

## MEMORANDUM

To: Regional Reinvention Team  
From: Bill Rustem, Sara Wycoff  
Date: Dec. 6, 2012  
Subject: Background on Regionalism in Michigan

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### ***Executive Summary:***

The Strategic Policy team has convened a broad group of regional experts to assist in the development of a strategy for regional collaboration, investment and service delivery. The group is narrowly focused on four federally funded programs with significant impacts on state policy and resources:

- Adult Education
- Workforce Development
- Regional Planning Agencies; and
- Metropolitan Planning Organizations

The group continues to meet on a bi-weekly basis and intends to provide formal recommendations to the Governor for consideration by year's end.

### ***Progress to Date:***

The group eschewed delineating a list of problems with existing regional service delivery entities in favor of clearly understanding the various entities that are already in place, and the federal and state statutory and programmatic parameters they already operate under. This understanding is guiding the development of a positive vision (still under development) of what roles we think sub-state regional entities should perform; what characteristics we think they need to have in order to be responsive to the needs of business and growing jobs; how we think they should be structured to achieve four principal goals; and how they can best operate to meet federal, state and local needs. This vision will be positive and future oriented, while rooted in practical realities.

To date, the group has reached consensus regarding four goals of a regional effort, has identified their desired outcomes and is currently examining potential methods for implementation.

### **Goals:**

As defined by the group, the goals of regional reinvention are:

“Guided coordinated investment of:

- Economic Development (Regional Planning Agencies, Economic Development Districts)
- Human Capital (Adult Education, Workforce Development); and
- Infrastructure (Transportation Planning), using contemporary
- Data Collection and Management Services (Census Data Collection and other data sources)”

There is also general consensus throughout the group that there is a growing need for regional agencies to play a larger role in the delivery of state services, and that without this role shift, the four goals will not be effectively implemented.

The group continues to work on issues associated with the operational characteristics of reinvented regional entities to achieve these goals. There is general consensus each region (whatever the geographic service area) needs to be guided by a common asset-driven vision of the future of the region that is crafted by all the major public, private and nonprofit stakeholders in the region around implementation in the four goal areas. However, this common vision should also be linked to clear roles and expectations associated with service delivery as a regional sub-state entity, which achieves as yet unarticulated state objectives, as well as the clear federal objectives that come with each of these four federally sponsored programs. Organizationally, the region must be structured to be nimble enough to achieve this common vision, while adapting to circumstances driven by changing business

needs, and/or state or federal program changes. This will require a sense of urgency, focus and agility not presently found in regional agencies and may require a new governing structure that is very different from existing ones. These issues are all being examined at present.

**Outcomes:**

The team's desired outcome is a regional model that would be comprised of one mechanism or system that encompasses a comprehensive strategy for regional economic development, human capital and infrastructure. To best leverage federal resources, the team also desires a more consolidated funding source which would likely occur on a program by program basis, through a federal waiver request or permission for a demonstration pilot. In addition, the team plans to complete a re-examination of regional boundaries.

**Implementation:**

The team has already identified aspects of a better model for regional coordination in Michigan, but regional reinvention is more than simple coordination. At this time, it is working to determine how we might implement the proposed changes, recognizing that any significant policy change must be achieved through partnership with the federal government.

**Background Information:**

Provided below you will find legislative history, current services, governance and funding data for the following, pertinent, programs:

- Adult Education
- Workforce Development
- Regional Planning Agencies; and
- Metropolitan Planning Organizations
- Economic Development Collaborative Zones

**Adult Education:**

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*Legislative History*

The Economic Opportunity Act of 1964 created the first Adult Basic Education program as a state grant. This was for persons 18 years of age and older who had not completed their secondary education and whose inability to read, write and compute was impairing their ability to obtain employment. In 1965, 37,991 adults enrolled nationally in what was known as ABE (Adult Basic Education). In 1965 Michigan received its first federal funds for adult basic education under the Economic Opportunity Act of 1964.

Throughout the 70's and 80's the program was expanded to include discretionary English as a Second Language Services. In addition, the President established the National Literacy Council which continues to play a significant role in Adult Education.

In 1996, state and federal policy prompted the creation of Workforce Development Boards in each of the state's 25 Michigan Works! Agencies. In 1998, the Adult Education Act was repealed and replaced by the Workforce Investment Act (WIA) requiring the creation of an integrated "one-stop system of workforce investment and education activities for adults and youth. In addition, Titles I and II of WIA and Perkins III established State performance accountability systems with core indicators used to measure state and local performance. Core indicators are as follows:

1. Demonstration of improvements in literacy skill levels in reading, writing and speaking the English language
2. Placement, retention, and completion of postsecondary education, training, unsubsidized employment, or career advancement
3. Receipt of a secondary school diploma or its equivalent

Then, in 1999, Governor Engler created the Michigan Department of Career Development which included the Office of Workforce Development, Michigan Rehabilitative Services, and Employment Service Agency. In addition, he transferred Career Education Services, Postsecondary Services and Adult Education from the Department of Education to MDCD in hopes of promoting more contextualized and seamless education and training.

#### *Service Delivery Today*

Today, Michigan's adult education is primarily offered through local school districts and overseen by the Workforce Investment Agency. The state's Adult Education program serves approximately 42,000 individuals a year. The state currently provides Adult Basic Education, English as a Second Language, High School Completion General Education Development programs and services, and Prisoner Re-Entry Services.

A network of local literacy councils trains volunteers to mentor adults who need help with their literacy skills. Literacy Councils are nonprofit organizations that are governed by a board with by-laws. The majority of literacy councils in Michigan are run by volunteers, with budgets under \$20,000. Literacy councils provide tutoring services for nonreaders or those who have great difficulty reading. Often, a low level reader will go to a literacy council first for intensive, one on one service, and the transition into an adult education program for higher level services.

More than 250 Adult Education programs are located throughout Michigan. Approximately 50% of Michigan's local public school systems operate an Adult Education program. Additionally, some intermediate school districts, community colleges, and nonprofit organizations offer Adult Education services.

The Michigan Department of Corrections oversees a separate adult education program, which serves approximately 7,000 students a year, 5,000 of which are academic and 2,000 of which are vocational.

#### *Governance*

There is currently no formal structure of Governance for the Adult Education system in Michigan. It is a state run program through the Workforce Development Agency and Michigan Department of Corrections. The Michigan Department of Education supports the program as well by reviewing outcome metrics. Michigan Strategic Fund also acts as an administrative body – appropriating the federally dedicated funds.

#### *Funding*

General Adult Education received approximately \$22 million from the state school aid fund and approximately \$14 million in federal funding to provide services in FY 2012 and again in FY 2013. In addition, MDOC received approximately \$32 million in state and federal funding to provide Adult Education services in FY 2012. MDOC received a similar appropriation in FY 2013, a gross appropriation of just over \$32 million with \$28.8 million General Fund dedicated to the Michigan Prisoner Rehabilitation Initiative (MPRI) and \$3.3 million from federal sources. The Michigan Strategic Fund (MSF) also supports Adult Education programming through the Office of Adult Education, which funds 16 FTE position and has a net funding of \$2.75 million the majority of funding from federal and private sources. Additionally, FY 2013 includes a \$20 million federal appropriation for providers of Adult Education programs to be used for individuals 16 years or older for basic education skills

State School Aid funding goes directly to school districts and specifically to K-12 schools (although not all districts choose to offer the service because of reduced levels of funding). No ISD's offer Adult Education instruction, although the Muskegon ISD does act as the fiscal agent for a consortium of programs on the west side of the state.

Title II funds flow from the Workforce Development Agency's Adult Education Office to school districts, as they are the fiduciary of the funding. The WDA uses MDE to distribute the funding because of their electronic grant system. Adult Education programs funded by Federal Title II dollars are delivered primarily by school districts but also by some community colleges and non-profits. Most of the school districts receiving school aid funding (section 107) also receive federal funding.

It is important to note that if an adult student leaves one district to attend another– the funding does not follow. However, if it is during a count date such as September or February, the student would be counted in the new

district and dropped from the former and the district would receive funding for that student based on criteria from state school aid. No K-12 student leaving a district ever has money follow them during the course of the same school year.

Finally, the number of schools providing Adult Education services is declining as available funds decline and requirements for the program continue to grow.

## **Workforce Development:**

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### *Legislative History*

The nation's modern public workforce system goes back to 1962, when the Manpower Development & Training Act (MDTA) was passed as part of President Kennedy's agenda to combat unemployment. It was a modest program, aimed at retraining workers displaced by technology, inclusive of those who were currently employed but with a training allowance for unemployed participants.

In 1973, MDTA's successor was enacted - the Comprehensive Employment and Training Act (CETA). CETA was inspired by the Works Progress Administration program launched in the 1930s to help America recover from the Great Depression. CETA also provided for the Summer Youth Employment Program and was the first step in decentralizing control of what had always been federally controlled job training programs.

In 1983, the Job Training Partnership Act (JTPA) replaced CETA. While JTPA continued to decentralize the delivery of services it also created program requirements that were more prescriptive and regulated than before. While local areas now had Private Industry Councils (PICs) to administer the funds at the local level, the flexibility associated with those funds diminished. Under JTPA, one extremely popular CETA program, subsidized employment, disappeared entirely.

In Michigan, the Urban Cooperation Act was used to help form the Workforce Development Board Regions that still exist today.

### *Service Delivery Today*

In 1998, Fifteen years after the launch of JTPA and several unsuccessful attempts at reform, Congress enacted the Workforce Investment Act (WIA) creating the Workforce Development System that we still operate under today. WIA changed several of JTPA's structures and processes and explicitly outlined a service model where services to individuals are delivered in the context of the broader marketplace.

WIA required the creation of a national network of one-stop centers to provide a sequence of services. These services include: Adult and Dislocated Worker Training and Services, Statewide Employment Assistance, Food Assistance Employment & Training, Veteran Employment Services, Prisoner Re-Entry Services and more. The centers were expected to be funded by complicated agreements with organizations administering other related funding streams including Temporary Assistance for Needy Families (TANF). In addition, Workforce Investment Boards replaced Private Industry Councils, changing the board composition requirements. Lastly, WIA reflected a new understanding about youth development. The result was far more emphasis on skill development rather than work experience for youth, effectively dismantling the nation's summer jobs program.<sup>1</sup>

Although WIA was intended to be reauthorized every 5 years, Congress has failed to reauthorize it since its enactment in 1998.

### *Governance*

Today, the Workforce Development Agency state plan and strategy is subject to review and comment by the Governor's Talent Investment Board, and 25 Regional Workforce Development Boards. Under the federal Workforce Investment Act, the 47 member Talent Investment Board is required to include the following

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<sup>1</sup> <http://www.nawb.org/documents/Publications/WIA%20101%20with%20discussion%20sections.pdf>

participants:

- 1) The governor
- 2) Two members of the Michigan House of Representatives; appointed by the Speaker of the House
- 3) Two members of Michigan Senate; appointed by the Majority Leader
- 4) Thirty seven members appointed by and serving at the pleasure of the governor:
- 5) Twenty Seven representatives of business in Michigan who:
  - a. Are owners of businesses, chief executives, or operating officers of businesses, and other business executives or employers with optimum policymaking or hiring authority
  - b. Represent businesses with employment opportunities that reflect the employment opportunities of the state
  - c. Are appointed from among individuals nominated by state business organizations and business trade associations
- 6) One representative who is a chief elected officer of a city or county
- 7) Two representatives of labor organizations who have been nominated by state labor federations
- 8) Two representatives of individuals and organizations that have experience with respect to youth activities
- 9) Two representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including chief executive officers of community colleges and community-based organizations within the state
- 10) One representative in the state with expertise relating to Job Corps programs
- 11) One representative in the state with expertise relating to Native American programs
- 12) One representative in the state with expertise relating to migrant seasonal farm worker programs
- 13) Five members appointed by the governor:
  - a. The President of the Michigan Strategic Fund
  - b. The Director of the Department of Licensing and Regulatory Affairs
  - c. The Director of the Department of Community Health
  - d. The Director of the Department of Human Service
  - e. The Superintendent of Public Instruction

WIA further dictates that the governor, in partnership with the Talent Investment Board, shall establish criteria for use of chief elected officials in the local areas for appointment of members of the local Workforce Development Boards. Composition shall include:

- 1) Representatives of business in the local area, who:
  - i. Are owners of businesses, chief executives or operating officers of businesses, and other business executives or employers with optimum policymaking or hiring authority
  - ii. Represent businesses with employment opportunities that reflect the employment opportunities of the local area
  - iii. Are appointed from among individuals nominated by local business organizations and business trade associations
- 2) Representatives of local educational entities
- 3) Representatives of labor organizations
- 4) Representatives of community based organizations
- 5) Representatives of economic development agencies
- 6) Representatives of each of the one stop partners
- 7) *(Composition may also include other individuals or representatives of entities as the chief elected official in the local area may determine to be appropriate.)*

Finally, the local workforce development board also appoints an Education Advisory Group that serves in an advisory capacity to the board on educational issues.

- 1) Composition shall include:
  - a. Local workforce development board members and representatives of employers

- b. Labor representatives
- c. Local school districts
- d. Post-secondary institutions
- e. Intermediate school districts
- f. Career and technical educators
- g. Public school parents
- h. Academic educators

Typically, Workforce Development Board boundaries are inconsistent with other regional boundaries. Today, only three Workforce Development Board boundaries in the state also align with the other regional boundaries (EDC, SPDR, MEDC, CDC) - the Northwest Michigan Council of Governments, the Northeast Michigan Council of Governments, and the Tri-County Regional Planning Commission.

While the right to reorganize the number and structure of the Workforce Development System in his/her own state is explicitly reserved to the governor in WIA, current boilerplate language in the federal budget prevents governors from doing so at the risk of jeopardizing their federal funding. This is the result of the strong political pushback that occurred at the federal level following the reorganization of the Workforce Development System in Indiana. Federal law gives local elected officials (county commissioners, mayors) the responsibility and right to establish their sub-state workforce development boundaries, and this is automatic if the population base is 300,000 or more.

It is important to note that this fall Workforce Development Board directors voluntarily came together to support the creation of talent districts which will align with MEDC's 10 Economic Development Collaborative Zones. So despite structural challenges, greater collaboration between regional bodies and Workforce Development Boards is coming to fruition.

#### *Funding*

To be eligible to receive funding under the WIA or Wagner-Peyser Act, states must submit to USDOL five-year strategic plans. The secretary of USDOL has 90 days to review and make determinations of the state plan. If no determination is made within that period, the plan is considered approved.

Since WIA re-authorization has never occurred since its initial expiration at the end of fiscal year 2003, USDOL authorized states to submit plans for the first two years of the planning cycle. However, Michigan's current state plan is a five-year plan and was resubmitted and approved by US-DOL in June 30, 2012.

Up to 10% of a local area's WIA allocation can support administrative costs. The remaining funds must be used to provide youth, adult, and dislocated worker services, as defined under WIA. Federal law dictates that states must allocate each of the three WIA streams as follows:

	Local area distribution	State admin costs / statewide activities	Rapid response reserve
Youth	95%	5%	NA
Adult	95%	5%	NA
Dislocated worker	70%	5%	25%

For each of the three WIA funding streams (i.e. youth, adult, and dislocated worker), there are two options for distributing funds to local areas:

#### 1) Default formula method:

The following is the WIA's default method for distributing funds to local areas:

- 1/3 based on the relative number of unemployed individuals in the local area compared to the total in the state
- 1/3 based on the relative number of excess unemployed individuals in the local area compared to the state

- 1/3 based on the relative number of disadvantaged youth, disadvantaged adults, or individuals unemployed for 15 weeks or more (depending on the specific funding stream) compared to the total number in the state

## 2) Alternative formula method:

The governor may choose an alternative method of distribution in accordance with the following:

- Minimum 70% distributed based on the default method
- The remaining portion based on a formula that incorporates additional factors relating to excess poverty and excess unemployment in rural, urban, and suburban areas.

Michigan currently uses the default method for youth and adult funds and has an adjusted method for dislocated worker funds.<sup>2</sup> The distribution methodology cannot be altered more than once per year and changes must be implemented through a modification to the state plan.

Some of the perceived and real disconnect occurring in the system may be as a result of the metrics required by the federal government. The WDA's funding and performance is measured against 17 supply-side metrics that are required and measured by the Department of Labor. (See Appendix: Exhibit B) Michigan's Workforce Development Agencies have begun to move to a demand driven model, and in keeping with this, the state agency requires that they also report demand metrics above and beyond the 17 federal measurements. (See Appendix: Exhibit C)

In FY 2013, the Workforce Development System received approximately \$184 million dollars from federal resources. However, as the administration has previously noted, the portion of this fund which is discretionary for states continues to experience significant cuts.

## **Regional Planning Agencies:**

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### *Legislative History*

The Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965 provided respectively for the establishment of Economic Development Districts (EDDs) and Local Development Districts (LDDs). Administrative funding was provided through the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC) for operation of districts tasked with responsibilities for strategic policy development to address economic development and quality of life issues on a multi-jurisdictional basis. The U.S. Department of Housing and Urban Development also funded local planning assistance and regional planning initiatives as well as issued guidelines in 1969 which established a system of certification for area-wide planning organizations. Most funds originated with the HUD 701 "Urban Planning Assistance" program.

The Public Works and Economic Development Act was designed to enable and assist economically depressed areas establish stable and diversified local economies through the creation of long-term employment opportunities. The act provides for assistance to the communities in an EDD by furnishing grant funds for regionally coordinated planning and development efforts. These funds provided by the Economic Development Administration (EDA) are the primary source of strategic planning assistance.

Michigan's regional planning agencies are created and supported as a result of three separate, but different statutes which allow sub-state units of government to form (known often as state-designated planning and development regions, regional planning commissions, regional planning and development commissions and councils of government). The authorizing legislation includes:

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<sup>2</sup> If approval is granted by the governor, a local area may transfer up to 20% of its allocation between the adult and dislocated worker funding streams. However, Michigan currently has an approved waiver that allows up to 50% of the amount permitted to be transferred between the adult and dislocated worker funding streams.

- Regional Planning Act, 1945 PA 281 (RPA).
- County or Regional Economic Development Commission Act, 1966 PA 46 (CREDCA).
- Metropolitan Councils Act, 1989 PA 292 (MCA) (*\*Only used by GVMC*).
- Urban Cooperation Act, 1967 PA 7 (UCA) (*\*Only used by NWMCOG*).

The RPA, is the most general statute and enables largely just planning and related services. However, it does not explicitly identify the role of regions and some regions fear that providing services beyond planning could result in litigation unless the statute were broadened or they reorganized under another statute.

The CREDCA only authorizes economic development planning and implementation activities, but it leaves support for them completely at the discretion of the member county boards of commissioners. Many rural counties have created economic development commissions under this act. When used by a regional planning commission, the commission serves as the regional economic development commission.

The Metropolitan Councils Act authorizes not only planning, but also provides specific authority to implement various public services at a regional or (presumably) sub-regional level. The Grand Valley Metro Council is the only regional entity organized under this authorizing legislation. It is unique as it is not one of the 14 state designated regional planning commissions and also serves as a transportation management authority (TMA) and a Metropolitan Planning Organization (MPO). The specifically listed services that may be provided at a regional level include water and sewer, solid waste, parks and recreation, transportation, economic development and higher education improvements.<sup>3</sup>

The Urban Cooperation Act creates the opportunity for inter-local public agency agreements and provides standards for those agreements. In addition, this act permitted the allocation of certain taxes or money received from tax increment financing plans as revenues and tax sharing. The Northwest Michigan Council of Governments is the only RPA to form under the Urban Cooperation Act.

While each of these statutes attempts to provide legislative authority for the creation and operation of regional agencies, none of them sufficiently or explicitly outline the role and authority of regions. In every case, regional planning commissions are established voluntarily by local units of government (and sometimes other stakeholders) in each region. As such, the federal government considers them local units of government, and the state considers them "political subdivisions of the State of Michigan."

"In 1968, responding to Federal Circular A-80 from the U.S. President, Governor Romney established Executive Directive 1968-1. This called for the creation of boundaries for the regions, so that they would align with the counties. Each county would be served under one region. The overall objective was to "better coordinate state programs with one another and with federal, regional, local and private sector programs" (State of Michigan, 1968, p.1). It was planned that ten regions would be located in the Lower Peninsula [three of which were already formed: Southeast Michigan Council of Governments or SEMCOG in 1948, Region II Planning and Development Commission (Jackson), and Tri-County Regional Planning Commission in 1956] and four would be located in the Upper Peninsula. Governor Romney requested five things to be completed by the head of each principal department, agency and instrumentality of state government. These were to:

- Recognize and adopt the boundaries of the Planning and Development Regions.
- Take immediate steps to plan or modify programs to conform to the established regional boundaries.
- Review field services and operations to determine the extent to which they can be carried out on a regional basis.
- Review data collection and dissemination activities to determine the kinds of statistical data and information that can be collected and reported on the regional basis, or on a county-by-county basis compatible with the regional basis.

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<sup>3</sup> [http://www.planningmi.org/downloads/michigan\\_regional\\_planning\\_act\\_sept\\_2011\\_draft\\_complete\\_informational\\_packet.pdf](http://www.planningmi.org/downloads/michigan_regional_planning_act_sept_2011_draft_complete_informational_packet.pdf)



- Submit a written report to the Office of Planning and Coordination no later than March 25, 1968, outlining the features of existing programs that cannot be planned or implemented in conformance with the regional basis (State of Michigan, 1968).

In 1970, Governor Milliken established an Executive Directive 1970-4, which modified the boundaries for the regions by consolidating the 4 regions of the Upper Peninsula into 3, for a total of 13 regions (State of Michigan, 1970). Three years later, Executive Directive 1973-1 was established, further modifying the 13 regional boundaries, by separating Region 8 (Grand Rapids-Muskegon) into two regions<sup>4</sup> (State of Michigan, 1973). Since then, Regions 8 and 14 have been realigned once again (moving Ottawa County back to Region 8, and moving Newaygo, Lake, and Mason counties to Region 14)

Though the boundaries for the regions were originally established in 1968, they were not all completely enacted and structured until 1974. However, the state began to appropriate funding to the existing regions as early as 1972.”<sup>5</sup>

### *Service Delivery Today*

Regional Planning Agencies still receive consistent financial support from the Federal Economic Development Administration. To put it in context, the funding is enough to support 1 or 2 full time FTEs per RPA. The EDA responds to requests for recognition as an Economic Development District (EDD) from state-sponsored regional agencies. A successful application results in some annual funding and a federal requirement to produce a regional plan, also known as a Comprehensive Economic Development Strategy (CEDS).

Twelve of Michigan’s 14 RPAs are also EDDs. As such, the EDA imposes stakeholder participation criteria requiring the regional agency to include private sector business interests and nonprofits on its advisory and decision-making boards.

As a result of diminished state involvement in regional planning and increased reliance on federal and local funds, regional planning services vary greatly by agency and may include: Census data centers activities, EDA Planning<sup>6</sup>, Rural Transportation Planning, Activities consistent with being an affiliate of the State Library, Transportation Asset Management, Comprehensive Planning, Creation of Economic Profiles, G.I.S. Mapping, Grant Administration, Grant Writing, Land Use Planning, Natural Resources and Environmental Planning, Recreational Planning, Regional Population Projections, Community Surveys and more. RPAs also provide demand-driven services to local entities on a fee for service basis.

### *Governance*

The federal Economic Development Administration (EDA) requires government, business and nongovernmental organizations to sit on the decision-making body responsible for preparing and adopting a CEDS plan at the county or regional level. This is in contrast to the governing body of the regional planning commission which is predominantly comprised of members of county boards of commissioners and other local government officials and may lead to a strong and unbalanced representation of rural interests over urban ones.

However, there is no uniform approach as to how to achieve a balanced and representative governing body among the 14 state designated regional planning commissions and the situation is complicated by the fact that federal transportation authorities have requirements for representation on the regional planning policy body of all the transportation entities in the region (road commissions, city transportation offices, MDOT, transit authorities, etc.). Sometimes the regional planning agency ends out with a policy body that is too large to be effective; other times it is small enough to be effective, but is just a rubber stamp to advisory committees that are dominated by the interests involved in special planning studies.

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<sup>4</sup> One of which was new—Region 14

<sup>5</sup> Ballal and Sharlow, *A Comparative Analysis of State Government Support of Regional Planning Between Michigan and Other States Nationwide*, <http://ced.msu.edu/upload/reports/caparative%20analysis.pdf>

<sup>6</sup> EDA services primarily assist in rural areas.

This issue is further complicated by provisions in the MCA, which permits limited taxation, because it raises the argument that the policy body should be a regionally elected body, rather than an appointed body—or at least a body comprised of elected officials from other local units of government in the region. This challenges the potential and propensity for business and NGO representation.

Currently, the Northwest Michigan Council of Governments, located in Traverse City, is believed to have the most successful governance structure in Michigan. NWMCOG has a system whereby their regional agency and Workforce Development Board have sister boards, thereby collaborating on planning and implementation of several regional policies.

### *Funding*

Regional Agencies are financed by dues paid by member communities and organizations, as well as from state<sup>7</sup>, federal and foundation grants, from contracts with local governments and from some fee for service activities like training programs and temporary staffing arrangements they make with local governments within the region, or with adjacent regions.

Throughout the 1970s the regions received annual funding from state government through a redistribution of federal “701” funds. This resulted in the regions having a more common set of services from one to the next and more flexibility in responding to local dues collection issues and general economic ups and downs. Early in the 1980s, these funds were discontinued as the federal funding dried up. Regions became more entrepreneurial in order to cover staffing costs, but also became more different from one another in terms of service provision, culture, personality, and local significance. Federal transportation and economic development agencies became more rigid in their requirements related to multi-jurisdiction service areas and some regional planning commissions began to carry several banners, such designations as Metropolitan Planning Organizations (MPOs), and/or Economic Development Districts (EDDs).

“The state began to appropriate funding to the existing regions as early as 1972. The State of Michigan funded the intergovernmental relationship through the provision of general purpose funds under the State Regional Planning Grant, administered through the Michigan Department of Commerce. These funds were to assist in matching federal funds and to provide support for regional operations and for the overhead costs of doing business. This resulted in the organization of the Michigan Association of Regions (MAR) under a standard enabling act, and the initiation of certain common work program activities (MAR, 1987).

The State Regional Planning Grant provided direct funding to the states, through 1993, with levels varying according to the State’s budget. This act was originally established under Section 9 of Michigan Public Act 238 of 1974: Grants and Transfers Act (State of Michigan, 1974). In 1980, the regions received as much as \$1 million (in total) from the state. By 1985, this amount was cut in half to \$500,000 for the regions. There were numerous attempts in the late 1980s to increase funding back to \$1 million, but the only increase was to \$625,000 in 1987. Following this, in the early 1990s, the grant was eliminated altogether, leaving the regions with no direct funding from the states (State of Michigan, 1986).”<sup>8</sup>

### ***Metropolitan Planning Organizations:***

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#### *Legislative History*

While the earliest beginnings of urban transportation planning go back to the post-World War II years, the federal requirement for urban transportation planning emerged during the early 1960's. The Federal-Aid Highway Act of 1962 created the federal requirement for urban transportation planning largely in response to the construction of the Interstate Highway System and the planning of routes through and around urban areas. The Act required, as a condition attached to federal transportation financial assistance, that transportation projects in urbanized areas of 50,000 or more in population be based on a continuing, comprehensive, urban transportation planning process

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<sup>7</sup> Common state granting agencies include DEQ, DNR, MSHDA, MEDC

<sup>8</sup> Ballal and Sharlow, *A Comparative Analysis of State Government Support of Regional Planning Between Michigan and Other States Nationwide*, <http://ced.msu.edu/upload/reports/caparative%20analysis.pdf>

undertaken cooperatively by the states and local governments -- the birth of the so-called 3C, "continuing, comprehensive and cooperative" planning process.

By July, 1965, all 224 existing urbanized areas had an urban transportation planning process underway. At that time, qualified planning agencies to conduct the transportation planning process were lacking in many urban areas. Therefore, the Bureau of Public Roads (predecessor to the Federal Highway Administration) required the creation of planning agencies or organizational arrangements that would be capable of carrying out the required planning process. Hence, Metropolitan Planning Organizations (MPOs) quickly came into being because of the growing momentum of the highway program and the federal financing of the planning process.<sup>9</sup>

The Housing and Urban Development Act of 1965 amended the Section 701 Urban planning assistance program established under the Housing Act of 1954 by authorizing grants to be made to "...organizations composed of public officials whom he (the Secretary of HUD) finds to be representative of the political jurisdictions within a metropolitan or urban region..." for the purposes of comprehensive planning. This provision encouraged the formation of regional planning organizations controlled by elected rather than appointed officials. It gave impetus to the formation of such organizations as councils of governments, and encouraged local governments to cooperate in addressing problems in a regional context.

With the formation of these organizations, initially, the majority of MPOs were regional councils. However, since the 1980's, a number of MPOs have been formed which are either "free-standing", or housed within city or county organizations. Currently, less than half of Michigan's MPOs are housed within the 14 state designated regional councils.

During the 1970's improvements were made to the planning process to require shorter-range capital improvement programs along with long-range plans, to better integrate urban transportation planning at the local level, and to place more emphasis on non-capital intensive measures to reduce traffic congestion as alternatives to major construction projects. Environmental concerns and the energy crises of the 1970's gave further impetus to the integration of environmental and energy concerns within the planning process.

In the 1980's there was a movement to decentralize control and authority. The joint FHWA/UMTA urban transportation planning regulations were rewritten to remove items that were not specifically required by statute. The new regulations required a transportation plan, a transportation improvement program (TIP) including an annual element and a unified planning work program for areas of 200,000 or more in population. The planning process was to be self-certified by the states and MPOs as to its conformance with all requirements when submitting the TIP. Essentially, only the end products were specified while the details of the process were left to the states and MPOs.

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) had a renewed emphasis on the metropolitan transportation planning process. The legislation was designed to put in place a framework to guide the operations, management and investment in a surface transportation system that is largely in place. ISTEA strengthened the metropolitan planning process, enhanced the role of local elected officials, required stakeholder involvement, and encouraged movement toward mixed modality strategies.<sup>10</sup>

In July, 2012, Congress passed, and the President signed, a 27 month surface transportation authorization bill, the Moving Ahead for Progress in the 21st Century Act (MAP-21). This act authorizes funding through the end of FY '14 and generally retains the same provisions that were present in the prior law – Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2003.

### *Service Delivery Today*

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<sup>9</sup> Some MPO-like organizations had existed since the 1950's to prepare special urban transportation studies under the auspices of the state highway agencies in some major areas such as Chicago, Detroit, New York, and Philadelphia.

<sup>10</sup> <http://www.ampo.org/content/index.php?pid=15>

Transportation services are directly provided by entities that own and operate our state's roads, bridges and public transportation. These, spelled out in Act 51, include the Michigan Department of Transportation, county road agencies (road commissions or departments of county government), cities and villages, and public transportation providers. Metropolitan Planning Organizations and Regional Transportation Planning Organizations have roles, with the Michigan Department of Transportation, in assessing the condition of our transportation assets, planning for transportation investment and prioritizing transportation projects to be implemented by those transportation providers and funded with federal and major state resources.

Metropolitan Planning Organizations, commonly referred to as MPOs, are designated for each urbanized area with a population of more than 50,000 individuals, as determined by the U.S. Bureau of Census. MPO designations are made by agreement with the Governor and the units of general purpose local governments that together represent at least 75 percent of the affected population (including the largest incorporated city, based on population). In addition, MPO's of over 200,000 population are called Transportation Management Areas (TMA). In these areas, transportation project selection is done by the MPO in consultation with the state. In all other areas, the project selection process is done by the state in consultation with the MPO. MPOs today are primarily responsible for the following: maintaining a long-range transportation plan (LRTP) that is consistent with the state's long-range plan and develop a rolling 4 year transportation improvement program (TIP).

There are currently 13 MPOs, 2 Non-MPO planning areas and 2 Bi-State Planning areas that participate in transportation planning for Michigan. The two non-MPO planning areas in Washtenaw and St. Clair Counties are part of the SEMCOG MPO. (See Appendix: Exhibit E)

While each of the fourteen state designated regional planning commissions or councils of governments in Michigan provide transportation planning services not all of the regions provide metropolitan planning services. Every regional planning commission or council of governments provides non-metropolitan or rural transportation planning services while many MPOs are housed outside of the regional planning structure. As such, in transportation planning parlance, Michigan's regional planning commissions or councils of governments meet the federal definition of and serve as its Regional Transportation Planning Organizations (RTPOs).

MAP-21 specifically provides for States to "establish and designate regional transportation planning organizations to enhance the planning, coordination, and implementation of statewide strategic long-range transportation plans and transportation improvement programs, with an emphasis on addressing the needs of nonmetropolitan areas of the State.

The 14 regional planning commissions or councils of government in Michigan have partnered with MDOT for regional transportation planning for over 30 years. Regional councils have formed important partnerships with MDOT and local transportation agencies to implement a number of transportation programs. While the scope and nature of many regional transportation planning activities vary widely across the state, regional councils are most consistent with each other in the transportation planning realm.

Specifically, the Regions consistently act as the local program administrator and service provider on behalf of MDOT in three main areas:

1) Asset Management

Michigan's Regions have worked in partnership with MDOT to assist in fulfilling federal planning requirements and the state's Highway Performance Monitoring System (HPMS). Starting in 2002, the regions were asked to partner in the state's Transportation Asset Management Program. The asset management program is a joint effort of the MDOT, county road commissions, municipalities and the regional councils. The 14 regions are provided approximately \$1 million each year to conduct an objective, data-rich inventory of all federal-aid eligible highways (39,000 miles) in the state.

2) Rural Task Force Management

Through local program administration, provided by each of the regional planning commissions or councils of government, the Rural Task Force (RTF) Program provides federal dollars to rural counties with a population under 400,000 (78 out of 83 counties). RTF projects are selected through a process of

prioritizing capital projects (road and transit) first at a county level, then at regional level. All project selection is through the Rural Task Force which is comprised of equal representation from the county road commission, the cities and villages under 5,000 population within the county, and the rural transit provider. MDOT provides \$270,000 to the regional planning commissions or councils of governments for the administration of the RTF Program.

### 3) General Work Program

MDOT contracts with all of the regional planning commissions or councils of governments to provide general transportation planning services, as well. Using \$500,000 distributed statewide, each of the fourteen Regions acts as a local technical assistance provider to local transportation agencies, acts as local technical assistance provider to MDOT, provides civic and elected officials engagement, and provides safety planning education.

The duties of a regional transportation planning organization shall include— (A) developing and maintaining, in cooperation with the State, regional long-range multimodal transportation plans; (B) developing a regional transportation improvement program for consideration by the State; (C) fostering the coordination of local planning, land use, and economic development plans with State, regional, and local transportation plans and programs; (D) providing technical assistance to local officials; (E) participating in national, multi-state, and State policy and planning development processes to ensure the regional and local input of nonmetropolitan areas; (F) providing a forum for public participation in the statewide and regional transportation planning processes; (G) considering and sharing plans and programs with neighboring regional transportation planning organizations, metropolitan planning organizations, and, where appropriate, tribal organizations; and (H) conducting other duties, as necessary, to support and enhance the statewide planning process under subsection (d).<sup>11</sup>

### *Governance*

According to Title 23 of the Code of Federal Regulation, each MPO that serves a Transportation Management Area shall consist of:

- 1) Local elected officials
- 2) Officials of public agencies that administer or operate major modes of transportation in the metropolitan planning area.
- 3) Appropriate State transportation officials.

A Regional Transportation Planning Organization is simply a Regional Planning Agency that also engages in transportation planning. RTPO governance is the same as RPA governance, which has been previously outlined in this paper in detail. All of Michigan's RPAs engage in transportation planning and are thus either RTPOs or MPOs.

### *Funding*

Metropolitan Planning funds are apportioned by the U.S. Federal Transit Administration (FTA), to the Governors of the states (MDOT receives these funds in Michigan.) through a statutory formula. The Governors then allocate funds to the recognized Metropolitan Planning Organizations (MPOs) in urbanized areas.

A Regional Transportation Planning Organization is simply a Regional Planning Agency that also engages in transportation planning. RTPO funding is the same as RPA funding, which has been previously outlined in this paper in detail.

## **Economic Development Collaborative Zones:**

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### *History*

In 2011, Governor Snyder challenged the MEDC to develop strategies to engage in regional collaboration among economic and community development organizations. Ten regions were formed and defined by local partners in an effort to align state service providers. Local and regional economic development agencies had already been working in concert with others in multi-county areas and had long been requesting state support for regional efforts and activities. The ten regions range in size from 3 to 13 counties.

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<sup>11</sup> For further information see: MAP-21, Section 1202, subsection m

### *Service Delivery Today*

The MEDC convened a Collaborative Development Council (CDC), comprised of economic development practitioners around the state. The CDC meets monthly to discuss policy, strategic direction and provide programmatic input. The CDC has three working groups which convene around pertinent issues within the state and MEDC: Workforce, Regional Framework, and Attraction and Marketing. Other working groups are formed to address specific, on-time issues.

Most of the regions have adopted or are in the process of implementing Salesforce as their CRM software. General acceptance of the regions has been accomplished and the effort now is to include all of the relevant parties.

### *Governance*

Each region has a lead or convener group that has representatives from each county meet monthly and includes MEDC business and community development managers. In addition, the service providers meet quarterly to discuss and learn about the services of the other providers including Michigan Works! Agency, Small Business and Technology Development Center, Michigan Department of Transportation, Michigan Department of Agriculture and Rural Development, Michigan Manufacturing Technology Center and the Michigan State Housing and Development Authority.

### *Funding*

\$1 million annually is set aside for regional projects. In 2012 support for Salesforce, training, administrative expenses and region wide projects such as marketing and attraction activities were funded. In 2013 a priority will be placed on projects that include some multi-regional collaboration.

## **APPENDICES**

Exhibit A  
Michigan Works! Boundaries Compared to  
MEDC's Economic Development Collaborative Boundaries

## MEDC/Michigan Works! Agencies

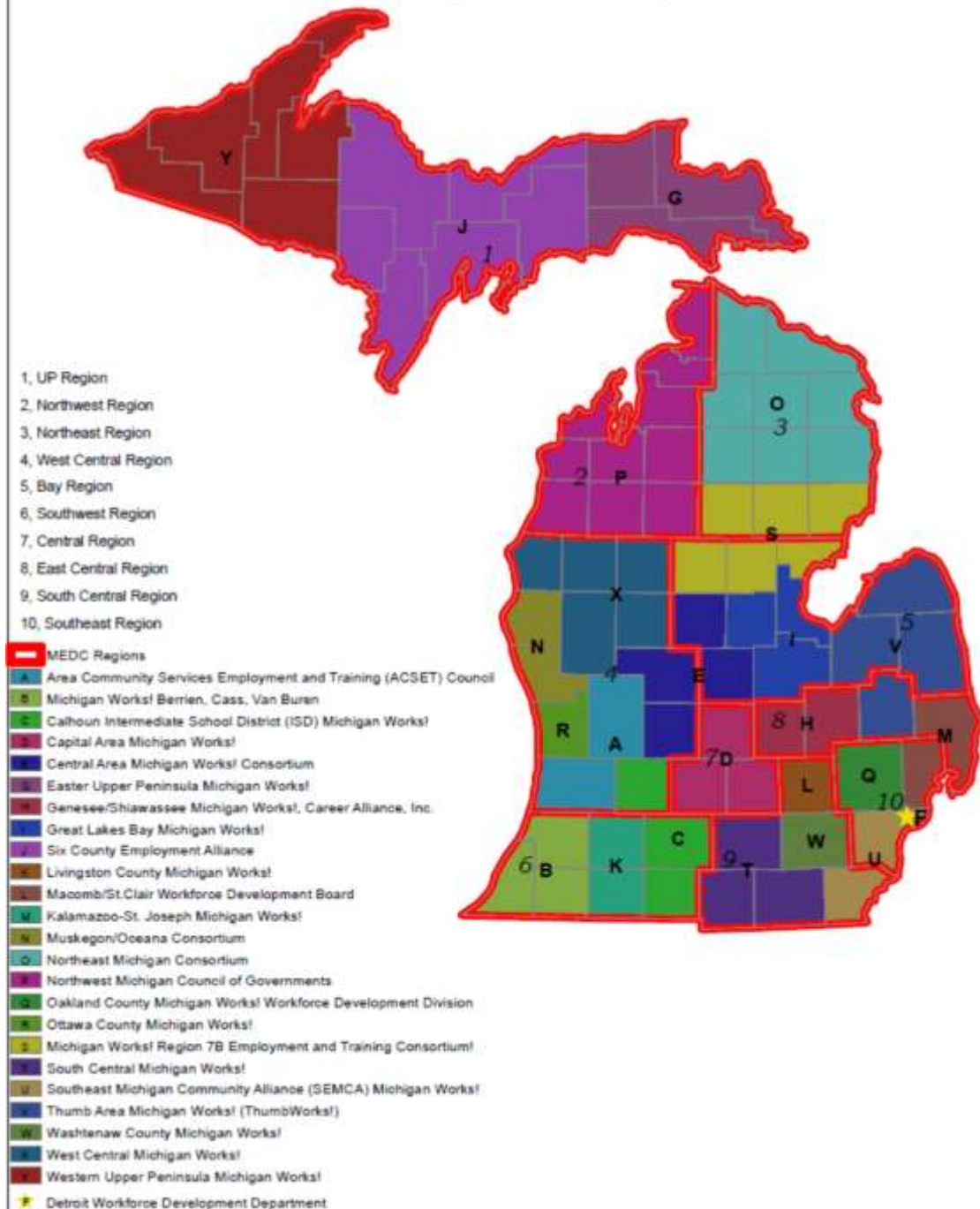


Exhibit B  
Workforce

Development Board  
Federally Required Performance Metrics



## State of Michigan PY 2012 Performance Levels

Performance Measures	Negotiated Level PY 2012
<b>Adults</b>	
Entered Employment Rate	89.0%
Employment Retention Rate	90.0%
Average Earnings	\$16,000
Employment and Credential Rate	81.0%
<b>Dislocated Worker:</b>	
Entered Employment Rate	94.0%
Employment Retention Rate	93.0%
Average Earnings	\$16,000
Employment and Credential Rate	83.0%
<b>Older Youth (19-21)</b>	
Entered Employment Rate	83.0%
Employment Retention Rate	85.0%
Average Earnings Change	\$4,100
Credential Rate	78.0%
<b>Younger Youth (14-18)</b>	
Skill Attainment Rate	94.0%
Diploma Attainment Rate	90.0%
Retention Rate	81.0%
<b>Customer Satisfaction:</b>	
Participant	93.0%
Employer	85.0%
<b>Wager-Peyser</b>	
Entered Employment Rate	53.0%
Employment Retention Rate	79.0%
Average Earnings	\$13,200

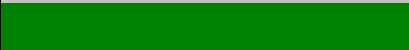



Workforce Investment Act & Wagner Peyser PY 2012

# Michigan Works! System Dashboard

Statewide

July 1, 2012 - October 31, 2012

	Baseline	Current	Target	% Complete	Status	Trend	Notes
<b>Jobs Filled*</b>	78,889	24,056					
<b>% Placements prepared for demand jobs**</b>	85%	76.5%		90.1%		↓	
<b>Visitors to Service Centers</b>							
<b>Individuals Served</b>	888,206	415,882					
<b>Total Visits</b>	1,691,259	850,082					
<b>Employers Served (Unduplicated)</b>	17,791	10,400	23,766	43.8%			
<b>Federal Performance Measures</b>							
<b>WIA</b>	100%	100%	100%	100%		↑	
<b>TANF</b>	45%	46%	50%	93%		↑	
<b>Customer Satisfaction</b>							
<b>Employers</b>	86%	81.7	85	96.1%		↑	
<b>Job Seekers</b>	91%	96.1	93	103.4%		↑	
<b>Unemployment Rate</b>	10.3%	9.1%				↑	Lower Unemployment rate = positive trend

Legend			
	90% or greater of target	↑	Accelerating towards target relative to previous review
	>75 to 90% of target	↔	Same proportional distance to target relative to previous review
	<75% of target	↓	Decelerating from target relative to previous review
	No data available		

\*Baseline=Program year 2011. Current=July 2012 thru. Counts based on reporting MWAs only.

\*\*Percentage of participants in WIA & TAA receiving training for an in-demand occupation and employed at exit.

The "**Jobs Filled**", "**Individuals Served**", and "**Total Visits**" rows will be completed by WDA when all local area's have established and reported their **Targets**.

Exhibit D

Regional Planning Agency Boundaries Compared to  
MEDC's Economic Development Collaborative Boundaries

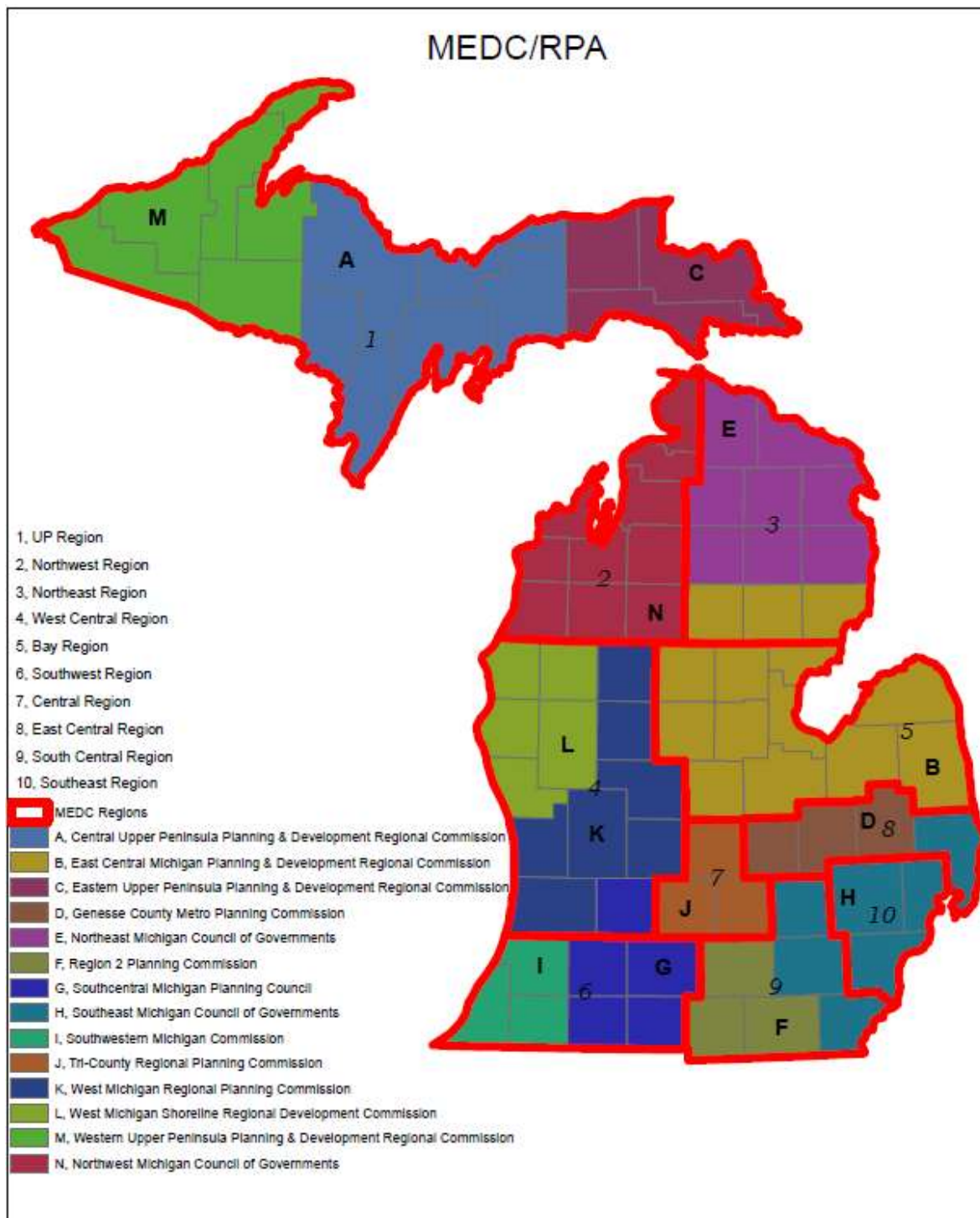
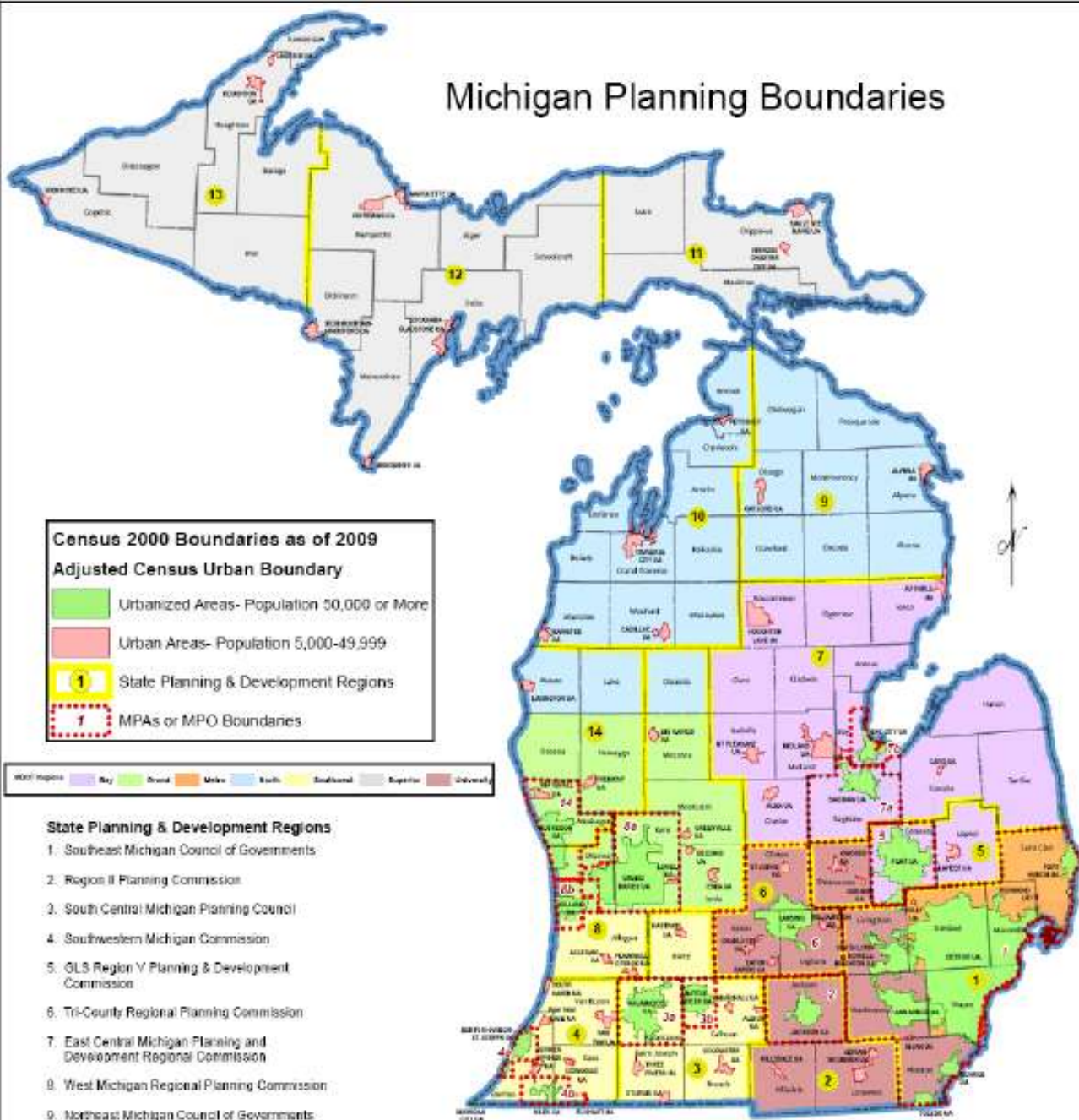


Exhibit E  
 Metropolitan Planning Organization Boundaries Compared to  
 MEDC's Economic Development Collaborative Boundaries

# Michigan Planning Boundaries



Sources: State of Michigan,  
 Bureau of Transportation Planning, Department of Transportation,  
 Center for Shared Solutions, Department of Information Technology  
 Produced by: TCRPC - 2/8/2010

Exhi  
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## Metropolitan Planning Organization

Title, Location, Population

### MPO Planning Areas

1. Battle Creek Area Transportation Study < 200,000
2. Bay City Area Transportation Study < 200,000
3. Genesee County Metropolitan Planning Commission > 200,000
4. Grand Valley Metro Council > 200,000
5. Kalamazoo Area Transportation Study > 200,000
6. Macatawa Area Coordinating Council <200,000
7. Midland – new <200,000
8. Region 2 Planning Commission < 200,000
9. Saginaw Metropolitan Area Transportation Study < 200,000
10. Southeast Michigan Council of Governments >200,000
11. Southwest Michigan Planning Commission < 200,000
12. Tri- County Regional Planning Commission > 200,000
13. West Michigan Shoreline Regional Development Commission < 200,000

### Non- MPO Planning Areas

1. Washtenaw Area Transportation Study
2. St. Clair County Transportation Study

### Bi-State Areas with roles in Michigan

1. Toledo Metropolitan Area Council of Governments
2. Michiana Area Council of Governments