

WORK OPPORTUNITY ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 14 as passed by the Senate
Sponsor: Sen. Jack Brandenburg
House Committee: Michigan Competitiveness
Senate Committee: Michigan Competitiveness
Complete to 2-7-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 14 would create the Work Opportunity Act, which would require the Department of Talent and Economic Development (TED) to provide grants for employers' hiring of individuals on probation or parole.

The **Work Opportunity Employer Reimbursement Program** created by the bill would allow employers to apply for grants from TED, identifying the employer, the employee eligible for the program (as a probationer or parolee), and the amount of the wages eligible for the grant. If approved, TED would notify the employer, obtain additional documentation, and disburse the funds based on the number of hours for which the employer is eligible, as follows:

- For a probationer or parolee who worked between 120-400 hours, an amount equal to 25% of the qualified first year wages or \$1,500, whichever is less.
- For a probationer or parolee who worked more than 400 hours, an amount equal to 40% of the qualified first-year wages, or \$2,400, whichever is less.
- The bill caps grants at \$7,200 per employer per fiscal year.

The bill defines *qualified first year wages* as the wages paid or incurred by the employer attributable to services rendered by a qualified employee during the one-year period beginning with the day the qualified employee begins work for the employer

Funding for the grant program may come "from any source" and will be deposited into a **Work Opportunity Employer Reimbursement Fund** created within the state treasury. The state treasurer will receive that money or assets for deposit into the fund, and direct and track investments, interest, and earnings. The Michigan Talent Investment Agency (TIA) in TED will be the administrator of the fund for auditing purposes. Also, TIA may only expend money in the fund for grants under the program, or to hire an individual into a full-time equivalent position to administer the grant program. (Not more than 10% of the money appropriated from the fund may be used for the individual's employment).

Finally, the bill would require TED to prepare an **annual report on the program**, describing the money received by the fund, the fund's expenditures and balance, and the number of grants issued that year. TED would provide the report to the House and Senate standing committees with jurisdiction over corrections issues.

FISCAL IMPACT:

The bill would increase both administrative and programmatic costs for the Department of Talent and Economic Development, specifically the Talent Investment Agency. The scope of the Work Opportunity Employer Reimbursement Program would depend entirely on the funds available to support grants to employers. The provisions of the bill include no appropriation to the Work Opportunity Employer Reimbursement Fund. Therefore, a subsequent legislative appropriation or the creation of a revenue stream to the fund would be necessary to begin the program and determine its scope. A legislative appropriation from the fund would be required to expend money from the fund for program purposes.

The provisions of the bill would limit administrative costs to 10% of the funds appropriated for the program and the employment of not more than one full-time equated position. Any administrative funds would support program development, application review, reporting requirements, and staffing costs.

Legislative Analyst: Jenny McInerney
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.