Michigan New Jobs Training Program

Prioritization Process for Queuing Projects Under the $50 Million Legislative Cap

Updated: September 27, 2018

Background

Public Acts 359 and 360 of 2008 created the Michigan New Jobs Training Program (MNJTP). This program authorizes community colleges to create a training pool 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.

The law includes a $50 million cap. The Department of Treasury has interpreted it as a rolling, revolving cap, meaning that we can have no more than $50 million obligated in contracts at any point in time. The cap was exhausted in May 2011.

In order to develop a fair, equitable and transparent process for prioritizing funding (as dollars become available under the revolving $50 million cap), the MNJTP Users Group recommended a statewide process for prioritizing funding. The MCCA Presidents Committee approved the recommendations. Any recalibration to this process is first recommended by the MNJTP Users Group, and formally reviewed and adopted by the MCCA Presidents Committee.

MCCA Process for Queuing Projects

1. A statewide prioritization queue with the 28 community colleges was created by using a random table.

2. This prioritization list will be ongoing, with colleges staying in the same sequence, and we will use this list to queue projects as resources become available.

3. Each time $500,000 becomes available under the MNJTP cap, the Department of Treasury will inform the MCCA. The MCCA will then contact the first college in the queue. The maximum size of agreements will be $500,000 (until we are able to legislatively address the cap issue).

4. From the time a college is contacted by the MCCA regarding the opportunity for a $500,000 project, a college has up to 30 days to respond either "yes" or "no." From that point forward, the college would then have 90 days to finalize the agreement with the employer.

5. If the college (within the 30-day period) decides to *not* move forward, the MCCA will contact the next college in the queue and they will be asked the same question: Do you have a developing project

that could be finalized within 90 days. The MCCA will go down the list until a college is ready to fully execute a project within 90 days.

6. If a college does not want to take advantage of the opportunity, they are passed over until all other colleges have had a turn on the prioritization list.

7. Each college, when it's their turn in the queue, would have $500,000 available to fund a project. They do not need to use all $500,000. If a college only uses $350,000 to fund a project, the remaining $150,000 would remain unused and would continue to accumulate (until the threshold of $500,000 is reached, which would then trigger another possibility for a project for the next college in the queue). Additionally, a college could choose to "break up" their $500,000 into multiple, smaller projects. For instance, one project totaling $400,000, and two additional smaller projects of $50,000 each.

8. A college can have multiple contracts with the same employer. Therefore you can imagine a series of $500,000 contracts to support an employer that is on a growth path.

9. A college can amend an existing contract (NOTE: A college can amend a contract to *reduce* the total contract amount at any time. However, a college can ONLY amend a contract to *increase* the total contract amount when the college is up in the queue for funding. A college cannot amend contracts to increase the total contract amount before funding is available). Below are the agreed-upon guidelines to help colleges determine when it's appropriate to amend a contract, and when a new contract with an existing employer would be required:[1]

A. If increasing only the contract length, it would be appropriate to amend an existing contract.

B. If increasing only the contract amount, it would be appropriate to amend an existing contract.

C. If increasing the contract amount and adding new jobs to an existing agreement (but NOT the length of the agreement), it would be appropriate to amend an existing contract.

D. If increasing the contract amount and length of the agreement, an amendment is NOT appropriate. The college would need to create a new contract with the employer.

E. If increasing the contract amount, adding new jobs, and increasing the length of the agreement, an amendment is NOT appropriate. The college would need to create a new contract with the employer.

10. New MNJTP signed agreements should aim to have training completed in three years, with the payoff of the agreements completed in five years.

11. New MNJTP signed agreements should aim to start hiring employees and diverting income tax withholding within a year of signing the agreement

[1] Guidelines for amending contracts, adopted by the MCCA Presidents Committee on July 23 2015, go into immediate effect. Existing amendments to contracts prior to this date are grandfathered-in.

12. A college can reimburse employers for training expenses incurred going back to the date of a signed Preliminary Agreement. There is no expiration date for Preliminary Agreements.

13. The MCCA will continue to work with this prioritization queue until we are able to pass legislation to address the $50 million cap challenge.

14. This original process was effective on June 29, 2011, was updated on November 8, 2012, September 23, 2013, and May 05, 2014 (following recommendations by the MNJTP Users Group and formal approval by the MCCA Presidents Committee).

15. If and when the MCCA is able to successfully pass legislation to re-define the cap, this policy will be re-evaluated and updated.

16. If you have any questions or concerns, please contact Adriana Phelan (aphelan@mcca.org) or Mike Hansen (mhansen@mcca.org) at the MCCA.