



Senate Fiscal Agency  
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BILL ANALYSIS



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Senate Bill 14 (as reported without amendment)  
Sponsor: Senator Jack Brandenburg  
Committee: Michigan Competitiveness

**CONTENT**

The bill would create the "Work Opportunity Act" to do the following:

- Require the Department of Talent and Economic Development (TED) to establish and implement a work opportunity employer reimbursement program to provide grants to employers for hiring qualified employees (individuals on probation or parole).
- Create the "Work Opportunity Employer Reimbursement Fund".
- Allow the Department's Talent Investment Agency to spend money from the Fund, upon appropriation, for grants issued under the Act and for not more than one full-time employee to administer the grant program.
- Require an employer that wanted a grant to apply to TED, and to employ at least one qualified employee for at least 120 hours in a qualified new job (a job of 35 hours or more each week created by the employer or previously held by another employee who separated from employment voluntarily or for cause).
- Provide that, for a qualified employee who worked at least 120 but not more than 400 hours, a grant would equal the lesser of 25% of first-year wages or \$1,500.
- Provide that, for a qualified employee who worked more than 400 hours, a grant would equal the lesser of 40% of first-year wages or \$2,400.
- Limit grants to \$7,200 per employer per fiscal year.

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill would result in increased costs to the Department of Talent and Economic Development. There would be administrative costs to the Department to process and approve employers' requests for reimbursement for qualified employees. The bill would allow up to 10% of the proposed Fund, for up to one FTE, for administration of the program. At this time, it is estimated that the staff and administrative allowance would be sufficient to meet the added administrative costs. The program also would have additional costs, which would depend on the number of applicants as well as the appropriations level. If \$500,000 were appropriated for this purpose, and 10% used for administration, it would provide reimbursement for up to 300 part-time employees or 187 full-time employees, or some combination of the two. If the number of positions eligible for reimbursement required more funds than the amount appropriated, the excess would not receive reimbursement as there is no provision in the bill for proration or mandate for the Department to reimburse all employers that applied. However, if reimbursement for the number of qualified positions were less than the amount appropriated, the program would be able to carry the unused funds forward.

The bill would have no fiscal impact on local government.

Date Completed: 1-26-17

Fiscal Analyst: Cory Savino

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Bill Analysis @ [www.senate.michigan.gov/sfa](http://www.senate.michigan.gov/sfa)

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