

# NC Local Government Early Responses to and Insights into the Coronavirus Pandemic

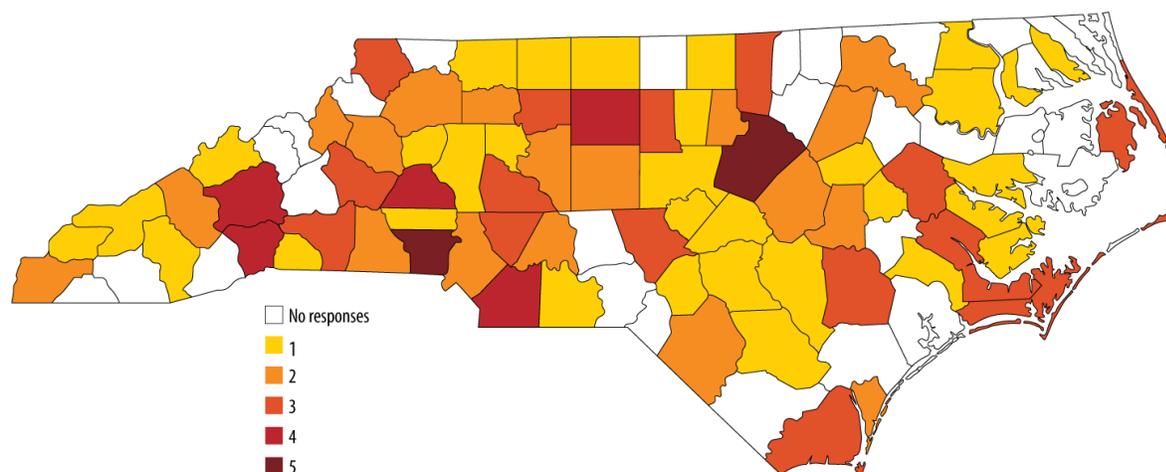
by Anita Brown-Graham, Dale Roenigk, Lea Efird, and Brooklyn Mills

Local government leaders are on the front line, helping their companies navigate a health and economic crisis whose duration is uncertain. The nclMPACT Initiative's COVID-19 survey sought to track how these elected and appointed leaders viewed their early COVID-19 world—and the actions they were taking to respond.

This report reflects the views of 200 local government leaders (200 usable responses out of 224 total responses) in 88 of North Carolina's 100 counties between April 29 and May 28, 2020. It was a period in which unemployment claims were surging—totaling 23 million by the end of May—and local governments were scrambling to meet basic community needs of food, housing, and health care.

We sent the survey to all county managers and commissioners. We also sent it to any city, town, and village managers or elected officials who had participated in School of Government programs in the past two years.<sup>1</sup> We asked our connections on social media and through our newsletter to direct the survey to managers and local elected officials. To analyze the qualitative comments, we imported the data from Microsoft Excel and used NVivo 12 coding software to set up each code and subcode as a node sorted by question.

## COVID-19 Survey of Local Governments: Responses by County (May 2020)



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1. In total, we sent the survey directly to 3700 individuals.

## Findings



NC local government leaders expected early on that there would be significant **effects from COVID-19**.



Most NC local government leaders expected early on that the **recovery for communities** would be swifter than the recovery for the local government itself.



**Business closures and job instability** were respondents' primary concerns. NC local governments were concerned about staffing disruptions in their organizations and loss of businesses and overall employment opportunities in their communities (which may reduce local government revenues from sales and occupancy taxes).



When asked specifically about **positive impacts**, despite the negative impacts indicated previously, one-third of NC local government leaders noted positive impacts on the community. Half noted positive impacts on the local government itself.



There was significant variability on the expected **negative economic implications of COVID-19**, but there was no meaningful difference among communities based on poverty rates, economic tiers, or current incidence of COVID-19.



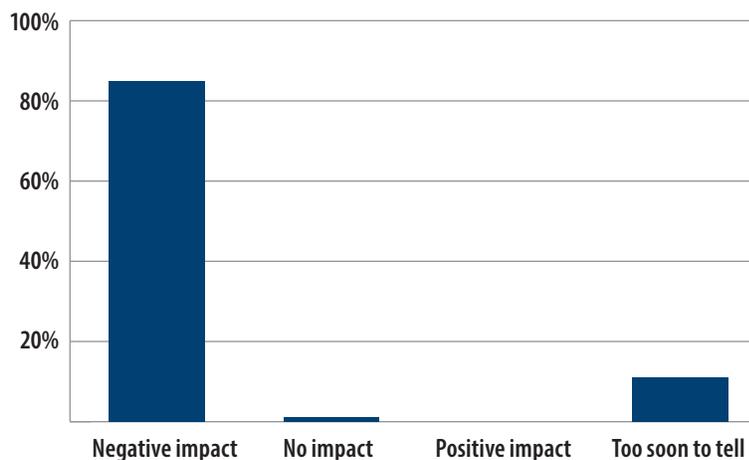
## COVID-19 Has Mostly Negative Impacts on Communities

Overwhelmingly, respondents indicated they expected a negative impact, with 86 percent of respondents selecting 6 out of 7 on a scale. The other respondents indicated the opinion that it was too soon to tell.

*"[There is] community division over mitigation measures and other restrictions."*

Very few respondents—only seven—gave any information on negative community impacts beyond those offered by the survey. These respondents highlighted cancellations of events, the loss of revenues for the community, and public health concerns. The dearth of additional responses to the question of negative impacts suggests that the choices available for the greatest negative community impacts were sufficient and accurate for the vast majority of respondents. The quantitative data for this question reveal that the risk of business closures, employment instability, and educational disruptions, respectively, are the three biggest concerns in NC communities.

### Impact on Local Community



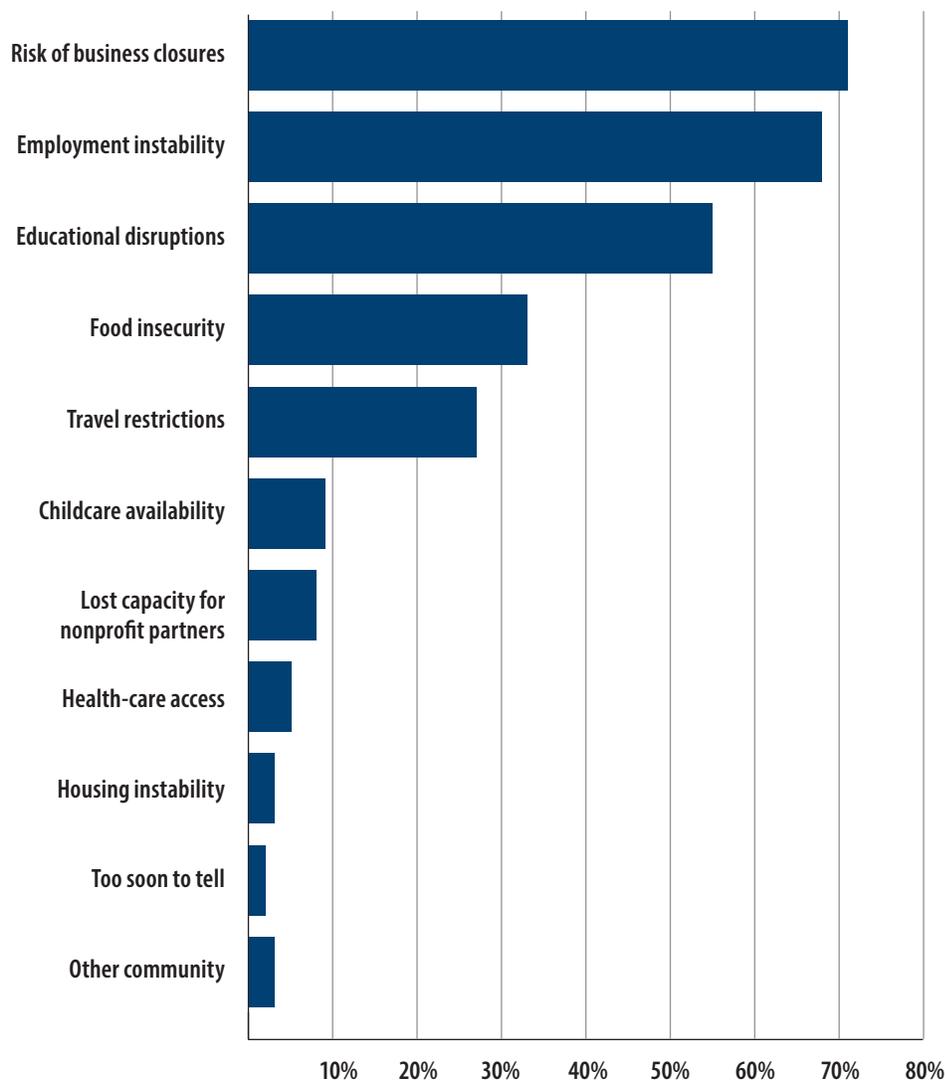
## INSIGHTS

- Differences were small or modest among subgroups.
- Professionals were somewhat more negative than elected officials.
- Counties were slightly more negative than municipalities.
- The Southeastern and Piedmont Triad regions were less negative (71 and 78 percent, respectively, but the difference shifted to the “too soon to tell” group).
- There were no strong differences by economic tier or urban-rural splits.

### **Most Negative Impacts for Communities**

Closure of businesses and employment instability were the top negative community effects among the respondents, with two-thirds (72 and 69 percent, respectively) of respondents indicating these problems. Educational disruptions also stood out, with 55 percent of respondents pointing to this problem. Food insecurity and travel restrictions were indicated by more than one-fourth of respondents (33 and 27 percent, respectively).

#### Percent Citing Top Three Negative Community Effects



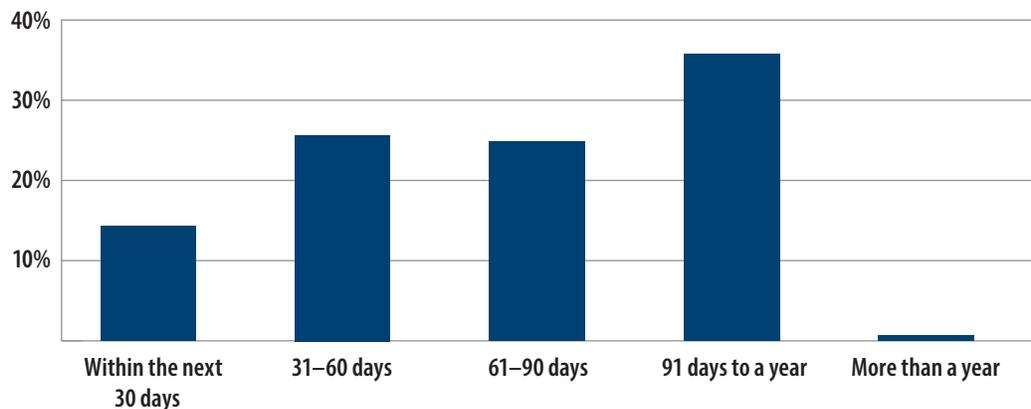
## INSIGHTS

- County government respondents were slightly more likely to point to employment instability and childcare availability. Municipalities reported higher levels of concern on travel restrictions and business closures. On the other problems, there were no strong differences.
- Elected officials were more likely to report travel restrictions as a problem, while professional staff were slightly more likely to report on employment instability.
- Rural counties were more likely to point at childcare availability, while urban counties were more likely to report food insecurity and travel restrictions.
- Tier 1 counties were notably more likely to point to educational disruptions (72 percent), while only 37 percent of Tier 3 county respondents reported this as a top problem. Travel restrictions were more likely reported as an issue in Tier 1 and 2 counties.

### **When Are Impacts Expected for Communities?**

Respondents expected mostly to see community impacts of COVID-19 in less than three months; 63 percent of respondents expected the community impacts within 90 days. The remaining third expected the effects over the next three months to a year.

#### **When Negative Impacts Are Expected for Local Community**



## INSIGHTS

- There were no strong differences between elected officials and professional officials.
- Municipalities were slightly more likely to expect the effects sooner.
- Respondents in the Southwestern and Western regions of the state were slightly more likely to expect the effects later.
- Economic Tier 2 respondents reported expecting the community effects somewhat earlier than Tiers 1 and 3.
- Rural counties expected the community impacts earlier than urban counties.

## Positive Impacts on Communities

*“During these distressing times, I am seeing our community looking out for each other—neighbors, businesses, and organizations. People have become more selfless.”*

One-third of respondents indicated they perceived some positive impacts from COVID-19 for their local community (66 of 200). The majority of respondents indicated that the pandemic had mostly negative impacts, but 33 percent identified some bright spots. For those who shared specific explanations, the primary themes included: the importance of unity and pulling together; organizational collaborations; new personal priorities, such as leisure and family time; an increased appreciation for government services; and a renewed focus on health, exercise, and the environment. Unity in the community was the most common theme, with 31 total responses. These responses emphasized neighbors helping neighbors, a general spirit of volunteerism and selflessness, and greater community bonds than before the pandemic.

*“Our new Mayor has built a strong collaboration with all of the faith leaders in the community, which was originally used to promote health and safety during the pandemic, but is now being used to promote the census and other community priorities.”*

Respondents noted more general cross-sectoral cooperation among businesses and nonprofits as well as community members. Highlighted organizational collaborations included food drives and distributions, the distribution of personal protective equipment, and a check-in program for one town’s elderly population, administered by the parks-and-recreation department.

*“Has brought some people closer together with family and made folks reevaluate things. There’s also a huge uptick in outdoor activities.”*

New priorities for community members focused on more time to spend with their families, more outdoor exercise, and a general slowdown of the pace of life due to the shutdown.

*“Appreciation for the role of healthcare providers and first responders, and essential personnel.”*

Officials noted more community appreciation for current government services, including green spaces and essential personnel, like health-care workers and teachers.

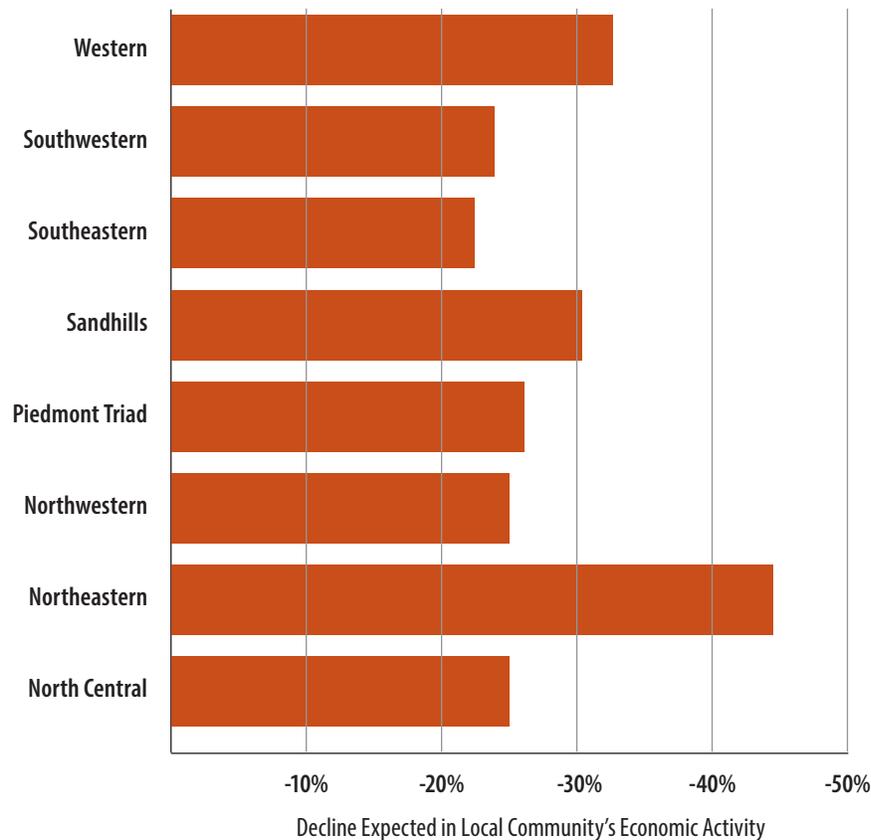
### INSIGHTS

- Professional staff were more likely to report some positive impacts than elected officials (40 percent versus 25 percent).
- County respondents were more likely to report some positive impacts than municipalities (45 percent versus 29 percent)
- Respondents from two regions (Southwestern and Western) indicated positive community impacts by at least half of respondents. Other regions were much lower (Sandhills 6 percent and Northwestern 17 percent).
- Respondents in Tier 3 counties were most likely to report some positive community impacts (Tier 3, 44 percent; Tier 2, 31 percent; and Tier 1, 28 percent).

## Impact on the Economy and the Local Workforce

On average, respondents estimated a 28 percent drop in local economic activity in the next 90 days. There was a lot of variability here. About 13 percent of the respondents indicated drops of greater than half, and 4 percent of respondents indicated increases. This may suggest caution about how the sliders were used to answer this question. It may also reflect respondents’ uncertainty about the future.

## Estimated Expected Impact on Economy by North Carolina Region



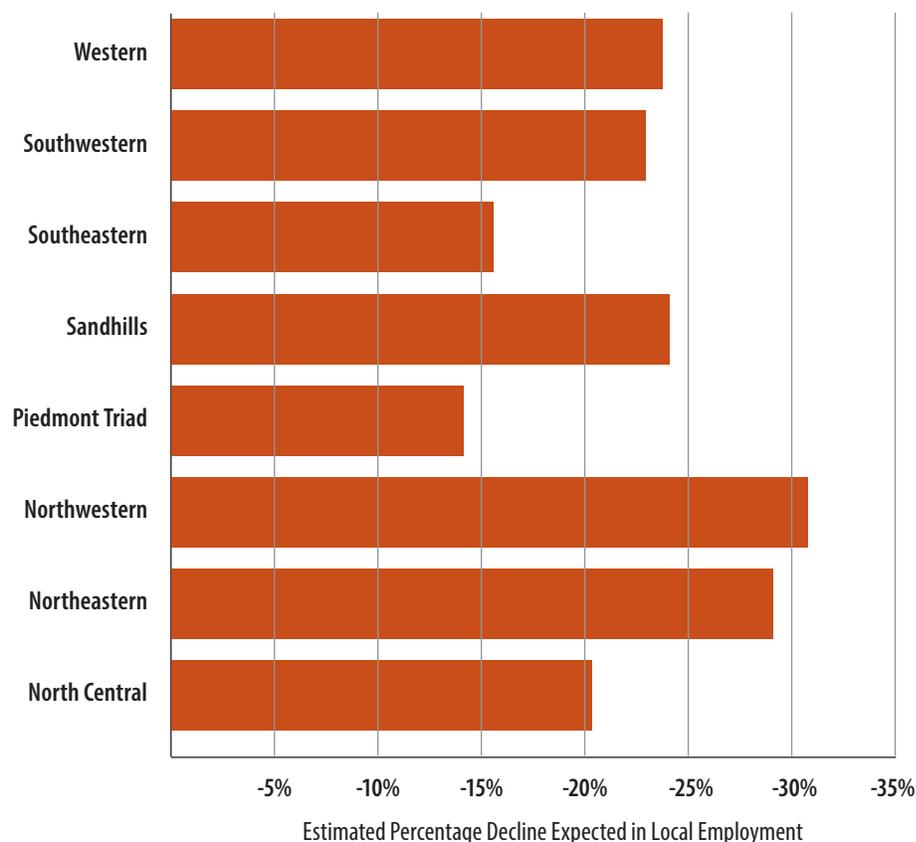
### INSIGHTS

- There were no large differences in professional officials versus elected officials, in county versus municipality, or by economic tier.
- Respondents from the Northeastern section of the state were the most pessimistic, with an average estimated drop in economic activity of 44 percent. The estimated drops in other regions were roughly similar, falling between 23 and 30 percent.

Respondents' estimated impacts on local employment roughly matched the estimated impacts on the local economy, with expected drops of 22 percent in the next 90 days. About 8 percent of respondents expected drops of greater than half, and 6 percent of respondents estimated increases in employment.

*This may suggest a need for caution about how the sliders were used to answer this question. It may also reflect respondents' uncertainty about the future.*

## Estimated Expected Impact on Local Employment by North Carolina Region



- There were no large differences in professional officials versus elected officials, in county versus municipality, or by economic tier.
- Respondents in the Northeastern and Northwestern regions had more-negative expectations of employment drops in the next 90 days on average, with expected declines in employment of 29 percent and 31 percent, respectively.



### COVID-19 Has Mostly Negative Impacts on Local Governments

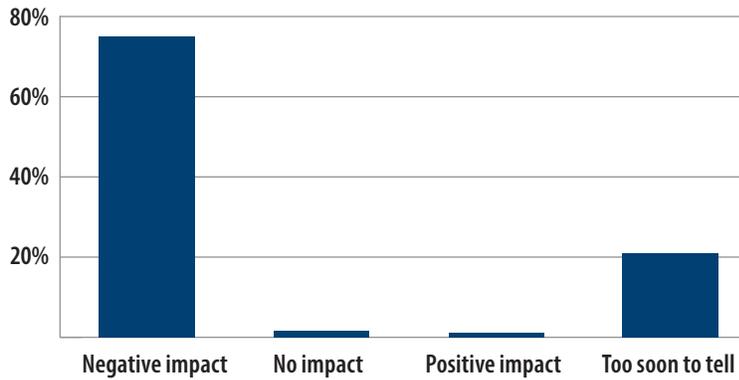
Overwhelmingly and not surprisingly, given the unprecedented nature of the pandemic, three-fourths of respondents indicated they expected a negative impact on the local government due to COVID-19. Nearly all other respondents indicated that it was simply too soon to tell, with almost no respondents indicating no impact or a positive impact.

*“Cancelling meetings has delayed key goals for the year as well as budget planning.”*

Just over ten percent of respondents chose to further explain their concerns. These respondents highlighted cancellations of in-person meetings, including public meetings; loss of funds, both for the government itself and the community; and, the adverse impacts for citizens, including food insecurity and unemployment as high concerns about negative impacts of the pandemic.

Of the quantitative options offered, reduced revenue was the greatest concern, followed by operational disruptions and staffing disruptions caused by remote working. This list is particularly interesting because remote work was frequently mentioned as a positive outcome below. All three negative impacts appear to have some positive consequences.

### Impact on Local Government



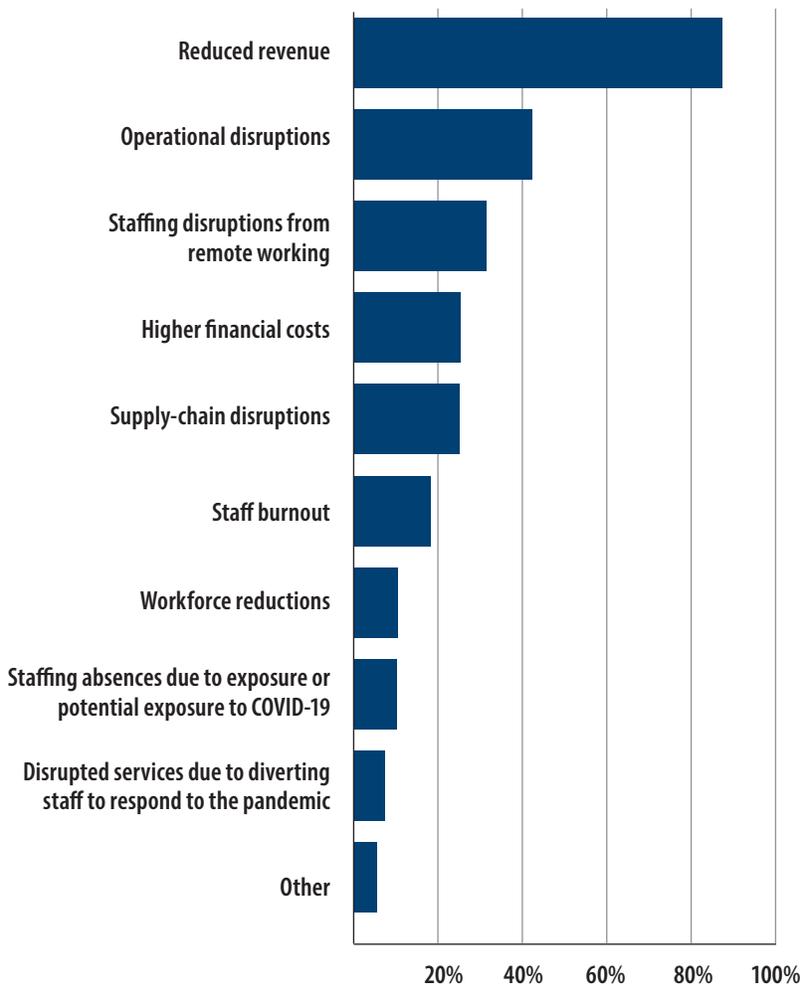
### INSIGHTS

- Differences here were small or nonexistent among subgroups.
- There were no differences between elected and professional staff.
- Counties were slightly more likely to have indicated negative impacts compared to municipalities.
- Officials in the Piedmont Triad were less negative compare to their peers, but still over half (54 percent) were negative with the shift of respondents moving to “too soon to tell.”
- There were only small differences by economic tier, with Tier 3 (best economies) most likely to be negative (86 percent).
- Rural counties were more negative than more-urban counties (92 percent versus 75 percent).

### **\$** Most Negative Impacts on Local Governments

Overwhelmingly for local governments, the major concern was reduced revenue, with 86 percent of respondents indicating this as an expected impact. Other issues connected to operations were cited by less than half of respondents. However, operational disruptions, staffing disruptions, higher costs, and supply-chain disruptions were all cited by more than one in five.

## Percent Citing Top Three Negative Effects



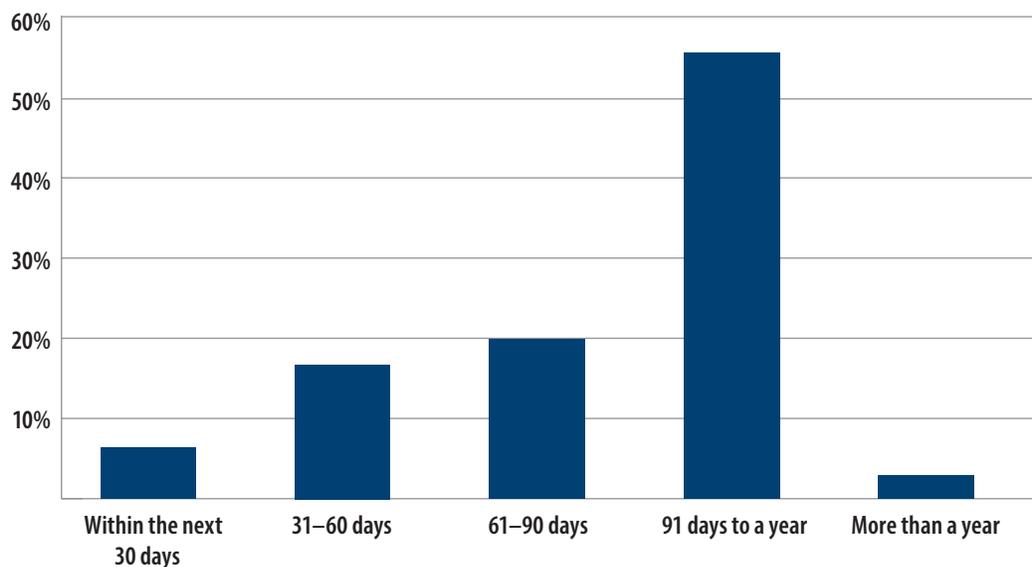
### INSIGHTS

- There were small differences between county and municipal governments, with county governments citing the various disruptions slightly more often than municipalities for operations, staffing, supply chains, and staff burnout.
- Professional officials were slightly more concerned than elected officials about various disruptions to staffing, supply chains, and operations. But there was no real difference in concern over reduced revenues.
- Rural counties were slightly less worried than urban counties about reduced revenue but more concerned with staffing and operational disruptions.

### When Are Impacts Expected for Local Governments?

Respondents expected mostly that local government impacts will not be fully felt until three months to a year away, but 42 percent expected the impacts on local government to happen in less than three months as of this survey.

## When Negative Impacts Are Expected for Local Government



### INSIGHTS

- There were no real differences between elected and professional officials in this area.
- Counties were slightly more likely to expect the effects within three months.
- Respondents in the Southeastern and North Central sections were slightly more likely to expect the effects within three months.
- Tier 1 communities (economically disadvantaged) were slightly more likely to expect the effects later (three months to a year) with about 66 percent versus 48 percent for Tier 2 and 63 percent for Tier 3.
- Rural counties were much more likely to expect the effects within three months (62 percent) versus more-urban counties (32 percent).

### Positive Impacts on Local Governments

*"[We were] forced to adapt to the situation and improve working from home, remote services, and strengthening connections between local agencies. We will be a little better prepared for the next historic disaster."*

When asked if there were any positive impacts of the pandemic, half of the respondents indicated they saw some positive impacts on their local governments from COVID-19 (103 of 200), despite the fact that the vast majority of respondents indicated that the pandemic's impact on their organizations were mostly negative. Those that answered in the affirmative were then asked to explain the impacts. Their comments revealed some interesting themes, including: the importance of remote work and new technology; organizational reprioritization; adaptability, creativity, innovation, and teamwork; and new outward-facing relationships.

*"We are learning a lot about working remotely and how that works in different parts of our organization (and how it can or cannot work for citizens)."*

Of these themes, 31 percent of respondents mentioned the importance of remote work, followed by new technology at 25 percent, implying that for many governments, remote work and the technology it requires, such as videoconferencing, have caused positive changes for the organization. About 25 percent of respondents who mentioned remote work noted that they hoped or thought that this type of work would continue in some capacity after pandemic work-from-home policies ended, particularly in the event of future emergencies. Twenty-one percent of respondents also mentioned increased adaptability, innovation, and teamwork as a positive outcome of the pandemic.

*“In all challenges, there are positives. We have seen our county team come together and work collaboratively across departments and leverage community relationships with businesses and nonprofits to be nimble in our response.”*

Coming together to deal with complex issues, across departments and sectors, was a consistent theme. Not surprisingly, this caused respondents to note the related theme of new or improved outward-facing relationships, including intergovernmental regional coordination and relationships with businesses and nonprofits to deliver products and services to citizens.

*“[The pandemic] has caused us to recognize some weaknesses in our internal structure, so that we now have an opportunity to address them.”*

Finally, the survey suggests that the pandemic has given local government organizations a chance to look inward at their own operations and to rethink their missions and priorities. Respondents named new cleaning and sanitation protocols, technology improvements, and the completion of deferred maintenance as benefits of COVID-19. They provided general comments on refocusing on their missions, redetermining what constitutes a critical need, reevaluating budgets, and addressing operational weaknesses.

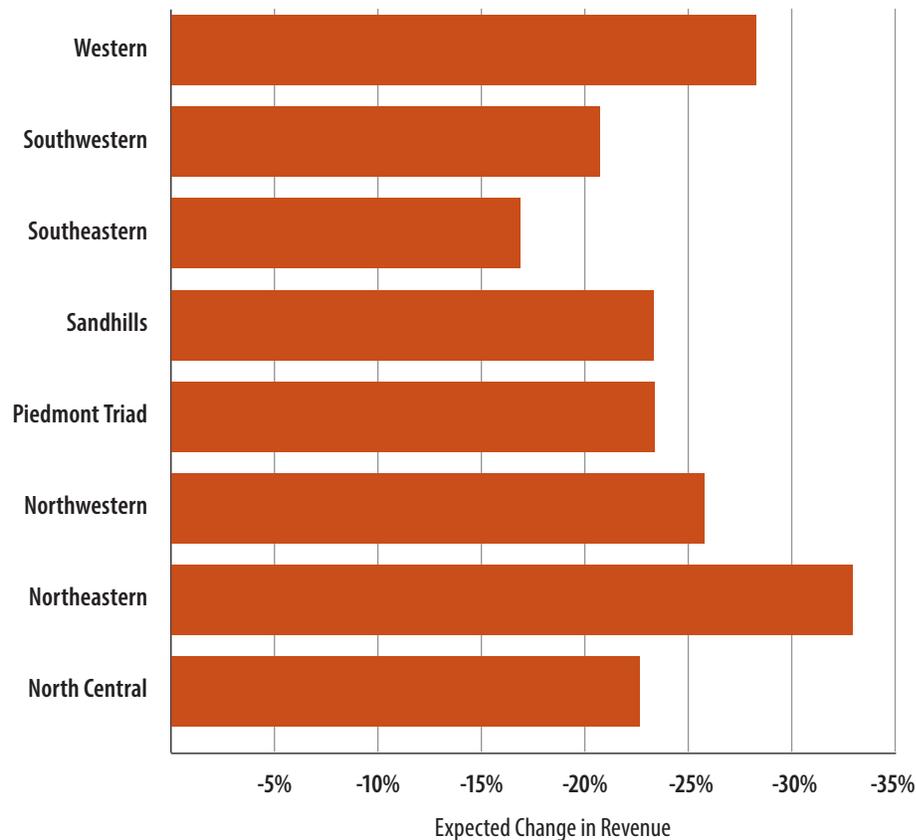
## INSIGHTS

- Professional staff were much more likely to report some positive impact on the local government (64 percent) than elected officials (35 percent).
- Counties were much more likely to report some positive impacts (70 percent) versus municipalities (44 percent).
- Several regions showed much higher levels of some positive impact (Southwestern, 77 percent; North Central, 66 percent; and Western, 60 percent), while others were much lower (Sandhills, 16 percent; Northwestern, 40 percent; and Southeastern, 44 percent).
- There were no clear differences by economic tier.

### **Impact on Local Government Revenues**

On average, respondents indicated they expected reductions in local government revenue of 23 percent in the next 90 days. While respondents were mostly negative, it is worth noting great variability here. About 7 percent reported that losses were expected to be above half of revenues, and 5 percent expected gains in revenues. This may suggest caution about how the sliders provided in the survey were used to answer the question. It may also reflect that there is great uncertainty among respondents about the future.

## Estimated Average Revenue Impact on Local Governments



- Elected officials expected slightly larger losses in revenue than professional staff.
- Municipalities expected slightly larger losses than counties.
- Respondents in the Southeastern region were less pessimistic on average (17 percent losses) versus the Northeastern (33 percent), Western (28 percent), and Northwestern (26 percent) regions.
- There were no real differences in revenue expectation by economic tier.
- Rural counties were slightly more negative than urban counties.

### Limited Impact Anticipated on Local Government Employment

Despite the large estimated impact on local government revenue, expectations on cuts in local government staff over the next 90 days were notably lower. On average, respondents indicated cuts in staff of about 8.3 percent. Again, there is wide variability here, with some respondents indicating cuts of more than half and others expecting increases in staff. *This may suggest a need for caution about how the sliders provided were used to answer this question. It may also reflect respondents' great uncertainty about the future. The size of the cuts seems particularly large if we expect they responded correctly that the changes were for the next 90 days.*

- There were no large differences in the averages between elected and professional staff, between municipalities and counties, or by economic tier.
- Urban counties were slightly more likely to estimate larger job losses (-8.2 percent) versus rural counties (-6 percent).
- Respondents in the Piedmont Triad, Southwestern, and Northeastern sections all averaged above 10 percent for expected job losses, while the Southeastern section was lowest at 2.7 percent.