

State and Local Government News

MICHIGAN STATE
UNIVERSITY
EXTENSION

July 2008

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About the STATE AND LOCAL GOVERNMENT TEAM

Michigan State University Extension's State and Local Government Area of Expertise Team helps the people of Michigan improve their civic lives through an educational process that applies knowledge to critical needs, issues, and opportunities.

For more than 50 years, state and local government education has been an integral part of MSU Extension's work to link the concerns of the people of Michigan with the knowledge resources of the state's land grant university (MSU).

State and Local Government Program

Michigan State University Extension

Volume 2, Issue 2

THE FORECLOSURE CRISIS: Questions and Answers by Claire Layman

At the end of June 2008, foreclosure rates hit an all-time high. On July 11, IndyMac, an FDIC-backed, California-based mortgage bank, collapsed. On the same day, the U.S. Senate passed landmark housing reform legislation. In response, shares of Fannie Mae and Freddie Mac plummeted. Clearly, the housing market is in crisis.

What is Government Doing?

Policy proposals for fixing the mortgage crisis differ, depending on the goal. Some proposals aim to indirectly stimulate the market, others to directly aid homeowners, still others to tighten regulations. The most popular proposals include restructuring loans, lowering mortgage payments, lowering mortgage principles, placing a morato-

rium on foreclosures, government purchasing of mortgages, and government backing of loans.

Current Federal Efforts

HOPE Now is a nonprofit, voluntary coalition of the Federal government, lenders, and housing counselors. The coalition focuses on setting up repayment plans for homeowners facing foreclosure. Critics of the program point out that very few people qualify for loan restructuring under this program, and that the agency is slow to respond to those who call its hotline. Others respond that HopeNow simply does not have the resources to deal with a crisis of this magnitude.

"Foreclosure" continues on page 5

PERFORMANCE MEASUREMENT: Where is it and Where it is Going By Nicole Bradshaw

Performance measurement is a management and assessment tool for leaders in both the private and public sectors intended to provide information regarding program, department, project, or company goals and objectives. Performance measures are ideally implemented after a strategic plan is in place and will provide information regarding if or how well these goals are being met. In other words, performance measures can be used to quantify the efficiency, effectiveness, and achievements of an organization. Performance measures are best utilized when integrated into a management, reporting, or benchmarking system.

Performance measurement and management, though recently more popular, has been around for nearly a century. While many budgeting and measurement fads have come and gone with various presidential administrations, in 1993, President Clinton intro-

duced the Government Performance and Results Act, and following his lead President Bush implemented the Performance Assessment and Rating Tools (PART). When combined, the two policies require federal agencies to develop strategic plans and performance measures which are monitored by the Office of Management and Budget.

At the state level, 47 states currently use performance measures, while only a third of them integrate these indicators into their budget process. Of these states, seven offer incentives for departments that perform well, and two states even offer disincentives for those departments that perform below their targets.

Local governments have been active in measuring their performance as well. At a national level, as the municipality's size increases so does its probability of perform-

"Measurement" continues on page 2

COUNTIES MOVE TO OR CONSIDER A COMPRESSED WORKWEEK

by Claire Layman

The rising cost of gasoline has prompted a few counties to offer employees the option of working four, 10-hour days, in exchange for one less day burning fuel commuting to the office. Oakland County was the first to announce this initiative, and Macomb has followed its lead. In both cases, county offices remain open five days a week; employees who choose the flex schedule stagger days off so that county offices remain open to service the public. Emmett, Genesee, Alcona, and Washtenaw Counties also have announced that they are considering moving to an optional, 4/10 work week for some of their employees. Governor Granholm has encouraged State department heads to expand flex time to eligible employees.

Initially, 4/10 workweeks may sound like a no-brainer. Yet counties with few employees might find rotating days off nearly impossible. For example, a county register of deed's office with three employees could find it difficult to run the office on two employees, three days a week. And the government unit itself does not save money on reduced electric use, because the buildings are still open five days a week. Further, the employee only saves fuel

(and the environment) if she actually stays home on her day off, instead of running errands or heading to Chicago. However, the public may benefit if the offices are open later in the evening to accommodate the employees' longer work day. Superior Township in Washtenaw County piloted the 4/10 workweek at the end of June. Offices remain open until 6:00, five days a week.

Michigan Association of Counties (MAC) has researched some of the legal implications of a 4-day workweek. County commissioners need to consider how overtime and pension eligibility are assessed (Hourly? Daily? Weekly?) Court hours should be coordinated with an Administrative Order, and other offices, such as the Treasurer's and Clerk's need to be open for vital business.

Alcona County is exploring ways to save all county residents gasoline. Bonnie Wichtner-Zoia, Alcona County CED, reports the formation of a "transportation committee" in her rural county. The committee is comprised mostly of human service agencies, and is exploring ways to provide public or private transportation at a discounted rate for county residents. Now that's thinking outside the car!

"Measurement" *continued from page 1*

ance measurement. At a county level, about 30 percent of counties with populations greater than 50,000 use performance measurement, but only 7% of all counties are considered high intensity users.

According to a Michigan State University survey done in 2007, 20% of cities, townships, villages, and counties in Michigan are using performance measures in at least one of their departments. Over 90% of those surveyed cited as a reason for measuring performance a desire to make better decisions, and less than 30% reported that they measure performance to meet state or federal reporting requirements. Local government managers were also motivated by the desire to be accountable to their citizens.

Local governments' desire to learn more from their performance measures has led many to formally or informally benchmark with other governments. This practice is formally managed for North Carolinian and Floridian governments through their respective benchmarking projects and at a national level for members of the International City/County Managers Association Center for Performance Measurement.

Michigan State University Extension's State and Local Government Program is currently facilitating a benchmarking consortium for Michigan's local governments. With over 25 participants from various counties, cities, townships, and villages, the Michigan Local Government

Benchmarking Consortium (MLGBC) is taking performance measurement to the next level by creating a formalized avenue to compare measures. Through this process local governments can see how their service delivery compares to others and learn how to improve quality or cost.

Service areas that are currently being explored are ambulance, emergency dispatch, fire, fleet maintenance, information technology, parks maintenance, police and sheriff, and road maintenance and repair.

For more information about this consortium, check out our new website: www.msue.msu.edu/slq



2009 Budget At A Glance

The fiscal year 2008-09 budget is almost done, with just a few departmental budgets waiting on the governor's signature. For this reason, an official analysis of the finalized budget will be included in next quarter's newsletter, but for now a brief and incomplete summary can be shared. As the budget is completed, more information can be found on the legislature's website and from the house and senate fiscal agencies.

Appropriations (in dollars)						
	2007-08		2008-09			
	General Fund	Gross	General Fund	Gross	GF % Change	Gross % Change
Agriculture	31,000,000	98,753,900	32,488,600	107,814,300	4.8%	9.2%
Community Cllgs	318,928,800	318,928,800	299,360,500	299,360,500	-6.1%	-6.1%
Community Health	3,100,000,000	12,008,915,900	3,095,528,900	12,533,142,000	-0.1%	4.4%
Corrections	2,000,000,000	2,077,004,500	1,975,495,800	2,040,648,200	-1.2%	-1.8%
Education	7,000,000	96,482,400	7,551,400	95,143,100	7.9%	-1.4%
Environ Quality	32,000,000	351,931,500	44,411,800	363,953,700	38.8%	3.4%
General Government	661,000,000	2,477,047,000	n/a	n/a	-	-
Higher Education	1,800,000,000	1,896,375,700	1,645,605,200	1,769,105,200	-8.6%	-6.7%
MSU Extension	29,322,300	29,322,300	29,615,500	29,615,500	1.0%	1.0%
History, Arts & Lib	39,000,000	49,363,700	39,790,800	52,897,000	2.0%	7.2%
Human Services	1,300,000,000	4,574,977,200	1,285,257,200	4,580,607,100	-1.1%	0.1%
Judiciary	158,000,000	256,768,000	159,320,600	262,884,000	0.8%	2.4%
Labor/Econ Growth	46,000,000	1,266,757,900	73,560,700	1,387,394,800	59.9%	9.5%
Military/Vet Affairs	40,000,000	127,749,800	40,339,800	183,807,900	0.8%	43.9%
Natural Resources	24,000,000	284,387,100	n/a	n/a	-	-
School Aid	35,000,000	13,006,025,100	n/a	n/a	-	-
State Police	274,000,000	540,139,900	284,921,600	530,292,600	4.0%	-1.8%
Transportation	0	3,360,195,600	n/a	n/a	-	-



BOOK REVIEW: World Made by Hand by James Howard Kunstler
Atlantic Monthly Press, 2008. 317 pages
Reviewed By Claire Layman

SUMMER READING

World Made by Hand is a novel set in the near future, where nuclear war, a flu pandemic, peak oil, global warming, and racial rioting have had their way with much of the United States. Residents of Union Grove, in Washington County, upstate New York, have fared pretty well, but must live without 21st Century necessities: cars, telephones, electricity, espresso, and Federal and state government. Residents grow, fish, or hunt their own food, then barter with their neighbors for necessities. Townies gather to make music, attend church, and trade supplies, but no proactive government exists to organize residents for commerce or services beyond basic medical needs.

The book is narrated by Robert Earle, a former software executive turned carpenter. He's a natural leader: When a religious sect from Virginia moves into the town's old high school, Robert is quickly elected Mayor of Union Grove to serve as a counterpart to the sect's leader, Brother Jobe. Following the murder of an innocent young man, Brother Jobe encourages Robert and the Union Grove residents to restore justice to the town (although Jobe's idea of justice is inspired more by the Old Testament than by 20th Century jurisprudence.)

Much of the novel's tension resides in the struggle for power between four groups that have sprung up in the vacuum of government. Of one group, a sort of plantation run by a wealthy land-owner, Kunstler writes:

He went his own way and always had. He ran a bountiful farm. He had altogether perhaps fifty people living and working for him there, and it was rumored that many of

them entered into a relationship with him of extreme dependency, people who, out of one misfortune or another, or perhaps just a desire to be led or to live a structured existence, sold their allegiance to him for security and a full stomach. He took care of them. It was an old story, but one that hadn't been seen in America for a long time. (p. 61)

A second tribe is led by Wayne Karp, the town tough guy and a former biker. His followers have taken control of the town landfill, mine its junk, and then sell or trade it to outsiders.

The novel is at its most expansive in its depiction of the food that has become the focus of everyone's life. All food must be grown or caught locally, and through the many meals described here, we can see the bounty that is available to us in our own backyards. In upstate New York, this bounty includes smoked trout, cornbread, chicken stew, biscuits flavored with fresh thyme, and sautéed watercress. No Asian fusion here.

Kunstler's depictions of his characters can be uneven, however. Women are background figures, content to serve as cooks, caretakers, or adoring lovers to the apparently studly Robert, who is too perfect to be believed. On the other hand, Brother Jobe and Wayne Karp, are rich, sometimes humorous characters.

The subtext of the book is a criticism of America's excesses, and an assumption that we will pay the price for our greed and lack of foresight. While an interesting exercise in imagination, the book becomes more a of a polemic than a satisfying novel.

STATE AND LOCAL GOVERNMENT TEAM ACTIVITIES

State and Local Government Team's 40th Anniversary: 2008 marks the 40th anniversary of the State and Local Government Program (SLG) of Michigan State University Extension. SLG began in response to the US Supreme Court ruling of the one-person, one-vote in 1968, and the subsequent change from County Supervisors to County Commissioners. Understanding that county policy is shaped by elected officials, some of whom had never before held a public office, the SLG program developed the New County Commissioner Workshop (NCCW). For the past 40 years, these biennial regional workshops have offered newly elected county commissioners an opportunity to learn about their roles and responsibilities. As county government has evolved over the years, NCCW topics have been refined to match the changing roles and responsibilities of commissioners. NCCWs will be held in November and December of this year. Stay tuned for more information!

Performance Measurement for Government Workshops: Dr. Eric Scorsone is leading workshops all over the state designed to help local government learn the basics of performance measurement. Contact us or check out the State and Local Government Program's website for the dates and locations of the current workshops.

“Foreclosure” *continued from page 1*

FHASecure is a program that provides FHA-backed loans from some borrowers with poor credit records. *The New York Times* reported in April 2008 that the program has assisted 2,000 homeowners at risk of foreclosure, and backed 140,000 new loans since August 2007.

Legislation is pending in Congress. The Senate-passed version of the plan (**HR 3221, The Foreclosure Prevention Act of 2008**), would:

- Greatly expand the FHA program. Homeowners in danger of foreclosure could refinance into a FHA-backed, fixed-rate loan. The lender would pay a three percent FHA loan-origination fee, and the borrower would have to agree to split the proceeds of any future sale with the FHA. The Program is capped at \$300 billion.
- Require Fannie Mae and Freddie Mac to fund the proposed FHA program.
- Create a new Fannie-Mae, Freddie Mac regulator, with oversight authority similar to the other bank regulators.
- Create an \$8,000 tax refund for first-time home buyers.
- Require a simplified disclosure on mortgage documents.
- Appropriate \$3.9 billion for states to purchase and renovate abandoned and foreclosed properties.
- Raise the cap on the limit of loans that the FHA may insure and Fannie and Freddie may buy to at least \$625,000 (the House is seeking an even higher limit, to \$730,000, to accommodate areas where housing prices are high.)
- Create a National licensing system for residential lenders, and establish minimum qualifications for all loan originators.

HR 3221 passed the Senate on July 11, and now goes to conference committee to iron out differences between the two chambers. President Bush has criticized the \$3.9 billion to cities, claiming that the biggest beneficiaries of such an action would be lenders, not homeowners; the lenders are off the hook when a city buys the foreclosed home.

On July 13, 2008, the U.S. Treasury proposed a “bailout” of Fannie Mae and Freddie Mac, by increasing the amount of credit the GSE’s can access, and by allowing Treasury to inject money into the company in return for shares.

Current State Efforts

Michigan’s “Save the Dream,” operated through the Michigan State Housing Development Authority (MHSDA) provides for an ARM Refinance Program. Under this program, a homeowner (who must not exceed state and Federal income and mortgage requirements) can refinance an ARM or a high-rate fixed loan into a 30-year fixed loan. Save the Dream also offers referrals to housing counselors.

What can consumers do?

The value of home ownership is deeply rooted in the American Dream. The economic and public policies of the last 50 years have stimulated and encouraged the young and the credit-strapped to purchase homes. The current mortgage crisis has caused many to re-examine the assumption that home ownership is the key to financial stability and family harmony.

Home buyers should:

- Assess honestly whether they are financially ready to take on a mortgage.
- Educate themselves about abusive lending practices. Borrowers with little knowledge of mortgage or finance are targeted more frequently.
- Communicate with lenders if they are in danger of missing a payment. It is common for borrowers in default to avoid mail and phone calls from lenders. Calling or writing a lender early in the process, however, and explaining the situation may allow one to avoid or delay foreclosure by setting up a modified payment schedule.

Housing counselors are available through Michigan State Housing Development Authority (MSHDA) or the US Department of Housing and Urban Development (HUD). **MSU Extension offers housing counseling in Delta, Dickinson, Iron, Lapeer, Macomb, Marquette, Menominee, Clare, Jackson and Washtenaw counties.** Other reliable consumer resources include:

- NeighborWorks
- The Federal Housing Administration
- AARP
- The National Foundation for Credit Counseling
- The National Foundation for Debt Management
- Community Action Agencies
- Community Housing Agencies

Following foreclosure, consumers may find debt consolidating and credit counseling helpful. Communication with other creditors is again vital in order to set up modified repayment schedules. Creditors will waste no time contacting their clients. Under the Fair Debt Collection Practices Act, borrowers have rights: creditors are not allowed to call before 8:00 AM or after 9:00 PM, or at one’s place of work.

Low interest rates and a glut of low-priced houses on the market make this a buyer’s market. Fannie Mae and Freddie Mac are offering programs for non-traditional loans, such as those for the newly divorced, first-time homeowners, and veterans. In the meantime, homeowners who don’t have to sell will probably hold on to their properties for the foreseeable future.

State and Local Government Program

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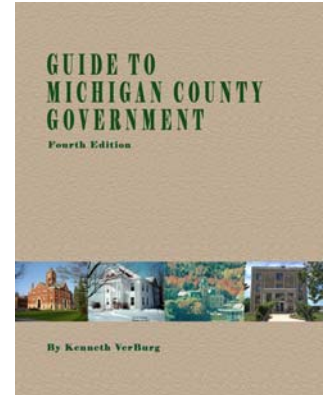
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STATE AND LOCAL GOVERNMENT TEAM MEMBER SPOTLIGHT

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Nicole Bradshaw is a visiting specialist with Michigan State University's Department of Agriculture, Food, and Resource Economics. Nicole earned her Bachelors of Science degree at the University of California, Davis and recently completed her Masters of Science from Michigan State University in the department where she currently works.

As a visiting specialist, Nicole conducts research on a variety of topics that affect local governments such as finance, budgeting, and performance measurement. As Program Director for the new Michigan Local Government Benchmarking Consortium, works closely to help local governments develop meaningful performance measures and coordinates and analyzes benchmarks and learning processes for members.

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Claire Layman joined Extension as a public policy education specialist in 2008. She writes and delivers curriculum to promote better understanding of political processes, current policy issues and strategies for greater citizen involvement. In particular, she is interested in natural resources issues, public deliberation, and adult learning. She will carry on the tradition of authoring the MSU bulletins on statewide ballot issues, assisting with New County Commissioner training, and co-sponsoring, with IPPSR, the Legislative Leadership Program, a policy orientation for new state legislators. She is a regular contributor to the State and Local Government News and LeadNet news. Prior to her appointment at Extension, Claire worked as a legislative analyst for the Senate Fiscal Agency, and as a writing teacher in Clarkston, Michigan. She received her B.A. from the University of Michigan and her M.A. in teaching from Boston University.

