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Virus Fallout Forces U.S. Cities to Cut Budgets, Projects - Survey.

CHICAGO, June 23 (Reuters) – U.S. cities are laying off workers, shelving infrastructure projects and delaying or canceling equipment purchases as the economic fallout from the cornonavirus outbreak ravages their budgets and federal funds remain elusive, a survey released on Tuesday showed.

With cities facing a projected $360 billion revenue loss over the next three years, the National League of Cities' survey of more than 1,100 municipalities found that 74% have started to cut their budgets, with 20% reporting across-the-board reductions.

"American cities, towns and villages are facing a double whammy," Matt Zone, a Cleveland City Council member, told reporters in a conference call. "We have mounting expenses related to the pandemic while tax revenues are declining."

Nearly two-thirds of the survey respondents said they are delaying or canceling infrastructure projects as well as equipment purchases like police cars and garbage trucks.

"What we need now is certainty, especially given that local economies are what drives the national economy. There's definitely a ripple effect," said Joe Buscaino, Los Angeles Council president pro tempore and National League of Cities president.

League officials said nearly 70% of cities have not received any of the $150 billion earmarked for state and local government virus-related expenses in the federal CARES Act, which only provided direct funding to the nation's 36 largest municipalities, leaving the rest relying on allocations from their states or counties. The group is pushing for $500 billion in direct and flexible federal funding for all cities, although the outlook for passage in a divided Congress is unclear.

On the jobs front, 32% of cities are eyeing furloughs or layoffs, while 41% have or will institute a hiring freeze, the survey found.

Local government employment, excluding education, fell by just over 500,000 jobs in April and May, according to the U.S. Labor Department.

(Reporting by Karen Pierog; editing by Jonathan Oatis)

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