

July 29, 2020

The Honorable Mitch McConnell
Majority Leader, United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker, United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader, United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader, United States House of Representatives
Washington, DC 20515

Dear Majority Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy:

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. From the beginning of our national effort to contain the spread of coronavirus, NLC has endeavored to keep federal leaders updated with accurate on-the-ground accounts from municipal governments; and factual, data-driven assessments of local needs related to COVID-19.

We have also expressed our gratitude for the difference federal leaders have made to date by approving extraordinary levels of emergency spending to protect public health, and hold off financial decline, for our most vulnerable households and small businesses.

At the same time, local leaders continue to be hampered by uncertainty and confusion from Congress over how, or even whether, to meet the urgent need for federal aid for local governments. There is no question that additional federal intervention is warranted. As a result of the challenging fiscal conditions resulting from COVID-19 and the unanticipated costs of shuttering and reopening communities and small businesses, the National League of Cities estimates local budget shortfalls of over \$360 billion between 2020 and 2022, with \$134 billion in revenue losses for 2020 alone.

The coronavirus relief package proposed by the Senate majority this week sends a distressing message that some in Congress remain either unconvinced or unaware of the grim reality facing communities large and small across the nation, which local leaders of both parties have highlighted over the past several months. As cities, towns and villages everywhere have made clear, there will be no national economic recovery without an clear commitment from the federal government to address the staggering revenue shortfalls and skyrocketing costs that local governments have been forced to incur due to the bipartisan shutdown of our economies and communities.

Specifically, 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.

Cities and towns are essential for jump-starting the economy. By providing the permits and approvals for both commercial, educational, and public services, cities and towns are the primary gate through which a safe and

efficient re-opening will occur. Reduced revenues and personnel will only make this process more difficult, placing a significant and easily avoidable drag on re-opening efforts nationwide. This is precisely why now is the time for Congress to approve additional aid for local governments.

We know the federal government cannot make up for every loss of revenue. 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.

NLC is 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 collected by the National Governors Association, approximately 70% of those funds have already been allocated. By contrast, the amount 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.

If Congress fails to reach a bipartisan agreement that includes federal aid for local governments, beyond the additional flexibility for expenditures from the Coronavirus Relief Fund, 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.

We stand ready to work together on bicameral, bipartisan legislation that includes fair and appropriate levels of assistance to all cities, towns, and villages; and that includes the necessary guardrails to assure taxpayer funds are appropriately spent.

Sincerely,



Clarence Anthony
CEO and Executive Director
National League of Cities

Enclosures: Myths and Truths About Providing Federal Assistance to State and Local Governments
 NLC Report: Fiscal Impact of the Pandemic Recession on Cities, Towns and Villages

CC: Members of Congress