

# THE BOND BUYER

**Democrats support another \$250 million for hospitals, governments**

By

**Brian Tumulty**

Published

April 8, 2020, 12:03pm EDT

Hospitals would receive another \$100 billion in federal emergency grants and an additional \$150 billion would go to state and local governments under a fast-evolving plan by congressional leaders to supplement the CARES Act even before they tackle the CARES Act 2.

The \$2.2 trillion Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, signed into law March 28 has quickly proven to have insufficient funding.



*Speaker Nancy Pelosi, D-Calif., and Senate Democratic Minority Leader Chuck Schumer of New York issued a statement upping the ante on a quickly evolving emergency bill to \$500 billion from \$250 billion. Bloomberg News*

“Congress has its priorities right in this case,” Chuck Samuels of Mintz Levin, counsel to the National Association of Health & Educational Facilities Finance Authorities, said in an email Wednesday. “Adding to the cash available to vital public and health entities is job one at this point.”

The two top Democratic congressional leaders, Speaker Nancy Pelosi, D-Calif., and Senate Democratic Minority Leader Chuck Schumer of New York, issued a statement Wednesday morning upping the ante on a quickly-evolving emergency bill to \$500 billion from \$250 billion.

Pelosi and Schumer support the \$250 billion for small businesses that Senate Majority Leader Mitch McConnell, R-Ky., plans to bring to the Senate floor Thursday.

But they also added the \$100 billion for hospitals and \$150 billion for state and local governments to their list.

McConnell's spokesman had no immediate comment Wednesday morning on whether the Senate Republican leader would support adding that money to the small business bill.

## **CORONAVIRUS IMPACT: ADDITIONAL COVERAGE**

1. [\*\*Detroit mayor warns of deficit as coronavirus slams city\*\*](#)
2. [\*\*Several large new issues price in a stabilizing muni market\*\*](#)
3. [\*\*Wisconsin convention center's tax-supported ratings on review for downgrade\*\*](#)

The two Democratic leaders said that in addition to hospitals, the \$100 billion would go to “community health centers and health systems, providing desperately needed resources to the frontlines of this crisis, including production and distribution of national rapid testing and Personal Protective Equipment (PPE).”

The \$150 billion for state and local governments, they said, would help “manage this crisis and mitigate lost revenue, doubling down on the investment secured in the CARES Act.”

Pelosi and Schumer also proposed including a 15% increase to the maximum SNAP benefit for food assistance.

The Government Finance Officers Association, which is leading a broad coalition of government groups called the Public Finance Network, indicated Wednesday it supports the Pelosi-Schumer proposal.

“GFOA and the Public Finance Network have been working hard to illustrate the deep fiscal impact to states - and importantly - to local governments, water systems, schools, hospitals and so many other public service providers,” Emily Brock, director of GFOA’s federal liaison center, said in an email.

“We know they get it - leadership understands the deep fiscal impact,” Brock said. “They also understand that we have more work to do. And we look forward to continuing this outreach as we work toward recovery together.”

The National League of Cities sent an April 2 letter to congressional leaders and President Trump outlining its priorities for the next federal emergency spending bill.

Among the requests were a federal stabilization fund for cities and towns, conversion of federal loans into grants and additional federal funding for transportation, water systems, housing and broadband systems with no local match requirements.

Irma Esparza Diggs, director of federal advocacy for the National League of Cities, described the Pelosi/Schumer proposal as “promising.”

“However, we are still concerned that local governments will not receive the direct relief they need,” Diggs said. “The reality is, municipal leaders fear they will not see much relief from the CARES Act.”

Diggs said municipalities are suffering huge revenue losses and will be forced to cut expenses to meet the demands of having a balanced budget.

“Under the CARES Act, only COVID-19 related expenses are covered,” she said. “Cities, towns, villages, parishes, boroughs all need to be able to directly access funds. The starting number for local governments alone is \$150 billion.”

Pelosi announced Saturday that the next emergency spending bill would be the CARES Act 2 and that the legislation could be enacted before the end of this month.

But the continuing crisis has added a sense of urgency for another round of federal grants sooner than that.

Demand for the \$349 billion Paycheck Protection Program for small businesses has been overwhelming since banks started accepting applications on Friday.

McConnell, the Senate Majority Leader, issued a statement Tuesday, saying, “It is quickly becoming clear that Congress will need to provide more funding or this

crucial program may run dry." McConnell called it an uncontroversial bipartisan program.

Treasury Secretary Steven Mnuchin said in a Tuesday tweet that Congress needs to add \$250 billion in additional funding.

Russell Vought, acting director of the White House Office of Management and Budget, also formally requested \$251 billion in a letter to the Senate on Tuesday.

"As of today, the Small Business Administration (SBA) has recorded over 220,000 loans totaling approximately \$66 billion," the letter said. "Given the level of demand for the program, the administration believes the funds appropriated for this program will soon be exhausted."

[Brian Tumulty](#)

reporter, The Bond Buyer