

NATIONAL LEAGUE of CITIES

2012 Officers

President
Ted Ellis
Mayor
Bluffton, Indiana

First Vice President
Marie Lopez Rogers
Mayor
Avondale, Arizona

Second Vice President
Chris Coleman
Mayor
Saint Paul, Minnesota

Immediate Past President
James E. Mitchell, Jr.
Council Member
Charlotte, North Carolina

Executive Director
Donald J. Borut

15
11-13-12

October 29, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 U.S. Capitol
Washington, D.C. 20510

The Honorable John Boehner
Speaker
United States House of Representatives
H-232 U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
S-230 U.S. Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Democratic Leader
United States House of Representatives
H-204 U.S. Capitol
Washington, D.C. 20515

Dear Congressional Leaders,

On behalf of the 19,000 cities across the country that it represents, the National League of Cities (NLC) calls on Congress to adopt a bipartisan and balanced plan to deficit reduction to avoid the harm that would result from implementing the automatic across-the-board spending cuts, also known as sequestration. Any deficit reduction plan should balance targeted spending cuts with revenue enhancements, while preserving growth-enabling investments in our communities.

As the national economy begins to show signs of improvement, cities are continuing to feel the prolonged effects of the economic downturn. Our local and regional economies are characterized by struggling housing markets, slow consumer spending, and high levels of unemployment. These effects continue to drive declines in city revenues used to fund important local priorities. In response to the downturn, cities are making tough choices to balance their budgets and have cut personnel, cancelled job-creating infrastructure projects, and cut back on key services for their residents. But, even with those challenges, cities have continued to find innovative ways to invest in the long-term health of their communities, and our local economies are starting to show signs of a slow recovery.

Sequestration is not a responsible way to achieve deficit reduction and, if allowed to occur in January 2013, would have a devastating impact on our already fragile economic recovery. The Congressional Budget Office has warned that sequestration combined with the expiration of current tax provisions could very well lead to another recession.

More specifically, the indiscriminant cuts in non-defense discretionary spending called for in the sequestration process will be detrimental to important priorities for our communities. According to the White House Office of Management and Budget, among other programs, sequestration will lead to deep reductions in federal spending on transportation, education, housing, public safety, and water quality programs. Sequestration will also mean a cut in the subsidy that cities relied upon when they issued, and



investors invested in, Build America Bonds to finance much needed infrastructure improvements in their communities. Given the decline in local revenues on account of the economic downturn and the actions we've already taken to balance our budgets, cities will not be able to compensate for the shortfalls in these programs that will be brought on by sequestration, which will mean further cut backs in important programs and services, including those that drive economic growth in our communities.

Besides cuts in non-defense programs, sequestration also calls for deep reductions in defense programs. We share the concerns expressed by others that these cuts will have a detrimental impact on the defense industry and will lead to job losses in our communities for the contractors who provide essential scientific, engineering, and technical services in support of our nation's security, as well as the many suppliers and vendors, who make up a critical mass of small businesses in our communities and who serve those contractors. This industry and these businesses make significant contributions to our local economies by employing local residents and supporting our local tax bases and other local organizations and businesses. At a time when cities are already struggling to recover from the recession, these cuts would compound our challenges in meeting the needs of our residents and improving our local economies.

As elected leaders, we join with you in recognizing the magnitude of the federal government's fiscal challenges and the need for fiscal responsibility. We also appreciate that tough choices must be made to bring the budget into balance and achieve deficit reduction. However, we strongly agree with the growing consensus of members of Congress from both sides of the aisle and the Administration that sequestration will have a significant and detrimental impact on our fragile economic recovery, our national security, and our nation's families and must be avoided.

It is not too late for Congress and the Administration to take action to help the country avoid sequestration and to put in place a bipartisan and balanced plan to reduce the deficit. NLC and the cities we represent look forward to partnering with you to find this common sense solution that will support economic growth and recovery in our communities.

Sincerely,



Ted Ellis
Mayor, Bluffton, Indiana

