

Drawing Detroit

Answering pertinent questions about Southeastern Michigan with statistics. Please continue to follow us at www.drawingdetroit.com.

Michigan municipalities with Emergency Managers comprised of mostly African Americans

For five of the six Michigan municipalities with emergency managers African Americans make up majority of the communities' populations.

Other demographic trends followed in these municipalities-Detroit, Ecorse, Benton Harbor, Flint and Pontiac-include:

- A smaller percentage of the population owned their home than compared to the state average;
- Fewer of the residents have attained higher levels of education;
- The median income in these communities is lower than that of the state;
- A greater percentage of each of the five municipalities' populations live below the federal poverty level than the the state average.

Although Allen Park currently has an emergency manager, it does not follow the demographic trends as the communities discussed above. Also, Allen Park was not under financial watch by the state before an emergency manager was appointed in 2012. An emergency manager was appointed in Allen Park so swiftly was because the city's year-end general fund balance decreased by 91 percent from June 2009 to June 2011. One reason cited for this decrease was the city's movie studio that went defunct.

On March 25 Kevyn Orr, a bankruptcy attorney and turnaround expert, began his position as Detroit's emergency manager. This came after Gov. Rick Snyder officially declared a financial emergency in the City of Detroit on March 1.

This post examines the municipalities in Michigan that have emergency managers. The table below lists the municipalities and school districts currently with emergency managers, and appointment dates as of March 4, 2013 (information gathered from the [Michigan Department of Treasury](http://www.michigan.gov/treasury/0,1607,7-121-1751_51556-201116--,00.html)). (http://www.michigan.gov/treasury/0,1607,7-121-1751_51556-201116--,00.html) In addition to those currently with emergency managers Inkster and River Rouge are currently operating under consent agreements.

In receivership with a State-appointed Emergency Manager	
Local Governmental Units	Appointed
Detroit	March 2013
Allen Park	October 2012
Benton Harbor	April 2010
Ecorse	October 2009
Flint (city)	November 2011
Pontiac	March 2009
School Districts	
Detroit Public Schools	March 2009
Muskegon Heights School District	April 2012
School District of the City of Highland Park	January 2012
Municipalities under Consent Agreements	
Inkster	February 2012
River Rouge	October 2009

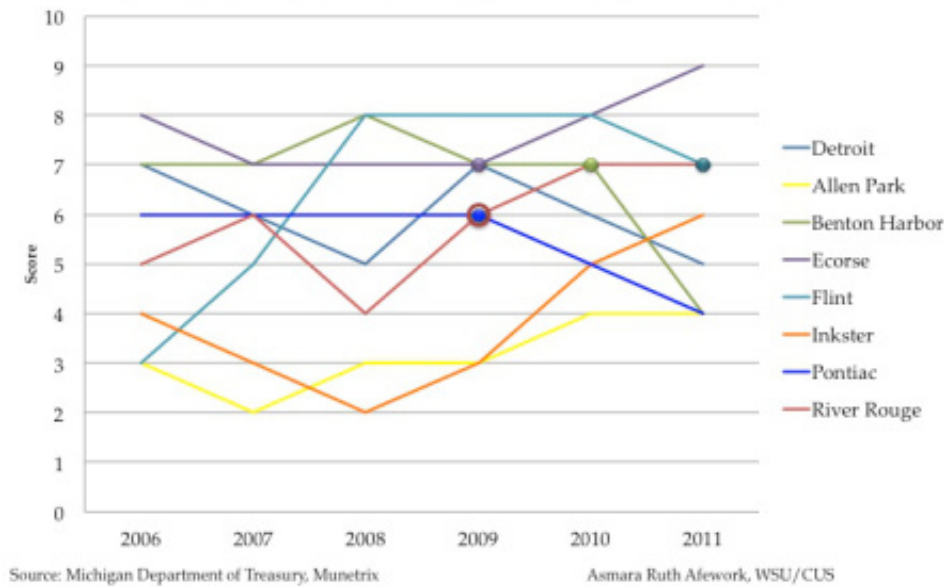
Source: Michigan Department of Treasury

Asmara Ruth Afework, WSU/CUS

(<http://drawingdetroit.files.wordpress.com/2013/03/slide031.jpg>)

In previous posts (Part I (<http://drawingdetroit.wordpress.com/2012/06/11/fiscal-distress-in-metro-detroit/>) and Part II (<http://drawingdetroit.wordpress.com/2012/06/18/fiscal-distress-in-metro-detroit-part-ii/>)), we examined fiscal distress scores in Metro-Detroit. The Michigan Department of Treasury is required by law (PA 72-1990; PA 34-2001) to assess fiscal health scores for all jurisdictions in the state. To this end, the department collaborated with economists to develop 10 indicators of fiscal health (http://www.michigan.gov/treasury/0,1607,7-121-1751_47023-171423--,00.html). These indicators include measurable trends, such as population loss, general fund expenditures, and declines in taxable valuation. Each year, a jurisdiction may earn one point for each of 10 indicators on which it exhibits fiscal distress, for a maximum of 10 points. Jurisdictions with scores of 5 or higher are considered under a financial watch. The Michigan Department of Treasury has scores for 2006 to 2009 posted on its website (http://www.michigan.gov/treasury/0,1607,7-121-1751_47023-171423--,00.html). Estimates for 2010 and 2011 scores (<http://www.munetrix.com/Michigan/Municipalities>) are available from the private company Munetrix.

Fiscal Distress Scores for Selected Municipalities, 2006-2011



<http://drawingdetroit.files.wordpress.com/2013/03/slide051.jpg>

The above chart displays the 2006 through 2011 fiscal distress scores for municipalities that currently are operating with an Emergency Financial Manager (EFM) or under a consent agreement. The markers on the various lines indicate when a municipality's EFM was appointed or when it entered into a consent agreement. For example, Ecorse has had an EFM since 2009 when it had a fiscal distress score of 7; its estimated scores increased to 8 in 2010 and 9 in 2011. An EFM was appointed for both Pontiac and River Rouge, operating under a financial agreement, in 2009, when both had a fiscal distress score of 6. A financial manager was appointed in Benton Harbor in 2010 and in 2011 in Flint. The other municipalities in this chart were given EFMs or consent agreements after 2011. Unlike the others here, Allen Park is the only municipality that was not under financial watch for at least one year before being assigned an EFM.

Snapshot of municipalities by Fiscal Scores Reported by Munetrix

Type	Total Number	Score of at least 5 at least once 2006-2011	Score of at least 5 all years 2006-2011
City	278	94	7
County	83	14	
Township	1242	125	3
Village	257	54	1

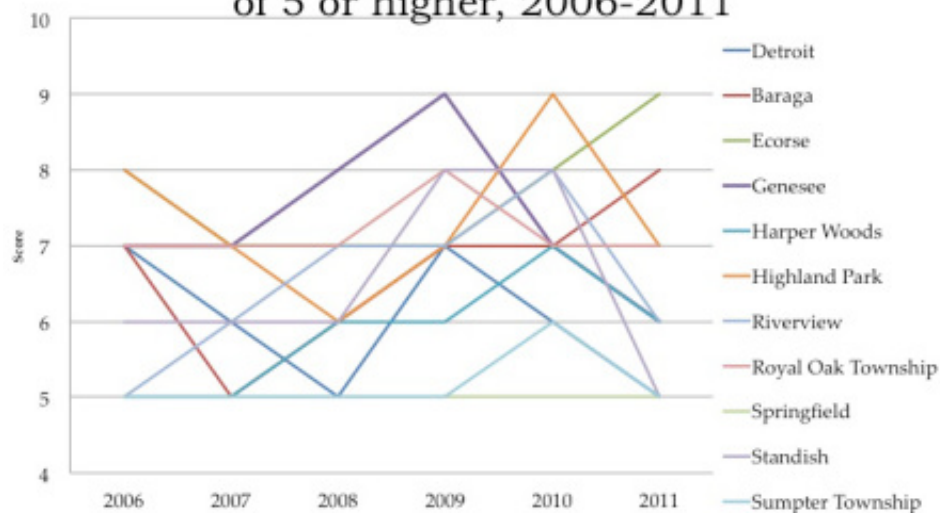
Source: Michigan Department of Treasury, Munetrix

Asmara Ruth Afework, WSU/CUS

(<http://drawingdetroit.files.wordpress.com/2013/03/slide071.jpg>)

Munetrix provides fiscal distress scores for 1,860 municipalities in the state of Michigan. The table above provides a snapshot of these. Of the 278 cities listed, 94 of them were considered under financial watch by the Department of Treasury (they had a score of 5 or greater) at least once during the period from 2006 to 2011. Eleven municipalities had a score of at least 5 for all six years. The fiscal distress scores for these are plotted in the following chart. Of these 11, the state of Michigan considered only Detroit and Ecorse in need of intervention.

Fiscal Distress Scores for Municipalities with Scores of 5 or higher, 2006-2011

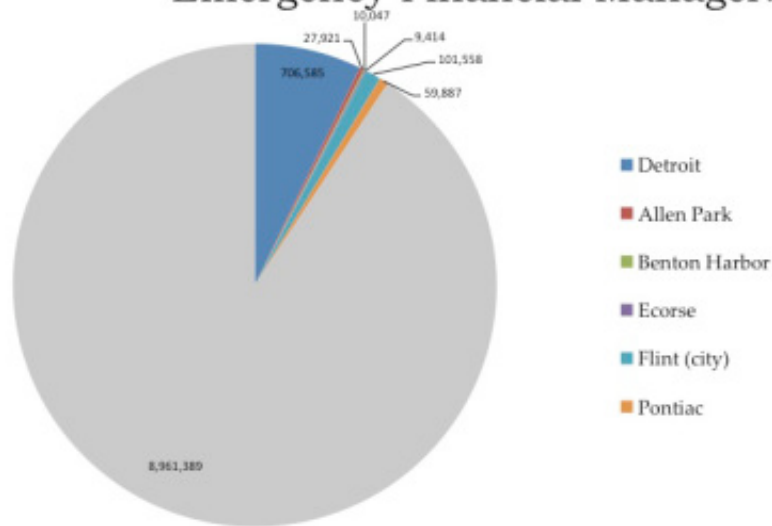


Source: Michigan Department of Treasury, Munetrix

Asmara Ruth Afework, WSU/CUS

(<http://drawingdetroit.files.wordpress.com/2013/03/slide091.jpg>)

Michigan Residents to be living under Emergency Financial Managers



Source: Michigan Department of Treasury; Munetrix

Asmara Ruth Afework, WSU/CUS

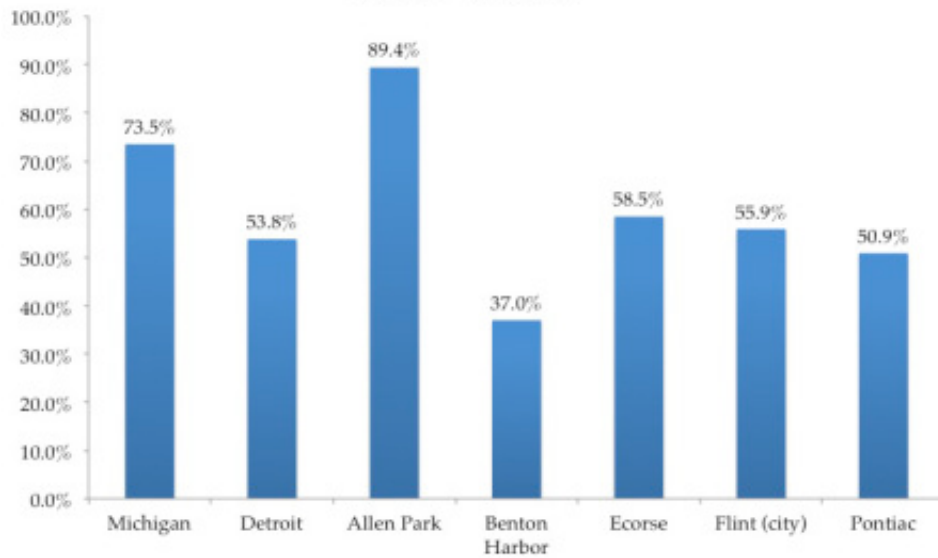
(<http://drawingdetroit.files.wordpress.com/2013/03/slide102.jpg>)

With the appoint of an EFM to Detroit, 9.3 percent of Michigan's 9,876,801 residents are now living under an EFM (based on 2011 population estimates from the US Census (<http://quickfacts.census.gov/qfd/states/26000.html>)). This is depicted in the chart above, where the gray area represents self-governing municipalities and Detroit and the five municipalities currently with EFMs are indicated by an individual color.

The next five charts present a demographic picture of Michigan residents, compared to those who live in municipalities that have been declared to be in a financial emergency. Overall, of those living in these municipalities, a smaller percentage own their homes, fewer have attained higher levels of education, the median income is lower, a greater percentage are living below the federal poverty level, and a greater percentage are people of color. Allen Park is the exception—it is more like the state, than the other municipalities considered to be in a financial emergency.

Also, the demographic charts below focus on the years 2007-2011 because they are based on the most recent American Community Survey five-year estimates.

Homeownership rates 2007-2011



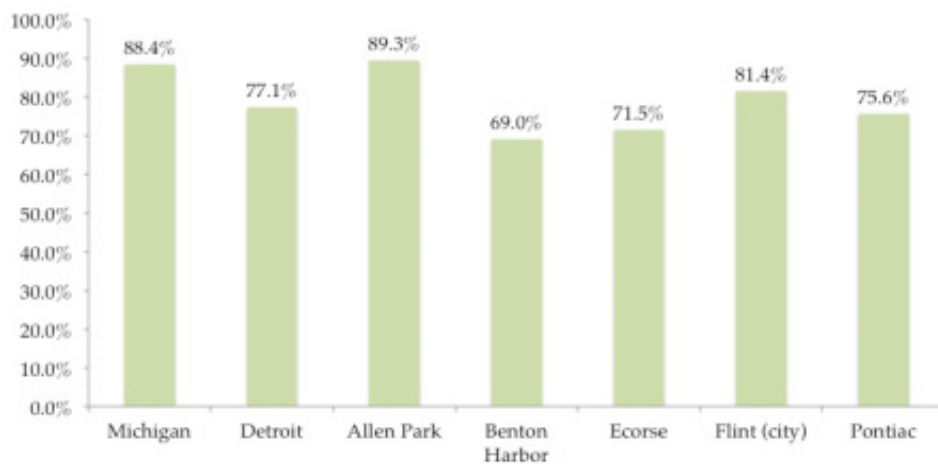
Source: American Community Survey

Asmara Ruth Afework, WSU/CUS

<http://drawingdetroit.files.wordpress.com/2013/03/slide123.jpg>

As shown in the chart above, most of the cities targeted to have an EFM, have lower rates of home ownership than the state, as a whole. The only exception is Allen Park, which had a homeownership rate of 89.4 percent from 2007-2011, compared to 73.5 percent for the state overall. Benton Harbor had the lowest ownership rate, 37.percent, which was slightly less than half the rate for the state.

High school graduate or higher, percent of persons age 25+ 2007-2011

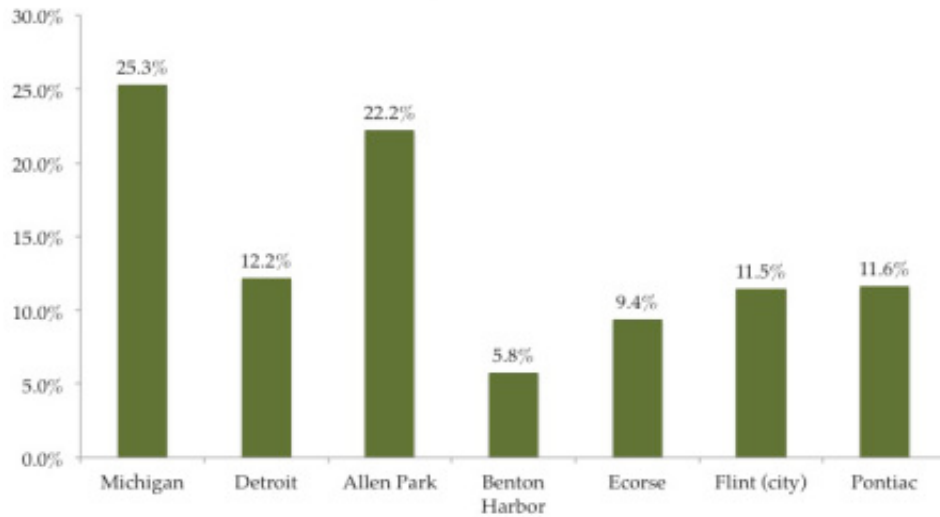


Source: American Community Survey

Asmara Ruth Afework, WSU/CUS

<http://drawingdetroit.files.wordpress.com/2013/03/slide142.jpg>

Bachelor's degree or higher, percent of persons age 25+ 2007-2011



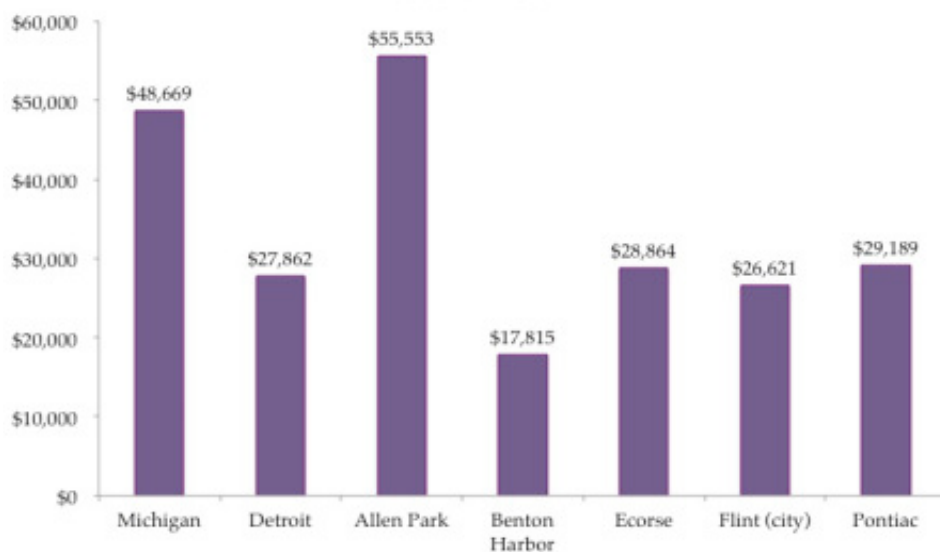
Source: American Community Survey

Asmara Ruth Afework, WSU/CUS

<http://drawingdetroit.files.wordpress.com/2013/03/slide152.jpg>

The two previous charts depict that, as a whole, the cities had lower educational attainment than the state. Allen Park did have a slightly higher percentage of residents, aged 25 and older, who had at least graduated high school (89.3 percent from 2007-2011, compared to 88.4 percent for the state overall). All of the municipalities had lower percentages of residents who had at least completed a Bachelor's degree, when compared with the state. Detroit had approximately half the state percentage (12.2 percent compared to 25.3 percent); Benton Harbor had the lowest rate at 5.8 percent.

Median household income 2007-2011

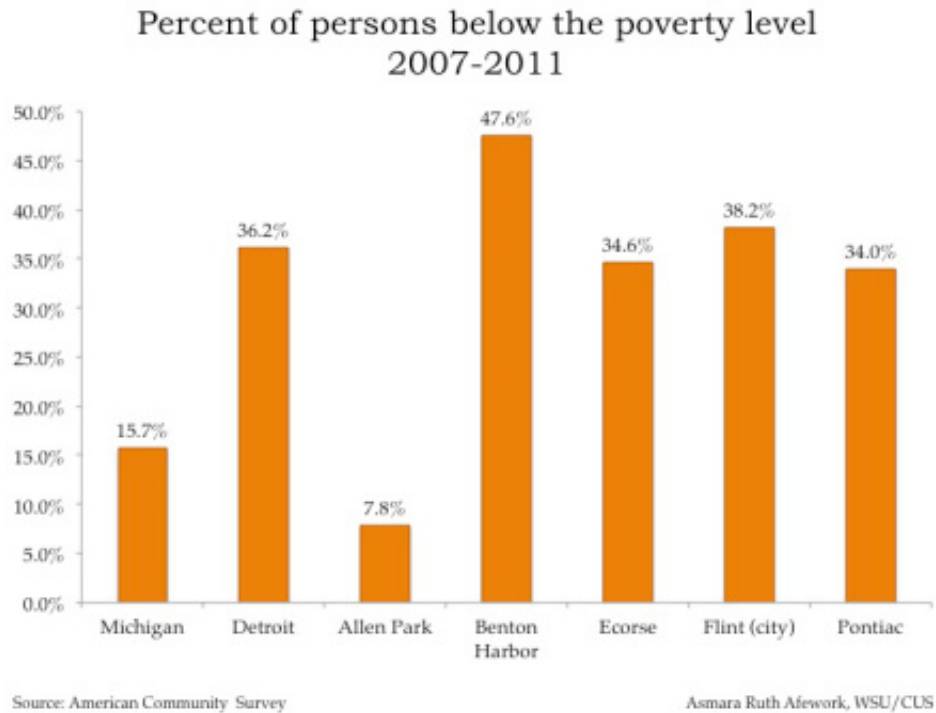


Source: American Community Survey

Asmara Ruth Afework, WSU/CUS

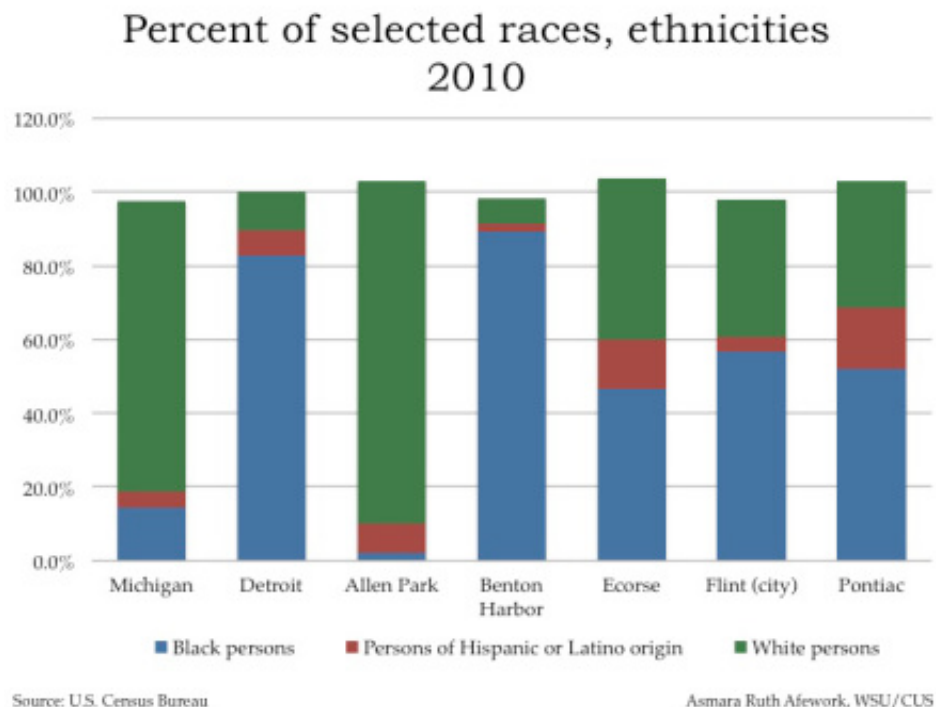
<http://drawingdetroit.files.wordpress.com/2013/03/slide171.jpg>

In the above chart, we see that the median household income from 2007 to 2011 in Allen Park (\$55,553) exceeded that of the state (\$48,669). The other cities under consideration had median incomes approximately \$20,000 less than that of the state, except for the Benton Harbor which had a median income more than \$30,000 less than the state value.



<http://drawingdetroit.files.wordpress.com/2013/03/slide191.jpg>

The preceding chart shows that, other than Allen Park, the cities all had higher percentages of residents living below the poverty level from 2007 to 2011 than the state did. Over one-third of Detroit residents (36.2 percent) and nearly half of Benton Harbor residents (47.6 percent) were below the poverty level.



<http://drawingdetroit.files.wordpress.com/2013/03/slide211.jpg>)

White persons comprised 78.9 percent of the state's population in 2010. Allen Park was 92.9 percent White. In all of the other municipalities under consideration, White persons were in the minority.

You May Like

[About these ads \(http://en.wordpress.com/about-these-ads/\)](http://en.wordpress.com/about-these-ads/)

- 1.



This entry was posted on April 1, 2013 at 1:09 am and is filed under [Uncategorized](#). You can follow any responses to this entry through the [RSS 2.0](#) feed. You can [leave a response](#), or [trackback](#) from your own site.

[The Kubrick Theme](#). [Blog at WordPress.com](#).
[Entries \(RSS\)](#) and [Comments \(RSS\)](#).