

Congress of the United States
House of Representatives
Washington, DC 20515

April 29, 2020

The Honorable Steve Mnuchin
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington D.C. 20220

Dear Secretary Mnuchin:

We want to thank you for the tremendous work that the Treasury Department has done in providing relief to American small businesses and families during the COVID-19 national emergency. Under the leadership of President Donald Trump, and at your direction as Secretary, COVID-19 relief authorized by Congress moving through the Treasury Department is getting to those who need it.

Based upon bipartisan discussions we have had with local and state leaders, we write today to offer potential future guidance for certain relief funds authorized by the Coronavirus Aid, Relief, and Economic Security Act, otherwise known as the CARES Act.

One of the most helpful components of the various COVID-19 relief measures authorized by Congress is the \$150 billion Coronavirus Relief Fund created under the CARES Act. The money from this fund is meant to go to states and local governments to pay for unanticipated costs associated with on-the-ground response efforts and to mitigate and react to the spread of COVID-19.

Pennsylvania was fortunate to receive \$4.98 billion from the Coronavirus Relief Fund. Approximately \$1.028 billion was reserved for our seven largest counties to apply directly to Treasury to receive funding for qualified costs related to their response to COVID-19. The remaining \$3.9 billion is reserved to the Commonwealth of Pennsylvania.

While we understand and support allowing larger local government units to apply directly to Treasury for these funds, our bipartisan discussions with state and local leaders have led to two main concerns about the remaining \$3.9 billion that Pennsylvania received.

First and foremost, we want to ensure that every Pennsylvanian, including those in rural counties and municipalities, receive their fair share of federal funding.

Many rural communities lack the resources and healthcare system capacity of other areas of Pennsylvania. COVID-19 has required many rural communities to expend unanticipated funds to keep pace with virus response efforts, including increasing supplies of personal protective equipment, bolstering emergency management resources, and ramping up technological capacity for employees to work remotely while continuing to provide residents with essential health and public safety services. These costs have added stress to already financially strapped rural health and emergency centers and local budgets.

Second, as the Pennsylvania General Assembly begins to work with the Governor to craft a state budget for the upcoming fiscal year, state officials have expressed the need for flexibility to spend federal dollars

that Pennsylvania receives. Like many other states, Pennsylvania is facing a projected budgetary shortfall from a loss of revenue due to the economic shutdown.

Current guidance from the Treasury Department states that these funds may only be used for certain COVID-19-related expenses and specifically prohibits the use of these funds to offset lost revenue as a result of COVID-19.

We believe it is possible to ensure equitable disbursement of federal funds across local governments while granting states the flexibility they need to provide critical services. To that end, we respectfully urge that the Administration issue additional guidance on the Coronavirus Relief Fund to allow states, territories, and tribal governments the desired flexibility to offset lost revenue at the state and/or local level by applying for a waiver to the Treasury Department that could be granted if they first develop and execute an approved distribution formula providing an equitable share of their Coronavirus Relief Fund money to counties and municipalities with fewer than 500,000 residents.

Under this proposal, states would first have to present to the Treasury Department plans to equitably disburse funds to localities. Once the Treasury Department approves the plans and states disburse the funds to localities, Treasury could then work with states to loosen restrictions on acceptable expenses for states' share of remaining Coronavirus Relief Fund dollars, while subjecting those expenses to states' normal appropriations processes.

This proposal would serve the dual purpose of ensuring no county or municipality is left out of federal COVID-19 relief funding and provide the flexibility state governments need to respond to the pandemic, serve the public and balance their budgets. This would also reduce the burden on state and local budgets as a result of lost revenue and mitigate the need for additional state and local funding currently being discussed as part of any potential future legislation.

Thank you for your attention to this matter and for your continued leadership as Americans work to defeat this invisible enemy.

Sincerely,



FRED KELLER
Member of Congress



GLENN "GT" THOMPSON
Member of Congress



MIKE KELLY
Member of Congress



JOHN JOYCE, M.D.
Member of Congress



SCOTT PERRY
Member of Congress



GUY RESCHENTHALER
Member of Congress



DANIEL P. MEUSER
Member of Congress



LLOYD SMUCKER
Member of Congress