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April 14, 2020

Honorable Richard J. Durbin
711 Hart Senate Office Building
Washington, D.C. 20510

Dear Honorable Richard J. Durbin:

On behalf of the 40 member Illinois Senate Democratic Caucus I would like to thank you for your work in delivering needed relief and protections for people and businesses throughout this state and across the country as we together face the challenges of the COVID-19 outbreak.

Here in Illinois, after years of financial instability and partisanship, we turned a corner last year with the approval and enactment of a bipartisan budget for Fiscal Year 2020 and investment in a statewide construction program to rebuild our infrastructure and economy.

This outbreak and its lingering effects threaten the progress Illinois has made.

As the Illinois delegation and your congressional colleagues continue to work on relief and recovery efforts, I am reaching out to share input Illinois Senators have gathered from the diverse communities and people they represent.

I know full well the time and effort needed to put together a comprehensive plan, but wanted to provide you with a preliminary assessment of aid that could directly help the state and its municipalities recover from the economic damage we are experiencing.

Illinois heavily relies on three revenue sources: personal income tax, corporate income tax and sales tax. According to a recent report from the University of Illinois' Institute of Government and Public Affairs, Illinois could see an estimated revenue loss of \$14.1 billion for 2020-2021 due to this pandemic. This loss would deplete approximately one-third of Illinois' general funds in one fiscal year, significantly impacting state services and long-term obligations. Given the dire circumstances and consequences, I write to ask your consideration of the following:

\$15 billion in block grant funding: A flexible block grant would stabilize the state's operating budget and allow officials here to address unique needs for the current fiscal year, FY2021 and

early FY2022. Added flexibility with new federal dollars would also allow the state to assist human service providers serving as the safety net for our most vulnerable population.

\$10 billion in pension relief, directly for the state's retirement systems: Illinois largest liabilities are its unfunded pension liability at \$138 billion and other post-employment benefits liability at \$54 billion. Illinois law has put the state on a path to fund the pension liability in a manner that is actuarially sound, and the state has been following the payment plan set out in that law. In a normal year the size of those payments crowds out funding for services and programs. Clearly this will not be a normal year and that crowding out effect will be exacerbated by significant revenue losses. I would ask that the federal government: 1. Provide direct cash assistance to the pension systems; or 2. Offer a low interest federal loan to aid Illinois in our efforts to restore and maintain retirement security for public sector workers, many of which are on the frontlines of this pandemic battle.

\$6 billion in direct aid to the state's unemployment trust fund: Unemployment insurance benefit claims are spiking due to job losses related to COVID-19. As the state of Illinois stands up the new program authorized for self-employed individuals and gig-workers, it is crucial that the UI Trust Fund remains in a strong position to assist Illinois workers and that the added expense of benefits is not borne by the state's employers.

Raise FMAP to 65 percent: Thank you for taking the necessary step in the CARES Act to increase Federal Medical Assistance Percentage to 56.34 percent for the duration of the coronavirus emergency. I ask your consideration of a further increase, taking Illinois to 65 percent, which is a 3.1 percent increase over the level afforded Illinois during the Great Recession. This increase will allow Illinois to continue paying health care providers in a timely manner for the services they deliver to the Medicaid system.

Provide hardship payments to hospitals, nursing homes and other health care facilities: Health care workers in our districts are waging war against an invisible enemy. Demand for some health care professionals are high, and wages are increasing in order to attract and retain staff, while other health care professions are prevented from seeing patients while the crisis continues. This is at a time when the health care industry has largely been forced to postpone all other revenue generating procedures. The federal government should provide a hardship payment, layered on top of existing state rates, for hospitals, nursing homes, assisted living facilities and other Medicaid providers until the pandemic is over.

\$1 billion in Public Health support for communities disproportionately impacted by the outbreak: The coronavirus has underscored lingering disparities in health conditions and access to care. People with pre-existing health conditions are more likely to have worse outcomes if they get COVID-19. Some of those conditions include: diabetes, hypertension, cardiac disease or heart disease — all disproportionately common in minority communities. I request \$1 billion in public health grant dollars to promote and expand the access to health care in these historically underserved communities.


\$9.6 billion in direct aid to municipalities: In cooperation with the Illinois Municipal League (IML), I request \$9.6 billion in direct, unrestricted aid to municipalities to distribute on a per

capita basis. Municipalities are doing their part by enforcing stay-at-home orders and providing other needed services, but they anticipate unbearable revenue losses as a result of the crisis. Those losses will dramatically impact municipalities' abilities to fund retirement systems for the police, firefighters and other first responders providing emergency services during this COVID-19 outbreak. This assistance is critical in aiding municipal governments provide for the safety and well-being of the constituents and employees they serve.

Again, thank you for the work you have done in keeping this state and our country on its feet in these difficult times. I realize I've asked for a lot, but this is an unprecedented situation, and we face the reality that there likely will be additional, unanticipated costs that could result in future requests for assistance. I trust that if you have any questions, or if I can be of any other service as you work on the next recovery and relief package, that you won't hesitate to reach out.

Stay safe and diligent.

Sincerely,

A handwritten signature in black ink that reads "Don Harmon". The signature is written in a cursive, flowing style with a large initial "D".

Don Harmon