



**FISCAL
YEAR
2022**

CONGRESSIONAL BUDGET JUSTIFICATION

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Executive Summary

The Postal Regulatory Commission (Commission) is an independent agency that oversees the U.S. Postal Service (Postal Service) and provides analyses of and transparency into postal financial operations to Congress, stakeholders, and the general public. This funding request will allow the Commission to effectively align its mission resources, and invest special studies, data analytics, and transparency initiatives at a time when the Postal Service is facing unprecedented operational and financial challenges. The Commission's staff is the driving force supporting its mission to ensure transparency and accountability of the Postal Service and foster a vital and efficient universal mail system for the American people. The Commission's staff ensures the Postal Service complies with the law, in areas including postal rates, product offerings, service quality, the letter monopoly, and fair competition.

The Commission's fiscal year (FY) 2022 request of \$19,585,000 is necessary to support its operational expenses in a time when there is a critical need for postal oversight and transparency. In FY 2022, in addition to the Commission's annual reporting and core regulatory oversight responsibilities, the Commission will continue its work to implement key analytics, initiatives, and conduct necessary research. These data transparency initiatives will focus on enhancing the accountability of the Postal Service in areas of non-compliance, such as the quality and timeliness of mail delivery and the impact of Postal Service operational changes. The Commission also intends to use its FY 2022 appropriation to fund analysis of the Universal Service Obligation (USO)—the Postal Service's ability to meet its statutory mission of providing prompt, reliable universal postal services in an efficient and self-sustaining manner. This work is critical to understanding the effects of certain initiatives and planned changes made

by the Postal Service, as the Commission serves as a vital resource for Congress, the Administration, postal stakeholders, and the American public with respect to the Postal Service's compliance with the law. The Commission will take on this additional work at the same time that it will implement the new system governing Market Dominant rates and continue to conduct reviews and analysis of postal rates, product offerings, service quality, post office closing appeals, and complaints.

The FY 2021 appropriation will fund up to 74 staff, which is insufficient to complete the necessary work of the Commission. The Commission's FY 2022 request of \$19,585,000 will fund an additional eight staff members to carry out its increasing regulatory responsibilities, support its investment in key special studies, data analytics, and transparency initiatives, and invest in necessary research to complement its work. The Commission operates on an extremely modest budget for an agency with its scope of responsibilities, with 95 percent of its expenses attributed to personnel costs and its lease. Its small complement of expert staff are directly responsible for achieving the Commission's mission to ensure transparency and accountability of the Postal Service and foster a vital and efficient universal mail system.

The requested funding will also support the Commission's administrative work related to the efficient and secure operation of necessary information technology (IT) systems. These projects include deferred IT infrastructure updates, support of the Commission's docket system that stores, organizes and makes accessible all filings in Commission proceedings, and development of a cybersecurity program. The Commission hosts a robust docketing system capable of handling large volumes of sensitive and non-public data, and it also serves as the system for administering

Commission rulemakings and compliance determinations, including facilitating robust public participation. This system has reached its end of life and will be replaced in FY 2022, requiring significant investment.

Due to the impact of COVID-19 and recent initiatives announced by the Postmaster General, the Commission expects an increased workload starting in FY 2021 and needs to scale its operations to fulfill its regulatory oversight role. With a rapidly evolving postal sector resulting in an ever-increasing and complex caseload at the Commission, it is imperative that the Commission have the necessary funds to provide transparency and accountability of the Postal Service. The FY 2022 Budget request of \$19,585,000 will allow the Commission to retain and expand expert staff,

invest in key initiatives, and ensure adequate IT infrastructure resources to reach its full operating level.

To ensure the Commission's independence, Congress appropriates all of the Commission's funds out of the off-budget Postal Service Fund. The law requires that "[t]he President shall include these amounts, with his recommendations but without revision, in the budget transmitted to Congress...." 39 U.S.C. § 2009. Although the Commission's funds are not derived from Treasury funds, participation in the appropriations process has constrained its ability to scale its small operations in proportion to its expanded oversight role. Specifically, since 2008, the Commission's budget has increased 13 percent, while inflation was 25 percent.

About the Commission



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 of 2006. 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.

Above: Commissioner Ann Fisher, Commissioner Robert Taub, Vice Chairwoman Ashley Poling, Chairman Michael Kubayanda, Commissioner Mark Acton

Overview of the Commission

The Commission is an independent establishment of the executive branch, exercising regulatory oversight over the Postal Service since its creation by the Postal Reorganization Act of 1970, with expanded responsibilities under the Postal Accountability and Enhancement Act of 2006 (PAEA). The Commission has vast responsibility to provide critical regulatory oversight of the Postal Service. The Commission receives its funding from the off-budget Postal Service Fund, which is the permanently appropriated revolving fund comprised solely of the revenues that the Postal Service generates from selling postal products and services.

The Commission is composed of five commissioners, each appointed by the President, and with the advice and consent of the Senate, for terms

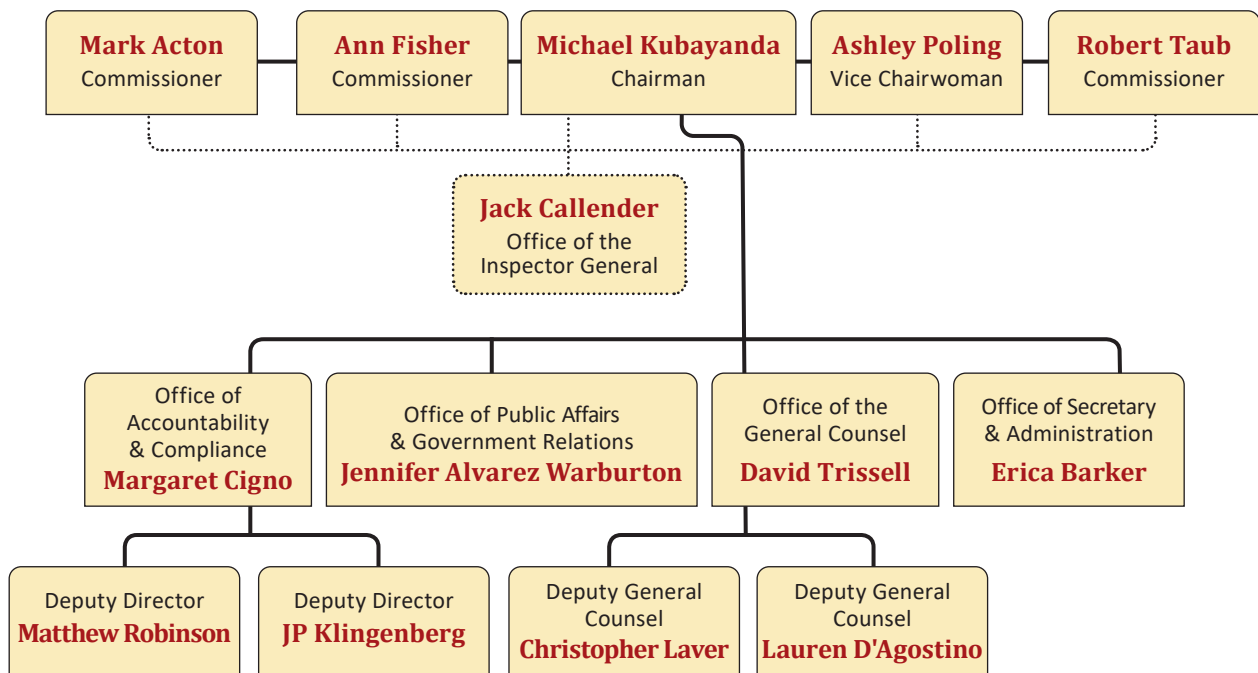
of 6 years. No more than three of the commissioners may be from the same political party. The President designates one of the commissioners to serve as chairman. The chairman is the principal executive officer of the Commission.

Commission staff have expertise in economics, finance, statistics, cost accounting, and law. The four offices are:

- Office of Accountability and Compliance (OAC)
- Office of the General Counsel (OGC)
- Office of Public Affairs and Government Relations (PAGR)
- Office of Secretary and Administration (OSA)

The Commission’s budget also maintains an independent Office of the Inspector General (OIG).

Figure I: Organizational Structure



Fiscal Year 2022 Budget Highlights

Special Studies, Data Analytics, and Transparency

- Implement a special studies, data analytics and transparency initiative to better use data for more effective oversight in furtherance of the Commission’s mission of providing accountability and transparency of the postal system. This initiative will provide more timely and useful data for the Commission, postal stakeholders, and policymakers and is consistent with recent congressional direction including the OPEN Government Data Act (Title II, P.L. 115-435) and the Confidential Information Protection and Statistical Efficiency Act (44 U.S.C. § 101, et seq.). The initiative also supports the Commission’s longstanding Strategic Goal 1, to deliver accurate and objective analyses and decisions to ensure transparency and accountability of the Postal Service, and Strategic Goal 2, to facilitate public access and participation and to engage with Congress and the public.

Accountability of Postal Operations

- Conduct a necessary review of the cost of the Postal Service’s USO and the value of its monopoly.
- Continue review of 39 U.S.C. § 601 to promulgate any necessary regulations related to the Postal Service’s letter monopoly.
- Ensure sufficient Commission resources (personnel and technology) are available so the Commission can effectively provide timely regulatory oversight for the American public, and postal stakeholders if the Postal Service implements nationwide changes that impact the value, service, and/or reliability of postal services.

Compliance with the Law

- Continue fulfillment of Commission’s core regulatory responsibilities, including:
 - o Conducting the Annual Compliance Determination (ACD), evaluating service, rates, and costs of the Postal Service
 - o Analyzing Postal Service Financial Results and 10-K Statements
 - o Reviewing proposed Market Dominant Rate Adjustments
 - o Reviewing proposed Competitive Rate Adjustments
 - o Evaluating Competitive Negotiated Service Agreements (NSAs), in FY 2020:
 - 210 Domestic
 - 57 International
 - o Analyzing the Postal Service’s Program Performance Report and Performance Plan
 - o Preparing an Annual Report to the President and Congress
 - o Reviewing proposals to change analytical principles related to Postal Service cost methodologies (16 proposals reviewed in FY 2020)
 - o Providing expert international regulatory oversight in the areas of terminal dues, bilateral and multi-lateral agreements, self-declared rates charged to foreign posts, and Commission views to the Secretary of State on international matters.

Revised System of Market Dominant Ratemaking and Classification

- Continue implementation of final regulations issued following the Commission’s “10-Year Review.”

Fiscal Year 2022 Budget Justification



The Commission is a highly effective independent agency with a significant mission—to ensure transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. For over 50 years, the Commission has provided legal and economic oversight of the one agency that touches the lives of all Americans and American businesses in every community nearly every day. The Postal Service will continue to face unprecedented challenges in FY 2022. Therefore to ensure the Commission is able to provide effective oversight, the Commission requests a FY 2022 appropriation of \$19,585,000, which will support 82 full-time equivalents (FTEs). This represents an increase of \$2,585,000 over the Commission’s FY 2021 enacted budget.

This funding increase is dedicated to increasing staff complement and funding necessary expenses. The increased appropriation will fund eight needed FTEs who will directly support the Commission’s mission of ensuring Postal Service accountability and transparency. This small increase in staff would bring the Commission to 82 FTEs strengthening the Commission’s ability to deliver timely, accurate, and objective analyses that support the Commission’s regulatory decisions and orders that ensure compliance, transparency, and accountability of the Postal Service. The Commission’s funding request of \$19,585,000, represents only 0.03 percent of the Postal Service’s total FY 2020 revenue, and a

minute fraction of the \$1.6 trillion mailing industry that employs more than 7.3 million people. The Commission’s requested appropriation of \$19,585,000 and staffing level of 82 FTEs would allow the Commission to meet its core regulatory oversight responsibilities, invest in key special studies, data analytics, and transparency initiatives, conduct necessary research, update aging technology, and retain its small expert staff.

Reliable and effective postal service is vital to the American economy and commerce. The preparation, processing, and delivery of mail have recently encountered dramatic changes that have challenged Postal Service operations. Continuing a trend that began in the last decade, rising costs and deterioration in the quality of service have threatened the reliability and financial stability of an essential public service. The Postal Service’s ability to provide universal service that connects the nation has been further impacted by the effects of the COVID-19 pandemic. As the Postal Service, Congress, and the President look for new ways to improve the Postal Service’s operations, the Commission’s oversight is necessary to ensure the Postal Service complies with the law and remains accountable to the public. Investing in the Postal Service’s future requires funding for its regulator—the Commission.

Table 1: FY 2020 Actual Expenses, FY 2021 Appropriation, and FY 2022 Requirement (\$000)

Spending Categories	FY 2020 Actual Expenses (69 FTEs)	FY 2021 Appropriation (74 FTEs)	FY 2022 Requirement (82 FTEs)
Personnel compensation and benefits	12,937	13,559	15,408
Rental payments to others	2,213	2,184	2,229
Services and supplies:			
Information technology	334	259	265
Contracting services	315	372	379
Consulting services	325	0	597
Communications	260	181	185
Other services and supplies	231	446	522
Service and supplies subtotal	1,465	1,258	1,948
Total Obligations	16,615	17,000	19,585

The Commission’s proposed budget request for FY 2022 of \$19,585,000 represents a 2 percent increase from the FY 2021 President’s recommendation of \$19,200,000. This request consists of three categories of spending: personnel compensation and benefits (payroll); rent; and services and supplies. The FY 2022 payroll of \$15.408 million funds 82 FTEs. The requested amount will also maintain the Commission’s rent commitments for \$2.229 million. Together, the Commission’s staff and rent obligations make up 90 percent of its requested budget. The remaining \$1.948 million of the Commission’s budget request covers all other Commission expenses including consulting services to support special studies and research, travel, training, IT infrastructure, and other expenses for mission operations and agency administration.

Table 1, which shows FY 2020 Commission expenditures, illustrates the limited room for budget reductions outside of staff cuts that would ultimately degrade the Commission’s ability to meet its mission. The Commission is obligated to a long-term lease through 2022, and will continue to explore ways to reduce rental costs and optimize physical space throughout the Commission before its lease expires.

Staff-related expenses account for 80 percent of the overall budget, a reflection of the Commission’s lean operations. The Commission’s technical and legal analyses are provided by its expert staff in OAC and OGC. In FY 2021, these offices are staffed by 41 analysts, economists, attorneys, and paralegals who review and analyze hundreds of Postal Service compliance matters and stakeholder requests each year and engage in significant and extensive regulatory actions. With a budget of \$19,585,000 in FY 2022, the Commission will be able to increase the staff to better support these offices.

The FY 2021 enacted budget of \$17,000,000 is not sufficient to fund the Commission’s core regulatory oversight, let alone necessary special studies, modern data analytics and transparency, research, and updating aging technology. The Commission will also need to curtail planned hiring to accommodate this lower appropriation. Therefore, in FY 2021, the Commission will need to utilize its balances from previous years to fulfill its mission. In FY 2020, the Commission became aware that these balances were held within Postal Service accounts. In FY 2021, the Commission plans to exhaust at least \$1 million of its prior year

balances to fund some non-salary costs; improve IT infrastructure, and upgrade its aging docket application. However, these prior year balances are finite, and therefore cannot be relied on for any recurring expenses related to increasing staffing levels, or investing in long-term initiatives.

The Commission’s small expert staff operate with a very modest budget, with vast regulatory responsibilities pertaining to the Postal Service’s rates, financial reporting, product offerings, service quality, the letter monopoly, and fair competition. The Commission’s requested appropriation will give it the ability to build capacity to meet its core regulatory responsibilities

with an added focus on more in-depth analysis of complex data and information from the Postal Service in order to provide greater transparency and accountability. The Commission must have sufficient resources to properly research, oversee, and provide transparency on the Postal Service’s finances, operations, and service.

This appropriation request reflects the Commission’s need to adjust and respond to the increased workload due to changes in the law and the postal sector. Prior to 2006, the Commission, on average, reviewed major postal rate cases about once every three years. In 2008, the Commission approved 21 specialized contracts,

Table 2: FY 2008 - FY 2020 Commission Enacted Appropriation and Approved NSAs

FY	Enacted Appropriation ¹ (\$000)	Competitive NSAs	Market Dominant NSAs	Total NSAs	Presidential Budget FTEs
2008	14,895	21	0	21	70
2009	14,043	66	1	67	74
2010	14,333	124	3	127	74
2011	14,304	61	2	63	74
2012	14,304	54	4	58	75
2013	14,275	81	6	87	76
2014	14,152	76	6	82	72
2015	14,700	139	3	142	77
2016	15,200	284	4	288	77
2017	16,200	315	5	320	76
2018	15,200	307	1	308	74
2019	15,200	216	1	217	74
2020	16,615	267	0	267	69
2008-2020 change	<i>11.5%</i>	<i>1,171%</i>	<i>n/a</i>	<i>1,171%</i>	<i>n/a</i>

¹ FY 2009 was the first year that the Commission’s budget was included within appropriations legislation. Prior to FY 2009, the Commission submitted its budget to the Postal Service’s Board of Governors who could adjust the request by unanimous agreement.

known as NSAs, between the Postal Service and its customers such as businesses and nonprofit organizations. By FY 2020 the Commission was approving over 250 NSAs each year, while generally overseeing 2 annual rate cases, and managing the exhaustive annual compliance process, among other matters.

These changes also include recent service delays, potential nationwide operational changes, and ongoing financial challenges. In FY 2022, the Commission will need to adjudicate an increasing number of proceedings relating to the impact of COVID-19 and Postal Service operational changes affecting service performance. On March 23, 2021, the Postal Service released a 10-year plan, introducing changes in the nature of postal services generally affecting nationwide service that the Commission may be required to review. The Postal Service has requested two Advisory Opinions on “Nature of Service” cases and anticipates additional requests as contemplated under its

10-year plan. These cases will each require public notice and comment and hearings under the Administrative Procedures Act, and will consume significant resources. This additional workload demands intensive analysis by the Commission, involves extensive public participation, and requires a significant share of the Commission’s already strained resources. The Commission will need to increase its capacity to effectively respond to requests by the Postal Service, the Administration, and Congress and may require hiring consultants and contractors in addition to full time personnel.

Additional information on the work of the Commission and its accomplishments can be found in the Commission’s Annual Reports, published at www.prc.gov. Each year the Commission’s Annual Report details key activities in its regulatory oversight and outlines the efficacy of the Commission’s regulatory actions as measured by statutory objectives.

Commission Strategic Plan and the FY 2022 Budget Request

The Commission's budget request and justification is aligned with its *Strategic Plan*. The *FY 2017-2022 Strategic Plan* was developed to serve as the framework to guide the future work of the Commission and is a fundamental beacon for the Commission's efforts toward continuous improvement, efficiency, and effectiveness. The four strategic goals listed below guide the Commission's work and serve to directly link the budget to the *Strategic Plan's* Work Plans and Performance Objectives, provided in Appendix C.

1. **Postal Service Accountability:** Deliver accurate and objective analyses and decisions to ensure transparency and accountability of the Postal Service.
2. **Public Access and Participation:** Actively engage with Congress and stakeholders in support of a dynamic postal system.

3. **Integration and Support:** Provide an optimal internal infrastructure to support management of priorities, workload, and emerging requirements.
4. **Workforce:** Recruit, develop, and retain a diverse, high-performing workforce.

The Commission applies its *Strategic Plan* to prioritize and enhance the effectiveness of operations by aligning its limited resources to accomplish its vast mission and meet its statutory responsibilities. In FY 2022, the Commission will be creating a new strategic plan for the next 5 years. This effort will build upon the existing *Strategic Plan* to ensure the ongoing alignment of agency strategic goals and performance pay process with its mission.

Strategic Goal 1: Postal Service Accountability

The FY 2022 request allocates \$11.030 million for Strategic Goal 1, Postal Service Accountability. Strategic Goal 1 focuses on delivering accurate and objective analyses and decisions to ensure compliance, transparency, and accountability of the Postal Service. Compliance and analysis is the core of the Commission's work. The Commission's approach to its regulatory obligations ensures thorough and accurate analysis and application of its governing statutes, regulations, and precedent. The Commission ensures transparent and accurate information through Postal Service reporting requirements and determinations of compliance and other regulatory orders. This includes the Commission's evaluation of Postal Service data for lawful compliance of rates and service performance. The Commission is also required to ensure that the interests of the public are represented in every proceeding by appointing a member of its staff as public representative in each docket. This is a unique requirement specific

to the Commission and is included in within the cost of Strategic Goal 1.

The Commission's appropriated budgets in FYs 2020 and 2021 were insufficient to meet the research needs required to complement the Commission's regulatory oversight. With an increased budget of \$19,585,000, the Commission will be able to hire additional staff to invest in key special studies, data analytics, transparency initiatives, and fund additional research to support its regulatory oversight and continue to ensure Postal Service transparency and accountability.

As the sole regulator of the Postal Service, the Commission's 74 staff (FY 2021) are tasked with overseeing and ensuring legal compliance of a global operation with \$73 billion in FY 2020 revenues and more than 630,000 employees. The Commission must increase its staffing levels in FY 2022 to remain an effective regulator and invest in special studies, data analytics, and transparency initiatives. If the Commission lacks the

resources to handle this increased workload, its ability to provide effective and timely oversight of the Postal Service—and, in turn, the protection of United States citizens and businesses who rely on the mail—will be at risk.

The FY 2022 Budget initiatives and activities that contribute to effective compliance and analysis funded by this request include:

- Data Analysis, Compliance, and Reporting
- Rulemakings
- Other Matters and Research Areas

Data Analysis, Compliance, and Reporting

The Commission is responsible for the thorough and accurate analysis of Postal Service reports on performance, operational, and financial issues in order to ensure that the Postal Service is compliant with the law and is held accountable when not in compliance. The Commission relies on its small team of expert technical and legal staff to support its mission and the FY 2022 funding request directly supports hiring additional staff to fulfill this responsibility and maintain payroll costs necessary to fund current staff.

DATA ANALYSIS

Over the past decade, government agencies, including the Postal Service, have expanded their use of data analytics to enhance their work. In addition, the postal sector has become more digital and data savvy, as participants leverage data to play a greater role in electronic commerce; use application programming interfaces to link retailers, delivery providers, intermediaries, and customers; deploy integrated “omnichannel” or “multichannel” (combining multiple print and digital options) marketing and retail campaigns; and use data to improve operational efficiency and target bottlenecks.

The Commission has not had sufficient resources to partake robustly in these transformations despite its unique expertise and role in the postal sector. The Commission’s FY 2022

Budget Request will allow the Commission to move past these limitations by enhancing its analytical expertise and obtaining tools to better leverage data. This initiative is consistent with congressionally-enacted policy goals that call for “improv[ing] the quality and use of Federal information to strengthen decisionmaking, accountability, and openness in Government and society[,]” and “provid[ing] for the dissemination of public information . . . in a manner that promotes the utility of the information to the public and makes effective use of information technology.” 44 U.S.C. § 3501(4) and (7). The Commission is dealing with a number of ongoing and acute compliance issues, which could benefit from better use of data, including analytics and visualization. Concerns about Postal Service operations and service have reached their zenith in recent months, with poor service performance and anecdotes of mail taking weeks or months to reach its destination. Both the House Oversight and Reform Committee and the House Financial Services and General Government Appropriations Subcommittee held hearings on service matters in the first quarter of calendar year 2021, underscoring the urgency of these matters.

The Commission plans to move past these limitations by obtaining analytical expertise and tools in order to better leverage data. This initiative is consistent with congressionally-enacted policy goals that call for “improv[ing] the quality and use of Federal information to strengthen decisionmaking, accountability, and openness in Government and society[,]” and “provid[ing] for the dissemination of public information . . . in a manner that promotes the utility of the information to the public and makes effective use of information technology.” 44 U.S.C. § 3501(4) and (7). The Commission is dealing with a number of ongoing and acute compliance issues, which could benefit from better use of data, including analytics and visualization. Concerns about Postal Service operations and service have reached their zenith in recent months, with poor service performance and anecdotes of mail taking weeks or months to reach its destination. Both the House Oversight

and Reform Committee and the House Financial Services and General Government Appropriations Subcommittee held hearings on service matters in the first quarter of calendar year 2021, underscoring the urgency of these matters.

There are also ongoing compliance issues which could benefit from stronger analysis. In FY 2020, for example, none of the flat-shaped mail products (such as catalogs and magazines) met their standard for service performance, while only four of the eight flat-shaped products covered their costs as required by law. For several years, the Commission has issued directives and regulations to require the Postal Service to provide better information on flat-shaped mail products and bring them into compliance, while the Postal Service has also launched a series of management initiatives to address flats costs and service issues. The reporting requirements are designed to elicit meaningful data about the state of service and operations, and uncover root causes of service and operational issues in the postal network. The flats non-compliance issues have been the subject of Commission directives dating back to 2015 and the issues were discussed in a 2011 report jointly issued by the Commission and the Postal Service.

It is difficult to pinpoint the causes of such problems and to distinguish between various drivers such as management initiatives, external events, and regulatory and legislative frameworks. Data is often aggregated for reporting purposes, which can obscure the relationships between data elements and obscure and mislead reviewers regarding causality. This is one of the main reasons that organizations upgrade their data analytics skills and resources to allow for adequate disaggregation of data and analytical (rather than merely intuitive) discovery of causal relationships.

The Commission addresses legal non-compliance primarily through its annual compliance processes, beginning with the statutorily-mandated ACD, due at the end of March. In preparing the ACD, the Commission issues a series of questions (Chairman's Information Requests or Commission Information Requests) to the Postal Service, which then answers the questions with varying

levels of precision and responsiveness, leading to more questions from the Commission, and so forth. The Commission may then issue directives to correct the non-compliance identified through Postal Service reports and its responses to Commission questioning.

The Commission is presently utilizing a similar analytical approach and back and forth question and answer process to address the present service problems highlighted in Congressional hearings earlier this year. Thus, service problems dating from November 2020 through February 2021, and highlighted in Congressional hearings in February and March of 2021, might be addressed in the March 2022 ACD. Under this approach, the Commission may propose remedies in the March 2022 ACD for implementation over the following year and post implementation review into 2023. For these recent service problems and the flats issues identified above, data can help to accelerate the regulatory cycle by identifying root causes earlier and making the concerns visible for stakeholders at an earlier stage. A regulatory cycle that encompasses collecting, analyzing, and visualizing data in a timely fashion can improve the effectiveness of postal regulation and oversight by policymakers.

More strategic and in-depth use of data can help the Commission to target its regulation meaningfully and satisfy the twin planks of its mission: accountability and transparency.

ACCOUNTABILITY

Better use of data analytics can help the Commission:

- Target remedies and compliance directives.
- Track the impact of Commission regulatory directives, Postal Service actions, and public policy, and the relationships between them.
- Pose more probative and insightful questions as part of the regulatory process, and assist with well-targeted oversight and enforcement mechanisms, as well as accurate and timely analyses.

- Launch and execute special studies of economic, financial, and statistical issues which would allow the Commission to better respond to the fast-changing dynamics of the postal system and gather insights to move through major rulemakings in an expeditious manner.

TRANSPARENCY

Better use of data analytics can help the Commission:

- Make its work and information on the Postal Service more accessible for policymakers and stakeholders, who can in turn provide better informed and more targeted complaints and inputs to the Commission.
- Uncover problems in the postal system and ascertain their root causes.

In addition, analytics can help the Commission with internal decision-making, allowing it to target its limited resources toward areas where it can be the most productive and efficient.

MAJOR REPORTS

The Commission's core regulatory oversight includes the issuance of statutorily-mandated reports to review and assess the Postal Service's compliance with pricing and service standards. The Commission's primary regulatory document is the ACD. Work on the ACD requires nearly three months of extensive analysis with nearly all staff from the Commission's OAC and OGC performing critical work on the report. The resulting ACD makes key findings of Postal Service compliance or non-compliance and issues directives requiring future Postal Service action. The ACD is an important tool for enhancing transparency and determining whether the Postal Service complies with statutory pricing and service requirements. With the FY 2022 request, the Commission intends to continue its robust and detailed technical and legal analysis of the Postal Service's compliance with the law and the Commission's regulations in its ACD.

The Commission also provides in-depth analysis of the Postal Service's financial health in its *Analysis of United States Postal Service Financial Results and 10-K Statements*. This extensive financial report provides a detailed review of the Postal Service's financial health. The FY 2022 funding request continues funding for the expert technical and legal staff who perform this vital analysis.

Two other statutorily-mandated reports include: *Analysis of the Postal Service's Program Performance Report and Performance Plan*, evaluating whether the Postal Service met its performance goals as required under 39 U.S.C. § 3653(d), and its *Annual Report to the President and Congress*, analyzing the extent to which the Commission's regulations are achieving the objectives under 39 U.S.C. § 3622. These reports require detailed expert analysis by the Commission's technical and legal staff, and the FY 2022 funding request will be used to support those staff.

RATE AND PRICING COMPLIANCE

The Commission provides timely, thorough, and independent analysis and review of the Postal Service's planned changes to rates for both Market Dominant and Competitive products. These reviews are a fundamental component of the Commission's mission. Market Dominant and Competitive rate reviews have continued to increase in complexity and contention over time, with major planned rate changes requiring frequent information requests on behalf of the Commission seeking additional information from the Postal Service, and involving numerous commenters raising issues for consideration. These time-sensitive reviews result in significant written orders published by the Commission. The Commission's funding request for FY 2022 directly supports the staff who conduct these critical reviews.

The Commission's compliance reviews include examination of specific contracts between individual mailers and the Postal Service. The Commission staff reviews these NSAs to ensure compliance with the law. The Commission reviews hundreds of these requests per year, and typically

issues final orders within 15 days of Postal Service requests. The work relating to the Commission's compliance review of NSAs grows with the expansion of these offerings by the Postal Service and the Commission must have the resources to appropriately scale its staff to meet this demand.

Rulemakings

The Commission has a substantial regulatory agenda that consists of both long and short-term actions. In FY 2021, the Commission issued its statutory review of the system for regulating Market Dominant rates and classifications. The Commission will continue to implement these regulations in FY 2022. In addition, the Commission is reviewing regulations related to the letter monopoly and numerous procedural rules, including an overhaul and reorganization of its rules regarding participation in Commission proceedings, Freedom of Information Act regulations, and procedures related to Commission views on international mail matters.

REVISED SYSTEM OF MARKET DOMINANT RATEMAKING AND CLASSIFICATION

In FY 2021, the Commission completed an extensive rulemaking process that evaluated the system of ratemaking established by the PAEA and is implementing modifications to the system. This rulemaking involved qualitative and quantitative analysis of the ratemaking system and postal operations and also required consideration of hundreds of substantive comments. Work on this proceeding will continue into FY 2022 with work to implement modifications to the system of ratemaking for Market Dominant products.

APPROPRIATE SHARE OF INSTITUTIONAL COSTS

The PAEA requires the Commission's regulations "ensure that all competitive products collectively cover what the Commission determines to be an appropriate share of the institutional costs of the Postal Service." 39 U.S.C. § 3633(a)(3). All postal costs are classified as either attributable or institutional. The "appropriate share" is the minimum amount that Competitive products as a

whole are required to contribute to institutional costs annually. The PAEA directs the Commission to revisit the appropriate share requirement for Competitive products every five years to determine whether to retain it in its current form, modify it, or eliminate it. The Commission conducted reviews in FY 2012 and FY 2017 and the next review will be in FY 2022. This statutorily-mandated review requires significant Commission resources and functions as an essential check on the Postal Service to ensure that Competitive products are not being subsidized by Market Dominant products and is the subject of great interest from stakeholders. The issues involving institutional costs of the Postal Service have increased in contention and complexity over recent years and have resulted in litigation.

LETTER MONOPOLY

The Commission initiated a rulemaking related to the letter monopoly in FY 2020 by issuing an Advance Notice of Proposed Rulemaking. This rulemaking sought public input about what regulations the Commission may promulgate to carry out certain statutory responsibilities related to the letter monopoly. These regulations would apply to those instances where the letter monopoly does not apply to a mailpiece. The Commission is conducting a review of comments received in this proceeding and is in the process of determining the next course of action.

LITIGATION

Over the past several years, the Commission has faced an increase in challenges to its rulemaking decisions, due in part to a rapidly changing—and increasingly competitive—postal environment. Challenges to Commission decisions, by the Postal Service, its competitors, and affected members of the public, have caused additional strain on the Commission's resources. *See USPS v. Postal Regulatory Commission*, D.C. Cir. No. 16-1412 (April 6, 2018); *USPS v. Postal Regulatory Commission*, D.C. Cir. No. 16-1284 (April 6, 2018); *UPS v. Postal Regulatory Commission*, No. 16-1354 (May 22, 2018); *USPS v. Postal Regulatory Commission*, D.C. Cir. No. 18-1059 (remand issued May 30, 2018);

Ehrlich v. Postal Regulatory Commission, D.C. Cir. No. 19-1004 (December 10, 2019); *USPS v. Postal Regulatory Commission*, D.C. Cir. No. 19-1155 (June 30, 2020); *Lopez v. Postal Regulatory Commission*, S.D. Fla., No. 18-22321-CIV (November 19, 2019); *USPS v. Postal Regulatory Commission*, D.C. Cir. No. 20-1208 (pending); and *UPS v. Postal Regulatory Commission*, D.C. Cir. No. 19-1026 (April 14, 2020).

Other Matters and Research

In addition to the core regulatory oversight provided by the Commission related to compliance, the Commission is statutorily required to handle a wide range of other postal issues that differ in scope and complexity. These tasks include adjudicating complaints; providing advisory opinions on any planned substantially-nationwide change in postal services; adjudicating post office closing appeals; advising on international postal issues; and conducting public inquiry proceedings. These tasks are generally unpredictable, and therefore the Commission must always be ready to shift its limited resources to fulfill its responsibilities.

The Commission's expert staff also have critically important research projects that provide additional information and further engage postal stakeholders. These projects include: defining the USO; exploring issues related to the Postal Service's monopoly power and competition; promoting greater transparency and accountability regarding international pricing; and conducting reviews of Postal Service costs, efficiency, and service performance data.

OTHER STATUTORY REQUIRED TASKS

In addition to its reporting and rate review responsibilities, the Commission is charged with hearing matters including complaints, post office closing appeals, and international issues. In certain matters, the Commission functions as an adjudicatory body; parties can file matters (such as complaints) with the Commission relating to the Postal Service's compliance with Title 39. This work can be unpredictable and often strains the Commission's resources by creating an increased workload without increased funding. The num-

ber of docketed cases before the Commission continues to increase each year and these cases are becoming more complex, particularly those related to rates, new products, service changes, and competition.

When the Postal Service proposes nationwide changes to service—such as changes to operating hours, delivery service, or processing infrastructure—the Commission is required to provide advisory opinions, which historically have been highly-complex cases, to evaluate these changes. The filing of these cases is unpredictable, and the Commission must remain prepared to quickly reallocate its resources when a case is filed. This type of case highlights the Commission's need to maintain sufficient staff and resources. Adequate staffing and resources must be available to ensure a complete record is developed for the Commission to issue its advisory opinion.

Additionally, as the Postal Service innovates and proposes new products, services, and NSAs to generate additional revenue, the Commission must review these proposals to ensure a predictable, transparent, and effective system of rate and product regulation that complies with the law. The timing and volume of these cases are also unpredictable, so the Commission must be at the ready. It is imperative that the Commission has the necessary resources to fulfill its statutory and regulatory obligations.

ADDITIONAL PROJECTS AND RESEARCH AREAS

With the FY 2022 funding request, the Commission intends to add expert staff, and invest in resources, to address numerous unfunded projects. These projects examining the USO, exploring issues surrounding monopoly powers and fair competition, providing additional international regulatory oversight, and conducting reviews of Postal Service cost, efficiency and service performance data. These are all long-term projects that must be balanced with the Commission's core regulatory oversight. With the funding request of \$19,585,000, the Commission will be able to begin these long-term initiatives.

In the ever-changing postal sector, there are constant questions surrounding the Postal Service's USO, monopoly power, and competition. One pressing question is how to define and determine the costs of the USO. To explore these questions, it is necessary for the Commission to proceed with a variety of important dockets and engage with postal stakeholders and the public. The USO inquiry is a vital project that the Commission has not had the resources to adequately explore. With appropriate funding, the Commission could also explore issues related to the Postal Service's monopoly powers and ensure fair competition.

The Commission serves an important statutory role in making recommendations to the Secretary of State about U.S. Government positions at the Universal Postal Union (UPU), particularly in promoting greater transparency and accountability regarding international pricing. While the Commission has been effective in its oversight of international mail, additional funds are needed to develop and train staff in this highly-specialized area.

In addition, the Commission has experienced a significant increase in workload related to its regulatory oversight of international mail. Early in FY 2019, the Commission and the Postal Service were directed to implement self-declared rates charged to foreign posts. This will require new in-depth analysis by the Commission of proposals concerning rates for letters, flats, and other Market Dominant products. As a result, this process will likely involve a host of new issues and questions that will require significant staff and IT resources to complete. The international

mail issues present the Commission with new and substantial work.

Funding is also necessary for the Commission to conduct further studies related to Postal Service costs, efficiency, and service performance. This additional workload will demand specialized analysis by the Commission, involve extensive public participation, and require a significant share of the Commission's already strained resources.

Finally, the Commission expects to adjudicate an increasing number of issues relating to the impact of COVID-19 on Postal Service operations. As mentioned above, the Postal Service recently released a 10-year plan, which includes significant operational and service changes that the Commission will be required to review. Moreover, the initiatives previously undertaken by the Postal Service are a large part of Commission's current compliance review agenda. The Commission provides transparency for Congress, the Administration, stakeholders, and the public on these issues. Already, the Commission has reviewed and approved a pricing promotion for small business mailers to help increase mail from small businesses during the COVID-19 pandemic. In addition, the Commission recently approved a proposed temporary price increase for select competitive mail products. In preparation for the recently announced significant operational and service changes, it is necessary for the Commission to invest in improved data analytics to evaluate the impact of the COVID-19 pandemic on Postal Service operations and service.

Strategic Goal 2 - Public Access And Participation

The FY 2022 request allocates \$4.316 million for Strategic Goal 2, Public Access & Participation. Strategic Goal 2 focuses on active engagement with Congress and stakeholders in support of a dynamic postal system. The Commission's approach to this goal requires that it clearly communicate complex analyses and decisions to address the needs of diverse stakeholders. All Commission offices participate in the communication of

the Commission's analyses and decisions. However, the Commission's small staff within its Office of Public Affairs and Government Affairs (PAGR) (3 FTEs) is essential in meeting this goal. In FY 2022, the Commission expects to prioritize its active engagement regarding the postal system as the Postal Service faces complex and contentious operational and financial problems. The Commission also anticipates many new challenges as the

President, Congress, the Postal Service, and interested stakeholders continue to explore the legal boundaries of the PAEA and adjust to the evolving operational and financial threats facing the Postal Service.

PAGR is a significant resource for the Commission in support of its outreach and engagement with diverse postal stakeholders. PAGR is responsible for public outreach and education; complaint processing; media relations; and is a liaison with Congress, the Administration, the Postal Service, and other government agencies. This office informs and advises commissioners and Commission staff on legislative issues and policies related to the Commission and the Postal Service, in addition to coordinating the preparation of both congressional testimony and responses to congressional inquiries concerning Commission policies and activities.

The Commission's strategy for focused engagement is multi-faceted. First, PAGR staff, with support from other Commission staff, are key to preparing information for a diverse group of postal stakeholders. Second, PAGR actively engages with the postal customers through a customer portal on the Commission website. Third, the Commission website serves as a tool to ensure transparent postal information is available to the public so that they can actively engage. Finally, for each docketed proceeding, the Commission assigns an expert staff member to serve as Public Representative and represent the views of the public.

The Commission interacts with postal stakeholders in many ways. The Commission participates in hearings on postal regulatory related matters, including analysis and review of the Postal Service's financial condition and the urgent need for reform legislation. PAGR, OGC, and OAC assist with briefings of Congressional committees and subcommittees as well as individual congressional offices, assist in preparing testimony for Congressional hearings, analyze proposed legislation affecting the agency, and respond to Congressional requests for agency documents. Commissioners and Commission staff are highly responsive to the needs of stakeholders. The Commission's unique

role can create impacts on foreign policy (through the required submission of Views on international postal topics to the Department of State) as well as the evaluation of postal policy by Congress.

In addition to engagement with postal stakeholders, PAGR is the office primarily responsible for assisting the general public and its small three-person team operates effectively and efficiently. During FY 2020, PAGR received approximately 6,400 questions, suggestions, comments, and inquiries through the online "Contact PRC" portal on the Commission's website, by phone, fax, email, and hardcopy mail.

The www.prc.gov website is the Commission's primary communication tool and the main outlet for public outreach and engagement. The website provides access to the Commission's docket systems, which allows interested parties to file matters, documents, public and non-public data with the Commission. In FY 2022, the Commission intends to undertake an update of its website in order to expand usability for the public and stakeholders. With increased funding, the Commission will enhance its website to include more data analytics and transparency to serve as a resource for the postal community.

Another important feature in the Commission's engagement with the public and stakeholders is its Public Representative program. The Commission is required to appoint a professional staff member to serve as an officer of the Commission in each docketed proceeding to represent the interests of the general public. This officer, the Public Representative, operates independently from the Commission and must adhere to ex parte rules regarding the docket with Commission staff assigned to the docket. This program is a unique resource challenge faced by the Commission. The Commission is the only executive branch agency with this requirement. This requirement means that one or more staff member(s) must be assigned as PR in every docket before the Commission, who, consequently, will not be available to assist the Commission in reviewing, analyzing, and making determinations for that case.

Strategic Goal 3: Integration And Support

The FY 2022 request allocates \$3.597 million for Strategic Goal 3, Integration and Support. Strategic Goal 3 focuses on providing an optimal internal infrastructure—IT, administrative, and physical—to support management of priorities, workload, and emerging requirements. The Commission is able to fulfill its mission and provide effective oversight of the Postal Service when it operates in an efficient, responsive, and transparent manner. The Commission achieves this operational state by maintaining processes and providing high-quality analysis, review, and reporting in accordance with governing statutes, authoritative guidance, and best practices. In accomplishing this state of operations, the Commission will use its resources efficiently to support its priorities and staff.

IT INFRASTRUCTURE

The Commission's IT infrastructure and equipment needs have been deferred in previous fiscal years due to budget constraints. The Commission's focus for FY 2022 will be to repair and rebuild its support infrastructure to manage and advance system capability, requirements, and security. Funding for this goal aligns the Commission with the federal goal to build and maintain more modern, secure, and resilient IT in order to enhance mission delivery and productivity. The Commission will continue to prioritize resource allocations to the most critical infrastructure requirements and make prudent investments in relation to specific challenges.

STATE OF THE COMMISSION'S IT OPERATIONS

The Commission has made great strides in improving its IT security posture over the past year, resolving its longstanding "At Risk" designation by the Department of Homeland Security and receiving its first "Managing Risk" designation. The impact of COVID-19 has heightened the importance of addressing the Commission's IT security requirements with its reliance on remote work and electronic systems to perform its mission. At the beginning of the pandemic, the Commission

was able to successfully transition 100 percent of its workforce to remote work. However, at that time, staff were working on personal devices, as the Commission did not have the funds to procure government furnished equipment for remote work.

In order to address those concerns, the Commission dedicated significant funds in FY 2020 to onboarding its first Cybersecurity Manager in order to create a cybersecurity program for the agency and procured secure government laptops to increase its security posture and efficiency of operations. The Commission completed its first Security Assessment and Authorization in March 2021 and has entered the vulnerability remediation phase, which will continue into FY 2022 and require additional dedication of funds. In addition, the Commission's compliance with the Executive Order on Improving the Nation's Cybersecurity, issued on May 12, 2021, will require significant investment of funds and resources by the Commission's small IT team to ensure the Commission is protected from malicious cyber actors. In FY 2022, the Commission will continue to address serious existing IT cybersecurity concerns. The impact of COVID-19 has heightened the importance of addressing the Commission's IT security requirements with its reliance on remote work and electronic systems to perform its mission.

DOCKETING SYSTEM

The Commission's docketing system is the repository for the majority of Commission documents and serves as the case management system for all matters filed before the Commission. The Commission's docket system functions similar to that of a court's docket, where the Postal Service and other parties file motions, pleadings, comments, and data for review and decision by the Commission. The Commission recognizes that data contained in its docketing system are a primary strategic asset, and values the openness and transparency that this system affords to the public. For a very small agency with a constrained

budget, hosting a robust docketing system requires significant monetary resources and staff dedication.

The Commission docketing system is more than 20 years old and the risk of an imminent, critical application failure is unacceptably high. The current system is outdated and uses an unsupported legacy application. The Commission intends to use its proposed FY 2022 funding to support the continued development of a new docketing system and has engaged contract support to manage and complete the development and implementation of the new system. The Commission, the Postal Service, stakeholders, and the public rely on the Commission's docketing system to function efficiently and effectively. The Commission will protect this asset and ensure it is available to the public by replacing its aging docketing system, and enhancing its website to ensure compliance with the law. This includes conducting a network exfiltration, phishing, and penetration test as required by the Federal Information Security Modernization Act.

IT MODERNIZATION INITIATIVE

The Commission's IT infrastructure modernization plan includes moving the IT services and applications to the cloud in FY 2021-2022. This will include implementing cloud-based office productivity software and moving continuity/disaster recovery systems to a secure cloud-based repository. In addition, the Commission will complete implementation of its selected solutions for the upcoming required telecommunication contract transition from Networkx to Enterprise Infrastructure Solutions, and will finalize its implementation plan in FY 2021. An expected and necessary result of implementing these cloud-based solutions is the ongoing budgetary impact of annual licensing, service, and maintenance fees. The FY 2022 budget request includes all necessary fees.

The Commission's IT modernization initiatives will be implemented by the Commission's small IT staff. The FY 2021 IT staff consists of five FTEs and two contractors. The impact of the COVID-19 has placed a strain on the Commission's extremely limited IT resources.

Administrative Infrastructure Initiatives

The Commission's OSA operates with a small complement of 13 FTEs, including its IT team, to handle all of the operational needs of the agency including financial management, human resources, IT, strategic planning, records management, privacy, administration of its docketing system, and reporting. The Commission's strategy for meeting its infrastructure goals to support emerging requirements, priorities, and workload includes focusing on general administrative services. The Commission already sees significant cost savings through its use of shared services for a portion of its financial management and human resources systems. In FY 2022, the Commission intends to study the possibility of expanding shared services in other areas where inefficiencies or existing skills gaps exist, which could be remedied by a cost-effective shared-services provider.

In FY 2022, the Commission will be working on a new strategic plan to carry it through FY 2023-2028. As part of this strategic planning, the Commission intends to engage in targeted human capital planning to ensure its workforce is aligned with the Commission's mission. The Commission is focused on developing efficient and effective human resources processes and capabilities that enhance the workforce culture. This goal includes the Commission's commitment to equal employment opportunity.

With respect to its facilities, the Commission operates from a single non-General Services Administration leased facility. Even though the Commission is increasing its staff, it does not contemplate any additional leases or space for FY 2022. In FY 2022, the Commission's lease expires and the Commission is currently working on various options to secure a new lease. The Commission is evaluating its physical office space usage and needs and expects to see a reduction in rent in FY 2022 as a result of this evaluation and lease negotiations.

Strategic Goal 4: Workforce

Strategic Goal 4, Workforce, is a cross-cutting strategic goal encompassed within the funding for Strategic Goals 1, 2, and 3 and is integral to the Commission's mission. For FY 2022, the Commission requests \$15.408 million to compensate its current staff, and increase staffing levels to 82 FTEs. Strategic Goal 4 focuses on the recruitment, development, and retention of a diverse, high-performing workforce. Funding for this goal directly aligns with the goal of developing a workforce for the 21st Century. In alignment with these goals, the Commission will prioritize the recruitment, development, and retention of a diverse, high-performing workforce.

As payroll is the Commission's largest expenditure, and the discipline of postal regulation is a specialized knowledge area, the loss of staff is the biggest risk area for the Commission. In past fiscal years, the Commission has experienced routine, but significant, attrition of essential and expert staff that has threatened the ability to meet its mission. The Commission's workforce goal for FY 2022 is to enhance its human capital planning and alignment, increase essential training and professional development, and improve recruitment strategies. This work will focus on retaining and restoring the Commission's workforce by filling mission-critical positions, providing essential professional development and training to support the Commission's work, and increasing staff efficiency and engagement through its merit pay system.

Workforce Challenges

As the regulator of the Postal Service, the Commission employs expert technical and legal staff that possess a unique set of skills related to postal regulation. Not only does the Commission's staff work to fulfill the Commission's statutory obligations, but it must respond to the ever-changing

needs of the Postal Service in a time where the Postal Service is facing many challenges and threats to its continued viability. The Commission operates as a lean organization. After accounting for Commissioners, their staff, and administrative support staff, the Commission has just 41 staff to perform the challenging analytical, technical, and legal work that is the core of the Commission's regulatory responsibilities. In addition, and as mentioned previously, the Commission is required by law to appoint at least one professional staff member to represent the interests of the public in all docketed proceedings. Therefore, the Commission must field "two teams" for every case, further stretching resources. The Commission, by law, must also maintain an independent OIG, which is comprised of three staff at an estimated cost of \$642,000 in FY 2022.¹

The Commission's low funding levels over the past few fiscal years have negatively affected the retention of staff and, if continued, will impede the Commission from carrying out its statutory and regulatory obligations. Despite past budget limitations, the Commission has been able to fulfill its mission. If the Commission is unable to improve retention and recruitment, the Commission's ability to carry out its mission will be at risk. Since FY 2017, the Commission has lost over 18 staff members, including 13 from its technical and legal offices (OAC and OGC). The large majority of staff attrition was related to austerity measures due to a limited budget over prior fiscal years. As described above, the work of OAC and OGC is essential to accomplish the goal of accountability and compliance of the Postal Service.

The Commission's staff make up 80 percent of its budget expenditures. Insufficient Commission staffing has long been at odds with the Commission's statutory requirements and increasing regulatory scope of work:

¹ Under the Inspector General Act of 1987 (Public Law 95-452; 5 U.S.C. App., as amended through Public Law 114-317), for each fiscal year, an Inspector General shall transmit a budget estimate and request to the head of the establishment or designated Federal entity to which the Inspector General reports. For FY 2022, the Inspector General has requested \$642,000.

- Commission requested staff level of only 82 FTEs must oversee the Postal Service, a \$71 billion enterprise. If funded at \$19,585,000, this would represent only 0.03 percent of the Postal Service's total FY 2019 revenue.
- The FY 2021 appropriation of \$17,000,000 was \$2,200,000 less than the Commission's FY 2021 request, and the Commission still needs to fill mission-essential staff positions.
- As issues threatening the Postal Service have accelerated due to the impact of COVID-19, funding for the Commission necessary to meet this pace and demand is needed now more than ever.

Starting in FY 2021, the Commission will implement human capital mitigation strategies to account for potential loss of staff due to retirements, voluntary attrition, and other factors. The Commission faces workforce challenges relating to staff expertise, due to both the significant attrition issues and the freeze on training and development funds for staff. The issues facing the Postal Service are rapidly evolving and the Commission needs to expand its staff's expertise and have the flexibility to align its workforce with these changes. Unfortunately, the Commission's FY 2021 appropriation was not sufficient to begin

filling these mission critical roles. Therefore, an appropriation of \$19,585,000 in FY 2022 is even more urgent. With this appropriation the Commission can focus on recruiting, retaining, and training expert staff. Through targeted recruitment, internal and external training, the Commission will rebuild and grow its workforce to meet the demands necessary to support the Commission's mission.

The Commission will continue to employ its streamlined performance management system that applies a merit pay process to closely link staff pay and performance. This policy has established procedures for planning, assessing, rating, rewarding, and developing individual staff performance. It is the means by which the Commission measures and recognizes staff performance and accomplishments. This policy works hand-in-hand with the Commission's compensation policy to ensure that pay and performance are also aligned with the budget, which ensures the sustainability over time for the merit pay process and creates a high-performance culture. For staff development, the Commission will create an agency-wide training plan by working with staff and management to determine training needs and will continue to utilize Individual Development Plans for staff. With respect to retention, the Commission will retain its re-instated student loan repayment program and telework program.

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), \$19,585,000,¹ to be derived by transfer from the Postal Service Fund and expended as authorized by section 603(a) of such Act.

¹ Pursuant to 39 U.S.C. § 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."

Office of the Inspector General Resources

The Commission's OIG 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 over-

sight 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 staff and the public to anonymously report allegations of fraud, waste, abuse, and mismanagement.

The Inspector General requests \$642,000 for the office's personnel, travel, rent, and training costs as well as the Commission contribution to the Council of Inspectors General on Integrity and Efficiency.

APPENDIX A — Technical Budget Tables

Table 1: Obligation by Object Classification (\$000)

Object Classification	FY 2020 Actual Expenses (69 FTEs)	FY 2021 Appropriations (74 FTEs)	FY 2022 Requirement (82 FTEs)
Personnel compensation and benefits	12,937	13,558	15,408
Rental payments to others	2,213	2,184	2,229
Services and supplies:			
Information technology	334	259	265
Contracting services	315	372	379
Consulting services	325	0	597
Communications	260	181	185
Other services and supplies	231	446	522
Services and supplies subtotal	1,465	1,258	1,948
Total Obligations	16,615	17,000	19,585

Table 2: Budget Program Information

Program	FY 2020 Actual		FY 2021 PRC Appropriation		FY 2022 PRC Request	
	000	FTE	000	FTE	000	FTE
Postal Service Accountability	\$9,035	37	\$9,461	41	\$11,030	46
Public Access & Participation	\$4,151	17	\$3,923	17	\$4,316	18
Integration and Support	\$,2930	12	\$3,000	13	\$3,597	15
*Office of the General	\$498	3	\$617	3	\$642	3
Total Obligations	\$16,615	69	\$17,000	74	\$19,585	82

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

APPENDIX B — Mission, Guiding Principles, and Vision

Mission Statement

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

Vision Statement

To be an independent regulator respected for effectively engaging postal stakeholders to promote a robust universal mail system through objective, accurate, and timely regulatory analyses and decisions.

We will look to achieve our vision by:

- Taking a multi-disciplinary and integrated approach to work
- Monitoring the environment and anticipating changes to enhance agility
- Utilizing rigorous evaluative methods
- Optimizing stakeholder engagement through an appropriate and clearly-defined public involvement process
- Developing staff expertise to ensure that the Commission is a center for excellence in postal regulatory matters
- Ensuring that the Commission is an employer of choice
- Ensuring efficient stewardship of resources

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

APPENDIX C — Strategic Goals, Workplans, and Performance Objectives

Postal Service Accountability

Strategic Goal 1: Deliver Accurate And Objective Analyses And Decisions To Ensure Transparency And Accountability Of The Postal Service.

- **Strategic Objective 1.1.** Thoroughly and accurately analyze and apply statutes, regulations, and Commission precedent.
- **Strategic Objective 1.2.** Ensure transparent, accurate, and informative Postal Service reporting for evaluation of lawful compliance of rates and service performance.
- **Strategic Objective 1.3.** Responsibly, transparently, and efficiently lead the review of the existing statutory system for regulating rates and classes for Market Dominant products, as well as consider, and, if necessary, implement modifications or an alternative system.

FY 2022 WORK PLAN STRATEGIES

- Analyze, develop, and implement public policy as it relates to postal matters.
- Execute a visible and effective advisory role with regard to measureable and dynamic Postal Service and mail delivery service performance.
- Consult on, revise, and augment performance standards and goals for Market Dominant products.
- Assess and refine the rules, regulations, and systems established for publication of relevant Postal Service data.
- Prepare analytical framework.

FY 2022 WORK PLAN

- Review and evaluate Postal Service financial data.
- Enforce compliance determinations.
- Review and evaluate Postal Service international data and proposals for the UPU.

Public Access and Participation

Strategic Goal 2: Actively Engage With Congress And Stakeholders In Support Of A Dynamic Postal System.

- **Strategic Objective 2.1.** Continue to strengthen proactive and responsive communication to foster a collaborative relationship with Congress.

- **Strategic Objective 2.2.** Foster constructive communications with the Postal Service and stakeholders to streamline the regulatory process.
- **Strategic Objective 2.3.** Clearly communicate complex analyses and decisions to address the needs of diverse stakeholders.

FY 2022 WORK PLAN STRATEGIES

- Effectively communicate the outcome of Commission work to Congress in a timely fashion.
- Update the strategic communication plan to facilitate targeted congressional outreach.
- Participate in hearings on postal regulatory related matters.
- Facilitate efficient and effective Commission regulatory process and clearly articulate Commission expectations and timelines.
- Strengthen open communications with stakeholders.

FY 2022 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 and the Executive Branch, and 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.

Integration and Support

Strategic Goal 3: Provide An Optimal Internal Infrastructure To Support Management Of Priorities, Workload, And Emerging Requirements.

- **Strategic Objective 3.1.** Optimize support infrastructure to manage and advance system capability, requirements, and security.
- **Strategic Objective 3.2.** Prioritize and manage workload to increase capacity and agility.
- **Strategic Objective 3.3.** Collaboratively work across functions to maintain open internal communication and address emerging requirements.

Strategic Goal 4: Recruit, Develop, And Retain A Diverse, High-Performing Workforce.

- **Strategic Objective 4.1.** Exercise Commission flexibilities to attract and retain a diverse, high-performing workforce.
- **Strategic Objective 4.2.** Maintain fair and impartial human capital management.
- **Strategic Objective 4.3.** Continue to enhance the Commission's commitment to being an employer of choice.

FY 2022 WORK PLAN STRATEGIES FOR STRATEGIC GOALS 3 AND 4

- Optimize IT capabilities.
- Strengthen and modernize the records management program.
- Streamline and standardize procurement policies and processes.

- Maintain ongoing communication of priorities among commissioners and senior staff.
- Collaborate to develop and effectively communicate administrative guidance and investment priorities.
- Attract and hire qualified and diverse candidates consistent with Federal laws.
- Strengthen relationships with affinity groups to ensure diverse outreach efforts.
- Maintain a Human Capital Plan.
- Maintain the Commission's strong commitment to equal employment opportunity.
- Involve employees and participants as agents of diversity, inclusion, and mutual respect.
- Continue refining administrative and Human Resource analytics to inform decision-making.
- Execute FY 2022 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. Implement necessary technology to maintain a modern records management system, including management of all electronic records.
- 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.
- Enforce up-to-date IT security requirements.

FY 2022 WORK PLAN FOR STRATEGIC GOALS 3 AND 4

- 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, Local Area Network, webcasts, email, Voice-Over-Internet Protocol telephony, etc.



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