Crumbling Roads, Poisoned Water and Unsafe Schools: The Effects of a Decade of Disinvestment

The water we drink. The schools we send our kids to. The roads we drive on. These are public services that we depend on. But for too long, our public servants have been devaluing and disinvesting in them. Our infrastructure is the fabric of our society, and as we’re seeing in Flint and Detroit, it’s unraveling after a decade of budget cuts.

The Flint water crisis and the Detroit Public Schools struggles shouldn’t be unexpected, and should serve as foreshadowing of what may come if our state government doesn’t change its course. Michigan’s history of disinvestment in its infrastructure, communities, education and people, if not reversed, will cause Michigan to become the “come apart” state rather than the comeback state.

A NUMBERS GAME: STATE SPENDING IS DOWN, NOT UP

Our budget seems to be growing. However, when you factor in inflation, our purchasing power has significantly dropped.

- School Aid Fund (SAF) revenue for the 2017 budget year, adjusted for inflation, will still be about 6% below the level in budget year 2000.
- General Fund (GF) revenue for the 2017 budget year, adjusted for inflation, is about 29% below the level in budget year 2000. Future budget pressures, such as road funding, will continue to strain this pot of funding.

- There’s also room for growth; Michigan revenue collections for the 2017 budget year will be about $9.6 billion below the constitutional revenue limit.

- Looking back over the past decade, in overall appropriations, most budget areas are doing better. However, a significant portion of our budget growth has resulted from an increase in available federal funds. In terms of state-sourced appropriations, many important areas of our budget have been negatively affected, and others have failed to keep up with inflation.
DISINVESTMENT LEADS TO DETERIORATION

Communities: Michigan communities receive most of their revenue from property taxes and state aid through revenue sharing. Property tax revenue has decreased as has state aid. Statutory revenue sharing for cities, villages and townships has fallen from over $600 million in budget year 2001 to less than $250 million in the current year budget. Michigan is currently funding statutory revenue sharing at about 70% below its statutorily-set level. This means there is less money available for important public services, such as local water systems and police and fire protection. Communities like Flint have rapidly deteriorating infrastructure and less money every year to fix it, which contributed in part to the city’s water crisis.

Education: To grow, Michigan’s businesses need access to a highly skilled workforce, which means that our residents need to receive a high quality education—from early childhood to postsecondary. However, annual budget decisions are making that more difficult:

- Between budget years 2001 and 2014, per-student state aid for state colleges, universities and community colleges has dropped about 40% when adjusted for inflation; and
- While schools have seen increases in state aid for retirement costs, specific grants and, recently, in at-risk dollars, per-pupil spending through the foundation allowance, which is the largest unrestricted source of state aid for schools, has failed to keep up with inflation. At-risk funding, which provides funding for schools for programs and support of students at risk for educational failure, has been historically underfunded. In the current budget year, $134 million more would be necessary to fully fund it. As we look at the current struggles of Detroit Public Schools students and the likely future struggles of Flint students, this funding is more necessary than ever.

People: The impact of budget decisions on people is not often easy to see, but it is the most severe. A diminishing pot of discretionary funding and recent policy changes have adversely affected our ability to provide for our most important asset, our people. A perfect example is cash assistance; in Michigan the percentage of children living in extreme poverty (a family of four making less than $12,125 per year) has grown while the number of children under 18 receiving cash assistance has shrunk. Policymakers would not be scrambling to provide education, health and nutrition services to people exposed to lead in Flint if they had adequately maintained those support systems to begin with.

State aid to communities is 70% below statutorily-set levels

**Infrastructure:** Michigan’s roads and bridges have continually deteriorated over the last several years. Even with the recently-enacted roads plan, Michigan roads will continue to crumble as the plan fails to produce a significant investment in roads until budget year 2021 and, even then, fails to provide enough money to fix the problem. The so-called solution passed in 2015 doesn’t solve Michigan’s roads mess, it perpetuates it, while putting an increasing strain on our General Fund.

**RECOMMENDATION: INVEST IN INFRASTRUCTURE TO PROTECT PEOPLE**

State government has to change its approach if policymakers want to protect all Michiganders and prevent the crises in Flint and Detroit schools from happening elsewhere. If Michigan wants to become a place where people want to stay, live and raise families and where businesses want to invest and grow, it must have the resources to invest in the services our residents want and need. However, we cannot do so with the existing budget. Our recent road funding debate showed that, but we still fail to adequately invest in our state, such as repairing deteriorating school buildings and replacing dangerous lead pipes, increasing the support we provide to keep our communities safe and providing vital services for our residents. Michigan must reverse this history of disinvestment and look at increasing the amount of revenue available to prevent another disaster from harming our communities and our residents.