

**Testimony to the House Budget Committee  
Rep. Dan Kildee – May 10, 2018**

Thank you, Chairman and Ranking Member, for the invitation to speak to you all today. I would like to address my remarks on the need for a much more robust federal role, focusing on the life and health of American cities and towns.

It has been my experience that the important role that cities and towns play in a growing economy is not always understood. Cities are where innovation occurs.

Right now, there are only a few elements of federal support for America's cities and towns. The HOME Investment Partnerships Program and the Community Development Block Grant (CDBG) are critical. But both are relatively modest investments in cities and towns when you think about how essential cities are to our overall society and the health of the U.S. economy.

We need a far more robust agenda for cities and towns, but for the moment, unfortunately, I find myself fighting for a sort of Hippocratic Oath for these places that are clearly so vital to our future: first, do no harm.

I was very pleased to see the increase for both these programs in the recently passed FY18 omnibus bill. Yet these increases – while large in terms of recent funding levels – are still woefully short of what is needed to correct years’ worth of disinvestment.

There is a subset of these American cities that are experiencing very serious fiscal stress, the kind of stress that threatens their sustainability and solvency. So far, generally the only coping mechanism state governments have provided to cities has been through a solitary focus on the balance sheet, without any consideration whatsoever regarding the long-term sustainability of the community and the impact on lives of the people living in these cities and towns.

The way state governments often have viewed these places is as if cities are the municipal corporations to provide services for them. Cities are not municipal corporations – they cannot be disassembled and have their parts sold off like a corporation in bankruptcy. Cities are social and economic organisms. State governments may take the position, as was the case in my hometown of Flint, that you can essentially bankrupt a city but at the end of the day we cannot make a city or town go away. It is a collection of people, economic activity and social relationships that will remain.

Instead, we need federal policy that supports increased opportunity, promotes growth, and recognizes that our national interest includes an interest in the future of America's cities and towns.

Among the many issues that should we in Congress should be working on is a true infrastructure investment, one that appropriately weighs up the ability of our communities to provide leveraging funds. A plan that has an 80/20 requirement of local funds compared to federal funds is just not realistic in being able to make a dent in this need.

Congress should be looking to "go big" on infrastructure to fill this gap, but it is vital for policy makers to understand the potential unintended consequences of how such investments could impact cities and towns across the country, particularly older industrial communities. But without a clear plan and resources to revive America's struggling older industrial cities and towns, a massive influx of capital investment, while clearly needed and long overdue, could potentially contribute to the further disparity in a whole subset of American cities and towns that have really struggled with the transition from the old to the new economy.

We need a plan for these communities or we may see them fall even further behind, even in a wave of new development. This failure to compete will have real economic and social consequences for our nation.

I believe that Congress has a responsibility to develop and support programs specifically intended to assist these communities with a much-needed market reset.

I am from Flint, Michigan. I have already lived through significant disinvestment because of, in large part, policy decisions. In the 1950s and 1960s, the United States made incredible investments in the interstate highway system. These were good investments – we all benefit to this day from these investments. The economy grew. Our national security strengthened.

But these investments were not equal in their impact. The tide did not lift all boats. In some places, like the place I grew up in, new interstate highways – coupled, obviously with many other factors - had the unintended consequence of providing an efficient mechanism to empty out my hometown.

How many other cities are one mistake away from catastrophe?

It is my hope that our budget reflects the urgently needed investment in these older cities and towns, a Marshall plan for this subset of fiscally stressed communities.

I'm deeply concerned that unless Congress and the federal government understand that while states have the principle role, we are not absent from this discussion. We need a focused effort, otherwise Flint will not have been the anomaly that many people think it is, it will have been the warning that we failed to heed.

Thank you.