

HOUSE BILL No. 4421

March 19, 2003, Introduced by Rep. Whitmer and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

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, 2004; 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:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of career development and the Michigan strategic fund for the fiscal year ending

1 September 30, 2004, from the funds indicated in this part, the
 2 following:

3 **TOTAL APPROPRIATIONS**

4	Full-time equated unclassified positions.....	0.0	
5	Full-time equated classified positions.....	1,320.5	
6	GROSS APPROPRIATION.....		\$ 566,393,200
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers		100,900
10	ADJUSTED GROSS APPROPRIATION.....		\$ 566,292,300
11	Federal revenues:		
12	Total federal revenues.....		471,053,700
13	Special revenue funds:		
14	Total local revenues.....		15,011,900
15	Total private revenues.....		3,249,400
16	Total other state restricted revenues.....		16,714,700
17	State general fund/general purpose.....		\$ 60,262,600

18 **Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT**

19 **(1) APPROPRIATION SUMMARY:**

20	Full-time equated unclassified positions.....	0.0	
21	Full-time equated classified positions.....	1,089.0	
22	GROSS APPROPRIATION.....		\$ 466,880,000
23	Interdepartmental grant revenues:		
24	Total interdepartmental grants and intradepartmental		
25	transfers		0
26	ADJUSTED GROSS APPROPRIATION.....		\$ 466,880,000
27	Federal revenues:		

1	Total federal revenues.....	418,100,400
2	Special revenue funds:	
3	Total local revenues.....	15,011,900
4	Total private revenues.....	2,396,300
5	Total other state restricted revenues.....	6,664,700
6	State general fund/general purpose.....	\$ 24,706,700
7	(2) DEPARTMENT OPERATIONS	
8	Full-time equated classified positions..... 60.0	
9	Administration--60.0 FTE positions.....	\$ 6,489,600
10	Rent - property development services	923,400
11	Special project advances.....	200,000
12	Workers' compensation.....	<u>186,000</u>
13	GROSS APPROPRIATION.....	\$ 7,799,000
14	Appropriated from:	
15	Federal revenues:	
16	CNS	205,800
17	DED-OSERS, rehabilitation services, vocational	
18	rehabilitation of state grants.....	1,948,700
19	DOL-ETA, workforce investment act.....	355,300
20	DOL, federal funds.....	1,965,000
21	Federal revenues.....	451,200
22	HHS, temporary assistance for needy families.....	337,700
23	Special revenue funds:	
24	Private-special project advances.....	200,000
25	Contingent fund, penalty and interest account.....	436,100
26	State general fund/general purpose.....	\$ 1,899,200
27	(3) WORKFORCE DEVELOPMENT	

1	Full-time equated classified positions.....	659.0	
2	Employment training services--566.0 FTE positions.....		\$ 80,931,200
3	Michigan career and technical institute--93.0 FTE		
4	positions		<u>10,894,300</u>
5	GROSS APPROPRIATION.....		\$ 91,825,500
6	Appropriated from:		
7	Federal revenues:		
8	CNS		1,663,800
9	DAG, employment and training.....		167,600
10	DED-OPSE, multiple grants.....		815,500
11	DED-OSERS, centers for independent living.....		58,200
12	DED-OSERS, rehabilitation long-term training.....		566,900
13	DED-OSERS, rehabilitation services, vocational		
14	rehabilitation of state grants.....		46,256,100
15	DED-OSERS, state grants for technical related assistance		56,000
16	DED, Perkins act.....		173,600
17	DOL-ETA, workforce investment act.....		3,994,000
18	DOL, federal funds.....		16,000,000
19	HHS-SSA, supplemental security income.....		4,394,800
20	HHS, temporary assistance for needy families.....		3,128,400
21	Special revenue funds:		
22	Local vocational rehabilitation match.....		3,054,000
23	Private-gifts, bequests, and donations.....		1,396,300
24	Rehabilitation services fees.....		1,246,000
25	Second injury fund.....		51,500
26	Student fees.....		308,000
27	Training material fees.....		256,300

1	State general fund/general purpose.....	\$	8,238,500
2	(4) CAREER EDUCATION PROGRAMS		
3	Full-time equated classified positions.....	72.0	
4	Career and technical education--32.0 FTE positions....	\$	3,324,900
5	Postsecondary education--23.0 FTE positions.....		2,402,900
6	Adult education--15.0 FTE positions.....		2,283,100
7	Commission on Spanish speaking affairs--2.0 FTE positions		<u>220,500</u>
8	GROSS APPROPRIATION.....	\$	8,231,400
9	Appropriated from:		
10	Federal revenues:		
11	Federal revenues.....		6,130,000
12	Special revenue funds:		
13	Defaulted loan collection fees.....		100,000
14	Private occupational school license fees.....		378,900
15	State general fund/general purpose.....	\$	1,622,500
16	(5) DEPARTMENT GRANTS		
17	Adult basic education.....	\$	13,500,000
18	Council of Michigan foundations.....		1,000,000
19	Focus:HOPE.....		5,860,200
20	Gear-up program grants.....		3,000,000
21	Job training programs subgrantees.....		98,612,700
22	Michigan community service commission subgrantees....		6,680,100
23	Personal assistance services.....		459,500
24	Supported employment grants.....		1,441,300
25	Technology assistance grants.....		1,378,700
26	Carl D. Perkins grants.....		42,500,000
27	Vocational rehabilitation client services/facilities..		51,207,400

1	Vocational rehabilitation independent living	3,079,700
2	Welfare-to-work programs	72,698,600
3	Michigan virtual university	<u>1,000,000</u>
4	GROSS APPROPRIATION	\$ 302,418,200
5	Appropriated from:	
6	Federal revenues:	
7	CNS	5,500,000
8	DAG, employment and training	13,000,000
9	DED-OESE, gear-up	3,000,000
10	DED-OSERS, centers for independent living	450,200
11	DED-OSERS, client assistance for individuals with	
12	disabilities	440,000
13	DED-OSERS, rehabilitation services, vocational	
14	rehabilitation of state grants	35,797,900
15	DED-OSERS, rehabilitation services facilities	2,272,500
16	DED-OSERS, supported employment	1,441,300
17	DED-OSERS, state grants for technical related assistance	1,378,700
18	DED-OVAE, adult education	13,500,000
19	DED-OVAE, basic grants to states	42,500,000
20	DOL-ETA, welfare-to-work	20,000,000
21	DOL-ETA, workforce investment act	104,602,700
22	HHS-SSA, supplemental security income	2,480,600
23	HHS, temporary assistance for needy families	32,399,000
24	Special revenue funds:	
25	Local vocational rehabilitation facilities match	1,278,300
26	Local vocational rehabilitation match	6,630,500
27	Private-gifts, bequests, and donations	800,000

1	Contingent fund, penalty and interest account	1,000,000
2	Tobacco settlement revenue	1,000,000
3	State general fund/general purpose	\$ 12,946,500
4	(6) EMPLOYMENT SERVICE AGENCY	
5	Full-time equated classified positions	298.0
6	Building occupancy charges - property development	
7	service	\$ 757,700
8	Worker's compensation	71,000
9	Employment service--246.0 FTE positions	43,799,300
10	Labor market information--52.0 FTE positions	<u>5,485,200</u>
11	GROSS APPROPRIATION	\$ 50,113,200
12	Appropriated from:	
13	Federal revenues:	
14	DED-OSERS, rehabilitation services, vocational	
15	rehabilitation of state grants	1,317,400
16	DOL, federal funds	42,858,800
17	Special revenue funds:	
18	Local revenues	4,049,100
19	Contingent fund, penalty and interest account	1,887,900
20	State general fund/general purpose	\$ 0
21	(7) INFORMATION TECHNOLOGY	
22	Information technology services	<u>\$ 6,492,700</u>
23	GROSS APPROPRIATION	\$ 6,492,700
24	Appropriated from:	
25	Federal revenues:	
26	Federal revenues	6,492,700
27	Special revenue funds:	
28	State general fund/general purpose	\$ 0

Sec. 103. MICHIGAN STRATEGIC FUND**(1) APPROPRIATION SUMMARY**

1	Full-time equated classified positions.....	231.5	
4	GROSS APPROPRIATION.....		\$ 99,513,200
5	Interdepartmental grant revenues:		
6	Total interdepartmental grants and intradepartmental		
7	transfers	100,900	
8	ADJUSTED GROSS APPROPRIATION.....		\$ 99,412,300
9	Federal revenues:		
10	Total federal revenues.....	52,953,300	
11	Special revenue funds:		
12	Total local revenues.....	0	
13	Total private revenues.....	853,100	
14	Total other state restricted revenues.....	10,050,000	
15	State general fund/general purpose.....		\$ 35,555,900
16	(8) MICHIGAN STRATEGIC FUND		
17	Full-time equated classified positions.....	231.5	
18	Administration--40.0 FTE positions.....		\$ 4,054,700
19	Job creation services--191.5 FTE positions.....	19,693,000	
20	Michigan promotion program.....	5,717,500	
21	Economic development job training grants.....	10,048,000	
22	Technology tri-corridor.....	10,000,000	
23	Community development block grants.....	<u>50,000,000</u>	
24	GROSS APPROPRIATION.....		\$ 99,513,200
25	Appropriated from:		
26	Interdepartmental grant revenues:		
27	IDG-MDEQ, air quality fees.....	100,900	

1 Federal revenues:

2	DOL-ETA, employment service.....	783,700
3	HUD-CPD, community development block grant.....	52,169,600
4	Special revenue funds:	
5	Private-special project advances.....	853,100
6	Industry support fees.....	50,000
7	Tobacco settlement trust fund.....	10,000,000
8	State general fund/general purpose.....	\$ 35,555,900

9 PART 2

10 PROVISIONS CONCERNING APPROPRIATIONS

11 **GENERAL SECTIONS**

12 Sec. 201. Pursuant to section 30 of article IX of the state
 13 constitution of 1963, total state spending from state resources under
 14 part 1 for fiscal year 2003-2004 is \$76,977,300.00 and state spending
 15 from state resources to be paid to units of local government for fiscal
 16 year 2003-2004 is \$0.

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

19 Sec. 203. As used in this appropriation bill:

20 (a) "CEO" means chief executive officer of the Michigan strategic
 21 fund.

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

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

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

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

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

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

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

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

6 (j) "Director" means the director of the department of career
7 development.

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

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

10 (m) "Fiscal agencies" means the Michigan house fiscal agency and
11 the Michigan senate fiscal agency.

12 (n) "FTE" means full-time equated.

13 (o) "Fund" means the Michigan strategic fund.

14 (p) "GED" means general education degree.

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

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

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

19 (t) "IDG" means interdepartmental grant.

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

22 (v) "MEDC" means Michigan economic development corporation, which
23 is the public body corporate created under section 28 of article VII of
24 the state constitution of 1963 and the urban cooperation act of 1967,
25 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512 by a contractual interlocal
26 agreement effective April 5, 1999, between local participating economic
27 development corporations formed under the economic development

1 corporation act, 1974 PA 338, MCL 125.1601 to 125.1636, and the
2 Michigan strategic fund.

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

6 Sec. 204. The department of civil service shall bill departments and
7 agencies at the end of the first fiscal quarter for the 1% charge
8 authorized by section 5 of article XI of the state constitution of
9 1963. Payments shall be made for the total amount of the billing by
10 the end of the second fiscal quarter.

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

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

1 Sec. 206. (1) In addition to the funds appropriated for the
2 department and the fund in part 1, there is appropriated an amount not
3 to exceed \$41,000,000.00 for the department and \$7,000,000.00 for the
4 fund for federal contingency funds. These funds are not available for
5 expenditure until they have been transferred to another line item in
6 this bill pursuant to section 393(2) of the management and budget act,
7 1984 PA 431, MCL 18.1393.

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

14 (3) In addition to the funds appropriated in part 1, there is
15 appropriated an amount not to exceed \$8,000,000.00 for the department
16 for local contingency funds. These funds are not available for
17 expenditure until they have been transferred to another line item in
18 this bill pursuant to section 393(2) of the management and budget act,
19 1984 PA 431, MCL 18.1393.

20 (4) In addition to the funds appropriated in part 1, there is
21 appropriated an amount not to exceed \$1,000,000.00 for the department
22 and \$1,000,000.00 for the fund for private contingency funds. These
23 funds are not available for expenditure until they have been
24 transferred to another line item in this bill pursuant to section
25 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

26 Sec. 207. From the funds appropriated in part 1 for information
27 technology, the department shall pay user fees to the department of

1 information technology for technology-related services and projects.
2 Such user fees shall be subject to provisions of an interagency
3 agreement between the department and the department of information
4 technology.

5 Sec. 208. Amounts appropriated in part 1 for information technology
6 may be designated as work projects and carried forward to support the
7 department of career development projects under the direction of the
8 department of information technology. Funds designated in this manner
9 are not available for expenditure until approved as work projects under
10 section 451a of the management and budget act, 1984 PA 431, MCL
11 18.1451a.

12 Sec. 209. Unless otherwise specified, the department and fund shall
13 use the Internet to fulfill the reporting requirements of this bill.
14 This requirement may include transmission of reports via electronic
15 mail to the recipients identified for each reporting requirement, or it
16 may include placement of reports on an Internet or Intranet site.

17 Sec. 210. (1) In addition to the amounts appropriated in part 1, in
18 order to encourage administrative efficiencies, there is appropriated
19 to the department of career development, an amount not to exceed one-
20 half of the unexpended, unreserved general fund portions of fiscal year
21 2002-2003 appropriations made to the department for salaries and wages
22 expenses, contractual services, supplies and materials expenses,
23 information technology expenses and program operations costs.

24 (2) The appropriations contained in subsection 1 are subject to
25 the approval of the state budget director and shall be spent for the
26 same purposes for which the original appropriation was made in fiscal
27 year 2002-2003.

1 Sec. 211. (1) In addition to the amounts appropriated in part 1, in
2 order to encourage administrative efficiencies, there is appropriated
3 to the Michigan strategic fund, an amount not to exceed one-half of the
4 unexpended, unreserved general fund portions of fiscal year 2002-2003
5 appropriations made to the department for salaries and wages expenses,
6 contractual services, supplies and materials expenses, information
7 technology expenses and program operations costs.

8 (2) The appropriations contained in subsection 1 are subject to
9 the approval of the state budget director and shall be spent for the
10 same purposes for which the original appropriation was made in fiscal
11 year 2002-2003.

12 **DEPARTMENT OF CAREER DEVELOPMENT**

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

19 Sec. 302. The Michigan rehabilitation service shall make every
20 effort to ensure that all sources of matching funds in this state are
21 used to obtain federal vocational rehabilitation funds. All sources
22 include, but are not limited to, privately raised funds to support
23 public nonprofit rehabilitation centers as permitted by the
24 rehabilitation act of 1973, Public Law 93-112, 29 U.S.C. 701 to 718,
25 720 to 751, 760 to 765, 771 to 776, 780 to 785, 791 to 794e, 795 to
26 795n, and 796 to 796l.

27 Sec. 304. (1) Of the funds appropriated in part 1 for vocational

1 rehabilitation independent living, all general fund/general purpose
2 revenue not used to match federal funds shall be used for the support
3 of centers for independent living which are in compliance with federal
4 standards for such centers, for the development of new centers in areas
5 presently unserved or underserved, for technical assistance to centers,
6 and for projects to build capacity of centers to deliver independent
7 living services. Applications for such funds shall be reviewed in
8 accordance with criteria and procedures established by the statewide
9 independent living council, the Michigan rehabilitation services unit
10 within the department, and the Michigan commission for the blind.
11 Funds must be used in a manner consistent with the priorities
12 established in the state plan for independent living. The department
13 is directed to work with the Michigan association of centers for
14 independent living and the local workforce development boards to
15 identify other competitive sources of funding.

16 (2) The statewide independent living council and the Michigan
17 association of centers for independent living shall jointly produce a
18 report providing the following information:

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

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

26 (ii) Number of persons moved out of nursing homes into
27 independent living situations and a comparison to the number assisted

1 in the previous year.

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

5 (iv) The total number of disabled individuals served by personal
6 care attendants and the number of personal care attendants provided
7 through the use of any funds appropriated in part 1 administered by a
8 center for independent living and a comparison to the number served in
9 the previous year.

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

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

21 (3) The report required in subsection (2) shall be submitted to
22 the appropriate appropriations subcommittees, the fiscal agencies, and
23 the state budget director on or before January 30, 2004.

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

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

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

18 (3) When the work first job search requirements have been
19 completed, if the participant has not found employment, the work first
20 site shall identify the barriers which may have prevented the
21 participant from obtaining employment and assist the client in removing
22 those barriers. The work first site shall also identify appropriate
23 education and job training programs which would be available to the
24 participant. The department shall encourage the Michigan works!
25 agencies to consider transportation challenges for work first
26 participants placed in employment. When an individual is re-referred
27 to work first because of an inability to retain employment, the

1 department shall confer with the Michigan rehabilitation services, the
2 family independence agency, or other professionals if deemed
3 appropriate by the Michigan works! agency to screen for and identify
4 issues that are preventing the participant from succeeding in the labor
5 market. Each Michigan works! agency shall determine locally the number
6 of times an individual may be re-referred back to the program before
7 consulting with other service agencies. If no prohibitive barriers to
8 work are found, the individual shall comply with the work first
9 program, or be subject to appropriate penalties.

10 (4) Work first program participants shall include applicants and
11 recipients of the family independence program established under section
12 57a of the social welfare act, 1939 PA 280, MCL 400.57a, and such
13 individuals referred to a job club program by a county family
14 independence agency board or a county friend of the court as long as
15 the participation in the job club is part of an application made under
16 this section.

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

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

23 (7) Work first program participants must receive or be provided
24 an explanation of the program including their benefits and
25 responsibilities before the job interview phase of the program. This
26 explanation shall include clear guidelines with regard to an
27 individual's eligibility for post employment training support and for

1 applying hours in training toward work requirements.

2 (8) The department shall make every effort to place a minimum of
3 50% of clients who participate in the work first program in positions
4 that provide wages of \$6.00 per hour or more.

5 (9) The department shall submit to the fiscal agencies and the
6 state budget director by March 15, 2004, a report on the work first
7 program, including the number of participants served under this
8 section, the number of persons who located employment through work
9 first, the average wage of participants who found employment, the
10 number of persons who retained jobs for 90 days, the number of
11 participants placed in employment training and education programs, the
12 number of clients referred to work first who failed to report, a
13 compilation of barriers to employment by incidence and type experienced
14 by participants, and the number of participants referred back to the
15 family independence agency.

16 (10) The department shall provide to the state budget director
17 and the fiscal agencies by May 15 and November 15 of each year a report
18 on the work first grants. The report due by May 15 shall provide the
19 information described in this subsection for each grant or contract
20 awarded during the preceding 2 quarters of the state fiscal year. The
21 report due by November 15 shall provide this information for each grant
22 or contract awarded during the preceding full fiscal year. The report
23 shall contain both of the following:

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

25 (b) The number of participants in each service delivery area and
26 the number of clients placed in employment in each service delivery
27 area.

1 (11) The department shall make available to work first
2 participants guidelines on eligibility for post employment training and
3 how training/education hours are applied toward work participation
4 requirements. These guidelines will be presented during joint
5 orientation conducted by the family independence agency and the
6 department contracted staff in accordance with department policy
7 issuances and family independence agency program bulletins. These
8 guidelines presented by the department and the family independence
9 agency shall balance the ability of participants to obtain training and
10 subsequent long-term high-wage employment with the need to connect
11 participants with the workplace. Any and all training/education, with
12 the exception of high school completion and GED preparation, must be
13 occupationally relevant and in demand in the labor market as determined
14 by the workforce development board. Participants must make
15 satisfactory progress to continue in a training/education component.

16 (12) The work participation requirement is up to 40 hours per
17 week. However, work first participants may meet the work participation
18 requirement by combining a minimum of 10 hours per week of work with
19 training/education. Training/education may last up to 12 months and the
20 calculated hours may include actual classroom seat time up to 10 hours
21 per week plus up to 1 hour of study time for each hour of classroom
22 seat time. Work first participants may enroll in additional hours of
23 classroom seat time beyond 10 hours. However, these hours and the
24 related study time will not count toward the work participation
25 requirement. The training may be no longer than a 1-year program or
26 the final year of a 2- or 4-year undergraduate program designed to lead
27 to immediate labor force attachment.

1 (13) Work first participants may meet the work participation
2 requirement through enrollment in a short-term vocational program
3 requiring 30 hours of classroom seat time per week for a period not to
4 exceed 6 months, or by enrollment in full-time internships, practicums,
5 or clinicals required by an academic or training institution for
6 licensure, professional certification, or degree completion, without an
7 additional work requirement. In cases where a short-term vocational
8 program lasts less than 6 months, the participant shall be eligible to
9 enroll in 1 additional short-term vocational program for a combined
10 period not to exceed a total of 6 months.

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

17 Sec. 306. (1) Using all relevant state data sources, the department
18 shall conduct a 3-year longitudinal study of all former work first
19 participants, whose family independence program cases closed due to
20 earnings during fiscal year 1999 and in succeeding fiscal years. To
21 the extent of available funding, the department will make reasonable
22 efforts to include the following data in the report:

- 23 (a) The number and percentage employed.
- 24 (b) The average hourly wage of those employed.
- 25 (c) The current hourly wage of those employed.
- 26 (d) The range of wages earned by those employed.
- 27 (e) The number of individuals that earned each wage amount.

1 (f) The number and percentage receiving health care benefits from
2 their employer.

3 (g) The number and percentage receiving tuition reimbursement
4 from their employer.

5 (h) The number and percentage receiving training benefits from
6 their employer.

7 (i) The types of jobs obtained by former participants in general
8 categories.

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

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

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

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

21 (2) The department shall file a report containing the identified
22 data with the subcommittees, fiscal agencies, and state budget director
23 by March 15, 2004.

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

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

1 Sec. 307. State and federal funds allocated to local workforce
2 development boards for disbursement shall not be expended unless the
3 local workforce development boards maintain a partnership with
4 governmental agencies, public school districts, and public colleges
5 located within the local service delivery area. Each board shall
6 appoint an education advisory group made up of high-level
7 administrators within local educational institutions, workforce
8 development board members, other employers, labor, academic educators,
9 and parents of public school pupils.

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

17 Sec. 313. The funds appropriated in part 1 for the council of
18 Michigan foundations from tobacco settlement revenue shall be
19 distributed to the council of Michigan foundations as a grant to
20 support local community efforts to address smoking prevention and
21 cessation efforts. The council may distribute the funds according to a
22 formula determined by the council. Any investment earnings from this
23 or prior year appropriations shall be used for the same purpose as the
24 original appropriation.

25 Sec. 314. The department may carry into the succeeding fiscal year
26 unexpended federal pass-through funds to local institutions and
27 governments that do not require additional state matching funds.

1 Federal pass-through funds to local institutions and governments that
2 are received in amounts in addition to those included in part 1 and
3 that do not require additional state matching funds are appropriated
4 for the purposes intended.

5 Sec. 315. Of the amounts appropriated in part 1 for postsecondary
6 education, private occupational school license fees shall fund related
7 administrative costs of the proprietary schools oversight unit within
8 the department.

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

11 Sec. 317. The department is appropriated an amount not to exceed
12 \$100,000.00 from collection of defaulted loans under the future faculty
13 program in the Martin Luther King, Jr.-Cesar Chavez-Rosa Parks programs
14 to offset costs of administering the loan collections.

15 Sec. 318. From the funds appropriated in part 1 for postsecondary
16 education, the department shall compile data from each university that
17 receives funding for the future faculty program within the King-Chavez-
18 Parks initiative on employment outcomes for program participants. The
19 report shall be distributed to the house and senate appropriations
20 committees and the state budget director by February 1 of each year.
21 The report shall include data from each participating university
22 covering the most recently completed fiscal year. The data shall
23 include all of the following:

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

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

27 (c) The number of participants obtaining full-time employment in

1 college faculty positions.

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

5 Sec. 321. The King-Chavez-Parks initiative shall be marketed by the
6 department to Michigan parents and high school and college students, to
7 promote the benefits and the availability of the college day, select
8 student support services, college/university partnership, visiting
9 professors, Morris Hood, Jr. educator development, and future faculty
10 programs.

11 Sec. 325. The department shall work cooperatively with the
12 department of civil service to identify state employees who will lose
13 their jobs as a result of an agency or program being reorganized,
14 modified, or eliminated and shall develop training programs and provide
15 training to these individuals that will provide them an opportunity and
16 skills necessary to secure new employment within state government or
17 the private sector. It shall be a priority of the department to
18 provide training and employment opportunities to these individuals
19 through their employment service locations.

20 Sec. 328. From the funds appropriated in part 1 for the Michigan
21 virtual university, the department shall work with the Michigan virtual
22 university to do the following:

23 (a) Promote the use of education technology to accelerate career
24 and workforce development by improving the learning environment,
25 stimulating innovative teaching methods, and providing residents of
26 this state with greater technology-based career choices.

27 (b) Promote technology-based training to public and private

1 sector organizations that emphasize partnerships between public
2 education and the business sector.

3 (c) Support and encourage various collaborative efforts among
4 educational institutions and government agencies to meet the training
5 needs of the state's workforce.

6 Sec. 329. (1) Focus:HOPE shall submit a report on the use of the
7 funds appropriated in part 1 to the chairs of the house and senate
8 subcommittees, the fiscal agencies, and the state budget director, that
9 includes, but is not limited to, the following:

10 (a) Detailed expenditures for administration including salaries
11 and wages of employees.

12 (b) Amount allocated for education and training programs
13 including number of students served by each program.

14 (c) Amount allocated for job search assistance and career
15 planning including the number of students served by each program.

16 (d) Detailed expenditures for any contracts entered into with the
17 use of these funds.

18 (e) Detailed expenditures for any program enhancements including
19 number of new hires and capital expenditures.

20 (2) The report shall be submitted on or before January 31, 2004.

21 **MICHIGAN STRATEGIC FUND**

22 Sec. 401. (1) The appropriation in part 1 to the fund for economic
23 development job training shall be expended in two categories: the
24 business response program for employee training grants which maintain
25 or attract permanent jobs for Michigan residents and the manufacturing
26 competitiveness program for grants to fund collaborative efforts which
27 increase the competitiveness of multiple companies within a grant. The

1 business response program is allocated up to \$7,000,000.00 and the
2 manufacturing competitiveness program is allocated up to \$4,000,000.00,
3 not to exceed the part 1 appropriation for this program in its
4 entirety. The fund has the authority to reallocate these amounts
5 during the fiscal year dependent on business demand and economic
6 conditions.

7 (2) Not more than \$800,000.00 of the total grant may be expended
8 for administrative costs. Not more than 10% of a grant award may be
9 expended by a recipient for administrative costs.

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

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

26 (5) The award process will include a simple notice of intent to
27 be reviewed to see if the application merits further consideration. If

1 so, a full application may be submitted. Applications for all grants
2 shall be submitted to the fund, and each application shall contain at
3 least all of the following:

4 (a) The name, address, and total number of employees of each
5 business organization whose employees are receiving job training.

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

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

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

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

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

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

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

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

19 (d) In addition, for the manufacturing competitiveness program,
20 the following criteria will receive priority: strong level of
21 collaboration and cooperation and demonstration of new techniques,
22 systems, and processes of value to the affected companies.

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

27 (9) A recipient of a grant under this section shall not charge

1 tuition or fees to participants in the program funded by the grant.
2 However, a nonprofit organization may charge tuition or fees if the
3 tuition plan or fees are recognized by the state and the nonprofit
4 organization receives additional funding from other governmental or
5 private funding sources for its programs.

6 (10) For training delivered to incumbent workers under the
7 business response program, the business receiving the benefit of the
8 training shall provide a minimum of 30% of the program costs in
9 matching funds as necessitated by the program. For training delivered
10 under the manufacturing competitiveness program, the businesses
11 receiving the benefit of the training shall provide a minimum of 30% of
12 the program costs in matching funds as necessitated by the program.

13 (11) Grant funds shall be expended on a cost reimbursement basis.

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

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

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

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

4 (c) The names, addresses, and total number of employees of all
5 business 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 (14) 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
11 products in Michigan.

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

16 (16) The Michigan growth capital fund shall be used to develop
17 the technology business sector in Michigan. The fund will be used to
18 encourage private and public investment in the technology business
19 sector, and all of the following apply:

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

21 (b) Eligible uses of the fund include investments in
22 organizations and programs that promote the development of new industry
23 sectors in Michigan; inducements to attract additional venture capital
24 funds to finance technology development; support organizations,
25 initiatives, or events that promote entrepreneurship; provide match for
26 university federal research grants; and support technology transfer and
27 commercialization programs with universities and the private sector.

1 (c) The Michigan economic development corporation shall
2 administer the Michigan growth capital fund.

3 (d) All funds received from repayment of loans, unused grants,
4 revenues received from sales or cash flow participation agreements,
5 guarantees, or any combination thereof or interest thereon, originally
6 distributed as part of the Michigan growth capital fund, shall be
7 received, held, and applied by the Michigan strategic fund for the
8 purposes described in this subsection.

9 (e) The Michigan economic development corporation shall provide
10 an annual report on the status of Michigan growth capital fund to the
11 subcommittees, the fiscal agencies, and the state budget director by
12 January 31, 2004.

13 Sec. 402. Travel Michigan may establish and collect a fee to cover
14 the cost of materials and processing of photographic prints, slides,
15 videotapes, and travel product database information that are requested
16 by the media and other segments of the public and private sectors. The
17 fees collected shall be appropriated for all expenses necessary to
18 purchase and distribute these photographic prints, slides, videotapes,
19 and travel product database information. The funds are available for
20 expenditure when they are received by the department of treasury.

21 Sec. 404. Travel Michigan may receive and expend private revenue
22 related to the use of the "Michigan Great Lakes. Great Times."
23 copyrighted slogan and image. This revenue may come from the direct
24 licensing of the name and image or from the royalty payments from
25 various merchandise sales. Revenue collected is appropriated for the
26 marketing of the state as a travel destination. The funds are
27 available for expenditure when they are received by the department of

1 treasury.

2 Sec. 406. The fund shall submit on or before November 1, 2004, to
3 the subcommittees, state budget director, and the fiscal agencies a
4 listing of all grants which have been awarded by the fund or by the
5 Michigan economic development corporation from the funds appropriated
6 in part 1. The list shall include all of the following:

7 (a) The name of the recipient.

8 (b) The amount awarded to the recipient.

9 (c) The purpose of the grant.

10 Sec. 407. (1) The fund shall provide reports to the relevant
11 subcommittees, the state budget director, and the fiscal agencies
12 concerning the activities of the Michigan economic development
13 corporation grants and investment programs financed from the strategic
14 fund using investment or indian gaming revenues. The report shall
15 provide a list of individual grants and loans made from the fund. The
16 report shall include, but not be limited to, the following programs
17 funded in part 1:

18 (a) Travel Michigan.

19 (b) Michigan business development.

20 (c) Global business development.

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

22 (e) Community development block grants.

23 (f) Strategic fund administration.

24 (g) Renaissance zones.

25 (h) Emerging business sectors and roundtables.

26 (i) Business and clean air ombudsman.

27 (j) Economic development job training grants.

1 (k) Community assistance team.

2 (l) Technology tri-corridor.

3 (m) Any other programs of the fund.

4 (2) The reports in subsection (1) shall be submitted by January
5 1, 2004. The report for each program in subsection (1)(a) through (m)
6 shall include details on the actual spending and number of FTEs for
7 that program for the previous fiscal year.

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

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

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

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

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

27 (3) As used in this section, "economically distressed area" means

1 an area in a city, village, or township that has been designated as
2 blighted; a city, village, or township that shows negative population
3 change from 1970 and a poverty rate and unemployment rate greater than
4 the statewide average; or an area certified as a neighborhood
5 enterprise zone.

6 Sec. 410. (1) The funds appropriated in part 1 for the technology
7 tri-corridor are appropriated to support research and commercialization
8 in the areas of life sciences, homeland security and automotive in
9 order to grow these industries in Michigan. The program shall be
10 administered by the Michigan economic development corporation.

11 (2) A technology tri-corridor steering committee, appointed by
12 the governor, shall consist of 17 members including the CEO of the
13 Michigan economic development corporation, the director of the
14 department of consumer and industry services, the state treasurer, a
15 member from Michigan State University, University of Michigan, Wayne
16 State University, and the Van Andel Institute, and 2 members actively
17 engaged in each of the three targeted business sectors. The remaining
18 members shall be appointed at large and may include members from the
19 private sector, public sector, or other Michigan universities.
20 Committee members are authorized to designate alternate members. The
21 purpose of the steering committee is to provide advice and oversight of
22 the initiative, including the development of criteria for the award of
23 contracts or grants to qualifying universities, institutions companies
24 or individuals. The steering committee will make decisions regarding
25 distribution of these funds.

26 (3) Of the funds appropriated, up to \$2,500,000.00 may be used
27 for administering the initiative, including the monitoring of previous

1 year's awards, and not less than \$5,000,000.00 shall be used to support
2 a competitive commercial development fund to support commercialization
3 opportunities for life sciences, homeland security and automotive in
4 Michigan. In allocating funding to the commercial development fund,
5 the technology tri-corridor steering committee shall give maximum
6 priority to supporting all potential commercialization opportunities
7 that appear to have merit. The remaining funds appropriated are to be
8 distributed on a competitive basis for research, testing or development
9 of emerging discoveries in life sciences, homeland security or
10 automotive related areas.

11 (4) Repayment of any funds received as a result of awards made
12 under 1999 PA 120, 2000 PA 292, 2001 PA 80, 2002 PA 571 or this bill
13 including, but not limited to, funds received as interest or return on
14 investment shall be deposited in the commercial development fund.
15 These funds are authorized for expenditure upon receipt and shall not
16 lapse to the general fund.

17 (5) The records of the technology tri-corridor steering committee
18 involving a proposal submitted by an eligible entity that are of a
19 scientific, technical, or proprietary nature, the release of which
20 could cause competitive harm to the eligible entity as determined by
21 the technology tri-corridor steering committee, are exempt from
22 disclosure under the freedom of information act, 1976 PA 442, MCL
23 15.231 to 15.246.

24 Sec. 411. The money appropriated in part 1 to the fund is subject to
25 the condition that none is spent for premiums or advertising material
26 involving personal effects or apparel including, but not limited to, t-
27 shirts, hats, coffee mugs, or other promotional items, except travel

1 Michigan.

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

8 (2) Any encumbered funds shall be used for the same purposes for
9 which funding was originally appropriated in this bill.

10 Sec. 413. As a condition of receiving funds under part 1, the fund
11 shall ensure that the MEDC and the Michigan strategic fund, complies
12 with all of the following:

13 (a) The freedom of information act, 1976 PA 442, MCL 15.231 to
14 15.246.

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

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

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

20 (e) If the MEDC is unable for any reason to perform duties under
21 this bill, the Michigan strategic fund may exercise those duties.

22 Sec. 414. As a condition for receiving the appropriations in part 1,
23 any staff of the Michigan economic development corporation involved in
24 private fund-raising activities shall not be party to any decisions
25 regarding the awarding of grants or tax abatements from the Michigan
26 strategic fund, Michigan economic development corporation, or the
27 Michigan economic growth authority.

1 Sec. 415. (1) All funds received from repayment of loans, unused
2 grants, revenues received from sales or cash flow participation
3 agreements, guarantees, or any combination thereof or interest thereon,
4 originally distributed as part of the core communities fund, shall be
5 received, held, and applied by the Michigan strategic fund for the
6 purposes described in this bill.

7 (2) The fund shall provide an annual report on the status of this
8 fund. The report shall be provided to the subcommittees, the fiscal
9 agencies, and the state budget director by January 31, 2004.

10 Sec. 418. (1) The funding appropriated in part 1 of 2000 PA 291 for
11 the Michigan core communities fund will be used to create an urban
12 revitalization infrastructure program in the Michigan strategic fund
13 for economic development awards to create new jobs or contribute to
14 redevelopment and encourage private investment in core communities.

15 (2) Awards will be provided to qualified local governmental units
16 as defined in the obsolete property rehabilitation act, 2000 PA 146, or
17 certified technology parks, as defined in the local development
18 financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

19 (3) Awards can be used for land and property acquisition and
20 assembly, demolition, site development, utility modifications and
21 improvements, street and road improvements, telecommunication
22 infrastructure, site location and relocation, infrastructure
23 improvements, and any other costs related to the successful development
24 and implementation of core community or certified technology park
25 projects, at the discretion of the Michigan economic development
26 corporation.

27 (4) Funding may be provided in the form of loans, grants, sales

1 or cash flow participation agreements, guarantees, or any combination
2 of these. A cash match of at least 10%, or local repayment guarantee
3 with a dedicated funding source, is required. Priority shall be given
4 to projects which are integrated with existing economic development
5 programs, and to projects in proportion to the amount that local
6 matching rates exceed 10%.

7 (5) The MEDC shall have all administrative responsibility for the
8 Michigan core communities fund and shall establish application and
9 application scoring criteria and approve awards. The Michigan economic
10 development corporation may utilize up to 1/2 of 1% of the fund for
11 administrative purposes.

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

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

23 (8) Fifteen days prior to the award of the funds, notification
24 shall be provided to the speaker of the house of representatives, the
25 senate majority leader, the members of the house and senate
26 appropriations committees, the house and senate fiscal agencies, and
27 the state budget director.

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

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

3 (b) Land or other facilities owned or operated by a gaming
4 facility.

5 (c) Publicly owned land or facilities which may directly or
6 indirectly support a gaming facility.