

ACTION ALERT!!

CARES Act Budget Request

BACKGROUND:

Since the beginning of the COVID-19 outbreak, cities have been coordinating across jurisdictional lines, enacting emergency measures to slow the spread of the coronavirus pandemic, taking action to protect residents and small businesses, and incurring significant unplanned expenses to protect public health and the economy.

These actions have saved lives and serve as a model for the country. But, these actions come at a cost.

CARES Act funding provides cities the ability to recover from this pandemic faster, and reopen our communities without furthering city revenue shortfalls and threatening core city services.

The League requests that the Legislature and the Governor:

1. Increase the state's CARES Act funding allocation to cities to \$500 million to support local COVID-19 expenses; and
2. Establish a minimum allocation of \$50,000 to all cities.

ACTION:

All California cities, regardless of population, urgently need CARES Act funding to help continue to fight COVID-19 and protect residents through the summer months and beyond. No city can be left behind. Cities can help in the following ways:

- 1) Send a formal city letter to your Assembly Member and Senator as soon as possible.
(See attached sample letter)
- 2) Call your Assembly Member and Senator to inform them of the importance of receiving CARES Act funding to continue to fight COVID-19. Please refer to the talking points on the next page for additional guidance.

Attached to this you will find a breakdown of the CARES Act funding per city as proposed in the May Revision and a breakdown of the CARES Act funding as proposed by the League of California Cities (\$500 million total allocation, and \$50,000 minimum per city).

Also attached are guidelines and Q&A from the US Treasury that provide additional information on how CARES Act funds can be expended by cities.

TALKING POINTS:

California's 482 cities are on the front lines of the COVID-19 pandemic, protecting residents and incurring additional expenses as they work to prevent further transmission.

- Since the beginning of this outbreak, cities have been coordinating across jurisdictional lines, enacting emergency measures to slow the spread of the coronavirus pandemic, taking action to protect individuals and small businesses, and incurring significant unplanned expenses to protect public health and the economy.
- These actions have saved lives and serve as a model for the country. But, these actions come at a cost.

Cities appreciate the Governor's allocation of \$450 million of the state's CARES Act funding to cover COVID-19-related costs by cities, but when under the current formula, some cities will receive as little as \$3,000 to respond to COVID-19 in their communities.

- All California cities, big and small, are feeling the severe financial impacts of this pandemic.
 - Nine out of 10 cities are buying personal protective equipment.
 - Nine out of 10 cities report increased spending to disinfect and sanitize public facilities.
 - 12 percent of cities report spending more than \$500,000 to address the outbreak in their communities.

We are calling on the Legislature and the Governor to increase the state's CARES Act funding allocation to cities to \$500 million and establish a floor allocation of \$50,000 per city.

- Cities need additional funding and a minimum allocation to ensure that CARES Act funding is distributed fairly and equitably, and is a meaningful amount for all jurisdictions.
- CARES Act funding provides cities the ability to recover from this pandemic faster, and reopen our communities without furthering city revenue shortfalls and threatening core city services.
- Providing funding to cities is not optional – a safe, equitable, and expedited economic recovery depends on it.

CARES Act funding is only for COVID-19-related expenses. Cities still need direct state and federal funding to address the devastating impact stay-at-home orders have had on city budgets and local economies.

- As unanticipated emergency costs continue to grow, resources to fund core local services are plummeting. Cities are facing a nearly \$7 billion revenue shortfall over the next two years, and this shortfall grows by billions of dollars as modified stay-at-home orders extend into the summer months and beyond.
- CARES Act funding can only be used for COVID-19 related expenses, and will not help address the \$7 billion general revenue shortfall facing cities. Without additional funding, essential city services that residents depend on face significant impacts, and may be reduced or even eliminated.
- That's why the League is asking for direct and flexible funding from state and federal governments to help cities respond to, and recover from, this crisis.