



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

Jobs for Michigan Fund

FAQs

Q: What is the Jobs for Michigan Fund initiative?

A: The Jobs for Michigan Fund initiative is Governor Granholm's plan to create thousands of new Michigan jobs by supporting research and commercialization efforts in targeted high-growth, competitive- edge technologies. It delivers on former Governor Engler's prior commitment to fund \$1 billion in the life sciences. Very significantly, it puts a strong emphasis on commercialization and job creation in a more diversified set of emerging technologies.

Q: Which high-tech sectors are being targeted?

A: The technologies eligible for research and commercialization funding are:

- *Life sciences*
- *Alternative energies*
- *Advanced automotive, manufacturing, and materials*
- *Homeland security and defense*

Q: How will the initiative be funded?

A: The state treasurer will be authorized to sell \$2 billion in bonds over the next decade to create a stable, secure source of dedicated funding for this initiative.

Q: What makes this better than our current Tech Tri-Corridor program?

A: If approved by Michigan voters, the Jobs for Michigan Fund would provide a secure, stable funding stream that cannot be diverted for other purposes. It means we can deliver on earlier commitments to grow and diversify our economy and create thousands of jobs for Michigan families.

Q: Will the Jobs for Michigan Fund replace the Tech Tri-Corridor?

A: The Jobs for Michigan Fund will be the mechanism for providing state funding for the development of the four technologies mentioned above, folding in the Technology Tri-Corridor. A new steering committee, the Jobs for Michigan Research and Commercialization Steering Committee, will be created within the Jobs for Michigan Fund to provide advice and review of fund programs replacing the steering committee of the Tech Tri- Corridor

Q: Who will be on the steering committee?

A: The steering committee will consist of 19 members, including business leaders in Michigan's high-tech economy, university representatives, community leaders, and key state officials.

Q: How many jobs will the initiative create?

A: U.S. Department of Commerce projections show that every \$1 million spent on research and development activities generates 36 jobs (direct and indirect). Thus, the \$2 billion Jobs for Michigan Fund initiative is expected to create 72,000 jobs for Michigan families.

Q: Will it raise taxes?

*A: No. The Jobs for Michigan Initiative will **not** raise taxes. The constitutional amendment specifically prohibits the Jobs for Michigan Fund from levying or raising any taxes*

Q: Where will the money come from to pay for the bonds?

A: In the early years, the state will use money from the tobacco settlement to pay for the costs of the bonds. Additionally, state proceeds from the job-creating equity investments and interest on loans made through this initiative will help pay back the new debt. Debt service on the bonds would not begin until October, 2007.

Q: Can Michigan afford this?

*A: Michigan's debt level – 27th nationally and second lowest among the ten largest states in per capita debt – positions us to make this move. Under Governor Granholm's leadership, Michigan, unlike many states, has refused to issue bonds to cover state budget shortfalls. We can now grow future jobs without raising taxes and without risking our credit rating. **The real question is, "how can we afford not to do this?" given the high cost of doing nothing in a changing global economy.***

Q: Doesn't this mean government will be picking winners and losers?

A: No. The steering committee of the Jobs for Michigan Fund will designate independent and peer-reviewed third-party job creation experts to determine which proposals have the highest merit and support the initiative's objectives. The Jobs for Michigan Fund will limit any equity investments to no more than 15% of the total Bond proceeds and all equity investments will be made by the private sector through Investment Management Companies.

Michigan's Life Sciences Corridor and Technology Tri-Corridor programs have demonstrated real success by letting an expert-led process make these decisions.

Q: Why here, why now?

A: As Governor Granholm recently said, the competition from other states and nations is fierce. In her words, "It's eat or be eaten." Many states are already passing initiatives to use bonds to retool their economies and attract new kinds of businesses and jobs.

California voters have already passed a \$3 billion bond fund for stem cell research. Similar efforts are now underway by our neighbors in Illinois, Indiana, Ohio, and Wisconsin. New Jersey, Texas, and Washington are among others also pursuing similar strategies to grow their economies.

Q: Why the need for a ballot proposal? Why can't the Legislature just vote on the initiative?

A: Under our state constitution, Michigan voters must approve all amendments to the constitution and authorize all bond issues of this magnitude and kind. Legislative action is needed to put the issue on the ballot in a special election in November 2005 so that this critical initiative can move forward in the year ahead.

Q: Isn't there already enough high-tech research in Michigan?

A: No. Michigan's manufacturing heritage has made our state a center of global research and development in the automotive sector and a variety of other industries. We must now add to these assets to develop technologies in other sectors that can create jobs for ourselves, our children, and our children's children.