Michigan Local Governments in Persistent Fiscal Decline

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The Michigan Public Policy Survey

- **Census survey** – all counties, cities, villages, and townships
- **Respondents** – chief elected and appointed officials
- **Administered** – online and via hardcopy
- **Timing** – Spring and Fall each year
- **Topics** – wide range, such as fiscal health, budget priorities, economic development, intergovernmental cooperation, employee policies, labor unions, state relations, roads, environmental sustainability, citizen engagement, much more.
MPPS is not a typical opinion poll

- 70+% response rates
- **Transparency**
  -- Questionnaires online
  -- Pre-run data tables online
  -- Sharing of (anonymized) datasets with other researchers
- **Expert advisors on questionnaire content**
- **Borrow from other proven sources such as NLC and ICMA**
What does the MPPS aim to do?

• Improve understanding of local government to help improve policymaking and quality of life

• Inform local leaders about peers across the state: challenges and responses

• Inform state policymakers and other stakeholders with data about local level challenges and responses not available from any other source

• Build a longitudinal data archive to allow tracking of fundamental changes (such as the economic transition, aging population, etc.)

• Foster academic research and teaching on local government issues
Local government fiscal health 2009 - 2015
Slowly Improving Fiscal Health

% of jurisdictions better or less able to meet fiscal needs

![Bar chart showing the percentage of jurisdictions better or less able to meet fiscal needs from 2009 to 2015. The chart shows a gradual improvement in fiscal health over the years.](image-url)
Spread and Easing of Fiscal Problems, by County

**Net fiscal health:**
% of local jurisdictions reporting better able to meet needs
minus
% reporting less able to meet needs

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2009
- >50% net decline
- 26-50% net decline
- 0-25% net decline
- 0-25% net improvement
- 26-50% net improvement
- >50% net improvement
Spread and Easing of Fiscal Problems, by County

**Net fiscal health**: 
% of local jurisdictions reporting better able to meet needs minus % reporting less able to meet needs
Spread and Easing of Fiscal Problems, by County

**Net fiscal health:**
% of local jurisdictions reporting better able to meet needs minus % reporting less able to meet needs

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2011
>50% net decline
26-50% net decline
0-25% net decline
0-25 % net improvement
26-50% net improvement
>50% net improvement
```
Spread and Easing of Fiscal Problems, by County

**Net Fiscal Health**: % of local jurisdictions reporting better able to meet needs minus % reporting less able to meet needs
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Spread and Easing of Fiscal Problems, by County

**Net fiscal health:**
\[
\% \text{ of local jurisdictions reporting better able to meet needs} - \% \text{ reporting less able to meet needs}
\]
But does improvement equal Fiscal Health?
A single snapshot variable

- In 2013, MPPS introduced “fiscal stress index”
- 10 point scale: 1 = “perfect fiscal health” 10 = “fiscal crisis”
- Modelled on index using administrative data, calculated by Munetrix
Higher stress in urban areas

- County: 77% Low stress (FSI 1-4), 19% Medium (FSI 5-6), 3% High stress (FSI -10)
- Township: 72% Low stress (FSI 1-4), 19% Medium (FSI 5-6), 5% High stress (FSI -10)
- City: 55% Low stress (FSI 1-4), 35% Medium (FSI 5-6), 12% High stress (FSI -10)
- Village: 49% Low stress (FSI 1-4), 33% Medium (FSI 5-6), 12% High stress (FSI -10)
Southeast Michigan and U.P.

- **Low stress (FSI 1-4):**
  - Upper Peninsula: 54%
  - Northern Lower Peninsula: 32%
  - West Central Lower Peninsula: 10%
- **Medium (FSI 5-6):**
  - East Central Lower Peninsula: 18%
  - Southwest Lower Peninsula: 21%
- **High stress (FSI -10):**
  - Southeast Lower Peninsula: 5%
  - Southern Lower Peninsula: 6%
Connection between trend data and fiscal stress:

Characterizing communities in persistent decline
Communities in stress also in decline

% of jurisdictions **better or less able** to meet fiscal needs

<table>
<thead>
<tr>
<th>Stress Level</th>
<th>Better able to meet needs this year</th>
<th>Less able to meet needs this year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low stress (FSI 1-4)</td>
<td>46%</td>
<td>13%</td>
</tr>
<tr>
<td>Medium (FSI 5-6)</td>
<td>25%</td>
<td>35%</td>
</tr>
<tr>
<td>High stress (FSI -10)</td>
<td>23%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Property tax revenues and fiscal stress

% of communities with a change in property tax revenues

<table>
<thead>
<tr>
<th>Stress Level</th>
<th>Increased this FY</th>
<th>Decreased this FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low stress (FSI 1-4)</td>
<td>53%</td>
<td>20%</td>
</tr>
<tr>
<td>Medium (FSI 5-6)</td>
<td>34%</td>
<td>35%</td>
</tr>
<tr>
<td>High stress (FSI -10)</td>
<td>27%</td>
<td>38%</td>
</tr>
</tbody>
</table>
Public safety need and fiscal stress

% of communities with a change in **public safety needs**

<table>
<thead>
<tr>
<th>Stress Level</th>
<th>Increased this FY</th>
<th>Decreased this FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low stress (FSI 1-4)</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Medium (FSI 5-6)</td>
<td>34%</td>
<td>3%</td>
</tr>
<tr>
<td>High stress (FSI 7-10)</td>
<td>42%</td>
<td></td>
</tr>
</tbody>
</table>
Communities already in high stress also project future decline

% of jurisdictions **better or less able** to meet fiscal needs **next year**

<table>
<thead>
<tr>
<th>Stress Level</th>
<th>Better able</th>
<th>Less able</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low stress (FSI 1-4)</td>
<td>42%</td>
<td>12%</td>
</tr>
<tr>
<td>Medium (FSI 5-6)</td>
<td>23%</td>
<td>29%</td>
</tr>
<tr>
<td>High stress (FSI -10)</td>
<td>29%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Better able to meet needs next year
Less able to meet needs next year
More from the Michigan Public Policy Survey
You can use our data, too

• Request access to full dataset (less FIPS codes)

• Possibilities to merge your own data

• Coming soon: Public use datasets for student/classroom use
The Michigan Public Policy Survey (MPPS)

Email: closup-mpps@umich.edu
Web: www.closup.umich.edu
Twitter: @closup
Audit-Based Fiscal Stress Indicators

- Origins in Michigan Dept. of Treasury
- A new version produced by Munetrix
- Index comprised of 10 categories; pass-fail
  - Population growth
  - Taxable value growth/decrease
  - General fund expenditures as % of taxable value
  - Current and prior general fund deficits
  - General fund balance
  - Long-term debt
- Scores range from 0 – 10
  - 0-4 = Low risk
  - 5-6 = Fiscal watch
  - 7-10 = High risk
Distribution of scores

2013: using only matched pairs (835 js)

Munetrix

- Low risk: 98%
- Watch: 2%
- High risk: 0%

MPPS

- Low risk: 70%
- Watch: 20%
- High risk: 10%
Possible reasons for the differences

- Local officials treating 5 as “average” or other opinion research effects?

- Fluctuation in MPPS due to different respondent answering?

- Local officials naturally cautious?

- Local officials consider different factors than Munetrix, or assign different weight to these factors?