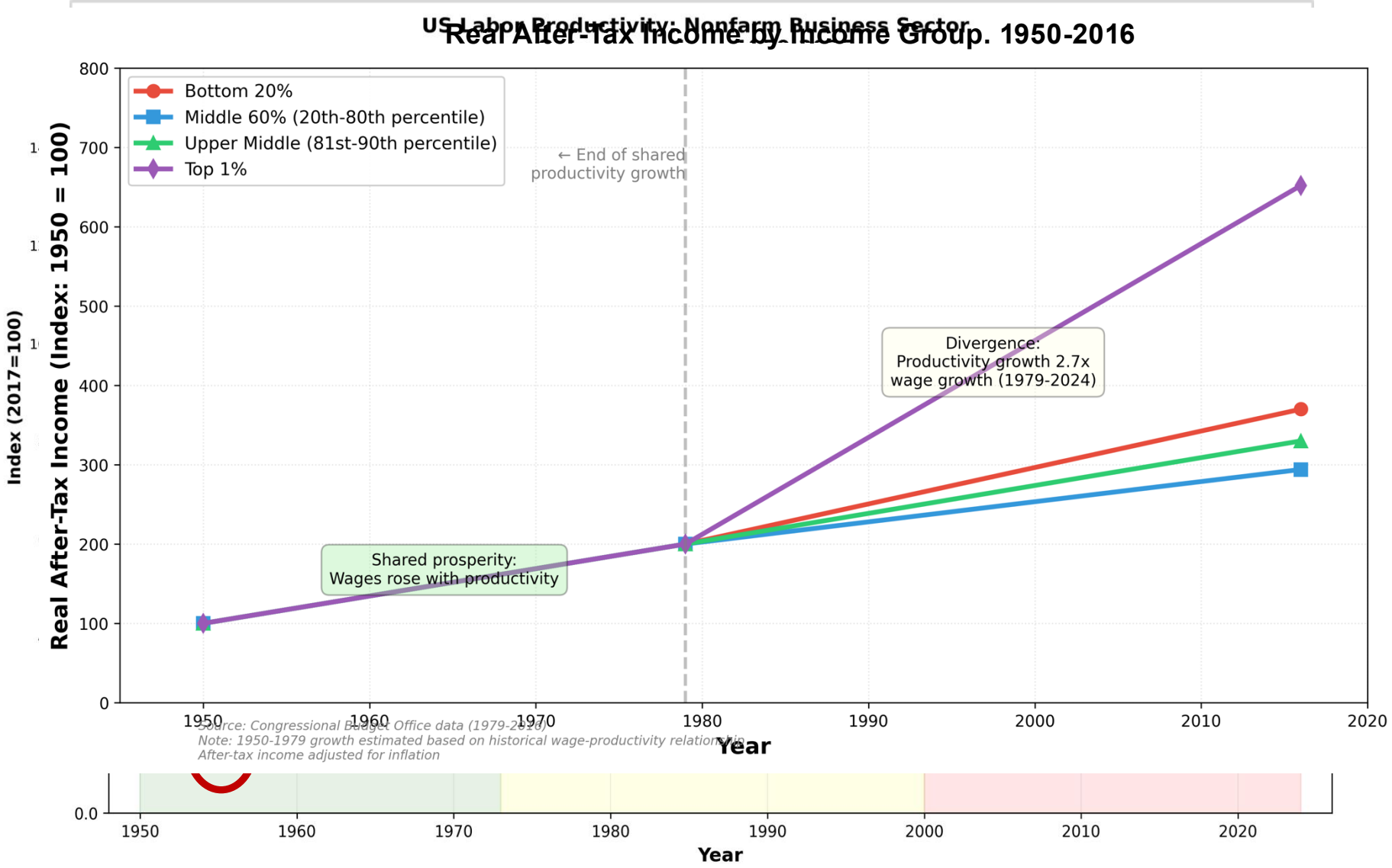
Financial Flourishing in a VUCA Environment

- There's a lot of stuff coming at you now in a volatile, uncertain, complex (not just complicated), ambiguous (VUCA) environment
- Let's stipulate that "financial resilience" means your city's capacity to weather that environment while making progress on your aims, a learned and developed capacity
- The job of the non-mayor panelists here (Shayne & Matt) is to make some suggestions of how, starting where you are right now, you can develop that capacity. The job of Mayor Donovan and Manager Guild is to share some examples of its exercise.
- My job is to save all of them restating VUCA elements by stating them here

Broken Social Contract

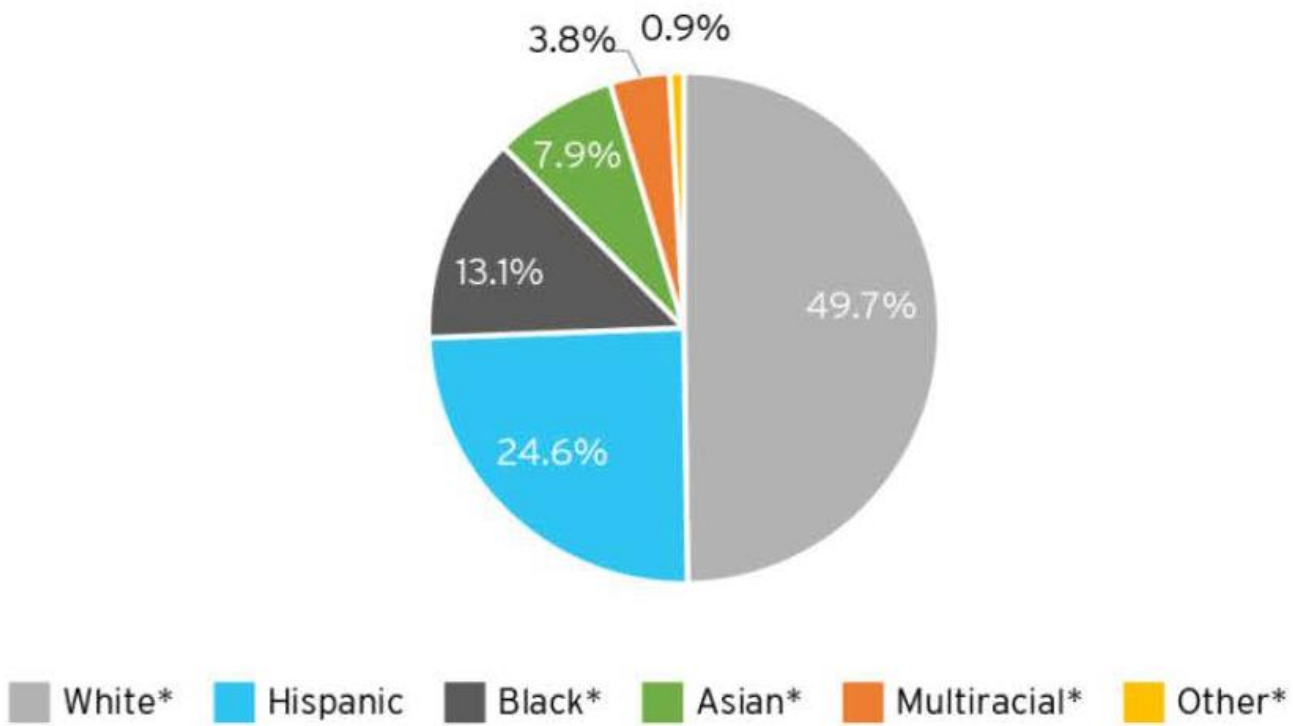




AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories AI factories

A More Diverse Nation

Racial profile of U.S. population, 2045

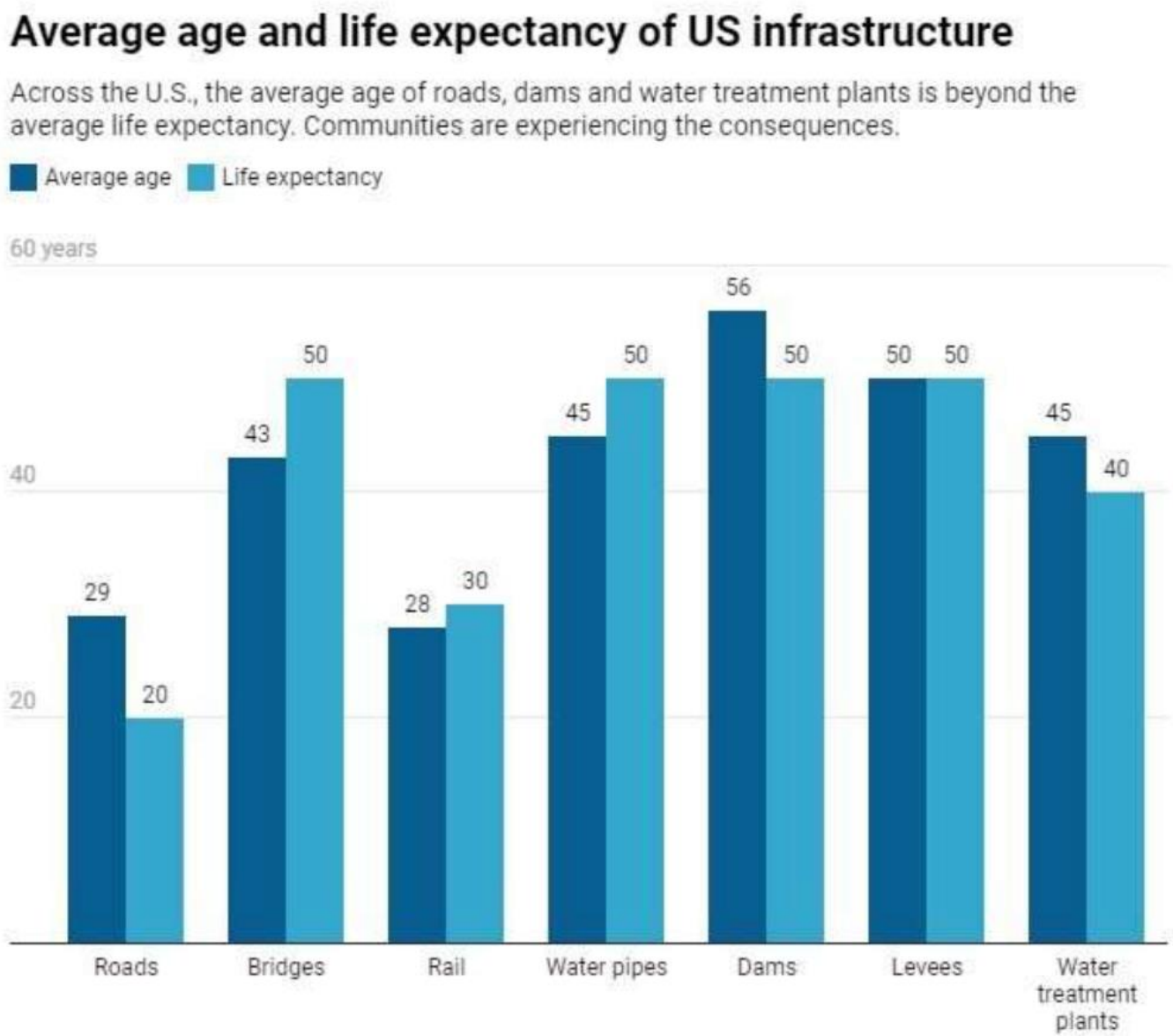


** Non-Hispanic members of race*

United States Census Bureau

U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU
census.gov

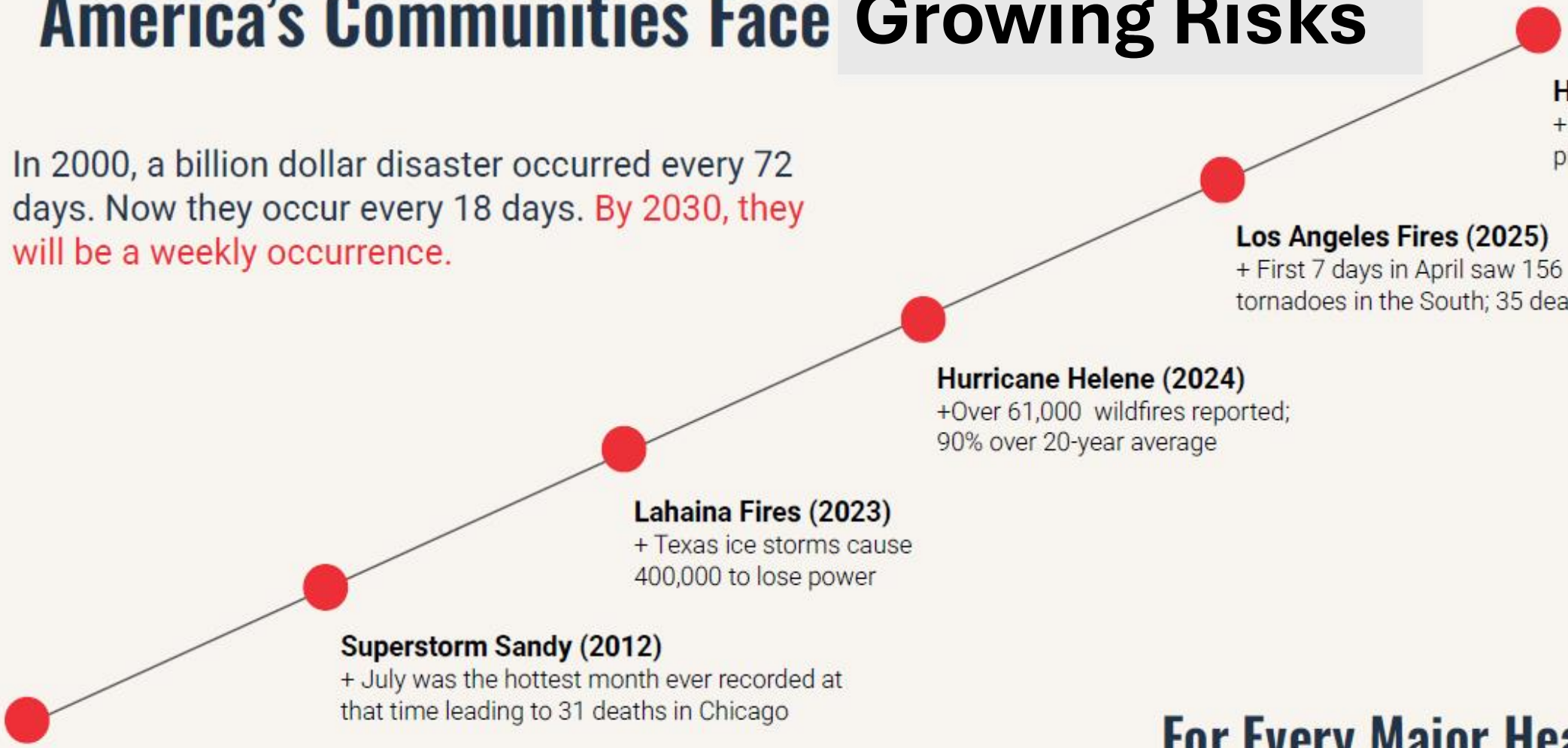
Source: Vintage 2017 Population Estimates
www.census.gov/programs-surveys/popest.html



Credit: American Society of Civil Engineers

America's Communities Face Growing Risks

In 2000, a billion dollar disaster occurred every 72 days. Now they occur every 18 days. By 2030, they will be a weekly occurrence.



Hurricane Katrina (2005)
+Midwest Drought in Ohio Valley: corn yields drop 30-50%

Superstorm Sandy (2012)
+ July was the hottest month ever recorded at that time leading to 31 deaths in Chicago

Lahaina Fires (2023)
+ Texas ice storms cause 400,000 to lose power

Hurricane Helene (2024)
+Over 61,000 wildfires reported; 90% over 20-year average

Los Angeles Fires (2025)
+ First 7 days in April saw 156 tornadoes in the South; 35 dead

Hill Country Floods (2025)
+Mid-may hail damages 40,000 properties in St. Louis

For Every Major Headline, there are innumerable smaller events impacting where we live, work and play.

N.O.A.A + PBS

This Physical Risk Impacts All Community Stakeholders...

Main Street
Nearly 90% of small businesses never reopen after a disaster

Investors
U.S. home values at risk due to severe storms: $12.7 trillion, or one in four

Local Government
One-third of annual local GDP spent on disaster & weather costs

Utilities
Grid outages now cost $150B/year – 6× more than in 2000

Insurance
Losses from natural disasters hit $108B 1H2025 - highest since 2011

Health
30% of rural hospitals considered at 'high 'risk' of closure due to climate-related infrastructure strain

Real Estate
$1T in mortgages at risk from sea-level rise & wildfire

Federal Support for Cities Is Declining —

Even as IRA Investments Continue

Pandemic-era fiscal aid is ending; remaining federal funds are narrower in purpose and use

Ending: Flexible Pandemic-Era Support



American Rescue Plan (ARPA): $350B

- Flexible fiscal relief to cities & counties

Emergency Rental Assistance: $[illegible]B

- Housing, eviction prevention

COVID Transit Operating Aid: $30.5B

- Operating support for local transit

ESSER School Aid: $122B

- Temporary K-12 education funding

Funds fully obligated or expiring, 2024–2025

Loss of General-Purpose Federal Aid

Continuing: Inflation Reduction Act (IRA) Investments

Partial and indirect flows to cities

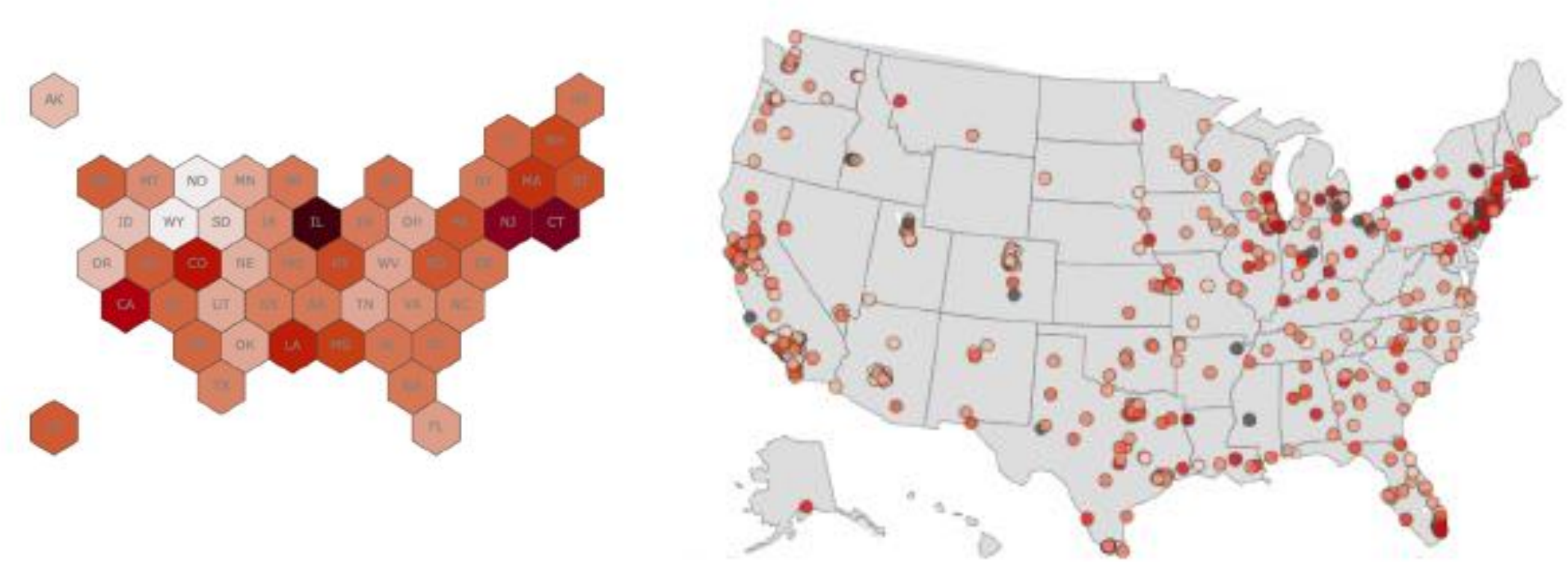


Inflation Reduction Act (IRA) Investments

- Program-specific and competitive
- Delivered via grants, tax credits, rebates
- Primarily capital and project-based
- Limited use for operating budgets

IRA funds support **long-term climate and infrastructure goals** but do **not** replace the flexible fiscal **aid cities are losing.**

Fundamentals Getting Shaky All Over



Seamus Duffy & Oliver Giesecke (11/2025),"State and Local Government Financial Fundamentals"

GPAL (Government Performance Action Lab) www.gpal.org