

# Legislative Analysis



## EXTEND SUNSET FOR NEW JOBS TRAINING PROGRAM AND CHANGE WAGE CRITERIA

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4573 as enacted**

**Public Act 186 of 2023**

**Sponsor: Rep. Carol Glanville**

**House Committee: Higher Education**

**Senate Committee: Economic and Community Development**

**Complete to 1-10-24**

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

### SUMMARY:

House Bill 4573 amends the Community College Act by modifying the pay threshold used to determine an eligible job for purposes of entering into a new jobs training program agreement. The bill also extends a community college district's authorization to enter into a new agreement, or authorize, issue, or sell bonds for such a program, by ten years, with a new end date of December 31, 2033.

Previously, one of the criteria for a community college and an employer to enter into a new jobs training program agreement was that the jobs pay at least 175% of the state minimum wage (approximately \$17.68 per hour or \$36,764 annually based on a 40-hour work week)<sup>1</sup>.

The bill changes the minimum eligible pay to the county ALICE (asset limited, income constrained, employed) rate. Specifically, this means an amount equal to the minimum hourly wage rate necessary to pay the minimal estimate of the total household essentials for a household of one adult and one child in the county where a job is primarily performed, based on the most recent household survival budget data provided by United for ALICE.<sup>2</sup>

This new method of calculating the pay threshold for an eligible job takes effect with new contracts signed after November 7, 2023 (the effective date of the bill).

MCL 389.161, 389.162, and 389.164

### BRIEF DISCUSSION:

The ALICE budget varies across the state based on several factors that inform the cost of living in a particular region, and the calculated wages necessary may be higher or lower than 175% of the state's minimum wage. Those from areas where the ALICE budget wage is lower than 175% of the minimum wage have voiced concerns that the bill could lower the pay for workers in those counties compared to workers doing the same work in another part of Michigan where the ALICE threshold is above 175% of minimum wage, as employers would lose an incentive to keep pay higher to meet program eligibility.

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<sup>1</sup> As of January 1, 2024, the state minimum wage is \$10.33 an hour. <https://www.michigan.gov/leo/bureaus-agencies/ber/wage-and-hour/minimum-wage-january-2024>

<sup>2</sup> United for ALICE: <https://www.unitedforalice.org/>

Supporters of the bill say that the ALICE method of calculating wages provides necessary flexibility to local employers, ensuring that they pay enough to provide employees with a wage that allows them to meet their needs based on the community where they live.

**FISCAL IMPACT:**

House Bill 4573 would have a minimal fiscal impact on the state and community colleges. Community colleges would be allowed to issue bonds up to the new expiration date of the program in 2033, which would allow them to finance training programs as intended, resulting in a minimal fiscal impact on participating colleges. Overall program costs would remain at the \$50.0 million bonding cap, with new agreements cycling into the program only if there is enough remaining cap space to do so. According to the most recent report from the Department of Treasury in 2021, approximately \$6.2 million would be available for new training agreements.

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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.