

Congress of the United States
Washington, DC 20515

July 30, 2021

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Yellen,

We write today to urge you to use your authority under the *American Rescue Plan* to robustly assist our struggling state and local governments through your ongoing work administering the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). We urge you to use your authority to ensure that the framework you outline in the Interim Final Rule (IFR) is clarified in the Final Rule and reflective of the feedback we have received about how we can make state and local aid parameters work better for our local governments so they can meet community needs and serve their constituents.

State and local leaders in the districts we represent have provided important feedback to our offices which we urge Treasury to carefully consider as part of its final rule. Specifically, greater clarity on calculating revenue loss, defining how exactly money can be spent, accounting for the high expected cost of mandatory external auditing, and needing a clearer answer on what infrastructure upgrades can be funded using CSLFRF money. These ambiguities cause our state and local governments to struggle with using this aid. Some local authorities cite issues in recent changes to local accounting systems, which display either little or no loss in revenue on a surface level, but in practice show a significant decrease in year-to-year income.

With respect to the calculation of revenue loss, we urge Treasury to take into account how local government revenues are impacted by property taxes. Due to the natural ebb and flow of this system, there is a lag in how and when an economic crisis will impact a locality. Some have stressed how their method of conservative bookkeeping allowed them to minimize the immediate revenue impact of the COVID-19 pandemic, but that as a result, they will lack funds in the future to complete projects that were necessarily moved to a later date.

Additionally, many of our localities stress concerns with the IFR's definitions on what processes, projects, and related line items they can spend the received money on. Treasury should also consider how and whether the CSLFRF money could be used to cover costs from debt financing or short-term borrowing that these governments took on to maintain adequate cash flows during the pandemic and keep services to constituents running. The IFR stipulates that using recovery dollars for these purposes is prohibited.

Cities and counties in our communities have also expressed other issues in spending the funding, namely on infrastructure projects and their eligibility, as well as providing essential workers hazard pay for faithfully serving on the frontlines during the COVID-19 crisis. Some municipalities did not receive enough funding to cover the infrastructure improvements they need, leaving them struggling to find funding for these purposes. Local governments are also concerned with the possibility of completing a project using the funding and then having that funding subsequently denied, which would cause the municipality to repay the funding. Additionally, local elected officials and administrators are telling us that they have attended multiple educational seminars on these topics and are still confused. Finally, we are troubled that some small localities are even choosing not to accept their funding due to these concerns.

We deeply appreciate the Treasury Department's efforts to assist state and local governments with administering this much-needed funding provided by Congress. We ask that you fully consider these concerns we raise as fully as possible in the Final Rule while ensuring accountability and transparency in the process. We also ask that you also continue your technical assistance, and educational efforts in order to help our state and local governments navigate this process. Thank you for your time and attention to this critical matter.

Sincerely,



Susan Wild
Member of Congress



Jaime Raskin
Member of Congress



James P. McGovern
Member of Congress



Matt Cartwright
Member of Congress



Alan Lowenthal
Member of Congress



Chris Pappas
Member of Congress



Debbie Dingell
Member of Congress



Chrissy Houlahan
Member of Congress



Salud O. Carbajal
Member of Congress



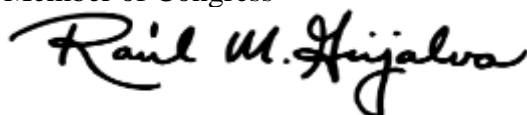
Brian Fitzpatrick
Member of Congress

A handwritten signature in blue ink that reads "Ed Case".

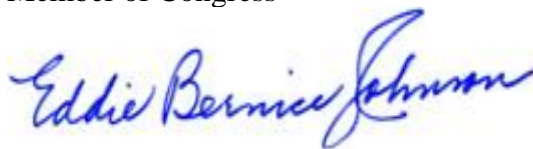
Ed Case
Member of Congress

A handwritten signature in black ink that reads "Dean Phillips".

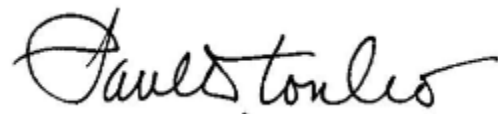
Dean Phillips
Member of Congress

A handwritten signature in black ink that reads "Raúl M. Grijalva".

Raúl M. Grijalva
Member of Congress

A handwritten signature in blue ink that reads "Eddie Bernice Johnson".

Eddie Bernice Johnson
Member of Congress

A handwritten signature in black ink that reads "Paul D. Tonko".

Paul D. Tonko
Member of Congress

A handwritten signature in black ink that reads "Elissa Slotkin".

Elissa Slotkin
Member of Congress

A handwritten signature in black ink that reads "Veronica Escobar".

Veronica Escobar
Member of Congress

A handwritten signature in blue ink that reads "Cynthia Axne".

Cynthia Axne
Member of Congress

A handwritten signature in blue ink that reads "Tom O'Halleran".

Tom O'Halleran
Member of Congress

A handwritten signature in black ink that reads "Marilyn Strickland".

Marilyn Strickland
Member of Congress

A handwritten signature in blue ink that reads "Daniel T. Kildee".

Daniel T. Kildee
Member of Congress

A handwritten signature in blue ink that reads "Bobby L. Rush".

Bobby L. Rush
Member of Congress

A handwritten signature in black ink that reads "Pete Aguilar".

Pete Aguilar
Member of Congress