

Trends in local fiscal health and funding local government in Michigan

Presented at the
MML Capital Conference
March 19, 2014

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.

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
- **Expert advisors on questionnaire content**
- **Borrow from other proven sources such as NLC and ICMA**
- **Quality control such as double blind coding of open-end responses**

What does the MPSS 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

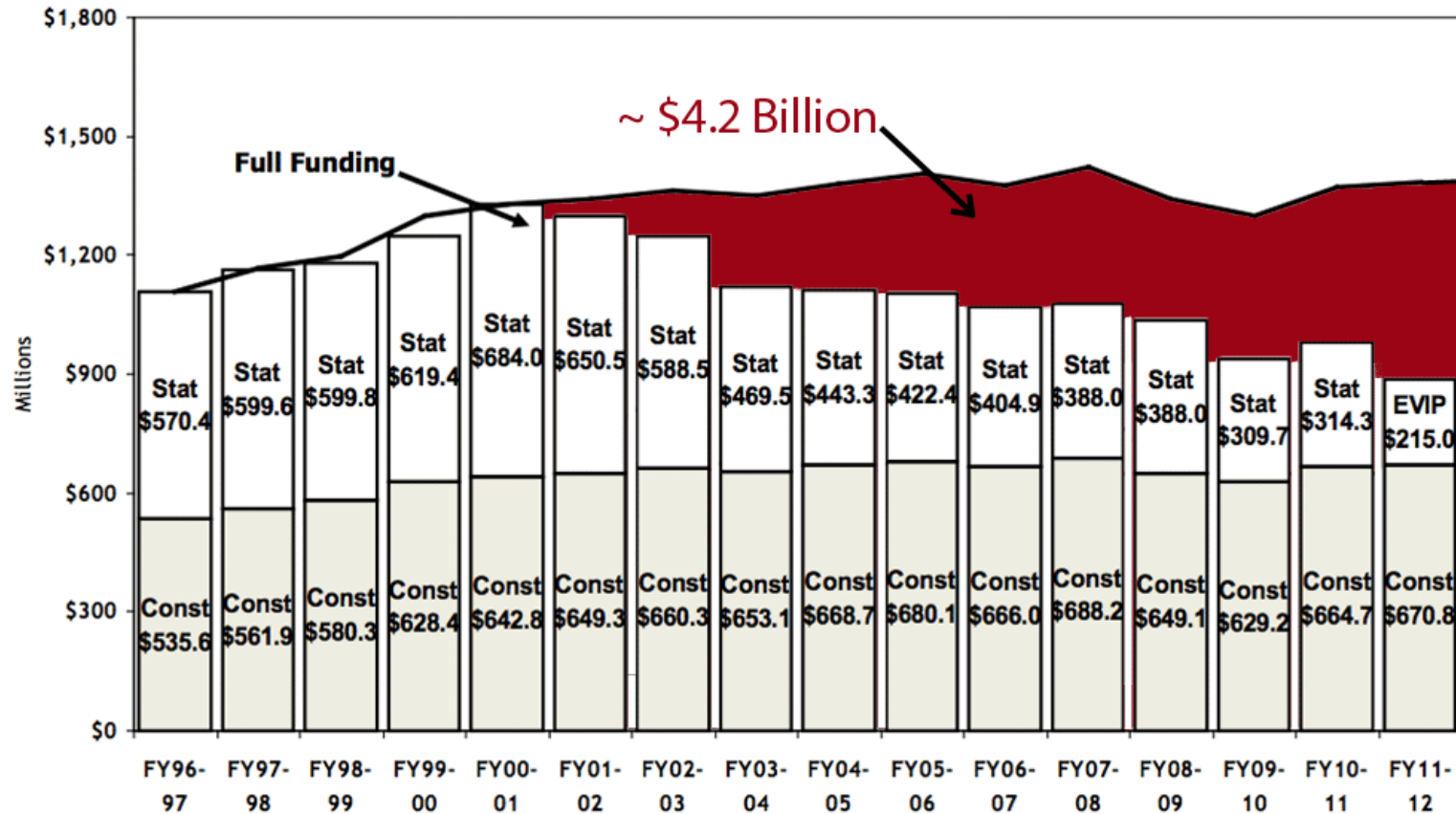
Presentation Outline

- Findings on fiscal trends and budgetary health from the 2009-2013 Waves of the MPPS
 - ✓ Continuing fiscal challenges facing Michigan's local governments
 - ✓ How local governments are responding
 - ✓ Prospects for the coming year

Challenge: Declining Revenues and Rising Costs

A Decade of Funding Cuts

Revenue sharing cuts

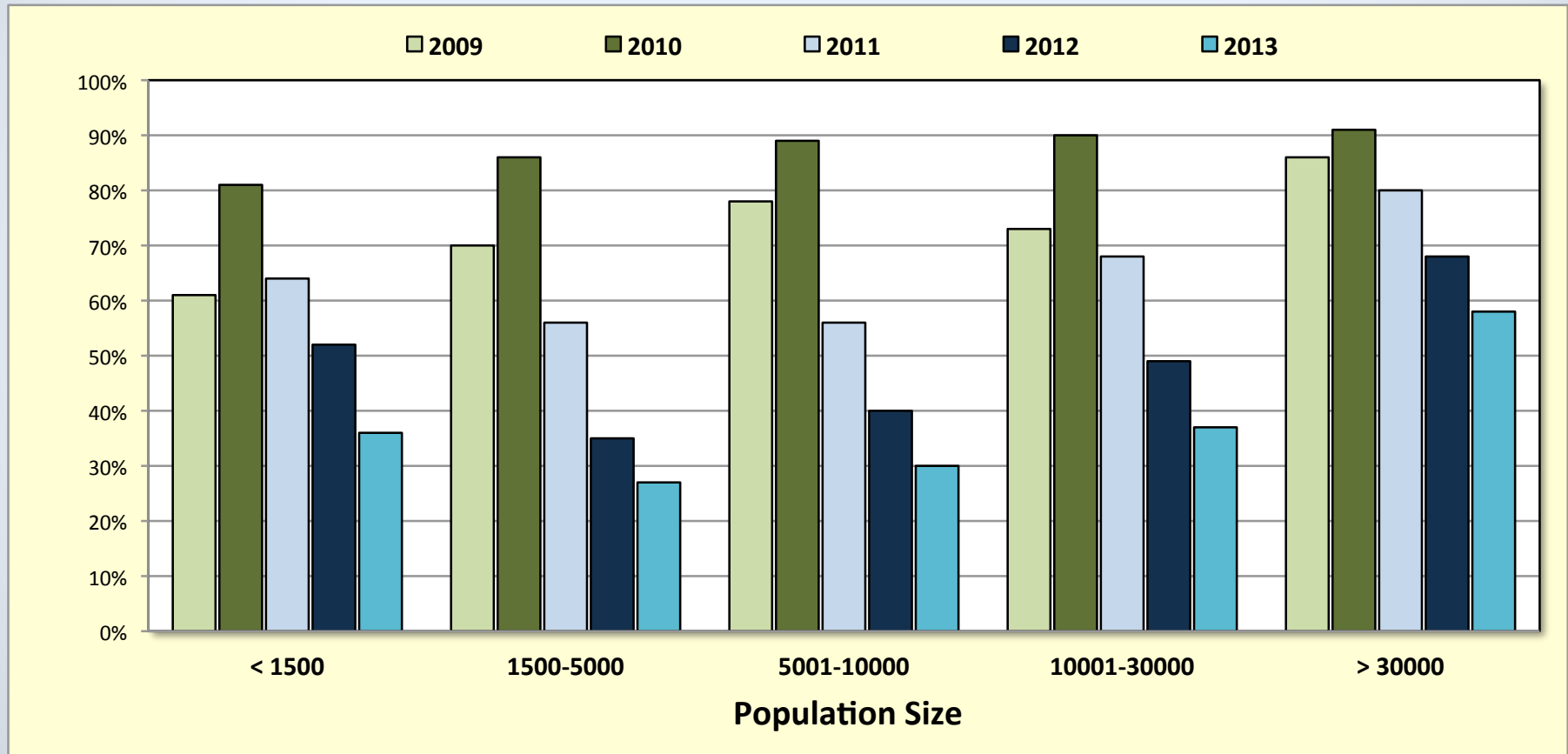


9/22/2011

House Fiscal Agency

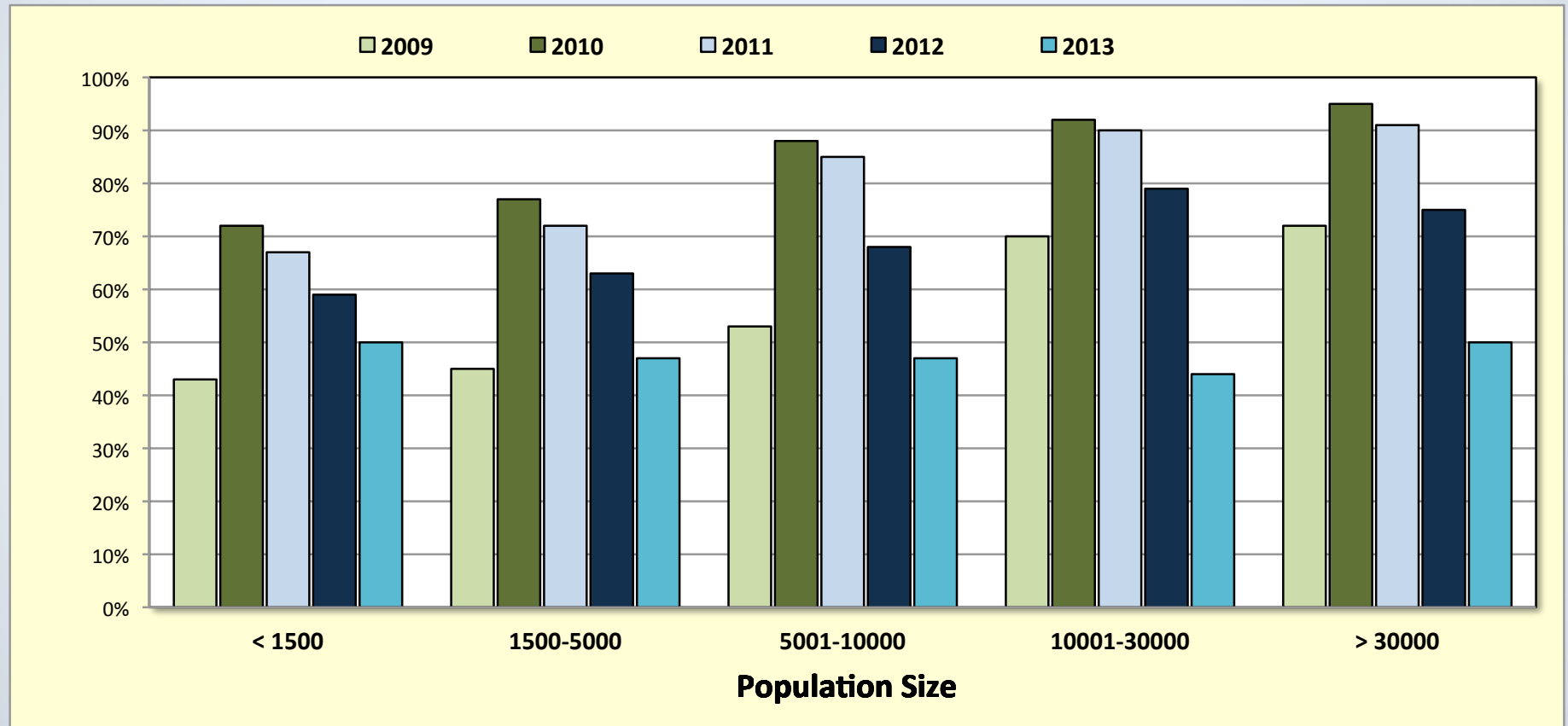
Declining Revenues

% of jurisdictions with **declining state aid**



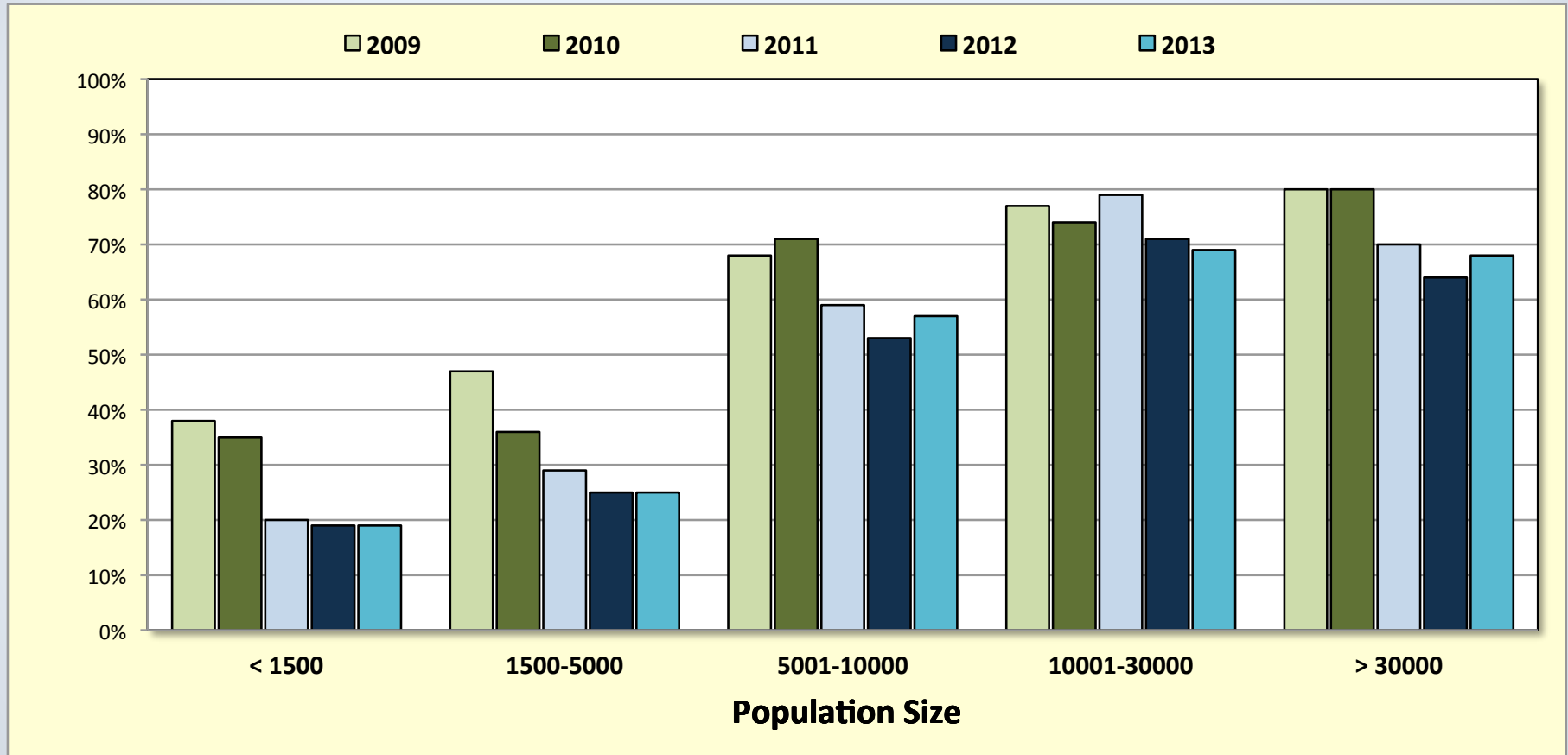
Declining Revenues

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



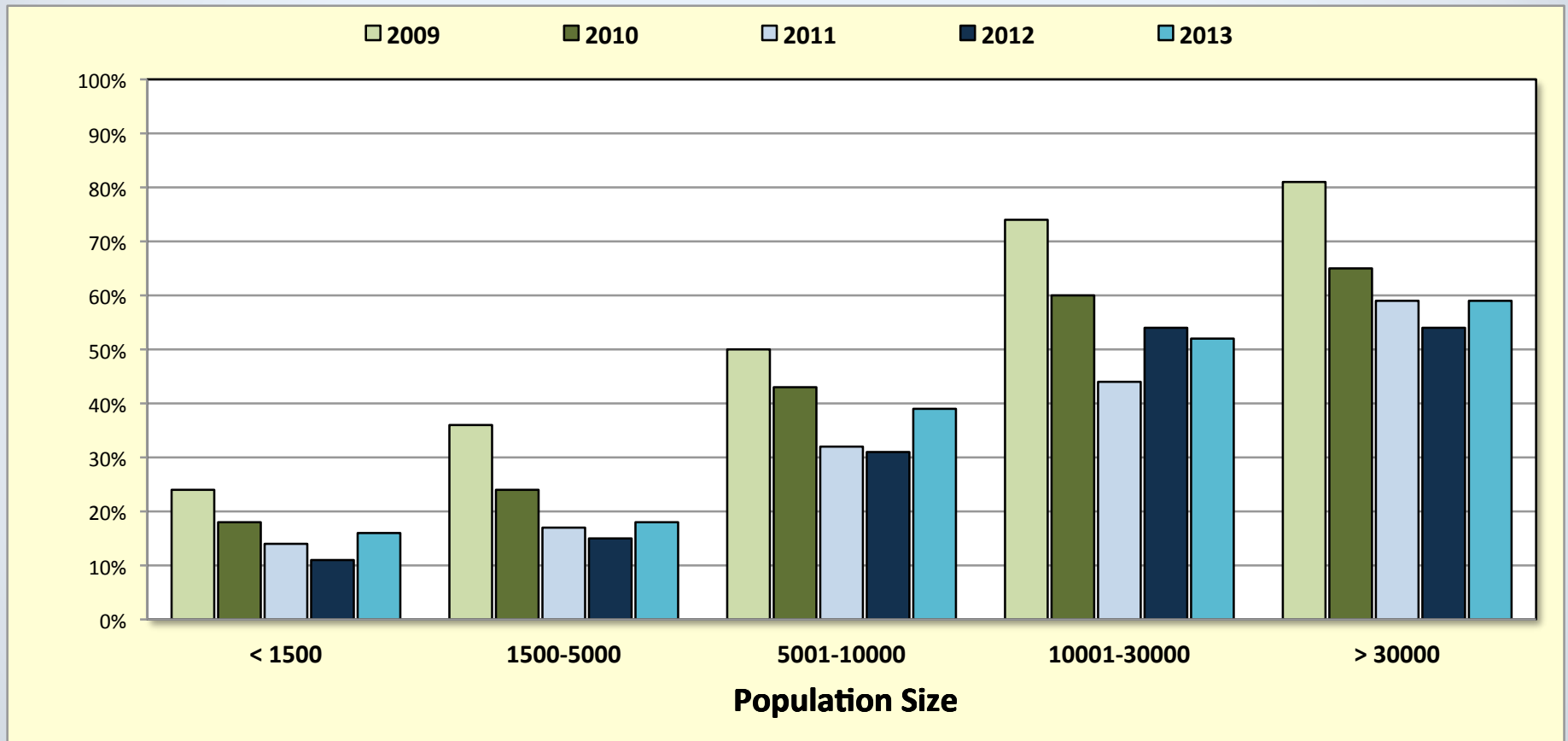
Rising Costs

% of jurisdictions with **rising health care costs**



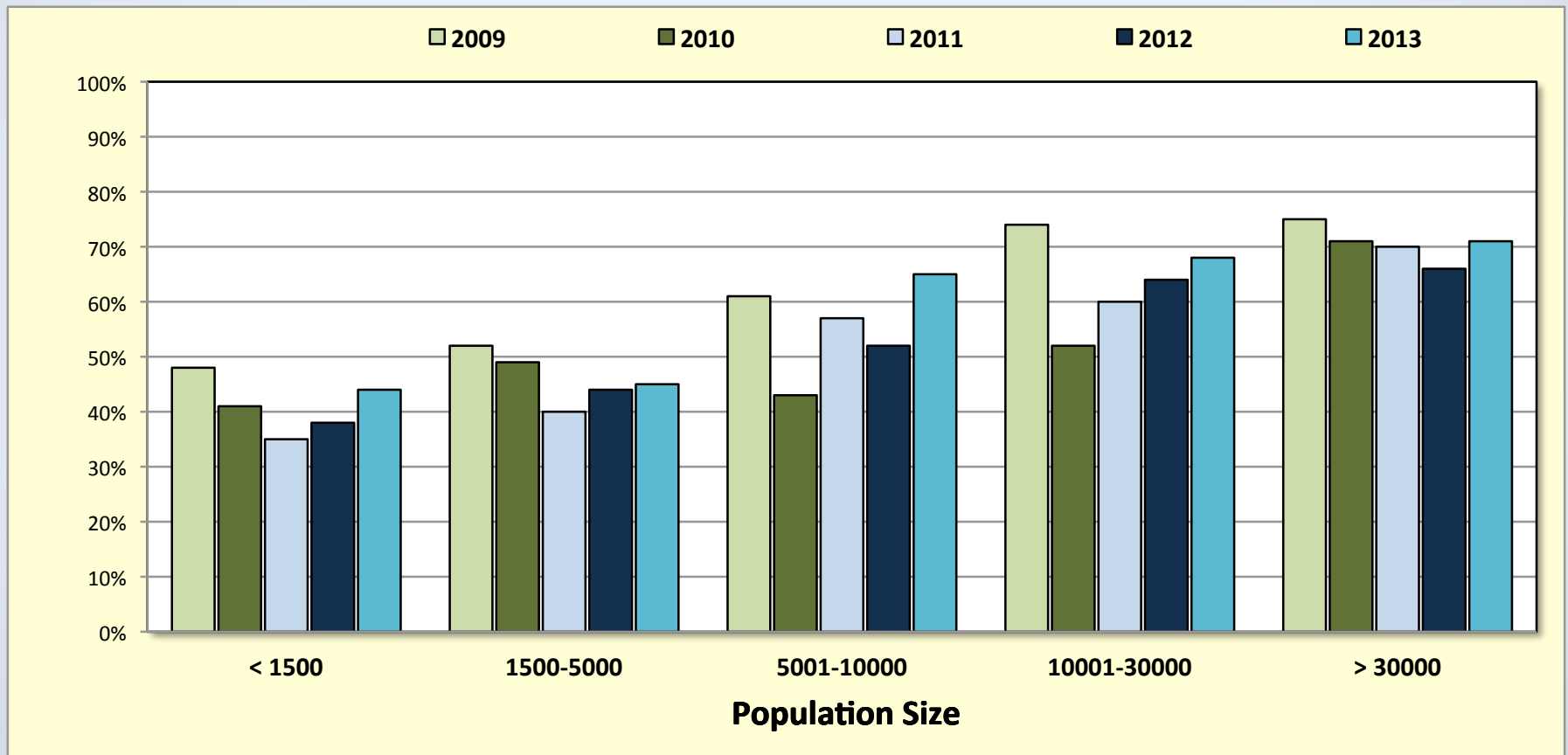
Rising Costs

% of jurisdictions with **rising pension costs**



Rising Costs

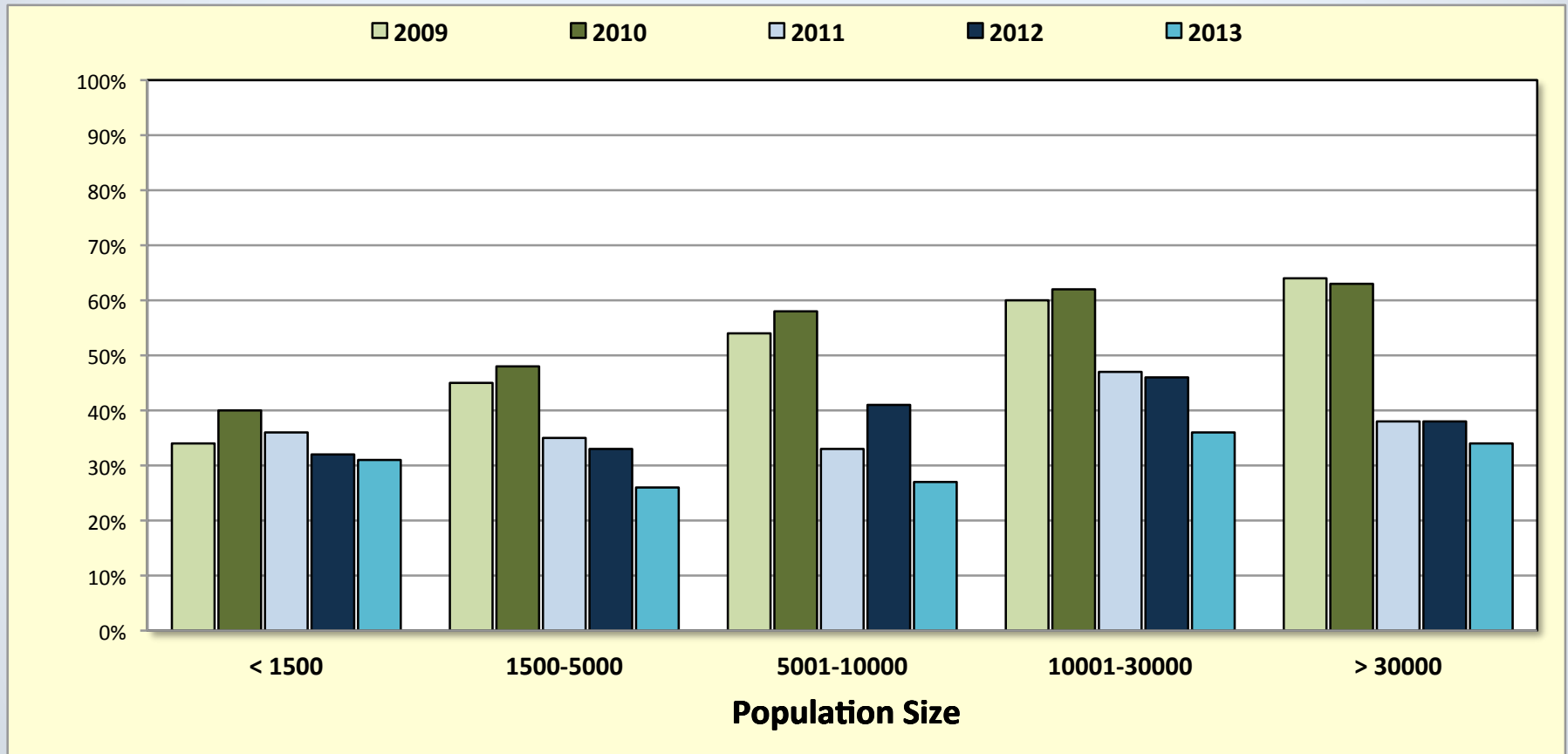
% of jurisdictions with **increasing infrastructure needs**



Response: Local Governments Take Action

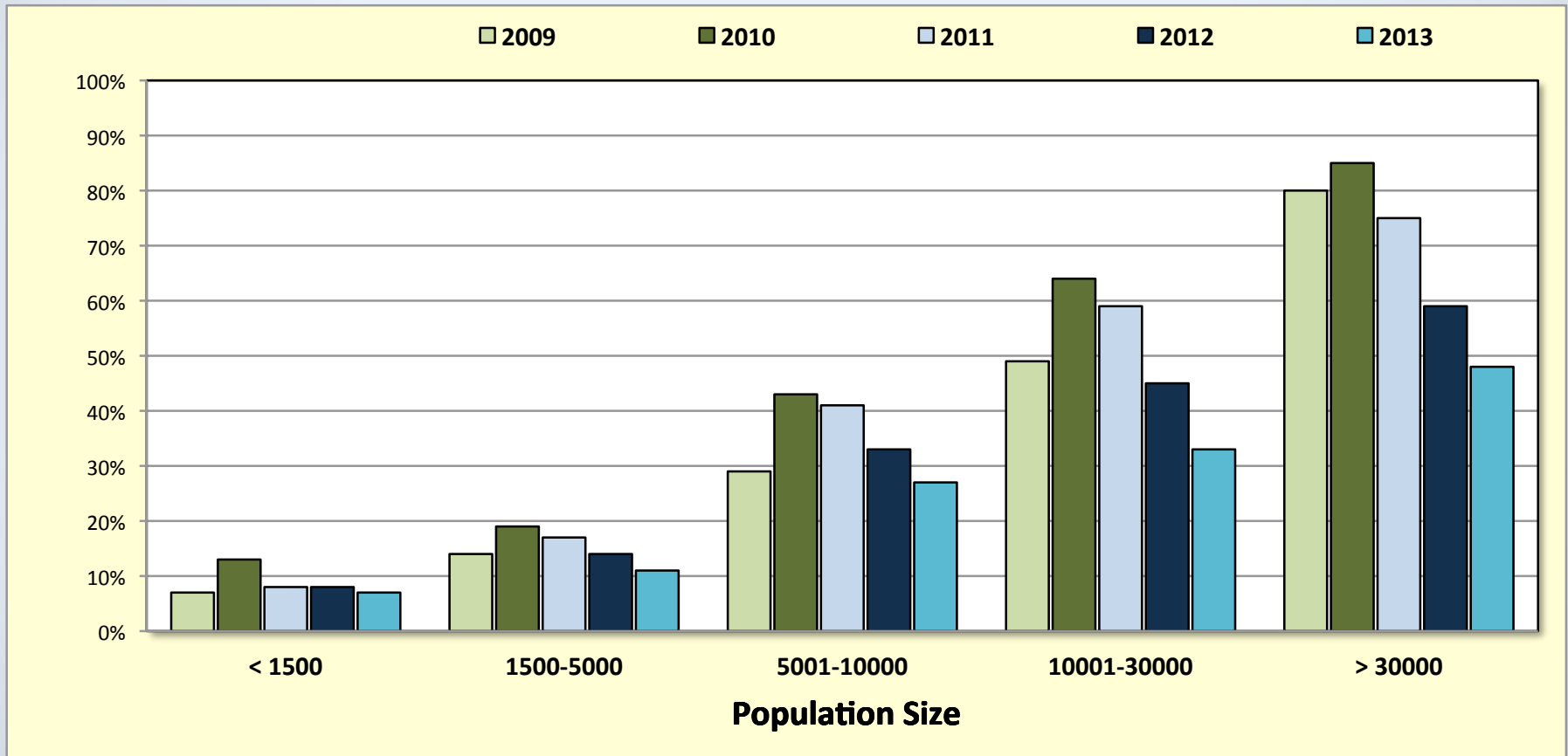
Government Actions

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



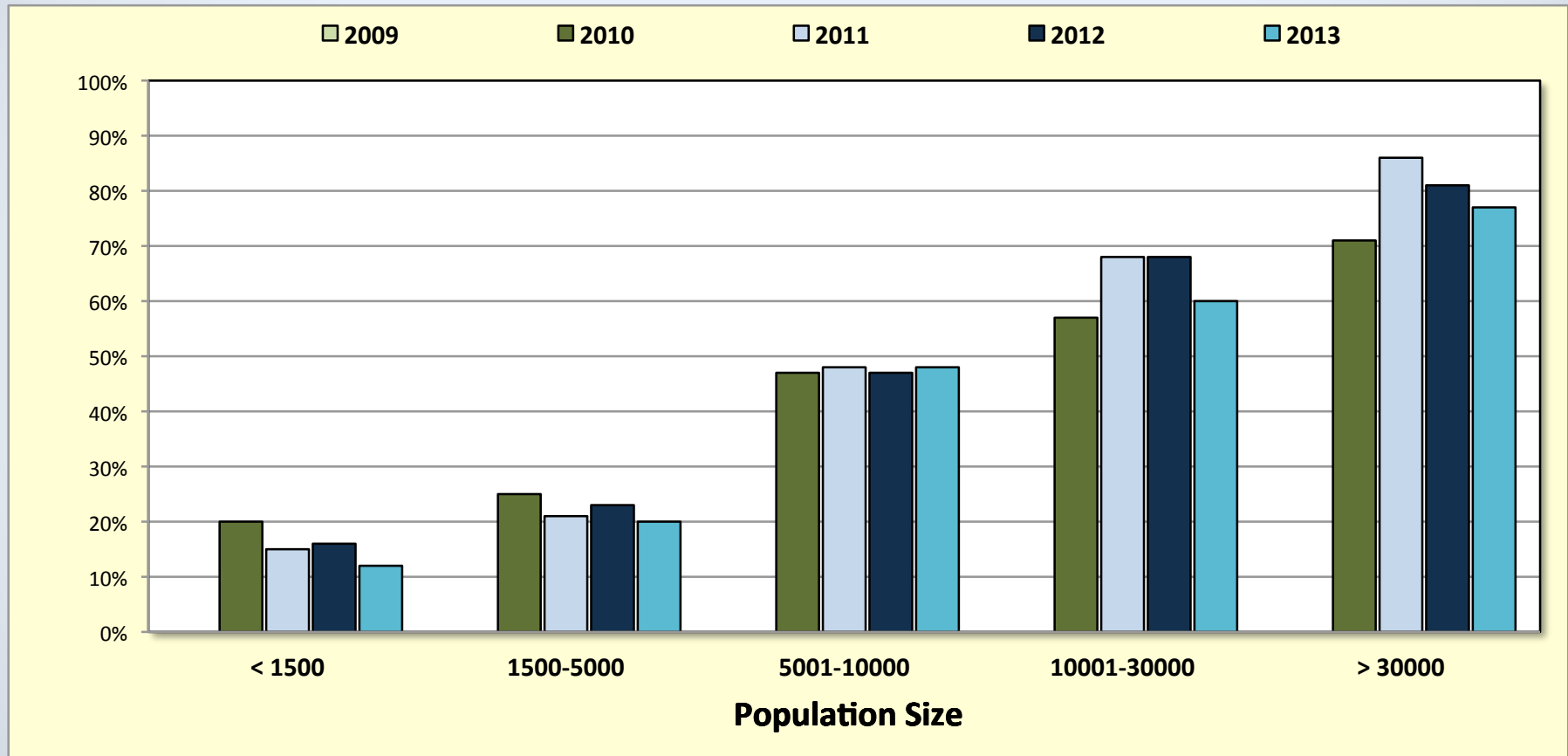
Government Actions

% of jurisdictions **cutting staff levels**



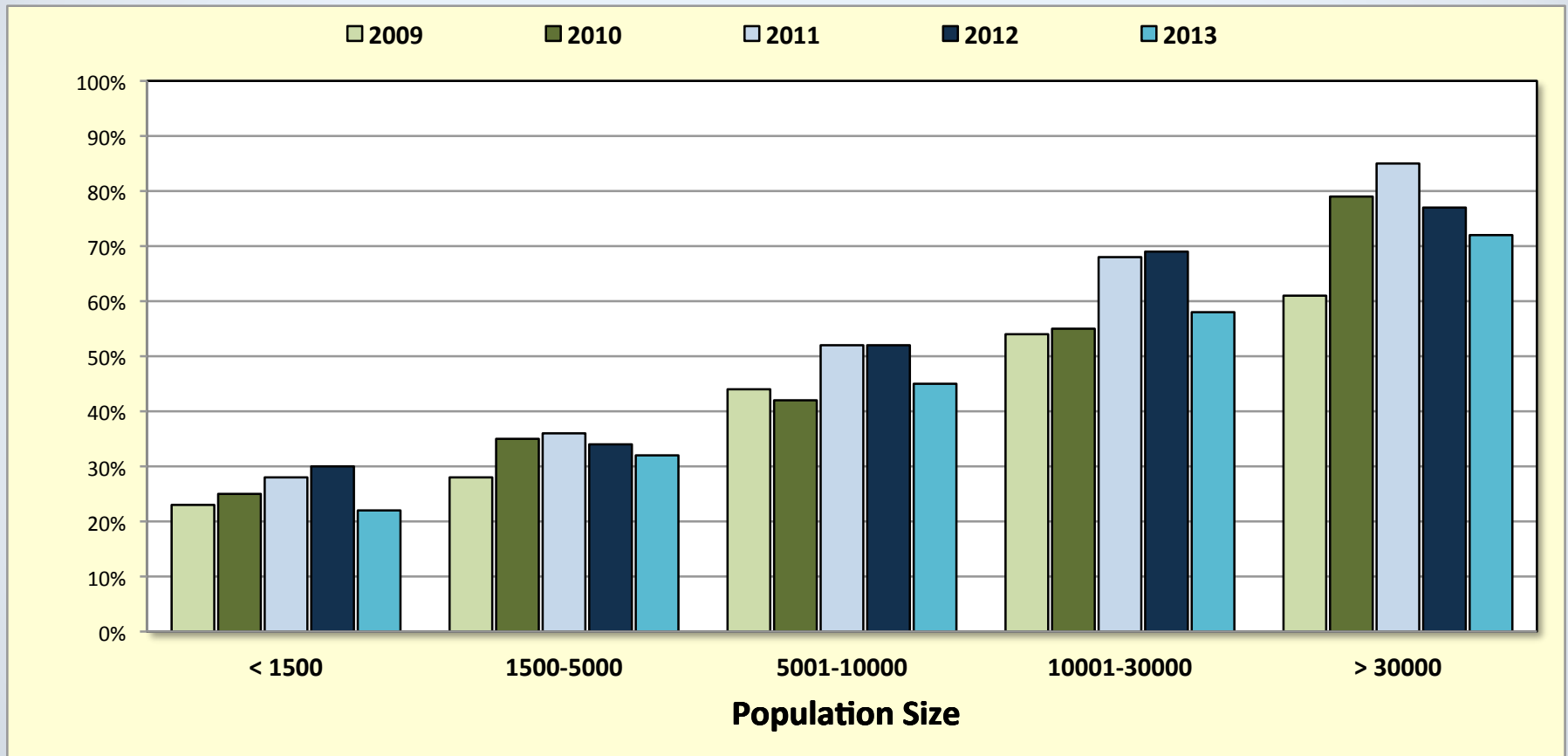
Government Actions

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



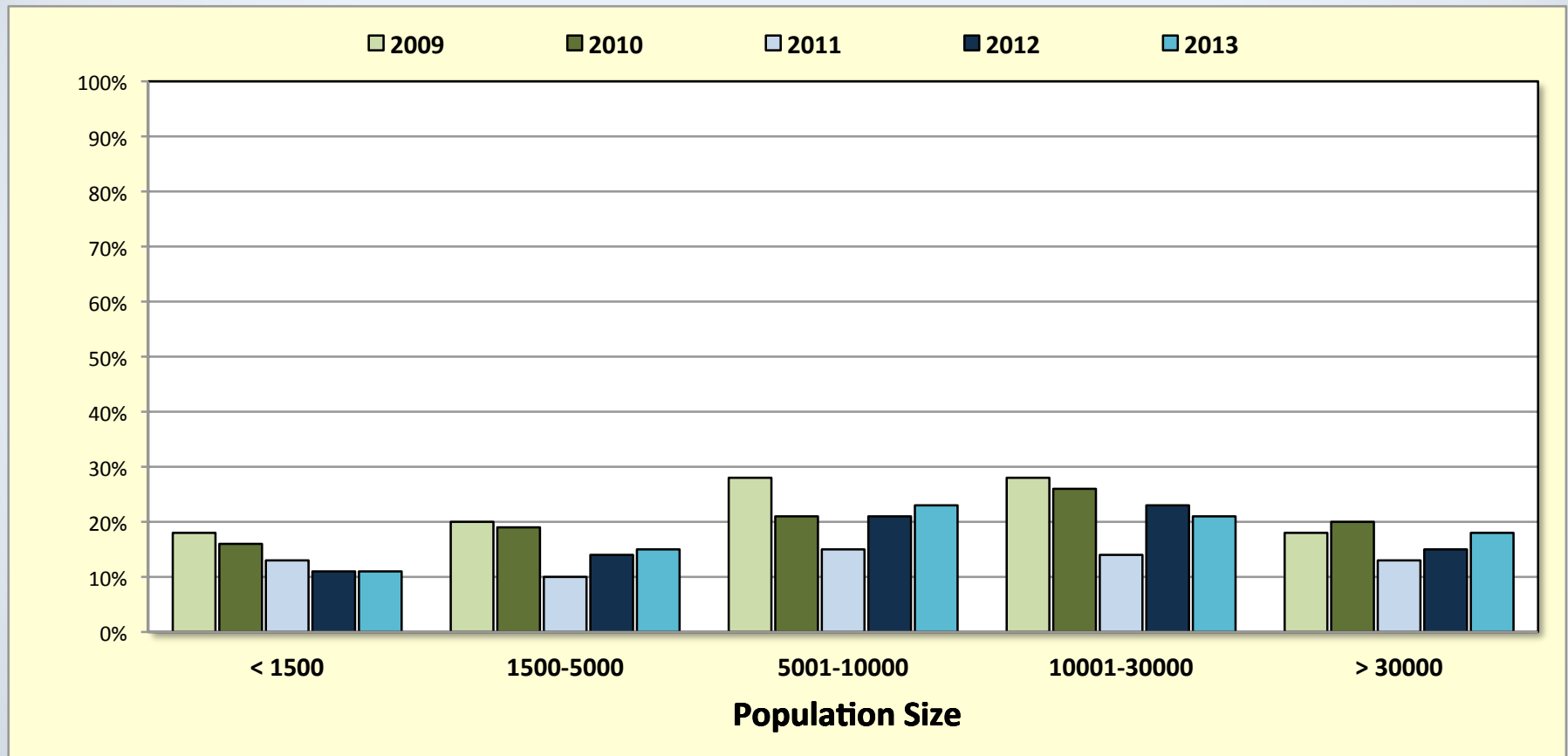
Government Actions

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



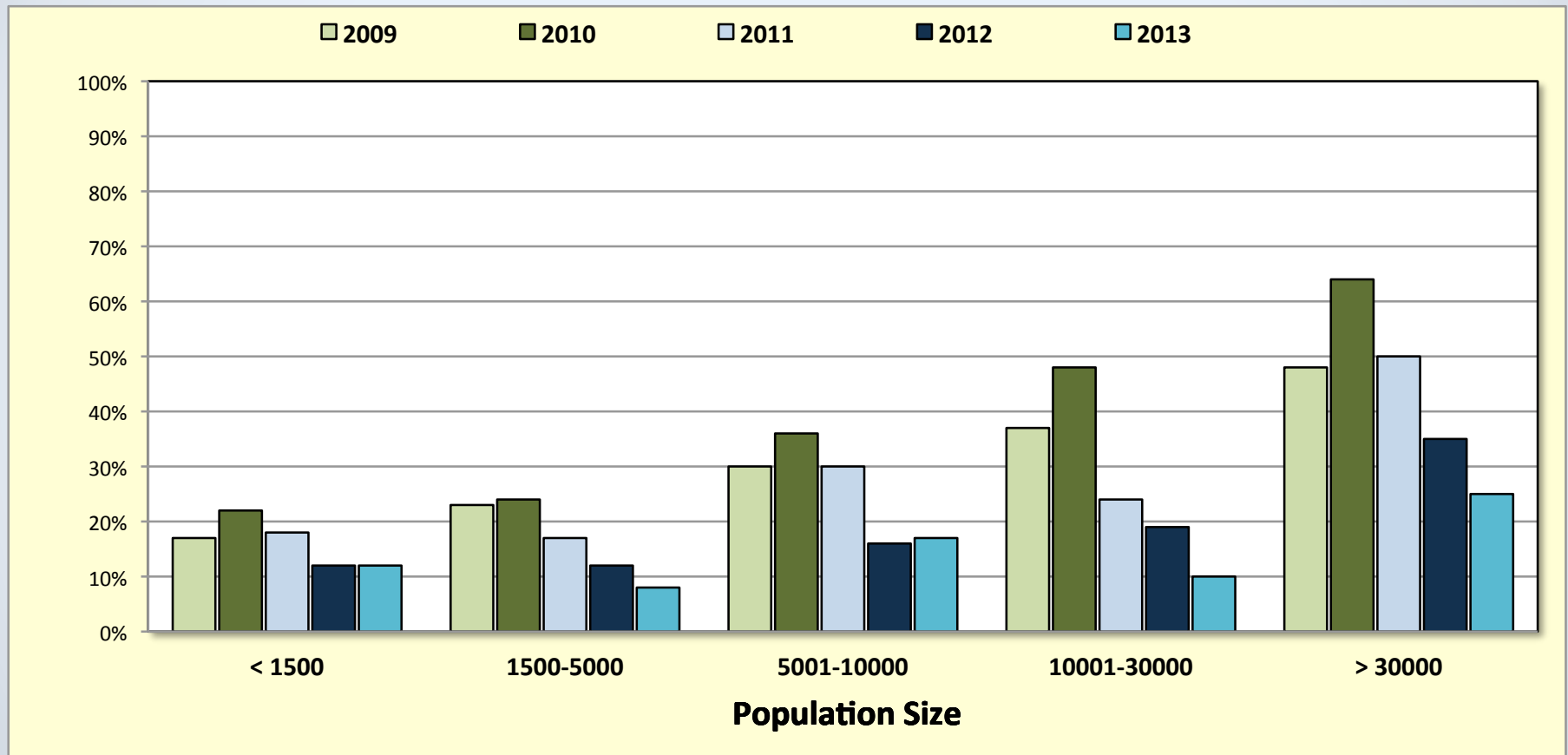
Government Actions

% of jurisdictions **increasing debt**



Government Actions

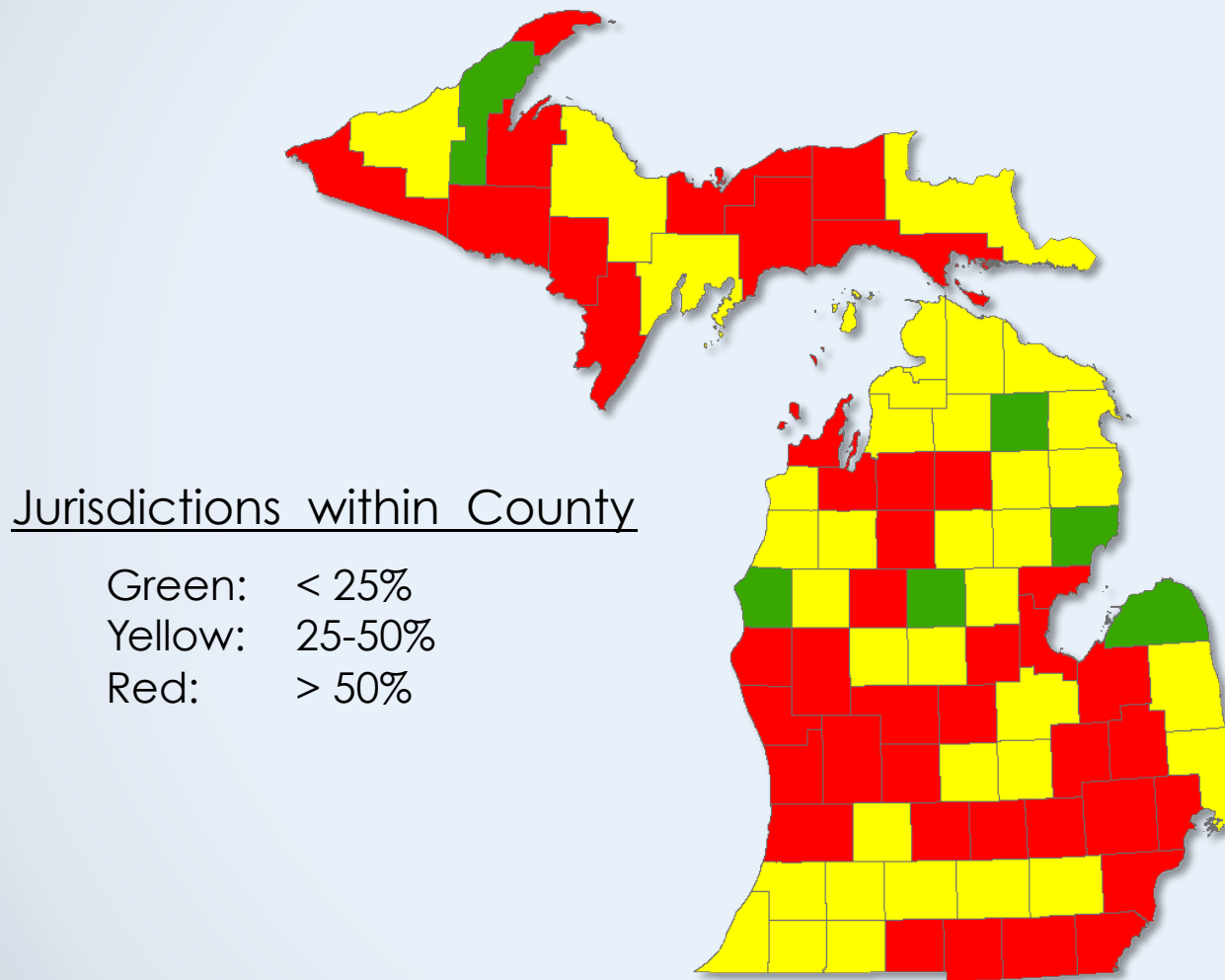
% of jurisdictions **cutting service levels**



Result:
Gradual Trend
Easing of Fiscal Stress

Spreading Fiscal Problems

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

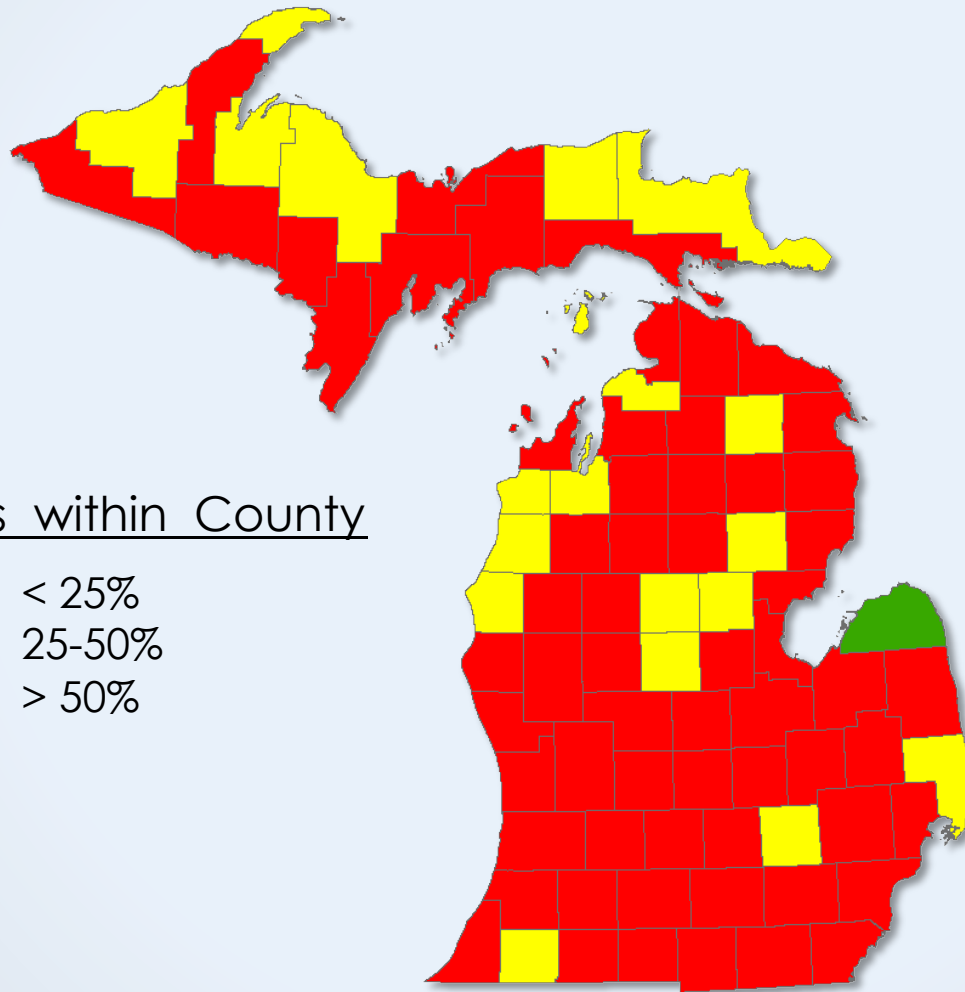


Spreading Fiscal Problems

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

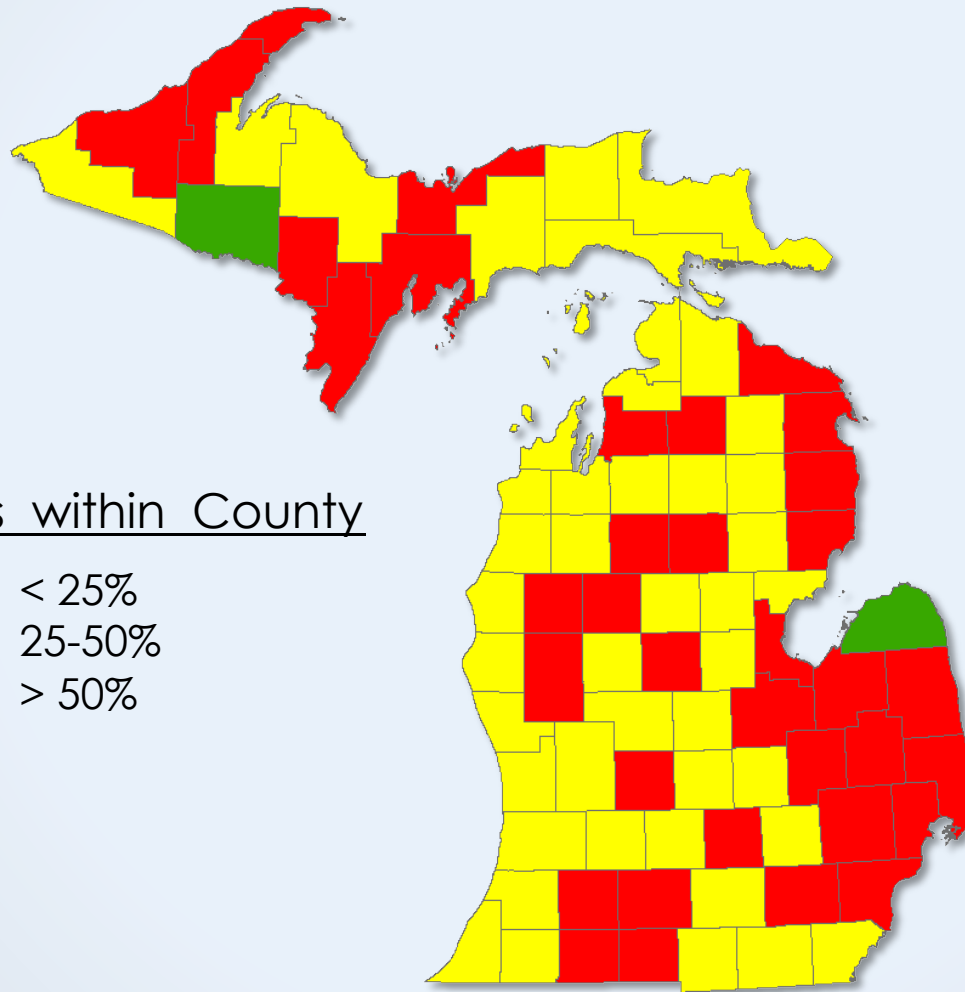
Jurisdictions within County

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



Easing Fiscal Problems

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



Jurisdictions within County

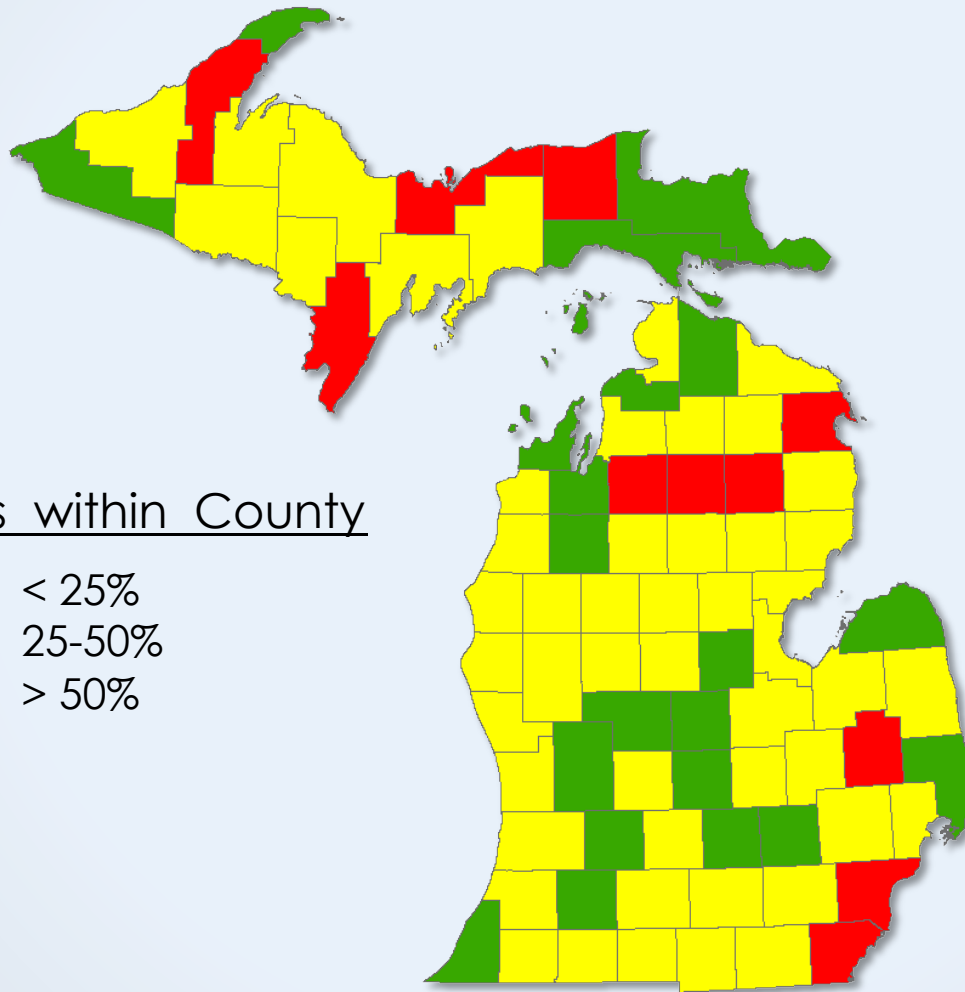
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Yellow: 25-50%
Red: > 50%

Easing Fiscal Problems

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

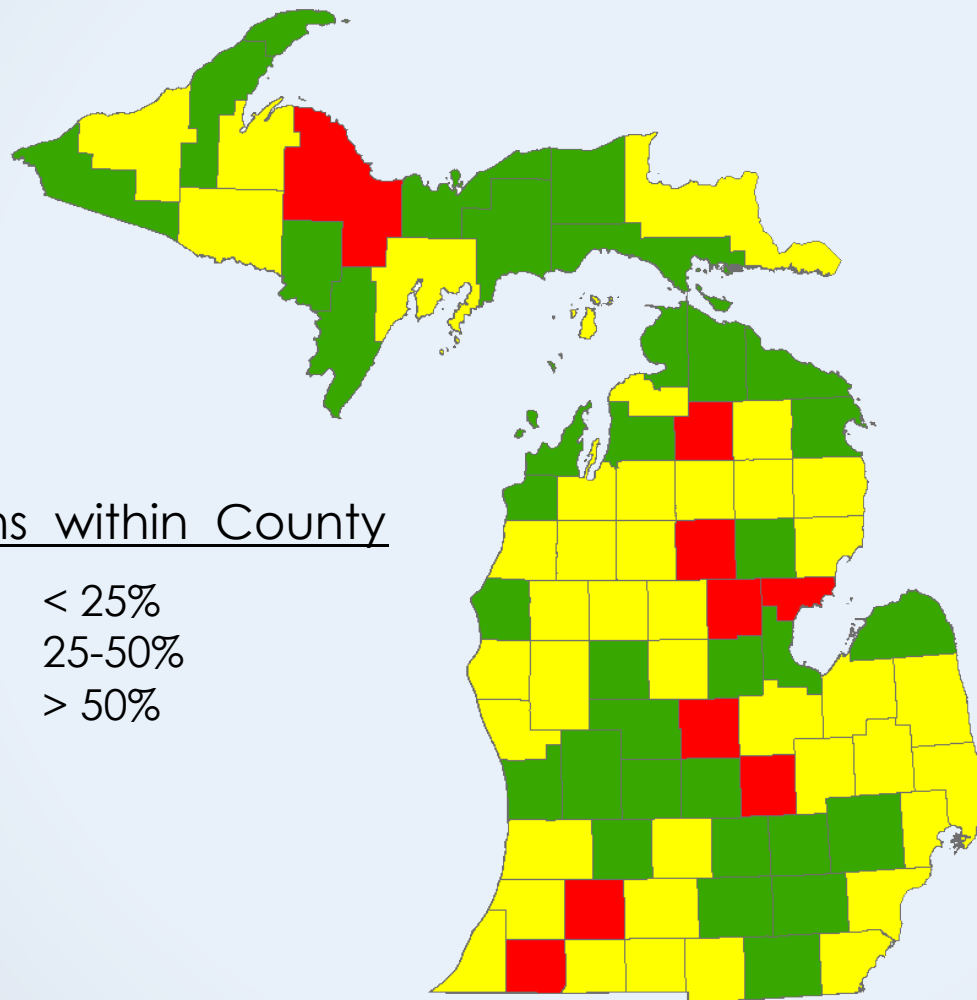
Jurisdictions within County

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Yellow: 25-50%
Red: > 50%



Easing Fiscal Problems

2013: **less able to meet fiscal needs**, by county



Jurisdictions within County

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Yellow: 25-50%
Red: > 50%

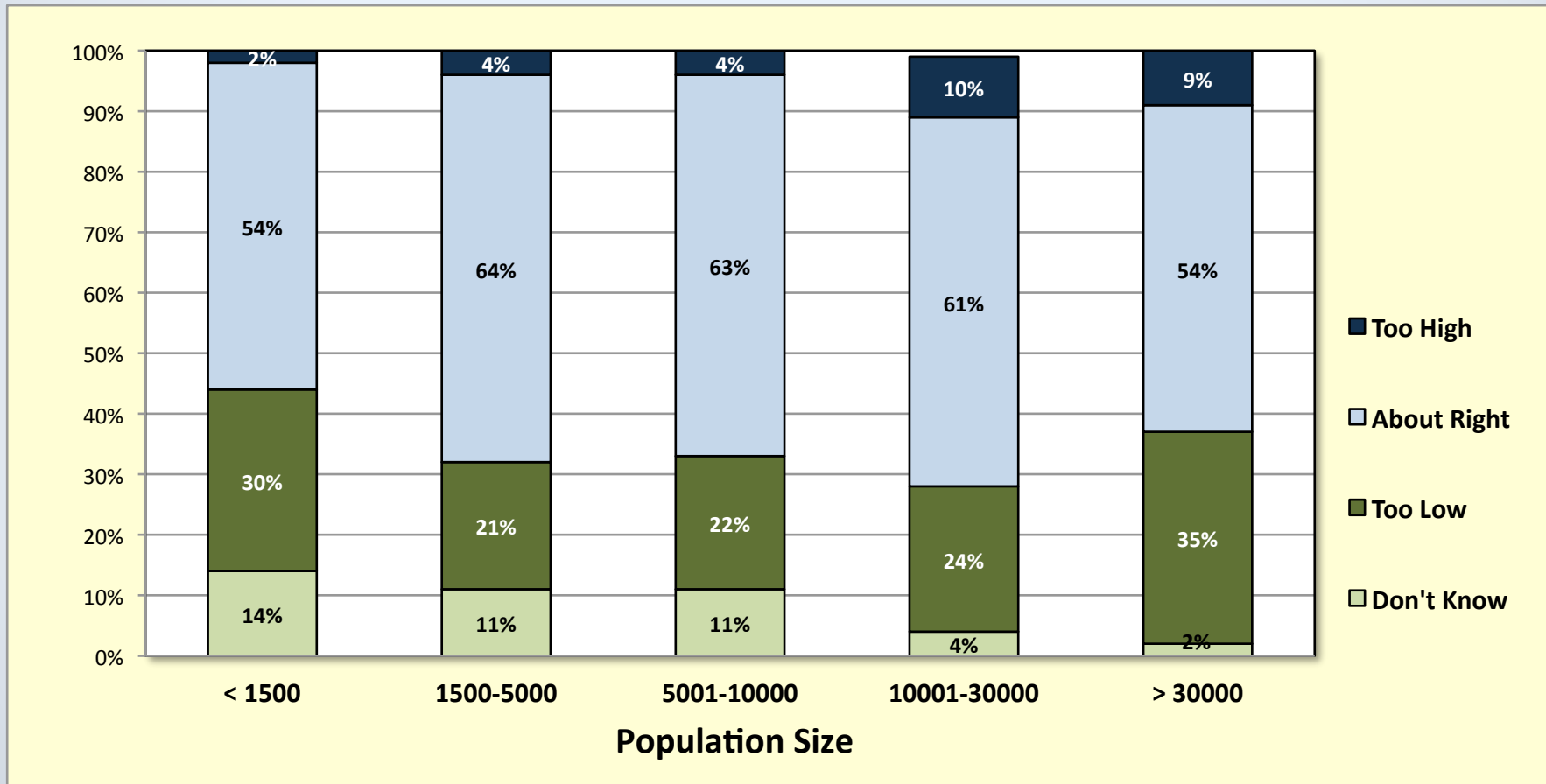
Easing Fiscal Problems

net fiscal health change: percentage of jurisdictions with improving fiscal health minus percentage with declining health



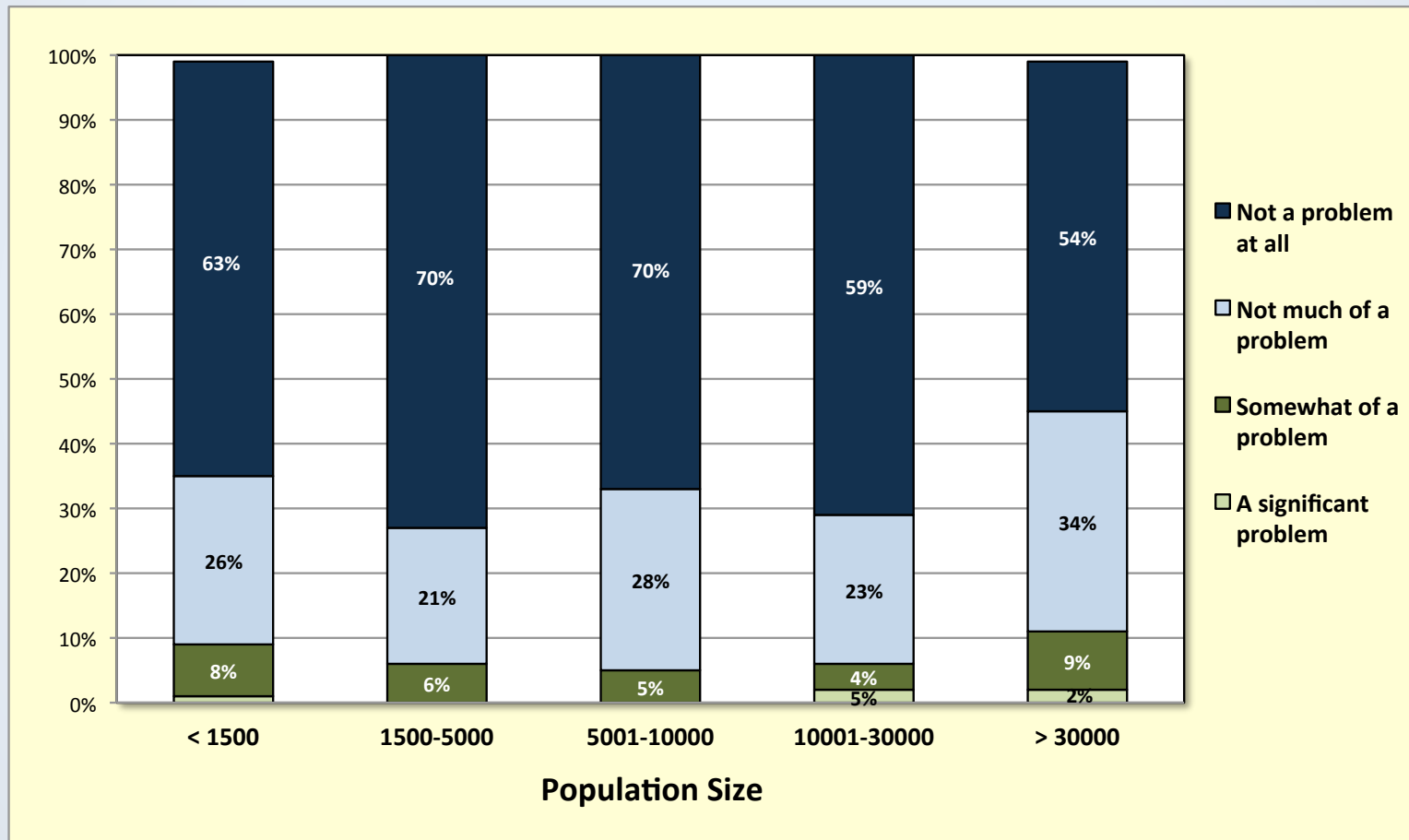
Easing Fiscal Problems

% of jurisdictions in 2013 that say **general fund balance** is too low



Easing Fiscal Problems

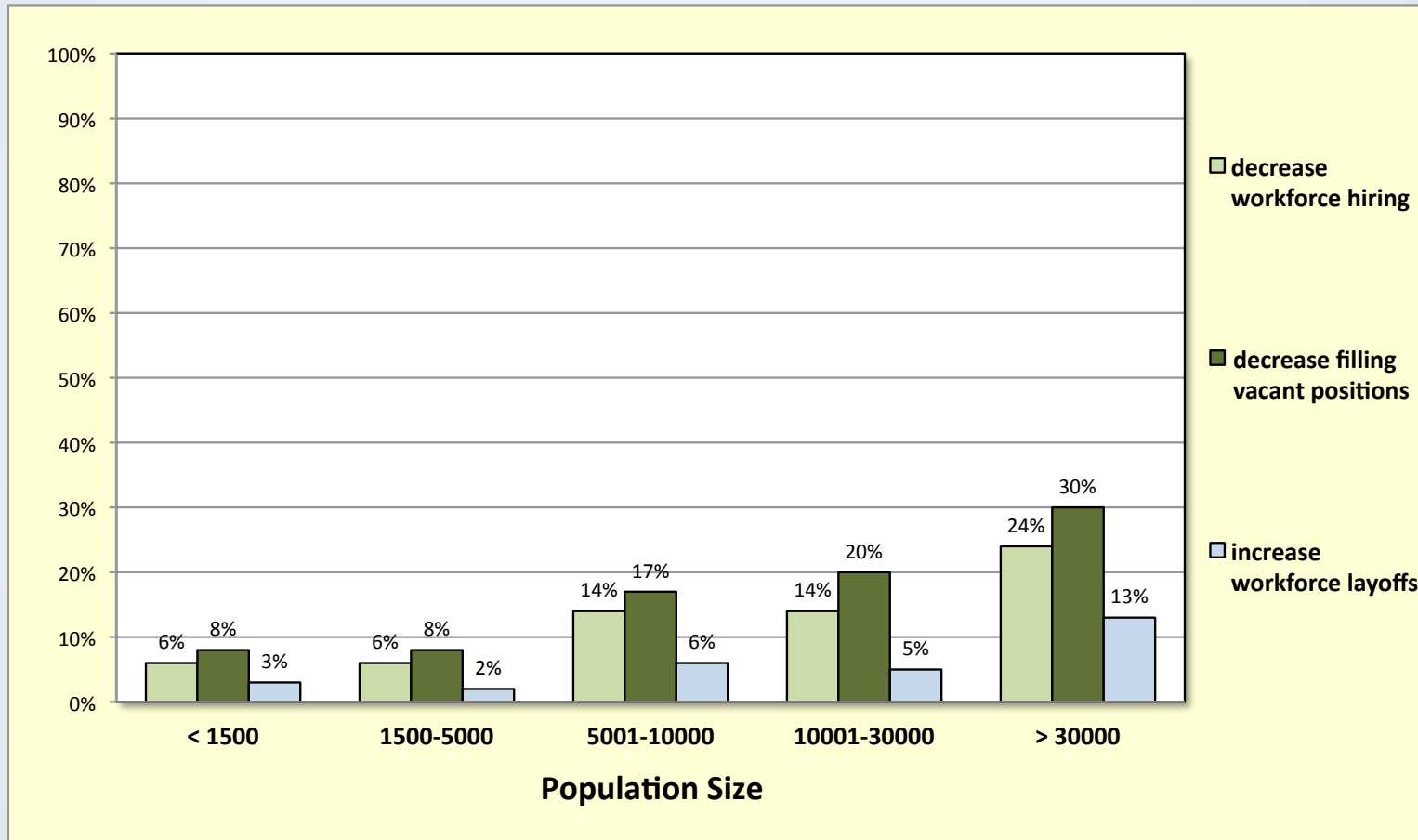
% of jurisdictions in 2013 that say **cash flow** is a problem



Looking Ahead: Plans for the coming year

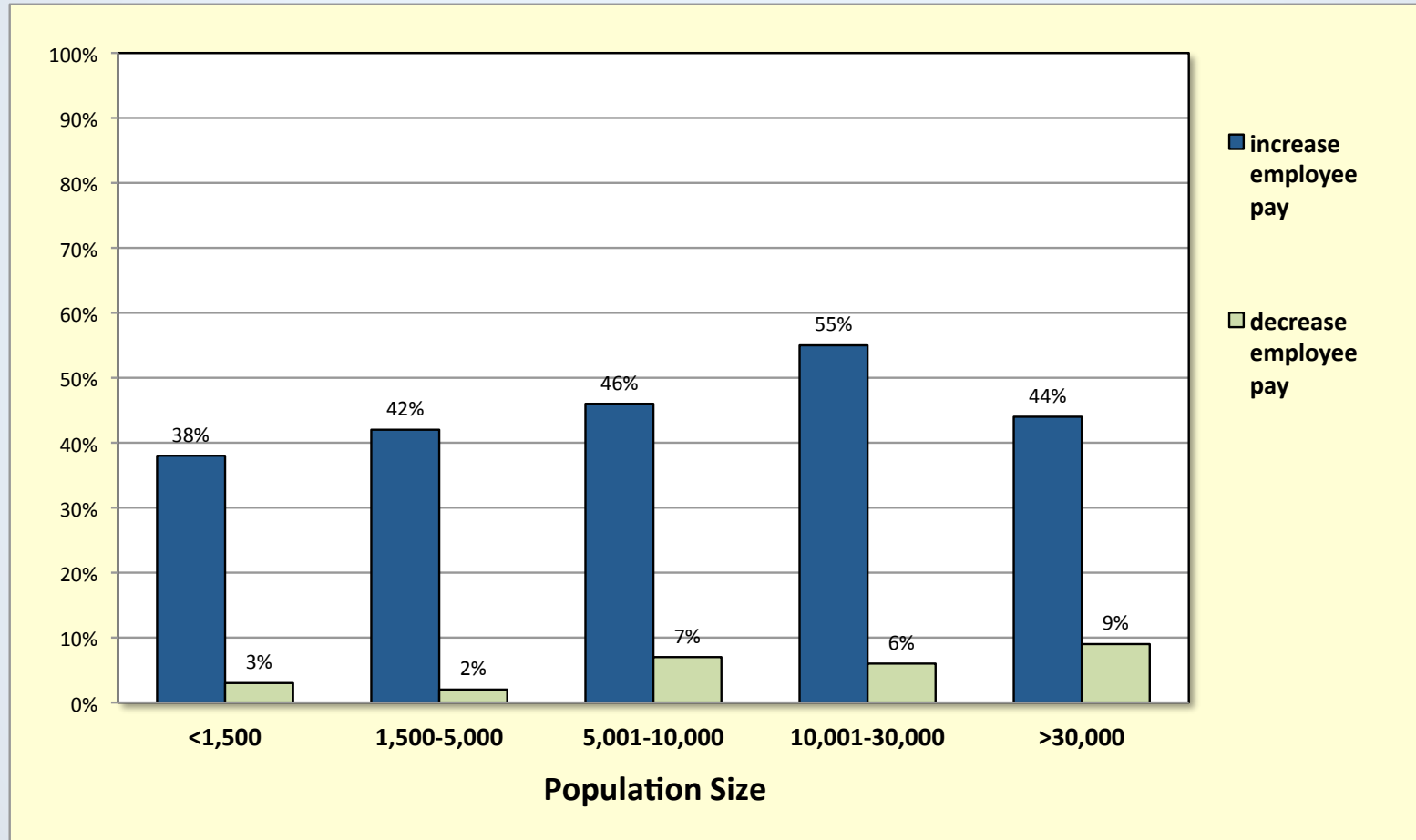
Plans Going Forward

% of jurisdictions planning **changes to staffing levels**



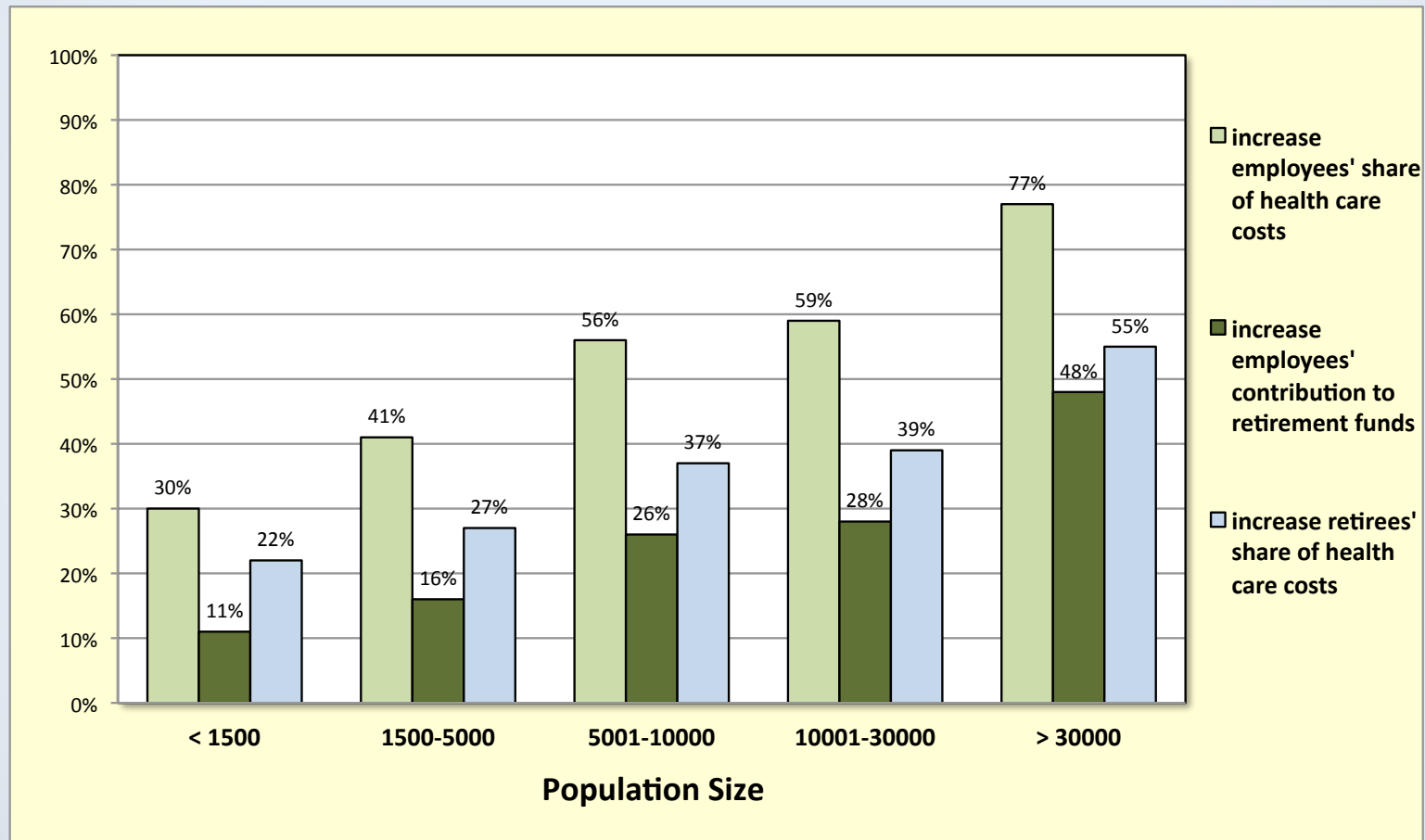
Plans Going Forward

% of jurisdictions planning **changes in employee pay**



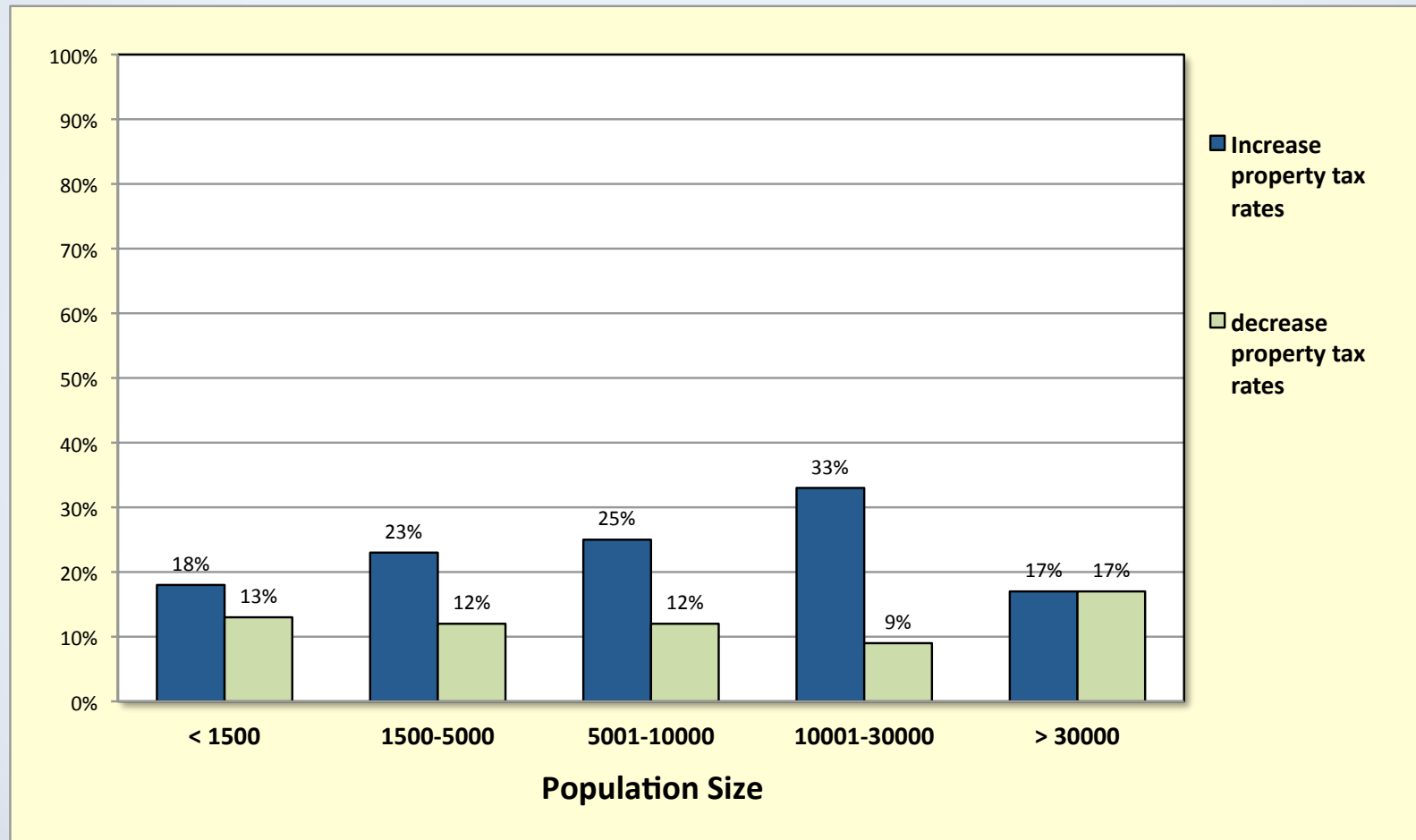
Plans Going Forward

% of jurisdictions planning **increases in employees' share of contributions to benefits**



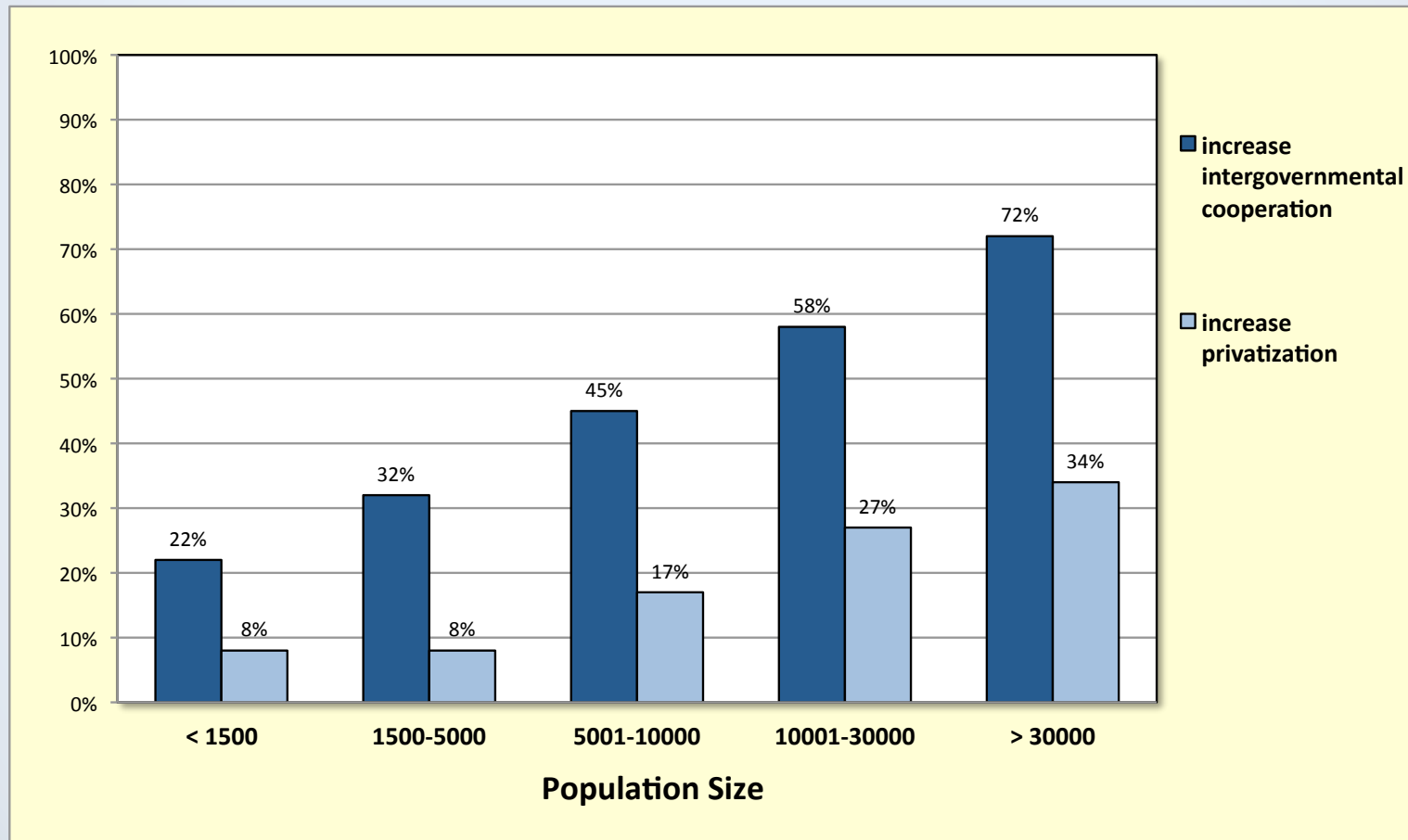
Plans Going Forward

% of jurisdictions planning **changes in property tax rates**



Plans Going Forward

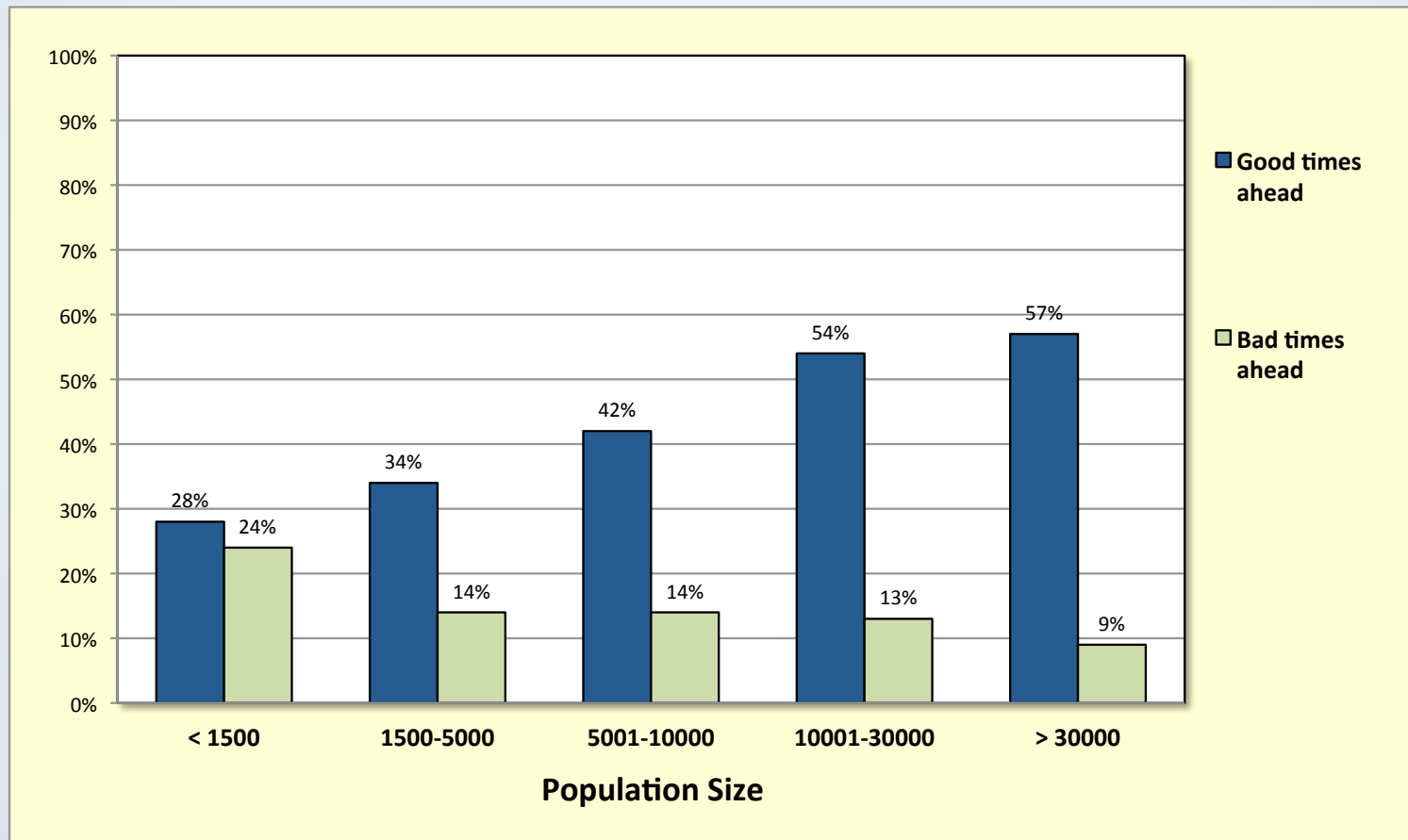
% of jurisdictions planning **increases**
in **intergovernmental cooperation** and **privatization** of services



Looking Ahead: Predictions about future fiscal health

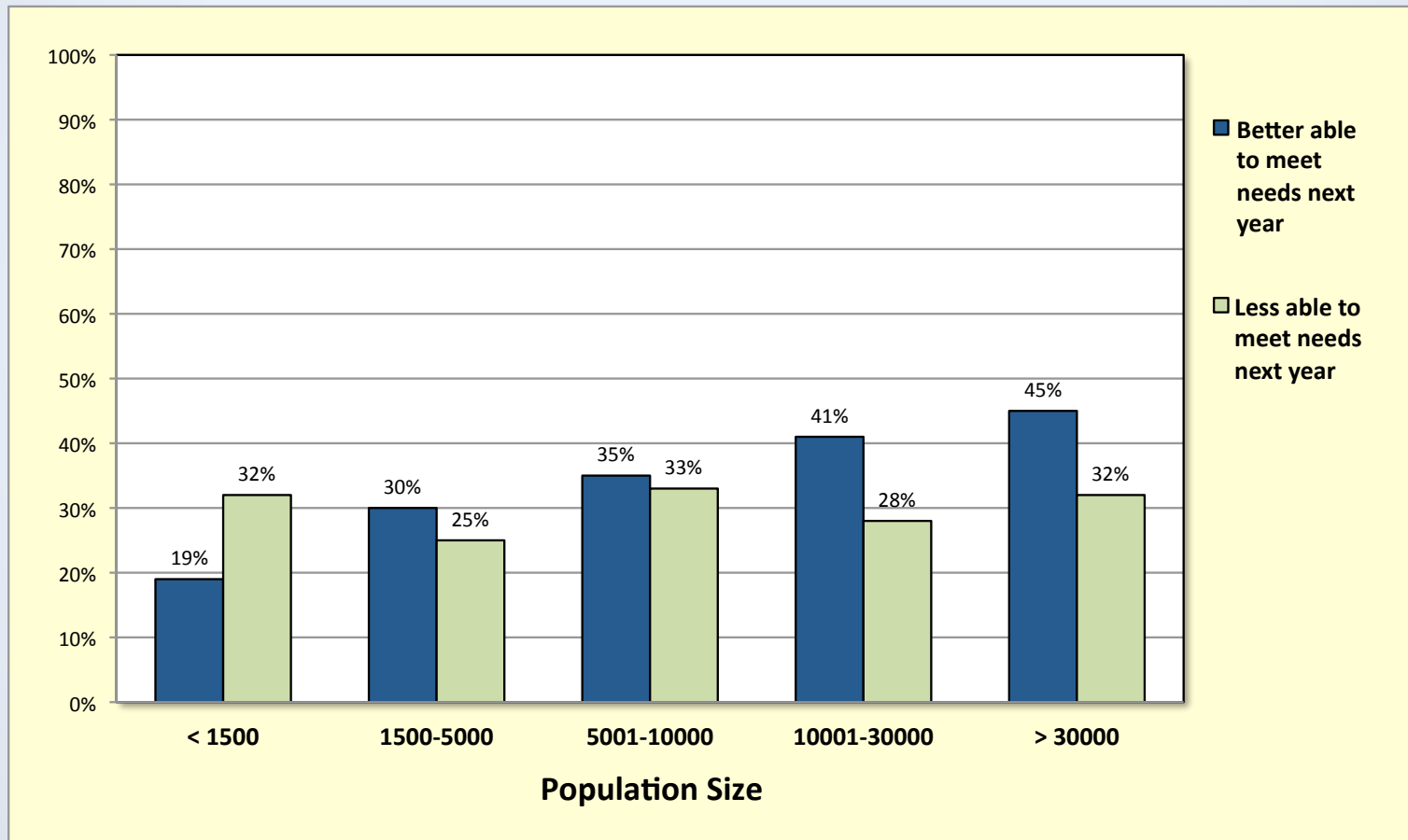
Forecast for Michigan communities

% of officials predicting **good or bad times**
for their communities financially in 2014



Forecast for Michigan local governments

% of officials predicting their governments will be
better or less able to meet fiscal needs in 2014



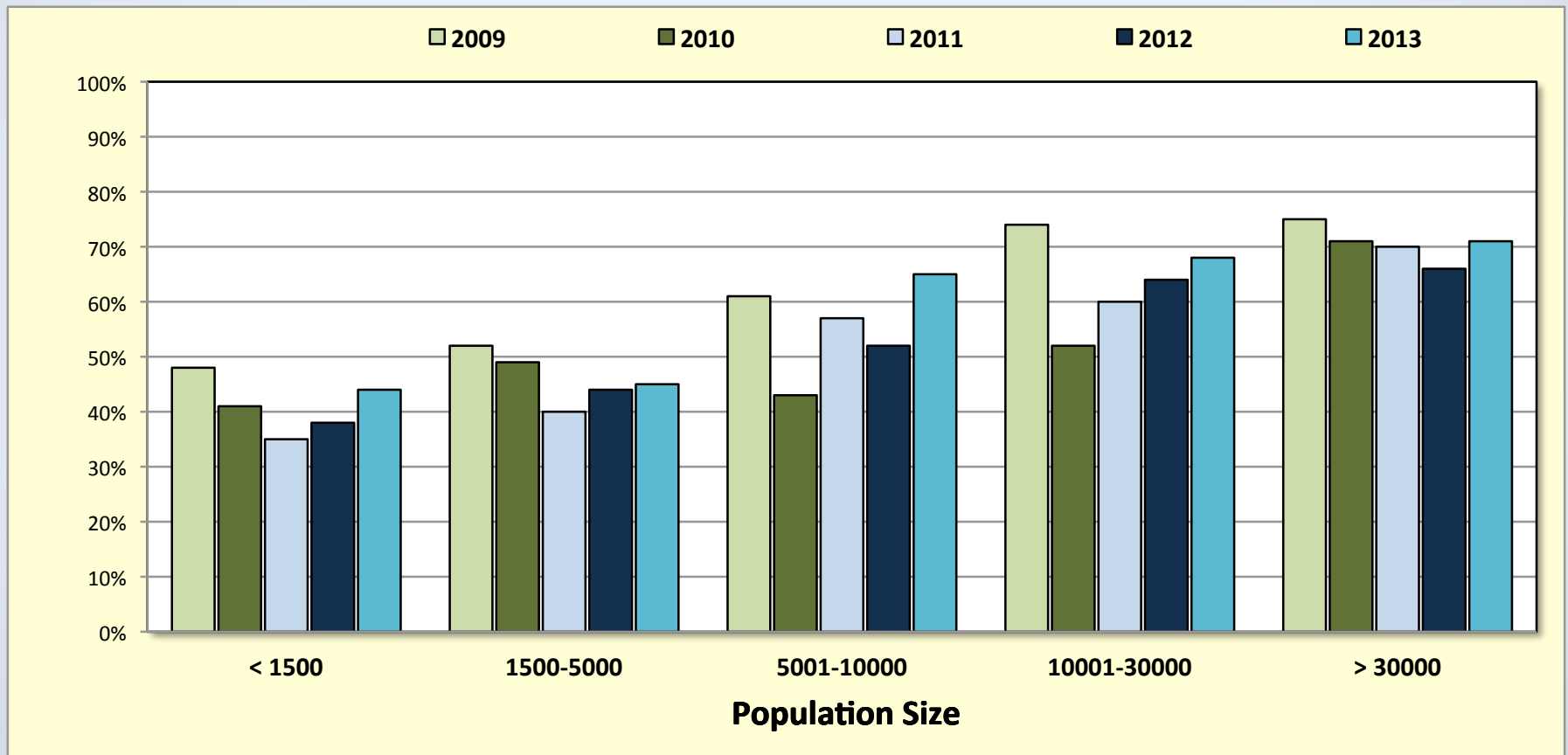
Michigan Local Government Fiscal Health Trends

key findings

- Long period of fiscal squeeze: falling revenues and rising costs.
- Local governments very active in responding: have largely preserved fiscal health and tried to protect services.
- As of 2013, 29% of Michigan jurisdictions say they are better able to meet their financial needs this year, but another 29% still say they are less able to do so. This is a significant improvement from the low point in 2010, when just 9% were better able, and 61% were less able.
- Local governments continue to pursue a variety of actions to improve their fiscal status, including shifting health care costs to employees, increasing intergovernmental cooperation.
- Looking to the future, more officials predict that their communities will have good times financially in the coming year (36%) than predict bad times (18%). Highest levels of optimism found in Michigan's larger jurisdictions.

Rising Costs

% of jurisdictions with **increasing infrastructure needs**



Future waves of the Michigan Public Policy Survey:

- Fall 2014: Infrastructure
- Other survey topics?
- How should MPPS data and reports be distributed to reach the widest audience?

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