

The Center for Local, State, and Urban Policy

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Local leaders more likely to support than oppose Michigan's Emergency Manager law, but strongly favor reforms

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This report presents the opinions of Michigan's local government leaders regarding the state's Emergency Manager law, officially known as Michigan's Local Financial Stability and Choice Act (P.A. 436 of 2012). This law is targeted at local jurisdictions determined to be in fiscal emergencies, and offers a number of reparative options, including the appointment of emergency managers, consent agreements, mediation, and bankruptcy proceedings. The findings in this report are based on statewide surveys of local government leaders in the Spring 2012 and Fall 2016 waves of the Michigan Public Policy Survey (MPPS).

>> The Michigan Public Policy Survey (MPPS) is a census survey of all 1,856 general purpose local governments in Michigan conducted by the Center for Local, State, and Urban Policy (CLOSUP) at the University of Michigan in partnership with the Michigan Municipal League, Michigan Townships Association, and Michigan Association of Counties. 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 Fall 2016 wave of the MPPS include county administrators, board chairs, and clerks; city mayors, managers, and clerks; village presidents, managers, and clerks; and township supervisors, managers, and clerks from 1,315 jurisdictions across the state.

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Key Findings

- Michigan's local government leaders lean slightly in favor of the current Emergency Manager (EM) law, but support does not reach a majority. Overall, 43% support it, while 26% are opposed, 22% are neutral, and 10% are unsure. Those with ardent views are evenly divided, with 11% strongly supporting the law and 10% strongly opposing it.
 - » Support is generally higher among local leaders from the state's largest jurisdictions (61%), from jurisdictions with low reported fiscal stress (47%), and among self-identified Republicans (54%).
- Just under half (48%) of local leaders overall believe the EM law is effective at restoring fiscal health in the short term for jurisdictions under the control of an EM, but that number drops to 35% who say it will be effective in the long term.
- In a change from P.A. 4 of 2011, the current EM law allows the local jurisdiction to choose among four options (appointment of an EM, mediation, consent agreement, or bankruptcy) at the outset of State intervention, and 60% of local leaders support this ability to choose a path forward. However, there is less than majority support for other aspects of the law, including:
 - allowing EMs to modify or terminate agreements with employee unions (41% support, down from 50% in 2012);
 - allowing State-appointed advisory boards to have ongoing oversight powers of the jurisdictions' finances after EMs depart (36%);
 - allowing EMs to set aside the decision-making power of local elected officials (31%, down from 37% in 2012);
 - allowing EMs to recommend the sale, transfer, or lease of the jurisdictions' assets (31%, down from 33% in 2012).
- Other attitudes toward the law are similarly mixed. While 57% of Michigan's local leaders overall believe the current EM law helps difficult decisions to be made because the EM is a "political outsider," 44% say that the EM law pays too little attention to the underlying structural problems leading to fiscal stress in the first place. In addition, 44% believe it overemphasizes cost-cutting at the expense of service quality, public health, and safety.
 - » And although more local leaders agree than disagree that the law is undemocratic (35% vs. 20%), only 14% believe it is racially discriminatory (while 39% disagree).
- Local leaders express strong support for a list of potential reforms to P.A. 436, including requiring EMs to take into consideration the input of local elected officials and citizens before making decisions, requiring plans for improving factors beyond just finances, creating a new State-level ombudsperson office to oversee EMs, and new options for time-limited state or local revenues sources for distressed governments.
 - » However, only 26% of local officials would support more proactive fiscal monitoring and intervention by the State, while 49% would oppose this.

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Background

Michigan local governments have a long history with the appointment of emergency managers by the State of Michigan, a policy developed to intervene when local units of government face a financial crisis.

As far back as 1988, the Michigan legislature passed P.A. 101 in response to a court-ordered receivership of the City of Ecorse, and as part of a larger effort to address financial troubles in Wayne County.¹ Soon after, new legislation—the Local Government Fiscal Responsibility Act (P.A. 72 of 1990)—extended the original law to create a set of criteria to “permit a declaration of the existence of a local government financial emergency” and “provide for the appointment and to prescribe the powers and duties of an emergency financial manager” for both general-purpose local governments and school districts.² These versions of the law were implemented a handful of times during the administrations of Governors John Engler and Jennifer Granholm.³ However, it was not until the passage of P.A. 4 of 2011 under Governor Rick Snyder, the rejection of that law in a November 2012 statewide referendum, and the passage a few weeks later of a new, expanded version in the form of P.A. 436 of 2012, that the State’s power to step in during local government fiscal emergencies came to nationwide attention.⁴ The heightened debate over these policies stems in part from the high-profile role emergency managers have played both in Detroit’s bankruptcy proceedings in 2013-14 and in the ongoing Flint water crisis.⁵ And while a number of lawsuits challenging the constitutionality of P.A. 436 have been filed in the courts, as of September 2016, when the U.S. Sixth Circuit Court of Appeals unanimously upheld the law,⁶ it is currently the governing policy for dealing with local fiscal crises in Michigan.

Under P.A. 436, the State Treasurer (or, in the case of school districts, the Superintendent of Public Instruction) has the power to order a financial review of a local government’s fiscal health and then declare whether a financial emergency exists.⁷ Factors that might trigger a financial review might include missed payroll or bond payments, violation of local government debt or budgeting rules, imposition of a court-ordered tax levy, a very low credit rating, or other factors that could threaten the fiscal stability of the local government.⁸ In a change from previous versions of the Emergency Manager (EM) law, under P.A. 436 local governments now have four options for addressing a fiscal emergency: a consent agreement with the State to make operational and budgetary changes to fix its financial problems, bankruptcy proceedings, mediation with creditors to attempt to reduce debt loads, or the appointment of an EM. Local governments that select the “emergency manager” option are placed in receivership, and are only released from receivership when either the financial conditions that were the basis for the financial emergency are remedied, or when (at least 18 months after an emergency manager is appointed) a local governing body chooses by a two-thirds vote to remove the emergency manager.

Given the passionate debate over the policy of appointing emergency managers, as well as the continued fiscal struggles of many Michigan local governments,⁹ the Fall 2016 MPPS asked local officials across the state a series of questions about the law and some of its key features.



Local leaders point to state-level decisions as primary drivers of local fiscal stress

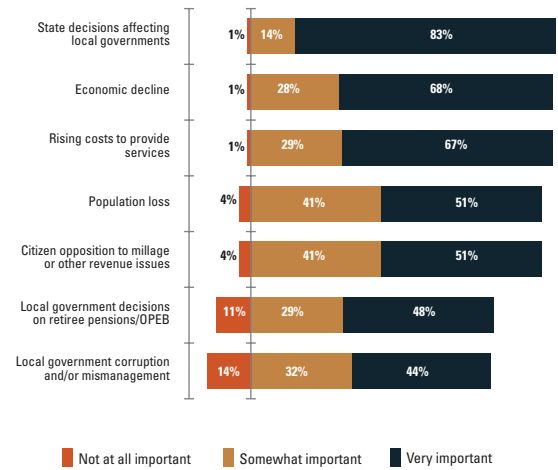
Before asking for opinions on Michigan’s EM law, the MPPS first sought local leaders’ views on why some local governments experience serious fiscal stress in the first place.

Michigan’s local leaders believe fiscal stress results from a complex mix of factors, and they identify a range of factors that are largely beyond local units’ control as the primary culprits. Out of seven potential drivers of fiscal stress presented to them, local officials are most likely to point to “State decisions affecting local governments” (see *Figure 1*). These State government decisions include things such as cuts to revenue sharing from the State to local governments, caps on local government tax revenue established by the Headlee Amendment and Proposal A, restrictions on other local revenue options, and unfunded mandates placed on local jurisdictions. Overall, 83% of local leaders say these state-level decisions are “very important” factors that increase local fiscal stress, while another 14% say they are at least “somewhat” important factors. These beliefs correspond to the findings from a recent report by Michigan State University that stated “Michigan incubates financial stress among its local governments” due to limits on local revenue, low levels of State financial assistance, and State-imposed spending pressures.¹⁰

The next four most important factors local leaders believe contribute to fiscal stress include general economic decline, rising costs to provide services, population loss, and citizen opposition to taxes. In each case, a majority of local leaders say these are very important factors driving local fiscal stress, and over 90% say they are somewhat or very important factors.

While local leaders place primary responsibility on factors beyond their control as key drivers of local fiscal distress, majorities also agree other local factors play a role, such as decisions that provided generous retiree pensions or benefits or that have resulted in underfunded retiree obligations, or local government corruption/mismanagement. However, less than 50% say these local factors have been very important.

Figure 1
Local leaders’ views on factors contributing to local government fiscal distress in Michigan



Note: responses for “don’t know” not shown

As shown in *Appendix A*, when broken down by jurisdiction population size, there are some significant differences in opinions on which factors are most important. For example, local leaders from Michigan's larger jurisdictions are more likely than those from small jurisdictions to place blame on State government decisions, general economic decline, and local government decisions on retiree benefits. Conversely, local leaders in small jurisdictions are more likely to place blame on population loss and local government corruption or mismanagement. Meanwhile, there are no significant differences in regard to views on the impact of rising costs and citizen opposition to taxes.

And as shown in *Appendix B*, there are also some differences when these opinions are broken down by the current levels of fiscal stress among local governments. Each spring, the MPPS asks local leaders to rate their jurisdiction's overall fiscal stress on a 1-10 scale. Ratings from the spring 2016 MPPS were merged with the fall responses and then sorted into low (1-4), medium (5-6), and high stress (7-10) categories. Local leaders from jurisdictions under high stress are more likely than those from low-stress jurisdictions to place blame on each of the seven factors presented to them (at least in terms of identifying the factors as "very important" in driving fiscal stress). In particular, the most significant difference in these views is in regard to citizen opposition to taxes. Leaders from high-stress jurisdictions are 13 percentage points more likely than those from low-stress communities (63% vs. 50%) to identify citizen tax opposition as a very important factor. The next most significant differences are in regard to the perceived impact of general economic decline, and local government corruption or mismanagement. In each of these cases leaders from high stress jurisdictions are 10 percentage points more likely to say these factors are very important, compared to those from low stress jurisdictions. And following closely behind, with differences of eight percentage points, State government decisions and rising costs to provide services are more commonly identified as very important factors by those from high versus low stress jurisdictions.



Officials from larger jurisdictions and those with lower fiscal stress most likely to support the EM law

The MPPS next asked local government leaders about their views on a wide range of issues regarding Michigan’s current EM law, including specific elements of the law, potential ways it might be reformed, and overall support for the law itself as it currently stands. As shown in *Figure 2a*, less than a majority of local officials express support for the law overall (43%). However, even fewer local officials outright oppose it (26%). Those with ardent views are evenly divided, with 11% strongly supporting the law, and 10% strongly opposing it.

Support among officials for the new EM law appears to have risen slightly over the past four years. Today, 43% support the current EM law (P.A. 436). By contrast, on the 2012 MPPS, 38% supported the version of the law in place at that time (P.A. 4).¹¹ However, exact comparisons are not possible because of slight methodological differences in the questionnaires: the 2012 survey asked the question only of local leaders who indicated they were at least somewhat familiar with the EM law (thereby excluding 9% who said they had never heard of the law), while the 2016 survey asked the question of all respondents. The percentage of local leaders who have never heard of the EM law seems likely to be insignificant as of 2016, especially in the wake of Detroit’s experience under Emergency Manager Kevyn Orr during bankruptcy proceedings and the Flint water crisis, both of which focused significant attention on the law.

Support for the EM law grows along with a community’s population size. In 2016, local leaders from the state’s largest jurisdictions—those with more than 30,000 residents—are almost twice as likely to support the current EM law (61%) compared to leaders from the smallest jurisdictions (33%) with fewer than 1,500 residents (see *Figure 2b*). A similar population size difference was also found in 2012.

However, as shown in *Figure 2c*, when broken down by self-rated levels of current fiscal stress, the MPPS finds leaders from jurisdictions with low stress are somewhat more likely to support the law than are leaders in jurisdictions suffering with high levels of stress (47% vs. 38%).

Figure 2a
Local leaders’ support for or opposition to Michigan’s EM law overall

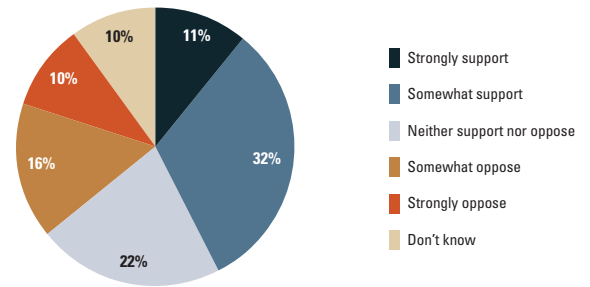


Figure 2b
Local leaders’ support for or opposition to Michigan’s EM law overall, by population size

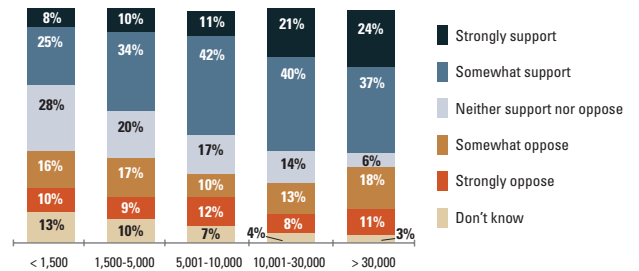
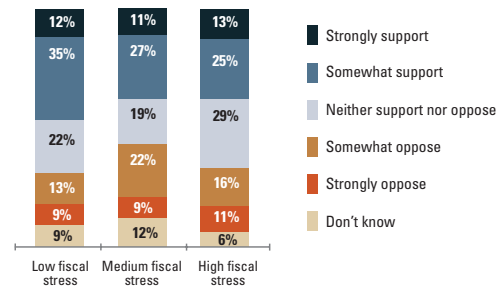


Figure 2c
Local leaders’ support for or opposition to Michigan’s EM law overall, by jurisdiction’s level of fiscal stress



There is a strong partisan element to support for or opposition to the EM law, regardless of whether the local official comes from a particular jurisdiction size, or one with a particular level of fiscal stress, or other characteristics. As shown in *Figure 2d*, a majority (54%) of local officials who identify themselves as Republicans support the EM law overall. By comparison, 42% of self-identified Independents and only 27% of Democrats support the law. Conversely, almost half (46%) of Democrats oppose it.

In addition, local leaders from communities with larger African-American populations are more likely to oppose the law. Using 2010 U.S. Census data to group Michigan communities by their racial composition, the MPPS finds that among jurisdictions where less than 5% of the population is African-American, 23% of local officials oppose the EM law, while in jurisdictions with a quarter or greater of the population African-American residents, 41% oppose it.

Figure 2d
Local leaders' support for or opposition to Michigan's EM law overall, by partisan identification

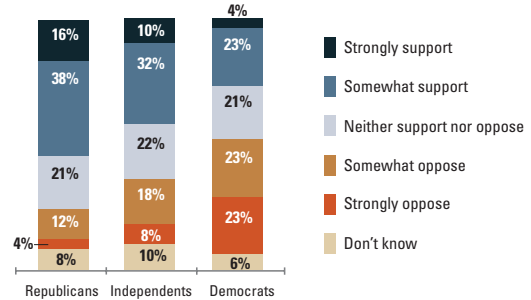
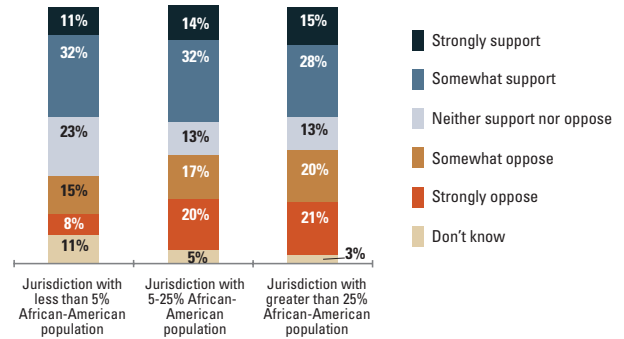


Figure 2e
Local leaders' support for or opposition to Michigan's EM law overall, by racial composition of local community





EM law gets higher ratings for short-term rather than long-term fiscal effectiveness

Looking beyond support for and opposition to the law overall, local officials were also asked to rate the effectiveness of the current EM law. Just under half (48%) of local leaders overall believe the law is very (10%) or somewhat (38%) effective at restoring fiscal health in the short term for jurisdictions under the control of an EM, while 20% believe the law is very (8%) or somewhat (12%) ineffective. Like population-size patterns in support for the law overall, these views are also strongly correlated with jurisdiction size, with 69% of officials from Michigan’s largest jurisdictions saying the law is effective for fixing short-term fiscal health, compared to just 39% from the smallest jurisdictions (see *Figure 3*).

Looking to the longer term, local leaders are less confident the EM law is effective at establishing sustainable financial conditions for jurisdictions under EM control. In this case, only 35% overall believe it is very (4%) or somewhat (31%) effective, while 25% believe it is very (10%) or somewhat (15%) ineffective. A key difference in views on the law’s effectiveness from the short term to the long term comes from leaders in large jurisdictions. Whereas 69% from the largest jurisdictions express confidence in the law’s short-term effectiveness, that drops to 47% when looking to its longer-term impact (see *Figure 4*). In addition, a quarter (25%) of local officials statewide indicate that they don’t know what the long-term effectiveness of the law will be.

These same questions (though with some methodological differences) about short- and long-term effectiveness were asked of a group of state-level “political insiders”—legislators and legislative staff, high-level administrative officials, interest group leaders, lobbyists, and others—as part of a new survey program called the Michigan Policy Insiders Panel (MPIP), conducted by Michigan State University’s Institute for Public Policy and Social Research (IPPSR) in partnership with CLOSUP. Compared with local officials statewide, these state-level policy insiders were considerably more optimistic about the EM law’s short-term effectiveness, with 73% rating it either somewhat or very effective in restoring local governments’ short-term fiscal health (compared to just 48% among local leaders on the MPPS). However, views of local leaders and state policy insiders are more comparable when it comes to the law’s expected long-term effectiveness. Whereas just 35% of local leaders believe the law will be effective in the long term, the same is true among 40% of state policy insiders.¹²

Figure 3
Local leaders’ views on effectiveness of Michigan’s EM law for restoring short-term fiscal health, by population size

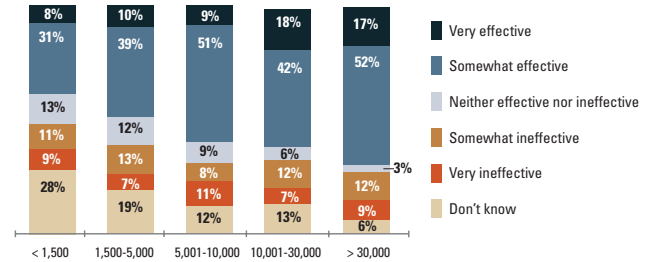
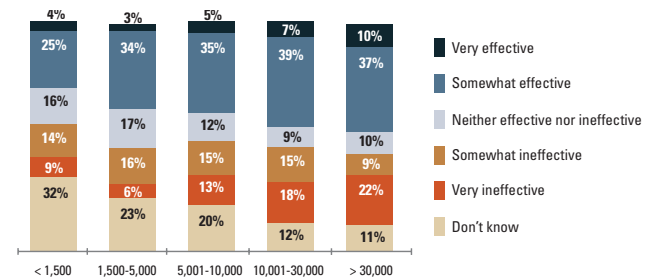


Figure 4
Local leaders’ views on effectiveness of Michigan’s EM law for establishing long-term fiscal sustainability, by population size

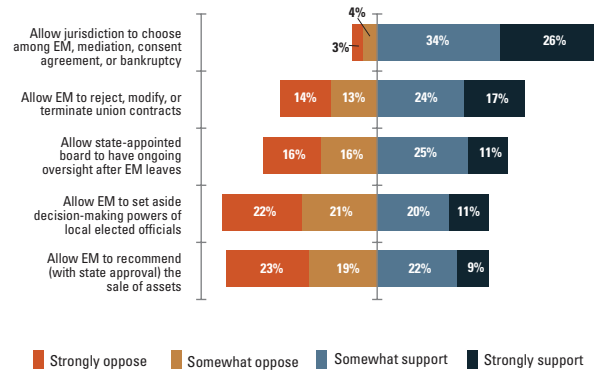


While 60% support having a choice among State remedies for a fiscal emergency, less than a majority support specific EM powers

The MPPS next drilled down further to assess local leaders’ views on a number of specific elements of the current EM law. The first set of these questions covered specific issues related to the assignment of an EM and an EM’s official powers versus those of local elected officials.

Before an emergency manager is put in place, the current EM law allows a jurisdiction found to be in a financial emergency to choose from among four options: having an EM assigned, mediation with creditors, negotiating a consent agreement with the State government, or pursuing bankruptcy. The MPPS finds 60% of local leaders overall support that the current EM law provides for these choices (see *Figure 5*). However, no other feature of the law that was asked about has majority support, including provisions that allow EMs to: modify or terminate collective bargaining agreements with the jurisdictions’ employee unions (41% support); set aside the decision-making power of local elected officials (31%); or recommend (with approval of the State) the sale, transfer, or lease of the jurisdictions’ assets (31%). In addition, a provision allowing State-appointed advisory boards to have ongoing oversight powers of the jurisdictions’ finances after EMs depart is supported by only 36% of Michigan’s local leaders.

Figure 5
Local leaders’ views on emergency managers’ powers and related State oversight established in Michigan’s EM law



Note: responses for “neither support nor oppose” and “don’t know” not shown

It appears support for at least a few of these detailed aspects of the law may have fallen since the MPPS first asked about these issues in 2012 (again, noting the earlier questions were asked of only those local leaders who were at least somewhat familiar with the law, while the 2016 questions were asked of all local leaders). On the question of allowing EMs to modify or terminate union contracts, 50% of local leaders expressed support in 2012 while this has fallen to 41% today. And in regard to allowing EMs to set aside all powers of local elected officials, 37% expressed support in 2012 compared to 31% today. Likewise, the question of allowing EMs to recommend the sale, transfer, or lease of jurisdictions’ assets had 33% support in 2012, down to 31% today.¹³

And as shown in *Appendix C*, there are some significant differences on the views from the 2016 survey when broken down by community population size. For example, while 55% of local leaders from the smallest jurisdictions support allowing the jurisdiction to choose from among an EM, mediation, a consent agreement, or bankruptcy proceedings, the same is true among 81% of those from the largest jurisdictions. And while just 32% from the smallest jurisdictions support allowing an EM to modify or terminate union contracts, the same is true among 63% of leaders in the largest jurisdictions.



Over a third of local officials say the EM law is undemocratic, but few believe it is racially discriminatory

A second set of survey questions regarding the current EM law focuses on broader principles, to gauge local officials’ opinions on justifications for or critiques of, the EM approach. For example, one rationale for handing decision-making power to an EM is that he or she would be, ostensibly, a neutral party without local political entanglements. In other words, it may be easier for a governor-appointed EM to come into a distressed community from the outside and impose cuts to employee benefits, sell off a jurisdiction’s assets, or make cuts to services. And indeed, the MPPS finds that 57% of Michigan’s local leaders overall believe the current EM law helps difficult decisions to be made because the EM is an outsider (see *Figure 6*). Just 13% say they disagree that an EM’s outsider status helps difficult decisions to be made.

In addition, 42% believe the EM law generally serves the interests of local residents under an EM by improving fiscal sustainability for their local governments; only 18% of local officials disagree.

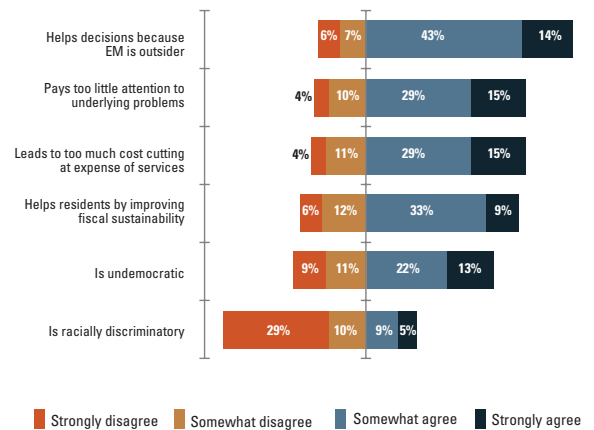
On the other hand, 44% of local officials believe the EM law pays too little attention to the underlying structural problems leading to fiscal stress in the first place (such as those noted in *Figure 1*), including State-imposed limits on local revenues, unfunded mandates, general economic decline, rising costs, and so on. At the same time, 44% of local leaders also believe the current EM law leads to too much cost-cutting for affected local governments, at the expense of service quality, public health and safety, and other important issues for local governments and communities.

Meanwhile, wider public debate regarding some of the EM law’s more controversial aspects has included charges that the law is undemocratic, in part because it gives EMs the ability to set aside all power of local elected officials. For example, the March 2016 final report of Governor Rick Snyder’s Flint Water Advisory Task Force specifically recommended a review of the law and its implementation to identify measures to compensate for the loss of the oversight that is provided by representative government. The report noted, “While some of the checks and balances inherent in democratic decision-making are necessarily and by definition absent under emergency management—as is also true under bankruptcy—proper and efficient checks and balances per se should not be a casualty of State receivership. Neither should avenues for citizens to voice their concerns, particularly regarding matters of public health and safety.”¹⁴ As seen in *Figure 6*, more local leaders agree (35%) than disagree (20%) that the law is undemocratic. This critique is particularly strong among officials with larger constituencies, with 46% of leaders from the largest jurisdictions agreeing the EM law is undemocratic, compared to 32% from the smallest jurisdictions.

One of the other most controversial charges against the law argues that it is racially discriminatory, because it has been applied so far in communities that are predominantly African-American.¹⁵ In this case, 39% of local leaders overall disagree that the current EM law is racially discriminatory—either by design or as implemented—while only 14% agree. Leaders in the biggest jurisdictions are most likely to disagree (46%) that the law is discriminatory, compared to 31% in the smallest jurisdictions.

Full breakdowns by community population size can be found in *Appendix D*.

Figure 6
Local leaders’ views on general characteristics and outcomes of Michigan’s EM law



Note: responses for “neither agree nor disagree” and “don’t know” not shown

Local officials express support for numerous potential reforms to the current EM law

Finally, the MPPS asked local leaders for their opinions on a range of potential reforms to the current EM law and found significant support for a wide range of changes.

The potential reform with the most widespread support (76%) would require EMs to take into consideration the input of local elected officials before making decisions (see *Figure 7*). This is followed closely by a parallel reform of requiring consideration of citizen input (71%). These changes, while still leaving final decision-making authority with the EM, would presumably address concerns that the law is undemocratic, by at least providing greater opportunities for local stakeholders’ voices to be heard before important decisions are taken.

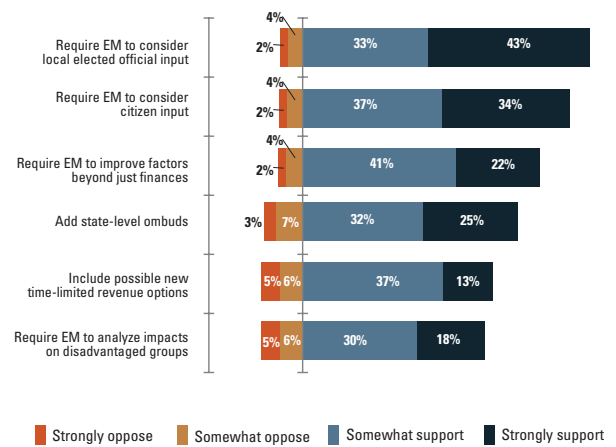
The potential reform to the EM law with the next most prevalent support (63%) would require EMs to plan for improving factors beyond just a community’s finances, such as improving service delivery, infrastructure, and quality of life in affected jurisdictions. These changes may address local leaders’ concerns that the current EM law leads to too much cost-cutting at the expense of service quality, public health and safety, and other important considerations. These changes might also address some concerns that the current law pays too little attention to the underlying factors that local leaders believe drive fiscal stress in the first place, such as population loss, that might be driven in part by decaying infrastructure and declining quality of life and public services.

A majority of local leaders (57%) also support the creation of a new state-level office or ombudsperson, to oversee EMs when they are placed in Michigan communities, and to whom local stakeholders could appeal decisions taken by EMs. This change would also address concerns that the current EM law is undemocratic, by providing another avenue through which citizens and their local elected leaders could impact decisions.

The last reform with majority support (50%) would introduce financial options that could inject new (time-limited) state or local revenue options, which would also address concerns that the current law pays too little attention to underlying problems that drive fiscal stress, and that it leads to too much cost cutting at the expense of other important considerations.

Finally, just under half (48%) of local leaders support requiring EMs to consider impacts on disadvantaged groups before taking decisions. The lack of majority support for this potential reform may reflect the finding that relatively few local leaders believe the current EM law is racially discriminatory.

Figure 7
Local leaders’ views on potential reforms to Michigan’s EM law



Note: responses for “neither support nor oppose” and “don’t know” not shown



Local officials more likely to oppose than support more proactive financial monitoring by the State

Some states across the country take a more proactive approach to monitoring local financial conditions than Michigan does currently.¹⁶ And according to a recent report from the Pew Charitable Trusts, local governments in some states have even pushed their state legislatures for more proactive state monitoring.¹⁷ The goal of more proactive monitoring is to identify and treat local government fiscal distress before it devolves into full-blown emergencies. The final question on these topics in the 2016 MPPS asked local leaders whether they would support or oppose Michigan’s state government taking a more proactive approach that could help avoid local fiscal emergencies through earlier detection and intervention. Only 26% of local leaders overall would support those kinds of changes, while 49% would oppose them (see *Figure 8a*).

However, as with many other questions on these topics, there are again significant differences by community population size. While just 20% of local leaders from the state’s smallest jurisdictions would support more proactive monitoring by the State, the same is true among 44% of those from the largest jurisdictions (see *Figure 8b*).

Interestingly, there are few differences among partisans on this idea. As shown in *Figure 8c*, partisans of all stripes are more likely to oppose than support the idea of ramping up state government oversight of local finances.

Figure 8a
Local leaders’ views on more proactive State oversight and intervention beyond Michigan’s current EM law

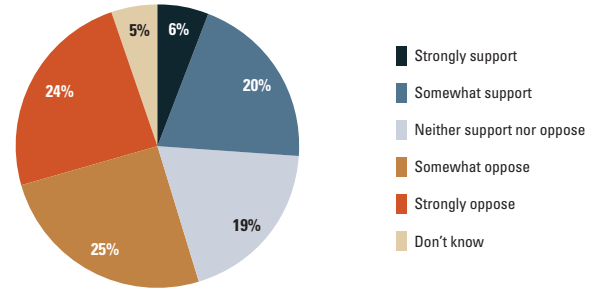


Figure 8b
Local leaders’ views on more proactive State oversight and intervention beyond Michigan’s current EM law, by jurisdiction size

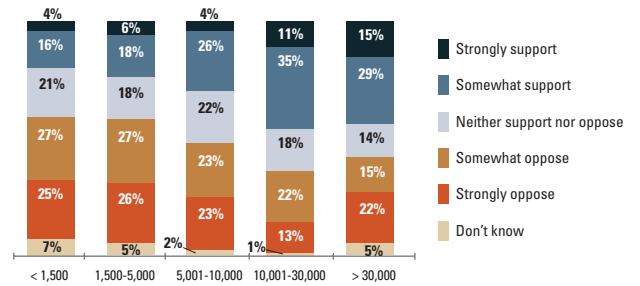
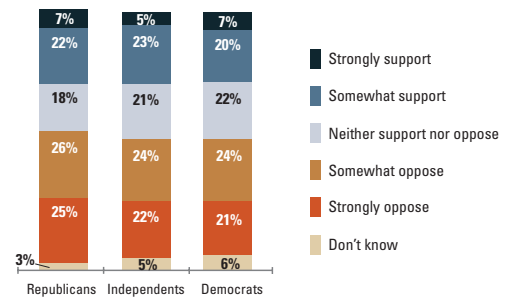


Figure 8c
Local leaders’ views on more proactive State oversight and intervention beyond Michigan’s current EM law, by partisan identification



Conclusion

Michigan's current Emergency Manager law has been a source of significant controversy since the legislature enacted it during a lame duck session in 2012 just weeks after the state's voters had overturned a very similar law in a statewide referendum. While the law has been credited with helping the city of Detroit move through a complicated bankruptcy process with great speed, it has also been charged with playing a crucial role in the city of Flint's water crisis.

The MPPS finds that Michigan's local government leaders have complex views regarding the law. Less than half (43%) support the law, while 26% oppose it, although support rises to 61% among leaders from the state's largest jurisdictions, the very places that have been most likely to have an EM appointed in recent years.

Significantly fewer than half of the state's local leaders overall support many aspects of the law, such as allowing an EM to modify or terminate union contracts or recommend the sale of local assets, although 60% do support the new options for a jurisdiction in a fiscal emergency to choose among having an EM appointed, mediation with creditors, negotiating a consent agreement with the State, or pursuing bankruptcy (a feature of the new 2012 law that was absent in the previous law overturned by the voters). In addition, 57% of local leaders believe the law helps difficult decisions to be made because the EM is an outsider, not subject to typical pressures often placed on local elected officials.

Looking forward, Michigan's local leaders offer broad support for a range of potential reforms, including requiring EMs to consider the input of local elected officials and citizens before making decisions, requiring EMs to plan for improving quality of life factors in addition to fixing local finances, adding a new State-level ombudsperson to which local leaders can appeal EMs' decisions, and introducing new time-limited revenue options to help fix local finances while improving services.



Notes

1. Citizens Research Council of Michigan. (1990). *An analysis of the effectiveness of the local government Fiscal Responsibility Act*. Lansing, MI: Citizens Research Council of Michigan. Retrieved from <http://crcmich.org/PUBLICAT/1990s/1990/pa72analysis.pdf>
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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 Fall 2016 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, clerks, and managers; and township supervisors, clerks, and managers) from all 83 counties, 278 cities, 255 villages, and 1,240 townships in the State of Michigan.

The Fall 2016 wave was conducted from October 3 – December 13, 2016. A total of 1,315 jurisdictions in the Fall 2016 wave returned valid surveys (61 counties, 224 cities, 178 villages, and 852 townships), resulting in a 71% response rate by unit. The margin of error for the survey for the survey as a whole is +/- 1.46%. 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. Some report figures may not add to 100% due to rounding within response categories. Quantitative data are weighted to account for non-response. "Voices Across Michigan" verbatim responses, when included, may have been edited for clarity and brevity. 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 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, or of other partners in the MPPS.



Appendix A

Importance of factors contributing to local government fiscal distress in Michigan, by population size

	<1500 Percentage Reporting	1500-5000 Percentage Reporting	5001-10000 Percentage Reporting	10001-30000 Percentage Reporting	>30000 Percentage Reporting
Population loss					
Very important	54%	52%	47%	47%	41%
Somewhat important	37%	41%	42%	47%	55%
Not important at all	4%	2%	11%	5%	5%
Economic decline					
Very important	66%	70%	62%	64%	81%
Somewhat important	29%	25%	35%	33%	16%
Not important at all	1%	1%	3%	2%	3%
Rising costs to provide services					
Very important	69%	67%	66%	63%	67%
Somewhat important	27%	29%	32%	34%	30%
Not important at all	1%	1%	2%	2%	3%
Citizen opposition to millage or other revenue increases					
Very important	51%	53%	49%	45%	54%
Somewhat important	40%	40%	44%	49%	42%
Not important at all	3%	4%	5%	6%	3%
State decisions affecting local government (e.g. revenue sharing, Headlee/Proposal A, local revenue options, unfunded mandates, etc.)					
Very important	77%	84%	86%	88%	97%
Somewhat important	19%	12%	13%	11%	2%
Not important at all	0%	1%	1%	0%	1%
Local government corruption and/or mismanagement					
Very important	47%	43%	46%	43%	38%
Somewhat important	29%	35%	27%	33%	35%
Not important at all	12%	15%	16%	20%	21%
Local government decisions to provide generous retiree pensions/benefits and/or decisions to underfund retiree obligations					
Very important	45%	47%	51%	53%	60%
Somewhat important	27%	28%	29%	37%	31%
Not important at all	11%	11%	13%	8%	6%

Appendix B

Importance of factors contributing to local government fiscal distress in Michigan, by jurisdiction's level of fiscal stress

	Low Fiscal Stress (1-4) Percentage Reporting	Medium Stress (5-6) Percentage Reporting	High Stress (7-10) Percentage Reporting
Population loss			
Very important	50%	50%	56%
Somewhat important	41%	43%	41%
Not important at all	5%	3%	3%
Economic decline			
Very important	66%	68%	76%
Somewhat important	29%	27%	24%
Not important at all	2%	2%	0%
Rising costs to provide services			
Very important	65%	71%	73%
Somewhat important	31%	24%	27%
Not important at all	1%	2%	0%
Citizen opposition to millage or other revenue increases			
Very important	50%	49%	63%
Somewhat important	43%	44%	33%
Not important at all	4%	3%	4%
State decisions affecting local government (e.g. revenue sharing, Headlee/Proposal A, local revenue options, unfunded mandates, etc.)			
Very important	82%	83%	90%
Somewhat important	16%	13%	10%
Not important at all	1%	0%	0%
Local government corruption and/or mismanagement			
Very important	43%	38%	53%
Somewhat important	33%	33%	30%
Not important at all	15%	16%	12%
Local government decisions to provide generous retiree pensions/benefits and/or decisions to underfund retiree obligations			
Very important	47%	46%	51%
Somewhat important	29%	32%	30%
Not important at all	11%	10%	9%



Appendix C

Views on emergency managers' powers and related State oversight established in Michigan's current EM law, by population size

	<1500 Percentage Reporting	1500-5000 Percentage Reporting	5001-10000 Percentage Reporting	10001-30000 Percentage Reporting	>30000 Percentage Reporting
Allowing local units in a financial emergency the choice between a consent agreement, Emergency Manager (EM), mediation (e.g., with creditors), or bankruptcy proceedings.					
Strongly support	21%	26%	28%	35%	41%
Somewhat support	34%	32%	36%	39%	40%
Somewhat oppose	3%	4%	7%	6%	5%
Strongly oppose	4%	4%	1%	1%	0%
Allowing an EM to reject, modify, or terminate collective bargaining agreements.					
Strongly support	11%	16%	25%	31%	34%
Somewhat support	21%	26%	23%	33%	29%
Somewhat oppose	16%	12%	16%	8%	10%
Strongly oppose	15%	14%	11%	10%	14%
Allowing an EM to set aside decision-making powers of local elected officials.					
Strongly support	8%	10%	14%	21%	22%
Somewhat support	16%	20%	28%	23%	26%
Somewhat oppose	21%	22%	17%	15%	22%
Strongly oppose	24%	22%	17%	17%	23%
Allowing an EM to recommend (with approval of the State) the sale, transfer, or lease of the local jurisdiction's assets.					
Strongly support	6%	8%	11%	16%	23%
Somewhat support	19%	21%	25%	35%	20%
Somewhat oppose	20%	20%	16%	11%	16%
Strongly oppose	25%	23%	17%	19%	28%
Allowing a State-appointed advisory board to have ongoing oversight powers after the EM leaves.					
Strongly support	8%	10%	16%	22%	23%
Somewhat support	21%	27%	25%	30%	31%
Somewhat oppose	15%	17%	20%	17%	15%
Strongly oppose	20%	15%	11%	7%	16%

Appendix D

Views on general characteristics or outcomes of Michigan’s current EM law

	<1500 Percentage Reporting	1500-5000 Percentage Reporting	5001-10000 Percentage Reporting	10001-30000 Percentage Reporting	>30000 Percentage Reporting
... is undemocratic?					
Strongly agree	12%	11%	12%	21%	20%
Somewhat agree	20%	24%	23%	19%	26%
Somewhat disagree	8%	11%	15%	17%	13%
Strongly disagree	8%	7%	12%	15%	20%
... helps difficult decisions to be made because the Emergency Manager is an “outsider?”					
Strongly agree	8%	13%	21%	26%	27%
Somewhat agree	42%	43%	41%	43%	47%
Somewhat disagree	7%	8%	6%	7%	6%
Strongly disagree	5%	5%	6%	6%	8%
... is racially discriminatory (by design, or as implemented)?					
Strongly agree	5%	4%	2%	6%	5%
Somewhat agree	9%	8%	6%	12%	8%
Somewhat disagree	9%	8%	15%	9%	17%
Strongly disagree	22%	27%	33%	44%	46%
... pays insufficient attention to the underlying structural problems leading to local fiscal stress?					
Strongly agree	13%	13%	20%	24%	27%
Somewhat agree	27%	32%	38%	30%	19%
Somewhat disagree	8%	9%	13%	13%	17%
Strongly disagree	3%	3%	4%	9%	13%
... serves the interests of local residents by improving their jurisdiction’s fiscal sustainability?					
Strongly agree	7%	9%	8%	12%	13%
Somewhat agree	28%	33%	41%	42%	45%
Somewhat disagree	12%	12%	10%	14%	10%
Strongly disagree	5%	5%	5%	9%	13%
... leads to an overemphasis on cost-cutting at the expense of service quality, public health and safety, or other important considerations?					
Strongly agree	12%	15%	20%	18%	21%
Somewhat agree	25%	30%	28%	38%	34%
Somewhat disagree	10%	10%	15%	17%	12%
Strongly disagree	3%	3%	6%	6%	9%



Previous MPPS reports

Local government leaders' views on drinking water and water supply infrastructure in Michigan communities (November 2016)

Michigan local leaders say property tax appeals are common, disagree with 'dark stores' assessing (October 2016)

Local officials say Michigan's system of funding local government is broken, and seek State action to fix it (September 2016)

Michigan local governments report first declines in fiscal health trend since 2010 (August 2016)

Michigan local leaders' doubts continue regarding the state's direction (July 2016)

Hospital access primary emergency medical concern among many Michigan local officials (July 2016)

Firefighting services in Michigan: challenges and approaches among local governments (June 2016)

Most local officials are satisfied with law enforcement services, but almost half from largest jurisdictions say their funding is insufficient (April 2016)

Local leaders say police-community relations are good throughout Michigan, but those in large cities are concerned about potential civil unrest over police use-of-force (February 2016)

Report: Responding to budget surplus vs. deficit: the preferences of Michigan's local leaders and citizens (December 2015)

Michigan's local leaders concerned about retiree health care costs and their governments' ability to meet future obligations (October 2015)

Fiscal health rated relatively good for most jurisdictions, but improvement slows and decline continues for many (September 2015)

Confidence in Michigan's direction declines among state's local leaders (August 2015)

Michigan local government leaders' views on private roads (July 2015)

Few Michigan jurisdictions have adopted Complete Streets policies, though many see potential benefits (June 2015)

Michigan local leaders have positive views on relationships with county road agencies, despite some concerns (May 2015)

Michigan local government leaders say transit services are important, but lack of funding discourages their development (April 2015)

Michigan local leaders see need for state and local ethics reform (March 2015)

Local leaders say Michigan road funding needs major increase, but lack consensus on options that would raise the most revenue (February 2015)

Michigan local government leaders' views on employee pay and benefits (January 2015)

Despite increasingly formal financial management, relatively few Michigan local governments have adopted recommended policies (December 2014)

Most Michigan local officials are satisfied with their privatized services, but few seek to expand further (November 2014)

Michigan local governments finally pass fiscal health tipping point overall, but one in four still report decline (October 2014)

Beyond the coast, a tenuous relationship between Michigan local governments and the Great Lakes (September 2014)

Confidence in Michigan's direction holds steady among state's local leaders (August 2014)

Wind power as a community issue in Michigan (July 2014)

Fracking as a community issue in Michigan (June 2014)

The impact of tax-exempt properties on Michigan local governments (March 2014)

Michigan's local leaders generally support Detroit bankruptcy filing despite some concerns (February 2014)

Michigan local governments increasingly pursue placemaking for economic development (January 2014)

Views on right-to-work legislation among Michigan's local government leaders (December 2013)

Michigan local governments continue seeking, and receiving, union concessions (October 2013)

Michigan local government fiscal health continues gradual improvement, but smallest jurisdictions lagging (September 2013)

Local leaders evaluate state policymaker performance and whether Michigan is on the right track (August 2013)

Trust in government among Michigan's local leaders and citizens (July 2013)

Citizen engagement in the view of Michigan's local government leaders (May 2013)

Beyond trust in government: government trust in citizens? (March 2013)

Local leaders support reforming Michigan's system of funding local government (January 2013)

Local leaders support eliminating Michigan's Personal Property Tax if funds are replaced, but distrust state follow-through (November 2012)

Michigan's local leaders satisfied with union negotiations (October 2012)

Michigan's local leaders are divided over the state's emergency manager law (September 2012)

Fiscal stress continues for hundreds of Michigan jurisdictions, but conditions trend in positive direction overall (September 2012)

Michigan's local leaders more positive about Governor Snyder's performance, more optimistic about the state's direction (July 2012)

Data-driven decision-making in Michigan local government (June 2012)

State funding incentives increase local collaboration, but also raise concerns (March 2012)

Local officials react to state policy innovation tying revenue sharing to dashboards and incentive funding (January 2012)

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

Public sector unions in Michigan: their presence and impact according to local government leaders (August 2011)

Despite increased approval of state government performance, Michigan's local leaders are concerned about the state's direction (August 2011)

Local government and environmental leadership: views of Michigan's local leaders (July 2011)

Local leaders are mostly positive about intergovernmental cooperation and look to expand efforts (March 2011)

Local government leaders say most employees are not overpaid, though some benefits may be too generous (February 2011)

Local government leaders say economic gardening can help grow their economies (November 2010)

Local governments struggle to cope with fiscal, service, and staffing pressures (August 2010)

Michigan local governments actively promote U.S. Census participation (August 2010)

Fiscal stimulus package mostly ineffective for local economies (May 2010)

Fall 2009 key findings report: educational, economic, and workforce development issues at the local level (April 2010)

Local government officials give low marks to the performance of state officials and report low trust in Lansing (March 2010)

Local government fiscal and economic development issues (October 2009)

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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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