

# LOCAL GOVERNMENTS CUTTING JOBS AND SERVICES

## Job losses projected to approach 500,000

Unemployment in America is a national crisis. It is also a local crisis. As individuals and families struggle to find work, make ends meet, and keep their homes amid an anemic economic recovery, they increasingly turn to local services for support. Local governments provide job training and assistance, transportation, support services for individuals and families in need, health care and education and afterschool programs that support working families. In many communities, local governments are also one of the primary employers.

Local government job losses in the current and next fiscal years will approach 500,000

Unfortunately, just as families are increasingly turning to local governments for support, local governments are facing their own fiscal crisis. The effects of the Great Recession on local budgets will be felt most deeply from 2010 to 2012.<sup>1</sup> In response, local governments are cutting services and personnel. This report from the National League of Cities (NLC), National Association of Counties (NACo), and the U.S. Conference of Mayors (USCM) reveals that local government job losses in the current and next fiscal years will approach 500,000, with public safety, public works, public health, social services and parks and recreation hardest hit by the cutbacks. Local governments are being forced to make significant cuts that will eliminate jobs, curtail essential services, and increase the number of people in need

This report presents the latest survey results from local officials on job losses and service cuts. The survey results point to the urgent need for federal action to minimize layoffs and service cuts in order to help families and stabilize local economies.

## THE ECONOMIC ROLE OF LOCAL GOVERNMENTS

Local governments — cities and counties — are important to the vitality of families and local economies. They provide goods and services that are important to the quality of life of families, such as public safety, parks, libraries, housing and health services, and are central to the performance of local economies.

Local budget crises lead to job losses in both the public and private sectors. The business of local governments is often conducted through the private sector — construction and maintenance, garbage collection and recycling and tree trimming are just a few examples. The Economic Policy Institute estimates that for every 100 public sector layoffs there are 30 private sector layoffs.<sup>2</sup> Local government investment in transportation, water, sewer and communications infrastructure also leverages significant private sector growth by reducing private sector costs and creating opportunities for

“City cutbacks affect city employees, services to the community, and local economies.

Every city employee lost means one more person in the community without work. Our communities suffer from lost services, whether it’s less police on the streets or the closing of a local library. Cities are also the backbone of their regional economies, where investments in infrastructure and services provide a platform for private sector investment and growth.”

Ron Loveridge, NLC President, Mayor of Riverside, California

“Mayors are holding the nation together by making impossible decisions every day, and we have made cuts to the point where only bone is left. We know from experience that investment in metropolitan economies with direct funding to cities and counties can create and save jobs and do it quickly.”

Elizabeth B. Kautz, USCM President, Mayor of Burnsville, Minnesota

<sup>1</sup> Hoene, Christopher W., *City Budget Shortfalls and Responses: 2010-2012*, National League of Cities, December 2009, [http://www.nlc.org/ASSETS/0149CE492F8C49D095160195306B6E08/BudgetShortfalls\\_FINAL.pdf](http://www.nlc.org/ASSETS/0149CE492F8C49D095160195306B6E08/BudgetShortfalls_FINAL.pdf).

<sup>2</sup> Pollack, Ethan, *Local Government Job Losses Hurt Entire Economy*, Economic Policy Institute, May 2010, <http://www.epi.org/page/./pdf/issuebrief279.pdf>



“U.S. cities will be forced to make gut-wrenching decisions to cut their spending in the next year. This is a story not just . . . of New Jersey. You’re seeing it in Sacramento. You’re seeing it happen in Albany and you’re seeing it happen all over the U.S.”

Cory Booker, Mayor, Newark, N.J.  
*Bloomberg BusinessWeek*, July 09, 2010

additional investment. Local governments are also significant sources of employment. Local and state governments comprise one of the nation’s largest employment industries, larger than the manufacturing and construction industries combined. Local governments account for seven in every 10 of these employees.<sup>3</sup>

Local governments across the country are now facing the combined impact of decreased tax revenues, a falloff in state and federal aid and increased demand for social services. Over the next two years, local tax bases will likely suffer from depressed property values, hard-hit household incomes and declining consumer spending.<sup>4</sup> Further, reported state budget shortfalls for 2010 to 2012 exceeding \$400 billion will pose a significant threat to funding for local government programs.<sup>5</sup> In this current climate of fiscal distress, local governments are forced to eliminate both jobs and services.

## CUTS IN LOCAL JOBS

In May and June of 2010 NLC, NACo and USCM conducted a survey of cities and counties across the country for the purpose of gauging the extent of job losses. The survey was emailed and faxed to all cities over 25,000 in population and to all counties over 100,000 in population. The survey results presented below are based on 270 responses, 214 responses from cities and 56 responses from counties.

The surveyed local governments report cutting 8.6 percent of total full-time equivalent (FTE) positions over the previous fiscal year to the next fiscal year (roughly 2009-2011). If applied to total local government employment nationwide, an 8.6 percent cut in the workforce would mean that 481,000 local government workers were, or will be, laid off over the two-year period.<sup>6</sup> Projected cuts for the next fiscal year will likely increase as many of the nation’s local governments draft new budgets, deliberate about how to balance shortfalls and adopt new budgets.<sup>7</sup>

Survey results project that 481,000 jobs will be lost in local government services.

Local job losses are most heavily felt in public safety, public works, public health, social services, and parks and recreation (see Table 1). Local governments typically seek to shield direct services to residents from cuts during economic downturns and the cuts occurring in these services are indicative of the depth of the recession’s impact on cities and counties.

Cities and counties almost always seek to protect public safety services — police, fire, and emergency — from cuts in personnel and funding. The need for these basic, or “core,” services in terms of protecting the public against crime, fire, and disaster often increase during periods of economic downturn. The depth of the current downturn, however, means that surprising numbers of cities (63%) and counties (39%) report cuts in public safety personnel. For some communities this means fire and police stations that are closed and the potential for reduced capacity to respond to emergencies.

A majority of the surveyed cities (60%) and counties (68%) report making personnel cuts in public works. Public works services are highly visible to local residents — such as highway and road construction and maintenance and solid waste (garbage and recycling) disposal. Cuts in public works are common responses to economic downturns, but the range of local governments making these cuts in

3 U.S. Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

4 Local fiscal conditions typically lag economic conditions, in much the same way that state fiscal conditions lag economic conditions and the unemployment rate lags overall economic recovery. For local budgets, this lag can be anywhere from one to three years, depending on the factors driving the changes in the economy and the depth of those changes. Current economic indicators suggest that the U.S. economy passed the low point of the current recession in late 2009, which means that the low point for local fiscal conditions will likely be experienced sometime in 2011. To illustrate this lag, the U.S. Census of Governments reports that local property tax collections began to decline in the first quarter of 2010, two-and-a-half years after the housing market began to decline in the summer of 2007. For more information about the lag, see *City Fiscal Conditions in 2009* (NLC, Sept. 2009) at [http://www.nlc.org/ASSETS/E1BD3CEFA8094BD097A04BD10CBB785B/CityFiscalConditions\\_09%20\(2\).pdf](http://www.nlc.org/ASSETS/E1BD3CEFA8094BD097A04BD10CBB785B/CityFiscalConditions_09%20(2).pdf).

5 McNichol, Elizabeth, Phil Oliff and Nicholas Johnson, *Recession Continues to Batter State Budgets; State Responses Could Slow Recovery*, Center on Budget and Policy Priorities, July 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=711>.

6 Total city and county employment statistics are drawn from the U.S. Census of Governments.

7 Not all cities and counties utilize the same fiscal year timeframes. The most common local government fiscal year runs from July 1 to June 30, which is used by 46 percent of the surveyed cities and 56 percent of the surveyed counties. Some local governments utilize a January 1 to December 31 fiscal year (28 percent cities; 21 percent counties), some use a October 1 to September 30 fiscal year (22 percent cities; 18 percent counties) and others use some alternate timeframe (4 percent cities; 1 percent counties).

Table 1: % of Localities Reporting Personnel Cuts, by Service Area

Service	Cities	Counties
Courts	NA	25%
Economic Development	27%	25%
Libraries	25%	36%
Parks and Recreation	54%	45%
Public Health	NA	48%
Public Safety	63%	39%
Public Works*	60%	68%
Social Services	26%	52%

\*Includes transportation infrastructure, construction and maintenance, zoning, solid waste collection and disposal, and water and sewers.

response to the current downturn is considerably higher than previously. For instance, in response to the 2001 recession, a survey conducted by NACo revealed that 26 percent of counties were delaying highway and road construction and 23 percent reported delaying highway and road maintenance.<sup>8</sup> Cuts in public works go beyond public jobs, with many of these services provided via contracts with private sector businesses.

Approximately half of the surveyed counties report personnel cuts in social services (52%) and public health (48%), services that are critical to local residents in need. Counties, and some cities, deliver significant services in these arenas, in many cases as extensions of state government programs. For example, many counties are the primary delivery agents for child welfare services, cash assistance payments to individuals and families in need and public health and medical services. Confronted with their own significant budget shortfalls, many states are cutting these programs. Yet, demand for these services tends to increase during periods of economic downturn. Personnel and other budget cuts will increase the already expanding pressures on case loads and the remaining personnel.

Park maintenance and programs for youth, such as afterschool educational and recreational activities, and seniors, such as meal delivery services, are also highly visible local services that often serve as the primary point of interaction for many residents with local governments. Approximately half of cities (54%) and counties (45%) report personnel cuts in parks and recreation services.

Many local governments are also making personnel cuts in library services, resulting in closures, reduced hours and cuts in programs. Libraries often serve as centers for job searches for residents without access to computers and the Internet, or provide afterschool programs.

City- and county-run schools and school districts are also facing significant cut-backs. Economic conditions have eroded local revenue bases and, particularly in education, state budget shortfalls are resulting in significant cuts to funding for local schools. In response, teaching jobs and special programs are being elimi-

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*“If City Hall does not have a strong financial position, if our foundation is upside down financially, we are a hindrance and a burden to other job creators, namely the private sector.”*

*Ashley Swearengen, Mayor, Fresno, Calif.  
Fresno Bee, July 19, 2010.*

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<sup>8</sup> Hayes, Harry and Richard Clark, *Counties in Crisis*, Carl Vinson Institute of Government, University of Georgia, July 2003.

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*“To fulfill their service responsibilities, county governments employ more than 2 million professional, technical, and clerical personnel. The ongoing recession has had a devastating impact on county budgets. Counties of all sizes, and in all parts of the Nation have been forced to institute layoffs, furloughs, service reductions, and fee increases. The Local Jobs for America Act comes at a very critical time, as the financial collapse has forced our states and counties to cut jobs for key people in our communities such as schoolteachers, police, firefighters and others.”*

*Judge B. Glen Whitley, NACo President,  
Tarrant County, Texas*

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nated, class sizes are increasing and caseloads for school aides and counselors are on the rise.

## THE NEED FOR FEDERAL ACTION

While the nation’s economy is slowly emerging from the worst economic downturn since the Great Depression, the consequences of the recession will be playing out in America’s local communities for years to come. Since the onset of the economic downturn, local leaders have been forced to make tough choices in an effort to provide desperately needed services and to bolster their local economies while responding to large and often persistent budget shortfalls. With the nation’s unemployment rate hovering around 9.5 percent and more than 8 million jobs lost since the recession began in late 2007, families are being forced to do the same.

To secure economic recovery, Congress and the Administration must act now to create jobs quickly and help stabilize local government economies. An immediate opportunity exists in the Local Jobs for America Act (H.R. 4812/S. 3500), which would provide \$75 billion in targeted and temporary fiscal assistance over two years to local governments and community based organizations to save and create local jobs. Other opportunities include investing in infrastructure through targeted spending to local governments and ensuring that small businesses and local governments can obtain access to credit. Federal investment that helps save local jobs and preserve local services will help stabilize communities across the country and ensure that all of America’s families are able to participate in the economic recovery.

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## EXAMPLES

### Fresno, Calif.

In two years, the city has cut its workforce by 16 percent, from 4,160 positions to 3,500. Facing a projected budget shortfall of \$31 million by 2015, the city government passed a 2010 budget that includes up to 225 layoffs, reductions in the police force, reduced bus services and reduced park maintenance. Fresno's cuts will add to June's employment statistics showing that local government jobs declined by 1,300 in the San Joaquin Valley, bringing to 5,300 the reduction in local government workers over 25 months, or 30 percent of the total decline in employment in the Valley. Fresno Mayor Ashley Swearingin says the cuts are needed to keep the city's fiscal house in order. Source: *Fresno Bee*, July 19, 2010.

### Flint, Mich.

Facing a \$15 million budget deficit, Flint was forced to make cuts in public safety, eliminating 23 of 88 firefighter positions and closing two fire stations. The remaining fire stations face limitations on equipment, with crews often waiting for fire trucks to travel from other stations in responding to fires. Source: *The Fiscal Times*, July 19, 2010.

### Brevard County, Fla.

Next year's county budget will start 14 percent below the current year — a shortfall of \$125 million. As a result, the county will likely have to lay off 118 employees and will not fill 86 vacant positions. The cuts may include 31 Sheriff's deputies, eliminating a first responder emergency medical service program, closing community centers, and reduced transit service. Source: *Florida Today*, July 9, 2010.

### Cincinnati, Ohio

One of the ways that the city balanced a \$50 million shortfall in the past year was to make cuts in public services, including the loss of 27 workers from a department that handles trash collection, snow removal and filling potholes.

The cuts have reduced the department's response time in responding to requests for filling potholes and other road maintenance. Further cuts are expected in the next fiscal year as the city confronts another \$50 million shortfall.

Source: *Cincinnati Enquirer*, July 11, 2010.

### Lee County, Fla.

The county's department of transportation is experiencing a 50-position reduction due to layoffs and not filling vacant positions as the county seeks to cut \$48 million from its budget. The county's budget has dropped by 43 percent in recent years, from \$96.5 million to \$55 million, in response to the recession. Source: *Naples Daily News*, July 13, 2010.

### Mecklenburg County, N.C.

The county recently adopted a budget that includes \$71 million in cuts and could lead to layoffs of more than 300 workers. Schools, libraries and parks will all see large decreases,

with major impacts on area non-profit agencies where 74 percent of county funding will disappear. For example, county veterans services will be forced to eliminate an outreach program to home-bound, elderly veterans. Source: *WBTV* (Charlotte), June 15, 2010.

### New York, New York

The city cut a \$4 million social services program aimed at helping the poor and elderly obtain health insurance, use health services, and contest denied health insurance claims. The program, which served as a model for a program at the federal level, reportedly helped 10,000 people a year, but was cut as city leaders were forced to make decisions about cuts among health services, children's services, senior centers, fire companies and libraries. Source: *The New York Times*, July 8, 2010.

### Dallas, Texas

The city will lay off 500 employees, 4 percent of the city workforce, in an effort to solve a budget shortfall of \$130 million. The city's library system is expected to see the largest reduction in positions. In addition to the layoffs, service cuts are expected in street services, libraries, recreation centers and municipal swimming pools. For example, nine of the city's 43 recreation centers will not be open a full 40 hours a week and will have less staff available. Parks cutbacks include not picking up litter and decreased mowing. The city is also delaying the purchase of new police and firefighting equipment. City Manager Mary Suhm said the cuts were necessary responses to economic conditions, "I do not think the economy will come roaring back. I do think it will come back, but I think that the slope on that line will be very slow."

Source: *Dallas Morning News*, July 15, 2010.

### San Jose, Calif.

In order to balance a \$118.5 million shortfall, the city reduced employee compensation by 10 percent, eliminated 30 management-level positions and cut public services, mainly at libraries, which reduced open hours from six days to four-and-a-half days a week. Without the employee cuts and concessions, the city would have been forced to close 22 community centers. Source: *The Fiscal Times*, July 19, 2010.

### Portland, Ore.

Portland Public Schools will eliminate 120 teaching positions, including nearly 60 special education positions, resulting in increases in class sizes and caseloads. Eliminating teacher jobs will save \$13 million and was necessary after the state cut school funding by 9 percent, or \$19 million in total for Portland. Portland is banking on the federal government to pass legislation that would help save teacher jobs and would cover the remaining \$6 million shortfall. Without federal help, another 60 jobs will likely be eliminated. Source: *The Oregonian*, July 19, 2010.

## APPENDIX A – LIST OF RESPONDING CITIES

Dothan	AL	West Hartford	CT	Bay City	MI	Carolina	PR
Mobile	AL	Newark	DE	East Lansing	MI	Ponce	PR
Fort Smith	AR	Wilmington	DE	Flint	MI	Toa Baja	PR
North Little Rock	AR	Boca Raton	FL	Grand Rapids	MI	Newport	RI
Avondale	AZ	Boynton Beach	FL	Madison Heights	MI	Charleston	SC
Bullhead City	AZ	Coral Springs	FL	Royal Oak	MI	Hilton Head Island	SC
Lake Havasu City	AZ	Delray Beach	FL	Southgate	MI	Arlington	TN
Phoenix	AZ	Fort Myers	FL	Sterling Heights	MI	Chattanooga	TN
Tucson	AZ	Greenacres	FL	Westland	MI	Jackson	TN
Berkeley	CA	Hallandale Beach	FL	Brooklyn Center	MN	Kingsport	TN
Burlingame	CA	Hollywood	FL	Brooklyn Park	MN	Morristown	TN
Campbell	CA	Jacksonville	FL	Burnsville	MN	Murfreesboro	TN
Chula Vista	CA	Lakeland	FL	Maple Grove	MN	Weslaco	TX
Claremont	CA	Miami Gardens	FL	Maplewood	MN	Beaumont	TX
Concord	CA	Orlando	FL	Plymouth	MN	Bryan	TX
Daly City	CA	Palm Bay	FL	Rochester	MN	El Paso	TX
Folsom	CA	Palm Coast	FL	Chesterfield	MO	Eules	TX
Fresno	CA	Pembroke Pines	FL	Columbia	MO	Flower Mound	TX
Garden Grove	CA	Pinellas Park	FL	Maryland Heights	MO	Fort Worth	TX
Goleta	CA	Pinellas Park	FL	St. Peters	MO	Friendswood	TX
Huntington Beach	CA	Plantation	FL	St. Joseph	MO	Houston	TX
La Verne	CA	West Palm Beach	FL	Billings	MT	Hurst	TX
Laguna Niguel	CA	Jupiter	FL	Gastonia	NC	La Porte	TX
Los Angeles	CA	North Miami	FL	High Point	NC	Laredo	TX
Los Gatos	CA	St. Petersburg	FL	Winston-Salem	NC	McAllen	TX
Monrovia	CA	Tallahassee	FL	Lincoln	NE	Mesquite	TX
Novato	CA	LaGrange	GA	Brick	NJ	Plano	TX
Ontario	CA	Valdosta	GA	Jersey City	NJ	Rowlett	TX
Pacifica	CA	Maui	HI	Manalapan	NJ	Waco	TX
Pasadena	CA	Dubuque	IA	Montclair	NJ	Nacogdoches	TX
Pico Rivera	CA	Idaho Falls	ID	Teaneck	NJ	Odessa	TX
Pomona	CA	Alton	IL	Union	NJ	Lynchburg	VA
Rancho Cucamonga	CA	Evanston	IL	Albuquerque	NM	Portsmouth	VA
Redondo Beach	CA	Galesburg	IL	Farmington	NM	Virginia Beach	VA
Riverside	CA	Hoffman Estates	IL	Rio Rancho	NM	Everett	WA
San Bernardino	CA	Naperville	IL	Reno	NV	Federal Way	WA
San Francisco	CA	Niles	IL	Binghamton	NY	Longview	WA
San Leandro	CA	Oak Park	IL	New Rochelle	NY	Seattle	WA
San Rafael	CA	Schaumburg	IL	Niag	NY	Spokane	WA
Santa Barbara	CA	Streamwood	IL	Rochester	NY	Vancouver	WA
Santa Cruz	CA	Wheeling	IL	Schenecta	NY	Wenatchee	WA
Santa Maria	CA	Woodbridge	IL	White Plains	NY	Brookfield	WI
Santa Monica	CA	Arlington Heights	IL	Akron	OH	Racine	WI
Stanton	CA	Wilmette	IL	Columbus	OH	West Allis	WI
Temecula	CA	Carmel	IN	Dublin	OH	Huntington	WV
Turlock	CA	Indianapolis	IN	Huber Heights	OH		
Visalia	CA	Gary	IN	Lima	OH		
Vista	CA	Lenexa	KS	Springfield	OH		
Walnut Creek	CA	Bowling Green	KY	University Heights	OH		
Denver	CO	Lexington	KY	Warren	OH		
Grand Junction	CO	Springfield	MA	Oklahoma City	OK		
Longmont	CO	Gaithersburg	MD	Beaverton	OR		
Northglenn	CO	Rockville	MD	Erie	PA		
Pueblo	CO	Lewiston	ME	Shaler	PA		
Centennial	CO			Lancaster	PA		
Bristol	CT						
Hartford	CT						
Meriden	CT						

## APPENDIX B – LIST OF RESPONDING COUNTIES

Marshall	AL	Larimer	CO	Kent	MI	Chaves	NM
Mobile	AL	Charlotte	FL	Oakland	MI	Lea	NM
Russell	AL	Duval	FL	Tuscola	MI	Washoe	NV
Walker	AL	Seminole	FL	Dakota	MN	Genesee	NY
Navajo	AZ	St John's	FL	Greene	MO	Franklin	OH
Contra Costa	CA	Bulloch	GA	Cascade	MT	Benton	OR
Humboldt	CA	Polk	IA	Gallatin	MT	Deschutes	OR
San Bernardino	CA	Champaign	IL	Alamance	NC	Polk	TX
San Luis Obispo	CA	Peoria	IL	Cumberland	NC	Arlington	VA
Santa Cruz	CA	Elkhart	IN	Forsyth	NC	Chesterfield	VA
Solano	CA	Carroll	MD	Moore	NC	Henrico	VA
Sonoma	CA	St. Mary's	MD	Pitt	NC	Roanoke	VA
Tuolumne	CA	Wicomico	MD	Robeson	NC	Spotsylvania	VA
El Paso	CO	Kennebec	ME	Gloucester	NJ	Clark	WA

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## ABOUT THE NATIONAL LEAGUE OF CITIES

The National League of Cities is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for more than 1,600 member cities and the 49 state municipal leagues, representing 19,000 cities and towns and more than 218 million Americans. Through its Center for Research and Innovation, NLC provides research and analysis on key topics and trends important to cities.



## ABOUT THE NATIONAL ASSOCIATION OF COUNTIES

The National Association of Counties (NACo) is the only national organization that represents county governments in the United States. Founded in 1935, celebrating its 75th Anniversary, NACo provides essential services to the nation's 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research, and provides value-added services to save counties and taxpayers money.



## ABOUT THE U.S. CONFERENCE OF MAYORS

The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor.

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