



NEWS The United States Conference of Mayors

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MAYORS PROPOSE ECONOMIC SECURITY/STIMULUS PLAN; NEW REPORT PREDICTS SLOW JOB GROWTH IN 2003

WASHINGTON – The nation’s mayors today endorsed a comprehensive plan to promote homeland security, invest in America’s cities, create jobs, and spur economic growth. The plan includes homeland security funding, economic assistance for local governments, strategic investments in transportation, housing, and job training, and Medicaid relief for the states.

The mayors also released a new report that finds that metropolitan areas lost 646,000 jobs in 2002. Two-thirds of metro areas lost jobs in 2002, including more than 20,000 jobs lost in each of 10 metro areas. The report predicts continued slow job growth in 2003.

“Cities have made massive investments in homeland security, at a time when the weak national economy has already seriously strained their budgets,” said Boston Mayor Thomas Menino, President of the U.S. Conference of Mayors. “Our new report predicts weak job growth and that is simply not acceptable. We must make strategic investments now in homeland security, transportation, housing, and job training in order to put people back to work and expand the economy.”

Key elements of the mayors’ economic plan are –

- Homeland security funding – Cities across the nation have squeezed already tight budgets to fund significant homeland security investments since 9/11 – more than \$2.6 billion, according to a U.S. Conference of Mayors survey. Yet, they have received no significant federal assistance to date. Cities now face the likelihood of a foreign war that may require even stronger domestic preparedness efforts.
- Economic assistance – Mayors support general economic assistance for local governments, whose budgets have been severely pinched by increased homeland security spending and a weak economy.
- Strategic investments to create jobs – The plan includes accelerated transportation funding, increased federal investment in housing, assistance for brownfield redevelopments, and support for job training initiatives to create jobs, expand economic opportunity, and address urgent urban needs.

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- Tax changes to spur long-term economic growth – Mayors back a homeownership tax credit, expanded earned income tax credit, brownfields redevelopment tax credit, school construction tax credit bonds, and an increase in the state volume cap for municipal bonds.
- Fiscal relief – Medicaid relief would assist states, whose deficits run \$60-80 billion, as well as cities, which face significant cuts in state aid. Additionally, mayors opposed new unfunded mandates from Washington.

The mayors also released a new report on metropolitan area economies, which finds significant job losses in 2001 and 2002, and predicts weak job growth in 2003. Specifically, the report finds –

- 213 of the nation's 319 metro areas, two-thirds, lost jobs in 2002. Six metro areas – New York, Chicago, Atlanta, San Jose, Boston, and Seattle – lost more than 40,000 jobs each. Four additional metro areas – San Francisco, Detroit, Denver, and Los Angeles – lost more than 20,000 jobs each.
- 181 of the 319 metro areas, 57 percent, are expected to record job gains of less than 1% in 2003, a rate of job growth so weak that it will not even lead to a reduction in overall unemployment. Following two years of declines, it will take over a year of growth for most metro areas to reach 2000 employment levels.
- Overall, job growth in metro areas will average just 0.7% annually over 2001-04, down from a robust 1.7% over 1998-2001.
- A short, successful invasion of Iraq will “result in lower spending, output, and income in the first half of 2003, though the economy responds robustly in the second half. The impact of these changes will be to reduce real gross metro product by 0.2 percentage points on average in the first half of the year.”

Three hundred mayors are meeting in Washington this week for the 71st Winter Meeting of the U.S. Conference of Mayors. They will hear from key Administration officials and Congressional leaders and discuss key issues facing cities. More information is available online at www.usmayors.org.

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The U.S. Conference of Mayors is the official nonpartisan organization of the 1,183 cities with populations of 30,000 or more. The primary roles of the Conference of Mayors are to promote the development of effective national urban/suburban policy; strengthen federal-city relationships; ensure that federal policy meets urban needs; provide mayors with leadership and management tools; and create a forum in which mayors can share ideas and information. More information is available at www.usmayors.org.