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Mayors Rally to Defend Block Grant Funding.

Even though Obama proposes cuts, mayors are asking Congress not to touch Community Development Block Grant funding (which, unlike most federal funding, flows directly to cities).

When a Vietnam veteran took a fall that left him paralyzed, the city of Pembroke Pines, Fla., gave him money to help make his house wheelchair accessible. Akron, Ohio, used funds to demolish blighted homes abandoned during the Great Recession. And money also helped the township of Piscataway, N.J.,to rebuilt local parks damaged by Hurricane Irene in 2011 and Superstorm Sandy a year later.

The funding source for all these projects is the federal Community Development Block Grant (CDBG) program. Mayors gathered in Washington, D.C. this month to protest proposed spending cuts to the program proposed in next year's federal budget.

Founded in 1974, CDBGs were aimed at lifting up the poor and restoring community to the nation's inner cities. Proposed by President Richard Nixon's administration, the program was aimed at reducing the bureaucracy of the social welfare program of the previous administration by giving money directly to the cities. Mayors are asking Congress to keep the current $3 billion funding level.

Cities love the program because it provides a rare, direct pipeline to federal government money, although some CDBG funding is directed to states to distribute. (A total of 1,209 local governments and states receive annual CDBG funding on a formula basis based on poverty and population, according to HUD.) Cities use the money for many things, most of them falling under the vast umbrella of economic development, housing or social services. "It's one of the very few, federally direct funds that doesn't go through the state house or the counties and they take the administrative costs off of us and we're left with the crumbs," said Piscataway Mayor Brian Wahler at a press conference hosted by the U.S. Conference of Mayors.

But critics of the program say its flexible structure makes it more vulnerable to misuse. Steven Malanga, a senior fellow at the conservative-leaning Manhattan Institute, noted the program was "almost immediately" abused by self-serving politicians – in the 1980s, a HUD investigation found that members of Congress were using the program to funnel money to qestionable projects.

"Often ignoring the most distressed communities, local pols channeled the grants into their pet projects, including tennis courts and parks in affluent areas, purchases of CB radios and other perks for senior-citizen centers, and new roads and other infrastructure improvements in thriving neighborhoods," Malanga wrote in hiscritique, published in the *City Journal*. "Officials claimed that this spending would provide employment to the poor, though there was never any evidence of that."

But the mayors this month said a few bad apples were spoiling the bunch – the vast majority of CDBG money is spent helping those who need it. Wahler said New Jersey communities devastated by the hurricanes in recent years have been able to rebuild some spaces quickly largely because CDBG funding is more accessible than the reimbursement program run by the Federal Emergency

Management Agency (FEMA).

“To some extent, FEMA’s like a black hole sometimes,” he said. “I’m not knocking FEMA, but depending on who the case worker is in the area, what part of the country they’re coming from, everybody has a different spin on what FEMA can and can’t do. So this is program is the path of least resistance to accomplish something that had to get done anyway.”

Cities have already dealt with major cutbacks in CDBG funding. In the last decade, the total federal disbursement to cities and states has fallen 30 percent to $3.03 billion this year. Obama, who has said the funding should be more targeted so it is not as prone to misuse, is proposing cutting funding in fiscal year 2015 to $2.8 billion. In Akron, Mayor Don Plusquellic said CDBG funding has fallen by nearly half over the course of about 25 years from $11 million to $5.7 million. His staff estimates that, had funding stayed flat, it would be the equivalent of $20 million today, or roughly 10 percent of the city’s general fund budget.

“I’m going to take a shot at my own president – he is wrong,” Plusquellic said. “He is dead wrong to cut this program to try to appease the right wing who want to cut out all support and all partnership with local government.”

BY LIZ FARMER | MARCH 18, 2014

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