



OFFICE OF THE GOVERNOR

March 19, 2020

The Honorable Nancy Pelosi
Speaker
United States House of
Representatives
1236 Longworth House Office
Building
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
United States House of
Representatives
2468 Rayburn House Office Building
Washington, DC 20515

The Honorable Chuck Schumer
Democratic Leader
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

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

I want to thank you for your dedicated leadership during these challenging times. The outbreak of a novel coronavirus, or COVID-19, is an evolving, unprecedented global crisis of a scale that we have never seen before. The economic disruption caused by this public health crisis will have immediate and devastating effects on our entire country, including too many families in California.

Even before COVID-19 hit our communities, California families were struggling with a crisis in the cost of living in our state due to the uneven economic recovery from the Great Recession and deepening income inequality. To help stabilize families, state and local governments worked together to provide a safety net that kept families from falling deeper into poverty. The COVID-19 virus and its economic impacts will substantially stress this safety net. Without a

substantial economic intervention from the federal government, many of these middle-class households may fall into poverty. State and local governments need broad-based federal support to meet this moment and the needs of the people.

The magnitude of this crisis is extraordinary and federal-state-local government coordination will be more critical than ever before. The components of California's initial request are detailed below.

Ongoing Pandemic Response

All aspects of our health care system – especially our hospitals – must be prepared for the coming surge of patients.

I am requesting funding for public health emergency preparedness and response for the state and our local partners. This funding will help meet our critical need to procure additional personal protective equipment, ventilators, and tents for medical surge capacity, as well as cots and other sheltering supplies.

Given the advancing trajectory of this virus and its impacts on our state, I am requesting federal support to purchase and stand up health care facilities to be used once local surge capacity in our existing hospitals and other facilities has been exhausted. This includes activating state-run hospitals, deploying mobile hospitals, other housing options for social distancing, and procuring additional necessary commodities.

In addition, I am requesting assistance for our county partners, our hospitals and health systems as part of the state's response to the pandemic. Funding is also critically needed for testing and treatment services of uninsured individuals.

California estimates more than \$1B in initial federal funding is needed to support our coordinated COVID-19 response and pandemic surge planning and implementation.

Assistance for Our Most Vulnerable Individuals, Families, and Communities

The COVID-19 crisis is having a wide-ranging impact on families and our communities. Additional federal funding is essential so that state and local governments can continue to provide necessary support for individuals and families now forced to address school closures, curtailed work hours, and outright job losses for many. Further, the extreme curtailment of consumer spending resulting from public health directives to isolate at home is placing a disproportionate burden on small businesses.

To address these impacts and mitigate these losses, I am requesting the following:

- Unemployment Insurance—Additional funds to increase unemployment insurance benefits and extend benefits beyond the maximum 26-week period.
- Support for Safety Net Programs—We are deeply grateful for the support you have provided for core health and social safety net programs under the recently passed Families First Coronavirus Response Act. As this crisis continues, the state and local governments will need additional direct support as follows:
 - Additional increase to the Medicaid Federal Medical Assistance Percentage is needed during this emergency to address the impact of COVID-19 on the health care delivery system. I also ask that you join in requesting a halt to the implementation of the misguided and devastating Medicaid Fiscal Accountability Rule that would exponentially destabilize our medical system at this time of crisis.
 - An increase in the TANF block grant and increased flexibilities to states to address the needs of the most vulnerable families.
 - An increase in funding for all major federal food assistance programs to address both immediate and ongoing food insecurity caused by the economic devastation of COVID-19, including:
 - Expanding Supplemental Nutrition Assistance Program (SNAP) food benefits, including a suspension of the new work and work training requirements for SNAP.
 - Additional allocations for the Emergency Food Assistance Program.
 - Additional allocations for Senior Nutrition Programs.
 - Additional funding for the WIC program.
 - Expanded funding for housing and homelessness programs, including increased funding for the following:
 - Homelessness Prevention and Rapid Re-Housing Program
 - Emergency Solutions Grants
 - Rental Assistance
 - Community Development Block Grant
 - Moratorium on evictions and foreclosures
 - Expanded funding for state-subsidized early learning and childcare programs associated with both increased demand and their costs to implement health precautions.
 - Additional funding is needed for tribal communities that are also being impacted by COVID-19.

Assistance for Workers, Small Businesses and the Economy

California businesses are struggling to keep their doors open and their workers employed. Further, the extreme curtailment of consumer spending resulting from public health directives to isolate at home is placing a disproportionate burden on small businesses. I am specifically requesting the following:

- Small Business Support:
 - Creation of a new U.S. Treasury Authority that provides guaranteed loans made by U.S. banks to small and medium sized businesses.
 - Direct cash assistance and/or zero-interest loans to maintain small businesses.
 - Rental assistance for businesses that are impacted by the shutdown.

I encourage the federal government to take bold action that will provide widespread relief to individuals and businesses at risk of losing their home or business as a result of the COVID-19 pandemic. I ask that you direct the banking industry and financial regulators to advance short-term mortgage deferrals and zero-interest loans that can keep Californians employed and in their homes. The magnitude of the crisis deserves an action of this scale.

Ensuring Schools and Universities Can Continue to Deliver High Quality Instruction through Technology

In California, nearly all public schools have been closed to traditional classroom learning, and school districts are quickly adapting to deliver quality alternative/on-line programs. This is no small task for California's 1,000 school districts, and it is focusing the need for additional investments in technology and teacher training. Even though schools are closed, many children and families must still rely on them to provide nutritional meals during this emergency. With home-isolation orders now in place in many areas of the state, many of our school districts must significantly change their food distribution models.

Given these immediate challenges, I am requesting additional funding in the following critical areas:

- Funding for a major expansion of technology investments in our schools using the ESEA Title II-D Enhancing Education Technology authorization, which provides for both formula grants and competitive grants. The program is currently authorized at \$1B but should be increased significantly.
- Increased funding for Title I schools to address the high concentrations of poverty in these schools and the increased challenge of implementing on-line programs when many households lack broadband and other devices needed for on-line learning.
- Increased funding for broadband upgrades to schools.
- Increased funding for the Higher Education Act Teacher Quality Partnership Grants to prepare teachers for digital age learners.
- Additional funding for USDA's Child Nutrition Programs to address the modified programs schools are running during school closures.

As for the state's public colleges and universities, most have closed their campuses to face-to-face instruction and shifted to online instruction, forcing them to dramatically reorient their operations in order to continue their educational mission, and is also resulting in tuition cancellations and a loss of fee revenue as dorms are vacated and campus events are cancelled. The state is requesting funding for our public colleges and universities as they manage through this disruptive event.

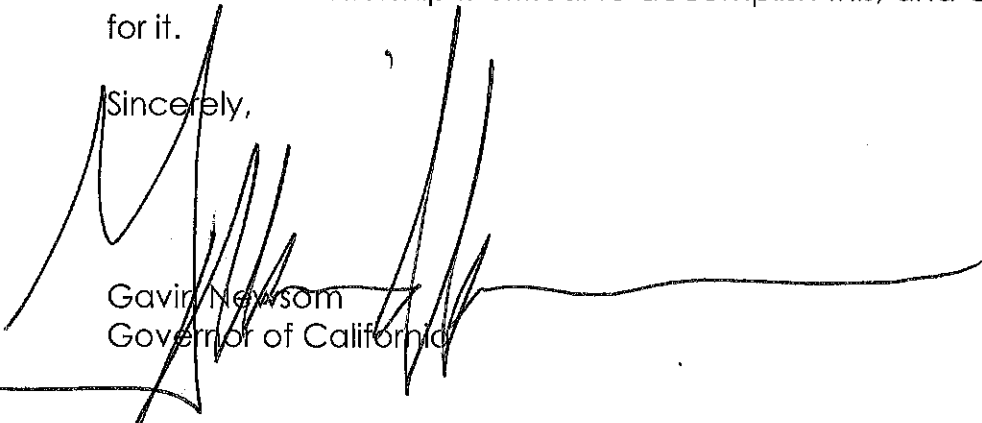
Stability for Governments to Maintain Essential Programs and Services

As demand for core government services increases while revenues decline as a result of a weakened economy, tremendous demand will fall on state and local governments. In addition to the funding requested above for core social safety net and education programs, the state also requests direct fiscal support to stabilize state and local government budgets. While California has prudently built a sizeable Rainy Day Fund over the past ten years, the economic effects of this emergency are certain to mean that the state and its 58 counties will struggle to maintain essential programs and services.

In addition, local transit agencies, airport and port authorities across the state are seeing sharp curtailment of ridership and revenue that will have an immediate impact on both employment and commerce. In recognition of this, I ask that you also consider immediate transportation-related relief.

The challenges we face as elected leaders in this crisis are immense. Working together, I am confident that we can meet this moment and take the necessary and immediate steps to address our economic and societal needs as we continue to address – and begin to recover from – this unprecedented crisis. Your leadership is critical to accomplish this, and Californians are grateful for it.

Sincerely,



Gavin Newsom
Governor of California

cc:

The Honorable Mike Pence
Vice President of the United States

Alex Azar
Secretary, United States Department of Health and Human Services

Robert O'Brien
United States National Security Adviser

Russell Vought
Acting Director, Office of Management and Budget

Robert Redfield, M.D.
Director, Center for Disease Control and Prevention

Anthony Fauci, M.D.
Director, National Institute of Allergy and Infectious Diseases

Stephen Biegun
Deputy Secretary, United States Department of State

Ken Cuccinelli
Acting Deputy Secretary, Department of Homeland Security

Joel Szabat
Assistant Secretary, United States Department of Transportation

Matthew Pottinger
Deputy National Security Adviser

Robert Blair
Senior Adviser to White House Chief of Staff

Joseph Grogan
Director, Domestic Policy Council

Christopher Liddell
Deputy Chief of Staff for Policy Coordination

Derek Kan
Executive Associate Director, Office of Management and Budget

Deborah Birx, M.D.
Global AIDS Coordinator, United States Department of State

Steven Mnuchin
Secretary, United States Department of Treasury

Jerome Adams, M.D., M.P.H.
Surgeon General of the United States

Larry Kudlow
Director, National Economic Council

Keely Martin Bosler
Director, California Department of Finance

Mark Ghaly, MD, MPH
Secretary, California Health and Human Services Agency

Mark Ghilarducci
Director, California Office of Emergency Services

Sonia Angell, MD, MPH
Director and State Public Health Officer, California Department of Public Health