



February 3, 2011

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable John Boehner
Speaker of the House
U. S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U. S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader Reid, Senator McConnell, Speaker Boehner, and Representative Pelosi:

As you and the U. S. Congress evaluate alternatives to control the Federal Government's rising deficit, counties are concerned that too much emphasis will be placed on reductions to domestic, discretionary spending programs that will affect the American people. When a recession occurs or the economy falters and there is high unemployment, services at the county level are needed most. Historically, there is a greater need for social services, health care, counseling, job training and local economic development during times like we are facing now. Domestic, discretionary programs are critical to the ability of counties to carry out their responsibilities as service providers for both the federal and state governments.

The current economic climate has translated into diminished revenue streams at the local level. Over the past three years, counties have seen revenue collections drastically diminish. Local governments across the nation are facing a perfect storm through a combination of decreased local tax revenues (primarily property and sales) and major reductions in state financial assistance, while at the same time facing an increased demand for social and health services. As a result, counties of all sizes and in all parts of the nation have been forced to institute significant layoffs, furloughs and service reductions. We anticipate that this climate will continue through at least 2014, and perhaps beyond.

While we are not calling for additional increases in assistance like the 2009 stimulus plan, we are asking the Administration and the Congress to consider the following points as they deal with the difficult issue of deficit reduction:

- **YOU CAN NOT SOLVE THE BUDGET DEFICIT BY ONLY CUTTING DOMESTIC, NON-MILITARY DISCRETIONARY PROGRAMS.** The current national debt is over \$14 trillion. Non-Military, discretionary programs are only 12%, or approximately \$430 billion, of the annual federal budget of \$3.6 trillion. These cuts will not put a significant dent in the deficit. So, why decimate important domestic programs carried out by state and local government that serve our national goals and our common residents?

The National Association of Counties supports maintaining federal financial assistance for county programs at the 2010 fiscal year levels.

- **FEDERAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS WILL HELP MITIGATE FURTHER LAYOFFS.** According to the Congressional Budget Office, the \$800 billion stimulus plan passed in early 2009 provided a boost to the economy that preserved at least 1.4 million jobs. Even with this assistance, state and local governments still had to shed more than 200,000 jobs in 2010. It would have been even worse without the stimulus package. With the stimulus funds running out in 2011, more layoffs are probable this year. With further major cuts in domestic programs, even more reductions are likely, adding to the already high 9.4% unemployment rate.
- **FEDERAL INVESTMENT IN STATE AND LOCAL INFRASTRUCTURE PRODUCES PRIVATE SECTOR JOBS.** Investment by the Federal Government in county programs such as transportation, water and sewer projects, energy efficiency, rural development, CDBG, PILT, and others produce both public and private sector jobs, has a multiplier effect, and promotes local economic development.

Deteriorating infrastructure is a hindrance to economic expansion, while infrastructure investments unlock untapped potential in our economy leading to higher GDP and increased tax revenues. Counties are responsible for a substantial portion of America's infrastructure – 45% of the nation's bridges, 44% of the roads and highways, one-third of the airports and transit systems, and much of our water and sewer system. We can, therefore, vastly contribute to the creation of jobs and economic recovery.

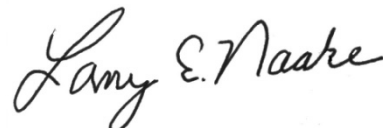
- **DEFICIT REDUCTION SHOULD NOT BE ACCOMPLISHED BY SHIFTING COSTS TO COUNTIES, IMPOSING UNFUNDED MANDATES, OR PRE-EMPTING COUNTY PROGRAMS OR TAXING AUTHORITY.** Cost shifting to, or imposing underfunded or unfunded mandates on, state and local government will only exacerbate the current fiscal strain and delay efforts toward economic recovery.

Mr. President, county governments are partners with the states and the federal government in providing important programs and services to the American people. We are working hard, making significant cuts, instituting reforms, and being creative in facing the worst fiscal crisis since the Great Depression. Counties will participate in addressing the challenges our nation is facing and expect the federal government and Congress to do the same without drastically hurting the people we all serve.

Sincerely,



Glen Whitley
President
National Association of Counties
County Judge, Tarrant County, TX



Larry E. Naake
Executive Director
National Association of Counties