



**Postal Regulatory Commission
Congressional Budget Justification
(Performance Budget Plan)
Fiscal Year 2017**

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Executive Summary

Since Fiscal Year (FY) 2009, Congress appropriates the Postal Regulatory Commission's (Commission) budget out of the off-budget Postal Service Fund, which is the permanently appropriated revolving fund solely comprised of the monies that the United States Postal Service controls and raises from selling its products and services. As a result, the Commission's funds come from the Postal Service's ratepayers rather than taxpayer monies. Pursuant to 39 U.S.C Section 2009, "The President shall include [the Commission's appropriation request], with his recommendations but without revision, in the budget transmitted to Congress under section 1105 of title 31." However, to accommodate the Office of Management and Budget's request in the context of developing the Administration's budget, the Commission transmits the President's \$17,726,000 appropriation recommendation, \$300,000 less than the Commission's request of \$18,026,000. The Commission's budget represents a tiny fraction of the Postal Service's \$69 billion operations.

The Commission is an independent agency created by the Postal Accountability and Enhancement Act (PAEA) in 2006 to provide strengthened oversight of the Postal Service. The Commission promotes high quality universal mail service for the American people by ensuring Postal Service transparency, accountability, and compliance with the law, particularly on its rates, product offerings, service quality, and competition as a government entity. The Commission is the primary regulator of the Postal Service and provides analyses on postal operations to Congress, stakeholders, and the general public.

FY 2017 will require the Commission to undertake several significant statutorily mandated reviews, in addition to continuing to handle an increasingly large number of complex cases. In order to continue to provide consistently high quality decisions, reports, and analyses while also producing the additional statutorily mandated reports, the Commission plans to increase authorized staffing from 77 to 80 Full Time Equivalent (FTEs) in FY 2017. After accounting for the required allowance for Commissioners and their personal staff, and necessary administrative personnel, the requested increase will result in 48 highly skilled professional staff to perform the analytic and legal work that is at the core of the Commission's regulatory responsibilities. The FY 2017 budget request would therefore preserve the Commission's ability to meet its statutory obligations, including providing timely responses to the projected 2017 mandates.

Over the last several years, the Commission has experienced a heavier and increasingly complex workload because of the Postal Service's significant financial difficulties. To ameliorate its large financial losses, the Postal Service has implemented a broad range of initiatives affecting operations and service to the public. It is likely to continue to do so. These proposals have necessitated increased regulatory activity by the Commission. Since the enactment of the PAEA

in 2006, docketed cases have significantly increased in complexity, particularly those related to rates, new products, service changes, and competition.

In anticipation of its burgeoning workload, the Commission implemented measures in previous years to improve efficiency and productivity, to reduce its physical footprint, and to streamline processes to reduce costs. The Commission's job of regulating the Postal Service, the nation's second largest civilian employer and the backbone of a nearly \$1 trillion industry, could not be more significant than it is now. The increase in workload leads to a critical need to modernize Information Technology (IT) systems and address IT skillset competency gaps to ensure secure, reliable systems and improved cybersecurity capabilities. While in previous years, the Commission deferred its investment in unfunded records management and IT mandates, it can no longer do so without substantial risks.

As outlined further in this document, in FY 2017, the Commission seeks to improve its IT infrastructure by implementing much-needed security enhancements and upgrades to its external website and docketing system. These critical projects have also been deferred due to lack of sufficient funds in previous years, but cannot be further delayed in the face of the cybersecurity threats existing today.

Unfortunately, despite a steadily increasing workload, the Commission's budget has actually decreased since FY 2008. FY 2008 is the last year the Commission received funds directly from the Postal Service, rather than through the appropriations process. The Commission budget in FY 2008 was \$14,985,000 for an authorized complement of 70 employees; 7 years later, the Commission's appropriation in FY 2015 was \$14,700,000 for a 77 employee complement. The FY 2016 appropriation of \$15,200,000 depicts the first marginal increase in 8 years above the FY 2008 level.

To date, the Commission has managed the decrease in funding through cuts in operations and infrastructure and from deferred hiring. Although the Commission has an authorized complement of 77 total full time employees, it lacks the funding to hire to full complement and has only 70 employees on board. This number includes four of the five Presidentially-appointed Senate-confirmed Commissioners, as well as three employees in its Office of the Inspector General. Staff costs have risen 14 percent since FY 2009, largely due to the increasing cost of benefits, and the Commission's rent continues to increase by 2.2 percent annually.

Mission

*Ensure transparency and accountability of the United States Postal Service
and foster a vital and efficient universal mail system*

Guiding Principles

The Commission is committed to, and operates by the principles of:

- Openness
 - Public participation
- Integrity
 - Fairness and impartiality
 - Timely and rigorous analysis
- Merit
 - Commitment to excellence
 - Collegiality and multi-disciplinary approaches
- Adaptability
 - Proactive response to the rapidly changing postal environment

Background

The Commission is an independent establishment of the executive branch of the United States Government. It has exercised regulatory oversight over the Postal Service since its creation by the Postal Reorganization Act of 1970, with expanded responsibilities under the PAEA. It has five commissioners, each appointed by the President, by and with the advice and consent of the Senate, for a term of 6 years. After the expiration of his or her term, a commissioner may continue to serve for up to 1 year or until a successor is confirmed. Not more than 3 of the Commissioners may be adherents of the same political party. The President designates one of the commissioners to serve as chairman. The chairman is the principal executive officer of the Commission.

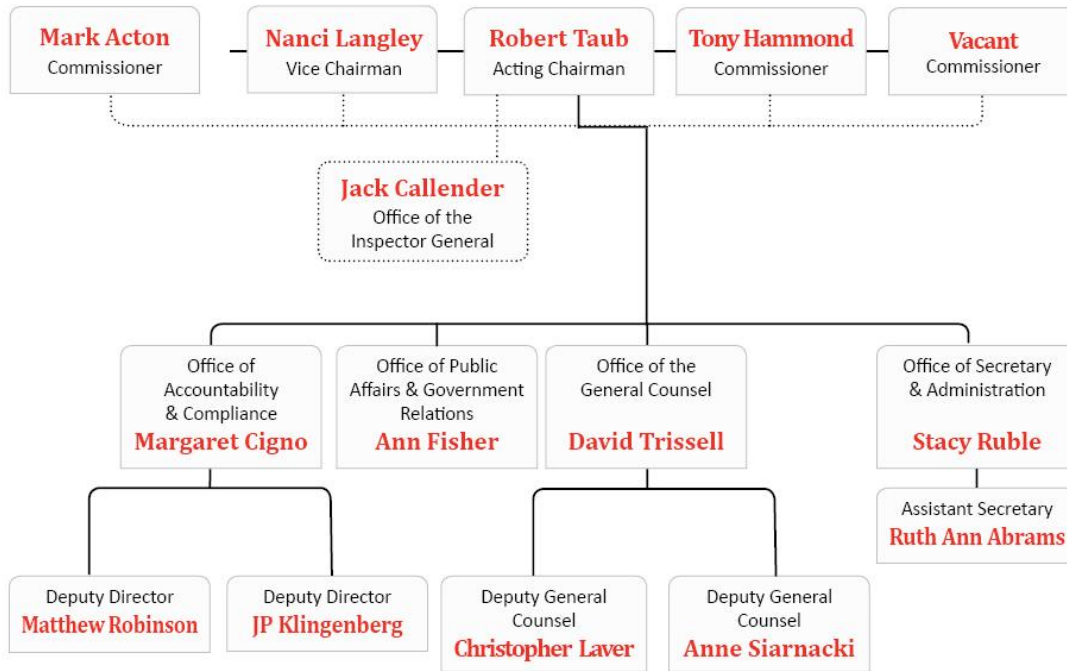
Commission staff has expertise in law, economics, finance, statistics, and cost accounting.

The Commission is organized into four operating offices:

- **Accountability and Compliance.** The Office of Accountability and Compliance is responsible for technical analysis, which includes economic formulations, econometric modeling, financial, statistical, and data analysis, pricing reviews, and analysis of market structure. It also annually reviews the Postal Service's delivery performance and provides analysis of changes in the nature of services. In addition, it formulates policy recommendations for the Commission on domestic and international matters.
- **General Counsel.** The Office of the General Counsel provides legal assistance on matters involving the Commission's responsibilities, defends Commission decisions before the courts, manages the formal complaint process, and ensures the Commission fulfills its statutory responsibilities.
- **Public Affairs and Government Relations.** The Office of Public Affairs and Government Relations facilitates prompt and responsive communications with the public, Congress, Federal agencies, the Postal Service, and media.
- **Secretary and Administration.** The Office of the Secretary and Administration provides management and staff support to the Commission's operational offices (including the Office of Inspector General), the Commission's strategic plan, and various initiatives of the Executive Branch. OSA ensures that the Commission has the physical, financial, technological and human capital infrastructure needed to accomplish its mission.

The Commission maintains an independent Office of the Inspector General. That office conducts, supervises, and coordinates audits and investigations relating to Commission programs and operations, and identifies and reports fraud and abuse.

Organizational Chart



Postal Regulatory Commission Achievements in Fiscal Year 2015

The Postal Regulatory Commission (Commission) achieved the following significant accomplishments in Fiscal Year (FY) 2015 that support its mission to ensure transparency and accountability of Postal Service operations and foster a vital and efficient universal mail system.

1. The Commission published four major reports in FY 2015:
 - The *Annual Report to the President and Congress* (Annual Report) described the Commission's accomplishments and activities as the regulator of the U.S. Postal Service.
 - The *Annual Compliance Determination* (ACD) reviewed the Postal Service's compliance with pricing and service standards.
 - The *Analysis of Postal Service Financial Results and 10-K Statement for Fiscal Year 2014* provided an in-depth analysis of the Postal Service's financial condition.
 - The *Review of Postal Service FY 2014 Performance Report and FY 2015 Performance Plan* evaluated whether the Postal Service met its performance goals as required under Title 39 of the United States Code (U.S.C.), section 3653(d).

2. The Commission presided over the following rate and classification proceedings in FY 2015, two of which are pending before the U.S. Court of Appeals for the District of Columbia:*

 - The review and approval of Postal Service requests for inflation based price adjustments for domestic and international Market Dominant products and services, and related classification changes
 - A partial remand from the U.S. Court of Appeals for the District of Columbia of Commission Order No. 1926 (exigency rate case)*
 - A request to consider the transfer of First-Class Mail Parcels from the Market Dominant product list to the Competitive product list*
 - A request to add the Discover Financial Services negotiated service agreement (NSA) to the Market Dominant product list
 - The review and approval of Postal Service requests for changes in Competitive prices and classifications

3. The Commission considered and approved a Postal Service request for a new market test (Customized Delivery) and an extension of an existing market test (Metro Post).

4. The Commission began its evaluation of the Postal Service's plans for a new internal service performance measurement system for several Market Dominant products. The Commission hosted two technical conferences to allow the Postal Service an opportunity to illustrate the potential measurement system and statistical design plan, and answer questions from interested parties.
5. The Commission considered 15 Postal Service proposals to change its costing methodologies and the analytical principles used by the Postal Service in its periodic reporting to the Commission.
6. The Commission approved 139 NSAs for Competitive products (81 domestic, 58 international).
7. The Commission reviewed the Postal Service's calculation of the assumed Federal income tax on Competitive products in a separate docket. In previous years, the Commission completed this review as part of the ACD.
8. The Commission conducted several rulemaking proceedings and adopted final rules that:
 - Establish procedures to propose material and minor changes and corrections to the *Mail Classification Schedule* (MCS)
 - Establish procedures related to section 404a complaints
 - Simplify the docket closure process by permitting automatic closure of a docket following 12 months of inactivity
9. The Commission reviewed several complaints against the Postal Service, three of which are pending before the U.S. Court of Appeals for the District of Columbia:.*
 - The American Postal Workers Union (APWU) filed a motion for reconsideration of a Commission order that dismissed its prior complaint, which alleged that the Postal Service failed to adhere to the service standards established during the Mail Processing Network Rationalization proceeding in a number of geographic areas.*
 - The Center for Art and Mindfulness, Inc. and Norton Hazel filed a complaint concerning the sale and closure of the Atlantic Street Station post office in Stamford, Connecticut (Atlantic Street Station), alleging that the Postal Service violated various statutory and regulatory provisions, had a conflict of interest, and breached its contract regarding the sale of the Atlantic Street Station.*

- James and Rosalyn Goodman filed a complaint alleging that the Postal Service violated postal regulations and policies, the Americans with Disabilities Act, and federal criminal statutes when it suspended delivery to Rosalyn Goodman’s residence.
 - Frederick Foster filed a complaint alleging that the Postal Service, Pitney Bowes Inc., and the Postal Service Office of Inspector General violated sections 401, 403(c), and 404a of Title 39, and violated various federal criminal and antitrust statutes.*
10. The Commission evaluated three Post Office closing appeals—affirming a final determination for one and dismissing the two other appeals for lack of jurisdiction.
11. In its international postal policy role, the Commission:
- Testified before the U.S. House of Representatives’ Subcommittee on Government Operations. The chairman testified on the Commission’s current responsibilities in international terminal dues treaty negotiations and the current statutory framework for how the United States negotiates international mail rates
 - Continued its active role in the Universal Postal Union (UPU) Letters and Parcels Remuneration Groups on international letter mail and parcel delivery rates, as well as in several other UPU project groups
 - Chaired the UPU Regulatory Issues Project Group on behalf of the U.S. Government, and worked with the U.S. Department of State to promote U.S. interests in UPU reform to further separate operational and governmental functions
12. Other activities performed by the Commission include:
- The processing of more than 8,000 inquiries, questions, suggestions, and comments from postal consumers
 - The unveiling of the Commission’s redesigned website
13. Commission staff participated in two bipartisan roundtables convened by the Ranking Member of the Senate Committee on Homeland Security and Governmental Affairs. One focused on the financial challenges of the Postal Service and the other discussed the various challenges facing the Postal Service in rural communities across the country.
14. In FY 2015, the Commission continued its commitment to support initiatives to recruit, develop, and retain a skilled, high-achieving, and diverse workforce. In FY 2015, women and minorities account for 61 percent and 30 percent of the workforce, respectively. Women also filled 55 percent of the Commission’s executive positions; minorities filled 10 percent.

15. The Commission provides internship opportunities to aid in recruiting and developing professionals with diverse backgrounds to the Commission. It will continue efforts to increase diversity in the workforce through outreach and recruiting at local universities, veterans' groups, and other organizations and groups that target under-represented populations.
16. The Commission continued its commitment to transparency, accountability, and compliance with the Freedom of Information Act, which resulted in a favorable review in the Department of Justice's FY 2015 Assessment of Agency Progress. The Commission ended the year with no backlog of FOIA requests or appeals.
17. As part of its mission to ensure transparency, accountability, and openness, the Commission continued to provide live and archived audio broadcasts of hearings, technical conferences, and public meetings. These are available on the Commission's website, www.prc.gov.
18. The Commission focused on improving its records management program to ensure compliance with the Presidential Memorandum on Managing Government Records (November 28, 2011) and OMB/NARA Directive M-12-18 (Directive). The Commission worked with the National Archives and Records Administration (NARA) to conduct a thorough records inventory, implement a revised file plan, and update the Commission records schedule. The Commission also began revisions to records management policies and procedures to ensure compliance with the Directive. Records management training was provided to all Commission staff to educate and inform them of their records management responsibilities. The Commission is currently developing requirements for an electronic records management system, with the goal of implementation by FY 2017. The Commission now has two employees, including the Assistant Secretary, who have attained their certification in federal records management.
19. The Commission is committed to maximizing efficient use of appropriated funds. It has strengthened financial management processes by instituting regular reviews of internal financial and administrative processes, and implementing cost savings/cost avoidance projects. The Commission has issued updated travel policy, processes, and procedures to further strengthen the oversight of employee travel.

20. In response to the 2009 presidential memorandum regarding government contracting, and in line with Executive Order 13576, “Delivering an Efficient, Effective, and Accountable Government” (2011), the Commission improved its contracting policy and standard operating procedures, resulting in increased accountability and cost savings. The Commission continues to work within budget.
21. The Commission joined the Department of Homeland Security’s Cyber-hygiene and CDM programs, which will strengthen the Commission’s cybersecurity posture and provide management with relevant and timely information about threats and vulnerabilities to Commission IT systems.
22. The Commission reduced its existing footprint by reconfiguring internal space for its Office of the Inspector General, providing a projected savings of over \$65,000 per year vice previously rented outside space.
23. The Commission demonstrated its long-standing commitment to its staff by:
 - Continuing the systematic update to policies. During FY 2015, the Commission updated critical Human Resource policies and programs, including a new performance management policy and process, updated Equal Employment Opportunity policy and program, and new Administrative Grievance and Conduct policies, among others
 - Offering training and development opportunities to all staff
 - Reviewing position descriptions to ensure that they accurately reflect the requirements for each position
 - Inviting the Office of Personnel Management to provide an all-PRC briefing on the Federal Employee Viewpoint Survey (FEVS)
 - Conducting an annual all-PRC pay and performance briefing

Budget Overview and Highlights for Fiscal Year 2017

The Commission Can No Longer Continue to Defer Hiring

The President is recommending a budget of \$17,726,000, which will allow the Commission to 1) increase and maintain staffing to a complement of 80 FTEs, 2) improve its cybersecurity posture and IT infrastructure, and 3) meet its contractual obligation for rent escalation. Most importantly, this funding level will enable the Commission to expeditiously address the three new statutory mandates for FY 2017 outlined below, while continuing to meet its historically growing workload of docketed cases.

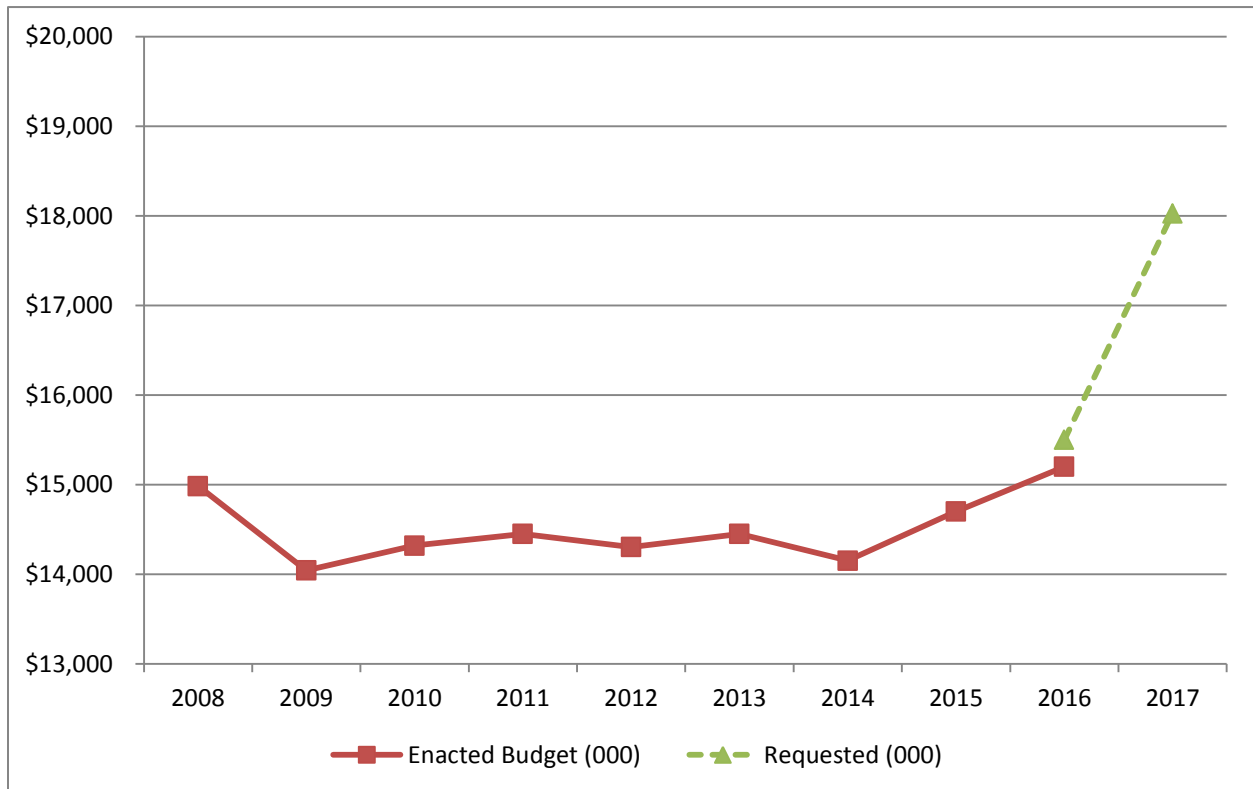
The Postal Service's financial viability depends upon the prompt and efficient adjudication of pricing and product proposals, and the American public relies upon timely Commission action on complaints and oversight of Postal Service actions. The requested amount will allow the Commission to efficiently and effectively perform its statutory responsibilities and to undertake the identified priority IT and cybersecurity initiatives.

Since FY 2009, the Commission has accommodated an increasingly heavy and complex workload, as well as higher operating costs, within funding levels that have remained well below its FY 2008 budget allocation. Historically, the Commission has met its growing workload each year under these budgetary constraints by deferring needed hiring in order to fulfill compensation requirements for current employees, and postponing needed IT modernization, as well as through numerous other management efficiencies. For example, office space was reconfigured to house an increased number of personnel within the existing footprint and rent was negotiated at below market rates. Nevertheless, professional staff costs have risen 14 percent since FY 2009 (due in part to the increasing cost of benefits as Civil Service Retirement System employees retire and are replaced by Federal Employee Retirement System employees), and rent will continue to increase by 2.2 percent annually. In the face of the FY 2017 added demands, plus the continued growing workload, the Commission can no longer continue to defer hiring needs as it has done for the last 9 years. **SEE THE FOLLOWING CHARTS THAT PROVIDE A TOPLINE OVERVIEW.**

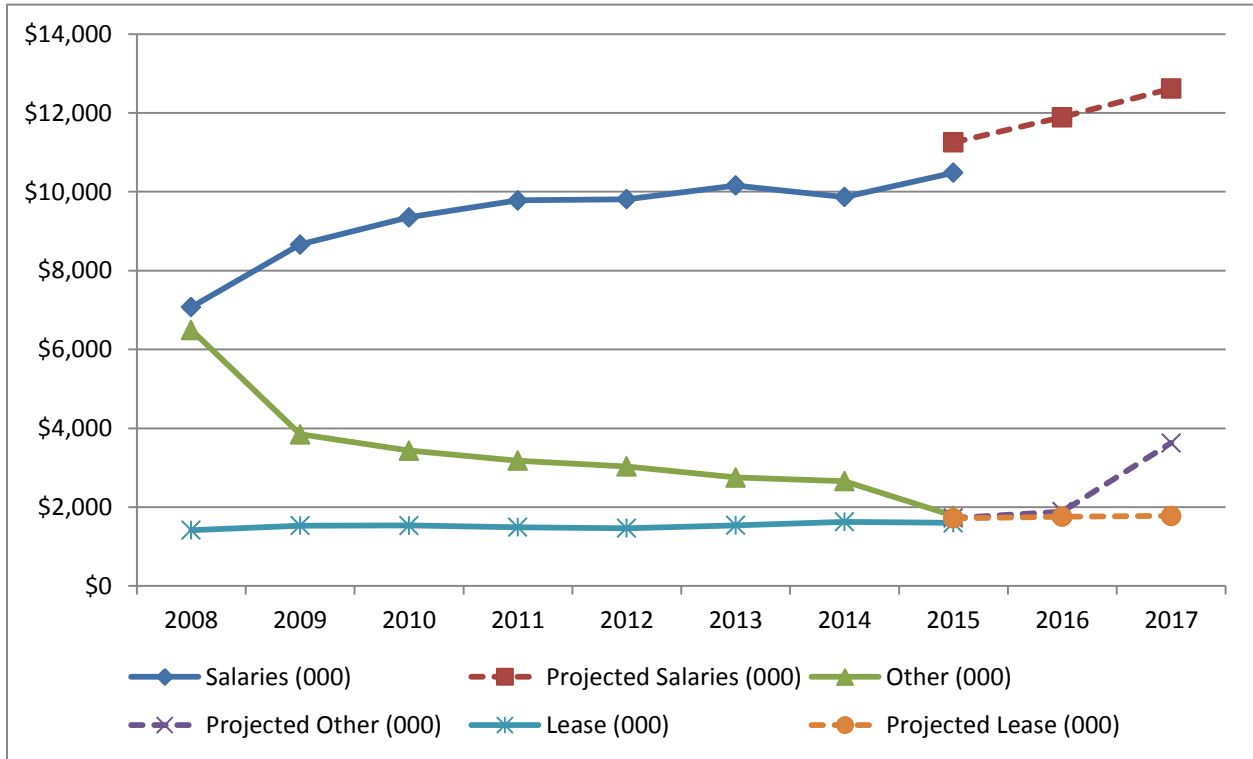
TOP LINE OVERVIEW

- FY 2009 - the first appropriated budget
- Increased responsibilities and workload under PAEA
- FY 2008 - 59 employees and a \$14,985,000 budget
- FY 2016 - 70 employees and a \$15,200,000 budget
- Largest expense categories are salaries and lease
- Additional Resources will be needed for Cyber protection, enhanced, updated IT infrastructure, and deferred staffing needs
- FY 2008 - last year PRC budget provided directly by USPS

TOP LINE OVERVIEW



TOP LINE OVERVIEW



Commission's Statutory Responsibilities Increase in FY 2017

FY 2017, the 10-year anniversary of the PAEA's enactment, will be a critical year for the Commission. The Commission is mandated by law to conduct three critical reviews:

1. A 5-year review of the PAEA and recommendations for improvement.
2. A 10-year review of the efficacy of the system for regulating rates and classes in achieving the objectives of section 3622 of Title 39 of the United States Code. This review requires a comprehensive reassessment of how rates and fees for Market Dominant products are set, which could have a critical impact on the American mailing public, business mailers, and the Postal Service.
3. A 5-year review of the contribution of Competitive products to institutional costs, which is of significant import to the commercial marketplace.

These evaluations will entail intensive work and analysis by the Commission, involve extensive public participation, and require a significant share of the Commission's resources.

In Addition to FY 2017 Mandates, Workload Continues To Grow

The Postal Service's efforts to adjust to national changes in mail usage will require the Commission to continue to hear cases of major national policy import. The Commission will need to review additional Postal Service proposals to right size its network and will also be required to provide needed oversight as the Postal Service tries to make greater use of its pricing flexibility under the PAEA. The Commission will need to apply substantial resources to measure the impact of changes implemented by the Postal Service and to fully evaluate and respond to new ideas that result in innovative products and services, greater efficiencies, and cost savings for the Postal Service.

As the Postal Service implements changes to operating hours, delivery service, and the processing infrastructure, the Commission would be in turn required to adjudicate several highly complex cases related to these changes. Additionally, the Postal Service will propose new products, services, and Negotiated Service Agreements (NSAs) to generate additional revenue. The Commission must review these initiatives and service agreements to ensure a predictable, transparent, and effective system of rate and product regulation that complies with the law. As a result, the Commission will handle an increasing number of complex dockets.

The Commission anticipates many new challenges as the Postal Service and interested stakeholders explore the legal boundaries of the PAEA. For example, the Commission will be processing an increasing number of contentious cases involving requests to expand the number of Postal Service Competitive product offerings, either through the creation of new Competitive products or the transfer of existing Market Dominant products to the Competitive products list.

As in previous years, the Commission will issue its primary regulatory document, the *Annual Compliance Determination*, assessing the Postal Service's compliance with ratemaking regulations and applicable laws. In the report, the Commission will review and determine whether Market Dominant rates are within the Consumer Price Index rate cap, whether Competitive products are subsidized by Market Dominant products, and whether Competitive products pay their attributable costs as well as an appropriate share of fixed postal costs. The report will also evaluate the Postal Service's service performance. The Commission will also issue three additional reports: *The Analysis of United States Postal Service Financial Results and 10-K Statements*, *Analysis of the Postal Services FY 2016 Program Performance Report and FY 2017 Performance Plan*, and *Annual Report to the President and Congress*. The Commission may also undertake special studies requested by the Postal Service, Congress, or as needed to complete its statutory responsibilities. For example, the Commission was recently asked by the Senate to prepare performance data on rural delivery service. Additionally, the Commission has completed studies on: infra-marginal and institutional costs, terminal dues, postal elasticity, cost elements of the Universal Service Obligation, and cost elements of the value of the postal monopoly.

The Commission serves an integral role in helping the Department of State to formalize and promote U.S. Government positions in the Universal Postal Union (UPU), particularly in promoting greater transparency and accountability. The Commission will work through an interagency process led by the Department of State to review and negotiate proposals for adoption at the UPU, provide continued leadership at the bilateral and multilateral levels, and promote the exchange of information and best practices among postal regulators around the globe. Fiscal Years 2016 and 2017 are critical years within the UPU as the quadrennial UPU Congress will take place in October 2016. The UPU Congress is the plenipotentiary body of this intergovernmental organization that has the authority to amend the UPU Acts that contain rates and classifications for Market Dominant products.

The Commission Can No Longer Continue to Defer Cybersecurity and Information Technology Infrastructure Improvements

The Commission seeks to improve its IT infrastructure and cybersecurity posture by implementing much-needed security enhancements and upgrades to the external website and dockets system. These critical projects have been deferred due to lack of sufficient funds in previous budgets, but cannot be further delayed in the face of cybersecurity threats.

To prevent, detect, or respond to advanced cyber threats, the Commission can no longer rely on basic cybersecurity protections and limited information technology staff. As the Postal Service's Inspector General has identified, recruiting cybersecurity talent is challenging as federal salaries start at about half of those for private industry jobs. The Commission needs the

resources to obtain up-to-date technology that ensures cyber risks are systematically and effectively identified, evaluated, and mitigated.

The Commission intends to continue developing a modernized digital infrastructure. The Commission will also continue to ensure that its records management program is fully coordinated with the NARA, and plans to implement an electronic records management system, including email and document control. The Commission also plans to automate its human resources management processes and invest in information technology to ensure the security and stability of key applications and infrastructure. It will also focus on those systems and applications that facilitate transparency and public access, and that directly impact the productivity and efficiency of the staff. The following chart details the various IT Projects that the Commission intends to implement, along with their estimated costs.

IT Project Plan

POSTAL REGULATORY COMMISSION IT PROJECT PLAN			
COMPLETE PROJECT LIST	Priority	Budget Amount	Completion Year
IT Project Management - Implementation		\$ 134,000.00	2017
Implement Dual-Factor authentication for VPN (Cybersecurity)	1	\$ 35,490.00	2017
Update IT policies (cybersecurity)	2	\$ 47,320.00	2017
Update IT Records Management Policies	2	\$ 46,310.00	2017
Implement Managed Trusted Internet Protocol Service with bandwidth upgrade PRC & COOP	3	\$ 136,500.00	2017
NARA compliance - Phase I (Capstone/OpenText)	4	\$ 59,150.00	2017
NARA compliance - Phase II (Sharepoint)	5	\$ 354,900.00	2017
New docketing system - Phase III	6	\$ 555,720.00	2017
Implement Continuous Diagnostic and Monitoring solution	7	\$ -	2017
Initiate and implement Phase 2 of the website redesign	8	\$ 91,000.00	2017
Purchase and implement automated system for timekeeping	9	\$ 54,145.00	2017
Upgrade the internet broadcasting technology in our Hearing Room	10	\$ 92,620.00	2017
Integrate records management and docketing systems	11	\$ 69,465.00	2017
Website enhancements, including 508 testing	12	\$ 23,155.00	2017
Complete security assessment and penetration test	13	\$ 54,182.70	2017
		Estimated Fully Loaded	\$ 1,753,957.70
		On site IT	\$ 166,000.00
IT Project Total			\$ 1,919,957.70

Budget Program Information

The Commission's FY 2017 Performance Budget Plan has four programs consisting of: (1) Postal Service Accountability; (2) Public Access and Participation; (3) Integration and Support; and (4) the Office of the Inspector General (OIG). These programs are aligned with the goals contained in the Commission's *Strategic Plan*.

Program	FY 2015		FY 2016 Enacted		FY 2017 President's Recommendation	
	\$000	FTE	\$000	FTE	\$000	FTE
Postal Service Accountability	3,767	27	4,040	27	7,576	41
Public Access & Participation	4,670	33	4,923	33	3,880	21
Integration and Support	5,683	14	5,650	14	5,676	15
Office of the Inspector General	580	3	587	3	*594	3
Total	14,700	77	15,200	77	17,726	80

*Note: This is the full amount requested by the Inspector General to fund OIG personnel (including detailees), travel, and training.

Proposed Appropriations Language

Postal Regulatory Commission

Salaries and Expenses

(including transfer of funds)

*For necessary expenses of the Postal Regulatory Commission in carrying out the provisions of the Postal Accountability and Enhancement Act (Public Law 109-435), \$17,726,000 *, to be derived by transfer from the Postal Service Fund and expended as authorized by section 603(a) of such Act.*

*Note: Pursuant to 39 U.S.C Section 2009, "The President shall include [the Commission's appropriation request], with his recommendations but without revision, in the budget transmitted to Congress under section 1105 of title 31." However, to accommodate the Office of Management and Budget's request in the context of developing the Administration's budget, the Commission transmits the President's \$17,726,000 appropriation recommendation, \$300,000 less than the Commission's request of \$18,026,000.

Obligation by Object Classification

Object Classification	FY 2015 \$000	FY 2016 \$000	FY 2017 President's Recommendation \$000
Personnel Compensation	11,175	11,000	12,500
Other Personnel Compensation	80	117	120
Subtotal	11,255	11,117	12,620
Supplies	221	214	250
Office Furniture and Equipment	20	20	75
Office Equipment Rental and Repair	34	40	45
Contractual Services	189	201	436
Consulting Services	744	656	540
Bldg. Repairs & Alterations			700
Advertising	5	5	5
Subtotal	1,213	1,136	2,051
Travel	59	61	68
Training	30	45	90
Printing and Reproduction	159	102	102
Rent	1,719	1,752	1,803
Miscellaneous, Subscriptions	10	5	10
Communications	81	256	145
Information Technology	174	726	837
Subtotal	2,232	2,947	3,055
Total Obligations	14,700	15,200	17,726

Strategic Goals, Work Plans, and Performance Objectives

Strategic Goal 1: Postal Service Accountability*

Performance objective: Ensure transparent, effective, and lawful Postal Service systems and services

A. Financial Accountability and Compliance

Ensure transparent, accurate, and informative Postal Service reporting sufficient for evaluation of lawful compliance and financial performance

FY 2017 Work Plan:

- Review and evaluate Postal Service financial data
- Enforce compliance determinations
- Review and evaluate Postal Service international data and proposals for the UPU
- Implement specific human capital goals for the Office of Accountability and Compliance

The Commission will measure success by the timeliness, thoroughness, relevance, and accuracy of readable work products. These indicators will be supplemented by feedback from Commissioners and staff, the Postal Service, the State Department, and other stakeholders.

B. Service Performance Evaluation

Ensure appropriate and transparent Postal Service performance standards and measurements to promote an efficient, effective, and responsive mail service

FY 2017 Work Plan:

- Execute a visible and effective advisory role in regard to Postal Service proposals for changes in the nature of U.S. postal services, such as proposed changes in nationwide services. Issue special reports on Commission evaluation of potential policy and systemic changes.
- On an annual basis, evaluate compliance with standards for service performance (39 U.S.C. section 3653) and continue to evaluate the extent to which the Postal Service must use an external versus an internal measurement system.
- Consult on, revise, and augment performance standards and goals for market-dominant products.

- Review quarterly service performance data and maintain reports on website.

The Commission will measure success by the timeliness, quality, thoroughness, and accuracy of readable work products, as well as its relevance and actionable advice. These indicators will be supplemented by feedback from Commissioners, the Postal Service, Congress, the postal community, and other stakeholders.

C. Modern Rate and Product Regulation

Ensure a predictable, transparent, and effective system of rate and product regulation.

FY 2017 Work Plan:

- Refine and augment the system for regulating rates and classes for market-dominant products.
- Review and evaluate Postal Service proposals to move products between Market Dominant and Competitive product classifications.
- Review, analyze, and evaluate workshare discounts, NSAs, and market tests. Issue timely, accurate reports and finding on these reviews.
- Review, analyze, and evaluate Postal Service requests for rate changes.
- Review Postal Service and other parties' requests for changes to cost methodologies.
- Review and modify the system for regulating rates and classes for market dominant products to determine if the system is achieving applicable objectives and factors.

The Commission will measure success by the timeliness, thoroughness, and accuracy of its readable work products. These indicators will be supplemented by feedback from Commissioners, the Postal Service, Congress, the postal community, and other stakeholders.

D. Universal Mail System

Maintain and improve the calculation of the cost of the universal mail system

FY 2017 Work Plan:

- Calculate cost of the universal service obligation on an annual basis
- Maintain and improve understanding of universal mail system
- The Commission will measure success by the timeliness, thoroughness, relevance, and accuracy of its readable work products. These indicators will be supplemented by feedback from Commissioners, the Postal Service, Congress, the postal community, and other stakeholders.

* Note: A new Commission Strategic Plan, 2017-2022, is currently under development

Strategic Goal 2: Public Access to Information and Participation*

Performance objective: Ensure that the Commission is accessible to all stakeholders and that the Postal Service is accountable through a fair and open public process

A. Public Participation and Government Relations

Ensure the Commission is visible and readily accessible to all

FY 2017 Work Plan:

- Maintain and update comprehensive strategy for outreach to the public and media. Implement consistent messaging, updating, and branding for public documents and the Commission's website.
- Continue to enhance government relations through proactive outreach and relationship building with Congress, the Executive branch, Federal, State, and local governments.
- Maintain a timely system to track, analyze, and respond to public and consumer inquiries and correspondence, including "informal complaints."
- Identify legislative and public affairs priorities. Develop Commission Annual Report.

The Commission will measure success by responding to public inquiries within 72 hours, barring exceptional circumstances.

B. Appeal and Complaint Process

Ensure Postal Service accountability through fair and open appeals and public formal complaint processes that provide appropriate and timely resolution

FY 2017 Work Plan:

- Maintain a consistent, transparent, and equitable formal complaint system that provides timely and proper due process to complainants and the Postal Service
- Develop procedures and resources for handling an expanding numbers of appeals and complaint cases, such as from post office closings
- Identify patterns in appeals and complaints and order appropriate remedies to achieve compliance

The Commission will measure success by the:

- Percentage of post office appeals resolved within 120 days

- Percentage of formal complaints in which affirmative action was taken within 90 days
- Percentage of rate and service inquiries in which responsive information is obtained within 60 days

The Commission will review and update as necessary procedures for appeals and complaints at least every 5 years.

C. Representation of the Public in Commission Proceedings

Ensure informed and responsive representation of the interests of the general public in all Commission proceedings

FY 2017 Work Plan:

- Conduct public outreach through traditional media, technology tools, and other methods to ensure wide public notice of all Commission proceedings
- Review and simplify processes through which members of the public may provide their input on the Commission's decision-making processes
- In conformance with Commission policy, continually review and provide guidance to those appointed to represent the interests of the general public in Commission proceedings in order to improve performance

The Commission will measure success by the quality and timeliness of public representative filings.

* Note: A new Commission Strategic Plan, 2017-2022, is currently under development

Strategic Goal 3: Infrastructure to Meet Mission*

Performance objective: Ensure that the Commission has the physical, financial, technology, and human capital infrastructure needed to accomplish its mission

A. Human Capital

Enhance a system that fosters recruitment, development, and retention of a talented, skilled, and adaptable workforce. The following tasks are statutory requirements under title 39 of the U.S. Code.

FY 2017 Work Plan:

- Continue to update the Human Capital Plan, including a succession plan, as needed, to ensure alignment of the workforce and work environment with the Commission's mission
- Implement hiring policies and procedures, including more robust tracking of targeted recruitment efforts, to attract and select highly qualified candidates into positions required to achieve the mission within projected budget constraints
- Continue to implement a performance management system that rewards outstanding contributions to the Commission, and addresses developmental needs to retain high performing staff
- Identify and sponsor training and development opportunities to develop employees, targeting leadership development of managers and supervisors
- Continue to monitor the results of the FEVS, and implement solutions to achieve continuous improvement
- Maintain and enforce up-to-date human resources policies and procedures (e.g., compensation, benefits, EEO) to ensure a fair, consistent, and sustainable application

The Commission will measure success by:

- Conducting semi-annual pay analysis and annual demographic analysis
- Continuing the systematic review of human resource policies and update to ensure alignment with best practices and current regulations
- Ensuring positions are aligned with the Commission's mission by updating position descriptions as needed.
- Use the FEVS results to measure leadership effectiveness over the FY 2015 baseline.
- Tracking the targeted recruitment efforts by sending vacancy notices to diversity and affinity groups, as well as colleges and universities, to improve the applicant pool for any open positions

- Ensuring that FEVS Action Plan timelines are met
- Ensuring all goals in the Commission’s OSHA plan are met

B. Program Integration and Support

Adapt to the latest technology, operational systems, and organizational infrastructure in achieving Commission goals.

FY 2017 Work Plan:

- Develop and maintain the Commission’s annual budget and fiscal processes based on administration guidance.
- Assess all IT security policies, practices, and enforcement procedures to ensure functionality and security of electronic communication systems such as website, dockets, LAN, webcasts, email, VOIP, etc.
- Implement FY 2017 projects on IT project plan.
- Ensure that Commission records are properly maintained in accordance with policies and procedures.
- Continue to improve the records management program at the Commission. Review and modify, as necessary, records schedules and policies to meet records management directives and to simplify Commission workflow processes.
- Ensure the website – both internal and external – is current, accessible, and useful to stakeholders.
- Continue to maintain financial controls to ensure adequate fiscal responsibility.
- Ensure equipment and facilities are sufficient, safe, and secure.
- Implement necessary technology to improve records management, including systems necessary to manage all electronic records.
- Enforce up-to-date IT security requirements.

The Commission will measure success in IT management by:

- Tracking implementation of IT project plan
- Developing updated metrics and reports to measure success of new implementations and cybersecurity features

The Commission will measure success in records and FOIA management by:

- Ensuring a score above 85 on NARA’s annual assessment
- Ensuring that the Commission meets its records management goals and is in compliance with the Directive deadlines

- Ensuring that the Commission is “all green” on the annual FOIA assessment
- Ensuring that the Commission accurately and timely completes all required reports and FOIA requests

The Commission will measure success in improving financial management by:

- Decreasing the monthly variance of actual expenditures to the budgeted amount
- Maintaining the efficiency of resource utilization within the appropriated budget
- Tracking and implementing cost savings measures when identified, and providing the Secretary with a comprehensive list of cost savings/avoidance achieved

* Note: A new Commission Strategic Plan, 2017-2022, is currently under development

Office of the Inspector General

The Commission's Office of the Inspector General was established in June 2007, as required by an amendment to the Inspector General Act of 1978 included in the PAEA. The Commission's Inspector General has a dual reporting responsibility to both Commissioners and Congress.

The role of the OIG is to detect and deter fraud, waste, abuse, and mismanagement within Commission programs, as well as to promote efficient and effective use of Commission resources. To accomplish this, the OIG conducts, supervises, and coordinates independent audits, inspections, evaluations, and other reviews in accordance with applicable law. The OIG communicates the results of these assessments to Commissioners, Commission management, Congress, other oversight entities as appropriate, and to the public. Generally, the OIG communicates these results in formal reports that contain findings and recommendations aimed at correcting any deficiencies identified and at promoting efficiency and effectiveness in Commission programs and operations.

The OIG maintains a hotline to allow employees and the public to anonymously report allegations of fraud, waste, abuse, and mismanagement.

The IG requested \$594,000 for the Office's personnel, travel, and training costs as well as the Commission contribution to the Council of Inspectors General on Integrity and Efficiency (CIGIE). The request includes amounts to satisfy the training requirements cost of \$2,750 and anticipated CIGIE dues of \$1,500.