



CITIES STRONG TOGETHER

SPOKEN REMARKS

STATEMENT OF

**CLARENCE E. ANTHONY
CEO AND EXECUTIVE DIRECTOR OF THE
NATIONAL LEAGUE OF CITIES**

**BEFORE THE
HOUSE COMMITTEE ON FINANCIAL SERVICES**

**“MORE THAN A SHOT IN THE ARM: THE NEED FOR
ADDITIONAL COVID-19 STIMULUS”**

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February 4, 2021

Good morning, Chairwoman Waters, Ranking-Member McHenry and Members of the Committee. I'm Clarence Anthony, CEO and Executive Director of the National League of Cities and former Mayor of South Bay, Florida. NLC is the nation's foremost resource and non-partisan advocate for municipal governments and their leaders, representing all of America's 19,000 cities, towns, and villages. The cities and towns in your districts are likely members of NLC. Today, I'm speaking on behalf of all local governments that have gone above and beyond to overcome the COVID-19 emergency.

- Local government employees are truly on the frontlines, enforcing measures that protect residents from catching and spreading COVID-19.
- Local community and economic development departments are stabilizing households and small businesses harmed by losses from COVID-19.
- Local elected officials are making painful budget cuts to preserve essential day-to-day operations that sustain cities as economic engine and places of opportunity.
- Residents are relying more than ever on safety net programs that local governments are responsible for putting into action.

We are grateful for funding provided in prior emergency relief packages. But the fact remains that local budget revenues are far below normal collections. Municipal governments alone are facing a \$90 billion shortfall on one-year revenues. This doesn't include the losses facing county, state, tribal, or territorial governments.

NLC supports the FY 2021 Budget Resolution and reconciliation instructions that dedicate \$350 billion for emergency intergovernmental budget relief. If you hear from the local leaders in your districts, you know this is no bailout.

Labor market data shows that local governments are still cutting jobs to offset revenue losses and unexpected spending related to COVID-19. The December jobs report from the Bureau of Labor Statics revealed local governments have cut a shocking 32,000 jobs. Public sector employment is down by more than a million jobs compared to February 2020.

Municipal job cuts and capacity losses have immediate across-the-board consequences for residents and small businesses. Emergency funding has provided aid to the private sector, and to residents harmed by coronavirus. SBA and Treasury programs provided businesses with access to credit. HUD programs provided funding to help homeless residents, renters, and small businesses.

The role of local governments in these programs is to connect emergency resources to those in need. That required drawing up new programs to make rent and utility payments on behalf of residents; and standing up new operations to help small and minority-owned businesses overcome obstacles, like language barriers, apply for assistance

Even though cities are essential for these programs success, our urgent request for public sector help has not been answered. The private sector agrees with us! In May, more than 170 businesses and organizations sent a letter to Congress urging direct federal aid to localities.

There is no question additional housing aid is as necessary as the direct aid we seek for local governments. NLC's landmark report on housing stability, "Homeward Bound, the Road to Affordable Housing" shows that housing stability is a prerequisite for economic-mobility, job-security, and health.

From the outset of the pandemic, NLC told local governments to prioritize housing stability. We provided steps for proven strategies like designating housing stability coordinators and agency response leads, enacting temporary protective ordinances, standing up new programs, and working across jurisdictional lines. These are sophisticated and staff intensive interventions, which are not easy during a budget calamity.

As a result of lay-offs and operational decline, many local governments are less able today to enact this kind of guidance than they were immediately after the CARES Act passed. At that time, Congressional leaders on both sides said more state and local aid would be provided next time. That told local governments to delay cuts to employment and services. Now the window for delays is closed, and cuts are being made to so local governments can balance their budgets.

The new Emergency Rental Assistance program is a reasonable response to the emerging, economy-killing eviction cliff. Roughly one out of every five people living in a renter household – 40 million people- are at risk of eviction right now. Tenants will owe something on the order of \$70 billion in back rent, and landlords are struggling to

maintain their properties. When small landlords lose properties, the nation loses affordable housing.

But the delivery system for that aid - state and local governments - has been damaged. According to NLC's City Fiscal Conditions report, nearly 8 in 10 finance officers said their cities were less able to meet the needs of their communities in 2020 than in 2019. In December NLC found 90% of municipal governments have experienced a revenue decrease of 21%.

Local governments are running out of ways to paper over dramatic losses, and when that happens declines won't stop with new programs. Declines mean sudden reductions in waste collection and recycling programs, delays in permitting for home construction and renovation, longer wait times for inspections and licensing, reduced services for households that rely on public transit, and indefinitely pausing plans for utility build-out and upgrades to water and sewer lines and broadband infrastructure.

Let me say this clearly – residents and small business who turn to their local governments for help do not see that help as partisan, and Congress should not view helping local governments through a partisan lens. The following principles will ensure help gets to all localities:

1. **Emergency funding should be fair and appropriate for each and every local government, with no minimum population threshold for eligibility.**
2. **Allocations of aid should be built on familiar and proven government revenue sharing programs like CDBG**, which is already the most familiar revenue sharing mechanism for states and localities operating at reduced capacities.
3. **Funding should be separate for states, counties, and municipalities.**
4. **Eligible expenditures should be targeted to the widespread health and economic consequences of COVID-19**, including unavoidable revenue shortfalls.

Conclusion

On Monday, CBO warned that unemployment is unlikely to improve this decade. Unemployment is THE key indicator for locally-derived revenues. If middle and low wage workers are struggling to survive, local governments will be struggling too.

Federal aid for all local government will not only offset losses and restore local government operational capacity, but local governments will do the right thing by restoring municipal jobs and rehiring staff if Congress provides them the opportunity to do so. On behalf of cities, towns, and villages -and in the words of Alexander Hamilton- we will not throw away our shot.