

# Training & Development Proposal



**Developed for:**

***Project Gear Box***

**Prepared:**

***May 3, 2010***

## Mission Statement

Kellogg Community College Workforce Solutions unites business and education in order to promote economic development and vitality, and cultivate an educated workforce by delivering effective and innovative learning solutions.

## Philosophy

Effective training is planned and supports your organization's mission. KCC's Workforce Solutions is your training partner. As a partner, Workforce Solutions offers a training needs assessment, a development plan, customized curriculum and expert trainers. We work together to ensure effective training that produces the results needed to accomplish your goals. People are enhanced, teams are developed, and your organization has expanded capacity.

## Partnership Benefits

The economic success of our customers is the driving force in all that we do. By creating a partnership with employers, economic developers, business improvement specialists, and other workforce development training providers, we are able to maximize the return on your investment. You also benefit from the applied best practices in training development and delivery.

**Our training partners  
are from all industries  
and include employees  
at all levels.**

- **Battle Creek Health Systems**
- **Bradford White**
- **Community Health Center of Branch County**
- **Denso**
- **Duncan Aviation**
- **Federal Center**
- **Flexfab**
- **Impact Forge**
- **Kellogg Company**
- **Michigan Works!**
- **MPI Research**
- **Oaklawn Hospital**
- **Pennock Hospital**
- **Post Cereal**
- **Southwest Rehab**
- **Stewart Industries**
- **Wojan Windows**  
**and many more...**

## Proposal Details

### Michigan New Jobs Training Program:

- Provides flexible funding to meet a variety of training and development needs for employers creating new jobs or expanding operations in Michigan
- Designed as an economic development incentive

### How Does The Program Work?

- Community colleges work with employers creating new jobs to identify training needs
- Non-binding preliminary agreements are used to “set the clock,” lock in the date from which new employees can be counted for the project and training expenses may be reimbursed
- Final agreements are approved by the board of trustees
- Community colleges raise capital (bonds, loans, or self-fund out of college reserves). KCC would most likely recommend self-funding of this program out of the college reserves.
- Debt is re-paid by diverting the withholding taxes generated by the wages earned by the new employees
- Colleges administer the training funds

### Eligible Employers:

- Employers that are creating new jobs
- No restrictions by size or industry

### “New job” means:

- Full-time job in this state (new or expanding business)
- Not a job of a recalled worker, a replacement job, or any other job that existed in the employer’s business within the 1-year period preceding the date of an agreement
- Wage paid for the job is equal to or exceeds 175% of the state minimum wage. This currently equates to a wage of \$12.95/ hour.

### Role of the Community College:

- Community colleges act as the broker for the training which includes:
  1. Working with employers to determine training costs
  2. Drafting project agreements
  3. Managing the training project
  4. Finance the training project

### How is the Training Fund Captured?

- The training fund is created as the State of Michigan captures and re-directs to the college the state income tax on the wages of the new employees.

- Let's look at an example...

Company ABC

Example: 10 new jobs @ \$20.00/hour, 40 hours/week = \$416,000

State income tax withheld = 4.35% x \$416,000 = \$18,096/year

Lifetime of the loan is 5 years x \$18,096 = \$90,480

\$90,480 would be the total project funding through a MNJTP training contract

### Kellogg Community College Financing Options:

- **Pay As You Go:** Funding will be made available as state income tax is re-directed to the college for all New Employees meeting the funding criteria.
- **College Financed Training Up-Front:** If the employer would like to provide training in advance of the funds being captured and returned to the college, the college could choose to self-fund from the college's reserve funds. Repayments of the amounts funded in advance, plus interest at current market lending rates, would be provided from the funds that are re-directed to the college. The advantage of this option would be more available funding in the early stages of operations rather than waiting to accumulate funding for training.

### What Can The Funds Be Used For?

- Any direct training expense including:
  - Adult basic education,
  - job-related instruction,
  - skills assessment,
  - training equipment,
  - materials and supplies,
  - training services,
  - testing and evaluation of employees,
  - travel costs,
  - college tuition and books

## PROJECT GEAR BOX SUMMARY\*:

*Based on the Project Information provided to the MEDC, Kellogg Community College is pleased to provide the following estimated funds through the Michigan New Jobs Training Program:*

<b><i>Withholding Capture by Year:</i></b>		
	Year 1	\$139,586
	Year 2	\$296,359
	Year 3	\$363,740
	Year 4	\$400,151
	Year 5	\$443,742
	<b>Sub-Total</b>	<b>\$1,643,578</b>
<b><i>Administrative Costs:</i></b>		
	MCCA	\$16,436
	Kellogg C.C.	\$230,101
	Other Allowable Expenses	\$10,000
	Project Interest Payments	\$135,000
	<b>Total Administration</b>	<b>\$391,537</b>
<b><i>Total Training Funds Available through MNJTP:</i></b>		
		<b>\$1,252,041</b>

## VALUE ADDED by KELLOGG COMMUNITY COLLEGE:

- *Our Regional Manufacturing Technology Center (RMTC) is a nationally recognized Industrial Trades training center located conveniently in the Fort Custer Industrial Park.*
- *Our Workforce Solutions Department offers Customized Contract Training programs in many fields; including Engineering Design software, IT training, Quality Systems, Leadership and Team Building. All training can be customized for your company and delivered at the RMTC or at your facility at very competitive rates.*
- *Access to Online Training for Profession Development through our LifeLong Learning Department.*
- *Access to Kellogg Community College certificate and 2 year degree programs including our new partnership with Western Michigan University for Engineering programs.*
- *To learn more please visit our website; [www.kellogg.edu](http://www.kellogg.edu)*

*\*Assumptions made for project estimation include;*

1. *Average of two exemptions per employee*



**KELLOGG**  
COMMUNITY COLLEGE

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2. *All projected employees start January 1 each year*
3. *No wage increases over life of contract*
4. *Interest Payments at 5% lending rate*
5. *Estimated interest will vary depending on timing and use of the funds*
6. *Other Allowable costs include estimated due diligence and legal expenses*