

Trends in local fiscal health and funding local government in Michigan

Presented at the
Wayne County/WCCC Forum:
Broken Municipal Funding Model
June 27, 2013

The Michigan Public Policy Survey

- **Census survey** – all 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, employee policies, labor unions, state relations, environmental sustainability, citizen engagement, much more.

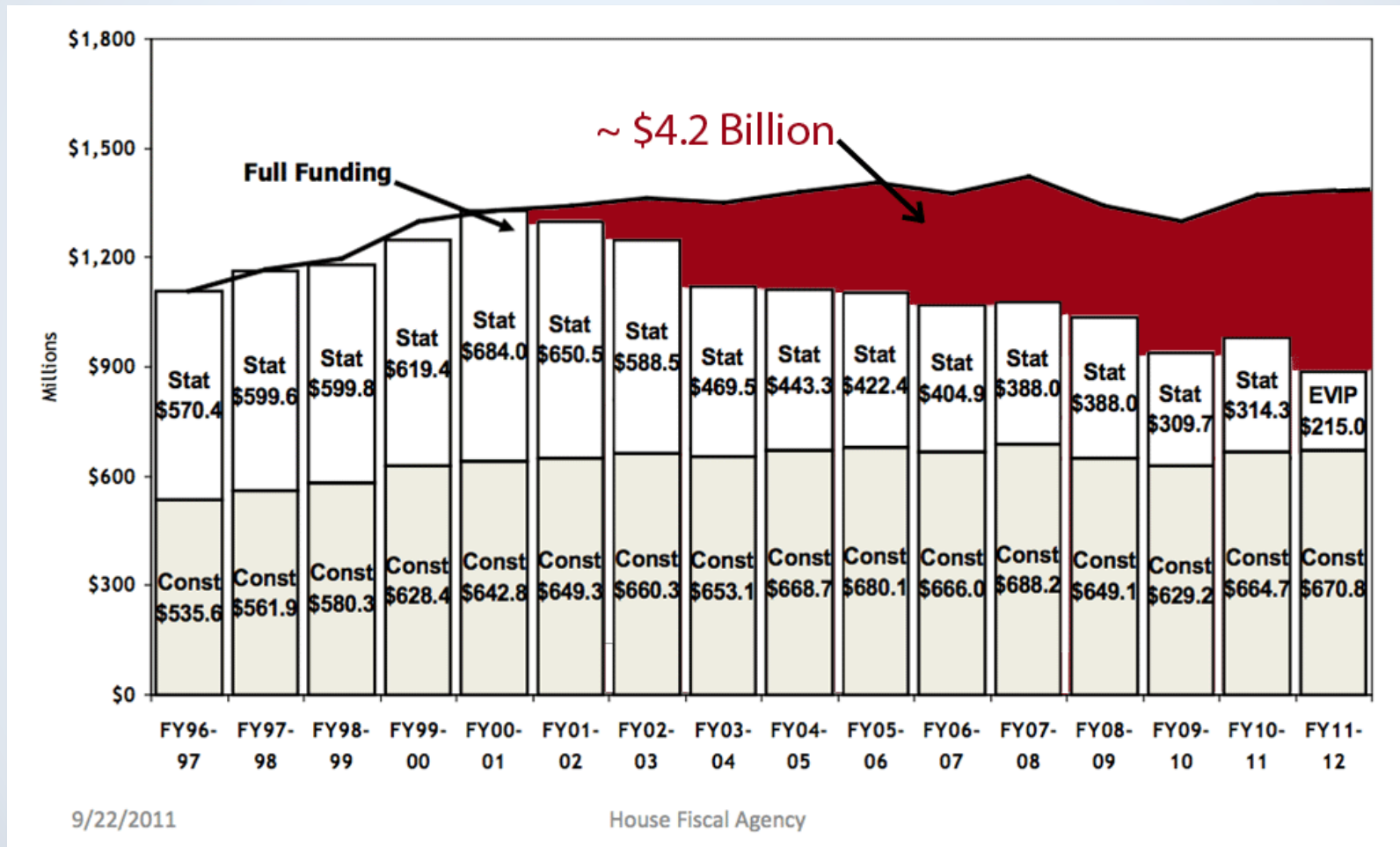
Presentation Outline

- Era of Local Government Retrenchment
- A 2nd Retrenchment Looming?
- What Local Leaders Say Should Be Done

Challenge: Declining Revenues and Rising Costs

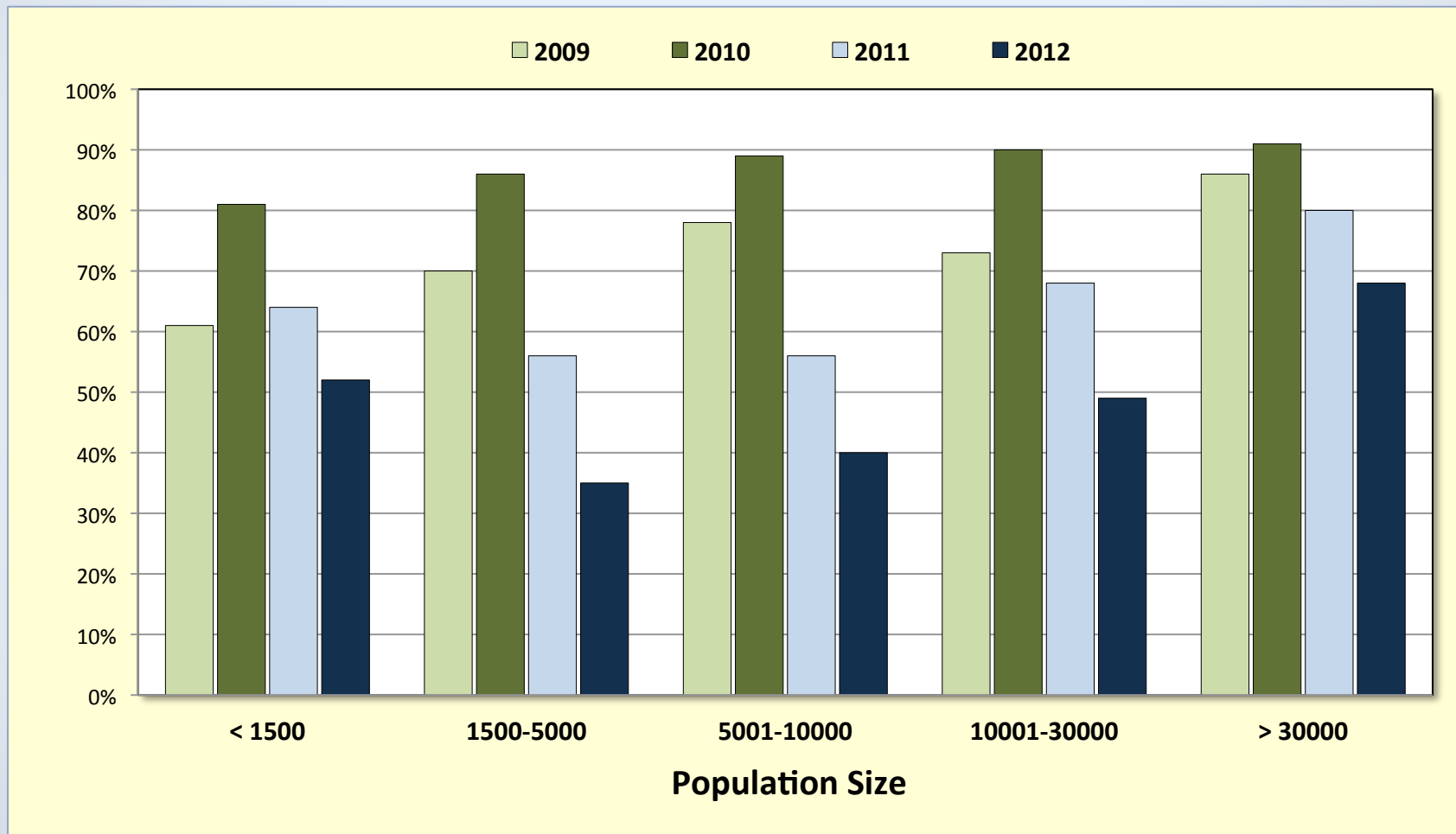
A Decade of Funding Cuts

Revenue sharing cuts



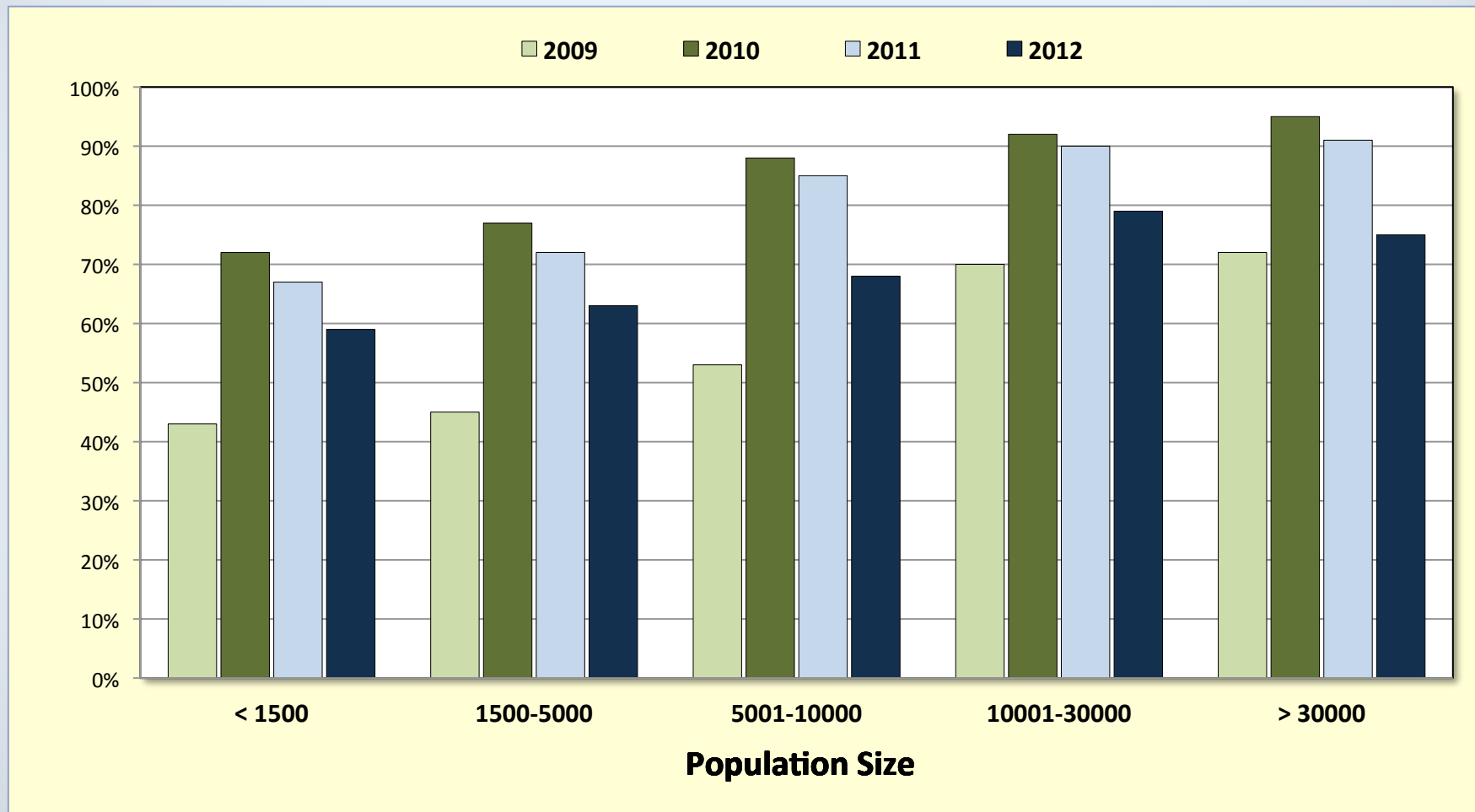
Declining Revenues

% of jurisdictions with **declining state aid**



Declining Revenues

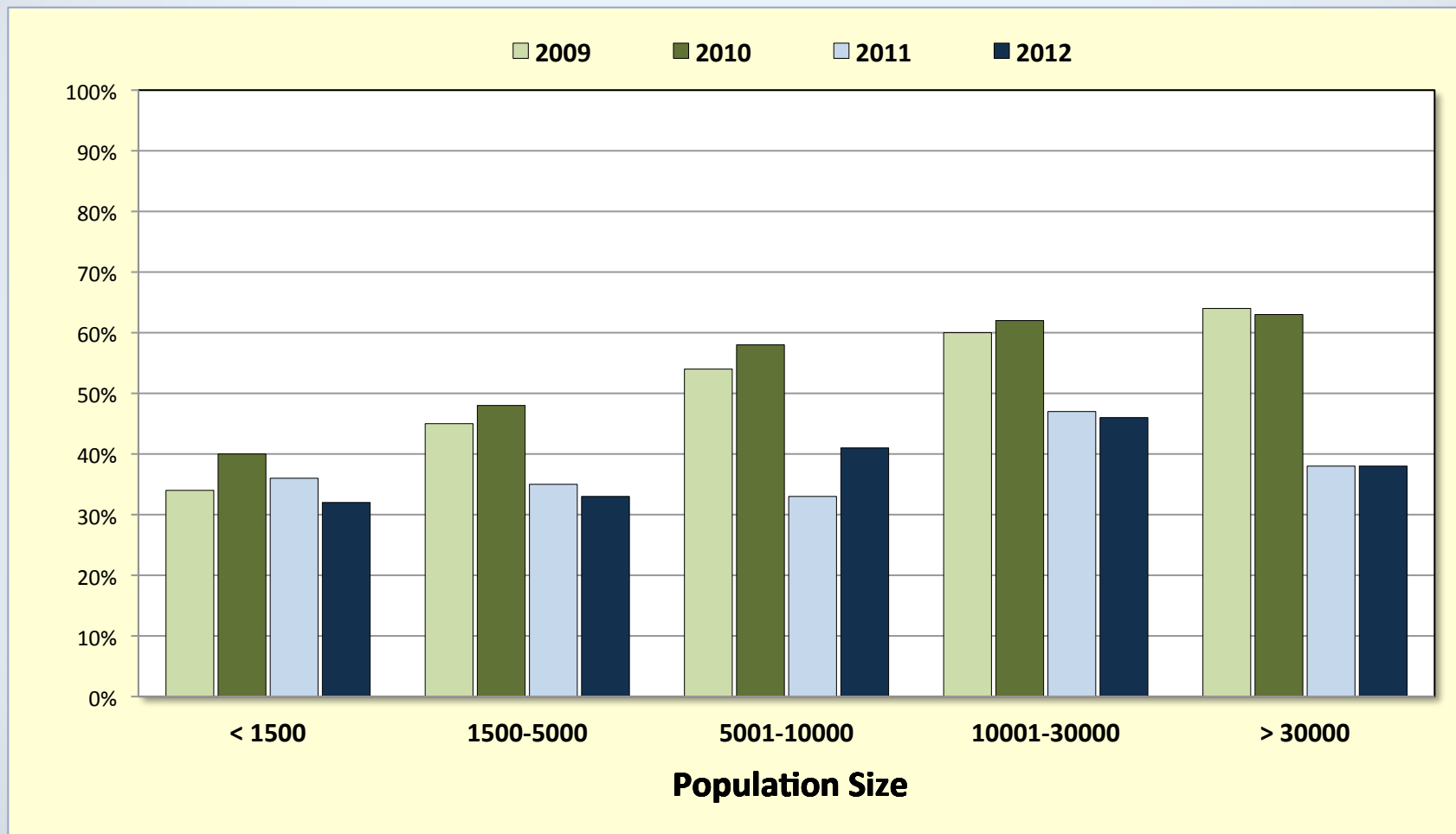
% of jurisdictions with **declining property tax revenues**



Response: Local Governments Take Action

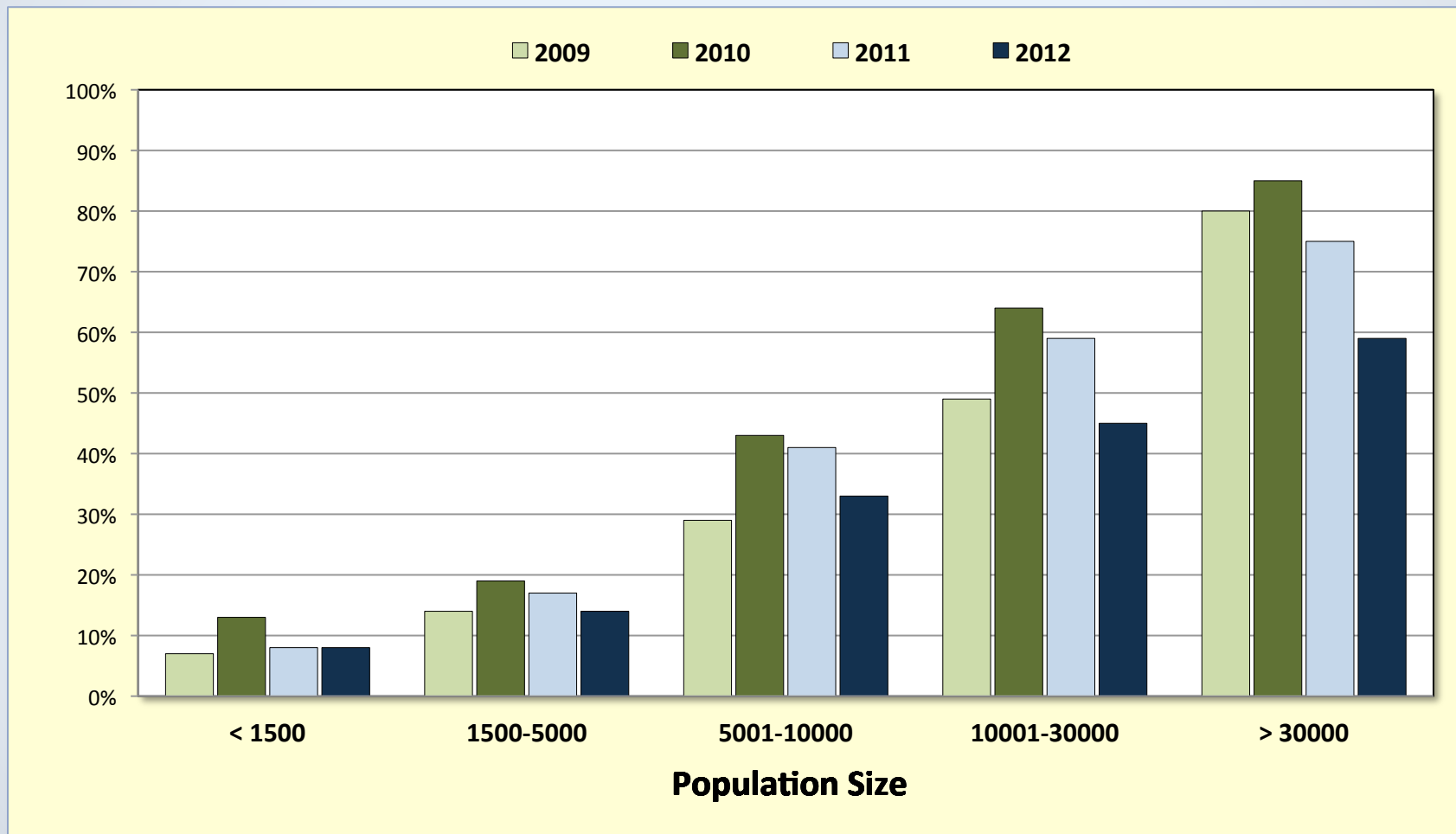
Government Actions

% of jurisdictions **increasing reliance on GF balance**



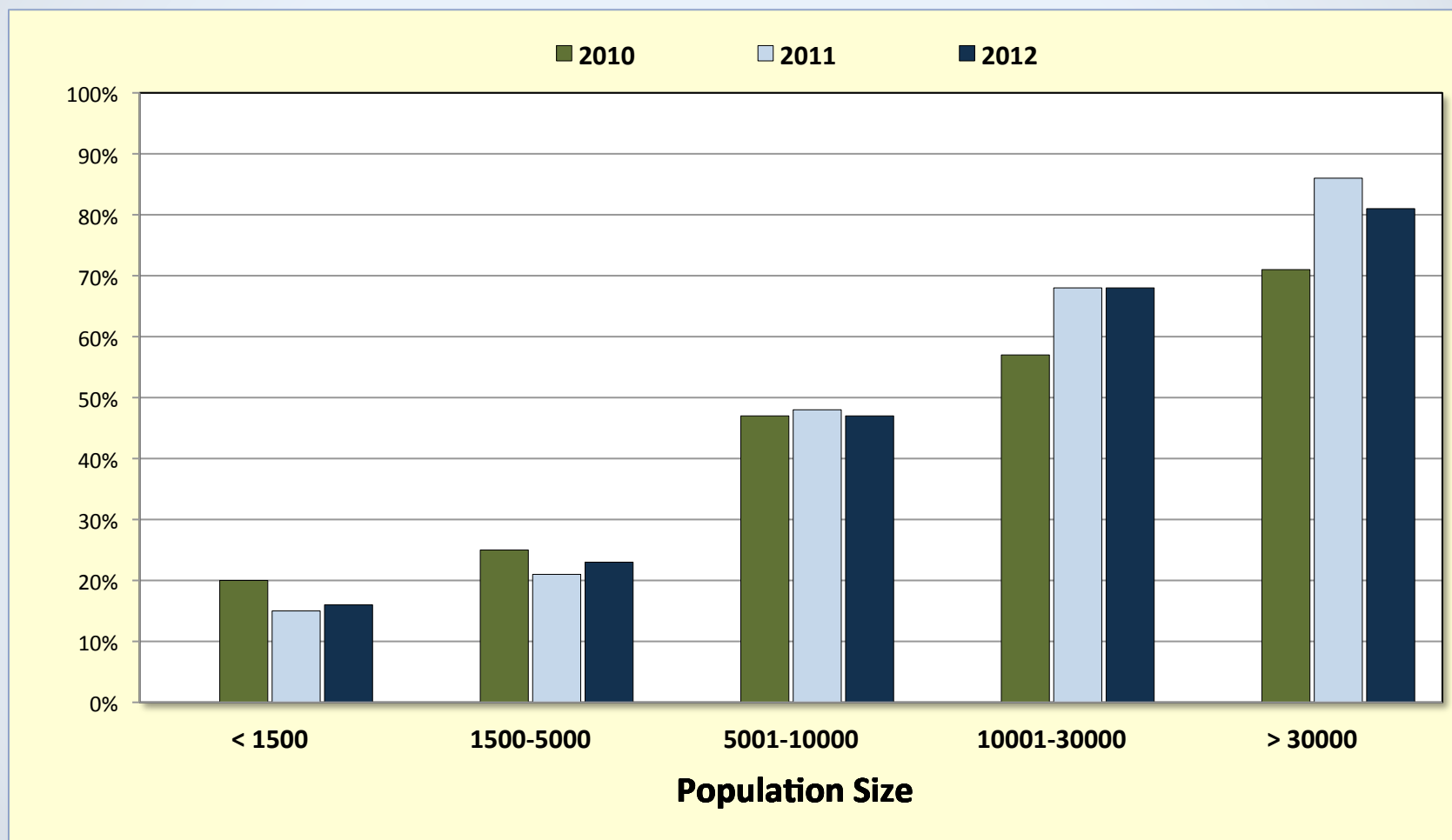
Government Actions

% of jurisdictions **cutting staff levels**



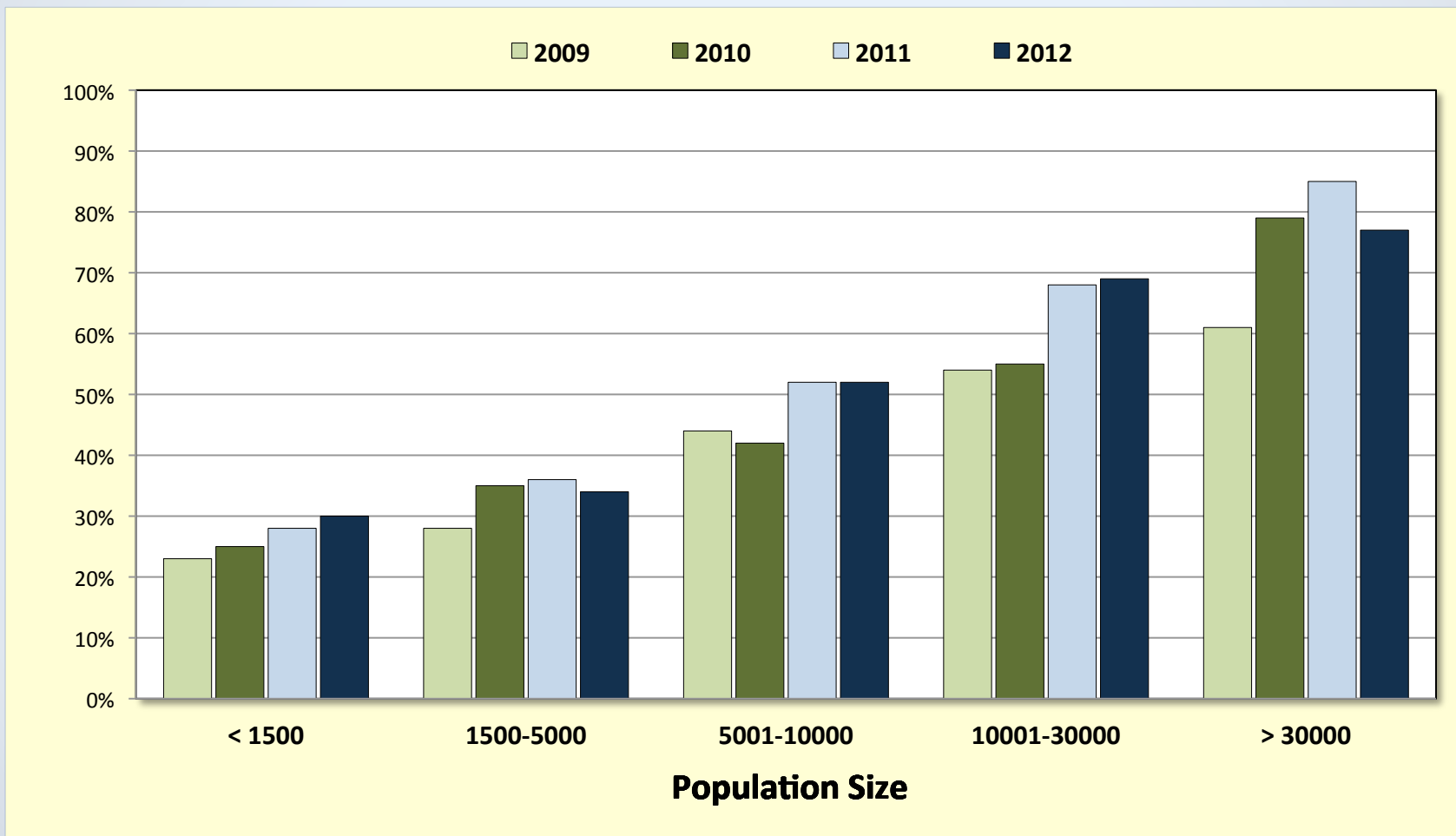
Government Actions

% of jurisdictions **shifting health care costs** to employees



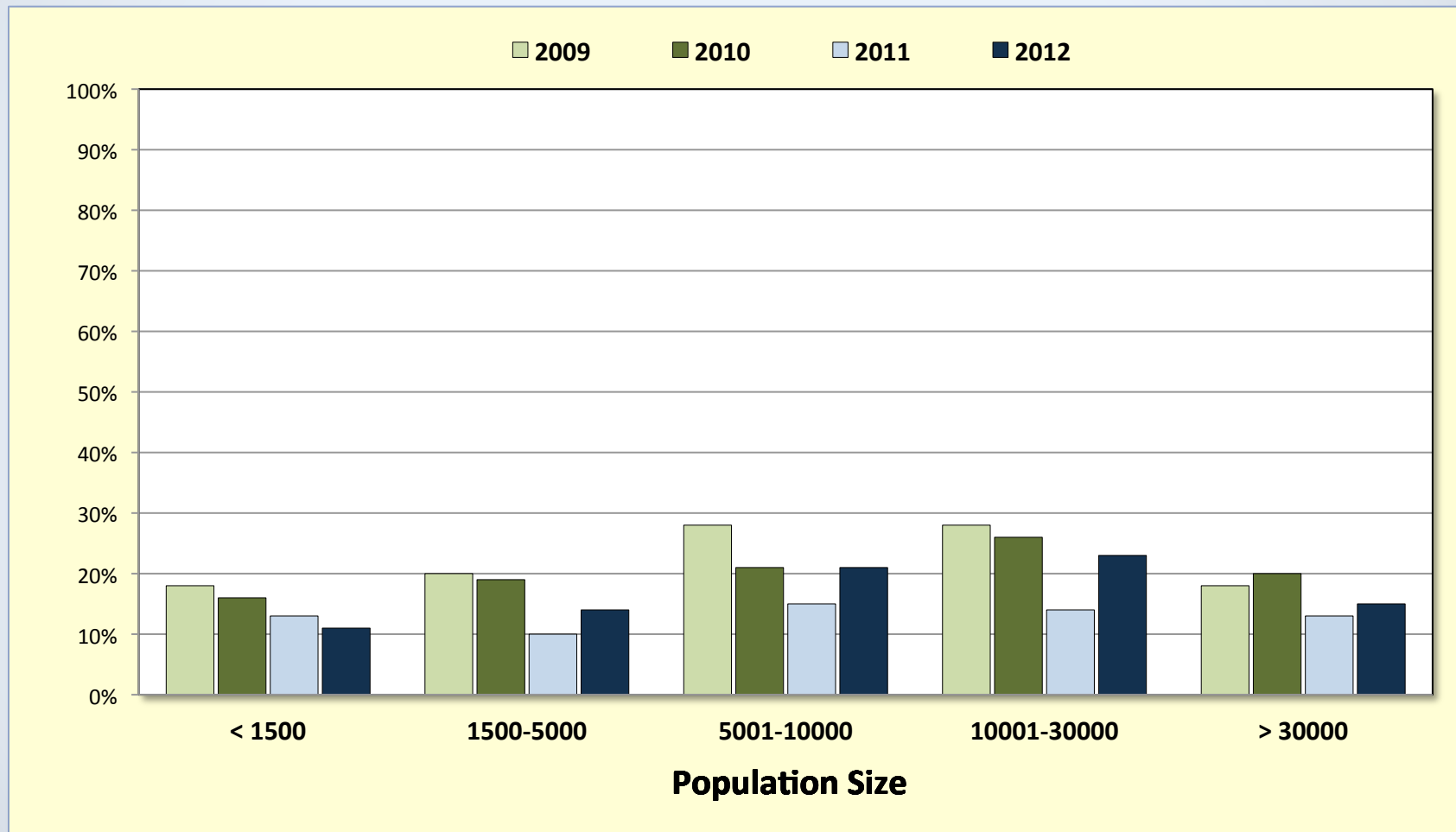
Government Actions

% of jurisdictions **increasing inter-gov't cooperation**



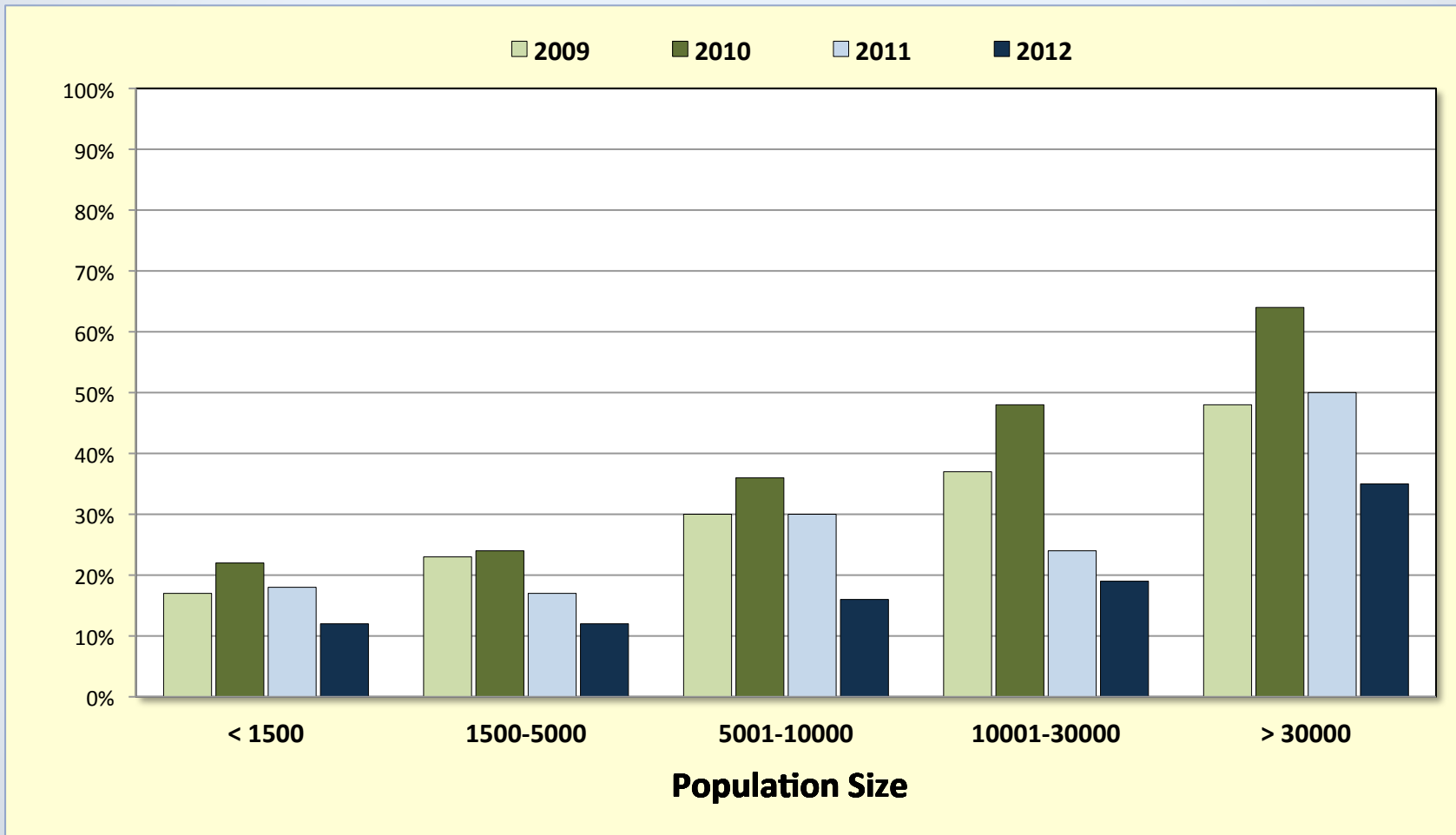
Government Actions

% of jurisdictions **increasing debt**



Government Actions

% of jurisdictions **cutting service levels**

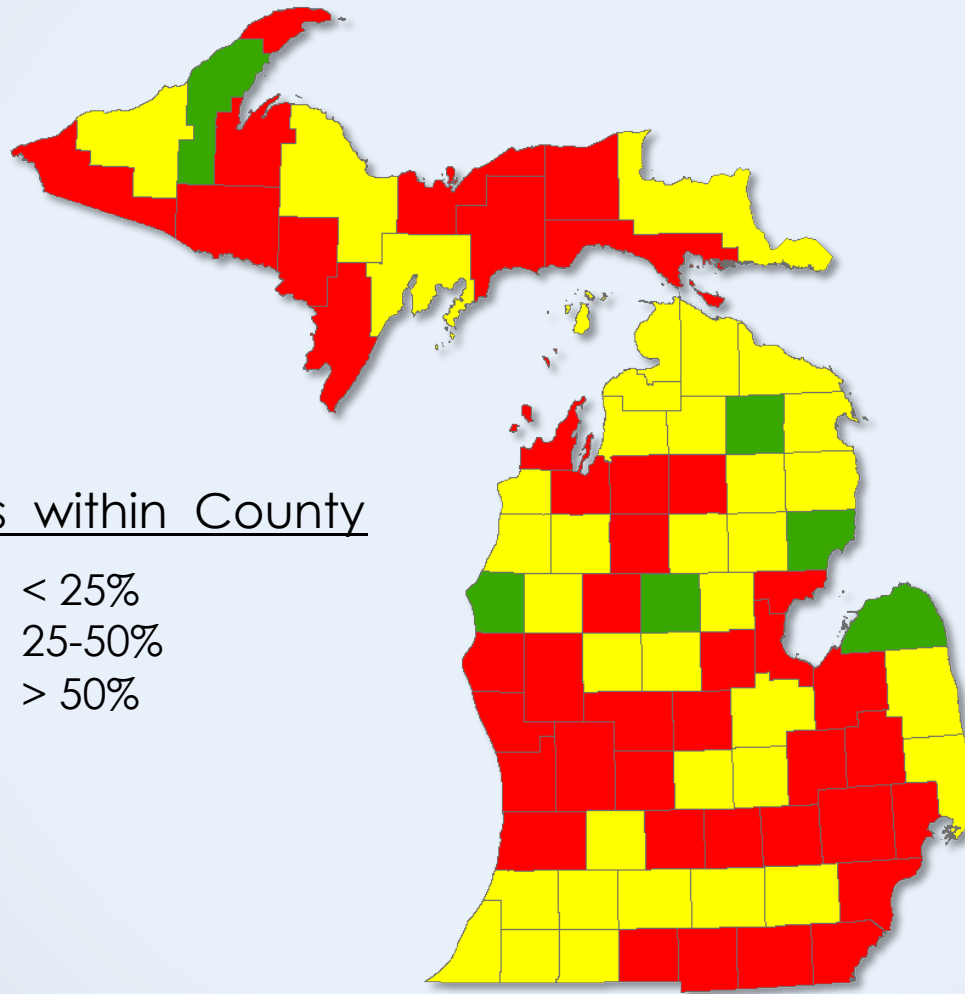


Result:

Some Easing of Fiscal Stress

Spreading Fiscal Problems

2009: **less able to meet fiscal needs**, by county



Jurisdictions within County

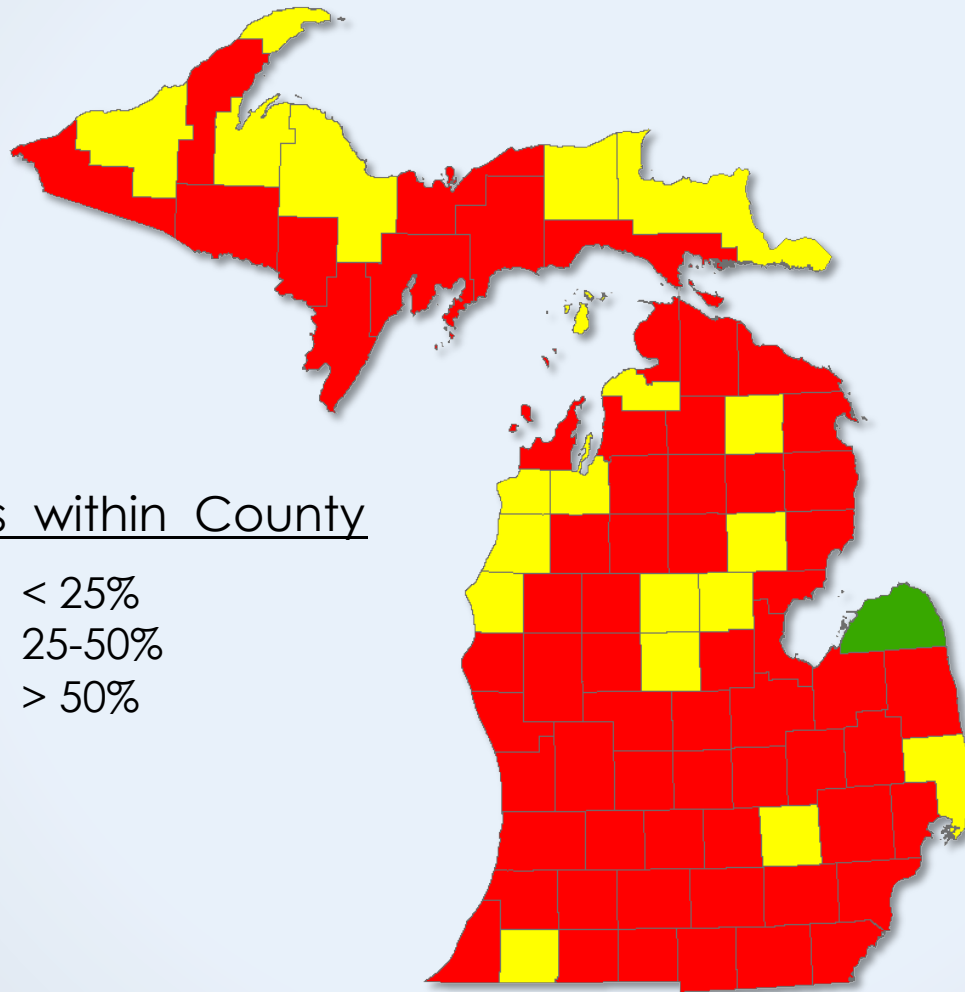
Green: < 25%
Yellow: 25-50%
Red: > 50%

Spreading Fiscal Problems

2010: **less able to meet fiscal needs**, by county

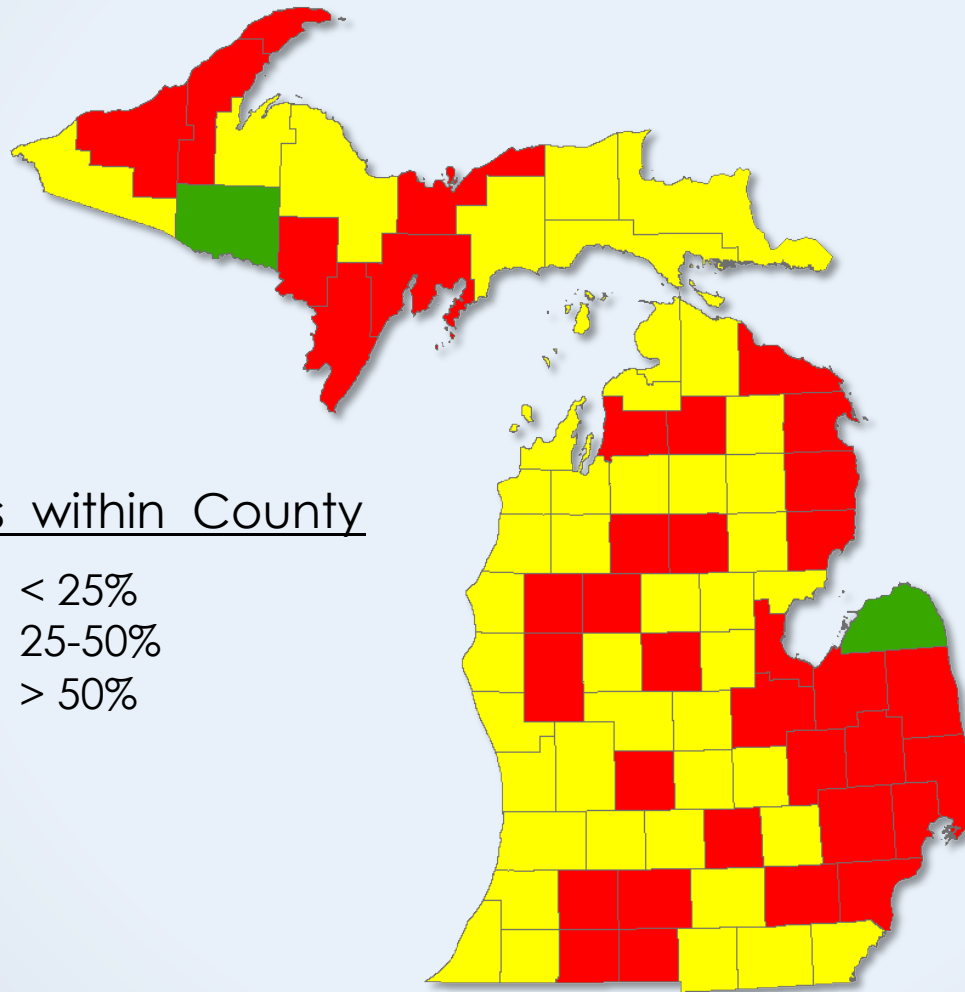
Jurisdictions within County

Green: < 25%
Yellow: 25-50%
Red: > 50%



Easing Fiscal Problems

2011: **less able to meet fiscal needs**, by county



Jurisdictions within County

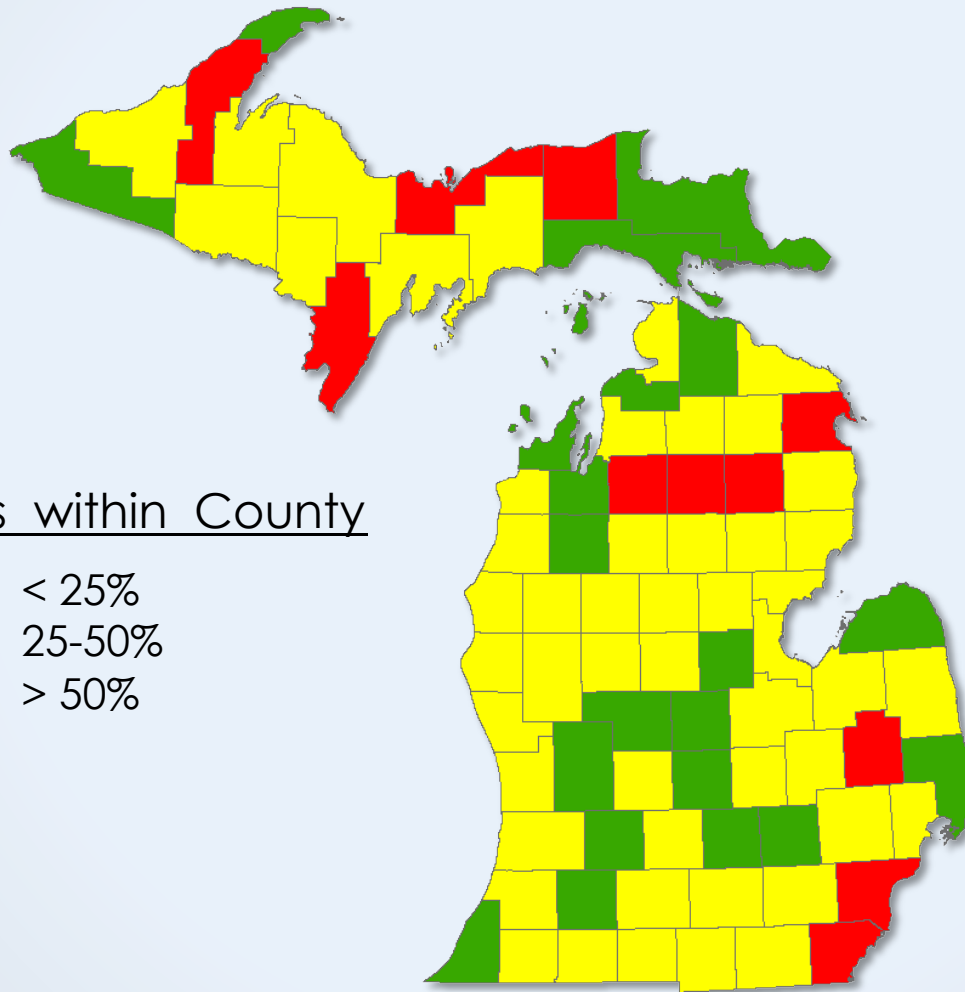
Green: < 25%
Yellow: 25-50%
Red: > 50%

Easing Fiscal Problems

2012: **less able to meet fiscal needs**, by county

Jurisdictions within County

Green: < 25%
Yellow: 25-50%
Red: > 50%

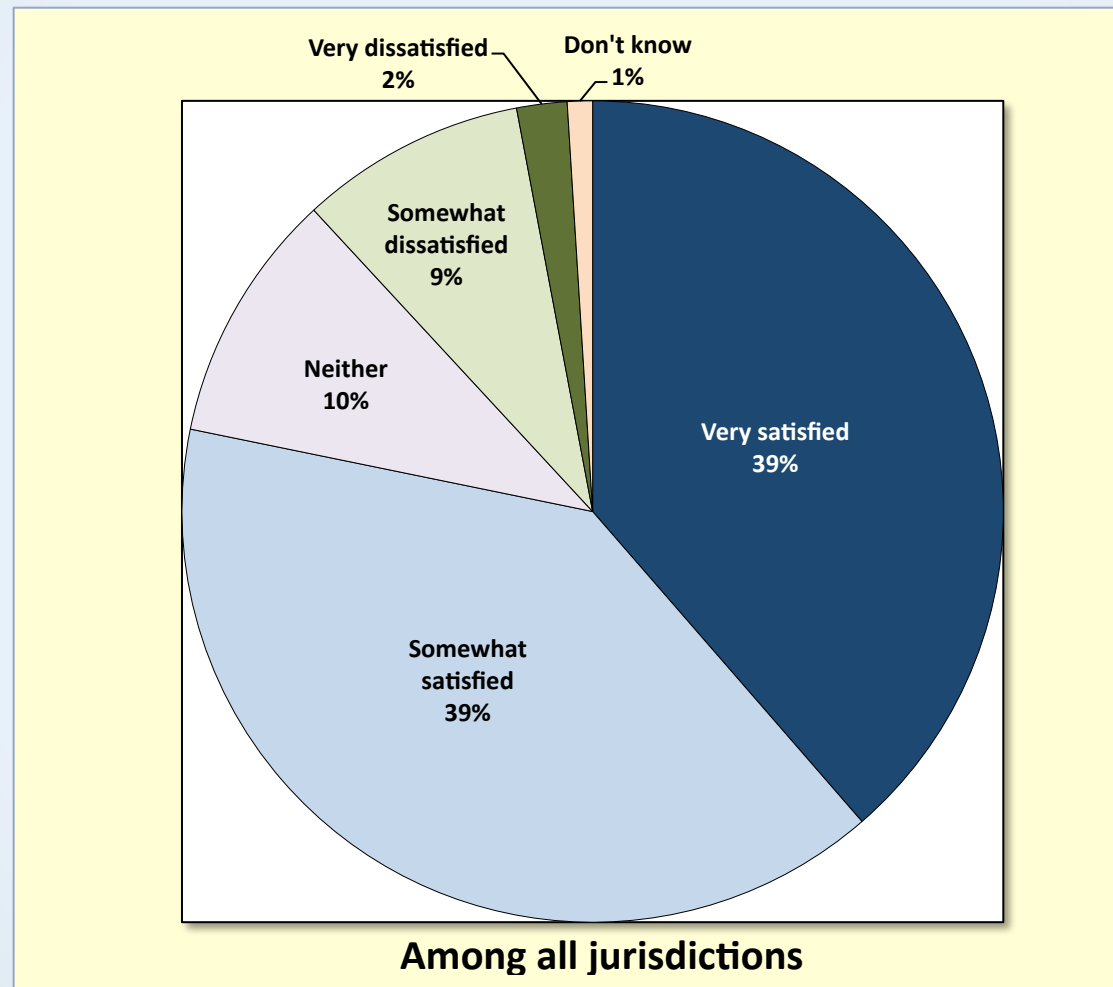


Status of Fiscal Health Today

- **General Fund Balance**
 - 66% say levels are about right or even too high, but ...
41% in largest jurisdictions say its too low
- **Cash Flow**
 - 91% say not much of a problem or not a problem at all, but ...
18% in largest jurisdictions say somewhat of a problem

Services Still Delivered

Satisfaction with **package of services** in 2012

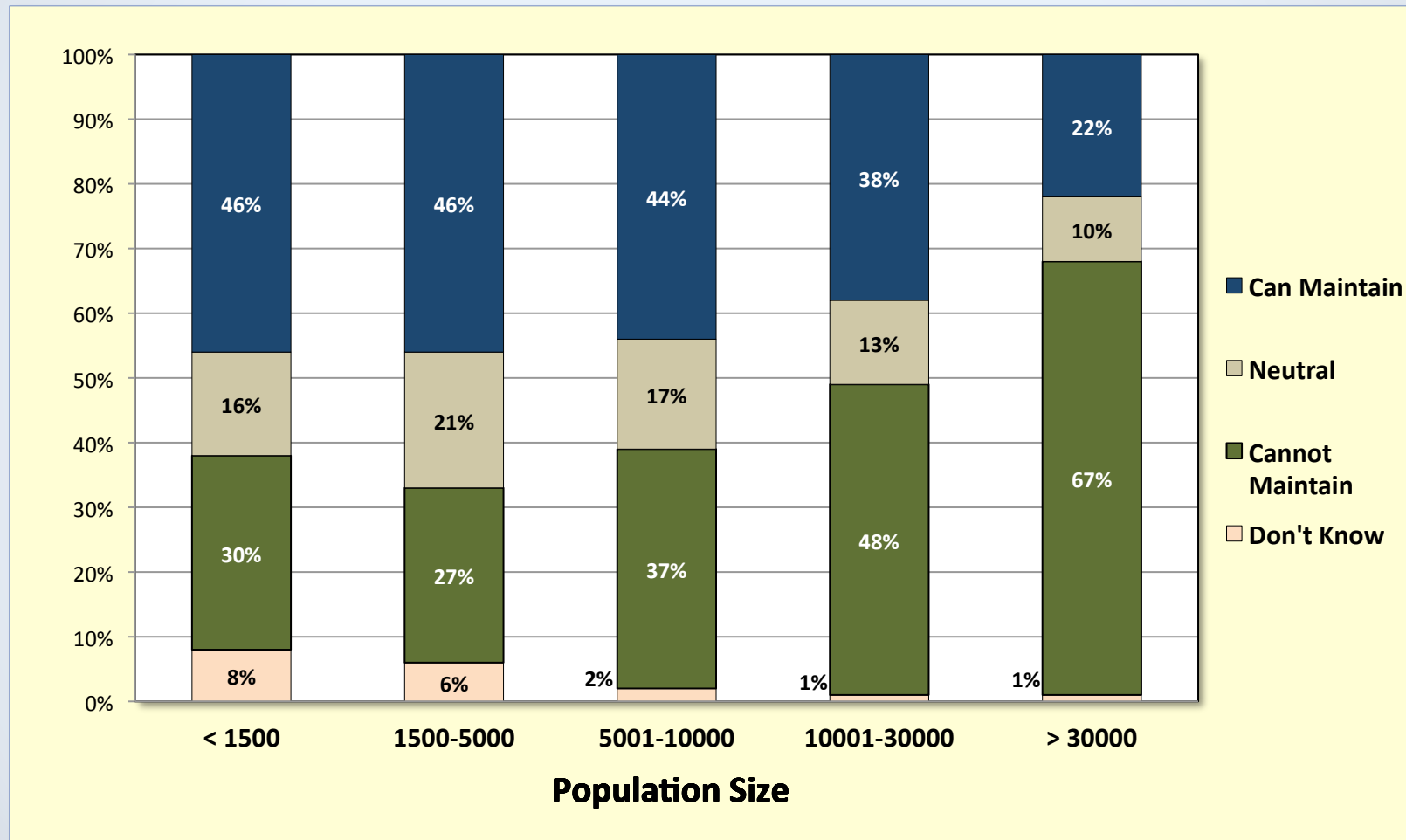


Presentation Outline

- Era of Local Government Retrenchment
- A 2nd Retrenchment Looming?
- What Local Leaders Say Should Be Done

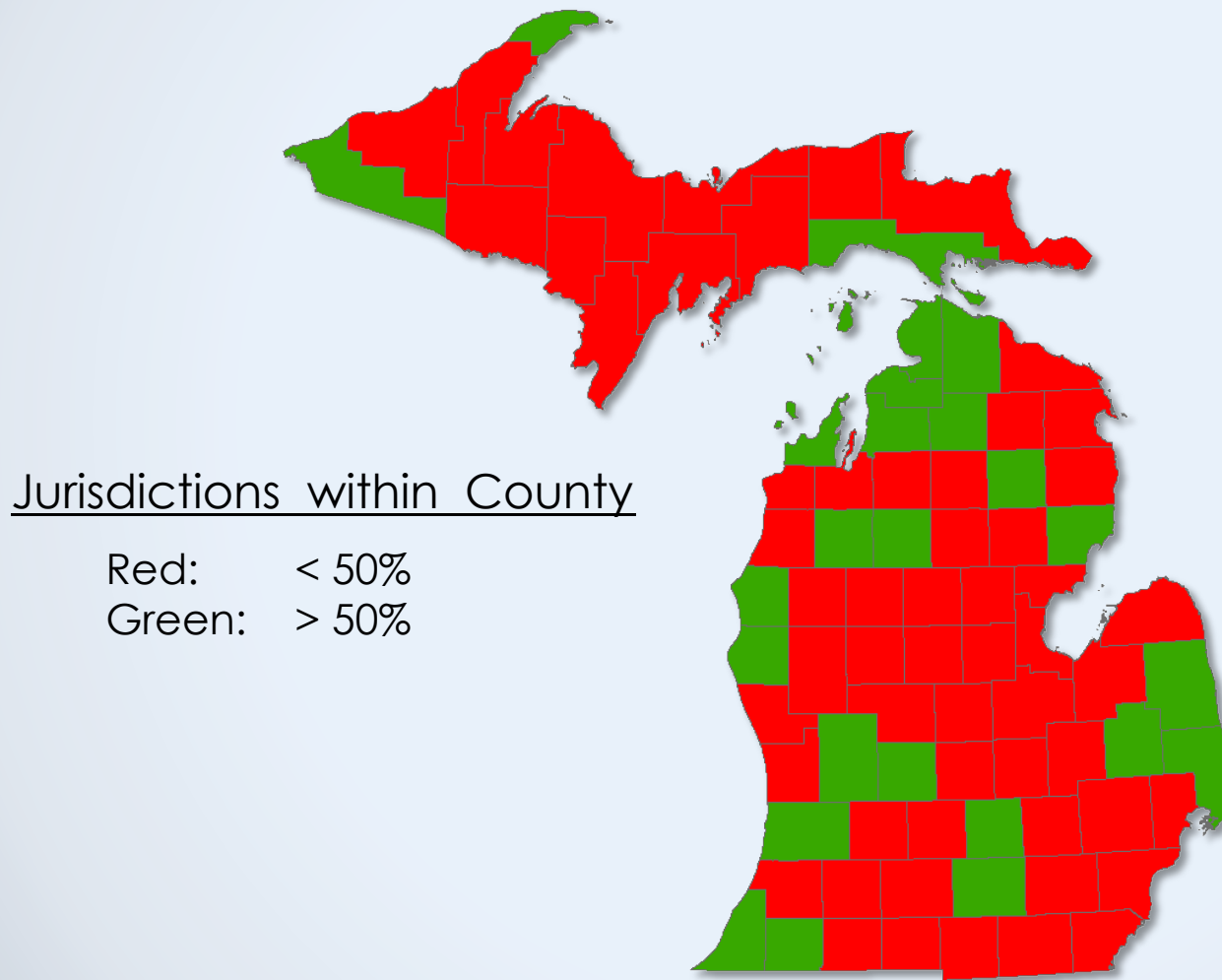
Concerns Going Forward

% that can **maintain services** in current system



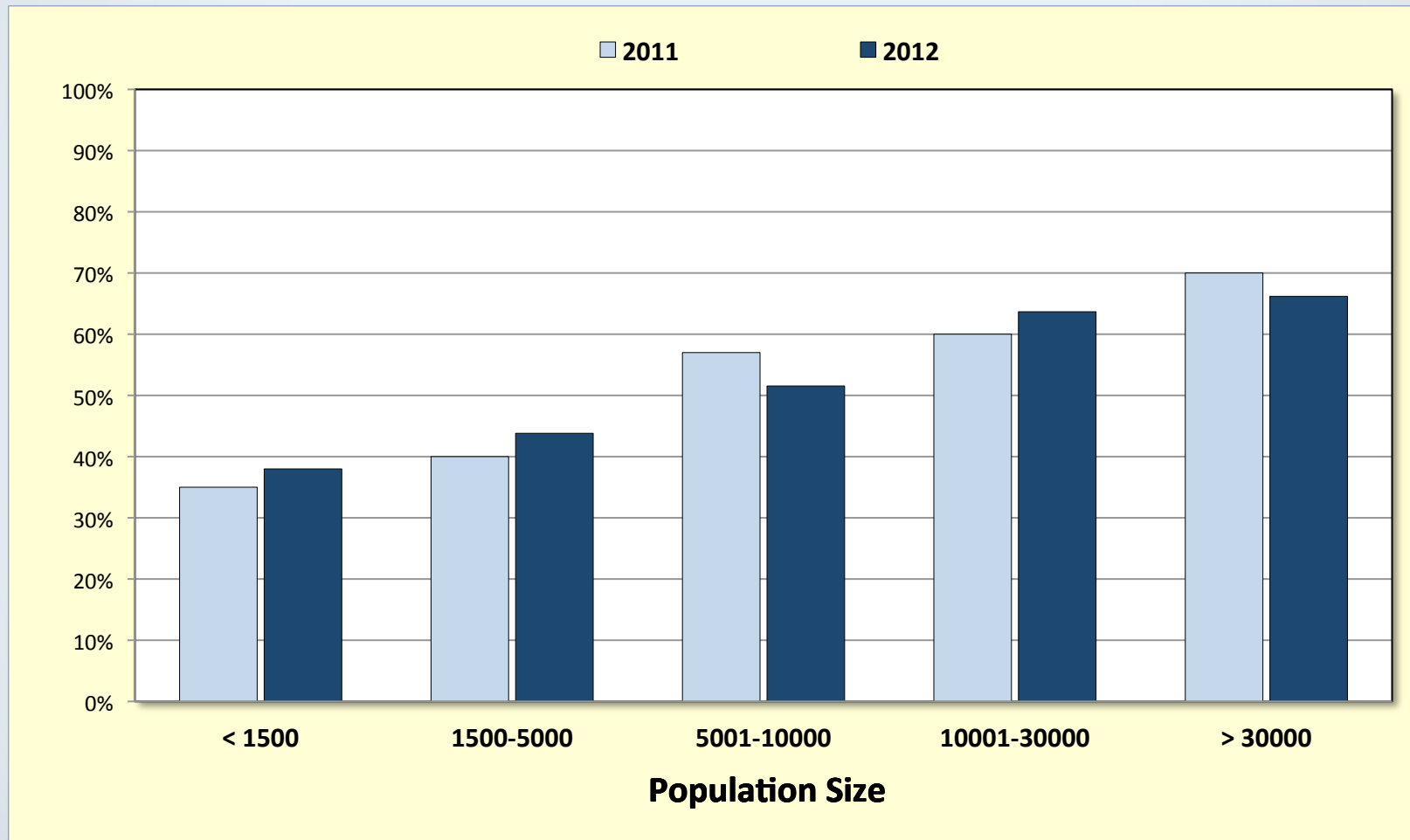
Spreading Fiscal Problems

Able to **maintain services**, by county



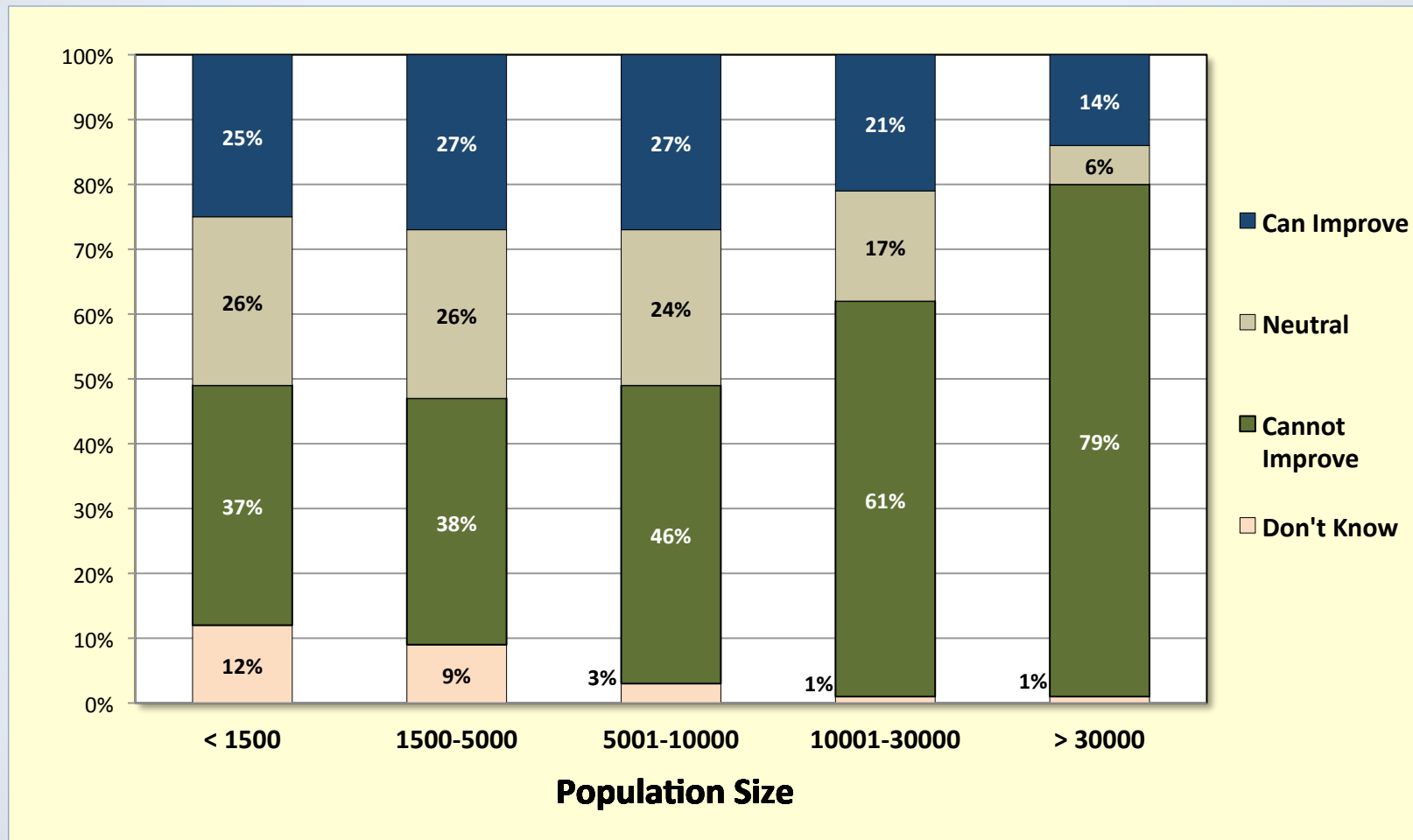
Concerns Going Forward

% of jurisdictions with increased **infrastructure** needs



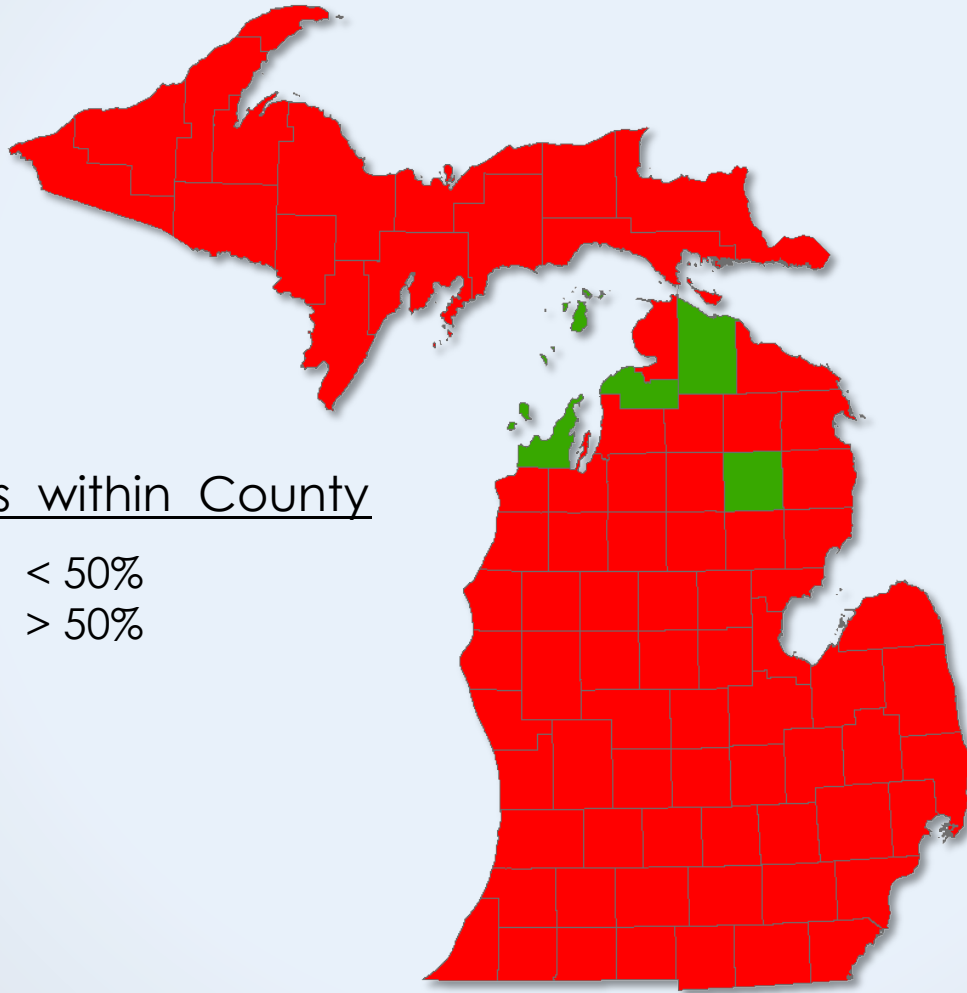
Concerns Going Forward

% that can **improve services** in current system



Spreading Fiscal Problems

Able to **improve services**, by county



Jurisdictions within County

Red: $< 50\%$

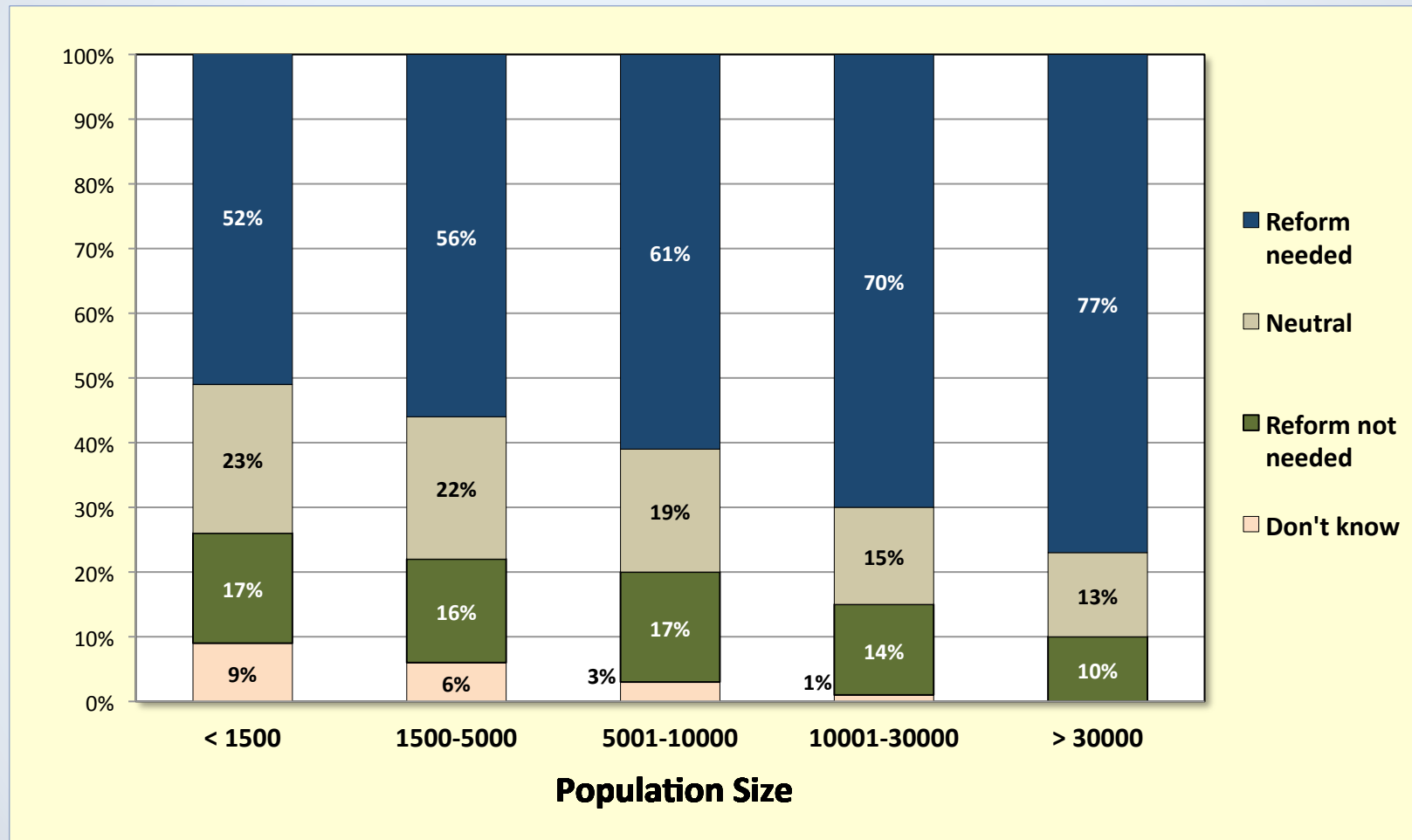
Green: > 50%

Presentation Outline

- Era of Local Government Retrenchment
- A 2nd Retrenchment Looming?
- What Local Leaders Say Should Be Done

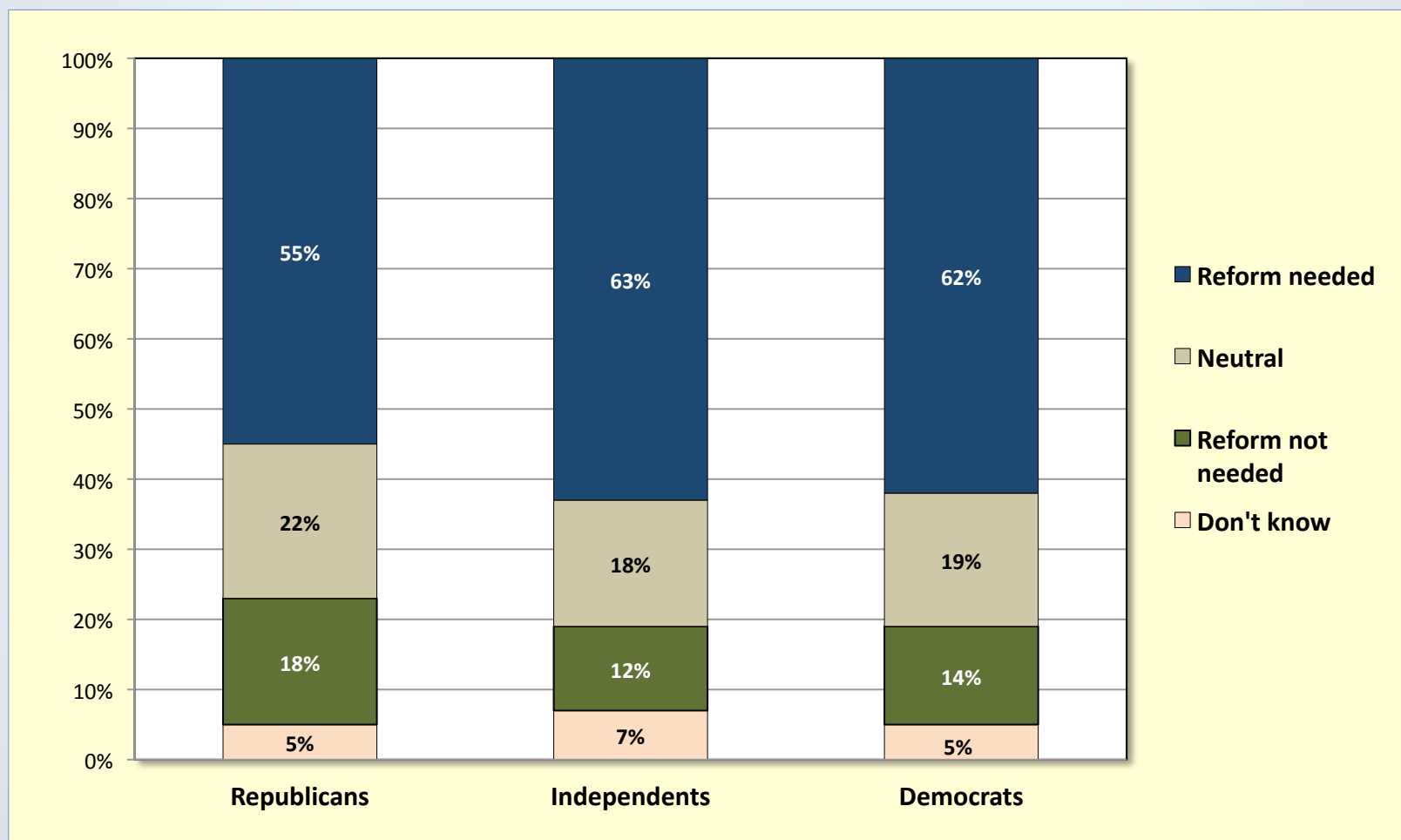
Support for Funding Reform

% that believe **significant reform** is needed



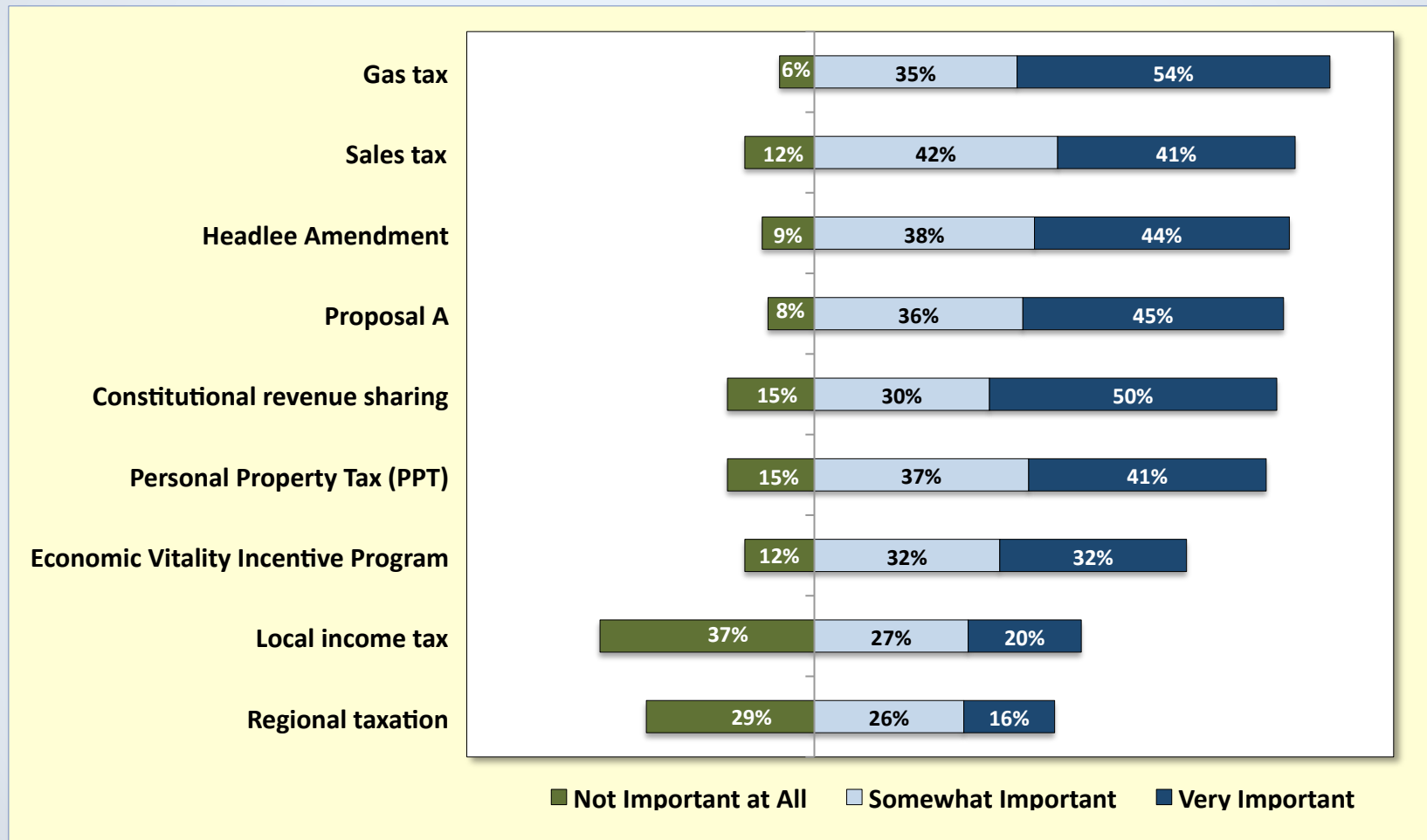
Support for Funding Reform

% that believe **significant reform** is needed



Support for Funding Reform

% that would target **specific funding elements** to reform



A Broken Funding System?

key findings

- Long period of fiscal squeeze: falling revenues and rising costs.
- Local governments were very active in responding: have largely preserved fiscal health and tried to protect services.
- However, only 43% believe current system of funding will allow them to maintain their current package of services in the future; only 26% think it will allow improvements or provision of new services.
- 58% say significant reform is needed. Among them, overwhelming percentages say each major piece of the system needs reform.
- It's time to discuss the system of funding local government.

www.closup.umich.edu

closup-mpps@umich.edu