

July 24, 2020

The Honorable Steven T. Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Mnuchin,

The National League of Cities (NLC) is the voice of America's 19,000 cities, towns and villages - representing more than 200 million people - and is a resource and advocate for the nation's municipal governments and their leaders. We write to request clarification of your remarks made on CNBC on July 23, 2020.

Your first remark we are seeking clarity on is the statement, "I think you know we allocated \$150 billion. Probably 30 to 50 percent of that money has been used."

The Treasury Department is responsible for collecting the public data on how much money has been allocated, drawn-on, and spent thus far. The National League of Cities respectfully urges any such data be made fully transparent by the Department of the Treasury as soon as possible. Short of that, we request access to the data underlying this assertion.

NLC has been closely tracking disbursements of Coronavirus Relief Fund (CRF) monies from states to local governments. We are working closely with 49 state municipal leagues to collect and update our figures as information is made available by the recipients of funds, and from other reports. According to data we have collected to date from sources other than the U.S. Department of Treasury, the amount of money that has reached smaller cities, towns and villages with a population of less than 500,000 is approximately \$13.8 billion, or a less than 10 percent of CRF funds.

Anecdotal examples include the City of College Park, Georgia. Based on the state and county allocation rules, College Park will only receive \$4.00 per person. College Park Mayor Bianca Motley Broom told NLC, "It is not fair, and it is not equitable. The residents of College Park are doing their best to stay afloat in this pandemic. Without direct federal funding, it is as if we have to operate with an additional weight around our necks."

And yet \$4.00 per person is more than most communities are likely to receive. For example, Tennessee, West Virginia, Wyoming, and Iowa have not allocated any of the money the state received in the Coronavirus Relief Fund to cities within their state.

The National League of Cities is seeking \$500 billion in direct, flexible funding to all municipalities and counties over the next two years with no minimum population threshold determining eligibility for funding.

Secondly, the National League of Cities takes issue with your remarks on CNBC that characterized federal funds allocated to state and local governments as a bail out. Specifically, you stated “It is unfair for states like Florida to be bailing out states like New York.”

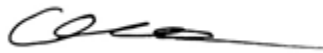
State and local governments are not asking Congress or the Administration to make up for every revenue loss. Rather, we are seeking an additional lifeline to put off and ultimately avoid options of last resort, including indefinite cuts to services at a time when communities need them most, permanent layoffs of municipal employees who comprise a large share of America’s middle class, and cancelling capital projects that will further impact local employment, business contracts and overall investment in the economy.

As a matter of good government, and to assure the public that taxpayer funds are appropriately spent, NLC urges additional guardrails for local budget aid to ensure expenditures are targeted to stopping, and reversing, the wide-ranging health and economic declines related to COVID-19 (see Appendix A).

If federal leaders do not provide aid beyond the additional flexibility of already appropriated funds that is reportedly in the Senate Majority proposal, there is no question that the very cities, towns, and villages that have helped ensure stability throughout this crisis, even as their revenue base has declined, will go from being an essential part of America’s recovery to becoming a serious drag on it.

Thank you for considering our request, and we look forward to your response. If you have any questions regarding our concerns, I encourage you to reach out to Irma Esparza Diggs, Senior Executive and Director, Federal Advocacy, at diggs@nlc.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Clarence", followed by a long horizontal flourish.

Clarence Anthony
CEO and Executive Director
National League of Cities

CC: Daniel Kowalski
Counselor to the Secretary
U.S. Department of the Treasury

Appendix A

Guardrails can Ensure Federal Assistance is Appropriately Allocated and Spent to Address Losses and Recovery Related to COVID-19

- Congress should enact guardrails to ensure additional federal intervention does not exceed reasonable levels of assistance to any municipal government; and that the public can be confident that taxpayer funds are appropriately spent.
- To safeguard against funding levels greater than appropriate to meet the responsibilities delineated to municipal governments, allocations for non-entitlement municipalities ought to be capped at 75% of their total annual budget.
- To safeguard against incentives to use federal aid as an offset for unwarranted cuts in state or local aid, a maintenance of effort requirement should be included to prevent any level of government from imposing eligibility standards, methodologies, procedures, or other constraints on any other unit of government that are more restrictive than those that were in place upon enactment of the bill, in order to receive aid under this title.
- To safeguard against expenditures for long-standing unfunded liabilities, pension funds should be designated an ineligible expenditure