



OFFICE OF THE MAYOR
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

July 17, 2020

The Honorable Mitch McConnell
Senate Majority Leader
S-230 Capitol Building
Washington, DC 20510

Dear Majority Leader McConnell,

I appreciate your leadership and swift action this past spring with the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that provided Louisville and the nation with resources to confront the pandemic and economic fallout. As you draft the next relief package, I urge the Senate to provide additional federal resources and the flexibility necessary to support state and local governments' ongoing emergency response in 2021.

Allow me to provide an update on Louisville Metro Government's (LMG) financial position. LMG is now forecasted to close fiscal year (FY) 2020 that ended June 30th with a revenue shortfall of \$13.7 million. We plan to offset those losses with \$6.0 million of expenditure savings for a net shortfall of \$7.7 million. Compared with pre-COVID forecasts, we anticipate that our FY 2021 revenues will decline from the baseline of \$662 million to \$613 million. We anticipate FY 2022 revenues will decline from \$682 million to \$620 million. If the pandemic continues unabated, we anticipate our response will cost an estimated \$45 million per quarter. Because of improved revenue projections and the use of our \$133.8 million Coronavirus Relief Fund (CRF) allocation to cover eligible costs, the total shortfall of \$148 million that was reported to you in my letter of May 26, 2020 is now expected to be \$90 million.

You are very familiar with the economic pain caused by the pandemic. Jefferson County had an unemployment rate 11.9% in May, while the Commonwealth had a rate of 11.0% that month. Nearly 1 million Kentuckians have filed unemployment insurance claims. Sadly, more than 29,000 public sector workers have been laid off in the state and LMG had to furlough 380 full-time employees. More furloughs or lay-offs may be needed if we do not receive revenue replacement, meaning critical services to the public are not able to be delivered. In my view, a local government able to deliver basic city services is a prerequisite for any economic recovery.

I remain gravely concerned about the job, food, and housing security of our constituents and the viability of our business sector. Our spending plan for the \$133.8 million CRF allocation reflects those concerns. Louisville received other federal appropriations for which we are grateful, including \$19.8 million from HUD, \$2.5 million from HHS, and \$1.9 million from DOJ. We will deplete those resources supporting the following activities this year: testing, tracing and

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monitoring; personal protective equipment (PPE); an eviction prevention program; a small business assistance program; nonprofit support; and payroll for “substantially dedicated” personnel. More specifically, LMG allocated \$21.2 million for eviction prevention and tenant-based rental assistance to ensure families stay in their housing. Estimates show local rent delinquencies are averaging 20-30% monthly, up from 5-10% on average. Up to 24,200 more households could be falling behind in Louisville. Our \$21.1 million small business program was designed to serve 400-500 businesses, but we received 900 applications. We could spend another \$20 million to meet the overwhelming demand.

Another need - Congress should provide funding to support the state and local response after December 30, 2020. Our costly testing and contact tracing programs will continue until there is a vaccine, and our local revenue losses will continue long after the economy has recovered. Cities need direct revenue replacement to avoid budget cuts. Accordingly, I urge you to include language to clarify that previous and new CRF dollars:

“may be used to cover costs, or to replace lost, delayed, or decreased revenues, stemming from the public health emergency with respect to the Coronavirus Disease (COVID–19), including revenues lost, delayed, or decreased during or after the end of such public health emergency as a result of the global and national economic decline caused by the outbreak and response to COVID–19.”

My colleagues and I welcome a discussion focused on spending guardrails. Federal relief should cover our costs and losses caused by the pandemic, not preexisting fiscal problems.

As President of the United States Conference of Mayors, I am proud to stand with the “Big 7” intergovernmental organizations, including National League of Cities, National Association of Counties, and National Governors Association. The Conference recently passed a resolution requesting at least \$250 billion of new state and local aid. More than 150 U.S. corporations have also expressed their support for state and local aid. Their letter is enclosed. A majority of state and local governments started new fiscal years on July 1, 2020. Many adopted stopgap budgets anticipating Congressional action this month, so we need a resolution as soon as possible.

As an employer of over 5,000 people, I understand the need to establish rational legal liability protections for government agencies, healthcare providers, and the private sector. I encourage Congress to take a measured approach extending the Federal Pandemic Unemployment Compensation program. The expanded benefit should provide sufficient support for those in need at an appropriate level commensurate with past earnings.

As the Senate prepares to return to Washington, my team stands ready to work with you and your team to help our constituents in Louisville during these difficult days. Thank you for your consideration and your ongoing support of the city. I look forward to our next conversation.

Sincerely,



Greg Fischer
Mayor

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