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House Bill 4573 (Substitute H-1 as passed by the House)
Sponsor: Representative Carol Glanville
House Committee: Higher Education
Senate Committee: Economic and Community Development

Date Completed: 9-12-23

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 it paid the county ALICE amount for a household of one adult and one child and met other requirements.**
- 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.**

Chapter 13 of the Community College Act allows a community college district to enter into an agreement to establish an NJTP with an employer engaged in business activities anywhere in the State. An NJTP is meant to create new jobs by providing education and training or retraining of workers. "New job" generally means a full-time job that, among other requirements, results in a net increase in employment in the State for that employer and pays a wage equal to or exceeding 175% of the State minimum wage. (As of September 1, 2023, the State minimum wage is \$10.10 per hour, so the job must pay at least \$17.68 per hour to qualify).

Under the bill, as an alternative to the current wage requirements, a job could qualify as a "new job" if, in addition to meeting the other requirements, the job's wage equaled or exceeded the county Asset Limited, Income Constrained, Employed (ALICE) rate. "County ALICE rate" would mean 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 in which a job is primarily performed.¹

Additionally, the bill would 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, which are used in anticipation of payments received from an employer under an agreement to fund an NJTP's costs.

MCL 389.161 et al.

PREVIOUS LEGISLATION

(Please note: This section does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

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

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.

BACKGROUND

NJTP

Chapter 13 requires an NJTP agreement between a community college district and an employer to provide for the program costs through a new jobs credit from income tax withholding, revenue derived from new employment because of the NJTP, or from tuition, student fees, or special charges fixed by a community college district's board of trustees. It also authorizes community colleges to sell revenue bonds to finance training programs in advance of reimbursement from diverted income tax withholdings.

ALICE Information

The organization United for ALICE argues that the Federal Poverty Level (FPL) standard has shortcomings because it "is not based on the cost of contemporary household necessities" and fails to reflect cost of living differences across the continental United States.² The ALICE Household Survival Budget is calculated to show the bare minimum cost of household basics necessary to live and work in the modern economy and includes budget items like housing, child care, food, technology, and more. In 2021, the FPL was calculated at \$26,500 for a family of four; however, the ALICE Household Survival Budget for Michigan that same year was \$59,016.³ According to the organization's website, the ALICE Survival Budget for one adult and one school age child residing in Wayne County is around \$39,912 and the minimum hourly wage necessary to meet this budget is \$19.96.

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 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.

² United for ALICE, *ALICE in the crosscurrents: COVID and financial hardship in Michigan*, p. 2, April 2023.

³ *Id.*

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.⁴ The bill would add the county ALICE amount for a household of one adult and one child as an alternative 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.

Fiscal Analyst: Josh Sefton

⁴ \$10.10 per hour is the current State minimum wage; however, a challenge to Michigan's minimum wage law, *Mothering Justice v. Attorney General*, is currently before the Michigan Supreme Court. If the Court were to rule in favor of the plaintiffs in the case, the minimum wage could increase to at least \$13.03 per hour.

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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.