How Are Local Governments in Oakland County & Across Michigan Coping With Fiscal Stress?

Findings from the Spring & Fall 2011 Michigan Public Policy Surveys (MPPS)

Presentation for
The South Oakland County Mayor's Association
December 13, 2011
Presentation Outline

- Overview of the Michigan Public Policy Survey (MPPS)

- Summary of findings on fiscal and budgetary health from the Spring 2011 Wave of the MPPS
  - Continuing challenges facing our local governments
  - How local governments are responding

- Brief preview of findings on performance management and EVIP revenue sharing from the Fall 2011 Wave of the MPPS
Background: The Development of the MPPS

- Problem: information gap in the policymaking process
  - Great deal of data available on Michigan’s citizens
  - Certain amount of data available on Michigan’s businesses
  - Lack of data on Michigan’s local governments and public officials

- Solution: new ongoing survey program focused on local government and local government leaders
Michigan Public Policy Survey: Overview

- **A Census Survey**
  - Targeted respondents are the chief elected and chief appointed official in every single Michigan county, city, township, and village
  - Conducted twice per year (Spring and Fall)
  - Administered online for ~5/6 of the sample, via hardcopy questionnaire for ~1/6 of the sample
  - 60-70% response rate by jurisdiction
  - Survey content is developed in close partnership with MML, MTA, and MAC, as well as Advisory Committees made up of topic experts
Michigan Public Policy Survey: Overview

- Goals for the Survey Program
  - Fill the critical information gap about challenges and opportunities at the local level to inform discussions among policymakers in Lansing, as well as foundations, community organizations, etc.
  - Provide information to local leaders about peers across the state, spread best practices and grass-roots innovative solutions
  - Build a longitudinal data archive to allow tracking of fundamental changes
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Half of all jurisdictions across Michigan expect further declines in fiscal health.

% of Michigan jurisdictions less able to meet their financial needs now than in the previous year:

- Population <1,500: 51% Less Able This Year, 52% Less Able Next Year
- Population 1,500-5,000: 44% Less Able This Year, 47% Less Able Next Year
- Population 5,001-10,000: 49% Less Able This Year, 51% Less Able Next Year
- Population 10,001-30,000: 42% Less Able This Year, 49% Less Able Next Year
- Population 30,000+: 61% Less Able This Year, 65% Less Able Next Year
Oakland County cities & villages still expecting declines in fiscal health

% of cities and villages less able to meet their financial needs now than in the previous year

- Oakland County Municipalities: 59% Less Able This Year, 59% Less Able Next Year
- Rest of State: 76% Less Able This Year, 69% Less Able Next Year
Persistent Problems: Declines in Property Tax Revenue

% of cities and villages reporting decreases in property tax revenue

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<thead>
<tr>
<th></th>
<th>Oakland County Municipalities</th>
<th>Rest of State</th>
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<tbody>
<tr>
<td>2010</td>
<td>98%</td>
<td>83%</td>
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<tr>
<td>2011</td>
<td>94%</td>
<td>84%</td>
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Persistent Problems: Home Foreclosures

% of cities and villages reporting increased home foreclosures

- Oakland County Municipalities: 2010 - 58%, 2011 - 35%
- Rest of State: 2010 - 69%, 2011 - 55%
Persistent Problems: Infrastructure Needs

% of cities and villages reporting increased infrastructure needs

- Oakland County Municipalities
  - 2010: 77%
  - 2011: 67%

- Rest of State
  - 2010: 65%
  - 2011: 61%
Local Government Responses: General Fund Balance

% of cities and villages planning to increase their reliance on their general fund balance in coming fiscal year

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<tr>
<td>2010</td>
<td>72%</td>
<td>55%</td>
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<tr>
<td>2011</td>
<td>52%</td>
<td>46%</td>
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Local Government Responses: Infrastructure Spending

% of cities and villages planning to decrease their infrastructure spending

- Oakland County Municipalities:
  - 2010: 60%
  - 2011: 30%

- Rest of State:
  - 2010: 46%
  - 2011: 39%
Local Government Responses: Services Provided

% of cities and villages planning to decrease the amount of services provided

- **Oakland County Municipalities**
  - 2010: 67%
  - 2011: 26%

- **Rest of State**
  - 2010: 42%
  - 2011: 41%
Local Government Responses: Employee Benefits

% of cities and villages planning to increase health benefit costs paid by their employees

- Oakland County Municipalities: 2010 - 68%, 2011 - 63%
- Rest of State: 2010 - 49%, 2011 - 62%
Local Government Responses: Intergovernmental Cooperation

% of cities and villages planning to increase their collaborative efforts

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<tr>
<td>2010</td>
<td>87%</td>
<td>44%</td>
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<tr>
<td>2011</td>
<td>70%</td>
<td>56%</td>
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Trend over time: Signs of improvement?

% of cities and villages who predict bad times financially in the coming year

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<tr>
<td>Bad Times (2009)</td>
<td>81%</td>
<td>61%</td>
</tr>
<tr>
<td>Bad Times (2010)</td>
<td>68%</td>
<td>52%</td>
</tr>
<tr>
<td>Bad Times (2011)</td>
<td>36%</td>
<td>47%</td>
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MPPS: Key Findings from Spring 2011

- Continued widespread fiscal stress in Michigan municipalities, with Oakland County especially hard hit

- A leveling off— if little improvement— of some of the steep declines of 2010, particularly in Oakland County
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Over 8 in 10 Oakland municipalities use internal data, 6 in 10 use external data
Oakland municipalities more likely to have formal performance measurement systems

- Oakland County municipalities:
  - Don’t Know: 42%
  - Use formally for some or all programs: 58%

- Rest of State:
  - Don’t Know: 27%
  - Use formally for some or all programs: 68%
  - Use on ad hoc basis: 5%
73% of Oakland municipalities eligible for EVIP revenue sharing
Almost all EVIP-eligible Oakland municipalities planning to certify for 2011-12 EVIP funds
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