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INSIGHT

Changes to Postal Regulatory Commission Administration in the Postal Service Reform Act of 2021

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The Postal Service Reform Act of 2021 (H.R. 3076 and the similar, but not identical, S. 1720) includes a number of provisions that would alter the authority and operations of the U.S. Postal Service (USPS) and the Postal Regulatory Commission (PRC). The chair of the House Committee on Oversight and Reform, Representative Carolyn Maloney, a co-sponsor of H.R. 3076, has described the legislation as "crucial to help the Postal Service get on a sustainable financial path for the future and ensure that the Postal Service is transparent with Congress and the American People." Discussion of the legislation has focused on the finances of USPS but has also highlighted other changes, such as the provision of paid leave for postal employees.

This Insight discusses two provisions of the legislation that would affect the operations of the PRC and certain aspects of its relationship to USPS. The Insight begins with a brief summary of relevant aspects of the PRC's organization and authority and then proceeds to describe and analyze Sections 205 and 209 of the Postal Service Reform Act, as introduced in the House.

Postal Regulatory Commission

The PRC (previously named the Postal Rate Commission) was established by the Postal Reorganization Act of 1970 as an independent agency with oversight authority and reporting obligations covering certain aspects of USPS including rate setting and performance. This role often puts the PRC at the center of discussions about USPS services, finances, and sustainability. The authority of the PRC was changed in 2006 by the Postal Accountability and Enhancement Act (PAEA; P.L. 109-435), which adjusted the PRC's role in the ratemaking process and granted it additional authority, including the power to issue subpoenas. The PAEA also established additional independence for the PRC by ensuring that the agency's budget request is included in a transparent manner in the President's budget and providing the agency with its own inspector general (IG) to conduct USPS audits, investigations, and other oversight.

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Section 205—Budget Submission Process

Section 205 would amend the review and submission process for the PRC's budget. Under current law (39 U.S.C. §504(d)), the PRC, which is supported by the Postal Service Fund, is required to prepare and submit a budget request each year. When USPS submits its budget request to the Office of Management and Budget as part of the development of the President's budget, it is required to include the PRC's request. The President is then required to submit that request to Congress as part of the budget. The President is allowed to offer recommendations related to the PRC's budget but may not revise the request. Prior to the passage of the PAEA in 2006, the PRC's budget request was submitted to the USPS Board of Governors and incorporated into the USPS budget but was not reported separately in the President's budget.

The Postal Service Reform Act of 2021 appears to return to a process similar to the one used prior to the passage of the PAEA by providing the board an opportunity to revise the budget request. Specifically, Section 205 would amend Title 39, Section 504(d), of the *U.S. Code* by specifying that, beginning in FY2022, the PRC must submit an annual budget to the board by September 1 of each year. Submission of the request to the board would begin a 30-day window in which the board could, by "unanimous written decision," adjust the total funding request. The provision does not authorize the board to "adjust any activity proposed to be funded by the budget." If the board does adjust the total funding request, the PRC itself allocates that adjustment across its budget. After adjustments are allocated, or if the board makes no adjustments, the budget is deemed approved and the funds are available to the PRC from the Postal Service Fund.

Section 209—Inspector General

Section 209 would amend the Inspector General Act of 1978 (IG Act) by placing the PRC under the oversight jurisdiction of the IG for USPS and eliminating the separate Office of Inspector General for the PRC. As noted, that office was established by PAEA in 2006. Currently, the PRC IG is appointed by the PRC's commissioners and can be removed only by a two-thirds majority of that group.

The PRC Office of Inspector General consists of an IG and two other employees, according to its most recent semi-annual report to Congress. While, according to one 2002 Government Accountability Office review, smaller Offices of Inspector General may face certain challenges due to their size, and consolidation may impact the independence of those IGs, they may offer certain advantages, including their relationship with the agencies they oversee and the level of attention for the activities of those agencies compared to what a larger agency's Office of Inspector General might provide.

Past actions by Congress have resulted in the elimination of certain statutory Offices of Inspector General. These historical examples followed the dissolution of agencies (e.g., the Interstate Commerce Commission and the Panama Canal Commission) as well as the reorganization and consolidation of agency functions (e.g., the Federal Emergency Management Agency's consolidation into the Department of Homeland Security and the reorganization of the duties of the U.S. Information Agency into the Department of State).

While there is not a single method for weighing the costs and benefits of IG consolidation, Congress may consider the nature of the work produced by the PRC IG and whether the USPS IG will be able to provide similar or enhanced oversight of the PRC.

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