[Date]

The Honorable Scott Bessent
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Re: Clawback of Appropriately Spent ARPA State and Local Fiscal Recovery Funds

Dear Secretary Bessent,

On behalf of the [City/Town/Village/Borough] of [Community Name], I am writing to request your assistance in resolving serious challenges related to the U.S. Department of Treasury's attempt to recoup funds from our American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) program.

Our community acted in good faith to follow Treasury's guidance and comply with the reporting requirements. However, because the reporting structure changed each year, it was confusing and difficult to know how to complete reports accurately. For example, the report system included extensive portions on "Program Income", which only apply to very limited use cases, such as toll roads, while simultaneously requiring communities that took the Standard Allowance (the recommended approach for recipients that received less than $10,000,000) to complete a confusing two-step reporting process.

The [City/Town/Village/Borough] of [Community Name] obligated [$XX] by the December 31, 2024, deadline as required by SLFRF. Funds were spent on [provide a brief description. E.g. public safety, purchase of equipment/vehicles, water/sewer infrastructure, etc.] However, Treasury is demanding that we return [$XX] due to reporting errors with no opportunity to contest the issue or find a resolution.

Unlike traditional federal grants, which provide local governments with individual program managers or direct points of contact, SLFRF recipients were directed only to generic Treasury email addresses (such as SLFRF@treasury.gov). Many of our questions went unanswered or were seriously delayed. When there was a response, it was often to refer us to lengthy and overly complex documents such as Treasury's 181-page Project and Expenditure Report User Guide or 66-page Compliance and Reporting Guide. [Insert details if your community has reached out to Treasury multiple times, what you asked about, and what responses (if any) you received.]

Even though we only made eligible expenditures and made our best effort to follow reporting requirements, Treasury is now seeking to claw back funds that our community spent appropriately under the law and according to Treasury's own guidance. This is a catastrophic challenge for us. Because these funds were already spent, we cannot repay them without taking out a high-interest bank loan or raising taxes on our community. We certainly cannot repay them in the 60 days that Treasury provided us, or with the interest rates that will be tacked on if we pay late.

We respectfully request your assistance in working with the Department of Treasury to resolve this matter and prevent our community from being unfairly penalized.

Thank you for your attention to this urgent issue and for your continued support of local governments.

Sincerely,

NAME
TITLE
COMMUNITY