



Postal Regulatory Commission

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Press Release

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Statement of Michael Kubayanda, Chairman of the Postal Regulatory Commission, on the Adjustment to the Commission's Budget by the Governors of the United States Postal Service

I appreciate the Governors' approval of a budget but am disappointed that they declined to fund the Commission's modest request of \$22.6 million, less than .03 percent of Postal Service revenues. Most importantly, this process raised red flags about potential risks to the Commission's independence.

The Governors did [acknowledge](#) that the Commission's total FY 2024 costs are \$27.2 million. I thank the Governors for recognizing this, as it is important for the Commission's trajectory. While the \$27.2 million cited by the Governors is \$1.5 million less than the Commission's projected costs, this amount must serve as a baseline for FY 2025 and longer-term budgets funded by the Postal Service to avoid degrading the Commission's capacity, eliminating positions in the understaffed agency, and stopping long overdue technology upgrades.

Congress created the Commission to provide transparency and accountability of the Postal Service. This budget cycle appeared to reverse the agencies' statutory roles. The Governors asserted that their adjusted budget is "entirely sufficient" and questioned the Commissioners' judgment about regulatory staffing levels, use of outside expertise, and capital investments.

Stewardship of Postal Service funds is important, as the Governors note, even for small amounts relative to the size of the agency. However, Congress did not intend for the Postal Service to determine the scope of its regulator's activities. The Comptroller General of the United States [cautioned](#) a prior group of Governors applying the same budget provision that "the scope of the activities of the Commission should not be subject to the perceptions of the Governors or the state of the Service's financial condition." The Comptroller General highlighted for the Senate the potential for "abuse by the Postal Service's Board of Governors of its approval authority over the amount the Commission can spend." The Governors have historically respected these concerns.

Future Commission Budgets Will Need to Cover Long-Term Costs

The \$21.124 million provided by the Governors will not cover the Commission's increased expenses for FY 2024: rent and cost of living adjustments (COLAs) for current employees. Rent

and COLAs will increase the Commission's expenses by \$2 million next year; yet the Governors increased their funding of the Commission by \$0.5 million over the FY 2023 approved budget.

Even as the Governors acknowledge the Commission's \$27.2 million in overall costs, they assume that essential and recurring expenses can be funded from other limited sources of funding. The Commission won two competitive [awards](#) from the Technology Modernization Fund, funded by the [executive](#) branch rather than postal ratepayers, that can be used only for technology investment.

The Commission also utilizes a fixed multi-year fund held by the Postal Service to pay for consulting and non-recurring expenses such as capital investments in infrastructure. These expenses were not included in the Commission's \$22.6 million budget request to the Governors.

The Commission believes it is prudent to match recurring costs such as employee compensation and facilities with long-term funding in its annual budget received from the Postal Service. By declining to cover the full \$22.6 million requested by the Commission, the Governors are effectively forcing the Commission to pay for recurring costs out of the fixed multi-year account. Unless the Governors are willing to fully fund regulatory expenses on an annual basis going forward, long-term expenses could exceed long-term funding and require regulatory cutbacks that would harm the public interest.

In a micro agency, describing growth through percentages can be misleading. For perspective on the percentage growth numbers cited by the Governors, in the last two years the Commission has seen the following.

- Overall, the Commission will have grown from 74 to 84 employees by the end of this fiscal year.
- The analytics team grew from 0 to 4 employees.
- The Commission is presently establishing centralized databases, information management systems, and cybersecurity monitoring to conform with the law, federal policy, and best practices. The information management and governance group grew from 0 to 2 employees.

Capacity is Needed for Oversight of Delivering for America and Postal Service Performance

The investments in the Commission's capacity have allowed it to support a public inquiry into the Delivering for America plan (DFA). The Commission retained one expert in postal operations, for example. DFA has raised bipartisan concerns about longer delivery distances and the elimination of retail options, especially in rural and semi-rural areas. While the Postmaster General has objected to the inquiry, customers and Members of Congress have reached out to the Commission for transparency and objective insights into DFA.

The Postal Service has also lost \$5.8 billion in the first three quarters of FY 2023, despite management projections that it would break even this year. After billions of dollars in legislative aid, rapidly escalating prices, and promises of cost reductions from DFA, stakeholders and policymakers are demanding more oversight from the Commission.

Limiting the Commission's capacity will reduce the resources that the Commission can dedicate to providing transparency into DFA and overseeing the Postal Service's performance.

We hope the Commission can work with policymakers to prevent any damage to the postal governance framework created by Congress.

The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five presidentially-appointed and Senate-confirmed commissioners, each serving terms of six years. The President designates the chairman. In addition to Chairman Michael Kubayanda, the other commissioners are Vice Chairman Mark Acton and Commissioners Ann Fisher, Ashley Poling, and Robert Taub. Follow the PRC on Twitter: @PostalRegulator and LinkedIn.