



# The United States Conference of Mayors

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FOR IMMEDIATE RELEASE  
November 6, 2009

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## U.S. MAYORS' SURVEY SHOWS MAIN STREET AMERICA STILL IN RECESSION; CITIES IN DIRE NEED OF JOBS

### Budget Shortfalls in Most Cities Bad This Year; Worse Next Year

Washington, D.C. – In the face of current and projected future budget shortfalls, The U.S. Conference of Mayors today released a survey that shows the economic condition in cities are now serious enough to warrant targeted federal support. In fact, sixty percent of 158 mayors surveyed in 41 states and Puerto Rico say a targeted program of fiscal assistance is needed to help prevent further drastic budget cuts that translate into losses of personnel and reductions in public services (see full survey at [www.usmayors.org](http://www.usmayors.org)).

In cities ranging from Los Angeles and Chicago, to Lima (OH) and Gastonia (NC), two out of three mayors are expecting budget shortfalls this year. Even more – four out of five – are projecting shortfalls in their next fiscal year. In nearly 27 percent of the surveyed cities, this year's budget shortfalls amount to 10 percent or more of total (operating and capital) budgets; in a few of the cities the shortfalls range from as much as 20 to 30 percent of total budgets.

When asked about next year, the vast majority of mayors (86 percent of survey respondents) say projected shortfalls will be the same or larger than this year's. Of these, 39 percent expect it will be larger, and 22 percent expect it will be much larger.

More than half of the mayors say that their local budget situation has affected their ability to engage in job-creating projects, despite the funding provided through the American Recovery and Reinvestment Act (ARRA) -- the economic stimulus legislation enacted in February.

The vast majority of mayors (more than 86 percent) reported that they had received some funds directly to their cities through the ARRA and had already been authorized to begin work using funds provided. The question of whether ARRA funding to create jobs would go directly to cities rather than through states was a contentious issue during the drafting of the legislation. Further, a USCM report tracking transportation stimulus dollars revealed that cities and metropolitan areas were often shortchanged by state Departments of Transportation when it came to doling out ARRA funds and often received far less funds than they deserve given their dominate role in the national economy and respective state economies ([www.usmayors.org](http://www.usmayors.org)).

“Mayors know that once ARRA is fully implemented, millions of jobs will be saved or created and lasting benefits will be realized. But they also know that the American people are demanding that we save or create more jobs NOW,” USCM CEO and Executive Director Tom Cochran. It is clear that when stimulus funds go directly to cities, they are put to work immediately and there is no delay in spending.”

Reporting on areas in which additional federal fiscal assistance could be most effective in creating jobs and meeting local needs, more than nine out of 10 mayors cited local transportation projects; more than eight out of 10 cited community and economic development projects, and more than seven out of 10 cited sewer and water projects.

U.S. mayors are concerned that unemployment numbers in cities are staggering – well beyond national unemployment figures -- and continue to grow: 13.9 percent in Long Beach, California; 13.4 percent in Las Vegas, Nevada; 19.4 percent in National City, California; 14.9 percent in Providence, Rhode Island; 11.5 percent in St. Louis, Missouri; and 10.9 percent in Cleveland, Ohio for example.

“Wall Street may be in recovery, but Main Street America is still hurting. Many economists are saying we are coming out of the recession, but we are concerned that we are in a jobless recession with many cities experiencing double-digit unemployment numbers. Hence we must work with Congress and the White House on a response now,” said USCM CEO and Executive Director Tom Cochran.

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The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor.

### III. What Is Happening Now in Cities/Metro Areas

In an effort to better understand the employment and city budget crises faced by cities today, the Conference of Mayors is conducting a brief survey of America's mayors. To date 148 cities ranging in size from Los Angeles and Chicago to those having populations fewer than 10,000 have responded. These cities are spread across 41 states and Puerto Rico. Their responses take us beyond anecdotal information to show the extent to which so many of our cities are sharing the same problems and experiences, and identifying the same needs for assistance to help restore their solvency and put their residents back to work.

- The three employment sectors most often identified by mayors as experiencing the highest levels of unemployment are construction (by 75 percent), manufacturing (by 55 percent), and retail (by 44 percent).
- Two-thirds of the cities (67 percent) project that they will experience a budget shortfall in the current fiscal year.
- Most often cited as the local causes of the expected shortfalls are decline in anticipated sales tax revenue (by 72.5 percent), decline in anticipated service fees (by 54 percent), and decline in anticipated property tax revenues (by 37 percent).
- Nearly three-fourths of the mayors (73.5 percent) report that cuts in state funding to their cities (either grants or passed-through revenues) have contributed to their budget shortfalls.
- Actions most often being taken to avoid budget shortfalls this year include postponing projects or initiatives (by 81 percent), eliminating city positions through attrition (by 75 percent), and reducing purchasing and procurement (by 73 percent).
- More than four in five mayors responding (81 percent) anticipate a budget shortfall in their next fiscal year.
- Of these mayors, 40 percent expect that next year's shortfall will be larger than the current year's; 21.5 percent expect it to be much larger. Twenty-four percent of the mayors expect it will be about the same. Fourteen percent expect the shortfall will be smaller, and only one of the cities expects it will be much smaller.
- Half of the mayors report that their budget situation has affected their ability to engage in job-creating projects.
- The vast majority of mayors (88 percent) report that they have been authorized to begin work using ARRA funds provided directly to their cities, and/or they have received the direct ARRA funding so that work could begin and workers could be hired.
- Nearly four in five of these cities (78 percent) have received direct funding through the Community Development Block Grant; 69 percent have received it through the Byrne Justice Assistance Grant; about the same (68.5 percent) received it through the Energy Efficiency and Conservation Block Grant. Forty-six percent received COPS hiring grants.
- Mayors say that additional federal assistance can be most effective in creating jobs and meeting local needs if it is focused on local transportation projects such as transit, roads, and bridges (90.5 percent of the mayors cite this), community and economic development (84.4 percent cite this), water and sewer projects (71 percent cite this), energy and environmental projects (67 percent cite this), and public safety personnel (56 percent cite this).

- Most mayors (61 percent) believe that conditions in their cities are serious enough that a program of targeted fiscal assistance is warranted to help prevent further drastic city budget reductions.