



AWC Research

An update on city fiscal conditions

Following the state's announcement of a \$1.4 B shortfall for the 2011-13 biennium, AWC invited finance directors and city clerks to participate in a survey about current fiscal conditions for Washington cities and towns. Forty-three percent of Washington's cities participated in the survey, representing 47% of the state's incorporated population.

Survey results convey city officials' grim outlook about their cities' fiscal future:

- 77% of respondents so far say they are less able to meet financial needs in 2011 compared to four years ago.
- 51% say they will be less able to meet financial needs in 2012 compared to 2011.
- 57% say they will be less able to meet financial needs in the next four years compared to 2011.

Asked what actions they will take to balance the budget for 2012:

- 47% of responding cities said they will decrease general government spending.
- 46% will increase use of operating reserves and/or ending cash balance.
- 48% will decrease infrastructure spending.
- 43% will increase use of capital reserves.

When asked what they would do if revenue does not come in at predicted levels, many expressed frustration at the difficulty of making further cuts to already lean budgets:

- 32% identified cuts to quality of life services such as parks, libraries, or community events.
- 29% identified cuts to infrastructure and other capital expenses.
- 24% identified cuts to general government.
- 16% said they would consider cuts to public safety services.

Capital budgets continue to shrink. When asked how their 2011 capital budget compares to previous years:

- 64% of cities report decreasing the size of the capital budget in 2011 compared to 2008.
- 50% of cities report decreasing the size of the capital budget in 2011 compared to 2010.