



OFFICE *of* INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Congressional Budget Justification

Fiscal Year 2025

Executive Summary

The President's fiscal year (FY) 2025 Budget provides funding of \$293,950,000 to the U.S. Postal Service Office of Inspector General (OIG) for ongoing operational expenses. This document highlights our key initiatives, presenting perspective and context for our budget needs and areas of focus for FY 2025. It also highlights our FY 2023 accomplishments and activities.

The Postal Service is part of the nation's critical infrastructure, and our office continually aligns our mission resources to concentrate on the agency's highest-risk areas. We have historically focused on timely mail delivery, postal costs, and operational efficiencies. We expect this work to increase as the agency continues to implement large, nationwide changes and execute key aspects of the 2022 Postal Service Reform Act. The OIG's goal is to provide transparency into the impacts of these changes, making recommendations to enhance the efficiency of postal operations and to ensure the integrity of election mail in the coming national election. We will also continue our efforts to combat the opioid epidemic and the distribution of illegal narcotics through the mail. The Postal Service Reform Act also expanded our oversight mission to include the Postal Service's regulator, the Postal Regulatory Commission (PRC).

We historically achieve significant results with an efficient and lean staff. Compared to all OIGs, our OIG has the lowest ratio of employees relative to its parent agency (one OIG employee for every 648 postal workers). Our results represent a prudent return on investment (ROI), as the financial benefits to the Postal Service from our work are greater than the total cost of our annual budget. For example, in FY 2023, the OIG returned nearly \$7 for every \$1 invested in our FY 2023 budget.

A fully funded OIG is vital to protecting our nation's Postal Service, particularly since our complement has declined steadily over a 10-year period. The Postal Service's total personnel and revenue have grown substantially during that same period, with increases of 4 percent and 16 percent, respectively. The President's Budget of \$293,950,000 will enable the OIG to continue to play a critical role in overseeing Postal Services and the PRC, a key part of our nation's infrastructure, ensuring confidence in the integrity and safety of the mail.

Table of Contents

I.	PROPOSED FISCAL YEAR 2025 BUDGET	3
II.	CRITICAL FOCUS AREAS FOR FY 2025	4
A.	Maintaining Major Narcotics Work	5
B.	Combatting Fraud in Government Programs	6
C.	Oversight of Political and Election Mail	7
III.	OIG PERFORMANCE/RESULTS	8
A.	Improving the Safety and Security of the Mail.....	8
B.	Ensuring High-Quality Mail Service to the American Public	9
C.	Ensuring the Integrity and Accessibility of Government Services.....	12
D.	Summary of the OIG's FY 2023 Performance.....	13
IV.	BUDGET DETAILS AND TABLES	13
A.	Budget Summary.....	13
B.	Appropriations Table	14
C.	Budget Adjustments Table (in thousands)	15
D.	Budget Increases and Decreases Descriptions (in thousands)	16
E.	Reimbursable Authority	17
F.	Appropriation Language	17
G.	Legislative Mandates.....	17

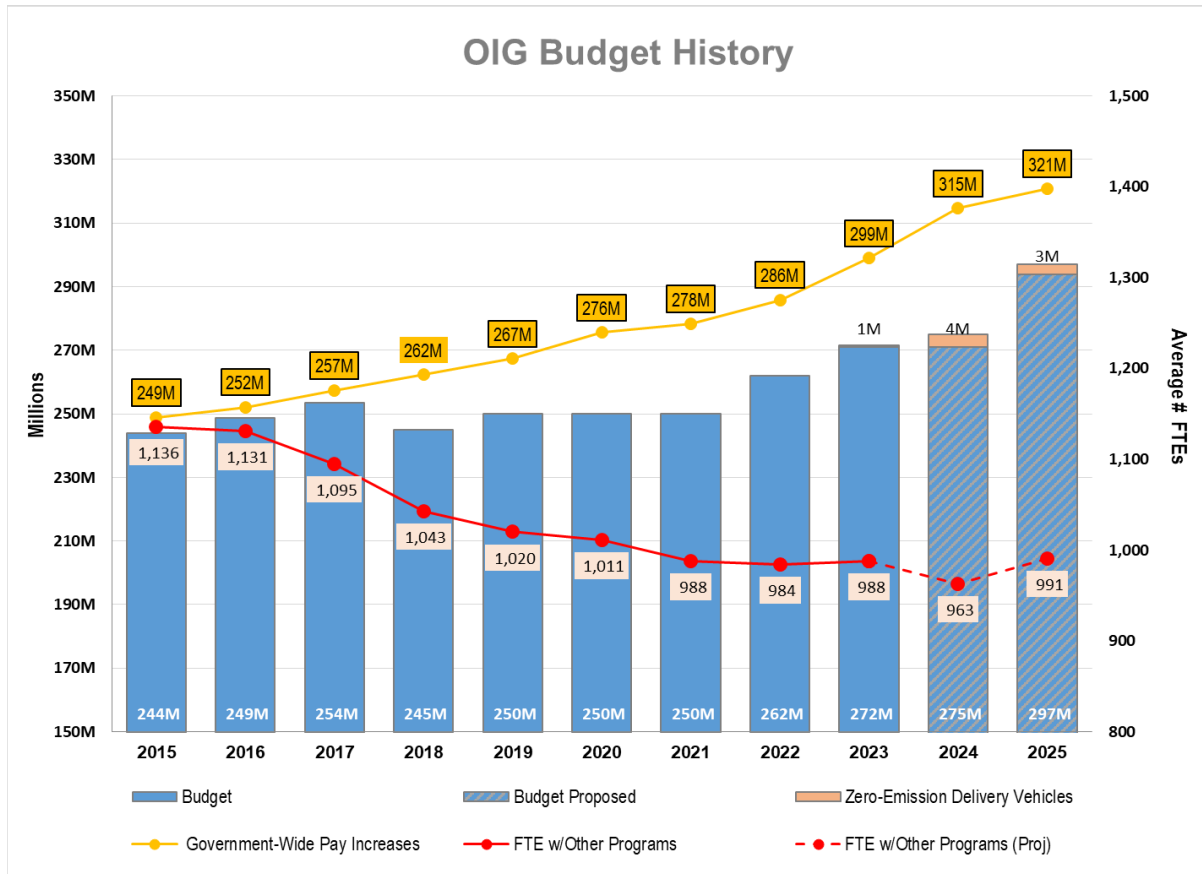
I. PROPOSED FISCAL YEAR 2025 BUDGET

The FY 2025 President’s budget provides the U.S. Postal Service Office of Inspector General (OIG) \$293,950,000 to fund its planned FY 2025 operations. This will allow the agency to continue important work in the OIG’s oversight and investigations over the Postal Service’s operations and to continue to combat narcotics trafficking in the U.S. Mail.

The proposed budget is an 8 percent increase from our FY 2024 funding level and supports an FTE level of 983. The proposed budget nearly restores our staffing levels back to our FY 2023 FTE level of 985, which was later reduced to 949 in FY 2024.¹

As shown in the chart below, the OIG budget has not kept pace with government-wide personnel salary increases in the past decade. In years with flat budgets and concurrent rises in federal personnel costs, the OIG was able to support fewer personnel and other mission-critical expenses. For example, in FY 2024, the 5.2 percent general pay increase and the compounding impacts of annualized benefits will cost the OIG approximately \$11 million and equates to 47 fewer FTEs in our overall complement. This declining trend has occurred while our mission and responsibilities have continued to expand.

¹ The FY 2024 budget has not yet been enacted. Based on OMB guidance, our estimates are based on the continuing resolution budget for FY 2024.



The graph above includes \$0.7M and three FTEs in FY 2023, \$4.0M and 14 FTEs in FY 2024, and \$3.1M and eight FTEs in FY 2025 for estimated obligations from the \$15M funding received from the Inflation Reduction Act of 2022 for the oversight of the Postal Services' purchase and implementation of zero-emission delivery vehicles and supporting infrastructure. Obligations for FY 2023 reflect \$271M, consistent with outlay reporting. A one-off accounting adjustment is included to reflect \$2M in undistributed funds carried forward and available in FY 2024.

II. CRITICAL FOCUS AREAS FOR FY 2025

On an annual basis, we perform a comprehensive review of our strategic plans to ensure the optimal alignment of our workforce structure for maximum effectiveness and impact to the Postal Service. We are also continuously examining Postal Service and government data to enhance accountability, and to inform our postal stakeholders and the American public on the Postal Service's performance. For FY 2025, in addition to our continued important work in the oversight over the Postal service's operations, we make data-driven decisions to prioritize our resources to focus on combatting narcotics in the mail, fraud in government programs, and the upcoming general election. These focus areas are critical to maintain and strengthen the public's trust in one of the most fundamental federal government services, that of the U.S. Mail.

A. Maintaining Major Narcotics Work

The President's Budget provides funding of \$4.7 million for the OIG to maintain its Strike Force program² to investigate postal employees who conspire with drug trafficking organizations using the U.S. Mail system to transport and traffic illegal drugs, especially fentanyl, cocaine, heroin, methamphetamines, and other synthetic opioids. The latest mortality statistics from the Department of Justice (DOJ) of those Americans who died from these drugs in 2022 exceed 110,000. These drugs present a significant threat to the nation and the OIG devotes significant resources to combat the use of the mail by these organizations.

Since the Strike Force's inception in 2021, the 16 OIG special agents have opened 192 cases in New York, West Virginia, Pennsylvania, Ohio, Florida, Texas, and California. Their efforts identified 318 trafficking subjects, 142 of which were active postal employees supporting these criminal organizations. The Strike Force efforts have complemented our other extensive narcotics efforts; however, these agents focused mainly on opioids, fentanyl, cocaine, and methamphetamines.

OIG special agents trained in narcotics investigations are experts in executing complex investigative techniques, such as utilizing in-house data analytics tools to uncover leads, and are strategically placed throughout the country to expedite efficient investigations. We work with other federal law enforcement agencies — such as the U.S. Postal Inspection Service (USPIS), the Drug Enforcement Administration (DEA), and our recently signed memorandum of understanding with DOJ's Organized Crime Drug Enforcement Task Forces Fusion Center — to focus on the most significant narcotics trafficking investigations.

OIG data analytics led agents to investigate the large-scale distribution of cocaine conducted by a pair of individuals, one of whom was a Bradenton, Florida, mail carrier. The scheme involved an individual mailing packages known to contain several kilograms of cocaine from post offices in Puerto Rico to the mail carrier who would later distribute the drugs. Agents, working with the DEA and local law enforcement, identified the mail carrier had intercepted and distributed over 150 suspected drug parcels. Both conspirators were convicted in 2023 and received sentences of over 17 and six years, respectively.

In April 2023, a mail carrier from Fort Myers, Florida, was sentenced to five years in federal prison for distributing over 400 grams of fentanyl. The defendant was paid by a co-conspirator who shipped the fentanyl-laced pills, most of which were counterfeit prescription drugs, to the defendant at Post Office Boxes at United Parcel Service and U.S. post offices. After receiving the fentanyl, the defendant would prepare smaller shipments and mail them to various customers.

² This program was originally funded through one-time balances that were depleted in FY 2023.

In February and March 2023, OIG and the USPIS participated in a narcotics parcel interdiction operation in West Virginia and Pennsylvania, addressing intelligence that dangerous quantities of illegal opioids were being transported via the U.S. Mail to this region. Agents and inspectors interdicted 128 parcels and seized nearly 2 kilograms of fentanyl and fentanyl analogs in addition to other narcotics.

The Narcotics Strike Force program has provided significant benefits to the Postal Service and the safety of the entire nation. Since FY 2021, the OIG has arrested 231 postal employees and their external co-conspirators, leading to 164 convictions with many cases still pending judicial outcomes.

Drug traffickers are increasingly using the U.S. Mail as a distribution system and the dark web and e-commerce as illegal marketplaces, and our investigative intelligence and complex data analytics tools are combating these activities. However, a lack of funding in this area will eliminate the 16 Strike Force agent positions and reduce our ability to staff these investigations, thereby affecting our ability to continue this important work.

B. Combatting Fraud in Government Programs

OIG Fraud Oversight

The Postal Service is a complex system, and the OIG's investigative programs strategically align with the most significant risks to the agency. Some of these areas include contract, workers' compensation, financial, and healthcare fraud. Our work in this space continues to uncover significant fraud schemes and offenders.

Our approach has included developing a robust analytics program to help identify the most significant offenders and the OIG continues to refine investigative tactics based on evolving criminal activity to remain agile to respond to these complex threats. Some examples of our successes in these areas are as follows:

- OIG agents partnered with the Pandemic Response Accountability Committee, U.S. Department of Labor Office of Inspector General (DOL OIG), and the Small Business Administration Office of Inspector General to investigate fraud related to COVID-19 Pandemic Relief programs. OIG analytics tools generated leads resulting in successful investigations of postal employees suspected of fraudulently acquiring Pandemic Relief funds. In an ongoing case, OIG agents have teamed with the Federal Bureau of Investigations and the Illinois Attorney General's Office to investigate more than 20 employees suspected of fraudulently receiving almost \$500,000 of Pandemic Relief funds. Several employees have already been convicted.
- OIG agents partnered with the Department of Defense, DOJ, and DOL OIG in a healthcare fraud case, where compounding pharmacy owners, pharmacists,

patient recruiters, and a physician schemed to defraud the United States of over \$126 million. Thirteen individuals were convicted, and the longest term of incarceration was 20 years.

- Together with the DOJ Antitrust Division, the OIG investigated a North Carolina company and its officials in a contract bid rigging scheme that defrauded the Postal Service and the North Carolina Department of Transportation of over \$3 million. The corporation and its manager were convicted of violations of the Sherman Antitrust Act. The corporation was fined \$7 million and ordered to pay over \$3 million in restitution. Its manager was sentenced to two years of incarceration and fined \$100,000.
- OIG agents investigated a case in Orlando, Florida, of a former postal employee who fraudulently received workers' compensation benefits for over 13 years. While claiming disability and fraudulently receiving benefits, the former employee was operating a debris removal business. In May 2022, the former employee was convicted, sentenced to 30 months of incarceration, and ordered to pay restitution of over \$730,000.

These investigative areas help continue to combat financial, healthcare provider, and healthcare claimant fraud and have resulted in the disruption of various fraud schemes and the prevention of future fraudulent claims. The President's FY 2025 Budget provides \$8.3 million that would allow us to return 34 investigators to these critical areas directly impacting our ability to continue this level of operations.³

C. Oversight of Political and Election Mail

As voting by mail has become a much more common practice, consistent, reliable processing and delivery of election and political mail is now critical to the preservation of American democracy. Since FY 2018, we have expanded our work to evaluate the on-time delivery of ballot mail in all 50 states. We assess the Postal Service's readiness for and effectiveness of their processing and delivery of election-related and ballot mail. Our oversight includes conducting on-site visits to postal facilities to measure the timely processing and delivery of mail-in ballots. During these visits, we make use of OIG-developed mobile data collection applications that enable us to make near real-time, actionable reports on any service issues to Postal Service management. Data from our site visits are ingested into the OIG's Election and Political Mail dashboard, which also incorporates additional election mail indicators to provide real-time insights into the Postal Service's performance. After each election, we also document each facility's service performance, checking metrics such as total number of ballots delivered on time.

³ Based on FY 2023 FTE levels.

We anticipate the upcoming November 2024 election, the second Presidential election since our expanded work in this area, will necessitate an even greater demand for our oversight. Dedicating personnel towards this election will preclude their oversight of other important areas. With the proposed funding level, we plan to balance the number of time-intensive site visits and monitoring necessary for ensuring the integrity of election and political mail in the 2024 election with our vital, non-election-related work.

III. OIG PERFORMANCE/RESULTS

A. Improving the Safety and Security of the Mail

The OIG helps ensure all Americans can send mail and packages safely and securely, and we hold the Postal Service accountable for providing communities effective access to these critical services. We continue to focus our investigative efforts on combating mail theft and dangerous narcotics reaching U.S. communities through the mail system, and we coordinate with federal law enforcement partners to bring criminals to justice. The safety and security of mail and Postal Service employees increases the public's confidence in the Postal Service and helps it operate more efficiently.

Mail Theft – Mail theft continues to be a problem, with criminal organizations utilizing postal employees and their access to the mail system to commit widespread theft and identity fraud. The OIG is addressing this trend by deploying analytic tools that identify employees who collude with external subjects to allow access to the postal network. Recent trends have identified criminal organizations making use of social media to recruit postal employees to access financial instruments in the mail stream. These include but are not limited to arrow keys⁴, checks, credit cards, and Pandemic Relief benefits. During FY 2023, we initiated 1,954 mail theft cases.

In response to increased mail theft complaints, we have reviewed how the Postal Service has addressed these concerns. Our audits found that while the Postal Service has taken some technical initiatives to address the growing problem, it has not set any milestones to track progress and has not broadly implemented any planned initiatives. Additionally, USPIIS has not finalized a mail theft strategy to address this critical issue due to staffing challenges. We plan to conduct additional oversight of Postal Service actions to combat both internal and external mail theft, to include quick response reviews of Postal Service mitigation efforts across the country in areas that have been significantly impacted.

Employee Safety – With more than 640,000 employees delivering to nearly 153 million addresses six days a week, the U.S. Postal Service must maintain the safety and security of its employees, mail, and assets to preserve the public's trust. As part of its Delivering for America 10-year strategic plan (DFA), the

⁴ Arrow keys are postal employees' master keys, which are used to open collection boxes and mailboxes.

Postal Service is planning to build upon current safety programs to create the safest and healthiest environment possible for its employees. Some recent OIG work to address issues regarding employee safety include: assessing the Postal Service's efforts to ensure employee safety during COVID; reviewing vehicle and industrial accidents and mitigation efforts; and evaluating the safety and security of highway contract routes and Postal Service vehicle drivers. In a recent audit, for example, we reviewed security clearances and driver identification badges for contract drivers, and identified whether there were safety and security concerns present in dock areas and truck maneuvering yards at a sample of mail processing facilities.

Cybersecurity – Technology and information management enable the OIG to succeed in its mission, from law enforcement to oversight of the Postal Service and its obligation to provide critical services to the nation. Cyberattacks, including ransomware and domain name server attacks, are becoming more frequent on U.S. government entities and its private sector partners. These threats pose significant danger to our nation's critical infrastructure and cost millions of dollars to our government to recover. As outlined in Executive Order 14028, "Improving the Nation's Cybersecurity," to ensure we are meeting cybersecurity standards, the OIG continues to strengthen its cybersecurity framework, taking actions such as adopting Zero Trust practices to ensure access to vital data and operating systems.

In FY 2023, the OIG investigated the compromise of over 1,000 employees' banking information and identified vulnerabilities, resulting in the Postal Service instituting multi-factor authentication for all employee financial transactions. As a result of this investigation, in FY 2024, we plan to examine whether the Postal Service has appropriately addressed security concerns that were exploited during the compromise.

We also assessed the Postal Service's current state of cybersecurity, specifically its risk profile alignment with its cybersecurity strategy, the consistency and appropriateness of its cybersecurity risk management process and vulnerability management program, and the effectiveness of its enterprise security architecture processes. We will continue our oversight of the Postal Service's cybersecurity.

B. Ensuring High-Quality Mail Service to the American Public

The Postal Service unveiled its DFA 10-year strategic plan in spring 2021, proposing extensive operational changes, network realignments, and significant new investments. These ongoing changes, many of which are being implemented in FYs 2024 and 2025, may have detrimental impacts on mail delivery and service performance, especially in rural areas.

DFA – The DFA is the Postal Service’s \$40+ billion 10-year plan to position itself as a leader in the evolving postal industry, one that provides high-quality services, fosters innovation, and ensures long-term financial stability. From 2020 through 2030, its core operations will undergo major changes including upgrades and reconfigurations to processing facilities and sorting equipment, the purchase and deployment of a fleet of new delivery vehicles, and the modernization of logistics capabilities and transportation networks. As the Postal Service makes these changes to its processing, transportation, and delivery networks, it increases the risk that service performance will be negatively impacted.

Oversight of these monumental changes and capital investments will be imperative to ensure minimal impact on the nation’s use of the U.S. Mail, to hold the Postal Service accountable for meeting its goal of 95 percent on-time nationwide delivery, and to ensure it achieves financial stability.

Our audit work will continue to focus on overseeing the most critical aspects of the 10-year plan, including the operational effectiveness of its new network redesign, ability to procure its new delivery fleet,⁵ progress in executing retail initiatives, and efforts to stabilize its workforce. In fact, we have already completed audits of the new Sorting & Delivery Center facilities (S&DCs) where multiple delivery units and package sortation operations are consolidated. We audited the first six S&DCs that were opened across the country in quarter 1 and quarter 2 of FY 2023, assessing the effectiveness of communications with stakeholders and identifying successes, opportunities, and lessons learned. The Postal Service has announced plans to open about 400 S&DCs across the country in the coming years. Our review of these and other changes will highlight the impacts on mail service to the American public.

We will also oversee how the Postal Service is measuring the success of other modernization plans including Regional Processing and Distribution Centers, Local Processing Centers, and changes to its transportation network. Oversight of these operational changes and communication with relevant stakeholders will highlight whether service to the public may be affected and whether stakeholders can be confident these modernization initiatives will succeed. Finally, we will evaluate the financial impact associated with these network modernization efforts to determine whether it can effectively meet its goals for breakeven performance by 2030. As the Postal Service further implements its DFA plans into 2024 and beyond, it is imperative the OIG continue its oversight role.

Communities with Mail Service Issues – To address mail service concerns across the country and gain a comprehensive understanding of our regional delivery, transportation, and mail processing operations, the OIG established our

⁵ The Inflation Reduction Act of 2022 provided \$15 million of funding for the OIG to conduct oversight of the Postal Service’s implementation of its zero-emission delivery vehicles and infrastructure investments.

Field Operations Review teams in FY 2022. These teams complete audit fieldwork in regions of the country receiving poor delivery service as measured by increases in customer complaints, number of congressional requests, improper delivery scanning, or mail delays. The teams go to a processing facility and three to five delivery units that receive mail from the processing facility to determine the causes of service issues and make timely recommendations for fixes. This entire process is carried out over the course of two months, giving us timely insights. In FY 2023, the OIG completed reviews in nine regions. We consistently found issues with transportation schedules, scanning performance, delayed mail, arrow key security, safety concerns, and property conditions, all of which impact the local communities served in those areas.

Our oversight responsibilities do not end once an audit is conducted, and its report is published. We also periodically evaluate whether the Postal Service has improved following our report issuance. For example, we evaluated whether the number of packages improperly scanned as “delivered” by carriers still at the office had gone down after our original Field Operations Review work. In the Western Pacific Area, we found 13 of the 15 delivery units evaluated had reduced the number of packages improperly scanned at the office. A similar report for the Central Area also found improvements in scanning performance after our initial audit.

Because of the focused nature and rapid turnaround of their work, our Field Operations Review teams will likely be the first to identify and highlight service impacts from the DFA’s significant network changes.

Cost Savings Accountability – Our prior oversight work of key initiatives designed to reduce costs has shown the Postal Service is often unable to realize the savings it anticipates. This lack of accountability is concerning and will be critical to evaluate as the Postal Service makes significant changes to achieve financial sustainability. One recent audit evaluated the Postal Service’s process for estimating and monitoring the ROI for capital projects. We found that while the Postal Service follows a robust review and approval process before project implementation, it has opportunities to improve its tracking and reporting of capital projects following deployment. With the Postal Service’s plans to modernize its network, to include for the rollout of S&DCs, Regional Processing and Distribution Centers, and Local Processing Centers, the OIG will continue to review whether projected savings are achieved in FY 2024 and beyond.

Oversight of the Postal Service’s Acquisition and Deployment of Electric Delivery Vehicles – As part of the DFA plan, the Postal Service has begun replacing its aging delivery fleet. By 2028, a minimum of 60,000 Next Generation Delivery Vehicles (NGDV) will be procured, of which at least 45,000 will be battery electric. Within the same time frame, an additional 21,000 commercial-off-the-shelf vehicles will be purchased. The Inflation Reduction Act of 2022 (IRA)

provided the Postal Service with \$3 billion to invest in zero-emission delivery vehicles and associated infrastructure. The IRA also provided the OIG with \$15 million to be used over 10 years to conduct critical oversight over these significant infrastructure enhancements. In FY 2023, we initiated audits assessing the Postal Service's acquisition plans for electric vehicle supply equipment, and the readiness of the existing vehicle maintenance for incoming NGDVs, including electric vehicles. As the Postal Service rolls out its electric vehicle plan in the coming years, we will monitor the Postal Service's stewardship of the \$3 billion it received through robust audit and investigative activities.

C. Ensuring the Integrity and Accessibility of Government Services

The OIG is one of the few agencies whose funding leads directly to better services for all American residents. By providing critical work that enhances the efficiency and effectiveness of postal operations, our work ensures the public maintains access to this critical public service.

Website/Transparency – In FY 2023, the OIG modernized its website to increase the transparency of our operations and oversight of the Postal Service. Our enhanced site includes an interactive service performance page that shows USPS performance by district and identifies postal districts with the lowest and highest performance. We also recently added a page highlighting our most significant investigations and are identifying better ways to connect our work to the communities that rely on the Postal Service every day. Our new website includes a modernized and mobile-friendly interface, improved organization of content, and integration of visualizations and dashboards providing the public easy access to results of our oversight work. The website earned the OIG the designation of Pinnacle Award Winner in the state/federal category for the National Association of Government Web Professionals' 2023 Pinnacle Awards.

Public Access to Services – The OIG continues to conduct work ensuring the Postal Service can provide equitable access to all demographics. An audit of the Postal Service's Free Matter for the Blind program, where blind and visually impaired users are eligible to receive certain free postal services, found postal retail staff did not always accept this mail, and service performance did not meet required standards.

The OIG also assessed changes in public access to mail collection points and retail sites between FYs 2016 and 2020, and the extent to which those changes may have disproportionately affected populations in locations with specific racial, ethnic, and income characteristics. Our findings showed that although national postal policies are consistent, their impact can be unequal. For example, some demographic groups experienced more collection box removals compared to others. An analysis of service performance scores and negative customer

feedback also pointed to demographic differences. We recommended the Postal Service conduct a mail access study to address data quality issues and to determine whether demographic factors should be included in future decision-making.

We have also examined the Postal Service's service to rural areas. The Postal Service has received criticism for allowing post offices, often in rural areas, to remain "temporarily suspended" for long periods without resolving their status. We reviewed the Postal Service's process for addressing suspended post offices and recommended improvements. We also assessed the Postal Service's oversight of Contract Postal Units and Village Post Offices — both of which sometimes serve as the only nearby retail service for small towns — and found the Postal Service could improve both how it oversees these contracted offices and how it establishes new contracted units as alternative retail access points across the country.

Hotline – Improving Public Access – The OIG Hotline is a critical link giving the American public a direct means to express any concerns related to mail. We are contacted about 15,000 times a month. During FY 2023, we created 29,929 investigative complaints from these contacts. Additionally, 65,674 contacts were routed to Postal Service Consumer Affairs for further review. These contacts lead to investigative tips and help us decide what kind of future audit projects and investigations to conduct. In FY 2023, we modernized the OIG Hotline application to improve the overall efficiency of ingesting and processing complaints to enhance the customer experience. Improvements were made to support infrastructure, end-to-end tracking, and the monitoring of complaints.

D. Summary of the OIG's FY 2023 Performance

For FY 2023, the monetary impacts of the OIG's audits and investigations of the Postal Service is upwards of \$1.96 billion. Our audits identified over \$1.25 billion in questioned costs, revenue impacts, and funds put to better use. Our investigations resulted in more than \$710 million from cost avoidances and fines, restitutions, and recoveries.⁶ We returned nearly \$7 for every \$1 invested in our FY 2023 budget. We will continue working to meet our goal of ensuring the safety and security of the mail, promote high quality mail service to the American public, and ensure access to this critical national infrastructure.

IV. BUDGET DETAILS AND TABLES

A. Budget Summary

⁶ The total of amount of \$710 million includes \$107 million that was returned directly to the Postal Service.

As required by Public Law 110-409 and the Inspector General Reform Act of 2008 (as amended), the OIG submits the following information related to its budget for FY 2025:

- The aggregate budget for our operations is \$293,950,000.
- The portion of the budget allocated for training is \$1,337,894, which satisfies our FY 2025 training requirements.
- The portion of the budget to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is \$1,175,800, which is 0.4 percent of the \$293,950,000.

B. Appropriations Table

The OIG’s FY 2025 budget plan is based on a level of effort for the two mission programs of the OIG: audit and investigations. The table below shows the budget by program area for appropriations in FYs 2023, 2024, and 2025. It also includes \$0.7 million and three FTEs in FY 2023, \$4.0 million and 14 FTEs in FY 2024, and \$3.1 million and eight FTEs in FY 2025 for estimated obligations from the \$15 million funding received from the Inflation Reduction Act of 2022 for the oversight of the Postal Service’s purchase and implementation of zero-emission delivery vehicles and supporting infrastructure.

Obligations for FY 2023 reflect \$271 million, consistent with the Treasury department’s outlay reporting. This includes a one-off accounting adjustment of \$2 million in undistributed funds. The \$2 million is included in the FY 2024 total appropriated resources available for obligations.

Resources Available for Obligation	FY 2023		FY 2024		FY 2025		FY 2024 to FY 2025			
	Actual		Continuing Resolution		Requested		\$ Change		% Change	
	FTE	Amount (000's)	FTE	Amount (000's)	FTE	Amount (000's)	FTE	Amount (000's)	FTE	Amount (000's)
Appropriated Resources:										
Audit	338	\$ 79,267	312	\$ 79,847	312	\$ 83,954	0	\$ 4,107	0%	5%
Investigations	647	\$ 191,733	637	\$ 193,133	671	\$ 209,996	34	\$ 16,863	5%	9%
Total Appropriated Resources	985	\$ 271,000	949	\$ 272,980	983	\$ 293,950	34	\$ 20,970	4%	8%
Inflation Reduction Act (IRA) of 2022	3	\$ 662	14	\$ 4,000	8	\$ 3,082	-6	\$ (918)	-43%	-23%
Adjusted Total Budget Authority	988	\$ 271,662	963	\$ 276,980	991	\$ 297,032	28	\$ 20,052	3%	7%

C. Budget Adjustments Table (in thousands)

The Budget Adjustments table presents our budget by object class. The President’s Budget totaling \$297 million includes \$294 million for FY 2025 annual appropriations and \$3.1 million in FY 2025 for estimated obligations from the \$15 million funding received from the Inflation Reduction Act of 2022 for the oversight of the Postal Service’s purchase and implementation of zero-emission delivery vehicles and supporting infrastructure.

Office of Inspector General	FY 2023 Actual	FY 2024 Continuing Resolution	FY 2025 Requested
FTE:	985	949	983
Object Classification:			
11.1 Full-time Permanent Positions	\$ 151,178	\$ 152,227	\$ 163,953
11.3 Other than Full-time Permanent	\$ 1,152	\$ 525	\$ 898
11.5 Other Personnel Compensation	\$ 1,352	\$ 1,354	\$ 1,526
11.9 Total Personnel Compensation	\$ 153,682	\$ 154,106	\$ 166,377
12.1 Civilian Personnel Benefits	\$ 69,921	\$ 73,480	\$ 79,155
21.0 Travel	\$ 5,052	\$ 4,346	\$ 4,878
22.0 Transportation of Things	\$ 35	\$ 7	\$ 7
23.2 Rent Payments to Others	\$ 5,796	\$ 5,982	\$ 6,243
23.3 Communications, Utilities, & Misc.	\$ 1,787	\$ 2,007	\$ 2,007
24.0 Printing and Reproduction	\$ 13	\$ -	\$ -
25.1 Advisory & Assistance Services	\$ 16,902	\$ 17,589	\$ 18,677
25.2 Other Services (Goods / Services)	\$ 77	\$ 193	\$ 193
25.3 Government Agencies	\$ 976	\$ 1,084	\$ 1,176
25.4 Operation & Maintenance of Facilities	\$ 241	\$ 144	\$ 144
25.6 Medical	\$ 158	\$ 198	\$ 198
25.7 Operation and Maintenance of Equipment	\$ 9,500	\$ 7,864	\$ 7,882
26.0 Supplies and Materials	\$ 745	\$ 858	\$ 847
31.0 Equipment	\$ 3,947	\$ 5,122	\$ 6,166
32.0 Lands and Structures	\$ 188	\$ -	\$ -
20.01 Undistributed	\$ 1,980	\$ -	\$ -
Total Budget Authority	\$ 271,000	\$ 272,980	\$ 293,950

IRA Afforded FTEs	3	14	8
IRA Total Budget	\$ 662	\$ 4,000	\$ 3,082
Adjusted FTEs	988	963	991
Adjusted Total Budget Authority	\$ 271,662	\$ 276,980	\$ 297,032

The budget table above includes \$0.7M and three FTEs in FY 2023, \$4.0M and 14 FTEs in FY 2024, and \$3.1M and eight FTEs in FY 2025 for estimated obligations from the \$15M funding received from the Inflation Reduction Act of 2022 for the oversight of the Postal Services’ purchase and implementation of zero-emission delivery vehicles and supporting infrastructure. Obligations for FY 2023 reflect \$271M, consistent with outlay reporting. A one-off accounting adjustment is included to reflect \$2M in undistributed funds carried forward and available in FY 2024.

D. Budget Increases and Decreases Descriptions (in thousands)

FY 2024 Continuing Resolution		\$ 271,000
Significant Budget Changes		
Net Increase to Personnel Costs		
Increase of 34 FTEs to the OIG	\$	8,371
Net Increase to Personnel Costs for 949 FTEs		
Performance Based Increases	\$	2,284
Cost of Living Adjustment Increases	\$	3,698
Annualization of Salary and Benefits Increases	\$	3,048
Change in Other Personnel Compensation	\$	545
Total Increase to Personnel Costs	\$	17,946
Increase to Non-personnel Costs		
Increases to Rent and Equipment	\$	3,285
Increases to Non-personnel Other	\$	1,719
Total Increase to Non-personnel Costs	\$	5,004
Total All Changes		\$ 22,950
FY 2025 Requested		\$ 293,950

FY 2025 Requested Levels

Increase to Personnel Costs for Increase of 34 FTEs \$8,370,613

Net Increase to Personnel Costs for 949 FTEs \$9,575,247

- Increase of \$2,284,284 requested for performance-based increases.
- Increase of \$3,697,728 requested for cost-of-living adjustments.
- Increase of \$3,047,736 requested for annual increase of the required benefits premiums.
- Increase of \$545,499 in Other Personnel Compensation.

Net Increase to Non-personnel Costs \$5,004,139

- Increase of \$3,285,483 requested for rent increases, the replenishment of law enforcement vehicles, and laptops and telecom equipment.
- Increase of \$1,718,656 requested for inflationary increases to travel, training, equipment maintenance, and CIGIE Assessment.

Inflation Reduction Act Funding

Estimated obligations from Inflation Reduction Act Funding balances are expected to decrease slightly from FY 2024 to FY 2025.

E. Reimbursable Authority

In FY 2025, reimbursable authority work to be performed is estimated at \$2 million. This amount will be used to support CIGIE's Oversight.gov website and other IT-related support services. The primary mission for the OIG's reimbursable program is to develop partnerships with other government agencies to provide unique value-added support to the Postal Service and the PRC. We intend to leverage our resources with these groups to share knowledge while meeting stated work requirements.

Other Resources: Offsetting Collections	FY 2023 Actual (000's)	FY 2024 Estimate (000's)	FY 2025 Requested (000's)
Reimbursable Authority	\$3,047	\$2,000	\$2,000
Total: Offsetting Collections	\$3,047	\$2,000	\$2,000

F. Appropriation Language

Appropriation Language
<p style="text-align: center;">Office of Inspector General SALARIES AND EXPENSES (Including Transfer of Funds)</p> <p>For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$293,950,000 to be derived by transfer from the Postal Service Fund and expended as authorized by section 603(b)(3) of the Postal Accountability and Enhancement Act (Public Law 109-435) together with any funds, to remain available until expended.</p>

G. Legislative Mandates

As of September 30, 2023, \$4,959,358 of our budget was used to support reviews that were either legislatively mandated by Congress or to support the Postal Service in meeting its legislative mandates. As indicated in the table below, the OIG spent \$1,328,667 on oversight audits of the Postal Inspection Service, \$1,143,913 on audits of Postal Service data collection systems, \$1,303,462 to help the Postal Service meet its legislative mandates by performing work such as audits supporting the public

accountant’s opinion on the Postal Service’s financial statements and compliance with the Sarbanes-Oxley (SOX) Act and Securities and Exchange Commission financial reporting requirements, \$182,491 on audits in support of Postal Service and PRC mandates, and \$1,000,825 on audits of USPS Zero-Emission Delivery Vehicles and Zero-Emission Delivery Vehicles Infrastructure.

Legislative Mandates - Dollar Value by Identified Mandates <i>FY 2023 (as of September 30, 2023)</i>		
Public Law Reference	Mandate Description	Cost
5 U.S.C. App. 3 § 8G(f)(2)	Oversight of the Postal Inspection Service	\$1,328,667
39 U.S.C. § 3652	Audits of Postal Service Data Collection Systems	\$1,143,913
PL 109-435	Financial Statement/SOX Audit and Quarterly 10Q*	\$1,303,462
Various PL 117-108	Audits in Support of Postal Service and PRC Mandates	\$182,491
PL 117-169	Audits of USPS Zero-Emission Delivery Vehicles and Zero-Emission Delivery Vehicles Infrastructure	\$1,000,825
Total Dollar Value		\$4,959,358

*Although not legislatively mandated for the OIG, these financial related audits support mandates for the Postal Service.