



Congress of the United States
House of Representatives
Washington, DC 20515-3605

November 19, 2021

The Honorable Mayor Viola Lyles
Mayor of Charlotte
600 E Fourth St.
Charlotte, NC 28202

Dear Mayor Lyles,

I write in light of a recent budgetary decision by the City of Charlotte. As you know, on October 26, the Charlotte City Council approved a plan to spend \$60 million of the roughly \$71 million it received from the American Rescue Plan (ARP) Act.¹ The \$71 million federal distribution comes on the heels of the approximately \$154 million² the city of Charlotte received from the federal government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The federal support offered by the CARES Act and the ARP Act was conditioned on Congress's intent that federal funds pay specifically for pandemic-related endeavors. For example, section 601 of the CARES Act states that funding to local governments can only cover costs that "are necessary expenditures incurred due to the public health emergency" and were "not accounted for in the budget most recently approved as of the date of enactment."³ Similarly, section 9901 of the ARP Act states that the fund may be used, "[to] Respond to the public health emergency or its negative economic impacts," "respond to workers performing essential work during COVID-19 public health emergency," "[f]or the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency," and "[t]o make necessary investment in water, sewer, or broadband infrastructure."⁴

With these statutory and regulatory guardrails in mind, it is important to highlight an area of concern brought to my attention of the City Council's spending priorities of federal taxpayer dollars in the consequences of the COVID-19 pandemic.

The City of Charlotte's Council published a graphic that is light on specifics and outlines that, for example, under the umbrella of "Community Vitality," \$15 million from ARP Act funds will be spent on "Digital Inclusion" and "Grassroots Non-Profit Support."⁵ I have personally heard from North

¹ *COVID-19 Federal Stimulus American Rescue Plan Act of 2021*, City of Charlotte, October 26, 2021, available at https://budd.house.gov/UploadedFiles/ARPA_Update.pdf

² *CARES Act Fund Distributions for Small Business Recovery and Housing Relief*, City of Charlotte Internal Audit Department, September 29, 2021, available at <https://charlottenc.gov/audit/FY2017%20Reports/22-05%20CARES%20Act%20Fund%20Distributions.pdf>

³ *Coronavirus Aid, Relief, and Economic Security Act*, Pub.L 116-136 (2020), Section 601, available at <https://www.congress.gov/116/plaws/publ136/PLAW-116publ136.pdf>

⁴ *American Rescue Plan Act*, Pub.L 117-2 (2021), Section 9901, available at <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>

⁵ Danielle Chemtob, *Here's how the city will spend \$60 million in pandemic relief*, Axios Charlotte (Oct. 27, 2021), <https://charlotte.axios.com/277669/heres-how-the-city-will-spend-60-million-in-pandemic-relief/>.

Carolínians that the process to determine the allocations of the federal funding was rushed and lacked significant stakeholder or community input.

In light of these concerns, and in the interest of good governance and responsible oversight of federal taxpayer dollars, please provide my office with the following information:

1. Substantive details about both the total spending plan of any appropriated federal taxpayer dollars of CARES Act and ARP Act, with specific note of the Digital Inclusion and Grassroots Non-Profit Support categories, by the City of Charlotte.
 1. Explain how spending on these two identified initiatives will help the City of Charlotte recover from the immediate public health and economic consequences of the COVID-19 pandemic.
 2. Cite provisions of the CARES Act and ARP Act (including any associated federal guidance) that authorize spending on these projects.
2. A detailed breakdown of planned projects or awardees of any ARP or CARES federal funding as well as the criteria used by the City to award the funds.

Spending federal funds allocated specifically to help communities respond to and recover from the COVID-19 pandemic on non-germane city priorities is not permitted by law. It further erodes the public's trust of federal and local governments responsibly stewarding tax dollars. Your help in clarifying the City of Charlotte's actions would be tremendously helpful in assuaging concerns about any possibly misdirected federal funds.

Sincerely,



Ted Budd
Member of Congress

CC: The Honorable Dimple Ajmera
City Council Member at-large

The Honorable Tariq Bokhari
City Council Member- District 6

The Honorable Edmund Driggs
City Council Member- District 7

The Honorable Larken Egleston
City Council Member- District 1

The Honorable Julie Eiselt
Mayor Pro-Tempore

The Honorable Malcolm Graham
City Council Member- District 2

The Honorable Renee Johnson
City Council Member- District 4

The Honorable Matthew Newton
City Council Member- District 5

The Honorable Gregory Phipps
City Council Member at-large

The Honorable Victoria Watlington
City Council Member- District 3

The Honorable Braxton Winston
City Council Member at-large

