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**Chief Executive Officer/
Executive Director**
Clarence E. Anthony

March 17, 2020

The Honorable Mitch McConnell
Majority Leader, United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker, United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader, United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader, United States House of Representatives
Washington, DC 20515

Dear Leader McConnell, Speaker Pelosi, Leader Schumer, and Leader McCarthy:

On behalf of the National League of Cities (NLC), and the 19,000 cities, towns and villages we represent, I write to thank you for passing the “Coronavirus Preparedness & Response Supplemental Appropriations Act” with strong bipartisan support. As a result of the bill, and the President’s National Emergency Declaration, local governments are swiftly preparing to receive additional federal funding to be put to use by working methodically with state and federal officials to maintain housing stability, job and wage support, educational opportunities, and the health and well-being of our residents in the face of this ongoing and global health crisis.

At the same time, emergency supplemental funding can only be viewed as a first step toward intervening in the cascading set of needs associated with the coronavirus epidemic. While the economic impact of the pandemic on global markets is already apparent, the effects are being felt first and most severely at the local level. Economic stabilization measures for residents at the community level will slow the spread of the virus and keep residents oriented to longer-term positive outcomes. As you consider additional legislation to provide economic stimulus and fiscal relief, we urge Congress to use the local governments of America’s 19,000 cities, towns, and villages as part of the solution. NLC respectfully requests consideration of the proposals attached to this letter to quickly and efficiently allocate funding to local governments, which are well-situated to deliver support to areas and communities in greatest need.

Lastly, we urge Congress to heed the hard-won lessons learned from the opioid addiction crisis. Too often, desperately needed addiction treatment and recovery funds were delayed or made unavailable as a result of complex or unclear instructions between federal, state, and local authorities. To the extent that federal resources are allocated to state governments, the federal government should work with state agencies to ensure that any relevant funding is clearly and efficiently passed through to local programs within days, rather than weeks or months.

Local governments and their elected officials are coordinating with one another across jurisdictional lines, enacting difficult and fiscally challenging emergency measures to slow the coronavirus epidemic, passing ordinances to limit the worst economic outcomes for residents and small businesses on the margins, and spending such sums as necessary to protect public health and the economy in this extraordinary time. And they are doing so despite funding uncertainty and lack of clear direction from the federal government. It is past time for Congress to bolster efforts at the local level with funding certainty and the stability of unified, non-partisan leadership.

NLC is the voice of America’s 19,000 cities, towns and villages, representing more than 200 million people, and is a resource and advocate for the nation’s cities and their leaders. We are ready to assist your efforts in any capacity, but especially as a means for establishing communications and coordination between federal authorities and local leaders. We are compiling

resources for local leaders on our website at <https://www.nlc.org/resource/coronavirus-response-resources-for-local-leaders>. If NLC can be of further help to you in this crisis, please contact Irma Esparza Diggs, NLC Senior Executive and Director of Federal Advocacy, at 202-626-3176 or diggs@nlc.org.

Sincerely,



Clarence E. Anthony
Executive Director and CEO
National League of Cities

The National League of Cities respectfully requests consideration of the following proposals to support local government intervention in the cascading set of social and economic challenges resulting from the coronavirus disease (COVID-19):

Block Grants to Local Governments: Local governments are in complete support of federal spending and tax measures to protect the national economy in extraordinary, recessionary circumstances. At the same time, in the recent past, federal measures to protect the economy have largely overlooked outcomes for residents living on the economic margins, or at risk of personal financial upheaval due to circumstances largely beyond their control. Block grants to local governments are a powerful tool to protect both the economy and our residents. Formula based block grants allocated directly to local governments have consistently proven to be the most efficient and effective means of quickly moving public funds to areas in need of relief, and to at-risk populations.

- **Community Development Block Grant (CDBG):** \$35 billion. The Community Development Block Grant (CDBG) is ideal for funding immediate efforts to stabilize and improve housing, neighborhoods, and economic opportunity. The CDBG Disaster Recovery program is perfectly suited for longer-term recovery efforts resulting from unanticipated natural and man-made disasters. With a few small adjustments, *such as clearly authorizing housing construction, and housing and homelessness stabilization as eligible uses*, local governments could use CDBG to immediately prevent housing instability and homelessness for at-risk residents, provide emergency funding or credit to small-business and local NGO's, or rehabilitate or improve infrastructure critical to public health. CDBG is ideally suited to meet a variety of common and unique needs of local governments from large metro areas to small and rural communities. Significant emergency supplemental funding for CDBG should be appropriated in tandem with CDBG-DR funds.
- **Surface Transportation Block Grant Program (STBG):** \$35 billion. STBG provides flexible funding that may be used by states and localities for projects to preserve and improve the conditions and performance on any federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals. Although residents are being encouraged to engage in social distancing, maintaining mobility options for all our residents continues to be a paramount concern for local governments.
- **Energy Efficiency and Conservation Block Grant (EECBG):** \$10 billion. EECBG, which Congress has allowed to lapse, provides direct grants to cities, towns and villages with a population of 35,000 or greater for energy efficiency, renewable energy and energy conservation projects. Projects such as lighting and HVAC retrofits, rehabbing homes with energy efficient products, installing solar PVs, and installing electric charging stations not only reduces carbon emissions, but also saves homeowners, businesses and taxpayers dollars. The EECBG program supports new, planned and existing energy savings projects.
- **Social Services Block Grant (SSBG):** \$10 billion. SSBG helps our nation's most vulnerable populations, who are precisely the most at-risk for the exposure and spread of coronavirus. SSBG would help local governments identify and stabilize eligible residents over the intermediate and long term.
- **Economic Adjustment Assistance program:** \$10 billion. Although this is not a block grant, the Economic Development Administration is well-experienced with administering adjustment assistance to industries impacted by unforeseen circumstances. These funds would be especially useful for rebuilding impacted industries, such as tourism or manufacturing supply chains.

Other proposals that would help local governments protect the economy and our residents include:

Support public transit and return to normal operations: Paratransit, rural and suburban transportation provide essential service to medical appointments and hospitals and often operates on a very thin margin to minimize costs. In a time of significant but necessary mobility operations changes to minimize the spread of COVID-19, these providers will lose ridership revenue that supports the fixed-cost expenses, like vehicles, of providing service and see increased costs for cleaning. Federal support should backfill these losses to ensure that transportation services are not jeopardized from the outbreak and that access, especially to medical follow up will be there in the near future as patients recover and normal operations resume.

Fulfill more U.S. Department of Transportation (USDOT) applications across various programs. Most USDOTmodal offices have at least one or more competitive program where valuable infrastructure projects are sidelined due to an insufficient

amount of available funds, especially for the popular Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grant program (previously known as TIGER). If new and additional funds were made available by Congress, previous applications could be reconsidered with additional funding, or additional funds could be applied to programs about to be announced and competed.

Increase Funding for CDBG and suspend the 15% public services cap. The CDBG program is well targeted to low- and moderate-income areas that are the least equipped to withstand the long-term economic consequences of coronavirus. Suspending the 15% cap on CDBG public services and allowing flexibility in the use of the funds to assist in the COVID-19 pandemic will enable grantees to reprogram unspent funds towards critical social services (i.e., health services, food pantries, senior meals programs) and short-term rental assistance to help stave off evictions and assist people impacted by the massive slowdown that will occur in local economies.

Direct the Federal Communications Commission to assist local governments. Directions should include deploying emergency rapid-response funding to schools and libraries to distribute wireless hotspots for residents without in-home broadband; increasing availability of Lifeline service, and ease enrollment restrictions, particularly for families who may lose eligibility through loss of SNAP benefits due to changes in the SNAP program; getting commitments from providers to remove data caps and speed restrictions, amplifying enrollment in low-income programs, and deploying cells-on-wheels in communities with limited infrastructure to provide wireless service; and providing rapid-response funding and loosen requirements for telehealth funding for new and rural healthcare facilities, and expedite action on telehealth opportunities for low-income households.

Restore Build America Bonds (BABs). In the *American Recovery and Reinvestment Act of 2009*, Congress authorized several tax-advantaged financing alternatives to finance government infrastructure projects, including Build America Bonds (BABs). If BABs are brought back, it would open the way for financing thousands of infrastructure projects nationwide. While we would urge Congress to bring back BABs, we would caution that effectiveness will be decreased unless Congress inserts a provision to prevent direct subsidy payment from BABs from being subject to sequestration. Bond purchasers will think twice about purchasing these bonds if they could be subject to sequestration, ultimately undermining the ability to drive investment into infrastructure.

Restore the Advanced Refunding Tax Exempt Bonds. Governments and non-profits lost their ability to advance refund tax-exempt bonds as a result of the *Tax Cuts and Jobs Act of 2017*. Restoring this provision would reduce debt service for local governments and the savings would be able to be put towards public works projects. As an example, the City of Alexandria, Virginia recently told NLC that if it could advance refund some of its tax-exempt bonds, the savings would allow them to build two new fire stations.

Temporarily suspend all federal “shot clocks” that establish time frames within which local governments must complete reviews to, among other things, allow local resources to be reassigned according to emergency needs without fear of penalty.

Provide direct funding and financing for local water infrastructure projects. Local governments fund 95% of all local water infrastructure needs, primarily through user fees. To ensure that low income households are not unduly burdened by rates that are unaffordable, Congress should provide direct funding and financing to local governments for drinking water, wastewater and stormwater management. This should include the State Revolving Funds (including the encouragement of grants and zero interest loans to local governments), WIFIA, sewer overflow control grants, water workforce development grants, and grants for lead treatment, remediation and replacement. Particularly important are programs that support small and rural communities, such as the Rural Utilities Service—Water and Waste Disposal program.

Make AIP assistance available to airports: The aviation industry was the first to experience the full impact of COVID-19. The drop in flights will lead to drops in PFCs which are used to secure long-term bonds for airport improvement. Infusing capital into the existing AIP program with expanded eligibility to handle bond payments, operations and cleaning activities. Any bailouts to airlines would be incomplete without adequately addressing the needs of airports and ensuring that the system is supported.

Ensure a skilled infrastructure workforce to meet demand: By 2022, 4.6 million additional trained workers will be needed to keep pace with the current hiring demands in the infrastructure sector alone, to say nothing of the demand for skilled labor with an investment in new physical infrastructure projects. To ensure that we can continue to build and maintain our nation's infrastructure and bolster local project, NLC supports the bicameral, bipartisan BUILDS Act - H.R. 2831/S. 1517 (Building U.S. Infrastructure by Leveraging Demands for Skills Act), which would invest in work-based learning programs and support services within the infrastructure sector.

Fully fund the Workforce Innovation and Opportunity Act to ensure that our nation's federally-funded workforce program can meet the changing demands of local businesses, including adapting new trainings and programs for the healthcare and medical services needed with the ongoing challenges associated with the COVID-19 response. These can include but are not limited to, public health infrastructure modernization, ensuring a healthcare workforce can meet the needs of added capacity and addressing the needs of special populations, and increased testing capacities.

Invest in school modernization projects that address the aging of our nation's school facilities and allows for an upgrade of school facilities and technologies to meet the demands of modern school programming, including career and technical education classrooms and special education classrooms for children of all abilities.

Provide Loan Payment Relief and Interest Forgiveness; and allocate targeted funding to local funds that provide emergency mortgage and rental payments to prevent eviction. Housing stability and economic security are essential for creating the conditions that will slow and stop the spread of coronavirus. Congress should authorize payment forbearance for six months on federally insured or guaranteed mortgages, and federal student loans. Any forbearance plan should allow for individuals with federal student loans, FHA mortgages and mortgages backed by the GSEs, as well as USDA, VA, and public and Indian housing program loans to all have the flexibility they need to make loan payments without incurring additional fees, compounding interest or negative incidents reflected in their credit scores.