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What Is Lost When a State Takes Over a City.

The ruining of Flint's water after the state stepped in holds lessons — and difficult questions — for governments everywhere.

The Flint water crisis has captured national attention as a spectacular government failure. A Michigan city was poisoned through public management, with breakdowns at the local, state and federal levels. But in this case, the local and state levels were the same, since Flint was then controlled by state-appointed emergency managers (EMs) with extraordinary powers. Now this aggressive state approach to local governance has been identified as a key factor in the crisis by Gov. Rick Snyder's Flint Water Advisory Task Force in its [final report](#).

While other factors were identified too, including oversight failure by the U.S. Environmental Protection Agency, the task force report's focus on the EM law is sure to drive mounting pressure for reform. As other states try to help their own struggling communities, Michigan's laboratory of democracy offers important lessons. And it raises a number of questions for which there are no simple answers.

Since the U.S. Constitution does not mention local government, states are empowered to create local governments and endow them with certain powers. Michigan's approach to local government finance is among the most restrictive in the nation, in more ways than one. On the front end, the state cut revenue sharing to local governments more than any other state between 2002 and 2012. Michigan's constitution also places severe caps on local government's ability to raise funds locally. Indeed, [recent research](#) at Michigan State University concludes that, along with state-imposed spending pressures, Michigan's approach to funding local government "incubates" fiscal stress.

Meanwhile, on the back end, Michigan's emergency-manager law is the most aggressive in the nation in terms of state takeovers of local government. Michigan's current law allows an EM to set aside all decision-making power of local elected officials. EMs can also terminate labor contracts, sell off a jurisdiction's assets, and more. In addition to Flint, in recent years Michigan EMs have controlled Benton Harbor, Detroit, Hamtramck, Pontiac and other cities. School districts also have had EMs in charge.

The ability of an EM to completely sideline local elected officials has led to charges that the law is undemocratic, since the voters' choice for mayor and council members can be effectively voided. Gov. Snyder — who championed the EM law — argues that since he was elected by the citizens and emergency managers ultimately report to him, this is still democratic governance, if less direct.

Michigan's voters aren't so sure about that. They overturned a previous and similar version of the law in the fall of 2012, but the state responded by rushing the current, slightly modified, version through a lame-duck session just weeks later.

But while citizens opposed the law, a [2012 Michigan Public Policy Survey](#) of local-government leaders conducted by the University of Michigan's Center for Local, State and Urban Policy found some surprising support for the state's aggressive approach. Among those who knew of the law, 38

percent supported it while 30 percent opposed it. Perhaps most surprising, the greatest support (68 percent) came in the state's largest jurisdictions, the very places where EMs are most likely to be installed.

One key feature of the law — the EM's power to modify or terminate collective-bargaining agreements with public employees — hints at why leaders in the biggest cities are more likely to support it. In the smallest jurisdictions, 38 percent support this feature of the law, but these jurisdictions are the least likely to have unions. By comparison, in the state's largest jurisdictions, where employee unions are common, 74 percent of local leaders support an EM's ability to overturn union contracts. This may allow local leaders to play the good cop while the state and EM play the bad cop in dealing with union contracts.

Back to the Flint water crisis. Gov. Snyder's task force found that EMs made the decision to switch to the Flint River (and to not switch back later to Detroit water when pushed to do so by local leaders and citizens), and it has called for changes. The task force notes that when an EM is installed, the local democratic system of checks and balances is lost.

What matters most here? In retrospect, that's easy: the health, safety, and welfare of the citizens, precisely what the state of Michigan failed to protect. But beyond that, what is most important? The right of voters to elect their own local leaders? Local governments' fiscal health and sustainability? Checks and balances in governance? The right of the state to control its local governments when things have gotten too far off-track?

These are tough questions, with no easy answers. Michigan has been a laboratory testing these issues, and it has made far-reaching mistakes in the process. Across the country, other government leaders owe it to their own citizens to learn the lessons of Flint.

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