



City Budget Actions Amidst Recession and Unallotment

LMC research

- Collecting stories of the strategies cities are using and the choices they are facing in these very challenging budget times
- Database for December 2008 – present (300 cities included so far)
- 3 sources of information:
 - Daily news clips from media outlets around the state (primary source)
 - List serves (message boards) hosted by LMC
 - Regional meetings 2009 (6 sites around the state)
- Caveats: LMC has not done any follow-up with cities featured in media stories; some budget action decisions are featured more than once (there is some duplication in the database)
- We have coded the budget actions into broad categories: service cuts, human resource actions, fiscal management tools, service changes (“doing things differently”), and revenue increases

Observations

- State and local “perfect storm” (NLC) of shortfalls in income, sales and property tax revenues
- Fiscal environment markedly different from that in 2003 when the state last faced a large deficit and made significant aid and credit cuts
- Property tax base affected by bursting of the housing bubble and the foreclosure crisis
- These trends have led cities overall to consider a very wide range of actions and strategies to balance their budgets and still meet the needs of their communities
- These trends seem to be leading individual cities to take a multipronged approach to balancing their budgets—instead of making 1 or 2 changes or reductions they are doing multiple different things

Actions cities have taken (percentages exact as of 11/12/09)

Service Reductions

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| 585 records/instances (60% of recorded budget actions) | 24% of these are cuts to parks and recreation 13% of these are cuts to public safety services 13% of these are cuts to capital projects |
| Examples: cuts to park programs (arena hours, community center hours, park programs), cuts to street maintenance (less plowing, reduced pothole repair), cuts to police department (officer layoffs, administrative layoffs), cuts to library (reduced library hours, reduced collections), cuts to capital budgets (canceled or scaled down projects and equipment purchases) | |

Human Resources Actions

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| 205 records/instances (21% of recorded budget actions) | 31% of these are a wage freeze 13% of these are staff layoffs |
| Examples: layoffs, reduced benefits, mandatory and voluntary unpaid furloughs, early retirement programs, leaving positions vacant | |

Fiscal Management Tools

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| 69 records/instances (7% of recorded budget actions) | 26% of these are drawing down reserves 16% of these are increased borrowing |
| Examples: transferring between funds, assuming no state aid | |

Service Changes/"Doing things differently"

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| 51 records/instances (5% of recorded budget actions) | 47% of these are department and staff reorganizations 22% of these are cooperative efforts for service delivery |
| Examples: contracting for janitorial services, joint powers agreement for trails, sharing equipment | |

Revenue Increases

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| 35 records/instances (4% of recorded budget actions) | 49% of these are increased fees |
| Examples: new streetlight fee, new mosquito spraying fee, increased water and sewer rates, increased late charge on utility bills | |

Actions cities are considering (percentages exact as of 11/12/09)

Service Reductions

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| 378 records/instances (51% of recorded budget actions) | 19% of these are cuts to capital projects 17% of these are cuts to park and recreation services 13% are cuts to public safety |
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Human Resources Actions

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| 149 records/instances (20% of recorded budget actions) | 31% of these are wage freeze |
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Revenue Increases

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| 80 records/instances (11% of recorded budget actions) | 34% of these are new fees |
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Service Changes/"Doing things differently"

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| 59 records/instances (8% of recorded budget actions) | 32% of these are cuts to city hall hours 36% of these are reorganizing departments |
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Fiscal Management Tools

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| 44 records/instances (6% of recorded budget actions) | 34% of these are using reserves |
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Examples of cities pursuing several different strategies

The city of **Isanti** has: borrowed from equipment reserve fund; budgeted \$0 for future LGA; cut training budget for councilmembers; eliminated charitable giving; cut 5 positions; left vacant public works position open; implemented public works hiring freeze; transferred funds from liquor store and park and recreation fund to general fund; eliminated transfer to revolving EDA loan fund

The city of **Columbia Heights** has: cut fire department budget; implemented 2 week unpaid furlough, including public safety; laid off two staff; cut library funding; reduced councilmember salaries; reduced community development program; cut public works, including suspension of Dutch Elm disease program, weed control, tree planting; cut park and recreation programs, including seasonal youth enrichment; left police and finance department positions open.

The city of **Austin** has: delayed equipment and purchase orders; cut overnight firefighter staffing; eliminated an engineering position; instituted a hiring freeze; increased sewer rates; cut funding for adult crossing guard program; shorted pool season by 2 weeks; cut budget for city flower program; reduced mosquito spraying; reduced sidewalk repair.

The city of **Little Falls** has: cut equipment budget; closed city hall one day each month; reduced contributions to outside organizations; changed cemetery plowing policy; made reductions in parks, grounds and maintenance department including cuts to park and rec programs, elimination of electric service at tennis courts, and elimination of heat, water and telephone service at park maintenance building and warming house; cuts to police budget; implemented a wage freeze.

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