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What Are Cities Spending Big On? Increasingly, It's Debt.

Many have gotten themselves into a fiscal squeeze paying bills they ran up decades ago. View data for dozens of cities.

When citizens think about where local taxpayer money goes, they often assume it pays for things like public safety, snow removal and trash collection — routine operating expenses that come with running any big city. And that's mostly true. But what they rarely realize is that legacy costs also eat up large portions of the typical city's budget. Debt accumulated over many years, contributions to employee retirement systems and the expense of fixing long-neglected infrastructure all take a significant toll.

Merritt Research Services provided *Governing* with [data](#) on current debt service, pension costs and other post-employment benefit (OPEB) expenses for cities with populations exceeding 500,000. These three cost drivers collectively averaged nearly a quarter of total governmental fund expenditures in recent years. What's worrisome is that legacy costs are rising, taking up ever-larger shares of budgets. For the large cities reviewed, the three line items accounted for a median of 22.4 percent of fiscal 2016 governmental fund spending, up from 19.8 percent in fiscal 2011. In some big cities, the increase has been much greater. Consider Jacksonville, Fla. Debt, pensions and OPEB made up less than 20 percent of expenditures there in 2008. Since then they have climbed to about 32 percent in recent budgets.

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