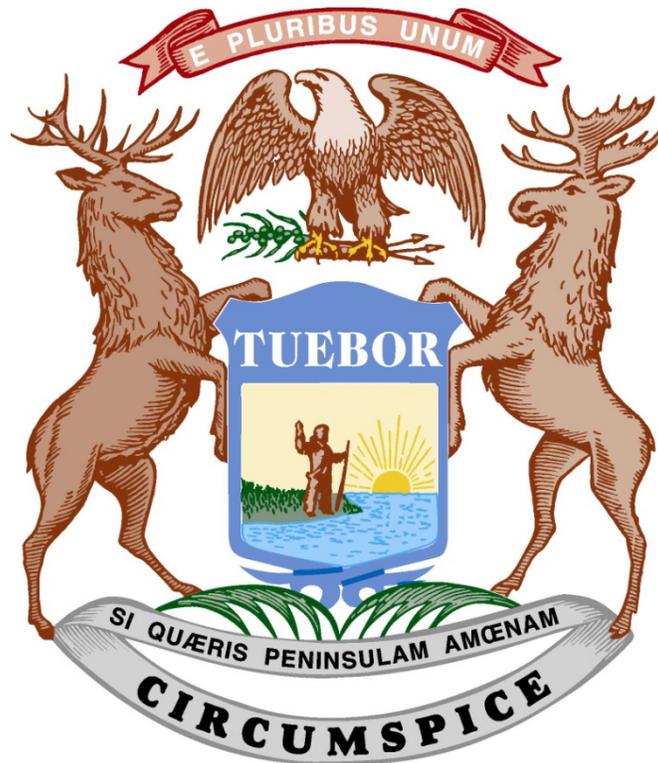


New Jobs Training Programs 2013 Report



**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
2013 Report
June 2014**

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 2013, a total of 65 agreements involving 13 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 2013, many employers had begun diverting withholding tax payments to offset the costs of training, with community colleges reporting \$3,509,700 in withholding used to offset training costs. The most common industry for an employer with an agreement is motor vehicle and equipment manufacturing, with the original agreement amounts within this industry totaling almost \$36.8 million for 17 agreements. Only one other industry has original agreement amounts totaling more than \$2.0 million. See Table 3 for a distribution of agreements by business code for the agreements that remained in effect as of December 31, 2013.

Table 4 shows the amount of the original contract, reflecting the potential issuance of revenue bonds by community colleges. The amount of debt or training expenses incurred during the year, by school, is also shown with the total incurred equal to \$2,378,411 during 2013. 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 to over \$57 million as of the end of 2013. The outstanding balance based on the diversion of withholding on eligible employees as of the end of 2013 was approximately \$46.03 million. This means there was a balance of \$3.97 million available for new agreements as of December 31, 2013, and several new agreements were executed early in 2014. Table 5 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 \$8.1 million in income tax withholding has been reported to Treasury as applied to training costs. Table 6 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 6 is based on reports filed by participating employers through December 31, 2013, 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, 2013

<u>Community College</u>	<u>Number of Agreements</u>
Delta College	2
Grand Rapids Community College	9
Jackson Community College	10
Kellogg Community College	4
Lansing Community College	5
Macomb Community College	1
Monroe County Community College	1
Mott Community College	1
Muskegon Community College	1
Northwestern Michigan College	15
Oakland Community College	10
St. Clair County Community College	2
Schoolcraft College	4
Total	65

Note: Six agreements have either concluded or been terminated by the end of 2013.

Table 2
Agreements under New Jobs Training Program
By Community College and Business Code
As of December 31, 2013

<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 36	265	Paperboard containers and boxes	\$100,000
Agreement 37	364	Electric lighting and wiring equipment	\$100,000
Agreement 58	355	Special industry machinery	\$220,000
Agreement 59	893	Data processing services including accounting, auditing, and bookkeeping	\$80,000
<i>Jackson Community College</i>			
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
Agreement 40	371	Motor vehicle and equipment manufacturing	\$146,557
Agreement 41	891	Engineering and architectural services	\$187,529

Table 2 (cont.)

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
Agreement 42	371	Motor vehicle and equipment manufacturing	\$165,416
Agreement 56	809	Miscellaneous health and allied services	\$173,685
Agreement 57	358	Service industry machines	\$180,905
Agreement 60	355	Special industry machinery	\$66,959
<i>Kellogg Community College</i>			
Agreement 47	501	Motor vehicle and automotive equipment	\$49,913
Agreement 48	371	Motor vehicle and equipment manufacturing	\$450,087
Agreement 65	371	Motor vehicle and equipment manufacturing	\$250,000
Agreement 66	398	Miscellaneous manufacturing industries	\$249,960
<i>Lansing Community College</i>			
Agreement 6*	371	Motor vehicle and equipment manufacturing	\$1,333,938
Agreement 23	351	Engines and turbines	\$200,000
Agreement 33	371	Motor vehicle and equipment manufacturing	\$200,000
Agreement 43	737	Computer rental, consultants, software	\$299,999
Agreement 61	737	Computer rental, consultants, software	\$299,460
<i>Macomb Community College</i>			
Agreement 67	349	Miscellaneous fabricated metal products	\$106,828
<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

Table 2 (cont.)

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
Agreement 32	354	Metalworking machinery	\$30,000
Agreement 34	384	Medical and dental 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
Agreement 50	371	Motor vehicles and equipment manufacturing	\$30,994
Agreement 51	242	Sawmills and planing mills	\$32,000
Agreement 52	535	Direct sellers	\$150,000
Agreement 53	349	Miscellaneous fabricated metal products	\$84,000
Agreement 54	599	Other retail establishments	\$30,994
Agreement 55	173	On-site electrical service	\$119,012
Agreement 69	331	Blast furnaces, steel works, rolling and finishing mills	\$26,000
Agreement 70	398	Miscellaneous manufacturing industries	\$50,000
<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
Agreement 46	616	Mortgage and brokers	\$500,000
Agreement 62	329	Miscellaneous nonmetallic mineral products	\$150,000
Agreement 63	371	Motor vehicles and equipment manufacturing	\$275,000
Agreement 64	289	Miscellaneous chemical products	\$75,000
<i>St. Clair County Community College</i>			
Agreement 49	371	Motor vehicles and equipment manufacturing	\$500,000
Agreement 68	891	Engineering and architectural services	\$80,000

Table 2 (cont.)

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
<i>Schoolcraft Community College</i>			
Agreement 24	891	Engineering and architectural services	\$199,273
Agreement 44	345	Screw machine products	\$51,670
Agreement 45	371	Motor vehicles and equipment manufacturing	\$422,766
Agreement 71	339	Miscellaneous primary metal industries	\$65,556

* Agreement completed

** Agreement terminated in 2013

Table 3
Agreements under New Jobs Training Program
Business Code Summary
As of December 31, 2013

<u>SIC Code</u>	<u>Industry</u>	<u>Number of Agreements</u>	<u>Total of Original Agreement Amounts</u>
071	Agricultural services	1	\$70,000
173	On-site electrical services	1	\$119,012
238	Miscellaneous apparel and accessories	1	\$93,000
242	Sawmills and planing mills	1	\$32,000
265	Paperboard containers and boxes	1	\$100,000
282	Plastics and synthetics manufacturing	1	\$200,000
289	Miscellaneous chemical products	1	\$75,000
306	Fabricated rubber products	1	\$200,000
329	Miscellaneous nonmetallic mineral products	1	\$150,000
331	Blast furnaces, steel works, rolling and finishing mills	1	\$26,000
339	Miscellaneous primary metal industries	1	\$65,556
345	Screw machine products	3	\$1,193,149
349	Miscellaneous fabricated metal products	5	\$1,905,989
351	Engines and turbines	1	\$200,000
354	Metalworking machinery	3	\$429,622
355	Special industry machinery	2	\$286,959
358	Service industry machines	1	\$180,905
359	Miscellaneous machinery	1	\$25,000
364	Electric lighting and wiring equipment	1	\$100,000
371	Motor vehicle and equipment manufacturing	17	\$36,762,313
381	Engineering, laboratory, scientific and research instruments	1	\$80,500
384	Medical and dental instruments and supplies	2	\$375,168
398	Miscellaneous manufacturing industries	2	\$299,960
501	Wholesale motor vehicle and automotive equipment	2	\$1,733,920
535	Direct sellers	1	\$150,000
599	Other retail establishments	1	\$30,994
616	Mortgage and brokers	1	\$500,000
631	Insurance	1	\$5,692,279
737	Computer rental, consultants, software	2	\$599,459

Table 3 (cont.)

<u>SIC Code</u>	<u>Industry</u>	<u>Number of Agreements</u>	<u>Total of Original Agreement Amounts</u>
809	Miscellaneous health and allied services	3	\$553,541
891	Engineering and architectural services	3	\$466,802
893	Data processing services including accounting, auditing, and bookkeeping	1	\$80,000
Totals		65	\$52,777,128

Table 4
Contract/Revenue Bonds & Debt Issued by Community Colleges
New Jobs Training Program
As of December 31, 2013

<u>College</u>	<u>Original Contract/ Revenue Bonds Issued</u>	<u>Debt or Training Expenses Incurred During 2013</u>
Delta College	\$6,390,048	\$95,848
Grand Rapids Community College	\$29,658,471	\$923,520
Jackson Community College	\$5,270,080	\$138,035
Kellogg Community College	\$999,959	\$15,620
Lansing Community College	\$2,533,398	\$178,649
Macomb Community College	\$106,828	\$0
Monroe County Community College	\$507,001	\$208,998
Mott Community College	\$200,000	\$0
Muskegon Community College	\$200,000	\$0
Northwestern Michigan College	\$1,056,122	\$65,221
Oakland Community College	\$9,024,645	\$784,939
St. Clair County Community College	\$580,000	\$29,204
Schoolcraft College	<u>\$737,790</u>	<u>\$0</u>
Totals	\$57,264,341	\$2,410,830

**Table 5
Training Activity Completed
New Jobs Training Program
During 2013**

	<u>Delta College</u>	<u>Grand Rapids Comm. College</u>	<u>Jackson Comm. College</u>	<u>Kellogg Comm. College</u>
Qualified individuals entering the contracted training during the calendar year	67	837	5	98
Number of courses completed *	234	2,302	47	131
Individuals still enrolled in the contracted training at the end of the year	0	12	4	0
Number of degrees completed	0	0	0	0
Number of certifications completed	11	168	0	0
Number of apprenticeships completed	0	8	0	0
		<u>Monroe County Comm. College</u>	<u>Northwestern Michigan College</u>	<u>Oakland Comm. College</u>
Qualified individuals entering the contracted training during the calendar year	98	63	41	176
Number of courses completed *	100	63	59	661
Individuals still enrolled in the contracted training at the end of the year	0	0	58	0
Number of degrees completed	0	0	1	0
Number of certifications completed	100	0	0	0
Number of apprenticeships completed	0	0	0	0

* Duplicated student headcount

Table 5 (cont.)

	St. Clair County Comm. <u>College</u>	Schoolcraft <u>College</u>
Qualified individuals entering the contracted training during the calendar year	6	22
Number of courses completed *	7	22
Individuals still enrolled in the contracted training at the end of the year	0	0
Number of degrees completed	0	0
Number of certifications completed	0	0
Number of apprenticeships completed	0	0

* Duplicated student headcount

Table 6
Contract Values and Outstanding Balances
New Jobs Training Program
As of December 31, 2013

<u>Community College</u>	<u>Total Original Contract Values</u>	<u>Cumulative Withholding Diverted As of 12/31/2013</u>	<u>Contract Adjustments</u>	<u>Contract Balance Outstanding</u>
Delta College	\$6,390,048	\$456,656	\$150,000	\$6,083,392
Grand Rapids Community College	\$29,858,471	\$4,227,443	-\$200,000	\$25,431,028
Jackson Community College *	\$5,270,080	\$320,796	-\$3,495,828	\$1,453,456
Kellogg Community College	\$999,959	\$51,684	\$0	\$948,276
Lansing Community College	\$2,533,398	\$907,391	\$0	\$1,626,007
Macomb Community College	\$106,828	\$515	\$0	\$106,313
Monroe County Community College	\$507,001	\$133,624	\$0	\$373,376
Mott Community College	\$200,000	\$186,424	\$0	\$13,576
Muskegon Community College	\$200,000	\$0	\$0	\$200,000
Northwestern Michigan College	\$1,056,122	\$298,077	\$184,000	\$942,045
Oakland Community College	\$9,024,645	\$1,380,538	\$0	\$7,644,107
St. Clair County Community College	\$580,000	\$35,635	\$0	\$544,365
Schoolcraft College	<u>\$737,790</u>	<u>\$73,502</u>	<u>\$0</u>	<u>\$664,288</u>
Totals	\$57,464,342	\$8,072,285	-\$3,361,828	\$46,030,229

Note: Withholding taxes and outstanding balances are determined for payments reported to the Department of Treasury by December 31, 2013. Totals will be different from those reported by the community colleges due to different accounting methods.