PREPARING FOR THE NEXT RECESSION

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• The *intergovernmental context*, including both state-imposed and locally-imposed limitations on taxes and expenditures.

• The *fiscal base*, meaning the linkage between a city’s or county’s economic base and its fiscal architecture or authority to tap into the underlying economy.

• The *demands and preferences of citizens* for a quantity and quality of services and the *local political culture* that creates a set of expectations, norms of conduct and behavior, and informal rules.

Nothing new here, but we might consider…

Savings. Elected officials need to understand importance of reserves; voters need to as well.

Ending Balance as Percentage of Expenditures (municipalities)

Data from: National League of Cities, City Fiscal Conditions reports
Cash for capital. Stimulation is fed responsibility, but locals make a difference. Bonds are at historic lows, but interest rates decline during recession.
Nothing new here, but we might consider…

Is your fiscal architecture aligned with your economic base? Identify an ideal and begin gradually moving. The Great Recession produced marginal changes. Get ahead of the curve!

Source: Author’s analysis
Nothing new here, but we might consider…

While states’ fiscal positions are generally strong (income tax authority--especially capital gains--helps), petition for relief from onerous TELs or other disadvantageous arrangements

TEL types imposed on cities by state (2015)

Nothing new here, but we might consider...

Sensible but sometimes politically charged actions …

- Avoid borrowing from future generations by fully investing in infrastructure maintenance and repair today
- Stockpile resources and/or add capacity for public services designed for the most vulnerable residents
- Make annual pension contributions per actuarial recommendations and continue paying even when they are ‘fully funded.’
THANK YOU

Questions?

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