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Financial Crisis Looming for Many U.S. Cities.

Five years after the start of the COVID-19 pandemic, many U.S. cities are still adjusting to a new normal, with more people working remotely and less economic activity in city centers. Other factors, such as underfunded pension plans for municipal employees, are pushing many city budgets into the red.

Urban fiscal struggles are not new, but historically they have mainly affected U.S. cities that are small, poor or saddled with incompetent managers. Today, however, even large cities, including Chicago, Houston and San Francisco, are under serious financial stress.

This is a looming nationwide threat, driven by factors that include climate change, declining downtown activity, loss of federal funds and large pension and retirement commitments.

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