

Office of the Auditor General  
Preliminary Survey Summary

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**Community College Skilled Trades Equipment  
Program**

Department of Labor and Economic Opportunity

September 2020

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The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

*Article IV, Section 53 of the Michigan Constitution*

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# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

September 22, 2020

Mr. Jeff Donofrio, Director  
Department of Labor and Economic Opportunity  
300 North Washington Square  
Lansing, Michigan

Dear Mr. Donofrio:

This is our preliminary survey summary of the Community College Skilled Trades Equipment Program, Department of Labor and Economic Opportunity. Because we did not identify significant concerns that would warrant the additional use of our audit resources, we have decided to terminate the planned performance audit.

We appreciate the courtesy and cooperation extended to us during our preliminary survey. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler  
Auditor General



# PRELIMINARY SURVEY SUMMARY

## COMMUNITY COLLEGE SKILLED TRADES EQUIPMENT PROGRAM

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### RESULTS

Our preliminary survey did not identify significant concerns that would warrant the additional use of our audit resources to complete a performance audit. Therefore, we have terminated this project and did not conduct sufficient testing to conclude on the Community College Skilled Trades Equipment Program's (CCSTEP's) overall effectiveness and efficiency.

### FACTORS IMPACTING AUDIT TERMINATION

- The Michigan Economic Development Corporation (MEDC) formed a joint evaluation committee (JEC) that scored the applications for the 27 community colleges that applied for CCSTEP grant funds. The JEC recommended awarding grants to 18 community colleges that had a JEC score of 80 or above out of a possible score of 100. These community colleges received individual grant awards between approximately \$424,000 and \$4.8 million, with a cumulative award amount totaling the \$50 million available through CCSTEP.

Exhibit #1 details the grant amounts awarded to each of the 18 community colleges.

- The Department of Labor and Economic Opportunity (LEO):
  - Maintained an accurate inventory of skilled trades equipment purchased by each college, based on our review of price proposals, equipment lists, and 70 pieces of equipment for four community colleges.
  - Maintained documentation that the community colleges had submitted required annual reports to LEO between 2015 and 2019. These reports included information related to the community colleges' skilled trades programs, including enrollment and graduate information, related equipment purchases, and the number of students placed into high-wage jobs from the programs. LEO provided CCSTEP data from these reports to the Michigan Strategic Fund (MSF) that MSF included in required annual reports to the Legislature.
  - Performed on-site reviews at the 18 community colleges to verify that the colleges purchased and accounted for eligible equipment. LEO's verification procedures included taking pictures of the equipment, reviewing invoices and proof of payment by the college, reviewing reimbursement requests, and verifying that the colleges met the 25% matching requirement. We reviewed the

documentation LEO had gathered to support that the colleges had purchased and put to use 70 pieces of equipment with a value of approximately \$8.7 million.

Exhibit #2 includes examples of the pictures LEO staff had taken while performing site visits to the community colleges.

## **BACKGROUND**

**Description:** In June 2014, Governor Snyder approved Public Act 252 of 2014, creating CCSTEP and establishing \$50 million in grant funds for community colleges across the State to purchase equipment to be used in training for high-paying, high-demand jobs. Community colleges were required to provide matching funds of at least 25%. MEDC was initially charged with administering CCSTEP and the Governor later transferred oversight responsibility to the Talent Investment Agency (TIA). In late 2017, TIA was dissolved, and the program was transferred to Workforce Development within LEO.

MEDC issued a request for proposal to all 28 Michigan community colleges and all but Southwestern Michigan College applied for the grants. The JEC scored the applications based on specific criteria and recommended the highest scoring 18 community colleges whose cumulative requests totaled the available \$50 million grant funds.

The 18 community colleges could make reimbursement requests after making eligible purchases totaling 33%, 66%, and 100% of their awarded grant funds. At the time of our review, the colleges had all been fully reimbursed for their total grant awards and LEO staff continued to monitor the use of the equipment and submission of required reports. CCSTEP will sunset in fiscal year 2024.

**Expenditures:** CCSTEP expended \$50 million during fiscal years 2016 through 2018.

**Employees:** As of August 21, 2020, LEO had one full-time employee responsible for monitoring CCSTEP.

## **SCOPE**

Our preliminary survey generally covered October 1, 2014 through September 1, 2020 and included a limited review of the awarding of grant funds to the 18 community colleges and LEO's subsequent monitoring of the CCSTEP equipment and annual reports for each college.

## **PURPOSE**

Within a performance audit, we design the preliminary survey to obtain an understanding of the core activities within an entity or a program and to identify potential program improvements and/or deficiencies that could impair management's ability to

conduct its operations in an effective and efficient manner. If the results of a preliminary survey do not identify significant concerns, our practice is to terminate the planned performance audit.

Preliminary survey procedures are limited in nature and should not be considered a completed performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our preliminary survey procedures would not necessarily disclose the presence or absence of any material conditions and/or reportable conditions. Given that the procedures we employed did not constitute a performance audit, we will not issue a performance audit report and we do not express conclusions regarding CCSTEP's effectiveness or efficiency.

# SUPPLEMENTAL INFORMATION

UNAUDITED  
Exhibit #1

COMMUNITY COLLEGE SKILLED TRADES EQUIPMENT PROGRAM (CCSTEP)  
Department of Labor and Economic Opportunity

Community College Award Amounts

| College                            | CCSTEP<br>Grant Funds<br>Awarded | Match Funds         | Total<br>Project Cost | College<br>Match<br>Percentage |
|------------------------------------|----------------------------------|---------------------|-----------------------|--------------------------------|
| Alpena Community College           | \$ 468,750                       | \$ 156,252          | \$ 625,002            | 25%                            |
| Bay College                        | 748,893                          | 257,530             | 1,006,423             | 26%                            |
| Delta College                      | 1,569,005                        | 639,440             | 2,208,445             | 29%                            |
| Grand Rapids Community College     | 2,949,928                        | 983,309             | 3,933,238             | 25%                            |
| Henry Ford College                 | 4,528,613                        | 2,180,359           | 6,708,972             | 32%                            |
| Jackson College                    | 3,874,595                        | 968,649             | 4,843,244             | 20%                            |
| Kalamazoo Valley Community College | 3,575,117                        | 1,178,565           | 4,753,682             | 25%                            |
| Kellogg Community College          | 2,107,575                        | 774,714             | 2,882,289             | 27%                            |
| Kirtland Community College         | 2,656,184                        | 968,335             | 3,624,519             | 27%                            |
| Lansing Community College          | 4,800,000                        | 4,042,120           | 8,842,120             | 46%                            |
| Macomb Community College           | 2,829,055                        | 987,799             | 3,816,854             | 26%                            |
| Montcalm Community College         | 1,285,314                        | 430,955             | 1,716,269             | 25%                            |
| Mott Community College             | 3,061,420                        | 1,020,475           | 4,081,895             | 25%                            |
| Muskegon Community College         | 4,105,446                        | 2,641,987           | 6,747,433             | 39%                            |
| Northwestern Michigan College      | 2,078,174                        | 697,061             | 2,775,235             | 25%                            |
| Oakland Community College          | 4,538,505                        | 1,512,835           | 6,051,340             | 25%                            |
| Washtenaw Community College        | 4,399,634                        | 2,959,543           | 7,359,177             | 40%                            |
| West Shore Community College       | 423,791                          | 143,178             | 566,969               | 25%                            |
| Total                              | <u>\$50,000,000</u>              | <u>\$22,543,107</u> | <u>\$72,543,107</u>   | 31%                            |

Source: Information provided by LEO's Workforce Development.

COMMUNITY COLLEGE SKILLED TRADES EQUIPMENT PROGRAM (CCSTEP)  
Department of Labor and Economic Opportunity

Examples of CCSTEP Equipment



Muskegon Community College - Applied Technology Program  
*HAAS Mini Mill CNC Vertical Machining Center*



Mott Community College – Manufacturing Program  
*FANUC M10i 6 Axis Mechanical Robot with Vacuum Gripper*

*This exhibit continued on next page.*



Oakland Community College – Transportation, Distribution, and Logistics Program  
*Caterpillar Model: 2C60004 Inventory Truck*



Washtenaw Community College - Automotive Services Program  
*Mustang Dynamometer MD-AWD- 150-SE AWD Chassis Dynamometer System and Accessories*

Source: Photographs provided by LEO's Workforce Development.





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