Michigan local governments report fewer economic challenges one year into the COVID-19 pandemic, and describe efforts to support local businesses

By Natalie Fitzpatrick, Debra Horner, and Thomas Ivacko

This report presents local government leaders’ views on COVID-19’s impact on local economic conditions, as well as reports of whether or not their local governments took action to help local businesses during the first year of the COVID-19 pandemic and assessments of any actions taken. These findings are based on statewide surveys of local government leaders in the Spring 2021 wave of the Michigan Public Policy Survey (MPPS), conducted between April 5 and June 7, 2021.

Key Findings

- As of spring 2021, 39% of Michigan local officials report that their local economies have suffered significant (33%) or even crisis-level (6%) impacts over the past year of the COVID-19 pandemic, while only 13% say there has been very little or no impact at all to their local economies.
  
  » These reports are significantly improved from a year ago, when 86% reported significant (51%) or crisis-level (35%) economic impacts during the early stages of the pandemic.
  
  » The negative impacts on local economies are reported most commonly in Michigan’s largest jurisdictions, where 61% still report significant (49%) or crisis-level (12%) economic impacts.

- In response to the pandemic’s impacts on business conditions, 34% of Michigan local governments say they have taken, or are planning to take, at least one action to support local businesses.
  
  » There are substantial differences in these actions according to the size of the jurisdiction. Three-quarters (75%) of Michigan’s largest jurisdictions report taking action to help local businesses, compared with 19% of the smallest communities (some of which report having no local businesses in the first place).
  
  » Actions taken include promoting or advertising local small businesses to the community (reported by 21% of jurisdictions that have done anything), waiving fees and fines, extending payment deadlines, etc. (19%), and creating more space for social distancing such as permits for outdoor dining and closing local roads (17%).

- Among jurisdictions that had taken actions as of spring 2021, two-thirds (66%) believe they have been somewhat (55%) or very (11%) effective. Meanwhile, 22% say they have been neither effective nor ineffective, and just 6% say they have been somewhat or very ineffective.

- Among the 49% of jurisdictions that say they do have local businesses but have not taken actions, the most commonly cited reasons for not providing support are that the jurisdiction lacks resources (50%) or that there are no particular actions needed (41%). Few cited outright opposition from the community (3%) or the government Board or Council (2%).
Background

In the earliest days of the COVID-19 pandemic, Michigan’s statewide shut-down on March 23, 2020 appeared to pose a grave threat to the state’s economy and, in particular, businesses in local communities that lost staff, customers, production capacity, and more. Analysis provided by the Detroit Regional Chamber notes that by the end of March 2020, total small business revenue decreased by more than 54% compared to January 2020. By spring 2020, 35% of local government officials statewide reported that their local economies were experiencing crisis-level impacts due to COVID-19, and another 51% reported significant negative impacts on the local economy. Only 2% of officials across the state said their local economies were unaffected by COVID-19 last spring.

Fast-forward to 2021 and, although the Michigan business community was hit hard and saw many small businesses shuttered, the impacts on local economies across Michigan now appear less severe than reported a year ago. For example, according to a survey of 600 small businesses across the state conducted by the Small Business Association of Michigan (SBAM) in June 2021, although 78% report that COVID-19 indeed had a negative impact on their business in 2020, 72% report feeling optimistic about the survival of their businesses, and only 16% report that they are currently struggling to pay their bills. In addition, revenues for Michigan’s largest corporations have rebounded to 2019 levels. However, COVID-19 does continue to pose serious challenges to local businesses statewide, with many finding it difficult to find and keep workers after a full year of the pandemic. And, after a bounce in optimism with the widespread introduction of vaccines this past spring, current challenges to gaining control of the Delta variant of COVID-19 have sent small-business owners’ confidence into decline this fall.

The Spring 2021 Michigan Public Policy Survey (MPPS) asked Michigan local government leaders a variety of questions about the pandemic and its effects on their communities and local governments. Several questions focused specifically on whether, in addition to any federal or state assistance to businesses, local governments themselves were taking action to help local businesses deal with the impacts of COVID-19. This report presents their responses.
Sharp drop in reported local economic impacts after year one of the pandemic

The Spring 2021 Michigan Public Policy Survey (MPPS) asked local officials a wide variety of questions about their experiences during the COVID–19 pandemic from spring 2020 through spring 2021. Several of those questions related to the impact of COVID–19 on local economies and Michigan local governments’ efforts to deal with those impacts. As described above, when the pandemic first hit Michigan in spring 2020, local leaders were sounding the alarm about its potentially devastating effects on their local economies, with 86% statewide reporting that COVID–19 was having a significant (51%) or even crisis–level impact (35%) locally (see Figure 1a). One year into the pandemic, in spring 2021, a substantial percentage of local officials still say their local economies have experienced severe negative impacts (39%), but the number is less than half of those reported in 2020. Meanwhile, only 13% of local leaders in 2021 say their local economies have suffered very little or no impact from COVID–19 over the course of the past year.

As shown in Figure 1b, the extent of local economic impacts from COVID–19 continues to vary significantly by jurisdiction population size. While conditions have improved substantially in jurisdictions of all sizes in 2021, among the state’s largest jurisdictions—those with more than 30,000 residents—61% of local officials still report significant (49%) or crisis–level (12%) impacts on their local economy (down from 99% in 2020).
One-third of all Michigan local governments taking actions to support local businesses in response to COVID-19

The MPPS also asked whether, over the course of the past year, Michigan local governments have developed their own policies or plans to support their local businesses over the course of the pandemic. According to local leaders, 34% of all Michigan local governments have taken or are planning to take one or more actions to help local businesses deal with the impacts of COVID-19. As shown in Figure 2, the most common types of actions reported by jurisdictions statewide are promoting or advertising local small business (21%), waiving fees, fines, extending payment deadlines, etc. (19%), and creating more space for customers’ social distancing such as support for outdoor dining, closed local roads (17%).

Meanwhile, local leaders from almost half (49%) of Michigan local governments say the jurisdiction is not taking or planning any actions to support local businesses in response to COVID-19, while another 6% report they have no relevant local businesses in the community, and 10% are unsure.

When looking at differences by population size, 75% of Michigan's largest jurisdictions and 71% of jurisdictions with 10,001-30,000 residents report taking at least one action to support local business (see Figure 3). By contrast, among the smallest jurisdictions (those with fewer than 1,500 residents), 19% have taken at least one action. Among these smallest jurisdictions, 12% say there are no relevant local businesses in their community.

By jurisdiction type, cities are the most likely to report taking or planning any actions -- more than half of cities statewide report promoting or advertising local businesses (56%), and waiving fees/fines, etc. (52%). Additionally, 43% are facilitating financial assistance, and 33% have made other changes to local regulations/zoning ordinances. Only 17% of cities say there are no actions taken or planned, while 79% say they have taken at least one of the listed types of actions. Most (56%) counties also report taking at least one action, although 28% say there are no actions taken or planned, while 46% of villages report taking at least one of the listed types of actions. Meanwhile, just 20% of townships report taking any action, perhaps not surprisingly, as townships are the most likely type of jurisdiction to report having no local businesses.
Most who have taken action feel it has been effective; those that haven’t cite lack of resources or need

Among jurisdictions that have made efforts to support local businesses during the pandemic, two-thirds (66%) believe their actions have been somewhat (55%) or very (11%) effective so far (see Figure 4). Only 6% say their support efforts have been somewhat (5%) or very (1%) ineffective. In particular, 80% of officials from jurisdictions that have worked to create more space for social distancing say actions have been effective, and 79% of those that made other changes to local regulations or zoning ordinances say the same.

In an open-end question, the MPPS asked local leaders to describe specific actions they feel have been particularly effective in supporting local businesses during COVID-19. Many local leaders talked about their efforts to facilitate outdoor dining and retail, encouraging community support and “shop local” campaigns among residents including on social media, waiving late fees or suspending water bills, providing information on grant opportunities, and more.

Voices Across Michigan

Quotes from local leaders about particularly effective actions their jurisdiction has taken to help local businesses during the pandemic

“Grants through CBDG [Community Development Block Grant Programs] helped us develop an Inside Out program to allow out-door dining. Developed virtual inspections for construction activity to keep projects on schedule. Began vaccinating on site at businesses.”

“Offered zero interest loans to downtown businesses.”

“We promoted our business on social media and County newspapers, we allowed businesses to use Village owned property for outdoor dining. Allowed our Farmer’s Market to use our streets and our downtown parking lot, to sell their products. Allowed a business event day at our soccer fields.”

“Employees and officers have been shopping and eating carry outs from our local businesses in support.”

“Our economic development department hosts a weekly Zoom meeting with the local community economic development directors and Chambers to collaborate on joint marketing efforts and business loans. This has been a model program that I understand other counties and regions are trying to duplicate.”

“Early in pandemic used [an online crowdfunding tool]. Raised $[REDACTED] for local businesses. Most businesses seem to be doing okay at this point and are primarily not interested in this type of assistance again.”
Among the 49% of jurisdictions that report having local businesses but not taking any actions to support them during COVID-19, half (50%) say their jurisdiction lacks the resources to support local businesses during COVID-19 (see Figure 5). Meanwhile, 41% say that no actions are needed, because their local businesses are doing fine. Few local leaders cited outright community opposition (3%) or opposition among the jurisdiction’s Board or Council opposition (2%) as reasons to not develop efforts in support of local business during the pandemic.

Statewide, 41% of jurisdictions who have not taken or planned any actions to aid local business specifically on COVID-19 issues say it is because their local businesses are getting along alright. However, this is not the case among the state’s largest jurisdictions, where only 8% of leaders in communities with over 30,000 residents say their local businesses don’t need COVID-19–related support (see Figure 6). As described above, these largest jurisdictions are the most likely to report ongoing significant or crisis-level impacts from COVID-19 on their local economy (see Figure 1b).

**Figure 5**  
Percentage reporting reasons why jurisdiction has not taken or is not planning to take actions to support local businesses in response to COVID-19

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdiction lacks resources to support local businesses during COVID-19</td>
<td>50%</td>
</tr>
<tr>
<td>No actions needed to support local businesses during COVID-19</td>
<td>41%</td>
</tr>
<tr>
<td>Community is divided or opposes actions to support local businesses</td>
<td>3%</td>
</tr>
<tr>
<td>Board/council is divided or opposes actions to support local businesses</td>
<td>2%</td>
</tr>
<tr>
<td>No actions taken to support local businesses during COVID-19 for other reasons</td>
<td>6%</td>
</tr>
<tr>
<td>Don’t know why no actions taken to support local businesses during COVID-19</td>
<td>10%</td>
</tr>
</tbody>
</table>

Note: percentages add up to more than 100% because respondents could “check all that apply”

**Figure 6**  
Percentage reporting jurisdiction has not taken or is not planning to take actions to support local businesses in response to COVID-19 because help is not needed, by population size

<table>
<thead>
<tr>
<th>Population Size</th>
<th>No action needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>41%</td>
</tr>
<tr>
<td>&lt;1,500</td>
<td>46%</td>
</tr>
<tr>
<td>1,500–5,000</td>
<td>36%</td>
</tr>
<tr>
<td>5,001–10,000</td>
<td>41%</td>
</tr>
<tr>
<td>10,001–30,000</td>
<td>42%</td>
</tr>
<tr>
<td>&gt;30,000</td>
<td>8%</td>
</tr>
</tbody>
</table>
Conclusion

Although 39% of Michigan’s local government leaders say their local economies are still suffering significant or even crisis-level impacts from the COVID-19 pandemic as of spring 2021, this is less than half the percentage of those who said the same in spring 2020, when the pandemic was first hitting the state. Overall, 34% of local governments report having taken or currently planning actions to help local businesses deal with these impacts, although this increases to 75% among the state’s largest communities.

The most common types of actions taken include promoting or advertising local small business (21%), waiving fees and fines and extending payment deadlines, etc. (19%), and creating more space for customers’ social distancing such as support for outdoor dining, closed local roads. Among those who have taken such actions, most (66%) believe they have been helpful, especially among those who have worked to help local businesses provide more space among their customers for social distancing (80%).

Notes


Survey Background and Methodology

The MPPS is an ongoing survey program, interviewing the leaders of Michigan’s 1,856 units of general purpose local government, conducted by the Center for Local, State, and Urban Policy (CLOSUP) at the University of Michigan in partnership with the Michigan Municipal League, Michigan Townships Association, and Michigan Association of Counties. Surveys are conducted each spring (and prior to 2018, were also conducted each fall). The program has covered a wide range of policy topics and includes longitudinal tracking data on “core” fiscal, budgetary and operational policy questions and designed to build-up a multi-year time-series.

In the Spring 2021 iteration, surveys were sent by the Center for Local, State, and Urban Policy (CLOSUP) via the internet and hardcopy to top elected and appointed officials (including county administrators and board chairs: city mayors and managers: village presidents, clerks, and managers: and township supervisors, clerks, and managers) from all 83 counties, 280 cities, 253 villages, and 1,240 townships in the state of Michigan.

The Spring 2021 wave was conducted from April 5 – June 7, 2021. A total of 1,364 jurisdictions in the Spring 2021 wave returned valid surveys (67 counties, 208 cities, 173 villages, and 916 townships), resulting in a 73% response rate by unit. The margin of error for the survey for the survey as a whole is +/- 1.37%. The key relationships discussed in the above report are statistically significant at the p<.05 level or below, unless otherwise specified. Missing responses are not included in the tabulations, unless otherwise specified. Some report figures may not add to 100% due to rounding within response categories. Quantitative data are weighted to account for non-response. “Voices Across Michigan” verbatim responses, when included, may have been edited for clarity and brevity. Contact CLOSUP staff for more information.

Detailed tables of the data analyzed in this report broken down three ways—by jurisdiction type (county, city, township, or village); by population size of the respondent’s community, and by the region of the respondent’s jurisdiction—will be available online at the MPPS homepage: closup.umich.edu/michigan-public-policy-survey

The survey responses presented here are those of local Michigan officials, while further analysis represents the views of the authors. Neither necessarily reflects the views of the University of Michigan, or of other partners in the MPPS.
Previous MPPS reports

Local leaders’ views on Michigan’s initial COVID-19 vaccine rollout in Spring 2021 (August 2021)
Local leaders’ concerns about Michigan’s direction spike, while evaluations of state leaders sink over the past year (July 2021)
Michigan local leaders’ views on state’s new approach to electoral redistricting (February 2021)
COVID-19 pandemic sparks Michigan local leaders’ concerns for fiscal health (December 2020)
The functioning of democracy at the local level: a compendium of findings from the Michigan Public Policy Survey of local leaders (December 2020)
Energy Issues and Policies in Michigan Local Governments (October 2020)
Michigan local leaders expect increased challenges for the 2020 election, but are confident about administering accurate elections (October 2020)
Michigan Local Energy Survey (MiLES): Intergovernmental collaboration on sustainability and energy issues among Michigan local governments (September 2020)
Confidence in the accuracy of Michigan’s 2020 Census count among local leaders was not very high, slips further (August 2020)
Michigan local leaders expect mixed impacts from expanded voter registration and absentee voting reforms (July 2020)
Local leaders’ evaluations of Michigan’s direction and Governor’s performance during the COVID-19 pandemic’s arrival (July 2020)
The initial impact of the COVID-19 pandemic on Michigan communities and local governments (June 2020)
Energy policies and environmental leadership among Michigan’s local governments (January 2020)
Mixed signals continue for Michigan local governments’ fiscal health, while future outlooks worsen (December 2019)
Michigan local officials’ views on the next recession: timing, concerns, and actions taken (October 2019)
Michigan local government preparations and concerns regarding the 2020 U.S. Census (September 2019)
New Governor, new evaluations of the direction Michigan is headed among local leaders (August 2019)
Positive working relationships reported among Michigan’s local elected officials (June 2019)
Community poverty and the struggle to make ends meet in Michigan, according to local government leaders (March 2019)
The state of community civic discourse, according to Michigan’s local government leaders (December 2018)
Despite sustained economic growth, Michigan local government fiscal health still lags (November 2018)
Michigan local government leaders’ views on medical and recreational marijuana (September 2018)
Rising confidence in Michigan’s direction among local leaders, but partisan differences remain (July 2018)
Michigan local government officials weigh in on housing shortages and related issues (June 2018)
Approaches to land use planning and zoning among Michigan’s local governments (May 2018)
Workforce issues and challenges for Michigan’s local governments (January 2018)
Local leaders’ views on elections in Michigan: accuracy, problems, and reform options (November 2017)
Michigan local government officials report complex mix of improvement and decline in fiscal health, but with overall trend moving slowly upward (October 2017)
Michigan local leaders want their citizens to play a larger role in policymaking, but report declining engagement (August 2017)
Michigan local leaders' views on state preemption and how to share policy authority (June 2017)
Improving communication, building trust are seen as keys to fixing relationships between local jurisdictions and the State government (May 2017)
Local leaders more likely to support than oppose Michigan’s Emergency Manager law, but strongly favor reforms (February 2017)
Local government leaders’ views on drinking water and water supply infrastructure in Michigan communities (November 2016)
Michigan local leaders say property tax appeals are common, disagree with ‘dark stores’ assessing (October 2016)
Local officials say Michigan’s system of funding local government is broken, and seek State action to fix it (September 2016)
Michigan local governments report first declines in fiscal health trend since 2010 (August 2016)
Michigan local leaders’ doubts continue regarding the state’s direction (July 2016)
Hospital access primary emergency medical concern among many Michigan local officials (July 2016)
Firefighting services in Michigan: challenges and approaches among local governments (June 2016)
Most local officials are satisfied with law enforcement services, but almost half from largest jurisdictions say their funding is insufficient (April 2016)
Local leaders say police-community relations are good throughout Michigan, but those in large cities are concerned about potential civil unrest over police use-of-force (February 2016)
Report: Responding to budget surplus vs. deficit: the preferences of Michigan’s local leaders and citizens (December 2015)
Michigan’s local leaders concerned about retiree health care costs and their governments’ ability to meet future obligations (October 2015)
Fiscal health rated relatively good for most jurisdictions, but improvement slows and decline continues for many (September 2015)
Confidence in Michigan’s direction declines among state’s local leaders (August 2015)
Michigan local government leaders’ views on private roads (July 2015)
Few Michigan jurisdictions have adopted Complete Streets policies, though many see potential benefits (June 2015)
Michigan local leaders have positive views on relationships with county road agencies, despite some concerns (May 2015)
Michigan local government leaders say transit services are important, but lack of funding discourages their development (April 2015)
Michigan local leaders see need for state and local ethics reform (March 2015)
Local leaders say Michigan road funding needs major increase, but lack consensus on options that would raise the most revenue (February 2015)
Michigan local government leaders’ views on employee pay and benefits (January 2015)
Despite increasingly formal financial management, relatively few Michigan local governments have adopted recommended policies (December 2014)
Most Michigan local officials are satisfied with their privatized services, but few seek to expand further (November 2014)
Michigan local governments finally pass fiscal health tipping point overall, but one in four still report decline (October 2014)
Beyond the coast, a tenuous relationship between Michigan local governments and the Great Lakes (September 2014)
Confidence in Michigan’s direction holds steady among state’s local leaders (August 2014)
Wind power as a community issue in Michigan (July 2014)
Fracking as a community issue in Michigan (June 2014)
The impact of tax-exempt properties on Michigan local governments (March 2014)
Michigan’s local leaders generally support Detroit bankruptcy filing despite some concerns (February 2014)
Michigan local governments increasingly pursue placemaking for economic development (January 2014)
Views on right-to-work legislation among Michigan’s local government leaders (December 2013)
Michigan local governments continue seeking, and receiving, union concessions (October 2013)
Michigan local government fiscal health continues gradual improvement, but smallest jurisdictions lagging (September 2013)
Local leaders evaluate state policymaker performance and whether Michigan is on the right track (August 2013)
Trust in government among Michigan’s local leaders and citizens (July 2013)
Citizen engagement in the view of Michigan’s local government leaders (May 2013)
Beyond trust in government: government trust in citizens? (March 2013)
Local leaders support reforming Michigan’s system of funding local government (January 2013)
Local leaders support eliminating Michigan’s Personal Property Tax if funds are replaced, but distrust state follow-through (November 2012)
Michigan’s local leaders satisfied with union negotiations (October 2012)
Michigan’s local leaders are divided over the state’s emergency manager law (September 2012)
Fiscal stress continues for hundreds of Michigan jurisdictions, but conditions trend in positive direction overall (September 2012)
Michigan’s local leaders more positive about Governor Snyder’s performance, more optimistic about the state’s direction (July 2012)
Data-driven decision-making in Michigan local government (June 2012)
State funding incentives increase local collaboration, but also raise concerns (March 2012)
Local officials react to state policy innovation tying revenue sharing to dashboards and incentive funding (January 2012)
MPPS finds fiscal health continues to decline across the state, though some negative trends eased in 2011 (October 2011)
Public sector unions in Michigan: their presence and impact according to local government leaders (August 2011)
Despite increased approval of state government performance, Michigan’s local leaders are concerned about the state’s direction (August 2011)
Local government and environmental leadership: views of Michigan’s local leaders (July 2011)
Local leaders are mostly positive about intergovernmental cooperation and look to expand efforts (March 2011)
Local government leaders say most employees are not overpaid, though some benefits may be too generous (February 2011)
Local government leaders say economic gardening can help grow their economies (November 2010)
Local governments struggle to cope with fiscal, service, and staffing pressures (August 2010)
Michigan local governments actively promote U.S. Census participation (August 2010)
Fiscal stimulus package mostly ineffective for local economies (May 2010)
Fall 2009 key findings report: educational, economic, and workforce development issues at the local level (April 2010)
Local government officials give low marks to the performance of state officials and report low trust in Lansing (March 2010)
Local government fiscal and economic development issues (October 2009)

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