

Congress of the United States

Washington, D.C. 20515

September 24, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Treasury Department
1500 Pennsylvania Ave NW
Washington, D.C., 20220

Dear Secretary Mnuchin:

In recent months, local governments across the country have been forced to grapple with tough choices in the face of spiraling costs and severely reduced tax revenues. Unfortunately, the capacity of these governments to address the challenges posed by COVID-19 was undermined by a contradictory policy change announced by the Treasury Department. Specifically, recently released Treasury guidance would have required municipalities that have already incurred public safety-related costs to retroactively document that these funds were specifically directed towards efforts to fight the coronavirus. This change was both unfair and unnecessary, and we are glad that you recently clarified this policy so that state and local governments can continue to be reimbursed in a timely manner. We urge you to continue to maintain clarity for state and local governments and not require them to maintain unnecessary documentation for these expenses.

In June, a “Frequently Asked Questions (FAQ)” page on the Treasury Department website stated that state and local governments “may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency.”

However, on September 2nd, the Treasury Department Office of Inspector General (OIG) publicly posted information directly contradicting this policy. In its FAQ, the OIG stated that, “the relevant unit of government should maintain documentation of the ‘substantially dedicated’ conclusion with respect to its employees.” Your department also subsequently updated its Coronavirus Relief Fund Guidance to state that, “The relevant unit of government should maintain documentation of the ‘substantially dedicated’ conclusion with respect to its employees.”

This abrupt reversal was unjustified and would have harmed local governments reeling from the impact of pandemic. It was confusing and disruptive to state that public safety funds are “presumed” to be pandemic-related costs and then issue conflicting guidance requiring municipalities to maintain documentation for expenses that they incurred months earlier.

This funding was appropriated by Congress to ensure that our firefighters, police officers, EMTs, and other public safety officials could continue to battle the devastating effects of

COVID-19, even in the face of a significant loss of municipal tax revenue. This sudden policy change, and its retroactive application, was unfair to these frontline public safety workers and to state and local governments that made funding decisions with the presumption that they would be reimbursed based on the original guidance. You were correct to reverse this guidance and clarify that these workers are eligible for reimbursement.

Again, we respectfully urge you to continue to maintain clarity with these policies and avoid creating any further confusion so that states and local governments may continue to fund public safety and health officials on the front lines of this crises. Thank you for your urgent attention to this request.

Sincerely,



Chris Pappas
Member of Congress



Rosa L. DeLauro
Member of Congress