May 11, 2020

The Honorable Angie Craig  The Honorable Ilhan Omar
The Honorable Tom Emmer  The Honorable Collin Peterson
The Honorable Jim Hagedorn  The Honorable Dean Phillips
The Honorable Amy Klobuchar  The Honorable Tina Smith
The Honorable Betty McCollum  The Honorable Pete Stauber

Dear Minnesota Congressional Leaders,

We appreciate that the federal government, in partnership with states, local governments, tribal nations, and nonprofits, is taking action to address the public health crisis and severe economic downturn affecting our state and our communities due to the COVID-19 pandemic.

However, for these efforts to meet the challenges of this moment, we respectfully ask you to take further action to provide additional funding to states to meet Minnesotans’ health, safety, and financial needs. We ask this be provided through two mechanisms:

1. Additional flexible funds to states, and additional flexibility on use of the Coronavirus Relief Fund provided in the CARES Act, and
2. Further increases in the Medicaid matching rate (FMAP) for the duration of the economic downturn.

The 252 undersigned organizations represent a range of interests and activity areas; we come together on this request because of the important role of state funding for essential services in our communities.

Why this action is needed
The pressures on state finances from the COVID-19 pandemic and associated economic fallout are mounting and quickly becoming severe. State revenue projections are plummeting as businesses have had to shutter and individuals have faced layoffs: current estimates show a $3.6 billion reduction in estimated state revenues during the current two-year budget cycle. At the same time, these economic conditions are forcing more people to seek support to stay healthy and afford the basics.

Because states must balance their operating budgets, in a recession they are caught in a bind: revenues fall at the same time that the needs of their residents grow. When states did not receive sufficient federal assistance in past crises, they responded by laying off teachers and other public employees and cutting other critical public services. These actions can worsen the economy’s downward spiral and, in some cases, cause irreversible harm to families and communities.
Additional flexible funding for states

The Coronavirus Relief Fund, part of the CARES Act, provides $150 billion for states, territories, and localities, $1.9 billion of which will go to the State of Minnesota. But this is nowhere near enough to address the coming storm. Current estimates are that Minnesota faces a $2.4 billion state budget shortfall for the current biennium, which ends June 30, 2021. And this only reflects the shortfalls for the two-year state budget passed last year; it doesn’t reflect the costs of responding to the pandemic and economic fallout. Our state will be able to draw on a healthy budget reserve, built responsibly over time, but that reserve will vanish quickly in the face of ongoing revenue shortfalls. Additional fiscal relief for states is needed to prevent these shortfalls from building to a catastrophe.

The need to scale up assistance to states is clear: The Center on Budget and Policy Priorities estimates that the size of state budget shortfalls could total more than $650 billion over three years, with the expected shortfall in 2021 being much larger than seen in any year of the Great Recession. That’s just the pressure on existing budgets; those numbers don’t include the additional costs to address the coronavirus.

We respectfully ask that the next round of covid stimulus legislation include substantial additional aid to states, such as through the Coronavirus Relief Fund. In addition, we ask that you reverse current restrictions on existing Coronavirus Relief Fund dollars so that states can use these funds to replace lost funding for essential state services.

Additional Medicaid (FMAP)

Medicaid funding is also a crucial element of state fiscal relief. As you know, states and the federal government share responsibility for funding Medicaid through FMAP, the Federal Medical Assistance Percentage. Because of the significant role that Medicaid plays in state budgets, the federal government has boosted FMAP in past economic downturns to provide fiscal aid to states. Increasing the FMAP will help ensure Minnesotans have the health care coverage that’s so needed in this pandemic, and also has the additional benefit of protecting other essential state services that Minnesotans count on.

Medicaid makes up approximately 20 percent of the State of Minnesota’s general fund spending. Increasing the FMAP allows the state to balance health care with other important priorities, including schools, public safety, and other services that strengthen our communities.

Recent Congressional action expanded the FMAP by 6.2 percent through the end of the public health emergency. We thank you for taking this important step, and ask you to build on further. This first step is well below what was provided during the Great Recession, and much less than the 12 percent requested by the bipartisan National Governors Association.

Several recent measures, including the FMAP increase, provide some important relief to people and states, but only for the duration of the public health emergency. While the need is acute, the impacts of the pandemic will continue to reverberate in the economy long after the public health emergency declaration ends. It is essential that state fiscal relief, including an FMAP boost, continue until the economy has recovered. Otherwise, we risk plunging deeper into an economic crisis.
Our Ask

These are extraordinary times that call on collective action. Thank you for your leadership — we are counting on you and your colleagues to ensure that the next economic stimulus package includes additional aid to states.

If you have any questions, or there is other information we can provide, please contact Betsy Hammer at bhammer@mnbudgetproject.org or 651-757-3065.

Sincerely,

Jon Pratt
Executive Director
Minnesota Council of Nonprofits

Nan Madden
Director
Minnesota Budget Project

on behalf of the following organizations:

180 Degrees
A Chance To Grow, Inc.
Ability Building Community
Access North Center for Independent Living of Northeastern Minnesota
Access Philanthropy
Accessible Space, Inc.
Accord
Achieve Services, Inc
AchieveMpls
AdoptAClassroom.org
Alexandra House, Inc.
Aliveness Project
Alpha Human Services
Alpha Service Industries
AMAZEworks
American Nursing & Technical Institute
Amherst H. Wilder Foundation
ANGELS
Animal Allies Humane Society
Animal Folks
Arc Northland
Arrowhead Economic Opportunity Agency
Articulture
ArtStart
Asian Media Access
AspireMN
Aurora St. Anthony Neighborhood Development Corporation
BBBS Twin Cities
BENKOMA FOOD PROTECTION&SAFETY.org
C.A.R.E. Clinic
Cancer Legal Care
Caponi Art park
CarlsonSV
Casa de Esperanza
Catholic Charities of St. Paul and Minneapolis
Cecily Harris & Associated Center for Energy and Environment
Central Minnesota Community Empowerment Organization
Chicago Avenue Fire Arts Center
Children's Health Ministries
Children's Minnesota
Choral Arts Ensemble of Rochester
ClearWay Minnesota
 Coalition of Asian American Leaders
CoLab St Paul, LLC
Commonweal Theatre Company
Community Emergency Assistance Programs
Community Pathways of Steele County
Como Community Council
Conflict Resolution Center
Cook County Council on Aging
Creative Fundraising Advisors
Dads Make a Difference
Diversity Foundation of Minnesota Inc
Duluth Community School Collaborative
East Side Neighborhood Services
Ecumen
Ely Folk School
Ely Winter Festival
Employment Enterprises, Inc.
Engage Winona
Epic Enterprise, Inc.
Epilepsy Foundation of Minnesota
Faith In Action In Red Wing
Family & Children’s Center
Family Safety Network
Five Wings Arts Council
Forecast Public Art
Frank Theatre
Friends of the Finland Community
Frozen River Film Festival
Germanic-American Institute
Gifts for Seniors
Girl Scouts River Valleys
GiveMN
Goldstein Museum of Design, UMN
Goodwill Industries Vocational Enterprise, Inc.
Grand Marais Art Colony
Great River Children’s Museum
Great River Shakespeare Festival
Growth & Justice
Habitat for Humanity of Douglas County
Habitat for Humanity of Minnesota
Habitat for Humanity Winona-Fillmore Counties
HACER
Hair, Head & Heart
Hammer Residences
Headwaters Animal Shelter
Headwaters Music & Arts
Headway Emotional Health Services
Heart and Hands
HECUA (Higher Education Consortium for Urban Affairs)
Helping Hands Outreach
Highpoint Center for Printmaking
Hmong American Partnership
HOME Line
Hope Chest for Breast Cancer Foundation
House of Charity Inc
House of Hope, Inc
HRx, Inc.
ICA Food Shelf
In the Heart of The Beast Theatre
Interact Center for the Visual and Performing Arts
ISAIAH
Jeremiah Program
Jewish Community Center of the Greater St. Paul Area
Jewish Family and Children's Service of Minneapolis
JustUs Health
KMOJ FM
KOOTASCA Community Action
Land Stewardship Project
LeadingAge MN
Liberty Community Church, PCUSA
Lifeworks Services, Inc.
Literacy Minnesota
Little Falls Summer Musical
Local Initiatives Support Corporation (LISC)
Longfellow/Seward Healthy Seniors
Lutheran Social Service of Minnesota
Lyric Opera of the North
Main Street Industries and Training Center
Metropolitan Area Agency on Aging
Metropolitan Consortium of Community Developers
Midwest Food Connection
Minnesota Academy of Science
Minnesota Alliance of YMCAs
Minnesota Alliance on Crime
Minnesota Association of Community Health Centers (MNACHC)
Minnesota Center for Book Arts
Minnesota Coalition for the Homeless
Minnesota Communities Caring for Children, home of
Minnesota Council on Foundations
Minnesota Guitar Society
Minnesota Music Educators Association  
Minnesota PTA  
Minnesota Social Service Association  
Minnesota Women of Today  
Minnesota Youth Soccer  
Minnetonka Center for the Arts  
Missions Inc. Programs  
MN Association of Area Agencies on Aging  
MN Museum of American Art  
Morrison County Historical Society  
Move Minnesota  
MSS  
Mt Olivet Rolling Acres  
myHealth for Teens & Young Adults  
NAMI Minnesota  
National Association of Social Workers, MN Chapter  
Neighbors Inc  
Newtrax, Inc.  
Nexus Community Partners  
Nokomis Healthy Seniors  
North Shore Health Care Foundation  
Northeast Contemporary Services, Inc.  
Northern Starz Theatre Company  
Northfield Union of Youth  
Northside Economic Opportunity Network  
Northstar Problem Gambling Alliance  
Open Access Connections  
Open Your Heart to the Hungry and Homeless  
Osprey Wilds Environmental Learning Center  
Our Saviour’s Housing  
OutFront Minnesota  
Paramount Center for the Arts  
Parenting Resource Center  
Partners for Affordable Housing  
Partnership Resources, Inc.  
Pawsitive Perspectives Assistance Dogs (PawPADs)  
Peace House Community  
Peacemaker Resources  
People Incorporated  
Pinewood-Cloquet, Inc.  
Pollen  
Pollinate Minnesota  
Prepare + Prosper  
Proof Alliance  
Propel Nonprofits  
Proud Foundation  
Radical Health Alliance  
Rakhma Homes  
Range Transitional Housing  
Reach for Resources, Inc.  
Reach Out and Read Minnesota  
RECLAIM  
Red Wing Arts  
Redwood Campaign Advisors  
RETHOS: Places Reimagined  
Reviving the Islamic Sisterhood for Empowerment  
Rivers of Hope  
Rochesterfest  
ROCKchester  
Sabes Jewish Community Center  
Samaritan Bethany Foundation  
Science Museum of Minnesota  
Second Harvest Northern Lakes Food Bank  
SELF International  
Senior Community Services  
Senior Services Consortium of Ramsey County  
Servant Hearts  
Shakespearean Youth Theatre Company  
Sherburne County Area United Way  
SOAR Career Solutions  
Southeast Community Organization  
Southeast Seniors  
Southside Family Nurturing Center  
Southwest Initiative Foundation  
Species360  
St. Croix Valley Foundation  
Stillpoint Engage  
Success Beyond the Classroom  
TakeAction Minnesota  
Tamarack Wordsmiths  
Teamsters Service Bureau | Minnesota Job Partners  
The Aliveness Project
The Arc Minnesota
The Bridge for Youth
The Center for Victims of Torture
THE DIAL GROUP
The Ely Community Resource, Inc.
The Food Group
The Hills Youth and Family Services - Neighborhood Youth Services
The Loft Literary Center
The Mercy Foundation
The Sheridan Story
The Women's Drum Center
The Works Museum
This is Medicaid Coalition
Tickets for Kids Charities
Tri-Valley Opportunity Council, Inc.
Triangle Park Creative
Twin Cities Community Gospel Choir
Two Harbors Area Food Shelf

Upstream Arts, Inc.
Vietnamese Social Services of Minnesota
Violence Intervention Project
Voices for Racial Justice
Volunteers of America of MN & WI
Washburn Center for Children
Wild Rivers Habitat for Humanity, Inc.
Wilder Center for Communities
Will Work For Recovery
Wingspan Life Resources, Inc.
Winona Community Foundation
Winona County Developmental Achievement Center, Inc.
Winona County Historical Society
Winona ORC Industries, Inc.
WoMen’s Rural Advocacy Programs, Inc (WRAP)
YMCA Camp Olson
Youth Performance Company