**Michigan’s Emergency Manager Policy: On Paper; In Flint**

Twenty states have formal policies designed to intervene in local governments facing financial emergencies. What sets Michigan’s policy apart?

- Sweeping decision-making powers granted to governor-appointed emergency manager
- Limited policy tools and staff granted to emergency manager (all extraordinary policy powers are on the spending side)
- Success = eliminate deficit in 18 months
- No formal mechanism for local input

The purpose of this research is to illustrate how Michigan’s emergency manager policy (not specific individuals) failed the City of Flint at three key junctures of the ongoing lead-in-water crisis.

**Failure 1:** A $7 million loan is required to balance the city’s budget and return the city to local control

**Failure 2:** A systematic lack of accountability and responsiveness (by design) to public concerns about the quality of the city’s drinking water,

**Failure 3:** Allowing the city to cut ties with Detroit Water and Sewerage Department, the city’s water source far more than a half-century.

---

**1. Mission Accomplished?**

**The Context:** April 2015, 18 month EM timeframe is coming to a close. According to design of EM policy, 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.

**EM Failure 1:** 5 EMs in 4.5 years failed to zero out the deficit in Flint.

---

**2. Unaccountable By Design**

**The Context:** May 2014, residents begin bringing complaints about water quality to the city.

**Problem:** There is no clear place for the public to interact with city government when it is under emergency management.

**EM Failure 2:** The Emergency Manager failed to act on dozens of warnings.

---

**3. Cowing to Localism**

**The Context:** The City of Flint and Detroit Water and Sewerage Department (DWSD) were at an impasse over water negotiations. City officials preferred to join the Karegnondi Water Authority (KWA).

**Problem:** Joining KWA offers questionable financial savings for the city.

**EM Failure 3:** The Emergency Manager failed to prevent the City of Flint from switching to the Karegnondi Water Authority.

---

**Moving Forward**

Interviewees unanimously fear Flint will lose litigation pending in the 6th District Court regarding retiree healthcare benefits that were unilaterally cut by Emergency Managers. If Flint loses, the city is liable for over $1 Billion in restructured OPEB obligations.

The State of Michigan needs to reassess its relationship with local governments.

---

**Analysis and Recommendations**

The Emergency Manager was not equipped with the tools necessary to address the structural budget deficit in Flint, as a result, the State had to bail out the city.

- Give emergency managers and cities more revenue options: reconsider former Treasurer Dillon’s “Headiee Roll-Back” proposal
- Reconsider scope & timeline of interventions, allowing for flexibility of interventions depending on causes of financial distress