Budget-Balancing Tactics in Local Government

David N. Ammons and Trevor A. Fleck

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School of Government 2009 Survey Results: Budget-Balancing Tactics among North Carolina Local Governments
Preface

The most serious economic downturn since the Great Depression presented local governments an enormous challenge. Growing needs for service were accompanied by huge declines in revenues, throwing many local government budgets into turmoil.

In the summer of 2009, North Carolina local governments had just adopted their first sets of budgets in this new environment and already were worried about the prospect of even tougher times ahead.

Budget officers gathered that summer at a meeting of the North Carolina Local Government Budget Association (NCLGBA) and, after hearing a panel describing the budget-balancing tactics of selected cities and counties, asked the School of Government to compile a more comprehensive collection of such tactics by a broader set of local governments.

This report is the product of that effort.
We were assisted on this project by many groups and individuals. The North Carolina Local Government Budget Association and its members—especially Katie McCoy—encouraged us along the way. The National League of Cities graciously shared material from its “City Fiscal Conditions” survey, as did the North Carolina League of Municipalities from its 2009 survey of cities and towns.

Many individuals helped us as we prepared our questionnaire to probe for details about budget-balancing tactics. Greg Allison, Josh Edwards, Randy Harrington, Karl Knapp, Adam Lindsay, Kara Millonzi, Bill Rivenbark, and Jack Vogt all warned us the questionnaire was too long—and then in most instances proceeded to offer additional important questions. We are especially grateful to the 59 municipal and county officials in North Carolina who patiently completed the lengthy questionnaire and provided a large portion of the details on tactics used by North Carolina governments. Others provided helpful input by e-mail. John Gullo and Eric Moore assisted us with survey logistics, and we appreciate their work.

Other rich details about budget-balancing tactics were secured when Jack Vogt, a colleague at the School of Government, generously shared with us relevant correspondence from several local governments compiled in the fall of 2009. Many of those details are reported in this document.

We also gratefully acknowledge the International City/County Management Association’s News Briefings, which directed us to news reports providing many of the local government examples from across the country cited in this report. Marsha Lobacz, a valued reference librarian at the School of Government, directed us to others.

Finally, Maureen Berner, Bill Rivenbark, and Jack Vogt, School of Government colleagues, reviewed our work and offered their suggestions. We benefited whenever we followed those suggestions.

We appreciate the help and advice of all.

David N. Ammons
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Chapel Hill, North Carolina
Local government officials across the nation relied on a wide variety of budget-balancing tactics to cope with the serious budget problems of 2009 and 2010. They drew at varying degrees and in different combinations upon a host of cost-cutting and revenue-enhancing options. Cost-cutting tactics included, for instance, hiring freezes, delayed facility and infrastructure maintenance, across-the-board cuts in departmental budgets, service cutbacks, purchasing and travel restrictions, equipment cutbacks, employee position reductions, furloughs, retirement incentives, and employee benefit modifications.

Revenue-enhancing tactics included fee increases, tax increases, asset sales, increased reliance on grants, the leasing of government assets to outside parties, and greater reliance on reserve funds, among others.

With the end of budget problems not yet in sight, local government officials will undoubtedly return to many of these tactics again and again in the years ahead.
The financial crisis that hit America and the rest of the world in 2008 placed enormous strain on the United States economy as a whole and on governments at all levels across the nation. For the first time in more than half a century, all levels of government experienced simultaneous shortfalls in all three major sources of government revenues—income, sales, and property taxes.\(^1\)

Even when the rest of the economy turns the corner and begins to rebound, the recovery for state and local budgets is expected to lag behind, suggesting a budgetary challenge for more than a few years.\(^2\) Some experts fear municipal revenues might continue to decline through 2011—or perhaps even longer.\(^3\) Many local government officials concur with these dire forecasts and have resolved to adjust expectations and operations accordingly. The city of Ann Arbor, Michigan, for example, anticipates its budget for the 2012 fiscal year will need to be 30 percent smaller than the one for fiscal year 2009.\(^4\)

The future confronting local governments is challenging—even daunting. Finance officials responding to the National League of Cities annual survey on fiscal conditions were more pessimistic about their ability to meet the fiscal needs of their cities than respondents to any of the previous surveys in its 24-year history.\(^5\)

Although early in the crisis a relative few local governments declared their communities had not yet felt its effects and had not yet made any adjustments, most reacted right away. Hiring freezes, travel restrictions, and delayed purchases were common—all designed to trim expenditures and help make ends meet for the year. If this was really the beginning phase of a multi-year downturn, much more would be necessary. Local government officials would have to confront the recipients of high-cost services about the need for scaling back, the recipients of low-priority services about the possibility of discontinuation, fee payers about the prospect of higher fees, taxpayers about higher taxes, and employees about new assignments, new service delivery strategies, and new compensation plans. Conversations with key stakeholders about difficult choices were potential showdowns that few officials were eager to have. Some observers have noted that most of the early responses to the budget crisis have been more tactical


than strategic, designed to minimize the showdowns that inevitably would come if the crisis was deep enough to require “structural reforms,” such as pension reform, changes in health benefits, and more flexible work rules. Some local governments, however, had begun to address structural issues, even as they also focused on shorter-term measures to make ends meet.

The advice offered in a report published by the Alliance for Innovation to local governments coping with the financial crisis recognizes the impulse among cities and counties to adopt a reactive response featuring steps intended simply to “weather the storm.” The Alliance authors recommend instead a more aggressive response that views the crisis “as an opportunity for constructively shaping changes when declining resources make it impossible to continue business as usual.” In addition to avoiding steps that would be harmful to the community and nation’s economic recovery—such as sharply curtailing government spending, especially on capital projects—the authors of the Alliance report recommend the following:

- In making budget reductions, avoid across-the-board cuts that take funds away from higher-priority programs and services along with those with lower priority.
- If reducing positions, avoid eliminating only vacant positions that either randomly distribute vacancies or leave high-turnover agencies severely understaffed.
- Lead inclusively and encourage creativity and engagement at all levels of the organization rather than tightening controls and making top-down decisions.
- Draw on the organization and the community’s ideas and support and use the crisis to identify how the organization can be strengthened.

The budget-balancing tactics catalogued on the following pages include a wide range of approaches to coping with the crisis facing local governments in 2009 and 2010, including some that adhered to the Alliance’s recommendations and many that did not. The severity of the crisis left many local government leaders feeling that they had few choices.

The information reported in this publication comes from news reports, correspondence with public officials, and responses to a survey of North Carolina local governments conducted in late 2009. Items from news reports provide glimpses into the budget-balancing tactics employed—or at least considered—in local governments across the nation. Many were controversial and gained headlines for that reason. In the dynamic ebb and flow of budget deliberations, some of the moves may have been reversed from the time they first made the news, while others might even have been expanded from the levels reported here.

Detailed descriptions of budget tactics provided to the School of Government by several local governments in the fall of 2009 yielded helpful information that was sprinkled into the narrative on the following pages, supplementing the information gained from a survey of the counties, cities, and towns of North Carolina with populations greater than 5,000 conducted in November and December of 2009. Responses were received from 62 of these 206 local governments for an overall response rate of 30 percent. The response rate among counties was 31 percent; among municipalities of greater than 45,000 population, 44 percent. These response rates are insufficient to allow us to declare the “typical tactics” among North Carolina local governments, but this was never our intention. Our intent, instead, was to provide tactical details in selected local governments with enough clarity to be helpful to public officials attempting to plan their own course of action for the budget years ahead. These survey responses fulfill that objective. Summary information for the survey is provided in the appendix.

The budget-balancing tactics reported here are divided into two sets. First are the tactics designed to cut costs. Later come the tactics to expand revenues.

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8. Ibid.
Cost-Cutting Moves

Few local governments were able to absorb the impact of the economic downturn strictly by increasing revenues or dipping into reserves. Among respondents to the National League of Cities (NLC) 2009 City Fiscal Conditions Survey, 91 percent reported spending cuts, with most saying that more cuts were on the way. Hiring freezes, layoffs, and the delay of capital projects were especially prominent among a broad array of budget-balancing moves (Figure 1). The International City/County Management Association’s 2009 “State of the Profession” survey revealed serious budget concerns among the 2,214 responding local government officials from across the nation. Greatest percentages of respondents were coping with shortfalls by leaving vacant positions unfilled (66 percent), deferring capital projects (60 percent), implementing targeted cuts in expenditures (52 percent), and increasing fees for services (46 percent).10

A 2009 survey of North Carolina cities and towns, conducted by the North Carolina League of Municipalities, asked municipal officials about their governments’ budget-balancing tactics broadly. The survey excluded county governments. The most common steps taken to control or trim costs by responding municipalities were the suspension of pay increases (reported by almost two-thirds of the respondents), reduction in capital spending, and adoption of a hiring freeze (Table 1).

Many tactics in addition to hiring freezes, salary freezes, layoffs, and the delay of capital projects may be found among the cost-cutting options of local governments. Other tactics include delaying facility maintenance, imposing departmental budget cuts (sometimes selectively and sometimes with across-the-board reductions), canceling contracts, contracting out or “contracting in,” finding ways to

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reduce water or energy consumption, restricting new purchases, cutting back equipment, scaling back professional memberships, imposing travel and training restrictions, reassigning employees to save money in their old department and to cover a personnel shortage in their new department, and eliminating vacant positions. Still other cost-cutting tactics include service cutbacks, reductions in support to outside groups, revised staffing protocols, four-day workweeks, furloughs, work-hour reductions, adjusted compensation policies, modifications in the use of or payments for overtime, reduced employee benefits, intergovernmental collaboration, cost-cutting use of information technology, encouraged retirements, volunteerism, and modified work rules.

**Hiring Freeze**

Imposing a hiring freeze—that is, leaving vacant positions unfilled—often is one of the first steps taken in the face of a serious budget crisis, despite charges by critics that hiring freezes are more damaging to organizational performance than more carefully targeted tactics that protect high-priority or turnover-prone services. The appeal of a hiring freeze is simple: it takes advantage of immediate savings opportunities and it holds open positions that might be eliminated if the crisis deepens or might be filled by employees from another department facing layoffs.

Sometimes in “soft” hiring freezes specified departments or groups of employees, such as public safety personnel or positions deemed “essential,” are exempted. In some instances procedures are put in place to carefully scrutinize each position before deciding whether or not to recruit. For example, when sales tax revenues in Abilene, Texas, dipped sharply in 2009, that city adopted a review and approval procedure so that, according to the city’s managing director for administration, “only those positions that are deemed to be mission-critical are posted.”

The city of Annapolis, Maryland, imposed a hiring freeze on all vacant positions except for those in police, fire, and others deemed to be “critical positions” and gaining the chief administrative officer’s approval. The city council of Mason, Iowa, chose even to leave unfilled two vacant department head positions, preferring to get by with interim supervisors and reap the budget savings in the face of an uncertain budgetary future.

### Table 1. Common Expenditure-Reduction Tactics among North Carolina Cities: 2009

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No pay raises</td>
</tr>
<tr>
<td>Reduce capital spending</td>
</tr>
<tr>
<td>Hiring freeze</td>
</tr>
<tr>
<td>Reduce employee benefits or increase employee share of cost</td>
</tr>
<tr>
<td>Reduce positions</td>
</tr>
<tr>
<td>Contract out additional services</td>
</tr>
<tr>
<td>Reduce service levels</td>
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<tr>
<td>“Contract in” services previously contracted out</td>
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<tr>
<td>New intergovernmental arrangement for services</td>
</tr>
</tbody>
</table>

N = 453 responding cities

*Source: North Carolina League of Municipalities survey of member cities, 2009. Used with permission.*
inspection responsibilities to a current fire prevention specialist, and by reassigning duties within the affected departments.\textsuperscript{14}

In North Carolina, many local governments imposed a hiring freeze in 2009 and 2010. For some (e.g., Mint Hill and Hertford County), the hiring freeze in effect for 2010 was considered a “hard freeze”—no hiring, no exceptions—but for others there remained the possibility of limited hiring for positions deemed essential, often following review by the city or county manager. Stokes County established a “selective hiring freeze,” with board approval necessary before filling any vacant positions.

### Delay in Capital Improvements, Infrastructure/Facility Maintenance

Putting off a new construction project or repair job can temporarily leave coins in the coffers of cash-strapped cities and counties. Long term, this tactic can exact a heavy toll, as small repairs become large ones; but short term, it is a tempting target to officials looking for cuts that, on the surface at least, have little obvious impact on services.

Examples of this tactic abound. For instance, the city of Rock Hill, South Carolina, responded to the budget crisis by delaying recreation center and parks improvements as well as roof replacements. Budget deficits in Louisville, Kentucky, led that city to eliminate street paving during the second half of the 2008-2009 fiscal year.\textsuperscript{15} Paving budgets, a favorite target in times of fiscal duress, have taken similar hits in many other local governments.\textsuperscript{16}

The city manager of Peoria, Illinois, identified $5 million in capital projects that could be cancelled to help balance the 2010 budget and another $3.2 million in projects that could be delayed for four months to help with cash flow. He warned, however, “the more we defer projects, the more people will see the infrastructure aging and deteriorating.”\textsuperscript{17}

When funds are short, local governments in desperate need of new capital facilities sometimes find creative ways to make project delays possible. Realizing that it was in no position to add needed jail beds, Hamilton County, Ohio, instead provided 100 new electronic monitoring units to the courts.\textsuperscript{18}

In North Carolina, the city of Clinton delayed its downtown revitalization project, Chowan County delayed repairs and painting of water storage tanks, and Asheboro and Chowan County delayed water line upgrades. Pitt County, Watauga County, and Wilkes County were among several local governments delaying roofing projects. Roanoke Rapids put a street drainage project and plans for street resurfacing on hold. Greensboro also scaled back street and stormwater drainage maintenance. Many other North Carolina local governments delayed paving projects and vehicle replacements.

### Departmental Budget Cuts—Across the Board

When facing the prospect of serious budget shortfalls, it is not uncommon for local government executives to impose across-the-board budget cuts or at least to direct department heads to identify a specified level of cuts if reductions prove necessary. In fortunate cases, only a small across-the-board cut imposed early in the year is sufficient to generate the needed savings. The city of Portland, Oregon, for instance, got by with a cut of only 0.2 percent, administered early in the year.\textsuperscript{19} In other cases, more substantial cuts are necessary. Early in the 2009-2010 fiscal year, Louisville’s mayor asked department heads to find ways to cut their budgets between 2 and 5 percent, in case revenues failed to meet expectations.\textsuperscript{20} In Waite Park, Minnesota, departmental cuts were 5 percent.\textsuperscript{21}

In Clark County, Indiana, departments were told

to come up with cuts of 22 percent, as the council grappled with the proposed budget.22

In North Carolina, Wilkes County imposed a 20 percent across-the-board cut during the 2009 fiscal year. For 2010, Hillsborough, Mecklenburg County, and Wilkes County targeted or spared selected departments for greater or smaller cuts in a budget that otherwise imposed an across-the-board reduction of 10 percent.

Departmental Budget Cuts—Selective
Some cities and counties have been much more selective in their cuts, protecting already lean, especially successful, or high-priority programs and trimming more from the budgets of the rest. For example, the 2010 budget for Washoe County, Nevada, prioritized programs through a tiered approach to cuts: 6 percent for the sheriff and jails; 12 percent for courts and social services; 28 percent for finance, human resource management, information technology, administration, community development, and public works; and 36 percent for libraries and parks.23

Several North Carolina local governments imposed varying levels of cuts on their departments, with larger reductions in some functions. The town of Mooresville cut its engineering department budget by 43 percent and building and grounds by 15 percent in 2009. Roanoke Rapids cut public works by 25 percent and recreation by 15 percent. Henderson County cut information technology by 17 percent and inspections by 14 percent.

For the 2010 fiscal year, Mint Hill cut non-departmental expenses (e.g., professional services, postage, supplies and materials) by 38 percent.24 Chowan County cut $1.2 million from its appropriation to local schools. Davidson cut 21 percent from the planning budget. Clinton cut 19 percent from the fire department. Chatham County cut 18 percent from development-related departments. Concord cut operating budgets by more than in 10 percent in 10 of its departments. Pinehurst cut 10 percent from its planning and inspections budgets.

Among North Carolina governments responding to the School of Government survey, those making exceptions to what otherwise were across-the-board cuts most often spared public safety departments, allowing smaller reductions by police and fire.

Cancellation of Contracts or Contracting Plans
Local governments sometimes enter into contracts for a service they consider desirable but nonessential. Such contracts become especially vulnerable when funds are tight. Disbanding a program with government employees can be difficult—emotionally and practically. Terminating or choosing not to renew a contract is much easier.

The city of Westwego, Louisiana, for example, canceled its $10,000 mowing contract, deciding it could assign city employees to do the work and thereby save some money.25 Similarly, the city council of Ashland, Oregon, usually hires a facilitator for its annual goal-setting sessions, but it decided to forego the expense in 2010 and ask someone on hand—the mayor or city administrator were logical options—to handle that assignment.26

Contracting Out
Recent decades have seen a wave of contracting activities by local governments across the nation, often attracted by opportunities to save money and occasionally by the prospect of improvements in service quality. Budget woes have reinvigorated interest in contracting, especially where potential cost savings are involved.

Today, contracted services span virtually the entire spectrum of local government functions, although contracts for some functions (e.g., solid waste collection and janitorial services) are more common than for others. Oneida County, New York, for

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instance, responded to the budget crisis by declaring its intention to explore privatization opportunities for the management of the county’s technology and for clinical services in public health.27 Facing a budget shortfall of $80 million and desperately needing to hire additional police officers it could not afford, the city council of Oakland, California, voted in 2009 to hire International Services, Inc., to supplement the work of the police department by providing patrol services in selected high-crime districts—at dramatically lower costs than would be required to hire additional officers.28 The budget downturn prompted the city of Rock Hill, South Carolina, to outsource various landscaping functions, a decision expected to save $200,000 in 2010 and $400,000 over a three-year period.29

In North Carolina, the city of Asheville compared the cost of its in-house print shop with bids from outside vendors and chose to contract for the service, closing its in-house shop and eliminating two full-time equivalent positions.30 Several other local governments also contracted out services previously handled in-house. For example, Salisbury brought janitorial services and a portion of its solid waste collection in house. For Davidson it was planning services; for Belmont, engineering work; for Dare County, cleaning services at two buildings; for Pinehurst, heating ventilation air-conditioning maintenance; and for Davidson County, Iredell County, and Wilkes County, lawn maintenance services were newly contracted out.

The town of Yanceyville renegotiated contracts for several services, securing more favorable terms for 2010.31 Chowan County, Franklin County, and Mecklenburg County were among various local governments negotiating or renegotiating longer payment terms in contracts.

29. Monica Croskey, fiscal analyst, City of Rock Hill, South Carolina, e-mail message to Jack Vogt, School of Government, October 26, 2009.

Contracting In
Contracted services are not always the bargain they seemed to be at the outset. Sometimes contract operations are poorly managed and costly. In such instances and in cases where a local government has excess capacity, bringing the work back inside can be a money-saving option worth considering.

The city of Asheville had planned to contract for design and engineering work for several large capital projects, but the budget crisis caused city officials to rethink their plans. Rather than contracting out this work, engineering department employees were assigned the job and their time was charged to the already-funded capital projects, thereby saving money in the operating budget.32 Similarly, the city of Charlotte brought landscaping project management back in house to help trim the budget.33

Several other North Carolina local governments also brought in-house some services previously handled by contract. For example, Salisbury brought janitorial services and a portion of its solid waste collection in house. For Davidson it was planning services; for Belmont, engineering work; for Dare County, cleaning services at two buildings; for Pinehurst, heating ventilation air-conditioning maintenance; and for Davidson County, Iredell County, and Wilkes County, lawn maintenance services were newly brought in house—or “contracted-in.”

Energy- and Water-Saving Tactics
Many local governments are aggressively pursuing ways to conserve water and use energy more efficiently in traffic signals, streetlights, buildings, and vehicles.34 Popular energy-saving options include the replacement of incandescent lights with compact fluorescent lighting, the use of light-emitting diode (LED) traffic lights, induction street lighting, and the re-insulation of hot water pipes.

32. Ben Durant, director of finance, City of Asheville, e-mail message to Jack Vogt, School of Government, October 6, 2009.
Some conservation steps are simple and inexpensive, while others are more elaborate and carry a bigger price tag. An energy audit of county facilities in Middlesex County, New Jersey, identified a set of energy conservation opportunities costing $769,220 and providing annual savings of 1,060,730 kilowatt hours, 18,530 therms, and more than $170,000 per year—for a “simple payback of just 4.5 years.” Of course, many cash-strapped local governments are looking for more immediate savings.

The city of Rock Hill, South Carolina, has installed low-flow valves in public buildings and has developed a water reuse system for its landscaping. In an attempt to encourage water conservation across the community, the city has also adopted a conservation water rate for its customers.

In North Carolina, many local governments have taken steps to reduce consumption of gasoline, electricity, and water. For instance, several cities and counties have limited-idling or no-idling policies for local government vehicles (e.g., Clinton, Salisbury, Wilmington, Chowan County, Davidson County, Nash County, Stokes County, Watauga County, and Yadkin County). Some police departments have emphasized walking and bike patrols as an alternative to vehicle patrols (e.g., Havelock, Roanoke Rapids, and Wilmington). Asheboro redesigned its public works routes in an effort to reduce wasteful backtracking. Henderson County has adopted minimum miles-per-gallon (mpg) standards for all types of vehicles. Pinehurst purchased a bicycle for use by village staff on short trips during the workday.

Concord modified its landscaping design to feature more plantings that require little water. Durham County installed water-saving devices in many of the restrooms in county buildings.

Cumberland County and Stokes County have taken steps to reduce the temperature in buildings and cut off lights when not needed. Similarly, Watauga County eliminated night lighting of buildings as well as lighting of unoccupied areas during the day. Wilmington installed automated lighting fixtures. Forsyth County reduces heating and air conditioning in county buildings overnight and on weekends and installed motion detectors in restroom to regulate lighting. Davidson County’s new emergency medical service base uses thermal and solar energy.

### Purchasing Restrictions

A common tactic of local governments in a budgetary bind is to direct intensified scrutiny toward new purchases or to suspend all but the most essential purchases for the balance of the fiscal year. The city of Zanesville, Ohio, for example, declared itself in late 2009 to be “down to the bare necessities for the rest of the year.” Other local governments identified big ticket items—such as the purchase of trash trucks for the city of Lafayette, Indiana—that could be delayed for a year or more to save cash, at least in the short run.

Many local governments in North Carolina clamped down tightly on purchases in the face of the crisis. Several halted the purchase of new vehicles; some prohibited all capital acquisitions; and some required special approval for any purchases. Stokes County cut off new requisitions for the 2009 fiscal year in March, Concord in April, and Wilmington in May.

### Equipment Cutbacks

Many cash-strapped local governments have begun to rethink their equipment needs. Some are reassessing the size of their equipment inventory; the type, size, and energy-consumption characteristics of the equipment in the inventory; and their policies on equipment use.

High-profile fleet reductions have occurred in Philadelphia; Washington, D.C.; and New York City. Each city has entered into an agreement with a third-party car-sharing service for use of vehicles during business hours, thereby reducing the need for a large motor-pool fleet and even the need for some individually assigned cars. The city of Philadelphia claims to have saved more than $600,000 in maintenance, parking, and fuel costs since 2005 by trimming 140 vehicles from its fleet, not to mention the proceeds from the sale of unneeded cars.

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In Washington, DC, 360 cars were removed from the fleet with the new arrangement. New York City’s approach is a pilot project, with an initial fleet trimming of 57 cars and perhaps more to follow, pending results of the pilot.

On a smaller scale, the Garland (Texas) Goes Green initiative led to a substantial overhaul of that city’s fleet. Of the vehicles affected, 56 percent were replaced by a more fuel-efficient type, 30 percent by a smaller vehicle, 11 percent by a larger vehicle, and 3 percent were removed without replacement.

In Las Cruces, New Mexico, the city reassessed its policies and practices regarding the issuance of cell phones and other mobile communications devices to employees and elected officials, after realizing that its annual cell phone bill was an estimated $132,000. The review focused on whether all of the devices were needed, whether cell phones were being used only for city business, and whether a more favorable price plan could be secured.

In North Carolina, several local governments have reduced the number of vehicles in their fleets (e.g., Asheville, Wilmington, Franklin County, Hertford County, Lee County). Lee County, for instance, reduced the number of sedans from 120 to 100. Some have reduced the size of the vehicles in their fleets (e.g., Wilmington, Winston-Salem, Brunswick County, Franklin County, Pitt County).

Other local governments have restricted their take-home vehicle practices. For example, the city of High Point’s review of its policy for take-home vehicles resulted in the reduction of take-home vehicles by 30. Others recently restricting take-home vehicles include Apex, Concord, Davidson, Brunswick County, Chowan County, Columbus County, Franklin County, Hertford County, Iredell County, and Watauga County. In the town of Davidson, for instance, newly hired police officers living outside the town limits will no longer be assigned a take-home patrol car.

Even more local governments are responding to the budget crisis by retaining vehicles beyond their projected useful life. The town of Hillsborough is one many governments trying to delay new purchases as long as possible. At the suggestion of employees in Hillsborough, the town extended the life of a $155,000 garbage truck an additional two years by shifting the collection of bulk items to a pickup equipped with a “Tommy gate” and thereby lightening the older truck’s workload. Also at the suggestion of employees, the town purchased an industrial grade tricycle for use in its wastewater treatment plant rather than a motorized utility vehicle, saving more than $5,000 and reducing the operation’s carbon footprint.

Equipment cutbacks have also affected information technology equipment in several local governments. Some North Carolina local governments are keeping their computers longer, delaying upgrades, and sometimes allowing replacement only when a unit “has died.”

Memberships in Professional Organizations
Searching for ways to trim costs, the city council of St. Joseph, Minnesota, decided against renewing its membership in the St. Cloud Chamber of Commerce, the Coalition of Outstate Minnesota Cities, and the Minnesota Mayors Association. Similar steps were taken by the city of Port St. Lucie, Florida, and by many other local governments. The Port St. Lucie city council cut some of its memberships but continued others—controversially cutting, for instance, dues payments to some local civic groups, such as the Latin Chamber of Commerce of the Treasure Coast, while retaining the city manager’s memberships in the International City/County Management Association, the Florida City and County Management Association, and the Florida Government Finance Officers Association.

41. Pat Pate, assistant city manager, High Point, North Carolina, e-mail message to Jack Vogt, School of Government, October 5, 2009.
42. Eric Peterson, town manager, Hillsborough, North Carolina, e-mail message to Jack Vogt, School of Government, October 9, 2009.
In North Carolina, the payment of employees’ professional dues by local governments became more restrictive in Winston-Salem, Durham County, and Franklin County in the face of the budget crisis. Durham County discontinued its practice of paying dues to local service organizations.

Travel Restrictions
Travel funds often are an early budget casualty, even in a mild downturn. Many local governments restrict out-of-state travel and sometimes even in-state travel when revenues fall short of projections; some curtail all “non-essential” travel.

For instance, when the sales tax revenues of Abilene, Texas, fell sharply in 2009, the city manager immediately targeted two areas for savings: the city curtailed postings of vacant positions and eliminated all but “absolutely necessary” travel.45

More than one-half of the North Carolina local governments responding to the School of Government survey adopted travel restrictions when the severity of the budget crisis became apparent. In some cases, restrictions occurred not through a policy declaration but instead through the slashing of travel budgets. In other cases, a new policy was declared that limited travel to that deemed essential to job performance, to travel required for licensing or certification, or to that approved by the city or county manager or designee. Approximately one-tenth of the responding governments declared that travel had been eliminated for the time being, although in some of these governments exceptions were possible on a case-by-case basis.

Training Restrictions
With the arrival of the budget crisis, training was merely curtailed in some local governments nationally—perhaps by requiring approval on a case-by-case basis or by permitting participation only in local or in-state training opportunities. In others, training was removed from the budget, at least in some departments.46

Among most of the North Carolina local governments examined for this report, training was restricted by the same policy declarations that limited travel. As a result, some turned more frequently to electronic courses and in-house training.

Position Cutbacks
Many local governments were forced to eliminate jobs by the economic downturn. In some, the cuts were few and could be handled by eliminating vacant positions; in others, the job cuts were severe and required many layoffs.

News accounts from across the country told the story. In San Diego, California, 882 positions—7.4 percent of the budgeted total—were eliminated between December 2005, when the current mayor took office, and October 2009, with about 500 more position cuts in 2010.47 Over an 18-month period, the city of Colorado Springs, Colorado, eliminated more than 400 positions.48 The mayor of Bossier City, Louisiana, proposed cutting more than 100 city jobs to save $6.5 million.49 The city manager’s proposed budget for Dallas, Texas, called for 840 layoffs.50 The city of Phoenix, Arizona, eliminated more than 1,000 positions.51 Hamilton County, Ohio, eliminated 673 county positions from 2008 to 2010.52 The mayor’s 2010 proposed budget in Chi-


Chicago called for cutting 220 vacant positions. The city of Peoria, Illinois, projected the elimination of 78 positions, forcing 41 layoffs. The city of Rockford, Illinois, eliminated 57 positions, requiring 23 layoffs. The village of Oak Brook, Illinois, with only 8,700 residents, was forced to lay off 28 full-time employee equivalents, including five librarians. The county executive in King County, Washington, proposed eliminating 360 positions in 2010, 145 of them by layoffs. Between July and September of 2009, Washoe County, Nevada, coaxed 150 employees into early retirement and laid off 100 others, with more budget cuts expected in 2010.

In North Carolina, New Hanover County trimmed its employee ranks by 8 percent for 2009 through frozen positions, early retirements, and layoffs. Several departments were consolidated into four new agencies, allowing the elimination of about 10 positions. The consolidation of the planning department and inspections department led to the laying off of the inspections director. Wilmington eliminated 36 positions for 2010; Winston-Salem, 32 positions; Franklin County, 29; Durham County, 26; Forsyth County, 25; Brunswick County, 22; and Asheville eliminated 20 positions. Mecklenburg County eliminated 246 positions for the 2010 fiscal year—209 were vacant at the time and 37 were eliminated through layoffs. Forest City cut more than a quarter of its municipal workforce in response to the downturn.

Different departments have taken especially large shares of the position losses in various local governments. Among hard-hit departments, for example, the health department in Durham County lost 20 positions for 2010 and the sheriff’s department lost 5; the police department in Wilmington lost 11 positions and the development services department lost 6; the health department in Brunswick County lost 7 positions and social services lost 6; the sanitation department in Winston-Salem lost 7 positions; and the sheriff, social services, and library in Mecklenburg County had 75, 56, and 31 positions de-funded, respectively. The city of High Point will eventually eliminate 21 positions from its sanitation division when it completes its transition to fully automated garbage and recycling collection and shifts to every-other-week recycling collection. The anticipated savings are $5 million over 10 years.

Many North Carolina local governments hope some of their position cutbacks are temporary rather than permanent. These governments have de-funded some of their vacant positions, while still leaving the positions in place for future years rather than eliminating them (e.g., Carrboro, Chapel Hill, Charlotte, Concord, Huntersville, Wilmington, Davie County, Franklin County, Mecklenburg County, others). Charlotte de-funded approximately 120 positions in 2010.

Employees Reassigned to Other Departments

Many local governments have transferred employees from one department to another, often following retraining, in an effort to trim costs and avoid layoffs. In some cases, the transfer is prompted by the elimination of a program or the downsizing of a department and is simply the result of an effort to place a displaced worker. In other cases, these transfers are more akin to chess moves—for example, a vacancy in one program prompts officials to

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61. Pat Pate, assistant city manager, High Point, North Carolina, e-mail message to Jack Vogt, School of Government, October 5, 2009.
ask themselves whether the job could be performed by another current employee and, if so, which of the two positions they could most afford to lose: the one now vacant or the one made vacant by the potential transfer.

The city of Fort Worth, Texas, managed to avoid most of a projected 114 layoffs in part by rethinking some planned program eliminations, in part through retirements, and in part by shifting 38 displaced workers to other available jobs. Of these, 16 moved to new jobs with the same salary; five moved to jobs with higher salaries; five took pay cuts; eight moved to less-secure, grant-funded positions; and four moved to jobs potentially vulnerable to outsourcing.

In North Carolina, several local governments shifted employees to new assignments (Table 2), sometimes at lower salary—as was the case in Pinehurst. With local development activity adversely affected by the economic downturn, many of the reassignments moved employees from planning, inspections, and other development-related operations where workloads had declined to jobs in departments with steady or expanding workloads.

### Table 2. Sample Employee Transfers by North Carolina Local Governments to Help Balance Budget

<table>
<thead>
<tr>
<th>Local Government</th>
<th>Employee Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunswick County</td>
<td>From building inspections to code enforcement; from building inspections to governing board staff; from central permitting to code enforcement</td>
</tr>
<tr>
<td>Caswell County</td>
<td>Administrative assistant split between inspections and environmental health</td>
</tr>
<tr>
<td>Chatham County</td>
<td>From environmental health to social services</td>
</tr>
<tr>
<td>Clinton</td>
<td>From water and sewer to sanitation</td>
</tr>
<tr>
<td>Concord</td>
<td>From customer service to waterline operations; from development services to finance; from development services to code enforcement</td>
</tr>
<tr>
<td>Davidson</td>
<td>From town manager's administrative assistant to police department</td>
</tr>
<tr>
<td>Davidson County</td>
<td>From inspections to public works; from inspections to purchasing</td>
</tr>
<tr>
<td>Franklin County</td>
<td>From health to social services</td>
</tr>
<tr>
<td>Henderson County</td>
<td>From planning to solid waste; from information technology to wellness clinic</td>
</tr>
<tr>
<td>Hillsborough</td>
<td>From billing and collections division to water distribution/wastewater collection division</td>
</tr>
<tr>
<td>Iredell County</td>
<td>From inspections to facility services; from inspections to finance</td>
</tr>
<tr>
<td>Lee County</td>
<td>From administration to social services; from register of deeds to social services; from recreation to transportation</td>
</tr>
<tr>
<td>Nash County</td>
<td>From planning to public services/recreation</td>
</tr>
<tr>
<td>Pinehurst</td>
<td>From inspections to building and grounds maintenance</td>
</tr>
<tr>
<td>Selma</td>
<td>From full-time position in police department to part police and part administration</td>
</tr>
<tr>
<td>Watauga County</td>
<td>From planning to sanitation</td>
</tr>
<tr>
<td>Winston-Salem</td>
<td>From information systems to human resources; from internal audit to human resources</td>
</tr>
</tbody>
</table>

### Service Cutbacks—Hours of Service

Many cities and counties have found it impossible to absorb steep budget reductions without cutting back on services. Some have made those cuts by reducing hours of operation.

The city of Colorado Springs, Colorado, cut back the hours of operation for bus service, with operation ceasing at 5:45 p.m. Monday through Friday and no bus service at all on weekends. The trustees of

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64. Marshall Zelinger, “City Council Barely Passes Budget 5-4 with Major Cuts, No Furloughs,” *News*
the library system in Rockford, Illinois, pondered the reduction of operating hours across the system and the possibility of closing a branch library. Budget deficits in Louisville, Kentucky, led to the shutting down of city government for four days and the closing of libraries and community centers one day per week. Library hours were cut in San Diego. The main library in Mesa, Arizona, was closed on Sundays.

In North Carolina, the budget downturn forced a reduction of hours for a variety of operations across local governments, some of which are depicted in Table 3. In some cases, libraries that previously had been open on the weekend were now closed on Saturday or Sunday—or operating hours were trimmed at other times during the week. Reduced hours for parks and recreation affected, for example, after-school programs in Roanoke Rapids, swimming pools in Winston-Salem, and recreation centers in Apex, Roanoke Rapids, Winston-Salem, Chowan County, and Mecklenburg County.

### Table 3. Selected Hours-of-Service Cutbacks by North Carolina Local Governments to Help Balance Budget

<table>
<thead>
<tr>
<th>Selected Operations</th>
<th>Examples of North Carolina Local Governments Cutting Operating Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>Chowan County</td>
</tr>
<tr>
<td>Animal Shelter</td>
<td>Chowan County</td>
</tr>
<tr>
<td>Library</td>
<td>Roanoke Rapids, Caswell County, Chowan County, Franklin County, Henderson County, Lee County, Mecklenburg County, New Hanover County</td>
</tr>
<tr>
<td>Mental Health Clinics</td>
<td>Guilford County</td>
</tr>
<tr>
<td>Parks &amp; Recreation</td>
<td>Apex, Roanoke Rapids, Winston-Salem, Caswell County, Chowan County, Mecklenburg County</td>
</tr>
<tr>
<td>Senior Citizens Center</td>
<td>Roanoke Rapids, Brunswick County, Chowan County, Lee County</td>
</tr>
</tbody>
</table>

Service Cutbacks—Other

In some cases, trimming operating hours either was impractical or simply not enough to close the budget gap. Sometimes service quality was downgraded to save money or operations were scaled back in other ways.

In early brainstorming sessions—10 months ahead of the next budget—the city council of Plano, Texas, focused on options such as closing libraries on Fridays, curtailing police patrols at the schools or requiring a substantial contribution from the school district toward their costs, and the possibility of ending the subsidized transportation program for senior citizens. In similar budget workshops in Ann Arbor, Michigan, council members discussed the possibility of getting out of the garbage collection business and providing for this service through a franchise to a private hauler instead. In previous action, the city of Ann Arbor already had lengthened the cycle for park mowing and eliminated hand trimming, and eliminated several firefighter positions in what could be a step toward closing one or two stations.

The city of Fort Worth, Texas, planned to close its seven public swimming pools to save money. The city of Aurora, Colorado, closed four of its seven

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71. Ibid.
libraries. Budget problems in Louisville, Kentucky, led that city to shutter a firehouse in Old Louisville. In Santa Barbara, California, city officials faced the possibility of cutting youth programs operated by the police department, such as DARE and PAL, the elimination of the sobering center, and possible closing of the public library on Mondays. In San Diego, police equestrian patrols in Balboa Park were suspended; harbor patrol and canine units were scaled back; on-duty fire engine companies were reduced through “rolling brownouts” (i.e., the closing of selected stations on a rotating basis); wintertime lifeguards were no longer provided at Torrey Pines; fire pits were removed from the beaches; and maintenance was reduced at beaches and sports fields.

Budget problems forced the city of Colorado Springs, Colorado, to curtail park maintenance, to limit the operation of community centers to only three months unless private funds become available, and to close all public swimming pools. Budget cuts in Phoenix, Arizona, resulted in library and swimming pool closures, deferred park and street maintenance, and other service reductions. The county executive in King County, Washington, proposed eliminating funding for 39 of the county’s parks, as well as all funding for animal care and control. The city of Rockford, Illinois, projected slower growth and to close a firehouse in Old Louisville. The city of Rockford, Illinois, projected slower growth and to close a firehouse in Old Louisville.

In addition to cutting jobs and raising taxes, the city of Lebanon, Pennsylvania, curtailed some of its services. The mayor proposed to suspend street sweeping, for instance, from December through March. In Augusta, Georgia, the city administrator proposed cutting bus routes and closing the municipal golf course. Members of the board of supervisors in Fairfax County, Virginia, urged consideration of revised boundaries for school-bus-riding eligibility, encouraging more neighborhood children to walk to school and thereby reducing transportation expenditures for the county-funded schools.

The government of Washoe County, Nevada, reported a wide-ranging set of service cuts: “We’ve either implemented or proposed closing golf courses and swimming pools...even changed temperature settings in public buildings. We’ve also got out of lease space and tightened up the space used by staff; reduced and/or eliminated paid security in main county buildings; reduced our fleet size; reduced library hours; eliminated travel and reduced training...; cut road and building maintenance budgets; [and] relied on an aggressive use of volunteers...”

Cuts in the budgets of the parks and libraries totaled 53 percent over a two-year period and led the parks department to adopt as its motto, “Clean, Safe, and Open,” to reflect its revised aspirations.

Local governments from Fresno, California, to Austin, Chicago, and Somerset County, New Jersey, have decided to eliminate or at least downsize their

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traditional Christmas tree displays to save money.87 The city of Orlando, Florida, left its 800 lamppost trees in storage to save $250,000 in setup and electricity costs and also decided to forego its traditional downtown tree; however, private donors provided two trees, along with transportation and setup, while volunteers—including members of the Orlando Magic basketball team—handled the decorating chores.88 The city of Vestavia Hills trimmed holiday costs by moving its parade to a local park rather than continuing to use its traditional route through the center of town.89 Similarly, many communities that normally hosted Fourth of July fireworks displays scaled back or cancelled those events to save funds—$150,000 in the case of Euclid, Ohio.90

In North Carolina, service cutbacks have affected a variety of operations—particularly janitorial services, mowing operations, and residential solid waste collection among the local governments responding to the School of Government survey (Table 4). Among those cutting janitorial services, the typical reduction was to move from daily service to service two or three days per week. In several local governments, the frequency of mowing was reduced. Service cutbacks in residential solid waste collection included reduced frequency of collection from twice to once per week (e.g., Pinehurst) and from weekly to bi-weekly (e.g., Belmont), as well as reduction of the number of days box sites were open (e.g., Davidson County). Greensboro reduced library circulation desk and bookmobile services.

### Support to Outside Groups

Many local governments traditionally have provided financial support to various community groups, ranging from social service agencies to recreational and arts organizations and chambers of commerce. The financial crisis has forced cuts—sometimes deep cuts—to this support in many communities.91

In most cases, cuts have come as reductions in direct financial support from the local government to a given organization. In a few instances, however, the reduced support took a different form. For 12 years, the city of Springdale, Ohio, had used a popular “food for fines” program to help local churches stock their food pantries for needy families. From

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88. Ibid.
89. Ibid.
Thanksgiving until Christmas, drivers ticketed for minor offenses could substitute canned goods for their normal fines. With the city government badly needing all the revenue it could get, the program was cancelled in 2009.92

In North Carolina, many local governments have reduced financial support to outside social service agencies and community groups. Some reductions have been modest, but others have been substantial. For instance, funding cuts to outside social service groups by Dare County and Wilkes County were approximately 20 percent for 2010. Mecklenburg County reduced its financial support to social service and other community groups by about 15 percent. Forsyth County cut half of its support to an independent rescue squad. Pitt County eliminated its non-profit grant funding for 2010.

Revised Staffing Protocol/Target

Staffing protocols—for instance, the number of firefighters assigned to a fire pumper, the use of sworn officers rather than civilians for various jobs, or the ratio of swimmers per lifeguard—have governed staffing decisions in some cities and counties. Budget stresses have caused some of these protocols or staffing targets to be challenged in some communities.

Budget discussions at the city of Santa Barbara, California, focused on several possibilities in the fire and police departments, including the possibility of reducing the normal staffing of fire trucks from four firefighters to three and shifting away from the “community policing” protocols by moving community policing officers back into regular patrol.93 The city of Mesa, Arizona, stretched police resources by hiring lower-paid civilians to do some of the investigative work previously done by sworn officers.94

In North Carolina, some local governments have been forced to rethink some of their usual staffing practices. Prior to the budget crisis, for example, Wilmington had used an “over-hire” policy to provide a cushion to cover public safety absences. That policy has been discontinued.

Four-Day Workweek

Some local governments had experimented with four-day workweeks—usually calling for employees to work four 10-hour days rather than five 8-hour days each week—well before the economic downturn arrived in 2009. Experimentation has increased since then.

Many local governments have now adopted four-day workweeks under a variety of different plans. For instance, the city of Avondale, Arizona, instituted “Green Fridays” with the environment, cost savings, and customer convenience in mind.95 City hall is closed on Fridays, thereby reducing traffic, emissions, and building costs. Employees work 10-hour days Monday through Thursday, allowing extended hours on those days for the convenience of customers. Similarly, city offices in Mesa, Arizona, are open only four days a week.96

The strategy in Birmingham, Alabama, is different. City employees (excluding sworn public safety personnel) work four 10-hour shifts, but days off are staggered to ensure coverage Monday through Friday.97 Yet another common tactic is to schedule the day off for some employees on Monday and for the others on Friday, thereby providing extended hours of operation Monday through Friday, reduced commuting for the workforce, and regular three-day weekends to all non-public-safety employees. Cost savings most often are associated with the first of these four-day-workweek plans—the plan that allows facilities to remain closed an extra day each week.

In North Carolina, some local governments have recently adopted a four-day workweek for at least some of their employees. For example, Asheville’s public works department operates with a four-day workweek, as does Hillsborough’s public works and fire marshal, Clinton’s sanitation department, and Avery County’s department of social services. Martin County’s program is entirely voluntary and only employees in finance and social services had participated by 2009. Operating plans vary across these examples. The Asheville and Clinton model

has all workers on duty for 10 hours on the same four workdays, with operations closed on the fifth day. The others have staggered off days, thereby keeping operations open all five workdays.

**Furloughs**

A furlough is a forced period of time off without pay. Requiring workers to take an unpaid holiday from work was, according to one newsmagazine, “one of the year’s most popular measures” for addressing the budget crisis.  

Many local governments used furloughs in 2009 and 2010 to save money and avoid or minimize layoffs. In some cities and counties the furloughs affected all employees; in others some workers, such as public safety personnel, were exempted. In some places, furlough times of employees were spread out to permit government operations to continue, often with employees having some flexibility in choosing their time off; in others city or county offices and operations—with the exception of public safety and perhaps a few others—closed during furlough time and all employees were off on the same day.

In some local governments only a few furlough days were imposed; in others, several days. In Fort Worth, Texas, for example, the city government imposed eight furlough days on the entire workforce, producing savings equivalent to a 3 percent pay cut across the board.  

Dallas, Texas, planned five furlough days, equivalent to a 2 percent pay cut. At the city of Sauk Rapids, Minnesota, the budget called for 12-day furloughs for employees. In Chicago, the mayor’s proposed budget for 2010 called for nonunion city employees to each take 24 unpaid furlough days. Most employees of King County, Washington, received a 4.88 percent cost-of-living raise in 2009; but for most employees, much of this increase was offset by furloughs that reduced wages for the year by 3.8 percent (positions in criminal justice and transit were exempted).

In most cases, the only favorable thing an employee might say about a furlough was that it beats a pink slip. In some instances, however, furloughs were administered in a way that actually brought long-term benefits. In these cases more favorable personnel moves were accompanied by furloughs to offset costs. For example, the city council of SeaTac, Iowa, coupled a 2 percent pay increase for city employees with five unpaid furlough days. Most employees of King County, Washington, received a 4.88 percent cost-of-living raise in 2009; but for most employees, much of this increase was offset by furloughs that reduced wages for the year by 3.8 percent (positions in criminal justice and transit were exempted).

Some local governments adopted furlough plans that were administered partly through complete office closures and partly through staggered days off and some degree of individual flexibility. The county council of Madison County, Indiana, imposed in mid-November a four-day furlough on county employees paid through the general fund that had to be taken before the end of the calendar year. To ease the scheduling burden for office managers, the council

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ordered the courthouse closed on November 25 and December 18. The other two furlough days would be scheduled with workers on an individual basis.

The city of Dallas, Texas, imposed five furlough days for the 2009-2010 fiscal year and administered them by shutting down most city offices and services those days, excluding fire, police, and garbage collection, which operated on their normal schedules. The assigned furlough days were clustered around holidays to produce lengthy building closures—four days in most cases but five days at Thanksgiving—and maximum savings in electricity.

Several North Carolina local governments used furloughs to help close their budget gaps. For example, Rockingham County imposed two furlough days for the year; Iredell County, four furlough days for non-emergency personnel; Franklin County and Lincoln County imposed five furlough days; and Chowan County imposed two furlough days per month. Forsyth County encouraged employees to take voluntary furloughs—an appeal that yielded more than 1,450 voluntary furlough hours and savings of more than $25,000 in the 2009 fiscal year. Some Forsyth employees took only a day, but others volunteered for a full week of furlough.

At the city of Roanoke Rapids, employees had two to five furlough days in 2009, depending on their salaries. Workers earning less than $30,000 had two furlough days; those making $30,000 to $49,999, three furlough days; and those with salaries of $50,000 or more, five furlough days.

Techniques for managing the furlough days differed from one local government to another. In some cases, an entire operation was shut down on a furlough day (e.g., Iredell County). In others, furlough days were staggered, either at the discretion of the supervisor (e.g., Roanoke Rapids, Chowan County, Franklin County) or with greater choice by employees themselves, to keep operations up and running. Sometimes furlough days were scheduled to coincide with holidays, converting a formerly paid holiday into an unpaid holiday (e.g., Franklin County handled furloughs for public safety personnel by eliminating holiday pay).

Reduction of Work Hours

The economic slowdown threatened workers in many industries with fewer than their accustomed 40 work hours per week and commensurate reductions in their paychecks. The remaining work and dwindling resources simply could not support full operations. Similar challenges confronted many local governments in 2009 and 2010, especially in operations related to the stagnant construction industry.

In some cases the option of reducing work hours was a “spread the pain” tactic considered as an alternative to more targeted and more painful alternatives. Having already imposed furloughs on its workers and facing more revenue shortfalls, the city of Yuma, Arizona, was reportedly considering reductions in work hours in hopes of avoiding or minimizing layoffs.

In North Carolina, Clayton and Iredell County reduced the workweek for building inspections employees to 32 hours. Chowan County reduced the workweek for county employees other than public safety classifications to 37.5 hours, affecting approximately 90 employees.

Salaries/Wages/Compensation

Many local governments were quick to freeze wages in response to the economic downturn. Even in unionized settings with contractual wage increases, local governments pressed for, and often received, concessions to freeze wages.

Substantial numbers of employees in several local governments in Michigan—the city of Livonia and Oakland, Macomb, and Wayne counties, for example—took voluntary pay cuts to help minimize


109. Adam Lindsay, budget and performance manager, Rockingham County, North Carolina, e-mail message to Jack Vogt, School of Government, October 1, 2009.

110. Ronda Tatum, Forsyth County, North Carolina, e-mail message to Trevor Fleck, January 6, 2010.

111. “Governments in Yuma County Feeling the Pinch,” Yuma (AZ) Sun, December 6, 2009.

the extent of layoffs. Thirty-one city employees in Livonia volunteered for a 5 percent pay cut.

The county council of Salt Lake County, Utah, voted to reduce by 2.75 percent the wages of the county’s 4,000 employees to avoid 70-plus layoffs after earlier eliminating nearly 200 positions through attrition. In Washoe County, Nevada, workers agreed to a 2.5 percent pay cut for most of 2009 and raises were eliminated for a two-year period. The mayor’s proposed budget in Chicago called for wage reductions for nonunion city employees.

Even where rewards for excellent performance survived during the downturn, their form sometimes changed. The city of Rock Hill, South Carolina, switched in 2010 from its previous practice of awarding 3 percent salary increases to top-performing employees, offering these employees instead their choice of a one-time payment equal to 1.5 percent of their salary or additional vacation time of equivalent value, producing a savings to the city of $560,000 in 2010 and $1.1 million in 2011. The budget crisis in Tucson, Arizona, caused city officials there to consider dropping longevity pay and second-language pay as cost-cutting options.

In North Carolina, many local governments froze wages (e.g., Asheville, Rockingham County, Yanceyville, and many others). Watauga County, among others, eliminated the merit pay scheduled for January 2009. Relatively few of the survey respondents reported pay increases for 2010; many, many more said there would be no increases.

Various types of special pay supplements were affected by the downturn. For example, certification pay was suspended in several local governments (e.g., Hillsborough, Columbus County, Durham County, and Franklin County). Longevity pay was also suspended in many places (e.g., Durham County, Franklin County, Hertford County, and Stokes County), reduced in some (e.g., Dare County) and eliminated in others (e.g., Henderson County and Mecklenburg County). The town of Hillsborough adjusted its policy on longevity pay, making new hires eligible after five years rather than immediately. For the first time, Davidson County awarded no performance bonuses to its performance-based budgeting departments.

Overtime
Under budget strain, many local governments focus in various ways on overtime practices—sometimes using extra overtime to cope with position vacancies and avoid hiring replacements; sometimes clamping down on the use of overtime to reduce expenditures.

In North Carolina, Asheboro has banned the use of overtime and Franklin County banned it for all but public safety personnel. Lewisville permits overtime only with special approval. Huntersville reduced overtime in parks and recreation. Charlotte restricted the manner in which overtime was assigned in the fire department. Asheville, Havelock, and Cumberland County use compensatory time instead.

Reduced Employee Benefits
The benefit packages of local government employees have been targeted by some local governments seeking short-term savings as well as long-term budgetary relief. Vacation days, sick leave, accumulation and buy-back policies, health insurance, cost-sharing formulas, tuition reimbursement, overtime policies, among others, have been eliminated in various ways.

117. Monica Croskey, fiscal analyst, City of Rock Hill, South Carolina, e-mail message to Jack Vogt, School of Government, October 26, 2009.
119. Ben Durant, Director of Finance, City of Asheville, e-mail message to Jack Vogt, School of Government, October 6, 2009.
120. Adam Lindsay, budget and performance manager, Rockingham County, North Carolina, e-mail message to Jack Vogt, School of Government, October 1, 2009.
vehicle and parking allowances, and pensions have all been scrutinized in various communities. As a budget-paring move, the city council of Columbia, Missouri, reduced sick-leave buybacks by dropping the buy-back rate from 75 percent to 50 percent of hours accumulated and also altered the policy for overtime pay by no longer counting paid sick time, vacation, and holidays toward hours worked in a week.\textsuperscript{123} The city of Santa Barbara, California, suspended vacation cash outs.\textsuperscript{124} Among the principal options proposed by the city manager of Newport Beach, California, for dealing with the city’s $5.8 million shortfall was the possibility of increasing the employee share of benefit costs.\textsuperscript{125} After first considering a three- to 10-day furlough for most city employees, the city council of Colorado Springs, Colorado, voted instead to deduct 24 hours of vacation from the vacation banks of all city employees, including fire and police personnel.\textsuperscript{126}

Retirement plans for local government workers tend to be defined-benefit pensions, which guarantee retirement income at a formula-determined level based on length of service and final salary. Even as more and more private sector retirement plans shift from defined-benefit to defined-contribution plans, an estimated 84 percent of state and local government workers still get defined-benefit pensions.\textsuperscript{127} Increasingly, public employers have begun to consider a shift to defined-contribution plans for new hires or the possibility of requiring new employees to work more years and retire later to earn full pensions.\textsuperscript{128} Late in 2009, New York City adopted major pension reform for new workers and Philadelphia’s mayor urged pension plan modifications, similarly directed toward new hires.\textsuperscript{129}

In North Carolina, Mecklenburg County suspended vacation cash outs; Pinehurst reduced its sick-leave buybacks; and for new hires Wilmington eliminated its 25 percent payout of sick leave at separation. Martin County had been progressing toward its goal of making 5 percent contributions to employee 401K plans—increasing its contribution by 1 percentage point annually—until the budget crisis forced it to suspend further increases. The crisis caused Dare County to reduce its 401K contributions from 5 to 1 percent; Wilmington, from 4.5 to 2.5 percent; and Columbus County, from 2 to 1 percent. Cumberland County suspended its contributions to employee 401K plans.

Cumberland County changed the vesting period to qualify for retiree health benefits from 10 years to 20 years of employment; Hillsborough adjusted its vesting period from 20 to 30 years; Forsyth County from 5 years to 20 years of service with the county; and Columbus County moved its vesting qualifications from 20 years of service and age 55 to 30 years of service and age 60.

### Health Benefits

Responses to a survey of the National League of Cities indicated that many cities have focused on employee health benefits as a place to trim costs. A quarter of the responding cities had reportedly reduced health benefits.\textsuperscript{130}

The kinds of revision commonly under consideration include the scope of coverage, required deductibles, and employer-employee cost sharing. Some local governments also considered whether any revisions should apply to all employees or only to employees hired in the future. In some cases, such as revisions proposed recently by the mayor of Detroit, the reductions were targeted toward new hires.\textsuperscript{131}

The city of Duncanville, Texas, eliminated dental coverage for its employees, while the city of Frost-
budget, Maryland, eliminated vision coverage.\textsuperscript{132} With the city of Peoria, Illinois, considering a range of cost-cutting options, Firefighters Local 50 voted to cancel annual health and wellness examinations for a year for all but those having current medical concerns or family histories of medical conditions, saving the city about $90,000.\textsuperscript{133}

In some local governments, such as Montgomery County, Pennsylvania, commissioners debated whether to require employees to contribute to their health coverage.\textsuperscript{134} Elsewhere, the debates were over how much to raise the employee share. The city of Grosse Point, Michigan, for instance, was among the many local governments imposing higher health care costs on employees.\textsuperscript{135}

In North Carolina, many local governments reduced employee health care coverage or increased employee and family premiums for health insurance. For example, Matthews, Caswell County, Dare County, Lee County, and Pitt County reduced general coverage. Deductibles were increased from $1,500 to $2,000 for individuals in Caswell County and from $3,500 to $10,000 per covered member in Matthews.\textsuperscript{136} Charlotte coupled modest premium hikes with $10 increases in employee co-pays (from $20 to $30 for general co-pays and from $30 to $40 for specialists).\textsuperscript{137} Matthews, Caswell County, and Dare County reduced prescription coverage. Bel- longmont reduced dental coverage. Matthews and Durham County established self-funded HMO programs to control costs, while Apex, Davidson County, Durham County, and Forsyth County converted to self-insured health programs.

Several North Carolina local governments have restricted or eliminated retiree health care coverage for future employees. For example, Pitt County will no longer provide coverage if only the last five years of a retirement-eligible employee were in service to Pitt County—now the last 15 years must have been there. Charlotte, Davidson County, and Surry County have eliminated retiree health care for future employees. Lee County moved retirees past age 65 to a medicare supplement.

Monthly premiums paid by employees for their own coverage increased by about $32 in Lee County; $25 in Franklin County and Mecklenburg County; $18 in Wilmington; $14 to $28 in Surry County, depending on coverage; and $6 in Davidson County. Monthly premiums for family coverage increased by about $78 in Wilmington; $50 in Franklin County; $44 in Pitt County; and, depending on coverage, $90 to $127 in Surry County and $11 to $34 in Davidson County.

\textbf{Intergovernmental Collaboration/Coordination—Purchasing}

Declining resources following the economic downturn provided new impetus to explore the cost-saving possibilities of intergovernmental collaboration. One avenue for such collaboration is through combined purchasing of common items to achieve quantity discounts.

Several North Carolina local governments initiated or expanded purchasing cooperation with another government in 2009 and 2010 in an effort to increase their purchasing power and get better prices. For example, Matthews, Davidson, and Concord coordinated purchases with other municipalities. Pinehurst collaborated with another municipality, the county, and the local school district. The major prize for Concord in its coordination efforts was the purchase of fire apparatus.


\textsuperscript{134} Keith Phucas, “Castor Believes County Employees Could Be Spared,” \textit{The Valley Item (PA)}, December 14, 2009.


\textsuperscript{136} Matthews information confirmed by Christine Surratt, finance director, in e-mail message to Trevor Fleck, January 6, 2010.

\textsuperscript{137} Ann White, Budget Office, City of Charlotte, North Carolina, e-mail message to David Ammons, January 4, 2010.
Intergovernmental Collaboration/Coordination—Other

Especially during times of fiscal stress, talk of consolidation grows. Some proponents of consolidation see opportunities for economies of scale and the elimination of “service duplication” in larger, merged governments. This argument, however, remains controversial, as detractors contend larger governments are not always more efficient and the so-called “duplicate” services are typically coordinated across governments so that duplicate services are not actually provided to the same group of citizens. The savings, they say, from replacing coordinated services with service from a larger, single government are likely to be minimal, especially in labor-intensive functions typical of local government services, if savings from merger are possible at all.

Despite consolidation clamor among enthusiastic proponents, especially during difficult financial times, mergers occur only rarely—perhaps from a desire to protect local independence and community identity or perhaps upon discovering that anticipated savings often are overstated. For instance, voters in New Jersey’s Wantage Township recently rejected a merger with Sussex Borough, despite hoped-for savings, and Medford Lakes decided against a plan to share police with the township surrounding it.

More limited coordination, however, or even the consolidation of selected functions does occur from time to time. For example, the police force of Lakemore, Ohio, was recently absorbed into neighboring Springfield Township’s police department to provide a combined force for the two entities.

In western Michigan, pressures of the economic recession brought serious discussions of intergovernmental cooperation and service consolidation to the fore. The cities of Grand Rapids, Wyoming, Walker, Kentwood, Grandville, and East Grand Rapids sought ways to work together to deliver municipal services like fire, police, and public works. The Grand Rapids city manager reported that the discussions would “shock you at the level, the magnitude of regional consolidation we’re looking at.”

A task force was established in Hamilton County, Ohio, to explore avenues for the county and 49 neighboring municipalities to share services. Consideration was being given to the possibility of shared emergency dispatch operations for Cincinnati and Hamilton County. In Middlesex County, New Jersey, the county began construction in 2010 of five communication towers to provide a wireless communications network for county agencies and municipalities, with projected overall communications cost savings of $500,000 annually as well as substantial revenue potential from the sale of unused capacity on the towers. The county planned to explore the possibility of regional property tax assessments and collection, as well as the possibility of municipal participation in the county’s health insurance fund.

In North Carolina, the town of Yanceyville dissolved its police department in the wake of the downturn and now contracts with the county sheriff for public safety services, saving the town more than $100,000 annually. Other local governments have similarly focused on options for greater collaboration as a budget-balancing tactic. The sheriff’s department in Bladen County cooperated with its counterpart in Columbus County and the courts system to secure a mutually beneficial Project Safe Neighborhoods (PSN) grant. Davidson is cooperating with other local governments for economic development and recreation. The city of Greensboro transferred ownership of a park to Guilford County but continues to perform maintenance services under contract with the county. Roanoke Rapids has now turned to Halifax County for billing and collecting its property taxes. The Winston-Salem police department and Forsyth County sheriff’s office have begun to...
explore the possibility of combining their property storage/evidence management services and perhaps their forensic/crime scene processing services.

Hillsborough, Chapel Hill, and Carrboro teamed up with the Orange Water and Sewer Authority in a cooperative staff development program called “Orange Muni Training” to share training opportunities and minimize costs. In what might be called a “functional consolidation,” Pitt County has agreed to handle planning and inspection functions for some of the smaller towns in the county.

Information Technology (IT) Remedies
Many local government officials have turned to information technology for ways to improve service quality, effectiveness, and efficiency. It is the third quality—efficiency—that is especially appealing in tough economic times.

Alameda County, California, has developed an integrated data warehouse for its social services agency that will better inform social workers, streamline casework, and save an estimated $11 million a year by eliminating duplicated work and detecting fraud.146

In North Carolina, the IT department of the city of Asheville examined cell phone usage of city departments in hopes of finding opportunities for savings. By restructuring plans and eliminating unnecessary phones, the city saved about $60,000 or 13 percent of its previous expenditures.147 Other local governments have recently established online payment of parking citations (e.g., Davidson and Greensboro), digital check/payment search program (e.g., Matthews and Davidson County), and online reverse auctions (e.g., Pinehurst, Davidson County, and Nash County).

Retirement Incentives
Retirements and other voluntary departures open three appealing cost-saving possibilities to local governments under fiscal duress: the possibility of eliminating the position formerly held by the retiree, the possibility of promoting another current employee into the retiree’s position and eliminating the newly vacated position, or simply the opportunity to hire a less experienced person at a lower salary to perform the retiree’s old job. In some local governments, incentives have been offered to coax eligible employees into retirement or even early retirement. The wisdom of such incentives has sometimes been questioned, especially when the incentive is substantial and the retirement will not lead to the elimination of a position. Still, retirements and early retirements remain a prominent cost-reduction tactic.

For example, the possibility of encouraging early retirements was among the principal options proposed by the city manager of Newport Beach, California, for dealing with the city’s $5.8 million shortfall.148 The city of Colorado Springs, Colorado, offered inducements that attracted 88 retirement-eligible employees into retirement in 2009.149 Employees occupying a position the city could hold vacant for at least 12 months or could fill internally (with that position to be held unfilled) were offered a cash incentive up to $15,000, based on current salary and years of service, plus continued municipal contributions for health insurance coverage for another year.150 Oneida County, New York, used a retirement incentive program to free up 31 of the 35 positions scheduled for elimination in 2010, reducing county employment to its lowest level in decades. The fact that incentives also were offered to other retirees whose positions would be filled, though at lower initial salaries, drew criticism from outside experts questioning the wisdom of the incentive.151

147. Ben Durant, director of finance, City of Asheville, e-mail message to Jack Vogt, School of Government, October 6, 2009.
148. “Newport Beach to Make $5.8 Million in Cuts,” The Orange County (CA) Register, October 12, 2009.
150. Kara Skinner, City of Colorado Springs, Colorado, e-mail message to Trevor Fleck, January 6, 2010. Employees could receive an additional cash payment up to $5,525 in lieu of extended health insurance coverage, if they preferred.
city reduce 20 positions for 2010, while laying off only two employees. A total of 77 employees took Guilford County’s retirement incentive during the 2009 and 2010 fiscal years. Eligible employees retiring from the county by June 30, 2009, received a payment equal to two longevity payments; those retiring by February 2010 received an amount equal to one longevity payment. Employees with long service to Guilford County could also qualify for accelerated health care contributions from the county.

Retirement incentive programs were also established in Concord, Havelock, Forest City, Wilmington, Winston-Salem, Forsyth County, and Franklin County. Of these, Concord and Havelock offered incentives only when no outside replacement would be hired to fill the retiree’s position. The retirement incentive in Winston-Salem was a $20,000 bonus payment, designed to free up as many positions as possible for elimination or reassignment. More than 30 employees accepted Forsyth County’s retirement incentive, also $20,000, which was offered to employees with 30 years of service or more.

Volunteerism

Many local governments rely on the efforts of volunteers to enhance local services even in the best of times. In a less favorable economic climate, some cash-strapped cities and counties depend on volunteers even more—sometimes even for some of the most fundamental of local government services. For example, in September 2009 the city of Cumberland, Maryland, contemplated a range of options for reparing costs from its budget, one of which was the possibility of moving from its paid fire department to a volunteer department. Ultimately, the mayor and city council decided against the change but indicated their intention to trim personnel costs through attrition.

Much more numerous are recent examples of less substantial—but still important—money-saving contributions made by volunteers. Bamberg County, South Carolina, for instance, proudly points to volunteer efforts in a beautification project at the county landfill. Several communities note that individual residents and groups often volunteer to mow the grass in public spaces as a civic gesture and cost-saving contribution. A couple of variations on this theme, however, are a bit unusual. While they are not exactly volunteers, a team of goats keeps the park grass neatly trimmed in Hempstead, New York. In Toledo, Ohio, the mayor mows a park himself to help save the city money.

In North Carolina, several local governments report increased reliance on volunteers—sometimes in place of employees or otherwise generally helping to offset employment reductions. For example, Matthews has expanded the use of volunteers in emergency medical services; Stokes County, in social services; Davidson County, in senior services; and Franklin County, in aging services.

Work Rules/Policies

Work rules and general work practices often have a substantial impact on operating costs. In heavily unionized local governments many of these rules are written into contracts and dictate how work gets done, often limiting managerial discretion and sometimes driving up costs. Given their desperate need to reduce costs, some local officials, including the mayor of Philadelphia, have encouraged the adoption of more flexible work rules.

Even in local governments without formal work rules embedded in union contracts, inefficient work

152. Ben Durant, director of finance, City of Asheville, e-mail message to Jack Vogt, School of Government, October 6, 2009.

153. Michael Halford, budget director, Guilford County, North Carolina, e-mail message to Trevor Fleck, January 11, 2010. Under the incentive, retirees having 25 years of service credit in the retirement system and at least 15 years at Guilford County would be eligible for the county contributions normally provided to retirees having 30 years of credit and 20 years at Guilford County.


practices may develop over time and can be difficult to change. Unofficial practices that allow generous time allowances for shutting down field operations at the end of the day or that might allow a few employees to get by with habitually extended break times and less-than-diligent efforts become especially problematic when resources are tight and staffs are shorthanded. Changing such practices can be an important tactic in managing with fewer resources.

Mayor/Chair/Council/Commission Budget
In the economic downturn of 2009, the top elected officials of many cities and counties reduced their own office budgets as they cut the government’s overall budget. Many perceived this action to have substantive and symbolic importance.

The mayor and council members of Livonia, Michigan, volunteered to take 5 percent pay cuts, joining two dozen city employees who similarly volunteered for pay reductions in an effort to minimize layoffs.158 In Frostburg, Maryland, the budget-balancing approach called for “pain all around” and included the elimination of salaries and travel budgets for the mayor and city council.159 Any travel would be at the council members’ personal expense.

The city council in Dallas, Texas, applied the budget knife to its own office budget, trimming about $300,000 from the portion of the budget devoted to the city council itself.160 Most of the savings came by eliminating the printing of agendas, but reductions were also made in appropriations for meals, travel, and the printing of interoffice memos.

The mayor and common council of Waupaca, Wisconsin, cut their own pay by 3 percent in a largely symbolic move that saved $1,500.161 The six job cuts made by the mayor of Huntington, Indiana, included a pink slip issued to his own wife, who had served as the mayor’s executive assistant.162

In North Carolina, several governing bodies slashed their own office’s budget. The mayor and city council of Roanoke Rapids reduced their own pay by 10 percent, as did the board of commissioners of Chowan County. The city council of Forest City reduced its compensation by 12 percent. The commissioners of Columbus County reduced their own pay by $1,500 apiece. The mayor and city council in Charlotte cut their own travel budget by $25,000.163

Modification of the Budget Process
Facing substantial budgetary challenges, some local governments invited new participants into the budget process, adopted tactics to generate new ideas, or even changed the approach to budgeting in their community.

Resisting the tendency to impose across-the-board cuts during times of fiscal stress, the city of Savannah, Georgia, chose instead to adopt a new approach to budgeting with three prominent features: first, city council established priorities (e.g., public safety, neighborhood vitality, health and environment, and others); second, the “price” citizens would pay for municipal services as determined by the council; and third, encouragement to departments to design services that would address the priorities at good prices. The city departments became “sellers” of services. Their services were ranked and priorities were funded until available resources were exhausted, allowing the city to meet its $15 million budget reduction target without an across-the-board cut that hurts high-priority as much as lower-priority programs.164

The city of Evanston, Illinois, invited citizens to take a bigger role in budget-balancing deliberations, first asking 40 citizens to participate in a set of brainstorming workshops and then inviting all residents to vote by internet on a range of proposed cuts

162. “Job Cuts Ordered in Huntington to Address City Budget Shortfall,” WPTA-TV, November 3, 2009.
164. Chris Morrill, assistant city manager, City of Savannah, Georgia, e-mail message to Jack Vogt, School of Government, October 9, 2009.
and revenue-generating ideas. Top vote getters included proposals to rent office space in the civic center, cut staff and hours, and close two branch libraries. In Naperville, Illinois, residents responding to a poll by the Naperville Area Homeowners Confederation voted the installation of more red light cameras as the most popular revenue-generating option for dealing with that city’s budget problems.

In North Carolina, the town of Hillsborough asked employees to submit ideas for saving money or improving operations and netted more than 130 suggestions, several of which were adopted. Among the other local governments establishing rewards programs for employees offering cost-saving or revenue-generating ideas were Matthews, Thomasville, Bladen County, and Franklin County.

Some local governments, including Greensboro, Mooresville, Winston-Salem, and Mecklenburg County, sought public input for budget-cutting and revenue-generating strategies. Winston-Salem engaged its Citizens’ Budget Advisory Council, appointed by the city council, in this pursuit.

Several local governments—for example, Clayton, Lewisville, Pinehurst, and Stokes County—altered the normal budgeting process by using a more outcome-oriented approach to budget decision making.

Miscellaneous Budget-Balancing Tactics
A variety of other budget-balancing tactics have been reported by local governments across the country. Some are specific ideas to reduce expenditures, large or small, perhaps just to get by for the year.

In the category of “just getting by for the year,” some local governments split payments for purchases across fiscal years to minimize a current year expense. The city of Black River Falls, Wisconsin, for instance, paid for its new police car over two years rather than all at once. Firefighters in Naperville, Illinois, were asked to cut the grass at the fire station and to get by with their old uniforms a little longer. Tinley Park, Illinois, cut back on parkway tree replacement and mosquito abatement, and trimmed its postage and paper budget by relying more on e-mail.

Some local governments have moved to eliminate the usually token compensation provided to members of the planning commission and various advisory boards. In Milford, Michigan, members of the planning commission and zoning board will no longer receive their customary $25-per-meeting stipend.

In North Carolina, Hillsborough established a program to encourage departments to find savings throughout 2010 and end the year under budget. Any departments that did so would be rewarded by carrying 50 percent of the savings into the next year for flexible use during 2011.

Dare County delayed vehicle financing so one quarterly payment would be made in the current fiscal year rather than two. Clayton also delayed some payments.

Roanoke Rapids and Chowan County used inmate labor to supplement the work of government employees. Chowan County increased its use of inmates to help offset budget reductions in maintenance, recreation, and animal shelter operations.

Concord, Havelock, Matthews, Franklin County, Mecklenburg County, and Stokes County were among the local governments that hired collection agencies to pursue outstanding debt. Several local governments—including Greensboro, Havelock, Wilmington, Brunswick County, Chatham County, Dare County, Durham County, Mecklenburg County, Stokes County, and Watauga County—reduced payments to their own equipment replacement funds.


168. Ibid.

169. Ibid.


Revenue-Enhancing Moves

Many cities and counties took steps to increase revenues to blunt the economic downturn’s effects on local government services. Respondents to the National League of Cities (NLC) 2009 City Fiscal Conditions Survey indicated that boosting fees was a common move among municipalities (45 percent hiking fee levels and 27 percent increasing the number of fees), with most cities resisting any urge to boost tax rates (Figure 2). Still, 25 percent of the respondents reported property tax hikes and 5 percent increased the sales tax rate.173

A 2009 survey of North Carolina cities and towns, conducted by the North Carolina League of Municipalities (NCLM), asked municipal officials about their governments’ budget-balancing tactics broadly. The survey excluded county governments. The most common steps taken to increase dollars available for appropriation were the boosting of current fees, drawing more dollars from the fund balance, and establishing new fees for service (Table 5).

Several tactics in addition to those reported most prominently in the NLC and NCLM surveys may be found among the revenue-enhancement options of local governments. Other tactics include expand-
Tax Increase
Most local governments would prefer to avoid tax increases, especially in a down economy. Inevitably, however, many are forced to consider such increases, often in combination with spending reductions. Among the increases and reported targets for increases in 2009, 2010, and succeeding years were sales taxes, property taxes, gasoline taxes (locally imposed in some states), utility taxes, and local income taxes.174

Some respondents to the School of Government survey of North Carolina local governments reported increases in the property tax rate for the 2010 fiscal year. For instance, Franklin County and Chowan County reported increases of 5 cents and 3.5 cents per $100 of assessed value, respectively. Most respondents, however, reported no property tax rate increase. Wilmington reported an increase in the rate of its privilege license tax and Davidson County raised tax rates in two fire districts.

New Tax
Some cash-strapped local governments found themselves grasping for entirely new sources of tax revenue. Although some college towns previously had considered but abandoned the pursuit of a tuition tax on college students, the cash-strapped city of Pittsburgh, Pennsylvania, facing a $600 million pension-fund shortfall, pressed forward in 2009 until the last minute in its quest for a 1 percent tuition tax on college students—almost bringing the issue to a vote before reaching agreement with Carnegie Mellon University, the University of Pittsburgh, and nonprofit healthcare provider Highmark to boost their in-lieu-of-tax contributions to the city.175 The city had faced strong opposition from students. A spokesperson noted that the city had only two years

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earlier imposed a 7 percent poured-drink tax that fell heavily on the same student population. The bill for a 1 percent tuition tax would have varied from one college to another depending on the price of tuition, with the tax ranging from about $20 per year for students at the Community College of Allegheny County to more than $400 for those at Carnegie Mellon. A court challenge had been anticipated if the measure had gone to a vote and passed.

In budget workshops in Ann Arbor, Michigan, council members discussed the possibility of eliminating the existing rollback of property tax rates or establishing a city income tax. They also considered the possibility of establishing a street lighting special assessment district whereby property owners across the city would pay an additional tax to fund streetlights. The city council in Phoenix, Arizona, considered eliminating the sales tax exemption on food items purchased at grocery stores and other retailers. Only about 20 Arizona cities exempt food purchases from sales taxes.

In Wyoming, talk turned to the possibility of establishing a new tax on wind energy development, amounting to approximately a 5 percent tax on generation with 10 percent of the proceeds going to counties, if adopted. The city council of Tucson, Arizona, discussed but ultimately rejected the possibility of enacting a 2 percent rental tax on landlords having three or more rental units—a tax found in a few neighboring municipalities.

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178. Ibid.

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**Fee Increases and Expanded Fee Services**

According to the 2009 NLC survey, raising fees for services was the step most commonly taken by cities to boost revenues, with 45 percent of respondents reporting such a move by their city. More than one in five added new fees.

News reports from across the nation provide a snapshot of the action to increase fees. The city of Colorado Springs, Colorado, for instance, increased parks department fees across the board, including a jump from $248 to $279 for winter softball and from $1,960 to $2,920 for 12-hour rental of the city auditorium for commercial use. The city of Phoenix, Arizona, raised fees on more than a dozen items, including a jump from 60 cents to $1.50 per hour on parking meters, from $60 to $75 for a season swim pass for a family of four, from $12.50 to $28 for a permit to bring alcohol into a city park, and from $30 to $270 for a child to participate in the city’s after-school program. The mayor of Indianapolis, Indiana, proposed quadrupling taxi fees from $100 to $471 per cab, among a host of other fee increases. Others raised fees for refuse, recycling, water and wastewater services, electricity, parking deck charges, animal adoptions, bus fares, golf, and more. In Palo Alto, California, the city raised an additional $400,000 from new fees and fee increases.

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Some local governments sought to expand revenue-generating services. For instance, county governments, including several in Kentucky, explored opportunities to house more state and federal prisoners in county jails—at lower daily rates than the corresponding costs in state and federal prisons—as a revenue stream.\(^{188}\)

Like their counterparts across the nation, many North Carolina local governments turned to fee increases as part of their overall strategy for balancing the budget. A sample of the types of fees adjusted is found in Table 6.

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<table>
<thead>
<tr>
<th>Selected General Fund Fees</th>
<th>Examples of North Carolina Local Governments Raising This Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal fees</td>
<td>Bladen County, Columbus County</td>
</tr>
<tr>
<td>Assessment, zoning, or plan review fees</td>
<td>Belmont, Havelock, Lewisville, Roanoke Rapids, Brunswick County, Guilford County</td>
</tr>
<tr>
<td>Building and development fees</td>
<td>Belmont, Carrboro, Lewisville</td>
</tr>
<tr>
<td>Building inspection fees</td>
<td>Belmont, Carrboro, Thomasville, Bladen County, Brunswick County, Guilford County, Yadkin County</td>
</tr>
<tr>
<td>Business license fees</td>
<td>Wilmington</td>
</tr>
<tr>
<td>Emergency medical service fees/ ambulance transport fees</td>
<td>Brunswick County, Dare County, Guilford County, Pitt County</td>
</tr>
<tr>
<td>Fire inspection fees</td>
<td>Salisbury, Wilmington</td>
</tr>
<tr>
<td>GIS/map fees</td>
<td>Hillsborough</td>
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<tr>
<td>Historic District Guidelines document fee</td>
<td>Hillsborough</td>
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<tr>
<td>Landfill tipping fees</td>
<td>Bladen County, Columbus County, Iredell County, Nash County, Pitt County</td>
</tr>
<tr>
<td>Library fees</td>
<td>Brunswick County</td>
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<tr>
<td>Parking fees</td>
<td>Wilmington</td>
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<tr>
<td>Parking fines</td>
<td>Belmont</td>
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<tr>
<td>Public event/festival admissions fees</td>
<td>Asheville</td>
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<tr>
<td>Public health fees</td>
<td>Brunswick County, Davidson County, Guilford County, Stokes County, Yadkin County</td>
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<tr>
<td>Public transit fees</td>
<td>Greensboro, Guilford County</td>
</tr>
<tr>
<td>Recreation/leisure activities fees</td>
<td>Asheville, Clayton, Clinton, Davidson, Huntersville, Roanoke Rapids, Wilmington, Brunswick County, Chowan County, Columbus County, Dare County, Lee County, Yadkin County</td>
</tr>
<tr>
<td>Refuse collection fees</td>
<td>Apex, Clayton, Clinton, Havelock, Wilmington, Chowan County</td>
</tr>
<tr>
<td>Recycling fees</td>
<td>Apex, Asheville, Clayton</td>
</tr>
<tr>
<td>Sign permit fees</td>
<td>Hillsborough</td>
</tr>
</tbody>
</table>

raised youth athletics fees; Columbus County raised court and field reservation fees; Roanoke Rapids, Columbus County, and Lee County raised gym rental fees; Asheville, Roanoke Rapids, Lee County, and Yadkin County raised pool fees; and Asheville raised golf course, after-school and summer program, and nature center fees. Clayton also raised out-of-town-participant fees.

New Fees
Pressed by the need to recover costs and raise revenues, many cities and counties have established new fees for a variety of services. Some have imposed “accident response fees” to offset the cost of cleaning up crash scenes by collecting from at-fault drivers. Washington, D.C., considered the possibility of adding a “streetlight user fee” to utility bills.\(^{189}\) The San Francisco Board of Supervisors adopted a 20-cents-per-pack cigarette fee that opponents complain is really a tax but called a fee simply to avoid the need for voter approval.\(^{190}\) The mayor contended the fee was needed to recover costs of cleaning up cigarette butts.

The city of Providence, Rhode Island—like Pittsburgh—had considered a tuition tax on students at local universities before deciding instead in the spring of 2009 to implement student fees of $150 per semester on each student.\(^{191}\) In Palo Alto, California, the use of the exhibit hall at the Junior Museum and Zoo was free in 2009 but will cost $300 in 2010. Similarly, in 2010 a newly instituted permit for solar hot-water systems will cost $200.\(^{192}\) The city of Mesa, Arizona, now charges the local Little League $15 an hour for the use of lights on the ballfields.\(^{193}\) The county executive of Dutchess County, New York, proposed that municipalities be charged for sheriff’s road patrols and school districts be charged for school resource officers.\(^{194}\)

In North Carolina, some local governments established new fees. For instance, Carrboro now charges for use of the town’s golf disc course field; Hillsborough now charges a credit/debit card convenience fee, a cemetery lot transfer fee, a residential sprinkler system permit fee, and a bulk pick-up fee; and Chowan County now charges an administrative fee at the senior center and a utility cost-share fee for nonprofits occupying county-owned buildings.

Reduction of Fee Subsidies
Over the years many local governments have exempted some persons or groups from fees or have otherwise subsidized various fees by charging less than the standard amount to selected persons or groups. In the face of its budget crisis, the city of Wilmington eliminated fee subsidies.

Tactics to Increase Receipt of Existing Taxes/Fees
In the face of dwindling revenues, many local governments stepped up their audits of local businesses in hopes of finding additional back taxes owed to them.\(^{195}\) The city of Middletown, Ohio, more than doubled the number of charges filed in court for failure to file or pay the city’s income tax. The city had spent $55,000 in pursuing delinquent cases part way through the fiscal year and had collected $212,000.\(^{196}\) Some local governments became more aggressive in the issuance of parking tickets.\(^{197}\) More parking meters—sometimes called a “curb tax”—along with the assignment of more citation officers, the raising of penalties for violations, and even the

privatization of parking systems and enforcement were steps undertaken in some communities in an effort not only to more effectively manage limited parking spaces but also to raise needed revenues. Deals with private companies for enforcement in Chicago and Atlanta promised major increases in revenues; in Washington, D.C., street sweepers equipped with cameras to record violations were projected to generate $2 million in fines annually; in New Orleans, Baltimore, and Montgomery County, Maryland, a high-tech system allowed violators to remove boot devices from their car with a cell phone, but only if they paid the fine first; and the city of Sacramento, California, added an $8 fee to every parking ticket in an effort to address its budget gap.

In North Carolina, local governments such as Greensboro, Wilmington, Davidson County, and Nash County made online fee payment available to customers in an effort to streamline processes and perhaps increase fee receipts. Facing the budget crisis without a fund balance cushion and fearing a serious cash-flow problem, Chowan County offered an early-payment discount on property taxes—a 2 percent discount if taxes were paid by July 31 and a 1 percent discount if paid by August 31.

Some local governments (e.g., Wilmington) withhold services when fees are unpaid or overdue.

Cash Management Practices/Investment Strategies
Some local governments have refinanced outstanding notes and bonds to reduce payment amounts. The city of Black River Falls, Wisconsin, for example, restructured debt and locked in a more favorable interest rate.

In North Carolina, several local governments adjusted their investment strategies in an effort to strengthen their position or achieve more favorable results. Some—such as Asheboro and Belmont—purchased certificates of deposit or CDs with longer-terms for better rates of interest, while others—such as Lewisville and Surry County—avoided long-term CDs and attempted to shorten their portfolios. Salisbury found an advantage in dealing with local institutions for more favorable investment rates.

Asset Sales
In North Carolina, Chowan County turned to the sale of assets—land and some buildings—to help it cope with the budget crisis.

Leasing of Government Assets to Outside Parties
In recent years the city of Chicago received huge upfront payments for privatizing its parking meters and the Chicago Skyway toll road, gaining more than $2 billion from private companies for the right to parking and toll revenues over the next several decades. To cope with the current budget crisis of 2009 and 2010, the mayor sought more such opportunities and has hired consultants to help him find them. Although he was reluctant to tell reporters what options he was considering, speculation included the possibility of resuming stalled talks regarding the privatizing of Midway International Airport and the possibility of privatizing the city’s water system.

In North Carolina, the town of Yanceyville is consolidating the location of municipal offices into one remodeled building and subsequently will lease out a smaller facility being vacated. Concord will lease a parking lot. Franklin County will lease building space and Caswell County has begun charging for a building previously provided to its occupants at no charge.


199. Ibid.


203. Ibid.

New State/Federal Grants
The American Recovery and Reinvestment Act was an important source of revenue for some struggling local governments. “The stimulus is making a difference in city government,” said Mayor Tom Barrett of Milwaukee, Wisconsin, where $26.3 million in Recovery Act funds have been directed to street and bridge work, another $17.7 million to job training programs and the hiring of 50 new police officers, and hopes remain high for more stimulus funds still to come.205 Mayor Barrett said the recently adopted budget “was by far my toughest, and these funds helped us to fill budget gaps and thwart severe cuts in city services.” He called the funds for public works projects and police officers “especially timely.”

Other local governments continue to rely on—or hope for—Community Development Block Grants and other grants from state and federal sources.206 Many North Carolina local governments reported new grants for the 2010 fiscal year. Receipt of American Recovery and Reinvestment Act grants was especially prominent in the set of newly received funds, but others included funds from Community Development Block Grants, COPS Hiring grants, Staffing for Adequate Fire and Emergency Response (SAFER) grants, Governor’s Highway Safety Program (GHSP) grants, North Carolina Parks and Recreation Trust Fund (PARTF) grants, Safe Route to Schools grants, Project Safe Neighborhoods grants, Justice Assistance Grants (JAG), and Crime Commission grants. Several recipients reported that grant receipts were being used for ongoing operating expenses—notably, salaries for 50 new police officers in Charlotte funded through the Recovery Act—meaning that these communities will face new budgetary challenges when the grant funds expire.

Receipts from Utilities
In many local governments enterprise funds (e.g., water and sewer, electric) are healthy, but the tax-supported general fund is practically broke. An important budget-balancing tactic in these governments is the pursuit of legitimate ways to move dollars from healthy enterprises to the general fund—often via fees for general fund facilities and services to the enterprises.

To cope with its budget shortfall, the city of Spokane, Washington, established a tax on previously untaxed utility fees that pay for utility construction projects. This tax, which is passed along to utility customers through higher water and sewer rates, effectively transfers almost $5 million a year to the general fund.207 The city of Asheville provides another example. The city borrowed $2 million to implement an enterprise resource planning system (ERP) in the 2008–2009 fiscal year. The general fund impact of $450,000 in annual debt service was reduced by the development of a methodology that allocates a portion of the debt service to the city’s enterprise funds based on ERP system usage.208

Drawing on Reserve Funds
The use of reserve funds is controversial. Part of the controversy centers on the impact that the use of such funds might have on bond ratings, if rating agencies regard it to be an unwise or even desperate act, potentially raising the cost of future borrowing.209 Another part rests on the knowledge that the use of reserves to cover operating costs does not fix the underlying problem of revenue-expenditure imbalance; it perhaps only delays, and might even worsen, the eventual day of reckoning. Yet another part of the controversy lies in the fear that conditions might deteriorate further in years just ahead and reserves might be needed even more. Still, these reserves often are labeled “rainy day funds” and increasingly public officials are declaring it is raining and time to use a portion of the reserves.

Some local governments—the city of SeaTac, Iowa, for instance—have dipped into reserve funds to avoid or minimize layoffs and service cuts. Prior

208. Ben Durant, director of finance, City of Asheville, e-mail message to Jack Vogt, School of Government, October 6, 2009.
to the current budget crisis, SeaTac’s financial policy called for a reserve sufficient to cover four months of operating expenses, but that policy was recently revised downward to provide only three months’ coverage.210 Similarly, the city of Middletown, Ohio, drew funds for public safety positions from its reserve, allowing the reserve to drop from more than 20 percent of annual expenditures to a projected 15 percent by 2013.211 The city of Canon City, Colorado, which traditionally held reserve funds as great as 30 percent of annual expenditures, spent down those reserves to 23 percent in 2008, 15 percent in 2009, and 11 percent in 2010.212 The city of New Rochelle, New York, planned to dip into its reserve for $2 million.213 Similarly, Boone County, Missouri, planned to draw $2 million—approximately one-third of its reserve.214

The mayor of Chicago, hoping to avoid a tax increase and deeper cuts to employees and services, proposed spending large portions of the reserves created from huge upfront payments for privatizing its parking meters and the Chicago Skyway toll road, leaving less than $800 million of the more than $2 billion from those deals.215

Several North Carolina communities were forced by the budget crisis to draw more heavily from their General Fund balance than in normal years. Brunswick County enjoyed a fund balance at the close of the 2008 fiscal year equal to 44 percent of annual expenditures, but by the close of the 2009 fiscal year it was down to 36 percent and was projected to be 34 percent at the close of 2010. Surry County’s fund balances were reportedly 30.7 percent, 27.5 percent, and 22 percent over the same period. Comparable fund balances for Dare County were 22.9 percent, 18 percent, and 17 percent. For the city of Asheville, they were 19.3 percent, 18.7 percent, and 15.1 percent.

Conclusion

It is entirely understandable that local government officials facing fiscal duress might feel they can never have enough options—or enough good options—for balancing the budget. But they do have options—and quite a large number of them.

Cities and counties across the nation used the tactics described in this volume in various forms and combinations to cope with the budget crisis of 2009 and 2010. Local officials will undoubtedly draw upon them even more and will be pressed to develop new budget-balancing tactics as revenue challenges extend into the foreseeable future.
Appendix

School of Government 2009 Survey Results
Budget-Balancing Tactics among North Carolina Local Governments

The School of Government survey on budget-balancing tactics was sent electronically in November 2009 to 206 finance and budget officials representing all 100 North Carolina counties and 106 North Carolina municipalities with populations greater than 5,000. The questionnaire was developed after reviewing news reports from across the nation and drawing upon budget-balancing tactics used elsewhere. Qualtrics was used as the online survey software agent. A second-wave follow-up was sent in December 2009. Responses were received from 62 of the 206 local governments contacted for an overall response rate of 30 percent. Fifty-nine Qualtrics survey responses were received and three responses were returned via e-mail. The response rate among counties was 31 percent; among municipalities of greater than 45,000 population, 44 percent. Seven of the state’s largest 10 local governments completed the survey.

1. All graphs/table responses based on 59 Qualtrics responses.

List of Responding Local Governments

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*Counties responding via email
Appendix

Figure A. Steps Taken Mid-Year in 2009 by Responding Governments to “Stop the Bleeding”

Steps Taken in FY 08–09 in Preparation for FY 09–10

- Departmental budget cuts: 58%
- Delay infrastructure/facility maintenance: 40%
- Cancel contract(s) or contracting plans: 2%
- Hiring freeze: 67%
- Purchasing restrictions: 48%
- Travel restrictions: 65%
- Other: 25%
- No cuts: 8%

Distribution of Departmental Budget Cuts

- Across-the-board cuts of equal percentage: 37%
- Mostly across-the-board cuts of equal percentage, but some exceptions: 40%
- Broad variation in cuts: 23%

Purchasing Restrictions Imposed

- Delay equipment acquisition/replacement: 59%
- Eliminate equipment acquisition/replacement: 45%
- Other: 34%
Figure C. Other Budget-Balancing Tactics among Responding Local Governments

- Delayed some payments to succeeding fiscal year
- Established employee rewards program for cost-saving ideas
- Hired collection agency to pursue outstanding debt
- Imposed earlier-than-normal cutoff of new purchase orders near end of FY
- Negotiated or renegotiated longer payment terms
- Reduced contributions/payments to equipment replacement fund
- Sought public input for budget-cutting/revenue-generating strategies
- Used a more outcome-oriented approach in budget decision making
- Others

Figure B. Budget-Cutting for FY 2009-10 among Responding Local Governments: Across-the-Board or Selective Cuts?

- Implemented across-the-board cuts of equal percentage
- Broad variations in cuts
- The overall budget was not reduced from the previous year

Local Government Budget Reductions in FY 09–10

- 31%
- 32%
- 37%
### Table A. Selected Cost-Cutting Tactics among Survey Respondents

| Cost-cutting tactic                      | Apex | Asheboro | Asheville | Avery County | Bladen County | Brunswick County | Cabarrus County | Caswell County | Charlotte | Chatham County | Claremont | Clenordon | Columbus County | Concord | Cumberland County | Dare County | Davidson | Davie County | Duplin County | Durham County | Forsyth County | Franklin County | Guilford County | Hoke County | Hertford County | Hillsborough | Huntersville | Indian Trail | Iredell County | Lee County | Lewis County | Lincolnton | Mecklenburg County | Mooresville | Moore County | Nash County | Pender County | Pitt County | Roanoke Rapids | Salisbury | Stokes County | Thomasville | Wake County | Wilkes County | Wilson | Winston-Salem | Yadkin County |
|----------------------------------------|------|----------|-----------|-------------|--------------|-----------------|-----------------|---------------|------------|--------------|-----------|-----------|----------------|---------|-----------------|-------------|----------|-------------|--------------|--------------|----------------|----------------|--------------|-------------|--------------|-------------|----------------|-------------|---------------|----------------|------------|-------------|-------------|----------------|-----------|----------------|-------------|--------------|-----------|---------|----------------|-------------|---------------|----------------|------------|-------------|-------------|----------------|-------------|---------------|-------------|--------------|-----------|---------|----------------|-------------|---------------|----------------|------------|-------------|
| Delayed facility/infrastructure        | X    | X        | X          | X           | X            | X               | X               | X             | X          | X            | X          | X         | X              | X        | X               | X           | X       | X            | X            | X           | X             | X              | X            | X           | X            | X            | X              | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | 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          | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X              | X          | X            | X          | X            | X         | X                | X           | X             | X te
| Position-related cutback                          | Apex | Asheveil | Bladen County | Brunswick County | Caswell County | Charlotte | Chatham County | Chowan County | Clayton | Columbus County | Concord | Cumberland County | Davie County | Davidson County | Durham County | Forsyth County | Franklin County | Guilford County | Henderson County | Hillsborough | Huntersville | Iredell County | Lee County | Martin County | Matthews | Mecklenburg County | Mint Hill | Mooresville | Nash County | Pender County | Pitt County | Roanoke Rapids | Salisbury | Stokes County | Stanly County | Wilkes County | Wilson | Winston Salem |
|-------------------------------------------------|------|----------|---------------|-----------------|---------------|-----------|---------------|--------------|--------|----------------|---------|-----------------|-------------|----------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|---------------|------------|-------------|---------|-----------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|---------------|-------------|--------------|---------|---------------|
| Hiring freeze                                   | X     | X        | X             | X               | X             | X         | X             | X            | X      | X              | X       | X               | X           | X             | X           | X             | X           | X           | X           | X           | X           | X            | X           | X           | X            | X           | X             | X           | X             | X         | X           |
| Cutbacks in employee positions                 | X     | X        | X             | X               | X             | X         | X             | X            | X      | X              | X       | X               | X           | X             | X           | X             | X           | X           | X           | X           | X           | X            | X           | X           | X            | X           | X             | X           | X             | X         | X           |
| Defunded employee positions                    | X     | X        | X             | X               | X             | X         | X             | X            | X      | X              | X       | X               | X           | X             | X           | X             | X           | X           | X           | X           | X           | X            | X           | X           | X            | X           | X             | X           | X             | X         | X           |
| Furloughs                                       | X     |          |               |                 |               |           |               |               |        |                 |          |                 |             |               |             |               |             |             |             |             |             |               |             |               |             |               |             |             |             |             |               |
| Four-day workweek newly established            | X     | X        |               |                 |               |           |               |               |        |                 |          |                 |             |               |             |               |             |             |             |             |             |               |             |               |             |               |             |             |             |             |               |
| Four-day workweek previously established       | X     |          |               |                 |               |           |               |               |        |                 |          |                 |             |               |             |               |             |             |             |             |             |               |             |               |             |               |             |             |             |             |               |
| Reduced workweek for some employees            | X     | X        |               |                 |               |           |               |               |        |                 |          |                 |             |               |             |               |             |             |             |             |             |               |             |               |             |               |             |             |             |             |               |
Table C. Cost-Cutting Tactics among Survey Respondents: Compensation/Benefits

| Payment/benefit cutback                                      | Apex | Asheville | Caswell County | Charlotte | Concord | Cumberland County | Dare County | Davidson County | Durham County | Forsyth County | Franklin County | Guilford County | Havelock | Henderson County | Hillsborough | Lee County | Matthews | Mecklenburg County | Nash County | Pitt County | Stokes County | Surry County | Wilmington | Wilson | Winston Salem |
|-------------------------------------------------------------|------|-----------|----------------|-----------|---------|-------------------|------------|----------------|--------------|---------------|---------------|---------------|-------------|-----------|-----------------|--------------|-----------|-----------|----------------|-------------|------------|-------------|-------------|------------|-----------|--------|----------------|
| Certification pay suspended/reduced                        |      |           |                |           |         |                   |            |                |              |               |               |               |             |                 |              |           |           |                 |             |           |             |             |           |           |        |               |
| Longevity pay suspended/reduced                            |      |           |                |           |         |                   |            |                | X            | X             | X             | X             |             |                 | X             | X         |           | X         | X             | X           |           |             |             |           |           |        |               |
| Other special pay suspended/reduced                        |      |           |                |           |         |                   |            |                |           |               |               |               |             |           |                 |              |          |           |           |               |            |           |             |             |           |           |        |               |
| Sick-leave buybacks reduced                                |      |           |                |           |         |                   |            |                |               |               |               |               |             |           |                 |              |          |           |           |               |            |           |             |             |           |           |        |               |
| Vacation cashouts suspended                                |      |           |                |           |         |                   |            |                |               |               |               |               |             |           |                 |              |          |           |           |               |            |           |             |             |           |           |        |               |
| Reduced contributions to employee 401k plans               |      |           |                |           |         |                   |            |                | X            | X             | X             | X             |             | X                 |               |           |           |           |               |            |           |             |             |           |           |        |               |
| Retirement incentives                                      |      |           |                |           |         |                   |            |                | X            | X             | X             | X             | X           | X                 | X             |           |           |           |               |            |           |             |             |           |           |        |               |
| Employee health care coverage reduction                    |      |           |                |           |         |                   |            |                | X            | X             | X             | X             | X           | X                 | X             |           |           |           |               |            |           |             |             |           |           |        |               |
| Convert to self-insured health program                     |      |           |                |           |         |                   |            |                |               |               |               |               |             | X                 | X             |           |           |           |               |            |           |             |             |           |           |        |               |
| Lengthen retirement health care vesting schedule           |      |           |                |           |         |                   |            |                | X            | X             | X             | X             | X           | X                 | X             |           |           |           |               |            |           |             |             |           |           |        |               |
| Reduced or eliminated retiree health care coverage for past, present, or future employees |      |           |                |           |         |                   |            |                | X            | X             | X             | X             | X           | X                 | X             |           |           |           |               |            |           |             |             |           |           |        |               |
| Revenue-enhancing tactic                                      | Apex | Asheboro | Asheville | Bladen County | Brunswick County | Carrboro | Caswell County | Chapel Hill | Charlotte | Chatham County | Chowan County | Clayton | Columbus County | Concord | Connelius | Cumberland County | Dare County | Davidson County | Forsyth County | Franklin County | Greensboro | Guilford County | Harnett County | Henderson County | Hertford County | Hillsborough | Hoke County | Iredell County | Lee County | Lewis County | Lincoln County | Mecklenburg County | Mebane | Moore County | Nash County | Pineland | Pitt County | Roanoke Rapids | Salisbury | Stanly County | Surry County | Wake County | Warren County | Wilmington | Wilson | Winston-Salem | Yadkin County |
|--------------------------------------------------------------|------|----------|-----------|--------------|-----------------|---------|----------------|------------|-----------|---------------|---------------|---------|----------------|---------|------------|-----------------|-------------|----------------|----------------|---------------|----------------|---------------|-----------|------------|---------------|-------------|--------|-------------|------------|---------|------------|-------------|---------|-------------|-------------|-----------|-------------|-------------|----------|-------------|--------------|----------|-------------|-------------|---------|-------------|--------------|---------|
| Property tax increase                                       |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| Privilege license tax increase                              |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| Fire inspection fee increase                                 |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| Specific fire district tax increase                          |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| New strategies to generate additional interest income        |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| New asset sales                                              |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| Leasing new local government assets                         |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| Fee increases                                                |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |
| New grants                                                  |      |          |           |              |                 |         |                |            |           |               |               |         |                |         |            |                 |             |                |               |               |               |               |            |             |                |          |              |            |          |              |             |          |              |            |          |              |             |          |

Table D. Revenue-Enhancing Tactics among Survey Respondents
About the authors


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