

United States Senate
WASHINGTON, DC 20510

June 24, 2021

Secretary Janet Yellen
Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 3134
Washington, D.C. 20220

Dear Secretary Yellen:

We write to you regarding the U.S. Department of the Treasury's (Treasury) Interim Final Rule on the Coronavirus State and Local Fiscal Recovery Fund (Fiscal Recovery Fund), which was established in the American Rescue Plan (P.L. 117-2). We appreciate the opportunity to provide feedback during the public comment period.

The American Rescue Plan provides direct funding to local governments across the United States. In this pandemic, many communities have done incredible work with scant resources by finding innovative ways to stretch their dollars. One way that local communities are able to stretch their dollars and federal taxpayers' dollars most effectively is by leveraging these as matching funds for federal discretionary grant programs.

As you know, the American Rescue Plan provides flexibility within the Fiscal Recovery Fund to allow communities to meet the unique challenges they face as a result of the COVID-19 public health emergency. In light of this flexibility, Treasury provided a broad definition of "government services" in the Interim Final Rule, specifically:

Government services can include, but are not limited to, maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.¹

However, local governments often use their revenues to satisfy the local match for federal discretionary grant programs like the U.S. Department of Agriculture's (USDA) Water & Wastewater Disposal Grant Program, USDA's Broadband ReConnect Program, the Economic Development Administration's (EDA) Public Works Program, and countless others that are instrumental in providing many of the aforementioned government services. While we understand that these funds are subject to pre-existing limitations provided in other Federal statutes and regulations and may not be used as non-Federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements, we strongly encourage Treasury to allow State and Local Fiscal Recovery Funds to be used to satisfy the local match for all other federal programs where there is not a statutory prohibition.

¹ Department of the Treasury, 31 CFR Part 35, RIN 1505-AC77, "Coronavirus State and Local Fiscal Recovery Funds: Interim Final Rule," p. 51-52.

There is precedent for this approach in prior pandemic response programs and federal community development programs, as Treasury already allowed Coronavirus Relief Funds within the CARES Act to be used to meet non-federal matching requirements for Stafford Act assistance, including the Federal Emergency Management Agency's (FEMA) Emergency Management Performance Grant (EMPG) program. The Community Development Block Grant (CDBG) program also allows funds to be used as a non-federal match. CDBG provided the model for the allocation formula for much of the Fiscal Recovery Fund.

We encourage Treasury to work with other federal Departments and Agencies to maximize flexibility within federal requirements and programs where possible. We appreciate the ability to provide comments through this public comment period, and we thank you for your attention to this important issue and look forward to your response.

Sincerely,



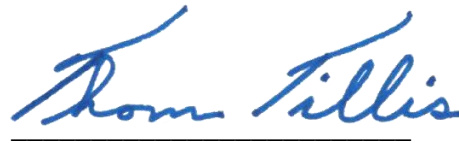
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United States Senator



Susan Collins
United States Senator



Chris Van Hollen
United States Senator



Thom Tillis
United States Senator



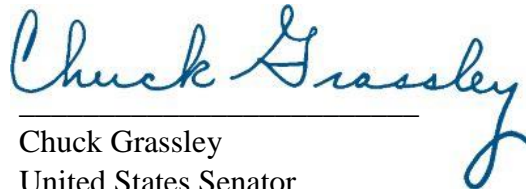
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