

Designed to Fail: State Policies and Flint's Crisis

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Flint Water Crisis: Health, Governance, and Infrastructure
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Overview

- Michigan: tangled mix of state policies and constitutional arrangements =
 - Set Michigan cities up to fail; cast blame on local lawmakers when it happens
- Problems with state-local relations permeate nearly every element of Flint's water crisis. Specifically:
 - 1) Lack of accountability and responsiveness to **public outcry** (May 2014 – October 2015)
 - 2) The need for a \$7 mill. state loan in order to reinstate **local control** (April 2015)
- How I'll arrive at this point:
 - Research, at a glance
 - Failures of state takeover in Flint
 - Moving forward ...

Our Research

States Incubate Local Financial Crisis

- Began with a puzzle: Local financial emergencies are clustering within certain states and not in others ...
- Research approach: **quantify** the degree to which states put financial pressures on local governments
 - Collect and analyze financial and policy data for all U.S. cities, all 50 states, 1970-2012
- Result: Some states incubate local financial stress by:
 - Driving up spending pressures on their cities
 - Limit cities' ability to raise critical revenue

Our Research

Michigan Incubates Local Financial Crisis

Michigan: Particular mix of policy choices = toxic financial environment for Michigan cities

Public sector

City blues: MSU study finds state tax policies cripple cities

17 November 2015

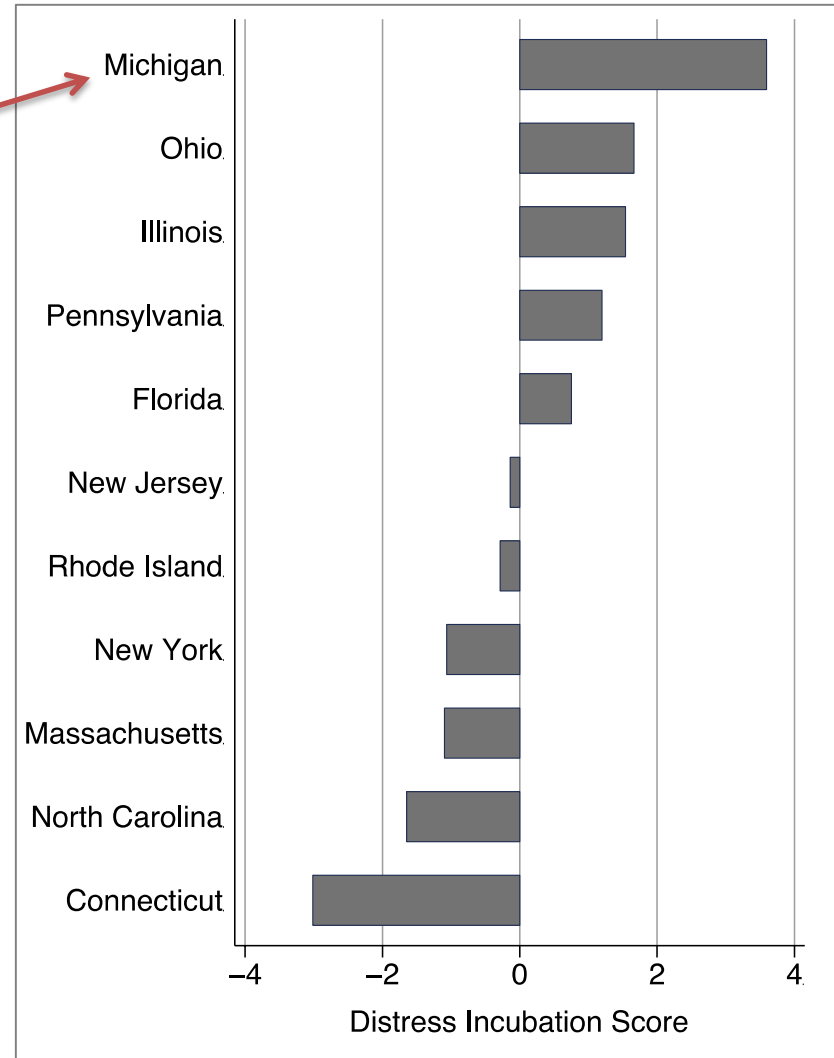
by Ted Roelofs
Bridge Magazine contributor

Is the state to blame for local financial distress?

By STATESIDE STAFF • NOV 12, 2015

Rick Snyder isn't the only Michigan leader who abandoned Flint

Decades of hostility toward cities led to the water crisis.



Our Research

Michigan's Emergency Manager Law

- How have states designed policies to *help* local governments respond to financial emergencies?
- Research approach: multi-state analysis of state policies; working group of state officials (PA, NJ, NY, OH, RI, et. al.)
- Questions: logic; goals; success/failure stories; implementation challenges
- Result:
 - Michigan's EM Law may make sense in certain Michigan cities (a la Allen Park), but not in most Michigan cities (a la Flint)
 - No other state so aggressively excludes local preferences from decision-making
 - Further deterioration of state-local relations

Michigan's EM Law Failed Flint: Accountability Shortfall

- Who is Responsible (democratically)? Outlet for public concern? Internal confusion ...
- April 2014 – October 2015:

2014

- April 25 – Flint River
- June – complaints re: smell, taste, color
- Aug./Sept. – fecal coliform bacteria – boil-water advisories
- October – external: GM, Fonger (Journal); internal: Legionnaires, back to Detroit memo

2015

- February – internal: confusion (who's in charge?), DEQ-EPA corrosion control battle; external: LeeAnn Walters lead
- March/April – external: White House “inundates” EPA official with Flint water emails; internal: Del Torol, Legionnaires
- April-July – internal: Del Torol; external: residents email EPA, lawsuits, mounting public pressure

Michigan's EM Law Failed Flint: “Mission Accomplished”; Unintended Consequences

- April 2015, 18 month EM timeframe is coming to a close
- Policy “success” – state returns the city to local control with financial emergency “solved” (\$0 deficit)
- Problem: \$6-7 million deficit remains to be paid down
- April 29 – EM reaches agreement for \$7 million via Local Emergency Financial Assistance Loan Board (Treasury); local control is returned, with TAB in place
- **Takeaway:** 5 EM “terms” in 4.5 years still does not zero out deficit. Why? Nothing left to cut. So: borrow ...(?)
- But it gets worse ... Loan holds “financial gun to the heads of Flint families” ... “simply unconscionable” (Dillon, March 2016)

Michigan's EM Law Failed Flint: "Mission Accomplished"; Unintended Consequences

State loan prohibited Flint from rejoining Detroit water system



By Emily Lawler | elawler@mlive.com

on March 02, 2016 at 7:30 AM, updated March 02, 2016 at 7:35 AM

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FLINT WATER CRISIS

Provisions in the document state that:

- "The City shall not decrease rates with City charges for water or sewer services" without approval from the State Treasurer
- "The City shall not terminate its participation in the Karegnondi Water Authority (the "KWA") before the KWA water supply system... is operational with all required regulatory approvals effective."
- "The City shall not enter into an agreement with the Detroit Water and Sewerage Department, or any successor entity, including the Great Lakes Water Authority, without the prior written approval of the State Treasurer."

[Flint search members want more study before lead lines yanked](#)

[All Stories](#)

Moving Forward

(Beyond finger-pointing and petty politics ...)

- State government failed Flint on multiple fronts
- Goal moving forward: improve state-local relations; communication; coordination; (re)build trust
- How?
 1. State agency (e.g., PA Dept. of Community and Economic Development)
 2. Towards a “partnership” approach to fiscal distress (e.g., PA/NJ)
 3. Flexibility in EM policy (e.g., NY) – “right size” the approach
 4. State Coordinating Committee for cities under emergency management – monthly meetings in city
 5. Task force (yes, another one) to examine state-local fiscal relations

Thank you