

**Directors Report**  
February 15, 2024

**State Update**

On February 7<sup>th</sup>, Governor Whitmer released her executive recommended budget.

The Administration has posted several documents to the state budget office website and you can find additional information [here](#).

- **\$20 million additional one-time for Going Pro** (general fund) to further expand employer-based training that results in industry recognized credentials and certificates. This investment is in addition to the \$54.8 million (\$45.2 million general fund) provided on an ongoing basis for the program.
- **New \$5M Juvenile Justice Investment**
- **\$25 million for the Build Ready Sites Program** (general fund) to identify and prepare sites in Michigan for future development or redevelopment, thereby creating a statewide inventory of development-ready sites to attract and promote investment in Michigan.
- **\$20 million for Business Attraction and Community Revitalization** (general fund) to stimulate job creation and private investment, revitalize and redevelop vital properties, and support small businesses that serve as the backbones of our communities. Combined with the \$100 million (\$40.7 million general fund) of ongoing funding, these investments will create jobs and develop high-quality places that attract residents and spur economic growth.
- **\$2.5 million for Rural Prosperity Grants** (general fund) that help enhance regional and statewide coordination of services and programming in rural communities and help develop the plans and partnerships needed for economic growth.
- **\$20 million for Talent Solutions** (general fund) to address current and future workforce needs. These funds will be used strategically to provide specialized economic assistance to businesses that are locating or expanding in Michigan, as well as to develop customized solutions to fill identified talent gaps in key industries.
- **\$4 million for the Michigan Growth Office** (general fund) to build on and expand the work of the Growing Michigan Together Council by identifying opportunities to remove barriers to population growth and support growth in communities across the state.
- **\$500 million for the Strategic Outreach and Attraction Reserve Fund** (state restricted funds) to invest in Michigan's future and attract transformational projects that keep Michigan at the forefront of manufacturing.
- **\$50 million for the Revitalization and Placemaking Program** (state restricted funds) for grants that will be used to rehabilitate vacant, underutilized, blighted, and historic structures and develop place-based infrastructure associated with traditional downtowns, social-zones, outdoor dining, and other public spaces.

## **Federal Update**

In November 2023, the House Education and Workforce Committee voted in favor of the Stronger Workforce for America Act – a significant step in the reauthorization of the Workforce Innovation and Opportunity Act (WIOA). While this bipartisan legislation introduces several positive provisions aimed at enhancing the flexibility and effectiveness of our local workforce development efforts, there are critical aspects that must be addressed to ensure continued success in serving Michigan's unique community needs.

**Commendable Provisions:** The Act acknowledges the critical feedback from local workforce stakeholders, making strides in several areas:

- Simplifies the process for local governments to serve as one-stop operators.
- Increases the funding cap for incumbent worker training, enhancing skill development within existing workforces.
- Expands operational flexibility for local boards regarding one-stop centers and affiliate sites.
- Introduces a more stable state funding mechanism for Infrastructure Funding Agreements, addressing long-standing negotiation challenges.
- Maintains full transferability between Adult and Dislocated Worker accounts, ensuring adaptability to shifting workforce needs.
- Adjusts definitions and service priorities to better serve Opportunity Youth, lowering the required percentage and broadening the scope for support.
- Establishes a dedicated funding source for Individual Training Accounts (ITAs) for Dislocated Workers, directly benefiting local boards through formula distribution.

**Areas of Concern:** Despite these positive steps, the Act mandates conditions that could restrict local decision-making and limit the scope of services offered to job seekers and employers:

- **Mandates a 50% training expenditure** for Adult and Dislocated Worker funds, imposing a one-size-fits-all approach that undermines local flexibility and fails to recognize the value of supportive services integral to training completion and workforce participation.
- **Increases the Governor's Reserve to up to 10%** for a 'Critical Industries Fund,' potentially diminishing local resources vital for delivering mandated training services. This provision could redirect federal and existing reserve funds away from local initiatives, diminishing the impact of federal investments on state-level workforce development.
- **Introduces redesignation language** that could enable state-wide consolidation of local workforce areas against the majority will of local boards, potentially diluting local focus and undermining the representation of job seekers and employers.