



OFFICE OF THE GOVERNOR

April 8, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

Dear Speaker Pelosi:

I appreciate your leadership in addressing the COVID-19 emergency, and I am writing to request further relief as we contend with this pandemic and its effects.

For the state of California, our top-priority request is for Congress to appropriate **\$1 trillion** in direct and flexible relief to states and local governments. This level of assistance won't replace the national decline in state and local revenue, which may reach \$1.5 trillion or more over the next three years. But it is necessary for us to fight this pandemic while minimizing the most devastating cuts to our schools, social services, hospitals, and first responders, and keeping our economy afloat.

The state also requests bold federal action in **five** specific areas:

- **Health:** This is a health crisis, and the effects will likely last far longer than COVID-19 itself. We cannot address this crisis without investments at the scale of the challenge. States need funding to ensure we can provide coverage to the rising numbers of people who will newly qualify for Medicaid, fully cover COVID-19 related health needs, and free up state funding to address the need for continued investments in public health.

To achieve these goals, I ask that Congress double the temporary FMAP 6.2 percentage point increase enacted last month, and tie the duration of the increase to unemployment-rate benchmarks so states do not lose investment while still in recovery. Congress must also help stabilize health insurance markets grappling with rising COVID-19 costs. Hospitals that are being stretched to capacity require additional funding. Finally, I urge Congress to prohibit the enactment of the proposed Medicaid Fiscal Accountability Rule.

- **Workers:** The unemployment measures that Congress enacted last month were meaningful – but short-term. Given the depth of this crisis, I urge Congress to

continue the \$600/week increase and eligibility expansions until the unemployment rate recovers. This boost will be the difference between poverty and stability for millions of people and will provide needed economic stimulus. Further, states should be allowed to draw zero-interest UI loans past 2020 so that we are not diverting resources in a historic economic emergency.

- **Small Business:** Right now, the relief provided in the CARES legislation is not moving quickly to people in need. This initiative must be fixed: with expanded funding, clear guidance on how small business owners can qualify for grants, structural changes to encourage banks to process applications from all owners who are eligible including addressing the secondary market, and fair treatment of owners no matter when in the day they file, so west coast owners are not disadvantaged from a "first come, first serve" rule that favors east coast small businesses due to time differences. The U.S. Small Business Administration should also expedite guidance on the application process for new 7a lenders to meet demand. Congress should also expand eligibility for nonprofits so that those with greater than 500 employees can also participate. Finally, Congress should consider assistance for businesses who had business-interruption insurance but who nonetheless cannot recover from insurers.
- **Food, Housing, and Homelessness:** I was grateful for your advocacy last month as you sought to raise SNAP benefits by at least 15 percent, and I continue to support this goal. Further support for affordable housing and homelessness prevention will also help stabilize families. New funding that enables states to provide more rental assistance and local governments to acquire housing for the formerly homeless will make a big difference, as will lifting the bond cap for tax-exempt financing for low-income housing. These goals have taken on new urgency as we seek to contain COVID-19.
- **Education:** Our schools, colleges, and universities require more investment in response to the rising tide of economic insecurity people are facing. The assistance provided in CARES was helpful – but simply not enough. These institutions will face damaging cuts without much more help.

Congress should double the maximum Pell Grant to help low-income students, invest tens of billions of dollars to foster a more robust federal-state higher education partnership, expand loan forgiveness for borrowers with student debt, and allocate hundreds of billions of dollars to shore up our K-12 system in a time of crisis. Congress should also double down on recent increases to the Child Care & Development Block Grant to help ensure essential workers and others who are returning to work have access to child care. Finally, broadband-for-all can no longer be a talking point at a time when tens of millions of students rely on distance learning; it must be a national priority.

I am also developing a broader set of proposals that will help create a more just and equitable future for Americans in the wake of this crisis. This emergency has exposed how intertwined our society is and how little economic security people truly have. We must act so that a crisis of this magnitude never happens again.

But before we can do that, we must contain the pandemic, avoid devastating cuts, and create a path to recovery. I am grateful for your leadership and look forward to working with you to meet this moment and the needs of our people.

Sincerely,

Gavin Newsom
Governor of California

Keep up the
incredible work!