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Macomb cities lost more than $100 million due to state cuts

By Chad Selweski, The Macomb Daily

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Calling it a $6 billion “heist” that has plunged hundreds of communities into financial crisis, the Michigan Municipal League is pressuring lawmakers to earmark a significant portion of the $1 billion budget surplus to restore revenue sharing funds cut for more than a decade.

MML research of selected Michigan cities reveals that many individual localities, including some in Macomb County, were shorted by more than $10 million in pledged sales tax revenues once the state started struggling yearly with massive budget deficits.

City officials say the funding dropoff has affected police and fire manpower, street repairs, libraries and parks upkeep. In Macomb County, according to the league, some of the 10-year losses are these: $46 million in Warren; $17.3 million in St. Clair Shores; $15.8 million in Roseville; and $1.4 million in tiny Utica. In addition, Sterling Heights officials say they have lost $35 million since the revenue sharing cuts began in 2002.

“We’ve been getting killed by this. It’s amazing what I could have done with that money,” said Roseville Mayor John Chirkun, whose municipality struggles with a crime “spill over” from Detroit. “We … would have more policeman and fireman out on the streets, especially policeman. My cops are great, I just wish I had more of them.”

Chirkun said the $177,000 that Roseville will receive in gas tax revenues for roads this year probably won’t cover the cost of filling potholes. Meanwhile, a desperately needed repaving of Callahan Street from 13 Mile to Common will cost $800,000, with the city paying 20 percent of the price tag.

“The revenue sharing increase proposed in the 2015 state budget is a good start in restoring the Legislature’s massive diversion of $6.2 billion in funds from local communities of the past decade,” said Jacqueline Noonan, Utica mayor and president of the Michigan Municipal League. “While some Michigan communities would likely still be in financial straits today, it is certainly reasonable to conclude that their fiscal problems would not be as severe if state lawmakers and the governor had followed the revenue sharing earmarks required in state law.”

The MML’s analysis of state Department of Treasury data tracks closely to a 2013 report by the nonpartisan Citizens Research Council of Michigan that pegged the revenue sharing diversion at about $5 billion over the past decade. The CRC report also noted that while the state’s spending increased 26 percent during that time, local governments across Michigan were forced to cut budgets and shed 17 percent of all local government jobs.

Lawmakers in Lansing have offered a variety of uses for the budget surplus: income tax cuts, highway repairs, more funding for K-12 or higher education and a partial restoration of the promised revenue sharing money for cities and townships. Many of the legislators targeted by the MML's analysis are members of the House and Senate Appropriations Committees. Macomb County lawmakers on the list include Reps. Tony Forlini, a Harrison Township Republican, and Sarah Roberts, a St. Clair Shores Democrat.

One of the biggest victims of the revised revenue sharing policy in Lansing is Sterling Heights, where voters last fall approved a millage hike for police, fire and roads. While the city's 2015 revenue sharing offer of $10.9 million is up, it's still 18 percent below the annual state allocation in 2002.

City Manager Mark Vanderpool said the MML numbers show the quality of life across Michigan has suffered while the state has balanced its budgets at the expense of local communities and avoided collaboration with city officials.

"The bottom line -- when we think of the most pressing need in the state today, infrastructure is clearly a top priority. Roads would be in much better shape if cities across the state could have invested the $6 billion in state revenue sharing that was lost," Vanderpool said.

"Sterling Heights roads would be in much better shape had we been able to devote $35 million over the past 10 years to improvements. In fact, we likely could have avoided the 'safe streets' (tax) proposal approved by voters last November."

Critics of the state's fiscal policies point out that Michigan has one of the largest number of cities on the brink of financial disaster of any state due in part to multi-million dollar reductions in the sharing of tax revenues.

Anthony Minghine, MML director, said state tax revenues have exceeded expectations over the past several months but the Legislature still will not consider restoration of revenue sharing to previous levels. Minghine concedes financially stressed pension systems and plummeting property values have also caused localities to take a big hit. But he offers four communities as examples of where state cuts plunged cities into financial crisis.

"For Allen Park, an $857,000 deficit in 2012 becomes a surplus of over $5 million … Hamtramck's deficit of $580,000 would have been a surplus of $8.7 million," Minghine wrote in the March/April edition of the league's magazine. "Flint … could eliminate the ($19.2 million) deficit and pay off all $30 million of bonded indebtedness and still have over $5 million in surplus. In Detroit, a city facing the largest municipal bankruptcy in history, the state (Legislature) took over $700 million to balance the state's books.

"This data," he added, "begs the question: Did municipalities ignore their duty to manage, or did someone else change the rules of the game and then throw a penalty flag at them? I see yellow flags all over the playing field."
