



HOUSE BILL No. 5510

March 15, 2000, Introduced by Reps. Godchaux, Kukuk, Jellema, Pappageorge, Geiger, Mortimer, Pumford, Mead, Stamas, Cameron Brown, Middaugh and Jansen and referred to the Committee on Appropriations.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the Michigan strategic fund for
4 the fiscal year ending September 30, 2001, from the funds indicated in
5 this part, the following:

6 MICHIGAN STRATEGIC FUND

7 APPROPRIATION SUMMARY:

1	Full-time equated classified positions.....	235.0	
2	GROSS APPROPRIATION.....	\$	169,082,800
3	Interdepartmental grant revenues:		
4	Total interdepartmental grants and intradepartmental		
5	transfers.....		100,000
6	ADJUSTED GROSS APPROPRIATION.....	\$	168,982,800
7	Federal revenues:		
8	Total federal revenues.....		52,673,200
9	Special revenue funds:		
10	Total local revenues.....		0
11	Total private revenues.....		656,700
12	Total other state restricted revenues.....		50,050,000
13	State general fund/general purpose.....	\$	65,602,900
14	Sec. 102. MICHIGAN STRATEGIC FUND		
15	Full-time equated classified positions.....	235.0	
16	Administration--40.0 FTE positions.....	\$	5,483,300
17	Job creation services--195.0 FTE positions.....		24,557,000
18	Michigan promotion program.....		8,042,500
19	Economic development job training grants.....		31,000,000
20	Community development block grants.....		50,000,000
21	Health and aging research and development initiative.		<u>50,000,000</u>
22	GROSS APPROPRIATION.....	\$	169,082,800
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	IDG-MDEQ, air quality fees.....		100,000
26	Federal revenues:		

1	DOL-ETA, employment service.....	770,000
2	HUD-CPD, community development block grant.....	51,903,200
3	Special revenue funds:	
4	Private-Michigan certified development corporation	
5	fees.....	156,700
6	Private-special project advances.....	500,000
7	Industry support fees.....	50,000
8	Tobacco settlement revenue.....	50,000,000
9	State general fund/general purpose..... \$	65,602,900

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PART 2

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PROVISIONS CONCERNING APPROPRIATIONS

14 **GENERAL SECTIONS**

15 Sec. 201. (1) Pursuant to section 30 of article IX of the state
 16 constitution of 1963, total state spending from state sources for fiscal
 17 year 2000-2001 is estimated at \$115,652,400.00 in this act and state
 18 spending from state sources paid to local units of government for fiscal
 19 year 2000-2001 is estimated at \$0.

20 (2) If it appears to the principal executive officer of a department
 21 or branch that state spending to local units of government will be less
 22 than the amount that was projected to be expended under subsection (1),
 23 the principal executive officer shall immediately give notice of the
 24 approximate shortfall to the state budget director, the house of repre-
 25 sentatives and senate appropriations committees, and the fiscal
 26 agencies.

Sec. 202. As used in this appropriation act:

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

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

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

(d) "Fiscal agencies" means the Michigan house fiscal agency and the Michigan senate fiscal agency.

(e) "FTE" means full-time equated.

(f) "Fund" means the Michigan strategic fund.

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

(h) "IDG" means interdepartmental grant.

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

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

Sec. 203. The expenditures and funding sources authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

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

Sec. 205. Of the funds appropriated in part 1 that are in units other than the grants unit, the fund shall not provide grants to local government agencies, institutions of higher education, or nonprofit organizations unless the fund provides notice of the grant to the appropriations subcommittees of the house of representatives and senate at least 10 days before the grant is issued or at least 72 hours before any announcement to local governmental units or the public.

1 Sec. 206. The fund shall establish and maintain affirmative action
2 programs based on guidelines developed by the state equal opportunity
3 workforce planning council which was created by Executive Order
4 No. 1996-13 in order to receive general fund/general purpose dollars.

5 Sec. 207. (1) Beginning October 1, a hiring freeze is imposed on
6 the state classified civil service. State departments and agencies are
7 prohibited from hiring any new full-time state classified civil service
8 employees and prohibited from filling any vacant state classified civil
9 service positions. This hiring freeze does not apply to internal trans-
10 fers of classified employees from 1 position to another within a depart-
11 ment or to positions that are funded with 80% or more federal or
12 restricted funds.

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

21 Sec. 208. The departments and state agencies receiving appropria-
22 tions under this act shall receive and retain copies of all reports
23 funded from appropriations in part 1. These departments and state agen-
24 cies shall follow federal and state guidelines for short-term and
25 long-term retention of these reports and records.

26 Sec. 209. (1) The president shall take all reasonable steps to
27 ensure businesses in deprived and depressed communities compete for and

1 perform contracts to provide services or supplies, or both, for the
2 fund.

3 (2) The president shall strongly encourage firms with which the fund
4 contracts to subcontract with certified businesses in depressed and
5 deprived communities for services or supplies, or both.

6 Sec. 210. Money appropriated in part 1 shall not be used for the
7 purchase of foreign goods or services when competitively priced and of
8 comparable quality American goods or services are available.

9 Sec. 211. The fund shall continue to pilot the use of the Internet
10 to fulfill the reporting requirements in this act. This may include
11 transmission of reports via electronic mail to the recipients identified
12 for each reporting requirement or it may include placement of reports on
13 the Internet or on the Intranet. The appropriations subcommittees of the
14 senate and house of representatives shall be notified in writing of the
15 Internet/Intranet site of any such report. The fund shall continue to
16 distribute all of these reports to the legislature in the current printed
17 format.

18 Sec. 212. Sixty days before beginning any effort to privatize, the
19 fund shall submit a complete project plan to the appropriate subcommit-
20 tees of the senate and house of representatives standing committees on
21 appropriations and the senate and house fiscal agencies. The plan shall
22 include the criteria under which the privatization initiative will be
23 evaluated. The evaluation shall be completed and submitted to the appro-
24 priate subcommittees of the senate and house of representatives standing
25 committees on appropriations and the senate and house fiscal agencies
26 within 30 months.

1 Sec. 213. The fund shall provide a report prepared by the fund's
2 internal auditor on the activities of the internal auditor for the prior
3 fiscal year. This report shall include a listing of each audit or inves-
4 tigation performed by the internal auditor pursuant to sections 486(4)
5 and 487 of the management and budget act, 1984 PA 431, MCL 18.1486 and
6 18.1487. The report shall identify the proportion of time spent on each
7 of the statutory responsibilities listed in sections 485(4), 486(4), and
8 487 of the management and budget act, 1984 PA 431, MCL 18.1485, 18.1486,
9 and 18.1487, and the time spent on all other activities performed in the
10 internal audit function. The first report shall be due March 1, 2000,
11 and biennially thereafter beginning on May 1 and shall be submitted to
12 the governor, auditor general, the senate and house of representatives
13 appropriations committees, the fiscal agencies, and the director and the
14 president.

15 **MICHIGAN STRATEGIC FUND**

16 Sec. 301. (1) The appropriation in part 1 to the fund for economic
17 development job training shall be expended for competitive grants that
18 ensure employers have the trained workers they need to compete in the
19 global economy. The fund shall expedite grant awards for employers
20 locating or expanding in Michigan and thereby creating significant num-
21 bers of new jobs in the state.

22 (2) Not more than 2% 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.

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

4 (4) Seventy percent of the economic development job training grant
5 funds, except for any amount up to \$6,000,000.00 which is utilized for
6 the development of web-based or other distance learning training which
7 has the substantial potential for lowering training costs and improving
8 access, shall be awarded to community colleges or a consortium of commu-
9 nity colleges and other eligible applicants pursuant to the requirements
10 of this section.

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

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

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

(8) Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

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

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

(c) A clear statement of the project's scope of activities, number of participants to be involved, the number of participants who have been an employee of the business organization for at least 30 days before the date of application who are at risk of becoming unemployed unless trained in the program, and the number of participants who are either a new employee within 30 days of the date of application or who will become a new employee of the business organization as a result of the individual's participation in the program.

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

(e) A budget which relates to the proposed activities and various program components and which demonstrates whether the estimated costs are reasonable and justified.

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

(a) Demonstrated need for the type of training offered and prospects for participant job placement or job retention and for strengthening the state's economic base.

(b) The average state unemployment rate for the 12-month period immediately preceding application for state grant assistance for the locality of the business organization.

1 (c) The number of persons who will become employed as a result of
2 participation in the proposed program and the number of persons at risk
3 of becoming unemployed to be trained in the program.

4 (d) Qualifications of the project director and key personnel who
5 will be used in the program.

6 (e) Cost per participant and participant contact hours of training.

7 (f) Strength of commitment to guaranteed job placement upon comple-
8 tion of training.

9 (g) Other criteria determined by the fund to be important.

10 (h) The development of web-based or other distance learning training
11 programs which have the substantial potential for lowering training costs
12 and improving access to training programs.

13 (10) Not more than \$5,000,000.00 of the amount appropriated in part
14 1 for economic development job training may be allocated to rapid
15 response grants for employee training programs which maintain or attract
16 permanent jobs for Michigan residents. A grant under this subsection
17 shall be awarded to eligible applicants under subsection (1)(a) by the
18 president of the fund.

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

22 (12) A grant awarded under this section may extend beyond the end of
23 the fiscal year in which the grant is awarded and the funds awarded for
24 the grant may be carried over into the next fiscal year for payment in
25 the next fiscal year. Unexpended and unencumbered amounts remaining in
26 the fiscal year ending September 30, 2001, from economic development job
27 training grants awarded prior to September 15, 2000, may be used to award

1 additional economic development job training grants during the fiscal
2 year ending September 30, 2001.

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

9 (14) If a participant in a program funded under this section is an
10 employee of a business organization whose employees are receiving job
11 training under the program and the participant was an employee of that
12 business organization prior to 30 days before the date of the grant
13 application, the business organization shall provide at least 25% of the
14 program's costs, excluding the costs of participants' wages for the time
15 participants are involved in program training. For purposes of meeting
16 the 25% match requirement, small business organizations with 250 or fewer
17 employees worldwide at the time of application may include the costs of
18 pretraining needs assessments and wages paid to participants while
19 enrolled in training. This subsection does not apply to an individual
20 who becomes a new employee of a business organization as a result of the
21 individual's participation in the program.

22 (15) A grant awarded to an economic development job training grant
23 recipient that guarantees a predetermined number of specified jobs for
24 new employees that are directly related to the participant's area of
25 training or for existing employees shall be paid to the grant recipient
26 according to the following schedule:

1 (a) 40% of the grant amount shall be paid within 30 days after the
2 grant is awarded.

3 (b) 40% of the grant amount shall be paid at the completion of the
4 training period, after the grant recipient submits to the fund an interim
5 report specifying actual costs of the training program and training out-
6 comes of the students.

7 (c) 20% of the grant amount shall be paid at the conclusion of the
8 grant period, as determined by the fund.

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

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

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

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

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

1 (d) The names and addresses of any companies and training providers
2 utilizing web-based or other distance learning training formats along
3 with a current estimate of the number of individuals to be involved in
4 this training.

5 (e) The cost savings or other benefits due to utilizing any
6 web-based or other distance learning training formats as opposed to
7 delivering a comparable training program delivered face-to-face.

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

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

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

18 Sec. 302. The travel administration may establish and collect a fee
19 to cover the cost of materials and processing of photographic prints,
20 slides, videotapes, and travel product database information that are
21 requested by the media and other segments of the public and private
22 sectors. The fees collected shall be appropriated for all expenses nec-
23 essary to purchase and distribute these photographic prints, slides, vid-
24 eotapes, and travel product database information. The funds are avail-
25 able for expenditure when they are received by the department of
26 treasury.

1 Sec. 303. The fund shall submit an annual status report to the
2 appropriations subcommittees of the house of representatives and senate
3 on all activities, grants, and investment programs financed from the
4 strategic fund/renaissance fund using investment or Indian gaming
5 revenues. The report shall provide a list of individual grants and loans
6 made from the fund.

7 Sec. 304. The travel administration may receive and expend private
8 revenue related to the use of the "Michigan Great Lakes. Great Times."
9 copyrighted slogan and image. This revenue may come from the direct
10 licensing of the name and image or from the royalty payments from various
11 merchandise sales. Revenue collected is appropriated for the marketing
12 of the state as a travel destination. The funds are available for expen-
13 diture when they are received by the department of treasury.

14 Sec. 305. (1) In addition to the funds appropriated for the fund in
15 part 1, there is appropriated an amount not to exceed \$7,000,000.00 for
16 federal contingency funds. These funds are not available for expenditure
17 until they have been transferred to another line item in this act pursu-
18 ant to section 393(2) of the management and budget act, 1984 PA 431,
19 MCL 18.1393.

20 (2) In addition to the funds appropriated in part 1, there is appro-
21 priated an amount not to exceed \$1,000,000.00 for state restricted con-
22 tingency funds. These funds are not available for expenditure until they
23 have been transferred to another line item in this act pursuant to sec-
24 tion 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

25 (3) In addition to the funds appropriated in part 1, there is appro-
26 priated an amount not to exceed \$500,000.00 for private contingency
27 funds. These funds are not available for expenditure until they have

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

3 Sec. 306. Of the funds appropriated for the Michigan promotion pro-
4 gram, at least 25% of all program funds shall be used to promote cultural
5 tourism opportunities in Michigan.

6 Sec. 307. The fund shall submit on or before May 1, 2001 and
7 November 1, 2001 to the senate and house of representatives appropria-
8 tions subcommittees and the fiscal agencies a listing of all grants which
9 have been awarded by the fund or by the Michigan economic development
10 corporation from the funds appropriated in part 1. The list shall
11 include all of the following:

- 12 (a) The name of the recipient.
- 13 (b) The amount awarded to the recipient.
- 14 (c) The purpose of the grant.

15 Sec. 308. (1) The fund shall provide reports to the relevant senate
16 and house of representatives appropriations subcommittees and the fiscal
17 agencies concerning the activities of the Michigan economic development
18 corporation. The report shall include, but not be limited to, the fol-
19 lowing programs funded in part 1:

- 20 (a) Travel Michigan bureau.
- 21 (b) National business development.
- 22 (c) International business development.
- 23 (d) Small, minority, and disabled business services.
- 24 (e) CDBG.
- 25 (f) Strategic/renaissance fund administration.
- 26 (g) Renaissance zones.

1 (h) Business roundtables.

2 (i) Business and clean air ombudsman.

3 (j) Economic development job training grants.

4 (k) Film office.

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

6 (m) Any other programs of the fund.

7 (2) The reports in subsection (1) shall be submitted by January 1,
8 2001. The report for each program in subsection (1)(a) through (m) shall
9 include details on the actual spending and number of FTEs for that
10 program.

11 Sec. 309. As a condition of receiving funds under part 1, any
12 interlocal agreement entered into by the fund shall include language
13 which states that if a local unit of government has a contract or memo-
14 randum of understanding with a private economic development agency, the
15 Michigan economic development corporation will work cooperatively with
16 that private organization in that local area.

17 Sec. 310. (1) Of the funds appropriated to the fund or through
18 grants to the Michigan economic development corporation, no funds shall
19 be expended for the purchase of options on land or the purchase of land
20 unless at least 1 of the following conditions applies:

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

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

25 (2) It is the intent of the legislature that consideration be given
26 to purchases where the proposed use of the land is consistent with a
27 regional land use plan, will result in the redevelopment of an

1 economically distressed area, can be supported by existing
2 infrastructure, and will not cause shifts in population away from the
3 area's population centers.

4 (3) As used in this section, "economically distressed area" means an
5 area in a city, village, or township that has been designated as
6 blighted; a city, village, or township that shows negative population
7 change from 1970 and a poverty rate and unemployment rate greater than
8 the statewide average; or an area certified as a neighborhood enterprise
9 zone.

10 Sec. 311. (1) From the funds appropriated in part 1 for the fund,
11 \$50,000,000.00 is appropriated for a health and aging research and devel-
12 opment initiative to support basic and applied research in health-related
13 areas, with emphasis on issues related to aging.

14 (2) A health and aging steering committee, appointed by the gover-
15 nor, shall consist of 14 members including the CEO of the Michigan eco-
16 nomic development corporation, a member from Michigan State University,
17 the University of Michigan, Wayne State University, the VanAndel
18 Institute, and 2 members from the private sector. The remaining members
19 shall be appointed at large and may include members from the private
20 sector, public sector, or other Michigan universities. The purpose of
21 the steering committee is to provide advice and oversight of the initia-
22 tive, including the development of criteria for the award of contracts or
23 grants to qualifying universities, institutions, or individuals. The
24 steering committee will make decisions regarding distribution of these
25 grant funds.

26 (3) Of the funds appropriated, 40% is allocated for a basic research
27 fund, to be distributed on a competitive basis to Michigan universities

1 or Michigan nonprofit research institutes, or both, for basic research in
2 health-related areas. Not less than \$5,000,000.00 is allocated to
3 research related to aging diseases and health problems. Fifty percent of
4 the appropriated funds are earmarked for a collaborative research fund to
5 support peer-reviewed collaborative grants among Michigan universities
6 and/or private research facilities, with emphasis on testing or develop-
7 ing emerging discoveries. Up to 10% of the appropriated funds may be
8 used to support a commercial development fund to support commercializ-
9 ation opportunities for life science research in Michigan. Appropriated
10 funds must be matched with other university, private, or federal
11 funding. Not more than 1% of the appropriated funds may be used for
12 administrative costs of administering the initiative.

13 Sec. 312. Of the appropriation in part 1 for job creation services,
14 up to \$1,000,000.00 may be distributed to small business support organi-
15 zations which demonstrate a clear and effective plan or program to sup-
16 port small businesses in this state.

17 Sec. 313. The fund shall inform the members of the appropriate
18 appropriations subcommittees of the house and senate of any decisions to
19 eliminate any foreign outreach personnel.