

Congress of the United States
Washington, DC 20515

July 2, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer,

Local governments across the nation are in urgent need of a new lifeline to prevent the interruption of essential operations and services; and to keep emergency responders, sanitation workers, building and repair crews, and others on the job.

The \$150 billion Coronavirus Relief Fund enacted under the CARES Act provided essential supplemental assistance to state and local efforts to control the spread of COVID-19 and maintain essential services during a national public health crisis. At the same time, accessibility has been hindered by confusion over congressional intent, delayed guidance, and well-intentioned but overly restrictive expenditure requirements.

Unfortunately, the Coronavirus Relief Fund is also insufficient to meet to the growing need for support at the local level, and additional federal intervention is warranted. As a result of the challenging fiscal conditions induced by the COVID-19 pandemic and the unanticipated costs of shuttering and reopening communities and small businesses, the National League of Cities estimates local budget shortfalls of over \$360 billion between 2020 and 2022, with \$134 billion in revenue losses for 2020 alone.

Local governments know the federal government cannot make up for every loss of revenue. Rather, they are seeking an additional lifeline to put off and ultimately avoid options of last resort, including indefinite cuts to services at a time when communities need them most, permanent layoffs of municipal employees who comprise a large share of America's middle class, and cancelling capital projects that will further impact local employment, business contracts and overall investment in the economy. There is a real possibility that the very cities, towns, and villages that have helped ensure stability throughout this crisis, even as their revenue base has declined, will go from being an essential part of America's recovery to becoming a serious drag on it.

Equally important is the unique role cities and towns will play in re-opening the economy. By providing the permits and approvals for both commercial, educational, and public services, cities and towns are the primary gate through which a safe and efficient re-opening will occur. Reduced revenues and personnel will only make this process more difficult, placing a significant and easily avoidable drag on re-opening efforts nationwide.

Taking the lessons learned from the CARES Act, and based on the most recent economic indicators, we urge a new lifeline for local governments that includes the following principles:

- Fair and appropriate funding for each and every local government, with no exclusions based on population.
- Direct funding allocated through familiar and proven revenue sharing programs, such as the Community Development Block Grant, to eliminate the need for a new administrative or regulatory framework.
- Minimal entanglement of state and local funding of the sort that resulted in confusion, delays, and infighting under the CARES Act.
- Equal funding overall for municipal governments and county governments.
- Maximum flexibility for the eligible use of funds to address the budget consequences of the COVID-19 pandemic.

We stand ready to work together on bicameral, bipartisan legislation that includes the kinds of guardrails members of Congress will need to be confident that taxpayer funds are appropriately spent and to provide fair and appropriate levels of assistance to all cities, towns, and villages.

Sincerely,



John Katko
Member of Congress

Brian Fitzpatrick
Member of Congress

Lee Zeldin
Member of Congress

Fred Upton
Member of Congress

Jaime Herrera Beutler
Member of Congress

Paul Cook
Member of Congress

Peter T. King
Member of Congress

Adam Kinzinger
Member of Congress

Gus M. Bilirakis
Member of Congress

David P. Joyce
Member of Congress