

United States Senate
WASHINGTON, DC 20510

April 10, 2020

SUBMITTED VIA ELECTRONIC DELIVERY

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Richard Shelby
Chairman
Senate Appropriations Committee
Washington DC, 20510

The Honorable Patrick Leahy
Ranking Member
Senate Appropriations Committee
Washington DC, 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Shelby and Ranking Member Leahy:

As you work to develop the fourth supplemental relief package to provide critical assistance to communities facing the coronavirus pandemic, we are writing to express support for Federal assistance to local governments who were ineligible to receive economic relief from the \$150 billion Coronavirus Relief Fund included in the Coronavirus Aid, Relief and Economic Security (CARES) Act. Local jurisdictions require strong Federal support to finance unanticipated expenses due in response to the COVID-19 pandemic. We urge you to consider provisions to assist localities amid unprecedented challenges in carrying out essential services, including a version of the Community Disaster Loan Program specifically tailored to the COVID-19 crisis.

Local governments serving small communities are experiencing massive tax revenue loss due to social distancing and shelter-in-place orders. Tax revenue collected from non-essential businesses will continue to plummet as commercial businesses temporarily suspend services and adhere to Federal and local social distancing guidelines. As shelter-in-place orders are likely to continue at least through the spring season, local governments must receive financial assistance to continue normal operations to make up from the loss of revenue they would have otherwise received. Without this critical relief, local officials will soon be faced with the difficult decision of whether to lay off local and state employees, including firefighters, police officers and sanitation workers, at a time where they are most needed.

Fortunately, Section 417 of the Robert T. Stafford Act authorizes FEMA to offer Community Disaster Loans (CDL) to local governments who have suffered substantial loss of revenue after a presidentially declared disaster. Traditional CDLs were capped at \$5 million or 25 percent of the local government's operating budget for the fiscal year in

Letter to Majority Leader McConnell, Minority Leader Schumer, Chairman Shelby and
Ranking Member Leahy
April 10, 2020
Page 2 of 2

which the disaster occurred. This current threshold will likely be insufficient as communities seek to slow the spread of the virus in the coming months.

In the past, Congress has appropriated special CDLs through emergency supplemental appropriation bills in response to a particular set of disasters. We urge you to direct FEMA to create a special CDL in response to the COVID-19 crisis, which would include an increase of the loan limit past the traditional \$5 million cap, as well as tailor the loan's terms, cancellation conditions, eligible uses and timing to meet the needs of local governments recovering from revenue loss caused by the COVID-19 crisis.

Given the uncertain length of the crisis, and the even greater uncertainty surrounding the economic and fiscal impacts, we request you streamline its implementation to meet the immediate needs of our communities. This will help local officials in Illinois and other States that are under a disaster declaration retain public employees and prevent layoff in local governments due to this unprecedented public health emergency and economic crisis.

Substantial Federal support is necessary to address the immense budget gaps faced by local governments face due to the COVID-19 pandemic. We request that you move quickly in assisting local governments serving small communities to solve budgetary issues caused by this public health and economic crisis in the forthcoming supplemental aid package.

Sincerely,



TAMMY DUCKWORTH
United States Senator



RICHARD J. DURBIN
United States Senator