

Federal Budget Cuts are Hometown Cuts

TALKING POINTS

Cities Call on Congress to:

- 1** Pass a budget that builds on the economic power of America's cities by preserving full funding for bedrock city priorities like:
 - **Community Development Block Grants**
 - **TIGER grants and public transit**
 - **Workforce development and education programs**
 - **Energy efficiency and renewable energy programs**
- 2** Recognize the enormous success of federal investments in cities by including city leaders as stakeholders in the budget process – and providing cities greater flexibility and opportunity to innovate and build on success.
- 3** Oppose cuts that ultimately only shift costs to cities and taxpayers at the local level or cuts that would increase the burden of compliance with costly unfunded federal mandates.
- 4** Support world-class infrastructure in cities by maintaining funding levels for existing federal programs and identifying new revenue for proposals. Any infrastructure proposal should ensure every city, large and small, is eligible to receive direct federal funding.

Cities Response:

Cities drive the U.S. economy. This budget proposal will stall the economic progress already underway. Cities are home to 86% of the nation's population; 88% of total real income; and 91% of real gross domestic product. Local governments invest \$7 trillion annually on services residents expect, such as transportation, public safety, and education. Federal grant programs like CDBG and TIGER create additional opportunities for public and private investment, and often serve as a source of hard-to-secure gap financing, for city projects that otherwise would be impossible to get off the ground.

Cities are already doing more with less. In the five years since federal budget sequestration was enacted under the Budget Control Act of 2011 (BCA), funding for discretionary programs has fallen by approximately \$2 trillion. These cuts have impacted every city and town in America - and have made the challenges of fostering greater economic opportunity and mobility even more difficult.

Cities value strong federal partnerships. City leaders are using every tool at their disposal to create revenue locally and to stretch the value of local tax dollars. From traditional tax-exempt municipal bonds, to innovative tax-increment financing districts, to project specific taxes approved by public referendum, city leaders are delivering on the expectations of their residents in economically productive ways. However, ongoing uncertainty over federal funding levels and tax reform, including the possible elimination of the State and Local Tax Deduction and the double-taxation that would result, is driving up costs for local governments and putting feasible projects in jeopardy.

Cities cannot continue to bear the unending responsibility of making up for deep cuts to federal programs with local revenues. Small cities and towns in rural areas, in particular, are experiencing the nation's greatest economic challenges, are often on the front-lines of our nation's costly opioid epidemic, and are struggling to make up for losses in anticipated federal funds. An austere federal budget could tip those cities beyond the fringes of major metropolitan areas into a period of significant and sustained decline.



**THE ECONOMY IN AMERICA'S CITIES AND TOWNS
DETERMINES THE ECONOMY OF THE NATION.**