



michigan municipal league

Better Communities.
Better Michigan.

► 1675 Green Road
PO Box 1487
Ann Arbor, MI 48106-1487

TEL 734.662.3246 800.653.2483
FAX 734.662.8083
WEB www.mml.org

May 20, 2009

The Honorable Joseph R. Biden, Vice President
United States of America
1600 Pennsylvania Ave, N.W.
Washington, DC 20500

Dear Vice President Biden,

My name is Robin Beltramini. In my capacity as a city councilmember in Troy, Michigan, and as president of the Michigan Municipal League, I am writing to express profound disappointment with our state's use of American Recovery and Reinvestment Act (ARRA) funds. We are asking you to direct state government to use a portion of state ARRA funding to relieve local fiscal stress.

The League is a statewide non-profit association representing cities, villages, and towns across Michigan. Mr. Vice President, I know you are well aware of the gravity of Michigan's fiscal crisis. Michigan alone has lost more than 700,000 jobs in the current recession, and we continue to post the worst unemployment rate among the 50 states. As a result, over the past seven years, the state's elected leaders have slashed "revenue sharing" to local communities in Michigan by more than \$3 billion to address budget shortfalls. What is revenue sharing? Many years ago, local communities in Michigan agreed to stop levying certain taxes in exchange for a promise from the state to collect those taxes in a uniform manner and then appropriate revenues to cover the costs of police and fire protection, water and sewer systems, libraries, parks and more.

Three weeks ago—even as billions of dollars in federal stimulus funds were coming to Michigan to help backfill the state budget deficit—Governor Jennifer Granholm and the Legislature approved an Executive Order (EO) to cut revenue sharing by another \$41 million. The EO could not have come at a worse time: local governments must absorb the reductions in the final three months of their current fiscal years. In other words, these funds had already been appropriated by local communities to pay for essential services.

Unfortunately, things are going to get even worse, which is why it is imperative for local communities to receive ARRA funds directly to alleviate local fiscal pressures. Last week, Michigan's top economists and budget analysts predicted the Fiscal Year 2010 state budget will be \$1.7 billion short of revenues. As such, we again expect revenue sharing to be in the crosshairs of administration and legislative leaders, resulting in even more cuts to essential local services.

At the same time, our state leaders have eviscerated revenue sharing, property tax revenues—the main local revenue source we were allowed to retain when we struck our bargain with the state—have been plummeting across Michigan as a result of the nation's housing foreclosure crisis and the collapse of our primary industry, auto manufacturing.



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This accumulation of fiscal crises has pushed many local communities in Michigan to the brink of financial catastrophe. More than 1,600 police officers and 2,000 firefighters have been laid off since September 11, 2000. Local street and infrastructure repairs have been shelved and parks and other recreational services and quality of life programs have been eliminated. Michigan is dying one local community at a time.

A recent letter from the Michigan Department of Treasury indicates the seriousness of the current situation, listing more than 70 cities and villages that meet the department's criteria of being financially at risk. The recent revenue sharing cuts—and the additional reductions we expect this year and next year—will push more local communities to the brink of financial disaster.

We believe the recent Executive Order cutting revenue sharing is in direct contradiction to the stated goal of the ARRA to address not just state, but also local fiscal crises. As noted at the start of this letter, we respectfully ask you to direct state government to use ARRA funding to address local fiscal stress so as to eliminate any further funding reductions to local governments.

Thank you for your urgent consideration of our request to save essential local services across Michigan. Please do not hesitate to contact me or Dan Gilmartin, CEO and Executive Director of the Michigan Municipal League.

Sincerely,

Robin Beltramini

CC: Michigan Congressional Delegation
MML Board of Trustees
National League of Cities