



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT  
LANSING

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ACTING DIRECTOR

# Memorandum

DATE: February 15, 2019

TO: The Honorable Ken Horn, Chair  
Senate Appropriations Subcommittee on Talent and Economic  
Development/MEDC

The Honorable Mark Huizenga, Chair  
House Appropriations Subcommittee on General Government

FROM: Stephanie Beckhorn, Acting Director  
Talent and Economic Development (TED)

RE: Public Act 207 of 2018, Section 1082 Report

Per Public Act 207 of 2018, Section 1082, the Department of Talent and Economic Development shall provide a status update by March 15 on the usage of the funds appropriated for the sustainable employment pilot program in 2016 PA 268 and 2016 PA 340. The status update shall include, but not be limited to, all of the following:

- a) A description of the sustainable employment initiatives supported with the funds appropriated, including the location of the initiatives.
- b) Number of individuals participating in the program supported with the funds appropriated.
- c) A listing of performance measures the department uses to measure program effectiveness.
- d) Specific outcomes related to the performance measures developed by the department.

Please find the requested information attached.

If you have any questions, please contact Jeffrey Cassidy, Talent Investment Agency Legislative Liaison at 517-290-3226.

SB:YH:pv  
Attachment

## **Section 1082 Boilerplate Report Fiscal Year 2018**

**Section 1082** requires the Department of Talent and Economic Development (TED) to provide a status update by March 15, 2019, on the usage of the funds appropriated for the Sustainable Employment Pilot (SEP) program in 2016 PA 268 and PA 340. Below please find the requested data and the reportable information:

- (a) A description of the SEP initiatives supported with the funds appropriated, including the location of the initiatives:

TED provided Kinexus (a Michigan Works! Agency in Southwest Michigan) with \$1,000,000 State General Fund/General Purpose funding to assist 120 low-income families (including Temporary Assistance for Needy Families recipients) in Berrien, Cass, and Van Buren Counties achieve self-sufficiency by raising their income levels, as well as secure sustainable employment. The SEP participants and their families were recruited or referred from The Link, private sector employers, faith-based non-profit organizations, the Michigan Works! Service Center, Michigan Department of Health and Human Services, and other affiliated social service agencies. The participants participated in skill upgrade training, skill enhancement, career pathways, career advancement and retention, and financial counseling-skill acquisition for debt reduction. In addition, all SEP participants received supportive services such as childcare, transportation, and housing.

- (b) Number of individuals participating in the program supported with the funds appropriated:

Kinexus enrolled 130 individuals. Of those enrolled, 38 participants were enrolled in training, 29 enrollees successfully completed training and received a recognized credential. Those credentials range from a General Equivalency Degree (GED) to on-the-job (OJT) training and even bachelor's degrees.

- (c) A listing of performance measures the department uses to measure program effectiveness:

- 100% of SEP participants will be employed at completion of the pilot.
- 75% of SEP participants will experience a 10% increase in individual living wage or a 10% increase in household income.
- 30% of SEP participants will be enrolled into a training component.
- 50% of SEP participants will obtain a credential or certificate of training.
- 80% of SEP participants will be enrolled in a financial literacy component in which at least 50% will (1) open a checking/savings account; (2) reduce their debt; or (3) improve their credit score.

- (d) Specific outcomes related to the performance measures developed by the department:

- Goal: 100% of the SEP participants will be employed at completion of the pilot.

Outcome: Kinexus' target was to serve 120 individuals, and 130 applicants were enrolled. Of the 130 participants, 113 enrollees became employed for an 86% employment rate.

- Goal: 75% of the SEP participants will experience a 10% increase in individual living wage or a 10% increase in household income.

Outcome: 47% increase (61 participants achieved at least a 10% increase in living wages or a 10% increase in their household income.)

- Goal: 30% of the SEP participants will be enrolled into a training component.

Outcome: Kinexus enrolled 38 participants or 29% into training. Of those in training, 99% completed training, and 29 received a credential.

- Goal: 50% of the SEP participants will obtain a credential or certificate of training.

Outcome: 49% of the 130 participants enrolled received a credential. 29 received a credential through a formal training program, another 34 participants were credentialed in financial literacy education.

- Goal: 80% of the SEP participants will be enrolled in a financial literacy component in which at least 50% will (1) open a checking/savings account; (2) reduce their debt; or (3) improve their credit score.

Outcome: Of the 130 participants enrolled, 78 individuals participated in financial literacy and financial improvement for a 60% achievement rate with 31% realizing a financial improvement by reducing their debt, opening a checking/savings account or improving their credit score.

### **Summary:**

Through the SEP's comprehensive, community-based approach, it has achieved meaningful outcomes for a good number of its participants. On average, the SEP recipients enrolled in the program with a household income of \$19,040 a year and exited the program with an average household income of \$27,073 a year. The average household income gain was \$8,499. Typically, the SEP participants who experienced a wage increase saw an increase in wages of 65%. Nearly 40 participants saw a wage increase greater than 30%. These results were achieved through a combination of recipients obtaining a new job, working more hours, and earning a wage increase. While not all the SEP enrollees benefited from a wage increase, many clients were able to retain employment, which had previously been at-risk. In fact, more than 40 additional SEP participants received direct supportive services through the program that were critical to allowing them to maintain employment. Of the 72 SEP participants that received a credential, 38 participants were enrolled in academic course training. Of these, 29 completed training and received a credential in the following fields with seven still in progress: Bachelor's degree (2), Certified Nursing Assistant (21), Phlebotomy (1); OJT (3), Commercial Driver's License (1), and GED (1). The 7 participants still in training includes 3 working on their associate's degree; 3 working on their GED, and 1 working on her CNA. The other 34 participants were credentialed in the financial literacy education.