

Congress of the United States
Washington, DC 20510

April 7, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of Treasury
1500 Pennsylvania Ave., NW
Washington, D.C. 20220

Dear Secretary Mnuchin,

We are writing to request that you provide guidance on the State and Local Coronavirus Relief Fund that maximizes the flexibility state and local governments have in utilizing the funds. The nation's governors and mayors are on the frontlines of fighting the COVID-19 pandemic, and are in the best position to know where this funding can be most useful in protecting Americans.

The fund is intended to cover costs that were unbudgeted for and that are necessary expenditures related to COVID-19. Unbudgeted costs include spending needs that have sprouted up related to addressing the health care crisis. The burden on state and local medical systems, emergency systems, and other services has increased tremendously. This funding will provide a crucial lifeline that supports the ramp up in these services.

Unbudgeted costs can also come in the form of unexpected and precipitous revenue declines that would otherwise force budget cuts, thus diminishing necessary services that states and localities are providing to help people during the pandemic. State and local governments rely heavily on sales taxes and user fees, with most people sharply cutting back on spending and transit usage during social distancing, these revenue sources are declining rapidly. The cost of these revenue declines will manifest in constitutionally-required budget cuts to balance budgets. Allowing this to happen will exacerbate both the health and economic crises in this country.

Guidance provided to state and local governments on this fund should be broad. It should allow them to cover both unbudgeted costs that arise from new spending necessary to address COVID-19 and unbudgeted costs that arise from unexpected revenue declines, which would otherwise force cuts to safety net services at a time they are needed the most to respond to COVID-19. The guidance should also give states the flexibility to transfer funds to units of local governments for similar purposes.

Virginia is already facing large revenue shortfalls – with the expectation that revenue may be \$1 billion lower than expected in the final quarter of this fiscal year alone. Inhibiting the use of Coronavirus Relief Funds to address revenue shortfalls is likely to lead to cuts in services and programs that otherwise can mitigate the indirect impact of COVID-19 at the state and local level; that will only make the health and economic crises worse. Getting the relief funding to

state and local governments quickly, and with few restrictions, will allow governors and mayors to best address the crises they are facing.

Sincerely,

Mark R. Warner
United States Senator

Tim Kaine
United States Senator

Elaine G. Luria
Member of Congress

Robert C. “Bobby” Scott
Member of Congress

A. Donald McEachin
Member of Congress

Abigail D. Spanberger
Member of Congress

Donald S. Beyer Jr.
Member of Congress

Jennifer Wexton.
Member of Congress

Gerald E. Connolly
Member of Congress