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## The Scandal of Michigan's Emergency Managers

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*Joe Harris, state appointed emergency manager in Benton Harbor, Mich., unlocks the door of the city manager's office. (AP Photo/Charles Rex Arbogast)*

On January 20 the progressive think tank Michigan Forward and the Detroit branch of the NAACP sent a joint letter to Michigan Governor Rick Snyder expressing concern over Public Act 4, the Local Government and School District Fiscal Accountability Act. Signed into law in March 2011, it granted unprecedented new powers to the state's emergency managers (EMs), including breaking union contracts, taking over pension systems, setting school curriculums and even dissolving or disincorporating municipalities. Under PA 4, EMs, who are appointed by the governor, can "exercise any power or authority of any officer, employee, department, board, commission or other similar entity of the local government whether elected or appointed."

What are the qualifications for such a powerful office and the six-figure salary that accompanies it? Not much: PA 4 requires "a minimum of 5 years' experience and demonstrable expertise in business, financial, or local or state budgetary matters." Last year the state held a pair of two-day training sessions for EMs, both run primarily by companies that provide outsourcing services to municipalities and school districts. Yet PA 4 made the emergency manager the single most powerful person in the city.

Results were swift. In April the Benton Harbor EM, Joe Harris, decreed: “Absent prior express written authorization and approval by the Emergency Manager”—himself—“no City Board, Commission or Authority shall take any action for or on behalf of the City whatsoever other than: i) Call a meeting to order, ii) Approve of meeting minutes, iii) Adjourn a meeting.” The move in effect abolished Benton Harbor’s elected City Commission and replaced it with an unelected bureaucrat, perhaps the first time this has happened in US history.

The implications went beyond Benton Harbor. “Since the beginning of your administration, communities facing or under emergency management have doubled,” Michigan Forward and the NAACP wrote to the governor, citing a “failure of transparency and accountability” in the process of determining which jurisdictions need an emergency manager. The financial review team assigned to Detroit, for instance, had recently met in Lansing, nearly 100 miles away—“a clear example of exclusion and voter disenfranchisement,” according to the authors. On February 6 an Ingham County circuit judge ruled that the Detroit team’s meetings must be held in public.

Of Detroit’s 713,777 residents, 89 percent are African-American. The city of Inkster (population 25,369), which recently got an EM, has a black population of 73 percent. Having EMs in both cities would mean that more than half the state’s black population would fall into the hands of unelected officials.

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Everyone agrees that something must be done to “fix” Michigan’s struggling urban centers and school districts, although news of a \$457 million surplus in early February prompted the state budget director to declare, “Things have turned.” But at what cost? In 2011 Governor Snyder stripped roughly \$1 billion from statewide K-12 school funding and drastically reduced revenue sharing to municipalities. Combined with poor and sometimes corrupt leadership and frequently dysfunctional governments, these elements have brought Michigan cities to the brink of bankruptcy. Residents of the hardest-hit places have fled if they are able.

The state’s first emergency managers—previously known as emergency financial managers—were appointed between 2000 and 2002 by Republican Governor John Engler in the cities of Hamtramck, Flint and Highland Park to prevent them from declaring bankruptcy. Although all eventually left when their job was done—the last in 2009—all three cities are back in the red. In January the Highland Park School District was assigned an EM. (That city—population 11,776—is 93.5 percent African-American.) Others followed, in Ecorse, Benton Harbor and Pontiac, as well as Detroit public schools.

Under PA 4, EMs have proven to be a divisive solution. Outsourcing services to private companies and abolishing collective bargaining takes a page right out of the right-wing playbook: a 2011 report titled “101 Recommendations to Revitalize Michigan,” published by the conservative Mackinac Center for Public Policy, calls for ending “mandatory collective bargaining for government employees who already enjoy civil service protections.” Many are worried that EMs will hasten the gentrification of places like Benton Harbor, pushing out poor residents to make way for developers. In one of his first acts under PA 4, Joe Harris replaced nine people on the Brownfield Redevelopment Authority and all nine members of the planning commission.

Despite their relatively short history, EMs have a record of abusing their powers. This past summer Arthur Blackwell II, Highland Park’s former emergency financial manager, was ordered to repay more than \$250,000 he paid himself. In Pontiac EFM Michael Stampfler outsourced the city’s wastewater treatment to United Water just months after the Justice Department announced a twenty-six-count indictment against the company for violating the Clean Water Act.

Multiple efforts are under way to rid Michigan of PA 4. The first is a lawsuit brought in June 2011 by the

Sugar Law Center for Economic and Social Justice and the Center for Constitutional Rights challenging the law under the state Constitution. Despite efforts by the Snyder administration to bypass the legal process and force the Republican-controlled state supreme court to hear the case immediately, the lawsuit is pending. Representative John Conyers is pursuing the issue through the Justice Department, arguing that the law's impact on minority populations may violate the Voting Rights Act.

But Michigan Republicans seem to be most concerned about a petition drive, organized by Michigan Forward, seeking a citizen referendum to overturn the law. As of mid-February the petition had more than 200,000 signatures, well over the number necessary to put the law on hold. The group plans to turn in the petitions on February 29. Since PA 4 replaced the law that created emergency financial managers, this could eliminate the positions in Michigan until the referendum is voted on in November.

GOP lawmakers are discussing replacement legislation, with Michigan House Speaker Jase Bolger warning about "the chaos that could ensue if the emergency manager law is suspended." Since Michigan law prevents referendums on appropriations bills, PA 4 opponents fear that any such law will contain an appropriation to make it "referendum proof," a tactic already used by the state GOP this year.

The outcome of the citizen referendum and the constitutional challenges may well determine if laws like PA 4 remain unique to Michigan or become the national standard for dealing with impoverished urban areas. With the Indiana Senate having just passed an emergency manager bill of its own, we may be heading down that path.

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