

PROPOSED
AMERICAN RESCUE PLAN
INVESTMENTS



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**American Rescue Plan
Department of Labor and Economic Opportunity
August 2021**

Brownfield Bridge Fund

Investment in brownfield sites provides a multifaceted response to the COVID-19 public health emergency by addressing brownfield conditions on qualified properties that may be contaminated, blighted or otherwise an impediment to public health and safety, as well as an impediment to economic growth of the surrounding area. To tackle this issue directly, Gov. Whitmer recommends Brownfield Bridge Funding be deployed to support the development of workforce housing and industrial spec buildings in locations that demonstrate high demand. Michigan has identified the need for new housing at every price point. Incorporating new workforce and affordable housing options into these brownfield investments will assist families in finding decent housing options, and will result in neighborhoods with higher levels of economic opportunity. Industrial spec space is needed to help Michigan companies be agile and provide safe working conditions as they compete for new contracts and expand to meet new demands. Together redevelopment of brownfield sites for a mixture of uses from housing to new industrial space is needed to accommodate frontline employees who are fueling Michigan's recovery.

Proposed American Rescue Plan Investment

The Brownfield Bridge Fund awards will provide a benefit equivalent to a performance-based grant to the developer. However, subject to federal guidelines, there could be a tax increment repayment component on some projects that will result in a sustainable revolving source of funding for similar projects in the future. The program compliments the existing Brownfield Tax Increment Financing (TIF) Program and responds to stakeholder requests for more tools to support development of these highly-challenged sites, alleviating the need to privately finance costs associated with alleviating brownfield conditions.

Transformation of brownfield sites into new housings and employment will result in stronger and healthier neighborhoods and communities. The program will support developing affordable and attainable housing, and will also address industrial space shortages. The number of housing units created and square feet of industrial space added will be measured alongside total private investment. Research shows Michigan Strategic Fund (MSF)-supported community development projects results in increased property values for the subject property and surrounding properties, and that every dollar invested by the MSF results in \$6.18 dollars in increased property values. With the initial \$200,000,000 invested by the MSF, we would expect to see nearby property value increases of \$1,236,000,000. By leveraging private investment, removing blight and being a catalyst for nearby investment, this program will result in new property tax revenue to the local communities, school districts and to the state that will support multiple public services. It is also anticipated the program will result in new residential units to support at least 3,700 households.

Program Background

The program design is built upon and compliments the existing Brownfield TIF Program. It would include the approval of an MSF loan at the same time of approval by the MSF of an Act 381 Brownfield Work Plan, or in coordination with approval of an EGLE Act 381 Brownfield Work Plan. Loan or grant amounts may be equal to the estimated cost of brownfield eligible

activities or may be a portion of the total eligible activity cost at the discretion of the MSF. Reasonable efforts would be taken to ensure the funds are disbursed to support brownfield redevelopment in every region of the state.

The loan or grant would be effectuated by an agreement, and disbursement of funds from the MSF to the local unit of government or local brownfield redevelopment authority would occur following approval of the Brownfield Work Plan. The awardee would receive a reasonable administrative allocation and would monitor performance-based disbursement to the developer.

If the award is initially structured as a grant, the tax recapture amount for reimbursement to the developer would be reduced by the grant award amount. If the award is structured as a loan, the Brownfield Reimbursement Agreement would include assignment of the TIF Revenue to the MSF so that repayment of the loan would coincide with the capture of tax increment. The loan repayment period would be up to 30 years in order to match the tax capture period as allowed by Act 381, and any portion of the loan may be converted to a grant upon approval by the MSF.

Management of the program would be by the MEDC staff on behalf of the MSF. The program considerations and guidelines would be built off the existing Brownfield TIF Program Guidelines, and the draft Brownfield Grant and Loan Guidelines.

Community Revitalization and Placemaking Grants

COVID-19 has changed many aspects of life, including the location where work is performed and the vacancy rates in Michigan's downtowns and commercial business districts. According to an [article published by the Bureau of Labor Statistics](#), approximately 45% of U.S. employees were able to work from home pre-pandemic, however only approximately 11% did work from home at least part of the time. Researchers from Global Workplace predict that approximately 25-30% of the workforce will be working from home multiple days per week post-pandemic. There are many potential negative impacts to Michigan's cities if office space is vacant and business districts lose vitality, including additional loss of restaurants and retailers. Communities are faced with the repurposing and reimagining of spaces with limited resources for redevelopment. In order to tackle this issue directly, Governor Whitmer recommends an investment of \$100M to proactively address the impacts being seen in Michigan communities by investing in projects that enable population and tax revenue growth.

Proposed American Rescue Plan Investment

This significant \$100M investment includes multiple paths to proactively address the impacts being seen in Michigan communities through the following activities:

- Grants of up to the lesser of \$5M or 50% of costs associated with the rehabilitation of vacant and blighted buildings or costs associated with the repurposing of space left vacant as a result of the COVID-19 pandemic.
- Grants of up to \$1M for permanent place-based infrastructure associated with social-zones, outdoor dining and similar place-based public spaces.
- Grants of up to the lesser of \$5M or 50% to support redevelopment or revitalization of historic properties in coordination with the Michigan Certified Local Government program or other historic resource redevelopment programs.
- Grants of up to the lesser of \$5M or 50% of project costs for priority sites identified by certified Michigan Redevelopment Ready Communities (RRC).

Grants would be open to a variety of applicants including developers, including non-profit and economic development organizations, local units of government, Brownfield Authorities, or Land Bank Fast Track Authorities. The rehabilitation of vacant buildings, repurposing of space, or the creation of social-zones will result in stronger and healthier neighborhoods and communities. These investments will help create the environment necessary to attract and retain talent, enable business creation and attraction and provide resources for Michigan citizens and communities. Remote work will continue to allow people more choice in regards to where they work. Helping to keep our urban areas vital and active through new investment in housing options and public space improvements will allow these areas to compete as remote-work-locations of choice. This new investment will help local governments avoid budget crisis, retain current residents and potentially attract remote workers from outside of the state.

Program Background

The Community Revitalization and Placemaking Grant program aims to compliment the work of the Michigan Economic Development Corporation's (MEDC) successful community development programs. The program could begin implementation immediately using existing staff within MEDC's Community Development (CD), Legal, Compliance and Finance divisions. The CD division currently implements the Michigan Community Revitalization Program (MCRP), federal and state historic tax credits (HTC) and other place-making programs and have experience rolling out new programs for application statewide. Overwhelming demand has been identified by MEDC and State Historic Preservation Office (SHPO) staff through the MCRP, Michigan Mainstreet, Redevelopment Services, Public Spaces Community Places and Certified Local Government programs.

Funding would be awarded through a funding round(s) and distributed to awardees based on performance-based milestones associated with project completion. The following metrics would be tracked to measure success:

- Square footage repurposed/reactivated
- Public space reactivated
- New housing units created
- Private investment
- Percent of funding to projects in Geographically Disadvantaged Areas
- Jobs retained and created
- Main street businesses serviced by social zones

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COVID Class Connect

Strong postsecondary enrollment and attainment rates within Michigan lend opportunities for individuals to increase financial stability and strengthen the State's economy. While college affordability and credential attainment challenges existed prior to the pandemic, COVID-19 has widened academic and employment disparities. The Department of Labor and Economic Opportunity (LEO) projects 75% of Michigan jobs will soon require education beyond a high school diploma. Yet, in 2020, Michigan's estimated postsecondary enrollment fell 9.2%, the second-largest decline of any state. To mitigate these gaps, Gov. Whitmer recommends a transformational \$100 million investment in the Covid Class Connect Fund (CCCCF) to provide the Department of Labor and Economic Opportunity with a powerful tool to support low and modest-income students enrolling in postsecondary programs. The targeted fund supports the state's Sixty by 30 initiative.

Proposed American Rescue Plan Investment

The COVID Class Connect Fund will increase college affordability for Michigan's most underserved students, close equity gaps, reduce student loan debt and support the prosperity of local economies. College affordability significantly impacts students' decisions to enroll in, and remain at, postsecondary institutions. The \$100 million investment in scholarships will limit financial burdens faced by the students most in need of financial assistance. As a result, the State expects more students to pursue postsecondary degrees and certificates, which will lead to greater economic opportunity. With Michigan's median household income hovering around \$60,000, nearly half of the State's households are eligible for these scholarships. Students who may not consider attending a postsecondary institution because of financial constraints can utilize these funds to cover their costs. This investment will contribute to the efforts of Sixty by 30.

Program Background

The COVID Class Connect funds will be distributed to students from households earning \$60,000 or less in amounts of up to \$5,000 to students attending four-year institutions, and up to \$2,500 to students attending two-year institutions during their first year of enrollment. These funds function to combat the pre-existing economic and academic disparities faced by low and modest-income students, that were exacerbated by the COVID-19 pandemic. This funding will impact the short and long-term economic and academic trajectories of students statewide. Providing scholarships to students with financial need furthers the State's efforts to increase its postsecondary educational attainment rate.

Eligibility

- High school graduate from the Class of 2020, 2021 or 2022
- Enrolled full-time at a Michigan college or university, including community colleges, public universities, not-for-profit independent college or tribal college
- From a household earning \$60,000 or less
- Complete a FAFSA prior to enrollment

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COVID Near Completers Fund

Supporting the re-enrollment of students who have stopped out of higher education helps to advance Michigan's postsecondary educational attainment goal of Sixty by 30. The Department of Labor and Economic Opportunity (LEO) projects that 75% of Michigan jobs will soon require education beyond a high school diploma. In Michigan, there are an estimated 15,000 "near completers," or students who have stopped-out of postsecondary institutions with less than a semester of remaining credits needed to earn their degree. To support these students and the State's economic outlook, the administration recommends a transformational \$79M investment in the COVID Near Completers Fund (CNCF) to provide students an equitable opportunity to earn the degree that they nearly completed. This fund will function as a powerful tool for the state to support Michigan residents by improving individual job prospects and advancing the State's workforce.

Proposed American Rescue Plan Investment

The \$79M COVID Near Completers Fund will increase college affordability for Michigan residents, close equity gaps, improve job opportunities, and support the advancement of local economies. Many students stop out of college because of an inability to pay outstanding fees. The \$79M investment in first-dollar scholarships will limit financial burdens faced by students who have completed nearly all of the necessary requirements to earn a degree. While there is not a common profile for a "near completer," the funds seek to support individuals in their efforts to increase employment qualifications as well as take part in Michigan's evolving economy. The investment helps reduce the financial burdens faced by students re-entering school and lends incentive to finish a degree. The initiative increases the number of workers with a degree, furthering the State's goal for 60% of adults obtaining a postsecondary credential by 2030.

Program Background

The COVID Near Completers Fund will be distributed to students who had previously attended a four-year institution and finished 90+ credits but stopped out before completing their degree. Priority will be given to the approximately 15,000 Michiganders that have fewer than 15 outstanding credits. Students will receive scholarships in the amount of \$5,500 to complete the outstanding credits on their transcript. College affordability significantly impacts students' decisions to return to postsecondary institutions and these first-dollar scholarships will relieve the financial burdens that both cause Michigan students to dropout and prevent them from returning to earn their degree. As a result, individuals that lack financial resources can finish their academic journey and then utilize their degree to pursue high quality and in-demand employment opportunities.

Eligibility Requirements:

- Students must have already earned at least 90 credits from a Michigan college or university
- Students must have not been enrolled at the university within the last year
- Students must apply for the program, complete a FAFSA and re-enroll at the college or university
- Students must complete the degree within 24 months

Education and Employment (E2) Program

There are more than 560,000 working-age adults in Michigan without a high school diploma or its recognized equivalent. These adults were the most significantly impacted by the COVID-19 pandemic and recession due to their vulnerabilities, as many had their hours reduced or experienced periods of unemployment. Less-educated adults tend to experience higher unemployment, lower labor force participation, lower earnings and higher rates of poverty. On average, adults without a high school diploma are three times more likely to be unemployed and have an average annual income of \$14,500, compared to \$39,600 for those with an associate degree within five years after graduation.

To tackle this issue directly, Gov. Whitmer recommends an \$17.5 million investment to provide an opportunity for adults to earn a high school diploma or equivalent and gain work experience to earn a living wage through subsidized employment.

Proposed American Rescue Plan Investment

The innovative Education and Employment program, or E², will support partnerships between state-approved adult education programs and eligible employers to assist adults without a high school diploma or its recognized equivalent, in furthering their education while working in subsidized public sector employment. The program will help close equity gaps in education in Michigan. Black/African Americans comprise 13% of Michigan's population but represent more than 17% of the those without a high school diploma across the state. Similarly, Hispanic/Latino individuals make up about 4% of the population in Michigan, but more than 11% of the population does not have a high school diploma statewide. While women on average have higher levels of educational attainment than men, roughly 8% of them in Michigan do not have a high school diploma, and women were hit especially hard by the pandemic.

The E² program will encourage participants to transition to higher education or training, where appropriate, and measure the number of participants who enroll in postsecondary education, leading to an industry-recognized credential or degree. Projected enrollment for E² is 3,500 over three years with 2,800, or 75%, graduating with a high school diploma or equivalency and obtaining unsubsidized employment or enrolling in postsecondary education or training.

Program Background

Employment and labor force participation rates have declined due to the pandemic, and employers continue to struggle to find qualified workers. The E² program would provide a talent pipeline for eligible employers to fill open positions, while offering participants valuable work experience and a living wage.

The E² program would be managed by the Michigan Department of Labor and Economic Opportunity, Workforce Development (LEO-WD). It will leverage State School Aid, Section 107 funding and Workforce Innovation and Opportunity Act (WIOA), Title II adult education funding. The current state and federal adult education funding does not support subsidized wages or on the job training for adult learners, so the program would expand current services and opportunities.

Eligible employers include state government, county government, cities and/or municipalities. The E² program would cover half of the participants' wages, while the employer would be required to cover the other half of their wages with their American Rescue Plan funds or other local funds. The employers must provide at least 24 hours of employment per week for 24 weeks. At a minimum, participant wages should be at a level to achieve self-sufficiency in the local area or region. Wages of at least \$15 per hour are desired.

Adult education providers will be encouraged to partner with Michigan Works! and leverage other state and federal funding to offer wrap-around support services.

Everybody In: Path to Reconnect for Individuals Without HS Diploma

There are more than 560,000 working-age adults in Michigan without a high school diploma or its recognized equivalent. These adults were the most impacted by the COVID-19 pandemic and recession due to their vulnerabilities, as many had their hours reduced or experienced periods of unemployment. Individuals with higher educational attainment tend to experience less unemployment, higher labor force participation, higher earnings and lower rates of poverty.

On average, adults without a high school diploma are three times more likely to be unemployed and have an average annual income of \$14,500, compared to \$39,600 for those with an associate degree five years after graduation. While women on average have higher levels of educational attainment than men, roughly 8 of women in Michigan do not have a high school diploma. Women have been hit especially hard by the pandemic. Black/African Americans comprise 13% of Michigan's population but represent more than 17% of those without a high school diploma across the state. Similarly, Hispanic/Latino individuals make up about 4% of the population in Michigan, but more than 11% of the population does not have a high school diploma or equivalent statewide.

To tackle this issue directly, Gov. Whitmer recommends a \$10 million investment to support the Reconnect Everybody In pathway and ensure equity, while offering greater access to the education and skills needed for high-demand, high-wage jobs.

Proposed American Rescue Plan Investment

The Reconnect Everybody In pathway will expand eligibility of the transformational Reconnect program to include adults 18 and over without a high school diploma or its recognized equivalent. The funding would support enrollment in a state-approved adult education program to earn a high school diploma or equivalent, and concurrent enrollment at a community college or a state-approved training program on Michigan Training Connect (MiTC). It would advance efforts to achieve the Sixty by 30 goal by reengaging adult learners and putting them on a pathway to a college degree or industry-recognized certificate valued by employers. Target groups that would be most impacted by the Reconnect Everybody In pathway include minorities, English language learners, working adults in low-paying jobs, returning citizens and adults living in rural areas of the state.

As employment and labor force participation rates declined due to the pandemic, employers continued to struggle to find qualified workers. The Reconnect Everybody In pathway would provide increased access to training and higher education, resulting in a higher-skilled workforce to meet employer demand. Projected enrollment for the Reconnect expansion is 6,000 over three years with 4,500 (75%) graduating with a high school diploma or equivalency. Of those, 3,000 would earn a skills scholarship or associate degree.

Program Background

The Reconnect Everybody In pathway would be administered by the Michigan Department of Labor and Economic Opportunity and Workforce Development (LEO-WD), which currently oversees the Futures for Frontliners-High School Completion path. This provides an

opportunity to build on the success and lessons learned from the launch of the Futures for Frontliners and Reconnect programs.

The Reconnect Everybody In pathway will leverage State School Aid, Section 107 funding and Workforce Innovation and Opportunity Act (WIOA) and Title II adult education funding. State and federal adult education funding supports high school completion, high school equivalency test preparation, adult basic education and English as a second language instruction. However, the current level of funding cannot support postsecondary training or education for adults working on a high school diploma or equivalent, so the Reconnect Everybody In would fill this gap.

Participants in Reconnect Everybody In would have the opportunity to work on a high school diploma or equivalent, while concurrently enrolled at a community college or state-approved training program on Michigan Training Connect (MiTC) in a program leading to an associate degree or industry-recognized certification. The last-dollar scholarship would cover tuition, mandatory fees, course fees, lab fees, books and other required costs for attendance at the institution.

Adult learners eligible for Reconnect Everybody In would be those who were not successful in traditional schooling and oftentimes returned with multiple barriers to success, including but not limited to, single parents, lack of dependable childcare and/or transportation, learning disabilities and food insecurity. Adult education providers would be encouraged to partner with their local Michigan Works! and leverage other state and federal funding to offer wrap-around support services.

Success will be measured by the number of adults who enroll and persist to completion to earn a high school diploma or equivalency, continue to skills training or community college and earn an associate degree or industry recognized certificate.

Futures for Frontliners/Reconnect Expansion

In order to reach the state's postsecondary educational attainment goal of 60% of adults with a degree or valuable credential by the year 2030, the State must invest in programs that make college more affordable. Individuals with a high school diploma (or less) as their terminal credential will be unlikely to contribute to Michigan's economic recovery and are very likely to live at or below the ALICE threshold. Historically, Michigan's student financial aid programs have focused exclusively on traditional-aged students who are enrolling in college immediately after high school graduation. However, last year, the State made huge strides in making community college tuition-free for working-aged adults through the Futures for Frontliners and Michigan Reconnect programs. The State has a unique chance to create economic opportunities for young adults whose employment and/or education was disrupted by the Covid-19 pandemic, by temporarily expanding the eligibility requirements for both programs. By investing in more than 100,000 Michiganders over the next four years, the State's investment of federal dollars will help Michigan make significant progress toward its Sixty by 30 goal, close the skills gap for our state's employers and provide a pathway to prosperity and a family-sustaining wage.

Proposed American Rescue Plan Investment

The Administration proposes investing \$200 million of ARP dollars to expand eligibility for the Futures for Frontliners and Michigan Reconnect grant programs, including:

- Expanding the Futures for Frontliners program to individuals (aged 18-24) who served as essential workers during Michigan's second wave of Covid (approximately November 2020-January 2021). This would support an additional cohort of 22,000 workers who risked their own health and safety to protect Michigan's public health and ensure continuity of critical services.
- Expanding Michigan Reconnect by lowering the eligibility age from 25 to 21. This would support an additional 88,000 Michiganders over the next four years (22,000 annually).

This program could be implemented using the same infrastructure currently used for these programs, with LEO's Office of Sixty by 30 implementing the scholarship in partnership with the MI Department of Treasury.

Program Background

In September 2020, Gov. Whitmer announced Futures for Frontliners – a state scholarship program for Michiganders without college degrees who worked in essential industries outside their home during the statewide Covid-19 shutdown (April-June 2020). The scholarship was funded with federal CARES Act dollars through the Governor's Education Emergency Relief Fund. The program provides these frontline workers with a tuition-free path to an associate degree at their local community college. Eligible Frontliners had until December 31, 2020, to apply for the program and the state accepted over 85,000 individuals to the program, demonstrating a strong desire to pursue postsecondary education. In late fall and early winter, Michigan experienced a second wave of COVID-19 infections, and many workers once again stepped up and worked outside their homes in order to ensure the public had access to

essential services. These individuals deserve our gratitude and a chance to invest in their futures by pursuing a postsecondary degree or certificate, in order to further their careers and earn a higher wage.

In February 2021, the State of Michigan launched Michigan Reconnect, a program that provides a tuition-free pathway to an associate degree for working-aged adults. This program was funded in the FY21 budget and made possible by strong bipartisan support within the legislature. To date, LEO has received over 78,000 applications for the Michigan Reconnect program. To qualify for Michigan Reconnect, an individual must be at least 25 years of age. Young adults who have recently graduated high school and that with financial need currently qualify for state-based financial aid programs like the Tuition Assistance Program (TIP) and the Michigan Competitive Scholarship. Adults in the middle (ages 21-24) do not have access to any state financial aid programs. In the short-term, ARP provides a unique opportunity to provide a path to an associate degree for these students who can help our economy recover from the pandemic, fill the labor needs of employers and begin making money at or above the ALICE threshold at an earlier age.

LEO has already developed the infrastructure necessary to implement this proposal. Because both programs are designed as last-dollar scholarships, the State will also fully leverage federal Pell Grant dollars before investing state funds.

Investing in the Housing and Community Development Fund

Safe and affordable housing is critical to ensure the health, safety and well-being of Michigan residents as communities across Michigan are grappling with unique and varied housing needs. While housing challenges existed before the pandemic, COVID-19 has certainly exacerbated them. To tackle this issue directly, Governor Whitmer recommends a transformational \$100 million investment in the Housing and Community Development Fund (HCDF) to provide the Michigan State Housing Development Authority (MSHDA) with a powerful tool that will foster innovation and creativity in both affordable and attainable housing creation.

Proposed American Rescue Plan Investment

This significant \$100 million investment will expand access to affordable and attainable housing, help close equity gaps and support the development of vibrant communities. The flexibility of the HCDF will provide MSHDA with an important toolkit for meeting unique housing challenges across the State, and it can specifically target workforce housing and “missing middle” housing for those transitioning from low-income into middle-income housing, two areas of need in Michigan. By leveraging additional private capital, the State’s \$100 million investment will be further amplified. The current magnitude of the housing shortage is so large that solving the supply problem will take significant coordination of both public and private resources, coordination that the HCDF was designed to do. This investment has the potential to assist 6,000 families, produce 2,000 rental units and leverage an additional \$380 million in private funding.

The Housing and Community Development Fund

The Michigan Housing and Community Development Fund (HCDF) was established in the Michigan State Housing Development Authority Act of 1966, MCL 125.1458a, with the purpose of developing and coordinating public and private resources to meet the affordable housing needs of low-income households and to revitalize downtown areas in Michigan.

The HCDF is flexible and can be used to provide grants and loans to finance a wide range of housing-related projects including:

- Acquisition
- Rehabilitation
- New construction
- Development and predevelopment
- Preservation of existing housing
- Community development projects
- Insurance
- Down payment assistance
- Security deposit assistance
- Foreclosure prevention and assistance
- Activities related to addressing homelessness
- Assistance to nonprofits, municipalities and land banks
- Predatory lending prevention or relief



Specific projects funded by this investment could include:

- **Rental Housing Financing** – Provide gap financing to developers to increase the number of moderate, low and very low-income units in a project.
- **Homeowner Rehabilitation Aid** – Write down interest rates to eligible homeowners applying for a loan through MSHDA's Property Improvement Program, or provide grants to nonprofits, local governments, and for-profits applying to the MSHDA Neighborhood Enhancement Program and serving people with low and moderate incomes.
- **Increase Homeownership** – Provide acquisition rehabilitation grants to eligible individuals purchasing an existing home with a MSHDA mortgage or provide loans and grants to nonprofits, local governments and for-profits applying to the MSHDA modification program to do infill modular or panelized spec housing in rural communities and urban neighborhoods with a workforce housing need.

MSHDA will develop an allocation plan for this funding, informed by public input provided through three public hearings. The plan will include a formula for distributing funding based on poverty rates, and economic and housing distress, and the allocations will meet the following guidelines detailed in statute:

- No less than 25% for rental housing projects that do not qualify under preferences for special population groups or other preferences contained in the allocation plan.
- No less than 30% for projects that target extremely low-income households, including at a minimum developing housing for the homeless, supportive housing, transitional housing and permanent housing.
- Rental projects and home ownership projects assisted by the fund must set aside at least 20% of the rental or housing units for households earning no more than 60% of the area median income.

Large and Strategic Site Development

As part of Michigan's economic recovery strategy, providing access to high-wage job growth opportunities for Michigan workers is a top priority for the State of Michigan and local communities. As existing and new employers consider major expansion projects in 2021 and beyond, it is crucial these projects and related job opportunities can occur in Michigan to ensure a strong and sustained economic recovery for communities and workers. Site availability and readiness have quickly risen to be key deciding factors for project opportunities considering Michigan. As Michigan attempts to accommodate projects across multiple industries in both rural and urban areas, its inventory of sites, particularly large sites, is not currently adequate to support the multitude currently emerging and anticipated in the coming years. Mobility and vehicle electrification expansions currently represent the largest amount of large project activity and will likely continue to over the next three years, while other key industry sectors will represent sizable economic opportunities for Michigan as well.

To tackle this issue directly, Gov. Whitmer recommends \$100 million be allocated to a Large and Strategic Site Development Initiative to make crucial infrastructure and other site improvements that will increase Michigan's inventory of sites 300 acres and larger, and substantially improve the readiness of other strategic sites around the state. This investment will enable the State of Michigan to partner with its local communities to make investments that will support the creation of thousands of accessible, high-wage jobs for Michigan workers for years to come.

Proposed American Rescue Plan Investment

The Michigan Large and Strategic Sites Initiative will accelerate Michigan's economic recovery by providing resources for the state and local communities to make crucial investments in sites that will accommodate major expansion opportunities by existing and new employers considering Michigan. The Initiative will aim to develop at least three large sites (300 acres or larger) and an additional 15 smaller strategic sites statewide. Investing in needed infrastructure and site readiness could directly support the creation of more than 8,000 new, high-wage jobs and over \$10 billion in private investment, in addition to thousands of new job opportunities and private investment by existing and new suppliers in Michigan. Per federal guidelines, this investment would be targeted to geographic areas and/or industries most impacted by the pandemic.

Program Background

This investment would be operated by scaling up the Michigan Build Ready Sites Program, an existing program successfully operated by the Michigan Economic Development Corporation in partnership with local communities and economic development partners from around the state. The program will work with local and regional partners statewide to identify and select sites, and make improvements that will best position Michigan to create economic opportunities to accelerate its economic recovery.

The program will prioritize investments in sites, improvements and communities that can demonstrate key outcomes and impacts including the following:

- Improve Michigan's inventory of sites that will improve its ability to support economic development opportunities occurring in the next one to three years.
- Potential for creating a large number of equitable, high-wage job opportunities for Michigan workers and families.
- Increase investments and economic opportunities in and around Geographically Disadvantaged Areas and Distressed Communities.
- Support key industry sectors aligned with state strategic sectors and regional priority sectors.
- Utilize green infrastructure and site design to meet the ever-increasing sustainability needs of companies seeking expansion opportunities.
- Improve economic and environmental conditions for communities that have been disproportionately impacted from environmental harms and risks.
- Community site improvement bidding procedures that can demonstrate efforts and strategies to give priority and opportunities to qualified firms most impacted by COVID or located in a Geographically Distressed Area. Bidders for any site readiness activities must also provide a plan about their efforts to attract and train unemployed or underemployed populations, either directly or through partnerships with workforce development organizations.

Michigan EV Friendliness Program

Electric Vehicles (EVs) are the undercurrent for the future of mobility and a catalyst to restore the jobs that have been displaced in Michigan's automotive communities because of COVID-19. Ford, GM, and Stellantis are forecasting joint 40-50% EV sales goals leading up to 2030, and are expected to produce 55% of all North American EVs over the next seven years. Coming out of the pandemic, Michigan's automotive sector employs 165,000 hardworking people. However, many of those jobs will need new EV sales projections to be sustained during the industry's transition to electric vehicles. We have a generational opportunity to hold the EV jobs of the future, but that must be done by first creating a friendlier environment to purchase an EV in Michigan. Without more state-level resources to ensure the equitable rollout of charging infrastructure, consumer education programs and grants to spur EV adoption within communities, Michigan residents and its post-pandemic economic recovery may not feel the full positive impacts of the global EV revolution.

IHS Markit expects strains caused by the pandemic will impact new charging infrastructure installations until at least 2023, with the industry remaining in recovery mode until 2025. This is a problem because in early 2021, the American Council for an Energy-Efficient Economy ranked Michigan last in EV friendliness as it relates to encouraging fleet transition and charging infrastructure (tied for last with Kansas and New Mexico). While our state is aggressively rolling out charging infrastructure, more resources are required to attract federal dollars, incent consumers to switch to electric and hold Michigan's EV leadership position through innovations that drive EV adoption. With more charging infrastructure, education and EV adoption programming tools, Michigan households will see new savings, as the total cost-to-own a standard EV is lower than a standard gas-powered vehicle. Fuel savings alone can be \$4,700 or more in the first seven years.

To tackle this EV friendliness issue directly, Gov. Whitmer recommends investing \$40 million to improve the state's EV friendliness and increase electric vehicle adoption.

Proposed American Rescue Plan Investment

The \$40 million EV friendliness investment would ramp up electric vehicle adoption and industry leadership by targeting the following key categories, subject to federal guidelines:

- **Speed up state-led charging infrastructure buildout, which will better position the state to compete for federal infrastructure funding:** Accelerate distribution of resources to local units of government and NGOs for community plug-in EV infrastructure work, including planning and demonstration projects to support EVs. Leverage allocated dollars as matching funds for future federal grant opportunities.
- **Create visionary programs to accelerate EV adoption, as well as spur EV innovation at Michigan testing sites:** Provide resources to vulnerable communities to prepare to manage and maintain EVs and EV charging equipment. Position Michigan's testing sites, led by the American Center for Mobility, to better compete for federal grants and private sector investment.

The outcomes of this investment will be faster deployment of EV chargers, more effective test sites, more EV innovation activity and an increase in the number of EVs in Michigan relative to other states.

Program Background

At a high level, the Michigan EV Friendliness Program could be implemented as follows:

- This program would support the deployment of a publicly accessible EV charging network with focuses on specific routes that match policy goals.
- Multiple state departments focused on job creation, economic development, roads and energy sources would come together to streamline the process for rolling out charging infrastructure and consumer EV resources. Informed by market information, this team would be building out standard documentation and procedures, aggregating projects, reducing the risk of projects, and educating investors and consumers.
- Priority will be given to projects that: require the least amount of state match; involve site locations that are needed to complete the statewide network for charging availability (based on EV battery winter performance); and/or draw down federal incentives.
- Support will be provided to local authorities for planning and coordination work for integrating EV charging into a community's infrastructure plans.

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Michigan Nonprofit Relief and Activation Program

Nonprofits are critical partners in helping lift families out of working poverty (above the United Way's Asset Limited Income Constrained and Employed - ALICE - and poverty thresholds). While nearly 25% of non-profits reported worse fundraising in 2021 (reflecting back on 2020),ⁱ demand for non-profit support services to struggling families has gone up dramatically during COVID-19.ⁱⁱ There is a supply-demand mismatch for non-profits' services, and non-profits need relief and support to provide adequate service levels. To tackle this issue directly, Gov. Whitmer recommends investing \$50 million to provide financial relief and assistance to strengthen the non-profit ecosystem that provides support for families struggling to make ends meet.

Proposed American Rescue Plan Investment

The \$50 million fund would ask non-profits to submit grant applications that explain how the funding would allow the non-profit to continue or expand programming in service categories of housing assistance, child care assistance, assistance to adopt high-speed internet and other workforce barrier elimination (e.g. transportation assistance) or similar services that are explicitly allowed through the American Rescue Plan that help people under the ALICE threshold. This is a one-time infusion of capital into Michigan's nonprofit sector to provide relief to these critical organizations, while allowing them to continue or expand their services to areas hit the hardest by COVID-19 and to populations that are underserved and underrepresented. The ultimate success of the program will be judged by the number of nonprofits able to continue services (nonprofit survival rate) and the number of families lifted above the ALICE threshold.

Program Background

The fund would be administered by the Office of Prosperity within LEO, in partnership with a third-party contractor. The projects would be reviewed by the Poverty Task Force over the course of a series of funding rounds, and a Joint Evaluation Committee would make funding recommendations to the State Administrative Board based on the efficiency and effectiveness of the proposal. Up to 7% of the fund would be used for administrative activities – including contracting, compliance, data collection and program evaluation. The nonprofits that are funded would be required to collaborate, including sharing data and other programmatic information to increase the overall effectiveness of Michigan's non-profit system. These activities would largely be undertaken by the third-party administrator. The Office of Prosperity would convene quarterly meetings with grantees and oversee collaboration activities.

Michigan Second Chances Program

According to federal ARP guidance: “As the economy recovers, the effects of the pandemic-related recession may continue to impact households, including a risk of longer-term effects on earnings and economic potential. For example, unemployed workers, especially those who have experienced longer periods of unemployment, earn lower wages over the long term once rehired... These potential long-term economic consequences underscore the continued need for robust policy support.” One group whose experiences illustrate the need for continued policy support is returning individuals after incarceration. Providing second chances for them would strengthen Michigan’s labor force and reduce recidivism. Therefore, Gov. Whitmer recommends investing \$30 million to serve this population through a range of programming.

Proposed American Rescue Plan Investment

A total of 8,642 Michiganders were approved for release on parole in 2020. Providing services to returning citizens can change the trajectory of their lives by reducing recidivism and providing pathways to stable employment. The \$30 million fund would help justice-involved individuals employed in pathway jobs. The potential parole population for Michigan during the next three years could be more than 25,000 people based on 2020 statistics. Similar programs run by the Center for Employment Opportunities (CEO) report their programming has an ROI of \$3.30 per \$1.00 spent, and 22% reduction in recidivism.

Program Background

Funds would be directed toward reentry employment programs, specifically programs that provide transitional employment and vocational services, and specialize in working with the reentry population. Among other things, the program will be:

- Using available funds to expand partnerships with reentry employment organizations to help individuals subjected to the pandemic's worst disparities get back to work and create pathways to higher-skilled jobs.
- Providing opportunities for justice-involved individuals to provide essential work to their communities, including supporting food distribution efforts, assisting with infrastructure maintenance and supporting critical distribution work in local warehouses.
- Expanding workforce development for state agencies, including providing wraparound services, to support participants in addressing barriers to employment, specialized training for necessary skills for the job and a pipeline of staff who can succeed long term.

Regional Resiliency Fund

Strong regional collaboration and coordination is critical to ensuring that American Rescue plan funds have a transformational impact for Michigan's communities and economy. Alignment amongst the state and regional leaders on priority programs and projects will set up Michigan to have one of the more efficient and effective recoveries in the nation. To tackle this issue directly, Gov. Whitmer recommends investing \$250 million into the creation of a Regional Resiliency Fund.

Proposed American Rescue Plan Investment

The Regional Resiliency Fund would have two primary purposes. It would fund the creation of "Regional Economic Resiliency Plans" and regional projects and/or programs that support the implementation of these plans. The goal of the fund is a more coordinated COVID recovery effort that recognizes the unique needs and challenges for each region, while incentivizing alignment around economic recovery strategies and complementary activities at the state, regional and local level. This is a one-time fund designed to respond specifically to COVID-19, and the potential return is to ensure the \$4.6 billion in local spending complements state spending and avoids wasteful duplication, while investing in high ROI activities such as infrastructure development, job training, small business support, neighborhood support and other important recovery activities.

Program Background

The Regional Resiliency Fund would:

- Support for regional *planning and analysis* by regional partners, by providing funds to stand up/convene "Regional Resiliency Councils" that convene local workforce developers, economic developers, community developers, business groups, labor organizations and local elected officials, with state government liaisons. These councils could be already-existing groups or newly created.
- Create "Regional Economic Resiliency Plans" to *improve the efficacy* of effort to address negative economic impacts, including disparities/gaps in outcomes for underserved and underrepresented populations. *Data analysis* for each council would be funded, including for on-going data infrastructure. These plans would have to consider major pillars of Michigan's economic recovery and include plans for:
 - Increasing household incomes by supporting good-paying job creation and innovation policies by focusing on sectors where Michigan has a comparative advantage.
 - Build a talented workforce by helping Michigan attain its goal of 60% of adults with a postsecondary credential by 2030.
 - Investing in our communities' infrastructure, including affordable housing and broadband access/adoption, in order to make Michigan a desirable place to live and invest in.

- Support small businesses, which are the lifeblood of our communities, helping fuel job creation and business owner wealth generation. Michigan needs to help both microbusinesses and second stage businesses grow.
- Growing and strengthening the middle class with policies and programs aimed toward lifting families out of working poverty by helping alleviate major household cost drivers, such as childcare access.
- The councils then would submit projects or programs to be supported by the Regional Resiliency Fund. These projects would require at least a 1:1 local match.
 1. Spending could include a customized job training program for displaced workers that supports a specific COVID-impacted industry, or they could include projects that improve water, sewers, roads or other infrastructure at important sites for business growth.

The fund would be administered by LEO. A guidance document for regional resiliency council certification, regional plan creation and staff/consultant procurement would have to be created within the first month of fund creation.

Regional Resiliency Councils would form and certify their creation within the first 60 days post fund passage. A total of \$10-15 million in planning grants would be available for Regional Resiliency Councils. Funding will be allocated by the percent of population covered by region. Additional money would be available to build out a sustainable data infrastructure.

Staff/consultant procurement and initial plan creation would aim to be finished in the first six months after Regional Resiliency Council creation. Plans would be submitted to LEO for compliance purposes and would be posted on a public website.

Within the first six months, LEO would publish guidance for project or program funding. After plan creation, regions would then be able to apply for funding for projects or programs on a rolling basis. An inter-departmental Joint Evaluation Committee would evaluate projects for funding and make recommendations to the Administrative Board. The goal would be to commit all project or program funding before the end of FY22.

Residential Clean Energy Improvements

Making homes in Michigan healthier, cleaner and more energy efficient will benefit both individuals and the environment. To tackle this issue directly, Gov. Whitmer recommends investing \$50 million in residential clean-energy improvements. The program would leverage three existing delivery structures to ensure swift distribution of the funds, and will address the needs for healthier, cleaner and more energy-efficient housing in both multifamily and single-family homes. It will also benefit renters and homeowners by paying down some of the increased costs incurred by builders/developers when they are building/rehabbing homes to a higher standard. The program uses a financial carrot to push back against the argument that clean energy investments are too expensive.

Proposed American Rescue Plan Investment

Up to this point, healthier, cleaner and more energy-efficient housing has largely been unavailable in the affordable and attainable segments of the housing market. Consequently, many of those who have suffered the most because of COVID-19 are living in homes that are not optimal for their personal health. With this investment, we can increase access to healthier, cleaner and more energy-efficient homes. Housing is a social determinant of health, so investing these funds will allow us to improve health outcomes for the most vulnerable segments of our population. The homes we build/rehab today will be with us for decades. This funding creates an opportunity to improve the quality of our most compromised housing stock.

Program Allocations

Low-Income Housing Tax Credit (LIHTC) - \$25 million utilized for incorporating energy and healthy living improvements into new and existing affordable rental housing developments throughout the state.

- Allows for increases in clean energy improvements within the Qualified Allocation Plan (QAP) for LIHTC.
- Mitigates developer pushback that the required improvements are driving up costs – the state would offer an incentive to the developer that stretches their proposal to increase the energy efficiency of their development.
- Provides a means to improve existing LIHTC rental developments.

Property Improvement Program (PIP) - \$20 million allocation will provide homeowner rehabilitation assistance to address structural or mechanical repairs that enhance livability of homes for existing owner-occupied homeowners and rental property homeowners. There are very few sources of funding for “mom and pop” landlords to repair their properties. These funds will allow us to protect our limited affordable housing supply before they become unfit for occupancy. The program would provide:

- Assistance of \$25,000 maximum for owner-occupied and \$50,000 for non-owner occupied.

- Targeted focus: Energy-efficiency improvements, such as high-efficiency furnaces and air conditioning units, new windows, electrical upgrades, and perhaps most importantly, roof replacement, which is key to keeping a property from becoming blighted or uninhabitable.
- Five-year term of assistance will promote safe/secure opportunities for both homeowners and renters. The improvements will increase promotion of housing stability, wealth and assist with increasing values to strengthen neighborhoods and communities.

Neighborhood Enhancement Program (NEP) - \$5 million allocation will provide funding statewide for single-family home rehabilitation activities directly tied to stabilization and enhancement of Michigan neighborhoods by nonprofit 501(c)3 agencies and local units of government. This funding increase will strengthen the current NEP by transforming the program into something all Michiganders will be proud of, because funds will be geographically disbursed and leverage matching dollars. This will help a small amount of money go a long way. NEP programs have the power to transform neighborhoods. The current program would be adjusted to expand Clean Energy Improvements:

- Targets for the program will be single-family units that are owner occupied with up to 25% reserved for single-family rental units.
- For owner-occupied units, there would be a cap on the total NEP Grant Assistance of \$10,000 maximum per unit. If a unit exceeds \$10,000 in NEP investment, a 0% five-year non-amortizing forgivable lien is required.
- Total NEP assistance is capped at \$20,000 per unit.
- For rental units, it would be a grant/loan structure with a required five-year 60% non-amortizing forgivable lien at 0% interest, with the remaining 40% balance being repaid over a 10-year period beginning upon disbursement of funds annually at a 0% interest rate.
- Targeted focus of energy-efficiency improvements, high-efficiency furnaces and A/C, roof replacement, new windows and electrical upgrades, and all recommended exterior/interior energy-related activities identified within an energy audit.
- Eligibility criteria to be applied:
 - Structure must be in Michigan.
 - Occupants must reside in a 120% low/moderate income community/neighborhood.
- Marketing of program will be conducted through the issuance of a statewide competitive funding round submission in fall 2021.
- The addition and focused emphasis on residential clean energy improvement activities within NEP will complement the existing program and expand its offerings statewide. This will bring new affordable residential energy opportunities, primarily designed to assist low- and moderate-income areas and residents, in both urban and rural areas.

Retraining and Retooling Fund

Michigan's manufacturing sector has not been immune to the job losses that impacted many other industries as result of the COVID pandemic. In fact, **employment in Michigan's manufacturing sector has fallen 8.2% compared to 3.8% nationally** from first quarter of 2020 to May 2021, according to the Bureau of Labor Market Information and Strategic Initiatives (LMISI). The longer-term projections are also concerning. According to the latest University of Michigan RSQE forecast, it will take Michigan another two years to recover most, but not all, of the jobs lost in the manufacturing sector, representing nearly **7,000 jobs** that may be permanently eliminated. Many of these impacted jobs are not with the State's larger manufacturers or OEMs, but from smaller tier 2 and tier 3 suppliers that generally employ less than 250 employees.

At the same time, the COVID pandemic has had a disproportionate impact on occupations that are lower wage, while medium and high-wage jobs have nearly returned to pre-pandemic levels. Entry-level jobs in the manufacturing sector will require additional skills than they have in the past as companies invest in new processes and technologies. At the same time, manufacturing companies are struggling to find talent as they fully reopen, even with higher unemployment levels, due to a labor force demand-supply mismatch.

In order to prepare Michigan's small manufacturers and workforce for opportunities in emerging industries, Gov. Whitmer recommends investing \$100M to support the retraining and retooling of Michigan's small manufacturers and displaced workers.

Proposed American Rescue Plan Investment

To address the challenges faced by small manufacturers now and in the future, and to provide opportunities for underemployed and displaced workers, this investment will support three specific areas of need:

1. **Ensure Michigan has a sustainable and competitive manufacturing supply chain.** Small manufactures have capital and talent constraints to invest in new technologies or enter new industries. This program would provide matching grants (up to 50%) to help offset the capital expenditures necessary to drive competitiveness and long-term stability, while retaining and upskilling a company's workforce.
2. **Ensure Michigan's manufacturers are positioned to take advantage of the transition to a low-carbon economy and industries that are poised for growth.** Smaller manufacturers aligned with traditional internal combustion engine and transmission component manufacturing are at risk as the national and global transition to electric vehicles occurs. Utilizing the state's industry experts in various sectors, such as the Center for Automotive Research, Michigan Manufacturing Technology Center, Automation Alley, and universities, this program will dedicate \$5 million in targeted technical assistance (minimum of 33% match from company) to manufacturers under 500 employees who are aligned with traditional transmission and engine production or other at-risk industries. While the technical assistance may benefit those

manufacturers who are better positioned to take advantage of new opportunities or industries, the assistance will also support companies in need of turnaround or business-consulting services to ensure their long-term competitiveness.

3. **Ensure upskilling and training support is providing opportunities for good or promising jobs.** As mentioned above, the COVID pandemic has had a disproportionate impact on occupations that are lower wage, while medium and high-wage jobs have nearly returned to pre-pandemic levels. While some of these jobs may return for certain industries as they reopen, entry level jobs in the manufacturing sector and other innovation-based industries will require more skills than they have in the past as companies invest in new processes and technologies. To target those that are underemployed or displaced, this program would provide matching grants to small manufacturers (under 500 employees) for hiring and training of underemployed and displaced workers. A total of \$25 million in matching grants (up to 50% of total) would be provided for training that is industry recognized or provides post-secondary credentials to companies who partner with a community college or other third party training provider.

The goal of these combined efforts would support 700 small manufacturers in investing a minimum of \$140 million to improve their competitiveness and long-term stability, retaining over 35,000 jobs in three years. Another 750 small manufacturers would receive technical assistance to improve competitiveness and long-term stability, and 10,000 underemployed, displaced, or incumbent workers would receive industry-recognized or post-secondary credentials to strengthen the manufacturing and innovation-based sectors.

Program Background

The MEDC would collaborate with several partners and stakeholders to develop and implement the three-part program strategy:

- **Retooling Grants:** Administered by the MEDC, with support from statewide technical service providers (Automation Alley, MMTC, universities) and local economic development organizations. Program would intake applications on a rolling basis and make funding available in tranches, at least twice a year.
- **Technical Assistance:** Through a statewide RFP, establish a network of service providers and consultants to provide targeted technical assistance. A scale-up of service providers will be critical to reach target number of companies assisted.
- **Training:** Administered by the MEDC, with support from local economic development organizations and workforce development partners. Program would intake applications on a rolling basis and make funding available in tranches, at least twice a year.

Right Skills Now through State Apprenticeship Expansion

Right Skills Now through State Apprenticeship Expansion is a critical recovery investment to create good and promising Jobs, reduce the ALICE (Asset Limited, Income Constrained, Employed) population and help achieve the Governor’s Sixty by 30 goal. The program will jump-start, reinforce and enhance the performance of current Registered Apprenticeship Program (RAP) expansion efforts across the state. It will also help ensure the success of four (4) current federal Statewide Apprenticeship Expansion awards funded due to the COVID-19 pandemic. Without these additional funds, RAP expansion and most worker training could come to a standstill, endangering opportunities that include:

USDOL GRANT	NEW APPRENTICES	FOCUS AREA
Apprenticeship State Expansion 2019 - GPA	800	Underrepresented Populations
Youth Apprenticeship Readiness Grant – MiYARN	1,024	Underrepresented Populations, Youth and Youth with Disabilities
Stat Apprenticeship Expansion 2020 - MiRAIN	5,230	Underrepresented Populations, Youth, Veterans, RAP Expansion
State Apprenticeship Expansion, Equity and Innovation Grants (SAEEI) - MiSTAIRS	1,640	Underrepresented Populations, Women, Individuals of Color, Individuals without High School Equivalency

To tackle this issue directly, Gov. Whitmer recommends a \$50 million investment to maximize immediate relief by serving those citizens most severely impacted by the COVID-19 public health emergency, and who least often benefit from RAPs. Emphasis will be on underrepresented populations, specifically women, people of color, veterans, individuals with disabilities, individuals without High School Equivalency (HSE) credentials and justice-involved individuals. More than 9,000 residents could enter RAPs, earn while they learn “right skills” in occupations critical to Michigan’s economic recovery, and attain a USDOL industry credential upon completion.

Proposed American Rescue Plan Investment

Right Skills Now through State Apprenticeship Expansion would amplify Michigan program policy innovations recognized nationally, including: 1) state-level guidance from a [Michigan Apprenticeship Advisory Board](#); 2) full engagement of regional and sector-based partners; 3) RAP reimbursements; 4) supportive services for participants; 5) regional Apprenticeship Success Coordinators in the Michigan Works! system; 6) the Apprenticeship Launch Network; 7) a step-by-step process to help underserved and underrepresented RAP participants succeed; and 8) a [Michigan RAP Data Dashboard](#).

The House Committee on Education and Labor states: “The Registered Apprenticeship system is America’s most successful federally authorized workforce development program. According to the (USDOL), 94% of people who complete RAs are employed upon completion, earning an

average starting wage of above \$70,000 annually.” Therefore, Right Skills Now through State Apprenticeship Expansion would have a life-changing positive impact for participants and fill a critical gap in services for those in the ALICE population. Current programs cannot provide the needed level of training and supportive services, including childcare, transportation, housing and other critical needs to ensure success.

Program Background

Support for RAP model expansion is at an all-time high in Michigan and nationwide. While capacity has increased due to recent federal awards, without this additional support, efforts will not overcome the negative impact from the COVID-19 public health emergency. Investment stakeholders across the state are numerous, and therefore, outcomes are directly aligned with innovation and performance outcomes required of federally funded sub-grantees:

- Apprenticeship State Expansion (GoingPRO Apprenticeship): [\(16\) MiWORKS!](#)
- Statewide Apprenticeship Expansion 2020 Grant Program: [Round 1 Awards](#)
- Statewide Apprenticeship Expansion 2020 Grant Program: [Round 2 Awards](#)
- Statewide Apprenticeship Expansion Equity & Innovation: [MiSTAIRS](#)

The Michigan Department of Labor and Economic Opportunity, Workforce Development (LEO-WD) will manage implementation to ensure investment outcomes are achieved. Specific key initiatives include:

- Provision of state-level guidance from the [Michigan Apprenticeship Advisory Board](#).
- Expanded RAP opportunities through improved awareness, outreach and marketing.
- Increased RAP adoption in regions and sectors through occupation specific customized RAPs.
- Expanded Apprenticeship Success Coordinator model and streamlined/accelerated program registration (linked to performance goals).
- Enhanced support for regional expansion – flexible to meet local needs and address COVID-19 impacts.
 - Training reimbursement to strengthen the prescribed, tiered apprenticeship readiness and RAP model training to directly prepare and enroll participants (see graphic below).
 - Following the Governor’s lead, use an “Enhanced On-the-Job-Training” approach to offset the wage gap by making the lower starting wage equal to the RAP progressive wage scale at two years.
- Enhanced supportive services for Registered Apprentices (childcare, transportation, tools, etc.).

The primary metric of success for RAP expansion is the performance outcome for the number of new Registered Apprentices. Immediate Right Skills Now through Statewide Apprenticeship Expansion results would be residents entering new RAPs within six months. While some newer competency-based programs are completed in 12 months, RAPs on average are completed in four years, depending on industry and occupation, ensuring credential attainment by the 2030 goal.

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Startup Resiliency Initiative

With the COVID-19 outbreak, many tech startups are faced with significant economic challenges, including issues with cash flow and resources needed to support their technology development, employees and customers. *According to the Michigan Venture Capital Association*, “Capital available for new investments in 2020 was \$503 million, a **decrease of 44%** over the last five years.” ([See p. 14-15](#)) Venture capital specifically dropped from \$514M in 2019 to \$257M in 2020.

American Rescue Plan (ARP) funding will provide great relief and support for innovative businesses throughout Michigan in the face of COVID-19’s prolonged impact. The goal of **the Startup Resilience Initiative** is to keep Michigan’s promising startup companies on a path to survive the current economic crisis and grow when the downturn subsides, along with supporting new tech company formation across Michigan.

To tackle this issue directly, Governor Whitmer recommends injecting \$200M in the statewide, early-stage tech ecosystem. This capital infusion includes investments, grants and technical assistance and would bolster some of the promising tech companies that have been nurtured in Michigan yet were impacted by the pandemic. This capital infusion would also help both grow and diversify the Michigan economy via new tech company startup funding.

Proposed American Rescue Plan Investment

Venture backed companies create roughly 10% of new jobs nationally, with a disproportionate amount in the high-wage, high-skill category, as well as over 20% of GDP nationally. Strong Michigan venture firms are a critical factor in the success of Michigan startups. With Michigan venture investors backing 96.4% of all Michigan venture-funded startups, our state’s entrepreneurial economy hinges on our ability to consistently provide high-growth, high-potential companies with access to capital. Strong Michigan venture firms are a critical factor in the success of Michigan startups. As of the most recent data from the Michigan Venture Capital Association (“MVCA”), MVCA survey respondents estimate that \$1.2 billion of additional venture capital will be required to adequately fund the growth of Michigan’s 165 startup companies in the next two years.” The initiative will be targeted exclusively towards Michigan start-ups that faced documented COVID-19 impacts, and will specifically target support for entrepreneurs of color, women owned businesses, and businesses located in geographies disproportionately economically impacted by COVID.

Program Background

Startup Resiliency Initiative includes three focus areas (Equity Investments, Grants, Technical Assistance):

1. EQUITY INVESTMENTS: (\$140M)

As a targeted form of high growth, high tech small business support, the State of Michigan will provide investments into funds that concentrate on Michigan’s and the MEDC’s strategic plan

focus industries through Limited Partner (LP) agreements with Venture Capital and Angel firms. The key objective is to continue to diversify the Michigan economy through home grown, innovative high growth startups by maintaining momentum as we come out of the pandemic.

The Fund will have a focused, three-tiered investment approach:

Tier I: Pre-Seed Funding (\$30M)

Expand existing and proven/impactful Michigan Strategic Fund supported early-stage investment funds:

- First Capital Fund (\$9M)
- Pre-Seed III Fund (\$15M)
- Tech Startup Stabilization Fund (TSSF) (\$6M)

Tier II: Seed Stage Funding (\$70M)

Foster local VCs and Angel Groups. Invest into local VCs to encourage investments in Michigan's strategic industries /innovations (advance materials, manufacturing, medical device, mobility, etc).

Tier III: Growth Stage Funding (\$40M)

Reinforce in state and attract strategic out of state VCs (both Opportunity Zones Funds and traditional VC funds)

2. GRANTS: (\$50M)

Expand existing impactful programs:

- Business Accelerator Fund (BAF)
- Emerging Technologies Fund (ETF)
- MWF Microloan Resilience Fund

NEW

- **Pivot Growth Fund:** a competitive microloan and grant program that targets entrepreneurs from underserved populations as identified in the MEDC Strategic Plan. The aim is to enable existing small businesses to pivot and grow to meet i) post COVID-19 demands, ii) commercialize new, related opportunities and iii) support new business ideas in response to COVID-19 demands.
- **Michigan Venture Capital Network Support:** Focus on the areas of education, access and opportunities for entrepreneurs with investors. The funding will support launching statewide Michigan Start Up Best Practice Workshops, Michigan Entrepreneurial Investment Landscape Guide and Map and Michigan Venture Capital Research Report
- **MichBio Med Device/Life Science Industries:** Database of all Michigan based MedDevice and Life Science companies and their capabilities to realize future growth potential.

3. TECHNICAL ASSISTANCE: (\$10M)

- **Michigan Angels Network Support (\$1,500,000).**

Unifying the Michigan Angel communities across the state to leverage due diligence activity and back-office support for increased efficiency and effectiveness.

- **Michigan Mentor-in-Residence Program (\$1,000,000).**
A statewide mentor-in-residence program to advise, connect and leverage the talent that exists in Michigan to help startups succeed.
- **SmartZone Network Support (\$7,000,000).**
There is a huge discrepancy in SmartZone tax capture. Funds would be used to level the field for the SmartZones that are struggling financially with their tax capture, yet clearly show need for additional funding to help their local community grow their tech industries.
- **General Business Competency Training (\$500,000):** All future Resiliency grantees must go through a basic business financial course before any grant funds are disbursed.

Management of the programs would be by the MEDC Entrepreneurship and Innovation staff on behalf of the MSF. All program awards would be through an RFP process with a rigorous evaluation committee review.

Strengthening College to Industry Pipeline

Many college students, specifically those from underserved or underrepresented backgrounds, struggle to earn a degree on time and transition into the labor force. Removing barriers faced by these students within the higher education system increases the likelihood of graduating on time and with skills relevant to in-demand professions. These same students do not have access to labor market data to make an informed decision on which credential to pursue in order to access a high-wage, in-demand career. To provide an equitable experience for college students and bridge the gap between colleges and industry, Gov. Whitmer recommends a transformational \$70 million fund to assist community colleges and Michigan employers in their efforts to ensure that students complete a postsecondary credential with the skills needed to immediately enter a career that pays a living wage.

Proposed American Rescue Plan Investment

The \$70 million investment will enhance community colleges' capacity to (1) adopt evidence-proven practices and policies that improve college completion rates; (2) work in partnership with employers to co-develop curriculum that reflects the needs of Michigan's labor force; (3) invest in data systems that provide information on the value of various postsecondary credentials.

ARP dollars (\$63 million) will be used to provide competitive grants to colleges and universities to reform current policies and practices to improve student success outcomes. Grant dollars could also be used to partner with employers to co-develop new or refreshed curriculum that aligns with the skills and competencies required by industry.

Additional funding (\$7 million) would be used to improve current labor market data systems to provide real-time information on the value of various postsecondary credentials. This will ensure state investments into education and training are best aligned to the demands of employers by identifying the certifications, certificates, and degrees with the highest return on investment. This data will also help workers make data-driven decisions on the credentials that will provide the strongest employment and earnings outcomes, and allow them to avoid investing their time and money into low-quality credentials. By improving the sophistication of our existing data infrastructure, the State can be explicit about which credentials are high-quality and where residents can earn them.

Program Background

In 2019, Michigan joined the Complete College America (CCA) Alliance of States. CCA has identified a set of institutional strategies that colleges can adopt to improve success outcomes of students, particularly low-income, first-generation students and students of color. The Office of Sixty by 30 will partner with CCA and community colleges to support the implementation of systemic reforms aimed to ensure students complete their degree or certificate program in a timely manner. The strategies are organized around four pillars of student success:

- **Purpose:** The student's college experience is aligned to the student's career goal.
- **Momentum:** There are multiple avenues for students to get started, earn credits faster and stay on track to graduate.

- **Structure:** Each student has a course road map that provides a clear path to a degree or credential.
- **Support:** The college addresses student basic needs and removes barriers to academic success.

Furthermore, grantees will be given additional funding to partner with employers to co-develop curricular and extra-curricular enhancements that help students become aware of career competencies, connect those competencies to the work they do in the major and demonstrate their proficiency in transferable skills.

Through partnerships with LEO and DTMB's Bureau of Labor Market Information and Strategic Initiatives, Michigan has greatly improved its labor market data systems. Funding would be used to enhance existing infrastructure to isolate a list of postsecondary credentials that have currency in our current labor market and allows an individual to live above the ALICE threshold. Both the state and individual workers would be able to use the data system to ensure a strong return on investment for earning a valuable postsecondary credential.

Talent Attraction and Retention Program

Michigan's economic recovery from pandemic-caused challenges has mirrored the nation's in that there is high-demand for workers, while the labor supply is relatively weak according to data from the Bureau of Labor Market Information and Strategic Initiatives (LMI). This has intensified an already existing long-term structural labor force challenge in Michigan. McKinsey estimates, Michigan's working age population is expected to decline ~15% or **~771,000 residents** - from 2007 to 2027. LMI further estimates that deaths will start outpacing births starting in 2030. In addition to a shrinking workforce, there is a supply and demand mismatch for high-tech, computer science workers, specifically high-tech mobility and electrification workers. There is **an estimated gap of ~12,000 tech-oriented mobility workers and ~6,000 additional tech workers** in other industries in which Michigan has a comparative advantage. Furthermore, Michigan currently graduates more than 7,000 computer-science related degrees, but **only retains 45% of them**. 1,500 of these degrees are estimated to be earned by out-of-state students, who are much more likely to leave.

In order to enable Michigan's economy to have a stronger recovery from the impacts of the pandemic and tackle this issue directly, Governor Whitmer recommends **investing \$11M** in support of talent attraction and retention, with specific focus on populations and industries most impacted by the pandemic.

Proposed American Rescue Plan Investment

To address the COVID-amplified challenge of labor force demand-supply mismatches, this investment takes a two-prong approach to attract and retain talent:

- Internships significantly influence the first full-time job of students. Creating more engaging internship opportunities to keep top talent at home is a critical strategy for increasing our retention of STEM grads. Therefore Michigan should scale up **STEM forward to \$9M**: The MEDC recently invested \$1.5M in placing Michigan STEM college students in internships at start-ups across Michigan. The program is facing tremendous demand and can be scaled up over the next three years to address this skills gap.
- Michigan does not have a comprehensive talent attraction and retention strategy. It must invest in building planning and research capacity to develop a collaborative approach to attraction and retention. **Michigan should invest \$2M to build Talent Attraction and Retention capacity** – create a statewide talent attraction and retention dashboard, conduct semi-annual surveys of targeted talent to understand how to better retain talent, and stand-up a statewide convening of regional talent organizations and other stakeholders, while providing targeted regional support.

The goal of the program would be to place 3,000 STEM interns at start-ups and create the support infrastructure to connect them to full-time jobs throughout Michigan.

Program Background

The Office of Sixty by 30 would partner with the MEDC to build talent attraction and retention capacity. They would contract with a third party to create a talent attraction and retention

dashboard, conduct surveys and work with regional partners and stakeholders to provide targeted regional support as needed.

MEDC will partner with Ann Arbor Spark or another local partner to provide additional capacity to the existing STEM Forward program for three years. The MEDC would target taking action within three months after budget approval to encumber the funds.

The Going PRO Talent Fund Expansion Investment

COVID-19 further complicated an already existing challenge Michigan employers faced in finding skilled workers. More than 500,000 professional trades job openings are projected in Michigan through 2026. Michigan residents need innovative, work-based learning solutions to gain the skills and credentials needed to fill available high-skill, high-wage, in-demand job openings. The Governor is proposing a \$100 million investment to expand the successful, demand-driven Going PRO Talent Fund (Talent Fund) program, to address upskilling Michigan's workforce to meet 21st century industry standards.

Proposed American Rescue Plan Investment

The Talent Fund would use the \$100 million investment to expand current program innovations for demand-driven, work-based learning training solutions. The investment would allow for an expansion to address workforce skills gaps for some of Michigan's most vulnerable residents brought on by the COVID-19 pandemic. Michigan workers who are disabled, dislocated, unemployed, underemployed, returning citizens, veterans and individuals without high school diplomas need to gain the skills and credentials required to begin prosperous, life-sustaining career pathways. Existing workers need upskilling to meet industry standards and advance their careers. To assist in Michigan's economic recovery, Talent Fund awards would prioritize industries, some demographic groups and communities most adversely impacted by the long-lasting effects of COVID-19. The projected outcomes of the investment will impact more than 80,000 Michigan workers. The investment would also support the state's education attainment goal of increasing the number of Michigan working adults with a skill certificate or college degree to 60% by the year 2030.

Program Background

The Talent Fund provides individuals with employment, industry-recognized credentials and strong wages. Employees gain access to training modules that adapt their skills to changing demand. Competitive awards help ensure employers have the talent they need to compete and grow by aiding in developing and retaining current and newly-hired employees. Training must be completed within one year from the date of the award and lead to a credential for a skill that is transferable and recognized by industry.

The Talent Fund allows employers to engage Michigan's workforce development system (Michigan Works! network) and access to additional resources. The Talent Fund often provides a gateway into the workforce development system. As part of the Michigan Works! fact finding process, it is determined whether Talent Fund awards are appropriate and whether other potential funding sources are sufficient to meet the demand for training. If Michigan Works! determines Talent Fund awards are appropriate, employers access the Michigan Department of Labor and Economic Opportunity, Workforce Development's (LEO-WD) online Work Based Learning On-Line Management System (WBLOMS). LEO-WD awards funds to employers and Michigan Works! staff are responsible for management and oversight of each award, including reporting on outcomes and reimbursement to employers at the completion of training.

The Talent Fund prioritizes support of industry-driven training projects, with an emphasis on continuous improvement and innovation through program design and policy. Over the past eight years, the Talent Fund has experienced continuous improvement. Projected investment outcome metrics are listed below:

Going PRO Talent Fund Program Metrics						
Metric	ARP Investment Projected Data	FY2021 Projected Data	FY2020*	FY2019	FY2018	FY2017
Individuals hired and trained	32,368	11,751	N/A	5,168	6,075	2,521
Current employees trained	51,325	18,430	N/A	16,398	16,878	8,814
Number of awards	2,997	1,021	N/A	881	925	443
Average cost per trainee	\$1,313	\$1,311	N/A	\$1,134	\$1,076	\$1,103
Average award amount	\$36,667	\$33,403	N/A	\$27,762	\$26,693	\$28,232

*Going PRO Talent Fund not funded in FY2020.

Wraparound Support Services for Reconnectors

In order to reach the State's postsecondary educational attainment goal of 60% of adults with a degree or valuable credential by the year 2030, it must invest in programs that make college more affordable. Individuals with a high school diploma (or less) as their terminal credential will be unlikely to contribute to Michigan's economic recovery, and are very likely to live at or below the ALICE threshold. Last year, the State made huge strides in making community college tuition-free for working-aged adults through the Futures for Frontliners and Michigan Reconnect programs. However, these programs are designed as last-dollar scholarships that are limited to tuition costs. The program does not cover non-tuition costs of attendance (food, housing, transportation, childcare, internet, books, etc.). These non-tuition costs can be more of a barrier to postsecondary success than tuition costs. Michigan's lowest income adults who are participating in the program are most likely to drop out of the program because they can't meet their basic needs. This proposal would fully leverage existing assistance programs and provide additional supports to a targeted group of Reconnectors to help them achieve economic stability while attaining their college degree or skills certificate.

Proposed American Rescue Plan Investment

The administration proposes investing \$15 million to provide additional wraparound services to low-income Reconnectors, defined as those whose FAFSA determined they had an expected family contribution (EFC) of \$0 and/or were fully/partially Pell-eligible. Reconnect applicants who complete the FAFSA and meet these eligibility requirements would get flagged for these additional services:

- **Comprehensive benefits access:** LEO would hire additional navigators to systematically screen all Pell-eligible students for eligibility for public benefits programs. These dedicated navigators would help Reconnectors complete the MI Bridges application to determine eligibility for food assistance, child care subsidy, emergency relief, healthcare coverage, and would then help them enroll in these programs. Navigators would also screen Reconnectors for eligibility for WIOA-funded programs offered through the local workforce development agency that may cover books, supplies and transportation expenses.
- **Student Success Grants Pilot Program:** Up to 2,000 Reconnectors attending partner community colleges that meet income eligibility criteria (\$0 EFC) would automatically qualify for additional student success grants to stack on top of Pell and Reconnect to pay for costs of attendance. Students would be eligible to receive up to \$2,000 per semester to cover non-tuition expenses, for up to three semesters. The grant would be distributed by the student's community college based on the meeting of success criteria, including meaningful momentum toward a credential and regularly meeting with their success coach.

Program Background

Michigan Reconnect provides significant tuition assistance to working-aged adults, but for adults living in poverty, non-tuition costs will remain a barrier to successfully completing a postsecondary credential. Many of these adults are academically capable of taking this next

step toward a fulfilling career, but can't afford to support their (and often their dependents') basic needs while attending school. Some students will try to take on multiple low-wage jobs to cover their basic living expenses, which inevitably trades off with their studies, leading to failed classes and loss of eligibility for their financial aid. These individuals would benefit from additional forms of financial assistance to close the gap between what the Pell Grant and Michigan Reconnect will cover (tuition and fees), and the true cost of attendance (housing, food, utilities, internet, transportation, child care, books, supplies, etc.). Investing in wraparound supports will help improve the success rates of Reconnectors, so that they can get on a path to an in-demand, high-wage career. LEO will partner with an institution of higher education to formally evaluate the effect of offering additional wraparound support services to low-income Reconnectors in order to inform future investments or changes to program design.