



CRC Memorandum

STATE BALLOT ISSUES ON THE NOVEMBER GENERAL ELECTION BALLOT

PROPOSAL 02-01: STRAIGHT-TICKET VOTING

PROPOSAL 02-02: GREAT LAKES WATER QUALITY BOND AUTHORIZATION ACT

Proposal 02-01

Proposal 02-01 on the November 5 statewide ballot is a referendum on Public Act 269 of 2001, an amendment to the Michigan Election Law enacted following the national controversy surrounding the 2000 Presidential election. Much of PA 269 deals with election matters such as providing for training of local elections officials, challenged ballots, an expedited canvass if the vote differential is close, screening of absentee ballots, and penalties for stealing campaign signs and for campaign work while being paid as a public employee to perform election duties. However, provisions in PA 269 – enacted by votes in the Senate and House that followed party lines – that prohibit straight-ticket voting led Democratic Party members to circulate petitions to ask a referendum on enactment of this act.

Under Michigan law, when sufficient signatures are filed to call for a vote, the act in question is suspended until the results of the election are determined. A yes vote on Proposal 02-01 would approve enactment of PA 269 and the election reforms would become law. With a no vote, PA 269 would not take effect, and a new bill would be necessary if the other elections reforms contained in Act 269 – such as providing for challenged ballots or an expedited canvass – were considered important enough to pursue.

Straight-Ticket Voting

A straight-ticket ballot option – also known as a straight-party option or one-punch voting option – permits voters to pull a single lever, punch a single chad, or make a single mark in the partisan section of a ballot to vote for all candidates with that party's designation. For example, choosing the straight-ticket ballot option in the November 2002 election will cast a vote for the party candidates on the partisan ballot for the offices of Governor, U.S. Senator, Secretary of State, Attorney General, as well as the candidates run-

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Proposal 02-02

Public Act 396 of 2002, the Great Lakes Water Quality Bond Authorization Act, will refer to Michigan voters on the November 2002 statewide ballot the question of whether the state shall borrow up to \$1 billion to assist in financing local sewer pollution control projects. Article IX, Section 15, of the Michigan Constitution requires a two-thirds majority in the House and Senate, and majority approval by voters in a general election, to pass legislation authorizing long-term state borrowing.

Local water and pollution control projects, as proposed, are sewage treatment works projects, storm water projects, and nonpoint source pollution projects.

As defined in the Natural Resources and Environmental Protection Act (PA 451 of 1994), *sewage treatment works* projects are “construction activities on any device or system for the treatment, storage, collection, conveyance, recycling, or reclamation of the sewage of a municipality, including combined sewer overflow correction and major rehabilitation of sewers.” *Stormwater projects* are “construction activities of a municipality on any device or system for the treatment, storage, recycling, or reclamation of stormwater that is conveyed by a storm sewer that is separate from a sanitary sewer.” A typical example is a combined sewer overflow basin, which effectively prevents combined sanitary and storm sewage from breaching natural waterways. *Nonpoint source pollution* projects are “construction activities designed to reduce nonpoint source pollution consistent with the state nonpoint source management plan pursuant to (federal law).” Conceptually, nonpoint source pollution is water pollution from diffuse sources, such as rain or snowmelt that becomes polluted through contact with polluted soils or surfaces.

If approved, the proposal would authorize the state to sell

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ning for the Michigan Senate, Michigan House of Representatives, and partisan county and municipal offices. The straight-ticket ballot option does

not affect non-partisan candidates or ballot questions.

Elimination of the single-ticket ballot

option would not prohibit a voter from casting votes along party lines. It would simply take away the ability to cast all of those votes with a single vote.

Why is Straight-Ticket Voting Available?

Two developments in the voting process in the 19th and early 20th centuries led to the adoption of the straight-ticket ballot option.

The Long Ballot. The first development was associated with Jacksonian democracy, in which the appointive status of many governmental officials was abandoned and converted to direct election for short terms. The people in the United States directly elect more officials than most other nations, and the general election ballot in Michigan is among the longest in the nation. In 1984, CRC reported that Michigan voters elect over 19,000 state and local officials. A single voter is asked in an election cycle to vote on between 54 and 150 officials of state government and the judiciary and from 23 to 37 local government officials. (See Council Comments No. 951, *The Long Ballot in Michigan*,

November 1984.)

Australian Ballot. The second development was adoption of the “Australian ballot.” Prior to this reform, votes were cast when each voter submitted papers with the names of the preferred candidates for each office. Ballots could be written out at home, at the polling place, or prepared ballots could be picked up from newspapers, party offices, union halls, or churches with the names of candidates supported by that particular institution.

Introduction of a voting system originated in Australia in 1856, which used government-printed ballots that listed all qualifying candidates, brought reform to elections, but significantly slowed the voting process. Voters now had to go into a voting booth and mark each of the names of their preferred candidates.

Confronted with a large number of individual candidates, a result common for many voters is “ballot roll-off,” where voters cast votes for high profile offices but fail to vote for offices further down the ballot. Ballot roll-off is commonly attributed to voter fatigue – when voters tire of the voting process. Voter fatigue occurs most frequently for offices for which there is little recognition of the office responsibilities and little ability to judge the qualifications of the candidates – and voter confusion – when voters lack full understanding of the voting technology, ballot instructions, or ballot design.

In Michigan and many other states, the legislative reaction to the combination of a long ballot and the Australian ballot was to enable voters to cast a single vote for all candidates with their preferred party’s designation.

What Led to the Prohibition against Straight-Ticket Voting?

The debate over the design of the ballot used in Palm Beach County, Florida in the 2000 election made clear that there is no such thing as a “neutral” ballot design. Ballot designs, election processes, and provision of options such as straight-ticket voting, while seen by one of the political parties as straight-forward and accommodating, can often be viewed by another political party as biased.

While the direction of straight-ticket

voting tends to reflect party strength in each jurisdiction (in Utah, for example, more voters cast Republican straight-ticket votes than Democratic), a study of “Straight-Party Ballot Options and State Legislative Elections,” (by David C. Kimball, Chris T. Owens, and Matt McLaughlin, www.umsl.edu/~kimball/kspp02.pdf) cites several studies that show unrecorded votes (“ballot roll-off”) are more common in areas with concentrations of racial and ethnic minori-

ties, low-income residents, less-educated citizens, or elderly voters. They cite another study finding when the straight-party option is available, Republicans are more likely to vote straight ticket the conventional way without using the straight-party punch. Their conclusion is that in urban areas, the presence of a straight-ticket ballot option helps Democratic candidates, while its absence helps Republican candidates.

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Use of the Straight-Ticket Option

“Straight-Party Ballot Options and State Legislative Elections” indicates that roughly one-third of voters in the United States use the straight party option when it is on the ballot. **Table 1** is a tally of Michigan counties and cities where data are available from the canvass of the 2000 presidential elec-

tion. Although not a random sample, these data indicate that usage of this option in Michigan might be more frequent than is the case nationally. The table also illustrates how use of the straight-ticket option affects parties in different geographical areas. In Detroit and Southfield, more than

two-thirds of the ballots cast used the straight-ticket option, predominantly for Democratic Party candidates. In West Michigan, Ottawa County voters used the straight-ticket option on almost the same percentage of ballots cast, but these votes were cast predominantly for Republican Party candidates.

Table 1
Straight-Ticket Voting Use by Voters in Select Counties and Cities in the 2000 Presidential Election

	Total Ballots Cast	Straight-Ticket Votes Cast		Party Identification for Those That Used the Straight-Ticket Option				
		Number	Percent of Total	How Many Republican	Percent Republican	How Many Democrat	Percent Democrat	
Counties	Bay	52,043	16,864	32.4%	4,990	29.6%	11,586	68.7%
	Berrien	65,685	34,598	52.7%	19,952	57.7%	14,250	41.2%
	Calhoun	54,658	24,324	44.5%	11,265	46.3%	12,696	52.2%
	Charlevoix	12,713	4,912	38.6%	2,913	59.3%	1,859	37.8%
	Clinton	32,339	12,278	38.0%	7,570	61.7%	4,534	36.9%
	Crawford	6,600	1,801	27.3%	866	48.1%	819	45.5%
	Dickinson	12,952	3,712	28.7%	1,465	39.5%	2,172	58.5%
	Emmet	14,901	5,302	35.6%	3,728	70.3%	1,524	28.7%
	Gladwin	11,972	3,980	33.2%	1,603	40.3%	2,287	57.5%
	Genesee	194,629	97,232	50.0%	24,852	25.6%	71,041	73.1%
	Gogebic	8,491	2,845	33.5%	818	28.8%	1,970	69.2%
	Ingham	123,664	45,863	37.1%	17,288	37.7%	27,779	60.6%
	Iosco	13,529	4,134	30.6%	1,783	43.1%	2,266	54.8%
	Kalamazoo	102,377	45,590	44.5%	23,981	52.6%	20,890	45.8%
	Kent	252,455	130,612	51.7%	82,358	63.1%	46,928	35.9%
	Lake	4,824	1,575	32.6%	513	32.6%	1,025	65.1%
	Livingston	76,084	28,525	37.5%	18,691	65.5%	9,320	32.7%
	Midland	39,352	15,237	38.7%	9,403	61.7%	5,598	36.7%
	Missaukee	6,641	3,094	46.6%	2,183	70.6%	873	28.2%
	Monroe	62,307	21,094	33.9%	7,956	37.7%	12,840	60.9%
Ottawa	111,460	64,975	58.3%	51,533	79.3%	12,905	19.9%	
Presque Isle	7,286	2,089	28.7%	979	46.9%	1,105	52.9%	
Saginaw	94,913	41,135	43.3%	12,767	31.0%	28,368	69.0%	
Sanilac	18,726	8,606	46.0%	5,342	62.1%	3,142	36.5%	
Washtenaw	145,974	60,604	41.5%	21,867	36.1%	38,737	63.9%	
Cities	Dearborn	39,998	15,517	38.8%	7,216	46.5%	7,861	50.7%
	Dearborn Heights	25,061	11,168	44.6%	4,325	38.7%	6,843	61.3%
	Detroit*	300,478	210,936	70.2%	9,315	4.4%	201,621	95.6%
	Farmington Hills	40,699	18,531	45.5%	9,361	50.5%	8,928	48.2%
	Grand Rapids	74,645	39,083	52.4%	17,824	45.6%	21,259	54.4%
	Marquette	8,066	2,577	31.9%	909	35.3%	1,661	64.5%
	Rochester Hills	35,429	15,356	43.3%	10,234	66.6%	4,921	32.0%
	Southfield	37,809	25,117	66.4%	2,934	11.7%	22,183	88.3%
	Troy	39,400	17,423	44.2%	11,364	65.2%	6,059	34.8%

* The percent using the straight-ticket option and the Republican/Democratic split of those votes in Detroit are taken from the Kimball, Owens, McLaughlin report cited above.

(The percentages of total single-ticket voting for each party does not add to 100 percent due to votes cast for the Reform Party, Libertarian Party, Natural Law Party, U.S. Taxpayers Party, and Green Party not shown because they represent less than 1 percent of total single-ticket votes. Voting technology in many Michigan jurisdictions does not allow election officials to count the number of ballots cast using the straight-ticket option. While it is possible to count how many votes each candidate received, it cannot be determined whether the votes resulted from placing a check next to that name or next to the straight-ticket option that automatically marks a vote for all candidates with that party designation.)

Straight-Ticket Voting Issues and Trends

According to “Straight-Party Ballot Options and State Legislative Elections,” the straight-ticket option reduces ticket splitting and provides a decision making shortcut that may reduce voter fatigue or confusion. Given an inability to judge the positions and qualifications of every candidate, the straight-ticket option provides an easy way for voters to tap into one of the strongest voting cues, party identification.

The argument is made that straight-party voting promotes a “parliamentary”-type system, in which the election of governmental officials from the same party provides some assurance that the policies adopted will be consistent with those of the head of the ticket. The counter argument is that a split ticket promotes divided executive and legislative branches to provide a level of checks and balances on the actions of the two branches of government.

The trend among the states has been to eliminate the straight-ticket ballot option. As recently as the 1960s, over half

the states provided a straight-ticket ballot option. Enactment of PA 269 would leave only 16 states in which it is possible to vote with the straight-ticket option (See **Map 1**). Illinois (1997) was the last state to eliminate this option.

Non-partisan positions, such as judges, and ballot questions appear at the end of the ballots in Michigan. It might be feared that eliminating the straight-ticket voting option would lead to greater ballot roll-off and reduce the number of ballots cast for these positions and issues. However, the Michigan Department of State reports that while ballot roll-off is evident in the partisan sections of the ballot for those not using the straight-ticket option, voting in the non-partisan and ballot sections do not reflect that roll-off. It appears that many voters skip over the lesser known positions in the partisan section to vote on judicial positions and ballot questions.

Encouragement of voter participation is a goal pursued in election reform. The

straight-ticket voting option helps to alleviate some of the intimidation created by the long ballot and the need for voters to learn the qualifications of every candidate. It also reduces the amount of time needed to vote, helping to cut down on long lines and frustration with the voting process.

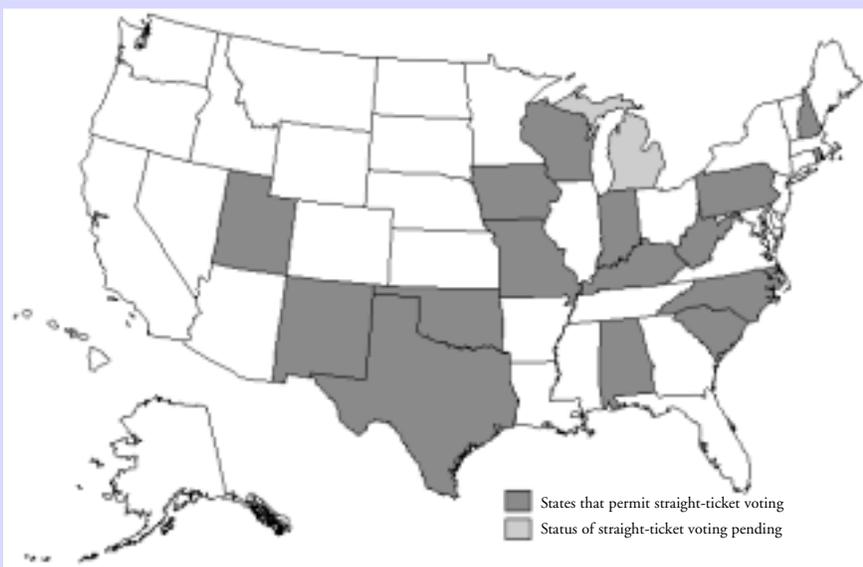
Finally, it is also argued that maintaining the straight-ticket option is not the proper response to the issues created by the long ballot. A number of alternatives have been offered that might alleviate ballot roll-off resulting from voter fatigue and confusion.

One approach is to find ways to shorten the ballot. Providing for the appointment of more officials could shorten the ballot. If candidates running for offices positioned near the end of ballots tend to win elections on the coattails of the higher profile candidates (President or Governor), providing for appointive status for those offices would likely have the same effect. The straight-ticket ballot option, it is argued, allows candidates to win election based solely on party affiliation and not office qualifications.

Splitting up elections could also shorten the ballot. A school election, for instance, would allow voters to vote on candidates for the State Board of Education, Michigan State University, University of Michigan, and Wayne State University governing boards, local school boards, and community college districts, as well as any millage, bond, or sinking fund questions. Other groupings could be made for consolidating election and shortening the ballots at general elections.

Other reforms would change voting methods. Voting by mail (similar to Oregon’s system), permitting a week long voting period (as is done in Texas), weekend voting, and other voting reforms offer voters more time to vote and more time to study the candidates’ positions.

Map 1
States with Straight-Ticket Voting Options



Source: Federal Elections Commission (www.fec.gov/pages/faqvdayeprocedures.htm)

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general obligation bonds in annual amounts up to \$100 million for 10 years, with proceeds deposited in the proposed Great Lakes Water Quality Bond Fund, administered by the Department of Treasury. Ninety percent of the bond proceeds would be allocated to the existing State Water Pollution Control Revolving Fund (SRF), and the remaining 10 percent would be deposited in the proposed State-

gic Water Quality Initiative Fund (SWQIF) to provide low-interest loans for nonpoint pollution control projects exclusively.

The SRF is federally subsidized and administered by the Michigan Department of Environmental Quality, and provides low interest, long term loans to municipalities and authorities with conforming sewer pollution control projects.

Tied to the ballot proposal are legislative changes and additions (Public Acts 397 and 398 of 2002) to the Natural Resources and Environmental Protection Act of 1994 that effectively allow an expansion of permissible sewer funding projects, including septic tank remediation and replacement with sanitary sewer lines.

Background

In response to a shift in federal water pollution policy in 1987, Michigan established the State Water Pollution Control Revolving Fund, also known as the State Revolving Fund (SRF), the following year. In keeping with policies of the early 1970s, the United States government ended its role as direct funder of local sewer projects by offering capitalization grants (seed capital) to states that established such revolving funds. States must provide

at least 20 percent matching capital, and lend out the entire annual grant and match to local projects that conform with federal pollution control requirements.

With typical long-term interest rates of 2.5 percent over terms of up to 20 years, municipalities and authorities are able to finance sewer and pollution control projects through the SRF for much less than in private capital

markets, where, depending on their debt rating, local units can expect to pay approximately double the borrowing costs of the SRF. While beneficial to local communities and authorities, better-than-prime interest rates do not afford self-sustainability for the SRF, as loans are made faster than they are paid back. Since 1989, Michigan received federal capitalization grants as summarized in **Table 1**.

Table 1
Annual Federal Capitalization Grants to the Michigan State Water Pollution Control Revolving Fund

<u>Fiscal Year</u>	<u>Federal Clean Water Capitalization Grant</u>	<u>Fiscal Year</u>	<u>Federal Clean Water Capitalization Grant</u>
1989	\$ 40,556,538	1996	\$ 86,752,116
1990	41,950,755	1997	26,798,013
1991	88,244,046	1998	57,899,853
1992	83,545,209	1999	57,904,704
1993	82,644,804	2000	57,708,387
1994	51,280,119	2001	57,195,369
1995	52,961,238	2002	<u>57,322,782</u>
1989-2002 Total (not including recapitalized interest)			\$842,763,933

Source: United States Environmental Protection Agency

Long-term Sewer Needs Studies

Several recent studies have made estimates of the extent of the sewer finance problem in Michigan, including Southeast Michigan Council of

Governments' *Investing in Southeast Michigan's Quality of Life: Sewer Infrastructure Needs*; Public Sector Consultants' *Managing the Cost of Clean*

Water: An Assessment of Michigan's Sewer Infrastructure Needs; and the Michigan Office of the Auditor General's *Performance Audit of Sewer Funding*

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Needs, and are summarized in the matrix below:

As divergent estimates indicate, long-term prediction of major capital costs

is a difficult exercise, inasmuch as financial, regulatory, and technological climates change rapidly and unpredictably. Regardless, even the lowest estimate is large when compared to the

approximately \$1.5 billion loaned to local governmental units by the SRF since 1989.

Summary of Sewer Needs Reports in Michigan

Sewer Needs Report	Low Estimate/ Annualized	High Estimate/ Annualized	Median Estimate/ Annualized
SEMCOG (Capital and finance estimates projected for seven-county service area only; includes a \$7 to \$10 billion estimate for new sewer construction)	<i>\$14.5 billion over 30 years/\$483 million</i>	<i>\$26.6 billion over 30 years/\$887 million</i>	<i>\$20.4 billion over 30 years/\$680 million</i>
Public Sector Consultants (statewide projections; estimates include capital – but not finance - costs only)	<i>\$2.7 billion over 20 years/\$135 million</i>	<i>\$5.8 billion over 20 years/\$290 million</i>	<i>\$4.3 billion over 20 years/\$215 million</i>
State Auditor General (statewide projections; estimates include capital costs only)	<i>\$6.7 billion over 20 years/\$334 million</i>	<i>\$10.6 billion over 20 years/\$530 million</i>	<i>\$8.6 billion over 20 years/\$432 million</i>

Administrative Conditions of Bond Proceeds. Ninety percent of bond proceeds to the proposed Great Lakes Water Bond Fund will be allocated to the State Revolving Fund, more than doubling the annual federal capitali-

zation grant. The remaining 10 percent is dedicated to the proposed Strategic Water Quality Initiatives Fund, which would provide a separate low-interest loan fund for local units where population would not be considered

as a project criterion – unlike the SRF, which considers population. Eligible SQWIF projects would include nonpoint pollution control projects, and upgrades or replacements of failing on-site septic systems.

**Great Lakes Water Bond Fund – Department of Treasury (proposed)
Authorized to sell up to \$100 million in General Obligation debt annually for 10 years**

10 percent of bond proceeds (including principal and interest) allocated to Strategic Water Quality Initiative Fund (SWQIF) (proposed)

SWQIF proceeds finance remediation and replacement of on-site sewage disposal systems (septic tanks), and non-point pollution control projects (storm and groundwater)

90 percent of bond proceeds (including principal and interest) allocated to State Water Pollution Control Revolving Fund (SRF) (existing)

SRF proceeds continue to provide low-interest loans to local units of government for federal pollution control-conforming projects

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The main difference between the SRF and the SWQIF is that upgrades or replacements of failing septic tank systems are eligible under SWQIF. This is significant in that septic tanks are almost exclusively sited and maintained privately. Use of public dollars for direct benefit of private property is authorized only when there is legislative or judicial finding of “public purpose,” and remediation of failing septic systems is recognized in this legislation as such, being crucial to

public health, safety and welfare.

Project Priority Lists. The primary focus of the SRF and the proposed SWQIF is to reduce water pollution consistent with the dictates of the Federal Clean Water Act of 1972. As SRF administrator, the Michigan Department of Environmental Quality has developed a priority list of funding criteria for local unit applicants, based primarily on pollution threat severity.

Under changes in law proposed by this ballot question, new sets of priority lists will be developed for each of the ballot-enunciated pollution control objectives, in addition to development of a separate SWQIF priority list.

Additionally, the proposal removes consideration of local unit population from the priority list requirements of the SWQIF, presumably to accommodate septic tank system eligibility.

State of Michigan Bonding Capacity

Although Michigan and most states project long term budget deficits, Michigan’s capacity to bond against its full faith and credit remains strong. Moody’s Investor Service assigned Michigan’s General Obligation Bonds their highest investment rating (Aaa) in June 2002, affording Michigan taxpayers low borrowing costs for the bonds. According the Michigan Office of the Auditor General, the average interest rate on the 2001 SRF issue was 4.7 percent.

General Obligation Bonds are secured

by the taxing power of the state. There are no constitutional or statutory limits on state general obligation bonding capacity.

Historically, Michigan has ranked below average on general obligation debt per capita. This is changing, however, as Michigan’s net bonded debt is increasing on a real and per capita basis, as summarized in **Table 2**.

According to the United States Bureau of Census, Michigan ranked 36th of all states in per capita general obliga-

tion debt outstanding in 1980, 36th in 1990, and 24th in 1997, the most recent year for which general obligation debt rankings are available. In 1999, Michigan was 27th in *total* debt per capita, with \$16.2 billion in secured and unsecured liabilities, or \$1,641 per capita.

Debt Service Requirements. The Michigan Department of Treasury estimates that, at current rates of approximately 5 percent, annual debt service costs would be about \$8 million ini-

Table 2
State of Michigan General Obligation Debt Per Capita

<u>Fiscal Year</u>	<u>Population</u> (thousands)	<u>Net Bonded Debt</u> (thousands)	<u>Net Bonded Debt</u> <u>Per Capita</u>
1991-1992	9,470	\$ 397,067	\$ 41.93
1992-1993	9,529	394,950	41.45
1993-1994	9,584	394,278	41.14
1994-1995	9,660	719,222	74.45
1995-1996	9,739	702,486	72.13
1996-1997	9,785	677,277	69.22
1997-1998	9,820	901,103	91.76
1998-1999	9,864	869,788	88.18
1999-2000	9,938	930,279	93.61
2000-2001	9,991	1,031,802	103.27

Source: Michigan Office of the State Budget

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tially, rising to a peak of \$80 million over ten years and then declining as the initial issues are retired. According to the Michigan Senate Fiscal Agency, the debt service would increase by \$8 million a year until rising to its peak, with debt service remaining at that level for 11 years, after which it would decrease gradually until all of the bonds are paid off.

Effects of Federal Funding Increase.
 According to the Michigan Office of

the Auditor General, an additional \$100 million federal grant for 5 years (approximately double the current grant level) would offer the following amounts available for loan to local units under two interest rate scenarios, assuming a maximum leveraging ratio¹ of 2.5 to 1 (see **Table 3**).

These hypothetical examples do not

¹ Ratio of state sewer investment capital to annual federal capitalization grant.

illustrate loan capital flows if Proposal 02-02 passes, insofar as the ballot question proposes up to \$100 annually for 10 years. These examples attempt to show that even with a comparatively significant influx of capital to the State Revolving Fund and the proposed Strategic Water Quality Initiatives Fund, Michigan will not meet long-term sewer capital resource needs, according to the Auditor General and the Southeast Michigan Council of Governments.

Table 3
Amounts Available for Loan to Local Units under Federal Grant Increase

Year	Loan Proceeds Available with		Year	Loan Proceeds Available with	
	4 Percent Bonds (in millions)	5 Percent Bonds (in millions)		4 Percent Bonds (in millions)	5 Percent Bonds (in millions)
2000-01	\$ 405.0	\$ 402.0	2010-11	\$ 350.0	\$ 229.0
2001-02	513.0	501.0	2011-12	350.0	223.0
2002-03	607.0	583.0	2012-13	351.0	218.0
2003-04	695.0	654.0	2013-14	352.0	213.0
2004-05	624.0	566.0	2014-15	354.0	210.0
2005-06	488.0	413.0	2015-16	355.0	206.0
2006-07	416.0	328.0	2016-17	356.0	203.0
2007-08	380.0	281.0	2017-18	357.0	200.0
2008-09	362.0	255.0	2018-19	358.0	196.0
2009-10	353.0	239.0	2019-20	<u>359.0</u>	<u>193.0</u>
			Totals, 2000-2020	\$ 8,385.0	\$ 6,313.0

Source: Michigan Office of Auditor General