mailing of sexually oriented advertisements

The Senate amendment contained a provision not in the House bill permitting postal patrons to advise the Postal Service that they do not wish to receive sexually oriented advertisements, and requiring any person who mails such advertisements to place on the envelope his name, address, and such mark or notice as the Board of Governors may prescribe. The conference substitute adopts the Senate provision.

Supplemental legislation

The House bill contained a provision indicating the intent of Congress that further legislation be enacted giving additional guidance to the Postal Service concerning the division of costs among the several classes of mail. The Senate amendment contained no comparable provision and the conference substitute contains none.

Continuance of existing rates

The Senate amendment contained a provision not in the House bill providing that classes of mail, rates, and fees as in effect immediately prior to the effective date of the authority of the Postal Service to fix such classes, rates, and fees shall remain in effect until changed in accordance with such authority. The conference substitute adopts the Senate provision.

Transitional provisions

The Senate amendment contained a provision not in the House bill specifically transferring to the Postal Service all the functions, powers, and duties of the Post Office Department and the Postmaster General of the Post Office Department, and abolishing the Post Office Department and the office of Postmaster General of the Post Office Department. The conference substitute adopts the Senate provision.

Savings provisions

The House bill and the Senate amendment contained similar provisions maintaining the force and effect of outstanding orders, rules, and regulations until specifically repealed, amended, or revised by the Postal Service. In addition, the Senate amendment contained provisions protecting certain proceedings and other legal matters commenced prior to the effective date of the Postal Reorganization Act. The conference substitute adopts the Senate provision.

THADDEUS J. DULSKI,

DAVID N. HENDERSON,

ARNOLD OLSEN,

MORRIS UDALL,

DOMINICK V. DANIELS,

ROBERT J. CORBETT,

GLENN CUNNINGHAM,

EDWARD J. DERWINSKI,

Managers on the Part of the House.

POSTAL REORGANIZATION AND SALARY ADJUSTMENT ACT OF 1970

MAY 19, 1970.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. DULSKI, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

together with

SEPARATE, MINORITY, AND SUPPLEMENTAL VIEWS

[To accompany H.R. 17070]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 17070) to improve and modernize the postal service, to reorganize the Post Office Department, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

AMENDMENT

The amendment proposed by the committee to the text of the bill strikes out all after the enacting clause and inserts in lieu thereof the substitute text, which is contained in italic type in the reported bill. The explanation of the provisions of the substitute text is contained in the explanation of the bill set forth hereinafter in this report.

PURPOSE

The purpose of H.R. 17070 is to carry out the legislative recommendation of the President to the Congress contained in his message of April 16, 1970, that would, as he stated:

Convert the Post Office Department into an independent establishment in the Executive Branch of the Government freed from direct political pressures and endowed with the means of building a truly superior mail service.

Provide a framework within which postal employees in all parts of the country can bargain collectively with postal management over pay and working conditions.

Increase the pay of postal employees by 8 percent, over and above the Government-wide increase of 6 percent, and shorten the time required to reach the top pay step for most postal jobs.

When enacted, H.R. 17070 will totally reform the Nation's postal system so as to—

Enable the postal service to continue to provide—and extend and improve upon—the present quality and scope of postal service in the face of the tremendous increases of mail volume that are expected in the future,

Eliminate serious handicaps that are now imposed on the postal service by certain legislative, budgetary, financial, and personnel policies that are outmoded, unnecessary, and inconsistent with the modern management and business practices that must be available if the American public is to enjoy efficient and economical postal service,

Modernize limitations on the authority of the postal service to procure transportation for mail so as to permit the most expeditious and economic movement of the mails, and thus facilitate more rapid and less expensive delivery, enable more economic utilization of the Nation's transportation resources, and encourage more responsive and imaginative development of new transportation facilities;

Create a lasting foundation for a modern, dynamic, and viable postal institution that is both equipped and empowered at all times to satisfy the postal requirements of the future technological, economic, cultural, and social growth of the Nation,

Provide postal employees with decent and modern working environments and with the facilities and modern equipment that they need in order to realize their full productive potential,

Improve postal employee-management relations, to recognize—by law—that postal employees have the right freely to select collective bargaining representatives of their own choosing, and to give postal employees a voice in determining their conditions of employment and a real stake in the quality of the postal service that they provide to the public; and

Adjust the salaries of postal employees so as to compensate for the limited opportunities for career advancement that most postal workers have traditionally faced and to allow postal workers to share in the benefits of the improved efficiency and productivity that should be attainable under a properly organized postal system.

STATEMENT

BACKGROUND

Rarely has any subject received as much careful and intensive consideration by a committee of the Congress as this committee has given to the very complex and important subject of postal reform.

On January 3, 1969, the first day in the 91st Congress, the chairman of this committee introduced H.R. 4, the most comprehensive postal

reform legislation ever placed before the House of Representatives. In a floor speech that same day, the chairman pointed out that postal reform is one of the most critical issues facing the 91st Congress and he therein dedicated his committee to the enormous task of developing meaningful postal reform during this Congress.

On April 22, 1969, full committee hearings began, and the committee has been almost totally committed to this subject since that day.

After 5 months of hearings during which every interested party was given full opportunity to be heard, the committee on September 18, 1969, commenced executive deliberations in closed session. After 24 executive sessions, the committee on March 12, 1970, favorably reported H.R. 4 with substitute text incorporating an administration-endorsed postal reform proposal. The committee's report, House Report No. 91-988, was filed together with individual and minority views on April 8, 1970.

The genesis of H.R. 17070

Concurrently with preparing the committee report on H.R. 4, the postal work stoppage occurred in March presenting both a crisis and a new opportunity. The crisis was obvious, it was clear that the Nation could not tolerate a widespread breakdown in postal service.

The new opportunity arose from the fact that the crisis had the effect of crystallizing heretofore opposing and conflicting influences in support of a new compromise postal reform proposal.

At the conclusion of the March postal work stoppage, administration officials and representatives of the postal unions having national exclusive recognition, together with officials of the American Federation of Labor-Congress of Industrial Unions, negotiated an agreement that resulted in recommendations to the Congress for measures intended to adjust those legitimate grievances that had contributed to the cumulative frustration among postal employees which culminated in the work stoppage.

The first phase of this agreement involved recommendation to the Congress of legislation granting postal employees a wage increase of 6 percent, retroactive to December 27, 1969. President Nixon requested that the same retroactive increase be granted to all Federal employees paid under statutory salary systems, including the military. Congress promptly enacted the recommended legislation and the President approved it on April 15, 1970, as Public Law 91-231.

The second phase of this agreement called for the parties thereto to agree upon and jointly sponsor legislation designed to restructure the existing Post Office Department so that it might operate on a self-contained basis. This legislative proposal was also to include provisions for collective bargaining over wages, hours, and working conditions, to provide an additional 8 percent wage increase for postal workers effective upon enactment of the reorganization legislation; and to provide for prompt negotiations on a new wage schedule under which a rank-and-file postal employee would reach the top step in his labor grade after no more than 8 years of satisfactory service in that grade.

Negotiations over the exact language of the legislative proposal outlined above were completed on April 16, 1970. On that day, President Nixon transmitted the proposed legislation to the Congress

and urged that it be given prompt and favorable consideration. It was introduced that same day as H.R. 17070, and new hearings before the committee commenced on April 22.

Although the postal reform recommended as a result of these unprecedented negotiations is both thoroughgoing and far reaching, none of the concepts in the proposal was new to the committee, and indeed, in basic concept and general outline—and even in its exact wording with respect to the greater part of the bill—the negotiated proposal for postal reorganization draws very heavily from H.R. 4, the proposed Postal Reform and Salary Adjustment Act which, as indicated, was reported by the committee on April 8, 1970, accompanied by House Report No. 91-988.

In short, as a result of the intensive and laborious analysis that the committee has devoted to problems of postal reform and postal reorganization for over a year, the committee was thoroughly prepared to consider the recommended proposal and can assure the House that, notwithstanding the short period that has elapsed since the introduction of the proposal in its present form, its provisions have been subjected to the most meticulous scrutiny.

The need for H.R. 17070

For several years there has been a growing awareness—increasingly widespread and increasingly acute—that our vast sprawling postal complex is heavily overburdened and in deep trouble. Delays, breakdowns, errors, damage, and other inconvenience to the public have become more and more frequent. Businessmen, public officials, and ordinary citizens have demonstrated increasing concern with the condition of their postal system and of the grave problems confronting it. Public dissatisfaction is more widespread—and public demand for a change is more insistent—than ever before with respect to postal affairs.

There is unusual agreement among postal officials and independent authorities on the need for sweeping reforms in postal policies and operations. Not a single witness who appeared before the committee argued that the Post Office should be continued without change. This is all the more remarkable in light of the fact that the record of the committee hearings, extending over 1,500 printed pages, reflects every interested viewpoint and was open to witnesses holding widely differing positions. Although this record contains disagreement about the precise form that postal modernization should take, there is a virtual unanimity of dissatisfaction with the present state of the postal system. The basic problems that have led to this unanimity of dissatisfaction include the following:

The Post Office has not kept pace with the advances of the national economy, particularly in the last 25 years. Mail volume is at unprecedented levels and continues to grow rapidly, but the way the system operates is basically the same as it was decades ago.

Although it is one of the Nation's largest employers, the Post Office has an unsatisfactory record of labor-management relations. Career prospects are bleak, working conditions are frequently primitive, and morale is unacceptably low.

The Post Office chronically operates at a huge deficit, expected to exceed \$1.4 billion in the current fiscal year. While a portion of this deficit is properly attributable to public services for mailings at reduced rates, the deficit largely represents a subsidy by taxpayer to the users of the mail, most of which is generated by business organizations. A chronic shortage of investment capital has prevented the introduction of modern high-speed equipment and up-to-date facilities, which would reduce the unit costs of operating the postal service. Higher unit costs have led to higher rates, despite an ever growing deficit.

Postal rates are set by statute, requiring detailed congressional involvement in the technical details of postal economics. This process causes a widespread public impression that the influence of special interests has a determining effect on the structure of today's postal rates.

These shortcomings have long been recognized by responsible observers of postal affairs. Year after year, postal officials and members of this committee have focused on one or more of these problems. It has now become apparent that all the shortcomings of the Post Office Department are bound up in the fact that responsibility for managing the system is shared by a number of executive agencies and by several congressional committees. Therefore, the only solution to these problems is fundamental reform that puts complete responsibility in a single place, with appropriate safeguards against abuse of that responsibility and appropriate assurances of continued congressional surveillance.

Top management must be given authority, consistent with its responsibilities, to provide an efficient and economical postal system. Postal management has been severely and unjustly hampered in its efforts to administer the Department in a businesslike way.

An effective postal service needs an updated financial policy that is fully responsive to operating needs. The present financial arrangements are a hodgepodge of sometimes conflicting and often obstructive limitations.

Postal employee-management relations are in a sad state of disrepair and must be modernized to fit today's needs.

The postal system needs the most flexible and efficient transportation services that the American economy can provide. Ultimately, the mails are completely dependent upon transportation. Yet the Post Office Department today labors under restrictions on its ability to procure transportation services that are often rigidly confining and in some instances inexcusably archaic.

The postal system needs, and the American public deserves, a means of determining and adjusting postal rates that is readily responsive to changing economic conditions and that brings to bear expert analysis and technical proficiency on the highly intricate problems of ratemaking. The Congress should no longer be burdened with the increasingly complicated task of analyzing the details of the postal rate structure. This is an area that needs the fulltime skills of professional economists, trained rate analysts, and the like. On the other hand, of course, the Congress must not abandon its general responsibility for seeing to it that the American public is not required to pay clearly unreasonable postage rates.

If the American public is to have the postal service that it expects and deserves, the Post Office must be taken out of politics and politics out of the Post Office. Nineteenth century customs of political patronage have no place in a late 20th century postal system.

Each and every one of the needs set forth above is attested to both by the bulk of the testimony accumulated during the committee's hearings on postal reform and by the judgment and experience of most of the members of the committee from both sides of the aisle. H.R. 17070 is designed to meet these needs.

SUMMARY OF COMMITTEE ACTION

Title I of this bill provides for the total reform and complete modernization of the Post Office Department. It takes the Post Office Department completely out of the President's Cabinet and out of politics and recasts it in the form of an independent establishment within the executive branch of the Government, to be known as the United States Postal Service.

Title I is basically consistent with the recommendations of the President's Commission on Postal Organization (the Kappel Commission). The bill, however, makes important improvements to, and refinements of, the Kappel Commission recommendations. It does not provide for a Government corporation, but it does provide for matching responsibility with authority to conduct the affairs of the Postal Establishment on a business like basis, while retaining the public service character of the Nation's mail system.

Committee amendments to title I

During the executive deliberations on H.R. 17070, the committee adopted several amendments to provisions contained in title I of the introduced bill without in any way affecting the comprehensive nature and scope of the reform and modernization proposed in title I.

Section 102 of title I consists of an amendment which writes into the law a complete new title 39, United States Code. References hereinafter to chapters and sections relate to such new title 39, except for the amendment to section 112 of the bill, relating to postmaster appointments.

An amendment was adopted to section 114 (with a conforming change in section 201(d)), to continue the application to the Postal Service of the provisions of 5 U.S.C. 5532, which require that a retired regular officer of the military service will have his retired pay reduced when he is employed in the Postal Service.

The committee added a new section 117 to chapter I, requiring that leases for facilities containing more than 5,000 square feet entered into by the Postal Service be subject to the provisions of the Davis-Bacon Act requiring laborers and mechanics employed by the lessor on construction, alteration, or improvement to be paid not less than the area prevailing wage.

The committee adopted an amendment to section 205 which would establish a policy in the Postal Service of maintaining compensation and benefits for Postal Service employees on a wage area basis comparable to the compensation and benefits paid for comparable work in the private sector of the corresponding wage area.

Section 205 also was amended to establish a policy in the Postal Service requiring adequate and reasonable differentials in rates of pay between employees and supervisory management personnel.

An amendment was adopted to section 206, prohibiting any officer or employee of the Postal Service from being paid compensation at a rate in excess of the rate of Executive Level I, which is now \$60,000 per annum.

Section 206 was further amended to provide that an individual who is a member of a religious organization having established teachings which oppose a requirement that a member of such organization join a Postal Service labor organization as a condition of employment provided he pays to the Treasurer of the United States a sum equal to the initiation fees and periodic dues required of the labor organization.

Section 208 was amended to require the Postal Service to accord recognition to an organization of supervisors which may include administrative, professional, and technical employees in PFS-17 and below. The supervisors' organization would have the right of participating directly with the Postal Service in the formulation of matters affecting the conditions of employment of supervisors, except rates of pay.

A second amendment to section 208, eliminates the requirement that before the supervisory organization is entitled to consult with the Postmaster General the organization present evidence that the membership constitutes a "majority" of employees in the particular occupations or positions, and substitutes therefor a requirement that the membership of the particular organization constitutes a "substantial percentage" of the employees in the particular occupations or positions.

Section 223, and related sections, were amended to provide that the National Labor Relations Board will decide in each case the unit appropriate for collective bargaining. The restriction of appropriate collective-bargaining units to national craft units was omitted.

Section 224(b) was amended to provide a savings provision for all existing union agreements and supplements in effect on the date of enactment covering employees in the Post Office Department until altered or amended pursuant to law.

The committee amended section 226 to continue in full force and effect existing agreements with postal employee organizations which provide for dues checkoff.

The committee adopted an amendment to section 853 requiring that contracts for transportation of mail by air be filed with the Civil Aeronautics Board for approval, or disapproval if the Board finds that the contract is not consistent with the public interest under 49 U.S.C. 1302.

The committee adopted an amendment to section 1201 requiring that fourth-class parcel post bear, in addition to demonstrably related cost, other costs related to parcel post service as will assure that the revenue of such service will not be less than the cost thereof by 4 percent. The purpose is to continue in effect the policy that rates charged for this service be maintained at a level to assure that any variance between revenue and costs of the service will not exceed 4 percent.

The committee adopted an amendment to section 1202(d) requiring that, in connection with the requirement for a biennial report to the Congress on the operations of the Postal Service, there be submitted a profit and loss statement of the Postal Service, certified by a firm of independent public accountants.

The committee adopted two amendments to section 1254(c) changing from 60 to 90 days the period available to Congress to adopt a resolution disapproving changes in postage rates, and eliminating the requirement that the resolution be adopted by two-thirds of either House, so that the disapproving resolution could be adopted by a majority vote of either House.

The foregoing concludes discussion of committee amendments to the new title 39, United States Code, contained in the amendment made by section 102 of the committee bill.

The committee adopted an amendment to section 112 of the bill, relating to the appointment of postmasters in the competitive service during the interim period between the date of enactment of the legislation and the effective date the new Postal Service begins operations. The appointments would be by one of three methods in the following order of precedence—

(1) by selection of a qualified employee, including acting postmasters who were in the service on January 1, 1969, serving at the post office where the vacancy occurs;

(2) by selection of any qualified Postal Field Service employee;

or

(3) by open competitive examination.

Committee amendments to title II

Title II of the introduced bill provided for salary adjustments for all postal employees effective upon enactment of H.R. 17070, approximating an 8 percent increase in pay. It also provided for collective bargaining between postal management and the postal unions, beginning bargaining promptly after enactment, on wages, hours, and working conditions that will take effect in accordance with whatever agreement may be reached.

The committee amended section 201 of title II to provide that the 8 percent pay raise for employees of the Post Office Department shall be effective retroactively to the first day of the first pay period that begins on or after April 16, 1970. The pay raise, however, is still contingent upon enactment of H.R. 17070.

The committee consensus

It is reemphasized that the relatively few changes made by the committee in the administration's introduced bill in no way endanger the bill's comprehensive objectives of effectively achieving total reform of our postal service. Each section of the introduced bill was carefully considered by the committee in its markup. Each member had the opportunity to offer amendments. The record will show that the committee rejected far more amendments to the introduced bill than it adopted. However, after nearly 14 months of almost total immersion in this controversial and complex subject, the reported bill truly represents the considered final judgment of a majority of the committee.

Postal pay raise

The committee did accept the concept, agreed to in the administration-postal union negotiations, that the additional 8 percent pay raise for postal employees would be contingent upon enactment of postal reform. However, since inadequate pay is admittedly one of the root causes of unrest and poor morale in the postal service and since all parties involved agree that an additional 8 percent increase is meritorious, the committee voted to accelerate the effective date to mid-April 1970.

SUMMARY OF BILL

The Post Office Department is abolished as a Cabinet-level Department. In its stead, H.R. 17070 creates an independent establishment within the executive branch of the Government to own and operate the Nation's postal system, known as the United States Postal Service. The Postal Service is governed by an 11-man Commission on Postal Costs and Revenues: nine "public members" appointed by the President (with Senate confirmation) with rotating 9-year terms, the 10th appointed as Postmaster General by the nine presidentially appointed Commissioners; the 11th appointed as Deputy Postmaster General by the 10. The Postmaster General and Deputy Postmaster General serve full-time, and their compensation and tenure are fixed by the presidentially appointed Commissioners. The Postmaster General is responsible for day-to-day operations of the Postal Service.

The Postal Service is empowered to sue and to be sued in its own name, to adopt rules and regulations, to enter into and to perform contracts, to keep its own system of accounts, to acquire and dispose of property, to settle claims, etc.

The Postal Service is required to develop and provide adequate and efficient postal service at fair and reasonable rates and to serve as nearly as practicable the entire population of the United States. In the latter respect, the existing concept of universality of postal service is explicitly carried forward in H.R. 17070 and effective postal service is to be assured to residents of rural, as well as urban, communities. The Postal Service is empowered to engage in research and development programs directed toward the expansion of present postal service and the development of new services responsive to the evolving needs of the United States. The Postal Service is specifically empowered to provide for collection and delivery of mails, to establish necessary post offices, to sell stamps, provide philatelic services, investigate postal offenses, and the like. Existing maximum limits on the size and weight of packages that the Postal Service may handle are carried forward in substance, as are provisions for the continuance of APO and FPO service and service to military installations and for the continuance of existing authority to negotiate international postal arrangements.

H.R. 17070 substantially continues existing law in respect to "non-mailable matter" (e.g., lottery mail, mail involving false representation for obtaining money, obscene mail) and in respect to "penalty mail" and franking privileges.

The Postal Service may appoint and promote officers and employees and vest them with such powers and duties as it deems necessary. Officers and employees of the Postal Service will be in the Postal Career Service and the Postal Service is required to establish pro-

cedures to assure its employees of meaningful opportunities for promotion and career development and of opportunity to be heard before adverse action is taken against them.

The Veterans Preference Act will apply to the Postal Service. Postal employees will continue to be within the civil service retirement system. Federal workmen's compensation laws will continue to apply to postal employees.

Employees of the Post Office Department, except for the Postmaster General and other Presidential appointees, automatically become employees of the Postal Service, but any employee of the Department is eligible to transfer at the same or a higher grade, to any position within the Government which is open and for which he is qualified. Compensation, benefits, and other terms and conditions of employment applicable to employees immediately before they become employees of the Postal Service will continue to apply until changed by the Service.

Labor-management relations are generally made subject to the National Labor Relations Act, as amended, with one principal exception. The existing ban on strikes by Federal employees is carried forward, and consequently, binding arbitration is provided for in the event of a bargaining impasse between the parties.

The Postal Service shall have an initial capital consisting of the equity of the United States in the present Post Office Department as reflected in the President's budget. The Postal Service and the General Services Administration will work out exactly which properties shall be transferred to the Postal Service and which will remain in the United States, subject to approval by the Bureau of the Budget. There is established in the Treasury a Postal Service Fund to be credited with all revenues and receipts of the Postal Service and to be available for the payment of any and all expenses incurred by the Postal Service without the need for annual appropriations.

The Postal Service is authorized to borrow money and issue obligations up to \$10 billion, but the net increase in any obligations for capital improvements may not exceed \$1.5 billion in any one fiscal year and the net increase for the purpose of defraying operating expenses shall not exceed \$500 million. The terms and conditions of Postal Service obligations are subject to consultation with the Secretary of the Treasury and he may elect to purchase any or all such obligations. However, the maximum mandatory exposure of the Treasury is limited to \$2 billion. Obligations sold to the public would not be guaranteed by the United States and would not be within the debt ceiling unless the Postal Service requests the Secretary of the Treasury to pledge the full faith and credit of the United States and the Secretary determines that it would be in the public interest to do so.

The Comptroller General is authorized to audit the accounts of the Service and to make reports thereon to the Congress, but the Postal Service is authorized to make such expenditures as it deems necessary, including the final settlement of all claims and litigation by or against the Service.

The Postal Service is to become self-sustaining—eliminating the postal deficit—by January 1, 1978. Rates are to be set so that each class of service pays at least its own identifiable costs and so that

revenues of the postal service as a whole meet its expenses, taking into account appropriations that the Congress may choose to make to cover the loss of revenues on congressionally declared free and reduced rate mail. Existing postal rates remain in effect until changed pursuant to the rate making provisions of the bill.

The same groups that enjoy the benefits of free or reduced rate mail today will continue to enjoy these benefits until changed by law, if and to the extent that Congress appropriates to the Postal Service the revenue foregone by the free or reduced rates.

H.R. 17070 provides a comprehensive procedure for rate setting and service changes. Rate changes and significant service changes are initiated by postal management but cannot become effective until after public notice and hearing before a three-man Rate Board, which is appointed by the President and is independent of postal management. After making a record, the Rate Board renders an initial decision that the presidentially appointed members of the Commission on Postal Costs and Revenues may either reject, adopt, or modify. Except for special services (C.O.D., special delivery, etc.), decisions of the presidentially appointed Commissioners on rate changes are transmitted to the Congress and become final unless disapproved by either House within 90 days. A "privileged resolution" procedure assures that both Houses will have the opportunity to vote on a proposed rate change within the 90-day period.

The bill substantially continues existing law in respect to the so-called private express statutes and in respect to searches of mailable matter apparently being transported in violation of law, seizures of letters being carried contrary to law, and disposition of seized mail.

The Postal Service is authorized to provide for the transportation of the mails and to contract for such transportation. In general, the same statutory obligation to transport mail and provide related services that now applies to railroads is placed upon other carriers, at fair and reasonable rates fixed by the Interstate Commerce Commission or, in the case of air carriers, the Civil Aeronautics Board. In addition, the Postal Service is authorized to enter into contracts with carriers to carry the mails at rates voluntarily agreed upon, but, in such cases, there is no statutory obligation on the carrier to carry the mails. The requirement that certain airport-to-post office transportation be performed by Government vehicles, regardless of the relative economies, is repealed. Archaic residence requirements for star route contractors are also repealed.

Finally, title II of H.R. 17070 provides an 8 percent pay increase for all postal employees, effective the first day of the first pay period that begins on or after April 16, 1970. Title II further requires commencement of collective bargaining, promptly after enactment, on wages, hours, and working conditions, and any resulting agreement must provide a wage schedule under which postal employees will reach the maximum pay step for their respective labor grades after not more than 8 years of satisfactory service in such grades.

Management structure

The Postal Service is a public service but there is no reason why it cannot be conducted in a businesslike way and every reason why it

should be. A prime requisite of conducting any large enterprise in a businesslike way is that reasonable continuity of top management be substantially assured for so long—and only so long—as top management is doing its job well. Median tenure of Postmasters General in the 20th century has been less than 2½ years. Much of that time is spent in learning the mechanics of the postal system and there is little opportunity to grow in the job and exercise professional leadership over the vast service organization that is the American postal system. “Revolving door” leadership has been one of the greatest handicaps of the postal system.

Moreover, the Postmaster General’s presence in the President’s Cabinet creates a link between partisan politics and the Postal Service that cannot be dissolved by simply statutory prohibitions on “political influence.” As long as the top postal manager serves at the pleasure of the President, he will find it nearly impossible to disassociate himself from the informal obligations of the President’s official family. And as long as the Postmaster General is appointed by the President, even if a fixed statutory term is prescribed, the probability is that his service will, in practical consequence, in fact be “at the pleasure of” the President.

H.R. 17070 will end “revolving door” leadership in the top management jobs in the Postal Service. The tenure of the Postmaster General and Deputy Postmaster General should be comparable to that of the chief executive officer or chief operating officer of any nationwide enterprise in the private sector. An assurance of tenure for so long as the job is being done right represents an essential first step toward bringing to the postal service the enhanced efficiency and improved productivity that modern American management techniques can offer.

The composition of the Commission on Postal Costs and Revenues, two full-time executives from within postal management and nine “outside” Commissioners (of whom no more than five can be from the same political party) representing the public, provides a balance of experience and perspective that should assure the Postal Service of the best possible management.

The Commission provides an invaluable buffer between the management of the Postal Service and the possible influence of partisan politics. Insulation from partisan politics is one of the principal purposes to be served by having the Postmaster General and Deputy Postmaster General appointed by the Commission rather than by the President. The same purpose is served by having the Postmaster General responsible to the Commission, which represents the public interest only, for his conduct of the affairs of the Postal Service.

Congressional oversight

Congressional responsibility for the Nation’s postal system requires that the Congress be in a position to set broad policy guidelines for the operations of the Postal Service. On the other hand, the Congress is ill-suited to become enmeshed in the details of the day-to-day operating decisions that must be made. H.R. 17070 assures that the Congress will be fully informed on postal affairs so that it may discharge its responsibilities to see to it that the Postal Service is conducted consistently with the policies laid down in the bill. The Commission is required to report annually to the Congress concerning

the operations of the Postal Service. Power is explicitly reserved to Congress to alter, amend, or repeal any or all of the provisions respecting the new Postal Service. Changes in postal rates are required to be submitted to the Congress. And finally Congress is always present, with its ability to hold hearings as the need arises, and the Postal Service will be continually aware of this presence.

Prohibition against political influence

There is wide agreement that vestiges of 19th century political patronage practices have persisted in the Post Office Department too long and that one of the cardinal needs of postal reform is to seal off the Postal Service from partisan political influence. H.R. 17070 does this in two different ways. First, section 207 bars consideration, in respect to any appointment, promotion, assignment transfer, or designation that relates to any office or position in the Postal Service (excepting members of the Commission on Postal Costs and Revenues), of any recommendation or statement by any Member of the Congress, elected official of State or local government, or official of any national, State or local political party. It also bars a person under consideration for such an appointment from soliciting any such recommendation.

The second way in which H.R. 17070 seals off the Postal Service from political influence is by establishing institutional buffers between the President and the Congress on the one hand, and the officers and employees of the Postal Service on the other. Thus, as noted above, the Postmaster General and the Deputy Postmaster General are not appointed by the President but rather are appointed by, and serve at the pleasure of, the presidentially appointed members of the Commission on Postal Costs and Revenues. Further, as the Postal Service attains a self-sustaining basis, it will be largely independent of the normal Federal budget and appropriations process. In the same vein, the Postal Service will no longer depend on congressional authorization for rate changes. In sum, H.R. 17070 excludes partisan political influence from the Postal Service by removing the day-to-day management of the Postal Service from both presidential and congressional areas of concern while still leaving the Postal Service subject to broad policy guidance.

Labor relations—General

Labor-management relations would, in general, be subject to the National Labor Relations Act, as amended, and its provisions would be enforceable by the National Labor Relations Board and the Federal courts. Unfair labor practice charges would be handled just as they are in the private sector.

Although the needs for postal reform are as interrelated as they are manifold, certainly no single need is more insistent than that for reform of the labor-management structure. Events of last March, however deplorable they may be, have finally established that a basic change in postal labor relations is overdue. Although contemporary labor relations in the private sector of the national economy have not been free of problems, they add up to a triumphant success as compared with those in the Postal Service. Generally speaking, H.R. 17070 would bring postal labor relations within the same structure that exists for nationwide enterprises in the private sector. Rank and file postal

employees would, for the first time, have a statutory right to organize collectively and to bargain collectively with management on all of those matters—including wages and hours—which their neighbors in private industry have long been able to bargain for. In respect to wage adjustments, there would no longer be any reason for the long timelags in achieving comparability to the compensation and benefits paid for comparable levels of work in the non-Federal sectors of the economy—timelags that have too often attended the legislative process of adjusting postal wages.

The right to strike, of course, is a very important element of labor relations in the private sector. In the Federal service, however, strikes have long been prohibited by law. As events of the past several weeks have amply demonstrated, the Postal Service is too important to the people and the economy of this Nation for us to tolerate postal strikes. Under H.R. 17070, the existing ban on strikes by Federal employees would be continued without change.

Collective bargaining in public employment involves factors that differ importantly from those traditionally found in the private sector. In the private sector, a strike involves an economic contest pitting the stockholders' capacity to forego profits against labor's capacity to forego wages. A strike may impair the ability of the enterprise to compete successfully in the market. In the public sector, the stakes are quite different. A strike would not merely threaten the income of a public enterprise and cause loss of wages to workers, it would also directly imperil the public welfare. The extent to which the public welfare might be so imperiled has been vividly brought home to all by the events of last March.

Labor relations—Binding arbitration

Since it will continue to be unlawful for postal employees to strike, H.R. 17070 provides for binding arbitration in the event of unresolved collective bargaining impasses so as to assure parity of bargaining power between labor and management. But the essence of successful collective bargaining is that the parties must deal with one another and that neither party should be able to turn from its efforts to find agreement with the other in favor of obtaining an imposed resolution from outside arbitrators until every reasonable possibility of reaching bilateral agreement has been exhausted. In the same vein, successful labor-management relations require that labor and management agree on procedures for the resolution of disputes in the event that unresolved issues remain in dispute, rather than have those procedures imposed on them from outside. Accordingly, H.R. 17070 provides that it is the intent of the Congress that the parties by agreement adopt any mutually desired procedures for the resolution of disputes or impasses arising in the negotiation of a collective bargaining agreement and not rely on the statutory procedure for resolving disputes that is prescribed in the bill.

Nevertheless, H.R. 17070 necessarily contains provisions for the resolution of disputes in the event that the parties fail to agree on procedures of their own choosing. The bill requires that collective bargaining agreements shall be effective for not less than 2 years. No party to a collective bargaining agreement may terminate or modify it unless that party serves written notice upon the other party of the

proposed termination or modification at least 90 days prior to the expiration date of the agreement or the proposed date of termination or modification. If no agreement has been reached within 45 days, the Federal Mediation and Conciliation Service must be notified. If the parties have still failed to reach agreement or to adopt their own procedure for a binding resolution of the dispute by the end of 90 days from the first notice, the Federal Mediation and Conciliation Director must direct the establishment of a factfinding panel. He submits to the parties a list of neutral impartial persons from which each party selects one person. The two so selected choose a third person to serve as chairman of the factfinding panel. The factfinding panel must report its findings, with or without recommendations, to the parties to the dispute within 45 days.

If there is still no agreement within 90 days after the expiration or termination of the collective bargaining agreement, a three-man arbitration board is established—one selected by management, one by labor, and the third by the first two. The arbitration board must give the parties a full and fair hearing, and is required to make its decision within 45 days. Costs of the arbitration board are shared equally by management and labor. Decisions of the arbitration board are conclusive and binding upon the parties.

If the parties do not agree on framing the issues to be submitted to the arbitration board, the factfinding panel shall frame the issues and submit them to the board.

Two aspects of these provisions for binding arbitration deserve special emphasis. First, there is a definite time limit on how long an unresolved disagreement may run on. Differences over wage adjustments cannot go unresolved indefinitely under H.R. 17070, and this is a notable difference from the situation that has existed in the past. Second, the arbitration provisions of H.R. 17070 are utterly impartial and evenhanded. But if, in the particular exigencies of an impending bargaining impasse, some other means of resolving the dispute seems preferable, H.R. 17070 urges the parties to agree on it.

Labor relations—Union security

H.R. 17070 would not permit the Postal Service to enter into or attempt to enforce a union shop agreement in any State having a law that prohibits the execution or application of agreements requiring membership in a labor organization as a condition of employment.

H.R. 17070 makes labor-management relations in the Postal Service subject to the provisions of the National Labor Relations Act, as amended, with certain stated exceptions that have nothing to do with questions of union security. Accordingly, section 14(b) of the National Labor Relations Act, as amended by the Labor-Management Relations Act of 1947, would apply to labor-management relations in the Postal Service. As codified, section 14(b) states that:

Nothing in this subchapter shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law (29 U.S.C. 164(b).)

Section 8(a)(3) of the National Labor Relations Act, as amended, makes it an unfair labor practice for an employer "by discrimination in regard to hire or tenure of employment or any term or conditions of employment to encourage or discourage membership in any labor organization." But a subsequent proviso to section 8(a)(3) makes an exception to this and permits certain kinds of union security agreements. Thus, the effect of section 14(b) is to make this proviso inapplicable in those States that have adopted laws prohibiting the execution or application of agreements requiring membership in a labor organization as a condition of employment. See *Retail Clerks v. Schermerhorn*, 375 U.S. 96, 103 (1963), where the U.S. Supreme Court in discussing the status of State right-to-work laws in the light of section 8(a)(3) and section 14(b), stated:

There is thus a conflict between State and Federal law; but it is a conflict sanctioned by Congress with directions to give the right of way to State laws barring the execution and enforcement of union security agreements.

From a constitutional standpoint, there is no reason whatsoever why the Congress, by duly enacted statute, may not "give the right of way" to State right-to-work laws insofar as employees of a Federal instrumentality are concerned, whether such employees work in an enclave over which the United States has exclusive legislative jurisdiction or whether they work in an area over which the State government has jurisdiction. This is precisely what H.R. 17070 does.

In summary, by incorporating the National Labor Relations Act, as amended, H.R. 17070 adopts a policy of deference to State law on the right-to-work issue, in those States having right-to-work laws, thus putting the Postal Service in exactly the same position with regard to union security provisions that it would occupy if it were a private business enterprise.

Section 14(b) and the right-to-work issue are highly controversial. But the controversy that surrounds this issue has no place in postal reform legislation. There is no reason for the Postal Service to be different from other nationwide enterprises in this regard. H.R. 17070, like the National Labor Relations Act, as amended, simply yields the right of way to the States. If the National Labor Relations Act should be further amended at some future time, either to extend or to restrict right-to-work provisions, that amendment presumably would apply to the Postal Service in the same way that it applies to other entities. But postal reform is far too important a subject in its own right to be allowed to become embroiled in controversies that are more properly concerned with national labor relations policy than with how best to serve the postal needs of the American people.

Postal rate policy—A self-supporting postal service

H.R. 17070 provides that the Postal Service should be self-sustaining. This, of course, cannot be accomplished at once and H.R. 17070 sets a goal of January 1, 1978, for its attainment. Since the Postal Service will be required to provide postal services "at reasonable and equitable rates and fees," massive and far-reaching improvements in postal efficiency must be achieved before a self-supporting Postal Service becomes a reality, and it would be thor-

oughly unrealistic to suppose that this process could be completely implemented much before 1978.

The mandate that the Postal Service must be self-supporting is essential if postal affairs are to be conducted with reasonable economy and efficiency. So long as postal management operates with a general awareness that congressional appropriations are always available, within some uncertain limit, to make good any short falls of revenue or overruns of costs, there is little real incentive to make the best possible use of resources and efficiency is sure to be more honored in the speech than in the observance. Moreover, the "break-even" requirement of H.R. 17070 represents a commitment that the Postal Service no longer rely on massive annual infusions of general revenues of the Treasury at the taxpayers' expense.

Postal services are, and must be, within the economic reach of all citizens within the national community. This is wholly consistent with the requirement that the Postal Service be self-sustaining. Most mailers are well able to pay the full cost of the services that they receive. H.R. 17070, however, provides a framework for the Congress to authorize appropriate exceptions to the general policy that each class of mail users pay at least the cost demonstrably related to the particular service it receives. The existing categories of free and reduced-rate mail would be continued unless changed by Congress and the existing rate advantages for these categories would continue so long as Congress by specific appropriations provides the revenues that the preferred categories would have paid if "full rates" were applicable to them.

H.R. 17070 moreover, enjoins the Postal Service to take into account the financial impact upon affected users of the various classes of mail of any changes in postal rate structures. The Service is explicitly permitted to achieve the rate policy goals of H.R. 17070 over a duration of time that may be appropriate in view of the financial impact upon mailers of proposed changes. It is clear that an abrupt increase in postal rates for an enterprise relying heavily upon the use of the mails could cause a severe financial dislocation. H.R. 17070 provides for easing this impact over a period of years as the Service begins its operations.

The concept of reasoned gradualism is further reflected in the bill's provision for a transition period of over 6 years during which a progressively decreasing appropriation for "public service costs" is authorized. For the period of commencement of operations of the Postal Service through December 1972, an appropriation at an annual rate of 10 percent of the costs of the Service for fiscal year 1972 is authorized. This would probably come to something in the vicinity of \$800 million. For calendar year 1973, 9 percent of the total costs—probably something in the general order of \$700 million—is authorized. For 1974, 8 percent—perhaps something like \$650 million—is authorized. For 1975, 6 percent—probably something like \$500 million is authorized. For 1976, 4 percent—which might fall in the general range around \$350 million—is authorized. For 1977, 2 percent—which could very roughly approximate \$175 million—is authorized.

Postal rates—Free and reduced-rate mail

H.R. 17070 continues the existing categories of free and reduced-rate mail (e.g., mailings of certain nonprofit organizations; mailings of books, films, and similar materials; mailings for the blind; mailings of "in-county" publications) and provides that the preferential rates accorded these categories of mail will not be changed except by Congress, unless the Congress fails to appropriate funds sufficient to cover the revenue foregone because of the rate preference. H.R. 17070 reserves to congressional initiative any changes in categories or rates applicable to mail formerly entitled to free or reduced rates. Thus, Congress will not legislate on this subject by a failure to veto any change proposed by the Postal Service in this area, but any change will be made only by affirmative legislation in the conventional sense. In this way, H.R. 17070 reflects the fact that any change in rates or categories for free or reduced-rate mail entails questions of policy that are less appropriate to the expertise of a ratemaking commission than to a congressional determination of the public interest.

Retaining the traditional legislative process on free and reduced-rate decisions is not at all inconsistent with the objective of an eventually self-sustaining Postal Service financed in the bond market, because such free and reduced rates will depend on congressional appropriations for their continuance. If there should be a deficit in appropriations for this purpose, the bill provides for proportionate increases in the free and reduced rates to generate the necessary funds. It is important to note that the bill does not require such changes in the same fiscal year, within a particular period of time, or in a single step. In order to avoid interruption and chaos in free and reduced-rate mail service, the committee expects that notice and adequate time for mailers and the authority to adjust to rate changes will be afforded. For this reason, it is expected that the Postal Service will so arrange its funding and costs as to enable it to finance any contingency that public service appropriations may be delayed or inadequate to make up for the statutory free and reduced rates, pending a reasonable opportunity to institute the necessary new rates in a fair and orderly manner.

Ratemaking procedures

There was a time when many public utility rates were established by legislatures, but the expertise and continuing study needed to set them fairly resulted over time in the gradual delegation of ratemaking responsibilities to quasi-independent regulatory agencies. Congressional delegation of postal ratemaking is a compelling need. The establishment of fair rates is so closely bound up with economics, accounting and engineering technicalities that Members of Congress, lacking the time, training, and staff support for thorough analysis, can perform only a sort of adjudicatory function on rate issues. For technical guidance, there has been an inevitable tendency for Members of Congress to look to mailer and management representatives whose presentations are apt to be colored by their own interests.

H.R. 17070 provides for the application of continuing ratemaking expertise to postal rate problems while at the same time requiring that the Postal Service discharge its obligation to keep costs and revenues generally in balance and providing appropriate checks and balances in

the form of congressional veto over rate changes and judicial review of rate decisions.

In the area of ratemaking, as elsewhere, H.R. 17070 carefully insulates postal affairs from partisan political intervention. The three members of the Rate Board, who serve staggered 6-year terms, are appointed by the President from a roster of persons named by the American Economic Association, the American Institute of Certified Public Accountants, the American Bar Association, and the Chairman of the Civil Service Commission. This procedure assures, insofar as practical, that appointments will be made on the merits and without political favor from respected professional experts whose qualifications have been established by their service either within or without the Government.

H.R. 17070 recognizes that postal rates represent the "prices" that the Postal Service charges its customers and that management must have a substantial voice in setting those prices in order that postal affairs may be conducted in a businesslike way. Accordingly, H.R. 17070 provides that—subject to veto by either House of Congress—final authority for changes in postal rates rests with the presidentially appointed members of the Commission on Postal Costs and Revenues.

H.R. 17070 also recognizes that the Postal Service is a highly labor-intensive operation and that, consequently, rate changes must be responsive to the needs of the Service as well as to the interests of customers of the Service. Since wage costs represent a very major part of all postal costs (currently over 80 percent, timeliness in the rate-making process is imperative. Accordingly, the Rate Board is required to act promptly and in the event of judicial review, the courts are also required to give high priority to postal rate cases. Since rate changes must be timely, H.R. 17070 provides for interim rate changes in the event that proposed final changes are not acted upon by the Rate Board within 90 days of notice of a proposed change or in the event of judicial review. But safeguards are provided to prevent postal management from adopting interim changes because of its own delays with respect to final changes or from continuing interim changes in effect any longer than necessary. The provisions of the bill with respect to interim rates are analogous to the provisions for rate increases on the part of regulated utilities and carriers subject to temporary suspension which are characteristically found in the statutes creating regulatory agencies.

H.R. 17070 provides for judicial review of postal ratemaking. In view of the fact that the congressional veto will act as a check on any erroneous or unjustified decision by the Postal Service on a matter of rate policy, judicial review is limited to questions of constitutional and statutory right or authority and to questions of procedure in the proceedings before the Rate Commission.

Procedures for changes in postal service

The Postal Service is—first, last and always—a public service. H.R. 17070 is designed to prevent public service from involving public wastefulness in postal matters. This must be done not only by requiring postal management to operate efficiently and economically, but also by requiring it to seek out the needs and desires of its present and potential customers—the American public. In establishing the Postal

Service on a businesslike basis, H.R. 17070 provides significant assurance that the postal management will in fact be responsive to the people to a greater degree than has heretofore been known. But in addition, H.R. 17070 contains specific provisions requiring justification and review of changes in service. Following procedures comparable to those for proposed rate changes, operating management would submit proposals relating to changes in service to the Rate Board with public notice and opportunity for public comment. The Board would have discretion as to whether to hold public hearings. Written submissions would be permitted in any case. On the record created by this procedure, the Board would reach an initial decision that would become final unless modified or revoked by the presidentially appointed members of the Commission on Postal Costs and Revenues.

Recognizing that service changes may affect an area less than nationwide in scope, flexibility is provided for the manner in which public notice must be given for service changes. If the change involved a particular post office, for example, publishing a notice in the Federal Register might be of little or no effect. On the other hand, displaying a notice in the post office itself might be very effective.

In the same vein, H.R. 17070 provides for the receipt and consideration by the Rate Board of complaints concerning postal service or rates which may not conform to the statutory policies set out in the bill. The Board has discretion as to holding hearings on complaints. If hearings are held and the complaint is found justified, the Board may recommend litigation of an appropriate change, or make a public report, to the presidentially appointed Commissioners, who shall then take whatever action they, in the exercise of their discretion, deem appropriate.

The procedures just described represent significant innovations that should materially enhance the responsiveness of the Postal Service to the American public. H.R. 17070 envisions a national postal service that is forever searching for new markets and new ways by which the communications needs of the American people may be served.

Finances—Bonding authority

The Committee finds a broad consensus among students of postal reform that access to capital through the sale of bonds is essential to any realistic modernization of the physical plant of the Postal Service. H.R. 17070 provides a simple structure for this borrowing by giving the Postal Service the power to issue its own obligations upon the security of such of its assets and revenues as it sees fit. The Postal Service is also given broad discretion as to the terms and conditions of its obligations. The purpose of these broad grants is to carry out the proposition upon which H.R. 17070 rests: that the management of the Postal Service should be given the powers needed to manage well and then should be held strictly responsible for the proper use of those powers. The best possible checks against an unwise use of the borrowing power are those of the financial market—no provision of law could be nearly as effective. If, for example, the Postal Service were to propose to raise funds for operating expenses resulting from inadequate use of mail handling machinery without taking prudent steps to remedy the inadequacy, the market would reject the offerings or place upon them an unaccessibly high rate of interest.

The same discipline may be expected to exert its influence on the extent to which the \$10 billion borrowing authority is actually used.

It is not anticipated that the Postal Service would attempt to raise this amount of capital in a brief period. But were it to try, it is hardly possible that an appreciable quantity of its obligations could be sold unless a persuasive case for the productive employment of the capital so raised could be made to the financial community. If the case could be made, it would be strong evidence that the money was being prudently invested by the Postal Service.

The Postal Service and the Treasury

Subject to the discipline of the marketplace, the power of the Postal Service to issue its obligations is reserved to it alone. It need not seek or obtain the consent of the Secretary of the Treasury either as to the fact of the borrowing or the terms and conditions upon which it is done. There is a duty upon the Service to notify and consult with the Secretary. This, together with the right of the Secretary to purchase any or all of a proposed issue, is regarded by that Department as fully adequate protection of the interest of the United States Government as a potential competitor of the Service in the money market. At the same time, the bill guards against any inappropriate power in the Treasury to control the scale of Postal Service operations.

A second point of balanced cooperation between the Treasury and the Postal Service lies in the right of the Service to call upon the Secretary to purchase up to \$2 billion of its obligations. This right could be utilized by the Service in a number of ways: as a source of essential funds should other sources prove unavailable; as an unused reserve to serve as security for funds to be raised from private sources, and as a potential market for its obligations apart from the private financial community, the existence of which could be expected to improve the Service's ability to gain acceptance of favorable terms and conditions.

In addition to the Service's call on the Treasury for \$2 billion, and the Treasury's right to purchase any obligations issued by the Service, provision is made for the possible issuance of Postal Service obligations backed by the full faith and credit of the United States. Although it is not contemplated that this guarantee, which will apply only if requested by the Service and agreed to by the Secretary of the Treasury, will often be employed, the statutory authority is of value and adds another element of flexibility to the Service's borrowing capability.

Witnesses before the committee from the General Accounting Office, the Department of the Treasury, and the financial community have indicated that the Service's bonds should find a ready market at reasonable rates of interest. This testimony, coupled with the Kappel Commission's assessment that capital investment in modernized facilities and equipment should return over 20 percent annually in reduced operating costs, is persuasive that the bonding authority proposed is as prudent as it is necessary to an efficient postal service characterized by modern working conditions.

Transition of the Post Office Department to the Postal Service

The Post Office Department will continue to operate as a Department until a date fixed by the Commission on Postal Costs and Revenues, but no later than 1 year after enactment. This will permit the Postal Service time to prepare to commence operations. The bill also provides in effect that all rules of law and all regulations applicable to the Post Office Department will continue in force as reg-

ulations of the Service after the Service commences operations until changed to the extent it is authorized to adopt such regulations. For this reason, commencement of operations will not produce abrupt changes in the activities of the Postal Service immediately but changes will be made in an orderly fashion as they may be warranted and in accordance with the standards and procedures the bill establishes. For example, postage rates and service in effect on the first day of operation will be the same as those in effect the previous day. Similarly, except for the Postmaster General and other presidentially appointed officers in headquarters (who, incidentally, could be appointed to similar offices in the new Postal Service), employees will continue in their existing positions with the same duties and responsibilities and with no change in pay, leave, employment status or other benefits whether provided by law or regulation.

A number of activities will take place before the commencement of operations. The Commission on Postal Costs and Revenues will be appointed, will select a Postmaster General and Deputy Postmaster General, and will organize itself. The Rate Board will be selected and prepare to perform its duties. Property to be controlled by the Postal Service will be separated from that to be controlled by the General Services Administration or other Government agencies. The period of up to 1 year is no longer than that needed to effect an orderly transition.

SECTIONAL ANALYSIS

The reported bill amends the introduced bill by striking out all after the enacting clause of the introduced bill and substituting new language. References are to the reported bill.

The reported bill consists of a first section and two titles. The first section provides a short title.

Title I contains the postal reorganization provisions. Section 101 consists of a statement of postal policy and the bulk of title I consists of section 102, which revises title 39, United States Code.

The remaining sections of title I, sections 103-114, consist of supplemental provisions, conforming amendments, and transitional provisions.

Title II contains the salary adjustment provisions and provisions relating to transitional collective bargaining.

First Section.—Provides that the short title of the statute shall be the "Postal Reorganization and Salary Adjustment Act of 1970."

ANALYSIS OF TITLE I—POSTAL REORGANIZATION

Section 101.—Postal Policy

Subsection (a).—States that the United States Postal Service shall be operated as a basic communications service provided to all the people by the Government of the United States; that such service shall be rendered in all areas and in all communities; and that the cost of establishing and maintaining such service shall not be apportioned so as to impair the overall value of such service to the people.

Subsection (b).—States that the Postal Service shall provide compensation to its employees comparable to compensation paid in major private industries and that emphasis shall be placed on opportunities for career advancement and development.

Subsection (c).—States that postal rates shall be established to apportion the costs of postal operations to users on a fair and equitable basis.

Subsection (d).—States that the highest consideration shall be given to the expeditious handling of important letter mail.

Subsection (e).—States that the highest consideration shall be given to the expeditious and economical transportation of mail, that an equitable distribution of mail business shall be made to carriers providing similar modes of transportation services, and that containerization and programs designed to achieve overnight transportation of important letter mail to all parts of the Nation shall be a primary goal.

Subsection (f).—States that new postal facilities shall be designed and built to emphasize (1) desirable working conditions, (2) a maximum degree of convenience for efficient postal service, (3) proper access to existing and future air and surface transportation facilities, and (4) control of costs.

EXPLANATION OF AMENDMENTS TO TITLE 39, UNITED STATES CODE

Section 102.—Revises and reenacts title 39, United States Code. Provisions in the present title 39 which are not included in the sections set out in the bill are repealed or superseded. An analysis of the new title follows. There is set forth hereinafter in this report a table showing the disposition of all former sections of title 39.

CHAPTER 1—GENERAL PROVISIONS

Section 101—Definitions.—This section defines the terms "Postal Service," "Postmaster General," "Commission," "Commissioners," "Postal Rate Board," and "Board Members."

Section 102—United States Postal Service.—This section reorganizes the Post Office Department as an independent establishment in the executive branch of the Government known as "The United States Postal Service."

Section 103—Postmaster General and Deputy Postmaster General.—This section states that the operating head of the Postal Service is a Postmaster General; that the Postmaster General is vested with the functions of all subordinate officers and agencies of the Postal Service; and that a Deputy Postmaster General is the alternate operating head of the Postal Service.

Section 104—Seal.—This section states that the seal of the Postal Service shall be judicially noticed and used for the usual purposes.

Section 105—Assistant Postmasters General.—This section provides for the appointment of such Assistant Postmasters General by the Postmaster General as he deems necessary, one of whom shall be the General Counsel.

Section 106—Judicial Officer.—This section carries over with conforming changes existing provisions which authorize a judicial officer for such functions as hearing appeals from hearing examiners.

Section 107—Delegation of Authority.—This section preserves the existing authority of the Postmaster General to delegate his powers to subordinate officials.

Section 108—Commission on Postal Costs and Revenues.—This section establishes and sets forth detailed provisions governing the operation of the Commission on Postal Costs and Revenues.

Subsection (a).—Establishes an eleven member Commission.

Paragraph (b)(1).—States that the President, with the advice and consent of the Senate, shall appoint nine members of the Commission, but not more than five from the same political party.

Paragraph (b)(2).—Provides rotating 9-year terms for the Presidentially appointed Commissioners.

Paragraph (c)(1).—States that the nine Presidentially appointed Commissioners shall appoint, and may remove, a tenth member to serve as Postmaster General for such term as they may fix.

Paragraph (c)(2).—States that the nine Presidentially appointed Commissioners and the Postmaster General shall appoint the eleventh member, the Deputy Postmaster General, for such term as they may fix.

Subsection (d).—States that each Presidentially appointed Commissioner shall receive compensation at the rate of \$10,000 per annum, plus \$300 for each meeting he attends, subject to adjustment by the Commission on Executive, Legislative, and Judicial Salaries.

Paragraph (e)(1).—States that the Presidentially appointed Commissioners shall fix the compensation of Postmaster General and the Deputy Postmaster General, subject to maximum rate for level I of Executive Schedule established under section 206.

Paragraph (e)(2).—States that the Commission shall control the expenditures of the Postal Service and perform other duties imposed on it by the revised title 39.

Subsection (f).—Allows the Commission to act as long as sufficient members are in office to form a quorum.

Subsection (g).—Provides that the Commission shall act by a majority vote of those present, and that six members shall constitute a quorum, except—

(1) A favorable vote of the absolute majority of the Presidentially appointed Commissioners shall be required for appointment or removal of the Postmaster General and for fixing the compensation of the Postmaster General and the Deputy Postmaster General;

(2) Appointment or removal of the Deputy Postmaster General is by absolute majority vote of members serving as Postmaster General and Presidentially appointed Commissioners; and

(3) As otherwise provided in revised title 39.

Subsection (h).—States that no employee of the United States may serve as a member of the Commission. However, the Presidentially appointed Commissioners may hold any other non-Federal office or employment not inconsistent with their duties to the Postal Service.

Section 109—Procedures of the Commission.—This section gives the Commission general authority, consistent with the title, to delegate its powers to committees, officers, and employees. The Commission retains full responsibility for its functions, and retains power to revoke all delegations of powers.

Section 110—Advisory Council.—This section creates the Postal Service Advisory Council.

Subsection (a).—States that the Council shall consist of 13 members: the Postmaster General, who shall be Chairman, the Deputy Postmaster General, who shall be Vice Chairman, and 11 members appointed by the President. Four of the latter shall be named from among persons nominated by labor organizations recognized as collective bargaining representatives, four shall be named as representatives of major mail users, and three shall be named as representatives of the public at large. All are to serve 2-year terms except certain of the original appointees, of these, two from labor, two from the mail users and one from the public shall serve 1-year terms.

Subsection (b).—States that the Advisory Council shall advise the Commission and the Postmaster General regarding rates, services, and compensation.

Subsection (c).—Sets the compensation for representatives of the general public on the Advisory Council at a per diem rate representing the daily equivalent of the salary provided by law for level V of the Executive Schedule, and authorizes reimbursement for travel and subsistence for members of the Council.

Section 111—General Powers of the Postal Service.—This section grants the following general powers to the Postal Service

(1) To sue and be sued in its own name;

(2) To adopt rules and regulations,

(3) To enter into contracts, execute instruments, and determine the character of, and necessity for, its expenditures,

(4) To determine its own accounting system and use its own contract forms;

(5) To acquire, use, and dispose of real and personal property;

(6) To construct, use and lease buildings, facilities and other improvements on property;

(7) To accept gifts of property or service,

(8) To settle and compromise claims;

(9) To exercise the right to eminent domain and to have the debt priority of the United States,

(10) To have all other powers incidental, necessary or appropriate to its functions.

Section 112—Cooperation With Other Government Agencies.—This section authorizes property and services to be furnished by the Postal Service to other Governmental agencies and by those agencies to the Postal Service. Terms, including reimbursement, are to be set by agreement of the Postmaster General and the head of the agency involved. The kinds of services that may be furnished are not limited. Contracting services, for example, are included in this authorization.

Section 113—Suits by and Against the Postal Service.—This section details procedures for suits to which the Authority is a party.

Subsection (a).—The United States District Courts are given original nonexclusive jurisdiction over suits by or against the Postal Service, and actions against the Postal Service in State courts may be removed to the Federal courts.

Subsection (b).—Service of process, venue, and limitations shall be as provided in title 28 for the United States, its officers or employees, and the rules of procedure adopted under title 28 shall apply to the Postal Service, its officers or employees in like manner as to the United State courts may be removed to the Federal courts.

Subsection (c).—The Federal Tort Claims Act applies to the Postal Service.

Subsection (d).—The Department of Justice will conduct litigation for the Postal Service, but the Postal Service has right, upon consent of the Attorney General, to conduct litigation through outside counsel or members of its own legal staff.

Section 114—Application of Other Laws.—This section excludes the operation of Federal laws dealing with Federal contracts, property, works, officers, employees or funds, except as provided in the title or in the bylaws of the Postal Service. The following provisions are made specifically applicable:

(1) The employee policies and suitability, security, and conduct provisions (including the strike ban) of the Civil Service laws;

(2) The provisions of the criminal laws applicable to the Postal Service, the mails, and Government employees;

(3) and (4) Laws on eminent domain, contractor labor standards provisions applicable to Government contracts, and the Government Losses in Shipment Act, and

(5) Equal opportunity provisions of the Civil Rights Act of 1964.

Section 115—Annual Reports.—This section requires an annual report to the President and Congress.

Section 116—Reservation of Powers.—This section reserves the power of Congress to alter, amend, or repeal the sections of the title, subject only to contracts made by the Postal Service.

Section 117—Labor Protection Under Postal Service Leases.—This section extends the minimum area wage schedule under the Davis-Bacon Act (40 U.S.C. 276a) to work performed by laborers and mechanics of lessors under lease agreements with the Postal Service involving space in excess of 5,000 square feet.

CHAPTER 2—PERSONNEL

SUBCHAPTER I—GENERAL PROVISIONS

Section 201—Appointments and Promotions.—

Subsection (a).—Establishes a postal career service, which shall be a part of the civil service, and authorizes the Postal Service to appoint and promote employees in accordance with procedures to be established by the Postal Service. Requires the Postal Service to establish procedures to assure postal employees of meaningful opportunities for promotion and career development and to assure postal employees of full protection of their employment rights by guaranteeing them an opportunity for a fair hearing on adverse actions with representatives of their own choosing. Provides that existing law on adverse actions shall continue to apply to employees of the Postal Service except as modified by collective bargaining agreements or except as new procedures are approved by the Civil Service Commission.

Subsection (b).—Authorizes the Postal Service to hire executives on long term employment contracts when necessary and, at its discretion, to remove an executive employee at any time, without prejudice to such employee's right to damages for breach of contract.

Subsection (c).—Makes the Veterans' Preference Act applicable to the Postal Service, subject to change only by subsequent legislation, makes the statutory reemployment rights of former military personnel applicable to postal employees to the same extent as in the private sector, directs the Postal Service to pursue an employment policy designed to extend opportunity to the disadvantaged and the handicapped, and continues employees under the coverage of the laws relative to compensation of Federal employees for work injuries under chapter 81 of title 5, United States Code.

Subsection (d).—Frees postal employees (other than members of the Commission) from the prohibitions contained in the dual employment and dual compensation laws except that 5 USC 5532, relating to the reduction in retirement pay of retired regular officers will apply.

Section 202—Oath of Office.—This section prescribes the oath of office for all employees of the Postal Service.

Section 203—Employees of the Post Office Department.—

Subsection (a).—Provides that employees of the Post Office Department shall automatically become employees of the Postal Service, with the sole exception of the nine Presidential appointees at headquarters. The latter are not barred from employment by the Postal Service, but are not automatically carried forward.

Subsection (b).—States that obligations for sick and annual leave and compensatory time are assumed by the Postal Service.

Subsection (c).—States that compensation, benefits and other terms and conditions of employment in effect immediately prior to the

commencement of operations by the Postal Service will continue to apply, and that any changes therein shall be subject to Subchapter II of this chapter, providing, among other things, for collective bargaining. No variation in fringe benefits shall result in a program which on the whole is less favorable to the employees than that in effect on the commencement of operations by the Postal Service. For employees for whom there is a collective bargaining representative, no such variation shall be made except by agreement between such representative and the Postal Service.

Subsection (d).—Provides that employees of the Post Office Department shall be eligible to transfer, at the same or higher grade, to other positions in the U.S. Government for which they are qualified.

Section 204—Retirement Rights.—Provides that postal employees shall be covered by the Civil Service retirement program, as that program may from time to time be changed by law. The section permits bargaining for supplemental retirement benefits. The section does not make the Postal Service liable for the unfunded liabilities of the Civil Service retirement program related to postal employees.

Section 205—Compensation and Benefits.—This section states that compensation and benefits for employees of the Postal Service shall be maintained for each wage area on a standard of comparability to the compensation and benefits paid for comparable levels of work in the private sector of the corresponding wage area.

The wage areas will be defined by the Postal Service consistent with collective bargaining agreements.

The section also establishes the policy that adequate and reasonable differentials in rates of pay shall be maintained between supervisory employees and the employees they supervise.

Section 206—Terms of employment.—

Subsection (a).—States that compensation and benefits and other terms and conditions of employment shall be determined by the Postal Service subject to collective bargaining with the recognized representatives of those employees who are in collective bargaining units, as provided pursuant to Subchapter II and subject to a maximum limitation equal to the rate for Level I of the Executive Schedule.

Subsection (b).—Authorizes the Postal Service to direct employees in the performance of their official duties, to take various personnel actions, to maintain the efficiency of the operations entrusted to it, to determine how such operations are to be conducted, and to take whatever actions may be necessary to carry out its mission in situations of emergency. The exercise of these management rights is made subject to the terms of whatever collective bargaining agreements may have been entered into.

Subsection (c).—This section prohibits a Postal Service employee who is a member of a religious group which opposes a requirement for joining a labor organization, from being required to join a labor organization if the employee pays to the Treasurer of the United States a sum equal to the initiation fees and dues usually required by the labor organization representing the employees. This subsection, of course, applies only to Postal Service employees.

Section 207—Prohibition of Political Influence.—

Subsection (a).—States that subject to subsection (e), all personnel actions (except those involving members of the Commission on Postal Costs and Revenues) shall be made without regard to any recommen-

dation or statement, written or oral, made by anyone, including any Member of Congress, any elected State or local government official, or any official of a political party.

Subsection (b).—Except as provided in subsection (e), prohibits any person from making or transmitting to the Postal Service, or to any officer or employee of the Federal Government, any recommendation or statement with respect to any person who requests or is under consideration for any personnel action.

Subsection (c).—Prohibits anyone who requests or is under consideration for any personnel action from soliciting any such recommendation or statement. Any knowing violation of this subsection disqualifies such person for the appointment or move in question.

Subsection (d).—Provides that each employment form of the Postal Service shall contain a notice, in boldface type, informing all persons of the provisions of this section. During the time any such personnel action is under consideration, appropriate notice of the provisions of this section shall be posted in the post office concerned.

Subsection (e).—States that this section does not apply to a statement furnished pursuant to a request or requirement of the Postal Service and consisting solely of an evaluation of the work performance and general qualifications of a postal employee, or to a statement requested by the Government from someone other than a Member of Congress or an official of a political party or State or local government solely to determine whether the individual concerned meets the loyalty, suitability and character requirements for employment with the Federal Government, or to a statement requested from a former employer and consisting solely of an evaluation of the work performance and general qualifications of such person during his former employment.

Subsection (f).—States that this section does not affect the right of any employee to petition Congress.

Section 208—Organizations of Supervisory Personnel.—

Subsection (a).—States that the Postal Service shall provide a program for consultation with recognized organizations of its employees who are not subject to collective bargaining agreements. Any such organization that represents a substantial percentage of employees of an occupational group is entitled to be consulted with respect to programs relating to their pay, benefits, and other programs. The Postal Service is not precluded from consulting with organizations which represent less than a majority of employees of an occupational group when the Postal Service believes this to be in the interest of its activities.

Subsections (b) and (c).—The Postal Service is required to recognize an organization of supervisors representing a majority of such employees which may include administrative, professional, and technical supervisory employees in positions now in PFS-17 and below. Representatives of such an organization are entitled to act for and make agreements at national and local levels and to participate directly in the formulation, implementation, and modification of personnel policies and practices, and fringe benefits, except rates of pay.

Subsections (d) and (e).—These subsections prescribe a procedure to be followed in the event the parties fail to reach an agreement. A three-member panel, one appointed by the Civil Service Commission,

one by the Secretary of Labor, and one by the Director, Federal Mediation and Conciliation Service will be convened to resolve the dispute.

Section 209—Seniority of Rural Carriers.—This section continues, without change, the rules now contained in Section 3337 of Title 39 United States Code for determining the seniority of rural carriers, but makes such rules subject to collective bargaining.

SUBCHAPTER II

Section 221—Definition.—Defines two classes of guards. (1) Maintenance guards may be included in other craft unions and represented by a craft union or a union of mixed membership. (2) Security guards are a classification which may be established in the Postal Service. They may not be included in a mixed unit and no union may be certified to represent a security guard unit if it admits to membership or is affiliated directly or indirectly with a mixed membership union.

Section 222—Applicability of the National Labor Relations Act.—Labor-management relations are, to the extent not inconsistent with this title, subject to Subchapter II of the National Labor Relations Act, as amended (Title 29 United States Code, Sections 151-168). The strike ban is retained by virtue of § 114 (1) and (2) of title 39.

Section 223—Bargaining Units.—Provides that the National Labor Relations Board shall decide in each case the appropriate unit. The proviso excludes from such units management officials and supervisors; those engaged in personnel work in other than a nonconfidential clerical capacity; mixed units of professional and nonprofessional employees unless a majority of the professionals vote for inclusion; and a mixed unit of security guards and other employees.

Section 224—Recognition of Labor Organizations.—

Subsection (a).—Provides for exclusive recognition of a labor organization selected as their collective bargaining agent by a majority of the employees in a unit.

Subsection (b).—Existing supplements and agreements are continued until altered or amended pursuant to law.

Subsection (c).—When a petition has been filed by an employee, group of employees or labor organization, with a 30% showing of interest, stating that the employees wish to be represented by the labor organization for collective bargaining purposes or that the certified labor organization is no longer representative, the National Labor Relations Board shall investigate such petition and if after investigation the Board has reasonable cause to believe a question of representation exists, a hearing shall be held by an officer or employee of the National Labor Relations Board. If upon the hearing record the Board finds that a question of representation exists, it shall direct a secret ballot election and certify the results thereof. It also provides for a petition to be filed by the Service alleging that it is faced with competing representation claims. Stipulated consent elections are authorized where applicable.

Section 225—Elections.—Provides for secret ballot elections with the additional choice of "no union" on the ballot. Runoff elections are provided for where none of the ballot choices receives a majority vote. Subsection (c) limits elections to one per 12-month period in any bargaining unit.

Section 226—Deduction of Dues.—

Subsection (a).—Provides for the deduction of regular and periodic initiation fees, dues and assessments of labor organizations holding exclusive recognition in the unit of recognition if the Post Office Department or the Postal Service has received from each employee on whose account a deduction is made a written assignment irrevocable for a period of not more than one year. This also applies to organizations with consultation rights granted under section 208.

Subsection (b).—This subsection is a savings provision continuing the dues check-off rights under any agreement in effect immediately prior to the enactment of this section.

Section 227—Provisions of Collective Bargaining Agreements.—

Subsection (a).—States that collective bargaining agreements between the Postal Service and recognized bargaining representatives shall be effective for not less than 2 years.

Subsection (b).—States that collective bargaining agreements may include any procedures for resolution by the parties of grievances and adverse actions, including procedures culminating in binding third party arbitration, or that the parties may adopt any such procedures by mutual agreement in the event of a dispute.

Subsection (c).—States that the parties may by mutual agreement adopt any procedures for the resolution of disputes or impasses in the negotiation of a collective bargaining agreement.

Section 228—Disputes.—

Subsection (a).—States that no party shall terminate or modify a collective bargaining agreement unless such party serves written notice upon the other party not less than 90 days prior to the expiration date, or not less than 90 days prior to the time it is proposed to make such termination or modification. The terminating party shall notify the Federal Mediation and Conciliation Service of the existence of a dispute within 45 days of such notice, provided no agreement has been reached by that time.

Subsection (b).—States that if the parties fail to reach agreement or to adopt a procedure providing for a binding resolution of a dispute, the Federal Mediation and Conciliation Director shall set up a fact-finding panel. From a list of at least 15 persons named by the Director, each party, within 10 days, shall select one person. The two so selected shall then choose from the list, within 3 days, a third person, who shall serve as chairman of the panel. Failure to choose one or more members of the factfinding panel within the specified time will result in the selection being made by the Federal Mediation and Conciliation Director. The panel shall report its findings, with or without recommendations, to the parties no later than 45 days from the date the list of names was submitted.

Subparagraph (c)(1).—States that if no agreement is reached within 90 days after the expiration or termination of the agreement, or the date on which the agreement became subject to modification, a three member Arbitration Board (not members of the factfinding panel) shall be established. One member of this Board shall be chosen by the Postal Service, one by the bargaining representative, and the third by the two thus selected. If no agreement is reached on the members, the selection shall be made by the Federal Mediation and Conciliation Director. If the parties cannot agree on the framing of the issues for arbitration, the factfinding panel shall frame the issues and submit them to the Arbitration Board.

Subparagraph (c)(2).—Provides that the Arbitration Board shall give the parties a full and fair hearing and render its decision within 45 days of its appointment, which decision shall be binding on the parties.

Subparagraph (c)(3).—Provides for the equal sharing by the parties of the costs of arbitration and factfinding.

Subsection (d).—If, in the case of a bargaining unit without an existing collective bargaining agreement, no agreement is reached within 90 days of the commencement of bargaining, a factfinding panel shall be established pursuant to §228(b), unless the parties have previously agreed to another procedure for binding resolution of disputes. If no agreement is reached within 180 days of the commencement of collective bargaining, the binding arbitration provided in § 228(c) shall apply.

Section 229—Suits.—

Subsection (a).—Provides for court jurisdiction of National Labor Relations Board actions under this title to the same extent as under title 29, United States Code.

Subsection (b).—Provides for suits between the Postal Service and labor organizations, or between labor organizations, in the United States District Courts having jurisdiction of the parties, regardless of the amount in controversy.

Subsection (c).—Provides that the Postal Service and labor organizations shall be bound by the authorized acts of their agents, and for suits by or against labor organizations as an entity. Any money judgments against a labor organization are limited to execution only against the organization as an entity and its assets.

Subsection (d).—Provides jurisdictional criteria for actions by or against labor organizations.

Subsection (e).—Provides that service of judicial process upon an officer or agent of a labor organization shall constitute service upon the organization.

Section 230—Labor-Management Reporting and Disclosure.—Provides for the application of the Labor-Management Reporting and Disclosure Act, title 29, United States Code §401–§531, to labor organizations that have or are seeking exclusive recognition under section 224 to the same extent to which such provisions would be applicable if the Postal Service were an employer under title 29, United States Code §402.

The proviso authorizes the Secretary of Labor to prescribe simplified reports for postal labor organizations, with the written concurrence of the Postmaster General. The Secretary of Labor may revoke such simplified procedure after investigation and hearings if he determines the purposes of this chapter and chapter 11 of title 29 would be served thereby.

CHAPTER 4—SERVICES

Section 401—General duties.—

Subsection (a).—Outlines the service policy of the Postal Service. It is to plan, develop, promote, and provide adequate and efficient postal service at fair and reasonable rates and fees. The service is defined as the receipt, transmission, and delivery of written and printed matter, parcels, and similar materials, and services incidental thereto. As under existing law, the service is to be provided as nearly as practicable to the entire U.S. population (except for the Canal Zone,

which is otherwise provided for) The service is to reach, pursuant to international arrangements, the entire world.

Subsection (b).—Outlines service objectives: to provide an efficient sorting, collection and delivery system; to provide service responsive to the needs of the mail users, and to maintain facilities located in such a way as to provide ready access to essential postal services.

Subsection (c).—Enjoins the Postal Service from unduly or unreasonable discriminating among users or granting undue or unreasonable preferences in providing services or establishing classifications, rates, or fees.

Section 402—Specific Powers.—This section catalogs the specific powers of the Postal Service, which powers, in conjunction with the general powers granted in section 205, are to be used in carrying out postal service duties. The Postal Service is to have the power (1) to provide for the collection, handling, transportation, delivery, forwarding, returning, and holding of mail, and for the disposition of undeliverable mail; (2) to prescribe, as provided in chapter 12 and elsewhere, the amount of postage and the manner in which it is to be paid; (3) to determine the need for and provide postal facilities, offices, and equipment and training facilities and equipment, (4) to provide and sell stamps, stamped paper, cards, envelopes, and other evidences of payment of postage and fees; (5) to provide philatelic services, (6) to provide special, nonpostal, or similar services, and (7) to investigate postal offenses and matters concerning the Postal Service and to pay rewards. This last power authorizes, among other things, the continuation of the Postal Inspection Service.

Section 403—Service Classifications and Mailable Matter.—This section authorizes the Postal Service to promulgate rules and regulations concerning mailing, subject to the provisions of chapter 12. The Postal Service may not refuse to accept any mailable matter meeting minimum size and weight limitations, but may levy special charges for carrying such matter if it is not mailed in accordance with the rules so promulgated. Existing maximum size and weight limitations are preserved.

Section 404—Postal Service at Armed Forces Installations.—This section carries over in a simplified form existing provisions of law concerning military post offices and military mail clerks.

Section 405—International Postal Arrangements.—*Subsection (a)* carries over, with minor modifications, existing provisions of law concerning international postal arrangements.

Subsection (b) authorizes the Postal Service to make arrangements with other governments for the exchange of money by means of postal orders.

Section 406—Small Post Office Closings.—This section prohibits the closing of small post offices solely for operating at a deficit, it being the intent of Congress that effective postal service will be insured to residents of both urban and rural communities.

CHAPTER 6—MAIL MATTER

This chapter continues substantially unchanged the existing provisions of chapter 51 of title 39 concerning nonmailable matter. It also continues the existing provisions of chapter 57 of title 39 concerning penalty and franked mail, and continues existing provisions

of that part of section 4303 which relate to airlifting of soldier mail, with an improved provision for reimbursement.

Section 601—Nonmailable Matter.—This section continues section 4001 of the present title 39 with the addition of (d) pertaining to matters exceeding limitations and perishables.

Section 602—Nonmailable Motor Vehicle Master Keys.—This section continues section 4010 of the present title 39.

Section 603—Mail Bearing a Fictitious Name or Address.—This section continues section 4003 of the present title 39.

Section 604—Delivery of Mail to Persons Not Residents of the Place of Address.—This section continues section 4004 of the present title 39.

Section 605—False Representations, Lotteries.—This section continues section 4005 of the present title 39.

Section 606—Unlawful Matter.—This section continues section 4006 of the present title 39.

Section 607—Detention of Mail for Temporary Periods.—This section continues section 4007 of the present title 39.

Section 608—Prohibition of Pandering Advertisements in the Mails.—This section continues section 4009 of the present title 39.

Section 651—Definitions.—This section continues section 4151 of the present title 39 defining terms pertinent to penalty and franked mail.

Section 652—Penalty Mail.—This section continues section 4152 of the present title 39.

Section 653—Endorsements on Penalty Covers.—This section continues section 4153 of the present title 39.

Section 654—Restrictions on Use of Penalty Mail.—This section continues section 4154 of the present title 39.

Section 655—Accounting for Penalty Covers.—This section continues section 4155 of the present title 39.

Section 656—Reimbursement for Penalty Mail Service.—This section continues section 4156 of the present title 39.

Section 657—Limit of Weight of Penalty Mail; Postage on Overweight Matter.—This section continues section 4158 of the present title 39.

Section 658—Shipment by Most Economical Means.—This section continues section 4159 of the present title 39.

Section 659—Executive Departments to Supply Information.—This section continues section 4160 of the present title 39.

Section 660—Official Correspondence of Vice President and Members of Congress.—This section continues section 4161 of the present title 39.

Section 661—Public Documents.—This section continues section 4162 of the title 39.

Section 662—Congressional Record under Frank of Members of Congress.—This section continues section 4163 of the present title 39.

Section 663—Seeds and Reports from Department of Agriculture.—This section continues section 4164 of the present title 39.

Section 664—Mailing Privilege of Former Presidents.—This section continues section 4165 of the present title 39.

Section 665—Lending or Permitting Use of Frank Unlawful.—This section continues section 4166 of the present title 39.

Section 666—Reimbursement for Franked Mailings.—This section continues section 4167 of the present title 39.

Section 667—Correspondence of Members of Diplomatic Corps and Consuls of Countries of Postal Union of Americas and Spain.—This section continues section 4168 of the present title 39.

Section 668—Mailing Privilege of Members of U.S. Armed Forces and of Friendly Foreign Nations.—This section continues section 4169 of the present title 39.

Section 669—Mailing Privilege of Members of U.S. Armed Forces and of Friendly Foreign Nations in the Canal Zone.—This section continues section 4170 of the present title 39.

Section 670—Franked Mail for Surviving Spouses of Members of Congress.—This section continues section 4171 of the present title 39.

Section 671—Armed Forces Mailing Privileges.—This section continues section 4303(d) (5), (6) and (f), of the present title 39, except that subsection (c) clarifies provision for reimbursement.

CHAPTER 8—TRANSPORTATION OF MAIL

Subchapter I—General.—This subchapter generally authorizes the Postal Service to provide for the transportation of the mails and to contract for such transportation.

Section 801—Provision for Carrying Mail.—This section contains the basic mandate of section 6101(a) of present title 39 that the Postal Service provide for the transportation of the mails. Provisions of the present section setting forth where the mails shall be transported have been omitted as being covered in a more general fashion by new section 401.

Section 802—Transportation of Mail of Adjoining Countries through the United States.—This section continues the provisions of section 6103 of present title 39 with conforming changes.

Section 803—Establishment of Post Roads.—This section continues the provisions of section 6105 of present title 39 without change.

Section 804—Discontinuance of Service on Post Roads.—This section continues the provisions of section 6106 of present title 39 with conforming changes.

Section 805—Postal Service to Provide for Mail Transportation.—

Subsection (a).—Continues the authority of section 6402 of present title 39 but eliminates the existing restrictions on star route contracts.

Subsection (b).—Generally authorizes mail transportation contracts to be made for not more than 4 year terms and requires them to be made on the basis of advertised bids unless the Postal Service determines a waiver of advertising is in the public interest.

Subsection (c).—Authorizes renewal of contracts for 4-year terms with existing contractors.

Subsection (d).—Directs the Postal Service to decide between Common Carrier Service, Contract Service or Government vehicles service on the basis of the public interest, giving due consideration to costs.

Section 806—Lien on Compensation of Contractors.—This section continues the provision of section 6432 of present title 39 with conforming changes.

Section 807—Free Transportation of Postal Employees.—This section is based on section 6433 of present title 39. It continues provision for free transportation of postal personnel only when they are in charge of the mails.

Subchapter II—Transportation of Mail by Regulated Surface Carrier.—Under this subchapter regulated motor carriers and freight forwarders generally would have the same statutory obligation to

transport mail and provide related services as now applies to the railroads—that is, carriers and forwarders are required to transport mail tendered by the Postal Service, subject to fair and reasonable compensation and to ICC ratemaking. Additionally, the Postal Service may enter into such contracts with carriers at rates different from those set by the ICC.

Section 825—Definitions.—This section provides definitions for subchapter II. Since this subchapter will cover freight forwarders, regulated motor carriers and express companies appropriate definitions for these carriers have been included. The definition of “railroad” in section 6605 of present title 39 has been retained.

Section 826—Applicability.—This section states the coverage of subchapter II to cover transportation by the carriers defined in section 1625. Thus, the provisions concerning transportation of mail by railroad (chapter 95 of present title 39) are expanded with modifications to cover the other classes of carriers defined in section 5665.

Section 827—Authorization of Service by Carrier.—

Subsections (a) through (f).—Except as noted, continues the provision of section 6203 of present title 39 and makes those provisions applicable to surface carriers generally.

Subsection (c).—Precludes requiring a carrier to transport mail in a train or vehicle operated exclusively for passengers and their baggage.

Subsection (e).—Makes clear that a carrier may not be required to serve a territory it is not otherwise authorized to serve, or to provide service at less than full cost or at a detriment to the carrier or its other customers.

Subsection (f).—Makes order of the Postal Service under this section subject to the orders of ICC under sections 832 and 833.

Section 828—Placement of Equipment.—Authority can direct railroad as to placement of cars.

Section 829—Changes in Service.—This section continues the provision of section 6205 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 830—Evidence of Service.—This section continues the provision of section 6206 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 831—Fines and Deductions.—This section continues the provision of section 6207 of present title 39 modified to reflect the expanded coverage of the subchapter. The maximum fine for refusal to perform mail transportation under subsection (a) is lowered from \$1,000 to \$500.

Section 832—Interstate Commerce Commission to Fix Rates.—This section continues the provision of section 6208 of present title 39, modified to reflect the expanded coverage of the subchapter. Initial rates or compensation shall be agreed upon by the carrier and the Postal Service and shall continue until the ICC sets fixed rates on compensation.

Section 833—Procedures.—This section generally continues the provision of section 6209 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 834—Special Rates.—This section continues the provision of section 6210 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 835—Intermodal Transportation.—This section continues the provision of section 6213 of present title 39 but applies it to all classes of carriers of transportation covered by the subchapter.

Section 836—Statistical Studies.—This subsection continues the provision of section 6214 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 837—Special Contracts.—This section generally continues the provision of section 6215 modified to reflect the expanded coverage of the subchapter. In addition the section authorizes contracts to be made before the ICC has fixed rates for the carriers in question or before the ICC has fixed rates for the service in question.

Section 838—Carrier Operations, Receipts, and Expenditures.—This section continues the provision of section 6216 of present title 39 modified to reflect the expanded coverage of the subchapter.

Section 839.—Continues the provision of section 6402(a) of present title 39 United States Code with conforming changes.

Section 840.—Provides that existing star route contractors, mail messengers, and motor vehicle service contractors shall be automatically certificated by the ICC for mail transportation.

Subchapter III—Transportation of Mail by Air.—This subchapter supplements the mail transportation provision of the Federal Aviation Act in a manner similar to chapter 97 of the present title 39.

Section 851—Rules and Regulations.—This section continues the provisions of section 6301 of present title 39 with conforming changes.

Section 852—Fines on Air Carriers Transporting the Mails.—This section continues the provision of section 6304 of present title 39 with conforming changes.

Section 853—Contracts for Transportation of Mail by Air.—This section authorizes special arrangements with air carriers similar to those authorized for surface carriers and in lieu of the existing air star route and other special provisions of law.

Subsection (a).—Authorizes special arrangements with certified carriers for transportation along their routes similar to those authorized with surface carriers pursuant to section 837 in the bill (section 6215 of present title 39). Contracts must be approved by the Civil Aeronautics Board and may not provide for payment of rates or compensation higher than those prescribed by the Civil Aeronautics Board. If transportation is on a space available basis, rates or compensation may not be higher than those obtained in tariffs on file with CAB for transportation of property, other than mail, on a space available basis.

Subsection (b).—Authorizes contracts for air transportation along routes over which there is no certified carrier. Such contracts are to be cancelled, in whole or in part, as appropriate, when the Civil Aeronautics Board certifies a carrier for the route in question. This subsection replaces the present star route law, section 6303 of present title 39.

Subsection (c).—Authorizes contracts with air carriers over routes on which scheduled certificated air carriers are not providing schedules adequate to meet the needs of the Postal Service. The contracts must be filed in advance with the Civil Aeronautics Board. Such contracts are subject to disapproval by the Civil Aeronautics Board if it determines that available schedules are, in fact, adequate or that the contract rate of compensation would not be compensatory. The contracts

are also subject to cancellation if new carriers are certificated for the route in question.

Subsection (d).—Copies of contracts are to be filed with the CAB and the Postal Service and are to be open for public inspection.

Subchapter IV—Transportation of Mail by Vessel.—This subchapter continues a number of provisions of existing present law relating to water transportation.

Section 876—Sea Post Service.—This section continues the provision of section 6404 of present title 39 with conforming changes.

Section 877—Termination of Contracts for Foreign Transportation.—This section continues the provision of section 6406 of present title 39 with conforming changes.

Section 878—Transportation of Mail as Freight or Express.—This section continues the provision of section 6410 of present title 39 with conforming changes.

Section 879—Fines on Ocean Carriers.—This section continues the provision of section 6435 of present title 39 with conforming changes.

Section 880—Contracts for transportation of mail by vessel.—This section continues, with modifications, the substance of section 6408(a) of present title 39.

CHAPTER 10—FINANCE

Section 1001—Definitions.—This section defines the terms “fund” and “obligations” as used in chapter 10.

Section 1002—Capital of the Postal Service.—This section provides for the transfer of the Government’s equity in the Post Office Department to the Postal Service.

Subsection (a).—Defines the initial capital of the Postal Service as the assets of the Post Office Department less the liabilities transferred to the Postal Service. Evaluation of assets shall be on the basis of original cost less depreciation, in accordance with normal accounting procedure. Liabilities of the Post Office Department shall remain in the United States to the extent that they are not chargeable to the unexpended balances of the Post Office Department appropriations transferred to the Postal Service. The Commission will value the initial capital of the Postal Service subject to approval by the Comptroller General.

Subsection (b).—Provides that the capital of the Postal Service at any time shall consist of its assets less its liabilities.

Subsection (c).—Provides for the physical transfer, at a time as near as possible to the commencement of operations, of assets from the Post Office Department, and the General Services Administration to the Postal Service, subject to the approval of the Bureau of the Budget.

Subsection (d).—Authorizes, after commencement of operations, transfers of Federal property to the Postal Service and transfers of Postal Service property to the United States when such transfer is in the public interest.

Section 1003—The Postal Service Fund.—This section establishes the Postal Service Fund as a cash revolving fund in the Treasury, available to the Postal Service without the need for annual appropriations.

Subsection (a).—Establishes the fund.

Subsection (b).—Provides that the fund is credited with all Postal Service revenues and receipts, moneys raised by issuance of debt obligations, appropriations, interest, and the balance in the Post Office

Department fund upon commencement of operations by the Postal Service. Continues the disbursing authority of the Post Office Department in the Postal Service.

Subsection (c).—Authorizes the Postal Service to request the Secretary of the Treasury to invest the excess cash balances of the fund in interest-bearing obligations or securities.

Subsection (d).—Provides for the deposit of the moneys of the fund in depositories as the Postal Service and the Secretary of the Treasury may agree.

Subsection (e).—Makes the fund available for the payment of Postal Service expenses and not subject to apportionment.

Section 1004—Transitional Appropriations.—This section authorizes “no-year” appropriations to provide for a sound transition to a self-sustaining Postal Service and a rate policy consistent with section 1201 of this title.

Section 1005—Obligations.—This section authorizes the Postal Service to borrow money.

Subsection (a).—Authorizes the Postal Service to issue and sell obligations in an aggregate amount not exceeding \$10 billion outstanding at any one time. The increase in outstanding obligations may not exceed \$1.5 billion per year for capital improvements and \$500 million per year for operating expenses.

Subsection (b).—Authorizes the Postal Service to enter into normal commercial indentures and agreements with regard to the sale of such obligations.

Subsection (c).—Provides that the Postal Service shall make the initial determinations as to the rates of interest, amounts and terms and conditions of its obligations.

Subsection (d).—Provides that obligations of the Postal Service shall be negotiable or nonnegotiable and bearer or registered instruments as specified; presumed regular, lawful investments for “legal list” purposes; tax exempt, and guaranteed by the United States to the extent provided in section 1006 (c)

Section 1006—Relationship Between the Treasury and the Postal Service.—

Subsection (a).—Requires the Postal Service to inform the Treasury of its proposed obligations and the terms and conditions thereof and prior to selling such obligations to other parties, to give the Treasury the right to purchase such obligations at a yield no less than that of outstanding marketable Treasury obligations of comparable maturities.

Subsection (b).—Authorizes the Postal Service to require the Secretary of the Treasury to purchase Postal Service obligations in such amounts as will not cause the holdings of the Secretary resulting from such mandatory purchases to exceed \$2 billion at any one time.

Subsection (c).—Authorizes the Secretary of the Treasury, upon the request of the Postal Service to pledge the full faith and credit of the United States for the payment of principal and interest on Postal Service obligations.

Section 1007—Public Debt Character of Postal Service Obligations.—Authorizes the Secretary of the Treasury to treat his purchase and sale of Postal Service obligations as public debt transactions.

Section 1008—Audit and Expenditures.—

Subsection (a).—Authorizes the Comptroller General to audit the accounts of Postal Service and to report to the Congress on such audits.

Subsection (b).—Requires the Postal Service to maintain an adequate internal audit.

Subsection (c).—Authorizes the Postal Service to make all expenditures and enter into all contracts and agreements it deems necessary, including final settlement of all claims against the Postal Service, expenditures cannot be disallowed by the Comptroller General.

Subsection (d).—Authorizes the Postal Service to obtain outside audit of its accounts by certified public accountants.

Section 1009—Annual Budget.—Requires the Postal Service to prepare annually a business-type budget to be submitted to the Bureau of the Budget under such rules and regulations as the President may establish as to the date of submission, the form and content, the classification of data, and the manner of preparation and presentation of the budget programs.

CHAPTER 12—RATES AND RATEMAKING

SUBCHAPTER I—GENERAL PROVISIONS

Section 1201—Rate Policy.—

Subsection (a).—States the broad policy that postal rates should be reasonable, equitable, and sufficient to permit the Postal Service to develop postal services in accordance with public needs.

Subsection (b).—States that Congress intends that by January 1, 1978, revenues, as a whole, plus the appropriations for free and reduced rate mail, will equal costs, as a whole. The term "costs" is taken in its broad economic sense and includes operating expenses, depreciation, debt service, and a reasonable provision for contingencies.

Subsection (c).—Outlines the policy for the most coverage of individual classes other than those afforded special rates by the Congress. Each class is to bear as a minimum the costs demonstrably related to providing service to that class.

Subsection (d).—Outlines the policy for making rate changes to achieve the goals outlined in the previous subsections. During the transitional period mentioned in subsection (b) the Commission is enjoined to take into account the financial impact of rate changes on the users of the mail. To the extent that such impact requires, in the view of the Commission, less than full cost coverage overall, the President is authorized to seek transitional appropriations under section 1004.

Subsection (e).—In addition to the transitional appropriation authorized by section 1004 and the appropriation authorized by section 1202 with respect to free and reduced rate mail, this section authorizes the appropriation of declining percentages of the total costs of the Postal Service, such amounts being deemed public service costs that should be borne by the taxpayers generally rather than by mail users as such. The appropriations so authorized are ten percent of the Postal Service's costs through 1972, nine percent through 1973, eight percent through 1974, six percent through 1975, four percent through 1976, and two percent through 1977.

Subsection (f).—This subsection reenacts the existing requirements for the cost coverage for fourth-class parcel post so that the revenue of

parcel post will continue to be not less than the cost thereof by more than 4 per centum, and will not be greater than the cost thereof by more than 4 per centum.

Subsection 1202—Free and Reduced Rate Mail.—

Subsection (a).—States that Congress retains the authority to determine, by legislation, which users, if any, are entitled to mail free or at a specified percentage below standard rates.

Subsection (b).—Authorizes appropriations to reimburse the Postal Service for the difference between the revenues actually received from senders of free and reduced rate mail and the revenues that would have been collected if free and reduced rate mails were subject to the standard rate structure.

Subsection (c).—Provides that in the event of Congressional failure to appropriate funds for free and reduced rate mail, the Postal Service shall adjust its rates on free and reduced rate mail so that the deficiency will ultimately be recovered.

Subsection (d).—Requires a report to the Congress at least every 2 years showing the volumes, rates, revenues, costs, and percentage of regular rates of each category of free and reduced rate mail. The Commission may include recommendations for legislation in such reports and may utilize the Postal Rate Board in preparing such reports. The first such report shall provide a vehicle for reexamination of the special rate provisions which are carried over unchanged under the succeeding subsection of this section. It is intended that there be no significant change until the first report is submitted. The report is to be accompanied by a profit and loss statement of the Postal Service certified by a certified public accountant.

Subsection (e).—Carries forward all of the categories of free and reduced rate mail established by existing law and continues the present rates for such categories.

SUBCHAPTER II—RATEMAKING

Section 1251—Postal Rate Board and Staff.—Establishes an independent Postal Rate Board within the Postal Service.

Subsection (a).—Provides for appointment of three Board Members by the President from a list of names proposed by the American Bar Association, the Civil Service Commission, the American Economic Association and the American Institute of Certified Public Accountants. The payment of the Board Members' salaries is to be at level IV of the Executives Schedule except that the Chairman shall be paid an additional \$500.

Subsection (b).—Establishes rotating terms of 6 years for the Board Members. The Board Members may be removed only in accord with the procedures provided for the removal of Hearing Examiners in section 7521 of title 5.

Subsection (c).—Requires the Postmaster General to provide the Board Members with reasonable and appropriate facilities and staff.

Subsection (d).—Authorizes the Board to establish rules and regulations for the conduct of its proceedings, which rules and regulations are to provide for expeditious, fair proceedings in accordance with the Administrative Procedure Act. The Board is specifically authorized to adopt rules which provide for advance written submission of testi-

mony, prehearing conferences, discovery, limitation of testimony, and off-the-record proceedings.

Subsection (e).—Gives the Chairman administrative authority over the business of the Board, authorizes the Board Members to exercise their functions singly or en banc and authorizes them to act by a majority vote.

Subsection (f).—Makes the provisions of title 5 concerning Hearing Examiners applicable to the Board Members except as inconsistent with chapter 12.

Section 1252—Proposed Changes in Rates and Classifications.—This section deals with the initiation of changes in rates and classification.

Subsection (a).—Levies upon the Postal Service the general requirement of 30 days' advance public notice of all changes in rates, classification or the rate structure and of filing such proposed changes with the Rate Board. The public notice is to state briefly the nature of the proposed change and the procedures to be followed for filing objection to it.

Subsection (b).—Provides that if no party at interest files a timely objection, the rate change will be forwarded to the Commission on Rates and Revenue without opinion by the Board unless the Presidentially appointed Commission desires such opinion.

Subsection (c).—Exempts from the requirements of Chapter 12 international rates and fees, which will continue to be set pursuant to international agreements.

Section 1253—Proceedings and Recommended Decisions by Postal Rate Board.—This section applies to rate change cases.

Subsection (a).—Provides for a hearing by the Rate Board pursuant to the Administrative Procedure Act in all rate change cases in which a party at interest files a timely notice requesting such hearings.

Subsection (b).—Defines the record of the rate change proceeding to include the proposed change and supporting material, all oral testimony and written submissions, and any other material the Board Members deem appropriate.

Subsection (c).—Provides for the furnishing of an initial decision by the Board to the Presidentially appointed Commissioners.

Subsection (d).—Authorizes the Postal Service to put into effect, upon 30 days' notice, interim rate changes in the event that the Commissioners' proceedings take longer than 90 days. The Presidentially appointed members of the Commission must render their final decision within 30 days of receiving the Boards' decision or the interim change ceases to be effective. Interim changes are also authorized in the event that judicial proceedings are instituted under section 1257, and under that section the institution of such proceedings extends the period for which such interim changes may be in effect.

Section 1254—Final Decisions.—This section provides for final decisions by the Presidentially appointed Commissioners and for review of rate change cases by the Congress.

Subsection (a).—Authorizes the Presidentially appointed Commissioners to make final decisions and requires the publication of such decisions. The Presidentially appointed Commissioners may reject the change, adopt it as initially proposed or as recommended by the Rate Board, or may modify it in the light of the record.

Subsection (b).—Provides that the Commission shall transmit a final decision adopting a change to the Congress together with the record

and recommended decision of the Rate Board. In a contested case, of course, the Commission would wait 15 days after publication of the decision to determine if a petition for judicial review will be filed under section 1257. Such transmittal shall not occur if the rate change involves a fee for a special or nonpostal service.

Subsection (c).—Authorizes the Congress to veto the Commission's decision by resolution adopted by either House within 90 days of transmittal with the usual extensions.

Subsections (d)–(k).—Contain the procedures for congressional consideration of decisions transmitted to it. These procedures are patterned on those found in the Reorganization Act.

Subsection (l).—Authorizes the Commission to make a rate change effective later than the date on which the decision becomes final.

Subsection (m).—Excludes from transmittal to the Congress increases required by section 1202(c) and the fees for special and nonpostal services (which the Postmaster General is currently authorized unilaterally to set)

Section 1255—Service Changes.—

Subsection (a).—Requires the Commission to give public notice of proposed service changes of nationwide or nearly nationwide effect similar to the notice required in section 1252(a) for rate changes.

Subsection (b).—Provides for proceedings before the Board generally similar to those required by the Administrative Procedure Act for proposed rule making. The Board Members are to compile a record similar to that provided for in section 1253(b)

Subsection (c).—Provides for an initial decision of the Rate Board which is to become effective unless modified by the Presidentially appointed Commissioners.

Subsection (d).—Provides that service changes which substantially and adversely affect postal users on a less than nationwide basis are to be made only after the proceedings described in the foregoing subsections or in accordance with procedures adopted pursuant to the requirements of the foregoing subsections. Such procedures are to provide, as a minimum, for notice and opportunity for the affected users to present objections.

Subsection (e).—Authorizes the Postal Service to make emergency service changes before completion of the procedures prescribed in this section. Such changes may be in effect no longer than the length of time it takes to complete proceedings.

Section 1256—Rate and Service Complaints.—This section provides that any interested party may file a rate or service complaint. The Rate Board may hold hearings and render a public opinion to the Presidentially appointed Commissioners if they find the complaint to be justified. If a rate matter is involved, the Authority must then institute proceedings under section 1252. If a service matter is involved, the Presidentially appointed Commissioners are to take appropriate action.

Section 1257—Judicial Review.—This section provides for judicial review of Postal Service rate and service proceedings pursuant to the Administrative Procedure and Judicial Review Acts.

Subsection (a).—Authorize judicial review of rate and service change and complaint proceedings. The review is confined to constitutional, statutory and procedural questions which were raised before the Authority, absent some reasonable ground for failure so to raise.

Subsection (b).—Requires that the party seeking review have participated in the proceedings in the Postal Service.

Subsection (c).—Provides that the petition for review, absent reasonable grounds, be filed within 15 days of notice of final decision, and that the action be against the Postal Service.

Subsection (d).—Directs suspension of rate proceedings pending judicial review, which review is to be expedited in every way. Rate changes are not to be submitted to the Congress pending judicial review.

Subsection (e).—Temporary rate changes and emergency service changes may not be affected in any way by a court. Temporary rate changes will remain in effect throughout judicial review. Final service changes may not be stayed pending judicial review.

Subsection (f).—Makes judicial review under this section exclusive except for review of the Rate Board's rules under section 1251(d)(1), which review would proceed substantially in accordance with this section.

CHAPTER 14.—PRIVATE CARRIAGE OF LETTERS

This chapter continues without substantive change the portion of the private express statutes found in existing chapter 9 of title 39.

Section 1401—Letters Carried Out of the Mail.—This section continues section 901 of the present title 39.

Section 1402—Foreign Letters Out of the Mails.—This section continues section 902 of the present title 39.

Section 1403—Searches Authorized.—This section continues section 903 of the present title 39.

Section 1404—Seizing and Detaining Letters.—This section continues section 904 of the present title 39.

Section 1405—Searching Vessels for Letters.—This section continues section 905 of the present title 39.

Section 1406—Disposition of Seized Mail.—This section continues section 906 of the present title 39.

CHAPTER 16—MISCELLANEOUS

This chapter continues without substantive change existing provisions of miscellaneous sections of title 39.

Section 1601—No Postal Material or Supplies Manufactured by Convict Labor.—This section continues section 2010 of the present title 39.

Section 1602—Uniforms and Badges.—This section continues section 3116(a) of the present title 39, but contemplates uniforms for employees in addition to letter carriers.

Section 1603—Special Delivery Messengers as Employees or Carriers.—This section continues section 3115 of the present title 39.

Section 1604—Collection of Debts.—This section continues 2401(a) and (b) of the present title 39, with structure and language changes in subsection (b) to reflect the full responsibility of the Postal Service for its own financial management.

Section 1605—Transportation of International Mail by Air Carriers of the United States.—This section continues section 2402 of the present title 39.

Section 1606—Penalties and Forfeitures Imposed for Violations.—This section continues section 2407 of the present title 39.

Section 1607—Delivery of Stolen Money to Owner.—This section continues section 2410 of the present title 39.

Section 1608—Substitute Checks.—This section continues section 2411 of the present title 39.

Section 1609—Filing of Information Relating to Periodical Publications.—This section continues the substance of section 4369 of the present title 39.

Section 1610—Printing of Illustrations of United States Postage Stamps.—This section continues section 2506 of the present title 39.

REVISION OF TITLE 39, UNITED STATES CODE, THE POSTAL SERVICE—TABLE SHOWING DISPOSITION OF ALL SECTIONS OF FORMER TITLE 39

Title 39		Title 39		Title 39	
Former sections	New sections	Former sections	New sections	Former sections	New sections
1	Rescinded.	2205	Rescinded	3337	Rescinded
2	Do.	2206	Do.	3338	Do.
301	Do.	2207	Do.	3339	Do.
302	Do.	2208	Do.	3501	Do.
303	104.	2209	Do.	3502	Do.
304	Rescinded.	2210	Do.	3511	Do.
305	Do.	2211	Do.	3512	Do.
306	Do.	2212	Do.	3511A	Do.
307	105.	2231	Do.	3513	Do.
308a	106.	2232	Do.	3514	Do.
309	107.	2233	Do.	3515	Do.
501	Rescinded.	2234	Do.	3516	Do.
502	Do.	2301	Do.	3517	Do.
503	Do.	2302	Do.	3518	Do.
504	Do.	2303	Do.	3519	Do.
505	405(a).	2304	Do.	3520	Do.
506	405(b).	2305	Do.	3521	Do.
507	Rescinded.	2306	Do.	3522	Do.
508	Do.	2331	Do.	3523	Do.
509	Do.	2401	1604.	3524	Do.
510	Do.	2402	1605.	3525	Do.
701	Do.	2403	Rescinded.	3526	Do.
702	Do.	2404	Do.	3527	Do.
703	Do.	2405	Do.	3528	Do.
704	Do.	2406	Do.	3529	Do.
705	Do.	2407	1606.	3530	Do.
706	Do.	2408	Rescinded.	3531	Do.
707	Do.	2409	Do.	3541	Do.
708	Do.	2410	1607.	3542	Do.
709	Do.	2411	1608.	3543	Do.
710	Do.	2501	Rescinded.	3544	Do.
712	Do.	2502	Do.	3551	Do.
901	1401.	2503	Do.	3552	Do.
902	1402.	2504	Do.	3553	Do.
903	1403.	2505	Do.	3554	Do.
904	1404.	2506	1610.	3555	Do.
905	1405.	2507	Rescinded.	3556	Do.
906	1406.	2508	Do.	3557	Do.
2001	Rescinded.	2509	Do.	3559	Do.
2002	Do.	2510	Do.	3560	Do.
2003	Do.	3101	Do.	3571	Do.
2004	Do.	3103	Do.	3572	Do.
2005	Do.	3104	Do.	3573	Do.
2006	Do.	3105	Do.	3574	Do.
2007	Do.	3106	Do.	3575	Do.
2008	Do.	3107	Do.	3576	Do.
2009	Do.	3108	Do.	3577	Do.
2010	1601.	3111	Do.	3581	Do.
2011	Rescinded.	3112	Do.	3582	Do.
2101	111(7).	3113	Do.	4001	601.
2102	Rescinded.	3114	Do.	4002	601(d).
2103	Do.	3115	1603.	4003	603.
2104	Do.	3116	1602.	4004	604.
2105	Do.	3301	Rescinded.	4005	605.
2106	Do.	3302	Do.	4006	606.
2107	Do.	3303	Do.	4007	607.
2108	Do.	3311	Do.	4008	Rescinded.
2109	Do.	3312	Do.	4009	608.
2110	Do.	3313	Do.	4010	602.
2111	Do.	3314	Do.	4051	Rescinded.
2112	Do.	3315	Do.	4052	Do.
2113	Do.	3316	Do.	4053	Do.
2114	Do.	3317	Do.	4054	Do.
2115	Do.	3331	Do.	4055	Do.
2116	Do.	3332	Do.	4056	Do.
2201	Do.	3333	Do.	4057	Do.
2202	Do.	3334	Do.	4058	Do.
2203	Do.	3335	Do.	4059	Do.
2204	Do.	3336	Do.	4060	Do.

(46)

REVISION OF TITLE 39, UNITED STATES CODE, THE POSTAL SERVICE—TABLE SHOWING DISPOSITION OF ALL SECTIONS OF FORMER TITLE 39—Continued

Title 39		Title 39		Title 39	
Former sections	New sections	Former sections	New sections	Former sections	New sections
4101	Rescinded	4559	Rescinded	6201	825(2).
4102	Do.	4560	Do.	6202	826.
4103	Do.	4651	Do.	6203	827.
4104	Do.	4653	Do.	6204(c)	828.
4105	Do.	4654	Do.	6205	829.
4106	Do.	4655	Do.	6206	830.
4107	Do.	5001	Do.	6207	831.
4108	Do.	5002	Do.	6208	832.
4109	Do.	5003	Do.	6209	833.
4110	Do.	5004	Do.	6210	834.
4151	651.	5005	Do.	6211	Rescinded.
4152	652.	5006	Do.	6212	Do.
4153	653.	5007	Do.	6213	835.
4154	654.	5008	Do.	6214	836.
4155	655.	5009	Do.	6215	837.
4156	656.	5010	Do.	6216	838.
4158	657.	5011	Do.	6301	851.
4159	658.	5012	Do.	6302	Rescinded.
4160	659.	5013	Do.	6303	853(v).
4161	660.	5101	Do.	6304	852.
4162	661.	5102	Do.	6305	Rescinded.
4163	662.	5103	Do.	6351	Do.
4164	663.	5104	Do.	6352	Do.
4165	664.	5105	Do.	6353	Do.
4166	665.	5201	Do.	6354	Do.
4167	667.	5202	Do.	6355	Do.
4168	667.	5203	Do.	6401	Do.
4169	668.	5204	Do.	6402	805.
4170	669.	5205	Do.	6402a	839.
4171	670.	5206	Do.	6403	Do.
4251	Rescinded.	5207	Do.	6404	876.
4252	Do.	5208	Do.	6405	Rescinded.
4253	Do.	5209	Do.	6406	877.
4254	Do.	5210	Do.	6407	Rescinded.
4301	Do.	5211	Do.	6408	Do.
4302	Do.	5212	Do.	6409	Do.
4303	671 amended.	5213	Do.	6410	878.
4304	Rescinded.	5214	Do.	6411	Rescinded.
4305	Do.	5215	Do.	6412	Rescinded.
4351	Do.	5216	Do.	6413	Do.
4352	Do.	5217	Rescinded.	6414	Do.
4353	Do.	5218	Do.	6415	Do.
4354	Do.	5219	Do.	6416	Do.
4355	Do.	5220	Do.	6417	Do.
4356	Do.	5221	Do.	6418	Do.
4357	Do.	5222	Do.	6419	Do.
4358	Do.	5223	Do.	6420	Do.
4359	Do.	5224	Do.	6421	Rescinded.
4362	Do.	5225	Do.	6422	Do.
4363	Do.	5226	Do.	6423	Do.
4364	Do.	5227	Do.	6424	Do.
4365	Do.	5228	Do.	6425	Do.
4366	Do.	5229	Do.	6426	Do.
4367	Do.	6001	Do.	6427	Do.
4368	Do.	6002	Do.	6428	Do.
4369	1609.	6003	Do.	6429	Do.
4370	Rescinded.	6004	Do.	6430	Do.
4421	Do.	6005	Do.	6431	Do.
4422	Do.	6006	Do.	6432	806.
4451	Do.	6007	Do.	6433	807.
4452	Do.	6008	Do.	6434	Rescinded.
4453	Do.	6009	Do.	6435	879.
4551	Do.	6101	801.	6436	Rescinded.
4553	Do.	6102	Rescinded.	6437	Do.
4554	Do.	6103	802.	6438	Do.
4555	Do.	6104	Rescinded.	6439	Do.
4556	Do.	6105	803.	6440	Do.
4557	Do.	6106	804.		
4558	Do.	6107	Rescinded.		

SUPPLEMENTAL SECTIONS IN TITLE I

The section references below are to sections of the bill as reported.

LEGISLATIVE CONSTRUCTION

Section 103 is a usual provision in legislative modifications precluding an inference of legislative construction of sections by their captions or by the chapters in which they are placed.

CROSS REFERENCE

Section 104 provides that cross references appearing in other titles in the United States Code to existing sections of title 39 shall be deemed to refer to the corresponding sections, if any, in the revised title 39 and that references made in law to the "Postmaster General" and "Post Office Department" shall be deemed to be references to the Postmaster General provided for in the act and to the Postal Service.

EFFECT OF REPEAL OF LAWS

Section 105 provides that the repealed provisions of title 39 automatically became regulations of the Authority to the extent these provisions are within the power of the Authority to make, until changed by the Postal Service.

OUTSTANDING ORDERS, RULES, AND REGULATIONS

Section 106 similarly continues in effect the outstanding orders, rules, and regulations issued by the Postmaster General and the Post Office Department until they are repealed or revised by the Authority.

PRIVATE EXPRESS

Section 107 directs the authority to prepare proposals for modification of the so-called private express statutes which confer a limited monopoly of the business of carrying letters for hire on the Post Office Department, and, under the bill, on the Postal Service. The Postal Service is directed to submit its recommendations to the Congress within 2 years after enactment of the act.

EXPLANATION OF AMENDMENTS TO TITLE 18, UNITED STATES CODE

Section 108 makes a number of conforming amendments to title 18, United States Code, relating to crimes and criminal procedure.

The conforming amendments consist of substitution, wherever appropriate, of language referring to the "United States Postal Service" and certain components and officers thereof in lieu of references to the Post Office Department and related components and officers thereof. References in title 18 to provisions of title 39, United States Code, as now in effect, also are changed to show the appropriate parts of such title as amended by the bill, and section 1733 of title 18, relating to the mailing of second-class matter without prepayment of postage is revised to provide language consistent with changes made by the bill in the identification of the mail matter covered by such section 1733.

MISCELLANEOUS AMENDMENTS TO OTHER TITLES OF U.S. CODE

Section 109 makes conforming changes in laws not codified in titles 18 or 39, including an amendment to 12 United States Code 24 by subsection (d)(1), to authorize national banks to underwrite obligations of the Postal Service.

SEPARABILITY OF PROVISIONS

Section 110 is the usual separability provision in legislation.

TRANSITIONAL EXPENSES

Section 111 provides for payment of the expenses of the Postal Service from the date of enactment of this act until commencement of operations of the Postal Service out of appropriations for administration of the Post Office Department.

APPOINTMENT OF POSTMASTERS AND OTHER EMPLOYEES
ON MERIT BASIS

Section 112 provides that between the date of enactment and the commencement of operation of the Postal Service, the Postmaster General will appoint all postmasters in the competitive civil service, giving first preference to qualified employees serving at the post office where the vacancy occurs, including an acting postmaster who was serving on January 1, 1969. It further provides that during this period all personnel actions shall be taken on the basis of merit and fitness and no political test or qualification shall be permitted or given consideration. The only exception to these prohibitions are the selection and appointment of the Postmaster General, the Deputy and Assistant Postmasters General, Schedule "C" positions and non-career executive positions at headquarters. It should be noted that the provisions of this section parallel closely the provisions of S. 1583, which was passed by the Senate on August 12, 1969.

SUPPLEMENTAL LEGISLATION

Section 113 states that intent of the Congress that further legislation be enacted prior to the date of commencement of operations by the Postal Service, giving additional guidance to the Postal Service concerning postal rates.

EFFECTIVE DATES

Section 114 states that the effective date of sections 110-113 of the bill and sections 108-110 of the new title 39 as amended by section 102 of the bill shall be on the date of enactment and that except as otherwise provided the other provisions shall become effective upon commencement of operation of the Postal Service.

ANALYSIS OF TITLE II—POSTAL SALARY ADJUSTMENT

Section 201—Compensation Changes.—Directs the Postmaster General to increase the basic salary or basic compensation of all employees of the Post Office Department (except those in the Executive Schedule) by 8 percent of their basic salary or compensation. The increase would

become effective retroactive to the first day of the first pay period which begins on or after April 16, 1970.

Section 202—Transitional Collective Bargaining.—

*Subsection (a).—*Directs the commencement of collective bargaining between the Department and Unions having national exclusive recognition rights as soon as practicable after enactment and within 30 days of a request or bargaining. Labor agreements made during the transitional period will continue in force after the conversion to the Postal Service.

*Subsection (b).—*Directs that agreements negotiated under this section establish wage schedules by which postal employees will reach the maximum pay step for their respective labor grades after not more than 8 years of satisfactory service in such grades.

*Subsection (c).—*Provides that agreements under this section may be effective retroactive to commencement of bargaining, and requires the Postmaster General to establish the wages and working conditions prescribed in the agreements notwithstanding any provision of law other than the provisions of title 39 as enacted by this Act.

*Subsection (d).—*Directs establishment of a factfinding panel as prescribed in section 230(b) of the new title 39 if parties do not reach agreement within 90 days and commencement of arbitration proceedings as prescribed in section 230(c) of the new title 39 after 180 days unless in either case the parties agree on another procedure for resolving the impasse.

*Subsection (e).—*Provides agreements under this section and expenditures made under such agreements are not subject to section 665 of title 31

COSTS

The committee does not have any information on which to estimate what additional cost, if any, or most likely what reduction in cost, may result from the reform in the Postal Service proposed by title I of the reported bill.

The postal salary adjustments provided under title II of the bill effective April 18, 1970, will result in \$107.6 million additional cost in fiscal year 1970, and \$538.2 million additional cost in fiscal year 1971

EXECUTIVE RECOMMENDATIONS, AGENCY REPORTS, AND MEMORANDUM OF AGREEMENT ON POSTAL ORGANIZATION AND SALARY ADJUSTMENT

H.R. 17070 is based upon an official recommendation of the President submitted to the Congress on April 16, 1970.

The President's message, along with an official report from the Civil Aeronautics Board, dated April 23, 1970, are included herewith.

TRANSMITTING POSTAL REFORM

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO POSTAL REFORM

APRIL 16, 1970.—Referred to the Committee on Post Office and Civil Service and ordered to be printed

To the Congress of the United States:

My message of April 3 outlined the preliminary agreement that the Government reached with its postal employees after the end of the recent postal work stoppage.

In that agreement, the Post Office Department and the postal employee organizations affiliated with the AFL-CIO undertook to negotiate and jointly sponsor a postal reorganization and pay bill to be recommended to the Congress as a measure that could ultimately lead to a cure of the problems that have been festering for years in the postal system.

The negotiations went forward in an atmosphere of good will and good faith on both sides, and they have now culminated in agreement on a legislative proposal that would.

—Convert the Post Office Department into an independent establishment in the Executive Branch of the Government, freed from direct political pressures and endowed with the means of building a truly superior mail service.

—Provide a framework within which postal employees in all parts of the country can bargain collectively with postal management over pay and working conditions.

—Increase the pay of postal employees by 8 percent, over and above the Government-wide increase of 6 percent, and shorten the time required to reach the top pay step for most postal jobs.

I support the proposed legislation that has been agreed to in the negotiations between the Post Office Department and the postal unions, and in transmitting it to the Congress I urge that it be given prompt and favorable consideration.

The Secretary of Treasury is sending to the Congress shortly the detailed legislative proposals necessary to accelerate the collection of estate and gift taxes which will pay for the 6 percent governmentwide pay raise.

I. THE UNITED STATES POSTAL SERVICE

The negotiators quickly agreed that the structure of the nation's postal establishment should be one that would permit the postal system to operate on an independent, self-contained basis. This means that for the first time in generations, the Post Office would be run by people whose authority would be commensurate with their responsibilities; it means that the Post Office would carry its own burden and not be a burden to the taxpayer; and it means that the Post Office would serve the public interest of all Americans and not the political interest of any individual or group of individuals.

Fourteen months ago, I pledged that this Administration would do its best to end the system of political patronage that has plagued the Post Office for the better part of the past two centuries. We have kept that promise. Looking to the future, however, I believe that only basic changes in the system can provide permanent insurance against a rebirth of partisan politics in the Post Office.

The proposed legislation that the postal negotiators have agreed upon, and that I now endorse, would build a permanent firewall between postal affairs and political patronage.

I propose that the Post Office Department be reorganized as an independent establishment known as "The United States Postal Service." The new establishment would be organized in a way designed to make it at least as free from partisan political pressure as are such presently existing independent establishments as the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, and the National Aeronautics and Space Administration.

The Postmaster General would no longer be a member of the Cabinet, under this proposal, and the Postal Service would be insulated from direct control by the President, the Bureau of the Budget and the Congress.

Instead of being appointed directly by the President, the Postmaster General would be selected by nine public members of a bipartisan Commission on Postal Costs and Revenues. These nine Commissioners—not more than five of whom could be from the same political party—would serve nine-year statutory terms, under appointment by the President with the advice and consent of the Senate. The Postmaster General, who would hold office at the pleasure of the Commissioners, would be vested with full authority to manage the day-to-day operations of the Postal Service.

The legislation would provide the new Postal Service with the means of achieving:

- Continuity of top management, with the tenure of the Postmaster General based on performance and not on politics.
- Appropriate control over postal rates, with a Postal Rate Board holding full and fair hearings on rate changes proposed by the Postmaster General, and with either House of Congress being empowered to veto proposed rate changes by a two-thirds vote.
- A self-supporting postal system.
- A workable method of raising necessary funds by borrowing from the Treasury Department or from the general public.
- Collective bargaining over wages, hours and, in general, all working conditions that are subject to collective bargaining in the private sector.

A proposal for massive reorganization of a Government organization as important as the Post Office Department should, obviously, receive careful study before it is adopted. Fortunately, the question of postal reform has been receiving intensive scrutiny, both in Congress and in the country at large, ever since my basic postal reform proposal was sent to the Congress last May. During that time the need for fundamental reform of the postal system has come to be almost universally recognized, and I suggest that further delay in starting on the road toward postal excellence would be indefensible.

II. POSTAL EMPLOYEE-MANAGEMENT RELATIONS

The negotiators have agreed that there should be a statutory framework for collective bargaining in the postal establishment resembling that of private industry.

The people of this nation cannot and will not submit to the coercion of strikes by employees of the Federal Government. Since strikes by employees of the new Postal Service must be prohibited, a workable alternative to strikes must be provided—an absolutely impartial means of resolving differences between postal management and postal employees without the public being subjected to interruptions in the postal service. That is what the proposed legislation agreed upon by the postal negotiators provides.

I propose that the new United States Postal Service be empowered to engage in collective bargaining with recognized employee organizations over wages, hours, and working conditions generally, with negotiating impasses being finally resolved, if necessary, by binding arbitration.

Determination of national collective bargaining units, recognition of collective bargaining representatives and adjudication of unfair labor practice charges would be handled by the National Labor Relations Board under procedures similar to those that have long been followed in the private sector.

In addition to wages and hours, matters that are subject to collective bargaining would include such things as grievance procedures, final and binding arbitration of disputes, seniority rights, holidays and vacations, life insurance, medical insurance, training and promotion procedures. Employee benefits enjoyed today would be carried forward, and, in the case of rank and file postal employees, any change in such benefits would be subject to the collective bargaining process.

Negotiations over new labor agreements would be expected to begin ninety days before the expiration of existing agreements. There would be a statutory guarantee of final and binding third party arbitration to resolve negotiating impasses after a ninety day cooling-off period, during which time an outside fact-finding panel would try to assist the parties in reaching agreement. Opportunities for mediation and conciliation would also be provided.

All postal employees would retain their full benefits under the Civil Service retirement system and under the existing Federal workmen's compensation laws. The provisions of the Veterans Preference Act would apply, as would the provisions of Title VI of the Civil Rights Act of 1964. The labor standards provisions to which Government contracts generally are made subject would be applicable to contracts entered into by the new Postal Service to the same extent as elsewhere in the Government.

Finally, the right of every postal employee to petition Congress would be expressly preserved by statute.

III. POSTAL PAY

In many parts of the country—particularly in our great urban areas—the pay of postal employees has lagged seriously behind the pay received for comparable work by employees in private industry. The general 6% increase has alleviated that problem for most employees of the Federal Government, but it fails to take into account two important considerations that are unique to the Postal Service

—The need to offset the limited opportunities for job advancement that most postal workers have traditionally faced.

—The need to allow postal workers to share the benefits of the increases in efficiency and productivity that should be attainable under a properly reorganized postal system.

These factors played an important part in the thinking of the postal negotiators during their discussions on the pay question.

I propose an additional pay increase of 8% for postal employees, effective immediately upon enactment of the reorganization law, with prompt collective bargaining over pay schedules under which the time required for rank and file postal employees to reach the top pay step in their respective labor grades would be compressed to not more than eight years.

IV. POSTAL RATES

As the new Postal Service will be self-contained, so should it be self-supporting, as it will be non-profit, so should it be non-loss.

If the pay increases that the postal negotiators have agreed to recommend are put into effect promptly, and if postal rates were to remain where they are today, postal expenditures would exceed postal income in 1971 by approximately two and one-half billion dollars.

A postal deficit of this magnitude would be indefensible at any time during a period when inflation is threatening the economic well-being of every American family, such a deficit would be totally irresponsible.

Less than two weeks ago I proposed a plan for raising first, second and third class postage rates to a level that would bring postal income fully into balance with anticipated postal expenditures. This plan included a proposal for increasing the price of the first class stamp to ten cents. Understandably, the proposed increase met with limited enthusiasm, and I am not insensitive to the widespread concern that this proposal evoked. Nevertheless, the need for the additional revenue exists, and the proposal highlighted the true cost to the user of our mail service.

In the course of negotiations, the parties considered an alternative proposal that would provide a transitional rate policy designed to cushion the immediate effect of the application of the principle of pay-as-you-go on the users of the mail. The alternative approach, to be incorporated in the reorganization bill, would require the general taxpayer to pay 10% of the total cost of the new postal service in the first year. The percentage of taxpayer support would decline each year until the end of 1977, when the mails would be completely self-supporting except for continuing appropriations to reimburse the Postal Service for revenue lost on mail carried for non-profit organizations and other groups entitled by law to use the mail free or at specially reduced rates.

Though the goal would be delayed, acceptance of the principle of a true pay-as-you-go postal service—even in stages—is a fundamental breakthrough.

I would prefer an immediate end to general subsidization of the taxpayer, but since the principles of pay-as-you-go and postal reform are of basic importance, I am ready to accept this gradual but steady approach to that goal.

I would also prefer the method of raising most of the needed new revenues from the business organizations that are the principal users of first class mail. Again, however, I consider the principles of pay-as-you-go and postal reform to be overriding, and I am willing to make adjustments in my original proposals so as to raise more revenues from other classes of mail.

In the interest of making realistic progress toward the objective of bringing postal expenditures into balance with postal revenues, I now propose to

—Increase the price of the first class stamp by one third from six cents to eight cents.

—Keep the price of the air mail stamp at ten cents.

—Increase the average second class postage rate by one half.

—Increase third class bulk and single piece rates by one third (the same percentage increase as first-class).

These rate increases would generate additional revenues of more than \$1.5 billion—enough, with the temporary 10% contribution by the Federal taxpayer, to put the new, independent United States Postal Service on the road to a sound, pay-as-you-go operation.

V. TOWARD POSTAL EXCELLENCE

Mail users, postal employees and the nation as a whole have gone through a long ordeal in reaching the threshold of basic postal reform—but we have come a long way.

The Congress is now presented with an opportunity to pass legislation that will bring a new measure of fairness to postal employees, a new efficiency to the system itself, and long overdue equity to the taxpayer.

Neither better pay nor better organization will, in and of itself, guarantee better mail service.

Laws do not move the mail, nor do dollars. What moves the mail is people—people who have the will to excel, the will to do their work to the very best of their ability.

The United States is fortunate to have such people in its postal system today. As the Postmaster General has urged, these people must be retained; in the years ahead, more like them must be recruited. This legislation would represent an important step toward that end.

Enactment of the legislation that I now propose would give our postal employees the means to attain a goal they have never before had the means of attaining—the goal of building, in America, the best postal system in the world.

That is a goal worth striving for. With this postal reform legislation, it is a goal that can be achieved. I hope the Congress will lose no time in enacting the laws that are needed to let our postal people get on with the job.

RICHARD NIXON.

THE WHITE HOUSE, April 16, 1970.

MEMORANDUM OF AGREEMENT

ON THE

"POSTAL REORGANIZATION AND SALARY ADJUSTMENT ACT OF 1970"

Memorandum of Agreement between United States Post Office Department hereinafter referred to as "Department" and the AFL-CIO; National Association of Letter Carriers, AFL-CIO; National Association of Post Office and General Services Maintenance Employees, AFL-CIO; National Association of Post Office Mail Handlers, Watchmen, Messengers and Group Leaders (Affiliated with Laborers' International Union), AFL-CIO; National Association of Special Delivery Messengers, AFL-CIO; National Federation of Post Office Motor Vehicle Employees, AFL-CIO; National Rural Letter Carriers Association; United Federation of Postal Clerks, AFL-CIO; hereinafter referred to as "Unions"

Pursuant to the earlier agreement of April 2, 1970 between the Department and the above-named unions, the parties have jointly developed, through the collective bargaining process, proposed legislation which provides for a major reorganization of the Post Office Department and an 8% pay increase for postal employees. It shall be known as the "Postal Reorganization and Salary Adjustment Act of 1970". The parties have jointly agreed to support this legislative package without qualification and that together they will urge the Congress to enact this legislation without change. The agreed-upon legislative proposal provides, amongst other things, for the following:

Organizational Structure

- o Reorganized United States Postal Service becomes an independent establishment within the Executive Branch of the Government.
- o Postmaster General appointed by and serves at the pleasure of the Commission on Postal Costs and Revenues, which has 9 public members named by the President and confirmed by the Senate.

Labor Relations

- o Enable collective bargaining under a statutory framework establishing methods for conducting elections, providing one or more methods for resolving negotiating impasses, and requiring collective bargaining over all aspects of wages, hours, and working conditions including grievance procedures, and in general, all matters that are subject to collective bargaining in the private sector.

Labor Relations (Cont'd)

- o Ban on federal employee strikes continues; binding arbitration if bargaining impasse persists 180 days from start of bargaining.
- o National Labor Relations Board to supervise representation elections and enforce unfair labor practice provisions.

Finance, Rates, and Rate-Making

- o Post Office can borrow up to \$10 billion from the Treasury or general public.
- o Rate changes subject to public hearing before 3-man Postal Rate Board named by President; final rate decision by Commission on Postal Costs and Revenues, but subject to veto by two-thirds vote of either the U.S. House of Representatives or the U.S. Senate.
- o Post Office to be generally self-supporting by January 1, 1978.

Postal Pay Increase

- o 8% pay increase for employees of the Post Office Department effective as of the date when this enabling legislation becomes law.
- o Promptly after enactment, collective bargaining will be required on wages, hours, and working conditions, and to compress to 8 years the time for postal employees to reach the maximum step in whatever labor grade may be established through collective bargaining. When the new schedule becomes effective, an employee will immediately be advanced to the next step in the schedule if at that time he has been in his present step for the period provided in the new schedule.

It is the understanding of the parties that the Administration will recommend to Congress the necessary legislation to effectuate this Agreement.

It is the further understanding of the parties that no disciplinary action will be initiated by the Post Office Department at any level against any postal employee with respect to the events of March 1970, until discussions have taken place between the Department and such employee's union on the policy to be followed by the Department.

Walter Howard
Post Office Department

James W. Earle
AFL-CIO

John Rademacher
National Association of Letter Carriers
AFL-CIO

Marion Crable
National Association of Post Office and
General Services Maintenance
Employees, AFL-CIO

Samuel L. Johnson
National Association of Post Office Mail
Handlers, Watchmen, Messengers
and Group Leaders, AFL-CIO

Michael J. Keullen
National Association of Special Delivery
Messengers, AFL-CIO

Chester W. Parnik
National Federation of Post Office Motor
Vehicle Employees, AFL-CIO

Herbert J. Alfrey
National Rural Letter Carriers Association

Thomas J. Sullivan
United Federation of Postal Clerks, AFL-CIO

April 16, 1970

Date

CIVIL AERONAUTICS BOARD,
Washington, D.C., April 23, 1970.

HON THADDEUS J DULSKI,
Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is to advise you regarding the Board's most recent expression of views concerning the provisions in H.R. 4 authorizing the postal authorities to contract for mail transportation by air. These provisions of H.R. 4 are repeated in the Administration's revised postal reform bill, H.R. 17070.

As you will remember, a representative of the Board testified with respect to these provisions at hearings before your Committee on August 8, 1969 on H.R. 4 and related bills. Subsequently, following hearings before the Senate Post Office and Civil Service Committee on the postal reform legislation, Board and Post Office Department staff members met in an effort to develop mutually satisfactory legislation governing the establishment of rates for the transportation of mail by air. The Board's staff put forward a proposal which would have substituted a tariff-filing system for the current method of establishing mail rates. While the Board staff was awaiting a final position from the Post Office Department, Congressman Friedel introduced H.R. 16879, amending the Federal Aviation Act of 1958 to establish a tariff-filing system for mail rates similar to that discussed by the Board and Department staffs.

In brief, H.R. 16879 requires air carriers to file their mail rates (or changes in mail rates) with the Board in the form of tariffs. If the postal authorities do not object to the rates and the Board does not order the tariffs investigated, the new tariffs automatically go into effect 60 days after they are filed. In such cases, the Board will not be called upon (as under present law) to make an affirmative finding, after notice and opportunity for hearing, that the rates are fair and reasonable. The tariff system will thus enable the Post Office and the carriers to put new rates into effect promptly and to establish special rates tailored to meet unique needs.

On the other hand, if the Postmaster General objects to an existing rate or a new carrier-proposed rate and the Board decides to investigate, the Board is given full powers, after notice and hearing, to prescribe just, reasonable, and nondiscriminatory mail rates. H.R. 16879's regulatory plan is patterned after the statutory system now used to establish cargo rates. In the Board's view, H.R. 16879 will give the postal authorities all the benefits which private shippers now receive under the Board's proven procedures for regulating cargo rates.

At hearings before the Subcommittee on Transportation and Aeronautics of the House Committee on Interstate and Foreign Commerce on April 14-15, 1970, the Board and representatives of the Post Office Department and the industry testified concerning H.R. 16879. Although the Post Office Department criticized H.R. 16879, the Board expressed the view that the provisions of such bill would be preferable to the contract bidding provisions of H.R. 4. At the Subcommittee's request, the Board and Department staffs have been meeting for further discussions on this subject.

Sincerely yours,

SECOR D. BROWNE, *Chairman.*

SEPARATE VIEWS OF REPRESENTATIVES HENDERSON AND PURCELL ON THE BILL, H.R. 17070

H.R. 17070's labor-management provisions represent a major departure from all present and past Federal policy. All of the proposals advanced by the current administration have called for union recognition, collective bargaining, and binding arbitration.

Under the collective bargaining provisions, a labor organization could negotiate a union shop or agency shop agreement with the result that postal employees could be required to join the union, or pay the equivalent of union dues in accordance with the negotiated agreement.

Executive Order 10988 issued by President Kennedy setting out basic policy for labor-management relations in the Federal service provided, "each employee has the right, freely and without fear of penalty or reprisal, to form, join, and assist a labor organization or to refrain from any such activity, and each employee shall be protected in the exercise of this right." This order was continued in force and effect by President Johnson and replaced by Executive Order 11491 issued by President Nixon containing the same language.

We feel that there is absolutely no justification for writing into the postal reform bill a provision which will permit the negotiation of a union or agency shop in the Postal Service completely contrary to long-standing Federal policy publicly stated and declared by the last three Presidents.

No member of the Congress should fail to recognize that this is a major departure from established policy and we urge the Members to give careful and deliberate consideration to this matter and to support an amendment to insure postal employees not only protection of their right to form, join, or assist a labor organization, but also their right to refrain from such activity.

The following amendment will be offered on the floor of the House and we urge its adoption:

COMPULSORY UNIONISM

Add a new subsection to section 222 to read as follows:

(b) Each employee of the Postal Service has the right, freely and without fear of penalty or reprisal, to form, join, and assist a labor organization or to refrain from any such activity, and each employee shall be protected in the exercise of this right.

DAVID N. HENDERSON.
GRAHAM PURCELL.

(61)

PUBLIC SERVICE

MINORITY VIEWS OF HON. H. R. GROSS AND HON. WILLIAM L. SCOTT ON H.R. 17070

This legislation, H.R. 17070, reported by a bare majority of the committee, proposes a cure for the problems of the postal service which in the final analysis is worse than the conditions it seeks to remedy.

Change, for the mere sake of change, is dangerous legislative policy. It is absolute misrepresentation to try to fool the American public into thinking that the creation of an "independent establishment" with corporate powers will in itself result in increased efficiency, greater economies, and better service to them.

The basic philosophy behind this legislation is that changing the organization of the Post Office Department will, by itself, provide better postal service to the American people. It is seriously doubtful that such will be the case. The only thing we can reasonably predict is that after this legislation is enacted, postal rates will go up and postal service to the public will be drastically reduced.

RESPONSIBLE TO WHOM?

One of the core issues in postal reform is to whom should the operating head of the postal service be responsible? Under this legislation, the management of the postal service will be insulated from both the public and their representatives in Congress by a nine member politically appointed commission.

Under the terms of the bill, if the claim has any validity that politics will be removed from the postal service, the way is certainly open for personal patronage and cronyism to be substituted.

SERVICE TO THE POSTAL PATRON

If the legislation supported by the majority of the committee is finally enacted, the postal service, as we know it today, will cease to exist. It has been learned that a so-called "5-year plan" is now circulating at Postal Headquarters to be implemented as soon as this legislation is enacted. The plan would eliminate all Saturday delivery service and window service, consolidate existing postal facilities, curtail mail delivery service to colleges and universities, curtail parcel post service, reduce clerical hours, discontinue air taxi service, discontinue airlift first-class mail, and many other services as we now know them.

The question might be asked as to why the postal service has not taken such action prior to this time. The answer is simple—Congress would never permit such a curtailment of postal service to the American public. It will be through this legislation, creating an agency unresponsive to Congress that the postal service will be curtailed and postal rates drastically increased in obedience to a blind "break-even" obsession.

(62)

The public service concept of the postal service in the present law has been painstakingly developed by Congress over a period of many years. It provides essential recognition of the public service role of the Post Office Department and assists in keeping postal rates for the public at a reasonable level.

The committee bill is contradictory. First, it recognizes the validity of a public service allowance by starting out with an adequate figure. Then it proceeds to scale down the total allowance over a period of years ending with a low figure produced by a new and unrealistic formula. The new formula, for example, totally wipes out any public service allowance for the deficit incurred in providing the rural areas of America with adequate postal service.

LABOR-MANAGEMENT RELATIONS

The committee report completely sidesteps the critical issue that is created by the labor-management provisions of this bill. It will, if enacted, destroy long-standing personnel policies in the Federal government. For example, the policies enunciated by Presidents Kennedy, Johnson, and Nixon of the right of all Federal employees to join or to refrain from joining a labor organization are not contained in this legislation.

In a drastic departure from established Federal personnel policies, this legislation removes postal workers from competitive civil service and brings the Postal Service and its employees under the coverage of the Labor Management Relations Act of 1947. This act permits a union and employer to make an agreement requiring all employees to join the union in order to retain their jobs.

Never before in our history has an individual been faced with the requirement of having to join a labor organization if he wished to work for the Federal Government. Once established in the Postal Service, the consequences of this policy throughout the Federal service ought to be apparent to all.

Over the years, by law, and by administrative and judicial actions, all barriers—race, religion, age, sex, ideological beliefs, etc.—have been removed between an American citizen and the privilege of working for his government, but this bill paves the way for union membership as a rigid condition of Federal employment.

If there is any doubt that we are faced with the prospect of a union shop policy for all Federal employees, then here is what George Meany, president of the AFL-CIO had to say in testifying in favor of this bill.

We in the AFL-CIO hope to be back before this committee in the very near future, urging adoption of a measure that will insure genuine collective bargaining for all aspects of employment for all civilian workers of the Federal Government. We think this bill is only a beginning.

As we see it, the Congress is today paving the way for a new day in Federal employer-employee relationship.

COLLECTION OF UNION ASSESSMENTS

One of the interesting features that came out of the so-called postal strike negotiations is the language in section 226 of chapter 2 governing the collection of union dues. This "dues checkoff" procedure under both the Labor Management Relations Act and under Executive Order 11491 on Federal employee-management relations is limited to the collection of "regular and periodic dues." Under H.R. 17070, however, the Postal Service will collect not only regular dues, but will collect from the pay of the employees, "regular and periodic" union assessments and initiation fees as well. Even in private industry, labor organizations are not given such a guarantee.

POSTMASTERS

The omissions of this bill are as significant as its commissions. For example, you can look in vain for any language in this legislation which, under the new Postal Service, governs the appointment, qualifications, or residency of postmasters as such. Whether or not the office of postmaster will continue to exist is debatable. If the proponents of this bill wish to install a system of rotating "office managers," then they should tell us so in so many words.

UNACCEPTABLE IN THIS FORM

For these and a multiplicity of other reasons this legislation is unacceptable in its present form. Foremost is the new personnel policy established which is diametrically opposed to the history of our competitive civil service and it is reason enough to reject the committee bill, H.R. 17070.

H. R. GROSS,
WILLIAM L. SCOTT.

VIEWS OF HON EDWARD J DERWINSKI ON H.R. 17070

The legislation which comes out of the committee under the banner of postal reform is so barnacled with special interest amendments that it cannot possibly result in the true reorganization of the Post Office Department which the American public demands.

The only recourse, therefore, is for the House itself to set things right and reinstall the basic reform machinery that was proposed by the President in the original version of H.R. 17070.

Committee delays and the adoption of inconsistent and contradictory amendments have set postal reform back 6 months and have contributed to the frustration of postal worker and postal patron alike. There is little doubt that many of the amendments tacked onto H.R. 17070 by the committee are designed to produce nothing more than the self-destruction of the whole package.

RESTRICTIVE AMENDMENTS

Foremost among the restrictive amendments are those which would require the Postal Service to recognize an organization of supervisory employees, including administrative, professional, and technical employees. This amendment contemplates the negotiation of agreements covering all aspects of working conditions of such employees except rates of pay. Negotiating impasses would be resolved by a three-man panel.

This provision would place the Postmaster General and his field supervisors in the position of adversaries, rather than members of a single management team. In practice, it would result in intramanagement collective bargaining with a statutory requirement for advisory arbitration. This arrangement does not serve true postal reform nor does it serve the public who expect and deserve efficient and business-like management of the Postal Service.

UNIT DETERMINATION

As originally proposed, H.R. 17070 called for national bargaining units organized on craft lines.

The amendment adopted by the committee would remove these statutory guidelines and would permit the National Labor Relations Board to establish any type of collective-bargaining unit that it considered appropriate.

This could conceivably lead to separate negotiations over wages, hours, and working conditions on a post-office-by-post-office basis. This kind of fragmentation of collective bargaining would be disastrous to the Postal Service and would be completely inconsistent with a stable labor-management relations program.

FINANCIAL PROVISIONS UNDERMINED

The insistence by the committee that a simple majority rather than a two-thirds vote of either House be permitted to veto necessary rate adjustments seriously undermines the financial provisions of the reform package. This change will discourage investors, and only make it much more difficult for the Postal Service to sell its bonds on the private market. The resulting tendency would be to maintain the role of politics in the ratesetting process and defeat the policy of the Postal Service to operate on a self-sustaining basis.

These key committee changes will obviously restrict and hamper postal management, and their inclusion in this bill is an injustice to the whole concept of postal reform.

FLEXIBILITY IMPEDED

The committee amendment on parcel post further impedes the flexibility needed for sound postal service management. This amendment singles out fourth-class parcel post and requires the fixing of rates to cover what amounts to between 96 percent and 104 percent of fully allocated costs, with no discretion allowable to the ratemakers. Fourth-class mail is the most price-elastic of all the classes of mail. This amendment would perpetuate statutory strictures which since 1950 have (1) caused a constant diminution of volume both in pieces and pounds, (2) tended to concentrate this traffic in the low revenue high cost area, and (3) tended to compel the Post Office Department to repetitively increase rates without regard for their impact on users.

NO POLITICS?

While piously decrying political influence in the Postal Service, most of my Democratic colleagues on the committee nevertheless rammed through an amendment to the effect that every acting postmaster of record on January 1, 1969, must be considered on equal status with postal careerists when permanent appointments are made to fill existing postmastership vacancies. It seems evident that they are not yet willing to relinquish their political grasp on the Post Office Department that has for the past decade smothered incentive and efficiency.

There are other defects in this bill and a careful reading of other views in this report will reveal admission of these deficiencies.

It is my objective judgment that the House will resist phony postal reform. True postal reform can be accomplished and to reach this goal we must produce a legislative package which will be divorced of all the special interest amendments that clutter the bill before us. Meaningful postal reform can be gained if we will provide management with the proper tools to do a businesslike job and deliver long overdue postal efficiency to the American public.

EDWARD J. DERWINSKI.

SUPPLEMENTAL VIEWS OF CONGRESSMAN WILLIAM L. SCOTT ON H.R. 17070

While I have joined with my colleague, H. R. Gross, in minority views, I would like to add these supplemental comments.

My primary objections to the bill, H.R. 17070, as reported by the committee are:

(1) The almost unlimited control given the Postal Service over salaries, conditions of employment, postal rates and expenditures of funds without any responsible control over the Service either by the President or the Congress. In my opinion, all Government officials should be ultimately responsible to the elected representatives of the citizens.

(2) The probability that all postal workers will have to belong to a union in order to retain their Government positions. Compulsory unionism for public workers seems untenable and while it may be argued that section 14(b) of the Taft-Hartley Act would apply to employees of the Postal Service, yet the National Right To Work Committee advises that there are a number of suits questioning the validity of right-to-work laws insofar as they relate to Federal employees or persons employed on Federal property.

(3) Removal of more than 730,000 postal employees, or roughly one-quarter of all Federal civil service workers, from the provisions of the competitive civil service merit system. In my opinion, the appointment and promotion of Federal employees through the civil service laws and regulations is in the interest of both the employees and the Government.

When the committee reported H.R. 4 earlier this year, which was another version of the administration's postal reform legislation, I requested the Comptroller General of the United States and the Chairman of the Civil Service Commission to review the legislation from the point of view of employees' rights and benefits. There is no difference, in this respect, between H.R. 4, as reported, and H.R. 17070, as reported, other than a minor variation that has to do with workmen's compensation. The letters set forth below, therefore, are applicable to the language contained in H.R. 17070.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., March 31, 1970.

HON. WILLIAM L. SCOTT,
House of Representatives.

DEAR MR. SCOTT This refers to your letter of March 13, 1970, transmitting for our consideration a copy of the postal reform bill which was reported out of the Committee on Post Office and Civil Service, House of Representatives, on March 6, 1970. Specifically, you request information regarding the extent to which the rights and

benefits of present postal employees would be altered by the provisions of such bill if enacted into law

Initially, we point out that section 209 of title 39, United States Code, as proposed by section 102 of the bill provides, inter alia, that no Federal law dealing with officers and employees of the United States shall apply to the exercise of the powers of the United States Postal Service Authority except as otherwise provided in title 39 and except insofar as such laws remain in force as bylaws or regulations of the authority.

Subsection 801(a) of the proposed title 39 provides that the officers and employees of the United States Postal Service Authority shall be in the postal career service, which shall be a part of the civil service, and that appointments and promotions shall be in accordance with procedures established by the Authority. We believe the intent of subsection 801(a) is to remove postal employees from the competitive service. In the competitive service appointments and promotions are based upon merit and fitness as determined by examinations. See U.S.C. 3304 and 3361. However, as stated, subsection 801(a) provides that appointments and promotions shall be in accordance with procedures established by the Authority. It is evident, therefore, that such personnel actions are not to be subject to the laws and regulations governing the competitive service. Moreover, bearing in mind the language of section 209, as discussed above, we note that the provisions of title 5, United States Code, pertaining to the competitive service, are not specifically made applicable to employees of the Authority.

Subsection 801(a) further provides that the provisions of chapter 75 of title 5 shall be applicable to employees of the Authority subject to the provisions of any collective bargaining agreements and subject to procedures established by the Postal Service (the Authority) and approved by the Civil Service Commission. Chapter 75 of title 5 encompasses provisions derived from the Lloyd-Lafollette Act of 1912 prohibiting removal of individuals in the competitive service except for cause, provisions relating to actions adverse to preference eligibles, provisions relating to removal of hearing examiners, and provisions relating to suspension and removal of employees for reasons related to the national security. Subsection 801(c) of the proposed title 39 specifically adopts the veterans preference provisions of chapter 75 and subsection 1251(b) adopts the hearing examiner provisions. Therefore, we assume that only those provisions of chapter 75 that are derived from the Lloyd-LaFollette Act prohibiting removals except for cause (section 7501) and those concerning national security (sections 7531 and 7532) are subject to collective bargaining agreements and procedures established by the Authority as provided in subsection 801(a).

With the exception of the provisions of title 5 which were formerly known as the Veterans Preference Act and of retirement benefits, which would continue to be provided under the civil service retirement program (chapter 83 of 5 U.S.C.), all compensation, benefits and other terms and conditions of employment would be determined by the Executive Council of the United States Postal Service Authority through collective bargaining in accordance with section 806. No change in those rights occur until affirmative action is taken by the Authority. It is not possible to determine the extent to which

benefits such as leave, travel, training, back pay, etc., would be affected by the bill. With respect to unemployment compensation, compensation for injuries and death, life and health insurance, subsection 803(c) provides that the present statutory provisions governing such benefits shall apply to employees of the Authority unless varied, added to, or substituted for pursuant to that subsection. However, the subsection provides that no variation in fringe benefits shall result in a program which, on the whole, is less favorable to the employees than that in effect on the date the Authority commences operation. Although the bill provides for employee protection through collective bargaining agreements and sets forth procedures for the settlement of disputes, we note that it does not contain any minimum requirements for compensation such as for fringe benefits but, rather, provides only for comparability with the non-Federal sector. See section 805 of title 39 as proposed.

Under subsection 803(d) any employee of the Post Office Department on the effective date of that section would be eligible to transfer to any position within the Government which is open and for which he is qualified. The subsection places no time limit on such transfers. Compare subsection 803(d) of H.R. 11750, 91st Congress, which provides for a one-year period on transfer eligibility.

In summary, it appears that very few of the statutory provisions presently applicable to postal employees would continue to be mandatorily applicable to them under the bill in question. Generally, however, the provisions of the bill are designed to afford postal employees benefits and protections no less than they presently enjoy.

Sincerely yours,

R. F. KELLER,

Assistant Comptroller General of the United States.

APRIL 17, 1970.

Hon. WILLIAM L. SCOTT,
House of Representatives,
Washington, D.C.

DEAR BILL. We received the House committee print on postal reform which you sent us. In line with your request, we focused on the effect the proposed bill would have on the status of career service employees and what changes would take place in the rights and protections they now have in the event the bill is enacted into law.

Employees of the Post Office Department, with the exception of the nine presidential appointees at headquarters, would automatically become employees of the new Postal Service Authority. Any of these employees serving under a career or career-conditional appointment, as well as any other employee with the same kind of appointment who moves to the Authority later on, would retain his eligibility to return to the competitive service in any position for which he qualifies and for which an agency wishes to hire him.

With respect to changes in the rights and protections afforded employees, nonveterans who now have a right to appeal to the Civil Service Commission in an adverse action would no longer have that right. The Authority is required, however, subject to collective bargaining agreements, to establish procedures which would assure its employees of an opportunity to be heard before adverse actions are taken against them.

Additionally, employees of the Authority may have lesser reemployment rights than other Federal employees on returning from military service. The new section 801(c) provides that insofar as reemployment rights after military service are concerned, employees of the Authority shall be entitled to them to the same extent and in the same manner as employees in the private sector. This means that if circumstances in the Postal Service change to such an extent that it is considered impossible or unreasonable for the Authority to reemploy a veteran, he would not come under the provision of law that lets the Civil Service Commission direct placement in another Federal agency. Further, the postal employee would no longer be entitled to the benefits of the Commission's regulations under the Military Selective Service Act of 1967 (including the right to be considered for promotion in absentia and the right of appeal to the Commission when an employee claims improper restoration).

It should be noted that there are some questions about the rights of veterans in adverse actions that would have to be resolved if the proposed legislation is enacted in its present form. On the one hand, the new section 801(c) provides that the provisions of title 5 formerly known as the Veterans' Preference Act shall apply to the Postal Service. On the other hand, the new section 801(b) provides that the Authority has the right, consistent with the Labor-Management Relations Act of 1947, as amended, and chapter 11 of title 29, United States Code (the Labor Management Reporting and Disclosure Act of 1959), and consistent with applicable laws, regulations, and collective-bargaining agreements to suspend, demote, discharge, or take other disciplinary action against employees.

The reason a question arises is that section 14 of the former Veterans' Preference Act not only prescribed the procedures to be followed in adverse actions (now chapter 75 of title 5) but also provided that an agency may take adverse action against a preference eligible only after appropriate notice for such cause as will promote the efficiency of the service. Section 14 also provided for appeal to the Civil Service Commission (now chapter 77 of title 5).

Similar questions would have to be resolved in the matter of releasing employees when reductions in work force occur. Under section 12 of the former Veterans' Preference Act (now subchapter I of chapter 35 of title 5), the method of releasing employees in a reduction in force is established by the terms of the act and the Commission's regulations issued thereunder. But this is another area that would appear to be subject to collective bargaining agreement under the proposed legislation.

I hope the information provided will be useful to you.

Sincerely yours,

ROBERT E. HAMPTON,
Chairman, U.S. Civil Service Commission.

In my opinion this measure should either be recommitted to the Post Office and Civil Service Committee to be revised in the aforesaid manner or be defeated.

WILLIAM L. SCOTT.

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