Postal Regulatory Commission
Congressional Budget Justification
(Performance Budget Plan)
Fiscal Year 2018
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Executive Summary FY 2018

Since Fiscal Year (FY) 2009, Congress appropriates the Postal Regulatory Commission’s (Commission) budget out of the off-budget Postal Service Fund, which is the permanently appropriated revolving fund solely comprised of the monies that the United States Postal Service (Postal Service) controls and raises from selling its products and services. As a result, the Commission’s funds come from the Postal Service’s ratepayers rather than taxpayer monies, and represent a tiny fraction of the Postal Service’s $71.5 billion operation.

Pursuant to 39 U.S.C Section 2009, “The President shall include [the Commission’s appropriation request], with his recommendations but without revision, in the budget transmitted to Congress under section 1105 of title 31.” To accommodate the Office of Management and Budget’s request in the context of developing the administration’s budget, the Commission transmits the President’s $14.4 million appropriation recommendation, $778k less than the Commission’s request of $15.178 million.

After 8 years of reductions from the FY 2008 level, the Commission achieved increases in FY 2016 and FY 2017 that put it above the FY 2008 level for the very first time. As a result, the Commission, which dedicates 77 percent of its budget for salaries and benefits, was finally able to turn the corner on years of deferred hiring and deferred investments in Information Technology (IT) for cybersecurity protection. However, reductions similar to the low funding levels of FY 2008-2014 would result in a considerable setback of critical progress, and despite efficiencies, could harm the Commission.

The Commission promotes high quality universal mail service for the American people by ensuring Postal Service transparency, accountability, and compliance with the law, particularly on its rates, product offerings, service quality, and competition as a government entity. The Commission is the primary regulator of the Postal Service and provides analyses on postal operations to Congress, stakeholders, and the general public. The Commission’s job of regulating the Postal Service, the nation’s second largest civilian employer facing significant financial challenges, could not be more significant than it is now.

In FY 2016, the Postal Service had revenues of $71.5 billion. The Postal Service receives no taxpayer appropriations for its operations, which is solely funded from its delivery services and product sales. As the Postal Service continues to adapt its operations to the trends, including declining mail volume and growing expenses, the Commission continues to experience substantial increases in its workload. Over the last 4 years, the Commission’s docketed cases have increased an average of 18 percent annually, and increased by 33 percent in FY 2016. These cases have continued to increase in complexity; particularly those related to rates, new products, service changes, and competition. In FY 2018 the Commission will continue its work
on significant statutorily-mandated reviews, as well as an increasing number of complex cases. These deliverables require a professional staff with a unique set of skills to meet the dual demands of a growing, complicated workload and high quality standards. After accounting for the workforce requirements of Commissioners and their staff, and the administrative support personnel, the Commission has 46 highly skilled professional staff to perform the challenging analytical, technical, and legal work that is the core of the Commission’s regulatory responsibilities. In each docketed case, the Commission by law must also appoint a staff member to serve as an officer of the Commission to represent the interests of the general public. Therefore, the Commission must field “two teams” for every single case, further stretching resources. The administrative support staff’s workload also continues to expand due to the Commission’s increased responsibility to meet federal mandates such as emerging IT cybersecurity initiatives.

As a result of these demands and mandates, the Commission must have the requisite staff to accomplish the documented growing and more complex workload. While additional staffing is needed, if funded in FY 2018 as requested by the Commission (at a funding level less than FY 2017), the Commission will be able to maintain its quality work within current staffing levels, while continuing to achieve efficiencies in other areas and through implementation of its latest Strategic Plan. As highlighted previously, given that more than 77 percent of the Commission’s appropriation is dedicated to salary and benefits, any significant reductions beyond that requested will negatively affect the Commission’s ability to meet all of its statutory obligations.

The marginal increase in funding over the past 2 years has allowed the Commission to fill deferred vacancies and to begin funding previously deferred IT infrastructure and cybersecurity initiatives. For FY 2018, the Commission has prioritized its limited resources to ensure it has the necessary funding for completion of the statutorily-required 10-year rate review study. Also, if funded as requested by the Commission, the Commission will be able to continue modernizing its IT systems to ensure secure, reliable systems and improved cybersecurity capabilities in compliance with the Federal Information Security Modernization Act (FISMA) and other mandates. If the Commission is funded at a level significantly below its request, these cybersecurity modernizations will stop. The Commission, as a result of cybersecurity implementations put in place in FY 2017, now incurs new annual IT service fees of over $140k to pay for FISMA required Managed Trusted Internet Protocol Service (MTIPS), Dual-Factor Authentication, and other initiatives. These critical cybersecurity undertakings must be funded to ensure protection of the Commission’s IT systems.
Mission

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

Guiding Principles

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

- Openness
  - Public participation

- Integrity
  - Fairness and impartiality
  - Timely and rigorous analysis

- Merit
  - Commitment to excellence
  - Collegiality and multi-disciplinary approaches

- Adaptability
  - Proactive response to the rapidly changing postal environment

Vision

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
Background

The Commission is an independent establishment of the executive branch of the United States Government. It has exercised regulatory oversight over the Postal Service since its creation by the Postal Reorganization Act of 1970, with expanded responsibilities under the Postal Accountability and Enhancement Act (PAEA). The Commission is composed of five commissioners, each appointed by the President, by and with the advice and consent of the Senate, for a term of 6 years. No more than three of the commissioners may be adherents of the same political party. The President designates one of the commissioners to serve as chairman. The chairman is the principal executive officer of the Commission.

Commission staff has expertise in law, economics, finance, statistics, and cost accounting, and is organized into four operating offices:

- **Accountability and Compliance.** The Office of Accountability and Compliance is responsible for technical analysis and formulation of policy recommendations for the Commission in both domestic and international matters. It provides the analytic support for Commission review of rate changes, Negotiated Service Agreements (NSA), classifications of new products, post office closings, amendments to international postal treaties and conventions, as well as other issues.

- **General Counsel.** The Office of the General Counsel provides legal assistance on matters involving the Commission’s responsibilities and authorities, including defending Commission decisions before the courts, and advising the Commission on legislation, rulemaking and policies on procurement, personnel, ethics and other legal matters.

- **Public Affairs and Government Relations.** The Office of Public Affairs and Government Relations is the Commission’s primary resource in support of public outreach and education; media relations; and liaison with Congress, the Postal Service, and other government agencies. The office provides information for consumers and responds to their inquiries.

- **Secretary and Administration.** The Office of the Secretary and Administration (OSA) provides management and staff support to the Commission’s operational offices (including the Office of the Inspector General (OIG)). OSA is responsible for the Commission’s strategic plan, official records, budget and accounting, and various initiatives of the Executive Branch. OSA ensures that the Commission has the physical, financial, technological, and human capital infrastructure needed to accomplish its mission.

The Commission maintains an independent OIG. That office conducts, supervises, and coordinates audits and investigations relating to Commission programs and operations, and identifies and reports fraud and abuse.
Commission Achievements in FY 2016

The Commission achieved the following significant accomplishments in FY 2016 that support its mission to ensure transparency and accountability of Postal Service operations and foster a vital and efficient universal mail system.

1. The Commission published five major reports in FY 2016:

   - The *Annual Report to the President and Congress* (Annual Report) described the Commission’s accomplishments and activities as the regulator of the U.S. Postal Service.
   - The *Annual Compliance Determination* (ACD) reviewed the Postal Service’s compliance with pricing and service standards.
• The Analysis of Postal Service Financial Results and 10-K Statement for Fiscal Year 2015 provided an in-depth analysis of the Postal Service’s financial condition.

• The Review of Postal Service FY 2015 Performance Report and FY 2016 Performance Plan evaluated whether the Postal Service met its performance goals as required under Title 39 of the United States Code (U.S.C.), section 3653(d).

• The Section 701 Report Analysis of the Postal Accountability and Enhancement Act of 2006 assessed the operation of the PAEA and recommended to the President and Congress legislation and other means of improving the effectiveness and efficiency of our nation’s postal laws.

2. The Commission presided over the following rate and classification proceedings in FY 2016:

   • The review and approval of two proposals to adjust Market Dominant prices; including the approval of five temporary promotional discounts related to First-Class Mail and Standard Mail and the approval of six First-Class Mail and Standard Mail promotional discounts to be offered throughout calendar year 2017. The Commission also corrected an anomaly within First-Class Mail Parcel prices as part of its review.

   • The review and approval of Postal Service requests for changes in Competitive prices and classifications.

   • The approval of the Postal Service’s removal of the exigent surcharge.

   • The proposal of a standard for determining whether a mail preparation change has rate effects that impact the price cap. A Postal Service petition for reconsideration and clarification of the application of the standard is currently pending before the U.S. Court of Appeals for the District of Columbia Circuit.

   • The review and approval of the Global eCommerce Marketplace (GeM) market test and the extension of the Customized Delivery market test.

   • The approval of a Postal Service request to remove Global Direct Contracts from the Competitive product list.

   • The approval of a Postal Service request for an extension of an existing market test (Metro Post).

3. The Commission considered issues related to service performance measurement and reporting in two dockets. The Commission:
• Hosted two technical conferences to discuss the Postal Service’s statistical design plan for internal service performance measurement
• Issued a final order enhancing the reporting requirement of service performance measurement data that requires the Postal Service to regularly provide descriptions of current methodologies used to verify accuracy, reliability, and representativeness of data for each measurement system

4. The Commission considered proposals to change its costing methodologies and the analytical principles used by the Postal Service in its periodic reporting to the Commission. One of these, proposed by the United Parcel Service (UPS), resulted in a change in cost attribution methodology.

5. The Commission conducted several rulemakings related to rate and costing issues, including:
   • Proposed rules for regulating mail preparation changes that affect the price cap.
   • The consideration of 16 petitions proposing to change various accepted analytical principles. Proposals were submitted by UPS, the Postal Service, and other interested parties.

6. The Commission considered several postal price adjustments and Mail Classification Schedule (MCS) requests by the Postal Service for domestic and international Competitive products.

7. The Commission approved 281 Negotiated Service Agreements (NSAs) for Competitive products (186 domestic, 95 international) and over 50 amendments to existing NSAs. This is more than double the number of NSAs reviewed during FY 2015.

8. The Commission reviewed the Postal Service’s calculation of the assumed Federal income tax on Competitive products in a separate docket.

9. The Commission initiated several public inquiry dockets to solicit comments on: the development of the Section 701 Report, scope of public service or activity cost reporting, Commission jurisdiction over Post Office Closings and Consolidations, and Service Performance.

10. The Commission completed three rulemakings regarding updates to its rules of practice and procedures. The Commission:
• Revised and reorganized rules concerning *ex parte* communications
• Considered, but did not adopt, amendments to publishing rules concerning the Market Dominant and Competitive product lists
• Reviewed and adopted rules to replace existing regulations governing product lists and the MCS

11. In other proceedings, the Commission:
• Adjudicated two post office closing appeals.
• Reviewed and dismissed a complaint alleging violations of postal regulations and policies by the Postal Service.
• Issued an order that resolved issues on remand related to the Exigent price adjustment. The Postal Service filed a petition before the Court of Appeals for the District of Columbia Circuit for review of the basis of the Commission’s original decision related to the Exigent price adjustment as well as a second petition on the Commission’s denial of reconsideration of the “new normal” test. The Postal Service’s petitions were denied.
• Denied a Postal Service request to add Round-Trip Mailer to the Competitive product list.
• Dismissed a complaint by the American Postal Workers Union (APWU) alleging that the Postal Service failed to adhere to the service standards established as a result of the Mail Processing Network Rationalization Initiative. APWU filed a petition for review of the Commission’s decision before the Court of Appeals for the District of Columbia Circuit, which was denied.
• Dismissed a complaint concerning the sale and closure of the Atlantic Street station post office in Stamford, Connecticut.
• Issued an order resolving issues on remand concerning a Postal Service request to remove Return Receipt for Merchandise Service from the list of Special Services in the MCS. The Postal Service recently filed a petition for review of this decision before the Court of Appeals for the District of Columbia Circuit.

12. In its international postal policy role, the Commission:
• Continued its active role in the Universal Postal Union (UPU) Letters and Parcels Remuneration Groups on international letter mail and parcel delivery rates by chairing the UPU Regulatory Issues Project Group on behalf of the U.S. Government
• Continued collaboration on international postal issues with other government agencies such as the Department of State through its Federal Advisory Committee on International Postal and Delivery Services
• Adopted final rules describing general procedures related to the Commission’s views on proposals submitted for consideration at UPU Congresses that could affect a Market Dominant rate or classification
• Provided views to the Secretary of State on whether certain proposals for the 26th Congress of the UPU are consistent with the standards and criteria for modern rate regulation established by the Commission under 39 U.S.C. § 3622

13. In FY 2016, the Commission continued its commitment to support initiatives to recruit, develop, and retain a skilled, high-achieving, and diverse workforce. At the end of FY 2016, women and minorities accounted for 61 percent and 33 percent of the workforce, respectively. Women also filled 50 percent of the Commission’s executive positions; minorities filled 10 percent.

The Commission provided internship opportunities to aid in recruiting and developing professionals with diverse backgrounds to the Commission. It will continue efforts to increase diversity in the workforce through outreach and recruiting at local universities, veterans’ groups, and other organizations and groups that target under-represented populations.

14. The Commission continued its commitment to transparency, accountability, and compliance with the Freedom of Information Act (FOIA), which resulted in a favorable review in the Department of Justice’s FY 2016 Assessment of Agency Progress. The Commission ended the year with no backlog of FOIA requests or appeals.

15. As part of its mission to ensure transparency, accountability, and openness, the Commission continued to provide live and archived webcasts of hearings, technical conferences, and public meetings. These offerings were expanded in FY 2016 to include video webcasts. These are available on the Commission’s website, www.prc.gov.

16. The Commission focused on improving its records management program to ensure compliance with the Presidential Memorandum on Managing Government Records (November 28, 2011) and OMB/NARA Directive M-12-18 (Directive). The records management team worked closely with IT to issue an update on acceptable use and retention of email records. Records management training was provided to all Commission staff to educate and inform them of their records management
responsibilities. In FY 2016, the Commission developed the requirements for an electronic records management system, with the goal of finalizing implementation in FY 2018. The Commission received positive ratings from the U.S. National Archives and Records Administration (NARA) for proceeding with and strengthening its records management program.

17. The Commission is committed to maximizing efficient use of appropriated funds. It has strengthened financial management processes by implementing internal controls, reconciliation initiatives, and a comprehensive budget development process to ensure appropriated funds are being managed efficiently.

18. In response to the 2009 presidential memorandum regarding government contracting, and in line with Executive Order 13576, “Delivering an Efficient, Effective, and Accountable Government” (2011), the Commission is in the process of updating its procurement policy and process. The new policy is centered on strengthening the Commission’s commitment to best value and promoting a fair and equitable procurement opportunity for all vendors.

19. The Commission joined the Department of Homeland Security’s Cyber-hygiene and Continuous Diagnostics and Mitigation (CDM) programs to strengthen the Commission’s cybersecurity posture and provide management with relevant and timely information about threats and vulnerabilities to the Commission IT systems.

20. The Commission issued a revised pay and performance policy and process to ensure fair and transparent pay processes.

21. Other activities performed by the Commission include:
   - The development of the Commission’s five year Strategic Plan for fiscal years 2017-2022
   - The processing of more than 5,500 inquiries, questions, suggestions and comments from the general public, which primarily involved undelivered, delayed, mis-delivered, and missing mail
   - Further website enhancements addressing ease of navigation and compliance with Section 508c of the Rehabilitation Act
   - Testimony before the U.S. Senate Committee on Homeland Security and Governmental Affairs and the U.S. House Oversight and Government Reform Committee
While a reduction from the FY 2017 appropriation, the Commission’s request of $15.178 million will allow the agency to meet its mission of ensuring transparency and accountability of the Postal Service, and fostering a vital and efficient universal mail system. To accommodate the Office of Management and Budget’s request in the context of developing the administration’s budget, the Commission transmits the President’s $14.4 million appropriation recommendation, $778k less than the Commission’s request of $15.178 million.

The Commission’s budget request for this year includes a focus on five funding priorities: staffing, cybersecurity, training, lease, and statutory obligations. If funded at much lower levels, the Commission would all but eliminate training, table projected cybersecurity initiatives, reduce contracted IT services, forgo hiring to full complement, and may cause difficulty meeting the President’s projected budget pay increase by the full 1.9 percent. This would ultimately impact the Commission’s ability to meet statutory responsibilities as 77 percent of its budget is for salaries and benefits.

The Commission’s two primary expenditures are payroll and lease obligations. These two expenditures account for 90 percent of the annual appropriation. (See Chart 1 Overview of FY 2016 expenditures).

The PAEA requires the Commission to execute a broad range of responsibilities relying on a staff with a unique set of skills, knowledge, and competencies. As the Commission’s mission continues to evolve in complexity and depth, the need for training has become more evident to keep abreast of current trends in law, economics, accounting, and policy. In FY 2017, the Commission implemented mandatory Individual Developmental Plans (IDPs) for all employees to link training to mission, strategic goals, and budget. In FY 2018, if funded as requested by the Commission, the staff will be able to continue receiving much needed job specific training, which, prior to FY 2016, had been deferred for years due to limited funds.

The Federal Government has also experienced many well-publicized cybersecurity challenges, and has issued legislation and mandates to meet these challenges, which, in turn results in growing requirements for the IT budget line. If funded as requested by the Commission at $15.178 million, the Commission will continue with needed IT infrastructure upgrades, and be able to absorb the $140k annual cost of the on-going increased service fees and maintenance agreements.

The Commission is committed and confident that, with the approved requested amount of $15.178 million, the Commission will continue to achieve its mission.
Chart 1

Overview of FY 2016 Expenditures

Expenditures FY 2016

Compensation and rent account for 90 percent of Commission expenditures
NOTE: In the 8th month of FY 2017, after the Continuing Resolution (CR) budget ($15.2 million) was produced, Congress passed the Consolidated Appropriation Act, 2017, providing an additional $1.0 million for the Commission bringing the total FY 2017 appropriation to $16.2 million.
**Commission’s Statutory Responsibilities Increase**

In FY 2017, the 10-year anniversary of the PAEA’s enactment, the Commission began three critical reviews mandated by law. In FY 2018, the Commission will finalize:

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

The continuation of these evaluations will entail intensive work and analysis by the Commission, involve extensive public participation, and require a significant share of the Commission’s resources.

**In Addition to Statutory Mandates, Workload Continues To Grow**

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

As the Postal Service implements changes to operating hours, delivery service, and the processing infrastructure, the Commission would in turn be required to adjudicate several highly complex cases related to these changes. Additionally, the Postal Service will propose new products, services, and NSAs to generate additional revenue. The Commission must review these initiatives and service agreements to ensure a predictable, transparent, and effective system of rate and product regulation that complies with the law. As a result, the Commission will handle an increasing number of complex dockets.
The Commission anticipates many new challenges as the Postal Service and interested stakeholders explore the legal boundaries of the PAEA. For example, the Commission will be processing an increasing number of contentious cases involving requests to expand the number of Postal Service Competitive product offerings, either through the creation of new Competitive products or the transfer of existing Market Dominant products to the Competitive products list.

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

The Commission serves an integral role in helping the Department of State to formalize and promote U.S. Government positions in the UPU, particularly in promoting greater transparency and accountability.

**Cybersecurity and Information Technology Infrastructure Improvements**

The Commission seeks to improve its IT infrastructure and cybersecurity posture by implementing much-needed security enhancements and upgrades to the external website and docket system. Great strides were made in FYs 2016 and 2017 toward hardening our systems and increasing our monitoring capabilities. In FY 2018, if funded as requested by the Commission, the Commission will continue these critical projects to ensure the security of our data and systems in the face of increased cybersecurity threats, obtaining up-to-date technology that ensures cyber risks are systematically and effectively identified, evaluated, and mitigated. One result of implementing increased capabilities is the on-going budgetary impact of annual licensing, service, and maintenance fees.

The Commission also intends to continue developing a modernized digital infrastructure, with emphasis in FY 2018 on records management and website updates. The Commission will finalize the implementation of an electronic records management system, including email and
document control. This system provides compliance with OMB/NARA Records Management directives, and improves the safeguards and security of our records. The Commission also intends to implement an electronic timekeeping system, to move from an outdated, paper-based system. The Commission also intends to enhance our website to ensure compliance with Section 508 of the Rehabilitation Act, as well as conduct network phishing and penetration testing. In FY 2016, the Commission submitted its transition plan to the General Services Administration (GSA) as required for the upcoming telecommunication transition from Networx to Enterprise Infrastructure Solutions (EIS). In FY 2018, the Commission will continue to work with GSA on the transition activities to make certain that the Commission has a compliant and up-to-date telecommunication infrastructure. All of these enhancements and upgrades would be suspended if the enacted budget is a significant reduction below the Commission requested level.

The following chart details the various IT projects that the Commission intends to implement, along with their estimated costs.

**IT Phase II Project Plan**

<table>
<thead>
<tr>
<th>FY 2018 Project List</th>
<th>Budget Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernization of Thin Clients (refresh), New Network Storage (replacement) and conference/hearing room (repairs and upgrades)</td>
<td>$130,000</td>
</tr>
<tr>
<td>Website enhancements, including 508c testing</td>
<td>$20,000</td>
</tr>
<tr>
<td>Purchase and implement automated system for timekeeping</td>
<td>$50,000</td>
</tr>
<tr>
<td>EIS transition planning</td>
<td>$25,000</td>
</tr>
<tr>
<td>Help desk ticketing solution</td>
<td>$10,000</td>
</tr>
<tr>
<td>System Testing (phishing and penetration testing)</td>
<td>$25,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$260,000</strong></td>
</tr>
</tbody>
</table>

1. Indirect cost from service level agreements and maintenance contracts from the implementation of Phase 1 is not included in the list above and the annual cost is $143K
2. This estimate does not include IT contract support and its annual cost is $150K

**NOTE:**

*If funded less than requested by the Commission, these items may be suspended or delayed until funding becomes available in future years*
**Budget Program Information**

The Commission’s FY 2018 Performance Budget Plan has four programs consisting of: (1) Postal Service Accountability; (2) Public Access and Participation; (3) Integration and Support; and (4) the OIG. These programs are aligned with the goals contained in the Commission’s *Strategic Plan*.

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018 President's Recommendation</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$000</td>
<td>FTE</td>
<td>$000</td>
</tr>
<tr>
<td>Postal Service Accountability</td>
<td>7,100</td>
<td>46</td>
<td>7,100</td>
</tr>
<tr>
<td>Public Access and Participation</td>
<td>1,000</td>
<td>13</td>
<td>1,000</td>
</tr>
<tr>
<td>Integration and Support</td>
<td>6,100</td>
<td>15</td>
<td>6,100</td>
</tr>
<tr>
<td>Office of the Inspector General</td>
<td>1,000</td>
<td>3</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,200</strong></td>
<td><strong>77</strong></td>
<td><strong>15,200</strong></td>
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</table>

A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the further Continuing Appropriations Act, 2017 (P.L. 144-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

In the 8\textsuperscript{th} month of FY 2017, after the Continuing Resolution (CR) budget ($15.2 million) was produced, Congress passed the Consolidated Appropriation Act, 2017, providing an additional $1.0 million for the Commission bringing the total FY 2017 appropriation to $16.2 million.
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), $14,400,000*, to be derived by transfer from the Postal Service Fund and expended as authorized by section 603(a) of such Act.

*Note: Pursuant to 39 U.S.C Section 2009, “The President shall include [the Commission’s appropriation request], with his recommendations but without revision, in the budget transmitted to Congress under section 1105 of title 31.” However, to accommodate the Office of Management and Budget’s request in the context of developing the administration’s budget, the Commission transmits the President’s $14,400,000 appropriation recommendation, $778,000 less than the Commission’s request of $15,178,000.
A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the further Continuing Appropriations Act, 2017 (P.L. 144-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.
After the budget was produced, Congress passed the Consolidated Appropriation Act, 2017, and provided an additional $1.0 million to the Commission bringing the total FY 2017 appropriation to $16.2 million. The FY 2017 obligation by object class reflecting this additional funding is depicted below.

<table>
<thead>
<tr>
<th>Object Classification</th>
<th>FY 2017 (Actual)</th>
</tr>
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<tbody>
<tr>
<td>Personnel Compensation</td>
<td>12,248</td>
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<tr>
<td>Other Personnel Compensation</td>
<td>170</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>12,418</strong></td>
</tr>
<tr>
<td>Supplies</td>
<td>41</td>
</tr>
<tr>
<td>Office Furniture and Equipment</td>
<td>8</td>
</tr>
<tr>
<td>Office Equipment Rental and Repair</td>
<td>15</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>249</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>986</td>
</tr>
<tr>
<td>Advertising</td>
<td>8</td>
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Strategic Goals, Work Plans, 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 2018 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 measurable 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 2018 Work Plan:

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

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

- Execute a visible and effective advisory role in regard to Postal Service proposals for changes in the nature of U.S. postal services, such as proposed changes in nationwide
services. Issue special reports on Commission evaluation of potential policy and systemic changes.

- On an annual basis, evaluate compliance with standards for service performance (39 U.S.C. section 3653) and continue to evaluate the extent to which the Postal Service must use an external versus an internal measurement system.
- Consult on, revise, and augment performance standards and goals for market-dominant products.
- Review quarterly service performance data and maintain reports on website.

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

- Refine and augment the system for regulating rates and classes for Market Dominant products.
- Review and evaluate Postal Service proposals to move products between Market Dominant and Competitive product classifications.
- Review, analyze, and evaluate workshare discounts, NSAs, and market tests. Issue timely, accurate reports and findings on these reviews.
- Review, analyze, and evaluate Postal Service requests for rate changes.
- Review Postal Service and other parties’ requests for changes to cost methodologies.

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

- Calculate cost of the universal service obligation on an annual basis
- Maintain and improve understanding of universal mail system

The Commission will measure success by the timeliness, thoroughness, relevance, and accuracy of its readable work products. These indicators will be supplemented by feedback from Commissioners, the Postal Service, Congress, the postal community, and other stakeholders.
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 2018 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 2018 Work Plan:

- Maintain and update comprehensive strategy for outreach to the public and media. Implement consistent messaging, updating, and branding for public documents and the Commission’s website.

- Continue to enhance government relations through proactive outreach and relationship building with Congress, the Executive Branch, Federal, State, and local governments.

- Maintain a timely system to track, analyze, and respond to public and consumer inquiries and correspondence, including “informal complaints.”


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

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

The Commission will measure success by the:

• Percentage of post office appeals resolved within 120 days
• Percentage of formal complaints in which affirmative action was taken within 90 days
• Percentage of rate and service inquiries in which responsive information is obtained within 60 days

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

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

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

**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 2018 Work Plan Strategies

- Optimize IT capabilities.
- Strengthen and modernize the records management program.
- Conduct cost-benefit analysis of options for providing support services.
- 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.
- Ensure that each action plan appropriately identifies how they will work with other departments.
- 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 Strategic Plan.
- Maintain the Commission’s strong commitment to equal employment opportunity.
- Involve employees and participants as agents of diversity, inclusion and mutual respect.
- Institutionalize succession planning to include training, workforce forecasting, and knowledge transfer.
- Develop HR analytics to inform decision-making.
FY 2018 Work Plan:

- Develop and maintain the Commission’s annual budget and fiscal processes based on administration guidance.
- Assess all IT security policies, practices, and enforcement procedures to ensure functionality and security of electronic communication systems such as website, dockets, LAN, webcasts, email, VOIP, etc.
- Execute FY 2018 IT project plan.
- Ensure that Commission records are properly maintained in accordance with policies and procedures.
- Continue to improve the records management program at the Commission. Review and modify, as necessary, records schedules and policies to meet records management directives and to simplify Commission workflow processes.
- Ensure the website – both internal and external – is current, accessible, and useful to stakeholders.
- Continue to maintain financial controls to ensure adequate fiscal responsibility.
- Ensure equipment and facilities are sufficient, safe, and secure.
- Implement necessary technology to improve records management, including systems necessary to manage all electronic records.
- Enforce up-to-date IT security requirements.

The Commission will measure success in IT management by:

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

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

- Ensuring a score above 85 on NARA’s annual assessment
- Ensuring that the Commission meets its records management goals and is in compliance with the NARA directive deadlines
- Ensuring that the Commission is “all green” on the annual FOIA assessment
- Ensuring that the Commission completes all required reports and FOIA requests accurately and in a timely manner

The Commission will measure success in improving financial management by:

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

• Continuing to update the Human Capital Strategic Plan, including a succession plan, as needed, to ensure alignment of the workforce and work environment with the Commission’s mission

• Implementing hiring policies and procedures, including more robust tracking of targeted recruitment efforts, to attract and select highly qualified candidates into positions required to achieve the mission within projected budget constraints

• Continuing to implement a performance management system that rewards outstanding contributions to the Commission, and addresses employee development to retain high performing staff

• Identifying and sponsoring training and development opportunities to develop employees, targeting leadership development of managers and supervisors

• Continuing to monitor the results of the Federal Employee Viewpoint Survey (FEVS), and implementing solutions to achieve continuous improvement

• Maintaining and enforcing up-to-date human resources policies and procedures (e.g., compensation, benefits, Equal Employment Opportunity (EEO) to ensure a fair, consistent, and sustainable application

The Commission will measure success by:

• Conducting semi-annual pay analysis and annual demographic analysis

• Continuing the systematic review of human resource policies and update to ensure alignment with best practices and current regulations

• Ensuring positions are aligned with the Commission’s mission by updating position descriptions as needed

• Using the FEVS results to measure leadership effectiveness as compared to the FY 2017 baseline

• Tracking the targeted recruitment efforts by sending vacancy notices to diversity and affinity groups, as well as colleges and universities, to improve the applicant pool for any open positions

• Ensuring that FEVS Action Plan timelines are met

• Ensuring all goals in the Commission’s OSHA plan are met
Office of the Inspector General

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

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

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

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