

Uncompensated Cost of MSU to City of East Lansing's Public Safety and DPW Budgets

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The Office of the City Manager, City of East Lansing, retained Great Lakes Economic Consulting (GLEC) at the request of the Financial Health Team, to provide estimates of the cost of Michigan State University (MSU) to the City budget that are not reimbursed by MSU, or by State of Michigan.

Numerous economic impact studies have shown that significant economic impacts accrue to a community where a large research university such as Michigan State University (MSU) resides. This comes as no surprise. A large university brings with it students, faculty, and staff that live and spend money in the community and support local businesses.

Economic impact studies are valuable for gaining insight into the general magnitude of the positive effects of spending associated with a university like MSU – but all studies of this type have limitations. They should be thought of as one part of a cost-benefit analysis because they are not designed to capture the additional costs to the municipality associated with the presence of the university – only the economic benefits.

This study is designed to provide the City of East Lansing's Financial Health Team with estimates of some of those costs including the cost of additional public safety personnel (police and fire) required by the City due to the presence of MSU. Additional personnel costs include the additional cost to the City of wage and salary income associated with additional personnel; the cost to the City of additional retirement and OPEB associated with the additional public safety personnel; and the cost to The City of additional normal and specialized equipment and training for public safety personnel due to the presence of MSU.

The report includes estimates of the additional costs to the City of special events including over-time costs; the cost to the City of celebrations associated with the presence of MSU; and additional incarceration costs imposed upon the City by the City jail. The report also includes estimates of additional clean-up and disposal costs associated with MSU special events and student move-outs.

It is important to understand the magnitude of these costs and the somewhat complex fiscal relationship between MSU and the City that is designed to offset some of these additional costs. Also important to City finances is the relationship between the City and the State of Michigan. The local-state relationship includes State grants and programs designed to off-set the cost of certain local programs such as the Fire Protection Grant program received from the State in lieu of property taxes paid on state property. Also important to the health of City finances is state-local revenue sharing payments and the restrictions on the ability to raise local revenue imposed upon Michigan cities by the State.

Data sources used in this analysis are listed on page 14.

Executive Summary:

Annual ELFD Costs: The estimated net cost of MSU to the ELFD budget in 2015 is estimated to be about \$1.68 million.

Annual ELPD Costs: The estimated net cost of MSU to the ELPD budget in 2015 is estimated to be about \$1.62 million.

Annual City Jail Costs: The estimated net cost of City Jail to the City budget in 2015 is estimated to be about \$376,825.

Annual DPW Costs: The estimated net cost of MSU to the DPW budget in 2015 is estimated to be about \$70,300.

Net Annual Cost of MSU to City Budget: The combined net cost of MSU to the ELFD, ELPD, City Jail, and DPW budgets in 2015 is estimated to be approximately \$3.75 million.

PA 289 Fire Protection Grants: The PA 289 grant is estimated to be underfunded by \$1.6 million in 2015, and has been underfunded by about \$13.2 million since 2004.

Statutory Revenue Sharing Payments: Statutory revenue sharing payments to the City were underfunded by an estimated \$2.96 million in 2015 and \$22.98 million since 2003.

Unfunded Pension and OPEB Liability: The portion of total unfunded pension liability attributable to public safety personnel is \$50.2 million (as of 12/31/2015) and total OPEB attributable to public safety personnel is \$20.6 million (as of 12/31/2014). Unfunded pension liability attributable to MSU would be about \$12.5 million and OPEB liability attributable to MSU would be about \$4.9 million.

There are potential short-term annual costs, and long-term costs that accrue to the City due to the presence of MSU. Direct annual costs include the cost of additional public safety personnel required to provide services to the university net of what the City receives from university or the State per annum as reimbursement for public safety services and local revenue sharing payments. Short-term annual costs net of reimbursement include annual salary and benefits paid to additional public safety personnel, and overtime paid to public safety personnel during special events.

Short-term annual costs also include the added costs to the City's Department of Public Works (DPW) associated with special events, weekend activities, student move-in and move-out, and increased staff allocation for weekend downtown maintenance when students are in town. Also included is the net annual cost of illegal trash removal and bulk trash removal associated with student move-ins and move-outs.

Long-term costs include the impact that higher Final Average Compensation (FAC) levels, which are the result of public safety services provided to MSU, and the affect higher FAC has on future pension payments. Increased past and future retirement costs also account for a portion of the City's unfunded pension liability and the City's unfunded liability for Other Post-Employment Benefits (OPEB) such as retiree health care.

Analysis Detail

City of East Lansing (COEL) Fire Operations and Fire Prevention Division

The East Lansing Fire Department (ELFD) is comprised of 51 full-time professional fire fighters. The budget request for FY 2014-15 operations and personnel is \$7,751,465.

The annual net cost of providing fire services to MSU was estimated using the proportion of total fire runs by ELFD that went to MSU. These data suggest that about 40 percent of 2015 operations and personnel resources were used to service MSU. In 2015, ELFD operations and personnel costs were offset by PA 289 Fire Protection Grants, the MSU fire rescue contract, and certain other MSU charges. All of the cost offsets were underfunded relative to estimated ELFD costs.

In a survey prepared for the City Manager and GLEC, Chief Talifarro provided a Service Stats table that demonstrates that MSU receives more than 40 percent of the services delivered by ELFD (see Action #1 Column). This suggests that MSU accounts for more than 40 percent (about \$3.1 million) of ELFD's total annual operating costs in 2015.

The annual net cost estimate is consistent with increased staffing attributable to the impact of MSU. When ELFD staffing levels are compared to a similar neighboring community, the Charter Township of Meridian, which does not incur uncompensated FIRE and EMS costs related to MSU there were 15 fewer FTE's in Meridian Township – which is consistent with the 40 percent estimate

The 40 percent estimate is also consistent with a comparison of staffing levels of a similar community that lacks a university. Meridian Township has a population of just over 40,000 residents and is a suburb of Lansing just like East Lansing but with less of an influence from MSU. Meridian Township was staffed with 34 FTE's for Fire and EMS in 2015 while ELFD was staffed at 49.8 FTE's (about 42 percent greater than Meridian)

MSU STATS	COEL	MSU	Other	Action #1	Action #2	Action #3	Total Runs	Total Actions
2012	2714	1450	539	2714/1450	1300/718	236/174	4703	4250/2342/7384
2013	3130	1601	499	3130/1601	1455/791	209/193	5230	4794/2585/8110
2014	3115	1401	587	3115/1401	1449/710	126/103	5103	4690/2214/7741
2015	3216	1510	673	3216/1510	1722/736	114/104	5399	5052/2350/8439

Action #1 – Primary reason for dispatch

Action #2 – Secondary Activity (i.e. MVA & HazMat Cleanup)

Action #3 – Additional Activity (i.e. MVA & HazMat Cleanup & Standby Powerline)

The MSU Stats table shows that in 2012, MSU accounted for approximately 54-55 percent of total runs and total actions. In 2013, MSU accounted for approximately 49 percent of total runs and 54 percent of total actions. In both 2014 and 2015, MSU accounted for approximately 43 percent of total runs and 47 percent of total actions – hence, the 40 percent estimate is reasonable and may be too conservative.

An additional cost to ELFD is the cost of ongoing training such as the specialized HazMat training required due to the presence of hazardous materials such as those at certain MSU labs and the Superconducting Cyclotron Laboratory (and in the near future, Facility for Rare Isotope Beams, FRIB); Urban Search & Rescue; High-Angle Rescue; Structural Collapse Rescue; Confine Space Rescue; and Active Violence Response Rescue. There is also uncompensated overtime for staffing special events. The estimated cost of special training and overtime in 2015 is \$141,730.

Fire Protection Grants

The largest off-set for the cost of ELFD services for MSU is PA 289 Fire Protection Grants. Public Act 289 of 1977 provides for payments to municipalities for fire protection services received by state facilities which include state-owned real property associated with state equalized value of the municipality, primarily used for office purposes, state prisons or hospitals, institutions of higher learning, and real property with a state proprietary function.

Grants are awarded based on a formula using actual fire protection costs of the municipality, total state equalized value (SEV) of the state-owned facility, and total SEV of the municipality. If fully funded, the formula is supposed to provide grants approximately equal to actual costs.

However, the statute provides that if the actual appropriation is not sufficient to cover full funding statewide as determined by formula, the amount of the grant going to each municipality is reduced by proration so that total actual grants equal the appropriation. In the

same way that state revenue sharing payments have been underfunded, fire protection grants (FPG's) have been underfunded for more than two decades and subsequently were reduced each year through proration.

Actual funding of FTP's for East Lansing, full funding of FTP's the reduction from proration and the proration percentage for FY 2004 through FY 2015 are reported in the table below. On average, from FY 2004 through FY 2015, East Lansing has received only about 51 percent of the grant money the formula calls for. Proration dollar amounts seem to be increasing over time as they averaged about a 40 percent reduction for the period of FY 1996 through FY 2003.

East Lansing Fire PA 289 Protection Grants

	<u>Actual Funding</u>	<u>Est. Full Funding</u>	<u>Est. Reduction</u>	<u>Pro Ration</u>
FY 2004	\$462,236	\$1,015,903	(\$553,667)	0.455
FY 2005	\$870,989	\$1,966,114	(\$1,095,126)	0.443
FY 2006	\$867,584	\$1,273,985	(\$406,401)	0.681
FY 2007	\$1,250,142	\$1,841,151	(\$591,009)	0.679
FY 2008	\$1,443,857	\$2,174,483	(\$730,626)	0.664
FY 2009	\$1,455,811	\$2,442,636	(\$986,825)	0.596
FY 2010	\$1,337,468	\$2,414,202	(\$1,076,734)	0.554
FY 2011	\$1,249,716	\$2,833,823	(\$1,584,107)	0.441
FY 2012	\$1,077,149	\$1,947,828	(\$870,679)	0.553
FY 2013	\$1,490,632	\$3,609,279	(\$2,118,647)	0.413
FY 2014	\$1,121,971	\$2,736,516	(\$1,614,544)	0.410
FY 2015	<u>\$1,123,342</u>	<u>\$2,736,521</u>	<u>(\$1,613,179)</u>	0.411
FY 2004 thru FY 2015	\$13,750,896	\$26,992,441	(\$13,241,545)	

Other sources of offsetting revenues include a \$326,000 Fire Rescue Contract that represents the charge for fire and rescue services provided to areas owned by Michigan State University but outside the City limits. Formerly, the MSU payment was based on a formula that included ELFD costs, the state shared revenues, and the state fire protection reimbursement. The contract was canceled by MSU and replaced with a plan which reduced MSU's payment by \$200,000 per year until it leveled off at \$326,000 in 2003.

MSU Fire Rescue Contract Offsets

FY 1998	\$942,776
FY 1999	\$1,014,400
FY 2000	\$818,711
FY 2001	\$620,024
FY 2002	\$418,711
FY 2003	\$326,000
Since 2003	\$326,000

Other Fire Charges which includes \$2,795 of mutual aid charges, hazmat clean up fees of \$11,000 and services to MSU for special events of \$99,000 – for a total offset of \$112,795. Using the estimated 40 percent share of MSU fire services costs to ELFD, after offsets, the estimated net cost of MSU to the ELFD budget after offsets was approximately \$1.68 million in 2015.

It is important to note that, using the FPG formula which was designed to estimate actual costs, the grant is underfunded by \$1.61 million in FY 2015 as well, so two methodologies yield almost identical results.

As shown below, the net cost of MSU to ELFD is estimated at approximately \$1.68 million in 2015, or approximately 20 percent of the 2014-15 Fire Operations and Prevention Budget Request.

Estimated Cost of MSU to ELFD Budget	\$3,100,500
Estimated Cost of Special Training	\$141,730
PA 289 Grant offset	(\$1,123,342)
Fire Rescue Contract offset	(\$326,000)
Other fire charges offset	<u>(\$112,795)</u>
Net Cost of MSU to ELFD budget	\$1,680,093

City of East Lansing Police Operations Division (ELPD)

The FY 2014-15 budget request for police operations was \$10,046,760 and the personnel services portion was approximately 87 percent of the total. Hence, the most expensive, and obviously the most important resource at the East Lansing Police Department is personnel.

Police Chief Murphy provided GLEC with staffing, salary, and overtime data. The data shows that minimum staffing for the police department road patrol is 1 supervisor and 5 officers under normal conditions. Staffing above this level occurs due to MSU student events, such as MSU Welcome Week and MSU Football games in the fall, MSU Basketball NCAA Tournament games in the spring, St. Patrick's Day and Halloween. Staffing levels for ELPD operations have been reduced from 101 FTE's in 2008 to 75.69 FTE's in 2015. This reduction is not solely due to financial hardship, but in part to the transfer of dispatch services to Ingham County.

Staffing constraints leave very little flexibility in scheduling – and usually requires the use of overtime made necessary for staffing increases for MSU events. Over the most recent five-year period, on average 6764 overtime hours per year have been required at an average cost of \$283,503 per year. Most overtime costs coincide with the high activity periods of MSU students (fall and spring).

The following table reports overtime hours the sworn officers of the East Lansing Police Department have worked during the last five years. It should be noted officers are first given a chance to sign up for overtime but if not enough sign up they are mandated to work overtime.

Year	Overtime Hours	Est. Overtime Cost Less \$50,000 MSU	Sworn Officers	Average OT per Officer per Year
2011	6,272.95	\$240,555.09	58	\$4,147.50
2012	6,301.00	\$267,897.79	59	\$4,540.64
2013	7,042.00	\$295,710.10	59	\$5,012.04
2014	7,453.99	\$321,881.73	56	\$5,747.89
2015	6,751.60	\$231,066.76	54	\$5,204.94

MSU directly reimburses ELPD for approximately \$50,000 of overtime every fall for the officers who work the traffic detail and in the stadium during the home football games. The City of East Lansing however, also incurs a cost as it relates to the FAC for employees when they retire.

So not only is there an increased cost of approximately \$231,000 (\$281,000 less \$50,000 MSU reimbursement) per year due to increased overtime, but higher average salaries means average final compensation (FAC) used to calculate retirement benefits increases as well. FAC is based on the highest amount of compensation received over a consecutive 36 month period. For example, an average officer's base salary is currently \$61,339, and the average yearly increase due to overtime attributed to MSU is about \$5,000 which is approximately an 8.2 percent salary

increase per officer, an 8.2 percent increase in FAC for retirement purposes, and an 8.2 percent increase in pension payments.

Another way to think about the additional cost of MSU to ELPD is to pose the question; what would ELPD look like if MSU was not part of the community? Meridian Township has a population of just over 40,000 residents and is a suburb of Lansing just like East Lansing but with less of an influence from MSU. Meridian Township is staffed with 39 sworn officers (15 less than ELPD). East Lansing officers currently cost \$92,000 per year in salary, benefits and equipment.

So if ELPD had 15 fewer officers at \$92,000 per year the savings would be \$1,380,000 and if net overtime costs related to MSU special events of about \$240,000 per year were eliminated, the savings would be approximately \$1.62 million per year – for a budgetary savings of about 16 percent in 2015.

Annual Cost of City's Jail:

In addition to ELFD, ELPD and DPW costs, the City is in a unique situation that other non-college communities of similar size do not face because the City needs to operate a jail. The jail has an average of 2,000 to 3,000 yearly bookings. Many arrests and bookings are related to offenses linked to the overconsumption of alcohol by both MSU students and visitors to campus events.

The number of people lodged in the jail that are arrested because of a student-driven event includes both students and non-students attracted to campus events. For example, data collected by ELPD shows that when MSU plays U of M about half the people arrested will be MSU students and most of the rest are non MSU students who were drawn to East Lansing because of the game.

The table below reports total City jail lodgings by type in 2015. It also reports prisoners lodged in the City jail related to home games and holidays for multiple years. It is important to note that special event related data is not complete as it is only available for certain major events. It is also important to note that while MSU student arrests are known, the number of non-student arrests directly related to these events is not because ELPD cannot track the reason that someone is in the City.

Anecdotal evidence suggests that a significant number of non-student arrests during special events are non-students attending the event. In addition, for 7 home games and 3 special events in 2015, non-student arrests were 223 or 18.9 percent of the yearly total, and student arrests were 105 or 19.8 percent of the yearly total. So the data also suggests a strong correlation between special events at MSU and non-student arrests.

Prisoners Lodged in City Jail in 2015

ELPD Arrest Lodgings (Non MSU Student)	1,180
ELPD Arrest Lodgings (MSU Students)	530
Lodgings for Court Prisoners	446
MSU PD Lodgings	134
Other Agency Lodgings	<u>49</u>
Total Lodgings	2,339

Prisoners Lodged in City Jail During Certain Special Events

	<u>Total Arrests</u>	<u>MSU Students</u>	<u>Non-Students</u>
2014 Home Game Arrests	174	53	121
2015 Home Game Arrests	206	64	142
2016 Home Game Arrests (YTD)	105	32	73
NCAA Basketball 2015	206	64	142
Welcome Week			
2014	91	35	56
2015	54	15	39
2016	92	25	67
Halloween			
2014	34	7	27
2015	28	8	20
St. Patrick's Day			
2015	40	18	22
2016	50	22	28

The City jail costs about \$416,825 per year, and the jail generates revenue through prisoner reimbursement of about \$40,000 per year to offset jail costs. Hence, the net cost of operating the City's jail were about \$376,825 in 2015.

Department of Public Works

DPW Director House provided GLEC with data on added costs to the City associated with MSU as it relates to special events, weekend activities, and student move-in and move out.

There are typically six to seven home games and an annual homecoming parade. Each home game costs the city an additional \$1,400/day for ongoing event clean-up of the downtown and associated traffic control for staff overtime, equipment costs and supplies. During larger events, like play-offs and key games, the cost can increase to \$2,800/day.

The non-charged costs for a homecoming event, comprised of coordination, preparation, staff overtime, significant traffic control, street closures, and post event clean-up comes to \$14,500. Assuming six home games, a playoff and homecoming, the annual cost is about \$25,700.

On each weekend when students are in town DPW assigns three staff members on overtime to clean-up downtown on Saturday and Sunday mornings to mitigate the effects of nightlife and perform general maintenance. The scope of work include ground litter pickup, vomit removal, broken glass collection, trash and recycling collection, plant maintenance and seasonal maintenance. During times when students are not in session, DPW assigns two staff members to perform the same function.

Therefore, the student presence requires a 33% increase in staff allocation for weekend downtown maintenance, which constitutes approximately \$230/day in costs (labor, equipment and material), for 35 weekends, two days each, totaling \$16,100.

Normal downtown maintenance is similarly impacted, but to a lesser degree, with approximately 20% of the effort associated to clean-up from downtown nightlife. This equates to roughly \$25,000 in cost. The total downtown cost impact is \$41,100.

During student move in and move out the city runs bulk refuse routes for multiple days. Bulk trash collection is funded through the sale of bulk stickers. The intent of bulk trash programs is to provide an affordable option to dispose of bulk items and decrease illegal dumping. During this transitional time frame, the city will also collect illegal dumping. Bulk collection fees do not fully cover the cost of the service during this time frame with an impact to the city of approximately \$3,600.

Estimated Added Cost of MSU to DPW Budget in 2015

Special Events	\$25,700
Downtown Cleanup	\$41,000
Bulk Trash Removal (Move-in Move-out)	<u>\$3,600</u>
	\$70,300

Summary of Annual Net Costs of Public Safety and DPW to the East Lansing Budget of MSU

As reported in the table that follows, the estimated annual costs to the City budget after all offsets are considered is about \$3.75 million.

Summary Table: Estimated Net Cost of MSU to the City in 2015

ELFD	\$1,680,000
ELPD	\$1,620,000
City Jail	\$376,825
DPW	<u>\$70,300</u>
Total Net Cost 2015	\$3,745,125

It should be noted that state statutory revenue sharing payments to the City were underfunded by an estimated \$2.96 million in 2015 and state PA 289 grants to the City were underfunded by \$1.6 million in 2015. Had these two items been funded properly, the \$3.75 million shortfall could have been eliminated.

It is also important to note that these estimates do not include the cost of specialized equipment that ELFD requires because of multi-story, on-campus and off-campus buildings such as student Dormitories and Fraternity Houses.

Long-Term Cost Estimates:

Long-term costs accrue to the City when public safety staffing levels and overtime costs are higher as a result of MSU's budget effect on the City. It is estimated that the City has an additional 30 Public Safety FTE's not required by Meridian Township. Hence, total City Government employment is about 7.6 percent higher as a result of increased public safety staffing levels and total public safety personnel levels are about 24 percent higher.

Higher annual employment costs are factored into short-term estimates, but added retirement costs, higher costs unfunded pension costs, and higher unfunded accrued liability for Other Post-Employment Benefits (OPEB) are not.

The impact of higher staffing levels on pension payments, overtime costs that impact retirement costs through higher final average compensation (FAC), and the impact on OPEB accrue over the course of decades. In addition, the future impact of newer employees being covered by a hybrid retirement plan as opposed to a Defined Benefit (DB) plan mean that a precise analysis of the impact of MSU on the City's unfunded pension liability and unfunded OPEB liability would require a formal actuarial analysis which is beyond the scope of this study. However, we can provide a reasonable first look at these costs.

The Municipal Employees Retirement System (MERS) reported (as of 12/31/2015) unfunded pension liability for City public safety personnel as \$50.2 million. The December 31, 2014 portion of unfunded OPEB liability for police and fire is approximately \$20.6 million. Applying the proportions estimated above (24 percent of total public safety personnel), unfunded pension liability attributable to MSU would be about \$12.5 million and public safety OPEB liability would be about \$4.9 million respectively.

State Revenue Sharing Payments

Municipalities in Michigan rely heavily on property taxes and intergovernmental transfers including state revenue sharing and various grants that offset local costs. However, Michigan law contains structural provisions including the 1964 city income tax limitation, the Headlee Amendment, and Proposal A constraints, that severely limit the ability of municipalities like East Lansing to raise own-source revenue and collect taxes on existing properties. In addition to restrictions on the ability to raise own-source revenue and property taxes, the State has significantly reduced intergovernmental transfers.

In 1998, state policymakers amended the law to provide that the statutory revenue sharing base would be calculated as a percentage of sales tax collections. The statutory revenue sharing base was specified to be 21.3 percent of the sales tax collections at a rate of four percent. For municipalities, the base was specified as an amount equal to 74.94 percent of 21.3 percent of the sales tax collections at a rate of four percent.

Under current law, state revenue sharing consists of two parts: constitutional payments and what is commonly referred to as statutory revenue sharing payments. Constitutional revenue sharing payments are specified in Article IX, Sec. 10 as:

*“Fifteen percent of all taxes imposed on retailers on taxable sales at retail of tangible personal property at a rate of not more than 4% shall be used exclusively for assistance to townships, cities and villages, **on a population basis as provided by law**. In determining population the legislature may exclude any portion of the total number of persons who are wards, patients or convicts in any tax supported institution.”(Emphasis added)*

The sales tax rate is fixed, and total payments are based upon a percentage of actual sales tax collections equal to 15 percent of the amount of tax collected at a 4 percent rate. These payments are guaranteed, but the sales tax base has been reduced by state tax policy changes over the years which have exempted parts of the base from taxation. Hence, constitutional payments have also been effectively reduced due to tax changes that reduce the sales tax base.

Since FY 1998, when 1998 PA 532 was enacted, lawmakers have fully funded statutory revenue sharing payments only once (in FY 2001). Statutory revenue sharing payments to cities, villages, and townships in FY 2016 is estimated to be about \$580 million below the full funding of the state’s statutory obligation. The cumulative amount of cuts to statutory revenue sharing for municipalities from FY 1998 to FY 2016 is estimated to be about \$5.5 billion.

As shown in the chart below, the cumulative amount of cuts to statutory revenue sharing for the City of East Lansing from FY 1998 to FY 2016 is estimated to be about \$22,987,324.

City of East Lansing Revenue Sharing Payments 2003 to 2015

Year	Const. Payments	Statutory Payments	Total Payments	Full Statutory Payments	Statutory Reduction	Full Funding	Cumulative Difference
2003	\$3,101,497.00	\$3,463,900	\$6,565,397.00	\$3,702,046.00	\$238,146.00	\$6,803,543.00	(\$238,146.00)
2004	\$3,067,807.00	\$2,832,862	\$5,900,669.00	\$3,661,832.54	\$828,970.54	\$6,729,639.54	(\$1,067,116.54)
2005	\$3,141,018.00	\$2,695,333	\$5,836,351.00	\$3,749,219.53	\$1,053,886.53	\$6,890,237.53	(\$2,121,003.07)
2006	\$3,194,494.00	\$2,576,918	\$5,771,412.00	\$3,813,050.19	\$1,236,132.19	\$7,007,544.19	(\$3,357,135.26)
2007	\$3,128,118.00	\$2,471,422	\$5,599,540.00	\$3,733,821.68	\$1,262,399.68	\$6,861,939.68	(\$4,619,534.94)
2008	\$3,232,557.00	\$2,366,983	\$5,599,540.00	\$3,858,483.41	\$1,491,500.41	\$7,091,040.41	(\$6,111,035.35)
2009	\$3,048,690.00	\$2,366,983	\$5,415,673.00	\$3,639,013.88	\$1,272,030.88	\$6,687,703.88	(\$7,383,066.22)
2010	\$2,955,295.00	\$1,861,404	\$4,816,699.00	\$3,527,534.62	\$1,666,130.62	\$6,482,829.62	(\$9,049,196.84)
2011	\$3,277,384.00	\$1,669,598	\$4,946,982.00	\$3,911,990.35	\$2,242,392.35	\$7,189,374.35	(\$11,291,589.19)
2012	\$3,488,430.00	\$1,262,727	\$4,751,157.00	\$4,163,901.60	\$2,901,174.60	\$7,652,331.60	(\$14,192,763.79)
2013	\$3,560,651.00	\$1,352,922	\$4,913,573.00	\$4,250,106.90	\$2,897,184.90	\$7,810,757.90	(\$17,089,948.69)
2014	\$3,644,154.00	\$1,418,103	\$5,062,257.00	\$4,349,778.75	\$2,931,675.75	\$7,993,932.75	(\$20,021,624.43)
2015	\$3,701,389.00	\$1,461,396	\$5,162,785.00	\$4,418,096.27	\$2,956,700.27	\$8,119,485.27	(\$22,978,324.71)

It is important to note that both Constitutional and Statutory revenue sharing payments are based in part upon population estimates, and that the Constitution gives the State discretion as to how population is measured (note: *on a population basis as provided by law* in Article IX, Sec. 10).

The current revenue sharing distribution to East Lansing is based on a population estimate of 48,579. The estimated number is from the 2010 census of 46,610 East Lansing residents in Ingham County and 1,969 in Clinton County for a total of 48,579. The population estimate will not change until the 2020 census is completed. That is important because a downward bias in the population estimate for a municipality will reduce both Constitutional and Statutory payments.

The student population at MSU in 2015 is estimated to exceed 50,000 with about 39 percent of the students living in college-owned, -operated or -affiliated housing and 61 percent of students living off campus. It should be noted that the MSU student population of 45,007 in 2001 (year of the last census) has significantly increased. Even when adjusted for commuter students who live in surrounding communities, it is difficult to justify an East Lansing population estimate of 48,579. That suggests that the way the student population at MSU is attributed to East Lansing probably leads to a downward bias in City population estimates.

While most MSU students are not full-time East Lansing residents they spend most of the year in the city. It would be better to use some measure such as a full-time equivalent resident to capture the large presence of MSU student's impact on the City for revenue sharing purposes.

The amount or revenue lost if the population count used for revenue sharing purposes is biased downward could be significant. For example, the Constitutional payment is approximately \$79 per capita. So if the population estimate is off by an average of 10,000 per year, the impact on Constitutional payments is a reduction to the City of \$790,000 per year and the loss from 2002 to 2015 would be over \$10.9 million higher than the \$22,978,324 loss indicated in the preceding Table.

Data Sources:

ELFD Chief Talifarro, ELPD Chief Murphy, DPW Director House, and Finance Director Haskell provided data to GLEC that was instrumental to this analysis.

City of East Lansing FY 2015 BUDGET & PROGRAM OF SERVICES.

City of East Lansing, Michigan. Comprehensive Annual Financial Report. For the Fiscal Year Ended June 30, 2015.

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Michigan Department of Licensing and Regulatory Affairs (LARA)

Michigan House Fiscal Agency (HFA)

Michigan Municipal League