

**STATE OF THE STATE OVERVIEW**  
**'Michigan 3.0: Getting It Right. Getting It Done.'**  
**January 18, 2012**

**Key Points**

- Gov. Snyder presented an optimistic, but realistic, assessment of the state of our state. While much work remains, indicators clearly show that Michigan is moving in the right direction.
- Our unemployment rate fell from 11.1 percent in December 2010 to 9.3 percent in December 2011. We have improved much faster than the rest of the nation and the rate is the lowest since 2008. Michigan also added nearly 80,000 private-sector jobs last year and these jobs are higher paying than the national average.
- There is greater confidence among investors and job providers – which means more prosperous futures for working families and their children.
- The foundation for economic success was laid in 2011 through bold but thoughtful policy reforms and a renewed spirit of collaboration. We're taking the time to get it right and we're getting it done.
- Michiganders are working together to move our state forward. From innovative public-private partnerships to collaborative efforts between government, business and labor, we're looking to the future rather than the past.
- But we're not afraid to acknowledge our ongoing challenges. Crime, public health and preparing our children to succeed in this global economy are areas in which Michigan must improve in 2012.
- We won't let up in 2012. This year will be marked by our continuing reinvention of Michigan. We must finish what we started. We're also committed to ensuring even greater accountability, efficiency, innovation and responsiveness in government.
- Michigan has a history of successfully reinventing itself, transitioning from its original natural resources-based economy to an economy driven by industrial resources. We're on the threshold of the "Era of Innovation," which the governor also calls "Michigan 3.0." It's defined by entrepreneurship, the growing importance of a global economy and by our wiliness to meet challenges.
- Part of our challenge is to invest where investment is needed. For example, transportation and infrastructure are areas that demand prudent but significant investment.
- Continued support for education, our local communities, as well as key industries such as agriculture, automotive, tourism, mining and timber is critical to Michigan's future.
- Gov. Snyder also offered reforms promoting greater accountability, efficiency and transparency at all levels of government. Examples include proposed updates to Michigan's campaign finance, lobby and ethics laws.
- We must all move forward together. The governor committed to ensuring that vulnerable populations such as our children, the elderly and veterans have the support they need to enjoy a good quality of life.

## State of the State Highlights

### Dashboard Review

- Michigan's Dashboard contains 21 measures in five areas. The governor provided updates on five of the measures. The full dashboard is at [michigan.gov/MiDashboard](http://michigan.gov/MiDashboard).
  - ▶ Twelve-month unemployment dropped from 11.1 percent to 9.3 percent. In November 2011, Michigan dropped under 10 percent for the first time in three years. Nearly 80,000 private-sector jobs were added during 2011.
  - ▶ In terms of public health, obesity increased 1 percentage point, which means that 32 percent of our population is considered obese. The solution is personal responsibility, not the government.
  - ▶ College readiness among students went from 16 percent to 17 percent, which is still unacceptable.
  - ▶ Statewide crime statistics have improved. However, Michigan has four cities (Saginaw, Flint, Detroit and Pontiac) among the nation's top 10 for violent crime.

### 2011 Successes

- Worked collaboratively to address retiree health care costs and other "legacy" issues confronting Michigan.
- Worked in partnership with the Legislature to enact 323 public acts. While the quantity is notable, it's the quality of the new laws that is impressive.
- Balanced state budget and eliminated \$1.5 billion deficit without accounting gimmicks or one-time funds.
- Deposited \$255 million into state "Rainy Day Fund" for the first time since 2004.
- Eliminated the job-killing Michigan Business Tax and replaced it with a flat 6 percent Corporate Income Tax.
- Changed the individual tax system to one defined by fairness.
- Provided the tools to build stronger cities and promote regional cooperation, such as the Economic Vitality Incentive Program.
- Completed much of our education reform package, including teacher tenure reform, lifting the cap on charter schools and the creation of the Office of Great Start, which focuses on our youngest children and lays a foundation for success.
- Unveiled a plan to improve the health and wellness of Michigan residents.
- Took steps to protect and serve vulnerable populations such as children, seniors and veterans.
- Highlighted the need for Michigan to better align where careers are and will be, with our citizens and the skills they have and need. A key component is the creation of Pure Michigan Talent Connect at [MiTalent.org](http://MiTalent.org), a portal connecting citizens with job providers.

- Signed laws that extend foster care services for young adults and protect school students from bullying.
- Enacted the Fiscal Accountability Act, which allows the state to act as a partner with communities facing financial challenges.
- Rescinded nearly 400 obsolete, confusing and burdensome government regulations that hampered job growth and efficiency.
- Michigan received a bond outlook upgrade from “stable” to “positive” from Fitch Ratings.
- Michigan was ranked 2<sup>nd</sup> in the nation by Bloomberg in terms of economic health.

### **State of the State Action Items**

- **Local government reform:** The governor will recommend additional funding in next year’s budget for the successful Economic Vitality Incentive Program. EVIP provides local governments with tools to build stronger communities and promote regional cooperation. The program currently is funded at \$5 million.
- **Education:** The governor asked the Legislature to complete work on dual enrollment and cyber learning legislation. He also requested support for legislation regarding the Educational Achievement Authority, an initiative to turn around our lowest-performing schools. The goal is to have the EAA educating children by September.
- **Health and wellness:** The governor encouraged lawmakers to require insurers to cover evidence-based therapies for autism as is the case in 27 other states. The governor also renewed his call for passage of the MI Health Marketplace. Enacting a Michigan-based system will help citizens make informed decisions when selecting high-quality, affordable health care. It will prevent Washington from imposing a federally mandated system on us as well. In addition, the governor announced *Pure Michigan Fit*, a partnership with Gerber Products, the Michigan Grocers Association and the Michigan Health and Hospital Association to address childhood obesity. This nutrition education program will give parents the information they need to raise healthy kids.
- **Elder abuse:** Elder abuse is the fastest-growing crime in Michigan. The Senate has passed bills giving vulnerable adults special witness protection against abusers, allowing advocates to speak on behalf of the elderly when appropriate, and establishing a senior alert program. The governor asked the House to pass the legislation as soon as possible.
- **Veterans:** Michigan is home to nearly 700,000 military veterans, many of whom have access to VA health care but are unaware of the benefit or choose not to use it because of the cumbersome process. The governor has committed to continue working with veterans groups and the federal government to make sure Michigan veterans get the benefits they have earned.
- **Roads and transportation:** Legislation soon will be introduced that creates a modern system of roads and bridges. No one in Michigan is satisfied with the current condition of our road system. In fact, studies show that we are underinvesting in our transportation infrastructure by about \$1.4 billion. The governor encouraged the Legislature to begin hearings on the bills as soon as possible. The governor pointed to the need for a regional transit system for Southeastern Michigan as well. We are working with the city of Detroit, the four surrounding counties and the U.S. Department of Transportation to develop a bus rapid transit system and the governor would welcome the Legislature’s support.

- **Global talent:** The governor announced that Michigan universities and organized labor are supporting efforts to create immigration opportunities for individuals who have advanced academic degrees or are entrepreneurs and can create jobs in our state. Joining the governor and universities in working with the federal government on this issue are the Michigan Regional Council of Carpenters and Millwrights, the Operating Engineers Union and the Teamsters.
- **Personal property tax:** The governor committed to continuing discussions begun last year regarding personal property tax reform. Reducing this tax on our industrial assets is critical to long-term job growth. The governor will continue working with local governments on this reform to preserve funding for communities since the tax is a significant part of their revenue.
- **Public employee retirement:** The governor encourages lawmakers to continue their work to reform the Michigan Public Employees Retirement System, similar to the cost-saving steps taken on the state pension and retiree medical systems.
- **Children's services:** The governor emphasized his commitment to Michigan's children, pointing out that while the Department of Human Services was able to place more than 2,500 children with an adoptive family last year, more kids become available for adoption each day and the need to match children with "forever families" remains great.
- **New International Trade Crossing:** The governor urged action on the proposed New International Trade Crossing because of its critical importance to Michigan's economy. The project will be built without Michigan taxpayer dollars.
- **Regulatory reinvention:** Efforts to streamline or eliminate government regulations will continue to be a major focus in 2012. The governor is committed to having a regulatory environment that is conducive to business growth and job creation while making sure Michigan residents are properly protected.
- **Public safety:** In March the governor will deliver a special message on public safety. It is unacceptable that four Michigan cities (Saginaw, Flint, Detroit and Pontiac) are among the top 10 most violent in the U.S. The message will focus on increasing law enforcement, improving the operation of our criminal justice system and ensuring the availability of jobs.
- **Energy and environment:** In the fall, the governor will deliver a special message on energy and the environment. Michigan must be more strategic by focusing on the intersection of job creation, affordability, science and sustainability. It also is imperative that we continue our leadership on Great Lakes issues.
- **Government accountability:** The governor will work with the Legislature to promote greater accountability and transparency in government by enacting overdue reforms to Michigan's campaign finance, lobby and ethics laws. The governor is seeking changes that include prohibiting a person who has decision-making authority over a contract from working for the company to which they let a contract; increasing the frequency of campaign finance disclosures from PACs and other sources; and improving Michigan's lobby and ethics acts.
- **Good government:** The governor pledged to focus on good government for the benefit of every citizen. The focus will be on two levels: state government itself and how it operates, and how it can be a supportive partner to local jurisdictions.