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May 14, 2020

U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), I urge you to vote to approve the Heroes Act (H.R. 6800). A crisis of this magnitude demands the boldest possible response, and this bill meets the moment. This comprehensive package would deliver more than \$1 trillion of critically needed federal fiscal relief to state and local governments through flexible direct grants, significantly enhanced Medicaid funding, and a strong education State Fiscal Stabilization Fund. This relief is essential to fund the front lines and preserve vital public services. The Heroes Act also would protect the health and safety of tens of millions of Americans by subsidizing employer-sponsored health benefits, requiring OSHA to issue an emergency standard to protect at-risk workers, and strengthen the use of the Defense Production Act to obtain and distribute needed equipment, tests, and medical supplies. AFSCME urges the House to pass the Heroes Act immediately.

First and foremost, the Heroes Act funds \$915 billion of flexible direct grants to states and localities, which they can use to replace forgone revenues, or respond to COVID-19 related economic harm. This flexible use is extended to the limited use \$150 billion grants enacted in the CARES Act. AFSCME strongly supports this magnitude of funding and flexible use. States and localities need these funds to replace their estimated cumulative revenue shortfall, which already exceeds \$1 trillion, with the states' current shortfall alone estimated at \$650 billion. There is overwhelming bipartisan support for federal aid of this size for states, cities, counties and towns. State and local elected officials on both sides of the aisle say without aid there will be increased layoffs, cuts to vital services and substantial economic dislocation.

Second, the package significantly increases Medicaid funding to states by enhancing the Federal Medical Assistance Percentage (FMAP) by 7.8 percentage points during July 1, 2020 to June 30, 2021, in addition to the recently enacted increase of 6.2 percentage points. While AFSCME prefers a provision that permanently enhances counter cyclical assistance to states through a state unemployment rate-based formula, the 14-percentage point rise is very helpful and meets the Medicaid need requested by the bipartisan National Governors



Association. The bill also delays implementing the harmful Medicaid Financial Accountability Rule (MFAR), which would save states a substantial amount annually.

Third, the Heroes Act funds \$90 billion for public K-12 and post-secondary schools via an education State Fiscal Stabilization Fund, \$10.15 billion for higher education, and \$7 billion for Child Care Development Block Grants (CCDBG). This helps ensure teachers can teach, our children can learn in class, and other public-school personnel can continue supporting educators and students.

The Heroes Act contains other important benefits protecting Americans' health and safety, including providing a 100% federal subsidy until Jan.1, 2021 for COBRA coverage of health care benefits, which would help the 33 million newly unemployed and other workers whose reduced hours ended their employer-sponsored health benefits; and a federal subsidy for furloughed workers' share of premiums. The bill also requires the Occupational Safety and Health Administration (OSHA) to issue an emergency temporary standard to protect workers at elevated risk of exposure, and applies it to all state and local government employers not currently covered by OSHA. AFSCME endorses the package's "COVID-19 Emergency Medical Supplies Enhancement Act," which strengthens the Defense Production Act's (DPA) powers to produce, procure, allocate, and distribute all necessary personal protective equipment (PPE) like N-95 respirators and masks, COVID-19 diagnostic and antibody tests, and medical supplies to meet health needs. AFSCME supports provisions requiring decision-makers to have "meaningful consultations" with "representatives of labor organizations representing workers, including unions that represent health workers, manufacturers, public sector employees...", when identifying needed medical supplies and affected workers. The requirement guarantees workers' participation in this vital life or death decision. The package also helps our communities reopen safely by funding \$75 billion for COVID-19 testing, contact tracing, treatment, and isolation measures.

AFSCME supports bold actions to stimulate the economy and assist those affected by COVID-19. The package's \$1,200 refundable advance tax credit for each family member up to 3 dependents, is a progressive, targeted, and effective stimulus. This tax credit phases out (at \$5 per \$100 income) starting at \$75,000 for single filers and \$150,000 for joint filers. Workers must receive paid sick days and leave – so infected workers need not choose between their paycheck or potentially infecting others. AFSCME supports expanding two sick leave programs (enacted in other COVID-19 bills) to cover public employees and grant up to 12 weeks partial paid family and medical leave; and two weeks of fully paid sick leave. AFSCME supports the package's \$200 billion Heroes fund for hazard pay to at-risk workers who are essential. This premium pay increases base salary by \$13 hourly (\$10,000 cap if salary below \$200,000; \$5,000 cap if salary over \$200,000). Federal employees would also receive premium pay. AFSCME supports the death benefit to help families. The bill also extends several recently enacted unemployment benefits, including the continued \$600 weekly federal benefit until January 2021.

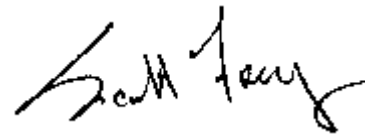
We are pleased the Heroes Act repeals for 2020 and 2021 the \$10,000 limit on individual taxpayers' itemized deductions of state and local taxes (SALT), which would make it easier for states and localities to stabilize finances. It also repeals a \$150 billion tax

cut (for Net Operating Losses) that disproportionately benefits the wealthy and grants 43,000 taxpayers with annual incomes above \$1 million, an average tax break of \$1.6 million. The package uses these revenues to fund other benefits to working families.

The bill also provides essential support to ensure an accurate Census count, strengthen voting rights, and strengthen voter access to the polls during the pandemic. It also ensures \$25 billion to the United States Postal Service to preserve their capacity to deliver our mail, which is especially critical at this time.

We call on Congress to enact bold comprehensive legislation to strengthen our communities during this national crisis. In April alone, America lost an unprecedented 980,000 jobs solely in the public sector. This exceeds total job losses across the entire U.S. economy during the worst month of the Great Recession. Continued job loss at this rate will further devastate our struggling communities. Moreover, in the last eight weeks, 36 million Americans have lost jobs creating unprecedented demand on vital safety net services from state and local governments. To meet these challenges, AFSCME urges swift passage of the Heroes Act. The stakes have never been higher. Congress must fund the front lines immediately.

Sincerely,

A handwritten signature in black ink that reads "Scott Frey". The signature is written in a cursive, slightly slanted style.

Scott Frey  
Director of Federal Government Affairs

SF/MG:cg