

JOB TRAINING PROGRAM

(ESTABLISHED UNDER A.R.S. §41-1541 et seq.)

SUMMARY

The Job Training Program (*the "Program"*) is a job-specific grant program designed to meet the training needs of employers, increase the skill and wage levels of employees and create new jobs. Program grant funds can be used in Arizona to supplement eligible training costs for either net new employees or incumbent (*i.e., existing*) employees. The Arizona Commerce Authority (*the "ACA"*) administers the Program.

HOW IS THE PROGRAM FUNDED?

The business community funds the Program by paying the Job Training Tax at a rate of .001% (*one-tenth of one percent*) on the first \$7,000 of an employee's annual wages, or a maximum of \$7.00 per employee per year. Annual revenue for the Program averages approximately \$15 million.

WHAT TYPES OF ARIZONA EMPLOYERS CAN APPLY FOR A PROGRAM GRANT?

- An employer with at least one business location in the state.
- A consortium of at least two employers with same or similar training needs.
- A professional or trade association or a joint apprenticeship training committee.
- A small business development center on behalf of a consortium of employers.
- A rural non-profit organization that is exempt from paying into the fund (*but only in respect to net new employee training grants*).

Educational institutions, public agencies and public service corporations are ineligible for Program grants.

WHAT IS REQUIRED FOR PROGRAM ELIGIBILITY?

An employer must:

- Pay the Job Training Tax, unless the employer has yet to commence business in the state or is exempt from paying the tax.
- Pay an average wage that satisfies the annual qualifying wage rate for trainees (*determined at the time of an application for a training grant*).
- Maintain or exceed the current level of training expenditures.

WHAT IS THE AMOUNT OF A PROGRAM GRANT AWARD?

An employer (*including any and all of its affiliates*) can receive up to 10% of annual Program revenues (*currently \$1.5 million*) subject to the following limitations:

- Any Program grant cannot exceed the actual eligible training costs.
- Net new employee training grants cover up to 75% of the eligible costs of training net new Arizona employees with a maximum of:
 - > \$8,000 per position trained for employers in rural Arizona or employers with less than 100 employees company-wide.
 - > \$5,000 per position trained for all other employers.
- Incumbent employee training grants cover up to 50% of the eligible costs for training incumbent Arizona employees with a maximum of:
 - > \$4,000 per position trained for employers in rural Arizona or employers with less than 100 employees company-wide.
 - > \$2,500 per position trained for all other employers.

HOW ARE FUNDS AWARDED TO ELIGIBLE EMPLOYERS?

Net new training grant applications are accepted on a first-come, first-served basis, and grants are awarded based on the availability of funds at the time an application is approved. Once awarded, an employer training net new employees may take up to two years to complete the approved training plan. As soon as the training is complete, the employer may apply for a new grant for additional job-specific training for new employees.

Incumbent training grant applications are accepted in the order established by random blind drawings conducted each year and grants are awarded based on the availability of funds at the time an application is approved. An employer training incumbent employees may take up to one year to complete the approved training plan. An employer may apply for a new incumbent training grant beginning twelve months following completion of any outstanding incumbent training grant.

WHAT ARE EXAMPLES OF ELIGIBLE REIMBURSEMENT COSTS?

Eligible reimbursement costs include:

- Instructional costs for job-specific training.
- Training materials and supplies.
- Subject to limitations:
 - > Training facility rental fees,
 - > Travel costs, and
 - > On-The-Job training costs.

