NOTICE OF ADOPTION

RULE 14-01

1. Rule
   Arizona Job Training Program

2. Date of Posting Notice of Rule Making
   January 14, 2014

3. Public Comment Period
   January 15, 2014 – February 13, 2014

4. Hearing Date
   None

5. Deadline for Authority to File a Notice of Adoption
   July 13, 2014

6. Notice of Adoption Posting Date
   June 20, 2014

7. Preamble

   An explanation of the agency’s action pertaining to the Rule

   Various comments were received regarding the Rule, which was proposed on January 14, 2014.

   A number of comments endorsed the concept of the random blinding drawing as a replacement of the Program’s existing “first-come, first-served” process for awarding incumbent training grants. Overall, commentators described the new process as fair.

   Most of the comments received were directed to the specific provision of the proposed Rule that would establish a preference for community college job training in the random blind drawing for awarding incumbent training grants. That provision
would result in the issuance of an additional “ticket” in the random blind drawing awarding incumbent training grants to applicants who allocated at least 65 percent of their budgets to training provided by community colleges. Some commentators expressed support for the provision. Virtually an equal number of commentators questioned the provision and indicated that their training needs were more ably furnished by sources other than the community colleges. In view of the absence of a clear consensus regarding the preferred utility of community colleges in the job training process, the final Rule retains the random blind drawing process for awarding incumbent employee training grants established by the proposed Rule but eliminates the preference for community college training in the process. As a result, all applicants for incumbent training grants will have an equal prospect for success in the random blind drawing.

A number of other comments addressed the provision of the proposed Rule restricting grant reimbursements for up to 25 percent of the costs of on-the-job training (OJT) to training associated with registered apprenticeship programs. Understandably, some commentators indicated that the change would reduce the size of their future grants given their reliance in the past on non-apprenticeship OJT generally. Other commentators suggested that the Program create exceptions permitting reimbursement of non-registered apprenticeship OJT costs to various classes of employers, including high-tech manufacturers. Still other commentators expressed a general lack of familiarity with registered apprenticeship programs in Arizona. In view of the fact that the primary motivation for the OJT reimbursement revision was to address increasing demands on Program funding, the Authority has chosen at this time to make no change to the limitation on OJT cost reimbursements established in the proposed Rule. In order to further familiarize employers with the breadth of registered apprenticeship programs throughout the State, the Program’s website was updated to provide convenient access to related information.

Lastly, several comments received focused on the provision of the proposed Rule limiting reimbursements to training provided to full-time employees. Again, in view of rapidly escalating demands on Program funding, the Authority has elected to retain the restriction.

As noted in the Notice of Rule Making, after operation of the Program in accordance with this Rule for approximately one year, the Authority intends to re-evaluate the Program to determine whether the Rule is producing the desired effects and whether any additional revisions or clarifications may be appropriate.

8. Amendments.

1. Section 5 of the proposed Rule (pertaining to the process of random blind drawings for awarding grants for incumbent employee training) is amended to delete the preference in the drawings for applicants allocating at least 65 percent of
their training costs to community colleges.

2. Other amendments to the proposed Rule are of a non-substantive nature and encompass several conforming revisions as well as several clarifications and corrections to section cross-references.

The Arizona Commerce Authority hereby gives notice that Rule 14-01 has been adopted. The effective date of the Rule is June 20, 2014.

Greg Linaman
Chief Operating Officer/General Counsel