

February 3, 2010

<http://detnews.com/article/20100203/POLITICS02/2030342>

## Michigan governor's State of State will be 'all about jobs'

Auto industry's decline masks Granholm's achievements, observers say

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*Lansing* -- Gov. Jennifer Granholm delivers her eighth and final State of the State address tonight with a heavy focus on the two issues she sees as most important to propping up the foundering state in her last 10 months in office: jobs and education.

The term-limited governor hopes the hourlong televised message will set the stage for a year of reform she outlined in a speech in Lansing last week in which she called for up to 46,000 public employee retirements, reductions in benefits and other cost-saving measures to stabilize a budget in chronic deficit.

"The governor is going to focus on her priorities, the priorities of Michigan -- job creation, economic diversity, educating citizens and protecting them," said Liz Boyd, Granholm's spokeswoman. "But it's all about jobs."

Granholm won't talk about restructuring the tax system as the state faces a \$1.6 billion deficit. Any talk about that may come on Feb. 11 when she presents the budget for the fiscal year that begins Oct. 1. One tax change she has favored is extending the sales tax to services.

With no forecast showing the state rebounding this year from the collapse highlighted by the auto industry's implosion, the state's first female chief executive likely will leave office after eight years with the economy still in the tank -- a decline that started a year or so before she took the reins.

That fact threatens to overwhelm the list of Granholm successes, including the implementation of a workplace smoking ban, increased state minimum wage, an accord barring Great Lakes water diversion, a major job retraining program, tougher high school graduation requirements and a new economic focus on advanced battery and other alternative energy businesses.

But her tenure will be dogged by mocking replays of her statement in her 2006 speech that "in five years, you're going to be blown away" by a diversified economy in Michigan.

"She wanted the state to be blown away (with jobs created by diversifying the economy), and obviously that's not going to happen by the end of this year," said Bill Ballenger, editor of the Inside Michigan Politics newsletter. "Things could get worse. Fairly or unfairly, when you're governor for that long a period of time and the news continues to be bad, it rubs off on you."

Michael LaFaive, economic development expert at the Midland-based Mackinac Center for Public Policy, a free-market think tank, said overall, he gives the governor low marks.

"This is one administration that relied primarily on symbolism over substantive policy," LaFaive said. "When the state's fortunes were plummeting and citizens were getting poorer, she turned to economic development programs we knew would not work. Her focus was on job announcements, not real jobs."

Robert Kolt, a Democratic-leaning public relations consultant and political observer in Okemos, said the perception of Granholm as a cheerleader who governed by press release is unfair.

"I have to give her high marks for being a good communicator, but due to major problems in her backroom operation, most people never saw her deliver on promises made," he said.

"She's really bright. She just did not have enough focus, will and following to get many things done. And she even said herself she needed more legislative experience."

## Success significant

Over the past seven years, there have been significant achievements, some with considerable help from key legislators and other officials.

The governor called for a public smoking ban a couple of times, and it finally won passage in the Legislature in December. She got assistance from legislators such as Sen. Ray Basham, D-Taylor, who made a career of pushing the ban. She was able to sign an agreement with other governors to protect the Great Lakes from diversion. Experts say her predecessors paved the way on this issue, but she gets credit for pushing it over the hump.

Michigan's high school graduates must complete a rigorous slate of courses, which educators say will better prepare them for college and the workplace. State schools chief Mike Flanagan and education leaders in the House and Senate played a huge role in getting that done. Students also must stay in school until they're 18, another Granholm proposal that became part of the deal when reforms were enacted last year to draw federal Race to the Top funds.

The state's minimum wage was increased by \$2.25 an hour to \$7.40 an hour between 2006 and 2008, which the governor called for in her 2005 address. Granholm had much help from labor backers in the Legislature, and ultimately the business community signed off on the raise.

"You always have to have dogged legislators or others to take what the governor proposes and get it done," said Bill Rustem, president of Public Sector Consultants Inc., a Lansing independent public policy think tank. "But on issues like the smoking ban and the increased minimum wage, the governor deserves credit for raising the issue so it can move through the process."

Granholm's No Worker Left Behind program has retrained more than 100,000 people for 21st -century jobs and has a waiting list. That came after the governor's Michigan Opportunity Partnership matched 124,599 people with mostly health care jobs between 2005-08, said Marcia Black-Watson, a deputy director at the Department of Energy, Labor and Economic Growth.

Project Great Start launched school readiness efforts for children up to 5 years old, and there are 55 local centers to coordinate programs. A recent study suggested this and other early childhood education initiatives save the state \$1.15 billion a year.

She set up the 21st Century Jobs Fund to spur investment in high-tech companies and research, with the aim of diversifying the economy -- although it has been scaled back recently due to budget cuts. The full impact of the program cannot be measured for years.

In several addresses, the governor called for the replacement of lost auto jobs with green energy jobs. Her focus on advanced battery production has helped to make Michigan a hub for that technology. Former car parts makers are now manufacturing wind turbines. And lawmakers passed, at Granholm's urging, a plan to increase electricity production from renewable sources over the next 15 years.

## Program eliminated

Other initiatives she proposed met with mixed results.

She upgraded former Gov. John Engler's merit scholarships for college students to a \$4,000 Michigan Promise Scholarships program in 2005. But budget slashing last year prompted legislators to eliminate the program against Granholm's wishes.

The governor won funding for a new 100-trooper recruit school in 2008. But fiscal woes forced her to lay them all off last year and then call back all but about 15.

She donned sunglasses to promote her Cool Cities initiative in 2004, intended to spruce up cities to attract young professionals and entrepreneurs. The Legislature never approved funding, so the administration scrambled to find it through block grants, arts grants and other sources. The state spent \$4.2 million on 48

grants in 32 cities over three years, ending in 2006.

Its success is difficult to measure, said Karen Gagnon, program manager at the Michigan State Housing Development Authority. "A lot of what we have is anecdotal. We'll have to wait for the next census for more data."

The Michigan First health care plan was proposed by Granholm in 2006 and was intended to provide health coverage for 550,000 uninsured. But the state never won federal approval for the program, and it's on hold during the heated debate over national health care, said James McCurtis, spokesman for the Department of Community Health.

The governor pushed for business tax reform in 2007 and, after a tough battle, the Michigan Business Tax was born late in the year. But the tax is nearly as reviled as the one it replaced. Repealing a 22 percent surcharge on the tax is the business community's No. 1 goal in Lansing.

The governor and legislative leaders share the blame for this botched effort, observers say.

Rustem said an assessment of Granholm's time in office will be defined by her actions as well as by forces beyond her control.

"She did some good things, but the implosion of the auto industry in Michigan was an overwhelming issue this decade will be remembered for," Rustem said. "Also, term limits really kicked in, and the Legislature had difficulty meeting deadlines and forging compromises."

## Additional Facts

A look back

Here's a look at statements made and initiatives proposed in Gov. Jennifer Granholm's first seven State of the State addresses.

2003

Quotes: "I submit to you that while the state of our budget is weak, the state of our Michigan spirit is strong. ... How did our budget get so out of whack? Quite simply, we cut taxes but not spending, and we continue to spend more than we take in. This will stop."

Program proposals: Technology Tri-Corridor (focus on development in life sciences, auto industry and homeland security); Project Great Start (parenting, reading to children, coordinate children's programs); chronic truants don't get driver's licenses.

2004

Quotes: "The state of the state tonight is one of total determination: Michigan will attract and keep good jobs. ... If you seek a leaner government, look about you."

Program proposals: No Worker Left Behind (job training); Cool Cities (make cities attractive to young workers); increase use of Michigan Economic Growth Authority tax breaks.

2005

Quotes: "Will we let Michigan's economy languish, or will we work together to create the good jobs our state needs? Will we stand still, or will we move forward? I am moving. Move with me."

Program proposals: 21st Century Jobs Initiative (invest in research and innovation); increase the state minimum wage; Promise Scholarships (\$4,000 grants to students who complete two years of college); Michigan Opportunity Partnership (rapid-response job training to fill openings in the marketplace).

2006

Quotes: "Michigan, I am here to tell you: We have a detailed and comprehensive plan to grow this economy. ... In five years, you're going to be blown away by the strength and diversity of Michigan's transformed economy."

Program proposals: Focus on alternative energy jobs; Michigan First health care plan (affordable coverage for 550,000 uninsured); strengthen high school graduation requirements.

2007

Quotes: "We will increase our efforts to diversify the economy, reform government to cut costs, strengthen our schools, retrain displaced workers, expand access to health care and revitalize our cities. And we will finally put our fiscal house in order."

Program proposals: Require students to attend school until they're 18; ban smoking in the workplace; reform state business tax.

2008

Quotes: "Last year, people wanted decisive action on jobs, on health care, on schools. What they got was

partisan rancor over a budget. ... Tonight, I'm calling on you to join me in an era of unprecedented cooperation for historic progress."

Program proposals: Replace large, failing high schools with smaller schools focused on discipline; add 100 troopers with recruit school; increase electricity production from renewable sources to 10 percent by 2015 and 25 percent by 2025.

2009

Quotes: "Any honest assessment of our state's economy must recognize that things are likely to get worse before they get better. ... The days when our government could be all things to all people are behind us."

Program proposals: Reduce reliance on fossil fuel by 45 percent by 2020; call on auto insurance companies to freeze rates; direct Public Service Commission and Department of Environmental Quality to explore alternatives before approving new coal-fired power plants.

*Source: Detroit News research*

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