Trends in Michigan local governments’ fiscal health 2009-14

Presented at the 2014 Michigan Political Science Association Conference
October 24, 2014
The Michigan Public Policy Survey

- **Census survey** – all 1,856 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, privatization, employee policies, labor unions, state relations, energy, environmental sustainability, Great Lakes, citizen engagement, bankruptcy, 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

- Borrow from other proven sources such as NLC and ICMA

- Quality control such as double blind coding of open-end responses, internal technical memos on data quality, etc.
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
• Findings on fiscal trends and budgetary health from the 2009-2014 Waves of the MPPS
  ✓ Fiscal challenges; how jurisdictions have responded
  ✓ Fiscal health status today; changes since 2009
  ✓ Looking ahead
Fiscal Challenges: Declining Revenues and Rising Costs
A Decade of Funding Cuts

State revenue sharing cuts

[Graph showing changes in funding from FY 01/02 to FY 13/14 with lines for Inflation**, Actual, and Full Funding]
A Decade of Funding Cuts

State revenue sharing cuts

$6.2 B
Declining Revenues

% of jurisdictions with declining state aid

Population Size

- < 1500
- 1500-5000
- 5001-10000
- 10001-30000
- > 30000

2009 2010 2011 2012 2013 2014
Declining Revenues

% of jurisdictions with declining property tax revenues

[Graph showing declining property tax revenues for different population sizes from 2009 to 2014]
Rising Costs

% of jurisdictions with rising **health care costs** for current employees
Rising Service Demands

% of jurisdictions with increasing infrastructure needs

[Bar chart showing percentage of jurisdictions with increasing infrastructure needs across different population size categories for years 2009 to 2014.]
How Jurisdictions Have Responded to Fiscal Challenges
Government Actions

% of jurisdictions increasing reliance on GF balance
Government Actions

% of jurisdictions cutting staff levels

Population Size

- < 1500
- 1500-5000
- 5001-10000
- 10001-30000
- > 30000

2009 2010 2011 2012 2013 2014
Government Actions

% of jurisdictions shifting health care costs to employees

Population Size

- 2009
- 2010
- 2011
- 2012
- 2013
- 2014

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Government Actions

% of jurisdictions cutting service levels

[Bar chart showing the percentage of jurisdictions cutting service levels across different population sizes (2009-2014)]
Government Actions

% of jurisdictions increasing debt

![Bar chart showing the percentage of jurisdictions increasing debt across different population sizes (2009-2014).]
Result:
Despite Challenges,
Gradual Easing of Fiscal Stress
Slowly Improving Fiscal Health

% of jurisdictions better or less able to meet fiscal needs
Spread and Easing of Fiscal Problems

Net fiscal health yearly change: % of jurisdictions reporting improving fiscal health minus % reporting declining health, by county
Looking Ahead: Predictions about Future Fiscal Health
23% of officials predicting good or bad times for their communities financially in 2015.
Forecast for local governments

% of officials predicting their governments will be better or less able to meet fiscal needs in 2015

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<th>Population Size</th>
<th>26% Better able to meet needs next year</th>
<th>23% Less able to meet needs next year</th>
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<td>34%</td>
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<td>1500-5000</td>
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<td>18%</td>
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Concerns Going Forward

% of officials predicting they can **maintain services** in current system (2012)

![Bar chart showing the percentage of officials who can maintain services in different population size categories.](chart.png)
Future waves of the Michigan Public Policy Survey:

• Fall 2014: Roads, transit, and also ethics issues

• Other potential future survey topics:
  • Economic development
  • Aging demographic
  • Other infrastructure issues (water/sewer, IT, etc.)
The Michigan Public Policy Survey (MPPS)

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