

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 232

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, 2002; to provide for the expenditure of the appropriations; and 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

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September 30, 2002, from the funds indicated in this part, the

6

following:

7

**TOTAL APPROPRIATIONS**

8

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

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For Fiscal Year Ending  
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1	Full-time equated classified positions.....	1,378.0		
2	GROSS APPROPRIATION.....	\$	708,166,000	
3	Interdepartmental grant revenues:			
4	Total interdepartmental grants and intradepartmental			
5	transfers.....	\$	1,148,000	
6	ADJUSTED GROSS APPROPRIATION.....	\$	707,018,000	
7	Federal revenues:			
8	Total federal revenues.....		525,407,000	
9	Special revenue funds:			
10	Total local revenues.....		14,978,200	
11	Total private revenues.....		3,246,300	
12	Total other state restricted revenues.....		61,494,500	
13	State general fund/general purpose.....	\$	101,892,000	

**14 Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT****15 (1) APPROPRIATION SUMMARY:**

16	Full-time equated unclassified positions.....	6.0		
17	Full-time equated classified positions.....	1,143.0		
18	GROSS APPROPRIATION.....	\$	529,222,100	
19	Interdepartmental grant revenues:			
20	Total interdepartmental grants and intradepartmental			
21	transfers.....		1,048,000	
22	ADJUSTED GROSS APPROPRIATION.....	\$	528,174,100	
23	Federal revenues:			
24	Total federal revenues.....		462,732,600	

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1	Special revenue funds:		
2	Total local revenues.....		14,978,200
3	Total private revenues.....		2,396,300
4	Total other state restricted revenues.....		11,444,500
5	State general fund/general purpose.....	\$	36,622,500
6	<b>(2) DEPARTMENTAL ADMINISTRATION</b>		
7	Full-time equated unclassified positions.....	6.0	
8	Unclassified salaries.....	\$	<u>496,900</u>
9	GROSS APPROPRIATION.....	\$	496,900
10	Appropriated from:		
11	State general fund/general purpose.....	\$	496,900
12	<b>(3) DEPARTMENT OPERATIONS</b>		
13	Full-time equated classified positions.....	103.0	
14	Administration--103.0 FTE positions.....	\$	11,488,800
15	Building occupancy charges - property development		
16	services.....		651,200
17	Special project advances.....		200,000
18	Worker's compensation.....		<u>217,700</u>
19	GROSS APPROPRIATION.....	\$	12,557,700
20	Appropriated from:		
21	Federal revenues:		
22	CNS.....		202,000
23	DED-OSERS, rehabilitation services, vocational reha-		
24	bilitation of state grants.....		4,319,700
25	DOL-ETA, workforce investment act.....		741,600
26	DOL, federal funds.....		3,279,000

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1	Federal revenues.....	100,000
2	HHS, temporary assistance for needy families.....	1,064,200
3	Special revenue funds:	
4	Private-special project advances.....	200,000
5	Contingent fund, penalty and interest account.....	412,000
6	State general fund/general purpose..... \$	2,239,200
7	<b>(4) WORKFORCE DEVELOPMENT</b>	
8	Full-time equated classified positions.....664.0	
9	Employment training services--569.0 FTE positions.... \$	64,080,100
10	Michigan career and technical institute--95.0 FTE	
11	positions.....	<u>10,523,200</u>
12	GROSS APPROPRIATION..... \$	74,603,300
13	Appropriated from:	
14	Interdepartmental grant revenues:	
15	IDG-MDOC.....	32,400
16	Federal revenues:	
17	CNS.....	1,632,400
18	DAG, employment and training.....	258,300
19	DED-OPSE, multiple grants.....	815,500
20	DED-OSERS, centers for independent living.....	58,200
21	DED-OSERS, rehabilitation long-term training.....	566,900
22	DED-OSERS, rehabilitation services, vocational reha-	
23	bilitation of state grants.....	43,360,900
24	DED-OSERS, state grants for technology-related	
25	assistance to individuals with disabilities.....	55,700
26	DED-Perkins act.....	171,900

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1	DOL-ETA, workforce investment act.....	4,259,500
2	HHS-SSA, supplemental security income.....	4,185,500
3	HHS, temporary assistance for needy families.....	3,497,600
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.....	1,236,900
8	Second injury fund.....	51,500
9	Student fees.....	308,000
10	Training material fees.....	256,300
11	State general fund/general purpose..... \$	9,212,400
12	<b>(5) CAREER EDUCATION PROGRAMS</b>	
13	Full-time equated classified positions.....73.0	
14	Career and technical education--32.0 FTE positions... \$	2,969,700
15	Postsecondary education--23.0 FTE positions.....	2,357,700
16	Adult education--14.0 FTE positions.....	2,133,500
17	Commission on Spanish speaking affairs--2.0 FTE	
18	positions.....	211,300
19	Arab-American commission--2.0 FTE positions.....	<u>149,900</u>
20	GROSS APPROPRIATION..... \$	7,822,100
21	Federal revenues:	
22	Federal revenues.....	5,572,700
23	Special revenue funds:	
24	Defaulted loan collection fees.....	100,000
25	Private occupational school license fees.....	274,100
26	State general fund/general purpose..... \$	1,875,300

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<b>1</b>	<b>(6) DEPARTMENT GRANTS</b>		
<b>2</b>	Adult basic education.....	\$	13,500,000
<b>3</b>	Council of Michigan foundations.....		6,000,000
<b>4</b>	Focus:HOPE.....		5,994,200
<b>5</b>	Job training programs subgrantees.....		106,818,200
<b>6</b>	Michigan community service commission subgrantees....		6,899,900
<b>7</b>	Personal assistance services.....		462,100
<b>8</b>	Precollege programs in engineering and the sciences..		1,144,600
<b>9</b>	Supported employment grants.....		1,441,300
<b>10</b>	Technology assistance grants.....		1,378,700
<b>11</b>	Carl D. Perkins grants.....		41,500,000
<b>12</b>	Vocational rehabilitation client services/facilities.		50,183,300
<b>13</b>	Vocational rehabilitation independent living.....		3,115,800
<b>14</b>	Welfare-to-work programs.....		140,498,900
<b>15</b>	Adult education grants.....		349,900
<b>16</b>	Michigan assistive technology loan fund.....		<u>100</u>
<b>17</b>	GROSS APPROPRIATION.....	\$	379,287,000
<b>18</b>	Appropriated from:		
<b>19</b>	Interdepartmental grant revenues:		
<b>20</b>	IDG-MDOC.....		1,015,600
<b>21</b>	Federal revenues:		
<b>22</b>	CNS.....		5,500,000
<b>23</b>	DAG, employment and training.....		13,000,000
<b>24</b>	DED-OSERS, centers for independent living.....		525,000
<b>25</b>	DED-OSERS, client assistance for individuals with		
<b>26</b>	disabilities.....		440,000

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1	DED-OSERS, rehabilitation services, vocational	
2	rehabilitation of state grants.....	34,935,200
3	DED-OSERS, rehabilitation services facilities.....	2,272,500
4	DED-OSERS, supported employment.....	1,441,300
5	DED-OSERS, state grants for technology-related	
6	assistance to individuals with disabilities.....	1,378,700
7	DED-OVAE, adult education.....	13,500,000
8	DED-OVAE, basic grants to states.....	41,500,000
9	DOL-ETA, welfare-to-work.....	20,000,000
10	DOL-ETA, workforce investment act.....	104,602,700
11	HHS-SSA, supplemental security income.....	2,362,500
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.....	6,000,000
19	State general fund/general purpose..... \$	22,798,800
20	<b>(7) EMPLOYMENT SERVICE AGENCY</b>	
21	Full-time equated classified positions.....303.0	
22	Building occupancy charges - property development	
23	service..... \$	674,100
24	Worker's compensation.....	143,800
25	Employment service--251.0 FTE positions.....	49,184,200
26	Labor market information--52.0 FTE positions.....	<u>4,453,100</u>

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1	GROSS APPROPRIATION.....	\$	54,455,200
2	Appropriated from:		
3	DED-OSERS, rehabilitation services, vocational reha-		
4	bilitation of state grants.....		1,304,900
5	DOL, federal funds.....		47,329,200
6	Special revenue funds:		
7	Local revenues.....		4,015,400
8	Contingent fund, penalty and interest account.....		1,805,700
9	State general fund/general purpose.....	\$	0
10	<b>(8) DEPARTMENTAL ADMINISTRATION</b>		
11	Budgetary savings.....	\$	<u>(100)</u>
12	GROSS APPROPRIATION.....	\$	(100)
13	Appropriated from:		
14	State general fund/general purpose.....	\$	(100)
15	<b>Sec. 103. MICHIGAN STRATEGIC FUND</b>		
16	<b>(1) APPROPRIATION SUMMARY:</b>		
17	Full-time equated classified positions.....	235.0	
18	GROSS APPROPRIATION.....	\$	178,943,900
19	Interdepartmental grant revenues:		
20	Total interdepartmental grants and intradepartmental		
21	transfers.....		100,000
22	ADJUSTED GROSS APPROPRIATION.....	\$	178,843,900
23	Federal revenues:		
24	Total federal revenues.....		62,674,400

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1	Special revenue funds:	
2	Total private revenues.....	850,000
3	Total other state restricted revenues.....	50,050,000
4	State general fund/general purpose..... \$	65,269,500
5	<b>(2) MICHIGAN STRATEGIC FUND</b>	
6	Full-time equated classified positions.....235.0	
7	Administration--40.0 FTE positions..... \$	5,483,300
8	Job creation services--195.0 FTE positions.....	24,751,500
9	Michigan promotion program.....	8,042,500
10	Economic development job training grants.....	30,666,600
11	Community development block grants.....	60,000,000
12	Health and aging research and development strategies.	<u>50,000,000</u>
13	GROSS APPROPRIATION..... \$	178,943,900
14	Appropriated from:	
15	Interdepartmental grant revenues:	
16	IDG-MDEQ, air quality fees.....	100,000
17	Federal revenues:	
18	DOL-ETA, employment service.....	771,200
19	HUD-CPD, community development block grant.....	61,903,200
20	Special revenue funds:	
21	Private-Michigan certified development corporations	
22	fees.....	350,000
23	Private-special project advances.....	500,000
24	Industry support fees.....	50,000
25	Tobacco settlement revenue.....	50,000,000
26	State general fund/general purpose..... \$	65,269,500

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PART 2

4

PROVISIONS CONCERNING APPROPRIATIONS

5 GENERAL SECTIONS

6       Sec. 201. Pursuant to section 30 of article IX of the state consti-  
7 tution of 1963, total state spending from state resources under part 1  
8 for fiscal year 2001-2002 is \$163,386,500.00 and state spending from  
9 state resources to be paid to local units of government for fiscal year  
10 2001-2002 is \$21,600,000.00. The itemized statement below identifies  
11 appropriations from which spending to units of local government will  
12 occur:

13 MICHIGAN STRATEGIC FUND

14   Economic development job training grants.....	\$	<u>21,600,000</u>
15   Total Michigan strategic fund.....	\$	21,600,000

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

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

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

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

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

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

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

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

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

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

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

4 (j) "Director" means the director of the department of career  
5 development.

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

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

8 (m) "DOL-NOICC" means the DOL national occupational information  
9 coordinating committee.

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

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

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

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

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

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

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

19 (u) "IDG" means interdepartmental grant.

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

21 (w) "MDOC" means the Michigan department of corrections.

22 (x) "Subcommittees" means all members of the appropriate  
23 subcommittees of the house and senate appropriations committees.

24 Sec. 204. The department of civil service shall bill departments  
25 and agencies at the end of the first fiscal quarter for the 1% charge  
26 authorized by section 5 of article XI of the state constitution of 1963.

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1 Payments shall be made for the total amount of the billing by the end of  
2 the second fiscal quarter.

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

11       (2) The state budget director shall grant exceptions to this hiring  
12 freeze when the state budget director believes that the hiring freeze  
13 will result in rendering a state department or agency unable to deliver  
14 basic services, cause a loss of revenue to the state, result in the  
15 inability of the state to receive federal funds, or would necessitate  
16 additional expenditures that exceed any savings from maintaining a  
17 vacancy. The state budget director shall report by the thirtieth of each  
18 month to the chairpersons of the senate and house of representatives  
19 standing committees on appropriations the number of exceptions to the  
20 hiring freeze approved during the previous month and the justification  
21 for the exception.

22       Sec. 206. (1) In addition to the funds appropriated for the depart-  
23 ment and the fund in part 1, there is appropriated an amount not to  
24 exceed \$41,000,000.00 for the department and \$7,000,000.00 for the fund  
25 for federal contingency funds. These funds are not available for expen-  
26 diture until they have been transferred to another line item in this act

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

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

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

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

21 Sec. 207. At least 90 days before beginning any effort to privati-  
22 ze, the department shall submit a complete project plan to the subcommit-  
23 tees and the fiscal agencies. The plan shall include the criteria under  
24 which the privatization initiative will be evaluated. The evaluation  
25 shall be completed and submitted to the fiscal agencies and to the sub-  
26 committees within 30 months.

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

10       Sec. 209. Funds appropriated in part 1 shall not be used for the  
11 purchase of foreign goods or services, or both, if competitively priced  
12 and of comparable quality American goods or services, or both, are  
13 available. Preference should be given to goods or services, or both,  
14 manufactured or provided by Michigan businesses if they are competitively  
15 priced and of comparable value.

16       Sec. 210. The director and the CEO receiving appropriations in part  
17 1 shall take all reasonable steps to ensure businesses in deprived and  
18 depressed communities compete for and perform contracts to provide serv-  
19 ices or supplies, or both. The director or CEO shall strongly encourage  
20 firms with which the department contracts to subcontract with certified  
21 businesses in depressed and deprived communities for services, supplies,  
22 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. 214. (1) The negative appropriation for budgetary savings in  
14 part 1 shall be satisfied by savings from the hiring freeze imposed in  
15 section 205 and, if necessary, by other savings identified by the depart-  
16 ment director or CEO and approved by the state budget director.

17       (2) Appropriation authorizations shall be adjusted after the  
18 approval of transfers by the legislature pursuant to section 393(2) of  
19 the management and budget act, 1984 PA 431, MCL 18.1393.

20       Sec. 215. By February 15, 2002 the department and fund shall pro-  
21 vide the state budget director, the subcommittees, and the fiscal agen-  
22 cies with an annual report on restricted fund balances, projected reve-  
23 nues, and expenditures for the fiscal years ending September 30, 2001,  
24 and September 30, 2002.

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, 2002.

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



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.

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, 2002.

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

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

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, 2002, 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 con-  
13 tinue to collaborate on refining and making available to work first par-  
14 ticipants clear joint guidelines on the eligibility of work first partic-  
15 ipants for postemployment training support and on how training/education  
16 hours can be applied toward federal work participation requirements.  
17 These guidelines shall balance the ability of participants to obtain  
18 training and subsequent long-term, high-wage employment with the need to  
19 connect participants with the workplace. Any and all training/education,  
20 with the exception of high school completion and GED preparation, must be  
21 occupationally relevant and in demand in the labor market as determined  
22 by the workforce development board. Participants must make satisfactory  
23 progress while in training/education. The department shall submit a  
24 progress report on these continuing efforts to the house and senate  
25 appropriations subcommittees with jurisdiction over the department and  
26 the family independence agency and to the fiscal agencies by October 1,  
27 2001.

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

17       (13) Work first participants may meet the federal work participation  
18 requirement through enrollment in a short-term vocational program requir-  
19 ing 30 hours of classroom seat time per week for a period not to exceed 6  
20 months, or by enrollment in full-time internships, practicums, or clini-  
21 cals required by an academic or training institution for licensure, pro-  
22 fessional certification, or degree completion, without an additional work  
23 requirement. Two-parent families who receive federally funded day care  
24 must work an additional 25 hours per week to meet the federal work par-  
25 ticipation requirement. In cases where a short-term vocational program  
26 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 12 months.

9 Sec. 306. (1) Using all relevant state data sources, the department  
10 shall acquire data on former work first participants, whose family inde-  
11 pendence program cases closed due to earnings during fiscal year 2000,  
12 for the third year in the continuing longitudinal study started in fiscal  
13 year 2000. In addition, first- and second-year data will also be com-  
14 piled on former work first participants whose family independence program  
15 cases were closed due to earnings during fiscal years 2000 and 2001. The  
16 data will include the following:

- 17 (a) The number and percentage employed.
- 18 (b) The average hourly wage of those employed.
- 19 (c) The current hourly wage of those employed.
- 20 (d) The range of wages earned by those employed.
- 21 (e) The number of individuals that earned each wage amount.
- 22 (f) The number and percentage receiving health care benefits from  
23 their employer.
- 24 (g) The number and percentage receiving tuition reimbursement from  
25 their employer.
- 26 (h) The number and percentage receiving training benefits from their  
27 employer.

1       (i) The type of jobs obtained by former participants in general  
2 categories.

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

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

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

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

14       (2) The department shall file a report containing the identified  
15 data with the appropriate house and senate appropriation subcommittees  
16 and fiscal agencies by March 15, 2002.

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

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

21       Sec. 307. State and federal funds allocated to local workforce  
22 development boards for disbursement shall not be expended unless the  
23 local workforce development boards maintain a partnership with governmen-  
24 tal agencies, public school districts, and public colleges located within  
25 the local service delivery area. Each board shall appoint an education  
26 advisory group made up of high-level administrators within local  
27 educational institutions, workforce development board members, other



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1 employers, labor, academic educators, and parents of public school  
2 pupils.

3       Sec. 309. (1) Of the funds appropriated in part 1 for precollege  
4 programs in engineering and the sciences, \$620,000.00 shall be provided  
5 in the form of a grant to the Detroit precollege engineering program,  
6 incorporated and \$424,700.00 shall be provided in the form of a grant to  
7 the Grand Rapids area precollege engineering program and \$99,900.00 shall  
8 be provided in the form of a grant to the Jackson area precollege engi-  
9 neering program.

10       (2) The department shall submit a report to the appropriate subcom-  
11 mittees and the fiscal agencies by February 1, 2002 regarding dropout  
12 rates, grade point averages, enrollment in science, engineering, and  
13 math-based curricula, and employment in science, engineering, and  
14 math-based fields for students within the programs. The report shall  
15 continue to evaluate the effectiveness of the precollege programs in  
16 engineering and sciences funded through part 1 appropriations and shall  
17 make recommendations on whether state support to expand such programs to  
18 other areas of the state is warranted in future fiscal years.

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

26       Sec. 311. (1) The department shall have at least 1 disabled  
27 veterans outreach program specialist or local veterans employment

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1 representative present, if able and willing to serve, at each Michigan  
2 works! employment services office on a full- or part-time basis during  
3 hours of operation.

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

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

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

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

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

24 Sec. 312. The department shall report to the subcommittees by  
25 September 30, 2002, on the distribution of the Michigan community service  
26 commission volunteer investment grants.

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1       Sec. 313. The funds appropriated in part 1 for the council of  
2 Michigan foundations from tobacco settlement revenue shall be distributed  
3 to the council of Michigan foundations as a grant to support local commu-  
4 nity efforts to address youth and senior health needs. The council may  
5 distribute the funds according to a formula determined by the council or  
6 may invest these funds. Any investment earnings from this appropriation  
7 shall be used for the same purpose as the original appropriation.

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

15       Sec. 315. Of the amounts appropriated in part 1 for postsecondary  
16 education, private occupational school license fees shall fund related  
17 administrative costs of the proprietary schools oversight unit within the  
18 department.

19       Sec. 316. Money in the school loan exception fee fund that is unex-  
20 pended at the end of the fiscal year shall not revert to the general fund  
21 but shall be carried over to the succeeding fiscal year.

22       Sec. 317. The department is appropriated an amount not to exceed  
23 \$100,000.00 from collection of defaulted loans under the future faculty  
24 program in the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks pro-  
25 grams to offset costs of administering the loan collections.

26       Sec. 318. From the funds appropriated in part 1 for postsecondary  
27 education, the department shall compile data from each university that

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1 receives funding for the future faculty program within the  
2 King-Chavez-Parks initiative on employment outcomes for program  
3 participants. The report shall be distributed to the house and senate  
4 appropriations committees by February 1 of each year. The report shall  
5 include data from each participating university covering the most  
6 recently completed fiscal year. The data shall include all of the  
7 following:

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

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

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

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

15 Sec. 319. The appropriation in part 1 for adult education shall be  
16 utilized to support the administration of up to \$100,000,000.00 in gen-  
17 eral fund/general purpose revenue for adult education programs. It is  
18 the intent of the legislature that department staff funded through the  
19 appropriation in part 1 ensure that at least \$80,000,000.00 in adult edu-  
20 cation program funding be distributed through the existing grant process  
21 as outlined in section 107 of the state school aid act of 1979, 1979  
22 PA 94, MCL 388.1707. No more than \$20,000,000.00 may be administered  
23 through any alternative process.

24 Sec. 320. The department shall work with the department of commu-  
25 nity health to establish a Medicaid buy-in program for the working dis-  
26 abled through the options available under the federal ticket to work and  
27 work incentives improvement act of 1999.

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1       Sec. 321. The King-Chavez-Parks initiative shall be marketed by the  
2 department to Michigan parents and high school and college students, to  
3 promote the benefits and the availability of the college day, select stu-  
4 dent support services, college/university partnership, visiting profes-  
5 sors, Morris Hood, Jr. educator development, and future faculty  
6 programs. The department shall provide a report to the subcommittees on  
7 December 30, 2001 identifying all efforts taken to market these programs,  
8 including, but not limited to, the amount of funding allocated for this  
9 purpose, the fund source and any expenditures or encumbrances relating to  
10 this marketing effort. It is the intent of the legislature that the  
11 department administer the King-Chavez-Parks initiative in the same manner  
12 as when it was previously contained in the department of education and  
13 consistent with all boilerplate language pertaining to the above listed  
14 programs as included in the appropriations act for higher education  
15 institutions.

16       Sec. 322. Of the funding appropriated in part 1 for the adult edu-  
17 cation grants, \$105,000.00 shall be awarded to the Arab-American and  
18 Chaldean council, and \$140,000.00 shall be awarded to Jewish vocational  
19 services.

20       Sec. 323. The department shall work with the family independence  
21 agency to provide assistance to Created For Caring to enhance an employ-  
22 ment skills training program for eligible families receiving assistance  
23 in order to compete for the welfare-to-work funding made available in  
24 part 1.

25       Sec. 324. The appropriation in part 1 for Michigan assistive tech-  
26 nology loan fund shall be distributed to the Michigan disability rights

1 coalition to support the development of a loan fund used to provide loans  
2 for assistive technology for persons with disabilities.

3       Sec. 325. (1) The department and the unemployment agency shall work  
4 collaboratively on the development of a pilot program in Wayne, Oakland,  
5 and Macomb Counties to coordinate employment services with companies that  
6 provide private employment services. The objective of the pilot program  
7 is to create a database of claimant profiles, utilizing the claimant's  
8 resume, job-related skills and work experiences. A claimant's profile  
9 shall be made available at cost to any employer interested in hiring that  
10 claimant.

11       (2) The department shall contract with a private vendor with  
12 experience in both phone-based and internet recruitment services in  
13 establishing the pilot program.

14       (3) The department may expend only federal or grant funds to estab-  
15 lish this pilot project. No state general fund dollars may be expended  
16 to create or maintain this pilot project.

[Sec. 326. The department and the unemployment agency shall work collaboratively to ensure that each Michigan works agency one-stop center has the ability to assist individuals or respond to inquiries regarding unemployment benefits and the remote initial claims system.]

Sec. 327. The department shall work cooperatively with the department of civil service to identify state employees who will lose their jobs as a result of an agency or program being reorganized, modified, or eliminated and shall develop training programs and provide training to these individuals that will provide them an opportunity and skills necessary to secure new employment within state government or the private sector. It shall be a priority of the department to provide training and employment opportunities to these individuals through their employment service locations.]

17 **MICHIGAN STRATEGIC FUND**

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

24       (2) Not more than 5% of the total grant, administration, and  
25 operating funds appropriated in part 1 for the fund's economic

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1 development job training grants program may be expended for  
2 administrative costs. Not more than 12% of the total grant awarded to  
3 recipients may be expended for administration costs.

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

7 (4) At least 70% of the economic development job training grant  
8 funds shall be awarded to community colleges or a consortium of community  
9 colleges and other eligible applicants pursuant to the requirements of  
10 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 school district, intermediate school dis-  
14 trict, community college, public or private nonprofit college or univer-  
15 sity, nonprofit organization whose primary purpose is to provide educa-  
16 tion programs or employment and training services or vocational rehabili-  
17 tation programs or school-to-work transition programs, local workforce  
18 development board, the headquarters of a federal and state sponsored man-  
19 ufacturing technology center, or a consortium consisting of any combina-  
20 tion of school districts, intermediate school districts, community col-  
21 leges, nonprofit organizations described in this subsection, or public or  
22 private nonprofit colleges or universities described in this subsection.

23 (7) On or before October 1, 2001, 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.

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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. The program estimated completion cost is the total  
8 amount appropriated to the fund and shall have an estimated completion  
9 date of September 30, 2006.

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

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

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

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

25       (17) The fund shall provide to the state budget director and the  
26 fiscal agencies by April 15 and November 1 of each year a report on the  
27 economic development job training grants. The report due by April 15

1 shall provide the information described in this subsection for each grant  
2 or contract awarded during the preceding 2 quarters of the state fiscal  
3 year. The report due by November 1 shall provide this information for  
4 each grant or contract awarded during the preceding full fiscal year.

5 The report shall contain all of the following:

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

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

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

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

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

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

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

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1       (21) Of the funds appropriated in part 1, \$100.00 may be used for  
2 new technology initiatives.

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 and the state budget director on all activities, grants, and  
13 investment programs financed from the strategic fund using investment or  
14 Indian gaming revenues. The report shall provide a list of individual  
15 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.

26       Sec. 406. The fund shall submit on or before May 1, 2002 and  
27 November 1, 2002 to the subcommittees, state budget office, and the

1 fiscal agencies a listing of all grants which have been awarded by the  
2 fund or by the Michigan economic development corporation from the funds  
3 appropriated in part 1. The list shall include all of the following:

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

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

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

26 (2) The reports in subsection (1) shall be submitted by January 1,  
27 2002. The report for each program in subsection (1)(a) through (m) shall

1 include details on the actual spending and number of FTEs for that  
2 program for the previous fiscal year.

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

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

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

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

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

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

1       Sec. 410. (1) From the funds appropriated in part 1 for the fund,  
2 \$50,000,000.00 is appropriated for a health and aging research and devel-  
3 opment initiative to support basic and applied research in health-related  
4 areas, with emphasis on issues related to aging. The program shall be  
5 administered by the Michigan economic development corporation.

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

21       (3) Of the funds appropriated, 40% is allocated for a basic research  
22 fund, to be distributed on a competitive basis to Michigan universities  
23 or Michigan nonprofit research institutes, or both, for basic research in  
24 health-related areas. Not less than \$5,000,000.00 is allocated to  
25 research related to aging diseases and health problems. In addition, 50%  
26 of the appropriated funds are earmarked for a collaborative research fund  
27 to support peer-reviewed collaborative grants among Michigan universities

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1 and/or private research facilities, with emphasis on testing or  
2 developing emerging discoveries. Up to 10% of the appropriated funds may  
3 be used to support a commercial development fund to support commercializ-  
4 ation opportunities for life science research in Michigan. Appropriated  
5 funds must be matched with other university, private, or federal  
6 funding. Up to 5% of the total appropriated funds under this subsection  
7 may be used for administering the initiative.

8 (4) Repayment of any funds received as a result of awards made under  
9 1999 PA 120, 2000 PA 292, or this act including, but not limited to,  
10 funds received as interest or return on investment shall be deposited in  
11 the fund described in subsection (3) from which it was awarded to be  
12 expended for the same purposes. These funds are authorized for expendi-  
13 ture upon receipt and shall not lapse to the general fund.

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

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

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

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

9       (a) The freedom of information act, 1976 PA 442, MCL 15.231 to  
10 15.246.

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

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

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

15       Sec. 414. As a condition for receiving the appropriations in part  
16 1, any staff of the Michigan economic development corporation involved in  
17 private fund-raising activities shall not be party to any decisions  
18 regarding the awarding of grants or tax abatements from the Michigan  
19 strategic fund, Michigan economic development corporation, or the  
20 Michigan economic growth authority.

21       Sec. 415. (1) All funds received from repayment of loans, unused  
22 grants, revenues received from sales or cash flow participation agree-  
23 ments, guarantees, or any combination thereof or interest thereon, origi-  
24 nally distributed as part of the core communities fund, shall be  
25 received, held, and applied by the Michigan strategic fund for the pur-  
26 poses described in section 430 of 2000 PA 291.



1       (2) The fund shall provide an annual report on the status of this  
2 fund. The report shall be provided to the subcommittees, the fiscal  
3 agencies, and the state budget office by January 31, 2002.

4       Sec. 416. Travel Michigan shall coordinate with Michigan-based  
5 ethnic destination marketing organizations to promote ethnic festivals  
6 and events in Michigan target markets.

[Sec. 417. Travel Michigan shall include in the official state of Michigan travel guide, a 2-page guide to Michigan state parks that describes locations and facilities.

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

(2) Awards will be provided to qualified local governmental units as defined in the obsolete property rehabilitation act, 2000 PA 146, or certified technology parks, as defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174. All qualified local governmental units and certified technology parks will be notified of the Michigan core communities fund within 15 days of the effective date of this act.

(3) Awards can be used only for land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and costs related to any of these, at the discretion of the Michigan economic development corporation.

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

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

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

(7) The appropriation of the Michigan core communities fund is a work project appropriations and any unencumbered or any allotted funds are carried forward into the following fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project to be carried out is to provide awards to qualified local governmental units and certified technology parks for local economic development projects as defined by this section.

(b) The project will be accomplished through contracts.

(c) The total estimated cost of all awards is identified in the line-item appropriation.

(d) The tentative completion date is September 30, 2005.

(8) Funds will be awarded as part of 4 separate application periods. Deadlines for submitting applications for each of the 4 periods will be no later than September 1, 2000, January 1, 2001, April 1, 2001, and July 1, 2001. Awards for each of the application periods will be made on a quarterly basis.

(9) Not more than \$12,500,000.00 will be awarded per application period, and no single project shall be awarded more than \$10,000,000.00.

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(10) Fifteen days prior to the award of the funds, notification shall be provided to the speaker of the house of representatives, the senate majority leader, the members of the house and senate appropriations committees, and the house and senate fiscal agencies.

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

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

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

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

(12) By December 31 of each year that the Michigan core communities fund continues in operation, the Michigan economic development corporation shall submit to the chairs of the appropriations committees in the house of representatives and senate a report detailing the awards made.

(13) As used in this section, "Michigan economic development corporation" means the public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal agreement effective April 5, 1999 between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund. If the Michigan economic development corporation is unable for any reason to perform its duties under this act, the Michigan strategic fund may exercise those duties.

#### **REPEALERS**

Sec. 419. Section 430 of 2000 PA 291 is repealed.]