

Congress of the United States

House of Representatives

SELECT SUBCOMMITTEE ON THE CORONAVIRUS PANDEMIC

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Majority (202) 225-5074
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August 22, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

Dear Secretary Yellen:

The Select Subcommittee on the Coronavirus Pandemic (Select Subcommittee) is investigating the potential misuse of billions of taxpayer dollars by state and municipal governments across the country through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program administered by the Department.

As you know, the *American Rescue Plan* (ARP) allocated more than \$350 billion to state, local, territorial and tribal governments through the SLFRF to respond to pandemic-related challenges.¹ SLFRF implementing regulations permitted recipients to use the funds to provide premium pay for essential workers, address pandemic-related reductions in revenue in order to maintain public services, and to respond to the public health emergency or its negative economic impacts.² Recipients could also use the funds for infrastructure projects related to water, sewer, and broadband—projects with a tenuous nexus to COVID-19.³

During this Congress, the Select Subcommittee is focusing on investigating waste, fraud, and abuse that occurred as a result of COVID-19 programs. In the case of the SLFRF, the administration and use of these funds disincentivized prudent management by serving as a bailout for many state and local governments that kept their public services and economies closed the longest. It also further contributed to the federal government's reckless spending, exacerbating an already inflationary economy—making it harder for struggling Americans to afford groceries, energy, and rent.

Unfortunately, the SLFRF—like many other COVID-19 programs—possessed very few common-sense restrictions that could have protected the American taxpayer. Additionally, its seemingly unlimited terms have made it difficult for Congress to

¹ American Rescue Plan Act of 2021, Pub. L. No. 117-2, § 9901 (2021).

² Department of the Treasury, Coronavirus State and Local Recovery Funds, 87 Fed. Reg. 4338 (Jan. 27, 2022) (final rule); *See* 31 C.F.R. Part 35, § 35.6.

³ *Id.* at § 35.6(e).

conduct a sufficient accounting of the program. Still, there's been numerous credible reports of states and cities using the SLFRF for questionable projects and programs unrelated to COVID-19.⁴ Recently, it was reported that Providence, Rhode Island used \$10 million of COVID-19 relief funds to create the Providence Municipal Reparations Commission to address "racial equity."⁵

Problematically, state and municipal recipients were also allowed to allocate the SLFRF directly to households, small businesses, nonprofits, and designated impacted industries⁶—thus, seemingly opening the door to allegations that government recipients could award funds based on political favoritism at the expense of necessity. For example, the city of St. Louis, Missouri directed \$1 million to be used to pay a portion off residents' outstanding child support.⁷ Meanwhile, the state of Massachusetts negligently drove \$5 million into the Edward M. Kennedy Institute for the U.S. Senate, honoring the late-Democratic Senator, in order to keep the allegedly drowning nonprofit's finances above water.⁸

The government's disastrous response under the ARP was neither targeted nor proportional. While the previous Congress failed to adequately safeguard taxpayer money, it is the prerogative of this Select Subcommittee to review and highlight the policy failures—and successes—occurring under COVID-19 relief programs, to hold bad actors that took advantage of these programs accountable, and to ensure that we're prepared for future pandemics. Accordingly, the timely release of data on recipient use is crucial for allowing Congress the ability to accomplish its mission.

To further the Select Subcommittee's investigation, we request the following information and documents as soon as possible, but no later than September 5, 2023:

1. All documents, data, materials, certifications, and reports collected by or in the possession of the Treasury related to SLFRF recipient's use of funds as required by 42 U.S. Code Section 802(d), as amended by the ARP, and/or Code of Federal Regulations, Title 31, Subtitle A, Part 35, Section 35.4 (Reservation of authority, reporting).
2. All documents and materials collected by or in the possession of the Treasury and its component organizations and concerning notification, investigation, adjudication, reconsideration, and repayment of SLFRF in accordance with 42

⁴ Amanda Albright & Danielle Moran, *Biden's Rescue Money Doled Out to Racehorse Owners, Influencers*, BLOOMBERG (May 16, 2022); Brian Slodysko, *State lawmakers used coronavirus relief money to fund new hotels, ballparks and ski slopes*, FORTUNE (Mar. 23, 2022).

⁵ Breck Dumas & Grady Trimble, *COVID relief money target for use by cities to fund reparations programs*, FOX BUSINESS (Feb. 22, 2023).

⁶ *Supra*, n. 2.

⁷ Brian Slodysko, *State lawmakers used coronavirus relief money to fund new hotels, ballparks and ski slopes*, FORTUNE (Mar. 23, 2022).

⁸ *Id.*

The Honorable Janet Yellen

August 22, 2023

Page 3

U.S Code Section 802(e), as amended by the ARP, and/or Code of Federal Regulations, Title 31, Subtitle A, Part 35, Section 35.10 (Recoupment).

In addition to these documents, please provide a staff-level briefing related to these requests no later than August 29, 2023.

The Select Subcommittee on the Coronavirus Pandemic is authorized to investigate “the efficacy, effectiveness, and transparency of the use of taxpayer funds and relief programs to address the coronavirus pandemic, including reports of waste, fraud, or abuse” under H. Res. 5. To that end, the Select Subcommittee is tasked to learn from the U.S. response to the COVID-19 pandemic and recommend alterations where necessary to enhance our preparedness and responses in the future. To schedule the briefing or ask any follow-up or related questions, please contact Select Subcommittee staff at (202) 225-5074.

Thank you for your attention to this very important matter.

Sincerely,



Brad Wenstrup, D.P.M.
Chairman

cc: The Honorable Raul Ruiz, M.D., Ranking Member
Select Subcommittee on the Coronavirus Pandemic