

Congress of the United States

Washington, DC 20515

October 22, 2021

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

Dear Postmaster General DeJoy:

On September 13, 2021, the U.S. Postal Service “quietly” began offering paycheck-cashing services at several post offices on the East Coast.¹ According to the *Washington Post*, USPS officials “expect to expand the pilot into a fuller study with more locations and financial products, such as bill-paying services and ATMs.”² As you know, we strongly object to the concept of postal banking, and the Postal Service lacks the statutory authority to expand its non-postal banking services absent Congressional approval. For that reason, and others, it is troubling that USPS rolled out this pilot program in secret and without notifying stakeholders in Congress.

The Postal Service’s involvement in financial services is certainly a significant deviation from the plans for reform that you communicated to Congress in public and in private. The quiet launch of this pilot program undermines the trust established during your engagements with Congress and raises questions as to whether you worked with us in good faith.

Indeed, you worked closely with the Committee on Oversight and Reform to develop the *Postal Service Reform Act of 2021*. During the lengthy negotiations, you never once raised the Postal Service’s intention to expand into banking services. The Postal Service’s 60-page reform plan, called “Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence,” similarly omits any reference to postal banking.³ Again, on February 24, 2021, when you testified before the Committee at a hearing entitled “Legislative Proposals to Put the Postal Service on Sustainable Financial Footing,” you never mentioned the prospect that the Postal Service might veer into the financial services industry.

On the other hand, we and other stakeholders have repeatedly made our objections clear when it comes to postal banking.⁴ Experts who studied the concept similarly concluded that

¹ Jacob Bogage, *USPS is trying out a new business, which could transform how millions access cash and pay bills*, *Wash. Post* (Oct. 4, 2021), available at <https://www.washingtonpost.com/business/2021/10/04/usps-banking-paycheck-cashing/>.

² *Id.*

³ USPS Strategic Plan, <https://about.usps.com/what/strategic-plans/delivering-for-america/>.

⁴ See, e.g. Letter from Hon. Patrick McHenry to Hon. Steven Mnuchin (June 27, 2018), <https://www.documentcloud.org/documents/4563022-McHenry-Mnuchin-Letter-20180627.html>.

postal banking is fraught with peril. For example, in 2018 the Treasury Department’s Task Force on the U.S. Postal System found, “given the USPS’s narrow expertise and capital limitations, USPS should not pursue expanding into new sectors such as postal banking.”⁵ In March 2020, the GAO released a report finding that non-postal services like postal banking may have limited viability and may generate minimal revenue.⁶ The Brookings Institution also found postal banking represents a government subsidy that places taxpayers on the hook for losses.⁷

In fact, the Postal Service itself rejected the idea of expanding into financial services as recently as 2015, in an official statement: “Our core function is delivery, not banking.”⁸ The statement added that an expansion beyond USPS’ core function “requires public policy and regulatory discussions that consider the relevant issues in a comprehensive manner.”⁹ Of course, such discussions did not occur with respect to the pilot program launched last month.

Last year, the Postal Service incurred a net loss of \$9.2 billion.¹⁰ This is consistent with a trend of losses that aggregate to more than \$87 billion over the past 14 fiscal years.¹¹ Beyond the Postal Service’s balance sheet—which is in and of itself disqualifying for an expansion into financial services—there are other reasons to be concerned. For instance, a massive cybersecurity breach exposed social security numbers and other sensitive data for millions of USPS customers and employees.¹² The Office of Inspector General found USPS operates with insufficient controls to combat money laundering schemes.¹³ It is unclear why the Postal Service believes itself to be ready for the added responsibility of offering expanded financial services.

To help us understand how and why the Postal Service decided to roll out paycheck-cashing services in select locations and its plans for postal banking going forward, please provide a Member-level briefing to the House Committee on Oversight and Reform and the House Committee on Financial Services no later than October 29, 2021. Include any information related

⁵ U.S. Postal Service: A Sustainable Path Forward, Report from the Task Force on the United States Postal System, Dep’t of Treasury (Dec. 4, 2018), *available at*:

https://home.treasury.gov/system/files/136/USPS_A_Sustainable_Path_Forward_report_12-04-2018.pdf.

⁶ U.S. Postal Service Expanding Nonpostal Products and Services at Retail Facilities Could Result in Benefits but May Have Limited Viability, U.S. Gov’t Accountability Office (Mar. 2020), *available at*:

<https://www.gao.gov/assets/gao-20-354.pdf>.

⁷ Peter Conti-Brown, *Why the next big bank shouldn’t be the USPS*, Brookings Center on Regulation and Markets, May 31, 2018, <https://www.brookings.edu/research/why-the-next-big-bank-shouldnt-be-the-usps/>.

⁸ USPS Press Release, “USPS responds to OIG financial services white paper,” USPS (Jun. 3, 2015), *available at* <https://about.usps.com/news/statements/060315.htm>.

⁹ *Id.*

¹⁰ *U.S. Postal Service Reports Fiscal Year 2020 Results*, U.S. Postal Service (Nov. 13, 2020), *available at* <https://about.usps.com/newsroom/national-releases/2020/1113-usps-reports-fiscal-year-2020-results.htm>.

¹¹ Government Accountability Office, *USPS Financial Viability*, <https://www.gao.gov/highrisk/usps-financial-viability>.

¹² Evan Perez, *Massive Postal Service breach hits employees and customers*, CNN, Nov. 10, 2014, <https://www.cnn.com/2014/11/10/politics/postal-service-security-breach/index.html>.

¹³ U.S. Postal Service Office of Inspector General, “Controls to Detect Money Order Fraud Audit Report,” Report No. DP-AR-13-002 (Feb. 7, 2013).

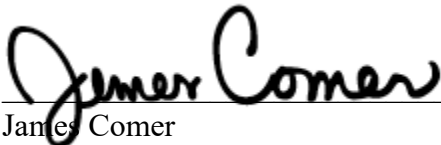
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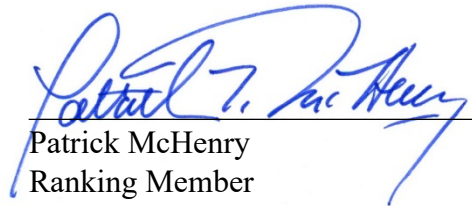
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to the planning, implementation, and justification for this previously unreported expansion of the Postal Service's activities. To schedule a briefing or if you have any questions, please contact Jake Greenberg of the Committee on Oversight and Reform, Minority Staff at Jake.Greenberg@mail.house.gov and Nicholle Vo of the Committee on Financial Services, Minority Staff at Nicholle.Vo@mail.house.gov.

Sincerely,



James Comer
Ranking Member
Committee on Oversight and Reform



Patrick McHenry
Ranking Member
Committee on Financial Services

cc: The Honorable Carolyn Maloney, Chairwoman
Committee on Oversight and Reform

The Honorable Maxine Water, Chairwoman
Committee on Financial Services