



**House  
Legislative  
Analysis  
Section**

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**CODIFICATION OF WORKFORCE  
DEVELOPMENT PROGRAMS;  
DEPARTMENT OF CAREER  
DEVELOPMENT**

House Bill 5901 as introduced  
Sponsor: Rep. Stephen Ehardt

House Bill 5902 as introduced  
Sponsor: Rep. Patricia Godchaux

House Bill 5903 as introduced  
Sponsor: Rep. Judson Gilbert

House Bill 5904 as introduced  
Sponsor: Rep. Randy Richardville

House Bill 5905 as introduced  
Sponsor: Rep. Gary A. Newell

House Bill 5906 as introduced  
Sponsor: Rep. Brian Palmer

House Bill 5907 as introduced  
Sponsor: Rep. Ruth Johnson

House Bill 5908 as introduced  
Sponsor: Rep. John Stewart

House Bill 5909 as introduced  
Sponsor: Rep. Jerry O. Kooiman

House Bill 5910 as introduced  
Sponsor: Rep. Triette Reeves

House Bill 5911 as introduced  
Sponsor: Rep. Tom Meyer

House Bill 5912 with committee  
amendments  
Sponsor: Rep. Clark Bisbee

House Bill 5913 as introduced  
Sponsor: Rep. Doug Hart

House Bill 5914 as introduced  
Sponsor: Rep. Mickey Mortimer

House Bill 5915 as introduced  
Sponsor: Rep. Sandra Caul

House Bill 5916 as introduced  
Sponsor: Rep. Gene DeRossett

House Bill 5917 as introduced  
Sponsor: Rep. Sue Tabor

House Bill 5918 as introduced  
Sponsor: Lauren Hager

House Bill 5919 as introduced  
Sponsor: Rep. Judith Scranton

House Bill 5920 as introduced  
Sponsor: Rep. Jerry VanderRoest

House Bill 5921 as introduced  
Sponsor: Rep. Wayne Kuipers

House Bill 5922 as introduced  
Sponsor: Rep. Jason Allen

House Bill 5923 as introduced  
Sponsor: Rep. Barb VanderVeen

First Analysis (4-24-02)  
Committee: Employment Relations,  
Training and Safety

House Bills 5901-5923 (4-24-02)

### ***THE APPARENT PROBLEM:***

In 1999, through Executive Order No. 1999-1, the governor reorganized several agencies within the executive branch of the government, under the power given a governor by Article V, Sections 2 and 8 of the Constitution of the state of Michigan of 1963. That executive order addressed the Michigan Jobs Commission, and the Department of Management and Budget, as well as the Michigan Strategic Fund, the Michigan Economic Development Corporation, and the Department of Career Development, creating the latter as a new department level agency.

The Department of Career Development that was created by Executive Order No. 1999-1 subsumed the authority, powers, duties, functions, responsibilities, and personnel of the Michigan Jobs Commission (which was also a principal executive department). Among the programs and functions transferred to the new department were the Council of Career Preparation Standards funded under the State School Aid Act; the Governor's Workforce Commission; the responsibilities of the State Board of Education for the Michigan Rehabilitation Services program; the Michigan Rehabilitation Advisory Council; the Federal JOBS Program, Work First, and Grant Diversion programs; the Michigan Community Service Commission; the Governor's Office for Job Training; the Displaced Homemaker Program; the Michigan Occupational Information Coordinating Committee; the Michigan Transition Initiative; the Michigan Occupational Information System; the Department of Corrections Job Training Programs; and, the functions and responsibilities of the Employment Service Agencies.

In addition, recently through Executive Order No. 2002-5, the governor further reorganized the three-year old Department of Career Development he had created through the earlier Executive Order, making further changes in the structure of the Governor's Workforce Commission. In doing so, he followed a state "workforce investment board model" prescribed by the 1998 federal Workforce Investment Act (29 USC 2801 et seq.); however, the design of that federal model, itself, had been based on Michigan's unique and highly regarded local partnership for workforce training.

Following implementation of the second executive order earlier this year, the new department comprised all the functions of the state government having to do with vocational training and re-training across the life-span (for school-age youngsters, for veterans, for

the disabled, and for senior citizens), including some programs designed to reduce poverty, achieve economic independence and self-sufficiency; and, to re-vitalize low-income communities.

Legislation has been introduced to establish the three-year old Department of Career Development in state statute, thereby codifying the reorganization of the executive branch agency that was earlier accomplished by two executive orders.

### ***THE CONTENT OF THE BILLS:***

The bills would establish a career development system by creating a Department of Career Development; the Michigan Workforce Investment Board; local workforce investment areas and local workforce investment boards; education advisory groups; and, the Michigan Rehabilitation Advisory Council. To create the "one-stop delivery system for career development services," three of the bills would repeal existing acts. A more detailed description of each bill follows.

House Bill 5901 would create a new act to establish, among other things, a Department of Career Development, and the Michigan Workforce Investment Board. The bill specifies that the act would be known as the "career development delivery system act." Under the bill, the Department of Career Development would be created as a principal state department to develop a continuously improving system that would provide career training, education, planning, and career development services. The department would be administered by a director who was appointed by and serve at the pleasure of the governor. The director could appoint one or more deputy directors and other assistants and employees, as well as delegate his or her authority.

The bill specifies that the Michigan Workforce Board, originally created in Executive Order No. 2002-5, would be created within the department; that the workforce board would have all of the powers and duties provided in the executive order; and, that the board would advise the governor and the director on matters related to career education and career development.

Under the bill and pursuant to federal law, the governor would designate local workforce investment areas within the state, and the chief elected official in each local workforce investment area would appoint

(and the governor would certify), a local workforce investment board for each area designated. The local board would do all of the following: a) operate in accordance with policies established by the department; b) set operating policies with strategic plans approved by the department for the portion of the Michigan Works System within the local area; c) certify whether a local plan for federally- and state-funded career development programs was consistent with a locally developed strategic plan; and, d) any other duties, functions, and responsibilities under the Workforce Investment Act of 1998 (Public Law 105-220, 112 Stat. 936). The bill specifies that a local board or a Michigan Works agency would provide department-funded services to program applicants and participants only through service providers selected by a competitive bidding process. However, a local workforce investment board, or a Michigan Works agency, could provide department-funded services directly, if the governor determined after a bidding process that there were no other entities capable of providing the required services at a reasonable cost.

House Bill 5901 would require that an education advisory group be established and operated in each local workforce investment area, as described in the School Aid Act, including representation from post-secondary institutions to include community colleges, four-year institutions, and research institutions.

The bill also would establish within the department the Michigan Rehabilitation Advisory Council, originally created in Executive Order No. 1994-20, and subsequently transferred to the department in Executive Reorganization Order No. 1999-1, MCL 408.40. The council would oversee the department's operation of the state's plan for vocational rehabilitation services.

House Bill 5901 specifies that the career development department would oversee the creation and operation (by the local workforce investment boards) of a system of Michigan Works one-stop service centers through the state, in accordance with federal law. The system would provide an integrated statewide career guidance system, labor market information, labor exchange, and management information system that supports the Michigan Works system.

Finally, the bill specifies that in accordance with Article VIII, Section 7 of the state constitution, the bill would not diminish the supervision and control of community colleges by locally elected boards of trustees, and would not limit community colleges in the development of courses and curriculum.

The bill would define "Michigan Works system" to mean the local workforce investment board and local administrative entities that receive funds and administer the following workforce development programs: Title 1 of the federal Workforce Investment Act of 1998; the federal Wagner-Peyser Act; the North American Free Trade Agreement; the federal Trade Adjustment Assistance program; the federal Welfare-to-Work program; Work First; and, the food stamps employment and training services program.

House Bill 5902 would amend Public Act 219 of 1994, which established the Michigan Community Service Commission, to place the commission in the Department of Career Development, moving it from the Michigan Jobs Commission, as specified in Executive Order No. 1993-2.

House Bill 5903 would amend Public Act 44 of 1964, which authorizes the state board of control for vocational education to accept federal funds, to instead authorize the Department of Career Development to accept federal funds, as well as take any necessary action consistent with state law to comply with the provisions of the Carl D. Perkins Vocational and Applied Technology Education Act.

House Bill 5904 would amend Public Act 111 of 1952, which establishes the Veterans' Vocational School at Pine Lake in Doster, Michigan, to specify that it would operate under the Department of Career Development, instead of the State Board of Education.

House Bill 5905 would repeal Public Act 18 of 1946 which authorized counties to provide and fund adult education programs with the approval of the superintendent of public instruction.

House Bill 5906 would amend the State School Aid Act of 1979 to specify that \$1.8 million allocated to the Department of Education in conjunction with the Department of Career Development to award competitive grants for the purpose of improving manufacturing technology programs offered by public education agencies, be allocated instead to the Department of Career Development, which would assume all authority to administer the program.

House Bill 5907 would amend the Rehabilitation Act of 1964 to specify that the vocational rehabilitation program for disabled people would be administered by the Department of Career Development, rather than the State Board of Education.

House Bill 5908 would amend the State School Aid Act to specify that \$31,027,600 allocated for

vocational-technical centers and programs (including parenthood education programs) used to reimburse districts on an added cost basis, according to rules approved by the superintendent, be submitted to the Department of Career Development, rather than the Department of Education.

House Bill 5909 would amend Public Act 148 of 1943, which provides for the regulation and licensing of proprietary schools by the Board of Education, to require instead that the schools secure their licenses from the department, and that the department be responsible for the inspection and regulation of the schools.

House Bill 5910 would amend Public Act 40 of 1963, which authorizes private trade schools, business schools, correspondence schools, and institutes to solicit students, to be administered by the Department of Career Development, rather than the superintendent of public instruction.

House Bill 5911 would amend Public Act 287 of 1964, which provides for the organization and functions of the state boards of education under the Constitutions of 1908 and 1963, including the appointment and functions of the superintendent of public instruction, to specify that the State Board of Education would no longer have a) jurisdiction and control of the Michigan Rehabilitation Institute for Veterans and Disabled Adults at Pine Lake, and b) responsibility for the inspection of educational corporations as may be provided by law.

House Bill 5912 would amend Public Act 327 of 1931, which provides for the regulation and classification of corporations, including educational corporations, to specify that educational corporations would be regulated by the Department of Career Development, rather than the State Board of Education. Under the law, educational corporations are defined in four classes: w, x, y, and z. Classes w, x, and y have different minimum capital requirements, and class z is reserved for ecclesiastical or religious orders, societies, or corporations that have denominational purposes. The corporations can establish and conduct schools, academies, preparatory schools, or colleges, under certain circumstances.

House Bill 5913 would amend the Revised School Code to require the Department of Career Development to designate the geographical territory as the service area for the operation of an area vocational-technical education program. Currently the State Board of Education designates the areas.

House Bill 5914 would amend the Community College Act of 1966 to specify that the Department of Career Development would designate the service area of a vocational-technical program, rather than that State Board of Education. In addition, the bill would provide that waivers of tuition could be granted by community college trustees when a student participated in a reciprocal agreement for exchange of educational services, if that agreement were approved by the Department of Career Development. Currently the reciprocity waivers must be approved by the State Board of Education. Further, the bill specifies that the chief executive officers of community colleges submit annual written reports (in regard to all matters pertaining to the educational interests of the community college district) both to their trustees, and to the Department of Career Development. Currently those reports are submitted to the trustees and also the Department of Education. The bill also would require the board of trustees of a community college to provide for a system of accounting that met the approval of the Department of Career Development, and to send copies of audit reports to that department. Currently approval is necessary from, and reports are filed with, the State Board of Education.

House Bill 5915 would amend the Higher Education Loan Authority Act to specify that "eligible institution" would include, among other institutions, a vocational school that was approved by the Department of Career Development and by the United States Secretary of Education for purposes of the guaranteed loan program. Currently a vocational school must be approved by the State Board of Education for this purpose.

House Bill 5916 would amend Public Act 102 of 1986 to transfer powers under the Part-time Independent Student Grants Act to the Department of Career Development. Currently under the act, a person is eligible to participate in the grant program if he or she meets certain conditions, including enrollment in an undergraduate program of not less than nine months duration leading to a degree or certificate from a Michigan degree-granting educational institution that is approved by the State Board of Education. Under the bill that approval would be granted by the Department of Career Development.

House Bill 5917 would amend Public Act 303 of 1986 to transfer powers under the Michigan Work-Study Program Act that applies to graduate school to the Department of Career Development. Currently under the act, a recognized graduate or professional graduate school is eligible to participate in the program if it is a degree-granting institution approved

by the State Board of Education. Under the bill, that approval would be granted by the Department of Career Development.

House Bill 5918 would amend Public Act 288 of 1986 to transfer powers under the Michigan Work-Study (MWS) Program Act that applies to post-secondary school to the Department of Career Development. Currently under the act, a recognized post-secondary school is eligible to participate in the program if it is a degree-granting institution approved by the State Board of Education. Under the bill, that approval would be granted by the Department of Career Development.

House Bill 5919 would amend Public Act 273 of 1986 to transfer powers under the Michigan Educational Opportunity Grant (MEOG) Program Act to the Department of Career Development. Currently under the law, a recognized post-secondary school is eligible to participate in the MEOG program if the school is a degree-granting public institution approved by the State Board of Education. Under the bill, that approval would be granted by the Department of Career Development.

House Bill 5920 would repeal Public Act 28 of 1964, which transferred the powers, duties and function of the State Board of Control for Vocational Education to the State Board of Education.

House Bill 5921 would amend Public Act 164 of 1975, which created the Commission on Spanish-Speaking Affairs, located it within the Department of Management and Budget, and specified that the director of the office would be selected with the concurrence of the budget director. Under the bill, the Commission on Spanish-Speaking Affairs would be transferred to the Department of Career Development, and its director would be selected with the concurrence of the career development department director.

House Bill 5922 would repeal Public Act 149 of 1919, which designated a State Board of Control for Vocational Education to allocate federal funds under the Smith-Hughes Act of 1917, for the support of instruction in agriculture, the trades, industries, and home economics, and for the preparation of teachers of vocational subjects.

House Bill 5923 would amend Public Act 16 of 1942 to transfer powers under the federal Grants to Schools Act to the Department of Career Development. Currently under the law, all funds made available to the state by federal appropriations for the purpose and operation of vocational education and vocational rehabilitation, including vocational

training for defense workers, is received and administered by the State Board of Control for Vocational Education. Under the bill, these federal funds would be administered by the Department of Career Development.

### ***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, since the bills would codify executive orders and do not modify current practices and policies, they would have no fiscal impact on the state or local units of government. (4-24-02)

### ***ARGUMENTS:***

#### ***For:***

This legislation codifies a system of workforce development that serves as a model throughout the nation. According to committee testimony, last year nearly 1.5 million Michigan citizens used the 100 Michigan Works one-stop job service centers that are located throughout the state, in order to find a job, or if employed to find a better job. The one-stop centers are only one part of the statewide system that relies on 25 regional Michigan Works agencies, as well as local workforce development boards and education advisory groups. Together, working in partnerships, the broadly representative groups coordinate their diverse education and training services in ways that are intended to put people to work, paying particular attention to different workplace needs and norms found in regions throughout the state. With this system in place, employers find it easier to locate skilled workers, job seekers can more quickly identify the types of jobs best suited to them, as well as the new training they need, and students can begin early to explore their career interests.

#### ***For:***

The federal Workforce Investment Act provides a basis for Michigan's career development system. In fact, according to a spokesperson for the department, the federal legislation was written with Michigan's model system in mind, although Michigan's program offers a wider array of services than those called for under federal law. However, the federal law will sunset in 2003, and the future of the career development system might be in jeopardy as early as next year. Enacting this legislation to codify the department and its function--placing into statute what has been accomplished unilaterally through executive orders signed by the governor--would ensure the continuation of Michigan's state workforce investment policies and programs, even if the federal law is not re-authorized.

***Against:***

This legislation is unnecessary. The Department of Career Development was created three years ago by Executive Order in 1999. Earlier this year a second Executive Order expanded its functions and responsibilities. Although the workforce system works well in some regions of the state, there are reports from other regions about little cooperation between the department, the business community, and local educators who train people for employment. Some at the local level report that the "top-down" system has ignored their local needs assessment data, and that they have been directed to support specific programs while ignoring more genuine and authentic needs for services that have been identified through comprehensive strategic planning efforts.

***Against:***

The new governor who will be elected in 2002 and who will inherit the Department of Career Development as but one of many state agencies, should be given as much flexibility as possible as he or she decides whether to continue or repeal the current workforce investment system. That administrative flexibility would be especially wise, given the "sunset" of the federal Workforce Investment Act next year, during 2003, and the possibility of lost or delayed funding that could accompany the "sunset" or reauthorization. Currently about 80 percent of the budget that funds the Department of Career Development comes from federal funds. If all or a portion of those funds are delayed or reduced or eliminated out-right, the new governor of the state will be required to make tough decisions that will require administrative flexibility. Reversing policy decisions made through an earlier governor's Executive Orders would be more easily accomplished than repealing statutes, a change that would require the cooperation of both houses of the legislature.

***POSITIONS:***

The Department of Career Development supports the bills. (4-23-02)

The Department of Career Development submitted letters of support for the legislation from seven businesses, four community colleges, and 13 local Education Advisory Groups (EAGs), among others. (4-23-02)

The City of Detroit Office of Training and Education supports the bills. (4-24-02)

The Michigan Community College Association supports the bills. (4-23-02)

South Central Michigan Works supports the bills. (4-23-02)

The Workforce Development Board for Genesee and Shiawassee counties supports the bills. (4-23-02)

The Michigan Works Association supports the bills. (4-23-02)

The Michigan Manufacturers Association supports the bills. (4-23-02)

The Office of the Mayor of Lansing supports the bills. (4-23-02)

The Michigan Association of Counties supports House Bill 5901. (4-23-02)

The Michigan Association of Intermediate School Administrators opposes the bills. (4-23-02)

The Michigan Education Association opposes the bills. (4-23-02)

The Middle Cities Education Association opposes the bills. (4-23-02)

The United Auto Workers International Union opposes the bills. (4-24-02)

The Michigan Association of Community and Adult Education opposes the bills. (4-23-02)

The Service Employees International Union opposes the bills. (4-24-02)

Analyst: J. Hunault

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.