The Center for Local, State, and Urban Policy
Gerald R. Ford School of Public Policy >> University of Michigan

Michigan Public Policy Survey September 2012

Fiscal stress continues for hundreds of Michigan jurisdictions, but conditions trend in positive direction overall

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This report presents Michigan local government leaders' assessments of their jurisdictions' fiscal conditions and the actions they are taking in response to ongoing and widespread fiscal challenges. The findings are based on responses from four statewide survey waves of the Michigan Public Policy Survey (MPPS) conducted annually each spring from 2009 through 2012.

>> 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 1,329 jurisdictions across the state.

For more information, please contact: **closup-mpps@umich.edu**/(734) 647-4091.

Key Findings

- Although many jurisdictions across the state continue to struggle with fiscal stress, local leaders' assessments of fiscal health are at their most optimistic levels overall since the MPPS began tracking these issues in 2009.
  - Overall, only one-third (33%) of Michigan jurisdictions report that they are somewhat or significantly less able to meet their fiscal needs this year as compared to last year. While still high, this is a significant drop from nearly half (48%) of jurisdictions in 2011 and almost two-thirds (61%) in 2010 that reported a decreased ability to meet their needs.
  - Simultaneously, nearly one-quarter (24%) of jurisdictions report that they are somewhat or significantly *better* able to meet their fiscal needs this year as compared to last year, an improvement from 16% that said the same in 2011 and 9% in 2010.
  - Looking ahead to next year, 33% of local officials predict their jurisdictions will be somewhat or significantly less able to meet their fiscal needs in 2013, while 22% predict they will be better able to do so. In addition, more than a quarter of local officials (27%) predict their communities will have good times financially in the coming year, compared with 22% who predict bad times.
- Many local jurisdictions continue to see decreases in revenue, with 64% of the state's jurisdictions reporting ongoing declines in revenue from property taxes this year and 46% reporting declines in state aid. However, these percentages are down from last year's figures (74% and 61%, respectively).
- Demands for services (e.g., infrastructure, human services, and public safety) are still increasing at roughly the same levels as in 2011, according to local leaders.
- Local governments continue to pursue a variety of actions to deal with their fiscal problems, including increasing intergovernmental collaboration, increasing their reliance on general fund balances, and shifting more of their health care costs to be paid by their employees.

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Positive trends for local fiscal health, though many jurisdictions face continuing decline

The Michigan Public Policy Survey (MPPS) has now gathered four years of data regarding the fiscal health of Michigan's local governments, covering a period of sharp economic decline through recent economic resurgence. After first tracking the growth of fiscal challenges among local jurisdictions in 2009 and 2010, the 2011 MPPS last year found initial signs of easing in many indicators of local fiscal stress.[1] Now the 2012 survey finds continued easing in fiscal stress overall, even though many jurisdictions still face significant challenges that, in many cases, are still getting worse.

The MPPS survey's summary indicator of fiscal health asks 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. While the 2010 MPPS found that 61% of local jurisdictions reported declining fiscal health compared to the previous year, this dropped to 48% in 2011, and is now down to just 33% in 2012 (see *Figure 1a*).

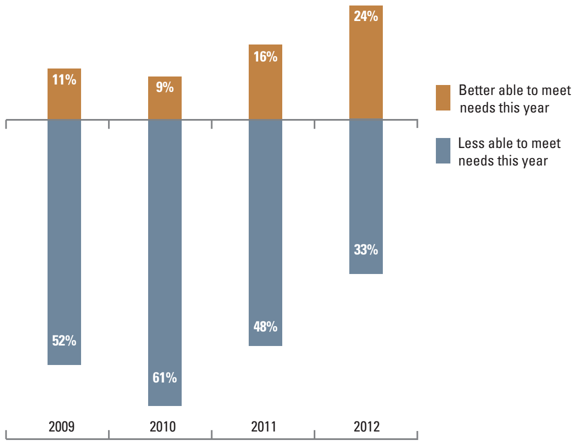
Even more optimistically, nearly one-quarter (24%) of jurisdictions report in 2012 that they are somewhat or significantly better able to meet their fiscal needs than they were in 2011, when only 16% reported this to be the case. Furthermore, this is up from just 9% in 2010.

These trends mark a clear easing in fiscal stress overall, though it is important to note that hundreds of jurisdictions are still suffering ongoing declines in fiscal health.

For the second year in a row, among jurisdictions of all sizes, fewer local governments in Michigan report a declining ability to meet their fiscal needs compared to the previous year (see *Figure 1b*). Among the smallest jurisdictions (those with fewer than 1,500 residents), 34% report a decrease in their ability to meet fiscal needs in 2012 as compared to 51% in 2011, while among the largest jurisdictions (those with more than 30,000 residents) this percentage is now down to 47% from 61% the previous year.

Figure 1a

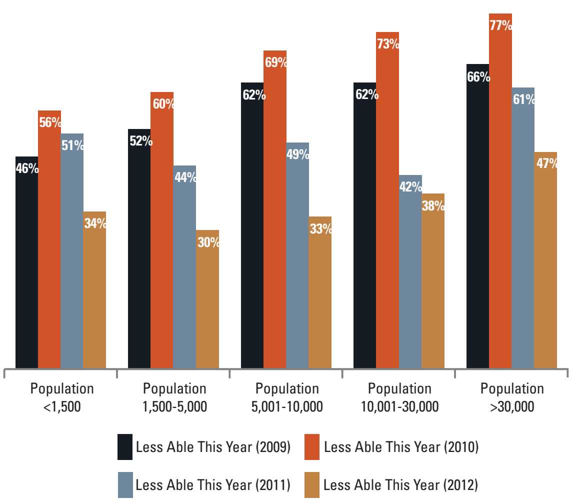
Percentage of jurisdictions reporting that they are better or less able to meet their fiscal needs in current year compared to previous year, 2009-2012



Note: responses for "neither better nor less able" and "don't know" not shown

Figure 1b

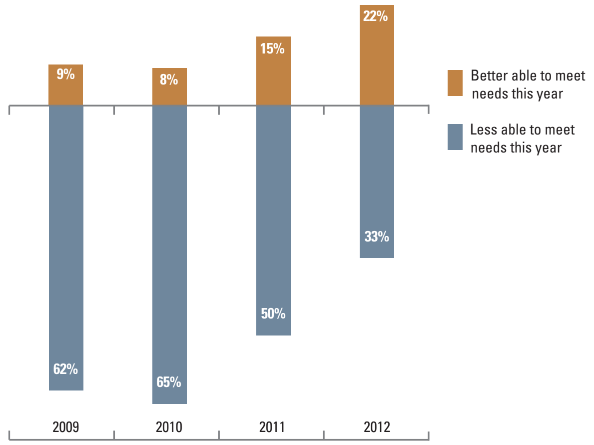
Percentage of jurisdictions reporting that they are less able to meet their fiscal needs in current year compared to previous year, 2009-2012, by population size



Looking forward, the MPPS also asks local officials whether they think their local government will be better able or less able to meet its fiscal needs in the next year compared to the current year. While one-third (33%) of local leaders predict their jurisdictions will be somewhat or significantly less able to meet fiscal needs next year compared to this year, the 2012 MPPS again finds a marked improvement from previous years (see *Figure 2*). In 2010, by comparison, 65% of jurisdictions—nearly twice the current percentage—expected to be less able to meet their needs in the following year.

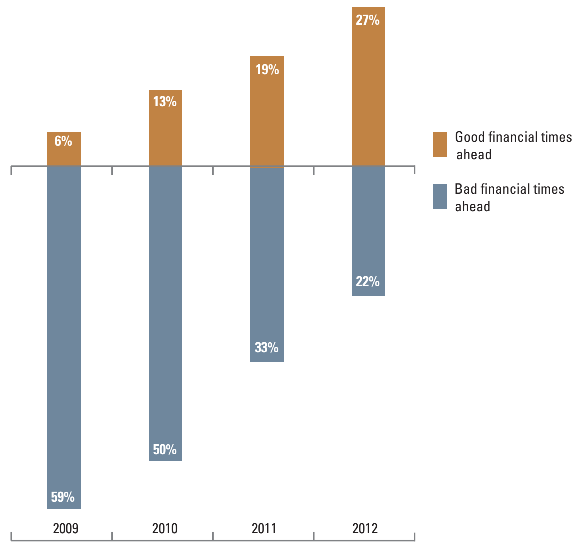
These improved expectations for fiscal health are likely driven to some extent by growing optimism about where the economy is headed. The MPPS also asks respondents to think about general business conditions in their communities and to predict whether their community will have good times or bad times financially in the next twelve months. The 2012 survey marks the first time in the four-year period in which more officials predict good times than bad times in the coming year. More than a quarter of local officials (27%) predict their community will have good times financially in the coming year, compared with 22% who predict bad times (see *Figure 3*).

Figure 2
Percentage of jurisdictions predicting that they will be better or less able to meet their fiscal needs in coming year, 2009-2012



Note: responses for "neither better nor less able" and "don't know" not shown

Figure 3
Percentage of jurisdictions predicting that their community will have good or bad times financially, 2009-2012



Note: responses for "neither better nor less able" and "don't know" not shown

Local government property tax revenues continue widespread declines, although an easing trend continues for second consecutive year

Despite the growing optimism reflected above, serious fiscal challenges continue to impact Michigan's local governments. Among the most difficult of these is the continuing decline in property tax revenues, the most important source of funding for local governments. Overall, nearly two-thirds (64%) of the state's jurisdictions report declines in revenue from property taxes this year compared to last year, with most of these declines coming on top of earlier decreases experienced since 2009.

The problem of declining property tax revenue is associated with community size, with the state's larger jurisdictions more likely to report experiencing such declines (see *Figure 4a*). For instance, 79% of the state's jurisdictions with 10,001-30,000 residents and 75% of jurisdictions with more than 30,000 residents report declining revenues from property taxes in 2012, compared to 59% of the state's smallest jurisdictions.

While these percentages remain stubbornly high, they also mark significant decreases compared to the last two years. Again, an easing trend is evident.

There are also significant differences in declining property tax revenues across different regions of Michigan (see *Figure 4b*). Local governments in the Upper Peninsula (35%) are among the least likely to report such decreases again this year, while those in the Southeast region (81%) are the most likely to report the problem.

Meanwhile, there are also jurisdictions reporting actual growth in their property tax revenues. In the 2012 MPPS, 17% of local jurisdictions overall report that their property tax revenue increased to some extent since last year, when only 12% of communities reported such growth. However, this growth is not evenly spread around the state: in the Upper Peninsula, 39% of jurisdictions report increased property tax revenues this year, compared to only 10% of jurisdictions in Southeast Michigan.

Figure 4a
Percentage of jurisdictions reporting declines in property tax revenue compared with previous fiscal year, 2010-2012, by population size

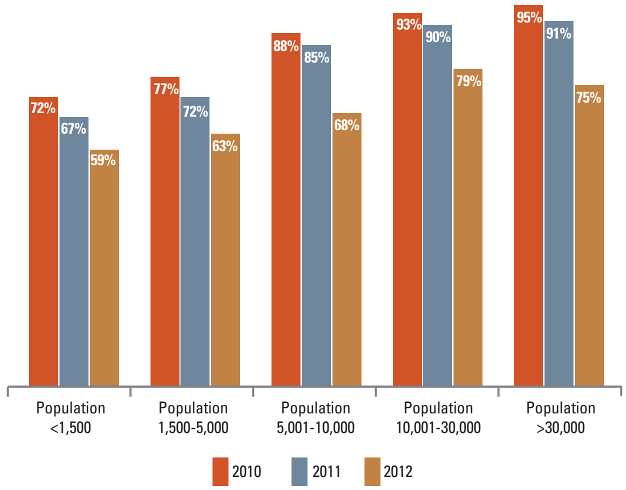
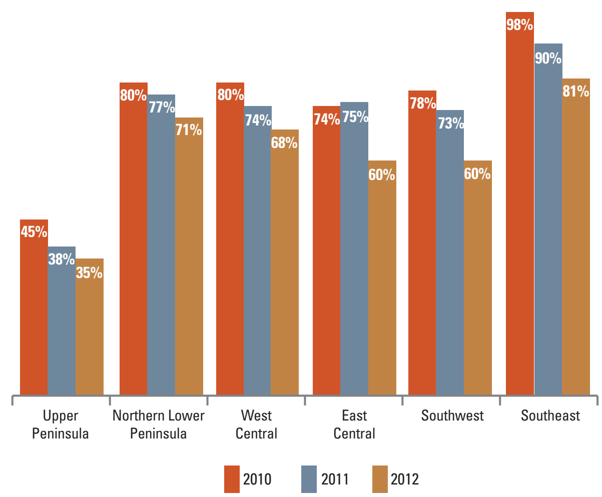


Figure 4b
Percentage of jurisdictions reporting declines in property tax revenue compared with previous fiscal year, 2010-2012, by region



Reductions in state aid decline again

Declining state aid has been another key fiscal challenge for local governments over the last few years, and it continues to affect almost half (46%) of jurisdictions in 2012, according to local leaders.

As with declining property tax revenues, declining state aid is reported most frequently among Michigan's largest jurisdictions, 68% of which reported the problem this year (see *Figure 5*). Jurisdictions with 1,500 to 5,000 residents are the least likely (35%) to report decreases in state aid in 2012.

Despite the significant percentage of jurisdictions that report receiving less state aid this year compared to last year, the overall trend continues in a positive direction. Compared to the 46% of jurisdictions overall reporting decreased aid this year, 61% reported the problem in 2011, and 86% did so in 2010.

In addition, it should be noted that while nearly half of jurisdictions report declines, an increasing number also report increases to their state aid in 2012. Overall, 15% of jurisdictions reported increased state aid during the current fiscal year, up from 9% in the 2011 survey. These increases are most common among mid-size jurisdictions with between 5,001 and 30,000 residents (see *Figure 6*).

Figure 5
Percentage of jurisdictions reporting declines in state aid compared with previous fiscal year, 2010-2012, by population size

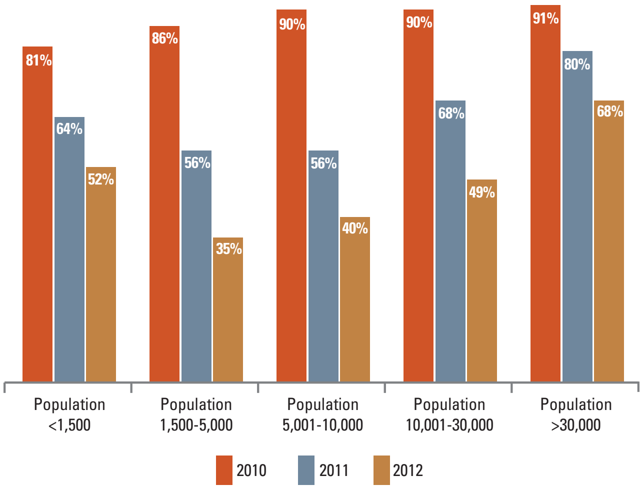
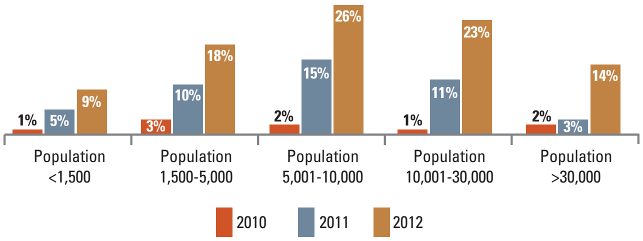


Figure 6
Percentage of jurisdictions reporting increases in state aid compared with previous fiscal year, 2010-2012, by population size



Foreclosures and tax delinquencies trending in positive direction

Across all community sizes, fewer jurisdictions report increasing numbers of home foreclosures this year compared to last year. Overall, 41% of jurisdictions report an increasing number of home foreclosures this year, down from 56% in 2011 and 60% in 2010. Interestingly, the problem of foreclosures is not particularly correlated with larger community sizes. For example, while an increase in home foreclosures in 2012 is reported by 37% of Michigan's largest jurisdictions, it is also reported by 46% of jurisdictions with populations between 1,500 and 5,000 residents (see *Figure 7a*).

By region, the problem of increasing home foreclosures is most widespread in Michigan's Southwest, where nearly half (49%) of local governments report increasing numbers of home foreclosures this year (see *Figure 7b*). By comparison, jurisdictions in the Southeast region (34%) are least likely to report this as a growing problem today. In fact, the Southeast region may be seeing additional signs of improvement, with 35% of jurisdictions reporting an outright *decrease* in the number of home foreclosures this year.

Meanwhile, four in ten local jurisdictions statewide (40%) report increasing tax delinquencies, a problem that affects jurisdictions of all sizes (see *Figure 8*). However, like many of the fiscal indicators measured on the MPPS, reports of increases in tax delinquencies are now lower than in previous years.

Figure 7a
Percentage of jurisdictions reporting increases in home foreclosures compared with previous fiscal year, 2010-2012, by population size

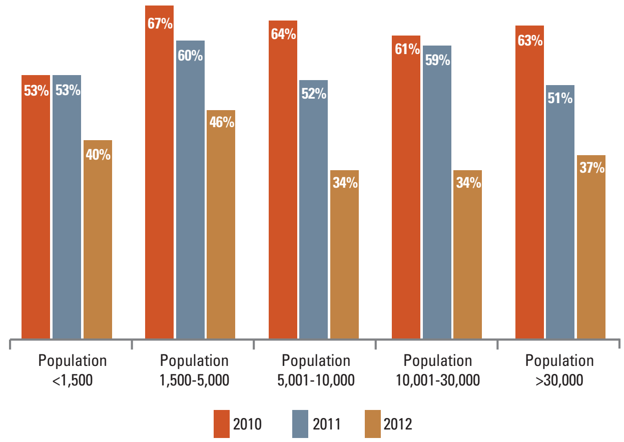


Figure 7b
Percentage of jurisdictions reporting increases in home foreclosures compared with previous fiscal year, 2010-2012, by region

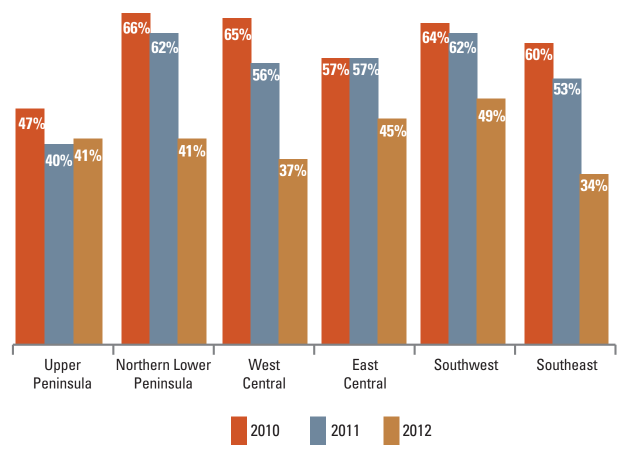
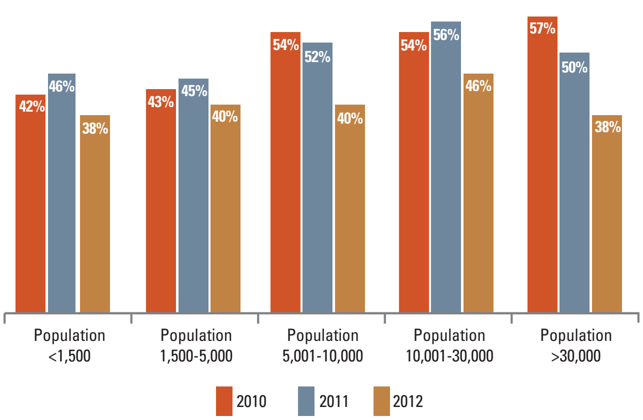


Figure 8
Percentage of jurisdictions reporting increases in tax delinquencies compared with previous fiscal year, 2010-2012, by population size



Continuing increases in the demand for services

While there appears to be improvement in numerous indicators of local government fiscal health, pressures persist on the spending side for many jurisdictions. As seen in *Figures 9a-c*, many local governments continue to report increased infrastructure, human service, and public safety needs in 2012, on top of increases seen in previous years. While down slightly from last year in a few cases, significant percentages of the state's largest jurisdictions report continuing increases in infrastructure needs (66%), human service needs (64%), and public safety needs (59%) in 2012 as compared to 2011. These spending pressures continue to affect significant numbers of Michigan's smaller communities, as well.

Figures 9a-c show numerous changes from last year affecting different types of jurisdictions in different ways, some positive and some negative. The most significant change is found in increased public safety needs in Michigan's largest communities: the percentage of these jurisdictions reporting a greater demand in this area spiked to 59% in 2012, up from 46% in 2011.

Figure 9a
Percentage of jurisdictions reporting increases in infrastructure needs compared with previous fiscal year, 2011-2012, by population size

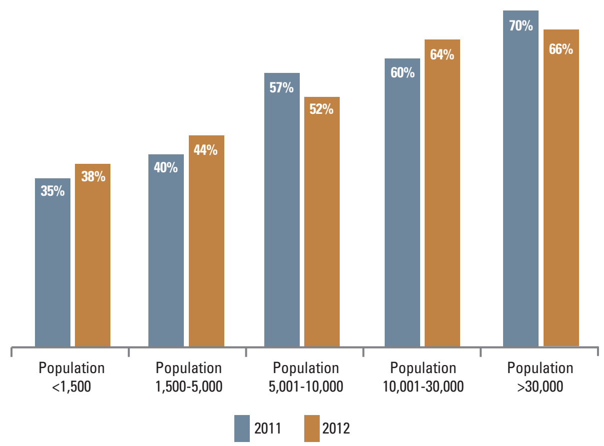


Figure 9b
Percentage of jurisdictions reporting increases in human service needs compared with previous fiscal year, 2011-2012, by population size

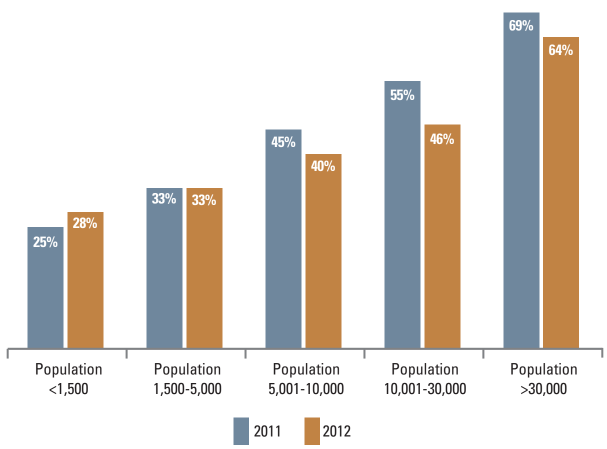
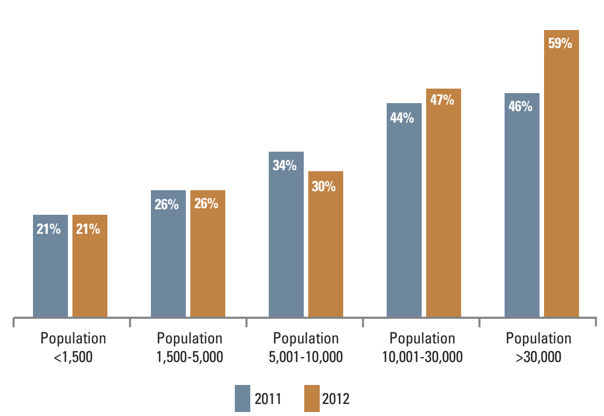


Figure 9c
Percentage of jurisdictions reporting increases in public safety needs compared with previous fiscal year, 2011-2012, by population size



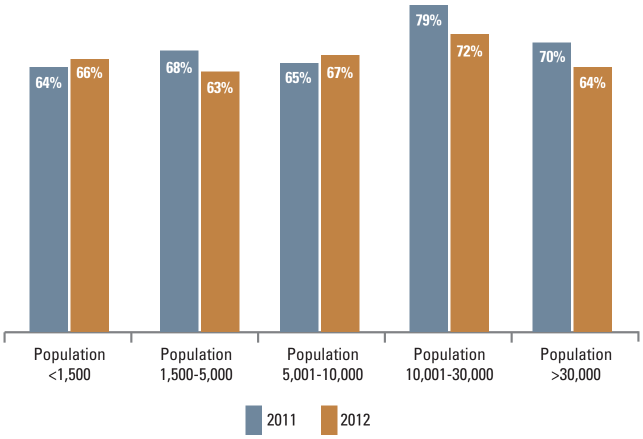
Health care costs continue to present challenges, though some jurisdictions report easing

Although down slightly for some jurisdictions from levels reported in 2011, increases in employee and retiree health care costs remain another major source of fiscal stress for many local governments. It is important to note, however, that only 46% of Michigan's jurisdictions report in 2012 that they offer any kind of fringe benefits to their current employees at all. Providing health care benefits is least common among the state's small jurisdictions, in which 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 say they offer some kind of fringe benefits to employees, 66% report that health care costs for current employees increased this year, including 49% reporting that costs increased "somewhat" and 17% reporting that costs increased "greatly." As shown in *Figure 10*, increases in current employee health care costs are most commonly reported in 2012 among those jurisdictions with 10,001-30,000 residents (72%).

These increasing costs are building on top of previous increases that have occurred in recent years.

Figure 10
Percentage of jurisdictions reporting increases in health care costs for current employees in 2012, by population size, among those that provide fringe benefits



Responding to fiscal challenges: intergovernmental cooperation and privatization

One of the most common approaches jurisdictions report turning to in recent years to deal with their fiscal challenges is intergovernmental cooperation for service provision. As reported in previous MPPS findings, joint service provision is extremely common among jurisdictions of all sizes and in all regions of Michigan.[2] Overall, plans to increase intergovernmental cooperation in 2012 remain steady as compared to findings from 2011: 40% of all local jurisdictions expect to increase the number and/or scope of their cooperative activities this year. Only among the state's largest jurisdictions do significantly fewer officials predict further expansion of cooperative activities this year, compared to findings from last year (see *Figure 11*).

Privatization, or outsourcing, is another option for local governments seeking to reduce costs. The 2012 MPPS finds that fewer jurisdictions report plans to increase their privatization efforts in the coming year as compared to findings from 2011 (see *Figure 12*). While the state's largest jurisdictions remain the most likely to increase privatization of services (36%), this is a sharp decrease from 2011, when over half (58%) expected to increase their levels of outsourcing.

Figure 11
Percentage of jurisdictions reporting planning to increase number and/or scope of interlocal agreements next year, 2011-2012, by population size

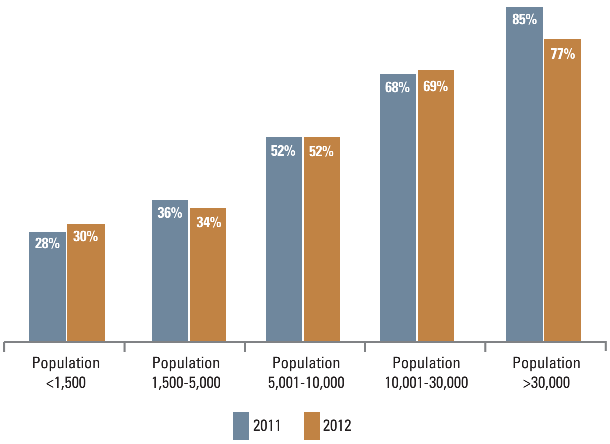
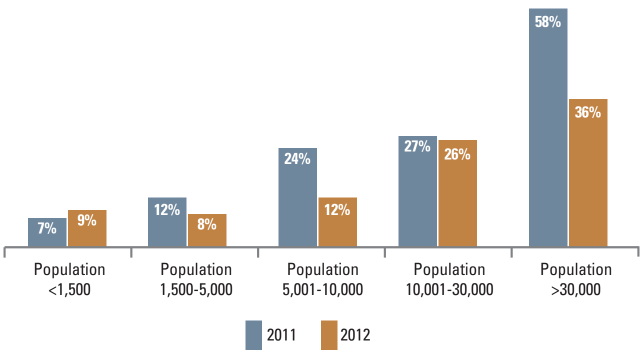


Figure 12
Percentage of jurisdictions reporting planning to increase privatization next year, 2011-2012, by population size



Responding to fiscal challenges: continued reliance on fund balances

Overall, 35% of Michigan local jurisdictions plan to increase their reliance on their general fund balances this year, about the same as the 36% that responded this way in 2011. It is worth noting that 3% 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 1a* illustrates that 46% of communities with 10,001 to 30,000 residents plan to increase their reliance on their general fund balances this year, more than in any other group.

Similarly, many jurisdictions plan to increase their reliance on "rainy day" funds that they may still have available. Overall, 14% of jurisdictions indicated that this strategy was "not applicable" in their case, presumably signifying that they have no such funds available. Meanwhile, another 21% of jurisdictions plan to increase their reliance on rainy day funds to help meet their fiscal needs this year, down slightly from 25% in 2011. As seen in *Table 1a*, smaller jurisdictions are somewhat less likely than the state's larger jurisdictions to utilize this strategy.

In both cases, the increased reliance is not evenly distributed across the state. Jurisdictions in the Upper Peninsula are most likely to be increasing their reliance on both their general fund balance (42%) and on "rainy day" funds (32%) to meet their fiscal needs in the coming year. On a related note, jurisdictions in the Upper Peninsula are also most likely (30%) to report having general fund balances of 10% or less, calculated as a percentage of general fund expenditures. In comparison, jurisdictions in the East Central Lower Peninsula are the least likely to be increasing their reliance in the coming year, with only 30% reporting greater dependence on their general fund balance and only 15% relying more heavily on "rainy day" funds (see *Table 1b*).

Table 1a
Percentage of jurisdictions in 2012 planning fiscal changes in the coming year, by population size

	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total 2012
Will increase reliance on general fund balance	32%	33%	41%	46%	38%	**35%**
Will increase reliance on "rainy day" funds	18%	18%	28%	31%	28%	**21%**

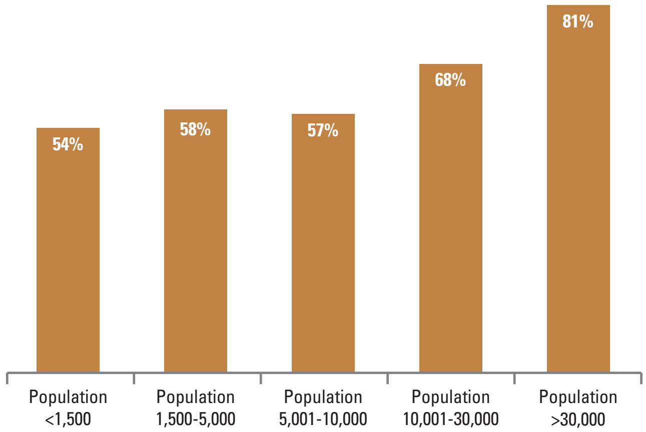
Table 1b
Percentage of jurisdictions in 2012 planning fiscal changes in the coming year, by region

	Upper Peninsula	Northern Lower Peninsula	West Central	East Central	Southwest	Southeast	Total 2012
Will increase reliance on general fund balance	42%	35%	36%	30%	31%	36%	**35%**
Will increase reliance on "rainy day" funds	32%	18%	19%	15%	22%	24%	**21%**

Responding to fiscal challenges: shifting health care costs to employees

Another one of local governments' most common responses to fiscal stress in the past few years has been to shift an increasing percentage of their healthcare costs to be paid by their employees. This strategy is again commonly predicted by local leaders for the upcoming year. Among jurisdictions that offer some kind of fringe benefits, 62% plan to have their employees cover more of their own health care costs in the coming year. This includes 81% of the state's largest jurisdictions (see *Figure 13*).

Figure 13
Percentage of jurisdictions reporting plans to increase employees' share of health care payments in the next fiscal year, among those that provide fringe benefits, by population size



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

During the current fiscal year, 19% of all jurisdictions report reducing wage rates for new hires compared to rates for existing employees (though 30% now expect to increase pay rates overall in the next year). Given that small jurisdictions are much less likely to hire new employees, it is not surprising that reducing wages for new hires is much more common among the state's largest jurisdictions, 68% of which report utilizing this approach (see *Table 2*).

In order to operate at today's reduced funding levels, many Michigan jurisdictions have also reduced staff levels in recent years, although fewer plan to do so again in the coming year. As reflected in *Table 2*, 19% of jurisdictions overall report reduced staffing levels in 2012 as compared to last year, including 59% of the largest jurisdictions. Looking ahead, however, only 5% of jurisdictions overall plan to increase layoffs in the coming year, although this includes 15% of the largest jurisdictions.

Table 2
Percentage of jurisdictions reporting recent and planned changes to staffing

	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total 2012
Reduced pay rates and/or benefits packages for new hires, compared to current employee compensation rates this year	7%	13%	31%	51%	68%	19%
Decrease in number of employees since last year	8%	14%	33%	45%	59%	19%
Plan to increase layoffs in coming year	2%	2%	14%	9%	15%	5%

On the revenue side, 19% of jurisdictions overall plan to increase charges for fees and licenses in the coming year, with larger jurisdictions more likely than others to take such action (see *Table 3*). While only 14% of Michigan's smallest jurisdictions plan to raise fees this year, for instance, 38% of the largest jurisdictions plan to do so.

Also looking ahead, 14% of local governments overall plan to cut back on the amount of services they provide in the coming year, in many cases instituting further cuts on top of those made over the past several years during the economic downturn. Compared to the 12% of Michigan's smallest jurisdictions that plan to cut services this year, 35% of the state's largest jurisdictions plan such cuts. It is worth noting, however, that many of the smallest jurisdictions provide a very limited set of services, so they have relatively fewer opportunities to cut back.

Beyond merely reducing service levels, in some cases local governments have decided to completely eliminate particular services. Although only 6% of jurisdictions overall took this more extreme action last year, this includes nearly a quarter (22%) of Michigan's largest jurisdictions. Looking ahead, 21% 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 indicate a continuing retrenchment for many local governments across Michigan in 2012.

Table 3
Percentage of jurisdictions reporting recent and planned changes to services and fees

	Population <1,500	Population 1,500-5,000	Population 5,001-10,000	Population 10,001-30,000	Population >30,000	Total 2012
Plan to increase charges for fees, licenses, etc. in the coming year	14%	17%	23%	38%	38%	19%
Plan to decrease amount of services provided in the coming year	12%	12%	16%	19%	35%	14%
Completely eliminated service(s) this year	4%	5%	9%	11%	22%	6%
Plan to completely eliminate service(s) in the coming year	2%	3%	5%	10%	21%	4%

Conclusion

Following the initial findings in 2011 of a slight easing in local government fiscal stress, the 2012 MPPS now provides additional evidence that, for local governments in Michigan *overall*, the most significant challenges may now be in the past. Numerous indicators of fiscal health show overall improvement for a second consecutive year, when looking at Michigan's local governments as a group.

For the first time since the MPPS began in 2009, fewer than half of local leaders expect their jurisdiction will be less able to meet its fiscal needs next year, as compared to this year. This may reflect a "new normal," based on cuts in services and staffing that have been made by local governments over the last few years, thereby allowing them to get by with fewer resources.

Still, the overall improvement masks ongoing fiscal distress for hundreds of jurisdictions, for which the worst may be yet to come.

Further, even for those jurisdictions that may have turned the corner toward better times, other factors on the horizon could send them back on a negative path. In recent months, for instance, the U.S. economy appears to have been slowing once again, and should this continue or worsen, it could be expected that local governments would quickly experience negative effects.

In addition, state policymakers in Lansing are expected to re-start efforts to reform the Personal Property Tax, another significant source of funding for local governments. Any significant cuts in revenue from this source could also potentially threaten the nascent improvement in fiscal health for local governments statewide.

While conditions appear to be improving overall, there is no doubt this is still a challenging time for local government in Michigan.

Notes

1. Center for Local, State, and Urban Policy. "MPPS finds fiscal health continues to decline across the state, though some negative trends eased in 2011." October 2011. http://closup.umich.edu/files/mpps-fiscal-health-2011.pdf

2. Center for Local, State, and Urban Policy. "Local leaders are mostly positive about intergovernmental cooperation and look to expand efforts." March 2011. http://closup.umich.edu/files/mpps-intergovernmental-collaboration.pdf

Survey background and methodology

The MPPS is a biannual survey of each of Michigan's 1,856 units of general purpose local government, conducted once each spring and fall. While the spring surveys consist of multiple batteries of the same "core" fiscal, budgetary and operational policy questions and are designed to build-up a multi-year time-series of data, the fall surveys focus on various other topics.

In the Spring 2012 iteration, 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, 277 cities, 256 villages, and 1,240 townships in the state of Michigan.

The Spring 2012 wave was conducted from April 9–June 18, 2012. A total of 1,329 jurisdictions in the Spring 2012 wave returned valid surveys, resulting in a 72% response rate by unit. The margin of error for the survey as a whole is +/- 1.43%. However, the margin of error may differ for analyses that include only a subset of respondents. 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. Contact CLOSUP staff for more information.

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 2012 Compared to Previous Fiscal Year

	<1500		1500-5000		5001-10000		10001-30000		>30000		
Description	Rank	Percent of jurisdictions reporting	Rank	Percent of jurisdictions reporting	Rank	Percent of jurisdictions reporting	Rank	Percent of jurisdictions reporting	Rank	Percent of jurisdictions reporting	Total
Decrease in revenue from property tax	1	59%	1	63%	1	68%	1	79%	1	75%	64%
Decrease in amount of state aid to jurisdiction	2	52%	6	35%	5	40%	5	49%	2	68%	46%
Increase in infrastructure needs	6	38%	3	44%	3	52%	3	64%	3	66%	45%
Increase in home foreclosures in jurisdiction	3	40%	2	46%	8	34%	13	34%	12	37%	41%
Increase in number of tax delinquencies	5	38%	4	40%	6	40%	8	46%	11	38%	40%
Increase in human service needs	8	28%	7	33%	4	40%	9	46%	5	64%	35%
Decrease in revenue from fees, licenses, transfers, etc.	7	30%	5	36%	7	36%	12	37%	13	33%	34%
Increase in cost of current government employee health benefits	12	19%	11	25%	2	53%	2	71%	4	64%	32%
Decrease in population of jurisdiction	4	38%	8	29%	14	22%	15	22%	14	30%	32%
Increase in public safety needs	11	21%	10	26%	12	30%	6	47%	6	59%	28%
Increase in pay rates for employee wages and salaries	9	24%	9	28%	9	33%	11	37%	16	17%	27%
Decrease in amount of federal aid to jurisdiction	10	23%	12	16%	15	19%	14	29%	10	45%	22%
Increase in cost of government employee pensions	14	11%	13	15%	11	31%	4	54%	9	54%	21%
Decrease in number of employees	15	8%	14	14%	10	33%	10	45%	7	59%	19%
Increase in cost of retired government employee health benefits	17	5%	15	10%	13	26%	7	46%	8	55%	15%
Increase in amount of debt	13	11%	16	10%	16	18%	16	20%	15	19%	13%
Decrease in ability of jurisdiction to repay its debt	16	7%	17	7%	17	5%	17	9%	17	11%	7%

Note: "Rank" indicates actions with the largest percentage of jurisdictions reporting a predicted change in policy (within each population size category).

Appendix B
Predicted Actions for the Coming Year

	<1500		1500-5000		5000-10000		10001-30000		>30000		
Description	**Rank**	Percent of jurisdictions reporting	**Rank**	Percent of jurisdictions reporting	**Rank**	Percent of jurisdictions reporting	**Rank**	Percent of jurisdictions reporting	**Rank**	Percent of jurisdictions reporting	Total
Increase in number and/or scope of interlocal agreements or cost-sharing plans	2	30%	1	34%	1	52%	1	69%	2	77%	40%
Increase in reliance on general fund balance	1	32%	2	33%	3	41%	3	46%	6	38%	35%
Increase in employees' share of premiums, deductibles and/or co-pays on health insurance	5	16%	3	23%	2	47%	2	68%	1	81%	30%
Increase in reliance on rainy day funds	3	18%	4	18%	4	28%	7	31%	12	28%	21%
Increase in charges for fees, licenses, etc.	6	14%	5	17%	5	23%	5	38%	5	38%	19%
Increase in property tax rates	4	16%	6	16%	14	13%	15	14%	16	20%	16%
Increase in retirees' share of premiums, deductibles and/or co-pays on health insurance	11	7%	8	13%	10	17%	4	41%	3	50%	16%
Decrease in amount of services provided	7	12%	9	12%	11	16%	11	19%	8	35%	14%
Increase in jurisdiction's amount of debt	8	11%	7	14%	6	21%	10	23%	18	15%	14%
Increase in employees' share of contributions to retirement funds	13	5%	10	10%	9	17%	6	36%	4	43%	13%
Increase in privatizing or contracting out services	10	9%	12	8%	17	12%	9	26%	7	36%	12%
Decrease in actual infrastructure spending	9	10%	11	9%	15	12%	14	15%	14	26%	11%
Increase in jurisdiction not filling vacant positions	16	4%	16	7%	7	18%	8	27%	9	35%	10%
Decrease in actual public safety spending	14	5%	14	8%	8	17%	17	12%	10	31%	9%
Decrease in funding for economic development programs	12	7%	13	8%	16	12%	13	17%	20	11%	9%
Decrease in jurisdiction's workforce hiring	17	3%	15	7%	12	14%	12	19%	13	26%	8%
Decrease in actual human services spending	19	3%	18	5%	18	6%	18	12%	11	30%	6%
Increase in sale of public assets (i.e., parks, buildings, etc.)	15	4%	17	7%	19	5%	16	13%	19	12%	6%
Increase in jurisdiction's workforce layoffs	20	2%	19	2%	13	14%	19	9%	17	15%	5%
Decrease in employee pay rates	18	3%	20	2%	20	2%	20	7%	15	23%	4%

Note: "Rank" indicates actions with the largest percentage of jurisdictions reporting a predicted change in policy (within each population size category).

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The **Center for Local, State, and Urban Policy (CLOSUP)**, housed at the University of Michigan's Gerald R. Ford School of Public Policy, conducts and supports applied policy research designed to inform state, local, and urban policy issues. Through integrated research, teaching, and outreach involving academic researchers, students, policymakers and practitioners, CLOSUP seeks to foster understanding of today's state and local policy problems, and to find effective solutions to those problems.

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