Fiscal Management Practices and Challenges in Suburban Government

WASHINGTON, D.C. — While we might not often think about the financial health of our local government, should we suddenly not have clean water, or our trash stopped getting picked up, or police or firefighters didn’t respond when we called, we would likely be incredibly upset. With the Great Recession, local governments and their stakeholders are even more aggressively working to better understand what affects them financially and how they can operate with less revenue. Despite the critical involvement of local governments in our daily lives and strains on local budgets across the country, there are very few studies of how suburban municipalities manage their fiscal policies—even with half of the US population living in the suburbs.

Managing the Fiscal Metropolis, the first comprehensive analysis of the financial condition, management, and policy making of local governments in a metropolitan region, fills this gap. This groundbreaking study by Rebecca M. Hendrick, covers 264 Chicago suburban municipalities from the late 1990s to the present. In it she identifies and describes the primary factors and events that affect municipal financial decisions and financial conditions and explores the strategies these governments use to manage financial conditions and solve financial problems. Her study finds new evidence about the role of contextual factors—including other local governments—in the financial condition of municipalities and how municipal financial decisions and practices alter these effects. The wide economic and social diversity of the municipalities studied make its findings relevant on a national scale.

W. Bartley Hildreth applauds Managing the Fiscal Metropolis, saying, “Professor Hendrick provides a path-breaking examination of the financial health and fiscal decision-making strategies of suburban governments competing in a thriving metropolis. From front-page stories of government finance to many cursory academic studies, the common practice is to draw conclusions from a grab bag of indicators with weak theoretical connections. Tomorrow’s students and serious researchers should build their work on the comprehensive framework offered here if the goal is to truly diagnose and understand the fiscal heartbeat of local government finance.”

Rebecca M. Hendrick is an associate professor in the Department of Public Administration at the University of Illinois at Chicago.

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CONTACT: Jacqueline Beilhart, Publicist, (202) 687-9298, jb594@georgetown.edu

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