



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 946 (Substitute S-1 as reported)
Sponsor: Senator Jack Brandenburg
Committee: Michigan Competitiveness

CONTENT

The bill would create the "Work Opportunity Act" to do the following:

- Require the Department of Talent and Economic Development (TED) to establish and implement a work opportunity employer reimbursement program to provide grants to employers for hiring qualified employees (individuals on probation or parole).
- Create the "Work Opportunity Employer Reimbursement Fund".
- Allow the Department's Talent Investment Agency to spend money from the Fund, upon appropriation, for grants issued under the Act and for not more than one full-time employee to administer the grant program.
- Require an employer that wanted a grant to apply to TED, and to employ at least one qualified employee for at least 120 hours in a qualified new job (a job of 35 hours or more each week created by the employer or previously held by another employee who separated from employment voluntarily or for cause).
- Provide that, for a qualified employee who worked at least 120 but not more than 400 hours, a grant would equal the lesser of 25% of first-year wages or \$1,500.
- Provide that, for a qualified employee who worked more than 400 hours, a grant would equal the lesser of 40% of first-year wages or \$2,400.
- Limit grants to \$7,200 per employer per fiscal year.
- Require TED to prepare an annual report regarding the Fund and submit it to legislative committees with jurisdiction over corrections issues.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would result in increased costs to the Department of Talent and Economic Development, and would have no fiscal impact on local government. There would be administrative costs to the Department to process and approve of the requests for reimbursement for qualified employees. The bill would allow up to 10% of the proposed Fund, as well as one FTE, to be used for administration. At this time, it is estimated that the administrative appropriations level in the bill would be sufficient to meet the added administrative costs. The program also would have additional costs, which would depend on the number of applicants as well as the appropriations level. If \$500,000 were appropriated for this purpose, it would provide reimbursement for up to 333 part-time employees or 208 full-time employees, or some combination of the two. If the number of positions eligible for reimbursement required more funds than the amount appropriated, the excess would not receive reimbursement as there is no provision in the bill for proration. However, if reimbursement for the number of qualified positions were less than the amount appropriated, the program would be able to carry the unused funds forward.

Date Completed: 6-1-16

Fiscal Analyst: Cory Savino

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Bill Analysis @ www.senate.michigan.gov/sfa

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