



COUNTIES IN MICHIGAN: AN EXERCISE IN REGIONAL GOVERNMENT

This paper summarizes Report #395 available at www.crcmich.org/counties_regional_service_provider-2017

- The current condition of Michigan's local government finance model has created an opportunity to examine the local government service delivery model with a focus on counties and opportunities for regional service delivery at the county level.
- Such a change would free up local government resources to direct on the vital services that remain with the cities, villages, and townships.
- The first step is to build up the information technology infrastructure to connect the county governments with the cities, villages, and townships within them.
- Greater connectedness would position the counties to offer file sharing and the development of resources to capitalize on advances in communication. This would allow the counties to perform many back office functions on behalf of the cities, villages, and townships.
- The counties could play stronger roles in such things as tax collection, conducting elections, assessing property, maintaining roads currently under city and village jurisdiction, and aspects of planning and land use. County sheriffs can assume responsibilities for policing communities or provide services to support municipal police departments. They also could provide support services to local fire departments. Public works and sanitation services and public transportation services are some of the service areas for which Michigan local governments most often collaborate. The expensive nature of infrastructure for these services makes regional bodies and county-to-county collaboration best suited to their provision.
- Conceptualizing changes cannot occur in a vacuum:
 - The counties would benefit from modernizing their government structures by adopting the charter and optional unified models of county governance.
 - Counties will require more funding to carry out these changes. Those funds could come from new local-option taxes, which are best levied on a regional basis, or by redirecting new state revenue sharing to counties.
 - County officials and the populous must think of the role of counties differently.

The financial condition of many of Michigan's local governments remains precarious since the national recession that began in late 2007 and structural problems persist in many local budgets. Herein lies an opportunity for Michigan to address some of these structural issues by expanding regional governance at the county level.

Taking a more regional approach to local government may improve the efficiency and economics of local government service delivery and may provide both service and revenue side benefits to county and local governments. Furthermore, state revenue sharing has been declining since the early 2000s. It may have a greater impact spread across 83 counties rather than

1,800 municipalities. Finally, if counties and municipalities are given access to more alternative local taxes, these should be levied at the regional level to make them less administratively burdensome and to limit negative externalities if one unit of government levies a tax and its neighbors do not.

Examination of the local government service delivery model with a focus on counties and opportunities for regional service delivery at the county level cannot be done in a vacuum. In order to understand local government service delivery options, it is necessary to examine the structure of local government in Michigan, including governance, revenue, and demographics, as well as services provided.

Part of the process of evaluating cost drivers as local governments seek opportunities for savings is an assessment of the services that must be provided and the services for which they have the latitude to cut. Because there is wide variance between Michigan's most populous local governments and the least populated entities, as well as among those serving urban or rural communities, such an assessment does not identify the same services for all governments.

Many of the services provided and functions performed by counties are mandated by the state constitution. Several other services, provided by counties and municipal governments, can be considered core services that must be performed as part of business or general government operations. Mandated county services include record keeping by the county clerk, tracking property transactions by the register of deeds, treasury, criminal prosecution, and court operations. Core services would include elections, tax collection, human resources, information technology, and jail functions, among others.

Another set of services can be considered essential. While not mandated by the constitution or state law,

efforts to facilitate economic development or to accommodate the needs of dense populations suggest that the local governments cannot escape the need to provide certain services. Planning and zoning, public works and infrastructure, sanitation and landfill, and environmental services are all essential services that local governments must provide to attract residents and businesses, especially in urban areas.

Public safety services – police, fire, emergency medical services, and dispatch – fall somewhere between these first two categories. While not mandated by the state constitution explicitly, counties are required to have elected county sheriffs and cities and villages are required to provide for the public safety and peace. Plus, people generally want to live in places where police and fire protection is provided and emergency medical services are not far off.

That leaves only a handful of services – e.g., parks and recreation, libraries, economic development – that can be considered secondary or discretionary. These are not major cost centers. The reduction of commitment to these services will not fix a municipal budget.

Opportunities for Change

Any approach at regional governance has to understand and appreciate the population and community variance among counties. County government will not be better utilized by crafting a uniform plan to be carried out by every county; it will require allowing counties to tailor the assumption of service responsibilities and collaboration to meet their residents' and local municipalities' needs, as well as the counties' abilities.

For most of Michigan's history, the counties were tied in their governance to the cities and townships within them. That tie was broken more than 50 years ago when federal court cases concerning the "one person, one vote" provisions in the U.S. Constitution caused changes to county government. County governance

started out as a regional exercise in intergovernmental cooperation, but has now evolved into more of a stand-alone government.

It is recommended that new ties between the counties and their local governments be created. These would be based more on the economics of service delivery than on inserting local government officials into the county governance structure as was done previously in Michigan. It is recommended that counties be positioned as the support system capable of providing services, performing functions, and facilitating cooperation that will enable cities, villages, and townships to concentrate their efforts on developing the identity and place making that will attract people and businesses.

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Counties, as a regional form of governance, are well suited to provide services to residents of smaller municipalities and to partner with larger municipalities to maximize the economies of scale so services can best be provided to benefit residents. Opportunities exist for counties to expand vertical collaboration (i.e., collaboration between different levels of government) to their constituent cities, villages, and townships because many of the functions performed by municipalities are also performed by county governments. Efforts could be made to promote counties as providers of services that require technical expertise and that could benefit from regional provision. Opportunities also exist for counties to bring together their constituent cities, villages, and townships to find the optimal ways to provide services that require a large investment in capital (e.g., land, buildings, vehicles, or equipment) in their communities and region.

The Research Council has identified a number of local government service areas that could benefit from county provision in some form.

Information technology services. Efforts to better enable county governments to serve their local governments, and to absorb responsibility for some services that will alleviate the financial pressures on the local governments, must start with information technology services.

By connecting each county to its local governments in a virtual sense, the counties would be positioned to offer file sharing and the development of resources to capitalize on advances in communication. By establishing the technological connections and capabilities, the counties would be positioned to assist in or provide a number of functions on behalf of the municipal governments.

Administration and general government services include human resources, fiscal services, and document services. Human resource services include personnel, payroll and benefits, and training and professional development. Counties, which have to provide these services for their own employees, could house the employees with the requisite skills to provide these services to local units of government throughout each county.

Fiscal services include accounting, treasury, purchasing, and financial record keeping services. As with human resources, consolidation of accounting services at the county level could capitalize on the employment of skilled accountants necessary to maintain financial records. County level treasury and purchasing functions could assist local units as well.

Document services include printing, archiving, and destroying government documents and records. The ability to perform this function would require installation of high-speed Internet access linking all government buildings throughout the county and adequate computer capabilities at the county level. Having immediate access to many of the local government records can make the county officials better at their tasks while reducing the costs for the local governments.

Tax collection at the county level would simplify the collection and distribution of taxes from over 1,500 units of government performing this function to 83 counties performing this function. Counties collect property taxes in 45 states.¹

Elections at the county level would not diminish the local nature of the voting process; each local unit would still be divided into precincts, with a polling place convenient to most households. Such a transfer would consolidate the duplicative tasks that occur in each city and township into a single bureaucracy and bring more uniformity to the process.

Property assessing at the county level would eliminate the need for county equalization, would benefit from the economies of skill inherent by hiring county-level assessors with certification to appraise complicated properties, and would equip the local governments with the requisite sophistication to defend assessing practices at the tax tribunal.

Road maintenance. Because so many of Michigan's cities and villages are small in geographic size and in the populations served, keeping this capital intensive service at the most local level builds a level of duplication and inefficiency into the system.

1 Griffith, Joel; Harris, Jonathan; and Istrate, Emilia; National Association of Counties. Policy Research Paper Series No. 5: *Doing More with Less, State Revenue Limitations and Mandates on County Finances*, November 2016.

Moving responsibility to the county level would better use the resources needed to maintain the roads and the engineers needed to plan the work.

Public safety services. Michigan has built a level of duplication into police protection by providing for state police, county sheriffs, and city, village, or township police departments. County sheriffs can provide police services for communities that wish to shed that service, and are in a good position to provide support services to independent municipal police departments. Counties can provide the capacity to handle all special and administrative tasks associated with operating a police department including emergency dispatch 9-1-1 services, all special units, public safety purchasing, emergency and disaster response planning, and hazardous material handling.

Counties could also explore the ability to provide similar support for municipal fire departments. It is not necessarily recommended that counties get involved in fighting fires, but that they provide necessary support services and specialized services (e.g., fire investigations) so that municipal fire departments can concentrate their resources on fire fighting and

Prerequisites for Change

For such changes in service delivery provision to become widespread among Michigan counties, county commissioners and the Michigan populous will need to consider changes in both the culture of county government and the governance structure of counties. Much could be gained by changing the thinking of counties from stand-alone entities to multi-purpose function providers for their local units. Strong county leadership will be needed to gear county services to benefit the local governments and let the local governments know that the county governments are amenable to working with them to achieve savings.

Although the charter and optional unified models of county governance have long been available, Michigan still has 79 of the 83 counties organized as general law counties. This organizational model means that these counties do not have the latitude to undertake activities and services without state legislative authorization. County government needs strong direction in order to be an effective regional leader and unifier.

fire prevention.

Planning and land use. Local governments often cling tightly to planning and zoning responsibilities because they help to determine the character of a community, but related services such as building inspection services, community and economic development services, issuing permits, and code enforcement could be done by the counties. Counties could also help to facilitate regional planning that could benefit all local governments within a region.

Public works and sanitation services include governmental services for which Michigan local governments most often collaborate. The expensive nature of the infrastructure to move and treat water makes regional bodies best suited to their provision.

Public transportation. Counties may have a role in assessing and providing public transportation needs for all county residents, even those that live outside of a central city. Public transportation is an area where counties can benefit from county-to-county collaboration.

With each of these services and functions policymakers have to consider how the county role, either as a service provider or as a collaborator with the local governments, is to be funded. If these are to remain local government responsibilities for which they seek economies through collaboration, then the cost of the services and the financial plight of Michigan's struggling local governments is likely to change very little. On the other hand, if counties are to assume responsibility for providing certain services, and the responsibility for funding that provision, that will free up local government resources to direct on the vital services that remain with the cities, villages, and townships.

Policymakers can think about increasing the resources available to county governments to expand service delivery in two ways that are not mutually exclusive. First, they can authorize the levy of taxes other than property taxes. A recent Michigan State University paper found that counties in very few other states are as dependent on property tax revenues as are

the counties in Michigan.² Other states have local-option income, sales, motor fuel, alcohol, tobacco, and public utilities taxes available. None of these are currently available to Michigan counties.

An alternative approach would be for the state to redirect state revenue sharing to counties to help them achieve economies and cost savings in the delivery of local government services. Counties currently receive state revenue sharing, but the distribution is

Conclusion

Local governments in Michigan have faced years of declining resources and growing expenditure pressures. These years have been marked by increased efforts at collaboration, service and expenditure cuts, and increases in local source revenue options. Local governments still face a structural issue in that their ongoing revenue is not sufficient to meet growing expenditure pressures. One potential structural solution is to move more local government services to the county, or regional, level rather than continuing to provide them at the most local level.

The Research Council, through years of research into local government service delivery, has identified a number of services that counties could play a bigger role in providing.

done on a per capita basis that sends funding to some counties that have sufficient tax base to fund services from their own resources and does not send enough funding to other counties with insufficient tax bases to fund services without levying taxes at artificially high rates. Additional revenue sharing dollars sent to counties and distributed in a fashion that recognizes variances in fiscal capacity among the counties would help to enhance the roles counties play.

Before counties can meet additional service delivery and cooperation facilitation needs, some basic issues in county governance, resources, and service delivery need to be addressed. First, most counties could benefit from modernizing their government. Second, counties need resources to meet additional needs. Third, officials in county government and administration need to change their mindset from one of a stand-alone county government and simple provider of some state and local services, to one of a provider of services to their local municipalities and a regional unifier.

Counties in Michigan are not uniform and have many differences in size and population, urban versus rural makeup, revenue levels and sources, and expenditure levels and needs. The Research Council is not advocating a one-size-fits-all solution to regional government in Michigan, but rather a move to thinking of local government more in terms of the region and what county government can do in a more effective and economical manner than a city, village, or township can do.

2 Robert Kleine, Michigan State University, *County Revenue Options*, http://msue.anr.msu.edu/uploads/resources/pdfs/County_Revenue_Options_October_2016.pdf, November 2016.

