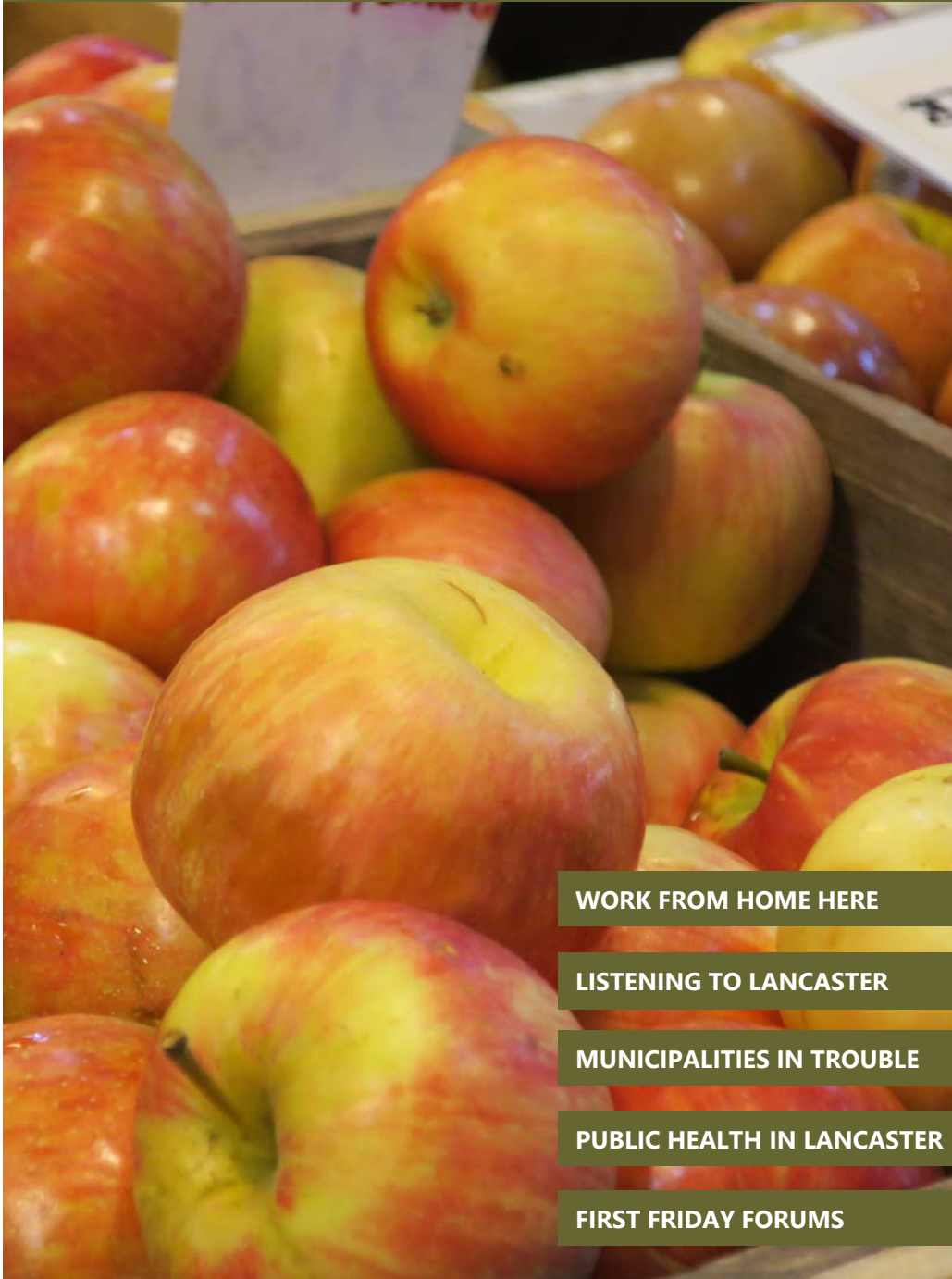


Fall 2020

# Hourglass Quarterly



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# MUNICIPALITIES IN TROUBLE

## Survey Underscores COVID's Effects

In an effort to better understand how municipalities across Pennsylvania are being impacted by COVID-19, the Pennsylvania Economy League (a statewide, nonpartisan, public policy think tank for local and state government) undertook a survey. The survey, "Municipal Survey, Effects of COVID-19", was completed in partnership with the Pennsylvania State Association of Boroughs, the Pennsylvania State Association of Township Commissioners, and the Pennsylvania State Association of Township Supervisors. The respondents included cities, first class townships, boroughs, second class townships, and home rule municipalities from across the State.

The survey prompted respondents to provide information on a wide variety of topics ranging from managing operations, to changing revenues and expenditures, to the fiscal health of communities. As of October 2020, approximately 40% of municipalities reported an increase in expenditures. This increase in expenditures comes in the form of COVID related equipment and supplies, increased cleaning costs,

the cost of implementing video or teleconference services, and physical alterations to municipal work spaces or public spaces.

Almost half of the respondents (45%) experienced a decrease in revenues. Many municipalities expressed that it is too early to tell how revenues will be impacted in the future. However, they anticipated that if revenues are impacted in the future, it will mostly show up in the Earned Income Tax and the Liquid Fuels allocation.

Most concerning of all the survey's findings, is that a substantial number of municipalities anticipate significant budget issues in the future. Of the 430 respondents, 38 indicated that they are likely to apply to participate in DCED's Strategic Management Planning Program, a state program that offers tools and consultant services to struggling municipalities. An additional 23 municipalities indicated that they are likely to request entry into the Act 47 Program, which is essentially municipal bankruptcy.

While it is too early to tell the full extent of COVID-19's impact on municipalities in Pennsylvania, the pandemic's affects are starting to show.

Check out the full report at

[www.pelcentral.org](http://www.pelcentral.org)

