

Mayor Fischer's prepared budget remarks, delivered by video to the Metro Council on April 23, 2020.

Thank you.

For nearly two months, we have been battling a devastating pandemic causing illness, isolation and death across the world. It has been heart-wrenching.

But it has also brought compassion, inspiration and sacrifice, from young and old, rich and poor, people of every color, every faith and every nation.

So many people across our city are stepping up and doing what's necessary, what's right.

Like Dr. Eric A. Johnson, pastor of Greater Galilee Church, who immediately understood the danger COVID-19 posed to his congregation if they continued to worship in person. So, he closed the doors to his West Broadway church and opened the doors to his online church. And in doing so, he reminds us of the words of Dr. Martin Luther King: "The time is always right to do what is right."

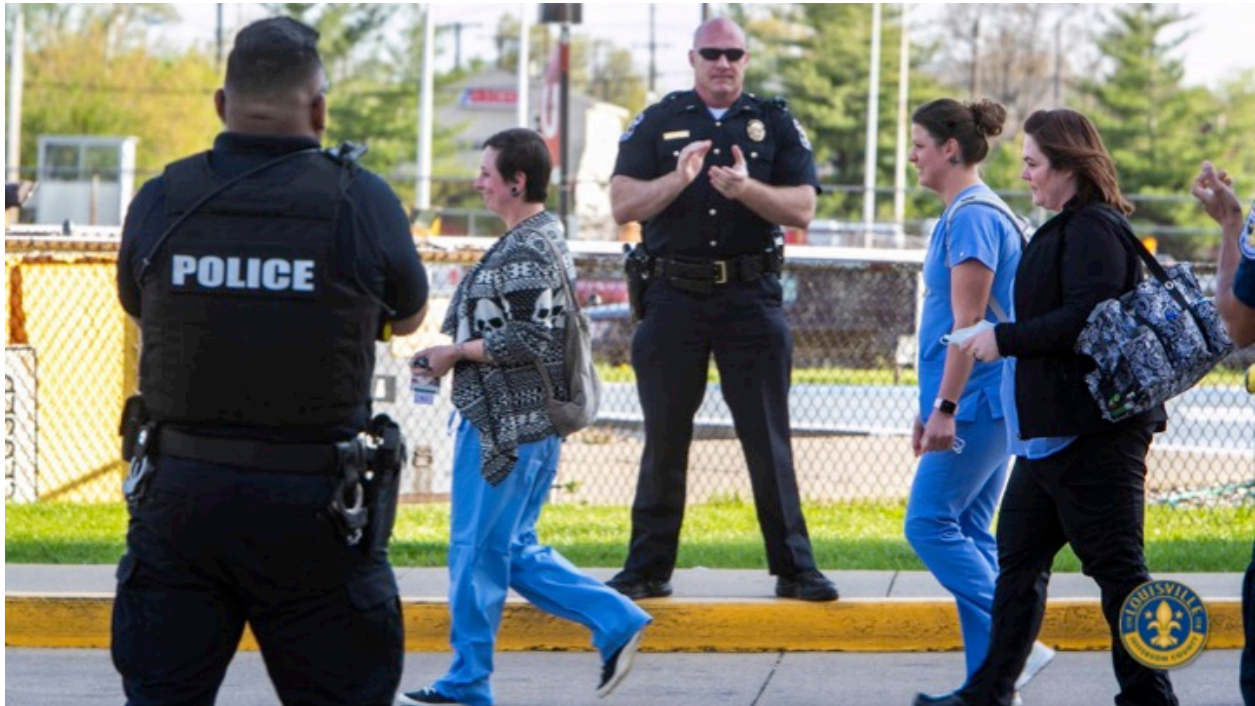
Thousands of other people are doing what is right by helping others and giving to the One Louisville COVID-19 Response Fund. We've raised an amazing \$8.5M already, supporting distressed families and non-profits, thanks to generous donors who've given from \$10 to \$1 million. If you want to give, or, if you need assistance, please go to louisvilleky.gov and click on One Louisville Covid-19 Response Fund. Please help.

You'll be helping people like Jaison Gardner. He lost his restaurant job, applied to the Fund, and received money to cover his rent and electricity. He told The Courier-Journal that the support of the One Louisville Fund "really has been a Godsend." Another person said, "I knew Louisville was going to take care of us."

This what we do in Louisville. We take care of each other. We support each other. In so many ways.

I've been inspired by the incredible tributes our city has offered our health care warriors.

Like this:



From some of our LMPD officers, who formed lines outside UofL Hospital to salute the doctors, nurses and others ending their shift.

Heroes honoring heroes.

We all owe a tremendous debt of gratitude to our health care warriors, soldiers on the front lines of this battle. Doctors and nurses, as well as custodians, orderlies, security guards, social workers – everyone working in a hospital, long-term-care facility or a community health center – showing up to work every day, knowing they may be putting their lives at risk to save ours. Thank you!

You represent the proud, compassionate and resilient heart of our city.

Our lives have changed so quickly and dramatically that it's hard to believe it was just eleven weeks ago that I gave my annual address on the State of our City.

On February 6, coronavirus was spreading across Asia, but we didn't know the impact it would have here, or how soon it would come. The World Health Organization had declared a global emergency, the U.S. had recorded 12 cases of coronavirus, but we were still weeks away from our first reported fatality.

Still, our Department of Public Health and Wellness was monitoring the virus, and my team and I were discussing its potential impact. We have, for years, been preparing for a potential crisis, working with our local hospital systems and emergency management teams. Just last year we put those preparations into place with our response to a Hepatitis A outbreak here, which the CDC called the “gold standard.”

Today, we’ve seen how important those preparations were, as this brutal virus has struck our city, state and country with breathtaking speed.

Throughout this pandemic, we as a people have shared a common experience, but it has been different for each of us.

Many have spent more time at home than ever before. Using technology to stay connected with school and loved ones.

Others worked in riskier circumstances than ever before. And we are incredibly grateful for their dedication, partnership, and sacrifice.

That includes those working in our stores – unloading trucks, restocking shelves, cleaning and disinfecting carts and checkout lanes, or filling pick-up orders so we are as safe as possible while getting the supplies we need.

For others, this virus has deprived them of the ability to do their jobs at all.

It has closed stores, restaurants, businesses – throwing millions of people out of work, into uncertainty and anxiety, dependent on the compassion of others.

We’re living with more questions than answers. How long will this last? When can I go back to work? When will it be safe to hug my mom and dad again? When can I love on my granddaughter?

And what will happen to our city? Our future?

Your Metro Government is working tirelessly to address the immediate health crisis.

But we are also preparing for how to reopen our community safely, and then to create plans and policies to move into a future of opportunity and prosperity for every person in every corner of our community.

Creating a city of equity was a top priority for us before COVID-19, and it is even more so now.

Let's talk about the major steps we've taken to slow the spread of the disease:

- Cancelling public gatherings that put everyone at risk, and closing government facilities, including our jail and zoo, libraries and community centers, plus areas of parks where it isn't safe to gather.
- Expanding efforts to feed at-risk seniors.
- Launching a small business loan program.
- Launching Lift Up Lou, a unique social media project to lift our city's collective spirit with presentations of art, culture, exercise, mindfulness and more.
- And, as mentioned before, working with businesses, foundations and private citizens to establish the One Louisville Covid-19 Response Fund to help those in need.
- And, because knowledge gives people a sense of security and empowerment, we've held multiple tele town halls and public briefings to share all the information we can on our data and challenges, and the strategies to address those challenges.

Let's take a look at what the data looks like today.

To date, we have 931 people in our city with confirmed cases of COVID-19.

We have lost 77 Louisvillians to COVID-19.

447 have recovered.

We have been relatively fortunate with our city's first responders – LMPD, LFD, EMS, Corrections and the Sherriff's office. Overall 12 Louisville first responders have tested positive since this crisis began

- As of today, 9 are back at work.
- 3 are recovering at home.

A big thanks to all of our first responders for your courage and compassion in helping the people of our city get through this crisis.

When we talk about COVID-19 cases, it's important for us to remember that behind each one is someone with their own story of dealing with this virus.

Like Councilwoman Paula McCraney. She's shared the difficult struggle she and her husband faced. Councilwoman, glad to have you back at work.

And Councilwoman Parker, I'm glad that you made it through your quarantine and are feeling better. And thank you for the work you're doing on the frontlines of this crisis as a registered nurse.

My own wife, Alex, suffered through this virus, too, for thirteen days.

She's well now, I'm happy to say. But I know the fear and helplessness that many family members and friends of the sick have had. Because while most people recover, too many don't. And believe me, the fear of that possibility shakes you to your core.

And for too many, the worst has happened.

We have lost friends, relatives and neighbors to this disease.

Let us now take a moment of silence in their memory.

These lost Louisvillians remind us why we must keep slowing the spread of this disease and keep it from claiming even more loved ones.

Thank you to all who have accepted the need for social distancing. For staying home. For staying six feet apart. For wearing face coverings. For washing your hands.

Through your work, we've been able to flatten the curve to limit the spread of this disease and to keep our hospitals from being overwhelmed.

We've been able to do that because of your commitment to each other and our city. And that's really nothing new for the people of Louisville:

When the River Road Mosque and the Hindu temple in Buechel were defaced, our community painted away hate and replaced it with hope and unity.

When the world celebrated the life and passing of Muhammad Ali, our city showed what a loving, united community looks like.

What we saw in those moments – and over the past few weeks – are the social muscles our city has built – the connections that make our community stronger in challenging times.

And it's a massive understatement, from a health perspective and from a social service perspective, to say these are challenging times.

This virus has caused enormous health, social service and financial pain.

Many people and businesses now face an uncertain financial future, through no fault of their own. And the city faces the same uncertainty, with a difficult, ever-evolving budget picture that has already surpassed the worst of what we saw during the Great Recession.

Then, the highest number of state unemployment claims in one week was 25,000.

During this crisis, we've seen weekly unemployment claims many times that:

Nationwide, the estimated unemployment rate is around 20 percent – twice as high as the Great Recession peak.

These are brutal statistics – representing tremendous suffering. And, as always, the pain hits the most vulnerable the hardest.

And as a community, one way we address this pain is through the actions of our city government, whose priorities are laid out every year in our city budget.

To fully grasp the financial impact this dastardly virus has had on our budget, it's important to understand how the budget works.

The simplest explanation is that the taxes paid by individuals and businesses cover the cost of critical services that Louisvillians rely on – our police, fire, 911, EMS, our public health team,

sanitation, plus roads and sidewalks, parks, libraries, community centers, along with programs that care and provide opportunities for our most vulnerable.

About 47 percent of our city budget comes from payroll taxes. When businesses cut jobs, the number of people earning a paycheck goes down, and city revenue goes down with it.

About 11 percent of our budget comes from taxes that businesses pay on profits. When the economy is bad and our businesses see less profit, that lowers city revenue.

We also get revenue from service fees associated with EMS, the Louisville Water Company and the Louisville Zoo, among many others. These account for about 10 percent of our budget.

A slower economy also slows the appreciation of real estate value, thus reducing property tax revenue – about 25 percent of our budget.

And none of that accounts for the impact on our public-sector partners – from TARC to MSD to Louisville Tourism to the Commonwealth of Kentucky.

We also have less cash on hand now because tax filing deadlines were extended from April 15 to July 15. That was the right decision because it leaves that money in the economy – in your hands – during this critical time. To manage this, a line of credit will hold us over until those tax dollars arrive.

All of this combined significantly impacts city revenues. And remember: local governments must balance our budget.

Let's also not forget that, because of an increase in our state pension obligation last year, Metro had already reduced our already-lean city budget by over \$25 million.

By lean, I mean this: We're in the bottom third of our peer cities in terms of how much money we spend per capita on services.

Put all this together, and Louisville Metro Government is currently projecting \$46 million in lost revenue in our General Fund **for the current fiscal year**, which ends on June 30 – 68 days from now.

And we expect this shortfall to be followed by **another General Fund shortfall of \$69 million** during the next budget year, which starts July 1.

For context, remember the painful cuts forced by a \$25 million deficit last year? Now, we're facing the prospect of cuts **about three times** that amount.

There is simply no way to absorb this level of loss without considering a significant tax increase or reducing **every single agency of Metro Government**, including our top priority of public safety, since it makes up over 60 percent of our budget.

Fundamentally, government is a service business, and the main way to cut costs is to cut services – and the people who deliver these services.

Last week, budget conditions forced me to furlough 380 Metro public servants. While they are eligible for unemployment and can keep their benefits while furloughed, I know they'd rather be working, and I'm eager to get them back.

But unfortunately, we're now looking at more furloughs and likely layoffs.

I say "likely" for a couple of reasons.

Without more external relief and/or economic stimulus, I see no way for the economy to improve in the near future to increase the tax revenues we currently need to deliver your services.

There is another major uncertainty:

The most material question for this entire city budget: Will we get the federal relief in both dollars and flexibility we so desperately need to repair our budget outlook?

Congress has passed and the President has signed legislation, called the CARES Act, to fund COVID-19-related expenses. We've been provided \$134 million in direct relief from the Treasury Department. The trouble is, the way the law is written does not allow us to use any of that funding to cover our dramatic budget shortfalls.

That's why I and mayors across the country are adamantly urging Congress to give cities flexibility in how we spend those dollars, plus provide additional direct funding to address our gaps. American cities must receive federal relief to make sure our residents have police, fire, emergency, public health, housing, sanitation and other services needed to recover from this crisis.

Think about it – we are in the middle of a pandemic unlike anything we have seen in our lifetimes.

Is now the time for cities to cut public health workers?

Is now the time for cities to cut police officers, paramedics, or emergency management personnel??

No! Of course not. But that is what we face, right here in Louisville and in every city around the nation, if Congress and the White House do not step up.

I urge every Louisvillian to reach out to our US Senators and our Congressman with this message – Save America's Cities!

And finally, let me add another challenge that will greatly impact our budget: COVID-19 testing and contact tracing.

A critical step to move out of our current phase of social distancing and restart the economy will be an initiative to:

1) Dramatically increase testing for the COVID-19 virus in order to understand if it is making a comeback in our community, so we can take measures to quickly get it back under control.

And 2) for the people who test positive, trace every close contact they have had, and make sure every one of those people quarantines for two weeks to ensure they don't further spread the disease.

This essential initiative requires high-volume, quick-turnaround testing, and a very significantly expanded public health department.

We are working with the top minds and national experts to help us develop our plan, including Johns Hopkins, UofL, Harvard, the United States Conference of Mayors, and Bloomberg Philanthropies.

The cost for this major project depends on the number of people who are infected, so the cost range is wide – anywhere from \$25 million to over \$100 million.

Just this week, Congress issued \$25 billion for testing. We are still waiting on information from the federal Department of Health and Human Services to let us know what our state or local allocation will be.

And, it appears we will be able to tap into the federal funding provided to our city for COVID-19 expenses for this need. But there remains uncertainty on this critical expense about what can and will be able to be funded by the federal or state governments.

In any event, we know that not nearly enough federal funding has been allocated for Louisville's combined costs for the direct impact from the virus and its associated revenue shortfalls.

So, you can see, there's uncertainty in multiple factors as we put together our city budget:

- First and foremost, will the federal government give desperately needed aid and flexibility for us to address our dramatic revenue shortfall?
- How healthy will the economy be and how much tax revenue will be generated when the new fiscal year begins on July 1?
- Will the federal government take critical measures to jumpstart our economy, as America faces the worst economic crisis in a century?
- And will there be enough federal funding for all elements of the testing and contact tracing needed to squash the outbreak until a vaccine arrives?

Without answers to these questions, it's impossible – really, irresponsible – to make meaningful budget and revenue projections for the coming year.

That's why I have proposed to the Metro Council a "continuation budget" as we move into the coming fiscal year. That means I'm proposing a budget bill that continues the current fiscal

year's funding levels – and assumes the question about federal support will be resolved in the coming month or two.

This fulfills our statutory requirement to introduce a budget, but, clearly, it's just a placeholder.

We make this recommendation knowing we will be revisiting this budget in the weeks and months ahead, maybe more than once, making revisions as our fiscal picture becomes more clear.

Due to past responsible budgeting practices, we have a healthy Rainy Day Fund to help us through this time period.

I thank the Metro Council for their partnership and their tireless work on behalf of their constituents during this crisis. That includes the repurposing of \$500,000 in city funds to help prevent evictions, as well as the appropriation of \$2.7 million to Metro Council's COVID-19 relief fund that will support non-profits providing emergency food and housing assistance to the community.

I'd also like to take this time to thank all my colleagues from Metro Government and especially our Public Health Department and all those from across our organization who make up our Incident Management Team. This incredibly dedicated group has worked tirelessly to ensure we're working seamlessly while partnering with our hospitals and other community partners to beat back the virus.

To all the members of the IMT, thank you. You have saved lives.

Setting up the IMT before our first reported case of the coronavirus was a key part of the three-phase approach my team and I have mapped out to deal with the COVID-19 crisis.

We are currently in Phase One, which began before the arrival of the virus. This involved setting up the IMT, collecting actionable data, identifying challenges, developing contingency plans and executing strategies.

Phase II is when we take the first steps toward reopening, once our health experts and data make it clear that it's safe to gradually ease some of the social distancing restrictions. We will do this in conjunction with the state, and we will not rush it.

As has been said before, the virus sets the timeline.

We're watching what's happening in cities in Asia and Europe, and other American cities, where the virus hit earlier. We will learn from their experiences.

We'll also follow the examples of history. A study of the 1918 Spanish flu pandemic shows that cities that enforced the strictest social distancing guidelines and held them in place the longest did better in terms of long-term economic growth than those that imposed fewer restrictions and lifted them sooner.

You'll note that our city had a lower fatality rate than many other cities during the last pandemic.

Based on everything we know, if current trends hold, we hope to begin Phase II in the coming weeks.

But that timetable is not guaranteed.

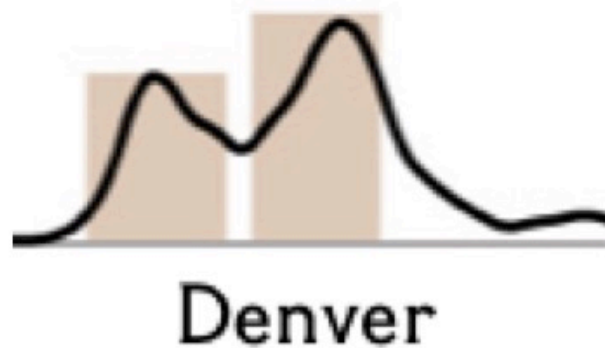
There are three critical factors:

- As we test more people, we need to see a decreasing percentage of new positive cases.
- We need to maintain sufficient capacity and supplies in our hospitals, including adequate workforce and PPE.
- And our Public Health Department needs to have adequate testing and contact tracing capability.

We only advance if we meet those criteria. And that only happens if we continue to social distance, wash our hands, stay home, and wear a face covering in public.

If we let down our guard, if we fail to maintain discipline, we go backwards.

There is an historical precedent to this. Look what happened in Denver after the Spanish flu when their re-opening strategy failed; they experienced a second spike in cases and even more deaths occurred.



We must avoid this mistake.

I understand the immense frustration that this virus has caused, and I am proud and grateful for the vast, vast majority of our residents who are the reason we have not seen a huge spike or over-run hospital system.

And I know that every one of the 771,000 people in our city is eager to see us move forward. To reopen schools and businesses. To put those basketball rims, soccer goals and tennis nets back in our public parks.

To gather in work, in worship, and in celebration.

Those days are coming.

And that's where we get to Phase III of our planning process.

Our team has been reviewing economic, public health and historical data and consulting with experts and community partners to create a roadmap for Louisville's economic recovery and reinvention.

A crisis is a time of change. And when things change, there is almost always opportunity.

We will look for those opportunities. Help create them. And be ready when they arrive.

Maybe it will be a federal infrastructure stimulus.

We have more than half a billion dollars of shovel-ready projects in our city – those things that we could get started and put people to work on in calendar year 2020. We have sewer lines to upgrade, roads to pave and build, parks to renew, sidewalks to improve.

And we have skilled construction professionals who've worked overtime the last few years remaking our skyline.

We have the opportunities. We have the plans. And we have the workforce.

We just need the commitment from Washington. With that, Louisville can provide opportunities to move thousands of people from an unemployment website to a working job site.

In many ways, our city is primed to help create and deliver big solutions for this moment.

Consider this:

- Louisville is home to more companies working in the health care and aging innovation sector than any city in the country. That talent and expertise is hard at work creating innovations and solutions to protect our seniors from COVID-19.
- There's a worldwide race for a vaccine to prevent COVID-19. UPS Worldport, headquartered in Louisville, is the globe's logistics circulatory system for anything and everything that needs to be shipped. That will include the vaccine everyone in the world will need.
- And we have a workforce that's already embraced the skills of the future. As one example of this enthusiasm, when we offered free online training last week for Artificial

Intelligence and Data Science through the Future of Work initiative, we had 2,700 people sign up within 24 hours.

And that's one of the keys to restarting our economy – making sure we keep opening doors of opportunity to everyone.

Even before COVID-19, prosperity was not reaching every person in every neighborhood. But we had posted some good gains: more than 17,000 people in our city have lifted themselves out of poverty. And more than 11,000 Louisville families have joined the middle class.

But we need much greater progress. Here. And in every city in America.

Before the pandemic, American income inequality was at an all-time high since the Great Depression.

Forty percent of Americans have less than \$400 in savings to get through an emergency.

That's what it means to live paycheck-to-paycheck. And since this crisis emerged, America has seen what happens when people living paycheck-to-paycheck stop getting paychecks.

Long lines at food banks.

Record numbers of unemployment.

And more inequity in health outcomes. African Americans are dying of COVID-19 in disproportionately higher numbers in our city and around the country.

Look at the numbers: African-Americans make up about 23, 24 percent of our population, but account for 32 percent of our fatalities.

Metro Government and community partners like the University of Louisville, Family Health Centers and Park Duvalle Community Health Center are working to ensure African-Americans here have access to more testing and health care.

And we got great news on that front yesterday with the announcement that a partnership between Kroger and the state will expand our testing capacity in west Louisville. I want to thank

Governor Beshear for his role in making that happen and his outstanding leadership during this entire crisis.

Expanding testing, particularly in historically underserved areas, is incredibly important.

Why? Because even before COVID-19, Louisville, like cities across America, had a 12-year gap in life expectancy between our higher- and lower-resourced neighborhoods.

That's unacceptable.

Following the values of my administration, our Incident Management Team is monitoring pandemic response policies, practices and procedures through an equity lens – to ensure equitable and just distribution of resources, assistance and information to the entire community.

But there's much more to do.

Earlier I thanked the men and women who help keep us supplied with food. And the custodians who mop the floors and clean and disinfect the bathrooms in our hospitals. They make up the frontline fighting this crisis, and they've been called "heroes."

Well, maybe we should treat them like heroes by providing them the wages and benefits that their heroic work deserves.

So, as we look to rebuild our economy, Louisville, Kentucky and America must do more than restore a flawed economic system that benefitted too few at the expense of too many.

We must create an economy that provides greater opportunity, access and security for generations to come.

That's why today I'm proud to announce an initiative that will serve as our roadmap to recovery:

Build Back Better Together.

In front of us is both a great challenge and a great opportunity. So, let's seize the opportunity to build back our economy, our community, our future, better – together.

We don't have to start from scratch. Our city has made tremendous gains and we will base this chapter on the years of work our city has already put in to understanding our challenges and developing innovative, inclusive solutions, from Vision Louisville to Move Louisville to our Health Equity Report.

These initiatives have helped shape our city over the last decade and proven that, in Louisville, we know how to dream big, work together and show the grit to get things done.

And we need your help – now more than ever. I ask you to help us Build Back Better Together by sharing your ideas on how to create the city, economy and future the people of Louisville want and deserve.

Go to louisvilleky.gov/government/build-back-better-together to weigh in.

We can't control the global economy any more than we could control a pandemic virus. But our collective action has protected our city and slowed the spread of the virus.

And we can influence our own economic future as well, through vision, innovation, entrepreneurship, collaboration, a shared love for our hometown, and yes, compassion.

We have shown time and time again that when we lean into our work, when we lean into our challenges, our city and our people flourish. It's time to do it again.

Let's close by understanding more of the history that has made us who we are.

Look at the lessons of the 1937 flood.

One of the biggest floods in U.S. history. Two-thirds of our city's population had to be evacuated.

Yet, there was compassion. People opened their homes to strangers whose houses had been flooded. And there was resilience. Mayor Neville Miller established a Committee on Morale, which produced pins and posters with messages like this:

I will not complain.

I will not spread bad news.

I will be encouraging, helpful, friendly.

I will work unselfishly.

I will give all I can.

I will do my part toward building a better and greater Louisville and

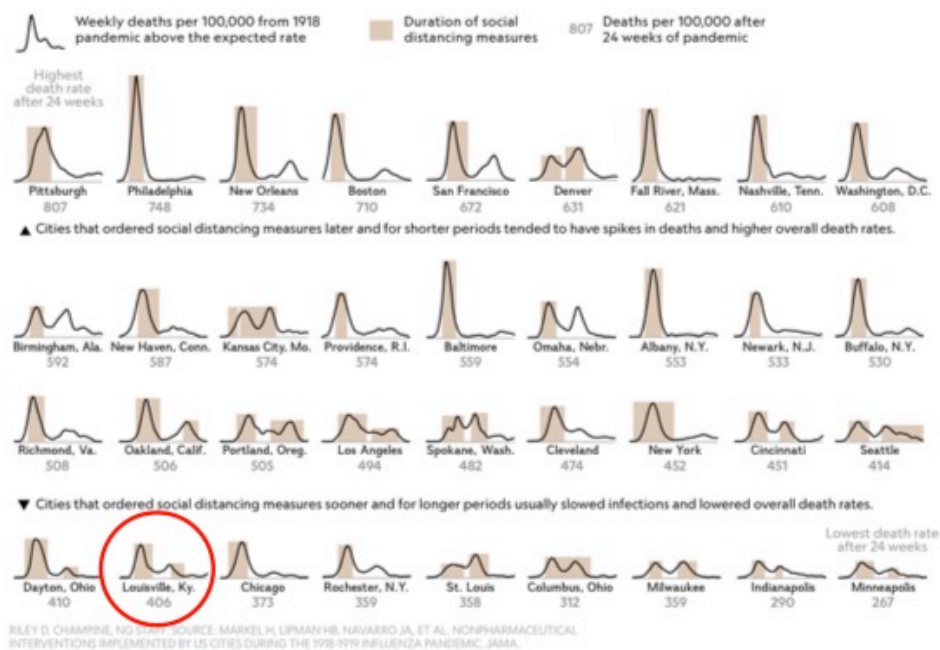
And I Dare You To Catch Me Not Smiling!!

Go even further back – the 1918 pandemic was many times deadlier than the COVID-19 outbreak has been so far.

The Spanish flu hit young people – in their 20s and 30s – the hardest. Mayor George Smith would meet with health officials and others in the Seelbach Hotel to plan social distancing measures to limit the spread of the disease: closing schools and movie theatres, establishing new streetcar guidelines to keep people from bunching up. They had two rounds of city closures in the fall of 1918.

Compassion and collaboration were key in getting through that crisis, as well, as community organizations worked to reduce infection risks with in-home care visits for influenza patients.

Our city’s sense of community and compassion helped save lives a century ago.



And it's helping save lives today.

This resilience and compassion are part of who we are.

And it's who we will continue to be.

We have no choice but to move forward – and I know we will do so with great energy - taking the lessons of the last few weeks with us, along with an unparalleled commitment to build a more dynamic, resilient and equitable future together.

That's the future you deserve. And that is the future they deserve.

And that's the future we will create. Together.

Thank you.

EMBARGOED UNTIL 4 P.M.