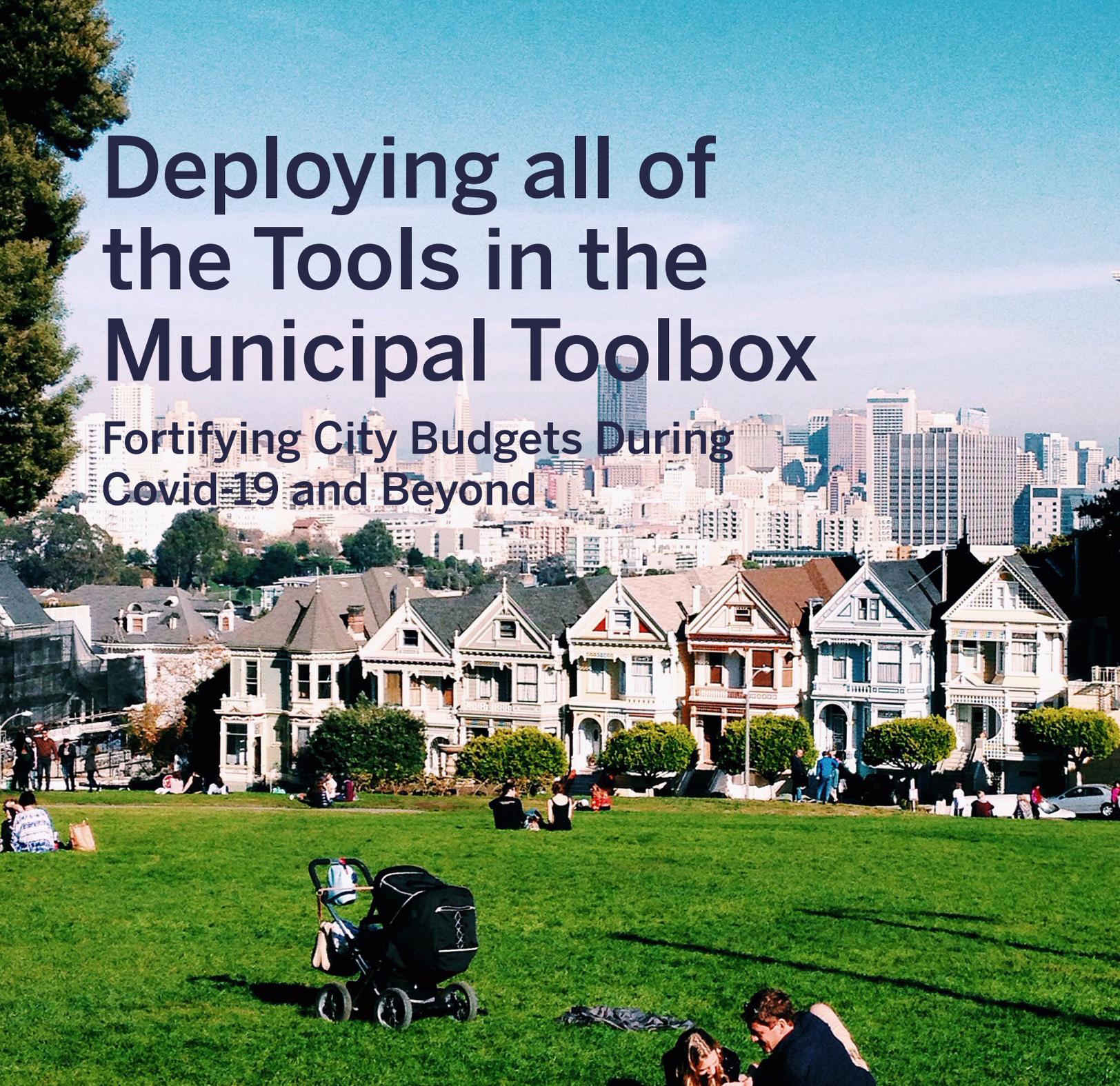


Deploying all of the Tools in the Municipal Toolbox

Fortifying City Budgets During
Covid-19 and Beyond



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RESILIENT CITIES CATALYST



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ABOUT RESILIENT CITIES CATALYST

Building on the pioneering legacy of 100 Resilient Cities (100RC), senior 100RC executives have now established Resilient Cities Catalyst (RCC). RCC is a new non-profit designed to help cities build the capacities and partnerships needed to understand, prioritize, and concretely address their risks and chronic stresses as they pursue their strategic goals or recover from crisis.

RCC partners with city governments, businesses, neighborhoods, and community stakeholders around the globe to:

1. Develop an enabling environment to build strong partnerships between cities and their communities allowing them to drive policy, planning, design, finance, and institutional resources for resilience-building efforts.
2. Ensure that ideas are turned into meaningful action by addressing gaps between project plans, project implementation and desired impacts.
3. Share and replicate learnings through a growing community of practice.

ABOUT ANNA FRIEDMAN

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As the coronavirus pandemic effects continue to ripple across the global economy, one of the long-term consequences that city residents will feel for years to come is the devastating blow to municipal budgets. With anticipated revenues plummeting amid escalating expenditures related to coronavirus response, a [recent survey](#) conducted by the United States Conference of Mayors and the National League of Cities of almost 2,500 cities found that 90 percent of U.S. municipalities—including virtually all large cities—will not be able to balance their budgets. From Santa Monica to New York City, Dallas to Duluth, and an array of cities in between—no city, whether large or small, affluent or of average means, is immune to these budgetary symptoms of the current economic malaise.

In practice, this means significant and far-reaching everyday impacts at the human level. Municipal employees, like teachers, police officers, and sanitation workers, are already starting to be hit by layoffs, furloughs, or pay cuts, with more on the horizon. Municipal belt-tightening will also likely require substantial reductions of city services, affecting everything from our schools to our parks to our streets. In New York City's case, under the Mayor's [recently pared-down budget](#), this will translate as cuts in youth jobs programming, traffic safety improvements, waste collection, and more. In addition to [layoffs and pay cuts](#), Philadelphia is looking to cut a community college scholarship program for low-income students and potentially eliminate the city's arts and culture office. Dayton has already furloughed about 25 percent of city workers, and faces [potential additional layoffs](#) of critical workers in emergency services and public safety.

What's more, as we enter a deep economic recession that is unfortunately projected to persist over the long term, there's no end in sight. This is especially true because many significant sources of revenue for most cities, particularly income and sales taxes, fees, and federal and state grants, have evaporated with economic shutdowns and job losses, and are likely to rebound only with major gains in employment and economic activity.

The good news is that cities have long served as catalysts for innovation, and it is this capacity that will help cities weather the current fiscal crisis. Indeed, long before coronavirus, cities were at the forefront of addressing today's urgent challenges.



These issues are not receding simply because the pandemic has consumed our attention; many of these challenges—in particular, those brought on by systemic inequalities—have only been exacerbated by this crisis and others like it. Cities have been taking bold steps to address challenges ranging from climate change to rising economic inequality, and they can't afford to take their foot off the gas. In short, they will need to do more with less.

Hopefully the federal government will mitigate municipal budget shortfalls with a much-needed stimulus package for local governments. But city leaders can't afford to wait for federal action. And regardless of whether or when a stimulus arrives, the good news is that cities already have multiple tools at their disposal to help them weather difficult periods like this one. Careful and deliberate use of increasingly limited resources, while embracing creativity and leadership, will aid cities in emerging from this crisis stronger and more resilient to shocks and stresses than they were before. Here are three approaches cities can take to maximize their limited resources—steps that will fortify their budgets during the pandemic and beyond.

Start with, and Stick to, Identified Priorities

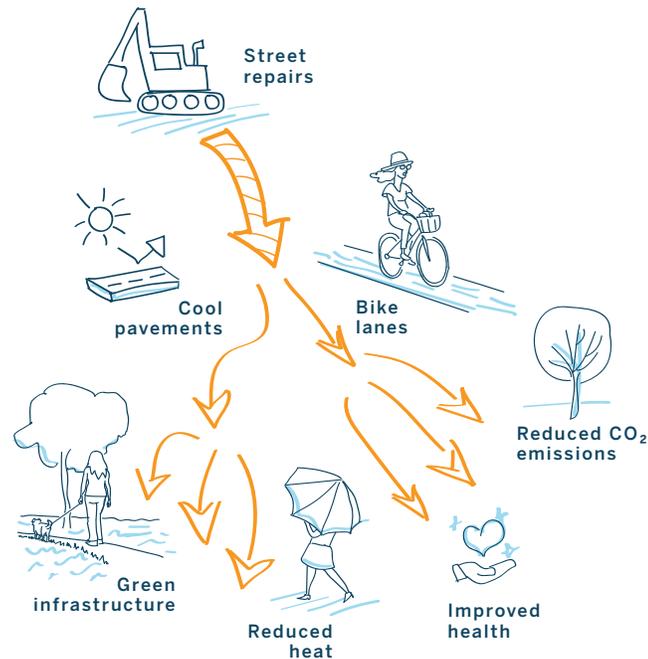
While city leaders' top priorities will, of course, need to be shaped by COVID recovery, many of the persistent challenges facing communities, and efforts to address them, should serve as the guide for the difficult budgeting decisions that lie ahead. During a period of pared-down budgets, it is more critical than ever to deploy limited funding towards advancing pre-identified strategic priorities. This means protecting programs that advance a city's most urgent needs while rigorously assessing which programs do not. These priorities can include higher-order visions and goals from a citywide Resilience Strategy, or from another citywide strategic planning process. These identified priorities become only more important during moments of crisis, and programs that effectively advance these goals should be protected, as much as possible, from cuts. This makes sense from not only a policy perspective but from a financial one as well, because existential challenges, left unaddressed, frequently become much more expensive over the long term.



Budgets are ultimately a statement of values—which is why aligning spending in accordance with the priorities established by a rigorous, community-driven planning process is so important. To ensure this alignment, cities can establish a decision-making framework with criteria to evaluate spending decisions based on identified strategic priorities. This lens should guide spending. To maintain prioritization, cities should continuously use data to evaluate what works. Policies and programs that show impact in advancing critical priorities should be continued; conversely, those that do not are a waste of limited resources, and those funds can be redirected towards evidence-based interventions that make progress in achieving important goals.

Incorporate Multiple Benefits

With creative thinking and a long-term view, cities can stretch existing budgets to make progress towards prioritized goals, while achieving savings over time. For instance, money already earmarked for basic needed street repairs can have an amplified impact by layering in enhanced standards and additional improvements that would have cost more or required separate expenditures down the road—like bike lanes, green infrastructure, cool pavements, or even broadband expansion. Of course, these kinds of integrated approaches require effective and regular coordination across silos—in this example, among departments and offices overseeing transportation, construction, information technology, sustainability, planning, and parks, to name a few—as well as the ability to quantify disparate benefits and savings across these silos. However, in addition to yielding health, climate, and equity benefits for residents, this kind of thinking can allow cities to tap into creative sources of funding for projects. For example, the private sector’s desire to install broadband could also defray costs of the street repairs while achieving savings over the long term through consolidation.



With federal stimulus funding for infrastructure potentially on the horizon, cities should be prepared to leverage this multibenefit approach to deploy these resources in a way that maximizes their value. While many cities invested dollars from the most recent federal stimulus, the 2009 American Recovery and Reinvestment Act (ARRA), in traditional shovel-ready projects that had long been in the pipeline, there is an opportunity for cities to be more forward-thinking with future stimulus funds. Investing in upstream, multibenefit projects that drive towards long-term priorities will help city leaders build the city they want, rather than repair the city they had.

Capitalize on Partnerships

Strategic partnerships can take a variety of forms, but they all help coalesce non-public resources in the service of achieving city priorities. There are many approaches that cities can take to support critical nonprofits and community organizations, from streamlining regulations to strengthening coordination at the Agency level. Sometimes the city's role is to serve a coordinating function, multiplying impact by connecting a multitude of nonprofit and philanthropic partners so that the result is greater than the sum of numerous parts. To give one recent example, New York City's ambitious plan to address food insecurity during the coronavirus crisis involves partnerships with local nonprofits and community-based organizations that supplement existing city efforts to feed New Yorkers. Partnering with and coordinating among these organizations ensures that these services reach all neighborhoods and vulnerable populations effectively, while minimizing duplication and conserving city resources. A collaborative response during the current public health crisis also strengthens multi-sector partnerships that can be further leveraged for other needs in the future.



Other kinds of partnerships creatively engage other sectors, through city assets, incentives, regulations, and policy tools, to support city priorities with the city itself spending relatively little of its own money. Many cities have launched bikeshare programs, for instance, that couple public capital investments with a privately operated system—resulting in improved transit connectivity as well as health and environmental benefits. In the context of economic recovery following the pandemic, cities can see small business owners as partners in securing a strong recovery. Small business tax incentives or streamlined regulations to support recovery of local entrepreneurs is one tool that requires no current budget allocation, and evidence shows that the multiplier effect on local economies—in the form of local spending, job growth, and increased tax revenue—can be significantly greater than foregone revenue from incentives themselves. ●