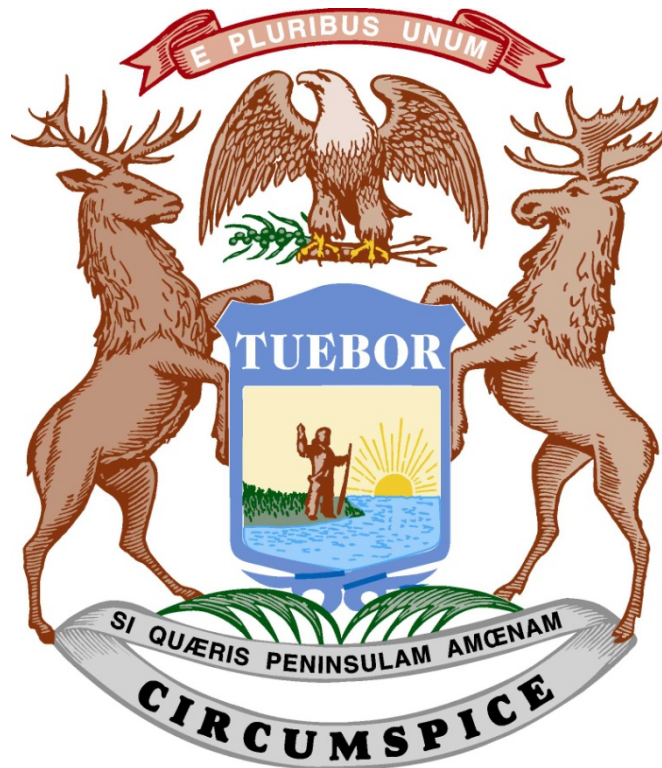


New Jobs Training Programs 2012 Report



**Prepared by
Office of Revenue and Tax Analysis
Michigan Department of Treasury**

Scott Darragh prepared this report based on reports submitted by the participating community colleges and withholding diversions reported by participating employers.

This report is required by Section 713 of the Income Tax Act, and will be transmitted to the Governor, the Clerk of the House of Representatives, the Secretary of the Senate, the chairperson of the House Committee on Commerce, the chairperson of the Senate Committee on Economic Development, the chairperson of the House Appropriations Subcommittee on General Government, the chairperson of the Senate Appropriations Subcommittee on Licensing and Regulatory Affairs, the chairperson of the Senate Appropriations Subcommittee on General Government, the chairperson of the House Committee on Tax Policy, the chairperson of the Senate Committee on Finance, and the chairperson of the Michigan Strategic Fund in accordance with Section 713.

**New Jobs Training Programs
2012 Report
June 2013**

Public Acts 359 and 360 of 2008 amended the Community College Act and the Income Tax Act, respectively, to allow a community college and an employer to enter into an agreement to provide training for new jobs and use the income tax withholding on the new jobs to pay for the costs of the training. Colleges and employers may enter into new agreements until December 31, 2018. A community college district may sell revenue bonds to finance training programs, in anticipation of the withholding payments due under an agreement with an employer. The aggregate outstanding obligation of all agreements entered into under the New Jobs Training Program shall not exceed \$50 million in any calendar year. As contract expenses are incurred and reimbursed, the available balance under the \$50 million cap increases.

Public Act 360 of 2008 requires the Department of Treasury to produce a report each year on the operation and effectiveness of the new jobs training programs. This report includes all of the agreements executed before the end of 2012, a total of 35 agreements involving eight community colleges. The number of agreements by community college is presented in Table 1.

The primary business code for each of the agreements is shown by college in Table 2. The agreements are numbered chronologically by the date of the agreement. By the end of 2012, many employers had begun diverting withholding tax payments to offset the costs of training, with community colleges reporting \$3,079,651 in withholding used to offset training costs.

Table 3 shows the amount of the original contract, reflecting the potential issuance of revenue bonds community colleges. The amount of debt or training expenses incurred during the year, by school, is also shown with the total incurred equal to \$2,555,585 during 2012. Since some of the training contracts have incurred training expenses and those expenses have been reimbursed from new employee withholding, new contracts have been executed. These new contracts bring the total contract amount over \$51 million as of the end of 2012. The outstanding balance based on the diversion of withholding on eligible employees as of the end of 2012 was approximately \$42.84 million. This means there was a balance of \$7.16 million available for new agreements as of December 31, 2012, and several new agreements were executed early in 2013. Table 4 presents the number of new employees who have been involved in the training programs so far, with the statistics for each community college presented.

Since the program began in 2010, approximately \$4.6 million in income tax withholding has been reported to Treasury as applied to training costs. Table 5 presents the original contract amounts by community college, along with the withholding diverted to the colleges to offset training costs. The withholding amount in Table 5 is based on reports filed by participating employers through December 31, 2012, and may differ from the withholding amount reported by the colleges on their annual reports by small amounts as some payments are in transit at the end of the year. The outstanding balance also reflects agreements that were cancelled prior to the commencement of training, and agreements that were terminated before all the training proposed originally was completed.

Table 1
Community Colleges with Agreements under
New Jobs Training Program
As of December 31, 2012

<u>Community College</u>	<u>Number of Agreements</u>
Delta College	2
Grand Rapids Community College	7
Jackson Community College	7
Lansing Community College	2
Monroe County Community College	1
Mott Community College	1
Muskegon Community College	1
Northwestern Michigan College	7
Oakland Community College	6
Schoolcraft College	<u>1</u>
Total	35

Note: Two agreements effective during 2012 were subsequently terminated in 2013.

Table 2
Agreements under New Jobs Training Program
By Business Code
As of December 31, 2012

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
<i>Delta College</i>			
Agreement 19	371	Motor vehicles and equipment manufacturing	\$6,190,048
Agreement 31	306	Fabricated rubber products	\$200,000
<i>Grand Rapids</i>			
Agreement 2*	254	Partitions, shelving, lockers, office and store fixtures	\$551,378
Agreement 3	349	Miscellaneous fabricated metal products	\$1,023,195
Agreement 4	631	Insurance	\$5,692,279
Agreement 7	371	Motor vehicle and equipment manufacturing	\$2,047,690
Agreement 8	345	Screw machine products	\$213,429
Agreement 11	371	Motor vehicles and equipment manufacturing	\$19,630,500
Agreement 26**	398	Miscellaneous manufacturing industries	\$200,000
<i>Jackson Community College</i>			
Agreement 5	289	Miscellaneous chemical products	\$70,249
Agreement 9	495	Sanitary services/Alt. energy	\$3,430,910
Agreement 16	349	Miscellaneous fabricated metal products	\$184,965
Agreement 18	809	Miscellaneous health and allied services	\$275,195
Agreement 27	371	Motor vehicle and equipment manufacturing	\$48,442
Agreement 28	809	Miscellaneous health and allied services	\$104,661
Agreement 29**	371	Motor vehicle and equipment manufacturing	\$46,897
<i>Lansing Community College</i>			
Agreement 6*	371	Motor vehicle and equipment manufacturing	\$1,333,938
Agreement 23	351	Engines and turbines	\$200,000

Table 2 (cont.)

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
<i>Monroe County Community College</i>			
Agreement 15	349	Miscellaneous fabricated metal products	\$507,001
<i>Mott Community College</i>			
Agreement 22	371	Motor Vehicles and equipment manufacturing	\$200,000
<i>Muskegon Community College</i>			
Agreement 30	282	Plastics and synthetics manufacturing	\$200,000
<i>Northwestern Michigan College</i>			
Agreement 10	381	Engineering, laboratory, scientific and research instruments	\$80,500
Agreement 12	354	Metalworking machinery	\$199,622
Agreement 32	354	Metalworking machinery	\$30,000
Agreement 34	384	Surgical instruments and supplies	\$35,000
Agreement 35	071	Agricultural services	\$70,000
Agreement 38	238	Miscellaneous apparel and accessories	\$93,000
Agreement 39	359	Miscellaneous machinery	\$25,000
<i>Oakland Community College</i>			
Agreement 13	345	Screw machine products	\$928,050
Agreement 14	501	Wholesale motor vehicle equipment	\$1,684,007
Agreement 17	371	Motor Vehicles and equipment manufacturing	\$1,911,170
Agreement 20	371	Motor Vehicles and equipment manufacturing	\$2,961,250
Agreement 21	384	Medical and dental instruments and supplies	\$340,168
Agreement 25	354	Metalworking machinery	\$200,000
<i>Schoolcraft Community College</i>			
Agreement 24	891	Engineering and architectural services	\$199,273

* Agreement amount amended

** Agreement terminated in 2013

Table 3
Contract/Revenue Bonds & Debt Issued by Community Colleges
New Jobs Training Program
As of December 31, 2012

<u>College</u>	<u>Original Contract/ Revenue Bonds Issued</u>	<u>Debt or Training Expenses Incurred</u>
Delta College	\$6,390,048	\$175,000
Grand Rapids Community College	\$29,358,471	\$1,448,241
Jackson Community College	\$4,161,318	\$88,756
Lansing Community College	\$1,533,938	\$63,134
Monroe County Community College	\$507,001	\$161,552
Mott Community College	\$200,000	\$191,089
Muskegon Community College	\$200,000	\$0
Northwestern Michigan College	\$533,122	\$13,711
Oakland Community College	\$8,024,645	\$414,101
Schoolcraft College	<u>\$199,273</u>	<u>\$0</u>
Totals	\$51,107,816	\$2,555,585

Table 4
Training Activity Completed
New Jobs Training Program
During 2012

	<u>Delta</u> <u>College</u>	<u>Grand</u> <u>Rapids</u> <u>Community</u> <u>College</u>	<u>Jackson</u> <u>Community</u> <u>College</u>	<u>Lansing</u> <u>Community</u> <u>College</u>
Qualified individuals entering the contracted training during the calendar year	122	871	46	3,019
Number of courses completed	451	2,953	169	244
Individuals still enrolled in the contracted training at the end of the year	0	16	48	0
Number of degrees completed	0	0	0	0
Number of certifications completed	42	116	0	3,019
Number of apprenticeships completed	0	8	0	0
	<u>Monroe County</u> <u>Community</u> <u>College</u>	<u>Mott</u> <u>Community</u> <u>College</u>	<u>Northwestern</u> <u>Michigan</u> <u>College</u>	<u>Oakland</u> <u>Community</u> <u>College</u>
Qualified individuals entering the contracted training during the calendar year	47	102	10	99
Number of courses completed	177	N/A	8	263
Individuals still enrolled in the contracted training at the end of the year	47	0	10	0
Number of degrees completed	0	0	0	0
Number of certifications completed	0	0	0	1
Number of apprenticeships completed	0	0	0	0

Table 5
Contract Values and Outstanding Balances
New Jobs Training Program
As of December 31, 2012

<u>Community College</u>	<u>Total Original Contract Values</u>	<u>Cumulative Withholding Diverted As of 12/31/2012</u>	<u>Contract Adjustments</u>	<u>Contract Balance Outstanding *</u>
Delta College	\$6,390,048	\$323,665	\$0	\$6,066,383
Grand Rapids Community College	\$29,358,471	\$2,459,255	-\$200,000	\$26,699,217
Jackson Community College *	\$4,161,318	\$172,829	-\$3,495,828	\$492,662
Lansing Community College	\$1,533,938	\$676,835	\$0	\$857,103
Monroe County Community College	\$507,001	\$43,200	\$0	\$463,800
Mott Community College	\$200,000	\$186,424	\$0	\$13,576
Muskegon Community College	\$200,000	\$0	\$0	\$200,000
Northwestern Michigan College	\$533,122	\$130,632	\$0	\$402,490
Oakland Community College	\$8,024,645	\$560,073	\$0	\$7,464,572
Schoolcraft College	<u>\$199,273</u>	<u>\$19,938</u>	<u>\$0</u>	<u>\$179,335</u>
Totals	\$51,107,816	\$4,572,850	-\$3,695,828	\$42,839,138

* Two agreements terminated in 2013 were subtracted from the balance.

Note: Withholding taxes and outstanding balances are determined for payments reported to the Department of Treasury by December 31, 2012. Totals will be different from those reported by the community colleges due to different accounting methods.