

February 1, 2021

Honorable Members of the Texas Delegation:

As Texas combats the third and largest surge of the COVID-19 pandemic, we once again write to request that Congress provide direct and flexible fiscal assistance to local governments of all sizes. Texas cities need help to continue to address the pandemic and its economic and social impacts and to weather budget shortfalls that we face through no fault of our own.

The budget calamity looming over local governments is real and requires extraordinary measures. As the numbers recently released by Comptroller Hegar illustrate, Texas is not immune from this pain. He reports that December 2020 general fund tax revenues were 9.26% below December 2019's figures. Please note that these numbers do not include delayed property tax revenue losses, the primary source of local government revenue in Texas. Property taxes are always a lagging economic indicator, and we therefore fear that it will be some time before our revenues rebound from the pandemic. All Texas cities are grappling with this devastating reduction in revenue as a result of an unprecedented pandemic. In addition, we are facing this fiscal crisis at the same time we continue to address major public health and public safety challenges and are incurring significant costs to ramp up vaccination efforts and other pandemic prevention and response activities. Cities have been, and will continue to be, the first responders to our pandemic – assistance cannot come at a more necessary time.

Texas cities are major employers that provide core local government services to tens of millions of Texans. However, we are all mandated to balance our budgets and cannot weather a budget deficit for long. Absent direct and flexible assistance, we fear that we will be forced to cut our workforce and reduce services, exacerbating the economic and public health crises created by this pandemic. Indeed, the Bureau of Labor Statistics reports that local governments have already cut 1 million jobs since the pandemic began, including 56,000 in Texas. Furthermore, without direct and flexible fiscal assistance, those unemployment numbers will only get worse, leading to a drag on economic recovery and hurting efforts to safely reopen our economy.

There is broad support for direct and flexible fiscal assistance to local governments. Federal Reserve Board Chairman Jerome Powell and Secretary of the Treasury Janet Yellen have endorsed it in testimony to Congress and in other public remarks, arguing that local government budget cuts threaten to stymie economic recovery and hurt core government services later this year,

and potentially years following. Closer to home, Dallas Federal Reserve Bank President Robert Kaplan has repeatedly voiced strong support for fiscal assistance to local governments. In addition, the U.S. Chamber of Commerce and many other national organizations have called for fiscal assistance to state and local governments.

Texas metropolitan areas account for 93.1% of the Texas economy. Vibrant metropolitan areas with strong, fiscally stable local governments will be key to defeating the pandemic and managing the reopening of the Texas economy. Simply put, it will be impossible to have fiscally stable local governments without flexible fiscal assistance directly allocated from the federal government.

Thank you again for your efforts during this unprecedented time and for your attention to our request. We are confident that, working together, our nation can overcome this crisis.

Sincerely,