



Public Policy Institute
JACKSONVILLE UNIVERSITY

2023 Comparative Public Finance Analysis: Jacksonville Compared to Tampa, Orlando, Charlotte, Nashville, Indianapolis, Birmingham and Charleston

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Executive Summary

The Jacksonville University Public Policy Institute has been contracted to compare Jacksonville's revenues, expenditures, and debt to several cities in its peer group. These include Tampa, Orlando, Charlotte, NC, Indianapolis, IN, Nashville, TN, Birmingham, AL, and Charleston, SC.

Jacksonville has the lowest total revenue per capita of any of the cities in its peer group, except for Indianapolis. Also, it should be noted that Indianapolis is an outlier in the comparison of cities because the generous support it receives from the Lilly Endowment substantially supplements the city's revenues. Jacksonville also has the second highest unfunded pension liability among the cities, and it has a negative net position. In short, Jacksonville's public finances are keeping it from being a world class city.

An examination of the city's revenues shows that Jacksonville has the lowest property tax revenue per capita of any of the cities in the comparison group, except for Indianapolis and Birmingham, two cities that have income taxes to supplement their property taxes. It also has the lowest sales tax revenue per capita of all the cities that levy a sales tax. In addition, Jacksonville lost 32 million dollars last year on its business enterprises; whereas most of its peer cities made profits that supplemented their tax revenues.

Jacksonville's total expenditures per capita are also the lowest among the comparison cities, except for Indianapolis. Jacksonville and Indianapolis also have the lowest per capita expenditures in the general government category, which includes all the administrative departments of the city. Both Jacksonville and Indianapolis have consolidated city and county governments, which means they have a single administrative jurisdiction for both the county and the city.

Jacksonville's spending on public safety is right in the middle of the comparison group of cities. Three cities (Nashville, Charlotte, and Indianapolis) spend less per capita on public safety than Jacksonville, Charleston spends about the same, and three cities (Orlando, Tampa, and Birmingham) spend more. Of course, the proof of the pudding when it comes to public safety expenditures is how effective they are in keeping the community safe. When we consider the overall property and violent crime rates, Jacksonville is safer than every city in the group except for Tampa and Charleston, SC. Tampa spends more per capita on public safety than Jacksonville, and Charleston spends about the same. Most of the cities that spend considerably less than Jacksonville such as Charlotte, Nashville, and Indianapolis have higher crime rates than Jacksonville, so this may be a case of getting what you pay for.

Jacksonville's Health and Human Services per capita expenditures are also in the middle of its comparison group. Three cities spend more than Jacksonville, three cities spend less, and Indianapolis spends the same. However, almost 50% of Jacksonville's spending goes to UF-Health, which leaves very little left to support public health outreach and public assistance.

Jacksonville's per capita transportation spending from all sources compares favorably with most of its peer cities, with the exceptions of Charlotte and Nashville, which both have light rail commuter train systems, so they spend considerably more. However, Jacksonville's transportation spending must cover a land mass of 747 square miles, while the average of the other cities when Jacksonville is

excluded is only 242 square miles. Looking at transportation spending from the mileage perspective, the cities that spend less per square mile than Jacksonville are Indianapolis and the two smallest cities in the group, Charleston and Birmingham.

It's in the categories of culture and recreation, economic environment, and physical environment that Jacksonville lags the most behind its peer cities. These are the funding areas that are perhaps not as crucial as public safety, transportation, and health, but they add to the quality of life and help to attract new businesses to the city. Only Indianapolis spends less per capita on recreation and culture than Jacksonville, and it has the Lilly Endowment supplementing its expenditures in this category. In the Economic Environment category, Jacksonville's per capita expenditure ranks third lowest, with only Indianapolis and Nashville spending less. Jacksonville spends the second lowest amount per capita in the Physical Environment category, which includes sidewalks, flood control, water management and septic tank removal, areas that are a major source of concern for the city.

Jacksonville's debt problem sets it apart from most of its peer cities. It has a net pension liability of \$4092 per capita, the largest of its peer group, except for Birmingham and Nashville. It also has a negative net position, which means that the city's total assets are less than its total liabilities. In fact, its net position of -\$840 per person means that every man, woman, and child in Jacksonville would need to pay \$840 dollars for Jacksonville to break even. In contrast, Tampa and Charlotte have net position of over \$14,000 per person and Orlando has a net position of over \$13,000 per person.

Jacksonville has made good progress in reducing its debt service per capita in the last few years; however, it is still relatively high at \$238 per person. This wouldn't be so bad except that it crowds out spending in the categories that improve Jacksonville's economic development and quality of life. Debt service per capita was more than the combined total of the per capita amounts of economic environment and culture and recreation in 2023.

Jacksonville must grapple with these issues if it is going to reach its full potential as one of the best cities in the nation. The good news is that the city has the resources to solve the problem. Jacksonville is number 15 on the list of fastest growing cities in the US. The unemployment rate in Jacksonville is below the national average. Industry growth is strong in the fields of finance, medical care, and technology. Property values are up, but are not as high as in some of the other major cities of Florida. This means that Jacksonville's tax base is growing, but the high cost of housing is not keeping people from moving to the city. Jacksonville is in a better position than most cities to put its fiscal house in order. It has the lowest tax revenue per capita in Florida, so it would be easier to raise tax rates than if Jacksonville were already a high tax city. Jacksonville has the potential to address these issues, but it will take courageous civic and political leaders to make it happen.

Table of Contents

Overview of Jacksonville’s Revenues and Expenditures.....p. 5

Comparative Revenue Analysis.....p. 6

Revenue Analysis of Non-Florida Cities and Counties.....p. 13

Comparative Expenditure Analysis.....p. 18

Comparative Debt Analysis.....p. 27

Conclusion.....p. 29

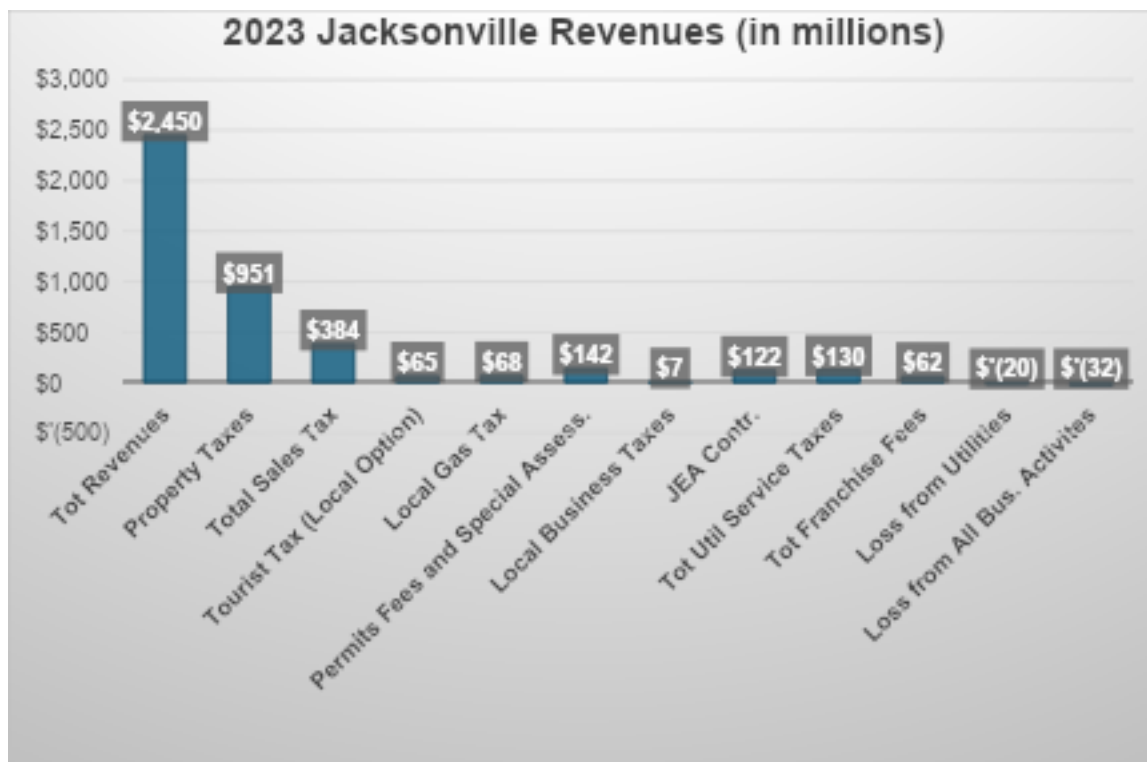
Jacksonville Civic Council’s Comparative Analysis for Jacksonville’s Peer Cities and Counties

The Jacksonville University Public Policy Institute has been contracted to continue the Comparative Public Finance Analysis it began in June 2017. In the past, the report has compared Jacksonville’s revenues, expenditures and debt to other Florida cities. This year we have expanded the analysis to include some non-Florida cities that the JCC considers to be in Jacksonville’s peer group. These new cities include Charlotte, NC, Indianapolis, IN, Nashville, TN, Birmingham, AL, and Charleston, SC. In addition, we continue to include Tampa and Orlando in this report.

Overview

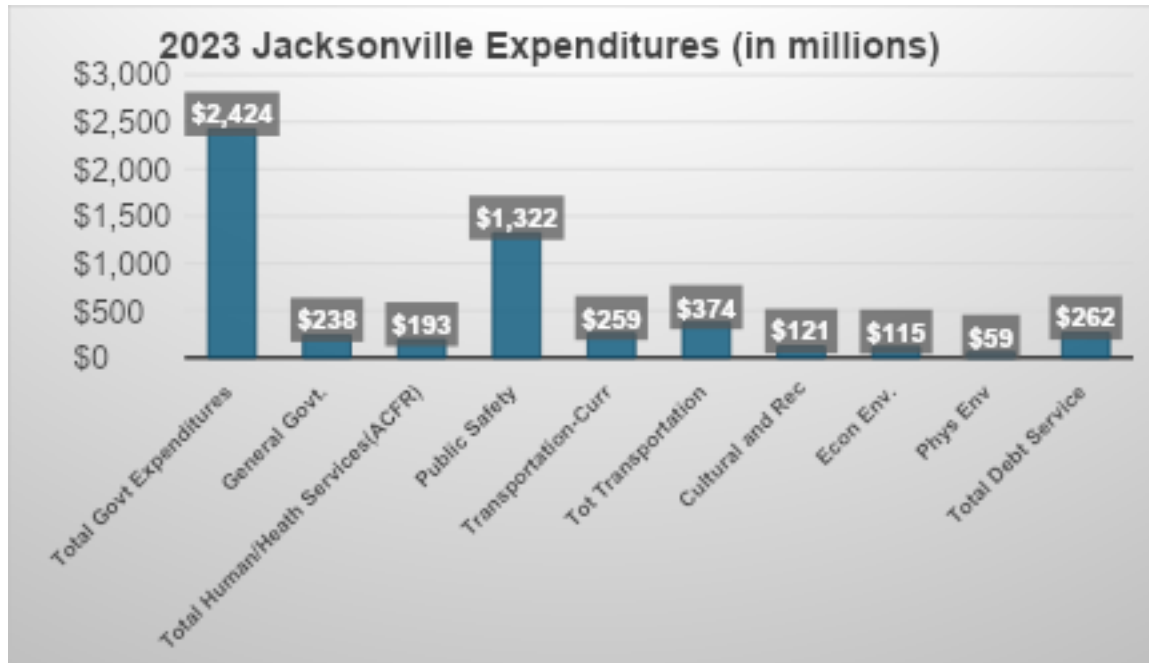
Before beginning the analysis of Jacksonville’s public finances, it is instructive to look at the overall distribution of Jacksonville’s revenues and expenditures. Revenues are shown in Chart 1 and Expenditures are shown in Chart 2.

Chart 1. Jacksonville’s Revenues 2023



Source: Jacksonville’s 2023 ACFR and the 2023 Revenues and Expenditures Reported by Account Code and Fund Type

Chart 2. Jacksonville’s Expenditures 2023



Source: Jacksonville’s 2023 ACFR and the 2023 Revenues and Expenditures Reported by Account Code and Fund Type

The first chart shows that Jacksonville relies heavily on the property tax for the largest share of its revenues. In fact, almost 50% of its revenues come from this source, and another 10% comes from the sales tax. Jacksonville’s business-type activities lost money, and because we are not as much of a tourist destination as some of the other cities in our peer group, we don’t receive much in the way of tourist taxes. We also underutilize impact fees and special assessments as a source of revenue compared to our comparison group.

Chart 2 shows that spending on public safety dwarfs spending in every other category in Jacksonville’s budget. It represents 55% of all city/county spending. The debt service expenditure, which includes the principal, interest, and refinancing charges on Jacksonville’s debt, is also a large share of expenditures. It is even larger than current spending on transportation in the city, although when capital, enterprise, and component unit transportation expenditures are added to current spending, total transportation spending is the second largest component of Jacksonville’s budget.

Comparative Revenue Analysis

In this section, we examine Jacksonville’s per capita revenues in comparison to its peer cities. Before beginning the comparison of the revenue sources in each city and county, it’s useful to look at the definitions of each source shown below in Table 1.

Table 1. Definitions of Revenue Sources

| Revenue Source | Explanation |
|---|---|
| Total Revenues | The Total Revenues for each city and county consist of revenues from Ad Valorem Property Taxes, Local Option Sales Taxes, Local Option Fuel Taxes, Local Option Tourist and Resort Taxes, Permits, Fees and Special Assessments, Judgements, Fines, and Forfeits, Intergovernmental Grants, Miscellaneous Revenues, and the profits or losses from their business-type activities |
| Profits or Losses from Business Type Activities | The profits or losses generated from city and county enterprises such as utilities, stadiums, theaters, parks, transportation systems, etc. |
| Ad Valorem Property Taxes | A property tax is an ad valorem tax that an owner of real estate or other property pays on the value of the property being taxed. The taxing authority makes an appraisal of the monetary value of the property, and tax is assessed in proportion to that value. The assessed proportion paid in tax is based on the millage rate (the rate per \$1000 of property value). In Florida, all property tax revenue is reserved for the use of municipal and county governments. |
| Local Option Sales Taxes | In Florida, the state levies a sales tax rate of 6%. The discretionary sales surtax rate depends on the county, where rates range from .5% to 2%; however, there are some counties that do not impose the surtax at all. Other states and local governments also levy sales taxes, which will be noted where relevant. |
| Local Option Fuels Tax | In Florida, county governments are authorized to levy up to 12 cents of local option fuel taxes in three separate levies on fuel sold within the county: a ninth-cent fuel tax of 1 cent on every net gallon of motor and diesel fuel sold within a county, a tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold within a county, a tax of 1 to 5 cents on every net gallon of motor fuel sold within a county. The funds are used for transportation expenditures. Other states and local governments also levy fuel taxes, which will be noted where relevant. |
| Local Option Tourist and Resort Tax | In Florida, county governments are authorized to impose local option transient rental taxes on rentals or leases of accommodations in hotels, motels, apartments, rooming houses, mobile home parks, RV parks, condominiums, or timeshare resorts for a term of six months or less. The revenues may be used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance. Other states and local governments also levy tourist taxes, which will be noted where relevant. |
| Permits, Fees and Special Assessments | Special Assessments and Impact Fees are taxes charged to property owners and property developers to help fund specific infrastructure projects. This tax can only be charged to taxpayers whose property lies within a designated special assessment district. Fees include special payments for services such as infrastructure improvements, public transportation, garbage collection, or storm water abatement. |
| Wheel Taxes | The wheel tax is a local vehicle registration fee used to fund road maintenance and infrastructure projects. The amount paid varies based on the weight of the vehicle. |

| | |
|-------------------------|--|
| Income Tax | Marion County, home of Indianapolis, levies a local income tax rate of 1.62%. This is in addition to the state rate, making the combined rate 4.62%. |
| Occupation Tax | In Birmingham, Alabama, the occupation tax is a local income tax levied on individuals who work within the city limits, regardless of whether they live there or not. The rate is 1% of gross wages, salaries, and commissions earned within Birmingham. |
| Utilities Contributions | Most cities and counties impose taxes on all utility sales in their geographic boundaries including electricity, water, gas, fuel oil, and propane. In addition, cities and counties receive franchise fees for the use of the right of way and other city/county owned properties used by the utilities. In addition, many of the cities/counties own their own utilities and receive profits from them. Jacksonville’s electric and water/sewer utilities are owned by the JEA, which gives Jacksonville a yearly contribution added to the city/county’s general revenues. Thus, the category of Utilities Contributions includes all taxes, franchise fees, and profits/contributions obtained by each city/county from its utilities. |

We begin by discussing the revenues per capita from all sources, which include the city and county’s tax revenues, profits (or losses) from the business-type activities that the city or county undertake, and revenue sharing from the state and federal government. This is shown in Chart 3 below.

Chart 3. 2023 City and County Revenues Per Capita from All Sources¹



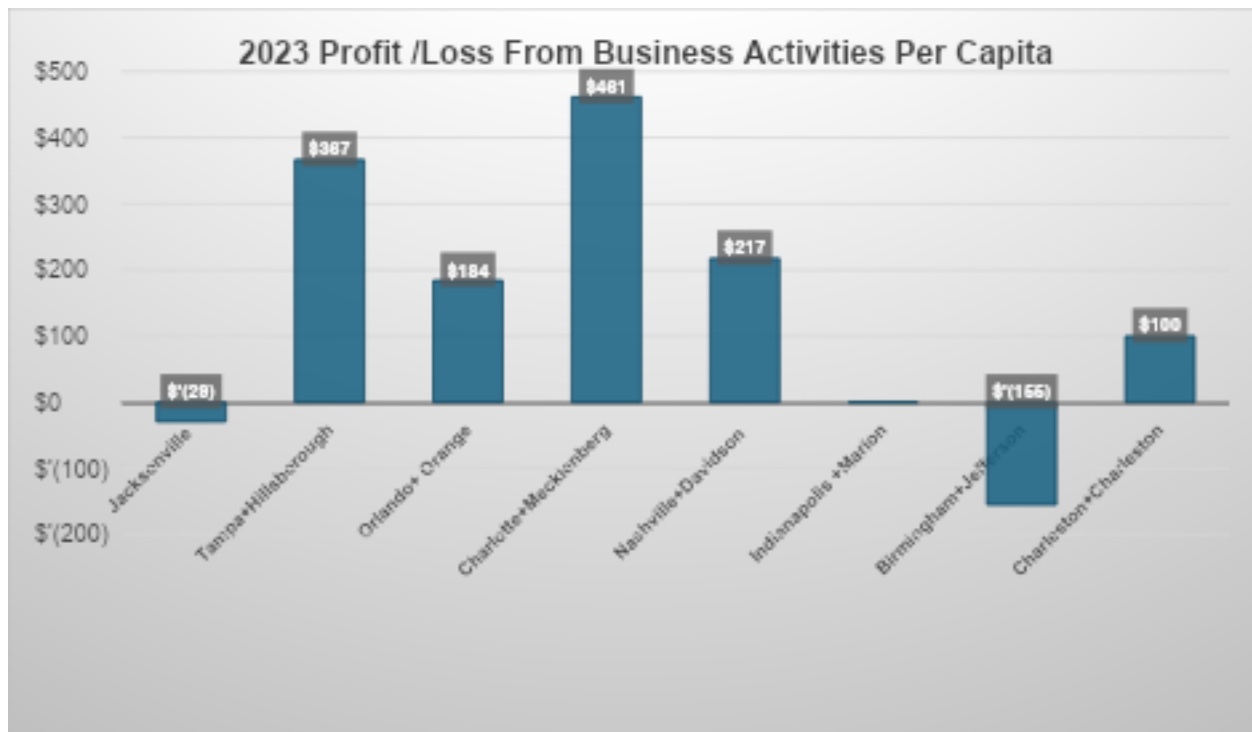
Source: Each City and County’s 2023 ACFR

¹ Total Revenues are calculated by taking the Sum of Total Revenues from Government Activities and adding the Revenues less Expenses of the Business Activities reported in the table showing the Summary Changes in Net Position for each city and county.

The chart shows that Jacksonville has less revenue per capita than most of its peer cities, and the differences are large. Jacksonville’s revenues per capita are less than half of those in Orlando, Birmingham and Charleston, and they are over \$1400 less than the average of per capita revenue in the group of cities. Only Indianapolis has revenues per capita that are slightly lower than Jacksonville’s.

Next, we examine the cities’ revenues from their business activities, shown in Chart 4. Charlotte and Mecklenburg County have the greatest per capita revenue from business-type activities among this group of cities. When considering business activities, it’s important to realize that cities don’t intend to make profits on all their business enterprises; some enterprises are meant solely to provide a public service. However, in Charlotte’s case, the city and county make enough profit from the water, sewer, storm water, and parking services they provide to offset their losses from garbage collection and public transit. Tampa, Orlando, Nashville and Charleston also make profits from their business activities that add to their revenues. Indianapolis does not operate any business type activities. Only Jacksonville and Birmingham lost money on their business activities. These losses had to be made up with tax revenues, so they reduce the ability of the cities to provide other goods and services. Jacksonville’s losses stemmed primarily from the provision of their garbage and recycling services, and Birmingham’s losses stem from the heavy debt burden attached to the bankruptcy of Jefferson County’s sewer system over ten years ago.

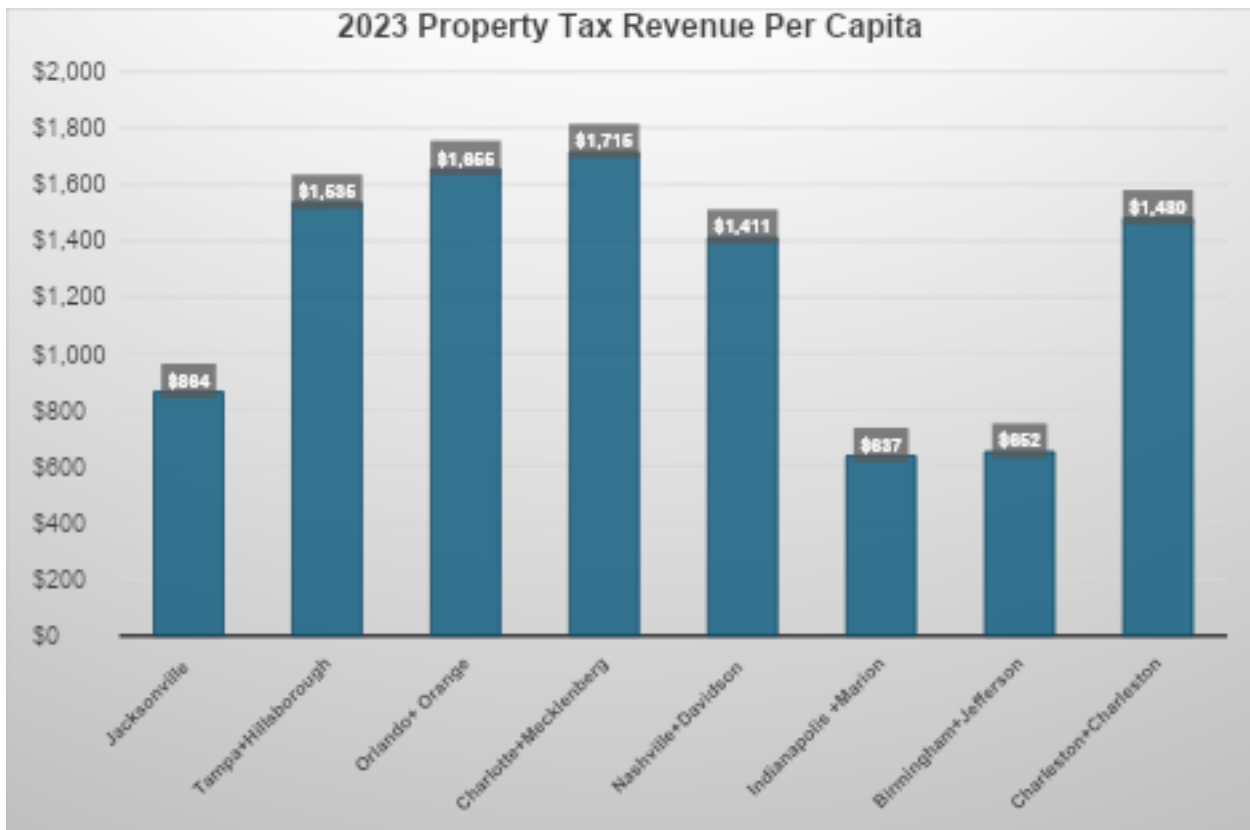
Chart 4. 2023 City and County Revenues Per Capita from Profit/Loss on Business Activities



Source: Each City and County’s 2023 ACFR

Property tax is the most common, and usually the largest, source of municipal and county tax revenues. The per capita amount of property tax received by Jacksonville and each of the city/county combinations in Jacksonville’s peer group are shown in Chart 5. These are the property taxes that are available for the use of the city and county governments only. They do not include the property taxes that are levied and used by the school boards, water management districts, and other entities in their jurisdictions. Jacksonville has the lowest per capita property tax revenue among the cities except for Birmingham and Indianapolis. However, it's important to note that both Birmingham and Indianapolis levy income taxes that generate substantial revenues that supplement their property taxes. So, among the cities that do not levy income taxes, Jacksonville’s property taxes per capita are the lowest by a large margin (\$547 per capita less than its nearest peer city of Nashville). This shortfall is one of the primary reasons that its overall revenues per capita are lower than those of its peer cities.

Chart 5. 2023 City and County Revenues Per Capita from Property Taxes

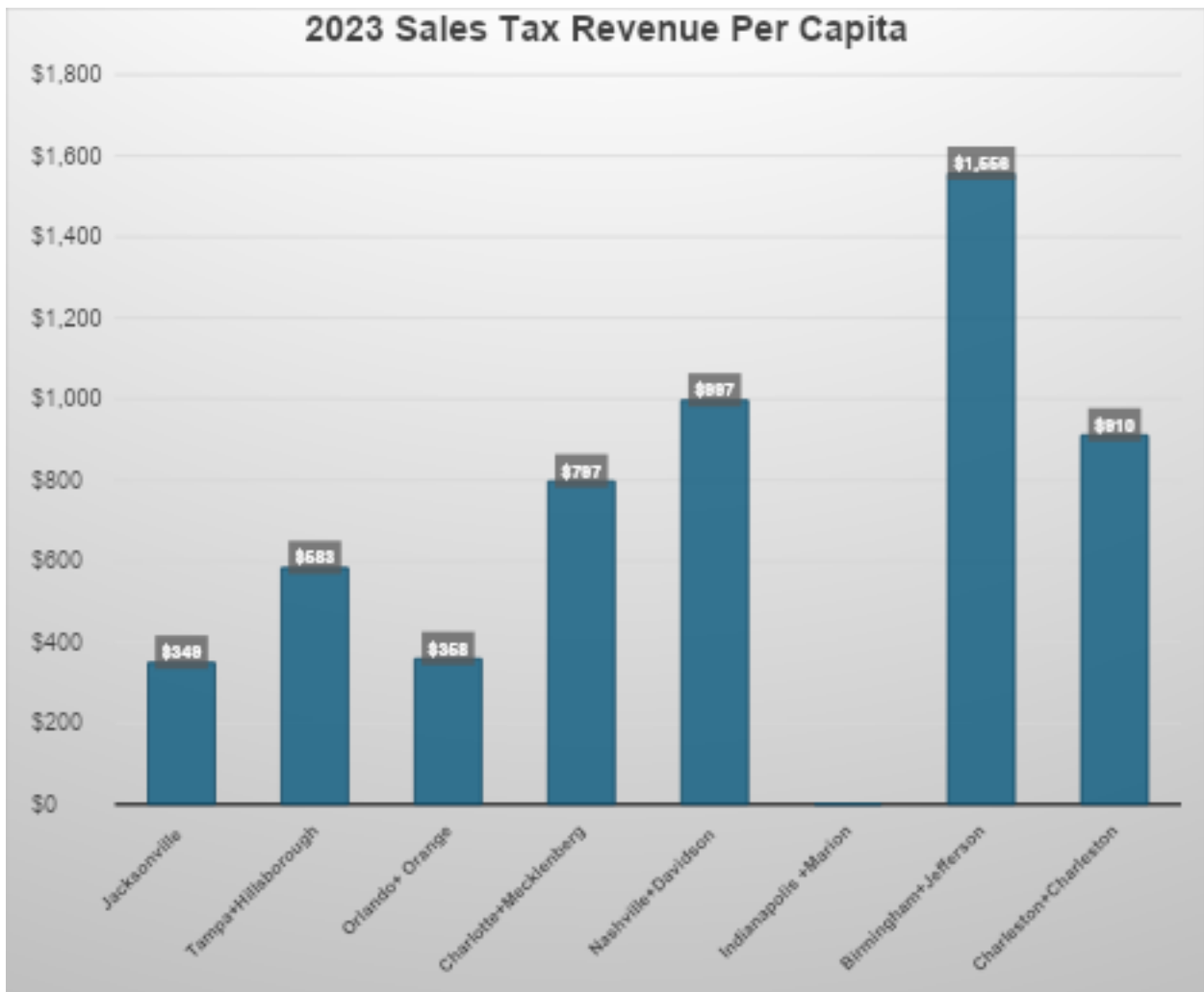


The next revenue source that we consider is the sales tax. In Florida, the state imposes a 6% sales tax on most purchases excluding food, medicine, and other essential products. Cities and counties can impose additional sales tax rates up to a maximum of 2.0 additional percentage points. Since the approval of the additional half cent sales tax to support Duval County Public Schools in November of 2022, Jacksonville’s sales tax rate is now at 7.5%, so the city can only levy an additional ½ cent before it reaches the state maximum. The other 1 cent of the local portion of the sales tax is evenly split between

the general revenue fund and the repayment of the infrastructure improvements that were part of the Better Jacksonville Plan (BJP). The half cent BJP sales tax was set to expire in 2030, but Jacksonville voters approved an additional 30-year extension to fund the shortfall in Jacksonville’s underfunded city pension plans.

The per capita amount of sales tax received by Jacksonville and the other city/county combinations are shown in Chart 6, and the sales tax rates levied in each city/county are shown in Table 2. Jacksonville’s sales tax revenue per capita is the smallest among the cities except for Indianapolis, which does not levy a sales tax. This is primarily because the other cities have higher sales tax rates than Jacksonville. Only Orlando and Charlotte have lower tax rates than Jacksonville, but their greater sales activity makes up for the lower rate.

Chart 6. 2023 City and County Revenues Per Capita from Sales Taxes



Source: Each City and County’s 2023 ACFR

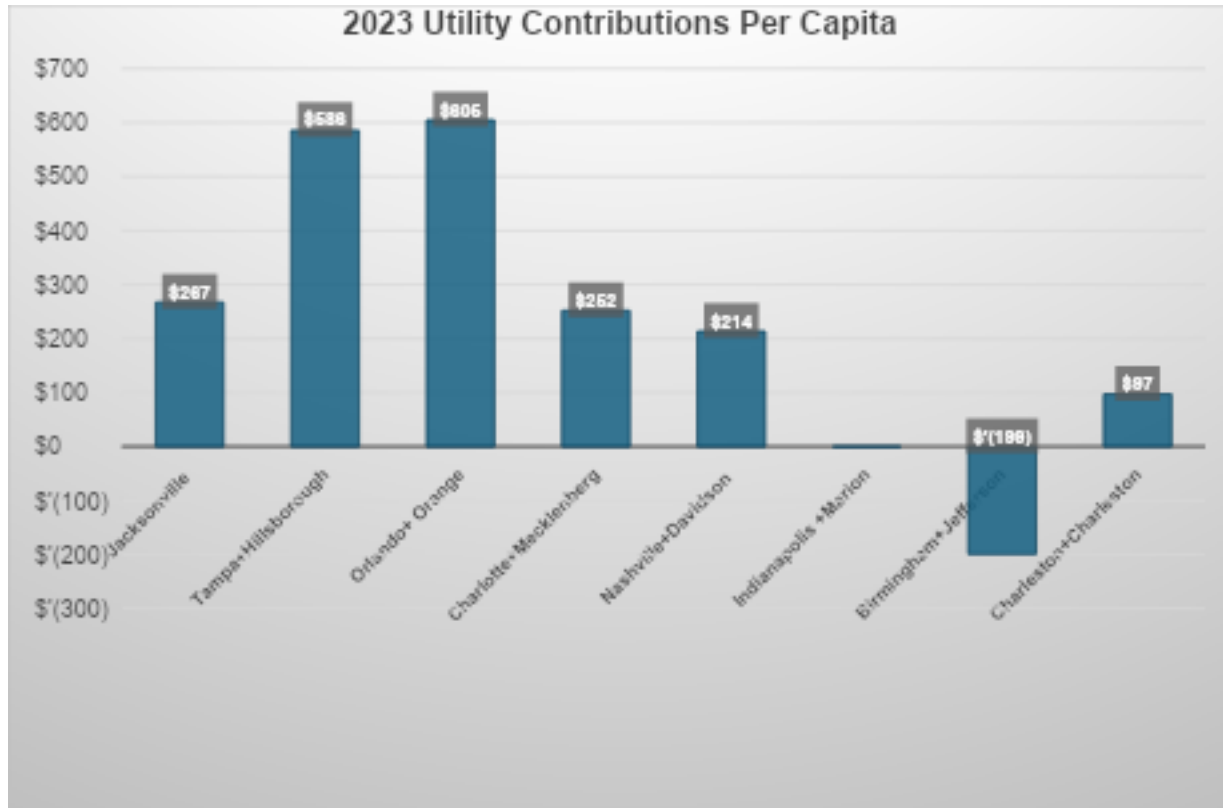
Table 2. Sales Tax Rates in Each City/County

| City | State Rate | City/County Rate | Total Rate |
|--------------|------------|------------------|------------|
| Jacksonville | 6 | 1.5 | 7.5 |
| Tampa | 6 | 1.5 | 7.5 |
| Orlando | 6 | 0.5 | 6.5 |
| Charlotte | 4.75 | 2.5 | 7.25 |
| Nashville | 7 | 2.25 | 9.25 |
| Indianapolis | 0 | 0 | 0 |
| Birmingham | 4 | 6 | 10 |
| Charleston | 6 | 3 | 9 |

Source: Each City and County's 2023 ACFR

The next source of revenue that we compare among the cities is the contributions they receive from providing utilities. This category includes all taxes, franchise fees, and profits obtained by each city/county from its utilities, and, in the case of Jacksonville, the contribution it receives from JEA. As Chart 7 shows, only the other Florida cities get substantially more revenue from their utilities than Jacksonville does. Charlotte and Nashville get roughly the same per capita contribution as Jacksonville, and the rest get substantially less. Indianapolis doesn't receive any taxes, franchise fees, or profit sharing from its utilities, and Birmingham is losing a substantial amount from its utilities each year. As mentioned previously, this is due to the bankruptcy that Jefferson County faced over their sewer system debacle that left them with billions of dollars of debt.

Chart 7. 2023 City and County Revenues Per Capita from Utility Contributions



Source: Each City and County’s 2023 ACFR

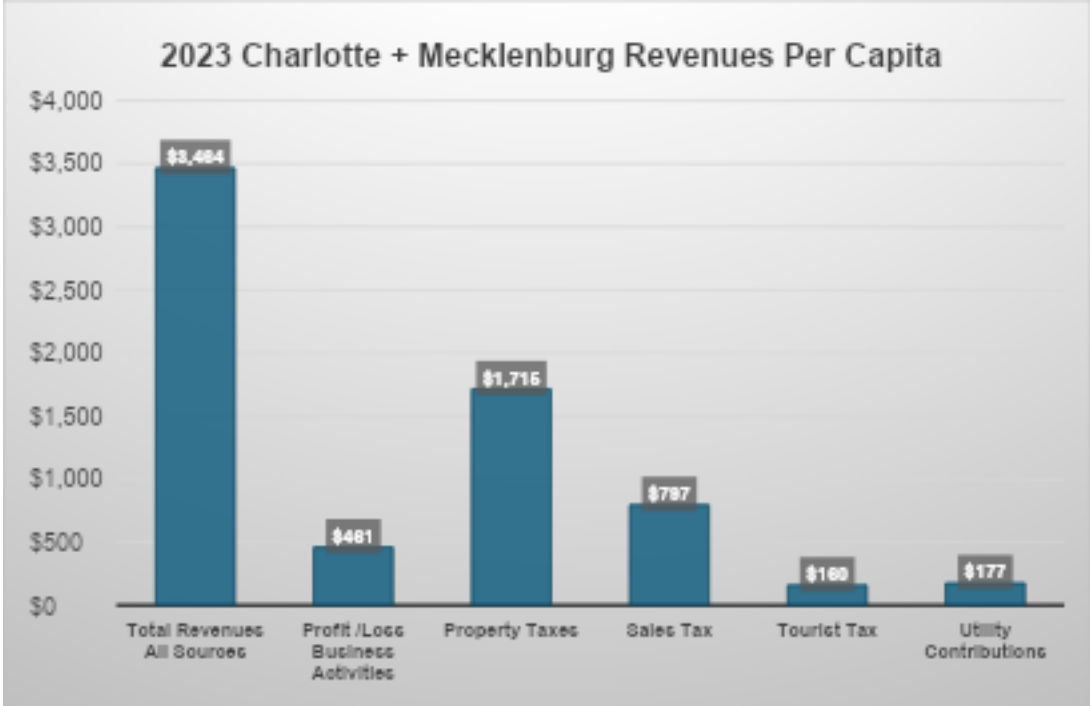
Revenue Analysis of Non-Florida Cities and Counties

In previous year’s reports, we were able to compare Jacksonville’s revenues to the revenues of other cities and counties in more categories than we have here. This was because all the cities in the past comparisons were in Florida, and they operated under a similar revenue and reporting system. However, when we compare Jacksonville to cities in other states, the revenue and reporting systems are very different, and it makes it harder to make direct comparisons. Thus, in this section, we examine the revenues of each of the non-Florida cities individually to offer more insights into each of the cities’ revenue systems and how they differ from Jacksonville’s.

We begin with Charlotte and Mecklenburg County shown in Chart 8 below. Just as Jacksonville does, Charlotte gets the greatest share of its revenue from property taxes and the second greatest share from sales taxes, however, the per capita amounts from both are much greater than Jacksonville’s. Charlotte gets \$671 more in per capita property tax revenue and \$448 more in per capita sales tax revenue than Jacksonville. When we add in the difference in the two cities’ business activities revenue (Charlotte earns \$490 per capita more than Jacksonville), that makes up most of the difference in the two cities’ per capita total revenues. What insight can Jacksonville’s leaders gain from this comparison?

We need to raise the property tax millage rate, raise the sales tax rate, and operate our business activities more efficiently. However, the sales tax rate can only be raised by ½ a percentage point, and the most profitable part of the city’s business enterprises (water and sewer) is operated by JEA. Thus, the only effective way of increasing revenues is raising the millage rate.

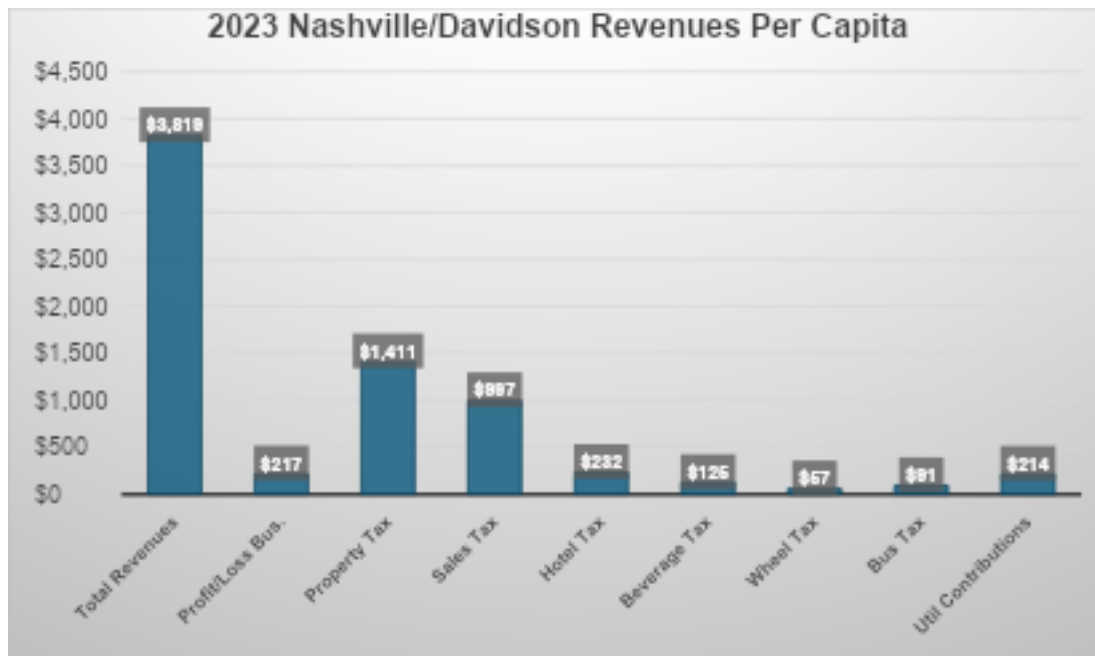
Chart 8. The Per Capita Revenues of Charlotte and Mecklenburg County, NC



Source: City and County’s 2023 ACFR

Next, we consider the per capita revenues of Nashville and Davidson County Tennessee, shown below in chart 9. Like Charlotte and Jacksonville, Nashville gets its greatest share of revenues from the property tax and the sales tax, but both are substantially more than the per capita amount that Jacksonville receives. Nashville also gets a boost from its hotel and beverage taxes, which are primarily derived from the tourists that flock to the city for the Grand Ole Opry and other music venues and tourist attractions. Unfortunately, Jacksonville does not have these kinds of assets that attract tourists. Nashville also gets revenue from a wheel tax, which is a local registration fee on automobiles; but local vehicle registration taxes are not allowed by the state of Florida.

Chart 9. The Per Capita Revenues of Nashville and Davidson County, TN



Source: City and County’s 2023 ACFR

Jacksonville and Indianapolis are perhaps the cities that look most alike when it comes to their revenues. Indianapolis’s per capita revenues are shown below in Chart 10. The two cities have very similar total revenues per capita (Jacksonville’s is \$2227 and Indianapolis’s \$2155), but they have very different tax structures. Jacksonville’s property taxes per capita are \$864 compared to only \$637 per capita in Indianapolis. Jacksonville’s sales tax revenue amounts to \$349 per capita, whereas Indianapolis has no sales tax, but they do have an income tax that generates \$485 per capita. However, the biggest difference between the revenues of Jacksonville and Indianapolis is the amount they receive from grants and contributions. Grants and contributions account for 33% of Indianapolis’s total revenue and only 12% of Jacksonville’s revenues. Put in terms of per capita revenues, Jacksonville receives \$269 compared to Indianapolis’s \$527.

Where do the grants and contributions come from? Primarily they come from the state and federal governments, but in Indianapolis’s case, a large portion also comes from the Lilly Endowment. For example, at the end of 2022, the Lilly Endowment granted \$80 million towards improvements across 42 parks in the Indy Parks system. Other major gifts from the Lilly Endowment helped to fund construction projects in downtown Indianapolis, including the Indiana Convention Center, the Hoosier Dome, the Children’s Museum of Indianapolis, the Indianapolis Zoo, and the restoration of several of the city’s historic buildings. It has also been a major source of matching grants for civic and arts groups. The reason for pointing out the generous philanthropy of the Lilly Endowment to the city of Indianapolis is that its funding allows Indianapolis to have a much richer arts, cultural, and civic life than could be

achieved on just the city and county tax revenues alone. Unfortunately, this is an advantage which Jacksonville does not have.

Chart 10. The Per Capita Revenues of Indianapolis and Marion County, IN

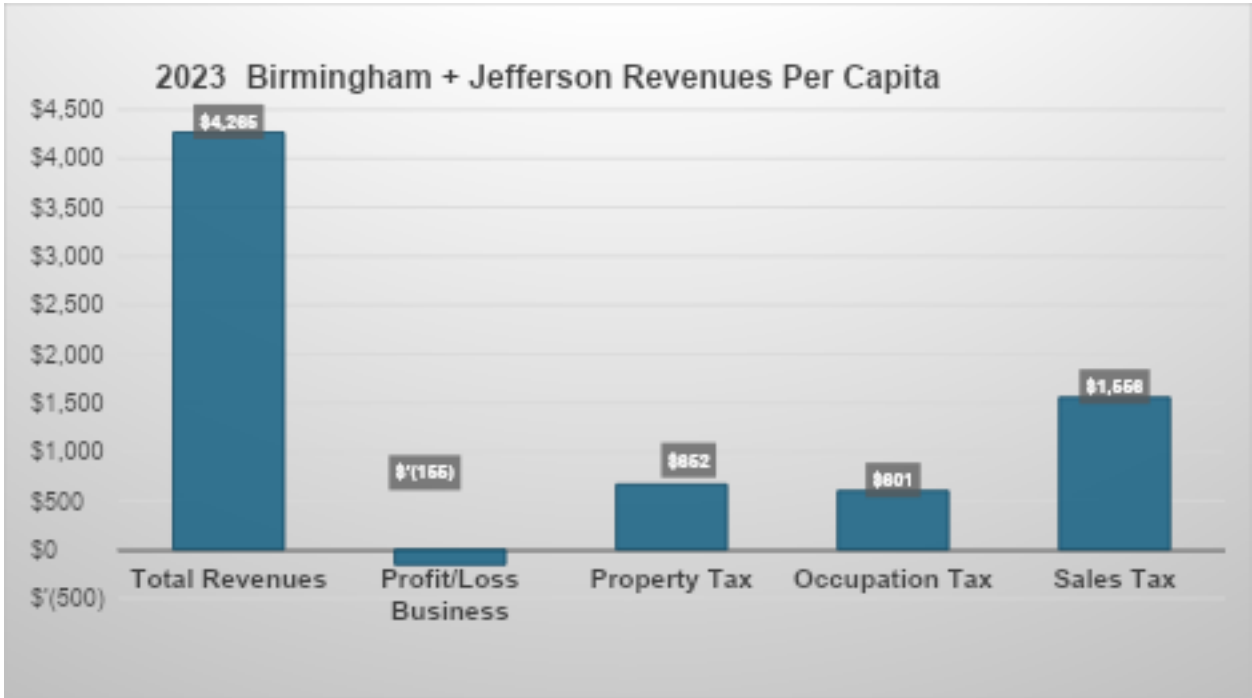


Source: City and County’s 2023 ACFR

The next city we consider is Birmingham/Jefferson County, AL, shown in Chart 11 below. Birmingham is quite a bit smaller than Jacksonville with a population of a little under 200,000. As mentioned previously, they suffered a major financial setback in the early 2000s when they undertook a major sewer system overhaul that experienced major cost overruns, mismanagement, and corruption. As the chart shows they have three main sources of tax revenues: property tax, sales tax, and an occupation tax levied on the wages of everyone who works in Birmingham. Birmingham also gets over 24% of their total revenue from grants and contributions from other levels of government, whereas Jacksonville gets only 12% from this source. Thus, Birmingham and Jacksonville have very different revenue structures.

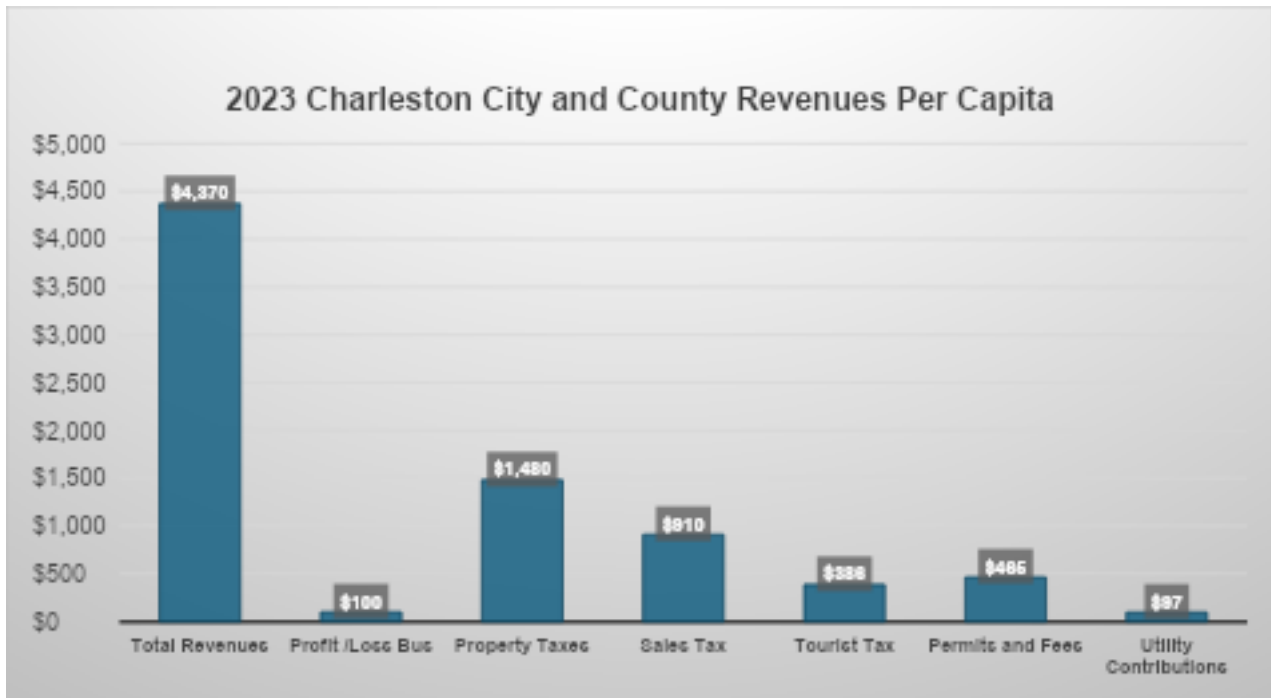
The final non-Florida city that we compare to Jacksonville is Charleston, SC, shown below in Chart 12. Charleston is also considerably smaller than Jacksonville with a population of around 155,000. Their primary sources of tax revenue are property and sales taxes, and their per capita amount of both are substantially higher than Jacksonville’s. Charleston also has a booming tourism sector that allows it to receive a healthy amount of tourist tax revenue. In addition, they have taken advantage of the popularity of the area for retirement and vacation homes by levying impact fees that raise considerable revenue. Thus, their total revenue per capita is almost twice as much as Jacksonville’s.

Chart 11. The Per Capita Revenues of Birmingham and Jefferson County, AL



Source: City and County's 2023 ACFR

Chart 12. The Per Capita Revenues of Charleston and Charleston County, SC



Source: City and County’s 2023 ACFR

Comparative Expenditure Analysis

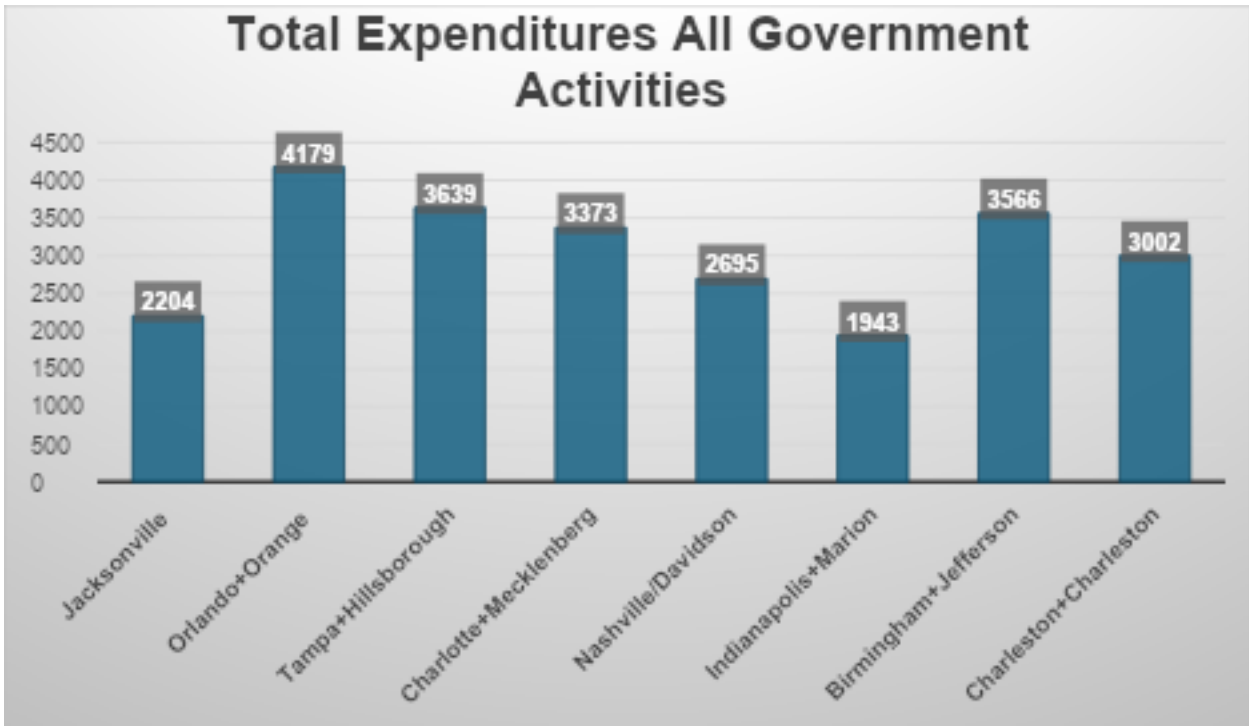
In this section, we examine the expenditures for city and county functions in each of the city/counties in Jacksonville’s comparison group. We begin by explaining each of the spending categories in Table 3.

Table 3. Definitions of Expenditures Categories

| Expenditure Category | Explanation |
|---|---|
| Total Expenditures | The city/county’s total expenditures on all government functions. |
| General Government and Planning / Development | This category includes the administrative costs of operating a city and county. It includes the costs of the legislative and executive branches of the government (the mayor’s office, city hall, and the city council), the financial and budget offices, the legal counsel’s office, the planning office, and human resources. |
| Public Safety | Public safety includes the police and fire departments, detention and correction services, protective inspections, ambulance and rescue services, emergency and disaster relief services, medical examiners, and consumer affairs. |
| Transportation (Current and All Sources) | Current Transportation only includes current expenditures by the city and/or county on roads, street facilities, airports and mass transit. Transportation All Sources includes all current spending as well as spending from capital projects or projects being funded by component units like the Jacksonville Aviation Authority or the Jacksonville Transportation Authority. |
| Health | The health category includes the contributions that counties make to their Trauma One level hospitals, public health departments, and health clinics. |
| Human Services | Human Services include public assistance programs, services for the homeless, and mental health and substance abuse programs. |
| Culture and Recreation | This category includes the city’s expenditures on libraries, parks and recreational activities, cultural activities and special events such as the Florida Georgia game. |
| Economic Environment | This category includes employment and industry development, downtown development, housing and urban development, and veteran’s services. |

The first category we examine is the total expenditure per capita of each of the seven city/counties. These amounts are shown in Chart 13. As expected, Jacksonville’s total expenditure per capita is less than the other cities, except for Indianapolis. This is to be expected since cities and counties are expected to balance their budgets, and Jacksonville’s total revenues per capita are the lowest in the peer group, except for Indianapolis. The average per capita total spending in this group of cities is \$3075, which means that Jacksonville’s total expenditures per capita are \$871 below the average of its peer group. With these numbers, it’s hard to believe that the state DOGE committee will find any wasteful spending in Jacksonville.

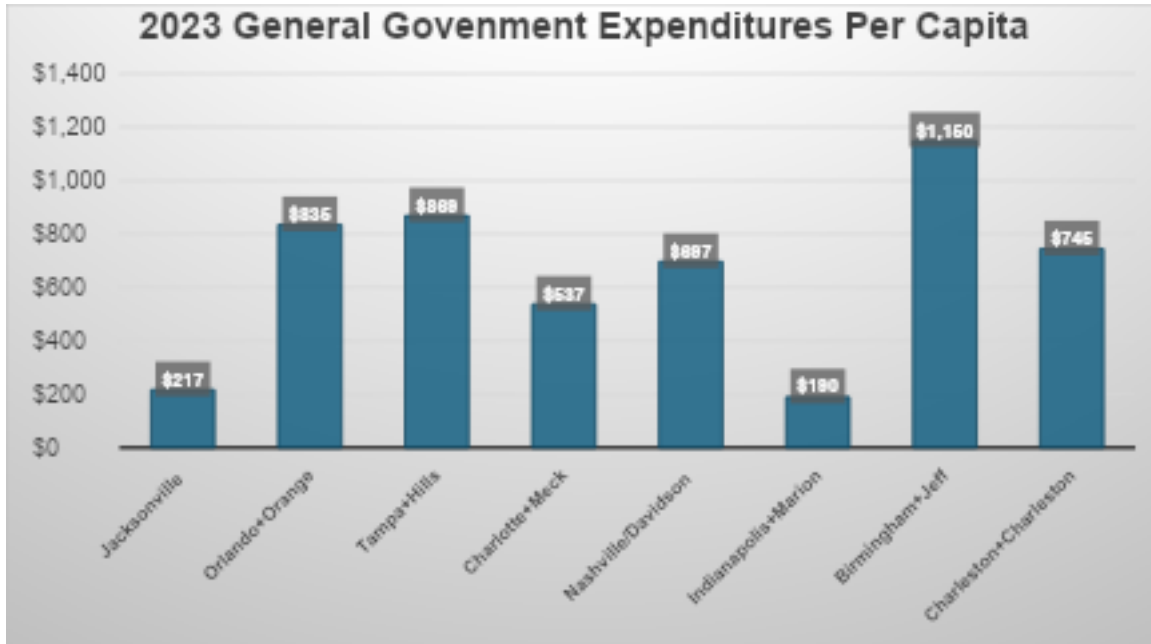
Chart 13. 2023 Total Expenditures Per Capita on All Government Activities



Source: Each City and County's 2023 ACFR

The next category of expenditures we examine is general government shown in Chart 14. This is the category in which Jacksonville excels. General Government consists of the administrative duties of government such as providing tax collection and voter registration services as well as the administrative duty of running city hall and the city council. Jacksonville's per capita expenditures in this category are less than every other city except Indianapolis. Both Jacksonville and Indianapolis have a consolidated city and county government structure, which means they have only one level of government to operate as opposed to the two levels of government – city and county – that most of the other municipalities have. Surprisingly, Nashville and Davidson County also have a consolidated government, but they don't seem to save much money as a result. Their expenditure per capita of \$697 on general government is above the average for the entire group of cities (\$655 per capita).

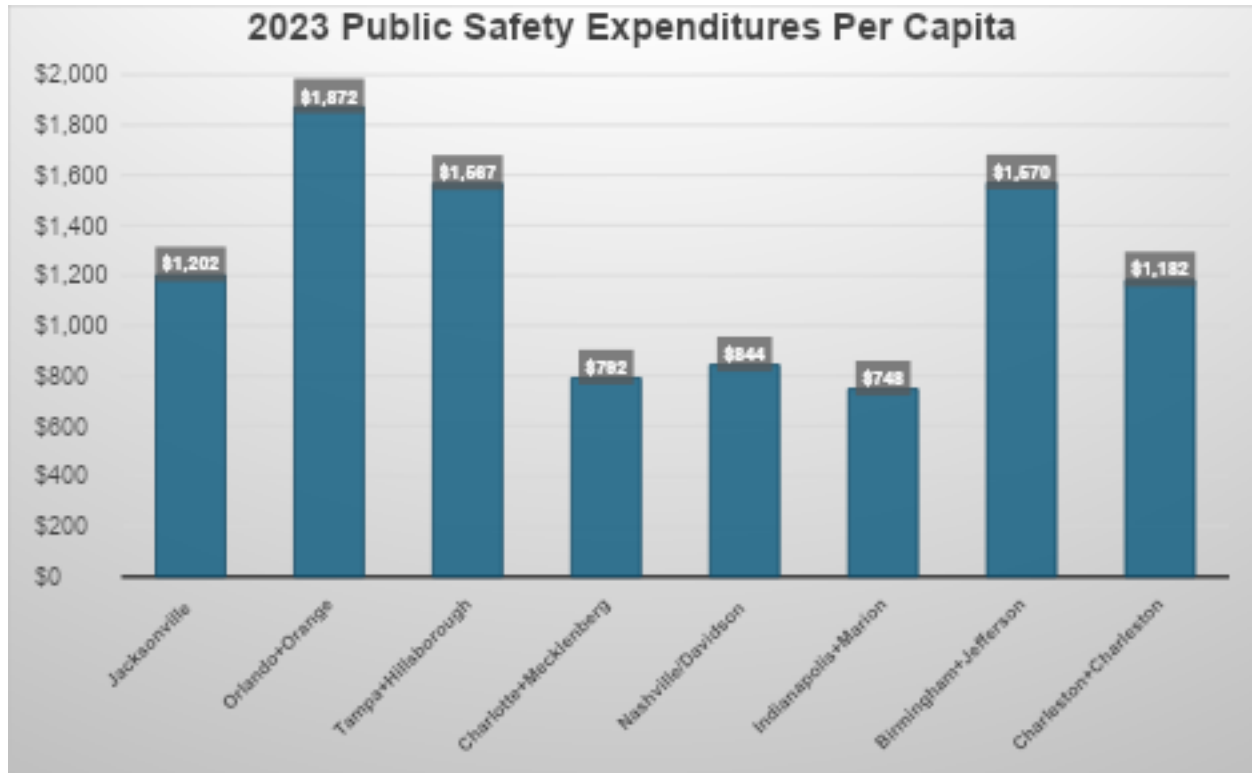
Chart 14. 2023 General Government Expenditures Per Capita



Source: Each City and County’s 2023 ACFR

Next, we take up one of the most important categories of spending for any municipality: public safety, which includes police and fire protection. These expenditures are shown below in Chart 15. Unlike the comparison with other Florida cities, Jacksonville does not have the lowest amount of per capita spending in this category. Three cities, Nashville, Charlotte, and Indianapolis, spend less per capita on public safety than Jacksonville, Charleston spends about the same, and three cities (Orlando, Tampa, and Birmingham) spend more. In fact, Jacksonville’s spending on public safety is right in the middle. It is both the median of the distribution, and it is also close to the average for the group of \$1222.

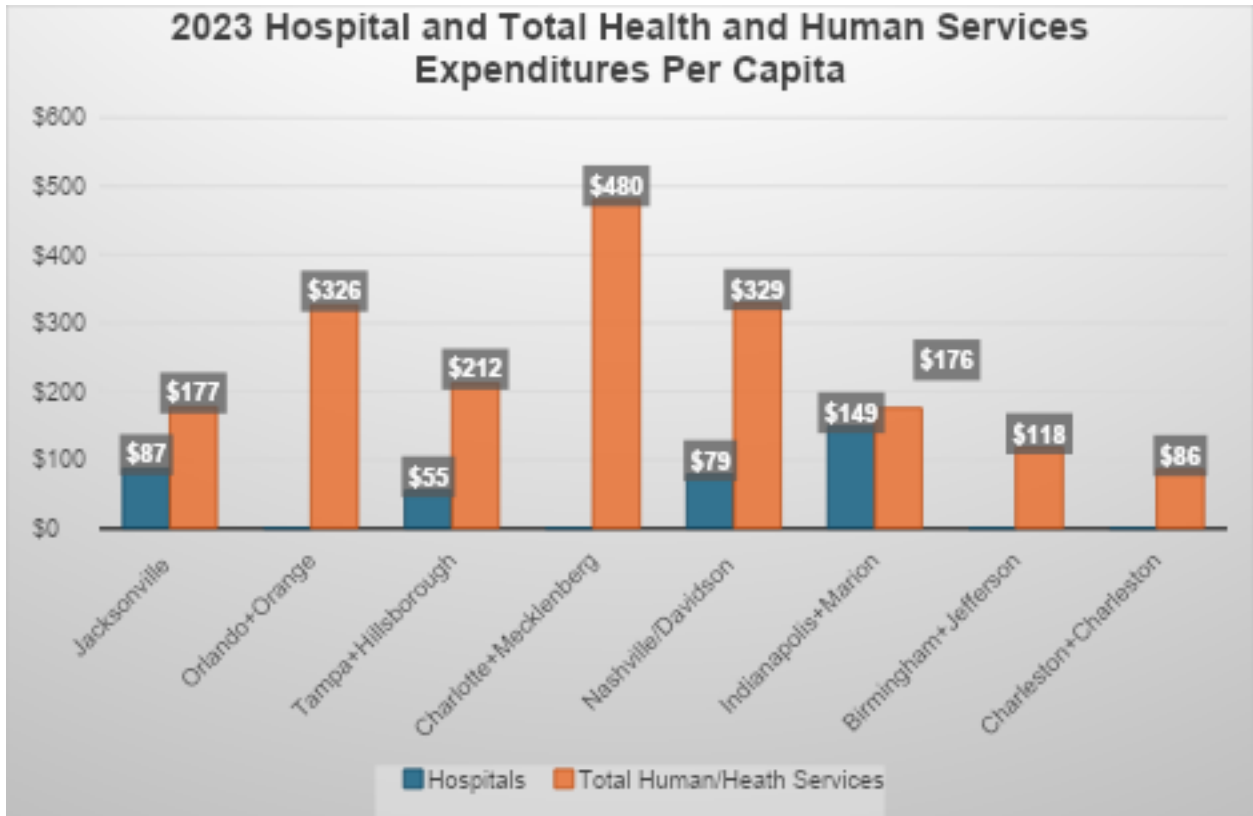
Chart 15. 2023 Public Safety Expenditures Per Capita



Source: Each City and County's 2023 ACFR

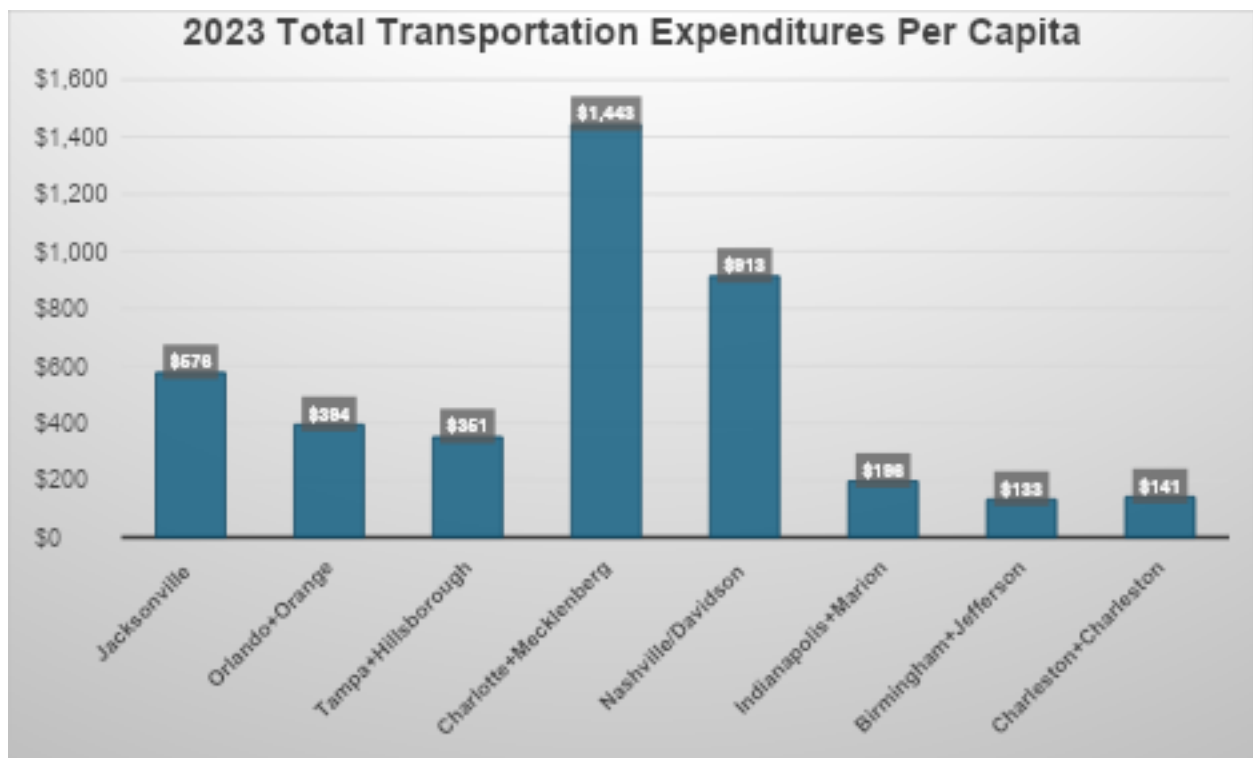
The next category of spending we examine is Health and Human Services. Chart 16 shows the amount of per capita spending on Health and Human Services combined and on Hospitals alone. The counties that must support their public hospitals face a challenge as this chart shows. In Jacksonville, its support of UF-Health takes a big bite out of total health and human services spending per capita (\$87 of the total \$175 per capita). Tampa provides funds for USF Health, its trauma one level hospital, but they also fund their own indigent care with a program that provides indigent and low-income patients with health insurance through the Hillsborough County Health Care Plan. Their own health plan allows indigent patients to go to family health care providers and urgent care centers instead of the more expensive emergency room for routine health care. Nashville supports Nashville General Hospital, which is the city's only public hospital, and Indianapolis supports the Health & Hospital Corporation of Marion County (HHC), which is a government entity serving both the city and county. Charlotte does not support a hospital in the traditional sense, but it does support a public hospital system through a hybrid model that blends government support with nonprofit healthcare delivery. This is why their budget shows no support for a hospital but does show a relatively high amount of Health and Human Services spending per capita.

Chart 16. 2023 Health and Human Services Spending Per Capita



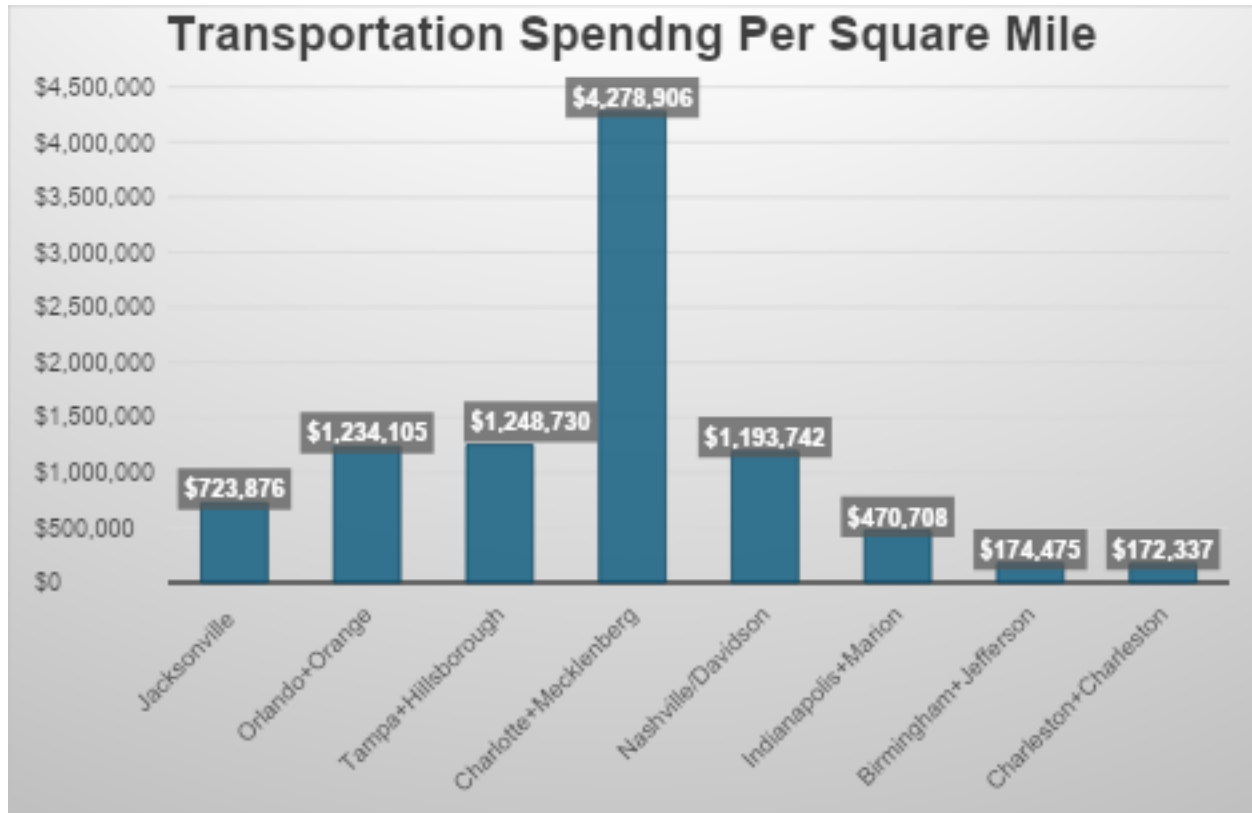
Jacksonville’s per capita transportation spending from all sources compares favorably with most of its peer cities, with the exceptions of Charlotte and Nashville, which both have light rail commuter train systems. However, Jacksonville’s transportation spending must cover a land mass of 747 square miles, while the average of the other cities when Jacksonville is excluded is only 242 square miles. Obviously, Jacksonville’s transportation spending is spread over a much greater distance than any of the other cities. Because of this, we calculated the amount that each city spends on transportation per square mile. We calculated this amount by taking the per capita amount that each *city* spends on transportation and adding it to the per capita amount that each *county* spends on transportation and then multiplying the total by each city’s population. This gives us the total spent by both the city and county governments in each city. We then divided this total by the square mileage of each city to get a total amount of transportation expenditures per mile in each city. This new metric is shown in Chart 18. Looking at transportation spending from the mileage perspective, the only cities that spend less per square mile than Jacksonville are Indianapolis and the two smallest cities in the group, Charleston and Birmingham.

Chart 17. Total Transportation Expenditures Per Capita



Source: Each City and County 2023 ACFR

Chart 18. Transportation Spending Per Square Mile



Source: Each City and County 2023 ACFR

Because Jacksonville has one of the lowest per capita total revenues among the comparison cities, and because it must provide an acceptable level of funding for essential services such as public safety, health, and transportation, it leaves very little funding left over for the less-essential areas of public funding that improve the city's quality of life. This is certainly true when it comes to the category of cultural and recreational spending. Chart 19 shows that we have the lowest per capita spending in this category, except for Indianapolis, and as mentioned earlier, much of Indianapolis's cultural and recreational spending is supplemented by the Lilly Endowment. This category includes spending on the city's park system, which is the largest urban park system in the nation with over 80,000 acres. It also includes spending on the public library system, which has 21 branches to cover Jacksonville's vast geographic area. Spreading \$110 per capita over all these pressing needs leaves very little left over for special event programming which could attract tourism.

Chart 19. 2023 Cultural and Recreational Spending Per Capita

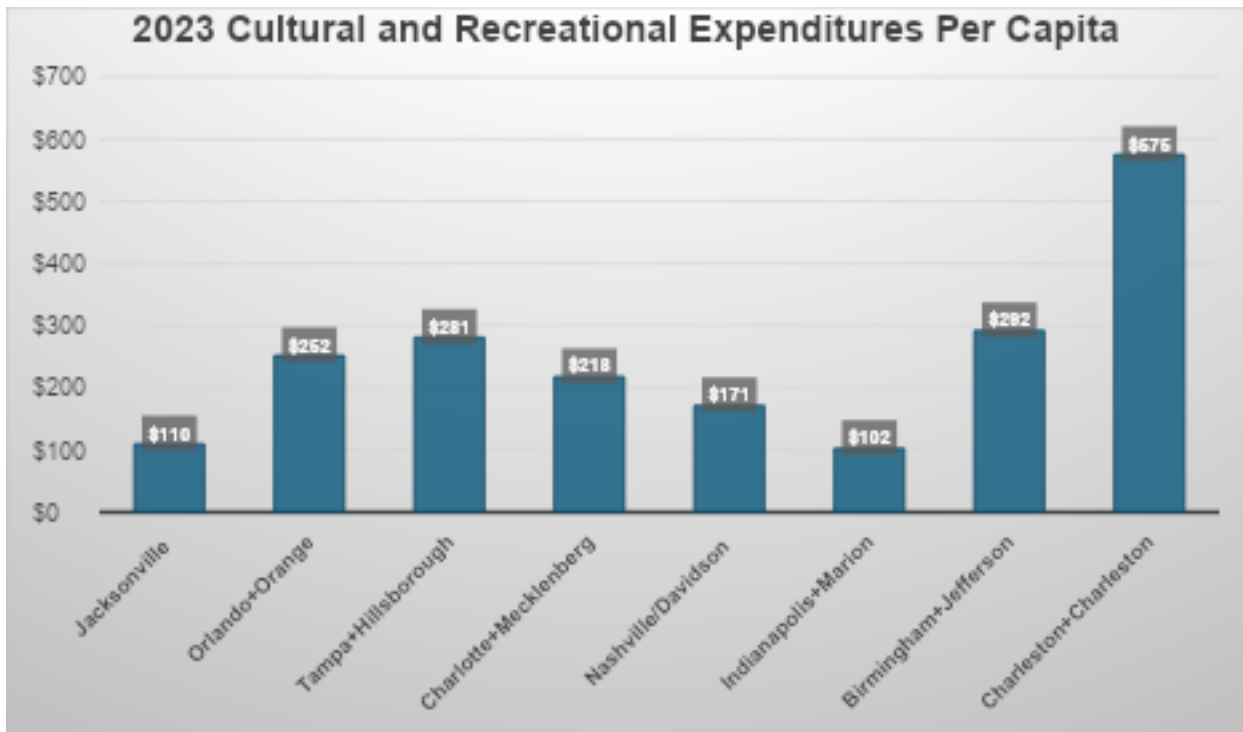
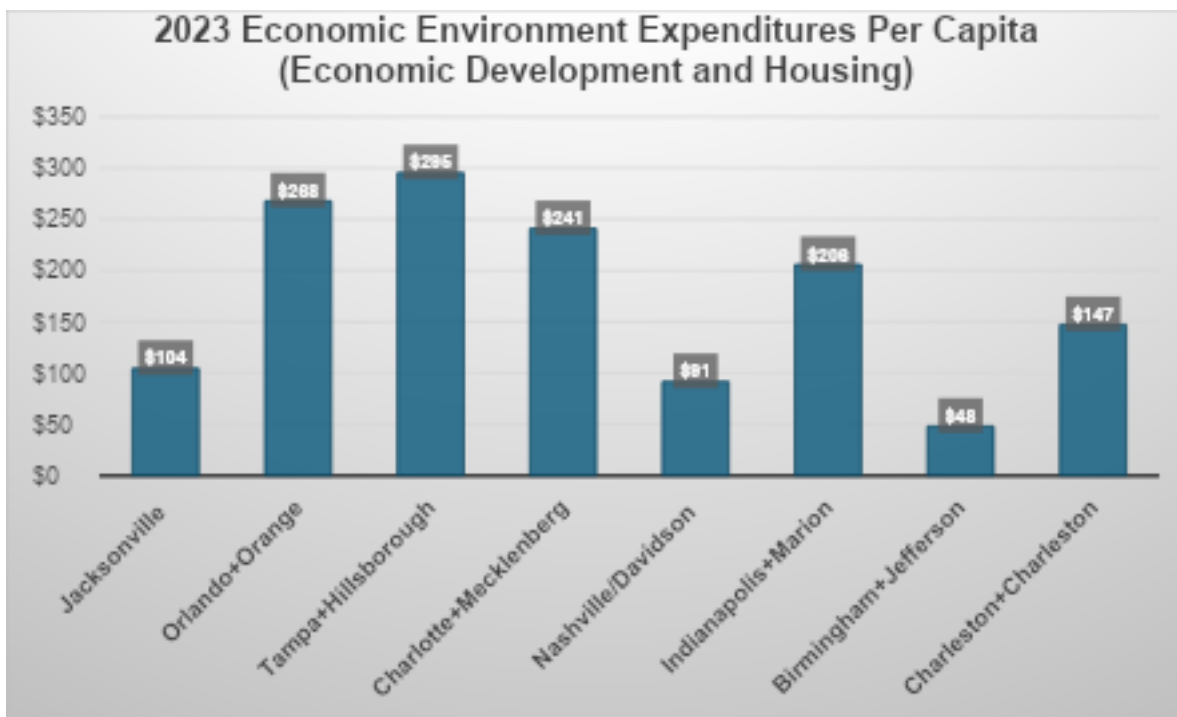


Chart 20. 2023 Economic Environment Expenditures Per Capita

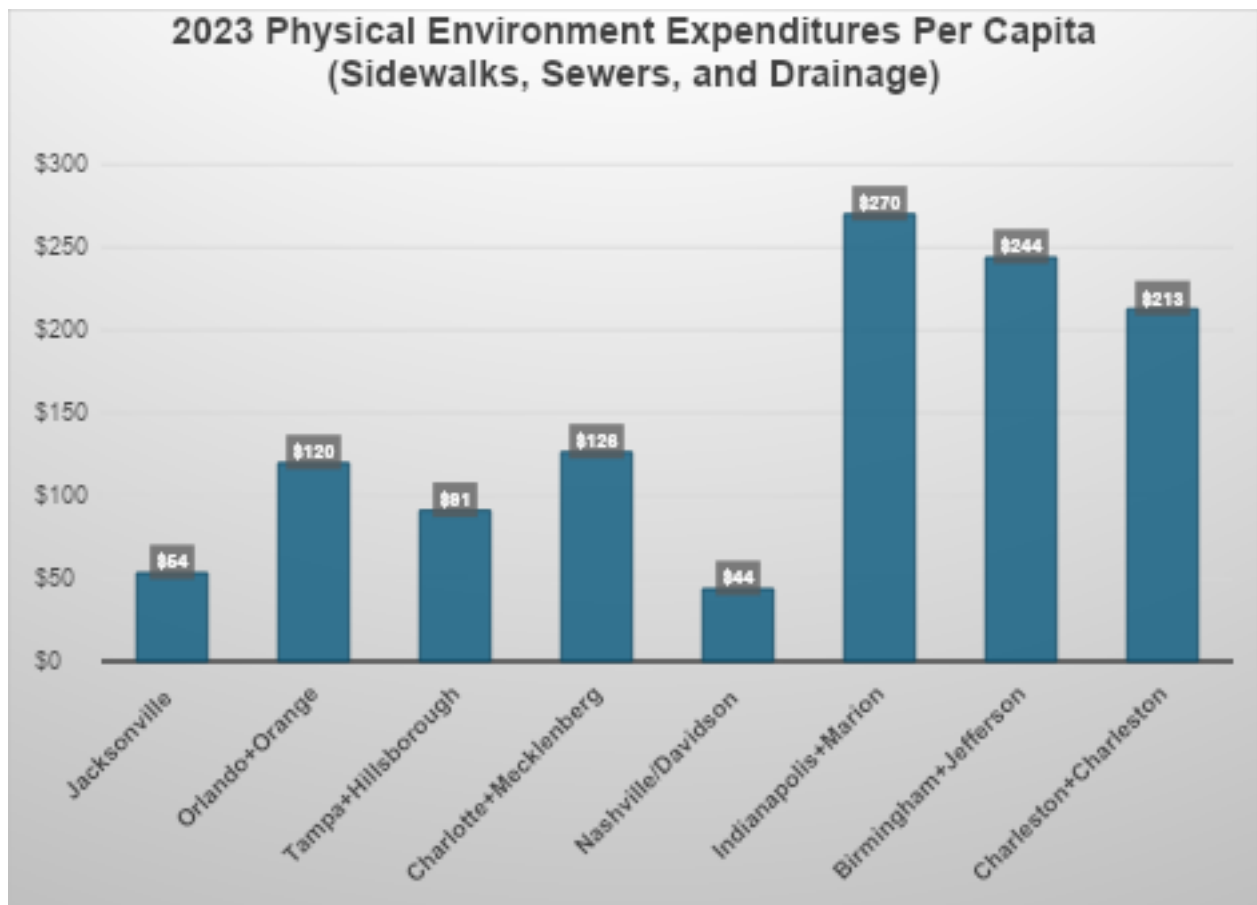


Source: Each City and County's ACFR

Chart 20 shows that Jacksonville’s per capita spending in the Economic Environment category is also among the lowest in the comparison group. This category includes employment and industry development, downtown development, housing and urban development, and veteran’s services. Jacksonville’s expenditure of \$104 per capita is approximately half as much as the per capita expenditures of Tampa, Orlando, Charlotte, and Indianapolis.

Except for Nashville, Jacksonville also spends the least per capita in the Physical Environment category, which includes sidewalks, flood control, water management and septic tank removal. Chart 21 shows that Jacksonville’s expenditure of \$54 per capita is approximately 36% percent of the average expenditure per capita of the other cities (\$145 per capita). This is especially problematic for Jacksonville because the older parts of the city have been suffering for years with flooding and with sewage seepage into the St. Johns River due to failing septic tanks.

Chart 21. 2023 Physical Environment Expenditures Per Capita

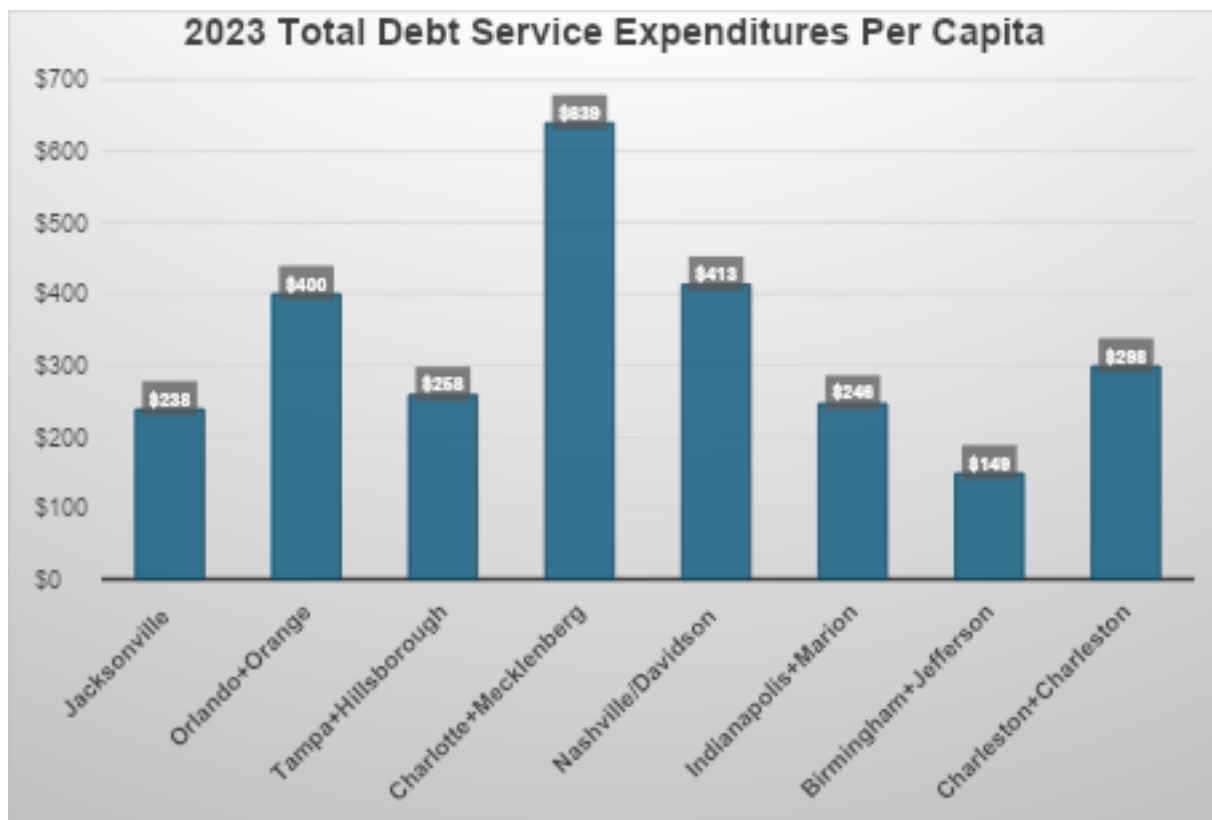


Source: 2023 City and County’s ACFR

Comparative Debt Analysis

Jacksonville's debt situation creates a problem for the city relative to current spending. Chart 22 shows the debt service expenditure per capita in each of the cities. Just like a household's current spending is curtailed when they are paying down debt, Jacksonville's ability to take care of its citizens and invest in its future is hampered by the amount of debt service it pays. Jacksonville spends \$238 per person to pay the principle, interest, and refinancing charges of its debt. Although this amount is just a little under the average debt service among the eight cities (\$268 per capita), it is a more serious problem in Jacksonville because its overall spending is so much lower than in the other cities. For example, the \$238 per capita that Jacksonville spends on debt service is significantly more than the per capita amount it spends on economic environment and culture and recreation combined ($\$110 + \$104 = 214$).

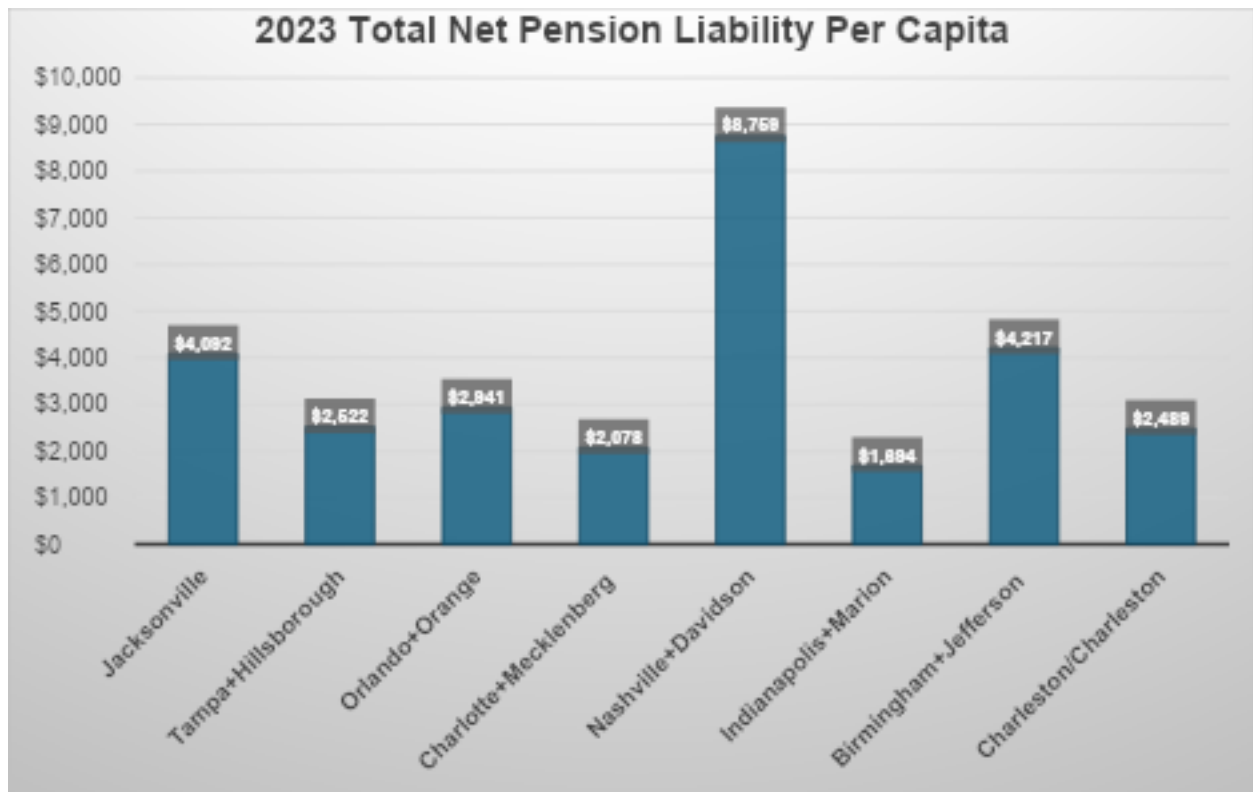
Chart 22. 2023 Total Debt Service Per Capita



Source: 2023 City and County's ACFR

Much of Jacksonville's debt problem stems from its unfunded pension liability, so we next examine the net pension liability of Jacksonville compared to its peer cities. Chart 23 shows that every Jacksonville citizen would need to contribute \$4092 to make the city's pension funds solvent. Only Nashville and Birmingham have a net pension liability that is higher than Jacksonville's. Overall, Jacksonville's pension liability is approximately \$334 greater than per capita pension liabilities in the other cities.

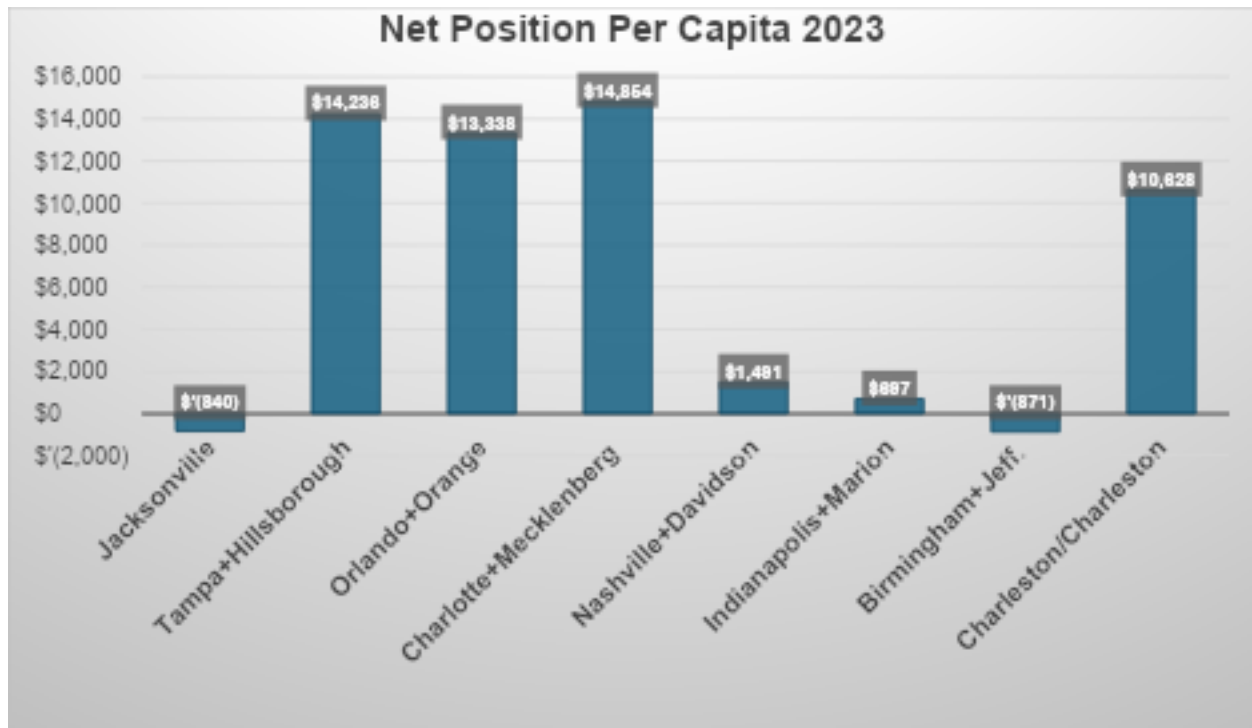
Chart 23. 2023 Total Net Pension Liability Per Capita



Source: 2023 City and County's ACFR

The final chart shows Jacksonville's net position per capita relative to the other cities in its comparison group. The net position is a measure of the city's assets less its liabilities; it's equivalent to the net worth of a for-profit enterprise. The net position is divided by the population in each city and county to get a more equivalent comparison since large cities and counties tend to have larger net positions. However, this is not the case in Jacksonville. The city has a negative net position of \$840. This means that for Jacksonville to just break even, every man, woman, and child in the city would have to contribute \$840 to the city's treasury. Only Birmingham is in worse financial shape than Jacksonville with a net position -871. The other city/county combinations have positive net positions per capita, some of which are many thousands of dollars per capita. Although the extension of the half cent sales tax will help to alleviate some of the pension debt problem, it will be decades before Jacksonville has a positive net position if we rely only on the sales tax extension.

Chart 24. 2023 Net Position Per Capita



Source: Each City and County's 2023 ACFR

Conclusion

Jacksonville has the lowest total revenue per capita of any of the cities in its peer group, except for Indianapolis. Also, it should be noted that Indianapolis is an outlier in the comparison of cities because the generous support it receives from the Lilly Endowment substantially supplements the city's revenues. Jacksonville also has the second highest unfunded pension liability among the cities, and it has a negative net position. In short, Jacksonville's public finances are keeping it from being a world class city.

An examination of the city's revenues shows that Jacksonville has the lowest property tax revenue per capita of any of the cities in the comparison group, except for Indianapolis and Birmingham, two cities that have income taxes to supplement their property taxes. It also has the lowest sales tax revenue per capita of all the cities that levy a sales tax. In addition, Jacksonville lost 32 million dollars last year on its business enterprises; whereas most of its peer cities made profits that supplemented their tax revenues.

Jacksonville's total expenditures per capita are also the lowest among the comparison cities, except for Indianapolis. Jacksonville and Indianapolis also have the lowest per capita expenditures in the general government category, which includes all the administrative departments of the city. Both

Jacksonville and Indianapolis have consolidated city and county governments, which means they have a single administrative jurisdiction for both the county and the city.

Jacksonville's spending on public safety is right in the middle of the comparison group of cities. Three cities (Nashville, Charlotte, and Indianapolis) spend less per capita on public safety than Jacksonville, Charleston spends about the same, and three cities (Orlando, Tampa, and Birmingham) spend more. Of course, the proof of the pudding when it comes to public safety expenditures is how effective they are in keeping the community safe. When we consider the overall property and violent crime rates, Jacksonville is safer than every city in the group except for Tampa and Charleston, SC. Tampa spends more per capita on public safety than Jacksonville, and Charleston spends about the same. Most of the cities that spend considerably less than Jacksonville such as Charlotte, Nashville, and Indianapolis have higher crime rates than Jacksonville, so this may be a case of getting what you pay for.

Jacksonville's Health and Human Services per capita expenditures are also in the middle of its comparison group. Three cities spend more than Jacksonville, three cities spend less, and Indianapolis spends the same. However, almost 50% of Jacksonville's spending goes to UF-Health, which leaves very little left to support public health outreach and public assistance.

Jacksonville's per capita transportation spending from all sources compares favorably with most of its peer cities, with the exceptions of Charlotte and Nashville, which both have light rail commuter train systems, so they spend considerably more. However, Jacksonville's transportation spending must cover a land mass of 747 square miles, while the average of the other cities when Jacksonville is excluded is only 242 square miles. Looking at transportation spending from the mileage perspective, the cities that spend less per square mile than Jacksonville are Indianapolis and the two smallest cities in the group, Charleston and Birmingham.

It's in the categories of culture and recreation, economic environment, and physical environment that Jacksonville lags the most behind its peer cities. These are the funding areas that are perhaps not as crucial as public safety, transportation, and health, but they add to the quality of life and help to attract new businesses to the city. Only Indianapolis spends less per capita on recreation and culture than Jacksonville, and it has the Lilly Endowment supplementing its expenditures in this category. In the Economic Environment category, Jacksonville's per capita expenditure ranks third lowest, with only Indianapolis and Nashville spending less. Jacksonville spends the second lowest amount per capita in the Physical Environment category, which includes sidewalks, flood control, water management and septic tank removal, areas that are a major source of concern for the city.

Jacksonville's debt problem sets it apart from most of its peer cities. It has a net pension liability of \$4092 per capita, the largest of its peer group, except for Birmingham and Nashville. It also has a negative net position, which means that the city's total assets are less than its total liabilities. In fact, its net position of -\$840 per person means that every man, woman, and child in Jacksonville would need to pay \$840 dollars for Jacksonville to break even. In contrast, Tampa and Charlotte have net position of over \$14,000 per person and Orlando has a net position of over \$13,000 per person.

Jacksonville has made good progress in reducing its debt service per capita in the last few years; however, it is still relatively high at \$238 per person. This wouldn't be so bad except that it crowds out spending in the categories that improve Jacksonville's economic development and quality of life. Debt service per capita was more than the combined total of the per capita amounts of economic environment and culture and recreation in 2023.

Jacksonville must grapple with these issues if it is going to reach its full potential as one of the best cities in the nation. The good news is that the city has the resources to solve the problem. Jacksonville is number 15 on the list of fastest growing cities in the US. The unemployment rate in Jacksonville is below the national average. Industry growth is strong in the fields of finance, medical care, and technology. Property values are up, but are not as high as in some of the other major cities of Florida. This means that Jacksonville's tax base is growing, but the high cost of housing is not keeping people from moving to the city. Jacksonville is in a better position than most cities to put its fiscal house in order. It has the lowest tax revenue per capita in Florida, so it would be easier to raise tax rates than if Jacksonville were already a high tax city. Jacksonville has the potential to address these issues, but it will take courageous civic and political leaders to make it happen.