

**Congress of the United States**  
Washington, DC 20510

April 20, 2022

The Honorable Louis DeJoy  
Postmaster General  
U.S. Postal Service  
475 L'Enfant Plaza West SW  
Washington, D.C. 20260

Dear Postmaster General DeJoy:

On or around April 1, 2022, the U.S. Postal Service (USPS) extended an unsuccessful pilot program for check cashing services. The pilot program—which allows customers to cash payroll and business checks up to \$500—was launched in September 2021 without approval from Congress or the Postal Regulatory Commission (PRC). The program violated long-standing prohibitions that prevent USPS from offering or developing new non-postal products, and over the course of four months, it proved extremely unpopular. It is therefore unclear why, and on what basis, the program has been extended.

As of its launch, the program violated a statutory restriction on offering or developing new products outside the scope of USPS's traditional postal services.<sup>1</sup> Moreover, the decision to extend the program puts USPS in direct contravention of language in the Consolidated Appropriations Act, 2022, which was signed into law on April 6, 2022 and specifically prohibits taxpayer funds for pilot programs related to non-banking financial services.<sup>2</sup>

According to information submitted to the PRC, the USPS began offering financial products in a four-city pilot program at the urging of “[r]epresentatives from a major postal union.”<sup>3</sup> Indeed, the program's popularity reflected the fact that it was not designed in response to customer demand—only six gift cards were issued under the pilot and total fee revenue was \$35.70.<sup>4</sup> As of January 14, 2022, USPS stated that “although we are considering potential next steps for this initiative, no decisions or definitive plans regarding terminating, changing, or

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<sup>1</sup> P.L. 109-435, Title I, §§101-102, 120 Stat. 3199. Regulations subsequently issued by the Postal Regulatory Commission state that a postal service “refers to the delivery of letters, printed matter, or mailable packages, including acceptance, collection, sorting, transportation, or other functions ancillary thereto” and that a postal product “means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied.” 39 C.F.R. §§3001.5(s)-(t).

<sup>2</sup> Division E, Report Accompanying H.R. 2471, the Consolidated Appropriations Act, 2022, which states: “Postal Non-Banking Financial Services Modernization Pilot Program. The agreement does not adopt the House report directives on a postal non-banking financial services modernization pilot program.”

<sup>3</sup> PRC Annual Compliance Review, 2021, RESPONSES OF THE UNITED STATES POSTAL SERVICE TO QUESTIONS 1-2 OF COMMISSION INFORMATION REQUEST NO. 1 (Docket No. ACR2021), Jan. 14, 2022.

<sup>4</sup> *Id.*

expanding the pilot have been made.”<sup>5</sup> USPS justified the pilot program as a strategy to boost gift card sales, which USPS believes “are likely to be mailed, similar to greeting cards and stationary,” and “that selling gift cards at Post Offices will foster the use of the mails.”<sup>6</sup> In light of the fact that the pilot program undoubtedly cost more to develop and implement than was raised in revenue, the subsequent decision to extend the program begs for an explanation as to why.

The failure of the pilot program demonstrates that consumers are not interested in banking with the federal government, including USPS. That is why Congress specifically prevented taxpayer funds from being used for USPS pilot programs for non-banking financial services in the recently enacted Consolidated Appropriations Act, 2022. Furthermore, Congress did not expand the offering of financial services in the recent Postal Service Reform Act of 2022 (H.R. 3076).

Moreover, in 2006, Congress passed the *Postal Accountability and Enhancement Act of 2006* to modernize the way the USPS operates. In updating the USPS’ core responsibilities, Congress was specific as to what constitutes “postal services.” Section 102 of the Act defines postal service as “[t]he delivery of letters, printed matter, or mailable packages, including acceptance, collection, sorting, transportation, or other functions ancillary thereto.”<sup>7</sup> This definition exists to ensure the USPS focuses on its unique role and does not focus on novel non-postal products and services that could limit private market development, including the market for financial services.

Congress’ actions make clear the USPS should remain focused on its core mission. The fact that only six people used the postal banking pilot confirms that consumers remain supportive of the free market and look to private firms for technological solutions to meet their banking needs. Republicans on the committees of jurisdiction in Congress will conduct oversight of this program as USPS attempts to justify its continued existence. Accordingly, please provide any related materials that USPS submits to the PRC to our committees on a contemporaneous basis.

Sincerely,



Patrick McHenry  
Ranking Member  
Committee on Financial Services



James Comer  
Ranking Member  
Committee on  
Oversight and Reform



Blaine Luetkemeyer  
Ranking Member  
Subcommittee on  
Consumer Protection and  
Financial Institutions

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<sup>5</sup> *Id.*

<sup>6</sup> See Request of the United States Postal Service to Add Gift Cards as a New Price Category in the Greeting Cards and Stationary Product, June 9, 2014 (Docket No. MC2014-26).

<sup>7</sup> P.L. 109-435.

cc: The Honorable Maxine Waters, Chairwoman  
Committee on Financial Services

The Honorable Carolyn Maloney, Chairwoman  
Committee on Oversight and Reform

The Honorable Rosa DeLauro, Chairwoman  
Committee on Appropriations

The Honorable Kay Granger, Ranking Member  
Committee on Appropriations

The Honorable Mike Quigley, Chairman  
Subcommittee on Financial Services and General Government

The Honorable Steve Womack, Ranking Member  
Subcommittee on Financial Services and General Government