City Fiscal Conditions 2021

NATIONAL LEAGUE OF CITIES

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NATIONAL LEAGUE OF CITIES

CENTER FOR CITY SOLUTIONS

About the National League of Cities (NLC)

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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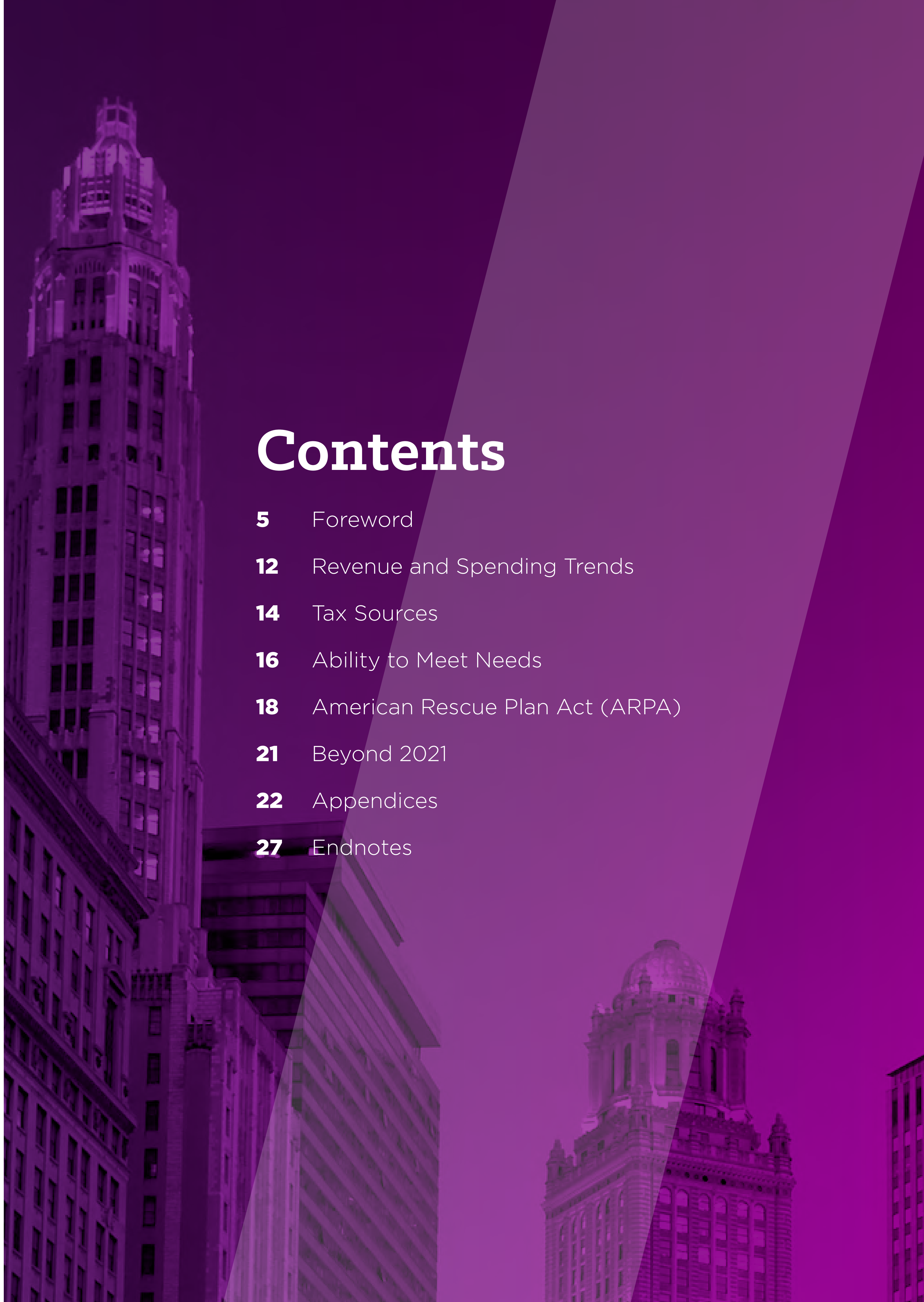

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Foreword

ONE YEAR AGO, CITIES WERE FACING ECONOMIC UNCERTAINTY AS THE COVID-19 pandemic decimated local budgets and forced cuts to critical municipal programs, jobs, and rollbacks of capital projects. Unemployment was up, revenues were down, and Americans across the country desperately needed help. If you had asked me a year ago what economic shape our cities would be in, I would have expressed extreme concern – without federal support, communities were facing revenue shortfalls that would have taken decades to recover from on their own.

A lot has changed in the last year. Vaccines are now giving our communities hope and a path forward to bringing the pandemic to an end. As cities rebuild, we're finding opportunities to address longstanding health, social and economic inequities. We have found alternate ways of working and adapting to the new normal. And critically, the National League of Cities, in working with our state municipal leagues and local leaders from cities, towns and villages across the country, delivered unprecedented federal relief to respond to a once-in-a-generation crisis, distributing $65.1 billion dollars directly to local governments to fuel America's recovery through the American Rescue Plan Act (ARPA).

Federal assistance is transformative when applied in close partnership with local governments. ARPA and other federal recovery programs delivered resources directly to communities of all sizes, replacing revenue and allowing city leaders to protect residents through rental and utility assistance programs, small business grants, vaccination clinics, and countless other initiatives that help keep residents safe and businesses open.

What this year's City Fiscal Conditions survey shows us is that the partnership between federal and local governments is working, preventing much more severe economic challenges and empowering communities to focus on programs that best support their needs. We aren't out of the woods yet; there is much more work to do to get our communities back to normal. But thankfully, the foundation has been laid to rebuild our national economy, one Main Street at a time.

CLARENCE E. ANTHONY
CEO AND EXECUTIVE DIRECTOR
National League of Cities

Introduction

As demonstrated by a strong start to the fiscal year, 2020 was set to be the first opportunity for city revenue expansion beyond pre-Great Recession levels. After nearly a decade of slow recovery, city general fund revenues finally regained their losses in 2019. However, *City Fiscal Conditions 2021* reveals that in just the first few months of the COVID-19 pandemic, all revenue gains cities had made for the year were wiped out.

This year's analysis of survey and fiscal data from 444 cities finds that on balance, cities ended FY 2020 with a revenue loss, the first since the Great Recession, and budgeted further decline as they close the books on FY 2021. Although significant, these losses pale in comparison to what could have been without federal intervention and other key factors.

To start, cities' general tax receipts depend on their authority to collect taxes from real estate (which all cities can do), retail sales (which is authorized by more than half of the nation's municipalities), income or wages (a tax authorized by slightly more than 10% of all cities located in just a few states), utilities, and other sources. Each of those was affected differently by the pandemic.

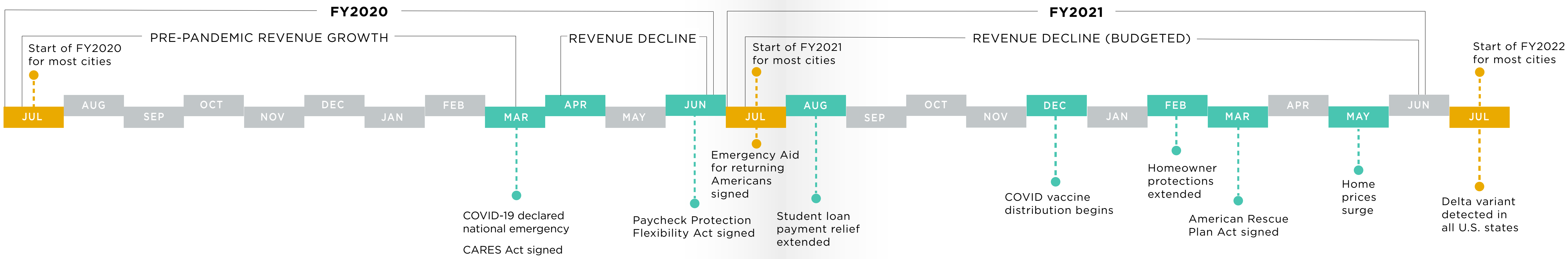
Property tax receipts in 2020 were not expected to change significantly in response to the pandemic because of the lag between assessments and billing practices. Substantial changes in real estate prices in 2020 would not normally be registered for one to three years later. In fact, as expected, real estate tax receipts increased in 2020 and even slightly in 2021. Yet, the real estate market in much of the nation surged in the spring and summer of 2021, several months after cities approved their FY 2021 budgets. Consequently, the property tax projections for FY 2021 may be conservative. As discussed below, real estate remained generally stable to strong during the pandemic.

Retail sales tax receipts registered a decline in FY 2020 as well as FY 2021 (budgeted), which is not unexpected given the decline in household spending. Nevertheless, most cities in the U.S. were allowed to collect online retail sales taxes, which they were prohibited from doing during the Great Recession. The U.S. Supreme Court's *South Dakota v. Wayfair* decision (138 S.Ct. 2080 (2018)) helped blunt what could have been a disastrous fiscal situation for sales-tax dependent cities. Even with the legal authority to collect online sales taxes (in June, Missouri became the last state to allow online sales taxes to be collected for cities), city sales tax receipts declined in FY 2020 and were expected to decline again, although less so, in FY 2021.

The third major general tax on income and wages was affected as unemployment soared in the second quarter of 2020, reducing collections.

Of course, a major factor that tempered losses by the municipal sector this year was proactive federal policy. In addition to federal support

COVID-19 & FISCAL CONDITIONS: A TIMELINE (JULY 2019-JULY 2021)



for households and businesses (cash, grants, loans, eviction moratorium, insurance benefits) throughout 2020 and 2021 that impeded an economic freefall and created more stable local tax bases, large local governments were provided direct relief through the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020, and all cities, towns and villages across the U.S. were provided relief as part of the American Rescue Plan Act (ARPA) that passed in March 2021.

For most of the cities in the study, their fiscal years end June 30, which means that the funds from the federal CARES act arrived at least in part to support their FY 2020 budgets while for cities with fiscal years ending December 31, all of the CARES Act funding would have been included in their FY 2020 budgets. If we assess cities' fiscal positions over a two-year period to smooth out these differences, rather than just one as is the norm, the data would indicate that cities recovered much of their FY 2020 losses by FY 2021 such that FY 2021 budgets are only slightly smaller than FY 2019 budgets. This suggests that CARES act provided support for cities in the second and third quarters of 2020 that, in the absence of federal funding, could have been catastrophic. Additionally, at the time of FY 2021 budgeting (for many June 2020), direct relief via ARPA was not in sight, indicating that the FY 2021 budgeted revenues will likely prove conservative.

The combination of a strong real estate market, a landmark court decision allowing cities to collect online sales taxes and federal support, offset by other changes in the economic base of cities, led to decline in revenues in FY 2020 and a projected decline in FY 2021, but by less than they would have experienced had the pandemic taken place just a decade ago.

Fiscal Structure and the Economy

Cities in the U.S. generate the majority of their revenue by designing their own tax and fee structures within limits imposed by their states. As a consequence, cities' fiscal structures vary across the country, with some relying heavily on property taxes and others primarily on sales taxes. Only a few cities—approximately one in 10—rely mostly on income or wage taxes.

Each source of revenue responds to economic changes differently. Local property tax revenues are driven by the value of residential and commercial property, with property tax bills determined by local governments' assessment of property values. Because of assessment practices, property tax revenues typically reflect the value of a property anywhere from 18 months to several years prior, so they are less immediately responsive to economic changes than other types of taxes.

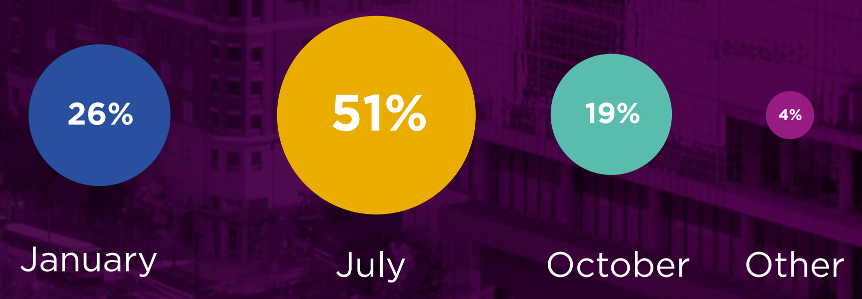
While property tax revenues are considered a lagged indicator of economic changes, sales taxes are elastic – or more responsive to economic changes – and often better reflect economic shifts. This is because people tend to spend more on goods and services when consumer confidence is high, and vice versa. Like sales taxes, income taxes are also a more elastic source of revenue. At the city level, income tax revenues are driven primarily by income and wages, rather than by capital gains (New York City is a notable exception).

Fiscal Year Start Month and Budget Response

Although the federal government's fiscal year begins October 1 and 46 state fiscal years begin July 1, city fiscal years vary, many beginning January 1, July 1 or October 1, with some during other months. Because fiscal years start at different times, some cities' 2020 fiscal years were just beginning as the coronavirus spread, meaning their budgets were facing the full brunt of the economic downturn throughout 2020, while others, which started their fiscal years in 2019, reaped the benefits of a stronger economy and only felt the downturn in the tail end of their fiscal year. Consequently, measuring the severity and impact of the coronavirus on cities' FY 2020 and FY 2021 budgets will be influenced by when the fiscal year begins.

When considering these variations in fiscal years on the overall trends experienced by cities nationwide, the aggregate impact will appear muted in the short term, with the true depth of impact more evident in subsequent years as budgets absorb the economic hit. Given that most cities' FY 2020 budget only captures a couple of months of the pandemic recession, fiscal year 2020 more closely represents a pre-recession baseline of city fiscal conditions. Additionally, many cities' FY 2021 budget processes were taking place in Spring and early Summer of 2020, a time of immense uncertainty and prior to the passage of the American Rescue Plan Act. Therefore, it is likely that FY 2021 revenue estimates are conservative.

SHARE OF CITIES WITH FISCAL YEAR START MONTH (THOSE IN THE 2021 SAMPLE)



Revenue and Spending Trends

THIS ANALYSIS EXAMINES YEAR-OVER-year growth of general fund expenditures and revenues, adjusts for inflation (constant dollars) and includes fiscal data over several years.[1] Specifically, FY 2020 is the fiscal year for which finance officers have closed the books (and therefore have verified the final numbers) and FY 2021 is the fiscal year that ended by June 30 for most cities and will end by December 31 for others, but for which it may be too soon for figures to be finalized. Therefore, this analysis includes final data for cities' FY 2020 revenues and expenditures and budgeted FY 2021 revenues and expenditures.

Constant-dollar general fund revenues declined about one percent in FY 2020, with cities anticipating further year-over-year decline of two percent for FY 2021. Constant-dollar general fund expenditures outpaced revenues with 1.34% growth over 2019, with nearly no growth expected for FY 2021 over 2020. Cities slowed their pace of spending to ensure balanced budgets, often resulting in delayed and canceled capital projects, hiring freezes and layoffs, reforms to public safety and cuts to services, such as parks and recreation.

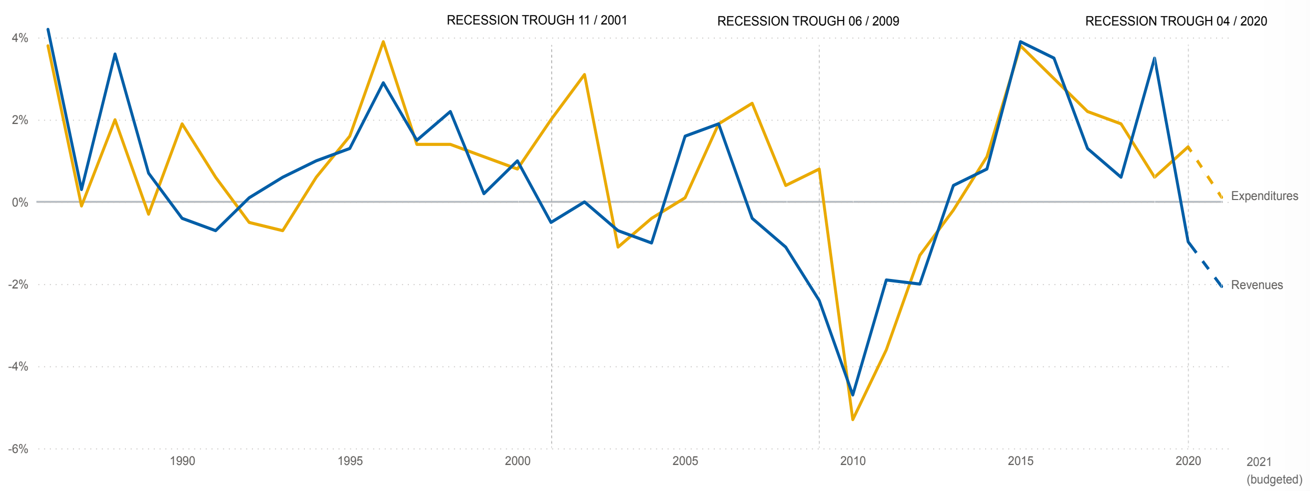
Bridgeport, CT, for instance, budgeted for a sharp 21.36% decline in FY 2021 general fund expenditures compared to FY 2020, largely due to an $85 million decrease in public safety expenditures. Chula Vista, CA, as another example, budgeted FY 2021 general fund expenditures at $158.6 million, a 26.61% decline compared to $216 million in FY 2020. This significant decline in spending is mainly due to $38 million, $13 million, and $8 million declines in capital outlays, public safety, and public works expenditures, respectively, over the last fiscal year.

Even though the data indicate that on average, general fund revenues decreased in FY 2020 and are projected to decline further in FY 2021, the variation among cities is noteworthy. This variation is evident both in terms of the year-over-year revenue swings within particular cities as well as the number of cities outside of the typical range. In prior years, most cities' revenue changes were within +/- two percentage points of the average.

From FY 2019 to FY 2020, however, 65% of cities fell outside of this range; with 26% experiencing greater than five percent *growth* and seven percent experiencing greater than five percent *decline*. Some cities lost 15% or more of their revenue in FY 2020, while others increased their revenue by 10%. Interestingly, when assessing changes between FY 2020 (actual) and FY 2021 (budgeted), 81% of cities fall outside of the +/- two percentage points of the average range. However, only 18% budgeted for greater than five percent *growth* while 29% budgeted for more than five percent *decline*. Although the more widespread and deeper decline in budgeted FY 2021 revenues may be a conservative approach to account for continued health and economic uncertainties associated with COVID-19, the impacts on city services and operations remain.

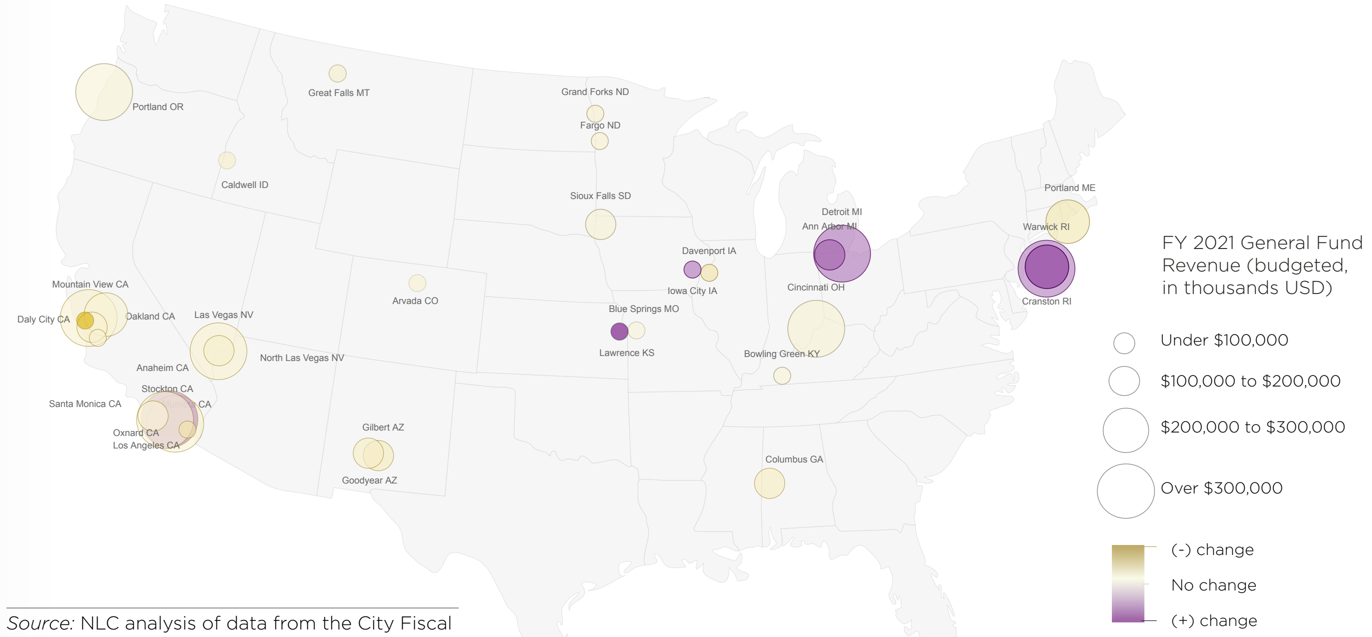
Figure 2 displays the FY 2020 – FY 2021 change in general fund revenues for 373 cities for which we have multiple years of data. In the map, the darker shades indicate more severe declines or greater growth, and the size of the bubble indicates the size of the city's general fund. Murrieta, CA and Columbus, GA, for example, are among the cities that expect to experience a sharp decline in 2021 general fund revenues (33.39% and 24.95% declines, respectively).

FIGURE 1. YEAR OVER YEAR CHANGE IN GENERAL FUND REVENUES AND EXPENDITURES



Source: NLC analysis of data from the City Fiscal Conditions survey and annual financial reports.

FIGURE 2. TOTAL CHANGE IN GENERAL FUND REVENUE FY 2020 – FY 2021



Source: NLC analysis of data from the City Fiscal Conditions survey and annual financial reports.

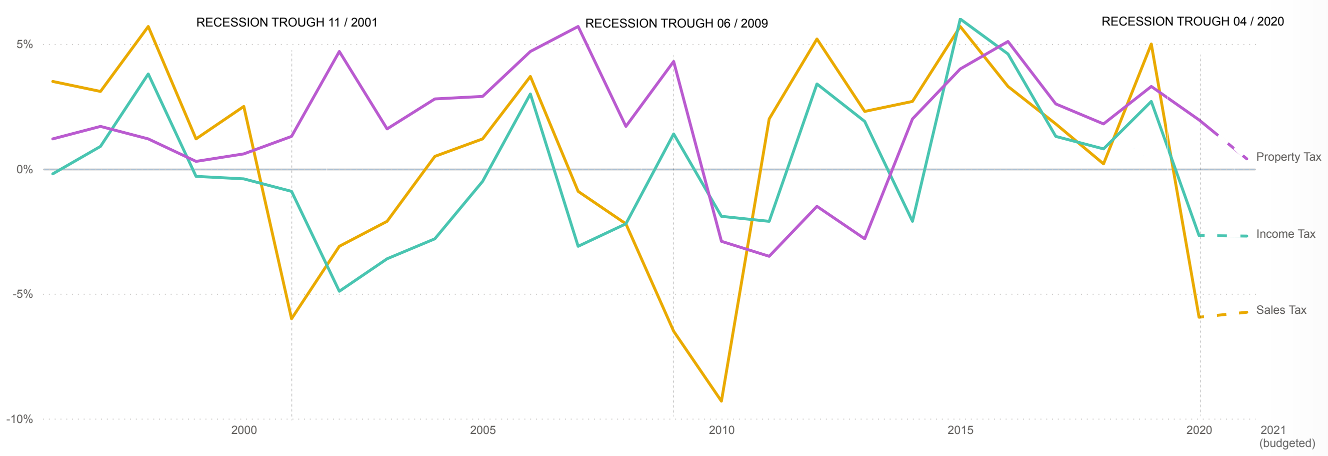
Tax Sources

THREE PRINCIPAL GENERAL FUND revenue sources have been tracked for the annual City Fiscal Conditions report for over 25 years. As Figure 3 demonstrates, the year-to-year changes in each of the three major revenues—property, sales, income—reflect the changing elements of the underlying economic bases of the cities. The two revenue sources that respond immediately to changes in the underlying economy, sales tax and income tax, generally follow the business cycle and are considered elastic. As the economy slows, retail sales tax receipts and income tax revenue decline at the same time; as the economy grows, sales and income taxes tend to increase.

Property tax receipts, however, lag the underlying economy's changes due to assessment practices as well as to the fact that property does not change hands frequently requiring assessors to estimate the value of real estate property. Consequently, property tax receipts today tend to reflect the value of property from one, two or three years in the past. Consequently, the sharp and sudden closing of the economy in March 2020 may have reduced real estate values but not real estate tax collection because property tax bills in March 2020 reflected the property's value a year or two prior to the shutdown.

Both sales and income tax receipts in FY 2020 did indeed decline while the economy shut down due to COVID-19. But it's also noteworthy that the decline in sales tax receipts was not as precipitous in FY 2020 as it was at the start of the Great Recession in FY 2009 and FY 2010. Federal intervention in the form of the CARES Act, extension of unemployment and other intergovernmental programs helped to soften the decline in the overall economy's impact on municipal sales taxes.

FIGURE 3. YEAR OVER YEAR CHANGE IN GENERAL FUND TAX SOURCES



Source: NLC analysis of data from the City Fiscal Conditions survey and annual financial reports.

Property tax receipts grew during FY 2020 and FY 2021, but at a slower rate than in the previous six years. Property tax estimates that were used by cities to prepare their FY 2021 budgets were made in late 2019 (for cities whose fiscal years begin on January 1) and in mid-spring for cities whose budget years begin on July 1. In both cases, the estimates were made prior to the substantial increases in residential housing prices in May and June of 2021, suggesting that the FY 2021 estimates of property tax receipts may be quite conservative.[2]

> **"Property tax estimates…were made prior to the substantial increases in residential housing prices in May and June 2021…"**

Ability to Meet Needs

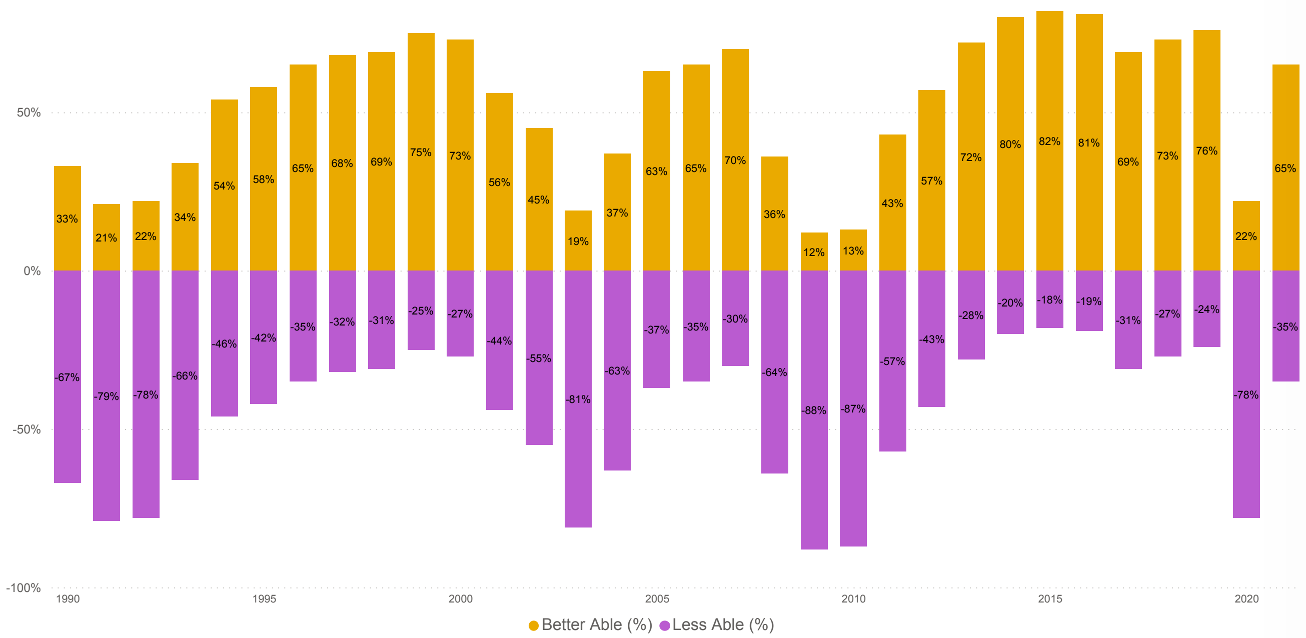
ALTHOUGH FY 2021 BUDGETS WERE expected to be more challenged than FY 2020, at the time of this survey, most finance officers (65%) report being better able to meet their financial needs in FY 2021 than 2020. This is a significant reversal from last year when nearly eight in 10 city finance officers indicated that their city was less able to meet financial needs in FY 2020 compared with 2019.

These sentiments of finance officers are indicative of the overall fiscal response to the COVID-19 pandemic. While FY 2020 started out strong for most cities, the end of the fiscal year and start of FY 2021 coincided with the start of the pandemic, resulting in significant and immediate revenue losses and vast uncertainty about the months and years ahead.

While health, economic and fiscal conditions are still precarious, ARPA, which provided funding to all cities, towns and villages, signaled an opportunity for greater fiscal stability and economic rebuilding, contributing to a more positive outlook by city finance officers.

Indeed, when asked about those factors having the most significant positive impact on their cities' ability to balance their budgets in FY 2021, more than eight in 10 finance officers indicated federal aid. The next highest response, with seven in 10 reporting, is the value of the city tax base. Despite continued economic challenges, the value of the city tax base as a positive factor again demonstrates the contours of the pandemic and its impact on city fiscal conditions. While immediate and deep losses were evident early on, conditions improved resulting in still depleted but more stable conditions relative to earlier losses.

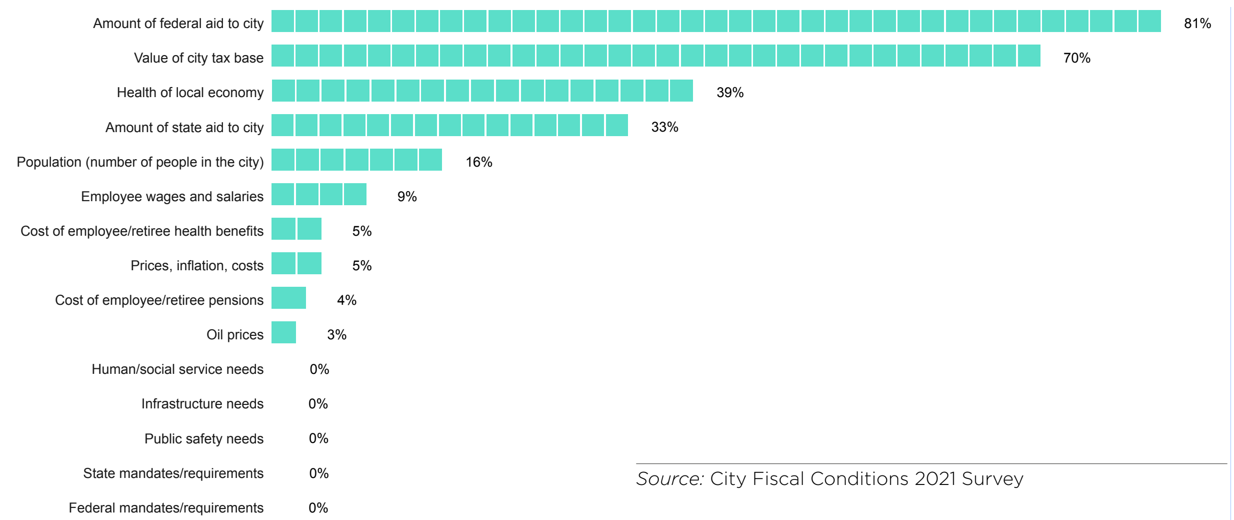
FIGURE 4. SHARE OF CITIES BETTER ABLE/LESS ABLE TO MEET FISCAL NEEDS



Source: City Fiscal Conditions Survey (1986-2021)

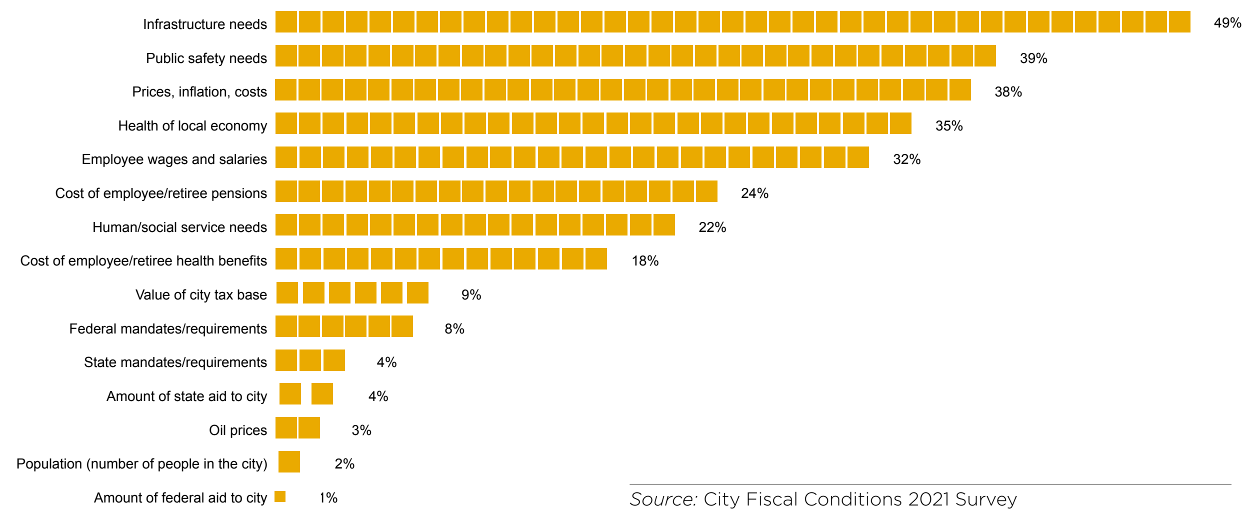
Infrastructure is reported by the largest share of finance officers as a top factor negatively impacting FY 2021 budgets. That infrastructure needs registered as a negative effect on cities' fiscal position indicates the continued and mounting challenges cities face with infrastructure maintenance and development. Infrastructure projects usually require significant funding throughout the life of the project. Many cities were forced to pause infrastructure projects during the COVID-19 pandemic because of budgetary constraints. In College Station, TX water and sewer infrastructure projects that have been on pause since March 2020 will be able to restart because of an infusion of ARPA funding.[3] Warrensville, OH plans to leverage recent federal funding to help the city complete infrastructure projects that were put on pause due to the pandemic.[4]

FIGURE 5. FEDERAL AID TOPS THE LIST AS THE MOST WIDELY CITED FACTOR POSITIVELY IMPACTING CITY BUDGETS (SHARE OF CITIES REPORTING ITEM AS ONE OF THREE FACTORS MOST ENABLING THEIR ABILITY TO BALANCE THE FY 2021 BUDGET)



Source: City Fiscal Conditions 2021 Survey

FIGURE 6. INFRASTRUCTURE NEEDS TOP THE LIST AS THE MOST WIDELY CITED FACTOR NEGATIVELY IMPACTING CITY BUDGETS (SHARE OF CITIES REPORTING ITEM AS ONE OF THREE FACTORS MOST HINDERING THEIR ABILITY TO BALANCE THE FY 2021 BUDGET)



Source: City Fiscal Conditions 2021 Survey

American Rescue Plan Act (ARPA)

ARPA WAS PASSED IN MARCH 2021, months after most cities had passed their FY 2021 budgets. To gauge how ARPA might affect final FY 2021 budgets and overall city operations, services and major investments, we asked finance officers about their city's ARPA spending priorities. With ARPA planning ongoing, cities have until 2024 to fully commit their funds and until 2026 to spend them.

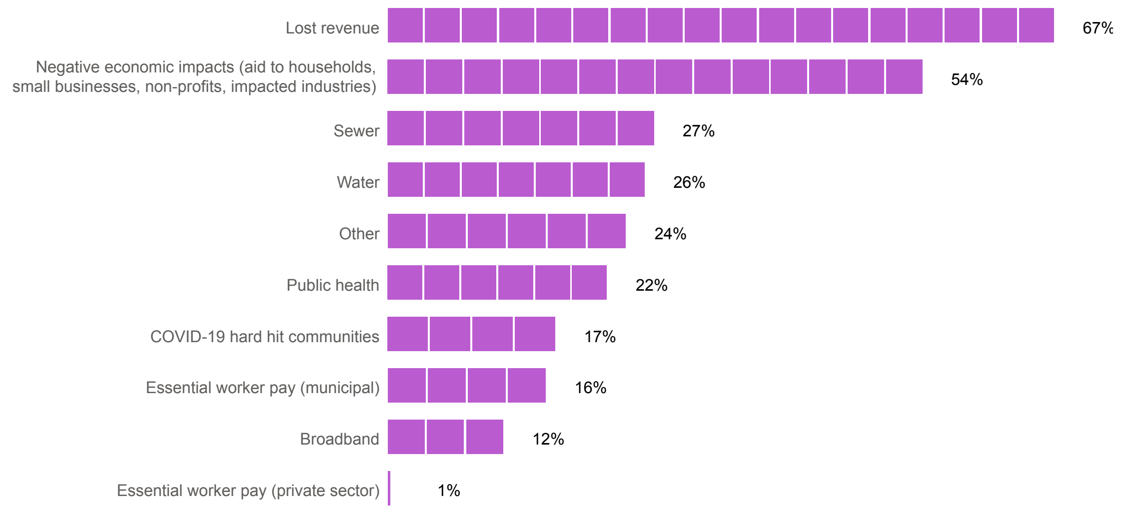
Two in three cities are prioritizing replacing lost revenue (67%) with more than one in two (54%) also addressing negative economic impacts to households, small businesses, nonprofits and impacted industries. Lost revenues are those revenues that cities were expecting but were reduced or eliminated because of the COVID-19 pandemic. Cities have broad latitude to use funds for replacing lost revenue to provide government services that were affected by revenue reductions. These priorities indicate that in the immediate term, cities are focused on restoring fiscal stability and government operations and ensuring economic recovery to those in the community.

Given that replacing lost revenue is a more immediate action that cities are taking with their ARPA funds, we asked finance officers what share of their federal award that they anticipate will ultimately be used to replace lost revenue. Of those using ARPA to replace any lost revenue, which represents most cities, the largest share will dedicate less than 20% of their funds, with one in four cities allocating more than 60% of their funds to revenue replacement.

The City of San Diego, for example, will dedicate 100% of its ARPA funds to revenue replacement. "With ARPA we have been able to expand general fund support for programs ranging from nonprofit and small business relief, workforce development, street infrastructure, homelessness services, youth services, climate change resiliency and equity," noted Director of Finance, Rolando Charvel. Applying funding to replace revenue lost during the pandemic allows the city to address serious challenges that have been exacerbated by the pandemic. Recognizing the growing encampments of homeless people on the sidewalks of Downtown San Diego and the difficulty placing unsheltered people suffering from addiction into existing programs, Mayor Todd Gloria in partnership with the County detailed a new strategy to address the immediate and long-term challenges facing these vulnerable individuals.[5]

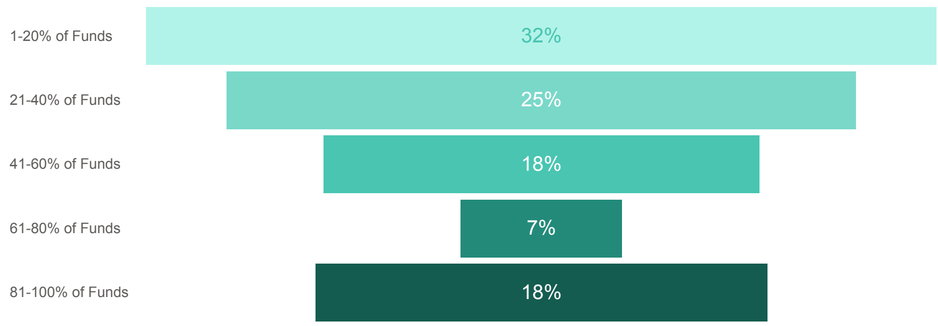
The city of Boulder, on the other hand, will allocate 20% of their federal award to support immediate community needs, including assistance on utility bills, rental assistance and economic recovery for small businesses, build a reserve for public health-related needs and restore services cut during the pandemic, including recreation services and public arts programming[6]. The city is setting aside the bulk of funding for longer-term projects.

FIGURE 7. WHAT ARE YOUR CITY'S TOP THREE SPENDING PRIORITIES FOR THE ARPA LOCAL RELIEF FUND?



Source: City Fiscal Conditions 2021 Survey

FIGURE 8. WHAT SHARE OF TOTAL ARPA FUNDS DOES YOUR CITY ANTICIPATE WILL GO TO REPLACE LOST REVENUE? (SHARE OF CITIES)



Source: City Fiscal Conditions 2021 Survey

Beyond 2021

THE PAST YEAR HAS BEEN A turbulent one for city finances, with significant disparities and swings, a great deal of uncertainty and looming infrastructure needs. However, city finances did not fall off the cliff as initially forecasted. There are several reasons why this is the case, which provide lessons for creating greater fiscal resilience in the future:

- **Align fiscal structure with the economy:** The Wayfair decision that allowed localities to collect sales tax revenue from online purchases was one of the few recent examples of efforts to align how cities collect revenues with the current realities of the economy. In 2018 when the Wayfair decision was made, the court could not have predicted the magnitude of impact that their decision would make on city finances just a few short years later. Other elements of city revenue structures, including property taxes, income taxes, and fines and fees, should similarly be assessed, realigned with current economic realities, and crafted in ways that ensure an equitable system.
- **State intervention and flexibility that provides locals with fiscal policy tools to respond to changing economic conditions:** States set the fiscal authorities and limitations of municipalities in their states. States can consider flexibilities or interventions during recessions, like suspending balanced budger requirements. During the pandemic, the state of Ohio permitted municipalities to continue to collect taxes on nonresidents' income despite the fact that the work was performed outside the City (remote work), a decision that staved off fiscal calamity and a revenue loss of over $300 million in the state's six largest cities alone.[7] Unfortunately, the state later reversed this policy, requiring cities to return funds to non-resident remote workers for the 2021 tax year, a change that will impact Ohio cities significantly in 2022.
- **Provide bold countercyclical federal support:** Prompt and massive direct support to local governments, via the CARES Act and ARPA, support to households and businesses, as well as actions by the Federal Reserve stabilized local budgets. As noted by economist Richard McGahey, "Only the federal government has this capacity, and it used it correctly to stave off significant damage and a possible depression."[8]

Until March 2020, cities did not experience unusual surges or declines in revenues. Most were on track for stable general fund revenue expansion. With the onset of COVID-19 in March 2020, revenues—especially the 'elastic' revenues, such as sales and income taxes—contracted substantially and quickly, resulting in general fund revenue decline on balance for the year. A strong real estate market, greater alignment of fiscal structure with the economy, state intervention and massive federal intervention stabilized what could have been a catastrophic impact on city fiscal positions. By and large, cooperative and collaborative intergovernmental policies placed cities in a better position to address their current and future needs.

Appendices

Appendix I: The Lag Between Economic and City Fiscal Conditions

In economic terms, the "lag" refers to the amount of time between economic conditions changing and those conditions having an impact on city revenue collections. In general, cities seem to feel the impacts of changing economic conditions quite early. However, because most fiscal reporting occurs on an annual basis, those impacts tend not to become evident until some point after they have started to occur.

HOW LONG IS THE LAG? The lag can last anywhere from 18 months to several years and is largely related to the timing of property tax collections. Because property tax bills are calculated based on property assessments from a previous year, dips in real estate prices rarely occur simultaneously with economic downturns. Sales and income tax collections also exhibit lags due to various collection and administrative issues, but such lags typically do not last for more than a few months.

Figure 4 shows year-to-year changes in city general fund revenues and expenditures. It includes markers for the official U.S. recessions from 1991, 2001 and 2007, with low points, or "troughs," occurring in March 1991, November 2001 and June 2009.[9] When we overlay data from NLC's annual surveys, we find that the low points for city revenues and expenditures lag about two years behind the onset of recessions. For instance, the low point for the 1991 recession occurred in 1993, approximately two years after the trough (the recession took place between March 1991 and March 1993). Additionally, during the 2001 recession, the low point occurred in 2003, approximately 18 months after the trough (that recession lasted from November 2001 to April 2003).

It should be noted, however, that because the annual NLC City Fiscal Conditions survey is conducted at slightly different times each year, there is some degree of error in the lengths of these lags. For instance, had the survey been conducted in November 1992 rather than in April 1993, we might have seen the effects of changing economic conditions earlier. Nevertheless, the evidence suggests that it takes 18-24 months for the effects of changing economic conditions to become evident in city budgets.

Appendix II: About the Survey

The NLC City Fiscal Conditions survey is a national survey of finance officers in U.S. cities conducted this year in June and July. Surveys were emailed to city finance officers from cities with populations greater than 10,000. Officers were asked to give their assessments of their cities' fiscal conditions. The survey also requested budget and finance data from all but nearly 300 of the nation's large cities; data for those cities were collected directly from online city budget documents. In total, the 2021 data were drawn from 443 cities out of the sample of 1,005 cities (48.3%). The data allow for generalizations about the fiscal conditions in cities.

Much of the statistical data presented here must also be understood within the context of cross-state variations in tax authority, functional responsibilities and accounting systems. The number and scope of governmental functions influence both revenues and expenditures. For example, many Northeastern cities are responsible for funding not only general government functions but also public education. Additionally, some cities are required by their states to assume more social welfare responsibilities or traditional county functions.

Cities also vary according to their revenue-generating authority. Certain states—notably Kentucky, Michigan, Ohio and Pennsylvania—allow their cities to tax earnings and wages. Meanwhile, several cities—such as those in Colorado, Louisiana, New Mexico and Oklahoma—depend heavily on sales tax revenues. Moreover, state laws vary in how they require cities to account for funds.

When we report on fiscal data such as general fund revenues and expenditures, we are referring to all responding cities' aggregated fiscal data. Therefore, the data are influenced by relatively larger cities that have more substantial budgets and that deliver services to a preponderance of the nation's residents.

When we report on non-fiscal data—such as finance officers' assessments of their cities' ability to meet fiscal needs, or factors they perceive as affecting their budgets—we refer to the percentage of officers responding in a particular way. Each city's response to these questions is weighted equally, regardless of population size.

POPULATION	RESPONSES	%
300,000+	62	13%
100,000-299,999	155	32%
50,000-99,999	197	41%
10,000-49,999	71	15%
Total	**485**	**100%**

REGION	RESPONSES	%
Northeast	37	8%
Midwest	98	20%
South	162	33%
West	188	39%
Total	**485**	**100%**

Appendix III: Data Tables

FIGURE 1: YEAR OVER YEAR CHANGE IN GENERAL FUND REVENUES AND EXPENDITURES

YEAR	REVENUES	EXPENDITURES
1986	4.2%	3.8%
1987	0.3%	-0.1%
1988	3.6%	2.0%
1989	0.7%	-0.3%
1990	-0.4%	1.9%
1991	-0.7%	0.6%
1992	0.1%	-0.5%
1993	0.6%	-0.7%
1994	1.0%	0.6%
1995	1.3%	1.6%
1996	2.9%	3.9%
1997	1.5%	1.4%
1998	2.2%	1.4%
1999	0.2%	1.1%
2000	1.0%	0.8%
2001	-0.5%	2.0%
2002	0.0%	3.1%
2003	-0.7%	-1.1%
2004	-1.0%	-0.4%
2005	1.6%	0.1%
2006	1.9%	1.9%
2007	-0.4%	2.4%
2008	-1.1%	0.4%
2009	-2.4%	0.8%
2010	-4.7%	-5.3%
2011	-1.9%	-3.6%
2012	-2.0%	-1.3%
2013	0.4%	-0.2%
2014	0.8%	1.1%
2015	3.9%	3.8%
2016	3.5%	3.0%
2017	1.3%	2.2%
2018	0.6%	1.9%
2019	3.5%	0.6%
2020	-0.97%	1.34%

FIGURE 2: CHANGE IN GF REV 20-21 IS LESS THAN OR EQUAL TO -15% OR IS GREATER THAN OR EQUAL TO 15%

CITY	SUM OF GF REV 21	SUM OF CHANGE IN GF REV 20-21
Los Angeles CA	$6,687,342.	16%
Detroit MI	$1,153,300.	20%
Portland OR	$712,973.	-16%
Oakland CA	$670,711.	-19%
Las Vegas NV	$558,294.	-18%
Cincinnati OH	$370,433.	-17%
Warwick RI	$320,662.	19%
Santa Monica CA	$320,349.	-15%
Anaheim CA	$314,974.	-17%
Cranston RI	$298,816.	29%
Stockton CA	$223,450.	-17%
Portland ME	$202,807.	-32%
Sioux Falls SD	$185,600.	-17%
Gilbert AZ	$178,868.	-26%
Columbus GA	$155,382.	-25%
Mountain View CA	$144,162.	-19%
Oxnard CA	$131,600.	-15%
North Las Vegas NV	$124,305.	-19%
Goodyear AZ	$119,351.	-22%
Ann Arbor MI	$113,847.	23%
Lawrence KS	$96,501.	37%
Arvada CO	$88,554.	-19%
Fargo ND	$85,231.	-19%
Bowling Green KY	$66,391.	-16%
Iowa City IA	$59,441.	21%
Davenport IA	$53,243.	-34%
Murrieta CA	$48,211.	-33%
Watsonville CA	$38,621.	-18%
Grand Forks ND	$38,054.	-19%
Great Falls MT	$34,134.	-21%
Caldwell ID	$26,439.	-22%
Blue Springs MO	$24,030.	-15%
Daly City CA		

FIGURE 3: YEAR OVER YEAR CHANGE IN SALES, INCOME AND PROPERTY TAX RECEIPTS

YEAR	SALES TAX	INCOME TAX	PROPERTY TAX
1996	3.5%	-0.2%	1.2%
1997	3.1%	0.9%	1.7%
1998	5.7%	3.8%	1.2%
1999	1.2%	-0.3%	0.3%
2000	2.5%	-0.4%	0.6%
2001	-6.0%	-0.9%	1.3%
2002	-3.1%	-4.9%	4.7%
2003	-2.1%	-3.6%	1.6%
2004	0.5%	-2.8%	2.8%
2005	1.2%	-0.5%	2.9%
2006	3.7%	3.0%	4.7%
2007	-0.9%	-3.1%	5.7%
2008	-2.2%	-2.2%	1.7%
2009	-6.5%	1.4%	4.3%
2010	-9.3%	-1.9%	-2.9%
2011	2.0%	-2.1%	-3.5%
2012	5.2%	3.4%	-1.5%
2013	2.3%	1.9%	-2.8%
2014	2.7%	-2.1%	2.0%
2015	5.7%	6.0%	4.0%
2016	3.3%	4.6%	5.1%
2017	1.8%	1.3%	2.6%
2018	0.2%	0.8%	1.8%
2019	5.0%	2.7%	3.3%
2020	-5.94%	-2.67%	1.96%
2021 (budgeted)	-5.74%	-2.69%	0.40%

FIGURE 4: SHARE OF CITIES BETTER/LESS ABLE TO MEET FISCAL NEEDS

YEAR	BETTER ABLE (%)	LESS ABLE (%)
2021	65%	-35%
2020	22%	-78%
2019	76%	-24%
2018	73%	-27%
2017	69%	-31%
2016	81%	-19%
2015	82%	-18%
2014	80%	-20%
2013	72%	-28%
2012	57%	-43%
2011	43%	-57%
2010	13%	-87%
2009	12%	-88%
2008	36%	-64%
2007	70%	-30%
2006	65%	-35%
2005	63%	-37%
2004	37%	-63%
2003	19%	-81%
2002	45%	-55%
2001	56%	-44%
2000	73%	-27%
1999	75%	-25%
1998	69%	-31%
1997	68%	-32%
1996	65%	-35%
1995	58%	-42%
1994	54%	-46%
1993	34%	-66%
1992	22%	-78%
1991	21%	-79%
1990	33%	-67%

Endnotes

[1] Revenues and expenditures are adjusted for inflation by subtracting the year-over-year change in the Implicit Price Deflator for State & Local Government Purchases (S&L IPD) as defined by the U.S. Bureau of Economic Analysis. The change from 2019-2020 is 2.09%, based on the first two quarters of 2021 is 2.46%.

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[4] K. Howse (City Fiscal Conditions 2021 Survey, August 2021)

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