



April 6, 2020

The Honorable Mitch McConnell
Majority Leader
S-230, U.S. Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
S-221, U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
H-204, U.S. Capitol
Washington, DC 20515

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

On behalf of the National Association of Counties (NACo) and the 3,069 counties we represent, thank you for your bipartisan leadership to deliver critical resources to communities across the nation who are responding to the COVID-19 pandemic.

Counties remain on the frontlines of our nation's ongoing local public health emergency response and overall public safety efforts. We are committed to continuing to work with both Congress and the administration to address the many significant health, safety and economic impacts associated with the virus.

As we move toward recovery, further strengthening the intergovernmental partnership is essential for county officials serving at "ground zero" of this unprecedented public health and economic crisis. Our 3,069 county governments employ 3.6 million proud public servants, including within our nearly 1,000 public hospitals, 1,900 local public health departments, more than 800 long-term care facilities and 750 behavioral health departments. Our first responders and frontline personnel, including our public and community health professionals, sheriffs, 911 operators, firefighters, EMT/paramedics, Emergency Operations Center (EOC) experts, coroners/medical examiners, child welfare and aging service providers, substance abuse and mental health counselors, veterans service officers, homelessness program coordinators and jail administrators, among many others, depend on a strong intergovernmental partnership of federal, state, tribal and local officials.

As Congress considers a fourth COVID-19 response package, we urge you to provide direct and flexible funding and resources to counties of all sizes. As we work to protect our citizens, local businesses and economies, we are making significant financial investments to address immediate public health and safety needs. At the same time, we are experiencing massive and unprecedented declines in revenue as a result of the economic downturn and are working to quickly reprogram resources and staff to respond to the crisis.

The decline in revenue is occurring when the need for county services and functions is skyrocketing for things like child protective services, emergency 911 assistance, law enforcement and emergency management, nutrition assistance programs, assistance for older Americans and affordable housing, all of which are becoming more complicated and costly to maintain.

Counties are required to operate with balance budgets, and due to the extremely steep and sudden unforeseen expenses for COVID-19 response efforts, some are already cutting services and laying off employees. In fact, the Government Finance Officers Association (GFOA) just released a report detailing how local governments have projected an unanticipated \$23 billion budget impact in the first two weeks of the pandemic alone.

If you move forward with a fourth legislative package, we urge you to consider the following priorities for counties:

- **Include A Relief Fund for Local Governments of All Sizes That Can Be Used to Address the Unique Needs of Local Communities:** While we appreciate Congress' work to pass the CARES Act (P.L. 116-136) and the inclusion of the Coronavirus Relief Fund, we are concerned that under the language as written, very few counties will be able to access the funding with the majority going to cities with populations above 500,000 and the states. Counties and other local governments below 500,000 are not even eligible for direct funding. Moving forward, we urge you to consider including a relief fund that is flexible and can be used to address lost revenue and supplement eligible personnel and administrative costs as a result of COVID-19 response.
- **Provide Clear Federal Guidance on the Distribution of Personal Protective Equipment (PPE) and Essential Medical Equipment:** As COVID-19 continues to spread throughout our country, and we brace for a growing wave of patients in our hospitals and intensive care units (ICUs), ensuring that we have the equipment needed to care for patients and keep our essential health care workforce safe is crucial. State and local governments are currently competing for resources that are not necessarily being distributed based on need. We applaud efforts to increase the availability of medical supplies in the most recent legislation (P.L. 116-136); however, beyond increasing the supply, we are requesting that the federal government issue clear guidance to coordinate the allocation of PPE and essential medical equipment to ensure that areas hardest hit by the pandemic are receiving needed equipment in a timely manner.
- **Expand Federal Support for Local Medicaid Programs:** As the threat of COVID-19 persists, our citizens are simultaneously grappling with both unemployment and the loss of their employer-sponsored health insurance, creating a critical need for expanded health insurance coverage. While we applaud the proposed increase to Medicaid Federal Medical Assistance Percentage (FMAP) included in P.L. 116-127 that will provide counties with additional federal funding to test for and treat the virus, we urge congress to provide further increases to the FMAP so that local governments can effectively mitigate the surplus of low income or indigent residents and continue to diagnose and treat all residents facing the virus.
- **Implement Moratorium on Medicaid Fiscal Accountability Regulation (MFAR):** Counties appreciate federal flexibilities being granted at this time regarding the administration of the Medicaid program; however, we continue to encourage Congress and the Administration to suspend all changes to Medicaid financing. As we stated in our March 13 letter, counties support a moratorium on the MFAR because it would reduce the ability of localities to finance the non-federal share of Medicaid, resulting in a reduction in federal Medicaid funding for the public health and hospital system. If finalized, this rule would destabilize our county public health systems at a time when our resources are already heavily strained.
- **Address the Unfunded Mandate Included in the Families First Coronavirus Response Act (FFCRA):** Paid leave is a significant challenge for county governments who employ over 3.6 million people, or one percent of all Americans. While we appreciate that the Families First Coronavirus Response Act (P.L. 116-127) expands paid leave benefits for workers affected by COVID-19, the legislation imposes substantial new sick leave and family medical leave requirements on government employers of all sizes. Counties request that Section 7001(e)(4) and Section 7003(e)(4) be repealed so that state and local government employers fully qualify for both credits.

- **Eliminate the Federal Emergency Management Agency (FEMA) Non-Federal Cost Share Currently Required Under the Presidential Disaster Declaration:** Increasing the federal cost share of FEMA public assistance would provide much-needed relief and additional federal assistance for state, local, tribal and territorial governments on the front lines of the pandemic. Counties encourage you to eliminate the local match requirement in any fourth package.
- **Bolster Counties' Ability to Serve and Protect Our Veterans:** Counties applaud the increased resources for veterans' services provided under the *CARES Act* as we address the growing COVID-19 pandemic in our communities. At the local level, county veteran service offices (CVSOs) play a critical role in ensuring veterans' access to a range of service-connected programs, processing approximately \$22 billion in federal benefits each year, from VA health care to housing and transition assistance. However, these programs and personnel are funded almost entirely by counties and are seeing significant increases in demand as more veterans enroll in health and social services during the current crisis. To address this challenge, counties urge Congress to increase resources for CVSOs, as detailed under legislative proposals such as the bipartisan *Commitment to Veteran Support and Outreach (CVSO) Act* (H.R. 5516/S. 3020).
- **Pause Shot Clocks and Public Comment Periods:** As counties are increasingly tasked with quickly identifying, assessing and addressing the many challenges associated with the COVID-19 crisis, it is now more important than ever for local governments to be able to prioritize emergency response efforts. With the recent implementation of "shot clocks" on local governments to process small cell applications, counties are forced to choose between processing applications and maintaining focus on the efforts to preserve the health and safety of our communities. We urge you to consider suspending all shot clocks and public comment periods to allow local governments to focus personnel and resources on the crisis.
- **Increase Funding for the Social Services Block Grant (SSBG):** SSBG is a proven key source of support to help communities respond to critical needs during national disasters by aiding states and counties quickly. Counties administer SSBG in 10 states and draw on these funds to provide essential services to vulnerable populations, including children and youth in foster care, older adults at risk of abuse and people with disabilities. We urge Congress to provide emergency funding for SSBG so that counties can meet growing demand for services for our most vulnerable residents during the COVID-19 pandemic.
- **Increase Supplemental Nutrition Assistance Program (SNAP) Benefits:** Counties appreciate the \$15 billion in contingency funding for SNAP to help states and localities meet unexpected costs provided for in P.L. 116-136. Given the proven effectiveness of SNAP as a counter-cyclical economic program, we encourage Congress to provide a uniform SNAP benefit increase of 15 percent to help low-income families cope with the economic impacts of the crisis, stimulate local economies and relieve pressure on other county human services programs.
- **Restore Advance Refunding Bonds:** Municipal bonds allow state and local governments to immediately finance critical projects that support our nation's infrastructure needs while protecting the economy during a crisis. Restoring governments' ability to advance refund tax-exempt municipal bonds would free up billions of dollars that states and local governments could invest in other critical infrastructure projects, such as hospitals and other public health facilities. To ensure that local governments can adequately respond to immediate infrastructure needs as a result of COVID-19, America's counties urge you to restore advance refunding that would provide savings to taxpayers.
- **Establish Mandatory Funding for Payments In-Lieu of Taxes (PILT):** The PILT program helps to offset costs incurred by counties in 49 states for services provided to federal employees, the public and to the users of federal public lands. Approximately 61 percent of counties nationwide have non-taxable federal public lands within their jurisdictions and use PILT funding to pay for public health crisis management and emergency responses, among other key services. County governments need stable revenue streams in these times of economic stress and request full, long-term and mandatory funding of the PILT program, as laid out in legislation such as H.R. 3043, the *Permanently Authorizing PILT Act*, or S. 2480, the *PILT Reauthorization Act*. Additionally, counties under 5,000 in population are not on a level playing field due to the PILT formula's population tiers.

Counties ask that Congress include the minor formula change laid out in S. 2180/H.R. 3716, the *Small County PILT Parity Act*, which would create new population tiers for counties under 5,000 without impacting payments to counties with larger populations.

- **Expand Use of Secure Rural Schools (SRS):** Counties appreciate the two-year reauthorization of SRS included in the FY 2020 appropriations package. However, counties request that important additional reforms be included to provide greater stability for national forest counties facing potential revenue shortfalls, such as stopping the annual five percent reduction in SRS payments and allowing counties to elect whether to receive SRS payments or timber harvest receipt sharing payments. Additionally, with many schools experimenting with online coursework in response to coronavirus quarantines, it is imperative that Congress also expand the allowable uses of SRS funds to include broadband connectivity for educational purposes. These policies were agreed to by the U.S. Senate Energy and Natural Resources Committee during their markup of S. 430 in December 2019. Furthermore, the SRS program is due to expire at the end of FY 2020. National forest counties need stable revenue streams moving forward, and ask Congress to include a long-term solution, such as S. 1643, the *Forest Management for Rural Stability Act*. This legislation would establish an endowment fund where interest collected through the fund would make payments to national forest counties and schools in perpetuity and exempt them from the annual appropriations cycle.
- **Ensure Broadband is an Option for Everyone:** Access to high-speed internet is a necessity for addressing and overcoming the challenges presented by the COVID-19 crisis. However, many rural and low-income communities continue to face barriers to broadband adoption. Municipal broadband can often provide an affordable, reliable option and help attract additional investment from the industry. Currently, 25 states have imposed roadblocks or outright bans on municipal investments into broadband infrastructure. The next package should include language that would remove these roadblocks and allow for local governments to invest in the necessary tools to tackle this crisis. Additionally, public health departments are being forced to expand their service footprint to effectively address this crisis. We urge you to consider updating existing programs like the FCC's Rural Health Care Program to help cover broadband-related costs associated with tele-health services.
- **Repeal T-Band Spectrum Auction to Support Critical Public Safety Communications Networks:** We urge you to consider repealing Section 6103 in Title VI of P.L. 112-96 as part of a fourth response package. Without such action, the Federal Communications Commission (FCC) will be forced to remove public safety communications from the T-Band spectrum (470 MHz-512 MHz). As emergency medical service (EMS) providers, fire and law enforcement personnel and other critical safety workers keep our communities safe and healthy during the crisis and in the future, it is imperative that counties utilizing T-Band have continued access to the resources necessary to provide these life-saving services.
- **Provide Funding and Flexibility for Elections:** The unprecedented nature of the rapid spread of COVID-19 has fundamentally altered the landscape of the 2020 election cycle. With concerns over transmission of the virus, counties are working closely with federal, state and local election officials to ensure the highest level of voter access and election security, while also protecting the health and safety of our residents. We urge you to temporarily suspend the requirement for state matching funds and provide dedicated funding to assist counties with meeting any new federal voting requirements in any future package addressing COVID-19.
- **Increase Funding for the 2020 Census:** The decennial census, which aims to count every U.S. resident each decade, is critical to county governments. Counties are concerned that the rapid spread of COVID-19 will weaken outreach efforts for a complete count of our nation's residents. While counties applaud the U.S. Census Bureau's response to the outbreak, we urge lawmakers to allocate additional funding and reevaluate the current timelines needed to ensure a complete count for the 2020 Census.

Additionally, should Congress include legislation addressing the nation's comprehensive infrastructure needs, counties urge you to also consider the significant role that we play in our nation's transportation and infrastructure systems. As owners of 45 percent of public roads and almost 40 percent of the National Bridge Inventory who also directly support 78 percent of the nation's public transit systems and 34 percent of public airports, counties are stepping up at the local

levels to deliver critical projects for our residents despite a lack of federal investment and many state laws that prevent us from raising local taxes to support these efforts.

Counties are steadfastly committed at the local level to good financial stewardship, investing \$134 billion annually in the construction of infrastructure and the operation and maintenance of public works, and the record reflects the effectiveness of local governments in putting federal dollars to work where they are needed most. As committed public servants with significant infrastructure responsibilities, counties urge Congress to consider the following recommendations:

- **Provide Increased Direct Funding Opportunities for Locally Owned Infrastructure:** The Better Utilizing Investments to Leverage Development (BUILD) and the Infrastructure for Rebuilding America (INFRA) grant programs are two of the U.S. Department of Transportation's (DOT) most flexible direct federal funding sources for counties and can be utilized to deliver critical infrastructure projects that may be delayed due to the necessity to reallocate funds to other measures to address more immediate consequences of COVID-19. This reallocation of funds is likely to result in a domino effect on local infrastructure that already faces a significant backlog. Counties urge Congress to appropriate considerable additional federal resources for both the BUILD and INFRA programs so that county governments may put federal dollars directly to work where they are needed most. In addition, counties also support increasing the local share of the Surface Transportation Block Grant Program (STBGP). In any future package that addresses COVID-19, counties urge Congress to infuse more federal dollars directly into the sub-allocated local area share of STBGP in order to facilitate the delivery of important transportation projects that support local economies.
- **Return Solvency to the Highway Trust Fund (HTF):** In addition to funding highway programs, public transit agencies are also funded by revenues from the HTF, including the 78 percent of those that are directly supported by counties. We appreciate the inclusion of \$25 billion for public transit systems in P.L. 116-136. Additionally, counties urge lawmakers in any future package that addresses COVID-19 to return solvency to the Highway Trust Fund and pave the way for a new, long-term surface reauthorization by transferring federal funds from the Treasury's general fund (GF) to the HTF to cover its immediate shortfalls and also to determine a permanent legislative fix that will provide consistent, adequate revenue levels for the HTF.
- **Increase Access to Capital for Small Borrowers:** Counties urge you to include a temporary extension and permanent restoration of proven financing tools utilized by state and local governments, schools, hospitals, airports and special districts and other public sector entities to provide efficient and low cost financing for critical investments in infrastructure that will move the country forward. Specifically, we urge you to increase the bank qualified borrowing limit from \$10 million to \$30 million, and apply the limit at the borrower level, which would ensure that small local governments could provide access to capital for immediate infrastructure.
- **Fund Key Workforce Development Programs:** We urge you to include critical funding for our nation's workforce development system, specifically programs serving adults and youth under the Workforce Innovation and Opportunity Act to ensure that we can respond quickly to helping those who have lost their jobs as a result of this crisis to transition to new work opportunities and meet the demands for workers in key industries such as healthcare, manufacturing and construction.
- **Increase Funding and Financing for Local Water Infrastructure:** Counties recognize the threat that crumbling water and wastewater infrastructure poses to the health and safety of our communities. In 2016 alone, counties invested \$21.6 billion in sewage and wastewater management. As Congress considers a fourth supplemental package, we encourage lawmakers to increase funding for Water Infrastructure Finance and Innovation Act (WIFIA) loans; to increase the Clean Water State Revolving Fund and Drinking Water State Revolving fund accounts; and to establish a water trust fund to provide matching funds for projects and other assistance.
- **Preserve Access to Clean Water and Sanitation Services for Rural Counties:** More than 98 percent of rural Americans receive their drinking water from small systems, the cost of which to operate and maintain is significantly higher in comparison to urban areas. The U.S. Department of Agriculture (USDA) - Rural

Development's Water and Wastewater Program has consistently supported funding to help small communities improve existing infrastructure, protect their drinking water resources, and comply with federal drinking water regulations. Counties urge you to increase funding for this program to assure that the highest quality drinking water and sanitation services are available to rural America during the pandemic.

- **Ensure Impoverished Rural Counties Remain Connected:** USDA-Rural Development's Electric Loan Program is a \$46 billion portfolio that helps nearly 700 borrowers in 46 states finance safe, modern and efficient infrastructure. USDA-Rural Development's financed electrical systems provide service to more than 90 percent of the nation's counties that are identified as suffering from persistent poverty, out-migration or other economic hardships. The program also provides financial assistance through High Energy Cost Grants to rural communities with extremely high energy costs to acquire, construct, extend, upgrade and otherwise improve energy generation, transmission or distribution facilities. Counties urge you to fully fund these programs that are critical to maintaining services to millions of rural Americans during the crisis.

Local governments are facing massive challenges in responding to the COVID-19 pandemic, and our resources are becoming more constrained by the day. As you consider developing a fourth supplemental package, we hope that you will support our efforts to effectively implement containment and community mitigation strategies that will preserve the health and safety of our residents and local communities.

We thank you again for your important work and stand ready to help advance additional legislation that continues to address the widespread effects of the virus on our nation.

Sincerely,



Matthew Chase
Executive Director
National Association of Counties