

# What are the effects of the Great Recession on local governments?

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A new issue of *State and Local Government Review* (SLGR) documents the crisis affecting city and county governments following the Great Recession. Published this month, the issue examines the severity and potentially lasting changes brought about by the economic downturn and presents new data collected from local government administrators. The Special Issue of SLGR (published by SAGE), marks its move to a quarterly publication.

The lead article, "Going it Alone: New Survey Data on [Economic Recovery](#) Strategies in Local Government" by Bruce J. Perlman and J. Edwin Benton documents the profound challenges facing local governments in this new era. In a survey of 580 city and county governments, nearly half cited budget shortfalls as a top problem. Among other findings, the article reveals that local government managers are:

- Freezing positions and cutting workforces
- Trimming pension and [health care costs](#) and passing them to employees
- Lowering service delivery levels, but not imposing many new fees
- Using technology to reduce costs where possible
- Receiving added pressure but little help from States and the Federal Government

This important new research sheds light on the challenges faced by city and county governments that must provide most basic services. Unlike federal or state governments, these local governments have limited ability to generate revenue and are often mandated to pay for and deliver services by those other governments. As the authors indicate, most local governments have already reduced expenditures and exhausted their resources to generate revenue. Furthermore, several prominent local governments have declared bankruptcy and as this article documents, other local governments may follow suit.

Other articles in this Special Issue take up complementary themes. In "The 'New Normal' for Local Government," Lawrence L. Martin, Richard Levey, and Jenna Cawley wrote that local governments will face real [economic problems](#) as a result of the recession as \$225 billion was taken from city and county governments. They recommended a list of options to adjust to the "New Normal," most interestingly, educating the public about trade-offs between having and paying for services.

In "The Future of Local Government: Will Current Stresses Bring Major, Permanent Changes?" David N. Ammons, Karl W. Smith, and Carl W. Stenberg wrote that the changes caused by the Great Recession are not permanent. Instead, they view the Recession as a result of years of gradual changes in the U.S. local government system and wrote that reductions in spending and employment and changes in government structure and services will not be permanent for most cities.

Two other articles on local governments' reactions to the crisis complete the issue. Kimberly L. Nelson's article "Municipal Choices during a Recession: Bounded Rationality and Innovation," evaluates the ways governments have responded to Recession-related changes theoretically and empirically, but finds no set patterns, asserting that it is too soon to determine trends. In "Managing through Collaborative Networks: A Twenty-First Century Mandate for Local Government," Michael Abels

proposes forming collaborative networks of [local governments](#) to employ economies of scale to provide the same or more services with fewer resources.

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