

# THE BOND BUYER

**Trump walks away from states, local governments, transit agencies, airports**

By

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*President Trump promised passage of a stimulus package after his presumed re-election, but later in the evening offered to sign separate pieces of the larger package that the White House walked away from. **Bloomberg News***

The growing crisis of revenue shortfalls among states, local governments, transit agencies, and airports appears nearly certain to continue after President Trump called a halt to stimulus negotiations Tuesday.

Trump promised passage of a stimulus package after his presumed re-election, but later in the evening offered to sign separate pieces of the larger package that the White House walked away from.

One bill the president [promised to sign](#) would provide \$25 billion for airline payroll support and \$135 billion for the small business Paycheck Protection Program if the money comes from unused funds in the CARES Act.

Trump separately said in [another tweet](#) he would sign a “Stand Alone Bill for Stimulus Checks (\$1,200).”

Neither of Trump’s tweets offered any funding for states, local governments, transit agencies, or airports that Speaker Nancy Pelosi, D-Calif., has consistently insisted be included in one comprehensive emergency aid package.

New Mexico’s Democratic Gov. Michelle Lujan Grisham [tweeted in response](#) to Trump, “Thousands of New Mexicans need the federal government’s help right now. Not November, not whenever you get around to it.”

“The pandemic is real, the economic crisis is real – whether you believe in them or not, Mr. President. Do your job,” her tweet said.

The American Public Transportation Association, which estimates its members cumulatively need \$32 billion to avert cuts in service and a reduction of routes, said the failure of Washington to approve that emergency funding “blatantly disregards the essential lifeline that public transit plays in our communities.”

“The crisis is worsening, and the industry’s very survival is at stake,” APTA said in a statement that called on “Congress and the administration to return to the negotiating table.”

National League of Cities CEO and Executive Director Clarence Anthony predicted “severe economic consequences from the failed negotiations, including more businesses closing and more public and private sector layoffs.”

National Association of Counties spokesman Paul Guequierre said the fiscal condition of counties is “dire.”

Trump’s chances of re-election have waned recently with former Vice President Joe Biden leading by 9.4 percentage points in the latest Real Clear Politics composite average. But 187 electoral votes remain in the balance as tossups in 11 states and two congressional districts in Maine and Nebraska where electoral votes are apportioned.

If Trump decisively loses, there's no guarantee he won't petulantly walk away from stimulus negotiation again.

A key obstacle to additional aid for state and local governments is the Republican-controlled Senate.

Senate Majority Leader Mitch McConnell suggested to Trump earlier on Tuesday that Speaker Nancy Pelosi "was stringing him along and no deal she cut with Mnuchin would command broad GOP support to pass in the Senate," according to sources cited by the Washington Post.

If Democrats gain majority control of the Senate, they could join with the House in approving a stimulus package of emergency aid in early January shortly after being sworn in.

But it's uncertain whether Trump would sign or veto a large stimulus package in the waning days of his presidency before the new president is sworn in at noon on Jan. 20.

Highlighting the immediacy of the ongoing fiscal crisis, Mayor Nan Whaley of Dayton, Ohio told The Bond Buyer in an interview that she received a call from a local hospital Tuesday that they are initiating layoffs. Another hospital system in neighboring Cincinnati announced similar layoffs last week.

Many small businesses with under 50 employees that hung on "by their fingernails" over the summer will not survive the winter, predicted Whaley, who serves as second vice president of the U.S. Conference of Mayors.

"I don't think we'll see anything until January 21 if he loses," said Whaley. "I don't think that's out of the realm of possibility being how vindictive he is."

Whaley accused Trump and McConnell of being out of touch because the stimulus is supported by chambers of commerce, economists on both the left and the right, and even Disney.

Federal Reserve Chairman Jerome Powell also reiterated his support for additional fiscal stimulus in a speech Tuesday to the annual meeting of the National Association of Business Economists.

Powell said that "too little support would lead to a weak recovery" that over time would result in an increase in household insolvencies and business bankruptcies, "harming the productive capacity of the economy and holding back wage growth."

The Federal Reserve chairman also said, "Even if policy actions ultimately proved to be greater than needed, they will not go to waste. The recovery will be

stronger and move faster if monetary policy and fiscal policy continue to work side by side to provide support to the economy until it is clearly out of the woods.”

“There is a risk that the rapid initial gains from reopening may transition to a longer than expected slog back to full recovery, as some segments struggle with the pandemic’s continued fallout,” Powell said.

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