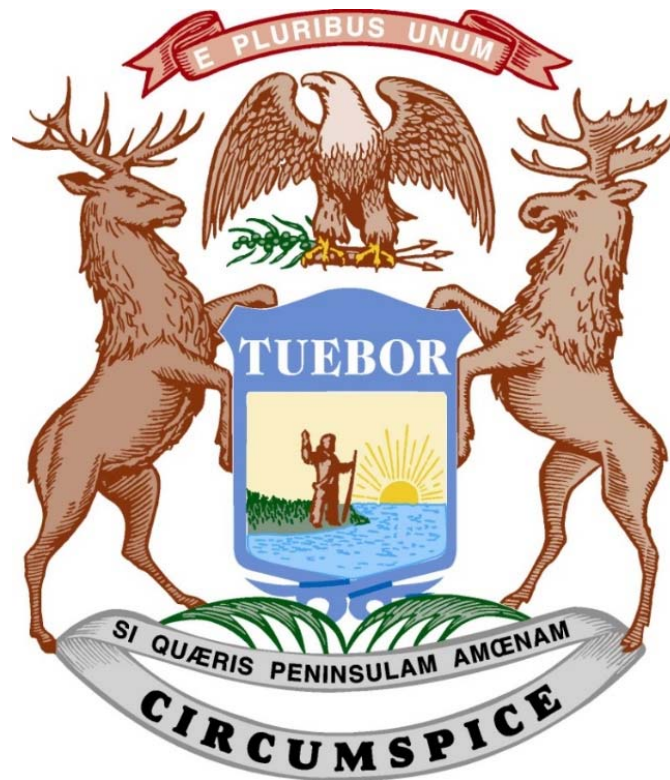


New Jobs Training Programs 2014 Report



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 and Trade, the chairperson of the Senate Committee on Economic Development and International Investment, the chairperson of the House Appropriations Subcommittee on General Government, the chairperson of the House Appropriations Subcommittee on Licensing and Regulatory Affairs, 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
2014 Report
June 2015**

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 focuses on the 98 agreements in effect at some point during 2014. A total of 93 agreements involving 18 community colleges remained in effect at the end of 2014, and those agreements are presented in Table 1 grouped by community college.

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 2014, many employers had begun diverting withholding tax payments to offset the costs of training, with community colleges reporting \$4,864,834 in withholding used to offset training costs during the year. 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 over \$37.5 million for 22 agreements. Only two other industries have original agreement amounts totaling more than \$2.0 million. See Table 3 for a distribution of agreements by business code for the agreements that were in effect during 2014.

Table 4 shows the amount of the original contract, reflecting the potential issuance of revenue bonds by community colleges. During 2014 \$3,759,882 in training expenses or debt were incurred. These expenses are also in Table 4. 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 \$58 million as of the end of 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 \$12.8 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, 2014, 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 as of the end of 2014 was approximately \$44.91 million. This means there was a balance of \$5.09 million available for new agreements as of December 31, 2014, and several

new agreements were executed early in 2015. The outstanding balance reflects withholding diversions to cover training expenses, 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, 2014

<u>Community College</u>	<u>Number of Agreements</u>
Alpena Community College	1
Bay College	1
Delta College	2
Grand Rapids Community College	9
Jackson Community College	9
Kellogg Community College	6
Kirtland Community College	1
Lansing Community College	6
Macomb Community College	2
Monroe County Community College	3
Montcalm Community College	1
Mott Community College	5
Muskegon Community College	1
Northwestern Michigan College	20
Oakland Community College	14
St. Clair County Community College	3
Schoolcraft College	7
Washtenaw Community College	2
Total	93

Note: Eleven agreements have either concluded or been terminated by the end of 2014.

Table 2
Agreements under New Jobs Training Program
By Community College and Business Code
In Effect During 2014

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
<i>Alpena Community College</i>			
Agreement 87	353	Construction, mining, materials handling machinery	\$76,670
<i>Bay de Noc Community College</i>			
Agreement 90	349	Miscellaneous fabricated metal products	\$500,000
<i>Delta College</i>			
Agreement 19	371	Motor vehicles and equipment manufacturing	\$6,190,048
Agreement 31	306	Fabricated rubber products	\$200,000
Agreement 93***	736	Private employment agencies	\$500,000
<i>Grand Rapids</i>			
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
Agreement 82	208	Beverage industries	\$500,000
<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 40	371	Motor vehicle and equipment manufacturing	\$143,259
Agreement 41	891	Engineering and architectural services	\$183,309
Agreement 42	371	Motor vehicle and equipment manufacturing	\$161,694

Table 2 (cont.)

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
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
Agreement 85	204	Milling and grain mill products	\$250,000
Agreement 86	371	Motor vehicle and equipment manufacturing	\$250,000
<i>Kirtland Community College</i>			
Agreement 75	243	Millwork, veneer, plywood, prefabricated structural wood products	\$81,650
<i>Lansing Community College</i>			
Agreement 6	371	Motor vehicle and equipment manufacturing	\$783,442
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
Agreement 88	371	Motor vehicle and equipment manufacturing	\$82,600
Agreement 89	809	Miscellaneous health and allied services	\$307,050
<i>Macomb Community College</i>			
Agreement 67	349	Miscellaneous fabricated metal products	\$106,828
Agreement 84	372	Aircraft and parts	\$289,730
<i>Monroe County Community College</i>			
Agreement 15	349	Miscellaneous fabricated metal products	\$518,671
Agreement 80	282	Plastics and synthetics manufacturing	\$73,378
Agreement 81	354	Metalworking machinery	\$32,921
<i>Montcalm Community College</i>			
Agreement 92	209	Miscellaneous food preparations	\$169,296

Table 2 (cont.)

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
<i>Mott Community College</i>			
Agreement 22	371	Motor vehicles and equipment manufacturing	\$200,000
Agreement 73	349	Miscellaneous fabricated metal products	\$37,000
Agreement 76	398	Miscellaneous manufacturing industries	\$48,500
Agreement 83	359	Miscellaneous machinery	\$25,500
Agreement 94	339	Miscellaneous primary metal industries	\$129,326
<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	Medical and dental instruments and supplies	\$35,000
Agreement 35	071	Agricultural services	\$70,000
Agreement 38	238	Miscellaneous apparel and accessories	\$40,000
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
Agreement 72	349	Miscellaneous fabricated metal products	\$80,000
Agreement 74	504	Groceries and related products	\$80,000
Agreement 77	641	Insurance agents, brokers, and claims adjusters	\$80,000
Agreement 95	162	Heavy construction	\$115,000
Agreement 98	731	Advertising and sign painting	\$115,000
Agreement 99	809	Miscellaneous health and allied services	\$60,000

Table 2 (cont.)

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
<i>Oakland Community College</i>			
Agreement 13	345	Screw machine products	\$928,050
Agreement 14	501	Wholesale motor vehicle equipment	\$1,684,008
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
Agreement 78	473	Arranging transportation of freight and cargo	\$250,000
Agreement 79	371	Motor vehicles and equipment manufacturing	\$250,000
Agreement 102	508	Wholesale machinery and equipment	\$80,000
Agreement 103	347	Coating, engraving, and allied services	\$175,000
<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
Agreement 91	329	Miscellaneous nonmetallic mineral products	\$300,000
<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 96	371	Motor vehicles and equipment manufacturing	\$234,000
Agreement 97	671	Holding offices	\$112,320
Agreement 101	371	Motor vehicles and equipment manufacturing	\$494,832
<i>Washtenaw Community College</i>			
Agreement 100	762	Electrical repair shops	\$64,400
Agreement 104	739	Miscellaneous business services	\$234,600

* Agreement completed in 2014

*** Agreement terminated in 2014

Table 3
Agreements under New Jobs Training Program
Business Code Summary
In Effect During 2014

<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
162	Heavy construction	1	\$115,000
173	On-site electrical services	1	\$119,012
204	Milling and grain mill products	1	\$250,000
208	Beverage industries	1	\$500,000
209	Miscellaneous food preparations	1	\$169,296
238	Miscellaneous apparel and accessories	1	\$40,000
242	Sawmills and planing mills	1	\$32,000
243	Millwork, veneer, plywood, prefabricated structural wood products	1	\$81,650
265	Paperboard containers and boxes	1	\$100,000
282	Plastics and synthetics manufacturing	2	\$273,378
289	Miscellaneous chemical products	1	\$75,000
306	Fabricated rubber products	1	\$200,000
329	Miscellaneous nonmetallic mineral products	2	\$450,000
331	Blast furnaces, steel works, rolling and finishing mills	1	\$26,000
339	Miscellaneous primary metal industries	2	\$194,882
345	Screw machine products	3	\$1,193,149
347	Coating, engraving, and allied services	1	\$175,000
349	Miscellaneous fabricated metal products	8	\$2,534,659
351	Engines and turbines	1	\$200,000
353	Construction, mining, material handling machinery	1	\$76,670
354	Metalworking machinery	4	\$462,543
355	Special industry machinery	2	\$286,959
358	Service industry machines	1	\$180,905
359	Miscellaneous machinery	2	\$50,500
364	Electric lighting and wiring equipment	1	\$100,000
371	Motor vehicle and equipment manufacturing	22	\$37,517,774

Table 3 (cont.)

<u>SIC Code</u>	<u>Industry</u>	<u>Number of Agreements</u>	<u>Total of Original Agreement Amounts</u>
372	Aircraft and parts	1	\$289,730
381	Engineering, laboratory, scientific and research instruments	1	\$80,500
384	Medical and dental instruments and supplies	2	\$375,168
398	Miscellaneous manufacturing industries	3	\$348,460
473	Arranging transportation of freight and cargo	1	\$250,000
501	Wholesale motor vehicle and automotive equipment	2	\$1,733,921
504	Groceries and related products	1	\$80,000
508	Wholesale machinery and equipment	1	\$80,000
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
641	Insurance agents, brokers, and claims adjusters	1	\$80,000
671	Holding offices	1	\$112,320
731	Advertising and sign painting	1	\$115,000
736	Private employment agencies	1	\$500,000
737	Computer rental, consultants, software	2	\$599,459
739	Miscellaneous business services	1	\$234,600
762	Electrical repair shops	1	\$64,400
809	Miscellaneous health and allied services	5	\$920,591
891	Engineering and architectural services	3	\$462,582
893	Data processing services including accounting, auditing, and bookkeeping	1	\$80,000
Totals		98	\$58,254,381

Table 4
Contract/Revenue Bonds & Debt Issued by Community Colleges
New Jobs Training Program
As of December 31, 2014

<u>College</u>	<u>Original Contract/ Revenue Bonds Issued</u>	<u>Debt or Training Expenses Incurred During 2014</u>
Alpena Community College	\$76,670	\$0
Bay de Noc Community College	\$500,000	\$0
Delta College	\$6,890,048	\$177,122
Grand Rapids Community College	\$29,607,093	\$1,243,720
Jackson Community College	\$1,523,074	\$219,437
Kellogg Community College	\$1,499,960	\$19,193
Kirtland Community College	\$81,650	\$72,000
Lansing Community College	\$2,172,551	\$405,284
Macomb Community College	\$396,558	\$21,119
Monroe County Community College	\$624,970	\$6,014
Montcalm Community College	\$169,296	\$0
Mott Community College	\$440,326	\$15,167
Muskegon Community College	\$200,000	\$5,850
Northwestern Michigan College	\$1,533,122	\$297,338
Oakland Community College	\$9,779,646	\$1,277,639
St. Clair County Community College	\$880,000	\$158,580
Schoolcraft College	\$1,580,417	\$52,724
Washtenaw Community College	<u>\$299,000</u>	<u>\$0</u>
Totals	\$58,254,381	\$3,759,882

**Table 5
Training Activity Completed
New Jobs Training Program
During 2014**

	<u>Alpena Comm. College</u>	<u>Bay College</u>	<u>Delta College</u>	<u>Grand Rapids Comm. College</u>	<u>Jackson Comm. College</u>
Qualified individuals entering the contracted training during the calendar year	0	N/A	69	837	45
Number of courses completed *	0	N/A	166	2,119	84
Individuals still enrolled in the contracted training at the end of the year	0	N/A	0	0	8
Number of degrees completed	0	N/A	0	0	0
Number of certifications completed	0	N/A	19	87	1
Number of apprenticeships completed	0	N/A	0	10	0
	<u>Kellogg Comm. College</u>	<u>Kirtland Comm. College</u>	<u>Lansing Comm. College</u>	<u>Macomb Comm. College</u>	<u>Monroe County Comm. College</u>
Qualified individuals entering the contracted training during the calendar year	55	4	191	19	96
Number of courses completed *	85	15 (a)	244	29	96
Individuals still enrolled in the contracted training at the end of the year	2	0	0	0	0
Number of degrees completed	0	0	0	0	0
Number of certifications completed	0	0	244	0	0
Number of apprenticeships completed	0	0	0	0	0

* Duplicated student headcount

(a) Represents training modules completed.

Table 5 (cont.)

	<u>Mott Comm. College</u>	<u>Muskegon Comm. College</u>	<u>Northwestern Michigan College</u>	<u>Oakland Comm. College</u>	<u>St. Clair County Comm. College</u>
Qualified individuals entering the contracted training during the calendar year	69	0	132	181	153
Number of courses completed *	121 (b)	0	274	293	562
Individuals still enrolled in the contracted training at the end of the year	69	0	148	0	0
Number of degrees completed	0	0	1	0	0
Number of certifications completed	61	0	0	0	0
Number of apprenticeships completed	0	0	0	0	0

* Duplicated student headcount

(b) Estimated count

**Schoolcraft
College**

Qualified individuals entering the contracted training during the calendar year	66
Number of courses completed *	282 (b)
Individuals still enrolled in the contracted training at the end of the year	0
Number of degrees completed	0
Number of certifications completed	0
Number of apprenticeships completed	0

* Duplicated student headcount

(b) Estimated count

Table 6
Contract Values and Outstanding Balances
New Jobs Training Program
As of December 31, 2014

<u>Community College</u>	<u>Total Original Contract Values</u>	<u>Cumulative Withholding Diverted As of 12/31/2014</u>	<u>Contract Adjustments</u>	<u>Contract Balance Outstanding</u>
Alpena Community College	\$76,670	\$16,398	\$0	\$60,272
Bay College	\$500,000	\$3,571	\$0	\$496,429
Delta College	\$6,890,048	\$697,092	-\$350,000	\$5,842,956
Grand Rapids Community College	\$32,606,998	\$5,149,911	-\$4,448,527	\$23,008,560
Jackson Community College	\$5,072,746	\$667,610	-\$3,196,003	\$1,209,134
Kellogg Community College	\$1,499,959	\$593,999	\$0	\$905,960
Kirtland Community College	\$81,650	\$8,913	\$0	\$72,737
Lansing Community College	\$2,172,551	\$1,363,543	\$550,497	\$1,359,505
Macomb Community College	\$396,558	\$35,246	\$0	\$361,312
Monroe County Community College	\$613,300	\$148,067	\$0	\$465,232
Montcalm Community College	\$169,296	\$0	\$0	\$169,296
Mott Community College	\$440,326	\$206,355	\$0	\$233,971
Muskegon Community College	\$200,000	\$15,762	\$0	\$184,238
Northwestern Michigan College	\$1,533,122	\$646,238	\$372,000	\$1,258,885
Oakland Community College	\$9,779,646	\$2,668,513	\$0	\$7,111,132
St. Clair County Community College	\$880,000	\$234,785	\$0	\$645,215
Schoolcraft College	\$1,580,417	\$345,472	-\$9,268	\$1,225,677
Washtenaw Community College	\$299,000	\$0	\$0	\$299,000
Totals	\$64,792,287	\$12,801,475	-\$7,081,301	\$44,909,511

Note: Withholding taxes and outstanding balances are determined for payments reported to the Department of Treasury by December 31, 2014. Totals will be different from those reported by the community colleges due to different accounting methods.