



Public Acts 359 and 360 of 2008 created the Michigan New Jobs Training Program (MNJTP). This program, designed as an economic development incentive, authorizes community colleges to create a training pool (financing mechanism is flexible, colleges can issue debt, borrow from reserves, or use a pay-as-you-go model) to support employers that are creating new jobs and/or expanding operations in Michigan. The training for the newly hired workers is paid by capturing the state income tax associated with the new employees' wages and redirecting it to the college, instead of the state.

These jobs must be "net new" to the company, meaning it's not a job of a recalled worker, a replacement job, or any other job that existed in the employer's business within the 1-year period preceding the date of an agreement. These new jobs must result in a net increase in employment in Michigan for the employer, and the wage paid for the job must be equal to or exceed 175% of the state minimum wage (or \$12.95 per hour).

Benefits of Program

- Employers have "skin in the game", namely they have to **hire employees and create new jobs FIRST**, before getting the benefit of free training.
- Program **eliminates the skills gap**; the training delivered to the new employees is *exactly* what the employers require. Most of the training funded by the MNJTP is contract-based, company-specific training.
- Program allows plenty of **flexibility for the type of training** that is allowable, from basic-skills acquisition to high-tech skill development, to entire programs of study.
- This is a **local program** (individual community colleges work directly with employers and local economic development to support job creation), and there are no restrictions by industry or employer size.

Economic Impact Analysis Study (Anderson Economic Group, 2013):

- The MNJTP net economic impact on the State of Michigan in 2012 alone was over \$76 million of additional earnings and 2,266 additional jobs, and in the "steady state" will increase to \$143 million of additional earnings and 4,768 additional jobs annually for the State of Michigan.
- In 2012, the MNJTP generated an additional \$3.3 million of state and local tax revenue and will have little to no net fiscal impact in the steady state. Although \$2.9 million of Individual Income Tax revenue was diverted to reimburse colleges for job training expenses in 2012, this revenue loss was more than offset by additional state income tax (\$1.6 million), sales tax (\$1.7 million), and state and local property tax (2.8 million). After the expiration of all existing contracts and as the program operates in a "steady state", the Anderson Economic Group estimates that at least \$12 million (but no more than \$13.3 million) of income tax will be captured annually. This revenue loss will be offset by an equal amount of additional income, sales, and property tax revenue generated by the MNJTP's economic activity.

Number of Projected New Jobs Supported by Existing MNJTP Agreements: 11,102¹

Industries Supported by the MNJTP: Auto Manufacturing; Battery Manufacturing; Battery Storage; Medical Device; Fabricated Metal Product Manufacturing; Advanced Plastics Materials; Engineering; Information Technology; Computer Systems Design Services; Insurance Agencies & Brokerages; Finance; Health Care; Mental Health; Water Treatment; Packaging Machinery; Metal Stamping; Paperboard Mills; and Wood Office Furniture.

Employers Served by the Program: ACAT Global; ADAC Automotive; ADCO Products, Inc.; AJT Forrest Products, L.P.; Altronics Energy; Autocam Corp; Bleistahl North America; Blissfield Manufacturing; Bradford Company; Brembo North America; Chagan US Research and Development Center; Cherry Republic; Central Lake Armor Express Inc.; Century Inc.; Commonwealth Associates Inc.; Denso International America; Dokka Fasteners; Dow Kokam LLC; Eaton Hydraulics; Eco Bio Plastics; Electro Optics Technology; EMAG LLC; Farmers Group; General Motors (Lansing Delta Township, Lansing Grand River Assembly, and Flint); Fogg Company; Force by Design; Grace Engineering; Great Lakes Industry of Jackson; Great Lakes Stainless Inc.; Haworth; Hayes Manufacturing Inc.; Hillsdale Community Health Center; Hornet Manufacturing Inc.; Janesville Acoustics; Johnson Controls SAFT; Kay Premium Marking Films; Life Ways of Jackson & Hillsdale; LGChem; Liquid Web; Meritor Heavy Vehicle Systems; MFC Netform; Michigan Automotive Compressor Inc.; Moran Iron Works Inc.; NYX, Inc.; Oxus America, Inc.; Plascon Inc; Pridgeon and Clay Inc.; Plymouth Technology; Rapid Fit; Smooth Logistics; SMR Automotive Systems USA; Shoreline Power Services; TAC Manufacturing Inc.; TentCraft Inc.; Trans-Matic, Inc.; TRMI Inc.; United Shore Financial Services; Ventower Industries; WABCO North America; Washers Inc.; and Weber Automotive.

Sample Occupations Trained with MNJTP Funding: CNC Machinist, Welder, Design Engineer, Electrician, Quality Technician, Robotic Technician, Assembler, Controls Engineer, Financial Analyst, Lean Engineer, Human Resources Administrator, Machine Operator & Maintenance, Shift Leader, Production Supervisor, CADD Operator/Designer, Logistics Analyst, Physician Assistant, Registered Nurse, Social Worker, Crisis Coordination Clinician, Benefits & Payroll Specialist, Quality Management Specialist, Senior Project Manager, Senior Systems Analyst, Accountant, Billing Associate, Accounts Payable Clerk, Controller, Claims Specialist, Commercial Staff Underwriter, Information Systems Analyst, Software Developer, Application Engineer, and Marketing Assistant.

Colleges with Signed MNJTP Agreements to Date: Delta College, Grand Rapids Community College, Jackson College, Kellogg Community College, Lansing Community College, Macomb Community College, Monroe County Community College, Mott Community College, Muskegon Community College, Northwestern Michigan College, Oakland Community College, Schoolcraft College and St. Clair County Community College.

MCCA Position on Annual Cap: The MNJTP enabling legislation includes a cap of \$50 million (in addition to a sunset in 2018). At this point, the cap has been exhausted, but due to the length of the agreements, the actual exposure to the General Fund is relatively minimal. **As of today, February 19, only \$8,259,959 in income tax withholdings has been diverted in support of ALL EXISTING MNJTP contracts** (the first MNJTP contract was signed in the Fall of 2009). These contracts are **providing the training for 11,102 projected new jobs** in Michigan. The Department of Treasury has interpreted the cap as an *aggregate rolling cap*, meaning that there cannot be more than \$50 million of outstanding obligations at any time. The MCCA supports the original intent of the law for a true annual \$50 million cap.



¹ MNJTP program data updated on February 19, 2014. Actual number of new employees trained to date is 3,669.