

United States Senate

June 18, 2020

The Honorable Mitch McConnell
Majority Leader
S-230, U.S. Capitol
Washington, D.C. 20510

Dear Leader McConnell,

We write to urge more timely consideration of legislation providing additional funding for state, local, and tribal governments—which should include an increase in the Federal Medical Assistance Percentage—so it can be enacted before many states’ fiscal years begin on July 1.

States, counties, and cities have been hard-hit by lost revenues and higher expenses due to the coronavirus pandemic and the resulting economic crisis. They are required to balance their budgets. Therefore, knowing what federal aid is coming in the next coronavirus response bill will allow them to make better decisions and minimize unemployment, service cuts, and slow their economic recovery. In the last three months, state and local governments have already had to lay off 1.6 million workers, nearly half of them in K-12 education.

State, local, and tribal governments are facing an unprecedented budget crisis. The Center for Budget and Policy Priorities projects that state budgets could face shortfalls of \$615 billion over the next three years. Counties and cities project more than \$500 billion in additional fiscal impact.

Most states operate on an annual budget cycle that ends on June 30. And because states have a limited capacity to close such large budget gaps, especially during an economic crisis, they are scrambling to balance their budgets with dramatic cuts to critical services and public employees—including teachers, emergency responders, and home health services that help keep seniors out of nursing homes—and tax increases in order to meet fiscal deadlines in the coming few weeks. Delaying federal aid exacerbates these problems.

The vast majority of these budget problems are due to the coronavirus and the resulting economic downturn. For example:

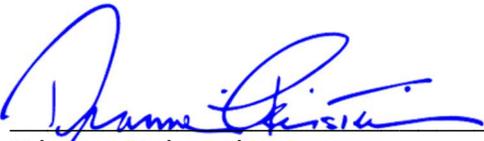
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- California, which just had its credit rating upgraded last year, saw its budget situation deteriorate from a projected \$6 billion surplus to an estimated \$54 billion shortfall in just weeks.
- Ohio intends to cut Medicaid funding by \$210 million despite projections that nearly 1 million Ohioans may enroll in the coming months.
- Georgia plans to furlough state troopers for 24 days each to help with \$3.5 billion in virus-related cuts.
- Kentucky is facing a \$457 million shortfall in just this fiscal year and another 10-17% decline in revenues from July 1 to December 31.

Red and blue states alike need aid now, and leaders in both parties have publicly said as much. President Trump's former chief economic adviser, Gary Cohn, wrote in a May 25 *Washington Post* op-ed that "the federal government called on states to act" to carry a heavy response burden for the pandemic and economic crisis, and "it should be accountable for providing relief."

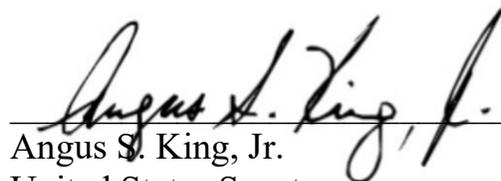
We know that this aid is necessary and we should not delay in providing it until after states make their own budgetary decisions. We thank you for your consideration of this request and look forward to helping draft and vote on this important economic relief.

Sincerely,



Dianne Feinstein
United States Senator

/s/ CHRIS VAN HOLLEN
Chris Van Hollen
United States Senator

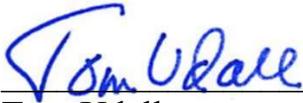


Angus S. King, Jr.
United States Senator



Edward J. Markey
United States Senator

United States Senate



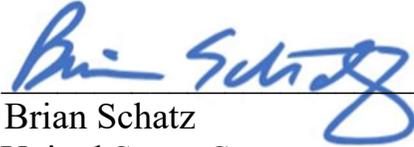
Tom Udall
United States Senator

/s/ MARTIN HEINRICH

Martin Heinrich
United States Senator



Sheldon Whitehouse
United States Senator



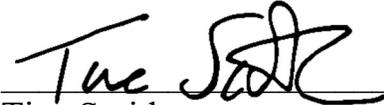
Brian Schatz
United States Senator

/s/ JACK REED

Jack Reed
United States Senator



Kirsten Gillibrand
United States Senator



Tina Smith
United States Senator



Kamala D. Harris
United States Senator



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