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Sanctuary Cities Are Safe From Trump, Fitch Ratings Says.

But not from the new president's promise to repeal Obamacare.

Donald Trump had city dwellers up in arms last week, when he signed an executive order to cut off federal funding to "sanctuary cities," a loosely defined group of municipalities that don't enforce federal immigration law.

Big cities such as Chicago, Los Angeles, and New York, whose mayors have pledged to maintain their sanctuary status in the face of the president's threats, get millions of dollars a year from the federal government, which helps pay for everything from education to law enforcement to public transportation. Small cities get less but can be just as reliant on federal funding to provide such services.

The order to defund sanctuary cities didn't come as a surprise. Trump often targeted them during his campaign for president, arguing that local governments were putting citizens at risk by failing to share information with federal immigration authorities. The cities typically responded that the threat was exaggerated and that their police departments depend on working relationships with immigrant communities marked by trust.

Worries about the executive order are probably misplaced, a note published on Monday by Fitch Ratings said. A lot of the federal money that cities depend on flows through states, counties, and school districts, according to the credit rater, making it harder to cut off. Cities, meanwhile, can be expected to mount constitutional challenges to any attempt to cut funding.

The White House hasn't yet responded to a request for comment.

Fitch didn't expound on potential legal challenges, but there are decades' worth of case law limiting the federal government's ability to make funding contingent on local policy. Congress can make highway dollars dependent on traffic safety laws, for example, but tying school funding to health-care policy would be less likely to pass muster.

In any case, President Trump's executive order is unlikely to affect the bond ratings of sanctuary cities, Fitch said, meaning that a city's immigration policy is unlikely to threaten its ability to borrow.

The new president presents other problems for municipal budget makers, Fitch said. Repealing the Affordable Care Act could heap additional costs on local health care facilities, while changing the way that Medicare funding is dispersed could ultimately reduce the amount of money that local governments receive.

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