

Congress of the United States  
House of Representatives

Washington, DC 20515

March 1, 2022

The Honorable Michael M. Kubayanda  
Chairman  
Postal Regulatory Commission  
901 New York Avenue NW  
Washington, D.C. 20268

Dear Chairman Kubayanda:

Recently, the United States Postal Service (USPS) started a pilot program allowing customers to exchange a paycheck or business check for a gift card in value up to \$500.<sup>1</sup> According to the *Postal Accountability & Enhancement Act* (PAEA) the USPS “shall, whenever it requests to add a product or transfer a product to a different category, file with the Postal Regulatory Commission (PRC) and publish within the Federal Register.”<sup>2</sup> Despite the PAEA’s clear requirement to file with the PRC in this case, the USPS neither informed the PRC nor published anything in the Federal Register regarding the pilot program.

When the PRC rightfully inquired why the USPS did not follow the appropriate procedures for establishing a new product,<sup>3</sup> the USPS stated “Postal Regulatory Commission review was considered unnecessary because the gift card product was approved in 2014 under the competitive product category of Postal Services. The current pilot is merely testing a new form of payment for an established postal product—gift cards.”<sup>4</sup>

The Postal Service’s attempt to offer a financial services product without proper approval from the PRC raises questions as to the intentions of USPS leadership and the PRC’s authority to conduct oversight of the Postal Service’s product lines. The notion that USPS could engage in this pilot program by justifying it as a new payment option—as opposed to a new product—is an affront to the PRC’s statutory role.

To be clear, accepting paychecks and business checks in exchange for gift cards that operate in a manner similar to cash is more akin to a check cashing service than to a “postal service,” which

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<sup>1</sup> Jory Heckman, *USPS pilot expands postal banking services after years of skepticism*, FEDERAL NEWS NETWORK (Oct. 4, 2021), available at <https://federalnewsnetwork.com/agencyoversight/2021/10/usps-pilot-expands-postal-banking-services-after-years-of-skepticism/>

<sup>2</sup> 39 U.S.C. § 3642.

<sup>3</sup> <https://www.prc.gov/docs/120/120663/CIR%20No.%201.pdf>

<sup>4</sup> Docket No. ACR2021, RESPONSES OF THE UNITED STATES POSTAL SERVICE TO QUESTIONS 1-2 OF COMMISSION INFORMATION REQUEST NO. 1

is defined by statute as “the delivery of letters, printed matter, or mailable packages, including acceptance, collection, sorting, transportation, or other functions ancillary thereto.”<sup>5</sup> Customers appear to agree that USPS should stick to postal services: a USPS report on the pilot program shows only six customers used the service from September 12, 2021 through January 12, 2022.<sup>6</sup>

It is unclear whether the USPS will continue the pilot program in light of its unpopularity. Doing so would only highlight the USPS’s lack of understanding of the financial services industry and reinforce it needs to stick to its mandate of distributing the mail. Moreover, extending or expanding the pilot program further erodes the PAEA’s authority with respect to methods of payment for established postal products. For example, the USPS could similarly argue that customers can use cryptocurrencies or foreign currencies in exchange for prepaid gift cards, or any other product sold by the USPS such as money orders, without PRC approval.

Despite its attempt to skirt the PAEA’s requirements for PRC approval in this case, it is clear the USPS is expanding its footprint by offering additional financial products and services. As the independent Federal agency charged with providing transparency and accountability at the USPS, we ask the PRC to assert its statutory role with respect to the pilot program and subject the matter to the appropriate procedures outlined in the PAEA for new products. Furthermore, we encourage the PRC to prevent the USPS from participating in any additional financial services in the future. Considering the USPS is \$188 billion in debt, it is apparent the USPS is not in a position to expand financial services to consumers before they get their own fiscal house in order.

Sincerely,



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Blaine Luetkemeyer  
Member of Congress



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Bill Posey  
Member of Congress



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Andy Barr  
Member of Congress

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<sup>5</sup> 39 U.S.C. § 102.

<sup>6</sup> Docket No. ACR2021, RESPONSES OF THE UNITED STATES POSTAL SERVICE TO QUESTIONS 1-2 OF COMMISSION INFORMATION REQUEST NO. 1



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Roger Williams  
Member of Congress



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Ted Budd  
Member of Congress



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John Rose  
Member of Congress

Cc: Louis DeJoy Postmaster General



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Barry Loudermilk  
Member of Congress



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David Kustoff  
Member of Congress



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William Timmons  
Member of Congress