Michigan local government fiscal health: a Northern Michigan and Grand Traverse County Perspective

April 2, 2015
Presentation Outline

• Overview of the MPPS program

• Findings on fiscal trends and budgetary health from the 2009-2014 Waves of the MPPS

• Comparison of key indicators in Grand Traverse area and Northern Michigan with other jurisdictions statewide
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
Grand Traverse jurisdictions responding to the Spring 2014 MPPS

In Grand Traverse County:
13 jurisdictions out of 17 countywide (76%)

In the Grand Traverse Area (Benzie, Grand Traverse, Kalkaska, and Leelanau counties):
55 jurisdictions out of 66 area-wide (83%)

In the Northern Lower Peninsula:
230 out of 317 region-wide (73%)
Local government fiscal health: Statewide trends
Slowly Improving Fiscal Health

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

![Graph showing fiscal health trends from 2009 to 2014.](image-url)
Spread and Easing of Fiscal Problems

Net fiscal health yearly change: the % of jurisdictions reporting improving fiscal health minus the % reporting declining health, by county.
Slowly Improving Fiscal Health

% of jurisdictions **better or less able** to meet fiscal needs in 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>Better Able</th>
<th>Less Able</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Traverse Area</td>
<td>46%</td>
<td>15%</td>
</tr>
<tr>
<td>Northern Lower Peninsula</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>Rest of the state (excluding NLP)</td>
<td>37%</td>
<td>24%</td>
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</tbody>
</table>
Key Fiscal Indicators:
Grand Traverse Area compared with statewide
Property Tax Revenues

% of jurisdictions with changes in property tax revenues

- Grand Traverse Area: 48% Increased, 34% Decreased
- Northern Lower Peninsula: 28% Increased, 51% Decreased
- Rest of the state (excluding NLP): 37% Increased, 35% Decreased
Home Foreclosures

% of jurisdictions with changes in home foreclosures

- Grand Traverse Area: 13% Increased, 48% Decreased
- Northern Lower Peninsula: 20% Increased, 28% Decreased
- Rest of the state (excluding NLP): 16% Increased, 37% Decreased

Somewhat/Greatly Increased
Somewhat/Greatly Decreased
Operational Costs

% of jurisdictions with changes in general government operations needs
Service Demands

% of jurisdictions with changes in infrastructure needs

- Grand Traverse Area: 53%, Somewhat/Greatly Increased, 2%, Somewhat/Greatly Decreased
- Northern Lower Peninsula: 49%, Somewhat/Greatly Increased, 3%, Somewhat/Greatly Decreased
- Rest of the state (excluding NLP): 56%, Somewhat/Greatly Increased, 2%, Somewhat/Greatly Decreased
Employee Costs

% of jurisdictions with changes in health care costs for current employees

- Somewhat/Greatly Increased
- Somewhat/Greatly Decreased

Grand Traverse Area: 31% increased, 8% decreased
Northern Lower Peninsula: 26% increased, 3% decreased
Rest of the state (excluding NLP): 37% increased, 4% decreased
How Jurisdictions Have Responded to Fiscal Challenges
Government Actions

% of jurisdictions changing reliance on GF balance
Government Actions

% of jurisdictions increasing or decreasing debt

- Grand Traverse Area: 12% Somewhat/Greatly Increased, 25% Somewhat/Greatly Decreased
- Northern Lower Peninsula: 8% Somewhat/Greatly Increased, 20% Somewhat/Greatly Decreased
- Rest of the state (excluding NLP): 14% Somewhat/Greatly Increased, 18% Somewhat/Greatly Decreased
Government Actions

% of jurisdictions increasing or decreasing staff levels

- Grand Traverse Area: Somewhat/Greatly Increased - 15%, Somewhat/Greatly Decreased - 6%
- Northern Lower Peninsula: Somewhat/Greatly Increased - 13%, Somewhat/Greatly Decreased - 5%
- Rest of the state (excluding NLP): Somewhat/Greatly Increased - 12%, Somewhat/Greatly Decreased - 10%
Government Actions

% of jurisdictions shifting health care costs to employees

22% Grand Traverse Area
17% Northern Lower Peninsula
28% Rest of the state (excluding NLP)

Somewhat/Greatly Increased
Somewhat/Greatly Decreased
Result:
Despite Challenges,
Gradual Easing of Fiscal Stress
General Fund Balance Status

% of jurisdictions in 2014 that say **general fund balance** is too low

- **Grand Traverse Area**: 72% Too High, 9% About Right, 10% Too Low, 9% Don't Know
- **Northern Lower Peninsula**: 69% Too High, 18% About Right, 8% Too Low, 9% Don't Know
- **Rest of the state (excluding NLP)**: 59% Too High, 25% About Right, 18% Too Low, 9% Don't Know
Cash Flow Status

% of jurisdictions in 2014 that say **cash flow** is a problem

![Graph showing cash flow status by region.

Grand Traverse Area:
- A significant problem: 66%
- Somewhat of a problem: 29%
- Not much of a problem: 5%
- Not a problem at all: 7%
- Don't Know: 0%

Northern Lower Peninsula:
- A significant problem: 73%
- Somewhat of a problem: 23%
- Not much of a problem: 3%
- Not a problem at all: 7%
- Don't Know: 0%

Rest of the state (excluding NLP):
- A significant problem: 70%
- Somewhat of a problem: 21%
- Not much of a problem: 7%
- Not a problem at all: 3%
- Don't Know: 0%]
Looking Ahead:
Plans for the Coming Year
% of jurisdictions planning to increase inter-gov’t cooperation

- Grand Traverse Area: 26%
- Northern Lower Peninsula: 25%
- Rest of the state (excluding NLP): 31%

Somewhat/Greatly Increased
Somewhat/Greatly Decreased
Plans Going Forward

% of jurisdictions planning to increase infrastructure spending

- Grand Traverse Area: 48%
- Northern Lower Peninsula: 39%
- Rest of the state (excluding NLP): 42%

- Somewhat/Greatly Increased
- Somewhat/Greatly Decreased

70% 50% 30% 10% -10% -30% -50% -70%

Grand Traverse Area Northern Lower Peninsula Rest of the state (excluding NLP)
Plans Going Forward

% of jurisdictions planning to increase public safety spending

- Grand Traverse Area: 30% increased, 7% decreased
- Northern Lower Peninsula: 28% increased, 5% decreased
- Rest of the state (excluding NLP): 33% increased, 5% decreased

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Plans Going Forward

% of jurisdictions planning increases in employee pay

- Grand Traverse Area: 57% (Somewhat/Greatly Increased)
- Northern Lower Peninsula: 45% (Somewhat/Greatly Increased)
- Rest of the state (excluding NLP): 48% (Somewhat/Greatly Increased)

- Grand Traverse Area: 3% (Somewhat/Greatly Decreased)
- Northern Lower Peninsula: 2% (Somewhat/Greatly Decreased)
- Rest of the state (excluding NLP): 2% (Somewhat/Greatly Decreased)
Looking Ahead: Predictions about Future Fiscal Health
Forecast for Michigan communities

% of officials predicting good or bad times for their communities financially in 2015

- Grand Traverse Area: 61% Good, 9% Bad
- Northern Lower Peninsula: 40% Good, 13% Bad
- Rest of the state (excluding NLP): 40% Good, 11% Bad
Forecast for local governments

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

- Grand Traverse Area: 47% better, 10% worse
- Northern Lower Peninsula: 33% better, 20% worse
- Rest of the state (excluding NLP): 36% better, 22% worse
Future waves of the Michigan Public Policy Survey:

• Spring 2015: Fiscal Tracking + pension and OPEB liability

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

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