



TO: Members of the Senate Subcommittee on Labor and Economic Opportunity

FROM: Monique Stanton, President and CEO

DATE: March 8, 2022

SUBJECT: 2023 Budget Priorities

I am pleased to share with you the Michigan League for Public Policy's priorities for the FY 2023 budget cycle. As we emerge from the COVID-19 public health crisis and start working toward an equitable recovery for all Michiganders, policymakers have a historic opportunity to make investments to help undo systemic barriers to opportunity and housing experienced by many Michigan residents.

Workforce Development

Continue supporting the Michigan Reconnect Program. The decision by workers to get trained in new skills is often made more than 10 years after graduation from high school. However, Michigan's financial aid targets "traditional" college students (age 18-24 who go to college full-time), despite the fact that a significant and growing percentage of students are older. Two of the three existing grant programs in Michigan exclude individuals who have been out of high school for more than 10 years, and the third is available only to those attending private, not-for-profit institutions.

The Michigan Reconnect Program helps fill this area of need by providing two years' worth of in-district tuition for older students to receive an occupational credential. Why is this important?

- Many low-paid workers have a difficult time finding employment providing higher pay and more job security. Often, this is due to lack of a postsecondary credential (degree, certificate or license). Financial aid would help workers in low-wage jobs acquire new marketable skills leading to better employment.
- Increasing the skill levels of workers is good for Michigan's economy. When workers earn more, they pay more in taxes, spend more money in their local communities and are less likely to need public assistance. Providing grants that enable working parents to get skilled jobs is good workforce development.
- Providing generous financial aid with wraparound services can help reduce economic, employment and educational disparities for people who live in low-income communities and communities of color, who often have less access to postsecondary education and more challenges in completing it.

Michigan should continue to support the Michigan Reconnect Program at the current level of \$55 million.

Safe, Affordable Housing Access

The COVID-19 pandemic has worsened what was already a crisis-level shortage of affordable housing in many communities. During the first year of the pandemic, housing prices increased by 16%—the largest single-year increase in nearly three decades. Rents also spiked in 2021 as low for-sale inventory and rising home prices continued to drive up demand in the rental market. Too many families have to choose between housing and other basic needs, compromising their education, employment, and health. The fallout lands most directly on people of color, who continue to experience economic and housing discrimination, and disabled people, who also face discrimination and for whom accessible housing options are scarce.

To help families afford safe, reliable housing, we support the following for the FY 2023 budget:

- Help increase the supply of attainable housing and workforce development with \$11 million (General Fund) to support acquisition, renovation and resale of land bank properties, with a requirement that paid apprenticeship training opportunities be offered at each renovation site.
- Provide a downpayment of at least \$100 million for the Michigan Housing and Community Development Fund (MHCDF), which improves both the quantity and quality of affordable housing for families with low incomes, and identify a permanent revenue stream. Previous MHCDF projects helped older adults, people with disabilities and people experiencing or at risk for homelessness obtain safe homes.
- Allocate \$5.25 million to establish a Rental Housing Partnership Trust Fund to address housing challenges for renter families, including measures to encourage landlords to rent to tenants with low incomes. Historically underfunded federal rental assistance programs reach only 1 in 4 eligible households. Long waiting lists and rejection by landlords present further obstacles to housing stability for the few families that receive assistance. The state should invest in this venue for improving relations between landlords and tenants and developing tools to ensure a more inclusive rental market for families facing the greatest housing challenges.

Thank you for your consideration in addressing the pressing needs and advancing policies to help Michigan workers and families recover from the pandemic.