

Legislative Analysis



NEW JOBS TRAINING PROGRAM LIMIT

Phone: (517) 373-8080
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House Bill 4184 as introduced
Sponsor: Rep. Diana Farrington
Committee: Education
Complete to 9-9-19

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4184 would amend Chapter 13 (New Jobs Training Program) of the Community College Act to raise the limit of aggregate outstanding obligation of all agreements under the chapter to \$75.0 million in a calendar year.

In 2008, the New Jobs Training Program¹ authorized community college districts to operate a program through which the districts enter into training agreements with Michigan employers to train and educate new employees. The program allows diversion of those new employees' income tax withholding directly to the community colleges rather than to the state treasury. The community colleges can issue bonds to finance training programs, with the bonds financed by the income tax withholding payments.

Currently, the aggregate outstanding obligation may not exceed \$50.0 million in any calendar year. The bill would raise that limit to \$75.0 million in a calendar year.

MCL 389.166

FISCAL IMPACT:

As of December 2018, the New Jobs Training Program has resulted in \$37.1 million of tax withholding diverted from the state. Divided over the 8 years the program has been in place, this results in a cost of \$4.6 million a year in lost tax revenue for the state. Increasing the outstanding contract cap to \$75.0 million would allow for additional employer contracts to be made with community colleges; therefore, the lost tax withholding revenue could increase.

Community colleges could see a slight increase in revenue if additional contracts are made with employers and allow for an increased number of students to receive training through those contracts. However, it is not possible to calculate how many additional students or how much increased revenue could result for community colleges by increasing the outstanding balance cap.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

¹ House Fiscal Agency analysis of PAs 359 and 360 of 2008 (SB 1342 and HB 6185):
<http://www.legislature.mi.gov/documents/2007-2008/billanalysis/House/pdf/2007-HLA-6185-7.pdf>