

## Daniel La Spata

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## CITY OF CHICAGO CITY COUNCIL

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July 16, 2021

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

Dear Secretary Yellen,

As a member of the Chicago City Council, and on behalf of my constituents, I'm writing to urge the Department of the Treasury (Treasury) to stand firm on its guidance to prohibit the use of relief funds provided by the American Rescue Plan (ARP) to pay back debt. Mayor Lightfoot's administration has proposed using a significant sum of ARP funds to pay off debt incurred by the City of Chicago, and that is why I urge you to ensure that the Treasury's final rules prohibit any budgetary sleight-of-hand that allow ARP funds to replace discretionary City funds, thereby being "passed through" to debt service.

ARP funds were designed to provide relief to those most impacted by the COVID-19 pandemic, and a number of my colleagues on the Chicago City Council are working with a broad community coalition to make sure that the City's relief money is used to address community needs throughout our city. We need Treasury guidance that ensure Chicago's ARP funds are invested in the well-being of the communities hit hardest by the Covid-19 pandemic and recession, and not used for unintended purposes

Mayor Lightfoot's administration has proposed using more than \$400 million in ARP relief funds to pay off ill-conceived borrowing decisions from the 2021 City of Chicago budget. By swapping the City's discretionary Corporate Fund revenues with nearly a quarter of our City's ARP funds, in essence, the Mayor's administration seeks to use ARP funds to service debt. These types of budgetary maneuvers are directly opposed to Treasury guidance issued thus far, and they do not effectively serve the residents of our City, who are in need of more secure housing, community-based public health responses to the pandemic, expanded mental health services, expanded community-based violence prevention programming, youth jobs programs, and business relief among other needs.

In order to help our communities recover and re-imagine safety in our communities, we need common sense Treasury rules that drive investment into communities, not into Wall Street banks. For this reason, I urge the Treasury to close budgetary loopholes, like the one that Mayor Lightfoot intends to use, that could be used by cities to use ARP funds for the purposes of debt replacement.

Sincerely,

Daniel La Spata  
Alderman, 1st Ward

Cc: U.S. Senator Richard J. Durbin  
U.S. Senator Tammy Duckworth  
U.S. Congressman Jesús G. "Chuy" García  
U.S. Congressman Mike Quigley