

7

The Hurt Dividend: Residents' Appreciation for Local Government Services in Tough Times

Thomas I Miller

National Research Center, Inc.

Shannon E. Hayden

National Research Center, Inc.

If you enjoyed the last week of 2010, you probably were in Papua New Guinea, where you had only a spotty Web connection and cannibals to contend with. Those local government managers who stayed at home to enjoy the plenty of 2010 ushered in 2011 with headlines like these:

“Bill Would Allow Indiana Cities to Declare Bankruptcy”¹

“Cuomo’s Consolidation Plan a Work in Progress”²

“[El Paso, Texas] City Manager Denies Huge Police Shortage”³

“Winnebago County [Illinois] May Trim Funding for 10 Service Programs”⁴

“Defaults by Cities Looming as U.S. Mayors Say Deficits Hinder Debt Payment”⁵

Word on the street is that this country’s future holidays will be brighter than the last couple, now that the tax compromise has become law, consumer spending is noticeably improved, and the stock market is returning household wealth that investors saw spin down the rabbit hole in late 2008. But if you don’t yet see the turnaround, don’t blame yourself: most pundits argue that government will remain sickly for months

SELECTED FINDINGS



Despite the severe economic downturn and clear worry about jobs and their own livelihoods, residents reported no decrease in their sentiments about local government services or quality of community life.

At the same time that residents’ concerns about the speed of population growth were abating, the ever-present worry about the scarcity of jobs rose steeply. The percentage of respondents assessing job growth as being too slow rose from a low of 66% in 2007 to a high of 83% in 2010. At the same time, however, opinions about the opportunities for affordable housing improved.

Despite publicized cutbacks in local government services, ratings of the overall quality of life in the community have held relatively steady since 2004, averaging at about 65%, with partial results from 2010 showing a possible uptick.

after the private sector has revitalized. What could be worse than the economic tornado that swept away street sweeping, along with public safety personnel, library hours, the foliage in our street medians, and the lights on our streets? What could do more damage to the reputation of our hard work and the goodwill of our

residents than to either deny services long expected or charge more for even less service than before?

This could be worse: your fine community could ruin your winning track record by slashing service ratings. Wouldn't attitudes of residents denied snow removal, code inspection, road repair, jobs, and economic development be as depressed as the housing and consumer markets that first impelled the service cuts? It is expected that with the country's fall off the economic cliff, those who received local government services fueled by revenue back when times were good will now record their dissatisfaction with lower service delivery ratings.

Background and Methodology

National Research Center, Inc. (NRC) has been leading innovation in citizen survey methods and reporting since 1990, and we have conducted more than 1,000 surveys to gather residents' perspectives since 1995. In 2001 NRC partnered with ICMA to offer The National Citizen Survey™ (The NCS™) to local governments. After nine years of responses to core questions asked of a representative sample of residents in hundreds of locales from Honolulu, Hawaii, to Montpelier, Vermont, we have grown a hardy repository of opinions of over 180,000 residents, a database that we tend meticulously. Over time, we have tested different wording and methods. From the thousands of responses we have received regarding scores of local government services and many characteristics of community quality, we (and others) have been able to reflect on current trends in resident opinions.

Sometimes we have found ourselves with an opportunity to analyze the impacts of phenomena of historic proportions. (Did residents' perspectives in surveys received just before September 11, 2001, differ from those in surveys received just after it? No. Does a once-in-100-year snowstorm shake residents' confidence in their local government's snow removal service? Yes. Can residents return to feeling safe even after a sniper terrorizes their city? Yes.)

So the fall 2008 financial meltdown and subsequent world economic crisis offered NRC the opportunity for another experiment. NRC researchers examined how residents reacted to the steep economic decline and, after comparing results across several years of data, found—as expected—that downbeat opinions reflected the bad times. It should be noted that the set of jurisdictions surveyed each year is not identical (some jurisdictions respond to the survey every year and most respond every other year) and does not represent a random subset of all U.S. cities and counties. Nevertheless, the volume of data gathered each year (from a couple thousand respondents in the first year to over 15,000 in each subsequent year) and the nature of broadly similar expe-

riences among communities across the country during this time make these findings compelling.

The data for these analyses come from The NCS™, administered in a methodologically rigorous and transparent way in each community. The standard survey protocol involves a mailed survey with multiple contacts to a scientifically selected random sample of households. Surveys for participating jurisdictions are conducted year-round, and unless the questions are inapplicable to specific communities (e.g., questions pertaining to snow removal where snow removal is not an issue), the same questions are asked of all communities.

Findings

When residents were asked to speculate about the likely impact of the economy on their own household's financial well-being in the upcoming months, we found a slow but steady leading indicator of worsening worry that started in 2006, with 32% of respondents anticipating a negative impact, and spiked in 2009, the year following the worst quarter of stock market losses in generations (see Figure 7-1). By August of 2010, when the data for this report were analyzed, pessimism was abating, down from 37% to 33%, but economic doubts about the future remained about as strong as they had been in the time leading up to the start of the recession.

Another expected finding relates to residents' sentiments about population growth. Although for many years the word *growth* had virtually been an expletive that majorities in communities wanted deleted from the lexicon, as the economy worsened in 2008 (but even beginning in 2006), residents became less worried about their communities growing too fast—no doubt because migration had slowed as jobs, the engine of population growth, had slowed. After peaking in 2005, worry about speedy population growth (see Figure 7-2) started to decline just as pessimism about personal economic futures began to grow.

Two years later, the ever-present worry about too few jobs rose steeply. Over the decade, the fraction of respondents assessing job growth as being too slow rose by over 25% (Figure 7-3).

Considering the noticeable and predictable disquiet of residents during this period, NRC researchers and our clients wondered if personal concerns about the economy might have spread to an overall negative view of community and service. This point of view might be considered the "Pervasive Pain" suspicion. It assumes that the economic cloud that shadows our own homes and jobs pervades the entire landscape of local government services, darkening residents' sentiments about service quality and their communities as well. If that is

Figure 7-1 Expectations of the Economy's Negative Impact on Household Income in the Next Six Months

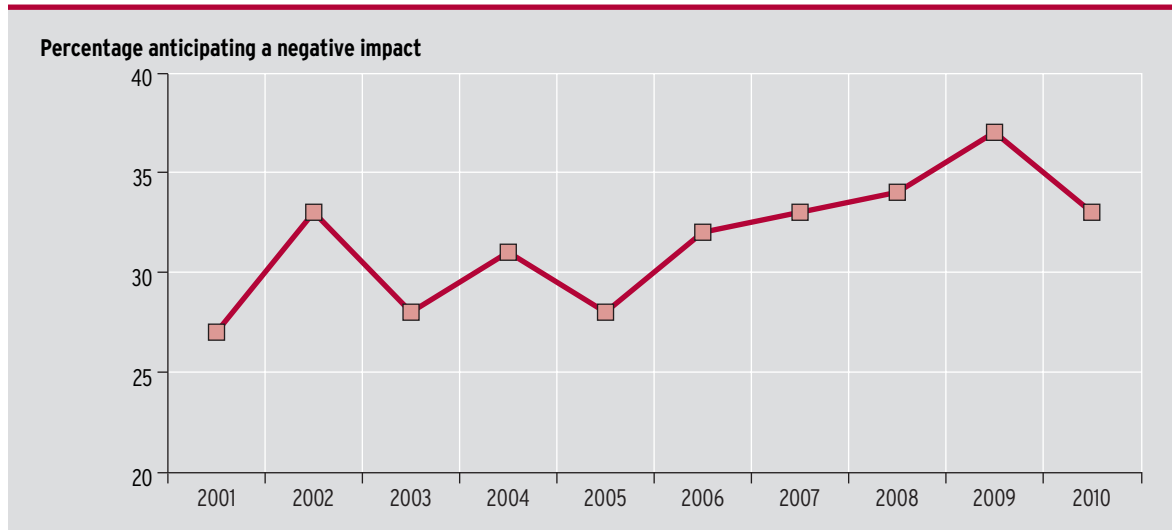
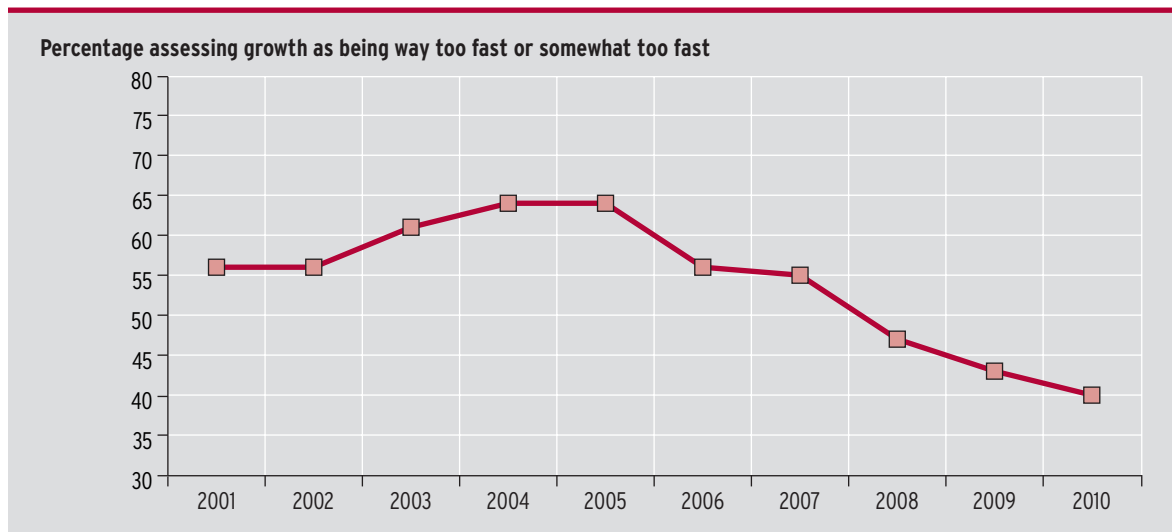


Figure 7-2 Assessment of Population Growth

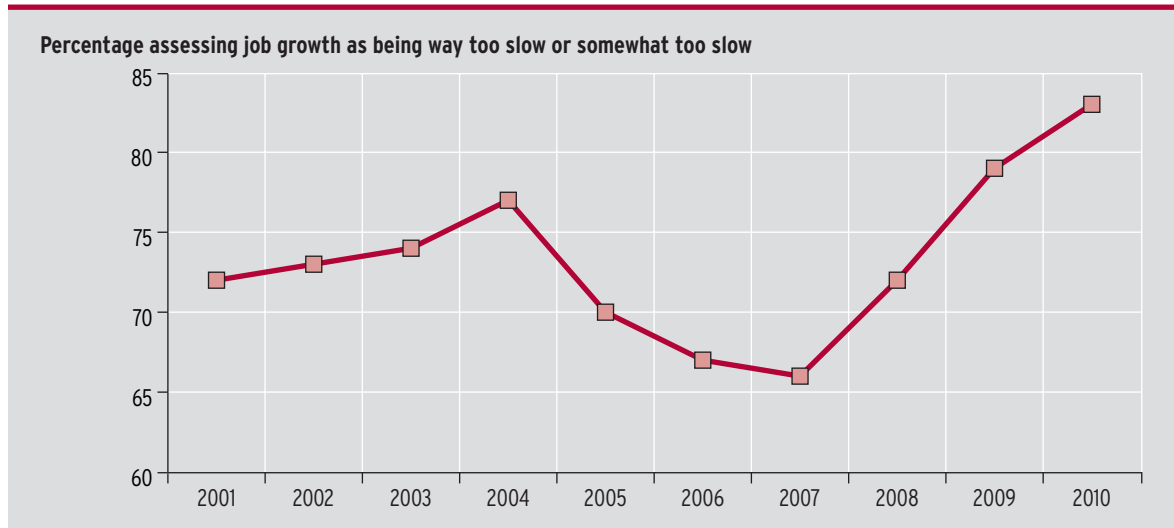
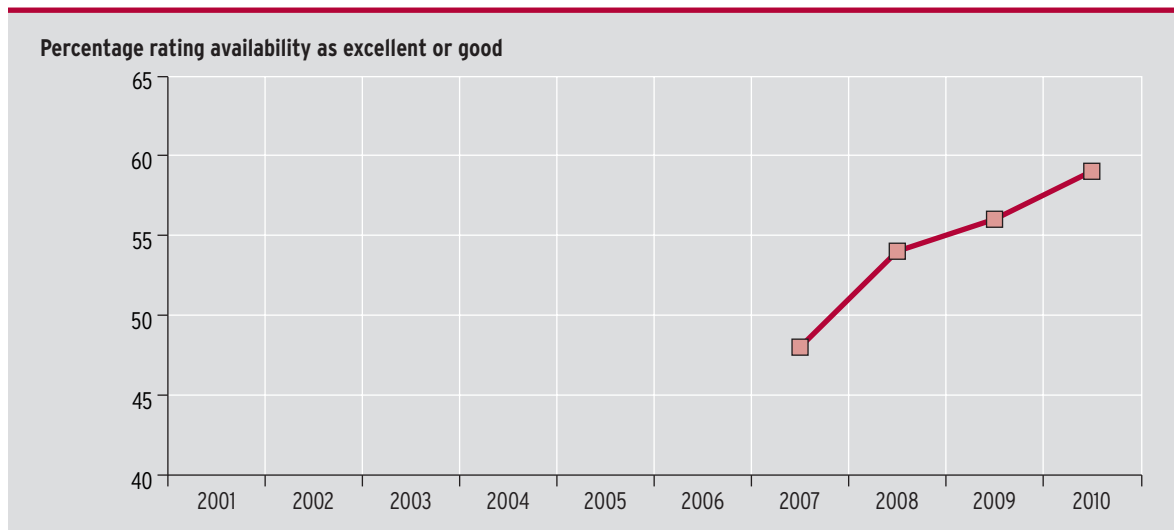


what occurred, one might also expect to see a decline in community ratings (e.g., for quality of life, the city as a place to live or retire or raise children) and service ratings (e.g., for police, fire, trash haul) over this period if the need to trim or eviscerate budgets impaired the quality of community and service delivery. If opinions get worse because services are cut, we might call this the “Poverty Penalty,” a cut assessed to quality ratings concomitant with services that are not delivered at formerly high levels because of revenue shortfalls.

As it happened, all this commonsense speculation about service ratings going down when cupboards go bare turned out to be wrong. Across the thousands of

residents and hundreds of jurisdictions in our database, we found that dismal personal economic forecasts over these troubled times have not been predictive of feelings about the community. Nor have residents reported dissatisfaction with service delivery from their local government—at least not yet. While portents of a difficult personal economic future have not fully abated and worries about flagging job growth deepen, residents currently are either holding steady in their opinions of community life and service delivery or giving them even higher ratings than they did in better times past.

One dividend of the economic downturn has been a greater availability of affordable quality housing. While

Figure 7-3 Assessment of Job Growth**Figure 7-4** Perceptions of the Availability of Affordable Quality Housing

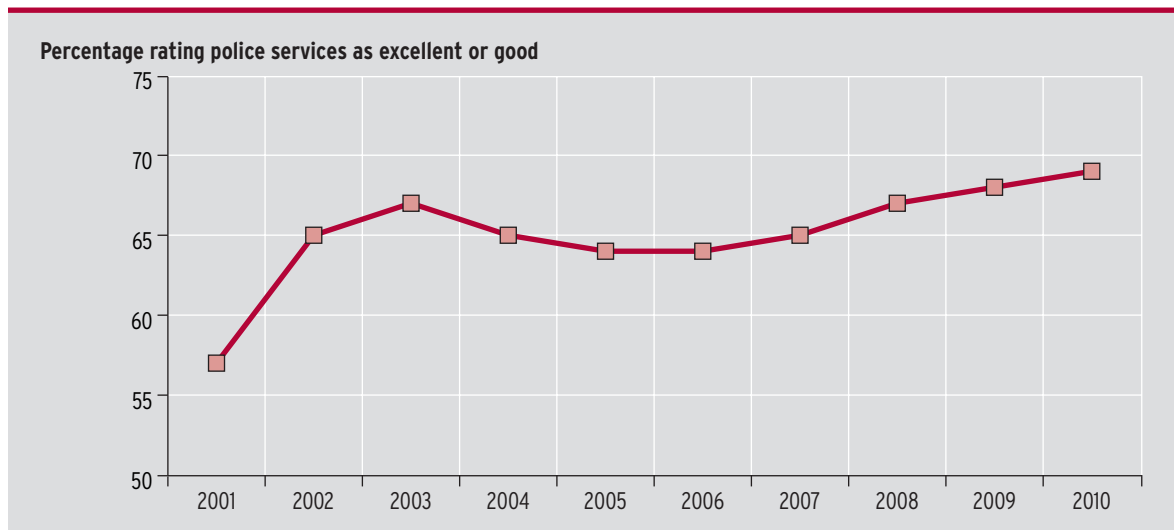
the spate of foreclosures that has accompanied the economic crisis has created a severe hardship for many who have lost their homes, the steep drop in housing prices across the country has meant, for others, homes that are more affordable. From 2007 to 2010, respondents' awareness of the opportunity presented in lower-cost housing rose by more than 10 percentage points (see Figure 7-4). Although the greater availability of affordable quality housing is a sad benefit of a market collapse, the drop in home prices, like respondents' growing pessimism about their personal economic futures or worries about job growth, still represents a direct measure of resident sentiment about the economy.

What about general ratings of community quality or service delivery that are not proxies for economic conditions? Here is where the surprise comes in. Ratings of the overall quality of life have held relatively steady since 2004, with close to two-thirds of respondents giving positive ratings; moreover, partial results from 2010 show a possible uptick (Figure 7-5). The same trend appears in answers to questions about the neighborhood or city as a place to live or retire (not shown). Despite the economic storm, residents still feel positively about where they live. Could these be signs of gratitude for the stability that community offers in tough times?

Figure 7-5 Perceptions of the Overall Quality of Life in the Community



Figure 7-6 Perceptions of Police Services



But even if we see stability or improvement in community ratings, what about ratings of local government services? Here, too, we find an unexpected dividend of the bad economy—something we call the “Hurt Dividend,” indicative of an appreciation for local government services in distressed times. For example, since 2006, satisfaction with police services has been climbing steadily, reaching an all-time high of nearly 70% in 2010 (Figure 7-6).

Opinions about fire and emergency medical services have shown the same trend, as have opinions about street repair (not shown). In fact, virtually all examined services—trash haul, code enforcement, parks and

recreation, library, and services overall—at least held steady in resident opinion over the two years following the economic crisis (not shown). Hypotheses to explain the unanticipated buoyancy of resident opinion abound but none with compelling proof.

- Are residents acknowledging that their local government deserves praise when it tries harder despite the turn of the screws? (The Hurt Dividend)
- Have local governments tried harder to provide top-quality services when the going got tough—and did they succeed? (Call it the “Too Good to Fail” theory)
- Has the press painted such a gloomy picture that residents expected worse than they actually

experienced? Have the real problems in places depicted in the news made people in communities with less economic hardship more appreciative of the services they are receiving? Have cuts been more strategic—excising much more fat than muscle—than what the press has led residents to believe was required? (Name it “Oversold Gloom”)

- Will the real impact of service cuts only begin to be felt in 2011 and beyond? (The “Hang onto Your Hat” hypothesis)

Conclusion

As the puzzle presented by our findings is contemplated, it is important to remember that these responses have been culled from the broadest cross-section of residents represented in well-conducted citizen surveys. And these residents do not sound like disgruntled citizens who come to public meetings every Tuesday night to gripe about how their local government is letting them down. Most residents in most communities across America are pleased with where they live and with the services their local government provides. That this sentiment of general approval has been (at least so far) sustained through this deep recession may say as much about real service delivery as it does about expectations and community engagement.

Local government managers should read several opportunities into these findings:

- If the Hurt Dividend keeps resident opinion strong about community and local government services because residents are especially grateful for the extraordinary effort when things get tough, manag-

ers could seek to harness that community goodwill by offering more opportunities for residents to participate in local governance and community service.

- If residents are pleased that good work continues through cutbacks caused by lean times because services are ramped up to overdrive, managers could continue to show that they are too good to fail by running lean and letting residents know how much has been and can be accomplished economically, even when the economy rebounds.
- If the media have oversold the gloominess of the downturn, managers could see how the local press can help them harness the goodwill that such pot-stirring creates.
- If the downturn's real impact on service delivery is just around the corner, managers could alert residents about the sacrifices to come and engage them in replacing some services with community labor and sweat.

Whatever the reason for residents' sustained support of local government services, the prospect for the future in any one town, city, or county depends on unique local conditions—for example, a strong economic development plan, new programs to purchase green spaces, better recycling, improved transportation connections. Managers must keep the relatively small investment in their trend line solid so that whatever happens in local government service delivery can be read in the spikes and turns of resident perspective.

NRC researchers will continue to cultivate the growing database of citizen survey opinions to find answers as they become apparent. In the meantime, managers should cash in on that Hurt Dividend.

Notes

1. Associated Press, “Bill Would Allow Indiana Cities to Declare Bankruptcy,” (Fort Wayne) *Journal Gazette*, December 27, 2010, journalgazette.net/article/20101227/NEWS07/101229608 (accessed February 18, 2011).
2. Joseph Spector, “Cuomo's Consolidation Plan a Work in Progress,” (Binghamton) *Pressconnects.com*, October 25, 2010, pressconnects.com/article/20101025/NEWS01/10250329/Cuomo-s-consolidation-plan-a-work-in-progress (accessed January 20, 2011).
3. Monica Balderrama, “City Manager Denies Huge Police Shortage,” *KFOXTV.com*, December 21, 2010, kfoxtv.com/news/26211469/detail.html (accessed January 20, 2011).
4. Mike Wiser, “Winnebago County May Trim Funding for 10 Service Programs,” *RRSTAR.COM*, November 22, 2010, rrstar.com/carousel/x1892562439/Winnebago-County-may-trim-funding-for-crime-fighting-programs?photo=0 (accessed January 20, 2011).
5. William Selway, “Defaults by Cities Looming as U.S. Mayors Say Deficits Hinder Debt Payment,” *Bloomberg*, January 19, 2011, bloomberg.com/news/2011-01-19/cities-may-default-on-borrowings-amid-financial-strains-u-s-mayors-say.html (accessed January 20, 2011).