



**FY2016-17 Executive Budget Recommendation Presentation
House Appropriations Subcommittee on General Government**

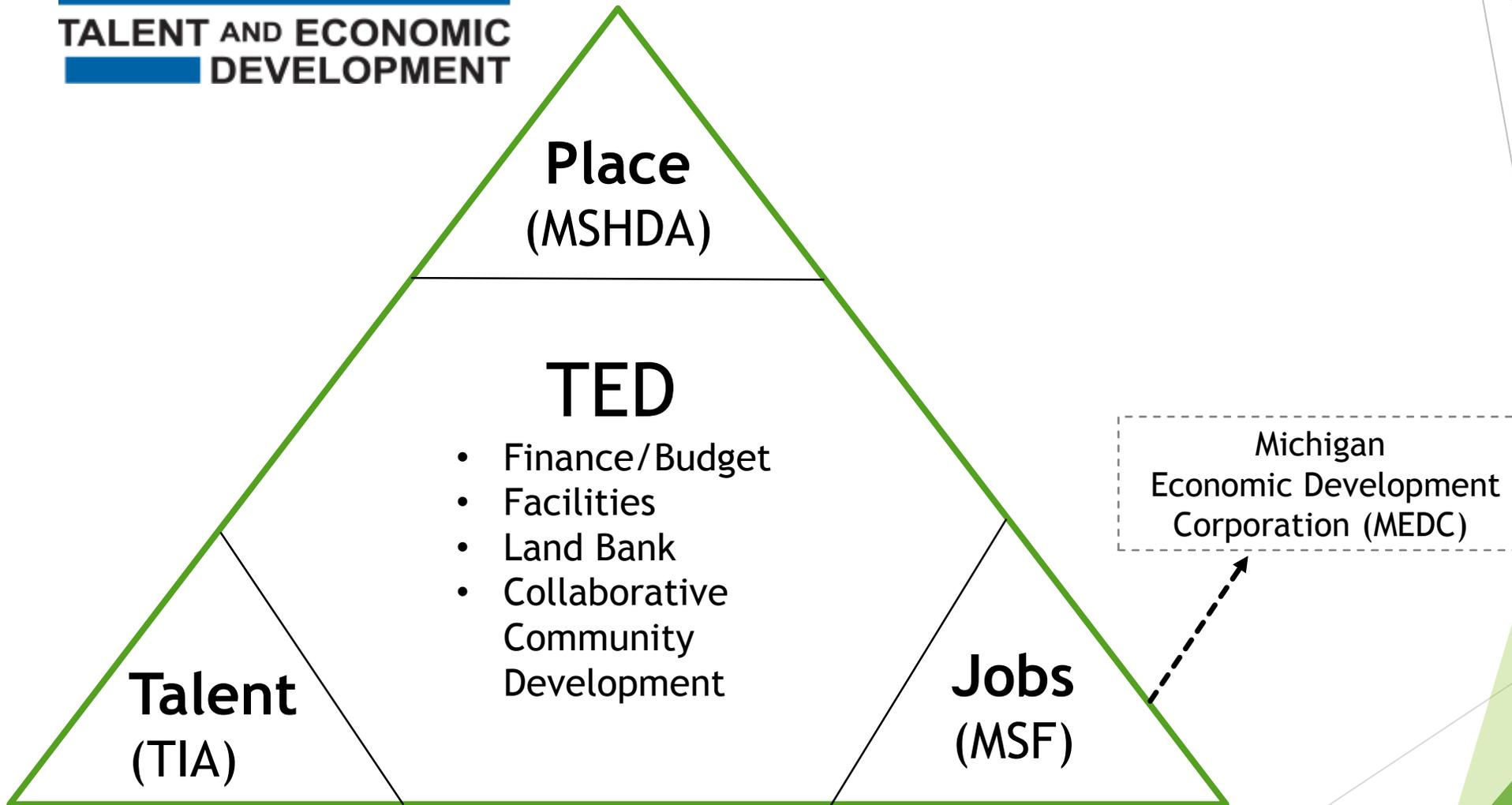
Representative Laura Cox, Chair

March 16, 2016



In Partnership with the Legislature

- Department committed to high-level performance and transparency
- Department will continue to improve our customer service to our citizen customers
- Thank you for the support in 2015—
 - Additional Pure Michigan funding
 - Additional Skilled Trades Training Program funding
- Look forward to continued partnership and support in the coming year
- Request Legislature to support the Executive Budget Recommendation





Reporting Relationships

- Department structured with independent agencies that cooperate in programs and projects with unified focus
 - Each independent agency (MSHDA, TIA, LB, MSF) works together on common objectives
 - Agency directors work as an executive management team
 - Coordinating agency staff in key areas
 - Budget and Finance
 - Facilities
 - Communications
 - Policy and Legislative Relations



Department Priorities

Talent

- Address skills gap with the skilled talent that employers need
- Strengthen talent perception of skilled trades through Brainpower and Skilled Trades attraction campaigns

Business Development

- Assist retention, growth and attraction of businesses
- Grow Michigan exports
- Accelerate manufacturing innovation
- Strengthen global automotive leadership
- Expand value-added agriculture and natural resources economy

Community Vitality

- Community developments that are catalytic
- Critical infrastructure creating job growth and sustainability
- Technical assistance to communities
- Expand assistance to rural and small communities

Image

- Further advance the Pure Michigan brand to attract national and international visitors
- Extend Pure Michigan brand across business, community, talent and partner initiatives



Who We Are

Talent Investment Agency (TIA)

Director, Stephanie Comai

- TIA joins the efforts of the Workforce Development Agency (WDA) and the Unemployment Insurance Agency (UIA) to integrate new workers into the economy and help those workers that have been in or out of the workforce transition into new jobs.
- TIA coordinates programs related to job preparedness, career-based education, worker training, employment assistance and unemployment insurance.
- Workforce Development Agency:
 - Promotes a demand-driven workforce system through the Michigan Works! agencies;
 - Assists underemployed and unemployed with financial independence through Community Ventures, PATH, Food Assistance, Adult Education, GED/HS completion, Financial Literacy, Employment and Training;
 - Connects workforce development with P-20 system;
 - Provides an electronic link between Michigan's job seekers and employers through www.mitalent.org;



Who We Are

Talent Investment Agency (TIA)

Director, Stephanie Comai

- Unemployment Insurance Agency (UIA):
 - Collects unemployment taxes from employers to provide temporary income for workers who are unemployed through no fault of their own;
 - Maintains solvency of the unemployment system;
 - Due to a healthy Unemployment Trust Fund balance and PA 240 of 2015, the taxable wage base was lowered for calendar year 2016 for non-delinquent employers to \$9,000, an estimated \$57 million less in taxes assessed.
 - Administration of the UIA is 100% federally funded and based on workload activity:
 - As the unemployment rate drops, federal funding is reduced based on a three year average.
 - The unemployment rate is down significantly in Michigan and therefore we are projecting a reduction in federal funding for FY 17.
 - Penalty & Interest Fund balances are used for the re-adjustment periods (both up and down).



Key 2015 Accomplishments

Unemployment Insurance Agency—

- Implemented more tools and services in MiDAS system
- Closed 63,721 appeals cases to eliminate backlog
- Paying off bond debt on-time with current resources

Workforce Development Agency—

- Implemented major program changes for Workforce Investment Opportunity Act (WIOA)
- Transitioned and expanded Talent Programs from MSF to TIA
- Michigan Works! agencies restructured; reduced from 25 to 16 to align within Prosperity Regions

Skilled Trades Training Program

Scorecard	FY2015	FY16 (at 2/28/2016)
Jobs Created	2,941	3,213
Jobs Retained	6,632	10,136
Training Completion Rate	99%	100%
Employment Retention Rate at 6 months, post training	91%	*
Hourly Wage at 6 months	\$15.95	*
Leveraged funds	\$112 million	\$123 million
	1 ratio	9:1 ratio
Companies benefitting	308	355
Average cost/participant	\$916	\$1,025
New apprenticeships	162	334



* Too early to determine outcomes

Who We Are

Michigan State Housing Development Authority (MSHDA)

Executive Director, Kevin Elsenheimer

- Facilitate, support, and develop safe, decent, and affordable rental housing
- Administer housing investors' programs
 - Federal Low Income Housing Tax Credit --
 - Investor-owned Property Improvement Program --
- Homeownership financial assistance
- Preservation of historic buildings and other structures





Key 2015 Accomplishments

- Established a new Procurement Office that facilitates the posting of all MSHDA contracts online
- Adopted all State travel policies and implemented a 25% reduction in travel
- Created operational and programmatic alignment by combining MEDC and MSHDA Community Development teams
- More customer focused website:
 - Additional State and Federal resources information
 - More transparent reporting



Who We Are

Land Bank Fast Track Authority (LBFTA)

- Michigan Land Bank's mission:
 - promotes economic growth through the acquisition, assembly and disposal of public property
 - foster the development of property in inventory
 - promote and support land bank operations at the county and local levels
- Provide assistance for blight elimination
- Owner of last resort for surplus state properties and work with economic developers to find a use for these properties



Key 2015 Accomplishments

- Received DeHoCo property from DOC and working with several key stakeholders to redevelop site
- Continuing with State Fairgrounds redevelopment
- Reducing the property inventory to reduce management costs
- Administering \$11.9 million in demolition and grant management for Pontiac, Highland Park, Inkster and Hamtramck through the Hardest Hit Fund
- Administering \$3.8 million in demolition and grant management to 19 grantees statewide through a MSHDA Blight Elimination Program



Who We Are

Michigan Strategic Fund (MSF)

President, Steve Arwood

- Working with Michigan businesses to retain and grow more and better jobs in Michigan
- Attract new businesses to Michigan
- Support communities with catalyst projects to improve quality of life projects
- Provide support for entrepreneurs to start and grow strong businesses and expand their opportunities in Michigan
- Promote a positive image for the state of Michigan as a place to work and live



Key 2015 Accomplishments

Business Development

- Mcity launched with MDOT and U-M
- 59 Business Development projects approved, such as:
 - Sakthi, Detroit
 - Clemens Food Group, Coldwater (CDBG funds)
 - Hearthside Food Solutions, Grand Rapids
 - DAVID Corporation, Livonia
 - Brose North America Inc., New Boston

Community Vitality

- 68+ Community Development Block Grant (CDBG) projects approved, such as:
 - Shiloh Industries, Alma
 - Triton Industries, Clinton
 - Pictured Rock Interpretive Center, Munising
- 27 Community Revitalization projects approved, such as:
 - Cedar Springs Brewing Company, Cedar Springs
 - Woodward and Erskine, Detroit
 - Veridea Group, Marquette

Image

- Visitor spending in Michigan hit \$6.5 billion and generated \$459.4 million in state tax (in 2014)
- 12 million travel website visits with 5.2 million clicks to Michigan tourism properties
- Score of 70 out of 100 for Business Climate Perception in 2015, improved from 66 in FY13.
- Business website activity was over 999,000 visits



Business Attraction and Community Revitalization

Business Development Program (BDP)

Designed to provide grants, loans, and other assistance for highly competitive projects that create jobs or provide investment

In FY2015:

- 59 new projects approved
- 13,091 verified jobs created
- Qualified investment of \$2.9 billion

Community Revitalization Program (CRP)

Designed to accelerate private investment in redevelopment of obsolete, blighted, brownfield and historic properties

In FY2015:

- 27 new projects approved
- Private investment \$722 million
- Leverage amount 8.43 *

* Leverage is 6.4 when adjusted for other incentives supporting projects

Programs coordinated with entrepreneurial support efforts

PURE MICHIGAN®

Celebrating 10 Years 2006-2016

- New national interest-based marketing TV commercials released
 - [Along the Way](#), [Fertile Ground](#), [Small Batches](#)
- A first in the U.S. - branding effort in international arrivals terminal (partnered with Detroit Metro CVB, Detroit Metro Airport and U.S. Customs and Border Protection)
- Increased active collaboration with the tourism industry (strategic planning sessions; hunting & fishing campaigns with DNR; 84+ advertising & social media partners)
- Leisure travelers spent \$22.8 billion in 2014 - a record high
\$6.5 billion spent on tourism since 2006
- Return on investment (ROI)*
 - \$6.87 in 2014 ; \$4.81 cumulative since 2006
 - \$459.4 million state taxes generated since 2006 as direct result of campaign



*ROI of state revenue for every dollar spent on advertising



Executive Budget Recommendation Summary

	<u>FY16 Appropriation</u>	<u>FY17 Executive Recommendation</u>
Executive Direction	\$1,671,200	\$1,710,300
Michigan Strategic Fund (MSF)	253,376,800	251,892,000
Talent Investment Agency (TIA)	612,996,000	628,334,900
Land Bank Fast Track Authority (LB)	5,247,800	5,256,400
Michigan State Housing Development Authority (MSHDA)	232,281,700	225,722,200
One-time basis only appropriations	47,450,000	29,578,500
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Gross	\$1,153,023,500	\$1,142,494,300
State general fund/general purpose (GF/GP)	\$198,457,000	\$170,088,900
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% of Gross funded with GF/GP	17.2%	14.9%
GF/GP change FY16 to FY17		<u>-14.3%</u>



Executive Budget Recommendation Changes

1. Increased funds for the Skilled Trades Training Program
 - \$10 million increased funded from the Penalty & Interest Fund; total funding \$35.6 million

2. New pilot program for financial literacy of Family Independence Program recipients to prepare them for the workforce
 - Funded with \$5.8 million in TANF Federal funds

3. One-time funds for a Statewide Data System Integration
 - Using only Federal and Penalty & Interest Fund dollars; total funding \$8.8 million

4. One-time funds for a Community Ventures Challenge Match
 - 1:1 match for funds raised from outside sources to support program; total funding for match program \$2 million



Questions?