

Mayors measure effect of belt-tightening on quality of life

Updated 12h ago

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Hickory, N.C. Mayor Rudy Wright stands at a drained swimming pool. He says that with the state facing a \$3.5 billion shortfall, the city can't count on millions in state aid.

The city of Hickory, N.C., where the unemployment rate soared from 2% to 16% during the recession, is repaving fewer streets, slashing dozens of city jobs, reducing library hours and closing two community pools. City workers haven't gotten raises in two years, and the city has postponed development of some parks.

"We're saying no to services we just cannot justify," says Rudy Wright, mayor of the city of 41,000 about 60 miles northwest of Charlotte. "We're continuing to do the things our residents believe are essential functions of government."

FISCAL CRISIS: States streamline, reorganize

TO COME: Expect lots of gov't layoffs at state, local level

Recession-battered cities are moving beyond cutting or delaying major projects to close budget gaps and are slashing such quality-of-life functions as public safety services, library hours and afterschool programs, a new survey of mayors shows.

About four in 10 mayors say they have cut maintenance and services at parks and gardens or reduced hours and staff at libraries, according to the *Reader's Digest*-Harris Interactive survey of 54 mayors.

Things will get worse before they get better, the mayors say: Nearly 70% say they will reduce maintenance or cancel projects on roads, highways and bridges; 63% will cancel or delay planned building projects, and 41% will cut services or staff in police and fire departments.

"The recovery has been very slow," Wright says.

'800-pound gorilla'

Much of the pain playing out in cities is tied to employee salaries that often were negotiated during boom times and offset by funds from state and federal governments, says Tad DeHaven, a budget analyst with the libertarian Washington, D.C.-based Cato Institute.

"For the cities, the 800-pound gorilla in the room is labor costs," he says. "For a lot of years, promises were made for local government employees — police, firefighters, teachers. I'm talking specifically about pension promises.

"Local governments are kind of in a bind because



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you need to be able to cut costs, particularly with labor, which is such a large share of their budgets, but you run into union opposition, and there are legal issues surrounding the ability to open up contracts," DeHaven says.

Reader's Digest commissioned the survey as part of its "We Hear You, America" initiative, which will highlight challenges facing the nation's cities and offer \$5 million in "stimulus" funds to select cities. Most of the funds will go to cities and towns that receive the most votes from residents at the Reader's Digest website.

"We went in with the belief that there are still people that are hurting all across the country," says Dan Lagani, president of Reader's Digest Media. "What we didn't expect was the amount of quality-of-life issues" being slashed nationwide. "The thing that so resonated is that three-quarters of the mayors said they expect 2011 to be a tougher year than 2010."

Optimism in the air

Lagani says the survey also uncovered a lot of "classic American optimism" as mayors seek ways to keep communities strong.

Among steps they've taken: 63% say city employees are accepting early retirement or reduced overtime; 41% say volunteerism is increasing; and 22% are receiving private financial donations to help offset service cutbacks.

"We want to elevate the issue so other companies do the same thing (help cities)," Lagani says.

Mayor Jeanne-Marie Napolitano of Newport, R.I., says her city of 26,000 is forming partnerships with other communities to provide services such as fire protection. "It has been a struggle," she says. "New England, and particularly Rhode Island, is known for being very independent."

State aid could wane

Like other mayors, Napolitano worries that alreadyreduced state funding will be cut even further next year. "Our state is facing a \$400 million deficit in the coming year, and there's only a few places they can get it," she says.

Laramie, Wyo., population 30,000, has cut some children's programming at parks and recreation centers, furloughed most city employees and delayed some capital purchases and projects, Mayor

Jodi Guerin says. "What we've done initially is try to do it (balance the budget) without cutting services as much as possible," she says. "The way we've approached it this year, we've cut things that are non-revenue-generating."

Meanwhile, in Hickory, Mayor Wright frets that the past is prologue:

"In the early part of the decade, the state permanently held \$3 million of highway money," he says. "We love our state, but we needed that \$3 million. We fear that, with the state facing a \$3.5 billion shortfall ... that they're going to hold money again.

"We face tremendous uncertainty here."



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