

Act No. 120
Public Acts of 1999
Approved by the Governor
July 19, 1999
Filed with the Secretary of State
July 20, 1999
EFFECTIVE DATE: July 20, 1999

STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 1999

Introduced by Senator Gast

ENROLLED SENATE BILL No. 79

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, 2000; 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, 2000, from the funds indicated in this part, the following:

TOTAL APPROPRIATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,307.0	
GROSS APPROPRIATION		\$ 684,821,800
Total interdepartmental grants and intradepartmental transfers		\$ 1,147,000
ADJUSTED GROSS APPROPRIATION		\$ 683,674,800
Federal revenues:		
Total federal revenues		453,526,500
Special revenue funds:		
Total local revenues		10,867,900
Total private revenues		3,263,700
Total other state restricted revenues		129,970,300
State general fund/general purpose		\$ 86,046,400

Sec. 102. DEPARTMENT OF CAREER DEVELOPMENT

(1) APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	1,066.0	
GROSS APPROPRIATION		\$ 515,904,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		1,047,000
ADJUSTED GROSS APPROPRIATION		\$ 514,857,700

Federal revenues:	
Total federal revenues	\$ 400,323,300
Special revenue funds:	
Total local revenues	10,867,900
Total private revenues.....	2,607,000
Total other state restricted revenues.....	79,920,300
State general fund/general purpose	\$ 21,139,200
(2) DEPARTMENTAL ADMINISTRATION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions.....	11.0
Unclassified salaries.....	\$ 536,200
Executive direction—11.0 FTE positions	1,001,700
GROSS APPROPRIATION.....	\$ 1,537,900
Appropriated from:	
State general fund/general purpose	\$ 1,537,900
(3) DEPARTMENT OPERATIONS	
Full-time equated classified positions.....	86.0
Administrative services—86.0 FTE positions.....	\$ 9,602,300
Building occupancy charges - property development services	432,600
Special project advances	200,000
Worker's compensation.....	196,400
GROSS APPROPRIATION.....	\$ 10,431,300
Appropriated from:	
Federal revenues:	
CNS.....	50,000
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants.....	1,957,300
DED, cooperative demonstration, school-to-work.....	57,700
DOL-ETA	408,000
DOL-ETA, bureau of labor statistics.....	990,800
DOL-ETA, employment services	2,007,400
DOL-ETA, job training partnership grants	434,200
DOL-ETA, miscellaneous funds.....	38,900
DOL-ETA, veterans' employment and training administration.....	2,240,600
HHS, temporary assistance for needy families.....	565,700
Special revenue funds:	
Private - special project advances.....	200,000
Contingent fund, penalty and interest.....	790,000
State general fund/general purpose	\$ 690,700
(5) WORKFORCE DEVELOPMENT	
Full-time equated classified positions.....	666.0
Employment training services—571.0 FTE positions	\$ 59,258,600
Michigan career and technical institute—95.0 FTE positions.....	9,675,800
GROSS APPROPRIATION.....	\$ 68,934,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOC	31,400
Federal revenues:	
CNS.....	516,500
DAG, employment and training.....	250,600
DED, cooperative demonstration, school-to-work.....	1,017,900
DED-OPSE, multiple grants	599,500
DED-OSERS, centers for independent living.....	56,500
DED-OSERS, rehabilitation long-term training	350,200
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants.....	40,117,700
DED-OSERS, state grants for technical related assistance	54,000
DOL-ETA, job training partnership act	3,077,700
DOL-ETA, multiple grants.....	578,500
DOL-NOICC.....	166,800

	For Fiscal Year Ending Sept. 30, 2000
HHS, temporary assistance for needy families.....	\$ 3,567,500
HHS-SSA, supplemental security income.....	4,061,700
Special revenue funds:	
Private - gifts, bequests, and donations	1,357,000
Local vocational rehabilitation match	3,152,200
Rehabilitation services fees	1,908,000
Risk management internal service fund.....	99,700
Second injury fund	50,000
Student fees.....	80,000
Training material fees.....	249,600
State general fund/general purpose	\$ 7,591,400
(6) DEPARTMENT GRANTS	
Displaced homemakers	\$ 470,000
Job training programs subgrantees	102,095,600
Michigan community service commission subgrantees.....	5,900,000
Personal assistance services	412,000
Pre-college programs in engineering and the sciences.....	1,044,700
School-to-work subgrantees.....	3,000,000
Supported employment grants.....	1,308,600
Technology assistance grants.....	1,086,600
Vocational rehabilitation client services/facilities.....	50,104,000
Vocational rehabilitation independent living.....	2,365,700
Welfare-to-work programs.....	140,279,000
Michigan technical education centers.....	75,000,000
Focus: HOPE.....	5,494,300
GROSS APPROPRIATION	\$ 388,560,500
Appropriated from:	
Interdepartmental grant revenues:	
IDG-MDOC.....	1,015,600
Federal revenues:	
CNS.....	4,500,000
DAG, employment and training.....	13,000,000
DED, cooperative demonstration, school-to-work.....	3,000,000
DED-OSERS, centers for independent living.....	525,000
DED-OSERS, client assistance for individuals with disabilities.....	360,600
DED-OSERS, rehabilitation services, vocational rehabilitation of state grants.....	34,935,200
DED-OSERS, rehabilitation services facilities.....	2,272,500
DED-OSERS, supported employment	1,308,600
DED-OSERS, state grants for technical related assistance	1,086,600
DOL-ETA, job training partnership act	96,650,000
DOL-ETA, multiple grants.....	4,430,000
HHS, temporary assistance for needy families.....	127,029,000
HHS-SSA, supplemental security income.....	2,362,500
Special revenue funds:	
Private - gifts, bequests, and donations	800,000
Private - oil overcharge.....	250,000
Contingent fund, penalty and interest account.....	1,000,000
Local vocational rehabilitation match	6,437,400
Local vocational rehabilitation facilities match.....	1,278,300
Tobacco settlement revenue	75,000,000
State general fund/general purpose	\$ 11,319,200
(7) EMPLOYMENT SERVICE AGENCY	
Full-time equated classified positions.....	303.0
Building occupancy charges - property development service	\$ 230,100
Rent.....	458,300
Worker's compensation.....	141,300
Employment services—256.0 FTE positions.....	42,636,600
Labor market information—47.0 FTE positions.....	2,974,300
GROSS APPROPRIATION	\$ 46,440,600

Appropriated from:	
Federal revenues:	
DOL-ETA	\$ 1,312,700
DOL-ETA, bureau of labor statistics.....	1,651,700
DOL-ETA, employment service	26,968,400
DOL-ETA, miscellaneous funds.....	11,368,300
DOL-ETA, veterans' employment and training administration.....	4,396,500
Special revenue funds:	
Contingent fund, penalty and interest account.....	743,000
State general fund/general purpose	\$ 0

Sec. 103. MICHIGAN STRATEGIC FUND

(1) APPROPRIATION SUMMARY:

Full-time equated classified positions.....	241.0	
GROSS APPROPRIATION.....		\$ 168,917,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		100,000
ADJUSTED GROSS APPROPRIATION.....		\$ 168,817,100
Federal revenues:		
Total federal revenues.....		53,203,200
Special revenue funds:		
Total private revenues.....		656,700
Total other state restricted revenues.....		50,050,000
State general fund/general purpose		\$ 64,907,200

(2) MICHIGAN STRATEGIC FUND

Full-time equated classified positions.....	241.0	
Administration—40.0 FTE positions		\$ 5,337,100
Job creation services—201.0 FTE positions		24,537,500
Michigan promotion program		8,042,500
Economic development job training grants.....		31,000,000
Community development block grants.....		50,000,000
Health and aging research and development initiative.....		50,000,000
GROSS APPROPRIATION.....		\$ 168,917,100
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDEQ, air quality fees.....		100,000
Federal revenues:		
DOL-ETA, employment service		1,300,000
HUD-CPD, community development block grant.....		51,903,200
Special revenue funds:		
Private-Michigan certified development corporations fees.....		156,700
Private-special project advances		500,000
Industry support fees		50,000
Tobacco settlement revenue.....		50,000,000
State general fund/general purpose		\$ 64,907,200

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. (1) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 1999-2000 is estimated at \$216,016,700.00 in this act and state spending from state sources paid to local units of government for fiscal year 1999-2000 is estimated at \$106,000,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF CAREER DEVELOPMENT

Michigan technical education centers.....	\$ 75,000,000
Total department of career development.....	\$ 75,000,000

MICHIGAN STRATEGIC FUND

Economic development job training grants.....	\$	31,000,000
Total Michigan strategic fund	\$	31,000,000

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

Sec. 202. As used in this appropriation act:

- (a) "CDBG" means community development block grant.
- (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-OPSE" means the DED office of postsecondary education.
- (f) "DED-OSERS" means the DED office of special education rehabilitation services.
- (g) "Department" means the department of career development.
- (h) "Director" means the director of the department of career development.
- (i) "DOL" means the United States department of labor.
- (j) "DOL-ETA" means the DOL employment and training act.
- (k) "DOL-NOICC" means the DOL national occupational information coordinating committee.
- (l) "Fiscal agencies" means the Michigan house fiscal agency and the Michigan senate fiscal agency.
- (m) "FTE" means full-time equated.
- (n) "Fund" means the Michigan strategic fund.
- (o) "HHS" means the United States department of health and human services.
- (p) "HHS-SSA" means HHS social security administration.
- (q) "HUD-CPD" means HUD community planning and development.
- (r) "IDG" means interdepartmental grant.
- (s) "JTPA" means job training partnership act, Public Law 97-300, 96 Stat. 1322.
- (t) "MDEQ" means the Michigan department of environmental quality.
- (u) "MDOC" means the Michigan department of corrections.
- (v) "President" means the president of the Michigan strategic fund.

Sec. 203. The appropriations made and the expenditures authorized under this act and the departments, agencies, commissions, boards, offices, and programs for which an appropriation is made under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 204. A department or agency billed by the department of civil service for the 1% charge authorized by section 5 of article XI of the state constitution of 1963 by the end of the first fiscal quarter shall pay the total amount of the billing by the end of the second fiscal quarter.

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

Sec. 206. The department and the fund shall not permit any other department, agency, or office of this state to use funds or FTE positions authorized for those departments or allow any funds or FTE positions from any other department, agency, or office to be used within the department or fund without a 30-day notice given to the appropriations subcommittees of the house and senate.

Sec. 207. (1) Beginning October 1, 1999, 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 to positions that are funded with 80% or more federal or restricted funds.

(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. The state budget director shall report by the fifteenth of each month 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 month and the reasons to justify the exceptions.

Sec. 208. 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. 209. (1) The director and the president shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both, for the department or the fund.

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

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

Sec. 212. Sixty days before beginning any effort to privatize, the departments shall submit a complete project plan to the appropriate house and senate appropriations subcommittees and the house and senate 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 appropriate house and senate appropriations subcommittees and the house and senate fiscal agencies within 30 months.

Sec. 213. The department and the fund shall implement a pilot program that places reports required by this act on the Internet, with electronic notification to legislative offices of Internet access to the reports. During fiscal year 2000, the department and the fund shall continue to distribute all of these reports to the legislature in the current printed format.

Sec. 214. (1) The department and the fund shall submit to the department of management and budget, the house and senate appropriations committees, the fiscal agencies, and the house and senate standing committees having jurisdiction over technology issues quarterly reports on the department's and the fund's efforts to change the department's and the fund's computer software and hardware as necessary to perform properly in the year 2000 and beyond. These reports shall identify actual progress in comparison to the department's and the fund's approved work plan for these efforts.

(2) Beginning with the report on April 1, 2000, the department and the fund shall submit to the department of management and budget, the senate and house of representatives standing committees on appropriations, the fiscal agencies, and the senate and house standing committees having jurisdiction over technology issues quarterly reports identifying for the immediately preceding quarter significant problems with information systems, occurrences of information system failure as a result of noncompliance with year 2000 standards, and previously unidentified areas of significant impact. These reports shall identify systems needing corrective action and the contractual obligations of accountable parties. These reports shall give the status of the progress made in repairing and testing applications, the status of vendor supplied solutions to problems, information on the activation of manual or contract processes used to correct problems, and an itemization of the additional costs incurred.

(3) The department and the fund may present progress billings to the department of management and budget for the costs incurred in changing computer software and hardware as necessary to perform properly in the year 2000 and beyond and for costs incurred as a result of initiating corrective actions. At the time progress billings are presented for reimbursement, the department and the fund shall identify the funding sources that should support the work performed and the department of management and budget shall forward the appropriated funding.

Sec. 215. The department and the fund shall provide a report prepared by the department's and the fund's internal auditor on the activities of the internal auditor for the prior fiscal year. This report shall include a listing of each audit or investigation performed by the internal auditor pursuant to sections 486(4) and 487 of the management and budget act, 1984 PA 431, MCL 18.1486 and 18.1487. The report shall identify the proportion of time spent on each of the statutory responsibilities listed in sections 485(4), 486(4), and 487 of the management and budget act, 1984 PA 431, MCL 18.1485, 18.1486, and 18.1487, and the time spent on all other activities performed in the internal audit function. The first report shall be due March 1, 2000, and biennially thereafter beginning on May 1 and shall be submitted to the governor, auditor general, the senate and house appropriations committees, the fiscal agencies, and the director and the president.

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 717, 720 to 724, 730 to 732, 740 to 741, 750, 752, 760 to 762, 770 to 777b, 777d to 777f, 780, 781 to 785, 790 to 794d, 795 to 795q, and 796 to 796i.

Sec. 303. (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.

(2) An applicant may be a district, intermediate 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 districts, intermediate 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.

(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. Additionally, the department and the family independence agency shall work together to develop a program to provide employment services to former family independence program recipients and to recipients of noncash public assistance benefits such as child day care, Medicaid, or food stamp benefits. This program shall not be construed to be an entitlement to services.

(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 post-employment training support and for applying hours in training toward federal work requirements.

(8) The department shall make every effort to place a minimum of 25% of clients who participate in the work first program in positions that provide wages of \$6.00 per hour or more.

(9) The department shall submit to the fiscal agencies and the state budget director by March 15, 2000, 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 with sanctions recommended by the family independence agency.

(10) A grant awarded under this section may extend beyond the end of the fiscal year in which the grant is awarded and the funds awarded for the grant may be available in the subsequent fiscal year for payment the next fiscal year.

(11) 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.

(12) The department and the family independence agency shall establish clear joint guidelines on the eligibility of work first participants for post-employment training support and on how training/education hours can be applied toward federal work participation requirements. These guidelines shall be developed in a manner which balances 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 while in training/education. The department shall submit these guidelines to the house and senate appropriations committees with jurisdiction over the department, over the family independence agency, and to the fiscal agencies by October 1, 1999.

(13) 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. The combined work and training/education hours must equal the minimum number of hours required to meet the federal work participation requirements, 30 hours per week for a single parent, 35 hours per week for 2-parent families (55 hours if utilizing federally funded day care), and 20 hours per week for single parents with a child under the age of 6. 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 which is designed to lead to immediate labor force attachment.

(14) Work first participants may meet the federal 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. Two-parent families who receive federally funded day care must work an additional 25 hours per week to meet the federal work participation requirement.

(15) 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 of number of hours of work per week, to meet their federal work participation requirement. There shall be no time limit on high school completion. GED preparation shall be limited to 6 months.

Sec. 304. (1) Of the funds appropriated in part 1 for precollege programs in engineering and the sciences, \$620,000.00 shall be provided in the form of a grant to the Detroit precollege engineering program, incorporated and \$424,700.00 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 appropriate house and senate appropriations subcommittees and the fiscal agencies by February 1, 2000, evaluating the effectiveness of the precollege programs in engineering and sciences funded through part 1 appropriations and making recommendations on whether state support to expand such programs to other areas of the state is warranted in future fiscal years.

Sec. 305. (1) In addition to the funds appropriated for the department in part 1, there is appropriated an amount not to exceed \$41,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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

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

Sec. 306. The local match requirements for vocational rehabilitation facilities establishment grants shall not exceed 21.3%.

Sec. 307. 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 appropriations subcommittees of the house and senate of the purpose and amount of each grant award.

Sec. 308. The department shall report to the appropriations subcommittees of the house and senate by September 30, 2000, on the distribution of the Michigan community service commission volunteer investment grants.

Sec. 310. (1) Of the funds appropriated in part 1 for vocational rehabilitation independent living, not less than \$1,288,000.00 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, the Michigan association of centers for independent living, and Michigan rehabilitation services shall jointly produce a report providing the information listed in subdivisions (a), (b), (c), (d), and (e). Of the general fund/general purpose revenue appropriated in part 1 for vocational rehabilitation independent living, \$288,000.00 is restricted and shall not be made available for distribution and expenditure prior to the submission and approval by the relevant subcommittees of this report. The report shall include all of the following:

(a) A detailed spending plan, including the specific entities, projects, and activities for each center for independent living that will be funded with the general fund/general purpose appropriation being restricted by this subsection.

(b) Anticipated 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.

(c) Information from each center for independent living receiving funding through appropriations in part 1 detailing their total budget for their 3 most recently completed fiscal years as well as the amount within each of those budgets 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.

(d) 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 as well as additional anticipated savings that would directly result from the expenditure of the funds restricted by this subsection.

(e) Other information deemed relevant by the 3 reporting entities.

(3) The report required in subsection (2) shall be submitted for approval to the appropriations subcommittees for the department, the fiscal agencies, and the state budget director on or before January 15, 2000.

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! employment services office on a full- or part-time basis during hours of operation.

(2) The department shall ensure that each Michigan works! employment services office 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, 1998.

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

Sec. 312. (1) From the funds appropriated in part 1 for welfare-to-work programs, the department shall compile the data listed in the subsections below on participants in the enhanced technical vocational training (ETVT) program and work first in an effort to develop long-term data on the program's effectiveness.

(2) Using all relevant state data resources, the department shall acquire data on participants 90 days, 1 year, and 3 years following their completion of the program that show whether the participant is employed and the wages earned by the participant. Using survey data, the department shall acquire data on participants at the same time intervals that show the degree to which participants are receiving health care and other benefits from their employers and the degree to which the participants are receiving public assistance and type of assistance received.

(3) The department shall file a report with the appropriate house and senate appropriations subcommittees and the fiscal agencies by February 1, 2000, summarizing the above data acquired during the previous 12-month period. The summary shall include all of the following:

(a) The percentage of participants employed at each interval.

(b) The average wage earned, the range of wages earned, and a measure of the variability of wages earned for participants at each interval.

(c) The percentage of participants receiving health care benefits and other benefits at each interval.

(d) The percentage of participants receiving some form of public assistance at each interval.

(4) The department shall cooperate with the family independence agency in formulating and acquiring any similar data for the work first program as may be required in the family independence agency appropriations act or other law.

Sec. 313. Interest earnings on the portion of the tobacco settlement revenue received by the state from the national tobacco master settlement agreement incorporated into a consent decree and final judgment in Kelley Ex Rel. Michigan v Philip Morris Incorporated, et al., which is not deposited in the Michigan merit award trust fund, are hereby appropriated to the department. These funds shall be distributed to the council of Michigan foundations as a grant to support local community efforts to address youth and senior health needs. The council may distribute the funds according to formula determined by the council or may invest these funds. Any investment earnings from this appropriation shall be used for the same purpose as the original appropriation.

Sec. 314. (1) In developing school-to-work programs, the department shall cooperate with the Michigan department of education in emphasizing the importance of apprenticeship opportunities for students who may choose to participate including, but not limited to, low-income students and students with disabilities.

(2) The school-to-work apprenticeship programs shall link employers, organized labor, educators, and community organizations for the purpose of providing necessary knowledge, skills, and labor market information to students.

(3) As participants in school-to-work apprenticeship programs, students will be expected to obtain any of the following:

(a) High school diploma, or its equivalent.

(b) Skill certificate.

(c) Possible further training, including a registered apprenticeship.

(d) Certificate or associate degree recognizing successful completion of 1 or 2 years of postsecondary education.

(e) Admission to a college or university, or a first job on a career pathway.

(4) In order for a public school to receive and spend school-to-work funds, it must receive approval of its implementation plan from its governing board or its intermediate school board and forward such approval to its local workforce development board. As used in this subsection, "public school" and "intermediate school board" mean those terms as defined in the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

Sec. 315. 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.

Sec. 316. State and federal funds allocated to local workforce development boards for disbursement shall not be appropriated 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.

Sec. 317. From the funds appropriated in part 1 for vocational rehabilitation independent living, a portion of the funds shall be distributed to the superior alliance for independent living in Marquette County.

MICHIGAN STRATEGIC FUND

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

(2) Not more than 2% of the total grant, administration, and operating funds appropriated in part 1 for the fund's economic development job training grants program may be expended for administrative 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.

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

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

(6) An applicant may be a district, intermediate 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 districts, intermediate districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection.

(7) On or before October 1, 1999, 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.

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

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

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

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

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

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

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

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

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

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

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

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

(f) Strength of commitment to guaranteed job placement upon completion of training.

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

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

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

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

(12) A grant awarded under this section may extend beyond the end of the fiscal year in which the grant is awarded and the funds awarded for the grant may be carried over into the next fiscal year for payment in the next fiscal year. Unexpended and unencumbered amounts remaining in the fiscal year ending September 30, 2000, from economic development job training grants awarded prior to September 15, 1999, may be used to award additional economic development job training grants during the fiscal year ending September 30, 2000.

(13) 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.

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

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

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

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

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

(16) 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.

(17) The fund shall provide to the state budget director and the fiscal agencies by April 15 and November 1 of each year a report on the economic development job training grants. The report due by April 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 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 names and addresses of any companies and training providers utilizing web-based or other distance learning training formats along with a current estimate of the number of individuals to be involved in this training.

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

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

(18) 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.

(19) 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.

Sec. 402. The travel administration 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. 403. (1) The fund shall submit an annual status report on the operations of each foreign office to the appropriations subcommittees of the house and senate. The report shall include, but not be limited to, brochures and promotional material, information on the number of successful plant locations, name of company, original and new locations, type of investment, type of product, number employed, length of commitment of relocations, the currency rates at the time the investment is made, and any other information considered necessary for a competent evaluation of the program.

(2) The fund shall inform the members of the appropriations subcommittees of the house and senate of any decisions to close any foreign outreach office. Tax dollars shall not be expended to ship automobiles for use by state officials.

Sec. 404. Funds appropriated to the fund, Michigan promotion program, shall not be expended for the purpose of nontourism-related promotional projects that would target the citizens of this state as its prime audience.

Sec. 405. The fund shall submit an annual status report to the appropriations subcommittees of the house and senate on all activities, grants, and investment programs financed from the strategic fund/renaissance fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund.

Sec. 408. The travel administration 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. 409. (1) In addition to the funds appropriated for the fund in part 1, there is appropriated an amount not to exceed \$7,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$500,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 411. Of the funds appropriated for the Michigan promotion program, \$200,000.00 shall be used to promote tourism activities in the northeast region of the state and is conditioned upon the travel Michigan office working cooperatively with the sunrise side in determining how this funding shall be allocated. At least 25% of all program funds shall be used to promote cultural tourism opportunities in Michigan.

Sec. 412. The Michigan strategic fund shall submit on or before May 1, 2000, and November 1, 2000, to the appropriations subcommittees 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. 413. (1) The Michigan strategic fund shall provide reports to the relevant senate and house appropriation subcommittees and the fiscal agencies concerning the activities of the Michigan economic development corporation. The report shall include, but not be limited to, the following programs funded in part 1:

- (a) Travel Michigan bureau.
- (b) National business development.
- (c) International business development.
- (d) Small, minority, and disabled business services.
- (e) CDBG.
- (f) Strategic/renaissance fund administration.
- (g) Renaissance zones.
- (h) Business roundtables.

- (i) Business and clean air ombudsman.
- (j) Economic development job training grants.
- (k) Film office.
- (l) Health and aging research and development initiative.
- (m) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 1, 2000. 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.

Sec. 414. As a condition of receiving funds under part 1, any interlocal agreement entered into by the Michigan strategic 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. 415. Private fundraising shall only be conducted through the Michigan economic development foundation and only be used for marketing, promotion, and events. Additionally, should any employees ever be detailed to fundraising activities, they shall not be party to any decisions regarding the awarding of grants or tax abatements from the Michigan strategic fund, the Michigan economic development corporation, or the Michigan economic growth authority.

Sec. 417. (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) It is the intent of the legislature that consideration 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. 418. (1) From the funds appropriated in part 1 for the fund, \$50,000,000.00 is appropriated for a health and aging research and development initiative to support basic and applied research in health-related areas, with emphasis on issues related to aging.

(2) A health and aging steering committee, appointed by the governor, shall consist of 14 members including the CEO of the Michigan economic development corporation, a member from Michigan State University, the University of Michigan, Wayne State University, the VanAndel Institute, and 2 members from the private sector. The remaining members shall be appointed at large and may include members from the private sector, public sector, or other Michigan universities. 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, or individuals. The steering committee will make decisions regarding distribution of these grant funds.

(3) Of the funds appropriated, 40% is allocated for a basic research fund, to be distributed on a competitive basis to Michigan universities for basic research in health-related areas. Not less than \$5,000,000.00 is allocated to research related to aging diseases and health problems. Fifty percent of the appropriated funds are earmarked for a collaborative research fund to support peer-reviewed collaborative grants among Michigan universities and/or private research facilities, with emphasis on testing or developing emerging discoveries. The VanAndel Institute and other private research facilities may participate in collaboration with the universities on research fund grants. Up to 10% of the appropriated funds may be used to support a commercial development fund to support commercialization opportunities for life science research in Michigan. Appropriated funds must be matched with other university, private, or federal funding. Not more than 1% of the appropriated funds may be used for administrative costs of administering the initiative.

Sec. 419. The fund shall provide to the appropriate house and senate appropriation subcommittees and the fiscal agencies by December 1, 1999, a report on the status of the development finance agency grant and loan program including, but not limited to:

- (a) The balance of the revolving fund.
- (b) Projects funded from the revolving fund.

(c) A proposal on whether the program should continue and the proposed use of any unobligated balance.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Jay E. Randall

Clerk of the House of Representatives.

Approved _____

Governor.