



Sent to Michigan Congressional Delegation

May 6 2020

Dear:

On behalf of the Michigan League for Public Policy, I write to thank you for your leadership in Congress in addressing the needs of our communities affected by the COVID-19 pandemic and the resulting economic crisis and ask you to help ensure that the next federal COVID-19 relief legislation includes additional state fiscal relief, an expansion of the temporary increase in the share of federal matching funds for Medicaid, and other critical measures for the people, communities, and businesses of our state.

As you know, our state has worked in concert with the federal government to contain the spread of COVID-19; support hospitals, health care workers, and others on the frontlines of stopping the pandemic and treating people who have fallen ill; and assist people and businesses that are taking extraordinary financial hits from the pandemic and resulting economic shutdown.

This response has required a significant commitment of state resources at a time when revenues (particularly income tax and sales tax revenues) have fallen dramatically due to the economic shutdown. State officials are now projecting up to a \$7 billion shortfall over the next 18 months. The Michigan constitution requires a balanced budget each year, regardless of a recession, leaving state policymakers with a limited set of difficult options in the absence of additional federal aid.

The most effective, flexible, and efficient form of state fiscal relief would be a larger increase in the Federal Medical Assistance Percentage (FMAP) for Medicaid that continues until the economy fully recovers. The Families First Act provided a small, temporary increase in federal Medicaid funding of \$860 million for Michigan, but it's not enough and will end prematurely. An additional FMAP increase would help our state's Medicaid program address the additional health care demands resulting from COVID-19 while freeing up state funds to be spent in other urgent areas.

We also respectfully ask that Congress allocate more money to the Coronavirus Relief Fund that was established in the CARES Act, allow states to spend those funds beyond the end of calendar year 2020, and give states the flexibility to use that money to cover rising costs in a wide range of programs and make up for steep losses in tax revenues. The current constraints on the Coronavirus Relief Fund will severely limit its effectiveness and fail to help prevent deep state budget cuts.

Further, these critical relief measures — not only the FMAP increase but also the recent expansion in unemployment insurance benefits (currently scheduled to expire at the end of July), and any future increases in SNAP food assistance — need to remain in place until the economy recovers, instead of ending prematurely when the public health emergency ends or on an arbitrary date.

We are grateful for the aid that Congress has provided thus far, but more is sorely needed. We believe that with your support, we can ensure that Michigan emerges from this crisis stronger and more prosperous than ever, with a bright future ahead.

Warmest regards,

Gilda Z. Jacobs
President and CEO

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