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U.S. Recovery at Risk Without Fed Aid for Cities, Group Says.

- **Survey found 65% of cities are cutting big-ticket projects**
- **Seven out of 10 cities still haven't received CARES Act funds**

The nation's economic recovery from the coronavirus recession could stall if Congress fails to provide substantial federal aid to local governments, the National League of Cities said Tuesday.

Citing a survey of 1,100 municipalities, the league said 65% have been forced to delay or cancel infrastructure projects and capital expenditures because of the pandemic's toll on local government finances. That could have a ripple effect throughout the already-battered economy by stalling tens of billions of dollars in spending and halting job growth, the league said.

"If Congress does not deliver critical aid to ensure municipalities can support their local economies, keep their residents safe and their essential workers on the job, our national economic recovery has the potential to completely halt," the league said in a statement outlining the survey findings.

States and local governments are facing unprecedented fiscal stress as the pandemic-related shutdowns hammer tax collections and push the U.S. into its worst recession in decades. House Democrats led by Nancy Pelosi passed a $3 trillion package that devoted about one third of that as direct aid to states and localities. The bill has stalled in the Senate. So far, no direct money has been provided to localities aside from an allocation in the first stimulus package that gave them funds to spend only on virus-related expenses.

"The results of this survey paint a bleak future for America's communities and workers," Joe Buscaino, the league's president and Los Angeles city council president pro tem, said in a call with reporters Tuesday. "These are the kinds of cuts that cities have no choice but to make, and yet will slow the ability for local businesses to get back to work."

The survey found that 61% of cities are delaying or canceling equipment purchases and 24% are making significant cuts to community and economic development programs. A third of cities said they will have to furlough or lay off more municipal workers, adding to the already 1.5 million job losses in the public sector since March. Seven out of 10 cities have not received any funding from the CARES Act, a $2 trillion rescue package approved in March.

States alone could see $615 billion in budget shortfalls over the next three years, according to projections made by the Center on Budget and Policy Priorities. Cities are expected to see another $360 billion in revenue losses through 2022, according to the National League of Cities.

Bloomberg Mrkets

By Emmy Lucas

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