

Cities' plea: We need \$75 billion or we'll lay off 500,000

City and county officials said Tuesday that they will face massive layoffs unless Congress passes the \$75 billion Local Jobs for America Act. But the bill's prospects look dim.



An Oakland Police Department recruiting center is closed and boarded up in Oakland, Calif., on July 12. Oakland has struggled to prevent officer layoffs. Other municipalities say they might have to eliminate entire classes for police academies if they don't get federal help.

(Paul Sakuma/AP)

By Ron Scherer, Staff writer

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Municipal and county leaders have a message for Congress: Send us money or we'll have to lay off more workers, close more libraries, and tighten our belts even further.

Without any additional federal aid, job losses for the current fiscal year and next year could total as much as 500,000, according to a new survey released on Tuesday by the United States Conference of Mayors, which represents cities and counties.

Local officials say they are eliminating entire classes for police academies, closing public parks, and increasing class sizes as teachers get laid off. The reductions come at a time when demands for social services are increasing because of the high unemployment rate.

To prevent layoffs, the mayors and county commissioners are asking Congress to pass the Local Jobs for America Act, which would funnel about \$75 billion in direct aid to areas that have high poverty rates.

"It's vital to the survival of cities and towns throughout this country," said James Mitchell, a city council member from Charlotte, N.C., and a vice president at the National League of Cities, in a telephone press briefing.

The ultimatum sets up a summer of drama for cities and counties, largely because the legislation "does not stand a chance in the Senate," says Chris Edwards, an analyst with the libertarian Cato Institute in Washington.

With the federal deficit projected to come in at about \$1.4 trillion this fiscal year, passing any bills that add to the deficit will be

difficult with an election looming.

"It appears adding to the deficit is much more difficult than the past," says Dennis Jacobe, Washington-based chief economist at Gallup, the polling organization. "The question is, is it a priority to substitute for other spending?"

Mr. Edwards notes that state and local government employment grew through 2008 and then was flat for the next two years as corporations and citizens tightened their belts. At the same time, he says, many states and cities have overpromised what they can provide for pensions and health-care benefits.

"If they get more federal bailout money, it's another reason for them to avoid making the tough decisions," says Edwards.

Some of the local officials appear to be tone deaf to the mood in the Senate.

"I don't care what the mood is in the Senate," said Philadelphia Mayor Michael Nutter, an officer with the United States Conference of Mayors. "I am more concerned about the mood of the people and they are [angry] that they don't have a job."

The Obama administration would like to do something for the states and cities. At a Monitor breakfast last week, Treasury Secretary Tim Geithner said, "What the states need is more direct aid." But, he also observed the municipal bond markets are better now, allowing states and cities to borrow easier.

Although the bond market may be better, some economists are still leery of the problems facing states and cities.

The problems might not result in major defaults, but they could lead to some restructuring of debt that results in a "wide disruption in the municipal market for public finance," says Mark Vitner, a senior economist at Wells Fargo in Charlotte, N.C.

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