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April 8, 2020

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), I want to share with you our most pressing priorities that must be included in the fourth coronavirus response bill. The “Coronavirus Aid, Relief, and Economic Security (CARES) Act” and the other two coronavirus response bills provided much needed assistance and resources to protect Americans and their families, and some economic stimulus during this crisis. However, more fiscal relief is essential to ensure functioning public services. In addition, Congress must address the health and safety of all workers.

The next COVID-19 response bill must provide at least \$300 billion in additional direct, unrestricted funds for state and local governments, along with a clear requirement for money to be allocated to localities. It is imperative that the District of Columbia be considered as a state for this appropriation. This is a rapidly developing situation and it is becoming apparent that far more assistance may be necessary if the reduction in economic activity extends into the summer. Further, Congress should repeal the CARES Act rule that limits use of the \$150 billion Coronavirus Relief Fund to unbudgeted costs directly related to COVID-19 response. This restriction blocks states from addressing the substantial revenue losses governments are experiencing at a time when there is a sharp increase in the demand for services.

While the CARES Act provides \$500 billion that can be loaned to eligible businesses as well as states and municipalities, it is not a substitute for direct assistance. Many states and local governments have limited ability to borrow funds for normal operating expenses and almost all of them face statutory or constitutional debt limits. Bridge loans from the Federal Reserve for liquidity can be helpful, especially if the municipal bond market remains chaotic, but longer-term loans are not the solution to meeting operating deficits. To be sure, the Federal Reserve can be of assistance to the municipal bond market by helping to unfreeze credit for longer term borrowing needs related to projects and assets such as infrastructure development and rehabilitation.

American Federation of State, County and Municipal Employees, AFL-CIO

TEL (202) 429-1000 FAX (202) 429-1293 TDD (202) 659-0446 WEB www.afscme.org 1625 L Street, NW, Washington, DC 20036-5687

School systems across the country are struggling to meet education needs at this difficult time as most shift to online learning and seek to revise teaching methods and support students without access to either computers or high-speed internet. The CARES Act provided almost \$31 billion in K-12 and higher education funding. **We further request an additional \$175 billion at minimum to sustain public schools through this crisis.**

The CARES Act did not address a critical need for additional federal Medicaid funding (FMAP) although the Families First Coronavirus Response Act included some help by increasing FMAP by 6.2 percentage points. The ideal solution would be an unemployment rate-based formula so FMAP would permanently provide counter cyclical assistance to states. But, at minimum, **another 15 percentage point increase in FMAP, on top of the 6.2 percentage points provided in the Families First Act, is essential** to address emerging needs. These higher rates should be made retroactive to January 1, 2020 and extended to December 31, 2021. The 6.2 percentage point bump was retroactive to January 1 and expires December 31, 2020. An FMAP increase is necessary to ensure states can fund rising Medicaid caseloads without diverting resources from other critical services. In addition, Puerto Rico's needs must be addressed with a minimum \$750 million grant for Medicaid programs.

We urge Congress to address the certain negative impact of the cost of COVID-19 treatment on health plans. This will affect plans under the ACA as well as self-insured and fully insured employer-sponsored plans. A spike in insurance rates immediately prior to the election will create political and economic consequences. **We are suggesting that the federal government backstop COVID-19 claims by assuming inpatient hospital and post-hospitalization costs after the first \$5,000** with close monitoring of insurance company reserves to avoid an unjustified windfall for private insurers. In addition, inpatient cost sharing and copayments should be assumed by the federal government for COVID-19 treatments and **all patients should receive COVID treatments at no cost.** The federal government must also assume some of the CBRA costs associated with laid off workers so they can afford to maintain their coverage. The uncertain long-term impact of occupational exposure to the virus must also be studied and addressed.

At this critical time, **Congress must give the Occupational Safety and Health Administration (OSHA) a short deadline to issue a temporary emergency standard** on the COVID-19 infectious disease or take the unprecedented step of creating such a standard directly in statute given the administration's obstinance on this issue. Protecting workers on the front lines slows the spread of the disease and helps maintain our capacity to meet surging demand for care. We have a solemn obligation to those who are putting themselves at risk and we must meet it. Current federal law fails to protect many state and local government workers who are at elevated risk of exposure to COVID-19 because their state does not have an approved OSHA state plan covering them. Therefore, Congress must make sure that all state and local government workers who are at elevated risk of exposure to infectious disease

such as the novel Coronavirus are also covered by this standard. Congress must also fill the unwarranted and overly broad gaps in paid leave coverage as implemented by the Department of Labor.

It is vitally important for the Congress to address our nation's critical infrastructure needs. Doing so will help our economy recover more quickly and pave the way for economic growth into the future. The infrastructure package should be publicly financed, and infrastructure assets should be publicly owned and operated.

The economic crisis has exacerbated the funding challenges in single and multi-employer pension plans. The proposals in H.R. 6379, the Take Responsibility for Workers and Families Act, address both plan types and should be adopted. Specifically, we ask the Congress to adopt the amortization and funding stabilization provisions for single employer plans and the rehabilitation provisions for multiemployer pensions, as described in H.R. 6379.

Finally, **Congress should direct the administration to fully invoke the Defense Production Act (DPA)** and take all necessary actions to ensure firms manufacture, allocate, and distribute an adequate quantity of Personal Protective Equipment (PPE) like N95 respirators, COVID-19 Testing Kits, ventilators, and other essential medical supplies to health care providers, front line public service workers and related facilities, patients, and affected Americans. AFSCME stands with America's governors, mayors, and public health care officials, who have demanded that the President fully exercise his powers under the DPA.

Our nation will bear the human cost of this coronavirus pandemic for years to come. We look to Congress for bold action to alleviate the most painful effects on our economy. We look forward to working with you to make sure that these important additions are included in the next coronavirus response bill.

Sincerely,

A handwritten signature in black ink that reads "Lee Saunders". The signature is written in a cursive, flowing style.

Lee Saunders
PRESIDENT

LS:SF:dmg

