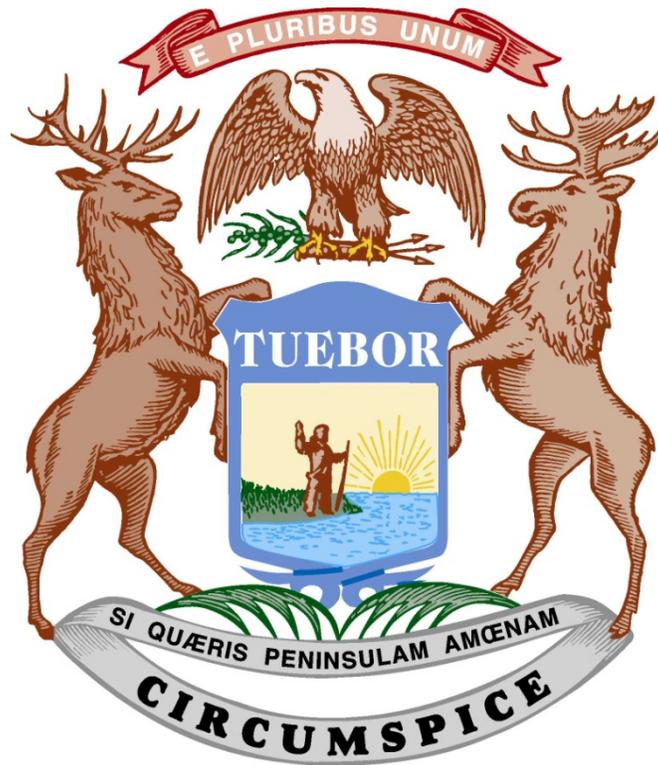


# New Jobs Training Programs 2011 Report



**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 as required in Section 713 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 Energy, Labor, and Economic Growth, the chairperson of the Senate Appropriations Subcommittee on Licensing and Regulatory Affairs, and to the chairperson of the Michigan Strategic Fund.



**New Jobs Training Programs  
2011 Report  
June 2012**

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 room 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. The first agreements between community colleges and employers were executed during 2010 and some of those agreements were implemented with new employees undergoing the contracted training and employers beginning to divert state withholding tax to the community college to pay for training expenses. This report includes all of the agreements executed before the end of 2011, a total of 22 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 2011, many employers had begun diverting withholding tax payments to offset the costs of training, with community colleges reporting \$1,719,964.10 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 2011 is also shown. 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 \$50 million as of the end of 2011. The outstanding balance based on the diversion of withholding on eligible employees as of the end of 2011 was approximately \$49.6 million. 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. While Monroe County and Mott Community Colleges had contracts that were effective during 2011, training activities had not yet commenced.

Since the program began in 2010, approximately \$1.7 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, 2011, 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.

**Table 1**  
**Community Colleges with Agreements under**  
**New Jobs Training Program**  
**As of December 31, 2011**

<u>Community College</u>	<u>Number of Agreements</u>
Delta College	1
Grand Rapids Community College	6
Jackson Community College	4
Lansing Community College	2
Monroe County Community College	1
Mott Community College	1
Northwestern Michigan College	2
Oakland Community College	<u>5</u>
<b>Total</b>	22

Note: One agreement originally effective for 2010 was terminated in 2011.

**Table 2**  
**Agreements under New Jobs Training Program**  
**By Business Code**  
**As of December 31, 2011**

<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
<i>Grand Rapids *</i>			
Agreement 2	254	Partitions, shelving, lockers, office and store fixtures	\$2,153,605
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
<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
<i>Lansing Community College</i>			
Agreement 6	371	Motor vehicle and equipment manufacturing	\$783,442
Agreement 23	351	Engines and turbines	\$200,000
<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

**Table 2 (cont.)**

<u>Community College</u>	<u>SIC Code</u>	<u>Industry</u>	<u>Original Agreement Amount</u>
Northwestern Michigan			
Agreement 10	381	Engineering, laboratory, scientific and research instruments	\$80,500
Agreement 12	354	Metalworking machinery	\$199,622
Oakland Community College			
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 1 terminated in March 2011

**Table 3**  
**Contract/Revenue Bonds & Debt Issued by Community Colleges**  
**New Jobs Training Program**  
**As of December 31, 2011**

<u>College</u>	<u>Original Contract/ Revenue Bonds Issued</u>	<u>Debt or Training Expenses Incurred</u>
Delta College	\$6,190,048	\$87,482
Grand Rapids Community College	\$30,760,698	\$1,389,988
Jackson Community College	\$3,961,318	\$38,381
Lansing Community College	\$1,533,938	\$265,846
Monroe County Community College	\$507,001	\$0
Mott Community College	\$200,000	\$0
Northwestern Michigan College	\$280,122	\$95,423
Oakland Community College	<u>\$7,824,645</u>	<u>\$94,813</u>
<b>Totals</b>	\$51,257,770	\$1,971,933

**Table 4  
Training Activity Completed  
New Jobs Training Program  
During 2011**

	<u>Delta College</u>	<u>Grand Rapids Community College</u>	<u>Jackson Community College</u>	<u>Lansing Community College</u>
Qualified individuals entering the contracted training during the calendar year	85	866	14	22
Number of courses completed	299	2,360	20	13
Individuals still enrolled in the contracted training at the end of the year	0	97	0	0
Number of degrees completed	0	0	0	0
Number of certifications completed	31	75	0	23
Number of apprenticeships completed	0	0	0	0

	<u>Northwestern Michigan College</u>	<u>Oakland Community College</u>
Qualified individuals entering the contracted training during the calendar year	10	54
Number of courses completed	12	29
Individuals still enrolled in the contracted training at the end of the year	10	20
Number of degrees completed	0	0
Number of certifications completed	0	0
Number of apprenticeships completed	0	0

**Table 5**  
**Contract Values and Outstanding Balances**  
**New Jobs Training Program**  
**As of December 31, 2011**

<u>Community College</u>	<b>Total Original Contract Values</b>	<b>Cumulative Withholding Diverted As of 12/31/2011</b>	<b>Contract Balance Outstanding</b>
Delta College	\$6,190,048	\$41,144	\$6,148,904
Grand Rapids Community College	\$30,760,698	\$757,643	\$30,003,055
Jackson Community College	\$3,961,318	\$61,401	\$3,899,917
Lansing Community College	\$1,533,938	\$676,835	\$857,103
Monroe County Community College	\$507,001	\$0	\$507,001
Mott Community College	\$200,000	\$0	\$200,000
Northwestern Michigan College	\$280,122	\$44,488	\$235,634
Oakland Community College	<u>\$7,824,645</u>	<u>\$100,821</u>	<u>\$7,723,824</u>
<b>Totals</b>	\$51,257,770	\$1,682,332	\$49,575,438

Note: Withholding taxes and outstanding balances are determined for payments reported to the Department of Treasury by December 31, 2011. Totals will be different from those reported by the community colleges due to different accounting methods.