UNIVERSITY of SOUTH FLORIDA

LOCAL GOVERNMENTS SPLIT ON MASK MANDATE WHILE COVID-19 TAKES A TOLL ON LOCAL REVENUES

A nation-wide survey conducted by Dr. Stephen Aikins at the University of South Florida's School of Public Affairs in Fall 2020—and published in March 2021—found that 49 percent of local governments mandated face masks, while 49 percent only recommended it. While jurisdictions were evenly split on face mask mandates and recommendations, 65 percent of them recommended citizens stay at home unless it was necessary to go out, and the same percentage recommended self-isolation after exposure.

The findings also reveal that governments implemented COVID-19 mitigation policies for varying durations, including lockdown, shelter in place, closure of nonessential businesses, closure of school districts, colleges, and universities, and restrictions on public gatherings. While 22 percent of jurisdictions closed nonessential businesses for 16 to 30 days—between March 1, 2020 through June 30, 2020—31 percent of them had the policy in place for 31 to 45 days, and 23 percent closed those businesses for 46 to 60 days. Twenty five percent allowed restaurants to remain open for delivery only for 16 to 30 days, while 29 percent and 25 percent implemented that policy for 31 to 45 days and 46 to 60 days, respectively.

The findings also show that the COVID-19 mitigation policies have had some impact on the revenue and public service of county and municipal governments. A total of 79 percent of jurisdictions had an estimated FY 2020 budget revenue loss of up to 14 percent, 50 percent had a FY 2020 sales tax revenue loss of up to 9 percent, and 52 percent had a FY 2020 income tax revenue loss of up to 14 percent.

In response to the revenue shortfalls, various governments have adopted measures to deal with such impacts. The measures include reducing funding and FTEs for various administrative services in FY 2020 and planned reductions in FY 2021. Forty nine percent of respondents said their governments reduced funding for police in FY 2020 and 42 percent said their governments did the same for fire, healthcare, and mass transit services. Additionally, governments have performed various other actions aimed at expenditure reductions and efficiency of operations, including reviewing programs to eliminate waste, postponing certain expenditures, and scrutinizing operations for savings.

The findings show that the above-mentioned measures notwithstanding, more local governments need financial help from the federal and state governments. Twenty two percent of jurisdictions anticipate between 5 percent and 9 percent of their FY 2021 total budget revenue from the federal government, compared to the 15 percent who actually received between 5 percent and 9 percent of their total revenue from the federal government in FY 2020. The percentage of local governments who anticipate between 5 percent and 9 percent of their total budget revenue from the state government in FY 2021 has also risen to 22 percent from the 14 percent of jurisdictions who actually received between 5 percent and 9 percent of their total revenue from the state government in FY 2020. The percentage of jurisdictions who anticipate less than 5 percent of their FY 2021 revenue from state governments has also increased to 71 percent, compared to the 46 percent who actually received such help in FY 2020.

The link to the online survey was sent to a stratified random sample of 1,000 local government officials in the United States and 245 of them completed the survey, representing a 25 percent response rate. Forty-eight of the respondents are in the Northeast region of the United States, 51 are in the Southeast, 50 are in the Midwest, 43 are in the Southwest, and 53 are in the West. This distribution implies that respondents were evenly spread in all five regions of the United States. Jurisdictions of all sizes were also represented in the survey.

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March 3, 2021

Dear Local Government Official:

I am sharing with you some key findings of the COVID-19 fiscal and service impact survey we conducted in the last quarter of 2020. This was a nation-wide online survey conducted with the goal of determining the effects of COVID-19 mitigation measures on U.S. county and municipal revenue and public services provided, and to identify the policies being implemented by governments to address fiscal challenges posed by COVID-19. The link to the survey was sent to a stratified random sample of 1,000 local government officials in the United States and 245 of them completed the survey, representing a 25 percent response rate. Forty-eight of the respondents are in the Northeast region of the United States, 51 are in the Southeast, 50 are in the Midwest, 43 are in the Southwest, and 53 are in the West. This distribution implies that respondents were evenly spread in all five regions of the United States. Jurisdictions of all sizes were also represented in the survey.

The findings reveal respondents' jurisdictions implemented COVID-19 mitigation policies for varying durations, including lockdown, shelter in place, closure of nonessential businesses, closure of school districts, colleges, and universities, and restrictions on public gatherings. While 22 percent of jurisdictions closed nonessential businesses for 16 to 30 days—between March 1, 2020 through June 30, 2020—31 percent of them had the policy in place for 31 to 45 days, and 23 percent closed those businesses for 46 to 60 days. While jurisdictions were evenly split on face mask mandates and recommendations, 65 percent of them recommended citizens stay at home unless it was necessary to go out, and the same percentage recommended self-isolation after exposure.

The findings from the survey also show that COVID-19 has had some impact on the revenue and public service of County and Municipal governments. The results show a total of 79 percent of jurisdictions had an estimated FY 2020 budget revenue loss of up to 14 percent, 50 percent had a FY 2020 sales tax revenue loss of up to 9 percent, and 52 percent had a FY 2020 income tax revenue loss of up to 14 percent. In response to the revenue shortfalls, various governments have adopted measures to deal with such impacts. The measures include reducing funding and FTEs for various administrative services in FY 2020 and planned reductions in FY 2021. Forty nine percent of respondents said their jurisdictions reduced funding for police in FY 2020 and 42 percent said their jurisdictions did the same for fire, healthcare, and mass transit services. Additionally, governments have performed various actions aimed at expenditure reductions and efficiency of operations, including reviewing programs to eliminate waste, postponing certain expenditures, and scrutinizing operations for savings.

The details of the key findings can be found in the pages below. Thanks to those of you who took time off your busy schedules to complete the survey. If you have any questions, do not hesitate to contact me at saikins@usf.edu.

Sincerely,

Stephen Aikins

Dr. Stephen Aikins
MPA Program Director & Associate Professor
School of Public Affairs

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COVID-19 FISCAL AND SERVICE IMPACT SURVEY
SUMMARY OF KEY FINDINGS
BY DR. STEPHEN AIKINS

INTRODUCTION

This nation-wide online survey was conducted in Fall 2020 with the goal of determining the effects of COVID-19 mitigation measures on U.S. county and municipal revenue and public services provided, and to identify the policies being implemented by governments to address fiscal challenges posed by COVID-19. The link to the survey was sent to a stratified random sample of 1,000 local government officials in the United States and 245 of them completed the survey, representing a 25 percent response rate. Forty-eight of the respondents are in the Northeast region of the United States, 51 are in the Southeast, 50 are in the Midwest, 43 are in the Southwest, and 53 are in the West. This distribution implies that respondents were evenly spread in all five regions of the United States. Thirty eight percent of the respondents are city managers and mayors, 13 percent are county administrators and managers, 22 percent are finance directors, 16 percent are treasurers, and the remaining 11 percent are other government officials. Fifty seven percent of the respondents have populations of less than 50,000, 27 percent have populations between 50,000 and 200,000, 7 percent have populations between 200,000 and 350,000, 3 percent have populations between 350,000 and 500,000, and 6 percent have populations above 500,000. The following are some of the key findings.

COVID-19 MITIGATION POLICIES

Table 1 shows various COVID-19 mitigation policies implemented by respondents' jurisdictions from March 1, 2020 through June 30, 2020 due to the COVID-19 virus, and the duration those policies were in effect. The findings in Table 1 shows 52 percent of respondents said their governments implemented lockdown which was in effect for 15 days or less, while 21 percent of governments had the policy in

Table 1: Percentage of Respondents who Implemented COVID-19 Mitigation Policies and Durations

COVID-19 Policy Actions	Duration of COVID-19 Policy Actions Implemented						
	15 Days or Less	16 to 30 Days	31 to 45 Days	46 to 60 Days	61 Days or More	Total %	N
Lockdown (% of Respondents Reporting)	52	21	16	5	6	100	245
Shelter in Place	21	27	32	8	12	100	244
State of Emergency	15	29	21	14	21	100	245
Close Nonessential Businesses	11	22	31	23	13	100	245
Restaurants Opened for Delivery Only	8	25	29	25	13	100	244
School Districts Closed	-	-	11	31	58	100	245
Universities and Colleges Closed	-	2	8	33	57	100	245
Restricted Public Gatherings	6	15	28	23	28	100	245
Moratorium on Evictions	6	21	27	30	16	100	245
Freeze Utility Shutoff	1	15	20	37	27	100	245
Suspension of Other Debts Collection	4	20	32	26	18	100	245

effect for 16 to 30 days, and 16 percent maintained it for 31 to 45 days. Twenty one percent implemented shelter in place for 15 days or less, while 27 percent and 32 percent had the policy in effect for 16 to 30 days and 31 to 45 days, respectively. Twenty nine percent implemented state of emergency for 16 to 30 days, 21 percent had the policy in place for 31 to 45 days, and another 21 percent had it in place for 61 days or more. Twenty two percent of jurisdictions closed nonessential businesses for 16 to 30 days, 31 percent had the policy in place for 31 to 45 days, and 23 percent closed those businesses for 46 to 60 days. Thirty one percent of jurisdictions closed school districts for 46 to 60 days, whilst 58 percent maintained the closure for 61 days or more. Thirty three percent closed Colleges and Universities for 46 to 60 days and 57 percent of them maintained the closure for 61 days or more. Twenty eight percent of jurisdictions restricted public gatherings for 31 to 45 days, 23 percent maintained the restriction for 46 to 60 days, and 28 percent for 61 days or more.

Table 2 shows COVID-19 behavioral policies implemented by respondents' jurisdictions from March 1, 2020 to June 30, 2020 due to the COVID-19 virus, and the percentage of jurisdictions who mandated and recommended those policies. The findings in Table 2 shows 61 percent of respondents said their jurisdictions recommended physical distancing in public places, while 38 percent of jurisdictions mandated it. Interestingly, the percentage of jurisdictions who mandated and recommended face masks or face coverings were evenly split at 49 percent each. Given the political nature of the debate over face masks, this finding is not surprising. Sixty five percent of jurisdictions recommended citizens stay at home unless it was necessary to go out, while 32 percent mandated the policy. Sixty eight percent recommended avoidance of crowded places, while 30 percent mandated it. Finally, 65 percent of jurisdictions recommended self-isolation after exposure, but only 34 percent mandated the policy.

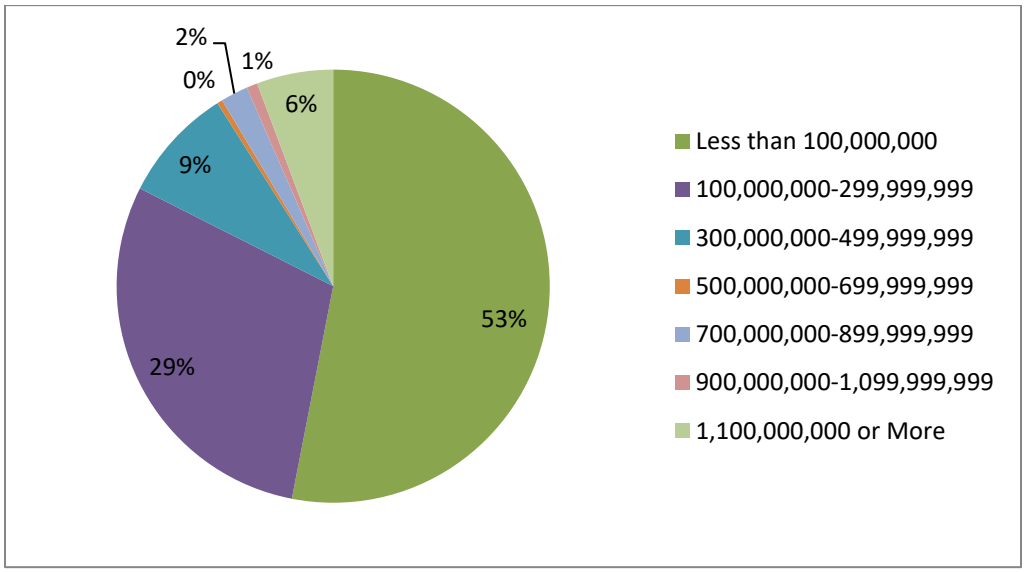
Table 2: COVID-19 Behavioral Policies Mandated and Recommended

Behavioral Policies	Recommended	Mandated	Neither	Total %	N
Physical Distancing (% of Respondents Reporting)	61	38	1	100	245
Face Masks/Coverings	49	49	2	100	245
Stay at Home Unless it is Necessary to Go Out	65	32	3	100	243
Avoid Crowded Places	68	30	2	100	241
Wash Hands Often	81	1	18	100	245
Use Hand Sanitizer	81	1	18	100	245
Self-Isolate After Exposure	65	34	1	100	245

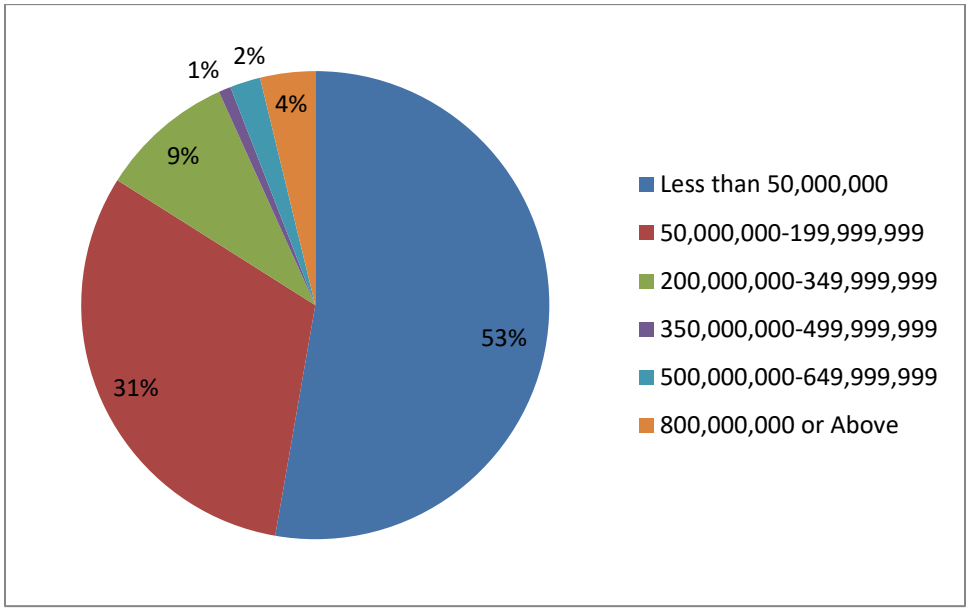
REVENUE IMPACTS

FY 2020 Total and Operating Budgets: Fifty three percent of the respondents have total annual budgets of less than $100 million, and 53 percent have total operating budgets of less than $50 million.

TOTAL ANNUAL BUDGET ($)

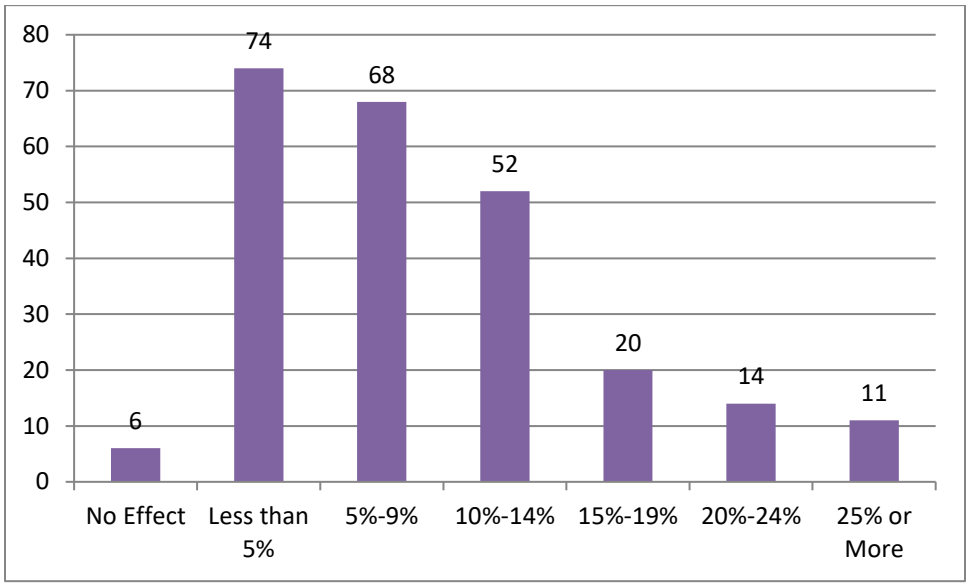


OPERATING BUDGET ($)



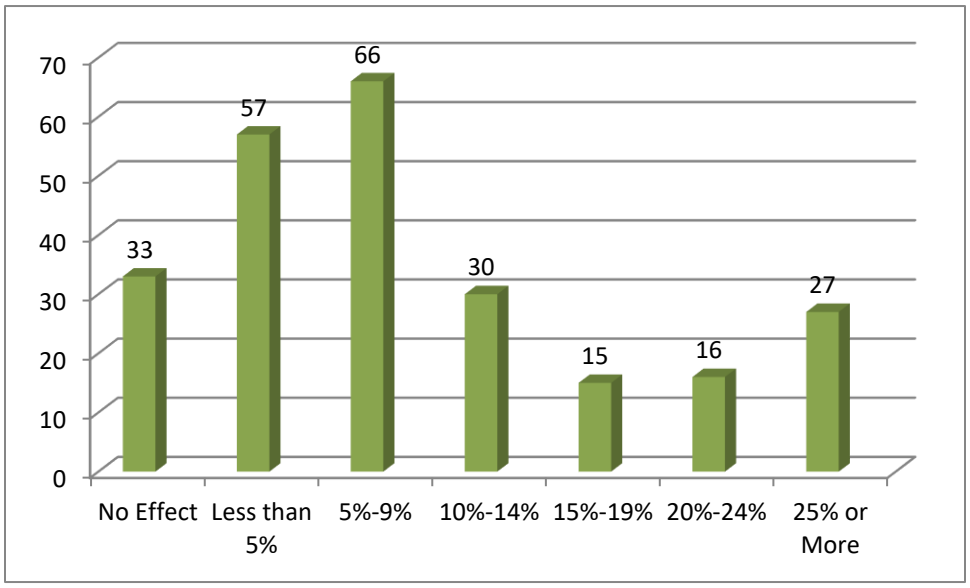
Budget Revenue Loss in FY 2020: Seventy-four respondents (30 percent) had an estimated budget revenue loss of less than 5 percent in FY 2020 as a result of COVID-19, 68 respondents (28 percent) had between a 5 percent and 9 percent revenue loss, and 52 respondents (21 percent) had a revenue loss between 10 percent and 14 percent. This implies that 79 percent of the respondents had up to a 14 percent budget revenue loss due to the impacts of the COVID-19 pandemic.

PERCENTAGE LOSS OF FY 2020 BUDGET REVENUE



Sales Tax Revenue Loss in FY 2020: Thirty-three respondents (14 percent) said COVID-19 had no effect on their FY 2020 sales tax revenue. Fifty-seven respondents (23 percent) said they had an estimated revenue loss of less than 5 percent, 66 respondents (27 percent) had between a 5 percent and 9 percent revenue loss, and 30 respondents (12 percent) had between a 10 percent and 14 percent revenue loss. This shows that 50 percent of the respondents had up to 9 percent revenue loss in sales tax due to the COVID-19 pandemic.

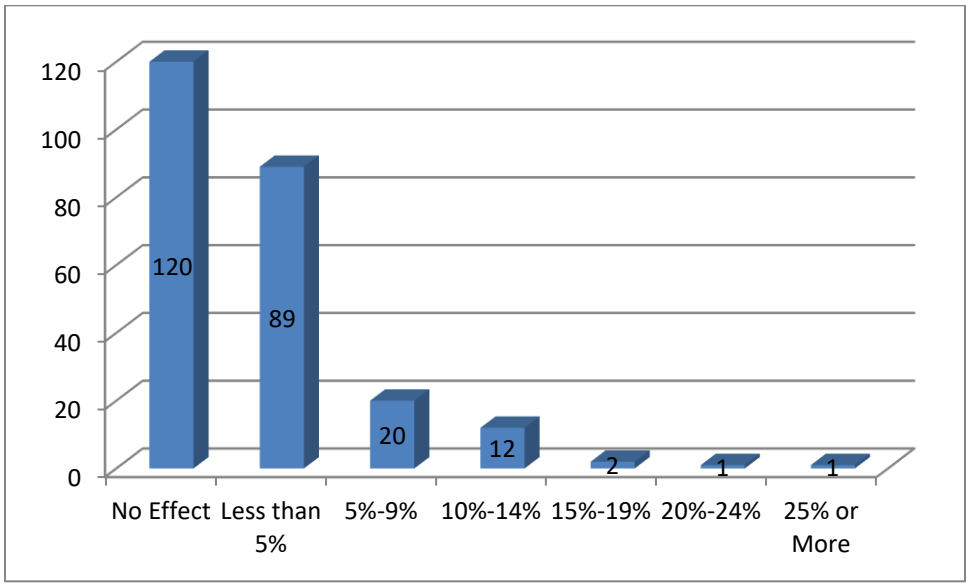
PERCENTAGE LOSS OF FY 2020 SALES TAX REVENUE



Property Tax Revenue Loss in FY 2020: One hundred and twenty respondents (49 percent) said COVID-19 had no effect on their FY 2020 property tax revenue. Eighty-nine respondents (36 percent) said they had an estimated revenue loss of less than 5 percent, and 20 respondents (8 percent) had an estimated

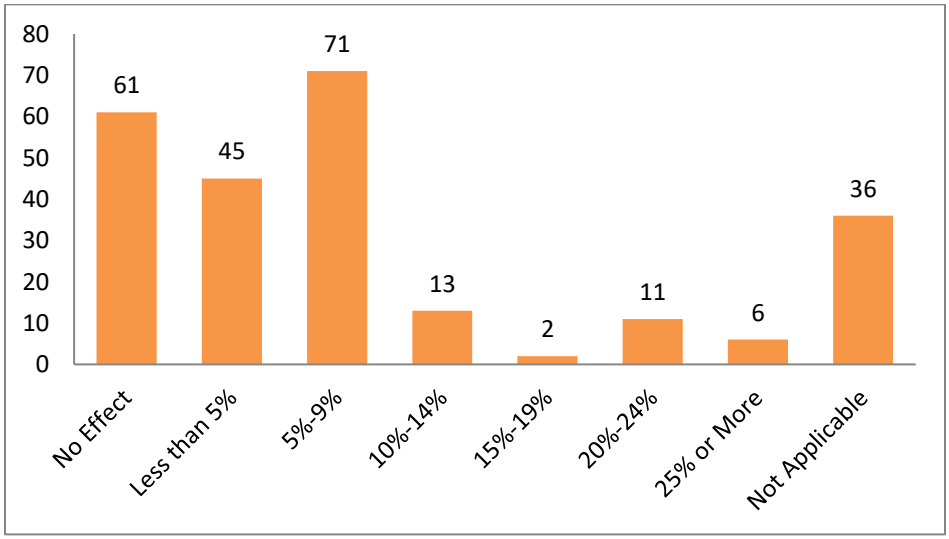
revenue loss between 5 percent and 9 percent. This means that 44 percent of respondents said they had up to a 9 percent revenue loss in property tax due to the COVID-19 pandemic.

PERCENTAGE LOSS OF FY 2020 PROPERTY TAX REVENUE



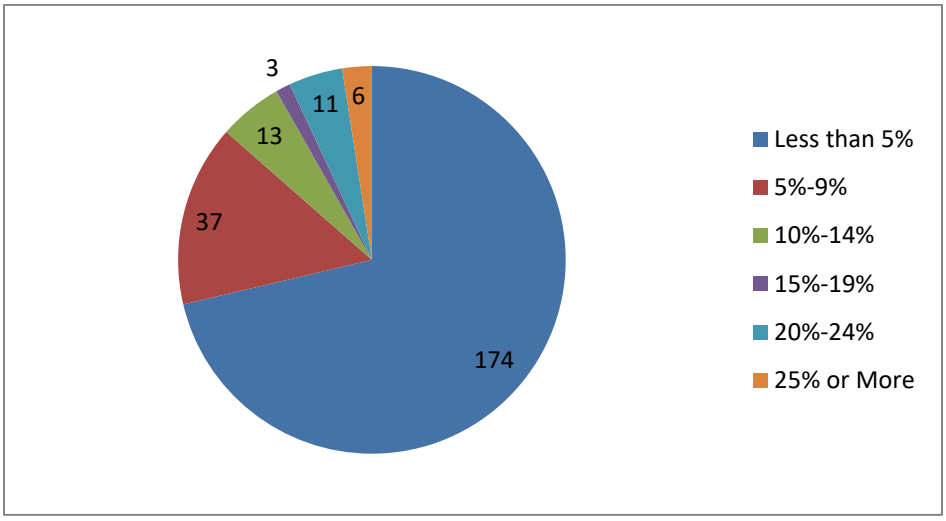
Income Tax Revenue Loss in FY 2020: Sixty-one respondents (25 percent) said COVID-19 had no effect on their FY 2020 income tax revenue. Forty-five respondents (18 percent) said they had an estimated revenue loss of less than 5 percent, 71 respondents (29 percent) said they had an estimated revenue loss between 5 percent and 9 percent, and 13 respondents (5 percent) experienced a revenue loss between 10 percent and 14 percent. Thirty-six respondents (15 percent) said that income tax is not applicable in their state. This implies that 52 percent of respondents said they had up to a 14 percent revenue loss in income tax due to the COVID-19 pandemic.

PERCENTAGE LOSS OF FY 2020 INCOME TAX REVENUE



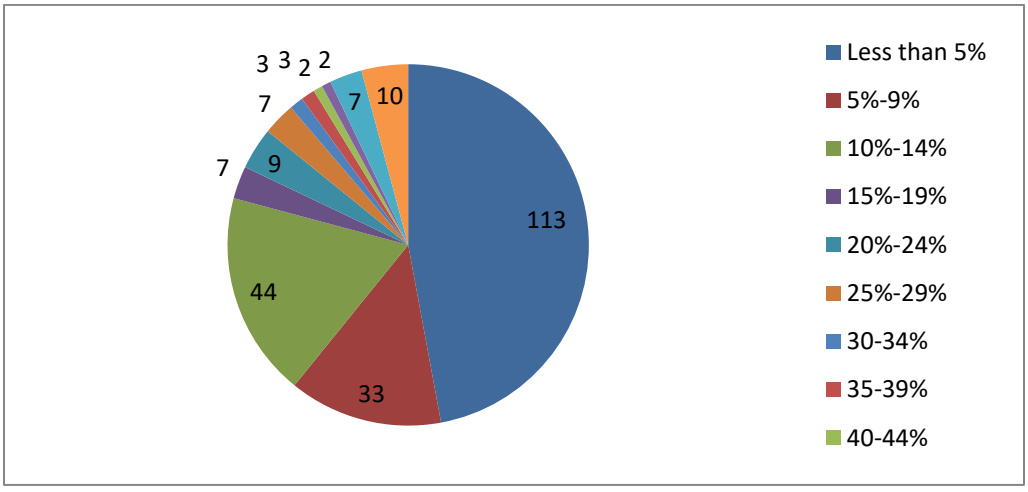
FY 2020 Revenue Received from Federal Government: One hundred and seventy-four respondents (71 percent) said they received less than 5 percent of their FY 2020 annual revenue from the federal government. Thirty-seven respondents (15 percent) received between 5 percent and 9 percent of their annual revenue from the federal government, and 13 respondents (5 percent) received between 10 percent and 14 percent from the federal government.

PERCENTAGE OF FY 2020 REVENUE RECEIVED FROM FEDERAL GOVERNMENT



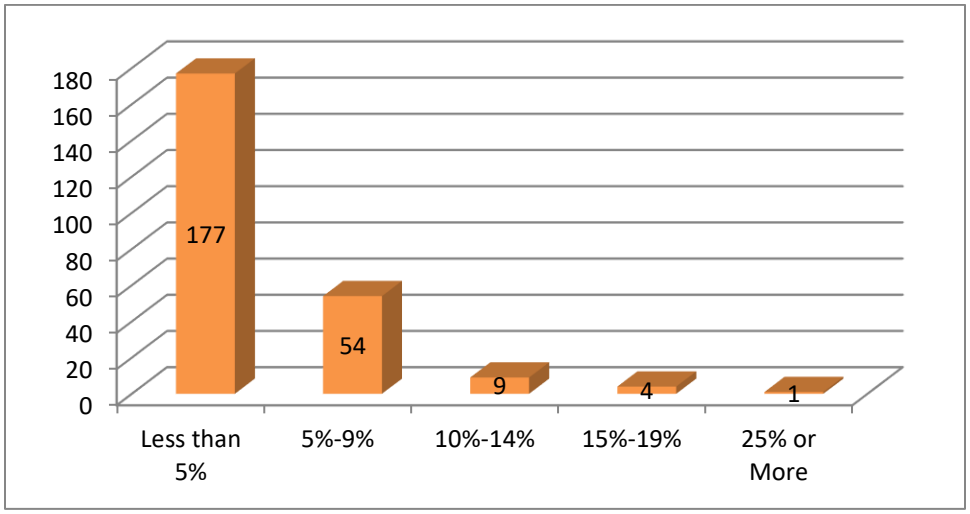
FY 2020 Revenue Received from State Government: One hundred and thirteen respondents (46 percent) said they received less than 5 percent of their FY 2020 total revenue from the state government. Thirty-three respondents (14 percent) received between 5 percent and 9 percent of their revenue from the state government, and 44 respondents (18 percent) received between 10 percent and 14 percent of their revenue from the state government. Another 4 percent of the respondents said they received between 20 percent and 24 percent of their FY 2020 total revenue from the state government and 3 percent received between 25 percent and 29 percent of their revenue from the state government.

PERCENTAGE OF FY 2020 REVENUE RECEIVED FROM STATE GOVERNMENT



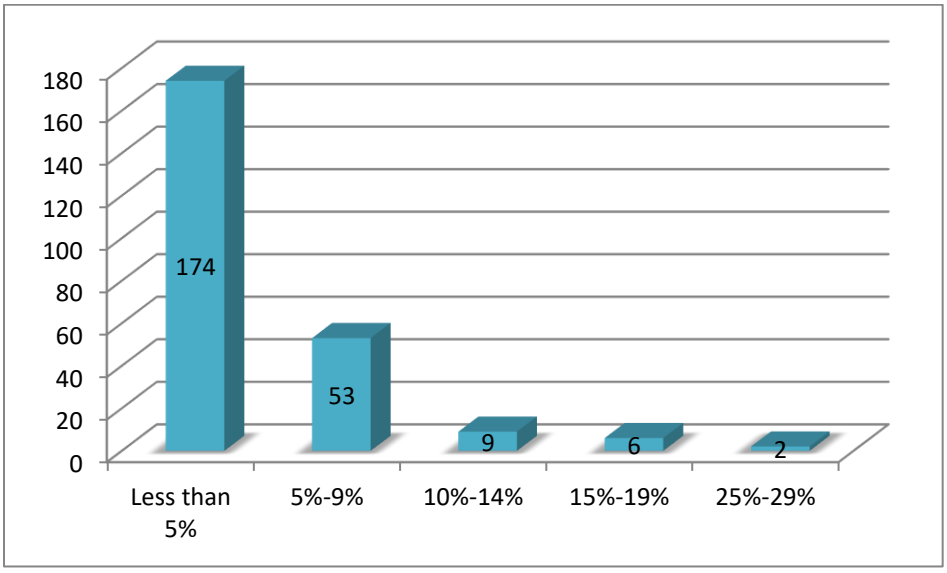
Percentage of FY 2021 Revenue Anticipated from Federal Government: One hundred and seventy-seven respondents (72 percent) said they anticipate less than 5 percent of their FY 2021 revenue from the federal government. Fifty-four respondents (22 percent) anticipate between 5 percent and 9 percent of their revenue from the federal government, and 9 respondents (4 percent) anticipate between 10 percent and 14 percent of their revenue from the federal government.

PERCENTAGE OF FY 2021 REVENUE ANTICIPATED FROM FEDERAL GOVERNMENT



Percentage of FY 2021 Revenue Anticipated from State Government: One hundred and seventy-four respondents (71 percent) said they anticipate less than 5 percent of their FY 2021 revenue from the state government. Fifty-three respondents (22 percent) anticipate between 5 percent and 9 percent of their revenue from the state government, 9 respondents (4 percent) anticipate between 10 percent and 14 percent from the state government, and another 6 respondents (2 percent) anticipate between 15 percent and 19 percent from the state government.

PERCENTAGE OF FY 2021 REVENUE ANTICIPATED FROM STATE GOVERNMENT



SERVICE IMPACTS

Table 3 shows selected essential administrative services for which funding and FTEs were reduced as a result of the COVID-19 pandemic. The findings in Table 3 shows police service had the highest percentage of respondents (49 percent) who said their jurisdiction cut funding in FY 2020, followed by fire (42 percent), healthcare (42 percent), mass transit (42 percent), and EMS services (40 percent). However, police service had the second lowest percentage of respondents (18 percent) whose jurisdiction reduced FTE in FY 2020, after fire which had a 17 percent reduction. It is not known whether the "defund the police" calls in Summer and Fall 2020 had some influence on the extent of funding reduction for police service besides the impact of COVID-19. EMS had the highest percentage of jurisdictions (27 percent) who reduced FTE in FY 2020 followed by public housing and rehabilitation (26 percent) and healthcare (23 percent). For FY 2021, 28 percent of respondents said their jurisdictions will be reducing funding for welfare, public housing and rehabilitation, and education, while 27 percent of the jurisdictions plan to cut funding for fire and water provision. Seventeen percent of respondents said their jurisdiction will be reducing FTE for water provision in FY 2021, 15 percent plan to do the same for education, and 14 percent plan to reduce personnel for fire. It is important to note that the percentages of jurisdictions who reduced their FTEs in FY 2020 and those who intend to reduce their FTEs in FY 2021 are lower than the percentages for funding reductions in all service categories. This implies that jurisdictions may have adopted cost-effective ways of providing services without overly reducing FTEs.

Table 3: Selected Funding and FTE Reductions for Services Due to COVID-19

Administrative Services	Reduced Funding in FY 2020	Reduced FTE in FY 2020	Reduce Funding in FY 2021	Reduce FTE in FY 2021	Total %	N
Fire (% of Respondents Reporting)	42	17	27	14	100	245
Police	49	18	24	9	100	245
EMS	40	27	26	7	100	245
Healthcare	42	23	25	10	100	245
Welfare	37	22	28	13	100	245
Water Provision	34	22	27	17	100	245
Public Housing & Rehabilitation	34	26	28	12	100	245
Mass Transit	42	20	26	12	100	245
Education	38	19	28	15	100	245

Table 4 shows the percentage of respondents whose government performed or considered various types of expenditure reductions in response to the impacts of COVID-19. The findings in Table 4 shows 65 percent of respondents stated their governments postponed hiring, procurement, and disbursements, while the governments of 62 percent controlled expenses to coincide with cash flow. Sixty one percent of respondents indicated their governments scrutinized office operations for savings in postage, travel, and phone, while the governments of 59 percent froze new and/or nonessential capital projects. Fifty three percent reviewed all programs and eliminated those that were not needed and 48 percent reduced the frequency of services, such as thrash collection, for cost savings. As can be seen

from Table 4, a relatively small percentage of respondents said their governments considered these cutback tactics.

Table 4: Respondents' Actions Regarding Expenditure Reductions

Expenditure Reductions	Performed	Considered	Not Sure	Total %	N
Postpone Hiring, Procurement, and Disbursements (% of Respondents Reporting)	65	22	13	100	245
Control Major Expenses to Coincide with Cash Flow	62	27	11	100	242
Use Part-time Staffing in Recreational, Grounds, and Maintenance Programs	44	21	35	100	244
Contract Certain Services to Private and Nonprofit Organizations	46	27	27	100	245
Scrutinize Office Operations for Savings in Postage, Travel, and Phone	61	13	26	100	245
Implement Energy Conservation for Savings	41	24	35	100	245
Review All Programs and Eliminate Those Not Needed	53	26	21	100	245
Reduce Frequency of Service for Cost Savings	48	25	27	100	245
Implement Government-Wide Risk Management Policy for Efficiency and Savings	42	18	40	100	245
Freeze New and/or Nonessential Capital Projects	59	25	16	100	244

CONCLUSION

The findings from the survey show that COVID-19 has had some impact on the revenue and public service of County and Municipal governments. The findings reveal respondents' jurisdictions implemented COVID-19 mitigation policies for varying durations, including lockdown, shelter in place, closure of nonessential businesses, closure of school districts, colleges, and universities, and restrictions on public gatherings. While 22 percent of jurisdictions closed nonessential businesses for 16 to 30 days—between March 1, 2020 through June 30, 2020—31 percent of them had the policy in place for 31 to 45 days, and 23 percent closed those businesses for 46 to 60 days. While jurisdictions were evenly split on face mask mandates and recommendations, 65 percent of them recommended citizens stay at home unless it was necessary to go out, and the same percentage recommended self-isolation after exposure.

The results also show a total of 79 percent of jurisdictions had an estimated FY 2020 budget revenue loss of up to 14 percent, 50 percent had a FY 2020 sales tax revenue loss of up to 9 percent, and 52 percent had a FY 2020 income tax revenue loss of up to 14 percent. While the percentage of jurisdictions who anticipate less than 5 percent of their total FY 2021 budget revenue from the federal government is 72 percent—almost the same as the 71 percent who actually received less than 5 percent of their total revenue in FY 2020—the percentage of jurisdictions who anticipate between 5 percent and 9 percent of their total budget revenue from the federal government in FY 2021 increased to 22 percent from the 15 percent of jurisdictions who actually received between 5 percent and 9 percent of their

total revenue in FY 2020. Additionally, the percentage of jurisdictions who anticipate less than 5 percent of their total FY 2021 budget revenue from the state government has risen to 71 percent from the 46 percent of jurisdictions who actually received less than 5 percent of their total revenue in FY 2020, and the percentage of jurisdictions who anticipate between 5 percent and 9 percent of their total budget revenue from the state government in FY 2021 has also risen to 22 percent from the 14 percent of jurisdictions who actually received between 5 percent and 9 percent of their total revenue in FY 2020.

In response to the revenue shortfalls, various governments have adopted measures to deal with such impacts. The measures include reducing funding and FTEs for various administrative services in FY 2020 and planned reductions in FY 2021. Forty nine percent of jurisdictions reduced funding for police in FY 2020 and 42 percent did the same for fire, healthcare, and mass transit services. Additionally, governments have performed various actions aimed at expenditure reductions and efficiency of operations, including reviewing programs to eliminate waste, postponing certain expenditures, and scrutinizing operations for savings.

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