

Act No. 169
Public Acts of 2003
Approved by the Governor
August 11, 2003
Filed with the Secretary of State
August 13, 2003
EFFECTIVE DATE: August 13, 2003

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2003**

Introduced by Senator Johnson

ENROLLED SENATE BILL No. 285

AN ACT to make appropriations for the department of career development and the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; and to provide for the disposition of fees and other income received by the state agencies.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of career development and the Michigan strategic fund for the fiscal year ending September 30, 2004, from the funds indicated in this part, the following:

TOTAL APPROPRIATIONS

Full-time equated classified positions	1,189.5		
GROSS APPROPRIATION		\$	571,393,200
Total interdepartmental grants and intradepartmental transfers		\$	100,900
ADJUSTED GROSS APPROPRIATION		\$	571,292,300
Federal revenues:			
Total federal revenues			471,053,700
Special revenue funds:			
Total local revenues			15,011,900
Total private revenues			3,249,400
Total other state restricted revenues			16,714,700
State general fund/general purpose		\$	65,262,600

Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT

(1) APPROPRIATION SUMMARY

Full-time equated classified positions	989.5		
GROSS APPROPRIATION		\$	466,880,000
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			0
ADJUSTED GROSS APPROPRIATION		\$	466,880,000
Federal revenues:			
Total federal revenues			418,100,400

For Fiscal Year
Ending Sept. 30,
2004

Special revenue funds:		
Total local revenues	\$	15,011,900
Total private revenues.....		2,396,300
Total other state restricted revenues		6,664,700
State general fund/general purpose	\$	24,706,700

(2) DEPARTMENT OPERATIONS

Full-time equated classified positions.....	60.0	
Administration—60.0 FTE positions	\$	6,489,600
Building occupancy charges - property development services		923,400
Special project advances		200,000
Worker's compensation.....		186,000
GROSS APPROPRIATION.....	\$	7,799,000

Appropriated from:

Federal revenues:

CNS.....		205,800
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants.....		1,948,700
DOL-ETA, workforce investment act		355,300
DOL, federal funds.....		1,965,000
Federal revenues		451,200
HHS, temporary assistance for needy families.....		337,700

Special revenue funds:

Private - special project advances.....		200,000
Contingent fund, penalty and interest.....		436,100
State general fund/general purpose	\$	1,899,200

(3) WORKFORCE DEVELOPMENT

Full-time equated classified positions.....	577.5	
Employment training services—500.0 FTE positions	\$	80,931,200
Michigan career and technical institute—77.5 FTE positions.....		10,894,300
GROSS APPROPRIATION.....	\$	91,825,500

Appropriated from:

Federal revenues:

CNS.....		1,663,800
DAG, employment and training		167,600
DED-OPSE, multiple grants		815,500
DED-OSERS, centers for independent living.....		58,200
DED-OSERS, rehabilitation long-term training		566,900
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants.....		46,256,100
DED-OSERS, state grants for technical related assistance		56,000
DOL-ETA, workforce investment act		3,994,000
DOL, federal funds.....		16,000,000
DED, Perkins act.....		173,600
HHS, temporary assistance for needy families.....		3,128,400
HHS-SSA, supplemental security income.....		4,394,800

Special revenue funds:

Private - gifts, bequests, and donations		1,396,300
Local vocational rehabilitation match		3,054,000
Rehabilitation services fees		1,246,000
Second injury fund		51,500
Student fees.....		308,000
Training material fees.....		256,300
State general fund/general purpose	\$	8,238,500

(4) CAREER EDUCATION PROGRAMS

Full-time equated classified positions.....	54.0	
Career and technical education—23.0 FTE positions	\$	3,324,900
Postsecondary education—14.0 FTE positions		2,402,900
Adult education—15.0 FTE positions		2,283,100
Commission on Spanish-speaking affairs—2.0 FTE positions.....		220,500
GROSS APPROPRIATION.....	\$	8,231,400

Appropriated from:	
Federal revenues:	
Federal revenues	\$ 6,130,000
Special revenue funds:	
Private occupational school license fees	378,900
Defaulted loan collection fees	100,000
State general fund/general purpose	\$ 1,622,500
(5) DEPARTMENT GRANTS	
Adult basic education	\$ 13,500,000
Council of Michigan foundations	1,000,000
Focus: HOPE	5,860,200
Gear-up program grants	3,000,000
Job training programs subgrantees	98,612,700
Michigan community service commission subgrantees	6,180,100
Michigan virtual university	1,000,000
Personal assistance services	459,500
Precollege programs in engineering and the sciences	500,000
Supported employment grants	1,441,300
Technology assistance grants	1,378,700
Carl D. Perkins grants	42,500,000
Vocational rehabilitation client services/facilities	51,207,400
Vocational rehabilitation independent living	3,079,700
Welfare-to-work programs	72,698,600
GROSS APPROPRIATION	\$ 302,418,200
Appropriated from:	
Federal revenues:	
CNS	5,500,000
DAG, employment and training	13,000,000
DED-OESE, gear-up	3,000,000
DED-OSERS, centers for independent living	450,200
DED-OSERS, client assistance for individuals with disabilities	440,000
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	35,797,900
DED-OSERS, rehabilitation services facilities	2,272,500
DED-OSERS, supported employment	1,441,300
DED-OSERS, state grants for technical related assistance	1,378,700
DED-OVAE, adult education	13,500,000
DED-OVAE, basic grants to states	42,500,000
DOL-ETA, workforce investment act	104,602,700
DOL-ETA, welfare-to-work	20,000,000
HHS, temporary assistance for needy families	32,399,000
HHS-SSA, supplemental security income	2,480,600
Special revenue funds:	
Private - gifts, bequests, and donations	800,000
Contingent fund, penalty and interest account	1,000,000
Local vocational rehabilitation match	6,630,500
Local vocational rehabilitation facilities match	1,278,300
Tobacco settlement revenue	1,000,000
State general fund/general purpose	\$ 12,946,500
(6) EMPLOYMENT SERVICE AGENCY	
Full-time equated classified positions	298.0
Building occupancy charges - property development service	\$ 757,700
Worker's compensation	71,000
Employment services—246.0 FTE positions	43,799,300
Labor market information—52.0 FTE positions	5,485,200
GROSS APPROPRIATION	\$ 50,113,200
Appropriated from:	
Federal revenues:	
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants	1,317,400
DOL, federal funds	42,858,800

		For Fiscal Year Ending Sept. 30, 2004
Special revenue funds:		
Contingent fund, penalty and interest account	\$	1,887,900
Local revenue		4,049,100
State general fund/general purpose	\$	0
(7) INFORMATION TECHNOLOGY		
Information technology services and projects	\$	6,492,700
GROSS APPROPRIATION	\$	6,492,700
Appropriated from:		
Federal revenues:		
Federal revenue		6,492,700
State general fund/general purpose	\$	0

Sec. 103. MICHIGAN STRATEGIC FUND

(1) APPROPRIATION SUMMARY

Full-time equated classified positions	200.0	
GROSS APPROPRIATION	\$	104,513,200
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		100,900
ADJUSTED GROSS APPROPRIATION	\$	104,412,300
Federal revenues:		
Total federal revenues		52,953,300
Special revenue funds:		
Total private revenues		853,100
Total other state restricted revenues		10,050,000
State general fund/general purpose	\$	40,555,900

(2) MICHIGAN STRATEGIC FUND

Full-time equated classified positions	200.0	
Administration—40.0 FTE positions	\$	4,054,700
Job creation services—160.0 FTE positions		19,693,000
Michigan promotion program		5,717,500
Economic development job training grants		10,048,000
Community development block grants		50,000,000
Life sciences and technology tri-corridor: life sciences initiative		15,000,000
GROSS APPROPRIATION	\$	104,513,200
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDEQ, air quality fees		100,900
Federal revenues:		
DOL-ETA, employment service		783,700
HUD-CPD, community development block grant		52,169,600
Special revenue funds:		
Private - Michigan certified development corporations fees		353,100
Private - special project advances		500,000
Industry support fees		50,000
Tobacco settlement revenue		10,000,000
State general fund/general purpose	\$	40,555,900

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$81,977,300.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$0.

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

Sec. 203. As used in this appropriation act:

- (a) "CEO" means chief executive officer of the Michigan strategic fund.
- (b) "CNS" means the corporation for national services.
- (c) "DAG" means the United States department of agriculture.
- (d) "DED" means the United States department of education.
- (e) "DED-OESE" means the DED office of elementary and secondary education.
- (f) "DED-OPSE" means the DED office of postsecondary education.
- (g) "DED-OSERS" means the DED office of special education rehabilitation services.
- (h) "DED-OVAE" means the DED office of vocational and adult education.
- (i) "Department" means the department of career development.
- (j) "Director" means the director of the department of career development.
- (k) "DOL" means the United States department of labor.
- (l) "DOL-ETA" means the DOL employment and training act.
- (m) "Fiscal agencies" means the Michigan house fiscal agency and the Michigan senate fiscal agency.
- (n) "FTE" means full-time equated.
- (o) "Fund" means the Michigan strategic fund.
- (p) "GED" means general education degree.
- (q) "HHS" means the United States department of health and human services.
- (r) "HHS-SSA" means HHS social security administration.
- (s) "HUD-CPD" means HUD community planning and development.
- (t) "IDG" means interdepartmental grant.
- (u) "MDEQ" means the Michigan department of environmental quality.
- (v) "MEDC" means the Michigan economic development corporation, which is 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 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.
- (w) "Subcommittees" means all members of the subcommittees of the house and senate appropriations committees with jurisdiction over the budgets for the department and the fund.

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

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department or state classified civil service positions that are fully federally funded.

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

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the fiscal agencies and to the subcommittees within 30 months.

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

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

Sec. 210. The director or the CEO of each department and agency receiving appropriations in part 1 are encouraged to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director or CEO will strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. The department and the fund shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

Sec. 212. The departments and state agencies receiving appropriations under this act shall receive and retain copies of all reports funded from appropriations in part 1. These departments and state agencies shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

Sec. 213. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

DEPARTMENT OF CAREER DEVELOPMENT

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

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

Sec. 303. The local match requirements for vocational rehabilitation facilities establishment grants shall not exceed 21.3% for the fiscal year ending September 30.

Sec. 304. (1) Of the funds appropriated in part 1 for vocational rehabilitation independent living, all general fund/general purpose revenue not used to match federal funds shall be used for the support of centers for independent living which are in compliance with federal standards for such centers, for the development of new centers in areas presently unserved or underserved, for technical assistance to centers, and for projects to build capacity of centers to deliver independent living services. Applications for such funds shall be reviewed in accordance with criteria and procedures established by the statewide independent living council, the Michigan rehabilitation services unit within the department, and the Michigan commission for the blind. Funds must be used in a manner consistent with the priorities established in the state plan for independent living. The department is directed to work with the Michigan association of centers for independent living and the local workforce development boards to identify other competitive sources of funding.

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

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

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

(ii) Number of persons moved out of nursing homes into independent living situations and a comparison to the number assisted in the previous year.

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

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

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

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

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

Sec. 305. (1) The appropriation in part 1 to the department for the work first program shall be expended for grants which provide employment and training services to family independence program applicants and recipients and may be expended for grants which provide employment and training services to former family independence program recipients, as well as to recipients of noncash public assistance, specifically child day care, Medicaid, or food stamp benefits. The work first program, however, shall not be construed to be an entitlement to services.

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

(3) When the work first job search requirements have been completed, if the participant has not found employment, the work first site shall identify the barriers which may have prevented the participant from obtaining employment and assist the client in removing those barriers. The work first site shall also identify appropriate education and job training programs which would be available to the participant. The department shall encourage the Michigan works! agencies to consider transportation challenges for work first participants placed in employment. When an individual is re-referred to work first because of an inability to retain employment, the department shall confer with the Michigan rehabilitation services, the family independence agency, or other professionals if deemed appropriate by the Michigan works! agency to screen for and identify issues that are preventing the participant from succeeding in the labor market. Each Michigan works! agency shall determine locally the number of times an individual may be re-referred back to the program before consulting with other service agencies. If no prohibitive barriers to work are found, the individual shall comply with the work first program, or be subject to appropriate penalties.

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

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

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

(7) Work first program participants must receive or be provided an explanation of the program including their benefits and responsibilities before the job interview phase of the program. This explanation shall include clear guidelines with regard to an individual's eligibility for postemployment training support and for applying hours in training toward work requirements.

(8) The department shall make every effort to place a minimum of 50% of clients who participate in the work first program in positions that provide wages of \$8.00 per hour or more.

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

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

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

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

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

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

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

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

Sec. 306. (1) Using all relevant state data sources, the department shall conduct a 3-year longitudinal study of all former work first participants, whose family independence program cases closed due to earnings during fiscal year 1999 and in succeeding fiscal years. The data will include the following:

(a) The number and percentage employed.

(b) The average hourly wage of those employed.

(c) The current hourly wage of those employed.

(d) The range of wages earned by those employed.

(e) The number of individuals that earned each wage amount.

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

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

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

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

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

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

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

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

(2) The department shall notify the subcommittees, fiscal agencies, and state budget director electronically by March 15, 2004 of the location of the Internet site where the report containing the identified data is located.

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

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

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

Sec. 309. (1) Of the funds appropriated in part 1 for precollege programs in engineering and the sciences, \$250,000.00 shall be provided in the form of a grant to the Detroit precollege engineering program, incorporated and \$250,000.00 shall be provided in the form of a grant to the Grand Rapids area precollege engineering program.

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

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

Sec. 311. (1) The department shall have at least 1 disabled veterans outreach program specialist or local veterans employment representative present, at each Michigan works! service center on a full- or part-time basis during hours of operation.

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

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

(4) The department shall require that each Michigan works! service center shall have posted in a conspicuous place within the office a notice advising veterans that a disabled veterans outreach program specialist or a local veterans employment representative is available to assist him or her.

(5) The department shall require each Michigan works! service center to provide free mediated services to employers wishing to hire a veteran.

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

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

Sec. 314. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

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

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

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

- (a) The number of participants receiving support under the program.
- (b) The number of participants obtaining full-time employment.
- (c) The number of participants obtaining full-time employment in college faculty positions.

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

Sec. 320. The department shall work with the department of community health to establish a Medicaid buy-in program for the working disabled through the options available under the federal ticket to work and work incentives improvement act of 1999.

Sec. 321. The King-Chavez-Parks initiative shall be marketed by the department to Michigan parents and high school and college students, to promote the benefits and the availability of the college day, select student support services, college/university partnership, visiting professors, Morris Hood, Jr. educator development, and future faculty programs. The department shall provide electronic notification of the location of the report on the Internet to the subcommittees on December 30, 2003, identifying all efforts taken to market these programs, including, but not limited to, the amount of funding allocated for this purpose, the fund source and any expenditures or encumbrances relating to this marketing effort. It is the intent of the legislature that the department administer the King-Chavez-Parks initiative in the same manner as when it was previously contained in the department of education and consistent with all boilerplate language pertaining to the above listed programs as included in the appropriations act for higher education institutions.

Sec. 325. 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.

Sec. 326. From the funds appropriated in part 1 to job training programs subgrantees, the department shall allocate sufficient funds to the Michigan works! service centers to allow these centers to remain fully operational.

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

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

(b) Promote technology-based training to public and private sector organizations that emphasize partnerships between public education and the business sector.

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

Sec. 329. (1) Focus: HOPE shall submit a report on the use of the grant's funds appropriated in part 1 to the chairs of the house and senate subcommittees and the fiscal agencies that includes, but is not limited to, the following:

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

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

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

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

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

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

MICHIGAN STRATEGIC FUND

Sec. 401. (1) The appropriation in part 1 to the fund for economic development job training shall be expended in 2 categories: the business response program for employee training grants which maintain or attract permanent jobs for Michigan residents and the manufacturing competitiveness program for grants to fund collaborative efforts which increase the competitiveness of multiple companies within a grant. The business response program is allocated up to \$6,524,000.00, and the manufacturing competitiveness program is allocated up to \$3,524,000.00 not to exceed the part 1 appropriation for this program in its entirety. The fund has the authority to reallocate these amounts during the fiscal year dependent on business demand and economic conditions.

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

(3) No funds appropriated in part 1 to the fund for economic development job training grants may be expended for the training of permanent striker replacement workers, unless a strike exceeds 3 years and good faith negotiations are ongoing.

(4) Of the total funds appropriated in part 1 for economic development job training grants, at least 75% of the funds shall be awarded to community colleges or a consortium of community colleges and other eligible applicants pursuant to subsection (5).

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

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

(7) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted. Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) The amount and recipient of each grant or contract.
- (b) The number of participants under each grant or contract and the number of new hires who are in training under the grant.
- (c) The names, addresses, and total number of employees of all business organizations for whom training is or will be provided.
- (d) The matching funds, if any, to be provided by a business organization.

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

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

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

- (a) An applicant must match state funds on a 1:1 basis.
- (b) Eligible uses of the fund include investments in organizations and programs that promote the development of new industry sectors in Michigan; inducements to attract additional venture capital funds to finance technology development; support organizations, initiatives, or events that promote entrepreneurship; provide match for university federal research grants; and support technology transfer and commercialization programs with universities and the private sector.
- (c) The Michigan economic development corporation shall administer the Michigan growth capital fund.
- (d) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the Michigan growth capital fund, shall be received, held, and applied by the Michigan strategic fund for the purposes described in this subsection.
- (e) The Michigan economic development corporation shall provide an annual report on the status of the Michigan growth capital fund to the subcommittees, the fiscal agencies, and the state budget office by January 31.

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

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

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

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

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

- (a) Travel Michigan.

- (b) Michigan business development.
- (c) Global business development.
- (d) Small, minority, and disabled business services.
- (e) Community development block grants.
- (f) Strategic fund administration.
- (g) Renaissance zones.
- (h) Emerging business sectors and roundtables.
- (i) Business and clean air ombudsman.
- (j) Economic development job training grants.
- (k) Community assistance team.
- (l) Life sciences and technology tri-corridor.
- (m) Any other programs of the fund.

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

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

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

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

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

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

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

Sec. 410. (1) From the funds appropriated in part 1 for the life sciences and technology tri-corridor, \$15,000,000.00 is appropriated for the life sciences initiative. These funds are appropriated to support the research and commercialization in these respective areas and all potential business commercialization opportunities. All funding for the areas of homeland security and automotive initiative shall be funded from the Indian casino revenue or other federal sources. The program shall be administered by the Michigan economic development corporation.

(2) A life sciences and technology tri-corridor steering committee, appointed by the governor, shall consist of 19 members including the CEO of the Michigan economic development corporation, the director of the department of consumer and industry services, the state treasurer, a member from Michigan State University, the University of Michigan, Wayne State University, Western Michigan University for fiscal year 2003-04, the Van Andel Institute, 2 members representing the legislature, 1 of which is chosen by the speaker of the house of representatives and 1 of which is chosen by the majority leader of the senate, and 2 members actively engaged in each of the 3 targeted business sectors. The remaining members shall be appointed at large and may include members from the private sector, public sector, or other Michigan universities. Committee members are authorized to designate alternate members. The purpose of the steering committee is to provide advice and oversight of the initiative, including the development of criteria for the award of contracts or grants to qualifying universities, institutions, companies, or individuals. The steering committee will make decisions regarding distribution of these funds.

(3) Of the funds appropriated, up to \$2,500,000.00 may be used for administering the life sciences initiative including the monitoring of previous years' awards. Not more than \$5,000,000.00 shall be used to support a competitive business commercial development fund to support business commercialization research opportunities in Michigan. In allocating funding to the business commercial development fund, the life sciences and technology tri-corridor steering committee shall give maximum priority to supporting all potential commercialization opportunities that appear to have merit. Business commercialization proposals receiving funding need not contain a life sciences component. Of the remaining

funds appropriated for the life sciences initiative, 55% are allocated for a basic research fund, to be distributed on a competitive basis to Michigan universities or Michigan nonprofit research institutes, or both, for basic research in health-related areas. In addition, 45% of the remaining appropriated funds for the life sciences initiative are earmarked for a collaborative research fund to support peer-reviewed collaborative grants among Michigan universities and/or private research facilities, with emphasis on research testing or developing emerging discoveries.

(4) The life sciences and technology tri-corridor steering committee shall ensure that all research proposals receiving funding from the homeland security and automotive initiative contain a life sciences component and complement those proposals funded under the life sciences initiative. Any business commercialization proposal receiving funding from the homeland security and automotive initiative need not complement those proposals funded under the life sciences initiative.

(5) Repayment of any funds received as a result of awards made under 1999 PA 120, 2000 PA 292, 2001 PA 80, 2002 PA 517, or this act including, but not limited to, funds received as interest or return on investment shall be deposited in the business commercial development fund. These funds are authorized for expenditure upon receipt and shall not lapse to the general fund.

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

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

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

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

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

- (a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.
- (b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.
- (c) Annual audits of all financial records by the auditor general or his or her designee.
- (d) All reports required by law to be submitted to the legislature.
- (e) If the MEDC is unable for any reason to perform duties under this act, the Michigan strategic fund may exercise those duties.

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

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

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

Sec. 418. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may 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 may 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.

(3) Awards can be used 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 any other costs related to the successful development and implementation of core community or certified technology park projects, 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) No single applicant shall be awarded more than \$10,000,000.00 per project.

(8) 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, the house and senate fiscal agencies, and the state budget director.

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

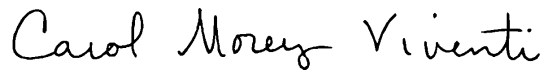
(a) Land sited for use as, or support for, a gaming facility.

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

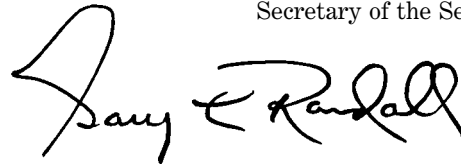
(c) Publicly owned land or facilities which may directly or indirectly support a gaming facility.

Sec. 419. It is the intent of the legislature that the members of the executive committee of the corporation board of the MEDC be subject to the advice and consent of the senate.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

.....
Governor