



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

September 23, 2022

Dear Recovery Program Recipients:

Thank you for the work that you do every day to support families across the country, including through your work on programs administered by the U.S. Department of the Treasury. We are writing to provide an update on the status of Treasury's operations regarding the recovery programs that it administers.

As you know, Congress gave Treasury the important responsibility of overseeing a range of recovery programs, including those funded by the American Rescue Plan. Over the past two years, Treasury has worked hard to fulfill that responsibility alongside dedicated state, local, territorial, and Tribal partners. And we have seen the impact, from the over 7 million payments made under the Emergency Rental Assistance Program to the over 50,000 projects undertaken by state, local, territorial, and Tribal governments in response to the COVID-19 pandemic through a variety of innovative and impactful approaches. We know that many of our recipients have had to significantly increase their capacity to administer these recovery funds, creating or expanding programs that have helped Americans across the country recover from the pandemic.

Just as many of you have had to expand your capacity, Treasury has also worked to build a dedicated team to oversee these funds, many of whom you know through our webinars, outreach calls, technical assistance, email, call center operations, and more. In particular, we have prioritized building the capacity necessary to answer questions from the 30,000 states, territories, cities, counties, towns, and Tribes that are navigating our programs. We have focused our efforts on ensuring that recipients can both swiftly access funds and responsibly use them, whether by engaging directly with smaller Tribes and localities who are new to working with the Federal government, adjusting our guidance as needed to ensure program rules are compatible with recipient needs, or developing—with the support of the audit community—an alternative compliance examination for certain recipients that will reduce burden and yet still provide accountability for the funds.

However, Treasury is facing constraints that will put our ability to continue this level of support to recipients at risk – with the greatest impact likely felt by the smallest jurisdictions and Tribal governments, who often rely on more in-depth engagement with Treasury. Congress appropriated funding to Treasury to administer recovery programs, and some programs were given more than enough funding to cover their operations. But in the case of several other programs, the available funding is insufficient to allow Treasury to maintain the current levels of administrative support. These programs include the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), the Coronavirus Capital Projects Fund, the Emergency Rental Assistance Program, the Homeowner Assistance Fund, and the Local Assistance and Tribal Consistency Fund.

Treasury has been working with Congress to seek flexibility in how administrative funds can be used across programs, which would preserve our ability to provide support across these programs without affecting any of the Department's operations. These changes would not require any

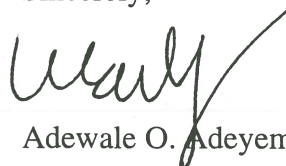
additional funds to be appropriated by Congress, but instead would permit Treasury to repurpose some funds from other pandemic programs that are in later stages of implementation to American Rescue Plan programs with significant outstanding needs. However, pending those changes, these funding shortfalls will have significant effects on Treasury's ability to provide support to recipients of its programs. We are writing to let you know that Treasury is preparing to adjust its operations in ways that may have an impact on how you interact with the Department. In particular, for the programs listed above, Treasury is in the process of:

- Ending our call center support, which has provided an entry point for questions from recipients facing issues, including around payments and reporting. This shutdown will begin going into effect in October.
- Sharply curtailing our e-mail response operations, limiting our ability to respond to most questions that arrive in the inbox. As you know, our call center, e-mail response, and other recipient communications efforts have provided critical support to the 30,000 states, territories, cities, counties, towns, and Tribes participating in programs like SLFRF, helping to answer questions around how to access funds and understand the rules of the programs.
- Reducing our reporting and recipient monitoring footprint, slowing Treasury's responses to incoming questions from jurisdictions and potentially impacting resolution of Single Audits.
- Instituting a hiring freeze of Federal staff for these programs, limiting Treasury's ability to participate in direct engagement with recipients or resolve ongoing policy questions that arise.

Beyond these preliminary steps, without the necessary funding flexibility, Treasury will have to undertake more significant steps to reduce staffing and service in the weeks ahead. In addition, while we will continue to do everything that we can to promptly make payments, there is some risk that these operations will slow based on capacity constraints. As we engage in these steps, we will, of course, continue to prioritize using available funds to assist grantees as effectively as possible – and we will do what we can to provide self-service resources for commonly asked questions that can substitute for direct engagement and response. But we recognize that these changes to our operations may create challenges for you, and we wanted to communicate in advance as we plan for them.

We want to reiterate our sincere appreciation for your continued partnership in these important programs. Thank you again for all that you do, and we look forward to continuing to work with you to provide vital support to communities and families in need across the country.

Sincerely,



Adewale O. Adeyemo