



Changes to Postal Regulatory Commission Administration in the Postal Service Reform Act of 2022

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The House Committee on Rules has released [a revised version](#) of the Postal Service Reform Act of 2021 (H.R. 3076) scheduled to be considered on the House floor during the week of February 7. H.R. 3076 was marked up by the House Committee on Oversight and Reform (HOR Committee) on May 13, 2021. (That committee has also issued a [report](#) on the legislation.) The version of the bill expected to be made in order for floor consideration is the bill reported by the HOR Committee with additional [modifications](#).

The bill 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). Representative Carolyn Maloney, HOR Committee chair and 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.”

This Insight discusses two provisions of the Rules Committee’s version of the legislation that would affect the operations of the PRC and certain aspects of its relationship to USPS. It 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 bill.

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 providing that the agency’s budget request is included in a transparent manner in the President’s budget and creating a new inspector general (IG) for the agency.

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Section 205—Budget Submission Process

Section 205 of H.R. 3076 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 [executive budget process](#), 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.

H.R. 3076 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 request 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. As [noted in the committee report on the legislation](#), this would allow PRC, like USPS, to continue operations in the event of a government shutdown.

Section 209—Inspector General

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

H.R. 3076 (under the House Rules Committee text) would also adjust the appointment and removal methods for the USPS IG under [Title 39, Section 202\(e\), of the U.S. Code](#). Currently, the USPS IG is appointed by the USPS Board of Governors and may be removed only for cause and by written concurrence of seven governors. Under this legislation, the USPS IG would be appointed by a majority of both the governors and PRC commissioners and could be removed only for cause and by the written concurrence of seven governors and three PRC commissioners.

Congress has consolidated and eliminated statutory Offices of Inspector General. These historical examples followed the dissolution of agencies (e.g., the Interstate Commerce 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).

Author Information

Ben Wilhelm
Analyst in Government Organization and Management

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