

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

April 9, 2020

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

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

Dear Speaker Pelosi and Minority Leader McCarthy:

We write to respectfully request that the next coronavirus aid package include substantial additional funds for state, local, tribal, and territorial governments to use at their discretion. While we were pleased to provide these entities with \$150 billion under the CARES Act, restrictions limiting the funds to expenses directly related to the coronavirus response mean that other, potentially larger, sources of financial strain have gone unaddressed. As is becoming increasingly apparent, the coronavirus will have economic ripple effects that reach far beyond direct response efforts, and we must ensure that state and local governments have the flexibility they need to meet their unique fiscal challenges.

As you are aware, the coronavirus has caused a steep increase in the unemployment rate coupled with a sharp decrease in consumption nationwide. Fewer employees on payroll mean states and local governments bring in less income tax revenue, and stay-at-home orders that keep people out of stores and restaurants mean less sales tax revenue. The full effects of these disruptions are difficult to predict, but states are preparing for dire scenarios. For example, Illinois' Commission on Government Finance and Accountability recently predicted a potential 20 percent decrease in state revenues over the next few fiscal years.<sup>1</sup> New York Governor Andrew Cuomo recently predicted a state revenue shortfall of up to \$15 billion.<sup>2</sup> These are just two examples of financial burdens states across the country will face in the coming months due this public health crisis.

Forcing states and cities to accommodate dramatic budget shortfalls could lead to widespread, disruptive reductions in public services, delayed improvement projects, and a slower economic recovery. Ohio Governor Mike DeWine recently told his cabinet members to prepare for up to 20 percent cuts to agencies for the next 15 months.<sup>3</sup> Cities across the country, from Phoenix<sup>4</sup> to Houston<sup>5</sup> to Philadelphia,<sup>6</sup> are similarly grappling with difficult budget decisions unforeseen just a few short months ago. Unfortunately, funding in the CARES Act provides limited relief to address this particular issue.

We therefore request that Congress provide additional funding for state and local governments to address these crippling budget shortfalls within the next coronavirus legislative aid package. The "State and Local Coronavirus Expenditures Relief Fund" within the CARES Act must either be expanded to allow state and local governments to replenish lost revenue as a qualifying expenditure, or a new fund must be created to provide direct aid to state and local governments with fewer restrictions. Either must allow significantly greater flexibility in how the funds are spent and include robust funding at a level that will meaningfully alleviate the fiscal problems faced by state, local, tribal, and territorial governments across the country.

We appreciate your consideration of this request and look forward to working with you in the coming days and weeks.

Sincerely,

  
Raja Krishnamoorthi  
Member of Congress

<sup>1</sup> <https://www.bnd.com/news/coronavirus/article241724941.html>

<sup>2</sup> <https://thehill.com/business-a-lobbying/business-a-lobbying/489937-struggling-states-warn-coronavirus-stimulus-falls>

<sup>3</sup> <https://www.dispatch.com/news/20200407/ohio-tax-revenue-takes-hit-as-coronavirus-orders-close-businesses>

<sup>4</sup> [https://www.azfamily.com/news/continuing\\_coverage/coronavirus\\_coverage/covid-19-threatens-robust-phoenix-area-city-budgets/article\\_58f115d2-787d-11ea-9038-1f0880c76c44.html](https://www.azfamily.com/news/continuing_coverage/coronavirus_coverage/covid-19-threatens-robust-phoenix-area-city-budgets/article_58f115d2-787d-11ea-9038-1f0880c76c44.html)

<sup>5</sup> <https://www.texastribune.org/2020/04/02/texas-coronavirus-threatens-city-budgets-services-recession-looms/>

<sup>6</sup> <https://www.inquirer.com/health/coronavirus/coronavirus-kenney-tax-budget-philadelphia-cuts-20200407.html>

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