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Cities Are In Trouble. The State Hired Him to Help.

LANSING – For more than 10 years now, Eric Scorsone has helped diagnose the illnesses of local governments and written prescriptions that could be hard for some to swallow.

In 2012, the Michigan State University economist worked with the city of Lansing and, as part of a committee, helped craft a 60-page analysis of the city's strengths and weaknesses, along with nearly 60 recommendations for a sounder budget. Among the suggestions: pension reform and asking more from employees for retiree health care, selling City Hall and trimming some services.

Earlier this year, he did the same with the city of East Lansing.

Those tough decisions were easier to make, in part, because of Scorsone's sober, data-driven analysis and his personable demeanor, said former Lansing mayor Dave Hollister, who served on the city's Financial Health Team with Scorsone.

"He is likable. He is low-key, so he doesn't come on as strong (or) pushy on a particular point of view," Hollister said. "He comes across as a very thoughtful scholar."

Now Scorsone has taken that measured wonkiness from MSU and into a modest corner office at the state Treasury in downtown Lansing, where the 46-year-old Saginaw native is the new senior deputy treasurer for finance.

His appointment comes as cities, villages, townships and counties across Michigan struggle to climb out of the Great Recession amid slow property tax growth, less money from the state, and rising long-term debt on pensions and retiree health care costs.

Some people say local government's in crisis, and Scorsone is the point man on finding a fix.

"Working on these issues for the last 10 years, I think for me (this job) was a chance to get back into government and see if I could make a difference," Scorsone told the State Journal last week. "You can do that from outside government, to an extent, but it's not going to be the same. You often have to be on the inside to effect change."

'Numbers always have a context'

Scorsone arrived in Chicago in 1989 to attend business school at Loyola University, searching for a way to make numbers make a difference in people's lives.

"I was always interested in public policy and government, from a pretty young age," he said. "I didn't know what that would translate into. I was in business school but economics seemed to be more policy than accounting or finance."

He earned his bachelor's in 1993, then came home to Michigan to earn his master's from MSU in 1996. He served one brief stint in the private sector, working for an agriculture firm, before launching a long career mixing academia with civil service.

He was a research assistant at Colorado State University before he joined Colorado state government as an economist in the governor's budget office. Then on to the city of Aurora, Colo. — he earned his doctorate from Colorado State in 2001 — before joining the University of Kentucky.

In 2005, his wife was ready to return to Michigan, and he just happened to see a job posting at MSU.

"That almost never happens in academia, but it worked out that way," he said.

Over the last 11 years, he delved as deep as anyone into the minutiae of municipal finance and the policy that affects it, studying long-term pension costs, the Detroit bankruptcy, the emergency financial manager law. Early this year, after his experience with the Lansing and East Lansing financial health teams, he formed the Center for Local Government Finance & Policy at MSU.

Even now, he's still blending academia and government. He's on a two-year leave of absence from MSU — and the local financial health teams — and will return to the university when his state appointment is finished.

In his time spent on spreadsheets, statehouses and city halls, he's learned that even something as stoic as economics can be influenced by politics — "you have liberal economists, conservative economists, and they fight in the New York Times," he said.

But, like the accountant-turned-governor he now calls boss, Scorsone believes hard data, plus perspective, can calm the debate.

"Numbers always have a context, so I try and use data to provide an understanding of alternatives and consequences of alternatives," he said. "Data at least tries to give us a sense of where we're heading."

'A hell of a lot tougher'

Where we're heading isn't necessarily good.

Michigan's economy is vastly improved from the troughs of the Great Recession. Unemployment's low, population's steady, the all-important auto sector is humming along.

But local governments have structural issues baked in that are already straining many and will ensnare others into the future. Long-term pension debt is becoming an ever-larger share of municipal budgets, pulling from other essential services, as retiree costs climb and governments' income remains relatively flat.

"It's not gonna be everybody's in a crisis, but I think the pressures are tremendous," Scorsone said. "And I don't think the problem is 10 years in the future. I do think we have to start thinking about these issues now. It is, at a minimum, consuming a large part of some municipal budgets."

Under Gov. Rick Snyder, the state has shifted new public school teachers away from pensions, known as defined benefit plans where retirement payments are guaranteed, and into 401(k) plans, known as defined contribution plans, where the payout is not. It also made changes to the state pension plan that existed for workers hired before March 31, 1997, creating some plans that blend the pension and defined contribution savings. And employees are paying more toward their retiree health care.

Scorsone said something will have to happen with municipalities, but he isn't sure what.

"We're obviously thinking of ideas," he said, "but there's really no clear pathway at this time."

He said some sort of pension reform will have to be paired with more government-to-government collaboration and other efficiency efforts to deliver services "at the right price."

Among municipal government officials, there is faith that Scorsone is the right man for the job.

Michael Moquin, a former chief general counsel for the Michigan Municipal Employees Retirement System who chairs East Lansing's financial health team, said Scorsone is "very engaged and passionate about good public policy, and I think that will inform his policies and proposals that he will be involved in making that could have a positive effect on local government's finances."

But there is little faith that he's working in the right political climate. Snyder, his reputation damaged by an ongoing drinking water crisis in Flint, has only two years left in his tenure. The wildly unpopular presidential candidates on the ballot this year are throwing into question whether Republicans will maintain their six-year reign as majority party of both chambers in the Legislature.

Hollister, the former Lansing mayor who also spent two decades representing the city in the Michigan House, said the Capitol is essentially in for a two-year lame-duck session.

Municipal finance is "tough on its best days," Hollister said. "It gets a hell of a lot tougher in a lame duck. It's going to be hard for him. Even with his brilliant scholarship and his creative ideas and his no-nonsense solutions, getting the state government to act is really a challenge."

Justin A. Hinkley , Lansing State Journal 6:02 a.m. EDT October 24, 2016

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The Scorsone file

NAME: Eric Scorsone

AGE: 46

LIVES IN: DeWitt

OCCUPATION: Senior deputy state treasurer for finance, Michigan Treasury

BACKGROUND: Director/associate professor, Center for Local Government Finance & Policy at Michigan State University, 2005-current (on leave for Treasury post); chief economist, Michigan Senate Fiscal Agency, 2010; assistant extension professor, University of Kentucky, 2001-2005; analyst/planner/economist, City of Aurora, Colo., 1999-2000; economist, Colorado Office of State Planning & Budget, 1998-1999; research assistant, Colorado State University, 1996-1998; crop scout, Crop ProTech, 1996; teaching/research assistant, MSU, 1993-1995

EDUCATION: Doctorate in agricultural economics, Colorado State University, 2001; master's in agricultural economics, Michigan State University, 1996; bachelor's in economics, Loyola University of Chicago, 1993.

FAMILY: Married, three kids, ages 12, 14 and 17

