



November 15, 2021

The Honorable Louis DeJoy
Postmaster General of the United States
475 L'Enfant Plaza SW
Washington, DC 20260

Dear Postmaster DeJoy:

The U.S. Postal Service's mission is to provide the American public with trusted, affordable, universal mail service, and its core function is "delivery, not banking."¹ Providing the nation with "reliable, affordable, universal mail service" is essential, and it is vital that any Postal Service products or services directly support that critical mission.²

Despite a stated focus on mail delivery, the U.S. Postal Service has initiated a pilot program to expand consumer financial services to limited check cashing services.³ This untested program raises serious questions about whether these activities waste taxpayer resources without any commensurate benefit.

We are concerned that the pilot program exceeds the Postal Service's legal authority and fails to comply with relevant regulations and procedural requirements. The Postal Accountability and Enhancement Act generally prohibits the Postal Service from providing "nonpostal services," and requires the Postal Regulatory Commission to review any nonpostal service offered by the Postal Service.⁴ This pilot program appears to fall outside those statutory boundaries, and the Postal Service's lack of transparency or consultation with lawmakers about the program heightens that concern.

We are also concerned that entering into products and services unrelated to the Postal Service's mission will divert necessary attention, time, and money away from the core function of mail delivery. Historically, the Postal Service has failed to effectively provide financial services and compete with private sector innovation. From 2007-2019 the Postal Service lost over \$75 billion.⁵ Given that these losses occurred during a period of time in which the Postal Service was exclusively focused on mail delivery, it would be imprudent to shift attention and resources toward an area in which the agency lacks experience. It is essential that the Postal Service address this revenue shortfall by focusing on fixing inefficiencies with its mail delivery system,

¹ Press Release, United States Postal Service, Postal Service Responds to Calls for Postal Banking (July 31, 2016) (on file with author).

² United States Postal Service, Comprehensive Statement – 2010 Comprehensive Statement on Postal Operations, 2010 Performance Report and 2011 Performance Plan (2010), https://about.usps.com/strategic-planning/cs09/CSPO_09_002.htm.

³ David Dayden, *USPS Begins Postal Banking Pilot Program*, The American Prospect, Oct. 4, 2021, <https://prospect.org/economy/usps-begins-postal-banking-pilot-program/>.

⁴ Postal Accountability and Enhancement Act 39 U.S.C. §§ 101-102 (2006).

⁵ U.S. Gov't Accountability Office, GAO-20-385, U.S. Postal Service: Congressional Action is Essential to Enable a Sustainable Business Model (2020).

not pivoting to financial products and offerings with which the agency has no expertise. While a \$75 billion loss clearly shows a revenue pitfall, during the Obama administration the Postal Service acknowledged that expanding its non-bank financial services would “not materially change” the agency’s financial condition, and that the agency needs to “focus on the core delivery business.”⁶ We strongly agree.

The Postal Service’s misguided expansion into consumer financial services raises the troubling possibility of government-run banking in the future. This suggestion is not merely theoretical; one recent legislative proposal would have authorized the Federal Reserve to establish retail bank accounts accessible through the Postal Service.⁷ This radical expansion of the government’s role in providing financial services is equally unnecessary and ill-advised.

In order to ensure the pilot program is in compliance with applicable legal requirements, we request the following information:

- 1) Describe the statutory authority that permits the Postal Service to implement this pilot program and to what extent the Postal Service has complied with procedural requirements to initiate it.
- 2) Describe the oversight federal and state financial regulators have over the Postal Service in relation to the pilot program and offering these products. What state and federal laws are the Postal Service subject to for these products? What capacity does the Postal Service have to comply with such laws and, where such laws do not apply, to what extent is the Postal Service capable of engaging in comparable regulation?
- 3) Reports suggest that postal officials “expect to expand the pilot into a fuller study with more locations and financial products, such as bill-paying services and ATMs.”⁸ What specific plans does the Postal Service have to expand the pilot program and to what extent is the agency considering further expansion of non-bank financial services products and offerings?
- 4) Will the Postal Service commit to ensuring full compliance with all applicable statutory and legal requirements in regard to any future expansion of non-bank financial services products or offerings?

Given substantial financial shortfalls, a mission-specific focus on mail delivery, and a history of unsuccessfully competing with private sector alternatives, we are highly skeptical that the Postal Service can safely and effectively provide financial services.

The unilateral action to implement the pilot program and expand into untested consumer financial services raises significant policy and legal questions, and we must ensure that the Postal

⁶ Press Release, United States Postal Service, USPS Responds to OIG Financial Services White Paper (July 31, 2016) (on file with author).

⁷ Press Release, United States Senate Committee on Banking, Housing, and Urban Affairs, Brown Introduces New Legislation to Help Hardworking Americans in the Coronavirus Relief Package (Mar. 24, 2020) (on file with author).

⁸ Jacob Bogage, *USPS is trying out a new business, which could transform how millions access cash and pay bills*, The Washington Post, Oct. 4, 2021, <https://www.washingtonpost.com/business/2021/10/04/usps-banking-paycheck-cashing/>.

Service has not exceeded the applicable statutory authority. We request answers to the above questions no later than December 3, 2021.

Sincerely,



JOHN BOOZMAN
United States Senator



JOHN BARRASSO
United States Senator



MIKE BRAUN
United States Senator



TOM COTTON
United States Senator



MIKE CRAPO
United States Senator



KEVIN CRAMER
United States Senator



TED CRUZ
United States Senator



STEVE DAINES
United States Senator



BILL HAGERTY
United States Senator



CINDY HYDE-SMITH
United States Senator



JOHN KENNEDY
United States Senator



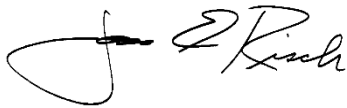
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United States Senator



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