



Muskegon

Community College

Michigan New Jobs Training Program





Michigan New Jobs Training Program

- Provides flexible funding to meet a variety of training and development needs for employers creating new jobs or expanding operations in Michigan
- Designed as an economic development incentive



How Does The Program Work?

- Community colleges work with employers creating new jobs to identify training needs
- Non-binding preliminary agreements are used to “set the clock,” lock in the date from which new employees can be counted for the project and training expenses may be reimbursed
- Final agreements are approved by the board of trustees
- Community colleges raise capital (bonds, loans, or self-fund out of college reserves)
- Debt is re-paid by diverting the withholding taxes generated by the wages earned by the new employees
- Colleges administer the training funds



Eligible Employers

- Employers that are creating new jobs
 - No restrictions by size or industry
- “New job” means
 - Full-time job in this state (new or expanding business)
 - 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
 - Wage paid for the job is equal to or exceeds 175% of the current state minimum wage



Role of the Community College

Community colleges act as the broker for the training which includes:

1. Working with employers to determine training costs
2. Drafting project agreements
3. Deliver or subcontract training
4. Managing the training project
5. Provide financing options for training



Financing Options

Community colleges can:

- Issue debt in the form of bonds, by themselves or as part of a group
Or
- Self-fund loans out of the college's reserve funds
Or
- Setup a prepaid training contract



Loan Re-payments

- The loan is re-paid to the college by diverting the state income tax on the wages of the new employees to the college.

Prepay

- The company pays the entire cost of training and diverts the state income tax of the new employees to the college. The college then refunds the diverted payment back to the company.



Company ABC

Example: 10 new jobs @ \$20.00/hour, 40 hours/week = \$416,000

- State income tax withheld = $4.35\% \times \$416,000 = \$18,096/\text{year}$
- Lifetime of the loan is 5 years $\times \$18,096 = \$90,480$
- \$90,480 would be the amount of debt that could be issued for a MNJTP training contract



What Can The Funds Be Used For?

- Any direct training expense including:

Adult basic education, job-related instruction, skills assessment, training equipment, materials and supplies, training services, testing and evaluation of employees, travel costs, college tuition and books



Getting Started

- Contact the Community College in whose district the employer/facility is located
 - If college is not participating in the program, it will connect employers to another college that is able to work with the employer
- For non-district areas of the state, employers can select from a participating Community College based on prior relationships or proximity



Representing Michigan's
28 Community Colleges



**Muskegon
Community College**

**Contact:
Academic Affairs Office
(231) 777-0254**