

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5274

A bill to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2001; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the department of career devel-  
4 opment and the Michigan strategic fund for the fiscal year ending  
5 September 30, 2001, from the funds indicated in this part, the  
6 following:

7 TOTAL APPROPRIATIONS

8 Full-time equated unclassified positions.....6.0

# HB 5274, As Passed Senate, May 25, 2000

House Bill No. 5274 as amended May 24, 2000  
2

For Fiscal Year Ending  
September 30, 2001

1	Full-time equated classified positions.....	1,378.0	
2	GROSS APPROPRIATION.....	\$	712,573,500
3	Total interdepartmental grants and intradepartmental		
4	transfers.....	\$	1,148,000
5	ADJUSTED GROSS APPROPRIATION.....	\$	711,425,500
6	Federal revenues:		
7	Total federal revenues.....		524,492,000
8	Special revenue funds:		
9	Total local revenues.....		14,962,800
10	Total private revenues.....		3,327,100
11	Total other state restricted revenues.....		74,545,800
12	State general fund/general purpose.....	\$	94,097,800
13	<b>Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT</b>		
14	<b>(1) APPROPRIATION SUMMARY:</b>		
15	Full-time equated unclassified positions.....	6.0	
16	Full-time equated classified positions.....	1,143.0	
17	GROSS APPROPRIATION.....	\$	542,490,600
18	Interdepartmental grant revenues:		
19	Total interdepartmental grants and intradepartmental		
20	transfers.....		1,048,000
21	ADJUSTED GROSS APPROPRIATION.....	\$	541,442,600
22	Federal revenues:		
23	Total federal revenues.....		471,818,800
24	Special revenue funds:		
25	Total local revenues.....		14,962,800
26	Total private revenues.....		2,670,400

**HB 5274, As Passed Senate, May 25, 2000**House Bill No. 5274 as amended May 24, 2000  
3For Fiscal Year Ending  
September 30, 2001

1	Total other state restricted revenues.....	24,495,800
2	State general fund/general purpose..... \$	27,494,800
3	<b>(2) DEPARTMENTAL ADMINISTRATION</b>	
4	Full-time equated unclassified positions.....6.0	
5	Unclassified salaries..... \$	<u>546,900</u>
6	GROSS APPROPRIATION..... \$	546,900
7	Appropriated from:	
8	State general fund/general purpose..... \$	546,900
9	<b>(3) DEPARTMENT OPERATIONS</b>	
10	Full-time equated classified positions.....103.0	
11	Administration--103.0 FTE positions..... \$	11,562,800
12	Building occupancy charges - property development	
13	services.....	479,000
14	Special project advances.....	200,000
15	Worker's compensation.....	<u>213,900</u>
16	GROSS APPROPRIATION..... \$	12,455,700
17	Appropriated from:	
18	Federal revenues:	
19	CNS.....	102,000
20	DED-OSERS, rehabilitation services, vocational reha-	
21	bilitation of state grants.....	4,180,700
22	DOL-ETA, workforce investment act.....	645,900
23	DOL, federal funds.....	3,279,000
24	HHS, temporary assistance for needy families.....	1,514,200
25	Special revenue funds:	
26	Private - special project advances.....	200,000

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

4

For Fiscal Year Ending  
September 30, 2001

1	Contingent fund, penalty and interest.....	397,900
2	State general fund/general purpose..... \$	2,136,000
3	<b>(4) WORKFORCE DEVELOPMENT</b>	
4	Full-time equated classified positions.....669.0	
5	Employment training services--574.0 FTE positions.... \$	60,743,100
6	Michigan career and technical institute--95.0 FTE	
7	positions.....	<u>10,163,200</u>
8	GROSS APPROPRIATION..... \$	70,906,300
9	Appropriated from:	
10	Interdepartmental grant revenues:	
11	IDG-MDOC.....	32,400
12	Federal revenues:	
13	CNS.....	532,400
14	DAG, employment and training.....	258,300
15	DED, cooperative demonstration, school-to-work.....	700,000
16	DED-OPSE, multiple grants.....	615,500
17	DED-OSERS, centers for independent living.....	58,200
18	DED-OSERS, rehabilitation long-term training.....	566,900
19	DED-OSERS, rehabilitation services, vocational reha-	
20	bilitation of state grants.....	41,327,200
21	DED-OSERS, state grants for technical related	
22	assistance.....	55,700
23	DOL-ETA, multiple grants.....	596,300
24	DOL-ETA, workforce investment act.....	3,172,400
25	DOL-NOICC.....	171,900
26	HHS, temporary assistance for needy families.....	3,725,100

05701'00 (S-1)

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

5

For Fiscal Year Ending  
September 30, 2001

1	HHS-SSA, supplemental security income.....	4,185,500
2	Special revenue funds:	
3	Private - gifts, bequests, and donations.....	1,396,300
4	Local vocational rehabilitation match.....	3,247,100
5	Rehabilitation services fees.....	1,236,900
6	Second injury fund.....	51,500
7	Student fees.....	308,000
8	Training material fees.....	256,300
9	State general fund/general purpose..... \$	8,412,400
10	<b>(5) CAREER EDUCATION PROGRAMS</b>	
11	Full-time equated classified positions.....68.0	
12	Career and technical education--30.0 FTE positions... \$	2,969,700
13	Postsecondary education--22.0 FTE positions.....	2,359,900
14	Adult education--12.0 FTE positions.....	1,753,100
15	Commission on Spanish speaking affairs--4.0 FTE	
16	positions.....	<u>311,300</u>
17	GROSS APPROPRIATION..... \$	7,394,000
18	Appropriated from:	
19	Federal revenues:	
20	Federal revenues.....	5,192,300
21	Special revenue funds:	
22	Private - occupational school license fees.....	274,100
23	Defaulted loan collection fees.....	102,200
24	State general fund/general purpose..... \$	1,825,400
25	<b>(6) DEPARTMENT GRANTS</b>	
26	Council of Michigan foundations..... \$	19,000,000

05701'00 (S-1)

**HB 5274, As Passed Senate, May 25, 2000**House Bill No. 5274 as amended May 24, 2000  
6For Fiscal Year Ending  
September 30, 2001

1	Adult basic education.....	11,004,700
2	Gear-up program grants.....	2,000,000
3	Job training programs subgrantees.....	111,548,200
4	Michigan community service commission subgrantees....	6,900,000
5	Personal assistance services.....	812,000
6	Pre-college programs in engineering and the sciences.	1,044,700
7	Supported employment grants.....	1,308,600
8	Technology assistance grants.....	1,150,000
9	Vocational education act of 1963.....	39,500,000
10	Vocational rehabilitation client services/facilities.	50,143,400
11	Vocational rehabilitation independent living.....	3,170,700
12	Welfare-to-work programs.....	143,499,000
13	Focus: HOPE.....	6,019,300
14	Medicaid buy-in for the working disabled.....	495,000
15	GROSS APPROPRIATION..... \$	397,595,600
16	Appropriated from:	
17	Interdepartmental grant revenues:	
18	IDG-MDOC.....	1,015,600
19	Federal revenues:	
20	CNS.....	4,500,000
21	DAG, employment and training.....	13,000,000
22	DED-OESE, gear up.....	2,000,000
23	DED-OSERS, centers for independent living.....	525,000
24	DED-OSERS, client assistance for individuals with	
25	disabilities.....	400,000
26	DED-OSERS, rehabilitation services, vocational	
27	rehabilitation of state grants.....	34,935,200

05701'00 (S-1)

**HB 5274, As Passed Senate, May 25, 2000**House Bill No. 5274 as amended May 24, 2000  
7For Fiscal Year Ending  
September 30, 2001

1	DED-OSERS, rehabilitation services facilities.....	2,272,500
2	DED-OSERS, supported employment.....	1,308,600
3	DED-OSERS, state grants for technical related	
4	assistance.....	1,150,000
5	DED-OVAE, adult education.....	11,004,700
6	DED-OVAE, basic grants to states.....	39,500,000
7	DOL-ETA, workforce investment act.....	104,602,700
8	DOL-ETA, multiple grants.....	4,430,000
9	HHS, temporary assistance for needy families.....	130,499,000
10	HHS-SSA, supplemental security income.....	2,362,500
11	Special revenue funds:	
12	Private - gifts, bequests, and donations.....	800,000
13	Contingent fund, penalty and interest account.....	1,000,000
14	Local vocational rehabilitation match.....	6,437,400
15	Local vocational rehabilitation facilities match.....	1,278,300
16	Tobacco settlement revenue.....	20,000,000
17	State general fund/general purpose..... \$	14,574,100
18	<b>(7) EMPLOYMENT SERVICE AGENCY</b>	
19	Full-time equated classified positions.....303.0	
20	Building occupancy charges - property development	
21	service..... \$	376,400
22	Rent.....	373,500
23	Worker's compensation.....	141,300
24	Employment services--251.0 FTE positions.....	48,326,600
25	Labor market information--52.0 FTE positions.....	<u>4,374,300</u>
26	GROSS APPROPRIATION..... \$	53,592,100

05701'00 (S-1)

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

8

For Fiscal Year Ending  
September 30, 2001

1	Appropriated from:		
2	Federal revenues:		
3	DED-OSERS, rehabilitation services, vocational reha-		
4	bilitation of state grants.....	1,300,000	
5	DOL, federal funds.....	47,149,100	
6	Special revenue funds:		
7	Contingent fund, penalty and interest account.....	1,143,000	
8	Local revenue.....	4,000,000	
9	State general fund/general purpose.....	\$	0
10	<b>Sec. 103. MICHIGAN STRATEGIC FUND</b>		
11	<b>(1) APPROPRIATION SUMMARY:</b>		
12	Full-time equated classified positions.....235.0		
13	GROSS APPROPRIATION.....	\$	170,082,900
14	Interdepartmental grant revenues:		
15	Total interdepartmental grants and intradepartmental		
16	transfers.....	100,000	
17	ADJUSTED GROSS APPROPRIATION.....	\$	169,982,900
18	Federal revenues:		
19	Total federal revenues.....	52,673,200	
20	Special revenue funds:		
21	Total private revenues.....	656,700	
22	Total other state restricted revenues.....	50,050,000	
23	State general fund/general purpose.....	\$	66,603,000
24	<b>(2) MICHIGAN STRATEGIC FUND</b>		
25	Full-time equated classified positions.....235.0		
26	Administration--40.0 FTE positions.....	\$	5,483,300

05701'00 (S-1)



**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

9

For Fiscal Year Ending  
September 30, 2001

1	Job creation services--195.0 FTE positions.....	24,557,000
2	Michigan promotion program.....	8,042,500
3	Economic development job training grants.....	31,000,000
4	Community development block grants.....	50,000,000
5	Health and aging research and development strategies.	50,000,000
6	Small business development center network.....	1,000,000
7	Michigan core communities fund.....	<u>100</u>
8	GROSS APPROPRIATION.....	\$ 170,082,900
9	Appropriated from:	
10	Interdepartmental grant revenues:	
11	IDG-MDEQ, air quality fees.....	100,000
12	Federal revenues:	
13	DOL-ETA, employment service.....	770,000
14	HUD-CPD, community development block grant.....	51,903,200
15	Special revenue funds:	
16	Private-Michigan certified development corporations	
17	fees.....	156,700
18	Private-special project advances.....	500,000
19	Industry support fees.....	50,000
20	Tobacco settlement revenue.....	50,000,000
21	State general fund/general purpose.....	66,603,000

22

23

24

PART 2

05701'00 (S-1)

# HB 5274, As Passed Senate, May 25, 2000

House Bill No. 5274 as amended May 24, 2000 10

## PROVISIONS CONCERNING APPROPRIATIONS

### 2 GENERAL SECTIONS

3 Sec. 201. (1) Pursuant to section 30 of article IX of the state  
4 constitution of 1963, total state spending from state resources under  
5 part 1 for fiscal year 2000-2001 is \$168,118,500.00 and state spending  
6 from state resources to be paid to local units of government for fiscal  
7 year 2000-2001 is \$0.00.

8 (2) If it appears to the principal executive officer of a department  
9 or branch that state spending to local units of government will be less  
10 than the amount that was projected to be expended under subsection (1),  
11 the principal executive officer shall immediately give notice of the  
12 approximate shortfall to the state budget director, the house and senate  
13 appropriations committees, and the fiscal agencies.

14 Sec. 202. The appropriations authorized under this act are subject  
15 to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

16 Sec. 203. As used in this appropriation act:

17 (a) "CDBG" means community development block grant.

18 (b) "CNS" means the corporation for national services.

19 (c) "DAG" means the United States department of agriculture.

20 (d) "DED" means the United States department of education.

21 (e) "DED-OESE" means the DED office of elementary and secondary  
22 education.

23 (f) "DED-OPSE" means the DED office of postsecondary education.

24 (g) "DED-OSERS" means the DED office of special education  
25 rehabilitation services.

26 (h) "DED-OVAE" means the DED office of vocational and adult  
27 education.

# HB 5274, As Passed Senate, May 25, 2000

House Bill No. 5274

11

1 (i) "Department" means the department of career development.

2 (j) "Director" means the director of the department of career  
3 development.

4 (k) "DOL" means the United States department of labor.

5 (l) "DOL-ETA" means the DOL employment and training act.

6 (m) "DOL-NOICC" means the DOL national occupational information  
7 coordinating committee.

8 (n) "Fiscal agencies" means the Michigan house fiscal agency and  
9 the Michigan senate fiscal agency.

10 (o) "FTE" means full-time equated.

11 (p) "Fund" means the Michigan strategic fund.

12 (q) "HHS" means the United States department of health and human  
13 services.

14 (r) "HHS-SSA" means HHS social security administration.

15 (s) "HUD-CPD" means HUD community planning and development.

16 (t) "IDG" means interdepartmental grant.

17 (u) "MDEQ" means the Michigan department of environmental quality.

18 (v) "MDOC" means the Michigan department of corrections.

19 (w) "President" means the president of the Michigan strategic fund.

20 (x) "U.S.C." means the United States Code.

21 (y) "WIA" means workforce investment act.

22 Sec. 204. The department of civil service shall bill departments  
23 and agencies at the end of the first fiscal quarter for the 1% charge  
24 authorized by section 5 of article XI of the state constitution of 1963.  
25 Payments shall be made for the total amount of the billing by the end of  
26 the second fiscal quarter.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

12

1       Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on  
2 the state classified civil service. State departments and agencies are  
3 prohibited from hiring any new full-time state classified civil service  
4 employees and prohibited from filling any vacant state classified civil  
5 service positions. This hiring freeze does not apply to internal trans-  
6 fers of classified employees from 1 position to another within a depart-  
7 ment or to positions that are funded with 80% or more federal or  
8 restricted funds.

9       (2) The state budget director shall grant exceptions to this hiring  
10 freeze when the state budget director believes that the hiring freeze  
11 will result in rendering a state department or agency unable to deliver  
12 basic services. The state budget director shall report by the thirtieth  
13 of each month to the chairpersons of the senate and house of representa-  
14 tives standing committees on appropriations the number of exceptions to  
15 the hiring freeze approved during the previous month and the justifica-  
16 tion for the exception.

17       Sec. 206. (1) In addition to the funds appropriated for the depart-  
18 ment and the fund in part 1, there is appropriated an amount not to  
19 exceed \$41,000,000.00 for the department and \$7,000,000.00 for the fund  
20 for federal contingency funds. These funds are not available for expen-  
21 diture until they have been transferred to another line item in this act  
22 pursuant to section 393(2) of the management and budget act, 1984 PA 431,  
23 MCL 18.1393.

24       (2) In addition to the funds appropriated in part 1, there is appro-  
25 priated an amount not to exceed \$2,000,000.00 for the department and  
26 \$1,000,000.00 for the fund for state restricted contingency funds. These  
27 funds are not available for expenditure until they have been transferred

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

13

1 to another line item in this act pursuant to section 393(2) of the  
2 management and budget act, 1984 PA 431, MCL 18.1393.

3 (3) In addition to the funds appropriated in part 1, there is appro-  
4 priated an amount not to exceed \$8,000,000.00 for the department for  
5 local contingency funds. These funds are not available for expenditure  
6 until they have been transferred to another line item in this act pursu-  
7 ant to section 393(2) of the management and budget act, 1984 PA 431,  
8 MCL 18.1393.

9 (4) In addition to the funds appropriated in part 1, there is appro-  
10 priated an amount not to exceed \$1,000,000.00 for the department and  
11 \$500,000.00 for the fund for private contingency funds. These funds are  
12 not available for expenditure until they have been transferred to another  
13 line item in this act pursuant to section 393(2) of the management and  
14 budget act, 1984 PA 431, MCL 18.1393.

15 Sec. 207. At least 60 days before beginning any effort to privati-  
16 ze, the department and fund shall submit a complete project plan to the  
17 appropriate senate and house of representatives appropriations subcommit-  
18 tees and the senate and house fiscal agencies. The plan shall include  
19 the criteria under which the privatization initiative will be evaluated.  
20 The evaluation shall be completed and submitted to the appropriate senate  
21 and house of representatives appropriations subcommittees and the senate  
22 and house fiscal agencies within 30 months.

23 Sec. 208. The department and fund shall continue to pilot the use  
24 of the Internet to fulfill the reporting requirements of this act. This  
25 may include transmission of reports via electronic mail to the recipients  
26 identified for each reporting requirement or it may include placement of  
27 reports on the Internet or legislative Intranet site. The senate and

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

14

1 house of representatives appropriations subcommittees and senate and  
2 house fiscal agencies shall be notified in writing of the Internet or  
3 Intranet site of any such report.

4       Sec. 209. Funds appropriated in part 1 shall not be used for the  
5 purchase of foreign goods or services, or both, if competitively priced  
6 and of comparable quality American goods or services, or both, are  
7 available.

8       Sec. 210. The director of the department and president of the fund  
9 receiving appropriations in part 1 shall take all reasonable steps to  
10 ensure businesses in deprived and depressed communities compete for and  
11 perform contracts to provide services or supplies, or both. Each direc-  
12 tor or president shall strongly encourage firms with which the department  
13 contracts to subcontract with certified businesses in depressed and  
14 deprived communities for services, supplies, or both.

15       Sec. 211. Of the funds appropriated in part 1 that are in units  
16 other than the grants unit, the department and the fund shall not provide  
17 grants to local government agencies, institutions of higher education, or  
18 nonprofit organizations unless the department or the fund provides notice  
19 of the grant to the appropriations subcommittees of the house and senate  
20 at least 10 days before the grant is issued or at least 72 hours before  
21 any announcement to local governmental units or the public.

22       Sec. 212. The department and the fund shall provide a report pre-  
23 pared by the department's and the fund's internal auditor on the activi-  
24 ties of the internal auditor for the prior fiscal year. This report  
25 shall include a listing of each audit or investigation performed by the  
26 internal auditor pursuant to sections 486(4) and 487 of the management  
27 and budget act, 1984 PA 431, MCL 18.1486 and 18.1487. The report shall

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

15

1 identify the proportion of time spent on each of the statutory  
2 responsibilities listed in sections 485(4), 486(4), and 487 of the man-  
3 agement and budget act, 1984 PA 431, MCL 18.1485, 18.1486, and 18.1487,  
4 and the time spent on all other activities performed in the internal  
5 audit function. The first report shall be due March 1, 2001 and bienni-  
6 ally thereafter beginning on May 1 and shall be submitted to the gover-  
7 nor, auditor general, the senate and house appropriations committees, the  
8 fiscal agencies, and the director and the president.

9       Sec. 213. The department and the fund shall establish and maintain  
10 affirmative action programs based on guidelines developed by the state  
11 equal opportunity workforce planning council which was created by  
12 Executive Order No. 1996-13 in order to receive general fund/general pur-  
13 pose dollars.

**14 DEPARTMENT OF CAREER DEVELOPMENT**

15       Sec. 301. The Michigan career and technical institute may receive  
16 equipment and in-kind contributions for the direct support of staff serv-  
17 ices through the Pine Lake fund, the Delton-Kellogg school district or  
18 other local or intermediate school district, or any combination of local  
19 or intermediate school districts in addition to those authorized in  
20 part 1.

21       Sec. 302. The Michigan rehabilitation service shall make every  
22 effort to ensure that all sources of matching funds in this state are  
23 used to obtain federal vocational rehabilitation funds. All sources  
24 include, but are not limited to, privately raised funds to support public  
25 nonprofit rehabilitation centers as permitted by the rehabilitation act

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

16

1 of 1973, Public Law 93-112, 29 U.S.C. 701 to 717, 720 to 724, 730 to 732,  
2 740 to 741, 750, 752, 760 to 762, 770 to 777b, 777d to 777f, 780, 781 to  
3 785, 790 to 794d, 795 to 795q, and 796 to 796i.

4       Sec. 303. The local match requirements for vocational rehabilita-  
5 tion facilities establishment grants shall not exceed 21.3% for the  
6 fiscal year ending September 30, 2001.

7       Sec. 304. (1) Of the funds appropriated in part 1 for vocational  
8 rehabilitation independent living, not less than \$2,093,000.00 shall be  
9 used for the support of centers for independent living which are in com-  
10 pliance with federal standards for such centers, for the development of  
11 new centers in areas presently unserved or underserved, for technical  
12 assistance to centers, and for projects to build capacity of centers to  
13 deliver independent living services. Applications for such funds shall  
14 be reviewed in accordance with criteria and procedures established by the  
15 statewide independent living council, the Michigan rehabilitation serv-  
16 ices unit within the department, and the Michigan commission for the  
17 blind. Funds must be used in a manner consistent with the priorities  
18 established in the state plan for independent living. The department is  
19 directed to work with the Michigan association of centers for independent  
20 living and the local workforce development boards to identify other com-  
21 petitive sources of funding.

22       (2) The statewide independent living council and the Michigan asso-  
23 ciation of centers for independent living shall jointly produce a report  
24 providing the following information:

25       (a) Results in terms of enhanced statewide access to independent  
26 living services to individuals who do not have access to such services



**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

17

1 through other existing public agencies, including measures by which these  
2 results can be monitored over time. These measures shall include:

3 (i) Total number of persons assisted by the centers and a comparison  
4 to the number assisted in the previous year.

5 (ii) Number of persons moved out of nursing homes into independent  
6 living situations and a comparison to the number assisted in the previous  
7 year.

8 (iii) Number of persons for whom accommodations were provided to  
9 enable independent living or access to employment and a comparison to the  
10 number assisted in the previous year.

11 (b) Information from each center for independent living receiving  
12 funding through appropriations in part 1 detailing their total budget for  
13 their most recently completed fiscal year as well as the amount within  
14 that budget funded through the vocational rehabilitation independent  
15 living grant program referenced in part 1, the total amount funded  
16 through other state agencies, the amount funded through federal sources,  
17 and the amount funded through local and private sources.

18 (c) Savings to state taxpayers in other specific areas that can be  
19 shown to be the direct result of activities funded from the vocational  
20 rehabilitation independent living grant program during the most recently  
21 completed state fiscal year.

22 (3) The report required in subsection (2) shall be submitted to the  
23 appropriate appropriations subcommittees, the fiscal agencies, and the  
24 state budget director on or before January 15, 2001.

25 Sec. 305. (1) The appropriation in part 1 to the department for the  
26 work first program shall be expended for grants which provide employment  
27 and training services to family independence program applicants and

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

18

1 recipients and may be expended for grants which provide employment and  
2 training services to former family independence program recipients, as  
3 well as to recipients of noncash public assistance, specifically child  
4 day care, Medicaid, or food stamp benefits. The work first program, how-  
5 ever, shall not be construed to be an entitlement to services.

6 (2) An applicant may be a district, intermediate district, community  
7 college, public or private nonprofit college or university, nonprofit  
8 organization that provides school-to-work transition programs or that  
9 provides employment and training services or vocational rehabilitation  
10 programs or state licensed accredited vocational or technical education  
11 programs, proprietary school licensed by the state board of education,  
12 local workforce development board, or a consortium consisting of any com-  
13 bination of districts, intermediate districts, community colleges, non-  
14 profit organizations described in this subsection, licensed proprietary  
15 schools, or public or private nonprofit colleges or universities  
16 described in this subsection.

17 (3) When the work first job search requirements have been completed,  
18 if the participant has not found employment, the work first site shall  
19 identify the barriers which may have prevented the participant from  
20 obtaining employment and assist the client in removing those barriers.  
21 The work first site shall also identify appropriate education and job  
22 training programs which would be available to the participant.

23 (4) Work first program participants shall include applicants and  
24 recipients of the family independence program established under section  
25 57a of the social welfare act, 1939 PA 280, MCL 400.57a, and such indi-  
26 viduals referred to a job club program by a county family independence  
27 agency board or a county friend of the court as long as the participation

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

19

1 in the job club is part of an application made under this section.  
2 Additionally, the department and the family independence agency shall  
3 work together to develop a program to provide employment services to  
4 former family independence program recipients and to recipients of non-  
5 cash public assistance benefits such as child day care, Medicaid, or food  
6 stamp benefits. This program shall not be construed to be an entitlement  
7 to services.

8 (5) Participants in the work first program shall not be enrolled and  
9 counted in membership in a school district or intermediate school  
10 district.

11 (6) The department will work with the family independence agency to  
12 coordinate support services to work first participants relating to  
13 special/emergency needs.

14 (7) Work first program participants must receive or be provided an  
15 explanation of the program including their benefits and responsibilities  
16 before the job interview phase of the program. This explanation shall  
17 include clear guidelines with regard to an individual's eligibility for  
18 postemployment training support and for applying hours in training toward  
19 federal work requirements.

20 (8) The department shall make every effort to place a minimum of 25%  
21 of clients who participate in the work first program in positions that  
22 provide wages of \$6.00 per hour or more.

23 (9) The department shall submit to the fiscal agencies and the state  
24 budget director by March 15, 2001, a report on the work first program,  
25 including the number of participants served under this section, the  
26 number of persons who located employment through work first, the average  
27 wage of participants who found employment, the number of persons who

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

20

1 retained jobs for 90 days, the number of participants placed in  
2 employment training and education programs, the number of clients  
3 referred to work first who failed to report, a compilation of barriers to  
4 employment by incidence and type experienced by participants, and the  
5 number of participants referred back to the family independence agency.

6 (10) A grant awarded under this section may extend beyond the end of  
7 the fiscal year in which the grant is awarded and the funds awarded for  
8 the grant may be available in the subsequent fiscal year for payment the  
9 next fiscal year.

10 (11) The department shall provide to the state budget director and  
11 the fiscal agencies by May 15 and November 15 of each year a report on  
12 the work first grants. The report due by May 15 shall provide the infor-  
13 mation described in this subsection for each grant or contract awarded  
14 during the preceding 2 quarters of the state fiscal year. The report due  
15 by November 15 shall provide this information for each grant or contract  
16 awarded during the preceding full fiscal year. The report shall contain  
17 both of the following:

18 (a) The amount and recipient of each grant or contract.

19 (b) The number of participants in each service delivery area and the  
20 number of clients placed in employment in each service delivery area.

21 (12) The department and the family independence agency shall con-  
22 tinue to collaborate on refining and making available to work first par-  
23 ticipants clear joint guidelines on the eligibility of work first partic-  
24 ipants for postemployment training support and on how training/education  
25 hours can be applied toward federal work participation requirements.  
26 These guidelines shall balance the ability of participants to obtain  
27 training and subsequent long-term, high-wage employment with the need to

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

21

1 connect participants with the workplace. Any and all training/education,  
2 with the exception of high school completion and GED preparation, must be  
3 occupationally relevant and in demand in the labor market as determined  
4 by the workforce development board. Participants must make satisfactory  
5 progress while in training/education. The department shall submit a  
6 progress report on these continuing efforts to the house and senate  
7 appropriations subcommittees with jurisdiction over the department and  
8 the family independence agency and to the fiscal agencies by October 1,  
9 2000.

10 (13) Work first participants may meet the work participation  
11 requirement by combining a minimum of 10 hours per week of work with  
12 training/education. Training/education may last up to 12 months and the  
13 calculated hours may include actual classroom seat time up to 10 hours  
14 per week plus up to 1 hour of study time for each hour of classroom seat  
15 time. The combined work and training/education hours must equal the min-  
16 imum number of hours required to meet the federal work participation  
17 requirements, 30 hours per week for a single parent, 35 hours per week  
18 for 2-parent families, 55 hours if utilizing federally funded day care,  
19 and 20 hours per week for single parents with a child under the age of  
20 6. Work first participants may enroll in additional hours of classroom  
21 seat time beyond 10 hours. However, these hours and the related study  
22 time will not count toward the work participation requirement. The  
23 training may be no longer than a 1-year program, or the final year of a  
24 2- or 4-year undergraduate program which is designed to lead to immediate  
25 labor force attachment.

26 (14) Work first participants may meet the federal work participation  
27 requirement through enrollment in a short-term vocational program

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

22

1 requiring 30 hours of classroom seat time per week for a period not to  
2 exceed 6 months, or by enrollment in full-time internships, practicums,  
3 or clinicals required by an academic or training institution for licen-  
4 sure, professional certification, or degree completion, without an addi-  
5 tional work requirement. Two-parent families who receive federally  
6 funded day care must work an additional 25 hours per week to meet the  
7 federal work participation requirement. In cases where a short-term  
8 vocational program lasts less than 6 months, the participant shall be  
9 eligible to enroll in 1 additional short-term vocational program for a  
10 combined period not to exceed a total of 6 months.

11 (15) Work first participants who lack a high school diploma or GED  
12 and who enroll in high school completion or classes to obtain a GED may  
13 count up to 10 hours of classroom seat time, combined with a minimum  
14 number of hours of work per week, to meet their federal work participa-  
15 tion requirement. There shall be no time limit on high school  
16 completion. GED preparation shall be limited to 6 months.

17 Sec. 305a. Of the temporary assistance for needy families funding  
18 appropriated in part 1 for welfare-to-work programs, \$2,250,000.00 shall  
19 be allocated to Starfish family services for a pilot project to provide  
20 employment training and placement services for the chronically  
21 unemployed.

22 Sec. 305b. Of the temporary assistance for needy families funding  
23 appropriated in part 1 for the welfare-to-work programs, \$600,000.00  
24 shall be allocated to the Warren Conner development coalition for employ-  
25 ment and training services that are determined by the department to be  
26 eligible for temporary assistance for needy families funding.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

23

1       Sec. 305c. Of the temporary assistance for needy families funding  
2 appropriated in part 1 for welfare-to-work programs, \$150,000.00 shall be  
3 allocated to Michigan organizing program in Muskegon to provide employ-  
4 ment training and placement services that are determined by the depart-  
5 ment to be eligible for temporary assistance for needy families funding.

6       Sec. 306. (1) Using all relevant state data sources, the department  
7 shall acquire data on former work first participants, whose family inde-  
8 pendence program cases closed due to earnings during fiscal year 1999,  
9 for the second year in the continuing longitudinal study started in  
10 fiscal year 2000. In addition, first-year data will also be compiled on  
11 former work first participants whose family independence program cases  
12 were closed due to earnings during fiscal year 2000. The data will  
13 include the following:

- 14       (a) The number and percentage employed.
- 15       (b) The average hourly wage of those employed.
- 16       (c) The current hourly wage of those employed.
- 17       (d) The range of wages earned by those employed.
- 18       (e) The number of individuals that earned each wage amount.
- 19       (f) The number and percentage receiving health care benefits from  
20 their employer.
- 21       (g) The number and percentage receiving tuition reimbursement from  
22 their employer.
- 23       (h) The number and percentage receiving training benefits from their  
24 employer.
- 25       (i) The type of jobs obtained by former participants in general  
26 categories.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

24

1       (j) The length of time former participants have retained their jobs,  
2 or if participants have had more than 1 job, the length of time employed  
3 at each job.

4       (k) The number and percentage continuing to receive any type of  
5 public assistance.

6       (l) If the former recipient has children, whether the children are  
7 enrolled in and attending school.

8       (m) The extent to which the former participant feels that they and  
9 their family are better off now than when they were on cash assistance  
10 with regard to household income, housing, food and nutritional needs,  
11 child health care, and access to health insurance coverage.

12       (2) The department shall file a report containing the identified  
13 data with the appropriate house and senate appropriation subcommittees  
14 and fiscal agencies by March 15, 2001.

15       (3) The department shall cooperate with the family independence  
16 agency in formulating and acquiring the identified data.

17       (4) The department may retain a third party to conduct the studies  
18 to obtain the data identified under this section.

19       Sec. 307. The department shall work cooperatively with the depart-  
20 ment of civil service to identify state employees who will lose their  
21 jobs as a result of an agency or program being reorganized, modified, or  
22 eliminated and shall develop training programs and provide training to  
23 these individuals that will provide them an opportunity and skills neces-  
24 sary to secure new employment within state government or the private  
25 sector. It shall be a priority of the department to provide training and  
26 employment opportunities to these individuals through their employment  
27 service locations.



**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

25

1       Sec. 308. State and federal funds allocated to local workforce  
2 development boards for disbursement shall not be appropriated unless the  
3 local workforce development boards maintain a partnership with governmen-  
4 tal agencies, public school districts, and public colleges located within  
5 the local service delivery area. Each board shall appoint an education  
6 advisory group made up of high-level administrators within local educa-  
7 tional institutions, workforce development board members, other employ-  
8 ers, labor, academic educators, and parents of public school pupils.

9       Sec. 309. From the funds appropriated in part 1 to job training  
10 programs subgrantees, the department shall allocate sufficient funds to  
11 the Michigan works! service centers to allow these centers to remain  
12 fully operational.

13       Sec. 310. (1) Of the funds appropriated in part 1 for precollege  
14 programs in engineering and the sciences, \$620,000.00 shall be provided  
15 in the form of a grant to the Detroit precollege engineering program,  
16 incorporated and \$424,700.00 shall be provided in the form of a grant to  
17 the Grand Rapids area precollege engineering program.

18       (2) The department shall submit a report to the appropriate house  
19 and senate appropriations subcommittees and the fiscal agencies by  
20 February 1, 2001 regarding dropout rates, grade point averages, enroll-  
21 ment in science, engineering, and math-based curricula, and employment in  
22 science, engineering, and math-based fields for students within the  
23 programs. The report shall continue to evaluate the effectiveness of the  
24 precollege programs in engineering and sciences funded through part 1  
25 appropriations and shall make recommendations on whether state support to  
26 expand such programs to other areas of the state is warranted in future  
27 fiscal years.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

26

1       Sec. 311. Funds earned or authorized by the United States  
2 department of labor in excess of the gross appropriation in part 1 for  
3 the employment service agency from the United States department of labor  
4 are appropriated and may be expended for staffing and related expenses  
5 incurred in the operation of its programs. These funds may be spent  
6 after the department notifies the appropriations subcommittees of the  
7 house and senate of the purpose and amount of each grant award.

8       Sec. 312. (1) The department shall have at least 1 disabled veter-  
9 ans outreach program specialist or local veterans employment representa-  
10 tive present, if able and willing to serve, at each Michigan  
11 works! employment services office on a full- or part-time basis during  
12 hours of operation.

13       (2) The department shall ensure that each Michigan works! employment  
14 services office shall have the necessary equipment to allow the disabled  
15 veterans outreach specialist or local veterans employment representative  
16 to perform his or her duties in the same manner they were performed prior  
17 to February 1, 1999.

18       (3) The department shall require each Michigan works! employment  
19 services office to have an employee available to ask each individual who  
20 enters the office for service whether that individual is a veteran and to  
21 refer each veteran to the disabled veterans outreach program specialist  
22 or local veterans employment representative on duty at the time.

23       (4) The department shall require that each Michigan  
24 works! employment services office shall have posted in a conspicuous  
25 place within the office a notice advising veterans that a disabled veter-  
26 ans outreach program specialist or a local veterans employment  
27 representative is available to assist him or her.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

27

1       (5) The department shall require each Michigan works! employment  
2 services office to provide free mediated services to employers wishing to  
3 hire a veteran.

4       (6) The department shall continue to make the appropriate placement  
5 of veterans and disabled veterans a priority.

6       Sec. 313. The department shall report to the appropriations subcom-  
7 mittees of the house and senate by September 30, 2001, on the distribu-  
8 tion of the Michigan community service commission volunteer investment  
9 grants.

10       Sec. 314. Of the funds appropriated to the Michigan community serv-  
11 ice commission, \$1,000,000.00 in tobacco funding shall be made available  
12 to the Michigan area council of boys and girls club of America.

13       Sec. 315. Of the funds appropriated in part 1 for the council of  
14 Michigan foundations, \$9,000,000.00 shall be distributed to the council  
15 to support local community efforts to address youth and senior health  
16 needs. The remaining \$10,000,000.00 shall support community youth  
17 tobacco prevention and smoking cessation programs. The council may dis-  
18 tribute the funds according to a formula determined by the council or may  
19 invest these funds. Any investment earnings from this appropriation  
20 shall be used for the same purpose as the original appropriation.

21       Sec. 316. The department may carry into the succeeding fiscal year  
22 unexpended federal pass-through funds to local institutions and govern-  
23 ments that do not require additional state matching funds. Federal  
24 pass-through funds to local institutions and governments that are  
25 received in amounts in addition to those included in part 1 and that do  
26 not require additional state matching funds are appropriated for the  
27 purposes intended.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

28

1       Sec. 317. Of the amounts appropriated in part 1 for postsecondary  
2 education, \$250,000.00 of private occupational school license fees shall  
3 fund 3.0 FTE positions and related administrative costs of the propri-  
4 etary schools oversight unit within the department.

5       Sec. 318. Money in the school loan exception fee fund that is unex-  
6 pended at the end of the fiscal year shall not revert to the general fund  
7 but shall be carried over to the succeeding fiscal year.

8       Sec. 319. The department is appropriated an amount not to exceed  
9 \$100,000.00 from collection of defaulted loans under the future faculty  
10 program in the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks pro-  
11 grams to offset costs of administering the loan collections.

12       Sec. 320. From the funds appropriated in part 1 for postsecondary  
13 education, the department shall compile data from each university that  
14 receives funding for the future faculty program within the  
15 King-Chavez-Parks initiative on employment outcomes for program  
16 participants. The report shall be distributed to the house and senate  
17 appropriations committees by February 1 of each year. The report shall  
18 include data from each participating university covering the most  
19 recently completed fiscal year. The data shall include all of the  
20 following:

21       (a) The number of participants receiving support under the program.

22       (b) The number of participants obtaining full-time employment.

23       (c) The number of participants obtaining full-time employment in  
24 college faculty positions.

25       (d) The number of participants obtaining full-time employment in  
26 college faculty positions within the university through which they  
27 received future faculty program support for graduate studies.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274 as amended May 24, 2000

29

1       Sec. 321. The appropriation in part 1 for adult education shall be  
2 utilized to support the administration of up to \$100,000,000.00 in gen-  
3 eral fund/general purpose revenue for adult education programs. It is  
4 the intent of the legislature that department staff funded through the  
5 appropriation in part 1 ensure that at least \$80,000,000.00 in adult edu-  
6 cation program funding be distributed through the existing grant process  
7 as outlined in section 107 of the state school aid act of 1979, 1979 PA  
8 94, MCL 388.1707. No more than \$20,000,000.00 may be administered  
9 through any alternative process.

10       Sec. 322. The funds appropriated in part 1 for the Medicaid buy-in  
11 for the working disabled shall not be expended unless Senate Bill No. 881  
12 is enacted into law.

      Sec. 323. The department shall work with the department of  
community health to establish a Medicaid buy-in program for the  
working disabled through the options available under the federal  
ticket to work and work incentives improvement act of 1999.

**13 MICHIGAN STRATEGIC FUND**

14       Sec. 401. (1) The appropriation in part 1 to the fund for economic  
15 development job training shall be expended for competitive grants that  
16 ensure employers have the trained workers they need to compete in the  
17 global economy. The fund shall expedite grant awards for employers  
18 locating or expanding in Michigan and thereby creating significant num-  
19 bers of new jobs in the state.

20       (2) Not more than 5% of the total grant, administration, and operat-  
21 ing funds appropriated in part 1 for the fund's economic development job  
22 training grants program may be expended for administrative costs. Not  
23 more than 12% of the total grant awarded to recipients may be expended  
24 for administration costs.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

30

1       (3) No funds appropriated in part 1 to the fund for economic  
2 development job training grants may be expended for the training of  
3 permanent striker replacement workers.

4       (4) At least 70% of the economic development job training grant  
5 funds shall be awarded to community colleges or a consortium of community  
6 colleges and other eligible applicants pursuant to the requirements of  
7 this section.

8       (5) Training grants provided by private sector trainers may reach or  
9 exceed 20% of total grants, but not less than 10%.

10       (6) An applicant may be a district, intermediate district, community  
11 college, public or private nonprofit college or university, nonprofit  
12 organization whose primary purpose is to provide education programs or  
13 employment and training services or vocational rehabilitation programs or  
14 school-to-work transition programs, local workforce development board,  
15 the headquarters of a federal and state sponsored manufacturing technol-  
16 ogy center, or a consortium consisting of any combination of districts,  
17 intermediate districts, community colleges, nonprofit organizations  
18 described in this subsection, or public or private nonprofit colleges or  
19 universities described in this subsection.

20       (7) On or before October 1, 2000, the fund shall publish proposed  
21 application criteria, instructions, and forms for use by eligible  
22 applicants. The fund shall provide at least a 2-week period for public  
23 comment prior to finalization of the application criteria, instructions,  
24 and forms.

25       (8) The award process will include a simple notice of intent to be  
26 reviewed to see if the application merits further consideration. If so,  
27 a full application may be submitted. Applications for all grants shall

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

31

1 be submitted to the fund, and each application shall contain at least all  
2 of the following:

3 (a) The name, address, and total number of employees of each busi-  
4 ness organization whose employees are receiving job training.

5 (b) A description of the specific job skills that will be taught.

6 (c) A clear statement of the project's scope of activities and  
7 number of participants to be involved.

8 (d) A commitment to maintain participant records in a form and  
9 manner required by the fund.

10 (e) A budget which relates to the proposed activities and various  
11 program components.

12 (9) Priority in the fund's awarding of grants shall be based on the  
13 following criteria:

14 (a) Demonstrated need for the type of training offered.

15 (b) Creation and/or retention of high wage and high skilled level  
16 jobs.

17 (c) Other criteria determined by the fund to be important.

18 (10) Not more than \$5,000,000.00 of the amount appropriated in part  
19 1 for economic development job training may be allocated to rapid  
20 response grants for employee training programs which maintain or attract  
21 permanent jobs for Michigan residents. A grant under this subsection  
22 shall be awarded to eligible applicants under subsection (1)(a).

23 (11) Participants in economic development job training programs  
24 shall be 16 years or older and not enrolled and counted in membership in  
25 a school district or intermediate school district.

26 (12) Funds allocated under this section shall be for the purpose of  
27 ensuring that employers have trained workers they need to compete in the

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

32

1 global economy. The fund shall have on file a specific plan to  
2 accomplish its objectives. The program estimated completion cost is the  
3 total amount appropriated to the fund and shall have an estimated comple-  
4 tion date of September 30, 2005.

5 (13) A recipient of a grant under this section shall not charge  
6 tuition or fees to participants in the program funded by the grant.  
7 However, a nonprofit organization may charge tuition or fees if the  
8 tuition plan or fees are recognized by the state and the nonprofit organ-  
9 ization receives additional funding from other governmental or private  
10 funding sources for its programs.

11 (14) For incumbent worker training, the business organization shall  
12 provide 25% of the program costs in matching funds as determined by the  
13 program.

14 (15) Grant funds shall be expended on a cost reimbursement basis.

15 (16) A recipient of a grant under this section shall allow the fund  
16 or the agency's designee to audit all records related to the grant for  
17 all entities that receive money, either directly or indirectly through a  
18 contract, from the grant funds. A grant recipient or contractor shall  
19 reimburse the state for all disallowances found in the audit.

20 (17) The fund shall provide to the state budget director and the  
21 fiscal agencies by April 15 and November 1 of each year a report on the  
22 economic development job training grants. The report due by April 15  
23 shall provide the information described in this subsection for each grant  
24 or contract awarded during the preceding 2 quarters of the state fiscal  
25 year. The report due by November 1 shall provide this information for  
26 each grant or contract awarded during the preceding full fiscal year.  
27 The report shall contain all of the following:

05701'00 (S-1)



**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

33

1 (a) The amount and recipient of each grant or contract.

2 (b) The number of participants under each grant or contract and the  
3 number of new hires who are in training under the grant.

4 (c) The names, addresses, and total number of employees of all busi-  
5 ness organizations for whom training is or will be provided.

6 (d) The matching funds, if any, to be provided by a business  
7 organization.

8 (18) Of the funds appropriated in part 1 for economic development  
9 job training grants, the fund shall not use these funds to finance the  
10 startup or in any way subsidize any private distributor of liquor pro-  
11 ducts in Michigan.

12 (19) As a condition of receiving funds under part 1 of this act, the  
13 fund shall not expend any of the economic development job training grant  
14 funds to train any employee who is an officer of a corporation in a cor-  
15 poration employing more than 250 employees.

16 (20) Of the funds appropriated in part 1, \$1,000,000.00 may be used  
17 for a recruitment program. This will be a pilot program that provides  
18 worker recruitment assistance to companies in Michigan. Priority for  
19 using the funds shall be to recruit workers from outside the state of  
20 Michigan. However, in the event funds are available for in-state  
21 recruitment efforts, the Michigan works! agencies shall be utilized  
22 unless they indicate they are unable to provide the service.

23 Sec. 402. The travel administration may establish and collect a fee  
24 to cover the cost of materials and processing of photographic prints,  
25 slides, videotapes, and travel product database information that are  
26 requested by the media and other segments of the public and private  
27 sectors. The fees collected shall be appropriated for all expenses

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

34

1 necessary to purchase and distribute these photographic prints, slides,  
2 videotapes, and travel product database information. The funds are  
3 available for expenditure when they are received by the department of  
4 treasury.

5       Sec. 403. The fund shall submit an annual status report to the  
6 appropriations subcommittees of the house of representatives and senate  
7 on all activities, grants, and investment programs financed from the  
8 strategic fund/renaissance fund using investment or Indian gaming  
9 revenues. The report shall provide a list of individual grants and loans  
10 made from the fund.

11       Sec. 404. The travel administration may receive and expend private  
12 revenue related to the use of the "Michigan Great Lakes. Great Times."  
13 copyrighted slogan and image. This revenue may come from the direct  
14 licensing of the name and image or from the royalty payments from various  
15 merchandise sales. Revenue collected is appropriated for the marketing  
16 of the state as a travel destination. The funds are available for expen-  
17 diture when they are received by the department of treasury.

18       Sec. 405. Of the funds appropriated for the Michigan promotion pro-  
19 gram, \$200,000.00 shall be used to promote tourism activities in the  
20 northeast region of the state. At least 25% of all program funds shall  
21 be used to promote cultural tourism opportunities in Michigan.

22       Sec. 406. The fund shall submit on or before May 1, 2001 and  
23 November 1, 2001 to the senate and house of representatives appropria-  
24 tions subcommittees and the fiscal agencies a listing of all grants which  
25 have been awarded by the fund or by the Michigan economic development  
26 corporation from the funds appropriated in part 1. The list shall  
27 include all of the following:

05701'00 (S-1)

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

35

1 (a) The name of the recipient.

2 (b) The amount awarded to the recipient.

3 (c) The purpose of the grant.

4 Sec. 407. (1) The fund shall provide reports to the relevant senate  
5 and house of representatives appropriations subcommittees and the fiscal  
6 agencies concerning the activities of the Michigan economic development  
7 corporation. The report shall include, but not be limited to, the fol-  
8 lowing programs funded in part 1:

9 (a) Travel Michigan bureau.

10 (b) National business development.

11 (c) International business development.

12 (d) Small, minority, and disabled business services.

13 (e) CDBG.

14 (f) Strategic/renaissance fund administration.

15 (g) Renaissance zones.

16 (h) Business roundtables.

17 (i) Business and clean air ombudsman.

18 (j) Economic development job training grants.

19 (k) Film office.

20 (l) Health and aging research and development initiative.

21 (m) Any other programs of the fund.

22 (2) The reports in subsection (1) shall be submitted by January 1,  
23 2001. The report for each program in subsection (1)(a) through (m) shall  
24 include details on the actual spending and number of FTEs for that pro-  
25 gram for the previous fiscal year.

26 Sec. 408. As a condition of receiving funds under part 1, any  
27 interlocal agreement entered into by the fund shall include language

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

36

1 which states that if a local unit of government has a contract or  
2 memorandum of understanding with a private economic development agency,  
3 the Michigan economic development corporation will work cooperatively  
4 with that private organization in that local area.

5       Sec. 409. (1) Of the funds appropriated to the fund or through  
6 grants to the Michigan economic development corporation, no funds shall  
7 be expended for the purchase of options on land or the purchase of land  
8 unless at least 1 of the following conditions applies:

9       (a) The land is located in an economically distressed area.

10       (b) The land is obtained through a purchase or exercise of an option  
11 at the invitation of the local unit of government and local economic  
12 development agency.

13       (2) It is the intent of the legislature that consideration be given  
14 to purchases where the proposed use of the land is consistent with a  
15 regional land use plan, will result in the redevelopment of an economi-  
16 cally distressed area, can be supported by existing infrastructure, and  
17 will not cause shifts in population away from the area's population  
18 centers.

19       (3) As used in this section, "economically distressed area" means an  
20 area in a city, village, or township that has been designated as  
21 blighted; a city, village, or township that shows negative population  
22 change from 1970 and a poverty rate and unemployment rate greater than  
23 the statewide average; or an area certified as a neighborhood enterprise  
24 zone.

25       Sec. 410. (1) From the funds appropriated in part 1 for the fund,  
26 \$50,000,000.00 is appropriated for a health and aging research and  
27 development initiative to support basic and applied research in

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

37

1 health-related areas, with emphasis on issues related to aging. The  
2 program shall be administered by the Michigan economic development  
3 corporation.

4       (2) A health and aging steering committee, appointed by the gover-  
5 nor, shall consist of 14 members including the CEO of the Michigan eco-  
6 nomic development corporation, a member from Michigan State University,  
7 the University of Michigan, Wayne State University, the VanAndel  
8 Institute, and 2 members from the private sector. The remaining members  
9 shall be appointed at large and may include members from the private  
10 sector, public sector, or other Michigan universities. The purpose of  
11 the steering committee is to provide advice and oversight of the initia-  
12 tive, including the development of criteria for the award of contracts or  
13 grants to qualifying universities, institutions, or individuals. The  
14 steering committee will make decisions regarding distribution of these  
15 grant funds and has the authority to make minor adjustments to the cate-  
16 gory funding percentage based upon the demands within categories and the  
17 quality of the applications received.

18       (3) Of the funds appropriated, 40% is allocated for a basic research  
19 fund, to be distributed on a competitive basis to Michigan universities  
20 or Michigan nonprofit research institutes, or both, for basic research in  
21 health-related areas. Not less than \$5,000,000.00 is allocated to  
22 research related to aging diseases and health problems. Fifty percent of  
23 the appropriated funds are earmarked for a collaborative research fund to  
24 support peer-reviewed collaborative grants among Michigan universities  
25 and/or private research facilities, with emphasis on testing or develop-  
26 ing emerging discoveries. Up to 10% of the appropriated funds may be  
27 used to support a commercial development fund to support

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

38

1 commercialization opportunities for life science research in Michigan.  
2 Appropriated funds must be matched with other university, private, or  
3 federal funding. Not more than 1% of the appropriated funds may be used  
4 for administrative costs of administering the initiative.

5       Sec. 411. (1) The appropriation in part 1 for the Michigan small  
6 business development center network shall be awarded to the Michigan  
7 small business development center state headquarters, located at Wayne  
8 State University, for distribution to the small business development  
9 centers' offices located throughout Michigan. The Michigan small busi-  
10 ness development center state headquarters shall establish criteria for  
11 awarding these grant funds, which shall include, but are not limited to,  
12 all of the following:

13       (a) The ability to demonstrate a clear and effective plan to deliver  
14 small business management assistance services in this state.

15       (b) How small business management assistance services will enhance  
16 and expand basic services provided by the Michigan small business devel-  
17 opment center network under its existing cooperative agreement with the  
18 United States small business administration.

19       (2) The Michigan small business development center state headquar-  
20 ters shall compile a summary report to the fund that shall include a  
21 financial statement identifying all encumbrances on or expenditures from  
22 these grant funds. The summary report shall be submitted by September  
23 30, 2001. The summary report shall include an economic impact analysis  
24 resulting from expenditure of the funds. All financial and impact  
25 reports shall be made available to the appropriate subcommittee of the  
26 house and senate appropriations committee upon request.

**HB 5274, As Passed Senate, May 25, 2000**

House Bill No. 5274

39

1       Sec. 412. The fund shall inform the members of the appropriate  
2 appropriations subcommittees of the house and senate of any decisions to  
3 eliminate any foreign outreach personnel.

4       Sec. 413. The money appropriated in part 1 to the fund is subject  
5 to the condition that none is spent for premiums or advertising material  
6 involving personal effects or apparel including, but not limited to,  
7 T-shirts, hats, coffee mugs, or other promotional items, except Travel  
8 Michigan.

9       Sec. 414. (1) From the general fund/general purpose appropriations  
10 in part 1 to the fund and granted or transferred to the Michigan economic  
11 development corporation, any unexpended or unencumbered balance shall be  
12 returned to the general fund at the end of the fiscal year, unless carry-  
13 forward authorization has been otherwise provided for in this act.

14       (2) Any encumbered funds shall be used for the same purposes for  
15 which funding was originally appropriated in this act.

16       Sec. 415. As a condition of receiving funds under part 1, the fund  
17 shall ensure that a public body corporate, created under section 28 of  
18 article VII of the state constitution of 1963, and the urban cooperation  
19 act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contrac-  
20 tual interlocal agreement between local participating economic develop-  
21 ment corporations formed under the economic development corporations act,  
22 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund,  
23 complies with all of the following:

24       (a) The freedom of information act, 1976 PA 442, MCL 15.231 to  
25 15.246.

26       (b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

1 (c) Annual audits of all financial records by the auditor general or  
2 his or her designee.

3 (d) All reports required by law to be submitted to the legislature.

4 Sec. 416. (1) The funding appropriated in part 1 for the Michigan  
5 core communities fund will be used to create an urban revitalization  
6 infrastructure program in the Michigan strategic fund. Funding will be  
7 awarded based on criteria established by the Michigan strategic fund.  
8 This criteria will be submitted to the legislature for review by November  
9 1, 2000.

10 (2) The funding will be distributed to eligible local communities as  
11 defined in House Bill No. 5444 of the 90th Legislature.

12 (3) Applications for these funds will be for such projects as land  
13 acquisition and assembly, demolition, site development, utility improve-  
14 ments, water, sewer and road improvements, or telecommunications or other  
15 site location infrastructure improvements as determined by the Michigan  
16 strategic fund.

17 (4) Funding will be distributed in the form of loans, grants, sales,  
18 or cash flow participation agreements or any combination of loans,  
19 grants, sales, or cash flow participation agreements. All funds must be  
20 matched on an equal dollar for dollar basis. The Michigan strategic fund  
21 shall receive proof of the match amount before releasing these funds.

22 (5) The Michigan strategic fund shall administer this program and  
23 may utilize up to 1/2 of 1% for the administration of this program.

Sec. 417. As a condition for receiving the appropriations in part  
1. any staff of the Michigan economic development corporation involved in  
private fund-raising activities shall not be party to any decisions  
regarding the awarding of grants or tax abatements from the Michigan  
strategic fund. Michigan economic development corporation, or the Michigan  
economic growth authority.