



April 16, 2020

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader, U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader, U.S. House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

Robin Vos
Assembly Speaker
Wisconsin
President, NCSL

Martha R. Wigton
Director
House Budget & Research
Office
Georgia
Staff Chair, NCSL

Tim Storey
Executive Director

Re: Flexible Stimulus Funds for States to Stabilize Economy

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

The National Conference of State Legislatures (NCSL) genuinely appreciates your bipartisan efforts thus far to partner with your legislative counterparts in the states to combat the effects of the coronavirus (COVID-19) pandemic. The Families First Coronavirus Relief (FFRCA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided states with resources to support frontline efforts to mitigate the emergency, as well as provide economic relief to Americans. It is now painfully evident that the pandemic will have devastating effects on state budgets and our economy; therefore, additional stimulus funding is critical.

We urge you to appropriate at least \$300 billion in direct, flexible relief funding to states. This will enable legislatures and governors to mitigate drastic declines in revenues necessary to maintain essential services to all Americans. Furthermore, states need the assistance to invest aggressively in state economies to expedite a full economic recovery.

Every source of revenue for states is showing sharp declines. Coupled with the delayed receipt of income and property taxes due to the extended filing deadline, NCSL projects revenue losses could be between 15-20% in almost every single state. Cumulatively, that could lead to a shortfall, in FY 21 alone, of between \$300 billion-\$400 billion dollars of funding states use for transportation, education, public safety, health care, economic development, human services, elections, parks and more.

In addition to the request for \$300 billion in direct, flexible assistance to states, please consider the attached proposals while developing the next phase of response to the economic and public health effects of COVID-19. These were compiled after careful analysis of what state leaders require to confront this crisis. We are eager to work with you, and the administration, to get the nation back on track.

Again, thank you. We know how legislatures operate. We know that you and your staff are working incredibly hard to do what is best for the nation. Thank you!

If you have any questions, need background or would like our support, please contact me or Erlinda Doherty, director of the NCSL Budgets and Revenue Committee, at 202-624-8698 or erlinda.doherty@ncsl.org. In addition, please visit our own [COVID-19 webpage](#), which contains a compendium of real-time resources about how states are acting to address the pandemic.

Sincerely,

A handwritten signature in blue ink that reads "Tim Storey". The signature is written in a cursive style with a long, sweeping underline.

Tim Storey,
Executive Director, NCSL



Phase 4 COVID-19 Response Package Proposals

Direct Aid to States

- Provide \$300 billion in direct, flexible aid to states to be used to compensate for revenue shortfalls. The COVID-19 pandemic has dramatically reduced revenues to states. The loss will have significant impacts on states to carry out key governmental functions both in terms of funding direct state operations but also in meeting federal match requirements. This economic stabilization is key to fortifying the ability of states to effectively provide relief, response and ultimately recover from the pandemic.

Medicaid and Public Health Resources

- Increase the Federal Medical Assistance Percentage (FMAP), for both Medicaid and Title IV-E, above the 6.2% increase included in the Families First Coronavirus Response Act without diverting funds from other programs critical to state operations. We urge Congress to consider this increase for expansion and non-expansion states.
- Provide additional funds to public health efforts for states and territories to respond in real time and be proactive on COVID-19 and other public health crises moving forward. Additional public health funding should be mindful to support states and territories in: acquiring needed health supplies and equipment, needed resources for healthcare workers, access to additional COVID-19 testing supplies and surveillance efforts, the development of countermeasures and vaccines, expansion, and creation of temporary medical facilities, tools for developing educational outreach, and administrative costs.

Elimination of Federal Disaster Relief Cost Share Requirements

- Direct the Federal Emergency Management Agency administrator and the president to waive all cost-share requirements for assistance under the President's COVID-19 National Emergency Declaration and any subsequent COVID-19 major disaster declarations. Federal statute provides FEMA the authority to increase the federal cost share to 100% for emergency work, including direct federal assistance, if warranted by the needs of a disaster. With state resources so overwhelmed, few emergencies present a clearer case for 100% federal coverage as the COVID-19 pandemic. Major disaster declarations have already been approved for nearly every state and territory nationwide. Many of them already request, but have not been granted, 100% federal cost share. In the all too likely event that states simply will not have the funds to spare for the 25% cost share currently required for FEMA assistance, it would be a monumental blow for their COVID-19 response efforts and tightening budgets to have to forego FEMA assistance altogether.

Infrastructure Resources

Transportation

- Provide \$49.95 billion as an FY 2020-2021 distribution to states via existing formulas. This is based on a 38 to 44% drop in traffic volumes for the week ending March 27.
 - \$16.7 billion for remainder of FY 2020 (30% state revenue cut prorated over six months)
 - \$33.3 billion for all of FY 2021 (30% state revenue cut for a full year)

Education and Broadband

- Support broadband deployment and state connectivity efforts to address the impact of physical distancing on rural and low-income populations. This support is especially important as nationwide school closures have led to students continuing schooling through virtual learning.

Water

- Expand state flexibility surrounding Drinking Water and Clean Water State Revolving Funds such as reducing, or eliminating, the state-match component. State revolving funds are an integral state-federal partnership which, in times of tight federal and state budgets, provide states the opportunity to ensure a wide range of water quality projects for their citizens via their permanent, low-cost financing methods.

Cybersecurity

- Provide robust funding for state cybersecurity and IT needs. With the onset of the COVID-19 pandemic, legislatures have had to adjust the way they make policy and conduct day-to-day business. Ensuring the security of state systems while working remotely has never been more important and safeguarding the cyber safety of our citizens is critical in the era of ransomware, dis/mis information, and phishing. Election security during a federal election year is also a priority for state legislatures.