



It's time for Congress to put people first

## **Next coronavirus relief bill must include relief for states**

Congress is right now negotiating what leaders say will be the last coronavirus relief bill before the end of the year. Members should act now to pass a robust and comprehensive relief package to address the unprecedented crisis we're facing. Core public services like education and health care are threatened because states, including Iowa, are facing budget shortfalls of \$615 billion this year and next year, after suffering huge losses of sales and income taxes due to the pandemic. If Congress acts now, we can make sure those hard-hit by the crisis get the help they need until jobs return and the economy recover — and prevent Iowa state, county and city governments from making deep budget cuts that will hurt millions of Iowans.

### **Congress should provide \$500 billion in direct grants to states plus aid for local governments**

- **The balanced 2021 state budget passed by the Iowa Legislature is almost certainly a mirage.** National estimates of the recession's impact on revenues, our state's record level of unemployment, and recent revenue forecasts from surrounding states all suggest much lower revenues in the coming year than projected. Such a substantial revenue drop means that general state funding — for K-12 school aid, universities and community colleges and state agency operations, among others — will have to be slashed below current budget levels unless federal funds replace lost revenue.
- Federal fiscal assistance to states in the CARES Act this spring was allotted only for emergency Covid purposes. **Congress must provide more flexible aid to protect the array of critical public services** — including education, health care and public works — we all rely on. Without aid, state and local policymakers will be forced to slash supports for Iowans hit hard by the pandemic — just when they need them most. The recent resurgence of the virus only compounds the urgency.
- **Iowa's cities and counties face additional costs** of everything from public safety overtime to public health services at the same time they face declining revenues across the board — sales taxes, hotel-motel taxes, utility and park fees, road-use tax funds, even property taxes. The state assistance the Governor has promised local governments from CARES Act represents just 1.8 percent of total city and county revenue. Fiscal losses from the pandemic are likely to be orders of magnitude higher than that.
- **The price of inaction will be a longer and deeper recession.** One in 10 Iowans have been laid off — far more than during the Great Recession — and many businesses are still operating at limited capacity. Absent federal action, Iowa could lose a combined 57,000 public and private jobs, including teachers, police officers, firefighters, construction crews, social workers and nurses, by the end of 2021, according to the Economic Policy Institute. Keeping our state's public services intact and workers on the job is critical to protecting health and rebuilding our economy.