

Local Governments' Reaction to Changes to State-Local Revenue Sharing Under the Economic Vitality Incentive Program (EVIP)

Presentation by the Center for Local, State, and Urban Policy (CLOSUP)
for the
Michigan Local Government Management Association Winter Institute
February 1, 2012

Presentation Outline

- Overview of the Michigan Public Policy Survey (MPPS)
- Brief background on Michigan state-local revenue sharing and the shift to the EVIP
- Summary of findings on initial local government reactions to the EVIP across the state

Background:

An Overview of CLOSUP

- The Center for Local, State, and Urban Policy (CLOSUP) was founded at the Ford School of Public Policy in 2001
- A small research center with a core staff of a few permanent employees and additional research staff and faculty working on a wide variety of research projects, events, & courses
- The Center's primary mission is to conduct and support applied academic research that informs local, state, and urban policy issues, both in Michigan and beyond

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
- Administered both online and via hardcopy questionnaire
- 60-70% response rate by jurisdiction... 72% in Fall 2011!
- Survey content developed in close partnership with MML, MTA, and MAC, and Advisory Committees 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.
- Provide information to local leaders about peers across the state, spread best practices and grass-roots innovative solutions.
- Provide a voice for local-level concerns to policymakers in Lansing, foundations, community organizations, etc.
- Build a longitudinal data archive to allow tracking of fundamental changes.

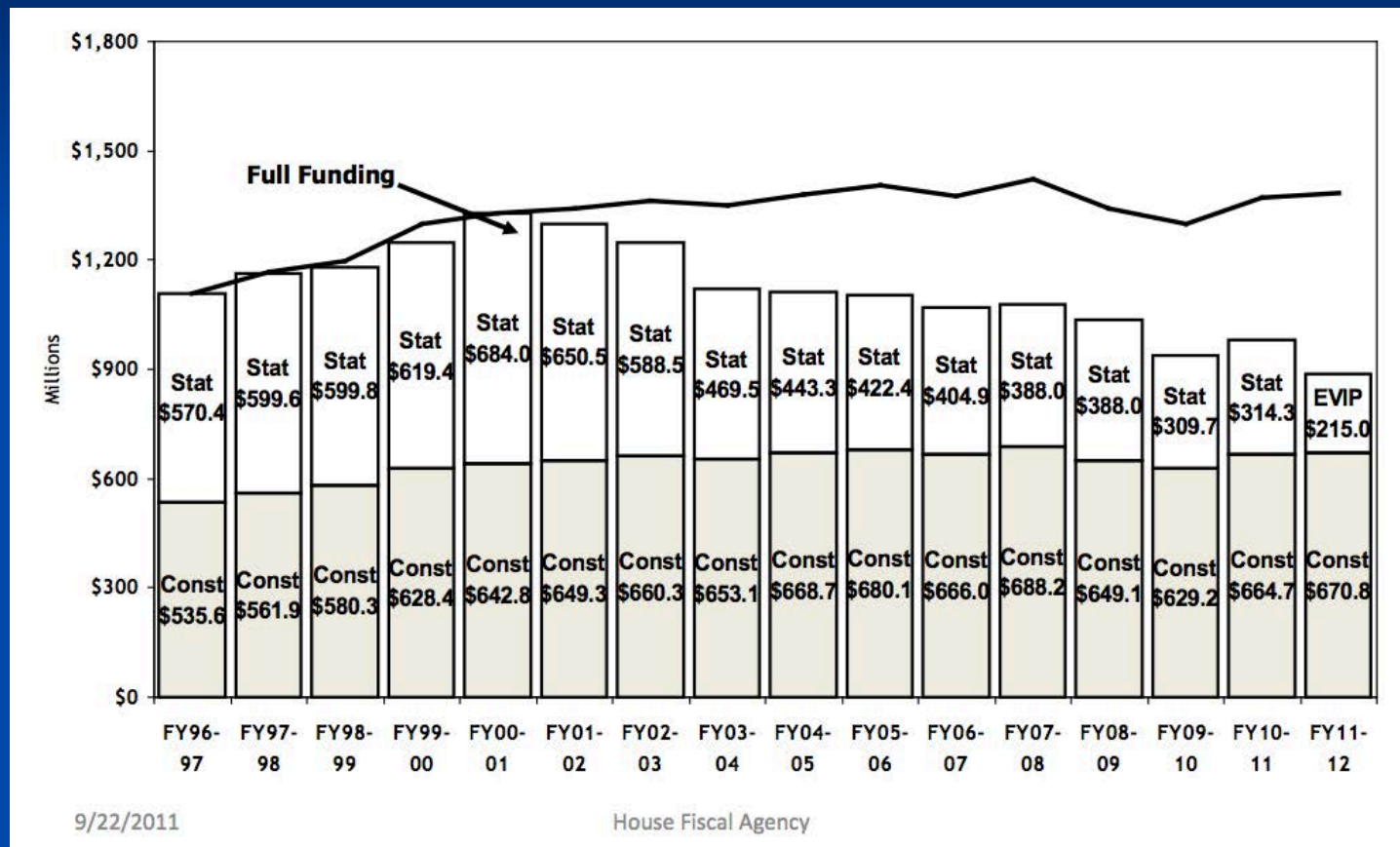
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A Brief History of State Revenue Sharing in Michigan

- Constitutional vs. statutory revenue sharing
- Various incarnations of statutory revenue sharing prior to 1998
- The decrease in fixed-formula payments from 1998-2011
- The shift from traditional statutory revenue sharing to the EVIP

Total Constitutional and Statutory/EVIP Revenue Sharing Payments to Local Jurisdictions



Overview of the EVIP

- **Program Goal:** to incentivize local government policy change to “best practices” in three categories:
 1. Accountability and Transparency
 2. Intergovernmental Cooperation
 3. Employee Compensation

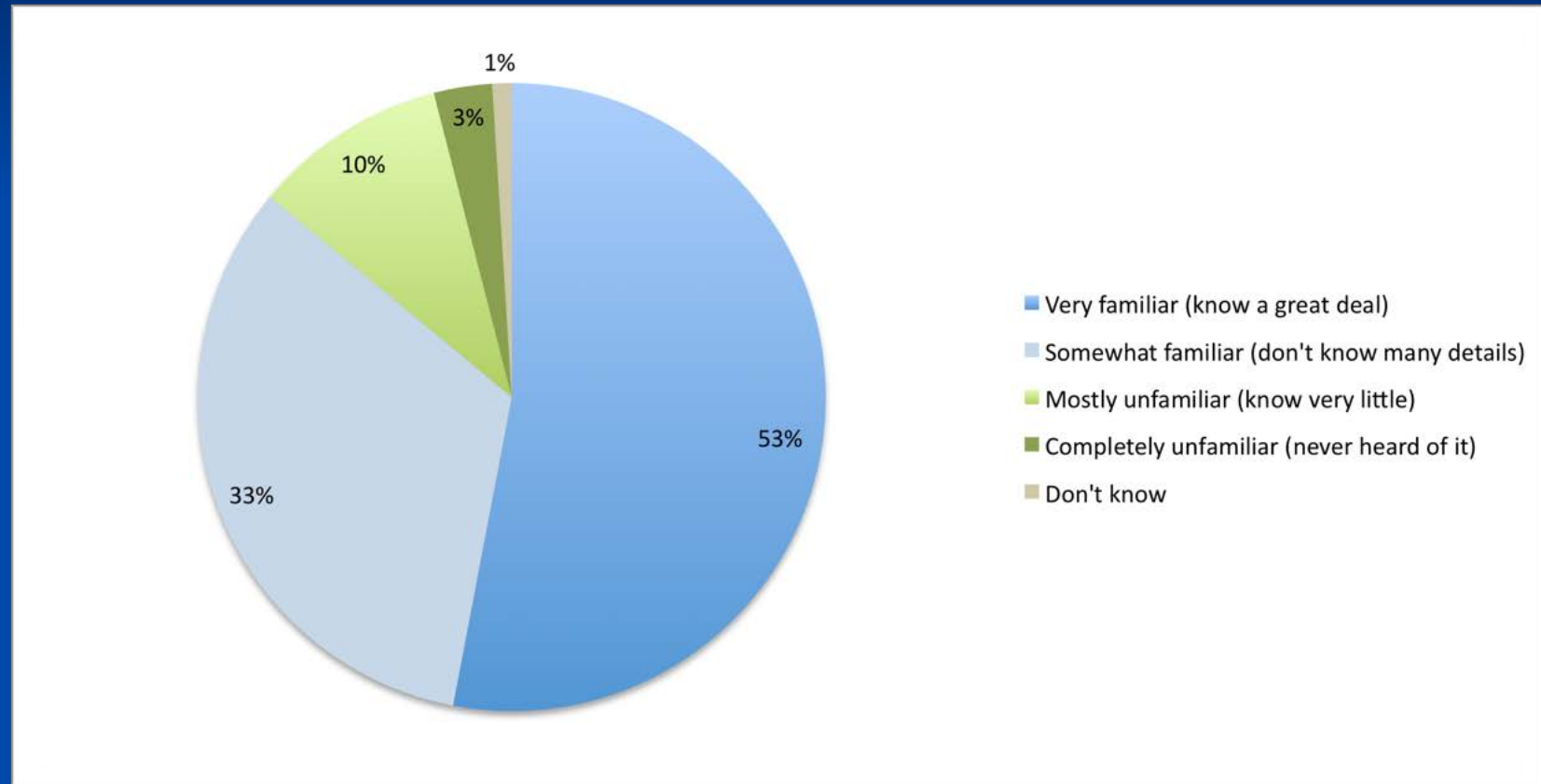
- **Who is eligible for the EVIP?**
 - 486 jurisdictions
 - Those that received greater than \$4,500 in statutory revenue sharing in fiscal year 2009-10

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MPPS Fall 2011 Wave findings:

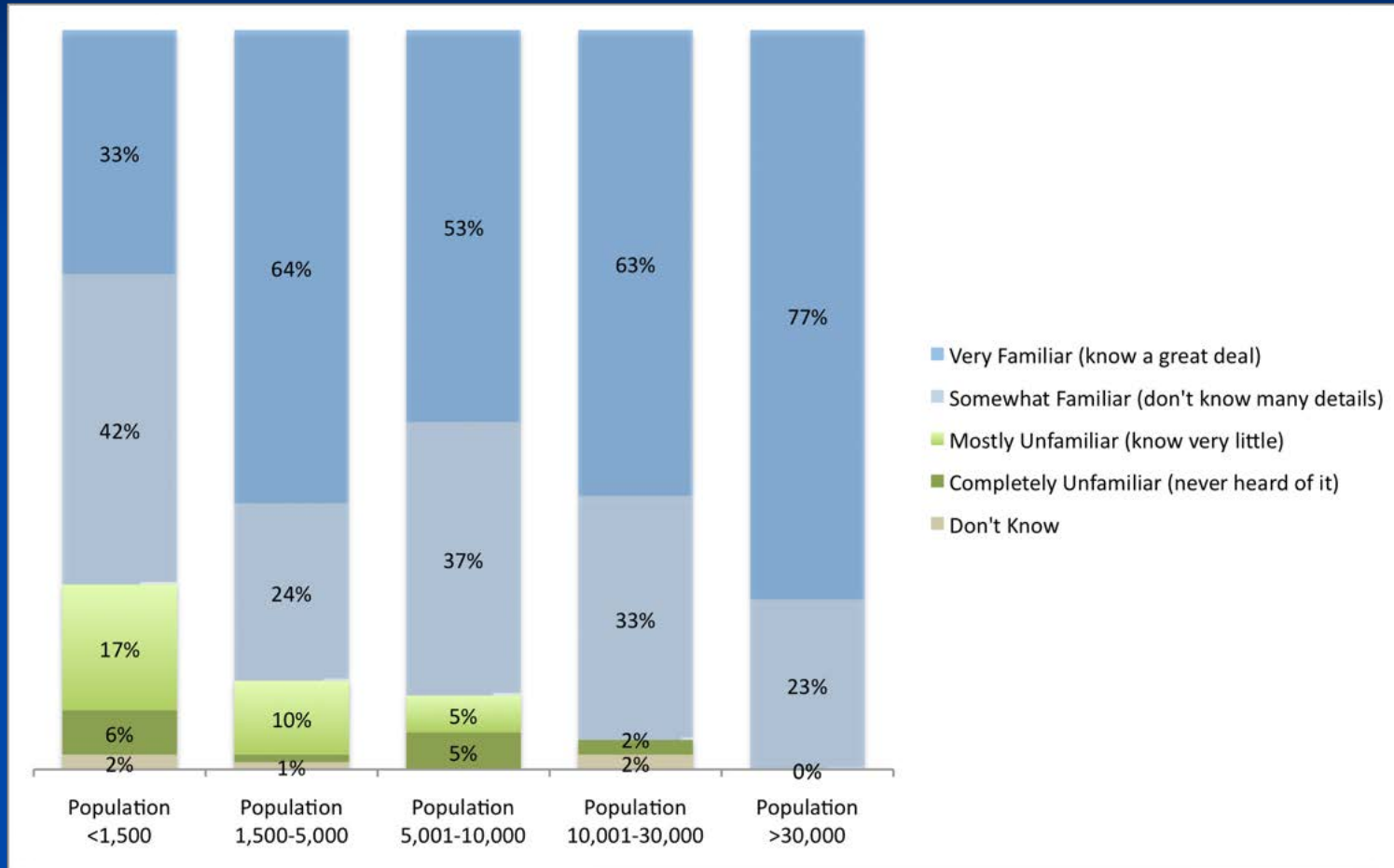
Slim majority of local leaders are very familiar with EVIP, but many are not well informed



(among eligible jurisdictions)

MPPS Fall 2011 Wave findings:

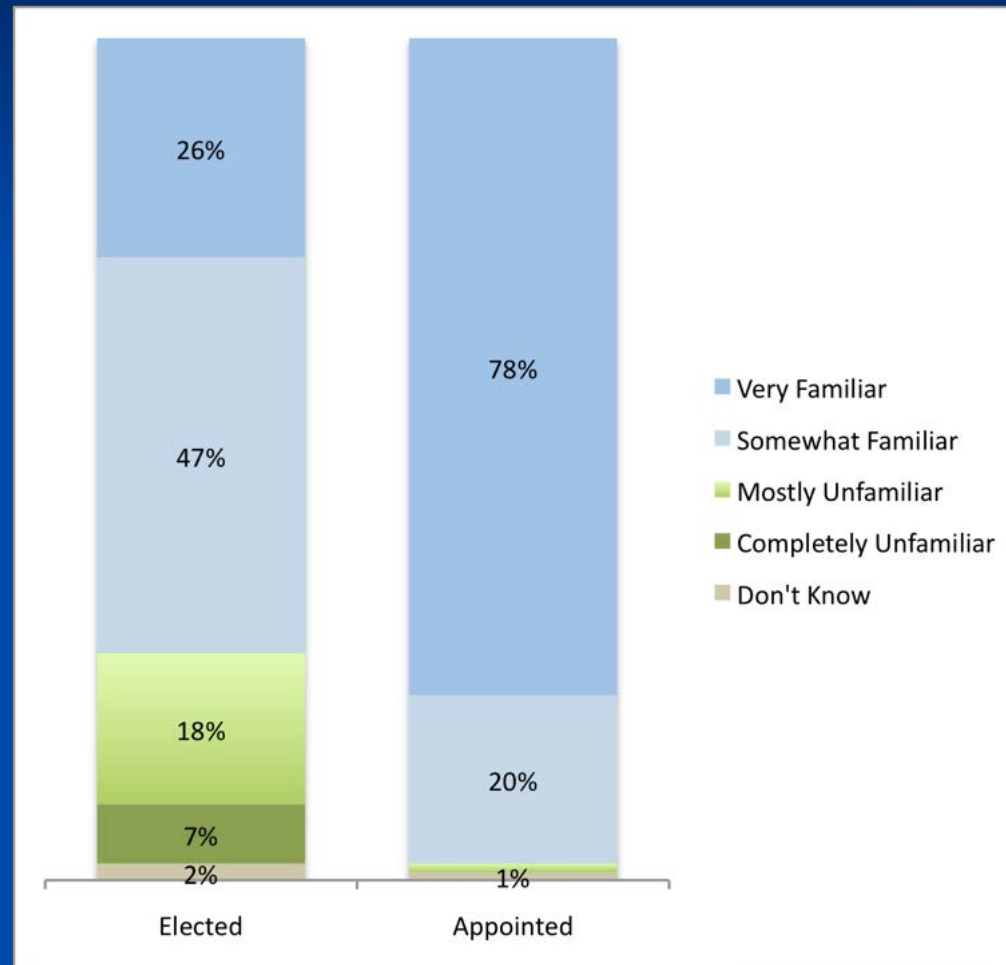
Officials from smaller jurisdictions are less likely to know about shift to EVIP



(among eligible jurisdictions)

MPPS Fall 2011 Wave findings:

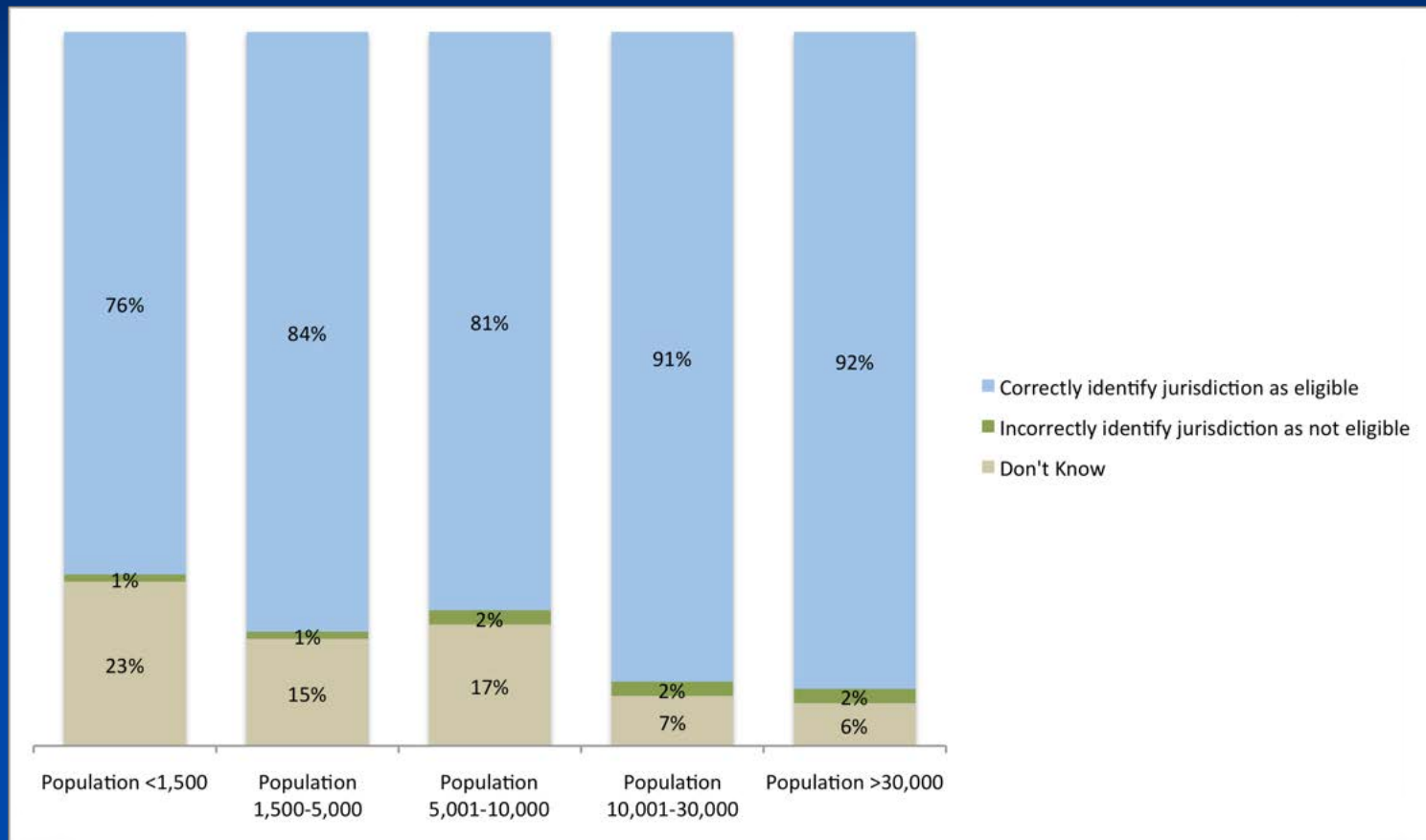
Appointed officials significantly more likely to be familiar with EVIP than elected officials



(among eligible jurisdictions)

MPPS Fall 2011 Wave findings:

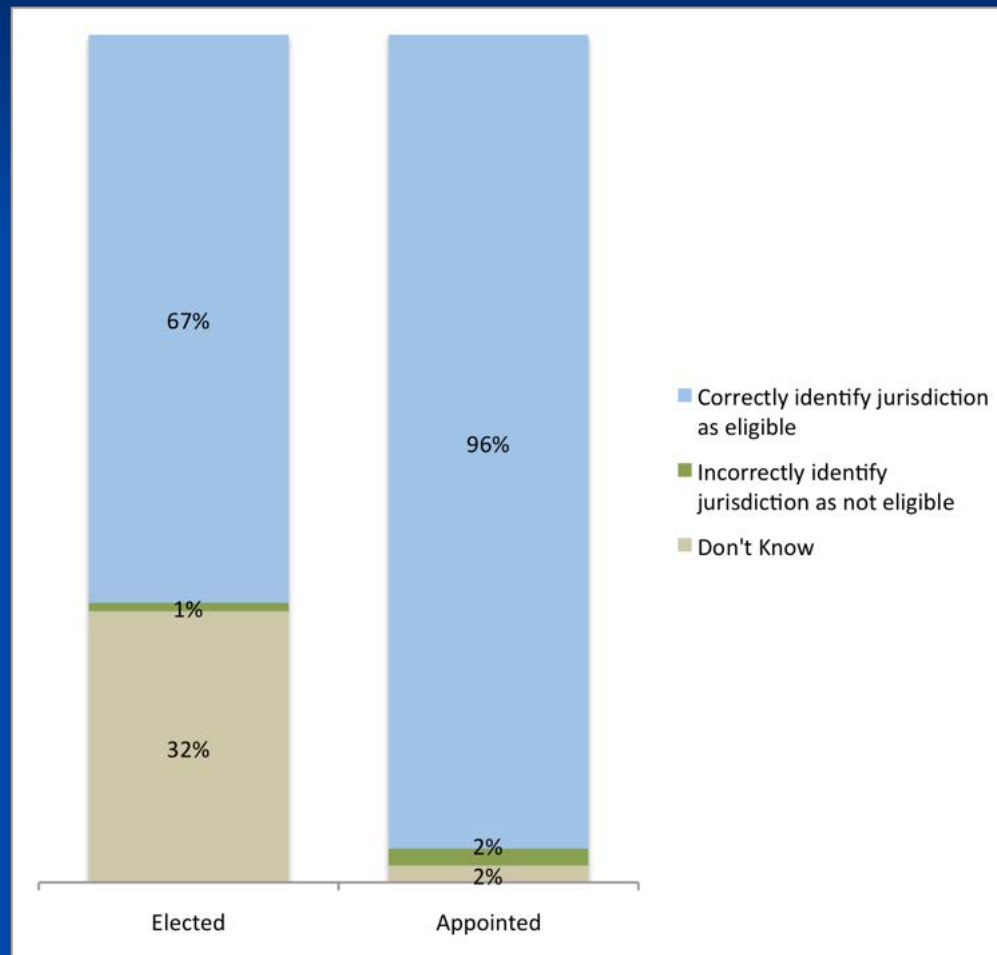
Smaller jurisdictions less likely to know whether they are eligible for EVIP



(among eligible jurisdictions)

MPPS Fall 2011 Wave findings:

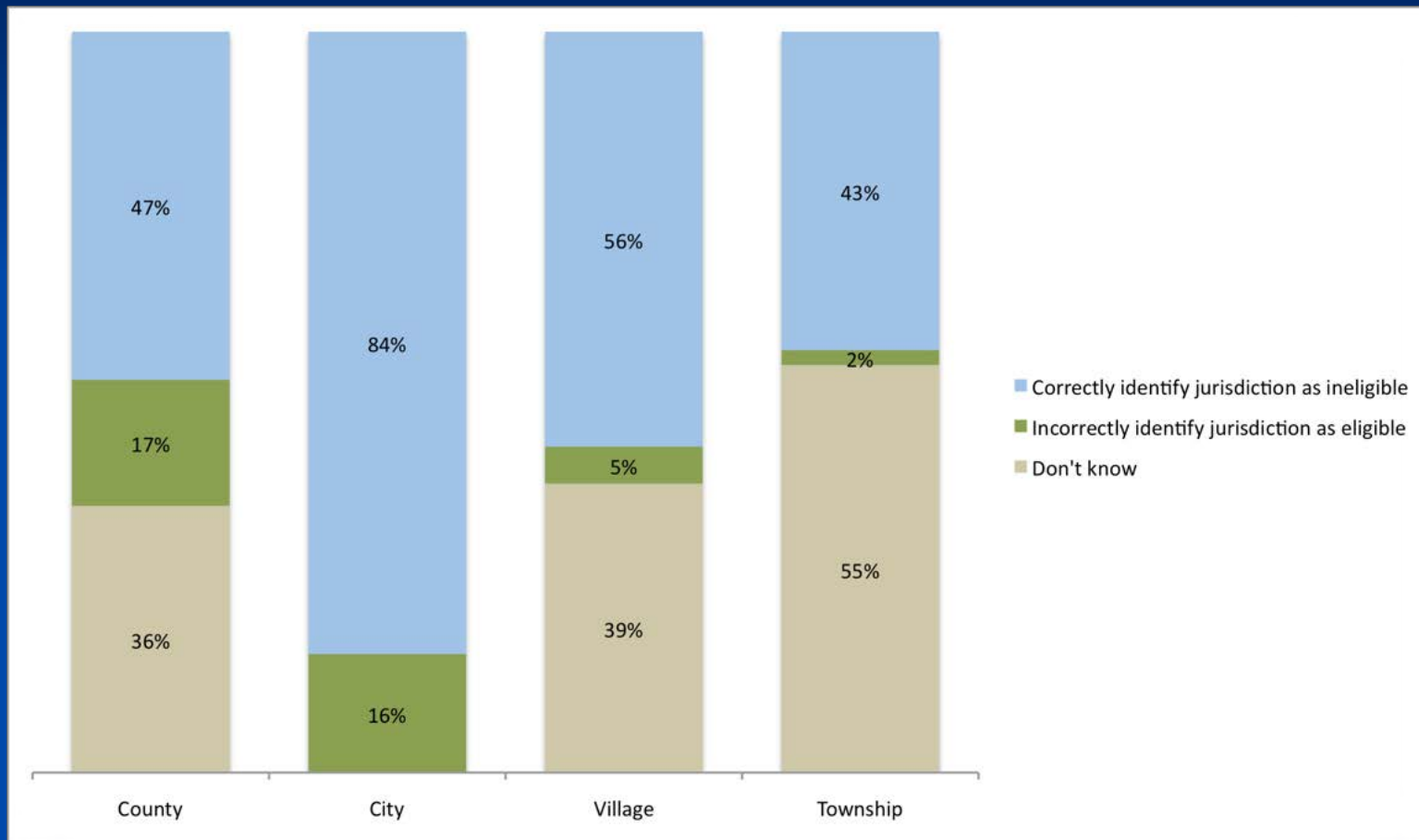
Elected officials significantly less likely to know whether their jurisdiction is eligible for EVIP



(among eligible jurisdictions)

MPPS Fall 2011 Wave findings:

Some confusion among ineligible jurisdictions

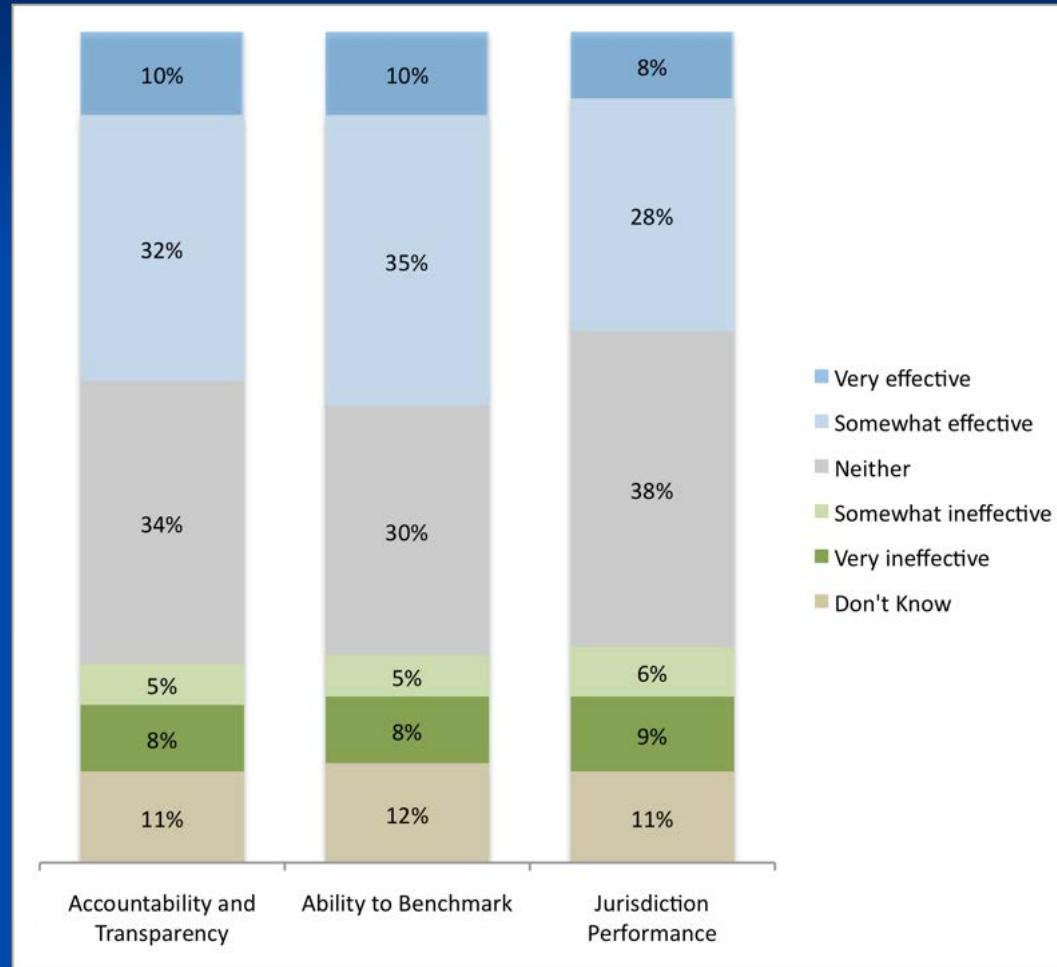


(among ineligible jurisdictions)

EVIP Category 1: Accountability and Transparency

MPPS Fall 2011 Wave findings:

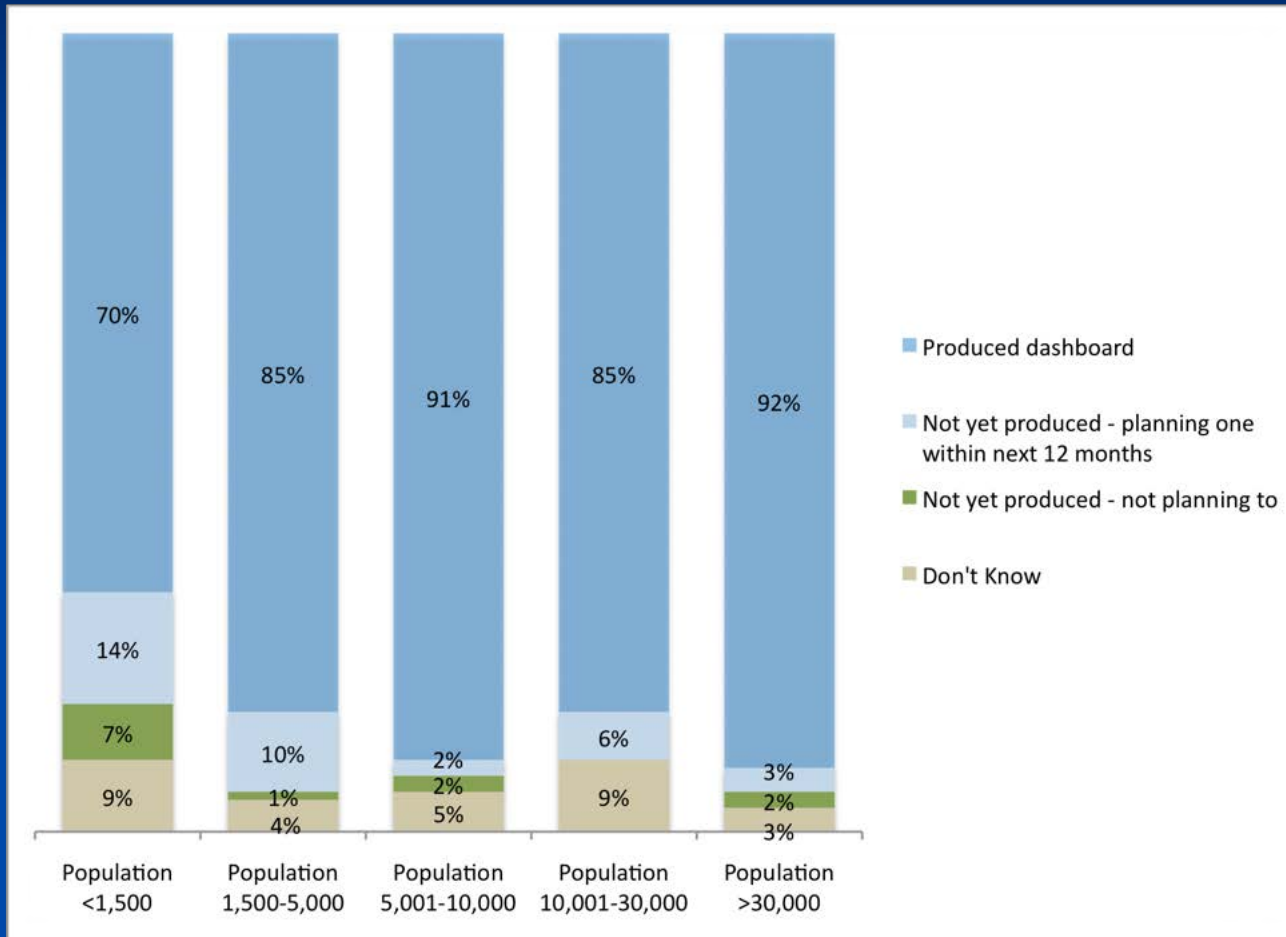
A core of local officials believe strongly in dashboards, but most have doubts about efficacy



(among all jurisdictions)

MPPS Fall 2011 Wave findings:

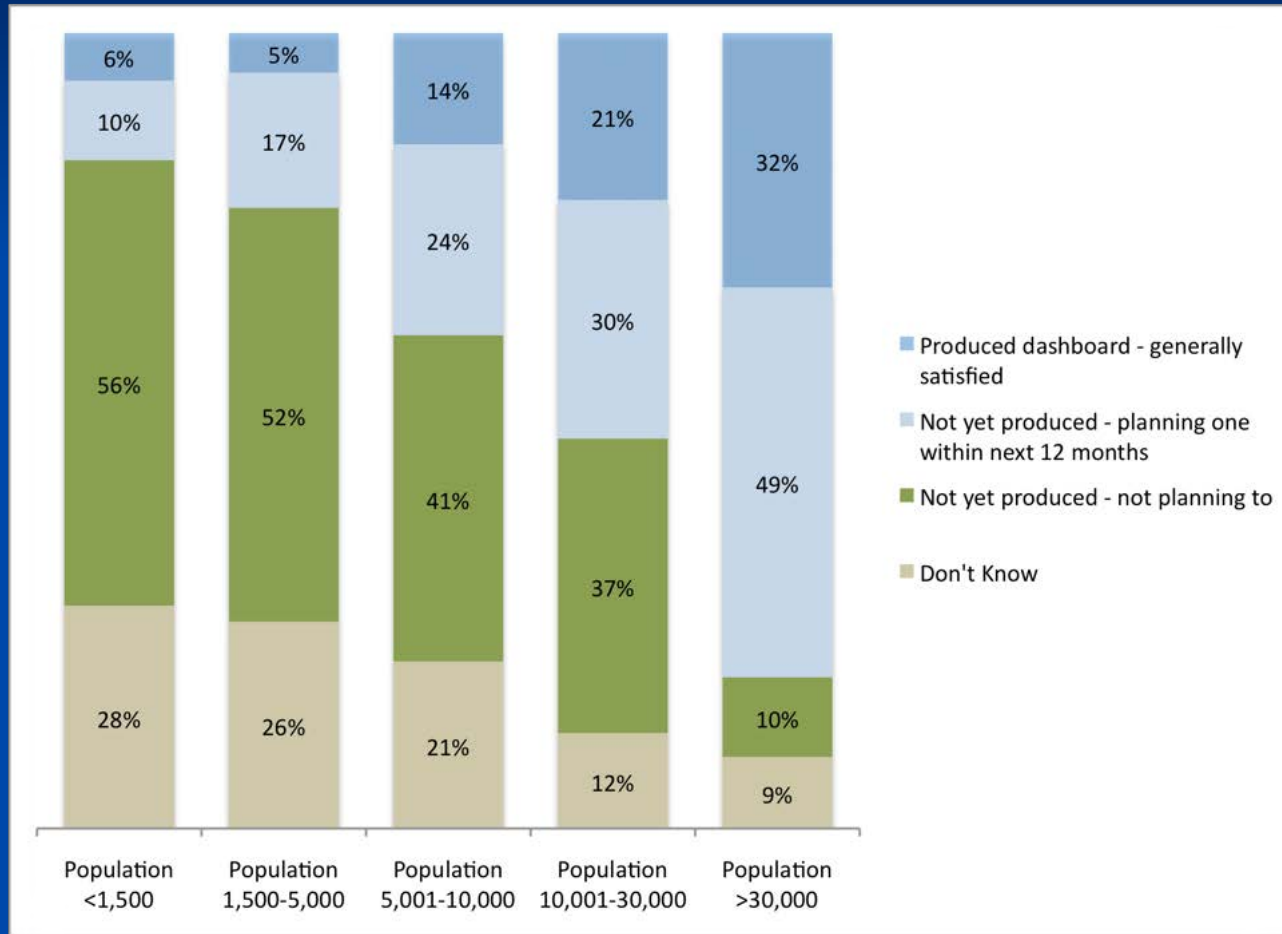
Most EVIP-eligible jurisdictions have created dashboards



(among eligible jurisdictions)

MPPS Fall 2011 Wave findings:

Few jurisdictions ineligible for EVIP have or plan to create dashboards



(among ineligible jurisdictions)

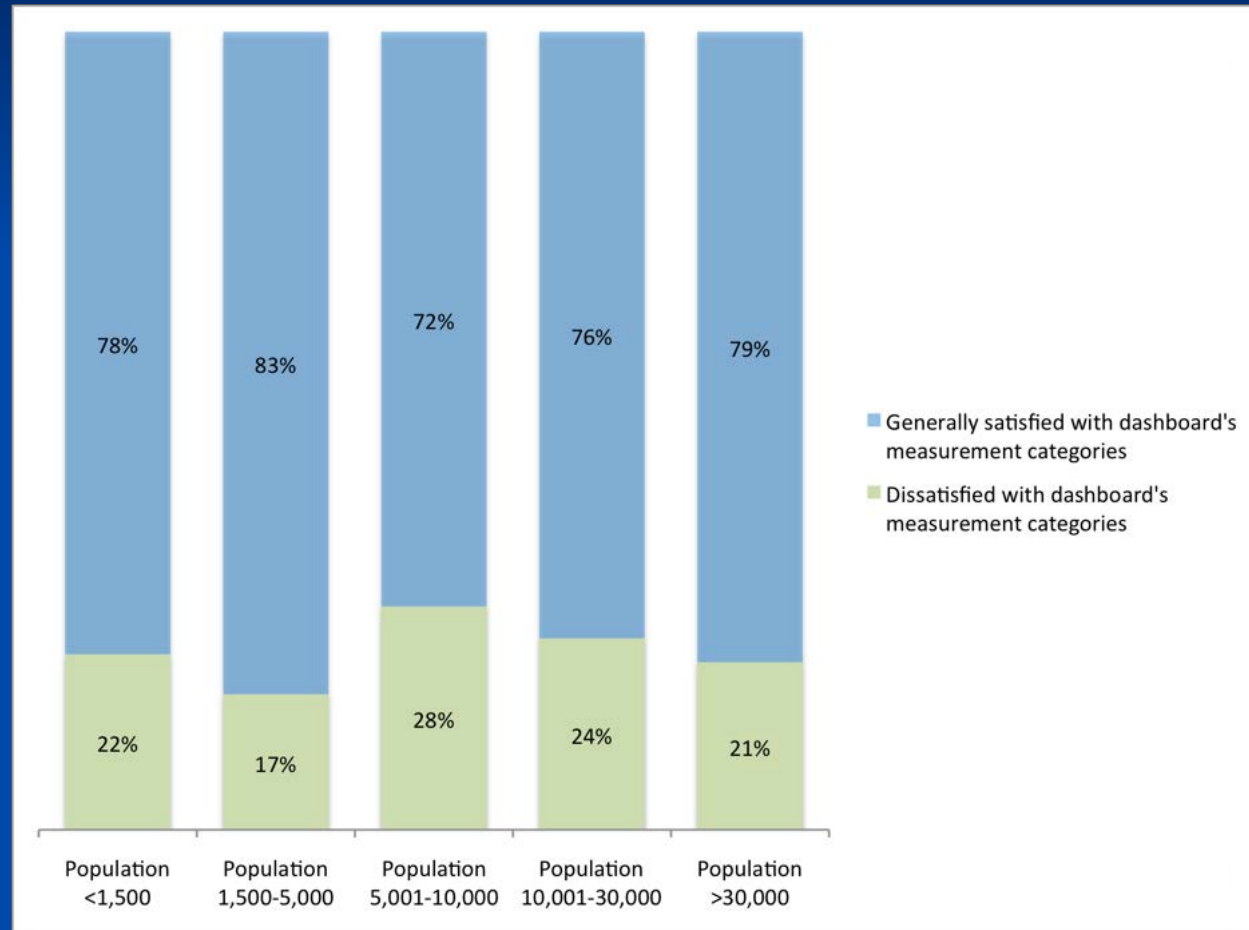
MPPS Fall 2011 Wave findings:

As an incentive program, the EVIP seems to be working

	Among EVIP-eligible jurisdictions	Among those not EVIP-eligible
Official says dashboard would be <u>very</u> effective	90% produced a dashboard	15% produced a dashboard
Official says dashboard would be <u>very</u> ineffective	81% produced a dashboard	8% produced a dashboard

MPPS Fall 2011 Wave findings:

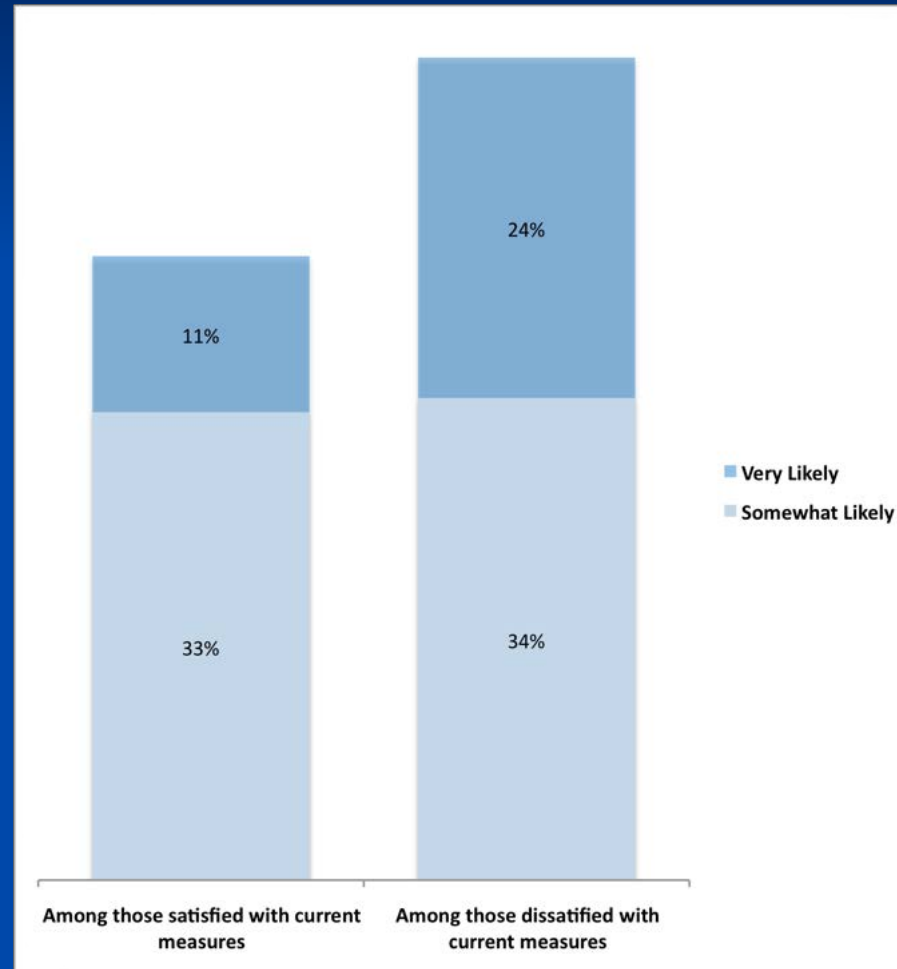
Some jurisdictions concerned about the dashboard measures they're using



(among all jurisdictions with dashboards)

MPPS Fall 2011 Wave findings:

Nearly half of all jurisdictions with dashboards plan to revise measurement categories in next 12 months

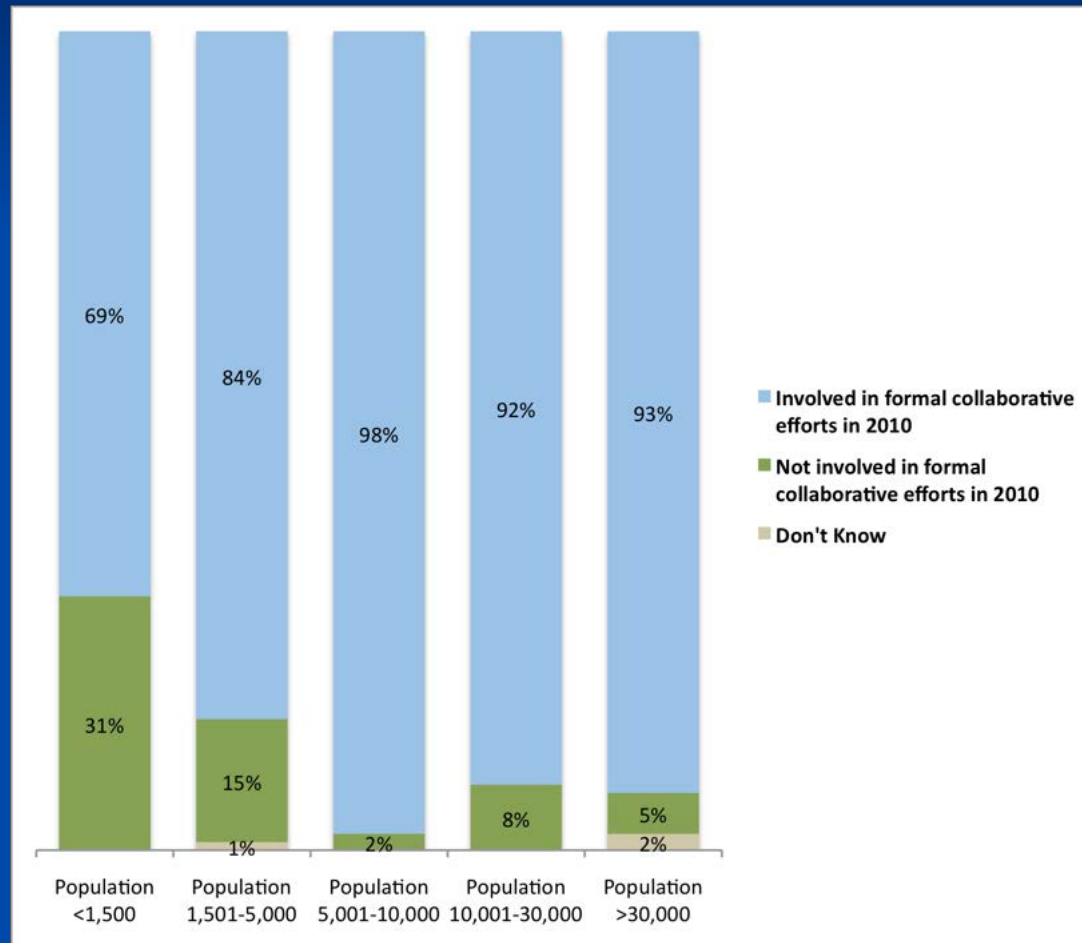


(among all jurisdictions with dashboards)

EVIP Category 2: Consolidation of Services

MPPS Fall 2010 Wave findings:

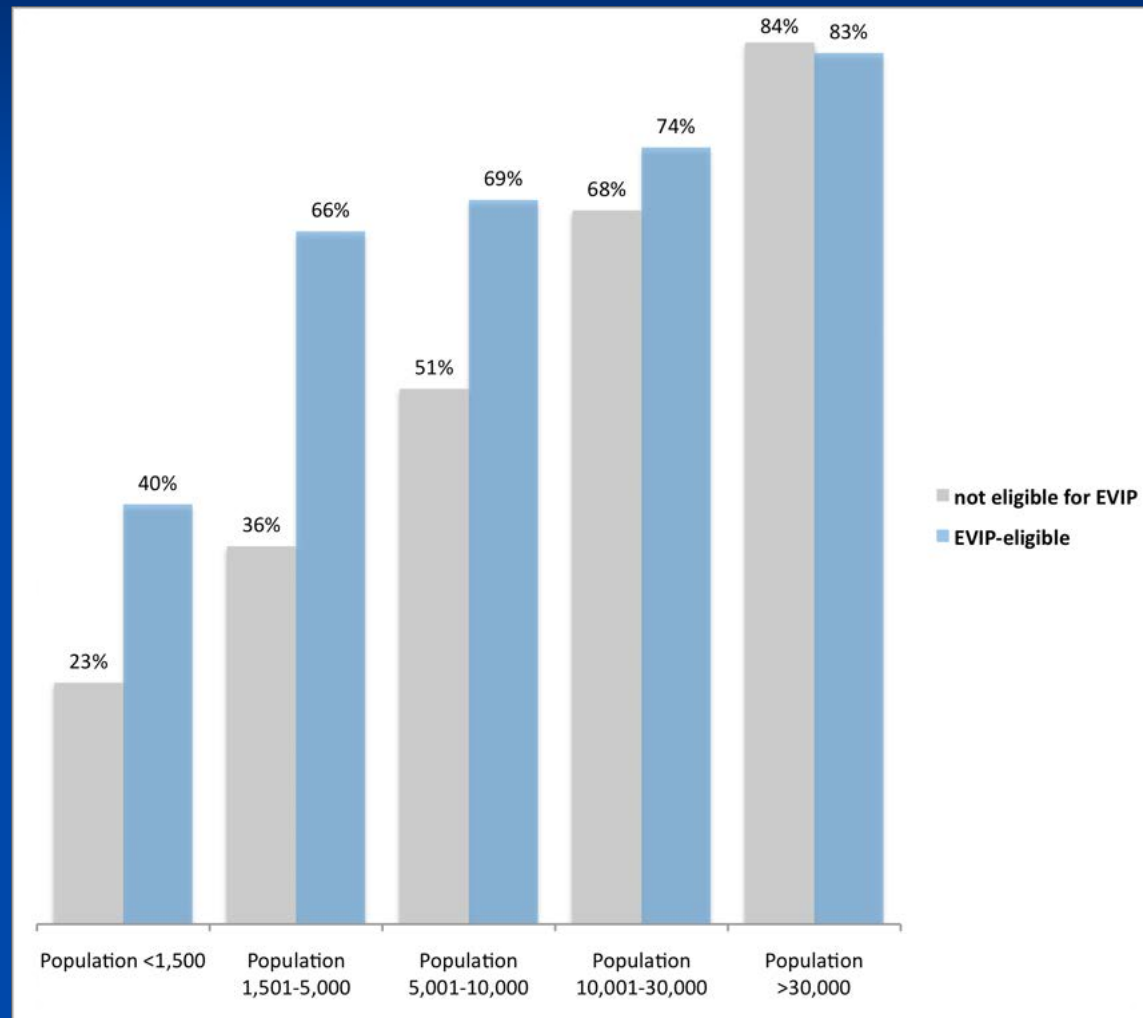
81% of EVIP-eligible jurisdictions were already engaged in collaboration



(among eligible jurisdictions)

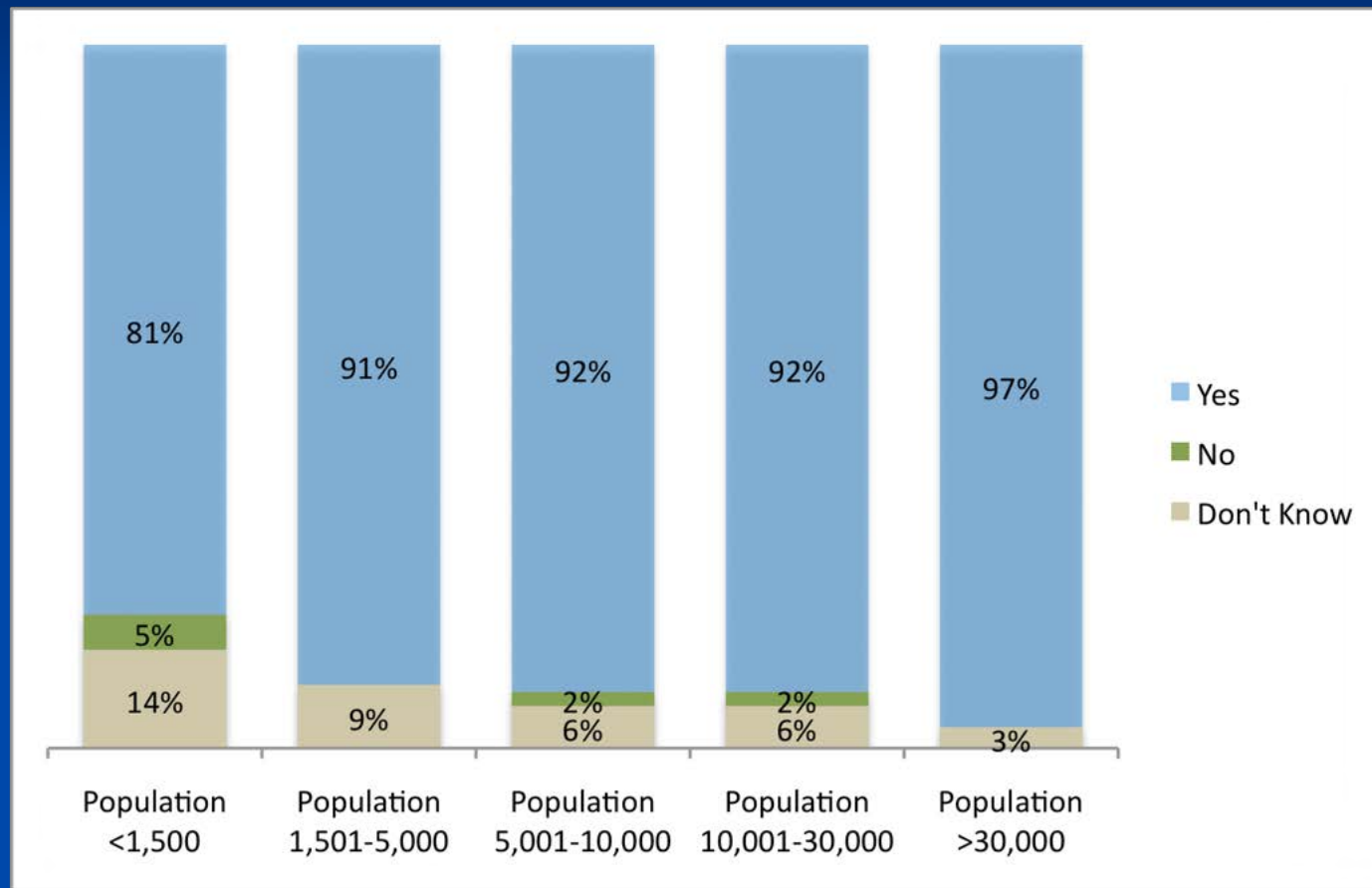
MPPS Fall 2010 Wave findings:

Most EVIP-eligible jurisdictions were also pursuing *new* collaboration in 2010



MPPS Fall 2011 Wave findings:

Most EVIP-eligible jurisdictions report plans to certify for Category 2 EVIP funds

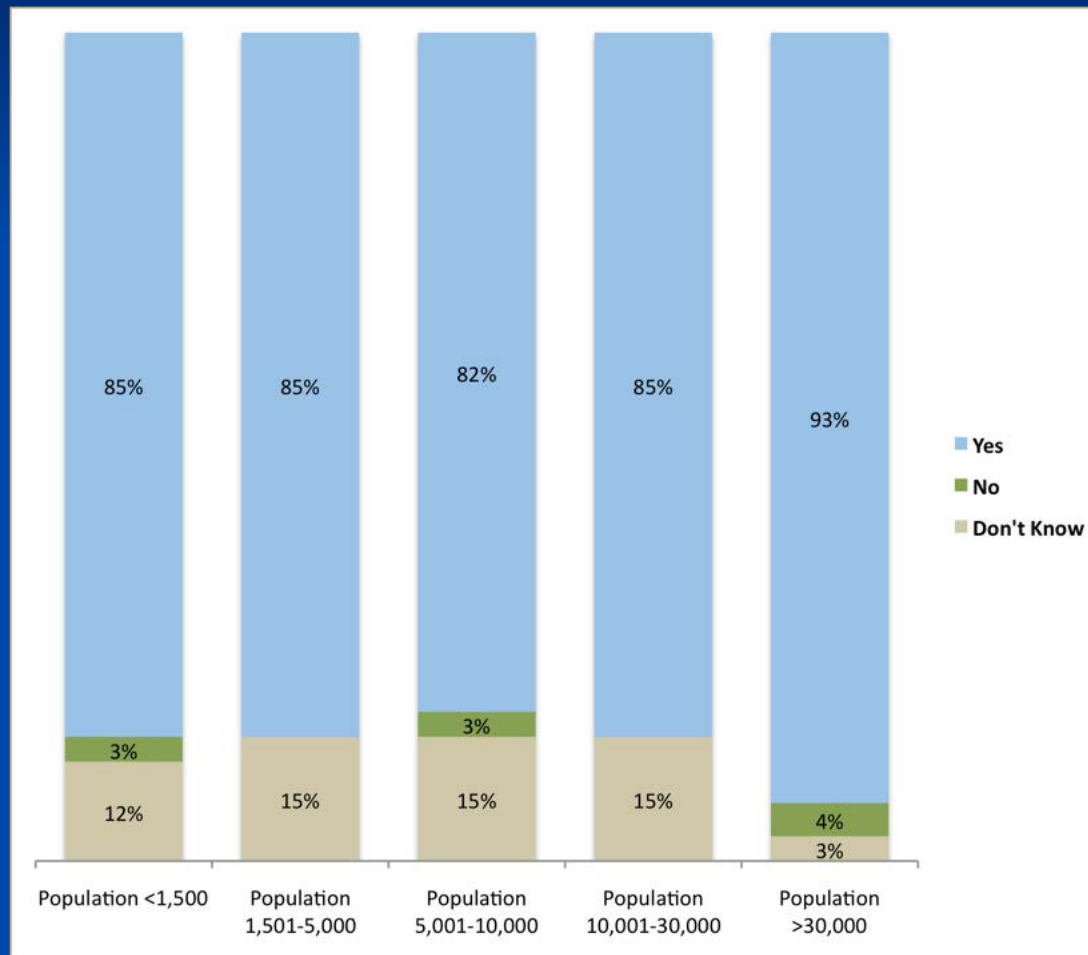


(among eligible jurisdictions)

EVIP Category 3: Employee Compensation

MPPS Fall 2011 Wave findings:

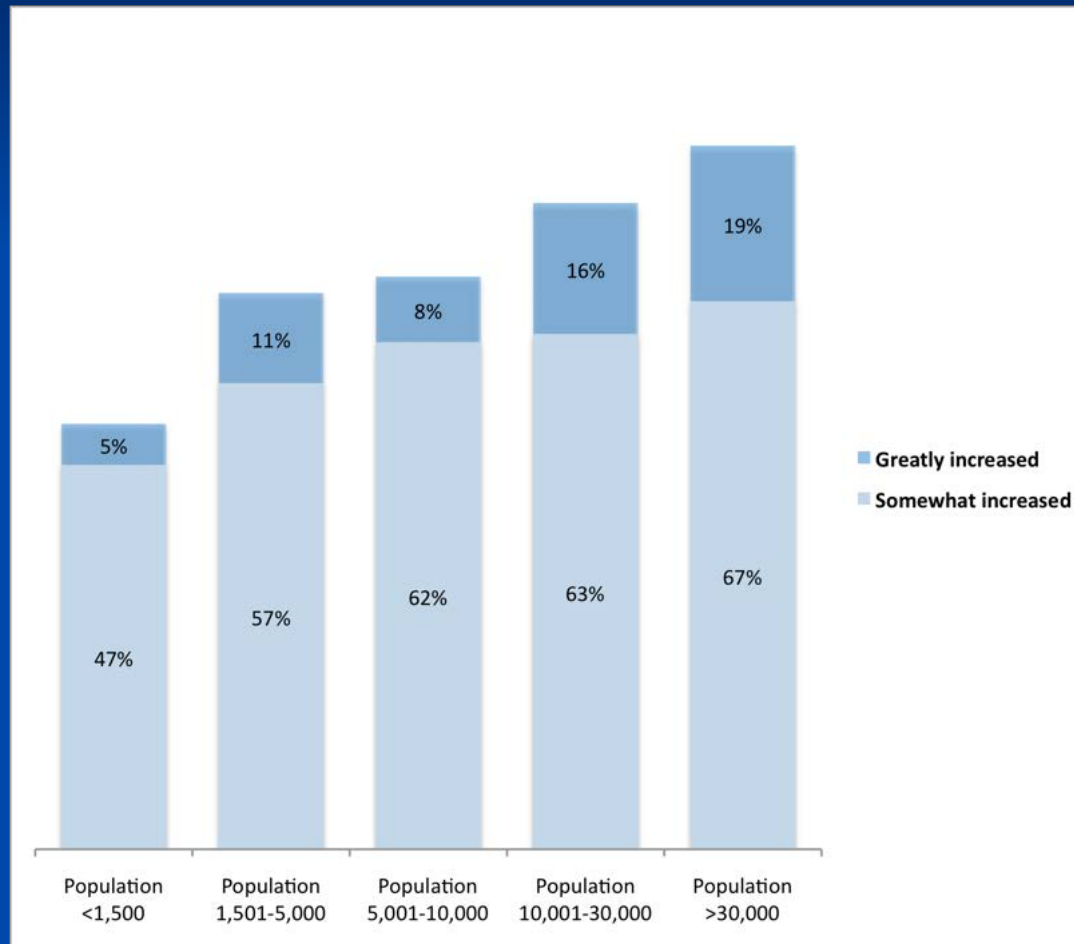
85% of EVIP-eligible jurisdictions plan to comply regarding changes to employee compensation



(among eligible jurisdictions)

MPPS Spring 2011 Wave findings:

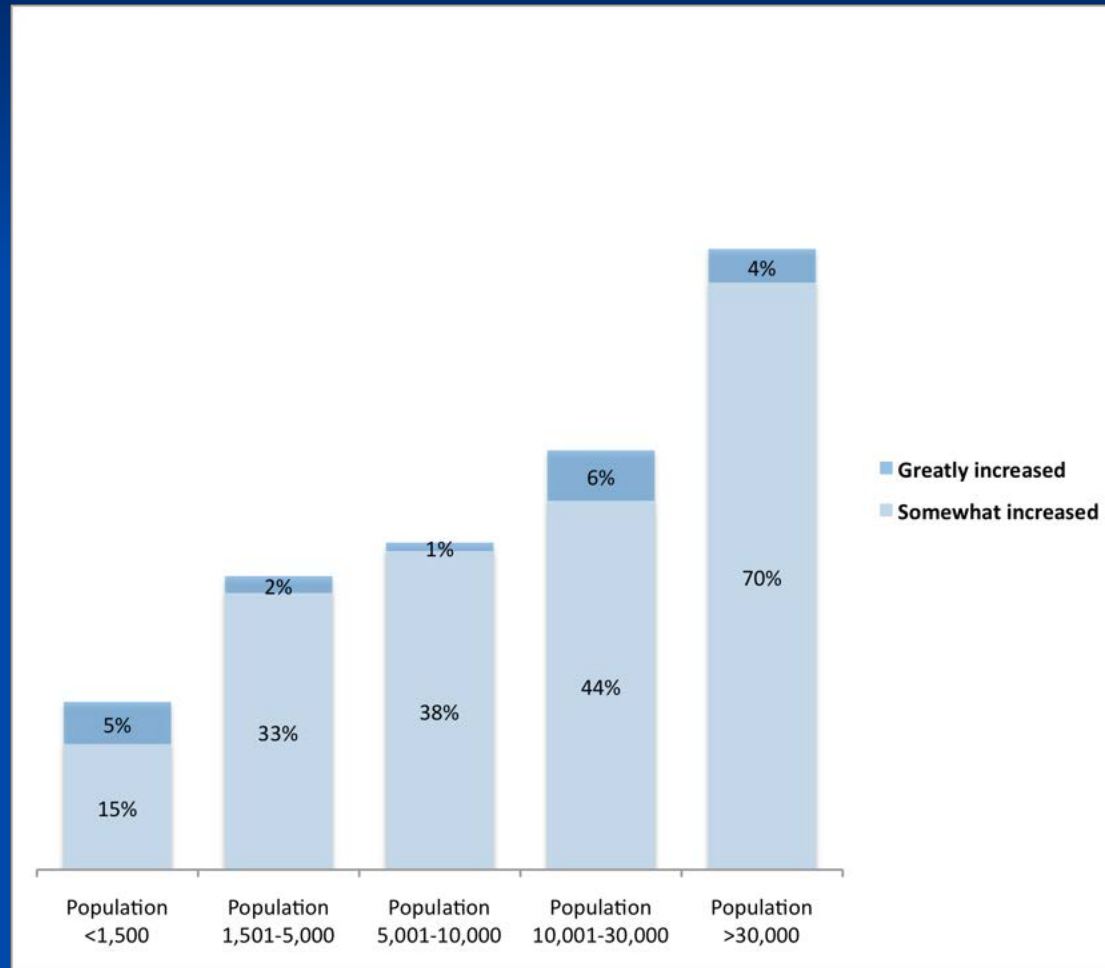
66% of EVIP-eligible jurisdictions were already planning increases in employee health care contributions



(among EVIP eligible jurisdictions that offer pension benefits)

MPPS Spring 2011 Wave findings:

35% of EVIP-eligible jurisdictions were already planning increases in employee pension contributions

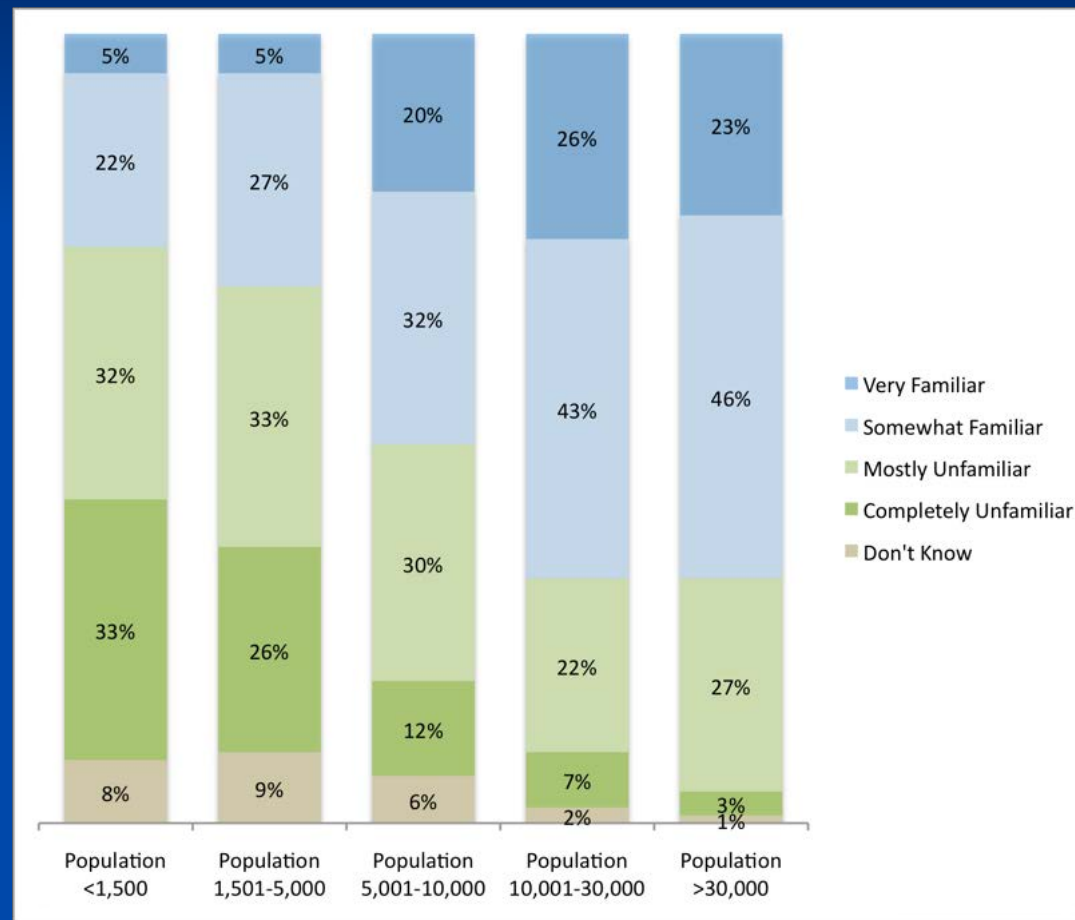


(among EVIP eligible jurisdictions that offer pension benefits)

EVIP Grant Funding for Supporting Collaboration

MPPS Fall 2011 Wave findings:

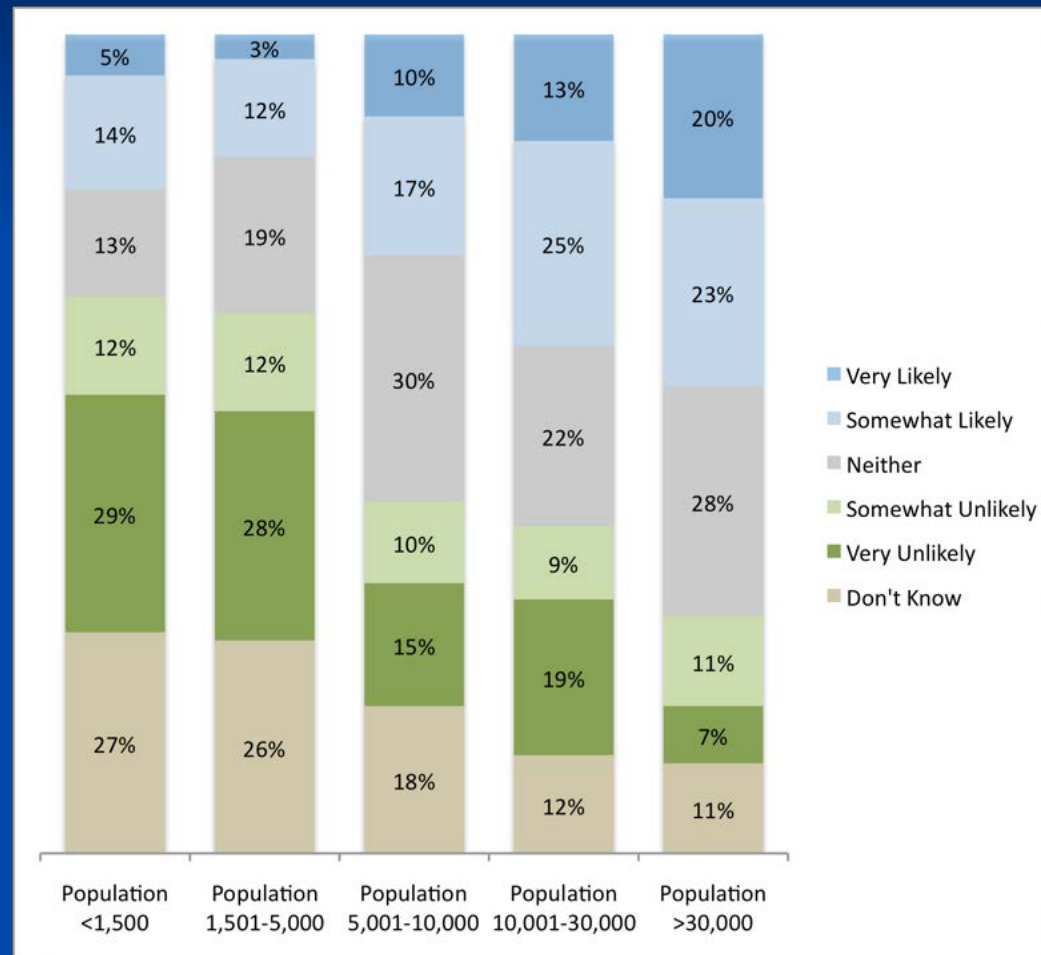
Only small proportion of jurisdictions familiar with EVIP's grant program for collaboration



(among all jurisdictions)

MPPS Fall 2011 Wave findings:

Few officials say their jurisdictions are likely to apply for EVIP grants



(among all jurisdictions)

Key Findings from MPPS Fall 2011 EVIP data

- Understanding of Michigan's EVIP policy innovation is uneven among local leaders across the state.
- A core group of local officials believe strongly in efficacy of dashboards, but many are skeptical.
- Some jurisdictions were already pursuing collaboration and changes to employee compensation.
- Nevertheless, eligible local jurisdictions are complying with EVIP requirements in order to receive funding.

Current and future MPFS survey content

- Types of questionnaire items? Other survey topics?
- Targeted to specific jurisdiction types? (counties only? counties and cities?)
 - How should MPFS data and reports be analyzed and disseminated?

Contact us at: closup-mpps@umich.edu

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<http://www.closup.umich.edu>