



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

November 16, 2020

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

Secretary Steven Mnuchin
Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

Dear Majority Leader McConnell, Speaker Pelosi, and Secretary Mnuchin:

With the presidential elections determined, it is time to turn our attention back to the urgent needs of our state and local governments in the face of the resurging COVID-19 pandemic. The increase in caseloads is accelerating rapidly, surpassing 100,000 cases per day – almost doubling over the past week. Record numbers of hospitalizations will surely follow.

This looming second wave comes just as it appeared we were potentially on a path to something akin to recovery for our economy, with the unemployment rate dropping to 6.9% in October. But there are still 20 million Americans receiving unemployment benefits, including 9 million under the Pandemic Unemployment Assistance (PUA) program. And skyrocketing caseloads and the onset of cold weather means that our economic recovery is likely to stall. This time, however, you have an opportunity to proactively fortify our communities against a recurrence of the economic freefall we experienced earlier this year - when the federal government was slow to act and largely left communities to fend for themselves.

Here in New York, we took the necessary steps at the outset of the pandemic to meet the crisis head on, shutting down all non-essential businesses and restricting public gatherings. We took these actions because it was the right decision to protect the health and well-being of New Yorkers – and we successfully flattened the curve for a time. But this public health emergency and our response to it has come at a cost. We are on track to spend over \$4.8 billion to respond to the pandemic – even while our local revenues have suffered a significant drop of \$4 billion between fiscal years 2020 and 2021. New York State, upon which New York City relies for

significant financial assistance for transportation, health, social services, and especially education spending, faces its own fiscal challenges, with projected budget shortfalls of \$9 billion a year. In short, we have done – and will continue to do – everything that is necessary to protect the health and well-being of our residents. But we cannot do so without aid from the federal government.

New York's economic health is a bipartisan matter of national interest because we are the economic engine for the rest of the country. Our residents and businesses contribute more to the federal budget and get less back than any other state - \$22 billion dollars more in 2018, in fact. Conversely, if New York's economy takes another blow, the impacts will be felt in every corner of our nation.

Direct cash assistance and the \$600 weekly Pandemic Unemployment Assistance helped families weather job losses, especially gig economy workers whose livelihoods were completely upended by the shutdowns. Across the five boroughs, New York City small businesses received approximately 145,936 Payroll Protection Program (PPP) loans as of June 30 to help survive lockdowns and loss of customers. I urge Congress and the Administration to ensure these programs are continued after their expiration at the end of the year, for as long as they are needed until the economy is fully recovered. I also urge you to renew PPP with a new emphasis on access for small businesses and those that have been hardest hit by closures. The inclusion of not-for-profit organizations in the original PPP was critical in helping to meet the needs of communities across the country, and I hope you will continue to insure that their needs are addressed. Likewise, cultural organizations, especially performance venues, are particularly distressed now, and I urge you to include the Save our Stages Act in the next round of stimulus relief.

At the state and local government level, two needs in particular stand out – rising public sector healthcare spending, particularly for Medicaid, and the challenges of re-opening schools and providing remote learning. With respect to the former, the enhanced Federal Medical Assistance Percentage (eFMAP) should be both extended and enhanced, to cover rising Medicaid caseloads and provide additional fiscal relief to state and local governments. In New York State, this has provided \$3.6 billion in budgetary relief so far. This is a particularly effective way to provide relief to State governments, which in turn will ease the pressure on local governments. The eFMAP could be conditioned on unemployment rates, for example, to target aid to those jurisdictions most in need.

With respect to schools, it is simply a moral imperative that we take every step we can to make sure that students do not lose the benefits of education. Support for remote learning – including funding for remote learning devices; affordable and reliable internet access; additional staffing needed to provide remote learning and to keep schools clean and healthy, must all be a part of the next stimulus package.

Our public transit agencies are also suffering a dramatic drop in revenues. The Metropolitan Transportation Authority faces a gap of \$16 billion in its operating revenues due to reduced ridership and tax subsidies. Without assistance to replace lost farebox and other revenues,

service could be sharply curtailed, which would severely hinder the ability of our economy to recover. Prior to the pandemic, 55 percent of frontline workers used the subway, bus, or rail daily to get to work. With 10 percent of the nation's economy served by the Metropolitan Transportation Authority, a fully-functioning MTA is a sine qua non for a full economic recovery.

Many economists have made the point that it is better to err on the side of quantity in providing stimulus, whereas an austerity approach will extend the suffering of millions of Americans and leave our economy below potential. Without assistance to the state and local government sector, it will take years for us to recover, exacerbating unemployment and depriving vulnerable populations of the services they need. New York City, like communities across the nation, are in need of a robust and extensive federal agenda – from public health to public housing, from immigration to education, from infrastructure to human capital – all of which we hope you will turn your attention to in the new Congress and Administration.

But we must renew our commitment to our people and our communities now. No part of our nation can recover alone; all parts of our national community need help. I urge you, therefore, in the remaining days of the 116th Congress to work together to promptly deliver meaningful relief for our hard-pressed families, businesses, and state and local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott M. Stringer". The signature is fluid and cursive, with the first name "Scott" being more prominent.

Scott M. Stringer
New York City Comptroller