



Peter Franchot
Comptroller

March 11, 2021

The Honorable William C. Ferguson, IV
President of the Senate
H-107 State House
Annapolis, Maryland 21401-1991

The Honorable Adrienne A. Jones
Speaker of the House of Delegates
H-101 State House
Annapolis, Maryland 21401-1991

Dear President Ferguson and Speaker Jones:

As you are aware, Congress passed the historic \$1.9 trillion *American Rescue Plan Act of 2021*, which will deliver much-needed and long-overdue economic and relief assistance to struggling families, small businesses, and state and local governments.

Like each of you, I am grateful to the Democratic members of Maryland's congressional delegation, led by Senators Cardin and Van Hollen, and House Majority Leader Steny Hoyer, for their dedicated work to pass this crucial piece of legislation. They deserve our sincerest gratitude for their leadership on this monumental feat.

As Maryland's chief fiscal officer, I welcome additional financial aid with open arms. There is no doubt that three federal stimulus plans have and will save the Maryland economy, as well as prevent further economic damage.

However, roughly one-third of the state is in a deep recession reminiscent of our darkest economic times. Two-thirds of our state have been relatively unaffected since many Marylanders continue to work remotely with a steady income, live in safe homes, receive medical care, are paying their bills and are getting vaccinated. There is, however, a large disconnect with our lower wage earners.

In Maryland, we have lost 138,000 jobs since the pandemic started a year ago. My office estimates a loss of approximately 30,000 small businesses across the state before the pandemic ends. Many of our friends and neighbors who are lower wage earners continue to face utter financial devastation without money to buy food or medicine or the ability to pay their rent. Communities of color continue to suffer disproportionately from COVID-19. 29,200,000 Americans have been infected by the disease and 527,000 have died. And still, approximately 1,000 Americans die per day. We extend our deepest sympathies to their families, particularly the 390,000 infections and over 8,000 deaths here in Maryland.

I have deep concerns about this economic situation. While stimulus is necessary, the sheer level of stimulus over the past year is noteworthy. The unprecedented amount of money being pumped into the economy may cause a "sugar high" in the national economy, which could result in inflation, increased interest rates, and destabilization of the stock and bond markets. Our economists estimate that Maryland families, small businesses, and governments would have received \$45-\$50 billion dollars in federal aid from the three federal stimulus packages.

With so much money already spent and billions more headed our state's way, there is an unprecedented amount of dollars to account for in spending. Therefore, I would like to request legislative leaders appoint a bipartisan, independent commission of fiscal experts, which do not include elected officials, with subpoena powers and staff to fully investigate and execute an audit of every federal and state dollar spent for pandemic relief.

The principal focus of this commission should be as follows:

- 1) Discover how much federal and state relief actually went to Maryland residents and small businesses most in need?
- 2) Account for the amount of federal and state relief that went to fraudsters who used stolen financial data to defraud the U.S. and Maryland treasuries. My office is estimating \$500 million went to fraudsters in unemployment checks alone.
- 3) Execute an examination of pandemic profiteering by national and Maryland-based companies.

To the third point, the *New York Times* reported on March 6th that a Maryland-based company, Emergent Bio Solutions, has engaged in years of influence peddling in Washington D.C. and has received hundreds of millions of taxpayer dollars to pay for useless anthrax vaccines while at the same time depleting the strategic national stockpile of medical resources.

New York Times reporters Chris Hamby and Sheryl Gay Stolberg wrote:

“As Covid-19 spread unchecked, sending thousands of dying people to the hospital, desperate pleas for protective masks and other medical supplies went unanswered. Health workers resorted to wearing trash bags. Fearful hospital officials turned away sick patients. Governors complained about being left in the lurch. Today the shortage of basic supplies, alongside inadequate testing and the slow vaccine rollout, stands as a symbol of the broken federal response to a worldwide calamity that has killed more than a half-million Americans.”

And who is the chief corporate offender according to this in-depth article? Emergent Bio Solutions, a Maryland-based company that used the strategic national stockpile like a corporate ATM machine and left the entire nation further vulnerable to the COVID-19 crisis.

Emergent represents a clear example of unacceptable, reckless, and irresponsible corporate behavior. To rub salt in the wounds, the founder and chairman of the board cashed in his shares and options of the company for a \$42 million payout. This is precisely what I mean by pandemic profiteering. I believe we urgently need this independent commission to monitor and investigate the use of such large sums of taxpayer dollars to ensure that the public treasury is protected in the future and accounted for in the past.

As always, I, along with members of my agency, stand ready to assist in any way. Thank you for your consideration.

Sincerely,



Peter Franchot
Comptroller of Maryland