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# Jobs Today Initiative



**JENNIFER M. GRANHOLM**  
Governor

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## **Putting Michigan to Work...Making Michigan Work Better**

In the 2005 State of the State Address last month, Governor Granholm called for an unprecedented investment in Michigan's economic future. The Governor's *Jobs Today, Jobs Tomorrow* plan is a comprehensive agenda that will grow Michigan's economy and create jobs that can provide security to Michigan families.

A key component of this plan, the *Jobs Today Initiative*, will put thousands of people in Michigan to work this year. It will also provide new investment in needed infrastructure projects across our state – from rebuilding roads to cleaning up hazardous pollution to renovating schools, these projects will make Michigan a better place to live, work and do business.

This work is critical and necessary...and it requires thousands of Michigan women and men – working in fields from engineering and construction to downtown planning – to get it done.

Governor Granholm's Jobs Today Initiative will jumpstart these projects by accelerating \$800 million in state investment and creating tools to encourage local and private investment. By stepping up the pace of projects that were scheduled to begin over the next decade, this initiative will create tens of thousands of jobs over the next three years – putting people to work and making Michigan *work better* at the same time.

To accomplish this goal, the Jobs Today Initiative will:

1. Accelerate state infrastructure improvement projects that boost economic development;
2. Create new incentives for local governments – including downtown development authorities and local school districts – to accelerate their own infrastructure improvements; and
3. Encourage private development and investment in important community resources, such as affordable housing and improved living centers for seniors.

This rapid infusion of state, local and private investment will not only create jobs; it will also make Michigan more attractive to potential job providers, help retain businesses that already call Michigan home and improve Michigan's quality of life.

## **Improving Long-term Care Facilities**

### **Goal:**

Create over 5,000 jobs in three years by improving patient care, making long-term care (LTC) in Michigan more efficient and offering residents better, healthier places to live.

### **Overview:**

The average LTC facility in Michigan is 30 years old. Many of the oldest LTC facilities around the state were originally designed to be used as hospitals and funeral homes. In recent years, new designs and models of long-term care facilities that are more homelike and patient and family-friendly have been developed.

The LTC industry has expressed interest in upgrading facilities to improve the safety and quality of life for residents. Despite this interest, regulatory barriers and a reimbursement rate inadequate to support new construction and renovation have been significant roadblocks to moving such projects forward. Last fall, the Department of Community Health and the Certificate of Need Commission took the necessary action to remove these regulatory barriers.

Now, the Jobs Today Initiative will provide a new incentive for LTC operators to build community-oriented housing for our most vulnerable citizens. The Initiative will offer a new supplement of \$5.00 per day for each Medicaid eligible resident in these facilities. Eligibility for the supplement will depend on a number of factors, including adoption of the new patient and family-friendly long-term care designs, the ability to commit to beginning construction rapidly and the age and condition of the facility being replaced and the presence of a long-term care single point of entry in the region being served.

Up to 75 long-term care facilities will be able to benefit from the new incentive. Over the next three years, the Jobs Today Initiative will accelerate construction at a cost of approximately \$500 million.

The cost of construction and renovation will be privately financed with the help of the state and federal shared incentive payment. With 70 percent of Michigan long-term care residents Medicaid eligible, the federal government picks up the largest tab for these improvements. Beginning in fiscal year 2007, the state incurs a minimal cost of approximately \$5 million a year over a 20 year term in which these improvements will be financed.

The new designs feature the conversion of multiple occupancy rooms to more single occupancy rooms to enhance patient dignity and privacy. This is expected to result

in a small overall reduction in the number of licensed beds and achieve ongoing state cost neutrality.

**Action items:**

The Certificate of Need Commission approved new regulations in 2004 that will enable renovations of this type to occur. No legislative action is required. The Department of Community Health will begin an outreach program to make LTC operators aware of the new incentive.

**Funding source:**

Private investment and Medicaid match.

## Cleaning Up Pollution to Stimulate Economic Growth

**Goal:**

Create more than 500 jobs and spur economic development at the local level by cleaning up polluted brownfield sites, making Michigan a healthier place to live, work and raise a family.

**Overview:**

Brownfield programs restore sites where expansion or redevelopment is complicated by environmental contamination. Studies have shown that brownfield redevelopment stimulates local economic growth, returns properties to public tax rolls, attracts new business and creates new jobs. In the short-term, environmental consultants, scientists, professionals and skilled workers evaluate and address contamination issues. Construction workers rehabilitate the site and prepare it for new development. In the long-term, this new development can result in commercial, industrial, professional and service industry jobs.

The Michigan Department of Environmental Quality (DEQ) currently offers grants and low or no interest loans for environmental assessments and cleanup at properties with known or suspected contamination. The financial assistance, made possible through voter approved Clean Michigan Initiative (CMI) bonds, allows communities to conduct environmental assessments, investigations and response activities necessary to adaptively reuse brownfield sites.

The Jobs Today Initiative will work with local communities to accelerate the dispersal of these grants and loans. The Jobs Today Initiative will spend \$30 million of Brownfield Grants and Loans through CMI with \$30 million in authorization available for future appropriation. The Jobs Today Initiative will work through DEQ to identify brownfield sites with the greatest potential for economic impact and conduct an outreach effort to local communities, which are required to apply for cleanup funding from DEQ.

**Action items:**

Funds are currently available and no legislative action is required. Authorization for spending will be necessary in fiscal years 2006 and 2007. DEQ will enhance outreach to local communities to make them aware of accelerated grants and loans.

**Funding source:**

CMI bond proceeds.

## **Protecting Citizens from Environmental Hazards**

**Goal:**

Create 700 jobs by cleaning up pollution that threatens public safety and impedes economic development.

**Overview:**

In November 1998, Michigan citizens approved a \$675 million Clean Michigan Initiative (CMI) Bond. A total of \$335 million was designated to manage environmental cleanup, along with a number of other pollution prevention and revitalization activities.

Today, millions in environmental cleanup money remains available to clean up these “imminent and substantial endangerment” (ISE) sites. These sites pose potential risks to public health.

The Jobs Today Initiative will accelerate the expenditure of \$38 million to protect families and make communities safer by restoring polluted sites for development. Upon completion, this redevelopment will stimulate job creation and increase the tax base for local communities.

As part of the 2005 budget-balancing agreement the Legislature approved HB 4308, which includes a \$38 million appropriation of the balance of CMI bond funding available for ISE sites. The balance will be dispersed by DEQ during the condensed three-year timeline of the Jobs Today Initiative.

**Action items:**

Funds are currently available. No further legislation action is needed.

**Funding source:**

CMI bond proceeds.

## Cleaning Up Polluted and Abandoned Gas Stations

### **Goal:**

Create approximately 2,000 new jobs by cleaning up polluted and abandoned gas stations that threaten public safety and are impediments to economic development.

### **Overview:**

The Jobs Today Initiative will address the economic, environmental and public health threat that groundwater from these sites poses contamination to local communities. The initiative will fund environmental measures necessary to protect the health, safety and welfare of the public due to the sale, use or release of refined petroleum products, mainly from underground storage of gasoline and diesel.

Problem sites have been identified based on the risk they pose to public health and the environment. These include sites with known gasoline or other petroleum product floating on the water table, risks to drinking water and fire and explosion risks. In fiscal years 2005–2007, \$124 million will be dedicated to clean up sites and protect communities.

### **Action items:**

In 2004, the Legislature passed and the Governor signed legislation creating the Refined Petroleum Fund (RPF) and the Refined Petroleum Advisory Council. The Council must evaluate and make recommendations on:

- A refined petroleum cleanup program that provides for corrective actions necessary to address releases of refined petroleum products;
- Appropriate limitation on administrative costs; and
- Identify obsolete provisions of the RPF legislation.

It is anticipated that the Council will make recommendations to the Governor and the Legislature soon. After those recommendations are made, lawmakers must appropriate the funds and then projects will be able to commence around the state.

### **Funding source:**

This project would draw from the current balance and a portion of future fee revenue deposited in the RPF.

## **Helping Communities Develop Their Downtowns**

### **Goal:**

Create 1,600 jobs by giving cities a new financial incentive to improve and develop areas immediately adjacent to downtowns. This new incentive will help local governments support downtown residential and commercial development and make downtown areas more attractive places to live, work and do business.

### **Overview:**

Under the Jobs Today Initiative, municipalities with a Downtown Development Authority (DDA) or Tax Increment Finance Authority (TIFA) will be allowed to capture property taxes from their existing downtown development areas to finance improvements in new Downtown Expansion Zones (DEZs). Qualifying improvements include site preparation, demolition activities, infrastructure developments and streetscaping.

To qualify for the program, DEZs must be contiguous to existing development districts and the improvements must be for public facilities that will:

- Attract or retain private businesses in the district;
- Contribute to housing and economic growth in the district;
- Enhance the attractiveness of the district and the DEZ; and
- Assist in preventing or halting deterioration of property valuation in the area.

To establish a DEZ, a community will apply to the Michigan Economic Development Corporation (MEDC). MEDC will authorize \$50 million in both 2005 and 2006 for projects and there are no geographic restrictions on the program.

### **Action items:**

Legislative changes to the DDA Act and the TIFA Act are required to allow municipalities to capture additional state property taxes in order to finance these DEZ projects.

### **Funding source:**

Each project will be financed locally.



## **Improving Michigan's Roads**

**Goal:**

Create 6,400 jobs by accelerating state highway and bridge construction projects to improve public safety, strengthen economic activity and reduce congestion in local communities across the state.

**Overview:**

Preserving and improving our roads is essential to economic development in Michigan. The Jobs Today Initiative encourages economic activity through accelerated infrastructure investments – speeding up work on \$400 million in highway and bridge projects that support Michigan's growing economy.

Specific projects will be determined by several factors, including statewide system condition, geographic balance, economic impact and logistics at specific locations. In practical terms, however, the most critical factor is the opportunity for “dirt to fly” in 2005 and 2006.

**Action items:**

No legislative action is required. MDOT is currently working to determine which projects meet the above criteria.

**Funding source:**

State trunkline fund. Timing of the accelerated bond issue will be based on the cash flow needs of the projects selected for the Jobs Today Initiative.

## **Building and Improving Affordable Housing**

### **Goal:**

Create more than 8,000 jobs by rehabilitating existing housing and constructing hundreds of units of new, affordable housing for families and seniors across the state.

### **Overview:**

The Michigan State Housing Development Authority (MSHDA) provides financial assistance through public and private partnerships to create and preserve affordable housing for low and moderate-income Michigan families. The Jobs Today Initiative will allow MSHDA to leverage \$518 million in additional spending in fiscal years 2005 – 2007.

Through the Jobs Today Initiative, MSHDA will finance:

- Rehabilitation and development of affordable multi-family rental housing;
- Projects financed through federal Low Income Housing Tax Credits;
- Low interest single family loan purchases;
- Mortgage credit certificates that allow families to purchase homes and make monthly payments;
- Low interest loans to improve housing for low and middle-income families;
- HOPE VI projects to create housing for low-income households;
- Financing for public housing corporations to repair and renovate housing projects;
- Homebuyer construction and renovation program for high-density, mixed-use neighborhoods; and
- Financing for development and rehabilitation of affordable student housing.

### **Action items:**

No additional legislative action is required.

### **Funding source:**

MSHDA's loans and operating expenses are financed through the sale of tax-exempt and taxable bonds and notes to private investors, not from state tax revenue. Developers borrow tax-exempt funds from MSHDA for the development or rehabilitation of multi-family rental housing. The mortgage payments are collected by MSHDA and used to pay the debt service.

## **Improve our University and College Campuses**

**Goal:**

Create 5,000 jobs and improve higher education through projects that expand campus facilities at Michigan's universities and community colleges.

**Overview:**

The Jobs Today Initiative supports authorized planning for 22 projects, several of which will be prepared to break ground before the end of the year. In addition, two institutions will soon be authorized to begin special maintenance projects, immediately renovating and preserving the useful life of existing facilities. These projects include laboratory upgrades and renovation of deteriorating campus buildings.

A total of \$313 million in projects is to be authorized in fiscal year 2005 (the state's share is \$200 million), with an additional \$100 million for special maintenance possible in the fiscal year 2006 budget.

**Action items:**

This initiative requires a legislative change to the State Building Authority Act to allow financing for universities and community colleges special maintenance. Additionally, SB 235, which authorizes the accelerated projects, must be adopted by the Legislature.

**Funding source:**

Bonds issued by the State Building Authority.

## Making State Government More Efficient

**Goal:**

Create 2,200 jobs by accelerating projects that will reduce the cost of maintaining state buildings making state government more efficient.

**Overview:**

The Jobs Today Initiative will allow the state to bond for projects that:

- Improve the efficiency of state buildings;
- Improve safety and security within state facilities;
- Perform preventative maintenance to save costs in the future; and
- Make critical platform upgrades to the Michigan Public Safety Communications System to maintain interoperability and allow for the integration of additional local units of government on the system.

The state will invest \$70 million over three years in these projects with the potential for an additional \$70 million appropriation in fiscal year 2006.

**Action items:**

SB 235, which authorizes the accelerated projects, must be adopted by the Legislature.

**Funding source:**

State Building Authority bonds.

## Update and Repair Local Schools

**Goal:**

Create approximately 8,000 jobs and improve the quality of education in Michigan by making it easier and less expensive for school districts to borrow money from the School Bond Loan Fund (SBLF) to make needed infrastructure improvements.

**Overview:**

The Jobs Today Initiative will help school districts finance long-overdue and critical construction and renovations on aging school buildings. Districts that had planned such projects in future years will be able to accelerate those projects with a zero interest loan from the SBLF and a five year deferred repayment schedule.

The Jobs Today Initiative will also provide incentives to relax the requirement on the minimum number of mills a district must levy before it can borrow from the SBLF, making this new tool available to more schools. No increase in property taxes will be required to fund these projects.

A total of \$500 million of qualified bonds will be available for this project. The bonds will be allocated presumptively on the basis of specific criteria, including:

- Readiness of the school district to issue bonds, as measured by the completeness of design and planning;
- Age and condition of facilities to be renovated, replaced or demolished;
- Taxable value per pupil;
- Severity of any environmental or usability problems such as asbestos abatement, energy conservation or ADA requirements; and
- Technology needs.

In addition to meeting the project criteria, school districts will be required to issue the bonds and begin work on approved projects before December 31, 2007.

**Action items:**

Legislative changes to the SBLF Program are necessary.

**Funding source:**

Local school districts will borrow for the costs of the renovation. The state will issue general obligation bonds, as permitted under the constitution, to fund the loans to the school districts. Debt service on the state general obligation bonds will be paid through the General Fund and is offset over time by the repayments from the local school districts. The general fund will absorb the interest cost on the state's general obligation bonds.

## **Note on Job Creation Numbers**

The U.S. Bureau of Economic Analysis has estimated employment multipliers for construction projects in Michigan at greater than 30 jobs per \$1 million in additional spending. The estimated impact of the Jobs Today Initiative, however, is based on a much more conservative approach to indirect and induced employment gains.

A widely used economic model designed to measure the impact of transportation spending predicts that each \$1 million of additional investment in Michigan will generate 8 new construction jobs and between 22 and 28 indirect and induced jobs.

Job creation figures in this document were conservatively approximated by doubling the direct employment impact of the transportation construction model above ( $8 \times 2 = 16$  jobs per \$1 million).