



THE UNITED STATES CONFERENCE OF MAYORS

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TO: The Mayor

FROM: Tom Cochran, CEO and Executive Director

Attached is a letter that The U.S. Conference of Mayors will be sending to Congress calling for a budget agreement to prevent devastating sequestration cuts to both domestic investment and national defense programs.

This bi-partisan letter has been developed in partnership between USCM President Philadelphia Mayor Michael A. Nutter, USCM Vice President Mesa Mayor Scott Smith, USCM Defense Conversion Task Force Chair Phoenix Mayor Greg Stanton, and USCM Metro Economic Chair Louisville Mayor Greg Fischer. The letter reflects the policy resolutions we adopted in Orlando.

To sign the letter, please go to <http://usmayors.org/SequestrationLetter>.

The deadline is Tuesday, September 18.

If you have any questions, please contact Ed Somers at (202) 861-6706 or esomers@usmayors.org.

Attachment

September XX, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 U.S. Capitol
Washington, DC 20510

The Honorable John Boehner
Speaker
United States House of Representatives
H-232 U.S. Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230 U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
H-204 U.S. Capitol
Washington, DC 20515

Dear Congressional Leaders,

As elected leaders of local communities across the nation, we fully understand the need for fiscal responsibility and the tough choices that are required to achieve a balanced budget. We have also been forced to make challenging, even painful, cuts during this economic downturn. In the coming months, as you address both short- and long-term federal fiscal challenges, we urge you to adopt a bipartisan and balanced approach to deficit reduction by incorporating spending cuts with additional revenue from sources such as tax code reform and closing unfair corporate tax loopholes.

The impending sequestration process mandated by the Budget Control Act of 2011 (BCA) is perhaps the biggest threat to our metro economies, which represent over 90 percent of the nation's Gross Domestic Product (GDP), nearly 90 percent of all wage and salary income, 86 percent of the nation's employment, and 94 percent of future economic growth. These automatic across-the-board cuts in defense and non-defense programs are estimated to reduce the nation's GDP by \$215 billion, decrease personal workforce earnings by \$109.4 billion and cost well over 2 million jobs in only the first year. As recently as August 22, the Congressional Budget Office (CBO) updated its Budget and Economic Outlook for FY 2012 to FY 2022, warning that failure to alter the currently scheduled federal tax and spending policy changes would "lead to economic conditions in 2013 that will probably be considered a recession."

We are particularly concerned with deep reductions in non-defense discretionary spending, one-third of which is directed to state and local programs: 36 percent is directed to education; 28 percent to housing and community development; 18 percent to health and the environment; ten percent to workforce; and five percent to public safety and disaster response. The additional cuts scheduled to occur through sequestration will bring domestically appropriated funding well below historical levels as a share of the economy, forcing inevitable cuts to a number of critical local services and dramatic job losses for teachers, first responders, and health care workers.

We also share the concern expressed by many of your colleagues and industry stakeholders over the impact of sequestration on our military forces and national security; however, the impact will extend far beyond the Department of Defense and related activities. The defense industry, military personnel and innovative research underway at institutions of higher education are significant contributors to many of our metro economies. Nearly half of the estimated job loss and personal earnings reductions will occur in the defense industry; many of these job losses will occur in the civilian sector.

Eighty-four percent of the nation's population resides in 363 metro areas, which will gain 84 million residents over the next 30 years. With this growth, we have no choice but to make investments to relieve congestion, make our ports globally competitive, dramatically improve all levels of education, promote Science, Technology, Engineering and Math, develop first-in-class technology information systems, and work toward energy independence while urgently addressing climate protection. Cities and metro economies are at the center of all these issues and failure to invest in them will lead to the gradual decline of our national economy.

Any federal budget solution that does not make the necessary federal investments in metro infrastructure, education and public safety will impede the national economic growth necessary for our nation to maintain global competitiveness and future fiscal health. The private sector needs this investment to achieve the productivity improvements and innovation that will lead to the economic growth our country desperately needs.

Discretionary spending has already been significantly reduced in recent years. As our local metro economies - which drive the national economy - continue the struggle to recover from the worse national recession in decades, we cannot bear the financial burden that additional discretionary spending cuts would require just to meet the most emergent needs of our constituents.

We recognize the need for the need for the federal government to get its fiscal house in order. We encourage you to work together to find a bipartisan and balanced solution to achieve deficit reduction that facilitates, not undermines, economic growth.