

Summary: As Passed the House
CAREER DEVELOPMENT FY 2003-04
Senate Bill 285 (H-1)



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Budget Overview

The Department of Career Development is charged with fostering the state's workforce development system. A primary duty is the administration of various federal funding streams which support job readiness, job search, and employment training programs for various populations. These include the state's Work First program for welfare recipients, the Michigan Rehabilitation Services unit which supports vocational programs for the disabled, and general job search/training programs for adults and youth. Most direct services in these areas are provided through a network of 25 regional Michigan Works! agencies across the state. Almost 90% of the budget is financed through federal revenue.

Summary of Major Budget Issues

Volunteer Investment Grants Reduction - The **Executive** had proposed continuation level funding for this program at \$780,100. The **Senate** includes a GF/GP reduction to the Volunteer Investment Grants program of \$530,100. The **House** concurs with the Senate, but includes a negative \$100 GF/GP difference.

Focus: HOPE - The **Executive** had proposed continuation level funding for this program at \$5,860,200. The **Senate** transfers from Focus: HOPE \$2.0 million of federal Workforce Investment Act funding to the Job Training Programs Subgrantees appropriation line. The **House** concurs with the Senate, but includes a negative \$100 GF/GP difference from the Senate

Pre-College Program Grants - The current appropriation of \$900,000 for "Pre-college Programs in Engineering and the Sciences" is eliminated in the **Executive** budget proposal. The appropriation is allocated to two programs in the Detroit and Grand Rapids areas. These programs provide math and science programs for disadvantaged youth interested in engineering and science careers. The **Senate** and **House** restore \$500,000 for these program grants, with the House including a negative \$100 difference from the Senate.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: House to 2002-03 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0		\$0	0.0
Federal	406,469,200	418,100,400	418,100,400	418,100,400		11,631,200	2.9
Local	15,011,900	15,011,900	15,011,900	15,011,900		0	0.0
Private	2,396,300	2,396,300	2,396,300	2,396,300		0	0.0
Restricted	7,661,500	6,664,700	6,664,700	6,664,700		(996,800)	(13.0)
GF/GP	26,572,800	24,706,700	23,956,700	23,955,000		(2,617,800)	(9.8)
Gross	\$458,111,700	\$466,880,000	\$466,130,000	\$466,128,300		\$8,016,600	1.8
FTEs	1,095.0	1,089.0	989.5	989.5		(105.5)	(9.6)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD</u> <u>FY 2002-03</u>	<u>House</u> <u>Change</u>
1. Council of Michigan Foundations	Gross	\$2,000,000	(\$1,000,000)
The Executive recommendation reduced the grant Restricted		\$2,000,000	(\$1,000,000)
appropriation to the Council of Michigan Foundations by \$1.0 million. Beginning in FY 2000, tobacco settlement revenue had been allocated to this initiative. The Council re-grants the appropriated dollars to various community foundations around the state. The community foundations then use the funding to support local youth and senior health initiatives. New boilerplate proposed by the Executive would earmark all remaining funds to programs related to smoking prevention and cessation. The Senate and House concur.			
Executive change: (\$1,000,000)			
Senate change: (\$1,000,000)			
2. Pre-College Programs in Engineering and the Sciences	Gross	\$900,000	(\$401,100)
Grant funding for two regional pre-college educational GF/GP		\$900,000	(\$401,100)
programs would be eliminated under the Executive budget proposal. The Detroit program received an allocation of \$534,100, while the Grand Rapids program received \$365,900. Both programs provide special math and science programs for disadvantaged youth interested in science and engineering careers. The Senate restores \$500,000 for these program grants. The House agrees with the Senate but includes a negative \$100 GF/GP difference.			
Executive change: (\$900,000)			
Senate change: (\$400,000)			
3. Michigan Works! Service Centers	Gross	\$98,792,700	\$1,819,900
The Executive budget removed most of the remaining general Federal		98,602,700	2,000,000
fund subsidy for the operations of the state's Michigan Restricted		0	0
Works! Service Centers. Beginning in FY 2001, a GF/GP GF/GP		\$190,000	(\$180,100)
appropriation of \$1.2 million was provided to support central administrative activities within the centers. Each center houses a variety of workforce development programs, most of which are financed through different federal funding streams. The GF/GP support was provided to help subsidize general administrative activity not specifically related to any one program. The Senate concurs with the Executive GF/GP reduction but transfers \$2.0 million federal Workforce Investment Act funding from the Focus:HOPE appropriation line to this line. The House concurs with the Senate but includes a negative \$100 difference from the Senate.			
Executive change: (\$180,000)			
Senate change: \$1,820,000			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
4. Administrative Reductions	Gross	\$7,039,700	(\$1,249,700)
In anticipation of the proposed consolidation of the DCD with the Department of Consumer and Industry Services, the Executive proposed removing \$539,400 of GF/GP appropriations supporting department administrative activities. This includes the elimination of the remaining FY 2003 appropriation of \$110,000 for the DCD’s “Unclassified Salaries” line item as well as a reduction of \$429,400 to the Department’s “Administration” line item. The Department currently has no filled unclassified positions pending the executive reorganization. The reduction to the “Administration” appropriation line will be met by eliminating administrative costs duplicated in both departments as estimated by the Department of Management and Budget. The Senate concurs with the Executive’s reduction of \$539,400 and as well reduces the Administration appropriation line by an additional \$710,200, for a total reduction of \$1,249,600. The House concurs with the Senate but includes a negative \$100 difference from the Senate. Executive change: (\$539,400) Senate change: (\$1,249,600)	Federal	4,501,100	0
	Restricted	417,900	0
	GF/GP	\$2,120,700	(\$1,249,700)
5. Non-GF/GP Reductions – Executive Order 2003-3	Gross	N/A	(\$415,500)
The Executive proposal included a number of non-general fund appropriation reductions related to GF/GP cuts implemented through Executive Order 2003-3. The action reflects a reduction in federal appropriations that were tied to GF/GP matching funds removed in the executive order. Reductions include \$128,400 in federal Perkins Act funding for vocational education programs and \$287,100 in federal vocational rehabilitation dollars. The Senate and House concur with the Executive. Executive change: (\$415,500) Senate change: (\$415,500)	Federal		(\$415,500)
6. Federal Trade Adjustment Assistance	Gross	\$5,000,000	\$11,000,000
The Executive budget reflects an increase in available federal revenue to assist dislocated workers impacted by the North American Free Trade Agreement (NAFTA). An additional \$11.0 million is included in the budget to cover services provided to program participants. Enrollment in the program has increased in recent years. The Senate and House concur with the Executive. Executive change: \$11,000,000 Senate change: \$11,000,000	Federal	\$5,000,000	\$11,000,000

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
7. Other Federal Funding Changes			
<p>The Executive included a federal authorization increase to account for increased federal revenues available to support the administration of adult education programs (\$150,000) and to support enhancements to the state's labor market information programs (\$992,300). The Senate and House concur with the Executive.</p> <p>Executive change: \$1,142,300 Senate change: \$1,142,300</p>	Gross	N/A	\$1,142,300
	Federal		\$1,142,300
8. Early Retirement Savings			
<p>The proposed Executive budget includes a \$238,500 reduction from FY 2003 appropriations to account for the final portion of anticipated savings achieved under the recent state early retirement option. While the bulk of early retirement savings were incorporated into the FY 2003 budget, a number of state employees maintained their positions into the early portions of FY 2003 and appropriations were adjusted to reflect this. The FY 2004 recommendation includes adjustments to recognize these additional savings in various DCD operating line items. The Senate and House concur with the Executive.</p> <p>Executive change: (\$238,500) Senate change: (\$238,500)</p>	Gross	N/A	(\$238,500)
	GF/GP		(\$238,500)
9. Volunteer Investment Grants Reduction			
<p>The Executive had proposed continuation level funding for this program at \$780,100. The Senate includes a GF/GP reduction to the Volunteer Investment Grants program of \$530,100. The House concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.</p> <p>Executive change: None recommended. Senate change: (\$530,100)</p>	Gross	\$780,100	(\$530,200)
	GF/GP	\$780,100	(\$530,200)
10. Focus: HOPE			
<p>The Executive had proposed continuation level funding for this program at \$5,860,200. The Senate transfers from Focus: HOPE \$2.0 million of federal Workforce Investment Act funding to the Job Training Programs Subgrantees appropriation line. The House concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.</p> <p>Executive change: None recommended. Senate change: (\$2,000,000)</p>	Gross	\$5,860,200	(\$2,000,100)
	Federal	5,000,000	(2,000,000)
	GF/GP	\$780,100	(\$100)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
11. \$100 GF/GP Differences	Gross	\$0	(\$1,700)
The House includes a negative \$100 GF/GP point of difference from the Senate in seventeen lines supported with general funds.	GF/GP	\$0	(\$1,700)
Executive Change: n/a			
Senate Change: n/a			

Major Boilerplate Changes from FY 2002-03:

Contingency Funds – DELETED

The **Senate** strikes contingency fund language, Sec. 206 of current year language. The **House** concurs with the Senate.

Sec. 303. Local Matching Rate for Facilities Establishment Grants – MODIFIED

Current year language provides that local match requirement for vocational rehabilitation facilities establishment grants not exceed 21.3%. Grants are provided to local community rehabilitation organizations to support activities aimed at assisting disabled individuals to obtain employment. The **Executive** deleted this section. The **Senate** and **House** retained the current year language and eliminated the calendar year reference.

Sec. 305. Work First Program – MODIFIED

This section establishes specific guidelines for administering the Work First program. The **Executive** modified the language by eliminating references to “federal work participation requirements” and instead generically referring to work participation requirements in boilerplate. The action is taken to account for recent legislation which allows the department to increase work requirements in certain situations to levels that exceed the minimum federal requirements. The **Senate** and **House** concur with the Executive recommendation, but additionally the House provides language requiring the Department to determine the formula for Work First.

Sec. 306. Report on Outcomes for Work First Participants – RETAINED

Current law requires the department to acquire longitudinal data on Work First participants regarding their employment and salary situation, benefits coverage, job retention, and general welfare. The **Executive** amended the language to provide that the department “make reasonable efforts” to include the listed data in a report “to the extent of available funding”. The **Senate** and **House** retain current year language.

Sec. 309. Pre-college Grants Program Funding – MODIFIED

The **Executive** deleted language which detailed how pre-college program grants funding would be split between Detroit and Grand Rapids. The **Senate** modified the current year language changing the funding amounts to \$250,000 for Detroit and \$250,000 for Grand Rapids. The **House** concurs with the Senate but changes Detroit’s funding to \$249,900 representing the negative \$100 part 1 adjustment.

Major Boilerplate Changes from FY 2002-03:

Sec. 311. Disabled Veterans Outreach Program – MODIFIED

Section 311 of current year language requires certain staffing levels for disabled veterans outreach program specialists and local veterans employment representatives to assist veterans within Michigan Works! employment services offices as well as other administrative requirements for serving veterans. The **Executive** deleted the section. The **Senate** modified the language by removing an option clause, “if able and willing to serve”, now mandating representation at each Michigan Works! Service Center. The **House** concurs with the Senate.

Volunteer Investment Grants – DELETED

Section 312 of current year language requires the Department to report to the Legislature on the distribution of Volunteer Investment Grants by the Michigan Community Service Commission. The **Executive** removes the section. The **Senate** and **House** concur with the Executive.

Sec. 313. Council of Michigan Foundations – MODIFIED

Current law provides that the tobacco settlement revenue appropriation to the Council of Michigan Foundations be distributed to support local community efforts to address youth and senior health needs. The **Executive** amended the boilerplate language to earmark the remaining appropriation to support local smoking prevention and cessation efforts. The **Senate** and **House** concur with the Executive.

School Fee Fund – DELETED

Section 316 of current year language provides for the carry-forward of any un-expended balance within this fund at the end of the fiscal year. The **Executive** retained this language. The **Senate** and **House** concur to delete.

Adult Education Program – DELETED

Section 319 of current year language establishes legislative intent that at least \$75 million in adult education funding be administered through the existing process outlined in the School Aid Act and limits the amount distributed through any alternative process to \$20.0 million. The **Executive** deletes this section. The **Senate** and **House** concur with the Executive.

Sec. 320. Medicaid Buy-In Program – RETAINED

Section 320 of current year language requires the Department to work with the Department of Community Health to establish a Medicaid buy-in program for the working disabled. The **Executive** deleted the language. The **Senate** and **House** retain current law.

Sec. 321. King-Chavez-Parks Program – MODIFIED

This section of current law requires the Department to market the King-Chavez-Parks program to parents and students and to report to the Legislature on these marketing efforts. The program’s aim is to boost graduation rates for populations that have been traditionally under-represented within the higher education system. It also requires that the program be administered in the same manner as it was formerly when it was contained in the Department of Education. The **Executive** amended the language to remove the reporting requirement and the intent language regarding the administration of the program. The **Senate** does not concur with the Executive, but modifies current year language requiring the Department to provide electronic notification of the location of the report on the Internet to the subcommittees on December 30, 2003. The **House** concurs with the Senate.

Major Boilerplate Changes from FY 2002-03:

Sec. 326. Support for Michigan Works! Service Centers – RETAINED

Section 326 of current year language requires that the Department allocate sufficient funds to the state's 104 Michigan Works! Service Centers to allow the centers to remain fully operational. The **Executive** deleted the language. The **Senate** and **House** retain current year language.

Sec. 330. Focus:HOPE Legislative Intent Language – NEW

The **Senate** includes intent language stating that FY 2003-04 would be the last year that Focus: HOPE would be appropriated federal Workforce Investment Act funding. The **House** strikes the language.

Sec. 331. Focus:HOPE Request For Proposal Inclusion – NEW

The **Senate** provided language that requires the Department to ensure that Focus:HOPE would be included in any request for proposal to compete for federal Workforce Investment Act funding appropriated in the Job Training Program Subgrantees appropriation line. The **House** strikes the language.

Summary: As Passed the House
MICHIGAN STRATEGIC FUND FY 2003-04
Senate Bill 285 (H-1)



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Budget Overview

The Michigan Strategic Fund (MSF) Agency administers the state's economic development programs and initiatives. Currently housed as an autonomous agency within the Department of Management and Budget, the MSF administers most of its programming through the Michigan Economic Development Corporation (MEDC) – which is a public corporation representing a partnership between the state-level MSF and various local economic development agencies. MEDC programs include the Life Sciences Corridor initiative to encourage the commercialization of life sciences research, the state's tourism promotion efforts, business attraction and incentive programs, and general efforts to market the state as a business location.

Summary of Major Budget Issues

Administration Reduction – The **Executive** proposed a \$442,000 administrative reduction to achieve budgetary savings, as well as a negative adjustment of \$27,000 for worker's compensation and \$40,000 for early retirement savings. This results in a net reduction of \$509,000. The **Senate** recommends reducing the Administration appropriation line by \$4.0 million GF/GP in addition to the Executive reduction. This would leave a \$54,700 balance in the Administration line. The **House** concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.

Technology Tri-Corridor – The **Executive** reduced the current \$32.5 million tobacco settlement appropriation for the Life Sciences Corridor initiative by \$22.5 million resulting in a \$10.0 million appropriation for a new "Technology Tri-Corridor". The current program provides funding to universities and private facilities to support research and development in the life sciences as well the commercialization of innovations that come out of the research. The new Tri-Corridor would broaden this focus to include the areas of automotive technology and homeland security. The **Senate** renames the line, the "Life Sciences and Technology Tri-Corridor: Life Sciences Initiative", but only reduces the funding by \$17,450,000. The **House** concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.

Michigan Promotion Program – Under the **Executive's** proposed budget the state's tourism advertising and marketing program is reduced by \$700,000 to a new level of \$5.7 million. The program supports tourism advertising campaigns in targeted regional markets as well as tourism publications and market research. The **Senate** reduces this program by an additional \$217,500 GF/GP. The **House** concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: House to 2002-03 YTD	
						Amount	%
IDG/IDT	\$100,900	\$100,900	\$100,900	\$100,900		\$0	0.0
Federal	62,953,300	52,953,300	52,953,300	52,953,300		(10,000,000)	(15.9)
Local	0	0	0	0		0	0.0
Private	853,100	853,100	853,100	853,100		0	0.0
Restricted	32,550,000	10,050,000	15,150,000	15,149,900		(17,400,100)	(53.5)
GF/GP	40,426,100	35,555,900	31,388,400	41,387,900		961,800	2.4
Gross	\$136,883,400	\$99,513,200	\$100,445,700	\$110,445,100		(\$26,438,300)	(19.3)
FTEs	231.5	231.5	200.0	200.0		(31.5)	(13.6)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>YTD FY 2002-03</u>	<u>House Change</u>
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1. Technology Tri-Corridor: Life Sciences Initiative

The **Executive** recommendation called for the replacement of the \$32.5 million appropriation in FY 2003 for the Life Sciences Corridor with a reduced \$10.0 million appropriation for a new Technology-Tri-Corridor. The Tri-Corridor would expand the emphasis of the current Life Sciences initiative to include the areas of homeland security and automotive technology. The initiative would seek to encourage research and the eventual commercialization of technologies in these three areas. Both the original program and the newly proposed program are financed with tobacco settlement revenues. The Administration has indicated that the Michigan Economic Development Corporation is working to identify another \$10.0 million of its own internal corporate revenues that could be used to provide additional support to the program. These corporate funds would be re-allocated to this initiative from other existing MEDC commitments. The **Senate** renames the line, the "Life Sciences and Technology Tri-Corridor: Life Sciences Initiative", but only reduces the funding by \$17,450,000 from current year. Also, \$50,000 of GF/GP is included as a fund source for this appropriation line. The **House** concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.

Executive change: (\$22,500,000)

Senate change: (\$17,450,000)

Gross	\$32,500,000	(\$17,450,100)
Federal	0	0
Restricted	32,500,000	(17,500,000)
GF/GP	\$0	\$49,900

2. Economic Development Job Training Grants

Appropriations for the grant program would be reduced by 18.6% in the **Executive** proposal. Funds are utilized to support the development and delivery of customized job training curricula for specific Michigan businesses seeking retain or attract jobs. The program has seen significant reductions in recent years, with the appropriation falling from a high of \$31.0 million in FY 2000. Significant boilerplate changes also alter the structure of the current program in a number of ways (see "Major Boilerplate Changes"). The **Senate** concurs with the Executive recommendation. The **House** concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.

Executive change: (\$2,300,000)

Senate change: (\$2,300,000)

Gross	\$12,348,000	(\$2,300,100)
Federal	0	0
Restricted	0	0
GF/GP	\$12,348,000	(\$2,300,100)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
3. Michigan Promotion Program		Gross	\$6,417,500 (\$917,600)
<p>The appropriation for the state's tourism promotion activities is reduced by \$700,000 in the Executive budget (a 10.9% reduction from FY 2003). The line item primarily supports advertising campaigns in targeted markets that promote Michigan as a vacation destination. Smaller amounts are used for tourism publications and market research. The appropriation had reached just over \$8.0 million in FY 2000. The Senate reduces the promotion program by an additional \$217,500. The House concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.</p> <p>Executive change: (\$700,000) Senate change: (\$917,500)</p>	Federal	0	0
	Restricted	0	0
	GF/GP	\$6,417,500	(\$917,600)
4. Community Development Block Grants		Gross	\$60,000,000 (\$10,000,000)
<p>The Executive budget recommendation includes a \$10.0 million reduction in the federal appropriation for Community Development Block Grants. The reduction is implemented to bring the appropriation down to a level which reflects available funding and historical expenditures. Thus, it does not reflect an actual reduction in programming. The Senate and the House concur with the Executive recommendation.</p> <p>Executive change: (\$10,000,000) Senate change: (\$10,000,000)</p>	Federal	60,000,000	(10,000,000)
5. MEDC Administration Line		Gross	\$4,563,700 (\$4,509,100)
<p>Appropriations supporting the economic development programs and staff of the Michigan Economic Development Corporation are reduced by \$509,000 in the Executive budget. The Senate includes an additional \$4.0 million reduction along with the Executive's reduction of \$509,000. The House concurs with the Senate but includes a negative \$100 GF/GP difference from the Senate.</p> <p>Executive change: (\$509,000) Senate change: (\$4,509,000)</p>	GF/GP	\$4,563,700	(\$4,509,100)
6. Life Sciences and Technology Tri-Corridor: Homeland Security and Automotive Initiative –**NEW LINE**		Gross	N/A \$99,900
<p>The Senate included a new appropriation line called the "Life Sciences and Technology Tri-Corridor: Homeland Security and Automotive Initiative". The line is funded with \$100,000 Tobacco Settlement revenue. The House concurs with the Senate but includes a negative \$100 restricted revenue difference from the Senate.</p> <p>Executive change: n/a Senate change: \$100,000</p>	Restricted	N/A	\$99,900

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
7. <i>Life Sciences Research and Commercialization Center –</i>	Gross	N/A	\$10,000,000
<i>**NEW LINE**</i>	GF/GP	N/A	\$10,000,000
The House includes a new appropriation line called the “Life Sciences Research and Commercialization Center”. The line is funded with \$10,000,000 GF/GP.			
Executive change: n/a			
Senate change: n/a			

Major Boilerplate Changes from FY 2002-03:

Contingency Funds – DELETED

The **Senate** strikes contingency fund language, Sec. 206 of current year language. The **House** concurs with the Senate.

Sec. 211. Re-appropriation of Lapsed FY 2003 Funding – DELETED

The **Executive** recommendation included new language in Sec. 211 appropriating for FY 2004 up to one-half of any GF/GP appropriations lapsed at the end of FY 2003. However, this would only apply to GF/GP appropriations made for salary/wage expenses, contractual services, supplies and materials expenses, and information technology or program operations. Apparently, it would not include appropriations for non-operational expenses such as grants. The section includes intent language noting that the action is taken to encourage administrative efficiencies during FY 2003. The re-appropriation would be contingent upon the approval of the State Budget Director and the new appropriations would have to be used for the same purposes as the original FY 2003 appropriations. The **Senate** and **House** do not include this language.

Major Boilerplate Changes from FY 2002-03:

Sec. 401. Economic Development Job Training (EDJT) Grants – MODIFIED

Current law provisions outline the process and establish policies and procedures for the administration of the EDJT grant program. The program provides grants to training providers (e.g. community colleges) to support the development and delivery of customized job training programs for specific Michigan businesses. The **Executive** made a number of changes which significantly impact the program. Most significantly, the program is split into two separate components: the Business Response Program and the Manufacturing Competitiveness Program. The Business Response Program, which essentially reflects the existing program, is allocated up to \$7.0 million of the overall appropriation. The new Manufacturing Competitiveness Program will receive an allocation of up to \$4.0 million. This component of the program will seek to encourage collaborative training efforts benefiting multiple companies. Under the current program, a training provider typically receives a grant for job training targeting a single firm. Other changes include the removal of current earmarks of grant funds for community colleges and private sector training providers. Historically, boilerplate has allocated 70% of EDJT grant funds to community colleges or to training consortia lead by a community college. This earmark was increased to 90% in FY 2003. In addition, existing match requirements for participating businesses are increased from 25% to 30% of the grant award. Limits for administrative costs are increased for the MEDC from 5% of the appropriation to a flat \$800,000 limit (around 8% of the appropriation), while the percentage of the grant funds a training provider can expend on administrative costs is reduced from 12% to 10%. Finally, current provisions allowing EDJT funds to be used for worker recruitment and university research matching funds are eliminated. The **Senate** made a number of changes to this large boilerplate section. Changes are in subsections; (1) up to \$6.0 million appropriated for the Business Response Program and \$3.0 million for the Manufacturing Competitiveness Program; (3) modifies current year language by allowing EDJT grants to be expended for the training of permanent strike replacement workers if the strike exceeds three years and good faith negotiations are ongoing; (4) retains and modifies current year language to allow 75% of EDJT funding to community colleges or a consortium of community colleges. The **House** concurs with the Senate changes except subsection (1) now allocates \$6,523,900 to the Business Response Program and \$3,524,000 to the Manufacturing Competitiveness Program, and as well strikes the subsection (3) language the Senate added allowing EDJT grants to be expended for the training of permanent strike workers if the strike exceeds three years. The House deletes Senate subsection (17) which provides guidance for the Michigan Growth Capital Fund program.

Michigan Strategic Fund Programs – DELETED

Section 403 of current year language requires the Agency to report on all activities, grants, and investment programs financed from Michigan Strategic Fund revenue generated from investment income or gaming revenues. The **Executive** deleted the section. However, related language is added to existing section 407. The **Senate** and **House** concur with the Executive.

Promotion Program Funding for Cultural Tourism – DELETED

Section 405 of current year language allocates at least 25% of all Michigan Promotion Program funds for the promotion of cultural tourism. The **Executive** deleted the language. The **Senate** and **House** concur with the Executive.

Sec. 407. MEDC Program Reporting Requirements – MODIFIED

Current law requires the agency to report to the Legislature on the activities of each program administered by the Michigan Strategic Fund Agency or the Michigan Economic Development Corporation, including details on spending and FTEs employed. The **Executive** amended the language to require reporting on grants and investments financed from Michigan Strategic Fund Indian gaming and investment revenues. However, the new section, as written, appears to limit reporting to activities funded only with investment/gaming revenues, eliminating general reporting on activities financed through state appropriations. The **Senate** and **House** concur with the Executive.

Major Boilerplate Changes from FY 2002-03:

Sec. 410. Life Sciences Corridor/Technology Tri-Corridor – MODIFIED

Existing language provides for the distribution of the Life Science Corridor appropriation through a 14-member steering committee. It allocates up to \$2.5 million for administering the initiative and not less than \$5.0 million to a commercial development fund to support commercialization opportunities evolving from life sciences research. Of the remaining funds, 45% is earmarked for basic research in the life sciences and 55% is allocated for collaborative life sciences research with an emphasis on testing or developing emerging technologies. Eligibility requirements are outlined for grant category. The **Executive** modifies the current language in accordance with the Technology Tri-Corridor proposal, which would expand the scope of the program to include not only life sciences, but also homeland security and automotive research. A new 17-member steering committee is proposed, including new committee designations for the Director of the Department of Consumer and Industry Services and the State Treasurer. The allocation of up to \$2.5 million for administration and not less than \$5.0 for a commercial development fund are retained. Remaining funds are to be allocated competitively for research, testing, and the development of emerging discoveries in each area. Language regarding eligibility requirements is removed. The **Senate** made a number of changes to this boilerplate section. Changes are in subsections; (1) which designates \$15,050,000 for the Life Sciences Initiative and \$100,000 for the Homeland Security and Automotive Initiative; (3) from the funds remaining after administration and commercialization, 55% of the remaining funds are for basic research and 45% of the funding would be for collaborative research between Michigan universities and private research facilities; (4) NEW, language provides that 5% of the funding appropriated in part 1 for the Homeland Security and Automotive Initiative can be used for administering the initiative and that a proposal for funding must contain a life sciences component and complement proposals funded under the Life Sciences Initiative. The **House** concurs with the Senate except makes a technical change to the funded amount in subsection (1). Subsection (2) is modified to include legislative representation on the Life Sciences and Technology Tri-corridor Steering Committee. Also modified is subsection (3) to allow the Life Sciences Commercial Development Fund to be used for all business commercialization activities.

Ethnic Destination Marketing Organizations – DELETED

Section 416 of current year language requires Travel Michigan to coordinate with ethnic marketing organizations to promote ethnic festivals and events in Michigan target markets. The **Executive** deleted this language. The **Senate** and **House** concur with the Executive recommendation.

Port Huron Technical Assistance Center – DELETED

Section 419 of current year language allocates \$20,000 of the appropriation for “Job Creation Services” to the Port Huron Technical Assistance Center, one of a number of centers around the state that provides assistance to regional businesses in the areas of government procurement and international trade. The **Executive** deleted the section. The **Senate** and **House** concur with the Executive recommendation.

Sec. 419. Advice & Consent Language – NEW

The **House** includes intent language that the members of the executive committee of the MEDC are subject to the advice and consent of the Senate.

Sec. 420. Life Sciences Research and Commercialization Center – NEW

The **House** includes language indicating that the appropriation in part 1 is for the creation of a life sciences research and commercialization center.