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CALIFORNIA CONGRESSIONAL DELEGATION

Dear Members of Congress:

Thank you for working with such urgency to pass an historic package of bills to help the country confront the COVID-19 pandemic.

As the world's largest public research university system, the University of California (UC) is confronting many of the worst impacts of the virus all at once. We are a health care system saving lives; a research enterprise seeking cures and a vaccine; an education system quickly transitioning to remote instruction; and an employer working hard to protect our workforce in the face of an economic downturn.

For these reasons – and many more – we are especially grateful that the legislative package of bills you passed directed much-needed funding to help us support our students, researchers, faculty, staff, health care professionals and patients.

Specifically, we are appreciative that H.R. 6074, the Coronavirus Preparedness and Response Supplemental Appropriations Act and H.R. 6201 the Families First Coronavirus Response Act, directed billions of dollars in federal funds to allow for research into ways to prevent, test for and treat the virus, while also providing necessary support to families coping with both the direct and indirect effects of COVID-19.

The most recent package – H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act – allocated billions of dollars for the U.S. health care system, including much-needed funding for personal protective equipment (PPE) for health and clinical workers and to help health centers cover the cost of treating COVID-19 patients. We are also grateful that the CARES Act makes critical investments in students and institutions that needed to suddenly and dramatically re-envision the higher education experience.

In part because of the investments Congress is making in the country, and because UC has an extremely dedicated and talented workforce and student body, we are weathering

this pandemic. But we recognize that these circumstances have created uncertainty about the future, which is why UC has implemented [temporary](#) measures that relax undergraduate admissions requirements for students starting school in the fall. And we have made an important pledge to our career employees: The University will not make any COVID-19-related workforce reductions for career employees throughout the remainder of this California state fiscal year.

We also want to make a pledge to our congressional delegation and to California: UC will continue to give priority to our patients, students and employees. And, as part of the response to the pandemic and as the economy comes back on-line, the University will continue its leading roles in California as an engine of economic growth and a source for solutions to the greatest biomedical, clinical, scientific, and technological challenges before our nation.

To achieve these goals, we once again call on our partnership with the federal government. We note that even with the relief Congress has already appropriated, the UC system continues to be significantly impacted financially; for our academic health systems alone, the direct and indirect costs of the COVID-19 epidemic could easily exceed \$1 billion by the end of our fiscal year in June. As you continue to confront the public health and economic effects of COVID-19, we ask that you consider the following requests to support UC's health care, education and research enterprises:

Health and Clinical Affairs

- **Prevent implementation of the Medicaid Fiscal Accountability proposed rule (MFAR).** This moratorium would promote stability for safety net providers, like UC Health's medical centers, so they can continue to fulfill their public service safety net mission.
- **Bolster the \$100 billion provider relief fund created in the CARES Act to ensure appropriate reimbursement for front line healthcare providers diagnosing and treating COVID-19 patients.** For public health care systems like UC Health, the costs of confronting this pandemic -- from preparing for a surge of COVID-19 patients, providing clinical care, to developing testing and innovating treatments and potential cures -- are extremely high. Given these mounting costs, requests from the UC Health system and other health systems across the country are likely to exhaust the original \$100 billion well before the pandemic is over.
- **Allow any state with an expiring 1115 Medicaid demonstration waiver to extend its waiver for one year.** This extension would help ensure continuity and stability for California safety net providers, like UC Health, serving on the frontlines of this public health emergency.

- **Double the Indirect Medical Education (IME) add-on payment adjustment for teaching hospitals throughout this emergency period.** This would provide targeted and immediate funding for teaching hospitals to address increased patient care demands and complexity.
- **Lift the Medicare Graduate Medical Education (GME) cap.** The UC Health system currently exceeds its residency cap by over 800 medical residents. Consequently, at a time when there is a physician workforce shortage coupled with more Americans needing medical services, UC Health's public safety net academic medical centers are absorbing nearly \$70 million annually to train the next generation's physicians. The GME cap, which was put into place during the early 1990s, does not reflect the present-day demographics of limited physician supply and heightened patient demand.
- **Increase the Federal Medical Assistance Percentage (FMAP) for Medicaid by 12 percent,** to help sustain safety net health care systems, like UC Health, respond to the COVID-19 pandemic and continue to deliver timely, high quality medical care for patients with other, non-COVID-19-related, critical health care needs.
- **Create periodic interim payment programs for Medicaid and commercial insurers to stabilize hospitals.** Such programs would help safety net health care systems, like UC Health, sustain critical hospital operations and continue to serve their communities should claims processing slow down or be halted due to COVID-19-related business interruptions.
- **Provide flexibility under the Clinical Laboratory Improvement Amendments of 1988,** to advance public health research related to COVID-19 and to expand capacity to perform diagnostic testing for COVID-19.
- **Encourage hospital coordination by providing increased Medicare reimbursement** to other types of hospitals not covered by the CARES Act, such as long-term care hospitals or rural hospitals using swing beds, that are also playing a critical role in responding to the COVID-19 pandemic by supporting large, general acute care hospitals that must transfer patients to other settings in order to free up bed capacity.

Education

- **Provide support to students and institutions by increasing higher education's share of the state stabilization fund by \$48 billion.** UC recommends that funding be directed to institutions using the same formula and for the same purposes as was in the initial CARES Act.

- **Provide relief to Deferred Action for Childhood Arrivals (DACA) recipients and international student/scholar visa holders.** Due to the pandemic's impact on U.S. Citizenship and Immigration Services' (USCIS) ability to process applications, we request that USCIS automatically extend DACA for all recipients whose authorization expires in 2020. Support of DACA recipients during the current pandemic is particularly critical with approximately 30,000 DACA recipients employed as health care practitioners or in supporting occupations.

Technology

- **Create a technology fund for higher education.** To ensure that all students are able to participate in remote learning, it is necessary to ensure that they first have access to broadband or hotspots – which this fund would help provide. Additionally, a technology fund for higher education would help ensure that students with additional needs – such as specialized equipment and training – could be met.
- **Provide additional funding for U.S. Department of Agriculture (USDA) Cooperative Extension.** Existing funding is not adequate to cover the costs for new remote learning technologies and course development, which are needed to expand the ability to continue to provide science-based education, research and services to farmers, ranchers, families, youth and communities.

Research

- **Enhance the use of Other Transaction Authorities (OTAs)** to enable expedited distribution of research funding. Additionally, Congress should waive the OTA cost share requirement for non-profit research institutions with agencies that currently require a match, including the U.S. Department of Health and Human Services. Additionally, agencies should increase the ceiling for research supplements to ensure these needed scientific innovations advance.
- **Provide additional emergency supplemental funding to mitigate the impact of COVID-19-related disruption on federally-funded research.** Due to the COVID-19 pandemic, nearly all labs have shut down or pivoted to COVID-19-related research. Supplemental funding for automatic extensions for grants and cooperative agreements would ensure that grant-making agencies can support additional costs associated with pivoting to COVID-19-related research, support the research workforce, and address costs associated with winding research down and eventually ramping it back up. These automatic cost extensions would eliminate unnecessary administrative and workload burdens for both agencies and research institutions.

- **Strengthen and Bolster the Scientific Workforce Through Attention to Visa Issues.** In the coming year, the university research enterprise will be facing an extraordinary number of visa issues as well as a potential reduction in international students and postdoctoral fellows, including medical/health sciences individuals. Government agencies should view this as a time sensitive priority and assist with added flexibility and expedited processing.

Tax and Financing Mechanisms

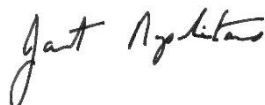
- **Access to Low-Cost Capital.** Access to affordable capital is a necessary lifeline for institutions, and the communities they serve, if they are to return to normal operations. Colleges and universities will face significant infrastructural challenges in returning to normal operations, and access to low-cost capital will be an essential complement to other federal aid sources used for these purposes. Furthermore, providing access to zero- interest loans and/ or grants during the pandemic with the opportunity to refinance existing debt would allow institutions to free up resources for outbreak response purposes. Higher education institutions need to be identified specifically to ensure these funds can be accessed.
- **Re-instatement of Advance Refunding Bonds.** Provide for the reinstatement of Advance Refunding Bonds as one way to assist with COVID-19 economic recovery efforts. Reinstating Advance Refunding Bonds would be helpful to ensure that governmental entities, including state and local governments, are able to invest in infrastructure projects. The reinstatement of Advance Refunding Bonds would ensure that certain bonds could be refinanced to take advantage of lower interest rates and provide for greater cost savings.
- **Hospital Infrastructure and Life Safety Loans.** In order to help build and preserve hospital bed capacity, language should be included in the legislation to allow for interest-free loans to hospitals. The loans would be for capital projects related to expanding the number of beds, deferred maintenance or life safety construction for existing beds to keep them in service. Proceeds would need to be spent within a certain time-frame and could not be invested for arbitrage. The terms of the loans would be up to 30 years interest free, with the ability to extend the loan at a rate tied to the 30-year U.S. Treasury rate.
- **Paid Sick and Family and Medical Leave Act (FMLA) leave.** Legislation should provide governmental entities, including public universities, with the ability to receive payroll tax credits for certain sick leave and family leave benefits as were made available to other types of employers under H.R. 6201, the Families First Coronavirus Response Act. This Act provides refundable tax credits to employers for providing certain leave options including paid emergency FMLA and paid sick leave related to workers impacted by COVID-19, but excluded governmental entities, including public universities, from being eligible for this

tax credit. The addition of two provisions from the Phase III draft House bill, Sec. 263 Fund Mandated Paid Leave for Governmental Employers, and Sec. 264 Tax Credits for Mandated Paid Leave, would allow governmental entities, including public universities, to be treated on the same level as non-governmental employers for purposes of tax credits provided to other types of employers.

- **Employee Retention Tax Credit.** Provide eligibility to public institutions, including public universities, for the Employee Retention Tax Credits, which were created as part of the CARES Act. The CARES Act provided certain employers, but not public institutions, with a refundable tax credit of up to \$5,000 for wages paid to employees when operations were "fully or partially" suspended due to COVID-19 related actions.

Thank you for your consideration of our requests. If you have questions, please do not hesitate to contact UC Associate Vice President for Federal Governmental Relations Chris Harrington. He can be reached at (202) 974-6314 or by email at Chris.Harrington@ucdc.edu.

Yours very truly,



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