The Center for Local, State, and Urban Policy

Gerald R. Ford School of Public Policy >> University of Michigan

Michigan Public Policy Survey October 2011

MPPS finds fiscal health continues to decline across the state, though some negative trends eased in 2011

This report presents Michigan local government leaders' assessments of their jurisdictions' fiscal conditions and the actions they are taking in response to widespread fiscal challenges. The findings are based on responses from three statewide survey waves of the Michigan Public Policy Survey (MPPS) conducted in Spring 2011, 2010, and 2009. It is important to note that the Michigan and U.S. macro economies were trending in generally positive directions while the spring 2011 MPPS survey was in the field and that some economic conditions have worsened since the completion of the survey.

>> The Michigan Public Policy Survey (MPPS) is conducted by the Center for Local, State, and Urban Policy (CLOSUP) at the University of Michigan in partnership with the Michigan Association of Counties, Michigan Municipal League, and Michigan Townships Association. The MPPS takes place twice each year and investigates local officials' opinions and perspectives on a variety of important public policy issues. Respondents for the MPPS this wave include county administrators and board chairs, city mayors and managers, village presidents and managers, and township supervisors, clerks, and managers from 1,272 jurisdictions across the state.

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Key Findings

- Fiscal stress continues to be a widespread and significant problem for local governments across Michigan, although the number of jurisdictions reporting further declines in fiscal health now is lower than it was in 2010.
  - Overall, nearly half (48%) of Michigan jurisdictions report in 2011 that they are somewhat or significantly less able to meet their financial needs compared to their previous fiscal year. While large, this percentage is lower than in either of the previous two MPPS fiscal surveys: 61% percent of jurisdictions reported declining fiscal health in 2010, and 52% did so in 2009.
  - Looking ahead, 50% of Michigan's local leaders predict that their jurisdictions will be less able to meet their fiscal needs in the coming year compared to their ability this year. Again, while this large percentage is a significant concern, it is still a smaller percentage than in either of the two previous MPPS fiscal surveys: 65% of jurisdictions predicted declining fiscal health for the coming year during the 2010 MPPS survey, while 62% did so during the 2009 MPPS survey.
- Common fiscal challenges confronting Michigan's local governments today include:
  - Declining property tax revenues
  - Declining state aid
  - Increasing numbers of home foreclosures
  - Increasing numbers of tax delinquencies
  - Increasing benefit costs, infrastructure needs and other service demands
- Common strategies pursued by local governments to address today's fiscal challenges include:
  - Increasing the number and/or scope of collaborative efforts with other governments
  - Increasing reliance on their general fund and "rainy day" balances
  - Increasing the share of health care costs paid by employees
  - Decreasing staffing and the amount of services provided
  - Increasing charges for fees, licenses, permits, etc.

Fiscal health expected to decline further for most jurisdictions, though the trend has eased somewhat

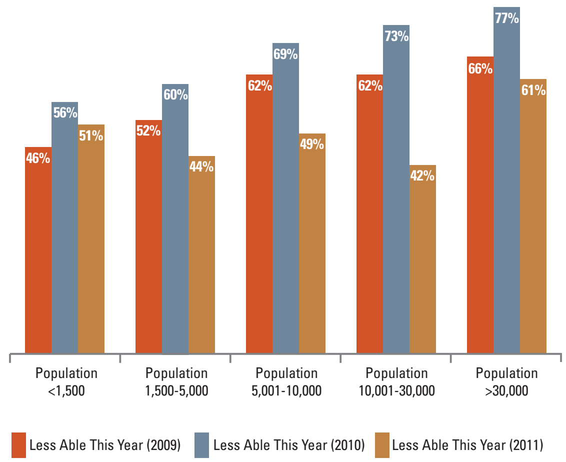
With the 2011 fiscal survey, the Michigan Public Policy Survey (MPPS) program has compiled tracking data on Michigan local governments' fiscal health spanning the last three years. The latest survey finds most local governments still face significant fiscal challenges, and in many cases these challenges continue to grow even worse today. At the same time, for a number of important fiscal indicators the 2011 survey finds fewer local governments reporting problems today compared to reports from last year.

The MPPS tracks numerous indicators of local government operations and fiscal health, many of which are explored throughout this report. The survey's summary indicator of fiscal health is a question asking local leaders whether their jurisdiction is better able or less able to meet its fiscal needs in the current year compared to the previous year. A follow-up question asks whether the government will be *better able* or *less able* to meet its fiscal needs in the next year compared to the current year. Responses to both questions in 2011 show major fiscal problems continue to confront most Michigan local governments, but also hint that previous trends of problems growing more *widespread* have eased somewhat, at least temporarily.

About half (48%) of all Michigan jurisdictions report they are somewhat or significantly *less able* to meet their fiscal needs this year compared to last year. This large percentage highlights widespread problems that are continuing to grow even worse today for many jurisdictions, above and beyond the significant problems reported over the last two years.

On the other hand, this percentage is smaller than the 61% of jurisdictions that said they were less able to meet their needs in 2010, compared to 2009, and is also lower than the 52% responding that way in 2009, compared to 2008. *Figure 1a* shows that regardless of jurisdiction size, *fewer* local governments report *declining* ability to meet their fiscal needs in the 2011 survey than did so in 2010. This easing trend among Michigan local governments corresponds to findings for cities across the U.S. based on the latest National League of Cities fiscal conditions survey.[1] A particularly large decrease is found among jurisdictions with 10,001 to 30,000 residents: in 2010, 73% of these jurisdictions reported declining ability to meet their fiscal needs, but this fell to only 42% in 2011. In fact, for jurisdictions of all sizes (except the smallest—those with fewer than 1,500 residents), the percentage of governments reporting declining ability to meet fiscal needs are now at their lowest points since the MPPS began in 2009.

Figure 1a
Percentage of jurisdictions reporting they are less able to meet their fiscal needs in current year compared to previous year, 2009-2011, by population size



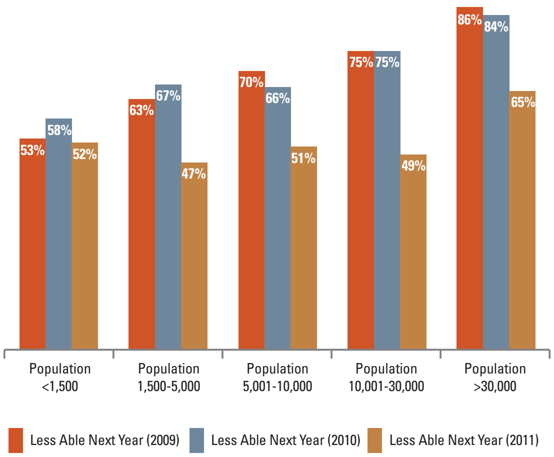
This easing trend in which fewer jurisdictions report problems in 2011 compared to last year is seen for many indicators presented in this report.

There are a number of ways to interpret this easing trend. Optimistically, it may indicate that, for now at least, the overall local government fiscal crisis peaked in 2010 in terms of the number of jurisdictions across Michigan with declining fiscal health. Another interpretation is that the easing trend may simply reflect the retrenchment in local government resulting from staffing and service cuts over the last few years. In other words, because local governments have cut employees and services, they may now be at least temporarily able to "meet their needs" (which are now lower) with less revenue. Whether that would be a positive or a negative finding depends on the reader's viewpoint. Proponents of reduced government would likely approve the "new normal" established by today's reduced revenues and service levels. On the other hand, those who rely on services such as public infrastructure, public safety, and so on, may find today's "new normal" to be less than optimal. In any case, declining fiscal health may soon become a more widespread problem again, if local government costs continue to rise or revenues continue to fall.

Looking forward, a mixed message is also found for expected fiscal health next year. On one hand, a majority of officials (50% overall) expect their jurisdictions' fiscal health to decline even further next year, including 65% of officials from the state's largest jurisdictions (those with more than 30,000 residents). That is to say, even if 2011 may have brought a slight easing in the previous downward trends for fiscal health, most local officials predict this will prove to be a temporary plateau, with problems beginning to grow worse again next year.

On the other hand, *Figure 1b* shows that expectations for further declines in fiscal health in the future are also *below* their prior levels in the 2010 and 2009 surveys. For example, in the 2010 survey 84% of officials from the state's largest jurisdictions predicted declining fiscal health in the coming year. In the 2011 survey this percentage dropped to 65%.

Figure 1b
Percentage of jurisdictions predicting they will be less able to meet their fiscal needs in coming year, 2009-2011, by population size



Local government property tax revenues continue widespread declines

Declining revenues from property taxes present a major source of fiscal stress for Michigan's local governments. Overall, nearly three-quarters (74%) of the state's jurisdictions report continued declines in revenue from property taxes this year, most of which are on top of earlier decreases experienced in 2010 and 2009. Declining property tax revenue is strongly associated with community size, with the state's larger jurisdictions more likely to report experiencing such declines (see *Figure 2a*). For instance, 91% of the state's largest jurisdictions report declining revenues from property taxes in 2011, compared to 67% of the state's smallest jurisdictions.

There are also significant differences in declining property tax revenues across different regions of Michigan, as seen in *Figure 2b*. Local governments in the Upper Peninsula (38%) are among the least likely to report such decreases this year, while those in the Southeast region (90%) are the most likely to report the problem. Meanwhile, by jurisdiction type, the problem is reported by 88% of Michigan cities, 87% of counties, 82% of villages, and 68% of townships.

It is worth noting that there are also jurisdictions reporting actual *growth* in their property tax revenues. In the 2011 MPPS, 12% of local jurisdictions overall report their property tax revenue increased somewhat since their last fiscal year. This is greater than the 8% of jurisdictions that reported property tax revenue growth in 2010. However, this growth is not evenly spread around the state: in the Upper Peninsula, 30% of jurisdictions report somewhat increased property tax revenues this year, compared to only 3% of jurisdictions in Southeast Michigan.

Figure 2a
Percentage of jurisdictions reporting declines in property tax revenue compared with previous fiscal year, 2010-2011, by population size

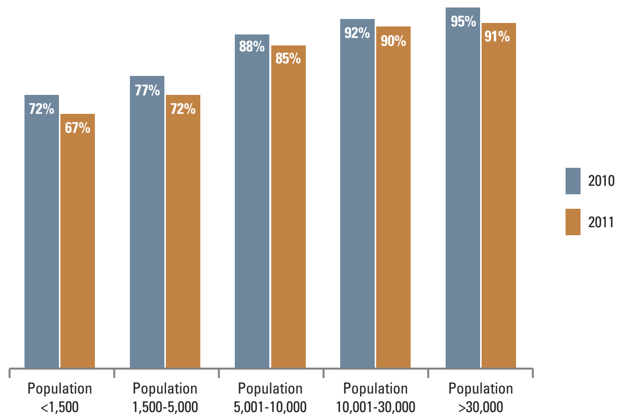
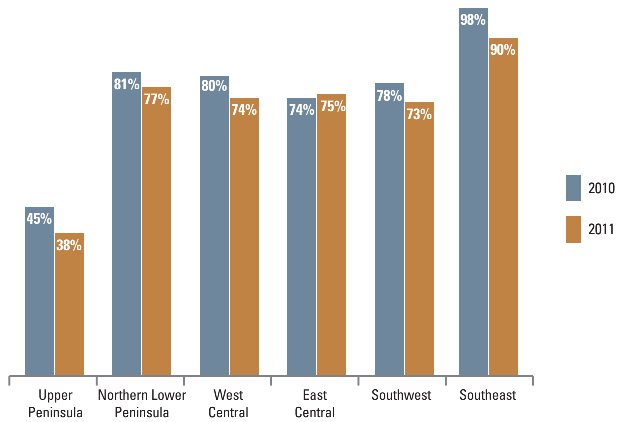


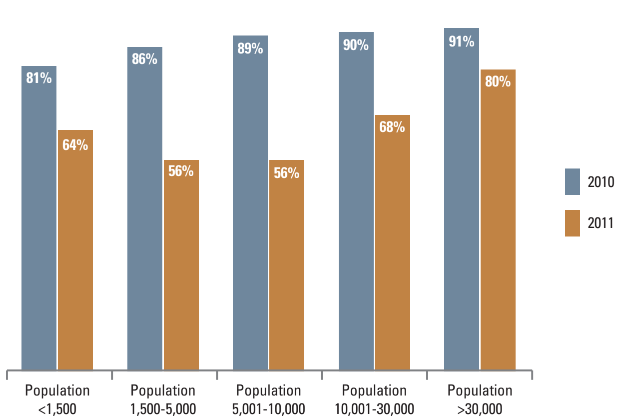
Figure 2b
Percentage of jurisdictions reporting declines in property tax revenue compared with previous fiscal year, 2010-2011, by region



Further reductions in state aid for most jurisdictions

In addition to continued declines in property tax revenue, declining state aid also affects a majority of Michigan's local governments. Overall, 61% of jurisdictions report declines in state aid this year. Again, these problems are most severe for the state's largest jurisdictions, as shown in *Figure 3*. For example, 80% of officials from the state's largest jurisdictions report declines in state aid this year, compared to 64% of officials from the state's smallest communities. By jurisdiction type, the problem is reported by 87% of cities, 85% of villages, 83% of counties, and 49% of townships.

Figure 3
Percentage of jurisdictions reporting declines in state aid compared with previous fiscal year, 2010-2011, by population size



Other major problems include home foreclosures and tax delinquencies

Related to declining property tax revenues, home foreclosures are a continuing problem for a majority of Michigan local governments. Overall, 56% of jurisdictions report an increasing number of home foreclosures this year. Interestingly, this problem is not correlated with larger community sizes. In fact, as seen in *Figure 4a*, while the problem is reported by 51% of Michigan's largest jurisdictions, it is also reported by 60% of jurisdictions with populations between 1,500 and 5,000 residents.

By region, the problem of increasing home foreclosures is most widespread in Michigan's Southwest and Northern Lower Peninsula regions, where 62% of local governments report increasing numbers of home foreclosures this year. By comparison, jurisdictions in the Upper Peninsula (40%) are least likely to report this as a growing problem today.

Meanwhile, home foreclosures are now *decreasing* in some Michigan communities in 2011 compared to 2010. By jurisdiction type, 16% of Michigan cities report fewer home foreclosures in 2011 compared to 2010, as do 15% of villages. By comparison, only 8% of townships and 9% of counties report fewer foreclosures in the 2011 survey.

Tax delinquencies are another growing problem for almost half (47%) of Michigan's local jurisdictions. While many MPPS indicators show problems being most severe in Michigan's largest communities, this is not the case with tax delinquencies (see *Figure 5*). The problem is about as likely to affect Michigan's smallest communities as it is to affect the largest.

Figure 4a
Percentage of jurisdictions reporting increases in foreclosures compared with previous fiscal year, 2010-2011, by population size

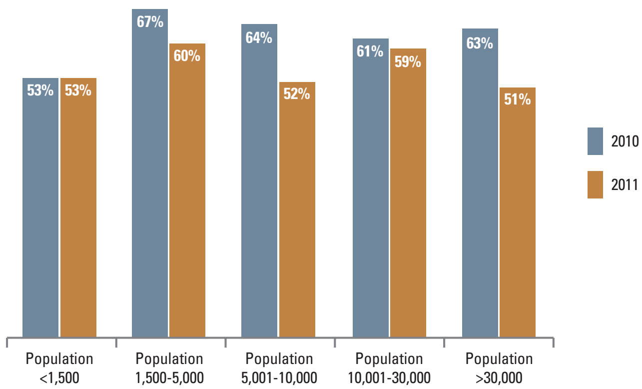


Figure 4b
Percentage of jurisdictions reporting increases in foreclosures compared with previous fiscal year, 2010-2011, by region

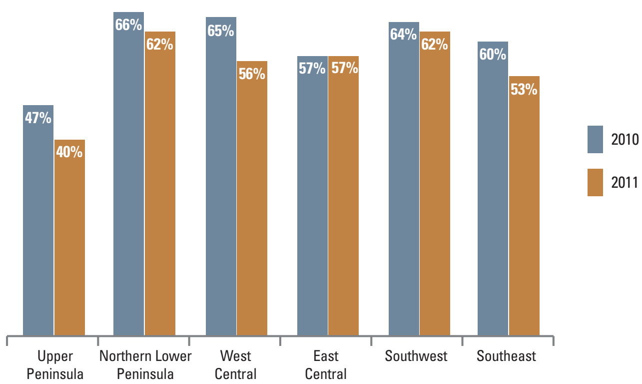
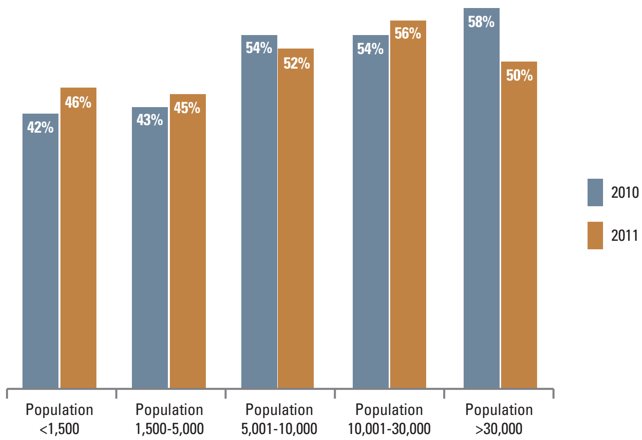


Figure 5
Percentage of jurisdictions reporting increases in tax delinquencies compared with previous fiscal year, 2010-2011, by population size



Increasing service demands add spending pressures

While most Michigan jurisdictions are experiencing declines in revenue, many also continue to face sustained pressures on the spending side. As seen in *Table 1*, local governments of all sizes continue to report increased infrastructure, human service, and public safety needs. Particularly large majorities of the state's biggest jurisdictions report an increase in both infrastructure needs (70%) and human service needs (69%), and nearly half (46%) report an increase in public safety needs this year compared to last year. While the state's smaller jurisdictions are less likely to report these problems increasing this year, nonetheless these spending pressures continue to affect significant numbers of Michigan's smaller communities as well.

[Note: consult Appendix A for a full list of these and related questionnaire items.]

Table 1
Percentage of jurisdictions reporting changes in expenditure pressures from previous fiscal year, 2011

	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total 2011
Increase in infrastructure needs	35%	40%	57%	60%	70%	43%
Increase in human service needs	25%	33%	45%	55%	69%	35%
Increase in public safety needs	21%	26%	34%	44%	46%	28%

Increased health care costs affecting most jurisdictions that provide benefits

Increases in employee and retiree costs, especially regarding health care benefits, are another major source of fiscal stress for many local governments, as seen in *Table 2*. It is important to note, though, that only 50% of Michigan's jurisdictions report in 2011 that they offer any kind of fringe benefits to their current employees at all. Especially among the state's small jurisdictions, some governments report having no full time employees, and many report not offering benefits of any kind to the employees they do have. Meanwhile, among those jurisdictions that do offer benefits, 70% report that health care costs for current employees increased this year, including 47% reporting that costs increased "somewhat" and 23% reporting that costs increased "greatly."

Health care costs for current retirees are also rising for most of the 23% of jurisdictions that report they offer these benefits today. Forty-eight percent of the smallest jurisdictions that currently offer these benefits report their costs have increased this year (including 5% that say these costs have increased greatly), compared to 64% of the largest jurisdictions (including 18% that report costs increased greatly).

Table 2
Percentage of jursidictions reporting changes in workforce-related costs* from previous fiscal year, 2011 (among those with any such costs at all)

	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total 2011
Increase in cost of current employee health benefits	64%	68%	65%	79%	70%	70%
Increase in cost of retired employee health benefits	48%	55%	60%	63%	64%	60%
Increase in cost of employee pensions	24%	29%	37%	45%	57%	34%

* All percentages are among only those jurisdictions that report they provide current employee health care benefits, retired employee health care benefits, or current and/or retired employee pensions, respectively

Responding to fiscal challenges: Much more service sharing, some additional privatization

Michigan's local governments are responding in a number of ways to the growing fiscal challenges they face. The most common strategy reported in 2011 is increasing the number and/or scope of interlocal agreements with other jurisdictions, which is often pursued to find cost savings. Overall, 40% of Michigan's local governments report plans to increase cooperative efforts with their neighbors in the next 12 months. As seen in *Figure 6a*, these plans are strongly correlated with jurisdiction size: 28% of the state's smallest jurisdictions plan to increase cooperative efforts, compared to 85% of Michigan's largest jurisdictions. It should be noted that many of Michigan's small jurisdictions provide relatively few services, and also that many of them are located at significant distances from potential partnering jurisdictions. For these reasons Michigan's smallest local governments tend to have fewer opportunities to share services with other jurisdictions.

It is also worth noting that these plans for expanded interlocal cooperative efforts were already in place for Michigan's local governments before the state government revised its revenue sharing program by introducing the new Economic Vitality Incentive Program (EVIP), which is designed in part to foster more interlocal collaboration.

[Note: the full set of questionnaire items asked about strategies being pursued by local governments is provided in Appendix B.]

Figure 6a
Percentage of jurisdictions planning to increase number and/or scope of interlocal agreements, by population size

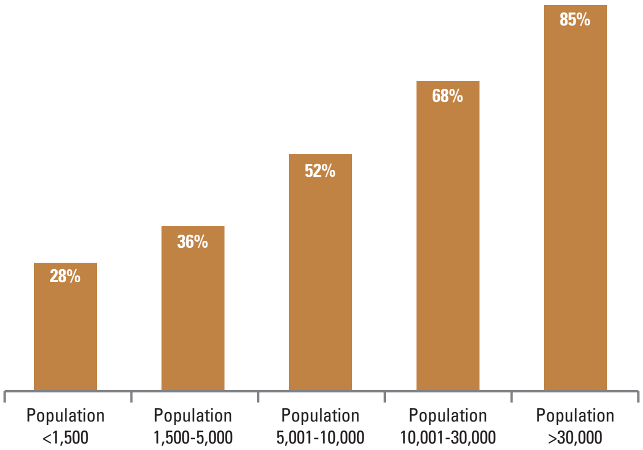
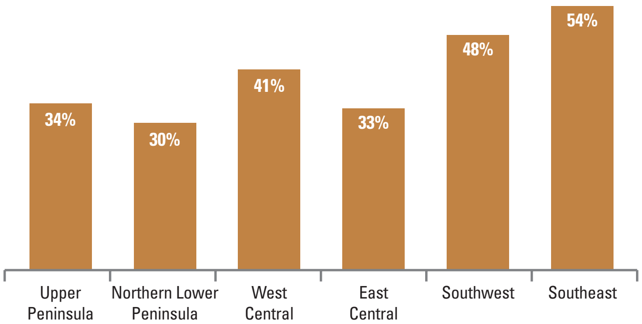


Figure 6b
Percentage of jurisdictions planning to increase number and/or scope of interlocal agreements, by region



Another alternative for service delivery is privatization, through which local governments contract with external organizations to directly provide services, frequently in hopes of realizing cost savings. Compared to plans for expanding inter-governmental cooperation, plans for increased privatization are much less common. Overall, only 15% of local jurisdictions plan to increase their levels of privatizing service delivery in the coming year. This strategy again is strongly associated with jurisdiction size: only 7% of the smallest jurisdictions plan to increase privatization this year, compared to 58% of the largest jurisdictions (see *Figure 7a*). Again, the fact that Michigan's smallest jurisdictions provide relatively few services in the first place also means they have fewer opportunities to increase privatization. Significant differences in plans for privatization are also found in various regions of Michigan, though this is tied in part to differences in jurisdiction sizes in the various regions. For instance, 29% of jurisdictions in Southeast Michigan plan to increase their levels of privatization in the coming year, compared to only 6% of jurisdictions in the Northern Lower Peninsula (see *Figure 7b*).

Figure 7a
Percentage of jurisdictions planning to increase privatization, by population size

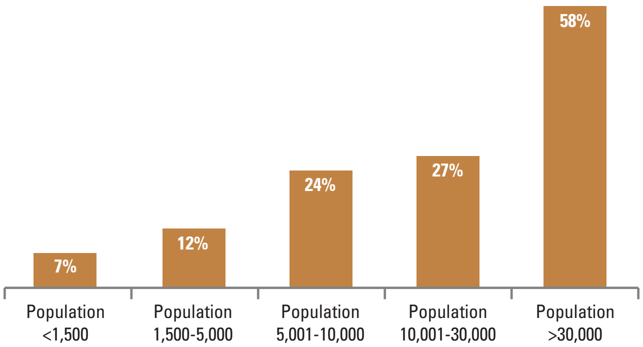
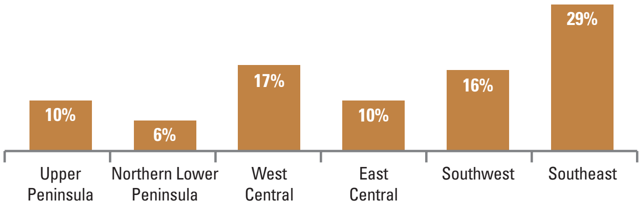


Figure 7b
Percentage of jurisdictions planning to increase privatization, by region



Responding to fiscal challenges: greater reliance on fund balances

To balance budgets in this era of decreasing revenues, 36% of Michigan local jurisdictions overall plan to increase their reliance on their general fund balances this year. It is worth noting that 4% of jurisdictions report having no general fund balances available at the end of their last fiscal year, and another 8% report having balances of 5% or less, calculated as a percentage of general fund expenditures. *Table 3* illustrates that communities with between 10,001 and 30,000 residents stand out regarding use of general fund balances. Among those jurisdictions, 47% plan to increase their reliance on general fund balances this year. And by jurisdiction type, 52% of counties, 48% of cities, 45% of villages, and 31% of townships plan this action in the coming year.

Similarly, many jurisdictions plan to increase their reliance on "rainy day" funds that they may still have available. Overall, 17% of jurisdictions indicated that this strategy was "not applicable" in their case, presumably signifying that they have no such funds available. Meanwhile, 25% of jurisdictions overall plan to increase their reliance on rainy day funds to help meet their fiscal needs this year. As seen in *Table 3*, larger jurisdictions are somewhat more likely than the state's smaller jurisdictions to be following this strategy.

Table 3
Percentage of jurisdictions planning to increase their reliance on their general fund and "rainy day" balances in the coming year

	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total 2011
Increase reliance on general fund balance	36%	35%	33%	47%	38%	36%
Increase reliance on "rainy day" funds	23%	23%	21%	35%	35%	25%

Responding to fiscal challenges: cutting staffing and services, raising fees

In order to operate at today's reduced funding levels, many Michigan jurisdictions have reduced staff levels in the last year, although fewer plan to do so yet again in the upcoming year. Looking back, 23% of jurisdictions overall have reduced their staffing levels compared to their previous fiscal year, including 75% of the largest jurisdictions. Looking ahead, however, only 8% of jurisdictions overall plan to increase layoffs in the coming year, although this jumps to 35% among the largest jurisdictions (see *Table 4*).

Also looking ahead, 21% of local governments overall plan to cut back on the amount of services they provide in the coming year, instituting further cuts on top of those made over the past several years of economic downturn. Compared to the 18% of Michigan's smallest jurisdictions that plan to cut services this year, 50% of the state's largest jurisdictions plan such cuts. Again, it is worth noting that many of the smallest jurisdictions provide a very limited set of services in the first place, so they have fewer places to cut back. By jurisdiction type, 46% of counties plan service cuts this year, as do 45% of Michigan's cities, 35% of villages, and 12% of townships.

Beyond just cutting back on service levels, in some cases local governments have decided to completely eliminate particular services. Relatively few jurisdictions, only 7% overall, took this more extreme action last year, although this includes 21% of Michigan's largest jurisdictions. Looking ahead, 18% of the largest local governments also plan to completely eliminate at least one service in the coming year. In some cases these services may be provided by different organizations, but in other cases the services will no longer be provided in any way.

These ongoing staffing and service cuts are evidence of a continuing retrenchment underway for many local governments across Michigan.

While many jurisdictions are responding to their fiscal challenges by cutting staffing and services, many jurisdictions also plan to raise fees for some of the remaining services they still provide, as well as for licenses, permits, and so on. Overall, 20% of jurisdictions plan to increase these kinds of fees, though again this is correlated with jurisdiction size and type. While only 13% of Michigan's smallest jurisdictions plan to raise fees this year, 38% of the largest jurisdictions plan to do so. And while only 14% of townships and 19% of villages plan these actions, 37% of counties and 38% of cities plan increases in fees in the coming year.

Table 4
Percentage of jurisdictions reporting recent and planned changes to staffing, services and fees in the coming year

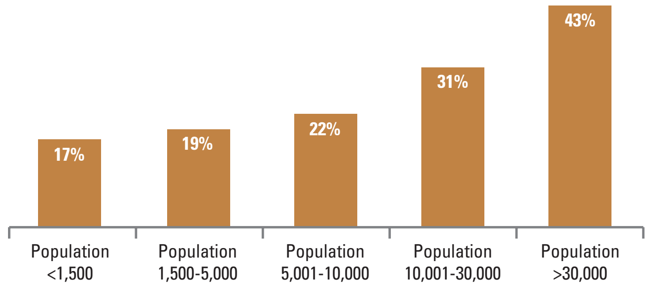
	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total 2011
Decrease in number of employees since last year	8%	17%	41%	59%	75%	23%
Plan to decrease amount of services provided in the coming year	18%	17%	30%	24%	50%	21%
Plan to increase charges for fees, licenses, etc. in the coming year	13%	18%	27%	39%	38%	20%
Plan to increase layoffs in coming year	2%	5%	20%	19%	35%	8%
Completely eliminated service(s) this year	5%	5%	11%	16%	21%	7%
Plan to completely eliminate service in the coming year	5%	4%	8%	13%	18%	6%

Responding to fiscal challenges: cutting infrastructure spending

As seen earlier, the need to improve infrastructure is a common problem for many jurisdictions in Michigan. Unfortunately, decreased revenues are prompting 21% of all local governments in the state to plan further *cuts* to their infrastructure spending. As seen in *Figure 8* this too is correlated with jurisdiction size: 17% of the smallest jurisdictions plan further infrastructure cuts, compared to 43% of the largest jurisdictions.

Since delaying infrastructure maintenance can lead to even higher expenses down the road, stakeholders should be aware that future infrastructure expenses could become an even bigger challenge for communities across Michigan in the future.

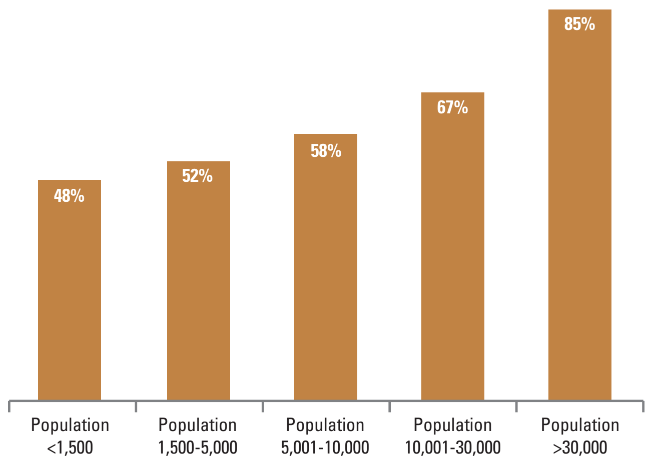
Figure 8
Percentage of jurisdictions planning to cut spending on infrastructure in the coming year



Responding to fiscal challenges: addressing health care costs for jurisdictions that provide benefits

Personnel costs normally make up the largest share of expenses for most jurisdictions, and as seen earlier, rising health care costs are one of the biggest fiscal challenges facing many governments in Michigan. In response to their fiscal challenges, 59% of jurisdictions that report providing benefits to current employees plan to increase the share of health care costs that are paid by their employees in the coming year. Again, these strategies are correlated with jurisdiction size: 48% of the smallest jurisdictions plan these changes, compared to 85% of Michigan's largest jurisdictions (see *Figure 9*). It is again worth noting that these changes were planned by local jurisdictions before the state revised its local revenue sharing program in part to incentivize these kinds of changes at the local level. Clearly, Michigan's ongoing fiscal challenges were already fostering these kinds of changes at the local level.

Figure 9
Percentage of jurisdictions reporting changes to health care benefits, among those that provide fringe benefits



Responding to fiscal challenges: other employee-related strategies

Michigan's local governments are also planning a wide variety of additional actions to find cost savings related to personnel expenses in the coming year, including, for instance, reducing or eliminating training opportunities (34% of all jurisdictions), reducing compensation rates for new hires (25%), increasing retirees' shares of their health care costs (18%), increasing current employees' shares of contributions toward their retirement funds (14%), and more. These and other related strategies will be explored in detail in an upcoming MPPS report focused on personnel policies.

Conclusion

Overall, findings from the 2011 MPPS fiscal survey show that Michigan's local governments in general continue to struggle with significant fiscal challenges. From decreasing property revenues and state aid to increasing costs and service demands, Michigan's local jurisdictions continue to be squeezed between a rock and a hard place. Looking ahead, most local leaders' expect that they will be even less able to meet their jurisdictions' fiscal needs in 2012, compared to 2011.

At the same time, numerous indicators in the 2011 MPPS fiscal survey show that fewer local governments in Michigan report problems growing worse this year, compared to last year's survey. For instance, fewer local governments than last year report decreasing property tax revenues or declining state aid; fewer jurisdictions report increasing numbers of home foreclosures or tax delinquencies than reported these problems last year, and so on. Whereas the 2010 MPPS survey found fiscal problems were becoming more widespread and affecting more jurisdictions across the state, the 2011 survey finds at least a temporary reversal in those trends for many indicators.

Interpreting these mixed messages – serious and worsening fiscal challenges for most jurisdictions, but for fewer than last year – is not straightforward. While the easing trend in which fewer jurisdictions report problems could continue and expand in the future, it seems equally if not somewhat more likely that fiscal trends will again turn negative for more and more local governments. Potential problems include the state of the Michigan and U.S. economies in the second half of 2011 and the possibility of a "double-dip recession," the likelihood of further cost increases for health care and municipal service provision, the potential for further revenue declines tied to state policymakers' focus on eliminating the personal property tax, and even Michigan's constitutional caps on local government property tax revenue increases which could restrict revenue growth if or when the housing market finally begins to climb again.

Despite all the unknowns, at least two things are clear: first, this is a time of significant and ongoing fiscal challenges for Michigan's local governments; and second, those local jurisdictions are taking action on a wide variety of fronts to deal with these challenges.

Notes

[1] National League of Cities (NLC). "City Fiscal Conditions in 2011." September 2011. http://www.nlc.org/find-city-solutions/research-innovation/finance/city-fiscal-conditions-in-2011.

Survey background and methodology

The MPPS is a biannual survey of each of Michigan's 1,856 units of general purpose local government. 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 and managers, and township supervisors, clerks, and managers) from all 83 counties, 274 cities, 259 villages, and 1,240 townships in the state of Michigan.

The Spring 2011 wave was conducted from April 18 – June 10, 2011. A total of 1,272 jurisdictions in the Spring 2011 wave returned valid surveys, resulting in a 69% response rate by unit. The margin of error for the survey as a whole is +/- 1.5%. However, the margin of error may differ for analyses that include only a subset of respondents. Contact CLOSUP staff for more information. 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. Data are weighted to account for non-response.

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—are available online at the MPPS homepage: http://closup.umich.edu/mpps.php

The views reported herein are those of local Michigan officials and do not necessarily reflect the views of the University of Michigan.

Appendix A
Conditions in 2011 Compared to Previous Fiscal Year

	<1500		1500-5000		5001-10000		10001-30000		>30000		
Description	Rank	Percent reporting	Rank	Percent reporting	Rank	Percent reporting	Rank	Percent reporting	Rank	Percent reporting	Total
Decrease in revenue from property taxes	1	67	1	72	1	85	1	90	1	91	74
Decrease in amount of state aid to jurisdiction	2	64	3	56	5	56	3	68	2	80	61
Increase in home foreclosures in jurisdiction	3	53	2	60	6	52	5	59		51	56
Decrease in revenue from fees, licenses, transfers, etc.	6	42	4	47	2	61	9	54	10	53	47
Increase in number of tax delinquencies	5	46	5	45	7	52	7	56		50	47
Decrease in population of jurisdiction	4	50	6	42	10	34		39		40	44
Increase in infrastructure needs	7	35	7	40	4	57	4	60	5	70	43
Increase in cost of current employee health benefits		20	9	29	3	59	2	79	4	70	35
Increase in human service needs	9	25	8	33	8	45	8	55	6	69	35
Decrease in amount of federal aid to jurisdiction	8	28		22		27		37	8	58	29
Increase in public safety needs	10	21	10	26		34		44		46	28
Decrease in number of employees		8		17	9	41	6	59	3	75	23
Increase in cost of employee pensions		14		17		32		44	7	59	22
Increase in pay rates for employee wages and salaries		19		20		33		23		17	21
Increase in cost of retired employee health benefits		5		12		28	10	46	9	57	17
Increase in amount of debt		13		10		15		13		13	12
Decrease in ability of jurisdiction to its repay debt		7		7		6		12		6	7

Appendix B
Predicted Actions for the Coming Year

	<1500		1500-5000		5000-10000		10001-30000		>30000		
Description	**Rank**	**Percent reporting**	**Rank**	**Percent reporting**	**Rank**	**Percent reporting**	**Rank**	**Percent reporting**	**Rank**	**Percent reporting**	Total
Increase in number and/or scope of interlocal agreements or cost-sharing plans	2	28	1	36	1	52	1	68	2	85	40
Increase in reliance on general fund balance	1	36	2	35	3	33	3	47		38	36
Increase in employees' share of premiums, deductibles and/or co-pays on health insurance	7	15	4	21	2	48	1	68	1	86	30
Increase in reliance on rainy day funds	3	23	3	23		21	8	35		35	25
Decrease in amount of services provided	4	18	7	17	4	30		24	8	50	21
Decrease in actual infrastructure spending	5	17	5	19		22	10	31	9	43	21
Increase in charges for fees, licenses, etc.	8	13	6	18	7	27	6	39		38	20
Increase in retirees' share of premiums, deductibles and/or co-pays on health insurance		9	10	12	6	29	4	40	3	61	18
Increase in jurisdiction not filling vacant positions		5		12	5	30	5	39	6	54	16
Decrease in actual public safety spending	10	11	9	14	9	24		28		36	16
Increase in privatizing or contracting out services		7		12	9	24		27	4	58	15
Increase in property tax rates	6	15	8	14		15		19		17	15
Increase in employees' share of contributions to retirement funds		6		9		19	7	37	7	54	14
Decrease in jurisdiction's workforce hiring		6		9	8	26	9	34	5	57	13
Decrease in funding for economic development programs		7		1		14		25		27	12
Increase in jurisdiction's amount of debt	9	13		10		15		14		13	11
Decrease in actual human services spending		6		6		12		21	10	40	10
Increase in jursidiction's workforce layoffs		2		5		20		19		35	8
Decrease in employee pay rates		3		6		5		14		24	6
Increase in sale of public assets (i.e., parks, buildings, etc.)		3		5		10		8		18	5

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