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States, Cities Cut Payrolls by Nearly 1 Million Over Shutdown.

- **Governments facing massive budget gaps as taxes disappear**
- **Local governments cut about 332,000 jobs outside education**

U.S. states and cities cut their payrolls steeply as the broad shutdown of the economy decimated tax collections, threatening to push them into the worst fiscal crisis in decades.

The number of state and local government jobs fell by 981,000 to 18.9 million in April, according to U.S. Bureau of Labor Statistics data released Friday. The drop, while small compared with the nearly 20 million private sector jobs lost last month, is significant because governments didn't start laying off employees until well after the onset of the last recession.

The pandemic-related shutdowns are leaving local governments nationwide facing ballooning deficits as surging unemployment dashes income-tax collections and the closure of businesses hammers sales taxes, another major revenue source.

With schools shut, the vast majority of the lost public sector jobs were in education and they're likely to be reversed when children return. But local governments also cut about 332,000 jobs outside of school systems. States eliminated 4,300 outside of that sector.

"Everybody in this country, the private sector included, is having to contract," said Erik Walsh, city manager for San Antonio, Texas, which furloughed about 270 employees who work for the convention center and the Alamodome stadium after hotel-tax revenue dropped. "And the city is doing the same thing."

Governors and mayors have pleaded with Congress for aid to help make up for the lost revenue, warning that without it they will need to resort to deep budget cuts and layoffs that would exert a drag on any economic recovery.

States alone may see record deficits of \$460 billion from now until June 2021, according to the Center on Budget and Policy Priorities, and California on Thursday projected a shortfall of \$54 billion through then, the equivalent to about one-third of its annual budget. The National League of Cities said as many as 1 million Americans on municipal government payrolls could lose their jobs or see pay reduced.

With schools closed, taxes hit, cities idle workers

It typically takes many months for economic slowdowns to affect government revenues. Following the last recession, local governments didn't start cutting jobs deeply until mid-2009, when it was officially coming to an end.

But this time the speed and scale of the downturn is spurring some governments to act more quickly. Rochester, New York, announced the city would cut 17 positions and that its remaining 386 employees would be subject to furloughs or "work sharing," which the city said would save \$2.1

million.

“We are hopeful that our federal and state governments will step up to help Rochester and other cities,” Mayor Lovely Warren said in a statement. “But we cannot wait.”

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By Amanda Albright

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