

House Bill 4573 (Substitute S-1 as reported)
Sponsor: Representative Carol Glanville
House Committee: Higher Education
Senate Committee: Economic and Community Development

CONTENT

The bill would amend Chapter 13 (New Jobs Training Programs (NJTP)) of the Community College Act to do the following:

- Allow a job to qualify as a "new job" under the program if, among other requirements, it paid at least the county ALICE rate for a household of one adult and one child.¹
- Extend, from December 31, 2023, to December 31, 2033, the sunset on a community college district's authority to enter new NJTP agreements and to authorize, issue, or sell NJTP revenue bonds.

MCL 389.161 et al.

BRIEF RATIONALE

The NJTP is an economic incentive tool that allows community colleges and employers to partner and train new workers. According to testimony before the Senate Committee on Economic and Community Development, this program is successful and popular. As of December 31, 2021, 22 community colleges were participating in the program, for a total of 206 active NJTP agreements.² Accordingly, with the program's sunset approaching, it has been suggested that it be extended.

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is similar to Senate Bills 740 and 741 from the 2021-2022 Legislative Session. Senate Bills 740 and 741 were reported by the Senate Committee on Economic and Small Business Development but received no further action.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

The bill would have a minimal fiscal impact on community colleges, and no substantial fiscal impact on the State or local units of government. The bill would delay the sunset on NJTP agreements between community colleges and employers, as well as the issuance of revenue bonds to finance those programs, from December 31, 2023, to December 31, 2033. This change would not directly affect the finances of community colleges, as those programs and

¹ This rate is based on the most recent household survival budget data provided by United for ALICE at unitedforalice.org.

² Michigan Department of Treasury Office of Revenue and Tax Analysis, *New Jobs Training Programs 2021 Report*, p. 2, June 2022.

their financing mechanisms are elective. Statute additionally requires that the cost to provide the programs be covered by employers through the redirection of State income tax withholdings from employees who participate in the program, and, if those withholdings are insufficient, an employer must agree to directly reimburse a community college for those costs. The maximum total value of NJTP agreements that may be outstanding at any time is limited by statute to \$50.0 million, which would remain unchanged under the bill. According to the most recent program report from the Department of Treasury, issued in June of 2023, approximately \$5.0 million in program capacity currently remains. That amount will change over time as previous program agreements are fulfilled and retired, and as new agreements are issued.

Current law requires a job to pay at least 175% of the State minimum wage, currently \$10.10 per hour, so a job must pay at least \$17.68 per hour to qualify under the program. The bill would replace this requirement with the county ALICE amount for a household of one adult and one child as the minimum pay level that would allow for a job to qualify under the program. The ALICE amount varies greatly by county, with a maximum amount of \$28.40 per hour in Leelanau County, a minimum of \$16.38 per hour in Oscoda County, and a statewide average of \$17.71 per hour, according to data provided by the organization's website.

Date Completed: 10-5-23

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.