

The Center for Local, State, and Urban Policy

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

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Michigan's local leaders are divided over the state's emergency manager law

By Thomas Ivacko and Debra Horner

This report presents the opinions of Michigan's local government leaders regarding the state's emergency manager law, officially called the Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011). This law provides for the appointment of emergency managers to oversee local governments and school districts in fiscal distress. The findings in this report are based on statewide surveys of local government leaders in the Spring 2012 wave of the Michigan Public Policy Survey (MPPS).

As of August 8, 2012, PA 4 has been temporarily suspended, pending a statewide referendum on the November 2012 ballot.

>> 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.

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Key Findings

- Overall, 14% of local leaders say they are very familiar with the state's new emergency manager law (Public Act 4 of 2011). While 50% say they are somewhat familiar and 25% say they have heard of the law but know very little about it, another 9% say they have never heard of this law. Analysis in this report excludes those who say they have never heard of PA 4.
- Michigan's local government leaders are sharply divided in their views about PA 4. Overall, 38% support it, 30% oppose it, 21% are neutral on the issue, and 11% say they are unsure.
- Less than half (43%) of local leaders overall think PA 4 will be effective at protecting or restoring the fiscal health of Michigan's local governments across the state, while 19% think it will be ineffective.
 - » Belief in the law's effectiveness climbs to 53% of leaders when excluding those who know very little about PA 4.
- Support for PA 4 is more strongly correlated with beliefs about the law's effectiveness than with other factors, including even partisanship.
 - » Among officials who think the law will be very effective, 83% support the law and only 9% oppose it. Conversely, among those who think the law will be very ineffective, only 9% support the law while 73% oppose it.
- Levels of support or opposition among local officials also differ along a number of other lines, including:
 - » Whether the local official is elected or appointed: 60% of appointed leaders support the law compared to only 32% of elected leaders.
 - » Whether the official's jurisdiction has a public sector labor union or not: 58% of local government leaders from jurisdictions with unions support PA 4, compared to only 30% of leaders from jurisdictions that do not have labor unions.
 - » Whether the local leader self-identifies as a Republican, an Independent, or a Democrat: 45% of Republican officials support PA 4, as do 44% of Independents, compared to just 21% of Democrats.

Local officials are divided in support, belief in effectiveness of emergency manager law

Among the most far-reaching reforms launched recently by Governor Rick Snyder and the state legislature, Michigan’s new “emergency manager law” took effect in March 2011, replacing PA 72 of 1990. The new law formally known as the Local Government and School District Financial Accountability Act, or Public Act 4 (PA 4) of 2011, significantly expands the powers available to emergency managers to deal with local government fiscal crises. PA 4 includes features that, under certain circumstances, allow an emergency manager to: reject, modify, or terminate collective bargaining agreements; set aside all substantive decision-making powers of local elected officials; sell, transfer, or lease a local jurisdiction’s assets (with approval of the state); and more.

Currently, PA 4 has been suspended, pending a referendum on the law on the November 2012 statewide ballot. Public Act 72 of 1990, which preceded PA 4, is now back in effect. For a thorough review of PA 4, its current status, and Michigan’s history with prior legislation governing local financial emergencies, see recent papers by Eric Scorsone at Michigan State University,¹ and by the Citizens Research Council of Michigan.²

To get a sense of how Michigan’s local government leaders view PA 4, the Spring 2012 MPPS asked a series of questions about the law and some of its key features.

Overall, 14% of local leaders say they are very familiar with PA 4, while 50% say they are somewhat familiar and 25% say they have heard of PA 4 but know very little about it. Finally, 9% say they have never heard of PA 4 and 2% say they don’t know how familiar they are with the law. Analysis in this report excludes those who say they have never heard of PA 4.

Only 38% of local leaders overall support PA 4, although another 32% are either neutral on the question or say they don’t know if they support or oppose it. Meanwhile, 30% of local leaders oppose PA 4 outright (see *Figure 1a*).

While still below a majority, support for the law increases to 47% of local leaders when excluding those who say they have heard of PA 4 but know very little about it (see *Figure 1b*).

Figure 1a
Local officials’ overall support and opposition to PA 4

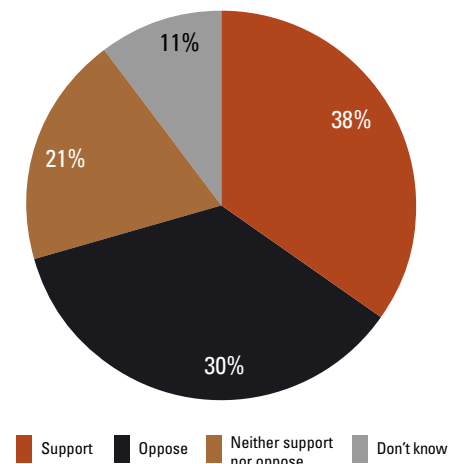
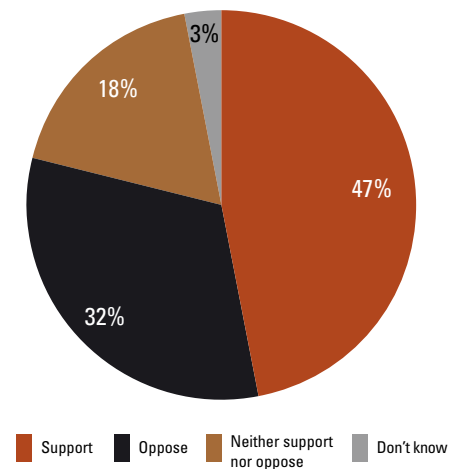


Figure 1b
Local officials’ overall support and opposition to PA 4, among only those officials who say they understand the major points of PA 4





A number of factors are associated with local leaders’ support or opposition to the law. Among the strongest factors are the views of local leaders on PA 4’s effectiveness at helping to protect or restore the fiscal health of Michigan’s local governments across the state.

Overall, 43% of local leaders believe PA 4 will be effective, while 19% believe it will be ineffective (see *Figure 2*). Another 14% think the law will be neither effective nor ineffective (which could be interpreted as belief that it will not make much of a difference, and therefore might be closer to the view that PA 4 will be ineffective). At the same time, nearly a quarter (24%) of local leaders say they are unsure about how effective or ineffective the law will be.

Among those who believe PA 4 will be very effective, 83% support the law and only 9% oppose it. At the opposite end, among those who think PA 4 will be very ineffective, 73% oppose the law, and only 9% support it, as shown in *Table 1*.

When excluding officials who have heard of PA 4 but know little about it, 53% of the remaining local leaders believe the law will be either somewhat or very effective.

Beyond belief in the law’s effectiveness, other factors are also associated with support or opposition to it. For example, local officials who hold appointed positions (such as county administrators, or city, township, and village managers) are more likely to support PA 4 than are elected local officials. In addition, leaders in jurisdictions that have local government labor unions are more likely to support PA 4 than are leaders from jurisdictions without unions, as shown in *Table 1*. Furthermore, Republican and Independent local officials are more likely to support PA 4 than are Democratic local officials.

Overall, statistical analysis accounting for a wide variety of possible influences on support or opposition to PA 4 finds that belief in the law’s effectiveness is, by far, the factor most strongly associated with support for the law.

Figure 2
Local officials’ assessments of the effectiveness of PA 4 at protecting or restoring fiscal health

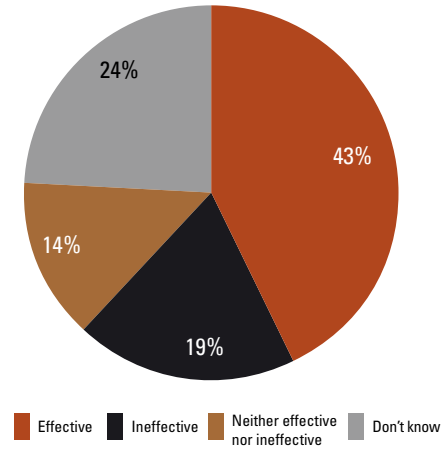


Table 1
Local officials’ overall support for or opposition to PA 4

	Effectiveness		Official Position		Public Union Presence		Partisanship		
	Those who believe PA 4 will be very effective	Those who believe PA 4 will be very ineffective	Appointed officials	Elected officials	Jurisdiction has employee labor union(s)	Jurisdiction has no employee labor union(s)	Republicans	Independents	Democrats
Support PA 4	83%	9%	60%	32%	58%	30%	45%	44%	21%
Oppose PA 4	9%	73%	20%	32%	21%	33%	21%	32%	52%

Note: Table does not display “neither support nor oppose” and “don’t know” response categories

Mixed support and opposition on individual elements of the emergency manager law

The MPPS also asked a series of questions about specific elements of PA 4. Overall, local leaders express the largest net support (that is, the level of overall support minus the level of opposition) for the provision that allows an emergency manager to reject, modify, or terminate collective bargaining agreements. Half (50%) of local leaders support this provision, while 30% oppose it (see *Figure 3*). Appointed officials are significantly more likely to support this aspect of the law than are elected officials (74% vs. 43%, respectively). And leaders from jurisdictions with local government labor unions are also more likely to support this provision of PA 4 than are leaders from jurisdictions without labor unions (68% vs. 43%, respectively).

Local leaders express net opposition (that is, more opposition than support, overall) for the aspect of PA 4 that allows an emergency manager to set aside all substantive decision-making powers of local elected officials. Overall, 36% support this provision, while 46% oppose it. Significant differences in these views are associated with a number of factors, again including whether the local leaders themselves are appointed or elected. Appointed officials are nearly twice as likely as elected officials to support this power provided to emergency managers (59% vs. 30%, respectively).

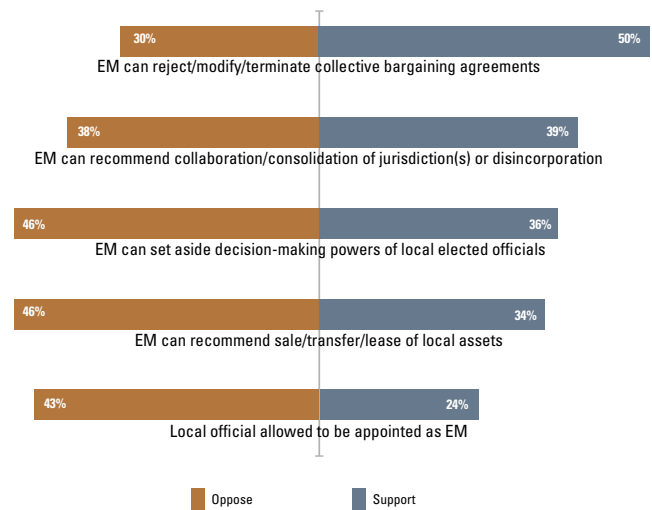
The largest net opposition is related to the section of PA 4 that allows a local official—such as a mayor or council member—to be appointed as an emergency manager for his or her own jurisdiction. Only 24% of officials overall support this provision, while 43% oppose it.

Strong support for PA 4 among jurisdictions in the greatest fiscal distress

Support for the emergency manager law is particularly strong among officials who responded to the MPPS survey from the state’s most fiscally distressed jurisdictions, which were identified using the most recent available fiscal health indicator scores from the Michigan Department of Treasury.³

It is important to note that the very small sample size represented by these jurisdictions precludes making statistically significant estimates. Nonetheless, 82% of leaders responding from these jurisdictions support PA 4 overall. In fact, large majorities of these officials support each element of the law described above, except for the element that allows a current elected official to serve as his or her own jurisdiction’s emergency manager. For that element, 49% of responding officials express support, while 51% express opposition.

Figure 3
Percentage of officials who support or oppose individual elements of PA 4



Note: Figure does not display “neither support nor oppose” and “don’t know” response categories



Conclusion

Since its enactment in the spring of 2011, Michigan's new emergency manager law has been a focal point for both critics and supporters alike. Supporters say the local government fiscal crisis and the apparent inability of some jurisdictions to solve their own problems required the state government to provide new solutions for restoring fiscal health. Opponents argue the law is undemocratic, and they have secured enough valid citizen signatures to suspend PA 4 and force a statewide referendum to either approve or reject the law on the November 2012 ballot.

Meanwhile, Michigan's local government leaders are sharply divided in their views of the law. Among those who have at least some familiarity with the law, just 38% support it, while 30% oppose it. About another one-third of local leaders are somewhere in-between, with 21% saying they neither support nor oppose the law, and 11% saying they don't yet know how they feel.

Numerous factors are correlated with local leaders' support for or opposition to the law, including partisan self-identification as a Republican, Independent, or Democratic local official. By far, however, the strongest correlation is found in the leaders' beliefs about whether or not the law will be effective. Among those who think it will be very effective, 83% support the law; among those who think it will be very ineffective, 73% oppose it.

Notes

1. Scorson, Eric. (2012, September). "The suspension of the emergency manager law and its implications." East Lansing, MI: Michigan State University Extension programs. Retrieved from http://msue.anr.msu.edu/uploads/files/Greening/MSUE-PA4Suspension_FAQ-9-7-12.pdf
2. Citizens Research Council of Michigan. (2012, September). "Statewide Ballot Issues: Proposal 2012-01 Referendum on Public Act 4 of 2011, The Local Government and School District Fiscal Accountability Act." <http://www.crcmich.org/PUBLICAT/2010s/2012/memo1116.pdf>
3. Michigan Department of Treasury. (2012, September). Fiscal indicator scores. Retrieved from http://www.michigan.gov/treasury/0,1607,7-121-1751_47023-171423--,00.html

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. Analysis in this report uses 2009 Fiscal Indicator scores from the Michigan Department of Treasury, assigning scores of 7 or higher to indicate fiscal stress. Contact CLOSUP staff for more information.

Detailed tables of the data analyzed in this report are available online, 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. See the MPPS homepage: <http://closup.umich.edu/mpps.php>.

The survey responses presented here are those of local Michigan officials, while further analysis represents the views of the authors. Neither necessarily reflects the views of the University of Michigan.

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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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