

## CREATE THE GOING PRO TALENT FUND

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**Senate Bill 946 (H-1) as reported from House committee**

**Sponsor: Sen. Ken Horn**

**House Committee: Workforce and Talent Development**

**Senate Committee: Economic Development and International Investment**

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

**Complete to 6-12-18**

*(Enacted as Public Act 260 of 2018)*

**BRIEF SUMMARY:** Senate Bill 946 would create a new act: the Going Pro Talent Fund Act. According to committee testimony, the Skilled Trades Training Program has been in existence since 2007, and the bill would largely codify existing practice while changing the name of the program to the “Going Pro Talent Program.”

**FISCAL IMPACT:** Senate Bill 946 would have no direct fiscal impact on state or local government. (See *Fiscal Information*, below, for further discussion.)

### **THE APPARENT PROBLEM:**

According to committee testimony, while the program has been effective at creating jobs throughout its lifetime, it currently has no statutory authority and exists only in budget boilerplate. The project is thus effectively being renewed on a yearly basis and could cease to exist any time a fiscal year ends.

More information on the program may be found at [www.going-pro.com](http://www.going-pro.com).

### **THE CONTENT OF THE BILL:**

#### **Going Pro Talent Program and Application**

The Department of Talent and Economic Development (TED) would create and operate the Going Pro Talent Program, working with the Michigan Works agencies to implement the program. Michigan Works agencies would have to conduct outreach to inform employers of the program.

The purpose of the program would be to provide competitive awards to *qualified employers* for workforce training, including talent enhancement, increasing worker productivity, development of workforce skills, leadership and management training, and worker retention.

*Qualified employer* would be defined as an employer that has a physical presence in Michigan and that meets any other criteria established by TED.

A Michigan Works agency could submit an application to TED for a program award on behalf of a qualified employer, or on behalf of two or more qualified employers for a shared training program.

By August 1, 2018, TED would have to develop criteria to evaluate applications and training plans and post the criteria on its website. The criteria would have to ensure that all training plans meet, at a minimum, all of the following:

- Be less than 6 months in duration, unless approved by TED.

- Conclude within 1 year after TED approves the award, unless approved otherwise.
- Be conducted by a *qualified training provider*.
- Not be basic training.

*Qualified training provider* would be defined as a training provider qualified to provide training under the act, as determined by TED. A qualified training provider could be, but would not be limited to, any of the following:

- A community college.
- An institution of higher education described in the Michigan Constitution of 1963.
- A proprietary school licensed under the Proprietary Schools Act.
- A registered U.S. Department of Labor joint apprenticeship training center.
- A qualified employer.
- A vendor that provides training for the operation of equipment or systems for which the vendor is the provider.

TED would also have to work with Michigan Works agencies to develop a uniform training agreement to be used by awardees. The agreement would have to include the responsibilities of the awardee and any other requirements TED considers necessary.

An awardee could make the following changes to an approved training plan without approval of the Michigan Works agency or TED:

- The dates of the qualified training, as long as the new dates do not violate the 1-year window.
- A change in the provider or the training, if the content of the training does not change.
- Changes as to which *qualified employees* will receive the training.

*Qualified employee* would be defined as an employee of a qualified employer who is a United States citizen or otherwise authorized to work in the U.S.; who is employed by the qualified employer when the approved training begins; who works primarily in Michigan and for whom the qualified employer pays all applicable taxes; and who is, as determined by TED, a permanent full-time employee.

### **Fund**

The bill would create the Going Pro Talent Fund within the state treasury. The state treasurer could receive money from any source for deposit into the fund. The treasurer would direct the investment of the fund and credit to the fund interest and earnings from fund investments. Money in the fund at the close of a fiscal year would remain in the fund and not lapse to the general fund. TED could expend money from the fund, upon appropriation, for the following purposes: (1) the payment of awards to awardees, and (2) administration of the Going Pro Talent Program.

### **Program Awards**

Program awards could be used for, but would not be limited to, any of the following:

- The actual cost of classroom training, including instructor and instructional materials.
- The actual cost of on-the-job training, including wage reimbursement, as determined by TED.
- Other costs as determined by TED.

An awardee could not spend any amount of a program award on any of the following:

- Equipment, including tools and computers.
- Licensing fees.
- Curriculum development.
- Qualified employee travel costs.
- Online training subscriptions.
- Training that begins before the date of the award, unless approved.
- Offsetting tuition reimbursement.

If a qualified employer used less than the full amount of an award, the Michigan Works agency would have to remit the remaining amount to TED, which would deposit the money into the Going Pro Talent Fund.

### **Program Report**

Beginning in 2019, by March 15 of every year, TED would have to provide a written report on the program to the chairpersons of the House and Senate standing and appropriations committees with jurisdiction over legislation pertaining to workforce development. The report would have to include the following information for the preceding fiscal year:

- Total number of funding awarded, organized by industry and region.
- Total number of applications received and approved, organized by industry and region.
- Name, award amount, training approved, and number of qualified employees who completed the approved training, for each awardee.
- Any other information determined relevant by TED, including the total number of individuals hired and trained and total number of apprenticeships or jobs created.

### ***HOUSE COMMITTEE ACTION:***

The House Workforce and Talent Development committee adopted an H-1 substitute to the bill, which amended the criteria TED would be required to use for evaluating training plans. Initially, the criteria had to require that training plans not be for basic training or training that is required by state or federal law. The H-1 substitute removed the underlined words.

### ***FISCAL INFORMATION:***

Senate Bill 946 would have no direct fiscal impact on state or local government. While the bill creates the Going Pro Talent Fund and the statutory framework for the Going Pro Talent Program, funding for the program would be subject to annual legislative appropriations. The bill includes no specific revenue source for the Going Pro Talent Fund.

Going Pro is a line-item appropriation in the Department of Talent and Economic Development budget funded at \$46.4 million in FY 2017-18. According to the department, the bill would effectively codify the Skilled Trades Training Program portion (renamed Going Pro in FY 2017-18) funded by the line item. In FY 2017-18, approximately \$29.7 million is allocated for this program.

The provisions of the bill also authorize the fund to be used for administration of the program. For FY 2017-18, approximately \$2.3 million is allocated for administrative expenses. The bill does not include an expenditure cap for administration.

**ARGUMENTS:**

**For:**

Proponents stated that the Skilled Trades Training Program has prepared workers for high-paying jobs that often require less schooling and debt than a four-year degree, and that this legislation would codify its practices into statute. Skilled trades jobs exist in a number of emerging job sectors, such as information technology, advanced manufacturing, and health care. Reportedly, over 4,000 incumbent workers received training and 2,500 workers were newly hired through the program last year. It is hoped that this will make a dent in the skills gap that exists in Michigan and is expected to continue through 2024.

**POSITIONS:**

Representatives of the following organizations testified in support of the bill (5-22-18):

- Michigan Manufacturers Association
- Avalon and Tahoe Manufacturing
- Grand Rapids Chamber of Commerce
- West Michigan Works!
- Traverse City Chamber of Commerce

The following organizations indicated support for the bill:

- Michigan Talent Investment Agency (5-22-18)
- Michigan Works! Association (5-22-18)
- Small Business Association of Michigan (5-22-18)
- NFIB-Michigan (5-22-18)
- The Right Place (5-22-18)
- Consumers Energy (5-22-18)
- Associated Builders and Contractors (5-22-18)
- Battle Creek Unlimited (5-22-18)
- Southwest Michigan First (5-22-18)
- Michigan Chamber of Commerce (5-22-18)
- Oakland County (5-29-18)

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