

United States Senate

WASHINGTON, DC 20510

June 30, 2020

The Honorable Lawrence J. Hogan, Jr.
Governor
State House
100 State Circle
Annapolis, MD 21401

The Honorable Nancy K. Kopp
Treasurer
Goldstein Treasury Building
80 Calvert Street
Annapolis, MD 21401

The Honorable Peter Franchot
Comptroller
Goldstein Treasury Building
80 Calvert Street
Annapolis, MD 21401

Dear Governor Hogan, Treasurer Kopp, and Comptroller Franchot:

We are writing to express our concern with proposed state budget cuts under consideration by the Maryland Board of Public Works. While we understand the toll that COVID-19 has taken on the budget in Maryland and states across the country, we believe it is premature to enact cuts at this time. We are fighting hard in the United States Senate for additional federal fiscal relief to state and local governments to alleviate budget pressure, and pressing Senate Republicans to bring the House-passed HEROES Act to the floor to move forward on fiscal relief and other urgently needed responses to the COVID-19 pandemic.

While we must do more, the federal government has already provided major financial assistance to the State of Maryland. The CARES Act included \$1.65 billion for Maryland's state government in the Coronavirus Relief Fund, as well as access to the Municipal Liquidity Facility housed within the Federal Reserve. The CARES Act also provided Maryland over \$45 million in the Governor's Emergency Education Relief Fund. Prior to the CARES Act, the Families First Coronavirus Response Act temporarily increased the federal share of Medicaid spending by 6.2%, which the Center on Budget and Policy Priorities estimates will deliver \$640 million to Maryland in 2020. This funding has helped offset the costs of the COVID-19 response.

Maryland's Rainy Day Fund has a projected FY2021 ending balance of over \$1 billion. The amount of federal relief provided to Maryland's state government already exceeds the total size of the state's Rainy Day Fund, and it reduced Maryland's earlier needs to draw on the Fund for COVID-19 response. But this downturn remains an appropriate time to use the Rainy Day Fund as it is needed in collaboration with the General Assembly.

If the state does move forward with budget cuts, we urge you to include contingencies to automatically reverse them if new state budget estimates or additional federal relief makes those cuts unnecessary. The size of Maryland's fiscal gap remains unclear amidst the uncertainty of the COVID-19 pandemic and the prospect for additional federal relief. The HEROES Act would provide \$500 billion to states, including over \$9 billion to Maryland, and further increase the federal share of Medicaid spending so that Maryland would receive an estimated \$2.1 billion instead of \$640 million.

Maryland's state employees are on the front lines of the public health and economic response to the COVID-19 pandemic. They deserve a seat at the table in this process, especially with regard to proposed cuts to compensation. We urge you to engage with each of the unions representing the state's workforce in meaningful negotiations, and to deal with all the unions in a fair and consistent manner.

We will keep pushing in the Senate to take up and pass legislation to provide fiscal relief to state and local governments. The proposed cuts you are considering for the State of Maryland highlight why this legislation is so urgently needed, and we hope that such cuts will not be necessary. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Chris Van Hollen". The signature is fluid and cursive, with a large initial "C" and "V".

Chris Van Hollen
United States Senator

A handwritten signature in blue ink that reads "Benjamin L. Cardin". The signature is cursive and elegant, with a large initial "B".

Benjamin L. Cardin
United States Senator