



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
 07-404-02

Selected Training Related Programs

Michigan Economic Development Corporation

Released:
 August 2003

The Michigan Economic Development Corporation's (MEDC's) mission is to promote smart economic growth by developing strategies and providing services to create and retain good jobs and a high quality of life for Michigan residents. To accomplish its mission, MEDC oversees training related programs. These programs include the Economic Development Job Training (EDJT), the Michigan Technical Education Center (M-TEC), the Michigan Virtual University, and the Governor's Career Scholarship Programs.

Audit Objectives:

1. To assess the effectiveness of selected training related programs provided through MEDC.

2. To assess MEDC's compliance with the statutory requirements relating to the selected training related programs.

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Audit Conclusions:

1. We concluded that MEDC's selected training related programs were moderately effective. However, we noted reportable conditions related to verification of the EDJT employment effects and implementation of remedies; documentation of the M-TEC grant award process; and monitoring of the M-TEC Program and the Governor's Career Scholarship Program.

2. We concluded that MEDC complied with the statutory requirements

relating to the selected training related programs that we reviewed.

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Background and Reportable Conditions:

MEDC issues EDJT grants to entities that design training for the retention of existing employees or to train and provide job placement for new employees. The majority of the EDJT grants are to provide training for the retention of existing employees. EDJT grant recipients develop customized training programs to meet specific business needs.

MEDC did not independently verify the reported increases in employment resulting from training provided by the EDJT grantees. In addition, MEDC did not have procedures to seek remedies from EDJT grantees when they failed to meet their goals to increase employment. (Finding 1)

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M-TECs were developed to address the need for more highly skilled workers. A total of \$60 million was allocated for capital costs for community colleges to establish the new technical training centers, known as M-TECs. The focus of M-TECs is to provide easy access to on-demand, state-of-the-art, customer friendly training in high-skill, high-wage, and high-demand occupations.

MEDC did not maintain complete documentation of its evaluation and its selection of the recipients of M-TEC grants to provide evidence that the grant proposals were consistently evaluated (Finding 2).

In addition, MEDC did not effectively monitor M-TECs to determine whether the M-TEC Program met its Program goals (Finding 3).

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In fiscal year 1997-98, the Governor's Career Scholarship Program was established to provide \$20 million over a four-year period for approximately 12,500 scholarships for students enrolled in training for high-skill, high-wage, and high-demand occupations at community colleges or other training providers in Michigan.

MEDC did not effectively monitor the Governor's Career Scholarship Program during the four-year program period (Finding 4).

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Agency Response:

MEDC agrees with 1 finding, partially disagrees with 2 findings, and disagrees with 1 finding.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

James S. Neubecker, C.P.A., C.I.A., D.P.A.
Executive Deputy Auditor General

Scott M. Strong, C.P.A., C.I.A.
Director of Audit Operations