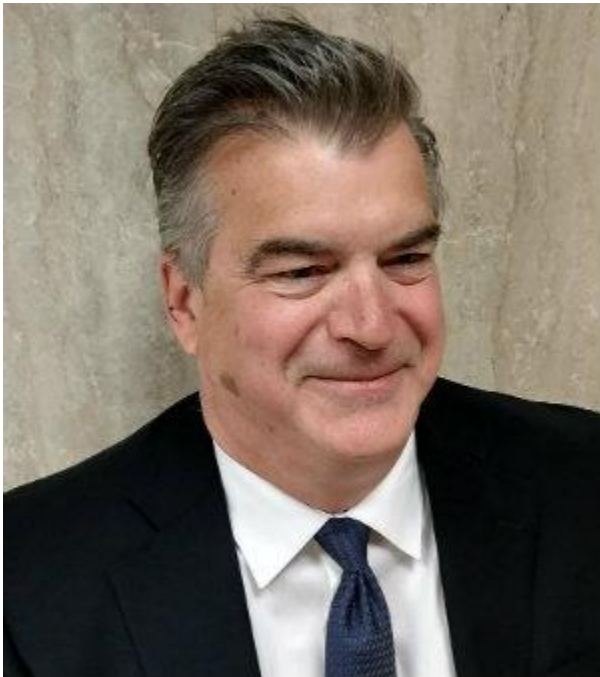


St. Louis City Counselor's Office Finds President Reed's Economic Development Proposals Do Not Comply Federal American Rescue Plan Act Guidelines

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ST. LOUIS – In a memo to Mayor Tishaura O. Jones’ administration, the St. Louis City Counselor outlined federal eligibility concerns regarding Board President Lewis Reed’s American Rescue Plan Act (ARPA) bill currently at the Board of Aldermen.

President Reed’s proposal for vote at the Board of Aldermen contains roughly \$53 million for economic development corridors, but U.S. Treasury guidelines prohibit spending ARPA funds on economic development purposes. From the conclusion of the City Counselor’s memo finding such allocations “generally disallowed:”

“The most recent U.S. Treasury guidance indicates general economic development is not an allowable use of the ARPA funds as a general rule. Accordingly, in absence of further clarity from the U.S. Treasury, recommendations for use of ARPA funds should comply with this parameter.”

The opinion was reached in conjunction with Rubin Brown, the independent accounting firm working with the City on federal guidance dictating CARES Act and ARPA funds. As federal dollars, ARPA funds are subject to incredible scrutiny and audits. If funds are used in a manner outside federal guidelines, the City could be forced to return funding to the federal government.

“There’s no doubt that North St. Louis needs massive investment to right historic wrongs, so it’s unfortunate that President Reed’s economic development proposals included in his current direct relief bill fall outside of federal guidelines,” said Jones administration spokesperson Nick Dunne. “Mayor Jones urges President Reed to restore the \$5 million in direct financial assistance to St. Louis families and support thoughtful and permissible additions that strengthen neighborhoods across our city to prime them for more intentional investment using ARPA funds in the near future.”

The Board of Estimate and Apportionment previously passed Mayor Jones' proposal on June 30. With President Reed's stated July 16 deadline approaching, and a vote on pandemic aid delayed last Friday, Mayor Jones reached out and met with the Board President yesterday to address the concerns outlined above and restoration of \$5 million in direct financial assistance for St. Louis families impacted by the COVID-19 crisis. Highlights of her full \$81 million proposal include:

- \$6.75 million in public health infrastructure to get people the resources they need and vaccinate them with mobile vaccine clinics and community canvasses, meeting St. Louisans in their neighborhoods and homes
- \$58 million in direct, urgent economic relief, including housing and utility assistance, support for the unhoused, immediate cash assistance, and public benefits navigators to help residents connect with these services
- \$11.5 million to address the root causes of crime and improve public safety through increased funding for violence intervention programs and youth programming and jobs to keep youth engaged and safe