

Government Finance Officers Association
Airports Council International – North America
American Public Power Association
American Society of Civil Engineers
American Water Works Association
International City/County Management Association
Large Public Power Council
National Association of Counties
National Association of Health and Educational Facilities Finance Authorities
National Association of State Auditors, Comptrollers and Treasurers
National Association of State Treasurers
National Community Development Association
National League of Cities
The United States Conference of Mayors

December 8, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
Main Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Mnuchin,

On behalf of the state and local governments that we collectively represent, the undersigned acknowledge the work of our federal partners through the ongoing pandemic. However, due to current deadlines, financial support for critical public services provided by state and local governments will be greatly reduced at the end of this year. December 30, 2020 remains the final spend date for the CARES Act Coronavirus Relief Fund. December 31 is when the Municipal Liquidity Facility terminates. The convergence of those two pivotal deadlines comes at a time when state and local governments wrestle with the reality of a second wave of infections and their consequential revenue declines in addition to increased expenses required to stop the spread. In short, just when an infusion of federal support is needed to combat the pandemic, funding for states and local governments will abruptly end at the end of 2020.

We agree with Chairman Powell's remarks at a September Senate Banking Committee that despite some recent improvement in economic conditions, "both employment and overall economic activity, however, remain well below their pre-pandemic levels, and the path ahead continues to be highly uncertain." Our position remains the same as previously expressed – we urge you to keep the Municipal Liquidity Facility open to normalize municipal credit markets now and into 2021.

Our top priority for federal support is for additional unencumbered direct funding to plug budget shortfalls and projected losses in revenues, especially now that these critical market facilities are no longer available.

Secretary Mnuchin, you point to Congress to re-appropriate \$455 billion for fiscal stimulus¹. As you know, a historic cash event, prolonged ambiguity in bond markets, and impending budget shocks stemming from the pandemic have all culminated at once in 2020; 2021 will provide new fiscal challenges to states and local governments that have been and will continue to serve on the frontlines of this national crisis.

Without swift action and effective partnerships from federal leaders, state and local governments will be facing tough decisions that will only serve to exacerbate already untenable conditions.

Thank you for your attention to this matter.

Sincerely,

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National Community Development Association, Vicki Watson, 540-656-9552
National League of Cities, Michael Gleeson, 206-915-3797
The United States Conference of Mayors, Larry Jones, 202-861-6709

Cc: Members of the Federal Reserve Board of Governors
Federal Reserve Bank of New York
Members of the United States House of Representatives
Members of the United States Senate

¹ November 19, 2020 Letter from Secretary Steven Mnuchin to Federal Reserve Board Chairman Jerome Powell accessed here: <https://home.treasury.gov/system/files/136/letter11192020.pdf>