

House Select Subcommittee on the Coronavirus Crisis Written Testimony
“Supporting America’s Cities: What Mayors Need to Safely Reopen”
Friday, May 29, 2020
Mayor Eric Garcetti - City of Los Angeles

Introduction

Chairman Clyburn, Ranking Member Scalise, and distinguished Members of the House Select Subcommittee on the Coronavirus Crisis: thank you for convening today’s briefing focused on what Congress can do to support mayors and local governments during the COVID-19 pandemic.

Our cities stand on the front lines of this outbreak and what it means for the American people — the impacts on our health, the blows to our economy, the complexities and challenges of how to safely get our businesses back online, and our workers back on the job. No matter where we live or who elected us — in red states and blue, urban areas and rural, on the coasts, in the Midwest, or in the plains — it’s our firefighters, police officers, paramedics, first responders, doctors, nurses, and health care workers on the front lines, answering the call to meet this moment. Testing our neighbors. Treating our patients. Tracking this virus. Saving lives.

COVID-19 doesn’t care about ideology, geography, or political party. It’s affected all of us. It’s reminded us that our decisions and actions are intertwined. It’s forced us to change our routines and our lives, and it’s taken a toll on everyone. But at the local level, despite massive hits to our budgets and our finances, we have not hesitated to do what’s necessary to protect our residents. Now, we are here because we need Congress’ help once again — we need you to build on past actions to deliver vital assistance for our ongoing response and recovery.

Los Angeles has confronted the full depth and magnitude of this crisis from day one — both in the numbers of infections and in our swift and steady response. Because we acted early, we prevented the worst possible outcomes and avoided skyrocketing numbers seen in other parts of the country and world.

Still, though, our region has been the epicenter of the pandemic in the nation’s largest state. As of May 28th, Los Angeles County has confirmed 48,778 cases, and tragically 2,201 Angelenos have lost their lives due to COVID-19. We are home to 1 in 4 residents across California but account for nearly 47 percent of the confirmed cases and 56 percent of the deaths in the state.

In response, on March 19th, I instituted our Safer at Home order — one of the earliest “stay-at-home” measures of the big cities in the United States. This step wasn’t an easy choice: it effectively shut down our economy in order to stop the spread of the virus and ensure that our public health system was not overwhelmed.

These actions were necessary, but they came with a cost. Less than half of Los Angeles County residents still hold a job, a decline of 16 percentage points since mid-March, equivalent to a loss of about 1.3 million jobs. According to the latest state estimates, on May 22nd, unemployment in Los Angeles reached 20.3 percent compared to 4.5 percent in February.

These numbers are nothing short of staggering — far worse than anything the city has experienced since the Great Recession or even at the peak of that financial crisis. And these tragic figures aren’t just statistics on a page; they’re our neighbors and friends, real people confronting a real loss of income and the ability to afford rent, food, and basic necessities.

We appreciate the federal action taken so far through the four Congressional bills that have become law and include local assistance. But that immediate aid barely scratched the surface of what we truly need to shore up our budgets, keep vital City workers employed and critical City services running.

To that end, another, robust investment is urgently needed by June 30th, when the 2020 fiscal year ends for 46 states. Swift and bold steps will ensure that the U.S. economy can safely reopen.

In my written testimony today, I am outlining the steps taken by the City of Los Angeles in conjunction with County and State leaders to begin this slow and gradual process of carefully lifting restrictions. I’ll provide a summary of the key actions we have taken to fight the virus and what more the federal government can do to help us bolster our local public health environment and reboot our economy.

STATE AND LOCAL DIRECT EMERGENCY FISCAL ASSISTANCE

There is one essential step that Congress and the President can take to start getting the economy back on track: provide direct emergency fiscal assistance to state and local governments by June 30th. I have sent multiple letters on behalf of the City of Los Angeles and alongside fellow leaders in the California Big City Mayors, the U.S. Conference of Mayors, and the National League Cities, calling for an investment of

\$250 billion in local assistance and up to \$1 trillion overall for state and local governments.

The pandemic has created a fiscal and economic crisis unseen in Los Angeles since the Great Recession. The City's budget for this year, 2019-2020, has been revised downward by \$150 million. Prior to COVID-19, City revenues were on track to exceed current-year budget estimates by over \$40 million. After 7 years of strong revenue growth that averaged a year over year increase of 4.5 percent, revenue projections dropped dramatically in just the past couple of months. The proposed 2020-2021 budget is anticipating incremental revenue growth of 1.79 percent. This is \$230 million less than initial estimates. As a result, the City is proposing a budget that assumes a 10 percent salary reduction for most civilian employees, an amount equivalent to 26 furlough days. These cuts affect an enormous swath of workers — the City of Los Angeles is the second-largest municipal government in the United States and employs more than 50,000 people.

The majority of revenue streams for the City come from three main sources: Transient Occupancy Taxes (\$325 million from the last week of March through mid-April, drawn local hotels whose occupancy rates ranged from 19.4 percent to 21.4 percent, a year-over-year decrease of 76.4 percent to 78.1 percent); Sales Taxes (\$590 million); and Businesses Taxes (\$657 million). These taxes primarily come from small businesses that are struggling to survive and keep their workers employed.

Another example of the effects on the economy is the impact at Los Angeles International Airport (LAX), the 2nd largest airport by passenger volume in the United States and, as of last year, the 3rd largest in the world. Air traffic in the United States is down 95 percent. By comparison, after 9/11, air traffic at LAX dropped by one-third and it took 10 years to recover. LAX served 88 million passengers in 2019, which equates to a \$126 billion in regional economic output. LAX is currently in the middle of a \$14 billion renovation project which is being paid for with local revenues — and no federal dollars. This renovation project supplies 121,000 construction-related jobs each year.

State and Local federal assistance is absolutely essential to recovering revenues and keeping essential, job-creating public works projects on-track.

That's why I support the \$875 billion set aside in the HEROES Act, and its dependence on the CDBG formula, being included in the final federal stimulus package. It's why I'm submitting to the Committee a bipartisan resolution supporting local and state funding for lost revenue and committing to guardrails around its use, an appeal led by United

States Conference of Mayors (USCM) President Byran Barnett, Mayor of Rochester Hills, Michigan; USCM Vice President Greg Fischer, Mayor of Louisville, Kentucky; John Giles, Mayor of Mesa, Arizona; Nan Whaley, Mayor of Dayton, Ohio; and myself.

There is simply no way to restore the strength of our economy without replenishing the revenue lost from the closures of the small businesses that form the backbone of our economy; the upending of our manufacturing, service, tourism, hospitality, and entertainment industries; and the shutdowns of major events like opening day at Dodger Stadium in Los Angeles or Jazzfest in New Orleans. It will be impossible for local governments to spur economic growth and support private enterprise if the City has to cut workers and services.

Only the federal government can give cities the assistance we need, especially as local governments are mandated to balance our books each year. I am committed to working with our leaders in Congress and in the Administration to ensure this vital funding gets passed.

REOPENING STRATEGY AND ACTIONS

TESTING

On March 4th, I declared a Citywide State of Emergency in response to the coronavirus to help the City respond more quickly and effectively to the surge in positive cases. This order formalized coordination with our local public health agencies and paved the way for quicker acquisition of supplies, especially personal protective equipment (PPE). This was the first major step the City took to begin to deal with the coming pandemic.

The City's road to reopening started almost two months later, once we were able to offer free testing to all Angelenos. On Wednesday, April 29th, I announced that free COVID-19 testing would be available to all 10.5 million Angelenos within Los Angeles County at any of the testing sites set up within the City limits regardless of whether residents have symptoms — making L.A. the first big city in America to take this step.

Testing is critical to our ability to track the spread of this virus, get ahead of outbreaks, and start a robust contact tracing system. And until there is a vaccine, testing will be one of the most critical elements of any successful reopening and stabilization of a local economy. This is an area where Congress and the Administration must come to an agreement since testing will need to continue in mass even in the most optimistic timetable for the next year.

My team at City Hall created an easy to follow formula to develop a local testing program, built around the leadership of the Los Angeles Fire Department (LAFD). Congress should consider replicating this formula nationwide and create a federally-backed sustainable reimbursement or funding stream in order to sustain the program.

The Mayor's Office of Public Safety launched the City's free public COVID-19 testing on March 20th. The program began with just one testing location and has now expanded to 10 locations throughout the City. Los Angeles County joined the City's efforts in early April and continues to share a centralized registration platform so that all residents have access to testing anywhere in the County. Together, we operate 36 sites, testing an average of 15,000 people per day. To date, we have tested approximately 465,000 people with an average positive infection rate of 9.1 percent.

Each of the City's eight drive-through test sites is managed and overseen by the LAFD, and primarily operates with volunteers and staff of CORE (Community Organized Relief Effort), a nonprofit emergency relief organization. The City also runs two walk-up sites, operated free of charge by two medical offices, for residents that do not have access to a vehicle. Our testing program was initially limited to first responders and people experiencing symptoms who were 65 or older or suffering from underlying health conditions. But we quickly acquired the resources and capacity to handle additional testing, and by the end of April was able to offer testing to all residents, with or without symptoms.

The City's efforts also include a Rapid Response Mobile Team (or Strike Team), which was launched in response to a series of COVID-19 outbreaks in nursing homes. The mobile team travels to skilled nursing facilities across the city and provides testing to all staff and residents. To date, the mobile team has completed testing at more than 100 of the 135 skilled nursing facilities in the city.

On top of that operation, LAFD has stood up a test site in Skid Row to test persons experiencing homelessness and deployed a mobile team to test homeless communities around L.A. This week we opened through a partnership with LAFD and the Dodgers, Dodger Stadium into the largest testing facility in the City capable of testing 6,000 Angelenos free of charge each day.

While we are proud of our testing regime in Los Angeles, the funding model is currently unsustainable over the long haul. We are encouraged that Congress sought to address this problem in the interim stimulus package with \$11 billion in funding for states and

localities. We are working with our local partners to access the funding which has recently become available, with \$500 million going to the State of California and \$289 million going to the County of Los Angeles. Congress needs to consider providing funding directly to cities that have built testing programs like Los Angeles and establish an expedited reimbursement protocol through FEMA or HHS that would provide a sustainable lifeline to cities and allow them to continue to test at the rates necessary to safely reopen the economy.

FOUR STAGES OF RECOVERY/REOPENING

On May 7th, I outlined the City's four stages of recovery to lay the groundwork for reopening our economy. The stages will ultimately become less restrictive as they progress. Key milestones must be reached before the City can transition to the next stage of recovery. Stage one was the "Safer at Home" order issued on March 18th.

We are currently in stage two, which I announced on May 6th, where we are focused on transitioning our City back to a new, safer reality. I have created a series of working groups, led by key figures in the business, medical, and academic communities, to help guide what our economy will look like as we try to maximize economic potential while maintaining public health best practices that will mitigate future outbreaks.

Stage three will be about sustaining our new reality while actively monitoring the physical, mental, and economic health and prosperity of all Angelenos as well as ensuring that we are prepared to quickly return to our full Safer at Home order if cases spike again. This phase will continue until there is either a credible vaccine or medicines to treat the virus.

Finally, in the final stage, we anticipate a return to large gatherings such as concerts, sporting events, and conventions once there is sufficient availability of effective therapeutics or vaccinations.

CARES CORPS

On April 16th, I proposed the creation of the CARES Corps alongside the Republican Mayor of Oklahoma City, David Holt, and Dr. Mark McClellan, founding director of the Duke-Margolis Center for Health Policy at Duke University who served as an FDA Commissioner and CMS Administrator.

We asserted that the CARES Corps would be a coalition of local governments and workers, city and county health agencies, working with health-care professionals and businesses — all backed by federal leadership and funding, built to stop COVID-19 and

rebuild our economy. Our bold approach was based on clear precedents: from the Cold War to the War on Poverty, our national leaders have enlisted us to join causes larger than ourselves with initiatives like the Peace Corps and the Teacher Corps.

The CARES Corps would be built around six pillars:

1. Testing: We need to bring widespread, rapid testing to everyone with Covid-19 symptoms — and testing for asymptomatic people in settings with significant risks of transmission. There should be strong national standards for the quality and reliability of tests, and federal financial support and coverage requirements to guarantee supplies are affordable and widely available.

2. Real-time surveillance to detect and prevent new outbreaks: We need to link test results to a surveillance network — so that Covid-19 can be tracked in real time, and we can quickly detect new hotspots, track the success of interventions, and keep Americans informed. Federal support through the Centers for Disease Control and Prevention (CDC) should enable this to happen, with funds for state and local surveillance paired with electronic data sharing.

3. Rapid response to new cases: It is not enough to know where new cases are. We need a greater ability to quickly isolate cases, trace and communicate with contacts, and quarantine non-immune individuals who have been exposed to Covid-19. This will require rapid training and repurposing some workers into urgently needed new jobs.

4. Hospital capacity: From the beginning of this outbreak hospital beds have been fundamental to the response. Cities from L.A. and Seattle to New Orleans and New York City have found innovative ways to ease the burden on medical facilities like engaging local manufacturers to repurpose their manufacturing facilities to make PPE and face coverings, repurposing parks and convention centers as emergency facilities, and asking the federal government to deploy hospital ships. We need a nationwide push to grow the capacity in ICUs, emergency rooms and supplies for anywhere that the next wave of the coronavirus might strike.

5. Blood testing. Blood testing for immunity can help identify Americans who could serve in workplaces, classrooms, and roles that may otherwise create significant risk of transmission. The supply and quality of existing antibody tests aren't good enough for this critical purpose. We need a better ability to accurately measure antibodies to the virus and understand how test results translate into actual immunity. And we need production of these tests to be expedited across the nation and distribution to be coordinated so that cities of every size can benefit.

6. Ongoing research and development. Our country has repeatedly made path-breaking discoveries by combining the knowledge of top scientists with the catalyzing force of federally-backed research and development. The CDC and other agencies should support standardized data collection and collaborate more closely with states, universities, and labs to learn more about treatments and how to use them in practice -- and then help disseminate this information to medical professionals. The data should include reliable racial, ethnic, economic, and other demographic information that allows us to more effectively target outreach and resources for those who need it most.

Fortunately, there were like-minded leaders in Congress who share this vision, which is why I fully support Senator Chris Coons' (D-DE) *Pandemic Response and Opportunity through National Service Act* (S. 3624). A companion bill has been introduced in the House by Representative David Price (D-NC) as H.R. 6702.

To safely reopen our country, a massive effort is needed to test millions of people and trace contacts of those who are or may be infected. To recover, we also need meaningful employment opportunities and a significant expansion of our human capital working to address community and conservation needs. National service presents a unique opportunity for flexible, locally driven responses to meet public health, employment, and recovery necessities.

Although the House did not include this important legislation in the HEROES Act, Congress should include S. 3624 in the next stimulus package. The bill would fund 750,000 diverse national service positions over a three-year response and recovery period, in part to meet the projected need for as many as 300,000 public health workers. The number of national service positions could grow from 75,000 to 150,000 in the first year and double to 300,000 in years two and three.

Another critical aspect is that the bill would ensure that individuals' financial resources do not limit participation by increasing the AmeriCorps living allowance to 175 percent of the federal poverty line and tying the value of the Segal Education Award to the cost of two years of public university tuition, harmonizing the treatment of both with other programs by making them nontaxable.

That last point is particularly important to me given L.A.'s path-breaking College Promise program, which sends local public high school graduates to community college free of charge.

TIMELINE OF KEY REOPENING ACTIONS TO DATE

As noted above, I announced my criteria for reopening the City on May 7th. The night before, we began easing some of the restrictions in our “Safer at Home” order. Below is a brief summary of the reopening actions that I have taken to date:

- May 6th: Modified the “Safer at Home” order to allow some retailers to reopen for curbside pickup; reopen City hiking trails (minus Runyon Canyon Park), golf courses, and car dealership showrooms. All riders of the Los Angeles Department of Transportation and travelers at Los Angeles International Airport would be required to wear face-masks.
- May 8th: Launched working groups focused on reopening various sectors of the city alongside business leaders in key industries to monitor progress and offer recommendations on how to safely expand services.
- May 13th: Beaches reopened for active use only; additional facilities, such as tennis courts and community gardens, began to reopen the weekend of May 15-17. I announced that the Slow Streets program would begin that same weekend.
- May 19th: All pet grooming and training retail businesses and mobile services were allowed to operate. The City reopened all car washes. The City made it easier for companies to receive funding through its microloan program and prioritized loans that were previously denied and reassessed them based on the new standards for eligibility.
- May 22nd: The City opened up city parking lots at Cabrillo and Venice beaches, as well as beach bike paths.
- May 26th: Announced that in-store shopping will be permitted at all retail establishments, as long as businesses maintain strict physical distancing and other safety protocols. Houses of worship can reopen at limited capacity and under strict guidelines as well.

Since the Governor began reopening California on May 4th, 46 counties have been approved to reopen according to the State’s regional variance criteria. And I will continue to take these actions based on what the data tells us and on the advice of our public health and safety teams, always coordinated with our partners in Los Angeles County and Governor Newsom

We are eagerly looking at what will be required to take our next steps, including bringing film and TV production back to local sets and backlots, which is a critical anchor of our region’s economy.

In addition, critical parts of the economy are still awaiting the greenlight to reopen.

These industries include, but are not limited to:

- Personal services such as hair and nail salons, tattoo parlors, gyms and fitness studios;
- Hospitality services, such as bars, wineries, tasting rooms and lounges;
- Entertainment venues, such as movie theaters, gaming facilities, and pro sports Indoor museums, kids museums and gallery spaces, zoos, and libraries;
- Community centers, public pools, playgrounds, and picnic areas;
- Nightclubs;
- Concert venues;
- Live audience sports;
- Festivals;
- Theme parks;
- Hotels/lodging for leisure and tourism.

SMALL BUSINESS AND HOMELESSNESS/HOUSING ASSISTANCE

Congress has taken steps to assist small businesses through the Paycheck Protection Program (PPP) and other grants and lending programs. Of the 30 million small businesses in the United States, 430,000 are located in the City of Los Angeles, according to our Office of Finance.

One of my first actions in response to the virus was establishing an \$11 million microloan small business program. Through that program, we have helped hundreds of small businesses stay on their feet through this crisis. Just last week, we created new eligibility criteria to help even more businesses that did not immediately qualify for assistance.

Congress will need to do more, especially to ensure that minority communities and the businesses that serve them are given the resources to survive this crisis. We are hopeful that Congress will soon pass the additional regulatory updates offered by Representative Chip Roy (D-TX) and Representative Dean Phillips (D-MN) through the bipartisan H.R. 6886, the Paycheck Protection Flexibility Act and pleased to see that the House passed it yesterday. Small businesses are the lifeblood of any reopening strategy.

Another critical area that Congress needs to address in any strategy is preventing another housing crisis. The Great Recession did incalculable damage to housing in our city and exacerbated our issues with homelessness. The Congressional response on

housing has been good thus far and the City has received around \$50 million in housing funding from HUD through the Community Development Block Grant and Emergency Solutions Grants programs. Congress needs to take the next step to ensure there is not another Great Recession for the housing market. This is why I have supported Representative Waters' (D-CA) housing proposals calling for \$100 billion in rental housing assistance, \$75 billion in homeowners assistance, \$10 billion in CDBG funding, and \$11.5 billion for ESG investments in the HEROES Act. This is another proposal that must be included in the next federal government response to the COVID-19 crisis. We have decided to already begin this investment by using CARES Act federal dollars to support a \$100 million housing assistance initiative in Los Angeles.

We have taken unprecedented steps since the beginning of the crisis to move our homeless families and individuals inside and provide them with the protection and treatment they need. On March 19th, I began a program to open our rec centers as emergency housing for our homeless. To date, more than 20 of the City's recreation centers have been transformed to provide hundreds of congregate shelter beds, with appropriate physical distancing practices, to homeless Angelenos. All shelters are equipped with medical services, provided by certified nurses, and include showers or hygiene facilities, daily meals, and round-the-clock security.

A major housing initiative in response to the pandemic is Project RoomKey, which is being executed in partnership with the County the Los Angeles Homelessness Services Authority, our Continuum of Care; and the City. We are securing and providing hotel and motel rooms for our at-risk homeless population. This program aims to make 15,000+ rooms available to homeless individuals across the County who are elderly or have medical conditions that put them at a high risk of COVID-related complications and are provided personal space in an effort to practice physical distancing.

The City has been conducting rigorous outreach to area hotels and motels to ask for their participation in this effort. To date, more than 3,500 rooms have been procured. Nearly 2,400 are occupied, currently providing shelter to almost 2,700 residents. Most importantly, many of the contracts executed by both the City and state include the option to purchase, providing local governments with the physical capacity to keep our residents housed even after the end of the pandemic.

It is crucial that the City works to prevent loss of housing for tenants who are financially impacted by COVID-19. The Emergency Rental Assistance Subsidy Program would provide a temporary rent subsidy for tenants who are unable to pay their full rent due to a complete loss or reduction in income caused by the COVID-19 emergency. The

subsidy would cover 50% monthly rents beginning on March 1st. It includes a grant of up to \$1,250 per month, available to tenants and families with incomes at or below 80% of Area Median Income (AMI), depending on household size. The subsidy would be paid directly to the current or new landlord for up to three months, with a maximum grant of \$3,000 per household. In return, landlords would be required to agree to the following:

- Not to impose any interest or late fees for rents owed;
- Not to evict the tenant during the declaration of emergency;
- Not to impose a rent increase during any agreed upon repayment period. In order to qualify for the rent subsidy program, applicants would need to document that they have suffered a loss or reduction of income due to:
 - Workplace closure or reduced hours due to COVID-19, including lay-off, loss of working hours, income reduction resulting from business closure or other economic or employer impacts of COVID-19;
 - Loss of income, expenditures or child care needs due to school closures related to COVID19;
 - Sickness with COVID-19 or caring for a household or family member who is sick with COVID-19;
 - Extraordinary out-of-pocket medical expenses or health care expenditures stemming from COVID-19 infection of the tenant or a member of the tenant's household who is ill with COVID-19;

To keep residents experiencing unsheltered homelessness safe, the City launched a medical street surge to screen residents in encampments for COVID-19 symptoms, deliver high capacity mobile testing, and bring healthcare professionals out to the streets to keep Angelenos safe. To date, over 13,000 COVID-19 symptom screens and wellness checks have taken place in encampments City-wide. Through the Fire Department's mobile testing clinics, the City-wide and pop-up testing programs in Skid Row, in partnership with County street testing programs, over 3,000 people experiencing homelessness have been tested on our streets.

The City has also increased hygiene resources for encampments. Over 100 new porta-potties and 300 hand washing stations have been made available throughout Los Angeles. In partnership with YMCA, the City has also opened 9 sites to provide hygiene services, including showers, to individuals experiencing homelessness.

Lastly, we have also taken actions to freeze all evictions, including commercial evictions, and we are developing plans as part of the City's Eviction Defense Program to prevent tenants from being displaced and falling into homelessness.

CONCLUSION

These actions clearly show the City's commitment to reopening the economy safely while ensuring necessary steps to continue to help Angelenos stop the spread of the virus. But these actions will not directly lead us back to the pre-COVID-19 economy. Testing, contact tracing, and federally backed local funding are an absolute must if we are even to approach those heights — no matter what, this is going to take time.

And ultimately, these steps cannot be the end of our response and recovery efforts. We must address the inequities and divides laid bare by this crisis, and close festering gaps in income and opportunity. And we must enact a robust, far-reaching infrastructure package to create jobs that pay well and last through any economic crisis — legislation to rebuild our roads, expand public transit, repair our bridges, refurbish water systems, grow broadband access, and so much more — a bipartisan set of actions long supported by both parties in Congress and the Trump Administration.

To review, here are the key issues that I have proposed or raised in this testimony for Congress and the Administration to help with reopening the economy:

- Congress should pass, by June 30th, \$250 billion of local aid with an overall total of \$1 trillion in state and local assistance.
- Congress should ensure sustainable funding for testing, equip cities with direct access where necessary, and direct FEMA or the appropriate agency to expedite reimbursements for testing.
- Congress should pass the bipartisan *Pandemic Pandemic Response and Opportunity through National Service Act (S. 3624/H.R.6702)* to support contract tracing, public works, and job creation.
- Congress should continue to support the small business community and ensure that minority businesses have access to capital.
- Congress should include Representative Waters' (D-CA) proposals to prevent a second housing crisis.

I have included several documents in support of my testimony today including my letter to Congress outlining our policy requests for the next round of stimulus, the key actions the City of Los Angeles has taken in response to the crisis, and the proposed bipartisan U.S. Conference of Mayors Resolution in support of state and local funding.

I look forward to the Committee's questions and partnership on these critical issues that are necessary to allow local governments to successfully reopen their economies.