Fiscal Challenges Facing Cities: Implications for Recovery

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Executive Summary

America's current economic crisis is not only a national crisis. It is also a metropolitan crisis, and it will soon become a local government fiscal crisis.

Coping with the worst economic downturn in 50 years, U.S. cities face sizable budget shortfalls for 2009 that are expected to grow much more severe and widespread in 2010 and 2011.

With the pace of recovery still sluggish, local government budget tightening and spending cuts over the next two years could well impose a significant drag on the nation's economic performance just as the extraordinary interventions of the $787 billion American Recovery and Reinvestment Act of 2009 (ARRA) trail off.

It could be that a deepening local government fiscal crisis—less remarked upon than the one challenging state governments—could hobble the nation's incipient recovery with several years of layoffs, cancelled contracts with vendors, and reduced services.

This report surveys the current state of U.S. cities' finances, reviews city leaders' responses to those conditions, and places these developments in the context of efforts aimed at securing the nation's recovery from the current severe slump. It finds that:

1. Local government fiscal conditions matter for national economic performance. Cities and their surrounding suburbs are important economic agents that not only provide services important to the functioning of regional economies, but also serve as major employers in many metros. Across the 100 largest U.S. metros, for example, local government accounts for some 10 percent of total non-farm metro employment. And what is more, local government has grown relatively more important in recent years as a source of jobs and wages.

2. Cities and towns face one of the most daunting and widespread fiscal crises in decades—and it's only just beginning. Nearly nine in 10 city finance officers recently surveyed by the National League of Cities (NLC) report difficulties meeting fiscal needs in 2009. In aggregate, these cities face nearly 3 percent budget shortfalls on average this year. And the sense of trepidation is ubiquitous across a diverse range of metros, regardless of which aspect of the national crisis impacts them the most: declining

consumption rates and increased property foreclosures; job losses in manufacturing or financial services; or record state budget shortfalls. Yet this is only the beginning of what will likely be a slow-moving crisis. That's because while income and sales taxes are typically the earliest sources of city revenue to decline as job losses in a community increase and consumer purchases slow, property tax collections—which make up the bulk of city revenue nationwide—decline much more slowly as real property assessments are adjusted to reflect declining housing values. These have only just begun to slump, meaning that cities and other localities will be contending with increasing budget pressure for the next several years.

3. In most places, the local response to deteriorating conditions has consisted of a predictable round of unfortunate but unavoidable service cutbacks and layoffs. The vast majority of city officers report spending cuts for 2009 and expect further reductions in 2010 that will result in workforce reductions, delayed or canceled infrastructure projects, or general service cuts. As the full impact of the national economic crisis degrades city fiscal conditions over the next 18 to 24 months, these sorts of responses will continue—and likely spread.

4. However, some far-sighted city executives are making hard choices and trying to turn the crisis into an opportunity to innovate. Some innovative leaders are leveraging budget stress to proactively restructure government management, strategically modernize delivery systems, and find creative ways to raise new revenues to better serve residents and support greater growth and prosperity over the long haul. Through these efforts some of America's best local leaders are pursuing tough-minded governance reforms that at once seek to reduce harm to the local economy while attempting to bring about longer-term effectiveness and efficiency.

5. The nation needs a partnership between all levels of government to ease the local government fiscal crisis. Local governments are innovating. And yet, city and suburban leaders are unlikely to avoid severe service pull-backs, major workforce reductions, and various capital project delays—retrenchments that will reduce economic demand, undercut metropolitan vitality, and place a drag on national recovery. For that reason both the national interest and the realities of American federalism call for national engagement. In keeping with this spirit, a number of options exist by which federal policymakers could lessen the extent to which cities must take actions that harm the economy. For example, federal policymakers could:

- **Target temporary fiscal assistance** directly to cities to stabilize local budgets
- **Establish a public service employment program** to fund local hiring for positions needed to respond to the consequences of the economic downturn
- **Strengthen and stabilize the housing market** by opening up mortgage finance markets, investing in neighborhoods, and protecting homebuyers from predatory lending
- **Invest in transportation and transit** in ways that provide flexibility for meeting city- and metro-specific goals
- **Enhance municipal credit** to lower borrowing costs for municipal bond issuers and facilitate financing for local capital projects

By enacting responses like these the nation will act prudently to safeguard a still-shaky recovery.

I. INTRODUCTION

America's current economic crisis is not only a national crisis. It is also a metropolitan crisis, and a city crisis, in which slowed consumer spending, rising unemployment, depressed housing values, and restrictive credit markets are bringing the national headlines painfully home, whether in Philadelphia, Mesa, Bowling Green, or San Jose.

And the crisis is soon to be a local government fiscal crisis.

With nearly nine in 10 city finance officers reporting a declining ability to meet local fiscal needs, city budget officers across America are projecting nearly a 3 percent average budget shortfall in 2009, and much deeper shortfalls in 2010 and 2011.[1]

With the national unemployment rate still rising and the pace of recovery still sluggish, local government layoffs and service cuts in 2010 and 2011 could well impose a significant drag on the nation's economic performance just as the extraordinary interventions of the $787 billion American Recovery and Reinvestment Act of 2009 (ARRA) tail off. As a result, it could be that a deepening local government fiscal crisis—less remarked upon than the one challenging state governments—could hobble the nation's incipient recovery with several years of layoffs, cancelled contracts with vendors, and reduced services.

In short, America's coming local government fiscal crisis could well undercut not just metropolitan prosperity but the nation's recovery.

And so this brief moves to frame the nation's deepening local government fiscal crisis as a matter of national concern and one of the next tough problems to be addressed in securing recovery. Along those lines, this short brief recalls why local government fiscal conditions matter in the context of national economic performance, and then surveys the current state of those conditions. After that, the brief assesses the forecast for city budget conditions going forward, and reviews its implications for the nation's fledgling economic recovery. Finally the brief reiterates the importance of minimizing drastic local government layoffs and service cuts and reviews a menu of possible actions that the federal government could take to lessen the extent to which cities must take actions that harm the economy.

In the end, the takeaway is simple. Beneath the radar, cities and suburbs are making tough choices and instituting innovative reforms to balance their budgets while coping with the worst economic downturn in 50 years. Now, the federal government and states also are going to need to identify similarly innovative means to ensure that local layoffs and service cuts do not undercut the nation's other extraordinary steps to mitigate the crisis.

II. THE ECONOMIC IMPORTANCE OF CITIES AND METROS

Cities and their surrounding suburbs are important economic agents. They provide goods and services that are not only important to the quality of life of residents, such as parks and libraries, but also to the performance of the regional economies to which they belong. Local government functions, such as road construction and maintenance, police and fire services, and water and sewer infrastructure help to boost business growth by reducing private sector costs and increasing productivity.[2]

At the same time, local governments, including cities, towns, and counties, represent significant sources of metropolitan-area employment in their own right. Across the 100 largest U.S. metros, local government accounts for 10 percent of total non-farm metro employment.[3] What is more, local government has grown relatively more important in recent years as a source of jobs and wages. Research by Steve Cochrane of Moody's Economy.com, for example, shows that over the last decade, the local government share of total U.S. payroll employment has steadily increased and now nears historical highs last seen during the mid-1970s.[4] In like fashion, the number of full-time employees in local government across the U.S. increased by 16 percent between 1997 and 2007 and their total wages grew by nearly 40 percent to top $46 billion.[5]

City government jobs in all regions are seen as providing local workers a measure of security unavailable elsewhere that simultaneously produces large flows of disposable income for spending on goods and services. Beyond that, economic literature finds positive effects of public services on local business growth, with the clearest positive impacts coming from spending on infrastructure and transportation services.[6]

All of which implies that expenditure cuts among city, town, and suburban governments can have serious implications for metropolitan economies. Forced cutbacks in city payrolls and functions can greatly disrupt regional economies. But in economic terms the disruption can be defined more precisely. Expenditure cuts, as write Elizabeth McNichol and Nicholas Johnson, are problematic policies during an economic crisis because they "reduce overall demand and so can make the downturn deeper."[7] Just as it is with states, they observe, when localities cut spending, they lay off employees, cancel contracts with vendors, and eliminate funding to non-profit partners that provide direct services, which means that numerous individuals and organizations in the region will have less money to spend on salaries, supplies, or consumption. All of this directly removes demand from the economy. And the same goes for any tax increases governments may be required to impose in order to close budget gaps.

In short, the ability of cities and towns to handle budget pressures and respond to their fiscal challenges has serious implications for metropolitan—and hence—national economic vitality or recovery.

III. The Local Government Fiscal Crisis

This fall finds U.S. localities facing the first stages of what looks destined to become one of the deepest and most severe budget crunches they have experienced in the past 50 years.

While there are signs that the economy may now be in the late stages of what some have called the Great Recession, by all indications the nation's cities are in only the early stages of registering the effects of that downturn. Most notably, a National League of Cities (NLC) report, "City Fiscal Conditions in 2009," finds that the ability of U.S. cities to meet their financial needs is now in jeopardy and will most likely worsen substantially through 2010 and 2011.[8]

Cities face one of the most daunting and widespread fiscal crises they've experienced in decades

According to the NLC report, cities face significant budget gaps (-2.9 percent this year) due to declines of income and sales tax collections. While such gaps may not sound catastrophic, they are only the beginning of what will likely be a slow-moving crisis. That's because while income and sales taxes are typically the earliest sources of city revenue to decline as job losses increase and consumer purchases decrease, property tax collections—which make up the bulk of city revenue nationwide—decline much more slowly as real property assessments are adjusted to reflect declining housing values.

In view of these dynamics, the NLC survey paints a disquieting picture of a gathering and widespread crisis.

Not surprisingly, city finance officers are pessimistic about their cities' abilities to meet financial needs. Nine in 10 (88 percent) say this year will be difficult in meeting fiscal needs, while 89 percent expect the same in 2010. This is the worst outlook the NLC survey work has detailed in 24 years.

And the trepidation is widespread. The numbers show that local fiscal challenges are nearly ubiquitous even at this early stage in the cycle for cities. But, there is significant variation in the range of impacts on cities, driven by differences in metropolitan economies, state-local tax structures, and service demands. This variation determines the "fiscal policy space" in which city and metropolitan leaders maneuver.[9] For instance:

- Many of the cities and metropolitan regions hardest hit by slumping housing markets are dependent on a combination of local sales and property tax revenues, such as Phoenix, Las Vegas, Atlanta, Southern California, and much of Florida. These areas are experiencing a one-two punch to their key revenues sources, with slowing consumer spending (sales taxes) and declining home values (property taxes)

- Cities and metropolitan regions reliant upon transfers from state government will likely experience reductions in this fiscal year and 2010 as 48 states face record shortfalls totaling $178 billion.[10] This will be particularly difficult for cities and metropolitan regions in Michigan, New York, Massachusetts, New Jersey, and much of the Northeast where cities run the school systems and are more reliant upon state aid

- High unemployment, and the resulting impact on wages, in traditional manufacturing sectors, as well as the financial services industries, will particularly affect local revenues in cities with local incomes taxes, such as New York, Detroit, Cleveland, Cincinnati, Columbus, Philadelphia, Baltimore, Louisville, Kansas City, St. Louis, and Wilmington (DE).

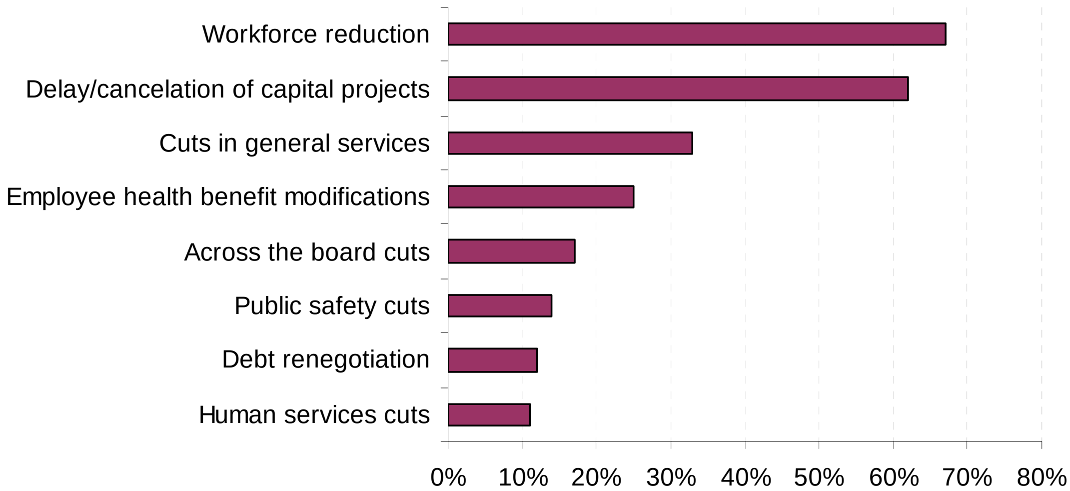
In this respect, a wide-ranging national problem is unfolding with significant regional and metropolitan variation.

In response, cities are laying off workers and cutting services

City governments are required to balance their budgets under state law, which means that many city governments are confronting decisions in 2009 about curbing spending, raising additional revenues, or drawing down reserves.

In response to pending budget shortfalls, cities are taking a number of steps to cut back expenses or raise revenue. Notably, according to NLC's report, nine in 10 city finance officers report that their city is cutting spending in 2009, and 82 percent predict that their cities will make further cuts in 2010. To achieve such cuts, the three most common responses to date are workforce reductions and hiring freezes (67 percent of cities report taking this action), canceling or delaying capital infrastructure projects (62 percent), and cutting services (32 percent).

Surveyed cities are responding to their fiscal crises in various ways



Source: National League of Cities

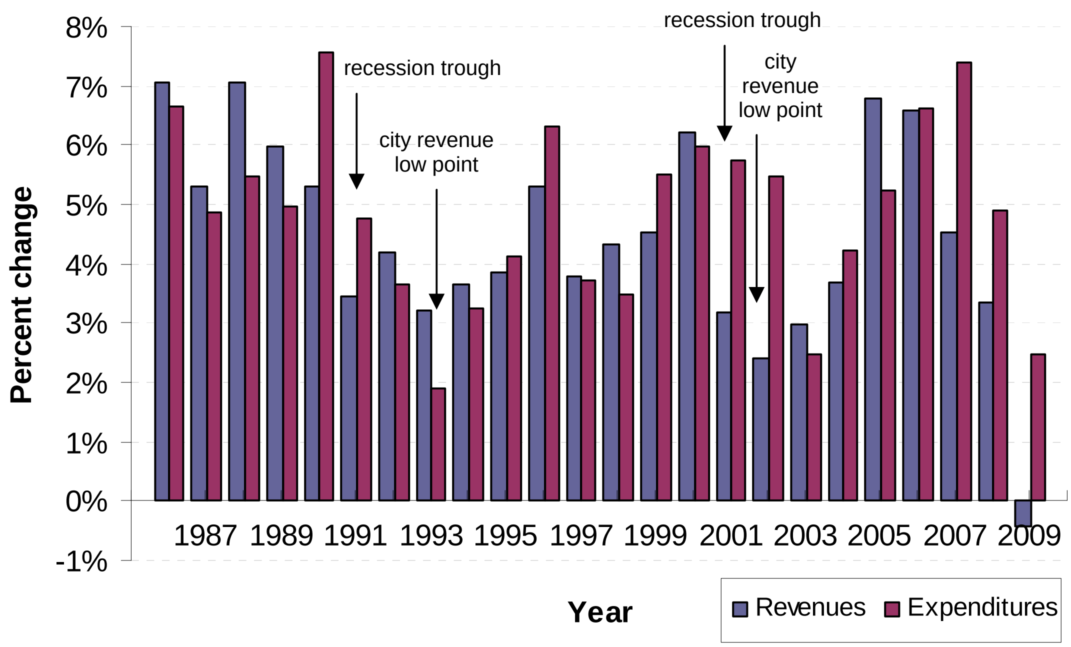
These responses raise concerns that local fiscal conditions will soon become a drag on metropolitan and national recovery. It seems likely that the steps local governments will take in response to the budget stresses they face will remove significant demand from still-fragile regional economies.

The worst of the local government fiscal crisis is yet to come

Yet what is now visible is likely only the beginning of cities' problems—the part caused largely by declines in faster-changing income and sales tax collections. Property tax collections, which decline much more slowly in the wake of an economic shock, and are a huge influence on local fiscal stability, are only now beginning to slow given the time it takes for real property assessments to be adjusted to reflect declining housing values.

All of which points to trouble. Because most city tax revenue is collected only at a few specific points during the year, or over the course of several years in the case of property tax revenue, there is usually a time lag of 18 months to two years before economic shifts register their full impact on city fiscal conditions. This means that cities will be navigating the implications of the downturn for quite a while longer, even if the business climate improves quickly. For instance, drawing upon city experiences in the past two recessions, the low point, or "trough," in those recessions came in 1991 and 2001 respectively. But the low point for city revenues came in 1993 and 2002. The implication: America's cities, towns, and suburbs will likely be struggling with the effects of the current downturn throughout 2010 and 2011 and most likely even beyond that.

City fiscal impacts lag national economic conditions



Source: National League of Cities

Further depressing cities' fiscal prospects are a number of related concerns. Real estate markets tend to be slow to recover from downturns, meaning that a rapid rebound in property tax revenues is unlikely in the next few years. Consumer spending is predicted to remain at low levels that will constrain future sales tax collections. And for that matter, most economic forecasts suggest unemployment will remain at or near double digit levels in the short- to medium-term, which will depress income tax collections. Beyond that, credit markets also remain restrictive, dampening prospects for increased lending for mortgages, small business development, and other economic development. The bottom line: All of the major drivers of property, sales, and income tax revenue streams—the main sources of local government revenue—appear at a low ebb, meaning that cities and metropolitan regions will likely endure a difficult economic environment in the coming months.

In this sense, 2009 represents a critical turning point for city fiscal conditions.

IV. CITIES ARE MAKING HARD CHOICES AND TRYING TO INNOVATE

In the face of the deepening fiscal crisis, city and metropolitan leaders are making tough and sometimes creative choices in order to close fiscal gaps and balance their budgets.

Predictably, the local response in many places to deteriorating conditions has consisted of rounds of unavoidable belt-tightening.

"Orderly retrenchment" is the order of the day in many such communities as local leaders are being forced to make cuts in capacity, even as they do everything possible to keep overall service and quality levels high, if not uninterrupted.[11]

Boston, Miami, Minneapolis, and Poughkeepsie are all among the cities that are mandating furloughs and/or hiring and pay freezes for city employees.[12] Cuts in city services, including human services and public safety, are also occurring. San Francisco has downsized its team of health workers and social workers.[13] Milwaukee is cutting back firefighting crews.[14] Omaha has delayed police recruitment.[15] Other cities have cancelled or delayed capital projects. For example, the city of Colorado Springs has indefinitely shelved a decade-long effort to build a downtown transit center. There, Sherre Ritenour, manager of the city's Transit Services department, deemed it "incongruent" to seek a new transit center when a looming budget crisis in 2010 could cut 60,000 hours of bus service.[16]

And yet, in a number of metros far-sighted city leaders are going beyond retrenchment and attempting to turn crisis into opportunity. In these cities executives are actually innovating as they grapple with fiscal stress, and so are leveraging budget challenges to strategically restructure government, rethink delivery systems, and find new ways to raise revenues.

In some of these cities, mayors and managers are being proactive and strategic about necessary, if difficult, cutbacks. In these instances, cities are assuming that bad times are the right time to shed outmoded business practices in service of advancing the city's core missions. For example, Mayor Michael Nutter of Philadelphia began taking steps to rebalance the city's five-year budget in November 2008. As a result, early action to consolidate and streamline city operations has helped to bolster the city's current position with regard to forecasted deficits so that it is actually a bit better off now than it was at this time last year.[17]

In other cities, meanwhile, mayors and managers are seeking to improve their organizational processes and better serve residents over the long haul as they pursue future growth and prosperity. The leadership of Mesa, AZ, for instance, has focused on implementing new service delivery models and expanding its use of outsourcing. That city has also consolidated the planning, building safety, code compliance, and environmental departments to encourage staff versatility, organizational flexibility, and better retain technical expertise.[18] San Jose, similarly, is looking to get on top of growing budget pressures by adopting changes sustainable for the long haul—such as flattening management structures—instead of one-time, short-term fixes.[19] And for its part, Bowling Green, KY was able to balance its FY2009/2010 budget without cutting any major services, staff, pay, or benefits.[20]

As to the other side of the balance sheet, a number of cities are looking at creative ways to raise revenues without raising taxes and so maintain core services. Chicago and Los Angeles are targeting new revenue sources by leasing out parking meters to private companies.[21] Houston, likewise, is trying to raise revenues while pursuing environmental priorities with its plans to charge people who do not recycle according to the amount of garbage they send to landfills.[22] And for that matter, other cities—like Miami—are strategically drawing down reserve accounts to avoid hiking taxes and further reductions of aggregate demand.[23]

In short, the Great Recession is forcing retrenchment among municipalities, but the best local leaders in America are laboring to turn necessity into the mother of invention. Rather than complaining, these leaders are eschewing arbitrary budget cuts and pursuing tough-minded governance reforms that at once seek to reduce any harm to the local economy while attempting to create longer-term effectiveness and efficiency.

V. TOWARD A NEW PARTNERSHIP FOR STABILIZING LOCAL GOVERNMENT FINANCES

Local governments are innovating as they navigate the deepening fiscal crisis. And yet, city and suburban leaders are not likely going to be able to avoid severe service pull-backs, major workforce reductions, and various capital project delays—retrenchments that will reduce economic demand, undercut metropolitan vitality, and place a drag on national recovery. Rather, they are likely going to be obliged to lay off employees, cancel contracts, and postpone investments in ways that could make the downturn deeper.

Which is why both the national interest and the realities of American federalism call for a renewed partnership between all levels of government to mitigate the looming local government fiscal crisis.

The outlines of such a partnership are already in place in the form of the stabilization assistance provided by the American Recovery and Reinvestment Act. Most notably, ARRA provided crucial fiscal relief by channeling some $48 billion in State Fiscal Stabilization Funds (SFSF) to states for use on local education purposes. Intended to stabilize state and local budgets and minimize or avoid reductions in education and other essential public services (while also modernizing school systems), SFSF has indeed had an impact on employment. The Department of Education reports that the roughly $35 billion in SFSF awarded to date are estimated to have saved or created over 300,000 jobs nationwide.[24]

It should be noted, however, that the bulk of ARRA was not intended to prop up city budgets. To be sure, while recovery funding sent to school systems has certainly been a positive for local governments, other large portions of ARRA went toward entitlements, tax cuts, and direct program investments that left precious few ARRA dollars for flexibly filling budget holes.[25] Further, ARRA's rigid rules for rapid spend-down ensure that what aid there is for states and cities will plummet after peaking in the middle of 2010—just when the unfolding local fiscal crisis will place the greatest pressure on municipalities.

All of which points to the need for both states and the federal government to pay sharp attention to the fiscal stability of U.S. local governments and cities. More specifically, these realities strongly suggest that forthcoming federal recovery efforts would do well to focus on local government fiscal stabilization and job creation, as well as interventions to lay the groundwork for stronger communities in the future.

In the very near term, policy responses should seek to minimize the potential adverse economic impact of program cuts and layoffs that are on the immediate horizon in cities and metropolitan areas. Along these lines, some of the possible federal interventions to consider include:

- Targeted and temporary **fiscal assistance** to cities
- A **public service employment** program
- Continued efforts to strengthen and stabilize the **housing market**
- A new federal **surface transportation** program
- **Municipal credit market enhancement**

Fiscal Assistance to Cities

Beyond the federal resources that are starting to flow into cities and metropolitan areas through ARRA, there is also an increasingly impending need for targeted, temporary, and direct fiscal assistance to cities. The primary goals of this assistance would be the stabilization of local budgets as local governments move into a period during which they will be weathering the worst of the effects of the recession and helping local governments avoid further workforce reductions.

A Public Service Employment Program

With the nation's unemployment rate now in double digits (10.2 percent), there is a need for continued and expanded focus on employment and job creation. Job growth tends to lag economic growth, so unemployment challenges will remain present in communities around the country even as overall economic growth returns. One potential response is a public service employment program where the federal government would provide money to cities and other local governments to hire people to fill needed roles in their communities in response to the economic downturn—such as helping maintain vacant properties and homes and fixing schools and other local facilities.[26] Such a program would pay workers at market wages in an effort to stimulate employment, maintain income tax collections and consumer spending, and offset potentially permanent dislocation of workers and productivity.

Strengthen and Stabilize the Housing Market

Stabilizing housing markets and neighborhoods now reeling from the nation's home mortgage crisis and the coincident failures of various financial institutions remains a crucial agenda for local governments in America, not least because of their heavy dependency on property tax revenues.

A stronger federal role is needed to:

- Ensure the availability of capital for mortgage financing and refinancing and continue to encourage lenders and loan servicers to work-out unsound loans as an alternative to foreclosure

- Invest in programs to stabilize and enhance neighborhoods, while helping communities minimize the damage caused by the national foreclosure crisis

- Protect homebuyers from predatory lending by ensuring that mortgage brokers are effectively regulated and that mortgage loans are well-suited to the financial means of the homebuyer

Invest in Transportation and Transit

Infrastructure spending—as the discourse around ARRA made clear—provides high economic returns and represents important sources of stimulus, job-creation, and, in some cases, local fiscal relief.[27] The same goes for transit operating aid.[28] For that reason, investments in the nation's deteriorating transportation systems represent a powerful source of local stabilization.

And what is more, such investments make great sense as longer-term strategy. The nation's infrastructure system—including transportation infrastructure, water and sewer systems, and communications—is a critical driver of metropolitan and national economic vitality. To the extent that it is properly maintained and adequate to meet the nation's needs, America's infrastructure will ensure the long-term vitality of our local, regional, and national economies while strengthening the nation's competitive position in world trade. On the other hand, if it is allowed to continue to deteriorate through under-investment and deferred maintenance, America's near-term and longer-term success—and the success of cities and metropolitan regions—is placed at risk.

The federal government should therefore work closely with local, metropolitan, and state governments to prudently design and enact a comprehensive new surface transportation program that recognizes the central role of transportation to metropolitan economies. In doing this, Washington would be right to recognize the utility of targeted and purposeful near-term transportation and infrastructure spending in stimulating the American economy. But it should not lose sight of the longer-term goals of true comprehensive reform. In any case, any short-term jobs bill should focus on repairing the nation's existing crumbling infrastructure, operating and managing the existing system (through transit operating assistance, and technical augmentations to the road network), and holding the states and metropolitan entities responsible for their performance.

Municipal Credit Enhancement

The downgrades of municipal bond insurance companies have threatened and continue to threaten the municipal bond market, resulting in many small, infrequent, and lower-rated issuers of municipal bonds being unable to access the market or only at rates significantly higher than they were prior to the downgrades. Additionally, market conditions continue to threaten the continuing viability of existing insurers and the ability of new insurers to succeed in the market. It is in the national interest to restore market access at lower borrowing costs for municipal issuers to support the financing of billions of dollars of infrastructure and other essential governmental projects that will create jobs and support local and national economic recovery efforts.

VI. CONCLUSION

In sum, one of the less-remarked aspects of the worst economic downturn in 50 years is the lagging stress it is beginning to place on U.S. local government finances. Less noted than the steep drop in tax receipts with which states are wrestling, these slower-developing declines could well place a serious drag on the nation’s economic recovery even as they do serious damage to local governments and communities all across America. For that reason, all levels of government have a role to play in safeguarding America’s economic recovery by attending to local government fiscal stabilization and job creation.

NOTES

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[6] See Bartik. Also see Ronald Fisher, "The Effects of State and Local Public Services on Economic Development," *New England Economic Review* (March/April 1997): 53-67.

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[9] For more on the concept of "fiscal policy space" see *States and the Fiscal Policy Space of Cities*, by Michael A. Pagano and Christopher W. Hoene, forthcoming from the Lincoln Institute of Land Policy. For more on state-local fiscal structure, see *Cities and State Fiscal Structure*, by Christopher W. Hoene and Michael A. Pagano (Washington: National League of Cities, 2008).

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The Blueprint for American Prosperity

The *Blueprint for American Prosperity* is a multi-year initiative to promote an economic agenda for the nation that builds on the assets and centrality of America's metropolitan areas. Grounded in empirical research and analysis, the Blueprint offers an integrated policy agenda and specific federal reforms designed to give metropolitan areas the tools they need to generate economically productive growth, to build a strong and diverse middle class, and to grow in environmentally sustainable ways. Learn more at www.blueprintprosperity.org

This publication is a part of the Blueprint's **Implementing ARRA Series**. Because America's current economic crisis is not only a national crisis, but also a metropolitan crisis, it is critical to monitor the progress of creative metropolitan leaders who are leveraging the myriad resources provided by the $787 billion American Recovery and Reinvestment Act of 2009 (ARRA). To that end, the Metropolitan Policy Program's Implementing ARRA Series is tracking the implementation work of metropolitan leaders, assessing their progress and struggles, and extracting from the innovators' experiences ideas for short- and long-term federal policy reforms. Ultimately it is hoped the series will serve as a resource for best-practice exchange among regions and a source of ideas for designing the next generation of metro-friendly federal policies.

The Metropolitan Policy Program Leadership Council

The *Blueprint* initiative is supported and informed by a network of leaders who strive every day to create the kind of healthy and vibrant communities that form the foundation of the U.S. economy. The Metropolitan Policy Program Leadership Council—a bipartisan network of individual, corporate, and philanthropic investors—comes from a broad array of metropolitan areas around the nation. Council members provide us financial support but, more importantly, are true intellectual and strategic partners in the *Blueprint*. While many of these leaders act globally, they retain a commitment to the vitality of their local and regional communities, a rare blend that makes their engagement even more valuable. To learn more about the members of our Leadership Council, please visit www.blueprintprosperity.org

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