

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

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The Postal Service Reform Act of 2022 (P.L. 117-108, H.R. 3076) makes two potentially significant changes to oversight of the Postal Regulatory Commission (PRC). First, the act changes the approval process for the PRC's annual appropriation. Under the new law, the PRC will submit its annual budget request to the United States Postal Service (USPS) Board of Governors. The board has final approval authority for the budget and may reduce the total request in specified circumstances. Previously the PRC's request was submitted to the Office of Management and Budget and included in the President's annual budget.

Second, the act eliminates the position of the inspector general (IG) for the PRC. Instead, PRC oversight will be performed by the USPS IG, who will now be appointed by agreement of both the USPS board and the PRC commissioners.

President Joe Biden signed the legislation, which also alters key aspects of the operations and finances of USPS, on April 6, 2022. The measure passed with bipartisan support in both chambers following several months of negotiations. This Insight analyzes the two sections of the act summarized above and how they relate to prior law in these areas.

## Postal Regulatory Commission

The PRC (previously named the Postal Rate Commission) was established by the [Postal Reorganization Act of 1970](#) as an independent agency. It has 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 for the agency.

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## Section 205—Budget Submission Process

Section 205 of P.L. 117-108 changes the review and submission process for the PRC's budget. Previously, the PRC, which is supported by the [Postal Service Fund](#), was required to prepare and submit a budget request each year. When USPS submitted its budget request to the Office of Management and Budget as part of the [executive budget process](#), it was [required to include the PRC's request](#). The President was allowed to offer recommendations related to the PRC's budget but could not revise the request. Prior to the passage of the PAEA in 2006, the PRC's budget request was submitted to the USPS board and incorporated into the USPS budget but was not reported separately in the President's budget.

P.L. 117-108 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 of the law amends [Title 39, Section 504\(d\)](#), of the *U.S. Code* by specifying that the PRC must submit an annual budget request to the board by September 1 of each year. This submission begins a 30-day window in which the board may, 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 for the PRC is deemed approved and the funds are available to the agency 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 of the act amends the Inspector General Act of 1978 ([5 U.S.C. Appx.](#)) by placing the PRC under the oversight jurisdiction of the IG for USPS and eliminating the separate Office of Inspector General for the PRC. The PRC IG, which had been established by the PAEA in 2006, was appointed by the PRC's commissioners and could be removed only by a two-thirds majority of that group.

P.L. 117-108 also alters the appointment and removal methods for the USPS IG under [Title 39, Section 202\(e\)](#), of the *U.S. Code*. Previously, the USPS IG was appointed by the board and could be removed only for cause and by written concurrence of at least seven of the nine governors. Going forward, the USPS IG will be appointed by a majority of both the governors and PRC commissioners and may be removed only for cause and by the written concurrence of at least seven governors and three of the five PRC commissioners.

Congress has consolidated and eliminated other 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).

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