



THE UNITED STATES CONFERENCE OF MAYORS

1620 EYE STREET, NORTHWEST
WASHINGTON, D.C. 20006
TELEPHONE (202) 293-7330
FAX (202) 293-2352
TDD (202) 293-9445
URL: www.usmayors.org/usc.m

Survey on City Fiscal Conditions

November 6, 2009

During the annual Fall Leadership Meeting of The U.S. Conference of Mayors, held October 1-3 in Seattle, mayors from cities of all sizes in all regions of the country described the severity of both the unemployment and fiscal problems they are experiencing as a result of the nation's severe economic downturn. Mayors spoke of difficult actions they have been forced to take to mitigate projected budget shortfalls that are resulting from declines in the revenues on which their budgets depend – actions such as layoffs and furloughs of personnel, cuts in public services and programs, and increases in taxes and fees.

The nation's unemployment rate is at its highest level in more than a quarter-century. Aware of economists' predictions that it would exceed 10 percent – a level that it has now reached, according to today's report on October job losses from the Labor Department – and knowing that discussions were underway in Washington among national organizations, the White House, and the Congress on a potential new package to create and save jobs, Conference leaders called for a survey of mayors to show what is actually happening in their cities in the face of continuing unemployment and revenue losses, and what needs to happen in order to save and create jobs and restore budget stability. Their goal was to go beyond anecdotal information from individual cities to gain a more complete picture of the collective problems being experienced by U.S. cities as a group – the kind of information that could help shape a federal fiscal relief and job recovery package.

The survey, developed by Conference staff and sent to mayors on October 14, produced responses from 158 cities in 41 states and Puerto Rico. These cities range in size from the largest (Los Angeles and Chicago) to those with populations under 10,000. Their responses show the extent to which cities across the country are sharing the same problems and experiences, and identifying the same needs for assistance to help restore their solvency and put their residents back to work. A list of these cities follows at the end of this report.

- Two-thirds of the survey mayors (66 percent) project that they will experience a budget shortfall in the current fiscal year. For cities anticipating budget shortfalls this fiscal year, the average shortfall is expected to be about 6.5 percent of the total (operating and capital) budget. The expected shortfalls range from 20 to 30 percent of the budget in a few of the cities; they are 10 percent or more of the budget in nearly 27 percent of them.
- Even more mayors – more than four in five (81 percent) – anticipate a budget shortfall in their next fiscal year. Of these, the vast majority (86 percent) expect the shortfall will be the same or larger than this year's. (This includes 25 percent expecting next year's shortfall to be about the same, 39 percent expecting it to be larger than the current year's, and 22 percent expecting it to be much larger.)

- Decline in anticipated sales tax revenue is most often cited by mayors as the local cause of this year’s expected budget shortfall. All the areas of anticipated revenue decline most often identified by the mayors as local causes, and the percentages of cities citing them, are the following:

Sales tax	70%
Service fees	55%
Property tax	40%
Investment income	29%
Income tax	18.5%
Hotel tax	18%

In addition, 31 percent of the cities identified revenue losses in other areas, including a variety of utility, business, and real estate transfer taxes and fees, and gaming.

Increases in pension costs were cited as contributing to shortfalls by 34 percent of the cities; increases in health benefit costs were cited by 30 percent.

- Seventy-two percent of the mayors reported that cuts in state funding to local governments, either grants or pass-through revenues, are contributing to their budget shortfall. Among the revenues reduced are general revenues shared with local governments, taxes – such as property, sales, income, and gasoline – which are shared, and various fees which are shared. Examples of service areas affected by the states’ cuts include public safety/law enforcement, public health, family services, streets/roads, schools, homestead credits, libraries, seniors’ programs, and community redevelopment.
- Postponing projects or initiatives, eliminating city positions through attrition, and reducing purchasing and procurement are the actions most often being taken by cities this year to avoid budget shortfalls. All the actions most often being taken, and the percentages of cities taking them, are the following:

Postponing projects/initiatives	81%
Eliminating city positions through attrition	75%
Reducing purchasing/procurement	73%
Using reserve funds	58%
Cutting services	41%
Raising fees	37%
Laying off city workers	34%
Canceling projects/initiatives	33%
Furloughing city workers	27%
Raising taxes	21%

Other specific actions described by cities focused almost exclusively on personnel: imposing hiring freezes, leaving vacant positions unfilled, offering early retirement, freezing pay, delaying or eliminating cost-of-living increases, and delaying or cutting pay increases.

- Mayors in just over half of the cities (51 percent) reported that their budget situation has affected their ability to engage in job-creating projects. Most cities provided examples of projects that have been curtailed, and most of these fall into the categories of capital improvement, infrastructure, and construction.
- The vast majority of mayors (more than 86 percent) report that they had been authorized to begin work using ARRA funds provided directly to their cities, and/or they had received the direct ARRA funding so that work could begin and workers could be hired. The four major ARRA direct funding programs, and the percentages of cities reporting that they have already received authorization or funding through them, are:

Community Development Block Grant	77%
Byrne Justice Assistance Grant	70%
Energy and Environment Conservation Block Grant	68%
COPS Hiring Grant	46%

Other sources of ARRA funding most often cited were HUD’s Homelessness Prevention and Rapid Rehousing Program, Public Housing Capital Grants, Emergency Shelter Grants, and Neighborhood Stabilization Program 1 Grants; DOL’s Workforce Investment Act Grants; DOT’s Federal Highway Administration and Federal Transit Administration Grants; and Federal Aviation Administration Airport Improvement Grants.

- Construction was the employment sector most often identified by the mayors as experiencing the highest levels of unemployment in their cities. Among the sectors most often identified as hardest hit, and the percentages of respondents citing them, are the following:

Construction	73.5%
Manufacturing	56%
Retail	46%
Service	28.5%
Financial Services	26.5%
Government	16%
Tourism	15%

- Asked to indicate in which broad areas additional federal fiscal assistance could be most effective in creating jobs and meeting local needs, more than nine in 10 mayors cited local transportation projects. Following are all the categories of projects and investments most often cited, and the percentages of cities citing them.

Local transportation projects	91%
Community and economic development	83%
Water and sewer projects	71%
Energy and environmental projects	67%
Public safety personnel	55%
School modernization and/or construction	31%
Summer jobs	31%

Cities listed a wide range of other specific program areas in which additional federal assistance could be used effectively. Most often named were workforce training and employment programs.

- Most of the mayors (60 percent) stated that current economic conditions in their cities are serious enough to warrant a program of targeted fiscal assistance in an effort to prevent further drastic city budget reductions. Several elaborated on the need for flexible assistance to stem the loss of personnel, particularly public safety personnel, and minimize cuts in essential public services. Driving the need for assistance in many cities is the significant loss of state aid to local government, aggravated, in some cities, by their states' tapping of city revenues to help meet their own shortfalls.

SURVEY CITIES

Tuscaloosa	Alabama	Doral	Florida
Avondale	Arizona	Gainesville	Florida
Bullhead City	Arizona	Hialeah	Florida
Chandler	Arizona	Hollywood	Florida
Mesa	Arizona	Jacksonville	Florida
Oro Valley	Arizona	Miami	Florida
Tucson	Arizona	Miramar	Florida
Yuma	Arizona	Orlando	Florida
North Little Rock	Arkansas	Pembroke Pines	Florida
Alhambra	California	Wellington	Florida
Bakersfield	California	West Palm Beach	Florida
Bell Gardens	California	Athens	Georgia
Cathedral City	California	Hinesville	Georgia
Culver City	California	Macon	Georgia
Fremont	California	Savannah	Georgia
Fresno	California	Honolulu	Hawaii
Irvine	California	Maui	Hawaii
La Verne	California	Pocatello	Idaho
Long Beach	California	Alton	Illinois
Los Angeles	California	Arlington Heights	Illinois
Manhattan Beach	California	Carbondale	Illinois
Monrovia	California	Chicago	Illinois
Oakland	California	Glendale Heights	Illinois
Pleasanton	California	Hoffman Estates	Illinois
Porterville	California	Joliet	Illinois
Riverside	California	Mount Carmel	Illinois
Sacramento	California	Normal	Illinois
San Pablo	California	Oak Park	Illinois
Santa Ana	California	Quincy	Illinois
Santa Cruz	California	Rockford	Illinois
Santa Rosa	California	Springfield	Illinois
Temecula	California	Carmel	Indiana
Vista	California	Des Moines	Iowa
Denver	Colorado	Dubuque	Iowa
Bridgeport	Connecticut	Lenexa	Kansas
Hartford	Connecticut	Olathe	Kansas
Naugatuck	Connecticut	Bowling Green	Kentucky
West Haven	Connecticut	Frankfort	Kentucky
Wilmington	Delaware	Lexington	Kentucky
Clearwater	Florida	Louisville	Kentucky
Deerfield Beach	Florida	New Orleans	Louisiana

Lewiston	Maine	Eugene	Oregon
Annapolis	Maryland	Lake Oswego	Oregon
Boston	Massachusetts	Portland	Oregon
Dearborn Heights	Michigan	Harrisburg	Pennsylvania
Grosse Pointe Woods	Michigan	Lancaster	Pennsylvania
Kalamazoo	Michigan	Reading	Pennsylvania
Livonia	Michigan	Wilkes-Barre	Pennsylvania
Taylor	Michigan	Isabela	Puerto Rico
Burnsville	Minnesota	Mayaguez	Puerto Rico
Biloxi	Mississippi	San Juan	Puerto Rico
Columbia	Missouri	Pawtucket	Rhode Island
Saint Louis	Missouri	Providence	Rhode Island
Las Vegas	Nevada	Charleston	South Carolina
Sparks	Nevada	West Columbia	South Carolina
Camden	New Jersey	Chattanooga	Tennessee
Elizabeth	New Jersey	Morristown	Tennessee
Jersey City	New Jersey	Nashville	Tennessee
Linden	New Jersey	Arlington	Texas
Piscataway	New Jersey	Beaumont	Texas
Albuquerque	New Mexico	Carrollton	Texas
Rio Rancho	New Mexico	Dallas	Texas
Albany	New York	Denton	Texas
Binghamton	New York	El Paso	Texas
Rochester	New York	Fort Worth	Texas
Schenectady	New York	Haltom City	Texas
Syracuse	New York	Houston	Texas
Asheville	North Carolina	North Richland Hills	Texas
Concord	North Carolina	Rowlett	Texas
Durham	North Carolina	San Antonio	Texas
Gastonia	North Carolina	Salt Lake City	Utah
Cincinnati	Ohio	Alexandria	Virginia
Columbus	Ohio	Norfolk	Virginia
Dublin	Ohio	Portsmouth	Virginia
Gahanna	Ohio	Everett	Washington
Lancaster	Ohio	Seattle	Washington
Lima	Ohio	Brookfield	Wisconsin
Oklahoma City	Oklahoma	Milwaukee	Wisconsin
Stillwater	Oklahoma	Racine	Wisconsin