

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR

ROY COOPER
GOVERNOR

March 20, 2020

Members of the North Carolina Congressional Delegation
United States Capitol
Washington, District of Columbia

Dear Senators and Members of Congress:

First, let me thank you and your offices for your ongoing partnership as our state continues to fight the COVID-19 pandemic. While we do not know yet when this crisis will peak, know that I will continue working every day to protect the public health of North Carolinians.

I am writing today to share with you North Carolina's pressing need for funds as we anticipate emerging from this pandemic in the months ahead. Our Office of State Budget and Management is currently calculating the impact of this pandemic on FY 2020-21 revenue collections in North Carolina, and projects that the state might not return to FY 2019-20 revenue collection levels until at least FY 2022-23. It is imperative that the Congress come together to provide North Carolina and the nation with a robust, flexible revenue replacement package that will see our state and nation through the recession created by this international public health crisis.

There will undoubtedly be significant support available to segments that are vital to our state's economy and I support efforts to ensure their stability. I hope this package will also consider the future of North Carolina's farms and small businesses in the face of a new reality. Just as important are considerations that will help people with health care, childcare and education needs, while preparing North Carolina for a strong economic recovery.

Additional Medicaid Funding for States

The Families First Coronavirus Response Act provided an important first step for states and their health care demands by providing a 6.2 percentage point increase in the Federal Medical Assistance Percentage (FMAP). In a subsequent package, Congress should increase the immediate, nationwide FMAP boost linked to the public health emergency to at least 12 percentage points, similar to the 2009 American Recovery and Reinvestment Act.

State Fiscal Stabilization Fund

Following the 2008 financial crisis, Congress provided a State Fiscal Stabilization Fund to help states cope with the economic catastrophe. Currently, 60% of North Carolina's state budget supports education through K-12 public schools, community colleges, and universities. Add to that Medicaid, mental health services, and the statewide prison and court systems, and the total approaches 90% of our budget. These are core government services and a similar fund is vital for the same reasons today as in 2008, with a focus on maximum flexibility to allow states to address a wide range of fiscal challenges. Flexibility in the use of these funds will ensure that we can help the greatest number of people in the greatest need with the least amount of bureaucratic red tape. Just as under the American Recovery and Reinvestment Act, education should factor prominently into this funding while not restricting states from addressing other pressing core government needs.

Waive Federal Cost Sharing Provisions Across Programs

The President's Emergency Declaration for the COVID-19 crisis under the Stafford Act required a traditional 75/25, federal/non-federal cost share for emergency protective measures. These are not traditional times, and the legislation should hold states harmless by waiving cost sharing provisions across FEMA and other federal programs for the duration of the recovery from this crisis. Removing this obligation will free up badly needed state funds to address issues on the ground and better serve the needs of North Carolinians directly.

Support for Local Governments

Just as the state's bottom line will be severely impacted by this crisis, municipal and county governments stand to lose hundreds of millions of dollars in year-over-year revenue as a result of decreased tax collections. The package should also include direct funding to local jurisdictions to solidify their financial position and preserve services to residents. Direct investment in utilities and transit systems will help cities and counties recover lost revenue from those areas as businesses are closed.

Education and Child Care

With public K-12 schools across North Carolina and across the country closed, tens of thousands of frontline healthcare workers and first responders are finding themselves without suitable childcare as they work to respond to COVID-19. North Carolina needs a significant investment in the Child Care Development Block Grant program to ensure child care providers have the resources they need to address their own workforce needs and provide increased access for working families. We also need to support college and K-12 students impacted by this crisis to ensure their educational financial needs to continue to be met.

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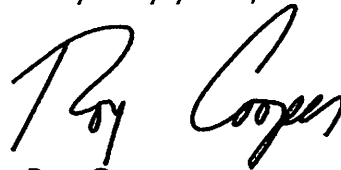
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While the above needs are illustrative of items that will greatly benefit North Carolina and states across the country through this recovery, there are countless others that will demand our attention. We stand ready to work with you to identify and prioritize areas that will help North Carolina recover from this crisis.

North Carolina has faced trying times before. We are a resilient state, and whether it is in the face of natural disaster, economic downturn, or the current public health crisis, we want to emerge stronger and more resilient than ever. Thank you for your support of the people of North Carolina, and thank you for working together with us to defeat this pandemic.

With kind regards, I am

Very truly yours,

A handwritten signature in black ink that reads "Roy Cooper". The signature is written in a cursive style with a large, stylized "R" and "C".

Roy Cooper