

B+ Michigan

Michigan is often described as a national leader in public management, and in many cases that reputation is justified. It has been heralded as a pioneer in creating a centralized system of information technology, and this has helped it leapfrog over other states in its ability to gather, analyze and disseminate information. It boasts a civil service system remarkably free of bureaucratic restrictions.

In some areas, though, citizens may have a hard time understanding why the state has this exemplary reputation. Officials in other states refer to Michigan as a standout in transportation management. But anybody who actually travels the state's roads can look in the rear-view mirror and see something very different. "Everyone has their horror story about roads," says Lynn Jondahl, a former legislator who is now executive director of the Michigan Prospect, a nonprofit public policy institute think tank.

Why the disconnect? Out of 120,000 lane-miles of road in Michigan, the state DOT is directly responsible for just under 10,000. It carefully tracks the condition of those roads and, despite a bleak economy, is close to schedule to achieve pavement goals that were set in 1998. But the rest of the roads, under joint state-local maintenance, are often in far worse condition and, in the words of Governor Jennifer Granholm, "citizens couldn't care less who is responsible for which roads." In the past, there's been little good data about the quality of the local infrastructure, and decisions about where to spend have been bartered through an inefficient political process that pits each region against the others.

But the state has been moving to deal with this prescription for inefficiency. Two years ago, a new Asset Management Council was created to eventually monitor all the state's roads. That way money can be distributed on the basis of need, not political potency. "The legislature got tired of everyone coming in with their own set of data—data that proved their case," says Kirk Steudle, chief deputy director of the Michigan DOT. The council is now in its second year of assessing road condition and will report to the legislature in May on 43,000 miles, more than a third of all the roads. The Granholm administration is stressing the preserva-

"Silo busting" aims to get disparate groups to work together. Budget priorities are ranked without regard to territorial departmental concerns.

tion of existing roads rather than the construction of new ones.

"Silo busting" has been very much part of Granholm's two-year-old administration. Her goal has been to get disparate groups to work together. As in Washington State, Michigan's budget priorities are now being sorted out by subject-area teams—for example, education or health and human services—that rank the importance of activities without regard to territorial departmental concerns. This goes along with serious efforts at strategic planning and attention to measurement of results.

State leaders hope this process will help address some major financial shortcomings. Expenditures have been growing far faster than revenues. The state has relied on one-time revenue boosts, including some unsavory accounting gimmicks, and increased its short-term borrowing. And its budgetary reserves are now minimal.

Meanwhile, the legislature has voted to eliminate the state's unusual single-business tax as of 2009, and leaders are scurrying to try to figure out what other options they can tap. To deal with its short-term problems, the legislature has turned to sin taxes. The state's cigarette tax has been raised to \$2 a package and tax rates on casinos got another boost in September. But relying on these revenue sources is a short-term solution at best, and Michigan needs a long-term solution to its problems—a proposition made more difficult by one of the most rigid term limit laws in the country. House members are restricted to six years lifetime, and senators to eight years. That doesn't exactly encourage a sense of perspective.

For additional data and analysis, go to:
<http://results.gpponline.org/michigan>

● Strength ○ Mid-level ● Weakness

Money B

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 B+

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

Information B+

Strategic Direction	●
Budgeting for Performance	○
Managing for Performance	●
Program Evaluation	○
Electronic Government	○

Population (rank): 9,938,444 (8)
Average per capita income (rank): \$30,439 (24)
Total state spending (rank): \$49,183,595,000 (7)
Spending per capita (rank): \$4,897 (17)
Governor: Jennifer Granholm (D)
First elected: 11/2002
Senate: 38 members: 16 D, 22 R
Term limits: 8 years (lifetime)
House: 110 members: 52 D, 58 R
Term limits: 6 years (lifetime)