



Granholt-Cherry Administration Accomplishments

2003-2010

Table of Contents

Introduction	2
Chapter 1 – Diversifying the Economy	4
Chapter 2 – Educating and Training All Michigan Citizens	23
Chapter 3 – Protecting Our Citizens	33
Chapter 4 – Reforming Government	45
Appendix 1	48

Introduction

In the 20th Century, no state exemplified the American Dream more than Michigan. This was the place where hard work could lead to a good life. People across the nation and around the world came to Michigan to build businesses, create communities and raise families. Their innovation and perspiration built some of the world's best-known and most-beloved products and made Michigan the global center of manufacturing. Today, in a new century, this tradition of hard work and bold thinking still characterizes our people. Michigan remains the home of major manufacturing industries and proud communities; and our quality of life on the shores of the magnificent Great Lakes is still the envy of a nation, but we have faced serious challenges.

When Jennifer M. Granholm took office as Michigan's 47th governor in 2003, the state was already experiencing staggering job losses in manufacturing as a result of years of globalization, technological change, unfavorable trade policies and a massive shift of traditional manufacturing jobs to low-wage countries. In the two years prior to her election, Michigan had already lost nearly 200,000 jobs, many of which were being outsourced in large numbers to countries like China and Mexico. Washington had failed to adopt a pro-American manufacturing policy agenda, even in the face of huge manufacturing losses. At the same time, Michigan's budget was in crisis. Tax cuts adopted by the previous administration were rolling in, and the foundation of Michigan's manufacturing economy was crumbling, saddling the state with billions of dollars in increasing deficits.

Despite the fiscal challenges she inherited and the massive global shift in manufacturing jobs, Governor Granholm and her team crafted a detailed response to Michigan's economic crisis – a detailed, comprehensive economic plan rooted in her belief that every citizen in Michigan should have the opportunity for a good-paying job and a good quality of life.

For eight years, the Granholm economic plan was the nation's most aggressive: the boldest effort to diversify a state economy in America through the 21st Century Jobs Fund; the most aggressive effort in the country to attract advanced battery manufacturers, R&D companies, filmmakers and other new sectors; the nation's most successful retraining program through No Worker Left Behind; tighter reins on spending and budget expansion than any state in the nation; the most technologically-friendly government in the country, and more.

For eight years, Jennifer Granholm has been willing to “go anywhere and do anything” to bring jobs to Michigan. Her plan and that effort have laid the foundation for a new Michigan economy.

She and her team fought to keep the jobs we have; to create new jobs in growing sectors; to give the people of Michigan the education and training they needed to prosper; and to protect our citizens through the challenges of economic transition.

Over eight years, Granholm's efforts in partnership with her economic development team have resulted in more than 653,000 direct jobs created or retained and spurred more than \$57 billion in private investment in nearly 4,000 economic development projects. That's why *Site Selection* magazine has repeatedly named Michigan one of the top three states in the country for recruiting new businesses and projects.

Today, Michigan's economy is more diverse and is emerging from this crisis with a stronger economic foundation; the auto industry has endured severe downsizings and bankruptcies, restructuring to emerge more dynamic and profitable.

Leading economic indicators are starting to reflect the positive growth in Michigan's economy:

- Michigan's unemployment rate has dropped for six consecutive months, falling at three times the national rate;
- Private payroll jobs are up through the first nine months of 2010 for the first time in a decade;
- A recent study by the Brookings Institute and the London School of Economics found that the Detroit metropolitan area ranked seventh in the nation for economic growth between 2009 and 2010 – an impressive ranking for a region that had ranked 146 out of 150 for the three years prior; and
- Tax collections have been higher than expected in the fall of 2010 and Granholm administration department leaders have held the line on spending resulting in an expected \$400 million surplus in the fiscal year 2010 budget.¹

The pages that follow detail the work that the team, led by Governor Jennifer M. Granholm and Lieutenant Governor John D. Cherry, Jr., has done. The depth and breadth of the work highlights the challenges of leading in a time of economic uncertainty and national recession, but clearly illustrates the commitment of leaders dedicated to the citizens they served.

¹ As of December 10, 2010, book closing for the fiscal year 2010 budget was not yet complete, but fund balances in excess of \$150 million in the general fund and \$250 million in the School Aid Fund are anticipated.

Part I

Diversifying Michigan's Economy

“Going Anywhere and Doing Anything” to bring jobs to Michigan has been more than just a slogan for the Granholm-Cherry administration – it’s been a way of life. The administration began in the midst of economic downturn. The state was rapidly losing jobs as outsourcing ravaged our manufacturing base. Nearly one quarter of the jobs Michigan would lose in the first decade of the 21st Century were gone by the time Jennifer Granholm and John Cherry took their oaths of office in January 2003.

Determined to face the challenge of reshaping Michigan’s economy head-on, Governor Granholm proposed and implemented the nation’s most aggressive economic plan – a plan that finally ended years of talking about diversification and replaced it with action.

To achieve the goal of diversification, Granholm proposed the **21st Century Jobs Fund** – a \$2 billion, 10 year investment that aims to reshape and diversify Michigan’s economy, focusing on competitive-edge technology businesses and entrepreneurial small businesses. Since the fund began operating in 2006, it has played a key role in building Michigan’s rapidly expanding clean energy industry and helping grow our life sciences, advanced manufacturing and homeland security sectors.

The 21st Century Jobs Fund also gave a needed boost to Michigan tourism by funding the award-winning Pure Michigan advertising campaign. And the Granholm administration has used targeted tax incentives to help create a rapidly-growing Michigan film industry.

In the midst of the administration’s efforts to diversify Michigan’s economy, it became clear that the state’s anchor industry – automotive manufacturing – was not just in another cyclical downturn, but was severely threatened. The governor was unwavering in her support of the automotive industry, serving as a national spokesperson for federal government intervention to prevent a complete collapse.

Together with efforts to protect our manufacturing base, support our auto industry as it endured transition and to make state government more business-friendly, the 21st Century Jobs Fund has been the center point of the rebuilding efforts.

And the impact of these efforts is beginning to be felt in communities across Michigan. In 2010, the unemployment rate in Michigan has fallen at nearly 3 times the national rate as the state has seen fewer unemployed citizens in every month of the year. Economic forecasters expect Michigan will return to positive job growth in 2011 after a decade of job losses.

Thanks to the nation's most aggressive battery incentives, called for by the governor and signed into law in December 2008, Michigan is already the North American home of research, development and manufacturing of this fast-growing industry. Since 2009, 18 battery companies have chosen Michigan, investing more than \$5.8 billion, and are projected to create nearly 64,000 jobs.

Michigan's clean energy laws included a commitment for the state to generate at least 10 percent of its energy from renewable sources. This package was designed to spur development of the wind and solar energy industries in Michigan. Since the governor signed this package into law on October 6, 2008, 13 companies involved in wind energy and 8 solar companies have chosen Michigan by investing nearly \$3.8 billion in our state. Together, these companies are expected to create nearly 28,000 jobs.

Granholm's innovative Centers of Energy Excellence program (COEE), which promotes the development, acceleration and sustainability of energy excellence sectors in this state, has helped spur the next generation of biofuels technology and commercialization in Michigan. COEE supports the development of clean energy industry clusters by identifying and/or locating a base company in a geographic region with the necessary business and supply-chain infrastructure. These centers will match the base company with universities, national labs, and training centers to accelerate next-generation research, workforce development, and commercialization.

Since the program began in 2008, 13 Centers of Energy Excellence have been established:

- A123 Systems, Inc. (Ann Arbor)
- Adaptive Materials (Ann Arbor)
- American Process, Inc. (Alpena)
- Astraeus Wind Energy (Eaton Rapids)
- Dow Chemical (Midland)
- Dow Corning (Midland)
- Energetx Composites (Holland)
- Grid Logic (Metamora)
- Mascoma Corporation (Kinross)
- Sakti 3 (Ann Arbor)
- Swedish Biogas International (Flint)
- URV USA (Eaton Rapids)
- Working Bugs, LLC (East Lansing)

Advanced Manufacturing

Diversifying Michigan's Economy

Michigan has long been recognized as the home of the global auto industry, in large part because the “brains” of the industry – the engineering and design – is centered here. In fact, every major vehicle-related manufacturer and supplier has established tech centers here.

Michigan's advanced manufacturing strengths are clear:

- #1 state for vehicle-related R&D - spending \$11.8 billion annually
- #4 in the nation in research intensity (ratio of expenditures to gross state product)
- #4 in the nation for engineering graduates
- Industrial and research assets at 360 research sites focused on industrial technology
- Home to 47 of the top 50 global automotive suppliers

But as the global auto manufacturing industry experienced severe contraction throughout this decade, Michigan found itself with an excess of high-quality engineering and skilled manufacturing talent.

With the help of the 21st Century Jobs Fund (21st CJF), and Governor Granholm's “go anywhere and do anything” attitude, Michigan companies are finding opportunities to put that advanced manufacturing know-how to use producing everything from medical devices to military hardware to clean energy technologies. With nearly 15,000 manufacturing companies in the state, Michigan's high-quality engineering and skilled manufacturing continue to attract employers in emerging 21st Century industries.

Two rounds of 21st CJF competition resulted in nearly \$32.6 million in investment in advanced manufacturing. In addition, more than \$10.3 million in loans had been made available to manufacturers through the Small Business Capital Access Program and 9 small manufacturers have received assistance through the Michigan Pre-Seed Capital Fund.

In 2009, the Michigan Supplier Diversification Fund (MSDF) was created under the 21st Century Jobs Fund as a loan enhancement program to assist manufacturers, especially auto suppliers that could not gain access to credit during the severe economic downturn. Though only a year old, the MSDF has already invested more than \$6.7 million to help create or retain more than 1,700 manufacturing jobs in Michigan.

Altogether, Granholm's economic development efforts through the Michigan Economic Development Corporation (MEDC) have resulted in 413 advanced manufacturing projects receiving state assistance to create or retain more than 58,600 direct jobs since 2003.

Homeland Security & Defense

Diversifying Michigan's Economy

In 1940, President Franklin Roosevelt called Detroit the “arsenal of democracy” as it put its manufacturing know-how to work supporting the Allied troops fighting in World War II. Seventy years later, Michigan’s skilled workforce, engineering talent and manufacturing capabilities still make us a natural leader in this industry. That’s why Governor Granholm’s 21st Century Jobs Fund identified homeland security and defense as one of its six target sectors for growth and job creation.

The Defense Contract Coordination Center (DC3) was created through the 21st Century Jobs Fund in 2007 with the goal of doubling federal defense and homeland security spending in Michigan to create jobs and expand the industry. DC3, the first center of its kind in the country, works to match the capabilities of Michigan entrepreneurs, companies and researchers with federal contract opportunities.

DC3 has partnered with the state’s Procurement and Technical Assistance Centers (PTACs) to help Michigan businesses compete for federal contracts. With an initial investment of just \$10 million, the results have been impressive:

- In the last 3 years, PTACs have *nearly tripled* the amount of contracts in Michigan from \$906 million in FY05-FY07 to \$2.2 billion in the last three years
- During that same time period, total Department of Defense spending in Michigan has averaged \$5.6 billion annually, an *increase of 27 percent*.

Major defense industry suppliers have also announced a series of expansions in Michigan, including General Dynamics Land Systems and BAE Systems in Sterling Heights, Precision Aerospace in Grand Rapids, Wolverine Worldwide Incorporated in Big Rapids, GE Aviation in Houghton and Oshkosh Corporation in Warren.

In November 2010, the United States Navy selected Marinette Marine-Fincantieri to build 10 combat ships at its shipbuilding facility in Marinette, Wisconsin on the Michigan border adjacent to Menominee. Marinette Marine-Fincantieri, partnering with Lockheed Martin, won a contract from the Department of Defense to build 10 of the U.S. Navy's Littoral Combat Ship (LCS), a high-speed, shallow-draft, reconfigurable warship. The contract means more than 3,000 Michigan jobs statewide with between 40 and 50 Michigan suppliers providing parts, materials and services.

Since taking office, Granholm and the MEDC have partnered with homeland security and defense companies on 134 projects which have created or retained more than 12,100 direct jobs and spurred more than \$261 million in private investment.

Life Sciences

Diversifying Michigan's Economy

Granholm's 21st Century Jobs Fund (21st CJF) reaffirmed Michigan's strong commitment to growing the life sciences sector which was clearly established by Michigan Life Sciences Corridor in 1999 and the Michigan Tri-Technology Corridor in 2004.

When Pfizer Corporation announced they were closing their Ann Arbor research facilities and transferring hundreds of jobs from Kalamazoo out-of-state, Governor Granholm and the Michigan Economic Development Corporation stepped in to keep the company's assets, including their talented employees, in Michigan. Funded by the 21st CJF, the Pfizer Retention Program invested \$13.5 million, keeping 88 ex-Pfizer scientists in the state and creating 413 direct and indirect jobs as a result. Seven of the 10 start-up companies founded by these employees and invested in during the first round of funding have already repaid their loans and the other three are in the repayment process.

The state has established a number of additional economic development tools specifically aimed at the life sciences sector, including SmartZones, a pre-seed capital fund, seed tax credits for Angel investors, state R&D tax credits, and a sales tax exemption for R&D and bio-manufacturing equipment.

All of the programs are geared to promote the development of lifesaving treatments; recruit and retain experienced scientific professionals; and establish a collaborative relationship between Michigan's universities and research institutions and Michigan-based companies.

Michigan's life sciences industry employs more than 79,000 workers, according to a recent study. The state is home to over 550 life sciences companies, including more than 105 making Michigan their home since 2000. With more than \$2 billion invested in research and development each year, focus areas include pharmaceuticals, medical devices, diagnostics, and instrumentation and ancillary services.

And thanks to the efforts of the governor and the MEDC, the state has provided support to 382 life science projects which have created or retained more than 48,800 direct jobs since 2003.

Tourism

Diversifying Michigan's Economy

In 2006, the Granholm administration launched the *Pure Michigan* advertising campaign to promote all that Michigan has to offer to potential visitors throughout the country. Since its launch, Pure Michigan has won countless awards, including being listed by *Forbes* in 2009 as one of the ten best tourism promotion campaigns ever created worldwide. Pure Michigan was recognized in 2007 by the U.S. Travel Association as the *Best State Tourism Advertising Campaign*. In August 2010, *USA Today* did a front-page feature story on state tourism branding and advertising which showcased Pure Michigan as the primary success story.



More importantly, according to independent research, Pure Michigan has produced results for Michigan businesses and the state of Michigan.

According to a four-year study of Pure Michigan out-of-state summer advertising from 2006 to 2009, the ads:

- brought five million new out-of-state visitors to Michigan;
- generated \$1.3 billion in spending at Michigan businesses; and
- resulted in \$93 million in Michigan taxes, primarily sales tax.

In fact, for each dollar spent on this Pure Michigan advertising, the state got back \$2.94 in new, incremental taxes paid by these out-of-state visitors.

Travel Michigan's 2009 Pure Michigan national advertising campaign also delivered a significant return on investment (ROI), according to a study conducted by Longwoods International, a research firm specializing in tourism advertising return on investment. According to the study, the first-ever national Pure Michigan advertising campaign motivated 680,000 new trips to Michigan from outside the Great Lakes region. Those visitors spent \$250 million at Michigan businesses last summer as a direct result of the Travel Michigan advertising program. In addition, these new out-of-state visitors paid \$17.5 million in state taxes while in Michigan, yielding a \$2.23 return on investment for the tourism advertising.

In addition, the study also determined the effectiveness of the campaign on the regional level. Longwoods International assessed the impact of the 2009 Pure Michigan summer advertising on the residents of the Chicago, Cleveland, Indianapolis, Cincinnati, Dayton, Columbus, St. Louis, Milwaukee, and Ontario, Canada markets.

The regional campaign attracted 1.3 million out-of-state visitors to Michigan last summer, visitors who spent \$338 million at Michigan businesses. The Pure Michigan campaign was able to improve its regional return on investment from \$2.86 in 2004 to \$5.34 in 2009.

Michigan's tourism industry is a vital component of the economy. Visitors to the state spend \$15.1 billion annually traveling in Michigan, generating \$850 million in state taxes and supporting 142,500 jobs for Michigan residents.

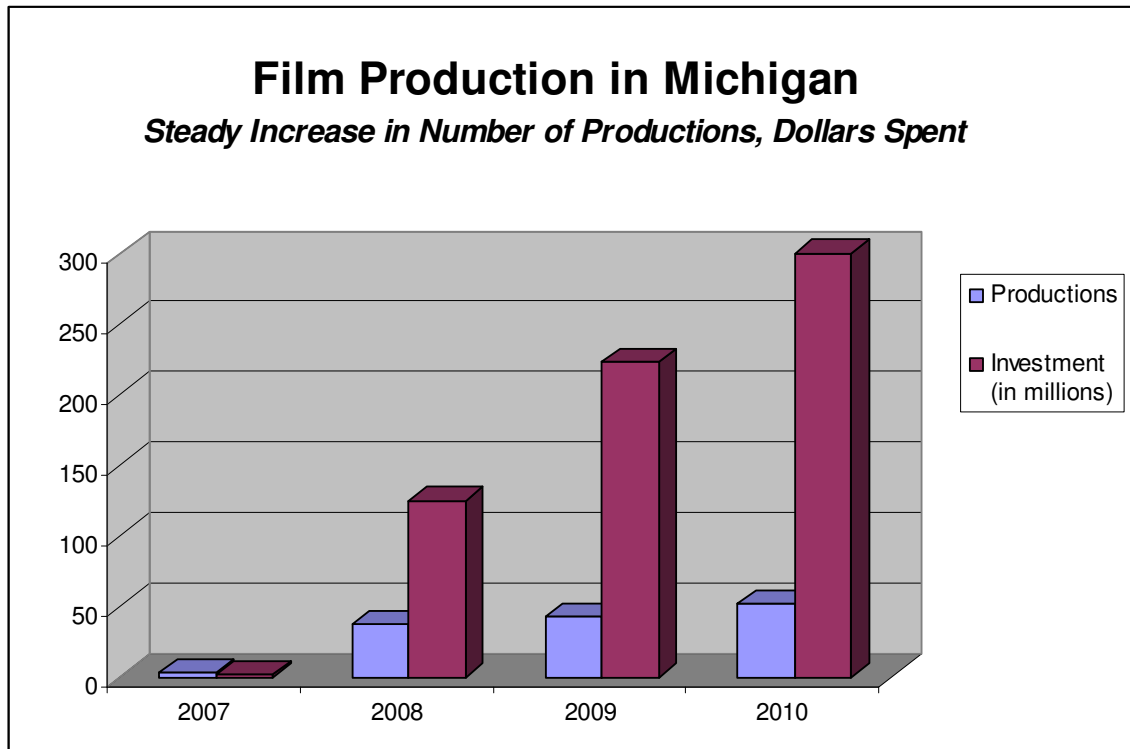
Growing a Film Industry in Michigan

Diversifying Michigan's Economy

Governor Jennifer M. Granholm called on the legislature to adopt a robust film incentive program in her 2008 State of the State address. In April of that year, the governor signed into law the nation's most aggressive film incentive program to spur the growth of a new industry that would provide good-paying, long-term jobs for Michigan workers. The film incentives were part of an economic stimulus package designed to grow the economy and create jobs in new sectors in Michigan. The program provides incentives for film, television and other digital media production in Michigan, as well as infrastructure development and workforce training.

In the first two years after passage of the incentives, more than 7,000 production jobs were created in Michigan as the film industry. In 2010, an additional 7,000 jobs have been created. The industry has invested over \$648 million in just three years and is beginning to build a permanent infrastructure in Michigan with three movie studios already operating and more than 40 film, television and digital media-related training programs at Michigan's colleges, universities and trade schools.²

In each year since the creation of the film incentive program, Michigan has seen increased production activity and economic investment growing from just 3 productions totaling \$2 million in investment in 2007 to more than 50 productions in 2010 with well in excess of \$300 million invested in our state.



² As of December 2010, Grace & Wild Studios in Farmington Hills, TicTock Studios in Holland and 10 West Studio in Manistee are all operating. Raleigh Studios in Pontiac is under construction.

Going Anywhere and Doing Anything ... *Diversifying Michigan's Economy*

Since taking office, Governor Jennifer M. Granholm and Lt. Governor John D. Cherry, Jr. have gone anywhere and done anything to keep jobs and bring jobs to Michigan. As a part of this commitment, the governor and lieutenant governor have made 13 international investment missions.

Between November 2004 and November 2010, their trips took them to 10 countries, including:

- *Germany, November 2004*
- *Japan, July 2005*
- *Japan, May 2006*
- *Germany and Austria, March 2007*
- *Germany and Sweden, August 2007*
- *Japan, September 2008*
- *Israel and Jordan, November 2008*
- *Germany and Belgium, July 2009*
- *Japan, September 2009*
- *Israel and Dubai, November 2009*
- *Italy and Germany, April 2010*
- *France and Sweden, October 2010*
- *South Korea, November 2010*

These trips have resulted in 49 companies announcing nearly \$2 billion in new investment for Michigan and more than 20,000 new or retained jobs in communities across the state.

In addition, two leading Israeli water technology companies have committed to start water technology pilot projects in Michigan.

Saving the Domestic Auto Industry

Diversifying Michigan's Economy

No industry in the 20th century was more identified with Michigan's economy than domestic auto manufacturing. As the home of America's auto industry, Michigan built a strong middle class and attracted massive private sector R&D investment. At the same time, economic reliance on a single industry left the state extremely vulnerable to the impacts of globalization and recession.

Governor Granholm had been warning since she took office that diversification "inside and outside" of the auto sector was essential, and that the state should help in both areas. She advocated tirelessly for supplier diversification efforts that led to more than 1,000 companies participating in training to help attract work in other areas, including defense, medical devices, and particularly energy. And she worked with the original equipment manufacturers (OEMs) to promote electrification of their fleet and development of new clean and green technologies to meet marketplace demands.

The governor's commitment to manufacturing took on even more importance in late 2008 as the domestic auto companies were confronted with an economic tidal wave: the collapse of financial systems, imbalanced trade policy, globalization and spiraling sales declines ravaged General Motors (GM), Ford, Chrysler and their entire extended network of suppliers and dealerships.

At home, she formed the Keep Michigan Working organization to prepare for the consequences of whatever might happen. Calling together leadership from various community agencies, she charged this group with accelerating efforts to provide retraining for laid off workers, attract new business sectors to the region and ensure basic services were available to those in need.

And no public official was more engaged and more vocal in the debate in Washington over providing federal "bridge" assistance to the industry. The governor was a constant voice that intervention was essential. She met with the in-coming President and his team countless times, she worked with the congressional delegation, who were strongly supportive of the auto industry, and she helped provide public support by making the case for support of the auto industry on every national media outlet.

Granholm argued for - and won - federal engagement (and financing) in restructuring GM and Chrysler, which would otherwise have been liquidated. This action saved an estimated 1.45 million jobs between 2009 and today, including more than 224,000 here in Michigan.

Without intervention, Michigan's unemployment rate would have increased an additional 4.6 percent, peaking at 19.5 percent.

Granholm argued for - and won - federal loans to help U.S. auto companies retool to meet new environmental requirements.

Granhholm argued for - and won - a "Cash for Clunkers" program to help bolster sales in the troubled summer of 2009. In the short window when rebates were available, more than 667,000 automobiles were sold. One recent study found that a whopping 90 percent of those purchases would not have been made without the Cash for Clunkers incentive.³

Granhholm argued for - and won - a federal appropriation which provides funds to help auto suppliers diversify – a national program modeled after Michigan’s efforts. As a result, Michigan will receive \$79.2 million to help small businesses diversify, leveraging nearly \$800 million.

Granhholm argued for - and won - an all-parties agreement on aggressive auto emissions standards, ending the debate over competing standards and resulting uncertainties.

Granhholm argued for - and won - a federal effort to assist auto communities where facilities would be left behind in restructuring. The governor’s efforts in Michigan, known as Project Phoenix, bring the state, current and former property owners, businesses, communities, developers and other parties together to inventory - and promote for reuse - former manufacturing sites. The program includes buildings of 500,000 square feet or more, and land sites of 80 acres or more where former manufacturing facilities already have been demolished.

In October 2010, Michigan received \$159 million through the environmental settlement agreement with the Motors Liquidation Company (the old GM) to clean up 56 former automotive properties, including 18 properties involved in Project Phoenix.

Today, Ford, General Motors and Chrysler are enjoying greater financial stability than they have in a number of years. In the third quarter of 2010, all three companies reported operating profits for the first time since 2004.

Once the survival of the Detroit Three was assured, Granhholm turned her attention and unrelenting efforts to ensuring that the companies remained committed to being and growing in Michigan.

Granhholm went to work with all her partners - including the UAW and local governments - to save and create as many jobs as possible. With her economic development agency, the MEDC, in lockstep, she offered incentive packages that have induced GM to reverse its plan to mothball the Orion Assembly and Pontiac Stamping plants - and instead use those plants to build a new small car platform. Similarly, the governor convinced Chrysler to change its mind and keep open its Sterling Heights Assembly Plant, adding a new paint facility and additional car line in 2012.

In addition, since GM and Chrysler have emerged from bankruptcy, the Detroit Three have committed to invest more than \$4.5 billion in Michigan, including:

- GM will keep their corporate headquarters in downtown Detroit, with 4,000 employees providing the anchor for downtown development;

³ Maritz Automotive Research Group, Toledo, OH, March 2010 study found that 542,000 purchases, or 90 percent of purchases, during the rebate period were incremental new car or truck sales.

- GM is now producing the Chevy Volt at Detroit-Hamtramck Plant, and is making investments at eight Michigan plants to support the project;
- GM invested \$190 million at the Lansing Grand River Plant to retool the facility to produce an all-new small luxury car and the plant will add an additional shift;
- GM invested \$37 million in the Lansing Delta Plant, home of the Buick Enclave, Chevrolet Traverse and the GMC Acadia to upgrade equipment and operations;
- GM will invest \$138 million at the Flint Engine facility to ramp up production for a new electric engine, saving 135 jobs;
- GM doubled the size of their battery lab in Warren and announced 1,000 new hires to handle the electrification program and opened a Brownstown Battery Center;
- Ford is rebuilding the Wayne Plant to accommodate production of new Ford Focus projects;
- Ford is adding 1,000 jobs as a result of \$850 million in planned investments at Van Dyke Transmission (Sterling Heights), Flat Rock, Dearborn and Saline;
- Chrysler opened a brand new Trenton Engine Plant, producing a new fuel efficient V-6 engine;
- Chrysler invested \$179 million to launch a new four cylinder engine based on Fiat technology at its Dundee plant;
- Chrysler announced its commitment to invest \$850 million in the Sterling Heights Assembly Plant (SHAP) and surrounding stamping plants to facilitate production of a new generation of vehicles. Chrysler also announced the addition of nearly 900 jobs on a second production shift at SHAP, a plant previously scheduled for closure at the end of 2010;
- Chrysler celebrated the launch of production of new 2011 Jeep Grand Cherokee and added a second production shift, creating nearly 1,100 new jobs at its Jefferson North Assembly Plant in Detroit.

Governor Granholm's courage to fight for policies that were right, though unpopular⁴, has not gone unrecognized.

In August 2010 at the Center for Automotive Research's Management Briefing Seminar, the CEOs of the Big 3 automakers, together with numerous other auto leaders co-signed a letter of appreciation for the governor's efforts on their behalf.

⁴ A Gallup survey done at the time of Congressional action to provide emergency funding to General Motors and Chrysler in February 2009, found that only 25% of the American public supported such action.

The letter read, in part, “We wish to congratulate and thank you for your extraordinary leadership and support of the U.S. automotive industry during your distinguished tenure as Michigan’s Governor. In the public and private sectors as well as the media, you have shown yourself to be a champion of Michigan’s automotive industry and its employees. Given your clear enthusiasm for the automobile industry, your actions have had a direct impact on workers and communities throughout the state.”

Access to Credit

Diversifying Michigan's Economy

One of the biggest challenges for start-up companies, as well as companies looking to expand and create jobs, is access to needed capital. As the global economy staggered in 2008, access to capital became even more daunting as banks refused to lend to many companies. At Governor Granholm's direction, Michigan has made a clear commitment to expanding capital access, including programs targeted to assist manufacturers looking to diversify.

Funding for Start-Ups

Through the 21st Century Jobs Fund, additional capital was made available to emerging Michigan businesses through the 21st Century Investment Fund and the Michigan Pre-Seed Capital Fund. The two funds, which target emerging businesses and high-tech start-ups respectively, have already invested nearly \$47 million in 56 companies, leveraging more than \$291 million in private investment and creating or retaining nearly 1,300 jobs.

Small Business Capital Access Program

The Small Business Capital Access Program (SBCAP) is a loan enhancement program designed to assist small businesses in acquiring financing through a lending institution that might not otherwise be available. Michigan was the first state to create a SBCAP. The program was originally created in 1986, but went unfunded from 2002 to 2006. The program was re-created through the 21st Century Jobs Fund in 2006. With just a \$3.5 million investment, the SBCAP has helped generate more than 1,250 loans totaling more than \$80 million to Michigan companies since 2006, creating or retaining more than 12,000 jobs.

Invest Michigan!

First introduced in the governor's 2008 State of the State address, Invest Michigan! is one of the most aggressive efforts by any state to make capital available to entrepreneurs who want to create jobs. Michigan is investing \$300 million over three years, divided equally between a Growth Capital Fund, which makes direct investments targeting venture capital and expansion-stage companies, and a Michigan Opportunities Fund, which targets potential acquisitions and buyouts. As of November 30, 2010, the program had committed \$106 million to 24 deals.

Michigan Supplier Diversification Fund

The Michigan Supplier Diversification Fund (MSDF), funded through the 21st Century Jobs Fund, operates two loan enhancement programs to help traditional manufacturers, especially auto manufacturers, transition and diversify into growing markets, including clean energy and homeland security. To date, the MSDF has made \$13.3 million in funding available, helping companies secure more than \$47 million in funding, creating or retaining more than 1,700 jobs.

In October 2010, President Barack Obama signed the Small Business Jobs Act, which included a small business credit initiative modeled after the MSDF program, which will make an additional \$79.2 million available to small businesses in Michigan, which is expected to leverage \$792 million in lending.

Entrepreneurship

Diversifying Michigan's Economy

Another key element to successfully diversifying Michigan's economy has been an aggressive effort to foster a robust entrepreneurial ecosystem across the state, including business incubators and entrepreneurial service organizations that provide technical assistance to budding entrepreneurs. Thanks to the Granholm administration's aggressive efforts, Michigan now ranks 5th in the nation for our rate of increase of new firm entrants, an important measure of entrepreneurial activity.

Today, Michigan has more than 184,000 small businesses providing 52 percent of the state's jobs. The Michigan Economic Development Corporation (MEDC) has created 12 Small Business and Technology Development Centers (SBTDCs) across the state to support the growth and development of existing small businesses and new ventures through counseling, training, research and advocacy. In the last decade, SBTDCs have reached over 100,000 businesses that have created a combined 20,000 jobs and raised more than \$1 billion in funding.

In addition, the MEDC has created a network of 15 SmartZones offering business acceleration programs for high-growth, high-tech companies in university communities. Through the Michigan Pre-Seed fund in the 21st Century Jobs Fund, the state can support high-tech start-up companies as they near commercial viability by providing access to early-stage capital. To date, 43 small businesses have received assistance, helping them leverage more than \$34 million in investment and create nearly 500 direct and indirect jobs.

In 2007, the Council for Labor and Economic Growth (CLEG) created the "Supporting & Growing a State Culture of Entrepreneurship" committee that was asked to make recommendations on several key issues, including education, workforce and economic development, and using high-leverage strategies to enable small businesses to grow in Michigan. At the end of last year, CLEG delivered its report titled "Bold Voices, Bold Choices," which outlined 57 recommendations fundamental to Michigan's future success. Of those recommendations, 79 percent have been adopted by the MEDC and other state agencies.

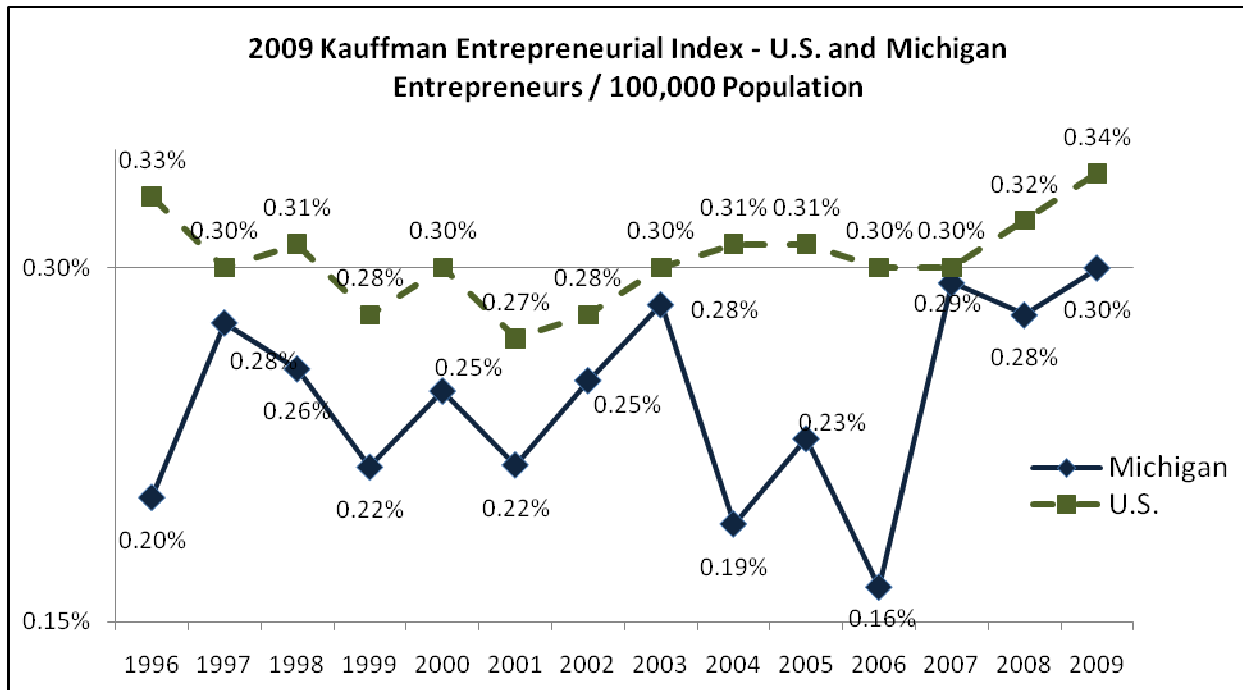
Through the No Worker Left Behind job training program, the Granholm administration provided more than \$1.4 million to nine collaboratives, serving 53 of the state's 83 counties to help prepare entrepreneurs for successful business startups.

And in 2010, the Granholm administration announced even more support for Michigan's entrepreneurs:

- Through the 12 SBTDCs, the state offered 1,000 would-be entrepreneurs the opportunity to hone their skills through a nationally-renowned, hands-on business development program, the Kauffman Foundation's FastTrac program, at no cost;
- The governor called for and signed legislation creating an Angel Investors Tax Credit to spur an additional \$40 million in new capital for small businesses, and

- The Michigan Small Business Financing Alliance organized more than 30 credit unions across the state to commit \$43 million for eligible small business loans at a time when tight credit was threatening to put many small companies out of business.

As a result of these efforts, Michigan has spurred a revival of entrepreneurial activity across the state. Benchmarked against the Kauffman Entrepreneurial Index, a nationally-recognized measure of entrepreneurial mindset across the country, Michigan has successfully narrowed the gap with national trends.



Rebuilding Our Cities

Diversifying Michigan's Economy

Governor Granholm's economic plan recognized that strengthening our cities would strengthen our state. Vibrant cities are magnets that attract and retain people, especially the knowledge-workers businesses want to hire. To reinvigorate Michigan cities, Granholm introduced two key programs which drove her administration's urban policy: **Cool Cities and Cities of Promise**.

Launched in 2005, the Cities of Promise initiative is Governor Granholm's innovative five-year program that brings 18 state agencies together with local officials to collaborate in order to focus resources in eight urban Michigan cities with the highest poverty rates in order to reduce poverty, spark economic development, create jobs and reduce blighted neighborhoods. The 8 Cities of Promise are Detroit, Highland Park, Hamtramck, Muskegon Heights, Pontiac, Flint, Saginaw and Benton Harbor.

The Cities of Promise initiative is locally driven, with a city's highest priorities being identified, addressed, and expedited. In each of the eight cities, local groups helped select a signature project to focus and dramatize their work. Each state agency involved provides a unique and engaged set of talent, resources, and expertise to help advance the vision of redevelopment. New state and local partners, nonprofits, and foundations were brought to the table. New resources were identified and shared. New ideas were born. Each of these cities faces a long and challenging road to recovery. But already, in many ways, each city has found resources, people, and ideas that can help create the path to get there.

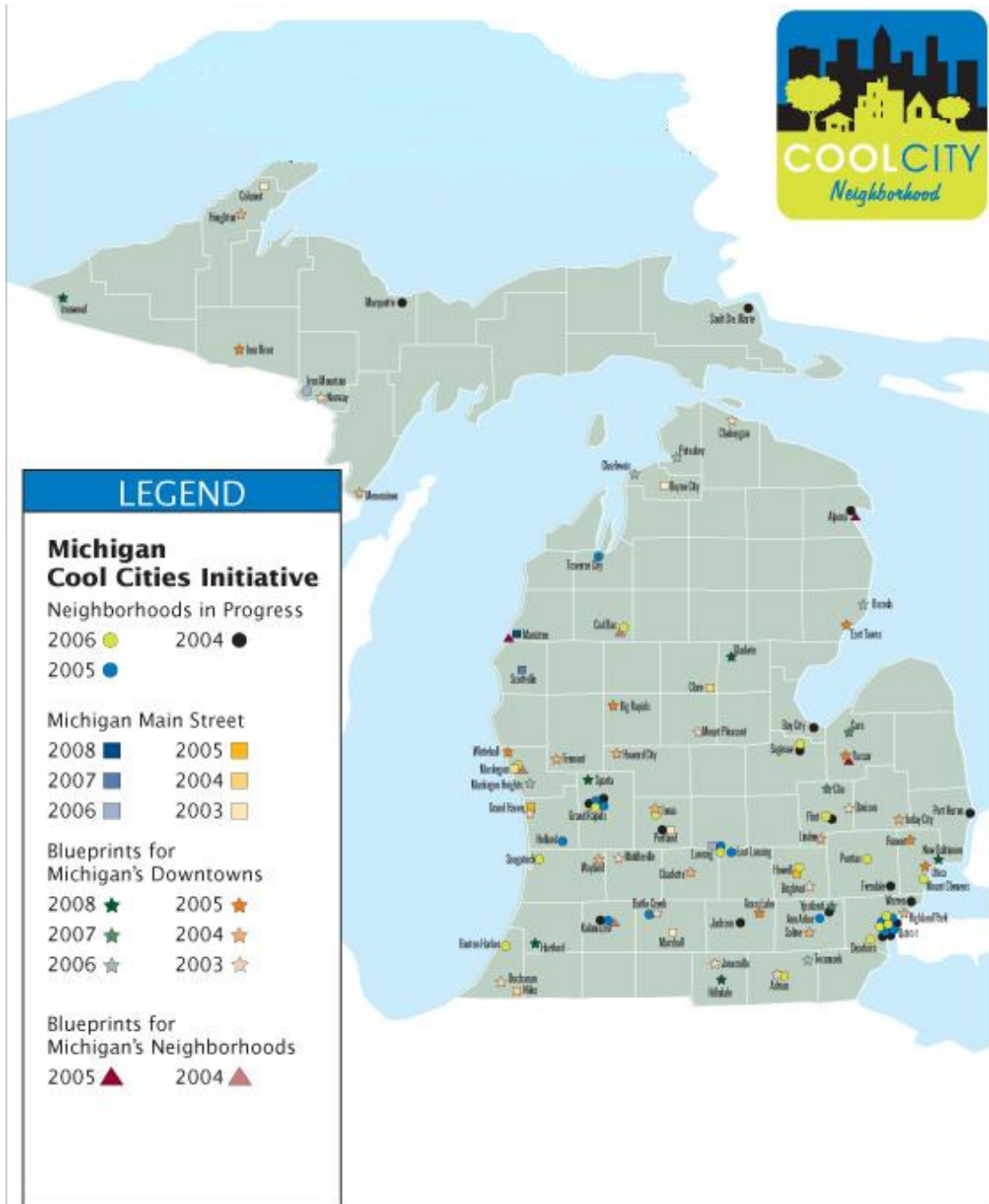
Governor Granholm kicked-off the "Cool Cities" initiative in June 2003. While state agencies collaborated on compiling a State Resource Toolbox to help communities transform their neighborhoods, community leaders were invited to create Local Cool City Advisory Groups to coordinate activities at the local level.

In 2004, the first catalyst grant program drew considerable interest and it quickly became apparent that the "Cool Cities Neighborhood" designation given to grant winners was important. It increased community pride, led to greater optimism for the future, energized local stakeholders, and has been a catalyst for local investment. In the years that followed, the 2004 program was expanded to include the Michigan Main Street, Blueprints for Michigan's Downtowns, and Blueprints for Michigan's Neighborhoods. These three programs, along with the catalyst grant program, Neighborhoods in Progress, are under the umbrella of Cool Cities.

Between 2004 and 2008:

- 48 neighborhoods in 31 cities were designated Neighborhoods in Progress;
- 13 cities earned the Michigan Main Street designation;
- 44 cities were awarded Blueprints for Michigan's Downtown awards; and
- 6 communities won Blueprints for Michigan Neighborhoods grants.

The map on the following page highlights the communities who have received these important designations.



Part II – Educating and Training All Michigan Citizens

Just as economists and experts across the country agree that education is the single most effective strategy for stoking a state's economic growth, Governor Granholm and Lieutenant Governor Cherry know that Michigan's economic future demands that we have the best-educated, most highly trained workforce on the planet. Increasing the educational attainment of our workforce is an economic imperative if Michigan wants to grow its economy and create jobs.

That is why the governor set an ambitious goal for our state: doubling the number of college graduates.

To achieve that goal, the governor and her team knew that Michigan had to create a culture of learning that was unprecedented in this state's history – a state that for generations was known as a place where a willingness to work hard could earn a middle class lifestyle regardless of education or training.

As Lt. Governor Cherry said as the Cherry Commission on Higher Education and Economic Growth began its work, "Michigan is moving through an economic structural shift. Our future will be rooted in brains, not just brawn; in minds, not just muscle; in learning, not just lifting."

Thanks to the leadership of the governor and her team, Michigan has embarked on an effort to expand access to quality childhood education, strengthen curriculum for elementary students, raise standards for high school graduation and implement the nation's premier worker retraining program – No Worker Left Behind.

In the face of severe budget challenges every year, the Granholm administration has fought to maintain the state's commitment to funding for K-12 education. Despite having to resolve more than \$14 billion in budget shortfalls, Granholm's efforts have kept the per pupil foundation allowance at an all time high and *Michigan still ranks number two in the nation in the percentage of the state budget committed to public education.*

And the results have followed: University and community college enrollment is up dramatically; more than 147,000 displaced workers have enrolled in training, reading and math scores are going up for all grade levels, enrollment in advanced placement classes is at an all-time high and the drop out rate is falling.

In addition, the state has recently implemented a series of challenging reforms that will improve the quality of our schools for years to come. These reforms, signed into law by the governor in early 2010 allow the state to intervene in low-performing schools, strengthen certification for teachers and administrators and connect student performance to teacher and administrator evaluations for the first time.

The Cherry Commission

Educating and Training All Michigan Citizens

In March 2004, Governor Jennifer M. Granholm created a blue-ribbon commission on higher education and economic growth, which was led by Lieutenant Governor John D. Cherry, Jr. Known as the Cherry Commission, the group was charged with identifying ways to double the number of college graduates in Michigan and ensure that all students have the skills to succeed in the 21st century workplace.

The 30-member Cherry Commission worked throughout that summer and fall, holding hearings across the state and examining best practices from around the country. Subgroups of the full committee met with experts and stakeholders on key subject areas.

In December 2004, the Cherry Commission issued a report setting out 19 recommendations for achieving their ambitious charge including a call for higher standards in Michigan's high schools to prepare all students for post-secondary education, a new high school assessment, a call on Michigan's colleges and universities to ensure students complete degrees or certifications, and bringing larger numbers of adult workers back to campus to finish their degrees.

In the six years since the Cherry Commission report was issued, the Granholm administration has worked to implement all 19 recommendations, making significant strides in strengthening the curriculum used in schools, raising academic standards and improving assessments. Among the changes achieved were:

- creation of the 21st Century Jobs Fund, a \$2 billion, 10-year investment to accelerate the diversification of Michigan's economy and create jobs;
- new, nationally-recognized grade level content expectations for grades kindergarten through 8th grade, starting in the fall of 2004;
- replacement of the old high school MEAP test with the Michigan Merit Exam, which includes the national ACT college entrance exam, for all high school juniors starting in the fall of 2008;
- the \$4,000 Michigan Promise Scholarship available to every high school graduate in Michigan and 10 new Promise Zones in high poverty communities across the state to help make higher education more affordable;
- No Worker Left Behind, a nationally-recognized training program which provides free tuition for displaced workers training in areas of high demand; and
- Rigorous graduation requirements for all high schools students, including four years of math and English/language arts and three years of science and social studies, beginning with students who entered high school in the fall of 2006.

See Appendix 1 for a complete list of the Cherry Commission's recommendations and an overview of its implementation.

Setting High Standards

Educating and Training All Michigan Citizens

As the Cherry Commission illustrated, Michigan needed to strengthen graduation requirements to ensure that every Michigan student, regardless of geography, learns the critical math, science and communications skills needed to be successful in a 21st Century economy.

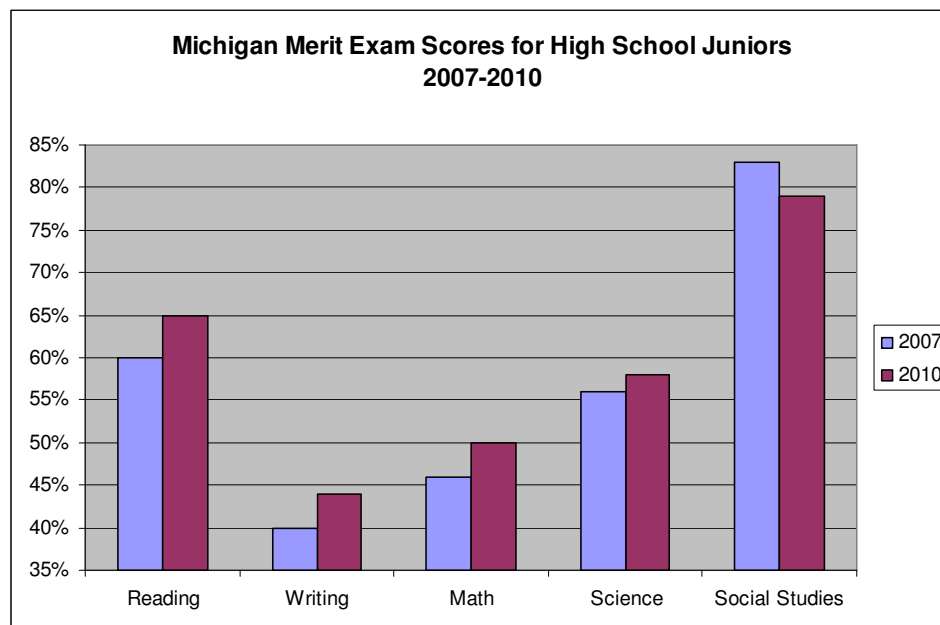
Granholm called on Superintendent of Public Instruction Mike Flanagan and the State Board of Education to develop new curriculum standards in the fall of 2005. They responded quickly, approving recommendations that December. In her 2006 State of the State Address, the governor called on the legislature to adopt the State Board's recommendations. On April 20, 2006, Granholm signed legislation which, for the first time, required all students to complete:

- four credits of math;
- four credits of English language arts;
- three credits of science;
- three credits of social studies;
- two credits of foreign language;
- one credit of physical education and health;
- one credit of visual, performing, or applied arts; and
- one online learning experience.

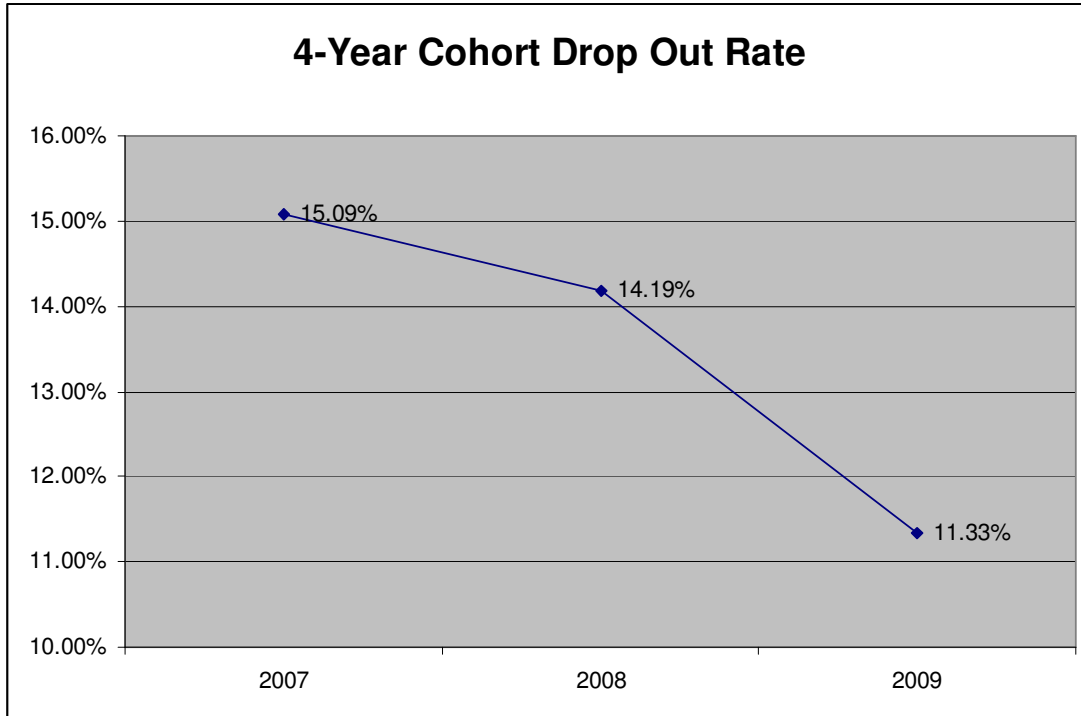
This year's seniors (the Class of 2011) will be the first graduating class to benefit from the new standards. The foreign language requirement, which can be fulfilled by coursework completed prior to high school, will be in place for students beginning with the class of 2016.

Critics argued that higher standards would result in poorer performance, pushing students who feared they couldn't keep up to simply drop out. The numbers tell a different story.

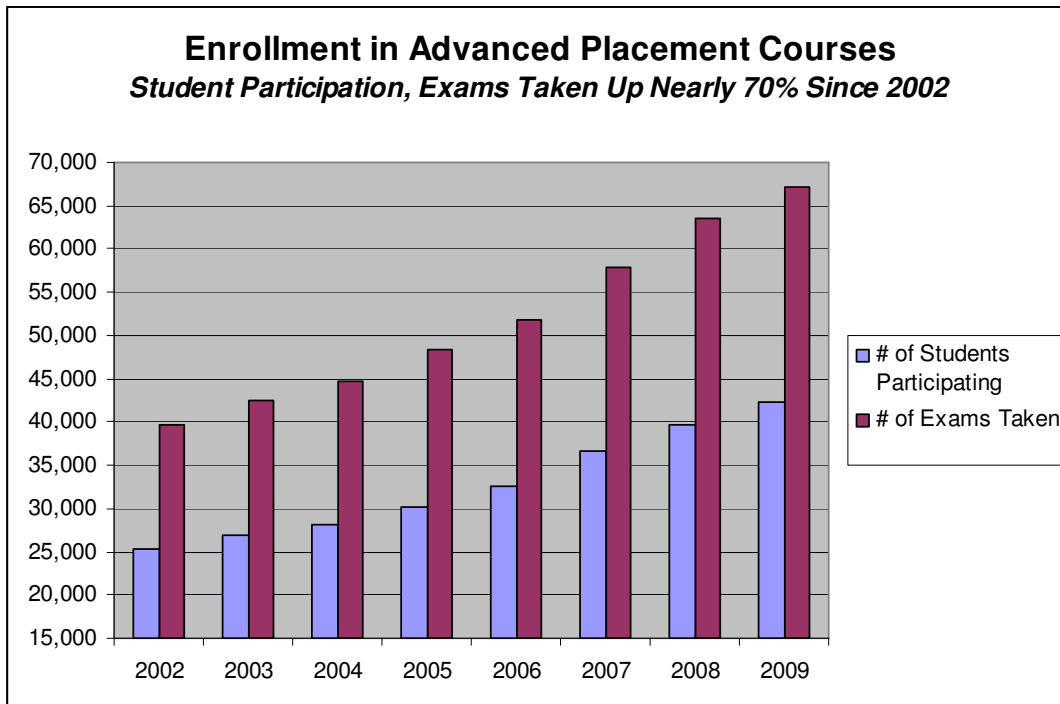
Since the introduction of the new graduation requirements, test scores are rising:



Drop out rates are down:



Enrollment in Advanced Placement Courses is at an all-time high:



Grade Level Content Expectations

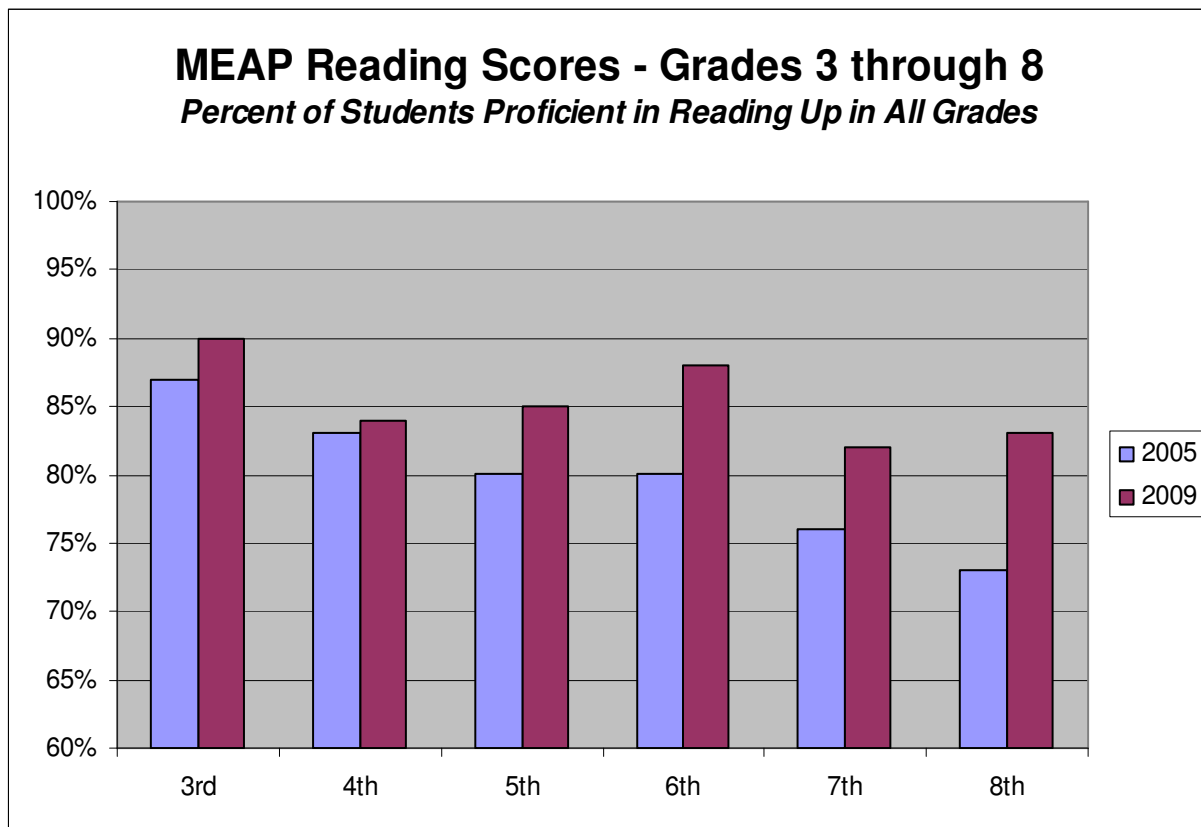
Educating and Training All Michigan Citizens

Improving student achievement in Michigan required more than just increased expectations for high school students. Students in elementary and middle school must develop effective math, reading and computation skills to be successful in later grades.

In 2004, the State Board of Education adopted new standards, known as Grade Level Content Expectations (GLCE), for elementary and middle school grades. Considered among the toughest in the nation, the GLCE provide teachers and parents with clear focus on the skills students should know at the end of each grade. GLCE ensures consistency in curriculum in all schools across the state.

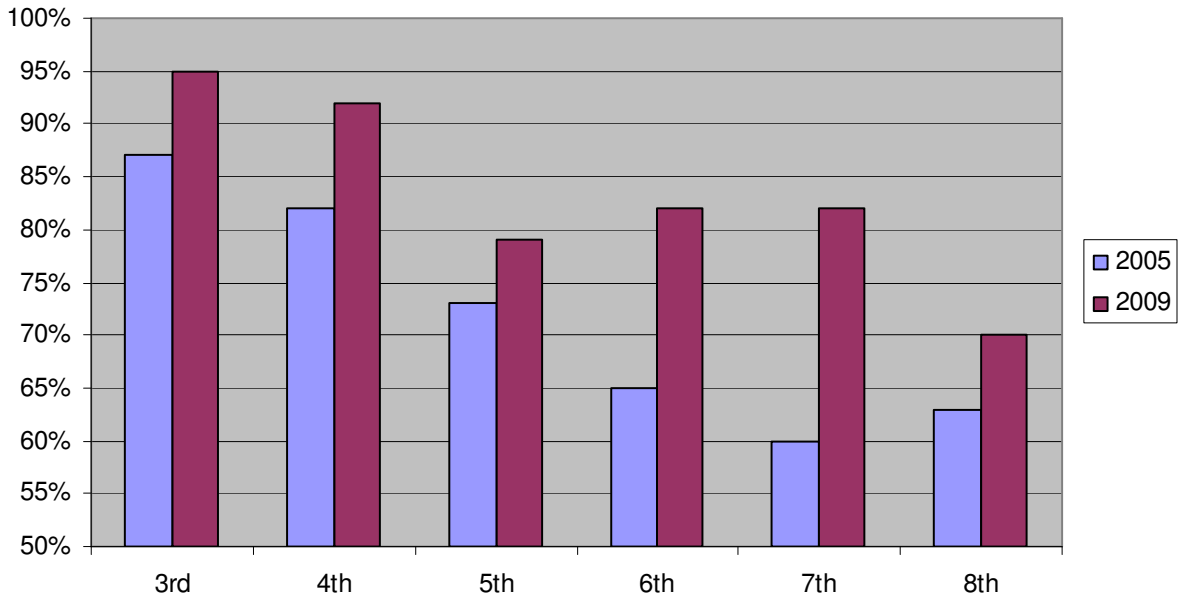
The Michigan Educational Assessment Program (MEAP) tests student mastery of the skills outlined in the GLCE expectations. In the 2005-2006 school year, MEAP testing was revamped to test all students in grades 3 through 8 in the core subjects of math and English language arts. Prior to that year, students in different grades were tested in different subject areas.

Since the introduction of the GLCE, student test scores have shown significant improvement, especially in math and English language arts where scores are up in every grade.



MEAP Math Scores - Grades 3 through 8

Percent of Students Proficient in Math Increasing in All Grades



Early Childhood Education

Educating and Training All Michigan Citizens

Michigan policymakers have long been committed to supporting early childhood endeavors, but state efforts lacked an overarching vision and commitment from the executive office. Under Governor Granholm's leadership, that changed. The state has focused resources and attention on strengthening early childhood services to ensure that every child begins school prepared for success.

The Great Start Readiness Program (GSRP), which began in 1999, has been strengthened and expanded during the last eight years. The Great Start system envisions a single, interconnected and intertwined network of public and private services working together in a community to improve results for young children and families. Today, thanks to the leadership and support of the Granholm administration, every Michigan community is represented by a Great Start Collaborative and a Great Start Parent Coalition, forming a statewide system of local infrastructure.

The GSRP has been extensively evaluated by the High Scope Educational Research Foundation. Their assessment highlights both short-term and long-term impacts of GSRP on student outcomes, including:

- GSRP graduates have had a significantly lower rate of grade retention than the non-GSRP students;
- At kindergarten entry, GSRP attendees had higher math and print awareness scores;
- Second grade teachers rated GSRP graduates higher on being ready to learn, retaining learning, maintaining good attendance and having an interest in school;
- In 4th grade, a higher percentage of GSRP passed the MEAP reading and math tests than their non-GSRP peers.

In 2005, Governor Granholm launched the Early Childhood Investment Corporation (ECIC) to provide statewide public-private governance and infrastructure to the state's early childhood efforts.

Through the ECIC, 55 Great Start Collaboratives, serving every county in the state, have been established to build a local early childhood infrastructure. To support these efforts, the ECIC has established a professional development system for caregivers, standards for quality improvement in child care programs and a searchable database of licensed/registered early learning settings.

In 2009, ECIC launched the Great Start Child Care Quality Project to refocus state and local efforts to improve the early learning experiences of Michigan's children, with a specific focus on the most vulnerable children. Regional resource centers support those who care for young children and assist in coordinating early learning initiatives. Mental health consultation to preschool and child care programs ensures that children with social and emotional development problems are recognized and receive additional services.

College Access and Affordability

Educating and Training All Michigan Citizens

To achieve the goal of the Cherry Commission - to make access to postsecondary education a universal opportunity for Michigan's citizens - the Granholm administration knew it must focus on making higher education and training opportunities available to all citizens. The administration proposed and implemented a series of programs to address this need:

The Michigan Promise

The Michigan Promise Scholarship was first proposed by Governor Granholm in her 2005 State of the State address and signed into law on December 21, 2006. For the first time, every high school graduate in Michigan (beginning with the Class of 2007) was eligible to earn a \$4,000 scholarship to help pay for their education at a university, community college or in a technical training program. Before being discontinued by the legislature in 2009, the Michigan Promise helped make higher education a little more affordable for nearly 70,000 students.

Early & Middle Colleges

The governor proposed and won funding to launch a series of early and middle college high schools to prepare young people quicker for success in the workplace. Early college high schools enable students to take college level courses typically taught by college faculty in their high schools. Curriculum in middle college high schools prepares students for careers in the health professions. In a number of these schools, students can earn both a high school diploma and an associate's degree in five years. These pioneering schools offer students a non-traditional education setting, keep students engaged and lead to quicker, and less costly postsecondary degrees. Thanks to the governor's leadership 12 early and middle college high schools are operating throughout Michigan.

Promise Zones

Inspired by the privately initiated and financed Kalamazoo Promise, Governor Granholm took her quest for increased opportunity for higher education to another level.

Announced in 2005, the Kalamazoo Promise guarantees students who graduate from the Kalamazoo Public Schools free tuition at any state university or community college in Michigan. Since the program began, educators and community leaders in Kalamazoo are citing numerous indicators of the positive impact the Promise has had on that community, including increased graduation rates and college enrollment, increased property values and new interest in the community as a site for business investment.

In her 2007 State of the State address, Governor Granholm called on the legislature to create "Promise" zones in cities with a combination of low rates of educational attainment and high rates of poverty and unemployment.

One year later in January 2008, Granholm signed that legislation into law, making Michigan the first state to replicate the achievement of the Kalamazoo Promise on a large scale.

Ten communities with high poverty rates have created their own Promise Zones, capturing half of the growth in their state education tax to help pay for college educations for high school graduates who live within the communities. Promise Zone funding will provide at least an associate's degree for resident students but may cover up to a four-year degree. Successful Promise Zones require community participation, as a zone must demonstrate it has the community support to fund the first two years of the promise before the state can approve it.

The 10 Promise Zones are:

- Baldwin Community Schools
- Battle Creek Public Schools
- Benton Harbor Area Schools
- The City of Detroit
- School District of the City of Hazel Park
- Jackson Public Schools
- Lansing School District
- Muskegon Area Intermediate School District
- School District of the City of Pontiac
- Saginaw School District

In the fall of 2009, Baldwin Community Schools became the first active Promise Zone, announcing that all graduating high school seniors would receive up to \$20,000 for college. In June 2010, 23 seniors graduated from Baldwin High School with the promise of higher education in their future.

No Worker Left Behind

Educating and Training All Michigan Citizens

As Michigan's economy transforms to meet changing global demands, Governor Granholm recognized that thousands of affected workers needed an opportunity to acquire new skills to transition to the jobs of the new economy. To make this a reality for those in need, the Granholm administration overhauled how the state provides workforce training to accelerate and expand opportunities, creating the nationally-recognized No Worker Left Behind program (NWLB).

Granholm announced the creation of NWLB in her 2007 State of the State speech. The program is unlike its predecessors because, for the first time, the state offered free training, at an accelerated pace, to help dislocated workers gain the skills they needed to transition to new careers in in-demand fields.

The goal was to help 100,000 workers over three years.

The results:

- More than 147,000 unemployed and underemployed Michigan workers have enrolled in training;
- 75 percent of NWLB graduates retained their job or found a new one – nearly three times the rate for jobseekers nationwide;
- For 25 straight months, Michigan has seen increased enrollment in training;
- Michigan is training adults at more than 4 times the national rate; and
- Enrollment in Michigan's community colleges is at record levels, up a whopping 35% since Granholm took office.

The results make it easy to understand why President Barack Obama singled out NWLB as a workforce training model for the nation during his launch of the American Graduation Initiative in 2009.

“What we face is far more than a passing crisis. This is a transformative moment. And in this moment we must do what other generations have done. It's not the time to shrink from the challenges we face or put off tough decisions,” President Obama said during his speech at Macomb Community College on July 16, 2009. “We've got to prepare our people with the skills they need to compete in this global economy. Time and again, when we placed our bet for the future on education, we have prospered as a result -- by tapping the incredible innovative and generative potential of a skilled American workforce.”

“I want to applaud Governor Granholm for the No Worker Left Behind program,” he said. “It's providing up to two years' worth of free tuition at community colleges and universities across the state. The rest of the country should learn from this effort.”

Part III

Protecting Michigan Citizens

Though government can't be all things to all people, Governor Granholm knows that, to maintain our quality of life, government must protect the health and safety of our families and children. As governor, she's worked hard to protect Michigan's families by safeguarding their neighborhoods and their pocketbooks. She promised a government that would be lean, not mean.

In this time of economic challenge, when more and more families are feeling squeezed by rising prices and falling wages, she knew we must do even more to make sure citizens have access to the services they need to protect them through this time of transition.

That's why, despite having to resolve more than \$14 billion in budget deficits, Granholm fought for critical policies, including:

- Steadfastly refused to take critical health care coverage away from anyone in need, even though the Medicaid caseload rose a whopping 78 percent in the decade;
- Economic security for working families by protecting the health care safety net, raising the minimum wage and creating the state's Earned Income Tax credit;
- Financial protections including more affordable insurance protection against being gouged at the gas pump and mortgage foreclosure assistance;
- Community safety through the Michigan Prisoner Re-Entry Initiative and numerous law enforcement measures including Project S.A.F.E. Streets;
- Protection for our environment, to ensure that Michigan's vast waters, forests and natural resources are safe and preserved for the economic well-being or recreation of generations to come; and
- Protection for children, creating Mentor Michigan and putting Family Resource Centers in schools.

Health Care

Protecting Michigan Citizens

Despite facing over \$14 billion in budget shortfalls during her eight years in office, Governor Granholm never waived from her commitment to protect access to health care for Michigan citizens most in need. She fought successfully to ensure that no senior, no person with disability and no child had their health care taken from them by the state. And while protecting health care for those who already had it, the governor fought to expand access to others in need, restrain costs and strengthen care. Since 2003, the Granholm administration has:

- Extended affordable prescription drug coverage and healthcare coverage to nearly 300,000 individuals;
- Expanded access to healthcare for the uninsured by working in partnership with local communities to obtain federal approval of Federally Qualified Healthcare Centers (FQHC). Twenty-two FQHC sites have been approved in communities across the state;
- Pioneered the now federally titled National Multi-State Pooling Initiative (NMPI) with Governor Douglas of Vermont. The nation's first-ever multi-state prescription drug purchasing pool ensures lower prescription drug costs for more than 1.3 million Michigan citizens. Currently, twelve states and Washington D.C. now participate in the NMPI with Michigan;
- Secured \$50 million in additional funding for the Detroit Medical Center to ensure continued services for the citizens of Detroit;
- Restored health care to 40,000 caretaker relatives who had lost their benefits under the previous administration;
- Extended family planning services to 200,000 women without health insurance coverage in Michigan by successfully obtaining a federal Medicaid waiver. Since the inception of this program in July 2006, more than 56,000 women have received family planning services and currently more than 40,000 women are enrolled;
- Formed the Michigan Health Information Network (MiHIN) in 2006 to improve healthcare quality, cost, efficiency, and patient safety through electronic exchange of health information. The MiHIN is a joint effort among the Michigan Department of Community Health, the Michigan Department of Information Technology, and a broad group of stakeholders from across the state; and
- As a result of the Granholm Administration's commitment to health care for vulnerable citizens, Michigan is the second best state in the country for insuring children.

Affordable Insurance

Protecting Michigan Citizens

Affordable insurance is critical to growing strong cities and a thriving economy. But at a time when we can least afford it, Michigan citizens are paying among the highest auto insurance rates in the nation – rates that have increased by 69% in just over 20 years.

Governor Granholm has been working to implement comprehensive auto and homeowner's insurance reform to make insurance more affordable and accessible to Michigan consumers since the beginning of her administration.

The actions the governor has taken include:

- Banning the use of credit scores in rate setting in 2004 by proposing a new state rule to reduce base rates for all insurance customers by banning the use of credit scoring in determining rates for homeowners and auto insurance sold in Michigan.
- Creating purchasing groups in Flint and Detroit in 2005 in an effort to address the rising cost of auto insurance for local citizens through bulk purchasing; the groups were successful in negotiating an automatic 10 percent price rollback for drivers with good records.
- In 2006, Granholm announced a comprehensive plan to lower insurance rates, provide greater consumer protection and improve accountability within the insurance industry.
- In 2008, the Governor established the Office of the Automobile and Home Insurance Consumer Advocate by Executive Order 2008-2 to fight for fair and affordable rates for insurance ratepayers — no matter where they live.
- In 2009, the Governor called on every auto insurance company to freeze rate increases for 12 months to allow the Legislature time to enact comprehensive insurance reform. She also called on lawmakers to act on the Insurance Advocate's recommendations to make insurance more affordable and to hold insurance companies increasingly accountable.

Following the establishment of the Office of Automobile and Home Insurance Consumer Advocate in 2008, the governor appointed Butch Hollowell to serve as the Automobile and Home Insurance Consumer Advocate. After concluding a series of public hearings, Hollowell issued a report in 2009 which included 10 recommendations to expand consumer's choice of coverage, while preserving No Fault's full health care benefits, and strengthening insurance industry oversight.

In 2009, in her State of the State Address, the Governor called on every auto insurance company to freeze rate increases for 12 months to allow the legislature time to enact comprehensive insurance reform. In response to the governor's challenge, 13 insurance companies agreed to a one-year rate freeze.

Supporting Working Families

Protecting Michigan Citizens

Governor Granholm has worked hard to protect working families during this time of economic transition. As a part of those efforts, the Governor fought to increase state's minimum wage and create a state earned income tax credit to help working families earn more and keep more of what they earn.

In her 2006 State of the State speech, Granholm called on legislative leaders to support an increase in the state's minimum wage. Later that year, she signed a **44 percent increase in the minimum wage** - the first increase in 9 years. The increase was phased-in in four steps over two years:

Before March 29, 2006	\$5.15 per hour
March 29, 2006	\$6.95 per hour
July 1, 2007	\$7.15 per hour
July 1, 2008	\$7.40 per hour

Thanks to Granholm's efforts, more than half a million working families in Michigan got a raise!

The Granholm administration has also helped support working families through support for the **Earned Income Tax Credit (EITC)**.

The administration began by launching an effort to encourage more Michigan residents who qualify to file for the federal EITC. The effort, led by Lieutenant Governor John Cherry, increased returns received by Michigan's working families by more than \$32 million across the state in its first year alone.

The administration also pushed for passage of a state EITC to allow working families to receive an additional credit on their Michigan state income taxes. In September 2006, Governor Granholm signed a state EITC into law, for the first time in the state's history.

The Michigan EITC is modeled after the federal tax credit and provides more than 750,000 working families who qualify with a state credit equal to 20 percent of their federal credit.

A 2009 study by the Anderson Economic Group estimated that every dollar received by Michigan's working families through the EITC generated \$1.67 in economic activity in their local communities.

Family Resource Centers

Protecting Michigan Citizens

Governor Jennifer M. Granholm initiated the Family Resource Centers (FRCs) project with 20 sites in 2003 with a goal of better coordinating services to families in need. FRCs are placed in elementary and middle schools with high poverty levels and large numbers of at-risk students to coordinate services according to the goals developed and shared by the family, school, community and other agencies involved.

In 2010, there are 52 Family Resource Centers operating across the state.

Goals are to:

- Create a user-friendly service model for families using state and local human services;
- Increase efficiency of state and local services by pooling resources;
- Increase academic performance and parental involvement;
- Help schools achieve annual yearly progress standards under the federal No Child Left Behind legislation.

By locating on school grounds, these centers can serve as a “one-stop shop” for all of the services a local family needs to be successful. Staff at the FRCs can help families with cash assistance, food, clothing, shelter and prevention services, Medicaid eligibility, emergency assistance for utility shut-off, rental eviction and other housing issues; access to community-based mental health services, therapy and other services in agreement with local partners; and school-based parent-involvement programs.

When the FRC initiative was first launched, several local communities were chosen as pilots to determine if an intensive focus on meeting all of a family’s needs could improve student performance. One of these pilots was the Genesee County “Scholars” program which included three local elementary schools serving students with high poverty and high mobility rates. The pilot tracked families and their children through second and third grade.

The results highlight the impact of the program. Families participating in the program remained involved at the school. For example, in Genesee County, one of the FRC schools had a 75.3 percent mobility rate for enrolled students but saw 83 percent of students enrolled in the pilot remain at the school for the full two years. Attendance was also strong among enrollees. Most importantly, test scores improved. The students in the pilot tested below grade level at the start of their 2nd grade year. By the end of the pilot cycle, 75 percent of pilot students tested at or above grade level, while just 35 percent of their classmates did.

Genesee County’s experience is not unique. Evaluations of schools with Family Resource Centers indicate the schools have improved MEAP test scores, reduced absenteeism, and are much more likely than similarly-challenged schools without Family Resource Centers to meet annual yearly progress standards.

Michigan Prisoner Re-Entry Initiative

Protecting Michigan Citizens

For too long, Michigan has had one of the largest corrections systems in the nation. At its peak, Michigan's prisons were home to 51,500 inmates at a cost of nearly \$2 billion a year⁵. The Granholm administration was committed to reducing the size and cost of Michigan's prison system without endangering the public.

One of the largest populations in prison is repeat offenders. Each year, more than 10,000 prisoners are released from Michigan's prisons to parole. With no intervention, approximately half of former prisoners return to prison within two years, costing the state millions in additional incarceration costs.

The Michigan Prisoner Re-Entry Initiative (MPRI) was established by the governor and the Michigan Department of Corrections to form a network of integrated services designed to transition former prisoners successfully from the prison back into the community. The program is centered on prevention, rehabilitation, and accountability, with a specific focus on education, treatment, and life skills. Beginning with the prisoner's intake process, through the incarceration period, and beyond the prisoner's discharge, the MPRI's integration of resources and services offers a holistic approach to corrections management and community public safety concerns.

Since its launch in 2005, MPRI has quickly become a nationally-recognized model for re-entry. After establishing a successful track record in several pilot sites, the program was taken statewide to 18 sites covering all 83 counties in 2008.

The MPRI designation is typically provided to those prisoners who pose a high risk of re-offending and also present a possibility of rehabilitation. The success of MPRI, taken in conjunction with the overhaul of the parole violation guidelines, has reduced the recidivism rate by more than 25 percent.

MPRI has also provided the Parole and Commutation Board with much greater comfort in granting parole to historically high-risk felons, resulting in a massive reduction in the prison population since 2008. By the end of 2010, Michigan's prison population is expected to be at or below 44,000.

On December 4, 2010, Michigan Corrections Director Pat Caruso was recognized by the Association of State Correctional Administrators as the Outstanding Corrections Director in the nation. In bestowing this award, the ASCA said of Director Caruso, "Under her vision and leadership, Michigan implemented one of the most effective prisoner reentry programs in the entire nation. This initiative serves as a gold standard for corrections and has been adopted by other correctional systems. She has appropriately reduced the size of the state's prison population while at the same time enhancing public safety."

⁵ Michigan's prison population peaked at 51,554 in March 2007. The fiscal year 2007 budget for the Department of Corrections was \$1,953,623,000.

Protecting Michigan's Natural Resources

Protecting Michigan Citizens

Protecting Michigan's bountiful natural resources has been a priority for Governor Granholm and Lt. Governor Cherry since taking office. They sent a clear signal right away by elevating the director of the Office on the Great Lakes to a cabinet-level position. Along the way, the administration has addressed a number of serious policy challenges, making progress toward ensuring that Michigan's unique resources continue to provide economic and recreational opportunities for generations to come. Some of the progress includes:

- **Passage of a Nationally-Recognized Water Withdrawal Law**
Through the Governor's leadership, Michigan has a nationally recognized water withdrawal law that provides a solid foundation for the use and protection of Michigan's water resources. The law establishes criteria for new, large quantity water withdrawals in a way that protects existing investments by water users and provides certainty and predictability for those considering investment in Michigan.
- **The Great Lakes-St. Lawrence River Basin Water Resources Compact (Compact)**
Governor Granholm's team successfully negotiated the Great Lakes Compact ensuring, for the first time, protection of the Great Lakes from diversion under federal law. Further, Michigan developed the water withdrawal assessment process, a 2009 Council of State Government Innovations Award winner, which adopts a new, user-friendly web-based decision-making tool to implement the charter and ensure the ability to both use and enjoy Michigan's world class surface waters.
- **Ballast Water Legislation**
The Governor's leadership led to the passage of Michigan's Ballast Water law which prevents shippers from discharging ballast water without first obtaining a permit. Michigan was the first Great Lakes state to enact such a law to protect their waters from numerous invasive species.
- **Real-time Water Quality Monitoring**
The Administration, working in partnership with two federal agencies and 14 Michigan local units of government, established a Real-time Water Quality Monitoring network along waterways that connect Lake Huron and Lake Erie. This program has had two benefits: it provides an early warning of a contamination event and it has dramatically reduced chemical discharges from Canadian factories bordering Lake Huron and the Detroit River.
- **MI-Great Lakes Plan**
More than 2,000 citizens partnered with the administration to help develop the MI-Great Lakes Plan to protect, restore, and sustain the Great Lakes for current and future generations. This plan helped position the state to maximize the resources available through the Great Lakes Restoration Initiative (GLRI), the federal government's new commitment to protecting the lakes. In October 2010, the U.S. Environmental Protection Agency awarded Michigan organizations more than \$58.5 million for Great Lakes restoration and clean-up through the GLRI.

- **Michigan Climate Action Plan**

The Michigan Climate Action Plan (Plan) was a result of an Executive Directive. The Plan included 54 policy recommendations that, when implemented, will reduce GHG emissions by 20% below 2005 levels by 2020 and result in a net cumulative savings of \$10 billion between 2009 and 2025.

- **Nonferrous Mining Law**

In 2004, under the Granholm administration, the strictest, most comprehensive and progressive mining law in the nation was enacted.

Mentor Michigan

Protecting Michigan Citizens

As Attorney General, Jennifer Granholm made a commitment to not only become a mentor to an area child in need, but to use her elected position to encourage others throughout the state to provide this valuable service. After she was elected governor, First Gentleman Dan Mulhern volunteered to spearhead the state's effort to recruit 10,000 mentors for children in Michigan. As a result of Mulhern's commitment, Mentor Michigan was created to serve as a statewide umbrella for mentoring efforts across the state.

Today, Mentor Michigan supports nearly 250 organizations around the state that are changing lives by matching mentors with young people. Mentor Michigan provides those organizations with training and research. It fosters partnerships with businesses, faith-based and nonprofit organizations, schools, colleges and universities, and state and local government to support mentoring. Mentor Michigan also builds public awareness about the importance of and the need for mentors by urging caring adults to "Pass It On," because sharing a little of yourself with a young person can reward both of you with lifelong benefits.

A 2009 survey of the organizations supported by Mentor Michigan found that:

- Michigan had 19,578 active mentors in 2009;
- Those mentors served more than 28,500 children, including more than 1,400 with an incarcerated parent and over 600 living in foster care;
- These numbers represent a 25% increase in the number of children being served from 2008.

The benefits of mentoring are clear: young people who participate in mentoring relationships often experience long-term benefits and face better outcomes in the following areas:

- Educational attainment and the desire to complete high school and attend college;
- Future employment and community engagement;
- Good mental health that leads to higher self-esteem and life satisfaction; and
- Reduced presence of problem behavior and criminal offending.

Safe Communities

Protecting Michigan Citizens

During times of economic hardship, government must be even more vigilant in its efforts to keep its citizens safe. The Granholm administration has worked hard to make sure that citizens are protected where they work, live and play. Some of the steps the administration has taken include:

- In March 2003, Governor Granholm instituted **project S.A.F.E. (Statewide Apprehension of Fugitives Effort) Streets**. Since then, 29 sweeps have been conducted and more than 5,100 dangerous parole absconders have been taken off the streets as a result of the combined efforts of the Michigan State Police (MSP), the Department of Corrections (MDOC) and local and federal law enforcement agencies.
- After a Granholm-led undercover investigation showed children as young as 9 years old had wide access to **violent and sexually-explicit video games**, the governor called for and signed legislation making such sales illegal.
- In 2003, MSP began a partnership with Michigan's schools to improve safety preparedness. Michigan identified its public school system as a Critical Infrastructure, allowing school districts, including individual school buildings, to benefit from Homeland Security safety initiatives. As part of this project, every school building in Michigan received valuable information on how to conduct a risk analysis, update an existing School Safety Response Plan, and how to prepare for and conduct a CBRNE (chemical, biological, radiological, nuclear and explosive) response training exercise. Ninety-four percent of public school buildings in the state participated in the program and the U.S. Department of Homeland Security named it a Best Practice.
- In 2006, The Michigan Department of Civil Rights has partnered with the Crime Victims Services Commission to recreate the **Michigan Alliance Against Hate Crimes**, a statewide coalition of 70 federal, state and local law enforcement agencies, civil rights organizations, community groups, educators and others to better coordinate response to hate crimes across the state. And the effort has shown positive results: the FBI's Hate Crime Statistics Report for 2008 indicated that for the first time since 2003, Michigan had fallen in the rankings in the nation in terms of recorded hate crimes. In fact, in 2008 Michigan reported an 11% reduction in hate crimes, while the nation reported a 2% increase.
- MSP dedicated troopers and motor carrier officers to a new patrol concept called **Hometown Security Teams**. The teams had four objectives: traffic safety and enforcement, detection of criminal activity on state roadways, rapid response to critical events, and homeland security. Since their inception through September 2009, the teams are responsible for: 1,408 felony arrests, 1,889 fugitive arrests, 5,478 pounds of marijuana seized, 258 kilos of powder and 3.1 kilos of crack cocaine seized, 56,681 tablets of Ecstasy and 52,854 tablets of prescription medication seized, 223 guns/weapons seized, and 54 stolen vehicles recovered.

- In 2006, the governor called for and signed into law a requirement that all elder care and nursing home workers undergo **background checks** to ensure the protection of vulnerable citizens.
- At the Governor's urging, MSP has upgraded efforts to track offenders registered with the state's Sex Offender web site. A **Sex Offender Enforcement** Unit was established to conduct regular sweeps, perform random residence checks, and to accept tips from the public. Since 2008, the sweeps have results in over 12,000 home visits, 743 arrests for violations of the state's sex offender registry laws and an additional 1,800 warrants issued for outstanding violations. As a result of all these efforts, Michigan's sex offender compliance rate now stands at 93%.

Food Safety and Access

Protecting Michigan Citizens

Building a healthier, more productive Michigan, citizens need access to healthy, fresh foods that are safe. The Granholm administration has focused effort and resources on strengthening Michigan's food safety programs and creating broader access to fresh, healthy foods in all communities.

In 2005, Governor Granholm created the Michigan Food Policy Council (MFPC) in the Michigan Department of Agriculture (MDA), in order to better coordinate state policies in this critical area. The MFPC has focused on several key issues, including access in underserved communities and populations.

Some of the key accomplishments of the MFPC include:

- Michigan Neighborhood Food Movers Project which is helping to create mobile fresh food units to areas which may not have access to healthy food choices.
- Financial incentives are expanding access as well. In 2008, the governor signed legislation eliminating state taxes for retail food establishments that expand, improve or open in underserved areas. The legislation is expected to generate economic growth that could lead to approximately \$852 million in sales and 3,020 additional jobs in Michigan.
- The MFPC and the Michigan Farmers Market Association have partnered to increase access to fresh foods for low-income families by expanding the number of farmers markets that accept the state Bridge card electronically. Michigan is one of the nation's leaders in this work.

In 2007, Michigan joined the Multi-State Partnership for Security in Agriculture - a Midwest consortium of state agriculture, animal health, emergency management, and homeland security officials working together on agriculture emergency preparedness and response activities. As a major gateway for imported products, Michigan is uniquely situated to add to the regional efforts to protect our food supply and the state's agriculture industry.

To ensure citizens know when food is unsafe, MDA implemented a text alert service to immediately notify consumers when there is a Class I recall in 2008. A Class I food recall is a situation where the food has been deemed unsafe or unfit for human consumption and if consumed may cause serious adverse health consequences or death.

Part IV

Reforming State Government

Since taking office in 2003, Governor Jennifer M. Granholm has worked to reduce the size and cost of government while making it work better for the people it serves. Thanks to her efforts, Michigan citizens have benefited from increased service at a lower price.

The Granholm administration's reform efforts have targeted two specific areas: the structural budget deficit and cost-saving efficiencies. In both areas, the administration has made significant progress.

Attacking the Structural Deficit

The massive restructuring of the auto industry, which began in 2001, has dramatically and permanently changed the economic landscape in Michigan. The resulting impact has been a state budget with a structural deficit as Michigan is the only state in the country whose general fund shrunk in real dollars. When adjusted for inflation, Michigan revenues are at a 45-year low.

During her tenure, the governor aggressively attacked this structural deficit. She issued 47 executive directives limiting state spending, saved more than \$1.5 billion by requiring renegotiation and competitive bidding of contracts and other cost-saving measures. At her direction, state facilities reduced their energy usage by 23 percent, saving an additional \$90 million.

The governor has also attacked the size of government - eliminating state departments and obsolete boards and commissions. State government has 12,500 fewer employees than when the decade began; the smallest size it's been since the early 1970s.

Despite record projected deficits, the Granholm Administration balanced the budget every year. Over two terms, *the Administration cut a greater percentage from Michigan government than any state in the country, by a significant factor*⁶. Without question, Granholm cut more from state government than any governor in Michigan history. Michigan is now the 48th smallest in the country in terms of the size of government relative to population. According to a recent report by the Senate Fiscal Agency, *Michigan saw the steepest drops in personal income tax and corporate tax burdens of any state in the country during the decade.*

Because Michigan saw a 32% drop in tax revenue from 2001 to 2010, Governor Granholm and her team were forced to cut things that were important in order to fund the things that were essential.

⁶ On average, between 2001 and 2009, U.S. states grew their General Fund expenditures by 30%. Indiana, for example, grew General Fund spending during that time by 40%; Ohio by 29%; Wisconsin by 15%. Missouri was the second slowest growing state during that time, but spending there still grew by 9%. By contrast, Michigan's General Fund expenditures shrunk by 13% -- the only state in the nation to actually shrink. Source: Office of Revenues and Tax Analysis, Michigan Dept of Treasury, based on NASBO State Expenditures surveys 2001 and 2009.

In nine years, the governor resolved over \$14.8 billion in cumulative deficits.

Yet despite the fiscal challenges, Michigan was selected twice by *Governing* magazine and the Pew Center on the States as one of *the best managed states in the nation*. In grading Michigan's leadership in 2008, they wrote, "Michigan's strong management practices demonstrate that it is possible to manage well even in the most difficult of times."⁷

Among the difficult steps the Granholm administration took to reduce costs were:

- Eliminating 25 percent of state departments;
- Eliminating more than 300 boards and commission;
- Ending funding for the state fair;
- Shutting 13 prison facilities – more than any state in the nation;
- Cutting grants to arts and cultural institutions by 94 percent; and
- Cutting adult education funding by 77 percent

State employees have done their part, too. They've agreed to \$700 million in concessions over the past seven years, including unpaid furlough days, banked leave time, pay freezes and benefit reductions. New employees are hired under a less expensive health care plan, requiring a 20 percent employee contribution. Though Michigan is one of only two states where state employees hired after 1997 are on a defined contribution retirement plan, all employees are now required a 3% contribution to their retirement, saving \$300 million across all funds in the first year. At the governor's insistence, the state also adopted similar pension reforms for public school employees, saving another \$515 million in the first year.

While most of the cuts described above were exceedingly difficult, Governor Granholm never relinquished her commitment to prioritize the safety net for citizens in need. Despite the unrelenting budget challenges, not a single person was cut off health care – despite a whopping 78 percent increase in the Medicaid caseload over the decade.

Reducing Cost Through Efficiency

Governor Granholm has repeatedly shown that creating efficiencies in government can both improve service and reduce costs.

State agencies have maximized the benefits of technology to strengthen service. Michigan has been repeatedly recognized as *the #1 digital state in the nation*; the state's web site carried top honors for years and the state has consolidated over 40 statewide e-mail systems down to just two (reducing e-mail support staff by half and hardware requirements by nearly 90%), and consolidated 37 separate data centers down to just three, saving millions while improving the overall security and quality.

In addition, two of the state's largest on-line service systems, for Medicaid and Human Services programs, were overhauled in the last eight years, reducing costs and improving service.

⁷ The Pew Center on the States, in partnership with *Governing* magazine, *Grading the States 2008 Report*

After 36 years of service, Michigan's antiquated Medicaid enrollment system was retired. Medicaid providers can now enroll online in the Community Health Automated Medicaid Processing System (CHAMPS). Efficiencies in the new system allow MDCH to stop storing large quantities of paper records. Providers now have easier access to Medicaid data, enabling them to spend less time dealing with paperwork and more time caring for patients. Michigan's Medicaid data systems are among the state's largest computer systems, handling claims for over 1.4 million Medicaid recipients and over \$7 billion in Medicaid funding.

The new "Bridges" Human Services caseload system was successfully completed and now serves two million citizens, and makes online access to services possible through the new Helping Hand portal. The Bridges upgrade is the largest technology project completed in state government, and was accomplished during a time period when Michigan experienced a caseload increase of over 40 percent. The new Bridges system reduces the administrative workload in the local DHS offices by replacing three legacy systems and many subsystems with one integrated system. In addition, the system has helped increase the percentage of eligible families receiving the services they need. Michigan's participation rate in the food assistance program is up to 89 percent – the third highest in the nation.

With a tight budget and a rapidly growing demand for services as the recession took its toll on Michigan families, Granholm pushed government agencies to rethink their delivery systems. The result has been a dramatic expansion of access to services at the time it was needed most. The new **Helping Hand** portal creates an easy on-line access point for citizens in need of human services assistance. In just one year, the portal has enabled more than 280,000 Michigan citizens to sign up for food assistance, home heating help and unemployment benefits on-line. By the end of the Granholm administration, more than 60 percent of unemployed workers were filing their claims on-line. To expand access even further, the administration partnered with numerous community organizations, including local community action agencies, the foundation community, United Way, local libraries and others. To date, nearly 450 local partners have joined the effort to ensure every citizen in need can access the services they require.

Governor Granholm also pushed state agencies to rethink the way they do business with businesses across the state. To improve service, reduce cost and increase efficiency, the administration created a simple one-stop business portal, the **Michigan Business One-Stop**, which allows businesses to start a business, change their business status, pay their taxes, file for permits, check their accounts and conduct their business with the state on line. As of today, over 200 permits have been put on line, and this service was a key reason for Michigan leading the nation in e-government applications. The Michigan Business One-Stop has reduced the amount of time it takes to get a new business operating by 6 to 10 weeks. In addition, the state has been able to reduce staff time needed to process new business applications and tax filings by more than 30,000 hours each year.

Our on-line one-stop shops for citizens and businesses earned us awards as being the most digitally-advanced state in the nation.⁸

The Center for Digital Government has ranked Michigan as the top one or two states in the use of technology to strengthen service and reduce costs in each of their bi-annual surveys since 2004.

Appendix 1

Cherry Commission on Higher Education & Economic Growth *Recommendations & Implementation*

1. Make higher education universal. Over the next decade, Michigan must forge an expectation that all students will achieve a postsecondary degree or credential.

Status: Implemented. Governor Granholm signed the Michigan Promise scholarship into law in December, 2006 giving every student in Michigan a \$4,000 scholarship to attend a university, community college or training program.

2. Set high expectations for high school students through rigorous standards and curriculum. Develop rigorous new high school standards that reflect the competencies necessary for postsecondary success and readiness for work.

Status: Implemented. Legislation signed April 20, 2006.

3. Establish a new high school assessment. By the 2007–2008 school year, replace the MEAP with an accepted test for college readiness for the purposes of admission that is useful for aligning curriculum, course sequences, and grade-level content against the new standards.

Status: Implemented. Legislation passed & signed in 2005. Students began taking the new test last year.

4. Create a culture of entrepreneurship. The State Board of Education must integrate entrepreneurial skills and education into Michigan's K–12 standards; Michigan's higher education institutions must develop and offer entrepreneurial degree/certificate programs and create a Center of Excellence for Entrepreneurship and Innovation; and the Michigan Department of Labor and Economic Growth (MDLEG) and Michigan's K–12 and higher education associations must reinforce efforts to create partnerships among Michigan's education communities that offer entrepreneurial credentials.

Status: Implemented. The state board endorsed the 21st Century Jobs Fund Initiative which is now being implemented. In addition, more than 250 entrepreneurial education programs are in place and the Governor's No Worker Left Behind program is providing free training for more than 147,000 workers looking to develop entrepreneurial skills. In 2010, an additional 1,000 entrepreneurs were offered free Fast Trac training through the MEDC's Small Business Technical Development Centers.

5. Implement new strategies for high school success. Before the decade is over, Michigan's government, business, education, and civic leadership must put in place a network of newly fashioned secondary schools and learning environments.

Status: Partially implemented. A growing number of restructured high school models are in place or under development. For example, six middle colleges focused on health care are now operating. In each case, a major medical center is actively involved in the design and

implementation of the middle college. In addition, six early college high schools are enabling students to take college-level courses while still in high school.

6. Equip educators and administrators to support the high-expectations high school path.

Intermediate school districts (ISDs) and higher education institutions—in partnership with education stakeholders from the business and foundation community—must develop new strategies and resources for educator professional development.

Status: Implemented. The Michigan Department of Education has engaged Michigan teacher training institutions in an overhaul of the way we prepare teachers to work in this new learning environment. In addition, they have focused on training additional teachers in high need areas including math and science. The education reform laws signed by Granholm in January 2010 established certification requirements for administrators for the first time.

7. Create community compacts for educational attainment. Michigan local government leaders must join with business, labor, and education leaders to organize “community compacts” that increase local postsecondary participation rates by 5 percent each year for the next ten years

Status: Implemented. There are many community-driven efforts, most notably the “Kalamazoo Promise” in Kalamazoo and the citizen-led commission in Macomb County, that are working to increase economic development by expanding higher education opportunities. In addition, ten communities have begun development of their own Promise Zones to expand access to higher education under legislation called for and signed by the governor. Baldwin Public Schools was the first operational Promise Zone. Baldwin High School graduates in June 2010 received a \$20,000 commitment to help fund their higher education or training.

8. Improve institutional completion measures. Michigan’s higher education institutions must set their own success goals and benchmarks for student progress and degree completion that emphasize timely progression to the degree.

Status: Partially implemented. Community colleges are participating in P-20 data system to track completions; 15 universities and the Presidents Council are committed to best practice networking. With the support of the Kellogg and Kresge Foundations, six community colleges agreed to participate in the Achieving the Dream program and made commitments to build support systems that help retain at risk students to ensure degree completion or certificate obtainment.

9. Expand access to baccalaureate institutions and degrees. Michigan’s higher education institutions must ensure that residents in all parts of the state have access to baccalaureate programs; universities that currently grant applied baccalaureate degrees must forge new partnerships with community colleges to expand this credential’s availability, enabled by legislation passed during the 2005–2006 legislative session.

Status: Partially implemented. There are an expanded number of university centers and partnerships around the state. Legislation signed by Granholm in 2010 will allow community colleges to begin offering baccalaureate degrees in areas of high need including nursing and skilled trades.

10. Expand opportunities for “early college” achievement. During the 2005–2006 session, the legislature must install a dual enrollment funding system that provides incentives for collaboration between secondary and postsecondary institutions; all of Michigan’s school districts must expand opportunities for dual enrollment so that 50 percent of the state’s (and no less than 10 percent of any school’s) high school students are earning college credit by 2015.

Status: Partially Implemented. The State Board and the Department of Education have approved policy and recommendations. Six early college high schools are operating to allow high school students to earn college credit simultaneously.

11. Improve transfer process and award dual degrees. By 2006, Michigan’s higher education institutions must (1) create a statewide “transfer wizard” website containing course articulation and transfer information for all Michigan higher education institutions; and (2) establish the Michigan Milestone Compact, granting an associate’s degree to a student transferring from a community college to a four-year degree-granting institution following completion of necessary course work.

Status: Partially implemented. MACRAO improvements have been made to Michigan Mall transfer site. Several Milestone Compact and Dual Degree programs have been established between four-year and two-year schools.

12. Increase the number of postbaccalaureate professionals. Michigan businesses and foundations must create a significant endowment to fund scholarships for Michigan students to pursue postbaccalaureate degrees; Michigan’s higher education and business communities must partner to greatly expand internship opportunities for undergraduate and graduate students and faculty; and Michigan’s universities must expand dual enrollment programs to allow undergraduate students to move efficiently to postbaccalaureate degree achievement.

Status: Partially implemented. Michigan’s 10 Promise Zones have the commitment of local business and foundation leaders to help support them financially.

13. Target adults seeking to complete postsecondary credentials. Michigan’s postsecondary education institutions must lead outreach campaigns that will recruit half of the 1.5 million adults with limited postsecondary education to return and complete their degree.

Status: Implemented. The Return to Learn Campaign engages most higher education institutions. Major state initiatives which target adults include:

- “Breaking Through,” a community college initiative linking adults with low basic skills with accelerated learning programs;
- the Jobs, Education, and Training (JET) a joint DELEG/Human Services program to fundamentally reshape the Work First program;
- the Office of Adult Education’s *Work Readiness Credential*;
- Achieving the Dream, a proposed community college completion initiative; and
- No Worker Left Behind, a revolutionary program to provide free tuition to adults to receive training for high demand jobs, emerging sectors and entrepreneurial ventures.

14. Conduct an analysis of higher education capacity needs. During the next legislative session, the higher education community must conduct an analysis of the emerging issues related to higher education human resource and physical infrastructure capacity.

Status: Partially implemented. The citizen-led commission in Macomb County studied higher education needs in that region and a similar group completed work in the Saginaw area.

15. Create an emerging economy initiative. The state and federal governments, universities, and private industry must boldly invest in Michigan's Technology Tri-Corridor to support the research, development, and commercialization of emerging technologies; and Michigan must create a 21st Century Research Fund that will give state, institutional, and private sector researchers improved access to matching funds for major research activities.

Status: Implemented. 21st Century Jobs Fund legislation was signed by the governor in December 2005. The first awards, totaling \$135 million to 85 companies, were made in 2006. In total, more than \$573 million has been committed to help more than 1,400 companies create or retain more than 24,000 jobs.

16. Commercialize more research. Michigan's higher education institutions must make commercialization of research an institutional priority; Michigan's colleges and universities should establish their own venture capital funds; and Michigan's universities and community colleges must form networks to accelerate applied research and business formation that leverage existing Smart Zones and business accelerators.

Status: Implemented. All three research universities have regional accelerator efforts, and other regional universities are collaborating on similar efforts.

17. Align postsecondary education with economic needs and opportunities. By 2006 the DELEG must develop and make available a more powerful and user-friendly system for linking job and occupational data with job/career information and guidance at the community level; DELEG must organize a process for communicating and reporting annually the match between current and emerging job and occupation needs and the efforts/outcomes of postsecondary education institutions to meet those needs.

Status: Implemented. DELEG labor market information has been developed as strategic planning/guidance function. In addition, the No Worker Left Behind program targets regional economic needs to match displaced workers, the unemployed and the underemployed with appropriate training to fill those needs.

18. Expand the role of higher education institutions in community development. All higher education institutions must aggressively partner with their communities and "cool city" commissions to develop and implement strategies and programs that leverage their unique role.

Status: Implemented. Higher education institutions are part of the "cool city" process and institutional commitments to leverage local roles are occurred.

19. Develop a lifelong education tracking System. By 2007 the Michigan Department of Information Technology must develop an interagency data-sharing arrangement, in coordination with Michigan's K-12 and higher education institutions that creates a functioning lifelong education tracking system with information from multiple data sources.

Status: On-going Implementation. An interagency workgroup developed a system under the leadership of the Department of Management and Budget and the Center for Educational Performance and Information. In 2009, Michigan was awarded \$10.6 million through the American Recovery & Reinvestment Act for the design and implementation of a statewide longitudinal data system.