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March 19, 2020

RE: COVID-19 Federal Stimulus Package

Dear Members of the California Congressional Delegation:

On behalf of the California State Association of Counties (CSAC), I'm writing to thank you for recent bipartisan efforts that have yielded critically needed federal support for local COVID-19 response measures. We are particularly grateful for the swift passage and enactment of the *Coronavirus Preparedness and Response Supplemental Appropriations Act* (PL 116-123) and the *Families First Coronavirus Response Act* (HR 6201), both of which provide important tools and resources to states and local governments for efforts to mitigate and respond to the ongoing public health crisis.

As you're well aware, California's 58 counties are core providers of an array of local health services, including medical care for low-income, underserved, and uninsured populations, public and environmental health services, and behavioral health and substance use treatment services. Additionally, counties provide many other essential governmental functions, including human services, housing and public works, law enforcement and public safety, and job-training services, among others.

Looking ahead, we understand that Congress will be considering a third coronavirus response bill and that a fourth legislative package is in the very early stages of discussion. As you craft these and other measures to further address the public health crisis and mounting economic fallout from the COVID-19 pandemic, we urge you to support the following proposals.

HEALTH AND HUMAN SERVICES

Increase Federal Match for Foster Care

California's counties anticipate an increase in child welfare cases due to additional economic and other stresses placed on families during the COVID-19 pandemic. Accordingly, CSAC urges Congress to apply the same 6.2 percentage point increase in the federal Medicaid match provided in the *Family First Coronavirus Response Act* to the federal Title IV-E foster care, adoption assistance, and guardianship assistance programs, as well as eligible prevention programs under the *Family First Prevention and Services Act*. It should be noted that a temporary federal match increase in the federal IV-E and adoption assistance program commensurate with that of Medicaid was included in the *American Recovery and Reinvestment Act of 2009* (ARRA).

Repeal or Delay Medicaid DSH Payment Cuts

Cuts to the Medicaid Disproportionate Share Hospital (DSH) payment program are scheduled to take effect on May 23, 2020. DSH payments are received by hospitals serving large numbers of persons who are covered by Medicaid or are uninsured. Continuing DSH payments at their current level is even more critical as our public health systems face the expected surge of patients diagnosed with COVID-19.

Delay/Prohibit Implementation of the Medicaid Fiscal Accountability Regulation (MFAR)

CSAC supports delaying or prohibiting the implementation of a final rule on MFAR, which would make significant changes to the methods states and counties use to finance the non-federal share of Medicaid. If finalized, MFAR could destabilize the financial underpinnings of states' Medicaid programs at exactly the time when our systems are responding to the COVID-19 pandemic.

Provide Additional Medicaid Flexibility

CSAC appreciates the Trump administration's willingness to expeditiously approve any state's *Social Security Act* Section 1135 application to waive/modify certain Medicare, Medicaid, and Children's Health Insurance Program (CHIP) requirements in order to ensure that sufficient health services are available to meet the needs of individuals. Temporary waivers of certain requirements will allow states and counties to focus resources on combatting the outbreak and continue to care for individuals covered by federal health insurance programs.

Similarly, such flexibility must also extend to medications for physical and behavioral health issues. During the COVID-19 crisis, CSAC supports legislation directing the Centers for Medicare and Medicaid Services to grant states waivers on the 100-day medication limit and to relax the face-to-face requirements for medication management.

Further Increase Investments in Public Health Infrastructure

The coronavirus supplemental spending Act included \$950 million to enable state and local public health agencies to begin to respond to the pandemic. Given the unprecedented impact of COVID-19, further public health investments are necessary to build capacity and bolster what has been a chronically underfunded system.

Increase Funding for the Temporary Assistance for Needy Families (TANF) Program

Due to the economic fallout of the COVID-19 pandemic, states and counties will likely see an increase in TANF caseloads. Accordingly, CSAC supports establishing an emergency contingency fund for the TANF program, with funding tied to proportionate TANF caseload growth and the current state and county investment in the program. A similar investment was provided under ARRA in 2009.

Allow Child Welfare Visits to be Conducted Electronically

CSAC supports providing states the option to meet the *Child and Family Services Improvement and Innovation Act's* monthly in-person visit requirements with youth in the child welfare system through electronic means whereby the caseworker would make both visual and auditory contact with the foster child.

Further Increase Nutrition Supports

CSAC supported the \$1 billion increase for nutrition programs in the *Families First Coronavirus Response Act*. Those increases include investments in WIC, senior nutrition programs, and emergency food often distributed via food banks, along with flexibilities in the Supplemental Nutrition Assistance Program (SNAP).

Given the recent spike in unemployment claims and continued and rapid economic downturn, however, CSAC believes that further investments in the aforementioned programs are necessary, including an increase in SNAP benefits, which not only provides additional support to families but includes a multiplier effect in the economy. The USDA estimates that for every one SNAP dollar spent, \$1.70 is generated in economic activity.

Increase the Social Services Block Grant

Congress should approve supplemental funding for the Social Services Block Grant (SSBG) to provide states and counties with additional, flexible sources of federal support to address locally-identified needs. SSBG funds are often used to bolster adult protective services and child welfare programs, both of which provide support for individuals who are especially vulnerable during a crisis.

Grant Flexibility and Waive Penalties in Human Services Program Administration

Given the extenuating circumstances faced by county eligibility workers and individuals applying for assistance during the COVID-19 pandemic, CSAC supports provisions waiving federal fiscal penalties for errors made in the administration of federal programs, including the administration of SNAP, Medicaid, and the child support enforcement program. In light of social distancing guidelines and the fact that many county offices are closed, CSAC also supports provisions waiving requirements for in-person signatures and application processes.

Housing Support for Families Experiencing Financial Hardship Due to COVID-19

CSAC urges Congress to support the following initiatives in order to assist financially stressed individuals and families so that they may continue to live in their current housing.

Increase Community Development Block Grant (CDBG) Funding

Provide an additional \$10 billion for CDBG. This funding would allow state and local governments to have an extremely flexible and readily available resource to address the needs of their communities when mitigating COVID-19 impacts.

Provide Funding to States and Localities to Mitigate Housing Insecurity

Create an emergency assistance fund to help prevent evictions or tax foreclosures by providing short-term financial assistance and housing stabilization services. In addition, Congress should approve the *Eviction Crisis Act* (S 3030), which would increase housing stability by creating a new Emergency Assistance Fund (EAF). Under the bill, grants would be awarded to state and local governments for the establishment of crisis assistance programs in order to prevent extremely low-income households from experiencing housing instability.

Homelessness

California's counties have been aggressively working with city, state, and community partners to address the state's homelessness crisis. The COVID-19 pandemic only further complicates our existing efforts, as persons experiencing homelessness are at greater risk of contracting the virus. CSAC urges Congress to make the following investments – and include the following bills – as part of any federal stimulus package.

Fund Emergency Homeless Assistance

During the COVID-19 pandemic, it is more critical than ever that funding for homelessness initiatives is available as soon as possible. CSAC supports the recent proposal by House Financial Services Committee Chairwoman Maxine Waters (D-CA) to provide \$5 billion to state and local governments to finance housing and health-related services, including paying for emergency use of hotels and motels.

Increase Homeless Assistance Grants

CSAC supports increased funding for McKinney-Vento Homeless Assistance Grants, which fund core homelessness programs, including the Continuum of Care (CoC) program and the Emergency Solutions Grant (ESG) program.

Ending Homelessness Act

Introduced by Chairwoman Waters and Senator Kamala Harris (D-CA), the *Ending Homelessness Act* (HR 1856/S 2613) would provide \$13.27 billion in new funding over five years, including emergency relief grants, increased public housing rental assistance vouchers, increases to the Housing Trust Fund, and funding for outreach and coordination of other services.

Fighting Homelessness Through Services and Housing Act

Introduced by Senator Dianne Feinstein (D-CA) and Representative Ted Lieu (D-CA) (S 923/HR 1978), the legislation would authorize \$750 million in funding over five years for a number of important activities, including capital construction and comprehensive services such as substance abuse, mental health, chronic health, job training, and case management services.

Infrastructure

Surface Transportation

CSAC recognizes that major surface transportation policy considerations, such as the long-term solvency of the Highway Trust Fund, are likely to be addressed as part of the pending *FAST Act* reauthorization process. We believe, however, that Congress should take certain immediate steps to help spur economic growth and development, including providing direct federal funding to local governments for the maintenance and preservation of the existing transportation system. Investing in key road and bridge preservation projects creates and sustains jobs, is cost-effective, and environmentally friendly.

Aviation

As the aviation industry faces continued large-scale financial declines due to the pandemic, local airports also are feeling the economic effects of the lack of enplanements. To help address the crisis, Congress should consider providing additional funds for key aviation programs, including the Airport Improvement Program (AIP), the Essential Air Service (EAS) Program, and the Small Community Air Service Development Program (SCASDP), all of which provide critical support for local airports and spur economic activity for entire regions.

Congress also should adjust the cap in the Passenger Facility Charge (PFC) and index it to inflation, as the drop in passenger traffic as a result of the coronavirus has resulted in a corresponding decrease in the amount of PFCs collected at local airports. Counties utilize PFCs to fund projects that can increase competition and enhance the safety, security, and capacity of local airports. Uncapping the PFC and indexing the fee to inflation will aid local airports in efforts to modernize infrastructure, meet current bond obligations, and provide travelers with access to a safer and more efficient aviation system.

Public Transportation Emergency Relief (PTER) Program

As public transportation ridership drastically declines due to the pandemic, Congress should provide relief to local public transit agencies by authorizing and appropriating funds for the PTER program. Congress should also consider directing the Secretary of Transportation to waive the program's local match.

Long-term Reauthorization of PILT and SRS

CSAC urges Congress to approve long-term reauthorizations of both the Payments-in-Lieu-of-Taxes (PILT) program and the Secure Rural Schools (SRS) program. California's rural counties need predictable revenue streams now more than ever, and renewing PILT and SRS will provide increased fiscal certainty and stability for these communities. As you're well aware, PILT funding allows counties to provide an array public services on tax-exempt lands, including solid waste disposal, law enforcement, search and rescue operations, environmental compliance, and firefighting. Counties use SRS

funding to maintain local roads and other public infrastructure, operate search and rescue missions, and provide other essential local services.

Rural Development and Support

CSAC supports providing funding for key infrastructure programs that benefit rural counties, such as USDA's Rural Water and Waste Disposal Program and the Rural Community Facilities Program. These programs provide critically needed federal support to improve essential public services and facilities in rural communities, which, in turn, attracts and retains businesses that provide employment and services for their residents.

Broadband

As much of the country is being forced to transition to remote work and distance learning platforms due to the pandemic, the limits of our broadband infrastructure is being tested. During this unprecedented challenge, access to E-government and telehealth services are more crucial than ever. Nevertheless, there are those who continue to lack access to high-speed broadband. During the crisis, Congress should dedicate resources to help local governments and schools provide remote broadband access points for residents in communities who are unable to travel the distances to other public hotspots.

Justice and Public Safety

California county officials support providing additional funding for key local justice programs, including increased support for the Byrne-Justice Assistance Grant program and the Community Oriented Policing Services program. Providing increased funds for these programs would help support public safety agencies and local first responders, many of whom are being called on to provide additional community support and overtime during the COVID-19 outbreak.

2020 Census

With funding for health care, economic development, infrastructure, education and other critical local services informed by the results of the decennial Census, it is critical that the U.S. Census Bureau provide an accurate accounting of the nation's population. CSAC applauds the Bureau's recent decision to suspend field operations until April 1 to help deter the spread of the coronavirus. At the same time, we urge Congress to provide additional funding for the 2020 Census and to reevaluate the current timelines for this year's count.

State and Local Government Fiscal Stabilization Fund

Consistent with Governor Newsom's March 19, 2020 request to congressional leaders, CSAC urges Congress to direct fiscal support to stabilize state and local government budgets. As demand for core government services increase and revenues decline as a

result of a weakened economy, states and localities will require federal support in order to minimize and avoid reductions in essential public services.

Public Financing Tools

CSAC urges Congress to extend/restore key financing tools that public sector entities use to provide efficient and low-cost financing for critical infrastructure investments. Specifically, we urge Congress to restore the ability of governments to advance refund tax-exempt municipal bonds, increase the bank qualified borrowing limit from \$10 million to \$30 million, and restore the use of direct pay type bonds.

Thank you for considering our priorities. We stand ready to continue working with you as ensure that all levels of government are providing a coordinated response to this public health and economic crisis.

Respectfully,



Graham Knaus
Executive Director