

B+ Michigan

The Battle of Lansing, as many have come to remember the state's bloody budget deliberations last year, drew national attention to Michigan's economic woes. And there's no question that fiscal austerity has hurt the state's capacity to deliver basic services. The workforce has been drastically reduced, and Michigan officials worry that agency staff reductions have gone beyond fat and deep into bone and marrow. No new workers are likely to arrive soon. As the automobile industry continues to suffer, revenue streams are in trouble and the state's credit ratings have dropped. And for all the emergency moves, including a substantial tax increase, Michigan is far from structural balance between revenues and expenditures.

With all that in mind, the surprise in Michigan is the strength and suppleness of much of its management, in both good times and bad. "To be honest, when the economy's doing well, you tend to be a little bit blasé about things," says Treasurer Robert Kleine. "When things are going badly, you've got to focus a lot more."

"Focus" is what Michigan has generally been able to do, both in a short-term and long-term sense. Over the years, the state has been a leader in all forms of strategic imagination: workforce planning, information technology planning, capital planning and others as well.

Early in Governor Jennifer Granholm's first term, agency representatives were organized into six teams reflecting the administration's major initiatives. For example, a team focused on improving the economy includes the departments of transportation, economic development and labor. There's far less attention on individual agency goals in Michigan, and more on broad objectives.

Progress toward these goals is built into project-level indicators, targets and deadlines. All the information is compiled in a technological tool called MiPlan that can easily be accessed by all involved. Posters tracking progress and reminding staffers of deadlines and targets are plastered on office walls throughout the capitol complex—and serve as an accountability tool during cabi-

net meetings. More than 100 of the measures are available on the state's Web site, allowing citizens to keep tabs on how their government is performing.

That Web site is a national model for a variety of reasons. After a dramatic overhaul, it now allows both citizens and business to easily perform a great range of transactions, often saving the state money. The site uses blogs, surveys, RSS feeds and video streaming to engage and inform citizens—critical outreach at a time when confidence in state government has been crippled by hard times and by the pain of the last budget process.

As Granholm puts it: "We have consolidated departments. We've eliminated agencies. We've done all of that restructuring. But the key to being able to continue to serve, and to serve better—even in these really challenging times—is through leveraging technology."

Technology is, of course, expensive—and difficult choices have had to be made. In the Department of Human Services, for example, a long-term information upgrade that will eventually mean lighter workloads for overburdened social workers was chosen in lieu of shorter-term improvements in other technology.

Similar choices have been required in infrastructure management. State buildings languish in varying degrees of dilapidation. But the Department of Transportation, laudably, accomplished its 10-year goal of bringing 90 percent of the state's roads into good condition. Michigan's DOT has few peers in asset management—and in preventive maintenance—and has all the tools necessary to make smart decisions, even if it doesn't always have the funding. The DOT knows, for example, that it can save 29 lives and prevent 114 serious injuries by installing cable guardrails and rumble strips on key roadways. That will cost \$40 million that it can't easily spare. But at least managers can see the trade-offs involved in their decisions—in asset conditions, in funds and even in lives.

For additional data and analysis, go to pewcenteronthestates.org/gpp

Money C+

Long-Term Outlook	●
Budget Process	●
Structural Balance	●
Contracting/Purchasing	●
Financial Controls/Reporting	●

People B+

Strategic Workforce Planning	●
Hiring	●
Retaining Employees	●
Training and Development	●
Managing Employee Performance	●

Infrastructure A-

Capital Planning	●
Project Monitoring	●
Maintenance	●
Internal Coordination	●
Intergovernmental Coordination	●

Information A

Strategic Direction	●
Budgeting for Performance	●
Managing for Performance	●
Performance Auditing & Evaluation	●
Online Services & Information	●

Population (rank): 10,095,643 (8)

Average per capita income (rank): \$24,097 (25)

Total state spending (rank): \$53,087,424,000 (9)

Spending per capita (rank): \$5,258 (25)

Governor: Jennifer M. Granholm (D)

First elected: 11/2002

Senate: 38 members: 17 D, 21 R

Term limits: 8 years (lifetime)

House: 110 members: 58 D, 52 R

Term limits: 6 years (lifetime)