

Funding local government in Michigan: a broken system?

Presented at the Michigan Association of
Counties Annual Conference

September 16, 2016

The Michigan Public Policy Survey

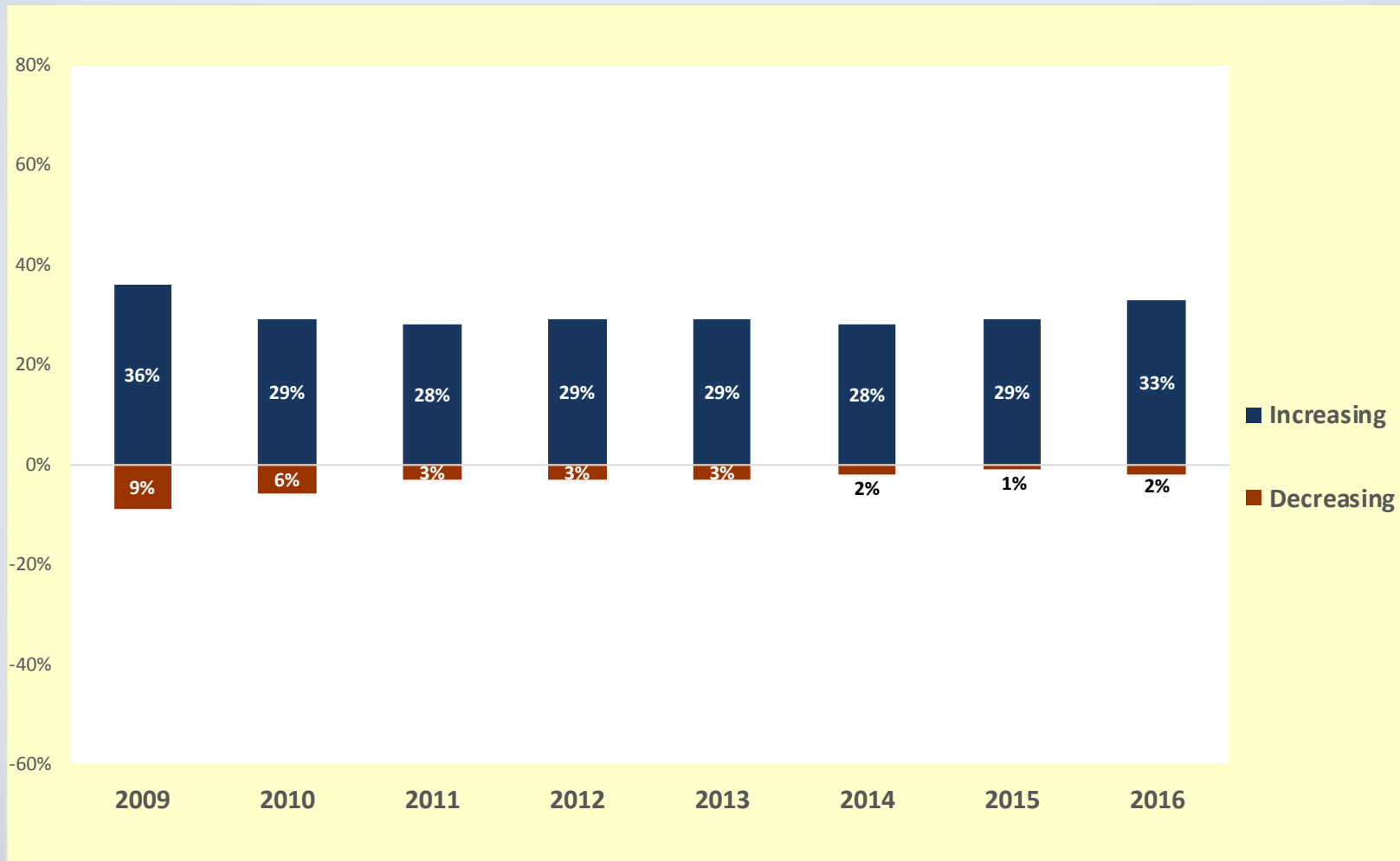
- **Census survey** – all counties, cities, townships, and villages (over 70% response rates); twice/year
- **Respondents** – chief elected and appointed officials
- **Topics** – wide range, such as fiscal health, budget priorities, economic development, intergovernmental cooperation, employee policies, labor unions, state relations, environmental sustainability, citizen engagement, much more.

Presentation Outline

- Service demands increasing, costs increasing, but revenues not keeping pace?
- Local leaders' views on whether Michigan's system of funding local government is broken
- What local leaders say should be done

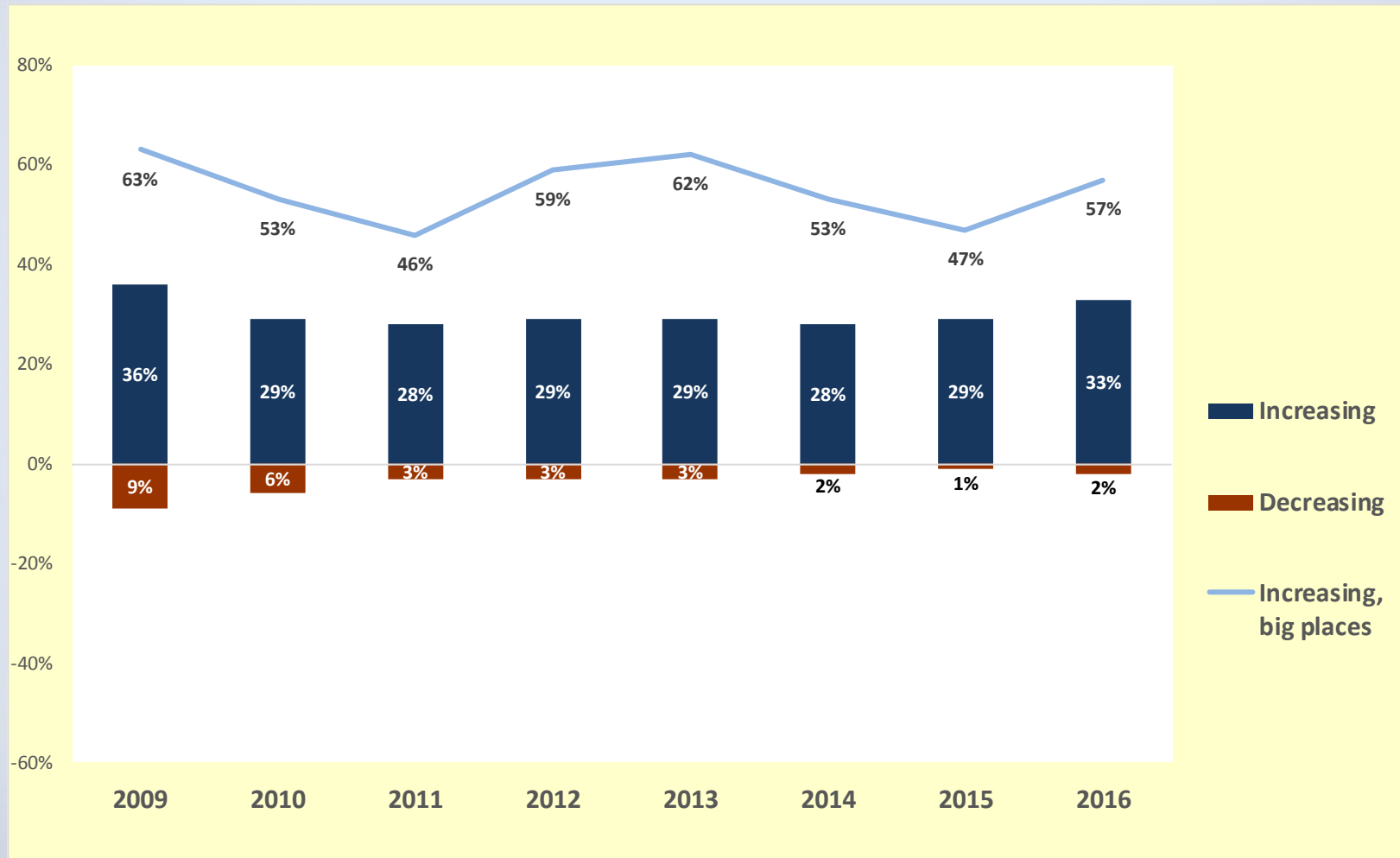
Increasing Needs and Demands

% of jurisdictions with **changing public safety demands**



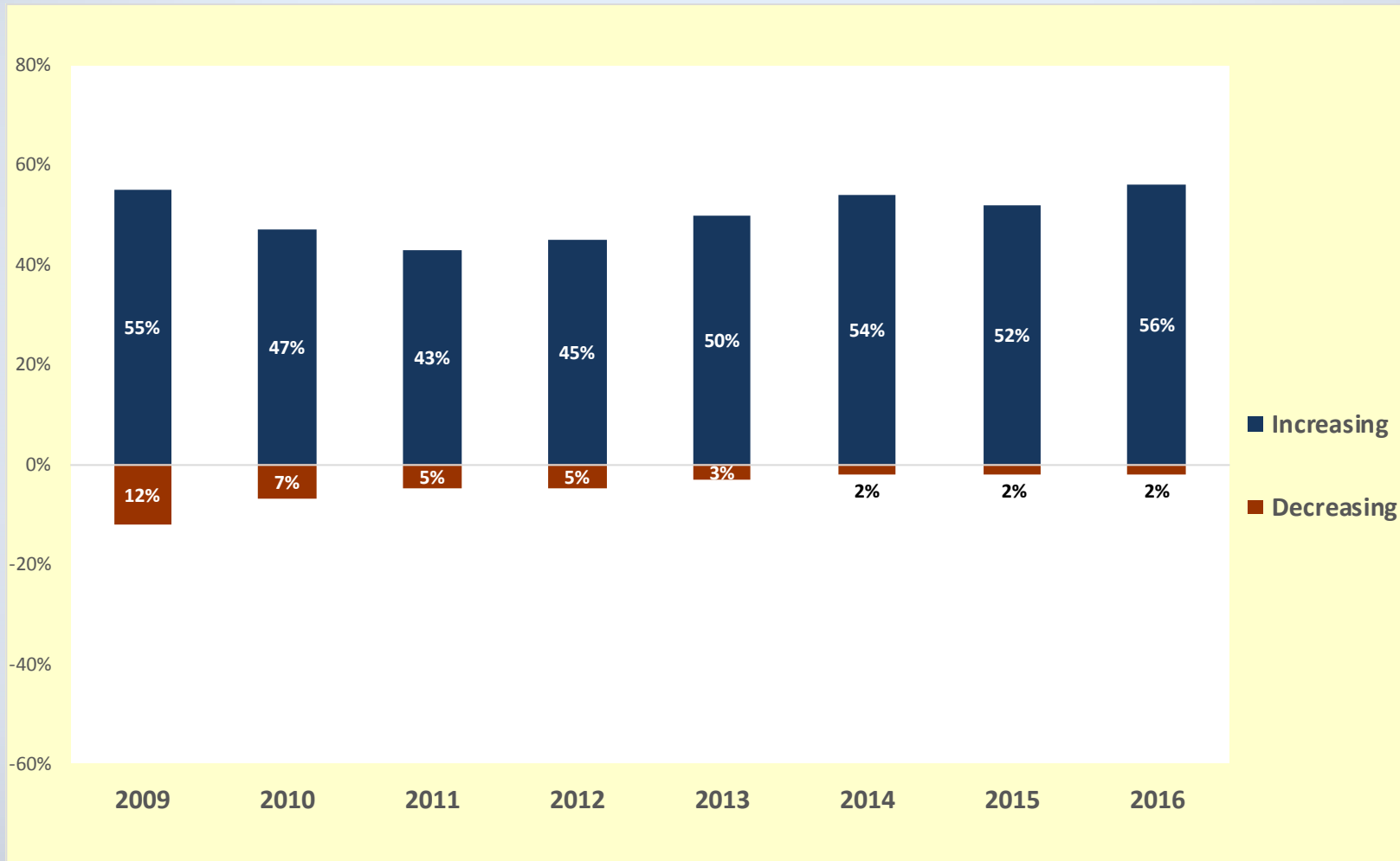
Increasing Needs and Demands

% of jurisdictions with **changing public safety demands**,
(line shows % of **largest communities** with increasing needs)



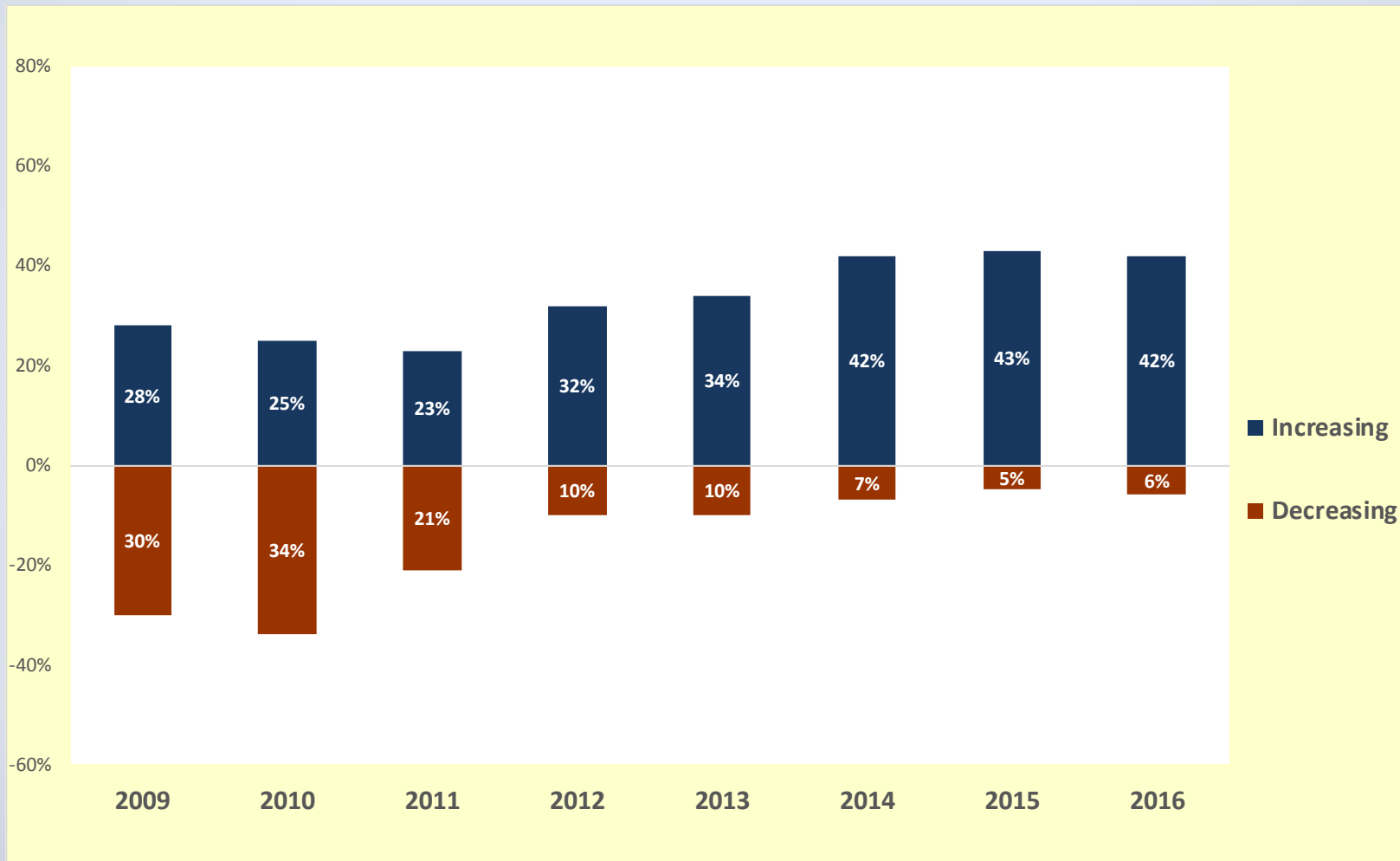
Increasing Needs and Demands

% of jurisdictions with **changing infrastructure demands**



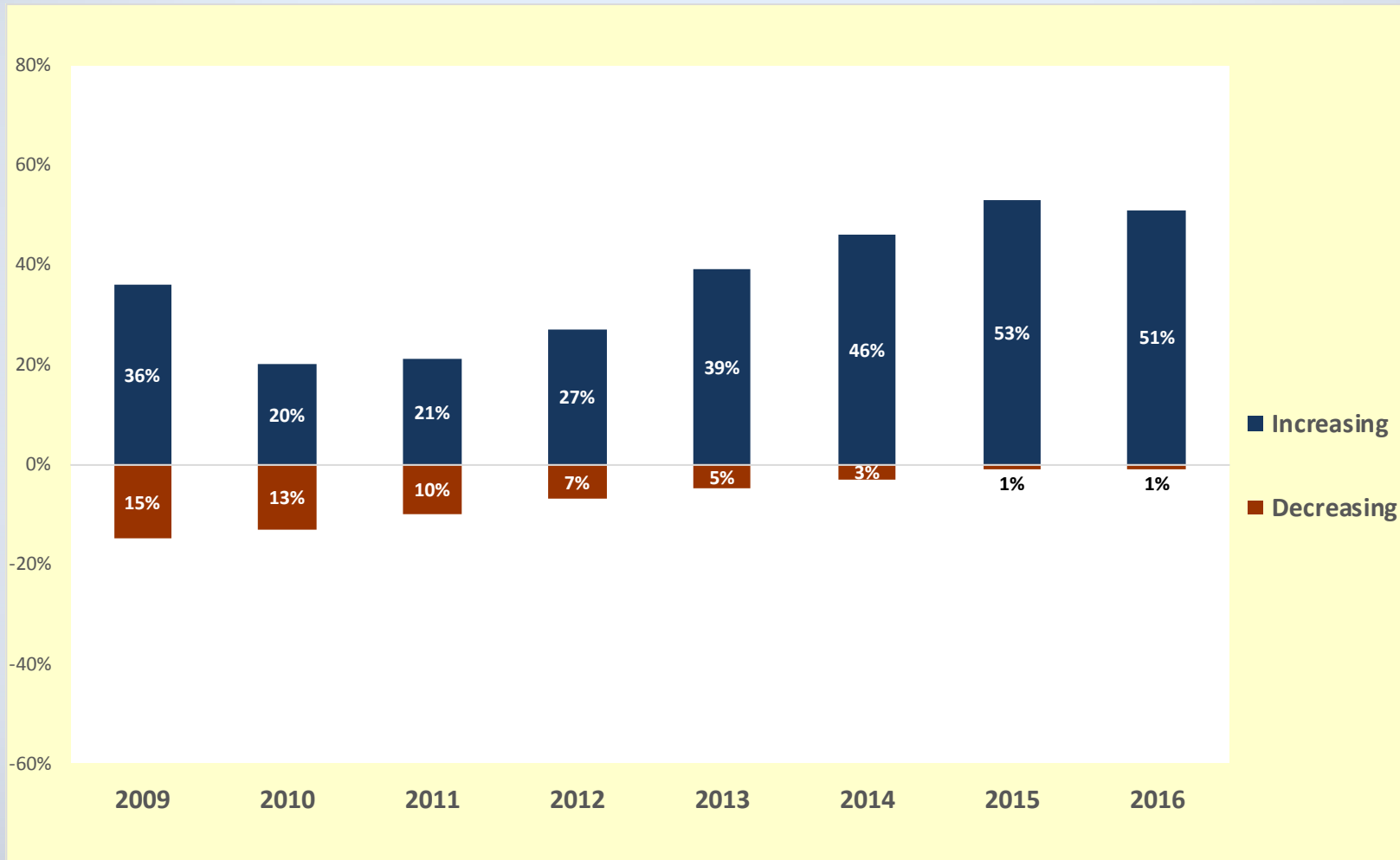
Increasing Costs

% of jurisdictions with **changing infrastructure spending**



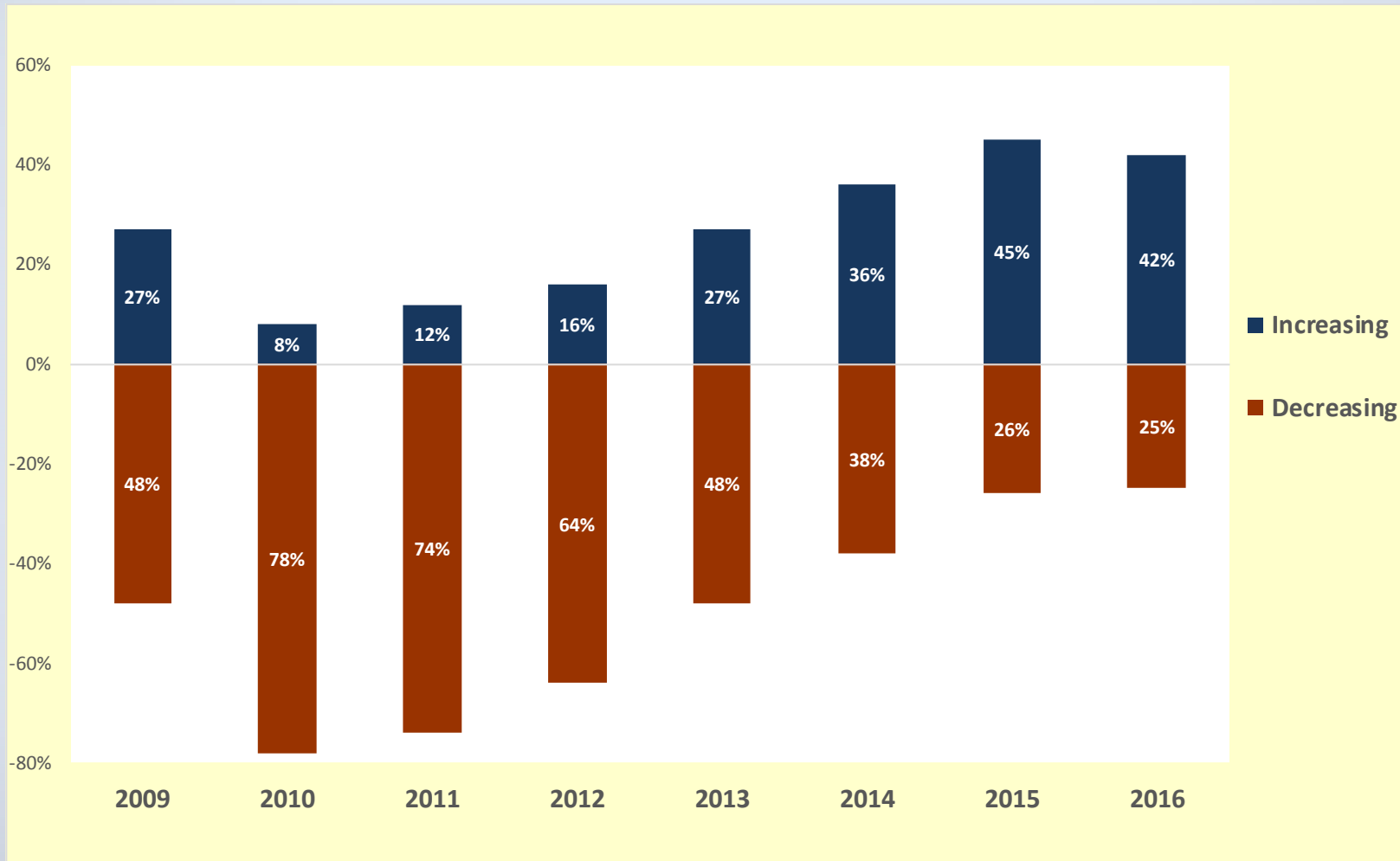
Increasing Costs

% of jurisdictions with **changing employee pay rates**



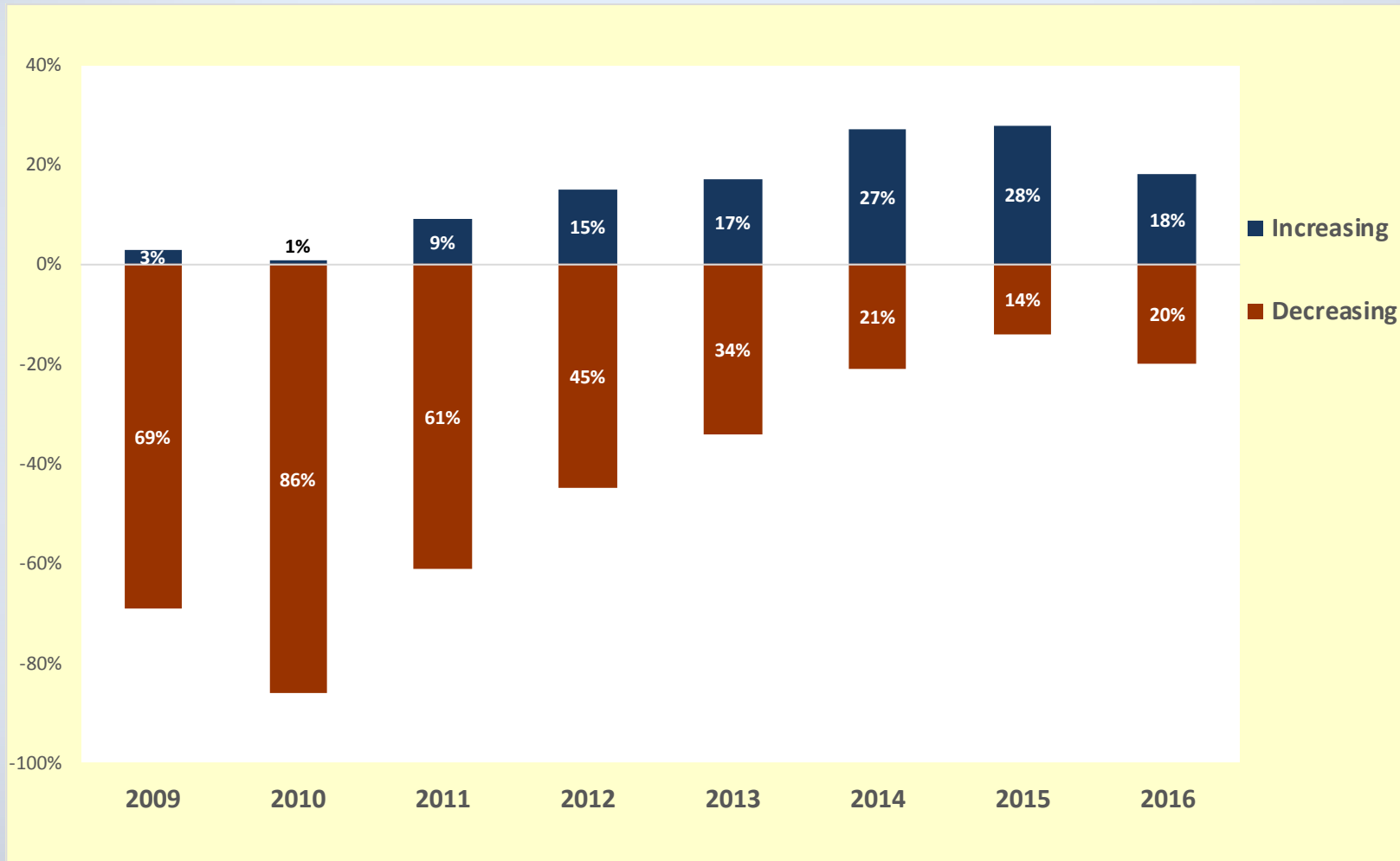
Changing Revenues

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



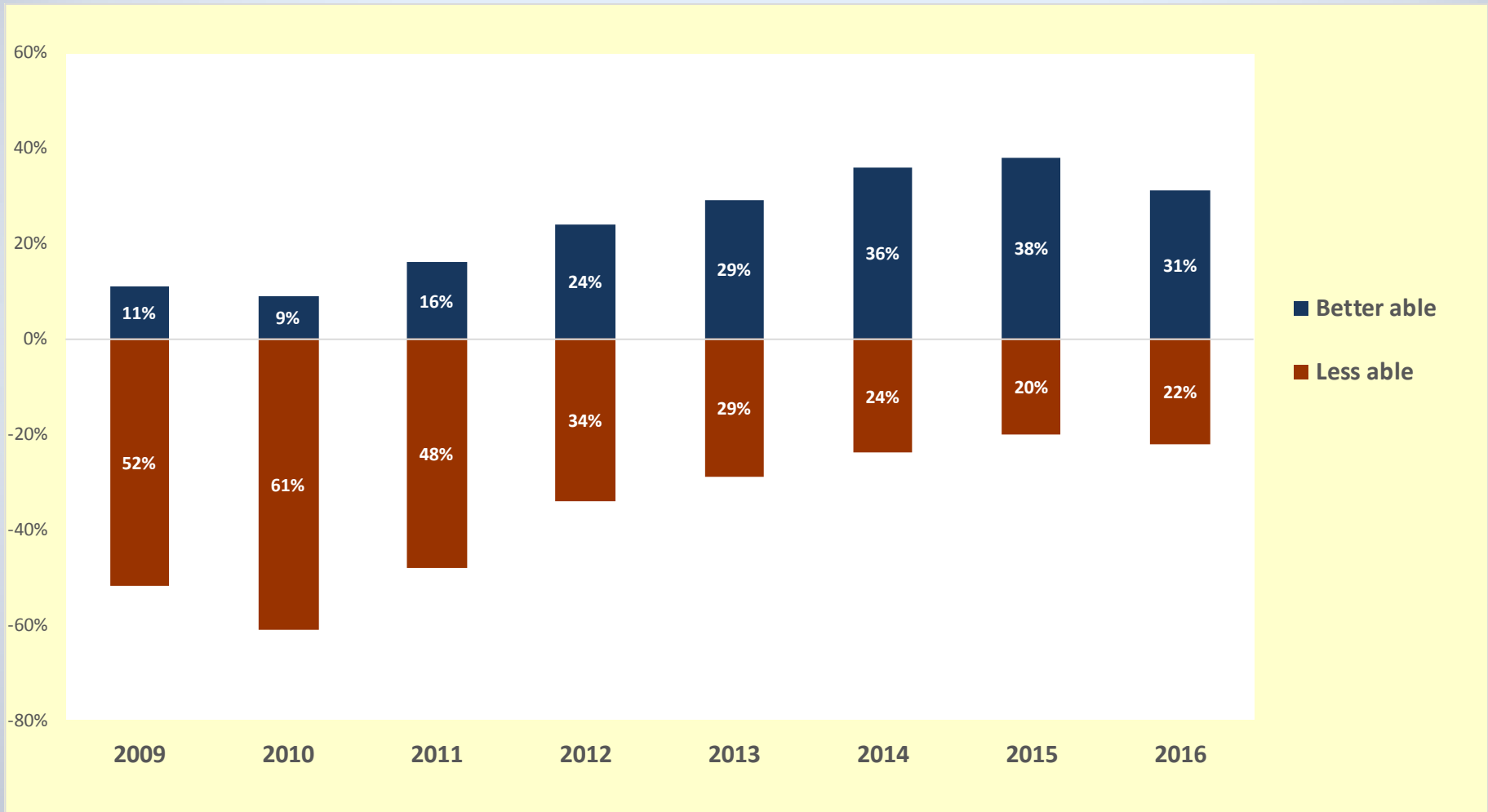
Changing Revenues

% of jurisdictions with **changing state aid**



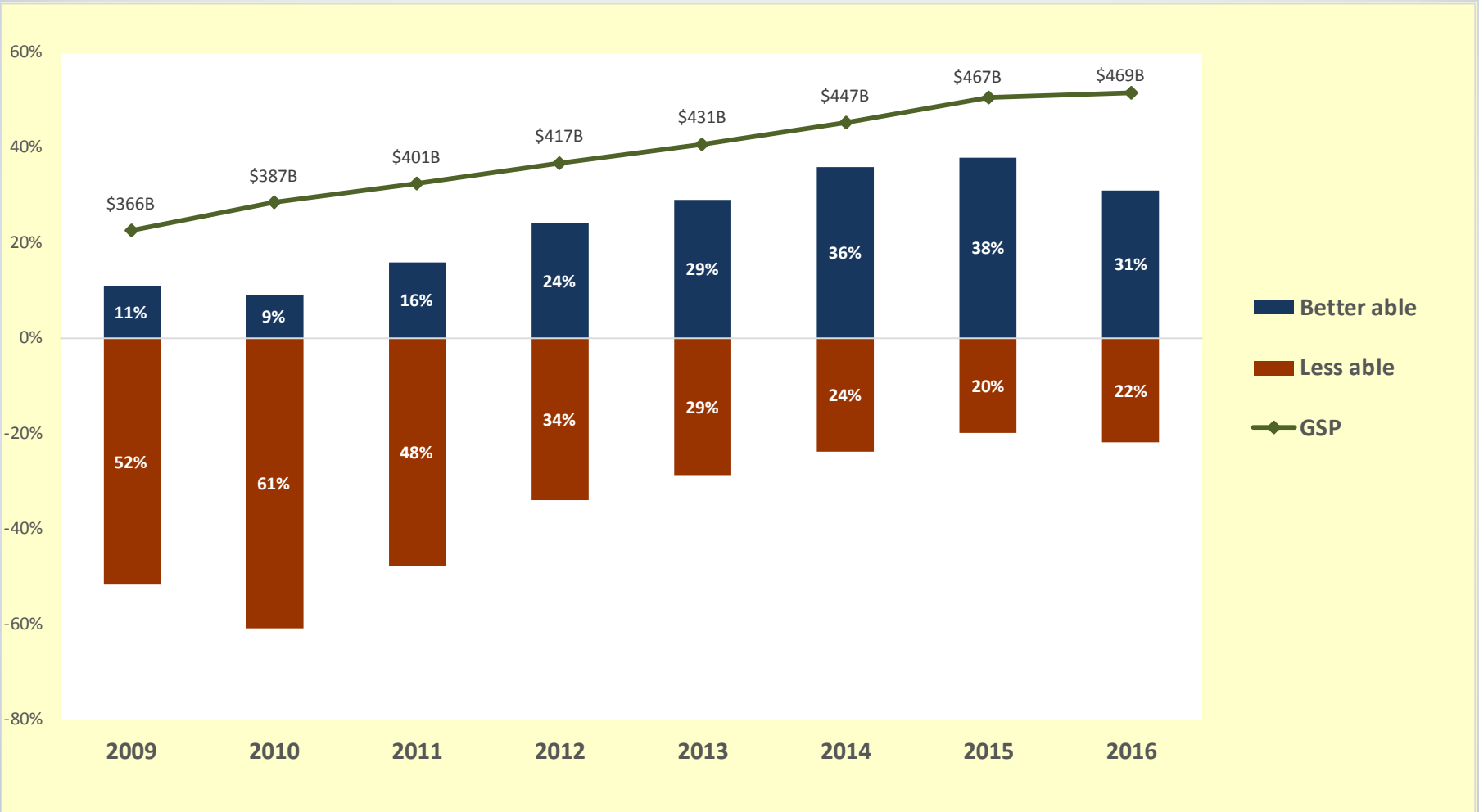
Changing Fiscal Health

% of jurisdictions **better vs. less able to meet fiscal needs**



Changing Fiscal Health

% of jurisdictions better vs. less able to meet fiscal needs,
with Michigan Gross State Product

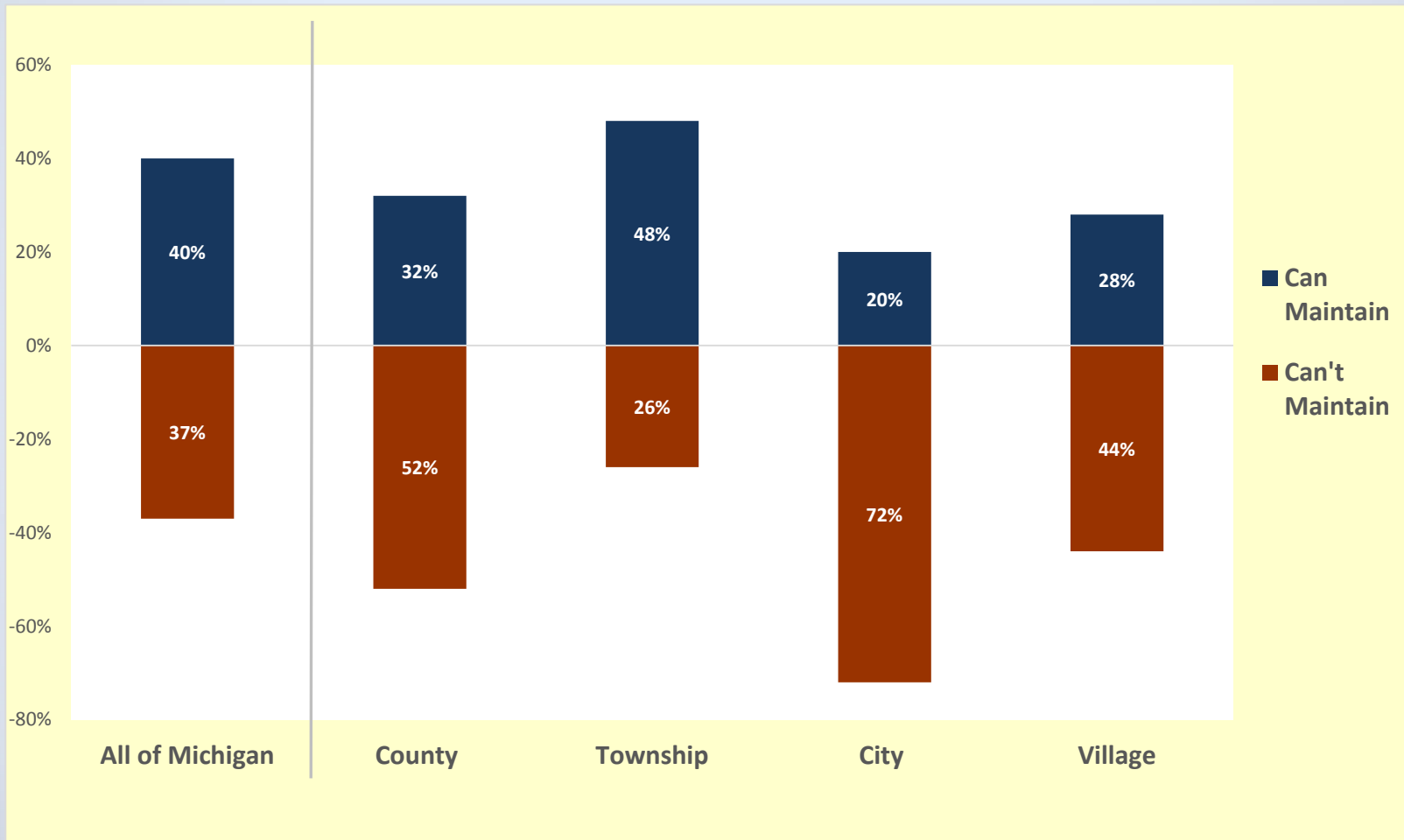


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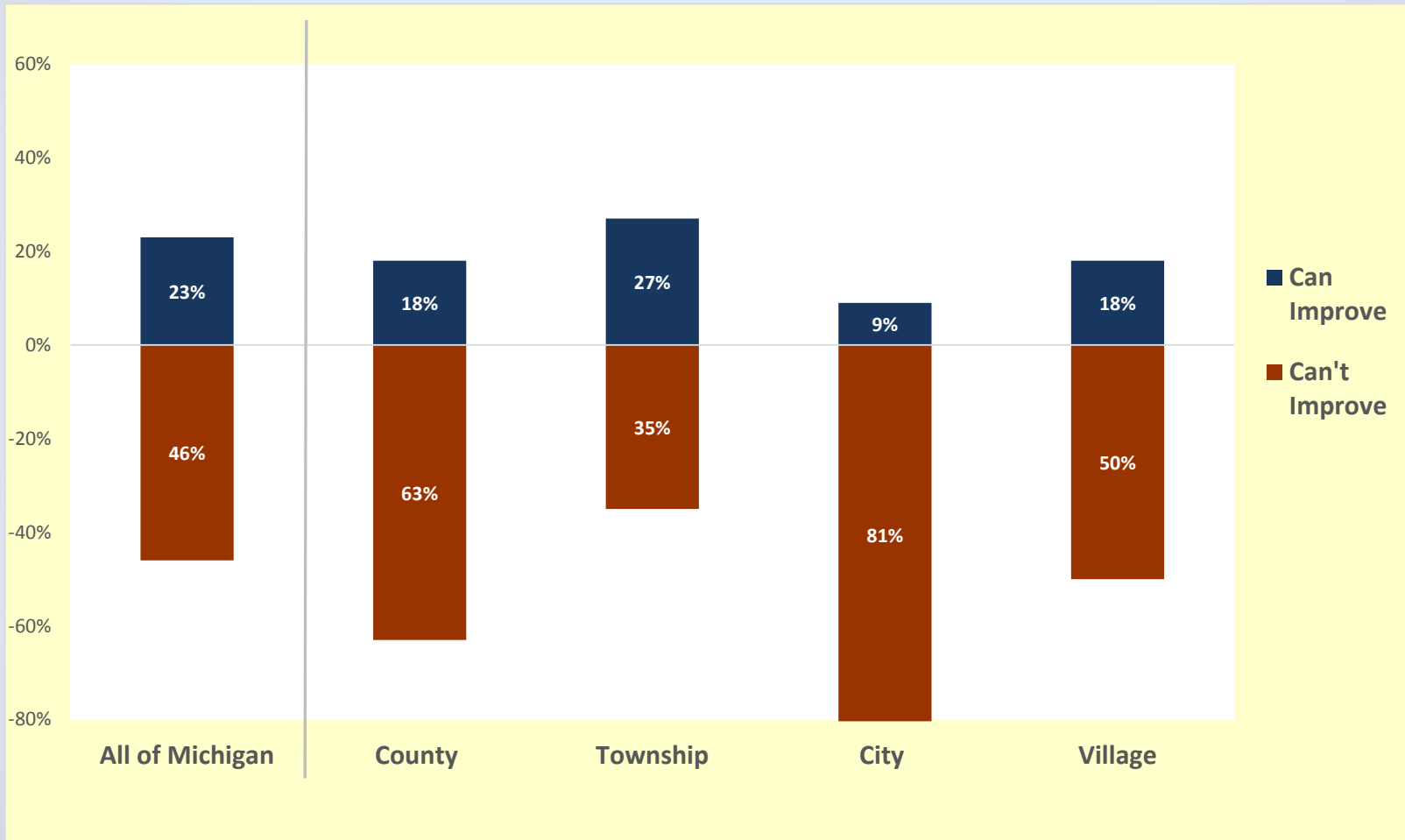
Concerns Going Forward

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



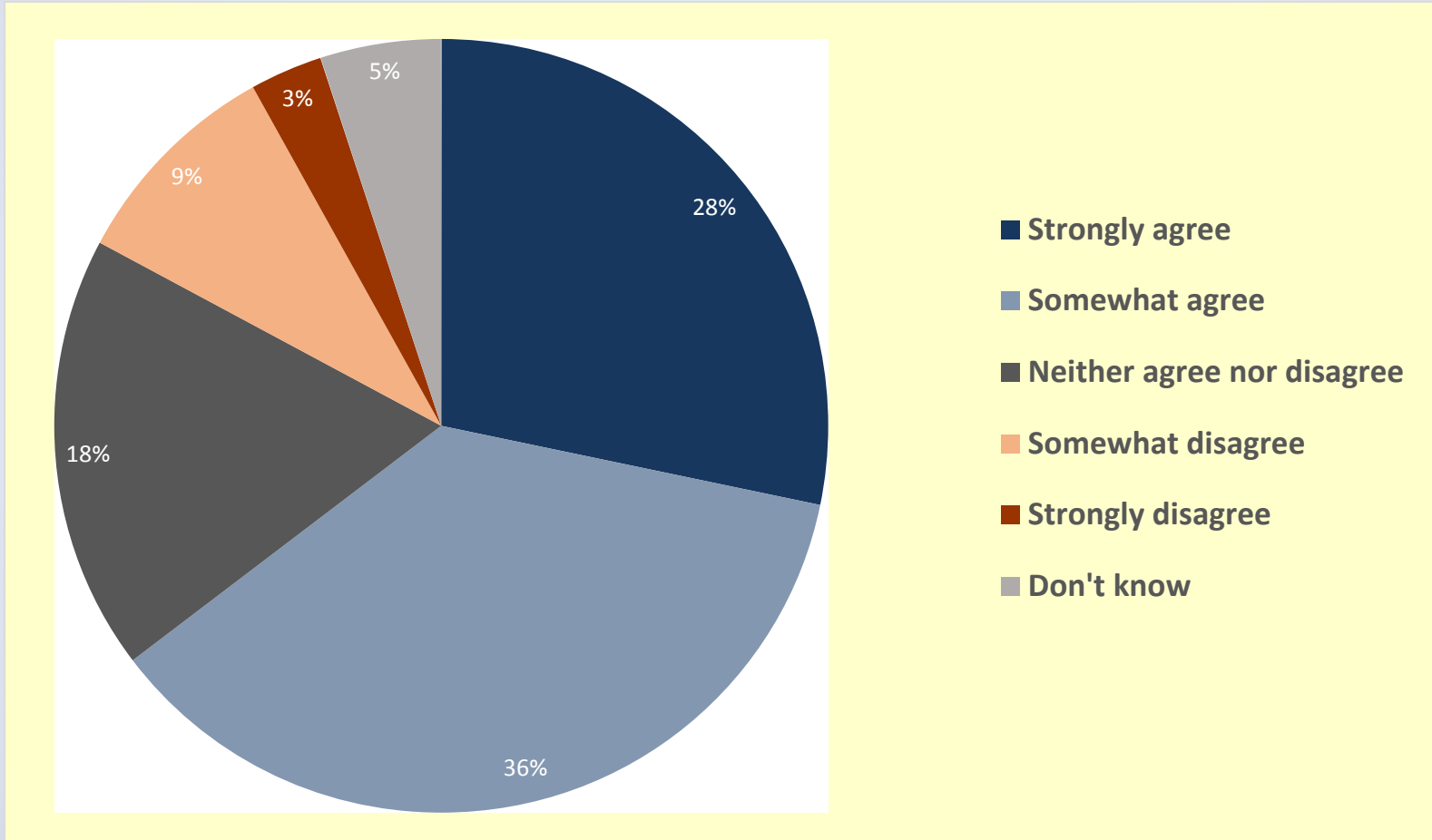
Concerns Going Forward

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



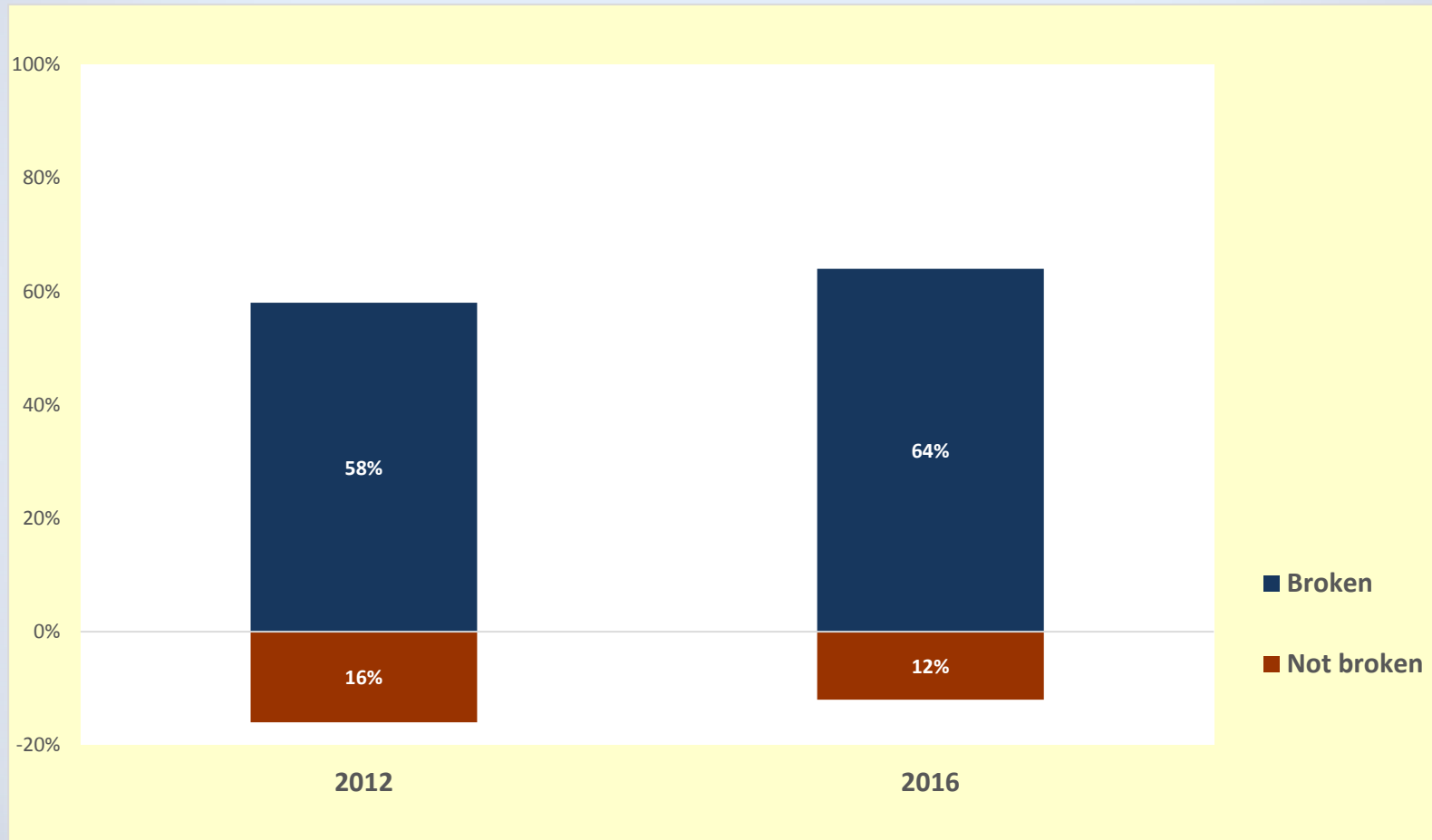
Support for Reforming System

% that believe **system is broken** and needs **significant reform**



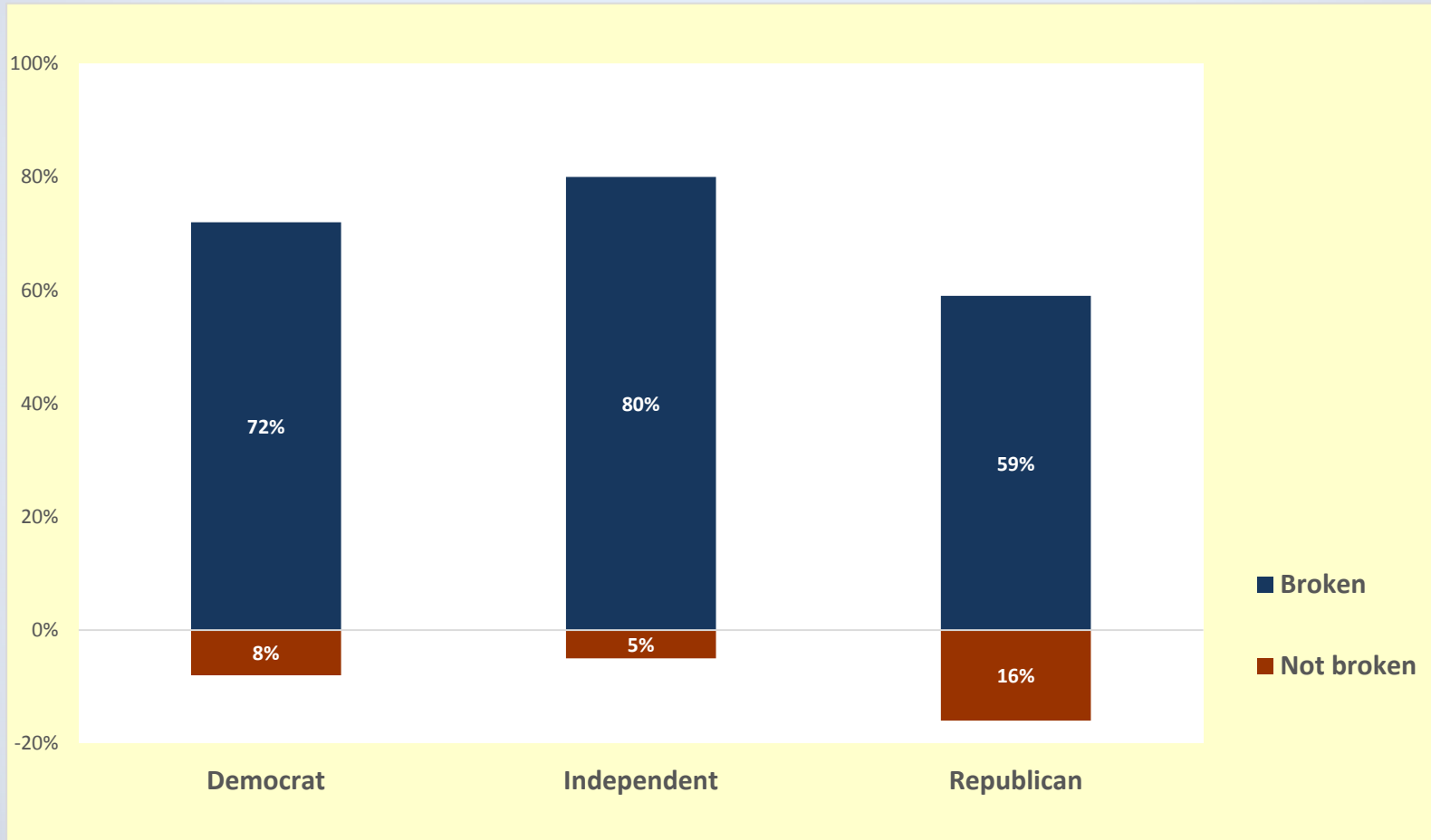
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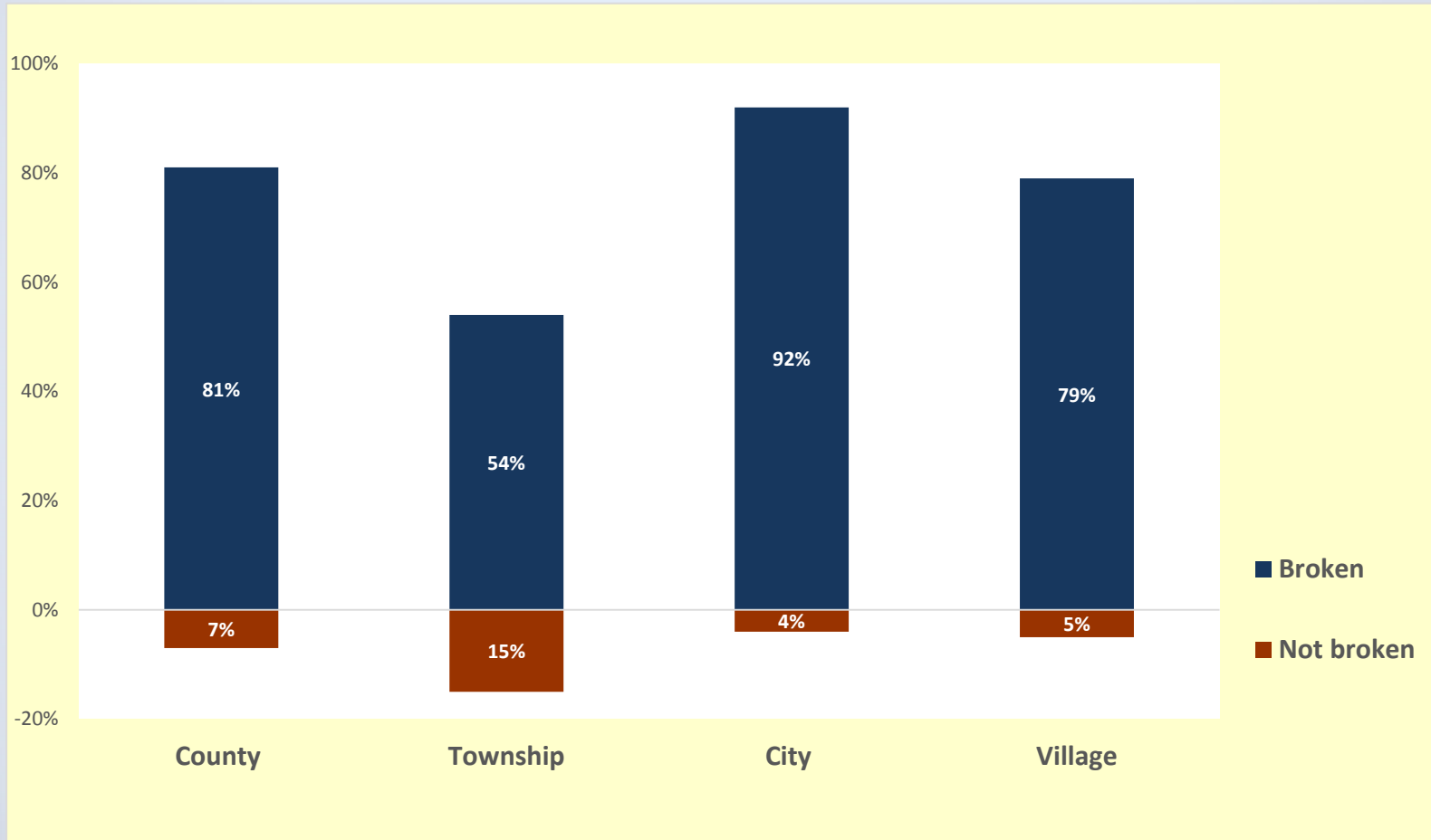
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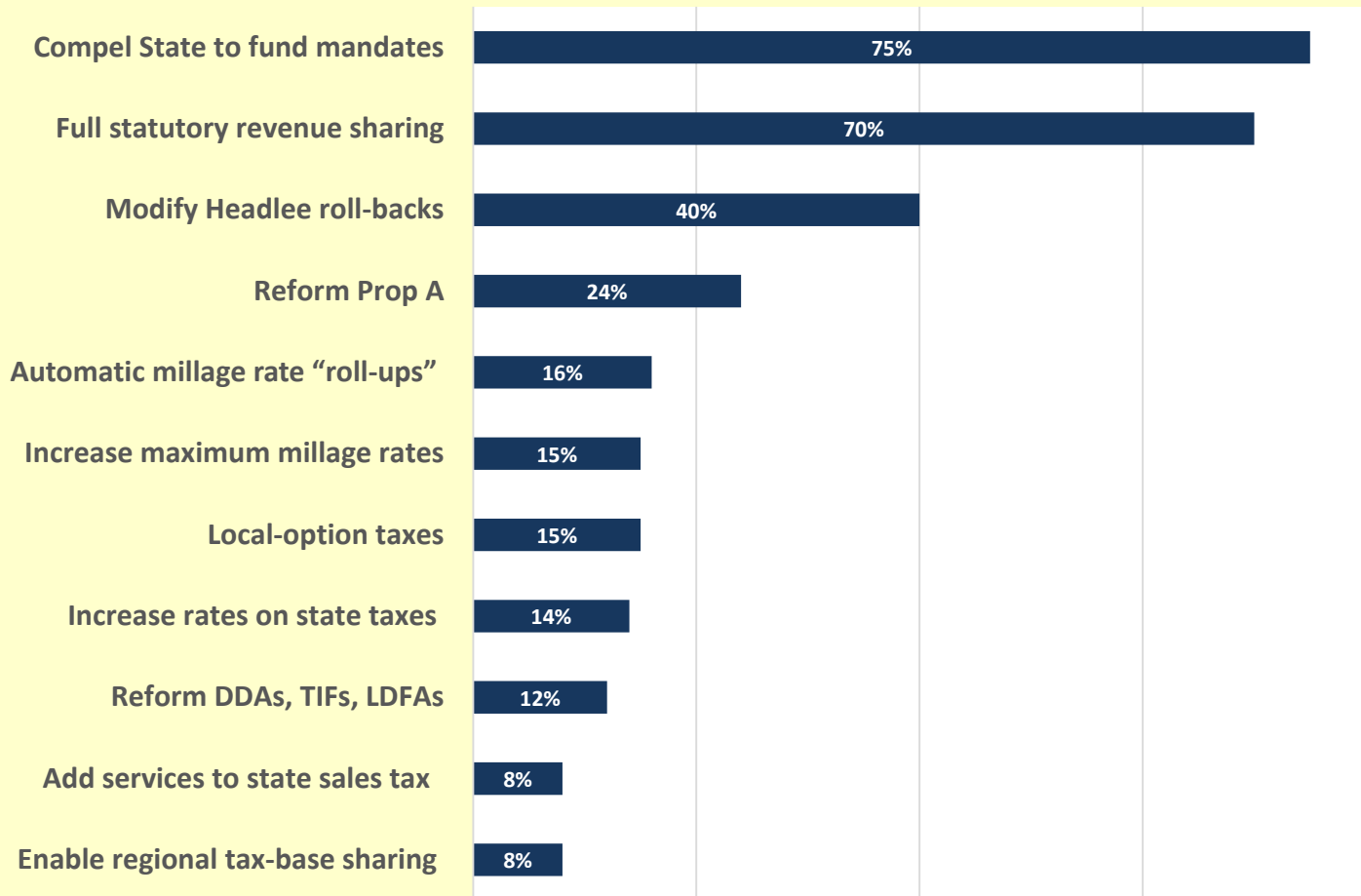


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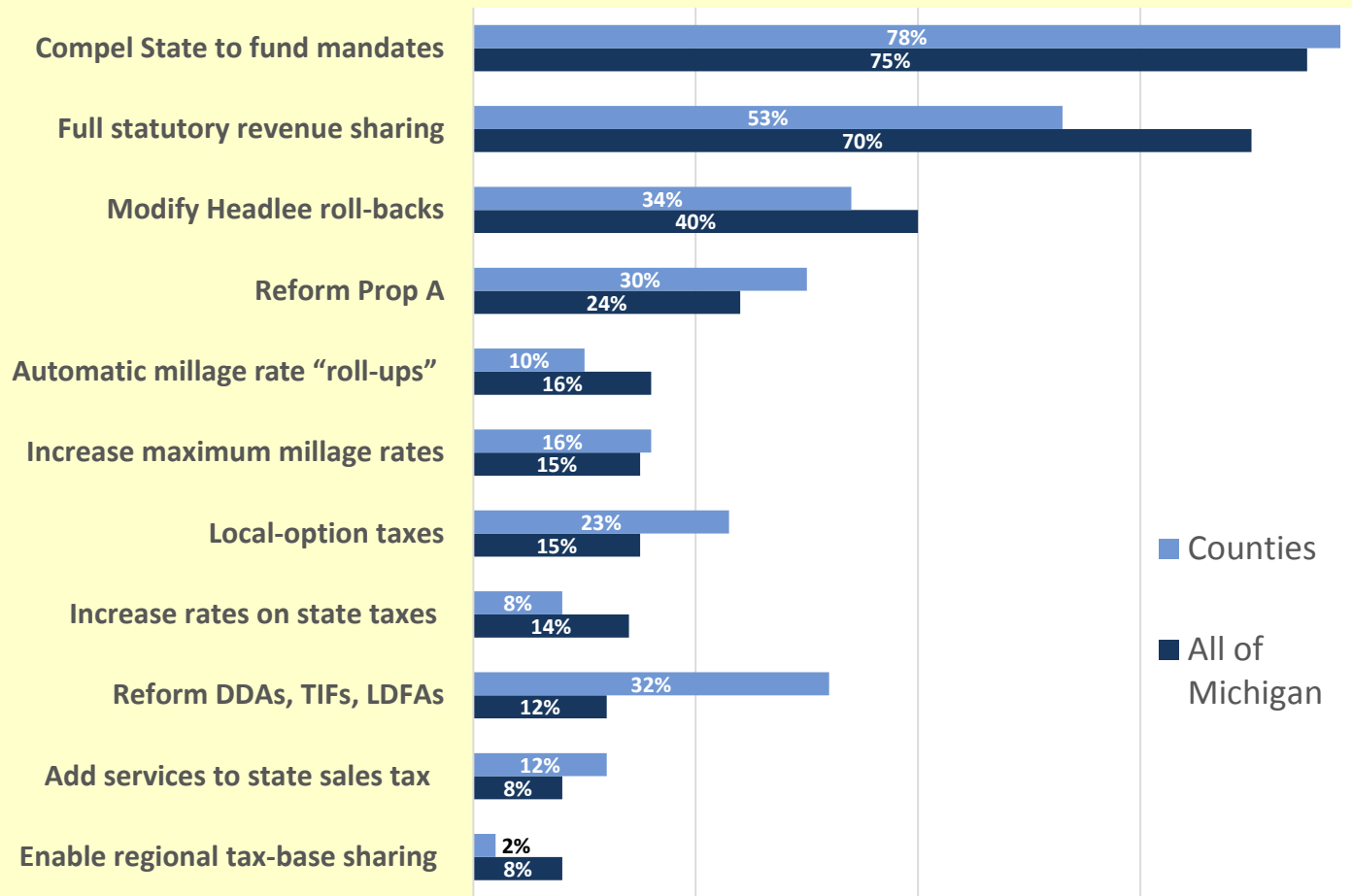
Support for Specific Reforms

% that rank each reform in their **top 3**



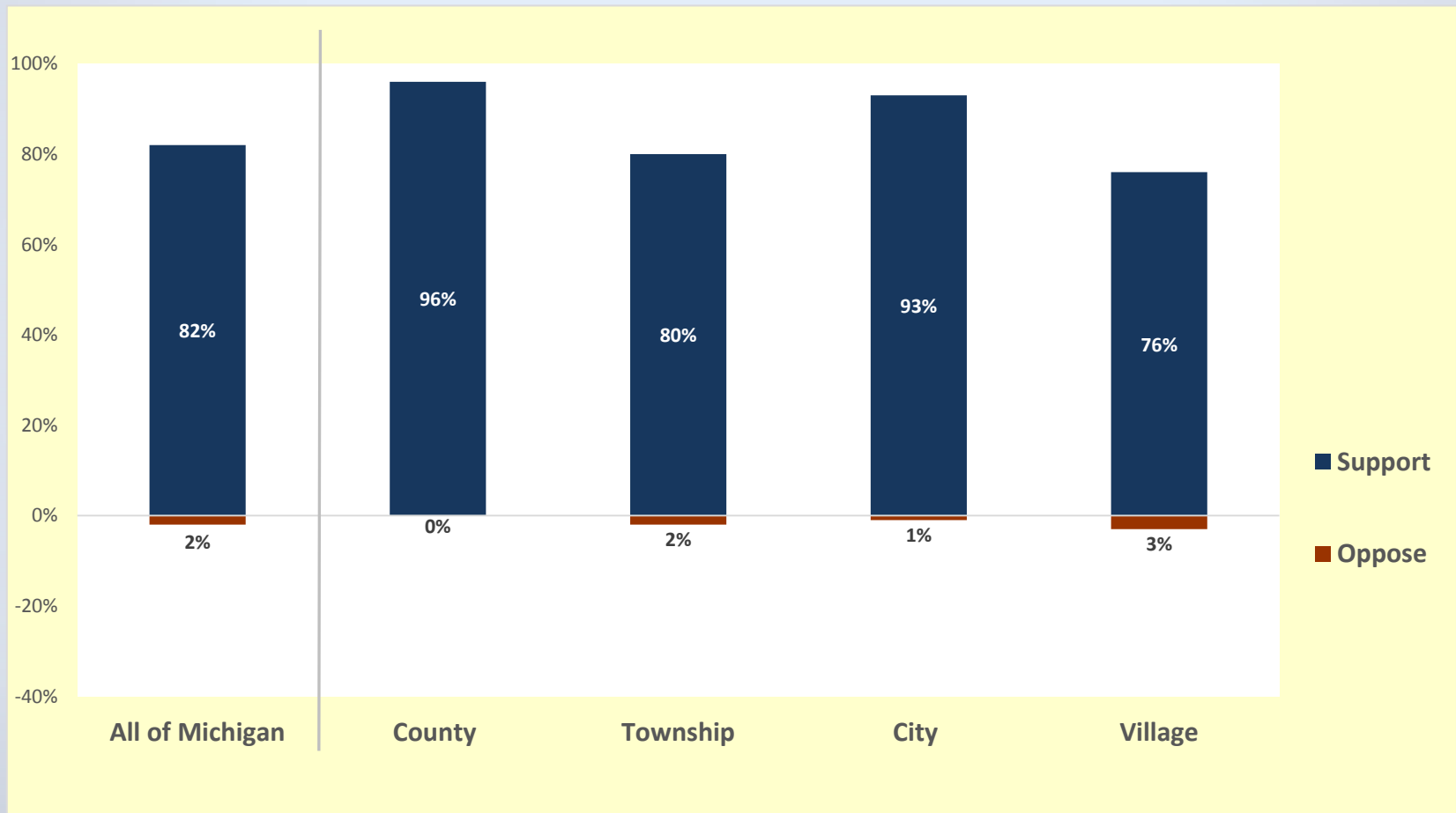
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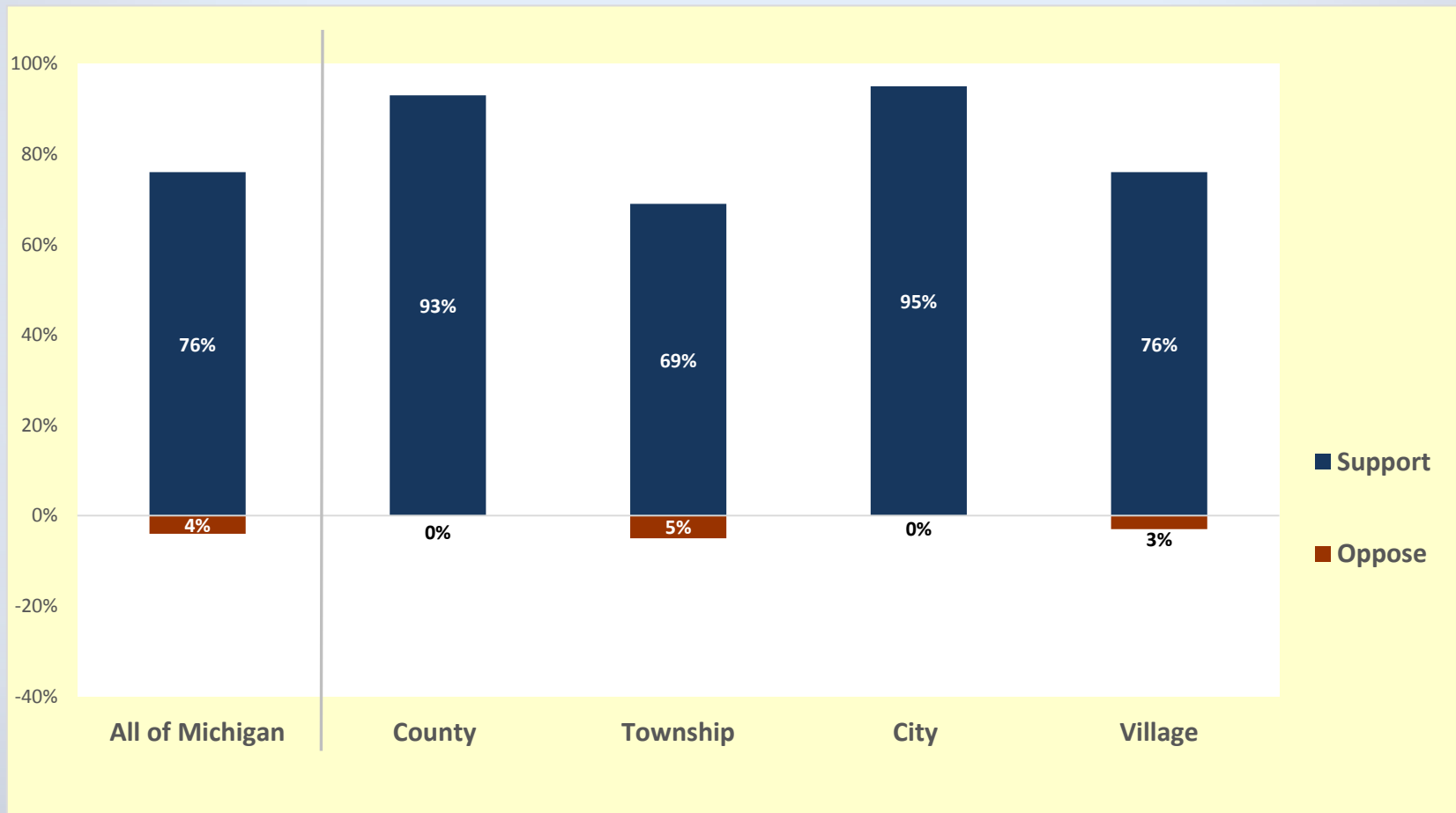
Support for Specific Reforms

% that support compelling the State to pay for **"unfunded mandates"**



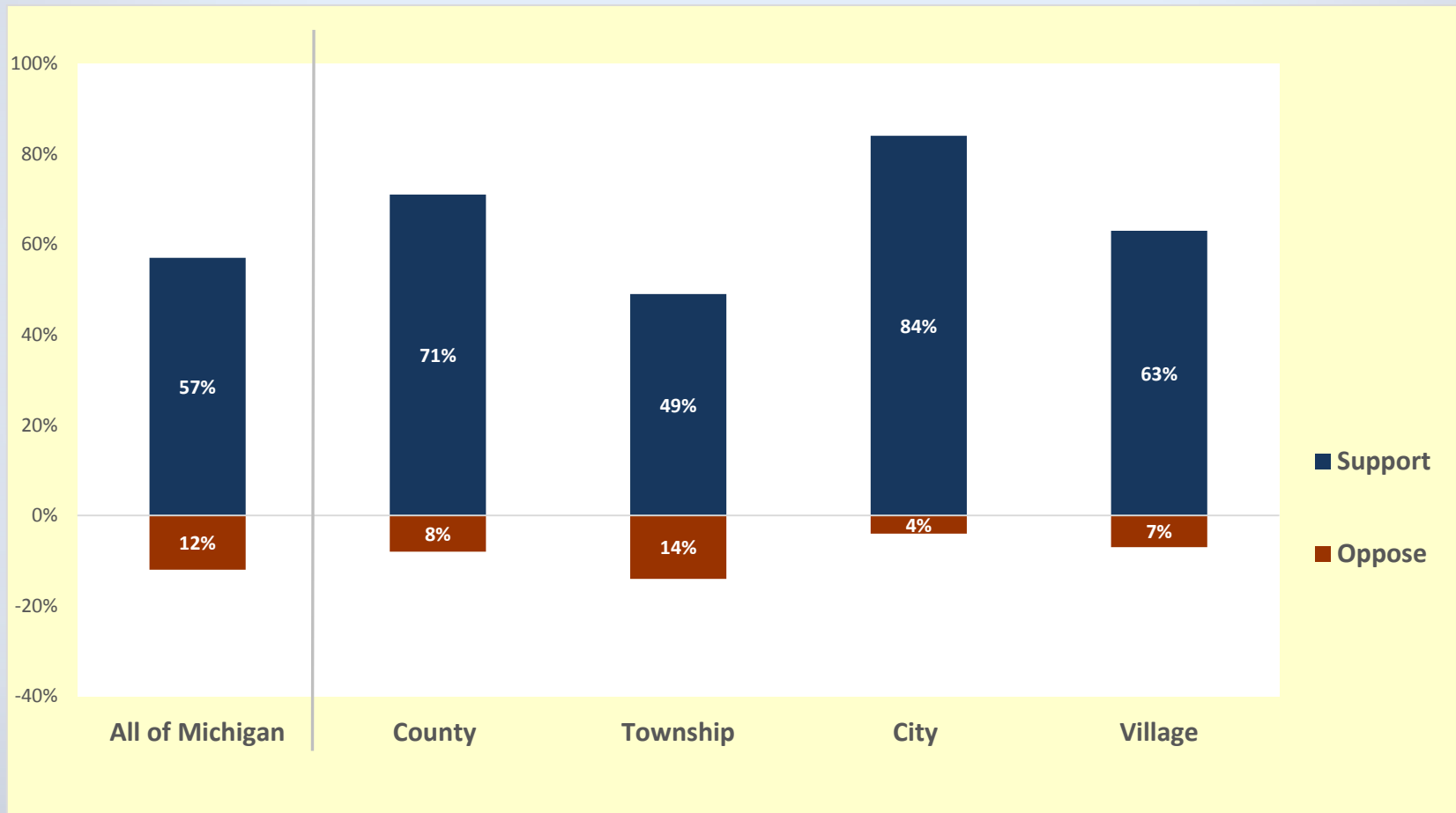
Support for Specific Reforms

% that support restoring
full statutory revenue sharing



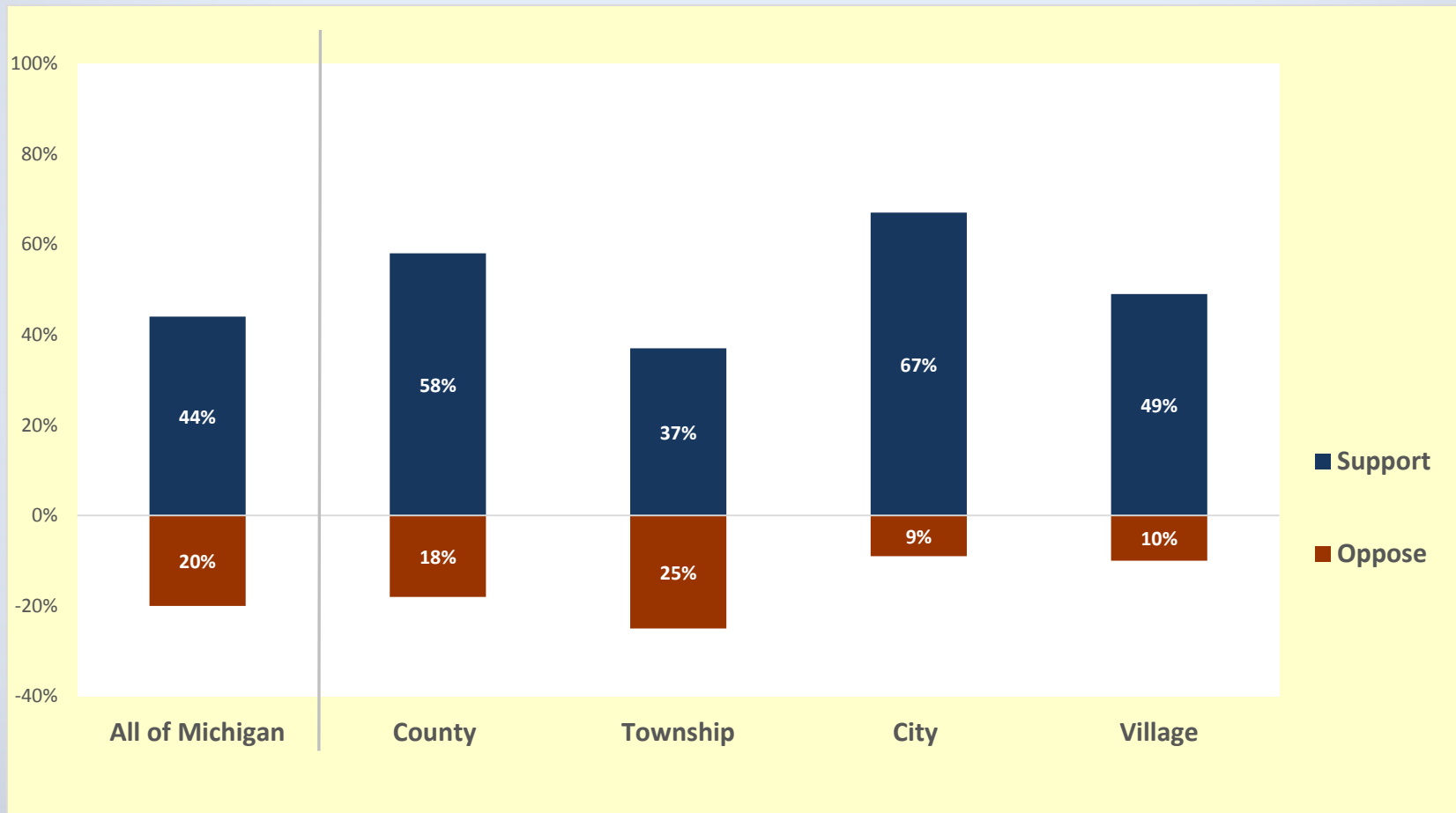
Support for Specific Reforms

% that support reforming Headlee Amendment to eliminate/limit **millage rate roll-backs**



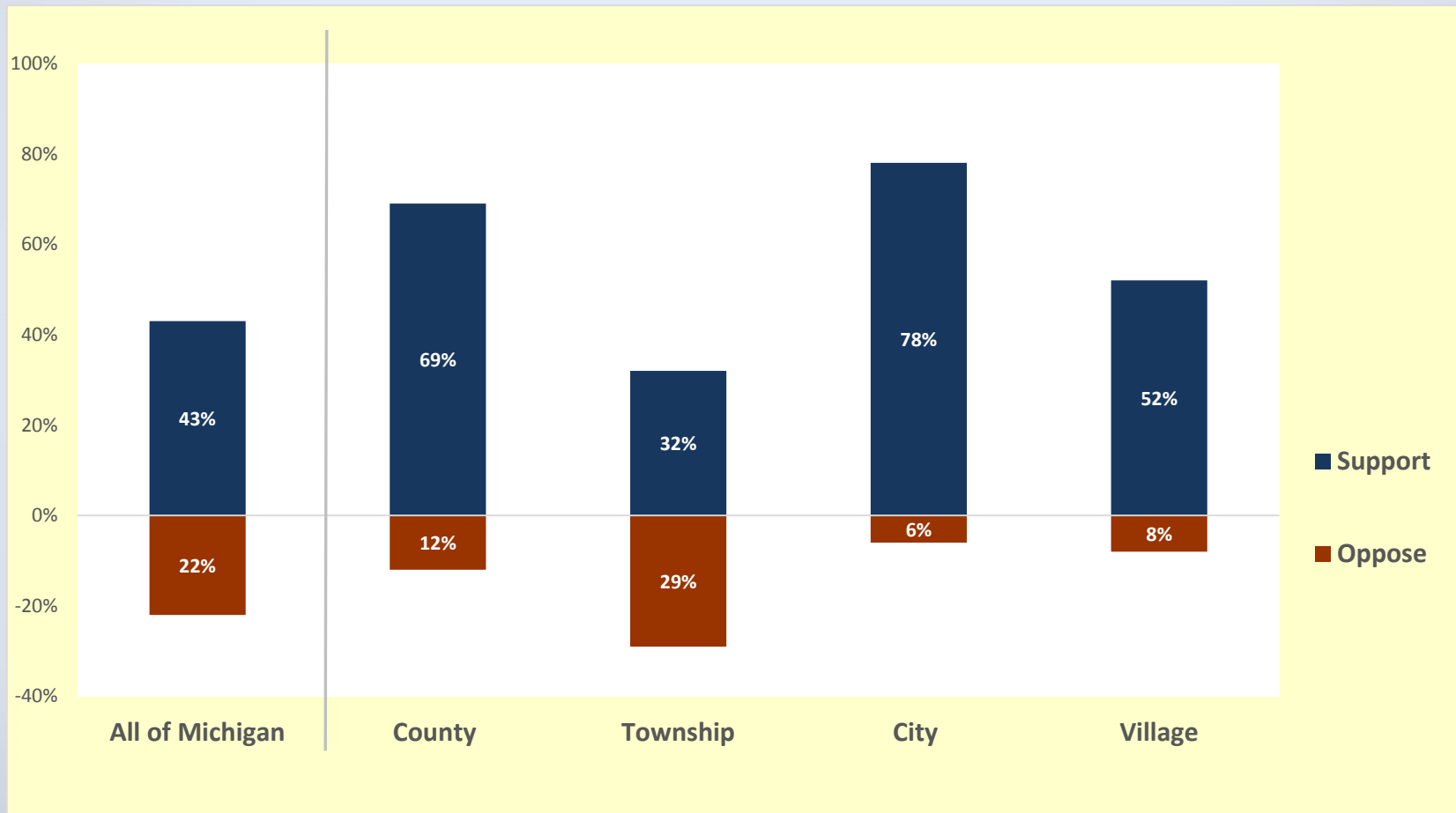
Support for Specific Reforms

% that support establishing automatic
millage rate roll-ups



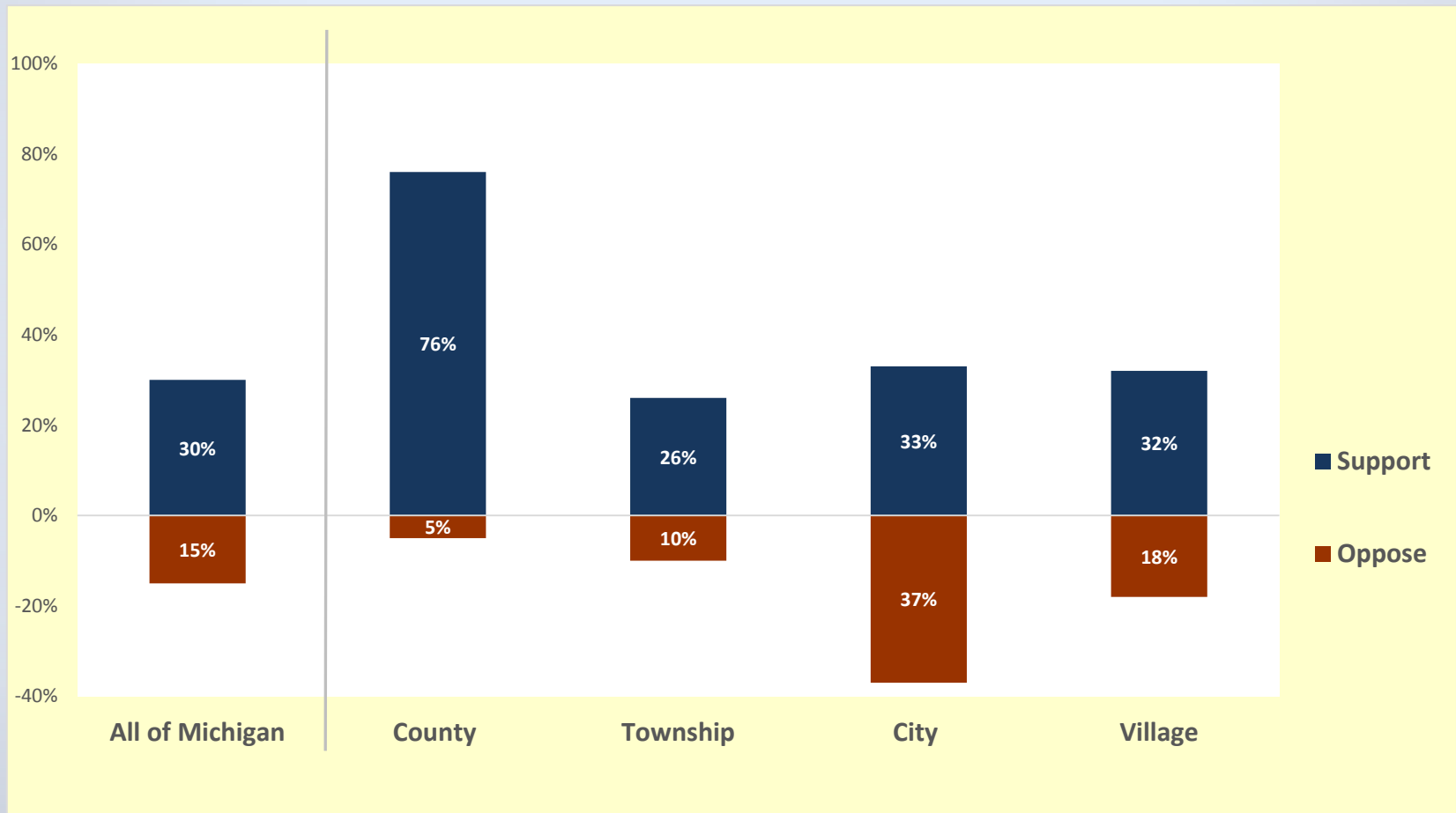
Support for Specific Reforms

% that support reforming **Proposal A** to allow more taxable value growth



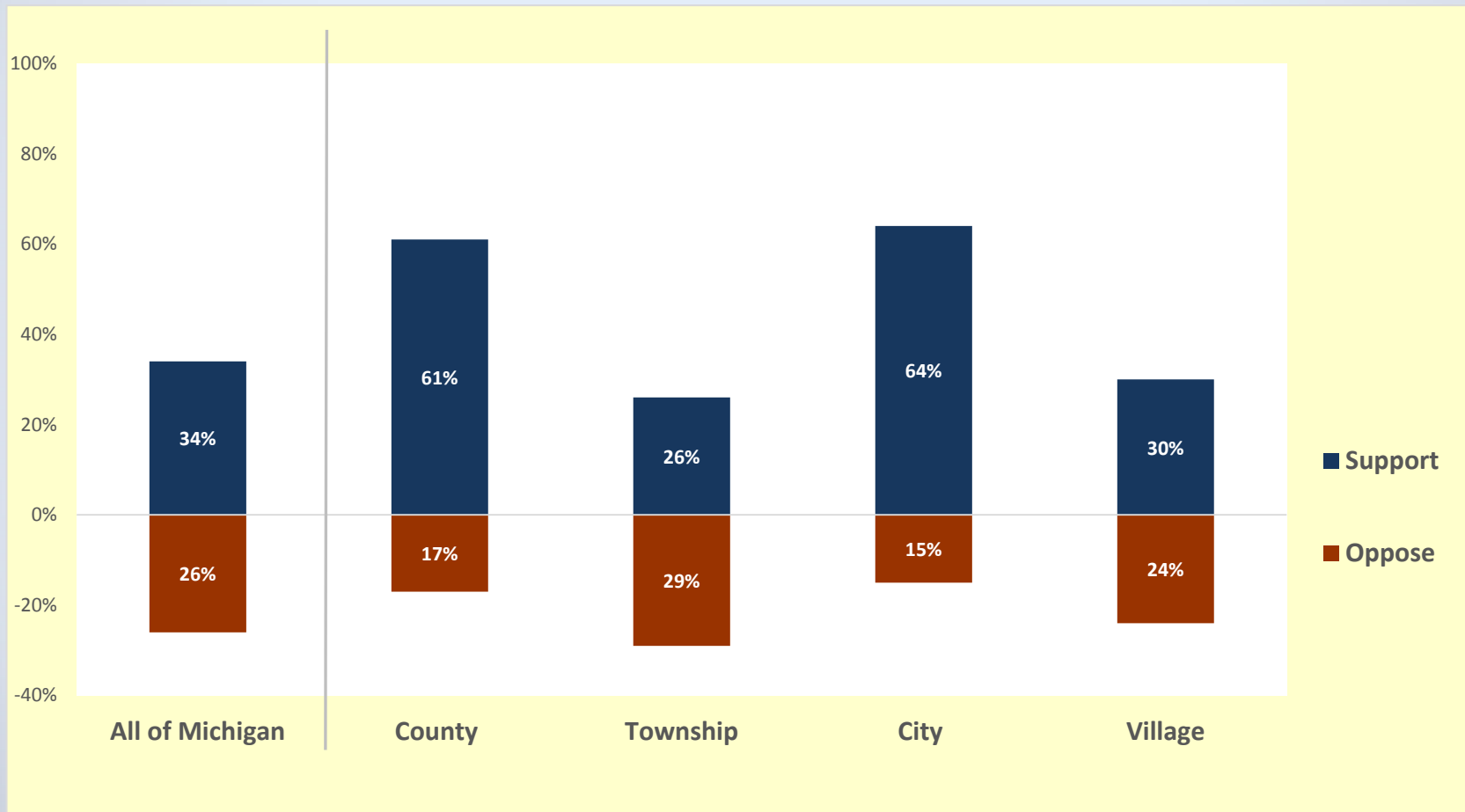
Support for Specific Reforms

% that support reforming **tax captures/TIFs** to limit impact on general government revenues



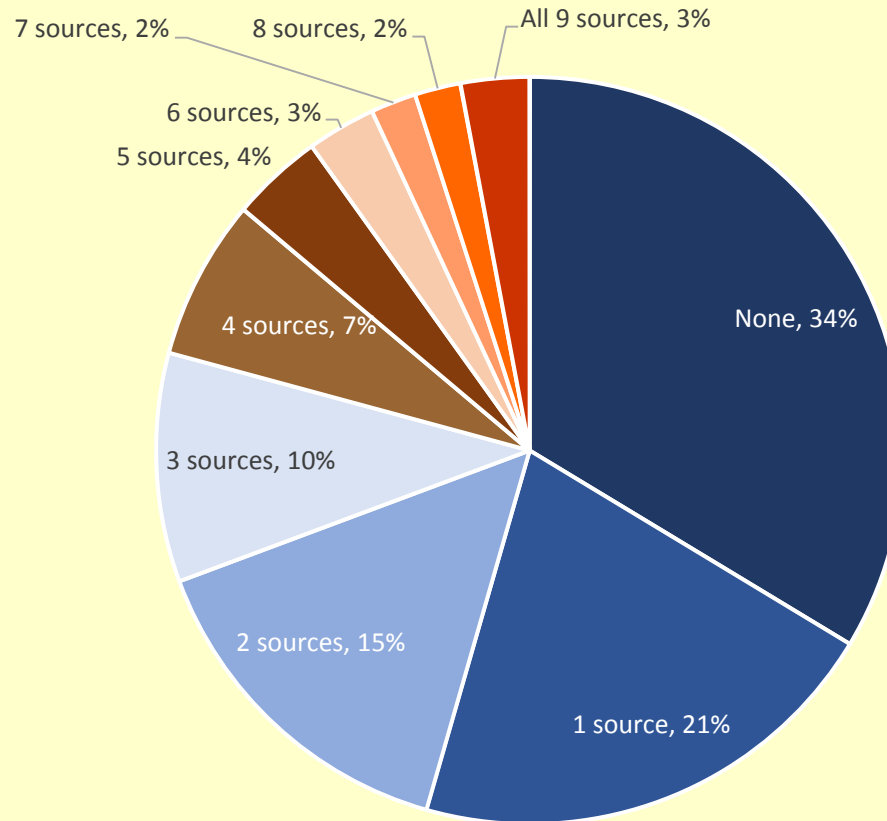
Support for Specific Reforms

% that support allowing local governments to raise revenues through **local-option taxes**



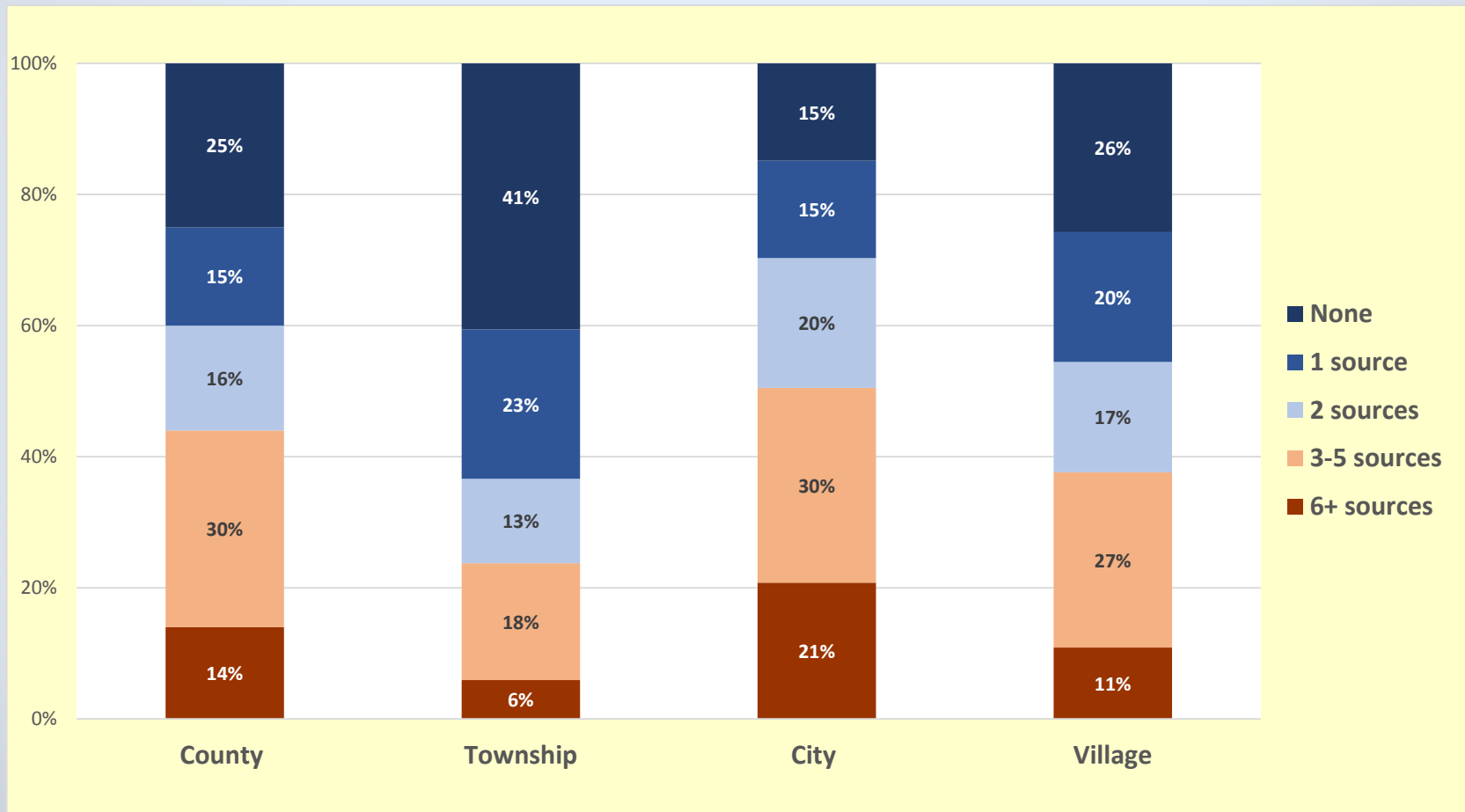
Raising Additional Local Revenue

Number of **local revenue sources** leaders would pursue, if enabled to levy



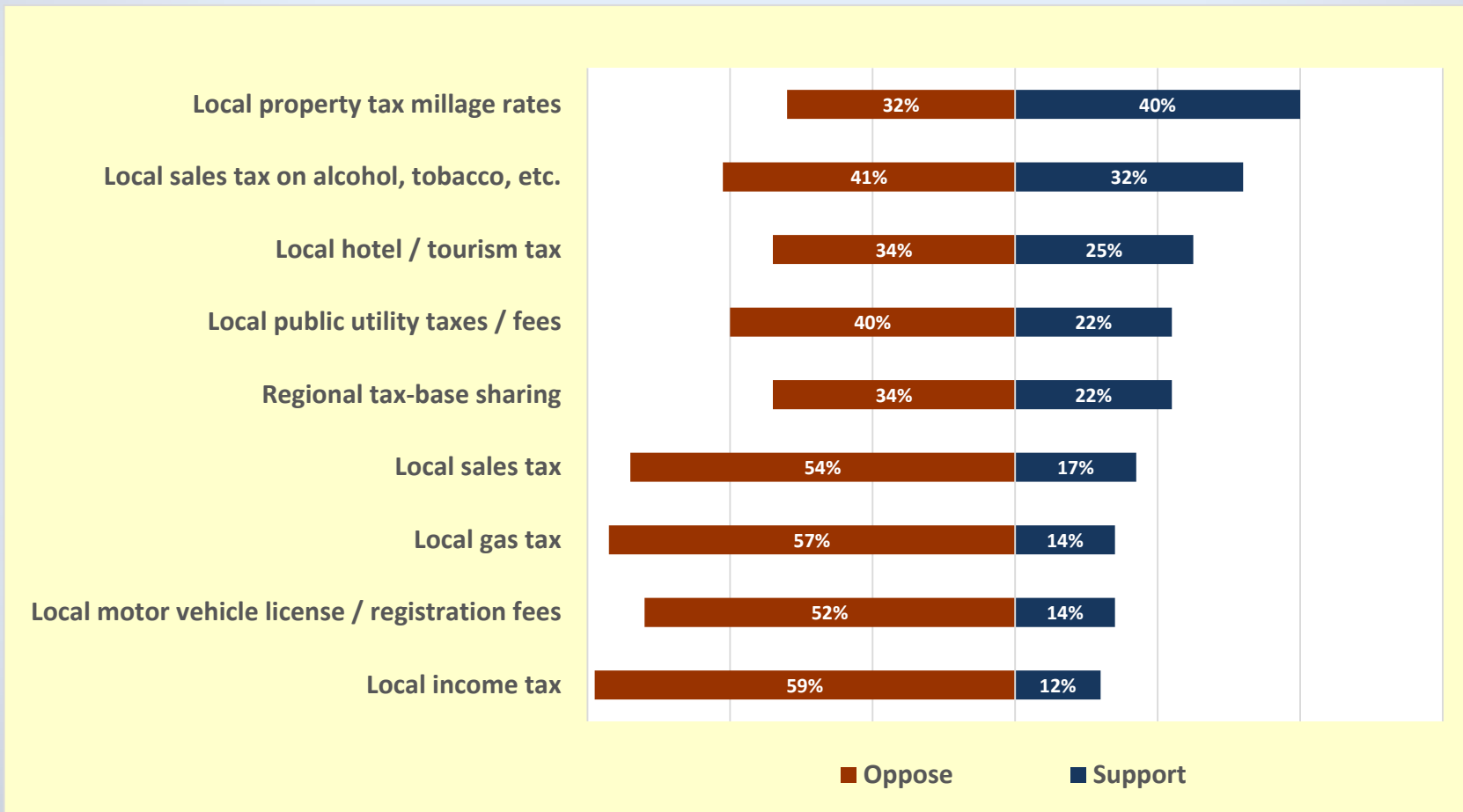
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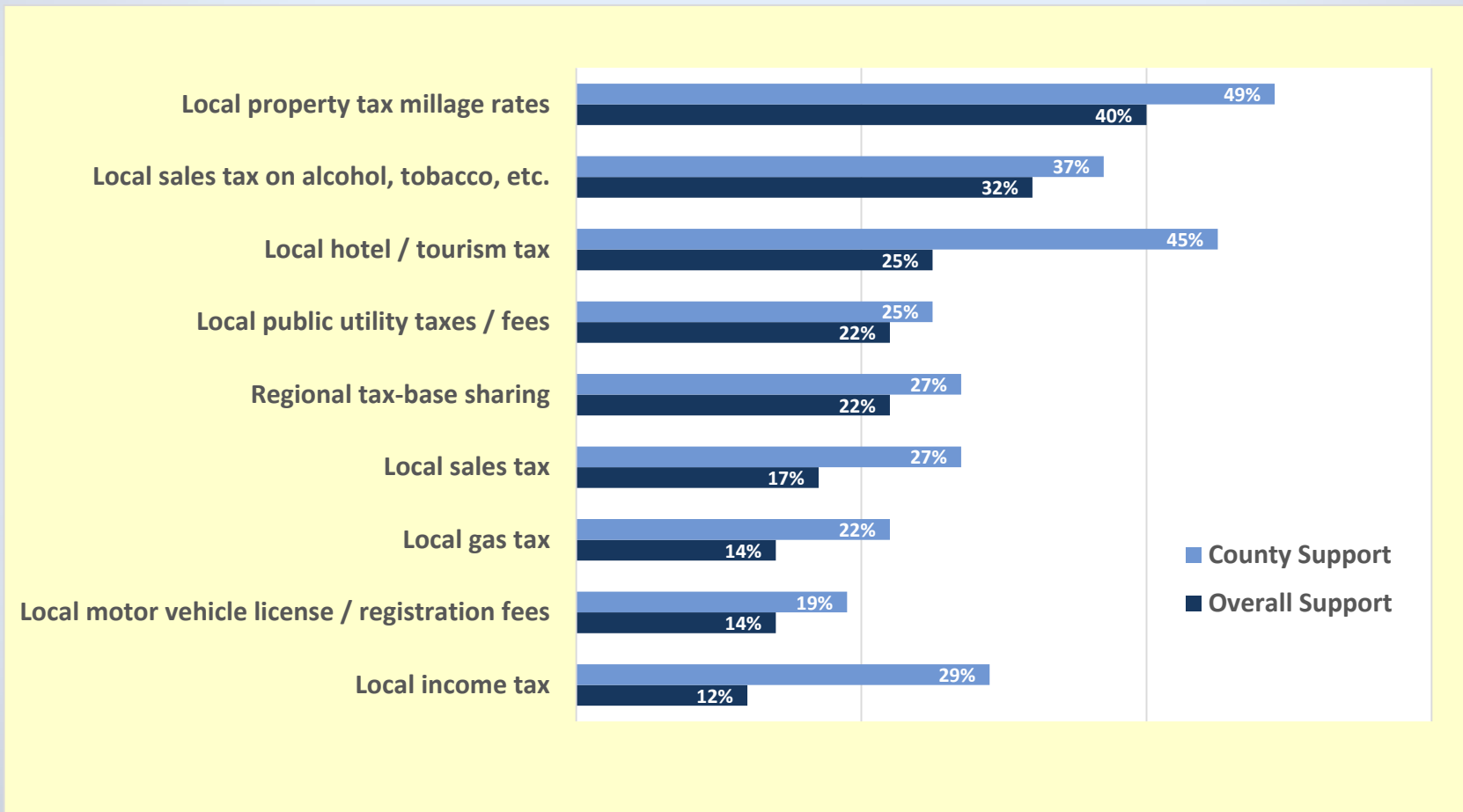
Raising Additional Local Revenue

% that support pursuing each type of **local revenue source**



Raising Additional Local Revenue

% that support pursuing each type of **local revenue source**



A Broken Funding System?

key findings

- MPPS fiscal tracking survey shows worst of the Great Recession, gradual trend of improvement, but – now – a reversal in the trend.
- More local leaders now say the system of funding is broken compared to 2012, and fewer say they can maintain or improve services going forward.
- Statewide consensus on 3 reforms:
 - Compel State to fund mandates
 - Restore full statutory revenue sharing
 - Reform Headlee roll-backs
- In largest places, majority support for 9 of 11 reforms.
- 66% of local governments are willing to raise additional local revenues, but no consensus on which options.
- There is no one-size-fits-all solution; more discussion needed.