



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

May 16, 2022

Dear State, Local, and Territorial Leaders:

One year ago, Treasury launched the American Rescue Plan's State and Local Fiscal Recovery Funds (SLFRF), which provide the resources needed for state and local governments to respond to the COVID-19 public health emergency and lead a strong, resilient, and equitable recovery. At that time, the country continued to face great risk and uncertainty about the course of the pandemic and the economic recovery.

The year since has seen tremendous progress: hundreds of millions of Americans have been vaccinated against COVID-19, and the economy created more jobs in 2021 than any year on record. This success was not preordained: it is the result of intentional policies, including the American Rescue Plan and the investments made by state and local governments through SLFRF.

While the first year of the program has made a difference in communities across the country, much work remains to be done to protect public health, ensure that this economic recovery reaches all Americans, and addresses evolving needs during the recovery. With this in mind, SLFRF was designed not only to help families, small businesses, and communities weather the pandemic – but also to support transformative investments that build a stronger and more equitable economy for the future. As we enter the second year of SLFRF and as many governments receive their second tranche of funds, these opportunities are at the forefront of my mind.

Treasury urges state and local governments to continue to use SLFRF funds to confront the most pressing challenges that our economy and communities face:

- expanding the workforce and providing competitive wages,
- expanding access to affordable housing, and
- keeping our families and communities safe.

First, SLFRF can be used to make investments to expand your workforce and provide competitive wages. In today's strong labor market – with the unemployment rate well below 4 percent and a record high number of job openings per unemployed worker – expanding the labor force is critical to fill open positions and grow the economy. Governments across the country are using SLFRF to ensure jobs offer competitive wages and working conditions to attract talent, train workers for in-demand careers, help underserved workers reenter the labor market, rehire public workers that educate children and keep communities safe, and expand childcare to help working parents balance caring for their children and maintaining their jobs.

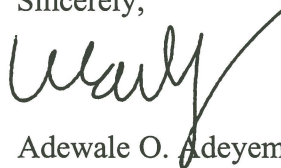
Second, SLFRF can expand affordable housing, bringing down one of the largest costs that families face and addressing a crucial challenge in many communities. The United States faces a long-standing shortage of affordable housing; during the pandemic, this crisis became acute, as millions of renters and homeowners fell behind on their payments. In response, governments used SLFRF to help 770,000 households afford rent, mortgage, or utility costs in 2021, in many cases building on the national eviction prevention infrastructure developed over the last year. More broadly, SLFRF presents an opportunity to dramatically accelerate development and preservation of affordable housing, expanding access to safe, quality, affordable homes that are critical to the wellbeing of all Americans.

Third, SLFRF can help keep communities safe, providing resources to improve public safety. SLFRF gives communities on the frontlines of this issue access to historic levels of funding that they can use for a comprehensive approach to preventing and reducing violence. Dozens of governments have invested in community-based violence intervention programs and other holistic efforts to prevent violence by strengthening communities. This includes programs that strengthen economic opportunity and reduce crime like jobs programs for youth, which offer key work experience, training, and productive summer opportunities. Governments across the country have also used SLFRF to keep police officers on the beat in their communities, preventing cuts to public safety departments amid revenue losses caused by the pandemic and providing bonuses for recruitment and retention of police officers.

Over the past year, state and local governments have done a tremendous amount of work to put SLFRF funds to work to fight the pandemic and support our country's recovery. Treasury is proud to partner with you in this work and looks forward to continuing to support SLFRF recipients as they seize this once in a generation opportunity to enhance growth and build economic resiliency for those most in need.

As we look ahead, Treasury encourages state and local governments to share your successes publicly, highlighting how SLFRF funds are getting people back to work and into good jobs, expanding affordable housing, and improving public safety in your community.

Sincerely,



Adewale O. Adeyemo