



Office of the Mayor

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The Honorable Tammy Baldwin
United States Senator
709 Hart Senate Office Building
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The Honorable Ron Johnson
United States Senator
328 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mark Pocan
United States Representative
1421 Longworth Office Building
Washington, D.C. 20515

July 20, 2020

Dear Senator Baldwin, Senator Johnson, and Congressman Pocan,

I am writing to urge Congress to provide direct fiscal relief for local governments with fewer than 500,000 residents, including the City of Madison, in the next legislative response to coronavirus. I am grateful for the previous actions taken at the federal level to support our emergency response at the local level, but the shortcomings are evident months after the passage of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (P.L. 116-136) and other bills. As Wisconsin just recorded its largest one-day total of new cases, it is obvious that this pandemic is not behind us and the worst may still be ahead of us. Our City is tasked with protecting the health of our residents, while trying to stage an economic recovery and safely reopen businesses, commerce, and schools; however, our firsthand experience to date illustrates the administrative difficulties and inequitable outcomes resulting from the lack of adequate federal support for our City thus far. Congress must act swiftly to provide long-term fiscal certainty and federal support for all communities leading the frontline response to COVID-19.

As you know, the CARES Act did not legally mandate an adequate or fair distribution of Coronavirus Relief Fund (CRF) dollars from State governments to local governments under 500,000 residents; meanwhile, Madison faces a \$30 million budget shortfall this fiscal year due to unprecedented revenue losses and pandemic-related expenses. The State of Wisconsin received nearly \$2 billion in federal relief from the U.S. Department of Treasury, yet the City of Madison was allocated just \$4.1 million through the state's "Routes to Recovery" program. The City has already spent \$8 million on the emergency response to date and anticipate additional costs of \$8 million during this calendar year. This is neither a sufficient, nor equitable outcome for the 260,000 residents of the second most populous city in Wisconsin. Congress must rectify this situation by instead directing funds to all local governments, regardless of size.

Not only is our sub-allocation from the State inadequate, but the guidance mandated by the State of Wisconsin is more restrictive than guidance from the U.S. Department of Treasury. While the City of Madison can be reimbursed for direct costs to respond to COVID-19, like procurement of personal protective equipment (PPE), we cannot seek reimbursement for critical service programs like eviction assistance and business support. This narrow vision neglects the dire

reality faced by our residents. Many are struggling with unemployment, housing and nutrition insecurity, a lack of childcare options, and mental health issues resulting from these troubling times. When the State is responsible for making sub-allocations, little trickles down to communities and the funds we do receive are wrapped in red tape. Congress must empower local decisionmakers by providing direct relief for all local governments in the next relief package.

Equally important to the City of Madison is the ability to address local revenue shortfalls. This is essential for us to maintain staffing and programming levels in accordance with the municipal budget we enacted prior to the pandemic. The City, in partnership with Dane County, has supported emergency response to this crisis since the first local case of coronavirus was confirmed in early February. Given the capacity demanded to mount an effective response, the City has provided substantial administration and personnel support, absorbing costs across nearly every municipal department and diverting resources away from other priorities. The City continues to fund essential public services as those needs are unabated by the pandemic.

Madison experienced an unprecedented hit to our municipal tax revenue base while incurring these additional costs related to the COVID-19 response – and these fiscal pressures are coming to head. My staff projects a budget shortfall of \$30 million for FY 2020, accounting for revenue losses from sales tax, business and occupation, fees for service, permitting, hotel and motel taxes, and canceled events. We expect to see a budget shortfall of \$25 million in fiscal year 2021.

The pandemic has undoubtedly weakened our revenue base for years to come. The Monona Terrace Community and Convention Center hosts nearly 400,000 people a year at regional and international events, and we expect a net loss of \$3.6 million from cancelled events this fiscal year. Social distancing guidelines and limits on public gatherings will impact this revenue source until there is a vaccine available. Revenue replacement will allow us to continue our essential functions while providing critical flexibility to combat the pandemic as cases surge.

Local elected officials and city administrators have worked fastidiously to balance our budget. We implemented a hiring freeze on May 5th for all positions and halted all non-essential supplies and purchased services spending. Since the onset, 85 of our essential municipal workers have been placed on workshare plans, which will result in cost savings of \$750,000 this year. Without substantial federal relief, we will be forced to make additional cuts, although our community needs local government to operate at its full capacity now more than ever.

As mayor, I am profoundly concerned about the housing, food, job, and income security of our residents. I believe that a guaranteed income is the best way to enable Americans to address their individual needs, whether it is rent or mortgage, groceries, utilities, or other essentials. I call on Congress to provide ongoing, direct cash payments for our residents throughout the pandemic, until the economy fully recovers.

In Madison, our local unemployment rate jumped from 2.3% before the pandemic to a rate of 9.5% in May. According to the Economic Policy Institute, without federal action, Wisconsin could lose a combined total of 99,200 public and private jobs by the end of 2021. Our public workforce must be at full strength as we serve those who have been harmed by the pandemic and contend with pressures to safely resume business, education, and life. Federal workforce

development programs must support state and local efforts to ensure that dislocated workers get on a clear pathway to a new job opportunity. Youth employment and training programs are also critical, especially for disconnected youth.

Congress should seek to address any barriers for our workforce to get back to work, including access to childcare. It is clear that a disproportionate share of the nation's essential workers, especially Black and Latinx workers, do not have the ability to telework. I understand there are several legislative proposals that would help increase access to safe and affordable childcare. I ask your support for these resources that would be incredibly helpful for working families in Madison.

Our local government stands ready and willing to provide assistance for rental or mortgage assistance to prevent evictions. The City is ready to support our small businesses that have been unable to secure assistance through the Paycheck Protection Program. But we cannot consider these possibilities without access to funding.

The City of Madison needs your support to ensure the public health and economic stability for our residents, our workforce, or our local businesses moving forward.

Congress must do more, but not just more of the same when it does not address the needs of cities under 500,000 residents. We urge Congress to prioritize making these additional, flexible resources available for communities like Madison who are serving on the front lines of the battle against coronavirus. Thank you for your consideration and support.

Sincerely,

A handwritten signature in black ink, appearing to read 'SRConway', written in a cursive style.

Mayor Satya Rhodes-Conway
City of Madison, Wisconsin