

# United States Senate

WASHINGTON, DC 20510-0609

April 3, 2020

The Honorable Steven T. Mnuchin  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

Dear Secretary Mnuchin:

We write you to express support for Treasury ensuring that funding from the \$150 billion Coronavirus Relief Fund included in the CARES Act for state, tribal, and local governments is provided as flexibly, inclusively, and quickly as possible. While substantial additional federal support will be required to address the immense budget gaps faced by state and local governments as a result of the COVID-19 pandemic and we strongly encourage its inclusion in the next assistance package, this \$150 billion is an essential down payment to help state, tribal, and local governments meet critical and immediate needs.

As you develop guidance for recipients of the funds, we urge you to follow the language and intent of the statute, specifically by putting in place guidance that allows for:

1. **Flexibility of Use.** The statute states that the funds are to be used to cover costs that “(1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); (2) were not accounted for in the budget most recently approved as of the date of enactment of this section for the state or government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.”

We request that, consistent with the first and second requirements, your guidance allows unanticipated expenditures related to both the direct public health response and to human services or other needs that are a result of the economic effects of the public health emergency, including but not limited to the effects on social expenditures due to limiting or shutting down non-essential businesses as well as shelter-in-place orders.

This would include the following: salary and benefits for local and state government employees who would have been furloughed from their normal duties but who have been reassigned in response to the COVID-19 public health crisis and thus are working; increased operational expense for local health departments; the costs of paid sick and paid family and medical leave for local and state government employees; the costs to communicate or enforce public health orders related to COVID-19; the additional human services costs incurred due to the knock-on economic effects caused by actions taken due to the public health emergency (for example, the need to provide Medicaid coverage to people who have lost their jobs and need health care in the context of a pandemic; to rehouse people experiencing homelessness in a manner that reduces the risk of spread of COVID-19; to staff and support efforts to make up for lost learning time in schools and higher education institutions; or to expand food delivery for seniors and other vulnerable populations, among many others). These are just a few examples of a much wider array of necessary and unanticipated expenses being incurred by state and local governments, including

local governments in smaller and rural communities where a few people often bear the burdens of a wide and varied array of responsibilities.

We have also heard from communities across all corners of Colorado that the drop-off in their anticipated revenues has been severe and is expected to remain so throughout the public health crisis and as the economy recovers in the months following. The language clearly allows for necessary expenses that are not “accounted for” in the most recent budget, which includes the ability for state and local governments to fill a gap in revenues resulting from the public health emergency. Ongoing expenses that remain necessary but are no longer able to be financed should qualify by this standard, as they are no longer “accounted for” as they were in the most recent pre-crisis budgets.

2. **Inclusivity of All Local Jurisdictions.** While we never supported population thresholds for any state and local government stabilization funding, which would eventually become the Coronavirus Relief Fund, the statute only allows direct applications to Treasury for funding by local jurisdictions with populations in excess of 500,000 people. Our understanding is this population threshold was put in place due to the administrative complexity and potentially substantial delays caused by directly issuing payments to every jurisdiction in the United States with fewer than 500,000 people as well. We request that you develop guidance for the state recipients of the funding consistent with Congress’s intent that local governments with populations below 500,000 should receive their fair share of the remaining funding allocated to the state. Clearly, Congress intended to provide fiscal support not only to states and larger local jurisdictions, but also to acutely affected local jurisdictions with fewer than 500,000 residents.
3. **Speed of Delivery.** While the statute requires paying state, tribal, and local governments within 30 days of enactment, we urge you to move much faster than that deadline, given the urgency of the budgetary issues faced by state, tribal, and local governments, especially those most acutely affected by the COVID-19 pandemic.

Please do not hesitate to be in touch if we can be of any assistance in getting these funds to state, tribal, and local governments as flexibly, inclusively, and quickly as possible.

Sincerely,



Michael F. Bennet  
United States Senator



Cory Gardner  
United States Senator