

Postal Regulatory Commission

Budget Request

Presented By:
Michael Kubayanda, Chairman



20
25



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POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001



Michael M. Kubayanda

The Honorable Roman Martinez IV
Chairman, Board of Governors
United States Postal Service
Washington, D.C. 20260

In accordance with title 39, United States Code, section 205, I am pleased to present the Budget Request of the Postal Regulatory Commission for FY 2025.

The Commission is a small part of a postal ecosystem serving all Americans. Federal law requires the Commission, as an independent regulator, to provide formal approval or review before rate and service changes can move forward. Therefore, the Commission's commitment to excellence in the efficiency, capacity, infrastructure, and staffing issues referred to in this document helps to ensure the ecosystem functions properly.

In the last few years, the Postal Service doubled the number of market dominant and competitive rate cases filed with the Commission. In addition, as of mid-August, the Commission had approved nearly twice as many NSAs in FY 2024 as it did in all of FY 2023. As we were preparing this document, the Commission is reviewing 57 NSAs simultaneously. The Commission recently issued a rulemaking to streamline the NSA process, but hiring, training, and retaining expert personnel remains a key part of efficient reviews and thus takes up the majority of the Commission's budget.

In addition to NSAs, the Commission is reviewing numerous of other cases. Undue delays would be a risk to the Postal Service and its customers, a risk that the Commission has always taken seriously. On the other hand, if the Commission provides inadequate review prior to approval, this would ultimately slow the regulatory process, as the approvals could be reversed in federal courts and returned to the Commission for further review. The Commission, therefore, must carry out its regulatory duties and get them right the first time. The Commission has done so, winning multiple appeals in recent years, including a major case involving competitive products earlier this month. The Commission needs enough experienced, well-trained lawyers, economists, and data analysts to continue to review rate, classification, and service filings properly.

Until recently, the Commission lacked a budget and finance office, as well as basic data and cybersecurity infrastructure. With recent upgrades in these areas, the Commission has begun the process of complying with federal standards, a process watched carefully by the Office of Inspector General and Congressional authorizing committees. The improvements in recent years were facilitated by the Technology Modernization Fund (TMF), the restricted cash fund, and annual funding approved by the Governors.

For the FY 2025 request, the Commission is projecting an overall budget of \$28.664 million, an increase of less than 4 percent from FY 2024. The Commission is requesting \$25.4 million in annual funding from the Governors, while \$3.264 million would come from the restricted cash balance and the TMF. These funding totals will allow the Commission to remain small while continuing to achieve efficiencies and implementing safeguards expected of any modern organization. Continued improvement in these areas is critical to the health of the postal ecosystem.

We respectfully thank you for your consideration of our request and will respond to questions you may have regarding its contents.

Respectfully,

Michael Kubayanda

Michael M. Kubayanda
Chairman



<https://www.prc.gov/about>

I. Introduction

The Postal Regulatory Commission (the “Commission”) is an independent agency required by 39 U.S.C. § 504(d) to submit a budget of expenses for its facilities, supplies, compensation, and employee benefits on an annual basis to the Postal Service Governors for approval. This submission focuses on the Commission’s Fiscal Year (FY) 2025 budget request and the basis for the request which ensures the Commission’s ability to successfully fulfill its mission as outlined in the Postal Reorganization Act (PRA) of 1970, with expanded responsibilities under the Postal Accountability and Enhancement Act (PAEA) of 2006. To provide context on this proposal, this submission begins by outlining the Commission’s regulatory workload and efficiencies gained in FY 2024 that the Commission plans to build upon in FY 2025. Finally, this submission provides a look ahead into FY 2026 planning to ensure Governors have an understanding of the Commission’s potential needs in the future as the Commission continues its work of aligning resources to its strategic plan and operational realities.

The Commission is a micro-agency with fewer than 100 personnel as of FY 2024. In general, the Commission’s core regulatory responsibilities include conducting rulemakings, advisory opinions, pricing and product oversight, public inquiry dockets, and reports required by statute or as requested by Congressional oversight bodies. The Commission:

- o Regulates and approves changes, consistent with legal criteria, in rates and services that the Postal Service offers.
- o Hears appeals on whether the Postal Service followed proper procedures when closing or consolidating post offices.
- o As required by law, provides advisory opinions on changes that affect postal service on a nationwide or substantially nationwide level.
- o Regulates and approves the methods used to measure Postal Services costs and service performance.
- o Collects and publishes cost and service performance data.
- o Hears complaints about Postal Service compliance with certain statutory requirements governing rates, service, and competition.
- o Advises the U.S. Department of State on treaty matters affecting postal rates and services.
- o Studies and reports on the value of the Postal Service’s universal service obligation and postal monopolies.
- o Analyzes and reports on Postal Service’s strategic plans and finances.

As a regulatory body, the Commission is responsible for the thorough and accurate analysis of Postal Service reports on performance, operational, and financial issues to ensure that the Postal Service is compliant with the law. These tasks are often unpredictable and dependent on Postal Service needs. The Commission must always be ready to shift its limited resources to fulfill its responsibilities. It is important that the Commission be timely and responsive in its role within a dynamic and changing landscape with real time analyses, studies, and assessments of rates, agreements, and national programs. To fulfill its responsibilities effectively, the Commission supplements its workforce with private sector experts with the specific postal or technological expertise necessary to perform various essential studies and analyses.



Introduction (cont'd)

In addition to its mandated postal regulatory responsibilities, though a micro-agency, the Commission is responsible similar to larger agencies for complying with federal administrative requirements such as the Clinger-Cohen Act, the Federal Information Technology Acquisition Reform Act, the Evidence Act, and the Federal Information Security Modernization Act (FISMA). The Commission also follows, as applicable, sections of the Office of Management and Budget (OMB) Circular A-11 (Preparation, Submission, and Execution of the Budget; adherence to principles of funds control), and applicable sections of OMB A-123 (Internal Controls), and applicable sections of the Government Performance and Results Act Modernization Act of 2010 (GPRAMA - which calls for strategic and operational planning, performance management, data-driven decision making and delivery of results). The Commission must abide by any mandates on federal agencies with access to fewer resources than its larger counterparts. A strong Commission infrastructure that adheres to these guiding laws and mandates supports the efficient and effective internal functioning of the agency, which is vital to the successful implementation of the Commission's mission. Therefore, it is imperative that the Commission is adequately resourced and that it ensures it is both practical and intentional with the resources it receives.

To this end, the Commission requests annual funding from the United States Postal Service Governors of \$25,400,000 to support the FY 2025 Commission Budget Requirement of \$28,644,000. A detailed review of this request may be found in Section III, FY 2025 Budget Request, of this document. As will be detailed in the discussion of FY 2025 requirements, any reduction in annual funding will result in continued delays in the Commission's ability to address significant shortfalls in our capacity and infrastructure. The requirements on the Commission are constant and ever increasing.



In FY 2024, the Governors approved annual funding for the Commission of \$21.124 million, to support an overall budget requirement for the Commission of \$27.605 million.



<https://www.prc.gov/>

II. FY 2024 The Commission's Workload

The demands on Commission resources are constant and ever increasing. In recent years, the Postal Service has doubled the number of rates cases filed with the Commission. These are major undertakings that take up much of the Commission's resources, requiring expert review by lawyers, economists and financial analysts. To execute strategic decisions related to competitive products, the Postal Service has dramatically increased the number of negotiated service agreements (NSAs) filed with the Commission in recent months. The Commission recognizes that NSAs are critical for the Postal Service and its customers and strives to review them in a timely manner. As of mid-August, the Commission had approved nearly twice as many NSAs in FY 2024 as it did in all of FY 2023. Even prior to this flood of new agreements, the Commission reviewed NSAs daily, taking much of the focus of its small mission staff. The daily caseload also occupies the mission support staff, who ensure that cases are processed in a manner consistent with Commission and government procedures. To meet these increasing demands, address lawmaker and stakeholder concerns, and comply with administrative requirements, the Commission grew by 15 percent in FY 2024.

The unanticipated reduction in the Commission's FY 2024 request had tangible impacts. Chiefly, it required the Commission to make difficult trade-off decisions and prioritize achieving its mission by strategically building targeted capacity to ensure to address its unique and statutorily mandated responsibilities. As an example, the reduced FY 2024 funding led to delays in the creation and full staffing of the Office of Budget and Finance essential to the effective planning, execution, management, and analysis of our resources. Additionally, we suffered delays in securing expertise needed to effectively respond and implement improvements recommended by the Postal Service Inspector General. In many cases, our employees are single points of failure with individuals bearing the responsibilities of two to three individuals and working overtime to ensure work is completed to task.

The Commission has met its responsibilities with a very small agency and will continue to do so. At some point, however, lack of infrastructure and understaffing create unacceptable risks and bottlenecks rather than bolstering efficiency. We are addressing shortfalls in these areas, allowing the Commission and the postal ecosystem to be more efficient now and in the long term.

The Commission needs enough lawyers, economists, and data analysts to review rate, classification, and service filings properly. We have emphasized adequate staffing in these areas, although the needs continue to change. Rather than pulling Commission experts on legal and economic regulation away from their substantive work into administrative issues that affect every federal agency (human resources, contracting, cybersecurity, privacy, and transparency/Freedom of Information Act) the Commission has started to use a tiny number of compliance specialists to address these issues. This allows experts on postal regulation to focus on reviewing filings by the Postal Service and stakeholders.

In support of our strategic goals and objectives, the Commission made difficult decisions to reduce non-personnel expenditures to focus on enhancing our expertise in critical areas. The Commission added new positions in FY 2024, including experts in economics, law, and postal data, as well as the Commission's first Director of Budget and Finance. These new hires bring a wealth of knowledge and experience, providing additional capacity which will support the Commission as it continues to tackle complex challenges.



"The Commission is working hard to make our findings more accessible and improve the agency's capacity to deal with USPS filings and stakeholder concerns."

Chairman Kubayanda, Senate Homeland Security and Governmental Affairs Committee, April 2024

FY 2024 Commission Workload (cont'd)

Until recently, the Commission lacked a budget and finance office, as well as basic data and cybersecurity infrastructure. If a wrongdoer or accident erases data and stops Commission work, or causes sensitive data to leak, that would create delays in the regulatory process. Such an incident could also directly affect the Postal Service, as the two agencies exchange communications and information daily and the Postal Service, like all large organizations, has suffered serious information security breaches.

The Commission has addressed these risks by creating an information security officer position (standard in governmental and nongovernmental entities of all sizes) and acquiring basic cybersecurity technology. Rather than having analysts download, extract, and organize data separately for each project, the Commission now has centralized databases and will automate data flows, allowing analysts to immediately focus on regulatory approvals. The Commission, however, continues to have gaps in expertise and human resources.

At the time of this request, with one month remaining in FY 2024, the Commission is projected to have an over 95 percent execution rate, which includes expending 100 percent of the FY 2024 annual funding approved by the Governors and drawing down \$4.1 million of the restricted cash fund, 2.5 percent more than originally planned for FY 2024. The Commission expects to fully execute its planned expenses for Salaries, Benefits, and Employee Awards, Rent and Consulting. Additionally, discretionary spending is expected to be executed according to plan. The Technology Modification Fund (TMF) is a specialized source of funding which requires the Commission to meet specific project milestones and objectives prior to releasing funds. Without factoring in the TMF, we project to execute at least 98 percent of our total budget. Drawing the restricted cash fund faster will result in an increased need for annual funding in FY 2025.

Through practical financial management, difficult trade-off decisions coupled with intentional and strategic allocation of resources, the Commission fulfilled its responsibilities and efficiently employed the approved FY 2024 budget. Though the acquisition of critical resources had to be delayed, the Commission achieved ambitious milestones and made progress toward building capacity for its mission-critical work and services. A short list of actions and key products completed by the Commission include the following:

- o Review and approval of two market-dominant price changes and two competitive price changes.
- o Issuance of rulemaking to streamline process for the Postal Service to submit and receive approval for Negotiated Service Agreements.
- o Review and analysis of an increasing number of Negotiated Service Agreements (NSAs) between the Postal Service and its customers. In FY 2023 the Commission approved 280 NSAs. Thus far in 2024, with less than 40 business days remaining in the fiscal year, the Commission has approved 546 NSAs.
- o Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products.
- o Inquiry into the Postal Service's internal Service Performance Measurement (SPM)



FY 2024 Commission Workload (cont'd)

- o Processed 6,366 filings via the Commission's e-Docket system thus far (data as of August 2024) representing various proceedings between the Commission and the Postal Service. This is up from 4,424 (31 percent increase) in FY 2023.
- o Evaluation of USPS FY 2023 Performance Report and FY 2024 Performance Plan
- o Analysis of the Postal Service's FY 2023 Finances
- o Public Inquiry into the Postal Service's Delivering for America plan
- o Issuance of FY 2023 Annual Compliance Determination, evaluating USPS service levels and rates
- o Emphasis on data with creation of dashboards/other data visualization to increase transparency

A complete record of the Commission's FY 2024 accomplishments and initiatives will be included in the Commission's FY 2024 Annual Report to Congress, which will be issued in FY 2025 as required by the PAEA, Pub. L. 109-435, 120 Stat. 3198 (2006). The Commission's [FY 2023 Annual Report](#) was issued on February 21, 2024.

The Commission's FY 2024 budget was key to the Commission making progress toward achieving statutorily mandated requirements as well as meeting its four FY 2023 - 2024 Strategic Goals. The following demonstrates the Commission's tangible results and positive impacts as it relates to its strategic goals and objectives.

FY 2023 - FY 2028 Strategic Goal Progress

In 2010, GPRAMA was enacted, requiring federal agencies to be held accountable for establishing strategic and annual plans undergirded with management processes and setting performance goals and objectives that deliver results. FY 202 was the Commission's first year of implementation of its [FY 2023 - FY 2028 Strategic Plan](#). The Strategic Plan recognizes and anticipates a potentially significant degree of change to the postal system and the Postal Service.

The four Strategic Goals balance an external focus on adapting the Commission's regulatory framework to a transforming Postal Service with an internal focus on strengthening the Commission's capabilities to be an effective and efficient regulator through that transformation.

Below are summaries of the progress made for each Strategic Goals thus far in FY 2024.



FY 2024 Commission Workload (cont'd)

Strategic Goal 1

Anticipate and adapt to an evolving postal system through a responsive and trusted regulatory framework

- o Conducted Stakeholder Analysis and Conducted Regulatory Benchmarking Assessment
- o Updated Processes to Improve Case Efficiency
- o Explored Opportunities for New Postal Studies and Developed New Capabilities for Identifying and Exploring Emerging Postal Issues

Strategic Goal 2

Enhance and expand communication of accurate and relevant regulatory information to postal stakeholders, policymakers, and the general public

- o Developed an Updated Communications Plan
- o Conducted Initial Updates to the PRC Website

Strategic Goal 3

Develop an internal infrastructure to support and strengthen our regulatory capabilities through adaptive policies, efficient processes, and scalable platforms

- o Launched Internal Database and Developed Initial Data Management Approach
- o Created New Office of Budget and Finance
- o Began Development of Future State Operating Model
- o Responded to an increased number of audits, working to close 10 open USPS OIG Audit Recommendations
- o Utilized the Department of Justice as its federal shared service provider for Security Operations Center (SOC) services

Strategic Goal 4

Build an organization that will attract, develop, and retain a diverse workforce of experts

- o Updated Agency-Wide Onboarding Processes and Internal Systems
- o Launched HR Assessment



"As the Commission is increasing its capacity, it is working to handle an increasing number of USPS and stakeholder petitions in a thorough and brisk manner with its small staff."

Chairman Kubayanda, Senate Homeland Security and Governmental Affairs Committee, April 2024

III. FY 2025 Budget Request

Despite targeted gains in FY 2024, the Commission requires additional progress in technology and business processes (implemented with adequate personnel) to address federal administrative mandates such as FISMA. These issues remain significant challenges for the organization and require serious investment. For our regulatory responsibilities, the agency needs sufficient resources to meet growing demands posed by more frequent Postal Service filings for rate increases, NSAs, and rate changes, as well as increasing stakeholder requests.

In FY 2025, the Commission plans to focus on five major priorities:

- o Align its operations to meet the demands of the evolving Postal Service with agility and efficiency.
- o Address the significant capacity gaps that exist between its current and planned operating models.
- o Ensure sufficient infrastructure required to meet evolving regulatory demands.
- o Ensure sufficient infrastructure required to meet evolving Commission administrative demands to increase efficiency and effectiveness.
- o Improve data acquisition, data analysis capabilities, and increase security of information resources.

The Commission's FY 2025 Annual Budget Request is aligned with our strategic goals and allows the Commission to fulfill its tactical priorities for the fiscal year under the broader strategic goals. The Commission's FY 2025 Budget Request builds upon capacity built in FY 2024, while also achieving substantial cost savings.

In FY 2025, in addition to the Commission's core regulatory responsibilities, the Commission plans to dedicate resources for the following (*not all inclusive and subject to change based on real time inquiries and requests*):

- o Implement GIS technology.
- o Increase data acquisition, management, visualization and analysis.
- o Improve internal performance metrics tracking and management.
- o Continue its analyses of the Postal Service's Delivering for America plan as demanded by Congress.
- o Revamp web presence.
- o Revamp essential business processes in accordance with third party assessments.
- o Respond to Postal OIG audit on Compensation and Benefits.
- o Perform site visits and increase engagement and outreach activities.
- o Continue final phase of Strategic Planning implementation.

**FY 2025 Budget Request (cont'd)**

Table 1 provides the Commission's FY 2025 Annual Budget Request, with a comparison to its FY 2024 Budget. For the FY 2025 Budget Request, the Commission has meticulously self-reduced non-personnel expense requirements, opting instead to support the attainment of essential permanent expertise. Though this approach limits the Commission's ability to train its personnel, allow unencumbered travel, and limits the ability to purchase new equipment, etc., this approach reflects the focus of the Commission which is agility, timeliness, and a high level of permanently available essential expertise.

Table 1: FY 2024 Budget Plan and FY 2025 Budget Request (\$000)

Budget Line Grouping	FY 2024 Budget	FY 2025 Budget Request	Difference (FY24-FY25)	Change (%)
Full Time Equivalents (FTEs)	92	101	9	10.0
Salaries, Benefits, and Employee Awards	19,848	22,051	2,202	11.1
Rent, Equipment, Furniture, and Repairs	1,691	2,169	478	28.2
Consulting Services	1,784	1,363	(421)	(23.6)
Information Technology	2,846	1,978	(867)	(30.5)
All Other Operating Expenses	1,436	1,104	(332)	(23.1)
Total Budget Requirement for FY 2025 Expenses	27,605	28,664	1,059	3.8
Planned Expenses funded from TMF	2,002	1,264	(738)	(36.9)
Planned Usage from Restricted Cash	4,479	2,000	(2,479)	(55.3)
Annual Funding Received and Requested	21,124	25,400	4,276	20.2

The Commission requests \$25.400 million in Annual Budget Funding for FY 2025. The Commission's total FY 2025 Budget Requirement is \$28.664 million, which represents \$1.059 million more than the FY 2024 Budget, or a 3.8 percent increase. The Commission is able to reduce its full requirement of \$28.664 by \$3.264 million, or 11 percent, due to the availability of additional funding sources in FY 2025. Use of additional funding sources in FY 2025 exhausts available no-year funding, and fully obligates TMF funding.

In FY 2024, after receiving a downward adjustment in the annual funding by the Postal Service Governors, the Commission reduced its FY 2024 Budget Requirement to \$27,605,000. This reduction impacted the Commission's ability to accelerate key initiatives, resolve Postal Service Office of Inspector General audit recommendations, and fill long-term staffing needs. The Commission now plans to address these issues over a four-year timeline, rather than its previous aggressive two-year timeline.

Following the FY 2024 downward adjustment, the Commission also reassessed its budget year planning to limit the increase in its annual Budget Requirement to a maximum of 4 percent for FY 2025, representing an inflation increase. Due to a key focus on identifying opportunities for costs savings, the Commission's FY 2025 Budget requirement is 3.8 percent higher than FY 2024, below the planned 4 percent maximum.



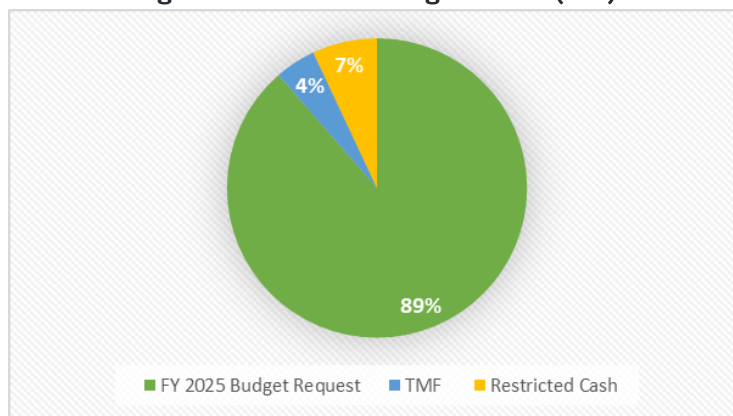
FY 2025 Budget Request (cont'd)

Funding Sources

In FY 2025, the Commission has available prior year balances as well as an award from the TMF to fund additional spending. The Commission will apply \$1.3 million of its Technology Modernization Fund (TMF) award to offset its Annual Budget Requirement. The Commission will also apply \$2.0 million of prior year balances to further reduce its Budget Requirement.

Figure 1 below shows the total spending planned in FY 2025 and the proportion allocated by funding source.

Figure 1: FY 2025 Funding Sources (000)



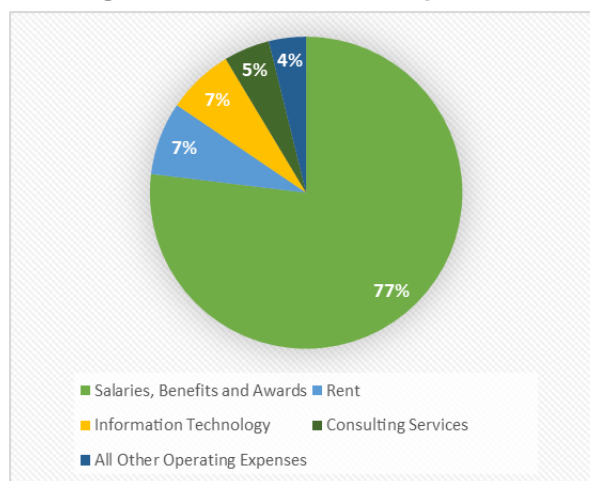
At the end of FY 2025, the Commission anticipates having 100 percent of its TMF award obligated, and projects that its Restricted Cash Balances will be reduced by 95 percent of its starting FY 2024 balance.

Budget Composition

The majority of the Commission’s FY 2025 Budget Request is allocated to personnel compensation and lease costs (84.5 percent). While these expenses are must fund for the Commission, the budget also includes an increase to fund new hires and limited initiatives that align with the Commission’s strategic plan.

Figure 2 below shows the planned distribution of the Commission’s total expenditures for FY 2025 applying all funding sources.

Figure 2: FY 2025 Planned Expenditures



As shown in Figure 2, outside of Compensation, 7 percent of expenditures is for Rent, 7 percent for Information Technology, 5 percent for Consulting Services, and 4 percent is for all other operating expenses.



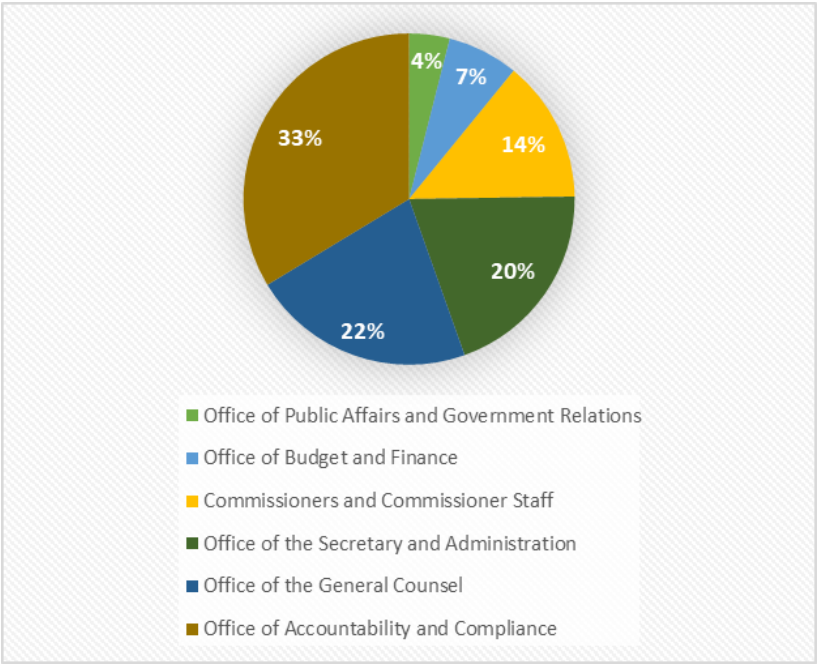
FY 2025 Budget Request (cont'd)

Salaries, Benefits and Awards

The FY 2024 Budget Requirement includes \$22.051 million for Salaries, Benefits, and Awards. This number accounts for 76.9 percent of the Commission’s total planned FY 2024 expenses. The Commission’s FY 2025 Request, similar to its FY 2024 Request, is focused on maintaining its existing FY 2024 capacity while providing sufficient funding for a small increase in FY 2025 to 101 full time equivalent (FTE)^[1] staff.

The increase in the salaries, benefits, and awards category is primarily the result of three key factors: inflationary increases, performance-based salary adjustments and awards, and additional hiring. The budget includes the standard salaries and benefit costs for permanent staff, along with the costs of projected salary adjustments and awards.

Figure 3: FY 2025 Full-Time Equivalent Staff Planned Distribution



Over half of FTEs are planned to be distributed to the Commission’s mission offices: Office of Accountability and Compliance, and the Office of the General Counsel. The Office of the Secretary, which is responsible for: ensuring filings are submitted to the Federal Register, Human Resources, Information Technology, Records Management, and more, has the next highest apportionment of FTEs. The remaining 25 percent is spread across Public Affairs and Government Relations, Budget and Finance, and the Chairman, Commissioners, and Commissioners’ staff. For details on the structure and responsibilities of specific Commission Offices, please visit The Offices | Postal Regulatory Commission (prc.gov).

[1] Consistent with OMB Circular A-11, FTEs are estimated using "Pay Period Method." See OMB Circular No. A-11 (2022), at 85-3. As a result, the calculation of FTEs reflects the average number of employees over the year and will not line up with the number of positions that are planned to be hired throughout the year.



FY 2025 Budget Request (cont'd)

Rent, Equipment, Furniture, and Repairs

The FY 2025 Budget Requirement for Rent, Equipment, Furniture, and Repairs is \$2.169 million. The amount includes an increase in lease costs due to the conclusion of \$0.5 million in rent abatement received by the Commission in FY 2024.

Information Technology

The Commission's FY 2025 Budget Requirement includes \$1.978 million for Information Technology. From that amount, over 60 percent will be funded from TMF awards in FY 2024. Aside from the planned expenses from TMF awards, the Commission's IT budget reflects the Commission's operational needs for IT services, hardware, and software.

Consulting Services

The Commission's FY 2025 Budget Request includes \$1.363 million for Consulting Services. As trend has shown, we anticipate these funds to be used for several one-time consulting contracts, including support for economic analyses and studies, administrative assessments and improvements, professional services, and other services necessary to perform the Commission's mission timely and effectively. Consulting services in FY 2025 continue to involve assessing and remediating outstanding compliance gaps in critical areas important to the essential operations of the Commission. The agreements help the Commission to avoid the long-term expense of adding: permanent career program and project managers to comply with the requirements described above; HR executives; multiple staff to conduct repetitive record keeping and search functions under FOIA that can be automated using technology; and senior economic and analytical experts in areas that are relevant to short-term regulatory efforts but not needed for ongoing Commission regulatory mission work at this time.

Table 2: FY 2025 Planned Consulting Services Agreements

Services	Amount (\$000)
Strategic Plan Implementation Support	450
Human Resources Assessment	463
Economic Analysis Services	200
Freedom of Information Act Application Support	250
Total	1,363

All Other Operating Expenses

The Commission's FY 2025 Budget Requirement includes \$1.104 million for all other Commission Operating Expenses. This represents less than 4 percent of the Commission's FY 2025 Budget Requirement. Expenses related to services, required Federal Register printing costs, travel, training, communications, and supplies and miscellaneous expenses are included in this grouping.



FY 2025 Budget Request (cont'd)

SUMMARY

The FY 2025 Budget Request, as part of the Commission's overall FY 2025 Budget Requirement, is targeted to increase the Commission's capacity and compliance efforts, remedy long-term organizational deficits, and enable the agency to align its operations to meet the demands of the evolving Postal Service. The Commission must have adequate resources to align with its strategic goals and objectives and meet real time demands with efficiency and effectiveness. It is imperative that the Commission is funded per the request to assure adequate operations in FY 2025. With decreased available resources outside of annual funding, the Commission would be significantly hampered in its ability to perform statutory requirements, improve business processes and invest in infrastructure, and be timely in its delivery of key Commission products if requested annual funding is not received.



"The Postal Service is a lifeline for communities, a vital part of our democratic process, and a symbol of national unity. The Commission stands ready to work with USPS leadership and stakeholders to preserve an effective and efficient postal system, consistent with the law and public interest."

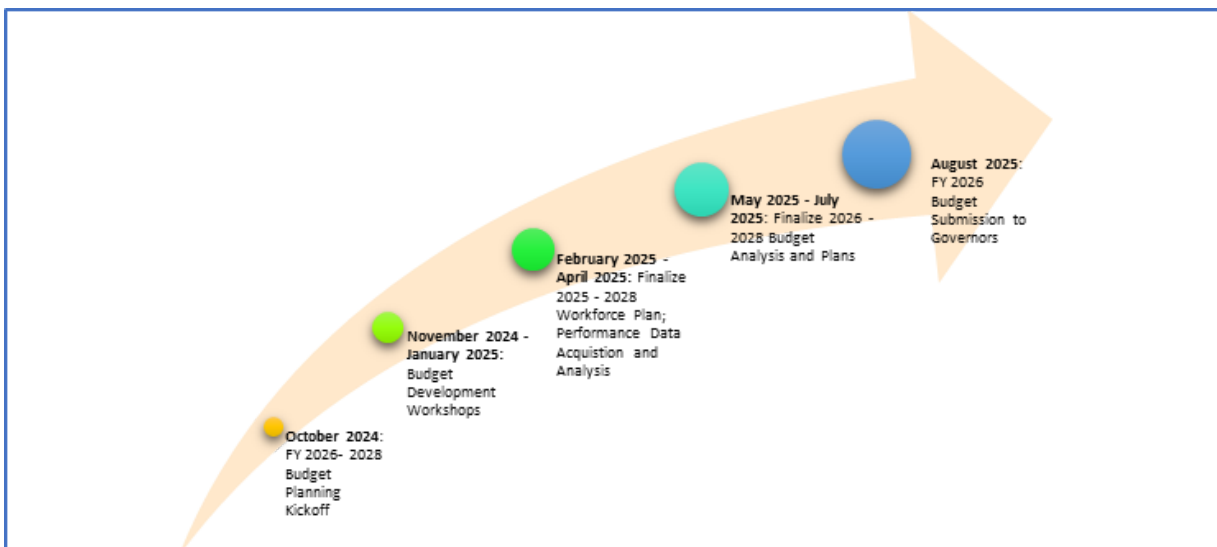
Chairman Kubayanda, Senate Homeland Security and Governmental Affairs Committee, April 2024

IV. FY 2026 A Look Ahead

The Commission anticipates additional moderate growth in FY 2026 to meet the demands of its operations. In late FY 2024 the Commission officially created the Office of Budget and Finance (OBF). With the creation of this Office, the Commission is increasing its capacity to support performance-based budgeting in its planning and projections, as well as to provide strategic fiscal planning for the outyears based upon the Commission's Strategic Plan. Additionally, keeping a keen eye on prudent allocation of resources, trend and predictive analyses, and consistent quality assurance methodologies coupled with real time execution reporting will also be a part of the Commission's business practices. This will result in the FY 2026 Budget Request being refined and further aligned based upon continual assessments of the Commission's business. As the Commission's structure continues to evolve, cost of doing business as a Commission will also continue to evolve. Rent costs will rise with inflation as will other costs as a result of inflationary increases associated with personnel and non-personnel needs. Information Technology is anticipated to see an increase as it continues life cycle replacement of computer equipment and implements software enhancements. Cybersecurity will be a key investment area as the Commission prepares to meet the evolving Federal requirements and remedy the deficiencies identified by the USPS OIG in its FISMA audit.

FY 2026 will have similar uncertainties as prior budget years. The Commission, however, is committed to ensuring its fiscal responsibilities focus on the most critical priorities and that prudent decisions are made to minimize cost vulnerabilities and audit risks. It is the intention of the Commission to maintain a conservative growth posture for its budget year over year of not more than 5% increases unless mitigating circumstances or circumstances outside of the Commission's control dictate otherwise. Beginning in October 2024, the Commission will set priorities for FY 2026 and will begin the work of establishing resource requirements. Below is a sample timeline:

Figure 4: FY 2026 – 2028 Budget Planning, Preparation and Presentation Timeline





Appendix A - PRC Strategic Goals

Strategic Goal 1

Anticipate and adapt to an evolving postal system through a responsive and trusted regulatory framework.

Strategic Goal 2

Enhance and expand communication of accurate and relevant information to postal stakeholders, policymakers, and the general public.

Strategic Goal 3

Develop an internal infrastructure to support and strengthen our regulatory capabilities through adaptive policies, efficient processes, and scalable platforms.

Strategic Goal 4

Build an organization that will attract, develop, and retain a diverse workforce of experts.

Strategic Goal 1

Strategic Goal 2

Strategic Goal 3

Strategic Goal 4

Goal 1 Progress:

The Commission conducted foundational studies, updated internal processes, and began developing capabilities to monitor changes in the postal ecosystem and ensure a responsive regulatory framework.

Key Accomplishments:

- Conducted Stakeholder Analysis
- Conducted Regulatory Benchmarking Assessment
- Updated Processes to Improve Case Efficiency
- Explored Opportunities for New Postal Studies
- Developed New Capabilities for Identifying and Exploring Emerging Postal Issues

Goal 2 Progress:

The Commission built a Communications Plan centered on stakeholder needs and began updating its website, enhancing its ability to provide critical and relevant information to stakeholders.

Key Accomplishments:

- Updated Communications Plan
- Conducted Initial Updates to the PRC Website

Goal 3 Progress:

The Commission made important strides in enhancing its data management approach and in assessing and updating its operational infrastructure to address critical organizational needs.

Key Accomplishments:

- Launched Internal Database
- Developed Initial Data Management Approach
- Created New Office of Budget and Finance
- Updated Budget Process Approach
- Began Development of Future State Operating Model

Goal 4 Progress:

The Commission updated onboarding processes to enhance the employee experience and launched a comprehensive assessment on its HR policies and practices to identify opportunities for improvement.

Key Accomplishments:

- Updated Agency-Wide Onboarding Processes and Internal Systems
- Launched HR Assessment



Appendix B - PRC Objectives and Performance Indicators

Strategic Objective	Performance Indicator
1.1 Monitor for emerging issues to consider regulatory actions or exploratory processes ahead of postal system changes.	Established processes, roles, and capabilities that allow the Commission to anticipate potential issues
1.2 Determine potential responses to emerging issues, aligned with limitations set by the Commission's legal authority.	Performance Indicator: Established processes, roles, and capabilities to review and facilitate Commission-wide consensus on anticipated issues
1.3 Increase, refine, and curate publicly-accessible postal data to improve the quality of analysis by the Commission and external stakeholders.	Time from when data is available to the Commission to when it is available to stakeholders through reports, dashboards, or downloadable files Percentage of postal data held by the Commission made available to stakeholders through reports, dashboards, and other visualizations Stakeholder input on accessibility of data
1.4 Handle routine matters faster without compromising quality.	Established processes, roles, and capabilities to categorize cases and identify those that are routine Time from when a routine case is submitted to when it is completed
2.1 Identify and monitor the Commission's key stakeholders and their content needs and communication preferences.	Updated communications plan Established processes, roles, and capabilities to monitor stakeholder content needs and communications preferences
2.2 Engage with stakeholders through understandable and accessible work products using the most effective communication methods.	Level of stakeholder engagement across channels Stakeholder use of communications
2.3 Cultivate and foster relationships with inter-agency and non-governmental partners	Relationships maintained with primary inter-agency partners Relationships maintained with primary non-governmental partners
3.1 Ensure operational policies support an evolving postal system and efficient execution of regulatory activities.	Completed future state operating model design Established processes, roles, and capabilities, where necessary, to develop, review, update, store, and communicate operational policies Updated and documented operational policies
3.2 Define and improve processes to optimize operational and regulatory activities.	Established processes, roles, and capabilities to consider, develop, update, and communicate necessary operational and/or regulatory activities
3.3 Utilize technology and data infrastructure to support scalable, informative, and efficient operations.	Time from when data is available to the Commission to when it is available to stakeholders through reports, dashboards, or downloadable files Percentage of postal data held by the Commission made available to stakeholders through reports, dashboards, and other visualizations Stakeholder input on accessibility of data
3.4 Determine the acquisition requirements for developing and operating the internal infrastructure necessary to support operational and regulatory needs.	Established acquisition requirements and timeframes for needed capabilities Established hiring plan for development and implementation support Benchmarks of the Commission's budget to comparable government agencies



Appendix B - PRC Objectives and Performance Indicators (cont'd)

Strategic Objective	Performance Indicator
4.1 Attract an expert and diverse workforce through effective recruitment and a positive candidate experience.	Documented and updated position descriptions Documented recruiting plan for Offices or positions as appropriate Established onboarding guide with pre-employment details for hiring officials, onboarding plan, and post-onboarding survey
4.2 Reinforce an inclusive, engaging, and supportive work environment that fosters development and retention of world-class experts in postal regulation and agency administration.	Completed Learning and Development Strategy to ensure knowledge, skills, and abilities (KSAs) are trained Updated training policy to incorporate Learning and Development Strategy and plan for ongoing employee instructions Employee satisfaction and engagement scores within the Federal Employee Viewpoint Survey (FEVS) Employee attrition rates compared to relevant benchmarks Documented and updated compensation plans
4.3 Engage with Commission employees by providing regular and quality communications and facilitating relevant information sharing.	Employee satisfaction and engagement FEVS scores on communications-related questions
4.4 Develop and maintain flexible workforce plans that meet regulatory, workforce, and operational requirements as the Commission grows and evolves.	Completed organizational assessment to determine skill gaps and workforce needs Completed short-term and long-term workforce plan for each Office Established change management processes, roles, and capabilities





POSTAL REGULATORY COMMISSION

MISSION, VISION, & GUIDING PRINCIPLES

MISSION STATEMENT

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

VISION STATEMENT

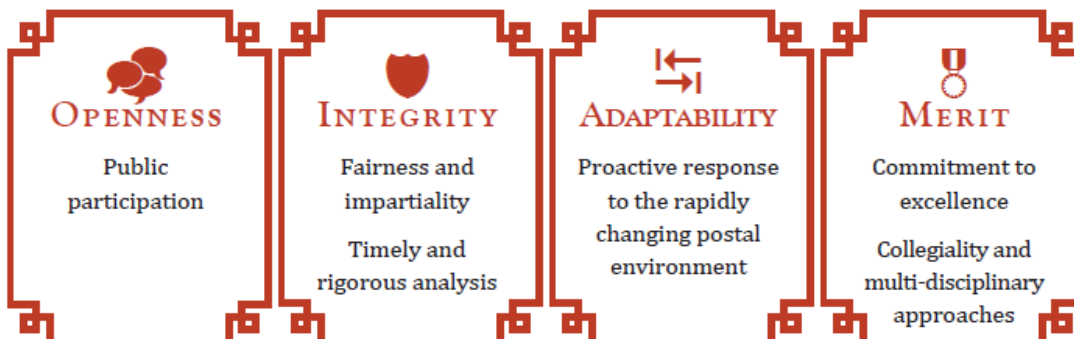
To be an independent regulator respected for effectively engaging postal stakeholders to promote a robust universal mail system through objective, accurate, and timely regulatory analyses and decisions.

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:



<https://www.prc.gov/>