

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5643

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, 2003; to provide for the expenditure of the appropriations; to provide for the disposition of fees and other income received by the state agencies; and to repeal acts and parts of acts.

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, 2003, from the funds indicated in this part, the
6 following:
7 TOTAL APPROPRIATIONS

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For Fiscal Year Ending
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1	Full-time equated unclassified positions.....	6.0	
2	Full-time equated classified positions.....	1,320.5	
3	GROSS APPROPRIATION.....	\$	690,354,100
4	Interdepartmental grant revenues:		
5	Total interdepartmental grants and intradepartmental		
6	transfers.....	\$	100,900
7	ADJUSTED GROSS APPROPRIATION.....	\$	690,253,200
8	Federal revenues:		
9	Total federal revenues.....		535,522,500
10	Special revenue funds:		
11	Total local revenues.....		15,011,900
12	Total private revenues.....		3,249,400
13	Total other state restricted revenues.....		54,711,400
14	State general fund/general purpose.....	\$	81,758,000

15 Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT

16 (1) APPROPRIATION SUMMARY:

17	Full-time equated unclassified positions.....	6.0	
18	Full-time equated classified positions.....	1,089.0	
19	GROSS APPROPRIATION.....	\$	534,317,100
20	Interdepartmental grant revenues:		
21	Total interdepartmental grants and intradepartmental		
22	transfers.....		0
23	ADJUSTED GROSS APPROPRIATION.....	\$	534,317,100
24	Federal revenues:		

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1	Total federal revenues.....	472,569,200
2	Special revenue funds:	
3	Total local revenues.....	15,011,900
4	Total private revenues.....	2,396,300
5	Total other state restricted revenues.....	9,661,500
6	State general fund/general purpose..... \$	34,678,200
7	(2) DEPARTMENTAL ADMINISTRATION	
8	Full-time equated unclassified positions.....6.0	
9	Unclassified salaries..... \$	<u>506,700</u>
10	GROSS APPROPRIATION..... \$	506,700
11	Appropriated from:	
12	State general fund/general purpose..... \$	506,700
13	(3) DEPARTMENT OPERATIONS	
14	Full-time equated classified positions.....60.0	
15	Administration--60.0 FTE positions..... \$	7,105,000
16	Building occupancy charges - property development	
17	services.....	923,300
18	Special project advances.....	200,000
19	Worker's compensation.....	<u>217,700</u>
20	GROSS APPROPRIATION..... \$	8,446,000
21	Appropriated from:	
22	Federal revenues:	
23	CNS.....	205,800
24	DED-OSERS, rehabilitation services, vocational reha-	
25	bilitation of state grants.....	2,578,200
26	DOL-ETA, workforce investment act.....	360,900

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1	DOL, federal funds.....	1,735,000
2	Federal revenues.....	136,000
3	HHS, temporary assistance for needy families.....	356,000
4	Special revenue funds:	
5	Private - special project advances.....	200,000
6	Contingent fund, penalty and interest account.....	436,100
7	State general fund/general purpose..... \$	2,438,000
8	(4) WORKFORCE DEVELOPMENT	
9	Full-time equated classified positions.....659.0	
10	Employment training services--566.0 FTE positions.... \$	70,836,400
11	Michigan career and technical institute--93.0 FTE	
12	positions.....	<u>10,993,500</u>
13	GROSS APPROPRIATION..... \$	81,829,900
14	Appropriated from:	
15	Federal revenues:	
16	CNS.....	1,663,800
17	DAG, employment and training.....	167,600
18	DED-OPSE, multiple grants.....	815,500
19	DED-OSERS, centers for independent living.....	58,200
20	DED-OSERS, rehabilitation long-term training.....	566,900
21	DED-OSERS, rehabilitation services, vocational reha-	
22	bilitation of state grants.....	46,245,900
23	DED-OSERS, state grants for technical related	
24	assistance.....	56,000
25	DED, Perkins act.....	173,600
26	DOL-ETA, workforce investment act.....	3,994,000

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1 DOL, federal funds.....		5,000,000
2 HHS-SSA, supplemental security income.....		4,394,800
3 HHS, temporary assistance for needy families.....		3,128,400
4 Special revenue funds:		
5 Local vocational rehabilitation match.....		3,247,100
6 Private - gifts, bequests, and donations.....		1,396,300
7 Rehabilitation services fees.....		1,245,900
8 Second injury fund.....		51,500
9 Student fees.....		308,000
10 Training material fees.....		256,300
11 State general fund/general purpose.....	\$	9,060,100
12 (5) CAREER EDUCATION PROGRAMS		
13 Full-time equated classified positions.....	72.0	
14 Career and technical education--32.0 FTE positions... \$		3,494,200
15 Postsecondary education--23.0 FTE positions.....		2,490,200
16 Adult education--15.0 FTE positions.....		2,179,900
17 Commission on Spanish speaking affairs--2.0 FTE		
18 positions.....		<u>220,400</u>
19 GROSS APPROPRIATION.....	\$	8,384,700
20 Federal revenues:		
21 Federal revenues.....		6,108,400
22 Special revenue funds:		
23 Defaulted loan collection fees.....		100,000
24 Private occupational school license fees.....		378,900
25 State general fund/general purpose.....	\$	1,797,400

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1	(6) DEPARTMENT GRANTS	
2	Adult basic education.....	\$ 13,500,000
3	Council of Michigan foundations.....	4,000,000
4	Focus: HOPE.....	5,994,200
5	Gear-up program grants.....	3,000,000
6	Job training programs subgrantees.....	105,802,600
7	Michigan community service commission subgrantees....	6,757,200
8	Personal assistance services.....	462,000
9	Precollege programs in engineering and the sciences..	940,200
10	Supported employment grants.....	1,441,300
11	Technology assistance grants.....	1,378,700
12	Carl D. Perkins grants.....	42,500,000
13	Vocational rehabilitation client services/facilities.	51,339,100
14	Vocational rehabilitation independent living.....	3,165,700
15	Welfare-to-work programs.....	138,998,500
16	Adult education grants.....	<u>224,900</u>
17	GROSS APPROPRIATION.....	\$ 379,504,400
18	Appropriated from:	
19	Interdepartmental grant revenues:	
20	Federal revenues:	
21	CNS.....	5,500,000
22	DAG, employment and training.....	13,000,000
23	DED-OESE, gear-up.....	3,000,000
24	DED-OSERS, centers for independent living.....	525,000
25	DED-OSERS, client assistance for individuals with	
26	disabilities.....	440,000

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1	DED-OSERS, rehabilitation services, vocational	
2	rehabilitation of state grants.....	35,972,900
3	DED-OSERS, rehabilitation services facilities.....	2,272,500
4	DED-OSERS, supported employment.....	1,441,300
5	DED-OSERS, state grants for technical related	
6	assistance.....	1,378,700
7	DED-OVAE, adult education.....	13,500,000
8	DED-OVAE, basic grants to states.....	42,500,000
9	DOL-ETA, welfare-to-work.....	20,000,000
10	DOL-ETA, workforce investment act.....	104,602,700
11	HHS-SSA, supplemental security income.....	2,480,600
12	HHS, temporary assistance for needy families.....	98,499,000
13	Special revenue funds:	
14	Local vocational rehabilitation facilities match.....	1,278,300
15	Local vocational rehabilitation match.....	6,437,400
16	Private - gifts, bequests, and donations.....	800,000
17	Contingent fund, penalty and interest account.....	1,000,000
18	Tobacco settlement revenue.....	4,000,000
19	State general fund/general purpose..... \$	20,876,000
20	(7) EMPLOYMENT SERVICE AGENCY	
21	Full-time equated classified positions.....298.0	
22	Building occupancy charges - property development	
23	service..... \$	858,100
24	Worker's compensation.....	53,800
25	Employment service--246.0 FTE positions.....	43,798,800
26	Labor market information--52.0 FTE positions.....	<u>4,492,900</u>

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1	GROSS APPROPRIATION.....	\$	49,203,600
2	Appropriated from:		
3	DED-OSERS, rehabilitation services, vocational reha-		
4	bilitation of state grants.....		1,317,400
5	DOL, federal funds.....		41,952,300
6	Special revenue funds:		
7	Local revenues.....		4,049,100
8	Contingent fund, penalty and interest account.....		1,884,800
9	State general fund/general purpose.....	\$	0
10	(8) INFORMATION TECHNOLOGY		
11	Information technology services.....	\$	<u>6,441,800</u>
12	GROSS APPROPRIATION.....	\$	6,441,800
13	Appropriated from:		
14	Federal revenue.....		6,441,800
15	State general fund/general purpose.....	\$	0
16	Sec. 103. MICHIGAN STRATEGIC FUND		
17	(1) APPROPRIATION SUMMARY:		
18	Full-time equated classified positions.....	231.5	
19	GROSS APPROPRIATION.....	\$	156,037,000
20	Interdepartmental grant revenues:		
21	Total interdepartmental grants and intradepartmental		
22	transfers.....		100,900
23	ADJUSTED GROSS APPROPRIATION.....	\$	155,936,100
24	Federal revenues:		

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1	Total federal revenues.....	62,953,300
2	Special revenue funds:	
3	Total local revenues.....	0
4	Total private revenues.....	853,100
5	Total other state restricted revenues.....	45,049,900
6	State general fund/general purpose..... \$	47,079,800
7	(2) MICHIGAN STRATEGIC FUND	
8	Full-time equated classified positions.....231.5	
9	Administration--40.0 FTE positions..... \$	5,228,000
10	Job creation services--191.5 FTE positions.....	23,818,800
11	Michigan promotion program.....	7,442,400
12	Economic development job training grants.....	13,547,900
13	Community development block grants.....	60,000,000
14	Life sciences corridor initiative.....	44,999,900
15	Capital access program.....	<u>1,000,000</u>
16	GROSS APPROPRIATION..... \$	156,037,000
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	IDG-MDEQ, air quality fees.....	100,900
20	Federal revenues:	
21	DOL-ETA, employment service.....	783,700
22	HUD-CPD, Community development block grant.....	62,169,600
23	Special revenue funds:	
24	Private-Michigan certified development corporation	
25	fees.....	353,100
26	Private-special project advances.....	500,000

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1	Industry support fees.....	50,000
2	Tobacco settlement trust fund.....	44,999,900
3	State general fund/general purpose.....	47,079,800

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PART 2

7

PROVISIONS CONCERNING APPROPRIATIONS

8 **GENERAL SECTIONS**

9 Sec. 201. Pursuant to section 30 of article IX of the state consti-
10 tution of 1963, total state spending from state resources under part 1
11 for fiscal year 2002-2003 is \$136,469,400.00 and state spending from
12 state resources to be paid to local units of government for fiscal year
13 2002-2003 is \$9,009,400.00. The itemized statement below identifies
14 appropriations from which spending to units of local government will
15 occur:

16 MICHIGAN STRATEGIC FUND

17	Economic development job training grants.....	\$	<u>9,009,400</u>
18	Total Michigan strategic fund.....	\$	9,009,400

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

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

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

23 (b) "CEO" means chief executive officer of the Michigan strategic
24 fund.

25 (c) "CNS" means the corporation for national services.

26 (d) "DAG" means the United States department of agriculture.

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- 1 (e) "DED" means the United States department of education.
- 2 (f) "DED-OPSE" means the DED office of postsecondary education.
- 3 (g) "DED-OSERS" means the DED office of special education
4 rehabilitation services.
- 5 (h) "DED-OVAE" means the DED office of vocational and adult
6 education.
- 7 (i) "Department" means the department of career development.
- 8 (j) "Director" means the director of the department of career
9 development.
- 10 (k) "DOL" means the United States department of labor.
- 11 (l) "DOL-ETA" means the DOL employment and training act.
- 12 (m) "DOL-NOICC" means the DOL national occupational information
13 coordinating committee.
- 14 (n) "Fiscal agencies" means the Michigan house fiscal agency and
15 the Michigan senate fiscal agency.
- 16 (o) "FTE" means full-time equated.
- 17 (p) "Fund" means the Michigan strategic fund.
- 18 (q) "GED" means general education degree.
- 19 (r) "HHS" means the United States department of health and human
20 services.
- 21 (s) "HHS-SSA" means HHS social security administration.
- 22 (t) "HUD-CPD" means HUD community planning and development.
- 23 (u) "IDG" means interdepartmental grant.
- 24 (v) "MDEQ" means the Michigan department of environmental quality.
- 25 (w) "MDOC" means the Michigan department of corrections.

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1 (x) "Subcommittees" means all members of the subcommittees of the
2 house and senate appropriations committees with jurisdiction over the
3 budgets for the department and the fund.

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

9 Sec. 205. (1) A hiring freeze is imposed on the state classified
10 civil service. State departments and agencies are prohibited from hiring
11 any new full-time state classified civil service employees and prohibited
12 from filling any vacant state classified civil service positions. This
13 hiring freeze does not apply to internal transfers of classified employ-
14 ees from 1 position to another within a department.

15 (2) The state budget director shall grant exceptions to this hiring
16 freeze when the state budget director believes that the hiring freeze
17 will result in rendering a state department or agency unable to deliver
18 basic services, cause a loss of revenue to the state, result in the
19 inability of the state to receive federal funds, or would necessitate
20 additional expenditures that exceed any savings from maintaining a
21 vacancy. The state budget director shall report quarterly to the chair-
22 persons of the senate and house of representatives standing committees on
23 appropriations the number of exceptions to the hiring freeze approved
24 during the previous month and the reasons to justify the exception.

25 Sec. 206. (1) In addition to the funds appropriated for the depart-
26 ment and the fund in part 1, there is appropriated an amount not to
27 exceed \$41,000,000.00 for the department and \$7,000,000.00 for the fund

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1 for federal contingency funds. These funds are not available for
2 expenditure until they have been transferred to another line item in this
3 act pursuant to section 393(2) of the management and budget act, 1984
4 PA 431, MCL 18.1393.

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

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

17 (4) In addition to the funds appropriated in part 1, there is appro-
18 priated an amount not to exceed \$1,000,000.00 for the department and
19 \$500,000.00 for the fund for private contingency funds. These funds are
20 not available for expenditure until they have been transferred to another
21 line item in this act pursuant to section 393(2) of the management and
22 budget act, 1984 PA 431, MCL 18.1393.

23 Sec. 207. At least 60 days before beginning any effort to privat-
24 ize, the department shall submit a complete project plan to the subcom-
25 mittees and the fiscal agencies. The plan shall include the criteria
26 under which the privatization initiative will be evaluated. The

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1 evaluation shall be completed and submitted to the fiscal agencies and to
2 the subcommittees within 30 months.

3 Sec. 208. Unless otherwise specified, the department and fund shall
4 use the internet to fulfill the reporting requirements of this act. This
5 may include transmission of reports via electronic mail to the recipients
6 identified for each reporting requirement or it may include placement of
7 reports on an internet or intranet site. Quarterly, the department and
8 fund shall provide to the subcommittee, state budget office, and the
9 fiscal agencies an electronic and paper copy listing of the reports sub-
10 mitted during the most recent 3-month period along with the internet or
11 intranet site of each report, if any.

12 Sec. 209. Funds appropriated in part 1 shall not be used for the
13 purchase of foreign goods or services, or both, if competitively priced
14 and of comparable quality American goods or services, or both, are
15 available.

16 Sec. 210. The director or the CEO of each department and agency
17 receiving appropriations in part 1 shall take all reasonable steps to
18 ensure businesses in deprived and depressed communities compete for and
19 perform contracts to provide services or supplies, or both. Each direc-
20 tor or CEO shall strongly encourage firms with which the department con-
21 tracts to subcontract with certified businesses in depressed and deprived
22 communities for services, supplies, or both.

23 Sec. 211. Of the funds appropriated in part 1 that are in units
24 other than the grants unit, the department and the fund shall not provide
25 grants to local government agencies, institutions of higher education, or
26 nonprofit organizations unless the department or the fund provides notice
27 of the grant to the subcommittees at least 10 days before the grant is

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1 issued or at least 72 hours before any announcement to local governmental
2 units or the public.

3 Sec. 212. The department and the fund shall establish and maintain
4 affirmative action programs based on guidelines developed by the state
5 equal opportunity workforce planning council which was created by
6 Executive Order No. 1996-13 in order to receive general fund/general pur-
7 pose dollars.

8 Sec. 213. The departments and state agencies receiving appropria-
9 tions under this act shall receive and retain copies of all reports
10 funded from appropriations in part 1. These departments and state agen-
11 cies shall follow federal and state guidelines for short-term and
12 long-term retention of these reports and records.

13 Sec. 259. From the funds appropriated in part 1 for information
14 technology, the department shall pay user fees to the department of
15 information technology for technology related services and projects.
16 Such user fees shall be subject to provisions of an interagency agreement
17 between the department and the department of information technology.

18 Sec. 260. Amounts appropriated in part 1 for information technology
19 may be designated as work projects and carried forward to support tech-
20 nology projects under the direction of the department of information
21 technology. Funds designated in this manner are not available for expen-
22 diture until approved as work projects under section 451a of the manage-
23 ment and budget act, 1984 PA 431, MCL 18.1451a.

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1 DEPARTMENT OF CAREER DEVELOPMENT

2 Sec. 301. The Michigan career and technical institute may receive
3 equipment and in-kind contributions for the direct support of staff serv-
4 ices through the Pine Lake fund, the Delton-Kellogg school district or
5 other local or intermediate school district, or any combination of local
6 or intermediate school districts in addition to those authorized in
7 part 1.

8 Sec. 302. The Michigan rehabilitation service shall make every
9 effort to ensure that all sources of matching funds in this state are
10 used to obtain federal vocational rehabilitation funds. All sources
11 include, but are not limited to, privately raised funds to support public
12 nonprofit rehabilitation centers as permitted by the rehabilitation act
13 of 1973, Public Law 93-112, 29 U.S.C. 701 to 718, 720 to 751, 760 to 765,
14 771 to 776, 780 to 785, 791 to 794e, 795 to 795n, and 796 to 796l.

15 Sec. 303. The local match requirements for vocational rehabilita-
16 tion facilities establishment grants shall not exceed 21.3% for the
17 fiscal year ending September 30, 2003.

18 Sec. 304. (1) Of the funds appropriated in part 1 for vocational
19 rehabilitation independent living, all general fund/general purpose reve-
20 nue not used to match federal funds shall be used for the support of cen-
21 ters for independent living which are in compliance with federal stan-
22 dards for such centers, for the development of new centers in areas pres-
23 ently unserved or underserved, for technical assistance to centers, and
24 for projects to build capacity of centers to deliver independent living
25 services. Applications for such funds shall be reviewed in accordance
26 with criteria and procedures established by the statewide independent
27 living council, the Michigan rehabilitation services unit within the

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1 department, and the Michigan commission for the blind. Funds must be
2 used in a manner consistent with the priorities established in the state
3 plan for independent living. The department is directed to work with the
4 Michigan association of centers for independent living and the local
5 workforce development boards to identify other competitive sources of
6 funding.

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

10 (a) Results in terms of enhanced statewide access to independent
11 living services to individuals who do not have access to such services
12 through other existing public agencies, including measures by which these
13 results can be monitored over time. These measures shall include:

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

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

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

22 (iv) The total number of disabled individuals served by personal
23 care attendants and the number of personal care attendants provided
24 through the use of any funds appropriated in part 1 administered by a
25 center for independent living and a comparison to the number served in
26 the previous year.

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1 (b) Information from each center for independent living receiving
2 funding through appropriations in part 1 detailing their total budget for
3 their most recently completed fiscal year as well as the amount within
4 that budget funded through the vocational rehabilitation independent
5 living grant program referenced in part 1, the total amount funded
6 through other state agencies, the amount funded through federal sources,
7 and the amount funded through local and private sources.

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

12 (3) The report required in subsection (2) shall be submitted to the
13 appropriate appropriations subcommittees, the fiscal agencies, and the
14 state budget director on or before January 15, 2003.

15 Sec. 305. (1) The appropriation in part 1 to the department for the
16 work first program shall be expended for grants which provide employment
17 and training services to family independence program applicants and
18 recipients and may be expended for grants which provide employment and
19 training services to former family independence program recipients, as
20 well as to recipients of noncash public assistance, specifically child
21 day care, Medicaid, or food stamp benefits. The work first program, how-
22 ever, shall not be construed to be an entitlement to services.

23 (2) An applicant may be a school district, intermediate school dis-
24 trict, community college, public or private nonprofit college or univer-
25 sity, nonprofit organization that provides school-to-work transition pro-
26 grams or that provides employment and training services or vocational
27 rehabilitation programs or state licensed accredited vocational or

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1 technical education programs, proprietary school licensed by the state
2 board of education, local workforce development board, or a consortium
3 consisting of any combination of school districts, intermediate school
4 districts, community colleges, nonprofit organizations described in this
5 subsection, licensed proprietary schools, or public or private nonprofit
6 colleges or universities described in this subsection.

7 (3) When the work first job search requirements have been completed,
8 if the participant has not found employment, the work first site shall
9 identify the barriers which may have prevented the participant from
10 obtaining employment and assist the client in removing those barriers.
11 The work first site shall also identify appropriate education and job
12 training programs which would be available to the participant. When an
13 individual is re-referred to work first because of an inability to retain
14 employment, the department shall confer with the Michigan rehabilitation
15 services, the family independence agency, or other professionals if
16 deemed appropriate by the Michigan works agency to screen for and iden-
17 tify issues that are preventing the participant from succeeding in the
18 labor market. Each Michigan works agency shall determine locally the
19 number of times an individual may be re-referred back to the program
20 before consulting with other service agencies. If no prohibitive barri-
21 ers to work are found, the individual shall comply with the work first
22 program, or be subject to appropriate penalties.

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

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1 agency board or a county friend of the court as long as the participation
2 in the job club is part of an application made under this section.

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

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

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

15 (8) The department shall make every effort to place a minimum of 50%
16 of clients who participate in the work first program in positions that
17 provide wages of \$6.00 per hour or more.

18 (9) The department shall submit to the fiscal agencies and the state
19 budget director by March 15, 2003, a report on the work first program,
20 including the number of participants served under this section, the
21 number of persons who located employment through work first, the average
22 wage of participants who found employment, the number of persons who
23 retained jobs for 90 days, the number of participants placed in employ-
24 ment training and education programs, the number of clients referred to
25 work first who failed to report, a compilation of barriers to employment
26 by incidence and type experienced by participants, and the number of
27 participants referred back to the family independence agency.

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

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

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

12 (11) The department and the family independence agency shall make
13 available to work first participants guidelines on eligibility for post-
14 employment training and how training/education hours are applied toward
15 federal work participation requirements. These guidelines will be
16 presented during joint orientation conducted by the family independence
17 agency and the department contracted staff in accordance with department
18 policy issuances and family independence agency program bulletins. These
19 guidelines presented by the department and the family independence agency
20 will not conflict and shall balance the ability of participants to obtain
21 training and subsequent long-term high-wage employment with the need to
22 connect participants with the workplace. Any and all training/education,
23 with the exception of high school completion and GED preparation, must be
24 occupationally relevant and in demand in the labor market as determined
25 by the workforce development board. Participants must make satisfactory
26 progress to continue in a training/education component.

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1 (12) The work participation requirement is up to 40 hours per week.
2 However, work first participants may meet the work participation
3 requirement by combining a minimum of 10 hours per week of work with
4 training/education. Training/education may last up to 12 months and the
5 calculated hours may include actual classroom seat time up to 10 hours
6 per week plus up to 1 hour of study time for each hour of classroom seat
7 time. The combined work and training/education hours must equal the min-
8 imum number of hours required to meet the federal work participation
9 requirements, 30 hours per week for a single parent, 35 hours per week
10 for 2-parent families, 55 hours if utilizing federally funded day care,
11 and 20 hours per week for single parents with a child under the age of
12 6. Work first participants may enroll in additional hours of classroom
13 seat time beyond 10 hours. However, these hours and the related study
14 time will not count toward the work participation requirement. The
15 training may be no longer than a 1-year program, 1 year of a 2-year
16 undergraduate program, or the final year of a 4-year undergraduate pro-
17 gram designed to lead to immediate labor force attachment.

18 (13) Work first participants may meet the federal work participation
19 requirement through enrollment in a short-term vocational program requir-
20 ing 30 hours of classroom seat time per week for a period not to exceed 6
21 months, or by enrollment in full-time internships, practicums, or clini-
22 cals required by an academic or training institution for licensure, pro-
23 fessional certification, or degree completion, without an additional work
24 requirement. Two-parent families who receive federally funded day care
25 must work an additional 25 hours per week to meet the federal work par-
26 ticipation requirement. In cases where a short-term vocational program
27 lasts less than 6 months, the participant shall be eligible to enroll in

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1 1 additional short-term vocational program for a combined period not to
2 exceed a total of 6 months.

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

9 Sec. 306. (1) Using all relevant state data sources, the department
10 shall conduct a 3-year longitudinal study of all former work first par-
11 ticipants, whose family independence program cases closed due to earnings
12 during fiscal year 1999 and in succeeding fiscal years. 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.

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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 subcommittees, fiscal agencies, and state budget director
14 by March 15, 2003.

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. State and federal funds allocated to local workforce
20 development boards for disbursement shall not be expended unless the
21 local workforce development boards maintain a partnership with governmen-
22 tal agencies, public school districts, and public colleges located within
23 the local service delivery area. Each board shall appoint an education
24 advisory group made up of high-level administrators within local educa-
25 tional institutions, workforce development board members, other employ-
26 ers, labor, academic educators, and parents of public school pupils.

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1 Sec. 309. (1) Of the funds appropriated in part 1 for precollege
2 programs in engineering and the sciences, \$558,000.00 shall be provided
3 in the form of a grant to the Detroit precollege engineering program,
4 incorporated and \$382,200.00 shall be provided in the form of a grant to
5 the Grand Rapids area precollege engineering program.

6 (2) The department shall submit a report to the subcommittees and
7 the fiscal agencies by February 1, 2003 regarding dropout rates, grade
8 point averages, enrollment in science, engineering, and math-based cur-
9 rricula, and employment in science, engineering, and math-based fields for
10 students within the programs. The report shall continue to evaluate the
11 effectiveness of the precollege programs in engineering and sciences
12 funded through part 1 appropriations and shall make recommendations on
13 whether state support to expand such programs to other areas of the state
14 is warranted in future fiscal years.

15 Sec. 310. Funds earned or authorized by the United States depart-
16 ment of labor in excess of the gross appropriation in part 1 for the
17 employment service agency from the United States department of labor are
18 appropriated and may be expended for staffing and related expenses
19 incurred in the operation of its programs. These funds may be spent
20 after the department notifies the subcommittees, fiscal agencies, and the
21 state budget office of the purpose and amount of each grant award.

22 Sec. 311. (1) The department shall have at least 1 disabled veter-
23 ans outreach program specialist or local veterans employment representa-
24 tive present, if able and willing to serve, at each Michigan
25 works! employment services office on a full- or part-time basis during
26 hours of operation.

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

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

11 (4) The department shall require that each Michigan
12 works! employment services office shall have posted in a conspicuous
13 place within the office a notice advising veterans that a disabled veter-
14 ans outreach program specialist or a local veterans employment represen-
15 tative is available to assist him or her.

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

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

21 Sec. 312. The department shall report to the subcommittees by
22 September 30, 2003, on the distribution of the Michigan community service
23 commission volunteer investment grants.

24 Sec. 313. The funds appropriated in part 1 for the council of
25 Michigan foundations from tobacco settlement revenue shall be distributed
26 to the council of Michigan foundations as a grant to support local
27 community efforts to address youth and senior health needs. The council

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1 may distribute the funds according to a formula determined by the council
2 or may invest these funds. Any investment earnings from this appropria-
3 tion shall be used for the same purpose as the original appropriation.

4 Sec. 314. The department may carry into the succeeding fiscal year
5 unexpended federal pass-through funds to local institutions and govern-
6 ments that do not require additional state matching funds. Federal
7 pass-through funds to local institutions and governments that are
8 received in amounts in addition to those included in part 1 and that do
9 not require additional state matching funds are appropriated for the pur-
10 poses intended.

11 Sec. 315. Of the amounts appropriated in part 1 for postsecondary
12 education, private occupational school license fees shall fund related
13 administrative costs of the proprietary schools oversight unit within the
14 department.

15 Sec. 316. Money in the school fee fund that is unexpended at the
16 end of the fiscal year may be carried over to the succeeding fiscal
17 year.

18 Sec. 317. The department is appropriated an amount not to exceed
19 \$100,000.00 from collection of defaulted loans under the future faculty
20 program in the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks pro-
21 grams to offset costs of administering the loan collections.

22 Sec. 318. From the funds appropriated in part 1 for postsecondary
23 education, the department shall compile data from each university that
24 receives funding for the future faculty program within the
25 King-Chavez-Parks initiative on employment outcomes for program
26 participants. The report shall be distributed to the house and senate
27 appropriations committees by February 1 of each year. The report shall

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1 include data from each participating university covering the most
2 recently completed fiscal year. The data shall include all of the
3 following:

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

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

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

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

11 Sec. 319. The appropriation in part 1 for adult education shall be
12 utilized to support the administration of up to \$100,000,000.00 in gen-
13 eral fund/general purpose revenue for adult education programs. It is
14 the intent of the legislature that department staff funded through the
15 appropriation in part 1 ensure that at least \$75,000,000.00 in adult edu-
16 cation program funding be distributed through the existing grant process
17 as outlined in section 107 of the state school aid act of 1979, 1979
18 PA 94, MCL 388.1707. No more than \$20,000,000.00 may be administered
19 through any alternative process.

20 Sec. 321. The King-Chavez-Parks initiative shall be marketed by the
21 department to Michigan parents and high school and college students, to
22 promote the benefits and the availability of the college day, select stu-
23 dent support services, college/university partnership, visiting profes-
24 sors, Morris Hood, Jr. educator development, and future faculty
25 programs. The department shall provide a report to the subcommittees on
26 December 30, 2002, identifying all efforts taken to market these
27 programs, including, but not limited to, the amount of funding allocated

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1 for this purpose, the fund source and any expenditures or encumbrances
2 relating to this marketing effort. It is the intent of the legislature
3 that the department administer the King-Chavez-Parks initiative in the
4 same manner as when it was previously contained in the department of edu-
5 cation and consistent with all boilerplate language pertaining to the
6 above listed programs as included in the appropriations act for higher
7 education institutions.

8 Sec. 322. Of the funding appropriated in part 1 for the adult edu-
9 cation grants, \$75,000.00 shall be awarded to the Arab-American and
10 Chaldean council, \$50,000.00 shall be awarded to the Arab community
11 center for economic and social services, and \$100,000.00 shall be awarded
12 to Jewish vocational services.

13 Sec. 323. The department shall work with the family independence
14 agency to provide assistance to Created For Caring to enhance an employ-
15 ment skills training program for eligible families receiving assistance
16 in order to compete for the welfare-to-work funding made available in
17 part 1.

18 Sec. 325. The department shall work cooperatively with the depart-
19 ment of civil service to identify state employees who will lose their
20 jobs as a result of an agency or program being reorganized, modified, or
21 eliminated and shall develop training programs and provide training to
22 these individuals that will provide them an opportunity and skills neces-
23 sary to secure new employment within state government or the private
24 sector. It shall be a priority of the department to provide training and
25 employment opportunities to these individuals through their employment
26 service locations.

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1 Sec. 326. From the funds appropriated in part 1 to job training
2 programs subgrantees, the department shall allocate sufficient funds to
3 the Michigan works! service centers to allow these centers to remain
4 fully operational.

5 Sec. 327. It is the intent of the legislature that the department
6 shall work with the disability rights coalition to identify all sources
7 of state funding that may be used to match federal or private funding to
8 create a loan program for assistive technology for persons with
9 disabilities.

10 **MICHIGAN STRATEGIC FUND**

11 Sec. 401. (1) The appropriation in part 1 to the fund for economic
12 development job training shall be expended for competitive grants that
13 ensure employers have the trained workers they need to compete in the
14 global economy. The fund shall expedite grant awards for employers
15 locating or expanding in Michigan and thereby creating significant num-
16 bers of new jobs in the state. The fund shall award all grants in the
17 first 2 quarters of the state fiscal year but this requirement shall not
18 be applicable to funds available for the rapid response grants as allowed
19 in subsection (10), funds contained in the Michigan growth capital fund
20 as allowed in subsection (22), and the university research grant match as
21 allowed in subsection (21).

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

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1 more than 12% of the total grant awarded to recipients may be expended
2 for administration costs.

3 (3) No funds appropriated in part 1 to the fund for economic devel-
4 opment job training grants may be expended for the training of permanent
5 striker replacement workers.

6 (4) Of the total funds appropriated in part 1 for economic develop-
7 ment job training grants, at least 70% of the funds shall be awarded to
8 community colleges or a consortium of community colleges and other eligi-
9 ble applicants pursuant to subsection (6).

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

12 (6) An applicant may be a school district, intermediate school dis-
13 trict, community college, public or private nonprofit college or univer-
14 sity, nonprofit organization whose primary purpose is to provide educa-
15 tion programs or employment and training services or vocational rehabili-
16 tation programs or school-to-work transition programs, local workforce
17 development board, the headquarters of a federal and state sponsored man-
18 ufacturing technology center, or a consortium consisting of any combina-
19 tion of school districts, intermediate school districts, community col-
20 leges, nonprofit organizations described in this subsection, or public or
21 private nonprofit colleges or universities described in this subsection.

22 (7) On or before October 1, 2002, the fund shall publish proposed
23 application criteria, instructions, and forms for use by eligible
24 applicants. The fund shall provide at least a 2-week period for public
25 comment prior to finalization of the application criteria, instructions,
26 and forms.

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1 (8) The award process will include a simple notice of intent to be
2 reviewed to see if the application merits further consideration. If so,
3 a full application may be submitted. Applications for all grants shall
4 be submitted to the fund, and each application shall contain at least all
5 of the following:

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

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

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

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

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

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

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

18 (b) Creation and/or retention of high wage and high skilled level
19 jobs.

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

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

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

4 (12) Funds allocated under this section shall be for the purpose of
5 ensuring that employers have trained workers they need to compete in the
6 global economy. The fund shall have on file a specific plan to accom-
7 plish its objectives.

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

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

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

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

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

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1 year. The report due by November 1 shall provide this information for
2 each grant or contract awarded during the preceding full fiscal year.

3 The report shall contain all of the following:

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

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

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

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

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

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

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

26 (21) The Michigan growth capital fund shall be used to develop the
27 technology business sector in Michigan. The fund will be used to

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1 encourage private and public investment in the technology business
2 sector, and all of the following apply:

3 (a) An applicant must match state funds on a 1:1 basis.

4 (b) Eligible uses of the fund include investments in organizations
5 and programs that promote the development of new industry sectors in
6 Michigan; inducements to attract additional venture capital funds to
7 finance technology development; support organizations, initiatives, or
8 events that promote entrepreneurship; provide match for university fed-
9 eral research grants; and support technology transfer and commercializ-
10 ation programs with universities and the private sector.

11 (c) The Michigan economic development corporation shall administer
12 the programs supported by the Michigan growth capital fund.

13 (d) All funds received from repayment of loans, unused grants, reve-
14 nues received from sales or cash flow participation agreements, guaran-
15 tees, or any combination thereof or interest thereon, originally distrib-
16 uted as part of the Michigan growth capital fund, shall be received,
17 held, and applied by the Michigan strategic fund for the purposes
18 described in this subsection.

19 (e) Michigan economic development corporation shall provide an
20 annual report on the status of Michigan growth capital fund to the sub-
21 committees, the fiscal agencies, and the state budget office by January
22 31, 2003.

23 (22) Of the funds appropriated in part 1, \$1,000,000.00 may be used
24 to provide match for university federal research grants.

25 (23) It is the intent of the legislature that the fiscal year 2004
26 economic development job training grant program be continued in fiscal

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1 year 2004 and be funded at a level not less than that in effect in fiscal
2 year 2002.

3 Sec. 402. Travel Michigan may establish and collect a fee to cover
4 the cost of materials and processing of photographic prints, slides, vid-
5 eotapes, and travel product database information that are requested by
6 the media and other segments of the public and private sectors. The fees
7 collected shall be appropriated for all expenses necessary to purchase
8 and distribute these photographic prints, slides, videotapes, and travel
9 product database information. The funds are available for expenditure
10 when they are received by the department of treasury.

11 Sec. 403. The fund shall submit an annual status report to the sub-
12 committees, fiscal agencies, and the state budget director on all activi-
13 ties, grants, and investment programs financed from the strategic fund
14 using investment or Indian gaming revenues. The report shall provide a
15 list of individual grants and loans made from the fund.

16 Sec. 404. Travel Michigan may receive and expend private revenue
17 related to the use of the "Michigan Great Lakes. Great Times." copy-
18 righted slogan and image. This revenue may come from the direct licens-
19 ing of the name and image or from the royalty payments from various mer-
20 chandise sales. Revenue collected is appropriated for the marketing of
21 the state as a travel destination. The funds are available for expendi-
22 ture when they are received by the department of treasury.

23 Sec. 405. Of the funds appropriated in part 1 for the Michigan pro-
24 motion program, at least 25% of all program funds shall be used to pro-
25 mote cultural tourism opportunities in Michigan. In addition, \$25,000.00
26 shall be used to promote tourism activities in the northeast region of
27 this state.

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1 Sec. 406. The fund shall submit on or before May 1, 2003, and
2 November 1, 2003, to the subcommittees, state budget office, and the
3 fiscal agencies a listing of all grants which have been awarded by the
4 fund or by the Michigan economic development corporation from the funds
5 appropriated in part 1. The list shall include all of the following:

- 6 (a) The name of the recipient.
7 (b) The amount awarded to the recipient.
8 (c) The purpose of the grant.

9 Sec. 407. (1) The fund shall provide reports to the relevant sub-
10 committees, the state budget director, and the fiscal agencies concerning
11 the activities of the Michigan economic development corporation. The
12 report shall include, but not be limited to, the following programs
13 funded in part 1:

- 14 (a) Travel Michigan.
15 (b) Michigan business development.
16 (c) Global business development.
17 (d) Small, minority, and disabled business services.
18 (e) Community development block grants.
19 (f) Strategic fund administration.
20 (g) Renaissance zones.
21 (h) Business roundtables.
22 (i) Business and clean air ombudsman.
23 (j) Economic development job training grants.
24 (k) Film office.
25 (l) Health and aging research and development initiative.
26 (m) Community assistance team.

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1 (n) Any other programs of the fund.

2 (2) The reports in subsection (1) shall be submitted by January 1,
3 2003. The report for each program in subsection (1)(a) through (m) shall
4 include details on the actual spending and number of FTEs for that pro-
5 gram for the previous fiscal year.

6 Sec. 408. As a condition of receiving funds under part 1, any
7 interlocal agreement entered into by the fund shall include language
8 which states that if a local unit of government has a contract or memo-
9 randum of understanding with a private economic development agency, the
10 Michigan economic development corporation will work cooperatively with
11 that private organization in that local area.

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

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

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

20 (2) Consideration may be given to purchases where the proposed use
21 of the land is consistent with a regional land use plan, will result in
22 the redevelopment of an economically distressed area, can be supported by
23 existing infrastructure, and will not cause shifts in population away
24 from the area's population centers.

25 (3) As used in this section, "economically distressed area" means an
26 area in a city, village, or township that has been designated as
27 blighted; a city, village, or township that shows negative population

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1 change from 1970 and a poverty rate and unemployment rate greater than
2 the statewide average; or an area certified as a neighborhood enterprise
3 zone.

4 Sec. 410. (1) The funds appropriated in part 1 for the life
5 sciences corridor initiative are appropriated to support basic and
6 applied research in health-related areas, with emphasis on issues related
7 to aging. The program shall be administered by the Michigan economic
8 development corporation.

9 (2) A life sciences steering committee, appointed by the governor,
10 shall consist of 14 members including the CEO of the Michigan economic
11 development corporation, a member from Michigan State University, the
12 University of Michigan, Wayne State University, the Van Andel Institute,
13 and 2 members from the private sector. The remaining members shall be
14 appointed at large and may include members from the private sector,
15 public sector, or other Michigan universities. Committee members are
16 authorized to designate alternate members. The purpose of the steering
17 committee is to provide advice and oversight of the initiative, including
18 the development of criteria for the award of contracts or grants to qual-
19 ifying universities, institutions, or individuals. The steering commit-
20 tee will make decisions regarding distribution of these grant funds and
21 has the authority to make adjustments to the category funding percentage
22 from basic research and collaborative research grants to the commercial-
23 ization fund based upon the demands within categories and the quality of
24 the applications received.

25 (3) Of the funds appropriated, up to \$2,500,000.00 may be used for
26 administering the initiative and not less than \$5,000,000.00 shall be
27 used to support a commercial development fund to support

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1 commercialization opportunities for life science research in Michigan.
2 In allocating funding to the commercial development fund, it is the
3 intent of the legislature that the life sciences steering committee give
4 maximum priority to supporting all potential commercialization opportuni-
5 ties that appear to have merit. Of the remaining funds appropriated, 45%
6 are allocated for a basic research fund, to be distributed on a competi-
7 tive basis to Michigan universities or Michigan nonprofit research insti-
8 tutes, or both, for basic research in health-related areas. Not less
9 than \$4,000,000.00 is allocated to research related to aging diseases and
10 health problems. In addition, 55% of the remaining appropriated funds
11 are earmarked for a collaborative research fund to support peer-reviewed
12 collaborative grants among Michigan universities and/or private research
13 facilities, with emphasis on testing or developing emerging discoveries.

14 (4) Repayment of any funds received as a result of awards made under
15 1999 PA 120, 2000 PA 292, 2001 PA 80, or this act including, but not
16 limited to, funds received as interest or return on investment shall be
17 deposited in the fund described in subsection (3) from which it was
18 awarded to be expended for the same purposes. These funds are authorized
19 for expenditure upon receipt and shall not lapse to the general fund.

20 (5) The records of the life sciences steering committee involving a
21 proposal submitted by an eligible entity that are of a scientific, tech-
22 nical, or proprietary nature, the release of which could cause competi-
23 tive harm to the eligible entity as determined by the health and aging
24 steering committee, are exempt from disclosure under the freedom of
25 information act, 1976 PA 442, MCL 15.231 to 15.246.

26 Sec. 411. The money appropriated in part 1 to the fund is subject
27 to the condition that none is spent for premiums or advertising material

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1 involving personal effects or apparel including, but not limited to,
2 t-shirts, hats, coffee mugs, or other promotional items, except travel
3 Michigan.

4 Sec. 412. (1) From the general fund/general purpose appropriations
5 in part 1 to the fund and granted or transferred to the Michigan economic
6 development corporation, any unexpended or unencumbered balance shall be
7 disposed of in accordance with the requirements in the management and
8 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward
9 authorization has been otherwise provided for.

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

12 Sec. 413. As a condition of receiving funds under part 1, the fund
13 shall ensure that a public body corporate, created under section 28 of
14 article VII of the state constitution of 1963, and the urban cooperation
15 act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contrac-
16 tual interlocal agreement between local participating economic develop-
17 ment corporations formed under the economic development corporations act,
18 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund,
19 complies with all of the following:

20 (a) The freedom of information act, 1976 PA 442, MCL 15.231 to
21 15.246.

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

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

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

26 Sec. 414. As a condition for receiving the appropriations in part
27 1, any staff of the Michigan economic development corporation involved in

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1 private fund-raising activities shall not be party to any decisions
2 regarding the awarding of grants or tax abatements from the Michigan
3 strategic fund, Michigan economic development corporation, or the
4 Michigan economic growth authority.

5 Sec. 415. (1) All funds received from repayment of loans, unused
6 grants, revenues received from sales or cash flow participation agree-
7 ments, guarantees, or any combination thereof or interest thereon, origi-
8 nally distributed as part of the core communities fund, shall be
9 received, held, and applied by the Michigan strategic fund for the pur-
10 poses described in this act.

11 (2) The fund shall provide an annual report on the status of this
12 fund. The report shall be provided to the subcommittees, the fiscal
13 agencies, and the state budget office by January 31, 2003.

14 Sec. 416. Travel Michigan shall coordinate with Michigan-based
15 ethnic destination marketing organizations to promote ethnic festivals
16 and events in Michigan target markets.

17 Sec. 418. (1) The funding appropriated in part 1 of 2000 PA 291 for
18 the Michigan core communities fund will be used to create an urban revi-
19 talization infrastructure program in the Michigan strategic fund for eco-
20 nomic development awards to create new jobs or contribute to redevelo-
21 pment and encourage private investment in core communities.

22 (2) Awards will be provided to qualified local governmental units as
23 defined in the obsolete property rehabilitation act, 2000 PA 146, or cer-
24 tified technology parks, as defined in the local development financing
25 act, 1986 PA 281, MCL 125.2151 to 125.2174.

26 (3) Awards can be used only for land and property acquisition and
27 assembly, demolition, site development, utility modifications and

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1 improvements, street and road improvements, telecommunication
2 infrastructure, site location and relocation, infrastructure improve-
3 ments, and costs related to any of these, at the discretion of the
4 Michigan economic development corporation.

5 (4) Funding may be provided in the form of loans, grants, sales or
6 cash flow participation agreements, guarantees, or any combination of
7 these. A cash match of at least 10%, or local repayment guarantee with a
8 dedicated funding source, is required. Priority shall be given to
9 projects which are integrated with existing economic development pro-
10 grams, and to projects in proportion to the amount that local matching
11 rates exceed 10%.

12 (5) The Michigan economic development corporation shall have all
13 administrative responsibility for the Michigan core communities fund and
14 shall establish application and application scoring criteria and approve
15 awards. The Michigan economic development corporation may utilize up to
16 1/2 of 1% of the fund for administrative purposes.

17 (6) Funds will be awarded through an open competitive process based
18 on criteria including the following: project impact, project marketabil-
19 ity, lack of adequate infrastructure or land assembly financing sources,
20 local administrative capacity, and the level of local matching funds.
21 Awardees shall agree to expedite the local development process, such as
22 fast-track permitting procedures, streamlined regulatory requirements,
23 standardized construction and building codes, and the use of competitive
24 construction permitting fees.

25 (7) No single applicant shall be awarded more than \$10,000,000.00
26 per project.

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1 (8) Fifteen days prior to the award of the funds, notification shall
2 be provided to the speaker of the house of representatives, the senate
3 majority leader, the members of the house and senate appropriations com-
4 mittees, and the house and senate fiscal agencies.

5 (9) Funds shall not be awarded for any of the following purposes:

6 (a) Land sited for use as, or support for, a gaming facility.

7 (b) Land or other facilities owned or operated by a gaming
8 facility.

9 (c) Publicly owned land or facilities which may directly or indi-
10 rectly support a gaming facility.

11 (10) As used in this section, "Michigan economic development
12 corporation" means the public body corporate created under section 28 of
13 article VII of the state constitution of 1963 and the urban cooperation
14 act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contrac-
15 tual interlocal agreement effective April 5, 1999, between local partici-
16 pating economic development corporations formed under the economic devel-
17 opment corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the
18 Michigan strategic fund. If the Michigan economic development corpora-
19 tion is unable for any reason to perform its duties under this act, the
20 Michigan strategic fund may exercise those duties.

21 (11) Up to \$1,000,000.00 of any unexpended and unencumbered funds in
22 the Michigan core communities fund and any funds received from the repay-
23 ment of loans, unused grants, revenues received from sales or cash flow
24 participation agreements, guarantees, or the payment of interest on these
25 funds shall be used to support the capital access program.