

**Congress of the United States**  
**Washington, DC 20515**

June 11, 2020

Honorable Steven T. Mnuchin  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue N.W.  
Washington, D.C. 20220

Dear Secretary Mnuchin:

As the Department of Treasury implements requirements stipulated in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), we urge you to abide by Congressional intent in the legislation and ensure that funds are made available to state and local governments to bridge revenue shortfalls caused by the novel Coronavirus (COVID-19) pandemic. These funds are vital for allowing states that, through no fault of their own, are facing unprecedented hits to their revenue and ability to maintain even basic public services for our constituents. It is urgent that the Treasury Department modifies its recently released guidance to allow state governments to utilize the needed relief and resources made available by Congress. As reported by Center for Disease Control and Prevention, the majority of states are dealing with thousands of COVID-19 cases among their citizens, including the hardest hit of New York with 380,892<sup>1</sup> reported cases and New Jersey with 165,346<sup>2</sup> cases, as well as Michigan and Louisiana with 65,182<sup>3</sup> and 44,030<sup>4</sup> cases, respectively, as of June 11<sup>th</sup>, 2020. States must be able to focus on fighting this pandemic and not have the added worry that their state-level resources will fall short.

The COVID-19 pandemic has caused an unrivaled global economic crisis. In response, Congress passed the bipartisan CARES Act, signed into law by President Trump on March 27, 2020, in an effort to lessen the blow and ensure that the American people are prepared to come roaring back into the recovery phase of this crisis. As reported by the Center on Budget and Policy Priorities (CBPP), state revenues are plummeting, whether sourced from income tax, property tax, sales tax, or other methods. CBPP estimates that states will see a \$765 billion shortfall in revenue over the next three years alone, not including strains on municipal budgets.<sup>5</sup> Further, as reported by the Department of Labor on June 11<sup>th</sup>, 2020, more than 44 million Americans have filed jobless claims since mid-March, and economists believe that there are millions more still working through state unemployment systems to be added to this number. This mass shift in employment has caused immense strain upon states and their revenue streams, which will have vast negative impacts for years to come.

The guidance provided by Treasury, although welcome, has created further questions with state governments. This includes the interpretation of what employees are considered covered by the Coronavirus Relief Fund and to what extent funds that may have been originally budgeted under one account may be shifted to others to more efficiently combat this pandemic and will be eligible to receive reimbursements. Further guidance would alleviate uncertainty, allowing for the more efficient deployment of resources. While we appreciate the broad interpretation of what is considered a “necessary expenditure” within the CARES Act when it pertains to the use of funds to assist state governments, these funds must further be allowed to assist in revenue shortfalls. Due to the crisis, Governor Murphy of New Jersey has proposed a \$1.3 billion state budget cut, Ohio Governor DeWine has

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<sup>1</sup> <https://covid19tracker.health.ny.gov/views/NYS-COVID19-Tracker/NYSDOHCOVID-19Tracker-Map>

<sup>2</sup> [https://www.nj.gov/health/cd/topics/covid2019\\_dashboard.shtml](https://www.nj.gov/health/cd/topics/covid2019_dashboard.shtml)

<sup>3</sup> [https://www.michigan.gov/coronavirus/0,9753,7-406-98163\\_98173---.00.html](https://www.michigan.gov/coronavirus/0,9753,7-406-98163_98173---.00.html)

<sup>4</sup> <http://ldh.la.gov/coronavirus/>

<sup>5</sup> <https://www.cbpp.org/blog/projected-state-shortfalls-grow-as-economic-forecasts-worsen>

proposed a 20 percent cut in spending, and New York Governor Cuomo estimates that state revenue will decline \$13.3 billion below forecasted amounts over the next three years. Other states such as Colorado and New Mexico are estimated to have double-digit percentage declines in their general fund revenue for years to come. The revenue shortfalls will also be felt by county and municipal governments, and we request that you develop guidance for the state recipients of the funding consistent with the intent of Congress that local governments with populations below 500,000 should receive their fair share of the remaining funding allocated to the state.

Following Congressional intent and allowing federal funds to fully assist state and local government needs is vital as we continue to fight against this pandemic. We look forward to your immediate response on this important matter and urge you to utilize all of the tools available to continue to assist our communities.

Sincerely,



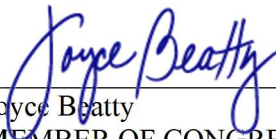
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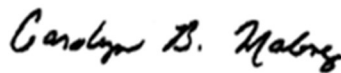
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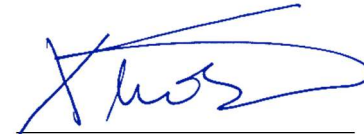
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